Date: 15th August'2025

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National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 NSE Scrip Symbol: INTERARCH	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001 BSE Scrip Code 544232

Subject: Transcript of the earnings call on the unaudited Financial Results for the Quarter ended 30th June, 2025

Dear Sir/Ma'am,

Pursuant to Regulations 30 and 46(2)(0a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that the transcript of Earning Call held on 8th August'2025, to discuss the financial results of the Company for the quarter ended 30th June, 2025 is attached herewith.

The above information is being made available on the website of the Company at www.interarchbuildings.com

Discussions were based on publicly available information. No unpublished price sensitive Information (UPSI) was discussed during the interactions. We request you to take the above on record and the same be treated as compliance under the applicable Regulations of SEB] LODR.

This is for your information and record.

For INTERARCH BUILDING SOLUTIONS LIMITED
(Formerly known as Interarch Building Products Limited)

ARVIND NANDA
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Date: 2025.08.15 23:03:32 +05'30'

ARVIND NANDA
MANAGING DIRECTOR
DIN: 00149426

"Interarch Building Solutions Limited 1QFY26 Earnings Conference Call"

August 08, 2025

MANAGEMENT: **MR. ARVIND NANDA – MANAGING DIRECTOR**
MR. MANISH KUMAR GARG – CHIEF EXECUTIVE OFFICER
MR. PUSHPENDRA KUMAR BANSAL – CHIEF FINANCIAL OFFICER
MR. VIRAJ NANDA – EXECUTIVE DIRECTOR
MR. ANIL KUMAR CHANDANI, PRESIDENT, CORPORATE FINANCE & STRATEGY

MODERATOR: **MR. JAIVEER SHEKHAWAT – AMBIT CAPITAL PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Interarch Building Solutions Limited 1QFY26 Earnings Call, hosted by Ambit Capital Private Limited.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Jaiveer Shekhawat from Ambit Capital Private Limited. Thank you and over to you, sir.

Jaiveer Shekhawat: Good evening, everyone. I welcome you all to 1QFY26 Earnings Conference Call of Interarch Building Solutions.

From the Management side, we have with us Mr. Arvind Nanda – the Managing Director, Mr. Manish Garg – the Chief Executive Officer, Mr. Pushpendra Bansal – Chief Financial Officer, Mr. Viraj Nanda – Executive Director, and Mr. Anil Kumar Chandani – President (Corporate Finance & Strategy).

Now, I would like to hand over the call to Mr. Arvind Nanda for his Opening Remarks. Thank you and over to you, sir.

Arvind Nanda: Thank you very much. Thank you for arranging this call for us, and thank you to everybody for coming and participating in the call.

We have all the members from our senior team as mentioned just now.

So, what I will do is I will take the opportunity again. My talk on pre-engineered building is getting shorter and shorter, because I think everybody is more in tune and understanding what pre-engineered building is really what kind of a category it is and what kind of work it is. And now we have some new players also coming into the listed space. So, maybe it will become easier for all of you to understand pre-engineered building. Most of you have already participated in some of my calls or meetings or one-to-one we have done earlier.

So, just to give a very brief about the pre-engineered building. So, while we say we have buildings and we are primarily steel buildings, but we are not really classifiable in any of the present categories as steel fabricator or buildings or contractor or civil construction, etc., primarily because as a pre-engineered building company, our work is number one, everything is customized. So, we do not do anything ready-made or use ready-made materials for our building for the customer. We understand the customer's requirement totally… just his requirement. He does not tell us how to do the building. So, we understand his requirements completely. We have an excellent sales team and a marketing team which works across the country with various locations and all the customers. So, they understand the requirement, get a feel of what it is, do some value add on their own, because they are very high-quality engineers, all the sales people. At some stage when the buildings are more or less requirements are finalized; they would then get the engineering team.

So, our second wing of a pre-engineered building company is the engineering and design division. So, we do all the requirements, are converted into a building by our engineering and design people. They will go through the building because we do not use any ready-made materials, they have the freedom to design any kind of column, any kind of beam, any kind of secondaries, because everything is manufactured by us in-house. That is one big difference between pre-engineered building and any other building. Most other contractors or building companies have to use ready-made materials available in the market. But pre-engineered building companies manufacture all the items themselves after designing and engineering it themselves. So, nobody designs an engineer then gives us a design and says, "Okay, make this for me." So, that is the second big difference.

And then of course, because we use raw material, so our design engineering companies department will totally calculate how much raw material we are using. Our basic raw material being a plate, which is an HR plate or coil, then a galvanized plate or coil and secondaries and the coil coated roofing and wall cladding, which are very, again, very high quality coatings, and some hardware, etc., So, this being the raw material. So, our design engineering department will calculate the first design and engineer the whole building, then calculate the how much material of each type is required, then actually do a costing of that building. So, that department, even before we can bid, has to make a very, very good value add and a very good building design, because otherwise we will not be able to compete. Because in our case, the customer does not give us a per ton rate or a per square foot rate. He gives us a lump sum for the building. So, how good our design engineering department is, or of any pre-engineered building, a lot depends on that, on how good you will be in securing an order. So, our design engineering will calculate everything, raw material, production cost, rating it to the site, actually erecting the whole building at site, depending on the location and the complexity of the site and the building, and then we give a lump sum price to the customer. Now, all this is done even before we can make even a quotation.

So, the customer's second big advantage is, besides engineering and design done by us, is that he gets a lump sum price. Unlike most other builders, contractors, which are working on a quantity-based tenders, we work on the lump sum of a building. So, for the customer, the building price will not change if he does not change the building. So, whatever may happen to the raw material prices, whatever may happen to other costs going up or down, we take everything into consideration when we are bidding, that to what will happen in the coming months while we have to deliver this building. So, we calculate everything, we take all that risk element into our costing, and we bid to the client.

The client in most cases will look at our capability and ability to do the job rather than being an L1 kind of a situation. Pre-engineered building is not really an L1 business. It is like a capital goods industry. That is why we repeatedly keep saying we are like a capital goods partner to the customer that we deal with. Most of the time we come in even before he has finalized his capital goods, his plant and machinery, so that he knows that yes, this project can be done in a certain time. And because the buildings today are very complex, a lot of machinery is mounted on the building, like conveyors, on the mezzanines, you will have a lot of process plants, cranes, a lot of the work is actually happening attached to the building. So, he must be sure that he has a vendor, partner who will be able to design, engineer, manufacture and execute that building in that time that he wants. So, he chooses the building partner very carefully, just like he does for his plant and machinery. If it is a paint plant or it is an automobile plant or it is a data center, the way they choose their capital goods supplier, it could be anywhere in the world. It has happened in the beginning when we all started in pre-engineered buildings 25 years, 27 years ago, a lot of the pre-engineered buildings were imported, because the customers were not sure that local players could supply. So, it is like any other building. Today, 99.9% of the buildings are built in India, because of the kind of companies that exist like us and some of our competitors who are able to design, engineer and give the customer the building. So, he is going on the ability and capability of the company to decide who is going to be his partner. He is very careful about schedule. Of course, everybody has to compete on price, but he will make you compete on an equal level. So, that makes it very important that the way that we build up our company, the way we do the project, the way we build our relationships with them, by continuously performing on time, performing very high-quality jobs, because every job leads to another job later. Some of our clients have worked with us for 40 years, even before pre-engineered building, when we were doing other building products, they have been working with us because every time they have been very satisfied that Interarch is the company which will deliver what they promise and give us the quality and satisfaction much higher than what we expected. So, we have had companies like Reliance and the Birla Group and the Tata Group and the automobile companies working with us for decades. And relationships are very performance-based. So, we are also very careful who we work with. We do not work with everybody. We are very careful that we work with long-term partners who appreciate what we do, appreciate the value that we add to their project and are not only looking at a low-price kind of situation. So, we are very careful when we choose our partners.

