M&B ENGINEERING LIMITED

July 28, 2025

M & B ENGINEERING LIMITED

SMC Ranking

★★☆☆☆ (2/5)

Issue Highlights

Industry	**Steel Roofing**
Offer for sale (Shares)	9,740,259
Fresh Issue (Shares)	7,142,857
Net Offer to the Public	**16,883,116**
Issue Size (Rs. Cr.)	617-650
Price Band (Rs.)	366-385
Employee Discount	36
Offer Date	30-Jul-25
Close Date	1-Aug-25
Face Value	10
Lot Size	38

Issue Composition

	In shares
Total Issue for Sale	16,883,116
QIB	12,662,337
NIB	2,532,467
Retail	1,688,312

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	100.00%	70.45%
QIB	0.00%	22.16%
NIB	0.00%	4.43%
Retail	0.00%	2.95%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

Funding the capital expenditure requirements for the purchase of equipment and machinery, building works, solar rooftop grid and transport vehicles at the Manufacturing Facilities

Investment in IT software upgradation by the Company

Re-payment or pre-payment of term loans, in full or in part, of certain borrowings availed by the Company

General corporate purposes

Book Running Lead Manager

- Equirus Capital Private Limited
- DAM Capital Advisors Limited

Name of the registrar

- MUFG Intime India Private Limited

About the company

Incorporated in 1981, M&B Engineering Limited specializes in Pre-Engineered Buildings (PEBs) and self-supported steel roofing solutions. The company offers end-to-end, design-led manufacturing services including design, engineering, production, and testing to ensure safe and high-performance structures. It caters to a diverse clientele across sectors such as general engineering, manufacturing, food & beverages, warehousing, logistics, power, textiles, and railways. M&B operates two manufacturing facilities—Sanand, Gujarat (est. 2008) and Cheyyar, Tamil Nadu (est. 2024)—with a combined PEB capacity of 103,800 MTPA. Since FY2010, the company has exported PEBs and structural components to 22 countries including the USA, Brazil, South Africa, Qatar, and Sri Lanka.

Divisions:

- **Phenix Division:** Provides integrated solutions for PEBs using advanced design software and automated production systems to deliver efficient and cost-effective projects.
- **Proflex Division:** Specializes in on-site fabrication and installation of self-supported steel roofing using mobile units, cranes, and seaming technology.

Products:

- **Phenix:** Includes primary frames, columns, secondary structures like purlins and girts, claddings (PPGL/galvalume), and standing seam roofs.
- **Proflex:** Offers RCC-supported roofs, steel structure roofs, and L-section roofs.

To date, M&B Engineering has successfully executed over 9,500 projects across both divisions.

Strength

Market Leadership and Global Presence in the PEB Industry: M&B Engineering Limited is among India's leading players in the Pre-Engineered Buildings (PEB) industry, with an installed capacity exceeding 100,000 MTPA. As of March 31, 2025, the company had an installed capacity of 103,800 MTPA for PEB structures and 1.8 million square metres per annum for self-supported roofing solutions (Source: CRISIL Report). Its leadership position is driven by integrated manufacturing capabilities, a comprehensive suite of services, consistent project delivery, and strong customer service, having executed over 9,500 projects. The company exports PEBs and structural components to 22 countries, including the US, Brazil, and South Africa. Revenues from international sales were Rs. 645.98 million in FY25, comprising 6.53% of total operations. With a wholly owned subsidiary and sales office in Texas, M&B Engineering is strategically targeting opportunities in North and South America, a region with a PEB market valued at $20–22 billion in 2024 (CRISIL Report).

Comprehensive Product Portfolio and Engineering Capabilities: M&B Engineering Limited provides end-to-end design-led manufacturing solutions, encompassing design, engineering, fabrication, testing, and on-site project management. Its Phenix and Proflex divisions enable the company to serve diverse customer requirements—ranging from basic warehouse structures to complex installations like retractable roof systems. The Phenix Division offers comprehensive solutions from estimation to installation, including the manufacturing of primary and secondary steel components, while the Proflex Division delivers self-supported steel roofing using mobile manufacturing units and proprietary engineering software. This integrated approach ensures reliability, quality control, and cost efficiency. The company's offerings span sectors such as petrochemicals, power, infrastructure, aviation, and industrial buildings, reflecting its engineering depth and ability

to customize solutions to varying specifications.

