Tonbo Imaging India Limited

Red Herring Prospectus dated 10 October 2026 | Mainboard | ₹665 – ₹700 | Report date: 15 October 2026

ACFSL VIEW
NEUTRAL

Why: Tonbo owns real night-vision and targeting technology, and Indian defence spending is a strong tailwind. But at ₹700 you pay about 79x FY26 profit (about 108x without a one-off warranty write-back) for a company whose revenue fell 23% in FY26, that lost ₹18 Cr in the June 2026 quarter and has used cash in its operations for two years. Mutual funds and insurers bought shares at the same ₹700 in September, so the price has support, but IPO investors get no discount. Suitable only for investors with a high risk appetite and a 2–3 year view.

In Plain Words

What it does

Tonbo designs thermal-imaging and targeting equipment for armed forces: rifle sights that see in the dark, thermal binoculars, gun-sighting systems for armoured vehicles and warships, and missile seekers. It designs everything in Bengaluru and pays contract manufacturers such as Kaynes Technology to build it. In FY26 the Indian government bought 71% of its sales; foreign armies have bought the rest in past years.

What looks good

It owns all its technology (no foreign licence), and its products are free of US export controls (ITAR), which helps it sell abroad. Gross margin is about 50% and EBITDA margin about 29%. Over 28,000 systems are in service in 24 countries. At 79x FY26 earnings it is priced in line with listed defence-electronics peers (average 82x).

What worries us

Sales are lumpy. One order from Armenia made up 57% of FY25 revenue; when it ended, exports fell from 66% to 6% of sales and revenue fell 23%. The June 2026 quarter showed a loss. Inventory nearly tripled to ₹320 Cr in 15 months, and operating cash flow was negative in FY25, FY26 and Q1 FY27. The IPO is entirely an *OFS* (existing holders selling, so the company gets no money). Promoters will own only about 15% after the issue.

What to watch

Whether the ₹314 Cr order book (June 2026), including a ₹51 Cr export order delayed by the West Asia conflict, turns into H2 FY27 sales; whether inventory and receivables convert to cash; and new export wins.

ACFSL Research view based on the RHP; figures explained in the sections below. Valuation at the advertised price band.

IPO at a Glance

Offer Period	Thu, 15 Oct 2026 – Mon, 19 Oct 2026
Anchor Bidding	Wed, 14 Oct 2026
Price Band (₹)	665 – 700 per share
Bid Lot	21 shares and in multiples thereof
Listing	NSE & BSE (NSE designated)
Issue Size (no. of shares)	Up to 1,21,74,046
Issue Size (₹ Cr)	**852.18** at the upper band (809.57 at the lower band)
Fresh Issue / OFS	No fresh issue; 100% Offer for Sale by 13 holders
Face Value (₹)	2
Pre / Post-issue Shares	5,72,82,100 / 5,72,82,100 (unchanged)
Employee Reservation	Up to 14,000 shares; discount [●]
Basis of Allotment	Wed, 21 Oct 2026 (tentative)
Refunds / Demat Credit	Thu, 22 Oct 2026 (tentative)
Listing Date	Fri, 23 Oct 2026 (tentative)
BRLMs	JM Financial Ltd.; IIFL Capital Services Ltd.
Registrar	KFin Technologies Ltd.

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	1,428	9,99,600
B-HNI (Min)	69	1,449	10,14,300

Category	Shares offered	% of Offer	Max. applicants*
Anchor investors	36,48,013	29.97%	–
QIB (excl. anchor)	24,32,010	19.98%	–
Non-Institutional (NII)	18,24,007	14.98%	–
S-HNI / B-HNI	6,08,002 / 12,16,005	1/3 / 2/3	2,068 / 4,136
Retail (RII)	42,56,016	34.96%	2,02,667
Employee Reservation	14,000	0.11%	–
Total Offer	**1,21,74,046**	**100.00%**	

*Amounts at the ₹700 upper band. Category share counts as published by the IPO tracker site supplied by the user; they tie to the RHP structure (anchor = 60% of the 50% QIB portion). The anchor portion is worth ₹255.36 Cr at ₹700. *Maximum number of applicants who can be allotted if the category is oversubscribed: retail at 1 lot; S-HNI and B-HNI at the minimum NII application of 14 lots (294 shares), as SEBI rules provide.*

Source: RHP cover page, The Offer, Offer Procedure – tentative timetable (p. 1–2, 84–85, PDF 495). The RHP leaves price and lot as [●]; the ₹665–700 band and 21-share lot are as advertised (Chittorgarh, Kotak Neo, Groww) and tie to the RHP share count (1,21,74,046 × ₹700 = ₹852.18 Cr). The share count does not change with price, so market cap and holdings are the same at both ends of the band; only the ₹ issue size changes.

