

August 11, 2025

To
The Compliance Manager
BSE Limited
Corporate Relationship Dept.,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400001.

To
The Manager, Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai 400 051.

Scrip Code: 544419

Symbol: ARISINFRA

Sub: Transcript of the earnings conference call for the quarter ended June 30, 2025

Dear Sir/ Madam,

We are enclosing herewith copy of the transcript of the Company's Q1 FY26 earnings conference call dated Friday, August 08, 2025.

The transcript is also available on the Company's website under the Investors section at: <http://r.arisinfra.com/cehq3>

Further, please note that no unpublished price sensitive information was shared/discussed by the Company during the said earnings call.

You are requested to take the above information on record.

Thanking you,

Yours sincerely,

For Arisinfra Solutions Limited

[Formerly known as Arisinfra Solutions Private Limited]

Ronak Kishor Morbia
Chairman and Managing Director
DIN: 09062500
Place: Mumbai



“ArisInfracore Solutions Limited Q1 FY '26 Earnings Conference Call”

August 08, 2025



**MODERATOR: MR. RONAK MORBIA – CHAIRMAN AND MANAGING
DIRECTOR, ARISINFRA SOLUTIONS LIMITED
MR. SRINIVASAN GOPALAN – CHIEF EXECUTIVE
OFFICER, ARISINFRA SOLUTIONS LIMITED
MR. BHAVIK KHARA – WHOLE-TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER, ARISINFRA SOLUTIONS
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to ArisInfra Solutions Limited Q1 FY '26 Conference Call.

As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Mamta Samat. Thank you, and over to you, ma'am.

Mamta Samat: Thank you, Bhavya. Good afternoon, everyone, and welcome to the Q1 FY '26 Earnings Call of ArisInfra Solutions Limited.

Today we have with us Mr. Ronak Morbia, Chairman and Managing Director; Mr. Srinivasan Gopalan, Chief Executive Officer; and Mr. Bhavik Khara, Whole-Time Director and Chief Financial Officer, and AdFactors IR team.

We will begin the call with the opening remarks from the management, after which we will have the forum open for the interactive Q&A session.

I must remind you that this conference call may include forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. The statements are not the guarantee of future performance and involve risk and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Srinivasan Gopalan, Chief Executive Officer of ArisInfra Solutions Limited, for opening remarks. Thank you, and over to you, sir.

Srinivasan Gopalan: Good afternoon, ladies and gentlemen. Welcome to our Q1, 2026 Results. We are very, very happy to announce the results today and even before I start my speech, I want all of you to note four things which I am personally very, very proud of and very happy about, that there are four things that we have achieved for the first time in this quarter.

- One is our EBITDA has gone past 9% for the first time. We have clocked around 9.2%.
- We have become completely debt-free by way of net debt is zero as of today.
- Our working capital number of days has gone below 100. We are at 97 days today.
- And with the Q1 results, we have shown a net profit of Rs. 5.1 crores, which is almost 85% of the entire year, last year that we clocked.

Having said that, let me now start the results speech:

We are pleased to report a solid start for Financial Year 2026. Q1 reflects the strength of the model we have built, one that is scaling with clarity, control and discipline.

It is important to highlight that this performance was delivered without any benefit from our IPO proceeds, except the debt repayment, which I mentioned to you earlier, which were available only at the very end of the quarter. The impact of that capital in terms of growth, profitability and working capital optimization will begin to reflect from Q2 onwards.

It is very important to note this. Our supply services tech model is gaining strong industry response in a sector that is traditionally fragmented and execution heavy. What defines us is our ability to bring together reliable supply, project-aligned services and smart backend technology into a single integrated operating model that helps construction happen faster and with very few dependencies.

This is not just showing up in numbers. It is showing up in relationships as well. From earlier MoUs and order wins with Wadhwa, Transcon and Village Wave to our most recent addition of AVS which we did yesterday, the momentum is clear.

Developers are looking for long-term, dependable partners who can simplify execution at scale. We believe ArisInfra is uniquely positioned not just to grow, but to do so with capital efficiency, margin visibility and return discipline.

There are three strategic pillars driving scalable and profitable growth, each of which plays a central role in making this business structurally stronger and financially more rewarding:

- The first one is a strong demand-supply engine that generates returns at scale. At the heart of our model is the ability to efficiently match demand with secured supply. Not just once, but consistently across geographies and volumes. You must have also heard our announcement about Rs. 300 crore facility that we have been able to bag with the House of W. We have built an organized network with long-term visibility on both sides, securing capacities through strategic deposits and serving institutional customers with predictable repeat demand. This network effect ensures that as volumes grow, we just don't grow revenue. We improve margins, reduce volatility and strengthen our position in the ecosystem. This is exceedingly important for us.
- The second important point is the shift towards smarter working capital management. Working capital management is the core of our business. In our earlier years, in the last four years, prior to the IPO, we funded working capital through internal accruals and equity, allowing us to scale quickly without external pressure. But now we are moving into a more strategic approach. We have initiated the process of securing supply chain financing facilities, enabling us to extend vendor payments without disrupting supply or using equity. At the same time, we are scaling invoice discounting with institutional customers, unlocking receivables earlier and accelerating the cash cycle. Close to 40-45% of our sales are mainly to these large clients where bill discounting is a given. Together, these steps reduce working capital pressure, unlock more capital for growth, and improve overall return on capital employed.

