

ABOUT THE COMPANY: Tonbo Imaging India Limited is a global defence electronics original equipment manufacturer (“OEM”). Company design, develop and manufacture sensing, processing, communication and guidance systems for surveillance, reconnaissance, targeting, and control. Company have developed a diversified product portfolio including thermal imaging cores, weapon sights, hand-held thermal imaging binoculars, targeting systems, missile seekers, fire control systems, missile guidance systems amongst others to enable autonomy on the battlefield.

KEY BUSINESS INSIGHTS: Tonbo aims to build an end-to-end, low-SWaP-C intelligent hardware-software stack—sensing, understanding, communicating, guiding, and controlling—to replace human presence in combat and reduce collateral damage. Around 80% of revenue comes from Tactical Systems carried by soldiers, with 20% from Platform Systems integrated into tanks, UAVs, ships, and missiles. Its Spartan thermal weapon sight is the world’s smallest, lightest (<280g), longest-engagement thermal sight and won an open NATO trial in Armenia, while Wolfpack provides 360-degree thermal-optical situational awareness for tanks and naval vessels. Tonbo is one of only four global makers of ultra-precise gyro-stabilized airborne gimbals and produces uncooled ATGM missile seekers at roughly one-fourth the cost of conventional cooled seekers. It has been the sole supplier of seeker and launcher imaging electronics for India’s indigenous ATGM program since 2019, adapting the technology for loitering munitions, Carl Gustaf sights, and global OEMs. The company is also developing WaveStrike high-power micro-wave systems with TRex long-range optical trackers (40km+ detection) to counter drone swarms. FY26 revenue declined as European export executions shifted to FY27, though gross margins remained 51% with 95% domestic revenue; exports exceeded 40% of the ~₹1,200 crore FY24–FY26 revenue across 24 countries. The IPO is a 100% OFS, reducing promoter holding from 17.43% to 14.00%, with strong capital adequacy, ~₹550 crore net worth, and adequate working-capital lines. High inventory (~₹210 crore) reflects deliberate stockpiling of critical inputs such as germanium and optical detectors, while R&D is expensed until technologies reach high TRLs with commercial visibility; Tonbo employs ~350 people, 35–40% in R&D, and targets large domestic demand gaps including 300,000 thermal sights, ~68,000 ATGMs, and ~140 directed-energy weapon systems.

OUR VIEW: Tonbo is well positioned in a fast-growing defence-electronics market, with global defence electronics expected to grow at a 14.4% CAGR to \$232.1 billion by CY30 and the EO/IR market nearly doubling to \$14.4 billion. Its moat lies in 100% in-house IP, ITAR-free exportability, strong export revenue (65.52% in FY25), and 94% share of India’s thermal-imaging export volume. Conservative R&D accounting limits intangible risk and supports earnings quality, though revenue declined from ₹428.19 crore in FY24 to ₹362.65 crore in FY26 despite healthy 28.85% margins. The key concern is weak cash flow from high receivables and inventory, while the Q1 FY27 loss is largely seasonal given H2-weighted revenue recognition. At 76x FY26 earnings, valuation is in line with peers; we recommend **Subscribe** for long-term, high-risk investors, monitoring order inflows, working capital, export execution, and margins.



ISSUE DETAILS	
Price Band (in ₹ per share)	665-700
Issue size (in ₹ Crore)	852.00
Fresh Issue (in ₹ Crore)	NA
Offer for Sale (in ₹ Crore)	852.00
Issue Open Date	15-10-2026
Issue Close Date	19-10-2026
Tentative Date of Allotment	21-10-2026
Tentative Date of Listing	23-10-2026
Total Number of Shares	12174046
Face Value (in ₹)	2.00
Exchanges to be Listed on	NSE/BSE

APPLICATION	LOTS	SHARES	AMOUNT (₹)
Retail (Min)	1	21	₹14,700
Retail (Max)	13	273	₹1,91,100
S-HNI (Min)	14	294	₹2,05,800
S-HNI (Max)	68	1428	₹9,99,600
B-HNI (Min)	69	1449	₹10,14,300

BRLMs: JM Financial Limited, IIFL Capital Services Limited
PROMOTERS: Ankit Kumar, Arvind Kondangi Lakshmikumar and Cecilia D’Souza.

