Engineers India Ltd — May 2022 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Inline (Standalone) / Weak Miss (Consolidated) **One-line:** The core consultancy business is strengthening its margin profile as the order book pivots to a 64% consultancy mix, but heavy JV losses (RFCL) continue to cannibalize consolidated earnings and ROE.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Miss	FY22 inflow of □1,687 Cr vs. management's Q3 target of □2,000 Cr+.	□
Earnings Quality	Low (Consolidated)	Standalone PAT of □344 Cr vs. Cons. PAT of □139.5 Cr (JV loss drag).	□
Guidance Confidence	Neutral	Strong consultancy margins (28%) offset by weak order inflow in Q4.	□
Management Credibility	Neutral	Missed inflow targets but successfully pivoted OB mix to high-margin work.	□
Business Quality Signal	Stable	Consultancy mix in OB reached 64% (highest in 5 years).	□
Key Q&A Exchange	N/A	Section not applicable — investor presentation only.	□
The Street's Primary Anxiety	JV Bleeding	Massive gap between Standalone and Cons. PAT due to RFCL losses.	□
Capital Cycle Stage	Investment	Cash being deployed into low-yield/loss-making strategic JVs (RFCL, NRL).	□
Margin Trajectory	Improving	Standalone PAT margin rose to 12% (FY22) from 8% (FY21).	□
Pricing Power	Stable	Retains technical dominance in complex refinery and biofuel PMC.	□
FCF Conversion	Distorted	High dividend payout (121%) masks the cash trapped in JVs.	□
Competitive Moat	Stable	Leading 2G ethanol (ABRPL) and LNG expansion (Petronet) specialist.	□
Balance Sheet Strength	Strong	Zero debt; Net Worth □1,770 Cr; Cash rich despite JV investments.	□
Working Capital Efficiency	Stable	Execution in Turnkey picking up, but OB depletion is a concern.	□
Mgmt Guidance Track Record	Mixed	Consistent on margins/execution; unreliable on inflow timing.	□
Key Vulnerability	JV Stabilization	RFCL losses are the primary hurdle to consolidated re-rating.	□
Management Tone	N/A	Section not applicable — investor presentation only.	□

Sentiment: □Neutral

Key Takeaways (Positives & Negatives): * **Positives:** The business model is successfully de-risking; the Order Book (OB) mix has shifted significantly toward high-margin Consultancy (64% in Mar-22 vs 39% in Mar-19). Standalone profitability is recovering strongly post-COVID, with PAT margins back to 12%. EIL remains the undisputed technical leader in India's energy transition, securing critical roles in the Noida International

Airport and major Bio-Refinery projects. * **Negatives:** Capital allocation remains the primary thesis-breaker. The consolidated performance is severely impaired by a ~₹205 Cr drag from JVs (primarily Ramagundam Fertilizer - RFCL). Furthermore, Q4 order inflows were anemic at only ~₹181 Cr, causing the total year-end order book to shrink to ₹7,655 Cr (down from ₹8,212 Cr in Dec-21). **Street Concern:** Investors are focused on when the "strategic" investments in RFCL and NRL will transition from cash-absorbing assets to dividend-yielding ones. * **Forward Watchpoint:** Monitoring RFCL's ability to sustain 90%+ utilization to stop the consolidated PAT erosion in FY23.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — Mgmt Commentary column absent.

Metric	Current Qtr (FY22 Full Year)	YoY Change (vs FY21)	Trend	Mgmt Commentary
Total Income (Consol)	₹3,042.7 Cr	↓ 8.7%	↓	Not in document
EBITDA (Consol)	₹344.1 Cr	↑ 76.5%	↑	Margin expansion from 6% to 11% (adj. for one-offs)
EBITDA Margin %	11.3%	↑ 530 bps	↑	Driven by better consultancy mix.
PAT (Consol)	₹139.5 Cr	↓ 44.0%	↓	Drastic fall due to JV share of losses (RFCL).
PAT (Standalone)	₹344.4 Cr	↑ 32.7%	↑	Core ops strong; standalone margin 12% vs 8%.
Order Book (Standalone)	₹7,654.9 Cr	↓ 4.1%	↓	Shrinking overall but improving in quality.
Order Inflows (FY22)	₹1,687.1 Cr	↑ 7.5%	↑	Missed mgmt target of ₹2,000 Cr+.
Execution Rate	36%	↓ 300 bps	↓	Based on Revenue (SA) / Opening Order Book.
Book-to-bill (x)	2.67x	↑ 0.1x	→	Healthy but declining from 2019 peaks (4.5x).
Dividend Payout %	121%	↑ 7600 bps	↑	Payout exceeding annual PAT (Consol).
Net Worth (Consol)	₹1,770.0 Cr	↑ 1.1%	→	Stable balance sheet.

2B. SEGMENT BREAKDOWN (Standalone)

Segment	Revenue (₹ Cr)	YoY Growth	Margin (%)	Trend	vs Co. Avg	Key Development
Consultancy	₹1,457.5 Cr	↑ 5.4%	28%	↑	Premium	Mix rose to 51% of Total Revenue (FY22) vs 45% (FY21).
Turnkey (LSTK)	₹1,412.9 Cr	↓ 17.9%	3%	→	Discount	Deliberate strategy to reduce low-margin EPC exposure.

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3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim (from Q3/PPT)	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Order Inflow	□2,000 Cr+ for FY22	**Missed.** Only achieved □181 Cr in Q4 to total □1,687 Cr.	Missed	□High
Guidance	Margins	25-30% in Consultancy	Achieved 28% for FY22.	Delivered	□Low
Guidance	RFCL Breakeven	Breakeven at 70% utilization (Mar-22)	JV losses in FY22 (implied ~□200 Cr) suggest target missed.	Delayed	□High
Strategy	Capital Allocation	"Strategic" entry for EPCM securing □200 Cr fees.	RFCL fee income is small vs □491 Cr equity investment.	On-going	□Med
Strategy	Diversification	Entry into Data Centers/ Airports/Biofuels.	Noida Airport & Unitech orders validate strategy.	Delivered	□Low
Balance	Shareholder Return	Consistent Dividend Track Record.	121% payout ratio in FY22.	Exceeded	□Low

(PPT_ONLY mode: populate from presentation targets. Linked Q# column — N/A — no concall.)

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4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

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5. WHAT CHANGED vs PRIOR QUARTER

Note: Comparisons made against Q3 FY22 context provided in prompt.

What Changed	Prior Quarter (Q3 FY22)	This Quarter (Q4 FY22/FY Total)	Direction
Order Book Mix	61% Consultancy	64% Consultancy	↑
Order Inflow Pace	□1,506 Cr (9M)	□1,687 Cr (Full Year)	↓
Q4 Inflow Intensity	High expectations (□500 Cr+)	Actual Q4: □181 Cr (Very Weak)	↓
Consolidated PAT Drag	9M Loss share □160 Cr	Full Year Drag ~□205 Cr (Implied)	↓
Turnkey Revenue Share	47% (9M)	49% (Full Year)	↑
Consultancy Margin	29% (Q3)	28% (FY22 Standalone)	→
Dividend Signal	□2.00 Interim declared	□3.00 Total FY payout (incl. previous)	↑
Execution Focus	Vizag/Rajasthan execution	Noida Airport/Unitech/Petronet new pivots	↑

STOP HERE.