


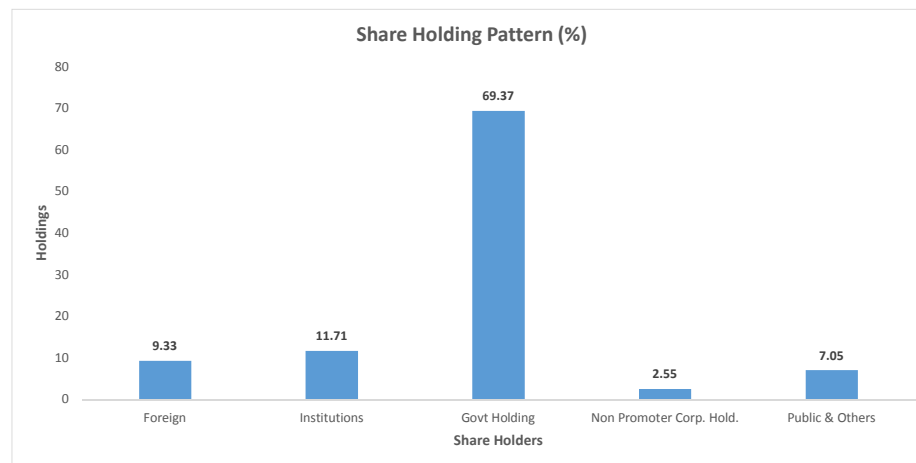
<h1>Research Report</h1>	 <p>Spearhead FinServe PRIVATE LIMITED A subsidiary of Spearhead Services Pvt Ltd</p>																
<h2>Engineers India</h2>	<table> <tr> <td>Recommendation</td><td>Accumulate</td></tr> <tr> <td>Current Market Price</td><td>266</td></tr> <tr> <td>Target</td><td>320</td></tr> <tr> <td>Accumulation Price Band</td><td>250 - 265</td></tr> <tr> <td>Time Frame</td><td>6 Months</td></tr> <tr> <td>Derivative Segment</td><td>No</td></tr> </table>	Recommendation	Accumulate	Current Market Price	266	Target	320	Accumulation Price Band	250 - 265	Time Frame	6 Months	Derivative Segment	No				
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<h4>Company Overview</h4> <ul style="list-style-type: none"> Incorporated in the year 1965, as a public limited company, Engineers India holds the status as " Navratna" company and is one of the leading engineering consultancy and EPC companies focused primarily on hydrocarbon sector. With the capacity of 10 green-field refineries gas processing plants, 40 offshore platforms refineries, 39 oil & gas processing plants, 42 pipelines, 13 port terminals and 7 petrochemical complexes, the company focuses on consultancy and turnkey services to other sectors including fertilizers, non-ferrous mining and metallurgy, power, strategic crude oil storage, water, and wastewater treatment projects as well as other infrastructure projects 	<h4>Financials</h4> <table> <tr> <td>EPS (Rs)</td><td>12.49</td></tr> <tr> <td>Book Value (Rs)</td><td>73.06</td></tr> <tr> <td>P/E</td><td>18.61</td></tr> <tr> <td>P/BV</td><td>3.62</td></tr> <tr> <td>ROE</td><td>19.49</td></tr> <tr> <td>ROCE (%)</td><td>29.47</td></tr> <tr> <td>Dividend Yield (%)</td><td>2.44</td></tr> <tr> <td>Debt - Equity</td><td>-</td></tr> </table>	EPS (Rs)	12.49	Book Value (Rs)	73.06	P/E	18.61	P/BV	3.62	ROE	19.49	ROCE (%)	29.47	Dividend Yield (%)	2.44	Debt - Equity	-
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<h4>Industry Overview</h4> <ul style="list-style-type: none"> The Government targets to incur a capex of INR 1.25 lakh cr (+57% than 11th Plan) in refinery and petrochemical space during the current plan period. The 12th Plan targets brown-field refinery expansion of ~50.6 mtpa and green-field refinery expansion of ~30 mtpa. India has total refinery capacity of 218 MTPA (FY13) with 63% of the total capacity belonging to PSUs (including JVs) while the balance 37% belongs to the private sector. Also an increase in the refining capacity and the natural gas infrastructure would require necessary additions in the oil and gas pipeline network in the country. In the petrochemical side, capacity of Ethylene and propylene is expected to surge by 3220 MT and 870 MT respectively by 2017 As per OPEC estimates, world oil demand is expected to grow at a CAGR of 0.8% to 107.3 mbpd by 2035 (87 mbpd in 2010), largely led by 2.2% CAGR in demand from the developing economies to 60.6 mbpd (35.4 mbpd in 2010) The government's decision to increase the price of domestic natural gas from the existing USD4.2/mmbtu to ensure commercial viability of the new Deepwater gas discoveries and incentivize higher production, is a big sentiment booster in terms of policymaking and together with new government's agenda on capex revival 	<h4>Highlights</h4> <table> <tr> <td>Debt (Rs Cr)</td><td>-</td></tr> <tr> <td>Reserves (Rs Crs)</td><td>2,293.29</td></tr> <tr> <td>FII Holdings (%)</td><td>8.98</td></tr> <tr> <td>MF Holdings (%)</td><td>3.31</td></tr> <tr> <td>Free Float Market Capitalization (Rs Cr)</td><td>2,747.95</td></tr> <tr> <td>Beta</td><td>1.30</td></tr> <tr> <td>Avg Volume Per day (no. of shares)</td><td>652,759</td></tr> <tr> <td>Avg Volume Per Month (no. of shares)</td><td>6,876,324</td></tr> </table>	Debt (Rs Cr)	-	Reserves (Rs Crs)	2,293.29	FII Holdings (%)	8.98	MF Holdings (%)	3.31	Free Float Market Capitalization (Rs Cr)	2,747.95	Beta	1.30	Avg Volume Per day (no. of shares)	652,759	Avg Volume Per Month (no. of shares)	6,876,324
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<h4>Key Highlights</h4> <ul style="list-style-type: none"> Engineers India has secured a Consultancy Contract under stiff competition from Assam Petrochemicals for their proposed 500 TPD Methanol Plant and 200 TPD Acetic Acid Plant at Namrup. EIL has a debt free cash rich balance sheet with cash and cash equivalent of INR 25 bn as on FY14 translating cash/share of INR 74 																	
<h4>Key Risks</h4> <ul style="list-style-type: none"> Economic Slowdown likely to impact the order intake. High dependency on oil and gas PSUs 																	

