

CMP: INR 1,448

Rating: BUY

Target Price: INR 1,795

Stock Info

BSE	505283
NSE	KIRLPNU
Bloomberg	KKPC:IN
Reuters	KIRP.BO
Sector	Capital Goods
Face Value (INR)	2
Equity Capital (INR mn)	130
Mkt Cap (INR mn)	93,968
52w H/L (INR)	1,550/955
Avg Yearly Volume (in 000')	108.8

Shareholding Pattern %

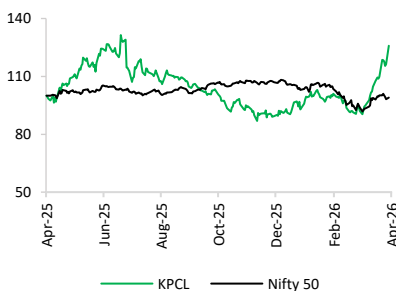
(As on Mar, 2026)

Promoters	38.81
DII	26.53
FII	9.56
Public & Others	26.10

Stock Performance (%) 3m 6m 12m

KPCL	31.4	26.2	25.9
NIFTY	-4.3	-7.5	-1.0

KPCL vs NIFTY



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Kirloskar Pneumatic Company Ltd reported numbers, Q4FY26 revenue stood at INR 7,118mn (+20.3% YoY/+74.9% QoQ); slightly below our estimates of INR 7,262mn, supported by strong execution. Gross Profit stood at INR 3,549mn (+37.6% YoY/+68.7% QoQ), above our estimates of INR 3,209mn. Gross margins improved 627 bps YoY (down by 185bps QoQ) to 49.9% in Q4FY26, due to order mix and backward integration etc. EBITDA stood at INR 1,860mn (+69.4% YoY/+134.4% QoQ); above our estimates of INR 1,410mn. EBITDA margin improved by 757bps YoY (up by 662 bps QoQ) to 26.1% in Q4FY26. PAT stood at INR 1,437mn (+79.4% YoY/+246.3% QoQ); above our estimates of INR 1,048mn. PAT margin improved by 665 bps YoY (+999 bps QoQ) to 20.2% in Q4FY26.

Key Highlights

Focused on strategic shift to high-margin, short-cycle equipment: The company is transforming from a lumpy, large package-focused business to a more predictable, short-cycle equipment model. This is driven by a record 57 IP filings in FY26 and over 120 total, resulting in a slew of new, proprietary products. The Tezcatlipoca centrifugal compressor (138 machines in the field), Khione refrigeration compressor, Hydrino oil-free screw compressor, and Tyche semi-hermetic compressor are already gaining market share. The upcoming Zephyros AC package (10-15% more efficient) opens a new commercial cooling segment, while the A-800 frame small CFM compressor extends the centrifugal range. These import-substituting products have short execution cycles of 4-12 weeks (vs 6-8 months for packages), improving revenue visibility and insulating the company from geopolitical risks. A new Precision Engineering Division leverages in-house forging and casting for non-traditional orders, adding further diversification. The company is targeting 20%+ YoY long-term growth, with new products expected to contribute 10%-15% of sales going forward.

Strong order book with sustainable margin shows business visibility over the medium term: The order book stood at INR 18.63bn (+15% YoY), with INR 13bn executable within one year. The margins are expected to sustain 18%-20%, supported by backward integration at Nashik (improving raw material ratio by 3.1%) and disciplined avoidance of price wars in low-margin segments like screw compressors. The PLI-linked capex of INR 3.2bn (INR 600mn already spent) for new product development, including Zephyros and motors, is expected over the next two years.

Multiple secular growth drivers in domestic energy transition and diversified exports: The government's INR 200bn oil & gas investment over 5-6 years is expected to boost demand for CNG infrastructure, where the company already manages over 1,000 stations via its O&M business. Rising interest in alternative fuels like biogas, hydrogen, and coal gasification is directly related to the company's established solutions. While the Middle East geopolitical situation has created near-term headwinds for large package exports (exports are only ~6% of sales), the company sees long-term benefits for domestic exploration. The company has proactively shifted export focus from MENA to Southeast Asia and North Africa. The demand is coming from food, dairy, chemicals, fertilizers, and power, etc.

Outlook & Valuation: Kirloskar Pneumatic is expected to grow 20% YoY in revenue and PAT, supported by a healthy order book of INR 18.63bn (~2.6x of Q4FY26 revenue), of which INR 13bn is executable within one year. The growth will be driven by the commercialization of the Zephyros AC package in Q1FY27E, continued market share gains of the Tezcatlipoca centrifugal compressor, and the upcoming launch of the A-800 frame small CFM compressor. The margins are expected to be sustained in the 18%-20% range, supported by product mix, backward integration, etc. The domestic energy sector offers a tailwind, with government investments in oil and gas expected to boost CNG infrastructure, where the company already manages over 1,000 stations. Exports remain a small part of the business (~6% of sales), with the company shifting focus from the Middle East to Southeast Asia and North Africa due to geopolitical uncertainties. The company is focused on import-substituting products and is well-positioned for sustainable growth, while avoiding price wars in low-margin segments. We are estimating a revenue CAGR of 19.9% for FY26-FY28E. EBITDA margin is expected to improve from 20% (FY26) to 20.8% in FY28E, supported by shifting towards high-margin products and operational efficiencies. RoE is expected to improve from 21.7% (FY26) to 23.7% in FY28E, while RoCE is projected to rise from 20.4% to 22.1% over the same period. At the CMP of INR 1,448 per share, we maintain our "BUY" rating and value the stock at 30x (1-year forward median PE: 29.5x) of its FY28E EPS of INR 59.8 and arrive at a price objective of INR 1,795, an upside of 24%.

