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IPO Note



**Company Name: "Arisinfra
Solutions Ltd."**

Date: 16 June 2025

Arisinfra Solutions Limited

About the Company

Incorporated in 2021, ArisInfra Solutions Limited is a modern platform that helps construction and infrastructure companies buy materials easily and manage their finances smartly. ArisInfra is a business-to-business (B2B) technology-driven company in the expanding construction materials market. The company focuses on digitizing and simplifying the procurement process, delivering an efficient end-to-end customer experience. The product portfolio includes GI pipe (Steel), MS Wire (Steel), MS TMT Bar (Steel), OPC Bulk (Cement) and more.

Between April 1, 2021, and March 31, 2024, the company delivered 10.35 million metric tonnes of construction materials, including aggregates, ready-mix concrete, steel, cement, construction chemicals and walling solutions, utilizing 1,458 vendors and serving 2,133 customers across 963 pin codes in various cities, including Mumbai (Maharashtra), Bengaluru (Karnataka) and Chennai (Tamil Nadu). The company's clients include Capacit'e Infraprojects Limited, J Kumar Infraprojects Limited, Afcons Infrastructure Limited, EMS Limited, S P Singla Constructions Private Limited, and more.

ArisUnitern Re Solutions Private Limited is the company's subsidiary that provides value-added services tailored to real estate developers, including advisory, consultancy, marketing, and sales support.

Outlook & Valuation

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit/ - (LOSS) of Rs. 453.77 cr. / Rs. - (6.49) cr. (FY22), Rs. 754.44 cr. / Rs. - (15.39) cr. (FY23), and Rs. 702.36 cr. / Rs. - (17.30) cr. (FY24). For 9M of FY25 ended on December 31, 2024, it earned a net profit of Rs. 6.53 cr. on a total income of Rs. 557.76 cr. The company appears to have turned the corner for 9M of FY25, but actual trends may be known for entire FY25 numbers.

For the last three fiscals, the company has posted an average EPS of Rs. - (4.32) and an average RoNW of - (11.82) %. The issue is priced at a P/BV of 8.13 based on its NAV of Rs. 27.29 as of December 31, 2024, and at a P/BV of 2.49 based on its post-IPO NAV of Rs. 89.24 per share (at the upper cap).

ASL is engaged in technology enabled B2B supplier for construction materials, that has growing market. It enjoys virtual monopoly in the segment and is most preferred partner in construction activities. It posted losses till FY24 and has just turned corner for 9M of FY25. Based on latest working the issue is aggressively priced, and based on working till FY24, the P/E is negative. Well-informed/cash surplus investors may park moderate funds for long term, others may simply stay away from this pricey bet.

Recommendation : Subscribe for Long Term

Issue Details:

Price Band (Rs)	Rs 210- Rs 222
Issue Size	499.60 Cr
Lot Size	67 shares
Issue Opens	June 18, 2025
Issue Closes	June 20, 2025
Lead Manager	JM Financial Limited, IIFL Capital Services Limited, Nuvama Wealth Management Limited
Registrar	MUFG Intime India Private Limited
Listing Date	Jun 25, 2025
Listing on	BSE, NSE

We recommend to subscribe the IPO with a long-term perspective.

Indicative Timetable

Finalization of Basis of allotment	June 23, 2025
Refund/ Unblocking of ASBA	Jun 24, 2025
Credit of Equity Shares to DP A/C	Jun 24, 2025

Issue Breakup

QIB	Not more than 75.00% of the Net offer
RETAIL	Not less than 10.00% of the Offer
NII	Not less than 15.00% of the Offer
TOTAL	100%

Promotor Shareholding

Pre Issue Share Holding	51.67%
Post Issue Share Holding	37.50%

Arisinfra Solutions Limited

Objective of The Issue

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

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

Business Overview

Arisinfra Solutions Ltd. (ASL) is a business-to-business ("B2B") technology-enabled company operating in a growing construction materials market (Source: RedSeer Report), focusing on simplifying and digitizing the entire procurement process for construction materials, delivering an efficient end-to-end procurement experience. It utilizes a blend of technology and human expertise to simplify the procurement process for purchasing bulk quantities of various construction materials. ASL leverages network of vendors to source construction materials and provide them to real estate and infrastructure developers and contractors, striving to be a one-stop solution for all their construction material requirements.

Between April 1, 2021 and December 31, 2024, it has delivered 14.10 million metric tonnes ("MT") of construction materials, including aggregates, ready-mix concrete ("RMC"), steel, cement, construction chemicals and walling solutions, utilizing 1,729 vendors and serving 2,659 customers across 1,075 pin codes in various cities, including Mumbai (Maharashtra), Bengaluru (Karnataka) and Chennai (Tamil Nadu). Since inception, the company has witnessed growth, with its network of registered customers and vendors increasing from 431 customers and 441 vendors as of March 31, 2022 to 2,133 customers and 1,458 vendors as of March 31, 2024. The company has registered 2,659 customers and 1,729 vendors as of December 31, 2024. Further, for the nine months ended December 31, 2024 and for Fiscals 2024, 2023 and 2022, its active customer count (i.e., a customer that has purchased construction materials through it at least once during the relevant Fiscal) was 1,080, 1,278, 1,117 and 431, respectively.