Financial Highlights

Income Statement (Annual)					
Particulars (Rs. Cr)	2014	2013	2012	2011	2010
Net Sales	1,823.59	2,505.97	3,698.82	2,823.28	1,993.80
EBITDA	713.93	903.14	937.78	803.17	676.79
EBITDA Margin	39.15	36.04	25.35	28.45	33.94
Depreciation	14.55	10.87	19.45	14.71	12.98
Interest	1.36	1.33	3.57	3.98	3.33
Other Income	336.00	316.42	232.18	160.37	183.67
PBT	698.02	890.94	914.76	784.48	660.48
APAT	479.76	628.58	636.32	522.52	435.58
PAT Margin (%)	26.31	25.08	17.20	18.51	21.85
Earnings Per Share	13.15	17.68	17.93	14.72	59.59

Balance Sheet					
Particulars (Rs. Cr)	2014	2013	2012	2011	2010
Equity Share Capital	168.47	168.47	168.47	168.47	56.16
Reserves and Surplus	2,293.29	2,069.08	1,675.58	1,273.65	1,058.55
Tangible Net Worth	21.93	24.80	25.15	21.02	-
Deferred Tax Liability :	3.53	3.71	4.02	7.30	7.47
Long Term Debt	-	-	-	-	-
ShortTerm Debt	-	-	-	-	-
Total Debt	-	-	-	-	-
Current Liabilities	825.30	1,108.19	1,341.50	1,537.61	1,400.41
Total Provisions	441.43	474.13	533.36	468.49	318.40
Total Liabilities	2,483.69	2,262.35	1,869.20	1,463.14	1,114.71
Gross Block	272.44	193.57	187.88	192.83	182.41
Net Fixed Assets	117.90	50.46	53.09	60.07	60.05
Investments	736.59	653.14	634.97	512.42	100.73
Current Assets	2,481.34	2,721.99	2,733.62	2,597.46	2,519.38
Deferred Tax Asset :	234.40	240.08	218.28	182.94	148.99
Receivables	343.09	332.17	307.37	308.12	316.74
Inventories	1.00	0.82	0.82	0.87	43.19
Cash	1,768.03	1,848.02	1,643.14	1,728.46	1,763.97
Total Assets	2,483.69	2,262.35	1,869.20	1,463.14	1,114.71

