



M&B Engineering Ltd.

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To, National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400051	To BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
Symbol: MBEL	Script Code: 544470

Dear Sir/Madam,

Sub.: Compliance under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015– Transcript of Earnings Conference Call for the Quarter ended December, 2025

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Conference Call for the Quarter ended December, 2025, **held on Monday, 9th February, 2026 at 5:00 P.M. (IST)**.

The aforesaid information is also being hosted on the Company's website at <https://www.mbel.in/investors>

You are requested to take the same on record.

Thanking you,

Yours faithfully,
for M & B ENGINEERING LIMITED

PALAK DILIPBHAI PAREKH
COMPANY SECRETARY &
COMPLIANCE OFFICER
(M. No. F10209)



“M&B Engineering Limited

Q3 & 9M FY26 Earnings Conference Call”

February 09, 2026



MANAGEMENT: **MR. MALAV PATEL – JOINT MANAGING DIRECTOR**
MR. CHIRAG PATEL – JOINT MANAGING DIRECTOR
MR. SANJAY MAJMUDAR – DIRECTOR
MR. KEYUR SHAH – CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day and welcome to the Nine Month and Q3 Earnings Call of M&B Engineering Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this call is being recorded. I now hand the conference over to Krishna Patel from EY. Thank you and over to you.

Krishna Patel: Thank you Yashasvi and good evening everyone. Welcome you all to M&B Engineering Limited's Q3 nine-month FY26 earnings conference call. To take us through the results and to answer your questions, we have with us the management of M&B Engineering represented by Mr. Chirag Patel, Joint Managing Director, Mr. Malav Patel, Joint Managing Director, Mr. Sanjay Majmudar, Director and Mr. Keyur Shah, the Chief Financial Officer.

Please note that the discussions that we may have today may contain certain forward-looking statements relating to the future events, future performance. Numerous factors could cause actual result to differ materially from those in the forward-looking statements. Please note the audio of this earnings call is the copyright material of M&B Engineering, cannot be copied, rebroadcasted, attributed in press media without specific written consent of the company.

Now, I would like to hand over the call to Mr. Malav Patel, the Joint MD for his opening comments. Thank you and over to you sir.

Malav Patel: Thank you Krishna for the introduction. Good evening everyone and welcome to the earnings conference call of M&B Engineering Limited to discuss our performance for the third quarter and nine months ended December 2025. It has been a strong period for the company and I am pleased to share the highlights with you today. I trust you have reviewed our financial results and the investor presentation available on the stock exchanges and on our website.

I will first cover the key financials and operating highlights for the quarter and nine-month period and then outline developments across our Phenix and Proflex division along with our outlook.

Let me begin with the financial performance. I am delighted to report that M&B Engineering has delivered its highest ever quarterly and nine-month revenues. During Q3 FY26, revenue from operations stood at INR352 crores, a healthy 7% year-on-year growth.

For the nine-month period ended December 2025, revenue rose to INR896 crores reflecting a very strong 33% year-on-year growth and underscoring the momentum in our business. Our international business continues to scale well. Consolidated export sales during Q3 FY26 were INR63.17 crores and exports for the nine-month period stood at INR119.95 crores demonstrating sustained traction in overseas market and with North America as the key growth driver.

Our visibility on future growth remains robust. As of 31st December 2025, the unexecuted order book stood at INR1,059 crores, up by 38% year-on-year. Of this, the Proflex division accounts for 23% which is INR240 crores, while the Phenix division constitutes 77% standing at INR818

crores. Within the Phenix order book, export orders contribute INR316 crores highlighting the growing contribution of high value international projects.

Order inflows during Q3 FY26 were particularly encouraging at INR480 crores, marking an 86% year-on-year increase. This sharp growth in order intake reflects strong demand, higher win rates and our ability to convert our pipeline into firm orders. Our execution track record remains a key strength.

The Phenix division with over 15 years of operation, has completed more than 1,600 projects and installed over 6.9 lakh metric tons to date. The Proflex division with a 23-year history has executed over 8,400 projects and installed more than 19.9 million square meters. This scale coupled with consistent delivery has helped us build deep long-lasting relationship with customers across sectors and geographies.

Let me now turn to our international strategy and capacity platform. Our Sanand PEB plant is currently the only facility in India with the AISC certification, a prerequisite for most general contractors in the United States. Combined with a dedicated marketing setup in the Eastern US and the credibility we have built by supplying pre-engineered buildings and structural steel for large scale industrial buildings, this gives us a clear early mover advantage in a very large and attractive market. While sector specific duties are currently weighing on margins, returns from this market still remain comfortably ahead of the domestic Indian market.

The recently announced trade deal between India and the US which reduces reciprocal tariffs is a positive structural development and should over time improve sentiment and support more competitive economics even though the specific sectoral duties are yet to change. We are also actively leveraging the CWB approval obtained for our Sanand plant which is mandatory for exports to Canada.

This positions us to deepen our presence across North America. In parallel, we have initiated the approval process for our Sanand plant for entry into the EU market. The recent concluded trade understandings between India and the EU should help us fast-track our access into that region. During Q3 FY26, we secured the single largest export order to date valued at INR212 crores from the United States.

