Press Release

Arisinfra Solutions Limited

July 01, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	115.00	IVR BBB-/ RWPI (IVR Triple B Minus/ Rating Placed on Watch with Positive Implications)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating Reaffirmed and Rating Placed on Watch with Positive Implications	Simple
Proposed Long Term/ Short Term Facilities	10.00	IVR BBB-/ RWPI/ IVR A3/ RWPI (IVR Triple B Minus/ Rating Placed on Watch with Positive Implications/ IVR A Three/ Rating Placed on Watch with Positive Implications)	IVR BBB-/ Stable/ IVR A3 (IVR Triple B Minus with Stable Outlook/ IVR A Three)	Rating Reaffirmed and Rating Placed on Watch with Positive Implications	Simple
Total	**125.00 (Rupees One Hundred and Twenty-Five Crore Only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the Bank facilities of Arisinfra Solutions Limited (AISL) and simultaneously placed it on Rating Watch with Positive Implications.

The rating is driven by the established relationships with strong institutional clients and investors, experienced promoters, augmentation of equity base leading to strengthening of capital structure and business model entailing low risk. However, these ratings are constrained due to decline in TOI and profitability margins and weak debt protection metrics in FY24 (Refers to period from April 01, 2023 to March 31, 2024), and high working capital intensity.

The rating watch reflects the maiden IPO and listing of company on NSE platform on June 25, 2025. The proceeds from IPO are expected to strengthen the company's gearing and coverage indicators.

Key Rating Sensitivities:

Upward Factors

- Significant & sustained increase in scale of operations while displaying an improvement in profitability and debt protection metrics led by the new business strategy of direct sourcing of certain materials from dedicated vendors.

Downward Factors

- Substantial decline in the revenue and/or profitability leading to sustained decline in the debt protection metrics and/or liquidity profile.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Established relationships with strong institutional clients and investors.:** Due to the established presence and long track record of operations in the domestic market, AISL enjoys a large institutional client base including Tata Projects, Larsen & Turbo, Dmart, Piramal Realty, the Wadhwa group, Shapoorji Pallonji, Capacite Infraprojects, JSW, Godrej etc. Assurance of capital and business guidance is available as company has got marquee investors like Mr. Siddharth Shah of Pharm easy and Big foreign Investor Think Investment.

- **Experienced Promoters:** Promoters' family is in business of building material supplies for the past 50 years, the present promoters Mr Ronak Morbia, Mr Bhavik Khara, Mr. Srinivasan Gopalan & Mr. Ravi Venkatraman have enough business expertise and experience to run the company successfully, with all promoters having specialization in their respective fields and pooling together of their expertise, skills and knowledge.

- **Augmentation of equity base leading to strengthening of capital structure:** AISL had raised Rs. 80 crores through the pre-IPO round in January 2025, issuing 36.03 lakh equity shares with a face value of Rs. 2 each. Furthermore, from June 18 to June 20, 2025, the company was able to raise Rs.499.6cr of fresh equity vide the issue of 2.25 crore additional equity shares the funds from this IPO are to be used for repayment/ pre-payment of borrowings (Rs.204.6cr), funding of working capital requirements (Rs.177.0cr), for general co-operate purpose (Rs.70.0cr) and investment in subsidiary – Buildmex Infra Pvt Ltd for working capital (Rs.48cr). This will help reduce leverage and improve financial stability. The company's gearing ratio is projected to improve to below 2x by end FY25 and below 0.5x by the end of FY26. Similarly, the TOL/TNW (Total Outside Liabilities/Total Net Worth) ratio is expected to drop to below 2.5 times in FY25 and below 0.75x by the end of FY26.

- **Business model entails low risk:** AISL operates on a back-to-back business model, where the company acts as an intermediary. A buyer typically places an order on the portal, which would be matched to suppliers' quote after AISL has added its margin on the same. After that the supplier would deliver the material directly to the buyer. The seller will, however, raise invoice in the name of AISL, which will in turn bill the buyer. While this model entails no inventory risk and reduces operational complexity for AISL, it generally entails low profit margins because AISL is mainly acting as a facilitator.

