Engineers India Limited (EIL)

Investment Idea | **Civil Construction (Consultancy & EPC)**

Engineering India's Scale

DALAL & BROACHA
STOCK BROKING PVT. LTD.

Equity Research Desk

31 July 2026

Rating	TP (Rs)	Up/Dn (%)
BUY	**306**	**38**

Market data		
Current price	**Rs**	222
Market Cap (Rs.Bn)	(Rs Bn)	125
Market Cap (US$ Mn)	(US$ Mn)	1,306
Face Value	Rs	5
52 Weeks High/Low	Rs	267 / 163.55
Average Daily Volume	('000)	897
BSE Code		532178
Bloomberg		ENGR.IN

Source: Bloomberg

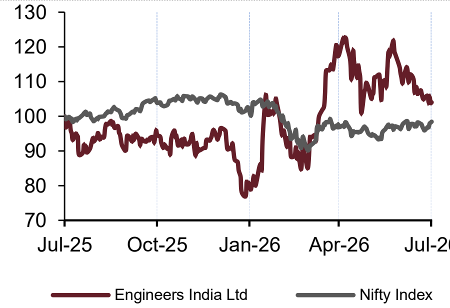
Following several years of modest growth, we believe EIL is approaching an inflection point. A record consultancy order book of ₹108.6 bn, robust overall order inflows of ~₹80 bn, improving execution and a favourable domestic investment cycle should support stronger earnings growth, while its expanding overseas presence (~43% of order book) and diversification could provide additional growth opportunities.

EIL is targeting a Revenue of ₹50 bn by FY28 i.e. 2yr CAGR of 14%. Currently its trading at TTM PE (standalone) of 20x & FY28e PE of 13.8x with high cash on books (~₹13.6 bn).

Company Background and Business Model:

- Engineers India Ltd (EIL) is a Navratna PSU under the Ministry of Petroleum & Natural Gas and **India's leading engineering consultancy and EPC company incorporated in 1965**.
- Over the last six decades, the company has executed **8,000+ assignments** and projects worth over **US$200 bn** across India and overseas.
- EIL operates through two segments - **consultancy and turnkey projects**, both **contributing broadly equally** to revenue today. While the turnkey business provides scale and execution capabilities, the consultancy segment remains the primary profit driver given its asset-light nature and **superior margins (at 22-25%).**
- Management expects the revenue mix to gradually tilt towards consultancy, **targeting a ~60% share over the medium term, backed by 72% share in order book for consultancy**.

One Year Performance



Source: Bloomberg

% Shareholding	**Jun-26**	**Mar-26**
Promoters	51.00	51.00
Public	49.00	49.00
Total	**100.00**	**100.00**

Source: Bloomberg

Financial Summary

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
Net Sales	32,322	30,284	38,499	43,817	51,933
EBITDA	2,833	4,890	6,681	7,887	9,608
Margin (%)	9%	16%	17%	18%	19%
PAT	**3,570**	**4,652**	**6,388**	**7,524**	**9,035**
Growth (%)	4%	30%	37%	18%	20%
EPS	6.35	8.28	11.37	13.39	16.08
P/E (x)	34.9	26.8	19.5	16.6	13.8
EV/EBITDA (x)	40.8	23.4	17.1	14.2	11.2
ROE (%)	15%	18%	21%	21%	22%
ROCE (%)	11%	17%	20%	21%	22%

Source: Company, Dalal & Broacha Research

Key Risks:

- Slowdown in domestic & global capex
- Delays in execution
- Delays in Middle East project execution (no project cancellations)
- Shortfall in skilled labour

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DID YOU KNOW?

EIL is the undisputed market leader in India's downstream engineering industry. The company has footprints in **20 out of India's 23 refineries**, has been involved in **11 out of the country's 12 mega petrochemical complexes**, has engineered 10 grass-root refineries, and has contributed to building over 165 MMTPA (3.3 million bpd out of ~5.6 million bpd) of refining capacity in India.

It has also executed 13,000 km of liquid pipelines, 10,000 km of gas pipelines and 2,000 km of LPG pipelines, reflecting its dominant position across the hydrocarbon infrastructure value chain.

