

# Ratnaveer Precision Engineering Ltd.

---

## Initiating Coverage Report

05 Sep 2024

# Ratnaveer Precision Engineering Ltd.

Value added products and exports to drive growth

CMP  
Rs 172

3 Year TP  
Rs 346

Overall Upside  
101%

Rating  
BUY

## Multiple tailwinds in revenue and margin available at reasonable valuations

- Ratnaveer Precision Engineering (Ratnaveer), incorporated in 2002, is engaged in the manufacturing & exporting of Stainless-Steel products like finishing sheets (47% of FY24 revenue), washers (23% of FY24 revenue) and tubes & pipes (17% of FY24 revenue). The company operates out of 4 manufacturing plants located in Gujarat with current capacity of manufacturing 21,000 MT of finishing sheets, 7,000 MT of washers and 2,000 MT of tubes and pipes. They are expanding into high margin products like circlips, EP pipes and fasteners. These products will be mainly exported which will also help increase the export mix from 20:80 to 55:45 over the next 3 years.
- **Indirect play on railways, renewable, aerospace and construction:** We believe Ratnaveer will be a key beneficiary of buoyant industry growth in sectors like automotive, railways, renewables, aerospace and construction. The company's products like finishing sheets, washers and tubes & pipes have usage across these industries. Further, the company is incurring Rs 106 Cr capex to expand existing product lines and add value added products like fasteners, circlips, tubes & pipes and nuts & bolts. With this capex the company aims to increase its market share & wallet share in domestic & export markets. The capex undertaken is expected to yield a peak of ~4x asset turnover over the next 3 years helping the company achieve Rs 1150Cr in revenues in FY27E (leading to 24.5% CAGR revenue growth over FY24-FY27E).
- **Multiple levers to drive margins :** Ratnaveer is setting up a 4 MW solar plant which is expected to help expand EBITDA margins by ~1%. It has also setup a backward integration plant and uses export incentive to lower import cost of raw materials. Further, new machinery will also have higher degrees of automation, thereby reducing labour costs. This coupled with ramp up in production of high EBITDA/ton products like circlips, fasteners and tubes & pipes are expected to help increase the EBITDA/ton from Rs 24,763 in FY24 to Rs 38,420 in FY27E.

### Financials Outlook:

- **Strong competitive advantage & market share gain to drive growth:** Backward integration, efficient RM sourcing, solar plant and higher automation will enable the company to reduce production cost and gain a competitive advantage. This coupled with market & wallet share gains in domestic & export markets will lead to revenue & EPS CAGR of 24.5%/39.1% over FY24-FY27E.
- **Valuation and Recommendation:** At CMP of Rs 172, Ratnaveer is trading at 5.8x FY27E EV/EBITDA. We assign EV/EBITDA multiple of 12x on FY27E EBITDA of Rs 163Cr to arrive at a 3 year TP of Rs 346 and an overall upside of 101%. We recommend a **BUY** on Ratnaveer.
- **Key Risks:** Delay in CAPEX plans, lower than expected demand for new products and shipping challenges.

Particulars (INR Cr)	Revenue	EBITDA %	PAT %	EPS	ROE %	RoCE %	PE	EV/EBITDA	Mcap/Sales
2024	595	8.4	5.2	7.6	12.3	9.6	26.9	19.6	1.4
2025E	730	10.8	6.4	8.7	12.8	13.2	17.9	12.1	1.1
2026E	969	12.9	8.4	15.3	18.3	19.5	10.3	7.6	0.9
2027E	1,150	14.1	9.5	20.5	19.7	22.3	7.6	5.8	0.7

05 Sep 2024

Industry Steel and Iron Products

### Key Stock Data

Bloomberg	RATNAVEE IN
Shares o/s (No's Cr)	4.9
Market Cap (INR Cr)	834
52 wk High-Low	Rs 208 - Rs 107
3m Avg Daily Volume (In '000)	667.8
Index	SMLCAP
F&O	N

### Latest Shareholding (%)

	Jun 24	Mar 24	Dec 23
Promoters	55.5	55.5	55.5
Institutions	1.2	0.2	3.8
Public	43.3	44.3	40.7
Pledge	0.0	0.0	0.0

### Stock Performance (%)

	1M	3M	12M
RATNAVEE IN	-4.5%	51.5%	32.7%
Nifty 500	5.4%	16.9%	38.2%

RESEARCH ANALYST  
Devang Bhatt  
Devang.b@Sparkcapital.in

# Midas Telescopic View

Over FY24-FY27E, Ratnaveer Precision is expected to grow its revenue and EPS by ~24.5% & ~39.1% CAGR respectively on back of higher export demand and pick up in contribution of higher margin products. Expect EBITDA margin to gradually improve to ~14.1% levels by FY27E led by addition of circlips, fasteners and pipes to the product portfolio and addition of the solar plant and backward integration process.

## Expect EBITDA to grow by ~48.1% CAGR

	FY21-FY24	FY24-FY27E CAGR
Revenues CAGR	18.3%	24.5%
Gross Margin (%)	16.0%	16.0%
EBITDA CAGR	35.9%	48.1%
EBITDA Margin (%)	7.5%	11.6%
EPS CAGR	68.2%	39.1%
Fixed Asset Turnover (x)	6.5	5.4
Net Working Capital Days	165	167
Cumulative Capex (Rs. Cr)	55	83
Cash as a % of CE	9.8%	6.4%
Capital Employed (Rs. Cr)	313	559






## Steady improvement in return metrics to continue

Particulars (average)	FY21-FY24	FY24-FY27E CAGR
RoE (%)	15.0%	15.8%
RoCE (%)	10.0%	16.1%
<b>PE</b>		
Average 1 yr fwd	10.6	12.6
Peak 1 yr fwd	22.6	19.7



## Sensitivity Analysis

EV/EBITDA Multiple	EV	Market Cap	Target Price	Total Upside
10x	1,625	1,520	285	66%
12x	1,950	1,845	346	101%
14x	2,275	2,170	407	137%

	<b>Company Overview</b> .....	<b>05</b>
	<b>Key Investment Rationale</b> .....	<b>09</b>
	<b>Financial Summary</b> .....	<b>18</b>
	<b>Key risks and Scenario Analysis</b> .....	<b>20</b>
	<b>Peer Comparison &amp; Valuation</b> .....	<b>23</b>

# Company Overview



# Ratnaveer Precision Engineering Ltd. – Company Factsheet

Corporate Factsheet	
<b>Company Background</b>	<ul style="list-style-type: none"> <li>Ratnaveer Precision Engineering Ltd incorporated in the year 2002 is engaged in the manufacturing and exporting of Stainless-Steel products like washers, tubes and pipes and finished sheets. These products find application in industries like <b>automotive, railways, pharma, aerospace and construction</b>.</li> <li>The company operates out of 4 manufacturing plants located in Gujarat with current capacity of manufacturing 21,000 MT of finishing sheets, 7,000 MT of washers and 2,000 MT of tubes and pipes.</li> </ul>
<b>Revenue Mix</b>	<ul style="list-style-type: none"> <li>Domestic turnover: Rs 387Cr (80.8%) ; Export turnover: Rs 92Cr (19.2%) (For FY23)</li> <li>SS Finishing sheets: 47%; SS Washers: 23%; SS Tubes &amp; Pipes: 17%; Sheet metal components: 8%; Fasteners: 5%; (For FY24).</li> </ul>
<b>Key Success Factors</b>	<ul style="list-style-type: none"> <li>The company has a strong customer base for washers to whom they will supply the new products under development like circlips, fasteners and EP pipes.</li> <li>Backward integration focused business model where the scrap generated in the manufacturing process is converted back to the raw material which is utilized again, thereby achieving production efficiency whilst reducing their production costs.</li> <li>A robust R&amp;D team enhances and diversifies the product line, ensuring a strong and comprehensive portfolio that meets the needs of customers worldwide.</li> </ul>
<b>Promoter Background</b>	<ul style="list-style-type: none"> <li>Vijay Ramanlal Sanghavi has been associated with Ratnaveer Precision Engineering Ltd since its incorporation. He holds a bachelor degree in Commerce from MS University, Baroda as well as over 2 decades of experience in the ferrous and non-ferrous metal industry.</li> </ul>
<b>KMP</b>	<ul style="list-style-type: none"> <li>Vijay Ramanlal Sanghavi – <b>Promoter, Managing Director &amp; CEO</b></li> <li>Babulal Sohanlal Chaplot – <b>Whole time Director</b></li> <li>Dr. Binita Verdia – <b>Non-Executive Director</b></li> <li>Ms. Karuna Advani, CA Sreeram Vishwanathan, CA Ninad Raje, CA Rajesh Shah – <b>Independent Directors</b></li> <li>Vijay Ramanlal Sanghavi – <b>CFO</b></li> <li>Mr. Nanubhai Panchal – <b>COO</b></li> </ul>
<b>Auditors</b>	<ul style="list-style-type: none"> <li>M/s. Pankaj R. Shah &amp; Associates</li> </ul>
<b>IPO details</b>	<ul style="list-style-type: none"> <li>IPO – Fresh Issue – 1.38 Cr shares ; Offer for Sale – 30.4L shares ; IPO Price band – Rs 93 - Rs 98.</li> </ul>
<b>Credit Rating</b>	<ul style="list-style-type: none"> <li>IVR BBB/+ve Outlook</li> </ul>
<b>Employee Count</b>	<ul style="list-style-type: none"> <li>721 Employees</li> </ul>

