

Elecon Engineering Company Ltd

Market Cap.
Rs.10,996 Cr.
52 Week H/L
Rs.580 / 352
CMP
Rs.490
Target Price
Rs.679

ENGG

STOCK DATA

BUY

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) 1,261,309 Shares

Price Performance (%)

1M	3M	6M
19	3	19

200 days EMA Rs.454

SHARE HOLDING (%)

Promoters 59.27

FII 6.93

FI / MF 6.91

Govt. Holding 0.04

Bodies Corporate 1.34

Public & Others 25.51

Elecon Engineering Ltd. recently announced its performance for the quarter ended September 30, 2026. Following are the key highlights.

Particulars (Rs.in cr)	Q2 FY27	Q2 FY26	YoY	Q1 FY27	QoQ
Net Sales	638.9	578.1	10.5%	520.6	22.7%
EBITDA	147.9	125.6	17.7%	109.1	35.5%
EBITDA Margin	23.1%	21.7%	140 bps	21.0%	210 bps
Profit before Tax	124.8	113.0	10.4%	93.2	33.9%
Profit after Tax	96.4	87.7	9.8%	72.2	33.5%
PAT Margin	15.1%	15.2%	(10 bps)	13.9%	120 bps
AEPS	4.3	3.9	9.7%	3.1	36.6%

Highlights from the Quarter (Q2 FY27)

Elecon Engineering Ltd. consolidated revenue reached Rs.638.9 cr, a healthy 10.5% YoY growth over Q2 FY26 numbers. Despite a spike in input costs and logistics due to geopolitical tensions, EBITDA remained resilient at Rs.148 cr with a 23% margin. The consolidated open order book strengthened significantly, rising 33% YoY to Rs. 1,635 cr. Domestically, the demand environment is likely to see improvement post Diwali based on the current pipeline. On exports, the company has started getting good references in cement, steel, and power industries in the US; a healthy order from data centers is expected to open up larger opportunities. The Middle East is showing great momentum, especially Africa and the northern part. The abnormal steel price rise seen in Q1, driven by capacity and supply chain constraints, did not recur in Q2; the market has normalized and so it expects the margins to be better going forward.

Gear Division Performance:: Revenue Rs.488 cr, +10.6% YoY, with overseas market growing by 30.3% yoy. EBIT margins expansion by 290 bps yoy to 22.1% came from the price hikes and higher share of the export orders. Overseas business is increasingly moving from standard gearboxes toward application-engineered and condition-monitoring solutions, with good traction from data center cooling tower applications and oil & gas applications. Management flagged huge demand coming in from heavy-duty, large-size steel gearboxes, and noted great potential in coal and thermal power for new gearbox applications.

Material Handling Equipment (MHE) Division Performance: Revenue Rs.151 cr, 10% YoY, as execution improved compared to Q1. Management noted great prospects for MHE exports, with large inquiries coming in from abroad for material handling business.

On the defence front, the management expects the RFP for the gears (P-17 Bravo) submission to be in Q2 or Q3 of FY28, with orders awarded in Q1 FY29. P-17 Bravo is a follow-on order to P-17 Alpha, and Elecon expects to be the single bidder, meaning the order goes to Elecon only.

Outlook: Improvement in the growth is expected, with 15% yoy growth in H2FY27, while margins to remain constant in FY27 as compared to FY26. For FY30, topline is expected to reach ~Rs.5,000 cr, 2x of the revenue in FY26.

SENIOR RESEARCH ANALYST
 Umesh Matkar | +91 22 4093 4082
umesh.matkar@sushilfinance.com

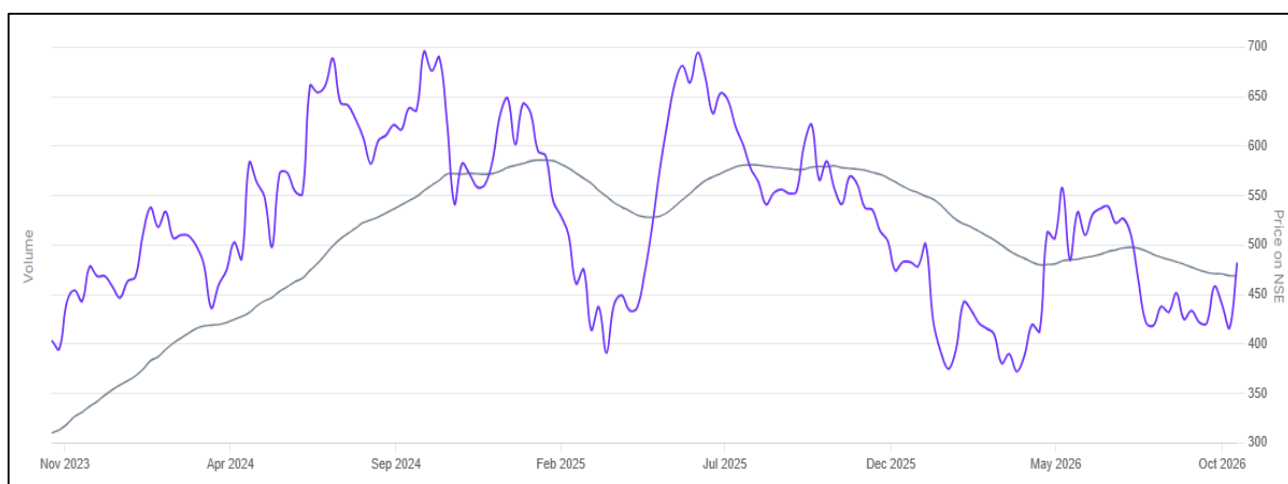
SALES

Devang Shah | +91 22 4093 6060/61
devang.shah@sushilfinance.com

Particulars	Revenue (Rs. Cr)	PAT (Rs. Cr)	NPM (%)	EPS (Rs.)	P/E (X)	ROE (%)
FY25	2,227	415	18.6	18.5	26.2	20.8
FY26	2,366	341	14.4	15.2	31.9	14.8
FY27E	2,603	384	14.8	17.1	28.3	14.5
FY28E	2,967	462	15.0	20.6	23.6	15.1

