Interarch Building Solutions Ltd

Q1FY27 Result Update

BUY @ INR 1,697 | **Target: INR 2,376 in 24 months** | **Upside Potential: 40%**

Q1FY27 Result Update

Interarch operates primarily in the B2B segment, offering design, manufacturing, and turnkey construction services to corporate, industrial, and institutional clients. It provides customized, factory-fabricated steel building systems that are quick to install and cost-efficient, serving various sectors such as Warehousing & Logistics, Automotive Manufacturing, Aviation & Metro Rail infrastructure, Industrial plants & Factories.

Interarch Building Solutions reported a strong start to FY27 with revenue from operations at INR 460 cr, registering 20.7% YoY growth, supported by healthy execution across industrial, warehousing, semiconductor, renewable energy, data center and commercial building projects. EBITDA stood at INR 39 cr, up 24.6% YoY, with EBITDA margins remaining stable at 8.6% despite upfront costs related to capacity expansion, new segment development and commissioning activities. PAT came in at INR 28 cr, broadly flat YoY, impacted by lower other income as IPO proceeds were deployed towards expansion initiatives.

Order book increased to INR 1,864 cr as of July 2026, providing strong revenue visibility. Around 35% of the order book is from new-age sectors including data centers, multi-storey buildings and complex infrastructure projects. Management continues to focus on selective order intake and timely execution.

Capacity expansion remains a key growth driver, with the Gujarat PEB facility commencing operations in July 2026, increasing installed PEB capacity to ~221,000 tonnes. The Andhra Pradesh heavy structure facility has started trial production, with commercial production expected shortly. The facility will be scaled in phases, with the long-term objective of building 75,000–80,000 tonnes of heavy structure capacity, catering to rising demand from data centers, high-rise buildings, power plants and other complex steel-intensive projects.

Management maintained FY27 revenue guidance of INR 2,150–2,200 cr and upgraded FY28 revenue guidance to INR 2,700 cr from INR 2,500 cr, supported by capacity expansion, heavy structures and exports. EBITDA margins are expected to improve towards 9.5–10% by FY28 through better mix, procurement efficiencies and higher export contribution.

In line with the strong revenue trajectory and expanding execution capabilities, Revenue/EBITDA/Net Profit are forecast to grow at a CAGR of 19%/17%/15% respectively, reaching INR 3,203.0 cr/INR 278.2 cr/INR 201.5 cr by FY29. EBITDA and PAT margins are expected to improve to 8.7% and 6.3% respectively by FY29. RoE and RoCE are projected to improve to 15.6% and 13.9% respectively by FY29.

Valuation: We assign a BUY rating on Interarch Building Solutions with a target price of INR 2,376 based on 11.7x FY29E EV/EBITDA, implying an upside of 40% from the current market price of INR 1,697 over the next 24 months.

Key Risks:
1) Volatility in steel prices could adversely impact profitability and margins.

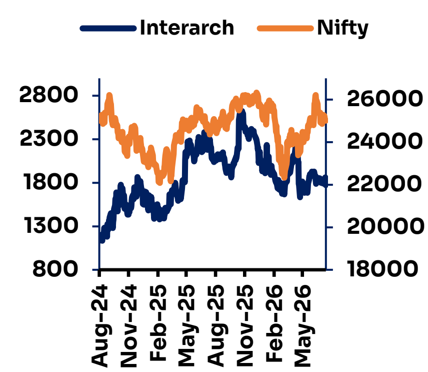
2) Any slowdown in economic activity may affect demand across key sectors such as construction, manufacturing, logistics, and infrastructure, thereby impacting order inflows and execution momentum.

