

Retail Research	IPO Note
Sector: Capital Goods (Pre-Engineered Buildings)	Price Band (Rs): 366 – 385
28 th July 2025	Recommendation: Neutral

M&B Engineering Ltd.

Company Overview:

M&B Engineering Ltd. is one of India's leading Pre-Engineered Buildings (PEBs) players. The company's business is structured into (a) Phenix division which provides comprehensive solutions for PEBs and complex structural steel components and (b) Proflex division which provides self-supported steel roofing solutions. The company has an installed capacity of 1,03,800 MTPA related to PEB structures and 18,00,000 square metres per annum for Self-Supported Roofing solutions as on Mar'25. The company offers comprehensive turn-key solutions which includes project design, engineering, manufacturing and erection in accordance with customer requirements across industrial and infrastructure segments. The company has delivered solutions for customers engaged in diverse sectors including general engineering and manufacturing, food & beverages, warehousing & logistics, power, textiles and railways. The company has undertaken execution of over 9,500 projects as of Mar'25 under its Phenix and Proflex divisions.

Key Highlights:

1. One of the leading players in domestic PEB Industry with presence in international markets: The company is one of India's leading players in the Pre-Engineered Buildings (PEBs) sector, with an installed capacity exceeding 1,00,000 MTPA. This leadership enables competitive advantages such as cost efficiency through economies of scale and enhanced pricing power. With a global footprint, the company exports PEBs and complex structural steel components to 22 countries, including the USA, Brazil, South Africa, and Qatar. Since FY10, it has served clients across these regions. To further expand its international presence, the company is pursuing opportunities in the global markets by having established a wholly owned subsidiary in the US which operates a marketing and sales office in Texas. This strategic move is aimed at leveraging the business potential of the North and South American markets through a dedicated front marketing company.

2. Strategically located PEB manufacturing facilities and 14 mobile manufacturing units for self-supported roofing systems: The company has an installed capacity of 1,03,800 MTPA for PEBs and 1.8 mn square metres per annum for self-supported roofing (as of Mar'25). It has two strategically located plants in Sanand, Gujarat and Cheyyar, Tamil Nadu for PEBs, which serve key regions across India, minimizing transportation costs. The company's Proflex Division operates 14 mobile units equipped with panel machines, cranes and support gear, enabling wide geographic coverage.

3. Long standing relationship with customers: Over 23 years the company has delivered more than 9,500 projects. The company has served over 2,000+ customer (in FY23, FY24 and FY25) groups across industries like engineering, logistics, power, textiles, and food. Notable clients include Adani Group companies, Tata Advanced Systems, Alembic, Intas, Arvind, Haldiram, and others. Strong execution has led to long-term relationships and repeat businesses, with some clients associated for over 15 years. The company's order book as of Jun'25 stands at Rs 842.8 cr (0.9x of FY25 sales).

Valuation: M&B Engineering is one of the leading PEB players and has a diverse customer profile across industries. The company is expanding its PEB manufacturing capacity by ~65,000 MTPA by FY28 from 1,03,800 MTPA as of Mar'25. The company's revenues are likely to see healthy growth in FY26 as its Cheyyar facility (commenced in FY24) was operational for only 5 months in FY25. Historically, the company's Revenue/EBITDA/PAT has grown at a CAGR of 6.0%/37.9%/53.0% respectively between FY23-25. However, the company faces stiff competition from its major peers. On the valuation front, the company is valued at a PE of 28.6x based on FY25 earnings on post-issue capital basis which looks fairly valued. We maintain a NEUTRAL view on the company and would like to monitor the performance of the company vis-à-vis its major peers post listing.

