Classified as Internal

IPO NOTE · PREPARED FOR CLIENTS

Tonbo Imaging Ltd

Defense Electronics OEM | OFS ₹852 Cr | Opens 15 Oct 2026

RECOMMENDATION — SUBSCRIBE

Angel One Equity Research Desk
14 October 2026

01 THE OFFER

PRICE BAND	ISSUE SIZE	SUBSCRIPTION	LISTING (TENTATIVE)
₹665-700	₹852.18 Cr	15–19 Oct 2026	23 Oct 2026
Per equity share			

STRUCTURE	POST-ISSUE P/E	POST-ISSUE MCAP	QIB / NIB / RETAIL
Offer for Sale	78.83x	₹4,009.75 Cr	50 / 15 / 35%
No Fresh Issue	vs BSE peer 54.28x	At upper price band	Allocation split

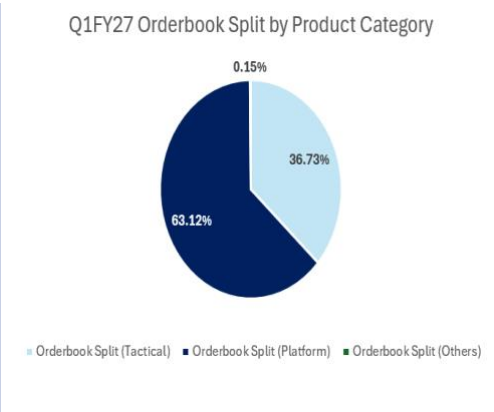
02 COMPANY SNAPSHOT

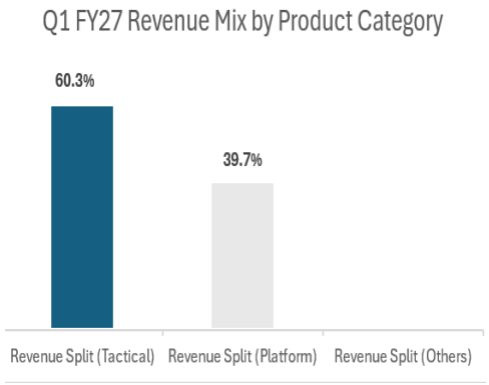
Tonbo Imaging India Limited is a Bengaluru-headquartered global defense electronics original equipment manufacturer (OEM) specializing in advanced thermal imaging, electro-optical systems, targeting, and autonomous combat solutions. It operates an asset-light, non-ITAR compliant product ecosystem serving defense, homeland security, and law enforcement agencies across 24 countries. The company is India's largest manufacturer of thermal imaging systems for government and defence agencies (FY24–FY26) and the country's largest exporter of thermal imaging systems by volume.

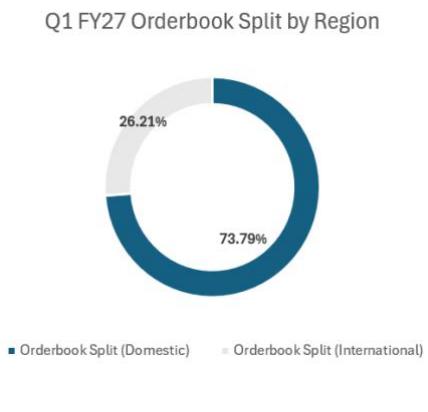
CONFIRMED ORDER BOOK	GLOBAL PRESENCE	DEPLOYMENTS WORLDWIDE	R&D TEAM
₹314.24 Cr	24 Countries	28,000+	130 engineers
Q1FY27			Q1 FY27 R&D Cost: ₹13.95 Million (85.19% of total expenses).

