

RECOMMENDATION SNAPSHOT				
*CMP	Target	Potential Upside	MCap (Rsbn)	Recommendation
Rs558	Rs780	40%	72.4	Accumulate

*as on 29th Oct, 2026

About the Company:

Kirloskar Pneumatic Company Limited (KPCL) was founded in 1958 by Shantanurao Laxmanrao Kirloskar and is headquartered in Pune. KPCL is a well-diversified product company which serves some of the major and critical sectors like oil & gas, steel, cement, food & beverages, railways, defence, marine etc. The products offered by the company include air, refrigeration and gas compressors to a wide range of industries. The company has its state-of-the-art manufacturing facilities at Hadapsar, Saswad and Nasik. The company is powered with highly qualified and trained service personnel who cater to clients across India. Mr. Rahul C Kirloskar is the Executive Chairman and Mr. Aman Rahul Kirloskar is the Managing Director of the company (w.e.f. 01st Apr'26).

Results: Quick Glance:

- The consolidated net sales for the quarter reported a drop of 15.6% to Rs3263mn as compared to Rs3864mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 12.5% as compared to 15.1% in Q2FY26
- The company reported profit of Rs400mn as compared to Rs438mn in the same quarter last year
- The EPS for the quarter stood at Rs3.08 as compared to Rs3.35 in the corresponding period of last year
- For H1FY27, the revenues came in at Rs6294mn as compared to Rs6681mn; drop of 5.8% while the PAT stood at Rs732mn as against Rs691mn. The EPS came in at Rs5.65 as against Rs5.40 in H1FY26

Conference Call Highlights:

- Air compressor business** contributed ~15-20% of the overall sales. The company always had its forte in areas of cement, CO₂, but during the quarter under review the company witnessed growth in PET bottle compressors (where it re-entered after a fairly long gap). Alongwith this, KPCL also witnessed a good traction in **Hydrino** products especially in the pharma space. In addition to this, the company already booked orders for syngas compressors
- The **refrigeration compressor business** contributed ~30-40% of the overall sales. During H1FY27, this business saw slow packaging orders but the **demand** across food processing and cold storage continued to remain strong with orders booked across all the 3 products viz; Khione, KC/KCX, Tyche whereas ammonia reciprocating compressors remained dominant, driven by food processing sector led growth. **Khione compressors** continued to perform well and showcased a strong order booking in Q2FY27. **Tezcatlipoca** has gained quite a bit of market share over the last 3 years and the company continues to evaluate options in order to enhance it further
- Process Gas Systems** contributed ~30-40% of the overall sales. KPCL observed strong order booking for CNG compressors (with large orders booked in Q1FY27 and the uptrend continued in the current quarter as well). The Management indicated that the gas systems pipeline is healthy, although finalization is slow and expected to pick up in Q3FY27. In Q2FY27, KPCL also dispatched India's first 1,000 bar hydrogen refuelling station and manages over ~1,060 CNG stations under O&M and added ~90 stations in H1FY27. The execution under this business segment was slightly delayed due to the Middle East concerns. KPCL recently signed an MoU with **Kobe Steel Ltd**, Japan to explore and develop business opportunities in the O&G sector inclusive of potential projects and solutions across upstream, midstream and downstream applications
- Precision engineering business** faced large order led execution challenges attributed to documentation pertaining to large orders. The Management however highlighted that the dispatches have commenced in Q3FY27 and envisions the entire order book to be executed in Q3 and Q4FY27. As a % of the overall order book position, PEB contributes ~13-14%. KPCL is already working on developing new products for this segment which will take sometime
- In terms of **business mix**, equipment share is expected to be at ~60% while the balance would come from packages
- The **new products** are targeted towards smaller and niche markets and the Management expects these to contribute atleast 15% of the overall sales. **Tonalli**, is a first-of-its-kind containerized biogas plant for waste food, arising from the company's own canteen requirements and the ranges are across 100kg/day, 500kg/day, 1ton/day. As indicated by the Management, the estimated TAM at present is slightly difficult to determine for now. **Zephyros** was commercialized or sold during the quarter under review but till date is not commissioned due to the delay at the clients' end. The Management expects to target further customer related installations in Q3FY27. Out of the PLI of ~Rs3.2bn, the company has only partially deployed from the same and would monitor the sale pace pick up before deploying any further capital

Conference Call Highlights (contd.):

- During H1FY27, **Systems and Components** (subsidiary) reported muted revenues of Rs90mn however, the order book has seen a surge from Rs41mn to Rs220mn, reflecting a growth aspiration over the upcoming quarters. As far as the newly acquired subsidiary Kirloskar Southeast Asia Company Ltd is concerned, the performance for the same is only for the period of Aug and Sept'26
- The outstanding **order book** stood at Rs20.4bn as of 01st Oct'26; 10% growth from Rs18.63bn as at 01st Apr'26. **Exports sales** increased to Rs640mn in H1FY27 as against Rs340mn in H1FY26 and the Management expects exports to contribute ~10% of total sales in FY27E. The capex stood at Rs340mn in H1FY27

Financials:

Performance (Q2FY27)									
Q2FY27 Result (Rs mn)	Sept-26	Sept-25	y-o-y	Jun-26	q-o-q	H1FY27	H1FY26	y-o-y	FY27E
Total Revenue	3263	3864	(15.6%)	3031	7.7%	6294	6681	(5.8%)	18934
EBITDA	407	585	(30.4%)	456	(10.7%)	863	918	(6.0%)	3597
Other Income	81	72	12.5%	81	-	162	156	3.8%	286
Interest	0	5	-	1	-	1	7	(85.7%)	12
Depreciation	93	78	19.2%	89	4.5%	182	153	19.0%	373
Exceptional Items	(110)	0	-	0	-	(110)	0	-	(110)
Tax	105	136	(22.8%)	115	(8.7%)	220	223	(1.3%)	892
Net Profit	400	438	(8.7%)	332	20.5%	732	691	5.9%	2717

Outlook and Recommendations:

The overall performance for Q2FY27 was primarily impacted by execution driven challenges on account of the external geopolitical issues that led to shipment disruptions, timing difference, issues in delivering the consignments thereby obstructing the export dispatches. This caused a temporary setback for certain consignments and deferred the order finalisations as well. This has been reflected in the numbers which has resulted in a sales decline of ~15.6% on a y-o-y basis. The contraction at the Ebitda margins was on account of a surge seen in the staff cost (due to headcount addition and operational expansion at Nashik plant) and manufacturing expenses when compared on a y-o-y basis. The overall profitability however seems to be inflated due to an exceptional gain of Rs110mn from surrender of ~1.77 acres of Nashik land for road projects. Despite these temporary headwinds, as the Middle East doesn't form a larger part of exports, the Management anticipates FY27E impact to be almost minimal and the deferred orders are expected to materialise as the situation comes at ease. The order book pertaining to the PEB segment is expected to be executed entirely in Q3 with a completion estimated in Q4FY27.

KPCL continued to witness renewed CNG demand and large refrigeration related orders from food processing while at the same time a good traction is observed even from the pharma space. With regard to the recent launches, the company's products are gradually witnessing market acceptance and would scale up in a phased manner when these products mature. Though the overall order book position at present looks moderate, with the estimation of these one-off concerns to stabilise, the Management envisions to achieve a double-digit growth in the overall revenues, retain the Ebitda margins guidance at 18-20% while the overall PAT is expected to see a good momentum. In the current scenario, given the slowdown and considering the estimated timeline as well as the company's ability to execute the orders as planned, we have reduced estimates and toned down the target price to Rs780.

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