Engineers India Ltd. (ENGIND)

ICICI Direct

CMP: ₹ 216 | Target: ₹ 315 (46%) | Target Period: 12- months | **BUY**

May 24, 2026

Strong consultancy momentum & global expansion supports quality growth ahead...

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 FY26, consultancy and turnkey segments (LSTK) contributed 46% & 54% to total revenues respectively

Q4FY26 Performance: EIL reported a healthy Q4FY26 performance with revenue at ₹898.7 crore, up 4.2% YoY, & down 7.1% QoQ. EBITDA grew sharply by 39.9% YoY to ₹138.4 crore, with EBITDA margin improving to 15.4% vs 11.5% in Q4FY25, driven by better operating leverage and efficiency gains. PAT more than tripled YoY to ₹152 crore (+212% YoY, +102% QoQ), reflecting strong profitability improvement. FY26 Consultancy & Engineering Projects (CEP) revenue grew 6.1% YoY to ₹1,782.0 crore against ₹1,678.8 crore in FY25, supported by healthy consultancy execution across hydrocarbons and energy transition projects. Turnkey business delivered strong reported growth during FY26. Revenue surged 52.4% YoY to ₹2,067.8 crore compared to ₹1,349.6 crore in FY25, supported by one time gain in Q3FY26.

Investment Rationale:

- **Robust order backlog driving multi-year earnings visibility:** EIL ended FY26 with record order book of ~₹15,109 crore (+29% YoY) led by strong consultancy inflows (~₹6010 crore) and large international wins including Dangote projects, providing healthy execution visibility over the next 3-5 years. Management expects FY27 revenue growth of ~10-15% with consultancy business likely sustaining 15-20% growth trajectory, supported by execution ramp-up of recently secured mega projects and healthy domestic hydrocarbon capex pipeline including Paradip, refinery expansions and coal gasification opportunities. We expect revenues and PAT to grow at CAGR of ~16.2% and 17.8% over FY26-FY28E and EBITDA margins are also expected to expand from 9.1% to 16.2% over FY24-FY28E given consultancy forms ~72% of backlog.

- **Strong consultancy-led order book expansion to drive profitable growth:** EIL reported order book of ~₹15,109 crore, with consultancy order book crossing ~₹10,000 crore, reflecting a meaningful shift towards higher-margin business mix. Increasing contribution from consultancy and PMC assignments is likely to support margin expansion and improve earnings quality, given consultancy margins remain structurally superior at 20-25% vs 5-7% in LSTK business. EIL's strong FY26 order inflow (~₹8,000 crore) alongside guidance to sustain similar inflows in FY27 provides healthy execution visibility.

Rating and Target Price

- 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 target price of **₹ 315 per share (based on 20x FY28E EPS)**

ENGINEERS INDIA LIMITED
A Navratna Company

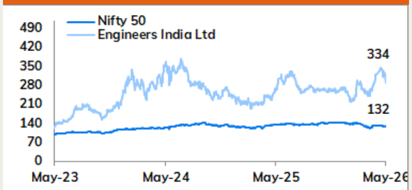
Particulars

Particular	Rs. (in crore)
Market Capitalization	12,140
Total Debt (FY26)	0
Cash and Inv (FY26)	1,364
Enterprise Value	10,776.0
52 week H/L (Rs.)	267/164
Equity capital	281
Face value (Rs.)	5

Shareholding pattern

%	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	51.3	51.3	51.3	51.3
FII	7.1	7.0	7.7	9.7
DII	14.3	13.7	13.4	12.2
Others	27.2	27.9	27.6	26.8