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Valuation Snapshot

Metric	@ ₹665	@ ₹700
Market capitalisation (₹ Cr; 5,72,82,100 shares, unchanged by the OFS)	3,809	4,010
Offer size (₹ Cr)	809.57	852.18
P/E on FY26 diluted EPS (₹8.88)	74.9x	78.8x
P/E on FY26 basic EPS (₹9.19)	72.4x	76.2x
P/E on FY26 PAT excl. warranty write-back (₹37.2 Cr, ACFSL est.)	102.5x	107.9x
EV / FY26 EBITDA (Jun-26 net debt ₹101 Cr)	37.4x	39.3x
Market cap / FY26 revenue	10.5x	11.1x
Price / NAV (₹94.01, Jun-26)	7.1x	7.4x
Pre-IPO secondary price (Sep-2026, 59.1 lakh shares)	₹700	₹700

In simple terms: at ₹700 you pay about ₹79 for every ₹1 of Tonbo's FY26 profit, roughly what the market pays for listed peers (₹46–118, average ₹82). The difference is that peers' profits are mostly growing, while Tonbo's fell 30% in FY26 and turned into a loss in the June quarter. Strip out the ₹18.8 Cr one-time warranty write-back and the multiple rises to about 108x. *P/E* = share price ÷ yearly earnings per share; *EV/EBITDA* adds net debt to the share value and compares it with operating profit.

Source: RHP – Basis for Offer Price (p. 138–152), Summary Financial Information (p. 87–90); ACFSL Research calculations. Q1 FY27 EPS was ₹(3.20), not annualised. The RHP gives no June 2025 quarter, so trailing-12-month figures cannot be computed. Adjusted PAT removes the FY26 warranty write-back at the FY26 effective tax rate (27.3%). Secondary sales by CEAQ India and CEAQ Singapore on 29–30 Sep 2026 to Amansa, SBI MF schemes, HDFC Life, 360 ONE, Valuequest, Malabar, Susquehanna and others were all at ₹700, i.e. 0% below the cap.

Listed Peers (FY26)

Company	Basis	Revenue (₹ Cr)	Diluted EPS (₹)	NAV (₹)	P/E (x)	RoNW (%)
Tonbo Imaging (at ₹700)	Consol.	362.65	8.88	96.57	78.83	9.75
Paras Defence and Space Technologies	Consol.	476.57	10.93	90.02	117.74	NA
Data Patterns (India)	Standalone	924.77	48.47	310.08	87.29	17.00
Astra Microwave Products	Consol.	1,162.80	20.27	138.46	83.92	NA
Zen Technologies	Consol.	687.69	21.52	209.22	73.44	NA
Bharat Electronics	Consol.	27,610.11	8.29	32.82	45.70	NA

Source: RHP – Basis for Offer Price, Comparison with listed industry peers (p. 141). Peer P/E on BSE closing prices of 7 Oct 2026 and diluted EPS for FY26; converted from ₹ million. In the June 2026 quarter peers reported PAT margins of 7%–19% while Tonbo reported a loss (RHP p. 145).

Objects of the Offer

This is a pure **Offer for Sale** (*OFS*): existing shareholders are selling, and **the company receives none of the money**. The stated aims are listing benefits, visibility and liquidity for existing holders. The sellers pay the offer expenses in proportion to the shares they sell. The two largest sellers are CEAQ India and CEAQ Singapore, formerly Tonbo Imaging Pvt. Ltd. and Tonbo Imaging Pte. Ltd. (the group's earlier holding entities), which together sell about 75% of the offer. The three founders sell 19.6 lakh shares.

Selling shareholder	Type	Shares offered	₹ Cr at ₹700	Avg. cost (₹)
CEAQ Technologies Pvt. Ltd. (CEAQ India)	Investor	49,98,100	349.87	Nil (bonus)
CEAQ Technologies Pte. Ltd. (CEAQ Singapore)	Investor	41,55,096	290.86	0.27
Arvind Kondangi Lakshmikumar (MD & CEO)	Promoter	11,50,000	80.50	Nil
Ankit Kumar	Promoter	5,80,000	40.60	33.91
Vinimaya Advisory LLP	Promoter Group	3,39,700	23.78	197.06
Cecilia D'Souza	Promoter	2,30,000	16.10	33.91
Timothy Guy Mitchell	Investor	2,08,700	14.61	Negligible
Artiman Partners LLC / Artiman Ventures (2 funds)	Investor	2,67,850	18.75	147.19*
Amit Dilip Shah (Amit Shah Family Trust)	Investor	84,600	5.92	172.73
Ramesh Radhakrishnan	Investor	80,000	5.60	147.15
T. S. Sivashankar & Meera Sivashankar (CFO)	Investor	80,000	5.60	n.d.
Total Offer for Sale		**1,21,74,046**	**852.18**	

