



India's Best Performing and Most Customer Centric PMS

In the realm of industrial innovation and transformative solutions, stands a cornerstone of engineering excellence - Elecon Engineering Company Ltd. Established in 1960, Elecon Engineering has been an unwavering force in designing and manufacturing Material Handling Equipment and Power Transmission solutions. Its journey has been a testament to pioneering technology, market leadership, and a global footprint, setting it apart as a true trailblazer in the industry.

Elecon Engineering Company Ltd. goes beyond its corporate identity; it represents a steadfast symbol of engineering ingenuity. With a history of innovation, a diverse portfolio, global market penetration, and a visionary roadmap, it is set to lead industries, enrich investor portfolios, and guide the course of progress. Its achievements, sound financials, and forward-focused strategies make it an invaluable asset for investors seeking to align their success with a true industry leader.

1. Powering Industries: Mastery in Transmission and Handling

Since its inception it has exhibited unparalleled prowess in two pivotal realms: Power Transmission (89%) and Material Handling Equipment (11%). It stands as the vanguard of India's gear manufacturing by revolutionizing modular design concepts and gear technology. Renowned as the nation's premier gear box manufacturer, Elecon Engineering has etched its identity in engineering innovation.

2. Industry Dominance: Charting Market Leadership

Elecon Engineering's impact extends beyond boundaries, capturing a formidable 36% share in India's industrial gear market. It leads the sector by introducing cutting-edge bulk Material Handling equipment and serving as the trusted partner of industry giants like Ultratech Cement. As a pioneer, it shapes the course of innovation and development.

3. Global Presence: A Balanced International Footprint

Reflecting its adaptability and foresight, Elecon Engineering strikes a balance between domestic and international markets with a 65-35 revenue split. This global orientation underscores its commitment to delivering exceptional solutions worldwide, thereby cementing its position as a global contender in engineering solutions.

4. Innovation Nexus: Research and Development at the Core

The company's commitment to innovation is encapsulated in its prudent allocation of resources, dedicating under 1% of revenue in FY22 to Research and Development. This strategic investment has borne fruit with the introduction of revolutionary worm gearbox models tailored for bottling plant applications and standardized Condition Monitoring Systems. Elecon Engineering's forward-looking approach remains an epitome of progress.

5. Synergetic Advancement: Catalyzing Growth through Partnerships

Through strategic partnerships, Elecon Engineering extends its influence beyond its core domains. Collaborating with Eimco Elecon (India) Limited (EEL), a prominent underground mining machinery manufacturer, amplifies its impact across industries. This synergistic alliance enriches its offerings and reinforces its commitment to holistic progress.

Stock Data	
CMP	929
52 Week High/Low	935/317.40
Face Value	2
Market Cap (In Crs)	10,424
Enterprise Value (In Crs)	9,944
NSE	ELECON
BSE	505700
Bloomberg	ELCN:IN
Sector	Industrial Equipment

Shareholding Pattern (in %)		
	JUN 23	MAR 23
Promoter	59.29	59.29
FII	2.81	2.11
DII	2.02	1.76
Public	35.88	36.84
Others	0	0

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-1.18%	11.75%	11.16%
Elecon Engineering	18.72%	135.81%	149.79%

Key Ratios	
P/E	38.87
P/S	6.45
P/B	8.15
Debt To Equity	0.04
ROE	20.5%
ROCE	24.9%
Dividend Yield	0.22%

Q1 FY 23 Result Update

Q1 FY24 Result Comparison (In Rs Cr)=					
	Q1 FY24	Q4 FY23	Q1 FY23	QOQ	YOY
Sales	414	425	328	-2.4%	26.4%
EBITDA	100	93	65	7.7%	54.1%
EBIT	96	87	58	10.3%	65.8%
Net Profit	73	68	42	7.4%	72.5%
EPS	6.5	6.05	3.77	7.4%	72.4%

Result Highlights

In Q1 FY24, Elecon Engineering exhibited adeptness in navigating complex market dynamics. Despite a minor 2.4% QOQ decline in sales to Rs 414 crore, the company's remarkable 26.4% YOY growth signals robust long-term strategies. Demonstrating operational agility, Elecon achieved a 7.7% QOQ uptick in EBITDA and a 10.3% rise in EBIT. The net profit's impressive 7.4% QOQ climb and exceptional 72.5% YOY surge highlight the company's resilience and potential for significant returns.

With Q1 FY24 EPS reaching Rs 6.5, Elecon Engineering showcases its ability to transform challenges into opportunities. The steady growth trajectory and resilience in the face of short-term fluctuations emphasize the company's astute management and promising investment prospects. As high-profile investors, recognizing the strategic vision underlying these numbers could lead to a prudent investment decision.

