Kilburn Engineering Ltd (KILENG)

ICICI Direct

CMP: ₹355 | Target ₹ 400 (13%) | Target Period: 12 months

HOLD

August 18, 2026

Result Update

Muted Q1, Execution recovery key for FY27...

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.

Q1FY27 performance: Kilburn Engineering reported revenue of ₹117 crore, down 9.5% YoY, while EBITDA declined 37.9% YoY to ₹20.7 crore and EBITDA margin contracted to 17.7% from 25.8%. PAT declined 38.6% YoY to ₹13.1 crore, with NPM at 11.2% vs 16.5%.

Investment Rationale:

- **Near-term earnings remain subdued, limiting upside visibility:** Kilburn's Q1FY27 performance was weak, with revenue declining 9.5% YoY to ₹117 crore, EBITDA falling 37.9% to ₹20.7 crore and EBITDA margin contracting to 17.7% from 25.8%. Although management attributes the revenue weakness primarily to customer-led delivery deferments and longer project approval cycles, the delay has pushed execution into H2. With ~₹190 crore of FY27 YTD order inflows against the ₹800 crore full-year target, the company needs a sharp pick-up in order conversion and project execution in the remaining quarters to deliver its ~₹700 crore FY27 revenue guidance.
- **Long-term growth opportunity remains intact, but execution and order conversion are key monitorables:** The company has a sizeable ~₹4,000 crore enquiry pipeline, particularly across fertiliser and nuclear, and is expanding capacity at Kilburn Engineering and ME Energy to support its ₹1,000+ crore medium-term revenue ambition. Management retains its ~₹700 crore FY27 revenue and 20% EBITDA margin expectations. However, customer approvals and geopolitical uncertainty have already pushed project execution by one or more quarters in some cases. Hence, while capacity expansion and the large enquiry pipeline provide meaningful growth optionality, conversion into firm orders and timely execution remain critical for earning upside.

Rating and Target Price: We expect Revenue and PAT to grow at 8.4% and 2.7% CAGR over FY26-FY28E. We recommend **Hold** on **Kilburn engineering** with a target price of **₹400 per share (based on 22x FY28E EPS).**

KILBURN ENGINEERING LIMITED

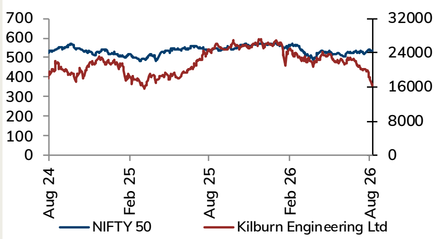
Particulars

Particulars	Rs. (in crore)
Market Capitalisation	1925
Total Debt (FY26)	90
Cash and Inv. (FY26)	67
Enterprise Value	1947
52-week H/L (Rs.)	618/338
Equity capital	47.48
Face value (Rs.)	10

Shareholding pattern

%	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	46.0	46.0	45.8	44.5
FII	1.5	1.3	1.2	1.1
DII	5.0	5.9	7.5	7.6
Public	47.6	46.8	45.5	46.7

Price Chart



Key risks

(i) Delay in order inflows;

(ii)) Manpower unavailability may delay project execution.

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ICICI Securities – Retail Equity Research

Key Financial Summary

(Rs. in crore)	FY24	FY25	FY26	2-year CAGR (FY24-26)	FY27E	FY28E	2 Year CAGR (FY26-28E)
Net Sales	329	424	629	41.6%	638	739	8.4%
EBITDA	76	101	147	61.9%	116	146	-0.5%
EBITDA margin (%)	23.2	23.8	23.4		18.1	19.7	
Net Profit	50.6	62.4	96.2	47.2%	80.0	101.5	2.7%
EPS (Rs)	12.1	13.1	17.2		14.3	18.1	
P/E (x)	29.4	27.0	20.7		24.9	19.6	
EV/EBITDA (x)	20.1	17.3	13.7		17.5	13.9	
RoCE (%)	22.6	17.3	20.3		15.2	17.2	
RoE (%)	20.2	13.2	14.7		11.1	12.5	

Source: Company, ICICI Direct Research.