We do a lot of business development, which means that we try to find the right partners for us before they even come to know about us. So, it could be the new age industry like data centers and semiconductor plants and lithium battery and renewables and anything. And earlier, it was the A-

Grade warehousing, which we still do a lot. It was all the foreign companies in India, all the large companies in India. Earlier, it was the automobile sector, the whole automobile sector we have done. There is hardly any automobile company that has not worked with us in a major project, maybe in their auto plants also. Paint companies, whether it is Grasim, whether it is Asian Paints, whether it is Berger, FMCG, HUL, P&G, warehousing, indoor space, Welspun, Amazon, Flipkart, all the developers, we work with them.

So, a lot of people in India feel that if they want a pre-engineered building without any compromise to their quality and their schedule, Interarch is the right player. We are careful who we deal with because ultimately it is an item of steel, it is customized, we have to be careful that we will get our money out and that the customer will see value rather than just trying to press us on price, etc.,

So, today out of the three semiconductor plants coming up in India, two of them we are working on. Tata Electronics, we are doing a plant for them, which they will use for making phones, etc., There are three lithium battery plants done in India. All three we have been involved in. Exide, Amara Raja, as well as now Agratas, which is a Tata project. We have done a data center.

Gradually, we also want to enter into high-rise buildings and other non-industrial buildings. We have done all types. We have done the Delhi airport, T3 terminal many years ago. We have done hospitals, schools, colleges, houses, hill housing, villas, resorts, hotels, you name it, and we have done that. But we want to push those more.

Also, we are getting more and more into exports, especially the US and Canada, in spite of the fact that there are these tariffs issues coming up. But most of the buyers that we are in touch with, are very bullish that it can be done and pricing or tariffs will not be an issue, because there is a huge shortage of supply of these kinds of buildings in the US, and they feel that Interarch can be a very good supplier from India.

So, overall, Interarch has developed the capability of doing all kinds of buildings. So, let us say we are completely building-agnostic today. We are completely industry-agnostic. It does not matter to us what is your industry, what kind of factories are you putting up. So, it puts us in a great position, because tomorrow, something completely new comes up. Like in the last five years, the lithium batteries, semiconductors, renewables has come up. But in spite of that, we have been able to participate in every one of them and very successfully. So, we are completely industry-agnostic. We are building-agnostic. And the way we have worked all over India, we are even geography-agnostic. We are doing a Tata Electronics plant in Assam. We have done HUL and Berger, as well as all these companies in the Northeast. We have worked even in Jammu and Kashmir. We are working in the South. Odisha, we have done some very large projects. Madhya Pradesh, Gujarat. There is no area in India that we are not able to do large projects also.

So, therefore, we are very much geography-agnostic also. We have built up a great team over the years. And future of this industry lies in how your past was. How have you done in the past is ultimately the criticality in establishing this industry and your reputation. I think the two major players in this industry, us and Kirby, which is a Kuwaiti company, a foreign company, have both been in this business in India for the last 25 years plus. And both of us have established a very good name in this industry. So, it is not important that a new player comes in, spends Rs.1,000 crores or Rs.500 crores, or just money is going to get you the business in this industry.

And you have to be also very careful that your working capital cycle, your advances, your payments come on time, how you stock, because we have to buy materials from these steel companies, which are not very reliable suppliers, and still supply a complete building, which could use 10-15 different types of raw materials and thicknesses and types to be able to supply the building complete and in sequence. We cannot supply the building as we want. We have to supply it in sequence so that it keeps getting erected. And every part of that building, including a clip or a nut can delay your scheduling if you miss that out. So, all these things are very critical.

So, we find that it is a very niche business. It is a business, which has to be done very carefully. With a broader emphasis, your teams are very critical in this business, your relationships based on your past history. If I have done an airport, it will be easier for me to get an airport job. If I have done a paint plant, Grasim came to us because we had done Asian paints. And we did five of their plants substantially. Tata projects came to us because we have worked with Tata Group for over 40 years. We are working with maybe over 30 Tata companies. So, we are always their natural choice when they want to do something large. And they always give us the first choice. Reliance, Tata, Birla, everybody we work with. The solar industry, we have worked with everyone. Renewables. So, that is how you build up this business. It is not a business which is L1. It is not a business that you have money, you can do it. You can work with a certain speed in this business, but you cannot run too fast, too quickly. Like we always say that we are a four-legged animal – Sales and Marketing, Engineering and Design, Production in the Factories and Project Management at site. All the four legs must be not only equally strong, but run in a proper rhythm. You cannot have one more than the other because then the race will be lost. So, that is how pre-engineered building industry we see it. And I am sure that you heard me talk about this a lot before, because I think it will be a separate category. It should be treated as a separate category. The growth can be much quicker as we see the economy opening up and the way companies are changing to pre-engineered building. The traditional form of fabricated buildings, steel buildings at site is changing very dramatically to pre-engineered building. So, it is not only concrete buildings like high-rise, etc., which are changing to steel, but also traditional steel fabrication buildings to us.

We have taken up a new vertical called the "Heavy Structure," which we are going to start a plant in Andhra very soon. A lot of the heavy structure is the steel section, each one of them being over 5 to

15 tons. A lot of them we will use for our own buildings. Today, we have that tie-up with JSPL to do that heavy structure. But we feel that we need to put up our own capacity also to be able to do it more efficiently. But also we feel in the longer run, which means in the next one or two years, we will test out the heavy structure market. There is a very, very large market where sometimes the design engineering of let us say a steel plant or a power station or an airport or a fertilizer plant is done by a consultant, but they require huge quantities to be pre-engineered and manufactured by you in the plant and delivered to them with or without erection. That is a huge market today in lakhs of tons, manifold more than the pre-engineered building. So, that also we are entering in the coming this thing. We cannot give very good projections for it, but I think within 12-months or 14-months, we will have a much better idea that how big a vertical it can be. If you look at the size of the market, it could be a bigger vertical than the pre-engineered building. Buyers are very similar. Your reputation in the market makes a lot of difference. But we have to build up the capacity for that.

I think I will end over here and let Manish Garg, my CEO, take you through the figures and our future plans going forward, and then we will open up for Questions. Thank you very much for your patience.

Manish Garg: Yes. Good afternoon, ladies and gentlemen, Manish Garg here. And thank you for attending the call today.

Our company operates five state-of-the-art integrated PEB facilities located down south and up north with the new ones which have been commissioned in AP Athivaram. Together, these facilities offer a combined capacity of 161,000 MTPA with a utilizable range of about 80% to 85%, which translates to approximately 135,000 MTPA.

We are on track to commence production at Andhra Pradesh phase-II now very shortly, and also at the new Kichha line, probably within this month itself, which will enhance our total production to approximately 200,000 MTPA with addition of these two new lines.

Our recently acquired 20 acres of adjoining land at our Andhra Pradesh facility to set up Heavy Fabrication Unit, as Mr. Nanda explained, to service the sectors which are like data centers and the commercial buildings and the other renewable structures, including semiconductors. And the facility is expected to commission next year Quarter 2.

Our order book as of 31st of July stands at Rs.1,695 crores, reflecting a strong pipeline going forward. We secured orders worth Rs.452 crores between 1st May till 31st July, three months.

