Capital Goods

KKC - Financials Snapshot (INR b)

Y/E MAR	FY26E	FY27E	FY28E
Net Sales	120.9	141.5	163.0
EBITDA	23.8	27.9	32.4
PAT	23.1	27.3	31.7
EPS (INR)	83.5	98.4	114.3
GR. (%)	16.4	17.8	16.3
BV/Sh (INR)	287.3	325.8	370.9
Ratios			
ROE (%)	30.9	32.1	32.8
RoCE (%)	29.4	30.6	31.3
Valuations			
P/E (X)	47.4	40.2	34.6
P/BV (X)	13.8	12.1	10.7
EV/EBITDA (X)	44.9	38.2	32.7
Div Yield (%)	1.2	1.4	1.6

KOEL - Financials Snapshot (INR b)

Y/E MAR	FY26E	FY27E	FY28E
Net Sales	58.4	67.5	78.0
EBITDA	7.6	9.1	10.5
PAT	4.9	5.9	6.9
EPS (INR)	33.6	40.9	47.6
GR. (%)	16.7	21.8	16.5
BV/Sh (INR)	232.4	265.0	303.0
Ratios			
ROE (%)	15.3	16.4	16.8
RoCE (%)	15.0	16.1	16.6
Valuations			
P/E (X)	26.5	21.8	18.7
P/BV (X)	3.8	3.4	2.9
EV/EBITDA (X)	16.4	13.4	11.2
Div Yield (%)	0.8	0.9	1.1

Genset demand normalizing

Genset channel checks

Our genset channel checks suggest that demand normalization on a YoY basis has been happening in most parts of the country, and players can grow their volumes between 10% and 20% YoY in 2QFY26. Since the implementation of CPCB 4+ norms in Jul'24, the industry will now experience a like-for-like comparison of demand and pricing levels in 2QFY26. Players have grown at different rates in volume terms, but pricing has broadly stabilized, and the industry is expecting a price hike of 3-5% in 1-2 quarters as commodity prices are inching up. We thus expect the revenue growth in the powergen segment for players for 2QFY26 to be driven largely by volume improvement. The HHP market continues to witness a healthy demand growth, with Cummins dominating the market and KOEL trying to increase its positioning in HHP. Export markets may remain volatile in the near term due to geopolitical issues. We maintain our positive stance on genset players and continue to reiterate our BUY rating on KKC (CMP: INR3,959, TP: INR4,500) and KOEL (CMP: INR890, TP: INR1,230).

Key highlights from our interaction with genset channel partners

Demand – Improving YoY but sequentially a bit soft

Demand has improved YoY, indicating normalization after the CPCB IV+ transition. Industry volumes have increased by 10–20% YoY, supported by a pickup in quick commerce, hospitals, educational institutes, industrial, commercial real estate, and retail, while demand is a bit soft in construction. The rental segment, which typically forms 5–8% of overall demand, remains weak. The medium- and high-horsepower (MHP/HHP) categories (200–1500 kVA) are driving most of the incremental growth, aided by steady offtake from data centers, manufacturing units, airports, and government projects. In contrast, the low-horsepower (LHP) market size has witnessed some contraction due to higher prices, preference towards second-hand purchases, and greater competition from low-cost players. Sequentially, 2QFY26 may see softer volumes, owing to seasonality, but overall, demand remains structurally steady and up YoY. Near-term trends reflect seasonal softness and regional disparities.

CPCB 4+ pricing has largely stabilized now; a modest hike expected ahead

The prices have stabilized after the volatility seen during the CPCB IV+ transition period. Competition was seen during 2QFY25-4QFY25, and players reduced prices in order to gain market share post the norm transition. Prices have now largely stabilized as most OEMs have aligned their pricing strategies. Among players, the price differential continues to remain, and Greaves Cotton, Ashok Leyland, and Eicher's products remain cheaper than Cummins and KOEL, mainly in the 200–300 kVA range. Going forward, prices are expected to see a 3–5% upward revision in the coming quarters or at the end of FY26, largely due to rising copper prices. In the HHP market, Cummins continues to enjoy market leadership in the HHP segment despite other players trying to make inroads in the HHP segment. On pricing for HHP, Caterpillar continues to sell at a premium, with prices ~8-10% higher than Cummins.

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Distribution reach continues to differentiate players

The distribution segment growth will be driven by both the powergen and industrial segments. As highlighted by both companies in our interactions, the distribution segment will benefit from better aftermarket opportunities from sophisticated CPCB 4+ gensets. With almost one year of the installed base of CPCB 4+ gensets, the aftermarket opportunities for new products will start kicking in over the next six months. Companies have also taken a price hike of 5-10% in parts and will also benefit from integrated telematics in the new CPCB 4+ products. We thus believe that both KKC and KOEL have an edge over other players in terms of their superior quality product, installed base, and distribution reach. Players like Ashok Leyland, Tata, and Eicher are using their existing distribution network for gensets too, and Baudouin has partnered with Greaves Cotton.

Engineering exports up YoY over Jul-Aug'25

India's engineering exports have been on the rise since Jul'24 (Exhibit 9). KKC's export revenue growth has historically mirrored overall engineering exports, and we expect this trend to continue going forward. Cummins has a diversified presence across various export markets and is not overly exposed to the US markets. KOEL is still at a nascent stage as far as export markets are concerned and is trying to make inroads in the Middle East and US markets by using a GOEM model. We would keep a close watch on the overall exports of these players in light of the current geopolitical situation.