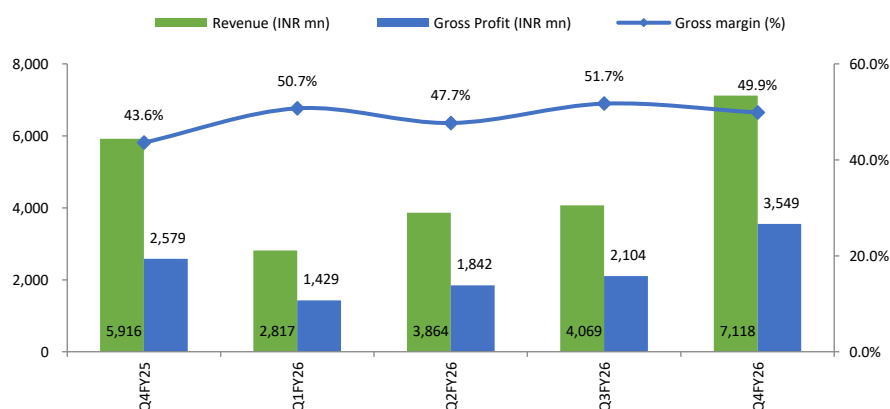
Q4FY26 Results

Exhibit 1: Income statement summary

Particular (INR Mn)	Q4FY25	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Revenue	5,916	4,069	7,118	20.3%	74.9%
Net Raw Materials	3,337	1,965	3,569	7.0%	81.6%
Gross Profit	2,579	2,104	3,549	37.6%	68.7%
Gross Margin (%)	43.6%	51.7%	49.9%	+627 bps	-185 bps
Employee Cost	470	513	543	15.5%	5.8%
Other Expenses	1,011	797	1,146	13.4%	43.8%
EBITDA	1,098	794	1,860	69.4%	134.3%
EBITDA Margin (%)	18.6%	19.5%	26.1%	+757 bps	+662 bps
Depreciation	71	81	84		
Interest expense	3	2	2		
Other income	56.0	61.0	60.0		
Exceptional Items	(39)	(183)	42		
Profit before tax	1,041	589	1,876		
Taxes	240	174	439		
PAT	801	415	1,437	79.4%	246.3%
PAT Margin (%)	13.5%	10.2%	20.2%	+665 bps	+999 bps
EPS (INR)	12.3	6.4	22.1		

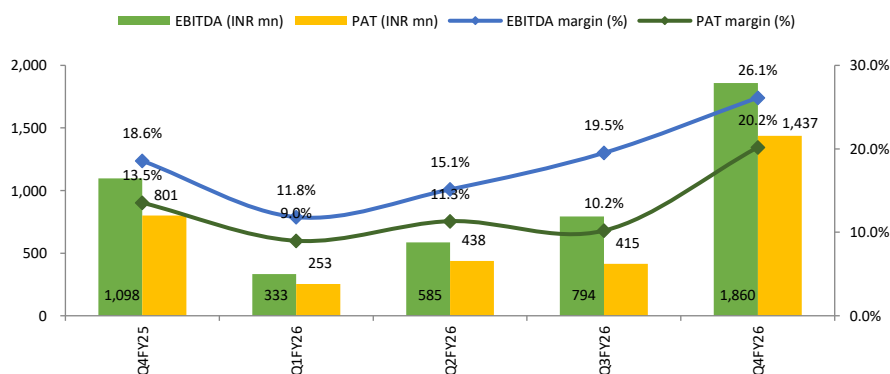
Source: Company Reports, Arihant Capital Research

Exhibit 2: Gross margins improved by 627 bps YoY (down by 185 bps QoQ) to 49.9% in Q4FY26, due to high margin product mix.



Source: Company Reports, Arihant Capital Research

Exhibit 3: EBITDA margin improved by 757 bps YoY (+662 bps QoQ) to 26.1% in Q4FY26, supported by backward integration and cost efficiency measures, etc.



Source: Company Reports, Arihant Capital Research

Quarterly results and Segments

Exhibit 4: Kirloskar Pneumatics has performed well and order book reached to INR 18.63bn (+15% YoY) in FY26. Out of this INR 13bn is executable within a year. EBITDA margins are expected to maintain 20% going forward.

Particular (INR Mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Revenue	10,524	2,753	4,307	3,426	5,916	2,817	3,864	4,069	7,118	20.3%	74.9%
Net Raw Materials	8,075	1,347	2,197	1,767	3,337	1,388	2,022	1,965	3,569	7.0%	81.6%
Gross Profit	2,449	1,406	2,110	1,659	2,579	1,429	1,842	2,104	3,549	37.6%	68.7%
Gross Margin (%)	23.3%	51.1%	49.0%	48.4%	43.6%	50.7%	47.7%	51.7%	49.9%	+627 bps	-185 bps
Employee Cost	181	431	438	450	470	504	497	513	543	15.5%	5.8%
Other Expenses	1,067	583	736	715	1,011	592	760	797	1,146	13.4%	43.8%
EBITDA	1,201	392	935	494	1,098	333	585	794	1,860	69.4%	134.3%
EBITDA Margin (%)	11.4%	14.2%	21.7%	14.4%	18.6%	11.8%	15.1%	19.5%	26.1%	+757 bps	+662 bps
Depreciation	70	77	78	65	71	75	78	81	84		
Interest expense	158	-	0	1	3	2	5	2	2		
Other income	146.7	44.0	61.7	60.2	56.0	84.0	72.0	61.0	60.0		
Exceptional Items	-	-	-	-	(39)	-	-	(183)	42		
Share of profits associate & JV	(22)	-	-	-	-	-	-	-	-		
Profit before tax	1,097	359	919	488	1,041	340	574	589	1,876		
Taxes	286	90	244	121	240	87	136	174	439		
Minorities and other	-	-	-	-	-	-	-	-	-		
PAT	811	269	675	368	801	253	438	415	1,437	79.4%	246.3%
PAT Margin (%)	7.7%	9.8%	15.7%	10.7%	13.5%	9.0%	11.3%	10.2%	20.2%	+665 bps	+999 bps
EPS (INR)	6.0	4.1	10.4	5.7	12.3	3.9	6.7	6.4	22.1	-	-

Source: Company Reports, Arianth Capital Research

Exhibit 5: Compression systems grew 21.8% YoY (+78.3% QoQ) in Q4FY26, while non-traditional business de-grew 6.3% YoY (+22.5% QoQ). Margins stood at 29.5% in Q4FY26, which is exceptional. Margins are expected to stabilize to 20% annual basis going forward.

