

Tonbo Imaging India Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
15 October 2026	19 October 2026	₹665-700	Subscribe

Investment Summary

Tonbo Imaging India Limited is a Bengaluru-based global defence electronics original equipment manufacturer (OEM) that designs and develops **thermal imaging systems, weapon sights, stabilized electro-optical/infrared (EO/IR) gimbals, fire control systems and missile seekers**, while outsourcing volume manufacturing to electronics manufacturing services (EMS) partners under an asset light model. The company has owned 100% of its intellectual property since FY24, supplies ITAR-free systems and had deployed over 28,000 systems across 24 countries as of June 30, 2026. Revenue from Operations moved from ₹428.19 Cr in FY24 to ₹469.08 Cr in FY25 and ₹362.65 Cr in FY26, with EBITDA margins of 26.23%, 29.65% and 28.85% and Profit After Tax (PAT) of ₹68.54 Cr, ₹72.76 Cr and ₹50.88 Cr, while Q1 FY27 recorded a loss of ₹17.74 Cr on revenue of ₹36.01 Cr owing to the back-ended revenue recognition of the business. The IPO comprises an **Offer for Sale of 1,21,74,046 shares** aggregating up to **₹852 Cr** at the upper price band of ₹700 per share, with **no Fresh Issue**, and the company will not receive any proceeds. Backed by a confirmed order book of ₹314.24 Cr as of June 30, 2026, a 51% unit share of thermal imaging systems supplied to the Government of India between April 2024 and March 2026 as per the Frost & Sullivan (F&S) Report, and a net worth of ₹553.16 Cr, the company is positioned to benefit from India's defence indigenization drive, although revenue visibility, working capital intensity and customer concentration remain the key monitorables.

Company Overview

Tonbo Imaging India Limited, incorporated on December 18, 2003 as Sarnoff Innovative Technologies Private Limited and converted into a public limited company in September 2025, transitioned in 2012 from an R&D services subsidiary into a defence focused product company following a buyout by its Promoters. Headquartered in Bengaluru, the company employed 339 permanent employees as of June 30, 2026, including 130 R&D engineers (~38%). Its portfolio is classified into tactical systems (thermal weapon sights, hand-held binoculars and 360 degree situational awareness systems), platform systems (stabilized gimbals, fire control systems and missile seekers) and directed energy systems under development (WaveStrike), with tactical systems contributing 58.37% and platform systems 39.93% of FY26 revenue from operations. Customers include the Indian Government (71.19% of FY26 revenue), private system integrators (24.10%) and foreign governments (3.34%). As per the F&S Report, the company was the largest manufacturer, by sales value, of thermal imaging systems to Indian government and defence agencies between April 2024 and March 2026 and accounted for 94% of India's thermal imaging export volumes. Financially, the company reported Revenue from Operations of ₹362.65 Crores and a Profit After Tax (PAT) of ₹50.88 Crores in FY26. Promoted by Arvind Kondangi Lakshmikumar, Ankit Kumar and Cecilia D'Souza, while CEAQ Technologies Pte. Ltd. is the largest shareholder with a 25.47% stake.

Business Model

Tonbo Imaging India Limited operates an **asset light, horizontally integrated model** in which core design and intellectual property are developed **in-house at the Bengaluru R&D centre**, pilot engineering units are prototyped internally, and volume manufacturing is outsourced to certified EMS partners, principally Kaynes Technology India Limited and Avalon Technology and Services Private Limited, under non-exclusive purchase order based arrangements. Revenue is earned through competitive government and defence tenders and sales to system integrators, with contracts typically short term and non-recurring and an order-to-manufacture cycle of six to 24 months followed by two to eight weeks for delivery and acceptance. This cycle, together with revenue recognition concentrated in the second half of the fiscal year, resulted in working capital days of 517 in FY26. Critical components such as infrared detectors are sourced from a narrow base of global suppliers (international suppliers: 54.67% of FY26 cost of goods sold). The growth strategy centres on migrating from tactical sights to integrated autonomous platform systems, commercializing the WaveStrike high power microwave counter-drone system supported by an iDEX grant, and expanding exports through completely knocked down (CKD) kits and white labelling arrangements with local defence OEMs.

