CMP: ₹1700 | Target ₹ 2300 (35%) | Target Period: 12 months | BUY

August 10, 2026

Expediting expansions to tap rising growth opportunities

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 2.2 lakh MT with a market share of ~7% in the PEB industry in India.

Q1FY27 performance: Interarch Building Solutions reported a healthy Q1FY27 performance, with revenue from operations increasing 21% YoY to ₹ 460 crore. EBITDA grew 25% YoY to ₹ 39 crore, while EBITDA margin expanded 27 bps YoY to 8.6%. However, PAT remained flat at ₹ 28 crore, as other income declined to ₹ 3 crore (versus ₹ 10 crore Q1FY26), leading to a 131 bps YoY contraction in PAT margin to 6.1%.

Investment Rationale:

- **FY27 guidance retained; FY28 upped:** Management reiterated FY27 revenue guidance of ₹ 2150-2200 crore (~13-16% YoY), supported by a record order book of ~₹ 1,864 crore, while EBITDA margin is expected to remain flattish YoY. It upped its revenue guidance for FY28 to ₹ 2700 crore (earlier ₹ 2500 crore) along with higher EBITDA margins of 9.5-10% (FY26 EBITDA margin – 9.3%). The Andhra Pradesh heavy structures facility (80,000 MT) is expected to get operational in phases during Q2FY27 (25,000 MT), Q4FY27 (24,000 MT) and Q3FY28 (31,000 MT). It commissioned Phase I of Gujarat facility (20,000 MT) in July 2026 while Phase II of 20,000 MT is expected to get operational during Q2FY27. Consequently, the company's annual capacity is slated to increase from 221,000 MT currently to 336,000 MT by FY27.
- **QIP size increased 2.5x to expedite expansions:** The company has raised its planned QIP size to ₹ 250 crore from ₹ 100 crore earlier. As per management, it plans to expedite its capacity expansion plans. The QIP funds are expected to be utilised towards AP heavy Ph II & III (₹ 140-150 crore), new Gujarat plant (₹ 50-60 crore) and for investment in ER Steel JV (₹ 50-60 crore). It plans to set up a 15,000 MT plant for its Canadian JV venture (76% stake) over the 2-3 year period, which has the potential to generate revenues of ₹ 200+ crore with 20% EBITDA margins. The phase I of 4000-5000 MT (₹ 70-75 crore revenue potential) is expected to start by July 2027. It has also approved sub-division (stock split) of equity shares having ₹ 10 face value to ₹ 2 face value.

Rating and Target Price:

- We retain Buy with a revised price target of ₹ 2300, i.e. 22x P/E on FY28E EPS.

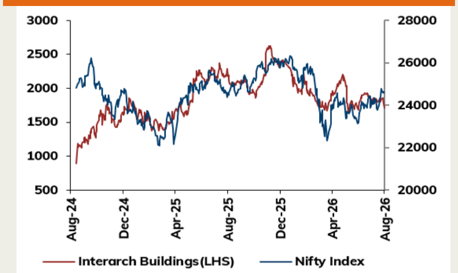
Particulars

Particular	₹ crore
Market Capitalisation	2851
Gross Debt (FY26)	0
Cash (FY26)	81
EV (₹crore)	2770
52 week H/L	2763/1600
Equity capital	17
Face value	10

Shareholding pattern

Particular	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	59.4	59.4	59.4	59.4
FII	5.8	7.2	5.3	4.9
DII	7.0	4.0	5.2	6.1
Others	27.8	29.3	30.1	29.6

Price Chart



Key risks

(i) Dependence on end-user private sector capex

(ii) Susceptible to sharp price volatility in Steel Prices

(iii) Minimal entry barriers.

Research Analyst

Ronald Siyoni
ronald.siyoni@icicisecurities.com

Riddhi Gupta
riddhi.gupta@icicisecurities.com

Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ Crore)	FY24	FY25	FY26	2 year CAGR (FY24-26)	FY27E	FY28E	2 year CAGR (FY26-28E)
Revenues	1293.3	1453.8	1898.0	21.1	2144.9	2524.5	15.3
EBITDA	113.0	136.2	176.3	24.9	198.6	241.6	17.0
EBITDA margin (%)	8.7	9.4	9.3		9.3	9.6	
Net Profit	86.3	107.8	137.8	26.4	144.9	175.2	12.8
EPS (Rs)	51.4	64.3	82.1		86.4	104.4	
P/E (x)	33.1	26.4	20.7		19.7	16.3	
P/B (x)	6.4	3.8	3.2		2.8	2.4	
RoCE (%)	23.1	16.2	18.1		17.9	19.0	
RoE (%)	19.4	14.4	15.6		14.4	15.1	

