KSB Ltd (KSBPUM)

ICICI Direct

CMP: ₹805 | Target ₹ 955 (19%) | Target Period: 12 months

BUY

August 20, 2026

Result Update

ICICI Securities – Retail Equity Research

Nuclear growth; diversified opportunities to drive earnings...

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.

Q2CY26 performance: KSB reported a weak Q2CY26 performance, with revenue increasing 3.6% YoY to ₹691 crore. EBITDA declined 10.7% YoY to ₹82 crore, while EBITDA margin contracted 190 bps YoY to 11.8%. Consequently, PAT declined 18.8% YoY to ₹57 crore.

Investment Rationale:

- **Nuclear-led growth provides healthy medium-term visibility:** KSB's ₹2,745 crore order book as of Jun-26, including a sizeable ₹1,235 crore nuclear order book, provides a strong execution base. Nuclear deliveries for the Kudankulam safety package are progressing well, while resolution of the GHAVP testing issue could unlock further execution. The company expects new tenders at Mahi Banswara and other projects potentially covering eight reactors, while its first localised boiler circulation pump order further strengthens its positioning in the domestic nuclear supply chain. With nuclear projects carrying long 24–36 month order-to-delivery cycles, the business offers multi-year revenue visibility and high entry barriers. The 20% Shirwal capacity expansion, increasing capacity from ~1,200 to ~1,450 pumps annually, will enable KSB to cater to rising demand from nuclear and energy projects.
- **Diversified growth opportunities support volume and margin recovery:** Management targets 10–15% revenue & volume growth and 13–14% EBITDA margin, with H2 performance expected to improve as exports normalise, project orders convert and the solar business recovers. Exports generated ₹470 crore revenue in CY25 (+33% YoY) and are targeted to increase from ~15% of CY25 sales towards ~20%. Meanwhile, the high-margin SupremeServ business is growing ~15% YoY. Emerging opportunities in data centres, water & wastewater and marine provide additional growth levers; data-centre and marine applications together could account for around 3–5% of total project value.

Rating and Target Price: We expect Revenue and PAT to grow at 13% and 11.6% CAGR over CY25-CY27E. We recommend **BUY** on **KSB** with a target price of **₹955 per share (based on 45x CY27E EPS).**

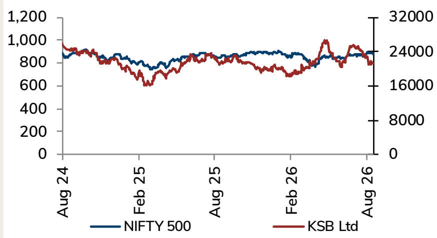
Particulars

	Rs. (in crore)
Market Capitalisation	3782
Total Debt (CY25)	0
Cash and Inv. (CY25)	283
Enterprise Value	3499
52-week H/L (Rs.)	1028/667
Equity capital	34.8
Face value (Rs.)	2

Shareholding pattern

%	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	69.8	69.8	69.8	69.8
FII	4.6	4.5	4.7	4.1
DII	11.6	12.0	11.6	11.8
Others	14.1	13.7	13.9	14.3

Price Chart



Key risks

(i) Slowdown in capex;

(ii)) Increase in competition.

(iii) volatility in raw material prices

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Key Financial Summary

(Year-end December) ₹ Crore	CY23	CY24	CY25	2 Year CAGR (CY23-CY25)	CY26E	CY27E	2 Year CAGR (CY25-CY27E)
Revenue	2,247	2,533	2,696	9.5	2,980	3,438	12.9
EBITDA	294	338	374	12.8	360	470	12.2
EBITDA margin (%)	13.1	13.3	13.9		12.1	13.7	
Net Profit	209	248	296	19.1	281	369	11.6
EPS (Rs)	60.0	14.2	17.0		16.2	21.2	
P/E (x)	13.4	56.6	47.3		49.8	38.0	
EV/EBITDA (x)	46.7	40.6	36.7		37.6	28.4	
RoCE (%)	18.7	18.3	17.8		16.0	19.2	
RoE (%)	16.0	16.7	17.6		15.2	17.4	

Source: Company, ICICI Direct Research.