- The third pillar, as I mentioned, is the asset-light model that preserves flexibility and reduces risk. We have made a conscious decision to stay asset-light in the near term, scaling through strategic partnerships and contract manufacturing, instead of investing ourselves in CAPEX-heavy assets. This approach gives us all the benefits of a manufacturer, including reserved capacity, cost control, and supply security, without the operational risks of owning and running assets.

The biggest of these risks isn't just capital outlay, it is operational bandwidth. Owning and operating plants and managing full-scale production can divert focus from execution. By staying asset-light, we preserve that focus and double down on what truly sets us apart, our integrated supply-service model. This model allows us to move beyond material delivery into project-based services that generate stronger returns, enable deeper customer integration and drive structural margin improvement. In many ways, it is an asset-light approach that makes this high-return integration possible.

Coming on to the financials:

We have a sustained momentum across materials and services. The total income for the quarter stood at Rs. 216 crores, up 11% year-on-year. While Q1 typically sees seasonal moderation versus Q4, our volumes remain steady, supported by consistent demand from institutional customers and a robust supply backbone strengthened by long-term vendor partnerships.

Coming on to profitability:

Services-driven margin accretion. EBITDA stood at Rs. 19.5 crores, up 13% year-on-year and 77% if I compare it with the last quarter, driven by better contribution margins, disciplined cost structures, and scale efficiencies.

A key driver of this important improvement is our services vertical, which continues to grow in both relevance and profitability. It helps us move beyond transactional supply into higher margin, longer cycle project involvement, which deepens customer engagement and improves commercial outcomes.

EBITDA margins:

As I mentioned to you, went beyond 9% to 9.2%, reflecting operational leverage and the structural advantage of our integration model.

Coming on to the bottom lines:

PAT for the quarter stood at Rs. 5.11 crores after absorbing an exceptional IPO-related expense of Rs. 2.5 crores. So, ideally, it should have been close to Rs. 8 crores. Adjusted for this, PAT stood at Rs. 8 crores compared to Rs. 6.5 crores in Q1 last year and a Rs. 52 lakhs of loss in Q4, 2025.

This reflects a clear return to consistent, sustainable profitability driven by margin expansion, growing services contribution, and improved capital efficiency. At an annualized rate, this translates to Rs. 30 crores, Rs. 32 crores of PAT even before factoring in the benefit of interest savings and IPO-fueled growth expected in the coming quarters.

With proceeds from the IPO and disciplined capital allocation, we are now nearly debt-free, as I mentioned at the beginning of this speech. This enhances our financial flexibility and strengthens our ability to scale efficiently across core markets.

Working Capital:

Coming on to a very important subject, which is the working capital, something which everyone thought is the pressure point, we have converted that into a strategic advantage. Working capital has historically been our biggest operational risk and it continues to be our key focus. We are addressing this head-on with a structural shift in how we fund growth.

On payables:

We have initiated the process of securing supply chain financing limits, allows us to extend vendor payment terms without impacting material flow or straining vendor relationships or margins. This allows us to free capital with preserving trust and continuity on the supply side.

On the receivable side:

We are scaling up invoice discounting, especially with institutional customers. This helps accelerate cash flow without relying solely on payment cycles.

Looking ahead, we expect continued improvement in receivables through a multiple-pronged strategy, increasing wallet share with better-rated customers, moving to a more project-based engagement model that ensures better payment discipline, and actively diversifying the long tail of buyers to reduce concentration risk and improve collection cycle across the board.

Over the last 12 months, we have brought our net working capital cycle down from approximately 120 days to 97 days as of Q1. If you remember in our past investor call, we had mentioned that we would be at an 85 to 90 in 12 to 18 months. We are very happy to mention that we are at the 90s already in the Q1, from 120 days in December to 110 in March and now to 97, a level that once seemed distant.

This progress reflects deliberate structural actions. While this is an ongoing journey, we remain focused and confident of bringing it further down to 85 to 90 days range over the coming quarters and sustaining it as we scale.

This isn't just operational optimization. It is a fundamental shift that improves return on capital and supports sustainable capital-light growth.

Reinvestment of cash flow for scalable growth:

As a working capital-led business, we actively reinvest cash into operations, primarily through trade deposits, receivables and project-linked supply arrangements to drive growth, secure supply and deepen customer relationships.

While this can occasionally result in negative operating cash flow, it does not mean that we are burning cash. Rather, it reflects our disciplined approach to deploying capital in areas that generate high returns and generate structural advantages, such as securing vendor capacity, expanding services, or increasing wallet share from institutional buyers.

