

## Report on Key Performance Indicators

**Date:** March 18, 2024

**To,**  
**The Board of Directors**  
**Interarch Building Products Limited**  
B-30, Sector 57,  
Noida, 201 301  
Uttar Pradesh, India

Dear Sir/Madam,

**Re: Proposed initial public offering of equity shares (the “Equity Shares”) of Interarch Building Products Limited (the “Company” and such offering, the “Offer”)**

1. This report is issued in accordance with the terms of our engagement letter dated October 10, 2023. We hereby confirm that pursuant to a peer review process conducted by Institute of Chartered Accountants of India (“ICAI”), we hold a certificate bearing no. 012915 issued by the peer review board of the ICAI that is valid till March 31, 2024 and are eligible to certify the financial information as per the requirements of the SEBI ICDR Regulations, as amended as applicable.
2. In relation to the Company and its affiliates, we, Manian & Rao, Chartered Accountants are an independent firm of chartered accountants. We have received a request from the Company to perform certain procedures with respect to certain identified key performance indicators of the Company as on respective dates and for the respective period, set forth in the accompanying statement set out in **Annexure B** as prepared by the Company’s management.
3. In connection with the proposed Offer, the Company is required to obtain a report from an independent chartered accountant that holds a valid peer review certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (“ICAI”), with regard to the key performance indicators as identified by the Company for the purposes of disclosure in the draft red herring prospectus, red herring prospectus and prospectus, or any addenda or corrigendum thereto which may be filed by the Company in connection with the Offer (the “**Offer Documents**”), as required by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**ICDR Regulations**”).
4. The accompanying statement (set forth in **Annexure B** hereto), containing details of GAAP measures, Non-GAAP Financial measures and Non-Financial measures (part of financial reporting) as described in the Technical Guide on Disclosure and Reporting of Key Performance Indicators (KPIs) in Offer Documents issued by the ICAI (“**Technical Guide**”) identified by the Company as at and for the six months period ended September 30, 2023 and financial years ended March 31, 2023, 2022 and 2021 as per the requirement of Schedule VI, Part A (9)(K)(3) of the ICDR Regulations (the “**KPIs**”, and such statement, the “**Statement**”), is prepared by the Management of the Company, which we have initialed for identification purposes only.

## Management's Responsibility for the Statement

5. The preparation of the accompanying Statement is the responsibility of the Management of the Company. This responsibility includes designing, implementing, and maintaining adequate internal controls that were operating effectively and testing of such controls for ensuring the accuracy and completeness of information relating to KPIs including such accounting records relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
6. The Management is responsible for:
  - a) Identification, definition, completeness, accuracy, relevance, appropriateness and sufficiency of the KPIs included in the Statement;
  - b) Providing access to the accounting and other records to us including information and explanations required for reporting on the KPIs;
  - c) Maintenance of the accounting and other records in relation to point (a) and (b) above; and
  - d) Compliance with the ICDR Regulations, the technical Guide on Disclosure and Reporting of Key Performance Indicators (KPIs) in Offer Documents and other regulatory requirements.

