

April 25, 2025

## Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

|                     | Current |        | Previous |        |
|---------------------|---------|--------|----------|--------|
|                     | FY26E   | FY27E  | FY26E    | FY27E  |
| <b>Rating</b>       | BUY     |        | BUY      |        |
| <b>Target Price</b> | 1,636   |        | 1,568    |        |
| Sales (Rs. m)       | 18,973  | 22,394 | 18,980   | 22,386 |
| % Chng.             | -       | -      | -        | -      |
| EBITDA (Rs. m)      | 3,529   | 4,255  | 3,530    | 4,253  |
| % Chng.             | -       | -      | -        | -      |
| EPS (Rs.)           | 38.8    | 46.7   | 38.8     | 46.7   |
| % Chng.             | -       | -      | -        | -      |

### Key Financials - Consolidated

| Y/e Mar        | FY24   | FY25   | FY26E  | FY27E  |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m)  | 13,226 | 16,402 | 18,973 | 22,394 |
| EBITDA (Rs. m) | 2,024  | 2,919  | 3,529  | 4,255  |
| Margin (%)     | 15.3   | 17.8   | 18.6   | 19.0   |
| PAT (Rs. m)    | 1,417  | 2,151  | 2,514  | 3,028  |
| EPS (Rs.)      | 21.8   | 33.2   | 38.8   | 46.7   |
| Gr. (%)        | 30.5   | 51.9   | 17.0   | 20.4   |
| DPS (Rs.)      | 6.5    | 10.3   | 12.2   | 14.7   |
| Yield (%)      | 0.5    | 0.8    | 1.0    | 1.2    |
| RoE (%)        | 16.5   | 21.3   | 21.2   | 21.8   |
| RoCE (%)       | 18.9   | 25.2   | 25.6   | 26.7   |
| EV/Sales (x)   | 5.7    | 4.5    | 3.9    | 3.2    |
| EV/EBITDA (x)  | 37.3   | 25.5   | 20.8   | 17.0   |
| PE (x)         | 56.3   | 37.1   | 31.7   | 26.3   |
| P/BV (x)       | 8.6    | 7.3    | 6.2    | 5.3    |

### Key Data

KIRP.BO | KKPC IN

|                     |                   |
|---------------------|-------------------|
| 52-W High / Low     | Rs.1,818 / Rs.786 |
| Sensex / Nifty      | 79,801 / 24,247   |
| Market Cap          | Rs.80bn/ \$ 936m  |
| Shares Outstanding  | 65m               |
| 3M Avg. Daily Value | Rs.184.93m        |

### Shareholding Pattern (%)

|                         |       |
|-------------------------|-------|
| Promoter's              | 38.85 |
| Foreign                 | 7.73  |
| Domestic Institution    | 29.13 |
| Public & Others         | 24.29 |
| Promoter Pledge (Rs bn) | -     |

### Stock Performance (%)

|          | 1M     | 6M    | 12M  |
|----------|--------|-------|------|
| Absolute | (10.5) | (8.1) | 54.7 |
| Relative | (12.5) | (7.8) | 43.2 |

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## Healthy quarter; revenue scale up in sight

### Quick Pointers:

- The company received orders worth Rs18.6bn (up ~23% YoY) in FY25 while the order book stood at Rs16.2bn (up ~12% YoY).
- Management targets ~Rs20bn revenue and ~18-20% EBITDA margin for FY26 and expect ~20% revenue CAGR over the next two years.

**Kirloskar Pneumatic (KKPC) reported a healthy quarter registering 20.7% YoY revenue growth while maintaining an 18.5% EBITDA margin. During the year, KKPC gained market share in its Air compression segment aided by stronger adoption and demand for Tezcatlipoca compressors while the Refrigeration compression segment remained a growth driver with traction from dairy, food processing, pharma, chemicals etc. Meanwhile, the demand for the Gas compression segment was subdued owing to higher gas prices and limited gas availability to CGD companies. Going forward, management aims to achieve revenue of ~Rs20bn with margins between 18-20% in FY26 driven by continued traction in refrigeration compression, market share gains in Air compression, scale up of key products (Tezcatlipoca, Khione) and new product launches (Tai Chi).**