Price Chart



Key risks

(i) Slowdown in domestic & global capex

(ii) Delays in execution

(iii) shortage of skilled manpower

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

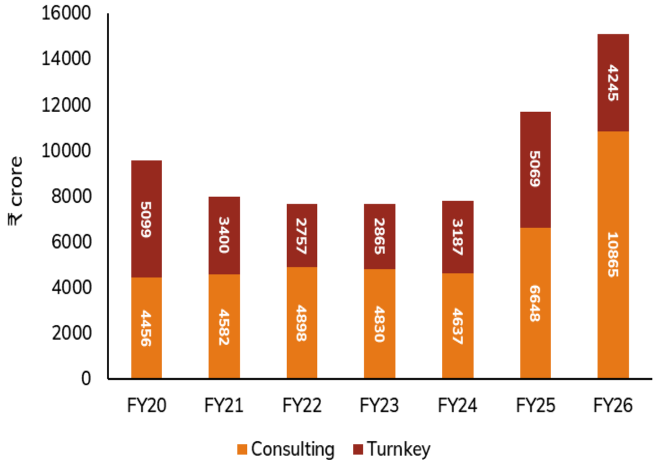
(Rs crore)	FY23	FY24	FY25	FY26	3 year CAGR (FY23-26)	FY27E	FY28E	2 year CAGR (FY26-28E)
Revenue	3,330	3,281	3,088	3,850	5.0	4,454	5,199	16.2
Adjusted EBITDA	308	297	430	668	29.4	697	844	12.4
EBITDA Margin (%)	9.3	9.1	13.9	17.4		15.6	16.2	
Adjusted PAT	346	445	497	639	22.6	765	886	17.8
EPS (Rs)	6.2	7.9	10.3	11.4		13.6	15.8	
P/E (x)	35.1	27.3	20.9	19.0		15.9	13.7	
EV/EBITDA (x)	34.8	35.5	20.2	15.3		13.7	10.9	
RoCE (%)	23.8	23.0	26.4	32.6		24.2	25.3	
RoE (%)	17.7	19.7	21.7	20.3		21.4	21.8	

Source: Company, ICICI Direct Research

Earnings call highlights

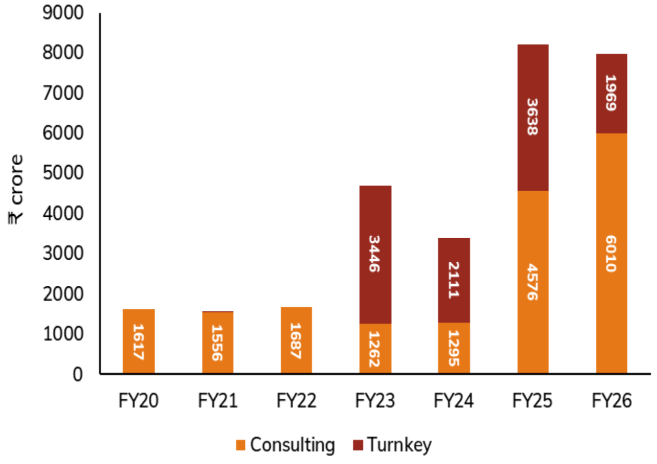
- Order Book: EIL's FY26 order book reached a record ~₹15109 crore, providing multi-year revenue visibility. Consultancy constitutes ~₹10865 (~two-thirds of the book), which is margin accretive (20-25%), while turnkey/LSTK stands at ~₹4245 crore.
- Order Inflow Momentum: Order inflow stood at ~₹7978 crore for FY26 largely in line with, management guidance and management targets maintaining annual inflows around ₹8,000 crore going ahead.
- International Business: Middle East contributed nearly 30% of overseas and 10-15% of overall order, though project award activity has slowed due to geopolitical concerns. Management expects Africa to emerge as a strong growth region over FY28-FY29, supported by Dangote and fertilizer project opportunities. Long-term agreements with Saudi Aramco are expected to strengthen EIL's positioning for future overseas consultancy assignments.
- Renewable & Emerging Businesses: EIL is expanding into biofuels, compressed biogas (CBG), coal gasification and sustainable aviation fuel (SAF)-related opportunities. The company is developing a CBG plant in Nagpur through its own investment and is also working as operating consultant for MRPL's sustainable fuel plant. Management sees strong growth potential in coal gasification projects due to government incentives and increasing private sector participation.
- Segment-wise Outlook
    - Consultancy Segment: Management guided for 15-20% growth in the consultancy business over the next 2-3 years, supported by strong order pipeline in refining, petrochemicals, biofuels, coal gasification and overseas projects. Consultancy margins are expected to sustain at 20-25%, aided by strong domestic demand, Saudi Aramco empanelment and rising opportunities in Africa and the Middle East despite near-term slowdown in large project awards.
    - LSTK / Turnkey Segment: LSTK margins are expected in the 5-7% range, Key projects include IOCL Paradip, Dangote Refinery and fertilizer projects in Africa. Management highlighted that Q4 margins normalized after one-time change order benefits in Q3, while execution momentum remains healthy across refinery and hydrocarbon projects.
    - Management guided for sustaining annual order inflow at ~₹8,000 crore in FY27 despite near-term geopolitical uncertainty in the Middle East, domestic hydrocarbon, infrastructure and energy transition opportunities remain healthy. FY27 revenue growth guidance stands at ~10-15%, supported by execution ramp-up of large consultancy projects awarded over the last two years.

