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November 06, 2026

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

Scrip Code: 544419

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.

Symbol: ARIS

Sub: Transcript of the earnings conference call for the quarter and half year ended September 30, 2026

Dear Sir/ Madam,

We are enclosing herewith copy of the transcript of the Company's Q2/H1 - FY27 earnings conference call dated, Wednesday, November 04, 2026

The transcript is also available on the Company's website under the Investors section at: https://aris.in/pages/investor-relations-financial-results

Further, please note that no unpublished price sensitive information was shared/discussed by the Company during the said earnings call.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

Bhavik Jayesh Khara
Digitally signed by Bhavik Jayesh Khara
Date: 2026.11.06 18:27:28 +05'30'

Bhavik Jayesh Khara
Whole Time Director & CFO
DIN: 09095925

Place: Mumbai

Arisinfra Solutions Limited

Q2/H1 -FY27 Analyst Call

Event Date/Time : 04/11/2026, 14.00 Hrs IST

Event Duration : 58 mins 01 sec

CORPORATE PARTICIPANTS:

Mr. Ronak Morbia

Chairman and Managing Director

Mr. Bhavik Khara

Whole-Time Director & Chief Financial Officer

Mr. Srinivasan Gopalan

Chief Executive Officer

Purvangi Jain

Valorem Advisors

Q&A PARTICIPANTS:

1	**Deepak Poddar**	: Sapphire Capital
2	**Giriraj Daga**	: Visaria Family Trust
3	**Jatin**	: Nuvama
4	**Amit Mehendale**	: RoboCapital
5	**Prabhat Agarwal**	: Finvestors
6	**Love Gupta**	: Counter Cyclical Investments
7	**Ishit Desai**	: FOD Family Office
8	**Nikhil Gupta**	: Vaayu Capital
9	**Saurav Rathod**	: SR Capitals
10	**Ashish**	: Infinity Capital
11	**Meet Mehta**	: Integrative Ventures
12	**Vaibhav KR**	: Orelius Asset Management
13	**Gaurav Shukla**	: Finvestors
14	**Manish**	: Individual Investor

Moderator

Good afternoon, ladies and gentlemen. I'm Karthikeyan, moderator for the conference call. Welcome to the Q2 Analyst Call of Arisinfra Limited. As a reminder, all participants will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. If you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touch-tone telephone. Please note, this conference is recorded.

I would now like to hand over the floor to Ms. Purvangi Jain from Valorem Advisors. Thank you, and over to you, ma'am.

Purvangi Jain

Thank you. Good afternoon, everyone, and a very warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the Investor Relations of Arisinfra Solutions Limited. On behalf of the company, I'd like to thank you all for participating in the company's earnings call for the second quarter and the half year ended of the FY27.

Before we begin, a quick cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are made on management's belief as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions.

The purpose of today's conference call is purely to educate and bring awareness about the company's fundamental business and financial performance for the period under review. Let me now introduce you to the management participating with us in today's earnings call and hand it over to them for their opening remarks. We have with us, Mr. Ronak Morbia, Chairman and Managing Director; Mr. Bhavik Khara, Whole-Time Director and Chief Financial Officer; and Mr. Srinivasan Gopalan, Chief Executive Officer. Without any delay, I request Mr. Ronak to start with his opening remarks. Thank you, and over to you, sir.

Ronak Morbia

Thank you, Purvangi. Good afternoon, everyone, and welcome to Arisinfra Solutions Limited's Earnings Conference Call for the second quarter and half year ended September 30, 2026. The way construction materials are sourced, manufactured, and delivered in India is changing, but the underlying market remains highly fragmented. Customers continue to deal with multiple vendors, uneven supply visibility, credit constraints and execution challenges across project sites. We believe the opportunity is not merely to participate in the movement of construction materials, but to bring greater coordination, transparency, and accountability to the entire process.

That is the platform we are building at Aris. We bring together materials procurement, contract manufacturing, and real estate project execution through an asset-light, technology-led operating model. Our network now spans over 3,500 customers, more than 2,300 vendors, and 23 partner plants, with operations across 23 states and union territories. The objective is to make this network increasingly valuable with every customer relationship, every delivery, and every project that we continue. Our three business engines have distinct but connected roles.

The materials business gives us customer access, procurement relationships, and demand intelligence. Contract manufacturing allows us to secure reliable supply and participate more deeply in the value chain, while retaining an asset-light structure through exclusive partnerships with manufacturing plants. DaaS, our developer as a service offering extends our role further into real estate by bringing together project planning, funding coordination, material supply, execution, sales, and collections. The shift in our business mix is becoming increasingly visible. Contract Manufacturing and DaaS together contribute 66% of our revenue in Q2 FY27 compared with 53% in Q2 FY26.

This is an important development because these businesses bring higher returns and deeper customer engagement. At the same time, each segment continues to have its own economic contribution, allowing us to build scale without depending on a single revenue stream. The second quarter is also a meaningful demonstration of the resilience of this operating model. Despite the seasonal moderation generally associated with the monsoon period, we delivered growth in revenue, profitability and margins on a sequential as well as YoY basis. We also expanded our manufacturing network and significantly increased the DaaS execution portfolio during the first half.

I will now request Bhavik Khara, our Whole-Time Director and CFO, to take you through the financial performance for the quarter and half year. Following that, Srinivasan Gopalan, our CEO, will discuss the operational progress across our businesses.

