KSB Ltd (KSBPUM)

CMP: ₹654 | Target ₹ 730 (12%) | Target Period: 12 months

HOLD

November 18, 2026

Nuclear delays & margin pressure weights on near term outlook...

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.

Q3CY26 performance: KSB reported 18.9% YoY growth in revenue to ₹773 crore in Q3CY26, driven by 23.5% growth in the Pumps business to ₹658 crore, while Valves revenue declined 2.0% YoY to ₹116 crore. However, EBITDA declined 3.8% YoY to ₹81.6 crore, with EBITDA margin contracting 250 bps to 10.6%. PAT declined 10.2% YoY to ₹60.6 crore.

Investment Rationale:

- **Healthy order book and diversified order inflows, but near-term margin pressure:** KSB's order book remains healthy at ₹2,860 crore as of September 2026, up from ₹2,585 crore in CY25, providing good revenue visibility. The company reported 9M order inflows of ₹2,444 crore. Large order wins from Dangote (₹118 crore) and ONGC (₹85 crore) further strengthen the execution pipeline. However, Q3CY26 performance remained subdued at the operating level, with revenue growing 18.9% YoY to ₹772.7 crore, while operating EBITDA declined 3.8% YoY to ₹81.6 crore and margin contracted 250 bps to 10.6%. Commodity cost inflation and fixed-price contracts are likely to keep margins under pressure in the near term, with management indicating a gradual recovery as price increases flow through. The medium-term EBITDA margin target remains 13–14%. We expect Revenue and PAT to grow at 11.3% and 7.1% CAGR over CY25-CY28E.
- **Long-term growth opportunities across thermal, nuclear and data centres:** KSB is well positioned to benefit from rising investments in thermal power, nuclear energy and data-centre infrastructure. In thermal, the company has secured an approximately ₹200 crore boiler feed pump package for five units at Gadarwara and Nabinagar, while pursuing additional opportunities across private and public-sector power projects. In nuclear, KSB remains an established supplier and is optimistic about the opportunity pipeline, although testing delays in the first pump are likely to defer revenue recognition; management expects the testing process to progress towards completion in Q2CY27. In data centres, KSB is expanding its presence across HVAC, firefighting, plumbing and liquid-cooling pump solutions, with initial trial and qualification orders received from OEMs. Successful execution and vendor approvals could create a meaningful incremental growth opportunity over the medium term.

Rating and Target Price: We downgrade rating from BUY to **HOLD** on KSB with a target price of **₹730 per share (based on 35x CY28E EPS)**. As near-term profitability remains under pressure due to elevated commodity costs and fixed-price contracts, while delays in nuclear pump testing could defer revenue execution.

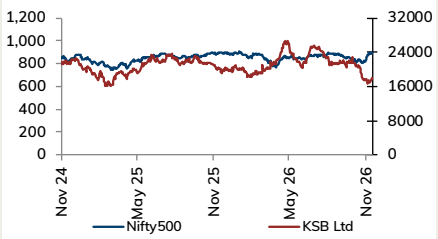
Particulars

	Rs. (in crore)
Market Capitalisation	11,381
Total Debt (CY25)	0
Cash and Inv. (CY25)	295
Enterprise Value	11086
52-week H/L (Rs.)	1028/626
Equity capital	34.8
Face value (Rs.)	2

Shareholding pattern

%	Dec-25	Mar-26	Jun-26	Sep-26
Promoter	69.8	69.8	69.8	69.8
FII	4.5	4.7	4.1	3.7
DII	12.0	11.6	11.8	12.2
Others	13.7	13.9	14.3	14.3

Price Chart



Key risks

(i) Slowdown in capex;

(ii)) Increase in competition.

(iii) volatility in raw material prices

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

(Year-end December) Rs Crore	CY23	CY24	CY25	2 Year CAGR (CY23-CY25)	CY26E	CY27E	CY28E	3 Year CAGR (CY25-CY28E)
Revenue	2,247	2,533	2,696	9.5	2,907	3,294	3,717	11.3
EBITDA	294	338	374	12.8	311	429	492	9.6
EBITDA margin (%)	13.1	13.3	13.9		10.7	13.0	13.2	
Net Profit	209	248	296	19.1	230	316	363	7.1
EPS (Rs)	60.0	14.2	17.0		13.2	18.2	20.9	
P/E (x)	10.9	46.0	38.5		49.4	36.0	31.3	
EV/EBITDA (x)	37.7	32.8	29.7		35.2	25.2	21.6	
RoCE (%)	18.7	18.3	17.8		13.8	17.8	18.4	
RoE (%)	16.0	16.7	17.6		12.8	15.7	16.0	

Source: Company, ICICI Direct Research.