Category (Jun '24)	% Share
Promoter Group	55.5
FII	1.2
DII	0.0
Others (Public)	43.3
<b>Total</b>	<b>100.0</b>

Key Metrics	FY22	FY23	FY24
Revenue (INR Cr)	427	480	595
Gross Profit (INR Cr)	72	87	83
Gross Margin (%)	16.9%	18.2%	14.0%
EBITDA (INR Cr)	28	46	50
EBITDA Margin (%)	6.4%	9.5%	8.4%
PBT (INR Cr)	13	31	39
PBT Margin	3.2%	6.4%	6.6%
PAT (INR Cr)	9	25	31
Net Worth (INR Cr)	66	106	252
Net Debt (INR Cr)	169	198	148
NWC – Ex Cash (INR Cr)	186	242	277
Total Assets (INR Cr)	309	389	516
ROE (%)	14.4%	23.6%	12.3%
ROCE (%)	9.3%	12.5%	9.6%

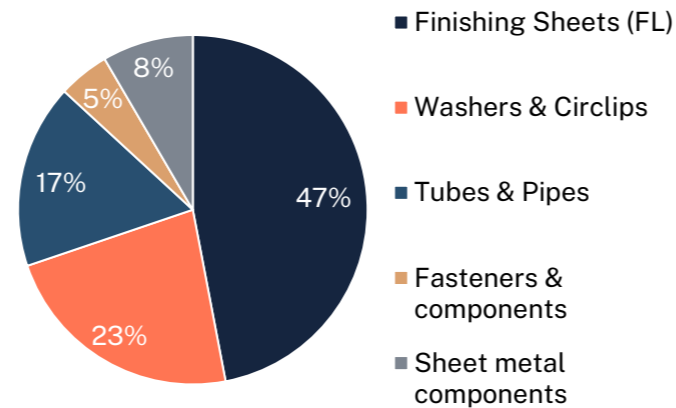
Source: Company, Spark PWM Pvt. Ltd.

# Ratnaveer Precision – Key Highlights

## Manufacturing location and installed capacity

Manufacturing Location	Product & Capacity (FY24)
Unit I (Vadodara)	Finishing Sheets - 21,000 MT Washer & Solar hooks - 7000MT
Unit II (Vadodara)	SS pipes & tubes - 2000 MT
Unit III & IV (Vadodara & Ahmedabad)	Backward integration process

## Product wise revenue breakup for FY24



## Product profile – Finishing sheets



### Key Applications:

- Industrial Machinery & Equipment
- Architecture, building & construction
- Home & office appliances
- Electrical appliances

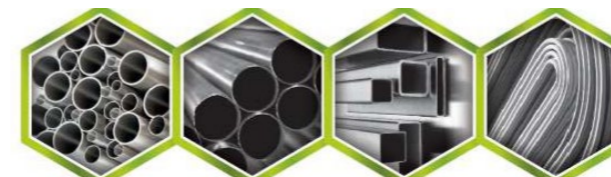
## Product profile – Washers



### Key Applications:

- Wind energy sector
- Railway sector
- Electro machines
- Safety assembly
- Motors

## Product profile – Pipes & tubes



### Key Applications:

- Decorative application
- Industrial application
- Power plants & equipment's
- Heat exchanger tubes
- Nuclear application

## Key highlights



**22**  
Years of  
excellence



**2500+**  
Product  
Portfolio



**31**  
Countries  
of Business



**138+**  
Customer  
Base

# Ratnaveer – Story So Far



Source: Company, Spark PWM Pvt. Ltd



# Key Investment Rationale



# Investment Rationale Summary

CAPEX plans and robust industry growth to provide tailwinds

[Slide 11](#)

[Slide 16](#)

[Slide 17](#)

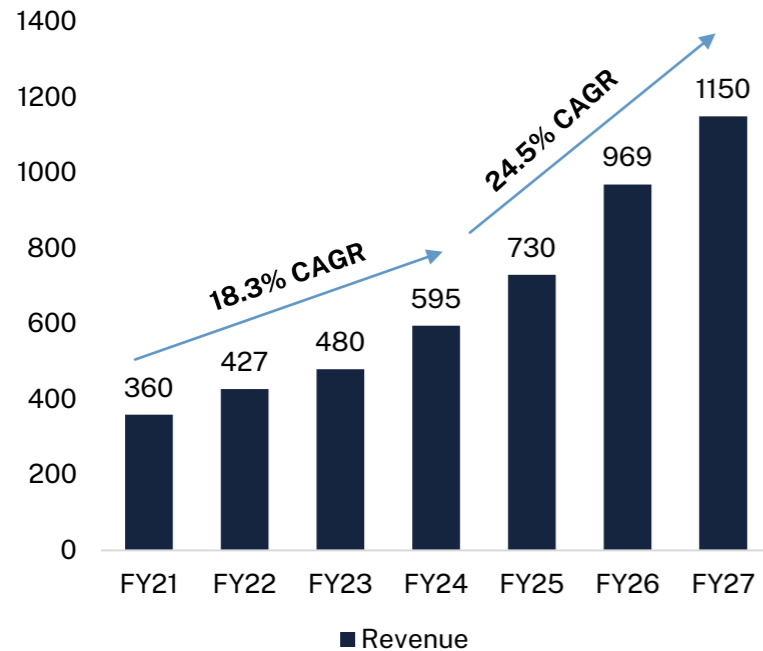
Return ratios to reach new highs post CAPEX and equity dilution

Backward integration helps company stand out

# Revenue growth to be supercharged by ongoing CAPEX

Strong earnings growth available at reasonable valuation

Company expected to grow revenue at 24.5% CAGR over FY24-FY27E.



## CAPEX being undertaken in 2 phases

**Phase 1** – Rs 46 Cr CAPEX to set up manufacturing plant for circlips, nuts, bolts and EP pipes. The Capex is expected to be completed by September 2025.

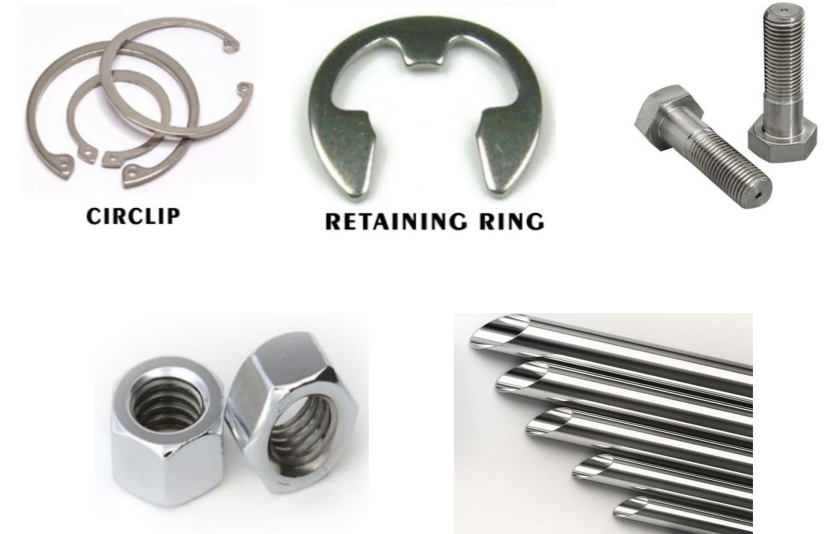
**Phase 2** – Additional Rs 60 Cr will be spent on further expanding the capacity for these products in the second half of 2025.

This Rs 106 Cr Capex is expected to yield an additional Rs 400 Crs of business which will predominantly be exports thereby margin accretive.

This Capex is expected to help the company achieve Rs 1150 Cr of revenue by FY27.

The company holds significant land banks in the Vadodara region to continue their expansion.

