



## IPO Note

# Active Infrastructures Limited

Recommendation: **AVOID!**

### Company Background -

- **Incorporation:** Active Infrastructures Limited was originally incorporated on Sep 26, 2007. The registered office is located at Nagpur, Maharashtra.
- **Business Activity:** The company operates primarily in two key segments: Infrastructure and Construction of Commercial Projects.
- **Revenue Stream:** The company generates revenue from both infrastructure segments and commercial projects.
- **Human Resource:** The company has 53 permanent employees and 150-160 contractual employees as on Mar 13, 2025.

### Objects of the Issue -

- Funding Working Capital Requirements of the Company
- Repayment/ Prepayment of Certain Borrowings availed by the Company and Margin Money for obtaining Bank Guarantee
- Capital expenditure towards purchase of construction equipment
- General Corporate Purposes

### Promoters Name -

Sunil Gyanchand Raisonni and Shreyas Sunil Raisonni and Shradha Infraprojects Limited and Riaan Diagnostic Private Limited

### Rationale for recommendation -

- ✓ The PE ratio of the company is 24.48 which makes it slightly highly priced.
- ✓ The company's top line and bottom line saw a sudden increase in FY23 which looks unsustainable.
- ✓ The company had negative CFO in FY22.
- ✓ The DE ratio was very high in FY22, FY23 and FY24.
- ✓ The operations are highly concentrated in 3 states (UP, MP and Maharashtra).
- ✓ There is high concentration for customers.
- ✓ The industry is highly fragmented and concentrated.

### IPO Details

Opening Date	Mar 21, 2025
Closing Date	Mar 25, 2025
Allotment Date	Mar 26, 2025
Listing Date	Mar 28, 2025
Stock Exchange	NSE SME
Lot Size	600 Shares
Issue Price Per Share	₹178 to ₹181
Issue Size	77.83 Cr.
Fresh Issue	77.83 Cr.
Offer for Sale	-
Application Amt	₹ 1,08,600 (600 shares)

### INDUSTRY - Infrastructure

Avg. P/E ratio as per RHP - 18.01

KPI's	KPIs (In Lakhs)			
	FY 22	FY 23	FY 24	Sep-24
Revenue	110.08	8,939.83	9,718.33	3,367.12
EBITDA	10.73	1,306.33	1,733.07	793.83
Net Profit	8.34	987.00	1,046.94	546.23
RoCE	0.90%	54.51%	37.32%	10.44%*
ROE	0.76%	53.93%	38.24%	9.77%*
P/E	2,262.50	19.85	21.34	24.48*

\*Annualized

### Promoter Share Holding Pattern

Pre-Issue	Post-Issue
99.99%	71.36%

### Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	8.48	7.39
BVPS	26.91	75.69
P/E	21.34	24.48
P/BV	6.73	2.39
Mkt Cap (In Cr)	193.94	271.77

\*Annualized

### Lead Managers -

**Kreo Capital Private Limited**

### Registrar -

**Bigshare Services Private Limited**

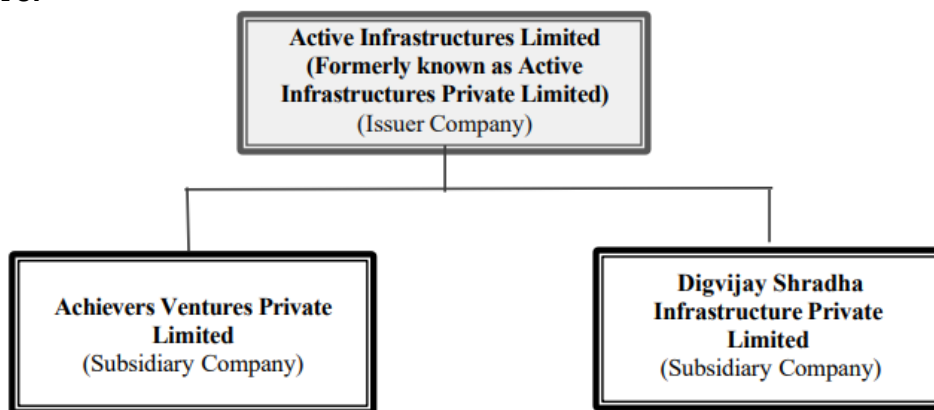
**Business Overview -**

Active Infrastructures Limited operates primarily in two key segments: Infrastructure and Construction of Commercial Projects. Within the Infrastructure segment, they focus on the construction of roads (including bridges), flyovers, water supply systems, irrigation projects, and other related infrastructure activities and in the Construction of commercial projects segment, they build various spaces such as, office complexes, retail centers, exhibition halls, retail outlets, private educational institutions, and other facilities.

