

CMP: ₹ 1907

Target: ₹ 2600 (36%)

Target Period: 12 months

October 16, 2025

## “Pre-engineered” for Growth

**About 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.

### Investment Rationale

- A Seasoned player in an under-penetrated PEB industry:** Interarch has more than four decades experience in an under-penetrated PEB industry (~3-5%), which is expected to grow at ~9.5-10.5% CAGR over FY25E-FY30E, potentially reaching ₹ 33,000-34,500 crore from ₹ 21,000 crore (~8.3% CAGR over FY19-FY25E). Interarch holds commanding position (only second to Kirby) with ~7% market share in an industry where top 6-7 players hold 80-85% market share of organised pie (42-47% as on FY25). It is expected to capitalise (outpacing industry growth) from the rising domestic steel consumption (industrial/manufacturing, infrastructure, and buildings), shift from traditional construction methods (such as RCC), market share shift to organised players and rising demand from high-growth sectors (high rise steel buildings, renewables, EVs, Semiconductor manufacturing and data centres).
- Capacity expansion, healthy order book/order pipeline to drive growth:** Interarch is scaling up its capacities by 65% over FY25-FY30 (40,000 MT added in Q2FY26 crossing 2 lakh MT mark and another 65,000 MT to come onstream during FY27-FY28). 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. Its order book stood at ₹ 1695 crore (1.2x its FY25 revenues) as on July 2025 end while it has a strong visibility of new orders (Pipeline 1 orders of ₹ 2500 crore (25% hit rate) and Pipeline 2 orders of ₹ 4000 crore (finalisation time period up to 18 months)).
- Net-Debt free with sound capital efficiencies:** Interarch has been following a disciplined approach towards cost management, capital allocation, and operational efficiencies, which has helped it maintain stable cash conversion cycle, net debt-free balance sheet and self-fund its growth ambitions. The company's consistent generation of healthy operational cash flows is expected to maintain its net debt-free balance sheet while it is expected to incur ~₹ 200 crores capex over the next 2-3 years. We expect its return ratios to be on an upward trajectory as new capacities commission operations and contribute towards operational and net profitability.

### Rating and Target Price

- Interarch is slated to accelerate its growth trajectory backed by strong demand tailwinds, well aided by aggressive capacity expansion plans.
- We estimate its Revenues/EBITDA/PAT to grow at ~17%/23%/20% CAGR over FY25-FY28E. We initiate with a BUY rating and Target Price of ₹ 2600/- (23x P/E on FY28E).

BUY



### Particulars

Particular	₹ crore
Market Capitalisation	3173
Gross Debt (FY25)	0
Cash (FY25)	199
EV (₹crore)	2975
52 week H/L	2400/1264
Equity capital	17
Face value	10

### Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoter	59.9	59.9	59.9	59.9
FII	5.5	5.9	4.7	5.7
DII	9.3	6.9	6.5	7.0
Others	25.3	27.4	28.9	27.5

### 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

### Research Analyst

Ronald Siyoni  
ronald.siyoni@icicisecurities.com

Riddhi Gupta  
riddhi.gupta@icicisecurities.com

### Key Financial Summary

(₹ 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	1680.0	2020.0	2313.1	16.7
EBITDA	106.4	113.0	136.2	13.2	168.8	213.0	255.5	23.3
EBITDA margin (%)	9.5	8.7	9.4		10.0	10.5	11.0	
Net Profit	81.5	86.3	107.8	15.1	123.5	155.5	187.2	20.2
EPS (Rs)	49.0	51.8	64.8		74.2	93.4	112.5	
P/E (x)	39.0	36.8	29.4		25.7	20.4	16.9	
P/B (x)	7.9	7.1	4.2		3.7	3.2	2.7	
RoCE (%)	24.1	23.1	16.2		17.9	19.7	20.3	
RoE (%)	20.4	19.4	14.4		14.5	15.7	16.2	

Source: Company, ICICI Direct Research

## Company Background

Interarch Building Solutions is one of the leading turnkey pre-engineered steel construction solution providers in India with integrated facilities for design and engineering, manufacturing, on-site project management capabilities for the installation and erection of pre-engineered steel buildings (PEB). It commenced its operations in 1983. It has second largest aggregate installed capacity of over 2,00,000 MTPA among integrated PEB players in India. It holds a ~7% market share in the PEB industry in India. It has an extensive track record having completed execution of 756 PEB contracts from FY15 to FY25.

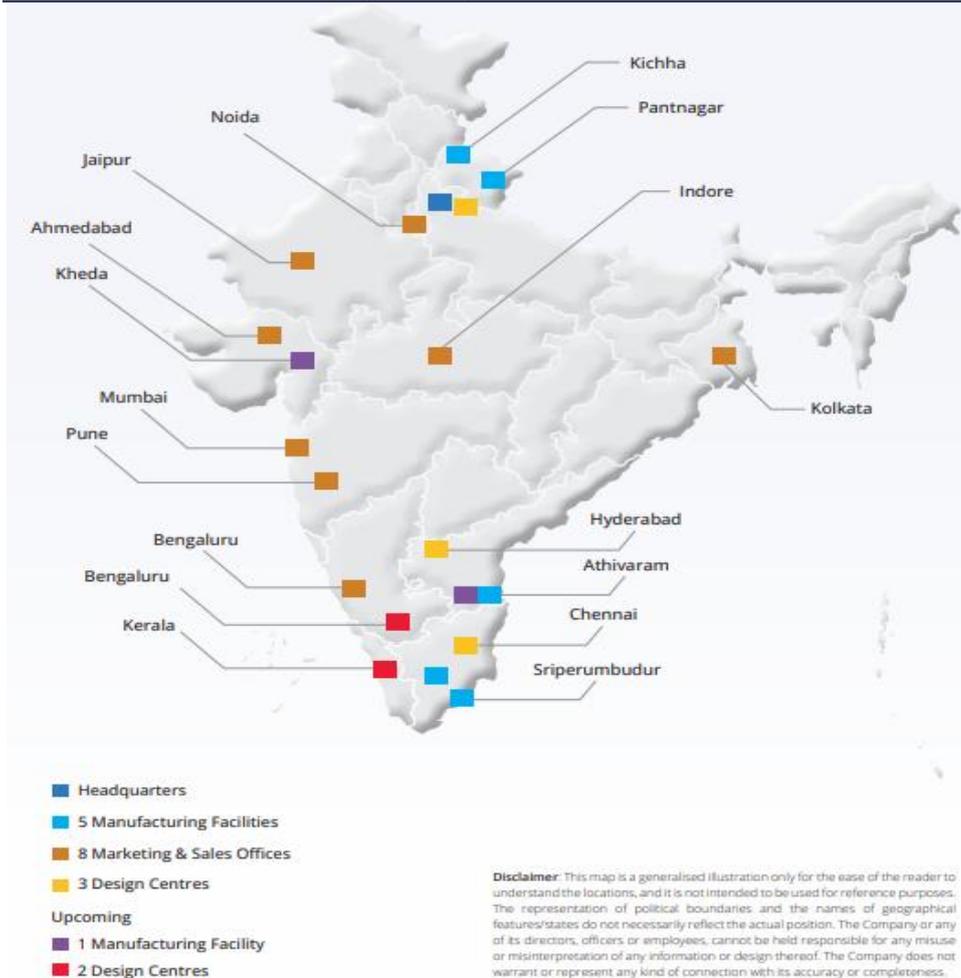
It has a strong presence in north & south with five manufacturing facilities across Andhra Pradesh, Tamil Nadu, & Uttarakhand having a cumulative capacity of ~2,01,000 MT (with utilizable capacity of ~1,67,500 mtpa). It plans to further increase its capacity in Andhra Pradesh (Heavy Steel Structures) & Gujarat (phase I) by 65,000 MT during FY27-FY28.

