

Outperforming Execution; Retain Buy

About the stock: Interarch Building Solutions (INTBUI) is one of leading turnkey pre-engineered steel construction solutions (PEB's) providers in India. It commenced its operation in 1983, subsequently got listed in 2024.

- It is the 2nd largest player with capacity of over 2 lakh MT with a market share of ~7% in the PEB industry in India.

Q2FY26 performance: Interarch reported strong Q2FY26 performance with consolidated revenues growth of 51.9% YoY (up 29% QoQ) at ₹ 491 crore led by strong execution aided by new capacities and improved productivity across old capacities. Consolidated EBITDA margins were up 70 bps YoY (up 20 bps QoQ) at 8.5%. Overall, its consolidated EBITDA/PAT were up 65.1%/56.2% YoY at ₹ 42 crore/₹ 32 crore respectively. The company also declared a final dividend of ₹ 12.50 per share for FY25.

Investment Rationale

- FY26 revenue growth guidance upped conservatively despite strong H2:** The management upped its revenue growth guidance for FY26 from 17.5% YoY to over 20% YoY despite a strong H2FY26 (revenues up 39% YoY). The same is expected to be driven by increase in the speed of execution from new capacities and improved productivity from older capacities. Its order book as on Oct'25 remained strong at ₹ 1634 crore (despite strong execution in Q2FY26) led by strong order intake of ₹ 463 crores (marquee clientele viz. Havells India, Techno Electric, Jindal Stainless, among others) during August-October 2025. On the EBITDA margin front, it continues to aim for 10%, although the same is unlikely to be achieved during FY26 (H1FY26 EBITDA margins at 8.4%).
- Capacity augmentation to drive scale:** Interarch commissioned 40,000 MT capacities (A.P. Phase 2+Kiccha Line) in Q2FY26 crossing 2 lakh tonne p.a. capacity milestone. Further, it is adding 65,000 MT capacities (A.P. heavy structures – 25,000MT, Kheda, Gujarat – 40,000MT) which are expected to get commissioned in Q2FY27. Overall, it is increasing its capacities at 18% CAGR over FY25-FY28 (7% CAGR in FY22-FY25) while it targets to achieve ₹ 2400 crore turnover by FY28. Commissioning of new capacities and a strong order intake prospects has led to management guiding for 20% YoY revenue growth for FY27 and FY28.

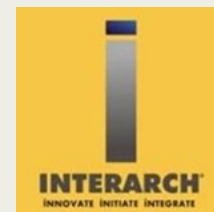
Rating and Target Price

- We estimate its Revenues/EBITDA/PAT to grow at ~20%/25%/26% CAGR over FY2025-FY2028E.
- We retain BUY rating with a revised Target Price of ₹ 3200/- i.e. 25x P/E on FY28E.

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Revenues	1123.9	1293.3	1453.8	13.7	1815.5	2144.3	2536.9	20.4
EBITDA	106.4	113.0	136.2	13.2	165.7	215.0	267.1	25.1
EBITDA margin (%)	9.5	8.7	9.4		9.1	10.0	10.5	
Net Profit	81.5	86.3	107.8	15.1	132.2	170.6	214.3	25.7
EPS (Rs)	48.6	51.4	64.3		78.8	101.7	127.8	
P/E (x)	52.9	50.0	40.0		32.6	25.3	20.1	
P/B (x)	10.7	9.6	5.7		5.0	4.2	3.5	
RoCE (%)	24.1	23.0	16.2		17.4	19.4	20.4	
RoE (%)	20.4	19.3	14.4		15.3	16.8	17.8	

Source: Company, ICICI Direct Research



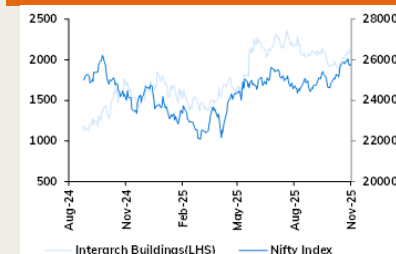
Particulars

Particular	₹ crore
Market Capitalisation	4310
Gross Debt (FY25)	0
Cash (FY25)	199
EV (₹crore)	4112
52 week H/L	2763/1264
Equity capital	17
Face value	10

Shareholding pattern

	Dec-24	Mar-25	Jun-25	Sep-25
Promoter	59.9	59.9	59.9	59.4
FII	5.9	4.7	5.7	5.8
DII	6.9	6.5	7.0	7.0
Others	27.4	28.9	27.5	27.8

