IPO REVIEW

Technocrats Plasma Systems IPO

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- The company is engaged in the manufacturing plasma cutting machines, welding equipment and customized automation systems etc.
- Its products include manual and CNC controlled plate and pipe cutting systems for various industries.
- The company posted growth in its top and bottom lines for the reported periods.
- However, the boosted top and bottom lines for FY26 appears to be a window dressing for fancy valuations of the IPO.
- Based on its recent average financial data, the issue appears aggressively priced.
- Only well-informed/risk takers may park moderate fund for long term.

About the Company

Technocrats Plasma Systems Ltd. (TPSL) is an engineering-led manufacturer of plasma cutting machines, welding equipment and customized automation systems for metal fabrication and related industries in India. Its products are used by customers in various sectors including automotive, construction, shipbuilding, heavy engineering and general manufacturing.

TPSL’s product portfolio includes manual and CNC-controlled plate and pipe cutting systems for different material thicknesses and profiles, welding equipment for MIG, TIG, ARC, SAW and laser processes, and automation solutions for cutting and welding lines. Its activities cover understanding customer requirements, preparing system configurations, detailed engineering, fabrication and assembly of equipment, testing, and supply of machines and systems. In addition to supplying equipment, it provides technical consultancy on process selection and layout, site engineering support and digital and cloud-based fabrication support services. It also supports customers through installation and commissioning assistance, operator familiarization, aftersales service and supply of spares and consumables over the life of the equipment.

Since incorporation, it has been engaged in introducing plasma cutting machines and inverter-based technology machines manufactured in India and in implementing CNC plasma cutting and welding automation systems for metal fabrication applications. It has developed CNC metal plate profile cutting systems and CNC metal pipe profile cutting machines for applications involving complex shapes and joint preparations, as well as a 1000-ampere plasma power source for cutting higher thickness metal plates. Building on these platforms, its current product development is focused on laser cutting and welding solutions and on enhancing the automation readiness of its systems, so that customers can adopt higher levels of process control and integration in line with their fabrication

requirements.

The company operates with defined quality and safety practices and align design and manufacturing methods with applicable domestic and international standards. TPSL’s research and development efforts are directed towards improvements in energy consumption, cutting and welding accuracy, operator safety and the use of robotic and laser-based cutting and welding applications. It sells and supports its products through authorized dealers and channel partners for local sales, installation and first-level support, backed by regional service associates for maintenance, spares and on-site assistance. These field networks are centrally coordinated from its corporate office, enabling timely deliveries, faster service response and coverage of key Tier I and Tier II industrial clusters.

TPSL operates 2 manufacturing facilities at Vasai, Maharashtra with an aggregate built-up area of 20,000 square feet. Its factories are equipped with CNC and conventional plate cutting machines, machining centres, welding and fabrication bays, paint and surface preparation areas, and electrical and control panel assembly lines, where it builds and assembles cutting, welding and automation equipment. Within these facilities it also carries out tests and benchmarking of its machines and systems before dispatch. As of June 30, 2026, it had 40 employees on its payroll, and additional 29 contract workers.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 4620000 equity shares of Rs. 10 each to mobilize Rs. 60.98 cr. at the upper cap. The company has announced a price band of Rs. 125 – Rs. 132 per share. The minimum application to be made is for 2000 shares and in multiples of 1000 shares thereon, thereafter. The issue opens for subscription on August 14, 2026 and will close on August 18, 2026. The shares will be listed on BSE SME. The IPO constitute 26.40% of the post-IPO paid-up capital of the company. From the net proceeds, the company will utilize Rs. 8.79 cr. for purchase and installation of plant and machinery for automation at existing plant, Rs. 40.00 cr. for working capital, and the rest for general corporate purposes. (Surprisingly the financial data is given in Rs. thousands in offer document).

The IPO is solely lead managed by Rarever Financial Advisors Pvt. Ltd., and Maashitla Securities Pvt. Ltd. is the registrar to the issue. Aftertrade Broking Pvt. Ltd., is the market makers as well as a syndicate member.

Having issued initial equity capital at par, the company issued further shares in the price range of Rs. 50.00 – Rs. 595 per share (based on FV of Rs. 10) between March 2004, and July 2025. It has also issued bonus shares in the ratio of 6 for 1 in August 2025. The average cost of acquisition of shares by the promoters is Rs. 5.09, Rs. 6.04 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 12.88 cr. will stand enhanced to Rs. 17.50 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 231.00 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/ net profit, of Rs. 6.35 cr. / Rs. 2.21 cr. (FY24), Rs. 49.44 cr. / Rs. 8.11 cr. (FY25), Rs. 131.41 cr. / Rs. 14.94 cr. (FY26). Boosted performance in a pre-IPO year raise eyebrows, and concern over its sustainability as the company is operating in a highly competitive and fragmented segment. Rising trade receivables year-on-year raise alarm. Bumper profits for FY26 appears to be a window dressing to fetch fancy valuations for the IPO.

For the last three fiscals, the company has reported an average EPS of Rs. 8.65 and an average RoNW of 72.08%. The issue is priced at a P/BV of 4.34 based on its NAV of Rs. 30.38 per share as of March 31, 2026, but its post-IPO NAV data is missing from the offer document.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 15.47, and based on FY25 earnings, the P/E stands at 28.51. The issue appears aggressively priced based on its recent average earnings.

The company has posted PAT Margins of 34.71% (FY24), 16.40% (FY25), 11.37% (FY26), and RoCE margins of 11.33%, 34.60%, 48.55%, respectively for referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in November 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Ador Welding, ESAB India, Patil Automation, Jyoti CNC, as its listed peers. They are currently trading at a P/E of 22.0, 46.2, 26.6, and 59.4 (as of August 13, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash. This comparison appears to be an eyewash.

Merchant Banker's Track Record

This is the 3rd mandate from Rarever Financial Advisors in the last two fiscals (including the ongoing one). Out of the last 2 listings, all opened with a premium ranging from 13.40% to 38.02% on the date of listing.

Conclusion / Investment Strategy

TPSL is engaged in the manufacturing plasma cutting machines, welding equipment and customized automation systems etc. Its products include manual and CNC controlled plate and pipe cutting systems for various industries. The company posted growth in its top and bottom lines for the reported periods. However, the boosted top and bottom lines for FY26 appears to be a window dressing for fancy valuations of the IPO. Based on its recent average financial data, the issue appears aggressively priced. Only well-informed/risk takers may park moderate fund for long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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