OBJECTS OF THE OFFER

The Tonbo Imaging India Ltd. IPO is a 100% Offer for Sale (OFS), so the company will not receive any funding and the entire IPO proceeds will go to the selling shareholders.

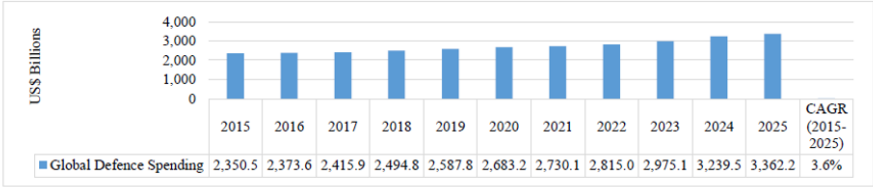
BRIEF FINANCIALS				
PARTICULARS (Rs. Cr) *	Q1FY2027	FY26	FY25	FY24**
Share Capital***	11.46	11.46	0.73	0.3
Net Worth	538.54	553.16	490.14	230.13
Revenue From Operations	36.01	362.65	469.08	428.19
EBITDA	-13.04	104.62	139.06	112.32
EBITDA Margin (%)	-17.74	50.88	72.76	68.54
Profit/(Loss) After Tax	-36.21%	28.85%	29.65%	26.23%
EPS (in Rs.)	-3.2	9.19	13.38	62.61
Net Asset Value (in ₹)	94.01	96.57	85.56	40.18
P/E#	NA	76.17	NA	NA
P/B#	7.45	7.25		

*Restated consolidated financials; #Calculated at upper price band; ***Share capital increased driven by a 19:1 bonus share issue undertaken by the company in June 2025**Standalone



INDUSTRY OVERVIEW

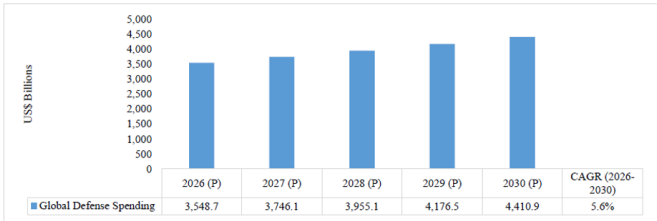
Global military expenditure reached USD 3,362.2 billion in CY2025, reflecting a 3.6% CAGR over the CY2015– 2025 period — the eleventh consecutive year of increase. This extends a ten-year expansionary cycle, with spending rising from USD 2,350.5 billion in CY2015, a 43.0% increase over the decade.



Source: Frost & Sullivan

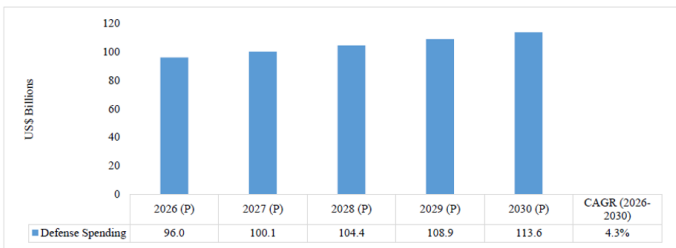
Defence spending increased across all major regions, driven by intensifying geopolitical tensions, heightened threat perceptions, and the modernisation of legacy platforms across land, air, naval, and space domains. Notably, the top five spenders — United States, China, Russia, Germany, and India — accounted for over 60% of total global outlays between CY2015–CY2025, consolidating their position as the principal actors shaping the global defence landscape.

The global defence burden, defined as military expenditure as a percentage of GDP, rose from 2.1% in CY2014 to 2.5% in CY2025, marking a structural shift in fiscal priorities. Forecasted Global Defence Spending (CY2026– CY2030). Looking ahead, global defence spending is projected to rise from USD 3,548.7 billion in CY2026 to USD 4,410.9 billion by CY2030, representing a CAGR of 5.6% over the forecast period. This sustained increase is driven by both cyclical modernisation and structural changes in threat environments and force restructuring initiatives.