Key customer wins during this period include the scooter maker, Ather Energy, the EV battery makers Amara Raja Infra, Mahindra & Mahindra, Tata Motors JLR, and Craftsman Automation. We take pride in the fact that 80% to 85% of these customers are our repeat customers, demonstrating their continued trust and confidence in our capability.

Looking ahead, we remain focused on diversifying our footprint by securing more orders with new age industry, as explained earlier, and also with heavy structures.

We entered into strategic partnership with JSPL to explore opportunities in the multi-story buildings. And as Mr. Nanda explained that we are now also setting up our own facilities for such things to add additional capacity.

Additionally, we are actively pursuing new growth avenues, including the expansion of our manufacturing operations in Gujarat. And we have already partnered with Moldtek Technologies US for our US footprint and export markets. These initiatives are expected to drive sustainable growth, foster innovation, and reinforce our market leadership.

Now coming to the financial highlights for the Quarter, 1QFY26:

The revenue for the quarter came in at Rs.381 crores, 25.5% growth quarter-on-quarter when compared to the last year YoY. EBITDA stood at Rs.32 crores and when compared with the similar quarter last year, there is a growth of 16.9%. EBITDA margin for the quarter stood at 8.3% for the third quarter. And profit after tax stood at Rs.28 crores as compared to Rs.20 crores, a 40% rise as compared to 1QFY25. The total order book as explained stands at Rs.1,695 crores.

Now with this, I would like to conclude my presentation and open the floor for questions and answers. Thank you very much.

Moderator: We will now begin the question-and-answer session. We have a first question from the line of Vandit Shah from Abakkus Asset Management. Please go ahead.

Vandit Shah: Hi, sir. Thank you for the opportunity and congratulations on good set of numbers. Sir, my first question is one data-keeping question. What would be the volume for this quarter? And if you can give us a figure year-on-year, how much was it like for FY25?

Arvind Nanda: Volume has grown by about 28.7% compared to June '24 quarter; 25,500 to 32,800.

Vandit Shah: And sir, second question, I wanted to understand more about the export opportunity. So, as you spoke on your opening remark that despite the tariffs, you are seeing a good traction in export. So, just if I want to understand the market, if you have a ballpark number, what would be the realization in the exports margins over there and now what is the working capital cycle in exports?

Arvind Nanda: You see, right now, we do not really have large numbers of exports. We have done maybe what, 10, 15 buildings in the last few months, a year or so. You see, in exports, you have to build up partnerships there, because there are very few direct buyers who come to you to buy from countries we are concentrating on are in the continent of Africa and the American continent. So, we have tied up with many people there. We have exported buildings to them. They found them very useful, effective and excellent quality and deliveries. So, now when we participated in the conference also and our top team went to US and has met 15-20 potential contractors. There the businesses through mainly general contractors, not direct users. So, they have met them. A lot of them have sent us enquiries. Some of them are coming to visit us also. So, we feel that we will have a better handle on the export potential in terms of volume, maybe another six to eight months once these partnerships become a little more effective and they know the potential, they say is very high. A lot of them are billion dollar companies there. So, potential is very high. They do not seem to be too worried in American continent about the tariffs. Canada seems to be more bullish on India because they feel that they need to come from outside and import. So, I think the potential is there. Exact figures, we do not know, but the margins are definitely much better in export. The market in India is a little too over-competitive in that sense. Working capital cycle is much faster because you only work against LCs. So, you get immediate payment. There is no milestone payments because we do not do any erection work. We just supply the building and these people then erect it themselves. So, working capital cycle is also better.

Vandit Shah: Got it, sir. Sir, just on the final piece, is it fair to assume that the realization almost doubled than what we have in India?

Arvind Nanda: Yes, realization will be better.

Vandit Shah: Thank you so much, sir. I will get back in the queue.

Moderator: We have a next question from line of Shubham Chopra from Titiksha Wealth. Please go ahead.

Shubham Chopra: Sir, my first question is that given the order book is Rs.1,695 crores, what is the total order book pipeline as of now and can you elaborate more on that?

Arvind Nanda: This order book that we talk about is a definite, confirmed order with advances. So, that is what we talk about as an order book. Then we have two kinds of pipelines which are always with us when we are working on business development and sales, etc., One is what we call the Pipeline-I, which is where we have got the requirements from the customers, worked on them, made the estimate, designed engineering and given a quotation. So, that is what I would call Pipeline-I. So, I think Pipeline-I currently could be in the range of about maybe Rs.2,500 crores and then we have another pipeline which sort of is more orders which are like six months to 18 months finalization. Pipeline-I is normally within six to eight months they will finalize the order, not longer than that. So, that is Rs.2,500 crores. Pipeline-II could be I think currently as much as Rs.4,000 crores, which are orders in where we have given estimates, not done the design engineering, a lot of discussion and meetings are still to happen. So, one would say Rs.2,500 crores to be finalized between one to six months and another Rs.4,000 crores to be finalized between now and 18 months.

Shubham Chopra: Alright. Can you also state the amount of CAPEX in FY26 and 27? What is the expected number?

Arvind Nanda: So, FY26, we have already done a CAPEX of about Rs.40 crores. Because we are now starting two new plants. One is going to be in Andhra, and one is going to be in Gujarat. So, they will finish within the next 12 months. So, the CAPEX of both of them together is about Rs.140 to Rs.150 crores. But I think we should be able to spend about maybe 75%, 80% of that by March. So, let us say about Rs.120 crores of new CAPEX and Rs.40 crores we have already done. So, let us say a ballpark figure of Rs.150 crores CAPEX by March next year.

Shubham Chopra: Next question is on the business front. How much time is taken for a building from manufacturing to assemble?

Arvind Nanda: The total building cycle starts from when we get the order. We have three categories of orders. One is what we call "Small, Medium," let us say under Rs.12-13 crores, about 1,000 tons building. That would start in the third month or fourth month of order date. Before that there will be design approvals, etc., getting the material and then finishing within five to six months at site. Then we have what we call "Medium Order," which could be Rs.12-13 crores going up to Rs.30 crores. They would again start in the third or fourth month of the order date and finish within seven to eight months. Then we have the "Larger Order," I would say over Rs.30 crores. They could be anything between starting again three to four months from the order date but ending anytime between eight to 12 months. That is when the supply would get over in that time. So, for most of the order, supply period is a maximum of 12 months, but they vary because of the size.

Shubham Chopra: My last question is, as you mentioned that you were doing a project for Tata Electronics in Assam. So, what amount of freight cost is included in it and does that bite off some margins on that front?

Arvind Nanda: Freight is a cost that we add to the job and they pay us. So, freight is a part of the cost. It is not very high now because our plants from Uttaranchal supply it and the roads are much better. When we had done plants in Assam 10 years or 15 years ago, freight used to be a very big part, now it is not such a major part, but freight is a pass on. We add freight to the cost of the project and the customer pays us. It is not something that we have to bear.

Shubham Chopra: Okay. Thank you so much.

Moderator: We have our next question from the line of Jaiveer Shekhawat from Ambit Capital. Please go ahead.

Jaiveer Shekhawat: Sure. Thanks a lot, and congratulations, team. So, my first question is, given the current execution momentum that we have seen in the 1st Quarter, which is otherwise a seasonally weaker quarter, I think it seems like you are likely to surpass your earlier growth guidance. So, do you expect this year will be possibly a 20% sort of a growth for you?

