



Undergoing metamorphosis

RPEL focusses on innovation in high-value stainless-steel products for growth

Ratnaveer Precision Engineering Limited (RPEL), based in Gujarat, is transforming its low-commodity stainless-steel business into a high-value niche product through backward integration. Established in 2002, RPEL makes a wide range of stainless-steel products, including washers, pipes, tubes, sheets and solar mounting hooks. The company produces over 2,500 washers of different sizes and international standards. Founded by Ramanand Sanghvi, RPEL is under the management of Vijay Ramanlal Sanghvi and his family.

In recent years, RPEL has prioritised the synergistic system of backward integration, where it recycles the steel waste generated during manufacturing its products and transforms it back into raw material for further use in manufacturing. The company operates four manufacturing units — two located in Vadodara, one in Waghotia (near Vadodara), and another one in Ahmedabad. By backward integration of stainless-steel sheets, washers and solar hooks, the company

has effectively reduced its production costs.

RPEL's manufacturing Unit I and Unit II are specifically dedicated to producing goods for sale, while Unit III and Unit IV focus on processing manufacturing by-products and converting them back into raw materials. This unique integration strategy not only strengthens the company but also maximises its return on investments compared to its competitors.

About 11 per cent of raw materials are generated through backward integration, with the remaining 89 per cent being procured from external suppliers. Avinash Gorakshakar, head, research, Profitmart Securities, highlights the significance of RPEL's backward integration model, stating that it significantly amplifies the company's investment returns. RPEL's products have a wide range of applications, including automotive, solar power, wind energy, power plants, railways, oil & gas, pharmaceuticals, sanitary & plumbing, instrumentation, electro-mechanics, interior design, building

& construction, electrical appliances, transportation, kitchen appliances, chimney liners and other industries.

Innovative approach

The company's seamless backward integration process, which transforms metal scrap into high-quality finished products, sets sustainable manufacturing benchmarks. This innovative approach not only enhances efficiency, but also underscores the company's commitment to environmental sustainability. RPEL has also ventured into producing electro-polished tubes for the dairy and pharmaceutical sectors, demonstrating its adaptability and versatility. With an in-house design team, RPEL ensures that each product is a meticulous blend of form and function, setting unparalleled standards in precision engineering. Moreover, RPEL is dedicated to meeting orders from ISRO and HAL, ensuring that all pipes adhere to stringent ASTM standards, guaranteeing their reliability and durability in military and aerospace operations.

A milestone in RPEL's growth trajectory was the announcement of a capital expenditure plan of ₹106 crore for capacity expansion in the current fiscal year. The first tranche of ₹45 crore



with 60-65 per cent of export revenues. RPEL meets the quality requirements and standards of various countries, including ANSI & ASME (USA), DIN (Germany), BS (UK), AFNOR (France), UNI (Italy), and ISO (International).

Next move

RPEL now focusses on completing its capital expenditure plans to move ahead with value-added products, with increased margins. To support this plan, the company completed its initial public offering (IPO) in September 2023. The IPO included a fresh issue of 13,800,000 shares, valued at ₹135.24 crore, and an offer for sale of 3,040,000 shares, worth ₹29.79 crore, bringing the total issue size to ₹165.03 crore. With a market capitalisation of about ₹570 crore, the share now trades in the range of ₹113.35-117.18. The stock hit a 52-week high at ₹154 and a 52-week low at ₹98.

RPEL intends to expand its portfolio of stainless-steel washers by adding circlips to the product line. Today, it offers over 2,500 SKUs of stainless-steel washers to its customers. The products include inner ring washers, spring washers, nord lock washers, retaining rings, internal tooth washers, and external tooth washers of various sizes and specifications. The wide range of products enables them to meet customer demands and efficiently compete with their competitors.

Industry experts believe that stainless steel manufacturing is a fragmented industry in India, with small and mid-size players dominating the market. Easy availability of raw materials, no intellectual property for production processes, and no brand loyalty have made this industry attractive for small and mid-size players. Some notable competitors include Panchdeep Metal Corp, Jyoti Steel India and Jindal Stainless Steelway.

“Stainless steel is a commodity business; so, cheaper prices attract more sales, though margins are compromised,” informs Sarthak Sarat, analyst, ValuePickr Research. “For other products manufactured by the company, such as washers and roofing hooks, the competition is regional and mid-sized players. For stainless steel pipes and tubes, the competition includes Jindal

Saw, one of the biggest players in India, which controls the market by influencing prices and government decisions for import restrictions.”

RPEL is also betting big on the growing demand for high-margin specialised fasteners used in pillars supporting bullet train tracks. The company has already supplied 3 kg U-bolts, a critical piece of equipment, for the Ahmedabad-Mumbai Bullet Train project. The pillars are currently under construction. These fasteners are high-strength products made with advanced metallurgy to hold the rails of bullet trains under high speed, vibrations, and heat generated.

“The government’s proposed plan to augment bullet train infrastructure in the North, South, and Eastern parts of the country is likely to benefit companies like us, who make precision products customised to meet the specifications of high-speed bullet trains,” elaborates Sanghvi. “The U-bolts have been designed to meet project specifications with safety as our top priority. The U-bolts need to function smoothly under high speed, vibrations, and heat generated due to the movement of such trains, and we have paid special attention to this while designing our products,” he adds. Sanghvi has ambitious plans to secure orders from the defence sector, railways and the aerospace industry for its pipes division and has already initiated its capital expenditure plan.

For the financial year ended March 2024, the company has reported a 23.94 per cent increase in net profit at ₹31.04 crore, underscoring its strong performance and strategic growth initiatives. Revenue increased to ₹602.40 crore, reflecting a solid increase of 25.20 per cent year-on-year. The EBITDA grew by 21.23 per cent to ₹57.04 crore in 2023-24.

“The demand for stainless steel products, particularly precision products, is steadily rising in the domestic market, especially for bullet trains, railways, road transportation, defence, and the aerospace industry,” Sanghvi sums up. “We expect our order book to remain strong moving forward and margins to improve substantially in the next two to three years, backed by high-margin value-added products”. ♦

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has already been allocated, marking a bold testament to the company’s growth ambitions. This strategic move focusses on tapping into opportunities within the Indian defence sector.

“Our focus on innovation and quality has driven our success and this investment reaffirms our commitment to providing superior products and services,” elaborates Vijay Sanghvi, managing director, RPEL. “Our pipes, designed to withstand corrosive and stressful environments, will support vital installations in the Indian Navy, ISRO, and HAL projects. Furthermore, we aim to supply stainless steel pipes to the Indian Navy, Army, and Air Force, ensuring optimal performance in critical applications such as engines, boilers, and air defence installations”.

RPEL exports to 31 countries, including the UAE, Turkey, Greece, Israel, Italy, Hungary, Germany, Poland, France, Spain, the Netherlands, the US, Austria and Sweden. It has more than 138 customers and a significant export presence,