Source: Frost & Sullivan

India’s defence spending is projected to increase steadily from USD 96.0 billion in FY2026 to USD 113.6 billion by FY2030, reflecting a compound annual growth rate (CAGR) of 4.3% over the forecast period. For FY2025– 26, the Ministry of Defence has allocated ₹6,81,210.27 crore (≈ USD 78.9 billion) to defence, of which ₹1,92,388 crore (≈USD 22.3 billion) is earmarked as capital outlay. This represents a continuation of India’s gradual but deliberate pivot toward capability-building and modernization.

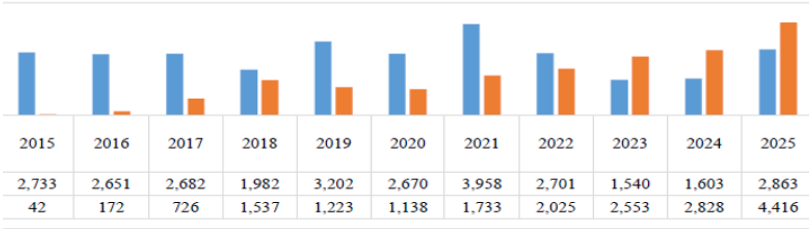


Source: Frost & Sullivan



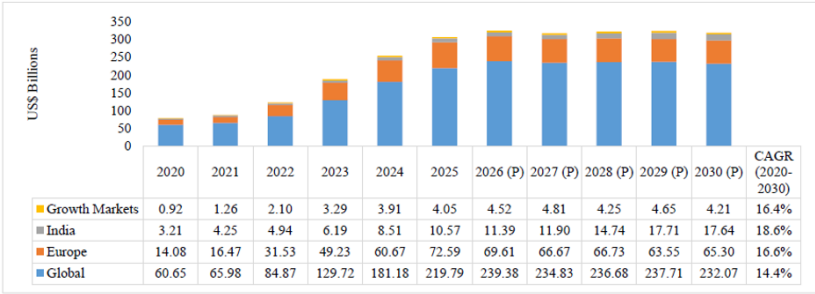
INDUSTRY OVERVIEW

India's defence imports, long among the highest globally, declined from a peak of USD 3,958 million in FY2021 to USD 1,540 million in FY2023, before recovering to USD 2,863 million in FY2025 — a 0.47% CAGR over the decade, reflecting structural volatility rather than sustained decline. India's defence exports have witnessed exceptional growth over the last decade — a 59.3% CAGR — rising from USD 42 million in FY2015 to USD 4,416 million in FY2025, with the private sector now outpacing DPSUs in export value.



Source: SIPRI Arms Transfer

The global defence electronics market expanded from USD 60.7 billion in CY2020 to a projected USD 232.1 billion by CY2030, reflecting a CAGR of 14.4%. Growth is driven by digitization, modernization of legacy platforms, and rising demand for electronic warfare and surveillance.



COMPETITIVE STRENGTHS OF THE COMPANY

Leading defence technology solutions provider with pioneering proprietary technologies:

Their Company is one of the few companies in India with no dependence on external technology partners as it owns 100% of its intellectual property since Fiscal 2024, pursuant to assignment agreements dated March 11, 2024 through which their Company purchased intellectual property from CEAQ Singapore. The proprietary technology ranges from optics to embedded software and electronics including critical sub-systems for sighting systems, including proprietary video engines, AI-accelerated image processing, and sub-5 μ m multi-axis gimbal stabilization, as per the F&S Report.