Q2CY26 key results highlights

- **Financial Performance**:
  - KSB reported a weak Q2CY26 performance, with revenue increasing 3.6% YoY to ₹691 crore. EBITDA declined 10.7% YoY to ₹82 crore, while EBITDA margin contracted 190 bps YoY to 11.8%. Consequently, PAT declined 18.8% YoY to ₹57 crore.
  - Segment-wise, the Pumps business reported revenue growth of 5.4% YoY to ₹581 crore, with EBIT margin moderating to 11.2% from 11.6% in Q2CY25. The Valves business remained under pressure, with revenue declining 4.8% YoY to ₹111 crore, while EBIT margin contracted sharply to 4.1% from 15.3% in the corresponding quarter last year, leading to a 74.7% YoY decline in EBIT.
- **Capacity Expansion & Capex:**
  - KSB is expanding capacity at its Shirwal plant by ~20%, with a new manufacturing shed being constructed on the adjacent land parcel acquired by the company. The ₹40 crore investment is being funded entirely through internal accruals, with completion targeted by 2027.
  - The expansion will increase capacity from the current ~1,200 pumps per annum, with the existing facility already operating at ~90% utilisation, providing headroom to cater to increasing demand. The new facility will focus on project pumps and supporting activities such as piping, painting and packing, with demand expected from energy, including nuclear, and oil & gas sectors.
  - Management expects ~₹100 crore capex during CY26, primarily supporting capacity expansion and business growth.
- **Management commentary:**
  - **Order book:** Total orders on hand increased to ₹2,745 crore as of June 2026, up from ₹2,585 crore at Dec-25 and ₹2,250 crore at Dec-24.
  - **Nuclear Order book**: Nuclear orders on hand stood at ₹1,235 crore as of June 2026, compared with ₹1,313 crore at Dec-25. The order book includes GHAVP 1&2, Kaiga 5&6 and Kudankulam projects.
  - **Order Inflow:** H1CY26 order intake stood at ₹1,550 crore, including ~₹20 crore of nuclear orders, while ex-nuclear order intake was ~₹1,530 crore vs ₹1,740 crore in H1CY25, reflecting softness in engineered/project orders. Export order intake was ~₹200 crore during H1CY26.
  - **Domestic order intake**: Domestic order intake is led by valves (51%), followed by engineered pumps (19%), standard pumps (16%) and SupremeServ (14%).
  - **Solar Business:** Solar contributed approximately ₹50–60 crore to H1CY26 revenue, but growth was impacted by delays under the KUSUM scheme. Solar orders currently account for <10% of the order book.
  - **Data Centre:** KSB received an order from an international OEM for cooling and precision thermal-management applications in data centres, providing early exposure to the rapidly expanding data-centre infrastructure opportunity.
  - Marine and data-centre applications are estimated to represent around 3–5% of the total project value, creating an opportunity for

KSB to capture specialised pump/thermal-management requirements as these sectors scale.

- Standard nuclear orders typically have a 24–36 month order-to-delivery cycle, while the main coolant pump supplied to NPCIL took ~48 months, highlighting the long revenue conversion cycle and high qualification barriers in the business.
- KSB has progressed from imported primary coolant pumps to progressively localised manufacturing, including the first indigenous 700MW PHWR boiler-feed pump. The company is currently executing the first completely indigenous primary coolant pumps for 700MWe GHAVP Units 1&2.
- GHAVP testing commenced in Apr-May but was subsequently paused due to issues with third-party test-bed equipment. Management expects the issue to be resolved by end-August, with testing expected to resume in September 2026.
- KSB has entered the nuclear export market with an order to supply eight Critical Safety Class-2 pumps for Units 5&6 of a new nuclear power plant in Europe, providing an additional growth opportunity beyond domestic nuclear projects.
- CY25 export revenue stood at ₹470 crore, up 33% YoY. Current export order book is ~15% of CY25 sales, with management targeting an increase to ~20% of annual sales over time.
- H1CY26 exports were impacted by the Middle East conflict, which disrupted deliveries. While enquiries have resumed, export activity had not fully recovered in the preceding two months.
- New nuclear tenders are expected over the next few months, including Mahi Banswara, with the opportunity potentially spanning eight reactors.
- **Guidance:** Management has guided 10–15% volume growth outlook and expects EBITDA margin to move towards 13–14% in the near term. Recovery in exports, conversion of the pending project pipeline and resolution of the GHAVP test-bed issue are key catalysts for H2 performance.