They have completed, and have ongoing and upcoming projects in the state of Maharashtra, Madhya Pradesh, Uttar Pradesh and Tripura.

**Order Book:** The company has 4 ongoing projects with a total contract value of Rs. 23,650 lakhs and 1 upcoming project.

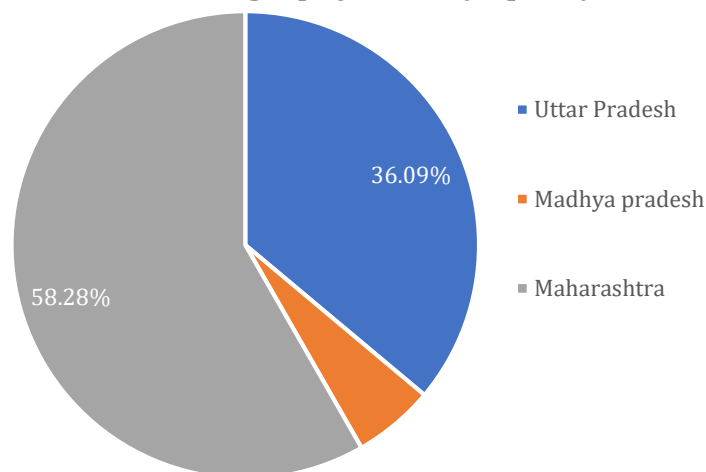
**Company Structure:**



Active Infrastructures Limited holds majority stake in two LLPs: (1) Stargate Ventures LLP and (2) Solus LLP. Additionally, under Stargate Ventures LLP, they have acquired land at Pune, which may be utilized for future construction purposes.

**Geography wise revenue bifurcation:**

Revenue Bifurcation Geography-Wise (Sep-24)



**Revenue Bifurcation:**

(In Lakhs)

Particulars	FY 2022		FY 2023		FY 2024		Sep-2024	
	Amt	%	Amt	%	Amt	%	Amt	%
Infrastructure Segments	-	-	590.62	6.61%	3,832.47	39.44%	1,404.61	41.72%
Construction of Commercial Projects Segment	110.08	100.00%	8,349.21	93.39%	5,885.86	60.56%	1,962.51	58.28%
<b>Total</b>	<b>110.08</b>	<b>100%</b>	<b>8,939.83</b>	<b>100%</b>	<b>9,718.33</b>	<b>100%</b>	<b>3,367.12</b>	<b>100%</b>

### Competition -

- 1. Market Competition:** The industry is competitive where the key factors of competition primarily comprise of room rates, location of the property, brand recognition, quality of accommodation, service levels and the quality and scope of other amenities, including F&B facilities.
- 2. Geographic Competition:** The company faces competition from small and large players in both organized and unorganized sector.
- 3. Barriers to entry:** Low barriers to entry.
- 4. Threat of Substitutes:** High threat of substitutes.
- 5. Bargaining Power of Buyers:** The bargaining power is high with the customers.

### Business Strategies -

1. The company intends to focus on performance and timely project execution in order to optimise profit margins.
2. The company intends to expand geographical footprint and grow the business.

### Risk Factors -

The company is highly dependent on top 10 customers for their revenue generation constituting to 100%, 99.96%, 99.94% and 99.95% for FY22, FY23, FY24 and Sep-24 respectively.

The company's entire revenue is generated from 3 states (Maharashtra, UP and MP).

The company has 6 cases against it for tax matters amounting to Rs. 0.41 lakhs.

The promoters have 8 cases against them for tax and civil matters amounting to Rs. 82.34 lakhs.

