Interarch Building Solutions Limited

DALAL & BROACHA STOCK BROKING PVT. LTD.

Institutional Equity Research Desk

Q1FY27 Result Update | Pre-Engineered Buildings (PEB)

Capacity Expansion Strengthens Long-Term Growth Outlook

13 July 2026

Interarch Building Solutions reported a healthy Q1FY27 performance, with revenue growing 20.7% YoY to ₹460 crore, driven by strong execution and healthy demand across key end-user industries. EBITDA increased 24.6% YoY to ₹39 crore, while reported PAT remained largely flat at ₹28 crore due to lower treasury income following deployment of IPO proceeds towards capex and higher depreciation from newly commissioned capacities.

During the quarter, the company strengthened its long-term growth platform through capacity expansion, increased its order book to ₹1,864 crore, announced a North American export JV and enhanced its QIP size to ₹250 crore to accelerate future expansion.

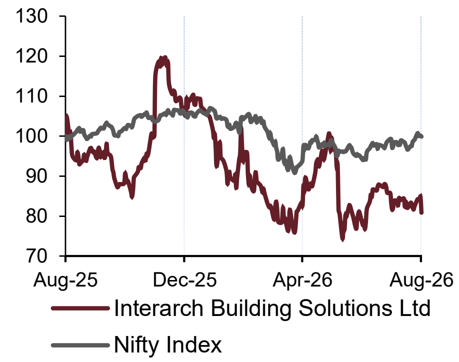
Management reiterated FY27 revenue guidance of ₹2,150–2,200 crore and raised its FY28 revenue aspiration to ₹2,700 crore, reflecting confidence in the robust demand environment and improving execution visibility. With new capacities ramping up, a healthy order pipeline and entry into higher-value heavy structures and exports, we believe the company is well positioned to sustain strong earnings growth over the medium term.

Rating	TP (Rs)	Up/Dn (%)
BUY	**2,430**	**37**

Market data		
Current price	**Rs**	**1,773**
Market Cap (Rs.Bn)	(Rs Bn)	30
Market Cap (US$ Mn)	(US$ Mn)	313
Face Value	Rs	10
52 Weeks High/Low	Rs	2762.6 / 1600
Average Daily Volume	('000)	69
BSE Code		544232
Bloomberg		INTERARC.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Jun-26	Mar-26
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	26,832
Growth		*35%*	*15%*	*12%*	*31%*	*14%*	*24%*
EBITDA	329	1,064	1,130	1,362	1,763	2,043	2,802
Growth		*223%*	*6%*	*21%*	*29%*	*16%*	*37%*
PAT (adj)	171	815	863	1,078	1,345	1,555	1,925
Growth		*375%*	*6%*	*25%*	*25%*	*16%*	*24%*
EPS	11	54	60	65	81	93	116
P/E (x)	155	33	30	27	22	19	15
EV/EBITDA (x)	78	23	25	20	16	13	10
ROE (%)	5%	20%	19%	14%	15%	15%	16%
ROCE (%)	7%	25%	24%	17%	18%	18%	19%

Source: Company, Dalal & Broacha Research

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Key Financial Highlights

- **Revenue:** Revenue from operations for Q1FY27 stood at ₹4,596 million, registering 21% YoY growth, though down 9% QoQ, aided by continued execution momentum in the pre-engineered buildings, metal roofing & cladding, and false ceilings business.
- **Profit After Tax (PAT):** Net profit after tax came in at ₹283 million, broadly flat YoY (-0.5%) and down 23% QoQ, primarily due to a sharp normalization in other income (₹99mn in Q1FY26 to ₹30mn in Q1FY27), which had been elevated a year ago on treasury income from unutilized IPO proceeds. Adjusted for this base effect, core PAT growth works out to 24% YoY, in line with operating performance.
- **EBITDA Margin:** EBITDA (excluding other income) margin stood at 8.6%, expanding 27 bps YoY but contracting 191 bps QoQ, as erection & installation charges and material costs rose sequentially during the quarter
- **Strategic Expansion:** The Board approved a Joint Venture with ER Steel Inc., Canada (76:24 equity, Interarch : ER Steel) to design, manufacture and supply Open Web Steel Joists (OWSJ) for the US and Canadian markets, backed by a minimum-offtake commitment from ER Steel — marking Interarch's first structured entry into North America, with an initial funding outlay of ₹80 crore.
- **Corporate Action:** The Board approved a 1:5 stock split (face value ₹10 to ₹2 per share), aimed at improving retail participation and liquidity, subject to shareholder and exchange approval.
- **Capital Allocation:** Board enhanced its QIP fundraise approval to up to ₹250 crore (from ₹100 crore earlier), subject to fresh shareholder approval at the 43rd AGM on 10 September 2026.

