COMPANY UPDATE

Interarch Building Solutions

NDR Takeaways: Preparing for a life beyond PEBs…

BUY

17 August 2026

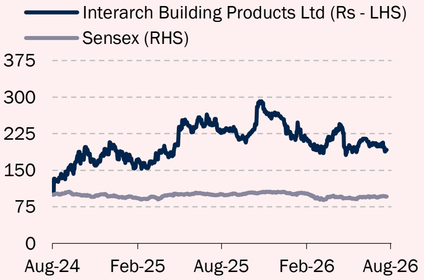
BSE Sensex: 78009

Sector: Engineered Steel

Stock data

CMP (Rs)	1,725
Mkt Cap (Rs bn/USD m)	29.0 /304
Target Price (Rs)	2,140
Change in TP (%)	NA
Potential from CMP (%)	24.1
Earnings change (%)	
FY27E	⇔
FY28E	⇔
Bloomberg code	INTERARC IN
1-yr high/low (Rs)	2,763/1,600
6-mth avg. daily volumes (m)	0.1
6-mth avg. daily traded value (Rsm/USDm)	153.6/1.6
Shares outstanding (m)	16.8
Free float (%)	40.6
Promoter holding (%)	59.4

Price performance – relative & absolute



(%)	3-mth	6-mth	1-yr
INTERARC IN	(3.5)	(10.4)	(17.2)
BSE Sensex	3.5	(5.6)	(3.2)

Interarch Building Solutions (INTERARC) is laying the ground for growth beyond its existing domestic PEB vertical (where demand trends remain healthy) by fast-tracking investments for both Heavy Structures and Exports (especially to North America). Its planned Rs2.5bn QIP should help build these investments without leveraging the balance sheet, although it is not debt averse as it stays open to tap on it to fund working capital requirements ahead. Given its orderbook, INTERARC is on track to achieve its FY27E revenue goals and given ground-level momentum and its own track record should make FY28E also within reach. Heavy Structures/Exports potential remain interesting option values which are not yet reflective in valuations. Retain BUY (TP Rs 2,140 / +24% upside / 20x FY28E EPS) – INTERARC is a compelling bet as a manufacturing proxy.

❑ Key Takeaways

- **Heavy Structures + Exports = Next Growth Engine:** Heavy Structures and Exports will be key growth drivers for INTERARC over the medium-term beyond the core PEB segment (where growth should normalize with scale). Both segments will leverage INTERARC's existing capabilities implying minimal incremental overhead cost increase vis-à-vis potential growth. Heavy Structures and PEB share the same end-clients while ER Steel/Mold-Tek partnerships should unlock higher-margin exports in due course.
- **QIP to prepone capex plans by 18 months:** Rs2.5bn QIP (after relevant approvals in place) is to fast-track capex plans with the aim to complete them over 18 months versus initial 36 months plan. This is for Heavy Structures (~50k MTPA), PEB (~40k MTPA) and Open Web Steel Joints (OWSJ / part of ER Steel JV) (~15k MTPA). INTERARC would prefer to finance growth capex via equity financing (including internal accruals), while working capital would be a mix of debt/internals.
- **Ground-level demand strong; ~35% of orderbook from new-age clients:** PEB demand, as reflective from enquiries and bid pipelines, remains healthy. The mix is steadily skewing towards new-age industries – semiconductors, data centers, renewables, EVs, etc. now constitute ~35% of the orderbook. New-age clients have large/complex PEB requirements and are open to pay a premium in lieu of speed/reliability – helping drive consolidation toward large players.
- **FY26 working capital spike now reversing:** FY26 end WC spike was due to (1) higher than usual steel inventory (procured more than normal due to price inflation fears ahead) and upfront cash payment (no LCs) to suppliers to secure raw material and (2) large milestone-based contracts' billing/collection timing mismatches. Both factors have now normalised, and net working capital should trend lower in FY27E vs FY26.

Key valuation metrics

Year to 31 Mar	FY24	FY25	FY26	FY27E	FY28E
Net sales (Rs m)	12,933	14,538	18,980	22,589	26,362
EBITDA (Rs m)	1,130	1,362	1,763	2,090	2,452
Adj. net profit (Rs m)	863	1,078	1,378	1,531	1,805
Adj. EPS (Rs)	58.7	68.0	81.8	90.9	107.1
% change	8.1	15.9	20.2	11.1	17.9
PE (x)	29.4	25.4	21.1	19.0	16.1
Price/ Book (x)	5.7	3.6	3.3	2.9	2.5
EV/ EBITDA (x)	21.3	18.7	16.0	13.6	11.6
RoE (%)	20.4	18.0	16.9	16.2	16.6
RoCE (%)	23.5	20.0	19.2	19.0	19.0