Segmental Revenue (INR Mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Compression Systems	10,169	2,528	4,094	3,184	5,597	2,521	3,547	3,825	6,819	21.8%	78.3%
Other Non Reportable Segments	355	225	213	242	319	296	317	244	299	-6.3%	22.5%
Total Revenue	10,524	2,753	4,307	3,426	5,916	2,817	3,864	4,069	7,118	20.3%	74.9%

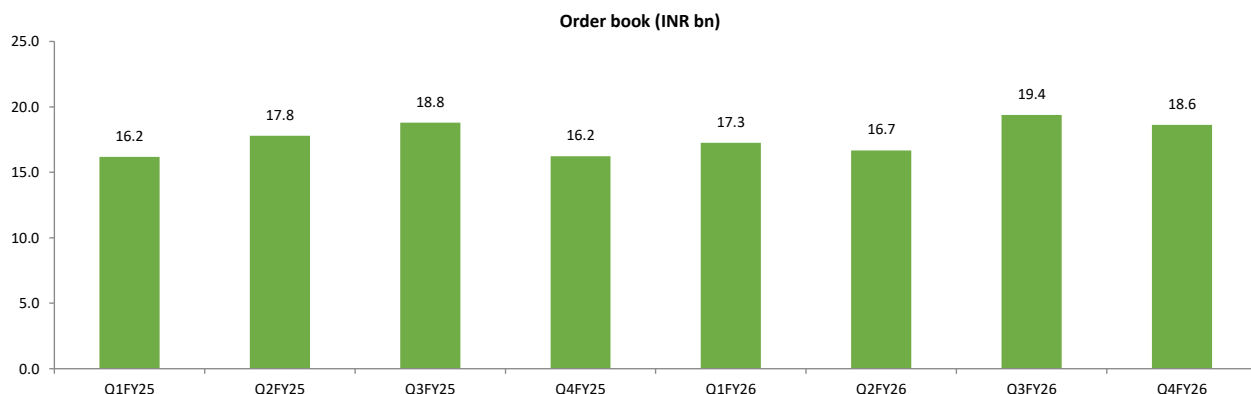
Segmental Revenue (%)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Compression Systems	96.6%	91.8%	95.1%	92.9%	94.6%	89.5%	91.8%	94.0%	95.8%		
Other Non Reportable Segments	3.4%	8.2%	4.9%	7.1%	5.4%	10.5%	8.2%	6.0%	4.2%		
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

EBIT (INR Mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Compression Systems	1,279	483	1,048	610	1,190	415	710	937	2,009	68.8%	114.4%
Other Non Reportable Segments	7	-	-	-	-	-	-	-	-		
Total EBIT	1,286	483	1,048	610	1,190	415	710	937	2,009	68.8%	114.4%

EBIT Margin (%)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Compression Systems	12.6%	19.1%	25.6%	19.1%	21.3%	16.5%	20.0%	24.5%	29.5%	+820 bps	+497 bps

Source: Company Reports, Arianth Capital Research

Exhibit 6: The order book stood at INR 18.6bn (~2.6x of Q3FY26 revenue). The company is shifting towards large packages to short cycle orders.



Source: Company Reports, Aриhant Capital Research

Exhibit 7: Compressor market size is estimated INR 200-250bn and expected to grow 10.4% CAGR over the period of FY25-28E. Zephyros C (Commercial AC) market size is estimated INR 50bn. The company is expected to launch commercial AC product by Q1FY27E and has potential to capture market. A-800 frame compressor (Market size: INR 2bn) is expected to launch by Q1FY27E.

Product Categories	TAM (INR mn)*				KPCL market share (%)*				Growth Drivers
	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	
Ammonia Reciprocating Compressors <i>growth(%)</i>	5,500	6,050	6,655	7,321	59.2%	62.9%	62.9%	64.1%	Cold chain expansion, dairy growth, food processing PLI schemes.
Khione Refrigeration Packages <i>growth(%)</i>	22,500	25,538	28,985	32,898	7.2%	7.5%	7.8%	8.3%	Pharma, dairy, fisheries demand; import substitution
Tyche Semi-Hermetic Compressor <i>growth(%)</i>	4,000	4,660	5,452	6,434	6.1%	6.7%	7.3%	8.3%	Replacement of ~2,000 imported European units/year
Vapour Absorption Chillers <i>growth(%)</i>	5,000	5,350	5,725	6,125	11.4%	11.7%	12.0%	12.6%	Energy efficiency mandates; waste heat utilization
Zephyros C (Commercial AC) <i>growth(%)</i>	50,000	56,000	62,720	70,246	0.0%	0.0%	1.6%	2.3%	Green refrigerant demand; PLI support; commercial real estate growth
Domestic CNG Packages <i>growth(%)</i>	15,000	15,750	16,538	17,364	19.5%	17.3%	15.5%	14.6%	Pricing pressure; shift to export focus
Export CNG Packages <i>growth(%)</i>	8,000	9,080	10,306	11,697	10.2%	10.2%	10.4%	10.8%	Global gas adoption; competitive pricing
Hydrogen Compressors <i>growth(%)</i>	3,000	3,750	4,688	5,859	5.4%	5.1%	4.9%	4.9%	National Hydrogen Mission; green energy push
Biogas (Jarilo) <i>growth(%)</i>	3,000	3,600	4,320	5,184	5.4%	5.2%	5.2%	5.4%	Waste-to-energy initiatives; CBG plants
Tezcatlipoca Centrifugal <i>growth(%)</i>	6,000	6,720	7,526	8,430	14.9%	17.1%	19.8%	23.9%	Only fully indigenous player; replacing Atlas Copco, Ingersoll Rand imports.
A-800 Frame (new) <i>growth(%)</i>	2,000	2,350	2,761	3,258	0.0%	0.0%	7.2%	15.3%	Targeting dry screw replacement in pharma, food processing
Screw & Reciprocating <i>growth(%)</i>	50,000	54,000	58,320	62,986	3.9%	3.9%	4.1%	4.2%	General industrial demand; new product launches
After-Sales & Spares <i>growth(%)</i>	20,000	21,600	23,328	25,194	8.1%	8.1%	8.1%	8.1%	Linked to installed base growth; high-margin annuity
CNG Station O&M <i>growth(%)</i>	5,000	5,300	5,618	5,955	16.3%	16.3%	16.3%	16.3%	Long-term contracts; sticky customer relationships
Gears, Gearboxes <i>growth(%)</i>	10,000	10,700	11,449	12,250	8.1%	8.1%	8.1%	8.1%	Railway modernization; defense; renewable energy
Casting/Forging Services <i>growth(%)</i>	5,000	5,250	5,513	5,788	6.5%	6.5%	6.5%	6.5%	
Total	2,22,000	2,44,778	2,70,209	2,98,687	7.3%	7.3%	7.7%	8.2%	

Source: Aриhant Capital Research; * - Approx. estimates

Exhibit 8: Product/segment wise updates in Q4FY26.

