

# Elecon Engineering Company Ltd

Market Cap.	52 Week H/L	CMP	Target Price
Rs.9,223 Cr.	Rs.717 / 348	Rs.411	Rs.681

## ENGG

STOCK DATA	
<b>BUY</b>	
Reuters Code	ELCN.BO
Bloomberg Code	ELCN IN
BSE Code	505700
NSE Symbol	ELECON
Face Value	Rs.1
Shares Outstanding	22.4 Cr.
Avg. Daily Volume (6m)	655,072 Shares
Price Performance (%)	
1M	3M
(15)	(26)
200 days EMA	Rs.546

SHARE HOLDING (%)	
Promoters	59.27
FII	8.10
FI / MF	3.16
Govt. Holding	0.04
Bodies Corporate	1.23
Public & Others	28.20

**RESEARCH ANALYST**  
 Umesh Matkar | +91 22 4093 4082  
[umesh.matkar@sushilfinance.com](mailto:umesh.matkar@sushilfinance.com)

**SALES**  
 Devang Shah | +91 22 4093 6060/61  
[devang.shah@sushilfinance.com](mailto:devang.shah@sushilfinance.com)

Particulars (Rs.in cr)	Q3 FY26	Q3 FY25	YoY	Q2 FY26	QoQ
Net Sales	551.7	528.9	4.3%	578.1	(4.6%)
EBITDA	109.2	142.6	(23.4%)	125.6	(13.1%)
<b>EBITDA Margin</b>	<b>19.8%</b>	<b>27.0%</b>	<b>(720 bps)</b>	<b>21.7%</b>	<b>(190 bps)</b>
Profit before Tax	94.0	139.2	(32.5%)	113.0	(16.8%)
Profit after Tax	72.0	106.5	(32.4%)	87.7	(17.9%)
<b>PAT Margin</b>	<b>13.0%</b>	<b>20.1%</b>	<b>(710 bps)</b>	<b>15.2%</b>	<b>(220 bps)</b>
AEPS	3.2	4.8	(33.0%)	3.9	(17.9%)

### Highlights from the Quarter (Q3 FY26)

#### Gear Division

**Revenue:** The gear division generated Rs.429 cr in Q3FY26, up 1% YoY. Gear accounted for ~76% of total revenue. The growth was flat on account of some order execution delays. However, the environment is gradually improving supported by investments in power, steel and sugar sectors.

**Profitability:** Gear EBIT was Rs.78 cr (vs. Rs.118 cr a year ago), with an EBIT margin of 18.2% in Q3FY26, down from 27.8% in Q3FY25. The margin decline was driven by higher employee costs, accelerated depreciation on recent capacity expansions, and a shift in product mix toward lower-margin catalog products. The company is executing an order for Navy for the 1<sup>st</sup> time and is incurring expenses towards designing and manufacturing with minimal revenue, thereby impacting the margins.

**Commentary:** Management noted that execution requests by the clients, held back some revenue to the tune of Rs.35-40cr, but a healthy backlog and improving demand for the products should enable conversion in the revenue in Q4FY26.

#### Material Handling Equipment (MHE) Division

**Revenue:** MHE revenue increased to Rs.123 cr in Q3FY26, up 16% YoY from Rs.105 cr in Q3FY25. Growth was broad-based, led by strong demand for new equipment and aftermarket spares in the cement, power, port and mining sectors.

**Profitability:** MHE EBIT fell to Rs.25 cr (from Rs.33 cr in Q3FY25), with an EBIT margin of 20% versus 30% a year ago.

#### Order Book

**Q3 Order Intake:** Total order intake in Q3FY26 were Rs.701 cr, up 7% YoY (versus ~Rs.654 cr in Q3FY25). Outstanding Order book as on Dec 2025 stands at Rs.1,372cr, as most of the end users have announced the capex to upgrade their equipments like gears and MHE.

**Full-Year Guidance:** Management has revised its FY26 revenue guidance downward by up to ~5% from the earlier guidance of Rs 2,650 cr. EBITDA margins are expected to be lower by up to ~2% compared to the earlier guidance of 24%.

