ARISINFRA SOLUTIONS LTD.

IPO NOTE | 17th June, 2025

Canara Bank Securities Ltd
canmoney.in

ABOUT THE COMPANY: ArisInfra Solutions Limited, incorporated in 2021, is a technology-enabled platform that facilitates sea less procurement and financial management solutions for entities operating within the construction and infrastructure sectors. The Company operates as a business-to-business (B2B) enterprise in the evolving construction materials segment, with a strategic focus on automation of procurement workflows to enhance operational efficiency and customer service delivery.

KEY BUSINESS INSIGHTS: ArisInfra Solutions Ltd. (ASL) operates in the fast-growing B2B construction materials procurement space. It focuses on streamlining bulk procurement of materials like cement, steel, RMC, aggregates, walling solutions, and chemicals through a tech-backed platform combining automation and human expertise. The company has built a dominant position in this niche with a "virtual monopoly" status, catering to marquee infrastructure and real estate clients like L&T, Afcons, Capacite Infra, Wadhwa Group, Puranik Builders, and J Kumar Infra, establishing itself as the preferred partner in the organized materials procurement domain. Between April 2021 and December 2024, ASL delivered 14.10 million MT of materials using 1,729 vendors to 2,659 customers across 1,075 pin codes. This significant footprint reflects a scalable and replicable model with growing vendor/customer loyalty.

VIEW: The Company leverages a technology-enabled platform and an integrated vendor-customer network to deliver a scalable and differentiated procurement model.The Company has successfully established commercial relationships with reputed clientele and has demonstrated consistent growth in operational metrics. However, certain risk factors merit consideration, including the Company's historical losses, an aggressive pricing framework, and uncertainty surrounding the sustainability of its recently reported profitability, which was first achieved in the nine-month period ending December 31, 2024 (9M FY25).Furthermore, the Company's business model is inherently working capital intensive, and key financial return ratios have remained subdued.

In light of the foregoing, we retain a **NEUTRAL investment stance** on the proposed initial public offering ("IPO"). Prospective investors with a long-term investment horizon and a higher risk appetite may evaluate **limited participation**, while others are advised to await greater consistency in financial performance prior to considering an investment position.

NEUTRAL

ISSUE DETAILS	
Price Band (in ₹ per share)	210-222
Issue size (in ₹ Crore)	499.60
Fresh Issue (in ₹ Crore)	499.60
Offer for Sale (in ₹ Crore)	NA
Issue Open Date	18-06-2025
Issue Close Date	20-06-2025
Tentative Date of Allotment	23-06-2025
Tentative Date of Listing	25-06-2025
Total Number of Shares (in lakhs)	225.04
Face Value (in ₹)	2.00
Exchanges to be Listed on	NSE and BSE

APPLICATION	LOTS	SHARES	AMOUNT (₹)
Retail (Min)	1	67	₹14,874
Retail (Max)	13	871	₹1,93,362
S-HNI (Min)	14	938	₹2,08,236
S-HNI (Max)	67	4489	₹9,96,558
B-HNI (Min)	68	4556	₹10,11,432

BRLMs: JM Financial Limited, IIFL Capital Services Limited, Nuvama Wealth Management Limited

PROMOTER: Ronak Kishor Morbia, Bhavik Jayesh Khara, Siddharth Bhaskar Shah, Jasmine Bhaskar Shah, Priyanka Bhaskar Shah, Bhaskar Shah, Aspire Family Trust and Priyanka Shah Family Trust.

BRIEF FINANCIALS

PARTICULARS (Rs. Cr) *	9MFY25	FY24	FY23	FY22
Share Capital	9.25**	1.16	1.16	1.16
Net Worth	152.08	141.60	104.94	140.29
Revenue from operations	557.76	702.35	754.43	453.76
EBITDA	39.88	13.01	(0.10)	(1.06)
Adjusted EBITDA	45.17	38.72	(0.46)	7.20
Adjusted Margin (%)	8.27	5.56	(0.06)	1.59
Profit/(Loss) After Tax	6.52	(17.29)	(15.39)	(6.48)
Adjusted EPS (in Rs.)	0.83^	(5.30)	(4.08)	(1.78)
Net Asset Value (in Rs.)	27.29	25.78	30.11	40.25
Total borrowings	322.81	273.98	220.35	154.24
P/E#	268.55	NA	NA	NA
P/B#	8.13	8.61	NA	NA