Issue Details	
Date of Opening	30 th July 2025
Date of Closing	1 st August 2025
Price Band (Rs)	366 - 385
Fresh Issue (Rs cr)	275
OFS (Rs cr)	375
Issue Size (Rs cr)	650
No. of shares	1,77,59,563 – 1,68,83,117
Face Value (Rs)	10
Post Issue Market Cap (Rs cr)	2,105 – 2,200
BRLMs	Equirus Capital Private Ltd., DAM Capital Advisors Ltd.
Registrar	MUFG Intime India Private Ltd.
Bid Lot	38 shares and in multiple thereof
QIB shares	75%
Retail shares	10%
NIB shares	15%

Objects of Issue	Estimated utilization from net proceeds (Rs cr)
Funding the capital expenditure requirements for the purchase of equipment and machinery, building works, solar rooftop grid and transport vehicles at manufacturing facilities	130.6
Investment in IT software upgradation	5.2
Re-payment or pre-payment of term loans, in full or in part, of certain borrowings availed by the company	58.8
General corporate purpose*	-
Total proceeds from fresh issue	275.0

**The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Fresh Issue. To be determined upon finalisation of the Offer Price and updated in the Prospectus prior to filing with the RoC.*

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	5,00,00,000	100.0
Public & Others	-	-
Total	5,00,00,000	100.0

Post Issue @Lower Price Band	No. of Shares	%
Promoter & Promoter Group	3,97,54,098	69.1
Public & Others	1,77,59,563	30.9
Total	5,75,13,661	100.0

Post Issue @Upper Price Band	No. of Shares	%
Promoter & Promoter Group	4,02,59,740	70.5
Public & Others	1,68,83,117	29.5
Total	5,71,42,857	100.0

Source: RHP, SSL Research

Key Financials

Particulars (Rs cr)	FY23	FY24	FY25
Revenue from operations	880	795	989
EBITDA	66	80	126
PAT	33	46	77
EBITDA Margin (%)	7.5	10.0	12.8
PAT Margin (%)	3.7	5.7	7.8
RoE (%)	18.2	19.6	25.1
RoCE (%)	18.7	18.9	24.8
P/E (x)*	58.5	42.2	25.0

Source: RHP, SSL Research

*Note: Pre-issue P/E based on upper price band

Risk Factors

- **High dependency on manufacturing facilities:** The company's operations rely heavily on its manufacturing facilities, which involve risks due to the use of heavy machinery. There have been four fatal incidents at project sites in the past. Any disruption such as slowdown, shutdown, or labor strikes could negatively impact the business.
- **Revenue concentration:** The company generates most of its revenue from designing, manufacturing and installing pre-engineered buildings (77.4% in FY25). A decline in demand for these structures could adversely impact the business and financial performance of the company.
- **Stringent performance & high-quality standard requirements:** The company is held to high quality and performance standards by the customers. Any failure to meet these may result in order cancellations, penalties, or liability claims, potentially impacting the reputation, operations and financial health.
- **Working capital intensive:** The company's operating cash flow declined from FY23 to FY24 because of high working capital requirement which was due to decrease in the trade payables. Decrease in trade payables was due to a shift in purchasing strategy of the company where the company increased import of raw materials from Rs 107.9 cr in FY23 to Rs 171.7 cr in FY24. If operational cash flow remains weak, the company may need to scale down the business and could face challenges in meeting financial obligations, impacting the overall stability and performance.

Growth Strategies

- Leverage leading position in the domestic PEB market to capitalize on the growth expected in the industry and continue to strengthen and consolidate presence in the self-supported steel roofing market in India.
- Augment manufacturing facilities in Phenix Division to better serve customers by setting up a strategically located manufacturing facility.
- Increase revenue contribution of exports by focusing on USA and other key markets.
- Expanding business through strategic alliances or inorganic opportunities.

Revenue from Operations - Divisions

Divisions (Rs cr)	FY23		FY24		FY25	
	Revenue from Operation	%	Revenue from Operation	%	Revenue from Operation	%
Phenix	628.8	71.4%	580.2	73.0%	764.7	77.4%
Proflex	242.4	27.5%	214.5	27.0%	223.9	22.6%
Others*	9.2	1.0%	0.3	0.0%	-	-
Total	880.5	100.0%	795.1	100.0%	988.6	100.0%

*Others includes revenue contribution from Modtech Machines Private Limited which is engaged in the business of manufacturing investment casting machines, automation equipment and systems and other related products.