Investment Argument

Multi-year downstream capex cycle to drive sustained order inflows:

- India's downstream investment cycle remains robust, backed by a strong pipeline of refinery and petrochemical expansions. **The management expects annual order inflows to remain above ₹80 bn**, with a medium-term target of 10-15% annual growth, supported by investments from IOCL, BPCL, HPCL and ONGC.
- The upcoming investment pipeline is shifting towards more complex, higher value-added projects such as integrated refinery-petrochemical complexes, specialty chemicals and downstream value-addition, unlike the previous capex cycle that was primarily driven by conventional refinery expansions with relatively lower engineering complexity.
- Management specifically highlighted projects including **BPCL's ~₹95,000 crore Andhra refinery** and petrochemical complex, HPCL's ₹72,000 crore Barmer refinery, **ONGC's ₹80,000 crore - ₹1 lakh crore petrochemical complex**, IOCL's specialty chemical projects and the second phase of the Paradip petrochemical complex.

Business mix is structurally shifting towards higher-quality earnings:

- EIL's earnings mix is expected to improve over the medium term as consultancy assumes a larger share of revenues. **Consultancy, which earns 22-25% EBIT margins versus 6-7% for turnkey projects**, accounts for 72% of the order book, providing strong visibility. While the segment currently contributes 46% of revenue, **the company expects this to increase to ~60%**, supporting margin expansion and improving earnings quality.
- A higher consultancy mix should support structurally better cash conversion, return ratios and profitability, reflecting its asset-light business model and lower execution risk. The **company is targeting overall revenue of ~₹50 bn by FY28**, with consultancy expected to drive an increasing share of growth.

Overseas business emerging as a meaningful growth driver:

- Overseas business has re-emerged as a meaningful contributor to EIL's growth, with overseas projects accounting for ~43% of the order book and ~62% of FY26 order inflows, compared with the mid-teens during FY22-FY25.
- The improving outlook is supported by a growing presence across the Middle East and Africa. EIL recently secured a **~₹32 bn PMC/EPCM contract for the expansion of the Dangote Refinery** and Petrochemical Complex in Nigeria, Africa.

- The company is also strengthening its presence in Saudi Arabia through a **new regional office** and has **signed an MoU with Aramco Asia India Pvt. Ltd. (Saudi Aramco)** to explore engineering and project management opportunities in-kingdom & will also sign another agreement for out-of-kingdom services soon.
- The **Middle East currently contributes ~10-15% of the order book**. Although certain projects are facing execution delays, management has reiterated that there have been no order cancellations, with the underlying opportunity remaining intact.

Diversification beyond hydrocarbons broadens the growth opportunity:

- While refining and petrochemicals continue to drive EIL's core consultancy business, the company has **expanded its presence across infrastructure and other non-oil & gas sectors**. These businesses now account for **35-45% of the order book**, providing incremental growth opportunities and greater diversification.
- The company is also building capabilities in emerging segments such as **coal gasification**, hydrogen, bio-refineries and **nuclear engineering**, creating new avenues for long-term growth.
- Coal gasification represents a particularly attractive opportunity, supported by the Government's ₹32,000 crore VGF scheme. Given that **engineering consultancy typically accounts for 3-5% of project capex**, even a **relatively small ₹10,000 crore coal gasification project** could translate into a **₹300-500 crore consultancy order**, providing a meaningful opportunity for EIL as project execution gathers pace.

Strategic investments provide hidden value beyond the core business:

- Beyond its core engineering business, EIL has built a portfolio of strategic investments that provide recurring earnings and dividends. Key investments include a **26% stake in Ramagundam Fertilizers & Chemicals Ltd. (RFCL)**, a 4.37% stake in Numaligarh Refinery Ltd. (NRL) and participation in upstream exploration assets under NELP IX.
- RFCL has now stabilized operations and is operating at full capacity, with **management expecting a sustainable quarterly profit contribution of ~₹40 crore going forward**. In addition, NRL is undertaking a major expansion from 3 MMTPA to 9 MMTPA, enhancing the long-term value of EIL's investment while continuing to provide dividend income.