**We believe KKPC is well placed for healthy long-term growth driven by 1) products launches in air compression (Tezcatlipoca, ARiA) to capture centrifugal and low-end screw compressor markets that are import-dominated, 2) market leadership in up/mid/downstream oil & gas and CNG mother stations, where the investment pipelines are robust, 3) new products – Calana and Jarilo – to address opportunities in CNG daughter stations and CBG plants respectively, 4) launch of Khione and acquisition of S&C India to enhance penetration in commercial and industrial refrigeration, 5) focus on building in house IP and backward integration capabilities, and 6) strong cash flows and balance sheet. The stock is trading at a PE of 31.7x/26.3x on FY25/26/27E earnings. We roll forward to Mar'27 and maintain 'Buy' rating with a TP of Rs1,636 (Rs1,564 earlier) valuing the business at a PE of 35x Mar'27E (37x Sep'26E earlier).**

**Healthy top line growth amid marginal miss on profitability:** Revenue rose 20.7% YoY to Rs5.9bn (Ple: Rs5.1bn) with Compression Systems sales jumping 20.3% YoY to Rs5.6bn. EBITDA came in at Rs1.1bn vs Rs916mn in Q4FY24 (Ple: Rs1.0bn). EBITDA margin remained flat at 18.5% YoY (Ple: 20.2%). Compression Systems EBIT margin stood at 21.3% (vs 21.2% in Q4FY24). Adj. PBT rose by 29.0% YoY to Rs1.1bn (Ple: Rs957mn). Adj. PAT increased by 24.7% YoY to Rs830mn (Ple: Rs714mn) driven by lower depreciation expenses (-15.9% YoY to Rs71mn) and lower effective tax rate (23.1% vs 25.4% in Q4FY24).

**Healthy order book of Rs16.2bn provides strong visibility:** Q4FY25 order intake stood at ~Rs3.6bn (down 30.8% YoY) while the full year FY25 order intake was Rs18.6bn (up ~23% YoY). Order book stood at Rs16.2bn (1.0x of TTM revenue) up ~12% YoY.

**Exhibit 1: Adj. PAT rose 24.7% YoY to Rs830mn driven by lower depreciation (-15.9% YoY) and lower tax rate (23.1% vs 25.4% YoY)**