Price Chart



Key risks

Key Risk: i) Dependence on end-user private sector capex ii) Susceptible to sharp price volatility in Steel Prices iii) Minimal entry barriers

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Recent earnings call highlights:

- **Guidance:** Management upped its revenue growth guidance for FY26 from 17.5% to over 20% YoY. Further, It targets 20% YoY revenue growth for FY27 and FY28 each. The strong revenue growth is expected to be supported by faster execution, capacity expansion, and a strong order book. The company aims to achieve 10% EBITDA margins although it may not achieve the same in FY26.
- **Outlook:** Interarch delivered its best ever quarterly performance, achieving record revenue of ₹ 491 crore (close to its ₹ 500 crore mark) in Q2FY26, a 52% YoY increase. The strong growth was driven by faster project execution and capacity ramp-up. Management is positive about company's growth prospects, anticipating higher order inflows as capacities expand. The focus is on scaling up not just installed capacity, but also sales, engineering, project execution, and coordination capabilities to support sustained growth and operational excellence
- **Capacity Expansion and Capex Plans:** Installed capacity has now reached 200,000 MT following the commissioning of Andhra Pradesh Phase 2 (4th plant of PEB). The Gujarat (Kheda) PEB facility has completed its groundbreaking ceremony and is expected to commence operations in FY27, adding 20,000-25,000 MT in Phase I. The Andhra Pradesh Heavy Structures unit is under construction and will focus on high-value segments such as high-rise steel buildings. The company has outlined a capex of ₹ 150 crore over the next 12 months for its two new plans, of which ₹ 60-70 crore is expected to be incurred in H2FY26 and balance ₹ 60-70 crore in FY27.
- **Operational Performance:** Volumes reached 41,215 MT in Q2, reflecting healthy utilization across all manufacturing facilities. The average execution cycle remains steady at 8-10 months, while complex industrial and process building projects extend up to 11 months.
- **Working Capital and Inventory Position:** Inventory levels increased during H1FY26 due to stocking of special steel grades and vendor delays during the monsoon season. Management expects normalization in inventory levels in H2FY26 as project execution accelerates and deliveries stabilize. Overall, working capital remains under control with prudent financial management.
- **Strong Order Book:** As of October 31, 2025, Interarch reported an order book of ₹ 1,634 crore, ensuring 8-10 months of revenue visibility. The company secured ₹463 crore of new orders between August and October, with contributions from marquee clients like Techno Electric, Jindal Stainless, and repeat customers Rungta Mines and Havells India. Repeat business accounted for a strong 80-85% share, reinforcing Interarch's reputation for reliability and client satisfaction.
- **Strategic Collaborations and Global Expansion:** Interarch has entered into a strategic partnership with JSPL to jointly develop and market multi-storey and high-rise steel buildings, combining their technical strengths. The company also collaborates with Moldtech Technologies to tap export markets.

Exhibit 1: Quarterly Analysis

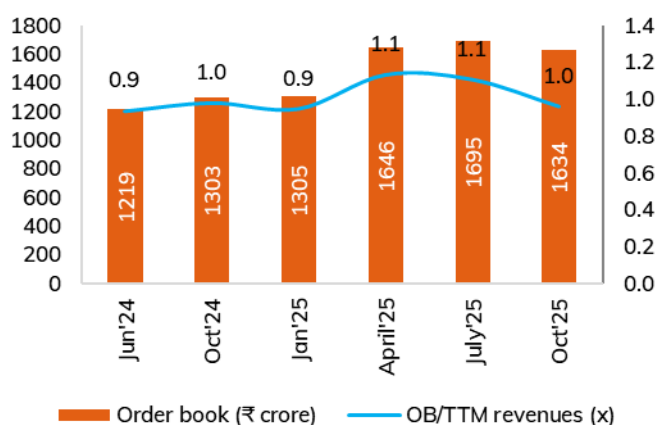
	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Comments
Operating Income	491	323	51.9	381	29.0	Execution speed improved with new capacities and increased productivity at older capacities
Other Income	6	5	21.2	10	-39.6	
Total Revenue	491	323	51.9	381	29.0	
Raw Materials Costs	298	190	56.6	228	30.6	
Employees Expenses	44	37	19.1	40	8.9	
Other Expenses	107	71	51.7	80	33.3	
Total Expenditure	449	298	50.8	349	28.7	
EBITDA	42	25	65.1	32	31.6	EBITDA per tonne did not improve on account of higher employee costs
EBITDA Margins (%)	8.5	7.8	68bps	8.3	17bps	
Interest	1	0	63.2	1	9.9	
Depreciation	3	2	48.9	3	9.5	
PBT	44	27	58.5	38	15.1	
Tax	11	7	65.8	9	19.4	
PAT	32	21	56.2	28	13.7	