They reduce risk to personnel by handling dangerous tasks like mine clearance, reconnaissance, and contested airspace surveillance, extend operational reach, and process data at machine speed for accurate targeting and reduced collateral damage. Capable of rapid, adaptive responses in electronic, cyber, and kinetic domains, they

enable swarming tactics for resilience and mission continuity. Rather than replacing humans, autonomy shifts their role from operators to strategic decision-makers, allowing machines to manage routine, hazardous, or time critical tasks. Towards this end of enabling autonomy on the battlefield, company have developed a diversified product portfolio including thermal cameras, thermal binoculars, targeting systems, seekers, fire control systems, missile guidance systems amongst others. Their products span the electromagnetic spectrum; some are based on heat signatures of objects emitting infrared radiation, some use visible light while others use proprietary image processing to fuse images from multiple sources.

Driving innovation in defence electronics through in-house R&D with an asset light business model

Company operate an asset-light business model with a focus on product design and development. Their Company is integrated horizontally: core design and IP are developed in-house, while manufacturing is outsourced to EMS. Their contract manufacturing model allows them to focus on their R&D capabilities. Their 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. Some of their key projects include developing airborne systems with high performance EO/IR gimbal for an Indian defence R&D organisation, a multi-spectral infrared seeker and command launcher unit with advanced computer vision capabilities for a defence manufacturing company and a cost-effective, FSO communication system suitable for terrestrial and naval applications, addressing the limitations of current FSO technologies in challenging environments for Indian armed forces.

The table below sets forth the R&D expense incurred and R&D expense as a percentage of the total expenses in the three months ended June 30, 2026 and Fiscals 2026, 2025 and 2024, respectively:

Particulars	Three months ended June 30, 2026	Fiscal 2026	Fiscal 2025	Fiscal 2024
R&D cost (₹ million)	85.19	258.56	90.95	42.41
R&D cost as a percentage of total expenses (%)	13.95	8.62	2.43	1.26
No. of employees in the R&D team	130	133	70	41
No. of employees in the R&D team as a percentage of total number of employees (%)	38.35	39.23	27.13	24.55

Among the few defence electronics OEMs with a wide acceptability across the globe

Their Company is a global defence electronics OEM with a clientele spanning both domestic and international markets. Their products have been sold globally to customers in EU, US and Israel, enabling adoption in India through the global first approach, underscoring their acceptance in some of the world's most advanced defence markets as per the F&S Report. As of June 30, 2026, company have deployed over 28,000 tactical systems and served customers across 24 countries. As per the F&S Report, over the period of April 2024 to March 2026, their Company is the largest manufacturer, in terms of sales value, of thermal imaging systems to government and defence agencies in India. In addition, their Company's market share of thermal imaging exports from India was 94 % in terms of units, positioning it as the largest exporter of thermal imaging systems by units from India between FY 24 and FY 26. Below are the details of their revenue from operations across various geographic regions and as a percentage of their revenue from operations for the three months ended June 30, 2026 and Fiscals 2026, 2025 and 2024, respectively:

COMPETITIVE STRENGTHS OF THE COMPANY

Geography	Three months ended June 30, 2026		Fiscal 2026		Fiscal 2025		Fiscal 2024	
	Amount (₹ million)	Percentage of revenue from operations (%)	Amount (₹ million)	Percentage of revenue from operations (%)	Amount (₹ million)	Percentage of revenue from operations (%)	Amount (₹ million)	Percentage of revenue from operations (%)
India	354.71	98.51	3,374.65	93.06	1,570.44	33.49	1,748.62	40.84
Europe	Nil	NA	4.71	0.13	3,065.18	65.34	1,888.81	44.11
Asia	–	0.92	32.93	0.91	7.69	0.16	13.88	0.32
Pacific								
United States of America	Nil	NA	3.17	0.09	0.51	0.01	–	0.00
Rest of the world (Middle East/Africa)	Nil	NA	161.32	4.44	–	0.00	178.77	4.18
Total sale of products and solutions	355.63	98.76	3,576.78	98.63	4,643.82	99.00	3,830.08	89.45
Revenue from operations*	360.08	100.00	3,626.48	100.00	4,690.80	100.00	4,281.89	100.00

Diversified defence product portfolio with deployability across all domains

As per the F&S Report, they are a global defence electronics OEM, with a track record of design and delivery of field tested defence systems, designing and developing products primarily catering to military and armed forces across the globe. The products deployed by them are used across both developed and emerging markets for defence technology. As per the F&S Report, developed markets like the US and Israel set the benchmark for technological superiority and emerging markets like India, South East Asia and Africa are price sensitive.