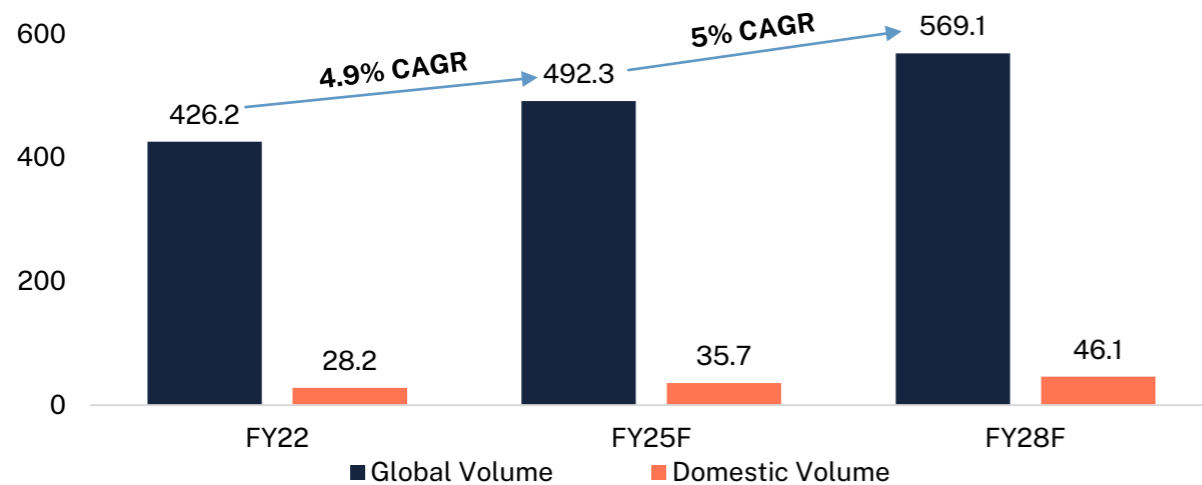
## New products to be introduced



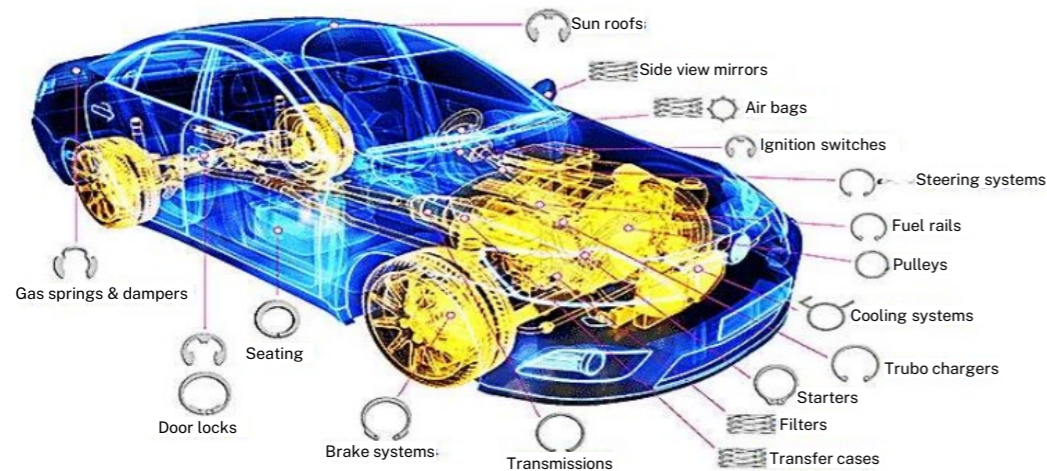
Source: Company, Spark PWM Pvt. Ltd.

# Washers and circlips to lead the charge

## Strong demand for SS Washer industry expected to continue (000 Tonnes)



## Circlips applications



## Key demand drivers for SS Washers

### Automotive industry:

- This sector, vital to India's GDP and exports, boosts demand for SS washers due to rising vehicle production and regulations favouring durable, high-strength materials.
- The shift towards EVs is expected to further boost SS Washers usage, with significant investments needed to support this growth and achieve the 30% electrification target by 2030.

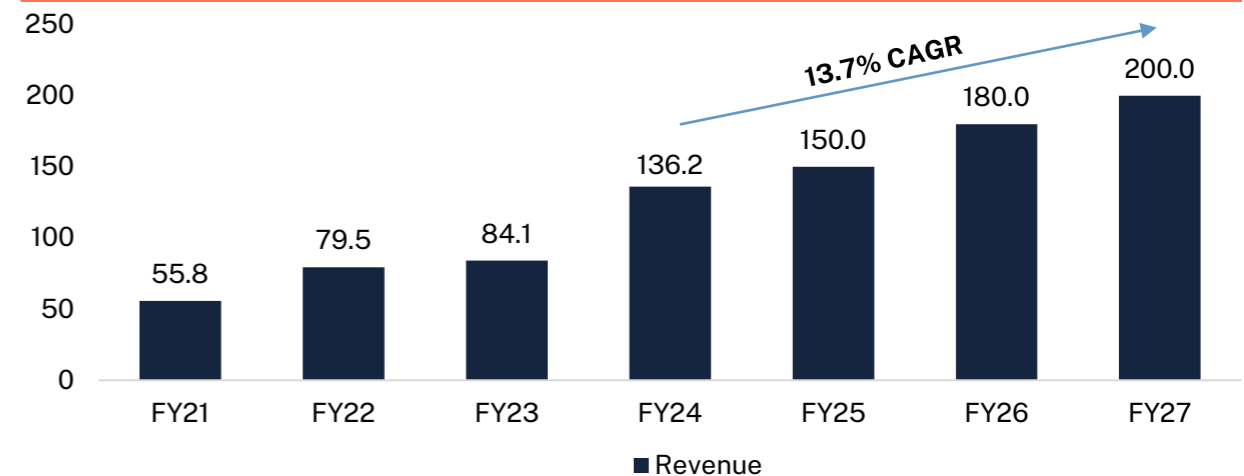
### Solar Industry:

- SS washers, especially durable ones like SPC-GW-25, are vital for solar panel mounting.
- Growing investment in solar expansion offers a promising opportunity for the SS washers' market.

### Water resource infrastructure:

- India's investment in water treatment is increasing the demand for SS washers due to their chemical resistance.
- The desalination market, valued at \$830 million in 2018, is set to grow at 9% CAGR, reaching \$1.4 billion by 2024.

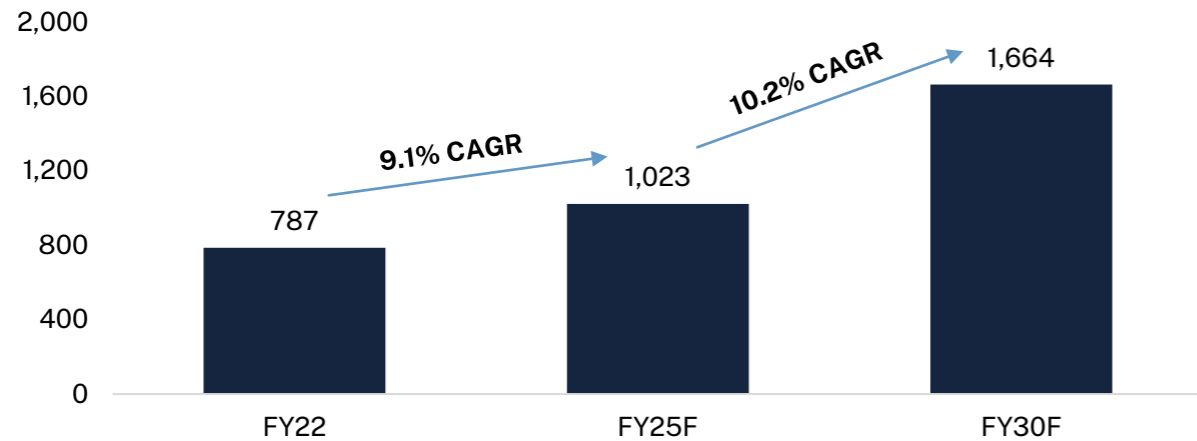
## Washers expected to contribute Rs 200Cr to topline by FY27E (Rs Cr)



Source: Company, Spark PWM Pvt. Ltd.

# Finishing sheets industry to only become bigger

Finishing sheets to grow 8.6% CAGR in domestic market (000 tonnes)



Two key segments creating demand for SS sheets:

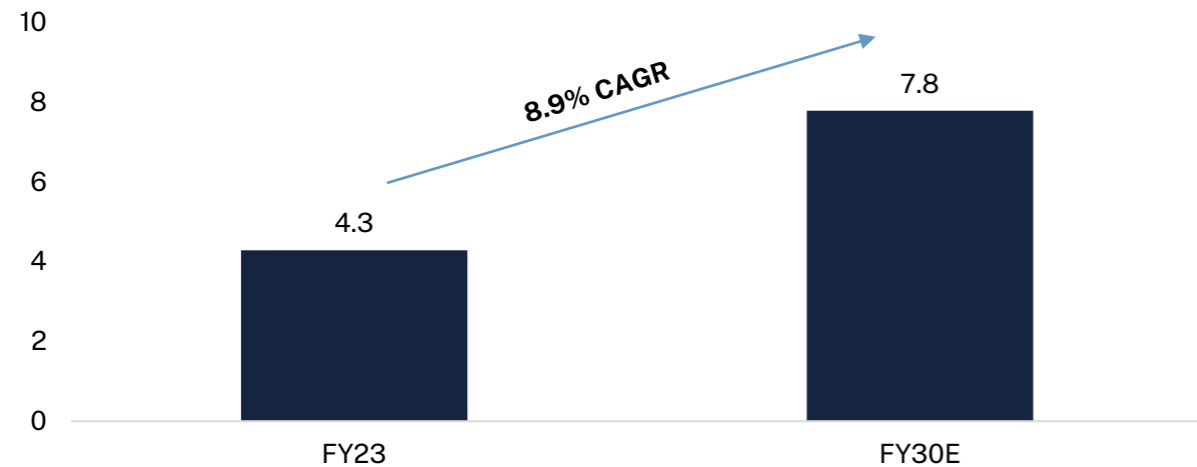
### Architecture, Building & construction (ABC)

- India is increasingly incorporating modern design techniques and metal facades across various sectors in response to growing demand for aesthetic designs.
- SS Sheets are increasingly being used in hotel designs and organized retail spaces, particularly in malls, and their adoption is growing rapidly despite past setbacks.
- Increasing elevator and escalator sales are expected to drive higher demand for SS decorative sheets, with the growing escalator segment contributing to this trend.

