

## Strong order pipeline and margin support growth visibility...

**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 41.6% and 25% over FY23-26, respectively.

**Q4FY26 performance:** Kilburn Engineering reported Q4FY26 performance with revenue rising 49.0% YoY to ₹189.2 crore, while EBITDA increased 5.3% YoY to ₹37.7 crore. EBITDA margin moderated sharply to 19.9% versus 28.2% in Q4FY25 due to normalization in product mix and higher material costs. PAT grew 21.8% YoY to ₹24.9 crore. For FY26, revenue grew 48.1% YoY to ₹628.8 crore, EBITDA increased 44.5% YoY to ₹147.1 crore with EBITDA margin at 23.4% vs 24% YoY, while PAT rose 53.8% YoY to ₹96.2 crore. The company also turned net debt free after completing a ₹300 crore fund raise and reported an unexecuted order book of ₹467 crore.

### Investment Rationale:

- **Sustainable EBITDA margin and scalable business model support profitable growth:** Kilburn continues to maintain among the highest profitability levels within the engineering EPC sector, with consolidated FY26 EBITDA margin of 23.4% despite macroeconomic disruptions and supply chain challenges. Management reiterated sustainable margin guidance of 22–23%, supported by strong execution capabilities, diversified product portfolio and disciplined cost management. The company has already demonstrated meaningful operating leverage, scaling from a ~₹100–200 crore revenue business to nearly ~₹630 crore consolidated revenue while maintaining strong profitability. Further, ongoing capacity expansions at Saravali and ME Energy are expected to support future growth till FY28 without requiring significant additional capex, strengthening return ratios and cash-flow generation.
- **Diversified industrial exposure and strong inquiry pipeline support sustained growth visibility:** Company continues to benefit from strong demand across diversified industrial sectors including fertilizers, petrochemicals, sludge processing, nuclear, steel, offshore gas recovery and specialty chemicals. The company currently has a robust inquiry pipeline exceeding ₹4,000 crore and is targeting order inflows of ₹800–1,000 crore in FY27, providing strong medium-term growth visibility. Management also highlighted that several large orders delayed due to geopolitical disruptions are expected to be finalized over the next 2–3 months. Additionally, growing opportunities in waste heat recovery systems, sludge processing and nuclear applications further strengthen long-term demand visibility across Kilburn and its subsidiaries.

### Rating and Target Price

- We expect Revenue and PAT to grow at 19.4% and 17.9% CAGR over FY26-FY28E. We maintain **Buy** on KEL with a Target Price of **₹650 (based on 23x P/E on FY28E EPS)**

### Key Financial Summary

(Rs. in crore)	FY23	FY24	FY25	FY26	3 year CAGR (FY23-26)	FY27E	FY28E	2 Year CAGR (FY26-28E)
Net Sales	222	329	424	629	41.6%	732	897	19.4%
EBITDA	35	76	101	147	61.9%	157	191	13.9%
EBITDA margin (%)	15.7	23.2	23.8	23.4		21.5	21.3	
Net Profit	30.1	50.6	62.4	96.2	47.2%	110.3	133.7	17.9%
EPS (Rs)	8.4	12.1	13.1	20.3		23.2	28.2	
P/E (x)	56.0	39.0	35.8	23.2		20.3	16.7	
EV/EBITDA (x)	50.0	26.5	22.7	15.4		14.6	12.1	
RoCE (%)	27.5	22.6	17.3	20.3		19.6	20.6	
RoE (%)	26.8	20.2	13.2	14.7		14.7	15.3	

Source: Company, ICICI Direct Research

BUY



KILBURN ENGINEERING LIMITED

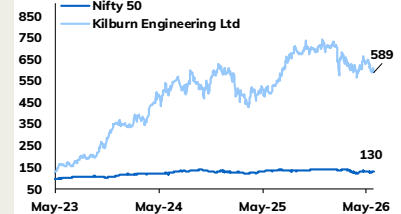
### Particulars

Particular	Rs. (in crore)
Market Capitalisation	2568
Total Debt (FY26)	90
Cash and Inv (FY26)	67.4
Enterprise Value	2591
52 week H/L (Rs.)	618/387
Equity capital	52.96
Face value (Rs.)	10