Industry	Construction

Scrip Details	
Face Value (INR)	10.0
Market Cap (INR Cr)	2,854
Price (INR)	1,697
No of Sh O/S (Cr)	1.70
1M Avg Vol (000)	47.35
52W H/L (INR)	2,763 / 1,600
Div. Yield (%)	0.69

Shareholding	Jun 26
Promoter	59.44
FIIs	4.86
DIIs	6.10
Public	29.60
TOTAL	**100.0**

Price chart

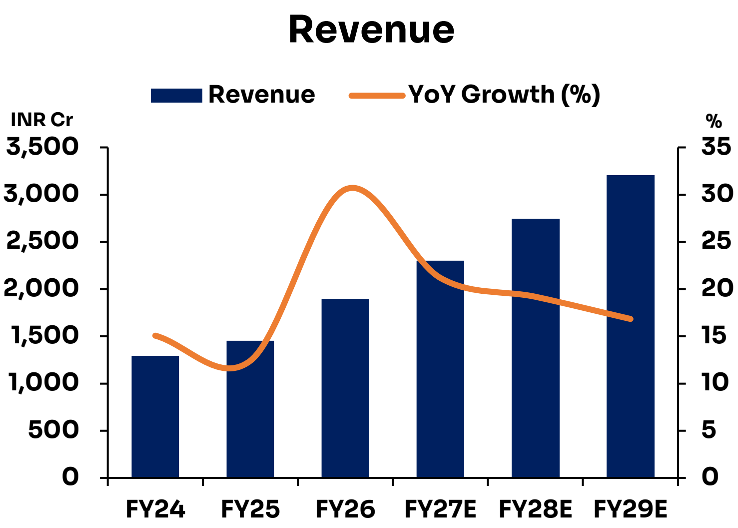


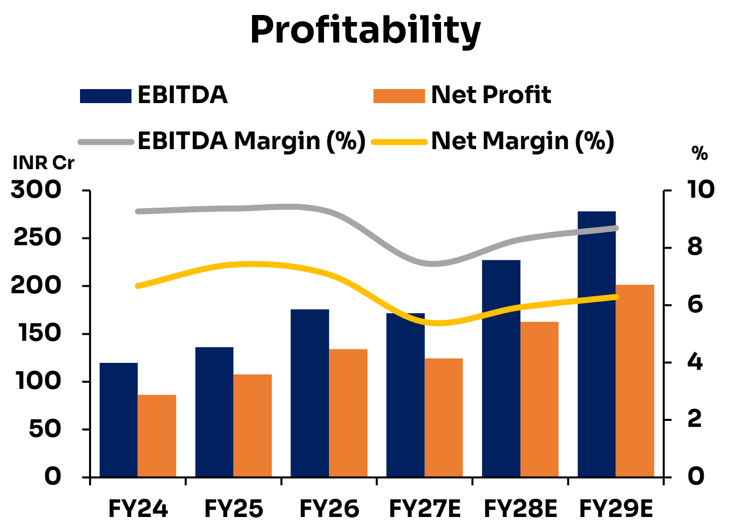
Key Consolidated Financial Data (INR Cr, unless specified)

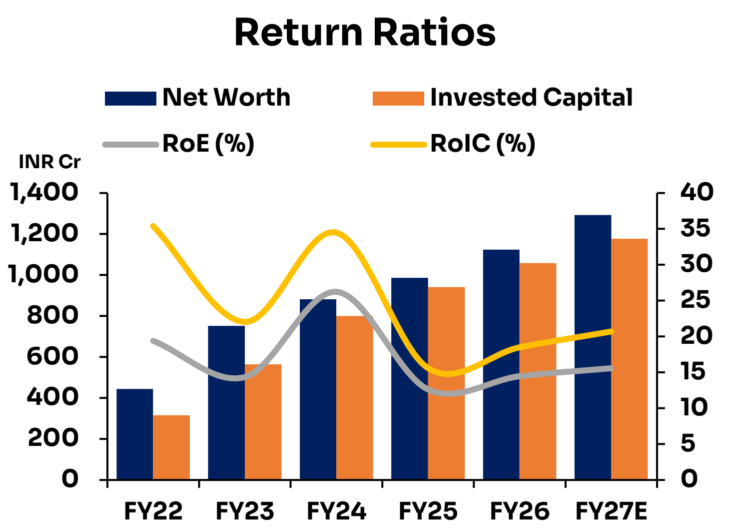
	Net Revenue	EBITDA	Net Profit	EBITDA (%)	Net (%)	EPS (₹)	BVPS (₹)	RoE (%)	RoCE	P/E (X)	EV/EBITDA (X)
FY25	1,453.8	136.2	107.8	9.4	7.4	64.3	448.1	14.3	12.2	26.4	24.7
FY26	1,898.0	175.7	135.4	9.3	7.1	80.7	525.4	26.2	13.1	21.0	19.2
FY27E	2,300.1	171.6	124.5	7.5	5.4	74.2	588.1	12.6	11.0	22.9	19.6
FY28E	2,741.4	227.2	162.5	8.3	5.9	96.9	669.8	14.5	12.9	17.5	14.4
FY29E	3,203.1	278.2	201.5	8.7	6.3	120.1	771.2	15.6	13.9	14.1	11.7

