

B&K

Flash Note

Interarch Building Solutions

Stepping up the capex cycle

25 February 2026

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Research Analyst SEBI Registration Number: INH300000211

Flash Note | Engineering & Capital Goods | 25 February 2026

Not Rated

Current Price (Rs) : 1,902

Source: Bloomberg, B&K Research

Market Data

No. of Shares (mn) : 17

Free Float (%) : 41

Market Cap (Rs bn) : 32

52-week High/Low (Rs) : 2,763/1,264

Avg. Daily Volume (6M) : 0 mn

Avg. Daily Value (6M; US\$) : 2.9 mn

Bloomberg Code : INTERARC IN

Promoters Holding (%) : 59

FII/DII (%) : 7.22/4.01

Source: Bloomberg, B&K Research

Price Performance

(%)	1M	3M	12M
Absolute	(3)	(7)	23
Relative	(4)	(8)	12

Source: Bloomberg, B&K Research

We visited Interarch Building Solutions (IBSL), Andhra Pradesh facility to interact with management and undertake a plant walkthrough of Andhra Pradesh Unit-1, Phase I and Phase II and Andhra Pradesh Unit-2 under-construction for heavy steel structures. The company was represented by Mr Subodh Kumar Sharma, Vice President – Operations. IBSL is the second-largest PEB player in India with estimates ~19% market share top 8 PEB companies in India (capacity-wise). The company has recently commissioned its Andhra Pradesh Unit-1, Phase II (25,000 mtpa) and Kichha (15,000 mtpa) brownfield expansion in 1HFY26 with an additional capacity of 40,000 mtpa (utilisable capacity of 32,000 mtpa). The company currently has a capacity of 201,000 mtpa, from which utilisable is 167,500 mtpa.

Increasing penetration and awareness for pre-engineered buildings (PEBs):

PEBs offer a 40-50% reduction in construction time compared to traditional RCC structures, yet penetration remains low at ~14% within the industrial segment, highlighting a large headroom for adoption. Over time, the industry has seen a clear shift toward organised players, with their market share increasing from ~35% in FY19 to ~45% in FY25 and expected to reach ~50% by FY30. This transition is being driven by superior execution capabilities, strong brand credibility, large-scale manufacturing infrastructure and dependable after-sales service factors increasingly prioritised by institutional and industrial customers.

Robust capacity expansion plans: The company has acquired an additional 20 acres of land at its Athivaram facility in Andhra Pradesh, adjacent to its existing facility. The company is focused on heavy steel structures at this location. During our visit, the new facility for heavy steel structures was under erection, and management expects to commission the new plant by September 2026 (Source: 4QFY25 concall).

Increase in average order ticket size: Average order size has increased from Rs 35.0 mn to Rs 110 mn over the last three years. Additionally, ~50% of the order book now comprises orders with an average size above Rs 200 mn (Source: 3QFY25 concall). Management expects this to further improve to Rs 300-500 mn, which should drive an increase in EBITDA margins due to operating leverage.

Financial summary (Consolidated)

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26E
Net sales	8,349	11,239	12,933	14,538	19,000
EBITDA margin (%)	3.9	9.5	8.7	9.4	9.5
EBIT margin (%)	3.2	9.9	9.1	10.0	9.7
Adjusted net profit	171	815	863	1,088	1,368
EPS growth (%)	–	375.6	8.0	17.0	18.6
Cash flow from operations	(427)	459	966	616	760
RoE (%)	10.8	22.7	20.4	18.2	16.7
RoCE (%)	15.5	28.6	26.4	23.3	21.8
Net debt/equity (x)	(0.3)	(0.3)	(0.3)	(0.4)	(0.3)

Source: Company, B&K Research

Key partnership to expand into multi-storey building and overseas: IBSL has formed a JV with JSPL to explore opportunities in multi-storey buildings and has partnered with Mold-Tek Technologies to expand into export markets across the American and African continents. However, as of 9MFY26, the export is <1% of revenue. The working capital cycle is also more favourable in overseas business, as there is no erection work involved. Typically, payment is received once the equipment is shipped in containers.

