# Tipco Engineering India Ltd.



**Revenue:** FY26 revenue grew 9% YoY to ₹145 crore, while H2 FY26 revenue surged 66% YoY to ₹95 crore. Revenue remains broadly in line with our estimates (We had estimated ₹145 Cr revenue for FY26).

**EBITDA:** FY26 EBITDA increased 60% YoY to ₹38 crore, with margins expanding by 840 bps to 26%. Tipco managed to outperform our expectations and delivered robust EBITDA margin compared to our estimate of 23.4% EBITDA margin (₹34 Cr) for FY26.

**LexaMix partnership and defence vertical can structurally lift margins**

Tipco's margin profile will gradually shift towards higher-value engineering applications through its LexaMix Germany collaboration, export projects and defence-focused solutions. Management highlighted that the FY26 EBITDA margin expansion was partly driven by customized engineered systems, technology-linked applications and early defence opportunities, and expects these drivers to strengthen further going forward. Through LexaMix, Tipco has gained access to European process know-how and exclusive rights in India for high-end applications in cosmetics, adhesives and personal care, serving customers similar to L'Oréal and HUL. Simultaneously, the company has secured DRDO approvals, supplied its first machine for defence applications and is working on specialized equipment for rocket-fuel dispersion, high-viscosity coatings, solid-state batteries and defence chemicals, all of which typically command superior margins versus standard industrial equipment.

**Pune expansion creates the next growth engine**

Tipco is undertaking a major manufacturing expansion in Pune. Management expects Pune to become operational at roughly 25% utilization during FY27, reach around 75% utilization in FY28. The facility will house advanced manufacturing capabilities, a dedicated customer experience centre and testing infrastructure.

**Import substitution opportunity**

Tipco is positioning itself as a credible Indian alternative to imported European process-engineering equipment. Management stated that while a typical European machine may be priced at 10, Tipco can offer a solution at roughly 6, while domestic competitors operate closer to 4, creating an attractive balance between technology and affordability. The company's German collaboration has strengthened process expertise, engineering standards and customer confidence, enabling it to compete directly against global players.

**Export business can become a meaningful growth driver**

Exports remain at an early stage but are emerging as a significant opportunity. Management indicated that export revenue has been growing steadily over the last two years and that the company has expanded into Europe, the Gulf and African markets. The LexaMix collaboration is expected to further improve acceptance in global markets by enhancing engineering credibility and technology capabilities.

**Outlook and Guidance:**

We remain positive on Tipco Engineering as the company enters a new phase of growth supported by Pune capacity expansion, increasing export penetration, defence-sector participation, LexaMix-led technology upgrades and a large import-substitution opportunity. With EBITDA margins already expanding to 26%, and multiple high-margin growth drivers beginning to scale simultaneously, Tipco appears well positioned to deliver earnings growth ahead of revenue growth over the medium term.

**We project Revenue/EBITDA/PAT CAGR of 39%/40%/54% over FY26-FY28E. taking into consideration the company's high growth phase we assign PE multiple of 15x to its FY28E EPS along with cash flow DCF methodology, we arrive to a TP of ₹373 per share implying an upside of 103%**

| CMP: ₹184 |
|---|
| Reco: BUY |
| Target Price: ₹373 |

| Stock Info | |
|---|---|
| BSE | 544740 |
| NSE | - |
| Sector | Industrial Products |
| Face Value (₹) | 10 |
| Equity Capital (₹ Cr) | 20.8 |
| Mkt Cap (₹ Cr) | 382 |
| Avg volume (1 year) | 1,80,065 |
| Dividend yield (%) | 0.00 |
| 52w H/L (₹) | 184/ 76.5 |

Source: Company filings, PESB research

| Shareholding Pattern (April 2026) | |
|---|---|
| Promoters | 57.79% |
| FII | 1.63% |
| DII | 22.16% |
| Public | 18.42% |

Source: Company filings, PESB research

**Tipco Engineering IC link:**
TIPCO engineering.pdf

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Associate

## Concall Highlights

**Pune Expansion - CapEx, New Verticals & Timeline**
Total CapEx is guided at ₹60 crore: ₹40 crore for the Pune facility (land, building, machinery) and up to ₹20 crore for the Sonipat facility. Pune will be funded 75% via bank term loans and 25% from internal margins - no equity dilution planned. Pune will be ~25% operational in FY27, ~75% in FY28, and fully ramped by FY29. The Pune facility will specifically target new verticals - cosmetics, adhesives, and personal care via the LexaMix Germany collaboration, covering the south and west India markets that Sonipat currently underpenetrates. The facility will also include an experience centre for customer trials.

