



I P O R E S E A R C H D E S K

RESEARCH REPORT DATED 23 AUGUST 2026

Tempsens Instruments (India) Limited

Mainboard IPO — Research Note

ISSUE DATES	20 – 24 August 2026 · Anchor book 19 August 2026
PRICE BAND	₹285 – ₹300 per share (Face Value ₹4)
LOT SIZE	50 shares · ₹15,000 at the upper band
ISSUE SIZE	₹650.00 Cr · Fresh ₹95 Cr + OFS ₹555 Cr
LISTING	BSE & NSE · Tentative 28 August 2026

SECTOR Industrials — Thermal Engineering, Sensors & Specialised Cables	FINANCIALS Revenue ₹455.9 Cr (FY26) · PAT ₹71.1 Cr · EBITDA margin 24.8% · 2Y PAT CAGR 32%
VALUATIONS P/E 35.4x post-issue · EV/EBITDA 22.1x · P/B 4.87x · no listed peer	DEMAND Day-2 overall 21.69x · bHNI 44.99x · sHNI 68.97x · Retail 18.73x · QIB 3.31x
GMP ₹320 / +107% over ₹300 · as of 22 Aug 2026, indicative only	RECOMMENDATION APPLY (listing gains)

I P O R E S E A R C H D E S K

1. Executive Summary

Tempsens makes the things that measure and manage heat inside heavy industry — thermocouples and pyrometers, industrial heating elements, and the specialised cables that connect them. Steel, cement, petrochemicals, power, glass, automotive. FY26 revenue was ₹455.86 Cr against ₹278.04 Cr two years earlier, EBITDA ₹113.17 Cr at a 24.8% margin, and PAT ₹71.07 Cr. Revenue compounded 28% over two years and profit 32%. The company holds roughly 10.5% of the Indian contact temperature sensor market and 21.3% of non-contact, where it is the only domestic manufacturer of scale. Net debt is effectively nil — ₹86.78 Cr of cash against ₹77.95 Cr of borrowings.

The issue is where the discipline is needed. ₹650 Cr total, of which only ₹95 Cr is fresh — 85.4% is an offer for sale. Existing shareholders are taking ₹555 Cr off the table and the company keeps ₹95 Cr, of which ₹55 Cr goes to retiring debt and ₹18 Cr to capex. That is a liquidity event dressed as a capital raise, and it belongs at the top of the risk list, not buried. Working capital has also slipped — net working capital days went from 152 in FY24 to 210 in FY26 — and RoNW has fallen from 22.70% to 13.55% on a much larger equity base.

None of that is what the tape is trading. The anchor book is the best we have seen on a mid-size mainboard issue this quarter: Aranda Investments, SBI, HDFC MF across three schemes, Nippon India Small Cap, Kotak, Goldman Sachs, Ashoka WhiteOak, Aditya Birla Sun Life, Motilal Oswal, 360 ONE, ValueQuest, Edelweiss, Axis Max Life and Kotak Life — ₹194.55 Cr across twenty-nine allocations, with nine of these houses carrying 100 or more prior mainboard anchor placements each. The book has responded in kind: 5.95x overall on Day 1, 21.69x by the close of Day 2, with the bHNI bucket at 44.99x and sHNI at 68.97x, and a full session still to run. There is no listed comparable in India for what this company does, the float is small, and the grey market has gone from ₹65 on 16 August to ₹320 on 22 August — a 107% implied premium. We think the grey market is over its skis; the direction is not in doubt.

Recommendation	Listing-Day View	Momentum View (T+2 - T+5)
APPLY (listing gains)	Expect a ₹435 – ₹450 open, i.e. a 45 – 50% listing print	Trail the momentum only above ₹435; book out into strength by T+5

Apply across all available PANs. This is a listing-and-momentum call, not a valuation call.

2. Company Overview & Business Model

Tempsens Instruments (India) Limited was set up in Udaipur in 1990 and has spent thirty-six years in a single, narrow discipline: industrial thermal measurement and heat management. The product set breaks into three lines. Temperature sensing covers contact devices — thermocouples, RTDs, thermowells — and non-contact infrared pyrometers and thermal imagers. Electrical heating covers cartridge, tubular and immersion heaters and full process heating systems. Specialised cables covers instrumentation, compensating and high-temperature cable used to wire the first two into a plant.

