

Pick of the Day (Short Term Delivery Call)

Company Name: Interarch Building Products Ltd.

NSE Code	INTERARCH
BSE Code	544232
Market Cap (Rs cr)	2,585
Avg. Trading Vol. in lakh (5 days/30 days)	2.5/2.3
Avg. Delivery Vol. in lakh (5 days/30 days)	0.9/0.9
Promoter Holding (%)	59.9
Pledge (%)	-

CMP (Rs)	1,557.5
Accumulation Range (Rs)	1,542 – 1,573
Target (Rs)	1,713
Upside Potential (%)	10.0%
Duration	3 Months

Source: Ace Equity, SSL Research

Interarch Building Products Ltd. 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 (PEB). With the integrated capacity of 1,61,000 MTPA, it is the second largest company amongst the integrated players in India along with market share of 6.5% in terms of operating income of FY24.

Investment rationale:

PEB product offering: (a) Pre-engineered steel building contracts (PEB Contracts), wherein it provides complete PEBs on a turnkey basis to the customers, and as a part of which the company also provides on-site project management expertise for the installation and erection of PEBs at customers sites (b) Sale of pre-engineered steel building materials (PEB Sales), which includes (i) sale of metal ceilings & corrugated roofing, metal roofing & cladding systems and permanent/metal decking (lost shuttering) over steel framing. (ii) Supply of PEB steel structures includes primary and secondary framing systems, as well as complete PEBs. These PEBs are for non-industrial use, such as farmhouses and residential buildings, and are meant for erection and installation by third-party builders/erectors. (iii) light gauge framing systems (LGFS) that is composite PEB structures.

Order book (OB): The company's order book as of 28th Oct'24 stood at Rs 1,303 cr. Order win during 2QFY25 was Rs 250 cr. The company sometimes has to restrain the new orders on account of capacity constraints. Once the new capacity gets online in FY26, we expect the order restrain to be lower.

Capex: The company has commissioned Andhra Pradesh Phase 1 plant which has added capacity of 20,000 MTPA totaling up the manufacturing capacity to 1,61,000 million tonnes per annum (MTPA). Andhra Pradesh Phase 2 plant is expected to be commissioned by Mar'25 and will be fully operational by 1QFY26, having an additional capacity of 40,000 MTPA. (Total capacity of 2,00,000 MTPA). Upgradation of the Uttarakhand plant has also begun and will be fully operational from Jun'25.

Strong growth prospect for PEB Market: The PEB market in India is expected to grow at a CAGR of 11%-12% from Rs 195 bn to Rs 330 - 340 bn between FY24 and FY29, driven by growth in industrial, infrastructure and building sectors. The industrial sector is prominent in the PEB market, with high usage in automobile, cement, and oil & gas industries. Infrastructure growth is attributed to increased adoption of PEBs in warehouses, cold storage facilities, data centers, power plants, aircraft hangars, and railway yards. The building sector growth is due to the increasing use of pre-

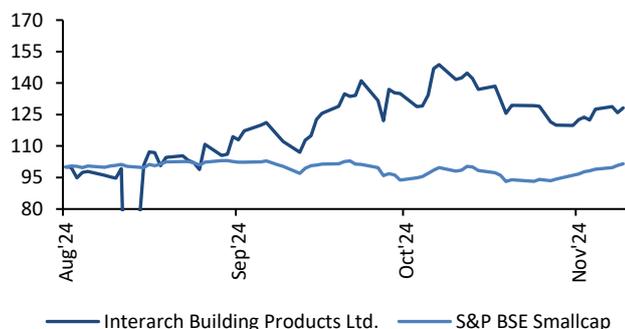
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engineered steel buildings. Pre-engineered construction accounts for 3%-5% of the construction market as of FY23 and is projected to increase to 5%-7% by FY29P.

Guidance: The management is confident of achieving its revenue growth guidance of 10%/15% for FY25 & FY26. 2HFY25 is expected to be better than 1HFY25 with earnings to grow at least 15% or more for FY25.

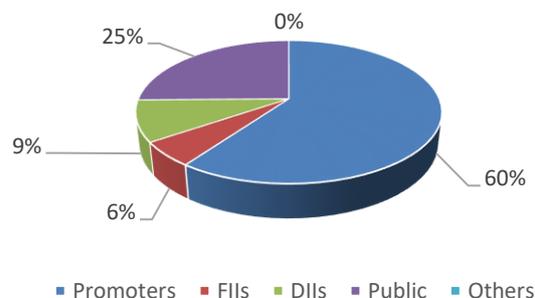
Key Risks: Lower spending on infrastructure by the government; Increase in the raw material prices; Cancellation of any orders.

Stock Performance



Source: BSE, SSL Research

Shareholding Pattern (Sept'24)



Source: BSE, SSL Research

Why Now?

Sr. No.	Parameters	Score
1	Recent financial performance (management guidance, return and margin profile, growth and cash flow)	✓
2	Overall corporate governance (Promoter pledge, credit rating, audit qualified opinion etc)	✓
3	Recent stock price movement-worst is over for stock, all negatives in the price (valuation, 52W H/L, below average PE etc)	↔
4	Beneficiary of recent macro and industrial developments (Regulatory, Fiscal/Monetary policy, favourable industrial outlooks etc)	✓

↔ - Neutral

✓ - Positive

✗ - Negative

Duration of recommendation: Short to Medium term

* Please refer to our call guide mentioned below.

Recommendation History

Date	Stock Price	Target Price	Recommendation	Status
NA	NA	NA	NA	NA

Call Guide:

The above recommendation is meant for short term investment purpose with holding period between 1-90 days and target upside upto 10% (+/- 0.5%). The recommended price is previous day's closing NSE price (except the stock only listed on BSE). In case of gap-up opening the call is termed "Not Entered" only if stock price does not come within +1% of previous close price on the day of call; partial profit is generally not advised; Call can be rationalized (changed) by Fundamental team at their discretion; generally to average or exit at loss (cut-loss strategy).

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