Engineers India Limited (EIL)

Q2FY27 Result Update | **Civil Construction**

Engineering India's Growth

DALAL & BROACHA STOCK BROKING PVT. LTD.

Equity Research Desk

2 November 2026

Engineers India Ltd (EIL) reported a strong Q2FY27 performance, with standalone PAT rising 57% YoY to Rs. 1.80 bn despite an 11% decline in revenue to Rs. 8.02 bn. Operating profit increased to Rs. 1.52 bn, with margins (excl. other income) expanding to 19% from ~11% in Q2FY26, driven by a favourable consultancy mix. Consultancy revenue stood at Rs. 5.94 bn, while turnkey (LSTK) revenue was Rs. 2.08 bn. Management expects turnkey execution to accelerate in H2FY27, increasing its revenue contribution to at least 40% from 32% in H1FY27.

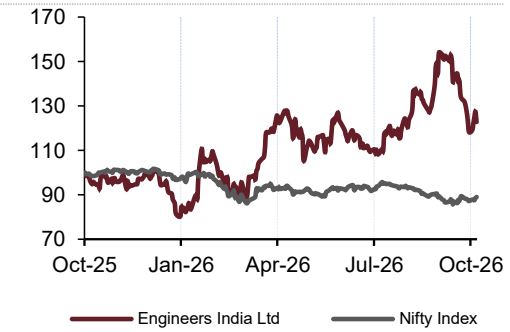
Consultancy margins expanded to ~31% in Q2FY27, driven by the higher segment mix rather than any one-off gains. Management expects consultancy to contribute ~60% of FY27 revenue, with full-year margins of ~26% or higher. The order book reached a record Rs. 204.21 bn as of September 2026, up 42% QoQ, with consultancy accounting for ~75% and overseas projects ~55%. H1FY27 inflows stood at Rs. 74.28 bn and subsequently reached ~Rs. 81 bn, exceeding the original Rs. 80 bn FY27 target. Management expects FY28 inflows to remain at least Rs. 80 bn.

Management reiterated FY27 revenue guidance of Rs. 42-43 bn and operating margin guidance of 15-16%, supported by a higher consultancy mix and improving turnkey execution. The Dangote project is progressing, with engineering underway and a more meaningful profitability contribution expected in H2FY27 and FY28. Despite geopolitical constraints in the Middle East, EIL continues to pursue opportunities in strategic storage, refineries and other overseas markets. Nuclear, coal gasification, fertilizers, metals and data centres offer further diversification opportunities, though some remain at an early stage. Overall, the record order book and strong consultancy profitability support the medium-term outlook, with revenue conversion and turnkey execution remaining key monitorables.

Rating	TP (Rs)	Up/Dn (%)
BUY	**393**	**56**
Market data		
Current price	**Rs**	**252**
Market Cap (Rs.Bn)	(Rs Bn)	142
Market Cap (US$ Mn)	(US$ Mn)	1,486
Face Value	Rs	5
52 Weeks High/Low	Rs	321.4 / 163.55
Average Daily Volume	('000)	3,809
BSE Code		532178
Bloomberg		ENGR.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Sep-26	Jun-26
Promoters	51.32	51.32
Others	48.68	48.68
Total	**100.00**	**100.00**

Source: Bloomberg

Key Risks:

- Slowdown in domestic & global capex
- Delays in execution
- Shortfall in skilled labour

Financial Summary

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e	FY29e
Net Sales	32,322	30,284	38,499	42,442	53,269	65,330
EBITDA	2,833	4,890	6,681	6,963	8,727	11,007
Margin (%)	9%	16%	17%	16%	16%	17%
PAT	**3,570**	**4,652**	**6,387**	**6,483**	**7,841**	**9,624**
Growth (%)	4%	30%	37%	1%	21%	23%
EPS	6.4	8.3	11.4	11.5	14.0	17.12
P/E (x)	39.7	30.4	22.2	21.8	18.1	14.7
EV/EBITDA (x)	46.0	26.4	19.3	17.9	14.0	10.7
ROE (%)	15%	18%	21%	19%	20%	21%
ROCE (%)	11%	17%	20%	19%	21%	22%

Source: Company, Dalal & Broacha Research
Note: All financial figures are on a standalone basis, unless otherwise specified.