### Shareholding pattern

%	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	48.3	46.0	46.0	44.5
FII	1.8	1.5	1.3	1.1
DII	3.8	5.0	5.9	7.5
Public	46.2	47.6	46.8	46.9

### 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 reported Q4FY26 performance with revenue rising 49.0% YoY to ₹189.2 crore, while EBITDA increased 5.3% YoY to ₹37.7 crore. EBITDA margin moderated sharply to 19.9% versus 28.2% in Q4FY25 due to normalization in product mix and higher material costs. PAT grew 21.8% YoY to ₹24.9 crore.
- Company ended FY26 with consolidated order backlog of around ₹467 crore, while maintaining a robust inquiry pipeline exceeding ₹4,000 crore across sectors such as fertilizers, petrochemicals, sludge processing, oil & gas, nuclear and steel. Management targets order inflow of ₹800–1,000 crore during FY27.
- Management highlighted that certain large orders expected to close in Q4FY26 have shifted to Q1/Q2FY27 due to geopolitical disruptions and Middle East-related uncertainties. The company expects around ₹450–500 crore orders to be finalized by Q2FY27.
- Expansion at Kilburn's Saravali facility and Phase-2 expansion of ME Energy's Pune plant are expected to be completed by end-Q2FY27. Management indicated that existing and ongoing expansion capacities will be sufficient to support planned growth till FY28.
- Management expects exports to contribute nearly 30–40% of future revenue, supported by growing opportunities across the US, Europe, Far East, Africa and Middle East markets. The company highlighted increasing traction in global industrial drying, sludge processing and energy recovery solutions.
- ME Energy is witnessing strong inquiry momentum from ferroalloy, steel and cement sectors, especially for waste heat recovery systems and hot air gas generators. Management indicated that near-term opportunities are stronger in ferroalloy and steel, while cement waste heat recovery opportunities are still at an early stage.
- Monga Strayfield continues to diversify beyond textiles into food processing, pulses, defrosting and industrial RF drying applications. Management highlighted that the subsidiary's order cycle remains relatively short at around 3–6 months.
- FY27 capex guidance remains around ₹40 crore, primarily towards ongoing expansion programs across Kilburn and subsidiaries. Management indicated that post expansion completion, current capacities should adequately support growth plans till FY28.
- Management guided for 20–25% revenue growth in FY27, targeting consolidated revenue of around ₹750–800 crore while maintaining EBITDA margins of 20%+, with internal focus on sustaining margins closer to 22–23%. The company reiterated its aspiration to achieve nearly ₹1,000 crore revenue by FY28.

## Financial Summary

### Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Net Sales	329	424	629	732	897
Total Operating Income	329	424	629	732	897
% Growth (Operating Income)		28.8	48.1	16.3	22.6
Other Income	4	3	16	17	19
Total Revenue	333	428	645	749	916
Cost of materials consumed	73	139	190	201	307
Employee cost	27	50	72	84	102
Other Expenses	35	72	103	121	139
Total expenditure	253	323	482	574	706
EBITDA	76	101	147	157	191
% Growth (EBITDA)		32.2	45.7	6.9	21.4
Interest	9.7	14.2	15.1	16.6	18.2
PBDT	70	90	148	158	192
Depreciation	3	7	12	11	13
PBT	67	83	136	147	178
Tax	16	20	40	37	45
PAT	50.6	62.4	96.2	110.3	133.7
% Growth (PAT)		23.4	54.2	14.6	21.2
Diluted EPS	10.6	13.1	20.3	23.2	28.2

