Date : 22nd September, 2026

To,
BSE Limited, 20th Floor, P.J. Towers,
Dalal Street,
Mumbai - 400001.

BSE Scrip Code: **544886**

National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400051 NSE

Scrip Symbol: **TEMPSENS**

Subject: Transcript of an earnings conference call for the quarter ended 30th June 2026.

Dear Sir/Ma'am,

ln terms of the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of an earnings conference call for the quarter ended 30th June 2026 held on Thursday, 17th September 2026.

The above information is also being uploaded on the website of the company https://www.tempsens.com/

You are requested to take this information on your record.

Thank you.

For Tempsens Instruments (India) Limited
(Formerly known as Tempsens Instruments (India) Private Limited)

VISHAL JAIN
Digitally signed by VISHAL JAIN
Date: 2026.09.22 16:51:53 +05'30'

Vishal Jain
Company Secretary & Compliance officer
Membership No.: A45820

Enclosed: As as above

“Tempsens Instruments (India) Limited

Q1 FY27 Earnings Conference Call”

September 17, 2026

MANAGEMENT: **MR. VINAY RATHI – MANAGING DIRECTOR – TEMPSENS INSTRUMENTS (INDIA) LIMITED**
MRS. PRIYANKA MENARIA – CHIEF FINANCIAL OFFICER – TEMPSENS INSTRUMENTS (INDIA) LIMITED
MR. ARYAN RATHI – LEAD, GLOBAL SALES – TEMPSENS INSTRUMENTS (INDIA) LIMITED

MODERATOR: **MR. ROHIT KUMAR – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Tempsens Instruments (India) Limited Q1 FY27 Earnings Conference Call hosted by ICICI Securities Limited.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rohit Kumar from ICICI Securities. Thank you, and over to you, Mr. Kumar.

Rohit Kumar: Thank you, Neerav. Good afternoon. On behalf of ICICI Securities, I welcome you all to the Q1 FY27 Earnings Call of Tempsens Instruments Limited. Today, we have with us from the management: Mr. Vinay Rathi, Managing Director; Mrs. Priyanka Menaria, CFO; and Mr. Aryan Rathi, Lead, Global Sales. We'll begin with opening remarks from the management, which will be followed by Q&A. Thank you, and over to you, sir.

Vinay Rathi: Yes, thank you. Before we begin, just a brief note. Some of the statements what we're making on the call today, including our outlook for the year, may be forward-looking and are based on our current expectations. They're subject to risks, uncertainties, and actual results may differ materially.

The Q1 FY27 financial results are unaudited and subject to limited review by our statutory auditor. Where we refer to peak revenue potentials of new capacity, these are indicative revenues at full utilization. It is neither a forecast nor guidance. All figures are consolidated until we say so otherwise. Please refer to the disclaimer in the investor presentation filed with the exchanges. Yes, thanks.

So, since this is our first call, I'll start with a framework on how we think about Tempsens, and Priyanka would then guide you through the quarterly results, and then Aryan and me would come back on the business and the growth levers.

Almost every industrial process runs on heat. Be it steel, glass, petrochemical, energy, nuclear, heat is to be measured precisely. It has to be generated and, increasingly, electrically generated. And the signals and the power have to be carried reliably through some of the harshest environment in the industry.

Tempsens does all three. We measure, we heat, and we connect, creating a thermal loop for our customers. What we make is engineered and made to order, built to customer processes rather than off-the-shelf products. And it is engineered, made in India for the world. This quarter is about a third of our product revenue coming from outside India.

That gives us three verticals. The first vertical is Temperature sensing solutions, which is 45% of our FY26 revenue. So, in this, we have contact sensors such as thermocouples, RTDs, and non-contact sensors such as infrared pyrometers and online thermal imagers. According to F&S, we are the largest manufacturer of contact and non-contact temperature sensors in India

with about 10.5% and 21% in contact and non-contact sensors. We are the only Indian manufacturer of non-contact temperature sensors.

The second product what we have is specialized cables. So, this is about 35% of our revenue. High temperature instrumentation and control cables, LV Power Cables, Mineral Insulated Metal Sheath Cables, and Nickel Alloy Conductors, engineered for elevated temperature, hazardous environment. So, these are not commodity cables.

The third product in our basket is Electrical Heating Solutions, which is 21% of our revenue. Process heating solutions, component heating solutions, laboratory and process furnaces, and now we are getting into medium voltage heaters.

These three, there is a reason why these three belong together. The first reason is thermal loop. We are one of the very few companies worldwide that can sense temperature, heat up the process, and connect for the same customers. Often, the same plant and the same purchase is the decision maker. The refinery that buys our sensors would also need our cables to connect it, and also need our heaters for its processes. In FY26, the cross-sale is almost INR267 crores, which is 60% of our revenue, which is a growth over 30% from the last year.

