

# Interarch Building Solutions Ltd (INTERARC IN)

Mixed Q1 performance, Capex to drive incremental growth

## INDIA | SMALLCAP | RESULT UPDATE

### Key takeaways from Q1FY26

- The company reported mixed performance led by strong topline and bottomline growth but miss on margins due to higher operational expense.
- The company reported revenue of ~Rs 3.8 bn up ~25.7% YoY for the quarter led by strong volume of 28.6% on YoY basis to 32800Tonnes.
- The company's operating profit grew to ~Rs 0.32 bn up ~18.5% YoY. EBITDA margins for the quarter dipped to ~8.4% from 8.9% in Q1FY25 due to higher employee and other expense cost.
- The company reported PAT of ~Rs 0.28 bn up ~40% on YoY basis for the quarter led by higher other income. Other income includes service tax refund of Rs 2.5cr.

### Major Management Meet highlights:

- The company has robust order book of Rs 16.95 bn (up 30% YoY) as on 31<sup>st</sup> July, 2025, with pipeline 1 (3-6 mths order finalization) stands at Rs 25bn (up 8-10% YoY) whereas pipeline 2 (6-18mth order finalization) stands at Rs 40bn (up 9-10% YoY)
- The company has secured order worth Rs 4.52bn during 1<sup>st</sup> May to 31<sup>st</sup> July 2025, across major customers like Aether energy, Amaraja Battery, M&M, JLR and craftsman automation.
- On export side, the company has enhanced its presence through strategic collaboration with Mold-Tek Technologies, particularly in US market. Interarch will handle PEB manufacturing and logistics while Mold-Tek Technologies will provide detailing for PEB and structural steel projects.
- The company guide to commissioned Andhra Pradesh phase 2 and Kiccha plant in current quarter. The management expects to fully utilize the plant within 6mths starting Oct 2025.
- On capex side, the company plans to incur Rs 2bn for expanding current installed capacity by 80K tonnes to 2.8lac tonnes across two facilities over next 12-18 mths.
- The new land acquired in Andhra Pradesh will be used for installing 24000 MT (phase 1) for heavy steel structures and is expected to be commissioned by Q2FY27 by incurring Rs 0.8bn investment (internal accruals/term loans)
- On Gujarat side, the company is setting up a Greenfield plant at Kheda by incurring capex worth Rs 0.6bn (internal cash accruals) and plan to install 27000MT (phase 1).
- The management has conservatively maintained its FY26 growth outlook with 17-18% revenue growth and however, expects to surpass the growth with new capacity kicking in.

### Outlook and view:

IBSL has shown strong topline performance with a robust order book indicating a strong visibility for FY26. The new heavy structure capacity coming in FY27 will add an avenue for faster growth for years to come. The new capacity addition will allow the business to scale faster. The company's debt free status and healthy cash position will allow them to fund both organic and inorganic growth via internal accruals.

We expect a CAGR growth of 23% / 27% / 22% for Revenue / EBITDA / PAT respectively for the period FY25-27e. We value the consolidated business at 25x FY27E earnings of INR 97.1/- with a revised target price of Rs. 2428 an upside potential of 6%. Rating - NEUTRAL

### Key Financials:

	Rs. Mn								
Year end	Net Sales	EBIDTA	PAT	EPS, Rs	P/E	EV/EBIDTA	P / BV	ROE	ROCE
FY24	12933	1130	863	59.8	NA	NA	NA	19.4%	23.1%
FY25	14538	1362	1078	64.8	23.8	17.3	3.7	14.4%	16.2%
FY26E	18173	1735	1365	82.0	25.1	18.7	3.9	15.7%	17.9%
FY27E	22025	2191	1617	97.1	21.2	14.8	3.4	16.1%	19.4%

Source: Company, PhillipCapital India Research

11 August 2025

## NEUTRAL

CMP Rs 2282

TARGET Rs 2428 (+6%)

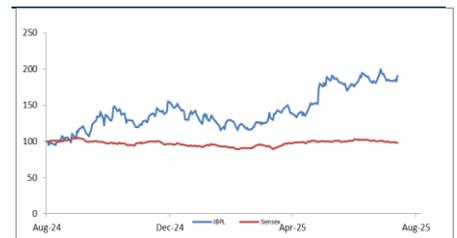
### COMPANY DATA

O/S SHARES (MN) :	16.6
MARKET CAP (RS MN) :	36072
MARKET CAP (USD MN) :	414.6
52 - WK HI/LO (RS) :	2410/1110
TRADING VOL. 3M (000) :	260.5
PAR VALUE (RS) :	10