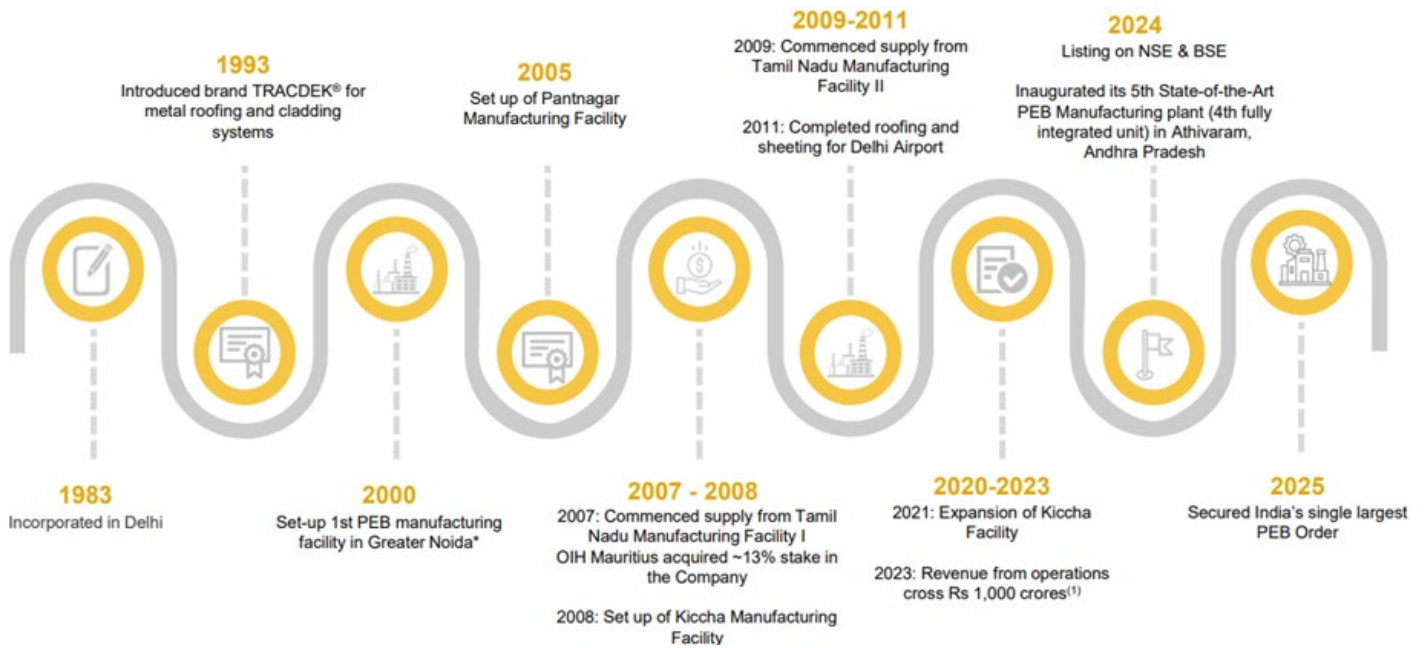
Outlook and Valuation

With India's manufacturing landscape evolving toward modular, lighter and faster-to-execute structures, supported by superior insulation, flexibility and customisation, the domestic PEB industry is undergoing a structural shift. As the second-largest PEB player in India, IBSL is well-positioned to benefit from this transition, supported by its robust capacity expansion and plan to tap the heavy steel structured building market (commercial buildings, data centres, solar PV, EV, etc.) and increasing ticket size of order to play out in operating leverage. With robust average post tax CFO/EBITDA conversion of ~58% over FY23-25, the company is well-positioned to fund at least 50%+ capex plans for FY26-28E via internal accruals, while the rest is through IPO proceeds. IBSL is well placed to achieve its internal target of Rs 25 bn+ by FY28E, driven by a robust order book and upcoming capacity additions. **The stock trades at 22x on TTM and 16x on FY28E. We do not have rating on the stock.**

About the company

IBSL is among the leading turnkey pre-engineered steel construction solution providers in India, with fully integrated capabilities across design and engineering, manufacturing, and on-site project management for installation and erection of pre-engineered buildings (PEBs). IBSL designs, engineers and fabricates customised PEB solutions based on client requirements, catering to industrial, infrastructure and building end-use segments, including residential, commercial and institutional applications. The company has delivered projects across diverse use cases – from multi-level e-commerce warehouses, paint and FMCG manufacturing facilities, and cement plants, to large-span indoor stadium structures. Over the period FY15-24, IBSL successfully executed 677 PEB contracts, demonstrating a strong execution track record.