ROCE	GROSS MARGIN	EMPLOYEES
14.54%	51.05%	339
FY26	FY26	As of June 26

03 BUSINESS MIX & MARKET LEADERSHIP







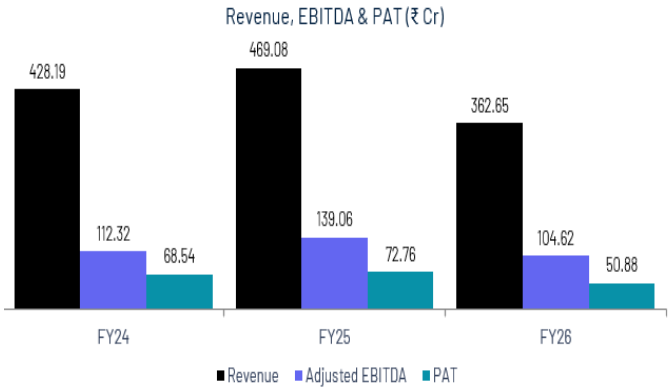
Where the revenue comes from

Tonbo Imaging India Limited earns its revenue primarily through the design, development, and sale of advanced electro-optical and infrared (EO/IR) systems, classified into two major product lines: **Tactical Systems** (60.29% of Q1 FY27 product revenue) and **Platform Systems** (39.71% of Q1 FY27 product revenue). Geographically, India contributes the majority of revenue (**93.06% in FY26** and **99.75% in Q1 FY27**), supported by a global customer network across countries including the USA, UAE, and various NATO member nations.

Objectives of the Issue

The entire issue is an Offer for Sale (OFS) of 1,21,74,046 equity shares. The company will not receive any proceeds from the IPO. All net proceeds after offer-related expenses will be distributed to the selling shareholders.

04 FINANCIAL PERFORMANCE



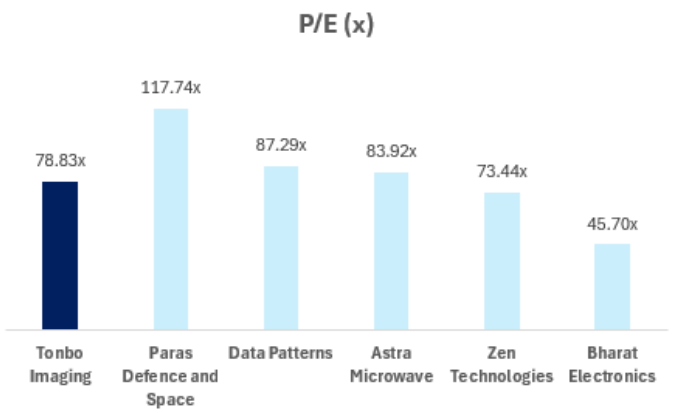
What happened

- Revenue from operations increased from ₹428.19 Cr in Fiscal 2024 to ₹469.08 Cr in Fiscal 2025, before declining to ₹362.65 Cr in Fiscal 2026.
- The drop in revenue was primarily driven by delays in executing certain international orders due to the West Asia conflict.
- Certain anticipated orders were deferred from Fiscal 2026 to Fiscal 2027, which impacted revenue recognition during the year. For example, an order worth ₹51.44 Cr received in Fiscal 2026 could not be executed within the fiscal due to conflict-related delays and was carried over into the order book for Fiscal 2027.
- For the three months ended June 30, 2026, revenue stood at ₹36.01 Cr with a net loss of ₹17.74 Cr. This loss is primarily attributed to business seasonality, slower execution in the first quarter, and fixed expenses being distributed uniformly across the full fiscal year

REVENUE (Q1 FY27)	OP. EBITDA (Q1 FY27)	PAT (Q1 FY27)
₹36.01 Cr	**₹13.04 Cr**	**₹-17.74 Cr**
	Margin -36.21%	Margin -47.52%

₹ Cr	FY24	FY25	FY26	Q1 FY27
Revenue from operations	**428.19**	**469.08**	**362.65**	**36.01**
Operating EBITDA	**112.32**	**139.06**	**104.62**	**-13.04**
PAT	**68.54**	**72.76**	**50.88**	**-17.74**

05 VALUATION (ONLY LISTED PEER)



Why the discount looks attractive

- At the upper price band of **₹700** (Price Band: ₹665 – ₹700 per share), Tonbo Imaging trades at a **P/E multiple of 78.83x** based on FY26 Diluted EPS of **₹8.88**.
- Tonbo's valuation stands at a discount compared to direct pure-play defense electronics peers like **Paras Defence (117.74x)**, **Data Patterns (87.29x)**, and **Astra Microwave (83.92x)**.
- This valuation discount is supported by Tonbo's strong **Gross Profit Margin of 51.05%**, an **asset-light non-ITAR compliant product model** serving 24+ countries, and a robust confirmed order book of **₹314.24 cr**, which offsets near-term revenue volatility and working capital constraints

