

Date: 16/04/18

Reco. Price: 157-160 • Target: 185-190 • Stoploss: 147

Time Frame: 2 months



ENGINEERSIN - Monthly chart

Technical Rationales

- The stock on monthly scale has retested its previous breakout point as highlighted in the above chart.
- The 20 Month SMA is placed close to 155 and 38.2% retracement support is placed close to 151. Thus, levels of 150-155 will act as strong support base for the stock.
- RSI on monthly scale is placed close to the trendline support.
- Based on the above technical set up, we recommend to **BUY** ENGINEERSIN in the range of 157-160 with a stop loss of 147 on closing basis for a target of 185-190.

Key Data

Date Price	16/04/2018
Sector	Consulting Services
Reco _Price	157-160
BSE Code	532178
NSE Code	ENGINEERSIN
Face Value (Rs)	5/-
Mkt Cap (Rs Cr)	10085cr
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. EIL 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. EIL'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 2,387 engineers and professionals in a competent employee base of 2,939 as on Mar 31, 2017.

EIL has two business divisions: engineering consultancy and EPC services.

Investment Rationale

- With a huge capex lined up in the oil & gas sector for brownfield and greenfield expansion, we believe EIL will be a key beneficiary, going ahead.
- Recently, Saudi Aramco inked MoU with an Indian consortium of IOC, HPCL, and BPCL for Rs 3-lakh crore mega refinery at Ratnagiri. The refinery will be capable of processing 1.2 million barrels of crude oil per day (60 million tonnes per annum).
- We believe, this will boost EIL's order book in the coming years, as the company is a key consulting player in the oil & gas sector.
- Currently, the company has the highest ever order book of Rs. 8301cr as on Q3FY18. Further, consultancy contributes 55% and turnkey segment 45%. Domestic orders constitute 81% and overseas 19%.
- EIL expects consultancy revenue to grow at 15% in FY18, while 25% revenue growth in FY19. It expects consultancy margin to be in the range of 25-30%.
- During FY17, EIL's revenue was down 4%, but profit was up 19% led by improvement in margin. However, during 9MFY18, the company's revenue was up 27% and profit was up 19% led by strong order book.
- At the recommended price of Rs 159/-, the company's stock trades at 27.4x of its FY18E EPS of Rs 5.8/-. With strong presence in the oil & gas sector followed by strong order inflow, we believe EIL will perform well in the coming years.

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Budget Report	Mutual fund model portfolios
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