Source: Company, DAM Capital Research

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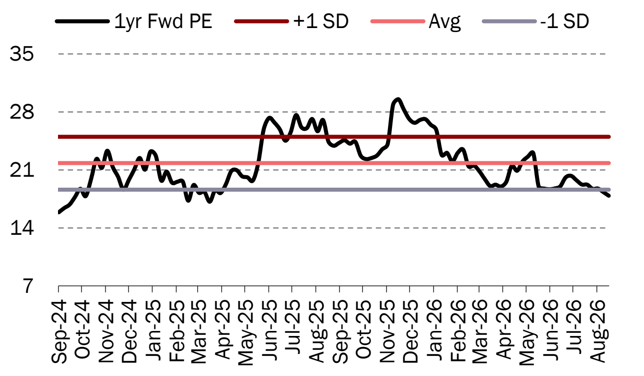
Exhibit 1: Key Assumptions

	FY23	FY24	FY25	FY26	FY27E	FY28E
Operating Parameters:						
- Volume ('000 MT)	80.9	92.6	124.0	160.0	188.8	222.8
- Capacity Utilisation (%)	57.4	65.7	77.0	79.6	65.1	76.8
- Realisation (Rs/kg)	139.0	139.6	117.2	118.6	119.7	118.3
- EBITDA (Rs/kg)	13.2	12.2	11.0	11.0	11.1	11.0
P&L:						
- Revenue (Rs m)	11,239	12,933	14,538	18,980	22,589	26,362
- EBITDA (Rs m)	1,064	1,130	1,362	1,763	2,090	2,452
Growth (%):						
- Volume	23.0	14.5	33.9	29.0	18.0	18.0
- Realisation	9.4	0.5	(16.0)	1.2	0.9	(1.1)
- Revenue	34.6	15.1	12.4	30.6	19.0	16.7
- EBITDA	223.4	6.2	20.6	29.4	18.5	17.3
- EBITDA (Rs/kg)	162.9	(7.2)	(9.9)	0.3	0.4	(0.6)
EBITDA Margin (%)	**9.5**	**8.7**	**9.4**	**9.3**	**9.3**	**9.3**

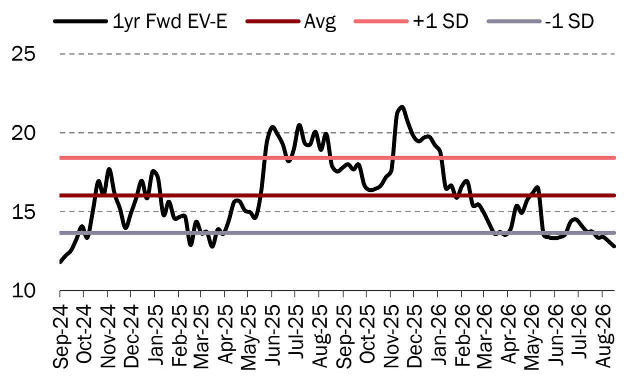
Source: Company, DAM Capital Research

Exhibit 2: 1-Year Forward P/E Chart



Source: Company, DAM Capital Research

Exhibit 3: 1-Year Forward EV/EBITDA Chart



Source: Company, DAM Capital Research

Exhibit 4: Q1FY27 Results Snapshot

(Rs m)	Q1FY26	Q4FY26	Q1FY27	QoQ (%)	YoY (%)
Operating Parameters:					
Volume ('000 MT)	33.3	41.0	38.5	(6.1)	15.6
Realisation (Rs/kg)	114.3	122.8	119.4	(2.8)	4.5
EBITDA (Rs/kg)	9.5	12.9	10.2	(20.4)	7.8
Order Book (Rs bn)	17.0	17.0	18.6		
Consolidated P&L Items:					
Revenue	**3,808**	**5,036**	**4,596**	**(8.7)**	**20.7**
EBITDA	**316**	**528**	**394**	**(25.3)**	**24.6**
Margin (%)	*8.3*	*10.5*	*8.6*		
PAT	**284**	**366**	**282**	**(22.8)**	**(0.5)**
Margin (%)	*7.5*	*7.3*	*6.1*		

Source: Company, DAM Capital Research

Income statement

Year to 31 Mar (Rs m)	FY24	FY25	FY26	FY27E	FY28E
Net sales	**12,933**	**14,538**	**18,980**	**22,589**	**26,362**
% growth	15.1	12.4	30.6	19.0	16.7
Operating expenses	11,803	13,176	17,217	20,500	23,910
EBITDA	**1,130**	**1,362**	**1,763**	**2,090**	**2,452**
% change	6.2	20.6	29.4	18.5	17.3
Other income	130	207	286	226	330
Net interest cost	22	24	23	34	40
Depreciation	80	118	144	236	330
Pre-tax profit	1,159	1,427	1,882	2,046	2,412
Deferred tax	0	0	0	0	0
Current tax	296	349	505	515	607
Profit after tax	**863**	**1,078**	**1,378**	**1,531**	**1,805**
Preference dividend	0	0	0	0	0
Minorities	0	0	0	0	0
Adjusted net profit	**863**	**1,078**	**1,378**	**1,531**	**1,805**
Non-recurring items	0	0	0	0	0
Reported net profit	**863**	**1,078**	**1,378**	**1,531**	**1,805**
% change	5.9	25.0	27.8	11.1	17.9

