Ratnaveer Precision Engineering (RATPRE)

CMP: ₹380 | Target ₹ 475 (25%) | Target Period: 12 months | BUY

November 4, 2026

Core growth strengthens; CCL offers long term upside...

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%).

Q2FY27 performance: Ratnaveer Precision Engineering reported a healthy Q2FY27 performance, with revenue increasing 35.5% YoY to ₹387 crore. EBITDA grew 28.4% YoY to ₹36.5 crore; however, EBITDA margin declined 52 bps YoY to 9.4%, primarily due to higher COGS. PAT increased 54.7% YoY to ₹24.1 crore, with PAT margin improving 77 bps to 6.2%.

Investment Rationale:

- **High-growth diversification into Copper Clad Laminate (CCL) to unlock the next growth leg:** Ratnaveer is investing ~₹338 crore to establish an integrated FR-4 grade CCL facility with a planned capacity of 79.2 lakh sheets annually across five lines. The opportunity is supported by an estimated ₹5,000 crore domestic CCL market, of which over 90% is currently met through imports, providing scope for import substitution as domestic PCB manufacturing expands. Management's earlier estimates indicate revenue potential of ₹750+ crore by FY31, with an EBITDA margin of ~20% and PAT margin of ~13% at full scale. Management indicated that CCL prices have increased by over 300% and is reviewing the project guidance, although revised targets are yet to be announced. Initial customer engagement has been encouraging, with 57 customer visits, initial domestic orders and discussions for long-term supply contracts. With the first line targeted for commercial ramp-up from December 2026 and subsequent lines planned in phases through April 2028, CCL could materially diversify the revenue mix and enhance the company's profitability profile.
- **Core stainless steel business provides strong growth visibility**: Ratnaveer is targeting revenue growth in its existing stainless-steel business from ₹1,080 crore in FY26 to ₹1,350 crore in FY27 and ₹1,800 crore by FY28, supported by ongoing Phase-II capex of approximately ₹58 crore across fasteners, tubes and pipes, sheet metal components and clips. The finishing-line business is already operating at high utilisation levels, providing a clear need for incremental capacity. This expansion, coupled with its established presence across 31 countries and diversified product portfolio, is expected to support sustained growth in the core business.

Rating and Target Price: We estimate Revenue & PAT to grow at ~39.2% & ~60.6% CAGR respectively over FY26-28E. Thus, we value the company at **24x FY28E EPS** to arrive at a fair value of **₹475 with a Buy Rating**.

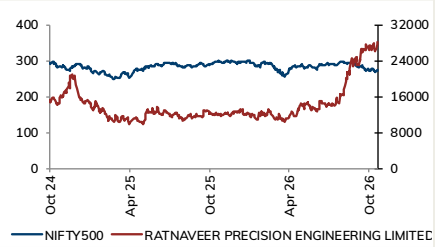
Particulars

	Rs. (in crore)
Market Capitalisation	3193
Total Debt (FY26)	335
Cash and Inv. (FY26)	269
Enterprise Value	3259
52-week H/L (Rs.)	388/129
Equity capital	68.2
Face value (Rs.)	10

Shareholding pattern

%	Dec-25	Mar-26	Jun-26	Sep-26
Promoter	42.6	42.7	45.5	38.7
FII	8.4	7.3	3.5	3.3
DII	2.6	2.5	2.0	1.2
Public	46.5	47.4	49.0	56.9

Price Chart



Key risks

(i) Slowdown in industrial capex

(ii) High working capital requirement

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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	1,365	2,072	39.2
EBITDA	50	86	112	49.8	143	278	57.3
EBITDA margin (%)	8.4	9.7	10.5		10.5	13.4	
Net Profit	31	47	64	43.9	77	166	60.6
Diluted EPS (Rs)	4.6	6.9	9.4		9.2	19.7	
P/E (x)	83.3	55.3	40.2		41.5	19.3	
EV/EBITDA (x)	54.7	31.5	23.6		18.9	10.3	
RoCE (%)	11.1	13.0	9.6		8.1	13.8	
RoE (%)	12.3	12.6	9.6		7.1	13.3	