**Exhibit 1: Manufacturing capacity (Existing+Upcoming)**

Facility	Year of Establishment	Installed Capacity (MTPA)	Utilisable Capacity (MTPA)
Pantnagar	2005	31,000	26,000
Kiccha	2008	59,500	50,000
Tamil Nadu I	2007	10,000	8,500
Tamil Nadu II	2009	40,500	34,000
Andhra Pradesh I	2024	20,000	17,000
Andhra Pradesh II+Kiccha expansion	Sep-25	40,000	32,000
<b>Total</b>		<b>2,01,000</b>	<b>1,67,500</b>
Andhra Pradesh (Heavy Steel)	Q2FY27	25,000	NA
Gujarat	FY28	40,000	NA
<b>Grand Total</b>		<b>2,66,000</b>	<b>NA</b>

Source: Company, ICICI Direct Research

**Exhibit 2: Current Manufacturing capacity**



Source: Company, ICICI Direct Research

Interarch has built a diverse and loyal customer base across multiple sectors. Since its inception, the company's focus on engineering high-quality PEB solutions has earned the trust of several reputed clients, leading to consistent repeat business. Notably, three of Interarch's top five customer groups have maintained long-term relationships with the company for over five years, reflecting its strong customer satisfaction and reliability.

Exhibit 3: Interarch's Key Clientele across Select Sectors

American Clients	amazon	PEPSICO	Coca-Cola	Heinz	P&G Procter&Gamble	General Electric	Unilever	Ford
	GM General Motors	GOODYEAR	MAGELLAN AEROSPACE	Cargill	3M	Bovis Lend Lease	Fleetguard   Filtrum	H.B. Fuller
	JAGUAR	Audi	Ford	Volkswagen	TATA MOTORS	PEUGEOT	YAMAHA	TOYOTA
Auto & Auto Ancillaries	HONDA	MG	KIA MOTORS	Mahindra	General Motors	FIAT	HYUNDAI	SKODA
	MITSUBISHI	ESCORTS	MARUTI SUZUKI	FORCE MOTORS	JCB	JBM	BAJAJ	EXIDE
	AMARA RAJA	BRIDGESTONE	GOODYEAR	CEAT	MAXXIS	TATA	TATA	AIS
Aviation	DELHI AIRLINES	JET AIRWAYS	IndiGo	spicejet	Oban Flight Services	AIR DECCAN Simplify	INTERGLOBE	Asahi India Glass Ltd.
Cement	UltraTech CEMENT The Engineer's Choice	JK Cement LTD.	NUVOCO	Ambuja Cement	JK WHITE CEMENT	LAFARGE	MANGALAM CEMENT	
Defense Engineering	MAGELLAN AEROSPACE	HAL	LARSEN & TOUBRO	Mahindra AEROSPACE	TAL	TATA TATA ADVANCED SYSTEMS	Mahindra DEFENCE	
E-com & Retail	amazon	Flipkart	lenskartloom	Myntra	DECATHLON	METRO	D-Mart	TTC Limited
Logistics & Warehousing	INDOSPACE	ESR	LOGOS India	adani	SAFEXPRESS	TCI	amazon	Flipkart
Paints	asianpaints	Berger	asian paints	AkzoNobel	NIPPON PAINT	SHERBEEC		AUM DACRO COATINGS
Renewable Energy	Reliance NEW ENERGY	TATA TATA POWER SOLAR	ReNew POWER	SIEMENS Gamesa	VOITH	First Solar.	EXIDE	AMARA RAJA
Pharma & Healthcare	Cipla	P&G Health	ipca	INTAS	Dr.Reddy's	Apollo HOSPITALS	Fortis	INDOHEALTH PHARMACEUTICALS
	ORGANOSYS	torrent PHARMIA	glenmark	CHEMO	Delta Biopharma	PAR	PRAXAIR	Emcure

Source: Company, ICICI Direct Research

## Industry Overview

Pre-Engineered steel construction (major raw material is steel) is a sub segment of the overall prefabricated building (combination of raw materials such as concrete, metals, etc). PEB structures are fabricated in the factories in a controlled environment and then transported to the construction site where the final assembly takes place, whereas prefabricated buildings can be in knockdown, semi-knockdown or as completely built in units.

Pre-engineered steel structures/units are more eco-friendly than traditionally constructed ones and provide benefits such as reduced material wastage, enhanced quality control, and improved onsite safety.

PEBs has wide application areas in Industrial/manufacturing (Manufacturing plants, factories, power plants), Infrastructure (warehouse, bridges, dams, roads, airport, canals, etc), & buildings (residential-houses, residential towers), (non-commercial-hospitals, educational institutional), (commercial-office, retail malls).

Usage of Pre-Engineered Steel Building has many advantages over traditional Constructions in terms of completion time (~40-50% lesser), manpower (~25% lesser), cost efficiency, lower maintenance costs, better durability and higher salvage value.

### Exhibit 4: Pan India Reach

Parameter	Traditional RCC Construction	Pre-engineered Steel Construction
 MAJOR COMPONENT	✓ Concrete and reinforced steel bars	✓ Steel and metal accessories
 RAW MATERIALS USED	✓ Cement, steel, sand, bricks, etc	✓ Steel, anchors, channels, coils etc
 CONSTRUCTION LOCATION	✓ Completely on site	✓ Manufactured in controlled environments such as factories, only assembling of structures happens onsite.
 CONSTRUCTION TIME	✓ Takes more construction time than PEB construction	✓ 40%-50% lesser time than RCC as majority of components are manufactured in a controlled environment and only assembling of parts takes place on site
 MANPOWER	✓ Demands a substantial workforce since the entire construction process, including moulding and shaping concrete, occurs on-site	✓ Approximately 25% lesser than the conventional method as only assembling of the final structure happens on site
 APPLICATIONS	✓ Residential as well as industrial; even infrastructural	✓ Largely industrial and warehouse or shed requirements at infrastructure setup
 EFFECT ON ENVIRONMENT	✓ More adverse environmental impact owing to the generation of significant waste and landfill mass during on-site construction activities	✓ Owing to the streamlined nature of construction, it minimises its environmental footprint by minimising wastage, less air pollution
 MODIFICATIONS	✓ Challenges in modifications once the concrete has hardened, making alterations complex & costly	✓ Offers flexibility as modifications involve changing the assembly of prefabricated components, adjusting to make it more manageable & cost-effective
 COST EFFICIENCY	✓ highly labour-intensive work in an uncontrolled environment, which makes it more costly than PEB structures	✓ Comparatively lighter, requires less material, needs shorter construction time, less labour on-site, contributing to lower cost