**Sonipat Facility**
The Sonipat facility is operating at approximately 80% capacity utilization, which is the primary driver for the Pune expansion. An additional 4-5 acres of land adjacent to the current Sonipat factory have already been secured for further capacity addition at the existing site.

**LexaMix Germany**
The LexaMix collaboration provides complete engineering know-how across all product lines, not just select categories. Tipco has secured exclusive rights to sell LexaMix products in the Indian market, targeting customers comparable to L'Oreal and HUL in the cosmetics and personal care segments. The partnership enhances global credibility, supports premium pricing, and adds new verticals to the product portfolio beyond the existing paint, ink, and chemical machinery base.

**Customer Base**
Named customers include Sirca Paints, Asian Paints, JK Cement (JK Maxx 100% executed by Tipco), Berger Paints, UltraTech Cement, BASF, Nippon Paint, and Nerolac (growing from small to large-ticket discussions). A large undisclosed cement company in Uttar Pradesh is currently working on an active project. Order book stands at ₹60-70 crore, with execution timelines of 30-45 days for smaller orders and 3-6 months for large turnkey projects.

**Competitive Differentiation**
Management's stated competitive moat is that no domestic competitor currently offers the combination of equipment supply, design engineering, consultancy, and turnkey execution under one roof. Tipco describes itself as a "complete process solution" across 17+ chemical industry segments, including paint, inks, coatings, pharmaceuticals, food processing, cosmetics, and agrochemicals.

**Defence - DRDO Approval & Early Traction**
Tipco has received approval from HEMRL (High Explosives Research & Development Establishment), DRDO, which purchased the first machine, a lab-scale unit for 200-litre rocket fuel nano-dispersion at ₹36 lakh, and is now recommending Tipco to its network of defence suppliers. The technology improves missile fuel efficiency. A second defence R&D track - lithium-ion and solid-state battery - has been in progress for 2-3 years and represents a developing revenue stream.

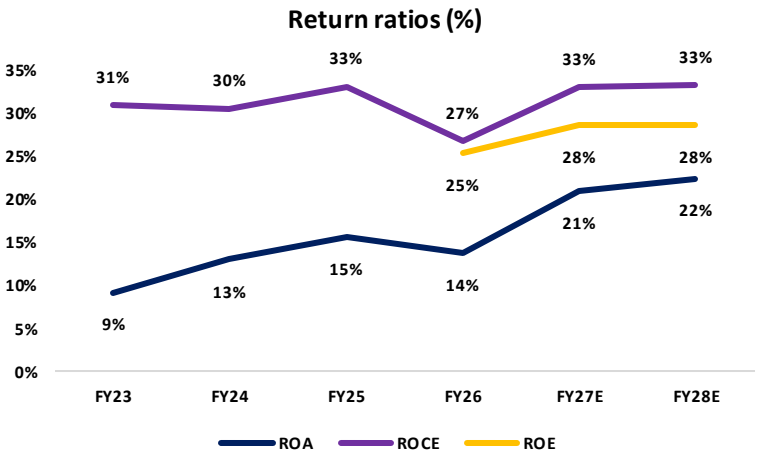
**Export & International Markets**
Export revenue has grown over the last two years, with active business in Gulf and African markets and European Union expansion underway via the LexaMix partnership. Management sees no ceiling on export potential, citing global acceptance of Tipco's product quality and India's cost advantage. The company participates in both European and Chinese coating exhibitions, reinforcing its international brand positioning.

**Long-Term Revenue Aspiration**
Management's long-term aspiration is ₹1,000 crore+ in revenues, positioning Tipco as a complete process solution provider spanning all chemical industries from design to packing. The convergence of Pune capacity, LexaMix new verticals, defence traction via DRDO, and export expansion provides a multi-dimensional growth path. FY28 revenue guidance will be provided after H1 FY27 results are available.