Particulars	Revenue (Rs. Cr)	PAT (Rs. Cr)	NPM (%)	EPS (Rs.)	P/E (X)	ROE (%)
FY24	1,937	356	18.4	16.2	24.9	22.2
FY25	2,227	415	18.6	18.5	21.7	20.8
<b>FY26E</b>	<b>2,505</b>	<b>466</b>	<b>18.6</b>	<b>20.8</b>	<b>19.4</b>	<b>19.3</b>
<b>FY27E</b>	<b>2,856</b>	<b>510</b>	<b>17.8</b>	<b>22.7</b>	<b>17.7</b>	<b>17.9</b>

## Outlook & Valuation

We expect the company's topline to grow at a CAGR of ~14% to Rs. 2,856 cr in FY24-27E. We view Elecon as a structurally strong play on India's industrial capex and exports theme, with excellent financial health and execution capabilities. The investment thesis rests on: (1) sustained earnings growth of 13%+ CAGR driven by infrastructure-led demand, (2) margin stability at high levels due to operational excellence, (3) potential upside from export penetration by tie up with OEMs. We expect the PAT and EPS to be at Rs. 510 Cr and Rs. 22.7 respectively. **We have assigned a P/E multiple of 30X to arrive at a price target of Rs. 681 which provides an upside of ~66% within 18 to 24 months from the current market price.**



**Profit & Loss Statement** (Rs. Cr)

Particulars	FY24	FY25	FY26E	FY27E
<b>Revenue</b>	<b>1,937</b>	<b>2,227</b>	<b>2,505</b>	<b>2,856</b>
Cost of Raw Materials	1,018	1,187	1,333	1,519
Employee Cost	188	209	251	286
Other Expenses	256	288	326	371
<b>EBITDA</b>	<b>474</b>	<b>543</b>	<b>596</b>	<b>680</b>
Depreciation	51	61	100	100
Interest Cost	9	13	13	14
Other Income	44	60	118	86
<b>PBT</b>	<b>465</b>	<b>537</b>	<b>605</b>	<b>662</b>
Tax	110	122	139	152
<b>APAT</b>	<b>356</b>	<b>415</b>	<b>466</b>	<b>510</b>

**Balance Sheet Statement** (Rs. Cr)

Particulars	FY24	FY25	FY26E	FY27E
PP&E (incl. CWIP)	517	561	587	629
Other Non-Current Assets	390	472	576	703
Inventories	230	243	272	310
Trade Receivables	445	614	690	787
Cash and Bank Balances	263	358	456	600
Other Current Assets	279	481	586	668
<b>Total Assets</b>	<b>2,124</b>	<b>2,729</b>	<b>3,167</b>	<b>3,698</b>
Equity Share Capital	22	22	22	22
Reserves	1,582	1,976	2,386	2,828
Borrowings (LT & ST)	-	3	3	3
Other Non-Current Liabilities	121	194	202	213
Trade Payables	194	280	310	353
Other Current Liabilities	205	254	244	277
<b>Total Liabilities</b>	<b>2,124</b>	<b>2,729</b>	<b>3,167</b>	<b>3,698</b>

Source: Company, Sushil Finance Research

<b>Cash Flow Statement</b>		<b>(Rs. Cr)</b>		
<b>Particulars</b>		<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>
PBT		465	537	605
Depreciation		51	61	100
Interest Expense		9	13	13
<b>Cash Flow Before Working</b>				14
<b>Capital Changes</b>		<b>525</b>	<b>611</b>	<b>718</b>
Changes in working capital		(224)	(273)	(180)
Income Taxes Paid		(110)	(122)	(139)
Other Adjustments		169	190	-
<b>Cash Flow From Operations</b>		<b>365</b>	<b>432</b>	<b>388</b>
Changes in Non-Current Liabilities		8	3	2
Interest Paid		(9)	(13)	(13)
Dividend Paid		(66)	(45)	(56)
Other Adjustments		6	(82)	-
<b>Cash Flow From Financing</b>		<b>(59)</b>	<b>(67)</b>	<b>(61)</b>
Changes in PPE		(41)	(105)	(125)
Other Adjustments		(238)	(211)	(140)
<b>Cash Flow From Investing</b>		<b>(279)</b>	<b>(316)</b>	<b>(265)</b>
<b>Changes in Cash</b>		<b>27</b>	<b>49</b>	<b>62</b>
<b>Opening Cash Flow</b>		<b>82</b>	<b>110</b>	<b>159</b>
<b>Closing Cash Flow</b>		<b>110</b>	<b>159</b>	<b>221</b>
				<b>331</b>

### Financial Ratio Statement

<b>Particulars</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>
<b>Growth (%)</b>				
Revenue	26.7%	14.9%	12.5%	14.0%
EBITDA	40.0%	14.4%	9.8%	14.1%
Net Profit	49.7%	16.7%	12.2%	9.4%
<b>Profitability (%)</b>				
EBITDA Margin	24.5%	24.4%	23.8%	23.8%
Net Profit Margin	18.4%	18.6%	18.6%	17.8%
ROCE	24.6%	22.0%	19.0%	18.9%
ROE	22.2%	20.8%	19.3%	17.9%
<b>Per Share Data (Rs.)</b>				
EPS	16	18	21	23
BVPS	73	89	107	127
<b>Valuation (x)</b>				
P/E	31.8	27.8	19.4	17.7
P/BV	7.0	5.8	3.7	3.2
P/SALES	5.8	5.2	3.6	3.2
EV/EBITDA	23.6	21.0	14.8	12.8
<b>Turnover</b>				
Debtor days	84	101	101	101
Inventory days	82	75	74	74
Creditor days	70	86	85	85

Source: Company, Sushil Finance Research

**Rating Scale :**

This is a guide to the rating system used by our Institutional Research Team. Our rating system comprises of three rating categories.