Bhavik Khara

Thank you, Ronak, and good afternoon, everyone. The financial performance for Q2 FY27 reflects continued improvement in the quality of our growth. Revenue from operations for the quarter stood at INR 308 crores, registering a YoY growth of 28% and a sequential increase of 6%. EBITDA increased by 58% YoY to INR 36 crores, while EBITDA margin expanded by 220 basis points to 11.6%. PAT stood at INR 23 crores, up 50% compared to the corresponding quarter last year, with PAT margin improving to 7.4%. The improvement was not limited to the reported quarterly performance. For H1 27, revenue from operations grew 32% YoY to INR 599 crore. EBITDA increased 63% to INR 66 crores, with margins expanding by 210 basis points to 11.1%. PAT more than doubled to INR 43 crore from INR 20 crore in H1 26.

This performance reflects contribution from a stronger business mix, particularly continued scale-up in contract manufacturing and DaaS. An important feature for the quarter was the ability to improve profitability while growing the business. Contract manufacturing and DaaS together accounts for 66% of the Q2 revenue. Within H1, these two segments contributed to 64% of the revenue and approximately 92% of this segment EBITDA, before the non-cash IND AS adjustments. This demonstrates how the gradual movement towards the higher-margin business is supporting the expansion in our overall profitability.

Cash generation and working capital discipline remains equally important to our growth strategy. Net working capital days improved further to 54 days from 84 days compared to last September. The operating cash flow for H1 27 stood at INR 60 crores, which is equivalent to 91% of our EBITDA. We are focused on ensuring that the growth translates into sustainable returns and cash generation. The improvement in working capital, combined with the asset-light nature of our manufacturing partnerships, allows us to expand operating active capacity without the need for corresponding investments in own manufacturing assets.

With this, I would like to hand over the call to Srinivasan Gopalan, our CEO, to take you guys through the operational developments for the quarter.

Srinivasan Gopalan

Thank you, Bhavik, and good afternoon, everyone. Let me begin with contract manufacturing, which continues to be a key driver of our growth and operating leverage. During H1 27, revenue from this segment increased 72% YoY to INR 329 crores. Its contribution reached 55% of total revenue in H1, reflecting the increasing scale of this business within our overall portfolio. A significant development during the half-year was the expansion of our partner manufacturing capacities.

It increased from 9.1 million tons to approximately 11.7 million tons, covering aggregates, ready mix, concrete, and asphalt. This capacity is secured through partnerships without requiring us to invest in plant assets. It provides us with a wider supply footprint and headroom to scale volumes as demand builds and the newly added plants ramp up. We are also seeing the benefits of a broader product and supply network. Our contract manufacturing platform now spans across four markets, with 11 partners and no single partner accounting for more than a quarter of the total capacity.

This diversified network strengthens supply reliability and reduces dependence on individual manufacturing partners. The second area of progress is DaaS (Developer as a Service). Our GDV (Gross Development Value) under execution increased to INR 2,750 crore-plus as of today, compared with INR 1,839 crores at the end of Q1 and INR 1,267 crores at the end of FY26. The portfolio now comprises 15 active projects, up from 10 projects in the previous quarter. In other words, the GDV under execution has more than doubled during the first half of the year.

The DaaS model enables us to participate across the project life cycle, from planning and approvals to funding coordination, material procurement, project execution, sales, collections, and so on. Importantly, projects executed under this model also create an opportunity for our materials and contract manufacturing businesses, as project requirements are serviced through our own supply network. That, therefore, contributes not only through its own revenue and margins, but also strengthens the wider Aris ecosystem. On the material side, our focus remains on building quality customer relationships and improving the composition of business. We have consciously moved away from lower-value trading activity in select categories and are directing repeat demand towards contract-manufactured supply wherever feasible.

The transition is reflected in the increasing share of contract manufacturing and DaaS in our revenue mix. Technology continues to be the center to the way we manage the expanding network. Our proprietary platform connects pricing intelligence, customer credit limits, delivery documentation, and management visibility across the transaction life cycle. The system has read more than 14 lakh delivery notes to today, including handwritten documents. By linking purchase orders, goods receipt notes, challans and invoices, we are working to reduce manual intervention, improve reconciliation, and maintain visibility over margins and credit exposure at the individual delivery level, and all this on a real-time basis.

The benefits of this operating discipline are reflected in our working capital performance and cash generation. As transaction volumes increase, we believe the same technology platform and operating processes can support a larger business without a proportionate increase in people or fixed assets. Looking ahead, our priorities remain focused on scaling the DaaS portfolio, ramping up the capacity

available through our manufacturing partners, and expanding our reach beyond our existing core markets. We will continue to pursue growth with an emphasis on execution quality, customer relationships, operating leverage, and capital efficiency.

Overall, Q2 FY27 has been a quarter of progress across the key building blocks of our business, stronger profitability, a larger manufacturing network, a significantly expanded DaaS portfolio, and disciplined cash conversion. We remain focused on developing areas into an integrated, technology-led platform serving the construction and real estate ecosystem. Thank you.

Moderator

Thank you, sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press * and 1 on the telephone keypad and wait for a second to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar

Am I audible sir?

Ronak Morbia

Yes.

Deepak Poddar

Hi. First of all, many congratulations on good set of numbers. And then, I even wanted to appreciate the presentation. I think it's a quite detailed and compact presentation. So, thank you very much for that. And now, on the capacity, I think this quarter we have added 2.6 metric tons of capacity. So, how should we look at further plans? I mean, and what would be the utilisation level right now at 11.7 million tons of capacity?