According to the company management, the company currently enjoys virtual monopoly in supplying construction materials to creamy customers like L & T, J Kumar, Puranik Builders, Wadhwa Group, Capacite Infra, Afcons etc, to name a few. Negative earnings for FY23-FY24 are attributed to change in accounting standards, ESOP expenses and change in accounting systems. It managed to turn corner in 9M FY25 with continuation of such provisioning. With the rising activities on infra and residential complexes, it is poised for bright prospects in coming years.

Financials

Income Statement				(Rs in million)
Particulars	9MFY25	FY24	FY23	FY22
Revenue from Operation	5,465.23	6,968.42	7,460.71	4,523.48
Other income	112.41	55.14	83.68	14.18
Total Income	5577.64	7023.56	7544.39	4537.66
Cost of material consumed	0.00	2.02	133.13	0.00
Purchase of Stock in trade	4,682.90	6,124.43	6,714.27	4,083.55
Changes in inventories	6.87	5.29	-11.2	-6.77
Employee Benefit Exp	263.55	303.03	200.38	46.12
Finance Cost	25.19	28.86	20.46	5.13
Depreciation	301.01	322.68	238.82	52.68
Other expenses	182.18	405.64	430.89	411.40
Total expenses	5,461.70	7,191.95	7,726.75	4,592.11
Profit before tax	115.94	-168.39	-182.36	-54.45
Total Tax expenses	50.68	4.59	-22.88	10.42
Profit after tax	65.26	-172.98	-159.48	-64.87
Basic EPS	0.62	-5.3	-4.08	-1.78

Cash Flow Statement				(Rs in million)
Particulars	9MFY25	FY24	FY23	FY22
Net Profit before tax	115.94	-168.39	-182.36	-54.45
Cash generated from Operating Activity	-49.69	61.79	-112.78	-2667.84
NET CASH FLOW FROM OPERATING ACTIVITY	-43.98	34.53	-143.26	-2690.84
NET CASH FLOW FROM INVESTING ACTIVITY	-96.10	-367.75	-431.60	-70.43
NET CASH FLOW FROM FINANCING ACTIVITY	147.47	308.37	424.58	2,912.60
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENT	7.39	-24.85	-150.28	151.33
Cash and Cash Equivalent at the beginning of the year	5.94	30.79	181.07	29.74
Cash and Cash Equivalent at the end of the year	13.33	5.94	30.79	181.07

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Balance Sheet				(Rs in million)
Particulars	9MFY25	FY24	FY23	FY22
ASSETS				
Non Current Assets				
Property, Plant and Equipment	19.58	24.02	17.03	13.3
Right to use assets	40.96	14.43	37.59	14.42
Other Intangible Assets	0.62	0.2	0.40	0.39
Intangible Assets under development	330.03	246.02	93.99	3.49
Other Non current Financial Assets	57.32	84.36	77.86	165.97
Deferreed Tax Assets	78.12	60.22	54.47	17.54
Non Current tax Assets	7.55	33.77	16.74	0.13
Other Non current Assets	0.00	38.33	38.33	76.67
Total Non Current Assets	534.2	501.4	336.4	291.9
Current Assets				
Inventories	5.81	12.68	19.99	6.77
Trade Receivable	3,156.33	3,203.62	2,751.05	2,617.95
Cash and cash equivalent	13.33	5.94	30.79	181.07
Bank Balance	1.67	1.53	0	40.17
Other Financial Assets	844.04	761.74	525.18	16.55
Other current assets	1,310.22	441.41	286.07	187.74
Total Current Assets	5331.4	4426.9	3613.1	3050.3
Total Assets	5866	4928	3950	3343
EQUITIES AND LIABILITIES				
Equity Share Capital	92.52	11.62	11.62	11.62
Other Equity	1,465.77	1,409.83	1,025.37	1,391.34
Total Equity	1,558.29	1,421.45	1,036.99	1,402.96
Non Current Liabilities				
Long term Borrowings	119.98	678.30	798.13	535.72
Lease liability	20.55	4.48	13.95	12.43
Other Non Current Financial Liabilities	57.56	115.56	162.66	0.00
Employee Benefit obligations	10.02	11.58	6.29	0.47
Deffered Tax Liability	0	0.00	0.02	0
Total Non Current Liabilities	208.11	809.92	981.05	548.62
Borrowings	3,108.18	2,061.51	1,405.39	1,006.77
Lease liability	21.30	10.83	23.54	2.94
Trade Payable	614.96	448.86	309.08	254.98
Other Financial liability	152.94	75.97	146.81	89.59
Employee benefit Obligations	8.37	10.07	4.96	1.06
Current tax Liability	49.55	0	0	5.71
Other Current Liabilities	143.88	89.66	41.68	30.05
Total Current liabilities	4099	2697	1931	1391
Total Equities and Liabilities	5866	4928	3950	3343

Arisinfra Solutions Limited

Directors Profile

Ronak Kishor Morbia is the Chairman and Managing Director of Company. He holds a bachelor's degree in commerce from Jai Hind College, University of Mumbai. He has been associated with Krish Enterprise as its sole proprietor for over 10 years. He has been associated with our Company since incorporation and has over 13 years of experience in the construction materials industry.