Total Expected Return Matrix (Rating and Return)	BUY : Over 12%	HOLD : -12% to 12%	SELL : Below -12%
--	----------------	--------------------	-------------------

**Disclaimer & Disclosures :**

<https://www.sushilfinance.com/Disclaimer/research>

<https://www.sushilfinance.com/InvestorGrievances/researchanalystinvestorgrievancecell>

This report has been furnished to you for your general information only and should not be reproduced, re-circulated, published in any media, website or otherwise, in any form or manner, in part or as a whole, without the express consent in writing of Sushil Financial Services Private Limited. This Research Report is meant solely for use by the original recipient to whom it is sent and is not for circulation. Any unauthorized use, disclosure or public dissemination or copying of information (either whole or partial) contained herein is prohibited.

This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice/offer for the purpose of purchase or sale of any securities mentioned herein. Past performance is not a guide for future performance, future returns are not guaranteed. Opinions expressed herein are subject to change without notice. Investor should rely on information/data arising out of their own investigations. The Sushil Equity Universe is marked as # and the fundamental reports are marked as ##.

Investors are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investor may realize losses on any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by us to be reliable. A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com) Research Analyst views on Subject Company may vary based on Fundamental and Technical Research. Sushil Financial Services Private Limited or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. None of the directors, employees, affiliates or representatives of company shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages/loss etc whatsoever from the information/opinions/views contained in this Report and investors are requested to use the information contained at their risk.

Sushil Financial Services Private Limited (SFSPL) and its connected companies, and their respective Directors, Officers and employees or their relative, may have a long or short position in the subject companies mentioned in the report and it may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Reports based on technical and derivative analysis centre on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. SFSPL has different business segments/Divisions with independent research and maintains arm's length distance catering to different set of customers having various objectives, risk profiles, investment horizon, etc. and therefore may at times have different contrary views on stocks sector and markets. Research Report may differ between SFSPL's RAs on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold SFSPL, its employees and associates responsible for any losses, damages of any type whatsoever.

This Report is not intended to be a complete statement or summary of the securities, market or developments referred to in this document. SFSPL or its affiliates or employees are under no obligation to update the information. SFSPL or its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report.

SFSPL or its affiliates and/or its employees/its associates or his relative does not have financial interest in the subject companies. SFSPL or its affiliates and/or its employees/its associates or his relative may or may not have beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report. SFSPL/its Associates/ Research Analyst have not received any compensation from the subject company in the past twelve months. Further the subject company is/was not a client during twelve months preceding the date of distribution of the research report and the types of services provided. SFSPL or its research analyst has not served as an officer, director or employee of the subject company. SFSPL or its affiliates and/or its research analysts have not been engaged in market making activity for the subject company. SFSPL or its associates or its Research Analyst have not received any compensation or other benefits from the subject companies or third party in connection with the research report. SFSPL/its Associates/ Research Analyst/ his Relatives not have any other material conflict of interest at the time of publication of the research report.

SFSPL/its Associates/ Research Analyst have not managed or co-managed public offering of securities, have not received compensation for investment banking or merchant banking or brokerage services, have not received any compensation for product or services other than investment banking or merchant banking or brokerage services from the subject companies in the last twelve months. There is no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities.

Research Disclaimer: Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

**Sushil Financial Services Private Limited**

Member : BSE / NSE - SEBI Regn. No. INZ000165135

Research Analyst – SEBI Registration No. INH000000867

Compliance Officer / Grievance Officer :

Mr. Suresh Nemani – Phone : +91 22-40935000 |

Email : [suresh.nemani@sushilfinance.com](mailto:suresh.nemani@sushilfinance.com) |

Grievance Email - [compliance@sushilfinance.com](mailto:compliance@sushilfinance.com)

Regd. Office : 12, Homji Street, Fort, Mumbai 400 001.

Phone: +91 22 40936000 Fax: +91 22 22665758 |

Email : [info@sushilfinance.com](mailto:info@sushilfinance.com)

Analyst Stock Ownership	No
Stock Recommended to Clients	Yes
Remuneration/Benefits received from company in 12 months	No
Merchant Banking Market Making activities / projects	No
Sushil Financial Services Pvt. Ltd and Group Companies Holding	No
Sushil Financial Services Pvt. Ltd and Group Directors Holding	No
Broking Relationship with the company covered	No