



IPO Note

Integrity Infrabuild Developers Limited

Recommendation: **AVOID!**

Company Background -

- **Incorporation:** Integrity Infrabuild Developers Limited was originally incorporated as a partnership firm "M/s Dipak J. Gandhi" on Jan 04, 2017. The registered office is located at Vadodara, Gujarat.
- **Business Activity:** The company is a Class-A civil contractor specializing in executing government projects in Gujarat, including road, building, and bridge construction.
- **Revenue Stream:** The company generates majority of the revenue from projects related to road construction.
- **Human Resource:** The company has 53 permanent employees as on Mar 31, 2025

Objects of the Issue -

- Purchase of machinery and equipment.
- Funding Working capital requirements.
- General Corporate Purposes.

Promoters Name -

Keyukumar Sheth, Rajendrakumar Sheth and Disha Keyukumar Sheth.

Rationale for recommendation -

The company has demonstrated growth in its revenue and EBITDA over the years, supported by positive operating cash flows in the last two years. However, the sudden spike in PAT in FY24 and consistently high debt levels raise concerns about financial sustainability. Additionally, the company has a highly concentrated customer and supplier base, and operates solely in Gujarat, limiting its competitive edge in a fragmented industry. Considering these aspects, we recommend investors **avoid** this IPO.

IPO Details

Opening Date	May 13, 2025
Closing Date	May 15, 2025
Allotment Date	May 16, 2025
Listing Date	May 20, 2025
Stock Exchange	NSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹100 per share
Issue Size	12.00 Cr
Fresh Issue	12.00 Cr
Offer for Sale	-
Application Amt	₹ 1,20,000 (1,200 shares)

INDUSTRY - Construction

Avg. P/E ratio as per RHP - 37.04

KPIs				(In Lakhs)
KPI's	FY 22	FY 23	FY 24	Dec-24
Revenue	3,342.23	4,518.95	6,447.02	6,889.82
EBITDA	168.38	269.49	354.98	564.65
Net Profit	29.95	29.44	94.85	194.29
RoCE	12.22%	22.02%	23.37%	21.14%*
ROE	11.74%	16.51%	30.60%	15.03%*
P/E	103.09	105.26	32.68	16.63*

*Annualized

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
99.99%	72.09%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	3.06	6.01
BVPS	-	40.00
P/E	32.68	16.63
P/BV	-	2.50
Mkt Cap (In Cr)	31.00	43.00

*Annualized

Lead Managers -

Aryaman Financial Services Limited

Registrar -

Link Intime India Private Ltd

Business Overview -

Integrity Infrabuild Developers Limited is an integrated civil contracting company registered as a Class-A contractor with the Government of Gujarat. The company specializes in providing contracting and sub-contracting services for a variety of government infrastructure projects, including road, building, and bridge construction.

The company has completed 111 projects, comprising 103 roads and 8 buildings, with a total contract value of ₹21,336.63 lakhs. All these projects were undertaken directly with Gujarat Government and Semi-Government authorities, without subcontracting through other main contractors.

Client Base: Majority of the customers include government and semi-government authorities viz. Nagar Palika, Gujarat State Road Transport Corporation (GSRTC), Rural Development & Panchayat Raj Department, Roads and Buildings (R&B) Departments under various Division of Gujarat, etc.

Order Book: The company has an order book as of Rs. 20,597.90 lakhs with 70 ongoing projects, Mar 31, 2025.

Services Offered:

1. Road Construction:



2. Building construction:



3. Bridge Construction:



Completed projects:

(In Lakhs)

Sector	Sub Sector	Amount	No. of Projects	%
Road	Rural Roads	19,501.47	103	91.40%
Urban Infrastructure	Building construction	1,835.16	8	8.60%
Total Completed Projects		21,336.63	111	100.00%

Competition -

- 1. Market Competition:** The industry is competitive where the key factors of competition primarily comprise of changing business framework, competitive price, delivery at given timeline and established relationship with suppliers, brand recognition etc.
- 2. Geographic Competition:** The company faces competition from various domestic players and international players.
- 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.
- 6. Bargaining Power of Suppliers:** The bargaining power is low with the suppliers.