With strong control, smarter capital structures and improving working capital efficiency, we expect cash conversion to structurally improve without compromising on growth.

In Q1, our receivable collections remain strong, with vendor payments made in line with operating volumes, indicating a steady and disciplined cash cycle. This flow validates our belief that tighter working capital control can drive sustained growth without putting strain on liquidity.

We are built for construction, design, and designed for returns. ArisInfra is built for the real needs for construction where timelines are critical, quality cannot be compromised, and execution makes all the difference. What sets us apart is not just what we supply material or provide services. It is that we do both in a structured, dependable, and technology-enabled way.

As we look ahead, our focus remains clear. Grow with control, deepen our customer and vendor network and operate with sharp capital discipline. So, this becomes not just a high growth business, but a high return business.

Thank you for your continued trust and support. We are now happy to answer any questions that you have. As mentioned earlier, I have my Chairman and Managing Director – Ronak and Bhavik, who is our CFO and Whole-Time Director. We are happy to answer your questions.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shaurya Yadav from PinPointX Capital. Please go ahead.

Shaurya Yadav:

Sir, I have a couple of questions. The first one is that our last year Q1 tax was Rs. 6 crores, which is exactly equal to FY '25 PAT. So, sir, which means net-net for remaining 9 months, we have incurred losses. And similarly, sir, this year we have posted a PAT of Rs. 5 crores in Q1. Sir, I just want to understand what exactly had happened in Q1 FY '25 that we have reported PAT and for the remaining years, we have incurred net losses. What was the reason for higher growth in Q1 FY '25 and like going ahead in FY '26, can we see any quarterly losses like we have seen in FY '25 for remaining 9 months?

Bhavik Khara:

Yes, thanks for that, Shaurya. Let me put the number more into perspective with respect to the quarter-on-quarter comparison year-on-year. 5.1 was recorded for this quarter, but it was after

an IPO expense, which is one of the loss expenses that we will record with relation to IPO, which was about Rs. 2.8 crore.

If you factor in that, we are at about Rs. 7.4 crore to maybe about Rs. 8 crore of PAT in this quarter, which is in fact our highest ever PAT margin and is in fact about 15% growth year-on-year when you compare the Rs. 6 crore of profit in that quarter.

The debt levels were different. In Quarter 1, FY '25, the debt was smaller. We had more debt in Quarter 1 also, where the interest cost was approximately Rs. 2 crore, Rs. 2.5 crore higher. And that is predominantly why even with a higher EBITDA margin, we have grown slightly lesser in terms of PAT with just about 15% growth.

With respect to the financial year FY '25, we recorded a PAT in the 1st Quarter, but we had the IPO-related expenses again in the same financial year, which kind of impacted the entire year's profitability. If I adjust all of those costs, we would be somewhere around Rs. 12 crore to Rs. 13 crore of profit before tax in FY '25. This is something that we had obviously mentioned in our last earnings call as well. We had to absorb those costs in our P&L, and that is why the numbers were reported at about Rs. 6 crores of PAT the entire year.

Shaurya Yadav: And sir, going ahead in FY '26, so there will be no quarterly loss that we have reported in FY '25.

Bhavik Khara: No, FY '26, I mean, if I were to concentrate on FY '26 right now, we are at about a Rs. 7.5 crore of PAT adjusted to that IPO expense. So, we are already at an annualized PAT of about Rs. 30 crores, Rs. 30 plus crores. And we haven't used even a rupee from the IPO proceeds for the operations.

We have just repaid the debt as on 30th June. And obviously by repaying the debt, there will be significant interest cost savings as well. So, an annualized PAT of about Rs. 30 crores already there with interest costs reducing and more of the EBITDA flowing into the PAT. And three quarters to perform with the IPO proceeds, we expect the PAT for this year to be significantly higher.

Shaurya Yadav: So, is it fair to assume that the current operating margin will remain going ahead in FY '26 because of increasing contribution from RMC and service-led business, which I think is a higher margin business?

Bhavik Khara: Absolutely, yes. In fact, it is not just about the numbers. It is where the margins come from. You are absolutely right about the growing services business. And this is really backed by the recent announcements that we made, close to about Rs. 400 crores, Rs. 450 crores of contracts and order wins that we have announced.

And the contract manufacturing, which has been the focus ever since we started that business about two years back, we have been growing in that segment. And we feel that it does not just

give us additional margins. It gives us supply security. It gives us quality control. It gives us cost discipline as well, where if we were to look at fulfilling the higher demand of large-scale infra projects or real estate developers, it is very important to secure your supply so as to fulfill that kind of demand.

So, contract manufacturing, growing services, all is going to be our focus. And we feel that is the reason why we will be able to sustain this EBITDA margin going further.

Shaurya Yadav: Just a follow-up on that. As you said, there will be no quarterly loss and going ahead, margin will remain in the range of 9 or 9.5, which is the current rate. And also interest cost is coming down due to debt repayment. So, is it fair to assume that our tax margin will be in the range of 5.5% or 6%?