Source: Company, ICICI Direct Research

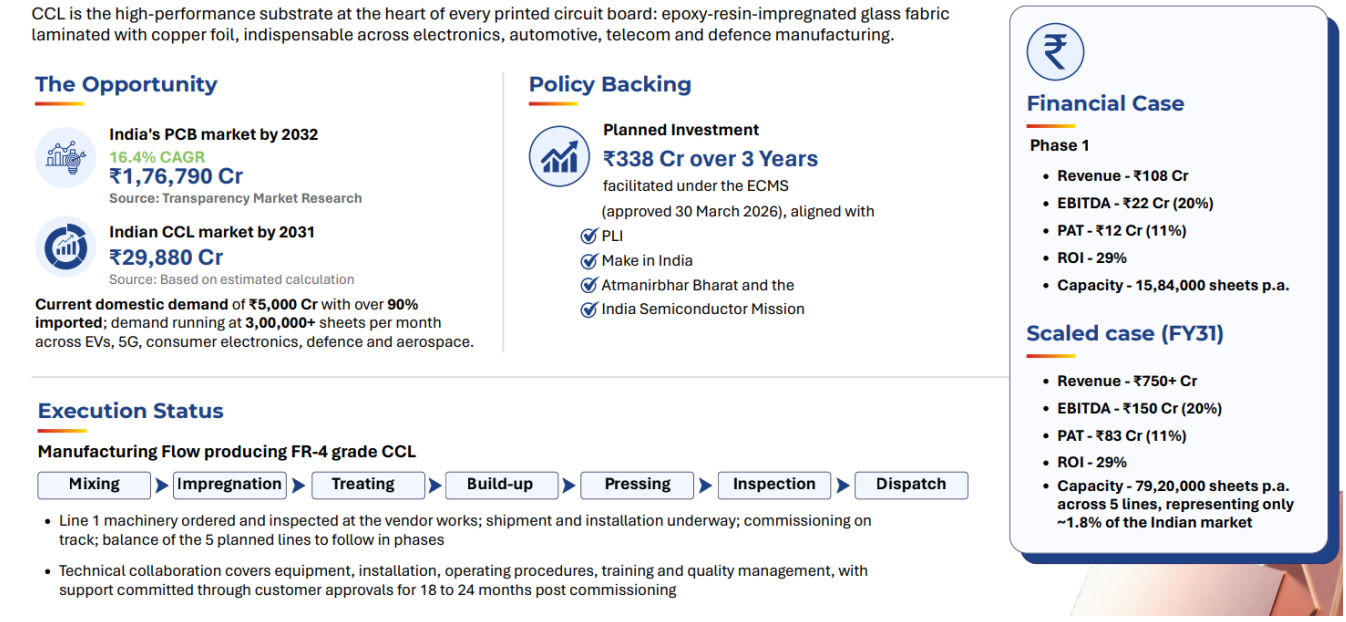
Result Update

ICICI Securities – Retail Equity Research

Key Q2FY27 Financial & Operational Highlights

- **Financial Performance:**
  - Ratnaveer Precision Engineering reported a healthy Q2FY27 performance, with revenue increasing 35.5% YoY to ₹387 crore.
  - EBITDA grew 28.4% YoY to ₹36.5 crore; however, EBITDA margin declined 52 bps YoY to 9.4%, primarily due to higher COGS.
  - PAT increased 54.7% YoY to ₹24.1 crore, with PAT margin improving 77 bps to 6.2%.
- **CCL Project Update & Business Outlook:**
  - The company is diversifying into electronics-grade materials through its ECMS-approved FR-4 Copper Clad Laminate project, entailing an investment of ₹338 crore.
  - The CCL project is progressing as planned, with civil construction approximately 75% complete and foundation work for the machinery ready. Machinery was expected to arrive in India by 15–20 November 2026, followed by an estimated 45–50 days for installation and commissioning.
  - Trial production was targeted for 15–20 December 2026, followed by approximately one month of product trials and development. Management outlined a utilisation ramp-up target of 30% in February 2027, 60% in March 2027 and 85% by April 2027 for the initial line.
  - The company plans to install five CCL lines in phases. The second line is targeted to commence operations in June 2027 and the third line in September 2027. The remaining two lines are planned to be ordered by January 2028, with commissioning targeted by April 2028.

Exhibit 1: Copper Clad Laminate – The New Engine of Growth



Source: *ICICI Direct Research*

- **Significant CCL revenue potential:**
  - Phase 1 is expected to have an annual capacity of 15.84 lakh sheets, with estimated revenue potential of ₹108 crore and EBITDA of ₹22 crore at the projected operating level.
  - Management indicated that the five-line facility is expected to generate approximately ₹750 crore of revenue under the earlier

guidance, with an EBITDA margin of 20% and PAT margin of 13%. However, the company is reviewing its guidance following a sharp increase of over 300% in CCL prices and expects to announce revised projections shortly.

- The project provides an opportunity to tap India's growing domestic CCL market, which currently relies on imports for over 90% of its requirements.
- The five-line facility is expected to address approximately 1.8–2.5% of the addressable market. Management has outlined a longer-term ambition of increasing its market share to 7–8% over the next five years.