*Source: RHP cover page and Other Regulatory and Statutory Disclosures – Authority for the Offer (p. 458). Average cost of acquisition per share as certified on the cover, adjusted for bonus and split; *cost shown for Artiman Partners LLC; n.d. = not disclosed on the cover. ₹ amounts are ACFSL calculations.*

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Shareholding – Pre and Post Offer

Shareholder	Pre-offer shares	Pre %	Post-offer shares	Post %
Arvind Kondangi Lakshmikumar (Promoter)	49,68,400	8.67%	38,18,400	6.67%
Ankit Kumar (Promoter)	30,36,700	5.30%	24,56,700	4.29%
Cecilia D'Souza (Promoter)	19,77,500	3.45%	17,47,500	3.05%
Vinimaya Advisory LLP (Promoter Group)	6,59,700	1.15%	3,20,000	0.56%
CEAQ Singapore	1,45,90,200	25.47%	1,04,35,104	18.22%
HBL Engineering Ltd.	81,63,000	14.25%	81,63,000	14.25%
CEAQ India	49,98,100	8.73%	0	0.00%
Florintree Flowtech LLP	29,60,000	5.17%	29,60,000	5.17%
Amansa Investments Ltd.	24,32,000	4.25%	24,32,000	4.25%
Yali Deeptech Fund I	24,00,000	4.19%	24,00,000	4.19%
T. S. Sivashankar & Meera Sivashankar	6,03,400	1.05%	5,23,400	0.91%
Other shareholders (incl. remaining sellers)	85,88,400	14.99%	79,47,250	13.87%
Serial Innovations Employee Stock Option Trust	19,04,700	3.33%	19,04,700	3.33%
Promoters + Promoter Group (sub-total)	**1,06,42,300**	**18.58%**	**83,42,600**	**14.56%**
Public (IPO allottees)	–	–	1,21,74,046	21.25%
Total	**5,72,82,100**	**100.00%**	**5,72,82,100**	**100.00%**

Source: RHP – Capital Structure (p. 128–129), fully diluted. Post-offer holdings are [●] in the RHP; they are ACFSL calculations (pre-offer shares less shares offered), assuming the full OFS is sold and no existing holder buys in the IPO. Other shareholders include SSV Advisory, Palita Associates, Tenacity Ventures and 'other public' holders. Promoter-group holding falls from about 19% to about 15%; HBL Engineering and CEAQ Singapore remain the two largest holders.

Company Overview

Tonbo Imaging India Ltd. was incorporated in Bengaluru in 2003 as a subsidiary of a research company that designed technology for others. After its promoters bought it out in 2012, it became a **defence products company**. Its founders previously worked with the US Department of Defense and Sarnoff Corporation. Today it describes itself as a global defence electronics *OEM* (original equipment maker): it designs and sells sensing, targeting and guidance systems for armed forces.

What it sells. Its products see heat rather than light (*thermal imaging*), so soldiers can spot people and vehicles at night, in smoke or through foliage. **Tactical systems** (58% of FY26 sales) are carried by soldiers: weapon sights, helmet sights, thermal binoculars and target-locating units. **Platform systems** (40%) are fitted to vehicles, ships, aircraft and missiles: fire-control sights for remote weapon stations, 360° vision for armoured vehicles, airborne gimbals and missile seekers. A counter-drone microwave weapon (WaveStrike) is still in development and has no revenue yet.

How it is built. The model is **asset-light**. Tonbo owns the design and intellectual property, including the IP it bought from CEAQ Singapore in March 2024, and builds prototypes at its Bengaluru R&D centre (130 engineers). Contract manufacturers (Kaynes Technology, Avalon Technology and others) produce the units. Fixed assets are only ₹24 Cr, while the purchased IP sits as ₹167 Cr of intangibles. Being designed in India keeps its products outside US arms-export rules (ITAR) and qualifies it as an indigenous (IDDM) vendor for the Indian forces.