Key short-term monitorables

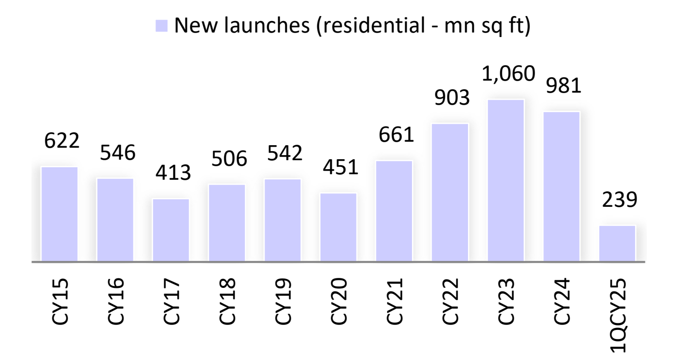
In the coming quarters, we will continue to monitor 1) demand improvement from current levels, 2) product mix of various players across kVA ranges, 3) stability of price points, 4) continuity of HHP demand from the data center market, and 5) recovery in the export markets.

Valuation and recommendation

KKC at INR3,959 is currently trading at 40.2x/34.6x P/E, and KOEL at INR890 is trading at 21.8x/18.7x P/E on FY27E/FY28E EPS. We value KKC at 42x P/E on two-year forward estimates and KOEL at 25x P/E on two-year forward estimates for core businesses. We maintain our estimates and reiterate our BUY rating on both KKC (TP: INR4,500) and KOEL (TP: INR1,230).

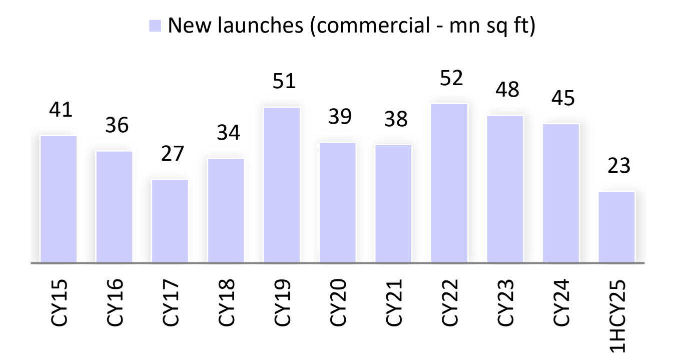
Volume recovery likely in 2Q, while prices stabilized post-CPCB IV+ transition

Exhibit 1: Residential real estate launches were strong in the last two years, boosting genset demand. Currently, launches have slowed down, which can affect demand after 1-2 years



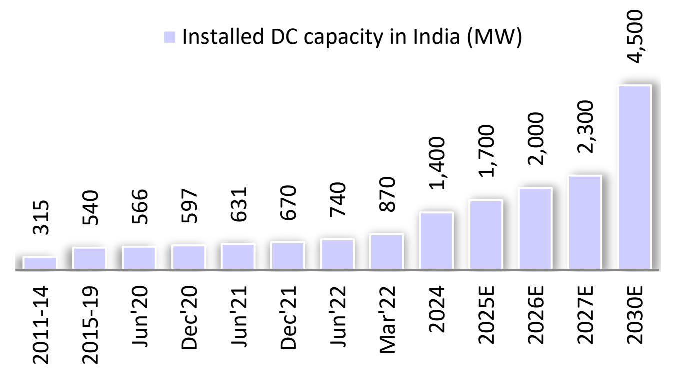
Source: Industry, MOFSL

Exhibit 2: Commercial real estate launches were strong in the last two years and drove genset demand. Currently, launches have improved, and demand is high for commercial space



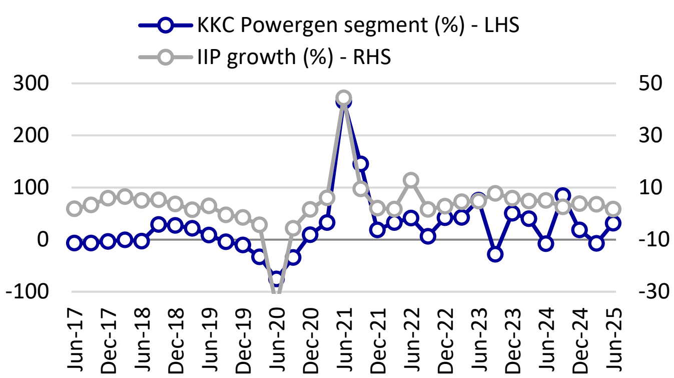
Source: Industry, MOFSL

Exhibit 3: The data center market is growing fast and seeing investments of USD4-5b for capacity ramp-up (MW)