Product / Segment	Key Highlights
Air Compressor	Contributes 18%-20% of total business. New orders received from pharma, tire manufacturing, and textiles. Reciprocating compressors saw record gas compressor orders. Screw compressors were a laggard; company avoided price wars.
Refrigeration	Contributes ~40%-45% of total business. Record high volumes for KC/KCX compressor range. Khione refrigeration compressors continue to gain market acceptance. Several large packages executed in Q4FY26.
Process Gas Systems (PGS) / Gas	Contributes ~35%-40% of total business. Decreased dependence on large Middle East oil & gas orders has de-risked the business. O&M business expanding, managing over 1,000 CNG stations across India. Gas shortages not yet impacting CNG order booking. Geopolitical situation expected to drive domestic exploration and upstream projects.
Precision Engineering	Newly established in FY26, expected to reportable from Q1FY26 onwards. Leverages manufacturing capacities in forgings, castings, and precision machining at Nashik and ADOPT facilities. Secured several non-traditional orders; currently in execution phase.
Zephyros (New Product)	Air conditioning package using green refrigerant, 10-15% more efficient than traditional chiller systems. Two units installed and running well at Hadapsar office and Saswad factory. Commercialization expected in Q1FY27E. The target markets are small machine shops, restaurants, banquet halls. Margins expected to be lower but volumes higher.
Tezcatlipoca Centrifugal Compressor	Continuing to take market share. 138 machines in field, 85 commissioned. New A-800 frame (800 CFM small centrifugal) launching in about one month; expected to be most efficient offering in its class.
Hydrino (Oil-Free Water Compressor)	Newly launched oil-free water-injected screw compressor for food processing and pharmaceuticals. Completely oil-free (including bearings), domestically produced, offering faster service and spares than imports. Initial orders already booked.
Tyche Semi-Hermetic Compressors	Launched and sold during FY26. Part of the equipment business with short execution cycles.
Khione Refrigeration Compressor	Sales continue to pick up and gain more acceptance in the market. Part of the strong refrigeration division performance.
CNG & O&M	Managing over 1,000 CNG stations across India. Actively bidding for new stations. Government push with INR 200bn investment in oil & gas over 5-6 years expected to boost demand. Short-term skew toward daughter stations, long-term conversion to mother stations.
Alternative Fuels (Hydrogen, Biogas, Coal Gasification)	The company offers established solutions for all these segments. Significant interest in biogas, though orders not yet materialized. Renewed interest driven by geopolitical situation and domestic push.
Exports	Contributes ~6% of total sales. Shifting focus from MENA region to Southeast Asia and North Africa due to geopolitical uncertainties. Still active in Middle East but orders moving slowly.
Large Reciprocating Compressors	Orders for gas compressors hit record highs during FY26.
Large Packages	The company strategically reducing dependence due to lumpy, long-cycle nature (6-8 months execution). However, demand environment for packages appears higher this year with several active inquiries.

Source: Company Reports, Arianth Capital Research

Q4FY26 Concall Highlights**Revenue**

- The company is focusing on equipment business growth of 20%-25% YoY and new products sales share is expected to be 10%-15% going forward.
- Overall, the company is targets 20%+ YoY growth in both revenue and profit over the long term, supported by the order book and focus on the equipment business.

Revenue mix

- Refrigeration business remains the largest (40%-45%), followed by Process Gas Systems (35%-40%) and Air Compressor (20%).
- A new Precision Engineering Division (PED) has been established to leverage manufacturing capabilities in forgings, castings, and precision machining at Nashik and ADOPT facilities. The segment is expected to be reported in Q1FY27E onwards.

Margin

- Core compression business EBITDA margins are sustainable in the range of 18%-20%. The company is balancing growth with profitability, while avoiding price wars in low-margin segments like screw compressors and boosters.

Order book

- The order book stood at INR 18.63bn (+15% YoY). Out of this, INR 13bn is executable within 1 year and INR ~5bn beyond FY27E.
- Execution cycles are shortening, with equipment orders taking 4-12 weeks vs 6-8 months for large packages.

Compressors

- Zephyros (energy-efficient AC package, 10-15% better efficiency) will commercialize in Q1FY27E, targeting small commercial spaces, which include small machine shops, restaurants, etc.
- Tezcatlipoca centrifugal compressor has 138 machines in the field, 85 commissioned.
- The new A-800 frame, an 800 CFM centrifugal compressor, is the most efficient offering in its class and is expected to launch within one month.
- The Hydrino oil-free water-injected screw compressor is used in food processing and pharmaceuticals. It has been launched and booked initial orders. It is a fully domestically produced, completely oil-free machine (including bearings), offering faster service and spares than imports.
- The company is also developing solutions for hydrogen, biogas, and coal gasification. The pipeline of new products, including range extensions and more cutting-edge compressors to be launched in Q1FY27E.

Q4FY26 Concall Highlights

Capex and backward integration

- The capex of INR 3.2bn under the PLI scheme for new product development, including Zephyros and motors. Around INR 600mn incurred and balance to be spent over the next 2 years.
- Backward integration at the Nashik plant improved the raw material to sales ratio by 3.1% in FY26, due to better product mix, order selection, execution of large packages, and cost-saving efforts.

Exports

- Exports revenue share stood at ~6% of sales in FY26.
- The current geopolitical situation in the Middle East has created near-term pressure on dispatching existing orders and booking new ones.
- The company is shifting its export focus away from heavy dependence on the MENA region to Southeast Asia and North Africa.

O&M

- In the CNG O&M business, the company manages 1,000+ stations. The daughter stations (lower capex, higher opex) are expected to dominate in the short term, with gradual conversion to mother stations over time.

Demand and growth drivers

- The strong demand is coming from food, dairy, chemicals, fertilizers, and general engineering.
- Government's INR 200bn oil & gas investment over 5-6 years expected to drive demand.
- Geopolitical tensions in the Middle East may boost domestic exploration and alternative fuels.

IP

- The company filed a record 57 IP filings in FY26, taking the total to over 120. Recognized as a top 30 IP-driven organization by CIL.

Other highlights

- Employee expenses rose to 11.5% of sales in FY26, due to salary increments and increased headcount.
- Other expenses increased due to the execution of large packages, enhanced after-sales business, growing O&M business, and expanded activities at Nashik and Saswad plants.
- New Labour Code, effective 21st Nov 2025, led to a reduction in retirement provision by INR 42mn in Q4FY26, with total provision of INR 140mn for FY26.

