

Company Name: Arisinfra Solutions Ltd.

Management Participants:

Mr. Ronak Morbia - Chairman and Managing Director
Mr. Bhavik Khara - Whole-Time Director and CFO
Mr. Srinivasan Gopalan - Chief Executive Officer
Mr. Suvesh Sinha - Vice President - Strategy & Credit Risk

11th Annual Valorem Conference Highlights:

- ARIS is building the technology orchestration layer for India's infrastructure and real estate ecosystem-bringing structure, visibility and control to one of the most fragmented sectors in the economy.
- Business mix steadily shifting toward contract manufacturing and services, reducing dependence on low-margin trading
- Contract manufacturing helps secure supply and improve utilization without owning assets, strengthening control over execution
- Services emerging as a high-margin, low-capital segment, expected to drive disproportionate profit growth going ahead
- Strong focus on working capital discipline and credit control, improving cash efficiency within the business
- Significant headroom in existing capacity, allowing near-term growth without heavy incremental investment
- New vertical (asphalt) reflects adjacent expansion within infra materials, leveraging existing execution capabilities
- Strong order visibility driven by repeat customers and long-duration infra projects, supporting growth predictability
- Working capital days reduced sharply from 116 days to 74 days, showing strong cash flow discipline and efficiency gains

Key Questions & Answers discussed during the Conference:

- **Where does the company see itself over the next 5 years?** We aim to become the largest execution and operating layer in the construction materials ecosystem, acting as a critical backbone between suppliers and large infrastructure projects. The focus is on building scale, deepening network strength, and becoming indispensable for reliable execution.
- **When do the deposits given for securing production for contract manufacturing capacity come back, and how are they utilized?** These deposits are typically refundable over a multi-year period (around 5 years) as plant utilization improves and cash flows stabilize. Once recovered, the capital is recycled and reinvested into securing additional capacities, enabling scalable growth without significant fresh capital deployment.

- **What is the trend in payables and how has it improved?** Payable days have improved significantly from less than 5 days earlier to around 46 days now, reflecting stronger vendor relationships and better credit terms. This improvement has contributed to overall working capital efficiency and cash flow optimization.
- **What is the company's responsibility in terms of material supply and quality?** We take complete responsibility for material delivery, quality, and overall supply execution. This ensures consistent standards, timely fulfillment, and reliability for our customers, differentiating it from traditional intermediaries.
- **How has capacity utilization improved for third-party contract manufacturing partners?** We have significantly improved utilization of partner capacities from 25–30% earlier to 55–60% currently, driven by better demand aggregation and execution efficiency. This enhances throughput and profitability without requiring additional capital investment.
- **What is the current cost of borrowing for the company?** Our borrowing cost is relatively low at around 7.8%, which supports efficient scaling of operations while keeping finance costs under control.
- **Who is the company's biggest competitor and how does their model differ from Arisinfra?** Our biggest competitor is Infra.Market (unlisted), which follows a house-of-brands approach and focuses on owning manufacturing plants. In contrast, Arisinfra operates an asset-light model by securing capacity through partnerships, enabling more capital-efficient scaling.
- **What will drive further margin improvement?** Margin expansion will primarily come from higher contribution of services and contract manufacturing, along with better capital efficiency and scale benefits, rather than aggressive pricing or cost-cutting alone.
- **What is the opportunity in the asphalt segment?** Asphalt is a newly added vertical with expected revenue potential of INR 80–100 crores over the next 12–18 months. We leverage our existing execution capabilities and expect to deliver similar margins to the core business.
- **What is the customer retention level?** We enjoy 80%+ repeat business, as infrastructure projects are long-duration in nature and strong execution leads to consistent repeat orders from the same clients.
- **How is the business mix expected to evolve going forward?** We expect a continued shift towards contract manufacturing and services, with contract manufacturing already contributing 48% of revenue. As utilization improves and relationships deepen, a larger share of revenue will move into these segments, driving both higher margins and better predictability.
- **Why are aggregates an attractive segment?** Aggregates is a highly fragmented and under-organized market, with manufacturer-level margins of ~25–30%. This creates an opportunity for organized players to aggregate demand, improve sourcing, and capture value.

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