Company | Aris Infra Solutions Limited | ARIS | Q4 & FY 2024

Slug: 1. Aggressive Growth Targets Set for Next Two Years

Speaker: Bhavik Khara – Whole-time Director & CFO | 25:16

Context: [Analyst asks about growth targeting for FY26 and FY27]. So, like what kind of growth are we targeting in terms of top line, like in FY26 and FY27? Yeah, so overall in terms of revenue, I think we are well-positioned to kind of target a growth of around 40% to 50% for the next two to three years. You know, that's the kind of growth that we will, yeah, look to target with the IPO proceeds.

Why it matters: Management sets a clear and aggressive forward guidance for 40-50% annual topline growth, a key metric for investors to track.

Tags: Guidance, Demand

Delta vs prior call: Maiden earnings call, establishing baseline guidance.

New■since■last■call: yes

Analyst Take: This is a very strong growth guidance for a newly listed company. Execution against this target will be critical, especially managing the working capital required to fund it.

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Slug: 2. Path to Higher Margins and Significant Operating Leverage?

Speaker: Bhavik Khara – Whole-time Director & CFO | 26:07

Context: [Analyst asks about margin trajectory]. So in terms of absolute numbers, I think the kind of support that we have with technology, in fact, you know, most of our workflows, the kind of business that we manage, most of the work is done by the technology that we have built, and we see the operating leverage start to kick in in the next two to three years as we scale. [SO WE SEE A DEFINITE IMPROVEMENT IN OUR EBITDA. IN FACT, WE FEEL THAT, YOU KNOW, WE'LL BE GROWING AT, LET'S SAY, ABOUT A 60-70% GROWTH IN OUR EBITDA FOR THE NEXT TWO TO THREE YEARS.] So, you know, that's the kind of numbers that we're looking at.

Why it matters: Signals significant operating leverage with EBITDA guided to grow 60-70% annually, much faster than revenue, implying strong margin expansion.

Tags: Guidance, Mix, Tech

Delta vs prior call: Maiden earnings call, establishing baseline guidance on profitability.

New■since■last■call: yes

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Slug: 3. Deleveraging Post-IPO, New Capital Structure Policy Set

Speaker: Ronak Morbia - Chairman & Managing Director | 37:50

Context: [Analyst asks about future debt plans given the working capital intensity]. So, the endeavor is going to be to keep our debt-to-equity ratio in the range of 0.5 to 0.7 in the future, without harming the growth that we want to do as well. So, what we'll do is we will use a mix of debt and equity. It's not, it's not the traditional CC lines or working capital debt, but it's more of, you know, getting ourselves listed on vendor financing platforms where our vendors can discount our bills and, you know, get money faster.

Why it matters: Sets a clear capital structure target (D/E of 0.5-0.7), indicating a disciplined approach to leverage and use of innovative financing to manage working capital.

Tags: Debt, Guidance, Capital Allocation

Delta vs prior call: Establishes a new, lower leverage policy following the IPO.

New■since■last■call: yes

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Slug: 4. Working Capital Cycle Improvement a Key Focus

Speaker: Bhavik Khara – Whole-time Director & CFO | 33:59

Context: [Analyst asks about working capital targets]. A good sustainable number that we would be looking to achieve in the next two to three years is about 80 to 90 days of net working capital. That gives us a good asset turnover ratio of around four. So, you know, that's what we will look to do in the future. Yes, you know, it's a working capital business. We understand, you know, we bridge the gap between the payables and receivables. Right now, what we've done is we've increased our payable days by getting favorable credit terms from the suppliers in the market to about 25 days, and we've brought down the receivables from about 160 days to about 134, and that's how we've come to a number of 110.

Why it matters: Targeting a reduction in the net working capital cycle to 80-90 days is crucial for a capital-intensive business and signals a strong focus on operational efficiency.

Tags: Costs, Guidance, Debt

Delta vs prior call: A new, ambitious target for a key operational metric.

New■since■last■call: yes

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Slug: 5. Contract Manufacturing Margins Nearly Double Trading

Speaker: Bhavik Khara – Whole-time Director & CFO | 23:10

Context: [Analyst asks for the margin difference between contract manufacturing and trading]. So in contract manufacturing, we are currently focusing on aggregates, RMC, and blocks. If, just to kind of give you some perspective, if you compare traded margins of aggregates versus where we control the entire capacity and have control over supply and quality, the difference in gross margins would be... [TRADED WOULD BE APPROXIMATELY 6% TO 7%, AND IN CONTRACT MANUFACTURING, GOING UP TO AS MUCH AS ABOUT 12% TO 14% EVEN.] And that is without the operational bandwidth of running our own entire plants and without the risk of actually, you know, going low in production. So basically, we operate as manufacturers without the risks, but the supply security and the margin, that is a benefit that we get by operating as manufacturers.

Why it matters: Quantifies the significant margin uplift from the strategic shift to contract manufacturing, a key driver of future profitability as this segment grows.

Tags: Mix, Margins, SupplyChain

Delta vs prior call: First-time quantification of this key margin driver.

