Engineers India Ltd — Aug 2025 Quarterly Analysis

1. VERDICT

Result: Beat
One-line: Strong revenue and profit growth driven by record-high order book and robust execution in both consultancy and turnkey segments reinforce the long-term thesis of steady growth and margin expansion, with management maintaining conservative guidance amid visible upside potential.

Dimension	Rating	Evidence
Beat/Miss vs Guidance / Prior Quarter	Beat	Revenue +40% YoY, PAT +27% YoY, order book at all-time high □12,145 Cr vs □11,717 Cr QoQ
Guidance Confidence	Neutral	Management reiterated 15-20% revenue growth guidance but acknowledged upside to 30-35%
Management Credibility	Neutral to Strong	Transparent on JV losses, margin fluctuations, and conservative guidance; open to revising guidance
Tone vs Prior Quarter	More Confident	Confident outlook on order inflows, international expansion, and diversification
Business Quality Signal	Improving	Strong order inflow, margin expansion in consultancy, growing non-oil & gas segment share
Most Tense Q&A Exchange	Q10 - Revenue growth guidance divergence between MD and Finance Director	
Topics Pressed But Absent from Opening	No material omissions noted	

2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Current Qtr (Q1 FY26)	YoY Change (%)	QoQ Change (%)	Trend	Mgmt Commentary
Revenue (□ Cr)	857	+40%	Not in document	↑	Revenue driven by □408 Cr consultancy and □449 Cr turnkey segments; strong execution
EBITDA (□ Cr)	105	+24%	Not in document	↑	EBITDA margin improved to 12% from 14% in prior year quarter (calculated from given data)
EBITDA Margin %	12%	+1 ppt	Not in document	↑	Margin expansion mainly from consultancy segment
PAT (□Cr)	70	+27%	Not in document	↑	PAT margin improved to 8.2% from 9% in prior year quarter (calculated)
Order Book (□Cr)	12,145 (June 2025)	+4% QoQ	+52% YoY	↑	All-time high order book; consultancy 57%, turnkey 43%
Order Inflow (□Cr)	1,430 (Q1 FY26)	Not comparable	Not comparable	First entry	□609 Cr consultancy, □821 Cr turnkey; strong start to year

2B. SEGMENT BREAKDOWN

Segment	Revenue (□Cr)	YoY Growth	Margin (%)	Trend	vs Company Avg	Key Development
Consultancy	408	Not in document	~17% EBIT (Q1)	↑	Above avg	Margin expansion to ~17% EBIT this quarter; order book strong; international orders growing
Turnkey	449	Not in document	~6-7% EBIT (annual guidance)	Stable	Below avg	Turnkey revenue higher than consultancy this quarter; margins stable; order inflow strong

2C. PPT vs CONCALL ALIGNMENT

Metric	PPT Figure	Concall Figure	Match?	Delta / Note
Order Book	□12,145 Cr	□11,717 Cr (Mar 2025)	Match (QoQ)	PPT shows order book as of June 2025; concall confirms slight increase QoQ
Revenue (Q1)	□857 Cr	□857 Cr	Yes	Perfect alignment
PAT (Q1)	□70 Cr	□70 Cr	Yes	Perfect alignment
Consultancy EBIT Margin	17% (Q1)	22% (annual guidance)	Partial	Q1 margin lower than annual guidance; management expects 20-25% margin range over year

3. MANAGEMENT OUTLOOK

Dimension	Category	What Management Said	Status	Risk Flag	Linked Q#
Guidance	Revenue	15-20% growth expected conservatively; upside to 30-35% possible if change orders materialize	Reaffirmed/ Neutral	Moderate	Q10, Q12
Guidance	Margins	Consultancy margins expected 20-25% range; Turnkey margins 6-7%; quarterly fluctuations normal	Reaffirmed	Low	Q4, Q7
Strategy	Capacity / Expansion	Expanding international footprint (Middle East, Abu Dhabi, Kuwait); increasing non-oil & gas segment share	On Track	Low	Q6, Q8
Industry & Macro	Demand Outlook	Positive; government infrastructure projects, petchem expansions, nuclear SMR projects, and overseas growth	Positive	Low	Q6, Q11
Industry & Macro	Input Costs / Inflation	Not materially discussed	Not stated	N/A	

Management emphasized a conservative approach to revenue guidance due to project execution phasing and long gestation periods, but acknowledged potential upside from ongoing change orders and strong order inflows. The international consultancy pipeline is robust, with □950 Cr secured already, and non-oil & gas projects are becoming a significant and sustainable portion (~40%) of the order book.

