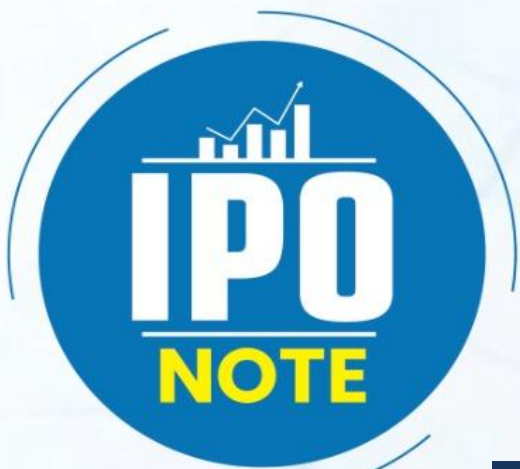




“Subscribe ,”

Tonbo Imaging India Limited is a global defence electronics OEM specialising in the design and manufacture of advanced electro-optic, infrared (EO/IR) and embedded vision systems for surveillance, targeting and missile guidance applications. The Company is India’s largest manufacturer of thermal imaging systems supplied to government and defence agencies and accounted for 94% of India’s thermal imaging exports by units during FY24–FY26. With over 28,000 systems deployed across 24 countries, it has established a strong global presence. Its ITAR-free product portfolio and 100% ownership of intellectual property since FY24 provide technological independence and greater export flexibility. The Company is well-positioned to benefit from rising defence modernisation, indigenous manufacturing and growing global demand for advanced battlefield technologies.



TONBO IMAGING INDIA LIMITED

Mahesh M. Ojha || Vice President Research & Business Development ||

Kantilal Chhaganlal Securities Pvt Ltd

SEBI Reg. Nos.: INZ000216538 (Stock Broker), INH00001428 (Research Analyst)



601/602 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri East, Mumbai



research@kcsecurities.com



www.kcsecurities.com

TONBO IMAGING INDIA LIMITED

IPO Details

Issue Opens	Thursday, Oct 15, 2026
Issue Close	Monday, Oct 19, 2026
Total Size	₹ 852Cr
Price Band	₹ 665-700
Face Value	₹ 2/- Per Eq. Shares

Recommendation:**“Subscribe,,**

Company Background

TONBO IMAGING INDIA LIMITED is a global defence electronics original equipment manufacturer (“OEM”). They design, develop and manufacture sensing, processing, communication and guidance systems for surveillance, reconnaissance, targeting, and control. They 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.

Their expertise spans design capabilities across electro optics and infrared systems (“EO/IR”) and embedded vision systems serving both – Indian and global companies. As per the F&S Report, over the period of April 2024 to March 2026, Company is the largest manufacturer, in terms of sales value, of thermal imaging systems to government and defence agencies in India. In addition, 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 from India by units shipped between FY24 and FY26.

With **over 28,000 systems deployed across 24 countries, as of June 30, 2026**, Company is a recognized OEM providing a diverse suite of field-proven electro-optic products free from export restrictions under International Traffic in Arms Regulations (“ITAR”). ITAR is a U.S. export control framework governing the sale, transfer, and sharing of defence related technology, data, and services. Their EO/IR portfolio is free from ITAR, enabling it to serve non-aligned and export sensitive markets more flexibly, as they design and develop their products within India, making them one of the few global OEMs capable of supplying cutting-edge technologies without geopolitical export limitations.

As per the F&S Report, Company is one of the few companies in India with no dependence on external technology partners as they own 100% of their intellectual property since Fiscal 2024, pursuant to assignment agreements dated March 11, 2024 through which their Company purchased intellectual property from CEAQ Singapore.

Investment Rationale & Recommendation

Tonbo Imaging is well positioned to benefit from rising global defence spending and increasing demand for advanced thermal imaging, EO/IR systems and defence-electronics solutions. Its strong export leadership, proprietary technology, ITAR-free product portfolio and established presence across 24 countries provide a competitive advantage in a promising growth sector. Although revenue declined from ₹428.19 crore in FY24 to ₹362.65 crore in FY26, a recovery in order execution, sustainable margins and improved working-capital management could support future growth.

At Upper Price Band 78.83x PE FY26 diluted EPS and 11x market-cap-to-sales, valuation is broadly in line with peers. Considering the strong product demand, favourable sector outlook and long-term growth potential,

Hence, we recommend Investor to Subscribe issue with Long Term Horizon while investors should monitor execution, cash flows and the company’s ability to sustain growth at the current valuation.