Bhavik Khara: Well, you could, I mean, I have given a reference of the annualized PAT for this year. We are yet to deploy IPO proceeds, which will start from this quarter, the September quarter. We have three quarters to perform.

At the current rate, if you look at our PAT, it is about 2, 2.5, which will kind of increase because of this interest cost savings. So, yes, fair to assume that we will be somewhere around maybe about 4% to 6% of PAT, but that is just the future guidance that we can give.

I think it is more important to understand that the industry that we operate in right now, it is one of the largest sectors in India, which is least disrupted. And it gives us the potential to actually grow with such high margins. And that is what we would like to focus on.

Moderator: The next question is from the line of Vishvender Singh from Prudent Equity. Please go ahead.

Vishvender Singh: I had a few questions. So, first of all, can you share what is the current monthly rolling order run rate and how are you planning to increase this?

Bhavik Khara: Yes, as mentioned in the previous earnings call also, our rolling demand is close to about Rs. 60 crores to Rs. 70 crores a month. We have initiated deploying the IPO proceeds from this month itself and the guidance that I had given before was to reach about a rolling demand of about Rs. 90 crores to Rs. 100 crores on a monthly basis in the coming few months.

So, that is where we are headed. And we are very confident because we are going to do this through two things. One is increasing the wallet share with existing customers and onboarding a few new customers as well. And the project-based order book that we have recently onboarded will only add to this rolling demand as we grow.

Vishvender Singh: Noted. And secondly, I wanted to ask, how do you see the revenue profile for this year and next year for our subsidiary BuildMex that we are investing after our IPO?

- Bhavik Khara:** In BuildMex, we have partnered for mainly aggregates, stone aggregates. I think the current, the capacity that we were working on previously, till about March or maybe about June, was in the range of about 1.5 lakh metric tons a month. We have already initiated capacity expansion there, and I think we will be clocking 2.5 lakh tons to maybe 3 lakh tons as we move forward in the coming months.
- So, the investments are in the right direction. The category is very exciting. It is high margin. We have complete control over all these capacities. And we are looking to deliver to all the large infrastructure projects down south. So, yes, we will be looking at increasing the capacity. We have already initiated the process. And we will see good progress in the subsidiaries as well.
- Vishvender Singh:** So, do you have an internal ballpark number for the revenue target for the subsidiary for this year and next year?
- Bhavik Khara:** I would say, the rolling, based on the capacity that I am talking about, it should be somewhere around July would be close to about Rs. 8 crores to Rs. 10 crores monthly business. So, an annualized business is about Rs. 120 crores. We will see good growth also in terms of the next three quarters. So, you know, that is the kind of number and growth that we are talking about.
- Vishvender Singh:** Noted. And I wanted to ask, we have reported strong increase in our margins. So, what has been a major trigger behind it?
- Bhavik Khara:** With respect to margins in our business, it is mainly because of our model, which is a combination of supply, services and technology. All these three things come together and that is why the consolidated profit has seen a significant increase in the last few months.
- What I mean by that is when it comes to supply, it is not just about buying and selling materials. It is about building a very solid supply backbone and forming long-term partnerships and securing capacities so as to secure supply as well as add margins, get volume discounts.
- With respect to services, we go beyond supply as well when it comes to real estate developers. Today, developers need two things, three things, in fact, to ensure that execution and ultimate handover is in place. One is materials. Second is execution or management. And third is inventory marketing. We offer everything.
- We are present at every part of the supply chain where most other people or companies are either offering a couple of materials or maybe just present across one aspect of this value chain which is material supply. And to manage all of this at the back end, we have built in-house technology which actually absorbs the entire operational bandwidth.
- This is the reason why we have seen tremendous improvement in margins, and we feel that we have built a very sustainable foundation to not just grow, but to sustain these margins as we scale.

- Vishvender Singh:** Noted. Lastly, I wanted to ask, like, after Q4, in Q1, we have gone from 2,700 to somewhere around 2,800 customers. And we have also increased our Pin Codes that we serve. So, what would be the strategy going forward to increase both our customer count and total Pin codes served?
- Bhavik Khara:** To be honest, these are outcomes of our reach across the country and the fact that we can onboard new customers on a quarterly basis. But our focus, to be honest, is on the institutional demand that we can grow, increase wallet share with the existing customers as well. So, it is not a very conscious decision. It does not really operate like a B2C business where more and more Pin Codes or more and more customers are the only focus. It is just about working on diversity as we grow, where we will look to do both, not just onboard new customers.
- Moderator:** The next question is on the line of Kaushal Sharma from Equinox Capital Ventures Private Limited. Please go ahead.
- Kaushal Sharma:** So, my question is on your guidance like in the last call, you said that we will grow around 30% to 40% for the next two years. Now we have grown around same. So, are we in line with our target?
- So, sir, my question is on your revenue guidance, that in the last call, you said that we will grow with 30% to 40% and currently we are growing around 11%. So, are we in line with our target? And my second question on your working capital side, sir, what is our receivable in value as of today and the payables?
- Bhavik Khara:** Yes. So, the 11% growth that you are talking about is really, basically compared to the quarter, year-on-year quarter, the growth is about 11%. What we meant was because of the IPO proceeds coming in, debt repayment and unlocking more capital for growth, we will be able to achieve the guidance that we have given, which is about 30% to 40% year-on-year growth. That is how we will achieve it.
- With respect to trade receivables, we are at about...
- Srinivasan Gopalan:** We are at about 130 days in terms of days and about Rs. 350 crores to Rs. 360 crores of receivables. In terms of payables, we are at about 34 days and about Rs. 130 crores of payables. So, our net working capital comes to about 96 to 97 days.
- Kaushal Sharma:** So, receivables in value around Rs. 350 crores, right, sir?
- Srinivasan Gopalan:** Yes.
- Kaushal Sharma:** And payables Rs. 130 crores?
- Srinivasan Gopalan:** Yes. So, that is how we have improved from 120 to 97.