Source: Company, ICICI Direct Research

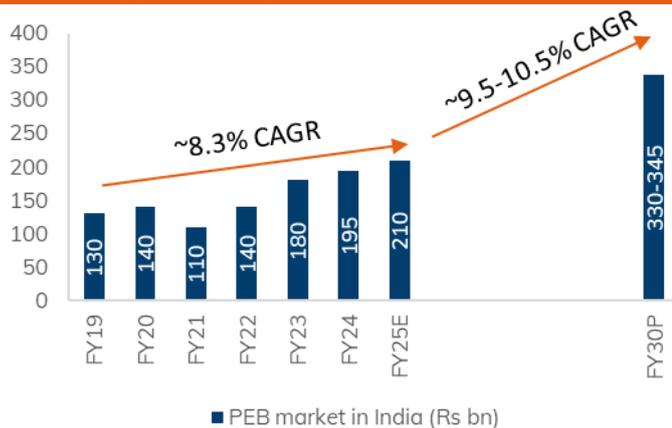
## Investment Rationale

### Domestic PEB industry is expected to grow at ~9.5-10.5% CAGR over FY25E-FY30E

Pre-Engineered Building industry in India is estimated to have grown at ~8.3% CAGR over FY19-25E to Rs 21,000 crore, led by increased construction investments and growing awareness of PEB. Going ahead, the industry is expected to maintain a growth trajectory of ~9.5-10.5% over FY25E-FY30E, potentially reaching ₹ 33,000-34,500 crore. The healthy growth outlook is based upon rising investments in industrial and infrastructure sectors, such as warehouses and logistics as well as expressways (wayside amenities and toll plazas).

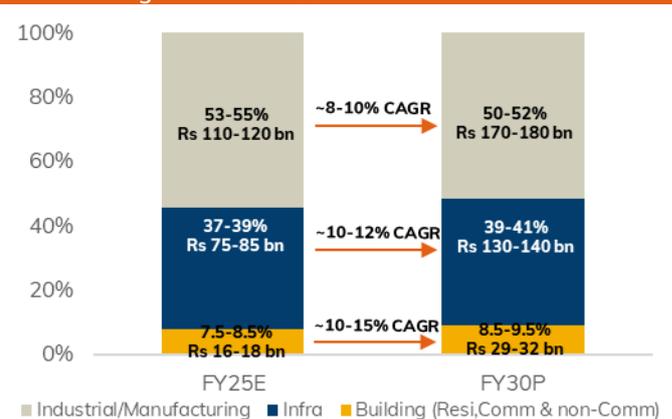
The Pre-Engineered steel building market in India can be divided into three broad based end-use sectors: industrial/manufacturing, infrastructure, and building (residential, commercial and non-commercial). Industrial/Manufacturing is expected to grow at 8-10% CAGR (driven by higher penetration), Infrastructure at 10-12% CAGR (led by setting up of warehouses, cold storage facilities, and urban and rural infrastructure), and Building at 10-15% CAGR over FY25E-FY30P.

Exhibit 5: PEB market size trend in India



Source: Company, Industry, ICICI Direct Research

Exhibit 6: Segment-wise PEB outlook

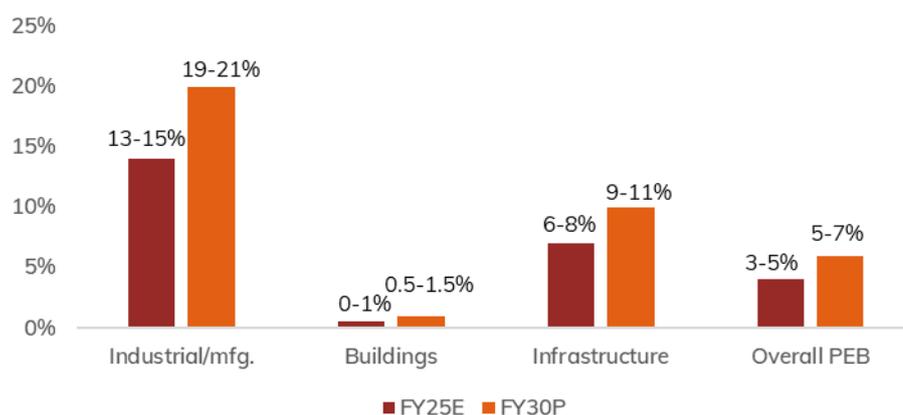


Source: Company, Industry, ICICI Direct Research

### Low PEB penetration in construction provide potential growth opportunities

The overall PEB penetration in India is estimated at ~3-5% in FY25. However, growing awareness of benefits of PEB over traditional construction methods, combined with low penetration of PEB in the building sector (~0-1% in FY25), provides enough headroom for further growth in this sector. Furthermore, growing urbanisation coupled with space and time constraints have fuelled the shift towards vertical construction from horizontal construction. This shift is also expected to increase the demand of PEB in buildings segment, especially in high-rise buildings. Overall, the share of pre-engineered steel construction in overall construction is expected to increase to 5-7% by FY30.