Mahesh M. Ojha ||Vice President – Research & Business Development ||Email – mahesh.ojha@kcsecurities.com 022-6723 6126

Kantilal Chhaganlal Securities Pvt Ltd

SEBI Reg. Nos.:INZ000216538(StockBroker), INH00001428(Research Analyst)



601/602 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri East, Mumbai



research@kcsecurities.com



02267236000



www.kcsecurities.com

Anchor Bid on : Wednesday, Oct 14, 2026
Issue Opens on : Thursday, Oct 15, 2026
Issue closes on : Monday, Oct 19, 2026

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	21-10-2026
Refunds/Unblocking ASBA Fund	22-10-2026
Credit of equity shares to DP A/c	22-10-2026
Trading commences	23-10-2026

Issue - Break up

Category	No of Shares @ Upper Price Band	Amt. in Rs. Crs. @ Upper Band
QIB* (including anchor): 50%	6080022	425.60
NIB: 15%	1824007	127.68
NIB: Bid above Rs.10/- lac	1216005	85.12
NIB: Bid between Rs.2/- lac to Rs.10/- lac	608002	42.56
Retail: 35 %	4256017	297.92
Employee Reservation:	14,000	0.89
Total: (100%)	1,21,74,046	852.09

NIB -2 = NII Bid Above ₹ 10 Lakhs || NIB – 1 + NII Bid Between ₹ 2 to 10 Lakhs

Issue highlights

IPO Funds Utilization : 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.processes across multiple industries.

Offer Details

Offer For Sale By	Category of Seller	No. of Shares	Amount (In Crs.)
Arvind Kondangi Lakshmikumar	Promoter	11,50,000	80.5
Ankit Kumar	Promoter	5,80,000	40.6
Cecilia D'Souza	Promoter	2,30,000	16.1
Vinimaya Advisory LLP	Promoter	3,39,700	23.78
CEAQ Technologies Private Limited	Corporate	49,98,100	349.87
CEAQ Technologies Pte. Ltd.	Corporate	41,55,096	290.86
Timothy Guy Mitchell	Other	2,08,700	14.61
Artiman Partners LLC	Corporate	1,97,350	13.81
Amit Dilip Shah	Other	84,600	5.92
Ramesh Radhakrishnan	Other	80,000	5.6
Artiman Ventures Select 2014 L.P	Corporate	69,400	4.86
Artiman Ventures Select 2014 Principals Fund L.P	Corporate	1,100	0.08
Tiruvaidaimarudhur Srivatsan Sivashankar & Meera Sivashankar	Other	80,000	5.6
Total		1,21,74,046	852.18

Issue Details

DETAILED NOTE

Issue Size - ₹ 852 Cr

Face Value - ₹ 2/-

Price Band - ₹665-700

Bid Lot - 21 and in multiples

Shareholding (No. of Shares)

Pre-issue	Post-issue*
5,72,82,100	5,72,82,100

*@Lower price Band ^@ Upper Price Band

BRLM's -JM Financial Ltd.IIFL Capital Services Ltd.

Registrar – Kfin Technologies Ltd.

Category	Retail Category	Small HNI 2 -10 Lakhs	Big HNI > ₹ 10 Lakhs
Min. Bid	21	294	1449
Lot	Shares	Shares	Shares
Min. Bid	₹14,700^	₹ 2,05,800^	₹10,14,300^

Shareholding Pattern (%)

Category	Pre IPO	Post IPO
Promoter and Promoter Group	18.58%	15.72%
Public	81.42%	84.28%
Total	100%	100%

Directors & Senior Management

Sonal Shrivastava is the Chairperson and Independent Director of the Company. She has been associated with the Company since September 29, 2025. She holds a bachelor's degree in science (chemical engineering) from Vinoba, Bhawe University, Hazaribag and a master's degree in management studies from Jamnalal Bajaj Institute of Management Studies, University of Mumbai. She has over 26 years of experience in the finance and management sectors. She was previously associated with Waaree Energy Limited and Indosolar Limited as their chief financial officer. Earlier experiences include regional chief financial officer – Asia Pacific at Ambuja Cement Limited, chief financial officer at Lafarge Aggregates & Concrete India Private Limited, country chief financial officer and Head – IT at Lafarge India Limited, where she also previously served as senior manager – business development. Additionally, she also served at Suzlon Energy Limited as their deputy general manager of corporate finance, Duet Capital as their chief financial officer, Holcim Services (South Asia) Limited as the chief financial officer for Asia, Middle East & Africa and the Asia Pacific regions, and Vedanta Limited as the their president and group chief financial officer.

Arvind Kondangi Lakshmikumar is the Managing Director and Chief Executive Officer of the Company. He has been associated with the Company since April 11, 2005. He is responsible for providing overall strategic direction to the Company ensuring that the Company's technology development aligns with their long-term business goals. He holds a master's degree in engineering (software systems) from The Birla Institute of Technology and Science, Pilani. He has also won the 'SME Entrepreneur of the Year' by CNBC on July 25, 2025. He has over 21 years of experience in raising capital, running their product engineering teams globally and managing government and enterprise sales at the Company.

Ankit Kumar is the Executive Director and Chief Business and Revenue Officer of the Company. He has been associated with the Company since June 13, 2005. Ankit leads their global revenue growth by executing the Company's business strategy, driving international sales including in NATO countries, and expanding market presence across the defence sector. He is responsible for cultivating strategic customer and government relationships, identifying opportunities to align the Company's offerings with evolving operational needs in global defence markets. He holds a bachelor's degree of technology (honours) in computer science and engineering from the International Institute of Information Technology, Hyderabad. He has over 21 years of experience in running their research and development programs in defence, surveillance and automotive safety globally and is a domain expert in optics, computer vision and machine learning.

