ArihantCapital Generating Wealth

Q1FY27 Result update
24th Jul 2026

Kirloskar Pneumatic Company Ltd

Multi-Segment Compressor Growth Story.

CMP: INR 1,518

Rating: BUY

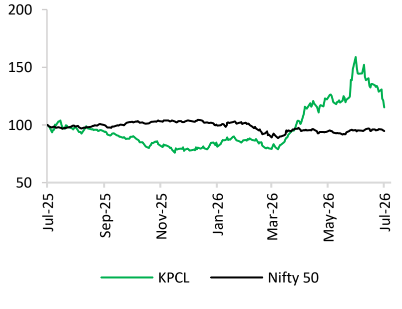
Target Price: INR 1,941

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)	98,511
52w H/L (INR)	2,198/955
Avg Yearly Volume (in 000')	135.5

Shareholding Pattern % *(As on Jun, 2026)*	
Promoters	38.81
DII	25.97
FII	10.39
Public & Others	24.81

Stock Performance (%)	3m	6m	12m
KPCL	8.3	31.4	10.0
NIFTY	0.8	-4.3	-4.5

KPCL vs NIFTY



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Kirloskar Pneumatic Company Ltd reported numbers, Q1FY27 revenue stood at INR 3,031mn (+7.6% YoY/-57.4% QoQ); slightly below our estimates of INR 3,364mn; due to middle east impact. Gross Profit stood at INR 1,694mn (+18.5% YoY/-52.3% QoQ), in-line with our estimates of INR 1,710mn. Gross margins improved 516 bps YoY (up by 603bps QoQ) to 55.9% in Q1FY27. EBITDA stood at INR 456mn (+36.9% YoY/-75.5% QoQ); above our estimates of INR 406mn. EBITDA margin improved by 322bps YoY (down by 1109 bps QoQ) to 15% in Q1FY27, supported by better product mix and cost control. PAT stood at INR 332mn (+31.2% YoY/-76.9% QoQ); above our estimates of INR 288mn. PAT margin improved by 197 bps YoY (-923 bps QoQ) to 11% in Q1FY27.

Key Highlights

Revenue visibility through a healthy order book and strategic investments: The order book stood at INR 18.53bn, showing revenue visibility. The planned capex of INR 1bn for FY27E, with INR 3.2bn committed for Zephyros over FY27-28E. Service income from O&M contracts (covering >1,000 gas stations, 98.5% reliability) has grown 25%-30% YoY and is expected to maintain going forward. A resilient Pune-centric supply chain and backward integration capabilities position the company to capitalize on improving market conditions.

Diversified product portfolio with multiple high-growth segments: The company is well-diversified across air, refrigeration, and process gas compressors, each with strong growth drivers. The air compressor division achieved record quarterly orders, driven by the Tezcatlipoca range (addressable market > INR 5bn, mid-teen market share, expecting > INR 1bn order in FY27E). The newly launched A800, the smallest capacity class centrifugal compressor with no direct competitor, opens a new oil-free air market. Refrigeration compressors are benefiting from India's consumption story (cold storage, fisheries, food processing), with the new Kion compressor recording its highest-ever quarterly orders and the Tyche compressor gaining market acceptance. Process gas compressors (~35-40% of revenue) face near-term Middle East headwinds but have robust domestic upstream activity, record biogas bookings, and emerging opportunities in hydrogen and coal gasification. Precision engineering (~15% of order book) is set to ramp up from Q2FY27E. Zephyros with INR 3.2bn Capex commitment are expected to drive substantial revenue growth from FY28E.

Long-term structural growth drivers and Innovation-led strategy: The company is well positioned for secular trends increasing gasification of India's energy mix, CGD network expansion (7,000 to 15,000 stations by 2031), rising demand for cold storage and food processing, and import substitution for critical components. The company has filed 35 IPs in Q1FY27 and new product launches like A800, Tonali biogas plant with ~2.5-year payback. A strong balance sheet, diversified portfolio, robust order book, and focus on innovation position the company for sustainable, long-term value creation.

Outlook & Valuation: **Kirloskar Pneumatic's order book stood at INR 18.53bn (~6.1x of Q1FY27 revenue), showing business visibility. The company's diversified portfolio provides multiple growth engines; the air compressor division, with its Tezcatlipoca range (addressable market > INR 5bn, mid-teen market share) and the unique new A800 compressor, is expected to generate over INR 1bn in orders in FY27E. The refrigeration segment will continue to benefit from India's consumption story, driven by demand from cold storage, fisheries, and food processing. The process gas division (~35-40% of revenue) faces temporary delays but is poised for a rebound driven by robust domestic upstream activity, record biogas order bookings, and emerging opportunities in hydrogen and coal gasification. The precision engineering division (~15% of order book) is set to ramp up dispatches from Q2FY27E. Zephyros with a committed Capex of INR 3.2bn are expected to deliver substantial revenue growth from FY28E. Service income from O&M contracts, covering over 1,000 gas stations with 98.5% reliability, has grown 25-30% and is expected to continue at the same rate going forward. The company is well positioned to capitalize on long-term secular trends including gasification of India's energy mix, CGD expansion (7,000 to 15,000 stations by 2031), and import substitution. We are estimating a revenue CAGR of 16.9% for FY26-FY29E. EBITDA margin is expected to improve from 20% (FY26) to 20.6% in FY29E, supported by shifting towards high-margin products and operational efficiencies. RoE/RoCE is expected to improve from 21.7%/20.4% (FY26) to 22%/20.6 in FY29E. At the CMP of INR 1,518 per share, we maintain our "BUY" rating and value the stock at 30x (1-year forward mean PE: 30.3x) of its FY29E EPS of INR 64.7 and arrive at a price objective of INR 1,941, an upside of 27.8%.**

