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Issue Detail	
Price Band (Rs)	Rs.93 - Rs.98
Face Value (Rs)	10.00
Issue Size (Rs)	165.03 Cr
Issue Type	Book Building
Minimum lot	150 Shares
Issue Opens	September 04, 2023
Issue Closes	September 06, 2023
Listing on	BSE, NSE

Indicative Timeline	On or before
Finalization of Basis of Allotment	September 11, 2023
Unblocking of Funds	September 12, 2023
Credit of shares to Demat Account	September 13, 2023
Listing on exchange	September 14, 2023

Other Detail	
Book Running Lead Managers	Unistone Capital Private Limited.
Registrar	Link Intime India Private Limited.

IPO Shareholding (%)		
Category	Pre-Issue	Post-Issue
Promoters	86.30%	55.48%
Public	13.70%	44.52%
Total	100.00%	100.00%

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Ratnaveer Precision Engineering Limited

Company Background

Ratnaveer Precision Engineering Limited (Ratnaveer) was incorporated on February 20, 2002. The Company is engaged in stainless steel ("SS") product manufacturing focused on producing finished sheets, washers, solar roofing hooks, pipes and tubes. The Company has created a niche place in SS cold-rolled products that are widely used globally. Its manufacturing units are strategically located with the availability of transportation, which facilitates convenient transportation of products. It's making strides in SS products with a high-margin portfolio. It has posted growth in its top and bottom lines for the reported periods.

Issue Details

The IPO total issue size is Rs 165.03 Cr. (Fresh Issue of 135.24 Cr. and Offer for Sale of 29.79 Cr.).

Issue Objectives

1. Funding working capital requirements of the Company; and
2. General corporate purposes

IPO Share Issue Structure

Category	Allocation	Number of Shares	Value at upper band (Rs. in Cr.)
QIB (Institutional)	50%	84,20,000	82.52
Non Institutional	15%	25,26,000	24.75
Retail	35%	58,94,000	57.76
Total	-	1,68,40,000	165.03

Source: Company RHP, ACMIL Research

Outlook and Valuation

The Company developed a synergistic system of backward integration whereby it process the waste being generated in manufacturing of its products for converting back into the raw material which is utilized again in manufacturing. At the upper price band of s.98/-, stock is priced at 12.06 its FY23 EPS. We recommend subscribing to the issue from a long-term perspective.

Company Overview

Ratnaveer Precision Engineering Limited manufactures stainless steel-based products for automotive, solar power, wind energy, power plants, oil & gas, pharmaceuticals, sanitary & plumbing, instrumentation, electromechanics, architecture, building & construction, electrical appliances, transportation, kitchen appliances, chimney liners, and other industries.

Ratnaveer Precision Engineering has 4 manufacturing units out of which two units; Unit-I and Unit-II are located at GIDC, Savli, Vadodara, Gujarat, Unit-III is located at Waghodia, Vadodara, Gujarat, and Unit-IV is located at GIDC, Vatva, Ahmedabad, Gujarat. The company manufactures SS finishing sheets, SS washers, and SS solar mounting hooks at Unit I and SS pipes & tubes at Unit II. Unit III and Unit IV are dedicated to the backward integration process. Unit III is the melting unit where melted steel scrap is turned into steel ingots, and Unit IV is the rolling unit where flat ingots are further processed to turn them into SS sheets which are the raw material for SS washers.

Ratnaveer intends to expand its portfolio of SS washers by adding circlips to the product line, it currently offers over 2,500 SKUs of SS washers including inner ring washers, spring washers, nord lock washers, retaining rings, internal tooth washers and external tooth washers of different sizes and specifications. For this, the company has also taken land located at E-78, GIDC Industrial Estate, Savli, Dist. Vadodara, Gujarat which is adjoining to Unit I, on a 99-year lease from GIDC.

In the fiscal year 2023, the company recorded a total revenue from operations of Rs. 4,797.30 Mn which includes a domestic turnover of Rs. 3,875.39 Mn and an export turnover of Rs. 921.91 Mn.

Business Operations

The portfolio of Company's products can be categorized into SS finishing sheets, SS washers, SS solar roofing hooks, and SS tubes & pipes.

1) Stainless Steel (SS) Finishing Sheets

SS sheet is a thin flat piece of stainless steel that has a wide range of applications. Depending on the grade of SS used, size, thickness and finish SS sheet finds application in sectors ranging from architecture, building & construction (ABC), automotive, railway & transport (ART), food industry, process industry, and aerospace, among others. The corrosion resistance attribute of the material, along with the ability to incorporate custom finishes has helped increase the usage of SS sheet. Stainless steel sheets (SS sheets) with a wide variety of finishes meets the aesthetic requirements and emerged as one of the several candidates for exterior cladding.