Major ongoing/upcoming projects:

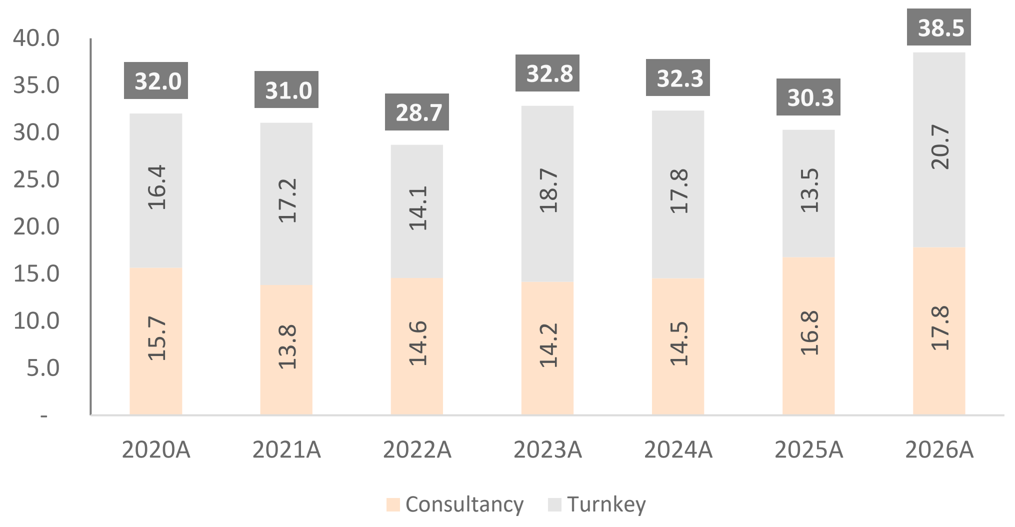
Ongoing Projects	Client	Role	Project Capex	Status
Bina Refinery & Petrochemical Expansion	BPCL	MPMC / EPCM	₹43,367 cr	Under execution (23%)
Visakh Refinery Modernisation	HPCL	PMC & Turnkey (OBE)	~₹26,000 cr	Under execution
Dangote Refinery Expansion	Dangote	PMC / EPCM	Not disclosed	Under execution
Panipat Refinery Expansion (15 to 25 MMTPA)	IOCL	EPCM	₹38,231 cr	~93% complete
Paradip Petrochemical Complex (PX-PTA Complex)	IOCL	PMC / MPMC	₹13,805 cr	Near completion
Rajasthan Refinery & Petrochemical Complex	HRRL	PMC	₹79,459 cr	Commissioning

Upcoming Large Opportunites	Estimated Capex	Expected Role
Paradip Petrochemical Complex	₹61,077 cr	Already secured PMC packages (PMC-1, PMC-2 and MPMC)
BPCL Andhra Pradesh Refinery & Petrochemical Complex	~₹95,000 cr	Strong PMC/EPCM opportunity
HPCL Barmer Petrochemical Expansion	~₹70,000-75,000 cr	PMC/EPCM opportunity

Financial Highlights

- Revenue has remained broadly stable over FY20-FY25, before rebounding strongly in FY26. Total **revenue grew 27% YoY to ₹38.5 bn in FY26**, driven by a recovery in turnkey execution and steady growth in the consultancy business.

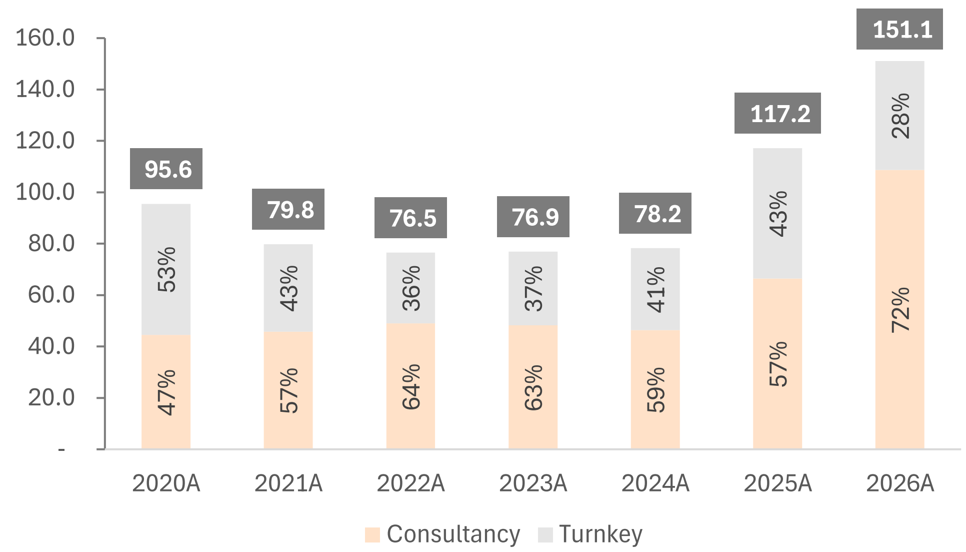
Revenue Mix (Rs. bn)