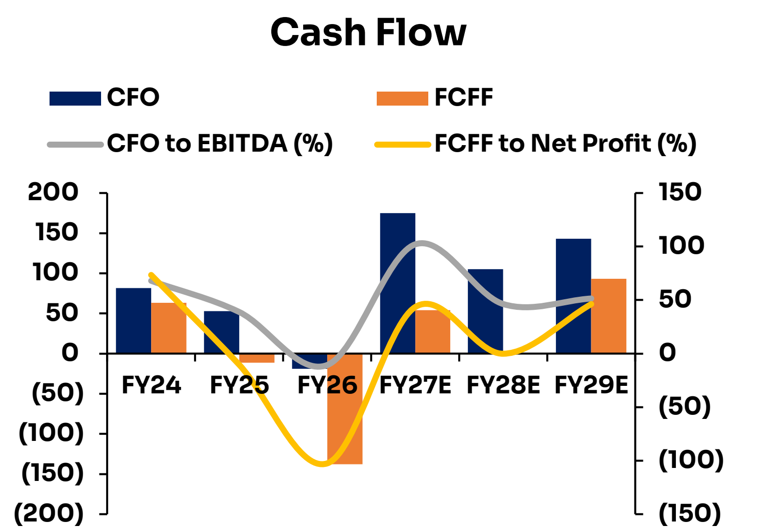
Source: Ventura Research & Company updates

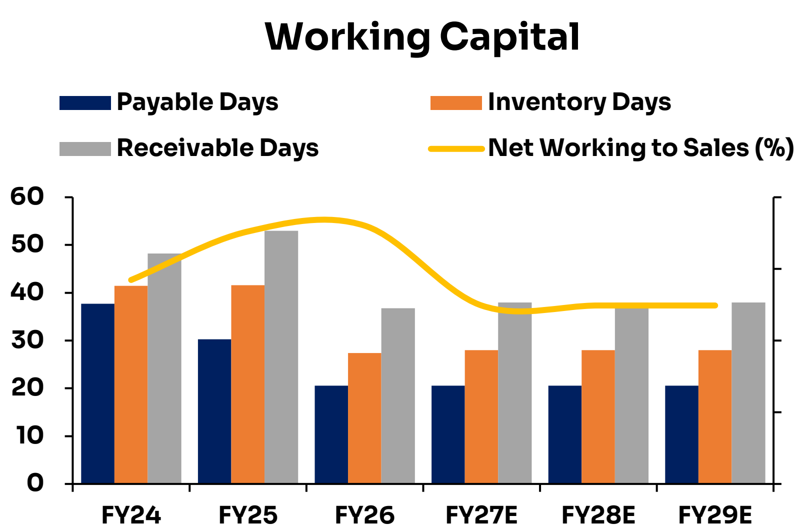
Story in Charts











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Key Takeaways from Interarch Building Solutions Q1 FY27 Earnings Call:

- **Strong Q1FY27 Performance Despite Expansion Costs: Interarch reported revenue of INR 460 cr, registering 20.7% YoY growth, driven by healthy execution across industrial, semiconductor, renewable, data center and commercial projects. EBITDA increased 24.6% YoY to INR 39 cr, with margins stable at 8.6% despite upfront costs related to new capacity and capability building. PAT stood at INR 28 cr, impacted by lower other income as IPO proceeds were deployed towards expansion.**
- **Robust Order Book & Strong Demand Visibility: Order book increased to INR 1,864 cr as of July 2026, including a INR 165 cr order from a major energy company in Baroda. Around 35% of the order book is contributed by new-age sectors such as data centers, multi-storey buildings and complex infrastructure projects. Management continues to prioritize selective order intake and execution discipline.**
- **Strategic Shift Towards Complete Steel Building Solutions: Interarch is expanding beyond traditional PEB into a broader steel solutions provider, targeting heavy structures, high-rise buildings, data centers, power plants, steel plants, fertilizer plants and port infrastructure. Management highlighted that execution capability and engineering expertise will remain key differentiators.**
- **Capacity Expansion Accelerating: Gujarat PEB facility commenced operations in July 2026, increasing installed PEB capacity to ~221,000 tonnes. Andhra Pradesh heavy structure facility has started trial production, with commercial production expected shortly. The facility is planned to scale towards 75,000–80,000 tonnes capacity, enabling participation in larger and more complex projects.**
- **FY27/FY28 Growth Outlook Strengthened: Management maintained FY27 revenue guidance of INR 2,150–2,200 cr and upgraded FY28 revenue guidance to INR 2,700 cr from INR 2,500 cr, supported by capacity expansion, heavy structures and export opportunities. EBITDA margins are expected to improve towards 9.5–10% by FY28 through better mix, procurement efficiencies, automation and operating leverage.**
- **Export Opportunity Scaling Up: Interarch is expanding its North American export strategy through an open web steel joist manufacturing unit with a Canadian partner. The planned ~15,000-tonne export facility is expected to generate US$22–23 mn revenue at full capacity, with management targeting EBITDA margins of over 20%. Production is targeted around July 2027 with gradual ramp-up over 2–3 years.**
- **QIP Increased to Fund Growth Expansion: The company increased planned QIP size to ~INR 250 cr from earlier plans, primarily to accelerate heavy structure Phase 2 & 3 expansion, additional Gujarat capacity and the export-oriented North American unit. Management expects capex of ~INR 129 cr in FY27 and ~INR 133 cr in FY28.**

Source: Ventura Research & Company updates

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Interarch Building Solutions Quarterly and Annual Performance