Investment Rationale

Proprietary Technology and Strong R&D Capabilities: Tonbo owns 100% of its intellectual property following the ₹183.19 Cr IP acquisition in FY24. Its ITAR-free technology portfolio spans thermal imaging, weapon sights, missile seekers and advanced targeting systems. The company has deployed over 28,000 systems across 24 countries, demonstrating its technological capabilities and international presence.

Leadership Position in Indian Thermal Imaging: As per the F&S Report, Tonbo accounted for 51% of thermal imaging systems supplied to the Government of India by volume between April 2024 and March 2026. It was also the largest manufacturer by sales value and accounted for 94% of India's thermal imaging export volumes, reflecting its established competitive position.

Asset-Light Business Model with Healthy Margins: Tonbo focuses on in-house product design, R&D and intellectual property while outsourcing volume manufacturing to EMS partners such as Kaynes Technology and Avalon. This asset-light structure supports operating efficiency, with EBITDA margins remaining between 26.23% and 29.65% during FY24–FY26 despite fluctuations in revenue.

Strong Order Book and Increasing Platform Systems Contribution: The confirmed order book increased from ₹279.02 Cr in March 2026 to ₹314.24 Cr in June 2026, with platform systems accounting for 63.1%. Additional orders worth ₹118.15 Cr were received during July–September 2026. Platform systems revenue grew from ₹12.70 Cr in FY24 to ₹144.81 Cr in FY26, supporting business diversification.

Defence Indigenization and Expanding Product Opportunities: India's defence expenditure is projected to increase from USD 96 billion in FY26 to USD 113.6 billion by FY30, according to F&S. Tonbo is positioned to benefit from domestic defence procurement, thermal imaging requirements and its expanding product portfolio, including the WaveStrike microwave-based counter-drone system under development with iDEX support.

Key Risk Factors

High Dependence on Tender-Based Defence Orders: Tonbo's revenue declined 22.69% in FY26 to ₹362.65 Cr, primarily due to the non-recurrence of a large European export order and execution delays arising from the West Asia conflict. Defence contracts are generally short-term and non-recurring, creating volatility in order inflows, revenue recognition and profitability.

High Customer Concentration Risk: The top five customers contributed 53.03% of FY26 revenue, while the top ten accounted for 77.83%. A single customer contributed 57.07% of FY25 revenue, highlighting dependence on large contracts. Delays, cancellations or reduced procurement by major defence customers could materially impact financial performance.

Volatile Export Revenue and Geopolitical Exposure: Export contribution declined sharply from 65.52% of FY25 revenue to 5.57% in FY26 following the completion of a large European order and delays caused by the West Asia conflict. Dependence on international defence procurement exposes the company to geopolitical tensions, export restrictions and irregular order flows.

Critical Component and Supplier Concentration Risk: Tonbo depends on limited international suppliers for infrared detectors, specialized optics and other critical electronic components. The top ten suppliers accounted for 68.77% of FY26 total expenses, while internationally sourced critical components represented 54.67% of cost of goods sold, exposing the company to supply disruptions, import restrictions and procurement delays.

Earnings Quality and Regulatory Risks: FY26 EBITDA benefited by ₹18.84 Cr from warranty provision reversals, excluding which the EBITDA margin would decline from 28.85% to 23.65%, as per analyst calculations. Additionally, regulatory complaints concerning indigenous content compliance and component sourcing, which the company disputes, create potential uncertainty around its operations and reputation.

Financial Snapshot

	In Cr		
Metric	FY24	FY25	FY26
Revenue from Operations	428.19	469.08	362.65
EBITDA	112.32	139.06	104.62
EBITDA Margin	26.23%	29.65%	28.85%
Profit After Tax (PAT)	68.54	72.76	50.88
PAT Margin	16.01%	15.51%	14.03%
Basic EPS (₹)	62.61	13.38	9.19

Key Products and Applications

TONBO IMAGING INDIA LTD. | Where are Tonbo's products used?