Source: Company, ICICI Direct Research

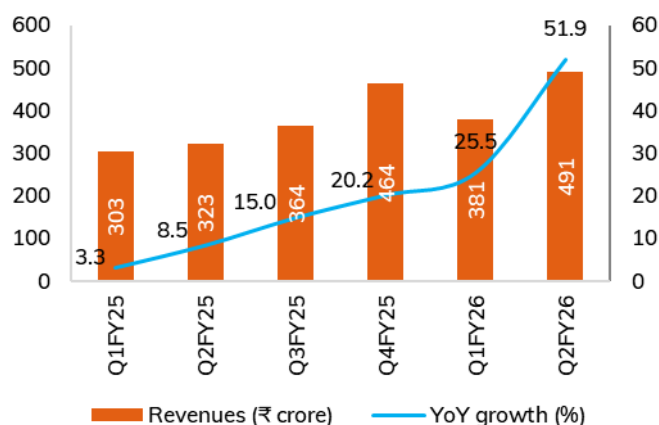
Exhibit 2: Change in Estimates

Change in estimates	FY26			FY27			FY28		
(₹ crore)	Old	New	% change	Old	New	% change	Old	New	% change
Revenues	1680	1815	8.1	2020	2144	6.2	2313	2537	9.7
EBITDA	169	166	-1.8	213	215	0.9	256	267	4.5
EBITDA margin (%)	10.0	9.1	-92bps	10.5	10.0	-52bps	11.0	10.5	-52bps
PAT	123	132	7.1	155	171	9.7	187	214	14.5
EPS (₹)	73.6	78.8	7.1	92.7	101.7	9.7	111.6	127.8	14.5

