

# Kirloskar Oil Engines

BSE SENSEX 81,749 S&P CNX 24,668

**CMP: INR1,113 TP: INR1,540 (+38%) Buy**



Bloomberg	KOEL IN
Equity Shares (m)	145
M.Cap.(INRb)/(USD\$b)	161.4 / 1.9
52-Week Range (INR)	1450 / 618
1,6,12 Rel. Per (%)	-7/-22/62
12M Avg Val (INR M)	336

## Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	54.7	65.2	77.8
EBITDA	7.1	9.1	11.7
PAT	4.7	6.2	8.1
EPS (INR)	32.7	42.9	55.9
GR. (%)	30.7	31.4	30.3
BV/Sh (INR)	205.1	236.5	277.5

## Ratios

ROE (%)	16.9	19.4	21.8
RoCE (%)	16.3	19.0	21.4

## Valuations

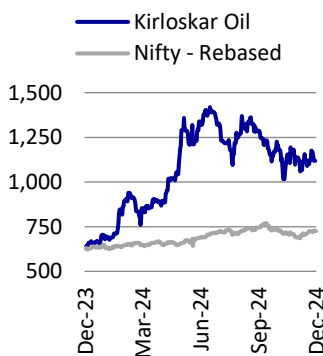
P/E (X)	34.1	25.9	19.9
P/BV (X)	5.4	4.7	4.0
EV/EBITDA (X)	22.7	17.3	13.1
Div Yield (%)	0.8	1.0	1.3

## Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	41.2	41.2	41.2
DII	24.9	25.4	24.3
FII	10.8	10.0	7.8
Others	23.1	23.4	26.7

FII includes depository receipts

## Stock Performance (1-year)



## Attractive valuations versus near-term weakness

We hosted the Kirloskar Oil Engines Ltd (KOEL) management for an interactive session on current trends in the genset industry and other areas, such as the emission norm change in industrial engines, export markets, and KOEL's plans for B2C and Arka Fincap. The genset industry is undergoing a transition phase with near-term weakness seen in volumes, which will normalize in a few quarters. The company is ready for the CEV5 norm shift in the industrial segment from Jan'25 onwards and is gradually increasing its presence in export markets. Despite decline in volumes seen in its key powergen segment on YoY basis, we remain positive on KOEL on its 1) strategy to grow the share of high kVA rating products over medium to long term; 2) ability to benefit from the strong distribution network versus other smaller players in the industry; and 3) sharp valuation discount versus the market leader. We cut our estimates for FY25/26/27 by 7%/4%/1% to factor in lower revenues in the powergen segment. We reiterate BUY on KOEL with a revised SOTP-based TP of INR1,540 based on 29x P/E on two-year forward estimates.

## Powergen volumes to ramp up in a few quarters

For the powergen segment, overall industry volumes, which used to hover at ~35k gensets per quarter last year, witnessed a transient dip to ~28k-29k in 2QFY25, post the implementation of CPCB 4+ norms. KOEL is confident of a sequential improvement to ~30k in 3QFY25 and a broad-based normalization in ensuing quarters. Historically, the company has been a dominant player in the LHP and MHP nodes (~30% market share). However, following the emission norm change, it is seeing the entry of MNC players in LHP nodes as well owing to the technologically advanced nature of products. The CPCB 4+ transition has resulted in price hikes of 30-40% and the company saw a small price correction in certain nodes during 3QFY25. On the other hand, players such as Cummins, Caterpillar, MTU, et al have been predominant in the HHP space, while KOEL has only recently forayed into the same. It currently has a high single-digit market share (>750kva) and aspires to reach a high double-digit, ultimately targeting a 25-30% market share on the back of its new launches and strong service network. Notably, it has already started getting inquiries from data centers and high tension segment.