Arvind Nanda: I think we will have a better idea after the second quarter, because 1st Quarter, second quarter normally can be varying. Where we are doing work, if there are less problems caused by monsoon and other thing, then the sales go up in the 1st Quarter. Now we do not know how much havoc there will be in the second quarter in the monsoons. But yes, I think if everything goes well, we have the orders, but we have to execute. I think we will have sufficient capacity also now with Andhra and the third line at Kichha coming up within this month. So, we can probably go higher, but right now we are sticking to our earlier growth given of 17.5%. But I think the chances are that we will beat that.

Jaiveer Shekhawat: Sure. Good to hear that, sir. Second is, if I see your other expenses, there has been roughly about a 50% increase versus the last year. If you could just explain what is driving that and then do you expect this to stabilize here or will this continue to grow in a similar way?

Arvind Nanda: What happens in other expenses is that, we have things like job work and installation expenses going into other expenses. So, since we have done more sales, the job work is basically what we are not doing directly in our factories. And installation expenses are more at site. So, they do move up along with the sales going up. But, yes, it is a little disproportionate because we had to get a lot of our parts, job work like Jindals and two, three other players that we work with. So, that goes under job work. So, job work expenses and installation expenses have increased the other expenses. They can vary, but effectively they should go under the expense of manufacturing, etc., total, but how the accounting is done, so then they come under that. So, freight forwarding also goes into other expenses, even though it is a recoverable cost from the customer, but it goes into other expenses. So, it could be orders are a little bit more long-term, installation expenses, job work expenses. It can vary quarter-to-quarter. There is no definitiveness in this, because it is actually a part of the total cost. But we have to show it separately because of the accounting methods.

Jaiveer Shekhawat: Totally understand. So, in light of that, do you feel comfortable with the earlier margin guidance that you had given of achieving a 10% plus sort of margin guidance, do you think that is still possible because of the volatility that we are seeing on the margin side?

Arvind Nanda: Yes, yes. Margins generally, they start improving by the third quarter. We have got an EBITDA of 8.3% and a profit before tax of 9.9%, actually our profit before tax is higher than EBITDA. So, I think we will achieve our EBITDA that we had achieved last year, if not more. We are anticipating that we should cross last year's EBITDA.

Jaiveer Shekhawat: And lastly, in terms of the overall market scenario, given that we are now seeing a lot of players also talk about receiving a lot of orders in the market and overall, there is a good growth momentum buoyancy. So, are you seeing that the realizations for you guys are improving overall on average across orders? Is profitability across the industry improving?

Arvind Nanda: It is still a little tougher competition, because again, of course, a lot of supply comes in. Customer does give us a preference in a lot of projects, but they all want to be a little price competitive, but we see it moving up. We are trying that 50 to 100 basis points the margins should improve in getting the… since we are also full, we have a very good order book, we can be a little bit more selective in taking orders because we do not really need to take any order that comes our way. But the most important thing for us is that let us get the order at a better price. So, that is right now our focus. I think we should be able to maintain it. And of course, our margins are a lot dependent on our own internal systems on which also we are working. Once we get larger volume, we can also negotiate better for our purchasing, for our freight, for steel, you can have better productivity, with our own plants coming in, I think that will also help. So, both ways we are working. That our internal costing should also improve, economy should improve, and we should make a better margin internally as the sales are going up, as well as get better margins from the customer. I think we will have a better picture by the next quarter, we will see, but we are trying for both. And I think we are going to be successful in both.

Jaiveer Shekhawat: Sure. Sir, lastly, if I may, I heard you talk about your order book pipeline, which is another 2,500 plus crores, another 4,000 crores, in Pipeline-I and II. Usually, what is the strike rate of winning those kind of orders wherein you might have already bided, done your designs and estimations already?

Arvind Nanda: Yes, our normal hit rate has been about 25% in Pipeline-I. Pipeline-II is a little too general to see where a lot of the project could drop out, a lot of projects may go into fabricated steel. So, there are a lot of things which can happen in P-II, which is more than Rs.4,000 crores. But in the Pipeline-I, about 25% is a reasonably good rate. But then we are very selective in who we put in Pipeline-I. It is 25% currently, but our idea is that in Pipeline-I, where our chances can go up to 40%-50%. But right now, the current hit rate is 25%. But Pipeline-I depends on us which orders do we want to take seriously. We do not put every order into that, because do not forget that we have to do design, engineering, costing, everything, and many meetings and negotiations with the client to even get a stage of getting the order. So, we cannot take every enquiry that comes our way. So, we are very selective in that. But currently it has been about 25%. But we want to increase that also, yes.

Jaiveer Shekhawat: Sure, sure. Thank you so much, sir and wish you all the best.

Arvind Nanda: Thank you.

Moderator: We have a next question from the line of Pritesh from Lucky Investments. Please go ahead.

Pritesh: Sir, just want to check on the incremental ordering. So, are the margins retained on the incremental inflows? And second, just like you have plants coming up in AP and Gujarat, there are other players who had white spots or white patches in some of the locations in India and they are coming up with their plants. So, what is happening on the incremental competition? Do you see a situation where incremental orders are taken at a differential margin by any chance?

Arvind Nanda: What happens in this market is that especially last four or five years, our positioning in the customers mind and the kind of customers we deal with is that we are one of the top two companies. Kirby is there, which is from Kuwait, unlisted, but a very large group in Kuwait and us. So, most of the large enquiries and orders are coming to either of us or many times both of us. The projects are very large, and both the players get a part of the order, or maximum it goes to maybe a company like Zamil or something, or sometimes the simpler building depending on location to MB Engineering, which has come in now or Pennar or even Everest sometimes. So, we feel that at that level, we have to maintain our competitive strength by giving the customer a great value add, great design, delivery, quality, that is what he is looking at. If you look at the (PEB), Pre-Engineered Building, it is not even 10% of the CAPEX of a company. If I am spending Rs.100 in my CAPEX, PEB will never be more than Rs.8 to 10. So, I am not going to be very fussy. Of course, I want competition and I want the best price and I want to save, but I am not going to save money at the cost of my project.

Pritesh: Yes, my question was also from that angle, that let us say, for example, it is a player two or player three, he did not have plants in Gujarat, he is coming in Gujarat, you are a player one or two, who did not have a plant in AP, let us say you are putting up a plant in AP, so what we are seeing is a lot of the PEB guys are going and putting up plants where they were not there earlier. And obviously, it is a business where you need multiple plants throughout the country, because you cannot transport beyond a point and capital is also being raised by the multiple players. So, in that situation, my question was in incremental orders, or in incremental enquiries, are there any changes in margins?

Arvind Nanda: In the pre-engineered building case, factory is not the important part, because production is only one of the legs, like I mentioned earlier, it is your capability to do design engineering, work with the client, your sales team, how do they build relationship, how has been your past. I mean, for Grasim, we did five plants all over India. One of the largest projects we have got the single largest PEB order ever given to a company for us is in Gujarat. We do not have a plant there. So, it is because the freight is a very small element of the whole thing. So, factories do not make any difference. Factories you put in different locations as soon as you get optimally utilized in one area. You do not go because the customer is there. So, factories is a pretty unimportant part in our case. It helps you because if you are there, of course, naturally, you will save some money on freight. But it is not an important part for us or for the customer. Important part is can you deliver to him the whole project as he wants. So, engineering design, sales, as well as project management are equally important compared to a factory. That is what I mentioned earlier. There is not a money game that I can just put up five factories and I will get my sales. So, that is why incremental does not depend on where I put my factory. But how do I equip myself well for design? See, I have to do design engineering. If I am having a let us say, even a hit rate of 25%, I am designing and engineering and trying to sell 4x the number of buildings. I have got order, let us say Rs.1,700 crores today, that means I must have designed Rs.7,000 crores worth of buildings very well, at various meetings, convince them and then got this order. So, other three parts are equally important. So, incremental profitability, incremental sales does not depend on the factory. That is for sure. But you need the capacity. My factory can all be in one place. Say Kirby has got three large plants, we are now going into our fifth location in Gujarat. So, everybody has their own philosophy behind it. But it does not make any difference to incremental business. We have to make it grow, we have to go and find the customers, we have to convince them that we are the right guys and what we are giving you is great value. That is more important.