This is a strong endorsement of our engineering capabilities, reliability and competitiveness on a global stage. While we remain extremely positive about the long-term opportunity in the Indian market, we will continue to expand our geographic reach. Our strengthening international franchise is expected to structurally improve our margin profile and allow us to benefit from both domestic and global growth cycles.

During 9MFY26, we incurred capital expenditure of INR12 crores primarily towards augmentation and operational strengthening. These investments are calibrated to our medium-term growth plans and are focused on enhancing throughput efficiency and delivery timelines. Let me briefly highlight the developments in the Proflex division. Our new unit sourced from the UAE was received in December 2025 and is commissioned in January 2026.

The remaining two units from the US are expected to be commissioned in Q1 of FY27. Once fully operational, these additions will increase Proflex's installed capacity by approximately 3 lakh square meters per annum, positioning the division to capture incremental demand and further improve service level to our customers. Coming to our guidance, we remain confident of delivering our FY26 outlook. We expect the topline to be around INR1,250 crores with EBITDA margin in the visibility of 12.75% supported by a strong Q4 across the domestic and export markets.

Looking ahead to FY27, we see a solid foundation for continued growth. We expect to carry an unbuilt export order book of approximately anywhere between INR280 and INR300 crores at the end of FY26 to be built in FY27 along with additional PEB and Proflex capacities that will be added available for a major part of the year. We will be in a better position to provide more specific guidance for FY27 at the time of our Q4 FY26 result call.

In summary, M&B Engineering is entering its next phase of growth with three clear levers: a healthy and a diversified order book, proven execution capabilities backed by decades of experience and targeted investments that are expanding our capacity and global reach. We remain focused on disciplined execution, profitable growth and value creation for all our stakeholders.

With this, I would now like to hand over the call to our CFO, Mr. Keyur Shah to take you through the detailed financial performance of the company. Over to you.

Keyur Shah:

Thank you Malav bhai and good evening everyone. A warm welcome to the earning conference call of M&B Engineering Limited. I shall summarize the consolidated financial highlights for the quarter and nine months ending on 31st December 2025. Let me begin with the key highlights for the quarter ended December 2025.

Let me begin with the key highlights for the quarter ended December 2025.

- During the quarter, Revenue from Operations was at ₹ 352 crore, a growth of 7% from ₹ 328 crore in Q3FY25.
- During the quarter, EBIDTA was at ₹ 44 crore, a healthy growth of 30% from ₹ 35 crore in Q3FY25.
- EBIDTA margin was at 12.4% as compared to 10.2% in Q3FY25.
- During the quarter, PAT was at ₹ 25 crore, a growth of 44% from ₹ 18 crore in Q3FY25.

Now, let me take you through the performance for the nine months ended December 2025.

- During 9MFY26, the company recorded a revenue of ₹ 896 crore, a growth of 33% from ₹ 675 crore in 9MFY25.
- During 9MFY26, the company recorded EBIDTA of ₹ 114 crore, a growth of 26% from ₹ 91 crore in 9MFY25. EBIDTA margin was at 12.7% as compared to 13.5% in 9MFY25.

- During 9MFY26, the company recorded PAT of ₹ 66 crore, a growth of 35% from ₹ 49 crore in 9MFY25. PAT margin was at 7.3% as compared to 7.2% in 9MFY25.
- During 9MFY26, the company recorded export revenue of ₹ 120 crore, up by 107% YoY.
- Out of the net IPO proceeds of ₹ 259.32 Cr, ₹ 130.31 Cr have been utilized so far i.e. 50% of the funds have been utilized as on 31st Dec 2025. During the quarter, ₹ 2.77 Cr was utilized.

That concludes with my update on the financial highlights of the company. I shall now request the moderator to open the floor for questions and answers session.

Moderator: We'll take our first question from the line of Gaurav Shukla from Finvestors. Please go ahead.

Gaurav Shukla: Sir, I would like to ask about the FY '27 growth outlook — specifically, are we referring to the Phenix segment or the Proflex segment? Which division is expected to drive growth in FY '27?

Management: Well Gaurav, obviously as Malav said in his opening speech, we have an unexecuted order book of almost INR280 crores to INR300 crores, which will be executed going forward. We have about 20,000 tons of additional capacity coming in in Sanand. And then obviously in Proflex, we have three lines which will be fully operational. We believe a more precise guidance will be required, as there are a few additional orders currently under negotiation and in the pipeline. However, you can certainly expect strong higher-teen growth. This is indicative guidance for now, and we will provide more specific details by the end of Q4.

Gaurav Shukla: Okay sir. And sir, new unit just I have heard that new unit in UAE. Sir, please throw some light on that?

Management: We bought a new unit for Proflex from UAE. We are not setting up a new unit in UAE. It's the equipment that we bought for Proflex business from UAE. It is a manufacturing equipment that we have bought, one from UAE and two we have ordered from the United States. The one from the UAE has already been commissioned in January of 2026 and the two other manufacturing, two additional manufacturing units which we are importing from the US shall be commissioned in Q1 of FY '27.

Moderator: Thank you. Next question is from the line of Aniket Madhwani from Steptrade Capital. Please go ahead.

