



IPO Note

M&B Engineering Limited

Recommendation: **APPLY**

Business – M&B Engineering Limited provides integrated engineering, design, fabrication, and installation solutions for pre-engineered buildings (PEBs) and self-supported roofing systems under its well-established brands 'Phenix' and 'Proflex'. The company caters to industrial, infrastructure, logistics, and export segments, offering customized structural steel solutions backed by in-house manufacturing and on-site execution capabilities.

Objects of the Issue –

Particulars	Amount (In ₹ Cr)
Funding the capital expenditure requirements	130.58
Investment in information technology ("IT") software upgradation	5.20
Re-payment or pre-payment of term loans, in full or in part, of certain borrowings	58.75
General corporate purposes	-

Promoters Name – Girishbhai Manibhai Patel, Chirag Hasmukhbhai Patel, Malav Girishbhai Patel, Birva Chirag Patel, Vipinbhai Kantilal Patel, Aditya Vipinbhai Patel, Chirag H Patel Family Trust, Vipin K Patel Family Trust, Mgm5 Family Trust, Mgm11 Family Trust, Aditya V Patel Family Trust

Promoter Share Holding Pattern	
Pre Issue 100.00%	Post Issue 70.45%

Rationale for recommendation –

The company is one of the leading players in the PEB and Structural Steel Sectors with 1,03,800 MTPA of production capacity. The company has 2 manufacturing units situated in Gujarat and Tamil Nadu and 14 mobile manufacturing units for its self-supported roof business. With more than 70% revenue coming from the Western India, the company's move to locate its manufacturing unit in Tamil Nadu could help it gain more market share in Southern India as well. Company's product can be used in various industries with the company already catering to some of the renowned clients. With the said objective, the company's manufacturing capacity would increase in both the units and would benefit the company in fulfilling the demand of the industry. The repayment of loan would also improve the profitability margins of the company, although the company had a good Interest Coverage Ratio in FY25. The revenue of the company has grown steadily and is likely to see a stable growth of 5-6% in near future as well, but cutting down of interest cost and power cost through new investment would add up to the profit margins. The company is an established player in the market and with the new investment, it is poised to improve its efficiency and looking at these factors one should **APPLY** in the IPO.

IPO Details

Opening Date	Jul 30, 2025
Closing Date	Aug 01, 2025
Allotment Date	Aug 04, 2025
Listing Date	Aug 06, 2025
Stock Exchange	BSE, NSE
Lot Size	38 Shares
Issue Price Per Share	₹336 - ₹385
Issue Size	₹600.00 Cr.
Fresh Issue	₹275.00 Cr.
Offer for Sale	₹375.00 Cr.
Application Amt	₹14,630 - ₹1,90,190 (38 – 494 shares)

KPIs (In Crores)

KPI's	FY 23	FY 24	FY 25
Revenue	880.47	795.06	988.55
EBITDA	74.96	92.82	134.70
Net Profit	32.89	45.63	77.04
RoCE	23.57%	29.82%	32.94%
ROE	18.22%	19.58%	25.13%
P/E	56.37	41.98	24.98

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	15.41	13.48
BVPS	61.31	101.77
P/E	24.98	28.56
P/BV	6.28	3.78
Mkt Cap (In Cr)	1,925.00	2,200.00

Lead Managers –

- Equirus Capital Private Limited
- DAM Capital Advisors Limited

Registrar –

MUFG Intime India Private Limited

Industry Overview –

The Indian PEB and structural steel industry has witnessed notable growth, driven by the country's push for faster infrastructure development, industrial expansion, and increasing preference for steel-based construction over traditional RCC structures. With advantages like quicker installation, cost efficiency, and recyclability, PEBs and structural steel solutions are increasingly adopted across logistics parks, warehouses, metro projects, industrial zones, and manufacturing facilities.