Financial summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end Dec)	CY24	CY25	CY26E	CY27E
Net Sales	**2533**	**2696**	**2980**	**3438**
Other Operating Income	0	0	0	0
Total Operating Income	2533	2696	2980	3438
Growth (%)	13	6	11	15
Raw Material Expenses	1422	1456	1609	1788
Employee Expenses	314	364	419	482
Other Operating Expense	460	502	592	698
Total Operating Expenditure	2196	2322	2620	2968
EBITDA	**338**	**374**	**360**	**470**
Growth (%)	15	11	-4	31
Depreciation	54	58	63	63
Interest	3	3	3	3
Other Income	37	59	65	72
PBT	**317**	**371**	**359**	**476**
Exceptional Item	0	0	0	0
Total Tax	83	90	94	125
PAT	234	281	265	351
Profit from Associates	13	15	16	18
Reported Net Profit	**248**	**296**	**281**	**369**
Growth (%)	17.5	20.2	-5.8	32.4
Diluted EPS (Rs)	14.2	17.0	16.2	21.2

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end Dec)	CY24	CY25	CY26E	CY27E
Profit after Tax	248	296	281	369
Add: Depreciation	54	58	63	63
(Inc)/dec in Current Assets	-189	-411	122	-256
Inc/(dec) in CL and Provisions	42	223	22	168
Others	3	3	3	3
CF from Operations	**158**	**169**	**491**	**347**
(Inc)/dec in Investments	-8	-9	0	0
(Inc)/dec in Fixed Assets	-116	-119	-90	-90
Others	48	39	-89	0
CF from Investing	**-76**	**-89**	**-179**	**-90**
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	0	0	0	0
Dividend paid & dividend tax	-73	-87	-104	-104
Inc/(dec) in Share Cap	0	0	0	0
Others	6	-19	-9	-2
CF from Financing	**-67**	**-106**	**-113**	**-107**
Net Cash flow	15	-25	199	150
Opening Cash	305	319	294	493
Closing Cash	319	294	493	643

Source: Company, ICICI Direct Research

Exhibit 3: Balance sheet ₹ crore

(Year-end Dec)	CY24	CY25	CY26E	CY27E
Liabilities				
Equity Capital	34.8	34.8	34.8	34.8
Reserve and Surplus	1,451	1,644	1,815	2,079
Total Shareholders' funds	1,485	1,679	1,849	2,114
Total Debt	0	0	0	0
Total Liabilities	**1,547**	**1,768**	**1,849**	**2,114**
Assets				
Gross Block	1,008	1,090	1,209	1,299
Less: Acc Depreciation	567	626	689	752
Net Block	440	465	520	547
Capital WIP	53	89	60	60
Total Fixed Assets	**493**	**554**	**580**	**607**
Liquid Investments	0	0	0	0
Other Investments	88	97	97	97
Inventory	643	786	865	998
Debtors	650	869	653	753
Loans and Advances	17	25	28	32
Other Current Assets	70	111	123	142
Cash	319	294	493	643
Total Current Assets	**1,699**	**2,086**	**2,162**	**2,568**
Creditors	372	441	490	565
Provisions	59	84	103	106
Other Current Liabilities	370	499	453	544
Total Current Liabilities	801	1,025	1,046	1,215
Net Current Assets	**898**	**1,061**	**1,116**	**1,353**
Other Assets	68	57	57	57
Application of Funds	**1,547**	**1,768**	**1,849**	**2,114**

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end Dec)	CY24	CY25	CY26E	CY27E
Per share data (₹)				
Diluted EPS	14.2	17.0	16.2	21.2
Cash EPS	86.7	101.8	98.9	124.1
BV	85.3	96.5	106.3	121.4
DPS	4.2	5.0	6.0	6.0
Dividend Payout (%)	30%	29%	37%	28%
Operating Ratios (%)				
EBITDA Margin	13.3	13.9	12.1	13.7
PBT / Total Op. income	12.5	13.8	12.1	13.8
PAT Margin	9.8	11.0	9.4	10.7
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	15.2	17.4
RoCE	18.3	17.8	16.0	19.2
RoIC	24.5	22.5	22.7	28.6
Valuation Ratios (x)				
P/E	56.6	47.3	49.8	38.0
EV / EBITDA	40.6	36.7	37.6	28.4
EV / Net Sales	5.4	5.1	4.5	3.9
Market Cap / Sales	5.5	5.2	4.7	4.1
Price to Book Value	9.4	8.3	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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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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