Tonbo provides electro-optics, infrared/thermal imaging, sensing, tracking and guidance systems for defence platforms.

A. SOLDIER
Night vision and target identification



Tonbo thermal sight (on weapon / helmet)

Thermal view: Detects heat, can see in darkness, smoke, fog

- Helps soldier see targets at night and in low visibility
- Used for surveillance, reconnaissance and aiming weapons

B. TANK / ARMoured VEHICLE
Detection, tracking and accurate targeting



Tonbo EO/IR system (on turret)

1. Detect target
2. Track target
3. Fire-control system

- Finds and tracks enemy vehicles/personnel
- Feeds information to fire-control system for accurate aiming and firing
- Works in day, night and harsh weather conditions

C. DRONE / AIRCRAFT
Aerial surveillance and reconnaissance



Tonbo EO/IR gimbal (under drone/aircraft)

Day view (EO camera) Thermal view (IR camera) Stabilised view (track moving target)

- Provides stabilised camera and thermal imaging
- Used for border surveillance, reconnaissance and target tracking
- Helps identify and track targets from the air

D. MISSILE
Target search and guidance

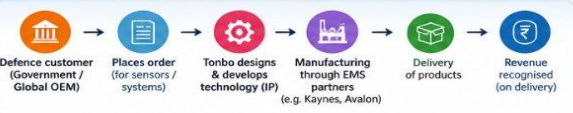


Tonbo IR / thermal seeker (at missile nose)

1. Searches for target (using IR/thermal imaging)
2. Recognises and tracks target
3. Guides missile toward target

- Used in air-to-ground, surface-to-air and other missile systems
- Helps missile autonomously find, track and hit the target

How Tonbo earns revenue?



Key product portfolio



Key takeaways

- Tonbo provides the "eyes and targeting" for defence platforms (not the entire platform).
- Used by soldiers, tanks, aircraft/drones and missiles.
- Helps detect, identify, track and engage targets in day, night and harsh conditions.
- High technology, IP-led products with defence and international customers.
- Supported by India's defence indigenisation push and a large global market opportunity.

Tonbo Imaging In Simple Terms

Tonbo makes advanced "eyes and brains" for the military — cameras, thermal sensors, laser systems and software — that help soldiers, vehicles, drones, ships and missiles see, identify and track targets, day or night.

What does Tonbo provide?

Cameras (see normally)
Works in daylight

Thermal sensors (see heat)
Works in darkness, fog, smoke

Software / AI (the brain)
Helps identify and track targets automatically

Output
Clear, stable and intelligent view of the battlefield

Where are these used?

- Soldiers** (handheld / weapon sights)
- Land vehicles** (tanks, armoured vehicles)
- Aircraft / Drones** (UAVs, helicopters, fixed-wing)
- Ships / Naval platforms**
- Missiles** (to find and track targets)

Tonbo's Product Categories (with simple examples)

1 Tactical Systems
Used by soldiers, special forces and for ground surveillance

Spartan / Spartan-S
Small thermal sight for guns or helmets

Arjun
Thermal sight for assault rifles and sniper guns

Bloodhound
Thermal binoculars for long-range observation

Geo UC
Finds and measures targets (camera + thermal + laser)

2 Platform Systems
Installed on vehicles, aircraft, ships and missiles

ELPEOS
Targeting system for tanks / remote weapon stations

Avenger S50
Camera system for drones and aircraft

Minion
Helps armoured vehicle drivers see at night

TRAP Seeker
Helps a missile find and track its target

3 Directed Energy Systems & Counter-UAS
Detect and neutralise enemy drones and aerial threats

WaveStrike
Designed to disable drone swarms using high-power microwaves

TRex
Detects and tracks drones over long distances (to be used with counter-UAS and laser systems)

How Tonbo earns money



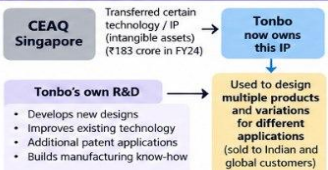
Tonbo designs the products using its own IP and team of engineers.