Source: Company, ICICI Direct Research

Q1FY27 Earnings call highlights

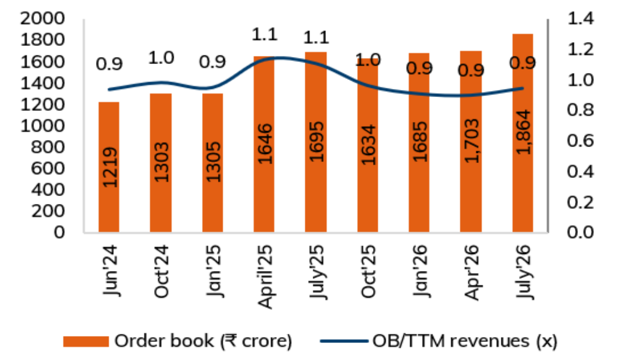
- **Guidance:** Management maintained FY27 revenue guidance at ₹ 2,150-2,200 crore, implying ~18% volume growth to ~190,000 MT, including ₹ 100-150 crore contribution from the heavy structures business. FY28 revenue target has been raised to ₹ 2,700 crore (earlier guidance of ₹ 2,500 crore), with EBITDA margin expected at 9.5-10%, reflecting higher capacity utilisation and operating leverage.
- **Robust Order Pipeline:** Company's order book increased to ₹ 1,864 crore as on 31st July'26, including a ₹ 165 crore order from a major energy company, providing strong revenue visibility. Management is targeting average order inflows of ~₹ 600 crore per quarter over the next 3-4 quarters, supported by a healthy enquiry pipeline and increasing demand from non-industrial applications. Q1FY27 revenue of ₹ 460 crore was impacted by seasonality, monsoon conditions and project/site clearances.
- **Capacity Expansion:** Gujarat PEB Phase-I has commenced operations, with Phase-II expected by October'26, while the Andhra Pradesh heavy-structure facility is being expanded in phases (Ph 2 by March'27 and Ph 3 by Dec'27) . Management plans ₹ 129 crore capex in FY27 and ₹ 133 crore in FY28, focused on PEB and heavy-structure capacity, creating substantial headroom for medium-term revenue growth.
- **₹ 250 crore QIP to fast-track expansion:** Management is evaluating a ~₹ 250 crore QIP (earlier approval of ₹ 100 crore) to fast-track capacity expansion, including ~₹ 150 crore towards the AP heavy steel structure facility, ₹ 50-60 crore towards the Gujarat PEB plant (land already acquired), and ₹ 50-60 crore towards initial capital requirements for the newly announced JV with ER Steel.
- **JV with ER Steel:** Interarch has entered into a 76:24 JV with Canada-based ER Steel Inc. to manufacture and export Open Web Steel Joists (OWSJ) for the North American market, with an initial investment of ₹ 80 crore. Interarch will be responsible for manufacturing, while ER Steel will manage marketing, collections and installation. The facility will have a 15,000 MT peak capacity, with Phase-1 capacity of 4,000-5,000 MT, targeted for commissioning by July'27. At peak utilisation, the JV is expected to generate US$22-23 million revenue within 2-3 years at US$1,500/MT, with 20%+ EBITDA margin. Also, ER Steel is required to enter into an offtake agreement with the JV and purchase a minimum quantity for distribution in the US and Canada, providing commercial visibility and de-risking the initial ramp-up.
- **Order Book Composition:** The company continues to diversify beyond its business into warehousing & logistics and buildings, with the buildings segment contributing 10% in Q1FY27. The segment includes commercial buildings, offices, multi-storey buildings, hotels and data centres (including a RailTel data-centre project). New-age industries including data centres, EV, semiconductors, renewables and lithium batteries account for ~35% of the order book, reducing dependence on traditional industrial PEB demand.
- **Stock Split:** The company announced a 1:5 stock split, aimed at improving stock liquidity and broadening participation among retail and institutional investors.
- **Working capital & Cash flow:** Operating cash flow turned positive at ₹ 26.8 crore in Q1FY27, with management expecting further improvement through FY27 as collections from large projects progress.
- **Export Strategy:** Export revenue remained modest at ₹ 10-12 crore in Q1FY27, but management is targeting exports at ~10% of turnover over the next 1-2 years.