- **Strengthening balance sheet through successful fundraise:**
  - The company successfully completed a ₹329.99 crore rights issue, subscribed 1.11x, with 1.25 crore equity shares allotted at ₹264 per share.
- **Management Commentary & Outlook:**
  - Management remains confident of achieving FY27 existing business revenue of approximately ₹1,350 crore, with the business performing in line with its projections. The medium-term target is to scale existing-business revenue to ₹1,800 crore by FY28.
  - The earlier CCL revenue and margin guidance of ₹750 crore, 20% EBITDA margin and 13% PAT margin is under review following the sharp increase in product prices. Management indicated that revised guidance would be announced shortly.

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

Year-End March	FY25	FY26	FY27E	FY28E
Revenue	892	1,069	1,365	2,072
% Growth	49.8	19.8	27.7	51.8
Other income	4.0	9.7	9.0	9.0
Total Revenue	892	1,069	1,365	2,072
% Growth	49.8	19.8	27.7	51.8
Total Raw Material Costs	755	893	1,142	1,678
Employee Expenses	10.3	13.2	16.4	22.8
other expenses	40.7	50.7	62.8	93.2
Total Operating Expenditure	805	957	1,222	1,794
Operating Profit (EBITDA)	86.4	112.2	143.3	277.7
% Growth	72.8	29.9	27.7	93.7
Interest	12.7	20.5	22.0	27.0
PBDT	77.7	101.4	130.3	259.7
Depreciation	17.1	25.4	32.8	49.7
PBT before Exceptional Items	60.7	76.0	97.6	209.9
Total Tax	13.8	11.7	20.5	44.1
PAT before MI	47	64	77	166
PAT	47	64	77	166
% Growth	50.8	37.4	19.9	115.2
Diluted EPS	9.3	9.4	9.2	19.7

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

Year-End March	FY25	FY26	FY27E	FY28E
Profit after Tax	47	64	77	166
Depreciation	17.1	25.4	32.8	49.7
Interest	12.7	20.5	22.0	27.0
Cash Flow before WC changes	77	110	132	243
Changes in inventory	(48)	3	(103)	(203)
Changes in debtors	(21)	(109)	(12)	(86)
Changes in loans & Advances	-	-	-	-
Changes in other current assets	(27.3)	(119.0)	(14.8)	(106.1)
Net Increase in Current Assets	(96.4)	(224.4)	(130.4)	(395.0)
Changes in creditors	76.7	101.7	(16.7)	106.6
Changes in provisions	0.7	0.2	1.9	2.1
Net Inc in Current Liabilities	115.9	70.6	42.1	144.0
Net CF from Operating activities	96	(44)	44	(8)
Changes in deferred tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(138)	(110)	(413)	(120)
Net CF from Investing activities	(137)	(106)	(415)	(122)
Dividend and Dividend Tax	-	-	-	-
Net CF from Financing Activities	47	353	381	43
Net Cash flow	6.3	203.6	9.8	(87.3)
Opening Cash/Cash Equivalent	60	66	269	279
Closing Cash/ Cash Equivalent	66	269	279	192

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	996	1,161
Total Shareholders funds	371	669	1,080	1,246
Total Debt	195	335	405	475
Deffered tax Liab	13	20	20	20
Total Liabilities	579	1,024	1,505	1,740
Gross Block	233	310	430	750
Acc: Depreciation	47	68	101	151
Net Block	186	242	329	599
Capital WIP	54	82	375	175
Total Fixed Assets	240	324	704	774
Non Current Assets	11	14	16	18
Inventory	293	289	393	596
Debtors	66	175	187	272
Other Current Assets	71	190	205	311
Cash	66	269	279	192
Total Current Assets	496	924	1,064	1,371
Current Liabilities	121	222	206	312
Other Current Liab	46	15	74	111
Total Current Liabilities	167	238	280	424
Net Current Assets	329	686	784	948
Total Assets	579	1,024	1,505	1,740

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

Year-End March	FY25	FY26	FY27E	FY28E
Diluted EPS	6.9	9.4	9.2	19.7
Cash per Share	13.6	39.6	33.2	22.8
BV	76.5	98.3	128.4	148.1
EBITDA Margin	9.7	10.5	10.5	13.4
PAT Margin	5.2	6.0	5.6	8.0
RoE	12.6	9.6	7.1	13.3
RoCE	13.0	9.6	8.1	13.8
RoIC	13.9	11.8	9.2	14.9
EV / EBITDA	31.5	23.6	18.9	10.3
P/E	55.3	40.2	41.5	19.3
EV / Net Sales	3.0	2.5	2.0	1.4
Sales / Equity	2.4	1.6	1.3	1.7
Market Cap / Sales	2.9	2.4	1.9	1.2
Price to Book Value	5.0	3.9	3.0	2.6
Asset turnover	1.6	1.1	0.9	1.2
Debtors Turnover Ratio	16.2	8.9	7.5	9.0
Creditors Turnover Ratio	10.8	6.2	6.4	8.0
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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Sell: <-15%

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