Exhibit 7: Share of pre-engineered steel construction in various sectors

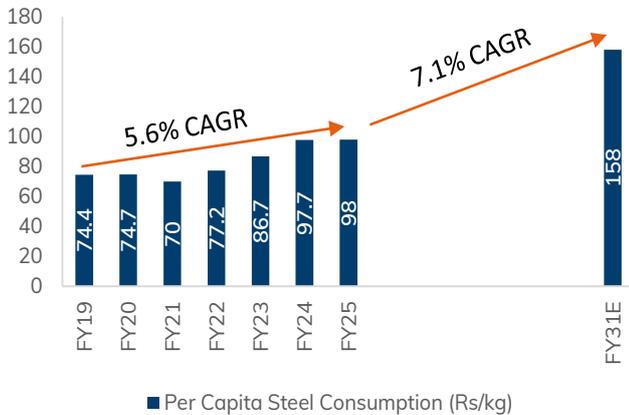


Source: Company, ICICI Direct Research

### Huge scope for increase in Steel consumption in India

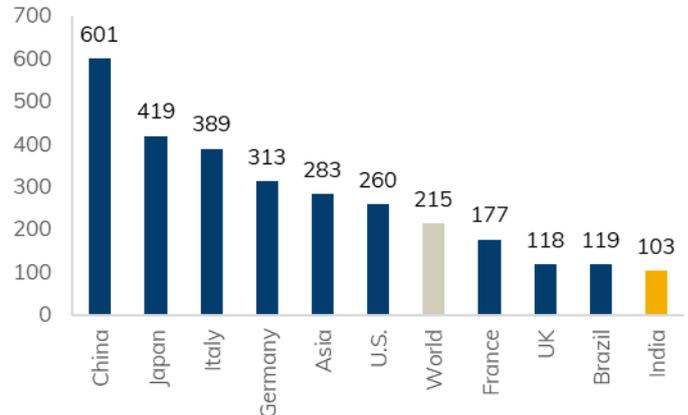
The steel sector is essential to vital industries including construction, infrastructure, automotive, engineering, and defence. India's per capita steel consumption stood at 103 kg p.a., compared to global average of 215 kg. The National Steel Policy, 2017 envisage 300 million tonnes of production capacity and 160 kg per capita steel consumption by 2030. The per capita consumption of steel has increased at 5.6% CAGR over FY19-FY25 while it is expected to grow at 7.1% CAGR over FY25-FY31. Moreover, India's steel consumption stood at 103 kgs in CY2024 as against world average of 215 kg and China's 601 kg. Consequently, there is huge potential for India to increase steel consumption, which is expected to be driven by increased infrastructure construction and the thriving automobile and railways sectors.

Exhibit 8: India's per capita Steel consumption trend



Source: Company, Ministry of Steel, ICICI Direct Research

Exhibit 9: Apparent Steel Use per Capita (in kgs) for CY24

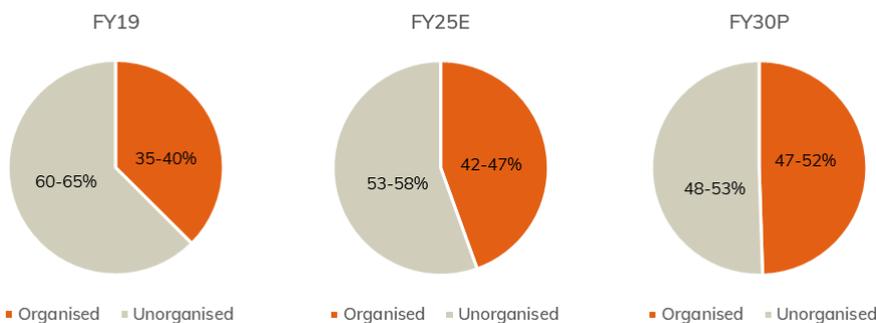


Source: Company, WSA, ICICI Direct Research

### Organised players to continue gain market share

The organised industry is estimated to hold a 42-47% revenue share in the overall industry as of FY25 (35-40% revenue share in FY19). The remainder is the fragmented unorganised industry, which accounts for 53-58% of the overall market, as high capital investment is not required for entering the market. However, the organised sector has an edge over the unorganised sector in terms of a reliable track record, supply chain capabilities, and quality engineering services and products, due to which there has been a growing shift towards the organised sector. This shift is also expected to augment the revenue of players in the organised market. Hence, moving forward, share of organized industry is estimated to increase to 47-52% by FY30, whereas unorganized industry will hold the remainder 48-53%.

Exhibit 10: Share of organised and unorganised sectors in PEB

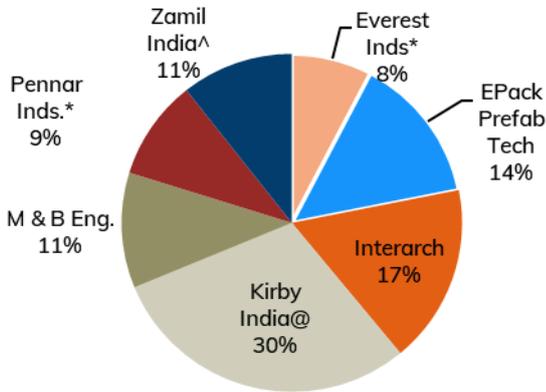


Source: Company, ICICI Direct Research

**Well positioned among top three organised players having ~7% market share**

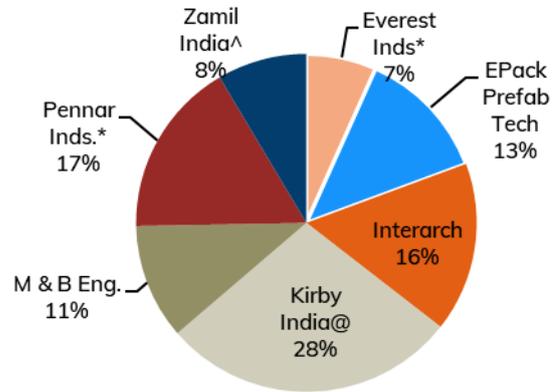
Interarch has the second largest aggregate installed capacity of 161,000 MTPA as on FY25 and is ranked third in terms of operating revenues from PEB business. Considering overall PEB industry size of ₹ 21,000 crore as on FY25, top seven players account for ~43% revenue share and Interarch ~7% market share. As per industry estimates, top 6-7 players command 80-85% share of the organised pie (42-47% as on FY25). Further, large organised players like Interarch is said to be growing at a faster pace than overall pre-engineered steel building industry owing to their reliable track record, maximised supply chain capabilities and quality engineering services and products. We believe Interarch is well positioned to benefit from the increasing market share for organised players during FY25-FY30.

**Exhibit 11: Top 7 players capacity mix as on FY25**



Source: Company, ICICI Direct Research, \*PEB revenue share,

**Exhibit 12: Top 7 players revenue mix as on FY25**



Source: Company, ICICI Direct Research, @CY2024 data, ^FY24 data

**Exhibit 13: Peer Comparison**

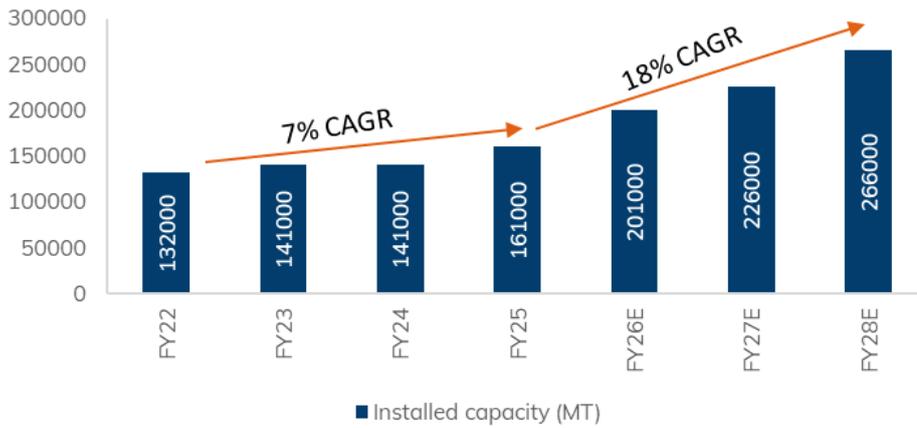
Particulars	Interarch	Kirby*	Epack Prefab	M&B Engineering	Pennar Inds.**	Everest Inds.**	Zamil India^
Revenues (₹ crore)	1,454	2,211	1,134	989	3,227	1,723	762
Gross profit (₹ crore)	565	805	389	313	1,311	695	214
GPM (%)	38.8	36.4	34.3	31.7	40.6	40.3	28.1
EBITDA (₹ crore)	136	236	118	126	311	30	26
EBITDA margin (%)	9.4	10.7	10.4	12.8	9.6	1.7	3.4
PAT (₹ crore)	108	169	59	77	119	(4)	10
PAT margin (%)	7.4	7.7	5.2	7.8	3.7	(0.2)	1.3
RoE (%)	14.4	38.0	16.8	25.1	11.9	(0.6)	8.9
RoCE (%)	16.2	49.7	17.8	23.1	13.6	(1.2)	10.4
Net Debt/Equity (x)	(0.2)	(1.0)	0.2	0.3	0.6	0.3	0.6