Diversified Customer Base and Robust Order Book: With a history of executing over 9,500 projects, M&B Engineering Limited has built enduring relationships with a wide spectrum of customers across sectors. As of June 30, 2025, the company had a robust order book of Rs. 8,428.38 million. Its clientele includes marquee names such as Adani Group entities, Tata Advanced Systems, Intas Pharmaceuticals, AIA Engineering, Haldiram Foods, and Arvind Limited, among others. The company's ability to meet stringent technical and delivery requirements has led to high customer retention. These long-term associations provide revenue visibility, operational stability, and opportunities for cross-selling and geographic expansion. Such relationships also enhance planning capabilities and economies of scale, supporting long-term growth and profitability.

Strategically Located Manufacturing Facilities and In-House Design Capabilities: M&B Engineering Limited operates two strategically located manufacturing facilities at Sanand, Gujarat and Cheyyar, Tamil Nadu, ensuring efficient logistics and market reach across India. The Sanand facility serves customers in the western, northern, and central regions, while Cheyyar caters to southern India. The facilities are equipped with advanced CNC machines, welding systems, painting lines, and automated profiling systems. The Sanand unit, spanning 33,738 sq. m., is uniquely certified by the American Institute of Steel Construction (AISC) and accredited by RDSO, NABL, and FM Global. The Cheyyar unit spans 21,918 sq. m. Additionally, the company operates 14 mobile manufacturing units for self-supported roofing, enabling on-site production across wide geographies. Design and engineering are supported by in-house offices in Hyderabad, Chennai, and Ahmedabad with a team of 98 professionals. The company leverages advanced software such as STAAD PRO, TEKLA, and SAP S4-Hana to deliver precision-engineered solutions. These capabilities allow M&B Engineering to reduce lead times, control quality, and customize designs to meet exact client requirements. The company also offers project management services for on-site installation and erection.

Technology-Led Operations and Sustainable Manufacturing: M&B Engineering emphasizes continuous innovation and operational efficiency through process upgrades and adoption of modern technologies. Its energy-efficient manufacturing practices are supported by a 990 kW solar power installation at the Sanand facility, with an additional 300 kW unit under development. A similar 990 kW solar plant is being set up at the Cheyyar unit. These investments help reduce energy costs and enhance sustainability, with estimated payback periods of less than three years. The company's integrated infrastructure enables it to serve diverse customer segments, offering both PEB and self-supported roofing solutions. This flexibility enhances its market reach and responsiveness to fluctuating demand across sectors.

Experienced Promoters and Professional Management: M&B Engineering Limited benefits from the strategic guidance and domain expertise of its experienced promoters, who are actively involved in all critical areas, including business development, engineering, operations, and finance. The company's professional management structure includes specialized teams for its Phenix and Proflex divisions, ensuring operational efficiency and customer-centric execution. Led by seasoned industry professionals, the management team is equipped to navigate dynamic market conditions, scale operations, and deliver consistent performance. The company's governance and execution frameworks are geared towards strategic scalability, operational agility, and sustainable value creation.

Strategy

Capitalizing on Industry Growth to Strengthen Market Leadership in PEBs and Self-Supported Roofing: According to the CRISIL Report, the Indian Pre-Engineered Buildings (PEB) industry grew at a CAGR of ~8.3% from Rs. 13,000 crore in FY2019 to Rs. 21,000 crore in FY2025, with further growth projected at 9.5–10.5% CAGR to Rs. 33,000–34,500 crore by FY2030. This expansion is driven by increasing infrastructure investments, demand from warehousing, logistics, data centres, Indian Railways, and a shift from traditional RCC to PEB-based construction. Exports of PEBs from India also recorded a robust CAGR of ~17%, rising from Rs. 3,580 crore in FY2019 to Rs. 9,050 crore in FY2025. Simultaneously, India's self-supported roofing segment grew at a CAGR of 6.1% from FY2019 to FY2025, reaching Rs. 300 crore, with an expected CAGR of 5–7% to Rs.

380–420 crore by FY2030, driven by growth in industrial and infrastructure demand. M&B Engineering Limited, with an installed capacity of 103,800 MTPA for PEB structures and 1.8 million square metres for self-supported roofing as of March 31, 2025, is strategically positioned to capitalize on this opportunity. With over 9,500 executed projects and a customer base exceeding 2,000 across sectors such as general engineering, logistics, textiles, power, and food processing, the company aims to expand its turnkey offerings—from design and manufacturing to erection—meeting the growing demand for structural steel in infrastructure and industrial construction.