| Y/e March (Rs mn)                 | Q4FY25       | Q4FY24       | YoY gr.      | Q4FY25E      | % Var.       | Q3FY25       | QoQ gr.       | FY25          | FY24          | YoY gr.      |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|--------------|
| <b>Revenue</b>                    | <b>5,916</b> | <b>4,900</b> | <b>20.7%</b> | <b>5,116</b> | <b>15.6%</b> | <b>3,426</b> | <b>72.7%</b>  | <b>16,402</b> | <b>13,226</b> | <b>24.0%</b> |
| Gross Profit                      | 2,578        | 2,145        | 20.2%        | 2,392        | 7.8%         | 1,659        | 55.4%         | 7,753         | 6,107         | 27.0%        |
| Margin (%)                        | 43.6         | 43.8         | (20)         | 46.7         | (317.1)      | 48.4         | (484)         | 47.3          | 46.2          | 110          |
| Employee Cost                     | 470          | 379          | 24.0%        | 506          | -7.2%        | 450          | 4.4%          | 1,789         | 1,639         | 9.1%         |
| as % of sales                     | 7.9          | 7.7          | 21           | 9.9          | (195.3)      | 13.1         | (519)         | 10.9          | 12.4          | (149)        |
| Other expenditure                 | 1,011        | 851          | 18.9%        | 853          | 18.6%        | 715          | 41.4%         | 3,045         | 2,444         | 24.6%        |
| as % of sales                     | 17.1         | 17.4         | (27)         | 16.7         | 42.7         | 20.9         | (377)         | 18.6          | 18.5          | 9            |
| <b>EBITDA</b>                     | <b>1,097</b> | <b>916</b>   | <b>19.8%</b> | <b>1,033</b> | <b>6.2%</b>  | <b>494</b>   | <b>122.0%</b> | <b>2,919</b>  | <b>2,024</b>  | <b>44.3%</b> |
| Margin (%)                        | 18.5         | 18.7         | (15)         | 20.2         | (164.5)      | 14.4         | 412           | 17.8          | 15.3          | 250          |
| Depreciation                      | 71           | 84           | -15.9%       | 104          | -32.0%       | 65           | 8.3%          | 291           | 355           | -17.8%       |
| <b>EBIT</b>                       | <b>1,026</b> | <b>832</b>   | <b>23.4%</b> | <b>929</b>   | <b>10.5%</b> | <b>429</b>   | <b>139.3%</b> | <b>2,628</b>  | <b>1,669</b>  | <b>57.5%</b> |
| Margin (%)                        | 17.3         | 17.0         | 38           | 18.2         | (80.7)       | 12.5         | 483           | 16.0          | 12.6          | 340          |
| Other Income                      | 56           | 60           | -5.5%        | 29           | 95.7%        | 60           | -6.6%         | 223           | 194           | 14.6%        |
| Interest                          | 3            | 0            | 2500.0%      | 1            | 293.9%       | 1            | 271.4%        | 4             | 1             | 483.3%       |
| <b>PBT (ex. Extra-ordinaries)</b> | <b>1,080</b> | <b>891</b>   | <b>21.2%</b> | <b>957</b>   | <b>12.9%</b> | <b>488</b>   | <b>121.1%</b> | <b>2,847</b>  | <b>1,862</b>  | <b>52.8%</b> |
| Margin (%)                        | 18.3         | 18.2         | 7            | 18.7         | (45.0)       | 14.3         | 400           | 17.4          | 14.1          | 327          |
| Extraordinary Items               | (39)         | (84)         | -            | -            | -            | -            | -             | (39)          | (84)          | -            |
| <b>PBT</b>                        | <b>1,041</b> | <b>807</b>   | <b>29.0%</b> | <b>957</b>   | <b>8.8%</b>  | <b>488</b>   | <b>113.2%</b> | <b>2,808</b>  | <b>1,779</b>  | <b>57.9%</b> |
| Total Tax                         | 241          | 205          | 17.4%        | 242          | -            | 121          | 99.5%         | 696           | 446           | 56.0%        |
| Effective Tax Rate (%)            | 23.1         | 25.4         | -            | 25.3         | -            | 24.7         | -             | 24.8          | 25.1          | -            |
| <b>Reported PAT</b>               | <b>801</b>   | <b>602</b>   | <b>33.0%</b> | <b>714</b>   | <b>12.1%</b> | <b>368</b>   | <b>117.7%</b> | <b>2,113</b>  | <b>1,333</b>  | <b>58.5%</b> |
| <b>Adj. PAT</b>                   | <b>830</b>   | <b>665</b>   | <b>24.7%</b> | <b>714</b>   | <b>16.1%</b> | <b>368</b>   | <b>125.6%</b> | <b>2,142</b>  | <b>1,396</b>  | <b>53.5%</b> |
| Margin (%)                        | 14.0         | 13.6         | 45           | 14.0         | 5.9          | 10.7         | 329           | 13.1          | 10.6          | 251          |
| <b>Adj. EPS</b>                   | <b>12.8</b>  | <b>10.3</b>  | <b>24.8%</b> | <b>11.0</b>  | <b>16.1%</b> | <b>5.7</b>   | <b>125.7%</b> | <b>33.1</b>   | <b>21.5</b>   | <b>53.5%</b> |

Source: Company, PL

**Exhibit 2: Compression systems revenue increased by 20.3% YoY to Rs5.6bn while margins remained flat at ~21.3%**

| Segment Revenue (Rs mn)        | Q4FY25 | Q4FY24 | YoY gr. | Q4FY25E | % Var. | Q3FY25 | QoQ gr. | FY25   | FY24   | YoY gr. |
|--------------------------------|--------|--------|---------|---------|--------|--------|---------|--------|--------|---------|
| Compression Systems            | 5,597  | 4,651  | 20.3%   | 4,887   | 14.5%  | 3,184  | 75.8%   | 15,403 | 12,300 | 25.2    |
| Other Non reportable Segments  | 319    | 248    | 28.5%   | 229     | 39.5%  | 242    | 31.8%   | 999    | 927    | 7.8     |
| <b>Mix (%)</b>                 |        |        |         |         |        |        |         |        |        |         |
| Compression Systems            | 94.6   | 94.9   | (32.6)  | 95.5    | (92.4) | 92.9   | 168     | 93.9   | 93.0   | 91.8    |
| Other Non reportable Segments  | 5.4    | 5.1    | 32.6    | 4.5     | 92.4   | 7.1    | (168)   | 6.1    | 7.0    | (91.8)  |
| <b>Segment EBIT (Rs mn)</b>    |        |        |         |         |        |        |         |        |        |         |
| Compression Systems            | 1,190  | 987    | 20.6%   | 1,092   | 8.9%   | 610    | 95.3%   | 3,330  | 2,436  | 36.7    |
| <b>Segment EBIT Margin (%)</b> |        |        |         |         |        |        |         |        |        |         |
| Compression Systems            | 21.3   | 21.2   | 4.4     | 22.4    | -4.9%  | 19.1   | 212     | 21.6   | 19.8   | 181.5   |