Aniket Madhwani: Sir I just wanted a clarification on the capacity expansion you were adding around 20,000 tons per annum at Sanand and 28,000 tons per annum at Cheyyar. So is it operational as of now?

Management: No, So as we clarified, Sanand plant expansion is underway. We have already started doing all the work required and we are targeting to make it operationalized by Q2 of FY '27. Cheyyar plant expansion we will immediately take up thereafter so that it becomes operational in somewhere around Q1 or Q2 of FY '28. This is the plan.

Aniket Madhwani: Okay, after the Sanand plant gets operational, you will start expanding the Cheyyar?

Management:

Since the Cheyyar facility commenced operations only about a year ago, it is still in the ramp-up phase. We are currently focused on scaling up capacity utilization to optimal levels, which we expect to achieve next year.

Aniket Madhwani:

Okay. So in FY '27, what level of utilization you will be achieving I mean at both facilities?

Management:

See, existing Sanand, overall existing utilization between both the facilities is on an average around 65% to 70%. Sanand is 75% plus. Sanand is absolutely chock-a-block. Cheyyar is nearing 50%, but Cheyyar will pick up in the coming quarters. So next year Cheyyar should become 70%-75% and then the new capacity of course it takes a little time, but that new capacity once it comes in, obviously we should be able to ramp it up quickly in terms of utilization. But you assume this, next year average about 65-70% utilization overall.

Aniket Madhwani:

Got it, got it. And in Q3, what volume did we achieve in Phenix and Proflex segment?

Management

Quarterly in Proflex, we achieved sales volumes of 3,80,000 square meters during the current quarter, compared to 3,43,000 square meters in Q3 of the previous year. In the Phenix division, quarterly volumes stood at 20,228 metric tons, as against 19,362 metric tons in the corresponding quarter last year.

For the nine-month period, Proflex volumes were 10,68,000 square meters compared to 8,27,000 square meters in the previous year's nine months. In Phenix, volumes reached 51,908 metric tons for the current nine months, versus 38,811 metric tons in the corresponding period last year.

Aniket Madhwani:

Got it, got it, got it. And regarding margins when are you expecting to stabilize around 13% I mean still we have achieved around 11% in this quarter or operating margins if I see?

Management:

As Malav clearly mentioned, our target for this year is around 12.75% or thereabouts, and we are on track to achieve it. In any given quarter, dispatches depend on customers' project completion and delivery schedules, so the sales mix in a particular quarter may not always be optimal. In our line of business, it is more appropriate to assess performance on an annual basis rather than quarter-to-quarter.

By that implication, the fourth quarter is expected to be stronger, as some high-quality orders with relatively better margins are scheduled for execution. Overall, we remain confident of achieving margins in the range of 12.75% to 13%.

As for the U.S., which is our major market, while there has been some reduction in tariffs under the reciprocal regime, sector-specific tariffs continue to remain. Based on the current scenario, margins of around 13% or slightly higher could be a reasonable benchmark for next year as well. However, as stated earlier, we are not providing formal guidance for next year at this stage; for now, you may consider this as an indicative range.

Got it, thank you.

Moderator: Aniket, I request you to join back the queue please as we have other participants waiting for their turn. The next question is from the line of Hitesh from Abakkus Asset Managers. Please go ahead.

Hitesh: On the domestic side our revenues have declined by roughly 10% on a YoY basis, would that number be correct?

Management: Domestic you are talking of total or division wise? I think totally exports have gone up. Capacity limitation was there in Sanand. So whatever we had to push first in exports that is used. But overall domestic order book is very, very strong.

Management: And see, we in order book we are -- see we have to always take care of the capacity because we cannot book the order which are beyond our capacity and because our orders are to the tune of say nine months cycle.

So if we know that within that nine months this order is not going to be serviced, we should not take that order. So we always be have to be selective in the order booking and as and when we have booked the capacity, we have to wait for the further decision.

Hitesh: Basically, we have utilized the Chennai, Tamil Nadu facility?

Management: Hitesh, I'll explain you better. Right as we speak only my Sanand facility has the required certification. And that capacity is not enhanced yet. Q2 of next year that capacity will be enhanced by 20,000 ton. That's what we've communicated, right? So I have to balance between my domestic and export output from that limited 72,000 tons of Sanand capacity which is currently existing.

So if my export execution is higher then we will be compromising on the domestic output. So that's how that balance will always remain but it may keep shifting on a quarter on quarter basis because my capacity, additional capacity is not in place yet.

Management: Hitesh, I would like to add one more thing. Say, my -- if you look at my three months figure I have gotten growth of 57% whereas domestic also I have got growth of 46%. So it is not like numbers are totally different. 46% vis-a-vis overall 57% and nine months figure we have achieved 33% overall growth, whereas my domestic has grown by 27%. So it is hand in hand. Only thing is we have to keep shuffling between this capacity, available capacity.

Hitesh: No, I understand that, I totally understand that. My only point was that couldn't we have used the Tamil Nadu facility where our capacity utilizations are lower as you said, couldn't we have used that in this quarter?