Ronak Morbia

So, two things there. First, a correction. At Q1, we reported 10 partner plants, but that counted partner entities, not plants. And some entities run more than one plant. Counted by plant we had about 15 at 30th June. So, we added about 8 in Q2. Capacity was always measured plant by plant. So, 9.1 remains the same, and we've increased from there to 11.7 million metric tons.

Second, most of the new plants are ready-mixed concrete and asphalt. These plants run at a lower tonnage than aggregates, but carry higher value per ton. So, plant count rises faster than capacity. This is what we have increased, and our vendor deposits have actually gone down. So, while we have increased our capacity, our vendor deposits have gone down by INR 13 crores, and this is how we want to grow in the next few quarters as well.

Deepak Poddar

So, from here, 11.7, so what should be the pipeline one should look at over next one, two years?

Ronak Morbia

So, we don't guide on the actual number, but there are a few conversations happening in terms of how we want to increase the capacity. Our capacity increase will always run before demand, and we want to be prepared to actually cater demand. So, this is how we will kind of grow, and there are many more conversations happening as to how we'll increase the capacity in the next few quarters.

Bhavik Khara

And also, in the current capacity, we are actually between 42 to 45% is what our current utilization is. So we have a good headroom for the next at least six to nine months where we don't need to increase any capacity.

Deepak Poddar

Got it. So yes, 40-45% utilization. So at least for next one, two years, you have good headroom for growth, right?

Ronak Morbia

Based on the new secured capacity that we have. Yes.

Deepak Poddar

Great. And just on the DaaS side, so what should be the benchmark? I mean, INR 2,800 crores is your GDV. So, the DaaS revenue, what is the benchmark we can take as a percentage of that?

Ronak Morbia

So, typically, we charge between 10-14% on the GDV as our gross fees. And the contribution, you would have seen in the presentation that last quarter, we were around 59.2% as the EBITDA margin coming out of that.

Deepak Poddar

And this GDV of INR 2,800 crores, what will be the execution time line?

Srinivasan Gopalan

So, it depends. Some of them starting from 6 months to 30 months is where we will completely exit this pipeline.

Deepak Poddar

And this revenue booking happens after completion? I mean, what is the revenue booking methodology we follow?

Srinivasan Gopalan

So, there are two or three milestones. The first milestone is there is a fixed fee, which is just reflects of time. And there is a percentage on the sales achieved, some portion of it, and some portion of it is based on the construction milestones. So, it's a combination of all three. That's how the revenue gets recognized.

Deepak Poddar

Got it. And then just my final thing, on your EBITDA margin, I think we are looking at 12-13% kind of EBITDA margin by FY30 as per your vision that we have given. So just wanted to know what would be top two-three drivers that will help you achieve that? Because as I see, your DaaS percentage to revenue is largely, I mean, already there at 9%, and we are expecting only 10% in the next two to three years. So largely that DaaS mix will remain same. So just wanted to understand next two-three years, what would drive your margin improvement?

Srinivasan Gopalan

Again, as of now, we see these three pillars. Contract manufacturing and DaaS both put together will be close to 75% of the anticipated sales. See, it's a huge market. We have not even scratched the surface. So, we will go deeper into the current client and look for a few more geographies, and that's how we will take it to the next level.

Deepak Poddar

So, you're saying the higher margin product mix increasing and your operating leverage advantage as you scale up?

Srinivasan Gopalan

Absolutely.

Deepak Poddar

I think that's very helpful. I would like to wish you all the very best. That would be it from my side. Thank you so much.

Srinivasan Gopalan

Thank you so much.

Moderator

We have the next question from the line of Giriraj Daga from Visaria Family Trust. Please go ahead with your question.

Giriraj Daga

Hello.

Ronak Morbia

Yes, hi.

Giriraj Daga

Yes, hi. So, any thoughts on the working capital? As we reached to the normalized working capital at 54 days, and probably it will remain between 50 to 55 days? Or what can we expect going forward?

Ronak Morbia

Well, right now, we are trending at about 54 days. That's on the back of having better payables and also our receivables remaining almost flat. At a steady state, we have guided before as well, at the end of Q1, that we are looking to maintain a number of between 60 to 70 days as we grow because we are also growing at a faster pace. So, we are doing better than that. But at a steady state, we expect the number to be between 60 to 70 days.

Giriraj Daga

In terms of cash flow, what kind of investment we expect in this year and next year?

Ronak Morbia

Well, so, we do two kinds of investment. One is obviously the growth funding, which happens in by funding the receivables, basically the material purchases. And second is security deposits or trade deposits. As we have seen right now at the end of Q2, we increased our capacity, but we have got the deposits down, and that is how we would like to grow. So, the primary funding would be actually the material purchases, and that is what we will use the working capital for.

Giriraj Daga

So, like, I see the number INR 60 crore investment in subsidies during the year.

Ronak Morbia

That was actually towards -- yes. Sorry, you can complete the question.

Giriraj Daga

So, my question is, like the INR 60 crore, what will be, let's say, this line item this year and probably next year? And then you have one more loan given to subsidiaries probably. Sorry, this is part of -- So I'm saying the total basis, so the purchase what we are making, what is the total investment?

Ronak Morbia

This was the only investment planned this year. And as of now, there are no investments planned in the next financial year as well.