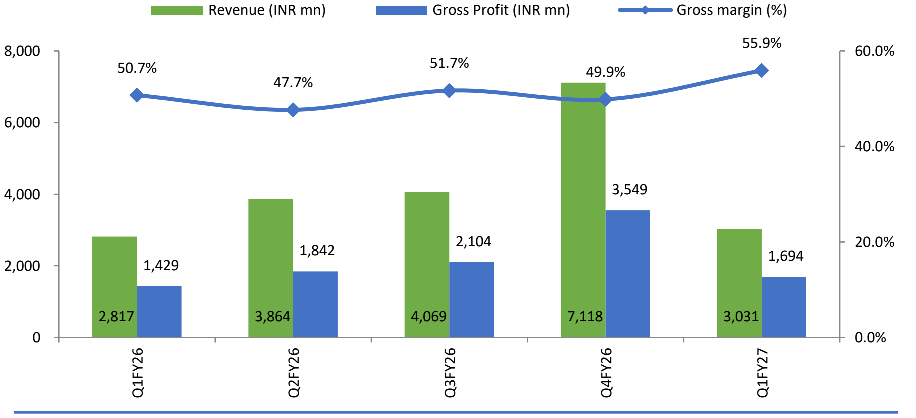
Q1FY27 Results

Exhibit 1: Income statement summary

Particular (INR Mn)	Q1FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Revenue	**2,817**	**7,118**	**3,031**	**7.6%**	**-57.4%**
Net Raw Materials	1,388	3,569	1,337	-3.7%	-62.5%
Gross Profit	**1,429**	**3,549**	**1,694**	**18.5%**	**-52.3%**
Gross Margin (%)	**50.7%**	**49.9%**	**55.9%**	**+516 bps**	**+603 bps**
Employee Cost	504	543	548	8.7%	0.9%
Manufacturing charges	296	580	317	7.1%	-45.3%
Other Expenses	296	566	373	26.0%	-34.1%
EBITDA	**333**	**1,860**	**456**	**36.9%**	**-75.5%**
EBITDA Margin (%)	**11.8%**	**26.1%**	**15.0%**	**+322 bps**	**-1109 bps**
Depreciation	75	84	89		
Interest expense	2	2	1		
Other income	84.0	60.0	81.0		
Exceptional Items	-	42	-		
Profit before tax	**340**	**1,876**	**447**		
Taxes	87	439	115		
PAT	**253**	**1,437**	**332**	**31.2%**	**-76.9%**
PAT Margin (%)	**9.0%**	**20.2%**	**11.0%**	**+197 bps**	**-923 bps**
EPS (INR)	**3.9**	**22.1**	**5.1**		

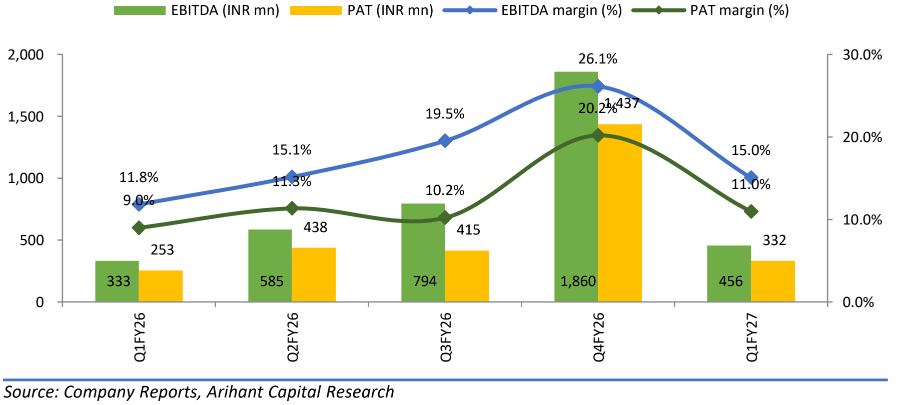
Source: Company Reports, Arihant Capital Research

Exhibit 2: Gross margins improved by 516 bps YoY (up by 603 bps QoQ) to 55.9% in Q1FY27, due to high margin product mix.



Source: Company Reports, Arihant Capital Research

Exhibit 3: EBITDA margin improved by 322 bps YoY (-1109 bps QoQ) to 15% in Q1FY27, supported by backward integration, better product mix 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 18.53bn (+7.4% YoY) in Q1FY27. The management maintaining earlier guidance for revenue (equipment growth: 20% YoY) and EBITDA margins (18%-20%) in FY27E despite near-term geopolitical headwinds in the Middle East.

Particular (INR Mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Revenue	**2,753**	**4,307**	**3,426**	**5,916**	**2,817**	**3,864**	**4,069**	**7,118**	**3,031**	**7.6%**	**-57.4%**
Net Raw Materials	1,347	2,197	1,767	3,337	1,388	2,022	1,965	3,569	1,337	-3.7%	-62.5%
Gross Profit	**1,406**	**2,110**	**1,659**	**2,579**	**1,429**	**1,842**	**2,104**	**3,549**	**1,694**	**18.5%**	**-52.3%**
Gross Margin (%)	**51.1%**	**49.0%**	**48.4%**	**43.6%**	**50.7%**	**47.7%**	**51.7%**	**49.9%**	**55.9%**	**+516 bps**	**+603 bps**
Employee Cost	431	438	450	470	504	497	513	543	548	8.7%	0.9%
Manufacturing charges	-	-	-	-	296	-	-	580	317	7.1%	-45.3%
Other Expenses	583	736	715	1,011	296	760	797	566	373	26.0%	-34.1%
EBITDA	**392**	**935**	**494**	**1,098**	**333**	**585**	**794**	**1,860**	**456**	**36.9%**	**-75.5%**
EBITDA Margin (%)	**14.2%**	**21.7%**	**14.4%**	**18.6%**	**11.8%**	**15.1%**	**19.5%**	**26.1%**	**15.0%**	**+322 bps**	**-1109 bps**
Depreciation	77	78	65	71	75	78	81	84	89		
Interest expense	-	0	1	3	2	5	2	2	1		
Other income	44.0	61.7	60.2	56.0	84.0	72.0	61.0	60.0	81.0		
Exceptional Items	-	-	-	(39)	-	-	(183)	42	-		
Share of profits associate & JV	-	-	-	-	-	-	-	-	-		
Profit before tax	**359**	**919**	**488**	**1,041**	**340**	**574**	**589**	**1,876**	**447**		
Taxes	90	244	121	240	87	136	174	439	115		
Minorities and other	-	-	-	-	-	-	-	-	-		
PAT	**269**	**675**	**368**	**801**	**253**	**438**	**415**	**1,437**	**332**	**31.2%**	**-76.9%**
PAT Margin (%)	**9.8%**	**15.7%**	**10.7%**	**13.5%**	**9.0%**	**11.3%**	**10.2%**	**20.2%**	**11.0%**	**+197 bps**	**-923 bps**
EPS (INR)	**4.1**	**10.4**	**5.7**	**12.3**	**3.9**	**6.7**	**6.4**	**22.1**	**5.1**		