## INDUSTRY OVERVIEW -

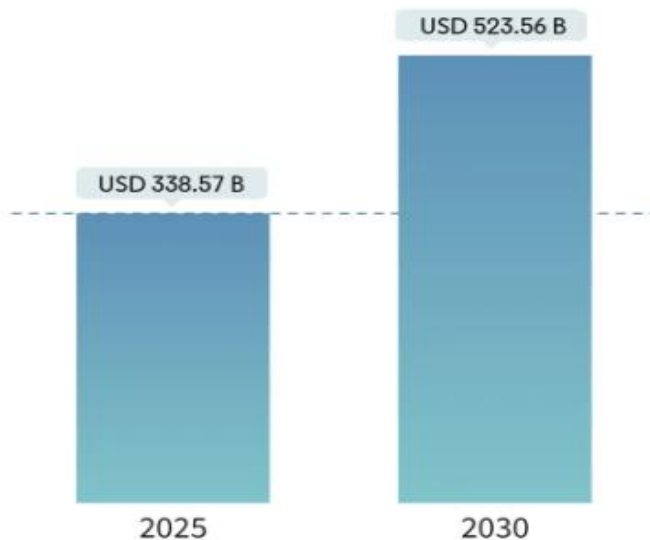
### Indian Manufacturing Industry -

India's manufacturing sector is a vital component of its economy, contributing approximately 16-17% to the nation's GDP and employing nearly 20% of the workforce. In 2024, the sector was valued at around USD 307.73 billion and is projected to reach USD 338.57 billion in 2025. Looking ahead, it is expected to grow at a compound annual growth rate (CAGR) of 9.11%, reaching USD 523.56 billion by 2030.

#### India Manufacturing Market

Market Size in USD Billion

CAGR 9.11%



Source : Mordor Intelligence



### Major Government Initiatives -

- 1. Make in India:** Launched in 2014, this initiative aims to transform India into a global manufacturing hub by encouraging both multinational and domestic companies to produce their products within the country.
- 2. Production-Linked Incentive (PLI) Scheme:** Introduced in 2020 with a budget of \$23 billion, the PLI scheme was designed to boost domestic manufacturing across 14 key sectors. By November 2024, it had attracted nearly \$19 billion in investments. However, the scheme is set to lapse without extension due to unmet expectations in certain sectors.

### Indian Construction Industry -

India's construction sector is a significant pillar of the national economy, contributing approximately 13% to the GDP. This industry encompasses a broad spectrum of activities, including residential, commercial, industrial, and infrastructure development.

The market size of India's construction industry was estimated to be around \$778 billion in 2023. It is projected to grow at a compound annual growth rate (CAGR) of 6% from 2024 to 2033, reaching \$1.393 trillion by 2033. Another analysis indicates that the market was valued at USD 884.72 billion in 2023 and is projected to reach USD 2,134.43 billion by 2030, reflecting a CAGR of 12.6% from 2024 to 2030. These variations highlight the dynamic nature of the sector and the influence of different analytical approaches.

### Major Government Initiatives -

- 1. National Infrastructure Pipeline (NIP):** Launched with the aim of making India a \$5 trillion economy by 2024, the NIP plans a total capital investment of over \$680 billion during 2020-2025 across construction-intensive sectors.
- 2. Pradhan Mantri Awas Yojana (PMAY):** Aimed at addressing urban housing shortages, this initiative seeks to enhance living standards across the country.

**Key Management -**

<b>Key Management Persons Name -</b>	<b>Nitesh Sanklecha</b>
<b>Age</b>	45
<b>Designation</b>	Managing Director
<b>Qualification</b>	Qualified CA, Bachelor's degree in Commerce and Ph.D. in Commerce and Management
<b>Other Directorships</b>	Achievers Ventures Private Limited, Shradha Infraprojects Limited, Gaya Railway Infra Private Limited and SGR Ventures Private Limited

<b>Key Management Persons Name -</b>	<b>Shreyas Sunil Raison</b>
<b>Age</b>	29
<b>Designation and No. of years of experience</b>	Promoter and Non-Executive Non-Independent Director, 7+ years of experience
<b>Qualification</b>	Bachelor of Computer Engineering (B. E)
<b>Other Directorships</b>	Ghru Technology Business Incubator Foundation, SSS Ventures Private Limited, S.G.R Foundation etc.