Customers. Customers are militaries, police and homeland-security agencies and other defence OEMs. Products have been supplied to 24 countries, including India, Armenia, Romania, the USA, the UAE, South Korea and the Philippines, and more than 28,000 systems are deployed. Frost & Sullivan (paid by the company) ranks Tonbo as India's largest seller of thermal imaging systems to government buyers in FY25–FY26 and the source of 94% of India's thermal-imager exports by units. Business is won through tenders: it won 45 of 131 bids in FY26. It had a confirmed order book of ₹314 Cr at 30 June 2026 (₹232 Cr domestic, ₹82 Cr export) and booked ₹118 Cr of new orders in July–September 2026.

Management. Arvind Kondangi Lakshmikumar (MD & CEO), Ankit Kumar (Chief Business & Revenue Officer) and Cecilia D'Souza (Chief Commercial Officer) are the promoters and have worked together for over 21 years. The company has 339 employees and two overseas subsidiaries (Tonbo Systems Pty, Australia, and Tonbo LLC, USA), set up in FY25.

Source: RHP – Our Business (p. 245–281), Basis for Offer Price – qualitative factors (p. 138–139), Risk Factors (p. 22–24).

Company Snapshot

Incorporation	2003, Bengaluru (CIN U26700KA2003PLC033043); defence products focus since 2012
Registered / Corporate Office	Chikkayellappa Industrial Layout, Sarjapur Main Road, Bengaluru 560034 / Koramangala 6th Block, Bengaluru 560095

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Business model	Design and IP in-house; manufacturing outsourced to EMS partners (Kaynes, Avalon); sells through tenders to governments and defence OEMs
Promoters	Arvind Kondangi Lakshmikumar, Ankit Kumar, Cecilia D'Souza (17.4% pre-offer; 18.6% with Promoter Group)
Scale (Jun-26)	339 employees, 130 in R&D; 28,000+ systems deployed in 24 countries; order book ₹314 Cr (36 orders)
Key investors	HBL Engineering (14.3%), CEAQ Singapore, Florintree, Amansa, Yali Deeptech; SBI MF, HDFC Life and 360 ONE joined in Sep-2026

Source: RHP cover page, Our Business, Capital Structure.

Key Products



Bloodhound

Light thermal binoculars (640×480 sensor) for infantry, special forces and border posts; can stream video wirelessly.



ARJUN

Rugged thermal weapon sight for rifles, machine guns and sniper systems; sees through smoke and dust, optional rangefinder.



ELPEOS

Stabilised targeting system for remote weapon stations: cooled thermal camera, HD camera and laser rangefinder with auto-tracking.



Avenger-S

Airborne imaging and targeting gimbals (8–50 kg) for aircraft, helicopters, drones and aerostats on border and coastal surveillance.



TRAP seeker

Dual/tri-band infrared seeker for fire-and-forget anti-tank missiles, glide bombs and loitering munitions.



TRex

Long-range sensor that detects and tracks drones and ground threats; pairs with radars and the WaveStrike microwave weapon.

Source: RHP – Our Business, key products (p. 263–267); images from the offer document.

Revenue Mix (₹ Cr)

Particulars	FY24	FY25	FY26	Q1 FY27
Tactical systems	359.27 (83.9%)	362.30 (77.2%)	211.68 (58.4%)	21.44 (59.6%)
Platform systems	12.70 (3.0%)	101.05 (21.5%)	144.81 (39.9%)	14.12 (39.2%)
Others (OEM components) + other operating revenue	56.22 (13.1%)	5.73 (1.2%)	6.17 (1.7%)	0.45 (1.2%)
Revenue from operations	**428.19**	**469.08**	**362.65**	**36.01**
Exports (% of revenue)	208.15 (48.6%)	307.34 (65.5%)	20.21 (5.6%)	0.09 (0.3%)
Indian Government	163.37 (38.2%)	151.51 (32.3%)	258.15 (71.2%)	31.25 (86.8%)
Foreign Government	188.88 (44.1%)	267.69 (57.1%)	12.11 (3.3%)	–
Private system integrators (India and abroad)	30.76 (7.2%)	45.18 (9.6%)	87.41 (24.1%)	4.31 (12.0%)
Largest customer / top 5 customers	44.1% / 72.2%	57.1% / 86.4%	13.8% / 53.0%	54.7% / 92.1%
Confirmed order book at period end	563.14	218.61	279.02	314.24

Source: RHP – Our Business (p. 248–251), KPIs (p. 144), Risk Factors (p. 24). Converted from ₹ million. FY24 and FY25 foreign-government revenue is almost entirely one Armenian order (US$55 mn; ₹188.9 Cr in FY24 and ₹267.7 Cr in FY25). In FY26, 79% of revenue came in the second half.