Source: Company, PL

## Conference Call Highlights

- **Guidance and Outlook:** Management aims to achieve revenue of ~Rs20bn in FY26 with margins inching towards ~20%. The order intake momentum is expected to support ~20% revenue CAGR over the next few years reaching ~Rs40bn of revenue in 4-5 years. Management prioritizes the volume gain over the margin expansion hence expects to maintain margin at ~20% once achieved.
- **KKPC produced and sold more than 3,500 compressors in FY25.** Going forward, mix change in favor of Equipment to the extent of 60% will lower execution cycle and improve profitability. Currently, Equipment accounts for ~Rs4.0bn in the order book of Rs16.2bn.
- **Air Compression:** The order intake momentum in the segment remained strong in FY25 resulting in increased market share. The Tezcatlipoca compressors accounted for 15-18% of the air compression segment and continue to experience traction from metals, carbon black and cement industries. KKPC's indigenous capabilities of centrifugal compressor manufacturing in India is allowing them to capture the import substitution opportunity and help them improve segment margins.
- **Gas Compression:** Gas packages slowed down during the quarter and year primarily due to non-availability of gas and higher gas prices. Despite the overall slowdown, Calana booster packages saw good order inflow and execution. Management will remain selective on order booking of CNG booster stations due to ongoing headwinds relating to installation and delay in decision making.
- **Biogas:** KKPC's portfolio includes several products catering to biogas space including Jarillo compressor. Management is optimistic about the scale up of biogas industry. However, the growth momentum is expected to be slower given the persistent challenges relating to biogas generation from reliable feedstock and overall operational viability.
- **The Refrigeration Compression** continues to remain a growth driver with traction from industries such as dairy, food processing, pharmaceuticals and chemicals.
- **Tai Chi – Semi-Hermetic compressor:** KKPC is planning to introduce new commercial refrigeration compressor called Tai Chi which is the first semi-hermetic compressor to be made in India. Currently, ~1,000 semi-hermetic compressors are imported, and the **total market is estimated to be ~Rs30bn**. KKPC, with its indigenous manufacturing in India, is well-placed to capture this import substitution opportunity given its equal-to-better performance at significantly lower pricing.
- **Traction in new products:** KKPC considers products which are released during the last 3 years as new products. These new products include Tezcatlipoca, Jarillo, Khione Packages etc. All of the new products are now well accepted in the market and are expected to scale up going forward.
- During the year, company acquired Systems and Components India which will help KKPC to improve its presence in fast growth industries such as pharmaceuticals, chemicals and dairy products.