Pritesh: Okay. You are 2 lakh tons, right in capacity?

Arvind Nanda: Yes, we are 2 lakh tons. And for the first time in our history, we are going to start two plants together. We are seeing that we are able to get a lot of business today if we want. We have reached that position in the industry. But we are not able to take because we do not want to take any order which we cannot deliver. And for us delivery means everything from design engineering to project management.

Pritesh: Will that add a one-time fixed cost, will you go through a phase where the fixed cost of those plants come first and the utilization comes later?

Arvind Nanda: No, there is a capital cost. So, depreciation might come in. We are not borrowing any money for it. So, that was mostly our own money. We might borrow some money for the heavy structure, but that is more to get a better return for shareholders. But we have not taken a decision.

Pritesh: Operational costs. So, at what utilization did the plants break even?

Arvind Nanda: No, operationally, you see, you build it up as you get business. So, anyway, you cannot get people, let us say I need 400 people in a plant, I am not going to get them overnight. So, you operationalize, we have done that to all our plants, operationalize as fast as possible if the business is growing. Otherwise, you operationalize as you get business. No operational cost is left hanging.

Pritesh: And just last on the health or the momentum or the status of the market. So, if I had to ask you, let us say 12 months into the past, so let us say when you were in August 2024, and now you are in

August 2025, in terms of the momentum, health status, or in terms of the visibility of orders, do you see improvement, do you see static or do you see any downward changes?

Arvind Nanda: So, what we have seen personally as our Interarch is that there has been a momentum has increased dramatically, not only incrementally, but dramatically. More and more people want projects to be set up faster and more and more people want to get pre-engineered, they do not want to get any work done at site. So, we have seen a pretty dramatic increase in the requirements. And I think also, fortunately, for Interarch, our positioning in the industry is improving, whereby, let us say, two years ago, Rs.300 crores order would have got divided to at least two companies, if not three, we have managed to get that singly. So, our position is also improving, market position is definitely improving, because these buildings in the sector, like semiconductors, and electronics, phones, etc., and then your renewables and your lithium battery, these sectors need massive plants. So, once they have accepted pre-engineered building as the right way to build, so these are coming up with massive capacities. And therefore, we are seeing quite a major change in the market, at least in the last two years and of course, last year as well. We have seen a big change.

Pritesh: Okay. Lastly, have you gained market share and has anyone lost market share in the process?

Arvind Nanda: No, I think everybody has their own market. I think in the larger segment, I think we are gaining market share in these critical large buildings. I think last year, at the same time, our order book was about Rs.1,300 crores. Today, it is nearly Rs.1,700 crores. And we are restricted by our capacity, because we cannot take orders which we cannot deliver. I do not track everybody too carefully about the market share. But I think in our category between us and Kirby, I think we are both getting a market share. The whole market is also improving. Because like I said earlier, that there is a lot of fabricated steel segments of building which is coming into pre-engineered. But I think in the organized sector, we are certainly gaining.

Pritesh: Thank you very much and all the best to you, sir.

Arvind Nanda: Thank you.

Moderator: We have our next question from the line of Dhiral Shah from PhillipCapital. Please go ahead.

Dhiral Shah: Hello! Sir, this quarter we have seen a higher other income compared to last year. Any particular reason for this increase?

Arvind Nanda: Yes, two reasons. One is that of course, because we had done an IPO and we had got some funds in that, so that fund generated some income before we could spend it. So, that has been there. I think interest income has increased by about maybe Rs.3 crores. And then also there is a service tax payment that we had made to the government about 10 years ago, with the case we finally won last year. So, we have written that back because we have won the case and the government has not gone in appeal. So, that is about Rs.2.5 crores. So, what Rs.5 crores is from these other income; Rs.2.5 crores from interest on FD, etc., and Rs.2.5 crores from service tax and interest written back.

Dhiral Shah: Okay.

Arvind Nanda: So, FD interest might remain in the future also till we can spend it, but we are also generating cash. Service tax will be, of course, one-time for this quarter.

Dhiral Shah: Okay. And sir, these two new plants that we are about to just commission, so what kind of utilization we expect in this year and maybe for the next year?

Arvind Nanda: We have planned a total utilization of about Rs.200 crores for the next 18-20 months, which means two PEB plants, one in Gujarat, second one, we will take a call whether it is in Andhra or Gujarat, we have land in both the places and one heavy structure plant, which will be in Andhra. Because land we have already got, so three of them combined together should be let us say a ballpark figure of Rs.200 crores is what we have planned for the next 18 months on an accelerated matter. So, we want to build up more capacity because we feel that if we have the capacities, we might be able to generate more business which is available in the market. So, that is our expected CAPEX in the next 18-20 months.

Dhiral Shah: So, my question is regarding the two new plants that we have just commissioned or about to commission, Andhra phase-2 and the Kichha plant. So, what kind of utilization we expect this year and next year, sir?

Arvind Nanda: I think we would expect full utilization for the last six months. It is already August. So, I think by that time, we come up to some kind of capacity because these are both our existing plants, so it is not taking too much time to ramp up to full capacity in this. So, I think last six months, we should get full capacity from these plants… from both the lines.

Dhiral Shah: And sir, this Rs.200 crores CAPEX that we have just mentioned, so how much this will increase capacity?

Arvind Nanda: This will increase our pre-engineered building capacity by about Rs.1,000 crores worth of buildings, 80,000 tons, 40,000 each plant, and the heavy structure will give us about 20,000 to 25,000 tons which in rupee value maybe about Rs.300 crores.

Dhiral Shah: Okay. Okay. Thank you so much, sir.

Arvind Nanda: Thank you.

Moderator: Thank you. We have our next question from the line of Nikhil Purohit from Fident Asset Management. Please go ahead.

Nikhil Purohit: Hi, thanks for the opportunity. Just two questions. All my other questions have been answered. Any reason for the delay in commissioning of the plant? Was it not supposed to be commissioned by end of June?

Arvind Nanda: One Andhra was supposed to be commissioned by end of June. We had a little supply issue of one of the crane items… machine item. So, it went into trial production in June, but we could not do that full. So, we are a month, month and a half behind in both. No particular reason, but I think just a little delay in supplies, etc., So, both of them are in trial production. And I think another week, 10 days, they should be in full production. Yes, we are a little delayed in that. No particular reason as such.

Nikhil Purohit: Okay. And Kichha as well?

Arvind Nanda: Yes, Kichha is also in trial production. It should be full production by end of this month.

Nikhil Purohit: Got it. And for just understanding, so considering the use pipeline, one that you mentioned, Rs.2,100 crores, what do you estimate to be our closing order book target for the year for FY26, considering the 20%-25% win rate, is there any number that you can give to it or something for us to go about?