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Conference Call Highlights

Consultancy mix drives strong margin expansion:

- Consultancy revenue stood at Rs. 5.94 bn in Q2FY27, taking H1FY27 consultancy revenue to Rs. 10.93 bn. **Consultancy accounted for 68% of H1FY27 revenue, compared with 47% in H1FY26**, driving a material improvement in profitability despite lower overall revenue.
- Consultancy segment margin reached ~31% in Q2FY27, supported by a higher consultancy mix and **a record 27% contribution from exports to total revenue**, compared with a historical average of ~12%. The higher export contribution, coupled with *foreign currency appreciation*, may have boosted margins. Management clarified that the improvement was not driven by any other one-off gains.
- Management expects consultancy to contribute around 60% of FY27 revenue, with full-year segment margins of approximately 26% or higher. The favourable revenue mix remains the key driver of EIL's structural margin improvement.

Turnkey execution expected to accelerate in H2FY27:

- Turnkey revenue stood at Rs. 2.08 bn in Q2FY27, taking H1FY27 revenue to Rs. 5.10 bn. Execution remains subdued as certain large projects have tapered off, while newer orders are still in the initial stages of execution.
- Turnkey contributed 32% of H1FY27 revenue, with **management expecting the share to increase to at least 40% in H2FY27 as execution gains momentum**.
- Turnkey margins remain below the normal 6-7% range during the initial stages of projects, but management expects profitability to improve as execution progresses.

Record Rs. 204.21 bn order book provides strong medium-term visibility:

- ***Order book reached Rs. 204.21 bn as of September 2026, up from Rs. 144.24 bn in June 2026, representing a 42% QoQ increase***.
- Consultancy accounts for approximately 75% of the order book, while overseas projects contribute around 55%. The consultancy-heavy mix supports earnings visibility and a higher-margin business profile.
- Large projects typically take 3-4 years to execute, making order conversion and the pace of execution critical monitorables for revenue growth over the medium term.

FY27 order inflow target crossed; FY28 outlook remains constructive:

- H1FY27 order inflows stood at Rs. 74.28 bn, comprising Rs. 57.62 bn from consultancy and Rs. 16.66 bn from turnkey. ***Management subsequently indicated that cumulative till date inflows have reached ~Rs. 81 bn***.
- *The original Rs. 80 bn FY27 order inflow target has therefore been achieved*, with management remaining optimistic about additional order wins during H2FY27 and order inflows reaching ~Rs.100 bn.
- Management indicated that FY28 order inflows should be at least Rs. 80 bn, supporting continued replenishment of the order book. Incremental inflows are expected to remain consultancy-heavy, although the normal mix can vary depending on the size and nature of individual awards.

FY27 revenue and margin guidance retained:

- **Management reiterated FY27 revenue guidance of Rs. 42-43 bn and operating margin guidance of 15-16%**. Consultancy is expected to contribute ~60% of revenue, supporting profitability despite the subdued turnkey execution in H1.
- Turnkey's expected recovery in H2FY27 should support revenue conversion, while the higher consultancy mix remains the key margin driver. The pace of execution will determine the extent to which EIL can translate its record order book into revenue growth.

Dangote project progressing; overseas opportunities remain mixed:

- Engineering activities for the Dangote project are progressing, with teams deployed and client-side procurement underway. *A more meaningful profitability contribution is expected in H2FY27 and FY28*, although management did not disclose a precise completion percentage.
- Middle East order activity remains constrained by geopolitical uncertainty, but EIL continues to pursue strategic storage, pipelines, terminals, refineries and other engineering opportunities. Long bidding cycles create timing uncertainty, while opportunities in Africa provide an alternative growth avenue.

