



Issue Opens - August 19, 2024 to August 21, 2024

Price Band ₹850 to ₹900	Face Value ₹10	Issue Size ₹600.29 Cr
	Lot Size 16 Shares	Issue Type Book Built

Important Events



Issue Size

6,669,852 shares / ₹600.29 Cr

Fresh Issue

2,222,222 shares / ₹200.00 Cr

Offer for Sale

**4,447,630 shares of ₹10 /
₹400.29 Cr**

Basis of Allotment

Thursday, August 22, 2024

Initiation of Refunds

Friday, August 23, 2024

Credit of Shares to Demat

Friday, August 23, 2024

IBPL IPO Listing Day

Monday, August 26, 2024

Objects of The Offer

The company plans to use the net proceeds from the issue for the following purposes:

1. Setting up a new PEB manufacturing unit in Andhra Pradesh (Phase 2 of the capacity development plan).
2. Upgrading the manufacturing facilities in Kichha, Tamil Nadu I, Tamil Nadu II, and Pantnagar.
3. Investing in IT assets to improve the company's current technology infrastructure.
4. Meeting additional working capital needs.
5. General corporate purposes.

Brief profiles of the Directors



Manoj Kumar Kohli is the Independent Director and Chairman of the Company. He holds degrees in commerce, law, and an MBA from the University of Delhi, and has completed the Wharton Advanced Management Program. He has served as country head at Softbank Group International and CEO of Bharti Enterprises Limited. Currently, he is the chairman and managing partner of MK Knowledge LLP. Kohli has received several awards, including 'Telecom Man of the Year' and a 'Lifetime Achievement Award' from Voice Data.

Kapil Makhija is the Managing Director and CEO. He has degrees in computer science from IIT Delhi and a post-graduate diploma in management from IIM Bangalore. His career includes roles at A.T. Kearney Limited, Oracle India, and Qwest Software Services. He is responsible for the company's growth planning, business execution, and leads the technology and corporate functions.

Mahesh Dulhani, 54, has been the Executive Director since the company's inception. Previously, he was a partner in "M/s. Saraswati Sadi Depot". He completed his higher secondary education with the Maharashtra State Board and has over 30 years of experience in the apparel industry. He specializes in brand creation and management and currently oversees the company's sales, customer relations, and marketing functions.

Rajesh Dulhani, 49, has also been the Executive Director since the company started. Like Mahesh, he was a partner in "M/s. Saraswati Sadi Depot" and completed his higher secondary education with the Maharashtra State Board. With over 29 years of experience in the apparel industry, he handles product procurement, supply chain management, supplier relations, and product quality management.

Mohit Gujral is an Independent Director who joined the Company on January 15, 2024. He holds a diploma in architecture from the Centre for Environmental Planning and Technology in Ahmedabad and is an associate of the Indian Institute of Architects. He is registered with the Council of Architecture, India, and has experience in the real estate and construction sectors, having served as a wholetime director and later as CEO at DLF Limited.

About The Company.



Interarch Building Products Limited is a leading provider of pre-engineered steel building solutions in India. With over 30 years of experience, they offer design, engineering, manufacturing, and installation services. Interarch has a strong market presence and has executed over 677 PEB projects across various sectors. They are focused on expanding their product range and capacity to meet the growing demand for sustainable and efficient building solutions.

Description of Their Business

- **Turnkey Solutions:** Interarch provides integrated services that encompass design, engineering, manufacturing, and on-site project management for the installation and erection of PEBs. This comprehensive approach allows the company to manage projects from inception to completion, ensuring quality and efficiency.
- **Product Range:** The company's product offerings include: Pre-engineered steel buildings (PEBs)
 - * Metal ceilings
 - * Corrugated roofing
 - * Light gauge framing systems
- **B2B Focus:** Interarch primarily operates on a business-to-business (B2B) model, securing standalone purchase orders from large corporates, SMEs, and government projects. Each order outlines specific commercial terms such as price, delivery location, and payment terms, ensuring clarity and compliance with client specifications.

Market Position



Market Share: As of FY23, Interarch held a 6.1% market share in operating income among integrated PEB players in India, indicating a strong presence in the industry.

Geographical Expansion: The company aims to diversify its customer base by exploring untapped domestic and international markets, thereby reducing reliance on specific regions.

Technological Advancements: Interarch embraces new technologies, such as Building Information Modeling (BIM) and prefabricated construction techniques, which enhance operational efficiency and project delivery timelines.

Future Plans

The company plans to utilize funds raised through its IPO to: Establish a new PEB manufacturing unit

- **Upgrade existing manufacturing facilities**
- **Invest in advanced IT assets**
- **Enhance working capital**

These initiatives are aimed at improving production capabilities and operational efficiency, positioning Interarch for sustained growth in the evolving construction landscape.



Strengths



- **Established Market Presence:** Interarch has been in operation since 1983 and has built a strong reputation as one of India's leading turnkey pre-engineered steel construction solution providers. This long-standing presence enhances brand trust and customer loyalty.
- **Comprehensive Service Offering:** The company provides end-to-end solutions, including design, engineering, manufacturing, and project management. This integrated approach allows for better quality control and customer satisfaction.
- **Strong Client Relationships:** Interarch has cultivated long-term relationships with prestigious clients across various sectors, ensuring repeat business and a stable revenue stream. Notable clients include Grasim Industries and Berger Paints.
- **Innovative Solutions:** Continuous investment in research and development has enabled Interarch to introduce innovative building solutions, keeping it ahead of competitors in technology and design.
- **Sustainability Commitment:** The company is recognized for its sustainable practices and compliance with LEED and IGBC norms, appealing to environmentally conscious clients and enhancing its marketability.