Company journey



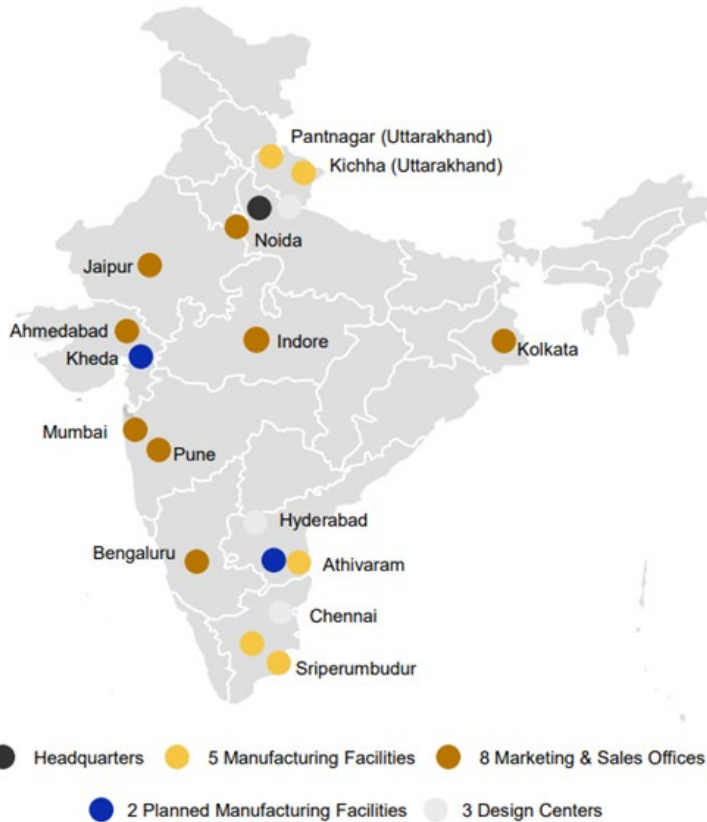
Source: Interarch Investor presentation

EPACKPEB's area-wise capacity break-up

IBSL's manufacturing plants region-wise break-up

Year	FY22	FY23	FY24	FY25	9MFY26
Pantnagar factory	31,000	31,000	31,000	31,000	31,000
Kichha factory	53,500	59,500	59,500	59,500	59,500
Tamil Nadu factory - I	10,000	10,000	10,000	10,000	10,000
Tamil Nadu factory – II	37,500	40,500	40,500	40,500	40,500
Andhra Pradesh Phase - I				20,000	20,000
Andhra Pradesh Phase - II, Kichha expansion					40,000
Installed capacity	132,000	141,000	141,000	161,000	201,000

All existing and upcoming manufacturing plants at a glance



Manufacturing Facilities

Facility	Set up Year	Installed capacity (MTPA) ⁽¹⁾	Utilizable capacity (MTPA)
Pantnagar Manufacturing Facility	2005	31,000	~26,000
Kichha Manufacturing Facility	2008	59,500	~50,000
Tamil Nadu Manufacturing Facility I	2007	10,000	~8,500
Tamil Nadu Manufacturing Facility II	2009	40,500	~34,000
Andhra Pradesh Phase 1	2024	20,000	~17,000
Andhra Pradesh Phase 2 + Kichha Line (Comissioned)	2025	40,000	~32,000
Andhra Pradesh (Heavy Steel Structures)	Q2FY27	25,000	~20,000
Kheda, Gujarat Facility (PEB)	Q2FY27	40,000	~32,000
Total Existing Capacity⁽¹⁾		2,01,000	~1,67,500

Source: Interarch Investor Presentation

Key takeaways from management interaction

New capacities to lead the growth from front: IBSL has recently commenced two facilities (Andhra Pradesh Unit-1 – Phase-II, Kheda) of 40,000 mtpa combined for a capex outlay of Rs 534 mn. The company plans to commence Andhra Pradesh Unit-2, Phase-I (25,000 mtpa) for heavy steel structures and Kheda, Gujarat (40,000 mtpa) for PEB structures. This is expected to increase the total capacity from the current 201,000 mtpa to 266,000 mtpa (from which 25,000 mtpa is heavy steel structures).

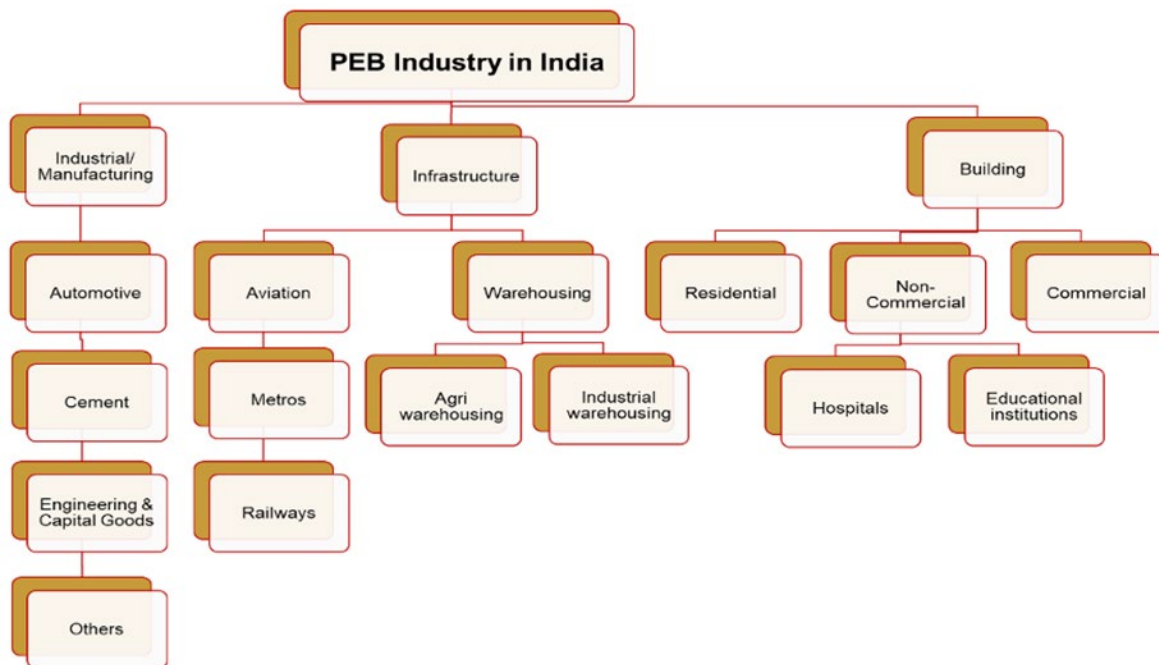
Increasing penetration of PEB in India in manufacturing: Usually, the entire cost of PEB as percentage of total capex cost for a new facility is ~10%. However, management remains positive on increasing PEB penetration from the current ~10-15%, as it has historically constituted a relatively small portion of total factory building costs. This trend is changing with the increasing use cases of PEB. As a result, the PEB market size is expected to grow at nearly 2x the rate of manufacturing capex.