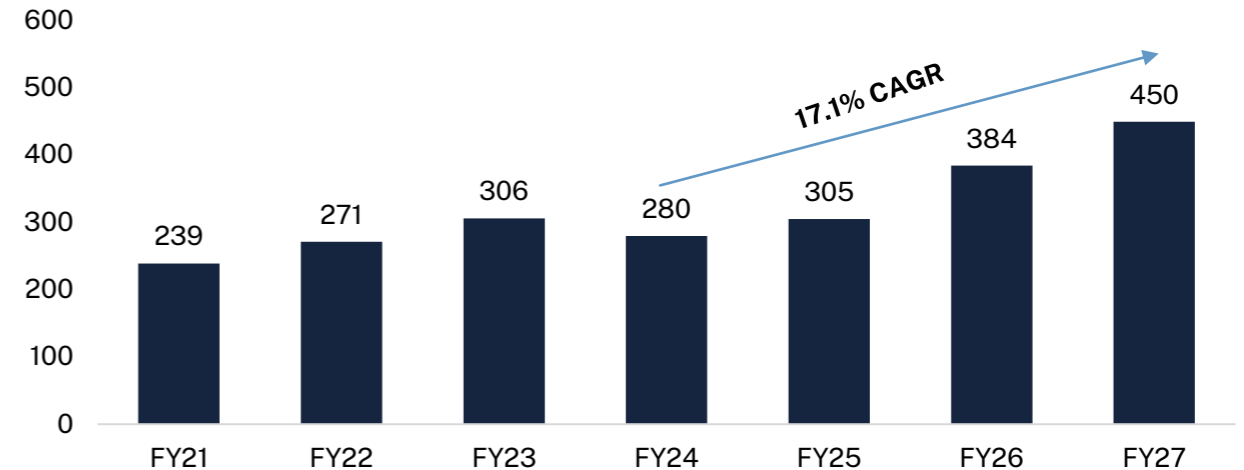
### Automotive, Railways & transport segments (ART)

- SS sheets are increasingly used in domestic metro coaches as local manufacturing rises.
- With India's metro network expanding rapidly, the growing number of metro coaches and urban transport projects is expected to boost demand for SS sheets.

Elevator market expected to grow 8.9% CAGR (USD Billion)



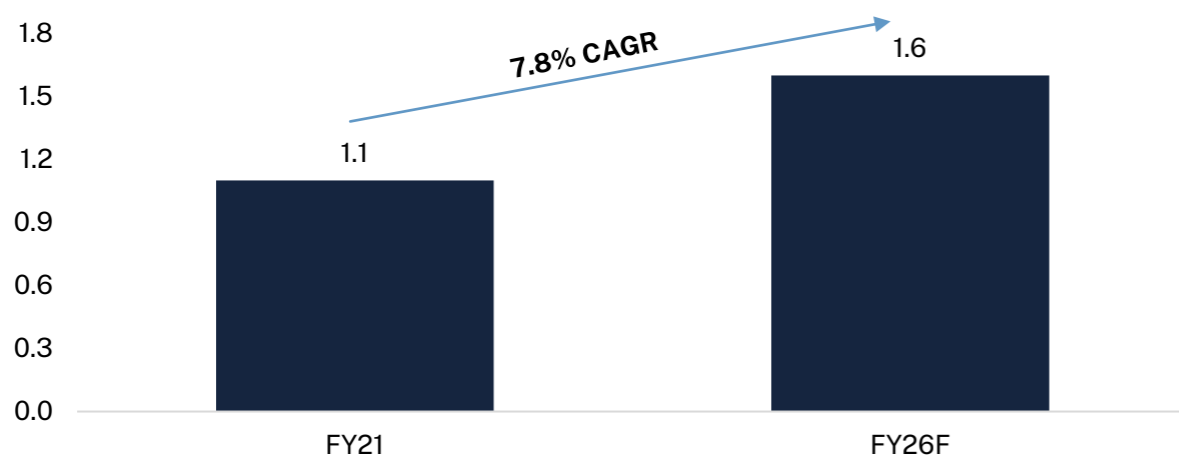
Finishing sheets to contribute 40% of Ratnaveer topline by FY27E (Rs Cr)



Source: Company, Spark PWM Pvt. Ltd.

# Tubes and pipes have multi-industry application

Domestic demand of SS Pipes & tubes to grow at ~8% CAGR (in Mn tonnes)



Key demand drivers for SS pipes & tubes

### Oil & Gas sector:

- India is the third-largest oil consumer, with oil consumption projected to rise 50% by 2030.
- This drives significant demand for steel pipes and tubes, particularly for its expanding oil and gas pipeline network.

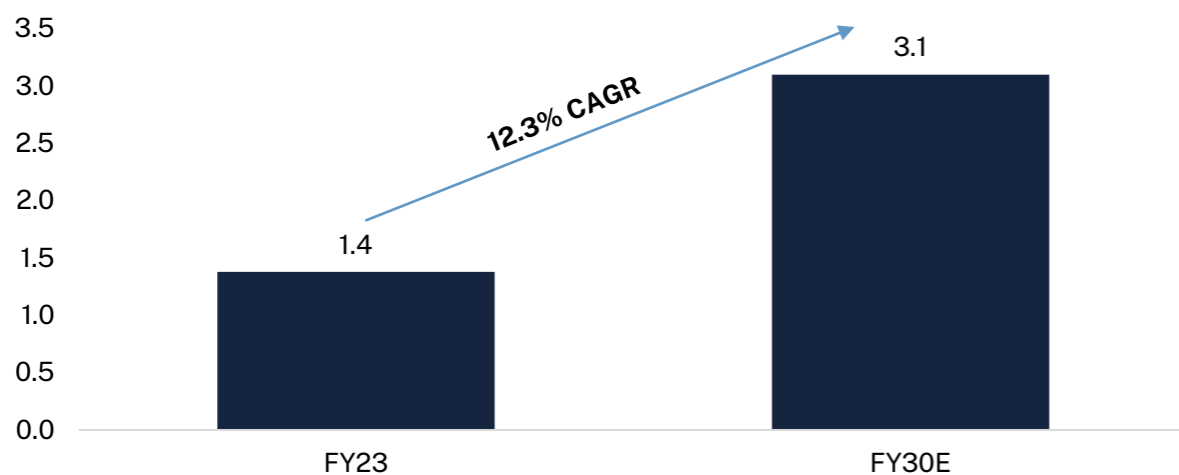
### Chemical & petrochemical industry:

- The growth in chemical and petrochemical manufacturing in India has increased demand for SS pipes and tubes, which are preferred for their anti-corrosive properties in fluid and gas transport systems.

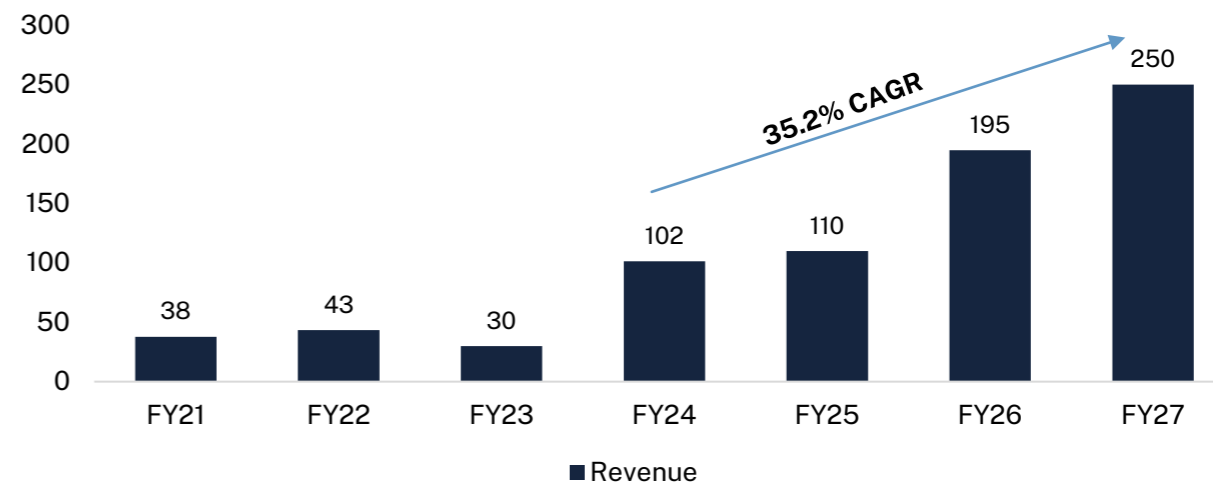
### Capital goods industry:

- Stainless steel pipes and tubes are essential in process industries like chemicals, petrochemicals, food processing, water desalination, and power plants due to their corrosion resistance and durability.
- As the demand for process plant equipment and industrial machinery rises, so does the need for SS pipes & tubes in manufacturing these components.