The number two reason is backward integration. We are amongst the few companies worldwide with backward integrated manufacturing across thermocouples, cables, and heaters. We make our own alloys, and the mineral insulated cables that go into our sensors, heaters, and specialized cables. So, one base is serving all three verticals. So, this gives us control over quality, delivery, and cost.

Third is qualification. Our products go into blast furnaces, reactors, pressurizers, fuel cells, space applications, where approval takes multiple years. One of our Indian PSUs started buying our temperature sensors in 2004, but today, they buy our cables, pyrometers, furnace monitoring cameras, heaters. The one approval makes it easier for the next approval.

One of the most important change, and which is also responsible for the future growth, is we are increasingly supplying our products to OEMs. And this OEM program give us immense volume, visibility, and scale. In fuel cells, we will be supplying both our temperature sensors and cable harnesses.

In automotive sensors, in automotive sector, we have our joint venture with Victura Technologies that takes us into electrical heating cables to reduce emission in commercial vehicles. We are also private-labeling our laboratory furnace for a life science company, which is a long-term contract.

And we are building similar relationship with other OEMs across sectors, and with this we see that this would materially change the scale of the company in future. About two-third of our revenue is coming from projects and OEMs, and one-third is coming from the replacement business, which is recurring in nature. No end market is more than 22% of our revenue. Our top 10 customers today are 19% of our revenue in FY26.

And our top 20 customers have been with us for over 10 years. We export to over 80 countries. Export has grown 46% CAGR between FY24 and '26. We operate 15 manufacturing plants, five of them in India, five of them outside India, backed by 83 R&D engineers, and global certifications like UL, ATEX, and ASME U Stamp.

Coming to the financial profile, between FY24 and '26, we have grown with a revenue CAGR of 27% to INR445 crores last year. EBITDA has grown 36% to INR113 crores, and adjusted PAT at 35% to INR75 crores. Our gross margins have been in the range of 46% to 47% in the last two years, reflecting engineering content.

And EBITDA margins would move because of, one could be timing of large dispatches, second could be that particular state, and third could be we are investing for the future of the organization.

Finally, we believe that the opportunity is much bigger today than it has ever been. Our products are essential for industries. They sit in every furnace, reactor, kiln, turbine, molding machine, processing, and heating matter. Yet each one is engineered for specific purpose, which keeps us our Niche, our make-to-order market rather than a commodity market.

Four tailwinds are now working for us at the same time. First is electrification of process heat, as industry is replacing fuel fired with electrical heating. Second is alternative energy, fuel cells, green hydrogen. Third is China plus one factor. A lot of global players are coming to us, and a continued investment in oil and gas, steel.

Globally, F&S sizes the market for the our temperature sensors about $4.3 billion, for the heating solutions about $13.2 billion, and for the specialized cable about $33 billion.

Together, it is over $50 billion in 2025, growing about 7% to 8% to about $75 billion up to 2030. And we are a small share of that today. While the market is large, and the part we're playing is not crowded, critically make-to-order, applications demanding qualifications, engineering depth, certification, and that take years to earn.

So, with that, I would like to hand over to Priyanka for the results of Q1 FY27.

Priyanka Menaria: Thank you, Vinay sir, and good afternoon everyone. I will cover revenue growth, margin, IPO proceeds utilization, and our outlook. Revenue from operation for Q1 FY27 grew INR118 crores, up by 33% from INR89 crores a year ago. Q1 FY27 includes Tempsens Germany, Tempsens Polska, and Tempsens Measurement & Control revenue, as well.

Temperature Sensing grew by 42% to INR60 crores, about 51% of our total product revenue. Electrical Heating grew 148.8% to INR25 crores, on a low base as the heater facility commissioned towards the end of Q1 last year. Specialized Cables declined by 8.8% to INR32.5 crores, reflecting the timing of export order execution.

Domestic revenue by 18.5% to INR78 crores. Export revenue grew by 78.3% to INR39.8 crores, rising to about 34% of total revenue from about 25% a year ago. This increase is on

account of addition of Tempsens Germany, Tempsens Polska, along with sustained growth in key geographies like Southeast Asia and North America.

EBITDA grew INR26.6 crores, up by 15.7% at a margin of 22% against 25.3% last year. The roughly 330 basis point decline has two clear parts. First, gross material margin was 47.4%, broadly in line with our full year levels of 46.9% in FY25 and 46% in FY26. Q1 last year at 49.3% was a high base.

Second, employee cost rose by 45% to INR20.4 crores, taking about 140 basis points. This increase reflects the company's continued investment in strengthening organizational capability and expanding headcount to support future growth, and also includes an ESOP charge of INR57 lakhs in Q1 FY26 with no comparable charge in last year.

Other expense grew slower than the revenue. In addition, recently acquired business contributed relatively lower revenue base, while adding employee cost, further influencing the cost structure during the integration phase. Profit before tax rose 16.2% to INR21.4 crores, and profit after tax grew INR16.3 crores, up by 15.6%. Adjusted PAT, which excludes amortization of acquisition and intangible assets, was INR17.3 crores, up about 15%.

