DALALBYTES RESEARCH

Ingersoll Rand (India)

The Oil-Free Cash Machine

India's highest-return compressor maker:
42 percent ROE, a debt-free balance sheet,
five years of positive free cash flow,
and a new plant at Sanand

NSE: INGERRAND · BSE: 500210

October 27, 2026

Reference: Rs 3,753.70, NSE close of October 26, 2026.
Founding story, compressor technology, financials, competition, management, valuation, FY2029 scenarios.

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VERDICT

68 / 100 : Selective Positive

Ingersoll Rand (India) is the highest-return listed compressor maker in India, and it is not close. FY26 return on equity was 42.1 percent and return on capital employed 56.3 percent, on an 18.4 percent PAT margin, zero debt, and free cash flow that has been positive in every one of the last five years. The Sanand plant, inaugurated in October 2025, takes engineered-to-order capacity to 1.5 times by 2028, and Q1 FY27 opened with revenue up 20.3 percent and PAT up 19.5 percent.

The selective part is the growth record and the price. Revenue grew just 4.1 percent in FY24 and 4.2 percent in FY26, when PAT actually fell 4.3 percent on margin compression and labour-code exceptional costs. At Rs 3,753.70 the stock trades at about 44 to 46 times earnings, about 19 times book, and roughly 8.5 to 9 times sales, about double the price-to-sales of Elgi and Kirloskar Pneumatic. The parent takes about 92 percent of profit out as dividends, so net cash has fallen from about Rs 284 crore in FY22 to about Rs 151 crore in FY26. Quality this high deserves a premium; it does not deserve to be paid for delivery that has not happened yet.

Reference price: Rs 3,753.70 (NSE close, Monday October 26, 2026, the last trading day before publication). Market cap Rs 11,850 cr. 52-week range Rs 3,063.30 to Rs 4,955.00.

FY2029 targets: Bear Rs 2,575 / Base Rs 4,600 / Bull Rs 6,850. See Section 13 for assumptions.

1. SNAPSHOT

Item	Detail
Company	Ingersoll Rand (India) Ltd, Bengaluru HQ, plants at Naroda and Sanand, Gujarat
Founded	December 1921 in Kolkata; manufacturing from 1965; public since 1977
Listed	NSE: INGERRAND, BSE: 500210
Business	Industrial air compressors (single reported segment: Air Solutions)
Products	Reciprocating, oil-lubricated and oil-free rotary screw, Centac centrifugal, dryers, gas compressors, nitrogen generators
FY26 revenue	Rs 1,392 cr (+4.2%); Q1 FY27 Rs 379 cr (+20.3%)
FY26 PAT	Rs 256 cr (-4.3%); Q1 FY27 Rs 70 cr (+19.5%)
Returns	FY26 ROE 42.1%, ROCE 56.3%

Item	Detail
Balance sheet	Debt-free; net cash about Rs 151 cr (derived)
Promoters	75.00% (Ingersoll-Rand Industrial U.S. Inc. 74%, Ingersoll-Rand Inc. 1%); no pledging reported in sources reviewed
Dividend	Rs 75 per share declared for FY26, about 92% payout; yield 2.00%

2. FOUNDING STORY: A CENTURY OF COMPRESSED AIR IN INDIA

One of the first American ventures in India. Ingersoll Rand India was established in December 1921 in Kolkata, described in company profiles as one of the first Indo-American ventures in the country. For its first four decades it was a trading house only, selling imported American machinery into a market that barely manufactured.

Manufacturing starts in Gujarat. The first plant came up at Naroda, Ahmedabad in 1965, making reciprocating compressors (about 800 in the first year). A Bangalore plant followed in 1978 for construction, mining and water-well drilling equipment. The company became public in 1977.

The centrifugal bet defines the modern company. Rotary screw assembly started at Naroda in 1983. In 1989 the plant began packaging Centac centrifugal compressors, and the company claims it pioneered centrifugal technology in India. That engineered-to-order, oil-free centrifugal franchise is still the technical core of the business today.

Two decades of focus. Between 2000 and 2005 the group sold the process gas division, moved PET packaging machinery production from the US to Ahmedabad, consolidated rotary screw production at Ahmedabad, and sold Drilling Solutions to Atlas Copco. What remained was a pure air-compression company.

