ICICI Direct

CMP: ₹270 | Target ₹ 325 (20%) | Target Period: 12 months | **BUY**

August 21, 2026

Company Update

CCL ramp – up and capital raise to drive next growth phase...

About the stock: Ratnaveer Precision Engineering (RPEL), is a Gujarat based stainless steel (SS) product manufacturer focused on producing finished sheets, washers, solar roofing hooks, pipes and tubes.

- SS finishing line sheets contributed ~53% to total revenues in FY26 followed by SS washers (~15%), sheet metal components (~11%), scrap sales (~9%), tubes & pipes (~6.5%), nut & bolt (~5.5%).

Investment Rationale:

- **High-growth diversification into Copper Clad Laminate (CCL) to unlock the next growth leg:** Ratnaveer is transforming from a stainless-steel products manufacturer into an electronics material player through its CCL project, targeting the fast-growing PCB ecosystem. The company has already received ECMS approval for a ₹338 crore Phase-1 investment, while the larger ₹472 crore project has secured in-principle approval under the Gujarat Electronics Policy. We view CCL as the key medium-term value creation opportunity for Ratnaveer. The combination of a ~₹5,000 crore domestic market with >90% import dependence, 16.4% estimated PCB market CAGR and phased five-line capacity provides a strong structural opportunity. More importantly, the project has now moved into execution, with Line-1 machinery under installation and commissioning targeted for November 2026. Management projecting a scaled revenue potential of ₹750+ crore, 20% EBITDA margin, and 29% ROI by FY31 indicates the potential for CCL to become a sizeable, higher-margin second growth engine.
- **Strong execution track record with resilient core business providing a solid earnings base**: The core stainless-steel business continues to deliver healthy growth, with Q1FY27 revenue increasing 18.9% YoY, EBITDA rising 19.1% YoY, and PAT growing 22.0% YoY, while EBITDA margin stable at 10.2%. Company operates five integrated manufacturing facilities with 90% renewable power, 100% forward and backward integration, Management has guided its long-term aspiration target of achieving ~₹2,500 crore consolidated revenue over the next 3-5 years, with existing stainless-steel businesses expected to contribute ~₹1,800 crore. Recent credit rating upgrades, enhanced banking limits and rights issue of ₹330 crore further strengthen its balance sheet to fund future expansion.

Rating and Target Price: We estimate Revenue & PAT to grow at ~32.7% & ~45.8% CAGR respectively over FY26-28E. We have incorporated CCL earnings into our forecasts for period FY27-28E. Thus, we value Ratnaveer Precision Engineering at **20x FY28E EPS** to arrive at a fair value of **₹325 with a Buy Rating**.

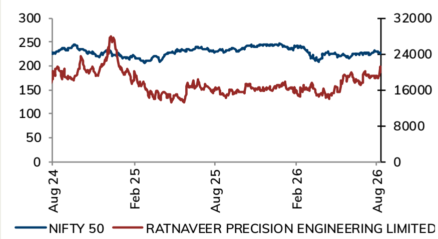
Particulars

Particulars	Rs. (in crore)
Market Capitalisation	1793
Total Debt (FY26)	335
Cash and Inv. (FY26)	269
Enterprise Value	1859
52-week H/L (Rs.)	258/130
Equity capital	68.2
Face value (Rs.)	10

Shareholding pattern

%	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	50.7	42.6	42.7	45.5
FII	1.3	8.4	7.3	3.5
DII	0.1	2.6	2.5	2.0
Public	47.9	46.5	47.4	49.0

Price Chart



Key risks

(i) Slowdown in industrial capex

(ii) High working capital requirement

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ICICI Securities – Retail Equity Research

Key Financial Summary

Rs crore	FY24	FY25	FY26	3 Year CAGR (FY23-26)	FY27E	FY28E	2 Year CAGR (FY26-28E)
Revenues	595	892	1,069	34.0	1,352	1,882	32.7
EBITDA	50	86	112	49.8	142	243	47.1
EBITDA margin (%)	8.4	9.7	10.5		10.5	12.9	
Net Profit	31	47	64	43.9	76	137	45.8
Diluted EPS (Rs)	4.6	6.9	9.4		9.1	16.2	
P/E (x)	59.2	39.3	28.6		29.8	16.6	
EV/EBITDA (x)	39.7	22.8	17.0		13.8	8.6	
RoCE (%)	11.1	13.0	9.6		8.0	11.8	
RoE (%)	12.3	12.6	9.6		7.1	11.2	