### SHARE HOLDING PATTERN, %

PROMOTERS :	59.9
FII / FPI :	5.67
FI / MF :	6.97
PUBLIC & OTHERS :	27.45
SHP as on June 2025	

### PRICE Vs. SENSEX



Source: PhillipCapital India Research

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## Quarterly statement

Particular (Rs mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	FY24	FY25
Net sales	3034.0	3233.0	3636.0	4635.0	3808	12933.0	14538.0
<b>Yoy growth</b>	<b>3.2%</b>	<b>8.6%</b>	<b>15.0%</b>	<b>20.2%</b>	<b>25.5%</b>	<b>-14.1%</b>	<b>12.4%</b>
<b>Total Expenditure</b>	<b>2764.0</b>	<b>2981.0</b>	<b>3285.0</b>	<b>4147.0</b>	<b>3491.0</b>	<b>11804.0</b>	<b>13176.0</b>
COGS	1910.0	1905.0	2225.0	2851.0	2283	8238.0	8891.0
Employee cost	317.0	370.0	385.0	398.0	405	1190.0	1470.0
Other expense	537.0	706.0	675.0	898.0	803	2376.0	2815.0
<b>Operating Profit</b>	<b>270.0</b>	<b>252.0</b>	<b>351.0</b>	<b>488.0</b>	<b>317.0</b>	<b>1129.0</b>	<b>1362.0</b>
<b>EBITDA margins %</b>	<b>8.9%</b>	<b>7.8%</b>	<b>9.7%</b>	<b>10.5%</b>	<b>8.3%</b>	<b>8.7%</b>	<b>9.4%</b>
<b>Yoy growth</b>	<b>8.0%</b>	<b>31.3%</b>	<b>27.6%</b>	<b>29.1%</b>	<b>17.4%</b>	<b>1.7%</b>	<b>20.6%</b>
Less: Depreciation	21.0	23.0	20.0	49.0	32	80.0	118.0
Interest	5.0	4.0	6.0	7.0	6	22.0	24.0
Add: other income	30.0	50.0	49.0	71.0	99	130.0	207.0
PBT	274.0	275.0	374.0	503.0	378.0	1157.0	1427.0
Less: Tax	71.0	68.0	79.0	117.0	94	296.0	349.0
<b>Profit After Tax</b>	<b>203.0</b>	<b>207.0</b>	<b>295.0</b>	<b>386.0</b>	<b>284.0</b>	<b>861.0</b>	<b>1078.0</b>
<b>Yoy growth</b>	<b>6.8%</b>	<b>38.0%</b>	<b>34.1%</b>	<b>28.7%</b>	<b>39.9%</b>	<b>6.3%</b>	<b>25.2%</b>
Equity Capital	170.0	170.0	170.0	170.0	170.0	170.0	170.0
Face Value (In Rs)	10	10	10	10	10	10.0	10.0
No of shares	17.0	17.0	17.0	17.0	17.0	17.0	17.0
EPS	11.9	12.2	17.4	22.7	16.7	50.6	63.4

## Financials

### Income Statement

Y/E March, Rs. Mn	FY24	FY25	FY26E	FY27E
Net sales	<b>12,933</b>	<b>14,538</b>	<b>18,173</b>	<b>22,025</b>
Growth %	15%	12%	25%	21%
Raw Material Cost	8,238	8,891	11,067	13,325
Employee cost	1,190	1,470	1,793	2,188
Other expense	2,376	2,815	3,577	4,321
Total expense	11,803	13,176	16,438	19,834
EBITDA	<b>1,130</b>	<b>1,362</b>	<b>1,735</b>	<b>2,191</b>
EBITDA margin (%)	8.7%	9.4%	9.5%	9.9%
Depreciation	80	118	152	212
EBIT	1,050	1,245	1,582	1,979
Finance Cost	22	24	30	38
Other income	130	207	273	220
PBT	1,159	1,427	1,825	2,161
Less: Taxation	296	349	460	545
Effective tax rate (%)	25.6%	24.4%	25.2%	25.2%
PAT	<b>863</b>	<b>1,078</b>	<b>1,365</b>	<b>1,617</b>
Growth %	5.9%	25.0%	26.6%	18.4%
PAT margin (%)	6.7%	7.4%	7.5%	7.3%
Wtd. Avg. Shares (Mn)	14.4	16.6	16.6	16.6