Source: RHP, SSL Research

Customers

Particulars	FY23	FY24	FY25
Number of customer and/or customer groups	741	826	787
Number of repeat customer and/or customer groups	254	297	246
Revenues from repeat customers* (Rs cr)	577.7	582.5	566.7
Revenues from repeat customers as % of consolidated revenues from operations	65.6%	73.3%	57.3%

*Revenues from repeat customers is revenues from customers and/ or customer groups where the Company would have recognized revenues from such customer and/ or customer groups in at least one fiscal during the last three fiscals preceding the fiscal for which the data is being disclosed.

Source: RHP, SSL Research

Order Book

Order book (Rs cr)	FY23	FY24	FY25	1QFY26
Phenix	320.6	437.8	613.0	633.6
Proflex	107.1	152.8	189.9	209.3
Total	427.8	590.7	802.9	842.8

Source: RHP, SSL Research

Installed Capacity & Utilization

Facility	Units	FY23			FY24			FY25		
		Annual Installed Capacity*	Actual Production	Capacity Utilization**	Annual Installed Capacity*	Actual Production	Capacity Utilization**	Annual Installed Capacity*	Actual Production	Capacity Utilization**
Sanand Gujarat	MTPA	72,000.0	43,483.2	60.4%	72,000.0	41,845.3	58.1%	72,000.0	45,556.5	63.3%
Cheyar, Tamil Nadu	MTPA	^	^	^	^	^	^	31,800.0	6,323.2	23.3%***

Note: Note: Installed capacity and actual production indicate the capacity for production of pre-engineered buildings which generally determines the overall capacity of the manufacturing facility. This does not include the individual capacity for manufacturing specific primary and secondary structural components for pre-engineered buildings, structural steel components such as beams, channels, hollow sections which generally form part of the pre-engineered buildings

*It is assumed operations of 365 days a year and 3-shift operation of 8 hours a day for calculation of installed capacity of respective facilities of the company.

** Capacity utilization has been calculated on the basis of actual production during the relevant FY divided by the aggregate installed capacity of relevant manufacturing facilities as of the end of the relevant FY.

*** Capacity utilization for the Cheyyar facility for FY25 has been calculated by dividing the actual production for the period by 85% of the annualized installed capacity.

^ Cheyyar Facility was commissioned on May 23, 2024, with an existing capacity of 31,800 MTPA.

Source: RHP, SSL Research

Expansion Plans

Facility	FY25	FY28
	Annual Installed Capacity (MTPA)	Annual Installed Capacity (MTPA)
Sanand, Gujarat	72,000.0	92,000.0
Cheyar, Tamil Nadu	31,800.0	76,800.0