Source: Company, Dalal & Broacha Research

- Consultancy revenue has demonstrated resilient growth over the years and is entering an accelerated growth phase. Following a **6% YoY increase in FY26 to ₹17.8 bn**, management has guided for at least 10-15% annual consultancy revenue growth over the medium term, supported by a **record consultancy order book of ₹108.6 bn** and strong execution visibility.
- The quality of the order book has improved meaningfully. Consultancy now accounts for ~72% of the order book, compared with 57% in FY25, while **overseas projects contribute 43% (of the total order book), reflecting increasing international diversification**. This should support a gradual improvement in margins and cash generation as the order book gets carried out.

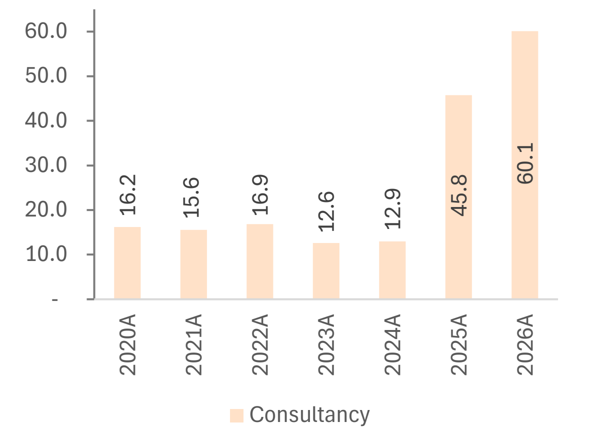
Order Book Mix (Rs. bn)



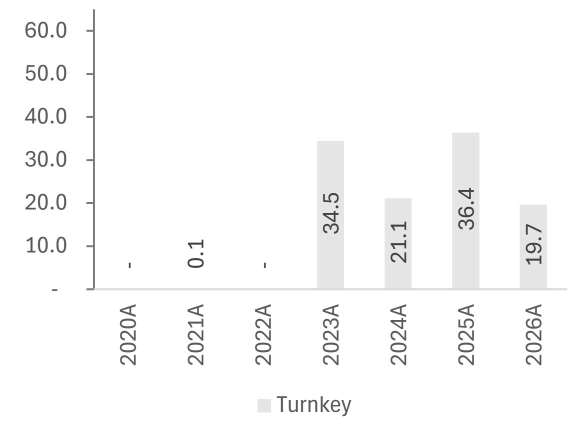
Source: Company, Dalal & Broacha Research

- Order book has entered a new growth phase, increasing **93% over the last two years to a record ₹151.1 bn** as of FY26. This has been supported by **strong order inflows of ~₹80 bn in both FY25 and FY26**, significantly higher than the historical run-rate of ₹15-35 bn, providing healthy multi-year revenue visibility.

Consultancy Order Inflows (Rs. bn)



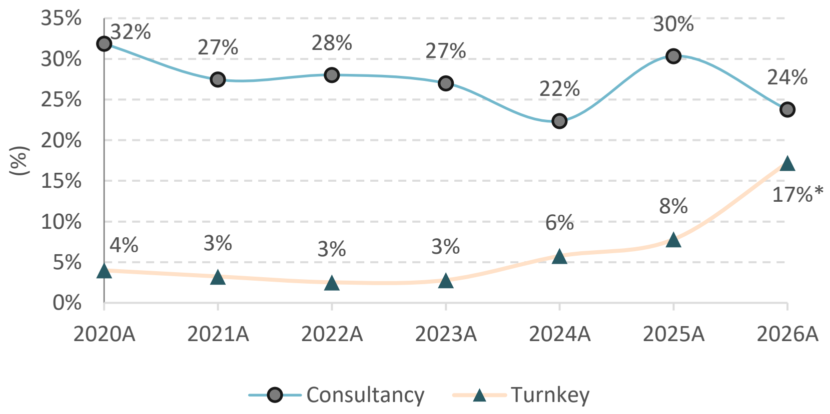
Turnkey Order Inflows (Rs. bn)



Source: Company, Dalal & Broacha Research

- Profitability continues to be driven by the consultancy business, which **consistently delivered EBIT margins around 22-25%**, compared with **normalized margins of 6-7% for turnkey projects**. With management expecting consultancy to contribute a larger share of revenues over the medium term, we believe this should support structurally higher earnings quality and profitability.

