M & B Engineering Ltd

Your trust is our capital
Pune E-Stock Broking Limited

Investment Rationale:

- **Structural Industry Tailwind:** India is focusing on strengthening its manufacturing and infrastructure by way of government and private capex cycle. The Union Budget has committed ₹11.2 lakh crore in government capex for FY26 (3% of GDP), backed by a National Infrastructure Pipeline of 9,142 projects with an aggregate investment of US$1.9 trillion through FY30. This is directly benefiting the PEB sector, the primary construction solution for factories, warehouses, data centres, and renewable energy projects. India's PEB market, valued at USD 2.3 billion in 2025, is projected to reach USD 6.5 billion by 2034, growing at a 12% CAGR over 2026-34, driven by Make in India, the warehousing, PLI-linked manufacturing capex, and surging data centre investments. M&B, as India's largest PEB manufacturer with over 1 lakh MTPA installed capacity, is structurally positioned as a primary beneficiary of this multi-decade opportunity.

- **Record Order Book & Revenue Momentum:** M&B Engineering delivered a strong FY26 performance with consolidated revenue climbing 27% YoY to ₹1,275 crore and PAT rising 20% YoY to ₹92.6 crore, backed by a healthy closing order book of ₹1,083 crore. In Q4FY26, M&B Engineering achieved record revenue of ₹364 crore, a 16% YoY increase. However, EBITDA fell 2% to ₹43 crore, and PAT declined 5.3% to ₹27 crore. Margins contracted to 11% due to rising input costs and significant foreign currency volatility. Moreover, the company has an enquiry pipeline exceeding ₹1,000 crore, giving strong revenue visibility from FY27.

- **Export Business to Drive Growth:** Management anticipates robust growth, targeting export revenue of approximately ₹300 crore for FY27 compared to ₹165 crore in FY26. This is driven by an unexecuted export order book of ₹279 crore and a significant 25% reduction in U.S. sectoral import tariffs. Additionally, the company's Sanand plant remains the only Indian facility with AISC and CWB certifications, providing a distinct competitive edge in North American markets. Consequently, management intends to chase a consistent annual export growth rate of 20-25% under normal operating conditions.

Outlook: M&B Engineering's outlook positive, driven by >25% FY27 revenue growth guidance, a robust ₹1,053 Cr order book (+24.9% YoY) and strong structural demand across PEB, data centres, warehousing, infrastructure and complex steel structures. Capacity expansion remains a key growth lever, with Sanand capacity expected to rise from 72,000 MTPA to 92,000 MTPA by October 2026, while the Cheyyar expansion is expected to take total PEB and structural steel capacity to 1.54 lakh TPA by Q3FY28. Export growth is gaining traction, with ₹278 Cr of export orders within the Phenix order book and recent AISC certification at Cheyyar opening access to the US West Coast. The company's ₹30 Cr automated heavy structural steel line will further strengthen its positioning in high-growth applications such as data centres and high-rise buildings. With capacity-led execution and favourable industry tailwinds, M&B is well placed to sustain strong growth while driving progressive margin improvement.

Considering the slowdown in growth from an average 40% on a YoY basis to 20% in the last two quarters due to geopolitical issues, cost inflation and logistical disruptions, we revise our TP of ₹374 to ₹312 (taking the effect of expected margin pressure and a slight drag on working capital management), implying an upside of 17.32%, with an **ACCUMULATE** rating for this stock.

CMP: ₹265
Rating: ACCUMULATE
Target Price: ₹312

Stock Info	
BSE	544470
NSE	MBEL
Sector	Civil Construction
Face Value (₹)	₹10
Equity Capital (₹ Cr)	₹57
Mkt Cap (₹ Cr)	₹1,566
Avg volume (1 year)	2,69,835
Dividend yield (%)	0.00%
52w H/L (₹)	536/223

Source: Company filings, PESB research

Shareholding Pattern (March 2026)	
Promoters	70.5%
FII	2.86
DII	9.7%
Public	16.8%

Source: Company filings, PESB research

Returns (%)	M & B Engineering	NIFTY 500
1M	-21.23	1.4
3M	-20.10	-0.43
1 year	-37.45	4.63