Bhavik Jayesh Khara is the Whole Time Director of Company. He holds a bachelor's degree in science from Rutgers Business School, The State University of New Jersey. He has previously been associated with E&Y, New York for two and a half years.

Manish Kumar Singh is the Non-Executive Director (Nominee of Siddhant Partners) of Company. He holds a bachelor's degree in commerce from L.N. Tirhat College, Muzaffarpur. He has previously been associated with Tulip Lab Private Limited and currently serves as a director on the board of VBuzz Teleservices Private Limited and Call The Doc Healthcare Solutions Private Limited.

Ramakant Sharma is an Independent Director of Company. He has completed his bachelor's degree of technology in materials and metallurgical engineering from Indian Institute of Technology, Kanpur and post graduate programme in management from Indian School of Business, Hyderabad. He has previously been associated with Myntra Designs Private Limited, Jungle Ventures Pte. Limited, Livspace.com (Home Interior Designs E-commerce Private Limited).

Ravi Venkatraman is an Independent Director of Company. He has completed his bachelor's degree in commerce from the University of Madras. He is a qualified chartered accountant from the Institute of Chartered Accountants of India. He has previously been associated with Mahindra & Mahindra Financial Services Limited and currently serves as a director on the boards of Avanse Financial Services Limited and Kotak Mahindra Prime Limited.

Gitanjali Rikesh Mirchandani is an Independent Director of Company. She has graduated from Shri Narsee Monjee College of Commerce and Economics and holds a degree in commerce and a post graduate diploma in business management from SP Jain Institute of Management and Research, Mumbai. She has previously been associated with Kotak Mahindra Bank Limited and JM Financial Limited.

Market Opportunity

- ❑ The Indian construction materials market presents a significant opportunity as it is highly unorganized and fragmented, coupled with the absence of many large organized players, creating numerous challenges for both vendors and customers.. ASL is transforming the B2B construction materials ecosystem by minimizing the need for multiple intermediaries involved in the procurement ecosystem. Further, B2B technology-enabled companies such as ASL, has the potential to enhance margins by eliminating intermediaries and inefficiencies within the ecosystem, positioning it as a cost-effective, technology-enabled alternative to the traditional approach to B2B procurement for construction materials.

Key Risk of The Business

- ❑ The growth of business and revenue is dependent on ability to continue to grow network of customers and vendors. If they fail to retain customers and vendors registered with them or fail to add new customers and vendors, business, results of operations, financial condition and cash flows may be adversely affected.
- ❑ Delays or defaults in payment by the customers or a reduction in credit periods granted to them by the vendors could adversely affect business, results of operations, financial condition and cash flows.
- ❑ They have substantial working capital requirements and may require additional financing in the future. A failure in obtaining such additional financing or on terms favourable to us could have an adverse effect on business, results of operations, financial condition and cash flows.
- ❑ Promoter, Chairman and Managing Director Ronak Kishor Morbia has interests in an entity namely Krish Enterprise which is engaged in businesses that is similar to Company, which may result in a conflict of interest. Any conflict of interest that may occur as a result could adversely affect business, financial condition, results of operations and cash flows.

Arisinfra Solutions Limited

Competitive Strength

Leveraging technology to transform the supply chain for construction materials.

- ❑ Well-positioned to capitalize on significant market opportunities.
- ❑ Growing third-party manufactured construction materials.
- ❑ Strong network effects ensuring long-term strategic benefits.
- ❑ Technology-enabled comprehensive credit risk analysis framework for operational efficiency.
- ❑ Led by promoters and supported by an experienced professional team.

Threats

- ❑ Economic factors: Economic downturns, recessions and heightened inflationary pressures can diminish consumer purchasing power, lowering the demand for construction.
- ❑ Supply chain disruptions: Geopolitical tensions pose substantial risks to supply chain continuity and cost structures, potentially leading to increased costs. Reliance on a limited number of suppliers can create vulnerabilities if disruptions or quality issues exist.
- ❑ Regulatory changes: Potential shifts in the inter-state material movement policies could introduce regulatory challenges for procurement companies.
- ❑ Government focus on sustainable practices can impact the use of specific raw materials for construction, impacting the procurement companies to widen the supplier base.

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