## Our Responsibility

7. Pursuant to the requirements of Schedule VI, Part A (9)(K)(3) of the ICDR Regulations, it is our responsibility to obtain limited assurance and conclude as to whether (i) the financial details provided in the Statement are in agreement with the restated financial information of the Company as at and for the six months period ended September 30, 2023 and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 proposed to be included in the Offer Documents (“**Restated Financial Information**”) the audited financial statements of the Company of the Company for at and for the six months period ended September 30, 2023 and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 (the “**Audited Financial Statements**”) and the underlying books of account maintained by the Company used for the purpose of preparation of the Restated Financial Information/ Audited Financial Statements, (ii) non-financial measures provided in the Statement are in agreement with the books of accounts, certificate provided by Pradeep Kumar (Proprietor of Khyati Enterprises), the Chartered Engineer dated March 09, 2024 and other relevant records maintained by the Company; and (iii) the KPIs included in the Statement are mathematically accurate.
8. The Audited Financial Statements as of and for the six months period ended September 30, 2023 and the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 referred to in paragraph 7 above, have been audited by the current statutory auditors of the Company on which the current statutory auditors of the Company issued unmodified audit opinions vide their reports dated March 14, 2024, June 20, 2023, September 26, 2022 and September 24, 2021. Their audits of these financial statements were conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, as amended (the “**Act**”). Those standards require that they plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
9. The Restated Financial Information as of and for the six months period ended September 30, 2023 and the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 referred to in paragraph 7 above, have been examined by the current statutory auditors of the Company on which the current statutory auditors of the Company issued their examination report dated March 14, 2024. Their examination of the Restated Financial Information was conducted taking into consideration the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information and the requirements of Section 26 of Part I of Chapter III of the Act and the ICDR Regulations. Their work was performed solely to assist the Company in meeting its responsibilities in relation to its compliance with the Act and the ICDR Regulations.

10. We conducted our examination of the Statement in accordance with the Technical Guide and the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), which require that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
11. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the ICAI.
12. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence that vary in nature, timing and extent from a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we have performed the following procedures in relation to the Statement:
  - a. Obtained understanding from the management of the Company with regard to the KPIs which have been used by the management historically to analyse, track or monitor the performance of the Company;
  - b. Obtained list of KPIs and explanation from the management and compared the specific components of the KPIs as mentioned in the Statement to the source of the KPIs as maintained by the management of the Company, which includes books of account, financial and accounting records, and Restated Financial Information maintained by the Company as described in the paragraph 7 above;
  - c. Performed walkthrough of the process of extracting the identified KPIs by way of virtual meetings;
  - d. Recomputed the mathematical accuracy of the KPIs included in the Statement;
  - e. Procedures specific to each KPI are elaborated in **Annexure A** hereto; and
  - f. Conducted relevant management inquiries and obtained necessary representation.
13. We have no responsibility to update this report for events and circumstances occurring after the respective dates of the reports on the financial statements mentioned in paragraph 7 above. However, in cases of any changes to any of the information/confirmations contained in this report are made available to us in writing by the management, we undertake to communicate, in writing, changes in this report to the Company until the Equity Shares allotted in the Offer commence trading on the Stock Exchanges. In the absence of any such communication from us till the Equity Shares commence trading on the Stock Exchanges, you may assume that there is no change in respect of the matters covered in this report.
14. We have no responsibility for identification, definition, completeness, relevance, appropriateness and sufficiency of the KPIs included in the Statement.
15. The procedures we have performed do not constitute an audit or review made in accordance with generally accepted auditing standards. Furthermore, they will not necessarily reveal matters of significance with respect to any material misstatement of the information related to KPIs of the Company.

**Inherent Limitations:**

16. Our work and conclusion shall not in any way constitute advice or recommendations (and we accept no liability in relation to any advice or recommendations) regarding any commercial decisions associated with the Offer, including, in particular, but without limitation, any which may be taken by the Company or book running lead managers and syndicate members appointed for the Offer in the capacity of an investor or in providing investment advice to their clients or the Company.

17. We, however, state that this is not an assurance as to the future viability of the Company or whether the KPIs have been considered / have a bearing for arriving at the basis for Offer price. We further state that our reporting is based on the facts up to the date of this report and we neither give any guarantee nor any assurance that the KPIs reported will continue to perform and/or report in similar manner in future. It should be noted that the KPIs contained in the Statement may not be measures of operating performance or liquidity defined by generally accepted accounting principles. We make no comment about the Company's definition, methodology or presentation of the KPIs in the Statement or its usefulness for any purposes.
18. The KPIs and explanation included in the Statement should not be considered in isolation from, or as a substitute for, analysis of Company's historical financial performance, as reported and presented in the Restated Financial Information of the Company included in the Offer Documents. These KPIs (other than GAAP measures) are not defined in the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, are not presented in accordance with Ind AS and have limitations. These KPIs may differ from similarly titled information used by certain peer companies, who may calculate such information differently and hence their comparability with the measures used by the Company may be limited. Therefore, such KPIs should not be viewed as substitutes for measures of performance under Ind AS or as indicators of Company's financial position, financial performance or its cash flows.