Valuation & Outlook

Interarch Building Solutions is well positioned to benefit from India's structural manufacturing and industrial capex cycle, supported by increasing investments across data centers, electronics, renewables, warehousing, engineering and infrastructure. The company's ongoing capacity expansion, healthy order book, entry into heavy structures and export business, along with disciplined order selection, provide strong visibility for sustainable growth over the medium term.

We expect the recently commissioned capacities, improving product mix and operating leverage to drive healthy earnings growth as utilization ramps up. Further, the proposed North American export JV and expansion into higher-value heavy structure projects are expected to improve profitability and diversify revenue streams over the coming years.

We estimate **Revenue/EBITDA/PAT CAGR of 23%/27%/21% over FY26–28E**, driven by strong execution, healthy order inflows and increasing contribution from new capacities. At the current market price of **₹1,773**, the stock trades at **19x/15x FY27E/FY28E EPS**, which we believe does not fully reflect the company's long-term growth potential.

We maintain our BUY rating with a Target Price of ₹2,430, based on 21x FY28E EPS of ₹115.7, implying a **PEG ratio of 1.0x**, which we believe is justified given the company's strong earnings visibility, robust balance sheet, improving return profile and long runway for growth. **Our target price implies an upside potential of ~37% from the current market price.**

Concall KTA’s

Capacity Expansion Accelerates

- **Heavy structure plant:** Commercial production at the Heavy Structure plant is expected by end-August, with the first order already secured from the data center segment. Phase 2 civil works started at the same Andhra location, targeting March completion; Phase 3 by December next year, taking total heavy structure capacity to 75,000–80,000 tons.
- **Gujarat PEB Plant:** Gujarat PEB Plant Phase-I has commenced operations, while Phase-II is on track for commissioning by October.

Robust Demand Environment

- Order book increased to **₹1,864 Cr** as of July-end, supported by a **₹165 Cr** order from the energy sector.
- Demand remains strong across data centers, semiconductors, EVs, renewables, battery manufacturing and commercial buildings, while traditional sectors such as FMCG and paints are also witnessing a revival.
- Management continues to remain selective in order booking, prioritizing execution quality and profitability over aggressive revenue growth.

Guidance

- Management reaffirmed FY27 revenue guidance of **₹2,150–2,200 Cr**, indicating that execution is expected to accelerate in H2 following the seasonal slowdown in Q1.
- FY28 revenue aspiration has been increased to **₹2,700 Cr** (vs. ₹2,500 Cr earlier), reflecting confidence in incremental capacity and sustained demand visibility.
- The company expects no single-digit revenue growth quarter over the remaining FY27 period.

Export Business Emerging as the Next Growth Engine

- The proposed JV with ER Steel (Canada) will establish a dedicated export platform targeting the North American Open Web Steel Joist (OWSJ) market.
- Phase-I is expected to generate **₹70–75 Cr** revenue with 20% EBITDA margins, while exports are targeted to contribute nearly **10% of total revenue** over the next 1–2 years.
- Management believes export business will remain structurally more profitable due to better pricing and minimal selling & project management expenses.

Margin Expansion Deferred; Structural Levers Remain Intact

- While operating performance remained healthy, management indicated that pre-operative expenses related to multiple new plants will continue to weigh on margins during FY27.
- EBITDA margin improvement is expected to become more meaningful from FY28, supported by operating leverage, higher contribution from heavy structures, exports and improved project mix.
- Long-term EBITDA margin guidance of **9.5–10%** remains unchanged.