## Financials

### Income Statement (Rs m)

| Y/e Mar                       | FY24          | FY25          | FY26E         | FY27E         |
|-------------------------------|---------------|---------------|---------------|---------------|
| <b>Net Revenues</b>           | <b>13,226</b> | <b>16,402</b> | <b>18,973</b> | <b>22,394</b> |
| YoY gr. (%)                   | 6.7           | 24.0          | 15.7          | 18.0          |
| Cost of Goods Sold            | 7,119         | 8,649         | 9,866         | 11,645        |
| Gross Profit                  | 6,107         | 7,753         | 9,107         | 10,749        |
| Margin (%)                    | 46.2          | 47.3          | 48.0          | 48.0          |
| Employee Cost                 | 1,639         | 1,789         | 2,144         | 2,486         |
| Other Expenses                | 2,444         | 3,045         | 3,434         | 4,009         |
| <b>EBITDA</b>                 | <b>2,024</b>  | <b>2,919</b>  | <b>3,529</b>  | <b>4,255</b>  |
| YoY gr. (%)                   | 22.1          | 44.3          | 20.9          | 20.6          |
| Margin (%)                    | 15.3          | 17.8          | 18.6          | 19.0          |
| Depreciation and Amortization | 355           | 291           | 375           | 429           |
| <b>EBIT</b>                   | <b>1,669</b>  | <b>2,628</b>  | <b>3,154</b>  | <b>3,826</b>  |
| Margin (%)                    | 12.6          | 16.0          | 16.6          | 17.1          |
| Net Interest                  | 1             | 4             | 2             | 2             |
| Other Income                  | 194           | 223           | 209           | 224           |
| <b>Profit Before Tax</b>      | <b>1,779</b>  | <b>2,808</b>  | <b>3,360</b>  | <b>4,048</b>  |
| Margin (%)                    | 13.4          | 17.1          | 17.7          | 18.1          |
| Total Tax                     | 446           | 696           | 847           | 1,020         |
| Effective tax rate (%)        | 25.1          | 24.8          | 25.2          | 25.2          |
| <b>Profit after tax</b>       | <b>1,333</b>  | <b>2,113</b>  | <b>2,514</b>  | <b>3,028</b>  |
| Minority interest             | -             | -             | -             | -             |
| Share Profit from Associate   | -             | -             | -             | -             |
| <b>Adjusted PAT</b>           | <b>1,417</b>  | <b>2,151</b>  | <b>2,514</b>  | <b>3,028</b>  |
| YoY gr. (%)                   | 30.5          | 51.9          | 16.8          | 20.4          |
| Margin (%)                    | 10.6          | 12.9          | 13.1          | 13.4          |
| Extra Ord. Income / (Exp)     | (84)          | (39)          | -             | -             |
| <b>Reported PAT</b>           | <b>1,333</b>  | <b>2,113</b>  | <b>2,514</b>  | <b>3,028</b>  |
| YoY gr. (%)                   | 22.7          | 58.5          | 19.0          | 20.4          |
| Margin (%)                    | 10.1          | 12.9          | 13.2          | 13.5          |
| Other Comprehensive Income    | -             | -             | -             | -             |
| Total Comprehensive Income    | 1,333         | 2,113         | 2,514         | 3,028         |
| <b>Equity Shares O/s (m)</b>  | <b>65</b>     | <b>65</b>     | <b>65</b>     | <b>65</b>     |
| <b>EPS (Rs)</b>               | <b>21.8</b>   | <b>33.2</b>   | <b>38.8</b>   | <b>46.7</b>   |