Source: CRISIL, MOFSL

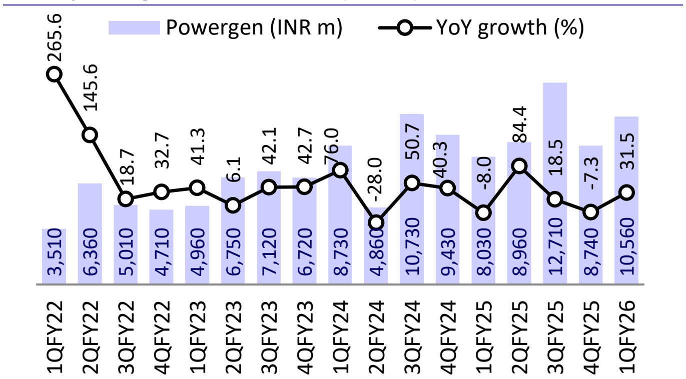
Exhibit 4: KKC's powergen sales have a high correlation with IIP growth (%)



Source: MOSPI, MOFSL

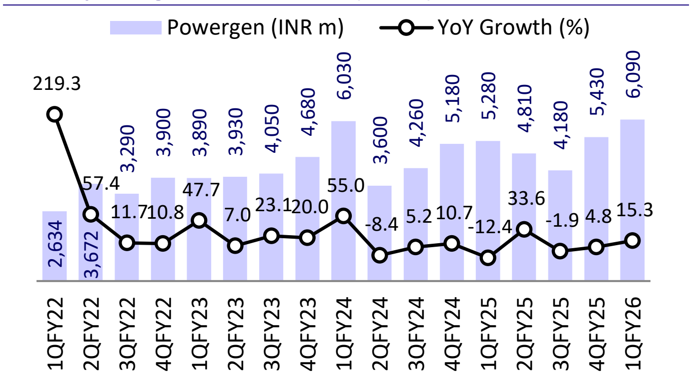
Exhibit 5: Powergen segment sales of KKC and KOEL improved during 1QFY26, driven by demand improvement as well as price hikes based on 1QFY25, which was predominantly CPCB 2 products

KKC's powergen revenue trend (INR m)



Source: Company, MOFSL

KOEL's powergen revenue trend (INR m)



Source: Company, MOFSL

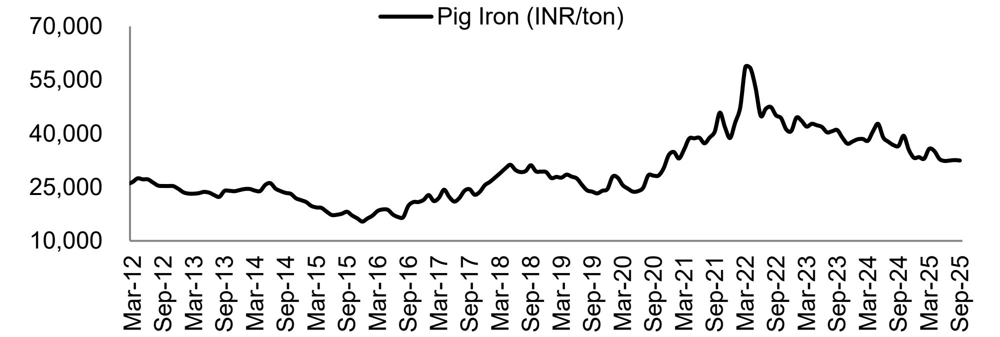
CPCB 4+ prices remain broadly the same sequentially

Exhibit 6: Prices of Cummins/KOEL's products are higher than other players. Sequentially, prices have broadly remained the same

Node	Cummins	KOEL	Mahindra Powerol	Ashok Leyland	Greaves Cotton	Eicher	Tata motors
15kva	3,40,000	3,37,095	2,87,000	2,90,000	2,80,000	2,75,000	
20kva	3,48,000	3,40,000	3,60,000	3,05,000	3,25,000	3,30,000	3,30,000
30kva	6,12,000	5,72,000	5,21,000	5,50,000	5,45,000	4,83,000	5,17,000
40kva	7,05,000	6,95,000	6,85,000	6,85,000	6,70,000	5,50,000	6,20,000
58.5kva	7,75,000	7,00,000	6,80,000			6,15,000	6,40,000
82.5kva	11,34,000	11,05,000	10,92,500	9,18,000	8,95,000	8,85,000	8,90,000
125kva	12,00,000	11,35,000	10,40,000	10,58,000	10,75,000	10,50,000	10,68,000
160kva	15,65,000	15,10,000	13,75,000	14,50,000	13,75,000	13,00,000	
200kva	21,45,000	19,50,000	18,40,000			15,00,000	
250kva	22,50,000	21,75,000	18,60,000	18,00,000	18,92,000	17,00,000	
500kva	43,00,000	37,50,000	35,00,000	32,50,000	32,40,000		
750kva	74,50,000	67,50,000					

Source: Channel checks, Industry, MOFSL

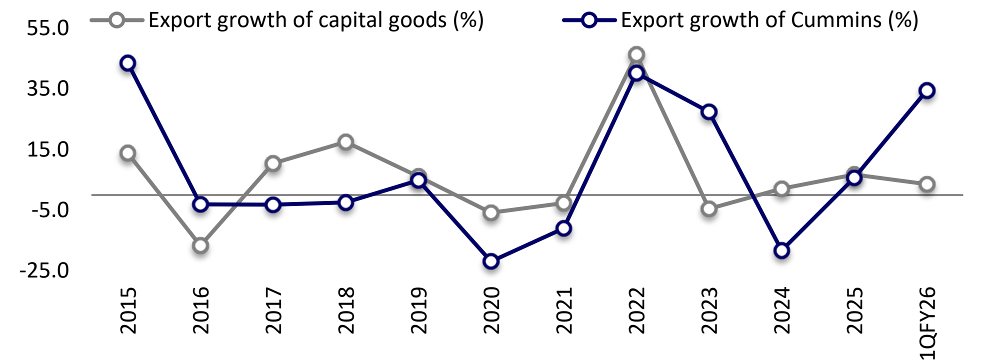
Exhibit 7: Pig iron prices benign; positive for margins