Cecilia D'Souza is the Executive Director and Chief Commercial Officer of the Company. She has been associated with the Company since June 15, 2005. She is responsible for developing long-term strategic commercial plans, managing commercial teams and budgets and identifying commercial opportunities for the long-term growth of the Company. She has passed the final examination for bachelor's degree in science from Bangalore University and is a qualified chartered accountant and member of the Institute of Chartered Accountants of India. She has over 21 years of experience in finance, accounting and management of their multi-location international business and has a strong background in international accounting, mergers and acquisitions, procurement and operational logistics.

Amit Dilip Shah is a Nominee Director of the Company. He has been associated with the Company since June 29, 2023. He holds a bachelor's degree in engineering from the Maharaja Sayajirao University of Baroda. He has over 26 years of experience in venture capital. He is currently associated with Artiman Management LLC as their managing member.

Sai Ram Edara is a Nominee Director of the Company. He has been associated with the Company since June 29, 2023. He holds a bachelor's degree in commerce and law from Osmania University, Hyderabad. He holds membership of the Institute of Chartered Accountants of India and Institute of Company Secretaries of India as a fellow. He also holds a certificate as a Certified Public Accountant issued by Guam Board of Accountancy. He has over 31 years of experience in the manufacturing, finance and legal sectors. He was previously associated with Tyche Electronics Limited, Shaw Wallace & Co. Limited, Alembic Limited, Neuland Laboratories as the general manager - finance, and The Andhra Pradesh Paper Mills Limited as the chief financial officer. He was also associated with NSL Sugars Limited and Ganga Kaveri Seeds Private Limited as their chief financial officer and with the Archean Group as the group chief financial officer. He is currently associated with HBL Engineering Limited as their chief financial officer.

Mathew Cyriac is a Nominee Director of the Company. He has been associated with the Company since March 27, 2025. He holds a bachelor's degree in engineering (mechanical engineering) from Anna University, Madras and a post graduate diploma in management from the Indian Institute of Management, Bangalore where he was awarded the IIMB Medal for securing the first rank in his programme. He has over 27 years of experience in finance and management sectors. He was previously associated with Blackstone Advisors India Private Limited as their senior managing director and co-head of their India private equity group. He was also associated with Bank of America, Credit Suisse First December 10, 2021 Boston Corporation and DLJ Merchant Banking Partners

Rishikesha Thiruvenkata Krishnan is an Independent Director of the Company. He has been associated with the Company since September 29, 2025. He holds a master's degree in science (physics) from the Indian Institute of Technology, Kanpur and a master's degree in science from Stanford University. He has also completed the fellow programme in management from the Indian Institute of Management, Ahmedabad and has been conferred the title of Fellow of the Indian Institute of Management Ahmedabad. He has over 28 years of experience in the fields of management and corporate strategy. He was a member of the faculty at the Indian Institute of Management Bangalore from May 1996 to July 2026 and the director of the Indian Institute of Management, Bangalore from July 2020 to July 2025. He has also served as the director of the Indian Institute of Management, Indore from January 2014 to December 2018. He is currently serving as the vice-chancellor of Ashoka University.

Lakshminarayana R Kollengode is an Independent Director of the Company. He has been associated with the Company since September 29, 2025. He holds a bachelor's degree in commerce from Bangalore University and a post graduate diploma in management and a Ph.D. equivalent from the Indian Institute of Management, Lucknow. He has also passed the final examination of the Institute of Cost Accountants of India. He has over 31 years of experience in strategy and risk management and was previously associated with Wipro Limited as their chief strategy officer and is currently associated with Azim Premji Foundation for Development as their chief endowment officer.

BUSINESS OVERVIEW

Incorporated on December 18, 2003, Tonbo Imaging India Limited is a global defence electronics original equipment manufacturer (OEM).

The Company designs, develops and manufactures sensing, processing, communication and guidance systems for surveillance, reconnaissance, targeting, and control.