India Heat Exchanger market size to grow to \$3.1 billion (USD Billion)



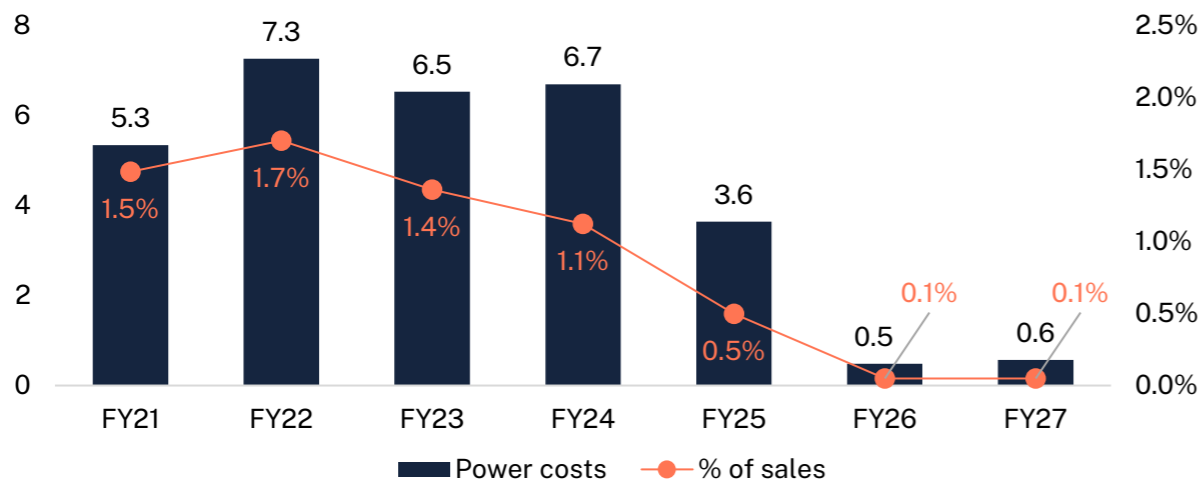
SS tubes and pipes to contribute 24% of Ratnaveer topline by FY27E (Rs Cr)



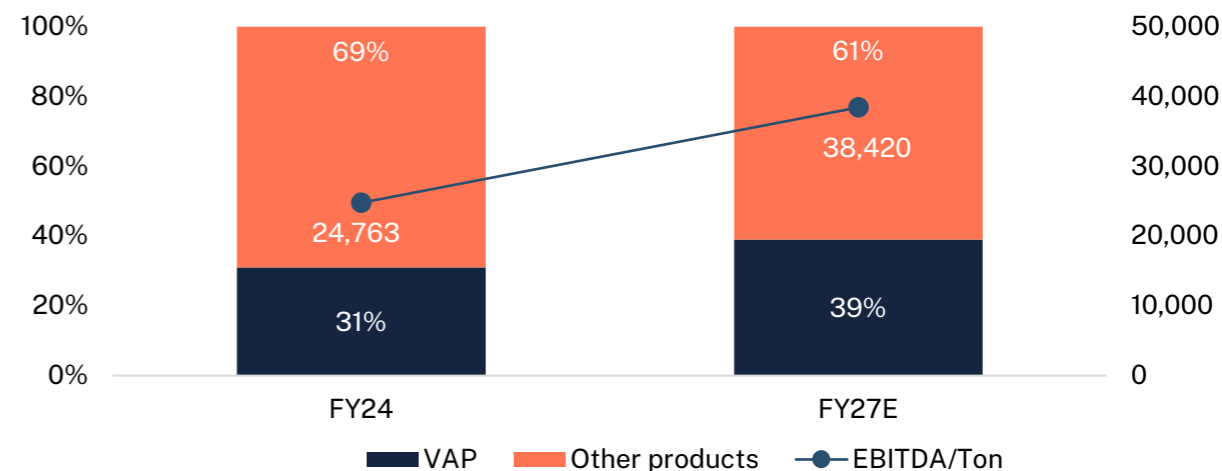
Source: Company, Spark PWM Pvt. Ltd.

# Margins expected to be the X factor

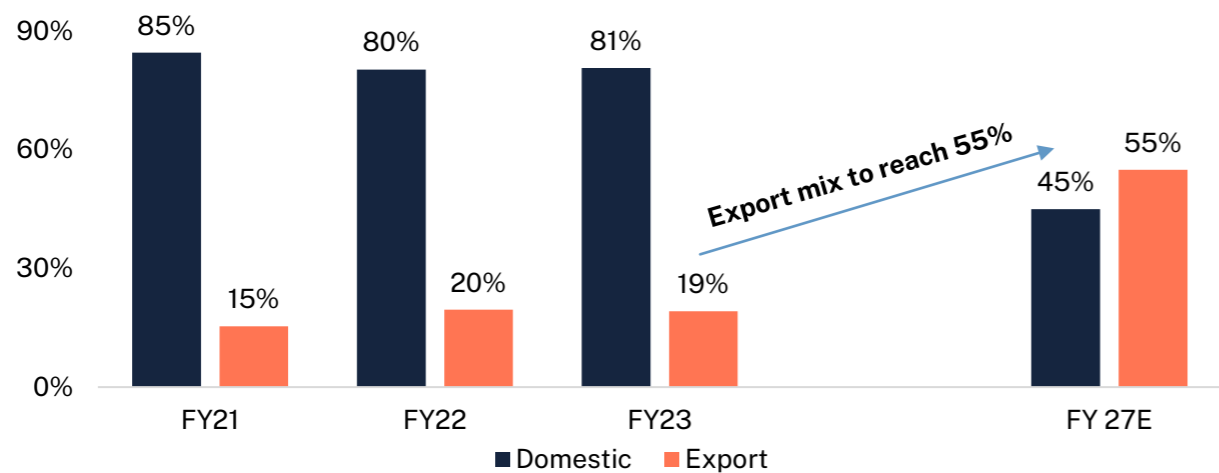
Company to expand EBITDA margin by ~1% with solar installations (in Rs Crs)



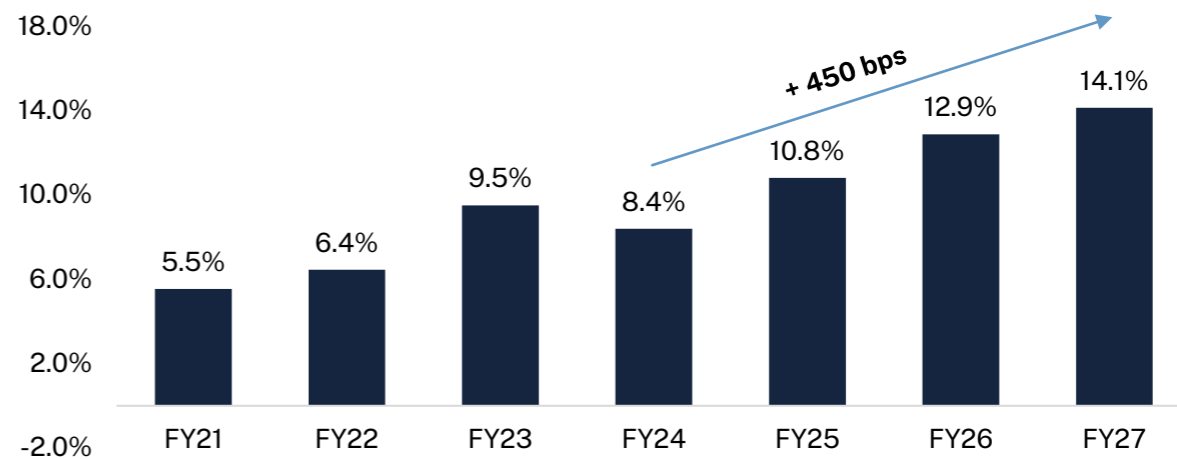
For every 1% increase in VAP, EBITDA/ton shows Rs 1795/ton improvement



Export mix expected to improve to 55% by FY27E



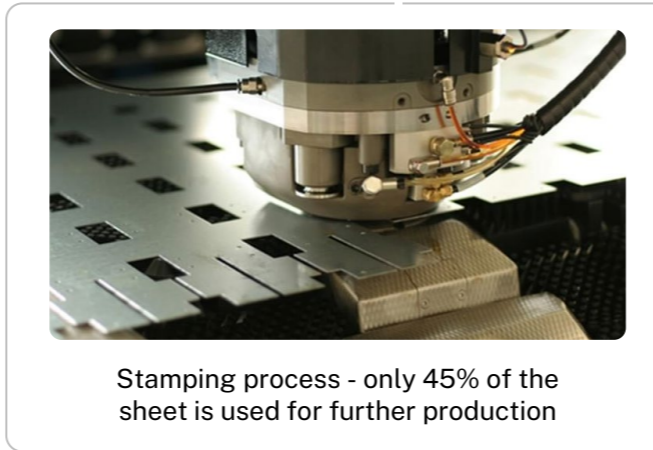
All of the above to result in EBITDA margin expansion from 8.4% in FY24 to 14.1% in FY27E



Source: Company, Spark PWM Pvt. Ltd.

# Backward integration to make margins look more attractive

Key differentiator of the business



## Benefits of Backward integration -

- Reduction in RM costs
- Ensures a stable & reliable supply of raw material (SS)
- Providing a competitive edge by differentiating the company and boosting profitability.