Self-supported roofing systems are also gaining significant traction, especially for large-span structures. These systems eliminate the need for internal columns or trusses and are typically fabricated on-site using mobile roll-forming units. This approach not only enhances construction speed but also ensures seamless installations with reduced leak risks and long-term durability.

Government Initiatives Supporting Steel/PEB Sector -

- **Gati Shakti Master Plan** – Boosts demand for steel in transport and logistics infrastructure.
- **PLI Scheme for Specialty Steel** – Encourages domestic production and value-added steel use.
- **National Logistics Policy (NLP)** – Drives growth in warehousing and cold storage infrastructure.
- **Bharatmala & Sagarmala Projects** – Infrastructure expansion increases steel structure demand.
- **UDAN and Indian Railways Modernization** – Adoption of PEBs and modular steel in terminals and stations.

Outlook

India's pre-engineered building and structural steel market is expected to grow steadily, supported by strong policy push, demand from logistics and industrial sectors, and growing awareness of steel's structural and environmental benefits. Self-supported roofing, with its rapid deployment capability, maintenance advantages, and scalability, is set to expand further—especially in manufacturing hubs, large-scale infrastructure projects, and export-oriented industrial clusters.

(source: RHP)

Business Overview -

Situated in Gujarat, the company is an established player in the segment of PEB, Structural Steel and Self-supported roofing system. The company has two manufacturing units – Gujarat and Tamil Nadu with a production capacity of 1,03,800 MTPA of PEB and Structural Steel. Also, the company operates 14 mobile manufacturing units for the operations of its Self-supported roofing system across the country with a capacity of 18,00,000 square meters. The company serves to renowned companies such as Adani, TATA, Everest Foods, Balaji Wafers, PSP Projects etc. under both of its segment and has completed more than 9,500 projects over the years.

The company's business is primarily classified as: (i) Phenix and (ii) Proflex. Under Phenix the company undertakes work related to PEB and Structural Steel whereas under Proflex the company undertakes work related to Self-supported roofing system. The company serves to diverse sectors including General Engineering and Warehousing, Foods and Beverages, Logistics, Power, Textiles and Railways with around 57% of repeat customers.

Facility & Product Segment	Particulars	FY 2025	FY 2024	FY 2023
Sanand Facility – Pre-Engineered Buildings	Annual Installed Capacity	72,000.00	72,000.00	72,000.00
	Actual Production	45,556.49	41,845.30	43,483.19
	Capacity Utilization (%)	63.27%	58.12%	60.39%
Cheyyar Facility	Annual Installed Capacity	31,800.00	NA	NA
	Actual Production	6,323.21	NA	NA
	Capacity Utilization (%)	23.34%	NA	NA

Over the years, the company has generated majority of the revenue under the Phenix Segment and the same is increasing over the years. The table below highlights the bifurcation of revenues from these segments –

Divisions	Fiscal 2025		Fiscal 2024		Fiscal 2023	
	Revenue (₹ Cr)	% of Total Revenue	Revenue (₹ Cr)	% of Total Revenue	Revenue (₹ Cr)	% of Total Revenue
Phenix Division	764.69	77.35%	580.23	72.98%	628.79	71.42%
Proflex Division	223.86	22.65%	214.50	26.98%	242.43	27.53%
Others	-	-	0.33	0.04%	9.24	1.05%
Total	988.55	100.00%	795.06	100.00%	880.47	100.00%

Apart from serving the domestic market, company has also exported to 22 countries in the since 2010, although the revenue contribution from the overseas market is very low. In the domestic market majority of the revenue, more than 70% comes from the western India followed by Northern India. The table below highlights a proper bifurcation of revenue from different parts of the country –

Geographic Region	% of Revenue	% of Revenue	% of Revenue
Western India	72.52%	75.24%	68.40%
Northern India	10.13%	10.67%	14.11%
Southern India	9.10%	8.90%	7.10%
Eastern India	1.71%	2.78%	3.54%
Outside India	6.53%	2.41%	6.84%
Total	100.00%	100.00%	100.00%

The company has expanded its presence in southern India by commencing operations at its Cheyyar Facility and appointing representatives in key cities such as Bengaluru, Chennai, Coimbatore, and Hyderabad. Supported by regional offices, this strategic move aims to strengthen marketing efforts, enhance local engagement, and accelerate growth in the southern market by leveraging its execution track record, customer relationships, and engineering capabilities.