Production is done by certified manufacturers (e.g. Kaynes, Avalon).

Supplied to Indian defence forces and global customers (24 countries).

Tonbo earns revenue by selling the finished products. It does not typically earn royalty from IP.

How the IP fits in



CEAQ Singapore transferred certain technology / IP (intangible assets) (₹183 crore in FY24) to Tonbo now owns this IP.

Tonbo's own R&D is used to design multiple products and variations for different applications (sold to Indian and global customers).

- Develops new designs
- Improves existing technology
- Additional patent applications
- Builds manufacturing know-how

Key Highlights (non-technical)

- Largest exporter** of thermal imaging systems from India by volume (= 94% share, FY24-FY26)
- Largest supplier** of thermal imaging systems to Indian government and defence agencies by value (= 63% share, FY23-FY25)
- Supplies to **24 countries**
- Products are **ITAR-free** (not restricted by U.S. export rules)
- Asset-light model** (design in-house, manufacturing outsourced)
- Combines cameras, thermal sensors, lasers and AI for smarter battlefield awareness

TONBO'S CORE TECHNOLOGIES

From sensing to targeting – enabling defence platforms to see, understand and act



IPO Details and Use of Proceeds

Parameter	Details
Issuer	Tonbo Imaging India Limited
IPO Issue Size	1,21,74,046 shares (agg. up to ₹852 Cr) Offer for Sale 1,21,74,046 shares (agg. up to ₹852 Cr)
Price Band	₹665 – ₹700 per share
Face Value	₹2 per share
IPO Opening Date	15 October 2026
IPO Closing Date	19 October 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: 18.57% → Post-IPO: ~14.56%
Book Running Lead Managers	JM Financial Limited IIFL Capital Services Limited
Use of Proceeds	As the IPO is a 100% Offer for Sale (OFS), the company will not receive any proceeds from the issue.

Valuation and Outlook

At the upper price band of **₹700**, Tonbo Imaging India Limited is valued at a FY26 P/E of **78.81x**, based on a post-issue market capitalization of **~₹4,010 Cr**, compared with the listed peer average P/E of **81.62x**. The company benefits from proprietary defence technology, leadership in thermal imaging systems, an asset-light business model and a confirmed order book of ₹314.24 Cr as of June 2026. Although FY26 revenue declined by 22.69% due to the non-recurrence of a large European export order and execution delays arising from the West Asia conflict, its strong technological capabilities and defence indigenization opportunities support future growth prospects. We recommend **Subscribe for listing gains**, while monitoring order execution, customer concentration, negative operating cash flows, high working-capital requirements and margin sustainability. While Tonbo Imaging possesses a strong business model, proprietary technology and promising long-term growth prospects, its current valuation appears expensive. We prefer to monitor the company's upcoming quarterly results, order execution, cash-flow performance and further management guidance before considering a long-term investment.

Disclaimer

This information/document has been prepared by Mangal Keshav Financial Services LLP (MANGAL KESHAV) and is intended for use only by the person or entity to which it is addressed. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/document is subject to changes without prior notice.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. MANGAL KESHAV will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and MANGAL KESHAV has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavor to update the information herein on a reasonable basis, MANGAL KESHAV, its subsidiaries, and associated companies, their directors and employees ("MANGAL KESHAV and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent MANGAL KESHAV and affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information.

Clients should read the Risk Disclosure Document issued by SEBI and relevant exchanges, and the Terms & Conditions on the Mangal Keshav website.

Registration and Contact Details: Name of Research Analyst - Mangal Keshav Financial Services LLP, Research Analyst
Registration No.: INH000018319.

LLPIN: AAM-3358

Registered Office: 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.
Correspondence/Administrative Office Address - 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.

TEL: 022 61907900