Global Expedition Unveiled: Expanding its horizons beyond domestic frontiers, Elecon's strategic focus unveils plans for the establishment of a wholly-owned subsidiary in South Africa, attesting to its ambitions of capturing international markets.

With an eye on global outreach, Elecon's impending subsidiary in South Africa signifies a concerted drive to penetrate international landscapes. This tactical move is poised to foster brand visibility and create avenues for sustained growth.

Collaborative Ventures in Europe: Elecon's strategic collaborations with five prominent OEMs in the European market augur well for its global aspirations, enhancing its foothold with an anticipated annual business volume of approximately Euro 5 million.

Through strategic partnerships, Elecon Engineering fortifies its market position in Europe, leveraging the strengths of collaborative ventures. These associations stand as a testament to its innovative approach to growth and adaptability to diverse market landscapes.

Anticipating Growth: Navigating Potential Avenues Elecon Engineering's optimism is grounded in its vision for growth across various sectors. From defense and marine to railways, wind energy, and exports, the company identifies fertile ground for expansion. This strategic diversification showcases Elecon's readiness to tap into emerging opportunities.

Operational Excellence: Driving Efficiency and Innovation Amidst its accomplishments, Elecon Engineering remains committed to operational excellence. By focusing on optimizing processes, enhancing margins, and investing in research and development, the company demonstrates its intent to lead through innovation and sustained growth.

These achievements underscore Elecon's strategic agility and ability to navigate evolving market dynamics, which is a promising sign for potential investors.

Concall Highlights

Economic Landscape: A Favorable Environment

Elecon Engineering began by encapsulating India's economic backdrop, emphasizing the country's promising trajectory. The blend of robust private consumption, vigorous industrial activity, and pro-industrial government initiatives like Make in India and PLI schemes, painted an encouraging landscape. The company's focus on industrialization, localization, and global supply chain opportunities positions it to thrive within India's growth narrative.

Global Presence: Seizing Opportunities Abroad

The call underscored Elecon Engineering's strategic pivot towards expanding its global footprint. The company's emphasis on overseas ventures was palpable through the establishment of a wholly-owned step-down subsidiary in South Africa and collaborations with European OEMs. The intent to be a preferred global supplier, coupled with its plans for growth in untapped territories, showcases the determination to seize international opportunities.

Segmental Performance: Strong Foundations and Growth Targets

The spotlight shone on Elecon Engineering's two core segments - the Gear Division and the MHE Division. The former demonstrated robustness, maintaining a dominant market share of 39% in the Tier 1 domestic market. The EON 2.0 series launch, aimed at delivering cost-efficient solutions, received positive feedback. The MHE division's turnaround story was highlighted, driven by strategic shifts and supply-centric approaches. With revenue targets of INR 1,700 crores and INR 300 crores respectively, Elecon Engineering reaffirmed its dedication to growth.

Financial Performance: Sustaining Momentum

Q1 FY24's financial performance showcased impressive growth. Revenue from operations surged by 26%, with domestic and overseas markets contributing 73% and 27% respectively. Adjusted EBITDA soared by 33%, reflecting a robust margin of 23.1%. This achievement is attributed to the company's prudent operational focus and improved efficiency.

Outlook and Sustainability: Vision for the Future

Elecon Engineering's commitment to stakeholders and alignment with ESG principles were evident. The leadership's confidence in maintaining margins and achieving FY24 revenue targets underscored a well-defined roadmap. Balancing innovation, sustainability, and growth, Elecon Engineering poised itself as a significant market force.

OEM Orders and Growth Potential:

The call began by celebrating the company's remarkable performance and heightened disclosures. The acquisition of five new Original Equipment Manufacturer (OEM) orders targeting European industries marked a significant achievement. These orders span across steel, rubber, and plastics segments. The company's strategy involves prototyping, awaiting approval, and transitioning to regular orders, reflecting the management's confidence in substantial growth potential.

Sectoral Market Expansion & Growth:

The expansion into railway and metro gear sectors took center stage. The company's alliances with foreign railway gear manufacturers indicated promising business opportunities. This expansion aligns seamlessly with Elecon Engineering's positive outlook on these sectors and also on the marine and defense industries.

Strategic Avoidance of Windmill Gears:

The management elaborated on the company's conscious choice to steer clear of windmill gears due to the market's inherent demand volatility, driven by government subsidies. Elecon Engineering's priority lies in consistent margins and risk mitigation against demand fluctuations.

