Sushil Finance
ACTIONABLE KNOWLEDGE

Elecon Engineering Company Ltd

Market Cap.	52 Week H/L	CMP	Target Price
Rs.11,539 Cr.	Rs.717 / 352	Rs.514	Rs.681

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)	779,279 Shares

Price Performance (%)

1M	3M	6M
29	(33)	(9)

200 days EMA Rs.481

SHARE HOLDING (%)

Promoters	59.27
FII	8.10
FI / MF	3.16
Govt. Holding	0.04
Bodies Corporate	1.23
Public & Others	28.20

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Elecon Engineering Ltd. recently announced its performance for the quarter ended March 31, 2026. Following are the key highlights.

Particulars (Rs.in cr)	Q4 FY26	Q4 FY25	YoY	Q3 FY26	QoQ
Net Sales	745.6	797.6	(6.5%)	551.7	35.1%
EBITDA	158.0	195.3	(19.1%)	109.2	44.7%
EBITDA Margin	***21.2%***	***24.5%***	***(330 bps)***	***19.8%***	***140 bps***
Profit before Tax	40.4	192.1	(79.0%)	94.0	(57.0%)
Profit after Tax	6.0	146.5	(95.9%)	72.0	(91.7%)
PAT Margin	***0.8%***	***18.4%***	***NM***	***13.0%***	***NM***
AEPS	0.3	6.5	(96.0%)	3.2	(91.6%)

Highlights from the Quarter (Q4 FY26)

Elecon Engineering Ltd. reported its Q4FY26 and full-year results, characterized by a robust performance in the Material Handling Equipment (MHE) division, while the Gear division faced temporary headwinds due to geopolitical and execution-related factors. Despite these challenges, the company maintains a strong balance sheet and a healthy order book, providing clear visibility for growth in FY27.

Gear Division (63% of Q4 Revenue)

Performance: Revenue declined by 21% yoy to Rs.472 cr in Q4. This was primarily due to delayed order inflows and customer-led delivery deferments, particularly in the steel sector.

Outlook: The division carries a strong order book of Rs.894cr, and management expects execution to normalize as market conditions stabilize.

Material Handling Equipment (MHE) Division (37% of Q4 Revenue)Performance: Continued its strong growth trajectory with a 37% yoy revenue increase to Rs.274 cr in Q4.

Growth Drivers: Driven by robust demand in core sectors such as power, cement, and ports. The division's order book stands at Rs.398 cr.

Management Outlook & Forward Statements

Management remains optimistic about long-term growth despite near-term volatility:

Order Book: The consolidated open order book reached Rs.1,292 cr as of March 31, 2026, a 36% increase yoy.

Guidance: Due to ongoing geopolitical uncertainties and limited near-term visibility, management is holding its FY27 guidance and will revisit it once the operating environment stabilizes. **International Expansion:** The company recently established a subsidiary in Mexico to strengthen its presence in Latin America and mitigate the impact of high U.S. tariffs. **Capital Expenditure:** Elecon has a capex plan of Rs.400 cr for FY26-FY28 to build capability and increase installed capacity. Approximately Rs.95 cr was spent in FY26, with 80% allocated to the Gear division. **Defense Sector:** The company expects a significant order from the Indian Navy in early FY27 and anticipates improved margins on repeat orders as developmental costs subside.

Particulars	Revenue (Rs. Cr)	PAT (Rs. Cr)	NPM (%)	EPS (Rs.)	P/E (X)	ROE (%)
FY25	2,227	415	18.6	18.5	27.6	20.8
FY26	2,366	341	14.4	15.2	33.6	14.8
FY27E	**2,461**	**369**	**15.0**	**16.4**	**31.1**	**14.1**
FY28E	**2,805**	**450**	**16.0**	**20.0**	**25.5**	**15.0**

OUTLOOK & VALUATION

We expect the company's bottomline to grow at a CAGR of ~15% to Rs. 450 cr in FY26-28E. 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 growth 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. 450 Cr and Rs. 20.1 respectively. **We have assigned a P/E multiple of 34X to arrive at a price target of Rs. 681 which provides an upside of ~32% within 18 to 24 months from the current market price.**



