

Infrax Renewable IPO

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- The company is engaged in providing EPC services for solar power solutions for rooftop and ground mount solar projects.
- The company posted growth in its top and bottom lines for the reported periods.
- Boosted top and bottom lines for FY26 (Pre-IPO year) appears a window dressing to pave the way for fancy valuations for the IPO.
- Well-informed/cash surplus investors may park moderate funds for long term.

About the Company

Infrax Renewable Ltd. (IRL) is an ISO 9001:2015 certified, and is engaged in providing solar Engineering, Procurement and Construction (EPC) services, including solar power solutions for Rooftop and Ground Mount solar projects. Its EPC services encompass project design, engineering, procurement, installation, testing, commissioning and comprehensive operation & maintenance services, enabling it to manage all aspects of project execution from site assessment to final commissioning. Installation is undertaken majorly by its dealers or by third parties hired by the company, as the case may be.

It is engaged in the supply and distribution of a wide range of solar products, including Solar PV (Photovoltaic) modules, Solar PV inverters and related solar products. The Company is also engaged in Independent Power Producer (IPP) activities through execution of Power Purchase Agreements (PPAs) with Paschim Gujarat Viji Company Limited (PGVCL) by establishing its own solar power plant situated at Bhadla (Jasdan) Gujarat for generation and sale of electricity to PGVCL. It supplies above its services and products through a diversified sales and distribution network comprising authorized dealers across various regions, enabling wider market reach and efficient customer servicing.

Further, IRL has been empaneled as a national vendor for implementation of solar power projects under government-sponsored schemes including the PM Surya Ghar: Muft Bijli Yojana Rooftop Solar Programme. Currently it is supplying services and products in various states of India includes Gujarat, Uttar Pradesh, Madhya Pradesh, Maharashtra, Rajasthan and Telangana for the financial years ended March 31, 2026. A majority of its sales are derived from the state of Gujarat. The company intends to gradually expand business operations across other states in India through establishment of its proposed manufacturing facility. It focuses on maintaining a seamless supply chain by leveraging its expertise in procurement, designing, pricing of solar power projects and ensuring timely deliver to customers.

The Company procures the raw materials required for providing the aforesaid services from domestic suppliers located across Gujarat, Madhya Pradesh, Rajasthan, Telangana, Maharashtra and Uttar Pradesh based on project specifications, technical requirements and commercial considerations. As of March 31, 2026, it operated 3 warehouses situated at Rajkot, Ahmedabad and Kanpur, where raw materials are stored for execution of its services. Further, it has a presence across 4 states in India namely Gujarat, Maharashtra, Madhya Pradesh and Uttar Pradesh through branch offices. As of March 31, 2026, it had a team of dedicated 33 sales and marketing person, 5 persons in liaison dept., and 4 technical persons, consists of total 52 full time employees to undertake its operations.

Issue Details / Capital History

The company is coming out with its maiden IPO of 3931200 equity shares of Rs. 10 each at a fixed price of Rs. 104 per share to mobilize Rs. 40.88 cr. The IPO consists of 3250800 fresh equity shares worth Rs. 33.81 cr. and an Offer for Sale (OFS) of 680400 equity shares worth Rs. 7.07cr. The minimum application to be made is for 2400 shares and in multiples of 1200 shares thereon, thereafter. The issue opens for subscription on September 09, 2026 and will close on September 11, 2026. The shares will be listed on BSE SME. The IPO constitute 27.61% of the post-IPO paid-up capital of the company. The company is spending Rs. 2.48 cr. for this IPO process, and from the net proceeds of the fresh issue, the company will utilize Rs. 12.29 cr. for capex on purchase of machinery and equipments, Rs. 17.00 cr. for working capital, and Rs. 2.03 cr. for general corporate purposes.

The IPO is solely lead managed by Smart Horizon Capital Advisors Pvt. Ltd., while Bigshare Services Pvt. Ltd. is the registrar to the issue. SHRENI group's Shreni Shares Ltd. is a market maker.

After issuing / converting initial equity capital at par value, the company also issued further equity shares in the price range of Rs. 72 – Rs. 160 per share between July 2025, and June 2026. It has also issued bonus shares in the ratio of 7 for 1 in May 2026. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 1.25 per share.

Post-IPO, company's current paid-up equity capital of Rs. 10.98 cr. (10985111 equity shares) will stand enhanced to Rs. 14.24 cr. (14235911 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 148.05 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/ net profit, of Rs. 9.66 cr. / Rs. 0.96 cr. (FY24), Rs. 30.48 cr. / Rs. 2.85 cr. (FY25), Rs. 93.33 cr. / Rs. 10.20 cr. (FY26). The company posted surprised growth in its top and bottom lines for FY26, that not only surprises, but also raises concern over its sustainability going forward. Boosted bottom line for FY26 appears to be a window dressing to fetch fancy valuations for IPO. Rising trade receivables year-on-year, raise alarms. Its contingent liability stood at Rs. 0.71 cr. as of March 31, 2026.

For the last three fiscals, the company has reported an average EPS of Rs. 6.82 and an average RoNW of 94.11%. The issue is priced at a P/BV of 6.59 based on its NAV of Rs. 15.77 per share as of March 31, 2026 , but its post-IPO NAV data is missing from the offer documents.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 14.50, and based on FY25 earnings, the P/E stands at 52.00. The issue appears greedily priced based on its recent average earnings.

The company has posted PAT Margins of 9.92% (FY24), 9.36% (FY25), 10.94% (FY26) and RoCE margins of 125.59%, 91.39%, 63.89%, respectively for referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Acme Solar, Alpex Solar, Solarium Green, as its listed peers. They are currently trading at a P/E of 49.0, 11.8, and 16.6 (as of September 08, 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

This is the 29th mandate from Smart Horizon Capital Advisors, in the last three fiscals (including the ongoing one). Out of the last 10 listings, 2 opened at discount, 2 at par, and the rest listed with a premium ranging from 0.28% to 12.99% on the listing date. The merchant banker has an average track record.

Conclusion / Investment Strategy

IRL is engaged in providing EPC services for solar power solutions for rooftop and ground mount solar projects. The company posted growth in its top and bottom lines for the reported periods. Boosted top and bottom lines for FY26 (Pre-IPO year) appears a window dressing to pave the way for fancy valuations for the IPO. The segment is overcrowded and having cut throat competition. Well-informed/cash surplus investors may park moderate funds for long term.

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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