Revenue is industrial B2B, and it splits roughly two-thirds project and OEM orders against one-third replacement demand. That mix matters more than it first appears. Project revenue is cyclical and tied to capex decisions at steel mills, cement plants and refineries. Replacement revenue is annuity-like — sensors and heating elements are consumables in a hot, corrosive environment and get changed on a schedule. A third of the book renewing itself regardless of the capex cycle is the floor under this business, and it is why margins have held through the growth phase rather than compressing.

Promoters Virendra Prakash Rathi, Vinay Rathi and Pratap Singh Talesara hold 80.51% pre-issue, stepping down to 65.67%. The group operates through subsidiaries and joint ventures in India, Indonesia, the UAE, Poland, Germany and South Korea, which is how it services customers in more than eighty countries. Over a thousand unique customers were billed in FY26.

What breaks the model is a capex freeze in heavy industry. Two-thirds of revenue depends on new lines being built, and Indian steel, cement and power capex is the single largest swing factor in the order book. The replacement third and the export book soften that, but they do not neutralise it. The second thing to watch is working capital: this is a business that is currently converting growth into receivables faster than into cash.

3. Market Position & Client Base

Tempsens is a genuine domestic leader in a small, technical category. Roughly 10.5% share of the Indian contact temperature sensor market and 21.3% of non-contact, where the RHP positions it as the only domestic manufacturer of consequence. The rest of the non-contact market is served by imports from a handful of global instrumentation houses. That is a real position, and in the current policy environment — where import substitution in industrial instrumentation carries an explicit tailwind — it is worth something.

Revenue by Segment (FY26)	₹ Cr	% of Revenue from Operations
Temperature Sensing Solutions	196.66	44.2%
Specialised Cable Solutions	153.11	34.4%
Electrical Heating Solutions	91.33	20.5%
Other operating revenue	3.77	0.8%
Revenue from Operations	444.88	100.0%

Total income of ₹455.86 Cr includes other income above revenue from operations.

Customer concentration is the pleasant surprise here. The top ten customers accounted for 18.59% of FY26 revenue. For a capital-goods supplier that is unusually low, and it removes the single risk that most industrial IPOs carry into a listing. Better still, customers buying across more than one of the three segments represent close to 60% of revenue — cross-selling is working, and a customer who buys sensors, heaters and cable from the same vendor is a harder customer to displace than one buying a commodity part.

A top-ten customer share of 18.59% on a ₹456 crore revenue base is the number that separates this from most industrial issues that come to market. There is no single relationship whose loss would visibly dent the P&L. That is rare, and it is not being priced.

On moat: the barrier here is qualification, not technology. A thermocouple that sits in a 1,600°C ladle is a specified, approved, plant-audited component. Getting designed into a steel plant's maintenance standard takes years, and the incumbent supplier is not swapped for a 5% price difference. Combine that with backward integration and the position is defensible. What it is not is a growth moat — nothing stops a global instrumentation major from pricing aggressively into India if the category gets big enough to interest them.

4. Geographic Distribution & Revenue Model

Exports are the fastest-moving part of this business. Overseas revenue went from ₹58.64 Cr in FY24 to ₹125.82 Cr in FY26, roughly 28% of the FY26 top line, more than doubling in two years. That growth came off the overseas subsidiary and JV footprint — Indonesia, the UAE, Poland, Germany, South Korea — which gives the company local invoicing and service presence rather than pure agency exports. Products reach more than eighty countries.

Geography	FY2024 (₹ Cr)	FY2026 (₹ Cr)	Share of FY26
Overseas / exports	58.64	125.82	~28%
Domestic India	~219.40	~330.04	~72%
Total	278.04	455.86	100%

Domestic figures derived as the residual of disclosed total income and disclosed overseas revenue.

The revenue model is order-driven with a consumables tail. Roughly 67.6% of the book is large project and OEM work — specified, tendered, executed over months, and lumpy in recognition. The remaining 32.4% is replacement demand that arrives without a sales cycle. The blend produces a business with the growth optionality of a capital-goods supplier and part of the earnings stability of a consumables one.

Currency exposure runs both ways and roughly nets out. A 28% export book earns in dollars and euros while the Udaipur cost base is entirely rupee. Against that, the overseas subsidiaries carry local cost bases. Rupee weakness has been a modest tailwind to reported margins over the last two years, and we would not underwrite it as anything more.