Outlook & Valuation: Kirloskar Pneumatic is expected to grow 20% YoY in revenue and PAT, supported by a healthy order book of INR 18.63bn (~2.6x of Q4FY26 revenue), of which INR 13bn is executable within one year. The growth will be driven by the commercialization of the Zephyros AC package in Q1FY27E, continued market share gains of the Tezcatlipoca centrifugal compressor, and the upcoming launch of the A-800 frame small CFM compressor. The margins are expected to be sustained in the 18%-20% range, supported by product mix, backward integration, etc. The domestic energy sector offers a tailwind, with government investments in oil and gas expected to boost CNG infrastructure, where the company already manages over 1,000 stations. Exports remain a small part of the business (~6% of sales), with the company shifting focus from the Middle East to Southeast Asia and North Africa due to geopolitical uncertainties. The company is focused on import-substituting products and is well-positioned for sustainable growth, while avoiding price wars in low-margin segments. We are estimating a revenue CAGR of 19.9% for FY26-FY28E. EBITDA margin is expected to improve from 20% (FY26) to 20.8% in FY28E, supported by shifting towards high-margin products and operational efficiencies. RoE is expected to improve from 21.7% (FY26) to 23.7% in FY28E, while RoCE is projected to rise from 20.4% to 22.1% over the same period. At the CMP of INR 1,448 per share, we maintain our “BUY” rating and value the stock at 30x (1-year forward median PE: 29.5x) of its FY28E EPS of INR 59.8 and arrive at a price objective of INR 1,795, an upside of 24%.

Exhibit 9: 1-year forward PE Band

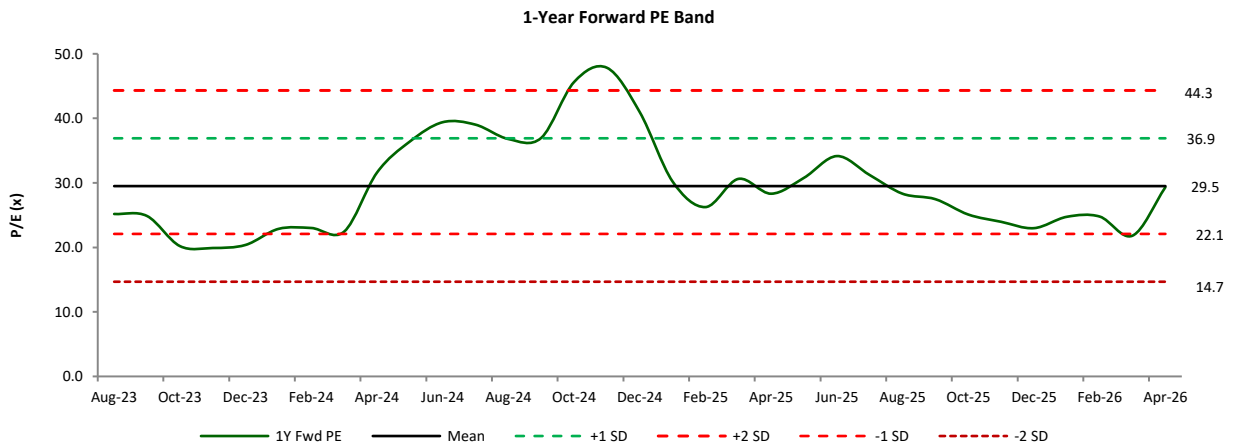
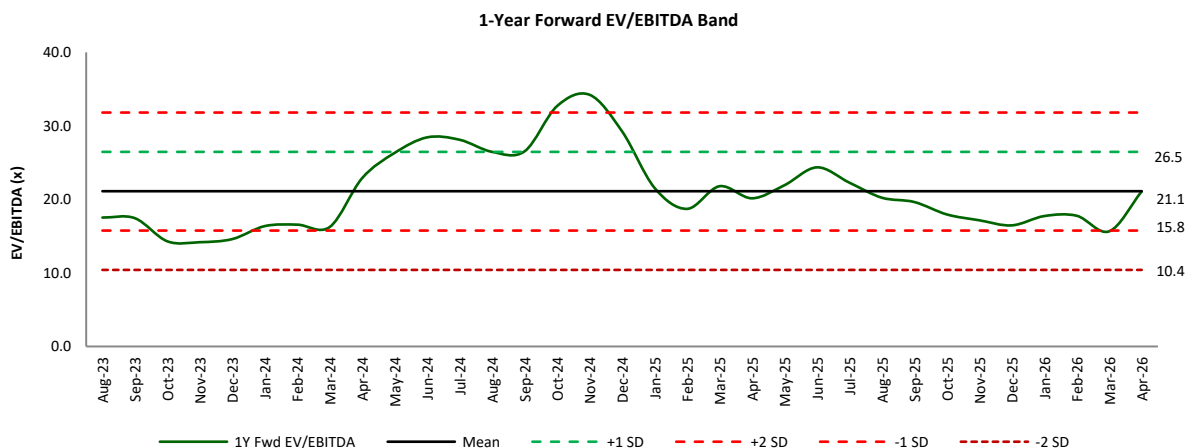
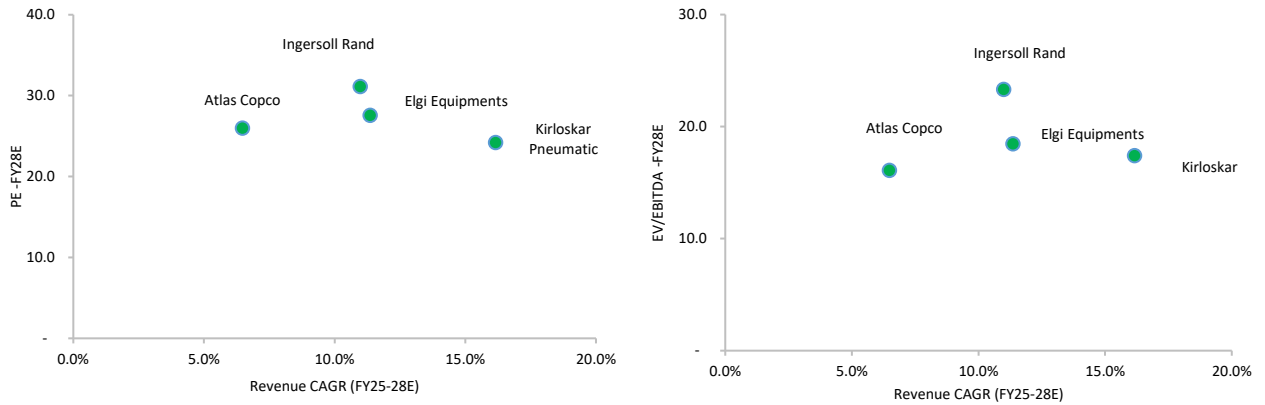


Exhibit 10: 1-year forward EV/EBITDA Band



Source: Arianth Capital Research

Exhibit 11: Kirloskar Pneumatic is expected to grow better than peers and available at attractive valuation based on PE & EV/EBITDA.



Source: Bloomberg, Arihant Capital Research

Sensitivity Analysis

Exhibit 12: Changes in revenue & EBITDA margin impact on PAT & EPS levels.