### Balance Sheet

Y/E March, Rs. Mn	FY24	FY25	FY26E	FY27E
Equity capital	144	166	166	166
Reserves	4,302	7,348	8,505	9,848
Net worth	4,446	7,514	8,671	10,015
NCI	-	-	-	-
Non Current Liabilities	102	103	105	105
Current Liabilities	3,002	3,522	5,195	6,139
<b>Total liabilities</b>	<b>7,550</b>	<b>11,140</b>	<b>13,972</b>	<b>16,259</b>
Net block	1,629	2,147	2,852	3,841
CWIP	127	135	500	-
Total fixed asset	1,756	2,282	3,352	3,841
Intangible assets	2	4	4	4
Other non current assets	646	1,262	1,263	1,263
Current assets				
Investment	-	-	-	-
Inventory	1,468	1,657	1,992	2,414
Trade Receivables	1,708	2,110	2,489	3,017
Cash & bank Balance	1,377	1,988	3,120	3,871
Other Current assets	593	1,837	1,752	1,848
<b>Total assets</b>	<b>7,550</b>	<b>11,140</b>	<b>13,972</b>	<b>16,259</b>

Source: Company, PhillipCapital India Research

### Cash Flow

Y/E March, Rs. Mn	FY24	FY25	FY26E	FY27E
PBT	1,159	1,427	1,825	2,161
Depreciation	80	118	152	212
Tax paid	296	349	460	545
Change in WC/other adjustment	(139)	1,314	(1,044)	103
<b>Cash Flow from Operating activities</b>	<b>1,082</b>	<b>(118)</b>	<b>2,561</b>	<b>1,726</b>
Capital Expenditure	231	556	1,229	719
Other intangible asset	31	90	(7)	(18)
Others	108	616	1	-
<b>Cash Flow from Investing activities</b>	<b>370</b>	<b>1,262</b>	<b>1,223</b>	<b>701</b>
Change in Equity	(409)	1,990	(208)	(273)
Change in Debt	(5)	(4)	(3)	-
Others	(112)	5	5	-
<b>Cash Flow from Financing activities</b>	<b>(526)</b>	<b>1,991</b>	<b>(206)</b>	<b>(273)</b>

### Valuation Ratios

Y/E March, Rs. Mn	FY24	FY25	FY26E	FY27E
EPS	59.8	64.8	82.0	97.1
Book NAV / Share	308	452	521	602
DPS	-	12.5	16.4	19.4

### Growth Ratios

Net Sales (%)	15.1%	12.4%	25.0%	21.2%
EBITDA (%)	6.2%	20.6%	27.3%	26.3%
PAT (%)	5.9%	25.0%	26.6%	18.4%

### Return Ratios

ROE (%)	19.4%	14.4%	15.7%	16.1%
ROCE (%)	23.1%	16.2%	17.9%	19.4%

### Turnover Ratios

Asset Turnover (x)	1.7	1.3	1.3	1.4
Fixed asset turnover (x)	7.9	6.8	6.4	5.7
Receivable Days	48	53	50	50
Inventory Days	41	42	40	40
Payable Days	57	71	60	60

### Liquidity Ratios

Current Ratio (x)	1.7	2.2	1.8	1.8
Interest Cover (x)	48.6	51.4	52.1	52.1
Total Debt / Equity (x)	0.0	0.0	0.0	0.0

### Valuation Ratios

PER (x)	NA	23.8	25.1	21.2
Price / Book (x)	NA	3.7	3.9	3.4
Price / Sales (x)	NA	1.8	1.9	1.6
EV / Sales (x)	NA	1.6	1.8	1.5
EV / EBITDA (x)	NA	17.3	18.7	14.8

## Rating Methodology

We rate stock on absolute return basis. Our target price for the stocks has an investment horizon of one year. We have different threshold for large market capitalisation stock and Mid/small market capitalisation stock. The categorisation of stock based on market capitalisation is as per the SEBI requirement.

### Large cap stocks

Rating	Criteria	Definition
BUY	$\geq +10\%$	Target price is equal to or more than 10% of current market price
NEUTRAL	$-10\% > \text{to} < +10\%$	Target price is less than +10% but more than -10%
SELL	$\leq -10\%$	Target price is less than or equal to -10%.

### Mid cap and Small cap stocks

Rating	Criteria	Definition
BUY	$\geq +15\%$	Target price is equal to or more than 15% of current market price
NEUTRAL	$-15\% > \text{to} < +15\%$	Target price is less than +15% but more than -15%
SELL	$\leq -15\%$	Target price is less than or equal to -15%.

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