

MARCH 26, 2015

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF
M & B ENGINEERING LTD.**

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	12.54	CARE BBB- (Triple B Minus)	Reaffirmed
Short-term Bank Facilities	157.65	CARE A3 (A Three)	Reaffirmed
Long-term/ Short-term Bank Facilities	61.85	CARE BBB-/ CARE A3 (Triple B Minus)/(A Three)	Reaffirmed
Total Facilities	232.04		

Rating Rationale

The ratings of M&B Engineering Ltd (MBEL) continue to take into account its established operations in the Pre-Engineered Building (PEB) industry along with the vast experience of its promoters in the construction industry and its moderate leverage.

The ratings, however, continue to remain constrained by high working capital intensity of its operations and its moderate debt coverage indicators. The ratings are further constrained by susceptibility of its profitability to fluctuation in the raw material prices and foreign currency rates and its presence in a highly competitive industry where demand is linked to the overall economic scenario. The ratings also take note of the decline in its scale of operations during FY14 (refers to the period April 1 to March 31).

MBEL's ability to increase its scale of operations along with improvement in its profitability and debt coverage indicators in a competitive industry scenario shall be the key rating sensitivity.

Background

Ahmedabad-based (Gujarat) MBEL is engaged in the manufacturing & installation of PEB and installation of self-supported steel roofing systems. It is a part of the M&B group (MBG) of Ahmedabad which is engaged in infrastructure sectors like power, highways, irrigation, industrial construction, engineering and infrastructure business since 1951. MBG was promoted by late Mr Manibhai Patel, and currently the group's operations are looked after by Mr Hasmukhbhai Patel and his family members.

MBEL was originally incorporated as Manibhai & Brothers Construction Pvt Ltd and was subsequently converted into a public limited company in FY11. It has two divisions - "Proflex division" which is into installation of self-supported steel roofing system and "PEB/Phenix division" which is into design, manufacturing and installation of PEB.

As per the audited results for FY14, MBEL earned a PAT of Rs.4.28 crore on a total operating income of Rs.531.52 crore as against a PAT of Rs.8.21 crore on a total operating income of Rs.653.16 crore in FY13. Furthermore, as per un-audited results for 9MFY15, MBEL has registered a total operating income of Rs. 384 crore.

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CIN - L67190MH1993PLC071691