

Kirloskar Pneumatic Company (KKPC IN)

Q4FY26 Result Update

April 28, 2026

 Estimate Change | Target | Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	1,715		1,556	
Sales (INR mn)	20,933	24,468	20,933	24,468
% Chng.	-	-	-	-
EBITDA (INR mn)	4,061	4,727	3,915	4,727
% Chng.	3.7	-	-	-
EPS (INR)	45.6	53.6	43.6	53.6
% Chng.	4.6	-	-	-

Key Data

KIRP.BO | KKPC IN

BSE Code	505283
NSE Code	KIRLPNU
52-W High / Low	INR 1,550 / INR 955
Face Value	2
Sensex / Nifty	77,304 / 24,093
Market Cap	INR 94 bn / \$ 999 mn
Shares Outstanding	64.96 mn
3M Avg. Daily Value	INR 117.58 mn

Shareholding Pattern (%)

Promoters	38.81
FIs	9.56
Mutual Funds	25.44
Domestic Institutions	1.11
Public & Others	25.08
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	36.7	31.4	24.8	25.7
Relative	30.2	39.1	36.9	28.8

Key Financials - Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	16,402	17,868	20,933	24,468
EBITDA (INR mn)	2,919	3,572	4,061	4,727
Margin (%)	17.8	20.0	19.4	19.3
PAT (INR mn)	2,151	2,684	2,955	3,472
EV (INR mn)	90,660	89,343	88,690	87,448
Total Debt (INR mn)	106	33	33	33
C&C Eq. (INR mn)	635	1,140	1,420	1,862
EPS (INR)	33.2	41.4	45.6	53.6
Gr. (%)	51.9	24.8	10.2	17.5
DPS (INR)	10.3	12.4	14.4	16.9
Yield (%)	0.7	0.9	1.0	1.2
RoE (%)	21.3	22.9	21.8	21.9
RoCE (%)	25.2	26.9	26.5	26.3
EV/Sales (x)	5.5	5.0	4.2	3.6
EV/EBITDA (x)	31.1	25.0	21.8	18.5
PE (x)	43.7	35.0	31.7	27.0
P/BV (x)	8.6	7.5	6.4	5.5

Strong Q4; favourable OB to ensure healthy growth

Quick Pointers

- The management has guided for revenue and earnings to grow by 20%+ with EBITDA margins of 18-20%.
- FY27 execution to improve driven by higher short-cycle orders in order book supporting stable quarterly run-rate and better revenue visibility.

Kirloskar Pneumatic (KKPC) delivered a strong quarter with revenue growth of 20.3% YoY and EBITDA margin of 26.1%, supported by a favourable product mix, backward integration initiatives and execution of higher-margin packages. Air compressors (~18% of revenue) remain a key growth driver, led by continued ramp-up of Tezcatlipoca, new product launches such as the oil-free Hydrino compressor, and healthy order inflows from pharma, tyre and textile segments. The refrigeration segment is gaining traction with improving acceptance of Khione and upcoming commercialization of Zephyros in Q1FY27, albeit with an initial focus on volumes. Gas compression is witnessing gradual recovery with improving order finalisation, while the Precision Engineering segment is emerging as an incremental growth lever with strong order inflows. The order book remains healthy at ~INR18.6bn, largely executable in FY27, although export (6% of total revenue) momentum remains mixed with slower traction in the Middle East and increasing focus on Southeast Asia and North Africa. Overall, KKPC continues to strengthen its growth profile through product innovation, backward integration and diversification into new segments. The stock is currently trading at P/E of 31.7x/27.0x on FY27E/FY28E. We roll forward to Mar'28 and maintain 'Buy' rating with a TP of Rs1,715 (Rs1,556 earlier) valuing the business at a PE of 32x Mar'28E (32x Sep'27E earlier).

Long Tem View: Despite the macro challenges, we believe KKPC is well placed for healthy long-term growth driven by 1) continued scaling of Air Compression (Tezcatlipoca) to capture import-dominated centrifugal and screw compressor markets; 2) increasing focus on new product platforms across compression and refrigeration segments; 3) launch of Tyche and Khione to enhance penetration in commercial and industrial refrigeration; 4) focus on building in-house IP and fully integrated manufacturing capabilities; 5) leveraging the Precision Engineering division to support near-term growth and 6) strong cash flows and balance sheet.