Source: RHP, SSL Research

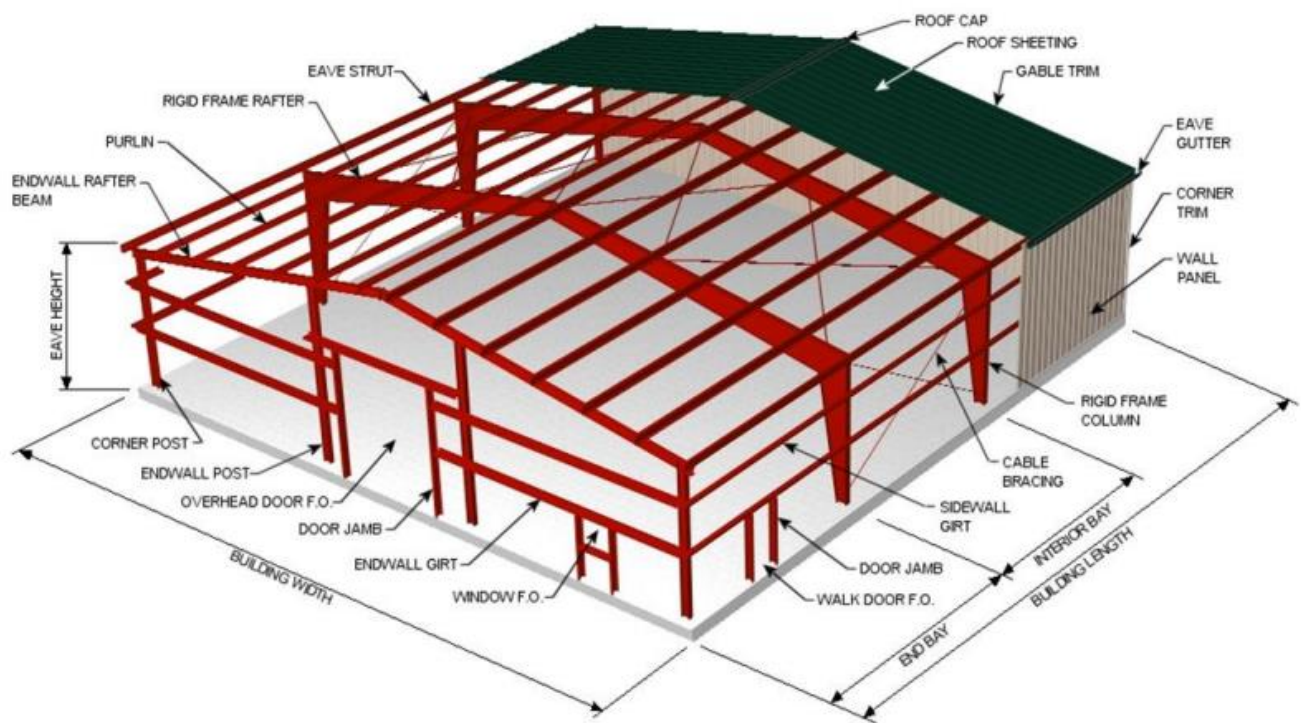
Geographic Presence: India



Source: RHP, SSL Research

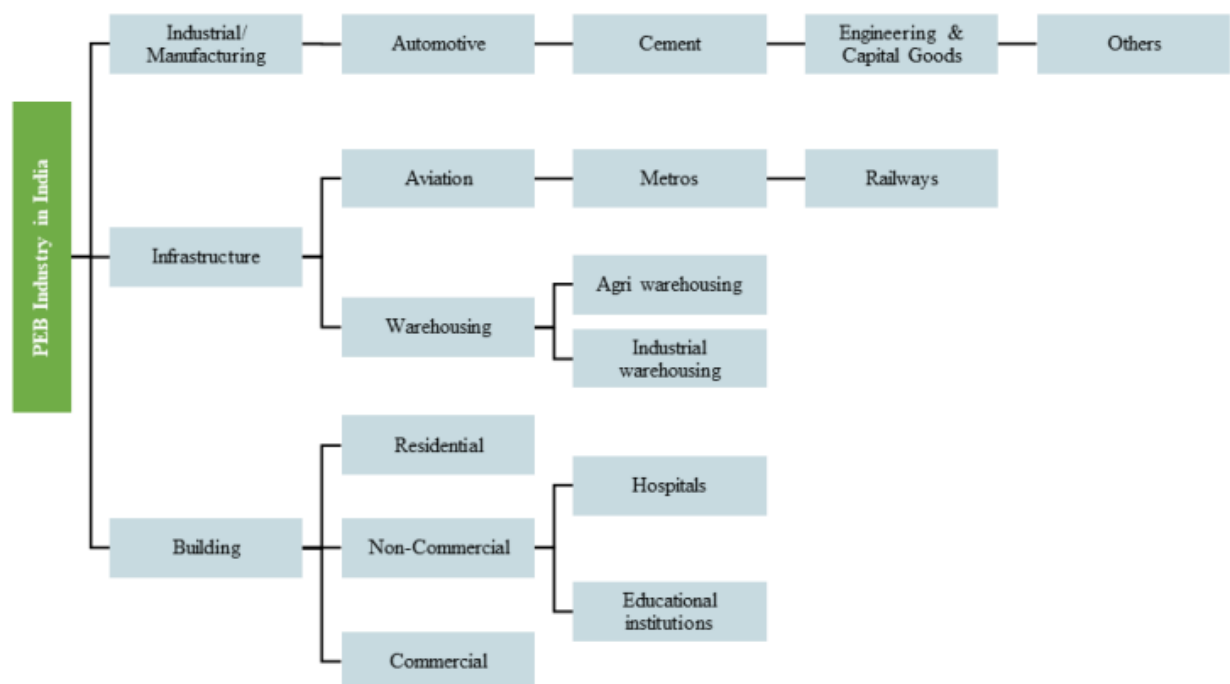
Industry Overview