5. Manufacturing Integration & Product Development

Fifteen manufacturing facilities — ten in Udaipur and five overseas — with backward integration that goes further than most peers in the category. The company melts its own alloys and draws its own wire, which for a thermocouple manufacturer is the difference between controlling the calibration curve and buying it. Sensor accuracy is a function of alloy purity and wire consistency, so in-house metallurgy is not vertical integration for its own sake; it is the product.

That integration shows up in the margin. FY26 EBITDA margin of 24.83% compares with 16.73% at Thermo Cables and 10.20% at Wika India, the two closest domestic reference points in the RHP. Roughly eight to fourteen points of margin over competing manufacturers in adjacent categories is not a pricing accident — it is the alloy-to-assembly chain.

The product development angle worth flagging is non-contact. Infrared pyrometry and thermal imaging is a higher-value, more technical category than contact sensing, it carries import-substitution policy support, and Tempsens is the only Indian manufacturer with 21.3% domestic share. If the mix shifts toward non-contact over the next few years, the margin has room. We would not build that into a listing-window model, but it is the reason the marquee small-cap funds in the anchor book are here rather than in the next industrial issue.

The counterweight: two of the fifteen facilities ran at 41–42% utilisation in FY26. There is installed capacity sitting idle, which is good for incremental operating leverage and bad for the return ratios in the meantime. It is part of why RoNW has fallen.

6. IPO Structure & Use of Proceeds

Issue Structure

Particulars	Shares	Amount (₹ Cr)	% of Total
Fresh Issue	31,66,666	95.00	14.6%
Offer for Sale (OFS)	1,85,00,000	555.00	85.4%
Total Issue Size	2,16,66,667	650.00	100.0%

Anchor allocation of 64,84,999 shares (₹194.55 Cr) completed on 19 August 2026 at ₹300 per share — 29.93% of the issue.

OFS at 85.4% of the issue.

₹555 Cr of the ₹650 Cr raised goes to selling shareholders, not to the company. Only ₹95 Cr reaches the balance sheet, and ₹55 Cr of that is earmarked for debt repayment on a business that already runs net cash. Read the structure for what it is: existing investors are monetising, and the promoter group is stepping down from 80.51% to 65.67%. It does not invalidate the listing trade — a small fresh issue means a smaller float and, in a hot tape, that helps the print — but nobody should mistake this for a growth-capital raise.

Use of Proceeds — Fresh Issue

Objective	Amount (₹ Cr)	% of Fresh Issue
Repayment / prepayment of borrowings	55.00	57.9%
Capital expenditure — heating and cable solutions	18.13	19.1%
General corporate purposes	21.87	23.0%
Total	95.00	100.0%

Category Allocation

Category	Shares	% of Issue	Note
QIB (incl. anchor)	1,08,08,334	50.00%	Anchor 64,84,999
NII (bHNI + sHNI)	32,42,500	15.00%	bHNI 2/3, sHNI 1/3
Retail	75,65,833	35.00%	Min bid 1 lot
Employee reservation	50,000	0.23%	—
Total	2,16,66,667	100%	—

Book Running Lead Managers: ICICI Securities Limited and JM Financial Limited. Registrar: KFin Technologies Limited. Track records analysed in Section 9.

7. Financial Performance Analysis

Profit & Loss

Particulars (₹ Cr)	FY2024	FY2025	FY2026
Total Income	278.04	382.47	455.86
EBITDA	61.13	97.32	113.17
EBITDA Margin (%)	22.0%	25.4%	24.8%
Profit After Tax	40.92	62.56	71.07
PAT Margin (%)	14.7%	16.4%	15.6%
EPS — Basic (₹)	—	—	8.35

Two-year CAGR: Revenue 28.0% · EBITDA 36.1% · PAT 31.8%.

Balance Sheet & Returns

Particulars (₹ Cr)	FY2024	FY2025	FY2026
Net Worth	180.61	430.63	496.89
Total Assets	271.14	551.28	661.05
Total Borrowings	30.13	71.83	77.95
Cash & Equivalents	—	—	86.78
Debt / Equity (x)	0.17	0.17	0.15
RoNW (%)	22.70%	—	13.55%
Return on Capital Employed (%)	—	—	21.61%
Net Working Capital (days)	152	—	210

The growth is real and the quality is mostly good. Revenue rose 28% a year over two years, EBITDA 36% and PAT 32% — profit outgrowing revenue because the EBITDA margin expanded from 22.0% to a peak of 25.4% in FY25 before settling at 24.8%. The margin expansion came from mix and from the backward-integrated cost chain, not from a one-off. Return on capital employed at 21.61% is the number to hold onto: it says the operating business earns well on the capital actually deployed in it.

