Ratnaveer Precision Engineering (RATPRE)

ICICI Direct

CMP: ₹ 185 | Target: ₹ 235 (27%) | Target Period: 12 months | BUY

May 20, 2026

Building the next growth engine through CCL expansion...

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%).

Q4FY26 performance: Ratnaveer Precision Engineering Limited reported a healthy Q4FY26 performance led by strong domestic demand and improved operating efficiencies. Revenue from operations increased 22.6% YoY to ₹249 crore vs ₹203.1 crore in Q4FY25, Operational EBITDA rose sharply by 69.2% YoY to ₹28.3 crore compared to ₹16.7 in Q4FY25, driven by better cost control and operating leverage. Consequently, EBITDA margin expanded significantly by 320 bps YoY to 11.4% from 8.2% in Q4FY25. PAT grew 59% YoY to ₹17 crore.

Investment Rationale:

- **Strong growth visibility supported by integrated stainless-steel platform and margin expansion:** Ratnaveer continues to strengthen its position as India's leading manufacturer of stainless-steel washers and precision engineering products, supported by a fully integrated manufacturing ecosystem across washers, fasteners, tubes & pipes, finishing sheets and sheet metal components. 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, while the CCL business could contribute ~₹750 crore at full scale by FY31, targeting consolidated EBITDA margin of ~13%+ and PAT margin of ~9%+ over the medium term, supported by higher operating leverage and contribution from high-value businesses.

- **CCL diversification provides long-term structural growth opportunity:** Ratnaveer's entry into the Copper Clad Laminate (CCL) segment marks a strategic diversification into the fast-growing electronics and PCB ecosystem, positioning the company in a large import-substitution opportunity. Management highlighted that over 90% of India's CCL demand is currently import dependent, while India's PCB market is projected to grow at ~16.4% CAGR over the coming years. The company plans to commission the first CCL production line (total of 5 lines) by November 2026, with long-term revenue potential of ~₹750 crore from the CCL business alone at scale. Additionally, the project is expected to generate healthy profitability with targeted EBITDA margin of ~20%, supported by technology partnership, government incentives and domestic manufacturing advantages. This diversification is expected to significantly improve Ratnaveer's long-term growth profile and business positioning over the medium term.

Rating and Target Price

- We estimate Revenue & PAT to grow at ~20.6% & ~18% CAGR respectively over FY26-28E, with EBITDA margins sustaining at ~10-11% during the period. We factor in upcoming capital raise & equity dilution by (ascribing lower multiple) and value the company **at 14x FY28E EPS** to arrive at a fair value **of ₹235 with a Buy Rating.**

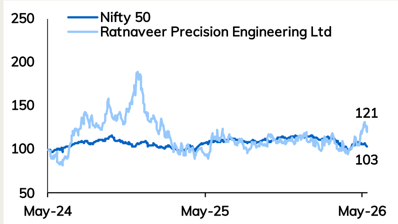
Particulars

Particular	Rs. (in crore)
Market Capitalisation	1227
Total Debt (FY26)	335
Cash and Inv (FY26)	269
Enterprise Value	1293
52 week H/L (Rs.)	193/130
Equity capital	68.2
Face value (Rs.)	10

Shareholding pattern

%	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	50.7	50.7	42.6	42.7
FII	1.2	1.3	8.4	7.3
DII	0.0	0.1	2.6	2.5
Public	48.1	47.9	46.5	47.4

Price Chart



Key risks

(i) Slowdown in industrial capex

(ii) High working capital requirement

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Key Financial Summary

Rs crore	FY23	FY24	FY25	FY26	3 Year CAGR (FY23-26)	FY27E	FY28E	2 Year CAGR (FY26-28E)
Revenues	480	595	892	1,069	30.6	1,352	1,555	20.6
EBITDA	46	50	86	112	35.0	142	174	24.6
EBITDA margin (%)	9.5	8.4	9.7	10.5		10.5	11.2	
Net Profit	25	31	47	64	36.9	76	90	18.0
Diluted EPS (Rs)	4.7	5.9	8.8	12.1		14.4	16.9	
P/E (x)	39.2	31.6	21.0	15.3		12.9	11.0	
EV/EBITDA (x)	25.9	22.6	12.9	9.3		7.5	6.5	
RoCE (%)	12.8	11.1	13.0	9.6		10.3	10.7	
RoE (%)	23.6	12.3	12.6	9.6		10.2	10.7	

Source: Company, ICICI Direct Research

Key results and earnings call highlights:

- Ratnaveer reported a strong Q4FY26 performance with revenue rising 22.6% YoY to ₹249 crore, while EBITDA increased sharply by 69.2% YoY to ₹28.3 crore, supported by operating leverage and better cost efficiencies. PAT grew 59% YoY to ₹17 crore, reflecting healthy profitability improvement.

