Tonbo Imaging India Limited

15th October, 2026

IPO NOTE

Recommendation	Subscribe
Price Band	665-700
Bidding Date	15-Oct-2026 to 19-Oct-2026
Book Running Lead Manager	JM financials
Registrar	Kfin Technologies
Sector	Defense

Minimum Retail Application- Detail At Cut off Price	
Number of Shares	21
Minimum Application Money	Rs. 14700
Payment Mode	ASBA

Consolidated Financials (Rs Cr)	FY25	FY26
Total Income	469	363
Adj EBITDA	139	105
PAT	73	51

Valuations (FY26)	Upper Band
Market Cap (Rs Cr)	4,010
Adj. EPS	9
PE	78.8
EV/ EBITDA (x)	39.1
Enterprise Value (Rs Cr)	4087

Post Issue Shareholding Pattern	
Public + Employee	85.5%
Promoter	14.5%

Offer structure for different categories	
QIB (Including Mutual Fund)	50%
Non-Institutional	15%
Retail	35%
Post Issue Equity (Rs. in Cr)	11.5
Issue Size (Rs in Cr)	852
Face Value (Rs)	2

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BACKGROUND

Tonbo Imaging India Ltd. is a defence technology company specialising in advanced electro-optical and imaging systems used for surveillance, reconnaissance, observation and targeting applications. Its product portfolio includes thermal imaging and night-vision systems, tactical sights, laser-based systems and integrated imaging solutions for defence and security platforms. The company caters to domestic and international defence customers and OEMs, with its technology designed for demanding operational environments.

Objects and Details of the Issue: The public issue is entirely an Offer for Sale (OFS) of up to ₹852 Cr at the upper price band, with no fresh issue.

Investment Rationale

1. Niche defense technology with high entry barriers
2. Recovery in Order Book and Fresh Order Inflows
3. Asset-Light Manufacturing Structure
4. Healthy Historical EBITDA Margins

Risks

1. High Working Capital Requirements
2. Volatile Financial Performance and Execution Risks
3. Customer Concentration and Tender Dependence

Valuation and Recommendation

Tonbo offers exposure to a specialized defense technology business with opportunities from defense modernization, a recovering order book and fresh order inflows. Tonbo reported revenue of ₹363 Cr, EBITDA of ₹105 Cr and PAT of ₹51 Cr in FY26, with an EBITDA margin of 28.9%. However, FY26 revenue declined by approximately 23% and PAT by 30% year-on-year, while Q1FY27 profitability turned negative, highlighting the volatility inherent in its project-driven business. At the upper price band of ₹700, the implied post-issue market capitalization is approximately ₹4,010 Cr, translating into a P/E of around 79x FY26 earnings and EV/EBITDA of approximately 39x. Both EV/EBITDA and PE are lower vs the average of listed peers ([Paras Defense, Data patterns and Bharat Electronics) PE and EV/EBITDA multiples. The valuation seems fair given the recent decline in financial performance and elevated working capital requirements. We recommend SUBSCRIBE to the IPO.