## Industrial segment benefiting from robust demand trend

The industrial segment is witnessing a growth upswing as the company is reaping the benefits of its targeted efforts in this segment. KOEL has outlined its intent to grow its defense and railways sectors, where the company sees robust opportunity potential over the coming years. However, it will take some time to scale up. The upcoming BSV norms will not see a similar pre-buying trend as the CPCB 4+ norms, as industrial customers have their own production schedules. The norm shift is both a risk and an opportunity as customers tend to switch vendors during norm transitions only.

Research analyst – **Teena Virmani** (Teena.Virmani@MotilalOswal.com) | **Harsh Tewaney** (Harsh.Tewaney@MotilalOswal.com) | **Prerit Jain** (Prerit.Jain@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report. Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

### Export growth to fructify gradually

Alongside HHP and distribution segments, KOEL has identified exports as a key growth driver in its overall strategy. While we have seen near-term weakness in exports for the company, KOEL is confident of scaling up the business sustainably, with a strong foundation already in place. The company will approach each geography on its own merits; it will take a calculated call in terms of tying up with GOEMs and distributors, entering into JVs, or directly operating in the market based on the regulatory requirement, competitive landscape, etc. KOEL has earmarked the Middle East and US as its key focus markets. Pertinently, it has already received certifications for certain products in the US and has set up a company to operate as a GOEM.

### B2C production to stabilize following the planned plant relocation

The B2C segment saw a transient dip in 2QFY25 on account of a planned relocation to the new facility, where it has consolidated five of its manufacturing locations into a single unit. This resulted in lower production and dispatches, which is slated to stabilize in the coming 1-2 quarters. This new facility will see improved cost efficiencies, streamlining of operations, and reduced delivery time. Its current product range is largely commoditized in nature (small pumps) and the company aims to move up the value chain so as to reduce the twin risks of price sensitivity and seasonality, which it is currently exposed to.

### Targeting retailization of the Arka Fincap loan book

Arka's current loan book of ~INR62.8b is largely comprised of wholesale corporate loans, real estate loans, and SME loans (average ticket size of ~INR20m). The company plans to increase the granularity of the loan book and expand into retail lending. This expansion will be led by additions to its existing network of physical branches coupled with the scaling up of its digital presence. Management believes there is sufficient headroom to take additional debt to fund this growth, while equity funding from KOEL will be the last option.

### Financial outlook

We revise our estimates downwards by 7%/4%/1% for FY25/26/27 to factor in slight weakness in the powergen segment. We expect a revenue CAGR of 17% over FY24-27, driven by 15%/21%/18%/20%/16% CAGR in powergen/industrial/distribution/exports/B2C. Over FY24-27E, we bake in 340bp expansion in margins to build in better product mix and operating leverage benefits. We expect a PAT CAGR of 30% over the same period.

