

February 17, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	4,540		4,467	
Sales (Rs. m)	15,657	18,132	15,329	18,380
% Chng.	2.1	(1.3)		
EBITDA (Rs. m)	3,977	4,696	3,832	4,705
% Chng.	3.8	(0.2)		
EPS (Rs.)	92.6	109.2	89.0	109.5
% Chng.	4.0	(0.3)		

Key Financials - Standalone

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	12,137	13,721	15,657	18,132
EBITDA (Rs. m)	2,903	3,561	3,977	4,696
Margin (%)	23.9	26.0	25.4	25.9
PAT (Rs. m)	2,224	2,659	2,922	3,447
EPS (Rs.)	70.4	84.2	92.6	109.2
Gr. (%)	21.8	19.6	9.9	17.9
DPS (Rs.)	70.0	60.0	70.0	85.0
Yield (%)	2.0	1.7	2.0	2.4
RoE (%)	38.4	43.0	42.2	45.0
RoCE (%)	46.6	53.8	53.0	56.7
EV/Sales (x)	9.0	8.0	7.0	6.0
EV/EBITDA (x)	37.7	30.9	27.5	23.2
PE (x)	50.1	41.9	38.2	32.4
P/BV (x)	19.2	17.0	15.3	13.9

Key Data

INGR.BO | INGR IN

52-W High / Low	Rs.5,000 / Rs.3,055
Sensex / Nifty	75,939 / 22,929
Market Cap	Rs.112bn/ \$ 1,284m
Shares Outstanding	32m
3M Avg. Daily Value	Rs.129.62m

Shareholding Pattern (%)

Promoter's	75.00
Foreign	2.31
Domestic Institution	6.67
Public & Others	16.02
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.9)	(11.4)	6.5
Relative	(5.2)	(7.7)	0.8

Amit Anwani

amitanwani@plindia.com | 91-22-66322250

Prathmesh Salunkhe

prathmeshsalunkhe@plindia.com | 91-22-66322324

Het Patel

hetpatel@plindia.com |

Robust Q3; capacity expansion to sustain growth

Quick Pointers:

- Likely execution ramp up led to revenue growth of 17.0% YoY to Rs3.9bn.
- EBITDA margins improved by 484bps YoY to 27.6% primarily due to gross margin expansion and better operating leverage.

We revise our FY26/27E EPS estimates by +4.0%/-0.3%, factoring in continued strong domestic demand and better execution. Ingersoll-Rand India (INGR) reported a strong quarter with revenue growing by 17.0% YoY and EBITDA margin expanding by 484bps YoY to 27.6%. IR India is well-positioned for its next phase of growth, driven by a Rs1.7bn greenfield capacity expansion which is expected to be fully operational from Q1FY26 and advancements in technology. As a leading player in the Indian air compressor market with an 18% market share and a 48% market share in the centrifugal compressor segment, the company benefits from robust demand-generation strategies, an optimized distribution network, and a strong focus on Make in India initiatives. Leveraging its parent company IR Inc.'s technological expertise, IR India has introduced ~50 new products over the past four years, further solidifying its market position. Additionally, its group procurement strategy enhances supply chain stability, supporting margin expansion. The company's entry into hydrogen compression also opens new avenues for future growth.

IR India is well-positioned to capitalize on the growing demand for compressors in India given it is 1) among the top 3 air compressor players in India, 2) expanding its air compressor manufacturing capacity by 50% which will drive volumes & scale, and 3) backed by strong global parentage of Ingersoll Rand Inc (IR Inc.), providing access to cutting-edge R&D and technology. The stock is currently trading at a PE of 38.2x/32.4x on FY26/27E. We maintain 'Buy' rating with a revised TP of Rs4,540 (Rs4,467 earlier), valuing the stock at a PE of 45x Sep'26E (same as earlier).