Source: Company Reports, Arihant Capital Research

Exhibit 5: Compression systems grew 13% YoY (-58.2% QoQ) in Q1FY27, while non-traditional business de-grew 38.2% YoY (-38.8% QoQ). Margins stood at 21.7% in Q1FY27, which is exceptional. Margins are expected to stabilize to 20% annual basis going forward.

Segmental Revenue (INR Mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Compression Systems	2,528	4,094	3,184	5,597	2,521	3,547	3,825	6,819	2,848	13.0%	-58.2%
Other Non Reportable Segments	225	213	242	319	296	317	244	299	183	-38.2%	-38.8%
Total Revenue	**2,753**	**4,307**	**3,426**	**5,916**	**2,817**	**3,864**	**4,069**	**7,118**	**3,031**	**7.6%**	**-57.4%**

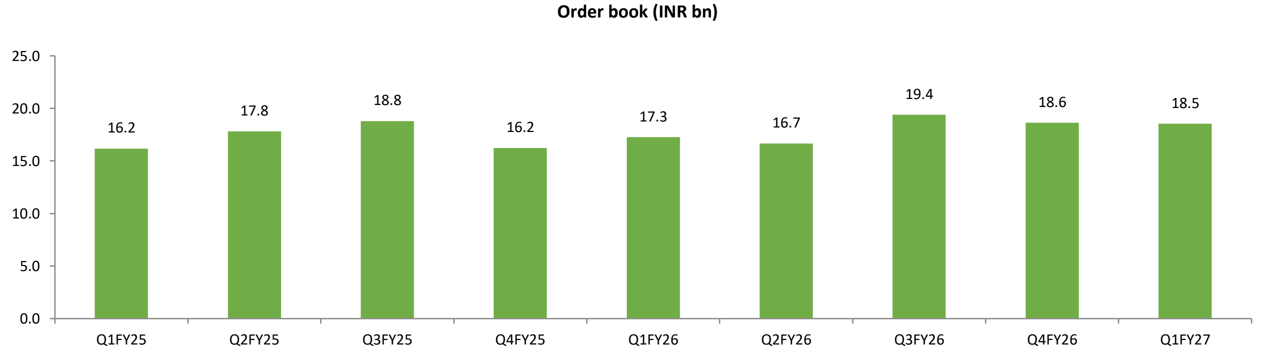
Segmental Revenue (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Compression Systems	91.8%	95.1%	92.9%	94.6%	89.5%	91.8%	94.0%	95.8%	94.0%		
Other Non Reportable Segments	8.2%	4.9%	7.1%	5.4%	10.5%	8.2%	6.0%	4.2%	6.0%		
Total Revenue	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		

EBIT (INR Mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Compression Systems	483	1,048	610	1,190	415	710	937	2,009	618	48.9%	-69.2%
Other Non Reportable Segments	-	-	-	-	-	-	-	-	-		
Total EBIT	483	1,048	610	1,190	415	710	937	2,009	618	48.9%	-69.2%

EBIT Margin (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Compression Systems	19.1%	25.6%	19.1%	21.3%	16.5%	20.0%	24.5%	29.5%	21.7%	**+524 bps**	**-776 bps**

Source: Company Reports, Arihant Capital Research

Exhibit 6: The order book stood at INR 18.5bn (~6.1x of Q1FY27 revenue). The company is shifting towards large packages to short cycle orders.



Source: Company Reports, Arihant Capital Research

Exhibit 7: Product/segment wise updates in Q1FY27.

Division / Segment	Products	Performance & Key Updates
Air Compressor Division	Tezcatlipoca Centrifugal Compressors	▪ Record-high quarterly order bookings. Strong demand from power plants, CO_2, and metals sectors. ▪ Addressable market > INR 5bn; maintaining mid-teen market share and expecting > INR 1bn orders in FY27E.
	A800 Centrifugal Compressor (New)	▪ Smallest capacity class; unique, no direct competitor. Competes with dry screw compressors. ▪ Offers Class 0 oil-free air, better efficiency, lower maintenance. In selective quoting phase.
	Screw Compressors	▪ Moderate growth in Q1FY27.
Refrigeration Compressor Division	Refrigeration Compressors (Standard)	▪ Steady quarter; no large package dispatches. ▪ Demand driven by cold storage, dairies, fisheries, ice plants, and food processing.
	Kion Compressor (New)	▪ Highest-ever quarterly order booking; growing rapidly from a low base.
	Tyche Semi-Hermetic Compressor	▪ Commissioned last year; gained market acceptance for reliability and performance.
	Large Ammonia Reciprocating Compressors	▪ Order growth driven by fisheries, ice plants, and food processing segments.
Process Gas Division	Process Gas Compressors (Packages)	▪ Contributes ~35-40% of revenue. Order booking muted due to Middle East geopolitical delays. ▪ Domestic upstream & pipeline activity is strong; inquiries high.
	CNG Compressors	▪ Decent demand, slightly higher than last year. ▪ CGD stations to grow from 7,000 to 15,000 by 2031. New product launches planned by year-end.
	Hydrogen Compressors	▪ Orders received; execution on schedule. Industry nascent; inquiries for pilot projects. ▪ Small business currently; long-term growth expected.
	Biogas Compressors / Systems	▪ Record-high order bookings. Strong outlook with large tenders expected. ▪ Most packages to dispatch from FY28E.
Precision Engineering Division	Precision Engineered Components	▪ Slow quarter; dispatches yet to pick up. Expect notable improvement from Q2FY27E onwards. ▪ Short-cycle business with long development cycles. ▪ Contributes ~15% of total order book.
New Products / Strategic Initiatives	Tonali Containerized Biogas Plant	▪ New launch; converts food waste to biogas & fertilizer. Payback ~2.5 years. ▪ Targeting hotels & hospitals; cautious marketing for strong references.
	Zephyros	▪ Three packages being installed. First order received this month. ▪ Dedicated team in place; substantial revenue ramp-up expected in FY28. ▪ INR 3.2bn Capex commitment for FY27-28E.
Service & Aftermarket	O&M Contracts	▪ Service income grew 25-30% YoY; now maintaining >1,000 gas stations with 98.5% reliability. Expects to maintain similar growth.
Others	Exports / Middle East	▪ Order finalization & dispatches delayed due to geopolitical conflict. Domestic demand remains robust.
	Backward Integration	▪ In-house casting & fabrication enhances margins and supply chain resilience (Pune-centric).

