

### IPO Details:

Interarch Building Products Ltd (Interarch) is coming out with an IPO of about Rs. 600.29 cr consisting of 66,69,852 shares of face value of Rs. 10 each in a price band of Rs. 850 – Rs. 900. The IPO comprises of Fresh Issue of Rs. 200.00 cr and an Offer for Sale of Rs. 400.29 cr by the promoters and an existing institutional shareholder. The IPO opens on 19<sup>th</sup> August' 2024 and closes on 21<sup>st</sup> August' 2024.

### Company Details:

- One of the **leading turnkey pre-engineered steel construction** providers in India with integrated facilities for design and engineering, manufacturing, on-site project management capabilities for the installation and erection of pre-engineered steel buildings.
- Operates **4** manufacturing facilities with aggregate installed capacity of **141,000 MTPA** spread across 2 facilities in Sriperumbudur (Tamil Nadu) and 1 facility each in Pantnagar and Kichha in Uttarakhand.
- Company's Pre-Engineered Steel Buildings (PEB) offerings are in accordance with customer requirements and find use in construction for industrial, infrastructure and building (residential, commercial and non-commercial) end use applications.
- **Caters to marquee customers** like Grasim Industries Ltd, Berger Paints India Ltd, Timken India Ltd, among others under the industrial/manufacturing construction category.

### Strength:

- **2<sup>nd</sup>** largest aggregate installed capacity of **141,000 MTPA** as of 31<sup>st</sup> Mar' 2024 and a **market share** of **6.5%** in terms of operating revenues in FY24.
- Significant vertical integration of its manufacturing operations enables its presence across the product lifecycle of Pre-Engineered Steel Buildings (PEB) i.e. from estimation, designing, engineering and fabrication in completely knock-down condition.
- Continued investments in its manufacturing facilities and design capabilities has resulted in Company being able to **develop a cost-efficient manufacturing process** in accordance with the requirements and specifications of its customers.
- **Long standing relationships** with number of its customers on the back of quality consciousness, cost efficiency and timely execution has enabled it to generate **81.4%** of revenues from repeat orders in FY2024.



### Growth Drivers:

- Indian Pre-Engineered Steel Building (PEB) industry is expected to grow at a **CAGR of 11% - 12%** during FY2024 – FY2029 to reach a size of Rs. 33,000 cr to Rs. 34,000 cr by FY2029 on the back of investments in the industrial and infrastructure sectors.
- Company being part of the organized PEB industry in India which held **40% - 45%** revenue market share in the overall PEB industry is expected to grow faster than the overall industry on the back of shift towards organized sector.
- **Planned expansion** by setting up PEB units in Tirupati (Andhra Pradesh) under 2 phases and Kheda (Gujarat)
- Healthy order book of **Rs. 1,153.29 cr** as of 31<sup>st</sup> March' 2024.

### Objectives of Fund Raise – Fresh Issue of Rs. 200.00 cr:

- Rs. 58.53 cr will be utilized towards financing the capital expenditure for setting up the project.
- Rs. 19.25 cr will be utilized towards financing the capex requirement of upgradation of its existing manufacturing units located at Kiccha and Pantnagar in Uttarakhand and 2 units in Tamil Nadu.
- Rs. 11.39 cr will be utilized towards upgrading IT infrastructure.
- Rs. 55.00 cr will be utilized towards funding incremental working capital requirements.
- Balance funds will be utilized towards general corporate purposes.

### Key Financial Highlights:

#### Interarch Building Products Ltd (Rs. Cr)

Year	Revenue	Ebitda	Ebitda Margins (%)	PAT	EPS	RoCE (%)	RoE (%)
FY22	834.94	32.89	3.9%	17.13	11.42	8.3%	5.4%
FY23	1,123.93	106.38	9.5%	81.46	54.31	26.8%	20.4%
FY24	1,293.30	113.02	8.7%	86.26	58.68	25.8%	19.4%



- Operating Revenue has grown at a CAGR of 24.5% between FY22 – FY24 to reach Rs. 1,293.30 cr in FY24.
- Ebitda has grown at a higher CAGR of 85.4% between FY22 – FY24 on the back of expansion of margins which surged from 3.9% in FY22 to 8.7% in FY24.
- Profits after Tax has grown from Rs. 17.13 cr in FY22 to Rs. 86.26 cr in FY24 on the back of growth in operating revenues and expansion in margins.
- Capital Efficiency of the business is healthy with RoCE and RoE in FY24 at 25.8% and 19.4% respectively.

### **Valuations:**

- At Upper end of the IPO price band of Rs. 900, Interarch Building Products Ltd will be valued at about Rs. 1,497.43 cr.
- On PE basis, Company will be available at 15.34x its FY24 EPS of Rs. 58.68.
- **Investments can be made in Interarch Building Products Ltd considering the Company is amongst the leading player in growing Indian PEB industry, shift from unorganized to organized segment in the PEB industry, expansion of manufacturing facilities in new geographies (Andhra Pradesh and Gujarat), upgradation at existing facilities, healthy operating and capital efficiency and attractive valuations.**



**Wellworth Share & Stock Broking Ltd**

501, Akruti Orion 5th Floor, Shraddhanand Road, Vile Parle East, Mumbai-400057,

Tel: 022-67159008/67159097 Fax: 022-67159090

[www.wellworthgroup.co](http://www.wellworthgroup.co)

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\*Long Term Investments could range from 3-5 years.