Overview of the Pre-engineered steel building (PEB):



Source: RHP, SSL Research

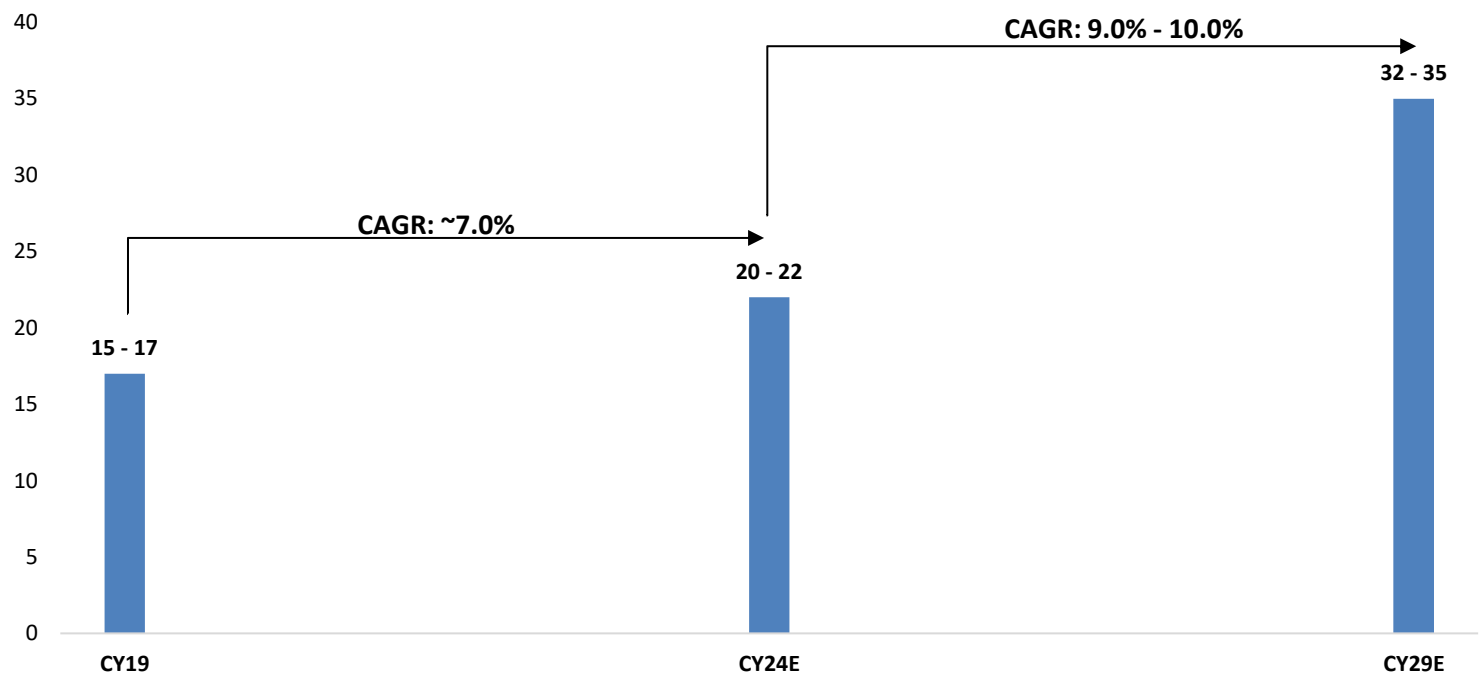
Pre-engineered buildings industry segmentation by end user:



Source: RHP, SSL Research

Global Pre-Engineered Buildings Market is expected to reach USD 32 – 35 bn by CY29:

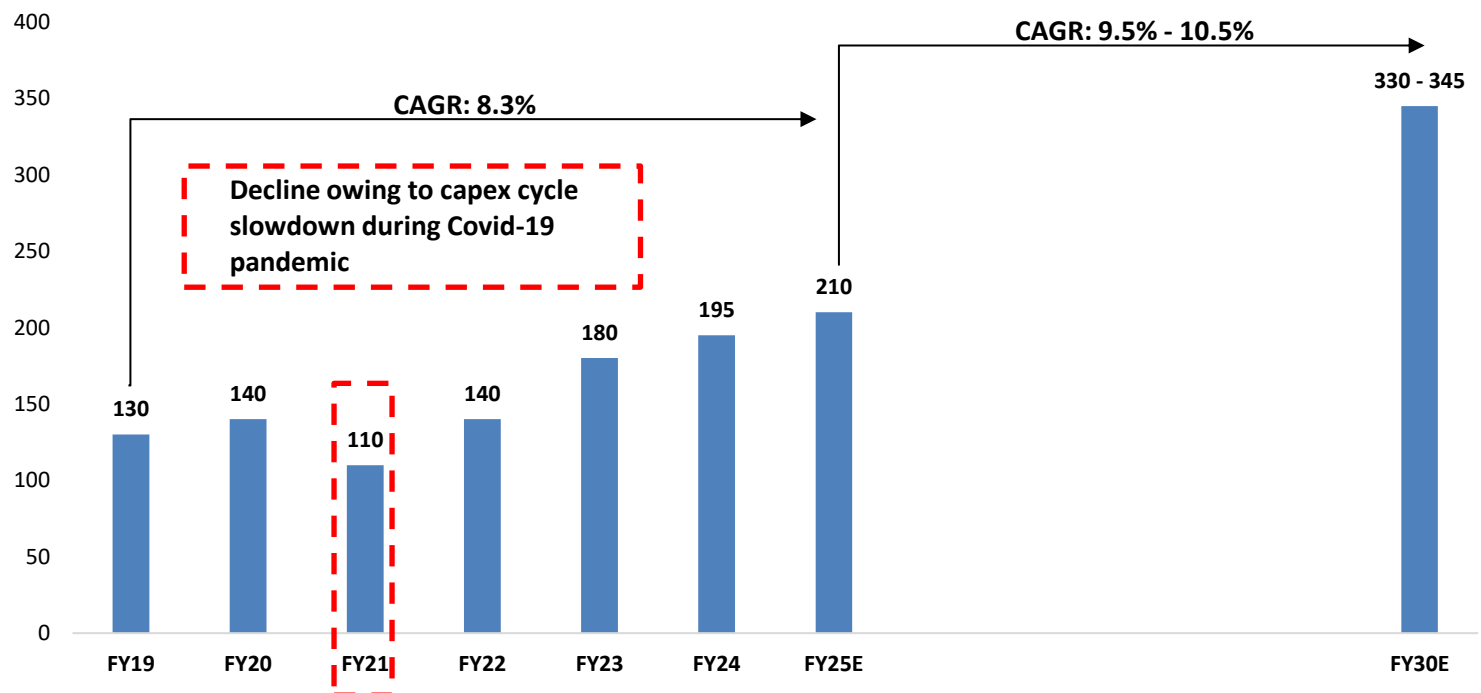
Global Pre-Engineered Buildings Market (USD bn)



Source: RHP, SSL Research

Indian Pre-Engineered Steel Buildings Market is expected to reach Rs 330 – 345 bn by FY29P:

Pre-Engineered Steel Buildings Market in India (Rs bn)



