

## 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



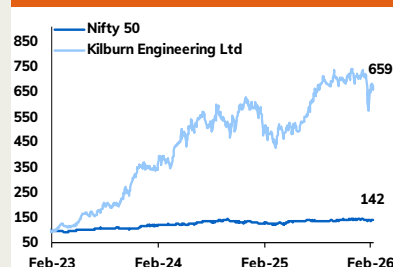
KILBURN ENGINEERING LIMITED

**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.

**Research Analyst**

Chirag Shah  
shah.chirag@icicisecurities.com

Dilip Pandey  
dilip.pandey@icicisecurities.com

Gourav Aggarwal  
gourav.aggarwal@icicisecurities.com

## 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**

₹ crore

(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
Total Revenue	333	428	619	758	935
Cost of materials consumed	73	139	190	201	299
Employee cost	27	50	68	83	98
Other Expenses	35	72	104	128	150
Total expenditure	253	323	471	579	708
EBITDA	76	101	143	173	221
% 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
PAT	50.6	62.4	91.1	112.9	146.3
% 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**

₹ crore

(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)	-	-	-
Cash from Operations	(65)	(69)	(7)	40	64
(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
Cash from Investing	(30)	(81)	(68)	(40)	(39)
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)
Cash from Fin	110	146	145	(34)	(34)
Changes in Cash	15	(3)	70	(33)	(9)
Opening Cash/Cash Equivalent	16	30	27	97	63
Closing Cash/ Cash Equivalent	31	27	97	63	54

Source: Company, ICICI Direct Research

**Exhibit 3: Balance Sheet**

₹ crore

(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
Total Shareholders fund	254	473	752	852	985
Total debt	85.0	87.7	57.7	52.7	49.7
Other liabilities	0.9	1.9	1.9	1.9	1.9
Total Liabilities	340	563	811	907	1,037
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
Net Current Assets	149	253	442	504	602
Total Assets	340	563	811	907	1,037

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

## RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey

Head – Research

[pankaj.pandey@icicisecurities.com](mailto:pankaj.pandey@icicisecurities.com)

ICICI Direct Research Desk,  
ICICI Securities Limited,  
Third Floor, Brillanto House,  
Road No 13, MIDC,  
Andheri (East)  
Mumbai – 400 093  
[research@icicidirect.com](mailto:research@icicidirect.com)

## ANALYST CERTIFICATION

I/We, Chirag Shah, PGDBM, Dilip Pandey, MBA, Gourav Aggarwal, MBA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

### Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock broking and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on [www.icicibank.com](http://www.icicibank.com).

**Investments 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. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Jeetu Jawrani Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit [icicidirect.com](http://icicidirect.com) to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. 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 of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall 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. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. 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. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report