Balance sheet

As on 31 Mar (Rs m)	FY24	FY25	FY26	FY27E	FY28E
Paid-up capital	**144**	**166**	**168**	**168**	**168**
Preference capital	0	0	0	0	0
Reserves & surplus	4,302	7,348	8,643	9,946	11,482
Shareholders' equity	**4,446**	**7,514**	**8,811**	**10,114**	**11,650**
Total current liabilities	2,906	3,353	3,901	4,645	5,413
Total debt	**102**	**172**	**150**	**150**	**150**
Deferred tax liabilities	57	77	127	127	127
Other non-current liabilities	38	23	21	21	21
Total liabilities	3,104	3,626	4,199	4,942	5,711
Total equity & liabilities	**7,550**	**11,140**	**13,010**	**15,056**	**17,361**
Net fixed assets	1,758	2,286	3,422	4,687	5,757
Investments	81	386	352	352	352
Cash	1,387	2,038	953	800	826
Other current assets	3,759	5,554	6,954	7,877	9,085
Deferred tax assets	0	0	0	0	0
Other non-current assets	565	876	1,328	1,341	1,341
Net working capital	2,240	4,239	4,006	4,032	4,497
Total assets	**7,550**	**11,140**	**13,010**	**15,056**	**17,361**

Cash flow

Year to 31 Mar (Rs m)	FY24	FY25	FY26	FY27E	FY28E
Pre-tax profit	1,159	1,427	1,882	2,046	2,412
Depreciation	80	118	144	236	330
Chg in Working capital	51	(1,659)	(1,314)	(182)	(440)
Total tax paid	(296)	(349)	(505)	(515)	(607)
Net Interest	22	24	23	34	40
Others	(111)	(15)	(35)	0	0
Operating cash flow	**904**	**(454)**	**206**	**1,609**	**1,734**
Capital expenditure	(262)	(646)	(1,281)	(1,500)	(1,400)
Free cash flow (a+b)	**642**	**(1,100)**	**(1,075)**	**109**	**334**
Chg in investments	(3)	(304)	34	0	0
Debt raised/(repaid)	(12)	70	(22)	0	0
Net interest	(22)	(24)	(23)	(34)	(40)
Capital raised/(repaid)	17	49	32	0	0
Dividend (incl. tax)	0	0	(210)	(228)	(269)
Other items	(428)	1,961	179	0	0
Net chg in cash	**195**	**651**	**(1,085)**	**(153)**	**26**

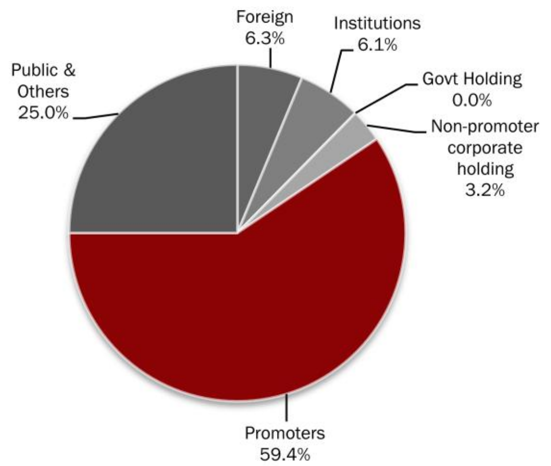
Key ratios

Year to 31 Mar	FY24	FY25	FY26	FY27E	FY28E
EBITDA margin (%)	8.7	9.4	9.3	9.3	9.3
EBIT margin (%)	8.1	8.6	8.5	8.2	8.0
PAT margin (%)	6.7	7.4	7.3	6.8	6.8
RoE (%)	20.4	18.0	16.9	16.2	16.6
RoCE (%)	23.5	20.0	19.2	19.0	19.0
Gearing (x)	(0.3)	(0.2)	(0.1)	(0.1)	(0.1)
Net debt/ EBITDA (x)	(1.1)	(1.4)	(0.5)	(0.3)	(0.3)
FCF yield (%)	2.5	(4.0)	(3.7)	0.4	1.2
Dividend yield (%)	0.0	0.0	(0.7)	(0.8)	(0.9)

Valuations

Year to 31 Mar	FY24	FY25	FY26	FY27E	FY28E
Reported EPS (Rs)	**58.7**	**68.0**	**81.8**	**90.9**	**107.1**
Adj. EPS (Rs)	58.7	68.0	81.8	90.9	107.1
PE (x)	29.4	25.4	21.1	19.0	16.1
Price/ Book (x)	5.7	3.6	3.3	2.9	2.5
EV/ Net sales (x)	1.9	1.8	1.5	1.3	1.1
EV/ EBITDA (x)	21.3	18.7	16.0	13.6	11.6
EV/ CE (x)	5.2	3.3	3.1	2.7	2.4

Shareholding pattern



As of Jun-26

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