IPO REVIEW

CSM Technologies IPO

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- The company is one of the few IT solutions company offering specialized/tailormade deliveries.
- The company marked inconsistency in its bottom lines for the reported periods, though it marked growth in its top lines.
- With the orders on hand worth Rs. 357+ cr., the company is poised for bright prospects.
- The management is confident of maintaining the trends in coming years with the addition of AI.
- Based on its recent financial data, the issue appears aggressively priced.
- Well-informed/cash surplus investors may park moderate funds for long term in this dividend paying company.

About the Company

CSM Technologies Ltd. (CTL) is amongst the few IT solutions companies, who have delivered first of its kind projects for government as well as for the private sector. It also specialises in providing GovTech solutions and digital transformation services. The company provides technology solutions across sectors such as mining and allied services, government & public services, agriculture and allied services, industry and trade facilitation, education, healthcare and tourism (Source: CARE Report).

Incorporated in 1998, it has twenty-seven years of experience in designing, developing, and implementing e-governance platforms and digital infrastructure and operate as a long-term digital transformation partner to government agencies. These solutions are aimed at streamlining operations, improving data-driven decision-making, and facilitating citizen centric services. The company also offers consulting and advisory services and provide self-service technologies that enable government organisations and corporate clients to migrate, automate, and manage customer-facing business processes through self-service channels (Source: CARE Report). As of the date of this Red Herring Prospectus, it has presence in 14 countries, including India, Ethiopia, Kenya, Rwanda, Gambia, Gabon, Malawi, Cape Verde, the United States of America, and Canada.

Over the last twenty-seven years, CTL has executed multiple projects focused on the development of public digital infrastructure and implementation of scalable e-governance platforms across various economic and social sectors in India and other countries. CTL integrates sectoral knowledge, scalable technology platforms, and analytics to support governments in adopting data driven processes and improving service delivery. Its experience across multiple sectors enables the company to contribute to the implementation of technology solutions for public service initiatives. As of March 31, 2026, it had an order book worth Rs. 357.63 cr. (including around 15+% exports and the rest from domestic

markets). As of the said date, it had approx. 1700+ employees on an overall basis.

According to the management, with their experiences and many first to their credit solutions, it is posed for bright prospects ahead and is confident of maintaining the trends.

Issue Details / Capital History

The company is coming out with its maiden book building route primary IPO of 12901000 equity shares of Rs. 10 each to mobilize Rs. 145.78 cr. at the upper cap. The company has announced a price band of Rs. 107 – Rs. 113 per equity shares of Rs. 10 each. The issue opens for subscription on June 24, 2026, and will close on June 29, 2026. The minimum application to be made is for 132 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 25% of the post-IPO paid-up equity capital. From the net proceeds of the IPO, the company will utilize Rs. 56.00 cr. for working capital, Rs, 22.63 cr. for repayment/prepayment of certain borrowings, and the rest for inorganic growth through unidentified acquisitions and general corporate purposes.

CTL has reserved 130000 equity shares for its eligible employees. From the rest, it has allocated not more than 50% for QIBs, not less than 15% for HNIs and not less than 35%for Retail investors.

The sole Book Running Lead Manager (BRLM) to this issue is Keynote Financial Services Ltd., and KFin Technologies Ltd., is the registrar to the issue. Keynote Capitals Ltd. is a syndicate member.

The company has issued initial equity shares at par value, and raised further equity capital at a fixed price of Rs. 438 per share in January 2025, February 2025, and May 2025. It has also issued bonus shares in the ratio of 20 for 1 in Marcy 2023, and 5 for 1 in June 2025. The average cost of acquisition of shares by the promoters is Rs. 0.49 per share.

Post-IPO, its current paid-up equity capital of Rs. 38.70 cr. will stand enhanced to Rs. 51.60 cr. Based on the upper cap of the price band, the company is looking for a market cap of Rs. 583.12 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit, of Rs. 161.50 cr. / Rs.15.82 cr. (FY23), Rs. 198.65 cr. / Rs. 12.55 cr. (FY24), Rs. 200.63 cr. / Rs. 14.09 cr. (FY25). For 9M of FY26 ended on December 31, 2025, it earned a net profit of Rs. 14.70 cr. on a total income of Rs. 167.05 cr. It marked de-growth in its bottom line for FY24. Rs. 41,66 cr. contingent liability as of December 31, 2025, raises concern.

For the last three fiscals, the company has posted an average EPS of Rs. 3.67 and an average RoNW of 21.49 %. The issue is priced at a P/BV of 4.92 based on its NAV of Rs. 22.97 as of December 31, 2025, and at a P/BV of 2.48 based on its post-IPO NAV of Rs. 45.47 per share at the upper cap.

If we attribute FY26 earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 29.74. Based on FY25 earnings, the P/E stands at 41.39. The issue appears aggressively

priced based on its recent financial data.

For the reported periods, the company has posted PAT margins of 9.80% (FY23), 6.32% (FY24), 7.02 % (FY25), 8.80% (FY26), and RoCE margins of 46.90%, 23.85 %, 22.62 %, 24.40 %, respectively for the referred periods.

Dividend Policy

The company has paid dividend of 22.50% (FY23), 22.50% (FY24), 21.50% (FY25), 1.00% (9M-FY26), and 6.00% (for CD26 – so far. It has already adopted a dividend policy in August 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Trigyn Technology, Allied Digital, Dev Info., Silver Touch, as their listed peers. They are currently trading at a P/E of 83.2, 19.5, 140.0, and 66.0 (as of June 19, 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 sole BRLM associated with this issue has handled 1 issue in the last 3 fiscals (including the ongoing one), it closed below the offer price on the listing date. The BRLM has a poor track record.

Conclusion / Investment Strategy

CTL is one of the few IT solutions company offering specialized/tailor-made deliveries. The company marked inconsistency in its bottom lines for the reported periods, though it marked growth in its top lines. With the orders on hand worth Rs. 357+ cr., the company is poised for bright prospects. The management is confident of maintaining the trends in coming years with the addition of AI. Based on its recent financial data, the issue appears aggressively priced. Well-informed/cash surplus investors may park moderate funds for long term in this dividend paying company

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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