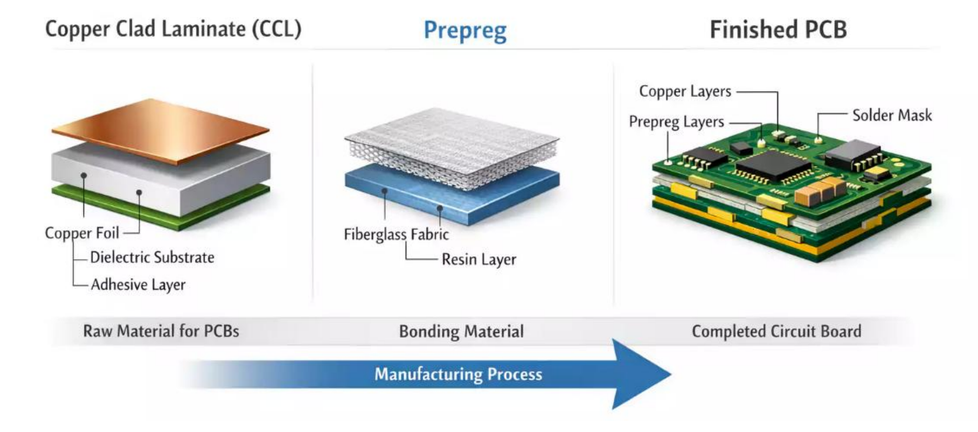
Source: Company, ICICI Direct Research

Key Company Highlights

Copper Clad Laminate (CCL)

Ratnaveer is diversifying beyond its established stainless-steel product portfolio into Copper Clad Laminate (CCL), a critical input used in the manufacturing of printed circuit boards (PCBs). The entry into CCL represents a meaningful change in Ratnaveer's business mix, taking the company from conventional stainless-steel products and precision components towards electronics-grade materials. Importantly, the company is entering the segment at a time when India is seeking to build a domestic electronics manufacturing ecosystem and reduce dependence on imported components and materials.

Exhibit 1: Copper Clad Laminate



Source: *ICICI Direct Research*

Large domestic market with significant import dependence:

- The opportunity in CCL is supported by a sizeable domestic market and high import dependence. Management estimates the **current Indian CCL market at around ₹5,000 crore, with more than 90% of domestic demand currently being met through imports**. Demand is estimated at over 3 lakh sheets per month, with applications spanning EVs, 5G, consumer electronics, defence and aerospace.
- This high import dependence provides Ratnaveer with a potential import-substitution opportunity. Rather than relying solely on market expansion, the company can initially address an existing domestic demand pool where local manufacturing penetration remains limited.
- The addressable market is also expected to expand meaningfully. Management estimates the Indian **CCL market could reach ₹29,880 crore by 2031**, while the Indian PCB market is estimated to reach ₹1.77 lakh crore by 2032, implying a 16.4% CAGR.

CCL Project Update & Business Outlook:

- Ratnaveer's CCL project is being developed as a five-line manufacturing facility for FR-4 grade CCL. At full scale, the **company plans to have capacity of 79.2 lakh sheets annually across the five lines**. Management estimates this would represent only around 1.8% of the Indian CCL market, highlighting the headroom available for further capacity expansion if the initial facility is successfully scaled up.
- The project has reached approximately 60% completion, while Line-1 machinery has been ordered and inspected at the vendor's works. Shipment and installation are currently underway, with commercial commissioning targeted for November 2026. The remaining four lines are expected to be commissioned progressively in phases.
- The company has received approval for a ₹338 crore Phase-1 investment over three years under the Electronics Component Manufacturing Scheme (ECMS). The project is also aligned with broader policy initiatives including PLI, Make in India, Atmanirbhar Bharat and the India Semiconductor Mission.

- In addition, the broader CCL project has received in-principle approval under the Gujarat Electronics Policy for a proposed investment of ₹472.34 crore.
- For Phase 1, the company expects capacity of 15.84 lakh sheets p.a., revenue of ₹108 crore, EBITDA of ₹22 crore, PAT of ₹12 crore and ROI of 29%. **At full scale, management expects FY31 ₹750+ crore revenue, ₹150 crore EBITDA, ₹83 crore PAT and 29% ROI**, with capacity scaling to 79.2 lakh sheets annually across five lines.

Right Issue:

- Ratnaveer Precision Engineering has approved a ₹330 crore Rights Issue of 1.25 crore equity shares at an issue price of ₹264/share, with a 7:40 rights entitlement ratio. The record date is August 26, 2026, with the full issue price payable on application. Assuming full subscription, the equity base will increase from 7.14 crore to 8.39 crore shares, implying 17.5% equity dilution. While the issue creates near-term per-share dilution, deployment of the proceeds towards CCL and other growth initiatives will be key to determining whether incremental earnings can offset the dilution.

