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IPO Note:

ARISINFRA SOLUTION LIMITED

Arisinfra Solutions Ltd ("Arisinfra") is a B2B technology company that simplifies and digitizes the procurement process for construction materials, providing an efficient end-to-end experience. They use technology and expertise to ease bulk buying of construction supplies. They use their broad vendor network to deliver building materials to real estate and infrastructure developers and contractors, offering a one-stop solution for all their needs.

From April 1, 2021 to March 31, 2024, the company delivered 10.35 million metric tonnes ("MT") of construction materials, including aggregates, ready-mix concrete ("RMC"), steel, cement, construction chemicals, and walling solutions. They used 1,458 vendors and served 2,133 customers across 963 pin codes in cities like Mumbai (Maharashtra), Bengaluru (Karnataka), and Chennai (Tamil Nadu). This demonstrates operational effectiveness and the potential to scale the business. Since its beginning, the network of registered customers and merchants has grown from 431 in March 2022 to 2,133 and 1,458 in March 2024.

The company uses technology and human skills to manage the purchase, sale, and delivery of building goods. When consumers submit a request for quotation ("RFQ"), they use technology to build a list of prospective vendors based on characteristics such as location, proximity, credit conditions, and order fulfillment performance. They effectively engage with shortlisted vendors and request bids from them. After analyzing bids for price and credit terms, they aggregate them, add margins, and provide a single price proposal to the customer for the necessary building supplies.

Multiple suppliers generally respond to RFQs, allowing for easy conversion into purchase orders. This improves order fulfillment and streamlines processes, reducing the RFQ-to-purchase-order timeline from days to minutes. This reaffirms their commitment to improving procurement and operational efficiencies for consumers and vendors in the construction materials business. The B2B technology-enabled company's business model comprises obtaining construction materials from vendors and collecting payments from consumers for sold goods. Implementing effective credit risk management strategies is crucial due to the longer time it takes to receive payments from customers (receivable days) compared to paying vendors (payable days).

During the 9 months ended December 31, 2024, Fiscal 2024, Fiscal 2023, and Fiscal 2022, the company's revenue from the sale of third-party manufactured construction materials was ₹190.26 crore, ₹122.44 crore, ₹18.41 crore, and Nil, accounting for 34.81%, 17.57%, 2.47%, and Nil of total revenue from operations, respectively. ArisUniterm Re Solutions Pvt Ltd ("ArisUniterm") provides value-added services to real estate developers, such as advisory, consultancy, marketing, and sales support for their projects. These services increase income, build long-term relationships with developers, and position them as trusted consultants and partners for enterprises. ArisUniterm's revenue from value-added services for the 9 months ended December 31, 2024, Fiscal 2024, Fiscal 2023, and Fiscal 2022 was ₹ 32.04 crore, ₹ 24.79 crore, ₹ 8.47 crore, and Nil, respectively, accounting for 5.86%, 3.56%, 1.13%, and Nil of total revenue from operations.

The company's executive team includes skilled experts with vast expertise in the construction materials business. Ronak Kishor Morbia, the Promoter, Chairman, and Managing Director, has over 13 years of expertise in the construction materials industry. He has played a key role in establishing the company's technology, commercial growth, and strategic direction. The company's experienced Board and management team are well-positioned to capitalize on future growth possibilities and better serve stakeholders.

Investment Recommendation and Rationale: -

Arisinfra is introducing digital first execution to a previously offline business. Given India's strong infrastructure pipeline and the government's digital push, Arisinfra might be a decade-defining infra-tech tale in the making. At the upper price band of Rs. 222, the issue is priced at a P/E multiple of 274.07 its 9MFY25 post IPO EPS of Rs. 0.81.

1. Leveraging technology to transform the supply chain for construction materials.
2. Well-positioned to capitalize on significant market opportunities.
3. Strong network effects ensuring long-term strategic benefits.