### Valuation and view

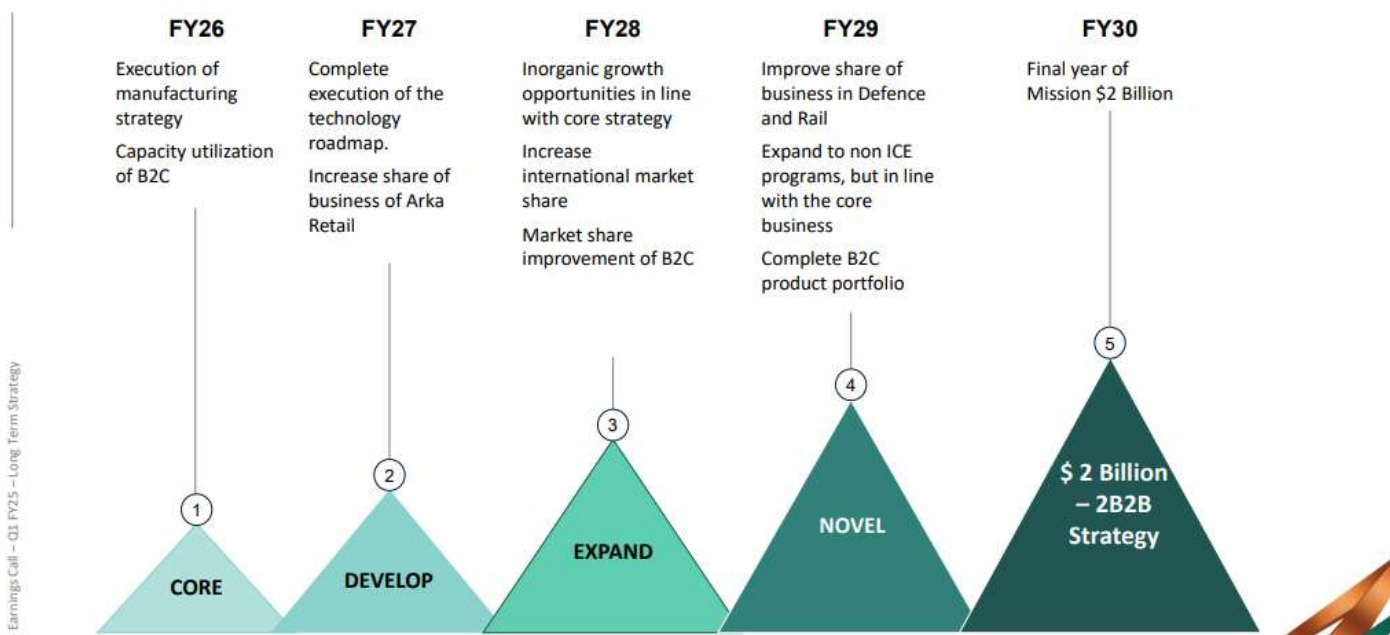
The stock is currently trading at 34x/26x/20x FY25E/26E/27E earnings. Adjusted with subsidiary valuation, KOEL is trading at 31x/23x/18x FY25E/26E/27E EPS, which is still at a 45-50% discount to the market leader. We continue to reiterate BUY on KOEL as we expect it to benefit from improved sales from higher HP segments, exports, and improving trajectory of the B2C segment.

### Key risks and concerns

Demand slowdown, competitive intensity, higher costs for B2C division, the risk of further fund infusion in Arka Fincap, and technology risks are the key risks for KOEL.

Exhibit 1: KOEL has maintained its strategic roadmap to achieve USD2b size in the next five years

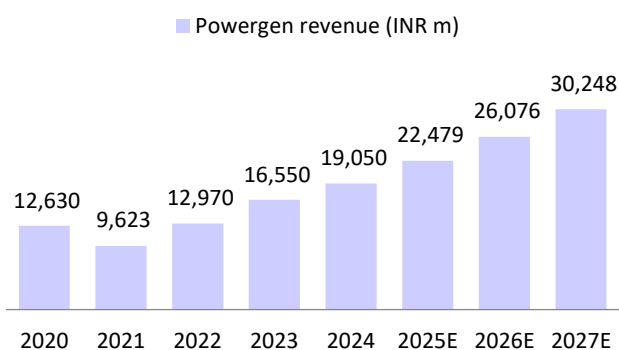
**2B2B Strategy - The Ambition: Grow the Kirloskar Oil Engines business to \$2 Billion in the next 5 years at a consolidated level**