Market opportunities for data centre: Expected investment in data centres is estimated at US\$ 30-35 bn by CY31, with anticipated capacity of 8-10 GW. The share of PEB in a data centre is expected to be ~6-8% of the total project cost. Accordingly, the PEB opportunity from data centres is estimated at US\$ 1.6-2.5 bn through CY31/FY32. As the second-largest PEB company in India, IBSL is well positioned to benefit from this emerging opportunity.

Foresight for diverse business verticals with key partnerships: IBSL has formed a partnership with Mold-Tek Technologies to increase its exports, wherein IBSL will focus on manufacturing and logistics, while Mold-Tek Technologies will provide detailing for PEB. IBSL has also formed a partnership with Jindal Steel to promote multi-storey PEB buildings, data centres, and heavy steel structures. These initiatives are expected to help the company diversify its client base and expand into sunrise sectors.

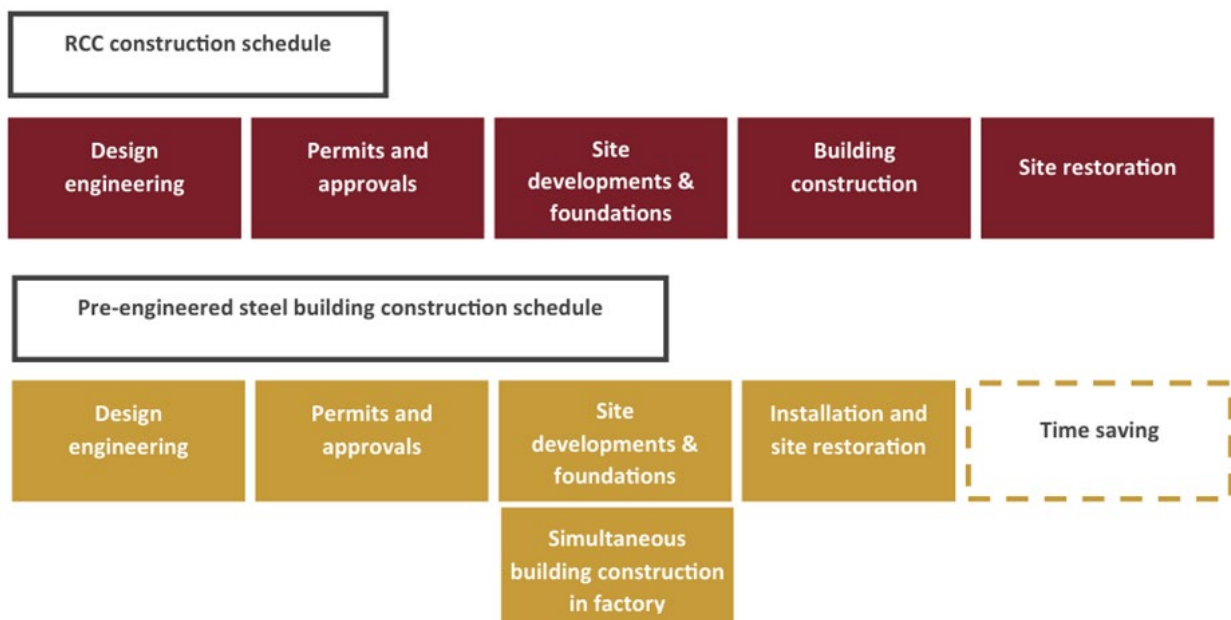
Overview of Pre-Engineered buildings

Pre-Engineering steel buildings segments



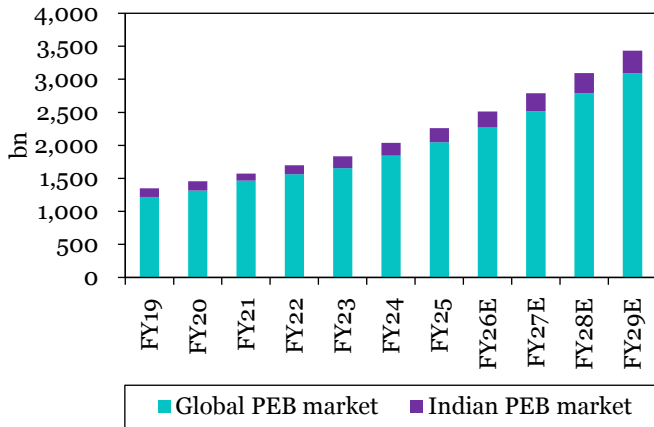
Source: Interarch RHP

RCC versus PEB difference



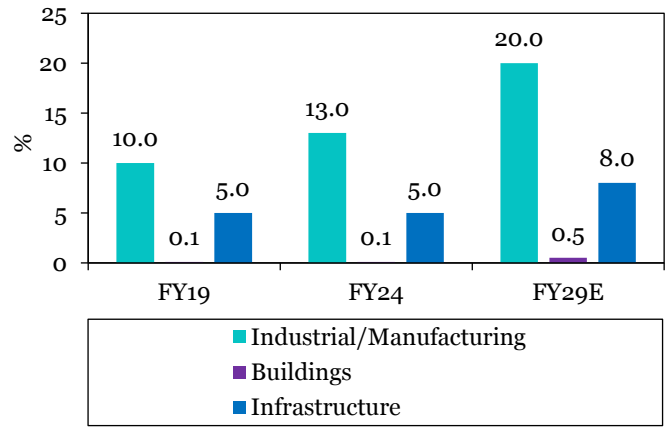
Source: Interarch RHP

India's PEB market to grow at 11.7% CAGR over FY25-29



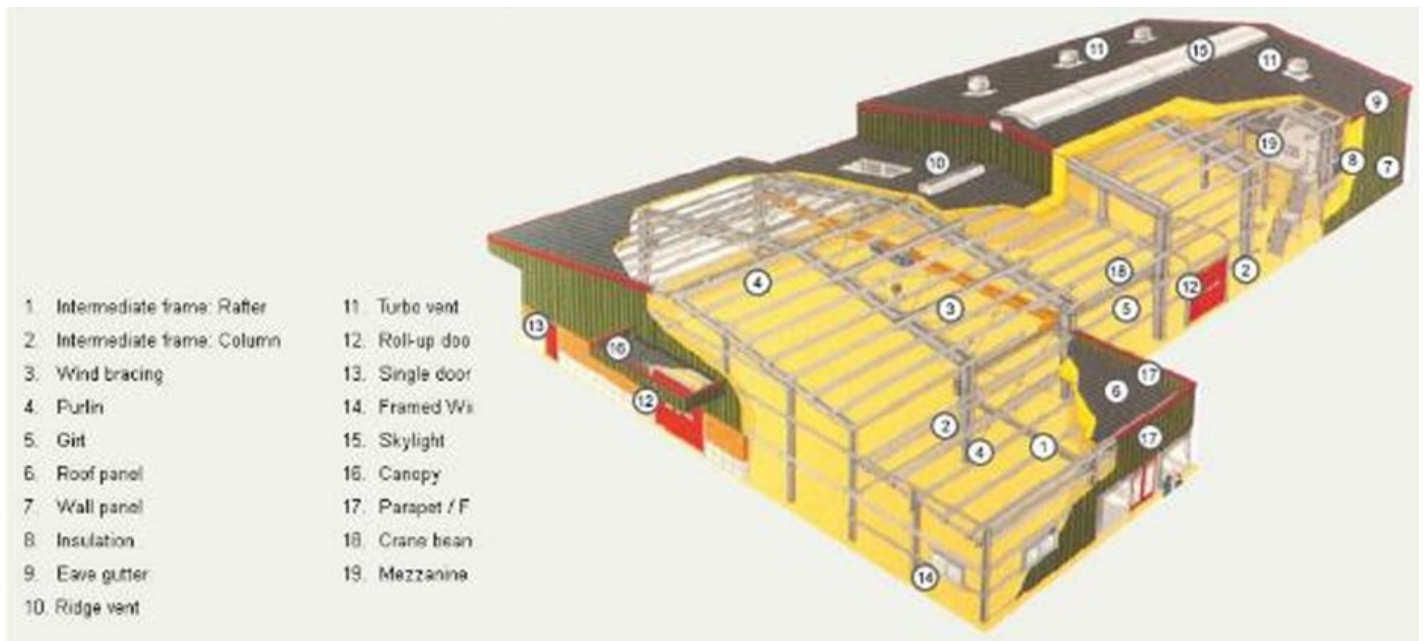
Source: Interarch RHP

Segment-wise penetration of PEB in India



Source: Interarch RHP

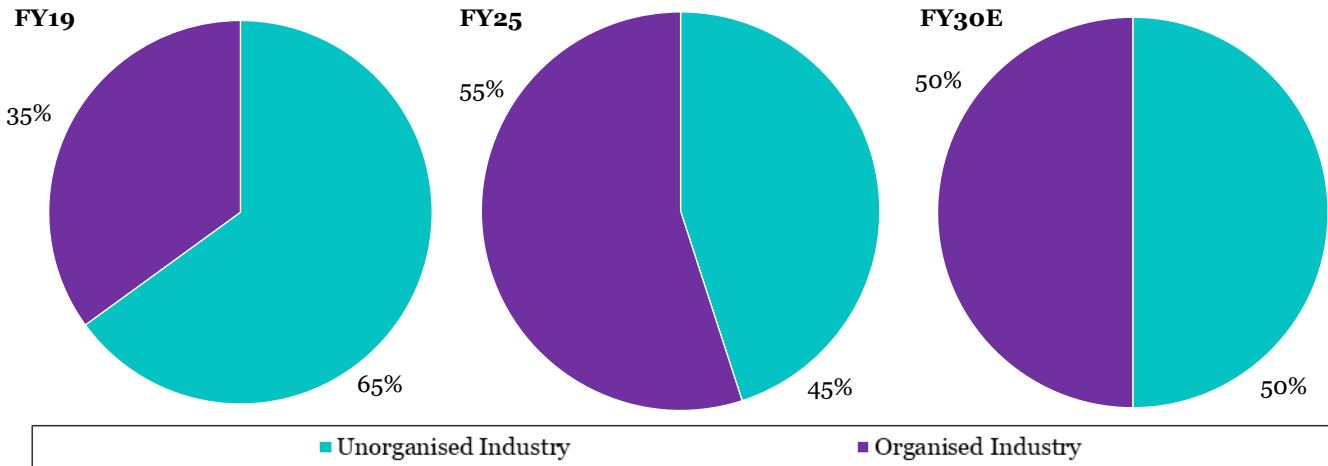
A PEB structure overview



Source: Interarch RHP

Demand shift from unorganised to organised sector led by brand visibility, dependability and faster execution and manufacturing capabilities.