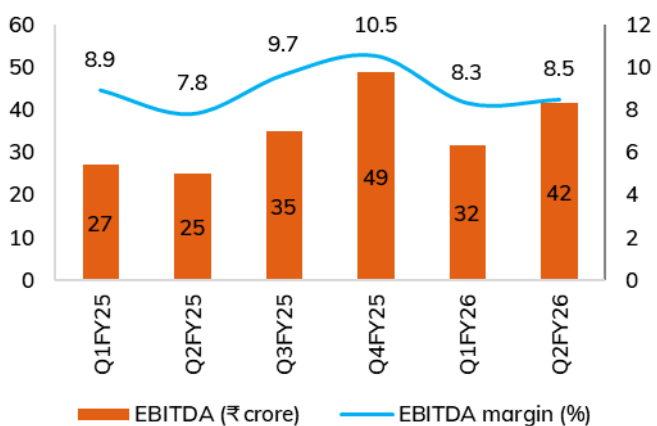
Source: ICICI Direct Research

Exhibit 3: Order Book Trend


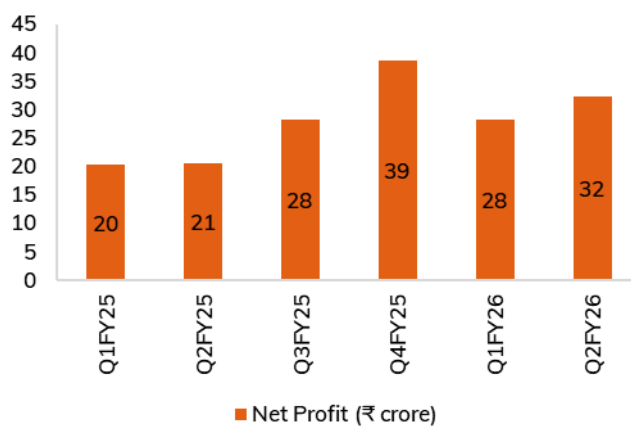
Source: Company, ICICI Direct Research

Exhibit 4: Revenue Trend


Source: Company, ICICI Direct Research

Exhibit 5: EBITDA trend


Source: Company, ICICI Direct Research

Exhibit 6: PAT trend


Source: Company, ICICI Direct Research

Financial Summary

Exhibit 7: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	1,293	1,454	1,815	2,144	2,537
% Growth	15.1	12.4	24.9	18.1	18.3
Other income	13	21	28	32	42
Total Revenue	1,306	1,474	1,844	2,177	2,579
% Growth	15.0	12.9	25.0	18.1	18.5
Raw Material Costs	824	889	1,102	1,301	1,539
Employee Expenses	119	147	176	214	254
Other expenses	238	282	372	414	477
Total Operating Exp.	1,180	1,318	1,650	1,929	2,270
EBITDA	113	136	166	215	267
% Growth	6.2	20.6	21.6	29.8	24.2
Interest	2	2	3	3	3
PBDT	124	154	191	244	306
Depreciation	8	12	13	15	18
PBT before Expl. Items	116	143	178	229	288
Total Tax	30	35	45	58	73
PAT before MI	86	108	132	171	214
PAT	86	108	132	171	214
% Growth	5.9	25.0	22.6	29.0	25.7
EPS	51	64	79	102	128

Source: Company, ICICI Direct Research

Exhibit 8: Cash Flow Statement

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Profit after Tax	86	108	132	171	214
Depreciation	8	12	13	15	18
Interest	1	2	3	3	3
Cash Flow before WC changes	117	148	194	247	309
Net Increase in Current Assets	(42)	(41)	(122)	(110)	(130)
Net Inc in Current Liabilities	37	(20)	64	72	86
Net CF from Operating activities	82	54	91	151	192
(Purchase)/Sale of Fixed Assets	(25)	(66)	(70)	(70)	(60)
Other investing cash flows	8	(119)	-	-	-
Net CF from Investing activities	(17)	(185)	(70)	(70)	(60)
Issue of Equity	(43)	187	0	-	-
Inc/(Dec) in loans	(1)	8	-	-	-
Others	(1)	(3)	(24)	(24)	(24)
Net CF from Financing Activities	(46)	192	(24)	(24)	(24)
Net Cash flow	18	61	(4)	57	108
Opening Cash/Cash Equivalent	119	138	199	195	252
Closing Cash/ Cash Equivalent	138	199	195	252	360

Source: Company, ICICI Direct Research

Exhibit 9: Balance sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Equity Capital	14	17	17	17	17
Reserve and Surplus	430	735	846	996	1,189
Total Shareholders funds	445	751	863	1,012	1,206
Total Debt	10	17	17	17	17
Total Liabilities	455	769	880	1,030	1,223
Gross Block	193	257	327	397	457
Acc: Depreciation	27	39	52	67	85
Net Block	166	218	275	330	372
Capital WIP	13	13	13	13	13
Total Fixed Assets	179	231	288	343	385
Non Current Assets	(0)	33	33	33	33
Inventory	147	166	209	247	292
Debtors	219	278	348	411	487
Other Current Assets	68	200	208	217	226
Cash	138	199	195	252	360
Total Current Assets	571	842	960	1,127	1,364
Current Liabilities	292	334	398	470	556
Provisions	2	4	4	4	4
Total Current Liabilities	294	338	402	474	560
Net Current Assets	277	504	559	653	805
Total Assets	455	769	880	1,030	1,223

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Per Share Data (₹)					
EPS	51.4	64.3	78.8	101.7	127.8
Cash per Share	56.6	71.9	87.3	111.5	139.6
DPS	-	12.5	12.5	12.5	12.5
BV	267.2	451.6	518.5	608.4	724.6
Operating Ratios (%)					
EBITDA Margin	8.7	9.4	9.1	10.0	10.5
PAT Margin	6.7	7.4	7.3	8.0	8.4
Asset Turnover (x)	2.8	1.9	2.1	2.1	2.1
Return Ratios (%)					
RoE	19.4	14.4	15.3	16.8	17.8
RoCE	23.1	16.2	17.4	19.4	20.4
Valuation Ratios (x)					
EV / EBITDA	33.0	27.0	22.2	16.8	13.2
P/E	50.0	40.0	32.6	25.3	20.1
EV / Net Sales	2.9	2.5	2.0	1.7	1.4
Sales / Equity	2.9	1.9	2.1	2.1	2.1
Market Cap / Sales	3.0	2.7	2.1	1.8	1.5
Price to Book Value	9.6	5.7	5.0	4.2	3.5
Working Capital Management Ratios					
Inventory Days	41.4	41.6	42.0	42.0	42.0
Debtor Days	61.8	69.7	70.0	70.0	70.0
Creditor Days	37.7	30.3	30.0	30.0	30.0
Solvency Ratios					
Debt / Equity	0.0	0.0	0.0	0.0	0.0
Current Ratio	1.9	2.5	2.4	2.4	2.4
Quick Ratio	1.4	2.0	1.9	1.9	1.9

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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