- EBITDA margin expanded significantly by 320 bps YoY to 11.4% in Q4FY26, while FY26 margin improved to 10.5% from 9.7% in FY25, driven by higher operational efficiency, better product mix and improved scale benefits.

- EBITDA per tonne improved steadily to ~₹26,011 in FY26 vs ~₹25,028 in FY25, reflecting better realization, operating efficiencies and improved product mix.

- Production volumes increased sharply to 46,668 MT in FY26 vs 36,129 MT in FY25, reflecting successful capacity ramp-up and improved operational efficiency across manufacturing facilities.

- Company announced entry into the Copper Clad Laminates (CCL) business, establishing a fully integrated FR-4 grade manufacturing facility in Gujarat to support India's electronics and PCB ecosystem.

- The company's CCL project received approval under the ECMS scheme, with planned investment of ~₹338 crore over 3 years and annual projected capacity of ~1.6 million CCL sheets, positioning Ratnaveer in a high-growth electronics manufacturing segment.

- Finishing line products continued to dominate revenue mix with contribution of ~52% of FY26 revenue, while sheet metal components and domestic washer business witnessed healthy growth during the year.

- Domestic washer sales contribution increased significantly over the last two years, indicating rising domestic market penetration and improved diversification away from export dependence.

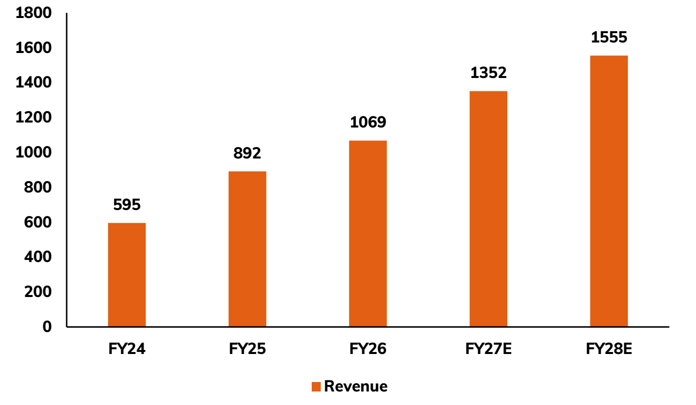
- Working capital days improved sharply from 204 days in FY23 to 89 days in FY26, with further improvement targeted towards ~78 days by FY27, supporting stronger cash flow generation.

- CCL Diversification:

    - Management highlighted the Copper Clad Laminate (CCL) project as a transformational diversification initiative, positioning Ratnaveer as one of the first integrated domestic FR-4 grade CCL manufacturers in India, targeting the fast-growing electronics and PCB ecosystem.
    - The first CCL production line is expected to commence operations by November 2026, with machinery orders already placed and inspection completed in China. The project is being developed in phases with a total of five planned production lines.
    - The CCL project is expected to generate ~₹750 crore revenue potential at full scale, with targeted EBITDA margin of ~20% and PAT margin of ~11% by FY31, supported by favorable industry demand and import substitution benefits.

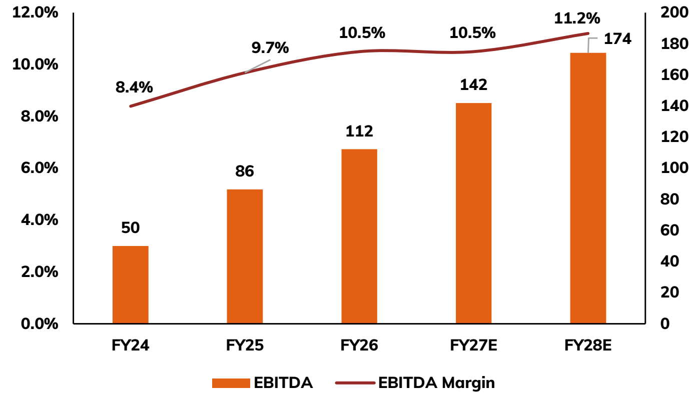
- Growth Outlook: Management reiterated its long-term target of achieving ~₹2,500 crore consolidated revenue over the next 2–3 years, targeting consolidated EBITDA margin of ~13%+ and PAT margin of ~9%+ over the medium term, supported by higher operating leverage and contribution from high-value businesses.

