CMP: ₹197 | Target ₹ 255 (29%) | Target Period: 12 months | BUY

July 27, 2026

## Sustained core execution with promising CCL pipeline...

**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%).

**Q1FY27 performance:** Ratnaveer Precision Engineering reported a healthy performance in Q1FY27, with revenue increasing 18.9% YoY to ₹315 crore. EBITDA grew 19.1% YoY to ₹32.2 crore, while EBITDA margin remained broadly stable at 10.2%. PAT increased 22.0% YoY to ₹18.2 crore, with PAT margin improving to 5.8% from 5.6% in Q1FY26.

**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. Commercial production is targeted for November 2026, with management projecting a scaled revenue potential of ₹750+ crore, 20% EBITDA margin, and 29% ROI by FY31. Given that over 90% of India's CCL demand is imported, the project offers a significant import-substitution opportunity supported by Make in India, semiconductor, EV and defence manufacturing tailwinds.
- **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 the proposed rights issue (₹300 crore) further strengthen its balance sheet to fund future expansion.

**Rating and Target Price:** We estimate Revenue & PAT to grow at ~17.5% & ~14.5% CAGR respectively over FY26-28E, with EBITDA margins sustaining at ~10-11% during the period. We maintain a constructive view on Ratnaveer Precision Engineering; however, our estimates do not include revenue contribution from the CCL business at this stage. We will incorporate CCL earnings into our forecasts once execution visibility improves. Thus, we value the company at **16x FY28E EPS** to arrive at a fair value of **₹255 with a Buy Rating**.

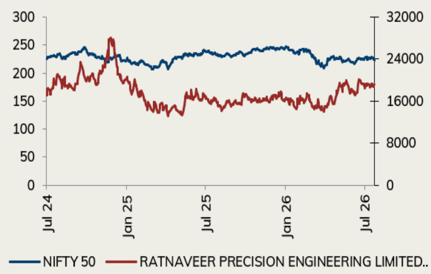
### Particulars

| Particulars | Rs. (in crore) |
|---|---|
| Market Capitalisation | 1397 |
| Total Debt (FY26) | 335 |
| Cash and Inv. (FY26) | 269 |
| Enterprise Value | 1463 |
| 52-week H/L (Rs.) | 200/130 |
| 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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Result Update

ICICI Securities – Retail Equity Research

### Key Financial Summary

| Rs crore | FY24 | FY25 | FY26 | 2 Year CAGR (FY24-26) | FY27E | FY28E | 2 Year CAGR (FY26-28E) |
|---|---|---|---|---|---|---|---|
| Revenues | 595 | 892 | 1,069 | 34.0 | 1,332 | 1,475 | 17.5 |
| EBITDA | 50 | 86 | 112 | 49.8 | 140 | 165 | 21.3 |
| EBITDA margin (%) | 8.4 | 9.7 | 10.5 | | 10.5 | 11.2 | |
| Net Profit | 31 | 47 | 64 | 43.9 | 75 | 84 | 14.5 |
| Diluted EPS (Rs) | 5.9 | 8.8 | 12.1 | | 14.1 | 15.9 | |
| P/E (x) | 33.7 | 22.3 | 16.3 | | 13.9 | 12.4 | |
| EV/EBITDA (x) | 23.9 | 13.6 | 9.9 | | 8.0 | 7.2 | |
| RoCE (%) | 11.1 | 13.0 | 9.6 | | 10.2 | 10.3 | |
| RoE (%) | 12.3 | 12.6 | 9.6 | | 10.1 | 10.2 | |

