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IPO Note:

TEMPSENS INSTRUMENTS (INDIA) LIMITED - SUBSCRIBE

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18th August, 2026

Issue Opens	**20th August 2026**
Issue Closes	**24th August 2026**
Type of Issue	Fresh Issue of 31,66,666 shares (aggregating up to ₹95.00 Crores) Offer for sale of 1,85,00,000 shares of ₹4 (aggregating up to ₹555.00 Crores)
Issue size	**₹ 650 Crores**
Price Band	₹285 to ₹300 per share
Bid lot/ Bid Size	50 shares/ Rs. 15,000
Issue structure	QIB-50%, HNI- 15%, Retail- 35%
Post issue equity shares	8,38,32,691 shares
Promoters and Promoter Group **Public**	Pre Issue – 80.51%|Post Issue – 55.40% Pre issue – 19.49%|Post Issue- 44.60%
Post issue implied market cap	₹2,514.98 Crores
BRLMs	ICICI Securities Limited, JM Financial Limited
Registrar to the issue	KFin Technologies Limited

Tempsens Instruments (TIIL) is a thermal engineering and specialized cable manufacturer, designing customized temperature sensing solutions, electrical heating solutions and specialized cables for industrial applications. The company combines technical expertise with a customer-collaborative approach, enabling quick turnaround on complex, tailored thermal solutions.

Market Leadership: TIIL is the largest manufacturer of contact and non-contact temperature sensors in India by revenue (FY26), holding 10.5% share of the overall temperature sensor market. It is the only Indian manufacturer of non-contact temperature sensors, with 21.3% share of that sub-segment a position built by indigenizing development and reducing reliance on foreign suppliers. The company also holds several other "only/few players in India" positions: sole manufacturer of fibre optic temperature sensors, thermal profiling systems, pyrometers and online thermal imagers (FY26); one of very few specialist manufacturers of advanced conductor solutions; and one of the largest electrical heater manufacturers by installed capacity, with capability in low-voltage process heaters (medium-voltage under R&D).

Business Model- Project/OEM + MRO: TIIL operates a two-pronged revenue model. The Project/OEM segment is a high-barrier, approval-driven business (stringent qualification requirements) where winning large greenfield/brownfield instrumentation orders demonstrates technical credibility. This feeds into a recurring MRO (maintenance, repair & operations) replacement business, which is less capex-cycle-dependent and tied instead to process uptime, regulatory compliance and equipment lifecycle needs. Project wins strengthen customer relationships and increase the likelihood of repeat MRO orders — creating a self-reinforcing, annuity-like revenue stream.

Customer Base & Diversification: TIIL served 1,000+ unique customers between FY24-FY26 (new customers added in the trailing three fiscals, excluding repeats), spanning power, steel, glass and oil & gas, among other sectors, including customers added via acquisitions and overseas subsidiaries. Top-10 customer contribution has trended consistently below 25% of revenue from operations indicating low single-customer dependency and reducing sector-cyclicality risk.

R&D and IP Moat: The company holds 12 Indian patents, 8 Indian trademarks, 1 copyright, and 39 trademarks registered internationally, with further applications pending. Ongoing R&D initiatives include slot resistance temperature detectors, mid-voltage heaters, pressurizer heaters for nuclear reactors, and next-gen infrared pyrometers/thermal imagers supporting both indigenization (aligned with 'Make in India') and premiumization of the product mix.

Backward Integration: TIIL operates a backward-integrated manufacturing facility in Udaipur covering thermocouples, cables and electrical heaters a rare capability globally. In-house processes span alloy melting, hot-rolling, annealing, mineral-insulated cable manufacturing, machining, final assembly and calibration. This reduces third-party dependency, improves quality control, and is a key reason TIIL is among the few Indian manufacturers holding ASME U-Stamp certification for pressure vessels a mark of engineering credibility in demanding, regulated end-markets (power, nuclear, oil & gas).