Exhibit 1: Revenue Trend



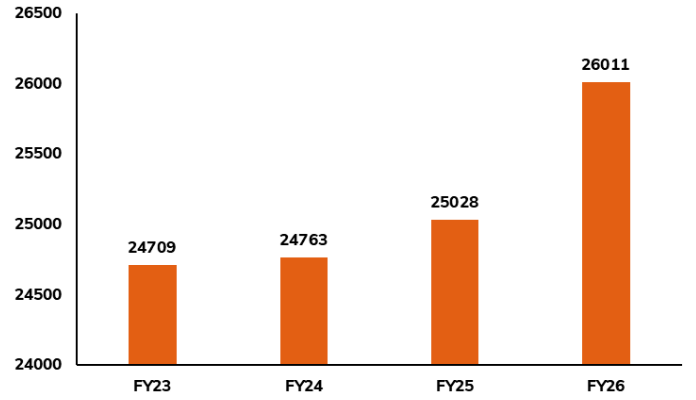
Source: Company, ICICI Direct Research

Exhibit 2: EBITDA & EBITDA margin trend



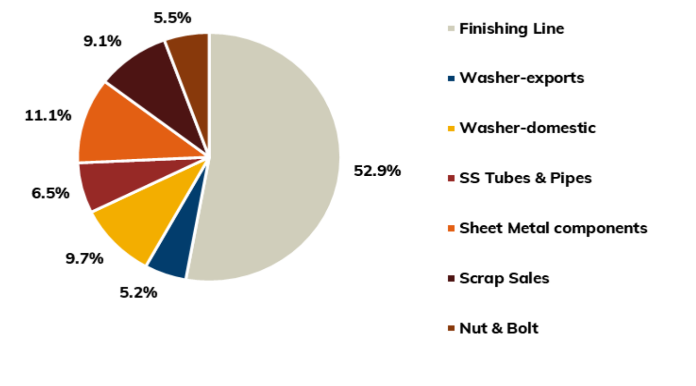
Source: Company, ICICI Direct Research

Exhibit 3: EBITDA/ton trend



Source: Company, ICICI Direct Research

Exhibit 4: Product-wise Revenue Mix (FY26)



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 5: Profit and loss statement ₹ crore

Year-End March	FY24	FY25	FY26	FY27E	FY28E
Revenue	595	892	1,069	1,352	1,555
% Growth	*24.1*	*49.8*	*19.8*	*26.5*	*15.0*
Other income	7.0	4.0	9.7	9.0	9.0
Total Revenue	595	892	1,069	1,352	1,555
% Growth	*24.1*	*49.8*	*19.8*	*26.5*	*15.0*
Total Raw Material Costs	512	755	893	1,132	1,294
Employee Expenses	6.8	10.3	13.2	16.2	17.1
other expenses	26.4	40.7	50.7	62.2	70.0
Total Operating Expenditure	545	805	957	1,210	1,381
Operating Profit (EBITDA)	50.0	86.4	112.2	142.0	174.2
% Growth	*9.6*	*72.8*	*29.9*	*26.5*	*22.7*
Interest	12.1	12.7	20.5	22.0	27.0
PBDT	44.9	77.7	101.4	129.0	156.2
Depreciation	5.8	17.1	25.4	32.4	42.8
PBT before Exceptional Items	39.1	60.7	76.0	96.5	113.4
Total Tax	8.0	13.8	11.7	20.3	23.8
PAT before MI	31	47	64	76	90
PAT	31	47	64	76	90
% Growth	*24.0*	*50.8*	*37.4*	*18.6*	*17.5*
Diluted EPS	6.4	8.8	12.1	14.4	16.9