Domain Diversification: Battlefield Coverage

Their product lines have been designed to address the needs across special operations, infantry, land, air and naval systems covering the full spectrum of battlefield coverage:

Tactical Systems - Their tactical optronics portfolio comprises a family of electro-optical sights engineered to provide dismounted soldiers with observation, target acquisition, and engagement capabilities in all light and weather conditions. These lightweight handheld, weapon-mounted, and helmet-mounted systems are built with a strong focus on modularity and optimized Size, Weight, and Power ("SWaP"), enabling soldiers to operate for longer durations with minimal load burden. Designed as deployable enduser products requiring no complex integration, their tactical sights deliver high-contrast thermal and day imaging, augmented situational awareness, and precise targeting support for infantry, special forces, and small tactical units. Their applications span reconnaissance, patrol, and close-quarters engagement to long-range surveillance and anti-ambush operations, giving frontline soldiers a decisive sensing and targeting advantage across diverse mission environments.

Platform Systems – Their platform-grade optronics encompass a broad suite of stabilized multi-sensor gimbals and electro-optical/infrared (EO/IR) payloads designed for integration with ground vehicles, airborne platforms, naval assets, and weapon-station turrets. The aerial line includes miniature gimbals for small UAVs and light aircraft, as well as larger inertially-stabilized, 4-axis EO/IR gimbals capable of delivering high-resolution, multi-spectral imaging, real-time video processing, auto target-tracking and geo-referencing for surveillance, reconnaissance, and targeting from low-altitude tactical aircraft, helicopters, UAVs or aerostats. On the land-vehicle and remote-weapon-station side, their platform optronics enable enriched situational awareness, target detection and engagement from armoured vehicles or stationary posts — giving crews the ability to detect, identify, track, and designate threats day or night, even in degraded visibility or complex terrain. By offering a versatile, modular, multisensory architecture with robust stabilization, high-definition imaging, laser ranging/designating, and sensor-fusion capabilities, their platform optronics are suited for modern combined-arms operations — from over-the-horizon surveillance and ISR to real-time targeting for remote-weapon stations, armoured vehicles, C-UAS defense, border security, and maritime patrol. These Platform subsystems are generally sold to systems integrators who integrate them into land, air, naval, missile systems or sold to manufacturers of these systems. Their end effector platforms are designed for neutralization of aerial and ground threats. These comprise of advanced RF-based directed-energy systems and high-speed, jetpowered loitering-munition platforms equipped with state-of-the-art infrared seekers.

Directed Energy Systems –These systems are designed to detect, track, and neutralize a wide spectrum of aerial and ground threats with precision, leveraging their proprietary sensing, targeting, and guidance technologies. The RF directed-energy solutions provide rapid-response suppression of hostile drones and electronic threats, while the jet-powered systems deliver long-range, high-maneuvrability engagement capabilities against hardened ground targets and fast-moving airborne adversaries. Together, these capabilities enable armed forces to enhance situational awareness, extend defensive perimeters, and execute decisive, precision-guided effects in contested environments.

RISK FACTORS

Their business is cyclical in nature on account of it being geopolitically driven and subject to government budget cycles.

As per the F&S Report, in recent years, geopolitical instability, including border conflicts, rising regional tensions, and emerging non-state threats, has led to accelerated procurement through emergency purchase mechanisms and fast-track acquisitions. These mechanisms are designed to address immediate operational needs, leading to sudden spikes in demand for defence electronics. While this has created short-term demand surges, such procurement

cycles are episodic and may not be sustained if geopolitical tensions subside or governments revert to conventional, multi-year acquisition programs. The episodic nature of emergency procurement leads to fluctuations in order volumes and revenue, making it difficult for companies to forecast and plan long-term

investments or resource allocation. Consequently, revenue visibility can be inconsistent, and conversion of opportunities from the broader Total Addressable Market ("TAM") and Serviceable Addressable Market ("SAM") often remains a prolonged, resource-intensive process in the absence of conflict-driven urgency.

