

TECHNO FUNDA

Engineers India Ltd (EIL)

Date: 05/12/17

Reco. Price: 180-182 • Target: 200 • Stoploss: 170

Time Frame: 2 months

Engineers India Ltd (EIL)



EIL-Weekly Chart

Technical Rationales

- On the weekly charts, the stock has given a breakout with good volumes. After the breakout, the stock has again come to retest the breakout point, which is a good entry point, which now acts as good support. The stock is expected to bounce from these levels. The stock is currently trading above all major the short-term and long-term moving averages indicating positive momentum. RSI is trading in the positive zone.
- **ACMIIL Technofunda:** Buy ENGINEERSIN at Rs.180-182. Stop loss: 170 on closing basis. target 200.

Key Data

Date Price	05/12/2017
Sector	Consulting Services
Reco _Price	178-180
BSE Code	532178
NSE Code	ENGINEERSIN
Face Value (Rs)	5/-
Mkt Cap (Rs Cr)	11,412cr
52 Week High	204
52 Week Low	141

Source: BSE,NSE

Company background

Established in 1965, Engineers India Ltd (EIL) is a leading global engineering consultancy and EPC company. The company provides engineering consultancy and EPC services principally focused on the oil & gas and petrochemical industries. Moreover, the company has diversified into sectors such as infrastructure, water and waste management, solar and nuclear power, and fertilizers to leverage its strong technical competencies and track record. The company's overseas presence is marked by an engineering office in Abu Dhabi, which caters to the business needs in UAE/ Middle-East region.

EIL's technological excellence is driven by 2387 engineers and professionals in a competent employee base of 2939 as on Mar 31, 2017.

Investment Rationale

- EIL has an impressive record of executing more than 5000 assignments consisting of 400 major projects valued more than US\$200 Billion.
- With huge capex lined up in the oil & gas sector with respect to brownfield and greenfield expansion, we believe EIL will be the key beneficiary, going ahead.
- Currently, company has highest ever order book of Rs. 8881cr as on Q2FY18. The company expects that this order book will be executed over the next three years.
- The share of high margin consultancy orders has risen to about 54% as on Q2FY18 from about 49% in Q1FY18.
- The company expects consultancy revenue to grow at 15% in FY18, while 25% revenue growth in FY19. EIL expects consultancy margin to be in the range of 25-30%.
- The company expects greenfield refinery project in Rajasthan and Maharashtra to further boost order book in the coming years.
- During FY17, EIL's revenue was down 4%, but profit was up 19% led by improvement in margin. However, during H1FY18, the company's revenue was up 18% and profit was up 15% led by strong order book.
- At the recommended price of Rs 180/-, the company's stock trades at 36.7x of its FY17 EPS of Rs 4.9/-. With strong presence in the oil & gas sector followed by strong order inflow, we believe EIL to perform well in the coming years.

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