Interarch Building Solutions Limited

Management Meet Note | Pre-Engineered Buildings (PEB)

Institutional Equity Research Desk

14 July 2026

The Strategy: Premiumization in a Structurally Underpenetrated Market

We recently had the opportunity to interact with the Interarch Building solutions Limited promotor and MD Arvind Nanda

About the Company

Interarch is a turnkey Pre-Engineered Building (PEB) solutions provider — it designs, engineers, manufactures and erects steel buildings as a single fixed-price, single-accountability product, replacing the traditional fragmented model where a client separately hires a design consultant, a steel-trading contractor and an erection contractor, with nobody accountable for price, schedule or quality end-to-end.

Company manufactures every component itself from raw plate/coil rather than buying standardized market sections, it can engineer building-specific designs that materially cut steel tonnage versus a generic-section approach.

Revenue is 85% PEB contracts (turnkey design-to-erection), 14% sale of products (TRAC metal ceilings, TRACDEK roofing/cladding, TRACDEK Bold Rib metal decking, structure & columns excluding erection) sold as standalone building components, mainly to airports, hospitals, offices) and 1% scrap sale.

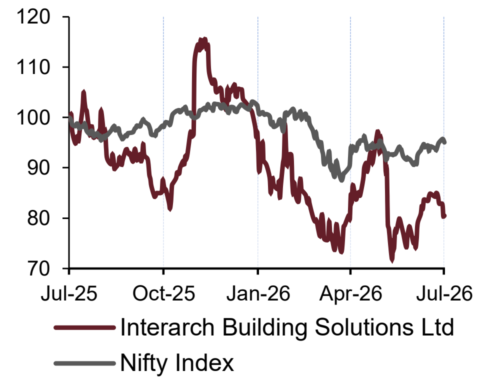
Client base spans traditional sectors (warehousing, FMCG such as HUL and Marico, paints & chemicals such as Grasim and Berger Paints, automotive) and emerging themes (renewables, data centers, lithium-battery plants), with 72% of orders from repeat clients and zero direct government contract exposure.

Rating	TP (Rs)	Up/Dn (%)
BUY	**2,558**	**40**

Market data		
Current price	**Rs**	**1,827**
Market Cap (Rs.Bn)	(Rs Bn)	31
Market Cap (US$ Mn)	(US$ Mn)	323
Face Value	Rs	10
52 Weeks High/Low	Rs	2762.6 / 1600
Average Daily Volume	('000)	40
BSE Code		544232
Bloomberg		INTERARC.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	**Mar-26**	**Dec-25**
Promoters	59.43	59.43
Public	40.57	40.57
Total	**100.00**	**100.00**

Source: BSE

Financial Summary

Year End (Rs mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Net sales	8,349	11,239	12,933	14,538	18,980	21,720	25,452
Growth		*35%*	*15%*	*12%*	*31%*	*14%*	*17%*
EBITDA	329	1,064	1,130	1,362	1,763	2,043	2,438
Growth		*223%*	*6%*	*21%*	*29%*	*16%*	*19%*
PAT (adj)	171	815	863	1,078	1,345	1,555	1,851
Growth		*375%*	*6%*	*25%*	*25%*	*16%*	*19%*
EPS	11	54	60	65	81	93	111
P/E (x)	160x	34x	31x	28x	23x	20x	16x
EV/EBITDA (x)	81x	24x	26x	21x	17x	14x	11x
ROE (%)	5%	20%	19%	14%	15%	15%	15%
ROCE (%)	6%	24%	23%	16%	18%	17%	18%

Source: Company, Dalal & Broacha Research

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Revenue mix has shifted hard toward industrial/manufacturing capex

Revenue from operations by end-use sector (% of revenue)

End-use sector	FY23	FY24	FY25	FY26
Industrial / Manufacturing Construction	68%	68%	77%	87%
Infrastructure Construction	30%	30%	21%	11%
Building Construction	0%	0%	0%	1%
Others	2%	2%	2%	2%

Source: Company investor presentation, May 2026.