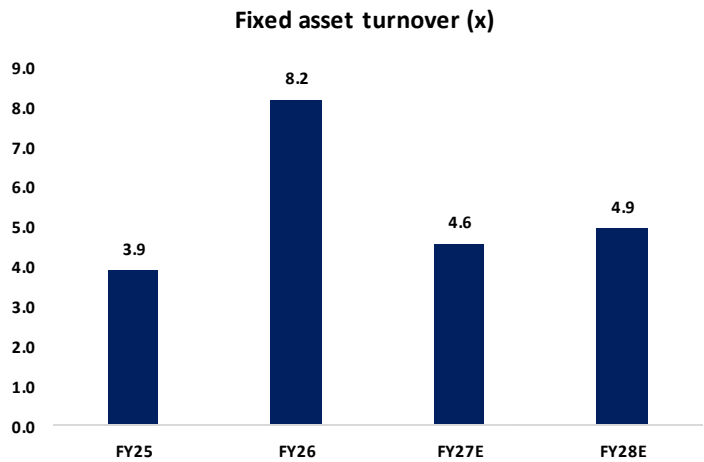
## Q4 FY26 Financials

| Particulars (₹ Cr) | H2 FY26 | H1 FY26 | H2 FY25 | YoY (%) | H2 on H1 (%) |
|---|---|---|---|---|---|
| Revenue from Operations | 95 | 50 | 57 | 66% | 89% |
| Cost of materials consumed | 62 | 32 | 41 | 53% | 53% |
| Employee Exp | 3 | 2 | 2 | 51% | 44% |
| Other Exp | 5 | 3 | 4 | 43% | 94% |
| **EBITDA** | **24** | **14** | **11** | 124% | 78% |
| *EBITDA Margin* | *25.69%* | *27.24%* | *18.95%* | *675bps* | *-154bps* |
| Depreciation & Amortization | 0 | 0 | 0 | 4% | 19% |
| **EBIT** | **24** | **13** | **11** | 128% | 79% |
| *EBIT Margin* | *25.34%* | *26.67%* | *18.38%* | *696bps* | *-133bps* |
| Finance Cost | 3 | 2 | 3 | 34% | 48% |
| Other Income | 1 | 0 | 0 | 312% | -2029% |
| **EBT** | **21** | **11** | **8** | 162% | 94% |
| Exceptional items | 0 | 0 | 0 | | |
| Tax Expense | 5 | 2 | 1 | 235% | 91% |
| **PAT** | **17** | **9** | **7** | 157% | 95% |
| *PAT Margin* | *17.61%* | *17.05%* | *11.34%* | *627bps* | *56bps* |