Giriraj Daga

So, what are the cash flow? What we are generating will be largely deployed in the working capital and will be that free cash flow available, right?

Ronak Morbia

Correct. Yes.

Giriraj Daga

Thank you.

Ronak Morbia

Thank you so much.

Moderator

Thank you. We request the participants to restrict yourselves to two questions in the initial round and join back the queue for more questions. Next question comes from the line of Jatin from Nuvama. Please go ahead.

Jatin

Hi, sir. Good afternoon. Thank you so much for the opportunity. I had two industry level questions. First, if you can help me understand how big is the public infrastructure opportunity when we compare it to the real estate opportunity over the medium term?

Ronak Morbia

Yes. The infrastructure opportunity is much, much larger. It's one of the markets that we want to kind of head into because of the product portfolio that we have, specifically the stone aggregates, concrete, and asphalt contract manufacturing segments that we have in these particular product categories. Real estate is also very strong, where we are present across the value chain in terms of materials and services. So, I would say infra is going to be the bigger segment for materials, and real estate remains for materials and services.

Jatin

Secondly, if you can help me understand how do you see the formalization for the construction materials industry playing out? Which categories do you feel will consolidate first, and which one will follow on later?

Ronak Morbia

Well, it's an industry that has been running like this for a very, very long time, and that is what we're trying to do. There were no large vendor partners before, and this has been changing since the last five-six years. It will take some time for the industry to adopt this kind of larger vendor partners. But we feel that categories like stone aggregates or when you see in concrete, you have brands available. In asphalt, also, you have. So, we feel that this is where the larger opportunity lies, and we feel there is a bigger opportunity to convert the stone aggregates market into much of an organized market in the near future.

Jatin

I think that's all from me. I'll join back the queue. Thank you so much.

Ronak Morbia

Thank you.

Moderator

Thank you. We have the next question from the line of Amit Mehendale from RoboCapital. Please go ahead.

Amit Mehendale

Sir, my first question is on the revenue growth. I see that you have given guidance till FY30. So, we assume that FY28 will also be similar, 35% on growth revenue growth?

Ronak Morbia

Yes, we expect to grow around 30-35% YoY.

Amit Mehendale

All right, sir. And any plan to this equity capital over the next two years?

Ronak Morbia

No. For the guidance that we've given, we will need about INR 290 to INR 300 crores of money to reach this kind of growth, and that will be largely funded by working capital lines and internal approvals. So, we will not need any new equity fund raise.

Amit Mehendale

Correct, sir, thanks. And the last question is on the DaaS. How do you see -- I see that the business is growing very well? How do you see the overall market size? I understand that you know, you are a pretty unique player in this, but how do you see the size of the market and how you're penetrating the market? Any color on this? I'm not looking for numbers, I'm just saying that when you talk to customers, what is your impression? How large can this business be?

Ronak Morbia

So, I think the potential for the real estate, apart from you leave the top guys, the top guys would be dominating around 35-40% of the market. The balance is actually available for DaaS as an opportunity. So, typically, it's not only the developers, right, the landowners. They are also one large segment where DaaS really, really helps them. So, I think the market is huge. There is huge potential. There is a huge demand for us right now. We have a team only evaluating projects, which we want to take. Currently, we are in a very good position to pick and choose the ones where we can add significant value. So, the market is huge. The demand is huge, and I think, we are in a very, very good place for DaaS.

Amit Mehendale

Right, sir. And when you pitch, when you're talking to customers, who are you competing with for DaaS in particular?

Srinivasan Gopalan

So, honestly, there is no direct competition because there are pieces of services that various companies do, but there is not single person who gives all the services. So, we manage the money, material, and management, all the three M's, which are primarily required for real estate. So, there is, honestly, there is no competition there. It's just that whether he wants a service like that, which is more important

question rather than the services. Real estate, if you look at it, every part of real estate is an outsourced service right from the beginning. Other than land acquisition, which the developer does, the architect is from outside.

This sales team used to be inside. Now that is given outside. The PMC is given outside. Contracts are given outside. So, the fundamental theory of outsourcing is already there. Someone consolidating everything and putting it under one roof is what DaaS does. So, there is no direct competition, but, yes, we have elements of it, which compete with us.

Amit Mehendale

Great. Thank you. That's it from me.

Moderator

Thank you. I request the participants to restrict your substitute questions in the initial round, and join back the queue for more questions. Our next question is from the line of Prabhat Agarwal from Finvestors. Please go ahead.

Prabhat Agarwal

Good afternoon, sir. Am I audible?

Ronak Morbia

Yes.

Prabhat Agarwal

So, sir, my question is regarding margin, 11% in margin you have been reported. So, is it sustainable or it's one-off?

Ronak Morbia

So, the rise in margin comes from a mix contract manufacturing and the DaaS segment earn more than the B2B supply segment, and they are now 66% of revenue, up from 53% as of Q2. And Q2 margin, as you said, was at 11.6%. We guide about 11.5-12% for FY27 and about 12-13% by FY30. So, yes, the margins are improving and will be sustainable.

Prabhat Agarwal

So, thank you, sir. My next question is regarding how much debtor is part of revenue. In percentage term, you can say how much debtor is there.

Srinivasan Gopalan

Sorry, sir.

Bhavik Khara

Can you repeat? We didn't understand your question.

Prabhat Agarwal

How much debtors are there of the total revenue?

Srinivasan Gopalan

150 days is what we are currently running on, sir. Your question is on debtors, right?