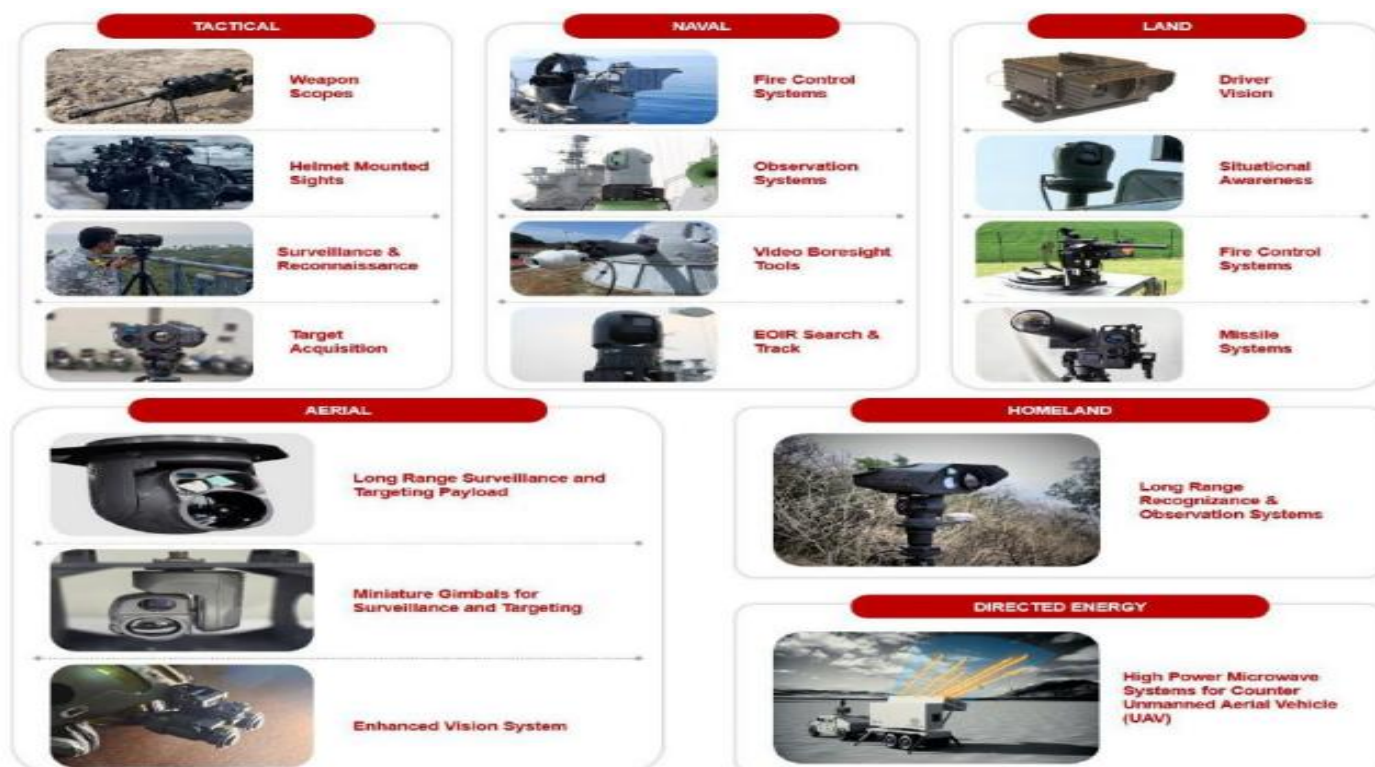
The Company has developed a diversified product portfolio including thermal imaging cores, weapon sights, hand-held thermal imaging binoculars, targeting systems, missile seekers, fire control systems, missile guidance systems amongst others to enable autonomy on the battlefield.

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

Over the period of April 2024 to March 2026, the Company is the largest manufacturer, in terms of sales value, of thermal imaging systems to government and defence agencies in India.

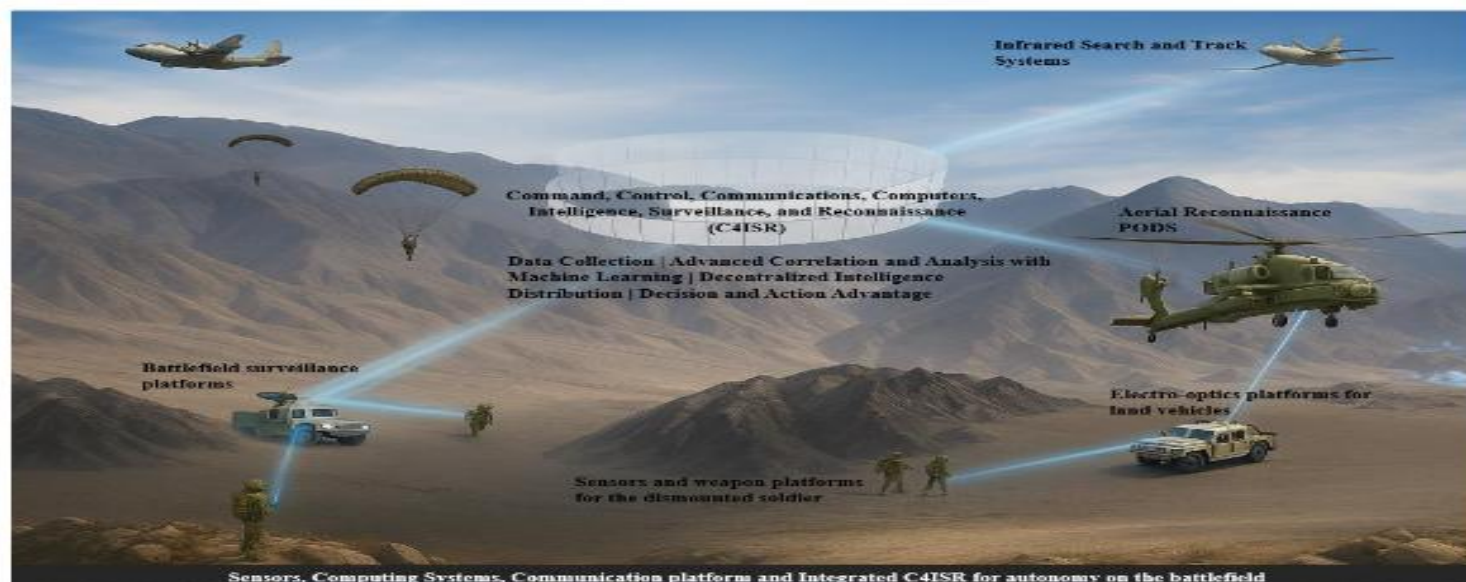
In addition, the Company's market share of thermal imaging exports from India was 94% in terms of units, positioning it as the largest exporter of thermal imaging systems from India by units shipped between FY24 and FY26. □ With over 28,000 systems deployed across 24 countries, as of June 30, 2026, the Company is a recognized OEM providing a diverse suite of field-proven electro-optic products free from export restrictions under International Traffic in Arms Regulations (ITAR). ITAR is a U.S. export control framework governing the sale, transfer, and sharing of defence related technology, data, and services. Their EO/IR portfolio is free from ITAR, enabling it to serve nonaligned and export sensitive markets more flexibly, as they design and develop their products within India, making them one of the few global OEMs capable of supplying cutting-edge technologies without geopolitical export limitations.