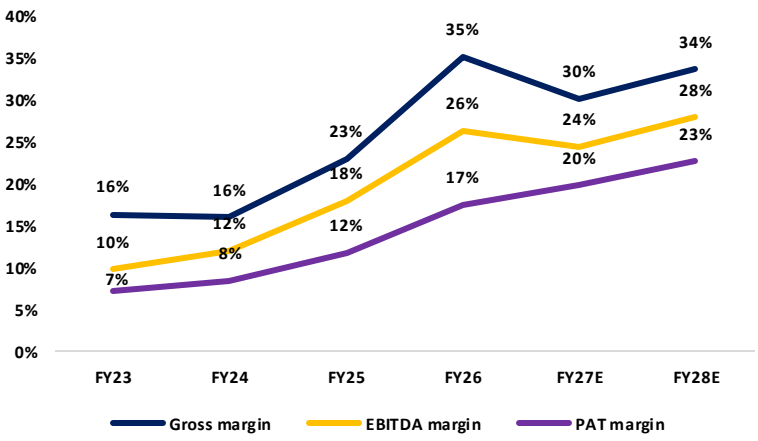
Source: Company filings, PESB research



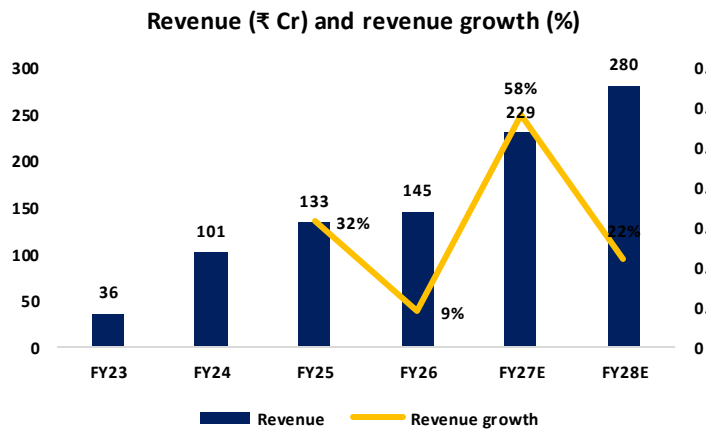

Source: Company filings, PESB research




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## Financials

**INCOME STATEMENT**

| Particulars (₹ Cr) | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|
| Revenue from Operations | 36 | 101 | 133 | 145 | 229 | 280 |
| Revenue growth rate | | 181% | 32% | 9% | 58% | 22% |
| **Expenses** | | | | | | |
| COGS | 30 | 85 | 100 | 94 | 161 | 186 |
| Employee Expense | 1 | 1 | 3 | 5 | 6 | 7 |
| Other Expense | 1 | 3 | 6 | 8 | 10 | 12 |
| **EBITDA** | **3** | **12** | **24** | **38** | **53** | **74** |
| ***EBITDA Margin*** | ***10%*** | ***12%*** | ***18%*** | ***26%*** | ***23%*** | ***27%*** |
| ***EBITDA Growth rate*** | | ***250%*** | ***95%*** | ***61%*** | ***39%*** | ***40%*** |
| Depreciation and Amortization | 0 | 1 | 1 | 1 | 1 | 1 |
| **EBIT** | **3** | **12** | **23** | **37** | **52** | **73** |
| ***EBIT Margin*** | ***9%*** | ***11%*** | ***17%*** | ***26%*** | ***23%*** | ***26%*** |
| ***EBIT Growth rate*** | | ***243%*** | ***99%*** | ***62%*** | ***39%*** | ***41%*** |
| Finance Cost | 0 | 2 | 5 | 6 | 1 | 1 |
| Other Income | 0 | 0 | 0 | 1 | 0 | 0 |
| Exceptional items | 0 | 0 | 0 | 0 | 0 | 0 |
| **EBT** | **3** | **10** | **19** | **33** | **51** | **72** |
| ***EBT Margin*** | ***9%*** | ***10%*** | ***14%*** | ***22%*** | ***22%*** | ***26%*** |
| ***EBT Growth rate*** | | ***230%*** | ***83%*** | ***74%*** | ***58%*** | ***41%*** |
| Tax expense | 1 | 2 | 3 | 7 | 9 | 12 |
| **PAT** | **3** | **8** | **15** | **25** | **43** | **60** |
| ***PAT Margin*** | ***7%*** | ***8%*** | ***11%*** | ***17%*** | ***19%*** | ***21%*** |
| ***PAT Growth rate*** | | ***230%*** | ***81%*** | ***66%*** | ***69%*** | ***41%*** |
| **EPS (₹)** | **2561.2** | **5355.2** | **8908.0** | **12.2** | **20.5** | **28.9** |

| | FY23-25 | FY26-28E |
|---|---|---|
| **Revenue CAGR** | **92%** | **39%** |
| **EBITDA CAGR** | **161%** | **40%** |
| **PAT CAGR** | **144%** | **54%** |