Source: Company, MOFSL

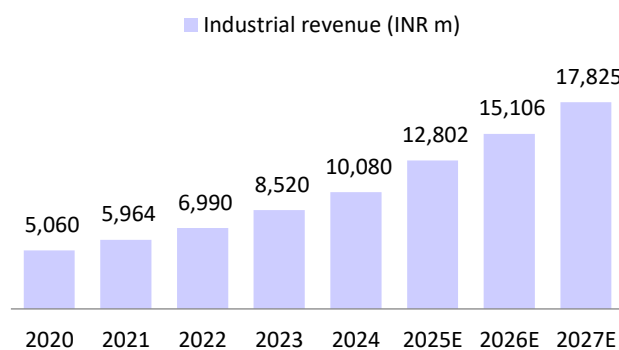
**Financial outlook**

**Exhibit 2: We expect powergen revenue to grow at a 15% CAGR over FY24-27**



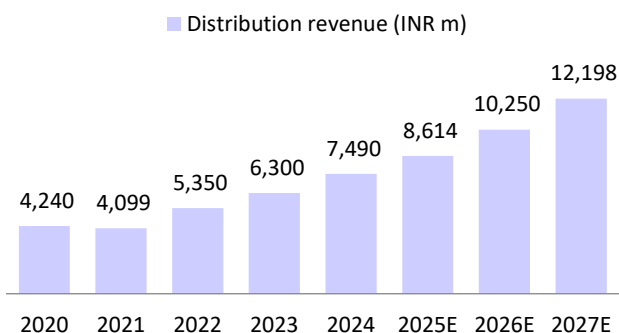
Source: Company, MOFSL

**Exhibit 3: We expect industrial revenue to grow at a CAGR of 20% during FY24-27 on strong demand**



Source: Company, MOFSL

**Exhibit 4: We expect distribution revenue growth to remain strong at 18% CAGR over FY24-27**



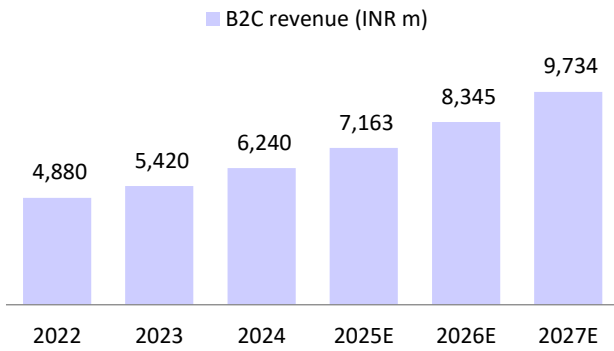
Source: Company, MOFSL

**Exhibit 5: We expect exports revenue to grow at a 20% CAGR over FY24-27**



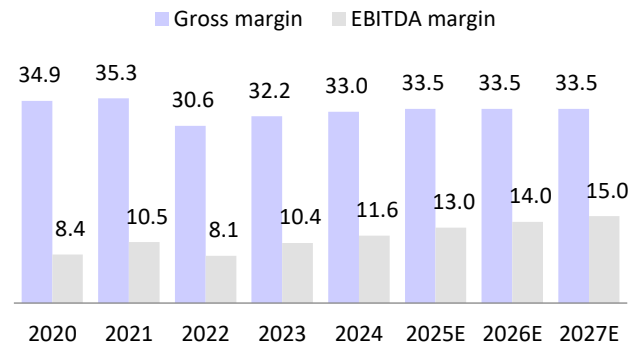
Source: Company, MOFSL

**Exhibit 6: We expect B2C revenue to grow at a CAGR of 18% over FY24-27 with an expanding footprint**



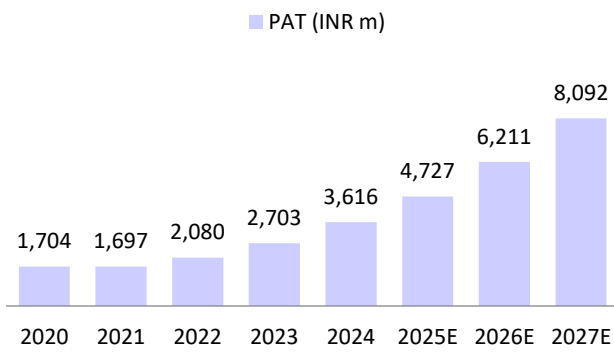
Source: Company, MOFSL

**Exhibit 7: We expect margin expansion to be driven by price hikes, higher share of exports, and operating leverage (%)**