Exhibit 1: Quarterly Analysis

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Operating Income	**460**	**381**	**20.7**	**504**	**-8.7**	Strong revenue growth driven by 17% growth in volume production
Other Income	3	10	-69.8	5	-40.9	
Total Revenue	460	381	20.7	504	-8.7	
Raw Materials Costs	279	228	22.0	293	-5.1	
Employees Expenses	43	40	6.8	42	2.3	
Other Expenses	98	80	22.5	115	-14.6	
Total Expenditure	420	349	20.4	451	-6.8	
EBITDA	**39**	**32**	**24.6**	**53**	**-25.3**	Margin improved YoY despite sharp rise in steel prices
EBITDA Margins (%)	8.6	8.3	27bps	10.5	-191bps	
Interest	1	1	27.9	0	250.1	
Depreciation	4	3	28.5	4	0.6	
Exceptional items	0	0	-	0	-	
PBT	38	38	-0.6	54	-29.9	
Tax	9	9	-1.0	17	-45.3	
Adj. PAT	**28**	**28**	**-0.5**	**37**	**-22.8**	

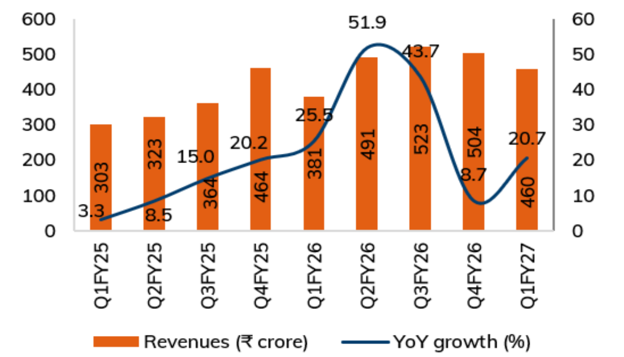
Source: Company, ICICI Direct Research

Exhibit 2: Order Book Trend



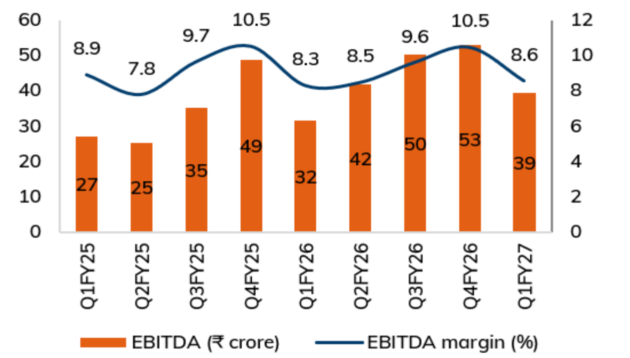
Source: Company, ICICI Direct Research

Exhibit 3: Revenue Trend



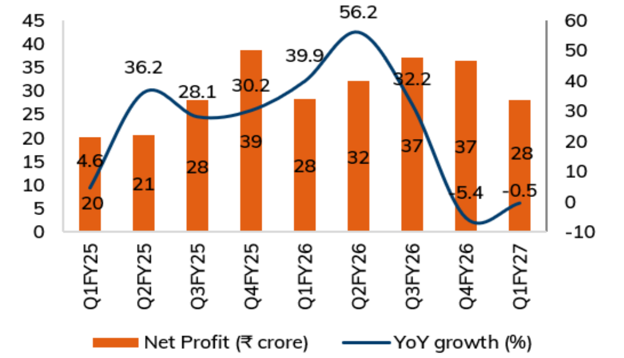
Source: Company, ICICI Direct Research

Exhibit 4: EBITDA Trend



Source: Company, ICICI Direct Research

Exhibit 5: PAT Trend



Source: Company, ICICI Direct Research

Financial summary

Exhibit 6: Profit and loss statement (₹ crore)