Source: Company, ICICI Direct Research

## Key Q1FY27 Financial & Operational Highlights

- **Financial Performance**:
  - Revenue increased 18.9% YoY to ₹315 crore, driven by healthy demand across the company's stainless-steel product portfolio.
  - EBITDA grew 19.1% YoY to ₹32.2 crore, while EBITDA margin remained broadly stable at 10.2%, reflecting a balanced product mix despite ongoing expansion initiatives.
  - PAT increased 22.0% YoY to ₹18.2 crore, with PAT margin improving to 5.8% from 5.6% in Q1FY26.
- **CCL Project Update & Business Outlook:**
  - The Copper Clad Laminate (CCL) project, the company's key diversification initiative, has achieved ~60% completion, Line-1 machinery has been ordered, inspected and is under shipment/installation, with commissioning on track for November 2026. The remaining four production lines will be commissioned in phases.
  - Phase-1 CCL investment of ₹338 crore has received ECMS approval, while the broader project has a proposed investment of ₹472.34 crore under the Gujarat Electronics Policy.
  - Company also received NSE and BSE approvals for a ₹330 crore rights issue, which is expected to support the funding of future growth initiatives.
  - The domestic CCL market exceeds ₹5,000 crore, with over 90% of demand currently met through imports, creating a significant import-substitution opportunity for the company.
  - The company estimates the Indian PCB market could reach ₹1.77 lakh crore by 2032 (16.4% CAGR), while the Indian CCL market could grow to ₹29,880 crore by 2031, providing a long-term structural growth runway.
  - On full scale (FY31), management's financial case for the CCL business targets ₹750+ crore revenue, ₹150 crore EBITDA (20% margin) and ₹83 crore PAT, with an expected 29% ROI.

# Financial summary

**Exhibit 1:** Profit and loss statement ₹ crore

| Year-End March | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| Revenue | 892 | 1,069 | 1,332 | 1,475 |
| % Growth | 49.8 | 19.8 | 24.6 | 10.7 |
| Other income | 4.0 | 9.7 | 9.0 | 9.0 |
| Total Revenue | 892 | 1,069 | 1,332 | 1,475 |
| % Growth | 49.8 | 19.8 | 24.6 | 10.7 |
| Total Raw Material Costs | 755 | 893 | 1,115 | 1,227 |
| Employee Expenses | 10.3 | 13.2 | 16.0 | 16.2 |
| other expenses | 40.7 | 50.7 | 61.3 | 66.4 |
| Total Operating Expenditure | 805 | 957 | 1,192 | 1,310 |
| Operating Profit (EBITDA) | 86.4 | 112.2 | 139.9 | 165.2 |
| % Growth | 72.8 | 29.9 | 24.6 | 18.1 |
| Interest | 12.7 | 20.5 | 22.0 | 27.0 |
| PBDT | 77.7 | 101.4 | 126.9 | 147.2 |
| Depreciation | 17.1 | 25.4 | 32.0 | 40.6 |
| PBT before Exceptional Items | 60.7 | 76.0 | 94.9 | 106.6 |
| Total Tax | 13.8 | 11.7 | 19.9 | 22.4 |
| PAT before MI | 47 | 64 | 75 | 84 |
| PAT | 47 | 64 | 75 | 84 |
| % Growth | 50.8 | 37.4 | 16.6 | 12.4 |
| Diluted EPS | 8.8 | 12.1 | 14.1 | 15.9 |

Source: Company, ICICI Direct Research

**Exhibit 2:** Cash flow statement ₹ crore

| Year-End March | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| Profit after Tax | 47 | 64 | 75 | 84 |
| Depreciation | 17.1 | 25.4 | 32.0 | 40.6 |
| Interest | 12.7 | 20.5 | 22.0 | 27.0 |
| Cash Flow before WC changes | 77 | 110 | 129 | 152 |
| Changes in inventory | (48) | 3 | (148) | (47) |
| Changes in debtors | (21) | (109) | 76 | (11) |
| Changes in loans & Advances | - | - | - | - |
| Changes in other current assets | (27.3) | (119.0) | 43.3 | (33.9) |
| Net Increase in Current Assets | (96.4) | (224.4) | (29.1) | (91.5) |
| Changes in creditors | 76.7 | 101.7 | (76.4) | 15.7 |
| Changes in provisions | 0.7 | 0.2 | 0.7 | 0.3 |
| Net Inc in Current Liabilities | 115.9 | 70.6 | (20.5) | 23.1 |
| Net CF from Operating activities | 96 | (44) | 79 | 83 |
| (Purchase)/Sale of Fixed Assets | (138) | (110) | (63) | (120) |
| Net CF from Investing activities | (137) | (106) | (65) | (120) |
| Net CF from Financing Activities | 47 | 353 | 48 | 43 |
| Net Cash flow | 6.3 | 203.5 | 62.4 | 6.6 |
| Opening Cash/Cash Equivalent | 60 | 66 | 269 | 332 |
| Closing Cash/ Cash Equivalent | 66 | 269 | 332 | 338 |

