



IPO NOTE

INTERARCH BUILDING PRODUCTS LIMITED

Rating:

SUBSCRIBE



ISSUE OFFER

Issue Opens on	AUG 19, 2024
Issue Close on	AUG 21, 2024
Total IPO size (cr)	₹600.29
Fresh issue (cr)	₹200.00
Offer For Sale (cr)	₹400.29
Price Band (INR)	₹850-900
Market Lot	16
Face Value (INR)	₹10
Retail Allocation	35%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 50%;"></div>	50%
NIB Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 35%;"></div>	35%

SHAREHOLDING (No. of Shares)

Pre Issue	Post Issue
14,415,892	16,638,114

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	22-08-2024
Refunds/Unblocking ASBA Fund	23-08-2024
Credit of equity shares to DP A/c	23-08-2024
Trading commences	26-08-2024

Interarch Building Products Limited is one of the leading turnkey pre-engineered steel construction solution 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.

OBJECTS OF THE ISSUE

- Financing the capital expenditure towards setting up a new PEB manufacturing unit and degradation of other manufacturing facilities.
- Funding investment in information technology.
- Funding incremental working capital requirements

OUTLOOK & VALUATION

Interarch Building Products Limited (IBPL) has established a strong market position as a turnkey pre-engineered steel construction solutions provider. Its integrated manufacturing operations and proven execution capabilities, coupled with a diverse customer base, position the company for continued growth. IBPL's financial performance has been robust characterized by consistent topline and bottom-line expansion.

However, reliance on a limited number of third-party suppliers, absence of long-term customer agreements, and significant working capital requirements pose potential challenges.

Despite these factors, IBPL's IPO, valued at a P/E of 15.3x, appears attractively priced. Considering the company's market leadership, strong financial performance, and reasonable valuation, we recommend subscribing to the IPO.



KEY MANAGERIAL PERSONNEL

01

Sonali Bhagwati Dalal

Chairperson and an Independent Director of the Company. She has been associated with the Company since January 15, 2024. She holds a diploma in architecture from The Centre for Environmental Planning and Technology, Ahmedabad. She is registered with the Council of Architecture, India. She has experience in the architecture and design sector.

04

Pushendra Kumar Bansal

Chief Financial Officer of the Company on February 12, 2024 and has been associated with the Company since then. He is responsible for spearheading the finance and accounts functions including plant accounts of the Company. He holds a bachelor's degree in commerce from Ajmer University, Ajmer, Rajasthan, India.

02

Arvind Nanda

Managing Director of the Company. He has been associated with the Company since its incorporation. He is responsible for overall business decision-making and financial oversight of operational management in the Company. He has nearly 30 years of experience in the pre-engineered steel buildings industry with the Company.

05

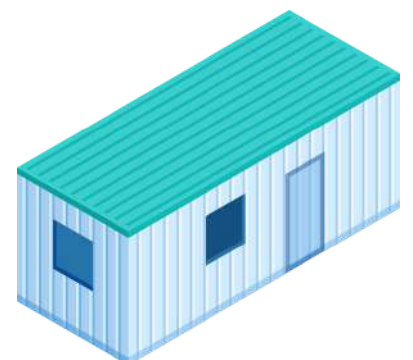
Nidhi Goel

Company Secretary on April 24, 2006 and as the Compliance Officer of the Company on January 15, 2024. She has been associated with the Company since April 24, 2006. She is responsible for compliance with company law, regulatory requirements, and corporate governance functions.

03

Manish Kumar Garg

Chief Executive Officer of the Company. He is responsible for the overall management of the Company. He was previously associated with the Company as general manager-marketing from August 8, 1994 until April 19, 2007, subsequent to which he joined Everest Industries Limited and Safal Building System Limited and then re-joined this Company on August, 9, 2021.



COMPANY PROFILE

- Its PEB offerings are designed, engineered, and fabricated by it in accordance with customer requirements, and find use in construction for industrial, infrastructure, and building (residential, commercial, and non-commercial) end-use applications.
- It offers its PEBs through (a) pre-engineered steel building contracts and the sale of pre-engineered steel building materials.
- The Company's customers under the industrial/manufacturing construction category include Grasim Industries Limited, Berger Paints India Limited, an air conditioner manufacturer, Timken India Limited, and Addverb Technologies Limited, and the infrastructure construction category includes a warehousing and logistics service provider.
- The Company primarily manufactures its products in-house at its four manufacturing facilities, comprising two Manufacturing Facilities in Sriperumbudur, Tamil Nadu, India, and one each in Pantnagar, Uttarakhand and Kichha, Uttarakhand, India.

COMPETITIVE STRENGTHS

- Market position and established brand presence.
- Significantly integrated manufacturing operations.
- Demonstrated track record of execution backed by on-site project management capabilities.
- Diverse customer base and long-standing relationships with significant customers.
- Demonstrated financial performance and status of its order book.
- Experienced and qualified Promoters and management team.

KEY STRATEGIES

- Capitalize on industry tailwinds, including through proposed expansion and upgradation of its Manufacturing Facilities.
- Expanding geographical footprint to cater to strategic markets in India and overseas.
- Expand customer base and increase sales to existing customers.
- Continue to invest in its technology infrastructure to enhance in-house design and engineering.

KEY CONCERNS

- Dependence on a limited number of third-party suppliers for the uninterrupted supply of its raw materials.
- The company does not have any long-term or continuing agreements with its customers or customer groups.
- Dependence on the performance of third-party builders/erectors for timely completion of its projects.
- The Company has incurred indebtedness, and its inability to obtain further financing or meet its obligations could adversely affect its business.
- The company requires significant working capital.
- The business benefits from the National Steel Policy introduced by the Government of India. Withdrawal of this policy could have an adverse impact on its business.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2024)

Name of the Company	EPS (Basic)	NAV	P/E	TOTAL INCOME (In ML)	RoNW (%)
Interarch Building Products Limited	58.68	268.80	-	12,933.02	22.26%
Peer Group					
Everest Industries Limited	11.42	378.37	105.95	15,754.52	3.01%
Pennar Industries Limited	7.29	65.02	25.16	31,305.70	11.21%

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLIONS)	FY2024	FY2023	FY2022
Equity Share Capital	144.16	150.01	150.01
Total Equity	4,446.25	3,992.79	3,183.19
Borrowings	6.44	11.06	10.19
Revenue from Operations	12,933.02	11,239.26	8,349.43
EBITDA	1,130.15	1,063.80	328.89
Profit Before Tax	1,158.89	1,089.53	225.91
Net Profit of the Year	862.62	814.63	171.33



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