Source: Company, ICICI Direct Research

Exhibit 6: Cash Flow Statement

Year-End March	FY24	FY25	FY26	FY27E	FY28E
Profit after Tax	31	47	64	76	90
Depreciation	5.8	17.1	25.4	32.4	42.8
Interest	12.1	12.7	20.5	22.0	27.0
Cash Flow before WC changes	49	77	110	131	159
Changes in inventory	(39)	(48)	3	(155)	(67)
Changes in debtors	19	(21)	(109)	75	(15)
Changes in loans & Advances	-	-	-	-	-
Changes in other current asset	(16.3)	(27.3)	(119.0)	41.1	(41.5)
Net Increase in Current Assets	(36.7)	(96.4)	(224.4)	(39.3)	(123.3)
Changes in creditors	6.5	76.7	101.7	(74.2)	22.3
Changes in provisions	(1.1)	0.7	0.2	0.7	0.4
Net Inc in Current Liabilities	2.7	115.9	70.6	(17.3)	32.9
Net CF from Operating activitie	15	96	(44)	74	69
Changes in deferred tax assets	-	-	-	-	-
(Purchase)/Sale of Fixed Assets	(66)	(138)	(110)	(63)	(120)
Net CF from Investing activities	(66)	(137)	(106)	(65)	(120)
Dividend and Dividend Tax	-	-	-	-	-
Net CF from Financing Activitie	80	47	353	48	43
Net Cash flow	29.2	6.3	203.5	57.1	(8.2)
Opening Cash/Cash Equivalent	30	60	66	269	326
Closing Cash/ Cash Equivalent	60	66	269	326	318

Source: Company, ICICI Direct Research

Exhibit 7: Balance Sheet ₹ crore

Year-End March	FY24	FY25	FY26	FY27E	FY28E
Equity Capital	49	53	68	68	68
Reserve and Surplus	203	318	601	677	767
Total Shareholders funds	252	371	669	745	835
Total Debt	207	195	335	405	475
Deffered tax Liab	6	13	20	20	20
Total Liabilities	465	579	1,024	1,170	1,330
Gross Block	103	233	314	434	554
Acc: Depreciation	30	47	72	105	147
Net Block	74	186	242	330	407
Capital WIP	45	54	82	25	25
Total Fixed Assets	119	240	324	355	432
Non Current Assets	4	11	14	16	16
Inventory	245	293	289	444	511
Debtors	45	66	175	100	115
Other Current Assets	44	71	190	149	190
Cash	60	66	269	326	318
Total Current Assets	393	496	923	1,020	1,135
Current Liabilities	44	121	222	148	170
Other Current Liab	7	46	15	72	83
Total Current Liabilities	51	167	238	220	253
Net Current Assets	342	329	686	800	882
Total Assets	465	579	1,024	1,170	1,330

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

Year-End March	FY24	FY25	FY26	FY27E	FY28E
Diluted EPS	5.9	8.8	12.1	14.4	16.9
Cash per Share	12.3	13.6	55.5	67.3	65.6
BV	52.0	76.5	138.0	153.7	172.2
EBITDA Margin	8.4	9.7	10.5	10.5	11.2
PAT Margin	5.2	5.2	6.0	5.6	5.8
RoE	12.3	12.6	9.6	10.2	10.7
RoCE	11.1	13.0	9.6	10.3	10.7
RoIC	11.0	13.9	11.8	13.3	13.2
EV / EBITDA	22.6	12.9	9.3	7.5	6.5
P/E	31.6	21.0	15.3	12.9	11.0
EV / Net Sales	1.9	1.2	1.0	0.8	0.7
Sales / Equity	2.4	2.4	1.6	1.8	1.9
Market Cap / Sales	1.6	1.1	0.9	0.7	0.6
Price to Book Value	3.6	2.4	1.3	1.2	1.1
Asset turnover	1.3	1.6	1.1	1.2	1.2
Debtors Turnover Ratio	11.0	16.2	8.9	9.8	14.5
Creditors Turnover Ratio	14.6	10.8	6.2	7.3	9.8
Debt / Equity	0.8	0.5	0.5	0.5	0.6
Current Ratio	7.3	3.5	2.9	4.5	4.7
Quick Ratio	1.9	1.1	1.6	1.6	1.7

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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