Restated consolidated financials; #Calculated at upper price band ^Annualised EPS Bonus issue in the ratio of five equity shares for every one equity share held*

OBJECTS OF THE OFFER

The company proposes to utilise the Net Proceeds towards funding the following objects:

- Repayment / prepayment, in full or part, of certain outstanding borrowings availed by the Company upto 204.60 Rs. in crores
- Funding the working capital requirements of the Company upto 177.00 Crores
- Investment in the Subsidiary, Buildmex-Infra Private Limited, for funding its working capital requirements upto 48.00 Crores
- General corporate purposes and unidentified inorganic acquisitions

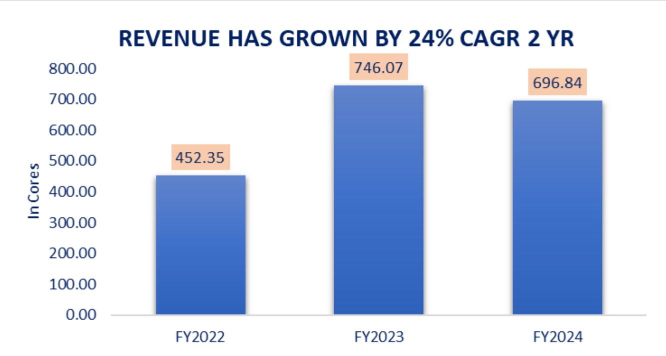
FINANCIAL STATEMENTS

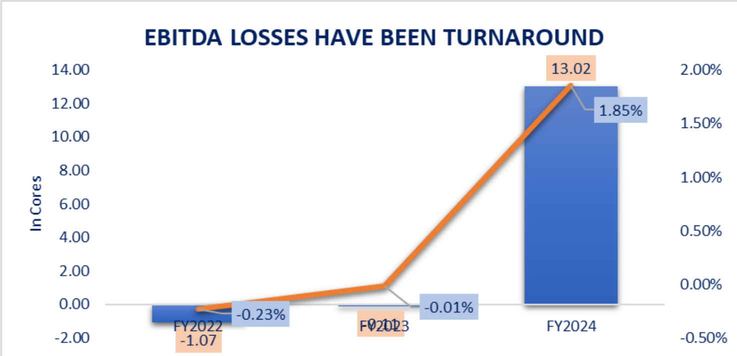
Profit & Loss Statement			
Particulars (In Crores)	**FY2022**	**FY2023**	**FY2024**
INCOME			
Revenue from operations	452.35	746.07	696.84
Other Operating Revenue	1.40	7.80	5.30
Fair value gain on derivatives	-	0.36	-
Total Income	**453.75**	**754.23**	**702.14**
YoY Growth (%)	-	64.93%	-6.60%
Cost of materials consumed	0.00	13.31	0.20
Cost of materials consumed-% of Revenue		1.77%	0.03%
Purchases of stock-in-trade	408.36	671.43	612.44
Purchases of stock-in-trade-% of Revenue	90.00%	89.02%	87.23%
Changes in inventories of stock in trade	-0.68	-1.12	0.53
Changes in inventories of stock in trade-% of Revenue	-0.15%	-0.15%	0.08%
Loss allowance/Reversal of loss allowance on trade receivables	6.06	14.53	-0.31
Fair value loss on derivatives	8.27	0.00	20.56
Employee benefit expenses	4.61	20.04	30.30
Employee Expenses-% of Revenue	1.02%	2.66%	4.32%
Other expenses	26.81	28.56	20.31
EBIDTA (Calculated)	**-1.07**	**-0.11**	**13.02**
EBIDTA Margin (%)	-0.23%	-0.01%	1.85%
Depreciation and amortisation expense	0.51	2.05	2.89
EBIT	**-1.58**	**-2.16**	**10.13**
EBIT Margin (%)	-0.35%	-0.29%	1.44%
Finance cost	5.27	23.88	32.27
Profit / (Loss) before tax	-5.45	-18.24	-16.84
Tax expenses			
Current tax	2.80	0.82	1.02
Deferred Tax	-1.75	-3.66	-0.56
Total tax expenses	**1.04**	**-2.84**	**0.46**
Profit for the year	**-6.49**	**-15.39**	**-17.30**
PAT Margin (%)	-1.43%	-2.06%	-2.48%
Earnings per share			
Basic earnings per share (₹)	-1.78	-4.08	-5.30