Source: Company reports, Arihant Capital Research

Q1FY27 Concall Highlights

Revenue

- The company is maintaining its annual revenue guidance for FY27E (equipment business growth: 20% YoY) despite geopolitical headwinds.

Margins

- Margins improved to 15% (+322 bps YoY) driven by favorable product mix and backward integration.
- The management targets a sustainable EBITDA margin of 18%-20%.

Order book

- The order book stood at INR 18.53bn in Q1FY27. The order inflow stood at INR 3bn in Q1FY27.
- Precision engineering order book share is around 15%, which is expected to be executed within a year.

Order inflows

- The equipment business, largely domestic, saw record order inflows driven by strong demand and market share gains in newer products.
- The package business experienced a softer start in Q1FY27 for order bookings due to geopolitical uncertainty in the Middle East. It caused a temporary slowdown in Capex decisions and order finalization.
- The company was expecting to close some large foreign orders, which have been delayed due to the conflict.
- The company is actively quoting for hydrogen compressors, though volumes remain small with pilot projects.

Compressors

- The air compressor division achieved its highest-ever quarterly order booking, driven by power, metals, and CO2 sectors.
- Refrigeration compressor saw steady demand from fisheries, ice plants, and food processing.
- The new Kione compressor is growing from a low base.
- The Tyche semi-hermetic compressor has gained market acceptance. It was commissioned last year.
- CNG compressor saw decent demand, while biogas order booking hit a record high, though from a smaller base.
- Tezcatlipoca compressor orders are expected to be INR 1bn in FY27E. The market share is in the mid-teens, and the addressable market is INR 5bn+.

Q1FY27 Concall Highlights

New launches

- The A800 centrifugal compressor, the smallest in its class. It was launched in the Tezcatlipoca range, offering oil-free air with better efficiency and lower maintenance than dry screw compressors.
- The Tonali containerized biogas plant converts food waste into fertilizer and biogas with a 2.5-year payback, targeting hotels and hospitals.

Capex

- The company has planned INR 1bn capex for FY27E, with a total commitment of INR 3.2bn for Zephyros to be executed over FY27-28E.
- Three Zephyros packages are being installed, with substantial revenue ramp-up expected in FY28E.

O&M

- O&M service revenue has grown 25%-30%, driven by maintenance contracts for gas stations. Gas stations exceeding 1,000 stations, with performance reliability at 98.5%.

Supply chain

- The supply chain is concentrated around Pune, enabling resilience.
- Backward integration through in-house casting and fabrication is enhancing margins.

Growth drivers

- Key growth drivers include increasing gasification of the fuel mix, demand for cold storage and food processing infrastructure, and import substitution for critical components.
- The domestic upstream and transmission pipeline activity is robust, boding well for the process gas business.
- The biogas business has strong order visibility with large tenders expected.
- The precision engineering division is expected to see dispatches pick up from Q2FY27E onwards.

Industry & Demand

- Syngas compression and process refrigeration for coal gasification projects present new opportunities.
- The CGD segment is expected to grow from 7,000 to 15,000 stations by 2031.
- Non-traditional orders, including from the Middle East, are facing delays, but domestic demand remains strong.

Outlook & Valuation: Kirloskar Pneumatic's order book stood at INR 18.53bn (~6.1x of Q1FY27 revenue), showing business visibility. The company's diversified portfolio provides multiple growth engines; the air compressor division, with its Tezcatlipoca range (addressable market > INR 5bn, mid-teen market share) and the unique new A800 compressor, is expected to generate over INR 1bn in orders in FY27E. The refrigeration segment will continue to benefit from India's consumption story, driven by demand from cold storage, fisheries, and food processing. The process gas division (~35-40% of revenue) faces temporary delays but is poised for a rebound driven by robust domestic upstream activity, record biogas order bookings, and emerging opportunities in hydrogen and coal gasification. The precision engineering division (~15% of order book) is set to ramp up dispatches from Q2FY27E. Zephyros with a committed Capex of INR 3.2bn are expected to deliver substantial revenue growth from FY28E. Service income from O&M contracts, covering over 1,000 gas stations with 98.5% reliability, has grown 25-30% and is expected to continue at the same rate going forward. The company is well positioned to capitalize on long-term secular trends including gasification of India's energy mix, CGD expansion (7,000 to 15,000 stations by 2031), and import substitution. We are estimating a revenue CAGR of 16.9% for FY26-FY29E. EBITDA margin is expected to improve from 20% (FY26) to 20.6% in FY29E, supported by shifting towards high-margin products and operational efficiencies. RoE/RoCE is expected to improve from 21.7%/20.4% (FY26) to 22%/20.6 in FY29E. At the CMP of INR 1,518 per share, we maintain our "BUY" rating and value the stock at 30x (1-year forward mean PE: 30.3x) of its FY29E EPS of INR 64.7 and arrive at a price objective of INR 1,941, an upside of 27.8%.

