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Strong Order Book & Margins Signal Sustained Momentum...

About the stock: Engineers India (EIL), established in 1965, is an Indian public sector Navratna company, primarily present into two segments - Engineering Consultancy and LSTK (Lump Sum Turnkey). EIL's business operations span the hydrocarbon value chain as well as diversified areas of Metallurgy, Infrastructure, Bio Fuels & Green Hydrogen. The company is also present in international markets such as Middle East, Africa, South Asia & Central Asia

- In FY25, consultancy and turnkey segments contributed 56% & 44% to total revenues respectively

Q3FY26 Performance: Engineers India Limited (EIL) reported a sharp improvement in Q3 FY26 performance, with revenue from operations rising 59% YoY to ₹1,194 crore. EBITDA surged to ₹348 crore from ₹91.2 crore in Q3 FY25, with EBITDA margin expanding significantly to 29.2% from 12.2% YoY. Profit after tax jumped 242% YoY to ₹301.7 crore (vs ₹88.1 crore), supported by a one-time ₹226.5 crore adjustment related to a turnkey project settlement post mechanical completion. Consultancy segment revenue stood at ₹473.5 crore, while Turnkey (LSTK) contributed ₹720 crore. As of December 2025, the total order book stood at ₹12,537.9 crore, with a healthy mix of ~60% Consultancy and ~40% Turnkey.

Investment Rationale:

- Record Order Book Driving Multi-Year Earnings Visibility:** EIL's order book has scaled to a record ~₹15,670 crore YTD, with 65-70% from consultancy, which structurally carries higher margins and lower risk. With typical project cycles of 3-4 years, this backlog provides strong revenue visibility and underpins management's >₹4,000 crore annual revenue trajectory. Sustained order inflows (~₹8,000 crore run-rate) further de-risk growth and support a durable earnings pipeline. We expect revenues and PAT to grow at CAGR of ~19% and 17.4% over FY25-FY28E and EBITDA margins are also expected to expand from 9.1% to 14.9% over FY24-FY28E given consultancy forms ~65-70% of backlog and entails higher margins of 20-25%.
- Structural Margin Upside from Consultancy Mix & Asset-Light Model:** EIL is strategically skewing towards consultancy and cost-plus/OBE turnkey contracts, protecting margins from cost escalation risks. Management guides for 20-25% margins in consultancy and stable profitability in turnkey, while international expansion (Middle East, Africa) targets quality-led project awards rather than pure L1 bidding. This mix shift, along with operating leverage from higher execution, supports sustainable RoE and earnings growth. EIL's strong order backlog of (~ ₹15670 crore) and early-stage execution of large consultancy jobs provide visibility for growth over the next 2-3 years.

Rating and Target Price

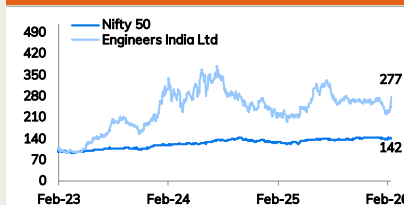
- We believe the company is on the right track across all parameters in meeting its guidance. Strong performance in Q3FY26 also indicates possibility of surpassing its guidance on execution for the FY26E. We remain constructive on the company given reasonable valuations and strong growth viability and a leverage free balance sheet. We recommend **BUY on EIL** with a revised target price of **₹ 260 per share (based on 18x FY28E EPS)**

**Particulars**

Particular	Rs. (in crore)
Market Capitalization	11,735
Total Debt (H1FY26)	0
Cash and Inv (H1FY26)	1,250
Enterprise Value	10,485.1
52 week H/L (Rs.)	255/142
Equity capital	281
Face value (Rs.)	5

Shareholding pattern

%	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	51.3	51.3	51.3	51.3
FII	6.8	7.1	7.0	7.7
DII	10.8	14.3	13.7	13.4
Others	31.2	27.2	27.9	27.6

Price Chart**Key risks**

- Slowdown in domestic & global capex
- Delays in execution
- shortage of skilled manpower