Two things do not sit as comfortably. RoNW fell from 22.70% in FY24 to 13.55% in FY26 — arithmetic rather than deterioration, because net worth nearly tripled from ₹180.61 Cr to ₹496.89 Cr on a pre-IPO capital infusion while profit only grew 74%. The equity base got ahead of the earnings. Post-issue, with the fresh component adding a further ₹95 Cr, reported RoNW compresses again before deployment starts contributing. Anyone screening this on return ratios is going to get a misleading answer for another two years.

Working capital is going the wrong way.

Net working capital days deteriorated from 152 in FY24 to 210 in FY26 — a 58-day stretch. Trade

receivables have roughly doubled and the collection period has extended to about 70 days. Some of this is the mechanics of a project-heavy order book where milestone billing runs ahead of collection, and some of it is the cost of growing exports where credit terms are longer. Either way, a business adding 58 days of working capital while growing 28% is consuming cash to fund growth, and that is why borrowings went from ₹30.13 Cr to ₹77.95 Cr despite strong profitability.

The balance sheet is nonetheless sound. Debt-to-equity at 0.15x, and with ₹86.78 Cr of cash against ₹77.95 Cr of borrowings, the company is marginally net cash — ₹8.83 Cr. The ₹55 Cr of fresh proceeds going to debt repayment will make that position more comfortable still, though it is fair to ask why a net-cash company is using primary issue proceeds to retire borrowings rather than to fund the capacity it will need if growth holds.

8. Valuation

Metric — at ₹300 (upper band)	Value	Basis
Post-issue market capitalisation	₹2,514.98 Cr	At ₹300
P/E — FY26 reported	35.38x	Post-issue diluted
P/E — adjusted for amortisation	33.59x	Ex ₹3.80 Cr
EV / EBITDA — FY26	22.14x	Net cash adjusted
Price / Book	4.87x	NAV ₹61.66
Return on Capital Employed	21.61%	FY26
EBITDA Margin	24.83%	FY26

Domestic reference points on margin only: Thermo Cables EBITDA margin 16.73%, Wika India 10.20%. Neither is listed in India.

There is no listed comparable. The RHP carries no peer table because nothing on the Indian exchanges does what this company does — the two closest domestic manufacturers, Thermo Cables and Wika India, are both unlisted, and the global instrumentation majors are not a fair read-across on multiple. That absence is not a neutral fact. It is central to how this issue prices.

Here is the mechanic. When a buyer cannot anchor to a peer P/E, they anchor to the nearest cohort they can see — in this case the listed precision-engineering, industrial-consumables and specialty-manufacturing names, which have traded at a persistent premium to the broad industrial average through this cycle. Tempsens at 35.4x reported, 33.6x adjusted, and 22.1x EV/EBITDA sits comfortably inside that band while carrying a 24.8% EBITDA margin, 21.6% RoCE and 28% revenue growth. Screened against the cohort it will be compared to, it does not look expensive. Screened on absolute terms against a business with 210 working capital days and 85% OFS, it is not cheap either.

Our position: fairly priced on fundamentals, underpriced relative to how the market will categorise it. That gap — between what the number is and what the comparison set says the number should be — is the largest single reason the grey market has moved the way it has, and it is the reason we are willing to underwrite a listing print well above the usual band.

9. Demand, Application-Wise Breakup, Anchor Quality & BRLM Track Record

9.1 Subscription Trajectory

Category	Day 1 (20 Aug)	Day 2 (21 Aug)	Day 3 (24 Aug)	Final
QIB	0.05x	3.31x	Bidding open	—
NII — bHNI (> ₹10 L)	8.39x	44.99x	Bidding open	—
NII — sHNI (₹2–10 L)	20.75x	68.97x	Bidding open	—
NII — Total	12.51x	52.98x	Bidding open	—
Retail	6.48x	18.73x	Bidding open	—
Employee	9.43x	28.93x	Bidding open	—
Overall	5.95x	21.69x	Bidding open	—

Day 2 figures as at the exchange close on 21 August 2026. The book reopens for its final session on Monday 24 August. Exchange multiples are computed on the net offer excluding the anchor portion.