New■since■last■call: yes

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Slug: 6. Promoter Takes Helm as CFO in Strategic Reshuffle

Speaker: Srinivasan Gopalan – CEO | 5:53

Context: As a part of our continuous focus on execution, capital discipline, and long-term value creation, we are realigning our top management structure. [OUR PROMOTER AND WHOLE-TIME DIRECTOR, MR. BHAVIK KHARA, WILL NOW ALSO TAKE OVER AS THE CHIEF FINANCIAL OFFICER OF ARIS INFRA.] With his deep understanding of our business and sharp financial acumen, Bhavik's expanded role reflects our intent to keep critical levers from capital allocation to risk management closer to the core leadership team. I want to congratulate Bhavik and wish him all the very best in his new endeavor. Our outgoing CFO, Amit Gala, has decided to move on from Aris Infra. We thank him for his contributions.

Why it matters: The promoter taking over as CFO signals a tight grip on financials and capital discipline, a key message to new public market investors post-IPO.

Tags: Governance, Capital Allocation

Delta vs prior call: Major leadership change announced on the company's first public earnings call.

New■since■last■call: yes

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Slug: 7. Finance Costs to Fall Sharply Post-IPO

Speaker: Bhavik Khara – Whole-time Director & CFO | 55:46

Context: [Analyst asks what the finance cost number should be going forward]. As of March, I think the number was somewhere in the range of about... 41 crore was the number. Yes, so that was about 6% to 7%. [BUT AS OF NOW, I THINK, YOU KNOW, ONCE WE KIND OF REPAY THE DEBT, I THINK THE NUMBER WILL COME DOWN BELOW ABOUT... 2%.] I think comfortably, as we move forward with some bit of discounting facilities or maybe short-term debt. So that will be below that number. That's how we kind of... I mean, that's the number that we anticipate going forward.

Why it matters: Quantifies the significant bottom-line benefit from IPO-funded debt repayment, with finance costs expected to drop sharply from 6-7% to below 2% of sales.

Tags: Debt, Guidance, Margins

Delta vs prior call: Provides clear forward guidance on a key P&L; item following the IPO.

New■since■last■call: yes

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Slug: 8. Explaining the Asset-Light but Capital-Intensive Model

Speaker: Bhavik Khara – Whole-time Director & CFO | 41:13

Context: [Analyst asks why an asset-light company has high debt]. Yes, so our business model is not just to connect supply and demand. Our work, our differentiation is execution, where we take complete control over the sourcing, the quality, delivery, and documentation, which in effect means that we buy materials in our books and we sell it to our customers, and we give that kind of working capital support. So basically, we are bridging the gap between the payables and receivables. So that is why for growth, we require working capital.

Why it matters: Clarifies their business model is not a simple tech marketplace but involves taking inventory and credit risk, which explains the working capital need and is central to their value proposition.

Tags: Debt, SupplyChain, Strategy

Delta vs prior call: Articulates a core, and potentially misunderstood, part of their business model.

New■since■last■call: yes

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Slug: 9. Services Business a Key Growth and Margin Driver

Speaker: Srinivasan Gopalan – CEO | 13:58

Context: Our model is built on three essentials: onboarding trusted suppliers and manufacturers, forming long-term partnerships with them, and securing material availability to serve the growing needs of large developers and contractors. Over time, this core engine of supply has naturally created opportunities to extend our role into project-level services. [SERVICES HAVE GROWN 4X SINCE LAUNCH AND NOW CONTRIBUTE OVER 5% OF REVENUE, WITH STRONGER CONTRIBUTION IN PEAK QUARTERS.] These are not just transaction numbers. They show how our scale, mix, and daily delivery engine work together to create a defensible fly-wheel.

Why it matters: Highlights the rapid growth of the high-margin services business (60-70% margins mentioned elsewhere), an increasingly important part of their value proposition and profitability.

Tags: Mix, Margins, Guidance

Delta vs prior call: Provides initial metrics on a fast-growing, high-margin segment.

New■since■last■call: yes

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Slug: 10. Q4 Margin Dip Was a Strategic Choice, Not Structural

Speaker: Bhavik Khara – Whole-time Director & CFO | 19:16

Context: [Analyst questions the Q4 margin contraction]. As much as we want to focus on contract manufacturing, there are times when we want to support some key large accounts with materials that don't fall under that bracket. [AND THAT'S EXACTLY WHAT HAPPENED IN Q4, WHERE WE WERE SUPPORTING A FEW LARGE ACCOUNTS WITH HIGH DEMAND BECAUSE THE CONSTRUCTION ACTIVITY WAS AT PEAK.] And if you see the absolute number of contract manufacturing sales is the same, but there was an increase in the traded materials. And that's predominantly why, you know, there was a moderate profit that was recorded. But it was more of a strategic decision and not, you know, less demand from any particular high-margin categories.

Why it matters: Addresses a potential investor concern by explaining the Q4 margin dip was a deliberate, short-term decision to service key clients, not a structural decline in profitability.

Tags: Margins, Mix, Demand

Delta vs prior call: Clarifies a potentially negative data point from the quarterly results.

New■since■last■call: yes