Business Strategies -

- Expand footprint in Southern India through new facility and regional representatives
- Strengthen marketing efforts and deepen customer engagement in key markets
- Leverage in-house engineering, design, and execution capabilities for customized solutions
- Achieve operational efficiencies through scale and cost optimization
- Broaden geographical reach across domestic and international markets
- Enhance brand positioning and recall across both Phenix and Proflex divisions

FINANCIAL SNAPSHOT

Key Performance Indicators				Key Ratios			
Particulars	FY23	(Amt in Crores)		Particulars	FY 2023	FY 2024	FY 2025
		FY24	FY25				
P&L Statement				Per Share Data			
Total Income	889.00	808.26	996.88	Diluted EPS	6.83	9.17	15.41
Total Expenses	843.52	747.38	894.65	BV per share*	89.77	46.61	61.31
EBITDA	74.96	92.82	134.70	Operating Ratios			
EBIT	64.66	83.94	122.19	EBITDA Margins	8.51%	11.67%	13.63%
PBT	45.48	60.88	102.23	PAT Margins	3.73%	5.74%	7.79%
Tax Expenses	12.60	15.25	25.19	Inventory days	72.39	89.89	119.03
Net Profit	32.89	45.63	77.04	Debtor days	49.55	63.97	71.22
Balance Sheet				Creditor days	7.46	5.90	12.26
Total Equity	179.55	233.03	306.53	Return Ratios			
Liabilities				RoCE	23.57%	29.82%	32.94%
Non-Current Liabilities	94.80	48.44	64.39	RoE	18.22%	19.58%	25.13%
Current Liabilities	284.44	351.64	478.29	Valuation Ratios (x)			
Total Liabilities	379.24	400.08	542.68	EV/EBITDA	2.70	3.65	3.03
Assets				Market Cap / Sales	0.87	2.42	1.95
Non-Current Assets	90.57	154.15	187.80	P/E	56.37	41.98	24.98
Current Assets	468.21	478.96	661.41	Price to Book Value	4.29	8.26	6.28
Total Assets	558.78	633.11	849.21	Solvency Ratios			
Cashflow Statement				Debt / Equity	0.82	0.88	0.61
Operating Cashflow	28.97	5.66	35.59	Current Ratio	1.65	1.36	1.38
Investing Cashflow	-11.94	-62.28	-34.06	Quick Ratio	1.03	0.81	0.71
Financing Cashflow	29.74	31.86	-45.34	Asset Turnover	1.58	1.26	1.16
				Interest Coverage Ratio	3.37	3.64	6.12

Financial Analysis –

Revenue from Operations – The company's revenue grew from Rs. 889.00 Cr in FY23 to Rs. 996.88 Cr in FY25, indicating a CAGR of ~5.91%. This steady growth reflects strong demand across both Phenix and Proflex divisions, with notable contribution from Western and Southern India.

EBITDA and PAT Margins – The company's EBITDA margin improved from 8.51% in FY23 to 13.63% in FY25, while PAT margins increased from 3.73% to 7.79% in the same period. This margin expansion suggests better operating efficiency and possible benefits of scale and cost control.

RoCE and RoE – Return ratios have shown consistent improvement, with RoCE rising from 23.57% in FY23 to 32.94% in FY25, and RoE improving from 18.22% to 25.13%. This indicates effective capital allocation and enhanced profitability over the years.

Operating Cashflow – The company generated positive operating cashflows each year, rising significantly to Rs. 35.59 Cr in FY25 from Rs. 5.66 Cr in FY24. This reflects improved working capital management despite rising inventory and debtor days.