Source: Company, ICICI Direct Research

### Exhibit 2: Cash Flow Statement ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Profit after Tax	51	62	96	110	134
Depreciation	3	7	12	11	13
Interest	10	14	15	17	18
Other income	(4)	(3)	(16)	(17)	(19)
Change in Working Capital	(48)	(107)	(138)	(81)	(92)
Changes in other assets	(78)	(43)	(4)	4	-
Cash from Operations	(65)	(69)	(35)	44	54
(Purchase)/Sale of Fixed Assets	(33)	(85)	(20)	(47)	(21)
(Purchase)/Sale of Investments	(1)	1	1	(25)	(25)
Other Income	4	3	16	17	19
Cash from Investing	(30)	(81)	(4)	(55)	(27)
Changes in Networth	106	166	108	(3)	1
Interest	(10)	(14)	(15)	(17)	(18)
Dividend paid	(8)	(9)	(16)	(13)	(14)
Proceeds/(repayment) of debt	22	4	3	(5)	(3)
Cash from Fin	110	146	80	(37)	(34)
Changes in Cash	15	(3)	40	(49)	(6)
Opening Cash/Cash Equivalent	16	30	27	67	19
Closing Cash/ Cash Equivalent	31	27	67	19	12

Source: Company, ICICI Direct Research

### Exhibit 3: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Share Capital	41.8	47.5	53.0	53.0	53.0
Reserves & Surplus	213	425	601	699	819
Total Shareholders fund	254	473	654	752	872
Total debt	85.0	87.7	90.0	85.0	82.0
Other liabilities	0.9	1.9	2.4	2.4	2.4
Total Liabilities	340	563	748	839	956
Gross Block	108	197	217	252	267
Acc: Depreciation	28	35	47	58	71
Net Block	81	162	171	194	196
Capital WIP	5	5	5	10	10
Investments	3	8	8	13	18
Inventory	31	48	46	52	64
Sundry debtors	78	105	202	220	258
Cash	30	27	67	19	12
Other current assets	22	41	66	77	94
CL& Prov.	44	63	54	90	111
Net Current Assets	149	253	432	464	549
Total Assets	340	563	748	839	956

Source: Company, ICICI Direct Research

### Exhibit 4: Key ratios

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Per Share Data (Rs.)					
Diluted EPS	10.6	13.1	20.3	23.2	28.2
Cash EPS	12.9	14.7	22.7	25.5	31.0
BV	60.8	99.5	137.8	158.3	183.6
DPS	2.0	2.0	3.3	2.7	2.9
Cash Per Share	6.6	7.4	9.9	12.2	15.0
Operating Ratios (%)					
EBITDA Margin	23.2	23.8	23.4	21.5	21.3
PBT / Net Sales	22.1	22.1	21.5	20.0	19.8
PAT Margin	15.6	14.7	15.3	15.1	14.9
Inventory days	34.2	41.3	26.9	26.0	26.0
Debtor days	86.8	90.7	117.4	110.0	105.0
Creditor days	48.8	54.6	31.4	45.0	45.0
Return Ratios (%)					
RoE	20.2	13.2	14.7	14.7	15.3
RoCE	22.6	17.3	20.3	19.6	20.6
RoIC	41.4	31.5	31.1	30.3	32.0
Valuation Ratios(x)					
P/E	39.0	35.8	23.2	20.3	16.7
EV / EBITDA	26.5	22.7	15.4	14.6	12.1
EV / Net Sales	6.1	5.4	3.6	3.1	2.6
Market Cap / Sales	6.0	5.3	3.6	3.1	2.5
Price to Book Value	7.7	4.7	3.4	3.0	2.6
Solvency Ratios					
Net Debt / Equity	0.2	0.1	0.0	0.1	0.1
Current Ratio	2.9	2.9	5.5	3.7	3.7
Quick Ratio	2.2	2.2	4.7	3.2	3.1

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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