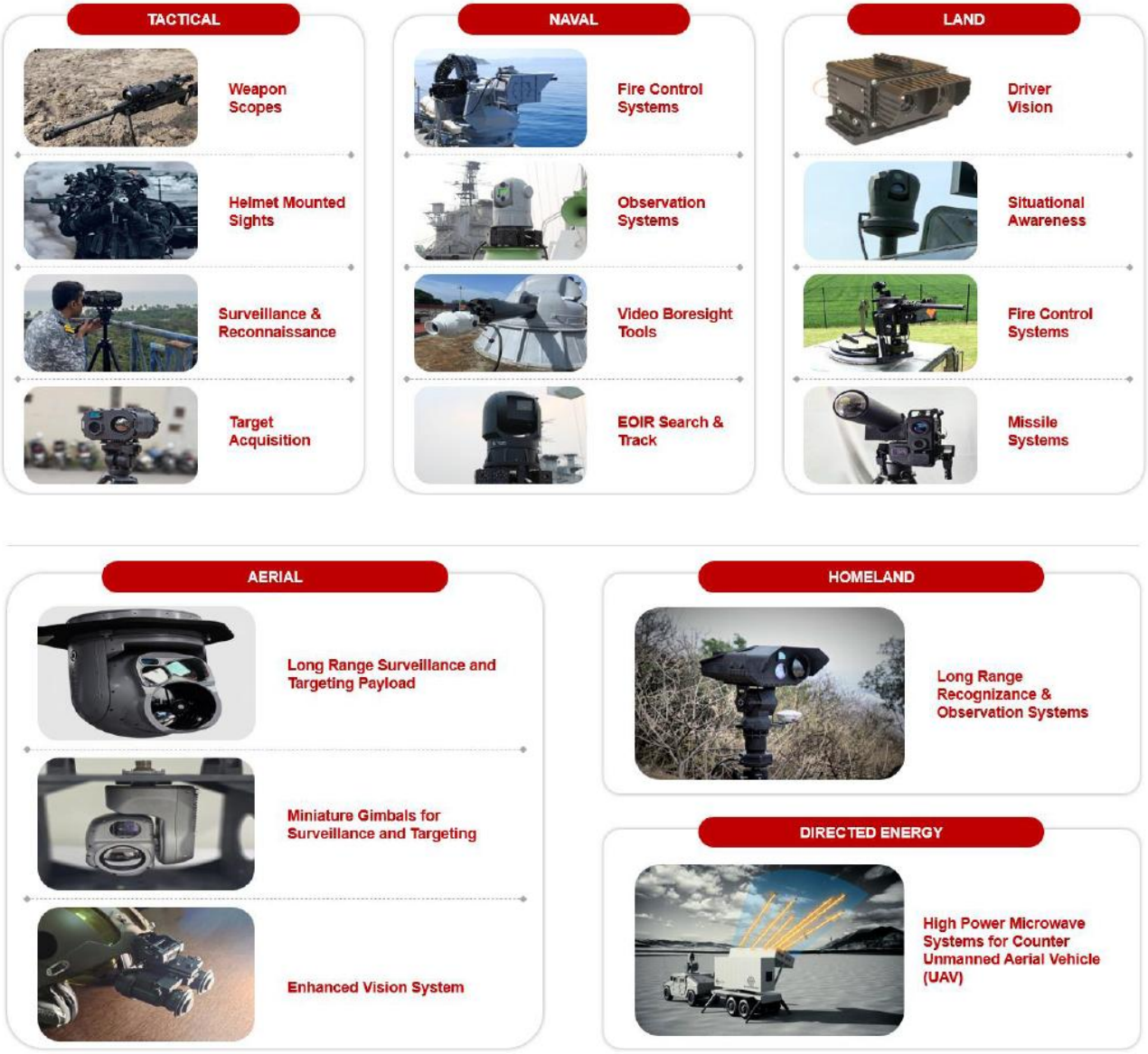
Financials	FY24	FY25	FY26
Net Revenues	428	469	363
Growth (%)		9.5%	-22.7%
EBITDA	112	139	105
EBITDA (Margin %)	26.2%	29.6%	28.8%
PBT	95	99	70
Adjusted PAT	69	73	51
EPS	12.0	12.7	8.9
ROCE	30.1%	19.5%	11.0%
EV/Sales	9.5	8.7	11.3
EV/Adj EBITDA	36.4	29.4	39.1
P/E	58.5	55.1	78.8

Source: RHP, NBRR

Company Background

Tonbo Imaging India Limited was originally incorporated as Sarnoff Innovative Technologies Private Limited on December 18, 2003. The company designs and develops defense systems and operates as a defence electronics OEM, with capabilities spanning electro-optics, imaging and related technologies. Its products are intended for defence and security applications, including observation, surveillance, and reconnaissance and targeting.

Company's products include **tactical Systems, platform Systems and Others**. Tactical Systems comprise electro-optical sights that provide dismounted soldiers with observation and targeting capabilities. Platform Systems are designed for integration into surveillance, reconnaissance and targeting platforms. "Others" primarily includes OEM component sales.



Companies expertise spans design capabilities across electro optics and infrared systems ("EO/IR") and embedded vision systems serving both – Indian and global companies.

