Tembo Global Industries Ltd (3rd July 2026)

Company Overview

- Tembo Global Industries Ltd. is a specialised engineering company manufacturing pipe support systems, fasteners, anchors and HVAC solutions for the infrastructure, oil & gas, marine and industrial sectors. The company exports to over 30 countries and operates across four business verticals: Engineering Solutions & EPC (60% of FY26 revenue), Textiles (40% of revenue), and two emerging growth segments—Solar Power and Defence Manufacturing.

- FY26 marked a transformational year, with revenue rising 46.7% YoY to ₹1,090 crore, EBITDA increasing 55.4% with 13.1% margin and PAT growing 79.7% with 9.0% margin, supported by strong execution in its engineering business. During FY26, the company commissioned its new Vasai manufacturing facility, expanding its production capacity from 18,000 MTPA to 1,00,000 MTPA, while ending FY26 with an engineering order book of approximately ₹1,548 crore and a bidding pipeline exceeding ₹2,256 crore.

Sector Outlook

- India's engineering and EPC sector is expected to benefit from sustained government spending on infrastructure, oil & gas, ports, marine, water and industrial projects, supporting long-term demand for specialised engineering products and EPC services.

- The defence and renewable energy sectors offer significant long-term growth opportunities, driven by the government's focus on Make in India, defence indigenisation and the expansion of solar power capacity, creating a favourable environment for companies diversifying into these high-growth segments.

Company Outlook

- The company is targeting FY27 revenue of ₹1,600 crore (30-40% YoY growth), driven by its core Engineering & EPC business. The company's ₹1,548 crore order book , ₹2,256+ crore bidding pipeline, L1 status on a ₹300 crore Kuwait offshore project, and ongoing opportunities across ports, refineries and fuel farms provide healthy medium-term revenue visibility.

Tembo Global Industries Ltd

40% Target Return	₹810 Target Price
12 months Duration	₹577 Current price

BUY

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue (Rs. Cr)	744	1,090	1,548	2,090	2,633
Revenue Growth %		*46.6%*	*42.0%*	*35.0%*	*26.0%*
EBITDA (Rs. Cr)	92	142	232	318	408
EBITDA Growth %		*54.8%*	*63.0%*	*36.8%*	*28.5%*
EBITDA Margin %	12.4%	13.1%	15.0%	15.2%	15.5%
PAT (Rs. Cr)	51	91	155	219	290
ROE %	24.1%	20.2%	24.1%	26.1%	26.5%
P/E x	15.7	9.5	7.0	5.0	3.8

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- Tembo has secured licences for manufacturing small arms (December 2025) and multi-calibre ammunition (April 2026) and has entered into a European buyback arrangement, effectively providing an assured demand channel. The defence segment is expected to begin contributing revenues from Q4 FY27, with the first full year of revenue contribution thereafter.
- The 120 MW solar project, backed by a 25-year Power Purchase Agreement (PPA) with the Maharashtra State Electricity Distribution Company Limited (MSEDCL), is progressing as planned, with 28 of the 30 sites secured and 7–8 sites nearing commissioning. The project is expected to be fully operational by the end of Q2 FY27 and generate approximately ₹80 crore of revenue in FY27, providing a stable, long-term recurring revenue stream.
- The commissioning of the new 1,00,000 MTPA manufacturing facility at Vasai significantly enhances production capacity, operational efficiency and export potential. The company is targeting 10–12% PAT margins in FY27, supported by capacity ramp-up and successful execution of its engineering, solar and defence businesses.

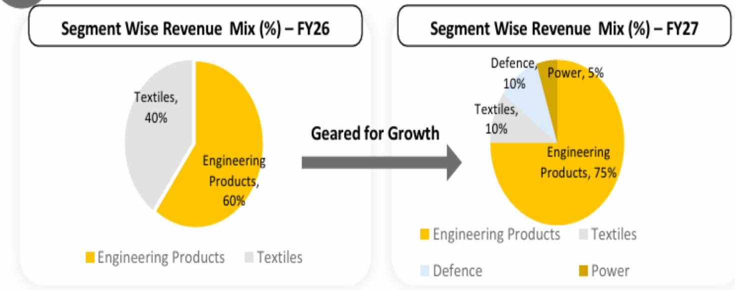
Rating

- We initiate coverage on Tembo Global Industries with a BUY rating and a 12-month target price of ₹810 (based on FY28E) implying a 7.5x P/E, driven by strong growth visibility in its core Engineering & EPC business, strategic diversification into high-margin Defence and annuity-based Solar businesses, the commencement of full-year revenue contribution from these new businesses (which were not reflected in FY26), expanded manufacturing capacity, and a robust order pipeline that is expected to support sustained earnings growth over the medium to long term.

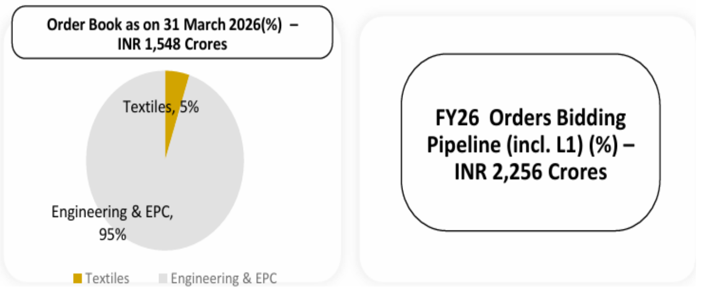
Key Risks

- Key risks include delays in ramping up the defence and solar businesses, coupled with higher debt and working capital requirements, could impact the company's growth and profitability.

Shift towards Margin Accretive Business



Order Book & Order Bidding Pipeline (incl. L1)



Source : Company Presentations

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