Source: Company, MOFSL

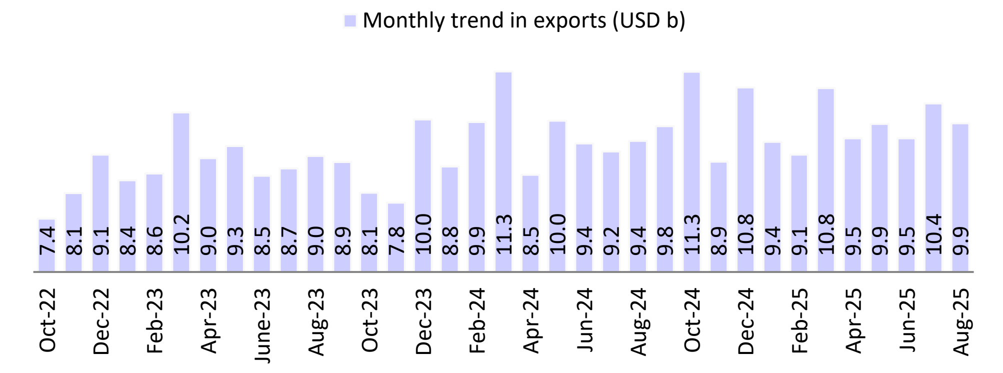
Companies taking steps to improve exports

Exhibit 8: KKC's exports have a strong correlation with India's overall exports (%)



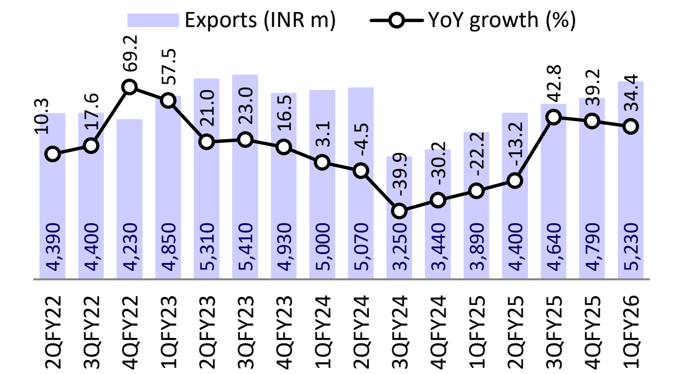
Source: Company, MOFSL

Exhibit 9: Exports of engineering goods started improving from Jul'24 and have remained up YoY for the Jul-Aug'25 period (USD b)



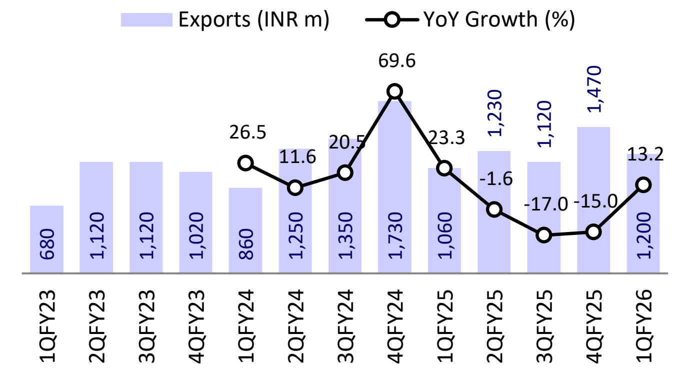
Source: Company, MOFSL

Exhibit 10: KKC's exports seem to have bottomed out in 3QFY24 and have seen a sequential uptick since then (INR m)



Source: Company, MOFSL

Exhibit 11: KOEL's exports were affected last year by lower demand from key geographies (INR m)



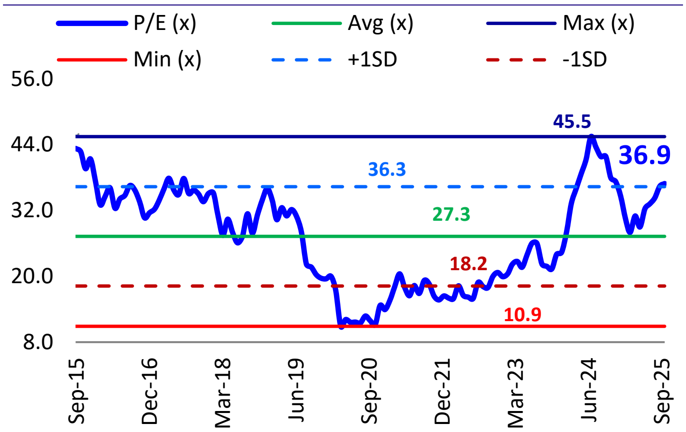
Source: Company, MOFSL

Exhibit 12: Sum-of-the-parts valuation of KOEL on two-year forward estimates (INR/share)