### **Conclusion**

19. Based on the procedures performed by us, as mentioned above, and the information and explanations given to us, nothing has come to our attention that causes us to believe that (i) the financial details provided in the Statement are not in agreement with the Restated Financial Information as at and for the six months period ended September 30, 2023 and financial years ended March 31, 2023, 2022 and 2021, and/or the underlying books of account and other financial and accounting records maintained by the Company used for the purpose of preparation of the Restated Financial Information, as applicable; (ii) non-financial measures provided in the Statement are not in agreement with the books of accounts and other relevant records maintained by the Company; or that (ii) the KPIs included in the Statement are not mathematically accurate.

### **Restriction on Use**

20. This report is addressed to, and provided to, the Board of Directors of the Company for the purposes of the Offer and to comply with the requirements of the ICDR Regulations and should not be used for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care if this report is used for any other purpose other than as specified in this report. We also consent to the submission of this report as may be necessary to SEBI, the Stock Exchanges, RoC and to any judicial/regulatory/statutory authority and/or for the records to be maintained by the Book Running Lead Managers in connection with the Offer and in accordance with applicable law. We hereby consent to this report being disclosed, if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.
21. We also consent to our firm's name and the details in this report being included in the Offer Documents. This report can be used, in full or part, for inclusion in the Offer Documents. We also consent to the inclusion of this report as a part of '*Material Contracts and Documents for Inspection*' in the Offer Documents and in connection with the Offer, which will be available to the public for inspection and on the website of the Company.
22. This report is issued solely for the limited purpose to comply with the provisions of the ICDR Regulations on KPIs. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside India (including in the United States of America), and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. We accept no responsibility and deny any liability to any person who seeks to rely on this report and who may seek to make a

claim in connection with any offering of securities on the basis that they had acted in reliance on such information under the protections afforded by United States of America law and regulation or any other laws other than laws of India.

Yours faithfully,  
**For Manian and Rao,**  
**Chartered Accountants**  
**Firms Registration No.: 001983S**

**Paresh Daga**  
**Partner**  
**Membership No. 211468**

**Place: Bangalore**  
**Date: March 18, 2024**  
UDIN: 24211468BKFXIP1275

CC:

**Ambit Private Limited**  
Ambit House  
449, Senapati Bapat Marg  
Lower Parel  
Mumbai – 400 013  
Maharashtra, India

**Axis Capital Limited**  
1st Floor, Axis House  
C-2 Wadia International Center  
Pandurang Budhkar Marg  
Worli, Mumbai 400 025  
Maharashtra, India