Financial Strategy and Future Direction:

The call delved into the company's financial strategy, highlighting the accumulation of cash reserves for potential opportunities. Infrastructural enhancement takes precedence, especially in bolstering exports and customer engagement. The management emphasized a dual approach of sustaining margins while enhancing EBITDA margins.

Sectoral Outlook

Cement

- Expected consumption growth in India is ~6 to 7%
- Shift towards Roller Press Gearboxes for Cement mill application and Elecon is the only Indian manufacturer for Roller press gearboxes

Power

- 3 more thermal power plants to come up in this financial year
- Leading supplier in India for Coal Pulverizer VRM gearboxes and leader in the FGD business in Power sector

Steel

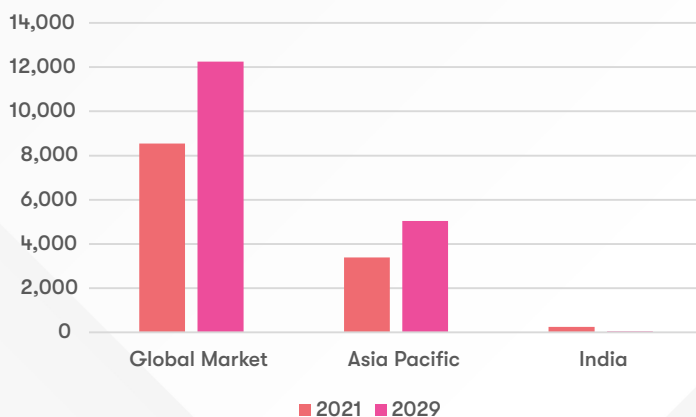
- Leading and the sole Indian manufacturer of 900 TPD sponge iron plant in the country
- Rising growth(9%) and focus in iron ore and finished steel segment by government

Sugar

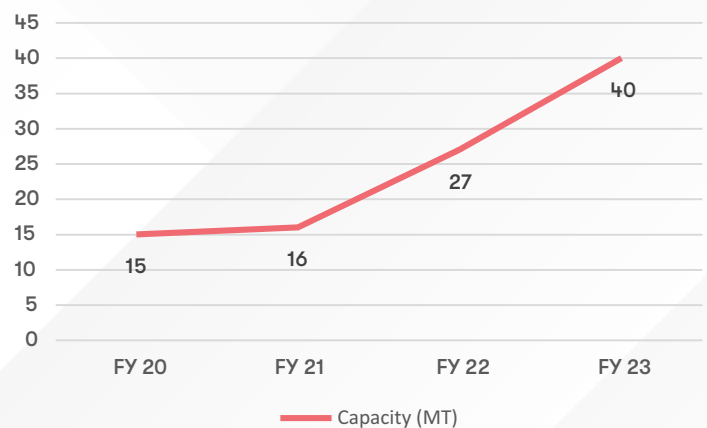
- Leading Planetary Sugar mill gearboxes manufacturer with a market share of ~60%
- Focusing on capturing overseas market like South East Asia

Story Through Charts

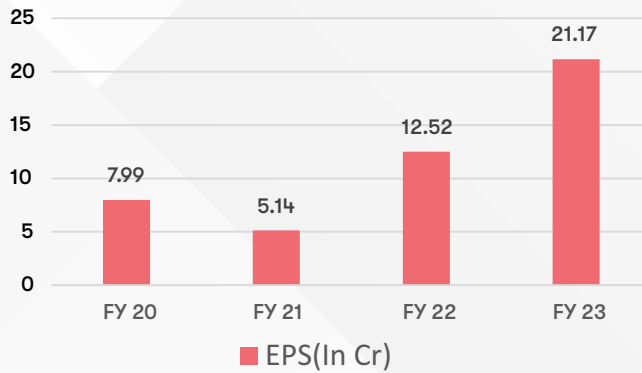
Capex (In USD Mn)



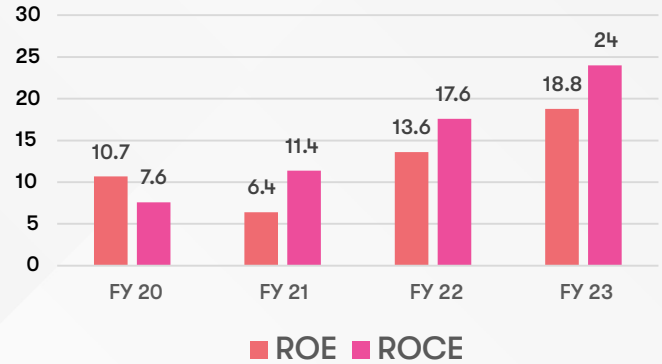
Capacity (MT)