Our IPO included a fresh issue of INR95 crores, of which INR55 crores has already been used to repay borrowings, against total borrowings of INR78 crores at March 2026. The lower finance cost should be visible from the coming quarter. During the Q1, we also acquired land for about INR25 crores for the expansion of our specialized cable business from internal accruals.

Two points on the year ahead. First, we expect revenue growth to be in line with our blended growth over the last 3 years. And secondly, we expect margin to remain broadly similar to last year margin profile as the projects we have seeded start to take off and the investment in this quarter being to pay back.

After this, I will hand back to Mr. Aryan Rathi.

Aryan Rathi: Thank you, Priyanka. Good afternoon, all. I'll briefly cover the 3 verticals, what we've been up to during Q1 this year and also the growth levers for each segment. So for Temperature Sensing, the organic growth was led by thermal power and by OEMs, including CVD equipment manufacturers.

And the pipeline remains healthy across thermal and nuclear power in India, also steel and glass worldwide. We are also launching a new series of next-generation pyrometers, the EDGE series, which is co-developed by our partner, Micro-Epsilon, which should start dispatches Q3 this year. So, these products will mostly be aimed at the OEM industries, and it will give us a new lever to pull, especially for the non-contact temperature sensors.

We are also building a brownfield plant of about 50,000 square feet within Unit 1 for OEM contact sensors, which is expected to be commissioned by Q3 FY28, which will have a peak revenue potential of about INR120 crores, with the availability to add further revenue potential in the same facility, as well.

On to the Electrical Heating, the growth largely came from significant oil and gas dispatches in India, Southeast Asia, and Middle East. We have also signed a 5-year supply contract with a life sciences OEM for standard furnaces. In addition to that, we plan to add about 25,000 square feet of space for custom-built furnaces this year, as well.

So, in heating, one of the major products that we are working towards are the mid-voltage heaters up to 15 megawatts for process heating. This will mostly be used in industries like carbon capture, battery storage, and green hydrogen. This is not a crowded space, and we believe we have a very good right to win in this particular segment.

So, these heaters have already been tested up to 7.2 kilowatts and we're targeting explosion-proof certification by Q4 FY27. This product will play a pivotal role as the industry replaces fuel-fired heaters with electrical ones. The new products will be supported by a new 50,000 square foot plant within Unit 6 that is expected to be completed by Q1 FY28, which will carry a peak revenue potential of about INR200 crores.

On to Specialized Cables, we do not see Q1 as a major problem. It was mostly based on the timing of export orders. In all, we executed orders for thermal power, oil and gas in Africa for a new customer, and chemicals in India. We also are foraying into cable harnesses that we've already gotten the UL certification for OEM customers.

These are not standard cable harnesses. These are made for extreme temperatures, for very hazardous environments. So, we believe this new product line will help us get into newer use cases, as well. So, for cables, we have also started construction for Unit 8. It is a greenfield project and should be completed by Q2 FY28 with a peak revenue potential of INR60 crores. And again, we can ramp the capacity here, as well, very quickly as we already have the base ready.

For the joint venture with Victura Technologies, we have signed an agreement to acquire an 80,000 square foot facility that already has a shed built on top of it. So, production should commence by Q4 FY27 with a peak revenue potential of about INR120 crores. So, in total, the 4 projects commissioning between Q4 FY27 to Q3 FY28 has an aggregate peak revenue potential of about INR500 crores at full utilization against a FY26 revenue base of INR445 crores.

As mentioned, this is potential, but this just goes to show how we are ramping up facilities faster and investing for the future as we execute on major projects that we have in hand right now. On the growth levers, we believe there will be 4 significant levers for Tempsens' growth across the 3 verticals in the near future.

First is OEMs. As you might see in the '26 numbers, OEMs contribute insignificant part of the revenue, but we believe, going forward, these will be pivotal for our growth, where we are working in new energy, automotive, plastics, CVD equipment, and with distribution platforms, as well, where we supply products at scale, giving us operational leverage, as well.

Second is international geographies. We have entered into new markets like Mexico, Poland, and South Korea, and ramping up our existing presence across Middle East, Southeast Asia,

and Europe, which will play out in the near future. Third is customers and customer approvals and certifications. We are targeting global vendor approvals for oil and gas, and domestic approvals in defense and aerospace.

As mentioned earlier, every approval that we get makes it easy for us to get further approvals, as well, for that particular segment. And lastly, fourth is new products and partnerships. Examples are the Victura joint venture, the EDGE series with Micro-Epsilon, medium-voltage heaters, as well as our foray into cable harnesses.

So, to sum it up, Q1 was a strong quarter for us. Revenue is up by one third, exports close to about 80%, and heating more than doubled. Profits grew about 16%, but we believe we're investing ahead, and we expect the profit growth to be in line with the revenue growth by the end of this year. So, in summary, we are engineered, we are made to order, made in India for the world, and we believe the opportunity in front of us is larger than ever.

