CMP: ₹800 | Target: ₹1000 (25%) | Target Period: 12 months | BUY

March 20, 2026

Gradual earning recovery backed by nuclear ramp up...

About the stock: KSB Ltd is a leading manufacturer of pumps and valves. KSB specializes in centrifugal end suction pumps, high pressure multistage pumps, industrial gate, globe, check valves, submersible motor pumps, monobloc & mini monobloc pumps, hydro pneumatic systems and control valves.

- Revenue Mix (CY25): Pumps 82%, Valves 18%. Domestic/Exports - 83%/17%.
- Company has six manufacturing units in India, five in Maharashtra and one in Tamil Nadu.

Q4CY25 performance: KSB reported a strong consolidated Q4CY25 performance with operating revenue of ₹784 crore, up 20.6% QoQ (₹650 crore in Q3CY25) and 8.0% YoY (₹726 crore in Q4CY25), driven primarily by Pumps revenue of ₹657 crore (+23.2% QoQ, +9.1% YoY), while Valves revenue stood at ₹128.5 crore (+9.4% QoQ, +2.6% YoY). EBITDA (excluding other income) stood at ₹129.6 crore, registering a sharp 32% YoY growth, led by operating leverage and improved cost absorption. EBITDA margin expanded to 16.5%, up 300 bps YoY, reflecting better mix and stable input costs. Reported PAT came in at ₹81 crore, increasing 20.0% QoQ and 10.8% YoY, despite the impact of a labour code of ₹25.5 crores during the quarter.

Investment Rationale:

- **Healthy Order Book with Emerging Nuclear Upside:** KSB's healthy order book (~₹2,585 crore), including a ~₹1,281 crore nuclear backlog, provides near term revenue visibility. The company has initiated nuclear revenue recognition (~₹30 crore in Q4CY25) and expects ₹100–200 crore contribution in CY26, followed by a meaningful ramp-up as projects like Kaiga and Gorakhpur progress. While this positions KSB well for a structural growth cycle, execution remains contingent on testing, regulatory approvals and project timelines, leading to a back-ended growth profile. Hence, near-term revenue acceleration may remain gradual despite strong order inflows.

- **Margin Stability with Structural Upside from Aftermarket, Exports & Mix Shift:** Company continues to demonstrate resilient profitability (~13–14% EBITDA margins), aided by a favorable mix of high-margin standard products (~50%), growing aftermarket (~15% of revenue), and initial nuclear contribution. Q4CY25 margins expanded to ~16.5%, driven by better mix and operating leverage. Additionally, rising export contribution and operating leverage are expected to offset competitive intensity in project/EPC segments, enabling margins to sustain in the 13–14% range with potential upside.

Rating and Target Price

- We expect Revenue and PAT to grow at 13.8% and 14.4% CAGR over CY25-FY27E.
- We maintain our **BUY** rating with a price target of **₹1000 (45x CY27E EPS)**

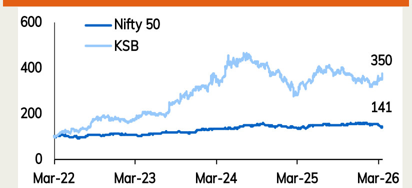
Market data

Particular	Rs. (in crore)
Market Capitalisation	14184
Total Debt (CY25)	0
Cash and Inv (CY25)	283
Enterprise Value	13901
52 week H/L (Rs.)	917/648
Equity capital	34.8
Face value (Rs.)	2

Shareholding pattern

%	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	69.8	69.8	69.8	69.8
FII	4.86	4.68	4.58	4.52
DII	11.07	11.4	11.57	11.95
Others	14.27	14.12	14.05	13.73

Price chart



Key risks

(i) Slowdown in capex;

(ii) increase in competition;

(iii) volatility in raw material prices

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Company Update

ICICI Securities – Retail Equity Research

Key Financial Summary

(Year-end December) Rs Crore	CY22	CY23	CY24	CY25	3 Year CAGR (CY22-CY25)	CY26E	CY27E	2 Year CAGR (CY25-CY27E)
Revenue	1,822	2,247	2,533	2,696	13.9	3,056	3,489	13.8
EBITDA	247	294	338	374	14.8	410	495	15.1
EBITDA margin (%)	13.5	13.1	13.3	13.9		13.4	14.2	
Net Profit	183	209	248	296	17.4	318	387	14.4
EPS (Rs)	52.5	60.0	14.2	17.0		18.3	22.2	
P/E (x)	15.5	13.6	57.3	47.9		44.6	36.6	
EV/EBITDA (x)	56.4	47.3	41.1	37.2		33.3	27.3	
RoCE (%)	17.6	18.7	18.3	17.8		18.4	19.9	
RoE (%)	16.0	16.0	16.7	17.6		16.9	17.8	

