

ArMee Infotech Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
23 September 2026	25 September 2026	₹350-375	Neutral

Investment Summary

ArMee Infotech Limited is an established provider of **IT infrastructure solutions and managed services**, with a **strategic diversification into the Renewable Energy Space** (comprising solar EPC, solar PPAs, and BESS) and retail Experience Zones. The company executes turnkey IT and clean energy installations ranging from hardware deployment, cloud and network systems integration, and technical maintenance to solar photovoltaic power plants primarily catering to government departments and public sector undertakings (PSUs). Its business model combines competitive bidding capabilities on platforms such as the Government e-Marketplace (GeM) with key original equipment manufacturer partnerships across 14 Indian states, backed by a substantial order book of ₹2,663.44 Cr as of June 30, 2026. Revenue from operations increased from ₹1,020.57 Cr in FY24 to ₹1,396.63 Cr in FY26, while EBITDA and PAT reached ₹75.64 Cr (5.42% margin) and ₹45.47 Cr (3.26% margin), respectively. The IPO comprises a **Fresh Issue of 80,00,000 shares** aggregating to **₹300 Cr with no Offer for Sale (OFS)** at the upper price band of **₹375**. **Fresh proceeds** will fund **₹155 Cr towards securing Performance Bank Guarantees (PBGs)** for business expansion, **₹60 Cr towards working capital requirements**, and **₹6.50 Cr towards debt prepayment/repayment**, strengthening its financial capacity to bid for larger public mandates. While the issue is valued at a post-issue FY26 P/E of 26.17x backed by healthy top-line visibility, the heavy reliance on capital-intensive renewable energy contracts a line of business where management possesses minimal prior execution track record alongside elevated working-capital requirements presents significant operational considerations.

Company Overview

ArMee Infotech Limited was originally incorporated as 'Blossom Infraspace Private Limited' and was subsequently converted into a public limited company following the approval accorded by its shareholders. The company is an established provider of IT Infrastructure and IT Managed Services, and has recently diversified strategically into the Renewable Energy Space including solar EPC, power purchase agreements (PPAs), and battery energy storage systems (BESS) and retail sales through Experience Zones. Headquartered in Ahmedabad, Gujarat, it operates across 14 states with a strong focus on government and public sector undertaking (PSU) clients, maintaining a robust order book of ₹2,663.44 Cr as of June 30, 2026, with over 88% attributable to its rapidly expanding renewable energy segment. As of March 31, 2026, ArMee successfully executed a significant volume of projects primarily concentrated in Gujarat, Maharashtra, and Tamil Nadu, while actively expanding its turnkey solutions and multi-locational execution capabilities. The company is promoted by Ami Ridhish Patel, Kiritkumar Chimanbhai Patel and Ridhish Kiritbhai Patel, and is supported by a management team bringing targeted expertise to its traditional IT operations and new capacity-building initiatives in renewable energy. Leveraging its established history of competitive bidding, entrenched B2G (business-to-government) relationships, and aggressive pivot into sustainable energy, the company is well positioned to capitalize on India's evolving digital infrastructure and clean energy transition initiatives.

Business Model

ArMee Infotech Limited operates as a technology solutions provider and renewable energy contractor, procuring hardware, software, and solar equipment from original equipment manufacturers and technology partners to execute IT infrastructure projects, managed services, and renewable installations. The company primarily serves government departments, public sector undertakings (PSUs), and private enterprises, securing business predominantly through competitive bidding processes on platforms such as the Government e-Marketplace (GeM) across 14 Indian states. Its operating model encompasses the entire project lifecycle from sourcing, systems integration, and network setup to on-site commissioning and post-implementation annual maintenance backed by an order book of ₹2,663.44 Cr as of June 30, 2026, with over 88% attributable to solar EPC, PPAs, and BESS contracts. Revenue is primarily generated through milestone-based IT infrastructure deployments and turnkey solar EPC execution, supplemented by annuity-based service contracts and retail sales through company-operated Experience Zones, with forward strategy focused on scaling clean energy project delivery and broadening its pan-India geographical reach.

Investment Rationale

Established Provider of IT Infrastructure and Managed Services: ArMee has built a strong market presence in IT infrastructure solutions and managed services, delivering end-to-end systems integration, hardware deployment, and technical maintenance across public and enterprise domains. Long-standing relationships with premier original equipment manufacturers and extensive experience in executing multilocal turnkey projects support its operational reliability and service delivery.

Substantial Order Book Providing Strong Revenue Visibility: As of June 30, 2026, the company maintained a robust order book of ₹2,663.44 Cr, representing nearly 1.9x its FY26 revenue. Renewable energy projects account for ₹2,354.04 Cr (88.38%) of the total order book on a standalone basis, providing substantial medium-term revenue visibility across solar EPC, power purchase agreements (PPAs), and battery energy storage systems (BESS).

Strategic Diversification into High-Growth Renewable Energy Space: Leveraging its project management capabilities, the company has strategically expanded into solar EPC, long-term solar PPAs, and BESS installations. This transition enables ArMee to capitalize on key government clean energy programs such as feeder-level solarization under the PM-KUSUM Scheme and capture structural growth opportunities in India's energy transition.