We're working hard to execute on the opportunities we have in hand right now. Thank you, and we're happy to take any questions.

Moderator: Thank you very much. We will now begin the question-and-answer session First question is from the line of Pratik Dharmshi from Union Mutual Fund. Please go ahead.

Pratik Dharmshi: Yes, thanks for giving the opportunity. Many congratulations, Vinay ji and the team, for solid set of numbers. My question revolves around the new product launches or the newer segments you're trying to get into. So, the recent partnership with Micro-Epsilon, getting into newer range of pyrometers, and in terms of end-user industries like fuel cells, semiconductors also you mentioned in the presentation, can you just elaborate a bit on the opportunity in this all newer segments in terms of market addressable market, how much share we can grab, how should one see this newer segments and newer products evolving over next say three, five years' time?

Aryan Rathi: Right. Hi, Aryan here. On the newer products, what we're trying to do is address markets where we see an immense potential to grow, be it the data centers or let's say companies coming to India for their OEM needs. So, especially with Micro-Epsilon, we believe for the newer products, that is in itself about a INR3,000-crores market.

And till now, we are only, let's say, addressing less than around 1% of that market. So, we're actively working towards the product launch. And as we launch the products in Q3 this year through both the Micro-Epsilon channels as well as the Tempsens channels, we believe we should have a better idea of the our trajectory in that particular market.

On the medium-voltage heaters, as well, this is not a crowded market. There are only a handful amount of players here, and we believe we have a solid right to win, given our backward integration as well as our process expertise. So, as we certify our products, we see a very long runway starting FY28 for these products, as well.

For fuel cells and automotive, we are generally working on our existing product lines, but newer avenues or newer industries, where we slightly modify the product to fit the kind of

reliability needs there. We believe we are very well positioned here, as well, because with OEMs, what you look for is scale, and us, plus being in India, we are uniquely positioned for that.

And that is why we are getting the preference there. So, all in all, we expect, I mean, especially the OEM part plus the new product part, to start contributing significantly, I mean, more than 25% of our revenue starting FY28.

Pratik Dharmshi: Got it, Aryan. That was very helpful. In terms of margin profile, so this all newer industries, like you mentioned, data center, fuel cell, semicon, etcetera, is the margin comparable to the core business, or is it better? And the model which you'll adopt is tying up with, so partnering -- this will be the model you'll adopt, right, in getting into newer businesses?

Aryan Rathi: Right. Broadly, on the margin, they'll broadly remain similar across these newer products and newer segments. I mean, it really depends on the kind of product, as well. So, what we would say is broadly similar margin profiles. And on partnerships, I mean, we take it case to case. In in, let's say, industries or products that we have a right to win or we have the right competencies, we would do it standalone. But in markets or in products where we see it beneficial both for us and our partners to tie up and attempt the market together, we would tie up with incumbent players or with players that want to enter those markets.

Pratik Dharmshi: Got it. This was very helpful. Thanks, and all the best. Thank you.

Aryan Rathi: Thanks a lot.

Moderator: Thank you. Next question is from the line of SR from SR Investments. Please go ahead.

Sahil: Hello?

Moderator: Go ahead, sir. What is your name? Please go ahead with your name first.

Sahil: I am Sahil from S R Investment. Hello?

Moderator: Go ahead, sir.

Sahil: Yes. Sir, you had called out that fuel cells is a growth vertical for within that temperature sensing part. So, could you share how this order trajectory from those OEM customers has evolved in quarter one of this year?

Vinay Rathi: Yes. So, temperature is a very basic parameter to be measured in any kind of process. So, in fuel cell also, it is a very important to get the right efficiency and the output of these fuel cells. It has to operate in a particular temperature. So, we have tied up with like OEMs to supply our temperature sensors for this particular market. And so, that is what it looks like.

Aryan Rathi: To add on to that, so we have -- we are in pretty advanced stages here for with the field trials and the run-up. So, now what we're focusing on is executing at scale. So, that is broadly where we are at in this segment. And we're also attempting other products, as well, that, but they might have a little ways to go in terms of the full scale.

Sahil: Can you quantify the run-rate and the volumes that you expect to ramp up for the exit of FY27, if you expect to ramp it up?

Vinay Rathi: This is like a work in progress, and we will come back with the exact results as we execute these projects.

Sahil: All right. And the specific OEM clients that we are targeting in the geographies of Mexico and South Korea and Korea, as you mentioned in the opening remarks, so what are these OEM clients like in which verticals are these OEM clients connected to?

Aryan Rathi: So, specifically, in these geographies, you mentioned Mexico and South Korea, we are not just targeting OEM clients, we are also targeting process industries. When you see the industry makeup of these two geographies, it is broadly similar to the kind of industries we're already serving.

So, there is a lot of steel, there is oil and gas, there is cement. So, these are the key verticals that we are targeting in these two geographies. Most of the OEM play is domestic.

Sahil: Understood. Thank you. I'll get back in...

