

CMP: ₹ 517

Target: ₹ 770 (49%)

Target Period: 12 months

February 12, 2026

## Growth led execution momentum...

**About the stock:** Kilburn Engineering Limited (KEL), incorporated in 1987, largest player in customised drying solutions and process equipment. With a strong proprietary technology base in drying systems, the company has established itself as a niche solutions provider.

- Their products find applications across multiple sectors such as chemicals, petrochemicals, fertilizers, carbon black, pharma, food, oil & gas, power (including nuclear), metals and cement etc.
- The company has strategically transitioned from a product supplier to a comprehensive solution provider resulting in Revenue and PAT CAGR of 38% and 44% over FY23-25, respectively.

**Q3FY26 performance:** Kilburn Engineering Limited reported a strong consolidated Q3FY26 performance, with revenue from operations rising 45% YoY to ₹156.8 crore, driven by healthy execution and higher subsidiary contribution. Operating EBITDA grew 54% YoY to ₹36.1 crore, with EBITDA margin expanding by 134 bps YoY to 23%, reflecting operating leverage and efficiency gains. Consequently, PAT increased 53% YoY to ₹23.2 crore, highlighting robust profitability growth despite a high base. The company reported an order backlog of ₹495 crore as of December 31, 2025, supplemented by post-quarter wins/LOIs of ₹70 crore and a robust enquiry pipeline exceeding ₹4,000 crore, providing strong medium-term revenue visibility.

### Investment Rationale:

- Strong Revenue Visibility Supported by Healthy Order Book & strong Inquiry Pipeline:** The company's order backlog stood at ₹495 crore as of December 31, 2025, aided by post-quarter wins/LOIs of ₹70 crore and a healthy inquiry pipeline of ~₹4,000 crore across petrochemicals, chemicals, fertilizers, metals, nuclear and recycling segments. Management expects to open FY27E with ~₹500+ crore order book, providing healthy near-term revenue visibility. With FY26E revenue guided at ₹625-650 crore (~50% YoY growth) and a targeted 25% CAGR over FY27-28E, the company has a clear roadmap to scale toward ~₹800 crore and subsequently ~₹1,000 crore revenue. Diversified sector exposure and ~30% export contribution further de-risk revenue concentration and enhance structural growth visibility.
- Sustainable EBITDA margin and Capacity Expansion to Drive Next Leg of Upside:** Despite project mix volatility inherent in EPC-style execution, Kilburn has consistently delivered EBITDA margins in the 22-23% range and guided for a sustainable 20%+ margin profile. Margin resilience is supported by disciplined raw material procurement (blocking ~80% inputs at LOI stage), strong engineering capabilities, and increasing contribution from higher-value solutions across drying, heat recovery and process equipment segments. Ongoing capacity expansion at Saravali and ME Energy (Pune) is expected to drive operating leverage as scale improves, enabling better fixed-cost absorption. With capex of ~₹40-45 crore over the next 12 months, Kilburn appears well positioned to capitalize on India's industrial capex upcycle.

### Rating and Target Price

- We expect Revenue and PAT to grow at 29.8% and 32.8% CAGR over FY25-FY28E. We maintain **Buy** on KEL with a Target Price of ₹770 (based on 25x P/E on FY28E EPS)

### Key Financial Summary

(Rs. in crore)	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	FY28E	3 Year CAGR (FY25-28E)
Net Sales	221.5	329.5	424.5	38.4%	614.3	751.9	928.2	29.8%
EBITDA	34.7	76.4	101.0	70.7%	143.1	172.9	220.6	29.8%
EBITDA margin (%)	15.7	23.2	23.8		23.3	23.0	23.8	
Net Profit	30.1	50.6	62.4	43.9%	91.1	112.9	146.3	32.8%
EPS (Rs)	8.4	12.1	13.1		19.2	23.8	30.8	
P/E (x)	61.4	42.8	39.3		26.9	21.7	16.8	
EV/EBITDA (x)	54.8	29.0	24.9		16.9	14.1	11.1	
RoCE (%)	27.5	22.6	17.3		16.9	18.5	20.7	
RoE (%)	26.8	20.2	13.2		12.1	13.2	14.9	

