

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs196	110	Accumulate	Rs250	28%

*as on 19th Aug, 2025

About the Company:

Engineers India Ltd (EIL) is one of the leading design and engineering organizations in South Asia. Established in 1965, the company provides engineering consultancy and EPC services principally focused on the oil & gas and petrochemical industries. Besides, the company has also diversified into sectors like infrastructure, water and waste management, solar and nuclear power and fertilizers to leverage its strong technical competencies and track record. EIL is a total solutions company providing design, engineering, procurement, construction and integrated project management services all ranging from conceptualization to commissioning, keeping in mind the highest quality and safety standards.

Results: Quick Glance (standalone):

- The net sales for the quarter grew by 40.4% to Rs8571mn as compared to Rs6106mn in the same quarter last year
- On the segmental front, Consultancy & Engineering Projects reported a growth of 17.8% (Revenue at Rs4081mn) while Turnkey projects reported a growth of 70% (Revenue at Rs4490mn) respectively on y-o-y basis
- The Ebitda margins for the quarter under review stood at 8.1% as compared to 7.6% in Q1FY25
- The company reported profit of Rs701mn as compared to Rs548mn in the same quarter last year
- The EPS for the quarter stood at Rs1.25 as compared to Rs0.97 in the corresponding period of last year

Conference Call Highlights:

- The total business secured in Q1FY26 (consultancy and turnkey) amounted to Rs14.29bn. The total **cumulative order book** as of June, 2025 stands at Rs121.44bn as against Q1FY25 order book at Rs96.58bn. Of the total order book in Q1FY26, consultancy contributed 56% and the balance came in from the turnkey segment (this split is expected to be maintained at more or less the same levels in the future). The **order inflow** in the consultancy segment stands at ~Rs6090mn and ~Rs8209mn for the turnkey segment. As on date, EIL has added ~Rs27bn worth of orders which further enhances the order book balance
- The segment profit margin for consultancy in Q1FY26 stood at ~17% while that for turnkey at ~6%. Going forward, the Management expects these margins to be more or less at ~20-22% for consultancy and ~5-6% for turnkey
- For **IOCL Paradip project**, phase-1 is under progress (and is expected to be completed in near term). Post the completion of phase-1, the work for phase-2 is expected to commence (the same has been already awarded to EIL). The company is also working on smaller modifications related projects for HPCL and BPCL. The Management anticipates the Andhra petchem project (where EIL is appointed to select and finalise a licensor) to be finalised towards the end of this FY
- The **non-oil & gas** (chemicals, power, clean energy, etc.) contribution stood at ~35% (more or less sustainable and can vary on a q-o-q basis depending on the orders received) of the overall order book; this is primarily from infra related projects from both the govt. and private clients (which can be negotiated). Apart from this there are couple of other projects which are under consideration and the company is witnessing opportunities from data centres, infra, institutional campuses (IIT and IIM), modifications related work for few religious places (Ram Janmabhoomi) and expansion projects in the metallurgy segment (for smelters); all such projects are generally for a span of ~2 years, though EIL bids for projects/contracts of shorter duration as well
- On the **international** business, the overall consultancy sales reported a drop of ~12.6% on a y-o-y basis for the quarter under review. The total international order inflows till date stood at ~Rs9.5bn; of which Rs4.75bn was received in Q1FY26; the balance orders came in from Abu Dhabi and 1 assignment awarded in Kuwait. The Management is witnessing increased traction, good business wins and conversions (for the consultancy overseas) especially from the Middle East regions. EIL is actively bidding for petchem related projects (few bids are already undertaken) especially in Saudi Arabia, Kuwait and the UAE regions; the lead time for such bids are approx. 5-6 months. There are few exploration related project works at Guyana and Andaman (this is at a nascent stage as of now)
- Recently, the company has inked an MoU with Nuclear Power Corporation of India Limited (**NPCIL**) to provide engineering services towards development of conceptual design and engineering of structures, systems and components of Bharat Small Modular Reactor (BSMR); this is an approx. Rs300mn opportunity for EIL; the studies for this assignment has already been commenced. The Management anticipates more such projects from both the govt. as well as the private players in the near future

Conference Call Highlights (contd.):

- The turnover and profit from operations for the quarter and FY25 includes Rs1289.1mn and Rs1122.6mn respectively on account of impact of variable consideration accounted under the consultancy and engineering projects segment. Additionally, pursuant to settlement of performance obligation (for the quarter and FY25) with client in consultancy and engineering projects segment, the contractual obligation amounting to Rs825.3mn has been written back
- The Ramagundam Fertilizers and Chemicals Ltd (RFCL) JV reported a loss during the quarter under review which stood at ~Rs75mn. This was attributed to a planned shutdown for ~45 days (out of 90 days). The losses are expected to be recovered in Q2FY26 and the Management anticipates a good profitability this year from the JV. The plant is functioning appropriately as on date at ~90% capacity utilisation
- The cash balance as of Jun'25 stood at Rs11bn. The Management has an aspirational target to achieve a topline of ~Rs5bn by FY28E (which is expected to happen as and when the order book increases)

Financials:

Performance (Q1FY26)							
Q1FY26 Result (Rs mn)	Jun-25	Jun-24	y-o-y	Mar-25	q-o-q	FY25	FY26E
Total Revenue	8571	6106	40.4%	9911	(13.5%)	30284	35330
EBITDA	697	464	50.0%	2942	(76.3%)	4890	5183
Other Income	350	377	(7.2%)	420	(16.7%)	1696	1713
Interest	5	7	(24.0%)	6	(2.7%)	26	28
Depreciation	103	98	5.5%	106	(2.9%)	393	410
Exceptional Items	0	0	-	0	-	0	0
Tax	237	189	25.6%	818	(71.0%)	1515	1580
Net Profit	701	548	27.9%	2432	(71.2%)	4652	4878

Outlook and Recommendations:

The company has reported good set of numbers for the quarter under review. The revenues reported growth of ~40.4% on a y-o-y basis with major contribution that came in from the turnkey business segments. As far as the change orders are concerned; the same is a continuing process and the Management expects it to be materialised this year. Ebitda margins have witnessed an improvement when compared on a y-o-y basis and stood at 8.1%. The company has a strong order book position and stood at ~Rs121bn for the quarter under review; this provides revenue visibility for the next 4-5 years. Additionally, the company has added orders worth ~Rs27bn as on date adding conviction to the growth trajectory. The company is witnessing immense traction from the overseas projects/contracts especially from the Middle East regions; where EIL has already undertaken bids for few projects. The entire order book cycle consists of large projects considering the nature of business that EIL operates in and thus during the 1st phase/year of the project the recent order wins will contribute ~10-15% to the topline and thereafter start contributing to a further enhanced share to the overall topline as and when the projects enter the mature phase. The consultancy order book continues to remain strong with good conversions on the international business front. There are couple of other orders where EIL is at the L1 stage (small orders are under the negotiation stage which are yet to be signed. Additionally, the company also has few modification related works with ONGC, HPCL and BPCL). The non-oil & gas contribution currently stands at ~35% and is expected to remain more or less at these levels going forward as well (although there can be variations on a q-o-q basis). EIL is witnessing opportunities from this space as well especially from infra, data centres, institutional campuses, metallurgy to mention a few. The recent MoU with NPCIL will enable the company to scout for more such projects in the near future which will be both from the govt. as well as the private players. Going forward, the segmental margin target for consultancy at ~20-22% and turnkey at ~5-6% continues to remain intact. Overall, the company has a strong order book, healthy balance sheet and good cash & bank balance. We continue to maintain an accumulate on the stock and retain our target price of Rs250.

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