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

| Y/e Mar                               | FY24          | FY25          | FY26E         | FY27E         |
|---------------------------------------|---------------|---------------|---------------|---------------|
| <b>Non-Current Assets</b>             |               |               |               |               |
| <b>Gross Block</b>                    | <b>3,989</b>  | <b>5,115</b>  | <b>5,689</b>  | <b>6,376</b>  |
| Tangibles                             | 3,755         | 4,878         | 5,417         | 6,069         |
| Intangibles                           | 235           | 237           | 272           | 307           |
| <b>Acc: Dep / Amortization</b>        | <b>1,670</b>  | <b>1,961</b>  | <b>2,337</b>  | <b>2,766</b>  |
| Tangibles                             | 1,475         | 1,763         | 2,116         | 2,521         |
| Intangibles                           | 195           | 199           | 221           | 245           |
| <b>Net fixed assets</b>               | <b>2,319</b>  | <b>3,154</b>  | <b>3,352</b>  | <b>3,610</b>  |
| Tangibles                             | 2,280         | 3,116         | 3,301         | 3,548         |
| Intangibles                           | 39            | 38            | 51            | 62            |
| Capital Work In Progress              | 349           | 213           | 339           | 352           |
| Goodwill                              | -             | -             | -             | -             |
| Non-Current Investments               | 1,784         | 1,873         | 2,214         | 2,251         |
| Net Deferred tax assets               | (180)         | (182)         | (182)         | (182)         |
| Other Non-Current Assets              | 5             | 3             | 4             | 4             |
| <b>Current Assets</b>                 |               |               |               |               |
| Investments                           | 3,747         | 4,804         | 5,198         | 6,135         |
| Inventories                           | 2,025         | 2,154         | 2,807         | 3,252         |
| Trade receivables                     | 1,855         | 2,686         | 2,700         | 3,700         |
| Cash & Bank Balance                   | 531           | 670           | 1,149         | 1,428         |
| Other Current Assets                  | 348           | 551           | 493           | 560           |
| <b>Total Assets</b>                   | <b>13,850</b> | <b>16,472</b> | <b>19,264</b> | <b>22,471</b> |
| <b>Equity</b>                         |               |               |               |               |
| Equity Share Capital                  | 130           | 130           | 130           | 130           |
| Other Equity                          | 9,117         | 10,833        | 12,649        | 14,852        |
| <b>Total Networkth</b>                | <b>9,246</b>  | <b>10,962</b> | <b>12,778</b> | <b>14,982</b> |
| <b>Non-Current Liabilities</b>        |               |               |               |               |
| Long Term borrowings                  | 5             | 6             | 6             | 6             |
| Provisions                            | 76            | 102           | 129           | 137           |
| Other non current liabilities         | -             | -             | -             | -             |
| <b>Current Liabilities</b>            |               |               |               |               |
| ST Debt / Current of LT Debt          | 3             | 100           | 100           | 100           |
| Trade payables                        | 2,027         | 2,159         | 2,911         | 3,374         |
| Other current liabilities             | 2,312         | 2,834         | 3,032         | 3,563         |
| <b>Total Equity &amp; Liabilities</b> | <b>13,850</b> | <b>16,472</b> | <b>19,264</b> | <b>22,471</b> |

Source: Company Data, PL Research

**Cash Flow (Rs m)**

| Y/e Mar                               | FY24           | FY25           | FY26E          | FY27E          |
|---------------------------------------|----------------|----------------|----------------|----------------|
| PBT                                   | 1,779          | 2,808          | 3,360          | 4,048          |
| Add. Depreciation                     | 355            | 291            | 375            | 429            |
| Add. Interest                         | 1              | 4              | 2              | 2              |
| Less Financial Other Income           | 194            | 223            | 209            | 224            |
| Add. Other                            | (85)           | -              | -              | -              |
| Op. profit before WC changes          | 2,049          | 3,103          | 3,738          | 4,479          |
| Net Changes-WC                        | 182            | (256)          | (671)          | (614)          |
| Direct tax                            | (396)          | (696)          | (847)          | (1,020)        |
| <b>Net cash from Op. activities</b>   | <b>1,834</b>   | <b>2,151</b>   | <b>2,220</b>   | <b>2,845</b>   |
| Capital expenditures                  | (698)          | (1,000)        | (700)          | (700)          |
| Interest / Dividend Income            | 43             | -              | -              | -              |
| Others                                | (709)          | (863)          | (342)          | (1,040)        |
| <b>Net Cash from Invt. activities</b> | <b>(1,364)</b> | <b>(1,863)</b> | <b>(1,042)</b> | <b>(1,740)</b> |
| Issue of share cap. / premium         | 21             | 0              | -              | -              |
| Debt changes                          | -              | 98             | -              | -              |
| Dividend paid                         | (356)          | (518)          | (698)          | (824)          |
| Interest paid                         | 5              | (4)            | (2)            | (2)            |
| Others                                | (3)            | -              | -              | -              |
| <b>Net cash from Fin. activities</b>  | <b>(333)</b>   | <b>(423)</b>   | <b>(700)</b>   | <b>(826)</b>   |
| <b>Net change in cash</b>             | <b>137</b>     | <b>(135)</b>   | <b>479</b>     | <b>278</b>     |
| Free Cash Flow                        | 1,119          | 1,151          | 1,520          | 2,145          |