Vinay Rathi: Thanks.

Moderator: Thank you. Next question is from the line of Aman from Blue Sky Fintech. Please go ahead.

Aman: Yes. Yes, sir. First of all, congratulations on good set of numbers, sir. I have two basic general questions for your industry. First of all, how is the competition intensity in your business? And secondly, how difficult is -- it is for a new entrants to enter into your market?

And also, at the same time, if any of our -- how difficult for an existing client to shift to other? So, overall, how is the competition intensity and what's the basic moat in the industry?

Vinay Rathi: Yes. So, temperature sensors, electrical heaters, or specialized cables, so this form a small cost, but they're very critical for any industry, be it power industry, be it petrochemical industry. The cost of these equipment could be less than 1% of the whole plant. But they're very critical.

In case a temperature sensor malfunctions, or -- so it could cause a safety hazard. Otherwise, it is very important for productivity and efficiency of the product that it makes. So, the customers are very choosy in terms of choosing the right vendors for such kind of products. So, these are pretty critical products.

So, in terms of, there are limited number of players in critical industries, and the criticality would change on the application of the product. So, for a nuclear power plant or a petrochemical plant, they would be very choosy in choosing the customers. But for a plastic industry, it could be a lot of players.

So, that is how the competition could vary from industry to industry. More critical the application, more certified products, for example, in petrochemical, you're using explosion-proof products.

In some other case, some other certifications are there. Pressurized vessels are there, so then you use to have pressurized vessel certification.

So, it changes from industry to industry, and that is why also it is difficult to get in with such kind of vendor approvals. So, for getting a vendor approval, you should have a proven track record with the same kind of industry.

You should have the right set of certification, and then you should have the right processes, right people, right machine, and then only the customer might visit you, might check, and then would certify you. So, this is a long cycle.

It may take for the first time 3 years to 5 years for the first approval. But once you approve with one set of products, the next set of products is a comparatively easier approval. So -- but it -- I would say there's a big roadblock for anyone to get into such kind of customers.

Aman: Okay, sir. Just a last question. So, how much -- what percentage of our current revenue is coming from those critical industries in which getting in -- getting into it is, like you only said -- already said like industry to industry it varies, right? So, what percentage of our current revenue comes from that critical segment?

Vinay Rathi: Most of our revenue is coming from the critical segment. I would not say exact percent. It could be maybe 75% to 90% would be coming from these critical kind of areas, and there would be maybe 10% to 20% would be from regular industries, where the competition could be high. But that's just a very broad estimate.

Aman: Okay. Thanks a lot, sir. That's it from my side. Thanks.

Moderator: Thank you. Next question is from the line of Naman Parmar from Niveshaay Investment Advisory. Please go ahead.

Naman Parmar: Yes. Good afternoon, sir. Thanks so much for the opportunity. So, my question is regarding the new age industries -- and how big will be the industry?

Moderator: Naman, sorry to interrupt you, but your voice is breaking. Can you please come in a better reception area?

Naman Parmar: Okay. Now, it's audible?

Moderator: Yes. Go ahead.

Naman Parmar: Yes. So, Yes, I was asking about like the new age industries, like how the new semiconductor, like you mentioned about you have the products, right? Cartridge heating solution and they have application in this.

If you can help me understand overall like how big will be the market in the overall TAM, like you have already mentioned about the global market size for the temperature sensing, it would be around INR40,000 crores-INR43,000 crores, and similarly for the heating solution it would be INR132,000 crores. So, if you can help me understand how big will be the contribution for

this new age industry, and how you are going to take up this new age industry on your portfolio side?

Aryan Rathi: Right. So, broadly, I mean, new age industry is a very broad definition, if I'm being honest. We are working across several new age kind of industries, be it energy, be it, let's say, energy storage, or let's say decarbonization.

So, it's ever-evolving kind of industry, so it's hard to put a number on it, because, essentially, as we mentioned, temperature is ubiquitous across these industries. So, what we believe, the industry in general, I mean, the process industries are growing at about 10% -- 8% to 10%, given the, I mean, geography.

And these industries would be growing at a much higher clip, but it would be hard to put a number on it as we are diversified across a lot of these newer kind of industries. But definitely, there is a huge potential, and we are a very small percent of the pie. So, we believe TAM is not going to be a limiting factor. It is just for us to address the market with the right kind of products.

Naman Parmar: Okay. Got it. But if you can help me understand how much percentage would be the contribution from the -- this whole set type, like you are telling about semiconductor, going forward, like you have able to crack the existing industries, right? Petrochemical, metals, steels, and all you have already cracked.

Now, you are trying to enter this a very high-growth industry. So, how much contribution that this in going forward?

Vinay Rathi: In this, Tempsens has typically been a heavy industry player, but these new age industry, the same products can find application in this new age industry. For example, our Korean joint venture is supplying for the battery manufacturing, which is like a new age industry.