Business Strategies –

1. The company seeks to enhance its financial strength and support operational growth by raising working capital through the Issue while maintaining disciplined cost control and prudent expansion.
2. The company continues to enforce strict cost control through ownership of modern equipment, centralized procurement, selective project bidding, and cautious expansion.
3. The company remains focused on government and semi-government civil contracts to strengthen its competitive position and leverage new opportunities.
4. The company is committed to timely, high-quality project delivery by adopting industry best practices and advanced technologies.
5. The company plans to invest continuously in technology, manpower, and modern equipment to sustain high standards of execution and productivity.

Risk Factors –

1. The company is highly dependent on top 10 customers for their revenue generation constituting to 97.64%, 97.67%, 99.74% and 98.86% for FY22, FY23, FY24 and Dec-24 respectively.
2. The company is highly dependent on top 10 suppliers for raw materials required constituting to 78.17%, 81.42%, 59.82% and 85.58% for FY22, FY23, FY24 and Dec-24 respectively.
3. The company experienced negative cash flow from operations for FY2.
4. The contingent liabilities as of Dec-24 is Rs. 1,008.27 lakhs.
5. The company's operations are vulnerable to seasonal fluctuations, particularly during the monsoon season, which may cause project delays, resource underutilization, and adverse impacts on revenues and financial performance.

PEER ANALYSIS –

Particulars	Integrity Infrabuild Developers Limited			Udayshivakumar Infra Limited			V R Infraspaces Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	0.90%	0.65%	1.47%	6.63%	5.57%	5.13%	5.62%	13.02%	12.42%
EBITDA Margin	5.04%	5.96%	5.51%	13.51%	11.22%	8.91%	16.22%	17.91%	19.79%
RoCE	12.22%	22.02%	23.37%	20.95%	14.30%	21.90%	18.55%	15.49%	8.60%
ROE	11.74%	16.51%	30.60%	19.85%	11.13%	17.22%	8.22%	20.85%	6.92%
EPS (INR)	0.97	0.95	3.06	-	-	6.86	1.20	3.78	3.11
P/E	103.09	105.26	32.68	-	-	7.02	-	-	46.19

INDUSTRY OVERVIEW -

Infrastructure Industry in India

India’s infrastructure sector is a critical pillar in the journey to becoming a **US\$ 26 trillion economy by 2047**. The sector is expected to receive **US\$ 1.4 trillion in investments by 2025** under the **National Infrastructure Pipeline (NIP)**, with a **long-term capital outlay of US\$ 1.72 trillion (₹143 lakh crore)** planned between **FY24 and FY30**. For **FY25**, capital expenditure alone is budgeted at **₹11.11 lakh crore (US\$ 133.86 billion)**, which accounts for **3.4% of India’s GDP**.

The infrastructure sector is expected to grow at a **CAGR of 7.5%–8.5%** over the next 5 years, reflecting strong policy momentum and sustained public and private investment.

India’s infrastructure investment is projected to grow **steadily from 5.3% of GDP in FY24 to 6.5% by FY29**, driven by key initiatives such as **PM Gati Shakti, Make in India, and PLI schemes**. **Historically, more than 80% of infrastructure spending has gone towards transportation, energy, water, and urban development.**

