

## Company Overview

ArMee Infotech is an IT infrastructure and managed services company that has expanded into renewable energy, with its operations broadly divided into IT Infrastructure, IT Managed Services, Renewable Energy EPC, Renewable Energy PPA and Battery Energy Storage Systems (BESS). Its core IT business involves sourcing computers, servers, networking equipment, interactive panels, PoS devices, storage hardware and software from technology partners, followed by installation, system integration, commissioning, maintenance, and training. In FY26, IT Infrastructure contributed 85.8% of revenue, followed by Renewable Energy EPC at 8.9% and IT Managed Services at 5.3%. The company primarily serves Government departments, PSUs, and private-sector clients where the end user is often a government entity, with projects largely secured through competitive bidding. ArMee has increasingly diversified into renewable energy, undertaking solar EPC projects involving engineering, procurement, construction, and commissioning, while its PPA business involves developing, owning, and operating solar power projects and selling electricity under long-term agreements. It has also entered the BESS segment, providing battery storage implementation and maintenance services. While the IT business continues to account for the majority of current revenue, renewable energy accounted for over 90% of the consolidated order book as of June 30, 2026, indicating a significant shift in the company's future business mix toward renewable infrastructure.

## Objects of the issue

The company proposes to utilize the net proceeds (Rs. 300 crores) from the issue towards the following objects:

- ⇒ Funds for the purpose of securing PBGs for expansion of business;
- ⇒ Prepayment or repayment of certain outstanding borrowings availed by the company; and
- ⇒ General corporate purposes.

## Investment Rationale

### Proven Government execution track record creates an entry barrier and supports repeat business

ArMee's established track record in executing large, multi-location projects for Government and PSU clients provides it with the credentials and execution capabilities required to participate in a competitive but qualification-driven market. The company completed 116 projects for Government/PSU clients in FY26, compared with 97 in FY25 and 62 in FY24, demonstrating its ability to manage projects across multiple locations and government schemes. Its projects have covered diverse areas including education, healthcare, public distribution systems, rural and urban development, and science and technology, giving the company experience in addressing varied infrastructure requirements. Importantly, Government/PSU IT infrastructure projects are typically awarded through competitive bidding and often involve pre-qualification requirements based on experience, successful execution of similar projects and financial capability. This creates a degree of entry barrier for smaller or inexperienced players. ArMee's established execution record, project management capabilities and relationships with technology partners therefore position it to participate in a broader set of tenders and pursue repeat opportunities from existing clients. The company also intends to deepen client relationships by understanding evolving requirements and expanding the range of services offered to existing customers, which could increase wallet share over time.

### Renewable energy diversification provides a significant new growth avenue

ArMee's expansion into Renewable Energy EPC, PPA and BESS provides a potentially significant growth avenue as the company diversifies beyond its traditional IT Infrastructure business. While IT Infrastructure contributed 85.8% of FY26 revenue, renewable energy accounted for over 90% of the consolidated order book as of June 30, 2026, indicating a substantial change in the company's prospective business mix. The company has secured projects across solar EPC, solar PPAs and BESS, with 10 ongoing Renewable Energy EPC projects, one PPA project and two BESS projects as of June 30, 2026. ArMee is seeking to leverage its existing system integration, procurement, and

## Issue Details

|                                   |                                   |
|-----------------------------------|-----------------------------------|
| Offer Period                      | 23rd Sept. 2026 – 25th Sept. 2026 |
| Price Band                        | Rs. 350 to Rs. 375                |
| Bid Lot                           | 40                                |
| Listing                           | BSE & NSE                         |
| Issue Size (no. of shares in Mn.) | 8.0                               |
| Issue Size (Rs. in Mn.)           | 3,000                             |
| Face Value (Rs.)                  | 10                                |

## Issue Structure

|        |       |
|--------|-------|
| QIB    | 25.0% |
| NIB    | 22.5% |
| Retail | 52.5% |

|      |                                                                        |
|------|------------------------------------------------------------------------|
| BRLM | Khandwala Securities Limited, Saffron Capital Advisors Private Limited |
|------|------------------------------------------------------------------------|

|           |                                  |
|-----------|----------------------------------|
| Registrar | Cameo Corporate Services Limited |
|-----------|----------------------------------|

| Particulars               | Pre Issue %   | Post Issue %  |
|---------------------------|---------------|---------------|
| Promoter & Promoter Group | 92.7%         | 69.3%         |
| Public                    | 7.3%          | 30.7%         |
| <b>Total</b>              | <b>100.0%</b> | <b>100.0%</b> |

(Assuming issue subscribed at higher band)

**Research Team - 022-61596138**

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creates an opportunity for ArMee to build capabilities across multiple stages of the renewable energy value chain, from EPC execution to owning and operating assets under PPAs and providing BESS solutions.