So, we don't have an exact number. So, we have not really deciphered the exact number, but the growth, I would say, for the new age industry or the new kind of products would be much faster, and we expect this to be in a double-digit number or maybe in the high 20s or 30s in the next few years, next maybe 2 years-3 years.

Naman Parmar: Okay. Got it. Secondly, on the replacement side, if you can help me understand how frequently the replacement used to come for this temperature sensing product and electrical heating solution product, like your 30% of the revenue used to come from MRO. So, if you can help me understand how is the replacement market for you and going forward how you are able to cater this market?

Vinay Rathi: So, the replacement depends on where the application of these kind of temperature sensors or electrical heaters take place. The harsher the environment, the harshness could be because of the high temperatures, aggressive nature of the material, because these are going into furnaces, reactors.

So, I would say, for example, in molten aluminium, it could be just 30 dips, which can happen maybe in a few hours. The temperature sensor may last just a few hours. Or maybe for a nuclear power plant, it can last 20 years.

So, there's no real thumb rule on what exactly, but it depends on the application to application, the life cycle. But as of today, 30% of our business is coming from this replacement business, and this replacement business is because of the project business what we are doing.

Like, for example, if we do a project for a power plant, so mostly the customer would come to us for a replacement. And secondly, for a new customer, we might come to them for a replacement product, and then once we -- they are happy, they could also approve us for the project business.

Because these are all make-to-order kind of products. And the players, like the suppliers from U.S. or Europe, they're not interested in smaller supplies. And whereas we come into the play, and with our six location outside India, we kind of try to be close to the customer to supply initially for the replacement demand and then get into the project demand.

Naman Parmar: Okay. Yes. That's very helpful. Lastly, on the revenue potential, like you mentioned, INR500 crores of revenue. So, it's a add-on to existing revenue that you are currently doing INR445 crores, so almost INR1,000 crores of revenue you can do, or it's only total INR100 of revenue only?

Aryan Rathi: So, we are adding in capacities, I mean, which will be online by Q3 FY28 of about INR500 crores of additional revenue. Of course, that capacity will take up some time to ramp up, but, essentially, we are that would be on top of our existing base.

Naman Parmar: Okay, okay, got it. Can you give the margin profile of all the three segments? What is for the temperature sensor, what is for…

Moderator: Naman, sorry to interrupt, we are again losing your audio.

Naman Parmar: Yes. Sorry. Now it's audible?

Vinay Rathi: Yes, Yes.

Naman Parmar: Yes, so just asking about the margin profile in three different segments: temperature sensing, heating.

Vinay Rathi: So, we have not really differentiate on the margin profile on the different segments, but the blended margin is already available with you. Overall, I would say that the margin profile in temperature sensors and electrical heaters is slightly more than the specialized cables.

Naman Parmar: Okay. Okay, got it. Okay. And lastly, how much inventory you used to have to have to maintain, because you have lots of SKUs, right, in all the three segments? So, I think your raw material would be different for three segments. So, how you try to manage that particular, because currently scenario with changing raw material prices significantly, so how you are coping up with this?

Priyanka Menaria: Yes. Priyanka this side. So, approximately, we have INR110 crores - INR120 crores of the inventory, and out of this inventory, 65% to 70% is lying in our raw material, and balance is either in work-in-progress and finished goods. And regarding the inventory price fluctuation, actually we book the raw materials at the time of receiving the orders. So, we pass through the fluctuations to the customer.

Moderator: Thank you, Naman. I request to come back for a follow-up question.

Naman Parmar: Yes, thank you.

Moderator: Thank you. Next question is from the line of Jenish Karia from Union AMC. Please go ahead.

Jenish Karia: Yes, thank you for the opportunity. Sir, while we are very diversified in terms of end-industry and regions, we have sizeable exposure to petrochemical industry, and we are awaiting approvals for cables in Middle East, and for Africa and MENA region also, we have around 10% exposure. So, do you see any interim challenges in the short term, and any long-term growth challenges within the region and segment?

Vinay Rathi: So, sir, like during this political situation also, the exports have increased tremendously for us, and we feel that this would be giving us even more opportunity. And because of this political situation, we think that a lot of people would be moving towards electrification of their processes.

That could fuel up even the like our heater business and also our like all the three businesses that we are into. So, this would kind of maybe in a very short term, this could be a little bit impacted. We have not seen any impact as of now, but I think in mid- midterm, it will be a positive thing for the company.

Jenish Karia: Got it. So, no revenue impact as such for the upcoming quarters or this year as such, is what is my understanding correct?

Vinay Rathi: For the next quarters, I would I don't think there is any negative impact. For maybe next years, it could be a positive impact.

Jenish Karia: Understood, sir. Sir, next question is on the order book. So, we mentioned a lot of new age industries that might aid in acceleration of growth going forward, data centers, semiconductors, and many other industries. So, are these industries order book based? Do we have a visible order book for a couple of months, or are they just-in-time delivery basis? How is the business over there?