Source: Company, ICICI Direct Research, \*CY23 data, \*\*includes non-PEB businesses, ^FY24 data

**Ramping up capacities by 65% over FY25-FY30 in anticipation of rising demand**

Interarch is scaling up its capacities significantly to cater to high growth sectors such as High-rise steel Buildings, Renewables, EV sector, Semiconductor manufacturing, data centres and infrastructure projects across South and West of India. In Q2FY26, it commissioned Phase 2 of its Andhra Pradesh PEB plant (35,000 MT) and new Box Column Line at Kichha, Uttarakhand (15,000 MT) at an investment of ₹ 53 crores, crossing 2 lakh MT milestone. Further, it is setting up a new plant in Andhra Pradesh having installed capacity of 25,000 MT (phase 1) at an investment of ₹ 100 crores, which is expected to start production by Q2FY27. It also announced setting up 40,000 MT (phase 1) capacity at an investment of ~₹ 70 crores in Kheda, Gujarat which is expected to come on stream in FY28. Overall, it is on track to increase its capacities at 18% CAGR over FY25-FY28 versus at 7% CAGR done during FY22-FY25. The steep capacity additions over the next three years is expected to cement its leadership positioning in PEB industry while it targets to achieve ₹ 2400 crore turnover by FY28.

Exhibit 14: Installed Capacity Trend



Source: Company, ICICI Direct Research

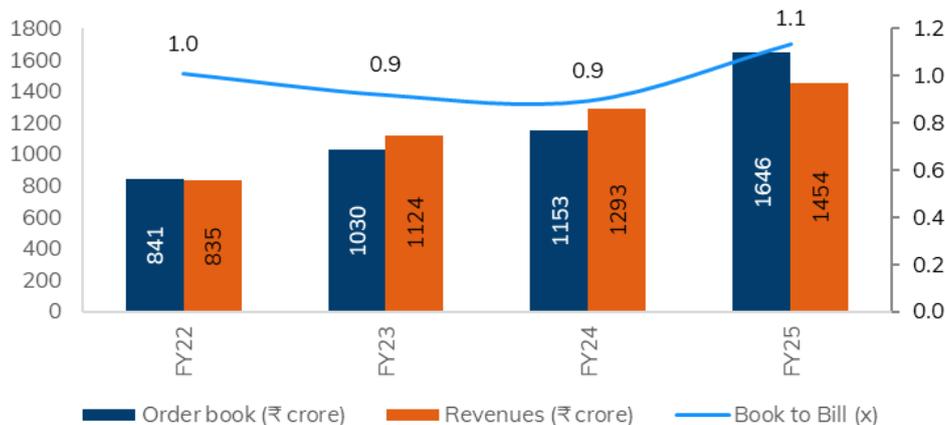
### Healthy order book along with strong customer stickiness

Interarch has grown its order book at a CAGR of 25% over FY22-25, which is attributable to an enhancement of its reputation and brand image, acquisition of new customers, improvement in its ability to pre-qualify for winning new orders, among others. The company has established long-standing relationships owing to its emphasis on quality consciousness, cost efficiency and timely execution. Consequently, the share of repeat orders in its revenues has increased from 59% in FY22 to 82% in FY25. Further, three of its top five customer groups have been associated with the company for over five years.

As on Q1FY26, its order book stood at ₹ 1695 crore (1.2x its FY25 revenues). The company's new order pipeline is bifurcated into two parts: Pipeline 1 orders of ₹ 2500 crore (Quoted orders to customers, finalisation time period of 1 to 6 months, company's hit rate of 25%) and Pipeline 2 orders of ₹ 4000 crore (estimates provided to customers while designing and other work flow pending, finalisation time period up to 18 months). Owing to company's strong positioning in the PEB industry, most of the large enquiries and orders come to either of the company or Kirby or many times to both of them.

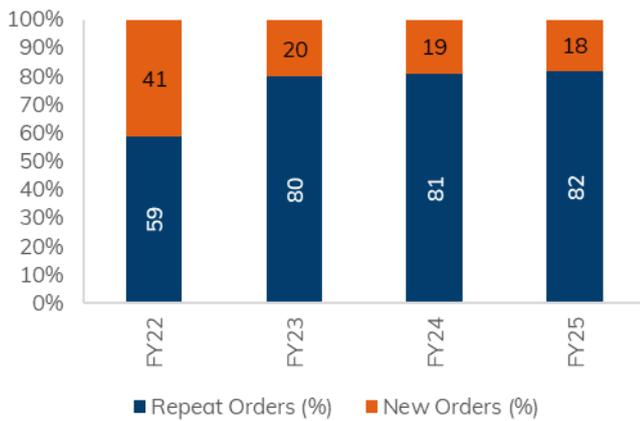
Interarch has built a diverse and loyal customer base across multiple sectors. Since its inception, the company's focus on engineering high-quality PEB solutions has earned the trust of several reputed clients, leading to consistent repeat business. Notably, three of Interarch's top five customer groups have maintained long-term relationships with the company for over five years, reflecting its strong customer satisfaction and reliability.

Exhibit 15: Order book to Bill ratio trajectory



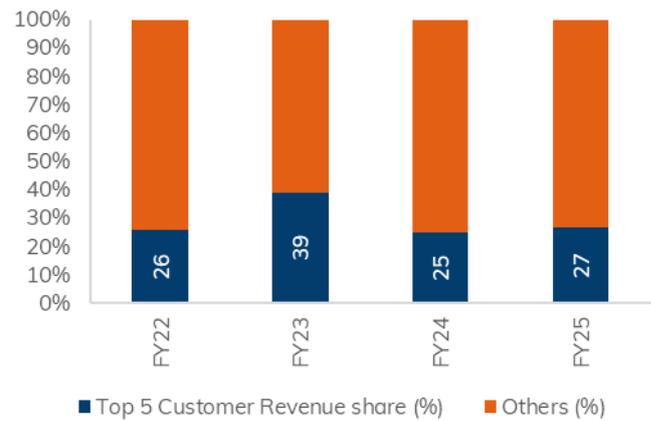
Source: Company, ICICI Direct Research

Exhibit 16: Repeat Orders as a % of Revenue



Source: Company, ICICI Direct Research

Exhibit 17: Revenue share of Top 5 customer groups



Source: Company, ICICI Direct Research

We expect order book to continue to grow going ahead, led by healthy order pipeline. Historically, Interarch has been the fastest growing major players in the PEB Industry outpacing the industry and its peers. We believe, going ahead, Interarch will continue to outpace the industry, mainly on better project management capabilities, diverse customer base & long-standing relationship with repeat customers. Moreover, Interarch is an end-user sector agnostic player which would aid them to mitigate its risk of dependence on single sector. Execution of existing order book, strong order pipeline, addition of new clients is expected to post good revenue growth going ahead. The company targets to increase its revenue to Rs 2,400 crores by FY28 at a CAGR of 18-20% over FY25-28.