The Company's portfolio of products span the electromagnetic spectrum – visible imaging based on what the human eye can see, to long wave infrared and multi sensor imaging which are based on heat signatures of objects emitting infrared radiation. Their product portfolio is put forth below:



specialising in the design, development and manufacture of advanced electro-optic and infrared (EO/IR) systems for surveillance, reconnaissance, targeting and missile guidance applications.

Its diversified portfolio includes thermal imaging cores, weapon sights, targeting systems, missile seekers and fire control systems. The Company is India's largest manufacturer of thermal imaging systems supplied to government and defence agencies and accounted for 94% of India's thermal imaging exports by units during FY24–FY26. With over 28,000 systems deployed across 24 countries, its ITAR-free product portfolio and 100% intellectual property ownership since FY24 provide technological independence and greater export flexibility. As an IDDM supplier aligned with the Government's Make in India and Atmanirbhar Bharat initiatives, the Company is well-positioned to benefit from growing defence indigenisation and modernisation opportunities.



Competitive Strength

Proprietary Technology and Strong In-house R&D: 100% ownership of intellectual property since FY24, with expertise in electro-optics, AI-driven image processing, computational imaging and sensor fusion, enabling technological independence and continuous innovation..

Asset-Light Business Model: Focuses on in-house product design and development while outsourcing manufacturing to certified EMS partners, supporting operational flexibility, lower capital expenditure and efficient scaling.

Leadership in Thermal Imaging Systems: Largest manufacturer of thermal imaging systems supplied to Indian government and defence agencies by sales value, and accounted for 94% of India's thermal imaging exports by units during FY24–FY26.

Global Presence and Proven Product Portfolio: Deployed over 28,000 tactical systems across 24 countries, with products serving customers in developed and emerging defence markets across ground, air, naval and missile applications.

ITAR-Free Technology and Export Flexibility: Its ITAR-free EO/IR product portfolio enables greater flexibility in serving international defence markets without the export restrictions associated with ITAR-controlled technology.

Experienced Promoters and Technology-Focused Management: Strong domain expertise in AI, robotics, computer vision and military programmes supports product innovation, execution capabilities and long-term customer relationships.

Business Strategy

Strengthening R&D and Product Innovation: Continue investing in technology, equipment and skilled talent to develop advanced, indigenous defence electronics solutions, supported by customer-driven and in-house innovation and potential global technology collaborations.

Diversification of Product Portfolio: Expand the product range across land, naval, aerial, tactical and missile applications, with greater focus on modular, scalable and autonomous integrated platform systems to address evolving battlefield requirements.

Strategic Partnerships with Defence OEMs: Collaborate with government defence institutions, public sector undertakings and local OEMs through co-development, CKD kits, electro-optic cores and white-labelling arrangements to strengthen market access and participate in large-scale procurement programmes.

Expansion into International Markets: Increase geographical presence by targeting new customers across South America, Southeast Asia, Africa, the Middle East and Europe, while strengthening existing markets and pursuing opportunities linked to NATO procurement.

Focus on Indigenous Defence Manufacturing: Develop proprietary technologies and locally manufactured solutions aligned with India's defence indigenisation and self-reliance initiatives, while supporting international customers seeking domestic manufacturing partnerships.

Enhancing Customer Relationships and Market Penetration: Leverage operational feedback, promoter-led customer engagement and product customisation to strengthen existing relationships, secure repeat orders and increase the share of customers' defence electronics requirements.

Source: RHP

Key Risks

Cyclical and Tender-Driven Business: Revenue depends on geopolitical developments, government defence budgets and tender-based procurement, resulting in uncertain order flows and limited revenue visibility.

Customer Concentration Risk: Dependence on certain key customers and short-term, non-recurring contracts exposes the Company to order cancellations, non-renewals and fluctuations in revenue.

Supplier and Raw Material Dependency: Reliance on a limited number of suppliers for critical components and raw materials may expose the Company to supply disruptions, shortages, higher procurement costs and production delays.

Export and Geographical Concentration: Exports contributed 65.52% and 48.61% of revenue in FY25 and FY24, respectively. Adverse geopolitical developments, regulatory changes or reduced demand in key export markets, particularly Europe, could impact performance.

Regulatory and Compliance Risks: The defence electronics business is subject to stringent government regulations, licensing requirements and statutory approvals. Non-compliance could adversely affect operations and cash flows.

Product Quality and Execution Risks: Failure to meet stringent defence quality standards or delivery timelines may lead to order cancellations, warranty claims, liquidated damages and invocation of performance bank guarantees.