Q3CY26 key results highlights

- **Financial Performance**:
  - KSB reported 18.9% YoY growth in revenue to ₹773 crore in Q3CY26, driven by 23.5% growth in the Pumps business to ₹658 crore, while Valves revenue declined 2.0% YoY to ₹116 crore. However, EBITDA declined 3.8% YoY to ₹81.6 crore, with EBITDA margin contracting 250 bps to 10.6%. PAT declined 10.2% YoY to ₹60.6 crore.
  - Segment-wise, Pumps EBIT declined 1.6% YoY to ₹69.6 crore, with EBIT margin declining to 10.6% from 13.3%; Valves EBIT fell 77.7% YoY to ₹3.3 crore, with margin contracting sharply to 2.9% from 12.6%.
- **Management commentary:**
  - **Order book:** Order book stood at approximately ₹2,860 crore, including nuclear orders, with management expecting further growth over the coming quarters. Nuclear order book was approximately ₹1,250 crore.
  - Order intake during the Q3CY27 stood at ₹860 crore & 9MCY27 at ₹2,444 crore.
  - Recent large orders include Dangote fertiliser/refinery project: approximately ₹118 crore & ONGC offshore project: approximately ₹85 crore.
- **Nuclear business – Execution delays and competitive intensity:**
  - Testing of the first two nuclear pumps has faced delays due to issues with control valves, piping and external power cables. Management clarified that there is no issue with the pumps manufactured by KSB.
  - Final-stage testing is expected to commence in December, with completion anticipated in Q2CY27.
  - KSB expects to deliver more than two nuclear pumps next year, with a potential target of four pumps, subject to successful testing and execution.
  - The upcoming nuclear pump tenders have relaxed qualification criteria, potentially allowing new competitors to participate.
  - Management remains confident about KSB's established track record and expects to secure a reasonable share, although competitive bidding and pricing remain key monitorable.
- **Thermal power – Strong opportunity pipeline:**
  - Management highlighted a substantial opportunity in India's thermal power capacity addition, supported by rising electricity demand and new project announcements.
  - KSB is actively participating in boiler feed pump and boiler circulation pump opportunities for supercritical power plants.
  - The company has already secured orders for Gadarwara and Nabinagar projects through L&T with further opportunities are being pursued with DVC, BHEL, Adani (Korba), Torrent and other EPC players.
  - For the five units at Gadarwara and Nabinagar, the boiler feed pump order value was approximately ₹200 crore (1 unit requires ~3 pumps), translating into roughly ₹14 crore per pump, as indicated by management.

- **Margin outlook – Recovery expected gradually:**
    - Margins have been impacted by commodity inflation, fixed-price contracts and an unfavourable product mix, with a higher proportion of project orders compared with standard business.
    - Almost all orders, excluding nuclear, are fixed-price contracts, limiting the company's ability to immediately pass on higher input costs.
    - For standard business, the price revision process typically takes 6–9 months to reflect in margins.
    - Management reiterated its medium-term EBITDA margin objective of 13–14%.
- **Data centre business – Emerging growth opportunity:**
    - Management indicated that the data centre business is promising, supported by increasing demand for conventional and liquid-cooling solutions. Company is progressively engaging with OEMs and international manufacturers to secure approved vendor status.
    - The company has received initial qualification/trial orders and expects repeat business following successful execution.
    - KSB Germany is supporting the Indian subsidiary through its established relationships and experience in international data centre markets.
    - Management indicated that pumps could account for approximately 3–5% of data centre equipment costs.
- **Exports – Target of 15–20% revenue contribution:**
    - Export business has been performing well, supported by orders from the Dangote refinery and other international projects.
    - The US market is opening up opportunities for KSB through EPC contractors, particularly in gas-based power generation.
    - Management reiterated its strategic objective of generating 15–20% of revenue from exports.