IC Link: M & B Engineering

Anupama Bhootra
Analyst
Praveen Kumar Yadav
Associate

Q4 FY26 Financials

Particulars (₹cr)	Q1FY27	Q4FY26	Q1FY26	YoY (%)	QoQ (%)
Revenue from Operations	291	364	238	22%	-20%
COGS	194	246	159	22%	-21%
Employee Exp	32	28	26	20%	13%
Other Exp	35	52	22	56%	-32%
EBITDA	**31**	**38**	**29**	4%	-19%
EBITDA Margin	*10.54%*	*10.41%*	*12.40%*	*-186bps*	*13bps*
Depreciation & Amortization	4	4	4	3%	-8%
EBIT	**27**	**34**	**26**	4%	-20%
EBIT Margin	*9.27%*	*9.30%*	*10.90%*	*-163bps*	*-3bps*
Finance Cost	3	3	6	-51%	-17%
Other Income	5	5	4	21%	-4%
EBT	**29**	**36**	**24**	20%	-18%
Exceptional items	0	0	0		
Tax Expense	7	9	6	14%	-16%
PAT	**22**	**27**	**18**	**6%**	**-2%**
PAT Margin	*7.52%*	*7.42%*	*7.55%*	*-3bps*	*10bps*

Source: Company filings, PESB research

➢ Concall Highlights

- **Order Book & Export Momentum:** The order book stands at ₹1,053 crores, representing 25% YoY growth, with Phoenix accounting for 79% of the total. Exports grew significantly, reaching ₹28 crores in Q1, with a ₹278-crore export order book scheduled for execution this year, supported by favourable reductions in US Section 232 duties.

- **Inquiry Pipeline & Market Outlook:** The company possesses a record inquiry pipeline of ₹4,200 crores, with ₹4,000 crores in Phoenix and ₹200 crores in Proflex. Significant opportunities are emerging from data centres and high-rise construction, where steel-intensive methods are increasingly adopted to accelerate project timelines and ensure structural scalability.

- **Capacity Expansion & Strategy:** A brownfield expansion at the Sanand facility will increase PEB capacity to 92,000 tons by October 2026. Additionally, a new ₹30-crore automated line will add 10,000 tons of heavy structural steel capacity by Q1FY28, while total capacity is projected to reach 154,000 tons by Q3FY28.

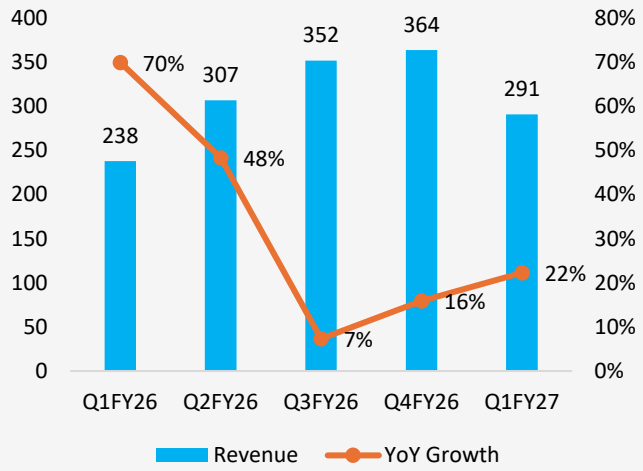
- **Margin Pressures & Logistical Costs:** Operating EBITDA margin was 11.4%, pressured by a 3% rise in other expenses due to sky-high freight costs resulting from West Asia tensions. While freight costs have doubled, management believes these levels are unsustainable and expects margins to improve in the second half of FY27.

- **Operational Efficiency & Certifications:** The Sanand plant is operating at optimal utilisation, while the Jari facility is targeting 60% utilisation this fiscal. Both PEB manufacturing plants are now AISC certified, which enables the company to commence exports to the US West Coast from the Jari facility starting next financial year.

- **Cost Management & Strategic Selectivity:** Management remains strategically selective, maintaining a 12-15% inquiry conversion rate to prioritise bottom-line profitability over volume. To mitigate volatility, the company hedges 80-85% of raw material costs at the time of order booking, ensuring margins remain relatively intact despite fluctuating steel prices.

