

# PICK OF THE WEEK

30<sup>th</sup> May, 2026

## Elecon Engineering Company Ltd

Sector: Engineering - Industrial Equipments

**BUY**

CMP

**510**

Target Price

**565**

Upside

**11%**

CMP as on 29<sup>th</sup> May, 2026 | Time horizon: 6-9 Months

### Why Elecon Engineering Company Ltd

- Structural Growth
- Robust Order Backlog
- Global Expansion
- Proven Manufacturing Capabilities & Diversified Customer Base

### About the Company

Elecon Engineering Company Ltd. (Elecon), established in 1951, is a leading Indian manufacturer of industrial gear systems and material handling equipment. As Asia's largest gear manufacturer, it caters to critical sectors, including Power, Steel, Cement, and Mining. The company has built a strong global presence through subsidiaries in Europe and the U.S., strengthened further by the Benzlers–Radicon acquisition.

### Investment Rational

#### A. MHE Division Continues to Deliver

- The Material Handling Equipment (MHE) segment delivered healthy growth, with revenues rising 37% YoY to Rs 274 Cr in Q4FY26.
- Sustained order inflows in the domestic market, a robust order book of Rs 398 Cr, and a strong enquiry pipeline underpin confidence in the continued growth momentum of this segment.

#### B. Improving Execution to Aid Recovery

- While the Gear division faced execution delays amid global macro uncertainties, management expects a gradual improvement in execution.
- A significant share of previously secured orders will be executed over the upcoming quarters, and margin recovery is anticipated due to better revenue recognition and a favourable product mix.

## C. Strong Order Backlog & Global Expansion

- A robust consolidated order book of Rs 1,292 Cr across domestic and export markets provides healthy revenue visibility.
- Over the medium term, Elecon is focused on scaling its international business, targeting ~50% of consolidated revenues from global markets by FY30, and recently established a new step-down subsidiary in Mexico to serve Latin America.

## Outlook & Valuation

- Despite near-term headwinds, the company's strong order backlog and steady order inflow outlook across domestic and international markets provide healthy earnings visibility over the medium term. Growth is likely to be driven by demand across key end-user industries such as cement, steel, sugar, and power, along with seasonal tailwinds.

**Valuation:** We value the company at 22x FY28E EPS.

## Analyst Insights

We recommend a **BUY** with a target price of Rs 565/share, implying an **upside of 11%** from the CMP.

### Research Analyst

---

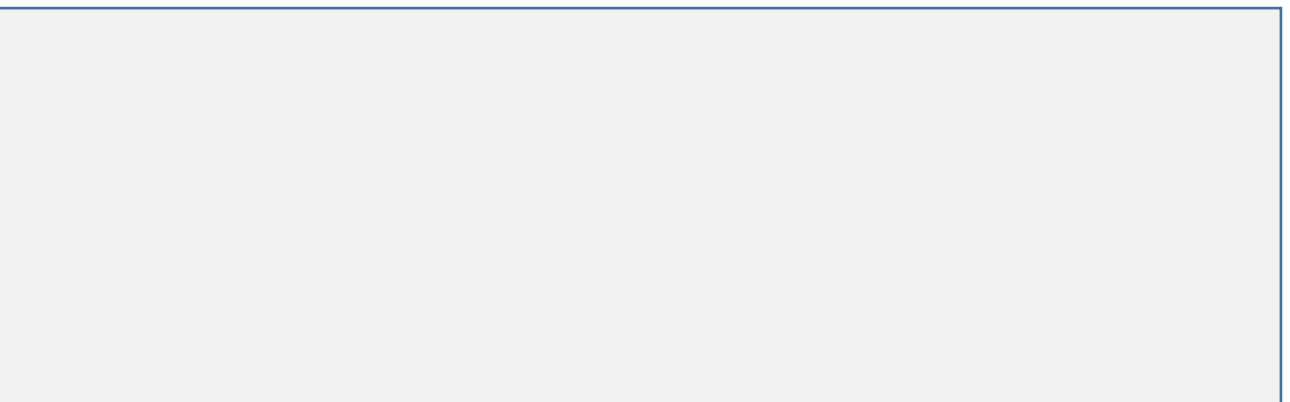
Shivani More  
Research Analyst  
Shivani.more@axissecurities.in

## Financial Summary

	<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>
Net Sales (Rs Cr)	2,366	3,085	3,640
EBITDA (Rs Cr)	523	740	913
PAT (Rs Cr)	341	514	643
EPS (Rs.)	15.2	22.9	28.7
PER (x)	33.5	22.3	17.8
EV/EBITDA (x)	21.9	15.5	12.5
ROE (%)	16	20	21
ROCE (%)	21	26	27

## Market Data

No. of Shares	22.4 Cr
Market Cap (Rs Cr)	11,444
52-week High	717
52-week Low	352
P/E (x)	33
BSE Code	505700
NSE Code	ELECON



Axis Direct is a brand under which Axis Securities Limited offers its retail broking and investment services. Investments in the securities market are subject to market risks. Read all the related documents carefully before investing. This information is only for consumption by the client and such material should not be redistributed. [Disclaimer](#)