Vinay Rathi: So, our typical customer base, which is based on heavy industries, so the order book is like 4, 4.5 months. That is a typical order book for us. But these kind of OEM players, so they have a much larger visibility. So, there the order cycle, like visibility could be maybe for 9 to 12 months' visibility is there. That we are seeing with Victura and other players, as well. Like also for our furnace, we have got a contract for five years now. So, the visibility is much larger for this kind of OEM players.

Jenish Karia: Understood. So, for fuel cells also, when we'll be supplying to fuel cells, you mentioned in one of your remarks. So, there also, we have a visible order book, contracted order book, or you have a visibility of order book building up going forward?

Vinay Rathi: We have got a clear visibility on that front, too.

Jenish Karia: Would you like to guide on the size of order book that we might receive?

Vinay Rathi: I think as we execute, we would be like disclosing to the market. So, as of now, I would say that we have got a solid order book, but we're in the execution phase.

Jenish Karia: Understood. Just one last thing from my side. I missed your comment on margin recovery. Could you just help me understand the bridge of margin recovery? So, 200 basis points was on gross margin, which was coming on a high base, and around 100 basis point was on employee cost. So, how would the margins from the employee cost side recover going forward?

Priyanka Menaria: As already I mentioned in our--my commentary that we are expanding in these new areas, we are feeding some of the projects, so we are ramping up our headcounts for future growth. That's why this is increasing, and once the full year will be executed, and this cost will be absorbed by the revenue.

Jenish Karia: Okay. So, FY28, we should see margin recovering from FY28, right?

Priyanka Menaria: No, in '27 also, you can see the recovery of the margin in next half year.

Jenish Karia: Understood, Yes. H2. And all the best for the future.

Moderator: Thank you. Next question is from the line of Parag Agrawal from Second Theory Capital. Please go ahead.

Parag Agrawal: Hi, yes. Am I audible?

Moderator: Yes, sir.

Parag Agrawal: Yes, hi. Hi. So, my question was your presentation says sensing is shifting towards OEMs in fuel cells, injection molding, and CVD. So, on fuel cells, I just wanted to understand, what do you actually supply? Is it the temperature sensors and thermocouple assemblies themselves, or other items like cable, wiring, or heaters?

Aryan Rathi: So, we are mostly supplying them temperature sensors. So, as mentioned, these fuel cells, they have to work in a very tight temperature band. And we make these, let's say, critical sensors to map the temperature across the fuel cell. So, that is where we're working on, and we're also exploring other opportunities there, as well, across our product line.

Parag Agrawal: Okay. And I wanted to understand about qualification. You had mentioned the qualification process is a bit more rigorous. So, once an OEM has qualified you, do you typically keep supplying that customer for life, on their product, or is there a rebidding process every year?

And are you seeing more of the OEM business moving into an annual contract basis? I'm just trying to understand how does contract contracting with OEMs work?

Aryan Rathi: So, usually, when you're qualified as a vendor for an OEM, you're built in to their spec as well as their machinery. So, usually, they would be a lot more sticky than the usual process industries, which are more project-to-project based. So, of course, you there's not a 100% guarantee that they'll work with you all the time.

But you have a very good, let's say, stickiness with these kinds of customers. And usually, these even for these projects, other than the furnace contract that we have for five years, these are PO to PO. They would give us visibility and then give us POs based on milestones. So, that is usually how we're working with these kinds of OEMs.

Parag Agrawal: Okay. All right. That's it from my side. Thanks.

Aryan Rathi: Thanks.

Moderator: Thank you. Next question is from the line of Gaurav Jawalkar from JM Financial. Please go ahead.

Gaurav Jawalkar: Yes. Hi, sir. First of all, congratulations for a good set of numbers. Just few numbers that I'm working on. First is employee cost, as you mentioned that it will remain I mean, it will come down and your margins will be at the same level as FY26. So, fair to assume that the revenue growth should be anywhere about 25% for FY27, at least?

Aryan Rathi: So, the growth should be in line with the historical numbers. So, blended three-year growth is, I think, a good number to look at for FY27. So, should be around the number that you suggested. But we'll get better visibility as we get into H2.

Gaurav Jawalkar: Okay. And second question specifically is in terms of exports. So, now you have tapped into Mexico, I'm assuming it is to target the US market, and you have also shared some progress in the Middle East in terms of approvals. So, in terms of US markets, can you quantify what is the growth opportunities in the region, what are the areas that you are focusing on? And secondly, in the Middle East, can we see any breakthrough order in FY27, given that there is some progress which is going on? Can you share any timeline or something on these fronts?

Aryan Rathi: Right. So, we are targeting markets across the world, essentially, through these newer companies set up in Mexico, Poland, and in South Korea. So, these are, these markets will remain in focus. And within our existing geographies, we're seeing a pretty good traction in the Middle East. So, mostly targeting our existing set of industries.