Management: Yes, so Chirag here Hitesh. See, if I have a job in say North India or West India it would not be feasible to ship out the material from the Chennai plant. So for Chennai it is not that I can ship a job that is going on in North India, right, because of the transport cost. Though our order book for North and West is high and the approval of projects have come through, that doesn't mean that I can ship those projects from Cheyyar facility.

So we will limit to about 800 to 1,000 kilometers what can be addressed from the Southern plant or Cheyyar plant.

Hitesh: Okay, thank you.

Moderator: Next question is from the line of Aditya Soma from Ambit Wealth PMS. Please go ahead.

Aditya Soma: Hello and congratulations on a great set of results. So what I'm saying is, if you look at exports, right, exports was close to 10% of revenue in FY25, it is for this quarter close to 20%. When we look at the total order book, it's close to 30% and in terms of order inflow it's close to 50%. So what is the guidance going forward in terms of like order book from exports? Secondly, in terms of after the reduction in tariffs what can we expect in terms of margin?

Management: See going ahead also the export market remains robust as I spoke in my speech. As we speak there is a good pipeline of inquiries from the US and the Canadian market, so inflow will continue. The size of projects may vary but we are quite confident about the order inflow that will be coming in in the current quarter as well as Q1 FY27, right?

Secondly, about the tariff, the reduction in tariff that has happened now, that is mainly in the reciprocal which is product specific tariffs, right, which is different between different countries. On India it was 50% and in that 25% was of the reciprocal tariff and 25% was of the penalty for using the Russian oil. So what has been reduced is this 50% to 18% but it's product specific.

Where we fall is the sectoral tariff which is on iron, steel and copper, which is flat on the entire world whatever country is exporting into the US market. So that remains intact at 50%. There is no change in the tariff that is applied to businesses like us in the steel sector, right? But this reduction in the reciprocal tariffs will definitely end up or result into a positive sentiment in India, as well as in the US.

So you know the investment cycle will also go up in the US, that will indirectly bring us a larger scope of business in the coming time. So the current tariff reduction does not directly affect our business in the US. It remains at the same level.

Aditya Soma: Sure. Secondly, I wanted to know are we looking at an AISC and CWB certification for the Cheyyar plant as well in the short to medium term?

Management: AISC we are initiating in anytime in this quarter for the Cheyyar plant. CWB we will keep specific to the Sanand plant.

Aditya Soma: And last question from my end. So, if you look at one of your peers, he is planning to raise the QIP to frontload a lot of capex because of the kind of demand that they are seeing. So, are they looking at kind of investing more in terms of capex or front loading some of the capex maybe, through any means of financing?

Management: So no I'll tell you. But see currently we have about INR120 crores capex pending out of the IPO proceeds, so we are focused on that first. Secondly, we are increasing our overall capacity by

40,000 tons as you are aware. 20,000 will come in '27 and another 20,000 in '28. So our long-term strategy is to definitely look at in India a third plant.

We are evaluating various options but at this point in time, while absolutely we are clear that we'll have to put incremental capex in India, there is no such plan or no such thought that comes our mind that we might need additional capital. If I have to borrow, I have enough propensity to borrow but we'll not be thinking of any such thing like QIP etc. But yes, capex definitely we are very clearly evaluating the third plant options in the Northern part of the country.

Aditya Soma: Yes, that's it from my side sir. Thank you.

Moderator: Next question is from the line of Vaibhav Shah from Equirus Securities. Please go ahead.

Vaibhav Shah: Yes, thank you very much for the opportunity sir. So sir pre-tariff price arbitrage between our and local US supplier was somewhere around USD1000, USD1200, which was narrowed down to USD400, USD500. So now with the reduction of this reciprocal tariff, what kind of price arbitrage improvement we are expecting?

Management: Yes. So as Malav just explained, we are part of sectoral tariff which is aluminium, steel and copper and there is no reduction so the arbitrage on the pricing remains the same. If this sectoral tariff gets reduced or any variation comes we will see at that time but currently we are at the same level which were in Q3 as well as our Q2.

Vaibhav Shah: Okay. Secondly, sir, you have previously guided for the capex of INR600 million, INR650 million for FY '26, but with the nine-month FY '26 capex of INR120 million, now what kind of capex do you envisage for full year FY '26 as well as FY '27?

Management: See whatever we have guided is first phase under the IPO which is Sanand and which is under progress well as per the schedule. So we want to conclude this and it will be operational within say end of the Q1 or early Q2 of the next year so this capex will take place. This is related to my first phase of Sanand plant i.e. 20,000 capacity expansion under the IPO.

Management: So, to be a little more specific, about INR60-odd crores would be for the Sanand expansion. INR12 crores is spent because IPO has happened only in the month of August, right? We have placed orders, civil construction is undergoing, major in Q1, exact figure I will ask Keyur to work out but another INR15 crores to INR20 crores will go in the Q4FY26 and then rest INR30 crores to INR40 crores will come next year out of Phase 1. Phase 2 will also start. We expect the total capex to be in the range of about INR80 crores next year.

Vaibhav Shah: Okay, got it. And lastly sir in the Phenix segment could you give some sense on the realization, so how does it look like for the current outstanding order book that is for both domestic and exports? So like in FY '25 the domestic realization was around INR1,10,000 and exports would be somewhere around INR2.5 lakh. So how does it look like for our current outstanding order book for both domestic and exports?