Strong profitability on the back of robust performance: Revenue increased by 17.0% YoY to Rs3.9bn (Ple: Rs3.5bn). Gross margin improved by 274bps YoY to 44.7% (Ple: 43.5%). EBITDA increased by 42.0% YoY to Rs1.1bn (Ple: Rs843mn) while EBITDA margin increased by 484bps YoY to 27.6% (Ple: 24.4%) primarily driven by gross margin expansion and lower employee costs (-5.2% YoY to Rs304mn). PBT increased by 42.6% YoY to Rs1.1bn (Ple: Rs837mn). PAT rose by 41.0% YoY to Rs777mn (Ple: Rs623mn) driven by strong operating performance partially offset by higher effective tax rate (26.7% vs 25.9% in Q3FY24).

Exhibit 1: Higher effective tax rate (27.5% vs 25.9% YoY) marginally weigh on profitability

Y/e March (Rs mn)	Q3FY25	Q3FY24	YoY gr.	Q3FY25E	% Var.	Q2FY25	QoQ gr.	9MFY25	9MFY24	YoY gr.
Sales	3,853	3,292	17.0%	3,457	11.5%	3,221	19.6%	10,252	9,101	12.6%
Gross Profit	1,723	1,382	24.7%	1,504	14.6%	1,421	21.2%	4,578	3,869	18.3%
Margin (%)	44.7	42.0	274	43.5	120.8	44.1	58	44.7	42.5	215
Employee Cost	304	321	-5.2%	332	-8.3%	321	-5.1%	924	893	3.5%
as % of sales	7.9	9.8	(185)	9.6	(170.0)	10.0	(206)	9.0	9.8	(80)
Other expenditure	356	313	13.9%	328	8.5%	308	15.6%	971	857	13.4%
as % of sales	9.2	9.5	(25)	9.5	(25.1)	9.6	(32)	9.5	9.4	6
EBITDA	1,062	748	42.0%	843	25.9%	792	34.0%	2,682	2,119	26.6%
Margin (%)	27.6	22.7	484	24.4	315.9	24.6	296	26.2	23.3	288
Depreciation	40	45	-11.9%	50	-20.2%	45	-10.9%	130	135	-3.6%
EBIT	1,022	703	45.4%	793	28.8%	748	36.7%	2,553	1,984	28.7%
Margin (%)	26.5	21.3	518	23.0	357.0	23.2	332	24.9	21.8	310
Other Income	42	45	-7.1%	50	-16.4%	62	-32.9%	156	166	-6.4%
Interest	4	5	-8.5%	6	-28.3%	0	1333.3%	6	15	-56.2%
PBT (ex. Extra-ordinaries)	1,060	743	42.6%	837	26.5%	810	30.9%	2,702	2,136	26.5%
Margin (%)	27.5	22.6	493	24.2	327.0	25.1	236	26.4	23.5	289
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
PBT	1,060	743	42.6%	837	26.5%	810	30.9%	2,702	2,136	26.5%
Total Tax	283	192	47.2%	214	32.0%	206	37.3%	703	551	27.7%
Effective Tax Rate (%)	26.7	25.9	83	25.6	110.1	25.4	125	26.0	25.8	25
Reported PAT	777	551	41.0%	623	24.6%	604	28.7%	1,999	1,585	26.1%
Adj. PAT	777	551	41.0%	623	24.6%	604	28.7%	1,999	1,585	26.1%
Margin (%)	20.2	16.7	342	18.0	213.0	18.7	142	19.5	17.4	208
Adj. EPS	24.6	17.4	41.0%	19.7	24.6%	19.1	28.7%	63.3	50.2	26.1%