	Earnings/ book (INR m)	Valn multiple (X)	Value (INR m)	KOEL's share (%)	Value for KOEL's share (INR m)	Per share value (INR)	Valuation basis
KOEL valuation							
Core business	6,405	25	1,60,434	100	1,60,434	1,107	❖ 25X two-year fwd EPS; @40% discount to KKC
Investments							
La Gajjar Machineries	327	12	3,920	100	3,920	27	❖ 12X P/E two-year forward earnings
Arka Fincap	11,100	1.3	14,541	100	14,541	100	❖ 1.3X P/BV on expanded two-year forward book
Total					**1,78,894**	**1,234**	

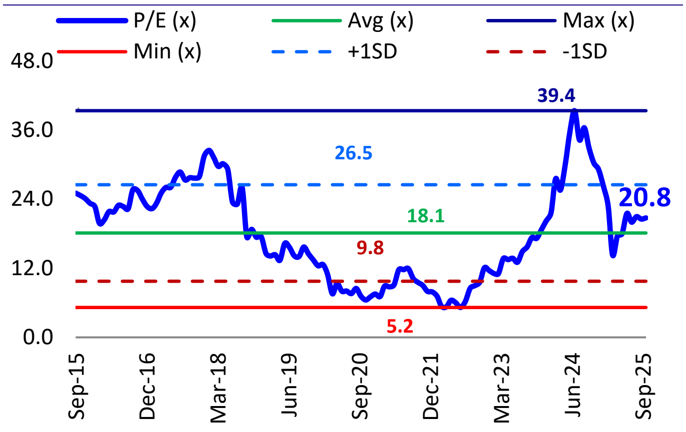
Source: MOFSL

Exhibit 13: KKC is trading at 37x Sep'27 estimates



Source: Company, MOFSL

Exhibit 14: KOEL (incl. subs) is trading at 21x Sep'27 estimates



Source: Company, MOFSL

Financial Summary – Cummins India

Standalone - Income Statement								(INR m)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Total Income from Operations	**43,292**	**61,404**	**77,444**	**89,586**	**1,03,394**	**1,20,875**	**1,41,542**	**1,62,988**
Change (%)	-16.1	41.8	26.1	15.7	15.4	16.9	17.1	15.2
Raw Materials	27,606	41,068	52,309	57,701	65,916	78,448	91,861	1,05,923
Gross Profit	**15,687**	**20,336**	**25,135**	**31,886**	**37,478**	**42,427**	**49,681**	**57,065**
Employee Cost	4,926	5,956	6,298	7,793	7,740	8,942	10,471	11,943
Other Expenses	4,965	5,529	6,411	6,479	9,058	9,661	11,295	12,771
Total Expenditure	**37,497**	**52,553**	**65,018**	**71,972**	**82,714**	**97,052**	**1,13,628**	**1,30,636**
% of Sales	86.6	85.6	84.0	80.3	80.0	80.3	80.3	80.2
EBITDA	**5,795**	**8,851**	**12,426**	**17,614**	**20,680**	**23,824**	**27,915**	**32,351**
Margin (%)	13.4	14.4	16.0	19.7	20.0	19.7	19.7	19.8
Depreciation	1,255	1,340	1,405	1,576	1,829	1,976	2,311	2,666
EBIT	**4,540**	**7,511**	**11,022**	**16,037**	**18,851**	**21,847**	**25,603**	**29,686**
Int. and Finance Charges	162	115	158	268	151	166	166	166
Other Income	3,702	2,875	4,200	5,678	6,261	7,124	8,601	10,130
PBT bef. EO Exp.	**8,080**	**10,271**	**15,064**	**21,448**	**24,961**	**28,805**	**34,038**	**39,650**
EO Items	0	1,059	-143	-17	0			
PBT after EO Exp.	**8,080**	**11,330**	**14,921**	**21,431**	**24,961**	**28,805**	**34,038**	**39,650**
Total Tax	1,901	2,463	3,623	4,824	5,904	6,927	8,185	9,535
Tax Rate (%)	23.5	21.7	24.3	22.5	23.7	24.0	24.0	24.0
Reported PAT	**6,179**	**8,866**	**11,298**	**16,606**	**19,058**	**21,878**	**25,853**	**30,115**
Adjusted PAT	**6,350**	**8,284**	**12,460**	**17,046**	**19,872**	**23,139**	**27,264**	**31,697**
Change (%)	-10.2	30.5	50.4	36.8	16.6	16.4	17.8	16.3
Margin (%)	14.7	13.5	16.1	19.0	19.2	19.1	19.3	19.4