Management: Yes Vaibhav, based on the current order book for domestic and exports the range would remain the same for the sales price range will remain the same Rs.110,000 broadly for domestic and about Rs.2,50,000 for international.

Management: But you know it's not directly comparable Vaibhav. So in international there is lot of element of buy-outs. So from project to project buy-outs can be different.

And then today as a DDP delivered price also the tariff part has been added. So you know we add tariff on the sales price and then tariff becomes the direct cost also to that extent. So I would say that it can vary on international from project-to-project. Domestic may be this is a product kind of a pricing, there would be an element of erection and implementation services which can add another about INR15 to INR20 per kilo on the domestic side.

Moderator: Thank you. We'll take our next question from the line of Aasim from DAM Capital. Please go ahead.

Aasim: Hi good evening. So I had a couple of questions on the domestic PEB business. So first of all can you just tell me what was the domestic order book for PEB as of Q2 end and what is it now as of Q3?

Management: Q2 end was INR930 crores of the order book which were bifurcated between INR230-odd crores was Proflex, INR122 crores from export and the remaining was in domestic, right? Now currently the breakup is like Rs.1059 is said by INR240 crores by Proflex, 818 by Phenix which is further broken down like INR316 crores export and balance in domestic. So domestic also there is good numbers and as well as export has increased.

Aasim: Sorry what was the Proflex number for Q3? INR240 crores right?

Management: INR240 crores.

Aasim: So the numbers for the domestic PEB order book would be INR580-odd crores as of Q2, INR500 crores as of Q3 so about a INR80 crores drop in orders, but I was just seeing your domestic PEB revenue booking I think that has increased from INR190 crores to INR220 crores? So basically the incremental revenue Q-o-Q is INR30 crores but the domestic order book number is down INR80 crores. Can you help me understand what I'm missing here?

Management: When we book an order we book our capacity to execute that order also, right? So if I have booked an order which is the big one INR212 crores export, right, so a part of my capacity I would have allocated for that order and therefore during that time my domestic order obviously will go down my intake has to go down, because I will not be able to able to service that so we keep on continuously see our capacity availability versus capacity booked and free capacity.

Now if you see here we have already declared two decent sized jobs for domestic, both are domestic and the pipeline is also very good and those two jobs you've already declared which are about INR110 crores in value and a good amount of pipeline is also there so based on my availability of capacity allocation and the location of the job, this number will vary from time-to-time and quarter-to-quarter.

But there is no such directional conclusion that, there is some reduction on the domestic order flow. In fact the pipeline is very solid even on the domestic front.

Aasim: So, I think you have consciously I mean given the capacity constraint you are consciously focusing more on exports reducing your focus on domestic even if it is temporary, right? So that is the broad understanding from what you just said and to an earlier question as well. Is it a conscious effort?

Management: No, no, no. It is not a conscious effort. As I said say for example my Sanand has 6,000 tons right per month. Now if I allocated to this international job say 2,000 per month for say three months for say example it's a 6,000 ton job. So then then I only have remaining part of the capacity that I can allocate to the domestic job.

So as I said we clearly foresee well ahead in time that what is my capacity availability and the capacity that I can allocate to different jobs. So, as we said that it will differ from time-to-time based on the capacity allocation that we have done from both the plants.

Aasim: Sure, sure, I understand that. I mean there's just a limited point that I was trying to think about is that given that your peers, your listed peers are being more aggressive in the domestic market, I just hope we don't lose market share, just because we are prioritizing exports given your capacity constraint

Management: No, no, not at all. It is not a conscious effort neither it is that we are prioritizing it. It is see we have to weigh many, many factors when we are choosing a certain project. It is based on the prestige of the project, the customer, long-term relationship so there's many factors which will drive and govern our decision on which order to take and which not.

So it will continuously be shifting within a quarter, as well as quarter-to-quarter. So there is no conscious effort neither there is any prioritizing.

Management: I will add one thing which is very important. We are not under pressure to take any job/orders at any margin in order to fill up the capacity.

So margin is one of the most important criteria rather than just going for growth in terms of topline. Having said that please understand we are looking at the third facility in India probably we are going to expedite its announcement as soon as we are able to have some location.

So India remains absolutely on top priority having said that a little bit of conscious effort towards maintaining a decent margin is more important rather than only topline for the sake of growth. If I have to summarize our strategy then this is what it is.

Moderator: Next question is from the line of Vinit Mehta from Ashika Group.

Vinit Mehta: So I was looking at your cost of material as a percentage of sales across last eight quarters, and it is quite volatile. I assume the main cost is steel. So can you help me with what type of steel is there like it is going in cost of material and why this huge swings from year-on-year and quarter-on-quarter for cost of material?

Management:

Yes, so see cost of material see when you look at PEB, PEB consists of various part like primary, secondary sheeting and all so each part has a different cost factor. So in annual things everything is boiled down to average and because most of the jobs gets closed during the start and close during the year. So it gets average out. But each component has a different cost component attached to it.