Nuclear, coal gasification and other sectors broaden the opportunity pipeline:

- EIL is pursuing nuclear engineering opportunities across balance-of-plant engineering, owner's engineering and project supervision. *Most remain at the study, environmental-clearance or preliminary tendering stage, with meaningful awards likely over the medium term*. Coal gasification opportunities are also progressing through feasibility studies and related engineering work.
- Fertilizers, metals, infrastructure and data centres offer additional diversification beyond hydrocarbons, although the timing and scale of contribution depend on project approvals, tendering and order awards.
- **IOCL Paradip Phase II remains dependent on the client's land-related decisions, while BPCL's Andhra refinery is at the study and licensing-selection stage**. Refinery revamps, strategic storage, fertilizers and non-ferrous metals could support further consultancy inflows, subject to project readiness.

Valuation & Outlook

Engineers India Ltd (EIL) continues to strengthen its earnings outlook, supported by **a record order book of ~Rs. 204 bn** as of September 2026, up 42% QoQ, and a higher contribution from consultancy. Consultancy accounted for ~75% of the order book, while management expects the segment to contribute ~60% of FY27 revenue at margins of ~26% or higher. The strong consultancy mix, alongside improving execution, should support sustained profitability despite near-term weakness in turnkey revenue.

The near-term outlook is supported by ***management reiterating FY27 revenue guidance of Rs. 42-43 bn and operating margin guidance of 15-16%***. Turnkey execution is expected to accelerate in H2FY27, with its revenue contribution rising to at least 40% from 32% in H1FY27. *Order inflows have already reached ~Rs. 81 bn, exceeding the original FY27 target of Rs. 80 bn, while management expects FY28 inflows to remain at least Rs. 80 bn*. The Dangote project should contribute more meaningfully to profitability in H2FY27 and FY28, while overseas markets, nuclear, coal gasification and other specialised engineering segments provide additional growth opportunities.

EIL's debt-free balance sheet, with ~Rs. 21 bn of cash on book, provides flexibility to pursue new opportunities without incremental financial risk. Ramagundam Fertilizers & Chemicals Ltd. (RFCL) also contributes to consolidated earnings and is expected to provide dividend income during FY27. While the record order book and higher consultancy mix strengthen the medium-term outlook, timely order conversion, turnkey execution and the sustainability of elevated consultancy margins remain key monitorables.

Accordingly, we expect **standalone Revenue/EBITDA/PAT CAGR of 24%/26%/22% over FY27e-FY29e**. At the current market price (CMP) of Rs. 252, the stock trades at 18x FY28e and 15x FY29e P/E.

We value the company at 23x FY29e standalone EPS of Rs. 17.1, arriving at a target price of Rs. 393, implying an upside of 56%.

Quarterly Results Highlights

Particulars (Rs. mn)	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)
Revenue from Operations	**8,024**	**9,004**	**-11%**	**8,009**	**0%**
Total RM Cost	2,606	4,786	-46%	3,231	-19%
Gross Profit	**5,418**	**4,218**	**28%**	**4,778**	**13%**
Employee Benefits Expense	2,755	2,606	6%	2,588	6%
Other Expenses	1,034	491	111%	1,006	3%
Total Expenses	6,395	7,883	-19%	6,825	-6%
EBITDA (excl. Other Income)	**1,629**	**1,121**	**45%**	**1,184**	**38%**
Depreciation	99	99	0%	96	3%
EBIT	**1,530**	**1,022**	**50%**	**1,087**	**41%**
Other Income	770	478	61%	371	108%
Finance Costs	5	5	0%	4	12%
PBT	**2,295**	**1,496**	**53%**	**1,454**	**58%**
Tax Expense	497	347	43%	368	35%
Net Profit after Tax	**1,798**	**1,149**	**56%**	**1,086**	**66%**
Earning Per Share	3.20	2.04	56%	1.93	66%
Margins (%)			**(in bps)**		**(in bps)**
Gross Margin	67.5%	46.8%	2068	59.7%	787
EBIT Margin	19.1%	11.4%	771	13.6%	549
PAT Margin	20.4%	12.1%	832	13.0%	748
Tax Rate	21.7%	23.2%	-152	25.3%	-363
As a % to sales					
RM as a % to sales	32.5%	53.2%		40.3%	
EE Cost as a % to sales	34.3%	28.9%		32.3%	
Other exps as a % to sales	12.9%	5.5%		12.6%	