Source: RHP, SSL Research

Financial Snapshot

INCOME STATEMENT			
(Rs cr)	FY23	FY24	FY25
Revenue from Operations	880	795	989
YoY growth (%)	-	-9.7	24.3
Cost Of Revenues (incl Stock Adj)	668	573	675
Gross Profit	212	222	313
Gross margins (%)	24.1	27.9	31.7
Employee Cost	75	81	99
Other Operating Expenses	71	61	88
EBITDA	66	80	126
EBITDA margins (%)	7.5	10.0	12.8
Other Income	9	13	8
Interest Exp.	19	23	20
Depreciation	10	9	13
PBT	45	61	102
Exceptional item	-	-	-
Tax	13	15	25
PAT	33	46	77
PAT margin (%)	3.7	5.7	7.8

BALANCE SHEET			
(Rs cr)	FY23	FY24	FY25
Assets			
Net Block	74	76	169
Capital WIP	2	66	2
Intangible Assets	3	1	2
Right of use assets	1	1	5
Other Non current Assets	10	11	10
Current Assets			
Inventories	175	196	322
Trade receivables	119	139	192
Cash and Bank Balances	126	99	85
Short-term loans and advances	-	-	-
Other Current Assets	48	45	62
Total Current Assets	468	479	661
Current Liabilities & Provisions			
Trade payables	134	93	227
Other current liabilities	77	86	105
Short-term provisions	13	10	13
Total Current Liabilities	224	190	345
Net Current Assets	244	289	316
Total Assets	335	443	504
Liabilities			
Share Capital	20	50	50
Reserves and Surplus	161	183	257
Total Shareholders Funds	181	233	307
Minority Interest	(1)	-	-
Total Debt	149	205	186
Lease Liabilities	1	1	5
Net Deferred Tax Liability	5	4	7
Total Liabilities	335	443	504

Cash Flow (Rs Cr)	FY23	FY24	FY25
Cash flow from Operating Activities	29	6	36
Cash flow from Investing Activities	(12)	(62)	(34)
Cash flow from Financing Activities	30	32	(45)
Free Cash Flow	11	(72)	(7)

RATIOS			
	FY23	FY24	FY25
Profitability			
Return on Assets (%)	5.9	7.2	9.1
Return on Capital Employed (%)	18.7	18.9	24.8
Return on Equity (%)	18.2	19.6	25.1
Margin Analysis			
Gross Margin (%)	24.1	27.9	31.7
EBITDA Margin (%)	7.5	10.0	12.8
Net Profit Margin (%)	3.7	5.7	7.8
Short-Term Liquidity			
Current Ratio (x)	1.7	1.4	1.4
Quick Ratio (x)	1.0	0.8	0.7
Avg. Days Sales Outstanding	49	64	71
Avg. Days Inventory Outstanding	95	125	174
Avg. Days Payables	60	48	96
Fixed asset turnover (x)	11.8	10.5	5.9
Debt-service coverage (x)	0.4	0.4	0.6
Long-Term Solvency			
Total Debt / Equity (x)	0.9	0.9	0.6
Interest Coverage Ratio (x)	3.4	3.6	6.1
Valuation Ratios*			
EV/EBITDA (x)	29.6	25.6	16.0
P/E (x)	58.5	42.2	25.0
P/B (x)	10.7	8.3	6.3
EV/Sales (x)	2.2	2.6	2.0
Mkt Cap/Sales (x)	2.2	2.4	1.9

**Valuation ratios are based on pre-issue capital at the upper price band*

Source: RHP, SSL Research

Peer Comparison

Particulars (Rs cr)	M&B Engineering	Interarch Building Products	Pennar Industries	BirlaNU	Everest Industries	Bansal Roofing Products
CMP (Rs)	385	2,300	250	2,301	549	123
Sales	989	1,454	3,227	3,615	1,723	97
EBITDA	126	136	310	60	30	9
Net Profit	77	108	119	-	-	6
Mkt Cap.	2,200	3,910	3,349	1,841	878	162
Enterprise Value	2,026	3,729	3,934	2,470	1,031	167
EBITDA Margin (%)	12.8	9.4	9.6	1.7	1.7	9.5
Net Profit Margin (%)	7.8	7.4	3.7	-	-	5.7
RoE (%)	13.2	14.4	11.9	-	-	16.7
RoCE (%)	15.9	18.9	15.8	-	-	20.6
P/E (x)	28.6	36.2	28.1	-	-	29.2
EV/EBITDA (x)	16.0	27.4	12.7	41.2	34.4	18.2
EV/Sales (x)	2.0	2.6	1.2	0.7	0.6	1.7