Parentage today. The modern Ingersoll Rand Inc. was formed in 2020 by combining Gardner Denver with Ingersoll Rand's industrial segment. The Indian listed company is 75 percent promoter-held (74 percent Ingersoll-Rand Industrial U.S. Inc., 1 percent Ingersoll-Rand Inc.), with a 25 percent public float. Press releases that call it a wholly-owned subsidiary are wrong for the listed entity.

3. WHAT IT MAKES: THE TECHNOLOGY OF COMPRESSED AIR

Compressed air is the fourth utility of Indian industry, and the machine that makes it decides a plant's energy bill for decades: compressors can run 8,000 hours a year, and lifetime electricity cost dwarfs the purchase price. That physics shapes the whole product ladder.

Reciprocating compressors. Piston machines, the 1921-vintage technology, still sold in small (workshop, garage) and large formats. Naroda's original line, now also a Sanand product in large sizes. Competes most

directly with Kirloskar Pneumatic.

Oil-lubricated rotary screw. The industry workhorse. A contact-cooled screw element delivers efficient air for general manufacturing; Ingersoll Rand sells its own screw ranges alongside group brands. This is Elgi's strongest turf and the most price-contested part of the portfolio.

Oil-free rotary screw, including the E-Series. Where the exhaust air touches food, drugs, electronics or semiconductors, oil carryover is a defect, not a nuisance. Oil-free screw machines command premium prices and premium margins. The newer oil-free E-Series was the output record-setter of Q3 FY26, and management targets over 90 percent localisation of rotary screw production in India (a stated target, not yet an achieved figure).

Centac centrifugal. The flagship. An integrally geared centrifugal compressor is oil-free by design (the air never contacts oil) and is built engineered-to-order for large continuous air demand in steel, power, pharma and chemicals. Packaging began at Naroda in 1989; the large machines now anchor Sanand. A secondary source puts the company's centrifugal segment share near 50 percent; the annual report carries a share insight whose value could not be retrieved for this report, so the 50 percent figure is labelled secondary, not filing-verified.

Air treatment and systems. Refrigerated and desiccant dryers, gas compressors and nitrogen generators round out the plant-room sale. A compressor plus dryer plus controls is a system sale, harder to displace than a single machine.

End markets. Automotive is the anchor, with metals and steel, pharmaceuticals and textiles named consistently in the directors' reports. The 2025-26 demand commentary adds thermal power, renewable energy and solar, semiconductors and electronics, and defence, which is where the Q3 FY26 order strength came from.

4. REVENUE MIX AND THE AFTERMARKET GAP

The company reports a single segment, Air Solutions, so every mix figure below is revenue commentary from filings and reporting, not a segment P&L.

Mix item	Share	Basis
Sale of goods (whole machines)	About 90 to 92% of revenue	BusinessLine, FY24; consistent with recent filings
Services (installation, commissioning, maintenance)	About 6 to 8% of revenue	BusinessLine, FY24
Spares	Balance, roughly 8 to 10% with services	Derived from the two lines above
Domestic sales	About 82% (FY24), up from about 74% in FY19	BusinessLine
Exports	About 18%, roughly Rs 250 cr in FY25	Secondary summary of filings

The mix is the weakness inside the quality. Global compression leaders cushion cyclicality with aftermarket revenue of a quarter or more of sales. Here services are roughly 6 to 8 percent, so about 92 percent of revenue is new-machine sales into cyclical capex. The annual report states there was no customer above 10 percent of revenue in FY25 or FY26; group entities in aggregate are a material export channel, but no single-customer concentration is disclosed.

Spares and services are the fastest small lines. Secondary summaries of FY25 commentary put spares growth at 7 percent and services growth at 26 percent. The direction is right; the base is too small to change the cycle math yet.

5. FINANCIALS: ELITE RETURNS, MODEST GROWTH

Year	Revenue (Rs cr)	Growth	Operating profit (Rs cr)	Operating margin	PAT (Rs cr)	EPS (Rs)	ROE	ROCE
FY22	910	+47.3%*	152	16.7%	110	34.89	22.0%	30.1%
FY23	1,151	+26.5%	246	21.4%	183	57.86	32.4%	44.0%
FY24	1,198	+4.1%	275	22.9%	222	70.45	38.6%	51.8%
FY25	1,336	+11.5%	340	25.5%	268	84.75	45.2%	60.8%
FY26	1,392	+4.2%	322	23.1%	256	81.10	42.1%	56.3%
Q1 FY27	379	+20.3%	n.v.	n.v.	70	22.32	n.v.	n.v.