## Annexure A

Sr. no.	Key Performance Indicator	Procedures performed
1	Installed Capacity (in MTPA)	<p>Extracted the data from the Certificate issued by Khyati Enterprises (acting through its proprietor, Mr. Pradeep Kumar (the Chartered Engineer)) dated March 09, 2024 obtained by the Company in connection with the Offer.</p> <p>As the reliance is placed only on the Certificate issued by Khyati Enterprises (acting through its proprietor, Mr. Pradeep Kumar (the Chartered Engineer) dated March 09, 2024, we do not provide any opinion on the installed capacity of the Company.</p>
2	Number of manufacturing plants related to PEB/structural steel	<p>Read the certificate dated March 09, 2024 issued by Khyati Enterprises (acting through its proprietor, Mr. Pradeep Kumar (the Chartered Engineer)) obtained by the Company in connection with the Offer.</p> <p>Also, verified the lease agreements and the sale deed for the manufacturing facilities of the Company for the relevant periods/financial years.</p>
3	Revenue from Operations	Extracted the revenue from operations amounts appearing in the Restated Financial Information
4	Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA)	EBITDA is calculated as restated profit for the year/period plus total tax expenses, finance costs, depreciation and amortization expense less other income as per the Restated Financial Information. These details have been extracted from the Restated Financial Information.
5	Earnings Before Interest, Tax, Depreciation & Amortization Margin (EBITDA Margin)	EBITDA margin is calculated as the EBITDA divided by the revenue from operations of the Company as per the Restated Financial Information. EBITDA has been calculated above, while the revenue from operations amounts have been extracted from the Restated Financial Information.
6	Profit	Extracted the profit for the year/period amounts appearing in the Restated Financial Information.
7	Profit Margin	Profit margin is calculated as profit for the year/period divided by revenue from operations for the respective year/period. These details have been extracted from the Restated Financial Information.
8	Return on Capital Employed	<p>Return on capital employed is calculated as EBIT divided by capital employed. EBIT is calculated as restated profit for the year/period plus total tax expense plus finance costs and capital employed is calculated as total equity minus intangible assets plus total debt. Total debt is calculated as non-current borrowings plus current borrowings plus non-current lease liabilities plus current lease liabilities.</p> <p>These details have been extracted from the Restated Financial Information.</p>
9	Return on Equity	Return on Equity is calculated as profit for the year/period divided by total equity. These details have been extracted from the Restated Financial Information.
10	Net Cash generated from operating activities	Extracted the net cash generated from operations from the Restated Summary Statement of Cash Flows in the Restated Financial Information.
11	Asset Turnover Ratio	<p>Asset Turnover Ratio is computed as revenue from operations divided by average total assets as per the Restated Financial Information. Average total assets refer to average of opening total assets and closing total assets as per the Restated Financial Information.</p> <p>Provided that for the calculation of average total assets for the financial year ended March 31, 2021, the opening total assets as of March 31,</p>

		2020 was considered from the Special Purpose Ind AS Financial Statements for the financial year ended March 31, 2021.
12	Cash Conversion cycle	<p>Cash Conversion cycle is computed as inventory days plus trade receivable days minus trade payable days.</p> <p>Trade Receivable Days is calculated as average trade receivables divided by revenue from operations multiplied by 365 for Financial Years and 183 days for the six months period.</p> <p>Inventory Days is calculated as average inventory divided by revenue from operations multiplied by 365 for Financial Years and 183 days for the six months period.</p> <p>Trade Payable Days is calculated as average trade payables divided by revenue from operations multiplied by 365 for Financial Years and 183 days for the six months period.</p> <p>The Trade receivables, inventory and trade payables, revenue from operations amounts as of and for the six months period ended September 30, 2023 and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 were extracted from the Restated Financial Information.</p> <p>The Trade receivables, inventory and trade payables, amounts as of March 31, 2020 was considered from the comparative amounts provided in Special Purpose Ind AS Financial Statements of the Company for the financial year ended March 31, 2021.</p>
13	Net Debt	<p>Net Debt is computed as the Company's total debt less cash and cash equivalents as per the Restated Financial Information. Total debt is calculated as non-current borrowings plus current borrowings plus non-current lease liabilities plus current lease liabilities as per the Restated Financial Information.</p> <p>The relevant information for this computation have been extracted from the Restated Financial Information.</p>
14	Net Debt to EBITDA	Net Debt to EBITDA ratio is computed as Net Debt divided by EBITDA. These details have been extracted from the Restated Financial Information.
15	Net Debt to Equity	Net Debt to Equity ratio is computed as Net debt divided by the Total equity. These details have been extracted from the Restated Financial Information.