Unorganised versus Organised market share in PEB



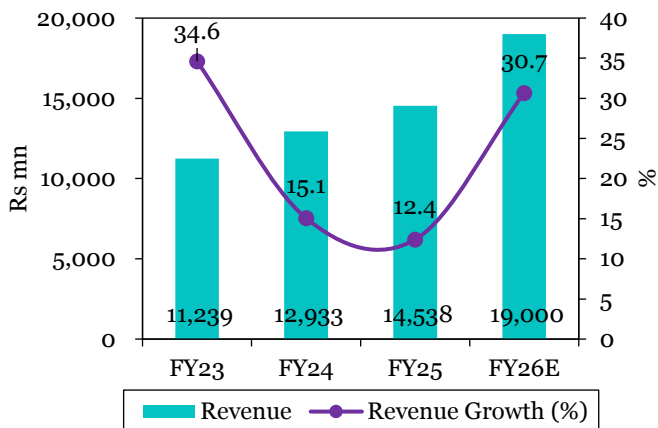
Source: Interarch RHP

IBSL's proven track record of execution



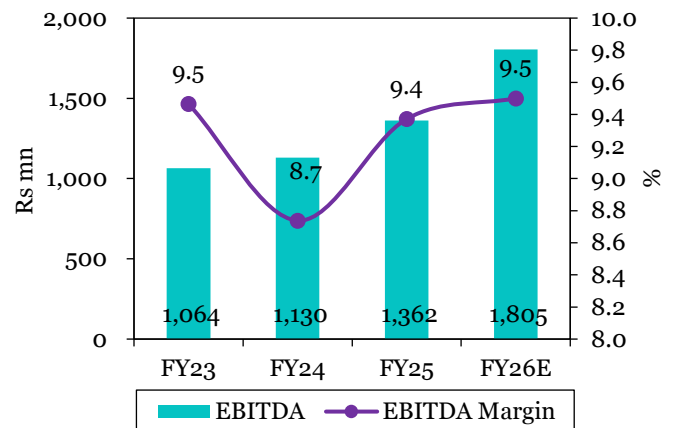
Source: Interarch Investor Presentation

Revenue and Revenue growth



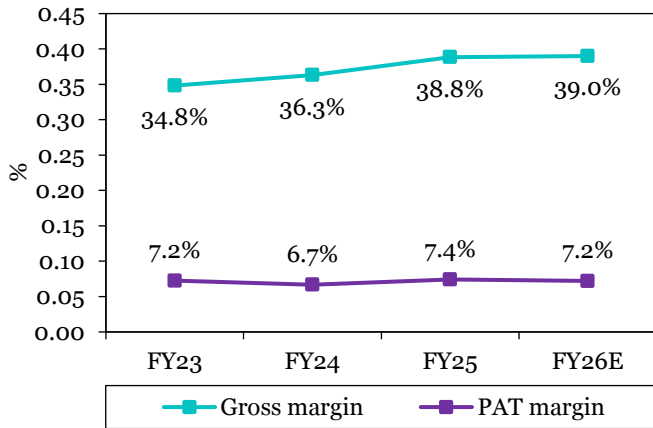
Source: Company, B&K Research

EBITDA and EBITDA margin



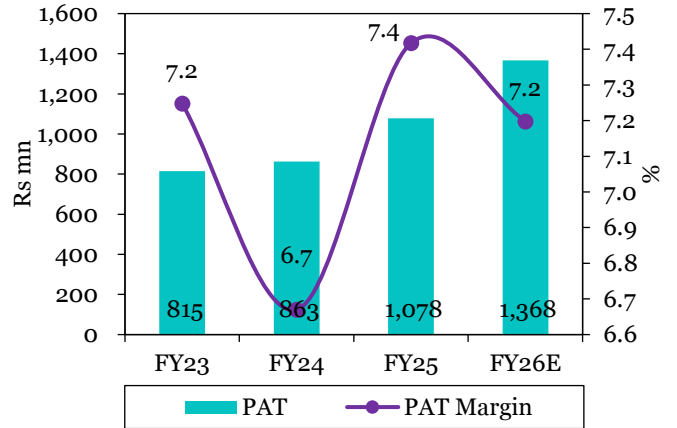
Source: Company, B&K Research

Gross margin and EBITDA margin



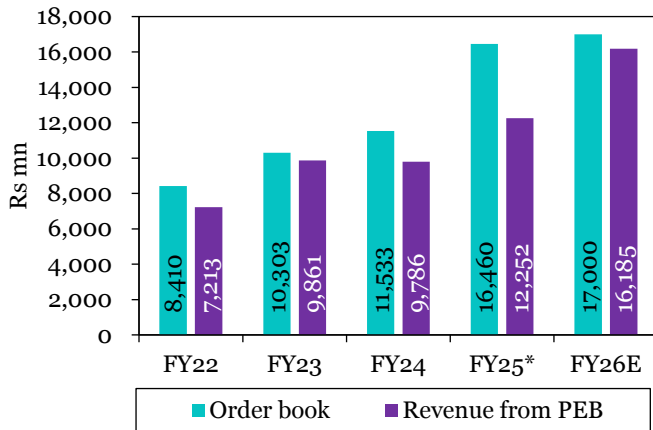
Source: Company, B&K Research

PAT and PAT margin



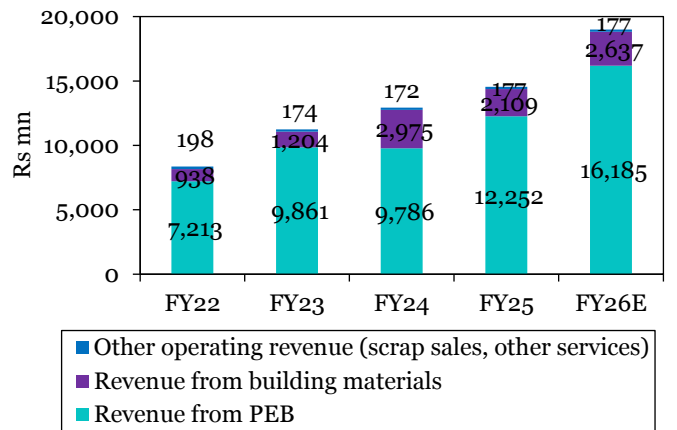
Source: Company, B&K Research

Order book and Revenue trend



Source: Company, B&K Research. *Order book as on 30th April 2025.

Segmental revenue



Source: Company, B&K Research

Financial Summary (Consolidated)

Income Statement