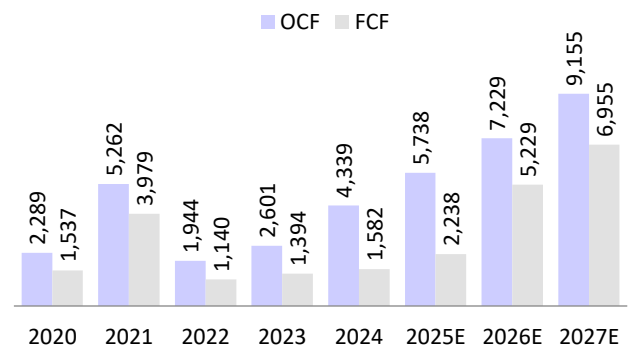
Source: Company, MOFSL

**Exhibit 8: We expect PAT to post a 30% CAGR over FY24-27**



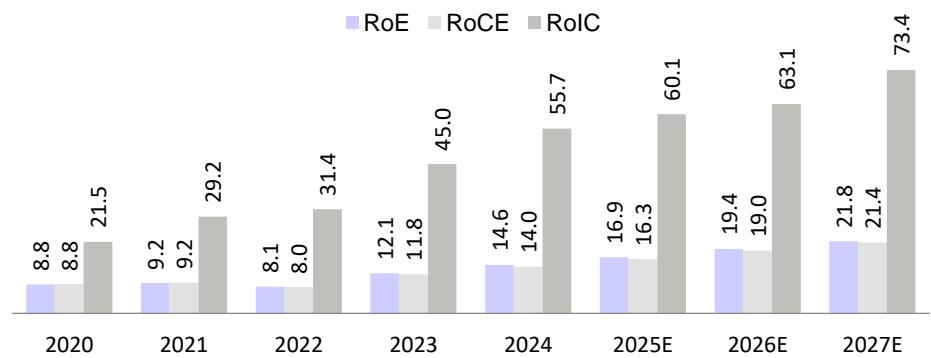
Source: Company, MOFSL

**Exhibit 9: We expect OCF & FCF to improve further (INR m)**



Source: Company, MOFSL

**Exhibit 10: Return ratios to improve with improved profitability (%)**



Source: Company, MOFSL

**Exhibit 11: We tweak our estimates downward to account for lower Powergen revenues**

(INR M)	FY25E			FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	54,749	56,777	(3.6)	65,229	66,927	(2.5)	77,756	78,942	(1.5)
EBITDA	7,117	7,665	(7.1)	9,132	9,571	(4.6)	11,663	11,841	(1.5)
EBITDA (%)	13.0	13.5	-50 bps	14.0	14.3	-30 bps	15.0	15.0	0 bps
Adj. PAT	4,727	5,081	(7.0)	6,211	6,471	(4.0)	8,092	8,142	(0.6)
EPS (INR)	32.7	35.1	(7.0)	42.9	44.7	(4.0)	55.9	56.2	(0.6)

Source: MOFSL

**Exhibit 12: SOTP valuation**

	Earnings/ book	Valn multiple	Value	KOEL's share	Value for KOEL's share	Per share value	Valuation basis
	(INR m)	(X)	(INR m)	(%)	(INR m)	(INR)	
<b>KOEL valuation</b>							
Core business	7,151	29	2,07,386	100.0	2,07,386	1,431	❖ 29x two-year fwd EPS; 35% discount to KKC
<b>Investments</b>							
La Gajjar Machineries	104	12.0	1,251	100.0	1,251	9	❖ 12x P/E two-year forward earnings
Arka Fincap	11,100	1.3	14,541	100.0	14,541	100	❖ 1.3x P/BV on expanded two-year forward book
<b>Total</b>					<b>2,23,178</b>	<b>1,540</b>	