Exhibit 8: 1-year forward PE Band

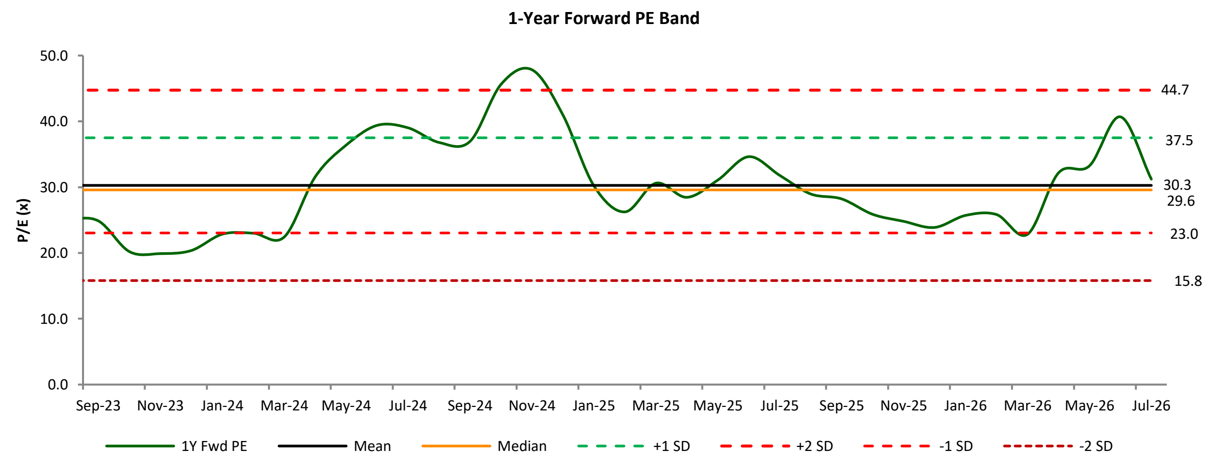
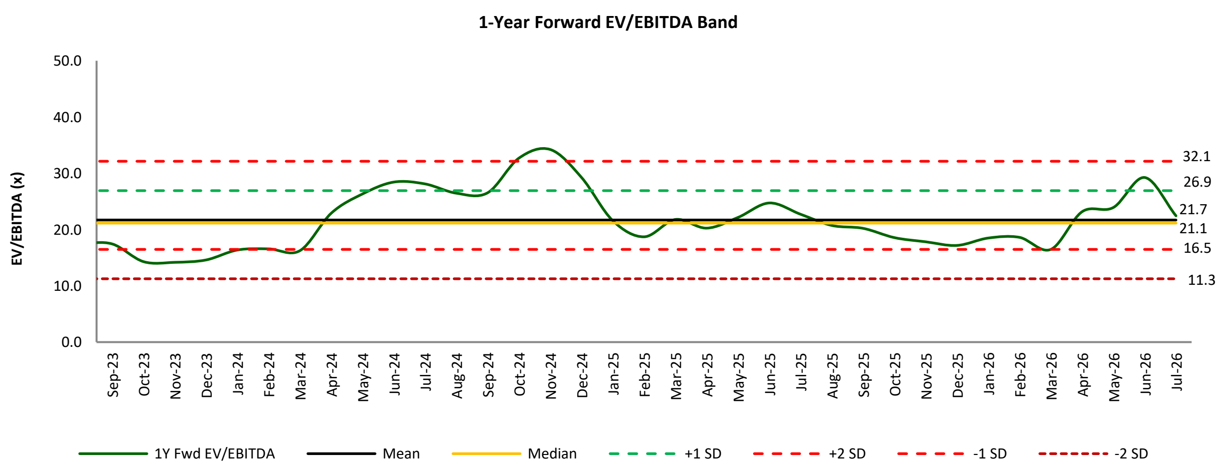
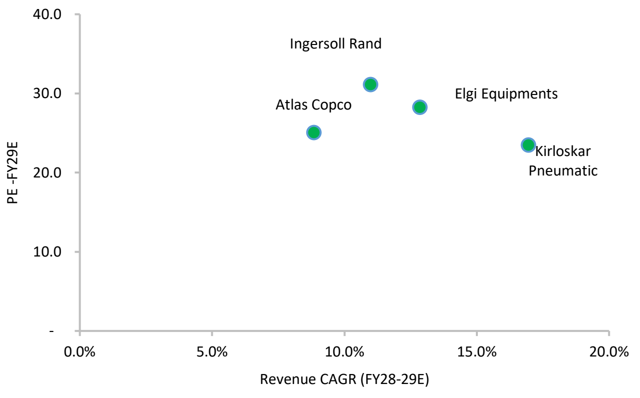


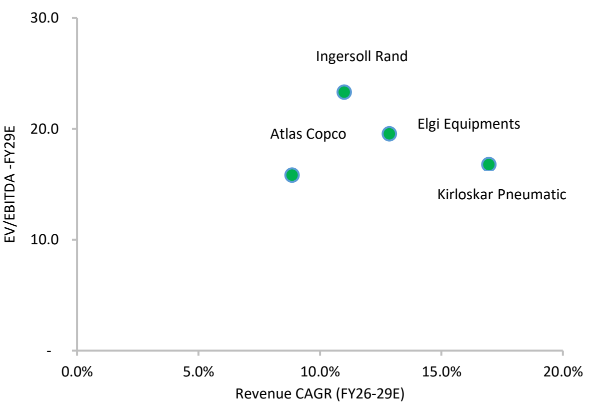
Exhibit 9: 1-year forward EV/EBITDA Band



Source: Arihant Capital Research

Exhibit 10: 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 11: Changes in revenue & EBITDA margin impact on PAT & EPS levels.