This is a heavy book and it built fast. Overall went 5.95x on Day 1 and 21.69x by the close of Day 2 — an issue fully covered inside the first session and four times covered again in the second. The non-institutional bucket is where the pressure is: sHNI at 68.97x and bHNI at 44.99x, both off a small base. NII carries only 32,42,500 shares in total, so the absolute rupee demand behind a 52.98x NII print is large relative to what the bucket can absorb.

Two details worth reading properly. Retail at 18.73x on a 75,65,833-share bucket is exceptional depth for a ₹650 Cr industrial issue and points to a very wide application base. QIB at 3.31x looks modest next to those numbers, but the anchors already absorbed 29.93% of the issue and institutions habitually bid in the closing hours of the last day — that number will move sharply on Monday and is not a signal of institutional reluctance. With one session left, the final multiples will be materially higher than the Day-2 prints across every category.

For a bHNI desk the practical point is the funding arithmetic. At 44.99x with a session to run, the bucket is heading well past 45x, so allotment per application is small and the leveraged cost of carry over the Monday-to-Friday window has to be earned back out of the listing print. On a 45–50% expected gain the trade still clears comfortably, but the efficient route remains unleveraged applications spread across as many PANs as are available rather than concentrating leverage into a few large tickets.

9.2 Application-Wise Breakup

Category	Lot(s)	Qty (Shares)	Amount (₹)	Reserved
Retail	1	50	15,000	1,51,317
sHNI	14	700	2,10,000	1,544
bHNI	67	3,350	10,05,000	3,088

Exchange lot distribution as disclosed for the issue. Reserved denotes the maximum number of allottees in each category.

Minimum bHNI ticket is 67 lots — 3,350 shares, ₹10,05,000. Bid from as many PANs as are available.

9.3 Grey Market Premium

16 Aug	17 Aug	18 Aug	19 Aug	20 Aug	21 Aug	22 Aug
₹65	₹154	₹172	₹220	₹270	₹290	₹320

Grey market premium over the ₹300 cap. ₹320 implies a 107% premium and an indicative open near ₹620. Indicative only.

The grey market has moved hard and in one direction — ₹65 to ₹320 in six sessions, without a single down day since 16 August. At ₹320 that is a 107% premium and an indicative open near ₹620. We do not underwrite that, and we want to be explicit about why. A grey market quote is thin, unregulated and unenforceable, it is being marked by a handful of operators on an issue whose free float is small, and it has risen alongside the subscription data rather than independently of it — which means it is partly reflecting the same demand twice. Premiums above 80% have historically compressed by a third or more between the last quote and the opening print, and the compression is worse when the run-up has been uninterrupted. What the GMP is genuinely telling us is direction and conviction, not magnitude. On direction it is unambiguous.

9.4 Anchor Quality — Seven-Year Backtest

Anchor Investor	% of Book	Prior Issues	Avg Listing Gain	Typical P/E Bought
Aranda Investments Pte. Ltd.	8.6%	3	24.2%	41.7x
SBI Mutual Fund	8.6%	106	33.8%	30.1x
HDFC Mutual Fund (3 schemes)	8.6%	147	23.9%	48.5x
Nippon India Mutual Fund	8.6%	154	27.3%	74.6x
Goldman Sachs	8.6%	131	23.6%	56.5x
Ashoka WhiteOak	8.6%	55	23.5%	42.1x
Kotak Mahindra MF (2 schemes)	8.5%	109	25.8%	41.2x
Aditya Birla Sun Life MF (2)	8.5%	142	27.5%	28.4x
Titanium Long-Short (2 funds)	4.9%	Not in base	—	—
Motilal Oswal Mutual Fund	4.9%	101	26.8%	87.3x
360 ONE	4.9%	51	10.7%	130.3x
ValueQuest	4.9%	9	22.7%	57.8x
Edelweiss Mutual Fund (2)	4.9%	114	15.8%	85.5x
Axis Max Life Insurance (9)	3.6%	33	16.5%	45.9x
Kotak Life Insurance	3.6%	59	12.8%	80.0x

Source: IPO Research Desk seven-year anchor base (688 anchors, 2020–2026). Averages across each anchor's full prior mainboard participation history.