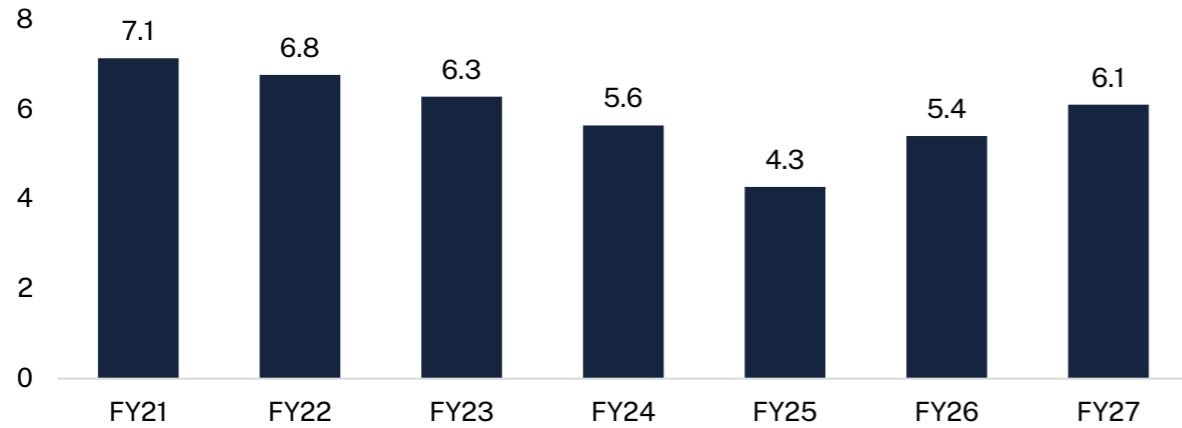
S.No	Particulars	FY23	FY22	FY21
1	Generated through backward integration	11.0%	10.1%	7.9%
2	Sourced externally	89.0%	90.0%	92.2%



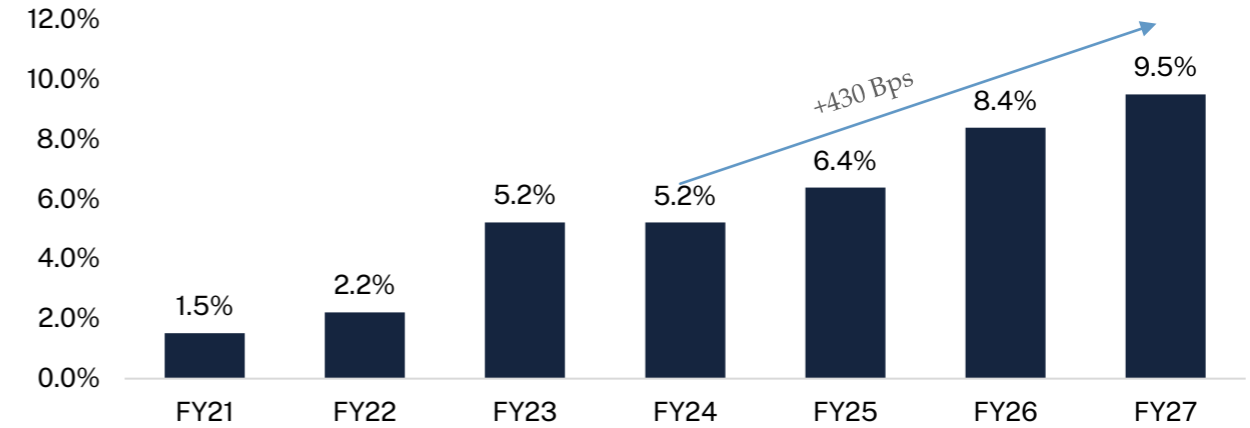


# Return Ratios are expected to improve from FY25 aided by higher utilization and operating leverage

Fixed asset turnover expected to steadily rise post CAPEX

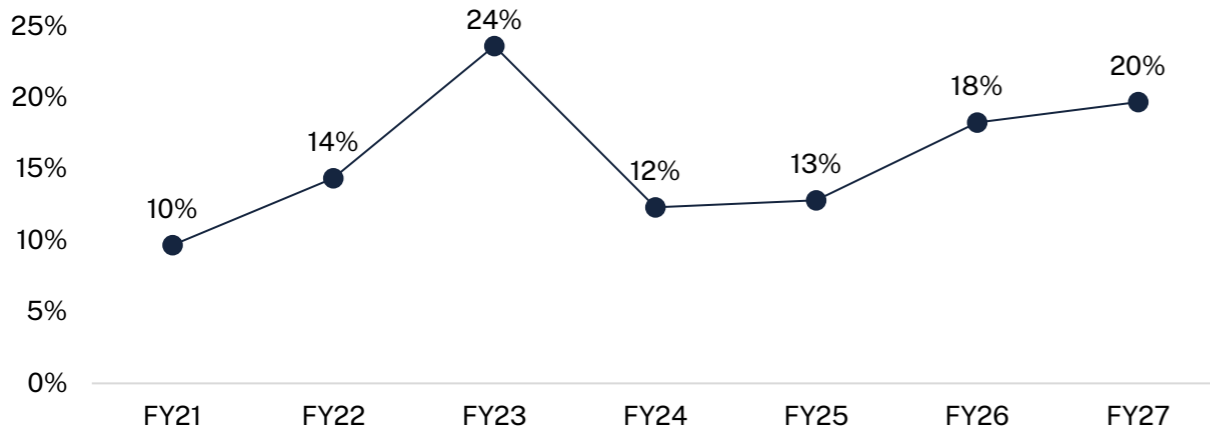


PAT is expected to expand from 5.2% in FY24 to 9.5% by FY27E

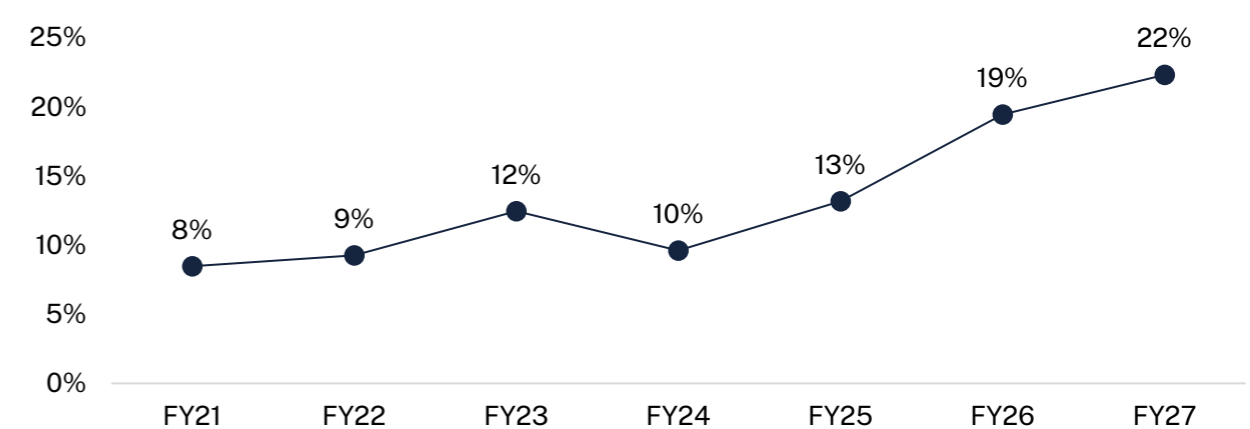


Leading to -

RoE expected to recover post equity dilution



RoCE breaking into new highs



Source: Company, Spark PWM Pvt. Ltd.

# Financial Summary



# Financial Summary

All figures in INR Cr

Particulars	FY22	FY23	FY24E	FY25E	FY26E	FY27E
<b>Profit &amp; Loss</b>						
Revenue	427	480	595	730	969	1,150
Gross profit	72	87	83	113	162	207
EBITDA	28	46	50	79	125	163
Depreciation	4	4	6	11	11	11
EBIT	24	42	44	68	113	151
Other Income	2	1	7	4	3	2
Interest expense	12	12	12	10	8	7
Exceptional items	0	0	0	0	0	0
PBT	13	31	39	62	108	146
Reported PAT (after minority interest)	9	25	31	47	81	109
Adj PAT	9	25	31	47	81	109
EPS (Rs.)	2.8	7.3	7.6	8.7	15.3	20.5
<b>Balance Sheet</b>						
Net Worth	66	106	252	364	445	554
Total debt	189	228	207	152	137	122
Other liabilities and provisions	54	55	57	58	69	83
Total Networth and liabilities	309	389	516	574	652	760
Gross Fixed assets	63	76	106	171	179	188
Net fixed assets	41	50	73	128	125	122
Capital work-in-progress	4	9	45	7	1	1
Intangible Assets	0	0	0	0	0	0
Investments	0	0	0	0	0	0
Cash and bank balances	20	30	60	35	20	17
Loans & advances and other assets	4	3	4	4	4	4
Net working capital	240	296	334	401	502	615
Total assets	309	389	516	574	652	760
Capital Employed	254	334	459	516	582	676
Invested Capital (CE - cash - CWIP)	231	295	355	475	561	658
Net debt	169	198	148	117	117	105
<b>Cash Flows</b>						
Cash flows from Operations (Pre-tax)	-13	5	19	17	38	65
Cash flows from Operations (post-tax)	-16	0	12	2	11	28
Capex	-13	-18	-66	-27	-3	-9
Free cashflows	-28	-18	-54	-25	8	19
Free cashflows (post interest costs)	-40	-30	-66	-35	0	12
Cash flows from Investing	-12	-17	-63	-27	-3	-9
Cash flows from Financing	28	27	80	0	-23	-22
Total cash & liquid investments	20	30	60	35	20	17