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



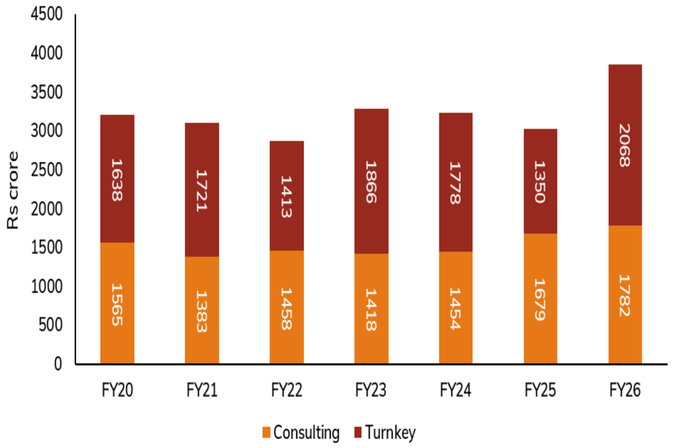
Source: Company, ICICI Direct Research

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



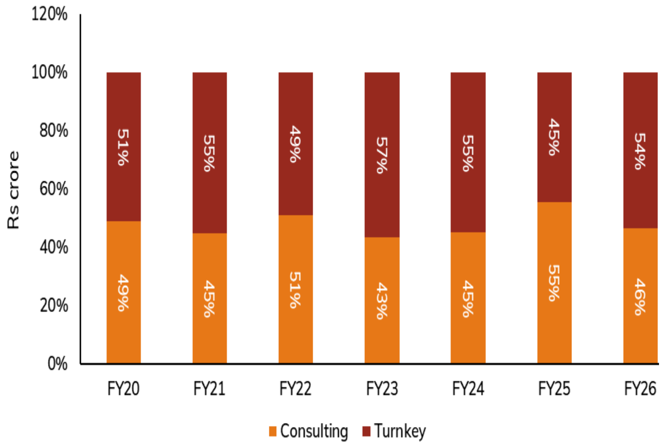
Source: Company, ICICI Direct Research

Exhibit 3: Revenue mix trend for Consultancy and Turnkey (₹ crore)



Source: Company, ICICI Direct Research

Exhibit 4: Revenue % trend for Consultancy and Turnkey (%)



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 5: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Revenue	**3,281**	**3,088**	**3,850**	**4,454**	**5,199**
% Growth	*(1.5)*	*(5.9)*	*24.7*	*15.7*	*16.7*
Other income	219	160	209	230	253
Total Revenue	3,500	3,248	4,059	4,684	5,452
Employee Expenses	985	1,024	1,040	1,196	1,340
Other expenses	1,998	1,551	2,142	2,561	3,016
Total Operating Expenditure	2,984	2,575	3,182	3,757	4,355
Adjusted EBITDA	**297**	**430**	**668**	**697**	**844**
% Growth	*(3.6)*	*44.7*	*55.5*	*4.3*	*21.1*
Interest	3	3	2	2	2
PBDT	513	670	875	924	1,094
Depreciation	35	40	42	51	60
PBT before Exceptional Items	478	630	834	873	1,035
Total Tax	118	158	195	218	259
PAT before MI	360	472	639	655	776
Adjusted PAT	**445**	**497**	**639**	**765**	**886**
% Growth	*28.6*	*11.7*	*28.5*	*19.7*	*15.9*
Adjusted EPS	7.9	8.8	11.4	13.6	15.8