It is around oil and gas, steel, cement, also energy, of course. So, we are, I mean, bidding a decent amount of projects throughout these geographies. I mean, we should see some positive things throughout the year, as well. So, Middle East is opening up significantly, and the, let's say, the quoted pipeline has, of course, increased dramatically as that happens. But I mean, the firm orders, there'll there is still some runway there till the time we get those.

Gaurav Jawalkar: Okay. Thank you so much, sir. That's it from my side.

Moderator: Thank you. Next question is from the line of Pujan Shah from Molecule Ventures. Please go ahead.

Pujan Shah: Hi, sir. Thanks for the opportunity. Sir, my first question pertains to the -- our fuel cells. As we are mentioning about our products being product offering for the fuel cells, and we have seen in US due to grid infrastructure issues, there is a rapid pace growth in fuel cells and adoption of fuel cells. So, sir, I just wanted to understand that part.

So, in terms of thermal sensing, as well as there are few couple of products which have been used, let's suppose thermocouplers and etcetera., so are we seeing increasing RFQs which can ultimately convert into revenue for the next year? And we see a visibility of 25%, 30% of the total pie can be coming from fuel cells because this this seems to be a rapid pace and it might be a new technology adoption going forward.

Vinay Rathi: Yes, I would say that that is one area that we are working. So, exact numbers we would see as we kind of execute these things, but yes, we are working towards this direction and we are looking at the execution and this is a critical area that we are working for.

Pujan Shah: Got it, sir. Sir, just to understand, as we might start might be starting with them, so are there any complimentary products like specialized cables or like thermal sensing solutions which can provide, which can help us to get and address to their demand constantly?

Vinay Rathi: Yes, yes. So, all these kind of, like it is not just in this industry, most of the industry that we are working, so these temperature sensors go into high temperature area, and they have to be connected with some special cables which can work with high temperature side. It could be maybe 500°C, 800°C. So, surely there's a scope, and we are working also with this customer for cross-selling of other products.

Pujan Shah: Got it, sir. Got it, sir. Sir, just to understand the competitive scenario. So, what are the competitive landscape in terms of in at the current situation? Do we see Chinese are being present over there? Who are keen in terms of trying to tapping the new markets or trying to being our key competitor?

Vinay Rathi: So, sir, as I told you that these are all engineered products, make to order, and like the customers need according to their fit and size. So, there are not many Chinese players who have this kind of engineering, and heavy engineering requirement is there. So, we think that we are in a unique position to serve this kind of market, and we don't see much of Chinese competition in most of the products or maybe the customers which with whom we are working. And also, I would say because of some political reason also, people would like to move to India, and we have seen a few customers not choosing China for some of the product ranges and coming to us.

Pujan Shah: Got it, sir. And just to get a sense on the alternative, which is fuel cell or hydrogen cell, do we see the order book can be mix of INR250 crores, INR300 crores in next one to two years?

Vinay Rathi: We wish it will happen, so, but we're not like we cannot comment on what would be the order book.

Pujan Shah: Got it. Got it, sir. Thank you so much. I will join back in the queue.

Vinay Rathi: Thanks.

Moderator: Thank you. Next question is from the line of Vedant S from MARS Investments. Please go ahead.

Vedant S.: Hi, sir. I wanted to check the guidance that you have given about the run-rate, sorry, about the after-capacity expansion, INR500 crores that additional that we can do. So, when can we expect that run-rate? By the end of FY28 or maybe starting FY29, can we achieve that full capacity utilization, or if not, then when?

Aryan Rathi: So, we have commissioned we have started commissioning some of the started construction on some of the projects. So, these projects should come online starting Q1 FY28, and I mean, a lot of the construction should have stopped by FY28 Q3. To fully realize that, let's say, utilize these kind of capacities might take a little time.

So, what we are seeing is that we are just building these capacities ahead of time. I think you can get a good estimate on, I mean, the historical growth rates. We believe this will sustain those kind of growth rates going three years down the line, as well.

Vedant S.: Okay. So, okay. So, for next three years, you're building like kind of by FY29 end, FY starting '30, we can have full utilization, you mean?

Aryan Rathi: Yes, yes, broadly, broadly.

Vedant S.: Okay. Fine.

Aryan Rathi: But, usually, yes, full utilization for us, we usually have some spare capacity. So, usually, we run this plant at about 80% at max really and have some head room, as well.

Vedant S.: So, currently, existing capacity is running at what for the year run-rate or is what utilization?

Vinay Rathi: About 80%, you can say, yes.

Vedant S.: Okay. Fine. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to the management for closing comments.

Vinay Rathi: So, I think as you have seen with the results, we think that the company has got a good, strong quarter, Q1, and the revenue is up almost 30% plus, and the export is close to 80% plus. Heating has more than doubled. The profit grew 16% because we invested we have invested ahead of time, and we expect the results of this like investment to come from the second half of this year. So, we are engineered, made to order, made in India, made for the world, and we

believe that we have got a tremendous team in front of us larger than ever before so yes, thank you.

Moderator: Thank you very much. On behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.