Market Opportunity

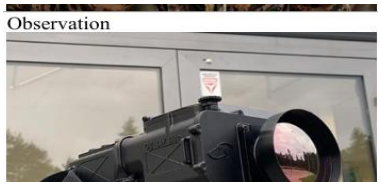
Tonbo operates in a market supported by the growing need for day-and-night surveillance, target acquisition, situational awareness and imaging on manned and unmanned defense platforms. There are potential opportunities linked to India's Technology Perspective and Capability Roadmap (TPCR-2025), including future-ready combat vehicles, driver night sights, night-vision systems for gunner and commander roles, special optical payloads for unmanned platforms, and counter-drone applications. The RHP cites Frost & Sullivan and India Government e-Marketplace data indicating that Tonbo accounted for 51% of units of thermal imaging systems supplied to the Indian government between April 2024 and March 2026. Its deployment of more than 28,000 systems across over 24 countries as of June 30, 2026, provides evidence of an established customer footprint.

Investment Rationale

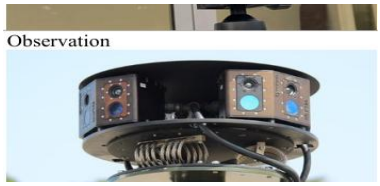
Niche defense technology with high entry barriers

Tonbo designs specialised electro-optical/infrared (EO/IR) systems used for observation, target acquisition, surveillance and platform-based defence applications. These systems combine optical and infrared sensors, electronics, embedded software and image-processing capabilities. The company owns its product intellectual property and develops core technology in-house, while outsourcing manufacturing to electronics manufacturing services (EMS) partners. There are high entry barriers because of high R&D and engineering requirements, long qualification cycles and defense certifications and proprietary technology and integration.

Handheld observation / sighting



Optical observation equipment



Multi-sensor platform system

Recovery in Order Book and Fresh Order Inflows

The confirmed order book increased from ₹219 Cr in FY25 to ₹279 Cr in FY26 and further to ₹314 Cr as of June 30, 2026. The company also received new orders aggregating ₹118 Cr between July and September 2026, providing potential revenue visibility, subject to execution.

Order book by Product category (In Cr.)	FY24	FY25	FY26	Q1FY27
Tactical systems	336.8	69.8	88.3	115.4
Platform systems	226.4	148.8	190.7	198.4
Others	—	0.0	—	0.1
Total Order book	**563.1**	**218.6**	**279.0**	**313.8**

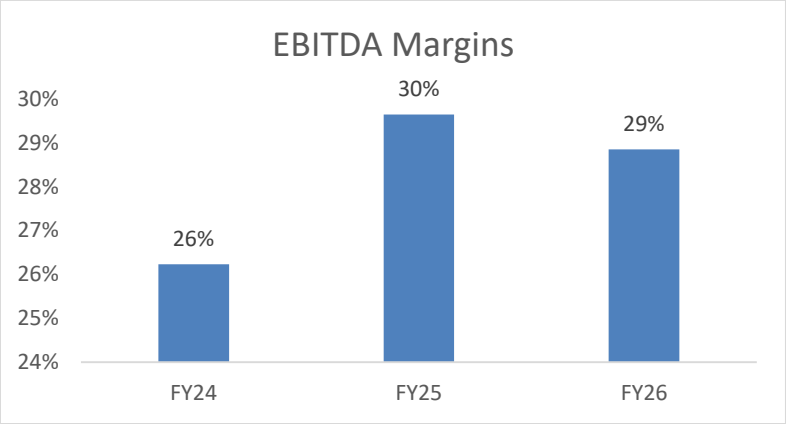
Order book by Geography	FY24	FY25	FY26	30-Jun-26
Domestic	259.59	212.71	197.11	231.87
International	303.55	5.9	81.91	82.37
Total Order book	**563.14**	**218.61**	**279.02**	**314.24**

Asset-Light Manufacturing Structure

Company operates an asset-light business model with a focus on product design and development. Company is Integrated horizontally: core design and IP are developed in-house, while manufacturing is outsourced to EMS. Contract manufacturing model allows us to focus on our R&D capabilities. EMS partners include certified Contract manufacturers such as Kaynes Technology India Limited ("Kaynes") and Avalon Technology and Services Private Limited ("Avalon"), who possess the technical expertise and required certifications. Company's in-house design and development capabilities also enable them to remain responsive to the changing Requirements of customers and introduce new systems that address the evolving challenges and opportunities In the defense electronics sector.