- Moderator:** The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** Sir, just wanted to understand, I mean, for next 2-3 years, we had been saying about 40%, 50% growth or 30%, 40% growth?
- Ronak Morbia:** We will be somewhere around 40% to be honest. That is something that we are consciously targeting. It also comes from the fact that we operate in an industry which offers that kind of growth potential. It is not really about growing the revenue. It is really about sustaining the EBITDA margins and the PAT margins and also keeping the working capital cycle under check.
- So, it is not really about a hard revenue number. We will be looking at a growth of around 40%, up and down. But more importantly, the focus is on the EBITDA margins, the PAT margins, and obviously the working capital cycle.
- Deepak Poddar:** And since we have grown only by 11%, now the IPO proceeds money will also kind of kick in. So, we will start seeing growth from this second quarter itself. I mean, because in the 1st Quarter, the growth was not there, right?
- Ronak Morbia:** Absolutely. In the 1st Quarter, we didn't utilize even a rupee from the IPO proceeds. We have already started deploying the IPO proceeds. We had a very good, visible order book. That is what we have been doing ever since July started. So, yes, September quarter is going to be the 1st Quarter with visible growth, not just in terms of revenue, but in terms of margin and PAT expansion as well in absolute terms.
- Deepak Poddar:** And growth as well as margin expansion.
- Ronak Morbia:** Yes, in absolute terms. Not to say that obviously, the 9% is something that we will sustain, maybe. But in terms of absolute numbers operating, let's say we clocked about Rs. 90.5 crore in the 1st Quarter, we will see a visible improvement in second quarter in terms of absolute numbers.
- Deepak Poddar:** In absolute terms, I mean, percentage may vary, but in absolute, you are saying it might.
- Ronak Morbia:** Yes. We will try to sustain.
- Deepak Poddar:** And, I mean, we had around Rs. 2 crores of minority interest. So, what is that on account of?
- Srinivasan Gopalan:** So, that is basically the subsidiary. Other comprehensive income, there is a subsidiary portion. That is what it is for.
- Deepak Poddar:** So, this is what that RE subsidiary?
- Srinivasan Gopalan:** We have about six subsidiaries. So, it is allocated in terms of the comprehensive income. The allocation to the subsidiary is about Rs. 2 crores to Rs. 2.5 crores.

- Deepak Poddar:** So, that will continue? For the entire year, I mean, you expect such quarterly...
- Srinivasan Gopalan:** Yes, it will be in check with the group of the parent company along with the subsidiaries. It will be in tandem with that.
- Deepak Poddar:** It will remain in tandem with that. Okay, fair enough. And in terms of interest also, I think we have become debt-free that you mentioned. So, in terms of interest cost, how should we see the reduction? I mean, this quarter it was Rs. 11 crores, around close to Rs. 12 crores a quarter. So, going forward, what sort of interest cost on a quarterly basis we can expect?
- Srinivasan Gopalan:** On a quarterly basis, primarily interest will be by way of building accounting. And that should be between Rs. 1.5 crores to Rs. 2 crores a quarter. That should be the range where we should have the interest cost.
- Deepak Poddar:** So, in rupees crores, is it possible to mention in rupees crores, how much would that we expect?
- Bhavik Khara:** Yes, so just to kind of put that, just to understand how it will kind of go down, we repaid a debt close to about Rs. 200 crores and another Rs. 30 crores, Rs. 40 crores. So, the interest that was connected, I mean, that was allocated to this kind of debt was close to about Rs. 30 crores to Rs. 35 crores. And that is something that we will see reducing in the coming quarters, with maybe a little bit of an increase in bill discounting or invoice discounting or supply chain financing interest.
- Our net outflow in Quarter 1 was about Rs. 9.5 crores. We expect this to come down by more than maybe 70%, 75% in the coming quarters. So, that is probably the guidance that I can give you today.
- Deepak Poddar:** So, reduced by 70% to 75%. I mean, if I have to see, let's say, Rs. 40 crores on an annual basis, Rs. 40 crores, Rs. 45 crores, so, if it has to reduce by 70, so Rs. 15 crores debt interest cost...
- Srinivasan Gopalan:** Yes, 41 is not the net interest outflow. If you look at the net, it reduced the operating income from interest. The net outflow was about 36 and that is what we intend to reduce by about, let's say, 70% as we go forward.
- Deepak Poddar:** Net interest outflow to reduce by about...
- Srinivasan Gopalan:** Yes.
- Deepak Poddar:** I mean, after factoring in your other income, right?
- Srinivasan Gopalan:** Right.
- Deepak Poddar:** And just one last thing. When we say 4% to 6% kind of a PAT margin, so we have factored in minority interest or, I mean, it is excluding minority interest or including?