Segment Margin (%)



Source: Company, Dalal & Broacha Research

**FY26 turnkey EBIT margin benefited from one-off write-backs. Normalized turnkey EBIT margins are ~6-7%.*

- EIL maintains a **debt-free balance sheet** with a sizeable **cash & cash equivalents of ₹13.6 bn (~10% of its market capitalization)**, providing financial flexibility to pursue growth opportunities while supporting healthy dividend payouts.

Valuation & Outlook

Over the past decade, EIL's earnings have been **constrained by an inconsistent domestic capex cycle**, resulting in **modest revenue growth despite its market-leading position** in downstream engineering. We believe the current cycle is fundamentally different.

EIL enters this investment cycle with its strongest operating position in several years. The order book has **nearly doubled over the last two years** to a record **₹151 bn**, while annual order inflows have stabilized at **~₹80 bn**, well above the **historical run-rate of ₹15-35 bn**. More importantly, **consultancy now accounts for ~72%** of the order book versus **57% in FY25**, improving earnings visibility and reducing dependence on lower-margin turnkey execution.

Management is targeting 10-15% annual consultancy revenue growth and an **increase in consultancy revenue contribution from 46% currently to ~60% over the medium term**. Given that consultancy generates normalized EBIT margins of 22-25%, significantly higher than the 6-7% earned in turnkey projects, we believe this shift should support sustained margin expansion, stronger free cash flow generation and higher return ratios.

We also believe EIL's **balance sheet strength remains underappreciated**. The company is debt free, holds ₹13.6 bn of cash and cash equivalents (equivalent to ~10% of its current market capitalization), and continues to generate healthy operating cash flows **while maintaining a consistent dividend payout (~45% for the last six years)**. This provides financial flexibility to pursue new opportunities without incremental balance sheet risk.

Accordingly, we expect the company to deliver **Revenue/EBITDA/PAT CAGR of 16%/20%/19% over FY26-FY28e**. At the CMP of ₹222, the stock trades at 16.6x FY27e and 13.8x FY28e P/E.

We value the company at 19x FY28e EPS of Rs. 16.1, arriving at a target price of Rs. 306, implying an upside of 38%.

Financials

Standalone P&L (Rs. mn)	FY24	FY25	FY26	FY27e	FY28e
Net Sales	32,322	30,284	38,499	43,817	51,933
Operating Expenses	16,868	13,058	17,999	19,718	22,850
Gross Profit	**15,454**	**17,225**	**20,500**	**24,099**	**29,082**
Employee Cost	9,693	10,033	10,402	12,269	14,801
Other Expenses	2,927	2,302	3,417	3,944	4,674
Operating Profit	**2,833**	**4,890**	**6,681**	**7,887**	**9,608**
Depreciation	345	393	415	468	501
EBIT	2,488	4,497	6,266	7,419	9,107
Other Income	2,246	1,696	2,090	2,500	2,800
Interest	30	26	21	20	19
PBT	4,704	6,167	8,335	9,899	11,888
Tax Expense	1,134	1,515	1,948	2,376	2,853
Reported PAT	**3,570**	**4,652**	**6,388**	**7,524**	**9,035**