FY28E PAT (INR mn)

	3,884	EBITDA Margin (%)						
		19.5%	20.0%	20.5%	21.0%	21.5%	22.0%	22.5%
Revenue (INR mn)	23,000	3,231	3,317	3,403	3,489	3,575	3,661	3,747
24,000	3,377	3,467	3,557	3,646	3,736	3,826	3,916	
25,000	3,523	3,616	3,710	3,803	3,897	3,990	4,084	
26,000	3,669	3,766	3,863	3,960	4,058	4,155	4,252	
27,000	3,815	3,916	4,017	4,118	4,219	4,320	4,421	
28,000	3,960	4,065	4,170	4,275	4,379	4,484	4,589	
29,000	4,106	4,215	4,323	4,432	4,540	4,649	4,757	

FY28E EPS (INR)

	59.8	EBITDA Margin (%)						
		19.5%	20.0%	20.5%	21.0%	21.5%	22.0%	22.5%
Revenue (INR mn)	23,000	49.8	51.1	52.4	53.8	55.1	56.4	57.7
24,000	52.0	53.4	54.8	56.2	57.6	59.0	60.3	
25,000	54.3	55.7	57.2	58.6	60.0	61.5	62.9	
26,000	56.5	58.0	59.5	61.0	62.5	64.0	65.5	
27,000	58.8	60.3	61.9	63.4	65.0	66.6	68.1	
28,000	61.0	62.6	64.3	65.9	67.5	69.1	70.7	
29,000	63.3	64.9	66.6	68.3	70.0	71.6	73.3	

Source: Company Reports, Arihant Capital Research

Exhibit 13: Target Price range based on PE & EV/EBITDA.

FY28E Target Price (INR)

	1,795	PE (x)						
		15.0x	20.0x	25.0x	30.0x	35.0x	40.0x	45.0x
EPS (INR)	57.00	855	1,140	1,425	1,710	1,995	2,280	2,565
58.00	870	1,160	1,450	1,740	2,030	2,320	2,610	
59.00	885	1,180	1,475	1,770	2,065	2,360	2,655	
60.00	900	1,200	1,500	1,800	2,100	2,400	2,700	
61.00	915	1,220	1,525	1,830	2,135	2,440	2,745	
62.00	930	1,240	1,550	1,860	2,170	2,480	2,790	
63.00	945	1,260	1,575	1,890	2,205	2,520	2,835	

FY28E Target Price (INR)

	1,795	EV/EBITDA (x)						
		16.0x	18.0x	20.0x	22.0x	24.0x	26.0x	28.0x
EBITDA (INR mn)	5,100	1,246	1,404	1,561	1,718	1,875	2,032	2,189
5,200	1,271	1,431	1,592	1,752	1,912	2,072	2,233	
5,300	1,296	1,459	1,622	1,786	1,949	2,112	2,276	
5,400	1,320	1,487	1,653	1,820	1,986	2,152	2,319	
5,500	1,345	1,515	1,684	1,854	2,023	2,193	2,362	
5,600	1,370	1,542	1,715	1,887	2,060	2,233	2,405	
5,700	1,394	1,570	1,746	1,921	2,097	2,273	2,448	

Source: Company Reports, Arihant Capital Research

Financial Statements

Income statement summary

Y/e 31 Mar (INR Mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Revenue	10,212	12,393	13,226	16,402	17,868	21,340	25,706
Net Raw Materials	5,603	6,972	7,119	8,649	8,944	10,639	12,752
Employee Cost	1,295	1,437	1,639	1,789	2,056	2,446	2,934
Other Expenses	1,923	2,328	2,444	3,045	3,296	3,893	4,663
EBITDA	1,391	1,657	2,024	2,919	3,572	4,362	5,357
EBITDA Margin (%)	13.6%	13.4%	15.3%	17.8%	20.0%	20.4%	20.8%
Depreciation	(352)	(335)	(355)	(291)	(318)	(383)	(436)
Interest expense	(21)	(1)	(1)	(4)	(11)	(16)	(17)
Other income	123	112	194	222	277	239	288
Exceptional Items	-	-	(84)	(38)	(141)	-	-
Profit before tax	1,141	1,433	1,779	2,808	3,379	4,202	5,192
Taxes	(292)	(347)	(446)	(696)	(836)	(1,059)	(1,308)
PAT	849	1,086	1,333	2,113	2,543	3,143	3,884
PAT Margin (%)	8.3%	8.8%	10.1%	12.9%	14.2%	14.7%	15.1%
Other Comprehensive income	142	555	270	14	(457)	-	-
Net profit	991	1,641	1,603	2,127	2,086	3,143	3,884
EPS (INR)	13.2	16.8	20.6	32.6	39.2	48.4	59.8

Source: Company Reports, Arihant Capital Research

Balance sheet summary

Y/e 31 Mar (INR Mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity capital	129	129	130	130	130	130	130
Reserves	6,456	7,822	9,117	10,833	12,358	14,778	17,769
Net worth	6,585	7,952	9,246	10,962	12,488	14,908	17,899
Minority Interest	-	-	-	127	108	108	108
Provisions	146	139	153	208	370	117	141
Debt	630	711	814	953	1,048	1,098	1,148
Other non-current liabilities	54	131	180	182	107	235	283
Total Liabilities	7,414	8,933	10,394	12,433	14,121	16,466	19,578
Fixed assets	2,273	2,180	2,280	3,115	3,568	3,936	4,391
Capital Work In Progress	52	214	318	197	51	191	218
Other Intangible assets	78	78	71	54	48	48	48
Investments	814	1,468	1,784	1,850	1,274	1,707	2,056
Other non current assets	2	5	5	3	6	4	5
Net working capital	2,533	3,025	2,761	3,551	4,306	5,310	6,242
Inventories	2,028	1,768	2,025	2,154	2,180	2,623	3,074
Sundry debtors	2,988	3,292	3,746	4,827	5,252	5,847	6,902
Other current assets	349	328	446	610	327	819	986
Sundry creditors	(1,704)	(1,570)	(2,027)	(2,159)	(2,587)	(2,698)	(3,178)
Other current liabilities & Prov	(1,128)	(793)	(1,429)	(1,880)	(866)	(1,280)	(1,542)
Cash	388	394	531	670	1,174	1,321	1,862
Other Financial Assets	1,275	1,569	2,645	2,993	3,694	3,948	4,756
Total Assets	7,414	8,933	10,394	12,433	14,121	16,466	19,578