Segment wise	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)
Revenue					
Consultancy & Engineering Projects	5,944	4,113	45%	4,990	19%
Turnkey Projects	2,080	4,891	-57%	3,019	-31%
Total	**8,024**	**9,004**		**8,009**	
Segment Profit					
Consultancy & Engineering Projects	1,836	1,164	58%	1,197	53%
Turnkey Projects	90	243	-63%	227	-60%
Total	**1,926**	**1,408**		**1,423**	
Margins (%)			**(in bps)**		**(in bps)**
Consultancy & Engineering Projects	30.9%	28.3%	259	24.0%	692
Turnkey Projects	4.3%	5.0%	-65	7.5%	-318
Segment Profit	24.0%	15.6%	838	17.8%	624

Financials

Income Statement (Rs. mn)	FY24	FY25	FY26	FY27e	FY28e	FY29e
Revenue	32,322	30,284	38,499	42,442	53,269	65,330
Operating Expenses	16,868	13,058	17,999	17,016	23,767	29,497
Gross Profit	**15,454**	**17,225**	**20,500**	**25,426**	**29,502**	**35,833**
Employee Cost	9,693	10,033	10,402	13,582	15,448	18,292
Other Expenses	2,927	2,302	3,417	4,881	5,327	6,533
EBITDA	**2,833**	**4,890**	**6,681**	**6,963**	**8,727**	**11,007**
Depreciation	345	393	415	454	544	639
EBIT	2,488	4,497	6,266	6,509	8,183	10,368
Margin (%)	*8%*	*15%*	*16%*	*15%*	*15%*	*16%*
Other Income	2,246	1,696	2,090	2,100	2,300	2,500
Interest	30	26	21	23	28	36
PBT	4,704	6,167	8,335	8,587	10,455	12,832
Tax Expense	1,134	1,515	1,948	2,104	2,614	3,208
Adjusted PAT	**3,570**	**4,652**	**6,387**	**6,483**	**7,841**	**9,624**
Reported PAT (Consol)	**4,453**	**5,798**	**6,916**	**7,783**	**9,141**	**10,924**

Balance Sheet (Rs. mn)	FY24	FY25	FY26	FY27e	FY28e	FY29e
Equity Capital	2,810	2,810	2,810	2,810	2,810	2,810
Other Equity	20,303	23,390	27,621	31,856	36,887	43,139
Total Equity	**23,113**	**26,200**	**30,431**	**34,666**	**39,697**	**45,949**
Long-term Lease Liabilities	194	96	79	70	75	83
Other Non-current Liabilities	167	108	290	290	290	290
Non-current Liabilities	**361**	**204**	**369**	**360**	**365**	**373**
Short-term Lease Liabilities	135	125	89	85	88	99
Trade Payables	4,406	4,726	5,821	6,047	7,297	8,949
Income Received in Advance	6,113	8,489	6,624	7,558	9,048	11,097
Other Current Liabilities	13,587	12,103	13,981	14,670	15,462	16,373
Current Liabilities	**24,241**	**25,443**	**26,515**	**28,359**	**31,895**	**36,519**
TOTAL EQUITY & LIABILITIES	**47,714**	**51,847**	**57,315**	**63,386**	**71,957**	**82,841**
PPE (incl. CWIP)	2,502	2,660	3,007	3,418	4,135	4,981
ROU & Intangibles	440	349	296	340	351	379
Investment Property	368	371	364	364	364	364
Non-current Investments	13,764	14,307	15,165	15,165	15,924	16,720
Other Non-current Assets	4,728	4,891	4,914	5,078	5,078	5,078
Non-current Assets	**21,802**	**22,578**	**23,747**	**24,366**	**25,852**	**27,522**
Current Investments	1,526	58	835	1,252	1,377	1,515
Inventories	6	6	5	7	8	10
Trade Receivables	3,144	4,209	4,516	5,233	6,567	8,233
Cash and Bank Balances	11,434	12,427	12,802	16,727	19,443	23,614
Contract Assets	5,926	8,048	11,004	11,395	14,302	17,541
Other Current Assets	3,878	4,521	4,407	4,407	4,407	4,407
Current Assets	**25,912**	**29,269**	**33,569**	**39,020**	**46,105**	**55,320**
TOTAL ASSETS	**47,714**	**51,847**	**57,315**	**63,386**	**71,957**	**82,841**