Standalone - Balance Sheet								(INR m)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Equity Share Capital	554	554	554	554	554	554	554	554
Total Reserves	43,513	47,972	53,125	61,077	69,626	79,076	89,766	1,02,252
Net Worth	**44,068**	**48,527**	**53,680**	**61,631**	**70,180**	**79,631**	**90,320**	**1,02,806**
Total Loans	156	3,933	3,500	1,000	0	0	0	0
Deferred Tax Liabilities	823	971	1,057	941	913	913	913	913
Sources of fund	**45,047**	**53,430**	**58,237**	**63,572**	**71,093**	**80,543**	**91,233**	**1,03,719**
Gross Block	20,337	22,278	23,458	26,183	29,119	33,489	38,656	44,017
Less: Accum. Deprn.	8,684	10,024	11,429	13,005	14,834	16,810	19,122	21,788
Net Fixed Assets	**11,654**	**12,254**	**12,030**	**13,178**	**14,285**	**16,679**	**19,534**	**22,230**
Capital WIP	1,275	608	413	968	849	968	968	968
Total Investments	**13,892**	**15,939**	**21,042**	**21,927**	**18,925**	**19,045**	**19,045**	**19,045**
Curr. Assets, Loans & Adv.	**29,950**	**39,230**	**41,625**	**48,884**	**61,829**	**70,179**	**82,514**	**96,976**
Inventory	5,578	7,288	8,862	9,369	10,222	13,843	16,209	18,665
Account Receivables	10,745	12,473	15,927	20,776	22,925	24,871	29,123	33,535
Cash and Bank Balance	9,652	14,267	13,808	15,047	25,103	26,895	31,831	38,613
Loans and Advances	1,517	2,646	539	505	812	695	814	938
Other Current Assets	2,459	2,556	2,488	3,188	2,767	3,875	4,537	5,225
Curr. Liability & Prov.	**11,922**	**14,621**	**16,883**	**21,413**	**24,964**	**26,328**	**30,829**	**35,500**
Other Current Liabilities	9,723	12,362	14,497	18,602	21,644	22,619	26,486	30,499
Provisions	2,199	2,258	2,386	2,810	3,321	3,709	4,343	5,001
Net Current Assets	**18,029**	**24,609**	**24,741**	**27,472**	**36,865**	**43,851**	**51,685**	**61,476**
Misc Expenditure	199	21	11	27	169	0	0	0
Appl. of Funds	**45,047**	**53,430**	**58,237**	**63,572**	**71,093**	**80,543**	**91,233**	**1,03,719**

Financial Summary – Cummins India

Ratios								
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Basic (INR)								
EPS	**22.9**	**29.9**	**45.0**	**61.5**	**71.7**	**83.5**	**98.4**	**114.3**
Cash EPS	27.4	34.7	50.0	67.2	78.3	90.6	106.7	124.0
BV/Share	159.0	175.1	193.7	222.3	253.2	287.3	325.8	370.9
DPS	14.0	10.5	25.0	34.2	39.9	46.4	54.7	63.6
Payout (%)	62.8	32.8	61.3	57.1	58.0	58.8	58.7	58.5
Valuation (x)								
P/E	172.8	132.5	88.1	64.4	55.2	47.4	40.2	34.6
Cash P/E	144.3	114.0	79.1	58.9	50.6	43.7	37.1	31.9
P/BV	24.9	22.6	20.4	17.8	15.6	13.8	12.1	10.7
EV/Sales	25.1	17.7	14.0	12.1	10.4	8.9	7.5	6.5
EV/EBITDA	187.7	122.8	87.5	61.5	51.8	44.9	38.2	32.7
Dividend Yield (%)	0.4	0.3	0.6	0.9	1.0	1.2	1.4	1.6
FCF per share	24.3	28.1	23.7	36.0	52.6	53.9	73.1	88.7
Return Ratios (%)								
RoE	14.8	17.9	24.4	29.6	30.2	30.9	32.1	32.8
RoCE	13.9	16.8	21.0	28.1	28.9	29.4	30.6	31.3
RoIC	15.9	27.4	36.6	51.1	55.5	55.4	53.3	53.4
Working Capital Ratios								
Fixed Asset Turnover (x)	2.1	2.8	3.3	3.4	3.6	3.6	3.7	3.7
Asset Turnover (x)	1.0	1.1	1.3	1.4	1.5	1.5	1.6	1.6
Inventory (Days)	47	43	42	38	36	42	42	42
Debtor (Days)	91	74	75	85	81	75	75	75
Creditor (Days)	82	73	68	76	76	68	68	68
Leverage Ratio (x)								
Current Ratio	2.5	2.7	2.5	2.3	2.5	2.7	2.7	2.7
Interest Cover Ratio	28.1	65.3	69.8	59.9	124.7	131.4	153.9	178.5
Net Debt/Equity	-0.5	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6

Standalone - Cashflow Statement								(INR m)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
OP/(Loss) before Tax	8,711	9,614	11,631	17,773	22,502	26,195	33,617	39,474
Direct Taxes Paid	-832	-2,543	-3,520	-4,972	-5,614	-6,927	-8,185	-9,535
CF from Operating incl EO	**7,879**	**7,071**	**8,111**	**12,801**	**16,888**	**19,268**	**25,431**	**29,939**
(Inc)/Dec in FA	-1,140	705	-1,540	-2,812	-2,294	-4,320	-5,167	-5,361
Free Cash Flow	**6,738**	**7,776**	**6,571**	**9,989**	**14,593**	**14,948**	**20,265**	**24,577**
(Pur)/Sale of Investments	-75	-7,597	376	-2,967	-7,575	-120	0	0
Others	1,371	1,030	1,857	3,106	4,056	0	0	0
CF from Investments	**155**	**-5,862**	**694**	**-2,673**	**-5,813**	**-4,440**	**-5,167**	**-5,361**
Dividend Paid	-3,881	-4,435	-6,237	-8,593	-10,534	-12,869	-15,163	-17,629
Others	-4,844	3,661	-607	-2,733	-1,125	-166	-166	-166
CF from Fin. Activity	**-8,724**	**-774**	**-6,844**	**-11,326**	**-11,659**	**-13,035**	**-15,329**	**-17,795**
Inc/Dec of Cash	**-691**	**434**	**1,960**	**-1,198**	**-585**	**1,792**	**4,935**	**6,782**
Opening Balance	4,538	9,652	14,267	13,808	15,047	25,103	26,895	31,831
Other adjustments	5,804	4,181	-2,420	2,437	10,641			
Closing Balance	**9,652**	**14,267**	**13,808**	**15,047**	**25,103**	**26,895**	**31,831**	**38,613**