Ronak Morbia

In percentage terms, it would be somewhere around 33 to 34%.

Prabhat Agarwal

Thank you, sir. Thank you very much.

Moderator

Thank you. The next question comes from the line of Love Gupta from Counter Cyclical Investments. Please go ahead.

Love Gupta

Hello, sir. Thank you for the opportunity. So firstly, I wanted to understand what percentage of our materials supply to projects, where we are supplying 100% of the product portfolio that we have for the project, apart from the DaaS customers?

Ronak Morbia

So, there are no contractors or project sites where we are supplying 100% of the materials.

Srinivasan Gopalan

Other than the DaaS projects.

Love Gupta

And going forward, the capacity addition, do we plan to expand the current product portfolio? Do we have plans to add any other materials to our portfolio, like we added asphalt this year?

Ronak Morbia

I think yes for both. More likely that we will add capacity of materials from the current product portfolio, but we're always on the lookout to add something like an asphalt or maybe other key raw material that is widely being used in construction materials.

Love Gupta

All right. And we see our DaaS revenue moving to about 10% of INR 3,000 crore revenue target that we set by FY30. So, what sort of investments would be required in DaaS particularly to reach that target?

Srinivasan Gopalan

I don't think there are any investments. If you look at DaaS, it is something where there are no investments required. It is a pure service fees that comes. We arrange finance for these people from various sources. So, we do not invest, any capital on DaaS.

Love Gupta

Alright. Because in an earlier presentation, I read somewhere that you would finance some working capital for these projects.

Srinivasan Gopalan

No. We have not done that, and I don't know, maybe it's a miscommunication, but we have never done that nor the model has any scope for that.

Love Gupta

Alright, sir. Thank you, sir.

Moderator

Thank you. The next question comes from the line of Ishit Desai from FOD Family Office. Please go ahead.

Ishit Desai

Yes. Thank you for the opportunity and congratulations to the team on very good set of numbers, not just the P&L numbers, but net debt and working capital part as well. Sir, my first question is on the FY30 guidance which you have given. So, the contract manufacturing business on an absolute number basis will grow from about INR 500 crore to about INR 2000 crore in next four years. So firstly, sir, both on demand and supply side, what gives us this kind of visibility and what steps are we preparing ourselves because it's almost a 4x jump on the top line. So, what gives us this kind of confidence and visibility? And is it -- I mean, some pathways, some details around, is it going to come from existing customers, new customers? If you could give some flavor around that.

Ronak Morbia

Yes. So, the capacity that we have secured today in value terms because we have added a lot more of asphalt and concrete, which are high in value, the total inventory value would be more than about INR 1400-1500 crore as of date. The demand for these materials is huge. Even if you look at metro cities where we are present, for example, Mumbai or Chennai or Bangalore, the demand for each of these dealer categories is humongous.

And we are still at a very, very low number, not even capturing 1% of that market share. So that is what gives us confidence that the infra projects that are lined up not only for this year, but what will come across in the next three to four years, the demand is only going to be rising because infrastructure development is the backbone of this country, and the demand for materials is only going to improve. And that is the backing that we have. So, the INR 1,900 or INR 2,000 crore number for these materials, in our view, is much less. It's only the question is about execution and about sourcing and fulfilling the high-value orders. Demand is not going to be a problem.

Ishit Desai

And sir, I mean, just to clarify on that, how is the contribution going to come more from existing customer? Are we likely to add more customers to referrals? So where is this growth likely to come more from?

Ronak Morbia

It is likely to come from both the areas where we will increase our wallet share with existing customers. That is exactly what we have done in the last two years as well, as we have been improving our revenue from contract manufacturing. We will also add new customers. That is what we are doing every quarter as well. So, it's probably going to be a mix of both.

Ishit Desai

Understood. And then sir, my second question is on the DaaS front, given the kind of GDV traction we are getting, right? And Srini, I think also over the call mentioned that we are now in a position to better pick and choose the projects. So again, there's a revenue from about INR 80-90 crore to INR 300 crore, we probably, at least in terms of GDV and data, are already moving there.

So what kind of manpower infrastructure setup? I think the way our contract manufacturing or the construction supply material, supply business, this would not be that technologically heavy. Right? I mean, we'll need some more manpower as and when the project sizes and number of projects grow. So how do we plan to really cope up with that and really build our team around that?

Srinivasan Gopalan

So, let us do a simple math on it, right? Currently, we are at around INR 2,800 crores, and this will have to probably move to around INR 6,000 crores as the GDV for us to be somewhere at INR 300 crores of the top line. So, there are two models in which we use. As far as the employees are concerned, which is one of the significant talent requirements in this industry, most of the lower level people are all employed by the projects and by the developer. It's only the supervisory role that we need to take. So, it's only the skilled manpower that we need to increase. So, it is not going to increase exactly in the same proportion.

But, yes, as compared to contract manufacturing, yes, there will be a lot more reliance on talent to be acquired in this. On the other hand, we are currently already working on technology that will help us. In real estate, the technology required is not more on the processes. What is required is on red flagging. At what point in time do you feel that the project is actually going into a yellow zone or a orange zone or a red zone?

We are currently working on that, and we have got initial success. We have deployed it as a beta version in a few of our customers, and that is a significant value addition that DaaS will have, which nobody else will have. We call it as a PHI, which looks at project health index, wherein it preempts a particular position and compares it with the budgets to see whether we will reach the target on time, whether the cost will be under control, and whether we will reach the required profitability.