Particulars	FY22	FY23	FY24E	FY25E	FY26E	FY27E
<b>Growth ratios (%)</b>						
Revenue	18.7	12.4	24.1	22.6	32.8	18.6
EBITDA	38.1	65.8	9.6	57.9	58.1	30.2
Adj PAT	73.6	164.3	24.0	50.0	74.5	34.4
<b>Margin ratios</b>						
Gross	16.9%	18.2%	14.0%	15.5%	16.7%	18.0%
EBITDA	6.4%	9.5%	8.4%	10.8%	12.9%	14.1%
Adj PAT	2.2%	5.2%	5.2%	6.4%	8.4%	9.5%
<b>Performance ratios</b>						
Pre-tax OCF/EBITDA	-45.7%	10.1%	38.8%	22.0%	30.7%	40.0%
OCF/IC (%)	-6.7%	0.2%	3.5%	0.4%	2.0%	4.3%
RoE (%)	14.4%	23.6%	12.3%	12.8%	18.3%	19.7%
RoCE (%)	9.3%	12.5%	9.6%	13.2%	19.5%	22.3%
Fixed asset turnover (x)	6.8	6.3	5.6	4.3	5.4	6.1
Total asset turnover (x)	1.4	1.2	1.2	1.3	1.5	1.5
<b>Financial stability ratios</b>						
Net Debt to Equity (x)	2.6	1.9	0.6	0.3	0.3	0.2
Net Debt to EBITDA (x)	6.1	4.3	3.0	1.5	0.9	0.6
Interest cover (x)	2.0	3.4	3.7	6.8	14.1	21.0
Working capital days	158	187	167	167	167	167
<b>Valuation metrics</b>						
Fully Diluted Shares (Cr)	3.4	3.4	4.1	5.3	5.3	5.3
Market cap (INR Cr)			834.0			
P/E (x)	88.0	33.3	26.9	17.9	10.3	7.6
P/OCF(x)	-53.8	1,770.7	67.5	475.8	74.9	29.4
EV (Rs.Cr) (ex-CWIP)	1,002.8	1,031.7	981.7	951.4	951.2	939.1
EV/ EBITDA (x)	36.4	22.6	19.6	12.1	7.6	5.8
EV/ OCF(x)	-64.7	2,190.4	79.5	542.8	85.4	33.1
FCF Yield	-4.8%	-3.6%	-7.9%	-4.2%	0.0%	1.5%
Price to BV (x)	0.0	0.0	3.3	2.3	1.9	1.5
Dividend pay-out (%)	0.0	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
Cash as a % of CE	7.7%	9.1%	13.0%	6.8%	3.5%	2.5%

Source: Company, Spark PWM Pvt. Ltd.

# Key Risks and Scenario Analysis



## Summary of Key Risks

---



Delay in Capex plans caused by delay in greenfield expansion or procurement of new machinery.

---



Lower than expected demand for new products, especially in export markets where new products are expected to gain maximum traction.

---



Shipping challenges due to war/unavailability of containers that may impact export shipments.

---

# Scenario Analysis Showcases Positive Returns Even in Bear Case Scenario

## Base Case

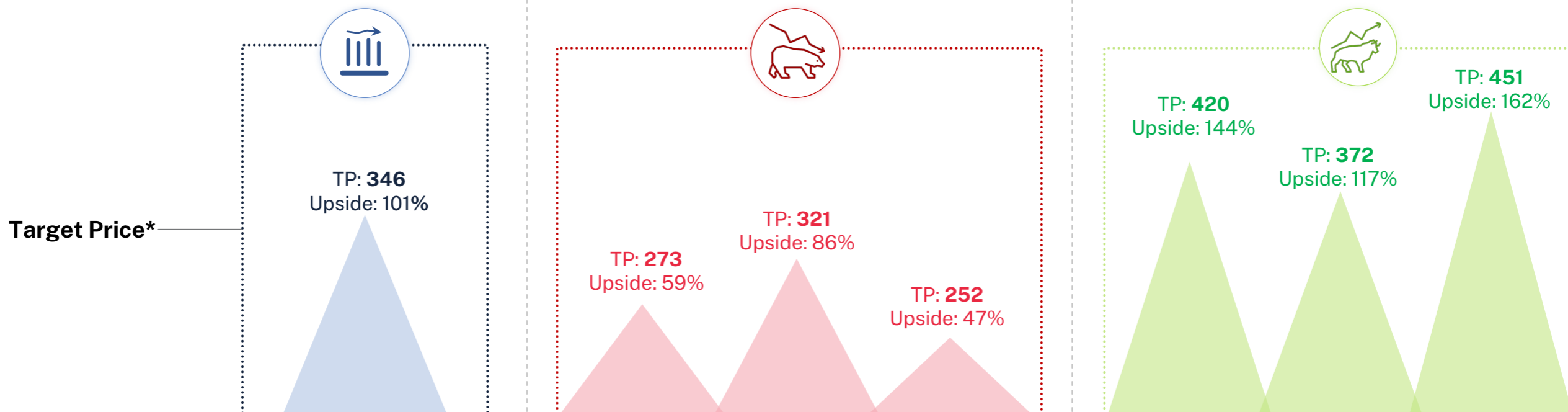
	FY27E
Revenues (Rs. Cr)	1,150
EBITDA (Rs. Cr)	163
EBITDA Margin (%)	14.1%
EPS	20.5

## Bear Case Scenarios

Scenario 1 20% Revenue Miss	Scenario 2 100 bps EBITDA margin Miss	Scenario 3 Combination of 1 & 2
920	1,150	920
130	151	121
14.1%	13.1%	13.1%
15.9	18.9	14.6

## Bull Case Scenarios

Scenario 1 20% Revenue Beat	Scenario 2 100 bps EBITDA margin Beat	Scenario 3 Combination of 1 & 2
1,379	1150	1,379
195	174	209
14.1%	15.1%	15.1%
25.1	22.1	27.0



# Peer Comparison and Valuation



# Peer Comparison

The company has no direct listed peers

Company name	CMP	Mkt cap	FY24						Growth (FY24-27E)		
	Rs	Rs Crs	Revenue (Rs Crs)	Ebitda margin	PAT margin	ROE	Net debt	Capex	Revenue	Ebitda	PAT
<b>Ratnaveer Precision Engineering Ltd.</b>	172	834	595	8%	5%	12%	148	106	25%	48%	52%
<b>Large companies</b>											
<b>SKF India Ltd.</b>	5,388	26,635	4,570	16%	12%	22%	(1,210)	134	12%	15%	15%
<b>Sundram Fasteners Ltd.</b>	1,344	28,236	5,493	16%	9%	16%	605	400	16%	20%	23%
<b>Mid and small Companies</b>											
<b>Harsha Engineers International</b>	517	4,708	1,392	12%	8%	10%	(141)	75	12%	22%	25%
<b>Sterling Tools Ltd.</b>	508	1,830	932	12%	6%	13%	13	29	14%	11%	10%
<b>Rolex Rings Ltd.</b>	2,560	6,972	1,222	21%	13%	19%	(118)	55	15%*	19%*	29%*
<b>Gala Precision Engineering Ltd. **</b>	529	670	204	20%	11%	23%	55	11	NA	NA	NA

Source: Midas research, Bloomberg

\* Based on FY24-FY26 growth

\*\* The company has only filed RHP, listing on 2<sup>nd</sup> Sept.



# Valuation Comparable

At CMP of Rs 172, Ratnaveer is trading at 5.8x FY27E EV/EBITDA. We assign EV/EBITDA multiple of 12x on FY27E EBITDA of Rs 163Cr to arrive at 3 year TP of Rs 346 and an overall upside of 101%.

	Price (Rs)	Market Cap (Rs Crs)	EV (Rs Crs)	PE		EPS Cagr	EV / Ebitda	P/B	RoE %	Price performance %			
				FY26E	FY27E	FY24-FY27	FY25E	FY25E	FY25E	1m	3m	6m	1yr
<b>Ratnaveer Precision Engineering Ltd.</b>	172	834	982	10x	8x	39%	12.1	2.3	13%	(5.0)	52.0	29.0	33.0
<b>Large companies</b>													
<b>SKF India Ltd.</b>	5,388	26,635	25,425	36x	31x	15%	30.7	9.1	23%	(0.3)	(7.3)	17.6	3.8
<b>Sundram Fasteners Ltd.</b>	1,344	28,236	28,862	32x	29x	23%	25.5	7.2	19%	(2.8)	9.6	25.3	3.2
<b>Mid and small Companies</b>													
<b>Harsha Engineers International</b>	517	4,708	4,567	26x	22x	25%	20.1	3.6	12%	(3.8)	13.9	27.3	12.9
<b>Sterling Tools Ltd.</b>	508	1,830	1,843	19x	NA	NA	12.8	3.6	16%	39.7	48.1	41.6	35.8
<b>Rolex Rings Ltd.</b>	2,560	6,972	6,854	27x	NA	NA	21.2	6.2	23%	8.6	16.7	25.3	15.0

Source: Midas research, Bloomberg

# Disclaimer

## Absolute Rating Interpretation

<b>BUY</b>	Stock expected to provide positive returns of >15% over a 1-year horizon	<b>REDUCE</b>	Stock expected to provide returns of <5% – -10% over a 1-year horizon
<b>ACCUMULATE</b>	Stock expected to provide positive returns of >5% – <15% over a 1-year horizon	<b>SELL</b>	Stock expected to fall >10% over a 1-year horizon

## Disclaimer

Spark PWM Private Limited (formerly known as Spark Family Office and Investment Advisors (India) Private Limited) (“**Spark PWM**”) holding SEBI Research Analyst Registration No.: INH200008954 and its affiliates are engaged in the business of investment banking, structured finance, asset management and private wealth management. Spark PWM is also registered with SEBI as a Stock Broker, Portfolio Manager, Depository Participant and is also a Mutual Fund Distributor registered with the Association of Mutual Funds in India (AMFI).