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Key Financial Summary

(Rs crore)	FY22	FY23	FY24	FY25	3 year CAGR (FY22-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Revenue	2,913	3,330	3,281	3,088	2.0	3,920	4,509	5,203	19.0
Adjusted EBITDA	344	308	297	430	7.7	629	656	774	21.7
EBITDA Margin (%)	11.8	9.3	9.1	13.9		16.1	14.6	14.9	
Adjusted PAT	140	346	445	497	52.7	685	707	804	17.4
EPS (Rs)	2.5	6.2	7.9	10.3		12.2	12.6	14.3	
P/E (x)	83.8	33.8	26.3	20.2		17.1	16.5	14.5	
EV/EBITDA (x)	29.1	33.4	33.9	19.3		14.3	12.6	9.5	
RoCE (%)	22.2	23.8	23.0	26.4		23.1	20.5	19.8	
RoE (%)	7.9	17.7	19.7	21.7		21.9	19.8	19.6	

Source: Company, ICICI Direct Research

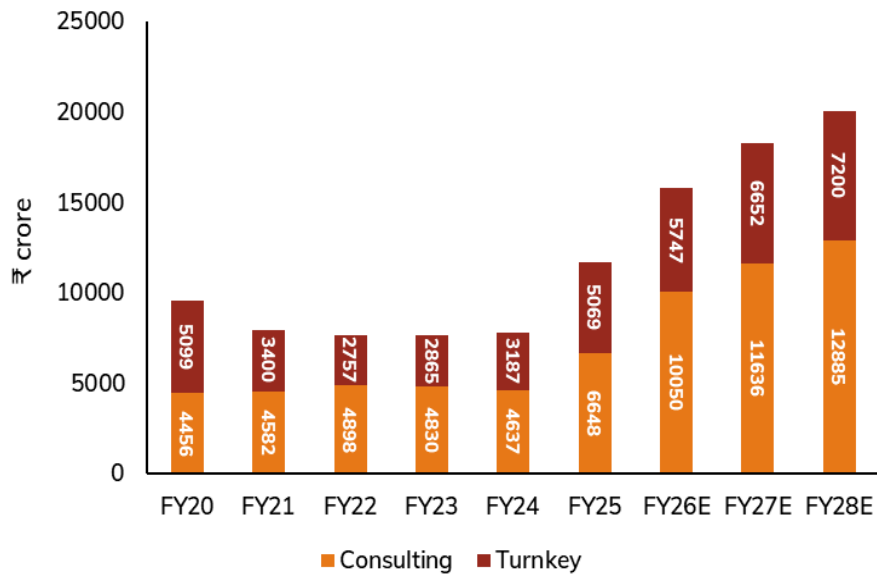
Q2FY26 Result summary

- Engineers India Limited (EIL) reported a sharp improvement in Q3 FY26 performance, with revenue from operations rising 59% YoY to ₹1,194 crore. EBITDA surged to ₹348 crore from ₹91.2 crore in Q3 FY25, with EBITDA margin expanding significantly to 29.2% from 12.2% YoY. Profit after tax jumped 242% YoY to ₹301.7 crore (vs ₹88.1 crore).
- The quarter's margin spike was partly aided by ₹226.5 crore revenue and ~₹213 crore profit impact from adjustment related to a turnkey project settlement post mechanical completion within extended timelines. Management clarified this is standard EPC accounting practice, though quantum can cause quarterly volatility. Structurally, consultancy margins are guided at 20–25%, while turnkey margins are expected at ~7% on a normalized basis.