Quarter Summary

Y/e Mar	Q4'26E	Q4'26A	% Var.	Q4'25A	YoY gr. (%)
Net Sales (INR mn)	7,238	7,118	-1.7	5,916	20.0
EBITDA (INR mn)	1,508	1,860	23.4	1,097	70.0
Margin (%)	20.8	26.1	568 bps	18.5	760 bps
PAT (INR mn)	1,077	1,405	30.4	839	67.0

Source: Company, PL

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Robust quarter with strong beat on profitability: Revenue increased by 20.3% YoY to INR7.1bn (PLe: INR7.2bn), with Compression Systems sales rising by 21.8% YoY to INR6.8bn. Gross margin improved by 628bps YoY to 49.9%. EBITDA came in at INR1.9bn vs. INR1.1bn in Q4FY25 (PLe: INR1.5bn). EBITDA margin improved by 759bps YoY to 26.1% aided by gross margin expansion and operating leverage. Adj PBT surged 69.8% YoY to INR1.8bn (PLe: INR1.4bn). Adj PAT also rose by 69.3% YoY to INR1.4bn (PLe: INR1.1bn) driven by better operating performance. During the quarter, the company recorded exceptional gain of INR42mn related to statutory impact of new labour codes. FY26 order intake stood at INR20bn (implying OI of ~INR6.3bn+ in Q4FY26), likely due to an increase in product orders, particularly in precision engineering. Order book currently stands at INR18.6bn (1.0x TTM revenue), up 14.7% YoY.

Exhibit 1 : Gross margin expansion (+628bps YoY) and operating leverage drives profitability (EBITDA margin up 759bps YoY)

(INR mn)	Q4FY26	Q4FY25	YoY gr.	Q4FY26E	% Var.	Q3FY26	QoQ gr.	FY26	FY25	YoY gr.
Revenue	7,118	5,916	20.3%	7,238	-1.7%	4,069	74.9%	17,868	16,402	8.9%
Gross Profit	3,549	2,578	37.7%	3,259	8.9%	2,104	68.7%	8,924	7,753	15.1%
Margin (%)	49.9	43.6	628	45.0	483.0	51.7	(185)	49.9	47.3	267
Employee Cost	543	470	15.6%	519	4.7%	513	5.8%	2,056	1,789	14.9%
as % of sales	7.6	7.9	(31)	7.2	46.3	12.6	(498)	11.5	10.9	60
Other expenditure	1,146	1,011	13.3%	1,233	-7.0%	797	43.8%	3,296	3,045	8.3%
as % of sales	16.1	17.1	(100)	17.0	(93.1)	19.6	(349)	18.4	18.6	(12)
EBITDA	1,860	1,097	69.6%	1,508	23.4%	794	134.3%	3,572	2,919	22.4%
Margin (%)	26.1	18.5	759	20.8	529.8	19.5	662	20.0	17.8	219
Depreciation	84	71	18.8%	113	-25.7%	81	3.7%	318	291	9.1%
EBIT	1,776	1,026	73.0%	1,395	27.3%	713	149.1%	3,254	2,628	23.8%
Margin (%)	25.0	17.3	760	19.3	568.1	17.5	743	18.2	16.0	219
Other Income	60	56	6.8%	55	9.9%	61	-1.6%	277	222	24.5%
Interest	2	3	-23.1%	2	11.6%	2	0.0%	11	4	214.3%
PBT (ex. Extra-ordinaries)	1,834	1,080	69.8%	1,447	26.7%	772	137.6%	3,520	2,847	23.6%
Margin (%)	25.8	18.3	751	20.0	576.6	19.0	679	19.7	17.4	234
Extraordinary Items	42	(39)	-	-	-	(183)	-	(141)	(39)	-
PBT	1,876	1,041	80.1%	1,447	29.6%	589	218.5%	3,379	2,808	20.3%
Total Tax	439	241	82.5%	370	18.6%	174	152.3%	836	696	20.2%
Effective Tax Rate (%)	23.4	23.1	30	25.6	(216.9)	29.5	-	24.7	24.8	-
Reported PAT	1,437	801	79.4%	1,077	33.4%	415	246.3%	2,543	2,113	20.4%
Adj. PAT	1,405	830	69.3%	1,077	30.4%	544	158.3%	2,649	2,142	23.7%
Margin (%)	19.7	14.0	571	14.9	485.1	13.4	637	14.8	13.1	177
Adj. EPS	21.7	12.8	69.3%	16.6	30.4%	8.4	158.3%	40.9	33.1	23.7%

Source: Company, PL

Exhibit 2 : Compression system revenue increases by 21.8% YoY to INR6.8bn; EBIT margin expands 820bps YoY to 29.5%