  AISL has recently also adopted a third-party business model in FY25, where it purchases the materials directly from the third-party manufacturers and then sells them to the buyers. This is not a stock and sell model, but one where AISL has contract manufacturers to meet the buyers' requirements within a short lead time. By buying directly from manufacturers, AISL can take advantage of better pricing, which improves its profit margins on each transaction. Additionally, AISL gains more control over pricing, supply chain processes, and vendor relationships, which is expected to lead to more optimized operations and further enhance its margin structure. Company also takes undated signed cheques from the buyer as a security measure to prevent any default events. Additionally, before boarding the buyers, the company carries out a thorough due diligence of the companies and accordingly sets credit limits for each buyer.

Key Rating Weaknesses

- **Decline in TOI and profitability margins and weak debt protection metrics in FY24:** AISL's TOI decreased and stood at Rs.696.84 crore in FY24 as against Rs. 746.60 crore in FY23 due to reduction in number of transactions given the shift in company's focus from low margin cement and steel products to higher margin products such as aggregates and fly ash blocks. Despite the reduction in TOI, the EBITDA margin improved from 1.47% in FY23 to 1.84% in FY24 due to above reason. Earlier in FY23 the company had demonstrated a strong increase in revenue to Rs.746.6cr from Rs.458.24cr the previous year, but EBITDA margins had declined from 2.99% to 1.47% over the period because of large increase in fixed costs as the number of employees increased from 50 to 160, which also included the appointment of high-level management personnel.

  The company's working capital borrowings increased significantly in FY23 in line with revenues, and in FY24 as working capital requirements increased due to credit offered to buyers, especially in case of products such as aggregates and fly ash blocks. PAT remained at negative Rs. -17.34 crore in FY24 due to notional fair value loss on derivatives and ESOP's and also due to higher interest and depreciation cost. Interest cost increased due to increase in total debt. The overall gearing ratio and TOL/TNW also weakened and stood at 2.53x and 3.24x as on March 31, 2024 as against 1.43x and 1.69x as on March 31, 2023, also for the same reason DSCR stood below unity in FY24 at 0.54x, however timely debt servicing was facilitated by unsecured loans from promoters which increased and stood at Rs.42.65 crore at end FY24 With the total pre-IPO equity raise of Rs.80cr in January 2025, and additional equity infusion of Rs.499.6cr in June 2025, Infomerics expects a material reduction in overall gearing to below 2x times by end FY25 and further sharp reduction as at end FY26.

  The improvement in EBITDA profits post adoption of the new business strategy of direct purchases from dedicated vendors of aggregates and Ready-Mix Concrete is expected to drive the improvement in cash flows going forward and hence would be a key monitorable.

- **High working capital intensity:** AISL operates on a model where it acts as an intermediary between suppliers and buyers. The sellers invoice their goods to AISL and this company in turn bills to buyers after adding its margin. As AISL acts as the counterparty for both buyer and seller, it has independent credit terms with each party. While it may need to make prompt payment to sellers to avail cash discounts, it may choose to extend credit to buyers, especially in certain products such as aggregates. This leads to high working capital requirements, even though the trades are back-to-back, and the company does not bear any inventory risk. High working capital requirements is reflected in the high average utilization of its Rs.100 cr cash credit limits of 85% during the past 12 months. To address this issue, the company is expanding the product base to include additional products apart from cement and steel which earlier contributed to the bulk of revenues but entailed low margins. The shift to third party manufactured products such as aggregates, fly ash blocks, and RMC is also part of the strategy to boost EBITDA margins to make the business model viable. Infomerics believes that the cash flow from operations will continue to remain negative in the projected period due to high working capital requirements.

Analytical Approach: Consolidated

While arriving at the ratings, Infomerics has considered the consolidated financials of Arisinfra Solutions Pvt Ltd and its subsidiaries namely Buildmex-Infra Private Limited, ArisUnitern Re Solutions Private Limited, Arisinfra Trading Private Limited, Arisinfra Realty Private Limited, White Roots Infra Private Limited and Arisinfra Construction Material Pvt Ltd. These companies are considered in this consolidated financial statement for the period ended March 31, 2024

List of companies considered for consolidation is given at Annexure 4.

Applicable Criteria:

[Rating Methodology for Trading Companies.]

[Criteria on assigning rating outlook]

[Policy on Default Recognition and Post-Default Curing Period]

[Complexity Level of Rated Instruments/Facilities]

[Financial Ratios & Interpretation (Non-Financial Sector).]