So, we are working on adding value not on the mundane stuff through the technology, but something like a predictive tool, which is currently just not there even in the thought process of most of the real estate companies.

Ishit Desai

Understood. That's very helpful, sir. I'll join back the queue in case of additional questions, and all the best for the next call.

Ronak Morbia

Thank you.

Moderator

Thank you. I request the participants to restrict yourself to two questions in the initial round and join back the queue for more questions. Next question comes from the line of Nikhil Gupta from Vaayu Capital. Please go ahead.

Nikhil Gupta

Thank you for the opportunity and congratulations on a great set of numbers. I just had one question. So, let's say in a scenario where the real estate cycles turns down and we have, less demand, than the supply and the real estate prices also, let's say, peak out and fallen maybe, 30-40% in an event, which part of a business do you think is the most impacted in that particular event? In my own understanding, I think that will be the most impacted segment, but can you please expand on that thought? It would be great to know. Thank you.

Srinivasan Gopalan

So, I mean, you are asking for a doomsday. On doomsday, obviously, everything gets impacted, but let me handle this a little objectively. So, it is also very important to understand which part of the real estate that currently our concentration is on. We do a lot of horizontal development.

That is a plotted development, which is very, very common, and it is treated like gold in South, especially Chennai, Bangalore, Hyderabad. So, and even during the 2007-2008, and 2015 -2020, there was a slump. Even the largest developers came into plotted development because that's a completely different category, plots and villas.

These are the two categories where we have around 60-65% exposure. So even if there is a slowdown, there will be around 40-45% of our business where the movement will be normal. On the balance, 50-55% where we are doing a little bit of apartments and commercial real estate, there would definitely be an impact in line with what is the industry seeing. Even there, you need to appreciate that we don't do towers which are 100 stories or 30 stories. We do towers which are 10 to 14 stories, wherein the turnaround time are between 18 months to 13 months. So, we do not take projects which are likely to be a five-year or a six-year project where you will definitely see two cycles.

So, we are being very cautious on that. As I told you earlier also, we have an opportunity right now to pick and choose at least till the turnover of DaaS goes up to INR 1,000 crores. We have a long leeway until we will be very, very cautious and careful to take short-term projects, which will really help, update these cycles or at least minimize the impact on our company.

Nikhil Gupta

Thank you, Srini. This was quite helpful. So just a follow-up on that. So even, is it a right understanding, it's a right statement to say that in our DaaS segment, we are not fully exposed to the towers, let's say, the living residential towers. Are you saying that we are also exposed to the plotted segment?

Srinivasan Gopalan

Plotted segment is significant in our portfolio, and there are two advantages of that. One is quick execution, and you don't really see the cycle. 10-acre parcel can be completed six months end to end, right, from the approval time till the entire last sale is done and handing over is done. So currently, we have significant portfolio around 45-50% on that segment.

And on the balance 50%, we have around 30% which are like apartments and around 20% that would be like commercial real estate. And these commercial real estates are also something which we have picked up halfway. So, there is something which is already done, and we are here to complete, speed up, and complete the project and get liquidity to the developer. So, we are in, honestly, in a very, very good position right now for completion because entering into a real estate is very easy. Exiting is what you need to see when you really enter into it. And we have been extremely careful as far as these are concerned.

Nikhil Gupta

Thank you. This was quite helpful. Best of luck.

Srinivasan Gopalan

Thank you.

Moderator

Thank you. We have the next question from the line of Saurav Rathod from SR Capitals. Please go ahead. Mr. Saurav Rathod, your line is unmuted. Please go ahead with your question.

So there seems to be no response. We will move on to the next question. Next question comes from the line of Ashish from Infinity Capital. Please go ahead.

Ashish

Am I audible, sir?

Srinivasan Gopalan

Yes.

Ashish

Congratulations on great set of numbers, and the presentation is very well framed. So, congratulations on that as well. Sir, we have outlined the guidance for 2030. So, given the current operating environment and inflation concern, how do you say the supply chain impacting and our guidance being realistic? So, I just want to know your thoughts on that, the current operating environment and how confident are we in achieving our guidance given the inflation and these concerns around it?

Ronak Morbia

Yes. So, the FY30 guidance is mainly built on the business that we are currently in. It's mainly your account of how we've been increasing or improving our business in the last few quarters, and how we feel that the business model right now is enough to sustain the growth rate and the kind of demand that we are going to see in the coming years and the capacity that we have secured to meet that demand. Because we build capacity before the demand, since Q1, we've delivered on net debt capacity, the asphalt run rate and the DaaS order book.

The revenue growth is 32% so far against the 35-40% for the year, and H2 is where the rest comes in. FY30, again, is built on the business we run today, and we've still not considered any inorganic growth opportunities or acquisitions. So that is why we are very confident of achieving the FY30 guidance numbers.

Srinivasan Gopalan

And we are talking about the CAGR of 29%, which we are very confident of achieving.

Ashish

Very well put, sir. Thank you so much. That was only my question.

Srinivasan Gopalan

Thanks.

Moderator

Thank you, Ashish. The next question comes from the line of Meet Mehta from Integrative Ventures. Please go ahead with your question.

Meet Mehta

Hi, team. Very congratulations on great set of results. I just want to understand what kind of products or materials we are supplying in the B2B segment that contributes to a major portion of the B2B supply?

