

INTERARCH BUILDING PRODUCTS LTD

19-08-2024 TO 21-08-2024

Industry: Industrial Products

Price Band: ₹850 - 900

Recommendation: Subscribe for Long Term

Post Implied Market Cap: – ₹1,426 - ₹1,498 Cr

Key Data

Issue Size (₹ Cr)	578 - 600
Fresh (₹)	200
OFS (₹)	400
No. of shares offered	68,03,184 - 66,72,169
Face Value (₹ /share)	10
Bid Lot	16

Indicative Timetable

Activity	On or about
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

Shareholding (No. of shares)

Pre-Issue	14,415,892
Post Issue (Lower price band)	16,771,446
Post Issue (Higher price band)	16,640,431

Shareholding Pattern

Promoter:	
Pre Issue	79.86%
Post Issue	53.26%

Promoter Group:	
Pre Issue	7.67%
Post Issue	6.64%

Investor - Selling Shareholder	
Pre Issue	12.47%
Post Issue	0.00%

Public - Others:	
Pre Issue	0.00%
Post Issue	40.10%

Issue Breakup

QIB	50%
NIB	15%
Retail	35%

Other Details

BRLMs: Axis Capital, Ambit Pvt. Ltd

Registrar: Link Intime India Pvt. Ltd.

Listing: BSE & NSE

Research Analyst

Rajan Shinde
rajan.shinde@mehtagroup.in
022-61507142

About the Company

Interarch Building Products Ltd (Interarch) is a leading turnkey provider of pre-engineered steel construction solutions in India, specializing in design, engineering, manufacturing and installation of PEBs (Pre-Engineered Buildings). The company is ranked 3rd in operating revenue from PEB business in FY2024 and holds the 2nd largest installed capacity at 141,000 MTPA as of March 31, 2024. Company cater to diverse sectors including industrial, infrastructure and residential projects, with applications ranging from multi-level warehouses to manufacturing units and indoor stadiums. From FY2015 to FY2024, the company successfully executed 677 PEB contracts.

Investment Rationales

- Market position and established brand presence in the growing pre-engineered steel building industry in India:** Company ranked 3rd in operating revenue and has the 2nd largest installed capacity at 141,000 MTPA, and holds a 6.5% market share in India. The company operates 8 sales offices and has a presence in key regions across the country. It caters to the industrial, infrastructure and building sectors, with demand driven by industries like automobile, cement, oil and gas, as well as infrastructure projects such as warehouses and data centres. The PEB market is consolidated, with the top 6 players, including Interarch, accounting for 80-85% of the organized sector. Interarch is well-positioned for growth due to its strong track record, brand presence, and comprehensive capabilities in design, manufacturing, and project management.
- Significantly integrated manufacturing operations, backed by in-house design and engineering, on-site project management, and sales and marketing capabilities:** Interarch operates vertically integrated manufacturing, covering the entire PEB lifecycle—from estimation, design and fabrication at its four facilities (with a capacity of 141,000 MTPA) to on-site installation and project management. The company's design and engineering centers in Noida, Chennai and Hyderabad support customized PEB solutions, enhanced by investments in computer-aided design technology. With a dedicated project management team and a network of approved builders, the company ensures efficient project execution. Additionally, their supply chain, supported by ERP infrastructure, integrates operations, boosting cost and time efficiency.
- Demonstrated track record of execution backed by on-site project management capabilities:** Interarch leverages its in-house project supervision and on-site management capabilities for the erection and installation of PEBs, giving it a competitive edge in quality, cost and delivery. The company's developed project management skills enable it to offer turn-key PEB solutions, helping attract new customers. Between FY2015 and FY2024, Interarch successfully completed 677 PEB contracts.
- Diverse customer base and long-standing relationships with significant customers:** The company has built long-term relationships with its customers, focusing on quality, cost efficiency and timely execution. Its PEB end-use customers span three main sectors: industrial/manufacturing construction, infrastructure and building. Key clients include Grasim Industries, Berger Paints India, and Timken India, among others, with notable projects in warehousing and logistics within the infrastructure sector.

Risk

- High capital intensive business.
- Fluctuation in the prices of raw materials.

MView

We believe Interarch Building Products Ltd IPO brings investors a unique opportunity to investors to invest in a leading player in PEB segment. The company holds a strong market position, ranking 3rd in operating revenue with the 2nd largest installed capacity and commands a 6.5% market share. We think Interarch's vertically integrated operations, from design to project management, combined with a robust track record of executing 677 PEB contracts, underscore its operational excellence. We also believe the company's diverse and long-standing customer base across key industrial and infrastructure sectors further enhances its stability and growth prospects. By looking at the financials, the company has shown good growth in revenue from operations 34.61%/15.07% in FY 2023/2024, while the net profit saw a substantial increase from ₹ 17.13 Cr in FY 2022 to ₹ 86.26 Cr in FY 2024. On valuation parse at the upper price band of ₹ 900/-, the issue is asking for a market cap of ₹ 1498 Cr. Based on FY 2024 earnings and fully diluted post- IPO paid-up capital, the company is asking for PE of 17.36 which seems reasonable priced by looking at its financial performance and market position. Given the company's integrated manufacturing operations and proven execution, along with a diverse customer base, Interarch is well-positioned to capitalize on the expanding demand for PEBs in India. Hence, we recommend investors to "SUBSCRIBE" the Interarch Building Products Ltd IPO for long term perspective. As the company is the second largest PEB player in India, we believe the market could give Interarch a premium multiple towards its leadership position; this may result in delivering healthy listing gains over above 25% on its issue price.



CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at March' 31		
	2024	2023	2022
Equity Share Capital	14.42	15	15
Net Worth	387.50	343.80	262.60
Borrowings	10.20	11.38	3.36
Revenue from Operations	1,293.30	1,123.93	834.94
Revenue Growth (%)	15.07	34.61	-
EBITDA as stated	113.02	106.38	32.89
EBITDA Margin (%) as stated	8.74	9.47	3.94
Net Profit for the Year	86.26	81.46	17.13
Net Profit Margin (%)	6.67	7.25	2.05
EPS - Basic & Diluted (₹)	58.68	54.31	11.42
RoNW (%)	22.26	23.69	6.52
NAV (₹)	268.80	229.19	175.09
ROE (%) as stated	19.40	20.40	5.38
RoCE (%) as stated	25.79	26.75	8.30

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (in Cr)

Companies	Mcap (in Cr)	FV	Operating Revenue FY 2024 (in Cr)	EPS	NAV	P/E	P/B	RoNW (%)
Interarch Building Products Ltd	1,498.00	10	1,293.30	51.85	232.90	17.36	3.86	22.26%
Everest Industried Ltd.	1,671	10	1,575.45	11.42	378.37	122	2.8	3.01%
Pennar Industries Ltd.	2,321.00	5	3,130.57	7.29	65.02	22.6	2.65	11.21%

Date as on 31st March 2024, Cline Mcap,PE, calculated as on 16-08-2024

Interarch Building Products Ltd, Revenue EPS/PE, P/B, NAV calculated on annualised basis post money



MSEARCH

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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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Mehta Equities Limited, 903, 9th Floor, Lodha Supremus, Dr.E.Moses Road, Worli Naka, Worli, Mumbai 400 018, India

Tel: +91 22 6150 7101, Fax: +91 22 6150 7102

Email: info@mehtagroup.in, Website: www.mehtagroup.in

Compliance Officer: Prakash Joshi

Email Id: compliance@mehtagroup.in

Phone No +91 22 61507180

For grievance redressal contact Customer Care Team Email: help.kyc@mehtagroup.in Phone: + 91 22 61507154