Product Concentration Risk: Tactical systems accounted for 59.55% of revenue in Q1 FY27, 58.37% in FY26, 77.24% in FY25 and 83.90% in FY24, exposing the Company to demand fluctuations in this segment.

R&D and Technology Risk: Inability to develop new products, commercialise innovations or adapt to evolving defence technologies and customer requirements could weaken competitiveness and growth prospects.

Contingent Liabilities and Related-Party Transactions: Contingent liabilities, along with existing and potential future related-party transactions, may pose financial and governance risks.

Industry Report Dependency: Certain industry-related disclosures rely on a commissioned and paid report, which carries inherent limitations and risks for investors relying on such information.

Peer Comparison

Company	Face Value (₹)	EPS – Basic (₹)	RoNW (%)	NAV (₹/share)	P/E (x)
Tonbo Imaging India Ltd.	2	9.19	9.75	96.57	78.83
Paras Defence and Space Technologies Ltd.	5	10.93	NA	90.02	117.74
Data Patterns (India) Ltd.	2	48.47	17	310.08	87.29
Astra Microwave Products Ltd.	2	20.32	NA	138.46	83.92
Zen Technologies Ltd.	1	21.52	NA	209.22	73.44
Bharat Electronics Ltd.	1	8.29	NA	32.82	45.7
Average P/E of listed peers	—	—	—	—	81.62

Current/implied P/E of Tonbo Imaging: 78.83x at ₹700 per share, based on FY26 diluted EPS of ₹8.88. This is the IPO price-based valuation, not a live market P/E, since the company is in the IPO process.

Restated Consolidated Statement of Assets and Liabilities

(₹ in Crs.)

Particulars	30-Jun-26	31-Mar-26	31-Mar-25	31-Mar-24
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	24.37	24.8	24.48	4.79
Right of Use Assets	7.11	7.57	9.07	8.58
Intangible Assets	166.98	162.7	165.19	183.88
Capital Work-in-Progress	7.89	12.4	0.72	0
Investments	0	0	0	0
Other Financial Assets	67.16	60.59	79.3	14.21
Other Non-Current Assets	3.42	2.88	1.8	0.11
Total Non-Current Assets	276.91	270.95	280.56	211.56
Current Assets				
Inventories	319.63	219.49	111.14	111.69
Trade Receivables	96.85	211.66	210.31	93.64
Cash and Bank Balances	7.14	16.18	100.97	85.67
Other Bank Balances	21.63	22.45	0.95	30
Loans	0.58	0.73	0.43	0.55
Other Financial Assets	8.98	7.92	0.55	0.64
Other Current Assets	51.13	33.13	21.43	40.93
Total Current Assets	505.95	511.55	445.8	363.12
TOTAL ASSETS	782.87	782.5	726.36	574.68
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	11.46	11.46	0.73	0.3
Other Equity	527.08	541.7	489.41	168.99
Instruments Entirely Equity in Nature	0	0	0	60.84
Total Equity	538.54	553.16	490.14	230.13
Non-Current Liabilities				
Long-Term Borrowings	0	0	0	15.27
Long-Term Lease Liabilities	6.35	6.85	8.78	8.38
Deferred Tax Liabilities (Net)	4	10	8.05	3.39
Provisions	17.38	18.77	33.88	30.11
Total Non-Current Liabilities	27.73	35.62	50.71	57.14
Current Liabilities				
Short-Term Borrowings	129.72	116.06	78.14	81.09
Short-Term Lease Liabilities	1.91	1.85	1.13	0.7
Trade Payables – Micro and Small Enterprises	8.99	6.11	2.27	2.96
Trade Payables – Other Creditors	37.32	27.34	18.87	17.39
Other Financial Liabilities	0.02	0.09	0.09	0.15
Short-Term Provisions	10.48	18.55	13.98	16.27
Other Current Liabilities	28.17	23.72	71.03	168.86
Total Current Liabilities	216.6	193.72	185.51	287.41
Total Liabilities	244.33	229.34	236.22	344.55
TOTAL EQUITY AND LIABILITIES	782.87	782.5	726.36	574.68

Restated Consolidated Statement of Cash Flow

(₹ in Crs.)