Financial Summary – Kirloskar Oil Engines

Standalone - Income Statement (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	**26,944**	**32,997**	**41,161**	**48,505**	**51,133**	**58,417**	**67,489**	**77,976**
Change (%)	-6.4	22.5	24.7	17.8	5.4	14.2	15.5	15.5
Raw Materials	17,431	22,912	27,897	32,439	33,368	37,971	43,868	50,684
Gross Profit	**9,513**	**10,085**	**13,264**	**16,066**	**17,765**	**20,446**	**23,621**	**27,292**
Employees Cost	1,989	2,070	2,365	3,069	3,441	3,932	4,542	5,248
Other Expenses	4,686	5,327	6,630	7,355	7,787	8,920	9,968	11,517
Total Expenditure	**24,106**	**30,309**	**36,892**	**42,864**	**44,596**	**50,823**	**58,378**	**67,449**
% of Sales	89.5	91.9	89.6	88.4	87.2	87.0	86.5	86.5
EBITDA	**2,838**	**2,688**	**4,269**	**5,642**	**6,537**	**7,594**	**9,111**	**10,527**
Margin (%)	10.5	8.1	10.4	11.6	12.8	13.0	13.5	13.5
Depreciation	622	772	848	970	1,170	1,373	1,547	1,738
EBIT	**2,217**	**1,915**	**3,422**	**4,672**	**5,367**	**6,221**	**7,564**	**8,789**
Int. and Finance Charges	64	62	54	78	121	90	75	60
Other Income	245	248	273	274	344	393	454	525
PBT bef. EO Exp.	**2,398**	**2,100**	**3,641**	**4,868**	**5,590**	**6,525**	**7,944**	**9,254**
EO Items	-84	527	0	0	209	0	0	0
PBT after EO Exp.	**2,314**	**2,627**	**3,641**	**4,868**	**5,799**	**6,525**	**7,944**	**9,254**
Total Tax	617	547	939	1,252	1,480	1,665	2,027	2,362
Tax Rate (%)	26.6	20.8	25.8	25.7	25.5	25.5	25.5	25.5
Reported PAT	**1,697**	**2,080**	**2,703**	**3,616**	**4,319**	**4,859**	**5,917**	**6,893**
Adjusted PAT	**1,759**	**1,663**	**2,703**	**3,616**	**4,164**	**4,859**	**5,917**	**6,893**
Change (%)	11.4	-5.4	62.5	33.8	15.1	16.7	21.8	16.5
Margin (%)	6.5	5.0	6.6	7.5	8.1	8.3	8.8	8.8

Standalone - Balance Sheet (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	289	289	290	290	290	290	290	290
Total Reserves	19,542	21,105	23,028	25,937	29,466	33,346	38,070	43,573
Net Worth	**19,832**	**21,395**	**23,318**	**26,227**	**29,756**	**33,636**	**38,360**	**43,863**
Total Loans	793	976	751	2,091	1,294	1,094	894	694
Deferred Tax Liabilities	125	146	61	100	250	250	250	250
Capital Employed	**20,749**	**22,517**	**24,131**	**28,418**	**31,301**	**34,981**	**39,504**	**44,808**
Gross Block	16,281	16,990	17,425	19,052	23,428	26,428	29,728	33,358
Less: Accum. Deprn.	11,826	12,488	13,174	14,144	15,314	16,687	18,233	19,971
Net Fixed Assets	**4,455**	**4,502**	**4,251**	**4,908**	**8,114**	**9,741**	**11,494**	**13,386**
Capital WIP	549	393	664	2,426	957	957	957	957
Total Investments	**15,340**	**16,722**	**16,925**	**18,762**	**17,873**	**17,873**	**17,873**	**17,873**
Curr. Assets, Loans & Adv.	**8,092**	**8,505**	**11,557**	**13,115**	**16,131**	**19,862**	**24,721**	**30,547**
Inventory	2,652	3,031	4,685	5,235	4,931	5,634	6,508	7,520
Accounts Receivable	3,558	3,945	4,672	5,684	6,511	7,438	8,593	9,929
Cash and Bank Balance	294	314	338	980	3,062	5,065	7,773	11,111
Loans and Advances	872	656	852	808	686	783	905	1,046
Other Assets	716	558	1,011	408	942	942	942	942
Curr. Liability & Prov.	**7,686**	**7,606**	**9,267**	**10,793**	**11,774**	**13,452**	**15,540**	**17,955**
Accounts Payable	6,419	6,175	6,326	7,274	6,506	7,433	8,588	9,922
Other Current Liabilities	646	729	1,700	2,223	3,756	4,290	4,957	5,727
Provisions	622	702	1,241	1,296	1,512	1,728	1,996	2,306
Net Current Assets	**406**	**899**	**2,291**	**2,322**	**4,357**	**6,410**	**9,181**	**12,591**
Appl. of Funds	**20,749**	**22,517**	**24,131**	**28,418**	**31,301**	**34,981**	**39,505**	**44,808**