So whatever material has been used accordingly the cost applies. Second thing is when we do export, export is also having a factor of US buy out and US buy out is value wise very big item so whenever this takes place delivery of US buy out takes place that also increases my COGS.

Management:

So overall rather than seeing for a quarter it would be better to see for a consolidated for a nine month or an six-month kind of a longer period so which will then if you see that then the COGS will almost average out remain in the within the range.

But from a pure production point of view I would say we're working in the gross margin region of around 32% to 33, 34%. That is the gross margin in terms of a pure sales minus RMC at the production.

Vinit Mehta:

Okay got it. And secondly most of the players in this PEB industry are looking for Canada market like you do see a lot of growth from Canada market like have you started any getting orders from Canada market or you are waiting for some certification over there? I assume you have the certification.

Management:

We already have the Canadian welding bureau certification. Our Sanand plant is certified by this authority. As we have communicated earlier this CWB certification is mandatory to supply any building materials into the Canadian market? As we understand right now Phenix Sanand is the only plant which is certified by CWB.

If there is any recent development then we need to investigate on that but since we got this CWB certification in June 2025, we have received about five orders executed about three and two are underway.

Vinit Mehta:

So going forward let's say that between US and Canada like is there Canada more beneficial US like being the capacity being limited at Sanand? So will you cater to more Canadian market or US market can you give colour on that?

Management:

I think I'm sure the US would be leading because it's a much larger market? And we have been present in the US market since more than five years now and we have a good coverage of the geographical areas in the US it's larger than Canada as of now because see AISC certificate I've had since 2020 CWB just arrived last year.

So we will be slowly adding the Canadian presence but right now as we speak on the Eastern seaboard especially on the Southeastern American markets we already have a good number of marketing people, we have a reasonable size of network of general contractors so US will always be leading as far as North American business goes even in the coming time.

Vinit Mehta: And like tariffs won't impact like no more higher realization in Canada because of tariffs or something or Canada also has tariffs for India?

Management: Yes Canada has tariff I think it is 25% but the pricing is better than the US and my margins are better than US but Canada also is as a growth for Canadian market they are also facing this tariff that major produce is going into the US market. Because they are also having tariff and they are also -- their industrial growth or the growth of exports from Canada to US might suffer because of the tariff. And therefore obviously Canada will grow for us I mean there is still good opportunity. But it will not be as big as US because US is a very, very big market.

And well established. For us and we'll be expanding in the next year as well geographically in the US.

Moderator: We'll take our next question from the line of Saumil Mehta from Kotak Mutual Fund.

Saumil Mehta: Yes, thanks for the opportunity. So two questions from my side. Given the near-term capacity constraints which I'm sure will be rectified in the foreseeable future, any new orders what you're going to bid, is it fair to assume that they will be at a higher single-digit margin or double-digit margins? Given we'll have to be, you know, very judicious in terms of what kind of orders we want to take? It's purely in the near term?

Management: Yes, yes, see Saumil as Sanjay Bhai rightly said earlier, our endeavour is always on the bottom line, right? We work towards getting the right projects which will serve my business objective. And one of the large major objectives is serving the bottom line and the growth in the bottom line.

And today we are in fortunate position that our order book is of at that stage wherein we can command our price. So obviously that is going to be our focus in the coming time, we may be a little bit more picky in the coming months when it comes to order intake.

Saumil Mehta: Sure. Second question Chirag Bhai is, why not have all the export approvals even at the Cheyyar plant? I understand Sanand has all the approvals, Cheyyar has a few of them, but going forward how should we look at approvals even for the South India plant?

Management: No, so as from Cheyyar we are starting with AISC because my presence in US is much higher currently and Cheyyar as earlier discussed during the call that we will then start once I have the Cheyyar facility been approved, I'll start my sales and marketing activity on the West Coast of the US where my shipment from the Pacific route will happen to the Western market. The Sanand is going through the Atlantic route which will help the Eastern and the Southeastern markets that we are currently operating.

Canada major market is on the Eastern seaboard? In the center and on the West Coast of Canada there are not large industrial units, the major industrial units are based out of the Eastern part of the Canadian market. So currently we are targeting CWB only for Sanand and going forward if we see that demand is picking up, we will obviously take, it is not that much of an issue. And we will obviously take up for the Cheyyar but AISC we have already started and we should be getting the approvals in probably Q2 or Q3 of this year.

Saumil Mehta:

Okay. And sure and my last question in terms of there was news flow that railways is going to at least shut down all the crossings and eventually any update over there? Any preliminary indication? Any thoughts over there? Because that seems to be a very large opportunity which obviously, we have built in the capacity but it is not translating into the revenues which we had earlier envisaged? I mean obviously things are beyond our control but what is the thought process over there and where are we?

Management:

Yes, so you rightly said railways -- the railway underbridge which are called RUBs, about 11,000 rural RUBs are going to be converted in the coming maybe 5 to 10 years with an average size of about 1,500 square meters, which will relate to a TAM of about 1.65 crore square meters, right? There are many workshops for Vande Bharat, many rail yards, many the stations that are going to converted, but as we know that once the approval comes from railways for a certain project it takes time for the civil work, it takes time for the execution.