Source: Company, PL



Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	12,137	13,721	15,657	18,132
YoY gr. (%)	5.5	13.0	14.1	15.8
Cost of Goods Sold	6,912	7,601	8,768	10,154
Gross Profit	5,225	6,119	6,889	7,978
Margin (%)	43.0	44.6	44.0	44.0
Employee Cost	1,194	1,262	1,393	1,523
Other Expenses	1,127	1,297	1,519	1,759
EBITDA	2,903	3,561	3,977	4,696
YoY gr. (%)	18.1	22.6	11.7	18.1
Margin (%)	23.9	26.0	25.4	25.9
Depreciation and Amortization	177	199	278	314
EBIT	2,726	3,361	3,699	4,382
Margin (%)	22.5	24.5	23.6	24.2
Net Interest	21	14	22	22
Other Income	275	226	251	272
Profit Before Tax	2,980	3,574	3,928	4,633
Margin (%)	24.6	26.0	25.1	25.5
Total Tax	757	915	1,006	1,186
Effective tax rate (%)	25.4	25.6	25.6	25.6
Profit after tax	2,224	2,659	2,922	3,447
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	2,224	2,659	2,922	3,447
YoY gr. (%)	21.8	19.6	9.9	17.9
Margin (%)	18.3	19.4	18.7	19.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,224	2,659	2,922	3,447
YoY gr. (%)	21.8	19.6	9.9	17.9
Margin (%)	18.3	19.4	18.7	19.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,224	2,659	2,922	3,447
Equity Shares O/s (m)	32	32	32	32
EPS (Rs)	70.4	84.2	92.6	109.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	2,292	3,548	4,175	4,381
Tangibles	2,288	3,536	4,161	4,366
Intangibles	5	12	14	15
Acc: Dep / Amortization	895	1,094	1,372	1,686
Tangibles	891	1,089	1,365	1,676
Intangibles	4	5	7	10
Net fixed assets	1,397	2,453	2,803	2,695
Tangibles	1,396	2,447	2,796	2,690
Intangibles	1	7	7	5
Capital Work In Progress	61	206	78	73
Goodwill	-	-	-	-
Non-Current Investments	22	27	31	36
Net Deferred tax assets	56	56	56	56
Other Non-Current Assets	317	316	297	290
Current Assets				
Investments	-	-	-	-
Inventories	1,747	1,917	2,166	2,484
Trade receivables	2,489	2,782	3,153	3,626
Cash & Bank Balance	2,229	1,637	2,024	2,562
Other Current Assets	150	137	157	181
Total Assets	8,521	9,586	10,829	12,076
Equity				
Equity Share Capital	316	316	316	316
Other Equity	5,487	6,252	6,965	7,728
Total Network	5,803	6,568	7,280	8,044
Non-Current Liabilities				
Long Term borrowings	40	40	40	40
Provisions	2	1	2	2
Other non current liabilities	78	75	78	82
Current Liabilities				
ST Debt / Current of LT Debt	21	21	21	21
Trade payables	1,572	1,955	2,359	2,683
Other current liabilities	1,005	926	1,049	1,206
Total Equity & Liabilities	8,521	9,586	10,829	12,076

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	2,980	3,574	3,928	4,633
Add. Depreciation	177	199	278	314
Add. Interest	21	14	22	22
Less Financial Other Income	275	226	251	272
Add. Other	(193)	-	-	-
Op. profit before WC changes	2,986	3,787	4,227	4,968
Net Changes-WC	(128)	(157)	(103)	(340)
Direct tax	(789)	(915)	(1,006)	(1,186)
Net cash from Op. activities	2,069	2,715	3,119	3,442
Capital expenditures	(488)	(1,400)	(500)	(200)
Interest / Dividend Income	144	-	-	-
Others	-	1	-	-
Net Cash from Inv. activities	(343)	(1,399)	(500)	(200)
Issue of share cap. / premium	-	-	-	-
Debt changes	(34)	-	-	-
Dividend paid	(2,210)	(1,894)	(2,210)	(2,683)
Interest paid	(8)	(14)	(22)	(22)
Others	-	-	-	-
Net cash from Fin. activities	(2,251)	(1,908)	(2,232)	(2,705)
Net change in cash	(526)	(592)	387	537
Free Cash Flow	1,581	1,315	2,619	3,242

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	70.4	84.2	92.6	109.2
CEPS	76.1	90.5	101.4	119.1
BVPS	183.8	208.0	230.6	254.8
FCF	50.1	41.7	83.0	102.7
DPS	70.0	60.0	70.0	85.0
Return Ratio(%)				
RoCE	46.6	53.8	53.0	56.7
ROIC	56.3	54.3	55.5	63.2
RoE	38.4	43.0	42.2	45.0
Balance Sheet				
Net Debt : Equity (x)	(0.4)	(0.2)	(0.3)	(0.3)
Net Working Capital (Days)	80	73	69	69
Valuation(x)				
PER	50.1	41.9	38.2	32.4
P/B	19.2	17.0	15.3	13.9
P/CEPS	46.4	39.0	34.8	29.7
EV/EBITDA	37.7	30.9	27.5	23.2
EV/Sales	9.0	8.0	7.0	6.0
Dividend Yield (%)	2.0	1.7	2.0	2.4