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Financials (Restated Consolidated)

Key Drivers Behind the Numbers

- **One export order made FY24–FY25.** A US$55 mn order from an Armenian customer brought in ₹189 Cr in FY24 and ₹268 Cr in FY25, which was 57% of FY25 revenue. When it was completed, exports fell from ₹307 Cr to ₹20 Cr. Indian government sales rose from ₹152 Cr to ₹258 Cr but could not fill the gap, so FY26 revenue fell 22.7%.
- **West Asia conflict delayed shipments.** According to management, a ₹51 Cr export order won in FY26 could not be shipped because of the conflict and is now expected in FY27. Other anticipated orders also slipped into FY27.
- **FY26 profit was helped by write-backs.** Other expenses fell 62% to ₹31 Cr, mainly because ₹18.8 Cr of earlier warranty provisions were written back, bad-debt write-offs dropped from ₹19.1 Cr to ₹3.3 Cr and marketing spend was cut. Without the write-back, PAT would have been about ₹37 Cr rather than ₹51 Cr.
- **Costs are now higher.** Staff costs rose from ₹13 Cr in FY24 to ₹50 Cr in FY26 (headcount up from 167, plus ESOP charges of ₹12.3 Cr). Amortisation of the IP bought from CEAQ Singapore adds about ₹25 Cr a year. With costs largely fixed and sales concentrated in H2, the June 2026 quarter (revenue ₹36 Cr) made a ₹17.7 Cr loss.

Source: RHP – MD&A (p. 405–443, incl. FY26 vs FY25 p. 432–434, FY25 vs FY24 p. 434–435), Our Business.

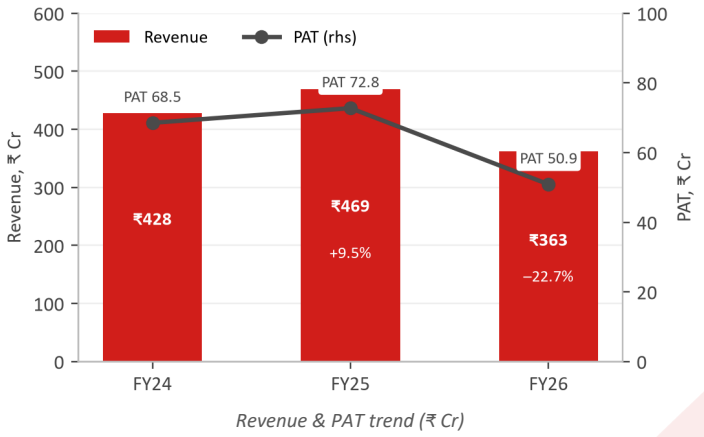
Income Statement (₹ Cr)

Particulars (₹ Cr)	FY24	FY25	FY26	Q1 FY27
Revenue from operations	428.19	469.08	362.65	36.01
Revenue growth %	–	9.5%	-22.7%	n.m.
Cost of materials consumed	213.28	215.31	165.55	83.46
Change in inventories of finished goods	6.65	(10.70)	11.97	(61.03)
COGS	219.93	204.61	177.52	22.43
% to revenue	51.4%	43.6%	49.0%	62.3%
Gross profit	**208.26**	**264.47**	**185.12**	**13.58**
Gross margin %	48.6%	56.4%	51.0%	37.7%
Employee cost	13.06	44.44	49.58	15.59
% to revenue	3.0%	9.5%	13.7%	43.3%
Other expenses	82.88	80.97	30.92	11.02
% to revenue	19.4%	17.3%	8.5%	30.6%
EBITDA (excl. other income)	**112.32**	**139.06**	**104.62**	**(13.04)**
EBITDA margin %	26.2%	29.6%	28.8%	-36.2%
Add: Other income	3.71	5.31	7.29	1.32
Less: Depreciation & amortisation	13.39	26.59	31.34	8.39
EBIT	**102.64**	**117.78**	**80.57**	**(20.11)**
EBIT margin %	24.0%	25.1%	22.2%	-55.9%
Less: Finance cost	7.68	17.74	10.62	3.64
Less: Exceptional items	0.40	0.78	0.00	0.00
PBT	**94.55**	**99.27**	**69.96**	**(23.75)**
PBT margin %	22.1%	21.2%	19.3%	-66.0%
Less: Tax (current + deferred)	26.01	26.51	19.08	(6.01)
Tax rate %	27.5%	26.7%	27.3%	n.m.
PAT	**68.54**	**72.76**	**50.88**	**(17.74)**
PAT growth %	–	6.1%	-30.1%	n.m.
PAT margin %	16.0%	15.5%	14.0%	-49.3%
EPS (₹, basic / diluted)	62.61 / 13.63	13.38 / 12.70	9.19 / 8.88	-3.20 / -3.20

