Ingersoll Rand (India): Five-Pillar Analysis

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Companion to the Ingersoll Rand (India) investment report (68/100, Selective Positive). This piece grades the business against the five-pillar engine: Sunrise, Leadership, Moat, Iron Fortress, and Free Cash Flow.

Reference price: Rs 3,753.70 (NSE close, October 26, 2026). Moderate fit, 2 of 5 pass.

Grades at a glance

Pillar	Grade
Sunrise (industrial capex demand)	**PARTIAL**
Leadership	**PARTIAL**
Moat	**PARTIAL**
Iron Fortress (balance sheet)	**PASS**
Free Cash Flow	**PASS**

Overall fit verdict: Moderate fit, 2 of 5 pass. Ingersoll Rand (India) passes both money pillars, Iron Fortress and Free Cash Flow, and is partial on sunrise, leadership and moat: growth of 4 percent in two of three years, a no-guidance disclosure stance, and a centrifugal moat whose brands belong to the 75 percent parent. Full investment report score: **68/100, Selective Positive**.

Pillar 1: Sunrise, PARTIAL

GRADE: PARTIAL

The demand direction is right and the demand speed is unproven. Compressed air demand rides Indian industrial capex, and the newest lanes are real: the company's Q3 FY26 statement named order strength from thermal power, renewable energy and solar, semiconductors and electronics, steel and defence, on top of the automotive, metals, pharmaceutical and textile core. Oil-free and energy-efficient machines are the premium frontier of that demand, and that is exactly where this company sells.

The speed record is what holds the grade. Revenue grew 4.1 percent in FY24 and 4.2 percent in FY26, the two years that bracket the strongest industrial capex upcycle in a decade. A sunrise pillar asks for demand that lifts the company; here the company grew in single digits while its end markets boomed, because large centrifugal deliveries bunch and the standard-machine end is contested. Q1 FY27 revenue growth of 20.3 percent, the first full quarter with Sanand producing, is the first print that matches the story. One quarter is a direction, not a sunrise. PARTIAL, with the upgrade test named: two more years of double-digit revenue growth on Sanand volume.

Pillar 2: Leadership, PARTIAL

GRADE: PARTIAL

Grade the record against what was promised, in public, with dates. The Sanand plant was approved in December 2022 at about Rs 170 crore, guided operational in Q2 FY26 in the FY25 directors' report, and inaugurated on October 15, 2025: delivered, roughly two quarters late, and followed by record centrifugal and E-Series output in Q3 FY26. The FY25 directors' statement that the company was "expected to continue on its growth path in FY2025-26" was followed by FY26 revenue growth of 4.2 percent and a PAT decline of 4.3 percent: missed on profit.

The structural deduction is that there is almost nothing else to grade. The company publishes no numeric guidance and no order book, so leadership cannot be scored the way a Polycab or a Kirloskar can. Sunil Khanduja, MD since November 2024 and Chairman as well since July 2026, has an operations record inside the group and one strong quarter (Q1 FY27) plus one soft year (FY26) on the listed P&L.; The dividend policy, by contrast, is a model of stated-and-did: Rs 50, 70, 80 and 75 a share declared across FY23 to FY26, paid as promised. A team that delivers its plant and its dividend, misses its growth year, and declines to publish targets is a partial. PARTIAL.

Pillar 3: Moat, PARTIAL

GRADE: PARTIAL

The deep layer is real. Centac centrifugal machines have been packaged at Naroda since 1989; an integrally geared centrifugal is oil-free by design, engineered to order, and bought on lifetime energy cost by steel, power, pharma and chemical plants that requalify vendors slowly. A secondary source puts the company's centrifugal segment share near 50 percent (the annual report carries a share figure this analysis could not retrieve, so the number is labelled secondary). Add the oil-free E-Series at the premium screw end, an installed base that pulls spares and service, and a parent technology pipeline no domestic rival can fund.

The shallow layers are equally real. The standard oil-lubricated screw market is a specification-and-price contest where Elgi (three times the revenue) and Atlas Copco compete at scale. Atlas Copco India, unlisted at roughly Rs 5,790 crore of FY25 revenue, is the technology benchmark in the same oil-free categories and out-resources the Indian entity four to one. And the brands on the machines are group property: the moat's technology and trademarks belong to the 75 percent parent, licensed into a company minorities own a quarter of. A moat that is deep in centrifugals, contested in screws, and owned by the parent is a partial. PARTIAL.