Arvind Nanda: The way we are looking at the numbers is that what is the kind of capacity we will have by the end of this year. For example, if we can get all these ramped up and let us say we have a capacity of Rs.2,000 crores by the end of this year, then we try to match our order book to our capacity for 10 to 11 months. Because orders today are available in the market. So, I cannot ramp up my order book unless I have ramped up my capacity. See, Rs.1,700 crores, if I have to execute even in the next 11 months, is still about maybe Rs.1,550 crores in the next 10-11 months, I will have to execute it. So, I have to ramp up my capacity. Be sure that yes, I have got the capacity to commit to the customer and then take orders. Orders today are available in the market. So, we are trying to ramp up as fast as possible. So, I think that if by the end of this year, we have the capacity of let us say Rs.2,000 crores in place, our order book should go up to Rs.1,800-1,900 crores by the 1st Quarter of the next calendar year. And we are aiming for that, like you see Rs.450 crores we have taken in the last three months. We are very careful in taking orders right now, because we feel that we need to ramp up this capacity and then take more. So, I think as we ramp up capacity, we can increase our order intake. Because our PEB order books cannot be very long. I cannot take an order for two years later delivery. It has to be maximum 10 to 11 months completion.

Nikhil Purohit: Got it, got it. Thanks. Those are my questions.

Moderator: We have a next question from line of Rajit Aggarwal from Nilgiri Investment Managers. Please go ahead.

Rajit Aggarwal: Good afternoon, sir. Just a few quick questions. You had spoken about Pipeline-I and Pipeline-II when you had shared the numbers for Q1. Would you have similar numbers for 4QFY25?

Manish Garg: Okay. So, we talked about two pipelines, Pipeline-I and Pipeline-II. The difference between the last quarter and this quarter is an increase of about 9%

Rajit Aggarwal: In total?

Manish Garg: Not in total, In each of the categories. P-I gone up by about 9% to 10% and similarly, P-II has gone up by 9% to 10%.

Rajit Aggarwal: Got it, sir. And any of the orders in these pipelines originated through your partnership with Moldtek?

Manish Garg: Not predominantly in export, sir. This is what I am talking about is mainly domestic.

Rajit Aggarwal: Okay. Okay. And so, one quick question. And in fact, I had written also to compliance on this. I think I am missing something on the EPS calculation. So, if I were to divide your net profit by the total number of shares, considering the warrants, options and everything, the number does not seem to match.

Manish Garg: Mr. Bansal can answer. So, PAT is 28 crores.

Rajit Aggarwal: So, if I take the number as 2,837,89,000 and divide it by the total number of shares on diluted basis, which is 1,74,29936, I do not seem to get the same number.

Manish Garg: Our share is 164, sir, not 174.

Rajit Aggarwal: That is before dilution?

Manish Garg: No, that is after dilution as well. So, Mr. Bansal, I think, sir, the total number of outstanding shares are 1 crore 64, something like that, sir.

Arvind Nanda: You might have taken the whole of ESOP as provided. There are no shares issued yet.

Manish Garg: They are not issued yet, sir. And none of them is listed. So, the total outstanding share is 1,66,40,000. Yes, sir.

Rajit Aggarwal: Then the number does not seem to match, sir.

Pushpendra Bansal: Yes. Your good name, sir?

Rajit Aggarwal: Sir, I am Rajit Aggarwal.

Pushpendra Bansal: Rajit, can you send the query on our e-mail, compliance@interarchbuilding.com, so we can answer with fully working.

Rajit Aggarwal: Yes, sir, I will do that. In fact, I had done that previously also. I will re-forward that e-mail.

Pushpendra Bansal: Yes, please, please. So, compliance@interarchbuilding.com, we will definitely. You can give a reference of this investor account, okay?

Rajit Aggarwal: Sure, sir. Thank you.

Moderator: Thank you. We have our next question from the line of Vivek Gautam from GES Investments. Please go ahead.

Vivek Gautam: Yes, congratulations, sir and consistently coming out with good numbers and the IPO goodwill has been created for a shareholder. Sir, I just wanted to know about the opportunity size of the company and the expected growth rate we can have. And is the pie big enough for more entrants in this PEB sector? And also some differentiator factor for our company versus competition if you can highlight? Thank you.

Arvind Nanda: So, the size of the pie, a lot depends on us only. So, as companies like Interarch and even Kirby, we do a lot of business development, converting like say high-rises into steel, data centers, malls, housing projects, airports, railway stations. So, traditionally, you will see that nowhere in the world as any country done fast development without steel. Steel is the primary material to be used in buildings if you want to develop fast. China's per capita consumption of steel is 10x of India. World average is nearly 5x of India. So, the future is towards steel. So, that is going to be in any case how the size of the pie will increase. That is how we see it, that if we increase the size of the pie, then we can really pick and choose the business we want. So, as Interarch, we have always concentrated on a lot of business development, having seminars, in-house conferences, presentation, going to customers who we feel can use our materials. So, the size of the pie to grow is very critical in this business. We are not fighting over the same pie. And also, I think the availability of whatever we can call the addressable market is very large. But India is very, very low in terms of per capita utilization of steel. And as the problems of environment, labor, site issues is growing, more and more people want the building to be done off-site. And pre-engineered steel is the only way you can do buildings off-site. Everything comes ready-made and you do only nut and bolt assembly whereas you cannot do it in fabricated steel, you cannot do it, of course, in the traditional cement and concrete. So, we feel that we have to not only concentrate on the pie remaining the same and trying to grab the rest of the pie. And especially for us, because we are in the very high level of value-add. We have to work with the companies like Agratas, Reliance Solar and the ReNew Power and the First Solar and Suzuki. So, those companies are the ones we want to work with and do very complex building. The kind of building we are doing, you will be surprised when you see it, thats how complex those are. So, we are trying to grow that pie. So, I think going forward, as the Interarch is concerned, we have really for the next 10 years I would say an unlimited opportunity. A lot depends on how fast we can ramp up our own capacity. But then again, by capacity, I do not mean only the factory. We have to equally ramp up sales, design engineering and project management. Because our complete product can only be delivered if all four legs are together. Many companies have made this mistake of only concentrating on a factory or only concentrating on a sale and not being able to deliver the full project. So, we are trying to ramp up capacity as fast as possible and I think we will be an outlier. If you were to ask me which other company would be an outlier in India, I would say Kirby. They have done a great job in the last 25 years. And I think the pre-engineered building industry's reputation today stands primarily because of them and then to a large extent because of us also. And I do not think in this area today, we can see any competition. Now, tomorrow, new players come in, world companies come in and they do. But we consider that we should remain ahead of the game. How do we keep improving? Not trying to stay only, Okay, this guy is competing, let me compete with him. We have come from nowhere. All these other companies that are in pre-engineered building today, whether it is Zamil, Kirby, Everest, Pennar, MB Engineering, they are all older than us and they were all in building business before we did pre-engineered building. We started from scratch and built ourselves a reputation where we are today in the top level. So, we are competing against ourselves in many ways. And we want to remain ahead of the game.

Vivek Gautam: I saw your interview, sir, on CNBC in Making it Big, almost 20 years back. Since passing out from IIT, you went through a very bad patch also, in the sense that the personal assets had to be given to the bank as collateral to meet your commitment. That shows your ethical corporate governance also. So, the current time, is it the best time you have ever seen in your industrialist period, sir, and the opportunity size is really looking good? And any impact of the tariff and all the stuff between US and India coming up for our sector also, sir?