D/E Ratio – Debt-to-equity ratio improved from 0.82 in FY23 to 0.61 in FY25, indicating a healthier balance sheet and greater financial stability. The company appears to be gradually deleveraging.

Financial Outlook – The financials reflect consistent revenue growth, expanding margins, improving return ratios, and strengthening balance sheet.

Lead Manager –

The IPO is handled by 2 lead managers. The two BRLMs involved in the offer have collectively managed 29 public issues over the past three fiscals, with 7 of them listing at a discount to the offer price on their respective listing days.

Risk Factors -

- A majority portion of company's revenue comes from the design, manufacture and installation of pre-engineered buildings.
- Around 54% of the revenue in FY25 was derived from the same customer group.
- Around 82% of the cost of materials consumed, the raw materials have been procured from the top 5 suppliers in FY25.
- Company experienced a cancelation of orders of around 24% in FY24.
- The dependency on contract labour is relatively higher. As on March 31, 2025 company had hired 973 contract labourers.
- The company has around Rs. 4 Cr. of receivables outstanding for more than 6 months and has written off bad debts 36 times in FY25.
- The total quantifiable amount involved in legal proceedings against and by the company, its directors, subsidiaries, and related parties stands at Rs. 99.54 Cr.
- The company has contingent liabilities amounting to Rs. 103.31 Cr. and capital commitments of Rs. 4.57 Cr. as of Mar-31, 2025.

Key Management

- Hemant Ishwarlal Modi is the Non-Executive Chairman and Independent Director of the company. He has master's degree in civil engineering and has 35 years of experience in the engineering sector.
- Chirag Hasmukhbhai Patel and Malav Girishbhai Patel are the Joint Managing Directors of the company having 31 years and 24 years of experience respectively in pre-engineered buildings, roofing, construction and other manufacturing sector.
- Girishbhai Manibhai Patel, Aditya Vipinbhai Patel and Birva Chirag Patel are the Whole-time Directors of the company having significant experience.
- Non-Executive and Independent Directors of the company are qualified and have significant experience in their respective fields.
- The company has 2 Chief Executive Officers, 1 Chief Financial Officer and 1 Company Secretary and Compliance Officer, all of them are qualified and have significant experience.

Outlook – The overall management of the company is considered **satisfactory**.

Peer Analysis

Particulars	M&B Engineering Limited			Pennar Industries Limited			Bansal Roofing Products Limited			Everest Industries Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	3.73%	5.74%	7.79%	2.59%	3.13%	3.69%	4.47%	3.36%	5.73%	2.55%	1.14%	-0.23%
EBITDA Margin	8.51%	11.67%	13.63%	8.00%	9.00%	10.00%	7.41%	6.12%	9.50%	4.13%	2.67%	1.74%
RoCE	23.57%	29.82%	32.94%	13.00%	16.00%	16.00%	21.15%	17.20%	22.38%	11.00%	4.00%	1.00%
ROE	18.22%	19.58%	25.13%	9.64%	11.19%	11.92%	17.34%	12.86%	16.72%	7.22%	3.01%	-0.67%
EPS (INR)	6.83	9.17	15.41	5.59	7.29	8.84	3.16	2.69	4.20	26.92	11.40	-2.28
P/E	56.37	41.98	24.98	14.30	19.30	22.60	20.60	25.30	29.10	33.50	83.20	-

Particulars	M&B Engineering Limited			Interarch Building Products Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	3.73%	5.74%	7.79%	7.21%	6.65%	7.43%
EBITDA Margin	8.51%	11.67%	13.63%	9.88%	9.28%	9.35%
RoCE	23.57%	29.82%	32.94%	31.00%	29.00%	24.00%
ROE	18.22%	19.58%	25.13%	20.30%	19.37%	14.36%
EPS (INR)	6.83	9.17	15.41	54.30	59.84	64.80
P/E	56.37	41.98	24.98	-	-	23.20

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