Segment Revenue (INR mn)	Q4FY26	Q4FY25	YoY gr.	Q4FY26E	% Var.	Q3FY26	QoQ gr.	FY26	FY25	YoY gr.
Compression Systems	6,819	5,597	21.8%	7,065	-3.5%	3,825	78.3%	16,713	15,403	8.5
Other Non reportable Segments	299	319	-6.3%	173	72.8%	244	22.5%	1,155	999	15.7
Mix (%)										
Compression Systems	95.8	94.6	119.3	97.6	(181.0)	94.0	180	93.5	93.9	(37.6)
Other Non reportable Segments	4.2	5.4	(119.3)	2.4	181.0	6.0	(180)	6.5	6.1	37.6
Segment EBIT (Rs mn)										
Compression Systems	2,009	1,190	68.8%	1,465	37.1%	937	114.4%	4,071	3,330	22.2
Segment EBIT Margin (%)										
Compression Systems	29.5	21.3	819.8	20.7	42.1%	24.5	497	24.4	21.6	273.8

Source: Company, PL

Conference Call Highlights:

Guidance & Outlook: Management remains confident of delivering 20%+ growth in both revenue and earnings in FY27, with EBITDA margins expected to normalize to a sustainable 18–20% range following the exceptional levels seen in FY26. The company's growth strategy is increasingly focused on short-cycle equipment and product businesses, while also targeting at least 10-15% growth contribution from new products.

Air Compressors: In the air compressors segment, the Tezcatlipoca platform continues to scale effectively and gain market share, with 113 machines deployed in the field, of which 85 have already been commissioned. The newly launched Hydrino Oil-Free Compressor, a water-injected screw compressor, has begun receiving initial orders and is targeting key industries such as food processing and pharmaceuticals. Meanwhile, domestic demand momentum remains strong, and the company plans to expand into lower-capacity 800 CFM compressors to tap into a large, currently underserved market.

Refrigeration Compression: This segment continues to deliver strong growth, with the Khione platform gaining increasing market acceptance, making it a key pillar of the business. The company is preparing to commercialize the Zephyros platform from Q1FY27, targeting smaller applications such as restaurants, banquet halls, and machine shops, with a focus on driving higher volumes even at slightly lower margins during the initial phase. To support this, backward integration initiatives are being planned for key components like heat exchangers, motors, and sheet metal, with INR600mn already incurred out of a total INR3.2bn investment, and the remaining to be deployed over the next two years.

Gas Compression & O&M: The Gas Compression segment remained stable with a positive outlook, supported by renewed interest in alternate fuels and geopolitical uncertainties driving investments in India. While order finalization was initially slow, momentum has started to improve in Q4, and gas shortages led by geopolitical uncertainties have not yet impacted demand. The company is well-positioned to benefit from expanding CNG infrastructure, with rising activity in both mother and daughter stations, while its O&M business continues to grow steadily, managing around 1,000 stations and providing a stable, annuity-like revenue stream.

Precision Engineering: The Precision Engineering segment, which includes forgings and castings at the Hadapsar plant and has witnessed strong growth and order inflows. Management has indicated uncertainty around sustaining elevated intake levels on a consistent basis, with the segment primarily being leveraged to bridge gaps during periods of weaker core demand rather than serving as a long-term primary growth driver for FY27.

Orderbook & order intake: The total order book stands at approximately Rs18.6bn, including contributions from the Precision Engineering division, with around INR5bn executable beyond FY27 and the remaining largely scheduled for execution in FY27. FY26 witnessed record order inflows of INR20bn, though management remains cautious about sustaining such levels, particularly in precision engineering. The order book is increasingly skewed towards product orders, which is expected to support a more stable execution cycle in FY27.

Exports (6% of total revenues): Domestic demand remains strong across most sectors, although the oil & gas segment continues to lag due to delays in order finalization. Export markets are facing near-term headwinds, particularly in the MENA region due to geopolitical challenges affecting both order inflows and execution, leading the company to shift focus toward Southeast Asia and North Africa.