Source: Company, MOFSL

## Financials and valuation

Income Statement							(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Total Income from Operations</b>	<b>26,944</b>	<b>32,997</b>	<b>41,161</b>	<b>48,505</b>	<b>54,749</b>	<b>65,229</b>	<b>77,756</b>
Change (%)	-6.4	22.5	24.7	17.8	12.9	19.1	19.2
Raw Materials	17,431	22,912	27,897	32,439	36,408	43,377	51,708
<b>Gross Profit</b>	<b>9,513</b>	<b>10,085</b>	<b>13,264</b>	<b>16,066</b>	<b>18,341</b>	<b>21,852</b>	<b>26,048</b>
Employees Cost	1,989	2,070	2,365	3,069	3,723	4,436	5,287
Other Expenses	4,686	5,327	6,630	7,355	7,501	8,284	9,097
<b>Total Expenditure</b>	<b>24,106</b>	<b>30,309</b>	<b>36,892</b>	<b>42,864</b>	<b>47,632</b>	<b>56,097</b>	<b>66,092</b>
% of Sales	89.5	91.9	89.6	88.4	87.0	86.0	85.0
<b>EBITDA</b>	<b>2,838</b>	<b>2,688</b>	<b>4,269</b>	<b>5,642</b>	<b>7,117</b>	<b>9,132</b>	<b>11,663</b>
Margin (%)	10.5	8.1	10.4	11.6	13.0	14.0	15.0
Depreciation	622	772	848	970	999	1,131	1,231
<b>EBIT</b>	<b>2,217</b>	<b>1,915</b>	<b>3,422</b>	<b>4,672</b>	<b>6,119</b>	<b>8,002</b>	<b>10,432</b>
Int. and Finance Charges	64	62	54	78	132	90	74
Other Income	245	248	273	274	383	457	544
<b>PBT bef. EO Exp.</b>	<b>2,398</b>	<b>2,100</b>	<b>3,641</b>	<b>4,868</b>	<b>6,370</b>	<b>8,369</b>	<b>10,903</b>
EO Items	-84	527	0	0	0	0	0
<b>PBT after EO Exp.</b>	<b>2,314</b>	<b>2,627</b>	<b>3,641</b>	<b>4,868</b>	<b>6,370</b>	<b>8,369</b>	<b>10,903</b>
Total Tax	617	547	939	1,252	1,642	2,158	2,811
Tax Rate (%)	26.6	20.8	25.8	25.7	25.8	25.8	25.8
Minority Interest	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>1,697</b>	<b>2,080</b>	<b>2,703</b>	<b>3,616</b>	<b>4,727</b>	<b>6,211</b>	<b>8,092</b>
<b>Adjusted PAT</b>	<b>1,759</b>	<b>1,663</b>	<b>2,703</b>	<b>3,616</b>	<b>4,727</b>	<b>6,211</b>	<b>8,092</b>
Change (%)	11.4	-5.4	62.5	33.8	30.7	31.4	30.3
Margin (%)	6.5	5.0	6.6	7.5	8.6	9.5	10.4