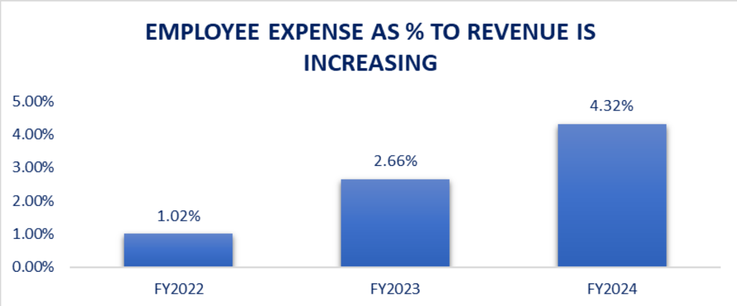
Cashflow Statement			
Particulars (In Crores)	**FY2022**	**FY2023**	**FY2024**
Net cash generated from operating activities	-269.08	-14.33	3.45
Net cash used in investing activities	-7.04	-43.16	-36.78
Net cash used in financing activities	291.26	42.46	30.84
Net increase/ (decrease) in cash and cash equivalents	**15.13**	**-15.03**	**-2.49**
Balance as at beginning	2.97	18.11	3.08
Cash and cash equivalent as at year end	**18.11**	**3.08**	**0.59**

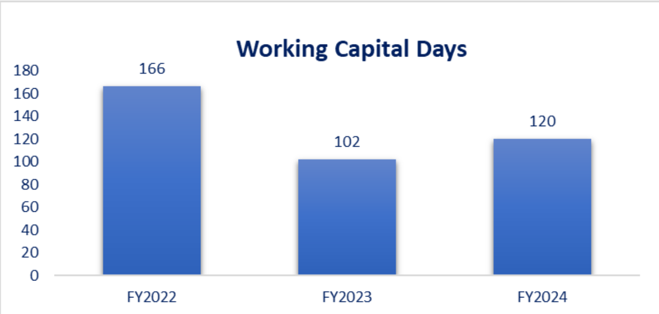
Balance Sheet			
Particulars (In Crores)	**FY2022**	**FY2023**	**FY2024**
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1.33	1.70	2.40
Right-of-use assets	1.44	3.76	1.44
Other intangible assets	0.04	0.04	0.02
Intangible assets under development	0.35	9.40	24.60
Financial assets	0.00	0.00	0.00
Other non-current financial assets	16.60	7.79	8.44
Deferred tax assets (net)	1.75	5.45	6.02
Non-current tax assets (net)	0.01	1.67	3.38
Other non-current assets	7.67	3.83	3.83
Total non- current assets	**29.19**	**33.64**	**50.14**
CURRENT ASSETS			
Inventories	0.68	2.00	1.27
Financial assets	0.00	0.00	0.00
Trade receivables	261.80	275.11	320.36
Cash and cash equivalents	18.11	3.08	0.59
Bank balance other than cash and cash equivalents	4.02	-	0.15
Other financial assets	1.66	52.52	76.17
Other current assets	18.77	28.61	44.14
Total Current Asset	**305.03**	**361.31**	**442.69**
TOTAL ASSET	**334.22**	**394.95**	**492.83**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	1.16	1.16	1.16
Instruments entirely equity in nature	-	-	0.67
Other Equity			
Equity component of compound financial instruments	145.14	145.14	-
Reserves and surplus	-6.01	-41.36	139.77
Equity attributable to owners of parent	**140.30**	**104.94**	**141.60**
Non-controlling interests	-0.052	-1.243	0.541
Total Equity	**140.24**	**103.70**	**142.15**
Non-Current liabilities			
Financial liabilities			
Borrowings	53.57	79.81	67.83
Lease liabilities	1.24	1.40	0.45
Other non-current financial liabilities	-	16.27	11.56
Employee benefit obligations	0.05	0.63	1.16
Deferred tax liabilities (net)	-	0.00	-
Total Non-Current Liability	**54.86**	**98.11**	**80.99**
CURRENT LIABILITIES			
Financial liabilities			
Borrowings	100.68	140.54	206.15
Lease liabilities	0.29	2.35	1.08
Trade payables			
total outstanding dues of micro and small enterprises	3.10	4.96	17.05
total outstanding dues other than	22.39	25.95	27.84
Other financial liabilities	8.96	14.68	7.60
Employee benefit obligations	0.11	0.50	1.01
Current tax liabilities	0.57	-	-
Other current liabilities	3.01	4.17	8.97
Total Current liability	**139.11**	**193.15**	**269.69**
Total Equity & Liability	**334.22**	**394.95**	**492.83**