Income Statement (Quarterly)								
Particulars (Rs. Cr)	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	494.83	420.40	465.18	443.19	513.47	604.77	667.73	719.99
EBITDA	149.51	207.27	171.35	184.51	239.87	198.04	239.75	224.15
EBITDA Margin	30.21	49.30	36.84	41.63	46.72	32.75	35.91	31.13
Depreciation	7.12	2.74	2.23	2.45	2.51	2.42	3.47	2.48
Interest	0.06	-	-	-	(0.12)	-	0.12	-
Other Income	76.79	108.36	82.81	68.04	105.25	66.93	70.99	73.25
PBT	142.33	204.53	169.12	182.06	237.48	195.62	236.16	221.67
APAT	103.55	135.00	111.86	129.35	180.71	132.33	161.25	154.29
PAT Margin (%)	20.93	32.11	24.05	29.19	35.19	21.88	24.15	21.43
Earnings Per Share	3.07	4.01	3.32	3.84	5.37	3.93	4.78	4.58

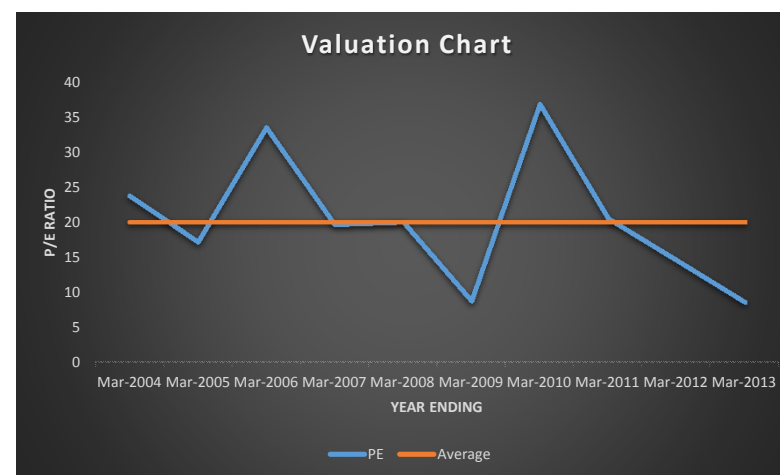
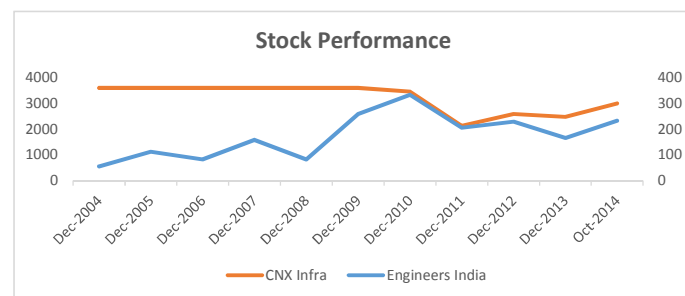


Key Financial Indicators						
Particulars	Units	2014	2013	2012	2011	2010
Revenue	Crs	1,823.59	2,505.97	3,698.82	2,823.28	1,993.80
EBITDA Margins	%	39.15	36.04	25.35	28.45	33.94
PAT	Crs	479.76	628.58	636.32	522.52	435.58
PAT Margins	%	26.31	25.08	17.20	18.51	21.85
Revenue Growth	%	(27.23)	(32.25)	31.01	41.60	30.10
EBITDA Growth	%	(20.95)	(3.69)	16.76	18.67	26.88
PAT Growth	%	(23.68)	(1.22)	21.78	19.96	26.43
Gearing	times	-	-	-	-	-
ROCE	%	29.47	43.19	55.12	61.17	53.32
ROE	%	19.49	25.53	25.85	21.23	17.69

Peer Comparison				
Particulars	Units	Engineers India	GMR Infra	L&T
Revenue	Rs Cr	1,823.59	786.29	57,163.85
EBITDA Margins	%	39.15	33.79	14.80
PAT	Rs Cr	479.76	(106.26)	4,880.09
PAT Margins	%	26.31	(13.51)	8.54
Gearing	%	-	0.61	0.32
EPS	Rs / Share	12.49	(4.60)	45.56
PE	times	18.61	-	31.88
P/BV	times	3.62	1.54	3.86
ROCE	%	29.47	2.05	18.20
ROE	%	19.49	(1.46)	14.51
EV/EBITDA	times	8.14	22.74	13.77

Stock Performance vis-a-vis Index

Particulars	Return	
	YTD	QTD
Engineers India	60.3	9.57
CNX Infra	27.32	5.16



Technical Outlook



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