Issue Opens	18th June 2025
Issue Closes	20th June 2025
Type of Issue	Fresh Issue of 2,25,04,324 shares (aggregating up to Rs. 499.60 Cr)
Issue size	Rs. 499.60 crores
Price Band	Rs. 210 to Rs. 222 per share
Bid lot/ Bid Size	67 shares/ Rs. 14,874
Issue structure	QIB-75%, HNI- 15%, Retail- 10%
Post issue equity shares	8,10,48,526 shares
Promoters and Promoter Group Public	Pre Issue-66.47% Post Issue- 44.72% Pre issue- 33.53% Post Issue- 55.28%
Post issue implied market cap	Rs. 1,799.28 crores
BRLMs	JM Financial Limited, IIFL Securities Limited, Nuvama Wealth Management Limited
Registrar to the issue	Link Intime India Private Limited

Financial Summary (in ₹ Million, unless otherwise indicated)

Particulars	9MFY24	FY24	FY23	FY22
Revenue from Operations	5,465.23	6,968.42	7,460.71	4,523.48
Other Income	112.41	55.14	80.10	14.18
Gross Profit	775.46	836.68	624.51	446.70
Gross Profit Margin (%)	14.89%	12.01%	8.37%	9.88%
EBITDA	398.81	130.17	(1.09)	(10.66)
Adjusted EBITDA	451.72	387.25	(4.67)	72.05
Adjusted EBITDA Margin	9.5%	5.56%	(0.06)%	1.59%
PBT	115.94	(168.39)	(182.36)	(54.45)
Total Tax	50.68	4.59	(28.44)	10.42
PAT	65.26	(172.98)	(153.92)	(64.87)
EPS	0.62	(5.30)	(4.08)	(1.78)
Net working capital days	-	120	102	166
Net working capital	-	3,093.58	2,659.27	2,430.17
Net debt to total equity	-	1.45	1.75	0.94

Source: Red Herring Prospectus (RHP)



Objects of the issue

Fresh Issue of 2,25,04,324 shares aggregating up to Rs. 499.60 Cr.

Company proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Repayment / prepayment, in full or part, of certain outstanding borrowings availed by Company;
2. Funding the working capital requirements of Company;
3. Investment in Subsidiary, Buildmex-Infra Private Limited ("Buildmex"), for funding its working capital requirements;
4. Purchase of partial shareholding from existing shareholders of Subsidiary, ArisUniterm Re Solutions Private Limited (formerly ArisUniterm Private Limited);
5. General corporate purposes and unidentified inorganic acquisitions.

Source: Red Herring Prospectus (RHP)

Peer Comparison

There are no listed companies in India or around the world that operate in a comparable industry as this one:

Competitive Strengths

1. Aris Infra is a B2B technology firm that simplifies and digitizes the construction material procurement process.
2. The company's technology-enabled and scalable operating style enables cost-effective expansion and revenue growth.
3. Growing third-party manufactured construction materials.
4. Providing customers and vendors with access to a network of partners on the other side of the transaction is a major value proposition.
5. Implemented a strong and thorough assessment system for identifying, monitoring, and managing potential credit risks in operations.

Source: Red Herring Prospectus (RHP)

Growth Strategies

1. One of the most important initiatives is to improve the mix of building materials sold by broadening offerings to better fit with market demand and customer preferences.
2. Create strategic alliances to strengthen the supply chain and expand the portfolio of third-party manufactured construction materials.
3. To promote demand-side growth, the business intends to drive construction material sales through strategic collaborations with important industry players and using their networks of real estate and infrastructure developers and contractors.
4. Aris infra intends to optimize working capital to bridge the gap between when money is received from clients and when payments are due.
5. The company plans to expand into new micro-markets in both existing and new geographies to reach new clients and boost market penetration.

Source: Red Herring Prospectus (RHP)

Key Risks

1. A small number of customers account for the majority of the company's revenue. Arisinfra Solutions' top 10 customers contributed Rs 315.28 crore (45.24%) in FY24, Rs 291.50 crore (39.07%) in FY23, and Rs 213.45 crore (47.19%) in FY22 to its revenue from operations. Failure to retain key customers, extend the customer base, or lose business from these clients can negatively impact the company's financial situation.
2. As of May 31, 2024, Arisinfra Solutions owed a total of Rs 283.51 crore in debt. Failure to service or repay these debts could negatively impact the company's operations and finances.
3. Maharashtra, Karnataka, and Tamil Nadu all contribute significantly to the company's revenue. These states provided Rs 564.81 crore (81.05%), Rs 634.44 crore (85.04%), and Rs 416.87 crore (92.15%) to revenue in FY24, FY23, and FY22, respectively. Adverse commercial or economic trends in these locations may have a negative influence on the company.
4. The corporation and its subsidiaries are involved in a number of legal cases. Adverse decisions in these lawsuits may harm the company's business prospects.
5. The company has significant working capital requirements and may need further financing in the future. Failure to get such additional funding or on favorable terms may have a negative impact on the business, operating results, financial position, and cash flows.

Source: Red Herring Prospectus (RHP)


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