So total addressable market only for railways for this RUBs, the Vande Bharat depots, the line sheds, that we are seeing at between 2 crore square meters to around 2.25 crore square meter, which is a huge opportunity. And for all these areas we've been -- our product has been approved. So, going forward there will be good amount of conversion that will happen and good amount of order intake will happen from the railways.

Management:

So, Saumil Bhai just to add, typically it takes a much longer time, So, you know, this opportunity we are talking of potentially over a period of maybe next 5 years. It doesn't happen overnight. Railways take time, but that opportunity is now becoming very, very clear and it is progressing well. Yes.

Saumil Mehta:

No fair, point. My only question was maybe three quarters the opportunity was always there. What I want to understand is three quarters back the kind of interaction levels and the interest which was there from the railways, is it at similar levels or things are moving at a much-advanced stage is what I wanted to understand?

Management:

Currently my railway related inquiry is anywhere between 5 lakh to 5.5 lakh square meters. Across all the zones, there are about 19 zones in Indian Railways, across all the zones these are the pending live inquiries that we are having and because it is self-supported roofing system that has been already been a part of the inquiry and part of the design, this will get converted to the orders in the coming time. These will come through EPC contractors to us.

Saumil Mehta:

Got it, got it. Okay, sir. Thank you so much and all the best for subsequent quarters.

Moderator:

Next question is from the line of Hitesh from Abakkus Asset Managers. Please go ahead.

Hitesh:

Thanks. Sir, on a sequential basis our share of exports is largely same, it's around 22% or marginally higher, but our gross margins are significantly down by 3%-4%. How do we explain that? Did we make less margin in exports in this quarter?

Management:

See basically, of course, the hit of tariff on the sectoral has suppressed our margin to an extent. See as a business call, the stage at which Phenix is in the US market, it is more important for the company to retain and or grow the customer base, right? That is my top priority at this stage at

which I am today. In for that to happen I have to absorb some extent of the tariff while I am able to give a competitive price to the US customer.

So, US customer has to find my commercial offer of at least a certain advantage to him to be able to ship from a US manufacturer to an Indian supplier. So while focusing on expanding the customer base I will it is a give and take situation. I have to absorb a little bit of a tariff to make my price attractive enough for a US consumer. So that's how this reduction or suppression is coming in the margin. That is true.

So, Hitesh, I think you are right sequentially this particular quarter whatever exports were made bulk of them were at a lower margin in the sense that the product mix or the sales mix. In Q4FY26 we have lot of dispatches at a much better margin. So what happens over a period of 1-year or 6 months margins normalize. So you are right, sequentially we will have a better margin in Q4FY26, 100%.

Hitesh: Okay, sir. Best wishes. Thank you.

Moderator: We'll take our next question from the line of Shashi Kartik from Brighter Mind Equity Advisors. Please go ahead.

Shashi Kartik: Hello, hello. Good evening. Thank you for giving the opportunity. The first question I have is in which geography we are seeing more development in terms of growth I mean pan-India?

Management: Domestic, as I earlier said, for our pre-engineered building business the sweet spot is 800 to 1,000 kilometers. So my Sanand plant is able to cater to the North and Northwest, the Central West, Central and the West which is Gujarat, which is our major market.

Then South is able to deliver to the three or four Southern states. East and a part of North, probably UP and Western UP and those projects will not be viable to be shipped out from Phenix, both the plants. So currently, as I said, West would be the strongest region for us.

Shashi Kartik: Okay. So, as we are seeing lots of development in Southern part of India in terms of semiconductor setup or in Northern India, I mean, in terms of electronic market setup apart from South India. So are we serving these markets as you mentioned North East Uttar Pradesh is quite distance from your plant. So are we looking at the Southern part, I mean, Tamil Nadu and where we are actively engaged?

Management: Yes, yes, one of the reasons behind putting up a manufacturing unit in Tamil Nadu was to be able to have a physical presence and be in close connect or a vicinity with the potential customers.? From Tamil Nadu we can very efficiently and economically supply and deliver our projects to the customers in all the four Southern states which is Andhra Pradesh, Tamil Nadu, Telangana and Karnataka.

So Southern regions are one of the potential regions where we see a lot of long-term growth for the business we are in.

Management:

So therefore as we earlier said, so our third plant will be in the North India nearer to probably Lucknow, Western UP area, between Central UP or towards Eastern UP which we can cater to the Northern market as well as the East market and the UP area. So that is how our Phenix business is there. Proflex we are okay to take orders across India. So we concentrate across all the states except the seven Eastern states and probably Jammu Kashmir and those areas. Other than that our presence is there across all the other states.

Shashi Kartik:

Okay. That's very pleasant to hear. I mean, apart from that, which industries we are seeing incremental demands building up apart from renewable energy sectors?

Management:

Industry, currently we are seeing a good demand from the automotive. We there are live inquiries from large data centers, which I will not be able to divulge the name. We also have currently got a sizeable order from an international defence company in the domestic market.

So, we are seeing a positive traction for coming out of data center, electronic, EMS manufacturing, Renewable energy. And semiconductor projects that are happening largely by Tata in Dholera, some inquiries are going on. So we will be able to convert it into orders in coming times.