Source: Company, ICICI Direct Research

Key result and call highlights

- KSB reported a strong Consolidated Q4CY25 performance with operating revenue of ₹784 crore, up 20.6% QoQ (₹650 crore in Q3CY25) and 8.0% YoY (₹726 crore in Q4CY25), driven primarily by Pumps revenue of ₹657 crore (+23.2% QoQ, +9.1% YoY), while Valves revenue stood at ₹128.5 crore (+9.4% QoQ, +2.6% YoY). While topline growth remained moderate, this was largely attributable to execution delays in project and nuclear segments, with order inflows remaining robust and indicating underlying demand strength

- Profitability saw a meaningful improvement during the quarter, with EBITDA rising to ₹130 crore (+32% YoY) in Q4CY25 and margins expanding sharply to 16.5% (+300 bps YoY). For CY25, EBITDA stood at ₹374 crore with margins at 13.9% (+80 bps YoY). Margin expansion was driven by a favourable product mix, higher contribution from aftermarket (SupremeServ), and initial nuclear revenue recognition, highlighting operating leverage benefits as execution improves

- Total order book stands at ~₹2,585 crore, including ~₹1,300+ crore non-nuclear backlog, reflecting ~35% YoY growth. Execution lag (6–12 months) led to muted topline earlier, but management expects revenue growth to align with order inflows from CY26 onwards, supported by project execution ramp-up.

- The nuclear segment has begun transitioning from order book to execution, with KSB recognising ~₹30 crore revenue in Q4CY25 from Kudankulam. The company holds a ~₹1,280 crore nuclear order book, and management expects ₹100–200 crore revenue contribution in CY26, with a sharp scale-up thereafter as testing milestones are completed and execution ramps up across projects such as Kaiga and Gorakhpur. This remains a key medium-term growth driver.

- Aftermarket revenues (including replacement pumps) have reached ~15% of total revenues, with management targeting 25-30% annual growth. Competition is structurally lower in aftermarket versus new-pump tenders. This segment offers superior margins vs new equipment sales.

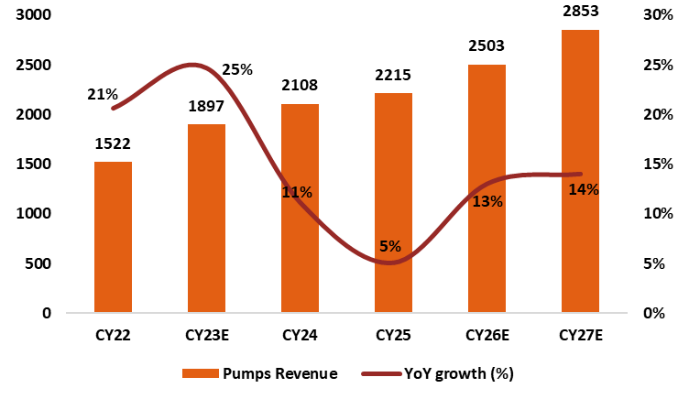
- High-growth segments water & wastewater (30% CAGR), firefighting (68% CAGR), solar (~20–25% growth outlook) are contributing a majority of incremental growth, supported by product additions and low base expansion.

- Solar revenue grew from ₹189 crore (CY24) to ₹245 crore (CY25), with ₹300+ crore target in CY26 (~20–25% growth). In-house manufacturing now covers the pump, DC motor, and solar controller, raising KSB's share of system value from ~10% to ~30-35%, though margins remain 3–4% lower vs core business.

- Export contribution increased to ~17% of revenue (highest ever) with ~22% CAGR, driven by product expansion and global parent support. Management targets ~25% mix over next few years, with potential upside to ~30% over longer term.