FY29E PAT (INR mn)

		EBITDA Margin (%)						
	4,198	19.5%	20.0%	20.5%	21.0%	21.5%	22.0%	22.5%
Revenue (INR mn)	26,000	3,583	3,679	3,776	3,873	3,969	4,066	4,162
	27,000	3,728	3,828	3,928	4,029	4,129	4,229	4,329
	28,000	3,873	3,977	4,081	4,185	4,289	4,393	4,497
	29,000	4,017	4,125	4,233	4,341	4,448	4,556	4,664
	30,000	4,162	4,274	4,385	4,497	4,608	4,719	4,831
	31,000	4,307	4,422	4,537	4,653	4,768	4,883	4,998
	32,000	4,452	4,571	4,690	4,809	4,927	5,046	5,165

FY29E EPS (INR)

		EBITDA Margin (%)						
	64.7	19.5%	20.0%	20.5%	21.0%	21.5%	22.0%	22.5%
Revenue (INR mn)	26,000	55.2	56.7	58.2	59.7	61.2	62.7	64.1
	27,000	57.4	59.0	60.5	62.1	63.6	65.2	66.7
	28,000	59.7	61.3	62.9	64.5	66.1	67.7	69.3
	29,000	61.9	63.6	65.2	66.9	68.5	70.2	71.9
	30,000	64.1	65.9	67.6	69.3	71.0	72.7	74.4
	31,000	66.4	68.1	69.9	71.7	73.5	75.2	77.0
	32,000	68.6	70.4	72.3	74.1	75.9	77.8	79.6

Source: Company Reports, Arihant Capital Research

Exhibit 12: Target Price range based on PE & EV/EBITDA.

FY29E Target Price (INR)

		PE (x)						
	1,941	15.0x	20.0x	25.0x	30.0x	35.0x	40.0x	45.0x
EPS (INR)	62.0	930	1,240	1,550	1,860	2,170	2,480	2,790
	63.0	945	1,260	1,575	1,890	2,205	2,520	2,835
	64.0	960	1,280	1,600	1,920	2,240	2,560	2,880
	65.0	975	1,300	1,625	1,950	2,275	2,600	2,925
	66.0	990	1,320	1,650	1,980	2,310	2,640	2,970
	67.0	1,005	1,340	1,675	2,010	2,345	2,680	3,015
	68.0	1,020	1,360	1,700	2,040	2,380	2,720	3,060

FY29E Target Price (INR)

		EV/EBITDA (x)						
	1,941	16.0x	18.0x	20.0x	22.0x	24.0x	26.0x	28.0x
EBITDA (INR mn)	5,600	1,386	1,558	1,731	1,903	2,076	2,249	2,421
	5,700	1,410	1,586	1,762	1,937	2,113	2,289	2,464
	5,800	1,435	1,614	1,792	1,971	2,150	2,329	2,507
	5,900	1,460	1,641	1,823	2,005	2,187	2,369	2,551
	6,000	1,484	1,669	1,854	2,039	2,224	2,409	2,594
	6,100	1,509	1,697	1,885	2,073	2,261	2,449	2,637
	6,200	1,534	1,725	1,916	2,107	2,298	2,489	2,680

Source: Company Reports, Arihant Capital Research

Financial Statements

Income statement summary

Y/e 31 Mar (INR Mn)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	12,393	13,226	16,402	17,868	20,501	23,967	28,580
Net Raw Materials	6,972	7,119	8,649	8,944	10,282	11,997	14,277
Employee Cost	1,437	1,639	1,789	2,056	2,439	2,839	3,371
Other Expenses	2,328	2,444	3,045	3,296	3,619	4,226	5,034
EBITDA	**1,657**	**2,024**	**2,919**	**3,572**	**4,161**	**4,905**	**5,898**
EBITDA Margin (%)	**13.4%**	**15.3%**	**17.8%**	**20.0%**	**20.3%**	**20.5%**	**20.6%**
Depreciation	(335)	(355)	(291)	(318)	(395)	(509)	(572)
Interest expense	(1)	(1)	(4)	(11)	(16)	(17)	(18)
Other income	112	194	222	277	279	307	343
Exceptional Items	-	(84)	(38)	(141)	-	-	-
Profit before tax	**1,433**	**1,779**	**2,808**	**3,379**	**4,029**	**4,686**	**5,651**
Taxes	(347)	(446)	(696)	(836)	(1,036)	(1,205)	(1,453)
PAT	**1,086**	**1,333**	**2,113**	**2,543**	**2,993**	**3,481**	**4,198**
PAT Margin (%)	**8.8%**	**10.1%**	**12.9%**	**14.2%**	**14.6%**	**14.5%**	**14.7%**
Other Comprehensive income	555	270	14	(457)	-	-	-
Net profit	**1,641**	**1,603**	**2,127**	**2,086**	**2,993**	**3,481**	**4,198**
EPS (INR)	16.8	20.6	32.6	39.2	46.1	53.6	64.7

Source: Company Reports, Arihant Capital Research

Balance sheet summary

Y/e 31 Mar (INR Mn)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Equity capital	129	130	130	130	130	130	130
Reserves	7,822	9,117	10,833	12,358	14,662	17,343	20,575
Net worth	**7,952**	**9,246**	**10,962**	**12,488**	**14,792**	**17,473**	**20,705**
Minority Interest	-	-	127	108	108	108	108
Provisions	139	153	208	370	112	131	157
Debt	711	814	953	1,048	1,098	1,148	1,198
Other non-current liabilities	131	180	182	107	103	120	143
Total Liabilities	**8,933**	**10,394**	**12,433**	**14,121**	**16,213**	**18,980**	**22,310**
Fixed assets	2,180	2,280	3,115	3,568	4,124	5,513	5,995
Capital Work In Progress	214	318	197	51	197	254	286
Other Intangible assets	78	71	54	48	48	48	48
Investments	1,468	1,784	1,850	1,274	1,640	1,917	2,286
Other non current assets	5	5	3	6	4	5	6
Net working capital	**3,025**	**2,761**	**3,551**	**4,306**	**5,589**	**6,423**	**7,526**
Inventories	1,768	2,025	2,154	2,180	2,535	2,925	3,442
Sundry debtors	3,292	3,746	4,827	5,252	5,729	6,566	7,673
Other current assets	328	446	610	327	786	919	1,096
Sundry creditors	(1,570)	(2,027)	(2,159)	(2,587)	(2,641)	(3,029)	(3,542)
Other current liabilities & Prov	(793)	(1,429)	(1,880)	(866)	(820)	(959)	(1,143)
Cash	394	531	670	1,174	817	385	875
Other Financial Assets	1,569	2,645	2,993	3,694	3,793	4,434	5,287
Total Assets	**8,933**	**10,394**	**12,433**	**14,121**	**16,213**	**18,980**	**22,310**