Company	Tonbo Imaging	Paras Defence and Space	Data Patterns	Astra Microwave	Zen Technologies	Bharat Electronics
Revenue (Cr)	363	477	925	1,163	688	27,610
Confirmed Order Book (Cr)	279	986	927	2,141	1,336	73,882
EBITDA Margin %	28.85%	26.00%	40.12%	28.70%	48.37%	NA
PAT Margin %	13.75%	18.16%	28.48%	16.60%	28.19%	21.52%
RoNW (%)	9.75%	NA	17.00%	NA	NA	NA
EPS (Basic)	9.19	10.93	48.47	20.32	21.52	8.29
EPS (Diluted)	8.88	10.93	48.47	20.27	21.52	8.29
NAV (per share)	96.57	90.02	310.08	138.46	209.22	32.82
P/E (x)	78.83x	117.74x	87.29x	83.92x	73.44x	45.70x

06 SECTOR OUTLOOK & KEY RISK

Structural tailwinds intact

The global defense electronics and Electro-Optical/Infrared (EO/IR) sector is undergoing rapid modernization driven by escalating geopolitical tensions, border conflicts, and the rapid shift towards autonomous "intelligent surveillance". Governments globally are accelerating defense spending with a focus on low-SWaP (Size, Weight, and Power) electro-optical systems, AI-enabled multi-sensor optics, C-UAS (counter-drone) systems, and directed energy weapons. Furthermore, initiatives like "Make in India" and DAP 2020 IDDM (Indigenously Designed, Developed and Manufactured) mandates are driving significant domestic substitution and local defense procurement.

Meaningful growth headroom

India's defense spending is projected to grow from **USD 96.0 billion** in FY26 to **USD 113.6 billion** by FY30 at a **4.3% CAGR**. Concurrently, India's defense electronics market is forecast to expand significantly from **USD 3.2 billion** in CY2020 to **USD 17.6 billion** by CY2030, representing a strong **18.6% CAGR**, providing high long-term TAM growth and execution visibility for domestic defense OEMs.

⚠ KEY RISK

Revenue volatility caused by tender-based procurement, extended defense budget cycles, and episodic demand.
High customer and geographic concentration, with top 10 customers driving 98.17% of revenue in Q1 FY27 and domestic orders comprising 73.78% of the ₹3,142.40 million confirmed order book.
Heavy reliance on a limited number of global suppliers for scarce raw materials like Germanium, leaving operations vulnerable to geopolitical conflicts, supply chain bottlenecks, and order deferments.

07 OFFER STRUCTURE

Price Band

₹665–₹700

Post-issue market cap at the upper band: ₹4,009.75 Cr, across 1.2174046 Cr shares under offer.

Investor Category Allocation

QIB · 50% | NIB – 15% | Retail · 35%

QIB 0.6087 Cr · NIB 0.1826 Cr · Retail 0.4261 Cr shares

Timeline

15 Oct → **19 Oct** → **23 Oct**

Subscription opens · Subscription closes · Tentative listing

Shareholding Pattern

Category	Pre IPO	Post IPO
Promoter and Promoter Group	18.58%	15.72%
Public	81.42%	84.28%
Total	**100%**	**100%**

08 OUR CALL

SUBSCRIBE

Tonbo Imaging's strong market position as India's leading defense thermal imaging OEM, proprietary non-ITAR optical technology platform deployed across 24+ countries, and robust confirmed order book of ₹314.24 Cr provide long-term operational and growth visibility.
Despite near-term revenue volatility due to West Asia geopolitical disruptions, working capital elongation, and customer concentration, the post-issue valuation at a P/E of 78.83x trades at a sharp discount to pure-play listed defense peers (such as Paras Defence at 117.74x and Data Patterns at 87.29x), offering an attractive entry point for long-term investors given its high-margin profile and structural defense tailwinds.

Price band	**₹665-700**
Issue size	**₹852.18 Cr**
Structure	**Fresh Issue + OFS**
Post-issue P/E	**78.83x**
Listing	**23 Oct 2026**

09 DISCLOSURES — RESEARCH TEAM & CERTIFICATION

SEBI (Research Analyst) Regulations, 2014 — Registration No. INH000000164

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Osho Krishan	Sr. Analyst — Tech. & Derivatives	**Bhuvan Shah**	Analyst — Tech. & Derivatives
Sneha Seth	Sr. Analyst — Tech. & Derivatives	**Vaqarjaved Khan, CFA**	Sr. Analyst — Fundamental
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Certification & contact

We Vaqarjaved Khan, CFA, Shruti Panday and Sugesh Kollara, the analysts and named authors of this report, certify that all views expressed accurately reflect our views about the subject issuer(s)/securities; that no part of our compensation was, is, or will be linked to the specific recommendations or views in this report; and that none of the above analysts have received compensation from the companies mentioned in this report in the preceding twelve months, nor serve as an officer, director or employee of those companies.

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