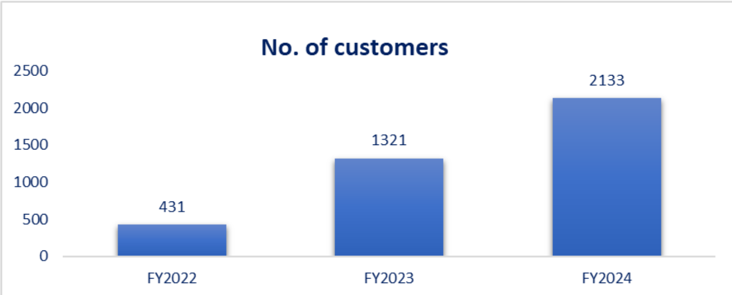
PERFORMANCE THROUGH CHARTS

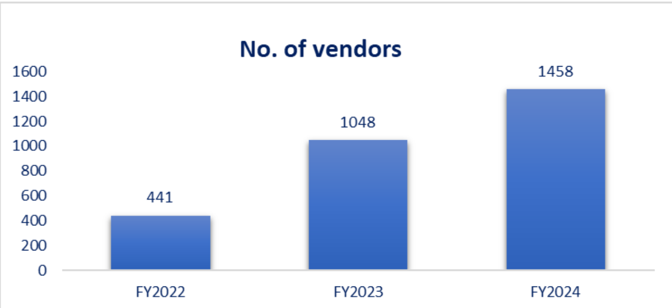


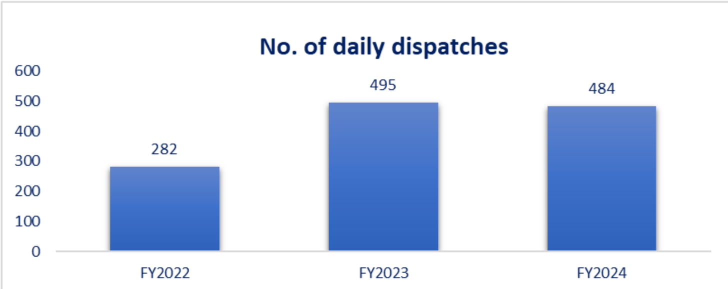


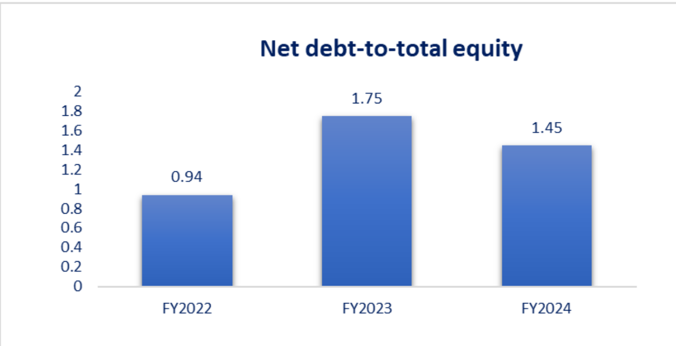


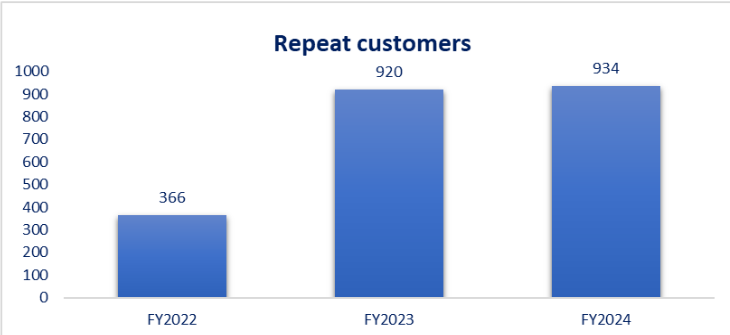












INDUSTRY REVIEW

CONSTRUCTION MATERIAL SUPPLY MARKET

Deep dive into the total addressable market (TAM) Of the industrial B2B market, 50-55% (USD275-295 billion) in 2024 is spent on infrastructure and real estate construction.

The B2B market for infrastructure in India is approximately USD 105-115 billion in 2024 and is projected to grow at a 10-12% CAGR to reach USD 175-200 billion in 2029. Infrastructure majorly includes capital expenditure in the sectors of energy, transport infrastructure, urban and rural infrastructure, irrigation, social infrastructure and digital communication. Energy and Transport infrastructure estimated to contribute approximately 60-65% of the total infrastructure market in 2024, projected to become 70-75% by 2029.

The market for Infrastructure and real estate construction is segmented into Raw materials (RM), Finished Goods (FG) and other Value-Added Services (VAS)

The RM segment consists of Steel, Aggregates, Cement, Concrete, Construction chemicals, Bricks/AAC blocks and other building materials. FG comprises of Paints, Electricals, Flooring, Plumbing and sanitaryware, Wood panels, Roofing, Electronic security, Doors, Windows, Glass, Hardware etc.

There is merit in aggregating the construction supply market across all categories owing to them catering to a common customer base

Different categories across the construction materials market focus on a common group of buyers both for infrastructure and real estate projects. These buyers usually need to liaison with a wide base of vendors for each category to fulfil the requirements. The highly fragmented and unorganised nature of the market makes it very challenging for buyers to negotiate deals with sellers for their specific needs across categories. This clear gap indicates the need for a one stop platform that can aggregate the buyers and sellers together to optimise this process.

Construction industry focussed digital processes, enabled by automation, further enhances the capability to tackle the current inefficiencies in the construction materials market.