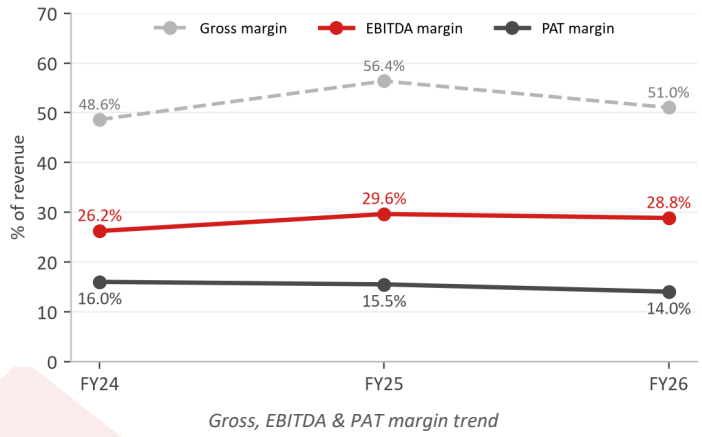
Source: RHP – Restated Consolidated Statement of Profit and Loss (p. 89, 327). Q1 FY27 = three months to 30 June 2026; not annualised and no prior-year quarter is given. EBITDA ties to the RHP KPI (excludes other income). FY24 basic EPS (₹62.61) is on the pre-bonus share base; diluted EPS is comparable across years. PAT margin here is on revenue from operations; the RHP computes it on total income. Converted from ₹ million.

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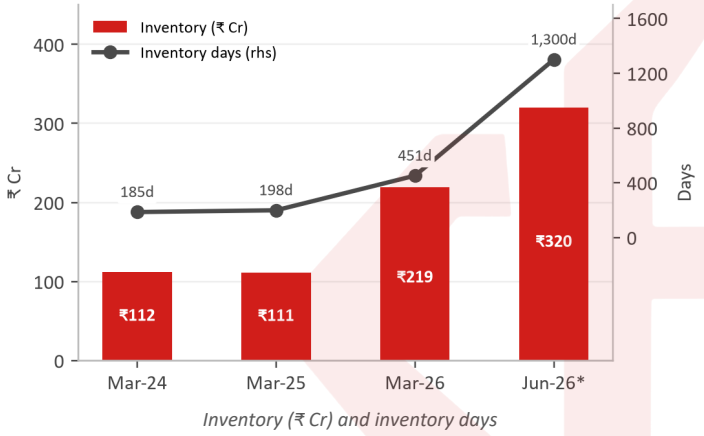
Charts



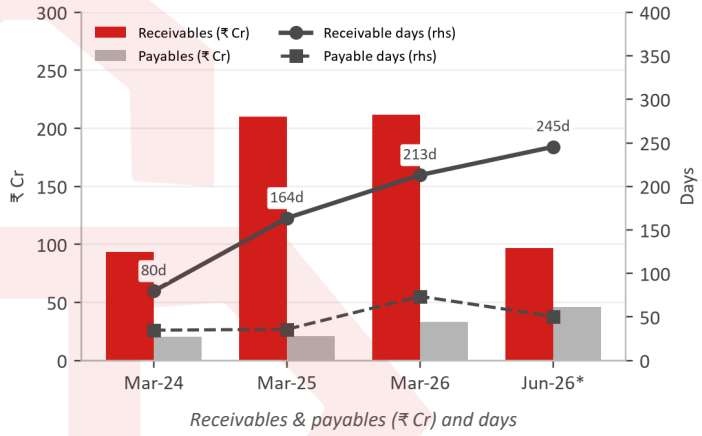
Revenue & PAT trend (₹ Cr)



Gross, EBITDA & PAT margin trend



Inventory (₹ Cr) and inventory days



Receivables & payables (₹ Cr) and days

*Source: RHP – Restated Consolidated Financial Statements; ACFSL Research calculations on period-end balances. *Jun-26 days use the June quarter annualised (×4); because sales are concentrated in the second half, they overstate the full-year picture. Payable days are on materials consumed.*

Working Capital (₹ Cr)

Why this matters: working capital is the cash tied up in stock and unpaid bills. Tonbo now needs about 1.4 years of sales in it, against 5 months in FY24, which is why it has borrowed while reporting profits. *Receivable days* = how long customers take to pay; *inventory days* = how long stock sits before it is sold.