Enhancing Manufacturing Footprint to Strengthen Regional Penetration: Given the high logistics costs and risk of damage in transporting pre-engineered components, M&B Engineering Limited expanded its manufacturing footprint by establishing a second facility in Cheyyar, Tamil Nadu in 2024, to complement its Sanand, Gujarat plant. This strategic expansion enhances the company's ability to serve southern India efficiently while reducing delivery timelines and costs. To further support regional growth, the company has deployed business development representatives in key cities such as Bengaluru, Chennai, Coimbatore, and Hyderabad, supported by offices in Kochi and Cheyyar. This localized presence is aimed at driving engagement and expanding awareness of the company's solutions. M&B intends to continue its geographic diversification by exploring new regions across India to reduce reliance on any single market and align with the expansion of its clients' national operations.

Expanding Export Revenues with Focus on the United States and Key Global Markets: As per the CRISIL Report, the global PEB market was valued at $20–22 billion in 2024 and is projected to grow at a CAGR of 9–10% to reach $32–35 billion by 2029. Southeast Asia accounted for the largest share at 29.5–31.5%, followed closely by North America (28.5–30.5%). Exports of PEBs from India increased from Rs. 3,580 crore in FY2019 to Rs. 9,050 crore in FY2025. The United States alone accounted for Rs. 5,040 crore in FY2025, making it India's top export destination, followed by the UK (Rs. 350 crore) and Saudi Arabia (Rs. 250 crore). Together, these three countries contributed around 62% of India's total PEB exports that year. M&B Engineering Limited is strategically positioned to benefit from this global demand. The company established a wholly owned subsidiary in Texas, USA, in 2017, to capitalize on the North American market. Its Sanand facility is the only PEB manufacturing unit in India certified by the American Institute of Steel Construction (AISC), further supporting its export credibility. M&B aims to increase its export share by strengthening its US sales presence and targeting markets across the Americas, with exports offering better price realization and margin potential compared to domestic contracts, without requiring on-ground erection responsibilities.

Pursuing Strategic Alliances and Inorganic Growth Opportunities: M&B Engineering Limited intends to explore strategic acquisitions and alliances to strengthen its market position, expand its product and service portfolio, and increase its geographic reach. The company seeks synergies with entities that offer complementary capabilities, customer bases, or regional presence, and that align with its core competencies in engineering, design, and manufacturing. Future acquisition targets may include players in related structural steel segments such as components for capital equipment, with an emphasis on those offering access to new customers, products, or geographies. The company follows a disciplined approach to M&A, evaluating targets based on operational scale, technological strength, management quality, customer profiles, and cultural compatibility. Backed by strong financials, long-standing customer relationships, and operational expertise, M&B is well-equipped to identify and integrate value-accretive acquisitions that support its long-term strategic vision.

Risk Factor

- The company's business is highly dependent on its manufacturing facilities.
- Operations involve the use of heavy machinery, exposing the company to certain manufacturing-related risks.
- A major portion of the company's revenue comes from the design, manufacture, and installation of pre-engineered buildings.
- Continued weak operational cash flow may limit business expansion and impact the company's ability to meet financial obligations. Any such financial strain could adversely affect the company's overall financial stability and performance.

Peer Comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Interarch Building Products Limited	1453.83	107.83	64.80	35.71	5.12	451.56	10	2313.75	3850.18
Pennar Industries Limited	3226.58	119.27	8.84	28.25	3.38	73.99	5	249.75	3370.28
BirlaNU Limited	3615.23	-32.90	0.00	0.00	1.43	1606.47	10	2299.80	1734.26
Everest Industries Limited	1722.82	-3.60	0.00	0.00	1.46	377.13	10	549.00	868.51
Bansal Roofing Products Limited	96.62	5.54	4.20	29.25	4.89	25.13	10	122.85	161.96
M&B Engineering Limited	988.55	77.05	13.48	28.55	3.78	101.77	10	385.00	2200.00

***Peer companies financials are TTM based**
****M&B Engineering Limited based on Actual FY25**

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.385, the stock is priced at pre issue P/E of 24.98 x on FY25 EPS of Rs.15.41. Post issue, the stock is priced at a P/E of 28.55x on its EPS of Rs. 13.48. Looking at the P/B ratio at Rs. 385 pre issue, book value of Rs.61.31 of P/Bvx 6.28x. Post issue, book value of Rs.101.77 of P/Bvx 3.78x.

Considering the P/E valuation, on the lower end of the price band of Rs.366, the stock is priced at pre issue P/E of 23.75 x on FY25 EPS of Rs. 15.41. Post issue, the stock is priced at a P/E of 27.14x on its EPS of Rs. 13.48. Looking at the P/B ratio at Rs. 366 pre issue, book value of Rs. 61.31 of P/Bvx 5.97x. Post issue, book value of Rs.101.77 of P/Bvx 3.60x.