Source: Company Reports, Arihant Capital Research

Du-Pont Analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Tax burden (x)	0.8	0.7	0.8	0.8	0.7	0.7	0.7
Interest burden (x)	1.1	1.1	1.1	1.0	1.1	1.1	1.1
EBIT margin (x)	0.11	0.13	0.16	0.18	0.18	0.18	0.19
Asset turnover (x)	1.5	1.5	1.6	1.5	1.5	1.6	1.6
Financial leverage (x)	1.1	1.0	1.0	1.0	1.0	1.0	0.9
RoE (%)	**14.9%**	**15.5%**	**20.9%**	**21.7%**	**21.9%**	**21.6%**	**22.0%**

Source: Company Reports, Arihant Capital Research

Financial Statements

Cashflow summary

Y/e 31 Mar (INR Mn)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Profit before tax	1,433	1,779	2,808	3,379	4,029	4,686	5,651
Depreciation	335	355	291	318	395	509	572
Tax paid	(347)	(446)	(696)	(836)	(1,036)	(1,205)	(1,453)
Working capital Δ	(492)	264	(790)	(755)	(1,284)	(834)	(1,103)
Operating cashflow	**929**	**1,952**	**1,614**	**2,106**	**2,104**	**3,156**	**3,666**
Capital expenditure	(404)	(559)	(1,006)	(625)	(1,097)	(1,954)	(1,086)
Free cash flow	**525**	**1,393**	**608**	**1,481**	**1,006**	**1,202**	**2,581**
Equity raised	565	318	216	(388)	-	0	0
Investments	(654)	(316)	(66)	576	(366)	(277)	(369)
Others	(298)	(1,068)	(329)	(699)	(97)	(642)	(854)
Debt financing/disposal	81	103	139	95	50	50	50
Dividends paid	(284)	(356)	(486)	(648)	(688)	(801)	(966)
Other items	70	64	57	87	(262)	36	48
Net Δ in cash	**7**	**137**	**139**	**504**	**(357)**	**(432)**	**490**
Opening Cash Flow	**388**	**394**	**531**	**670**	**1,174**	**817**	**385**
Closing Cash Flow	**394**	**531**	**670**	**1,174**	**817**	**385**	**875**

Source: Company Reports, Arihant Capital Research

Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Growth matrix (%)							
Revenue growth	21.4%	6.7%	24.0%	8.9%	14.7%	16.9%	19.2%
Op profit growth	19.1%	22.1%	44.3%	22.4%	16.5%	17.9%	20.2%
Profitability ratios (%)							
OPM	13.4%	15.3%	17.8%	20.0%	20.3%	20.5%	20.6%
Net profit margin	8.8%	10.1%	12.9%	14.2%	14.6%	14.5%	14.7%
RoCE	13.4%	14.7%	19.2%	20.4%	20.1%	20.1%	20.6%
RoNW	14.9%	15.5%	20.9%	21.7%	21.9%	21.6%	22.0%
RoA	12.2%	12.8%	17.0%	18.0%	18.5%	18.3%	18.8%
Per share ratios (INR)							
EPS	25.4	24.7	32.8	32.1	46.1	53.6	64.7
Dividend per share	4.4	5.5	7.5	10.0	10.6	12.3	14.9
Cash EPS	22.0	26.1	37.0	44.1	52.2	61.5	73.5
Book value per share	123.0	142.7	168.9	192.4	227.9	269.2	319.1
Valuation ratios (x)							
P/E	59.8	61.3	46.3	47.2	32.9	28.3	23.5
P/CEPS	69.0	58.3	41.0	34.4	29.1	24.7	20.7
P/B	12.3	10.6	9.0	7.9	6.7	5.6	4.8
EV/EBITDA	59.4	48.7	33.8	27.5	23.7	20.2	16.8
Payout (%)							
Dividend payout	26.2%	26.7%	23.0%	25.5%	23.0%	23.0%	23.0%
Tax payout	24.2%	25.1%	24.8%	24.7%	25.7%	25.7%	25.7%
Liquidity ratios							
Debtor days	92	97	95	103	98	94	91
Inventory days	99	97	88	88	84	83	81
Creditor days	56	59	57	61	58	54	53
WC Days	136	136	127	131	123	122	119
Leverage ratios (x)							
Interest coverage	1,694	2,928	744	296	234	261	303
Net debt / equity	0.0	0.0	0.0	-0.0	0.0	0.0	0.0
Net debt / op. profit	0.2	0.1	0.1	-0.0	0.1	0.2	0.1

Source: Company Reports, Arihant Capital Research

Story in Charts

Exhibit 13: Revenue is expected to grow at a CAGR of 16.9% over the period of FY26-FY29E.

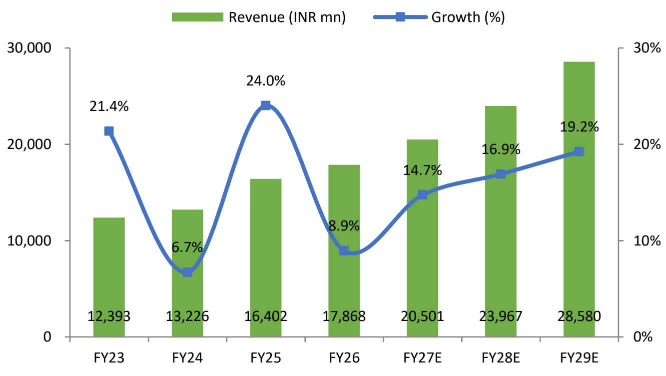


Exhibit 14: Gross margins are expected to improve going forward.

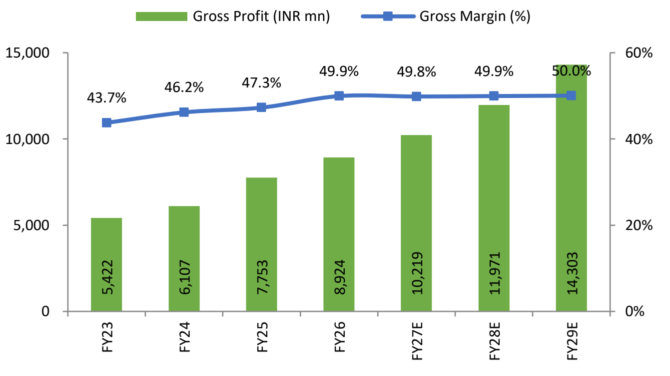


Exhibit 15: EBITDA margins are expected to maintain 20% going forward.