Particulars	Mar-24	Mar-25	Mar-26	Jun-26
Inventories	111.69	111.14	219.48	319.63
Trade receivables	93.64	210.31	211.66	96.85
Trade payables	20.35	21.15	33.44	46.31
Net trade working capital	**184.98**	**300.31**	**397.70**	**370.17**
Inventory days (on COGS)	185	198	451	1,300*
Receivable days (on revenue)	80	164	213	245*
Payable days (on materials consumed)	35	36	74	51*
Working capital days (RHP KPI, average balances)	152	280	517	1,454*
Short-term borrowings	81.09	78.14	116.06	129.72
Cash and bank balances (incl. other bank balances)	115.67	101.92	38.63	28.77

*Source: RHP – Summary Statement of Assets and Liabilities (p. 87–88), KPIs (p. 144). Days are ACFSL calculations on period-end balances except the RHP working-capital-days KPI. *Jun-26 on an annualised quarter (RHP: 1,454 days on 91 days). Management says the Mar-26 receivables were collected after year-end (they fell to ₹97 Cr by June) and that stock was built up for the delayed export order and expected FY27 demand.*

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Balance Sheet (₹ Cr)

Particulars (₹ Cr)	Mar-24	Mar-25	Mar-26	Jun-26
Property, plant and equipment	4.79	24.48	24.80	24.37
Right-of-use assets	8.58	9.07	7.57	7.10
Intangible assets (incl. IP bought from CEAQ Singapore)	183.88	165.19	162.70	166.97
Capital work-in-progress	0.00	0.72	12.40	7.89
Non-current investments	0.00	0.00	0.00	0.00
Other non-current financial assets	14.21	79.30	60.59	67.16
Other non-current assets	0.11	1.80	2.88	3.42
Total non-current assets	**211.56**	**280.56**	**270.95**	**276.91**
Inventories	111.69	111.14	219.48	319.63
Trade receivables	93.64	210.31	211.66	96.85
Cash and bank balances	85.67	100.97	16.18	7.14
Other bank balances	30.00	0.95	22.45	21.63
Loans	0.55	0.43	0.73	0.58
Other current financial assets	0.64	0.55	7.92	8.98
Other current assets	40.93	21.43	33.12	51.13
Total current assets	**363.12**	**445.79**	**511.55**	**505.95**
Total Assets	**574.68**	**726.36**	**782.50**	**782.87**
Equity share capital	0.30	0.73	11.46	11.46
Other equity	168.99	489.41	541.70	527.08
Instruments entirely equity in nature (CCPS)	60.84	0.00	0.00	0.00
Total equity	**230.13**	**490.14**	**553.16**	**538.54**
Long-term borrowings	15.27	0.00	0.00	0.00
Long-term lease liabilities	8.38	8.78	6.85	6.35
Deferred tax liabilities (net)	3.39	8.05	10.00	4.00
Long-term provisions	30.11	33.88	18.77	17.38
Total non-current liabilities	**57.14**	**50.71**	**35.62**	**27.73**
Short-term borrowings	81.09	78.14	116.06	129.72
Short-term lease liabilities	0.70	1.13	1.85	1.91
Trade payables	20.35	21.15	33.44	46.31
Other current financial liabilities	0.15	0.09	0.09	0.01
Short-term provisions	16.27	13.98	18.55	10.48
Other current liabilities (incl. customer advances)	168.86	71.03	23.72	28.17
Total current liabilities	**287.41**	**185.51**	**193.72**	**216.60**
Total Equity and Liabilities	**574.68**	**726.36**	**782.50**	**782.87**

Source: RHP – Summary of Restated Consolidated Statement of Assets and Liabilities (p. 87–88). Converted from ₹ million. Equity rose by ₹175 Cr of fresh equity in FY25 and ₹132 Cr of preference shares in FY24 (since converted). Other non-current financial assets are mainly long-term bank deposits and margin money for bank guarantees.

Cash Flow Statement (₹ Cr)

Particulars (₹ Cr)	FY24	FY25	FY26	Q1 FY27
Profit before tax	94.55	99.27	69.96	(23.75)
Depreciation and amortisation	13.39	26.59	31.34	8.39
Finance costs	5.40	12.56	4.37	2.39
Interest income	(3.34)	(4.13)	(7.08)	(1.26)
ESOP charge and other non-cash items	(0.62)	10.25	12.24	3.13
Operating profit before working capital changes	**109.38**	**144.54**	**110.82**	**(11.10)**
(Increase) / decrease in inventories	(72.10)	0.54	(108.34)	(100.15)
(Increase) / decrease in trade receivables	(52.48)	(116.67)	(1.35)	114.81
Increase / (decrease) in trade payables	(8.26)	0.80	12.30	12.87
Other current liabilities (incl. customer advances)	110.05	(97.83)	(47.31)	4.45