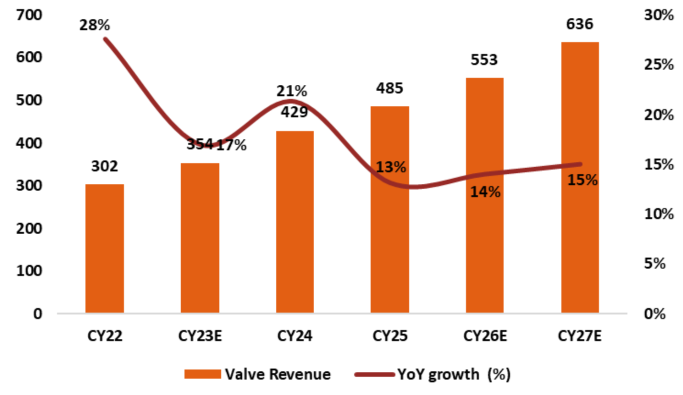
- Guidance: Management targets a steady-state EBITDA band of 13-14%, prioritising top-line market share gains over near-term margin expansion.

Exhibit 1: Pump revenue trend



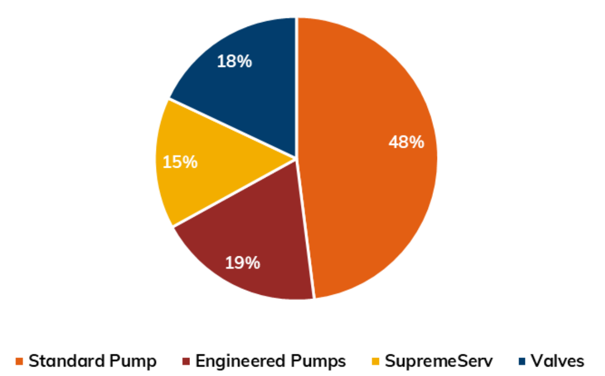
Source: Company, ICICI Direct Research

Exhibit 2: Valves revenue trend



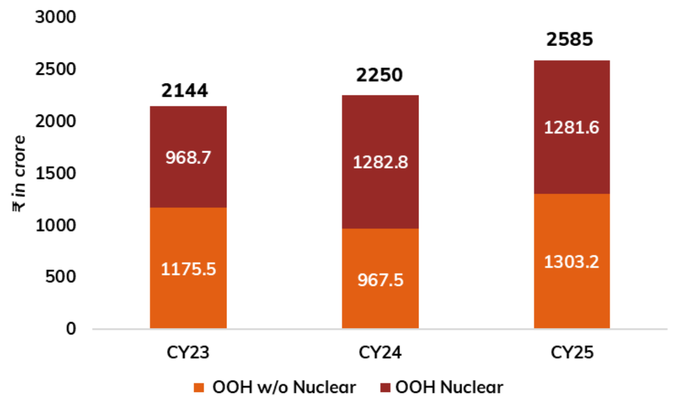
Source: Company, ICICI Direct Research

Exhibit 3: Order Inflow w/o Nuclear (CY25 in %)



Source: Company, ICICI Direct Research

Exhibit 4: Order Book trend



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 5: Profit and loss statement ₹ crore

(Year-end Dec)	CY24	CY25	CY26E	CY27E
Net Sales	**2533.1**	**2695.7**	**3056.0**	**3489.3**
Other Operating Income	0.0	0.0	0.0	0.0
Total Operating Income	2533.1	2695.7	3056.0	3489.3
Growth (%)	12.7	6.4	13.4	14.2
Raw Material Expenses	1,422.1	1,456.3	1,634.9	1,814.5
Employee Expenses	313.6	364.3	418.9	481.8
Other Operating Expense	459.9	501.6	591.9	698.4
Total Operating Expenditure	2,195.6	2,322.2	2,645.8	2,994.7
EBITDA	**337.5**	**373.5**	**410.2**	**494.7**
Growth (%)	15.0	10.7	9.8	20.6
Depreciation	54.3	58.3	63.2	63.2
Interest	2.7	3.0	2.5	2.5
Other Income	36.8	59.2	65.1	71.6
PBT	**317.3**	**371.4**	**409.6**	**500.6**
Exceptional Item	0.0	0.0	0.0	0.0
Total Tax	83.2	90.0	107.3	131.2
PAT	234.1	281.4	302.3	369.4
Profit from Associates	13.4	14.6	16.1	17.7
Reported Net Profit	**247.5**	**296.0**	**318.4**	**387.1**
Growth (%)	17.5	20.2	7.4	22.2
Diluted EPS (Rs)	14.2	17.0	18.3	22.2