Particulars	Q1 FY27 (Jun'26)	FY26	FY25	FY24
A. Cash Flow from Operating Activities				
Net Profit Before Tax	(23.75)	69.96	99.27	94.55
Depreciation and Amortisation	8.39	31.34	26.59	13.40
Finance Costs (as per operating cash flow)	2.39	4.37	12.56	5.40
Interest Income	(1.26)	(7.08)	(4.13)	(3.34)
Net Loss on Sale/Discarding of Investment	-	-	-	0.01
Transfer to/(from) Share Options Outstanding Account	2.97	12.28	10.24	(0.73)
Other Comprehensive Income	0.06	(0.26)	(0.03)	0.10
Translation Reserve	0.10	0.22	0.04	-
Operating Profit Before Working Capital Changes	(11.10)	110.82	144.54	109.38
Changes in Other Non-Current Financial Assets	(6.56)	18.71	(65.09)	(3.25)
Changes in Other Non-Current Assets	(0.54)	(1.08)	(1.69)	0.02
Changes in Inventories	(100.15)	(108.34)	0.54	(72.10)
Changes in Trade Receivables	114.81	(1.35)	(116.67)	(52.48)
Changes in Other Current Assets	(18.00)	(11.69)	19.50	(21.51)
Changes in Other Current Financial Assets	(1.06)	(7.37)	0.09	(0.31)
Changes in Loans	0.14	(0.29)	0.11	(0.23)
Changes in Trade Payables	12.87	12.30	0.80	(8.26)
Changes in Other Financial Liabilities	(0.08)	-	(0.06)	(0.13)
Changes in Non-Current Provisions	(1.39)	(15.11)	3.77	21.39
Changes in Current Provisions	(3.12)	2.71	9.08	1.18
Changes in Deferred Income	-	-	-	(0.02)
Changes in Other Current Liabilities	4.45	(47.31)	(97.83)	110.05
Cash Generated from Operating Activities	(9.72)	(48.02)	(102.90)	83.73
Income Taxes Paid (Net)	(4.96)	(15.20)	(33.22)	(5.40)
Net Cash from Operating Activities (A)	(14.68)	(63.22)	(136.12)	78.33
B. Cash Flow from Investing Activities				
Purchase of Property, Plant and Equipment	(0.86)	(4.79)	(21.61)	(2.69)
Purchase of Intangible Assets and Capital WIP	(6.40)	(34.17)	(5.06)	(184.59)
Purchase of Right-of-Use Assets	-	(0.39)	(2.14)	(6.23)
Proceeds from Sale of Investments	-	-	-	-
Interest Received	1.26	7.08	4.13	3.34
Net Cash from/(Used in) Investing Activities (B)	(6.00)	(32.27)	(24.69)	(190.17)
C. Cash Flow from Financing Activities				
Proceeds/(Repayment) of Short-Term Borrowings	13.65	53.72	(2.95)	42.78
Proceeds/(Repayment) of Long-Term Borrowings	-	(15.79)	(15.27)	12.55
Principal Repayment of Lease Liabilities	(0.44)	(1.21)	0.84	5.56
Finance Costs Paid	(2.39)	(4.37)	(12.56)	(5.40)
Issue of Equity Shares	-	-	175.00	-
Issue of Preference Shares	-	-	2.00	132.30
Buyback of Equity Shares	-	(0.16)	-	-
Net Cash from/(Used in) Financing Activities (C)	10.82	32.19	147.06	187.81
Net Increase/(Decrease) in Cash (A+B+C)	(9.86)	(63.29)	(13.75)	75.97
Cash and Cash Equivalents at Beginning of Period	38.63	101.92	115.67	39.70
Cash and Cash Equivalents at End of Period	28.77	38.63	101.92	115.67

Restated Consolidated Statement of Profit & Loss A/c

(₹ in Crs.)

Particulars	Q1 FY27 (Jun'26)	FY26	FY25	FY24
Revenue from Operations	36.01	362.65	469.08	428.19
Other Income	1.32	7.29	5.31	3.71
Total Income	37.32	369.94	474.39	431.9
Expenses				
Cost of Materials Consumed	83.46	165.55	215.31	213.28
Changes in Inventories of Finished Goods	-61.03	11.97	-10.7	6.66
Employee Benefits Expenses	15.59	49.58	44.44	13.06
Finance Costs	3.64	10.62	17.74	7.68
Depreciation and Amortisation	8.39	31.34	26.59	13.4
Other Expenses	11.02	30.92	80.97	82.88
Total Expenses	61.07	299.98	374.35	336.94
Profit Before Exceptional Items and Tax	-23.75	69.96	100.04	94.96
Exceptional Items	0	0	0.78	0.41
Restated Profit Before Tax	-23.75	69.96	99.27	94.55
Current Tax	0	17.06	21.85	21.15
MAT Credit	0	0	0	1.5
Deferred Tax	-6.01	2.02	4.66	3.36
Profit After Tax (PAT)	-17.74	50.88	72.76	68.54
Other Comprehensive Income				
Remeasurement of Defined Benefit Plans	0.06	-0.26	-0.04	0.14
Tax on Defined Benefit Plans	-0.02	0.07	0.01	-0.04
Exchange Differences on Foreign Operations	0.1	0.22	0.04	0
Total Other Comprehensive Income	0.15	0.02	0.01	0.1
Total Comprehensive Income	-17.59	50.9	72.77	68.65
EPS – Basic (₹)	-3.2	9.19	13.38	62.61
EPS – Diluted (₹)	-3.2	8.88	12.7	13.63

KC Securities (Kantilal Chhaganlal Securities) Outlook

- **Rating - Subscribe for Long Term**
- **Valuation:** At the upper price band, the company is valued at 78.80x FY26E P/E, which is in line with peers
- **Strong Market Leadership:** Largest manufacturer of thermal imaging systems supplied to Indian government and defence agencies by sales value, with 94% share of India's thermal imaging exports by units during FY24–FY26.
- **Promising Defence Sector Growth:** Increasing defence modernisation, geopolitical uncertainties and demand for advanced surveillance, targeting and missile guidance systems provide long-term growth opportunities.
- **Proprietary Technology Advantage:** 100% intellectual property ownership since FY24 and an ITAR-free EO/IR portfolio strengthen technological independence and enable greater export flexibility.
- **Strong Export Potential:** Over 28,000 systems deployed across 24 countries, providing an established global presence and opportunities for international expansion and repeat orders.
- **Diversified Product Portfolio:** Presence across thermal imaging cores, weapon sights, targeting systems, missile seekers and fire-control systems supports opportunities across multiple defence applications.
- **Favourable Industry Tailwinds:** Growing adoption of advanced sensing, electro-optic systems and electronic warfare technologies could drive demand for the company's specialised products.
- **Scope for Financial Improvement:** Recovery in revenue growth, better order execution and improved working-capital management could strengthen profitability and cash-flow generation

