

CMP: ₹ 2102

Target: ₹ 2850 (36%)

Target Period: 12 months

BUY

February 6, 2026

Preponing expansions anticipating high demand

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.

Q3FY26 performance: Interarch Building Solutions reported 44% YoY growth (up 6% QoQ) in revenues at ₹ 523 crore for Q3FY26. Gross margins contracted 68 bps YoY (down 114 bps QoQ) at 38.1%. However EBITDA margins improved 114 bps QoQ (flattish YoY) at 9.6% led by better absorption of fixed costs led by higher revenue growth. Consequently, EBITDA was up 43% YoY (up 21% QoQ) at ₹ 50 crore. Adjusting for one-off exceptional items of ₹ 3 crore, adjusted PAT was up 44% YoY (up 26% QoQ) at ₹ 41 crore.

Investment Rationale

- Facilitating capex with QIP to fast-track capacity expansion in lieu of strong demand:** With current capacity utilization near peak (~10% headroom), Interarch is accelerating expansion in Gujarat and Andhra Pradesh through a ₹ 100 crore QIP aimed solely at preponing capex. Heavy structures capacity is slated to double from 20,000 MT to ~40,000–45,000 MT by FY27, while PEB capacity will increase from 160,000 MT to 240,000 MT with the commissioning of two Gujarat plants. Consequently, the company's annual capacity in terms of revenues is slated to increase from current ~₹ 1900-2000 crores to ~₹ 3400-3500 crore by Q1FY28. Hence, the company is comfortable placed in achieving ₹ 2500 crore revenue guidance for FY28, while it has upped for FY26 (~₹ 1900 crore from ₹ 1720+ crore) and FY27 (₹ 2100+ crore from ₹ 2060 crore).
- Healthy order with strong pipeline:** The company has maintained a healthy order book of ₹ 1685 crore (as on January 31, 2026) despite strong execution during 9MFY26 (revenues up 41% YoY at ₹ 1394 crore). It has a robust order pipeline with a P1 (advance stage) pipeline of ~₹ 1,200 crore (20-22% hit rate) and P2 pipeline of ~₹ 1,000 crore. The pipeline is well diversified across various sectors with data centres and multi-storey institutional buildings contributing ~15% of the pipeline. It is also focusing on exports (two orders bagged from Myanmar and Ghana) eyeing African and North American continents, which typically offer higher margins and lower execution risk.

Rating and Target Price

- We retain BUY rating with a revised Target Price of ₹ 2850/- 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	1903.3	2169.2	2539.1	20.4
EBITDA	106.4	113.0	136.2	13.2	175.4	208.6	244.2	21.5
EBITDA margin (%)	9.5	8.7	9.4		9.2	9.6	9.6	
Net Profit	81.5	86.3	107.8	15.1	139.5	160.9	191.7	21.1
EPS (Rs)	48.6	51.4	64.3		83.2	95.9	114.3	
P/E (x)	43.3	40.9	32.7		25.3	21.9	18.4	
P/B (x)	8.8	7.9	4.7		4.0	3.5	3.0	
RoCE (%)	24.1	23.1	16.2		18.1	18.7	18.9	
RoE (%)	20.4	19.4	14.4		16.0	15.9	16.2	

Source: Company, ICICI Direct Research



Particulars

Particular	₹ crore
Market Capitalisation	3525
Gross Debt (FY25)	0
Cash (FY25)	199
EV (₹ crore)	3327
52 week H/L	2763/1264
Equity capital	17
Face value	10

Shareholding pattern

	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	59.9	59.9	59.4	59.4
FII	4.7	5.7	5.8	7.2
DII	6.5	7.0	7.0	4.0
Others	28.9	27.5	27.8	29.3