Source: Company, ICICI Direct Research

**Exhibit 3:** Balance sheet ₹ crore

| Year-End March | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| Equity Capital | 53 | 68 | 68 | 68 |
| Reserve and Surplus | 318 | 601 | 676 | 760 |
| Total Shareholders' funds | 371 | 669 | 744 | 828 |
| Total Debt | 195 | 335 | 405 | 475 |
| Deffered tax Liab | 13 | 20 | 20 | 20 |
| Total Liabilities | 579 | 1,024 | 1,169 | 1,323 |
| Gross Block | 233 | 314 | 434 | 554 |
| Acc: Depreciation | 47 | 72 | 104 | 145 |
| Net Block | 186 | 242 | 330 | 410 |
| Capital WIP | 54 | 82 | 25 | 25 |
| Total Fixed Assets | 240 | 324 | 355 | 435 |
| Non-Current Assets | 11 | 14 | 16 | 16 |
| Inventory | 293 | 289 | 438 | 485 |
| Debtors | 66 | 175 | 99 | 109 |
| Other Current Assets | 71 | 190 | 147 | 181 |
| Cash | 66 | 269 | 332 | 338 |
| Total Current Assets | 496 | 923 | 1,015 | 1,113 |
| Current Liabilities | 121 | 222 | 146 | 162 |
| Other Current Liab | 46 | 15 | 71 | 79 |
| Total Current Liabilities | 167 | 238 | 217 | 240 |
| Net Current Assets | 329 | 686 | 798 | 873 |
| Total Assets | 579 | 1,024 | 1,169 | 1,323 |

Source: Company, ICICI Direct Research

**Exhibit 4:** Key ratios

| Year-End March | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| Diluted EPS | 8.8 | 12.1 | 14.1 | 15.9 |
| Cash per Share | 13.6 | 55.5 | 68.4 | 69.8 |
| BV | 76.5 | 138.0 | 153.4 | 170.8 |
| EBITDA Margin | 9.7 | 10.5 | 10.5 | 11.2 |
| PAT Margin | 5.2 | 6.0 | 5.6 | 5.7 |
| RoE | 12.6 | 9.6 | 10.1 | 10.2 |
| RoCE | 13.0 | 9.6 | 10.2 | 10.3 |
| RoIC | 13.9 | 11.8 | 13.2 | 12.9 |
| EV / EBITDA | 13.6 | 9.9 | 8.0 | 7.2 |
| P/E | 22.3 | 16.3 | 13.9 | 12.4 |
| EV / Net Sales | 1.3 | 1.0 | 0.8 | 0.8 |
| Sales / Equity | 2.4 | 1.6 | 1.8 | 1.8 |
| Market Cap / Sales | 1.2 | 1.0 | 0.8 | 0.7 |
| Price to Book Value | 2.6 | 1.4 | 1.3 | 1.2 |
| Asset turnover | 1.6 | 1.1 | 1.2 | 1.1 |
| Debtors Turnover Ratio | 16.2 | 8.9 | 9.8 | 14.2 |
| Creditors Turnover Ratio | 10.8 | 6.2 | 7.2 | 9.6 |
| Debt / Equity | 0.5 | 0.5 | 0.5 | 0.6 |
| Current Ratio | 3.5 | 2.9 | 4.5 | 4.7 |
| Quick Ratio | 1.1 | 1.6 | 1.6 | 1.7 |

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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