Strong Execution Pipeline Drives Long-Term Confidence

- Heavy Structure business expands Interarch's addressable market into high-rise buildings, industrial complexes and data centres, where in-house fabrication was previously a constraint.
- Management highlighted that larger and more complex projects offer superior operating leverage despite relatively lower percentage margins.

QIP to Fund Next Phase of Growth

- Proposed QIP size has been increased to **₹250 Cr**, primarily to fund Heavy Structure expansion, the second Gujarat PEB facility and export-related capacity.

Quarterly Snapshot

(Rs Mn)	Q1FY27	Q1FY26	YoY Growth (%)	Q4FY26	QoQ Growth (%)
Revenue from operations	4,596	3,808	20.7%	5,036	-8.7%
Other income	30	99	-69.8%	51	-40.9%
Total Income	**4,626**	**3,907**		**5,087**	
Cost of material Consumed	2,759	2,524	9.3%	2,685	2.8%
Changes in inventories of Finished goods and WIP	27	(239)	-111.3%	262	-89.7%
Employee benefits expense	432	405	6.8%	422	2.3%
Erection and installation charges	445	322	37.9%	516	-13.9%
Job work charges	160	150	6.6%	163	-1.4%
Other Expenses	379	328	15.5%	460	-17.7%
EBITDA (excl other income)	**394**	**316**	24.6%	**528**	-25.3%
Less : Depreciation	41	32	28.5%	40	0.6%
EBIT	**354**	**285**	24.2%	**488**	-27.5%
Less: Interest cost	8	6	27.9%	2	250.1%
PBT	**376**	**378**	-0.6%	**536**	-29.9%
Less: Exceptional Item	-	-			
PBT after Exceptional item	**376**	**378**	-0.6%	**536**	-29.9%
Less: Tax Expenses	**93**	**94**	-1.0%	**170**	-45.3%
PAT	**282.5**	**283.8**	-0.5%	**366.0**	-22.8%
No of Shares	17	17		17	
EPS	**16.6**	**16.7**	-0.5%	**21.5**	-22.8%
Margins (%)			**(in bps)**		**(in bps)**
EBITDA Margin	8.6%	8.3%	27	10.5%	(191)
PAT Margins	6.1%	7.5%	(131)	7.3%	(112)
% of Revenue					
Material cost % Revenue	60.6%	60.0%	59	58.5%	210
EBE % Revenue	9%	11%	(123)	8%	102
Other cost % Revenue	21.4%	21.0%	37	22.6%	(122)

**** Consolidated P/L***

Financials

P&L (Rs mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Sales	11,239	12,933	14,538	18,980	21,720	26,832
Total Operating Expenses	7,325	8,238	8,891	11,434	13,621	17,277
Employee Cost	934	1,190	1,470	1,698	2,063	2,482
Other Expenses	1,917	2,376	2,815	4,085	3,993	4,271
Operating Profit	**1,064**	**1,130**	**1,362**	**1,763**	**2,043**	**2,802**
Depreciation	73	80	118	144	225	245
PBIT	991	1,050	1,245	1,619	1,818	2,557
Other income	125	130	207	286	310	340
Interest	26	22	24	23	27	32
PBT (Before exceptional)	**1,090**	**1,159**	**1,427**	**1,882**	**2,101**	**2,865**
PBT (post exceptional)	1,090	1,159	1,427	1,850	2,101	2,602
Provision for tax	275	296	349	505	546	677
Reported PAT	**815**	**863**	**1,078**	**1,345**	**1,555**	**1,925**

Balance Sheet (Rs mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity capital	150	144	166	168	168	168
Reserves	3,843	4,302	7,348	8,643	10,198	12,124
Net worth	**3,993**	**4,446**	**7,514**	**8,811**	**10,366**	**12,291**
NCI	-	-	-	-	-	-
Non Current Liabilites	219	102	103	147	150	153
Current Liabilites	2,544	3,000	3,565	4,056	4,386	5,244
TOTAL LIABILITIES	**6,755**	**7,548**	**11,182**	**13,015**	**14,902**	**17,689**
Non Current Assets	**2,113**	**2,404**	**3,548**	**5,102**	**5,168**	**5,642**
Tangible + Intangible Assets	1,604	1,785	2,313	3,436	3,803	4,191
Goodwill	-	-	-	13	-	-
Non Current Investments	50	54	359	325	293	234
Loans	-	5	6	5	5	5
Other Financial Assets	400	509	688	1,167	925	1,082
Other Non Current Assets	60	51	182	156	142	129
Current Assets	**4,642**	**5,144**	**7,634**	**7,913**	**9,735**	**12,047**
Inventories	1,374	1,472	1,699	2,150	2,429	3,081
Trade Receivables	1,587	1,708	2,110	2,882	2,620	3,162
Cash and Bank Balances	1,192	1,381	1,988	812	3,049	4,172
Short Term Loans and Advanc	3	6	5	6	6	6
Other Current Assets	486	577	1,832	2,063	1,631	1,625
TOTAL ASSETS	**6,755**	**7,548**	**11,182**	**13,015**	**14,903**	**17,689**