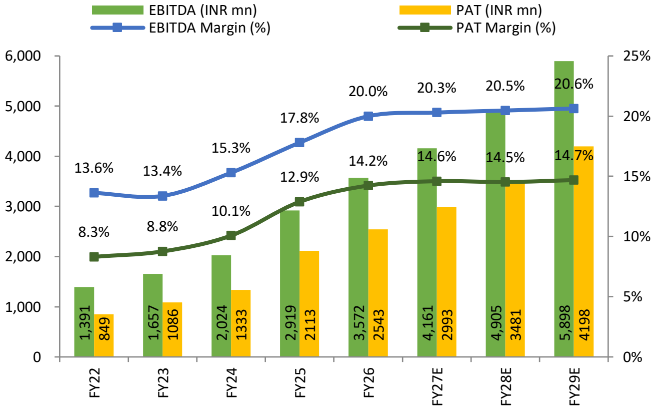


Exhibit 16: Return ratios is expected to improve.

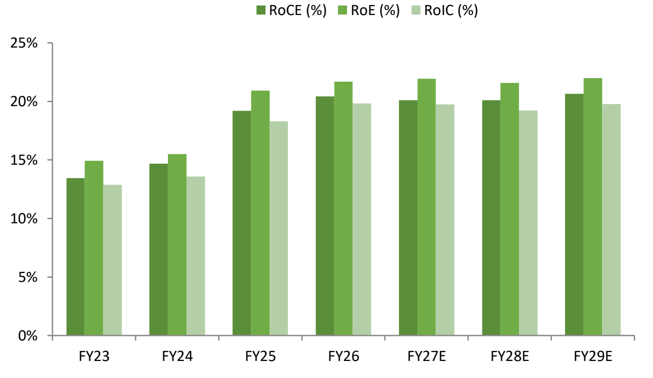


Exhibit 17: Working capital days to be improve.

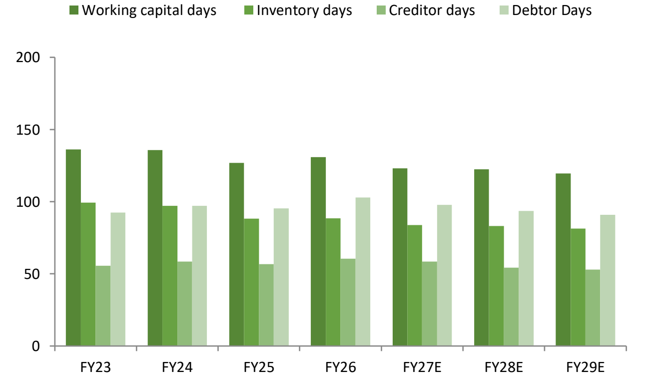
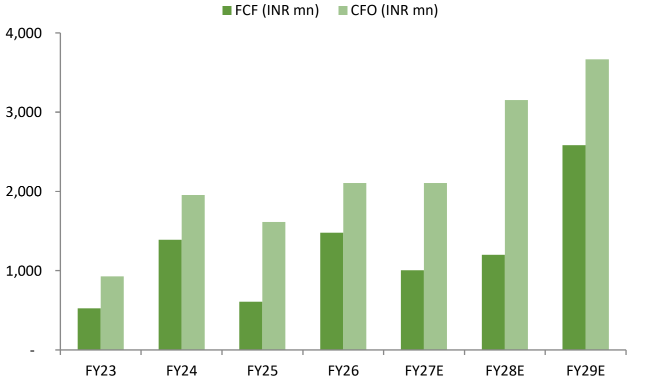
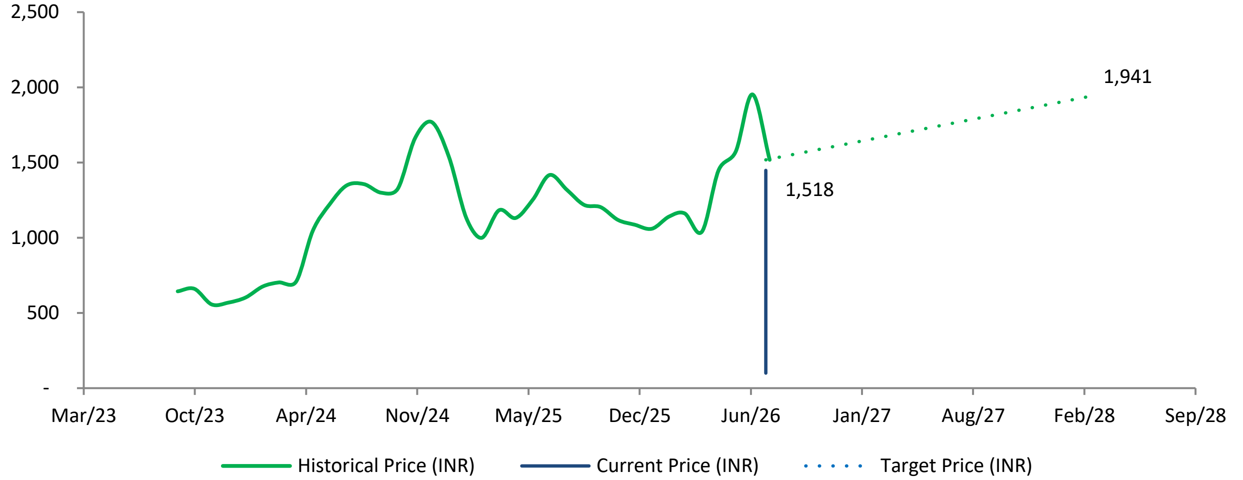


Exhibit 18: Cash flows to be improve.



Source: Company Reports, Arihant Capital Research

Exhibit 19: Kirloskar Pneumatic Company Target Price



Source: NSE, Arihant Capital Research

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Stock Rating Scale	**Absolute Return**
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ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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