Earnings call highlights

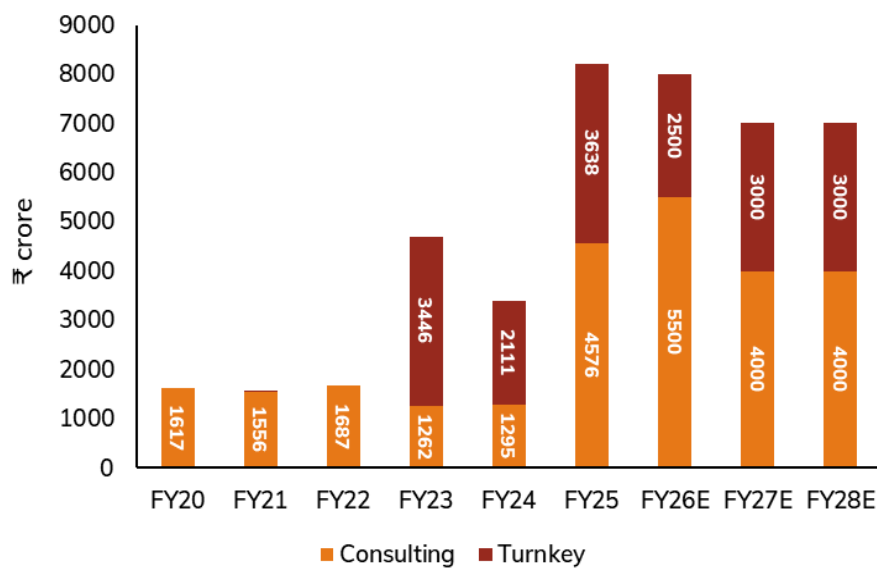
- Order Book: EIL's order book reached a record ~₹15,670 crore YTD, providing multi-year revenue visibility. Consultancy constitutes ~₹10,700 crore (~two-thirds of the book), which is margin accretive, while turnkey/LSTK stands at ~₹5,000 crore. The strong backlog supports sustained execution over the next 3–4 years and enhances revenue predictability.
- Order Inflow Momentum: Order inflow stood at ~₹7,700 crore YTD (including ₹3,250 crore in Jan'26), and management expects FY26 inflows to cross ₹8,000 crore, broadly sustaining last year's run rate. This reflects steady awarding activity in hydrocarbons and related sectors. Management remains confident of maintaining or modestly growing this inflow trajectory into FY27, subject to project finalizations.
- Execution & Business Mix: Typical project cycles remain 3–4 years, with 10–15% execution in the first year. Consultancy continues to be the strategic focus given superior margins and lower risk. Turnkey exposure is increasingly through cost-plus/open book estimate (OBE) models, which protect margins and limit commodity cost escalation risk.
- EIL is intensifying focus on overseas markets, particularly the Middle East, Nigeria, and other regions in Africa and South America. Management highlighted competitive strength in refinery and petrochemical engineering, where experience and quality credentials offer differentiation beyond L1 pricing. This international diversification could support order inflow stability and margin resilience.
- Ramagundam Fertilizers JV (26% owned by EIL) profitability is expected to improve in Q4FY26 with plants running at full capacity.
- Guidance & Outlook: Management guided for FY26 revenue of >₹4,000 crore and indicated this as a base level for FY27, with upside dependent on execution pace. The strong backlog and early-stage execution of large consultancy jobs provide visibility for growth over the next 2–3 years.

Exhibit 1: Order-book mix trend for Consultancy and Turnkey segments (₹ crore)



Source: Company, ICICI Direct Research

Exhibit 2: Orders inflow trend for Consultancy and Turnkey segments (₹ crore)



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 3: Profit and loss statement						₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E	
Revenue	3,281	3,088	3,920	4,509	5,203	
% Growth	(1.5)	(5.9)	27.0	15.0	15.4	
Other income	219	160	176	194	213	
Total Revenue	3,500	3,248	4,097	4,702	5,416	
Employee Expenses	985	1,024	1,096	1,260	1,411	
Other expenses	1,998	1,551	2,195	2,592	3,017	
Total Operating Expenditure	2,984	2,575	3,291	3,852	4,429	
Adjusted EBITDA	297	430	629	656	774	
% Growth	(3.6)	44.7	46.5	4.3	17.9	
Interest	3	3	2	2	2	
PBDT	513	670	803	848	985	
Depreciation	35	40	48	52	60	
PBT before Exceptional Items	478	630	755	796	925	
Total Tax	118	158	189	199	231	
PAT before MI	360	472	566	597	694	
Adjusted PAT	445	497	685	707	804	
% Growth	28.6	11.7	37.8	3.2	13.7	
Adjusted EPS	7.9	8.8	12.2	12.6	14.3	