- The jump in industrial/manufacturing mix to 87% in FY26 (from 68% two years prior) is consistent with management's commentary that warehousing/logistics (IndoSpace, LOGOS, Horizon, Lodha Industrial), FMCG/consumer (HUL, Marico, Berger Paints, Grasim), auto/EV (Hero, Craftsman Automation) and new-age sectors (lithium battery, data centres, solar/renewables — CESC Green Power, semiconductor plants for Micron in Sanand and Tata Electronics in Assam) now dominate the order book,
- The infrastructure share (govt-adjacent buildings, airports) has shrunk as a proportion even as absolute order intake has grown.
- The company has zero direct government-contract exposure — a deliberate de-risking of payment-cycle and bureaucrat delays, at the cost of forgoing one demand pool.

Investment Thesis

- **Organised-sector consolidation is a tailwind Interarch is structurally positioned to capture.**

  India's PEB market (₹195bn FY24, growing to ₹330-340bn by FY29 per industry estimates, 10-11% CAGR) is only 40-45% organized; the top 6 organized players are growing at 11.4% CAGR vs 7.0% for the rest of the industry. As single-order ticket sizes migrate from sub-₹10 Cr to frequent ₹100 Cr+ contracts, customers are consolidating vendor counts and Interarch, the second-largest integrated PEB player in India with the largest installed base and a 72% repeat-order share, is well positioned to benefit from the ongoing consolidation of customer vendor bases.

- **Two plants commissioning within one quarter of each other directly resolve the binding constraint on growth**

  Gujarat PEB facility (40,000 MTPA) and the Andhra Pradesh Heavy Steel Structures Plant Phase-1 (20,000 MTPA) are both guided for commercial production by Q2FY27, taking total capacity from 2,01,000 MTPA to 2,66,000–2,90,000 MTPA by FY27 end. Management has explicitly said order intake not demand is the bottleneck: *"the question is really of having a capacity to deliver the orders…there is still more in the market that we could take if we had the capacity."* This is the single biggest reason FY27E revenue growth (₹2,150–2,200 Cr guided, +15%) is, in our view, a high-confidence number rather than a market-share bet.

- **Heavy Steel Structures (HSS) is a genuine new TAM**

  HSS serves data centers, high-rise buildings and lithium-battery/solar plants — categories Interarch could not previously bid for. Management's own conservative guidance is 10,000–12,000 tones / ₹120–130 Cr of incremental revenue in the first partial year, scaling to ₹200–210 Cr once the Phase-1 plant runs at the 18,000–20,000 tonne nameplate. None of this is yet included in the FY27 revenue guidance of ₹2,150–2,200 Cr it is pure upside optionality if execution holds.

- **Export and North American push are a deliberate move up the margin curve.**

  Export orders of ₹40.2 Cr were booked in FY26 still under 3% of revenue but the direction is the signal: management explicitly states North American orders carry better margins than the domestic book because Interarch bears no erection risk and is paid against LC/advance. The ER Steel MoU, which includes a structural steel/PEB JV and a proposed 50:50 export-oriented Open Web Steel Joist plant serves as the vehicle for Interarch's entry into the US and Canadian markets. Management's FY27 export order target of ₹100 Cr appears appropriately conservative for the year of meaningful overseas operations.

Capacity Expansion Plan

- Interarch is simultaneously commissioning two new manufacturing facilities a new PEB plant in Gujarat and its first Heavy Steel Structures (HSS) plant in Andhra Pradesh alongside the ER Steel export JV facility being planned in India.