Standalone Balance Sheet (Rs. mn)	FY24	FY25	FY26	FY27e	FY28e
Equity Capital	2,810	2,810	2,810	2,810	2,810
Other Equity	20,303	23,390	27,621	32,334	38,557
Total Equity	**23,113**	**26,200**	**30,431**	**35,144**	**41,368**
Long-term Lease Liabilities	194	96	79	67	60
Other Non-current Liabilities	167	108	290	290	290
Non-current Liabilities	**361**	**204**	**369**	**357**	**351**
Short-term Lease Liabilities	135	125	89	81	71
Trade Payables	4,406	4,726	5,821	6,242	7,399
Income Received in Advance	6,113	8,489	7,266	8,643	10,671
Other Current Liabilities	13,587	12,103	13,339	13,339	13,339
Current Liabilities	**24,241**	**25,443**	**26,515**	**28,305**	**31,479**
TOTAL EQUITY & LIABILITIES	**47,714**	**51,847**	**57,315**	**63,806**	**73,197**
PPE (incl. CWIP)	2,502	2,660	3,007	3,416	3,886
ROU & Intangibles	440	349	296	265	245
Investment Property	368	371	364	364	364
Non-current Investments	13,764	14,307	15,165	15,924	16,720
Other Non-current Assets	4,728	4,891	4,914	4,914	4,914
Non-current Assets	**21,802**	**22,578**	**23,747**	**24,882**	**26,128**
Current Investments	1,526	58	835	876	920
Inventories	6	6	5	6	7
Trade Receivables	3,144	4,209	4,516	5,762	7,114
Cash and Bank Balances	11,434	12,427	12,802	15,024	19,043
Contract Assets	5,926	8,048	11,361	13,205	15,936
Other Current Assets	3,878	4,521	4,050	4,050	4,050
Current Assets	**25,912**	**29,269**	**33,568**	**38,923**	**47,069**
TOTAL ASSETS	**47,715**	**51,847**	**57,315**	**63,806**	**73,197**

Standalone Cashflow (Rs. mn)	FY24	FY25	FY26	FY27e	FY28e
PBT	4,704	6,167	8,335	9,899	11,888
Depreciation	345	393	415	468	501
Other Income	-2,246	-1,696	-2,090	-2,500	-2,800
Others	59	-1,100	317	20	19
Net Chg in WC	-249	-1,506	-2,377	-1,293	-900
Taxes	-519	-1,261	-1,563	-2,376	-2,853
CF from Operating Activities	**2,095**	**997**	**3,038**	**4,218**	**5,854**
Capex	-334	-418	-689	-757	-861
Net Investments	197	-823	-1,993	-800	-840
Others	1,729	944	1,840	2,500	2,800
CF from Investing Activities	**1,593**	**-297**	**-843**	**943**	**1,099**
Change in Share capital	-	-	-	-	-
Change in Debt	-	-	-	-	-
Lease Liabilities Paid	-109	-164	-160	-124	-119
Dividend Paid	-1,686	-1,686	-2,529	-2,810	-2,810
Interest Paid	-	-	-	-5	-5
CF from Financing Activities	**-1,795**	**-1,850**	**-2,690**	**-2,939**	**-2,934**
Net cash increase/ (decrease)	**1,894**	**-1,151**	**-495**	**2,222**	**4,019**
Cash Opening Balance	**602**	**2,496**	**1,345**	**851**	**3,073**
Cash Closing Balance	**2,496**	**1,345**	**851**	**3,073**	**7,091**

Standalone Ratios	FY24	FY25	FY26	FY27e	FY28e
Margin (%)					
GM	48%	57%	53%	55%	56%
OPM	9%	16%	17%	18%	19%
NPM	11%	15%	17%	17%	17%
Tax rate	24%	25%	23%	24%	24%
Growth Ratios (%)					
Net Sales	-2%	-6%	27%	14%	19%
Operating Profit	-5%	73%	37%	18%	22%
PBIT	-9%	81%	39%	18%	23%
PAT	4%	30%	37%	18%	20%
Per Share (Rs.)					
Net Earnings (EPS)	6.4	8.3	11.4	13.4	16.1
Book Value Per Share (BVPS)	41.1	46.6	54.1	62.5	73.6
Dividend Per Share (DPS)	3.0	4.0	5.0	5.0	5.0
Valuation Ratios					
P/E (x)	34.9	26.8	19.5	16.6	13.8
P/B (x)	5.4	4.8	4.1	3.6	3.0
EV/EBIDTA (x)	40.8	23.4	17.1	14.2	11.2
Div. Yield (%)	1%	2%	2%	2%	2%
Return Ratios (%)					
ROE	15%	18%	21%	21%	22%
ROCE	11%	17%	20%	21%	22%
RoIC	16%	24%	27%	28%	31%

Source: Company, Dalal & Broacha Research

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