Pillar 4: Iron Fortress, PASS

GRADE: PASS

The leverage test is not close. Total debt was about Rs 9 crore in FY26, essentially leases, against net worth of Rs 616 crore; Screener prints debt to equity at 0.00x for every year FY22 to FY26, and the directors' report calls the company debt-free. Cash and equivalents including short-term investments were about Rs 160 crore at FY26 end, for derived net cash of about Rs 151 crore. The Rs 170 crore Sanand plant and a Rs 75 a share dividend were both funded from internal accruals with no equity raise: the share count has been 3.157 crore, unchanged, for the entire period.

Two qualifications are recorded without breaking the grade. First, the fortress is small in absolute terms: Rs 616 crore of net worth supports an Rs 11,850 crore market capitalisation, so the protection is against lenders, not against valuation. Second, net cash has fallen every year since FY22 (about Rs 284 crore to about Rs 151 crore) because the roughly 92 percent dividend payout exceeds what the business retains after capex. A fortress that cannot be forced, but is being deliberately drawn down by its owner's payout policy, still passes the pillar, which tests survivability. PASS, with the monitored metric named: net cash staying positive through the Sanand capacity build to 2028.

Pillar 5: Free Cash Flow, PASS

GRADE: PASS

This is the cleanest pillar in the file. Screener-definition free cash flow was positive in all five years: Rs 69 crore in FY22, Rs 133 crore in FY23, Rs 158 crore in FY24, Rs 216 crore in FY25 and Rs 196 crore in FY26, about Rs 772 crore in total. Operating cash flow rose from Rs 81 crore to Rs 274 crore across the same years and covered PAT in each of the last three (Rs 274 crore against Rs 256 crore in FY26). Screener's cash-flow-to-EBITDA ratio prints 104 percent, 105 percent and 112 percent for FY24 to FY26: the profit is cash, not receivables.

The deductions are noted and graded insufficient to fail the pillar. Working capital is structurally heavy (debtor days near 78, inventory days up to 102 in FY26 on the Sanand ramp and centrifugal work in progress), funded largely by 119 days of payables; a demand downturn would strand some of that work in progress. Capex is stepping up (an implied Rs 79 crore in FY26 from Rs 12 crore in FY22) as Sanand phases build. Neither changes the verdict: five years, five positive prints, conversion above 100 percent. PASS, with the monitored metric named: free cash flow staying positive in the first down year for industrial capex.

Summary

- **Pillar 1. Sunrise:** PARTIAL, real new demand lanes (power, renewables, semiconductors, defence) on a cyclical core, but revenue grew only 4.1 to 4.2 percent in FY24 and FY26 during a capex upcycle; Q1 FY27 growth of 20.3 percent is one quarter, with Sanand the volume test ahead
- **Pillar 2. Leadership:** PARTIAL, Sanand delivered about two quarters late with output records following, dividends declared and paid exactly as stated (Rs 50 to Rs 80 a share across FY23 to FY25, Rs 75 for FY26), against a missed FY26 growth year and a no-guidance, no-order-book disclosure stance that leaves little to grade
- **Pillar 3. Moat:** PARTIAL, a 35-year Centac centrifugal franchise (near 50 percent segment share per a secondary source) and oil-free E-Series technology, against Atlas Copco India at four times the revenue, a price-contested standard screw market, and brands owned by the parent
- **Pillar 4. Iron Fortress:** PASS, debt of about Rs 9 crore against Rs 616 crore of net worth, derived net cash of about Rs 151 crore, Sanand and the dividend funded internally with zero dilution; the watch item is net cash falling since FY22 under a roughly 92 percent payout
- **Pillar 5. Free Cash Flow:** PASS, free cash flow positive in all five years (Rs 69 cr to Rs 196 cr, about Rs 772 cr total), operating cash flow above PAT for three straight years and cash conversion of 104 to 112 percent of EBITDA

Moderate fit, 2 of 5 pass. The engine's read: Ingersoll Rand (India) passes both pillars that describe money (the balance sheet cannot be forced and the cash is real, five years running), and is partial on all three pillars that describe the future (demand speed unproven at 4 percent growth in two of three years, a leadership record with little published to grade, and a moat whose best assets belong to the parent). That matches the investment report's 68/100 Selective Positive: the cash machine grades in the 80s, the growth claim grades in the 50s, and at Rs 3,753.70, about 44 to 46 times earnings, the market is pricing the second as if it were the first.

What changes the grade: Sunrise upgrades to pass if revenue grows in double digits for two consecutive years on Sanand volumes. Moat upgrades if the centrifugal share is confirmed in a filing and held while Atlas Copco pushes India capacity, and downgrades if the oil-free mix stalls. Leadership is re-graded when the company publishes any numeric target or order book to be graded against. Iron Fortress is re-graded if net cash turns negative. Free Cash Flow downgrades if conversion falls below 80 percent of PAT for two consecutive years.