Source: Company Data, PL Research

**Key Financial Metrics**

| Y/e Mar                    | FY24  | FY25  | FY26E | FY27E |
|----------------------------|-------|-------|-------|-------|
| <b>Per Share(Rs)</b>       |       |       |       |       |
| EPS                        | 21.8  | 33.2  | 38.8  | 46.7  |
| CEPS                       | 27.3  | 37.7  | 44.6  | 53.4  |
| BVPS                       | 142.6 | 169.1 | 197.3 | 231.3 |
| FCF                        | 17.2  | 17.8  | 23.5  | 33.1  |
| DPS                        | 6.5   | 10.3  | 12.2  | 14.7  |
| <b>Return Ratio(%)</b>     |       |       |       |       |
| RoCE                       | 18.9  | 25.2  | 25.6  | 26.7  |
| ROIC                       | 27.5  | 39.8  | 39.6  | 42.3  |
| RoE                        | 16.5  | 21.3  | 21.2  | 21.8  |
| <b>Balance Sheet</b>       |       |       |       |       |
| Net Debt : Equity (x)      | (0.5) | (0.5) | (0.5) | (0.5) |
| Net Working Capital (Days) | 51    | 60    | 50    | 58    |
| <b>Valuation(x)</b>        |       |       |       |       |
| PER                        | 56.3  | 37.1  | 31.7  | 26.3  |
| P/B                        | 8.6   | 7.3   | 6.2   | 5.3   |
| P/CEPS                     | 45.0  | 32.7  | 27.6  | 23.1  |
| EV/EBITDA                  | 37.3  | 25.5  | 20.8  | 17.0  |
| EV/Sales                   | 5.7   | 4.5   | 3.9   | 3.2   |
| Dividend Yield (%)         | 0.5   | 0.8   | 1.0   | 1.2   |

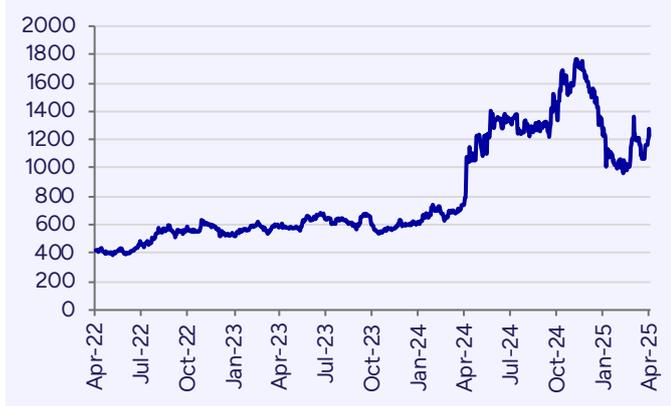
Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

| Y/e Mar                           | Q1FY25       | Q2FY25       | Q3FY25       | Q4FY25       |
|-----------------------------------|--------------|--------------|--------------|--------------|
| <b>Net Revenue</b>                | <b>2,753</b> | <b>4,307</b> | <b>3,426</b> | <b>5,916</b> |
| YoY gr. (%)                       | (2.4)        | 39.6         | (30.1)       | 114.9        |
| Raw Material Expenses             | 1,346        | 2,197        | 1,767        | 3,338        |
| Gross Profit                      | 1,407        | 2,110        | 1,659        | 2,578        |
| Margin (%)                        | 51.1         | 49.0         | 48.4         | 43.6         |
| <b>EBITDA</b>                     | <b>393</b>   | <b>936</b>   | <b>494</b>   | <b>1,097</b> |
| YoY gr. (%)                       | 24.0         | 77.8         | (46.0)       | 179.4        |
| Margin (%)                        | 14.3         | 21.7         | 14.4         | 18.5         |
| Depreciation / Depletion          | 78           | 78           | 65           | 71           |
| <b>EBIT</b>                       | <b>315</b>   | <b>858</b>   | <b>429</b>   | <b>1,026</b> |
| Margin (%)                        | 11.4         | 19.9         | 12.5         | 17.3         |
| Net Interest                      | -            | -            | 1            | 3            |
| Other Income                      | 44           | 62           | 60           | 56           |
| <b>Profit before Tax</b>          | <b>359</b>   | <b>919</b>   | <b>488</b>   | <b>1,080</b> |
| Margin (%)                        | 13.1         | 21.3         | 14.3         | 18.3         |
| Total Tax                         | 90           | 244          | 121          | 241          |
| Effective tax rate (%)            | 25.2         | 26.5         | 24.7         | 22.3         |
| <b>Profit after Tax</b>           | <b>269</b>   | <b>675</b>   | <b>368</b>   | <b>839</b>   |
| Minority interest                 | -            | -            | -            | -            |
| Share Profit from Associates      | -            | -            | -            | -            |
| <b>Adjusted PAT</b>               | <b>269</b>   | <b>675</b>   | <b>368</b>   | <b>839</b>   |
| YoY gr. (%)                       | 50.0         | 234.6        | 5.3          | 22.3         |
| Margin (%)                        | 9.8          | 15.7         | 10.7         | 14.2         |
| Extra Ord. Income / (Exp)         | -            | -            | -            | (39)         |
| <b>Reported PAT</b>               | <b>269</b>   | <b>675</b>   | <b>368</b>   | <b>801</b>   |
| YoY gr. (%)                       | 50.0         | 234.6        | 5.3          | 33.0         |
| Margin (%)                        | 9.8          | 15.7         | 10.7         | 13.5         |
| Other Comprehensive Income        | -            | -            | -            | -            |
| <b>Total Comprehensive Income</b> | <b>269</b>   | <b>675</b>   | <b>368</b>   | <b>801</b>   |
| Avg. Shares O/s (m)               | 65           | 65           | 65           | 65           |
| <b>EPS (Rs)</b>                   | <b>4.2</b>   | <b>10.4</b>  | <b>5.7</b>   | <b>13.0</b>  |

