Arihant Capital
Generating Wealth

IPO Note
22nd June 2026

CSM Technologies Ltd

Neutral

Rating: Neutral

Issue Offer

Total issue size: INR 1,457.8 Mn (12.9 Mn shares) – Entirely a Fresh Issue of INR 1,457.8 Mn (12.9 Mn shares).

Issue Summary	
Price Band (INR)	107-113
Face Value (INR)	10
Implied Market Cap (INR mn)	5,831.2
Market Lot	132
Issue Opens on	24 June, 2026
Issue Close on	29 June, 2026
No. of share pre-issue	3,87,02,472
No. of share post issue	5,16,03,472
Listing	NSE / BSE

Issue Break-up (%)	
QIB Portion	≤ 50
NIB Portion	≥ 15
Retail Portion	≥ 35

Book Running Lead Managers
Keynote Financial Services Limited

Registrar
KFin Technologies Limited

Shareholding Pattern		
	Pre-Issue	Post-Issue
Promoters	94.90%	71.18%
Public & Others	5.10%	28.82%

Objects of the issue	Exp. Amt (INR Mn.)
Funding working capital requirements of the Company	560.0
Prepayment or repayment of all or a portion of certain outstanding borrowings availed by Company	226.3

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Incorporated in 1998, CSM Technologies is a leading IT solutions provider specializing in GovTech and digital transformation. The company serves both government and private sector clients across industries such as mining, agriculture, trade, education, healthcare, tourism, and public services. With over 27 years of experience, CSM develops e-governance platforms and digital infrastructure, partnering with government agencies on long-term digital data-driven transformation initiatives. Its solutions improve operational efficiency, enable decision-making, and enhance citizen service delivery. The company also offers consulting, advisory, and self-service solutions to help governments and enterprises automate and streamline customer-facing processes .As of March 31, 2026, the company had an order book of INR 3,576.32 Mn.

Investment Rationale:

Deep Sectoral Expertise Across a Diversified Industry Spectrum: With 27+ years of GovTech experience, CSM Tech has built a vertical-focused model spanning Mining, Governance, Agriculture, Education, Healthcare, and Trade Facilitation, offering end-to-end capabilities from consulting to managed services. Its proven track record in large-scale, mission-critical government projects and entrenched public sector relationships make it a rare full-stack digital transformation partner in India's e-governance ecosystem.

Proprietary IP Drives Differentiation and Margin Resilience: The company has built a portfolio of in-house platforms, LCNC framework, AI Model Orchestration, and a proprietary DMS alongside a patented ore sampling technology (RADO + RGSL) deployed in Odisha's mining ecosystem. These assets reduce delivery costs, compress time-to-market, and reduce commoditization risk, supporting sustainable margin profiles.

High Entry Barriers Underpin Revenue Stickiness: Government IT engagements carry long qualification cycles, mandatory empanelments, CMMI Level-5 and SOC 2 Type II certifications, and high integration complexity all of which CSM Tech already possesses. Repeat business from clients such as OCAC, JSW Steel, and Varanasi Smart City reflects strong client stickiness and low churn risk inherent to mission-critical e-governance contracts.

Geographic Diversification Reduces Concentration Risk: While Odisha remains the revenue anchor (~63% in 9M FY26), the company is actively diversifying Jharkhand, Bihar, and New Delhi are scaling, and international revenues (Africa + North America) contributed ~6% in 9M FY26. The Ministry of Mines recommendation to replicate its mining model across other states presents a near-term domestic expansion catalyst.

Valuation & Outlook: CSM Tech is well-positioned to capitalize on India's accelerating digital governance wave, backed by 27+ years of GovTech expertise, proprietary technology platforms, and patented solutions. High client stickiness (95.7% revenue from existing customers) and a healthy order book of INR 3,576.32 Mn provide strong near-term revenue visibility. Expanding footprint across Africa and North America, alongside investments in AI/ML and cybersecurity, offer incremental growth levers. Industry-leading EBITDA margins. With revenue potential to nearly double over the next 2-3 years. **At the upper band of INR 113, the issue is valued at a P/E ratio of 29.75x, based on annualized PAT of FY26 EPS of INR 3.80. We are recommending a "Neutral" rating for this issue.**

Financial Summary:

Particulars (INR Mn)	FY23	FY24	FY25	9MFY26
Revenue	1,604.39	1,967.11	1,992.44	1,655.24
Growth (% YoY)		*23%*	*1%*	
EBITDA	278.7	237.1	292.7	300.7
Margins	*17.4%*	*12.1%*	*14.7%*	*18.2%*
PAT	158.2	125.5	140.9	147.0
Margins	*9.9%*	*6.4%*	*7.1%*	*8.9%*
Debt	55.49	300.39	321.72	744.96

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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