FY22 growth is off the Covid-depressed FY21 base of Rs 618 cr and is not a run rate. Standalone figures; FY26 operating profit prints Rs 322 to 333 cr across sources depending on exceptional-item treatment. Revenue is revenue from operations; total income including other income was Rs 1,431 cr in FY26.

Read the table in two halves. The margin and return columns are world class: operating margin climbed from 16.7 to 25.5 percent by FY25, and even after the FY26 slip to 23.1 percent, ROE held above 42 percent. The growth column is ordinary: 4.1 and 4.2 percent in two of the last three years, with FY26 PAT down 4.3 percent as labour-code exceptional costs (reported at Rs 26.58 cr in Q3 FY26 coverage and Rs 14.78 cr in Q4 FY26 by a result note; the audited split should be checked before summing) met a softer fourth quarter.

Quarterly lumpiness is structural. Revenue from operations swung from Rs 455 cr in Q3 FY26 to Rs 300 cr in Q4 FY26, because large centrifugal deliveries bunch into single quarters. Annualising any one quarter misleads in both directions.

Q1 FY27 is the best recent print. Revenue from operations of Rs 379.46 cr rose 20.3 percent year on year, total income was Rs 389.29 cr, and PAT of Rs 70.46 cr rose 19.5 percent, with no exceptional items. Q2 FY27 results are due on November 12 to 13, 2026, after this report's reference date.

6. BALANCE SHEET, CASH FLOW, AND THE DIVIDEND ENGINE

Item	FY22	FY23	FY24	FY25	FY26
Operating cash flow (Rs cr)	81	148	207	265	274
Free cash flow, Screener definition (Rs cr)	69	133	158	216	196
Implied capex (Rs cr)	12	15	49	49	79
Cash and equivalents incl. ST investments (Rs cr)	292	273	220	212	160
Total debt, mostly leases (Rs cr)	8	5	6	11	9
Net worth (Rs cr)	552	578	580	609	616
Dividend declared for the year (Rs per share)	n.v.	50	70	80	75

Cash conversion is the strongest line in the file. Operating cash flow covered PAT in each of the last three years (Rs 274 cr against Rs 256 cr of PAT in FY26), and Screener's cash-flow-to-EBITDA ratio prints 104 to 112 percent for FY24 to FY26. Free cash flow has been positive for five straight years, totalling roughly Rs 772 cr.

Capital allocation is dividend-out, by design. Dividends declared rose from Rs 50 a share for FY23 (including a Rs 23 special dividend paid in November 2022) to Rs 75 for FY26, a cash cost of about Rs 237 cr, or roughly 92 percent of FY26 PAT. Financing outflow, almost entirely dividends, rose from Rs 13 cr in FY22 to Rs 255 cr in FY26. The consequence: cumulative FY23 to FY26 profit of about Rs 928 cr lifted net worth by only about Rs 64 cr. No buyback, equity raise, or acquisition by the Indian entity was found for FY22 to FY26.

Working capital is the quiet load. Debtor days run near 78, inventory days jumped to 102 in FY26 (Sanand ramp and centrifugal work in progress is the plausible reading, labelled as interpretation), and payables at 119 days fund much of a stable 62-day cash conversion cycle. Engineered-to-order growth will keep this heavy.

7. ROADMAP AUDIT: WHAT WAS PROMISED, WHAT ARRIVED

Commitment	Stated	Delivered	Grade
Sanand plant	Rs 170 cr, approved Dec 2022; operational Q2 FY26 per FY25 directors' report; press timing moved Apr to Aug 2025	Inaugurated October 15, 2025; Phase 1 capacity 24,000+ units a year	Delivered, about two quarters late
Sanand scale	Capacity 1.5x by 2028, 2x by 2030	Q3 FY26 commentary: output scaled 1.5x in the ramp quarter; record centrifugal and E-Series output	On track, early
Localisation	Over 90% of rotary screw production localised within a year	Stated as a target in Q3 FY26 coverage; achievement not yet reported	Pending
Growth path	FY25 directors' report: debt-free, cash for capex, "expected to continue on its growth path in FY2025-26"	FY26 revenue +4.2%, PAT -4.3%	Missed on profit
Growth ambition	MD, Feb 2026: "double our growth over the next few years"	Q1 FY27 revenue +20.3%, PAT +19.5%	Promising start; an aspiration, not guidance
Numeric guidance	None given	The company gives no formal revenue or EPS guidance, and discloses no order book	Visibility gap