Y/E Mar (Rs mn)	FY23	FY24	FY25	FY26E
Net sales	11,239	12,933	14,538	19,000
<i>Growth (%)</i>	<i>34.6</i>	<i>15.1</i>	<i>12.4</i>	<i>30.7</i>
Raw material	(7,325)	(8,238)	(8,891)	(11,590)
Gross profit	3,914	4,695	5,648	7,410
Employee cost	(934)	(1,190)	(1,470)	(1,900)
Other expenditure	(1,917)	(2,376)	(2,815)	(3,705)
Other operating income	-	-	-	-
EBITDA	1,064	1,130	1,362	1,805
<i>Growth (%)</i>	<i>223.5</i>	<i>6.2</i>	<i>20.6</i>	<i>32.5</i>
Depreciation	(73)	(80)	(118)	(146)
Other income	125	130	207	190
EBIT	1,115	1,181	1,451	1,849
Finance cost	(26)	(22)	(24)	(25)
Exceptional income/(expense)	-	-	-	-
Profit before tax	1,090	1,159	1,427	1,823
Tax (current + deferred)	(275)	(296)	(349)	(456)
Profit/(loss) for the year	815	863	1,078	1,368
P/L of JV/A, minority interest	-	-	-	-
Reported profit/(loss)	815	863	1,078	1,368
Adjusted net profit/(loss)	815	863	1,088	1,368