Manufacturing capacity build-out (MTPA)

Facility	Set-up Year	Installed Capacity	Status
Pantnagar (Uttarakhand)	2005	31,000	Operational
Kiccha (Uttarakhand)	2008	59,500	Operational
Tamil Nadu Facility I	2007	10,000	Operational
Tamil Nadu Facility II	2009	40,500	Operational
Andhra Pradesh Ph-1	2024	20,000	Operational
Andhra Pradesh Ph-2 + Kiccha line	2025	40,000	Operational
Total existing (Oct-25)		**201,000**	
Andhra Pradesh — Heavy Steel Structures Ph-1	Q2FY27E	24,000	Commissioning
Kheda, Gujarat (PEB)	Q2FY27E	40,000	Commissioning
Andhra Pradesh — HSS Ph-2	Q4FY27E	24,000	Planned
Total capacity post-expansion		**289,000**	

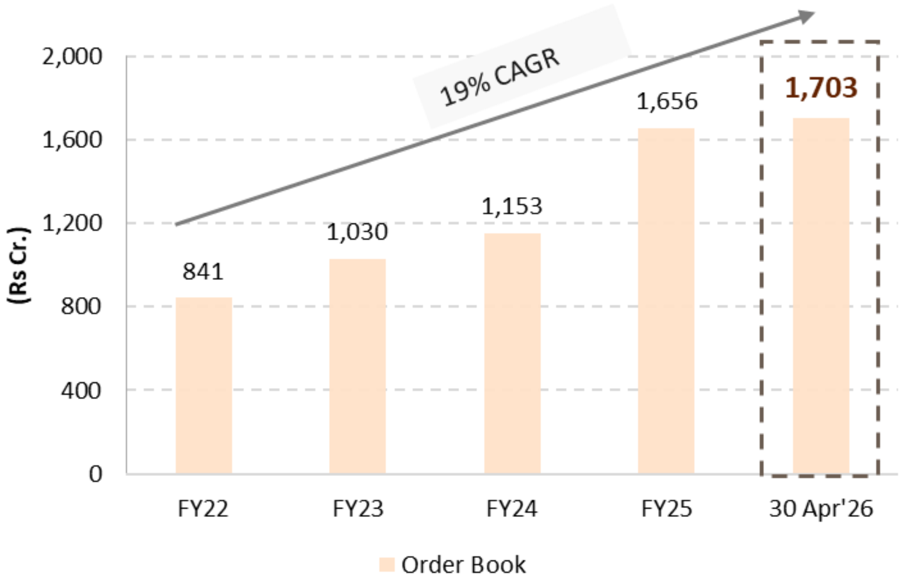
Source: Company investor presentation, May 2026.

- Total capex already committed on the two ongoing projects (Gujarat & AP HSS Phase 1) is Rs 130-150 Cr; HSS Phase 2 will need a further Rs 50-60 Cr, capitalized around Q4FY27
- Andhra Pradesh capex qualifies for a state capital subsidy (25% of Fixed capital Investment) plus ongoing GST refunds, and electricity/land registration cost benefits. Gujarat incentives are still being explored.

Andhra Pradesh Heavy steel struture (HSS)

- The first dedicated heavy structures plant for Interarch (25,000 MTPA Phase 1), eventually scaling to 70-75,000 MTPA across three phases by Dec27.
- Unlike the core PEB business, the Heavy Steel Structures (HSS) segment is yet to achieve meaningful order-book visibility.
- HSS capacity is expected to ramp up gradually over the next 6–8 months. Initially, the facility will service internal heavy-structure requirements, replacing outsourced production. Management highlighted that standalone HSS order inflows are likely to accelerate only after prospective customers validate the plant's operational capabilities and track record.

Order Book



Source: Company investor presentation, May 2026.

The order book has compounded at 19% since FY22 but has now stabilized around ₹1,700 Cr as management aligns order intake with execution capacity rather than pursuing backlog growth. The current backlog provides sufficient revenue visibility for our FY27E sales estimate of ₹21.7bn and supports management's disciplined strategy of maintaining a 9-month executable order book.