- Srinivasan Gopalan:** Excluding the minority interest.
- Deepak Poddar:** So, excluding, I mean, you have subtracted. After that, I mean, we are getting that 4% to 6% of PAT margin.
- Srinivasan Gopalan:** So, 4% to 6% will be for the entire thing and after that we will be reducing the minority interest.
- Deepak Poddar:** It is before minority.
- Srinivasan Gopalan:** Yes, before.
- Deepak Poddar:** It is before minority. That is very clear. And in terms of leverage, I mean, if you have to see, because we have been growing, we are looking to grow about 40% CAGR over next 2-3 years. So, how should one look at margins front overall? I mean, what sort of leverage advantage we can, I mean, this year you are targeting 4% to 6%, but you have to see over next three years, any kind of aspiration we have on the margin front? How should one look at?
- Ronak Morbia:** Not in terms of numbers. I can give you more over there. You know, it is basically dependent upon the business that we have is supported by a very complex backend technology. And as we scale, what we expect in our business, because it is execution heavy, it generally requires a very large workforce to handle and manage the execution.
- Deepak Poddar:** Can you just repeat, sir? I didn't get what you are saying.
- Ronak Morbia:** So, in terms of our model, it is important to understand what we are building with respect to the supply services and the back-end technology. As we scale in this execution heavy business, generally we would require a very large business to handle the back-end operations. And because we have built in-house technology to kind of absorb all of the operational bandwidth, we will see the operating leverage kick in as we scale and we are ready for that.
- So, it is how we work, how we operate. As a company, we will be able to sustain and maybe have some bit of improvement in our operating margins as well as we scale.
- Deepak Poddar:** Yes, that is what I was trying to understand. I mean, because your operating leverage will kick in, so the EBITDA margin, which is currently, let's say, 9.2% including other income, right? So, how should one look at what sort of accretion we can see there? I mean, can it be 100, 200 basis point over next two years or higher than that? I mean, some understanding on that would be very helpful, sir.
- Ronak Morbia:** I mean, I would answer the other way, where, let's say, today, our entire CAPEX maybe as a percent of revenue, is somewhere around maybe 4.5% to maybe 6%. We will definitely see an improvement of maybe about 1.5% to 2% as we grow in the next maybe 18 to 24 months.
- Deepak Poddar:** 1.5% to 2% margin improvement over next 18 to 24 months.

- Ronak Morbia:** Yes. What we are seeing is as we scale, we are generating more and more revenue with the same kind of workforce or keeping the costs under control. And this is something that we are very conscious about. We want to maintain the cost discipline that we have maintained in the last few months. And we expect this to be maintained in the coming quarter.
- Deepak Poddar:** Fair. That is very clear, sir, and very helpful also. I mean, that would be it from my side and all the very best to you.
- Moderator:** The next question is from the line of Kapil Ahuja from Equinox Capital Ventures Private Limited. Please go ahead.
- Kapil Ahuja:** My question is regarding the receivables. You just said that the receivables as on June 30 were Rs. 360 crore. 3-6-0.
- Ronak Morbia:** 316.
- Bhavik Khara:** 3-6-0, yes.
- Kapil Ahuja:** 360. And in March '25, the receivables were Rs. 327 crore. Am I right?
- Bhavik Khara:** Yes.
- Kapil Ahuja:** So, for top line growth of 11%, you have the receivable growth is also of 11% only. And for this Rs. 360 crore, what is the aging of this? More than 6 months and less than 6 months?
- Srinivasan Gopalan:** So, as of now, more than 6 months would be approximately Rs. 65 crores to Rs. 70 crores.
- Kapil Ahuja:** Rs. 65 crores to Rs. 70 crores. So, what is the reason for so big high receivable day? And can we reduce them or can we increase the payable days to 70 to 90 days? We are just acting as an NBFC, alternate to NBFC only for construction material. And any builder would be happy to take the orders or to give the orders to you because you are asking for payment in 4, 5, 6 months, after 6 months.
- Ronak Morbia:** So, first, it is important to understand how this industry works. Fundamentally, credit is given in this. It is a layer that we have to offer. It is not a credit business. It's a layer on top of the business that we do. It is not like they enjoy a longer credit period. We don't offer a longer credit period to get business.
- In this business, about, let's say, a 100 to 120-day receivable cycle is actually considered normal. How you manage the entire cash flow is what we are working on. And when you look at the improvement that we have gotten from 120 days of net working capital to going down below 100, in this quarter, about 97 days, and we are 100% committed and focused to getting this down to maybe about 85 to 90 days in the coming quarters is when you will start seeing the real results.