Healthy Historical EBITDA Margins

Tonbo reported EBITDA margins of 26.2% in FY24, 29.7% in FY25 and 28.9% in FY26. These margins are consistent with a specialized technology product portfolio. Sustaining margins will depend on product mix, timely execution, cost control and the ability to recover from the FY26 revenue decline.



Valuation and Recommendation

Tonbo reported revenue of ₹363 Cr, EBITDA of ₹105 Cr and PAT of ₹51 Cr in FY26. Revenue CAGR for FY24-26 de-grew by 8%. In Q1 FY27, profitability turned negative. Company reported revenue of Rs 36 Cr, EBITDA margins of -36% and net loss of Rs 17.7 Cr. At the upper price band of ₹700, the implied post-issue market capitalization is approximately ₹4,010 Cr, translating into a P/E of around 79x FY26 earnings and EV/EBITDA of approximately 39x. Both EV/EBITDA and PE are lower vs the average of listed peers ([Paras Defense, Data patterns and Bharat Electronics) PE and EV/EBITDA multiples. The valuation seems fair given the recent decline in financial performance and elevated working capital requirements. We recommend **SUBSCRIBE** to the IPO.

Peer Comparison

FY26	Paras defence and space technologies	Data patterns	Bharat Electronics Ltd	Average	Tonbo imaging
Revenue	477	925	27,610	9,670	363
CAGR (FY24-26)	37%	33%	17%	29%	-8%
EBITDA Margin	25.3%	40.4%	29.2%	32%	28.8%
Asset Turns (x)	0.6	0.5	1.2	1	0.5
Cash conversion cycle	434	499	342	425	596
ROCE	13.8%	20.2%	31.2%	22%	11.0%
ROE	12.1%	15.6%	25.3%	18%	9.2%
Debt/Equity	0.0	0.0	0.0	0	0.2
EV/EBITDA	85.6	61.7	33.5	60	39.1
P/E	118.2	85.5	45.8	83	78.8

Financials

P&L (Rs. Cr)	FY24	FY25	FY26	Q1FY27
Net Revenue	**428.2**	**469.1**	**362.6**	**36.0**
% Growth		*10%*	*-23%*	
COGS	219.9	204.6	177.5	22.4
% of Revenues	*51%*	*44%*	*49%*	*62%*
Employee benefits expenses	13.1	44.4	49.6	15.6
% of Revenues	*3%*	*9%*	*14%*	*43%*
Other expenses	82.9	81.0	30.9	11.0
% of Revenues	*19%*	*17%*	*9%*	*31%*
EBITDA	**112.3**	**139.1**	**104.6**	**(13.0)**
EBITDA Margin	*26%*	*30%*	*29%*	*-36%*
Depreciation	13.4	26.6	31.3	8.4
Other income	3.7	5.3	7.3	1.3
Finance costs	7.7	17.7	10.6	3.6
Exceptional items	0.4	0.8	**0.0**	0.0
PBT	**94.6**	**99.3**	**70.0**	**(23.7)**
PBT Margin	*22%*	*21%*	*19%*	*-66%*
Share of profit / (Loss) of JV	*0.0*	*0.0*	*0.0*	*0.0*
Tax expense	26.0	26.5	19.1	(6.0)
Tax rate	*0.3*	*0.3*	*0.3*	*0.3*
Adj PAT	**68.5**	**72.8**	**50.9**	**(17.7)**
PAT Margin	*16%*	*16%*	*14%*	*-49%*
EPS (Post Issue)	**12.0**	**12.7**	**8.9**	**(3.1)**

Ratios & Others	FY24	FY25	FY26	Q1FY27
Debt / Equity	0.4	0.2	0.2	0.2
EBITDA Margin (%)	26%	30%	29%	-36%
PAT Margin (%)	16%	16%	14%	-49%
Adj ROE (%)	30%	15%	9%	-3%
Adj ROCE (%)	30%	20%	11%	-3%