The data is based on FY25 financial data.
 For M&B Engineering Ltd, the Market Cap, P/E (x), EV/EBITDA (x), RoE (%), RoCE (%) and EV/Sales are calculated on post-issue equity share capital based on the upper price band.
 CMP of peer companies is as of 25th July, 2025.
 Source: RHP, SSL Research.

SBICAP Securities Limited

(CIN): U65999MH2005PLC155485 | Research Analyst Registration No INH000000602

SEBI Registration No.: Stock Broker: INZ000200032 | CDSL: IN-DP-314-2017 | NSDL: IN-DP-NSDL-369-2014 | Research Analyst: INH000000602

IRDA/RW/IR2/2015/081 | IRDA/RW/IR1/2016/041 | IRDA: CA0103

Registered & Corporate Office: Marathon Futorex, A Wing, 12th Floor, N. M. Joshi Marg, Lower Parel, Mumbai-400013.

For any information contact us:

022-6854 5555**E-mail: helpdesk@sbicapsec.com | Web: www.sbisecurities.in****DISCLOSURES & DISCLAIMERS:**

Analyst Certification: The views expressed in this research report ("Report") accurately reflect the personal views of the research analysts ("Analysts") employed by SBICAP Securities Limited (SSL) about any and all of the subject issuer(s) or company(ies) or securities. This report has been prepared based upon information available to the public and sources, believed to be reliable. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

The Analysts engaged in preparation of this Report or his/her relative:-

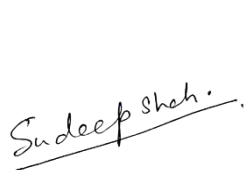
- (a) do not have any financial interests in the subject company mentioned in this Report; (b) do not own 1 or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the Report.

The Analysts engaged in preparation of this Report:-


- (a) have not received any compensation from the subject company in the past twelve months; (b) have not managed or co-managed public offering of securities for the subject company in the past twelve months; (c) have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (d) have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (e) has not received any compensation or other benefits from the subject company or third party in connection with the Report; (f) has not served as an officer, director or employee of the subject company; (g) is not engaged in market making activity for the subject company.

Name	Qualification	Designation
Sudeep Shah	MMS-Finance	DVP- Technical & Derivative Research
Sunny Agrawal	B.E, MBA (Finance)	DVP - Fundamental Research
Rajesh Gupta	PGDBM (Finance), MA (Bus. Eco)	AVP - Fundamental Research
Monica Chauhan	C.A.	Research Analyst - Equity Fundamentals
Harsh Vasa	CA	Research Analyst - Equity Fundamentals
Sumeet Shah	B.E., CFA	Research Analyst - Equity Fundamentals
Sweta Padhi	MBA (Finance)	Research Analyst - Equity Fundamentals
Uday Chandgothia	B-Tech, MBA (Finance)	Research Associate - Equity Fundamentals
Arnav Sane	BMS (Finance)	Research Associate - Equity Fundamentals
Shubham Purohit	BMS (Finance)	Research Associate - Equity Fundamentals
Gautam Updhyaya	MBA (Finance)	Research Analyst - Equity Derivatives
Vinayak Gangule	BE (IT)	Research Analyst - Equity Technicals
Ashwin Ramani	B.Com	Research Analyst- Equity Technicals
Sagar Peswani	B.Tech (ECE)	Research Associate - Equity Technicals
Kalpesh Mangade	B.Com	MIS Analyst - Retail Research

For other Disclosures please visit: https://bit.ly/R_disclaimer02


Sudeep Shah

DVP – Technical & Derivative Research


Sunny Agrawal

DVP – Fundamental Research