<b>Key Management Persons Name -</b>	<b>Asha Sampath</b>
<b>Age</b>	59
<b>Designation and No. of years of experience</b>	Chairperson and Non-Executive Independent Director, 25+ years of experience
<b>Qualification</b>	Member of ICAI and ICSI, Bachelor's degree in Commerce and completed the 'Digital Transformation' programme
<b>Other Directorships</b>	Shradha Infraprojects Limited and Globalspace Technologies Limited

- The overall management of the company is decent.
- The promoter and management have good experience in the industry.
- Chandrakant Waman Waikar, Akshay Bharat Thakkar and Gaurav Balkrishna Sharma are Non-Executive Independent Directors of the Company. They have decent experience in their respective fields.
- **Gautam Jain (CFO)**, aged 34 years, is a qualified CA and holds a bachelor's and a master's degree in Commerce and has 10 years of experience in strategic financial planning, audit management, and risk mitigation.
- **Aanchal Tembhre (CS)**, aged 27 years, has 2+ years of experience.

## FINANCIAL SNAPSHOT

## Statement of Profit and Loss

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
Revenue from Operations	110.08	8,939.83	9,718.33	3,367.12
Other Income	0.46	18.89	24.72	22.72
<b>Total Income</b>	<b>110.54</b>	<b>8,958.72</b>	<b>9,743.05</b>	<b>3,389.84</b>
<b>Expenses</b>				
Cost of Goods Sold and services rendered	88.47	7,054.51	7,515.45	2,517.05
Purchases of stock-in-trade	8.31	-	-	0.37
Direct Expenses	-	573.73	433.66	28.43
Employee Benefit Expenses	-	-	7.75	7.53
Finance Cost	-	1.69	13.31	5.33
Depreciation and Amortization Expense	0.04	4.04	338.33	164.43
Other expenses	2.57	5.26	28.40	19.91
<b>Total Expenses</b>	<b>99.39</b>	<b>7,639.23</b>	<b>8,336.90</b>	<b>2,743.05</b>
<b>EBITDA</b>	<b>10.73</b>	<b>1,306.33</b>	<b>1,733.07</b>	<b>793.83</b>
<b>EBITDA Margin</b>	<b>9.75%</b>	<b>14.61%</b>	<b>17.83%</b>	<b>23.58%</b>
<b>Profit/(Loss) before tax</b>	<b>11.15</b>	<b>1,319.49</b>	<b>1,406.15</b>	<b>646.79</b>
<b>Tax Expense</b>				
Current tax	2.73	329.69	401.55	130.43
Tax for prior years	-	-	2.30	-8.95
Deferred Tax	0.08	2.80	-42.34	-29.87
<b>Total Tax</b>	<b>2.81</b>	<b>332.49</b>	<b>359.21</b>	<b>100.56</b>
<b>Profit/(Loss) for the year</b>	<b>8.34</b>	<b>987.00</b>	<b>1,046.94</b>	<b>546.23</b>
<b>Net Profit Margin</b>	<b>7.58%</b>	<b>11.04%</b>	<b>10.77%</b>	<b>16.22%</b>

## Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
Share Capital	66.97	66.97	535.74	535.74
Other Equity	1,037.03	1,763.09	2,202.40	2,481.12
<b>Total Shareholder's Fund</b>	<b>1,104.00</b>	<b>1,830.06</b>	<b>2,738.14</b>	<b>3,016.86</b>
Minority Interest	-	15.21	145.64	234.59
<b>Total Equity</b>	<b>1,104.00</b>	<b>1,845.27</b>	<b>2,883.78</b>	<b>3,251.45</b>
<b>NON-CURRENT LIABILITIES</b>				
Financial Liabilities				
(i) Borrowings	71.58	503.54	798.31	788.24
(ii) Other Financial Liabilities	16.01	37.61	47.26	59.59
(iii) Non-Current other Financial Liabilities	-	-	8.15	-
Deferred Tax liability	-	2.75	-	-
<b>Total Non-current liabilities</b>	<b>87.59</b>	<b>543.90</b>	<b>853.72</b>	<b>847.83</b>
<b>CURRENT LIABILITIES</b>				
Financial Liabilities				
(i) Borrowings	10,847.40	6,426.51	5,677.57	4,820.89
(ii) Trade Payables				
(a) Total outstanding dues of MSME	-	-	-	-
(b) Total outstanding dues of creditors other than MSME	528.26	873.13	669.90	311.28
(iii) Other Financial Liabilities	3.50	17.37	423.66	335.45
Other Current Liabilities	52.81	67.48	162.81	56.33
Current Tax Liabilities (Net)	2.68	96.77	86.58	92.85