Source: Company, ICICI Direct Research

BUY



KILBURN ENGINEERING LIMITED

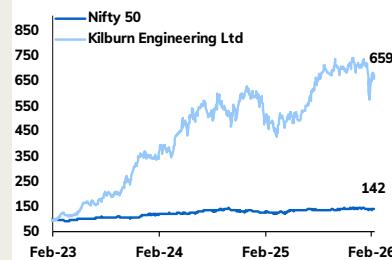
### Particulars

Particular	Rs. (in crore)
Market Capitalisation	2750
Total Debt (H1FY26)	90
Cash and Inv (H1FY26)	52
Enterprise Value	2787
52 week H/L (Rs.)	618/327
Equity capital	47.48
Face value (Rs.)	10

### Shareholding pattern

%	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	49.1	48.3	46.0	46.0
FII	1.8	1.8	1.5	1.3
DII	2.1	3.8	5.0	5.9
Public	47.1	46.2	47.6	46.8

### Price Chart



### Key risks

- (i) Delay in order inflows
- (ii) Manpower unavailability may delay project execution.

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## Key results and earnings call highlights:

- Kilburn Engineering Limited reported a strong Q3FY26 performance, with consolidated revenue rising 45% YoY to ₹156.8 crore. EBITDA for Q3FY26 came in at ₹36.1 crore surging 54% YoY, EBITDA margin improved 134 bps YoY to 23%. As a result, PAT for Q3FY26 came in at ₹23.2 crore, up 53% YoY. PAT margin expanded 76 bps YoY to 14.8%.
- The company's order backlog stood at ₹495 crore as of December 31, 2025, supplemented by post-quarter wins/LOIs of ₹70 and a robust enquiry pipeline exceeding ₹4,000 crore, providing strong medium-term revenue visibility.
- Management highlighted sustained inquiry traction across petrochemicals, chemicals, fertilizers, soda ash, metals, recycling, nuclear, offshore and food processing. Pipeline has consistently remained in ₹3,800–4,000 crore range over last few quarters.
- The company formed a new JV, Kilburn East End Pvt Ltd, to offer specialized site/shop fabrication and erection services to EPC contractors in refineries, petrochemicals, steel, and chemicals. This move expands Kilburn's addressable market beyond equipment supply into higher-margin services, leveraging existing client relationships and technical capabilities.
- Saravali plant expansion and Phase-II expansion at Pune (ME Energy) underway; expected completion in 6–8 months. Capex of ~₹40–45 crore planned over next 12 months across Kilburn and subsidiaries to support scale-up toward ~₹800 crore (FY27E) and ~₹1,000 crore (FY28E) revenue target.
- Export revenue expected at ~30% of FY26E topline. Management clarified export margins are broadly in line with domestic margins, though certain projects (e.g., OCP Morocco) may deliver superior margins.
- Cash & bank balance stood at ~₹30 crore; gross borrowings at ~₹100 crore. Banking facility enhancement and credit rating upgrade expected to reduce cost of funds and improve cash flows in FY27E.
- Management maintains FY26E guidance of 50% topline growth targeting consolidated revenue of approximately ₹625 - ₹650 crores with EBITDA margin in range of 22% -23%. For FY27 - FY28E, company guides for ~25% revenue CAGR, supported by strong order book, capacity expansions and growing export focus.

## Financial Summary

## Exhibit 1: Profit and loss statement

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	329	424	614	752	928
Total Operating Income	329	424	614	752	928
% Growth (Operating Income)	28.8	44.7	22.4	23.5	
Other Income	4	3	5	6	7
<b>Total Revenue</b>	<b>333</b>	<b>428</b>	<b>619</b>	<b>758</b>	<b>935</b>
Cost of materials consumed	73	139	190	201	299
Employee cost	27	50	68	83	98
Other Expenses	35	72	104	128	150
<b>Total expenditure</b>	<b>253</b>	<b>323</b>	<b>471</b>	<b>579</b>	<b>708</b>
<b>EBITDA</b>	<b>76</b>	<b>101</b>	<b>143</b>	<b>173</b>	<b>221</b>
% Growth (EBITDA)	32.2	41.7	20.8	27.6	
Interest	9.7	14.2	15.6	17.1	18.8
PBDT	70	90	133	162	209
Depreciation	3	7	11	11	14
PBT	67	83	121	151	195
Tax	16	20	30	38	49
<b>PAT</b>	<b>50.6</b>	<b>62.4</b>	<b>91.1</b>	<b>112.9</b>	<b>146.3</b>
% Growth (PAT)	23.4	46.0	23.9	29.6	
Diluted EPS	10.6	13.1	19.2	23.8	30.8