Turnover Ratios	FY24	FY25	FY26	Q1FY27
Debtors Days	79.8	163.6	213.0	981.8
Inventory Days	185.4	198.3	451.3	5,201.3
Creditor Days	33.8	37.7	68.8	753.6
Asset Turnover (x)	1.3	0.8	0.5	0.1
Working capital days	231	324	596	5,429

Valuation Ratios	FY24	FY25	FY26	Q1FY27
Price/Earnings (x)	58.5	55.1	78.8	-
EV/ EBITDA (x)	36.4	29.4	39.1	-
EV/Sales (x)	9.5	8.7	11.3	113.5
Price/BV (x)	17.4	8.2	7.2	7.4

Balance Sheet (Rs. Cr)	FY24	FY25	FY26	Q1FY27
Share Capital	0.3	0.7	11.5	11.5
Instruments equity in nature	60.8	0.0	0.0	0.0
Other Equity/non controlling interest	169.0	489.4	541.7	527.1
Networth	**230.1**	**490.1**	**553.2**	**538.5**
Total Loans	**96.4**	**78.1**	**116.1**	**129.7**
Other non-curr liab.	41.9	50.7	35.6	27.7
Trade payable	20.3	21.1	33.4	46.3
Other Current Liab	185.3	86.2	44.2	40.6
Other current liabilities	168.9	72.2	25.6	30.1
Provisions	16.5	14.1	18.7	10.5
Total Equity & Liab.	**574.0**	**726.4**	**782.5**	**782.9**
Property, Plant and Equipment	4.8	24.5	24.8	24.4
Capital work in progress	0.0	0.7	12.4	7.9
Other intangible assets	183.9	165.2	162.7	167.0
Right of Use Assets	8.6	9.1	7.6	7.1
Non Current Financial assets	14.2	79.3	60.6	67.2
Other non Curr. assets	0.1	1.8	2.9	3.4
Inventories	111.7	111.1	219.5	319.6
cash and cash equivalents	85.7	101.0	16.2	7.1
Bank bal	30.0	1.0	22.5	21.6
Trade receivables(debtor)	93.6	210.3	211.7	96.9
Other financial assets	0.6	0.6	7.9	9.0
Other Current assets	40.9	21.4	33.1	51.1
Total Assets	**574.7**	**726.4**	**782.5**	**782.9**

Cash Flow (Rs. Cr)	FY24	FY25	FY26	Q1FY27
Profit Before Tax	94.6	99.3	70.0	(23.7)
Provisions & Others (net non-cash adju	14.8	45.3	40.9	12.7
Op. profit before WC	**109.4**	**144.5**	**110.8**	**(11.1)**
Change in WC	(25.6)	(247.4)	(158.8)	1.4
Less: Tax	(5.4)	(33.2)	(15.2)	(5.0)
CF from operations	**78.3**	**(136.1)**	**-63.22**	**(14.7)**
Purchase of assets (PPE/CWIP)	(2.7)	(21.6)	(4.8)	(0.9)
Sale of property, plant & equipment	(184.6)	(5.1)	(34.2)	(6.4)
Sale of investment property / assets hel	0.0	0.0	0.0	0.0
Net investment/(redemption) of margin	(6.2)	(2.1)	(0.4)	0.0
Interest & dividend received	3.3	4.1	7.1	1.3
Other investing cash flows	0.0	0.0	0.0	0.0
CF from Investing	**(190.2)**	**(24.7)**	**(32.3)**	**(6.0)**
Payment of dividend on class B shares	5.6	0.8	(1.2)	(0.4)
Proceeds/(Repayment) Borrowings	187.6	(18.2)	37.9	13.7
Buyback of Equity shares	0.0	177.0	(0.2)	0.0
Interest paid	(5.4)	(12.6)	(4.4)	(2.4)
CF from Financing	**187.8**	**147.1**	**32.2**	**10.8**
Net Change in cash	**76.0**	**(13.8)**	**(63.3)**	**(9.9)**
Cash & Bank at beginning	39.7	115.7	101.9	38.6
Effect of Exchange fluctuation	0.0	0.0	(0.0)	0.0
Cash & Bank at end	115.7	101.9	38.6	28.8

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