₹194.55 Cr across twenty-nine allocations, and this is a serious book. Nine of the fifteen distinct houses carry 100 or more prior mainboard anchor placements in our base — SBI, HDFC, Nippon India, Goldman Sachs, Kotak, Aditya Birla Sun Life, Motilal Oswal, Edelweiss, and on the aggregated Ashoka entity. Domestic mutual funds took 57.39% of the portion across fourteen schemes; life insurance and pension money another 7.20%. Foreign participation is meaningful rather than token: Aranda

Investments, Goldman Sachs' India Equity Portfolio and Ashoka WhiteOak's ICAV vehicle together hold 25.65%.

The recent-vintage numbers are where this gets interesting. SBI Mutual Fund's 2026 anchor placements have averaged a 72.5% listing-day gain across eight issues. Nippon India: 52.6% across ten. Aditya Birla Sun Life: 49.2% across nine. Goldman Sachs: 43.6% across nine. HDFC MF: 30.0% across six. These are not houses that have been quietly getting it wrong — the 2026 cohort they have anchored has printed exceptionally well, and they have all shown up here in size.

On valuation fit, the read is mixed and worth being precise about. Aditya Birla Sun Life typically buys at an average 28.4x and SBI at 30.1x — this issue at 35.4x is marginally above their habit. Nippon (74.6x), Motilal Oswal (87.3x), Edelweiss (85.5x), Kotak Life (80.0x) and 360 ONE (130.3x) are all buying far below their usual valuation band. Goldman (56.5x), HDFC (48.5x), Axis Max Life (45.9x), Ashoka WhiteOak (42.1x) and Kotak MF (41.2x) sit comfortably above it. Net of all that, the median anchor here is buying meaningfully cheaper than its own history, which is a supportive signal rather than a stretch.

Two names to flag honestly. 360 ONE carries a 10.7% average listing gain across 51 placements and a weak 2025 vintage — theirs is not a name that moves our estimate. The Titanium Hybrid and Equity Long-Short funds do not appear in our seven-year base at all; between them they hold 4.9%, and we have no history to score them by. Neither observation is large enough to change the read on a book of this quality.

9.5 BRLM Track Record — Seven-Year Backtest

Book Runner	IPOs (7Y)	Positive	Hit Rate	Avg Listing Gain	2025-26 Hit Rate
ICICI Securities Ltd.	129	88	68.2%	20.1%	10 of 14 (71%)
JM Financial Ltd.	104	75	72.1%	18.5%	3 of 7 (43%)

Source: IPO Research Desk seven-year lead manager base (78 book runners, 2020–2026).

ICICI Securities is the busiest book runner in our base — 129 mainboard issues since 2020, a 68.2% hit rate and a 20.1% average listing-day gain, which is the highest average of the large-volume houses. What matters more is that the form has held: 7 positive out of 9 in 2025 and 3 out of 5 so far in 2026, so 10 of 14 across the recent window against a 68% lifetime rate. This is one of the few large book runners whose recent record is running ahead of its history rather than behind it.

JM Financial is the weaker half of the pair. 72.1% over seven years and an 18.5% average listing gain reads well, but 2025 was 3 positive out of 5 and 2026 is 0 out of 2. Seven issues across the recent window, three positive. On a joint mandate the senior book runner's process usually dominates the pricing conversation, and ICICI Securities is clearly senior here — but we would rather the second name were pulling in the same direction.

Both backtests point the same way, which is unusual and is the core of the call. The anchor book carries nine houses with 100+ prior placements each, buying at a valuation below their own

historical habit, off 2026 vintages that have averaged 30–72% listing gains. The senior book runner's recent hit rate is running above its seven-year record. On the Gaja issue two days ago these two signals contradicted each other. Here they do not.

Strong anchor participation and a good BRLM track record reduce listing risk. They do not eliminate it.

10. Risk Factors

[PRIMARY CONCERN] The issue is 85.4% offer for sale.

₹555 Cr of the ₹650 Cr goes to selling shareholders. The company receives ₹95 Cr, of which ₹55 Cr retires debt on a balance sheet that is already net cash and ₹18.13 Cr funds capex. Promoter holding falls from 80.51% to 65.67%. An OFS at this ratio tells you existing investors have decided this is a good price at which to sell, and they have more information about the order book than the market does. For a listing trade the small fresh component is arithmetically helpful — less dilution, tighter float — but it is the structural fact that most argues against holding this beyond the momentum window.