## Valuation

ArMee Infotech is an IT infrastructure and managed services company that has diversified into Renewable Energy EPC, PPA and BESS, providing multiple avenues for growth beyond its traditional IT business. Its established execution track record across Government and PSU projects, relationships with technology partners and ability to undertake large, multi-location projects provide a foundation for the core IT business. The company is also expanding into renewable energy, with the segment accounting for over 90% of the consolidated order book as of June 30, 2026, providing significant growth potential as the business mix shifts toward renewable infrastructure. Financial performance, however, has remained uneven, with revenue from operations growing at a CAGR of 17.0% during FY24-FY26, while EBITDA grew at only 2.8% CAGR and PAT declined at a CAGR of 4.8% over the same period. EBITDA margin declined from 7.0% in FY24 to 4.5% in FY25 before recovering to 5.4% in FY26, while PAT margin remained subdued at 3.3% in FY26. At the same time, leverage has increased meaningfully, with the debt-equity ratio rising from 0.29x in FY24 to 1.05x in FY26, while finance costs increased to Rs. 249 million from Rs. 67 million in FY25. At the CMP of Rs. 375, the stock trades at 19.6x FY26 earnings, based on diluted EPS of Rs. 19.2, and 17.0x FY26 EV/EBITDA. While the valuation is not particularly demanding on an absolute basis, we remain cautious given the lack of sustained earnings growth, low and volatile margins, and rising leverage. Further, a significant portion of the company's future growth is dependent on Renewable Energy EPC, PPA and BESS, businesses in which the company has limited operating history and which could require higher capital, working capital and execution capabilities. **While the large renewable energy order book provides growth potential, the combination of uncertain earnings conversion, limited margin visibility, rising financial leverage and execution risks associated with the transition into a new business segment limits confidence in the sustainability of future profitability. We, therefore, recommend an "AVOID" on the issue.**

## Key Risks

- ⇒ The company's increasing dependence on renewable energy exposes it to execution and scaling risks, particularly given its limited experience in the segment. Renewable Energy EPC, PPA and BESS account for over 90% of the consolidated order book, while the company has limited operating history in renewable energy. Delays in project execution, funding, regulatory approvals, grid connectivity or cost overruns could adversely affect profitability and cash flows.
- ⇒ The company is heavily dependent on competitive bidding to secure new projects, and a decline in its bid-win rate could adversely affect growth and financial performance. A substantial portion of its IT Infrastructure and IT Managed Services projects are secured through GeM and other competitive bidding processes. The bid-win ratio declined from 30.91% in FY24 to 24.57% in FY25 and further to 19.48% in FY26, making sustained order inflows dependent on the company's ability to remain competitive in future tenders.
- ⇒ The company's high dependence on technology partners exposes it to supply-chain and execution risks. Procurement of equipment and related services from technology partners accounted for 84.1% of total expenses in FY26. Any disruption in supply, including supplier financial distress, raw-material shortages, quality issues or transportation constraints, could delay project execution and result in contractual penalties, customer losses and adverse financial performance.

# ArMee Infotech Limited

## Income Statement (Rs. in million)

| Particulars                                                   | FY24          | FY25          | FY26          |
|---------------------------------------------------------------|---------------|---------------|---------------|
| Sales                                                         | 10,206        | 13,133        | 13,966        |
| <b>Total revenue from operations</b>                          | <b>10,206</b> | <b>13,133</b> | <b>13,966</b> |
| <b>Expenses</b>                                               |               |               |               |
| Purchase of Stock in Trade                                    | 8,772         | 12,052        | 10,146        |
| Cost of EPC contracts and other services                      | 0             | 0             | 1,196         |
| Changes in inventories of finished goods and work-in-progress | -278          | -431          | 626           |
| Employee benefits                                             | 423           | 504           | 524           |
| Other expenses                                                | 573           | 421           | 717           |
| <b>Total operating expenses</b>                               | <b>9,490</b>  | <b>12,547</b> | <b>13,210</b> |
| <b>EBITDA</b>                                                 | <b>716</b>    | <b>586</b>    | <b>756</b>    |
| Depreciation & amortization                                   | 45            | 12            | 32            |
| <b>EBIT</b>                                                   | <b>670</b>    | <b>574</b>    | <b>725</b>    |
| Finance costs                                                 | 67            | 67            | 249           |
| Other Income                                                  | 34            | 25            | 135           |
| <b>PBT</b>                                                    | <b>638</b>    | <b>532</b>    | <b>610</b>    |
| Total tax                                                     | 137           | 115           | 155           |
| <b>Net Profit</b>                                             | <b>501</b>    | <b>417</b>    | <b>455</b>    |
| <b>Diluted EPS</b>                                            | <b>21.1</b>   | <b>17.6</b>   | <b>19.2</b>   |