Research Analyst Compliance & Disclaimer

DISCLAIMER Kantilal Chhaganlal Securities Pvt Limited (defined as "KCSPL" or "Research Entity") a company duly incorporated under the Companies Act, 1956 (CIN No U74140MH2001PTC132459) having its Registered office situated at 601-602, Inizio Business Centre, Cardinal Gracious Road, Chakala, Andheri East, Mumbai – 400 099 is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, Research Analyst and other related activities. E-mail address: research@kcsecurities.com Contact details 022 67236000 Investor Grievance e-mail address- investorcomplains@kcsecurities.com. This Report has been prepared by KCSPL in the capacity of a Research Analyst having SEBI Registration No. INH000001428 and Enlistment no. 5096 with BSE and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 includes Financial Instruments and Currency Derivatives. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in Securities referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors. This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject KCSPL and associates, subsidiaries / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. KCSPL reserves the right to make modifications and alterations to this statement as may be required from time to time. KCSPL or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. KCSPL is committed to providing independent and transparent recommendation to its clients. Neither KCSPL nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of KCSPL. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of KCSPL and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders. KCSPL shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, breakdown of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the KCSPL to present the data. In no event shall KCSPL be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the KCSPL through this report. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients other than intended recipients as customers by virtue of their receiving this report. KCSPL and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the Securities, mentioned herein or (b) be engaged in any other transaction involving such Securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. (c) KCSPL may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. (d) The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with KCSPL. KCSPL or its associates may have received compensation from the subject company in the past 12 months. KCSPL or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. KCSPL or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. KCSPL or its associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. KCSPL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or KCSPL's associates may have financial interest in the subject company. KCSPL and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. KCSPL, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk. Research analyst has served as an officer, director or employee of subject Company in the last 12 month period ending on the last day of the month immediately preceding the date of publication of the Report.: No KCSPL has financial interest in the subject companies: No KCSPL's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report. Research analyst or his/her relative may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report. No Subject company may have been client during twelve months preceding the date of distribution of the research report. There were no instances of non-compliance by KCSPL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years. A graph of daily closing prices of the securities is also available at www.nseindia.com Artificial Intelligence ("AI") tools may have been used (i) during the information gathering stage for compiling or collating the data from-(a) publicly available data sources; (b) databases to which KCSPL subscribes; and (c) internally generated research data, and/or (ii) for compiling summaries of the report.

Kantilal Chhaganlal Securities Pvt Ltd

SEBI Reg. Nos.:INZ000216538(Stock Broker), INH00001428(Research Analyst)

601 /602 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri East, Mumbai

research@kcsecurities.com

02267236000

www.kcsecurities.com

Research Analyst Compliance & Disclaimer

This research report is issued by Kantilal Chhaganlal Securities Pvt Ltd, a SEBI-registered Stock Broker (Reg. No.: INZ000216538) and Research Analyst (Reg. No.: INH00001428),.

Regulatory Disclosures– SEBI (Research Analyst) Regulations, 2014

Kantilal Chhaganlal Securities Pvt Ltd and its associates may have financial interests in the subject company, which will be disclosed where relevant. The Research Analyst(s) or their relatives do not have any material conflict of interest or beneficial ownership of 1% or more in the subject company. The Research Analyst(s) has not received any compensation from the subject company in the past twelve months for any product or service. The Research Analyst(s) has not served as an officer, director, or employee of the subject company. The firm and the analyst(s) are not engaged in market making activities for the subject company. This report has been prepared independently and objectively, without any undue influence or pressure from the company or any third party.

Disclaimer & Risk Statement

This report is meant solely for the internal use of empanelled institutional clients and may not be reproduced, distributed, or published in whole or in part without the prior written consent of Kantilal Chhaganlal Securities Pvt Ltd. The information contained herein is based on publicly available data, internal analysis, and sources believed to be reliable, but we do not guarantee its accuracy or completeness.

For Download Click on Link KCI Trade App :



WhatsApp Channel: <https://tinyurl.com/Kcspl1954wa>

Telegram Channel: <https://tinyurl.com/kcspl1954t>

Instagram: <https://tinyurl.com/Kcspl1954ig>

Facebook: <https://tinyurl.com/Kcspl1954fb>



<https://kcsecurities.com/trade-online/>

Kantilal Chhaganlal Securities Pvt Ltd

SEBI Reg. Nos.: INZ000216538 (Stock Broker), INH00001428 (Research Analyst)

601/602 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri East, Mumbai

research@kcsecurities.com

02267236000

www.kcsecurities.com