Engineers India Ltd — Rating update 1d Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	**Reaffirmed**: CARE AAA; Stable / CARE A1+ (0 notches moved)
Outlook (Current vs Previous)	**Stable** vs **Stable**
Key Drivers of Change	• **Robust Order Book**: ₹14,424 Cr (as of June 2026), providing 3.66x revenue visibility; 70-80% concentrated in O&G. • **Shift to High-Margin C&E**: Consultancy & Engineering (C&E) share in order book rose to 73% (vs 56% YoY), supporting margins >15%. • **Improved Profitability**: FY26 PBILDT margin rose to 18.10% (vs 17.03% in FY25) due to scope changes and provision reversals. • **Sovereign Support**: 51.32% GoI ownership and 'Navratna' status provide superior financial flexibility and strategic importance.
Rated Instruments	• **LT/ST Bank Facilities**: ₹2,248 Cr (Enhanced from ₹1,772.50 Cr)
Key Observations	**Strengths**: 1. Dominant market position (20 of 23 Indian refineries have EIL footprints). 2. Net-debt free with robust liquidity (₹1,350.65 Cr in cash/investments). 3. Strong R&D moat with 58 live patents and 74 pending. 4. Q1FY27 PAT surged to ₹158 Cr (vs ₹65 Cr YoY) despite lower revenue, aided by JV turnaround (RFCL). **Concerns**: 1. High sector concentration (O&G remains 70-80% of revenue). 2. Exposure to JVs/Subsidiaries (₹1,522.42 Cr invested); cash depletion for future investments is a monitorable. 3. Cyclicality of hydrocarbon capex.
Investor Impact	• **Margins**: Sustained expansion likely as business mix shifts from Turnkey (low margin) to Consultancy (high margin). • **Leverage**: Nil term debt; mobilization advances fund working capital, minimizing dilution risk. • **Growth**: Future growth is tethered to PSU oil capex and diversification into Green Hydrogen/Biofuels.
Agency / Cross Analysis	**Same Agency**: CARE reaffirmed the highest rating while notably **enhancing facility limits by ₹475.5 Cr**. • **Drivers**: Focus shifted from simple execution to "quality of earnings" (C&E segment growth). • **Financials**: FY26 revenue growth of 27% (₹3,942 Cr) validated the rating, while Q1FY27 proved resilience against volume dips through better mix. • **Conclusion**: Improvement in business quality and JV stability (RFCL) reinforces the AAA status.
Final Inference	**Real Business Improvement**: The transition toward a 73% Consultancy-led order book is a significant margin tailwind. While revenue can be lumpy due to Turnkey project timing, the cash-rich, debt-free balance sheet makes it a high-conviction defensive play with sovereign backing.