Ronak Morbia

B2B is still a mix of all the materials that we do, which include the key raw materials of contract manufacturing segment as well, which are stone aggregates, ready-mix concrete, asphalt and bitumen, steel cement. And then there is a full bunch of other materials which include, electricals, plumbing, sanitary ware, tile, laminates, all of those things.

Meet Mehta

So, the major contributors we have in our contract manufacturing site, right?

Ronak Morbia

Yes. So, there are three product categories in contract manufacturing, stone aggregates, ready-mixed concrete, and asphalt, and bitumen.

Meet Mehta

Sure. Any new products that we are targeting to add in the same site?

Ronak Morbia

As of now, there are no discussions around adding any particular product in this particular category. Right now, we are focusing our -- all the conversations are around increasing our capacity in the existing three group categories that we have.

Meet Mehta

Got it. And another thing on that segment or, the entire three segments that we are in, what kind of contribution we are getting from the top 5 and top 10 players, if you can quantify that?

Ronak Morbia

Overall, the top 10 contribution remains the same as before around, I would say, 45-47%. And this as well is spread across multiple projects at the customer level. So, at leisure level, at maybe customer level, it would be 10, but it is spread across multiple projects in multiple regions as well.

Meet Mehta

Got it. And last thing on the long-term contracts that we discussed in the last call. Have you got any long-term contracts in the contract manufacturing site with the contractors or developers?

Ronak Morbia

You're talking from, on the demand side or the supply side?

Meet Mehta

On the demand side.

Ronak Morbia

On the demand side, the last we announced was the one with a large EPC contractor, which was about INR 800 crores. There is another one which we have right now, which is with the tune of around INR 500 to INR 600 crores in the next five years. These are the two contracts that we have.

Meet Mehta

Got it. Yes. That was my questions. All the very best for the coming future.

Ronak Morbia

Thank you so much.

Moderator

Thank you. The next question comes from the line of Vaibhav KR from Orelius Asset Managers. Please go ahead.

Vaibhav KR

Hi, congrats on the good set of number. I have just one question. Last month, so the exchange filing company stated that it is providing security against credit facilities sanctioned by banks in favor of a strategic business partner. So, this will create contingent liability for the company. So, can you put some light on that? What was this regarding about?

Ronak Morbia

Yes.

Vaibhav KR

Yes. Please go ahead.

Ronak Morbia

Yes. So, in the cash and bank balance, you see about an INR 114 crore in fixed deposits, which is held as security against our own borrowing facilities and against bank guarantees and against the corporate guarantee that we've given to a third party. This is because it is basically our first step in moving our deposits from cash to non-fund-based support. Instead of placing more cash deposits, we bag a facility that a partner or a subsidiary draws from its own bank secured on our fixed deposit. The cash stays on our balance sheet and earns interest, and we don't have to extend any new deposits.

So, it's already working since March. Our long-term deposits are down about INR 13 crore, while reserve capacity grew from 9.1 to 11.7 million metric tons.

Vaibhav KR

Got it. That’s it from my side. Thank you.

Ronak Morbia

Thank you.

Moderator

Thank you. We have the next question from the line of Gaurav Shukla from Finvestors. Please go ahead.

Gaurav Shukla

Am I audible, sir?

Ronak Morbia

Yes.

Gaurav Shukla

Sir, I joined late, so congratulations for good set of number. And I am asking about contract manufacturing. Revenue grew 22% in H1 FY27 with EBITDA margin of approximately 10.5%. Can you sustain these margins as volume increases?

Ronak Morbia

Yes. We will be able to sustain these margins, and we will look to improve the margins as well because as mentioned earlier, we are improving our utilization as we move forward, and there is significant headroom for growth in the capacity that we have already reserved. So, as we improve our utilization and because of economies of scale, we will be able to sustain and possibly improve our margins as we move forward.

Gaurav Shukla

And second question is, are the new manufacturing arrangements long-term? What protection does Arisinfra have against manufacturing partner directly approaching its customer?

Ronak Morbia

Yes. These are long term contracts, mostly for a duration of five years. So, based on these partnerships, the relationship with customer is only of Aris. There is a one-to-one relationship between Aris and all of these customers, and all of these materials are procured from the manufacturing facilities or entities and sold to the customer.

Because they are bound by long-term contracts, they are not legally allowed to actually reach out to the same set of customers and deal independently. So, yes, there are formal contracts in place to not allow them to actually reach out to them directly.

Gaurav Shukla

Okay, sir. Thank you, sir. And, sir, lastly, how much additional reserve capacity do you plan to add over the next two years? And will this require any financial commitment or minimum offtake guarantee?

Ronak Morbia

No. We don't work on minimum offtake guarantee. That's not what we have done in the past also, and we will look to maintain that. We don't guide on actual increase in absolute number of capacity that we will increase. But from March to about Q2, we've increased from 9.1 to 11.7 mn MT without making an additional investment, in fact, reducing our overall deposits by about INR 13 crore. So that is the plan going forward, and that is how we would like to move.

Gaurav Shukla

Thank you, sir. All the best for future. Congratulations on very good number.

Ronak Morbia

Thank you.

Moderator

Thank you. We have the next question from the line of Manish, an Individual Investor. Please go ahead.

Manish

Hello, sir. Thank you for the opportunity and congratulations on the good set of numbers. So, my question is essentially on the raw materials. So, under all the three segments that we operate, is that fair to say that any increase in raw material prices has passed on immediately to the customers, or does it happen with some timeline?