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	16,402	17,868	20,933	24,468
YoY gr. (%)	24.0	8.9	17.2	16.9
Cost of Goods Sold	8,649	8,944	10,634	12,682
Gross Profit	7,753	8,924	10,299	11,786
Margin (%)	47.3	49.9	50.0	48.2
Employee Cost	1,789	2,056	2,376	2,667
Other Expenses	3,045	3,296	3,862	4,392
EBITDA	2,919	3,572	4,061	4,727
YoY gr. (%)	44.3	22.4	13.7	16.4
Margin (%)	17.8	20.0	19.4	19.3
Depreciation and Amortization	291	318	387	464
EBIT	2,628	3,254	3,674	4,263
Margin (%)	16.0	18.2	17.5	17.4
Net Interest	4	11	13	13
Other Income	222	277	306	392
Profit Before Tax	2,808	3,379	3,967	4,642
Margin (%)	17.1	18.9	18.9	19.0
Total Tax	696	836	1,012	1,170
Effective Tax Rate (%)	24.8	24.7	26.0	26.0
Profit After Tax	2,113	2,543	2,955	3,472
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	2,151	2,684	2,955	3,472
YoY gr. (%)	51.9	24.8	10.1	17.5
Margin (%)	12.9	14.8	13.9	14.0
Extra Ord. Income / (Exp)	(39)	(141)	-	-
Reported PAT	2,113	2,543	2,955	3,472
YoY gr. (%)	58.5	20.4	16.2	17.5
Margin (%)	12.9	14.2	14.1	14.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,113	2,543	2,955	3,472
Equity Shares O/s (m)	65	65	65	65
EPS (INR)	33.2	41.4	45.6	53.6

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	5,115	5,759	6,496	7,492
Tangibles	4,859	5,487	6,174	7,120
Intangibles	257	273	323	373
Acc: Dep / Amortization	1,962	2,159	2,547	3,011
Tangibles	1,743	1,919	2,280	2,712
Intangibles	219	241	267	299
Net Fixed Assets	3,154	3,600	3,950	4,481
Tangibles	3,115	3,568	3,894	4,407
Intangibles	38	32	56	74
Capital Work In Progress	213	67	330	334
Goodwill	-	-	-	-
Non-Current Investments	1,873	1,296	2,115	2,457
Net Deferred Tax Assets	(182)	(107)	(107)	(107)
Other Non-Current Assets	3	6	4	5
Current Assets				
Investments	2,686	3,426	3,700	4,500
Inventories	2,154	2,180	3,040	3,553
Trade Receivables	4,804	5,230	5,735	6,703
Cash & Bank Balance	670	1,174	1,454	1,896
Other Current Assets	551	325	523	587
Total Assets	16,472	17,574	21,481	25,252
Equity				
Equity Share Capital	130	130	130	130
Other Equity	10,833	12,358	14,448	16,989
Total Network	10,962	12,488	14,578	17,119
Non-Current Liabilities				
Long Term Borrowings	6	2	2	2
Provisions	102	113	131	139
Other Non Current Liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	100	31	31	31
Trade Payables	2,159	2,587	2,982	3,620
Other Current Liabilities	2,834	2,138	3,543	4,127
Total Equity & Liabilities	16,472	17,574	21,481	25,252

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	2,808	3,379	3,967	4,642
Add. Depreciation	291	318	387	464
Add. Interest	4	11	13	13
Less Financial Other Income	222	277	306	392
Add. Other	(73)	(154)	-	-
Op. Profit before WC Changes	3,031	3,554	4,367	5,120
Net Changes-WC	(227)	(409)	(134)	(428)
Direct Tax	(654)	(818)	(1,012)	(1,170)
Net Cash from Op. Activities	2,150	2,327	3,221	3,522
Capital Expenditures	(777)	(649)	(1,000)	(1,000)
Interest / Dividend Income	53	52	-	-
Others	(829)	(509)	(1,063)	(1,136)
Net Cash from Inv. Activities	(1,554)	(1,106)	(2,063)	(2,136)
Issue of Share Cap. / Premium	29	23	-	-
Debt Changes	1	(69)	-	-
Dividend Paid	(486)	(648)	(866)	(931)
Interest Paid	3	(10)	(13)	(13)
Others	(4)	(5)	-	-
Net Cash from Fin. Activities	(458)	(709)	(878)	(944)
Net Change in Cash	138	512	280	442
Free Cash Flow	1,370	1,664	2,221	2,522

Source: Company, PL

Quarterly Financials (INR mn)