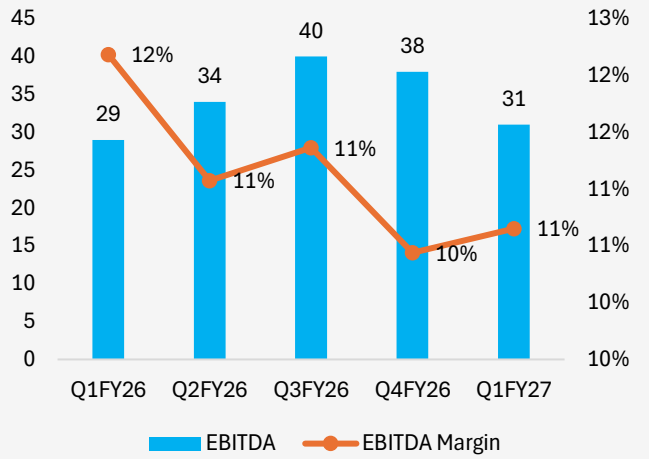
Charts

Revenue (₹cr) & YoY Growth (%)



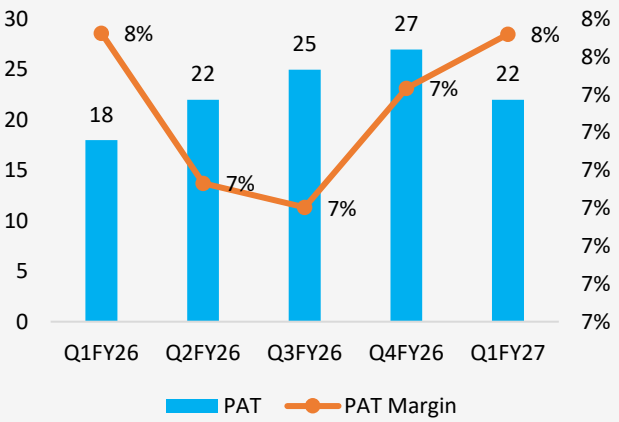
Source: Company filings, PESB research

EBITDA (₹cr) & EBITDA Margin (%)



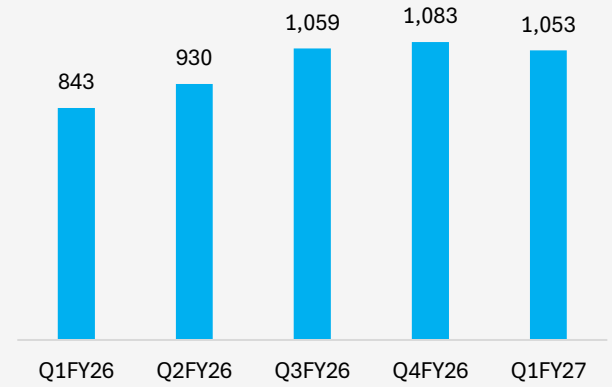
Source: Company filings, PESB research

PAT (₹cr) & PAT Margin (%)



Source: Company filings, PESB research

Order Book (₹cr)



Source: Company filings, PESB research

Financials

Income Statement

Particulars (₹ Cr)	2023	2024	2025	2026	2027E	2028E
Revenue from Operations	880	795	989	1,260	1,547	1,918
Expenses						
Cost of Materials	668	573	675	846	1,099	1,324
Employee Expense	75	81	99	111	136	178
SG&A	71	61	88	161	155	182
EBITDA	**66**	**80**	**126**	**142**	**158**	**235**
EBITDA Margin	***8%***	***10%***	***13%***	***11%***	***10%***	***12%***
EBITDA Growth rate		***20%***	***59%***	***12%***	***11%***	***49%***
Depreciation and Amortization	10	9	13	15	19	16
EBIT	**56**	**71**	**114**	**126**	**139**	**219**
EBIT Margin	***6%***	***9%***	***12%***	***10%***	***9%***	***11%***
EBIT Growth rate		***26%***	***61%***	***11%***	***10%***	***57%***
Finance Cost	19	23	20	17	7	6
Other Income	9	13	8	16	19	25
Exceptional items	0	0	0	1	0	0
EBT	**46**	**61**	**102**	**126**	**152**	**238**
EBT Margin	***5%***	***8%***	***10%***	***10%***	***10%***	***12%***
EBT Growth rate		***34%***	***68%***	***23%***	***21%***	***57%***
Tax expense	13	15	25	31	38	59
PAT	**33**	**46**	**77**	**95**	**114**	**179**
PAT Margin	***4%***	***6%***	***8%***	***8%***	***7%***	***9%***
PAT Growth rate		***39%***	***69%***	***23%***	***20%***	***57%***
			FY23-25			FY26-28E
Revenue CAGR			**6%**			**25%**
EBITDA CAGR			**38%**			**23%**
PAT CAGR			**53%**			**32%**