## Risk and Concerns

### Intense Competition and Margin pressure

The PEB sector in India is highly competitive, with established players like Kirby, Pennar, and Zamil, along with numerous smaller regional operators. This intense rivalry creates significant pricing pressure, especially for large industrial and infrastructure projects. This aggressive pricing environment can lead to margin pressures for Interarch.

### Highly dependent on end user capex

Interarch's growth depends largely on both private and government capex. This makes the company's performance sensitive to changes in investment cycles. Any slowdown in private sector spending or delays in government projects—due to policy changes, elections, or budget disbursement issues—can reduce new orders and slow down the company's overall growth.

### Skilled Labor & Talent Management

Interarch has high reliance on skilled professionals for PEB projects. The scarcity of qualified designers, engineers, fabricators, and site supervisors, combined with the risk of attrition, could directly impact Interarch's operational efficiency, delivery timelines, and product quality.

### Supply Chain Risk

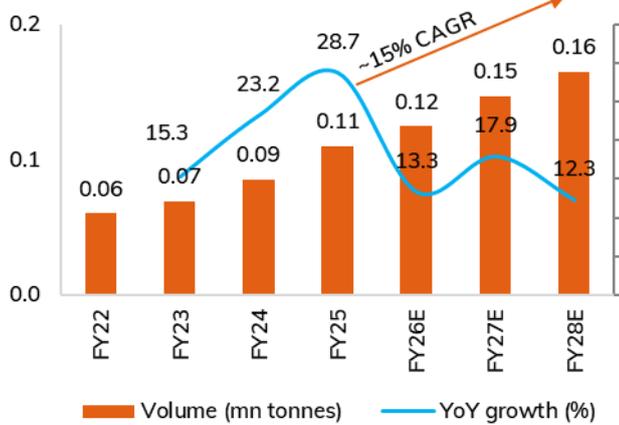
India's steel demand is set to grow by 9% for both FY26 and FY27, as forecasted by World Steel Association. This could strain steel availability and drive up prices. While Interarch can pass on increased costs to customers through variable-price contracts, a steel shortage would still negatively impact the company by creating production delays and potentially disrupting projects.

## Key Financial Summary

### Revenue to grow at ~17% CAGR over FY25-28E aided by capacity expansion

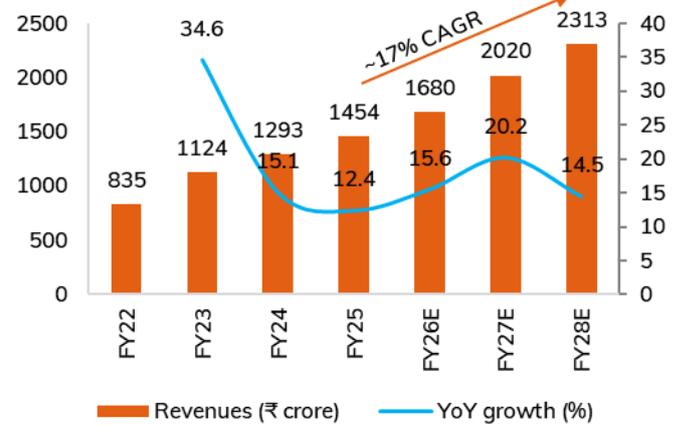
Interarch has grown its revenue at ~20% CAGR over FY22-25 led by ~22% CAGR in volumes aided by continuous additions in capacities. During the same period, it grew its order book at ~25% CAGR, indicating ample demand which is only constrained by its capacity. Going forward, it is scaling up its capacities at ~18% CAGR over FY25-FY28E while the management targets to grow its revenues at 17+% CAGR to achieve ₹ 2400 crore revenues by FY28. We expect its volumes/revenues to grow at a CAGR of ~15%/~17% over FY25-FY28.

Exhibit 18: Volume trend



Source: Company, ICICI Direct Research

Exhibit 19: Revenue trend

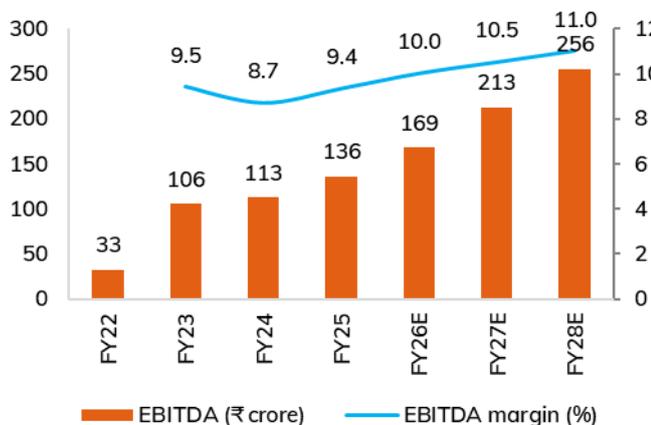


Source: Company, ICICI Direct Research

### Increasing scale of operations to drive OPMs and net profitability

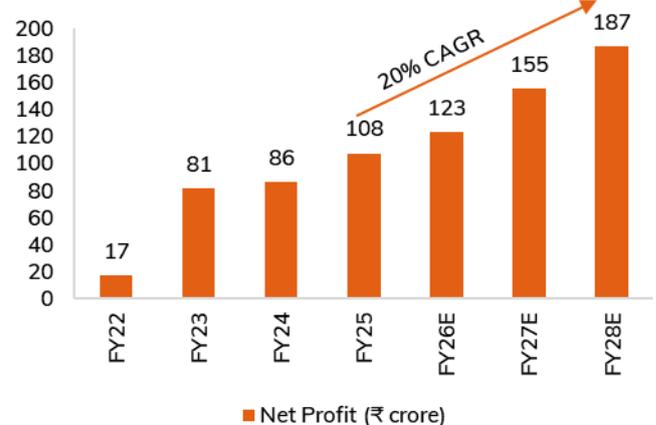
The PEB business has high fixed costs such as employee costs, sales costs, designing costs, project management costs, among others which do not increase significantly with higher turnover. As the company is scaling up its capacities and is aiming to grow its revenues at 17+% CAGR over FY25-FY28, we expect its EBITDA margins to improve materially owing to operating leverage, increase in order ticket size, eyeing export markets, venturing into “heavy structure” vertical, among others. Consequently, we estimate its EBITDA/net profit to grow at a CAGR of 23%/20% over FY25-FY28E.