Particulars	FY 22	FY 23	FY 24	Sep-24
<b>Total Current liabilities</b>	<b>11,434.65</b>	<b>7,481.26</b>	<b>7,020.52</b>	<b>5,616.80</b>
<b>Total Liabilities</b>	<b>11,522.24</b>	<b>8,025.16</b>	<b>7,874.24</b>	<b>6,464.63</b>
<b>Total Equity and Liabilities</b>	<b>12,626.24</b>	<b>9,870.43</b>	<b>10,758.02</b>	<b>9,716.08</b>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, Plant and Equipment	139.86	802.71	3,126.00	3,101.77
Goodwill	-	0.03	0.03	0.03
Financial Assets				
(i) Investments	114.88	114.80	124.69	124.69
(ii) Other financial assets	0.32	0.96	4.69	5.43
Deferred tax assets (net)	0.02	-	39.59	69.45
Other Non- current Assets	-	0.04	-	-
<b>Total Non-Current assets</b>	<b>255.08</b>	<b>918.54</b>	<b>3,295.00</b>	<b>3,301.37</b>
<b>CURRENT ASSETS</b>				
Inventories	12,362.49	8,207.32	4,860.50	3,999.20
Financial Assets				
(i) Trade Receivables	-	585.66	2,138.01	1,188.12
(ii) Cash & Cash equivalents	0.73	3.59	14.56	21.82
(iii) Bank balances other than cash	-	-	122.42	23.35
(iv) Loans	-	-	55.70	874.69
(v) Other financials assets	0.40	0.47	15.34	22.76
Current Tax Assets (Net)	1.21	3.89	1.21	26.04
Other Current Assets	6.33	150.97	255.28	258.74
<b>Total Current assets</b>	<b>12,371.16</b>	<b>8,951.90</b>	<b>7,463.02</b>	<b>6,414.72</b>
<b>Total Assets</b>	<b>12,626.24</b>	<b>9,870.44</b>	<b>10,758.02</b>	<b>9,716.09</b>

### Cash Flow Statement Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
Net Cash Flow from Operating Activities	-248.68	1,821.54	3,188.30	1,293.21
Net Cash Flow from Investing Activities	-122.30	-724.29	-2,702.66	-937.33
Net Cash Flow from Financing Activities	370.71	-1,094.40	-472.57	-348.62

### Key Ratios

Per Share Data	FY 22	FY 23	FY 24	FY 25*	Valuation Ratios (x)				
					FY 22	FY 23	FY 24	FY 25*	
Diluted EPS	0.08	9.12	8.48	7.39	EV/EBITDA	1,120.43	6.71	5.32	3.56
BV per share	16.49	27.55	26.91	75.69	Market Cap / Sales	110.11	1.36	2.00	4.04
<b>Operating Ratios</b>					P/E	2,262.50	19.85	21.34	24.48
EBITDA Margins	9.75%	14.61%	17.83%	23.58%	Price to Book Value	10.98	6.57	6.73	2.39
PAT Margins	7.58%	11.04%	10.77%	16.49%	<b>Solvency Ratios</b>				
Inventory days	41,103.48	336.01	183.05	10,459.97	Debt / Equity	9.89	3.79	2.37	0.49
Debtor days	-	23.98	80.52	42.27	Current Ratio	1.08	1.20	1.06	1.06
Creditor days	94.30	120.09	55.25	72.84	Quick Ratio	0.001	0.10	0.37	0.37
<b>Return Ratios</b>					Asset Turnover	0.01	0.91	0.90	0.63
RoCE	0.90%	54.51%	37.32%	10.44%	Interest Coverage Ratio	-	770.59	104.79	118.09
RoE	0.76%	53.93%	38.24%	9.77%					