Fig in INR Cr (unless specified)	FY24	Q1FY25	Q2FY24	Q3FY24	Q4FY25	FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	FY26	Q1FY27	FY27E	FY28E	FY29E
Revenue from operations	1,293.3	303.4	323.3	363.6	463.5	1,453.8	380.8	491.1	522.5	503.6	1,898.0	459.7	2,300.1	2,741.4	3,203.1
YoY Growth (%)	*15.1*	*3.3*	*8.5*	*15.0*	*20.2*	*12.4*	*25.5*	*51.9*	*43.7*	*8.7*	*30.6*	*20.7*	*21.2*	*19.2*	*16.8*
Raw Material Cost	823.8	191.0	190.5	222.5	285.1	889.1	228.3	298.3	323.3	293.5	1,143.3	228.3	1,403.0	1,661.3	1,928.2
RM Cost to Sales (%)	*63.7*	*63.0*	*58.9*	*61.2*	*61.5*	*61.2*	*60.0*	*60.7*	*61.9*	*58.3*	*60.2*	*49.7*	*61.0*	*60.6*	*60.2*
Employee Cost	119.0	31.7	37.0	38.5	39.8	147.0	40.5	44.1	43.0	42.2	169.8	43.2	213.7	256.6	299.9
Employee Cost to Sales (%)	*9.2*	*10.4*	*11.4*	*10.6*	*8.6*	*10.1*	*10.6*	*9.0*	*8.2*	*8.4*	*8.9*	*9.4*	*9.3*	*9.4*	*9.4*
Other Expenses	230.7	53.7	70.6	67.5	89.8	281.5	81.0	107.1	106.0	115.2	409.2	157.1	511.8	596.3	696.7
Other Expenses to Sales (%)	*17.8*	*17.7*	*21.8*	*18.6*	*19.4*	*19.4*	*21.3*	*21.8*	*20.3*	*22.9*	*21.6*	*34.2*	*22.3*	*21.8*	*21.8*
EBITDA	119.9	27.1	25.2	35.1	48.8	136.2	31.0	41.6	50.3	52.8	175.7	31.0	171.6	227.2	278.2
EBITDA Margin (%)	*9.3*	*8.9*	*7.8*	*9.7*	*10.5*	*9.4*	*8.1*	*8.5*	*9.6*	*10.5*	*9.3*	*6.7*	*7.5*	*8.3*	*8.7*
PAT	86.3	20.3	20.7	28.2	38.7	107.8	27.7	32.3	37.3	36.6	133.9	19.8	124.5	162.5	201.5
PAT Margin (%)	*6.7*	*6.7*	*6.4*	*7.8*	*8.3*	*7.4*	*7.3*	*6.6*	*7.1*	*7.3*	*7.1*	*4.3*	*5.4*	*5.9*	*6.3*
Net Profit	86.3	20.3	20.7	28.2	38.7	107.8	28.0	32.3	37.3	36.6	134.2	28.0	124.5	162.5	201.5
Net Margin (%)	*6.7*	*6.7*	*6.4*	*7.8*	*8.3*	*7.4*	*7.4*	*6.6*	*7.1*	*7.3*	*7.1*	*6.1*	*5.4*	*5.9*	*6.3*
Adjusted EPS	51.4	12.1	12.3	16.8	23.1	64.3	16.7	19.2	22.2	21.8	80.0	16.7	74.2	96.9	120.1
P/E (X)	*33.7*					*27.0*					*21.7*		*23.3*	*17.9*	*14.4*
Adjusted BVPS	265.1					448.1					525.4		588.1	669.8	771.2
P/BV (X)	*6.5*					*3.9*					*3.3*		*2.9*	*2.6*	*2.2*
Enterprise Value	2,777.8					2,719.6					2,825.9		2,861.6	2,841.0	2,789.2
EV/EBITDA (X)	*28.5*					*24.7*					*19.2*		*19.6*	*14.4*	*11.7*
Net Worth	444.6					751.4					881.1		986.2	1,123.3	1,293.3
Return on Equity (%)	*19.4*					*14.3*					*15.2*		*12.6*	*14.5*	*15.6*
Capital Employed	454.8					768.6					896.1		1,001.2	1,138.3	1,308.3
Return on Capital Employed (%)	*18.3*					*12.2*					*13.1*		*11.0*	*12.9*	*13.9*
Invested Capital	316.1					564.8					800.8		941.5	1,058.1	1,176.2
Return on Invested Capital (%)	*35.4*					*22.0*					*34.5*		*15.6*	*18.5*	*20.7*
Cash Flow from Operations	81.5					53.0					(18.8)		175.1	105.2	143.1
Cash Flow from Investing	(32.2)					(223.0)					(22.8)		(128.9)	(58.1)	(58.8)
Cash Flow from Financing	(45.9)					192.0					(22.4)		(22.2)	(28.1)	(34.2)
Net Cash Flow	3.5					22.0					(64.1)		24.1	19.0	50.2
Free Cash Flow	63.4					(11.2)					(137.6)		54.1	(0.2)	93.1
FCF to Revenue (%)	*4.9*					*(0.8)*					*(7.3)*		*2.4*	*(0.0)*	*2.9*
FCF to EBITDA (%)	*52.9*					*(8.2)*					*(78.3)*		*31.6*	*(0.1)*	*33.5*
FCF to Net Profit (%)	*73.5*					*(10.4)*					*(102.6)*		*43.5*	*(0.1)*	*46.2*
FCF to Net Worth (%)	*14.3*					*(1.5)*					*(15.6)*		*5.5*	*(0.0)*	*7.2*
Total Debt	10					17					15		15	15	15
Net Debt	(128)					(187)					(80)		(45)	(65)	(117)
Net Debt to Equity (X)	*(0.3)*					*(0.2)*					*(0.1)*		*(0.0)*	*(0.1)*	*(0.1)*
Net Debt to EBITDA (X)	*(1.1)*					*(1.4)*					*(0.5)*		*(0.3)*	*(0.3)*	*(0.4)*
Interest Coverage Ratio (X)	*12.4*					*51.2*					*70.7*		*54.4*	*72.5*	*90.1*
Fundamental scores															
Altman Z Score	2.6					2.1					2.3		2.3	2.5	2.5
Piotroski F-score	5.0					4.0					5.0		4.0	7.0	7.0
Beneish M-score	(2.3)					(2.1)					(1.3)		(2.4)	(2.0)	(2.1)