Source: Company, ICICI Direct Research

Exhibit 6: Balance sheet statement ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Equity Capital	281.0	281.0	281.0	281.0	281.0
Reserve and Surplus	1,974	2,388	2,865	3,291	3,783
Total Shareholders funds	2,255	2,669	3,146	3,572	4,064
Other Non Current Liabilities	45.5	30.5	46.9	31.0	31.0
Total Debt	-	-	-	-	-
Total Liabilities	**2,301**	**2,700**	**3,193**	**3,603**	**4,095**
Gross Block	459	493	580	626	676
Acc: Depreciation	197	236	278	329	389
Net Block	262	257	302	297	287
Capital WIP	35.9	45.7	30.8	35.0	35.0
Total Fixed Assets	298	302	333	332	322
Non Current Assets	477	495	500	500	500
Inventory	0.6	0.7	0.5	1.3	1.5
Debtors	335.6	444.4	479.3	577.4	672.2
Loans and Advances	18.6	24.6	28.2	31.0	38.4
Other Current Assets	367	423	371	510	601
Cash	1,218	1,327	1,364	2,064	2,429
Total Current Assets	2,694	3,041	3,478	3,914	4,522
Current Liabilities	444	476	587	577	672
Provisions	753	650	666	693	773
Net Current Assets	253	475	801	1,113	1,465
Total Assets	**2,300**	**2,700**	**3,193**	**3,603**	**4,095**

Source: Company, ICICI Direct Research

Exhibit 7: Cash flow ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Profit after Tax	**445**	**580**	**639**	**765**	**886**
Depreciation	35.0	39.6	41.5	51.2	59.8
Interest	3.0	2.7	2.1	2.4	2.4
Cash Flow before WC changes	483	622	682	818	948
Changes in inventory	0.5	(0.1)	0.2	(0.8)	(0.2)
Changes in debtors	32	(109)	(35)	(98)	(95)
Changes in loans & Advances	(4.5)	(6.0)	(3.6)	(2.8)	(7.5)
Changes in other current assets	(7.1)	146.8	(77.7)	(166.5)	(50.0)
Net Increase in Current Assets	(72)	(238)	(400)	265	(243)
Changes in creditors	97.0	32.3	110.6	(9.1)	94.7
Changes in provisions	17.9	(103.1)	16.4	26.8	80.1
Net Increase in Current Liabilities	43	125	111	124	257
Net CF from Operating activities	454	509	393	1,207	962
Changes in deferred tax assets	(12.2)	23.3	(10.5)	-	-
(Purchase)/Sale of Fixed Assets	(60.9)	(43.9)	(72.3)	(50.0)	(50.0)
Net CF from Investing activities	(177.3)	(232.2)	(191.9)	(165.9)	(200.0)
Dividend and Dividend Tax	(169)	(169)	(281)	(337)	(393)
Net CF from Financing Activities	(163)	(169)	(164)	(341)	(397)
Net Cash flow	114	107	66	700	365
Opening Cash/Cash Equivalent	**1,077**	**1,191**	**1,298**	**1,364**	**2,064**
Closing Cash/ Cash Equivalent	**1,191**	**1,298**	**1,364**	**2,064**	**2,429**

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Per Share Data					
Adjusted EPS	7.9	8.8	11.4	13.6	15.8
Cash per Share	28.6	32.3	33.8	46.2	52.7
BV	40.1	47.5	56.0	63.6	72.3
Dividend per share	3.0	3.0	5.0	6.0	7.0
Dvidend payout ratio	38%	29%	44%	44%	44%
Operating Ratios					
EBITDA Margin	9.1	16.6	17.4	15.6	16.2
PAT Margin	13.6	18.8	16.6	17.2	17.0
Return Ratios					
RoE	19.7	21.7	20.3	21.4	21.8
RoCE	23.0	26.4	32.6	24.2	25.3
Valuation Ratios					
EV / EBITDA	35.5	20.2	15.3	13.7	10.9
P/E	27.3	20.9	19.0	15.9	13.7
EV / Net Sales	3.0	3.2	2.5	2.0	1.7
Sales / Equity	1.6	1.2	1.3	1.3	1.3
Market Cap / Sales	3.5	3.7	3.0	2.6	2.2
Price to Book Value	5.4	4.5	3.9	3.4	3.0
Turnover Ratios					
Asset turnover	7.6	6.6	7.0	7.5	8.1
Debtors Turnover Ratio	10.0	8.3	8.8	8.9	8.7
Creditors Turnover Ratio	8.9	7.1	7.6	8.0	8.7
Solvency Ratios					
Debt / Equity	-	-	-	-	-
Current Ratio	0.4	0.4	0.5	0.7	0.7
Quick Ratio	0.4	0.4	0.5	0.7	0.7

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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