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Particulars (₹ Cr)	FY24	FY25	FY26	Q1 FY27
Other working-capital items (net)	(2.85)	(34.29)	(14.13)	(30.61)
Cash generated from operations	**83.73**	**(102.90)**	**(48.02)**	**(9.72)**
Income tax paid (net)	(5.40)	(33.22)	(15.20)	(4.96)
Net cash from operating activities (A)	**78.33**	**(136.12)**	**(63.22)**	**(14.68)**
Purchase of PPE and right-of-use assets	(8.92)	(23.75)	(5.17)	(0.86)
Purchase of intangibles and CWIP (incl. IP from CEAQ Singapore)	(184.59)	(5.06)	(34.17)	(6.40)
Interest received	3.34	4.13	7.08	1.26
Net cash used in investing activities (B)	**(190.17)**	**(24.69)**	**(32.27)**	**(6.00)**
Short-term borrowings raised / (repaid), net	42.78	(2.95)	53.72	13.65
Long-term borrowings raised / (repaid)	12.55	(15.27)	(15.79)	0.00
Lease payments	5.56	0.84	(1.21)	(0.44)
Finance cost paid	(5.40)	(12.56)	(4.37)	(2.39)
Equity and preference shares issued / (bought back)	132.30	177.00	(0.16)	0.00
Net cash from financing activities (C)	**187.81**	**147.06**	**32.19**	**10.82**
Net increase / (decrease) in cash (A+B+C)	**75.97**	**(13.75)**	**(63.29)**	**(9.86)**
Cash and cash equivalents – closing	115.67	101.92	38.63	28.77

Source: RHP – Summary of Restated Consolidated Statement of Cash Flows (p. 90–91). Minor working-capital lines grouped by ACFSL; converted from ₹ million. Operating cash flow was negative in FY25 (₹136 Cr outflow, as customer advances of FY24 were used up and receivables rose) and in FY26 (₹63 Cr, inventory build). These outflows were funded by the FY24–FY25 equity raises and more short-term borrowing. Closing cash includes other bank balances.

Key Risks

- **Lumpy, tender-based orders.** One customer made up 44% of FY24 and 57% of FY25 revenue; the top five made up 92% of Q1 FY27 revenue. Contracts are one-off tenders with no recurring revenue, and Tonbo won about 34% of its bids in FY26 (2 of 14 in the June 2026 quarter).
- **Falling revenue and a quarterly loss.** Revenue fell 22.7% in FY26 and PAT fell 30%. The June 2026 quarter had ₹36 Cr of revenue and a ₹17.7 Cr loss. About 79% of FY26 revenue came in H2, so a single slipped shipment can swing the year.
- **Exports have dried up.** Exports fell from 66% of revenue (FY25) to 6% (FY26) and 0.3% (Q1 FY27). Export orders depend on government licences and geopolitics; the West Asia conflict has already delayed a ₹51 Cr order.
- **Cash burn and working capital.** Operating cash flow was negative for FY25, FY26 and Q1 FY27 (₹214 Cr in all). Inventory rose to ₹320 Cr (Jun-26) from ₹111 Cr (Mar-25), working-capital days rose from 152 to 517, and short-term debt reached ₹130 Cr. The IPO brings no fresh money.
- **Profit quality.** FY26 PAT includes an ₹18.8 Cr warranty write-back. Bad debts of ₹21.8 Cr (FY24) and ₹19.1 Cr (FY25) were written off. ESOP charges (₹12.3 Cr in FY26) and amortisation of purchased IP (₹25 Cr a year) weigh on reported earnings.
- **Government and regulatory dependence.** The Indian government was 71% of FY26 and 87% of Q1 FY27 revenue, so budgets and procurement delays matter. IDDM status requires Indian control and at least 50% indigenous content; changes in shareholding must be declared to the Ministry of Defence.
- **Suppliers and outsourcing.** Production depends on contract manufacturers (Kaynes, Avalon) on non-exclusive purchase orders. The top ten suppliers were 69% of FY26 total expenses, with no long-term contracts.
- **Low promoter stake and large holders.** Promoters and the Promoter Group will own about 15% after the offer. CEAQ Singapore (18%) and HBL Engineering (14%) hold big blocks that could come to market when lock-ins end.
- **Litigation and guarantees.** A minority shareholder of CEAQ Singapore has sued CEAQ Singapore, the company, its MD and a nominee director in the Singapore High Court over the 2024 preference issue. Bank guarantees of ₹78.9 Cr are outstanding (Jun-26).

Source: RHP – Risk Factors (p. 21–83), Summary of Contingent Liabilities (p. 92), MD&A (p. 405–443), Capital Structure.

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