Their revenue from operation in the three months ended June 30, 2026 is also low primarily due to the seasonality of their business and slow execution. Further, they have incurred a loss of ₹(177.37) million in the three months ended June 30, 2026 that is primarily attributed to lower revenue recognition in addition to expenses like employee benefits expenses and depreciation which are relatively uniformly distributed over the full Fiscal.

The table below sets out details of number of bids submitted, bids won, bids lost and bid to win ratio in the three months ended June 30, 2026 and Fiscals 2026, 2025 and 2024, respectively:

Particulars	Three months ended June 30, 2026	Fiscal 2026	Fiscal 2025	Fiscal 2024	Total
Number of bids submitted#	14	131	64	66	275
Bids Won*	2	45	23	27	97
Bids Lost	5	49	24	33	111
Bid to win ratio	14.29%	34.35%	35.94%	40.91%	35.27%

*Comprises bids for which purchase orders were awarded to our Company during the relevant year end and includes bids where (i) our Company was the lowest bidder as at the relevant year end and the corresponding purchase orders for such bids were placed with our Company subsequent to such year end; and (ii) our Company had submitted bids as at the relevant year end, thereafter it was declared the lowest bidder and the corresponding purchase orders for such bids were placed with our Company subsequent to such year end.

#No. of bids submitted also include active bids which are still not assigned.

While they are not dependent on a single customer and they typically have short term, non recurring contracts with a majority of their customers which are based on tenders

Their customers include global militaries, system integrators who supply to global militaries and procurements by NATO countries, law enforcement and homeland security agencies and other global defence OEMs and their customer base as on June 30, 2026, comprises of multi-national and Indian customers in over 24 countries which includes customers in Israel, Armenia, Spain, the Philippines and the United States of America.

The growth of their business and ability to gain customers depends on their ability to win tenders in a competitive bidding process. They do not have annuity revenues since these contracts are typically short term and non-recurring in nature. Their pricing terms, payment cycles and permitted adjustments are generally set out in advance and they may not be able to renegotiate/reset prices set out, in the event of significant unanticipated changes in their material procurement expenses.

The table set forth below provides the revenue contribution and revenue contribution as a percentage of their revenue from operations of their largest customer, their top 5 customers, their top 10 customers and their top 20 customers, for the three months ended June 30, 2026 and Fiscals 2026, 2025 and 2024, respectively:

Particulars*	Three months ended June 30, 2026		Fiscal 2026		Fiscal 2025		Fiscal 2024	
	Amount (₹ million)	As a percentage of revenue from operations (%)	Amount (₹ million)	As a percentage of revenue from operations (%)	Amount (₹ million)	As a percentage of revenue from operations (%)	Amount (₹ million)	As a percentage of revenue from operations (%)
Largest customer#	197.12	54.74	499.80	13.78	2,676.93	57.07	1,888.81	44.11
Top 5 customers	331.47	92.06	1,923.17	53.03	4,051.01	86.36	3,090.90	72.19
Top 10 customers	353.48	98.17	2,822.25	77.83	4,479.25	95.49	3,618.10	84.50
Top 20 customers	NA ⁵	NA ⁵	3,483.20	96.05	4,628.17	98.66	3,827.80	89.39

* Due to confidentiality requirements applicable to defence and government procurement contracts, the names of the customers have not been disclosed.

#The same customer was the largest customer in both Fiscal 2025 and Fiscal 2024 but not in Fiscal 2026.

⁵Our Company had less than 20 customers in the three months ended June 30, 2026.

RISK FACTORS

Their top ten suppliers contributed to a significant portion of their total expenses; 164.00%, 68.77 %, 35.46%, and 67.49% of their total expenses in the three months ended June 30, 2026 and the Fiscals 2026, 2025 and 2024, respectively.