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

Year-End March	FY25	FY26	FY27E	FY28E
Revenue	892	1,069	1,352	1,882
% Growth	49.8	19.8	26.5	39.2
Other income	4.0	9.7	9.0	9.0
Total Revenue	892	1,069	1,352	1,882
% Growth	49.8	19.8	26.5	39.2
Total Raw Material Costs	755	893	1,132	1,534
Employee Expenses	10.3	13.2	16.2	20.7
other expenses	40.7	50.7	62.2	84.7
Total Operating Expenditure	805	957	1,210	1,639
Operating Profit (EBITDA)	86.4	112.2	142.0	242.7
% Growth	72.8	29.9	26.5	71.0
Interest	12.7	20.5	22.0	27.0
PBDT	77.7	101.4	129.0	224.7
Depreciation	17.1	25.4	32.4	51.7
PBT before Exceptional Items	60.7	76.0	96.5	173.0
Total Tax	13.8	11.7	20.3	36.3
PAT before MI	47	64	76	137
PAT	47	64	76	137
% Growth	50.8	37.4	18.6	79.2
Diluted EPS	9.3	9.4	9.1	16.2

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

Year-End March	FY25	FY26	FY27E	FY28E
Profit after Tax	47	64	76	137
Depreciation	17.1	25.4	32.4	51.7
Interest	12.7	20.5	22.0	27.0
Cash Flow before WC changes	77	110	131	215
Changes in inventory	(48)	3	(99)	(152)
Changes in debtors	(21)	(109)	(11)	(62)
Changes in loans & Advances	-	-	-	-
Changes in other current assets	(27.3)	(119.0)	(12.9)	(79.5)
Net Increase in Current Assets	(96.4)	(224.4)	(122.9)	(294.1)
Changes in creditors	76.7	101.7	(18.7)	79.8
Changes in provisions	0.7	0.2	1.8	1.6
Net Inc in Current Liabilities	115.9	70.6	39.4	107.9
Net CF from Operating activities	96	(44)	47	29
Changes in deferred tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(138)	(110)	(413)	(120)
Net CF from Investing activities	(137)	(106)	(415)	(121)
Net CF from Financing Activities	47	353	381	43
Net Cash flow	6.3	203.5	13.6	(49.1)
Opening Cash/Cash Equivalent	60	66	269	283
Closing Cash/ Cash Equivalent	66	269	283	234

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

Year-End March	FY25	FY26	FY27E	FY28E
Equity Capital	53	68	84	84
Reserve and Surplus	318	601	995	1,131
Total Shareholders' funds	371	669	1,079	1,216
Total Debt	195	335	405	475
Deferred tax Liab.	13	20	20	20
Total Liabilities	579	1,024	1,504	1,710
Gross Block	233	314	434	754
Acc: Depreciation	47	72	105	156
Net Block	186	242	330	598
Capital WIP	54	82	375	175
Total Fixed Assets	240	324	705	773
Non-Current Assets	11	14	16	17
Inventory	293	289	389	541
Debtors	66	175	185	247
Other Current Assets	71	190	203	282
Cash	66	269	283	234
Total Current Assets	496	923	1,060	1,305
Current Liabilities	121	222	204	284
Other Current Liab.	46	15	73	101
Total Current Liabilities	167	238	277	385
Net Current Assets	329	686	783	920
Total Assets	579	1,024	1,504	1,710

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

Year-End March	FY25	FY26	FY27E	FY28E
Diluted EPS	6.9	9.4	9.1	16.2
Cash per Share	13.6	39.5	33.6	27.8
BV	76.5	98.3	128.3	144.5
EBITDA Margin	9.7	10.5	10.5	12.9
PAT Margin	5.2	6.0	5.6	7.3
RoE	12.6	9.6	7.1	11.2
RoCE	13.0	9.6	8.0	11.8
RoIC	13.9	11.8	9.1	13.1
EV / EBITDA	22.8	17.0	13.8	8.6
P/E	39.3	28.6	29.8	16.6
EV / Net Sales	2.2	1.8	1.5	1.1
Sales / Equity	2.4	1.6	1.3	1.5
Market Cap / Sales	2.1	1.7	1.4	1.0
Price to Book Value	3.5	2.7	2.1	1.9
Asset turnover	1.6	1.1	0.9	1.1
Debtors Turnover Ratio	16.2	8.9	7.5	8.7
Creditors Turnover Ratio	10.8	6.2	6.3	7.7
Debt / Equity	0.5	0.5	0.4	0.4
Current Ratio	3.5	2.9	3.7	3.7
Quick Ratio	1.1	1.6	1.9	1.8

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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