Q1FY27 key results highlights

- **Financial Performance**:
    - Kilburn Engineering reported revenue of ₹117 crore, down 9.5% YoY, while EBITDA declined 37.9% YoY to ₹20.7 crore. Management clarified that the weakness was largely timing-related rather than a deterioration in underlying demand, although geopolitical uncertainty has extended customer decision-making cycles.
    - EBITDA margin contracted to 17.7% from 25.8%. PAT declined 38.6% YoY to ₹13.1 crore, with NPM at 11.2% vs 16.5%.
- **Management commentary:**
    - **Order Inflows:** Company secured ₹134 crore of orders in Q1FY27, taking YTD order inflows to ~₹190 crore. Management remains confident of achieving its ₹800 crore FY27 order-inflow target, supported by strong enquiries across key end-markets.
    - **Order book:** Closing order book stood at around ₹485 crore, providing reasonable revenue visibility. The order book comprises a mix of repeat and new-sector orders, with fertiliser emerging as a key source of new orders.
    - **Strong enquiry pipeline**: Inquiry pipeline remains robust at ~₹4,000 crore across sectors and geographies, with maximum traction in fertiliser and nuclear, while data-centre infrastructure is emerging as an additional growth opportunity.
    - Management is actively tying up with EPC players in the fertiliser and nuclear sectors to accelerate order conversion. Some drying-solution enquiries are expected to close by Q2/Q3, while ME Energy is seeing multiple ₹10–15 crore enquiries in the steel segment.
    - The company currently has no Middle East orders but has a couple of large inquiries that were at the commercial negotiation stage before the conflict. Management indicated that geopolitical uncertainty has delayed decision-making, with timing of conversion dependent on normalisation in the region.
    - **Capacity Expansion:** Capacity expansion at Kilburn Engineering and ME Energy is at an advanced stage and is expected to be completed by end-October 2026, while Monga Strayfield is expanding its sheet-metal fabrication capacity. These investments are designed to support the group's medium-term aspiration of ₹1,000+ crore annual revenue.
    - **Guidance:** Management expects FY27 to be significantly H2 weighted, supported by deferred customer deliveries, projects shifted from Q1 and the existing order pipeline. It maintained FY27 consolidated revenue expectation of ~₹700 crore with 20% EBITDA margin.

Financial summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Net Sales	424	629	638	739
Total Operating Income	424	629	638	739
% Growth (Operating Income)	28.8	48.1	1.5	15.8
Other Income	3	16	17	19
Total Revenue	428	645	655	758
Cost of materials consumed	139	190	201	307
Employee cost	50	72	80	89
Other Expenses	72	103	112	121
Total expenditure	323	482	523	593
EBITDA	101	147	116	146
% Growth (EBITDA)	32.2	45.7	(21.5)	26.1
Interest	14.2	15.1	16.6	18.2
PBDT	90	148	116	146
Depreciation	7	12	10	11
PBT	83	136	107	135
Tax	20	40	27	34
PAT	62.4	96.2	80.0	101.5
% Growth (PAT)	23.4	54.2	(16.9)	26.9
Diluted EPS	13.1	17.2	14.3	18.1

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	62	96	80	102
Depreciation	7	12	10	11
Interest	14	15	17	18
Other income	(3)	(16)	(17)	(19)
Change in Working Capital	(107)	(138)	(20)	(52)
Changes in other assets	(43)	(4)	4	-
Cash from Opeations	(69)	(35)	73	60
(Purchase)/Sale of Fixed Assets	(85)	(20)	(47)	(21)
(Purchase)/Sale of Investments	1	1	(25)	(25)
Other Income	3	16	17	19
Cash from Investing	(81)	(4)	(55)	(27)
Changes in Networth	166	108	1	1
Interest	(14)	(15)	(17)	(18)
Dividend paid	(9)	(16)	(13)	(15)
Proceeds/(repayment) of debt	4	3	(5)	(3)
Cash from Fin	146	80	(34)	(35)
Changes in Cash	(3)	40	(16)	(2)
Opening Cash/Cash Equivalent	30	27	67	51
Closing Cash/ Cash Equivalent	27	67	51	49

Source: Company, ICICI Direct Research

Exhibit 3: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Share Capital	47.5	53.0	56.0	56.0
Reserves & Surplus	425	601	668	755
Total Shareholders fund	473	654	724	811
Total debt	87.7	90.0	85.0	82.0
Other liabilities	1.9	2.4	2.4	2.4
Total Liabilities	563	748	812	896
Gross Block	197	217	252	267
Acc: Depreciation	35	47	56	67
Net Block	162	171	196	200
Capital WIP	5	5	10	10
Investments	8	8	13	18
Inventory	48	46	45	53
Sundry debtors	105	202	192	213
Cash	27	67	51	49
Other current assets	41	66	67	77
CL& Prov.	63	54	79	91
Net Current Assets	253	432	435	485
Total Assets	563	748	812	896

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Data (Rs.)				
Diluted EPS	13.1	17.2	14.3	18.1
Cash EPS	14.7	19.3	16.0	20.1
BV	100	117	129	145
DPS	2.0	2.8	2.4	2.6
Cash Per Share	7.4	8.4	10.1	12.0
Operating Ratios (%)				
EBITDA Margin	23.8	23.4	18.1	19.7
PBT / Net Sales	22.1	21.5	16.6	18.2
PAT Margin	14.7	15.3	12.5	13.7
Inventory days	41.3	26.9	26.0	26.0
Debtor days	90.7	117.4	110.0	105.0
Creditor days	54.6	31.4	45.0	45.0
Return Ratios (%)				
RoE	13.2	14.7	11.1	12.5
RoCE	17.3	20.3	15.2	17.2
RoIC	31.5	31.1	23.5	26.6
Valuation Ratios(x)				
P/E	27.0	20.7	24.9	19.6
EV / EBITDA	17.3	13.7	17.5	13.9
EV / Net Sales	4.1	3.2	3.2	2.7
Market Cap / Sales	4.0	3.2	3.1	2.7
Price to Book Value	3.6	3.0	2.7	2.5
Solvency Ratios				
Net Debt / Equity	0.1	0.0	0.0	0.0
Current Ratio	2.9	5.5	3.7	3.6
Quick Ratio	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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