They have not entered into long-term contracts with their raw material suppliers and all their procurements and supplies are by way of purchase orders which govern the commercial terms, including but not limited to the minimum product standards, quantity, price etc. While they have not faced any such instances of termination of contracts by their key suppliers, which materially and adversely affected their results of operations for the three months ended June 30, 2026 and the Fiscals 2026, 2025 and 2024, they cannot assure you that they will be able to maintain historic levels of business and/or negotiate and enter into contracts on terms that are commercially viable with their key suppliers in the future. Their inability to renegotiate their contractual arrangements with them will be adversely affected and may lead to a decline in their revenue from operations.

The following table sets forth expense towards our largest suppliers as a percentage of total expense for the periods indicated:

Suppliers	For the three months ended June 30, 2026		2026		For the Fiscals 2025		2024	
	(₹ in million)	(% of total expense)*	(₹ in million)	(% of total expense)	(₹ in million)	(% of total expense)	(₹ in million)	(% of total expense)
Three largest suppliers	835.57	136.82	1,671.50	55.72	897.60	23.98	1,532.05	45.47
Five largest suppliers	898.17	147.07	1,851.47	61.72	1,058.19	28.27	1,922.50	57.06
Ten largest suppliers*	1,001.59	164.00	2,062.72	68.77	1,327.42	35.46	2,273.93	67.49

*Our ten largest suppliers include Tecadapt Business Solutions Private Limited, CEAQ Singapore, Lynred, Prakash Engineering Works, Kaynes Technology India Limited, Syratron Technologies Pte. Ltd, Syratron Technologies Private Limited, Jai Ganesha Precision Engineering, Ryan Technology, SCD, RP Optical Lab Ltd., Avalon Technology and Services Private Limited, Toolfit, Marvel CNC Technologies and Bisen Aerospace Pvt. Ltd. These suppliers may not be our ten largest suppliers in each of the above Fiscals/periods and the disclosure of names has only been made for such suppliers who have consented to being named as ten largest suppliers. Remaining names from our ten largest suppliers are not mentioned in this Red Herring Prospectus due to non-receipt of consents for naming them as our supplier.

The purchases of raw materials from our largest suppliers during the three months ended on June 30, 2026 were made not only for order execution during the said period but also for anticipated requirements for remaining period of Fiscal 2027, resulting in purchases exceeding the cost of goods sold for the three months ended on June 30, 2026 and the excess raw materials being carried as inventory. Accordingly, the total inventory of raw materials increased from ₹2,194.85 million as at March 31, 2026 to ₹3,196.33 million as at June 30, 2026. Delays in the execution of certain international orders arising from the West Asia conflict as well as the deferment of certain anticipated orders from Fiscal 2026 to Fiscal 2027, as disclosed on page 22 also contributed to this increased inventory. Thus, the combination of purchases for future requirements, and the resulting increase in inventory resulted in the percentage exceeding 100%.

They are dependent on limited global suppliers for critical components and other raw materials.

Their advanced electro-optics systems rely on a narrow supplier base for critical components such as uncooled and cooled infrared focal plane arrays, OLED micro displays, high-performance optics, and specialized coatings. Globally, these components are manufactured by a limited number of suppliers, often concentrated in specific geographies such as Europe, South East Asia and China with export controls or subject to geopolitical risks. The table below sets out the cost incurred in purchase of the critical components from domestic and international suppliers as a percentage of their total cost of goods sold and revenue from operations for the three months ended June 30, 2026 and Fiscals 2026, 2025 and 2024, respectively.

Particulars	Three months ended June 30, 2026			Fiscal 2026			Fiscal 2025			Fiscal 2024		
	Amount (₹ million)	As a percentage of total cost of goods sold (%)	As a percentage of revenue from operations (%)	Amount (₹ million)	As a percentage of total cost of goods sold (%)	As a percentage of revenue from operations (%)	Amount (₹ million)	As a percentage of total cost of goods sold (%)	As a percentage of revenue from operations (%)	Amount (₹ million)	As a percentage of total cost of goods sold (%)	As a percentage of revenue from operations (%)
Cost of critical components procured from domestic suppliers	84.21	37.54	23.39	211.83	11.93	5.84	401.26	19.61	8.55	882.23	40.11	20.60
Cost of critical components procured from international suppliers	560.40	249.85*	155.63*	970.54	54.67	26.76	1,073.36	52.46	22.88	906.74	41.23	21.18