Threats

- **Dependence on Specific Markets:** A considerable portion of Interarch's revenue comes from a few key sectors, making it vulnerable to economic downturns or changes in those specific industries.
- **High Capital Expenditure:** The company's growth and expansion plans require substantial capital investments, which may strain financial resources and affect short-term profitability.
- **Limited International Presence:** While strong in the domestic market, Interarch has a relatively limited footprint in international markets, potentially restricting its growth opportunities globally.
- **Supply Chain Vulnerabilities:** Dependence on specific suppliers for raw materials can lead to production delays or increased costs due to supply chain disruptions, impacting overall operational efficiency.
- **Economic Sensitivity:** The construction sector is sensitive to economic fluctuations. A slowdown in the economy could reduce demand for Interarch's products, negatively impacting revenue and profitability.

Statement of Profit and Loss



Particulars	For the six months period ended September 30, 2023	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Income				
Revenue from operations	5,915.28	11,239.26	8,349.43	5,760.64
Other income	69.28	124.66	59.14	74.79
Total income (I)	5,984.56	11,363.92	8,408.57	5,835.43
Expenses				
Cost of raw material and components consumed	3,952.59	7,427.33	5,694.36	3,551.18
Changes in inventories of finished goods and work in progress	(214.79)	(102.50)	(45.91)	71.89
Employee benefits expense	552.99	933.63	892.22	795.35
Finance costs	10.03	25.96	44.55	19.34
Depreciation and amortization expense	38.91	72.97	117.57	87.21
Other expenses	1,183.39	1,917.00	1,479.87	1,231.78
Total expenses (II)	5,523.12	10,274.39	8,182.66	5,756.75
Restated profit before tax (I-II-III)	461.44	1,089.53	225.91	78.68
Tax expense				
- Current tax	144.01	232.34	92.80	41.52
- Adjustment of income tax relating to earlier years (net)	(0.87)	5.29	1.63	(2.83)
- Deferred tax charge/(credit)	(27.44)	42.01	(38.53)	(24.38)
- Deferred tax charge/(credit) for earlier year	-	(4.74)	(1.32)	-
Total income tax expense (IV)	115.70	274.90	54.58	14.31
Restated profit for the period/year (III-IV-V)	345.74	814.63	171.33	64.37
Other comprehensive income (OCI) (VI)				
Item that will not be re-classified to profit or loss				
Remeasurement gains/(losses) of defined benefit liability	(5.53)	(12.37)	13.06	4.27
Income tax effect	1.39	3.11	(3.29)	(1.07)
Other comprehensive income (OCI) for the period/year (net of tax) (VI) — gain/(loss)	(4.14)	(9.26)	9.77	3.20
Total comprehensive income (OCI) for the period/year (net of tax) (V+VI = VII)	341.60	805.37	181.10	67.57
Restated earnings per equity share Basic & Diluted (in INR) Face value of INR 10.00				
	23.07 [#]	54.31	11.42	4.29



The following table sets forth certain key financial metrics for the Financial Years ended March 31, 2021, March 31, 2022 and March 31, 2023 and for the six months ended September 30, 2023 that are relevant to our business:

Particulars	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the six months ended September 30, 2023
Revenue from operations ⁽¹⁾ (in ₹ million)	5,760.64	8,349.43	11,239.26	5,915.28
Total Income (in ₹ million)	5,835.43	8,408.57	11,363.92	5,984.56
EBITDA ⁽²⁾ (in ₹ million)	110.44	328.89	1,063.80	441.10
EBITDA margin ⁽³⁾ (%)	1.92	3.94	9.47	7.46
Total equity (in ₹ million)	2,996.59	3,183.19	3,992.79	3,911.62
Net Debt to EBITDA ⁽⁴⁾ (Ratio)	0.11	(0.98)	(0.38)	(0.76)*
Net Debt to Equity ⁽⁵⁾ (Ratio)	0.00	(0.10)	(0.10)	(0.09)
Return on Capital Employed ⁽⁶⁾ (%)	3.21	8.30	26.75	11.76*
Restated profit for the year/period (in ₹ million)	64.37	171.33	814.63	345.74
Profit margin ⁽⁷⁾ (%)	1.12	2.05	7.25	5.84
Total non-current assets (in ₹ million)	2,062.77	1,902.09	2,113.07	2,235.06
Total current assets (in ₹ million)	2,627.49	3,535.45	4,637.18	4,760.91
Total assets (in ₹ million)	4,690.26	5,437.54	6,750.25	6,995.97
Net cash generated from operating activities ⁽⁸⁾ (in ₹ million)	388.32	261.80	312.86	560.21
Return on equity ⁽⁹⁾ (%)	2.15	5.38	20.40	8.84*

Valuation and Outlook



The Interarch Building Products Limited IPO is expected to be priced between ₹850 to ₹900 per share. At this price, the company shows a Price-to-Earnings (P/E) ratio of 15.33x with a FY24 EPS of ₹58.88, compared to the industry P/E of 65.56x.

Interarch boasts a strong market position as a preferred PEB contractor with a robust order book of ₹1100 crore. The company's consistent revenue and profit growth, coupled with strategic expansions and operational efficiency, position it well for future growth. Given Interarch's dominant share in the organized PEB market and its integrated operations, it is primed to capitalize on the industry's expansion.

We rate this IPO "**SUBSCRIBE**" rating. Investors may consider to park the funds for long-term investment as well as for decent listing gains.

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