Arisinfra Solutions Pvt Ltd (ASPL)

May 08, 2024

Ratings:

Instrument / Facility	Amount (Rs. crores)	Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities – Cash Credit	110.00	IVR BBB-/ Stable (IVR Triple B minus With Stable Outlook)	Reaffirmed	Simple
Proposed Long/Short Term Bank Facilities	15.00	IVR BBB-/ Stable, IVR A3 (IVR Triple B minus With Stable Outlook, IVR A Three)	Reaffirmed	Simple
Total	**125.00 (Rupees One hundred twenty-five crores only)**			

Details of Facilities are in Annexure 1

Detailed Rationale:

The ratings to the bank facilities of Arisinfra Solutions Private Limited continue to derive strength from experienced promoters, established relationships with strong institutional clients & investors and moderate debt protection parameters. However, these rating strengths remain constrained by nascent stage of operations and susceptibility of profitability to volatile input prices.

Key Rating Sensitivities:

Upward Factors:

- Significant & sustained increase in scale of operations and debt protection metrics while maintaining the profitability.

Downward Factors:

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

Key Rating Drivers with detailed description:

Key Rating Strengths:

Experienced Promoters and investors

Promoters' family is in this line of business for the past 50 years The present promoters Mr. Ronak Morbia, Mr. Bhavik Khara & Mr. Prashant Singh are experienced and specialized in their field of construction industry, operations management and reality sector respectively. Assurance of capital and business guidance is available as company has got marquee investors like Mr. Siddharth Shah of PharmEasy and American Investor Think Investments.

Established relationships with strong institutional clients and suppliers.

Due to the established presence and long relationship in the domestic market, ASPL enjoys a large institutional client base including Tata projects, Larsen & Toubro, Dmart (Avenue Supermarts), Piramal Realty, the Wadhwa group, Shapoorji Pallonji, Capacite, JSW, Sheth Group etc. ASPL also have a strong group of suppliers like Kalburgi Cements Pvt Ltd, G S Ispat, Bigbloc Construction Ltd, Bhagwati Steels etc.

Moderate Debt protection parameters

The overall gearing ratio of the company stood moderate at 1.43x as on March 31, 2023 and other indicators like long term debt to equity ratio of the company was comfortable at 0.49x as on March 31, 2023.

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Key Rating Weaknesses:

Nascent stage of operations

With operations commencing in April 2021, the company is in its nascent stage of operations. However, the company benefits from the longstanding entrepreneurial experience of the promoters having diversified businesses.

Susceptibility of profitability to volatile input prices

Major raw materials used in construction activities are steel and cement which are usually the main products sold by ASPL. The input prices are generally volatile and consequently the profitability remains susceptible to fluctuation in input prices.

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 and Alterro finance Pvt Ltd are considered in this consolidated financial statement for the period ended March 31, 2023. These companies became subsidiaries of the company with effect from July 26, 2021, November 17, 2021, October 22, 2021, January 05, 2022 and August 01, 2022 respectively. The company owns 80%, 65%, 99.99%, 76% and 99.99% respectively in these companies.

These companies are owned by same promoters and in similar line of business and have operational and financial linkages.

Particulars	Nature	% of shares held as on 31.03.2023
Direct Subsidiaries:		
Buildmex-Infra Private Limited	Subsidiary	80.00%
ArisUnitern Re Solutions Private Limited	Subsidiary	65.00%
Arisinfra Trading Private Limited	Subsidiary	99.99%
Arisinfra Realty Private Limited	Subsidiary	76.00%
Alterro Finance Pvt Ltd	Subsidiary	99.99%

Applicable Criteria:

Rating Methodology for Trading Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Criteria on assigning Rating Outlook

Consolidation of Companies.

Default Recognition policy

Liquidity – Adequate

The liquidity of the company remains adequate marked by average fund based working capital utilization for the 12 months ended February 2024 stood around 75%. The current ratio stands at 2.15x as on March 31, 2023.Its operating cycle stood at 124 days in FY23. Cash and Cash equivalent amounted to Rs 42.78 crores as on 31st March 2023.

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 finished goods e.g., tile, marble, granite, electricals, sanitaryware, doors, windows, etc. necessary for creation of infrastructure, buildings & construction.

Financials:

Consolidated

(Rs. crores)

For the year ended/* As On	31-03-2022	31-03-2023
	Audited	**Audited**
Total Operating Income	458.24	746.60
EBITDA	13.69	10.97
PAT	7.08	-3.96
Total Debt	146.23	211.16
Adjusted Tangible Net-worth	215.06	147.40
Ratios		
EBITDA Margin (%)	2.99	1.47
PAT Margin (%)	1.54	-0.53
Overall Gearing Ratio (x)	0.42	1.43

Standalone

(Rs. crores)

For the year ended/* As On	31-03-2022	31-03-2023
	Audited	**Audited**
Total Operating Income	425.02	612.23
EBITDA	13.50	8.60
PAT	7.55	0.94
Total Debt	146.23	211.03
Adjusted Tangible Net-worth	215.30	152.32
Ratios		
EBITDA Margin (%)	3.18	1.41
PAT Margin (%)	1.77	0.15
Overall Gearing Ratio (x)	0.42	1.39

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount (Rs. crores)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23 (March 23, 2023)	Date(s) & Rating(s) assigned in 2021-22
1.	Long Term Fund Based Bank Facilities	Long Term	110	IVR BBB-/Stable	-	IVR BBB-/Stable	-
2.	Long/Short Term Bank Facilities	LT/ST	15	IVR BBB-/Stable, IVR A3	-	IVR BBB-/Stable	-

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About Infomerics:

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 visit www.infomerics.com.

Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crores)	Rating Assigned/ Outlook
Long Term Fund Based Facilities – Cash credit	-	-	-	110.00	IVR BBB-/Stable
Long/Short Term Fund Based Facilities - Proposed	-	-	-	15.00	IVR BBB-/Stable, IVR A3

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details:

https://www.infomerics.com/admin/prfiles/len-Arisinfra-may24.pdf

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

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