Cashflow (Rs. mn)	FY24	FY25	FY26	FY27e	FY28e	FY29e
PBT	4,704	6,167	8,335	8,587	10,455	12,832
Depreciation	345	393	415	454	544	639
Other Income	-2,246	-1,696	-2,090	-2,100	-2,300	-2,500
Others	59	-1,100	317	23	28	36
Net Chg in WC	-249	-1,506	-2,377	575	-710	-294
Taxes	-519	-1,261	-1,563	-2,104	-2,614	-3,208
CF from Operating Activities	**2,095**	**997**	**3,038**	**5,434**	**5,403**	**7,505**
Capex	-334	-418	-689	-784	-1,122	-1,333
Net Investments	197	-823	-1,993	-2,808	-883	-934
Others	1,729	944	1,840	2,100	2,300	2,500
CF from Investing Activities	**1,593**	**-297**	**-843**	**-1,491**	**294**	**233**
Change in Share capital	-	-	-	-	-	-
Change in Debt	-	-	-	-	-	-
Lease Liabilities Paid	-109	-164	-160	-155	-161	-181
Dividend Paid	-1,686	-1,686	-2,529	-2,248	-2,810	-3,372
Interest Paid	-	-	-	-5	-10	-15
CF from Financing Activities	**-1,795**	**-1,850**	**-2,690**	**-2,408**	**-2,981**	**-3,568**
Net cash increase/ (decrease)	**1,894**	**-1,151**	**-495**	**1,535**	**2,716**	**4,170**
Cash Opening Balance	**602**	**2,496**	**1,345**	**851**	**2,385**	**5,102**
Cash Closing Balance	**2,496**	**1,345**	**851**	**2,385**	**5,102**	**9,272**

Ratios	FY24	FY25	FY26	FY27e	FY28e	FY29e
Margin (%)						
GM	48%	57%	53%	60%	55%	55%
OPM	9%	16%	17%	16%	16%	17%
NPM	11%	15%	17%	15%	15%	15%
Tax rate	24%	25%	23%	25%	25%	25%
Growth Ratios (%)						
Net Sales	-2%	-6%	27%	10%	26%	23%
Operating Profit	-5%	73%	37%	4%	25%	26%
PBIT	-9%	81%	39%	4%	26%	27%
PAT	4%	30%	37%	1%	21%	23%
Per Share (Rs.)						
Net Earnings (EPS)	6.4	8.3	11.4	11.5	14.0	17.1
Adjusted Earnings (Adj. EPS)	7.9	10.3	12.3	13.8	16.3	81.8
Book Value Per Share (BVPS)	41.1	46.6	54.1	61.7	70.6	81.8
Dividend Per Share (DPS)	3.0	4.0	5.0	4.0	5.5	7.0
Valuation Ratios						
P/E (x)	39.7	30.4	22.2	21.8	18.1	14.7
P/B (x)	6.1	5.4	4.7	4.1	3.6	3.1
EV/EBIDTA (x)	46.0	26.4	19.3	17.9	14.0	10.7
Div. Yield (%)	1%	2%	2%	2%	2%	3%
Return Ratios (%)						
ROE	15%	18%	21%	19%	20%	21%
ROCE	11%	17%	20%	19%	21%	22%
RoIC	16%	24%	27%	27%	30%	35%

Source: Company, Dalal & Broacha Research
Note: All financial figures in the entire report are on a standalone basis, unless otherwise specified.

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