Financial Summary – Kirloskar Oil Engines

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS	**12.2**	**11.5**	**18.7**	**25.0**	**28.8**	**33.6**	**40.9**	**47.6**
Cash EPS	16.4	16.8	24.5	31.7	36.9	43.1	51.6	59.7
BV/Share	137.0	147.8	161.1	181.2	205.6	232.4	265.0	303.0
DPS	1.5	4.7	5.0	5.0	6.0	6.8	8.2	9.6
Payout (%)	12.8	32.6	26.8	20.0	20.2	20.2	20.2	20.2
Valuation (x)								
P/E	73.2	77.5	47.7	35.6	30.9	26.5	21.8	18.7
Cash P/E	54.1	52.9	36.3	28.1	24.1	20.6	17.2	14.9
P/BV	6.5	6.0	5.5	4.9	4.3	3.8	3.4	2.9
EV/Sales	4.8	3.9	3.1	2.7	2.5	2.1	1.8	1.5
EV/EBITDA	45.6	48.2	30.3	23.0	19.4	16.4	13.4	11.2
Dividend Yield (%)	0.2	0.5	0.6	0.6	0.7	0.8	0.9	1.1
FCF per share	27.5	7.9	9.6	10.9	18.7	22.6	28.8	34.5
Return Ratios (%)								
RoE	9.2	8.1	12.1	14.6	14.9	15.3	16.4	16.8
RoCE	9.2	8.0	11.8	14.0	14.3	15.0	16.1	16.6
RoIC	29.2	31.4	45.0	55.7	51.1	45.2	47.0	47.1
Working Capital Ratios								
Fixed Asset Turnover (x)	1.7	1.9	2.4	2.5	2.2	2.2	2.3	2.3
Asset Turnover (x)	1.3	1.5	1.7	1.7	1.6	1.7	1.7	1.7
Inventory (Days)	36	34	42	39	35	35	35	35
Debtor (Days)	48	44	41	43	46	46	46	46
Creditor (Days)	87	68	56	55	46	46	46	46
Leverage Ratio (x)								
Current Ratio	1.1	1.1	1.2	1.2	1.4	1.5	1.6	1.7
Interest Cover Ratio	34.9	30.7	63.8	60.0	44.3	69.5	101.4	147.6
Net Debt/Equity	-0.7	-0.8	-0.7	-0.7	-0.7	-0.6	-0.6	-0.6

Standalone - Cash Flow Statement (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	2,314	2,627	3,641	4,868	5,799	6,525	7,944	9,254
Depreciation	622	772	848	970	1,170	1,373	1,547	1,738
Interest & Finance Charges	38	50	35	78	121	90	75	60
Direct Taxes Paid	-324	-567	-960	-1,084	-1,331	-1,665	-2,027	-2,362
(Inc)/Dec in WC	2,654	-157	-1,025	-441	-270	-50	-63	-72
CF from Operations	**5,304**	**2,726**	**2,539**	**4,391**	**5,490**	**6,272**	**7,475**	**8,617**
Others	-42	-782	61	-52	-592	0	0	0
CF from Operating incl EO	**5,262**	**1,944**	**2,601**	**4,339**	**4,897**	**6,272**	**7,475**	**8,617**
(Inc)/Dec in FA	-1,282	-804	-1,206	-2,757	-2,194	-3,000	-3,300	-3,630
Free Cash Flow	**3,979**	**1,140**	**1,394**	**1,582**	**2,704**	**3,272**	**4,175**	**4,987**
(Pur)/Sale of Investments	-2,855	680	3,235	-1,091	1,339	0	0	0
Others	-1,316	-8,870	-3,585	-334	-2,280	0	0	0
CF from Investments	**-5,453**	**-8,994**	**-1,556**	**-4,182**	**-3,135**	**-3,000**	**-3,300**	**-3,630**
Inc/(Dec) in Debt	613	172	-236	1,338	-797	-200	-200	-200
Interest Paid	-62	-53	-50	-107	-147	-90	-75	-60
Dividend Paid	-217	-578	-723	-724	-871	-980	-1,193	-1,389
Others	-20	7,529	-12	-21	2,134	0	0	0
CF from Fin. Activity	**314**	**7,070**	**-1,021**	**486**	**319**	**-1,269**	**-1,467**	**-1,649**
Inc/Dec of Cash	**123**	**20**	**23**	**643**	**2,082**	**2,003**	**2,708**	**3,338**
Opening Balance	171	294	314	338	980	3,062	5,065	7,773
Closing Balance	**294**	**314**	**338**	**980**	**3,062**	**5,065**	**7,773**	**11,111**

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SELL	< - 10%
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