Source: Company Reports, Arihant Capital Research

Du-Pont Analysis

Y/e 31 Mar	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Tax burden (x)	0.7	0.8	0.7	0.8	0.8	0.7	0.7
Interest burden (x)	1.1	1.1	1.1	1.1	1.0	1.1	1.1
EBIT margin (x)	0.10	0.11	0.13	0.16	0.18	0.19	0.19
Asset turnover (x)	1.4	1.5	1.5	1.6	1.5	1.6	1.6
Financial leverage (x)	1.2	1.1	1.0	1.0	1.0	1.0	1.0
RoE (%)	13.6%	14.9%	15.5%	20.9%	21.7%	22.9%	23.7%

Source: Company Reports, Arihant Capital Research

Financial Statements

Cashflow summary

Y/e 31 Mar (INR Mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Profit before tax	1,141	1,433	1,779	2,808	3,379	4,202	5,192
Depreciation	352	335	355	291	318	383	436
Tax paid	(292)	(347)	(446)	(696)	(836)	(1,059)	(1,308)
Working capital Δ	(44)	(492)	264	(790)	(755)	(1,004)	(932)
Operating cashflow	1,157	929	1,952	1,614	2,106	2,522	3,388
Capital expenditure	(911)	(404)	(559)	(1,006)	(625)	(891)	(918)
Free cash flow	246	525	1,393	608	1,481	1,630	2,470
Equity raised	173	565	318	216	(388)	-	-
Investments	(166)	(654)	(316)	(66)	576	(433)	(349)
Others	337	(298)	(1,068)	(329)	(699)	(252)	(808)
Debt financing/disposal	(468)	81	103	139	95	50	50
Dividends paid	(324)	(284)	(356)	(486)	(648)	(723)	(893)
Other items	66	70	64	57	87	(125)	72
Net Δ in cash	(136)	7	137	139	504	147	541
Opening Cash Flow	524	388	394	531	670	1,174	1,321
Closing Cash Flow	388	394	531	670	1,174	1,321	1,862

Source: Company Reports, Arianth Capital Research

Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Growth matrix (%)							
Revenue growth	24.0%	21.4%	6.7%	24.0%	8.9%	19.4%	20.5%
Op profit growth	23.1%	19.1%	22.1%	44.3%	22.4%	22.1%	22.8%
Profitability ratios (%)							
OPM	13.6%	13.4%	15.3%	17.8%	20.0%	20.4%	20.8%
Net profit margin	8.3%	8.8%	10.1%	12.9%	14.2%	14.7%	15.1%
RoCE	12.0%	13.4%	14.7%	19.2%	20.4%	21.0%	22.1%
RoNW	13.6%	14.9%	15.5%	20.9%	21.7%	22.9%	23.7%
RoA	11.5%	12.2%	12.8%	17.0%	18.0%	19.1%	19.8%
Per share ratios (INR)							
EPS	15.4	25.4	24.7	32.8	32.1	48.4	59.8
Dividend per share	5.0	4.4	5.5	7.5	10.0	11.1	13.8
Cash EPS	18.6	22.0	26.1	37.0	44.1	54.3	66.6
Book value per share	102.2	123.0	142.7	168.9	192.4	229.7	275.8
Valuation ratios (x)							
P/E	-	57.0	58.5	44.2	45.0	29.9	24.2
P/CEPS	77.7	65.9	55.6	39.1	32.8	26.6	21.8
P/B	14.2	11.8	10.1	8.6	7.5	6.3	5.3
EV/EBITDA	67.2	56.7	46.5	32.3	26.3	21.5	17.4
Payout (%)							
Dividend payout	38.1%	26.2%	26.7%	23.0%	25.5%	23.0%	23.0%
Tax payout	25.6%	24.2%	25.1%	24.8%	24.7%	25.2%	25.2%
Liquidity ratios							
Debtor days	108	92	97	95	103	95	91
Inventory days	103	99	97	88	88	82	82
Creditor days	65	56	59	57	61	57	53
WC Days	146	136	136	127	131	121	119
Leverage ratios (x)							
Interest coverage	49	1,694	2,928	744	296	247	292
Net debt / equity	0.0	0.0	0.0	0.0	-0.0	-0.0	-0.0
Net debt / op. profit	0.2	0.2	0.1	0.1	-0.0	-0.1	-0.1

Source: Company Reports, Arianth Capital Research

Story in Charts

Exhibit 14: Revenue is expected to grow at a CAGR of 19.9% over the period of FY26-FY28E.

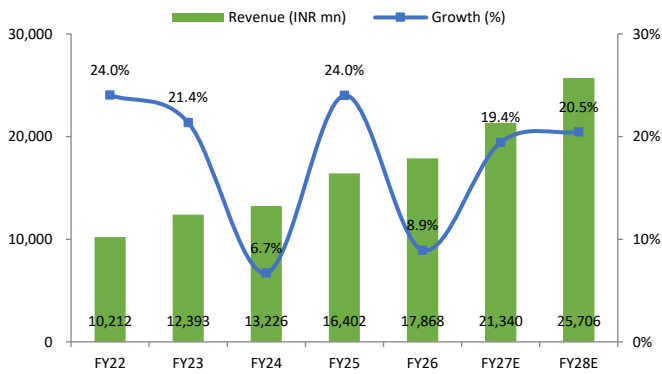


Exhibit 15: Gross margins are expected to improve going forward.

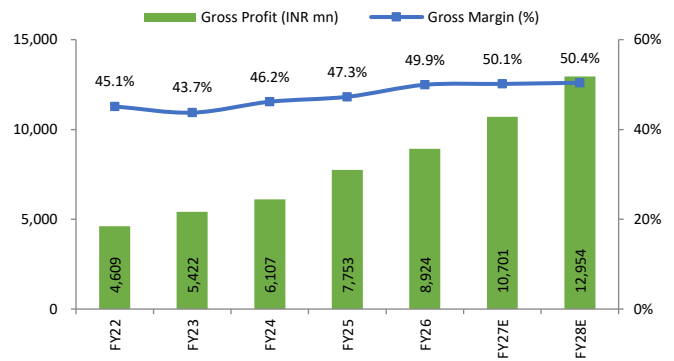


Exhibit 16: EBITDA margins are expected to maintain 20% going forward.

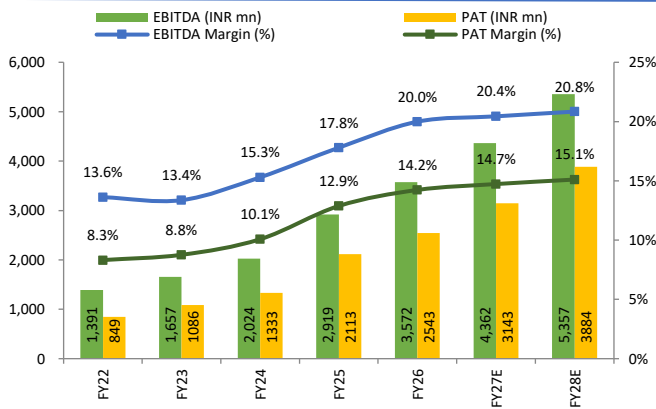


Exhibit 17: Return ratios is expected to improve.