So, it's not about being an NBFC. I mean, the returns that we generate with gross margins are about 15%, with EBITDA is about 9%. It is very uncharacteristic of any NBFC, to be honest. It is really about how we operate. This is something that we invest consciously to maintain the relationship, to get involved with the customers, to actually build a very robust supply backbone and to offer end-to-end execution services. It is a different infrastructure that we build to actually help the construction industry, and we are not just operating as a company which offers credit to do business.

Kapil Ahuja: Because I was asking because when you have to go by 30%, 40%, then managing the working capital at those top-line levels would be difficult for the company.

Ronak Morbia: In fact, it all depends on how you manage and that is why during the speech we wanted to address this head-on because we feel that this has been a key area of focus for all investors.

In the early years, we used our own equity. We took traditional debt on books and that is how we were funding the working capital, essentially how we were paying our vendors. Now that we have a larger equity base, we are making structural shifts in how we actually manage working capital.

We are already in the process of getting access to supply chain financing facilities. That is not traditional debt on books. It helps us to increase our payable days without actually straining relationships with vendors, when they get money on day one, which effectively reduces the gap between payable and payments. And that is how we will get to a targeted number of maybe 85 to 90 days in the coming quarters. And when you actually look at this, an asset churn of about 4 in a year and less pressure on liquidity and working capital is when you are able to grow at the number that we have just mentioned.

Kapil Ahuja: So, you will be trying to increase the payable days also?

Ronak Morbia: Yes, that is something that we will do through supply chain financing facilities, not by not paying them early, but by actually getting access to these facilities so they are paid on day one.

Moderator: The next question is from the line of Shaurya Yadav from PinPointX Capital. Please go ahead.

Shaurya Yadav: Sir, just a follow-up question. What is our operating cash flow in Q1 FY26?

Ronak Morbia: Sorry, can you repeat that, please?

Shaurya Yadav: The operating cash flow in Q1.

Ronak Morbia: In Q1, I mean, we did not deploy much of the cash that we had. So, we raised about 500. We had a cash balance of about Rs. 300 crores as on June quarter. So, wouldn't be right to, that is the cash balance that we had. Technically net debt free. So, that is how we were positioned.

- Shaurya Yadav:** Sir, I am asking for the operating cash flow.
- Srinivasan Gopalan:** So, we will have to really come back to you on this. And if you can leave your email, we will come back to you with this.
- Shaurya Yadav:** And sir, second question, how much of our cash is stuck in previous steel business in terms of amount, if you can tell?
- Srinivasan Gopalan:** So, first of all, I don't think there is anything stuck in the business. If you see, we have an ECL provision which we have made, which is close to Rs. 20 crores. So, all our slow-moving debtors are around that range and included in the ECL portion. So, cumulatively, we would have done close to Rs. 3,500 crores to Rs. 4,000 crores of business. Out of the Rs. 20 crores is what is a slow-moving. And not that it has been written off. These are provisions and we are working to get these as well.
- Shaurya Yadav:** And, sir, by how much time we can recover it?
- Srinivasan Gopalan:** So, Shaurya, just to answer your question, as I said, out of a Rs. 4,000 crore business, Rs. 20 crores is what is the slow-moving. I genuinely don't have an answer when we will recover, but we will definitely try to recover some out of it. But these are already provided in the financials.
- Moderator:** The next question is from the line of Nirav Shah from GeeCee Holdings. Please go ahead.
- Nirav Shah:** A few questions. Firstly, just continuing with the provisioning number, I mean, if I look at the cumulative last five quarters of that provisioning that we have done, it is a negative Rs. 2.5 crore. So, incrementally, we have not provided anything in the last 5 quarters and maybe some margin support has come from there also because that number is usually around 0.5%. So, any particular reason why this loss allowance on receivable is for the last 5, 6 quarters, it is a cumulative negative number?
- Srinivasan Gopalan:** So, there was, when we had initially provided, there were certain provisions that we had made, we actually collected those back. And that was the reason why there was a negative one, which was, I think, primarily last Q1, 2024, around Rs. 2 crores or something.
- Now, if you look at the last 12 months' run-up of our debtors as well, we are actually running a gross debtors of around 90 days. So, we also learned from our past and that was the reason why there was no need for any provisioning. We have a particular model on which the provisioning is made along with the debtors, and there was no need to provide anything, and that's good for us.
- Nirav Shah:** So, we are making in some provisioning this year, financial year, entire year, which should be in the region 0.5% or not needed?