Source: Company filings, PESB research

**BALANCE SHEET**

| Particulars (₹ Cr) | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|
| Assets | | | | | | |
| Net Block | 0 | 2 | 32 | 13 | 46 | 52 |
| Capital WIP | 0 | 1 | 2 | 4 | 4 | 4 |
| Other Non Current Assets | 1 | 12 | 5 | 6 | 27 | 30 |
| Inventories | 7 | 12 | 31 | 22 | 48 | 59 |
| Loans and Advances | 8 | 8 | 4 | 13 | 23 | 23 |
| Trade Receivables | 10 | 26 | 26 | 67 | 57 | 69 |
| Cash and Equivalents | 0 | 3 | 1 | 60 | -3 | 12 |
| Other Current Assets | 0 | 1 | 1 | 0 | 12 | 28 |
| **Total Assets** | **28** | **66** | **101** | **186** | **214** | **278** |
| | | | | | | |
| Equity | | | | | | |
| Equity Share Capital | 0 | 0 | 0 | 21 | 21 | 21 |
| Other Equity | 3 | 12 | 33 | 80 | 135 | 195 |
| **Total Equity** | **3** | **13** | **33** | **100** | **156** | **216** |
| | | | | | | |
| Liabilities | | | | | | |
| Long term borrowings | 4 | 13 | 20 | 5 | 8 | 9 |
| Long term provisions | 0 | 0 | 0 | 1 | 1 | 1 |
| Other Non Current Liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Current borrowings | 4 | 12 | 17 | 35 | 1 | 2 |
| Current provisions | 0 | 1 | 4 | 5 | 5 | 5 |
| Trade Payables | 12 | 23 | 12 | 11 | 31 | 33 |
| Other Current Liabilities | 4 | 4 | 16 | 28 | 12 | 12 |
| **Total Equity and Liabilities** | **28** | **66** | **101** | **186** | **214** | **278** |

Source: Company filings, PESB research

**RATIOS**

| | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|
| **Margin Analysis** | | | | | | |
| Gross Margins | 16.3% | 15.9% | 24.7% | 35.0% | 30.0% | 33.5% |
| EBITDA Margin | 9.7% | 12.0% | 17.8% | 26.2% | 23.1% | 26.6% |
| PAT Margin | 7.1% | 8.3% | 11.5% | 17.4% | 18.6% | 21.5% |
| | **FY23** | **FY24** | **FY25** | **FY26** | **FY27E** | **FY28E** |
| **Profitability** | | | | | | |
| ROA | 9.1% | 12.8% | 15.0% | 13.6% | 20.0% | 21.7% |
| ROCE | 30.8% | 30.4% | 32.9% | 26.6% | 31.7% | 32.4% |
| ROE | 99.8% | 67.5% | 46.4% | 25.2% | 27.4% | 27.8% |
| | **FY23** | **FY24** | **FY25** | **FY26** | **FY27E** | **FY28E** |
| **Liquidity and Solvency** | | | | | | |
| Current ratio (x) | 1.2 | 1.3 | 1.3 | 2.0 | 2.8 | 3.7 |
| Quick ratio (x) | 0.9 | 1.0 | 0.7 | 1.8 | 1.8 | 2.5 |
| fixed asset turnover (x) | 45.9 | 28.8 | 3.9 | 8.2 | 4.6 | 4.9 |
| Total Debt/ Equity (x) | 3.3 | 2.1 | 1.1 | 0.4 | 0.1 | 0.0 |
| Interest Coverage Ratio (x) | 11.5 | 7.6 | 5.0 | 6.6 | 45.8 | 55.2 |
| | **FY23** | **FY24** | **FY25** | **FY26** | **FY27E** | **FY28E** |
| **Valuation Ratios** | | | | | | |
| EV/EBITDA (x) | | | | 9.5 | 7.4 | 5.1 |
| P/E (x) | | | | 15.1 | 9.0 | 6.4 |
| P/B (x) | | | | 3.8 | 2.5 | 1.8 |
| EV/Sales (x) | | | | 2.5 | 1.7 | 1.4 |

Source: Company filings, PESB research

**CASH FLOW**

| Particulars (₹ Cr) | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|
| Net cash from operations | -6 | 0 | 12 | 3 | 14 | 39 |
| Net cash from Investing | -1 | -4 | -31 | 16 | -47 | -12 |
| Net cash from Financing | 7 | 7 | 16 | 40 | -33 | 0 |

Source: Company filings, PESB research

# Disclosures and Disclaimers:

## Rating Guide:

| Stock Rating | Absolute Return |
|---|---|
| BUY | >20% |
| ACCUMULATE | 12% to 20% |
| HOLD | 5% to 12% |
| NEUTRAL | -5% to 5% |
| REDUCE | -5% to -12% |
| SELL | <-12% |

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