Cash flow statement (Rs in mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Cash flow from operating activities						
Profit before tax	1,090	1,159	1,427	1,850	2,101	2,602
Depreciation & Amortization	73	80	118	144	225	245
Interest expenses	26	22	24	23	27	32
Operating profit before working capital change	**1,188**	**1,260**	**1,569**	**2,017**	**2,353**	**2,879**
Working capital adjustment	(1,150)	(437)	(1,029)	(2,205)	397	(803)
Gross cash generated from operations	**38**	**823**	**540**	**(188)**	**2,750**	**2,076**
Direct taxes paid	275	(8)	(4)	(0)	(546)	(677)
Cash generated from operations	**313**	**815**	**536**	**(188)**	**2,204**	**1,399**
Cash flow from investing activities						
Capex	(14)	(102)	(410)	(991)	(129)	(144)
Others	(176)	(220)	(1,821)	763	-	-
Cash generated from investment activities	**(190)**	**(322)**	**(2,231)**	**(228)**	**(129)**	**(144)**
Cash flow from financing activities						
Proceeds from issue of share	-	(390)	-	-	-	-
Borrowings/ (Repayments)	99	(43)	65	(23)	(16)	(13)
Interest paid	26	22	24	23	27	32
Dividend paid	-	-	-	-	-	-
Others	(62)	(47)	1,832	(224)	-	-
Cash generated from financing activities	**63**	**(459)**	**1,921**	**(225)**	**11**	**19**
Net cash increase/ (decrease)	**186**	**35**	**226**	**(641)**	**2,086**	**1,274**

Ratios	FY23	FY24	FY25	FY26	FY27E	FY28E
Margin %						
Gross Margin	35%	36%	39%	40%	37%	36%
Operating Margin	9%	9%	9%	9%	9%	9%
Net Profit Margin	7%	7%	7%	7%	7%	7%
Growth Ratios (%)						
Net Sales	35%	15%	12%	31%	14%	24%
Operating Profit	223%	6%	21%	29%	16%	24%
PBT	382%	6%	23%	32%	12%	24%
PAT	375%	6%	25%	25%	16%	24%
Per Share (Rs.)						
Net Earnings (EPS)	54	60	65	81	93	116
Cash Earnings (CPS)	21	57	32	-11	132	84
Dividend	-	-	-	-	-	-
Book Value	266	308	452	530	623	739
Free Cash Flow	21	51	9	(70)	126	77
Valuation Ratios						
EV/EBITDA	23x	25x	20x	16x	13x	10x
Price/Earnings	33x	30x	27x	22x	19x	15x
Price/Sales	2x	2x	2x	2x	1x	1x
Price/CFO	85x	31x	55x	-157x	13x	21x
Price/Book Value	6x	7x	4x	3x	3x	2x
Return Ratios (%)						
ROE	20%	19%	14%	15%	15%	16%
ROCE	25%	24%	17%	18%	18%	19%
ROIC	27%	26%	18%	15%	19%	22%
Turnover Ratio						
Debtor Turnover Ratio	6x	6x	5x	5x	6x	6x
Creditor Turnover Ratio	7x	6x	7x	7x	8x	7x
Inventory Turnover	5x	6x	5x	5x	6x	6x
Fixed Asset Turnover	11x	11x	9x	7x	7x	8x
Equity Capital Turnover Ratio	3x	3x	2x	2x	2x	2x

Source: Dalal & Broacha Research

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