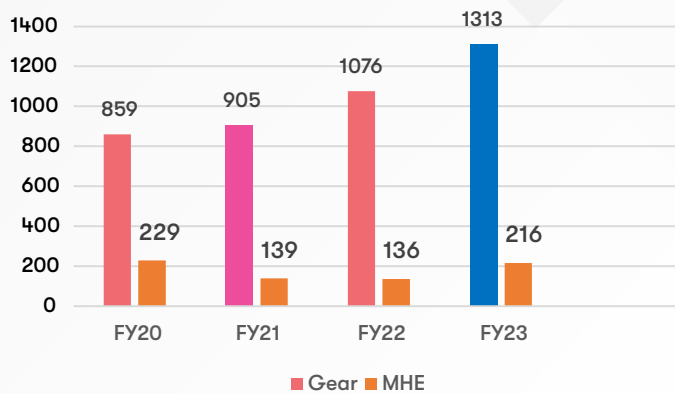
EPS



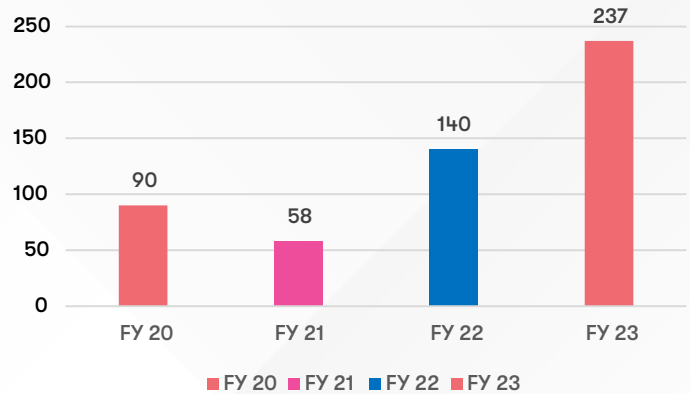
Returns %



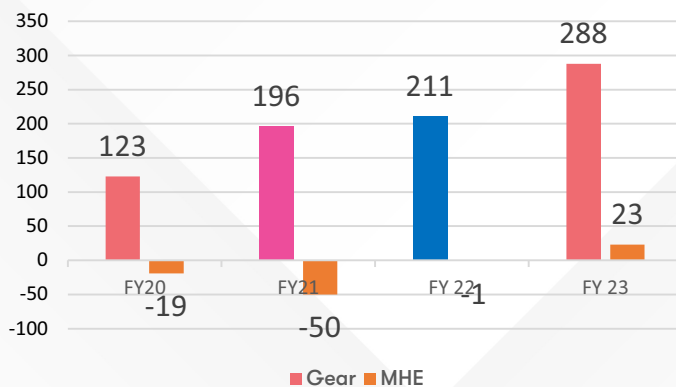
Revenue (In Cr)



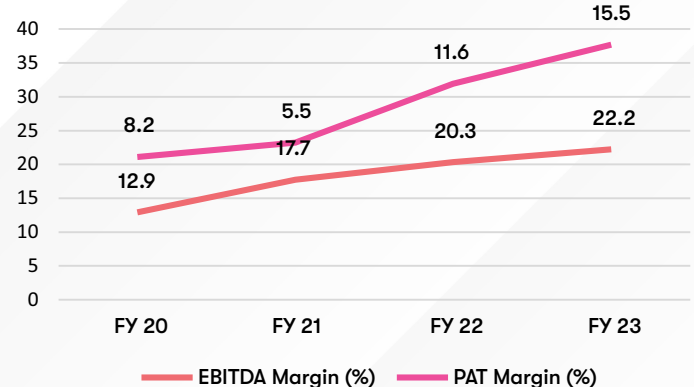
PAT (In Cr)



EBIT(In Cr)



EBITDA & PAT Margin (In %)



Technical Outlook



Cochin Shipyard Ltd Breaks Consolidation, Gears Up for New Highs: With a strong momentum fueled by improved fundamentals and a hefty order book, Cochin Shipyard Ltd has emerged from a multi-year channel consolidation and is poised for potential new highs.

Daily and Weekly RSI is trading above 80 indicating strength in the buying.

20 Day Moving Average > 50 Day Moving Average > 100 Day Moving Average > 200 Day Moving Average which further adds strength to the Bullish Momentum

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	866.50	873.70
10	857.40	858.50
20	833.70	833.00
50	746.60	756.30
100	627.00	661.40
200	512.10	552.20

Pivot Levels : FIBONACCI			Relative Strength Index (RSI)	Daily	Weekly
R1 905.89	Pivot 897.48	S1 889.08			
R2 911.08		S2 883.89			
R3 919.48		S3 875.48			

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