The audit verdict. On assets, delivery is real: the plant exists, output records followed, and the balance sheet funded it internally. On numbers, there is little to grade because management does not publish targets, which is itself the finding: investors are asked to pay a guidance-grade multiple for a company that offers no guidance and no order book.

8. STRENGTHS

What to watch

Q2 FY27 results on November 12 to 13, 2026. Whether Q1 FY27 revenue growth near 20 percent repeats, the operating margin against the FY25 peak of 25.5 percent, and Sanand centrifugal dispatches decide whether the growth claim can carry a 44 to 46 times multiple.

- 1. Returns with no Indian listed peer close: FY26 ROE of 42.1 percent and ROCE of 56.3 percent, against about 19 to 20 percent ROE at Elgi and Kirloskar Pneumatic.
- 2. A genuine technical franchise: Centac centrifugals packaged in India since 1989 and the oil-free E-Series, in the premium, contamination-sensitive end of the market where energy efficiency decides the

sale.

- 3. Cash quality: free cash flow positive five years running, operating cash flow above PAT for three years, debt-free with debt to equity at 0.00x throughout.
- 4. Sanand changes the ceiling: 24,000-plus units of Phase 1 capacity for engineered-to-order centrifugals, dryers, gas compressors and nitrogen generators, on a 99-year GIDC lease, sized to 1.5 times by 2028.
- 5. New demand lanes are already in the order commentary: thermal power, renewables, semiconductors and electronics, and defence joined the auto, metals, pharma and textile core in Q3 FY26.
- 6. Shareholder cash return is large and reliable: Rs 75 a share for FY26, a 2.00 percent yield at the reference price, on top of a Rs 23 special dividend in the FY23 cycle.
- 7. Q1 FY27 momentum: revenue up 20.3 percent and PAT up 19.5 percent with a clean P&L, the first full quarter with Sanand in production.

9. WEAKNESSES AND RISKS

- 1. Growth does not match the multiple. Revenue compounded at about 11 percent over FY22 to FY26, with 4 percent prints in FY24 and FY26; at 44 to 46 times earnings, the price assumes the Q1 FY27 pace becomes the norm.
- 2. Margin has already slipped once: operating margin fell from 25.5 percent in FY25 to 23.1 percent in FY26, and PAT fell with it. Labour-code costs were part of it; volume mix was the rest.
- 3. Parent control is total. A 75 percent promoter can set dividend, product mandate and transfer terms; the brands and designs are group property. A specific royalty figure for FY25 or FY26 was not found in sources reviewed, and this report does not invent one. Minority holders own a claim on the parent's India policy, not on an independent company.
- 4. The aftermarket annuity is underbuilt: services at roughly 6 to 8 percent of revenue leave about 92 percent of sales exposed to the capex cycle, against a quarter or more aftermarket mix at global leaders.
- 5. Scale: at Rs 1,392 cr of revenue the company is about a quarter of Atlas Copco India's roughly Rs 5,790 cr (FY25) and a third of Elgi's consolidated Rs 4,069 cr (FY26), with production concentrated in one Gujarat cluster.
- 6. No order book is disclosed, unlike Kirloskar Pneumatic's published book, so forward cover cannot be verified.
- 7. Liquidity is thin: about 7,124 shares changed hands on October 26, 2026. A 25 percent float on tiny volume means the price can gap on no news, as the roughly 5 percent intraday move on October 27 showed.

10. MANAGEMENT AND GOVERNANCE

A new team at the top. Sunil Khanduja became Managing Director on November 12, 2024 for a five-year term, and additionally Chairman from July 27, 2026, succeeding independent director Sekhar Natarajan in the chair. Khanduja joined the group in 2013 as a plant leader and has run operations in India and EMEIA; his stated doctrine is "in the region, for the region". P. R. Shubhakar holds three roles at once: Executive Director, CFO and Company Secretary.