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

| No. | Date      | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|--------|----------|-------------------|
| 1   | 09-Apr-25 | BUY    | 1,568    | 1,108             |
| 2   | 19-Mar-25 | BUY    | 1,564    | 1,148             |
| 3   | 29-Jan-25 | BUY    | 1,564    | 1,013             |
| 4   | 24-Jan-25 | BUY    | 1,564    | 1,283             |

**Analyst Coverage Universe**

| Sr. No. | Company Name                     | Rating     | TP (Rs) | Share Price (Rs) |
|---------|----------------------------------|------------|---------|------------------|
| 1       | ABB India                        | BUY        | 6,955   | 5,064            |
| 2       | Apar Industries                  | Accumulate | 6,287   | 4,944            |
| 3       | BEML                             | Accumulate | 3,561   | 2,875            |
| 4       | Bharat Electronics               | BUY        | 340     | 281              |
| 5       | BHEL                             | Accumulate | 226     | 211              |
| 6       | Carborundum Universal            | Accumulate | 1,052   | 950              |
| 7       | Cummins India                    | BUY        | 3,309   | 2,746            |
| 8       | Elgi Equipments                  | BUY        | 517     | 418              |
| 9       | Engineers India                  | BUY        | 242     | 164              |
| 10      | GE Vernova T&D India             | Accumulate | 1,950   | 1,304            |
| 11      | Grindwell Norton                 | Accumulate | 1,716   | 1,548            |
| 12      | Harsha Engineers International   | Accumulate | 440     | 376              |
| 13      | Hindustan Aeronautics            | Accumulate | 4,134   | 4,042            |
| 14      | Ingersoll-Rand (India)           | BUY        | 4,540   | 3,376            |
| 15      | Kalpataru Projects International | BUY        | 1,105   | 876              |
| 16      | KEC International                | Accumulate | 801     | 665              |
| 17      | Kirloskar Pneumatic Company      | BUY        | 1,568   | 1,108            |
| 18      | Larsen & Toubro                  | BUY        | 3,920   | 3,161            |
| 19      | Praj Industries                  | BUY        | 751     | 496              |
| 20      | Siemens                          | Accumulate | 3,233   | 2,763            |
| 21      | Thermax                          | Accumulate | 3,456   | 3,222            |
| 22      | Triveni Turbine                  | BUY        | 744     | 488              |
| 23      | Voltamp Transformers             | BUY        | 11,437  | 6,582            |

**PL's Recommendation Nomenclature (Absolute Performance)**

|                          |                                   |
|--------------------------|-----------------------------------|
| <b>Buy</b>               | : > 15%                           |
| <b>Accumulate</b>        | : 5% to 15%                       |
| <b>Hold</b>              | : +5% to -5%                      |
| <b>Reduce</b>            | : -5% to -15%                     |
| <b>Sell</b>              | : < -15%                          |
| <b>Not Rated (NR)</b>    | : No specific call on the stock   |
| <b>Under Review (UR)</b> | : Rating likely to change shortly |

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