Source: Ventura Research & Company updates

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Interarch Building Solutions Consolidated Financials & Projections

Fig in INR Cr (unless specified)	FY25	FY26	FY27E	FY28E	FY29E
Income Statement					
Revenue	1,453.8	1,898.0	2,300.1	2,741.4	3,203.1
YoY Growth (%)	*12.4*	*30.6*	*21.2*	*19.2*	*16.8*
Raw Material Cost	889.1	1,143.3	1,403.0	1,661.3	1,928.2
RM Cost to Sales (%)	*61.2*	*60.2*	*61.0*	*60.6*	*60.2*
Employee Cost	147.0	169.8	213.7	256.6	299.9
Employee Cost to Sales (%)	*10.1*	*8.9*	*9.3*	*9.4*	*9.4*
Other Expenses	281.5	409.2	511.8	596.3	696.7
Other Exp to Sales (%)	*19.4*	*21.6*	*22.3*	*21.8*	*21.8*
EBITDA	136.2	175.7	171.6	227.2	278.2
Margin (%)	*9.4*	*9.3*	*7.5*	*8.3*	*8.7*
YoY Growth (%)	*13.7*	*29.0*	*(2.3)*	*32.4*	*22.4*
Depreciation & Amortization	11.8	13.0	24.8	31.6	34.8
EBIT	124.5	162.7	146.8	195.7	243.4
Margin (%)	*8.6*	*8.6*	*6.4*	*7.1*	*7.6*
YoY Growth (%)	*11.2*	*30.7*	*(9.8)*	*33.3*	*24.4*
Other Income	20.6	28.6	22.3	24.2	28.5
Bill discounting & other charges	2.4	2.3	2.7	2.7	2.7
Fin Charges Coverage (X)	51.2	71.4	54.4	72.5	90.1
Exceptional Item	0.0	(3.2)	0.0	0.0	0.0
PBT	142.7	185.8	166.4	217.2	269.2
Margin (%)	*9.8*	*9.8*	*7.2*	*7.9*	*8.4*
YoY Growth (%)	*23.1*	*30.2*	*(10.5)*	*30.5*	*24.0*
Tax Expense	34.9	50.5	41.9	54.7	67.8
Tax Rate (%)	*24.4*	*27.2*	*25.2*	*25.2*	*25.2*
PAT	107.8	135.4	124.5	162.5	201.5
Margin (%)	*7.4*	*7.1*	*5.4*	*5.9*	*6.3*
YoY Growth (%)	*25.0*	*25.6*	*(8.0)*	*30.5*	*24.0*
Min Int/Sh of Assoc	0.0	0.0	0.0	0.0	0.0
Net Profit	107.8	135.4	124.5	162.5	201.5
Margin (%)	*7.4*	*7.1*	*5.4*	*5.9*	*6.3*
YoY Growth (%)	*25.0*	*25.6*	*(8.0)*	*30.5*	*24.0*
Balance Sheet					
Share Capital	16.6	16.8	16.8	16.8	16.8
Total Reserves	734.8	864.4	969.4	1,106.5	1,276.5
Shareholders Fund	751.4	881.1	986.2	1,123.3	1,293.3
Long Term Borrowings	0.3	0.0	0.0	0.0	0.0
Deferred Tax Assets / Liabilities	7.7	12.7	12.7	12.7	12.7
Other Long Term Liabilities	2.4	2.1	2.5	3.0	3.5
Long Term Trade Payables	0.0	0.0	0.0	0.0	0.0
Long Term Provisions	0.0	0.0	1.0	1.2	1.4
Total Liabilities	761.8	895.8	1,002.3	1,140.1	1,310.8
Net Block	149.8	221.2	319.4	395.2	412.4
Capital Work in Progress	13.5	56.5	56.0	0.0	0.0
Intangible assets under developm	0.0	0.0	0.0	0.0	0.0
Non Current Investments	38.6	35.2	40.1	45.3	50.4
Long Term Loans & Advances	0.6	0.5	0.6	0.7	0.8
Other Non Current Assets	152.4	196.9	238.6	284.4	332.3
Net Current Assets	407.0	385.6	347.6	414.6	515.0
Total Assets	761.8	895.8	1,002.3	1,140.1	1,310.8