As already established, the digitisation in the B2B segment is less than 1% at present. Also, the adoption of technology in the Industrial B2B segment, including the real estate and infrastructure B2B industry, has been relatively low at 3-4% in 2024, making it one of the most digitally underpenetrated in India. However, with the support from government initiatives and growing digital adoption among consumers, the tech-enabled companies are set to witness growth in the industry.

COMPETITIVE STRENGTHS OF THE COMPANY

Leveraging technology to transform the supply chain for construction materials

They are a B2B technology-enabled company, simplifying and digitizing the procurement process for construction materials. Powered by advanced tools such as artificial intelligence and machine learning, they are streamlining the supply chain by minimizing the need for multiple intermediaries. Their network enables seamless communication with customers and vendors, facilitating a smooth and efficient purchasing experience for construction materials.

Well positioned to capitalize on market opportunities.

They are a technology-enabled company with a scalable operating model that allows them to expand their operations and drive revenue growth with lower incremental costs. Their competitive technology advantage lies in the capability, functionality and scalability of their systems, allowing them to capitalize on large market opportunities by increasing the scale and effectiveness of their operations. Their digitized approach enables them to enter different geographies with seamless onboarding of customers and vendors of construction materials in those regions.

Their growing third-party manufactured construction materials.

They believe there is an opportunity in the fragmented and unbranded construction materials markets. In Fiscal 2023, they expanded into manufacturing aggregates, RMC and aerate concrete blocks (walling solutions) through third-party manufacturers. This expansion into third-party manufactured construction materials allows them to ensure a steady and reliable supply while maintaining control over the quality, improving margins and establishing themselves as a comprehensive provider of construction materials to meet the diverse needs of their customers. It also allows them to increase their revenue, improve their financial performance, enhance their cash flows and reduce the number of intermediaries and dependence on external vendors.