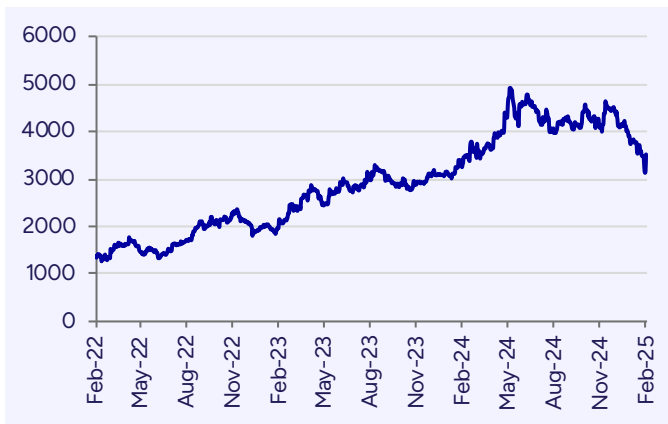
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	3,036	3,177	3,221	3,853
YoY gr. (%)	(0.3)	15.0	(2.2)	26.9
Raw Material Expenses	1,680	1,743	1,800	2,131
Gross Profit	1,356	1,434	1,421	1,723
Margin (%)	44.7	45.1	44.1	44.7
EBITDA	785	828	792	1,062
YoY gr. (%)	-	26.1	5.9	35.3
Margin (%)	25.8	26.1	24.6	27.6
Depreciation / Depletion	43	45	45	40
EBIT	742	783	748	1,022
Margin (%)	24.4	24.6	23.2	26.5
Net Interest	6	2	-	4
Other Income	109	52	62	42
Profit before Tax	845	833	810	1,060
Margin (%)	27.8	26.2	25.1	27.5
Total Tax	206	214	206	283
Effective tax rate (%)	24.4	25.7	25.4	26.7
Profit after Tax	639	619	604	777
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	639	619	604	777
YoY gr. (%)	18.9	24.4	9.6	21.6
Margin (%)	21.0	19.5	18.7	20.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	639	619	604	777
YoY gr. (%)	18.9	24.4	9.6	21.6
Margin (%)	21.0	19.5	18.7	20.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	639	619	604	777
Avg. Shares O/s (m)	32	32	32	32
EPS (Rs)	20.2	19.6	19.1	24.6

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	24-Jan-25	BUY	4,467	3,800

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	8,133	6,657
2	Apar Industries	Accumulate	8,219	7,179
3	BEML	Accumulate	3,561	3,132
4	Bharat Electronics	BUY	340	279
5	BHEL	Accumulate	226	200
6	Carborundum Universal	Accumulate	1,583	1,245
7	Cummins India	BUY	3,723	2,870
8	Elgi Equipments	Accumulate	608	539
9	Engineers India	BUY	242	170
10	GE Vernova T&D India	Accumulate	1,950	1,710
11	Grindwell Norton	Accumulate	1,890	1,651
12	Harsha Engineers International	Accumulate	440	394
13	Hindustan Aeronautics	Accumulate	4,110	3,594
14	Ingersoll-Rand (India)	BUY	4,467	3,800
15	Kalpataru Projects International	Accumulate	1,306	1,245
16	KEC International	Accumulate	930	813
17	Kirloskar Pneumatic Company	BUY	1,564	1,013
18	Larsen & Toubro	BUY	4,025	3,421
19	Praj Industries	BUY	751	632
20	Siemens	Accumulate	5,902	5,199
21	Thermax	Accumulate	3,857	3,385
22	Triveni Turbine	BUY	800	634
23	Voltamp Transformers	BUY	11,437	8,358

PL's Recommendation Nomenclature (Absolute Performance)

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

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Amit Anwani- MBA (Finance), Mr. Prathmesh Salunkhe- MBA Finance, Mr. Het Patel- CA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Amit Anwani- MBA (Finance), Mr. Prathmesh Salunkhe- MBA Finance, Mr. Het Patel- CA Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com