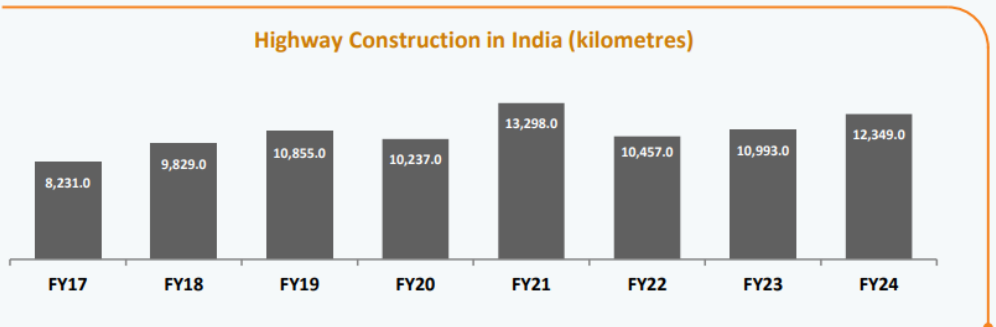
Road Infrastructure in India

India has the second-largest road network in the world, spanning a total of **6.7 million kilometres (kms)**. This road network transports **64.5% of all goods** in the country and **90% of India’s total passenger traffic** uses road network to commute. Road transportation has gradually increased over the years with improvement in connectivity between cities, towns and villages in the country.

MARKET SIZE-

India’s road infrastructure sector has witnessed robust growth, with national highway construction rising at a **9.3% CAGR** between **FY16–FY24** and **12,349 km built in FY24** alone. The total length of National Highways reached **146,195 km** with **2,474 high-speed corridors** by **December 2024**. The government has allocated **Rs. 2.72 lakh crore (US\$ 32.68 billion)** to the Ministry of Road Transport and Highways in the **Union Budget 2024–25**, while NHAI recorded its highest-ever capital expenditure of **Rs. 2,07,000 crore (US\$ 24.79 billion)** in **FY24**, a **20% increase** from the previous year.

Currently, **202 projects** worth **Rs. 79,789 crore (US\$ 9.59 billion)** and spanning **6,270 km** are under implementation, with **3,100 km awarded in FY25** up to December. Notable among these is a **25.24 km six-lane greenfield bypass** in Ludhiana awarded to **Ceigall India** under the **HAM model**. As of **February 2025**, there are **826 PPP road projects** out of **1,825 total**, and **FDI inflows** in construction development reached **Rs. 2,50,628 crore (US\$ 35.24 billion)** between April 2000 and September 2024.



INVESTMENTS- The National Highways Infra Trust (NHIT) raised **Rs. 16,000 crore (US\$ 1.92 billion)** in InvIT round-3 for **889 km** of highways, marking NHAI’s largest transaction. The government is promoting corporate investment with business-friendly policies and has approved **8 high-speed corridor projects** covering **936 km** at **Rs. 50,655 crore (US\$ 6.09 billion)**. Private investment in highways is expected to grow from **Rs. 20,000 crores** to **Rs. 1 trillion (US\$ 12 billion)** in the next **6–7 years**, while InvIT AUM may double to **Rs. 1.4 trillion (US\$ 17 billion)** by **March 2025**.

Key Management -

Key Management Persons Name -	Keyurkumar Sheth
Age	39
Designation and No. of years of experience	Promoter, Chairman and Managing Director, 10+ years of experience in construction industry
Qualification	-
Responsibility	Responsible for the overall working of the Company and is instrumental in making strategic decisions.
Other Directorships	Integrity Infrabuild Private Limited

Key Management Persons Name -	Disha Keyurkumar Sheth
Age	33
Designation	Promoter, CFO and Whole Time Director, 5+ years of experience in Construction industry.
Qualification	Bachelor of Commerce
Responsibility	Responsible for handling finances and operations of the company.
Other Directorships	Integrity Infrabuild Private Limited

Key Management Persons Name -	Rajendrakumar Sheth
Age	72
Designation	Promoter and Non-Executive Director, 30+ years of experience in Construction industry and other activities.
Qualification	-
Responsibility	Responsible for providing his expertise for growth and expansion of the company.
Other Directorships	Integrity Infrabuild Private Limited

- The overall management of the company is satisfactory.
- The promoter and management have decent experience in the industry.
- There is evidence of dual chairmanship, which is not favourable.
- Nikhil Malpani and Shivam Dhananjay Dave are the Non-Executive Independent Directors of the Company. They have relevant experience in their respective fields.
- **Krupa Dholakia (CS and Compliance Officer)** has 13 years of experience.