Industry Outlook

Pre-engineered construction has emerged as an innovative building method due to rapid growth of automation in the construction industry. Furthermore, shortage of skilled labour, combined with the inherent advantages of these structures in terms of speed, cost-effectiveness, and environmental impact, is significantly propelling their popularity in the construction sector. Pre-engineered structures/units are more eco-friendly than traditionally constructed ones and provide common benefits such as reduced material wastage, enhanced quality control, and improved onsite safety. The controlled manufacturing process minimises material wastage, promoting sustainable building practices, while rigorous quality control ensures consistent and durable structures. The Indian PEB industry expanded at a CAGR of ~8.3% over Fiscals 2019-2025 growing from INR 130 billion in Fiscal 2019 to INR 210 billion in Fiscal 2025. Further, the global PEB industry was valued at $ 20-22 billion in 2024 compared with $15-17 billion in 2019. The self-supported roofing market in India logged a CAGR of 6.1% between Fiscals 2019 and 2025 to reach INR 3.0 billion in Fiscal 2025.

Outlook

M&B Engineering Limited's strong foothold in the PEB industry, backed by integrated manufacturing, global exports, and a robust order book, positions it well to benefit from rising infrastructure demand. Strategic expansion in the US and South India enhances growth prospects. However, dependency on manufacturing facilities and PEB revenues, coupled with weak cash flows, pose operational and financial risks. Investors seeking long-term industrial growth exposure may consider the IPO, while factoring in execution risks and the need for consistent cash generation.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	30-July-25
BID/ISSUE CLOSES ON	01-August-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	04-August-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	05-August-25
Credit of Equity Shares to Demat Accounts of Allottees	05-August-25
Commencement of trading of the Equity Shares on the Stock Exchanges	06-August-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	988.55	795.06	880.47
Total expenditure	862.18	715.44	814.04
Operating Profit	**126.38**	**79.62**	**66.43**
OPM%	1.28	1.00	0.75
Other Income	8.34	13.20	8.53
Total Net Income	**134.71**	**92.82**	**74.96**
Interest	19.96	23.06	19.18
PBDT	**114.75**	**69.76**	**55.79**
Depreciation	12.52	8.88	10.30
Loss before tax	**102.24**	**60.88**	**45.48**
Tax	25.19	15.25	12.59
Profit & Loss	**77.05**	**45.63**	**32.89**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-25	As on 31-Mar-24	As on 31-Mar-23
Non-current assets			
Property, plant and equipment	168.63	75.53	74.33
Capital work in progress	2.18	66.23	1.86
Intangible assets	2.39	1.14	3.32
Right-of-use assets	4.55	0.54	1.20
Financial assets			
Investments	5.11	6.90	5.12
Loans	0.30	0.30	0.30
Other financial assets	4.66	3.52	4.45
Total non-current assets	**187.80**	**154.15**	**90.57**
Current asset			
Inventories	322.38	195.80	174.63
Financial assets	**0.00**	**0.00**	**0.00**
Trade receivables	192.36	138.96	119.22
Cash and bank balances	29.64	73.44	98.20
Bank balances other than (ii) above	55.18	25.79	27.41
Loans	0.26	0.46	0.28
Other financial assets	0.46	0.24	0.32
Other current assets	61.14	44.27	48.17
Total current assets	**661.41**	**478.96**	**468.22**
Total Assets	**849.21**	**633.11**	**558.79**
Non-current liabilities			
Borrowings	54.21	43.88	89.27
Lease liabilities	3.64	0.20	0.55
Deferred Tax Liabilities	6.55	4.36	4.98
Total Non-current liabilities	**64.41**	**48.45**	**94.80**
Current liabilities			
Borrowings	131.92	160.96	59.48
Lease liabilities	1.00	0.44	0.81
Trade payables - Micro and small enterprises	12.67	2.61	13.09
Trade payables - Other than micro and small enterprises	213.97	90.70	121.02
Other financial liabilities	15.39	12.45	10.48
Short term provisions	13.27	10.47	13.42
Other current liabilities	90.05	74.00	66.14
Total Current liabilities	**478.28**	**351.63**	**284.44**
Total	**542.68**	**400.08**	**379.24**
Net worth represented by:			
Equity share capital	50.00	50.00	20.00
Other equity	256.53	183.03	160.51
Non controlling interest	0.00	0.00	-0.96
Net Worth	**306.53**	**233.03**	**179.55**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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