Source: Company filings, PESB research

RATIOS

	FY23	FY24	FY25	FY26	FY27E	FY28E
Margin Analysis						
Gross Margins	24%	28%	32%	33%	29%	31%
EBITDA Margin	8%	10%	13%	11%	10%	12%
PAT Margin	4%	6%	8%	8%	7%	9%
	FY23	FY24	FY25	FY26	FY27E	FY28E
Profitability						
ROA	6%	7%	9%	8%	9%	12%
ROCE	17%	16%	23%	17%	17%	22%
ROE	18%	20%	25%	14%	14%	19%
	FY23	FY24	FY25	FY26	FY27E	FY28E
Liquidity and Solvency						
Current ratio (x)	1	1	1	1	2	2
Quick ratio (x)	1	0	0	1	1	2
fixed asset turnover (x)	11	5	5	6	7	8
Total Debt/ Equity (x)	0	0	0	0	0	0
Interest Coverage Ratio (x)	2	3	5	7	21	36
	FY23	FY24	FY25	FY26	FY27E	FY28E
Valuation Ratios						
EV/EBITDA (x)	26	22	14	12	11	7
P/E (x)	23	17	22	18	15	9
P/B (x)	4	3	6	3	2	2
EV/Sales (x)	2	2	2	1	1	1

Source: Company filings, PESB research

Financials

BALANCE SHEET

Particulars (₹ Cr)	FY23	FY24	FY25	FY26	FY27E	FY28E
Assets						
PP&E (Including Intangibles)	74	76	169	172	193	199
Capital WIP	2	66	2	14	21	21
Other Non Current Assets	14	12	17	36	20	20
Inventories	175	196	322	349	331	290
Investments	1	1	1	2	1	1
Trade Receivables	119	139	192	239	263	394
Cash and Bank	126	99	85	279	363	497
Other Current Assets	48	44	61	70	56	56
Total Assets	**559**	**633**	**849**	**1,161**	**1,248**	**1,478**
Equity						
Equity Share Capital	20	50	50	57	57	57
Other Equity	161	183	257	600	733	893
Total Equity	**181**	**233**	**307**	**657**	**790**	**950**
Liabilities						
Borrowings	89	44	54	0	32	47
Other Non Current Liabilities	6	5	10	14	8	8
Borrowings	59	161	132	79	20	20
Trade Payables	134	93	227	214	271	326
Other Current Liabilities	91	97	120	197	126	126
Total Equity and Liabilities	**560**	**633**	**849**	**1,161**	**1,248**	**1,478**

Source: Company filings, PESB research

CASH FLOW

Particulars (₹ Cr)	FY23	FY24	FY25	FY26	FY27E	FY28E
Net cash from operations	27	6	36	-31	127	159
Net cash from Investing	-16	-62	-34	-39	-35	-22
Net cash from Financing	-12	32	-45	136	-7	-4

Source: Company filings, PESB research

Disclosures and Disclaimers:

Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

This report has been prepared by Pune E- Stock Broking Limited (here in after referred to as PESB) in the capacity of a Research Analyst registered with SEBI and distributed as per SEBI (Research Analysts) Regulations 2014. This report is prepared and distributed by Research Analysts employed by PESB for information purposes only, and neither the information contained herein, nor any opinion expressed should be construed or deemed to be construed as solicitation or as offering advice for the purposes of the purchase or sale of any security, investment, or derivatives. The information and opinions contained in the report were considered by PESB to be valid when published. The report also contains information provided to PESB by third parties. Whilst PESB has taken all reasonable steps to ensure that all the information in the report is correct, PESB does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report does so entirely at his or her own risk and PESB does not accept any liability as a result. Securities markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication of future performance. Investors must undertake independent analysis with their own legal, tax, and financial advisors and reach their own conclusions regarding investment in securities market and should understand that. Under no circumstances can it be used or considered as an offer to sell or as a solicitation of any offer to buy or sell the securities mentioned within it. The information contained in the research reports may have been taken from trade and statistical services and other sources, which PESB believe is reliable. PESB or any of its group/associate/affiliate companies do not guarantee that such information is accurate or complete and it should not be relied upon as such. Any information provided in the report reflects analysis at this date and are subject to change without notice. PESB submits that no material disciplinary action has been taken on PESB by any regulatory authority impacting Research Analysis activities. PESB is a Member of National Stock Exchange of India Limited (NSE), BSE Ltd (Bombay Stock Exchange), Multi Commodity Exchange of India Limited (MCX), National Commodity and Derivatives Exchange Limited (NCDEX), and has Depository Participant affiliation with Central Depositories Services (India) Limited (CDSL). It is a SEBI registered Portfolio Manager and SEBI registered Research Analyst [SEBI Reg. No.: INB/F/E 231079832, INB/F/E 011079838, IN-DP-32-2015, AMFI Reg. No. ARN: 173556, SEBI Research Analyst Reg. No.: INH000018197, CIN - L67120PN2007PLC130374.