FINANCIAL SNAPSHOT**Statement of Profit and Loss** Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Dec-24
Revenue from Operations	3,342.23	4,518.95	6,447.02	6,889.82
Other Income	5.96	4.38	16.38	6.98
Total Income	3,348.19	4,523.33	6,463.40	6,896.80
Expenses				
Cost of materials consumed	1,558.33	2,055.59	2,738.91	3,443.29
Change in Inventories of finished goods and WIP	28.60	14.90	-4.40	-258.96
Employee Benefit Expenses	79.56	62.53	56.68	140.72
Finance Cost	42.72	57.83	53.37	89.74
Depreciation and Amortization Expense	88.08	173.24	169.51	220.74
Other expenses	1,507.36	2,116.44	3,300.85	3,000.12
Total Expenses	3,304.65	4,480.53	6,314.92	6,635.65
EBITDA	168.38	269.49	354.98	564.65
EBITDA Margin	5.04%	5.96%	5.51%	8.20%
Profit/(Loss) before tax	43.54	42.80	148.48	261.15
Tax Expense				
Current tax	17.34	32.68	60.84	36.26
Deferred Tax	-3.75	-19.32	-7.21	30.60
Total Tax	13.59	13.36	53.63	66.86
Profit/(Loss) for the year	29.95	29.44	94.85	194.29
Net Profit Margin	0.90%	0.65%	1.47%	2.82%

Statement of Assets and Liabilities Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Dec-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	255.20	178.29	310.00	310.00
Reserves and Surplus	-	-	-	145.66
Total Equity	255.20	178.29	310.00	455.66
NON-CURRENT LIABILITIES				
Long-term Borrowings	402.02	258.83	483.68	445.53
Deferred Tax liability	-	-	-	0.32
Total Non-current liabilities	402.02	258.83	483.68	445.85
CURRENT LIABILITIES				
Short-term Borrowings	248.68	262.91	633.66	840.35
Trade Payables				
(a) Total outstanding dues of MSME	35.58	218.41	171.06	901.07
(b) Total outstanding dues of creditors other than MSME	286.40	489.00	317.74	180.36
Other Current Liabilities	61.07	83.66	86.79	132.37
Short-term Provisions	17.34	33.59	64.85	379.02
Total Current liabilities	649.07	1,087.57	1,274.10	2,433.17
Total Liabilities	1,051.09	1,346.40	1,757.78	2,879.02
Total Equity and Liabilities	1,306.29	1,524.69	2,067.78	3,334.68
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	560.59	560.05	928.66	1,641.36
Non-Current Investments	1.18	1.18	1.18	1.18
Long-Term Loans and Advances	7.00	7.00	9.50	5.50

Particulars	FY 22	FY 23	FY 24	Dec-24
Deferred tax assets (net)	3.75	23.08	30.28	-
Other Non- current Assets	108.37	29.21	222.92	218.60
Total Non-Current assets	680.89	620.52	1,192.54	1,866.64
CURRENT ASSETS				
Inventories	40.08	13.12	18.16	277.13
Trade Receivables	23.91	40.60	47.12	4.87
Cash & Cash equivalents	126.45	205.66	140.11	54.52
Short Term Loans and Advances	179.30	443.54	447.70	676.13
Other Current Assets	255.66	201.26	222.12	455.39
Total Current assets	625.40	904.18	875.21	1,468.04
Total Assets	1,306.29	1,524.70	2,067.75	3,334.68

Cash Flow Statement				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Dec-24
Net Cash Flow from Operating Activities	-47.33	463.17	80.13	802.49
Net Cash Flow from Investing Activities	-277.67	-90.82	-724.76	-918.25
Net Cash Flow from Financing Activities	432.01	-293.13	579.09	30.17