Balance Sheet

Y/E Mar (Rs mn)	FY23	FY24	FY25	FY26E
Share Capital	150	144	166	166
Reserves & surplus	3,843	4,302	7,348	8,715
Shareholders' funds	3,993	4,446	7,514	8,882
Minority interest	-	-	-	-
Long-term borrowings	11	6	3	-
Other non-current liabilities	208	96	101	101
Total non-current liab.	219	102	103	101
Short-term borrowings	103	96	169	169
Trade payables	1,037	1,336	1,207	1,588
Other current liabilities	1,399	1,571	2,147	2,405
Total current liabilities	2,539	3,002	3,523	4,162
Total (Equity & Liab.)	6,750	7,550	11,140	13,145
Fixed assets (net block)	1,575	1,758	2,286	2,769
Non-current investments	79	81	386	421
Other non-current assets	459	565	876	1,034
Non-current assets	2,113	2,404	3,548	4,223
Cash and cash equivalents	1,192	1,387	1,988	2,088
Inventories	1,370	1,468	1,657	2,223
Trade receivables	1,587	1,708	2,110	2,603
Other current assets	488	583	1,837	2,008
Current assets	4,637	5,146	7,592	8,921
Total (Assets)	6,751	7,550	11,140	13,145

Cash Flow

Y/E Mar (Rs mn)	FY23	FY24	FY25	FY26E
Profit before tax	1,090	1,159	1,427	1,823
Depreciation	73	80	118	146
Change in working capital	(314)	137	(402)	(589)
Total tax paid	(291)	(301)	(344)	(456)
Others	(99)	(109)	(182)	(165)
CF from operations (a)	459	966	616	760
Capital expenditure	(131)	(262)	(646)	(629)
Change in investments	2	2	(991)	-
Others	(49)	44	(418)	(3)
CF from investing (b)	(177)	(216)	(2,056)	(632)
Free cash flow	328	704	(30)	131
Equity raised/(repaid)	-	(6)	22	-
Debt raised/(repaid)	80	(12)	70	(3)
Dividend (excl. tax)	-	-	-	210
Others	(88)	(537)	1,948	(235)
CF from financing (c)	(7)	(555)	2,040	(28)
Net change in cash (a+b+c)	274	195	601	100

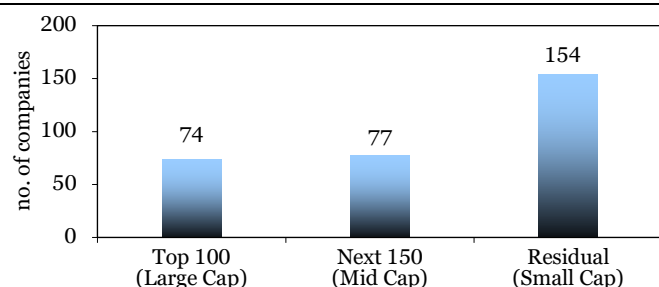
Key Ratios

Y/E Mar (%)	FY23	FY24	FY25	FY26E
Adjusted EPS (Rs)	54.3	58.7	68.7	81.4
<i>Growth</i>	<i>375.6</i>	<i>8.0</i>	<i>17.0</i>	<i>18.6</i>
Book NAV/share (Rs)	266.2	302.5	474.1	528.7
Dividend payout ratio	-	-	-	(15.3)
Gross margin	34.8	36.3	38.8	39.0
EBITDA margin	9.5	8.7	9.4	9.5
EBIT margin	9.9	9.1	10.0	9.7
Tax rate	25.2	25.6	24.3	25.0
RoCE	28.6	26.4	23.3	21.8
RoE	22.7	20.4	18.2	16.7
RoIC (post-tax)	30.1	28.4	29.0	27.6
Net debt/equity (x)	(0.3)	(0.3)	(0.4)	(0.3)
Net debt/EBITDA (x)	(1.0)	(1.1)	(2.1)	(1.6)
Fixed asset turnover (x)	1.8	1.8	1.6	1.6
Net working capital days	68.2	60.5	102.2	91.4

Valuations

Y/E Mar (x)	FY23	FY24	FY25	FY26E
P/E	-	-	27.7	23.4
P/B	-	-	4.0	3.6
Dividend yield (%)	-	-	-	0.7
OCF yield (%)	1.6	3.5	2.0	2.4
EV/EBITDA	-	-	20.1	16.1
EV/Sales	-	-	1.9	1.5

B&K Universe Profile – by AMFI Definition



B&K Investment Ratings

	LARGE CAP (Market Cap > US\$ 2 bn)	MID & SMALL CAP (Market Cap < US\$ 2 bn)
BUY	>+15%	>+20%
HOLD	+15% to -10 %	+20% to -15 %
SELL	<-10%	<-15%

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