Engineers India Ltd — 08 Dec 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	**CARE AAA; Stable / CARE A1+** (Reaffirmed; 0 notches moved)
Outlook (Current vs Previous)	**Stable / Stable**
Key Drivers of Change	1. **Sovereign Support:** 51.32% GoI ownership provides strategic importance and high financial flexibility. 2. **Order Book Strength:** Robust backlog of **₹13,131 Cr** (4.25x FY25 Revenue) provides 3–4 years of clear visibility. 3. **Margin Expansion:** PBILDT margins jumped to **17.03%** in FY25 (vs 9.46% in FY24) due to higher consultancy mix (54%) and provision reversals. 4. **Segment Diversification:** Reduced Oil & Gas concentration from **95% to 78%** YoY, successfully pivoting into data centers and infra. 5. **JV Headwinds:** H1FY26 PAT impacted by **₹32.94 Cr** loss from RFCL JV due to a 90-day shutdown.
Rated Instruments	1. **LT/ST Bank Facilities:** ₹1,772.50 Cr
Key Observations	• **Zero Debt:** No external term debt; capital structure supported entirely by internal accruals. • **Strong Liquidity:** Standalone cash and liquid investments of **₹1,115 Cr** as of Sept 2025. • **Consultancy Shift:** Higher-margin consultancy now 54% of revenue vs 45% LY; improves ROCE. • **Working Capital:** Short operating cycle with receivables realized in 2–3 months from blue-chip PSUs. • **Investment Risk:** **₹1,389 Cr** tied up in subsidiaries/JVs; further capital calls for NRL (rights issue) are monitorables. • **Sector Dominance:** Engineering footprint in 20 out of 23 Indian refineries ensures "moat" in hydrocarbons.
Investor Impact	• **Growth:** H1FY26 revenue growth of **36%** signals execution acceleration of the massive order book. • **Margins:** Shift toward "Asset-Light" Consultancy (C&E) is structural; likely to sustain double-digit EBITDA margins. • **Leverage:** Nil debt = Zero interest risk. Strong cash supports high dividend payout potential. • **Dilution:** No equity dilution risk expected given the robust cash reserves for capex.
Agency / Cross Analysis	**Same Agency:** Reaffirmed AAA. Focus shifted from historical performance to the **36% revenue surge** in H1FY26 and the successful reduction in Oil & Gas concentration. **Conclusion: Improvement.** The business model is becoming more resilient through diversification while maintaining a fortress balance sheet.
Final Inference	**Real Improvement.** The rating reaffirms EIL as a "Cash Cow." For equity, the transition to a 54% consultancy mix and a 4.25x book-to-bill ratio suggests a significant valuation re-rating potential as execution ramps up.