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:** Q3FY26 performance exceeded management expectations, driven by strong execution. FY26 revenue is now expected to reach ~₹ 1,900 crore (ahead of earlier guidance of ~₹ 1,720 crore). FY27 revenues are expected to exceed ₹ 2,060 crore and may reach to ₹ 2,100 crore, and the FY28 target of ₹ 2,500 crore remains achievable, supported by new capacities.
- **Operating Margin:** EBITDA margins are expected to stay broadly stable around current levels. While operational leverage exists, margin expansion may be offset in the near term by higher employee costs, expansion related overheads, and investments in exports and heavy structures.
- **Robust Order Pipeline:** The company maintains a strong pipeline, with near term (P1) pipeline of ~₹ 1,200 crore (hit rate 20-22%) and medium term (P2) pipeline of ~₹ 1,000 crore. Demand is diversified across semiconductor, renewables, EV, industrial, logistics, multi-storey commercial, and institutional buildings, indicating sustained growth momentum with average monthly order book of ₹ 180 crore.
- **₹ 100 crore QIP to fast track expansion:** Current capacity utilization is high with only ~10% incremental headroom available. To meet rising demand, Interarch is accelerating capacity expansion in Gujarat and Andhra Pradesh. The proposed ₹ 100 crore QIP is aimed solely at preponing planned capex by about a year to add manufacturing capacity, and not for funding working capital.
- **Capacity Expansion and Capex Plans:** Interarch is executing a significant capacity expansion across both heavy structures and PEB plants. The Andhra Pradesh heavy structures facility is being expanded in two phases, with Phase 1 becoming operational by H1FY27 and Phase 2 by FY27, each adding 20,000-22,000 MT and taking total heavy structures capacity to ~40,000-45,000 MT. In parallel, the company is developing its fifth and sixth fully integrated PEB plants in Gujarat, which will increase total PEB capacity from 160,000 MT to 240,000 MT. Capex for FY26 is expected to be up to ₹ 120 crore, while the combined capex for the heavy structures expansion and the sixth plant is estimated at ₹ 120-125 crore.
- **Clear revenue visibility from expanded capacity:** Each fully integrated plant has an annual revenue potential of ~₹ 500 crore. With ongoing expansions, Interarch expects to reach a medium term revenue potential of ₹ 3,400-3,500 crore.
- **Steel Price Volatility:** The company maintains ~2 months of physical inventory and ~2 months of supplier coverage, providing ~4 months of price visibility. Steel price fluctuations are factored in at the order pricing stage, limiting long-term margin impact.
- **Entering Export Market:** Interarch has already secured export orders from Myanmar and Ghana and is actively building partnerships in Africa, the US, and Canada. Export projects typically offer better margins due to limited execution risk and higher realizations.
- **Order book appears muted due to faster execution:** Management clarified that the relatively modest QoQ order book growth is a result of accelerated execution. Interarch executed significantly higher revenues during the quarter and therefore remained cautious in booking orders beyond a 9-10 month execution window to avoid delivery risks.

Exhibit 1: Quarterly Analysis

	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comments
Operating Income	523	364	43.7	491	6.4	Strong revenue growth highlights its strong
Other Income	8	6	34.5	6	26.8	execution capabilities
Total Revenue	523	364	43.7	491	6.4	
Raw Materials Costs	323	223	45.3	298	8.4	
Employees Expenses	43	39	11.6	44	-2.5	
Other Expenses	106	68	57.0	107	-1.0	
Total Expenditure	472	329	43.8	449	5.1	
EBITDA	50	35	43.2	42	20.7	Higher revenue growth leading to better
EBITDA Margins (%)	9.6	9.7	-3bps	8.5	114bps	absorption of fixed costs
Interest	1	1	-11.0	1	1.1	
Depreciation	4	2	55.0	3	10.5	
Exceptional items	-3	0	-	0	-	
PBT	53	38	42.3	44	22.6	
Tax	13	9	37.8	11	14.5	
Adj. PAT	41	28	43.7	32	25.5	