Exhibit 20: EBITDA/EBITDA margin trend



Source: Company, ICICI Direct Research

Exhibit 21: Adj. PAT trend

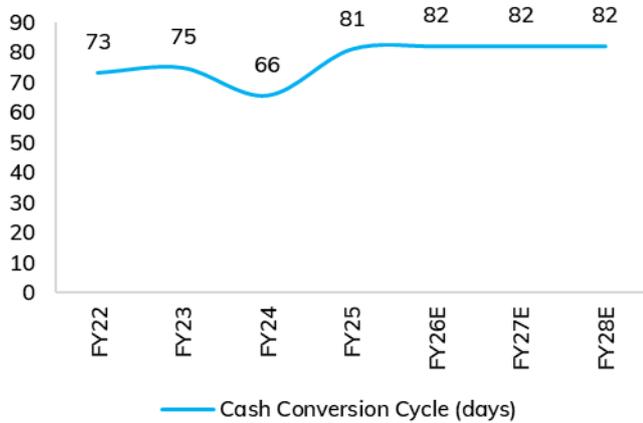


Source: Company, ICICI Direct Research

**Net-debt free balance sheet with healthy financial ratios**

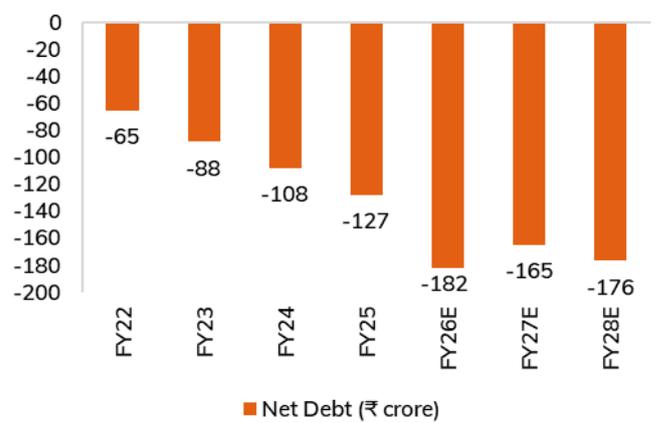
Interarch has been following a disciplined approach towards cost management, capital allocation, and operational efficiencies, which has helped it maintain stable cash conversion cycle, net debt-free balance sheet and self-fund its growth ambitions. The company’s consistent generation of healthy operational cash flows is expected to maintain its net debt-free balance sheet while it is expected to incur ~₹ 200 crores capex over the next 2-3 years. We expect its return ratios to be on an upward trajectory as new capacities commission operations and contribute towards operational and net profitability.

**Exhibit 22: Cash Conversion Days trend**



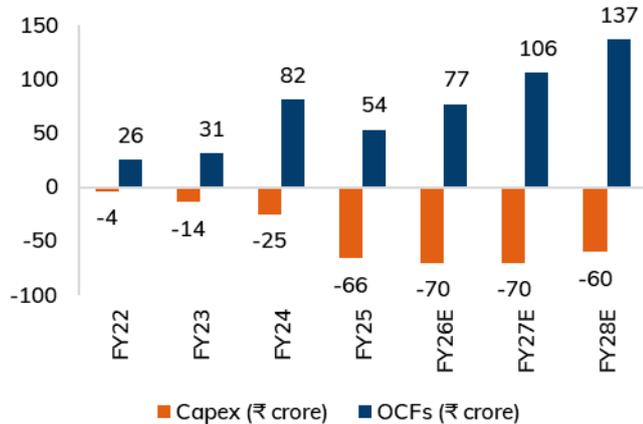
Source: Company, ICICI Direct Research

**Exhibit 23: Net Debt trend**



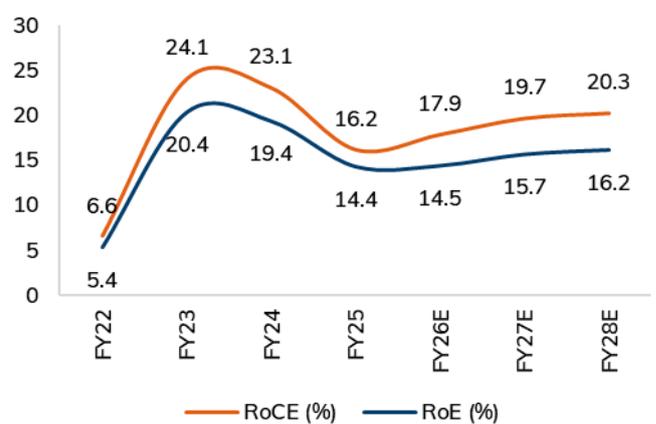
Source: Company, ICICI Direct Research

**Exhibit 24: OCFs/Capex trend**



Source: Company, ICICI Direct Research

**Exhibit 25: ROE/RoCE trend**

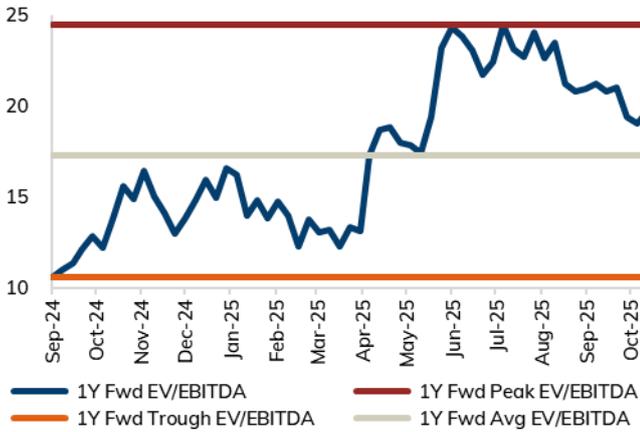


Source: Company, ICICI Direct Research

## Valuation

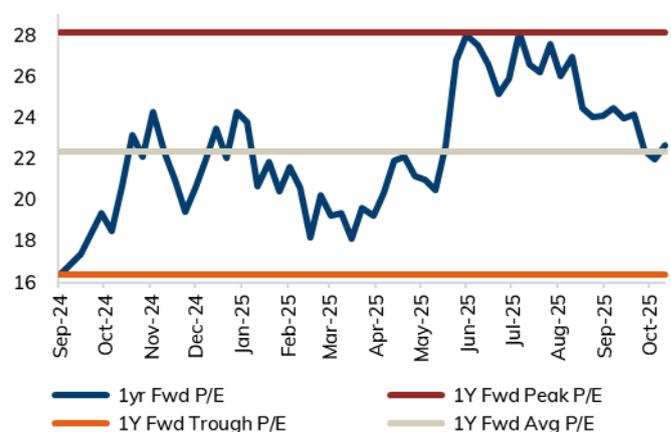
Interarch is slated to accelerate its growth trajectory backed by strong demand tailwinds, well aided by its aggressive capacity expansion plans. The company’s leadership positioning, high customer stickiness, rising demand from new age high-growth sectors along with healthy growth outlook for the domestic PEB industry provides strong growth tailwinds. We estimate its Revenues/EBITDA/PAT to grow at ~17%/23%/20% CAGR over FY25-FY28E. We initiate with a BUY rating and Target Price of ₹ 2600/- (23x P/E on FY28E).