- Srinivasan Gopalan:** No, I don't think so. So, in our projections, we have kept a provision for 0.5%. However, on actual need-based only we will do that. So, all our guidance that we give, we are giving it after assuming that there would be a 0.5% of provisioning. But that doesn't mean that we will mandatorily provide that 0.5%. That would be based on the actual business that we do.
- Nirav Shah:** And sir, this exceptional number of Rs. 2.9 crores in this quarter, so now that entire IPO expenses related expenditure is now provided for now, Q2 will not see any exceptional?
- Srinivasan Gopalan:** No, we will not see any of those exceptional coming out of IPO at least.
- Nirav Shah:** And lastly, what is the gross debt and net cash number? Gross debt and gross cash? If you can provide that?
- Srinivasan Gopalan:** Gross debt as of now is around Rs. 113 crores. And we have cash in bank of around Rs. 300 crores.
- Bhavik Khara:** Rs. 377 crores.
- Nirav Shah:** Sorry, Rs. 377 crores.
- Srinivasan Gopalan:** Yes.
- Bhavik Khara:** Yes.
- Nirav Shah:** That is the cash.
- Moderator:** The next question is from the line of Vishvender Singh from Prudent Equity. Please go ahead.
- Vishvender Singh:** I wanted to ask the Q1 tax rate was around 19%. So, what will be our effective tax rate for the full year?
- Srinivasan Gopalan:** What is the question? I couldn't understand the question. Can you repeat, sir?
- Vishvender Singh:** In Q1, sir, our tax rate was somewhere around 18% to 19%. So, do you see the same going forward or do we go back to 25% tax rate?
- Srinivasan Gopalan:** I think projecting the tax number is not in my hand. We would assume if for the guidance reasons and for projections reason, you should take a safe 25% as the number.
- Moderator:** The next question is from the line of Parth Chauhan from Patel Investment. Please go ahead.
- Parth Chauhan:** I just had a couple of questions. First one is that we are mainly focused in three or four geographies. So, moving forward, what kind of strategies or steps are we taking to increase it to more tier 2 and tier 3 as well?

- Srinivasan Gopalan:** In terms of geography, as explained earlier in our previous call also, it is not a very conscious strategy where we want to spread across India in terms of tier 2, tier 3 cities. It's really about the kind of infrastructure or construction activity happening across India and mainly in metro cities where we are present, where we have a very strong and a robust supply network.
- At even an annualized number of, let's say, Rs. 1,000 crores to Rs. 1,200 crore of revenue, we still barely scratch the surface. So, it is really not about spreading across India. It is really about capitalizing in the areas that we are currently present and mainly concentrating on metro cities, which actually offer much more potential in terms of growth and margins as well.
- Parth Chauhan:** Makes sense. The logistics will be better in tier 1 cities as well, compared to the other ones.
- Srinivasan Gopalan:** Yes, I mean, our backbone is our supply network. It is not like selling materials in retail quantities. It is about the supply network that we have. And the stronger the supply network, the more we are able to fulfill and generate more returns. So, that is something that we will look to concentrate on.
- Parth Chauhan:** And the second question is on the financial side. So, we turned profitable recently. I just wanted to know moving forward after stabilizing, what would be the EBITDA margin and the PAT margin that we would like to consider sustainable on a long period of time?
- Srinivasan Gopalan:** So, you know, as I have explained earlier, Quarter 1 numbers give a fair idea of where we are headed. In terms of the PAT, the recorded PAT was Rs. 5.1 crore after absorbing a Rs. 2.5 crore of IPO expense. At an annualized rate, that is about 30 plus crore without any IPO proceeds being used. And obviously, with the debt repaid, there will be more EBITDA flowing into the PAT. So, the guidance of maybe 4% to about 6% PAT is, I think, fair enough. As of now, we don't want to project very aggressive numbers.
- And in terms of EBITDA, I think we have recorded our highest ever EBITDA this quarter, which is just over about 9%. We will look to sustain that number as we grow. And if we are able to do that, I think we will be generating substantial returns in terms of for our shareholders.
- Parth Chauhan:** So, 9% and 4% would be good numbers to calculate for the projections.
- Srinivasan Gopalan:** Pretty much there. Hard to give you exact hardcore numbers.
- Parth Chauhan:** That will work for now. I will get in touch with the team if I need any more help for the projections. That is all from my side.
- Moderator:** Thank you. Ladies and gentlemen, this was the last question for the day. I now hand the conference over to Mr. Srinivasan Gopalan for the closing comments. Thank you, and over to you, sir.

Srinivasan Gopalan: Thank you all of you. Thank you once again for joining us today. We are extremely pleased with the progress that we have made this quarter, reflecting in our highest ever EBITDA margin, improved profitability and strong order book momentum. This performance underscores the strength of our integrated model and disciplined execution.

Looking ahead, we remain committed to capital-efficient growth, deepening our developer partnerships and driving long-term value for all stakeholders. We appreciate your continued trust and support. We are a young company. We need your support over a long period of time. Thank you from all of us.

Moderator: Thank you. On behalf of ArisInfra Solutions Limited, we conclude this conference. Thank you for joining us and you may now disconnect your lines.