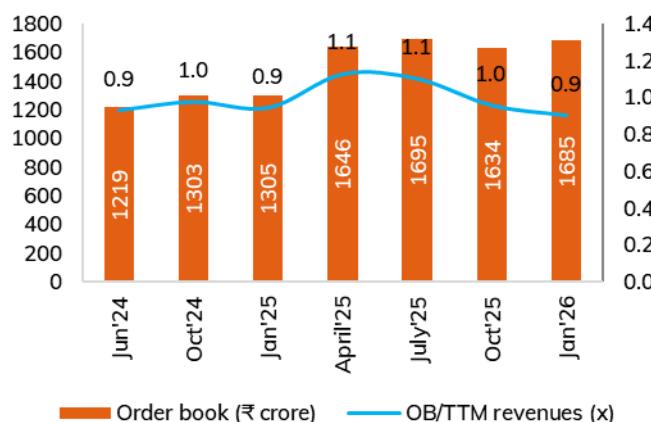
Source: Company, ICICI Direct Research

Exhibit 2: Change in Estimates

(₹ crore)	FY26			FY27			FY28		
	Old	New	% change	Old	New	% change	Old	New	% change
Revenues	1815	1903	4.8	2144	2169	1.2	2537	2539	0.1
EBITDA	166	175	5.9	215	209	-3.0	267	244	-8.6
EBITDA margin (%)	9.1	9.2	9bps	10.0	9.6	-41bps	10.5	9.6	-91bps
PAT	132	139	5.5	171	161	-5.7	214	192	-10.6
EPS (₹)	78.8	83.2	5.5	101.7	95.9	-5.7	127.8	114.3	-10.6