Key Ratios

Per Share Data					Valuation Ratios (x)				
	FY 22	FY 23	FY 24	FY 25*		FY 22	FY 23	FY 24	FY 25*
Diluted EPS	0.97	0.95	3.06	6.01	EV/EBITDA	4.63	1.83	3.63	1.58
BV per share	-	-	-	40.00	Market Cap / Sales	-	-	-	0.47
Operating Ratios					P/E	103.09	105.26	32.68	16.63
EBITDA Margins	5.04%	5.96%	5.51%	8.20%	Price to Book Value	-	-	-	2.50
PAT Margins	0.90%	0.65%	1.47%	2.82%	Solvency Ratios				
Inventory days	4.39	1.06	1.03	4.39	Debt / Equity	2.55	2.93	3.60	0.75
Debtor days	2.62	3.29	2.68	2.19	Current Ratio	0.96	0.83	0.69	0.69
Creditor days	75.27	126.70	65.30	88.41	Quick Ratio	0.90	0.82	0.67	0.67
Return Ratios					Asset Turnover	2.56	2.96	3.12	4.43
RoCE	12.22%	22.02%	23.37%	21.14%	Interest Coverage Ratio	1.88	1.66	3.48	3.83
RoE	11.74%	16.51%	30.60%	15.03%					

*Annualized

INTERPRETATION –

1. The top line has increased consistently over the years. It increased by 35.21% in FY23 and in FY24 it increased by 42.67% which was due to increase in tender and orders awarded by government for construction business during the period.
2. The net profit remained slightly inconsistent over the years. It decreased by 1.70% in FY23 and it saw sudden increase by 222.18% in FY24.
3. The EBITDA has somewhat remained consistent over the years with a slight dip in FY24 and PAT margin saw a slight dip in FY23.
4. The company had negative cash flow from operations for FY22.
5. The DE ratio has remained high over the years.

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is **Aryaman Financial Services limited.**

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

Aryaman Financial Services Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	NAPS Global India Limited	11.88	90.00	Mar 11, 2025	49.00
2.	CLN Energy Limited	72.30	76.00	Jan 30, 2025	376.25
3.	Indo Farm Equipment Limited	260.15	215.00	Jan 07, 2025	145.10
4.	Khyati Global Ventures Limited	18.30	99.00	Oct 11, 2024	59.50
5.	Vraj Iron and Steel Limited	171.00	207.00	Jul 03, 2024	151.35
6.	Shivam Chemicals Limited	20.18	44.00	Apr 30, 2024	58.00
7.	Arrowhead Seperation Engineering Limited	13.00	233.00	Nov 28, 2023	80.90
8.	Mish Designs Limited	9.76	122.00	Nov 07, 2023	82.20
9.	Sunita Tools Limited	22.04	145.00	Oct 11, 2023	613.65
10.	Master Components Limited	15.43	140.00	Sep 29, 2023	356.50

The company has handled 18 mandates in the past three years (including the current year).

*CMP for the above-mentioned companies is taken as of 09th May 2025.

As per the offer document, the above-mentioned mandates have opened at a premium on the listing day.

Recommendation -

Integrity Infrabuild Developers Limited has been in the industry since 2017 and has decent experience in the industry.

The P/E on a post-IPO annualized basis is around 16.63 times which makes it fairly priced.

The company's management structure is decent but the promoters do not have relevant educational qualification.

The company's top line and EBITDA has increased over the years and look sustainable. Although, the bottom line has seen sudden jump in FY24 which raises slight concerns. The PAT margin has also seen a similar trend as the bottom line and the percentage of the PAT margin is very low. The company has positive cash flow from operations for since the last two years. The DE ratio has remained very high over the years. Overall, the financials look slightly unsustainable.

The company has high concentration for customers and suppliers and loss of any may have adverse effects on the business operations. Also, the issue is very small.

The company only operates in Gujarat and there are many established players in this segment and it will be difficult for the company to survive if they do not expand their services in other geographies.

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

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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.

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