Source: Company, ICICI Direct Research

## Exhibit 2: Cash Flow Statement

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Profit after Tax	51	62	91	113	146
Depreciation	3	7	11	11	14
Interest	10	14	16	17	19
Other income	(4)	(3)	(5)	(6)	(7)
Change in Working Capital	(48)	(107)	(119)	(95)	(108)
Changes in other assets	(78)	(43)	-	-	-
<b>Cash from Operations</b>	<b>(65)</b>	<b>(69)</b>	<b>(7)</b>	<b>40</b>	<b>64</b>
(Purchase)/Sale of Fixed Assets	(33)	(85)	(43)	(21)	(21)
(Purchase)/Sale of Investments	(1)	1	(30)	(25)	(25)
Other Income	4	3	5	6	7
<b>Cash from Investing</b>	<b>(30)</b>	<b>(81)</b>	<b>(68)</b>	<b>(40)</b>	<b>(39)</b>
Changes in Networth	106	166	202	1	1
Interest	(10)	(14)	(16)	(17)	(19)
Dividend paid	(8)	(9)	(11)	(13)	(14)
Proceeds/(repayment) of debt	22	4	(30)	(5)	(3)
<b>Cash from Fin</b>	<b>110</b>	<b>146</b>	<b>145</b>	<b>(34)</b>	<b>(34)</b>
Changes in Cash	15	(3)	70	(33)	(9)
<b>Opening Cash/Cash Equivalent</b>	<b>16</b>	<b>30</b>	<b>27</b>	<b>97</b>	<b>63</b>
<b>Closing Cash/ Cash Equivalent</b>	<b>31</b>	<b>27</b>	<b>97</b>	<b>63</b>	<b>54</b>

Source: Company, ICICI Direct Research

## Exhibit 3: Balance Sheet

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	41.8	47.5	52.2	52.2	52.2
Reserves & Surplus	213	425	700	800	933
<b>Total Shareholders fund</b>	<b>254</b>	<b>473</b>	<b>752</b>	<b>852</b>	<b>985</b>
Total debt	85.0	87.7	57.7	52.7	49.7
Other liabilities	0.9	1.9	1.9	1.9	1.9
<b>Total Liabilities</b>	<b>340</b>	<b>563</b>	<b>811</b>	<b>907</b>	<b>1,037</b>
Gross Block	108	197	227	242	257
Acc: Depreciation	28	35	46	57	71
Net Block	81	162	181	185	186
Capital WIP	5	5	10	10	10
Investments	3	8	13	18	23
Inventory	31	48	71	87	107
Sundry debtors	78	105	157	206	254
Cash	30	27	97	63	54
Other current assets	22	41	59	72	89
CL & Prov.	44	63	93	113	140
<b>Net Current Assets</b>	<b>149</b>	<b>253</b>	<b>442</b>	<b>504</b>	<b>602</b>
<b>Total Assets</b>	<b>340</b>	<b>563</b>	<b>811</b>	<b>907</b>	<b>1,037</b>

Source: Company, ICICI Direct Research

## Exhibit 4: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Per Share Data (Rs.)					
Diluted EPS	10.6	13.1	19.2	23.8	30.8
Cash EPS	12.9	14.7	21.5	26.2	33.7
BV	60.8	99.5	158.4	179.5	207.5
DPS	2.0	2.0	2.4	2.6	2.9
Cash Per Share	6.6	7.4	9.7	12.1	15.0
Operating Ratios (%)					
EBITDA Margin	23.2	23.8	23.3	23.0	23.8
PBT / Net Sales	22.1	22.1	21.5	21.5	22.3
PAT Margin	15.6	14.7	14.8	15.0	15.8
Inventory days	34.2	41.3	42.0	42.0	42.0
Debtor days	86.8	90.7	93.0	100.0	100.0
Creditor days	48.8	54.6	55.0	55.0	55.0
Return Ratios (%)					
RoE	20.2	13.2	12.1	13.2	14.9
RoCE	22.6	17.3	16.9	18.5	20.7
RoIC	41.4	31.5	32.3	32.6	35.6
Valuation Ratios(x)					
P/E	42.8	39.3	26.9	21.7	16.8
EV / EBITDA	29.0	24.9	16.9	14.1	11.1
EV / Net Sales	6.7	5.9	3.9	3.3	2.6
Market Cap / Sales	6.6	5.8	4.0	3.3	2.6
Price to Book Value	8.5	5.2	3.3	2.9	2.5
Solvency Ratios					
Net Debt / Equity	0.2	0.1	-	-	-
Current Ratio	2.9	2.9	3.0	3.1	3.1
Quick Ratio	2.2	2.2	2.2	2.4	2.4

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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