Exhibit 26: One-year Fwd EV/EBITDA trend



Source: Company, ICICI Direct Research

Exhibit 27: One-year Fwd P/E trend



Source: Company, ICICI Direct Research

## Financial Summary

### Exhibit 28: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	1,293.3	1,453.8	1,680.0	2,020.0	2,313.1
% Growth	15.1	12.4	15.6	20.2	14.5
Other income	13.0	20.7	13.4	14.1	17.2
Total Revenue	1,306.3	1,474.5	1,693.4	2,034.0	2,330.3
% Growth	15.0	12.9	14.8	20.1	14.6
Raw Material Costs	823.8	889.1	1,027.4	1,235.3	1,414.5
Employee Expenses	119.0	147.0	168.0	202.0	231.3
Other expenses	237.6	281.5	315.8	369.7	411.7
Total Operating Exp.	1,180.3	1,317.6	1,511.2	1,806.9	2,057.6
EBITDA	113.0	136.2	168.8	213.0	255.5
% Growth	6.2	20.6	23.9	26.2	19.9
Interest	2.2	2.4	3.4	3.4	3.4
PBDT	123.9	154.5	178.7	223.7	269.3
Depreciation	8.0	11.8	13.0	15.0	18.0
PBT before Expl. Items	115.9	142.7	165.7	208.7	251.3
Total Tax	29.6	34.9	42.3	53.2	64.1
PAT before MI	86.3	107.8	123.5	155.5	187.2
PAT	86.3	107.8	123.5	155.5	187.2
% Growth	5.9	25.0	14.5	25.9	20.4
EPS	51.8	64.8	74.2	93.4	112.5

Source: Company, ICICI Direct Research

### Exhibit 29: Cash flow statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Profit after Tax	86.3	107.8	123.5	155.5	187.2
Depreciation	8.0	11.8	13.0	15.0	18.0
Interest	0.8	1.5	3.4	3.4	3.4
Cash Flow before WC changes	116.9	148.3	182.1	227.1	272.8
Net Increase in Current Assets	(42.1)	(41.4)	(97.0)	(142.4)	(135.7)
Net Inc in Current Liabilities	37.1	(20.2)	34.4	74.5	64.2
Net CF from Operating activities	81.5	53.6	77.3	106.0	137.3
(Purchase)/Sale of Fixed Assets	(24.9)	(65.6)	(70.0)	(70.0)	(60.0)
Other investing cash flows	7.7	(119.0)	-	-	-
Net CF from Investing activities	(17.2)	(184.6)	(70.0)	(70.0)	(60.0)
Issue of Equity	(43.3)	186.8	-	-	-
Inc/(Dec) in loans	(1.2)	7.9	-	-	-
Others	(1.4)	(2.7)	(24.2)	(24.2)	(24.2)
Net CF from Financing Activities	(45.9)	192.1	(24.2)	(24.2)	(24.2)
Net Cash flow	18.5	61.1	(17.0)	11.8	53.0
Opening Cash/Cash Equivalent	119.2	137.7	198.8	181.8	193.5
Closing Cash/ Cash Equivalent	137.7	198.8	181.8	193.5	246.6

Source: Company, ICICI Direct Research

### Exhibit 30: Balance sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Equity Capital	14.4	16.6	16.6	16.6	16.6
Reserve and Surplus	430.2	734.8	837.4	972.1	1,138.5
Total Shareholders funds	444.6	751.4	854.1	988.7	1,155.2
Total Debt	10.2	17.2	17.2	17.2	17.2
Total Liabilities	454.8	768.6	871.3	1,005.9	1,172.4
Gross Block	192.9	256.6	326.6	396.6	456.6
Acc: Depreciation	27.0	38.8	51.8	66.8	84.8
Net Block	165.9	217.8	274.8	329.8	371.8
Capital WIP	12.7	13.5	13.5	13.5	13.5
Total Fixed Assets	178.5	231.3	288.3	343.3	385.3
Non Current Assets	(0.4)	33.2	33.2	33.2	33.2
Inventory	146.8	165.7	193.3	232.4	266.2
Debtors	218.9	277.6	322.2	387.4	443.6
Other Current Assets	67.7	199.7	224.6	262.7	308.4
Cash	137.7	198.8	181.8	193.5	246.6
Total Current Assets	571.1	841.8	921.9	1,076.0	1,264.7
Current Liabilities	292.2	333.8	368.2	442.7	507.0
Provisions	1.7	3.9	3.9	3.9	3.9
Total Current Liabilities	293.9	337.7	372.1	446.6	510.8
Net Current Assets	277.2	504.1	549.8	629.4	753.9
Total Assets	455.4	768.6	871.3	1,005.9	1,172.4

Source: Company, ICICI Direct Research

### Exhibit 31: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Per Share Data					
EPS	51.8	64.8	74.2	93.4	112.5
Cash per Share	56.6	71.9	82.0	102.4	123.3
DPS	-	12.5	12.5	12.5	12.5
BV	267.2	451.6	513.3	594.2	694.2
Operating Ratios					
EBITDA Margin	8.7	9.4	10.0	10.5	11.0
PAT Margin	6.7	7.4	7.3	7.7	8.1
Return Ratios					
RoE	19.4	14.4	14.5	15.7	16.2
RoCE	23.1	16.2	17.9	19.7	20.3
Valuation Ratios					
EV / EBITDA	24.2	19.7	16.0	12.6	10.3
P/E	36.8	29.4	25.7	20.4	16.9
EV / Net Sales	2.1	1.8	1.6	1.3	1.1
Sales / Equity	2.9	1.9	2.0	2.0	2.0
Market Cap / Sales	2.2	2.0	1.7	1.4	1.2
Price to Book Value	7.1	4.2	3.7	3.2	2.7
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
Asset Turnover	2.8	1.9	1.9	2.0	2.0
Solvency Ratios					
Debt / Equity	0.0	0.0	0.0	0.0	0.0
Current Ratio	1.9	2.5	2.5	2.4	2.5
Quick Ratio	1.4	2.0	2.0	1.9	2.0

Source: Company, ICICI Direct Research

## RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according -to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

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

## ANALYST CERTIFICATION

I/We, Ronald Siyoni PGDBM, Riddhi Gupta PGDM, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

## Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH00000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on [www.icicibank.com](http://www.icicibank.com).

## Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agarwal  
Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Jeetu Jawrani Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit [icicidirect.com](http://icicidirect.com) to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.