(Year-end March)	FY25	FY26	FY27E	FY28E
Revenue	**1,454**	**1,898**	**2,145**	**2,525**
% Growth	12.4	30.6	13.0	17.7
Other income	21	29	15	15
Total Revenue	1,474	1,927	2,160	2,539
% Growth	12.9	30.7	12.1	17.6
Raw Material Costs	889	1,143	1,292	1,513
Employee Expenses	147	170	193	227
Other expenses	282	409	461	543
Total Operating Exp.	1,318	1,722	1,946	2,283
EBITDA	**136**	**176**	**199**	**242**
% Growth	20.6	29.4	12.6	21.6
Interest	2	2	3	3
PBDT	154	203	210	253
Depreciation	12	14	16	18
PBT before Expl. Items	**143**	**188**	**194**	**235**
Total Tax	35	50	50	60
PAT before MI	108	138	145	175
PAT	**108**	**138**	**145**	**175**
% Growth	25.0	27.8	5.2	20.9
EPS	**64**	**82**	**86**	**104**

Source: Company, ICICI Direct Research

Exhibit 7: Cash flow statement (₹ crore)

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	108	138	145	175
Depreciation	12	14	16	18
Interest	2	2	3	3
Cash Flow before WC changes	148	190	199	242
Net Increase in Current Assets	(41)	(207)	(53)	(125)
Net Inc in Current Liabilities	(20)	42	80	83
Net CF from Operating activities	**54**	**(19)**	**176**	**139**
(Purchase)/Sale of Fixed Assets	(66)	(119)	(130)	(133)
Other investing cash flows	(119)	43	15	15
Net CF from Investing activities	**(185)**	**(76)**	**(115)**	**(118)**
Issue of Equity	187	3	-	-
Inc/(Dec) in loans	8	(7)	-	-
Others	(3)	(19)	(24)	(24)
Net CF from Financing Activities	**192**	**(22)**	**(24)**	**(24)**
Net Cash flow	61	(118)	37	(3)
Opening Cash/Cash Equivalent	138	199	81	119
Closing Cash/ Cash Equivalent	**199**	**81**	**119**	**115**

Source: Company, ICICI Direct Research

Exhibit 8: Balance sheet (₹ crore)

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	17	17	17	17
Reserve and Surplus	735	864	988	1,142
Total Shareholders funds	**751**	**881**	**1,005**	**1,159**
Total Debt	**17**	**15**	**15**	**15**
Total Liabilities	**769**	**896**	**1,020**	**1,174**
Gross Block	257	342	472	605
Acc: Depreciation	39	53	69	87
Net Block	218	288	402	517
Capital WIP	13	56	56	56
Total Fixed Assets	**231**	**345**	**459**	**574**
Non Current Assets	33	34	34	34
Inventory	166	215	247	290
Debtors	278	399	411	484
Other Current Assets	200	214	223	232
Cash	199	81	119	115
Total Current Assets	**842**	**909**	**999**	**1,122**
Current Liabilities	334	390	470	553
Provisions	4	2	2	2
Total Current Liabilities	**338**	**392**	**472**	**555**
Net Current Assets	504	517	527	566
Total Assets	**769**	**896**	**1,020**	**1,174**

Source: Company, ICICI Direct Research

Exhibit 9: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Data (₹)				
EPS	64.3	82.1	86.4	104.4
Cash per Share	71.9	91.5	96.7	116.1
DPS	12.5	12.5	12.5	12.5
BV	451.6	529.5	604.0	696.6
Operating Ratios (%)				
EBITDA Margin	9.4	9.3	9.3	9.6
PAT Margin	7.4	7.3	6.8	6.9
Asset Turnover (x)	1.9	2.1	2.1	2.1
Return Ratios (%)				
RoE	14.4	15.6	14.4	15.1
RoCE	16.2	18.1	17.9	19.0
Valuation Ratios (x)				
EV / EBITDA	17.4	14.1	12.3	10.1
P/E	26.4	20.7	19.7	16.3
EV / Net Sales	1.6	1.3	1.1	1.0
Sales / Equity	1.9	2.2	2.1	2.2
Market Cap / Sales	1.8	1.3	1.2	1.0
Price to Book Value	3.8	3.2	2.8	2.4
Working Capital Mgmt. Ratios				
Inventory Days	41.6	41.3	42.0	42.0
Debtor Days	69.7	76.8	70.0	70.0
Creditor Days	30.3	31.0	30.0	30.0
Solvency Ratios				
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	2.5	2.3	2.1	2.0
Quick Ratio	2.0	1.8	1.6	1.5

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey Head – Research pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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