Source: RHP, BP Equities Research

## Cash Flow Statement (Rs. in million)

| Particulars                                                          | FY24       | FY25        | FY26       |
|----------------------------------------------------------------------|------------|-------------|------------|
| Cash Flow from operating activities                                  | 552        | -180        | 125        |
| Cash flow from/(used in) investing activities                        | -213       | -127        | -1,017     |
| Net cash flows (used in) / from financing activities                 | -130       | 159         | 1,039      |
| <b>Net increase/(decrease) in cash and cash equivalents</b>          | <b>208</b> | <b>-147</b> | <b>147</b> |
| <b>Cash and cash equivalents at the beginning of the period</b>      | <b>5</b>   | <b>213</b>  | <b>66</b>  |
| Cash and cash equivalents of the subsidiary acquired during the year | 0          | 0           | 0          |
| <b>Cash and cash equivalents at the end of the period</b>            | <b>213</b> | <b>66</b>   | <b>213</b> |

Source: RHP, BP Equities Research

# ArMee Infotech Limited

## Balance Sheet (Rs. in million)

| Particulars                              | FY24         | FY25         | FY26         |
|------------------------------------------|--------------|--------------|--------------|
| <b>Assets</b>                            |              |              |              |
| <b>Non-Current Assets</b>                |              |              |              |
| Property, plant & equipment              | 85           | 90           | 171          |
| Right-of-use assets                      | 1            | 11           | 159          |
| Capital work in progress                 | 0            | 83           | 704          |
| Other intangible assets                  | 0            | 16           | 12           |
| Financial assets                         |              |              |              |
| (i) Investments                          | 0            | 0            | 0            |
| (ii) Trade receivables                   | 0            | 328          | 287          |
| (iii) Other financial assets             | 220          | 153          | 196          |
| Non-current tax assets (net)             | 31           | 14           | 9            |
| Deferred tax assets (net)                | 19           | 18           | 34           |
| Other non-current assets                 | 0            | 2            | 88           |
| <b>Total Non-Current Assets</b>          | <b>356</b>   | <b>715</b>   | <b>1,660</b> |
| <b>Current Assets</b>                    |              |              |              |
| Inventories                              | 369          | 799          | 173          |
| Financial assets                         |              |              |              |
| (i) Trade receivables                    | 2,925        | 5,899        | 5,131        |
| (ii) Cash & Cash equivalents             | 213          | 66           | 213          |
| (iii) Other bank balances                | 164          | 212          | 752          |
| (iv) Loans                               | 54           | 50           | 5            |
| (v) Other financial assets               | 2,263        | 373          | 1,469        |
| Other current assets                     | 392          | 172          | 186          |
| <b>Total Current Assets</b>              | <b>6,379</b> | <b>7,571</b> | <b>7,928</b> |
| <b>Total Assets</b>                      | <b>6,735</b> | <b>8,285</b> | <b>9,589</b> |
| <b>Equity and Liabilities</b>            |              |              |              |
| Equity share capital                     | 237          | 237          | 237          |
| Other equity                             | 714          | 1,129        | 1,585        |
| <b>Total Equity</b>                      | <b>952</b>   | <b>1,367</b> | <b>1,822</b> |
| <b>Liabilities</b>                       |              |              |              |
| <b>Non-Current Liabilities</b>           |              |              |              |
| Financial liabilities                    |              |              |              |
| (i) Borrowings                           | 106          | 142          | 967          |
| (ii) Lease liabilities                   | 0            | 7            | 138          |
| Provisions                               | 50           | 41           | 46           |
| Other non-current liabilities            | 44           | 84           | 74           |
| <b>Total Non-Current Liabilities</b>     | <b>200</b>   | <b>274</b>   | <b>1,224</b> |
| <b>Current Liabilities</b>               |              |              |              |
| Financial Liabilities                    |              |              |              |
| (i) Borrowings                           | 167          | 339          | 777          |
| (ii) Lease liabilities                   | 1            | 4            | 25           |
| (iii) Trade payables                     | 5,254        | 6,146        | 4,697        |
| (iv) Other current financial liabilities | 47           | 13           | 627          |
| Other current liabilities                | 102          | 111          | 294          |
| Provisions                               | 12           | 10           | 20           |
| Current tax liabilities (net)            | 0            | 21           | 104          |
| <b>Total Current Liabilities</b>         | <b>5,583</b> | <b>6,645</b> | <b>6,543</b> |
| <b>Total Liabilities</b>                 | <b>5,783</b> | <b>6,919</b> | <b>7,767</b> |
| <b>Total Equity and Liabilities</b>      | <b>6,735</b> | <b>8,285</b> | <b>9,589</b> |

Source: RHP, BP Equities Research

**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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