Investment Recommendation and Rationale: -

Tempsens is India's leading temperature-sensor manufacturer with rare backward integration, patented technology, and ASME certification creating high entry barriers. No listed Indian peer exists, offering pure-play exposure. Diversified customer base, recurring MRO revenue, and clear growth levers support a resilient, moat-protected business model with sustainable long-term earnings visibility. At the upper price band of ₹300, the issue is valued at a P/E multiple of about 35.42x on its FY26 post-IPO EPS of ₹8.47. We give a 'SUBSCRIBE' rating to the issue for the following reasons:

1. **India's largest temperature sensor manufacturer and sole non-contact sensor player, with strong indigenization-led entry barriers.**
2. **Resilient revenue mix high-barrier Project/OEM orders plus recurring MRO revenue, with low customer concentration.**
3. **Strong technical moat backward-integrated manufacturing, 12 patents, and ASME U-Stamp certification.**

Financial Summary (in ₹ million, unless otherwise indicated)

Particulars	Fiscal 2026	Fiscal 2025	Fiscal 2024
Revenue from operations (₹ million)	4,448.78	3,785.26	2,748.10
Revenue Growth (%)	17.53	37.74	15.98
Total Income (₹ million)	4,558.55	3,824.68	2,780.42
EBITDA (₹ million)	1,131.73	973.22	611.27
EBITDA Margin (%)	24.83	25.45	21.98
Profit after tax (PAT) (₹ million)	710.67	625.55	409.19
PAT Margin (%)	15.59	16.36	14.72
RoE(%)	21.61	23.08	22.82
RoE (%)	13.54	14.08	20.02
Debt Equity Ratio	0.15	0.16	0.15
Debt/ EBITDA	0.69	0.74	0.49
Fixed Asset Turnover Ratio	3.07	2.81	2.77
Net Working Capital Days	210	193	152
Revenue CAGR (FY 24-FY26) %	27.23		
EBITDA CAGR (FY 24-FY26)	36.07		
PAT CAGR (FY 24-FY26)	31.79		

Source: RHP

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The following table sets forth the split of revenue from operations across TIIL's three core verticals temperature sensing solutions, electrical heating solutions, and specialized cables for Fiscals 2026, 2025 and 2024:

Verticals	Fiscal 2026		Fiscal 2025		Fiscal 2024	
	Amount (₹ million)	(%) of revenue from operations (excluding other operating revenue)	Amount (₹ million)	(%) of revenue from operations (excluding other operating revenue)	Amount (₹ million)	(%) of revenue from operations (excluding other operating revenue)
Temperature sensing solutions	1,966.64	44.59	1,744.54	46.48	1,652.92	60.58
Electrical heating solutions	913.27	20.70	630.30	16.79	106.40	3.90
Specialised cables	1,531.13	34.71	1,378.61	36.73	968.95	35.52
Total revenue from operations (excluding other operating revenue)	**4411.04**	**100.00**	**3,753.45**	**100.00**	**2,728.27**	**100.00**

Source: Red Herring Prospectus (RHP)

Note: Other operating revenue includes scrap sales and export incentive during Fiscals 2026, 2025, and 2024, were₹37.74 million, ₹31.81 million, and ₹19.83 million, respectively representing 0.85%, 0.84%, and 0.72% of revenue from operations.

The table below sets forth details of revenue from contribution from top 10 customers for Fiscals 2026, 2025 and 2024:

Verticals	Fiscal 2026**		Fiscal 2025 (on a consolidated basis including impact of Marathon Scheme of Amalgamation)		Fiscal 2024 (Company + Tempsens Gulf)	
	Amount (₹ million)	(%) of revenue from operations	Amount (₹ million)	(%) of revenue from operations	Amount (₹ million)	(%) of revenue from operations
Top 10 customers*	827.29	18.59	896.40	23.68	679.95	24.74

Source: Red Herring Prospectus (RHP)

Notes:

*** Top 10 customers may vary from Fiscal to Fiscal.**

**** Tempsens Instruments GmbH was a top 10 customer on an overall basis during Fiscal 2026 prior to its acquisition and accordingly, has been included as a top 10 customer for the relevant pre-acquisition period, i.e., for the period from April 1, 2025 until January 15, 2026.**

The table below sets forth the split of revenue from operations (excluding other operating revenue) within India and outside India for Fiscals 2026, 2025, and 2024:

Nature of Sales	Fiscal 2026		Fiscal 2025		Fiscal 2024	
	Amount (₹ million)	(%) of revenue from operations (excluding other operating revenue)	Amount (₹ million)	(%) of revenue from operations (excluding other operating revenue)	Amount (₹ million)	(%) of revenue from operations (excluding other operating revenue)
Within India	3,152.83	71.48	2,751.31	73.30	2,141.91	78.51
Outside India	1,258.21	28.52	1,002.14	26.70	586.36	21.49
Total revenue from operations (excluding other operating revenue)	**4411.04**	**100.00**	**3,753.45**	**100.00**	**2,728.27**	**100.00**

Source: Red Herring Prospectus (RHP)

Note: Other operating revenue includes scrap sales and export incentive during Fiscals 2026, 2025, and 2024, were₹37.74 million, ₹31.81 million, and ₹19.83 million, respectively representing 0.85%, 0.84%, and 0.72% of revenue from operations.