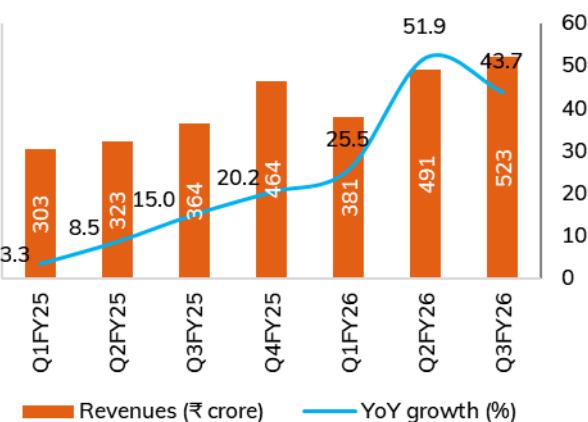
Source: ICICI Direct Research

Exhibit 3: Order Book Trend



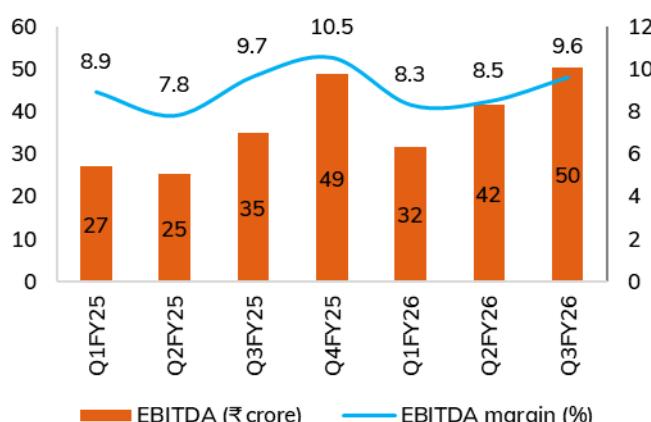
Source: Company, ICICI Direct Research

Exhibit 4: Revenue Trend



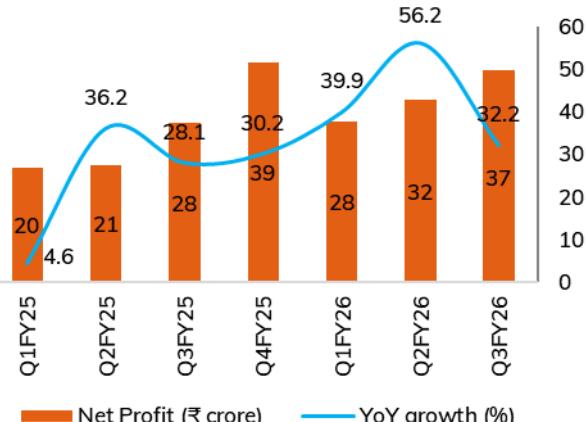
Source: Company, ICICI Direct Research

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)	FY25	FY26E	FY27E	FY28E
Revenue	1,454	1,903	2,169	2,539
% Growth	12.4	30.9	14.0	17.1
Other income	21	30	27	35
Total Revenue	1,474	1,933	2,196	2,574
% Growth	12.9	31.1	13.6	17.2
Raw Material Costs	889	1,163	1,325	1,551
Employee Expenses	147	171	195	229
Other expenses	282	394	440	515
Total Operating Exp.	1,318	1,728	1,961	2,295
EBITDA	136	175	209	244
% Growth	20.6	28.7	18.9	17.1
Interest	2	3	3	3
PBDT	154	202	232	275
Depreciation	12	14	16	18
PBT before Expl. Items	143	187	216	257
Total Tax	35	48	55	66
PAT before MI	108	139	161	192
PAT	108	139	161	192
% Growth	25.0	29.3	15.4	19.2
EPS	64	83	96	114

Source: Company, ICICI Direct Research

Exhibit 8: Cash Flow Statement				
(Year-end March)	FY25	FY26E	FY27E	FY28E
Profit after Tax	108	139	161	192
Depreciation	12	14	16	18
Interest	2	3	3	3
Cash Flow before WC changes	148	205	235	279
Net Increase in Current Assets	(41)	(149)	(90)	(123)
Net Inc in Current Liabilities	(20)	83	58	81
Net CF from Operating activities	54	92	148	172
(Purchase)/Sale of Fixed Assets	(66)	(100)	(100)	(60)
Other investing cash flows	(119)	-	-	-
Net CF from Investing activities	(185)	(100)	(100)	(60)
Issue of Equity	187	0	-	-
Inc/(Dec) in loans	8	-	-	-
Others	(3)	(24)	(24)	(24)
Net CF from Financing Activities	192	(24)	(24)	(24)
Net Cash flow	61	(33)	24	87
Opening Cash/Cash Equivalent	138	199	166	190
Closing Cash/ Cash Equivalent	199	166	190	277

Source: Company, ICICI Direct Research

Exhibit 9: Balance sheet				₹ crore
(Year-end March)	FY25	FY26E	FY27E	FY28E
Equity Capital	17	17	17	17
Reserve and Surplus	735	853	993	1,164
Total Shareholders funds	751	870	1,010	1,181
Total Debt	17	17	17	17
Total Liabilities	769	887	1,027	1,198
Gross Block	257	357	457	517
Acc: Depreciation	39	53	69	87
Net Block	218	303	387	429
Capital WIP	13	13	13	13
Total Fixed Assets	231	317	401	443
Non Current Assets	33	33	33	33
Inventory	166	219	250	292
Debtors	278	365	416	487
Other Current Assets	200	208	217	226
Cash	199	166	190	277
Total Current Assets	842	958	1,072	1,282
Current Liabilities	334	417	475	557
Provisions	4	4	4	4
Total Current Liabilities	338	421	479	560
Net Current Assets	504	537	593	722
Total Assets	769	887	1,027	1,198

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios				
(Year-end March)	FY25	FY26E	FY27E	FY28E
Per Share Data (₹)				
EPS	64.3	83.2	95.9	114.3
Cash per Share	71.9	92.5	106.3	126.0
DPS	12.5	12.5	12.5	12.5
BV	451.6	522.8	606.9	709.5
Operating Ratios (%)				
EBITDA Margin	9.4	9.2	9.6	9.6
PAT Margin	7.4	7.3	7.4	7.6
Asset Turnover (x)	1.9	2.1	2.1	2.1
Return Ratios (%)				
RoE	14.4	16.0	15.9	16.2
RoCE	16.2	18.1	18.7	18.9
Valuation Ratios (x)				
EV / EBITDA	21.8	17.1	14.3	11.8
P/E	32.7	25.3	21.9	18.4
EV / Net Sales	2.0	1.6	1.4	1.1
Sales / Equity	1.9	2.2	2.1	2.2
Market Cap / Sales	2.2	1.7	1.5	1.2
Price to Book Value	4.7	4.0	3.5	3.0
Working Capital Management Ratios				
Inventory Days	41.6	42.0	42.0	42.0
Debtor Days	69.7	70.0	70.0	70.0
Creditor Days	30.3	30.0	30.0	30.0
Solvency Ratios				
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	2.5	2.3	2.2	2.3
Quick Ratio	2.0	1.8	1.7	1.8

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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