IPO REVIEW

ArMee Infotech IPO

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- The company is engaged in IT infrastructure and IT managed services and ventured into the retail sales through experience zones.
- It has also ventured in to EPC of solar power, renewable energy space and developing solar power projects under PPAs and BESS.
- Its order book stood at Rs. 2663.44 cr. as of June 30, 2026.
- The company marked steady growth in its top lines, but bottom line posted inconsistency.
- Based on its recent average financial data, the issue appears aggressively priced.
- Well-informed investors may park moderate funds for long term

About the Company

ArMee Infotech Ltd. (AIL) We are an IT infrastructure and IT managed services Company, which has ventured into the retail sales space through Experience Zones engaged in the sale of IT, consumer electronics, and gaming and merchandise products, and engaged in the Renewable Energy Space, including engineering, procurement and construction (“EPC”) of solar power projects and development of solar power projects under power purchase agreements (“PPAs”) and Battery Energy Storage System (“BESS”).

It is headquartered in Ahmedabad, Gujarat. AIL services both Government/public sector undertakings (PSUs) and private sector clients including wherein the end users are Government / PSUs which operate across a wide variety of industries. A majority of its revenues are currently derived from servicing Government/PSU projects. Under the IT Infrastructure category, it provides IT hardware and software (e.g., computers, servers, interactive panels and their peripherals), work on the installation and integration of the hardware and software as per client requirements, and also provide maintenance of the IT Infrastructure installed by it for periods as may be specified under the relevant contracts.

To ensure seamless transition for its clients, the company also provides functional training of the IT Infrastructure installed by it. It has undertaken multiple projects under the IT Infrastructure segment including setting up of ICT labs, smart classes, installing digital infrastructure for the public distribution system under the National Food Security Act, 2013, and supplying and/or installing IT hardware to various Government entities. The projects undertaken by it are for specific contractual periods.

The company also provides technical manpower, skill development training and offer annual maintenance services. Its employees provide on-site and off-site operational support and maintenance of the IT infrastructure, as may be specified under the relevant contracts. IT managed services are typically delivered under a service level agreement and payments are made at pre-defined intervals or as per contractual terms. In the projects undertaken by it, certain activities like site preparation, electrification, installation, commissioning and maintenance of IT Infrastructure are provided by third party service providers including ArMee Technology Services Private Limited, its Wholly Owned Subsidiary.

AIL undertakes EPC and PPA projects in the Renewable Energy Space. India's solar power sector has demonstrated robust growth, marked by a significant increase in installed capacity over the past six fiscal years. Beginning at 35.6 GW in FY 2020, the country's solar power capacity surged to 150.3 GW by FY 2026, reflecting a notable compound annual growth rate (CAGR) of 27.1%. As of July 2026, India has achieved a cumulative installed solar power capacity of 164.59 GW. (Source: D&B Report). It also engages as a developer in projects for Renewable Energy BESS on a PPA basis.

Renewable Energy EPC business involves the execution of engineering, procurement, and construction activities for solar power projects. Accordingly, the company undertakes end-to-end responsibility for project assessment, design, procurement of equipment, construction, commissioning, and handover of solar power plants. Project management includes coordination with stakeholders, management of timelines and costs, and adherence to applicable industry standards. Operations extend to contract execution with both public and private sector clients for the establishment of solar generation infrastructure. As of June 30, 2026, its total order book stood at Rs. 2663.44 cr. As of June 30, 2026 it had 263 employees on its payroll, and additional 1648 contractual workers.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO worth Rs. 300.00 cr. (of approx. 8000000 equity shares at the upper cap). The company has announced a price band of Rs. 350 – Rs. 375 per equity shares of Rs. 10 each. The issue opens for subscription on September 23, 2026, and will close on September 25, 2026. The minimum application to be made is for 40 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 25.21% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 155.00 cr. for funding its business expansion plans, Rs. 60.00 cr. for working capital needs, Rs. 6.50 cr. for repayment/prepayment of certain borrowings, and the rest for general corporate purposes.

The company has allocated not more than 25% for QIBs, not less than 22.50% for HNIs and not less than 52.50% for Retail investors.

The two joint Book Running Lead Managers (BRLMs) to this issue are Khandwala Securities Ltd., Saffron Capital Advisors Pvt. Ltd., while Cameo Corporate Services Ltd. is the registrar to the issue. Khandwala Securities Ltd., and Giriraj Stock Broking Pvt. Ltd. are syndicate members.

After issuing initial equity shares at par value, the company has issued further equity shares at a fixed price of Rs. 85 per share in March 2018. It has also issued bonus shares in the ratio of 5 for 1 in February 2024. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 5.63, Rs. 6.26, and Rs. 18.09 per share.

Post-IPO, its current paid-up equity capital of Rs. 23.73 cr. (23731386 equity shares) will stand enhanced to Rs. 31.73 cr. (31731386 equity shares). Based on the upper cap of the price band, the company is looking for a market cap of Rs. 1189.93 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 1023.99 cr. / Rs. 50.13 cr. (FY24), Rs. 1315.78 cr. / Rs. 41.67 cr. (FY25), and Rs. 1410.09 cr. / Rs. 45.47 cr. (FY26). Thus, it marked steady growth in its top for the reported periods, but posted declined bottom lines for FY25 and FY26. Its contingent liabilities stood at Rs. 129.23 cr. as of March 31, 2026, that raise alarm. Higher trade receivables raise concern.

For the last three fiscals, the company has posted an average EPS of Rs. 18.95 and an average RoNW of 31.42 %. The issue is priced at a P/BV of 4.88 based on its NAV of Rs. 76.77 as of March 31, 2026, and at a P/BV of 2.47 based on its post-IPO NAV of Rs. 151.96 per share at the upper cap.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 26.17. Based on FY25 earnings, the P/E stands at 28.56. The issue appears aggressively priced based on its recent average performance.

For the reported periods, the company has reported PAT Margins of 4.91% (FY24), 3.17% (FY25), 3.26% (FY26), and RoCE margins of 57.55%, 32.43%, 24.10%, respectively, for the referred periods.

About inconsistency in its bottom lines, the management explained their mega spending for expansion that resulted in lower margins following higher provisioning.

Dividend Policy

The company has not paid any dividends since its incorporation. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Dynacons Systems, Orient Techno, KPI Green Energy, Oriana Power, as its listed peers. They are currently trading at a P/E of 15.2, 51.7, 12.3, and 10.9 (as of September 18, 2026). However, they are not truly comparable on an apple-to-apple basis.

This comparison appears to be an eyewash.

Merchant Banker's Track Record

The two BRLMs associated with this issue has handled 9 IPOs in the last three fiscals and out of which 7 IPOs closed below the issue price on listing date.

Conclusion / Investment Strategy

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About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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