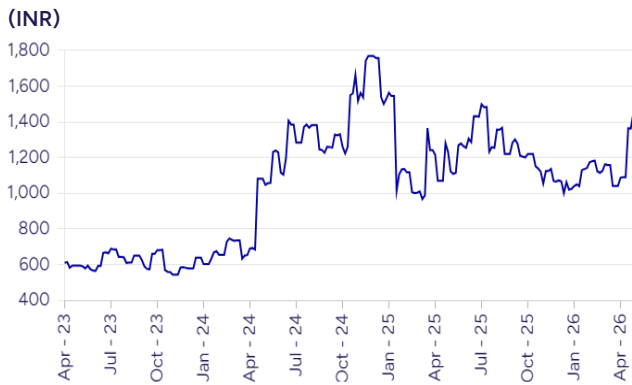
Y/e Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Net Revenues	2,817	3,864	4,069	7,118
YoY gr. (%)	(34.6)	12.8	(31.2)	152.7
Raw Material Expenses	1,388	2,022	1,965	3,569
Gross Profit	1,429	1,842	2,104	3,549
Margin (%)	50.7	47.7	51.7	49.9
EBITDA	333	585	794	1,860
YoY gr. (%)	(64.4)	18.4	(27.6)	458.6
Margin (%)	11.8	15.1	19.5	26.1
Depreciation / Depletion	75	78	81	84
EBIT	258	507	713	1,776
Margin (%)	9.2	13.1	17.5	25.0
Net Interest	2	5	2	2
Other Income	84	72	61	60
Profit before Tax	340	574	589	1,876
Margin (%)	12.1	14.9	14.5	26.4
Total Tax	87	136	174	439
Effective Tax Rate (%)	25.6	23.7	29.5	23.4
Profit After Tax	253	438	415	1,437
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	253	438	544	1,405
YoY gr. (%)	(5.9)	(35.1)	47.9	67.4
Margin (%)	9.0	11.3	13.4	19.7
Extra Ord. Income / (Exp)	-	-	(129)	32
Reported PAT	253	438	415	1,437
YoY gr. (%)	(5.9)	(35.1)	12.8	71.2
Margin (%)	9.0	11.3	10.2	20.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	253	438	415	1,437
Avg. Shares O/s (m)	65	65	65	65
EPS (INR)	3.9	6.8	8.4	21.7

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	33.2	41.4	45.6	53.6
CEPS	37.7	46.3	51.6	60.8
BVPS	169.1	192.6	225.1	264.3
FCF	21.1	25.7	34.3	38.9
DPS	10.3	12.4	14.4	16.9
Return Ratio (%)				
RoCE	25.2	26.9	26.5	26.3
ROIC	27.9	32.7	31.4	32.5
RoE	21.3	22.9	21.8	21.9
Balance Sheet				
Net Debt : Equity (x)	-	-	-	-
Net Working Capital (Days)	107	99	101	99
Valuation (x)				
PER	43.6	34.9	31.7	27.0
P/B	8.5	7.5	6.4	5.4
P/CEPS	38.4	31.2	28.0	23.8
EV/EBITDA	31.0	25.0	21.8	18.4
EV/Sales	5.5	5.0	4.2	3.5
Dividend Yield (%)	0.7	0.8	0.9	1.1
FCFF Yield (%)	1.4	1.7	2.3	2.6
PEG Ratio	0.8	1.4	3.1	1.5

Source: Company, PL

Price Chart

Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	09-Apr-26	BUY	1556	1170
2	23-Mar-26	BUY	1556	1051
3	24-Jan-26	BUY	1557	1068
4	07-Jan-26	BUY	1620	1058
5	04-Dec-25	BUY	1620	1047
6	28-Oct-25	BUY	1620	1150
7	07-Oct-25	BUY	1636	1198
8	16-Sep-25	BUY	1636	1260
9	24-Jul-25	BUY	1636	1316
10	09-Jul-25	BUY	1636	1412

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	ABB India	Accumulate	6319	6614
2	Apar Industries	Accumulate	9629	10767
3	BEML	Accumulate	1922	1603
4	Bharat Electronics	REDUCE	411	440
5	BHEL	HOLD	245	277
6	Carborundum Universal	HOLD	825	855
7	Cummins India	Hold	4182	4907
8	Elgi Equipments	Accumulate	603	500
9	Engineers India	Buy	261	209
10	GE Vernova T&D India	Buy	4050	3911
11	Grindwell Norton	Hold	1731	1488
12	Harsha Engineers International	Hold	409	349
13	Hindustan Aeronautics	BUY	5338	4033
14	Hitachi Energy India	Hold	26108	27315
15	Ingersoll-Rand (India)	Buy	4589	3798
16	Kalpataru Projects International	Buy	1466	1143
17	KEC International	Accumulate	748	578
18	Kirloskar Pneumatic Company	BUY	1556	1170
19	Larsen & Toubro	BUY	4806	3896
20	Praj Industries	Accumulate	340	337
21	Siemens	ACCUMULATE	3409	3223
22	Siemens Energy India	Accumulate	3145	2768
23	Thermax	Accumulate	3374	3535
24	Triveni Turbine	Accumulate	585	455
25	Voltamp Transformers	BUY	10312	9079

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

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