### Annexure B

Particulars	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the six months ended September 30, 2023
<b>Operational key performance indicators</b>				
Installed Capacity (in MTPA)	132.000	132.000	141.000	141.000
Number of manufacturing plants related to PEB structural steel	4	4	4	4
<b>Financial key performance indicators</b>				
Revenue from Operations (in ₹ million)	5,760.64	8,349.43	11,239.26	5,915.28
EBITDA (in ₹ million)	110.44	328.89	1,063.80	441.10
EBITDA Margin (in %)	1.92%	3.94%	9.47%	7.46%
Profit (in ₹ million)	64.37	171.33	814.63	345.74
Profit Margin (in %)	1.12%	2.05%	7.25%	5.84%
Return on Capital Employed (in %)	3.21%	8.30%	26.75%	11.76%*
Return on Equity (in %)	2.15%	5.38%	20.40%	8.84%*
Net Cash generated from operating activities (in ₹ million)	388.32	261.80	312.86	560.21
Asset Turnover Ratio (number of times)	1.20	1.65	1.84	0.86*
Cash Conversion cycle ( <i>Number of days</i> )	93.39	64.89	64.58	67.54
Net Debt (in ₹ million)	11.65	(322.58)	(409.35)	(333.34)
Net Debt to EBITDA (number of times)	0.11	(0.98)	(0.38)	(0.76)*
Net Debt to Equity (number of times)	0.00	(0.10)	(0.10)	(0.09)

\*Not Annualized

The above-mentioned details have been approved by the Audit Committee of the Company in their meeting held on March 18, 2024





Key performance indicator	Formulae
Installed Capacity (in MTPA)	Installed Capacity is the capacity available at the manufacturing facilities of the Company at the end of the given year/period.
Number of Manufacturing Plants related to PEB/Structural Steel	Number of manufacturing plants is the number of manufacturing plants of the Company, which were operational for the given year/period
Revenue from Operations	Revenue from operations is revenue from pre-engineered building contracts, sale of building materials, scrap sales and other operating services
EBITDA	EBITDA is calculated as profit for the year/period plus total tax expenses, finance costs, depreciation and amortization expense less other income
EBITDA Margin	EBITDA margin is calculated as the EBITDA divided by the revenue from operations.
Profit	Profit for the year/period
Profit Margin	Profit margin is calculated as profit for the year/period divided by revenue from operations for the respective year/period.
Return on Capital Employed	<p>Return on capital employed is calculated as EBIT divided by capital employed.</p> <p>EBIT is calculated as profit for the year/period plus total tax expense plus finance costs.</p> <p>Capital employed is calculated as total equity minus intangible assets plus total debt. Total debt is calculated as non-current borrowings plus current borrowings plus non-current lease liabilities plus current lease liabilities.</p>
Return on Equity	Return on Equity is calculated as profit for the year/period divided by total equity.
Net Cash generated from operating activities	Net cash generated from operating activities by the Company during the year/period.
Asset Turnover Ratio	Asset Turnover Ratio is computed as revenue from operations divided by average total assets. Average total assets refer to average of opening total assets and closing total assets.
Cash Conversion cycle	<p>Cash Conversion cycle is computed as inventory days plus trade receivable days minus trade payable days;</p> <p>Trade Receivable Days is calculated as average trade receivables divided by revenue from operations multiplied by 365 for Financial Years and 183 days for the six months period.</p> <p>Inventory Days is calculated as average inventory divided by revenue from operations multiplied by 365 for Financial Years and 183 days for the six months period.</p> <p>Trade Payable Days is calculated as average trade payables divided by revenue from operations multiplied by 365 for Financial Years and 183 days for the six months period.</p>



Net Debt	Net Debt is computed as the Company's total debt less cash and cash equivalents.  Total debt is calculated as non-current borrowings plus current borrowings plus non-current lease liabilities plus current lease liabilities
Net Debt to EBITDA	Net Debt to EBITDA ratio is computed as Net Debt divided by EBITDA
Net Debt to Equity	Net Debt to Equity Ratio is computed as Net debt divided by total equity

For Interarch Building Products Limited

  
Chief Financial Officer

Date: March 18, 2024

Place: Noida