

October 14, 2026

Leading defence player in niche technologies...

About the Company: Tonbo Imaging India Ltd (TIIL), incorporated in 2003, is primarily into electro-optical and infrared (EO/IR) imaging and sensing systems for defence and security applications. Company's products are divided into tactical systems (57% of FY26 revenue) and platform systems (~40% of FY26 revenue). Key products are weapon scopes, helmet mounted sights, fire control systems, thermal sights, soldier-borne systems, naval surveillance, gimbal-based systems etc

Key triggers/Highlights:

- **Globally recognised & specialised EO/IR product portfolio:** With 28,000+ systems deployed across 24 countries, TIIL is an IP-led recognized OEM providing a diverse suite of field-proven electro-optic products, free from export restrictions under International Traffic in Arms Regulations (ITAR). Products are mainly positioned for military surveillance, target acquisition & situational awareness applications. TIIL is largest manufacturer of thermal imaging systems in India having ~51% market share of this product's export from India in FY24-26
- **Delays in execution of export contracts impacted FY26 revenue:** Company's revenue stood at Rs 363 crore in FY26, declined by ~23% YoY, as execution was delayed in key export contracts. This led to exports share (as % of revenue) declined to 5.6% in FY26 (vs 65.5% in FY25). Tactical systems contributed ~58% to revenue in FY26 (vs ~77% in FY25) while platform systems contributed ~40% to revenue in FY26 (vs ~21% in FY25)
- **Sizable opportunity in defence tactical/platforms systems and focus on continued diversification of product portfolio provide growth visibility:** Order book of ₹314 crore as of Q1FY27 (~74% from domestic market) with sizable opportunity for its existing IP-led products in both domestic & export markets provide long-term growth visibility for the company. Moreover, company is in process of developing High-Powered Microwave (HPM) systems for Directed Energy Systems (DES), which is expected to create substantial opportunity for TIIL in the coming years. Overall, timely execution of existing order backlog, spillover of revenue shortfall seen in FY26 and fresh export wins would help the company in future growth and balancing domestic/exports mix

Our View & Rating:

- TIIL looks well poised to gain from increasing global focus towards electro-magnetic systems & asymmetric warfare, which would help company in getting significant orders in medium to long-term. In the near term, pick-up in execution, sustainable margins and reduction in working capital days (517 days as of FY26) would drive growth. Though valuation at ~80x P/E (on FY26 EPS) and ~11x market-cap/sales may seem fair, we believe that future visibility looks better led by multiple growth factors
- **We assign Subscribe rating on Tonbo Imaging India**

Key risk & concerns

- Supply chain instability, high working capital requirement, dependence on govt contracts, change in technology

Key Financial Summary

Financial Summary (₹ crore)	FY24	FY25	FY26	Q1FY27	2-Year CAGR % (FY24-26)
Net Sales	428	469	363	36	-8.0%
EBITDA	112	139	105	(13)	-3.5%
EBITDA Margins (%)	26.2	29.6	28.8	(36.2)	
Net Profit	69	73	51	(18)	-13.8%
Reported EPS (₹)	13.6	12.7	8.9	(3.2)	
Market Cap. to Sales	9.4	8.5	11.1	-	
RoE (%)	52.7	20.2	9.8	-	
RoCE (%)	67.8	27.4	14.5	-	
Net Debt to Equity	(0.1)	(0.2)	0.0	0.1	

Source: RHP, ICICI Direct Research; *Market cap calculated post-issue based on upper price band of ₹700 **



IPO Details

Issue Details	
Issue Opens	15th October
Issue Closes	19th October
Issue Size	~ ₹ 852 crore
QIB (Institutional) Share	50% of the Offer
Retail Share	35% of the Offer
Non-Institutional Share	15% of the Offer
Issue Type	Offer For Sale
Price Band (₹/share)	₹ 665 - ₹ 700
Market Lot	21 shares
Face value (₹/share)	₹ 2
Listing Market Cap @ Upper price band	₹ 4,010 crore

Shareholding pattern

Particulars	Pre-Issue (%)	Post-Issue (%)
Promoters	18.6	14.6
Public	81.4	85.4
Total	100	100

Objects of the issue

The IPO will enhance visibility and brand and provide liquidity to existing Shareholders.

Research Analyst

Vijay Goel
vijay.goel@icicisecurities.com

Kush Bhandari
kush.bhandari@icicisecurities.com

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ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to companies that are coming out with their initial public offerings and then categorises them as Subscribe, subscribe for the long term, Unrated and Avoid.

Subscribe: Apply for the IPO

Avoid: Do not apply for the IPO

Unrated: No view on applying for the IPO

Subscribe only for long term: Apply for the IPO only from a long-term investment perspective (>two years)

Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: heads-servicequality@icicidirect.com Contact Number: 18601231122

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