Earlier Recommendation

Date	Report Type	Reco	Price (Rs.)	Target (Rs.)
22-Jul-25	Initiating Coverage	Buy	597	744.0
24-Nov-25	Q2FY26 Update	Buy	517	744.0
13-Jan-26	Q3FY26 Update	Buy	411	681

Profit & Loss Statement

(Rs. Cr)

Particulars	FY25	FY26E	FY27E	FY28E
Revenue	**2,227**	**2,366**	**2,461**	**2,805**
Cost of Raw Materials	1,187	1,303	1,345	1,511
Employee Cost	209	241	246	281
Other Expenses	288	299	320	359
EBITDA	**543**	**523**	**549**	**654**
Depreciation	61	104	108	118
Interest Cost	13	25	27	31
Other Income	60	81	74	90
PBT	**537**	**454**	**490**	**598**
Tax	122	113	122	148
APAT	**415**	**341**	**369**	**450**

Balance Sheet Statement

(Rs. Cr)

Particulars	FY25	FY26E	FY27E	FY28E
PP&E (incl. CWIP)	561	606	645	696
Other Non-Current Assets	472	673	828	907
Inventories	243	301	311	349
Trade Receivables	614	721	750	855
Cash and Bank Balances	358	213	175	227
Other Current Assets	481	720	736	879
Total Assets	**2,729**	**3,234**	**3,445**	**3,913**
Equity Share Capital	22	22	22	22
Reserves	1,976	2,283	2,585	2,977
Borrowings (LT & ST)	3	-	2	3
Other Non-Current Liabilities	194	262	277	286
Trade Payables	280	288	313	351
Other Current Liabilities	254	377	246	273
Total Liabilities	**2,729**	**3,234**	**3,445**	**3,913**

Source: Company, Sushil Finance Research

Cash Flow Statement

(Rs. Cr)

Particulars	FY25	FY26E	FY27E	FY28E
PBT	537	454	490	598
Depreciation	61	104	108	118
Interest Expense	13	25	27	31
Cash Flow Before Working Capital Changes	611	584	626	747
Changes in working capital	(273)	(302)	(128)	(219)
Income Taxes Paid	(122)	(113)	(122)	(148)
Other Adjustments	190	119	-	-
Cash Flow From Operations	**432**	**314**	**344**	**379**
Changes in Non-Current Liabilities	3	(19)	23	-
Interest Paid	(13)	(25)	(27)	(31)
Dividend Paid	(45)	(56)	(67)	(67)
Other Adjustments	(82)	(109)	-	-
Cash Flow From Financing	**(67)**	**(122)**	**(79)**	**(90)**
Changes in PPE	(105)	(149)	(148)	(168)
Other Adjustments	(100)	(15)	(12)	(34)
Cash Flow From Investing	**(316)**	**(220)**	**(302)**	**(248)**
Changes in Cash	**49**	**10**	**(38)**	**42**
Opening Cash Flow	**110**	**159**	**169**	**132**
Closing Cash Flow	**159**	**169**	**132**	**173**

Financial Ratio Statement

Particulars	FY25	FY26E	FY27E	FY28E
Growth (%)				
Revenue	14.9%	6.2%	4.0%	14.0%
EBITDA	14.4%	-3.6%	5.0%	19.1%
Net Profit	16.7%	-17.8%	8.1%	22.0%
Profitability (%)				
EBITDA Margin	24.4%	22.1%	22.3%	23.3%
Net Profit Margin	18.6%	14.4%	15.0%	16.0%
ROCE	22.0%	16.3%	15.3%	16.3%
ROE	20.8%	14.8%	14.1%	15.0%
Per Share Data (Rs.)				
EPS	18	15	16	20
BVPS	89	103	116	134
Valuation (x)				
P/E	27.6	33.6	31.1	25.5
P/BV	5.7	5.0	4.4	3.8
P/SALES	5.1	4.8	4.7	4.1
EV/EBITDA	20.8	21.6	20.6	17.3
Turnover				
Debtor days	101	111	111	111
Inventory days	75	84	84	84
Creditor days	86	81	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%

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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	Yes
Broking Relationship with the company covered	No