[Criteria on Consolidation of Companies]

Liquidity – Adequate

The liquidity of the company remains adequate marked by average fund based working capital utilization for the 12 months ended February 2025 being around 85%. The current ratio stood at 1.58x as on March 31, 2024 and its operating cycle stood at 142 days for the year. Cash and cash equivalent amounted to Rs 0.75 Crore as on 31st March 2024. The company had earlier raised Rs.80cr in Pre-IPO round in Jan 2025 and has recently raised Rs.499.6cr of additional equity during IPO in June 2025. While its capital structure is expected to be bolstered significantly due to infusion of equity of Rs.579.6cr, its liquidity position is also expected to improve pointedly as Rs.204.6cr has been earmarked for debt repayment/ pre-payment. Additionally, as the balance funds are proposed to be used for funding working capital, its reliance on cash credit facilities will reduce, thereby also providing large liquidity cushion.

About the Company

Arisinfra Solutions Private Limited, incorporated in the year 2021, has been promoted by Ronak Morbia, Bhavik Khara & Prashant Singh. The registered office is located in Mumbai. It is one of the pioneers in building infra-tech platform to simplify construction activity for every stakeholder in the eco system. The company is engaged in trading, procuring, supplying, distributing, acting as an aggregator / a marketplace in the supply of all kinds of raw materials in the form of aggregate, ready mix concrete, steel, cement, construction chemicals etc. and 4 finished goods e.g., tile, marble, granite, electricals, sanitaryware, doors, windows, etc. necessary for creation of infrastructure, buildings & construction.

Financials (Consolidated):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024	9MFY25
	Audited	Audited	Audited
Total Operating Income	746.60	696.84	546.52
EBITDA	10.97	12.80	32.97
PAT	-3.84	-17.34	6.53
Total Debt	211.16	273.98	331.63
Tangible Net Worth	147.27	108.12	114.20
EBITDA Margin (%)	1.47	1.84	6.03
PAT Margin (%)	-0.51	-2.47	1.17
Overall Gearing Ratio (x)	1.43	2.53	2.90
Interest Coverage (x)	0.51	0.40	1.10

** Classification as per Infomerics' standards.*

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	612.23	547.86
EBITDA	8.60	-8.52
PAT	0.94	-23.94
Total Debt	211.03	269.79
Tangible Net Worth	152.32	135.23
EBITDA Margin (%)	1.41	-1.55
PAT Margin (%)	0.15	-4.24
Overall Gearing Ratio (x)	1.39	1.99
Interest Coverage (x)	0.40	-0.28

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2025-2026)				Rating History for the past 3 years		
		Type (Long Term/Short Term)	**Amount outstanding (Rs. Crore)**	**Rating**		**Date(s) & Rating(s) assigned in 2024-2025**	**Date(s) & Rating(s) assigned in 2023-2024**	**Date(s) & Rating(s) assigned in in 2022-2023**
					Date (April 07, 2025)	**Date** (May 08, 2024)	**Date** (Month XX, 20XX)	**Date** (March 23, 2023)
1.	Cash Credit	Long Term	100.00	IVR BBB-/RWPI	IVR BBB-/Stable	IVR BBB-/Stable	-	IVR BBB-/Stable
2.	Term Loan	Long Term	15.00	IVR BBB-/RWPI	IVR BBB-/Stable	-	-	-
3.	Proposed	Long Term/ Short Term	10.00	IVR BBB-/RWPI/ IVR A3/ RWPI	IVR BBB-/ Stable/ IVR A3	IVR BBB-/ Stable/ IVR A3	-	IVR BBB-/ Stable

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About Infomerics:

Infomerics Valuation and Rating Ltd [Formerly Infomerics Valuation and Rating Private Ltd] (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	100.00	IVR BBB-/RWPI
Term Loan	-	-	-	FY 2026	15.00	IVR BBB-/RWPI
Proposed Long Term/ Short Term	-	-	-	-	10.00	IVR BBB-/RWPI/ IVR A3/ RWPI

Annexure 2: Facility wise lender details
https://www.infomerics.com/admin/prfiles/Len-Arisinfra-Solutions-1july25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis:

Name of the company/Entity	Consolidation Approach
Buildmex-Infra Private Limited	Full Consolidation
ArisUnitern Re Solutions Private Limited	Full Consolidation
Arisinfra Trading Private Limited	Full Consolidation
Arisinfra Realty Private Limited	Full Consolidation
White Roots Infra Private Limited	Full Consolidation
Arisinfra Construction Materials Private Limited	Full Consolidation

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.