OUTLOOK & VALUATION

We expect the company's bottomline to grow at a CAGR of ~16% to Rs. 462 cr in FY26-28E. We view Elecon as a structurally strong play on India's industrial capex and exports theme, with strong financial health and execution capabilities. The investment thesis rests on: (1) sustained growth driven by infrastructure-led demand, (2) margin stability due to operational excellence, (3) potential upside from export penetration by tie up with OEMs. **We have assigned a P/E multiple of 33X to arrive at a price target of Rs. 679 which provides an upside of ~39% within 18 to 24 months from the current market price.**



Source : Screener

Earlier Recommendation

Date	Report Type	Reco	Price (Rs.)	Target (Rs.)
22-Jul-25	Initiating Coverage	Buy	597	744
24-Nov-25	Q2FY26 Update	Buy	517	744
13-Jan-26	Q3FY26 Update	Buy	411	681
23-Apr-26	Q4FY26 Update	Buy	514	681
15-Jul-26	Q1FY27 Update	Buy	478	679

Profit & Loss Statement

(Rs. Cr)

Particulars	FY25	FY26	FY27E	FY28E
Revenue	2,227	2,366	2,603	2,967
Cost of Raw Materials	1,187	1,303	1,426	1,609
Employee Cost	209	241	265	306
Other Expenses	288	299	338	380
EBITDA	543	523	573	673
Depreciation	61	104	115	125
Interest Cost	13	25	29	33
Other Income	60	81	78	95
PBT	537	454	511	614
Tax	122	113	127	152
APAT	415	341	384	462

Balance Sheet Statement

(Rs. Cr)

Particulars	FY25	FY26	FY27E	FY28E
PP&E (incl. CWIP)	561	606	658	723
Other Non-Current Assets	472	673	728	812
Inventories	243	301	329	371
Trade Receivables	614	721	793	905
Cash and Bank Balances	358	213	239	335
Other Current Assets	481	720	801	913
Total Assets	2,729	3,234	3,548	4,059
Equity Share Capital	22	22	22	22
Reserves	1,976	2,283	2,623	3,043
Borrowings (LT & ST)	3	-	-	-
Other Non-Current Liabilities	194	262	253	262
Trade Payables	280	288	317	357
Other Current Liabilities	254	377	333	375
Total Liabilities	2,729	3,234	3,548	4,059

Source: Company, Sushil Finance Research

Cash Flow Statement

(Rs. Cr)

Particulars	FY25	FY26	FY27E	FY28E
PBT	537	454	511	614
Depreciation	61	104	115	125
Interest Expense	13	25	29	33
Cash Flow Before Working Capital Changes	611	584	654	771
Changes in working capital	(273)	(302)	(163)	(185)
Income Taxes Paid	(122)	(113)	(127)	(152)
Other Adjustments	190	119	-	-
Cash Flow From Operations	432	314	330	436
Changes in Non-Current Liabilities	3	(19)	0	1
Interest Paid	(13)	(25)	(29)	(33)
Dividend Paid	(45)	(34)	(45)	(52)
Other Adjustments	(82)	(109)	-	-
Cash Flow From Financing	(67)	(99)	(83)	(76)
Changes in PPE	(105)	(149)	(167)	(190)
Other Adjustments	(100)	(15)	(15)	(34)
Cash Flow From Investing	(316)	(220)	(221)	(274)
Changes in Cash	49	33	26	86
Opening Cash Flow	110	159	169	195
Closing Cash Flow	159	192	195	282

Financial Ratio Statement

Particulars	FY25	FY26	FY27E	FY28E
<u>Growth (%)</u>				
Revenue	14.9%	6.2%	10.0%	14.0%
EBITDA	14.4%	-3.6%	9.6%	17.4%
Net Profit	16.7%	-17.8%	12.6%	20.1%
<u>Profitability (%)</u>				
EBITDA Margin	24.4%	22.1%	22.0%	22.7%
Net Profit Margin	18.6%	14.4%	14.8%	15.6%
ROCE	22.0%	16.3%	15.8%	16.5%
ROE	20.8%	14.8%	14.5%	15.1%
<u>Per Share Data (Rs.)</u>				
EPS	18	15	17	21
BVPS	89	103	118	137
<u>Valuation (x)</u>				
P/E	26.3	32.0	28.4	23.6
P/BV	5.5	4.7	4.1	3.6
P/SALES	19.8	20.5	18.7	15.8
EV/EBITDA	4.9	4.6	4.2	3.7
<u>Turnover</u>				
Debtor days	101	111	111	111
Inventory days	75	84	84	84
Creditor days	86	81	81	81

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, 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 in their risk.

Sushil Financial Services Private Limited (SFSP) 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. SFSP 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 SFSP'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 SFSP, 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. SFSP or its affiliates or employees are under no obligation to update the information. SFSP 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.

SFSP or its affiliates and/or its employees/its associates or his relative does not have financial interest in the subject companies. SFSP 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. SFSP/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. SFSP or its research analyst has not served as an officer, director or employee of the subject company. SFSP or its affiliates and/or its research analysts have not been engaged in market making activity for the subject company. SFSP 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. SFSP/its Associates/ Research Analyst/ his Relatives not have any other material conflict of interest at the time of publication of the research report.

SFSP/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 |

Grievance Email - compliance@sushilfinance.com

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

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

Email : 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