Financial summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end Dec)	CY25	CY26E	CY27E	CY28E
Net Sales	**2696**	**2907**	**3294**	**3717**
Other Operating Income	0	0	0	0
Total Operating Income	2696	2907	3294	3717
Growth (%)	6	8	13	13
Raw Material Expenses	1456	1628	1812	2044
Employee Expenses	364	392	435	502
Other Operating Expense	502	576	619	679
Total Operating Expenditure	2322	2597	2866	3226
EBITDA	**374**	**311**	**429**	**492**
Growth (%)	11	-17	38	15
Depreciation	58	63	70	75
Interest	3	5	6	8
Other Income	59	47	52	57
PBT	**371**	**290**	**405**	**466**
Exceptional Item	0	0	0	0
Total Tax	90	76	106	122
PAT	281	214	299	344
Profit from Associates	15	16	18	19
Reported Net Profit	**296**	**230**	**316**	**363**
Growth (%)	20.2	-23.9	39.4	15.1
Diluted EPS (Rs)	17.0	13.2	18.2	20.9

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end Dec)	CY25	CY26E	CY27E	CY28E
Profit after Tax	296	230	316	363
Add: Depreciation	58	63	70	75
(Inc)/dec in Current Assets	-411	163	-217	-237
Inc/(dec) in CL and Provisions	223	-2	145	161
Others	3	5	6	8
CF from Operations	**169**	**459**	**320**	**371**
(Inc)/dec in Investments	-9	0	0	0
(Inc)/dec in Fixed Assets	-119	-90	-90	-90
Others	39	-89	0	0
CF from Investing	**-89**	**-179**	**-90**	**-90**
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	0	0	0	0
Dividend paid & dividend tax	-87	-104	-104	-104
Inc/(dec) in Share Cap	0	0	0	0
Others	-19	-11	-6	-8
CF from Financing	**-106**	**-115**	**-110**	**-112**
Net Cash flow	-25	165	119	168
Opening Cash	319	294	459	579
Closing Cash	294	459	579	747

Source: Company, ICICI Direct Research

Exhibit 3: Balance sheet ₹ crore

(Year-end Dec)	CY25	CY26E	CY27E	CY28E
Liabilities				
Equity Capital	34.8	34.8	34.8	34.8
Reserve and Surplus	1,644	1,764	1,975	2,234
Total Shareholders' funds	1,679	1,798	2,010	2,269
Total Debt	0	0	0	0
Total Liabilities	**1,768**	**1,798**	**2,010**	**2,269**
Assets				
Gross Block	1,090	1,209	1,299	1,389
Less: Acc Depreciation	626	689	759	834
Net Block	465	520	540	555
Capital WIP	89	60	60	60
Total Fixed Assets	**554**	**580**	**600**	**615**
Liquid Investments	0	0	0	0
Other Investments	97	97	97	97
Inventory	786	844	957	1,080
Debtors	869	637	722	815
Loans and Advances	25	27	30	34
Other Current Assets	111	120	136	153
Cash	294	459	579	747
Total Current Assets	**2,086**	**2,087**	**2,424**	**2,829**
Creditors	441	478	542	611
Provisions	84	101	101	120
Other Current Liabilities	499	444	524	598
Total Current Liabilities	1,025	1,023	1,167	1,329
Net Current Assets	**1,061**	**1,065**	**1,257**	**1,500**
Other Assets	57	57	57	57
Application of Funds	**1,768**	**1,798**	**2,010**	**2,269**

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end Dec)	CY25	CY26E	CY27E	CY28E
Per share data (|)				
Diluted EPS	17.0	13.2	18.2	20.9
Cash EPS	101.8	84.3	111.0	125.9
BV	96.5	103.3	115.5	130.4
DPS	5.0	6.0	6.0	6.0
Dividend Payout (%)	29%	45%	33%	29%
Operating Ratios (%)				
EBITDA Margin	13.9	10.7	13.0	13.2
PBT / Total Op. income	13.8	10.0	12.3	12.5
PAT Margin	11.0	7.9	9.6	9.8
Inventory days	106	106	106	106
Debtor days	118	80	80	80
Creditor days	60	60	60	60
Return Ratios (%)				
RoE	17.6	12.8	15.7	16.0
RoCE	17.8	13.8	17.8	18.4
RoIC	22.5	19.1	25.9	28.2
Valuation Ratios (x)				
P/E	38.5	49.4	36.0	31.3
EV / EBITDA	29.7	35.2	25.2	21.6
EV / Net Sales	4.1	3.8	3.3	2.9
Market Cap / Sales	4.2	3.9	3.5	3.1
Solvency Ratios				
Debt/EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	1.9	1.7	1.7	1.7
Quick Ratio	1.1	0.8	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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