Source: Company, ICICI Direct Research

Exhibit 4: Cash Flow Statement						₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E	
Profit after Tax	445	580	685	707	804	
Depreciation	35.0	39.6	48.2	51.8	59.8	
Interest	3.0	2.7	2.4	2.4	2.4	
Cash Flow before WC changes	483	622	736	761	866	
Changes in inventory	0.5	(0.1)	(0.4)	(0.2)	(0.2)	
Changes in debtors	32	(109)	(83)	(52)	(88)	
Changes in loans & Advances	(4.5)	(6.0)	1.5	(5.9)	(6.0)	
Changes in other current assets	(7.1)	146.8	(140.2)	(1.0)	-	
Net Increase in Current Assets	(72)	(238)	61	(135)	(200)	
Changes in creditors	97.0	32.3	85.3	57.2	93.8	
Changes in provisions	17.9	(103.1)	136.0	80.1	131.4	
Net Increase in Current Liabilities	43	125	388	397	582	
Net CF from Operating activities	454	509	1,184	1,023	1,248	
Changes in deferred tax assets	(12.2)	23.3	-	-	-	
(Purchase)/Sale of Fixed Assets	(60.9)	(43.9)	(50.0)	(50.0)	(50.0)	
Net CF from Investing activities	(177.3)	(232.2)	(49.5)	(50.0)	(50.0)	
Dividend and Dividend Tax	(169)	(169)	(225)	(270)	(270)	
Net CF from Financing Activities	(163)	(169)	(227)	(273)	(273)	
Net Cash flow	114	107	907	700	925	
Opening Cash/Cash Equivalent	1,077	1,191	1,298	2,206	2,906	
Closing Cash/ Cash Equivalent	1,191	1,298	2,206	2,906	3,831	

Source: Company, ICICI Direct Research

Exhibit 5: Balance Sheet						₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E	
Equity Capital	281.0	281.0	281.0	281.0	281.0	
Reserve and Surplus	1,974	2,388	2,848	3,285	3,818	
Total Shareholders funds	2,255	2,669	3,129	3,566	4,099	
Other Non Current Liabilities	45.5	30.5	31.0	31.0	31.0	
Total Debt	-	-	-	-	-	
Total Liabilities	2,301	2,700	3,160	3,597	4,130	
Gross Block	459	493	553	603	653	
Acc Depreciation	197	236	284	336	396	
Net Block	262	257	269	267	257	
Capital WIP	35.9	45.7	35.0	35.0	35.0	
Total Fixed Assets	298	302	304	302	292	
Non Current Assets	477	495	495	495	495	
Inventory	0.6	0.7	1.1	1.3	1.5	
Debtors	335.6	444.4	527.5	579.8	667.7	
Loans and Advances	18.6	24.6	23.1	29.1	35.0	
Other Current Assets	367	423	477	551	657	
Cash	1,218	1,327	2,206	2,906	3,831	
Total Current Assets	2,694	3,041	3,859	4,694	5,819	
Current Liabilities	444	476	561	618	712	
Provisions	753	650	786	866	997	
Net Current Assets	253	475	906	1,344	1,887	
Total Assets	2,300	2,700	3,160	3,597	4,130	

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios					
(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Per Share Data					
Adjusted EPS	7.9	8.8	12.2	12.6	14.3
Cash per Share	28.6	32.3	47.9	60.4	76.9
BV	40.1	47.5	55.7	63.4	72.9
Dividend per share	3.0	3.0	4.0	4.8	4.8
Dividend payout ratio	38%	29%	33%	38%	34%
Operating Ratios					
EBITDA Margin	9.1	16.6	16.1	14.6	14.9
PAT Margin	13.6	18.8	17.5	15.7	15.5
Return Ratios					
RoE	19.7	21.7	21.9	19.8	19.6
RoCE	23.0	26.4	23.1	20.5	19.8
Valuation Ratios					
EV / EBITDA	33.9	19.3	14.3	12.6	9.5
P/E	26.3	20.2	17.1	16.5	14.5
EV / Net Sales	2.9	3.0	2.2	1.8	1.4
Sales / Equity	1.6	1.2	1.3	1.3	1.3
Market Cap / Sales	3.3	3.6	2.9	2.5	2.2
Price to Book Value	5.2	4.4	3.7	3.3	2.9
Turnover Ratios					
Asset turnover	7.6	6.6	7.4	7.8	8.3
Debtors Turnover Ratio	10.0	8.3	8.4	8.5	8.7
Creditors Turnover Ratio	8.9	7.1	7.9	8.0	8.1
Solvency Ratios					
Debt / Equity	-	-	-	-	-
Current Ratio	0.4	0.4	0.5	0.5	0.5
Quick Ratio	0.4	0.4	0.5	0.5	0.5

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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