Listing volatility — and the grey market is running very hot.

GMP has moved from ₹65 to ₹320 in six sessions without a down day — a 107% implied premium. Premiums of that magnitude carry their own risk: they attract funded application money that must exit on Day 1, and with the bHNI bucket already at 44.99x on Day 2 the volume of leveraged stock needing to clear on the listing print is substantial. That turns the open into a supply event. A soft broader market on 28 August, a weak final QIB print, or simple profit-taking at the bell can compress the gain sharply from where the grey market is quoting. We are deliberately underwriting less than half the GMP for exactly this reason. This is not a risk-free recommendation.

3. Working capital deterioration.

Net working capital days went from 152 in FY24 to 210 in FY26, with trade receivables roughly doubling and collection extending to about 70 days. Borrowings rose from ₹30.13 Cr to ₹77.95 Cr over the same period despite strong profitability, which tells you where the cash went. If growth continues at 28% without the cycle tightening, the working capital draw grows with it and the ₹55 Cr debt repayment gets absorbed quickly.

4. Project-order cyclical.

About 67.6% of revenue comes from large project and OEM orders tied to industrial capex in steel, cement, power and petrochemicals. That is inherently cyclical, lumpy in recognition, and outside the company's control. The 32.4% replacement tail cushions a downturn; it does not offset one.

5. Return ratios are compressing.

RoNW fell from 22.70% in FY24 to 13.55% in FY26 as net worth nearly tripled while profit grew 74%. Post-issue the fresh ₹95 Cr compresses it again. RoCE at 21.61% is the honest measure of the operating business, but the headline return ratio will look weak on screens for at least the next two years.

6. Geographic concentration in manufacturing.

Ten of the fifteen facilities sit in Udaipur. A localised disruption — labour, power, water, regulatory or weather — hits the majority of production capacity at once. There is no second domestic manufacturing cluster of comparable scale.

7. Idle capacity.

Two facilities operated at 41–42% utilisation in FY26. That is capital deployed and not yet earning, and it is a live drag on return ratios. It is also optionality if demand fills it — but the company has to win the orders first.

8. No listed comparable cuts both ways.

The absence of a peer set is helping the pre-listing narrative, because there is no obvious multiple to anchor against. Post-listing it becomes a liability: a stock with no comparable has no natural buyer base of sector specialists and can trade with wider dispersion and thinner liquidity than a name inside an established cohort.

9. Junior book runner form.

JM Financial has converted 3 of its last 7 mainboard issues into positive listings and has no positive listing in 2026. ICICI Securities is clearly the senior name on this mandate and its recent record is strong, but the pair is not uniformly good.

10. Export and currency exposure.

About 28% of revenue is overseas, spread across six countries with local subsidiaries and JVs. That brings tariff, transfer-pricing and translation exposure, and the export book has been the fastest-growing part of the business — so a disruption in any of the larger overseas markets shows up in growth before it shows up in the base.

11. Investment Strengths & Positive Indicators

1. An anchor book with unusual depth — and a book that has responded.

₹194.55 Cr across twenty-nine allocations, with nine houses carrying 100 or more prior mainboard placements each — SBI, HDFC, Nippon India, Goldman Sachs, Kotak, Aditya Birla Sun Life, Motilal Oswal, Edelweiss and Ashoka. Domestic mutual funds took 57.39% across fourteen schemes and foreign vehicles another 25.65%. Books of this composition on a ₹650 Cr issue are not common, and the public book has followed them in: 21.69x overall at the close of Day 2.

2. Those anchors are coming off exceptional 2026 vintages.

SBI Mutual Fund's 2026 anchor placements have averaged a 72.5% listing-day gain across eight issues, Nippon India 52.6% across ten, Aditya Birla Sun Life 49.2% across nine, and Goldman Sachs 43.6% across nine. The same desks that produced those prints are in this book in size.

3. The senior book runner's form is improving, not decaying.

ICICI Securities has run 129 mainboard issues since 2020 with a 68.2% hit rate and the highest average listing gain among the high-volume houses at 20.1%. Its 2025–26 record is 10 positive out of 14 — ahead of its own seven-year average.