Balance Sheet							(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	289	289	290	290	290	290	290
Total Reserves	19,542	21,105	23,028	25,937	29,399	33,947	39,873
<b>Net Worth</b>	<b>19,832</b>	<b>21,395</b>	<b>23,318</b>	<b>26,227</b>	<b>29,689</b>	<b>34,237</b>	<b>40,163</b>
Total Loans	793	976	751	2,091	1,219	1,019	819
Deferred Tax Liabilities	125	146	61	100	100	100	100
<b>Sources of Funds</b>	<b>20,749</b>	<b>22,517</b>	<b>24,131</b>	<b>28,418</b>	<b>31,008</b>	<b>35,356</b>	<b>41,082</b>
Gross Block	16,281	16,990	17,425	19,052	22,552	24,552	26,752
Less: Accum. Deprn.	11,826	12,488	13,174	14,144	15,142	16,273	17,504
<b>Net Fixed Assets</b>	<b>4,455</b>	<b>4,502</b>	<b>4,251</b>	<b>4,908</b>	<b>7,410</b>	<b>8,279</b>	<b>9,248</b>
Capital WIP	549	393	664	2,426	2,426	2,426	2,426
<b>Total Investments</b>	<b>15,340</b>	<b>16,722</b>	<b>16,925</b>	<b>18,762</b>	<b>18,762</b>	<b>18,762</b>	<b>18,762</b>
<b>Curr. Assets, Loans &amp; Adv.</b>	<b>8,092</b>	<b>8,505</b>	<b>11,557</b>	<b>13,115</b>	<b>14,592</b>	<b>20,403</b>	<b>27,947</b>
Inventory	2,652	3,031	4,685	5,235	5,909	7,040	8,392
Accounts Receivable	3,558	3,945	4,672	5,684	6,416	7,644	9,112
Cash and Bank Balance	294	314	338	980	948	4,225	8,740
Loans and Advances	872	656	852	808	912	1,086	1,295
Other Assets	716	558	1,011	408	408	408	408
<b>Curr. Liability &amp; Prov.</b>	<b>7,686</b>	<b>7,606</b>	<b>9,267</b>	<b>10,793</b>	<b>12,182</b>	<b>14,514</b>	<b>17,302</b>
Accounts Payable	6,419	6,175	6,326	7,274	8,210	9,782	11,660
Other Current Liabilities	646	729	1,700	2,223	2,509	2,989	3,563
Provisions	622	702	1,241	1,296	1,463	1,743	2,078
<b>Net Current Assets</b>	<b>406</b>	<b>899</b>	<b>2,291</b>	<b>2,322</b>	<b>2,409</b>	<b>5,888</b>	<b>10,645</b>
<b>Appl. of Funds</b>	<b>20,749</b>	<b>22,517</b>	<b>24,131</b>	<b>28,418</b>	<b>31,007</b>	<b>35,355</b>	<b>41,081</b>

## Financials and valuation

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>12.2</b>	<b>11.5</b>	<b>18.7</b>	<b>25.0</b>	<b>32.7</b>	<b>42.9</b>	<b>55.9</b>
Cash EPS	16.4	16.8	24.5	31.7	39.6	50.8	64.5
BV/Share	137.0	147.8	161.1	181.2	205.1	236.5	277.5
DPS	1.5	4.7	5.0	6.7	8.7	11.5	15.0
Payout (%)	12.8	32.6	26.8	26.8	26.8	26.8	26.8
<b>Valuation (x)</b>							
P/E	91.6	96.9	59.6	44.5	34.1	25.9	19.9
Cash P/E	67.7	66.1	45.4	35.1	28.1	21.9	17.3
P/BV	8.1	7.5	6.9	6.1	5.4	4.7	4.0
EV/Sales	6.0	4.9	3.9	3.3	2.9	2.4	2.0
EV/EBITDA	56.9	60.2	37.8	28.8	22.7	17.3	13.1
Dividend Yield (%)	0.1	0.4	0.4	0.6	0.8	1.0	1.3
FCF per share	27.5	7.9	9.6	10.9	15.5	36.1	48.0
<b>Return Ratios (%)</b>							
RoE	9.2	8.1	12.1	14.6	16.9	19.4	21.8
RoCE	9.2	8.0	11.8	14.0	16.3	19.0	21.4
RoIC	29.2	31.4	45.0	55.7	60.1	63.1	73.4
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	1.7	1.9	2.4	2.5	2.4	2.7	2.9
Asset Turnover (x)	1.3	1.5	1.7	1.7	1.8	1.8	1.9
Inventory (Days)	36	34	42	39	39	39	39
Debtor (Days)	48	44	41	43	43	43	43
Creditor (Days)	87	68	56	55	55	55	55
<b>Leverage Ratio (x)</b>							
Current Ratio	1.1	1.1	1.2	1.2	1.2	1.4	1.6
Interest Cover Ratio	34.9	30.7	63.8	60.0	46.2	89.4	141.9
Net Debt/Equity	-0.7	-0.8	-0.7	-0.7	-0.6	-0.6	-0.7

### Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>(INR m)</b>							
OP/(Loss) before Tax	2,314	2,627	3,641	4,868	6,370	8,369	10,903
Depreciation	622	772	848	970	999	1,131	1,231
Interest & Finance Charges	38	50	35	78	132	90	74
Direct Taxes Paid	-324	-567	-960	-1,084	-1,642	-2,158	-2,811
(Inc)/Dec in WC	2,654	-157	-1,025	-441	-120	-202	-241
<b>CF from Operations</b>	<b>5,304</b>	<b>2,726</b>	<b>2,539</b>	<b>4,391</b>	<b>5,738</b>	<b>7,229</b>	<b>9,155</b>
Others	-42	-782	61	-52	0	0	0
<b>CF from Operating incl EO</b>	<b>5,262</b>	<b>1,944</b>	<b>2,601</b>	<b>4,339</b>	<b>5,738</b>	<b>7,229</b>	<b>9,155</b>
(Inc)/Dec in FA	-1,282	-804	-1,206	-2,757	-3,500	-2,000	-2,200
<b>Free Cash Flow</b>	<b>3,979</b>	<b>1,140</b>	<b>1,394</b>	<b>1,582</b>	<b>2,238</b>	<b>5,229</b>	<b>6,955</b>
(Pur)/Sale of Investments	-2,855	680	3,235	-1,091	0	0	0
Others	-1,316	-8,870	-3,585	-334	0	0	0
<b>CF from Investments</b>	<b>-5,453</b>	<b>-8,994</b>	<b>-1,556</b>	<b>-4,182</b>	<b>-3,500</b>	<b>-2,000</b>	<b>-2,200</b>
Issue of Shares	0	0	0	0	0	0	0
Inc/(Dec) in Debt	613	172	-236	1,338	-200	-200	-200
Interest Paid	-62	-53	-50	-107	-132	-90	-74
Dividend Paid	-217	-578	-723	-724	-1,265	-1,663	-2,166
Others	-20	7,529	-12	-21	-673	0	0
<b>CF from Fin. Activity</b>	<b>314</b>	<b>7,070</b>	<b>-1,021</b>	<b>486</b>	<b>-2,271</b>	<b>-1,952</b>	<b>-2,439</b>
<b>Inc/Dec of Cash</b>	<b>123</b>	<b>20</b>	<b>23</b>	<b>643</b>	<b>-33</b>	<b>3,277</b>	<b>4,516</b>
Opening Balance	171	294	314	338	980	948	4,225
<b>Closing Balance</b>	<b>294</b>	<b>314</b>	<b>338</b>	<b>980</b>	<b>948</b>	<b>4,225</b>	<b>8,740</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

NOTES



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

MOFSL, its associates, Research Analyst or their relatives may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst or their relatives may have actual beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may have any other potential conflict of interests at the time of publication of the research report or at the time of public appearance, however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

In the past 12 months, MOFSL or any of its associates may have:

- received any compensation/other benefits from the subject company of this report
- managed or co-managed public offering of securities from subject company of this research report,
- received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
- received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.

- MOFSL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.
- Subject Company may have been a client of MOFSL or its associates during twelve months preceding the date of distribution of the research report.
- Research Analyst may have served as director/officer/employee in the subject company.
- MOFSL and research analyst may engage in market making activity for the subject company.

MOFSL and its associate company(ies), and Research Analyst and their relatives from time to time may have:

- a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein.
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report.

#### Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

#### Disclosure of Interest Statement

Kirkoskar Oil Engines

Analyst ownership of the stock

No

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Financial Services Limited (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

MOTILAL Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and

interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act of Singapore. Accordingly, if a Singapore person is not, or ceases to be, such an investor, they must immediately discontinue any use of this Report and inform MOCMSPL.

#### Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

#### Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.