Spark PWM’s affiliates include (1) Spark Capital Advisors (India) Private Limited which is registered with SEBI as Category I Merchant Banker, Depository Participant (with CDSL), Stock Broking and a Research Analyst (2) Spark Asia Impact Private Limited (formerly known as Spark Alternative Asset Advisors India Private Limited) which is an investment manager to a Category II Alternative Investment Fund (3) Spark Asia Impact Managers Private Limited (formerly known as Spark Fund Managers Private Limited) which is registered with SEBI as a Portfolio Manager and (4) Spark Fund Advisors LLP which is an investment manager to Category III Alternative Investment Fund and (5) Spark Financial Holdings Private Limited.

The information and opinion expressed in this Report do not constitute an offer or an invitation to make an offer, to buy or sell any securities. The securities quoted in this document are for illustration only and are not recommendatory. This Research Report is provided by Spark PWM on a strictly confidential basis for the exclusive use of the recipient and has been obtained from published information and other sources, which Spark PWM or its affiliates consider to be reliable. None of the Analysts of Spark PWM accepts any liability or responsibility whatsoever for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this Research Report.

This Research Report does not claim to contain all information that an investor / potential investor may require for the purpose of making an investment. The past performance of a product or portfolio does not in any manner indicate the surety of performance in future. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

This Report also does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Spark PWM has a separate team that puts together Technical Analysis and each recipient of this report must note that the views of the Technical Analyst is always based on short term market variables and will be materially different from the views of the other sector/fundamental analyst in Spark PWM, whose reports are based on fundamental analysis of Company. Each recipient of this Research Report should make such assessment as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this Research Report (including the merits and risks involved) and should consult their own advisors. This Research Report is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. The price and value of the investments referred to in this Research Report and the income from them may go up or down, and investors may realize losses on their investments. Spark PWM does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such.

This Research Report is not directed or intended for distribution or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Spark PWM and/or its affiliates to obtain any registration or licensing requirement within such jurisdiction. The Analyst preparing this Research Report is not registered as a broker-dealer in the United States and, therefore, is not subject to US Rules regarding the preparation of Research Reports. The Research Analysts contributing to this report are residents outside the United States and are not associates, employees, registered or qualified as Research Analysts with FINRA or a US-regulated broker dealer. Recipients of this material should keep themselves informed about any such restrictions. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. This material should not be construed as an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction where such an offer or solicitation would be illegal. Recipients shall be solely liable for any liability incurred by them in this regard and will indemnify Spark PWM and/or its affiliates for any liability it may incur in this respect.

Securities markets may be subject to significantly higher risks, and in particular, the political and economic environment, company practices and market prices and volumes may be subject to significant variations. The ability to assess such risks may also be limited due to significantly lower information quantity and quality. Investment in securities market are subject to market risks. Read all the related documents carefully before investing. By accepting this document, you agree to be bound by all the provisions as may be applicable pursuant to it. Nothing contained herein should be relied upon as a promise, representation or an indication of future performance. Certain statements made herein may not be based on historical information or facts and may appear to be “Forward Looking Statements”, including those relating to general business plans, future financial condition and growth prospects. The actual results may differ materially from any “Forward-Looking statements” due to a number of factors, including socio, political, competitive environment, force majeure etc. Spark PWM makes no representation or warranty, express or implied, as to the accuracy, completeness or fairness of the information and opinions contained in this Research Report.

# Disclaimer

## Disclaimer (Cont'd)

While we would endeavour to update the information herein on a reasonable basis, Spark PWM and its affiliates are under no obligation to update the information. Also, there may be regulatory, compliance or other reasons that prevent Spark PWM and its affiliates from doing so. Neither Spark PWM nor its affiliates or their respective directors, employees, agents or representatives shall be responsible or liable in any manner, directly or indirectly, for views or opinions expressed in this report or the contents or any errors or discrepancies herein or for any decisions or actions taken in reliance on the report or the inability to use or access our service in this report or for any loss or damages whether direct or indirect, incidental, special or consequential including without limitation loss of revenue or profits that may arise from or in connection with the use of or reliance on this report. Opinions expressed herein are our current opinion as of the date of appearing on this material only.

Spark PWM and/or its affiliates and/or employees may have interests/positions, financial or otherwise, in the securities mentioned in this report. To enhance transparency, Spark PWM has incorporated disclosure of interest statement in this Research Report. This should, however not be treated as an endorsement of views expressed in this report.

Spark Capital Advisors (India) Private Limited (holding company of Spark PWM) has gone through a process of reorganisation and demerged its institutional equities business (stock broking license and research analyst license) to Spark Institutional Equities Private Limited (Resultant Company) through a Composite Scheme of Demerger ("Scheme"). Further the shares of SIE has been bought by Avendus Capital Private Limited with effect from December 20, 2022.

## Disclosure of Interest & Material Conflict of Interest Statement

Spark PWM and/or its affiliates and/or employees, or their relative(s) may have a financial interest in the subject company. Spark PWM and/or its affiliates may have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the Research Report. Spark PWM and/or its associates and/or its employees have not been engaged in market making activity for the subject company.

In the last twelve month period ending on the last day of the month immediately preceding the date of publication of the Research Report, Spark PWM and/or its affiliates and/or employees Research Analyst(s) may have;

- i. Managed/co-managed public offering of securities for the subject company;
- ii. Received compensation for investment banking/merchant banking/brokerage services/other products/ services of the group from the subject company of this Research Report;
- iii. Received any compensation or other benefit from the subject company or third party in
- iv. Connection with the Research Report;
- v. Provided services to the subject company as a client.

However, the above shall have no bearing on the specific recommendation made by the Analyst(s), as the recommendation made by the Analyst(s) are independent of the view of the affiliates of Spark PWM. No part of the Analyst's compensation was, is, or will be related, directly or indirectly, to the specific recommendations or views as expressed in this report.

Research Reports are not exchange traded products, and hence disputes relating to research activities of Spark PWM do not have access to exchange investor redressal or Arbitration mechanism. We also hereby declare that our activities were neither suspended nor have we defaulted with any Stock Exchange authority with whom we are registered in the last five years. We have not been debarred from doing business by any Stock Exchange/SEBI or any other competent authorities, nor has our certificate of registration been cancelled by SEBI at any point of time.

## Certification by Each of The Authors of This Report

The Analyst certifies that the views expressed in this Research Report are a representation of the Analyst's personal opinions on the stock or sector as covered and reported. The Analyst is principally responsible for the preparation of this Research Report and does not have any material conflict of interest at the time of publication of this Report. The Analyst(s) has not served as an officer, director or employee of the subject company in the last 12 month period ending on the last day of the month immediately preceding the date of publication of the Research Report. The Analyst does not have actual/beneficial ownership of one per cent or more of the securities of the subject company, at the end of the month immediately preceding the date of publication of the research report.

A graph of the daily closing price of securities available is at <https://www.moneycontrol.com/india/stockpricequote/> & <http://economictimes.indiatimes.com/markets/stocks/stock-quotes>. (Choose a company from the list on the browser and select the "three years" icon in the price chart).

Spark PWM Private Limited (formerly known as Spark Family Office and Investment Advisors (India) Private Limited). Registered Office: No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai 600 020; CIN: U93000TN2012PTC086696; Telephone No.: +91 44 69250000; Website: [www.sparkcapital.in](http://www.sparkcapital.in); Correspondence Address: Solitaire Corporate Park, Unit 1252, Building No. 12, Andheri Kurla Road, Chakala, Andheri (East), Mumbai 400093; Telephone No: +91 22 62916700; SEBI Registration: (Stock Broker: INZ000285135; Portfolio Manager: INP200007274; Research Analyst: INH200008954; Depository Participant: IN-DP-757-2023); AMFI – Registered Mutual Fund Distributor: ARN 86685. Compliance and Grievance Officer details: Ms. Amrita Pillai: +91 22 62916700. Email: [pwm.compliance@sparkcapital.in](mailto:pwm.compliance@sparkcapital.in).

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

# Our Offices



## Chennai

No. 1, 3<sup>rd</sup> Floor,  
First Crescent Park Road,  
Gandhi Nagar, Adyar,  
Chennai – 600 020



## Mumbai

No. 302, 3<sup>rd</sup> Floor,  
'Windsor House', CST Road,  
Kalina, Santacruz (East),  
Mumbai – 400 098

No. 1252, 5<sup>th</sup> Floor,  
Building No. 12, Solitaire Corporate Park,  
Andheri Kurla Road, Chakala, Andheri East,  
Mumbai – 400 093



## Delhi

No. 23, 1<sup>st</sup> Floor,  
Community Centre,  
Basant Lok, Vasant Vihar,  
New Delhi – 110 057



## Bengaluru

No. 2, 3<sup>rd</sup> Floor,  
Prestige Emerald,  
Madras Bank Road,  
Bengaluru – 560 001



## Hyderabad

No. 01A134, 1<sup>st</sup> Floor, WeWork  
Rajapushpa Summit, Serilingampally  
Mandal, Nanakramguda Village,  
Hyderabad – 500 032



## Ahmedabad

No. 409, 4<sup>th</sup> Floor, Venus Amadeus,  
Near Jodhpur Cross Road,  
Satellite,  
Ahmedabad – 380 015



## Pune

No. 7/352 1<sup>st</sup> Floor, Elbee House,  
Boat Club Road,  
Sangamvadi,  
Pune – 411 001



## Kolkata

No. 9A & 9B,  
9<sup>th</sup> Floor,  
No. 95A, Park Street,  
Kolkata – 700 016