June 2026 Order Win — ₹375 Cr

Item	Detail
Single largest contract	₹165 Cr — energy sector, Vadodara
Balance (₹210 Cr)	Hydrocarbon, farm equipment, electrical products, renewable energy & data-centre projects
Delivery schedule	8–10 months
Scope	Full turnkey — design, engineering, manufacturing, supply & erection
plinth area	200,000 sq.m. combined
Structure heights	12m to 40m
Crane capacity specified	45 MT, and 400 MT / 500 MT top-running overhead cranes
Structural steel involved	25,000+ MT

The crane specifications (400/500 MT top-running) and 40-metre structure heights point toward exactly the heavy-industrial, high-engineering-content order profile management has been steering toward — this is not routine warehouse/shed work and is consistent with the value-chain-upgrade argument in our investment thesis. We have not treated this ₹375 Cr as additive to the last disclosed ₹1,703 Cr order-book figure to derive a new total.

Risk

- **Capacity ramp-up risk:** both Gujarat (PEB) and Andhra Pradesh (HSS) are new facilities; management's own experience suggests 4-8 months to reach full operational ramp post-commissioning, and any slippage versus the stated Jul/Aug-2026 timelines would directly affect FY27 revenue/margin delivery.
- **HSS demand risk:** unlike core PEB, the HSS plant is not fully order-backed; if external HSS orders are slower to materialize than expected, asset turns and margin accretion from this vertical could disappoint.
- **Steel price volatility**: a meaningful share of Interarch's order book is fixed price; a sharp adverse move in steel prices between bid and execution can compress margins.
- **Rising sector capacity:** multiple peers (M&B Engineering, Epack Prefab and others) are also expanding capacity; while management does not see this as a zero-sum fight for the same orders today, a sharper-than-expected supply build-up across the industry could pressure pricing over time.

Valuation & Outlook

Interarch Building is well positioned to benefit from India's multi-year manufacturing and industrial capex cycle, supported by rising investments across warehouses, data centres, electronics, engineering, defence and infrastructure. As one of India's leading integrated pre-engineered building (PEB) players with in-house design, engineering and manufacturing capabilities, the company continues to strengthen its competitive positioning through capacity expansion, improving execution capabilities and a healthy order pipeline. Increasing customer preference for organised players, higher repeat business and favourable industry dynamics are expected to support sustainable market share gains over the medium term.

The recent capacity expansion provides adequate headroom to capture incremental demand while operating leverage, better product mix and disciplined execution should support healthy margin expansion. Combined with a debt-light balance sheet, healthy cash generation and return ratios, we believe Interarch is well placed to deliver consistent earnings growth over the next few years.

Over FY26-28E, we expect the company to deliver Revenue/EBITDA/PAT CAGR of ~20%/21%/19%, driven by healthy order inflows, execution of the existing order book and increasing contribution from higher-value projects. At the current market price of ₹1,921, the stock trades at 17x FY28E EPS of ₹111.2, which appears attractive considering its growth outlook and improving return profile.

We maintain our **BUY rating with a Target Price of ₹2,558, valuing the company at 23x FY28E EPS**. The implied valuation translates into a PEG ratio of ~1.15x, which we believe remains reasonable given the company's strong earnings visibility, structural industry tailwinds, healthy balance sheet and long growth runway. **Our target price implies a potential upside of 33% of the current market price.**

Financials

P&L (Rs mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Sales	8,349	11,239	12,933	14,538	18,980	21,720	25,452
Total Operating Expenses	5,648	7,325	8,238	8,891	11,434	13,621	16,389
Employee Cost	892	934	1,190	1,470	1,698	2,063	2,354
Other Expenses	1,480	1,917	2,376	2,815	4,085	3,993	4,271
Operating Profit	**329**	**1,064**	**1,130**	**1,362**	**1,763**	**2,043**	**2,438**
Depreciation	118	73	80	118	144	225	245
PBIT	211	991	1,050	1,245	1,619	1,818	2,193
Other income	59	125	130	207	286	310	340
Interest	45	26	22	24	23	27	32
PBT (Before exceptional)	**226**	**1,090**	**1,159**	**1,427**	**1,882**	**2,101**	**2,501**
PBT (post exceptional)	226	1,090	1,159	1,427	1,850	2,101	2,501
Provision for tax	55	275	296	349	505	546	650
Reported PAT	**171**	**815**	**863**	**1,078**	**1,345**	**1,555**	**1,851**

Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity capital	150	150	144	166	168	168	168
Reserves	3,033	3,843	4,302	7,348	8,643	10,198	12,049
Net worth	**3,183**	**3,993**	**4,446**	**7,514**	**8,811**	**10,366**	**12,217**
NCI	-	-	-	-	-	-	-
Non Current Liabilites	275	219	102	103	147	153	158
Current Liabilites	1,980	2,539	3,002	3,523	4,051	4,558	5,150
TOTAL LIABILITIES	**5,438**	**6,750**	**7,550**	**11,140**	**13,010**	**15,076**	**17,525**
Non Current Assets	**1,902**	**2,113**	**2,404**	**3,548**	**5,102**	**5,422**	**5,904**
Tangible + Intangible Assets	1,549	1,604	1,785	2,313	3,436	3,608	3,860
Goodwill	-	-	-	-	13	13	13
Non Current Investments	0	50	54	359	325	325	325
Loans	-	-	5	6	5	5	5
Other Financial Assets	320	400	509	688	1,167	1,284	1,477
Other Non Current Assets	33	60	51	182	156	187	224
Current Assets	**3,535**	**4,637**	**5,146**	**7,592**	**7,907**	**9,655**	**11,620**
Inventories	1,341	1,370	1,468	1,657	2,150	2,408	2,648
Trade Receivables	857	1,587	1,708	2,110	2,882	3,170	3,423
Cash and Bank Balances	918	1,192	1,387	1,988	812	1,869	3,142
Short Term Loans and Advanc	3	3	6	5	6	6	6
Other Current Assets	416	486	577	1,832	2,058	2,202	2,401
TOTAL ASSETS	**5,438**	**6,750**	**7,550**	**11,140**	**13,010**	**15,076**	**17,525**

Cash flow statement (Rs in mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Cash flow from operating activities							
Profit before tax	226	1,090	1,159	1,427	1,850	2,101	2,501
Depreciation & Amortization	118	73	80	118	144	225	245
Interest expenses	45	26	22	24	23	27	32
Operating profit before working capital change	**402**	**1,095**	**1,169**	**1,483**	**1,904**	**2,353**	**2,778**
Working capital adjustment	(60)	(585)	(50)	(616)	(1,646)	(1,241)	(1,373)
Gross cash generated from operations	**342**	**511**	**1,119**	**866**	**259**	**1,112**	**1,405**
Direct taxes paid	80	198	303	331	447	546	650
Cash generated from operations	**262**	**313**	**815**	**536**	**(188)**	**566**	**755**
Cash flow from investing activities							
Capex	(37)	(134)	(249)	(758)	(1,193)	(397)	(498)
Investment	-	(50)	-	(352)	(101)	-	-
Others	128	(6)	(73)	(1,121)	1,066	148	230
Cash generated from investment activities	**91**	**(190)**	**(322)**	**(2,231)**	**(228)**	**(249)**	**(268)**
Cash flow from financing activities							
Proceeds from issue of share	-	-	(433)	1,868	(149)	-	-
Borrowings/ (Repayments)	14	80	(12)	70	(72)	5	6
Increase/ Decrease in Lease Liability	(13)	(12)	(8)	(13)	-	12	15
Others	(3)	(5)	(6)	(4)	(4)	5	7
Cash generated from financing activities	**(1)**	**63**	**(459)**	**1,921**	**(225)**	**22**	**28**
Net cash increase/ (decrease)	**351**	**186**	**35**	**226**	**(641)**	**339**	**515**

Source: Dalal & Broacha Research

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