IPO REVIEW

Tempsens Instruments (India) IPO

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- The company is a leading player in India for thermal engineering, specialized cable and customized temperature sensing solutions.
- It has many first products to its credit and has 30% revenue in top lines.
- The company marked steady growth in its top and bottom lines.
- Based on its recent financial data, the issue appears fully priced.
- Well-informed investors can park funds for medium to long term.

About the Company

Tempsens Instruments (India) Ltd. (TIIL) is a thermal engineering and specialized cable manufacturer, engaged in the design and manufacture of customized temperature sensing solutions, electrical heating solutions and specialized cables. Its offerings are tailored to address each customer's technical requirements. By combining technical expertise with a collaborative approach to customer relationships, it delivers solutions that address complex thermal are able to respond quickly to client needs, ensuring timely and effective delivery of its customized solutions. According to the F&S Report, it is the largest manufacturer of contact and non-contact temperature sensors in India in terms of revenue as of March 31, 2026, with a market share of approximately 10.5% in the temperature sensor segment in Fiscal 2026.

It is also the only Indian manufacturer of non-contact temperature sensors as of March 31, 2026, and held approximately 21.3% of the non-contact temperature sensor market share in Fiscal 2026 (Source: F&S Report). By indigenizing non-contact temperature sensor development, it has reduced reliance on foreign suppliers and established a strong leadership position (Source: F&S Report). Its technical expertise extends to advanced conductor solutions, and it is among the very few specialist manufacturers of these products in India as of March 31, 2026 (Source: F&S Report). Furthermore, it is one of the largest manufacturers of electrical heaters in India in terms of installed capacity as of March 31, 2026, and is also one of the few players with the capability to manufacture low-voltage process heaters, with ongoing R&D on medium-voltage heaters (Source: F&S Report). It is also the only manufacturer of fibre optic temperature sensors and thermal profiling systems in India as of March 31, 2026, and the only manufacturer of pyrometers and online thermal imagers in India in Fiscal 2026 (Source: F&S Report).

It offers a diverse product portfolio structured around three core verticals: temperature sensing solutions, electrical heating solutions and specialized cables. TIIL's products play a critical role in ensuring the safe, efficient and reliable operation of manufacturing processes across multiple

industries. The company demonstrates its capabilities through a diverse portfolio of project/original equipment manufacturer (“Project/OEM”) engagements and a steadily recurring maintenance, repair and operations (“MRO”) replacement business. The Project/OEM segment represents a high-barrier, approval-driven market characterized by stringent qualification requirements, where winning large, competitive orders for instrumentation in greenfield or brownfield setups underscores its technical credibility and customer trust (Source: F&S Report). In parallel, it actively serves the replacement market, which consists of MRO orders that often stem from its existing Project/OEM customers, while also allowing it to engage new customers who could eventually transition into project customers.

MRO orders provide a stable, recurring revenue stream, less dependent on capital expenditure cycles and strongly linked to process uptime, regulatory compliance, and lifecycle management (Source: F&S Report). This two-pronged approach has cascading benefits, i.e., securing project orders not only strengthens its foothold in critical infrastructure but also increases the likelihood of repeat MRO orders, promoting customer retention and generating predictable revenue streams. From April 1, 2023 until March 31, 2026, it has served more than 1,000 unique customers. For this purpose, “unique customers” means new customers served in the previous three Fiscals, excluding repeat customers. This customer base includes customers added through acquisitions and the expansion of its business operations, including through its overseas subsidiaries across multiple industry endpoints which include power, steel, glass and oil and gas amongst others. This extensive customer base supports a diversified revenue stream, which mitigates risk from sector-specific economic downturns. Contributions from its top 10 customers has shown a consistent downward trend, remaining consistently at or under 25.00% of its revenue from operations. This underscores its resilience and reduces dependency on any single customer.

TIIL’s high repeat business is a testament to the enduring relationships it has built, supported by its inclusion on approved vendor lists. Its product portfolio and customer base are supported by ongoing research and development (“R&D”) activities, which serve customers in multiple geographies and end-user industries. As on the date of this Red Herring Prospectus, the Company, its Subsidiaries and Joint Ventures have been granted (i) 12 patents in India; (ii) eight registered trademarks in India; (iii) one copyright registration in India and (iv) 39 trademark registrations across various jurisdictions outside India. Furthermore, as on the date of this Red Herring Prospectus, the Company and its Subsidiaries have filed applications for (i) one patent in India; (ii) four trademarks in India; and (iii) three trademarks across various jurisdictions outside India, which are pending. R&D activities further contribute to backward integration and the indigenization of products, in line with the ‘Make in India’ initiative for specialized technologies.

