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IPO Note
15th October 2026

Tonbo Imaging India Ltd

Neutral

Rating: Neutral

Issue Offer

Total issue size: Offer for Sale - Up to 1,21,74,046 Equity Shares (INR 8,522 Mn) incl. Employee Reservation of up to 14,000 Equity Shares

Issue Summary	
Price Band (INR)	INR 665 - 700
Face Value (INR)	2
Implied Market Cap (INR mn)	40,098
Market Lot	21
Issue Opens on	15 October, 2026
Issue Close on	19 October, 2026
Pre-issue shares	5,72,82,100
Post-issue shares	5,72,82,100
Listing	NSE and BSE

Issue Break-up (%)	
QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Book Running Lead Managers
JM Financial Limited
IIFL Capital Services Limited

Registrar
KFin Technologies Limited

Shareholding Pattern	Pre-Issue	Post-Issue
Promoters	18.58%	15.72%
Public & Others	81.42%	84.28%

Objects of the Offer	Amt (INR Mn.)
Achieve the benefits of listing on the Stock Exchanges	Not applicable
Carry out the Offer for Sale of 1,21,74,046 Equity Shares	Company to receive no proceeds

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Tonbo Imaging India Limited is a Bengaluru-based global defence electronics OEM that designs, develops and manufactures sensing, processing, communication and guidance systems for surveillance, reconnaissance, targeting and control. Its portfolio spans thermal imaging cores, weapon sights, thermal binoculars, targeting systems, missile seekers and fire control systems, grouped into tactical, platform and directed energy systems. Incorporated in 2003 and repositioned as a defence product company in 2012 after a promoter buyout, it had over 28,000 systems deployed across 24 countries as of June 30, 2026. It runs an asset-light model, keeping design, R&D and IP in-house at Bengaluru while outsourcing manufacturing to EMS partners Kaynes Technology and Avalon, and is led by Promoters Arvind Kondangi Lakshmikumar, Ankit Kumar and Cecilia D'Souza.

Investment Rationale:

Largest Indian thermal imaging player with an ITAR-free global position: Per the F&S Report, Tonbo was the largest manufacturer by sales value of thermal imaging systems supplied to Indian government and defence agencies over April 2024 to March 2026, and held a 94% share of India's thermal imaging exports by units between FY24 and FY26. Its EO/IR portfolio is free of US ITAR controls, allowing it to serve export-sensitive and non-aligned markets that US, Israeli and European suppliers cannot address without clearances - a meaningful differentiator as militaries diversify suppliers.

Asset-light model with full ownership of its technology stack: The company has owned 100% of its intellectual property since FY24, after acquiring IP worth INR 1,831.91 mn from CEAQ Singapore in March 2024, leaving no material external licensing dependency. Design and R&D stay in-house while manufacturing is outsourced to certified EMS partners, keeping capex low. R&D spend rose from INR 42.41 mn (1.26% of total expenses) in FY24 to INR 258.56 mn (8.62%) in FY26, with 133 engineers, about 39% of headcount.

Structural tailwind from Indian defence modernisation and indigenisation: India's FY2026-27 defence allocation of INR 7.85 lakh crore is 15.2% higher year on year, with tri-services capital outlay of USD 22.6 bn, up 21.8%, and 75% of the capital acquisition budget reserved for domestic procurement (Source: F&S Report). India's defence exports rose to INR 38,424 crore in FY2025-26 from INR 1,521 crore in FY2016-17. Tonbo is an IDDM supplier under DAP 2020, and India's precision-guided weapons market is forecast to grow from USD 348 mn in CY2020 to USD 2.07 bn by CY2030, a 19.5% CAGR.

Domestic pivot and order book rebuild visibility after an FY26 reset: Revenue fell 22.69% to INR 3,626.48 mn in FY26 as execution of certain international orders was delayed by the West Asia conflict, with exports dropping to 5.57% of revenue from 65.52% in FY25. Domestic demand filled much of the gap, with Indian government revenue rising to INR 2,581.52 mn (71.19%) from INR 1,515.10 mn (32.30%), and EBITDA margin holding at 28.85% against 29.65%. The order book stood at INR 3,142.40 mn across 36 firm orders as of June 30, 2026, with a further INR 1,181.52 mn received between July and September 2026.

Valuation & Outlook:

Tonbo Imaging India has good growth potential, supported by increasing demand for advanced defence equipment, night-vision systems and thermal imaging products. The company has an established presence in India and overseas markets, with its products supplied to more than 24 countries. Its focus on developing advanced imaging technology, along with the Indian government's push for domestic defence manufacturing, could support future growth. The company may also benefit from upcoming defence modernisation programmes and demand for imaging systems used in drones, surveillance and other military applications. However, future growth will depend on its ability to win new orders, deliver projects on time, compete with other defence companies and maintain profitability. **At the upper price band of INR 700, the issue is priced at a P/E of 78.81x based on FY26 EPS of INR 8.88. We recommend a "Neutral" rating for the issue.**

Particulars (INR Mn)	FY24	FY25	FY26
Revenue	4,281.89	4,690.80	3,626.48
Growth (%) YoY	*342.22%*	*9.55%*	*(22.69%)*
EBITDA	1,123.24	1,390.64	1,046.18
Margins (%)	*26.23%*	*29.65%*	*28.85%*
PAT/(Loss)	685.43	727.57	508.80
Margins (%)	*15.87%*	*15.34%*	*13.75%*

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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