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Shareholding pattern

Name of the Selling Shareholders	Type	Number of Equity Shares Offered	Weighted Average Cost of Acquisition per Equity Share (in ₹)
Amit Talesara	PSS	Up to 4,815,543 Equity Shares of face value of ₹4 each	0.05
Puneet Talesara	PSS	Up to 1,294,480 Equity Shares of face value of ₹4 each	0.05
Chandra Prakash Talesara	PSS	Up to 3,787,720 Equity Shares of face value of ₹4 each	NIL
Ankit Talesara	OSS	Up to 3,787,720 Equity Shares of face value of ₹4 each	0.04
Nirmal Kumar Pande	OSS	Up to 4,814,537 Equity Shares of face value of ₹4 each	0.06

Source: Red Herring Prospectus (RHP)

Objects of the issue

Fresh Issue of 31,66,666 shares (aggregating up to ₹95.00 Cr)
Offer for Sale of 1,85,00,000 shares of ₹10 (aggregating up to ₹555.00 Cr)

Company plans to use the Net Proceeds to fund the following objects:

1. Funding certain capital expenditure of the Company towards the (i) electrical heating solutions (ii) specialized cable solutions.
2. Pre-payment or scheduled re-payment, in full or in part, of certain outstanding borrowings availed by the Company.
3. General corporate purposes.

Source: Red Herring Prospectus (RHP)

Peer Comparison

There are no listed peer companies in India engaged in the same line of business as the Company.

Competitive Strengths

1. Largest manufacturer of contact and non-contact temperature sensors in India by revenue and among the largest electrical heater manufacturers, with a strong focus on indigenisation that creates high entry barriers.
2. Diversified Business Model with Broad Product Portfolio including a comprehensive range of temperature sensors, heaters and allied instrumentation serving diverse industries, supported by a balanced mix of project-based and recurring MRO revenues.
3. Established R&D infrastructure and technical expertise enable the development of customised, mission-critical solutions, supporting innovation and deeper customer engagement.
4. Global footprint supported by strategic alliances, exports and a diversified customer base, along with long-standing relationships with leading customers across industries and geographies.
5. Backward-integrated manufacturing capabilities, digital traceability and stringent quality-control processes enable consistent product quality, supply reliability and operational efficiency.
6. Promoter-led operations backed by an experienced management team with deep industry expertise, supporting disciplined execution and sustainable long-term growth.

Source: Red Herring Prospectus (RHP)

Growth Strategies

1. Continue leveraging in-house R&D capabilities and strategic technology partnerships to develop and commercialise new products and strengthen technological capabilities.
2. Focus on expanding established product lines, including temperature sensors, process heating solutions, conductor solutions and infrared technology, by increasing market penetration and customer applications.
3. Expand international operations and export sales by entering new geographies, deepening relationships with existing customers and leveraging strategic partnerships.
4. Drive growth through capacity expansion, new product development and selective inorganic initiatives, including joint ventures, subsidiaries and strategic collaborations.
5. Invest in manufacturing capacity, automation and process improvements to support rising demand while improving productivity, quality and cost efficiency.
6. Increase the contribution from recurring replacement and MRO demand while diversifying across industries and customer segments to build a more stable and resilient revenue base.

Source: Red Herring Prospectus (RHP)

Key Risks

1. Higher dependence on Projects/OEM business, which contributed 67.55% of FY26 revenue, exposes the company to risks from lower customer capex, project delays/cancellations and fluctuations in demand.
2. The company remains exposed to metal and petrochemical sector demand, which contributed 41.13% of FY26 revenue, making it vulnerable to sector slowdowns, lower capex and regulatory changes.

3. The company is exposed to copper and nickel price volatility, which accounted for 26.05% of FY26 purchases, with price increases, shortages or supply disruptions potentially impacting margins and operations.
4. The company has high supplier concentration, with its top 10 suppliers contributing 40.33% of FY26 purchases, while limited long-term supply contracts and frequent delivery delays expose it to supply disruptions, cost overruns and margin pressure.
5. The company faces customer concentration risk, with its top 10 customers contributing 18.59% of FY26 revenue, while limited long-term contracts and reliance on spot orders expose it to demand volatility and customer loss..

Source: Red Herring Prospectus (RHP)

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