The company also manufactures products for a range of industrial applications, offering product customization to meet specific customer requirements. In addition, research and development are fundamental to its product development strategy. It enables it to meet evolving market requirements, advance technological capabilities, and maintain a pipeline of innovative products. It also focuses towards developing new products and its ongoing initiatives include slot resistance

temperature detectors, mid-voltage heaters, pressurizer heaters for nuclear reactors and a new generation of high performance infrared pyrometers and online thermal imagers. Its approach benefits from backward integration, strengthening both its manufacturing processes and business model. When possible, the company develops and uses new products internally before offering them to customers, allowing it to test and refine each solution under real operating conditions. This approach ensures that products introduced to the market have demonstrated quality and reliability in practice.

TIIL is among the very few companies in the world with a backward-integrated manufacturing facility for thermocouples, cables, and electrical heaters, located at Udaipur, India, as of March 31, 2026 (Source: F&S Report). It is also one of the very few manufacturers in India to hold the ASME U-Stamp certification for pressure vessels as of March 31, 2026 (Source: F&S Report). In addition, backward integration has given it greater control over production and quality. Key inhouse capabilities now include alloy melting, hot-rolling, annealing, mineral-insulated cable manufacturing, machining, final assembly and calibration. Previously, it relied on external suppliers for most metallurgical finished goods, but by internalizing these critical steps, it has reduced dependence on third parties and further enhanced its product pipeline. As of March 31, 2026, it had 814 employees on its payroll, and additional 1189 contractual workers.

Promoters and Promoters Group

Mr. Vinay Rathi: Managing Director

Virendra Prakash Rathi, Vinay Rathi and Pratap Singh Talesara: Promoters

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 21666667 equity shares (worth Rs. 650.00 cr.at the upper cap). The IPO consists of fresh equity issue worth Rs. 95.00 cr. (approx. 3166667 fresh equity shares at the upper cap) and an Offer for Sale (OFS) of 18500000 equity shares (worth Rs. 555.00 cr. at the upper cap). The company has announced a price band of Rs. 285 – Rs. 300 per equity shares of Rs. 4 each. The issue opens for subscription on August 20, 2026, and will close on August 24, 2026. The minimum application to be made is for 50 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 25.85% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 18.13 cr. for capex for electrical heating solutions, specialized cable solutions, Rs. 55.00 cr. for repayment/prepayment of certain borrowings, and the rest for general corporate purposes.

The company has reserved equity shares worth Rs. 1.50 cr. (approx. 50000 equity shares) for its eligible employees, and from the rest, it has allocated not more than 50% for QIBs, not less than 15% for HNIs, and not less than 35% for Retail investors.

The joint Book Running Lead Managers (BRLMs) to this issue are ICICI Securities Ltd., and JM Financial Ltd., while KFin Technologies Ltd. is the registrar to the issue.

After issuing entire initial equity shares at par value, the company has issued bonus shares in the ratio of 1 for 1 in October 2004, 1 for 1 in March 2007, 1 for 2 in March 2011, and 10 for 1 in March 2025. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. Negligible, Rs. NIL, Rs. 0.04, Rs. 0.05, Rs. 0.06, Rs. 37.43, and Rs. 55.63 per share.

Post-IPO, its current paid-up equity capital of Rs. 32.27 cr. will stand enhanced to Rs. 33.53 cr. Based on the upper cap of the price band, the company is looking for a market cap of Rs. 2514.98 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit, of Rs. 278.04 cr. / Rs. 40.92 cr. (FY24), Rs. 382.47 cr. / Rs. 62.56 cr. (FY25), and Rs. 455.86 cr. / Rs. 71.07 cr. (FY26). The company posted steady growth in its top and bottom lines for the reported periods. Its contingent liability stood at Rs. 1.74 cr. as of March 31, 2026.

According to the management, it has many firsts to its credit and enjoys virtual monopoly in its field of operations. It leads the pack in India for the segment and has global operations with nearly 30% revenue coming from exports.

For the last three fiscals, the company has posted an average EPS of Rs. 8.02 (basic) and an average RoNW of 15.25 %. The issue is priced at a P/BV of 4.87 based on its NAV of Rs. 61.66 as of March 31, 2026, and at a P/BV of 4.25 based on its post-IPO NAV of Rs. 70.67 per share at the upper cap.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 35.38. Based on FY25 earnings, the P/E stands at 40.21. The issue appears fully priced based on its recent average performance.

For the reported periods, the company has reported PAT Margins of 14.72% (FY24), 16.36% (FY25), 15.59% (FY26), and RoCE margins of 22.82%, 23.08%, 21.61%, respectively for the referred periods.

Dividend Policy

The company has paid a dividend of 20.70% for FY25, and 8.25% for FY26. It has already adopted a dividend policy in September 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has no listed peers to compare with.

Merchant Banker's Track Record

The two BRLMs associated with this issue has handled 81 IPOs in the last three fiscals out of which 24 issues closed below the issue price on the listing date.

Conclusion / Investment Strategy

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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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