Arvind Nanda: Of course, as a company, we were much smaller. So, we were much more badly hit in the 1991 economic crisis. That was a very bad hit. Then, of course, in 2008-10, it was a very bad hit. But a very good growth period was us for 2004-2009. In terms of percentage, we grew 10x at that time. But yes, from Rs.15 crores to Rs.500 crores. So, that was a very good growth period. But the kind of thing that we are seeing today, we have not seen before. That I can tell you. The size of the projects, the Greenfield projects plus, I think Interarch positioning in the market because it has changed, so, we are seeing a lot more of those enquiries and orders coming our way. So, I do not think I have seen anything like that. And I think whatever the government has done in the last 10 years as far as the industrial environment is concerned, whether it is GST, whether it is every state competing to give land and give facilities rather than give financial incentives, giving facilities to the companies to grow. And I think the new sectors which have opened up, whether it is renewables, I do not think I have ever seen anything like that. We put up the Andhra plant 15 years after our last plant was put up in Chennai. And now, we are putting up another Andhra and we are putting up Gujarat all within a space of two, three years. So, we are doubling our capacity in the three years. I have not seen anything like this before.

Vivek Gautam: Sir, any word on this increasing competition intensity, a company called M&B Engineering got listed recently. And so, what is the moat we have with them and others also, sir? Thank you.

Arvind Nanda: See, our moat and our USP has always been the way we have worked with every company for the last 25 years in pre-engineered building and 15 years before that, when we were doing other building products related to buildings. So, that is our moat. The relationship, every job that we do, we concentrate fully on it, finish it to customers delight. I think that has been our moat. And that is very difficult to copy. M&B is newly listed. It is not a new company. We compete with Phoenix in many, many cases all over the country. But they have built up their own niche. Everest, I do not think has done very well. Pennar has done reasonably well, again, in its own niche. But I think we have built up our own moat in terms of what can we do with the customer. In many ways, we call ourselves the Mercedes of the PEB industry. We want to give good value and we want to give a great product to our clients and we feel that they should come to us when they want a great product done for their company. So, I think that is our moat. And our moat is always to stay ahead of that game. How to give better facilities, how to give better service, better quality, project management, sales. You can only remain ahead on that. I do not have any magic formula or any magic technology in which I can say that I am ahead of these companies. I am not. But I think in many ways, that is the most difficult to match and compete with.

Vivek Gautam: Thank you, sir. Keep up the good work, sir.

Arvind Nanda: Thank you.

Moderator: We have our next question from the line of Deep Shah from NV Capital. Please go ahead.

Deep Shah: Firstly, sir, congratulations on a great set of numbers. My first question is on EBITDA margins. What according to you would be the biggest risk to our margins let us say if tomorrow margins were to fall to 5-6%, what according to you would be the main reason for that? And on the opposite side, what is the upside potential that we have on margins? So, we have seen some competitors have an EBITDA margin ranging between 11% to 13%. So, currently, FY25, we did close to 9.5%. So, what do you think will help us achieve or increase our margins? Let us say exports is not a big focus area right now. So, without including exports, what would help us reach that level of EBITDA margins? So, that is my first question.

Arvind Nanda: You see, EBITDA margins in pre-engineered building, because of a lot of the costing, we have to build up first. The factory is one part, but very good salespeople, engineering design team of the top level, project management. So, it also depends on how much is the company investing into its people. That makes a big difference if you were to look at EBITDA margins. And I think if we want to build up good EBITDA margins, we have to have that. But turnover will actually increase our EBITDA margins because we have pretty high operational leverage in our business. So, I think our EBITDA margins will definitely improve. But also maybe, I mean, I do not know how anybody is making more than us because nobody gets an order higher than us. If anybody does, it is only Kirby. But we have never got an order at a lower price than anybody else. People have to beat us in price by a great margin to get the order that they get. So, I do not know, maybe M&B Engineering has done some wonders to get 13%. But we are also investing at the same time. And I think EBITDA margins for us will grow with getting better clients and larger projects as well as a larger turnover. Because a lot of the people cost is fixed. The sales cost do not increase dramatically with turnover. Same with design engineering. Similar with project management. So, we are concentrating on this that when we touch our projected figure of Rs.2,500 crores by '27-28, we should have substantially higher EBITDA margin. But I do not know how other people are getting 13%, 14%. That is you have to ask them. We think that we are giving a great product. We are building up the company for the next future also. Because you cannot get good teams immediately only when you are increasing turnover. You have to build them up earlier. But mainly it depends on your own economies inside, how well do you turn around the project, how well is good is your purchasing, how good are you controlling your wastages and your productivity and how good is your team, how do you keep your team? Keeping the team is very critical. Sometimes you are maybe paying more than the market to keep the good team because if they perform, then your margins are much better in the future. So, I think we are concentrating on that. Give a great quality, margins will follow. I know all of you are very concerned about the margins. But I think the margins are an outcome of what we do rather than something that we can aim for. And we think we will get it. I think we should be the best in the industry, no doubt. But we have to also keep investing for the future.

Deep Shah: Got it. So, the first part of the question was on the risk to your margin. Let us say they fall to 6-7%. What according to you would be the main reason for that?

Arvind Nanda: If suddenly the sales drop, there is no other risk. If you look at our margins in 2021 and 2022, when the two COVID hit years, we had the orders, we had the capacity to deliver the orders we had, but because we had to shut down for three, three months, the margins dropped. After that, there has been no black swan event.

Deep Shah: Got it. So, raw materials would not be a problem because earlier you used to give a split between fixed and variable contracts. Can you highlight or give an update on that also like how other contracts?

Arvind Nanda: That is now more or less fixed because the steel price variation is very little. See, what happens in fixed and variable is basically who is taking the risk. In the fixed price, I am taking the risk. In variable, the customer is taking the risk. We have learned how to manage the risk because now there is not too much variation. Steel prices go up and down very nominally every month. And there is a certain way they do it. The cycle is very simple. In June, July, August, even up to September, the prices will move downward to whatever they are. October, November, December, they normally remain stable. January, February, March, April, sometimes even till May, they will move up. But at the end of the year, they will be back to where they started from. And also, we are in touch constantly with our steel companies, because we buy from all the majors and we are always in touch with them. We have four to five months of materials in stock or on order. So, we have built up a very good model how to control, because when we are bidding, then we know. If I am bidding today, I know that if I have to buy the material in December, I know the prices will be higher than today. I have to build it up in my cost. So, it is more a matter of managing your business, because they do not change overnight. And they do not change dramatically except that post-COVID when the Ukraine war happened, they doubled overnight. But otherwise, that black swan kind of a thing has not happened in the 25 years. So, we have learned how to manage, and I think it is a part of the game.

Deep Shah: Second question is on exports. So, exports, I think it is better if we have local presence abroad, right, like some of your competitors have a subsidiary or local manufacturing presence there. You mentioned we currently tie up with the foreign suppliers and they do the erection part. So, let us say one year down the line, would you be interested in investing there in the US, like to build a local presence or a brand there?

Arvind Nanda: See, we have built a strategy that we will look at various partners. We have found quite a few in our last visit and in the last 12 months of suppliers that we have done. A lot of them are very keen to tie up with us. So, we will work with various suppliers. Normally, they are called general contractors there. So, general contractors there takes a turnkey. They are like the L&T. Simple example could be they will take the whole order and then they buy different items on different people. So, we are trying to tie up with a lot of general contractors in Canada and US so that we can supply to them. And if we have good working with them, it might not be a year, it might be a little longer. We are keen to invest with them over there and be a partner with them in their growth because we can do the kind of building which nobody really can do in America. The kind of building we have done in India are either not there in America because they are not that many big industrial buildings or they are importing. Then also, we are trying to concentrate on Africa, which has a lot of projects. We are trying to tie up with some companies there also. So, I think within a year, we will have a fairly good idea as to what the export market is like. But currently, I feel that export market is a little overhyped because the business in India is tremendous. I mean, for the next 10-years, the kind of business that we can get in India is tremendous. But yes, export is very critical, because I think it improves your quality, your scheduling, your reputation, and of course, get you better margin even if it is 10% of your total turnover and you can make a 20% higher margin, I think it is worth it. So, we are certainly concentrating on that and we do want to invest going forward into a good partnership there.