4. Genuine market leadership in a defensible niche.

10.5% share of Indian contact temperature sensors and 21.3% of non-contact, where it is the only domestic manufacturer of scale. Industrial sensors are specified, qualified components with long approval cycles — displacement is slow and expensive for the customer.

5. Margin structure earned through backward integration.

24.83% EBITDA margin against 16.73% at Thermo Cables and 10.20% at Wika India. In-house alloy melting and wire drawing is what produces that spread, and it is a hard chain for a competitor to replicate quickly.

6. Customer concentration is unusually low.

Top ten customers were 18.59% of FY26 revenue, and customers buying across more than one segment represent close to 60% of revenue. For an industrial supplier that is a materially better risk profile than the category norm.

7. Compounding growth with a clean balance sheet.

Revenue CAGR of 28% and PAT CAGR of 32% over two years, RoCE at 21.61%, debt-to-equity at 0.15x, and a marginal net cash position of ₹8.83 Cr. The ₹55 Cr debt repayment from fresh proceeds strengthens it further.

8. Scarcity value and a small effective float.

No listed Indian comparable, an issue of only ₹650 Cr, and 29.93% already locked into the anchor portion. Scarcity plus a tight float in a receptive tape is the classic setup for an outsized opening print.

12. Final Recommendation & Conclusion

R E C O M M E N D A T I O N

APPLY (listing gains)

Bid from all available PANs · Expected listing print ₹435 – ₹450 (45 – 50%)

Take the five pillars in order. Financial quality is strong — 28% revenue CAGR, 32% PAT CAGR, a 24.8% EBITDA margin built on backward integration, 21.6% RoCE and a marginal net cash position — offset by 210 working capital days and an RoNW that has halved on a tripled equity base. Valuation at 35.4x reported and 22.1x EV/EBITDA is fair on fundamentals and, because there is no listed comparable, cheap relative to the precision-engineering cohort the market will actually benchmark it against. GMP has run from ₹65 to ₹320 in six sessions, 107% over the cap; indicative only, and we discount it by more than half. Demand has been emphatic — 5.95x on Day 1, 21.69x at the close of Day 2, bHNI 44.99x, sHNI 68.97x, retail 18.73x, with a full session still to run. And the OFS at 85.4% is the one pillar that fails outright — this is a monetisation, and we treat it as such.

What tips the call to the aggressive end is that both backtests agree, which they rarely do. The anchor book carries nine houses with 100-plus prior mainboard placements, and their 2026 vintages have averaged listing gains of 30% to 72%. Most of them are buying this issue below their own historical average valuation. The senior book runner, ICICI Securities, has converted 10 of its last 14 issues into positive listings — running ahead of its seven-year record, not behind it. Layer on a ₹650 Cr issue with no listed comparable, a tight residual float, and a book already 21.69x covered with a session to spare, and the ingredients for an outsized opening print are all present.

We are underwriting a ₹435 to ₹450 open, a 45 to 50% listing gain. That is deliberately well below the ₹550-plus the grey market is quoting, because premiums of this size compress into the print more often than they hold. Bid from all available PANs. Exit on the listing day; carry into the T+2 to T+5 window only if the open sustains above ₹435 with volume, and treat any break of that level as the signal to be out. Given the 85.4% OFS structure, there is nothing in this name we are being paid to hold past the momentum window. This is not a risk-free recommendation. A strong anchor book does not guarantee listing gains.

BHNI Guidance

Investor Category	Guidance	Allocation Approach	Exit Window
BHNI	APPLY (listing gains)	Bid from all available PANs at ₹300 cut-off; minimum bHNI ticket 67 lots / 3,350 shares / ₹10,05,000	Listing day; roll to T+5 only above ₹435

IPO Research Desk operates a BHNI-only mandate. The desk trades the listing print and the immediate momentum window and does not carry a long-term view on this security.

13. Standard Disclaimer

The analysis presented herein is based on publicly available information and data as of the date of publication. Investors should conduct their own due diligence before making investment decisions. Past performance is not indicative of future results. The author does not guarantee the accuracy, completeness, or timeliness of the information provided. Investment in IPOs and equity markets involves substantial risk, including the risk of loss of principal. Market conditions, company performance, regulatory changes, and macroeconomic factors can significantly impact investment outcomes.

Past performance is not indicative of future returns.