Fig in INR Cr (unless specified)	FY25	FY26	FY27E	FY28E	FY29E
Per share data & Yields					
Adjusted EPS (INR)	64.3	80.7	74.2	96.9	120.1
Adjusted Cash EPS (INR)	71.3	88.5	89.0	115.7	140.9
Adjusted BVPS (INR)	448.1	525.4	588.1	669.8	771.2
Adjusted CFO per share (INR)	30.5	25.4	104.4	62.7	85.4
CFO Yield (%)	1.8	1.5	6.2	3.7	5.0
Adjusted FCF per share (INR)	(6.7)	(82.1)	32.3	(0.1)	55.5
FCF Yield (%)	(0.4)	(4.8)	1.9	(0.0)	3.3
Solvency Ratio (X)					
Total Debt to Equity	0.0	0.0	0.0	0.0	0.0
Net Debt to Equity	0.0	0.0	0.0	0.0	0.0
Net Debt to EBITDA	0.1	0.1	0.1	0.1	0.1
Return Ratios (%)					
Return on Equity	14.3	26.2	12.6	14.5	15.6
Return on Capital Employed	12.2	13.1	11.0	12.9	13.9
Return on Invested Capital	22.0	34.5	15.6	18.5	20.7
Working Capital Ratios					
Payable Days (Nos)	30	21	21	21	21
Inventory Days (Nos)	42	27	28	28	28
Receivable Days (Nos)	53	37	38	38	38
Net Working Capital Days (Nos)	64	44	45	45	45
Net Working Capital to Sales (%)	17.6	18.0	12.4	12.4	12.4
Valuation (X)					
P/E	26.4	21.0	22.9	17.5	14.1
P/BV	3.8	3.2	2.9	2.5	2.2
EV/EBITDA	24.7	19.2	19.6	14.4	11.7
EV/Sales	1.8	1.4	1.2	1.0	0.9
Cash Flow Statement					
PBT	142.7	185.8	166.4	217.2	269.2
Adjustments	5.0	(26.6)	(5.0)	(2.4)	(0.8)
Change in Working Capital	(61.6)	(66.1)	55.6	(54.9)	(57.5)
Less: Tax Paid	(34.9)	(50.5)	(41.9)	(54.7)	(67.8)
Cash Flow from Operations	51.2	42.6	175.1	105.2	143.1
Net Capital Expenditure	(66.0)	(119.0)	(123.0)	(107.4)	(52.0)
Change in Investments	(157.0)	96.1	(5.9)	49.3	(6.8)
Cash Flow from Investing	(223.0)	(22.8)	(128.9)	(58.1)	(58.8)
Change in Borrowings	7.4	(2.5)	0.0	0.0	0.0
Less: Finance Cost	(2.4)	(2.3)	(2.7)	(2.7)	(2.7)
Proceeds from Equity	187.0	3.3	0.0	0.0	0.0
Buyback of Shares	0.0	0.0	0.0	0.0	0.0
Dividend Paid	0.0	(21.0)	(19.5)	(25.4)	(31.5)
Cash flow from Financing	192.0	(22.4)	(22.2)	(28.1)	(34.2)
Net Cash Flow	20.2	(2.6)	24.1	19.0	50.2
Forex Effect	0.0	0.0	0.0	0.0	0.0
Opening Balance of Cash	62.1	84.1	20.0	44.1	63.1
Closing Balance of Cash	84.1	20.0	44.1	63.1	113.3

Source: Ventura Research

Rating Methodology

We rate stocks on the 2 years absolute return basis.

Rating	Criteria	Definition
BUY	>= 20%	Target price is equal to or more than 20% of CMP
HOLD	>= 0% to < 20%	Target price is more than CMP but less than 20% of CMP
SELL	<= 0% (negative return)	Target price is less than CMP
NOT RATED	No recommendation	No target

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