Governance notes, stated plainly. Combining the chairman and MD roles in one executive in July 2026 concentrates authority; the CFO's triple role does the same one level down. Neither is a violation, both are worth recording. KMP pay is small against profit (short-term benefits of Rs 3.17 cr in FY26, down from Rs 3.96 cr), which cuts against any extraction story. An independent director appointment (Ajay Shriram Patil) was in postal ballot at the reference date, with e-voting ending October 27, 2026.

The record to grade. The outgoing structure delivered the FY22 to FY25 margin climb. The incoming team's first full year, FY26, delivered a margin slip and a profit decline, then the strongest quarter in the series in Q1 FY27. That is a short, mixed record: partial credit, with Sanand execution the main exhibit in its favour.

Promoter and float. Promoters hold exactly 75.00 percent, unchanged through every quarter from December 2023 to September 2026; mutual funds hold roughly 8 to 9 percent and foreign institutions about 1.6 percent. No promoter pledging was reported in the sources reviewed; a filing-certified pledge figure was not retrieved.

11. COMPETITION: SMALLER THAN THE LEADERS, RICHER THAN EVERYONE

Company	Position	FY26 revenue (Rs cr)	FY26 PAT (Rs cr)	ROE	Price, Oct 26, 2026 (Rs)	Approx. P/E
Atlas Copco India (unlisted)	Market leader by revenue; oil-free and centrifugal benchmark	5,790 (FY25)	729 (FY24)	n.v.	Unlisted	n.a.
Elgi Equipments	Largest listed maker; screw workhorse, global aftermarket	4,069 consolidated	430 consolidated	19.3%	520.20	34 to 38x
Kirloskar Pneumatic	CNG compression leader; reciprocating and process gas	1,787	254 to 258	About 20 to 22%	555*	About 29x*

Company	Position	FY26 revenue (Rs cr)	FY26 PAT (Rs cr)	ROE	Price, Oct 26, 2026 (Rs)	Approx. P/E
Ingersoll Rand (India)	Centrifugal and oil-free premium niche	1,392	256	42.1%	3,753.70	44 to 46x

Kirloskar Pneumatic price and multiple are from a peer table crawled October 27, 2026 after a sharp fall from Rs 681.95 on October 1; treat as indicative. Elgi figures are consolidated; its standalone FY26 revenue was Rs 3,332 cr and PAT Rs 339 cr. Revenue scopes differ across all four (vacuum, tools and global sales are inside some), so this ranking is not a compressor market-share table.

Atlas Copco is the real rival. Unlisted, roughly four times the India revenue, nil debt, and the technology benchmark in exactly the oil-free and large centrifugal categories where Ingersoll Rand earns its premium. Chicago Pneumatic is its brand, not a separate rival. Kaeser (unlisted) contests the premium screw end; FS-Elliott, Anest Iwata Motherson and others fill the study lists.

Elgi wins the volume game. Three times the revenue, a global subsidiary network, and Q1 FY27 revenue up about 22 percent to Rs 1,083 cr with PAT up about 21 percent (secondary summary). Elgi's ROE near 19 percent is what a compressor P&L looks like without the centrifugal mix.

Kirloskar Pneumatic is the domestic mirror. Indigenous centrifugals (Tezcatlipoca), CNG leadership, a disclosed order book, and a multiple near 29 to 35 times. It shows what the market pays for similar engineering with faster recent growth and lower returns: less.

12. VALUATION: PAYING FOR THE RETURN, PREPAYING FOR THE GROWTH

At Rs 3,753.70 (October 26, 2026): trailing P/E of 44.3 to 44.6 times on vendor TTM earnings (46.3 times on audited FY26 EPS of Rs 81.10), price to book of about 19.4 times, market cap of Rs 11,850 cr on 3.157 cr shares, price to FY26 sales of about 8.5 times, and a dividend yield of 2.00 percent on the Rs 75 declared for FY26.

The premium in one line. Elgi trades near 4.7 to 4.9 times sales and Kirloskar near 4.9 times; Ingersoll Rand trades near 8.5 to 9 times. The defence of the premium is arithmetic, not sentiment: a 42 percent ROE and an 18.4 percent PAT margin convert each sales rupee into roughly twice the profit of either peer. The attack on the premium is equally arithmetic: FY26 growth was 4.2 percent, and a 19 times book multiple leaves no room for the return ratio to normalise.