4. ANALYST Q&A

Q#	Theme Cluster	Underlying Concern	Management's Key Points	Evaded / Not Addressed	Credibility	Verdict
Q1	JV Losses	Losses in JV (Ramagundam Fertilizer) and recovery	Shutdown caused losses; plant now running >90% capacity; profit expected next quarter	No	Strong	Credible
Q2	Consultancy Margins	Sustainability of 17% EBIT margin and future guidance	17% in Q1; annual margin expected 20-25%; last year's 30% was due to one-off change order settlements	No	Strong	Credible
Q3	Revenue Growth Guidance	Discrepancy between 15-20% conservative guidance vs MD's 30-35% projection	Conservative 15-20% based on execution phasing; upside possible if change orders materialize; guidance to be revised if needed	No	Neutral	Mixed message
Q4	Non-Oil & Gas Segment	Nature, margin, sustainability of non-oil & gas orders	Non-oil & gas ~40% of order book; margins 5-6% turnkey, 20-22% consultancy; mix of government and private clients; sustainable	No	Strong	Credible
Q5	International Orders	Pipeline and contribution from Middle East and others	₹950 Cr secured overseas, mainly Abu Dhabi and Kuwait; strong international pipeline	No	Strong	Credible
Q6	JV and Associate Income	Impact of JV and associate (Numaligarh Refinery Ltd) on earnings	JV contribution expected ~₹100 Cr annually; NRL dividend income ~₹20 Cr last year; JV losses due to shutdown only	No	Strong	Credible
Q7	SMR Opportunity	Scope and potential of Bharat Small Modular Reactor	₹30 Cr initial assignment for conceptual design; government and private sector interest growing; scope expected to expand	No	Strong	Credible
Q8	Dividend Policy	Dividend payout and cash balance	₹1,100 Cr cash balance; 80% payout declared (₹4 on ₹5 FV); policy minimum 30% payout	No	Strong	Credible
Q9	Management Presence	Request for MD to clarify growth guidance divergence	Management open to MD joining future calls; no immediate MD participation; Finance Director emphasized conservative guidance	Partial (MD absent)	Neutral	Minor concern

PATTERN FLAGS

Theme Cluster	Q#s	# of Analysts	Overall Management Stance	Cluster Verdict
Revenue Growth Guidance	Q3, Q9	2	Conservative with upside potential	Mixed clarity; watch next quarters
Margins & Segment Mix	Q2, Q4	2	Stable to improving margins	Credible and consistent
JV & Associate Income	Q1, Q6	2	Temporary JV losses; steady income	Credible
International Expansion	Q5	1	Positive and growing pipeline	Credible
New Business (SMR)	Q7	1	Emerging opportunity	Credible

5. INVESTOR NOTES — BUSINESS QUALITY ASSESSMENT

Dimension	This Quarter's Read	Trajectory Signal
Management Credibility	Neutral to Strong	Stable to Improving
Margin / Return Ratio Trajectory	Consultancy margins improving; Turnkey stable	Improving
Pricing Power	Stable	Stable
Capital Allocation Quality	Good; strategic investments in fertilizer, refinery minority stake, SMR	Improving
Competitive Moat Signals	Growing international presence and diversification into non-oil & gas	Improving
FCF Conversion	Not explicitly disclosed	Neutral
Red Flags (if any)	Guidance divergence between MD and Finance Director; MD absent from call	Minor concern

Overall Thesis Verdict:
- Conviction Increasing
- Driven by record order book, strong revenue and profit growth, margin expansion in consultancy, and diversification into new sectors including infrastructure and nuclear SMR.
- Section 1 and Section 5 aligned on improving business quality and management transparency, though guidance clarity needs monitoring.
- Forward-looking watchpoint: Monitor quarterly execution progress and management’s updated guidance to resolve current guidance divergence and validate growth trajectory.

Summary

This quarter marks a strong operational and financial performance for Engineers India Limited, with revenue and profit beating conservative guidance and prior year levels. The order book reached an all-time high, driven by both consultancy and turnkey segments, with consultancy margins improving significantly. Management remains cautiously optimistic, projecting 15-20% revenue growth conservatively but acknowledging upside potential to 30-35% depending on change order approvals and execution progress. The international consultancy pipeline is robust, and the non-oil & gas segment is becoming a meaningful and sustainable part of the business mix, supporting diversification and margin stability. JV losses due to planned shutdowns are expected to reverse in coming quarters. The emerging opportunity in Bharat Small Modular Reactor projects adds a new growth

avenue. The main area to watch is the divergence in growth guidance within management, which requires resolution for clearer investor confidence. Overall, the quarter supports the long-term thesis of steady growth, margin improvement, and strategic diversification.