Entrenched B2G Relationships and Competitive Bidding Track Record: The company has demonstrated a consistent ability to qualify for, bid, and secure large government and PSU contracts through platforms such as the Government e-Marketplace (GeM). With an operational footprint spanning 14 states and deep institutional ties, ArMee is positioned as an established contractor for large-scale public digitization and infrastructural mandates.

Solid Top-Line Expansion with Issue Proceeds Enhancing Bidding Capacity: Revenue from operations grew at a CAGR of 16.98% from ₹1,020.57 Cr in FY24 to ₹1,396.63 Cr in FY26, delivering a FY26 PAT of ₹45.47 Cr. The ₹300.00 Cr 100% fresh issue will allocate ₹155.00 Cr towards securing Performance Bank Guarantees (PBGs) and ₹60.00 Cr to fund working capital, significantly expanding its financial headroom to bid for and execute higher-value turnkey projects.

Key Risk Factors

Strategic Pivot to Renewable Energy with Minimal Prior Experience: As of June 30, 2026, ₹2,354.04 Cr (88.38%) of the company's standalone order book is concentrated in Renewable Energy EPC, PPAs, and BESS contracts. The promoters and senior management possess extensive experience in IT infrastructure but minimal prior background in navigating the technological, execution, and regulatory complexities of large-scale renewable power projects.

Heavy Revenue Dependence on Government and PSU Contracts: In FY26, 83.84% of revenue from operations was derived from Government/PSU clients or mandates where end users are public sector entities. Sourcing orders through competitive bidding on the Government e-Marketplace (GeM) subjects the company to rigid qualification criteria, capped pricing, potential billing disputes, and the risk of debarment or liquidated damages for project delays.

High Client and Technology Partner Concentration: The top five clients contributed 76.66% of total revenue from operations in FY26, creating high vulnerability to contract non-renewals, project deferrals, or budget reallocations. Additionally, the top three technology partners supplied 65.84% of total hardware and software purchases, exposing operations to vendor supply chain bottlenecks and non-exclusive commercial terms.

Geographic Concentration Across Three States: Business operations are heavily concentrated in Gujarat, Maharashtra, and Tamil Nadu, which collectively generated 86.48% of FY26 revenue from operations. Any regional economic slowdown, policy changes curtailing state government budgetary allocations, or administrative disruptions in these states could adversely impact project execution and order pipelines.

High Working Capital Intensity and Bank Guarantee Commitments: The company operates in a working-capital-intensive model, requiring substantial Performance Bank Guarantees (PBGs) ranging from 3% to 10% of contract values secured against fixed deposit margins. Driven by scaling operations, total borrowings rose sharply from ₹27.26 Cr in FY24 to ₹174.36 Cr in FY26, alongside negative operating cash flows of ₹(17.98) Cr in FY25, which could constrain liquidity if cash cycles lengthen.

Financial Snapshot

Metric	In Cr		
	FY24	FY25	FY26
Revenue from Operations	1,020.57	1,313.31	1,396.63
EBITDA	71.58	58.64	75.64
EBITDA Margin	7.01%	4.47%	5.42%
Profit After Tax (PAT)	50.13	41.67	45.47
PAT Margin	4.91%	3.17%	3.26%
Basic EPS (₹)	21.12	17.56	19.16

IPO Details and Use of Proceeds

Parameter	Details
Issuer	ArMee Infotech Limited
IPO Issue Size	80,00,000 shares (agg. up to ₹300 Cr) Fresh Issue 80,00,000 shares (agg. up to ₹300 Cr) Offer for sale Nil
Price Band	₹350 – ₹375 per share
Face Value	₹10 per share
IPO Opening Date	23 September 2026
IPO Closing Date	25 September 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: 92.72% → Post-IPO: ~69.34%
Book Running Lead Managers	Khandwala Securities Limited, Saffron Capital Advisors Private Limited
Use of Proceeds	₹155.00 Cr towards securing Performance Bank Guarantees (PBGs) for expansion of business; ₹60.00 Cr towards funding working capital requirements; ₹6.50 Cr towards prepayment or repayment of certain outstanding borrowings; balance towards general corporate purposes.

Valuation and Outlook

At the upper price band of **₹375**, ArMee Infotech Limited is valued at a FY26 post-issue P/E of **26.17x**, based on a market capitalization of **~₹1,189.93 Cr**. Although optically discounted against its stated peer group average, the asking price leaves limited margin of safety given key operational risks. While the company maintains a substantial order book of ₹2,663.44 Cr, over 88% is concentrated in the capital-intensive Renewable Energy segment, where the promoters possess minimal prior execution experience. Additionally, the business remains constrained by high working-capital intensity, heavy Performance Bank Guarantee (PBG) commitments, and past negative operating cash flows. Although the ₹300.00 Cr fresh issue provides essential liquidity for PBG deposits and working capital, near-term upside is capped by unproven clean energy execution. Consequently, we assign a **Neutral rating** to the IPO, advising investors to track contract execution and cash flow stabilization before taking exposure.

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