Certifications: The Research Analyst(s), Shubham Mundada, who prepared this research report hereby certifies that the views expressed in this research report accurately reflect the research analyst's personal views about all of the subject issuers and/or securities, that the analyst(s) have no known conflict of interest and no part of the research analyst's compensationwas, is, or will be, directly or indirectly,related to the Specific views or recommendations contained in this research report.

AdditionalDisclosures of Interest:
The ResearchAnalyst, PESB, or its associates or relatives of the research analyst does not have any Financial interest in the company (ies) covered in this report. The ResearchAnalyst, PESB or its associates or relatives of the research analyst affiliates do not hold more than 1% of the securities of the company (ies) covered in this report as of the end of the month immediately preceding the distribution of the research report. The Research Analyst, his/her associate, his/her relative, and PESB, do not have any othermaterial conflict of interest at the time of publication of this research report. The Research Analyst,PESB, and its associates have not received compensation for brokerage Services, investment banking,merchant banking or for any other products or services fromthe Company (ies) covered in this report, in the past twelve months. The Research Analyst,PESB or as associates have not managed or co-managed,in the previous twelve months, a private or public offering of securities for the company (ies) covered in this report. The Research Analyst, PESB or its associates have not received compensation or other benefits fromthe company (ies) covered in this report or fromany third party, in connectionwith the research report. The Research Analyst has not served as an Officer,Director, or employee of the company (ies) covered in the Research report. The Research Analyst and PESB has not been engaged in marketmaking activity for the company (ies) covered in the Research report.
This research report is for informational purposes only and is not tailored to the specific investment objectives, financial situation or particular requirements of any individual Recipient hereof. Certain securities may give rise to substantial risks and may not be suitable for certain investo₹Each investor must make its own determination as to the appropriateness of any Securities referred to in this research report based upon the legal, tax and accounting considerations Applicable to such investor and its own investment objectives or strategy, its financial situation and its Investing experience. The value of any securitymay be positively or adversely affected by changes in Foreign exchange or interestrates, as well as by other financial, economic, or political facto₹ Sources, Completeness and Accuracy: The material herein is based upon information obtained from sources that PESB and the research analyst believe to be reliable, but neither PESB nor the research analyst represents or guarantees that the information contained herein is accurate or complete and it should not be relied upon as such. Opinions expressed herein are current opinions as of the date appearing on this material and are subject to change without notice. Furthermore, PESB is under no obligation to update or keep the information current. Without limiting any of the foregoing, in no event shall PESB, any of its affiliates/employees or any third party involved in or related to computing or compiling the information have any liability for any damages of any kind including but not limited to any direct or consequential loss or damage, however arising, fromthe use of this report.

Copyright: The copyright in this research report belongs exclusively to PSB. All rights are reserved. Any unauthorised use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the PESB prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety. Caution: Risk of loss in trading/investment can be substantial and even more than the amount / margin given by you. Investment in securities market are subject to market risks, you are requested to read all the related documents carefully before investing. You should carefully consider whether trading investment is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. PESB and any of its employees, directors, associates, group entities, or affiliates shall not be liable for losses, if any, incurred by you. You are further cautioned that trading/investments in financial markets are subject to market risks and are advised to seek independent third-party trading/investment advice outside PESB/group/associates/affiliates/directors/employees before and during your trading/investment. There is no guarantee/assurance as to returns or profits or capital protection or appreciation. PESB and any of its employees, directors, associates, and/ or employees, directors, associates of PESB's group entities or affiliates is not inducing you for trading investing in the financial market(s). Trading/Investment decision is your sole responsibility.You must also read the Risk Disclosure Document and Do's and Don'ts before investing. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject PESB and affiliates to any registration or licensing requirement within such jurisdiction. The Profits or capital protection or appreciation. PESB and any of its employees, directors, associates, and/or employees, directors, associates of PESB's group entities or affiliates is not inducing you for Trading/investing in the financial market(s). Trading/Investment decision is your sole responsibility. You must also read the Risk Disclosure Document and Do's and Don'ts before investing. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject PESB and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investo₹Persons in whose possession this document may come are required to informthemselves off and to observe such restriction. For Detailed Disclaimer, please visit our website www.pesb.co.in/