\*Annualized



**INTERPRETATION –**

1. The top line has increased over the years. It saw a sudden increase in FY23 and it increased by 8,021.21% was due realization of revenue from office block/ commercial space projects segment which majorly contributed. Then it increased by 8.71% in FY24 which was due to sale of services (works contract) which essentially includes the revenue towards Highway Project (this project includes construction of the major bridges, flyovers, culverts, VUP and ancillary road works) which has been realised. This revenue is realized by Digvijay Shradha Infrastructure Private Limited (DSIPL) which is a material subsidiary of the Company. This stream of revenue was non-existent in FY23.
2. The net profit has increased over the years. It increased by 11,734.53% in FY23 which was majorly due to increase in revenue and it increased by 6.07% in FY24.
3. The EBITDA margin has increased over the years and the PAT margin saw a slight dip in FY24.
4. The DE ratio was very high for FY22, FY23 and FY24.

**PEER ANALYSIS –**

Particulars	Active Infrastructures Limited			AVP Infracon Limited			V L Infraprojects Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	7.58%	11.04%	10.77%	-	9.97%	11.55%	3.09%	4.88%	5.39%
EBITDA Margin	9.75%	14.61%	17.83%	-	20.28%	22.31%	8.93%	10.54%	9.63%
RoCE	0.90%	54.51%	37.32%	-	34.03%	26.62%	27.00%	34.45%	52.82%
ROE	0.76%	53.93%	38.24%	-	46.15%	19.86%	15.05%	21.80%	37.53%
EPS (INR)	0.08	9.12	8.48	-	6.40	8.68	4.01	4.34	6.52
P/E	2,262.50	19.85	21.34	-	-	8.93	-	-	-

- The market cap of the company is slightly less compared to AVP Infracon.
- The PE ratio of the company is worse compared to its peers.
- The NP margin trend of the peers has been increasing over the years whereas Active Infrastructure saw a slight dip in FY24.

**LEAD MANAGER TRACK RECORD –**

The lead manager to the issue is **Kreo Capital Private Limited**. This is their 2<sup>nd</sup> mandate.

A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

**Kreo Capital Private Limited –**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	3C IT Solutions & Telecoms (India) Limited	11.44	52.00	Jun 12, 2024	24.45

The company has handled 1 mandates in the last three years (including current year).

\*CMP for the above-mentioned companies is taken as of 21<sup>st</sup> Mar 2025.

As per the offer document, the above-mentioned mandate 3C IT Solutions & Telecoms (India) has opened at a discount on the listing day.



**Recommendation -**

Active Infrastructures Limited has been in the industry since 2007 and has vast experience in the industry.

The P/E on a post-IPO annualized basis is around 24.48 times which makes it slightly highly priced.

The company's management overview is decent.

The company's top line had seen a sudden increase in FY23 as they had an office block/commercial space under development in FY22 but completed and sold it in FY23, then the revenue was recognized. Due to the sudden increase in revenue, the bottom line also saw a similar trend. But this increase looks unsustainable if they don't get similar projects. The profitability margins have increased over the years. The company had negative CFO for FY22. The company had high DE ratio in FY22, FY23 and FY24. Overall, the financials of the company looks slightly unsustainable.

The company is highly concentrated in 3 states (UP, MP and Maharashtra). They also have high concentration for customers and loss of any may have adverse effect on the operations.

The infrastructure industry is highly fragmented and competitive and there are many established players.

Thus, investors can **AVOID** this IPO for now.

**Disclaimer**

We are not registered research analysts with SEBI and are not subject to the regulations governing research analysts. This research report is for educational purposes only and should not be construed as investment advice. The information contained in this report is based on publicly available information and is believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy or completeness. Also, some of the employees of our organization may have or may in the future hold investments in the company that is the subject of this research report. This may create a conflict of interest, and you should be aware of this when considering the information contained in this report. You should consult with your financial advisor before making any investment decisions.

The analysis and recommendations are based on the current market and company-specific scenario, along with the data available in the prospectus. Market and company-specific conditions may change after the company's listing, potentially impacting its performance and outlook. We will not be providing any follow-up reports or updates on this analysis post-listing.

**WEBSITE:**

[www.tiareconsilium.com](http://www.tiareconsilium.com)

**OUR APP AVAILABLE ON:**



**CONNECT WITH US ON :**