Shashi Kartik:

So what about the current competitive intensity in the industry as many players are building their capacity and obviously doing some fundraise to you know front load the capacities and all?

Management:

See competition because the demand is quite robust, competition will be there, and a lot of people are setting up their plants but our almost now two decades of experience, the execution of the projects, the deliverable of our projects to our long customers and the repeat clientele is going to help us through the competition is there and there would be enough work for everyone. So competitive pressure will be there but there is enough work for everyone

And newer application areas for steel constructions are coming in as we speak. Earlier a couple of years back you know the data centers which a couple of companies set up were made out of concrete, like conventional construction methodology.

Now what investments are coming in are made by mostly international companies like Microsoft, Amazon etc. which have been used to using steel as their prime material for construction. So when these companies are setting up data centers over here, obviously that shift from concrete to steel is going to happen but it is still a new field.

Indian companies are also investing in data centers so this is just an example I'm giving you that newer applications are coming into falling into place, which will also increase the demand of steel construction. So while capacities are being increased, there will be enough demand from existing application areas as well as the newer ones that are coming in.

Shashi Kartik:

Okay, okay. So is there any internal vision for next five years in terms of getting at the market share or the revenue that we are looking at?

Management: So we have a very clear cut 3-year plan, and we are also very clear about five years. So in three years we want to built up our PEB capacity between all the three plants, this is three to four years vision document.

We should be about 3,00,000 tons in terms of our capacity between the three plants over next three to four years, and out of that exports should be minimum, I would say, 20% to 25%, rest all will be domestic.

And then Proflex we want to maintain our predominant market share of 75%, and if the Agri and railways they accelerate, Proflex can be easily 2x. There's not a problem, but we'll have to wait and see.

Shashi Kartik: Okay, okay that's all from my side. Best of luck sir. Thank you.

Management: Thank you.

Moderator: Thank you. We'll take our next question from the line of Bhavya Dedhia from Kriis. Please go ahead.

Bhavya Dedhia: Chirag Bhai, what is the split between Phenix and Proflex for this quarter?

Management: So this quarter Proflex has contributed INR69.79 crores whereas Phenix INR281.72 crores making total INR351 crores.

Bhavya Dedhia: Okay, and on our current order book, which is I think executable in the next 8 to 10 months, and also the current order bid pipeline, do we see there could be 100 to 200 basis point EBITDA margin expansion going ahead?

Management: I would say around 1% is realistic over one year period maybe, but 2% is a little more ambitious, given the current context, and given the fact that our product mix will continuously move in, but this is not a guidance. This is the general statement. We will come back to with more specific numbers by Q4FY26.

Bhavya Dedhia: Okay, okay. And the order that we recently won the largest export order of INR212 crores, what could be the margins in that, like, what could be the margin profiles in it in this order particularly?

Management: We will not share order wise margins.

Bhavya Dedhia: Okay. Thank you.

Moderator: Thank you. We'll take our next question from the line of Raj Sarraf from Finvestors. Please go ahead.

Raj Sarraf: Yes, sir if you can please quantify the order pipeline for export and domestic market with the order conversion rate.

Management: Raj, current order pipeline, we are handling inquiries worth about 17 to 18 lakh square meters in Proflex, and about 100,000 active inquiries of about 100 to 150,000 metric tons in Phenix.

Raj Sarraf: Okay, so though you have repeatedly told that, you will be very clear on Q4 about the number for FY'27, but how a layman investor like me, can just quantify seeing the current capacity constraint in short term, how FY'27 number could be?

Management: I think Raj we were pretty clear about the direction. I said we will be in upper teens in terms of growth, but we are working on quite a few projects, and we will be little more specific by end of Q4FY26.

Raj Sarraf: Okay. So just last question from my side sir. As we know that the H2 is the strongest half, so if you can please be very specific about, which is our strongest quarter, is it Q3 or Q4?

Management: Generally, it will be between Q3 Q4, because see, we have to deliver as per the project delivery schedules, but generally you can say about 55% to 60% could be H2, and about 40%, 45% would be H1. It will keep shifting between Q3 and Q4 and the primary reason is again monsoon.

Raj Sarraf: Okay. So we have seen monsoon in Southern part in Q3 early Q3 I think. So generally our PEB company peer companies are actually having great larger Q4 numbers in comparison to other quarters, so that's why.

I am asking seeing the last year Q3 Q4 numbers, so Q3 was strongest quarter previous year, so how I can conclude this?

Management: No, so there is no direct correlation. Again as I said, but yes this year Q4 would be quite strong in terms of topline, but stronger in terms of bottom line as compared to Q3 clearly.

Raj Sarraf: Okay. Thank you very much sir thank you very much and I just wish you good year ahead for FY'27 and beyond that. Thank you.

Management: Thank you.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to management for closing comments. Over to you sir.

Malav Patel: Yes. Thank you everyone on behalf of the management of M&B Engineering Limited. We thank you all for joining us on our post earnings call today. We hope we have been able to address majority of your queries. You may reach out to me or our investor relations with partner EY. For any further queries that you may have and they would connect with you offline. Moderator, we can now close the call. Thank you all.

Moderator: Thank you sir. Thank you management team. On behalf of M&B Engineering Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.