Ronak Morbia

It's almost real time because of the model that we operate in. We actually source from manufacturers and sell to customers, and it is for a limited time period and of limited quantity. So whatever changes happen in the industry or, for example, the raw material prices increase, we build that increase in the price and sell it to the customers. Sometimes it may not be like to like, and we may take a price cut, but that's basically a part of the ongoing business.

Manish

Alright. And in case of any downward revision in the crisis, again, do we pause it immediately or do we hold back prices? So, how does that work?

Ronak Morbia

So usually, our commitment is of a limited quantity, and these quantities run from, let's say, a couple of weeks to maybe a month or so. The chances of something serious happening in that period is relatively less. So, it's because of the kind of purchase orders or the orders that we have and for a limited quantity that we are indirectly protected against such kind of an event.

Manish

And my second question is, sir, you got listed just last year. So, there's very little history as far as the company concerned. And also, there's being a new industry. We are still kind of trying to get learning from our competitors, your company, and so on. So according to you, one of those areas wherein you think that things did not pan out the way you thought it to happen. So, if I can have any update on that.

Ronak Morbia

So, it's from our own learnings. I think the management together has, you know, decades of experience at least coming from this industry, which has a combination of infrastructure and real estate. The number one thing that can be uncertain and that needs to be planned for is the working capital and the cash flow. This is what we have mentioned in our previous earnings call as well.

And this is something that we focus on, and we have ways to do that where we have our credit structuring process, the technology that gives us access to real time data and the industry experience and also the selection of customers. All of this put together, this is the foundation on which we actually manage our working capital and cash flows. So that's the only area, I would say, which can be a little uncertain, and that's what needs to be planned for.

Manish

Thank you so much.

Ronak Morbia

Thank you.

Moderator

Thank you. Next, we have a follow-up question from Ishit Desai from FOD Family Office. Please go ahead.

Ishit Desai

Yes. Thank you for the follow-up. Just one more question from my side. Regarding the contract manufacturing capacity, I think the current capacity increase was with one of the existing partners. So, given that we are already kind of covered till INR 1,400 crore odd, do we see the scope of incremental capacities also coming from existing partner, or then we'll need to look at a new partner, newer geography for the additional data?

Ronak Morbia

No. We definitely see increasing capacity with existing partners, not just one, but all of them.

Ishit Desai

Understood. Thank you so much.

Moderator

Thank you. Next, we have a follow-up question from Meet Mehta from Integrative Ventures. Please go ahead.

Meet Mehta

Yes. Thanks for the follow-up. Just wanted to understand what is the current vendor deposit that we have? Last quarter, it was around INR 200 crores.

Ronak Morbia

Yes. That was a combination of long-term and short-term. Currently, the long-term deposits have gone down, and it is about INR 149 crores. And the short term is about INR 12 crore. So, we are at about INR 162 crores, down from about INR 200 crores.

Meet Mehta

So, what is leading to this reduction in deposit? You were mentioning that you are now giving the FDs as a deposit. So, if you can put some more light on that thing.

Ronak Morbia

Yes. So, the first step was obviously to extend these deposits to secure the capacity. This model worked, and what we wanted to kind of evolve into is place FDs with banks and give them an option to borrow against those FDs and reduce the open risk of deposits that we have directly with these partners. So that's the next step that we want to get into. We've just started that process, and we look to actually increasingly convert our fund based to non-fund-based deposits as we move into the next few quarters.

Meet Mehta

So, you are basically helping them with the arrangement of working capital on your deposits, right?

Ronak Morbia

Correct. We convert the deposits, we convert the open list deposits into earning assets because now we earn interest on the FDs as well.

Meet Mehta

Yes. Got it. And last thing on the margin on the contribution, contract manufacturing side. So, are we charging a fixed percentage, on the volume that we are selling or how does the margins and volumes work together?

Ronak Morbia

It's not a fixed percentage. It really depends because the market is not very transparent in terms of prices. It's on the kind of task. Sorry, can you hear me?

Meet Mehta

Yeah. You are audible.

Ronak Morbia

Yes. So, when it comes to prices, it's not fixed. It's not a fixed percentage. It depends on the kind of customers, the size of the customer, the demand, the recurring demand, the credit periods. It's very, very dynamic, and it's never a fixed percent that we charge. It really depends on the kind of --

Hello?

Meet Mehta

Hello? Yeah. You are not audible.

Ronak Morbia

Can you hear me now?

Meet Mehta

Yes, sir.

Ronak Morbia

Yes. It's not a fixed return that we charge. It really depends on the kind of customer and the demand, and it's mostly dynamic in nature. So, market dynamics also come into play.

Meet Mehta

Sure. Thanks. And, congratulations on great set of results and very congratulations on the coming quarters.

Ronak Morbia

Thank you so much.

Moderator

Thank you. Due to time constraints, that was the last question for the day. Now I hand over the floor to the management for closing comments.

Bhavik Khara

Thank you all for participating in this earnings conference call. I hope we were able to answer all your questions satisfactorily. At the same time, offer insight into our business. If you have any further questions or would like to know anything more about the company, please reach out to our investor relations manager at Valorem Advisors. Thank you, everyone, and wishing all of you a very Happy New Year and Happy Diwali.

Moderator

Thank you, sir. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you, and have a pleasant day.

Note: 1. This document has been edited to improve readability

2. Blanks in this transcript represent inaudible or incomprehensible words