Network effects ensuring long-term strategic benefits.

One of their key value propositions for both customers and vendors is providing them access to a network of partners on the other side of the transaction. As they attract more customers, the demand for construction materials increases. This increase in demand incentivizes more vendors to join their ecosystem. Consequently, the expanding pool of vendors enhances the variety, availability and options of construction materials, attracting even more customers. This continuous cycle of increasing customers and vendors reinforces their competitive position and fosters continuous growth. In addition, the increased participation of customers and vendors leads to an increase in the number of transactions, which enables them to gather more valuable data on market trends, customer preferences, and vendor performance. Leveraging this data enables them to make informed decisions, streamline their strategies, and continually enhance user experience.

RISK FACTORS

They derive a portion of their revenues from the sale of aggregates, ready-mix-concrete ("RMC"), and steel, which represented 37.11%, 25.29% and 6.69% and 31.19%, 21.12% and 16.73% of their revenue from operations for the nine months ended December 31, 2024 and Fiscal 2024, respectively. Any decline in the demand of these construction materials would have an adverse effect on their business, financial condition, results of operations and cash flows.

- They derive a portion of their revenues from the sale of aggregates, RMC and steel to the developers and contractors engaged in the development of real estate and infrastructure projects.
- The sale of these construction materials may decline as a result of, amongst other factors, lower demand for these construction materials from their customers, a downturn in the real estate and infrastructure sectors, increase in competition, and macro-economic conditions in India.
- A decline in demand for aggregates, RMC and steel would have an adverse impact on their business, results of operations, financial conditions and cash flows. They cannot assure you that any decrease in demand for aggregates, RMC and steel could potentially be off-set by sales of their other construction materials.

They have incurred losses in the past and they may continue to incur losses in the future.

- Their growth depends on a number of factors including growth in the number of customers and vendors that utilize their offerings, an increase in the overall growth of the construction material market and their ability to capitalize on growth opportunities.
- They have, in the past, incurred losses in their operations and they may continue to incur losses in the future.
- The loss in Fiscal 2024 was primarily due to expenses related to the fair value loss on derivatives of ₹ 205.59 million and employee share-based payment expenses of ₹ 51.49 million, whereas the loss in Fiscal 2023 was primarily due to expenses related to the loss allowance on trade receivables of ₹ 145.25 million in Fiscal 2023 and the loss in Fiscal 2022 was primarily due to expenses related to the loss allowance on trade receivables of ₹ 60.58 million and fair value loss on derivatives of ₹ 82.71 million.

They have a limited operating history and their historical performance may not be indicative of their future growth or financial results.

- Their Company was incorporated on February 10, 2021, and they therefore have limited operating history of approximately four years. Their limited operating history at this scale may make it difficult to evaluate their prospects as well as the risks and uncertainties associated with their business.
- They may experience a decline in their revenue growth rate, EBITDA margin or profitability on deals as a result of a number of factors, including slowing demand for their offerings, insufficient growth in the number of customers and vendors that utilize their offerings, increasing competition, a decrease in the growth of their overall market, their failure to continue to capitalize on growth opportunities, change in their strategy among others, all of which would have an adverse impact on their business, results of operations, financial condition and cash flows.

The growth of their business and revenue is dependent on their ability to continue to grow their network of customers and vendors. If they fail to retain their customers and vendors registered with them or fail to add new customers and vendors, their business, results of operations, financial condition and cash flows may be adversely affected.

- They source construction materials from different vendors and sell them to customers who are primarily developers and contractors engaged in the development of real estate and infrastructure projects. Consequently, the growth of their business and revenues is dependent on their ability to continue to grow their network of customers and vendors.
- An increase in the number of customers utilizing their services helps drive growth in the number of orders for construction materials and in attracting new vendors, which in-turn attracts more customers. However, this network effect takes time to build and may grow at a slower rate than they expect or than it has grown in the past.

There are no listed companies in India or globally (outside India) that engage in a business similar to that of our Company. Accordingly, it is not possible to provide an industry comparison in relation to our Company.

Canara Bank Securities Ltd.
(A Wholly Owned Subsidiary of Canara Bank)

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