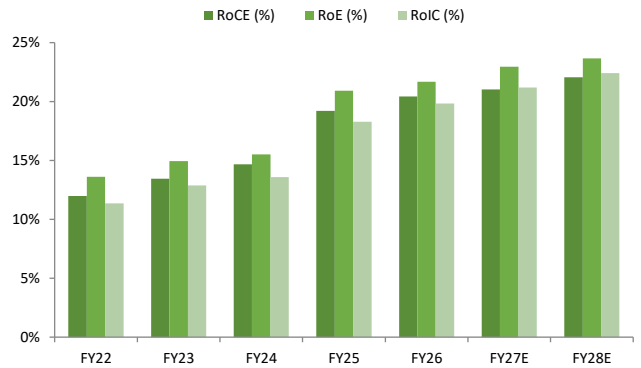


Exhibit 18: Working capital days to be improve.

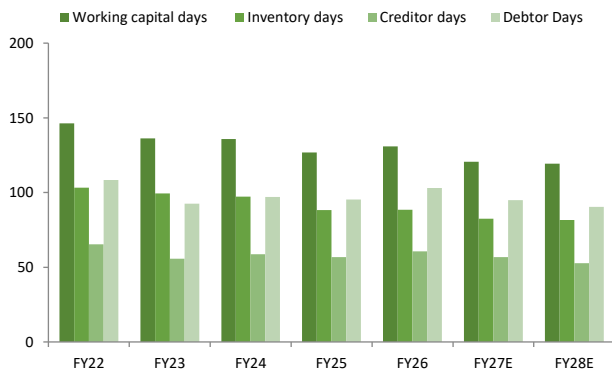
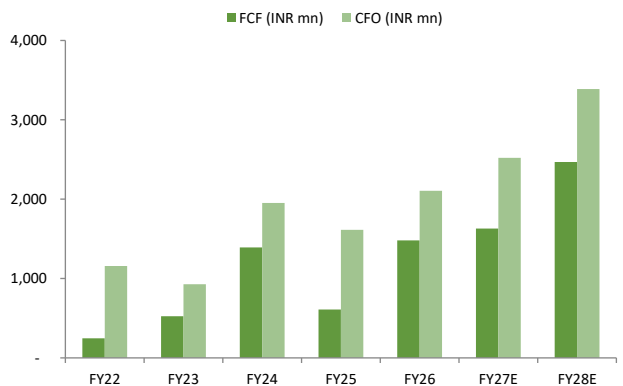
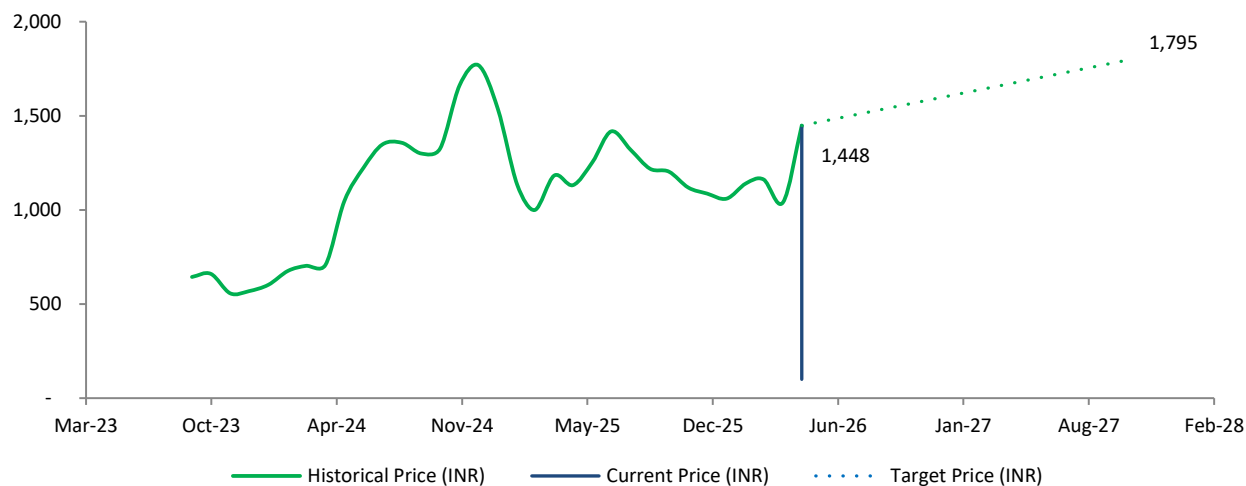


Exhibit 19: Cash flows to be improve.



Source: Company Reports, Arianth Capital Research

Exhibit 20: Kirloskar Pneumatic Company Target Price



Source: NSE, Arianth Capital Research

Exhibit 21: Analyst Coverage

S.No	Sector	Stock	CMP (INR)	TP (INR)	Upside (%)	Recommendation
1	Capital Goods	Titagarh Rail Systems Ltd	800	1,006	25.8%	BUY
2		Pitti Engineering Ltd	994	1,070	7.6%	BUY
3		Kirloskar Pneumatics Ltd	1,448	1,795	24.0%	BUY
4	Defence & Aerospace	MTAR Technologies Ltd	5,325	5,282	-0.8%	BUY
5		AXISCADES Technologies Ltd	1,897	2,131	12.4%	BUY
6		Raymond Ltd	464	788	69.8%	BUY
7	Consumer Durables & EMS	Voltas Ltd	1,517	1,369	-9.8%	NEUTRAL
8		Orient Electric Ltd	194	225	16.2%	BUY
9		Cyient DLM	401	436	8.7%	BUY
10	Infrastructure	Afcons Infrastructure Ltd	317	444	40.0%	BUY
11		PSP Projects Ltd	734	998	36.0%	BUY
12	Cables	HFCL Ltd	107	147	37.1%	BUY
13		Sterlite Technologies Ltd	280	329	17.6%	BUY
14	Small & Midcaps	SEAMEC Ltd	1,558	2,478	59.0%	BUY
15		India Glycols Ltd	971	1,605	65.3%	BUY

Note: MTAR Technologies and Sterlite Technologies TP has achieved and revised.

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BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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