* The critical component procurement in the three months period ended June 30, 2026, was undertaken in advance to meet order execution requirements including for remaining period of Fiscal 2027, with the excess inventory carried forward on the balance sheet. Delays in the execution of certain international orders arising from the West Asia conflict as well as the deferment of certain anticipated orders from Fiscal 2026 to Fiscal 2027 also contributed to lower Revenue from operations and cost of goods sold in the three months period ended June 30, 2026 as disclosed on page 413 of RHP, resulting in higher percentage of critical component purchase as a ratio of total cost of goods sold and revenue from operations for the three months ended June 30, 2026.

RISK FACTORS

As a global defence electronics OEM, their business is dependent on exports and the performance of geographies where they supply their products. In Fiscal 2025 and 2024, 65.52% and 48.61% of their revenue from operations was from exports and in particular from exports to Europe.

They have supplied their products to customers across 24 countries as of June 30, 2026. Further they have had 12, 44, 30 and 25 customers in the three months ended June 30, 2026 and Fiscals 2026, 2025 and 2024, respectively.

The following table sets out their revenue from operations by geographical spread for the three months ended June 30, 2026 and Fiscals 2026, 2025 and 2024, respectively:

Geography	Three months ended June 30, 2026		Fiscal 2026		Fiscal 2025		Fiscal 2024	
	Amount (₹ million)	Percentage of revenue from operations (%)	Amount (₹ million)	Percentage of revenue from operations (%)	Amount (₹ million)	Percentage of revenue from operations (%)	Amount (₹ million)	Percentage of revenue from operations (%)
India	354.71	98.51	3,374.65	93.06	1,570.44	33.49	1,748.62	40.84
Europe	Nil	NA	4.71	0.13	3,065.18	65.34	1,888.81	44.11
Asia Pacific	-	0.92	32.93	0.91	7.69	0.16	13.88	0.32
United States of America	Nil	NA	3.17	0.09	0.51	0.01	-	NA
Rest of the world (Middle East/Africa)	Nil	NA	161.32	4.44	-	NA	178.77	4.18
Total sale of products and solutions	355.63	98.76	3,576.78	98.63	4,643.82	99.00	3,830.08	89.45
Revenue from operations*	360.08	100.00	3,626.48	100.00	4,690.80	100.00	4,281.89	100.00

* Our Revenue from operations is a sum of total sale of products and solutions and other operating revenue

Further, since they do not have established offices and dedicated sales presence overseas, they may from time to time engage third parties to represent them and enable their participation in tenders issued in overseas jurisdictions. Since such engagements are typically on an ad-hoc and non-exclusive basis, there is no assurance that such representatives will enable their effective participation in and/or their securing of award of such tenders. If they are unsuccessful in securing such tenders, their exports, and thereby their business, financial condition and results of operations may be adversely impacted. While they have not experienced any of the above stated instances, they cannot assure you that any such instance will not occur in the future.

PEER COMPARISON

Name of the company	Revenue from Operations (in Cr)	Face Value (Rs per share)	EPS (in Rs)	NAV (Per share Rs)	RoNW (%)	P/E*	P/B*
Tonbo Imaging India Limited	362.65	2	9.19	96.57	9.75%	76.17	7.25
Paras Defence and Space Technologies Ltd	476.57	5	10.93	90.02	NA	117.75	14.30
Data Patterns (India) Limited	924.77	2	48.47	310.08	17.00%	85.41	13.35
Astra Microwave Products Limited	1,162.80	2	20.32	138.46	NA	82.40	12.09
Zen Technologies Limited	687.69	1	21.52	209.22	NA	76.80	7.90
Bharat Electronics Limited	27,610.11	1	8.29	32.82	NA	45.83	11.58

** P/NAV and P/EPS ratio based on closing market price as of 13th October, 2026, at the upper price and of IPO, financial details consolidated audited results as of FY26.*



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