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(Year-end Dec)	CY24	CY25	CY26E	CY27E
Profit after Tax	247.5	296.0	318.4	387.1
Add: Depreciation	54.3	58.3	63.2	63.2
(Inc)/dec in Current Assets	-188.6	-411.3	79.8	-242.7
Inc/(dec) in CL and Provisions	41.8	223.2	47.0	160.7
Others	2.7	3.0	2.5	2.5
CF from Operations	**157.6**	**169.2**	**510.8**	**370.8**
(Inc)/dec in Investments	-8.3	-8.7	0.0	0.0
(Inc)/dec in Fixed Assets	-116.3	-118.6	-90.0	-90.0
Others	48.1	38.8	-89.3	0.0
CF from Investing	**-76.4**	**-88.5**	**-179.3**	**-90.0**
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	0.0	0.0	0.0	0.0
Dividend paid & dividend tax	-73.1	-87.0	-104.4	-104.4
Inc/(dec) in Share Cap	0.0	0.0	0.0	0.0
Others	6.4	-18.6	-8.7	-2.5
CF from Financing	**-66.7**	**-105.6**	**-113.2**	**-106.9**
Net Cash flow	14.5	-24.9	218.4	173.9
Opening Cash	304.7	319.2	294.3	512.7
Closing Cash	319.2	294.3	512.7	686.5

Source: Company, ICICI Direct Research

Exhibit 7: Balance Sheet ₹ crore

(Year-end Dec)	CY24	CY25	CY26E	CY27E
Liabilities				
Equity Capital	34.8	34.8	34.8	34.8
Reserve and Surplus	1,450.6	1,644.0	1,851.7	2,134.4
Total Shareholders funds	1,485.4	1,678.8	1,886.5	2,169.2
Total Debt	0.0	0.0	0.0	0.0
Total Liabilities	**1,546.8**	**1,768.1**	**1,886.5**	**2,169.2**
Assets				
Gross Block	1,007.7	1,090.2	1,209.1	1,299.1
Less: Acc Depreciation	567.3	625.6	688.8	752.0
Net Block	440.4	464.6	520.3	547.1
Capital WIP	52.8	88.9	60.0	60.0
Total Fixed Assets	**493.2**	**553.5**	**580.3**	**607.1**
Liquid Investments	0.0	0.0	0.0	0.0
Other Investments	87.8	96.5	96.5	96.5
Inventory	642.8	786.1	887.5	1,013.3
Debtors	650.3	869.2	669.8	764.8
Loans and Advances	17.0	24.9	28.2	32.2
Other Current Assets	70.1	111.3	126.2	144.1
Cash	319.2	294.3	512.7	686.5
Total Current Assets	**1,699.4**	**2,085.8**	**2,224.4**	**2,641.0**
Creditors	371.9	441.3	502.4	573.6
Provisions	59.3	83.9	106.1	107.2
Other Current Liabilities	370.1	499.3	463.0	551.4
Total Current Liabilities	801.3	1,024.5	1,071.5	1,232.2
Net Current Assets	**898.1**	**1,061.3**	**1,152.9**	**1,408.8**
Others Assets	67.7	56.8	56.8	56.8
Application of Funds	**1546.8**	**1768.1**	**1886.5**	**2169.2**

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end Dec)	CY24	CY25	CY26E	CY27E
Per share data (₹)				
Diluted EPS	14.2	17.0	18.3	22.2
Cash EPS	86.7	101.8	109.6	129.4
BV	85.3	96.5	108.4	124.6
DPS	4.2	5.0	6.0	6.0
Dividend Payout (%)	30%	29%	33%	27%
Operating Ratios (%)				
EBITDA Margin	13.3	13.9	13.4	14.2
PBT / Total Op. income	12.5	13.8	13.4	14.3
PAT Margin	9.8	11.0	10.4	11.1
Inventory days	93	106	106	106
Debtor days	94	118	80	80
Creditor days	54	60	60	60
Return Ratios (%)				
RoE	16.7	17.6	16.9	17.8
RoCE	18.3	17.8	18.4	19.9
RoIC	24.5	22.5	26.2	30.1
Valuation Ratios (x)				
P/E	57.3	47.9	44.6	36.6
EV / EBITDA	41.1	37.2	33.3	27.3
EV / Net Sales	5.5	5.2	4.5	3.9
Market Cap / Sales	5.6	5.3	4.6	4.1
Price to Book Value	9.5	8.4	0.0	0.0
Solvency Ratios				
Debt/EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	1.8	1.9	1.7	1.7
Quick Ratio	1.0	1.1	0.8	0.8

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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