Deep Shah: Got it, sir. Just last question, sir. Have we disclosed the capacity at the Andhra Pradesh heavy steel structure plant, the installed capacity that we are adding?

Arvind Nanda: Yes, I think we have disclosed it. Maybe we put it up today. That will be about 24,000 tons for heavy structure.

Deep Shah: And anything on Gujarat? Is there anything like planned?

Arvind Nanda: Yes, Gujarat would be a pre-engineered building plant because that is a total building plant. So, that capacity we count as 40,000 tons, because in the building, we also take all the other items, secondaries, roofing, cladding, all that. So, basically structure capacity is very similar, but total building capacity in Gujarat will be 40,000 tons just like all our other plants and the heavy structure will be 24,000 tons because it will only make the structure.

Deep Shah: Noted, sir. Thank you so much and all the very best. Thank you.

Moderator: We have a next question from the line of Kamlesh Bagmar from Lotus Asset Managers. Please go ahead.

Kamlesh Bagmar: Yes, thanks for the opportunity. So, just wanted to understand your inventory management, because if I see your inventory days it is roughly around 60-odd days and if I compare it with other peers, they are at roughly around 160-170 days. So, does it not indicate that you are taking a call on the commodity prices which may be like say worrisome when the commodity prices move up or steel prices move up? So, I just wanted to know your view on that because across the board like say all the companies have like say upwards of three months of inventory, while in your case it is one and a half to two months?

Arvind Nanda: Your question assumes that the steel prices will keep going up. In steel inventory management, you have to also see what happens when prices come down. See, if you see last three years in steel like I mentioned just now, it goes in a cycle. So, either I should know that okay, in the low-price cycle, let me buy and keep. But then also do not forget that our buildings are all sold customized. So, if I buy, I have to pay up immediately because I cannot hedge or I cannot forward book. So, am I ready to keep? I think it is bad stock management. I feel that what we have is already very high. We are talking to the steel companies how to deliver better, how to deliver on time, in full, so that we can get lower our inventory. One is your interest cost which you are carrying. Secondly, you will increase your wastage, because if you are going to build all the building order that you get today from inventory, there is bound to be wastage. We try to order at least in the large and medium orders on building-to-building so that we can get pretty cut to length exact material so that we do not have wastage. And why carry inventory? Inventory is a dead cost and supposing prices move down and you have to sell it at a lesser price because the competition is there, I think it is more of managing. See, the question on steel comes in every call, investor call, my personal meeting with people all over the world, I have met people. It does come because steel is the primary material we use and people feel that steel is somehow very volatile. But actually, it is not true. I think as a company, if after 25 years, we have not learned how to manage our costing and learn to deal with the suppliers and learn to buy material or keep material, I personally feel debtors and stock is total dead cost. It is very easy to reduce these and reduce the risk. But the lesser the stock I carry, I think my risk is less that I do not get left with dead stock. So, we have learned to manage it the other way. I think even four months of stock that we carry is too high. And I think it is not wise to carry a very high level of stock, because in the market, you have to compete with the market prices. When I give a bid today, customer will look at the steel price today. He will not say, "Okay, sorry, you bought it five months ago when the prices are much higher, I will give you higher." Because he is buying a building, he is not giving me a steel price. I think we have got it pretty well managed. I think everybody has the right to have their own method of managing a business.

Kamlesh Bagmar: And that is why you are in business.

Arvind Nanda: That is why we are in the business and we have learned that this is a better way. And business which we have always been very short of money, so we have always learned to manage how do we do business with the least amount of money. That is always the first focus in our mind. Choose the customer well, never have a bad debt, never carry dead stock, never carry too much, because steel you have to pay upfront, I get no credit literally except against an LC. So, coming from that kind of a background, I think we are very careful how we use our money.

Kamlesh Bagmar: Okay. But if say, hypothetically, if the steel prices move up like 10-12% because it is a commodity, like the way the safeguard duty was imposed. Thankfully, like Chinese steel prices had not moved up, but there has been an increase like roughly around 10-12%. So, in that environment, it can have some bearing on the margins.

Arvind Nanda: No, but they started coming down again as per the cycle from May-June onwards, the prices have come down. And you are carrying a stock which you bought before you are going to be in trouble.

Kamlesh Bagmar: And lastly, like sir, after like say Pantnagar or Uttarakhand capacity, we have expanded entirely into the south and now coming in Gujarat. So, what is the mix between the regions in terms of our project execution, like say, where the revenue is coming from?

Arvind Nanda: See, the main thing we must remember in our business is that we cannot be near a client. We cannot be near a client, ever. We can never be near a client. So, we have never tried to manage our plants as to being near the client. Let us say if I have done Tata Motors four plants, they are all four different parts of India. I am doing a plant in Assam, or I am doing... So, we have decided that north we did because it was natural for us because we were in the north. Our first base was Noida. We sit there, we live in Delhi. So, it became the natural base. And Rudrapur we expanded because that was a good industrial area. Prices of land were low when they started, and we went there. South India, then we went because there was a lot of business developing. So, once we reach an optimum level somewhere, then we look at another location. Optimum level for us also means that one management team can manage the plants. So, we have one management team in the north and one in the south. So, that management team is also very critical. If for every plant you need a new management team because you set up sub-optimal plants, the cost goes up too much. And like a gentleman earlier asked that, will you be having operational cost without any business? So, here we have done that. One management team here, one there. Now, we feel that since we have ample capacity in both these areas, we should go west because that is the next stop. West, there is a lot of business. We do a lot of work out of Gujarat. We do a lot of work in the west. So, why not go to another geography? But it is not that because we are trying to save freight or we are trying to get nearer to our customers.

Kamlesh Bagmar: No, general sense what comes in our mind is that it is more of an interplay between the freight. But based on your commentary, it suggests that it is more of how you serve the customer with your designing part and the execution. It is not just the mere freight.

Arvind Nanda: No, if I would put it in a way, freight is really sort of a no-go in this matter. Nobody considers freight and says that. Because number one, we are bidding for a building. So, I am not charging freight to the customer for extra. So, I am bidding for a building. I have to be competitive. The building could be next door to me. And if another guy is competitive, he can come and take the order. Steel could be Rs.60 rupees a Kg, our finished item could be Rs.120 a Kg. Freight remains the same. So, freight is a very low element in our costing. But of course, there are so many other elements. But once you are putting up a new plant, you try to go to a new location so that you can, if possible, save freight also. But there are many other issues. Land, where do you get it? Labor. If you have too much in one area, you need a lot of labor, which you might not get. You could have labor problems getting that. Some state governments also can be pretty unreliable sometimes. You have something. So, you diversify your risk more than anything else. But diversification is not in terms of freight. It is in terms of many other factors.

Kamlesh Bagmar: Great, sir. Great and thanks a lot.

Moderator: Thank you. Ladies and gentlemen, that would be the last question for today. On behalf of Ambit Capital Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.