No broker consensus exists to lean on. No SEBI-registered broker target was found for this stock in 2025-26 coverage; vendor forward multiples are estimates without a published consensus behind them. An algorithmic rating service downgraded the stock to Sell on October 22, 2026 on technicals and valuation (its "flat Q1" framing conflicts with the reported 20 percent revenue growth and is not adopted here). The valuation case has to be built from scenarios, which is what the next section does.

13. FY2029 SCENARIOS (INR)

Built off FY26 revenue of Rs 1,392 cr, PAT of Rs 256 cr and 3.157 cr shares. Exit multiples are P/E on FY29 earnings.

Bear Rs 2,575: revenue CAGR of 7 percent (Sanand ramps slowly, core capex stays soft), PAT margin of 17 percent as price competition bites. FY29 revenue Rs 1,705 cr, PAT Rs 290 cr, EPS about Rs 92, at 28 times.

Base Rs 4,600: revenue CAGR of 13 percent (Q1 FY27 momentum halves as Sanand volumes build), PAT margin of 19.5 percent on oil-free mix. FY29 revenue Rs 2,008 cr, PAT Rs 392 cr, EPS about Rs 124, at 37 times.

Bull Rs 6,850: revenue CAGR of 18 percent (centrifugal and E-Series demand from power, semis and renewables compounds, services mix rises), PAT margin of 21 percent. FY29 revenue Rs 2,287 cr, PAT Rs 480 cr, EPS about Rs 152, at 45 times.

The base case is roughly 23 percent above the reference price over three years, plus a 2 percent annual dividend yield: a high-single-digit annualised return for a business of this quality. That, precisely, is why the rating is Selective Positive and not Positive. The bull case needs the growth the multiple already assumes; the bear case is what happens if 4 percent growth turns out to be the trend and not the trough.

14. WHY IT MATTERS

Ingersoll Rand (India) is the cleanest test in Indian industrials of a simple question: how much should a minority holder pay for a superb return ratio inside someone else's company? The machine economics are superb and verified: five years of positive free cash flow, cash conversion above 100 percent, a debt-free balance sheet, and a centrifugal franchise built over 35 years. The corporate economics are the parent's: 75 percent control, group brands, and a 92 percent payout that returns the cash instead of compounding it in India. Sanand is the first serious attempt to change the second half of that sentence. At 68/100 Selective Positive, the verdict is: own the quality if the Sanand ramp keeps printing Q1 FY27-style quarters, and do not chase it on the days a 7,000-share tape gaps it 5 percent.

SOURCES

- Company filings and result notes via ICICI Direct rapid results (Q4 FY26, Q1 FY27), BSE announcements and the FY2025-26 annual report related-party note (ValueResearch mirror)

- Screener.in company pages for INGERRAND and 500210: profit and loss, cash flow, ratios, shareholding pattern, working capital days

- INDmoney, Anand Rathi, BlinkX, Smart-Investing and TipRanks financial tables, retrieved October 2026

- Price and market data, October 26, 2026: ICICI Direct, Tickertape, StockAnalysis.com, Upstox, 5paisa

- Hindu BusinessLine, "Running hand in hand with industrial capex", March 2025; Indian Chemical News and ScanX, Q3 FY26 results coverage, February 2026

- Sanand inauguration coverage, October 15, 2025: Bilkul Bazaar, Indian PSU, Investment Monitor

- Dividend history: Dhan, Upstox, StockAnalysis.com, 5paisa

- Peer data: Bajaj Finserv Markets and Finnhub (Elgi, October 26, 2026), Dhan peer table (crawled October 27, 2026), Tofler (Atlas Copco India, FY24), Machine Maker (Atlas Copco India, FY25), DalalBytes Kirloskar Pneumatic report, October 2026

- Management appointments: Equipment India and Autocar Professional, November 2024; SightsIn Plus, July 2026

- Items searched and not found, and therefore not asserted: FY25/FY26 royalty amount, a filing-certified promoter pledge figure, a quantified order book, formal numeric guidance, and any broker consensus target