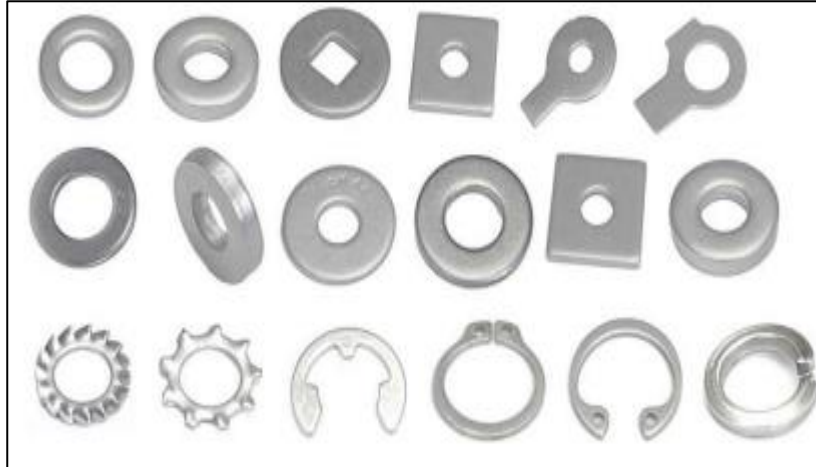
Source: Company RHP, ACMIIL Research

2) Stainless Steel (SS) Washers:

Stainless steel washers are most used washers applied in fastener assemblies to distribute load from a bolt's top across a wider surface area. Globally, stainless steel washer is a preferred choice for the endusers of washers owing to its numerous positive properties. The notable advantage of stainless steel over other metals is its natural characteristics such as resistance from corrosion and rust, and thus, is most preferred input material for manufacturing washers. Another advantage of SS washer is that they make maintenance tasks easier as their load-bearing quality makes the tightening and/or loosening of components hassle-free.

The company's portfolio includes the following SS washers in various specifications:

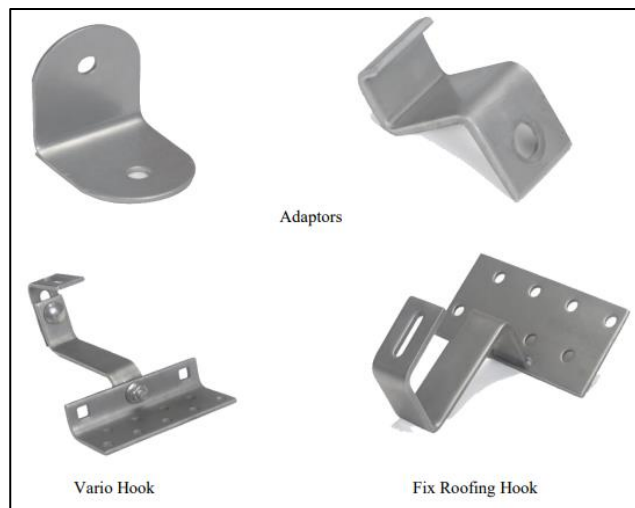
- inner ring washers
- spring washers
- nord lock washers - retaining rings
- internal tooth washers
- external tooth washers



Source: Company RHP, ACMIIL Research

3) Stainless Steel (SS) Solar roofing hooks:

Solar power is the largest component in Renewal Energy Sector (RES) capacity in India, accounting for nearly 47.5% of total RES installed capacity as on 1st January 2022. Capacity addition in solar power segment has happened at a brisk pace increasing from just under 1 GW as on 1st April 2012 to nearly 50 GW as on 1st January 2022. Solar roofing hooks are used for solid fastening of photovoltaic systems on pitched roofs. Roofing hooks serve as a foundation for photovoltaic mounting systems for tiled roofs and are to be mounted directly on the roof battens and rafters.

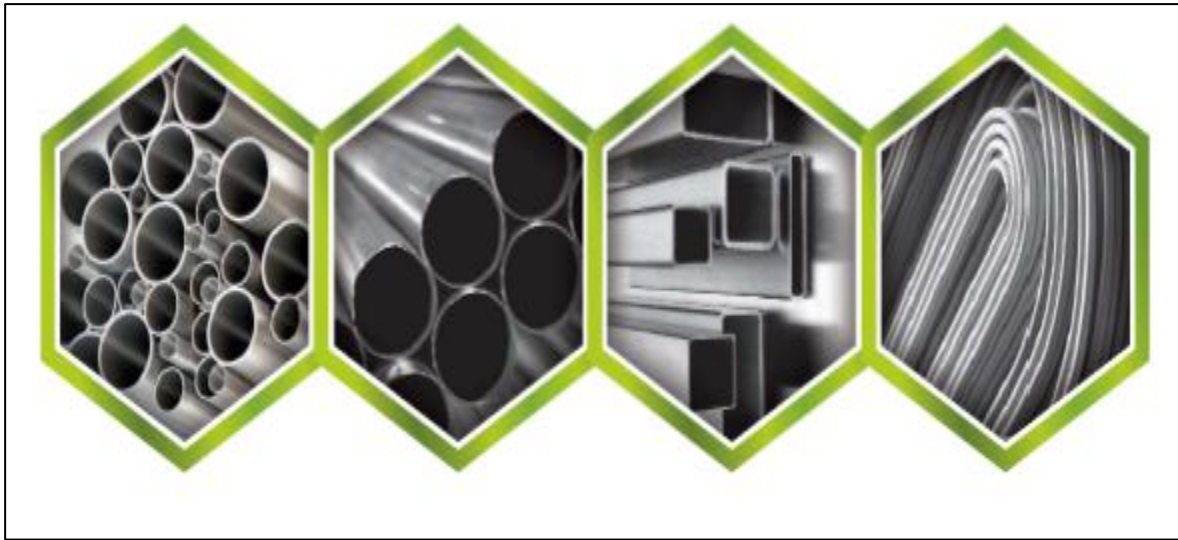


Source: Company RHP, ACMIIL Research

4) Stainless Steel (SS) Tubes & Pipes:

Stainless steel pipes and tubes are one of the important products in the steel industry and it find wide application in oil & gas, capital goods, power and several other. In the industrial sector, it is used in the manufacturer of heat exchanger, condensers, and similar industrial equipment that are used in chemical plants, fertilizer plants, pharmaceuticals, sugar, dairy & dairy products, water desalination and automotive industry amongst other. Additionally, steel pipes & tubes also find application in construction. Oil & gas and chemical & petrochemical industry - are the two largest consumers of steel pipes

and tubes – is driving the demand across the world. Thus, demand for steel pipes & tubes is linked to the demand scenario and capex plans prevalent in its end-user industries.



Source: Company RHP, ACMIIL Research

Industry Overview

Stainless Steel is a value-added product with high corrosion-resistant properties. Higher levels of Chromium and additions of other alloy elements (Nickel, Molybdenum etc.) enhance the corrosion resistance. Compared to traditional steel, stainless-steel has higher resistance to corrosion, superior aesthetic finish and higher life span. These features has helped in increasing the popularity of stainless-steel across the world.

Rapid industrialization in Indian economy, aided by favorable government policies, robust demand scenario, and penetration of export markets has led to capacity expansion in Indian manufacturing industries including automobile, chemical, electronics, pharma, oil & gas, fertilizers and many other. The resultant increase in demand for plant and machinery has had an equally strong demand for components used in manufacturing these equipment's including SS washers.

Key Industry Demand Driver

Demand from Elevators & Escalators

In elevators, SS sheet is used as interior finishing material serving as a decorative material. Depending on the requirement, SS sheet with suitable finish is used inside elevators. All modern elevators used in residential, commercial, institutional and infrastructure buildings today use SS sheet for interior finishing. Hence, the growth in elevators and its usage is a direct barometer of increasing demand for SS decorative sheet from elevator manufacturers. Apart from elevator, SS sheet also finds usage in escalators which is extensively used in shopping malls, metro stations as well as airports.

Solar Industry

SS washer also find significant application in solar panel mounting system, racking and installation. Solar grounding washer SPC-GW-25 made in stainless steel are preferred during to its durability. Thus, investment in solar industry towards solar panel to support solar industry expansion present promising opportunity for the SS washers industry.

Demand from commercial kitchens

Usage of SS sheet in kitchen stems from its inert & neutral attributes, making it an excellent antimicrobial material. It is this functional attribute, more than the decorative attribute that has made SS sheet a preferred material of choice in kitchens. Moreover, its ability to hold original design & color as well as excellent anti scratch attributes too has helped SS sheet become a preferred material in kitchens (mainly commercial kitchens). In commercial kitchens, SS sheet is used in workstations, storage cabinets, exterior material for refrigerators, cooking range, and equipments like ovens & frying stations.

Automobile Industry

Auto and auto component manufacturing is a key economic sector, contributing to nearly 2.3% to the nation's Gross Domestic Product (GDP), 25% to the national manufacturing GDP, and 4% to overall annual exports. The sector employs nearly 5 million people, underlining its importance to the industrial sector. Development in the automobile sector has strong backward and forward linkages. It governs the fortune of several industries in manufacturing segments including iron & steel and its allied metal product like SS washer.

Construction & Infrastructure

Corrosion resistance, and long lifespan has all led to wide acceptance of SS washers in construction sector application. Infrastructure development, and a surge in real estate construction (residential & commercial) has created a high demand for SS washers. In past, the boom in construction which accompanied the strong economic growth in the country has supported the rising consumption of SS washers.

Renewable Energy Target

Aggressive push for clean technology for sustainable development adopted by the Government to achieve the twin objective of reduction of carbon footprint as well as to reduce dependency on hydrocarbon-based power generation will continue to augment growth of the renewable energy sector. The Govt. has committed to reduce carbon emissions by 30% to 35% and increase renewables to 40% of the energy mix by 2030. Progressing with bullish approach on renewables, India has raised 450 GW of renewable energy by 2030. Moreover, a significant portion of new power installations will continue to come from renewables led by solar. Of the FY 2030 target, 280 GW of total 450 GW would come from solar power.

Water Resource Infrastructure

The government announce to launch The Jal Jeevan Mission (Urban) which aims at universal water supply in all 4,378 Urban Local Bodies with 28.6 Mn household tap connections, as well as liquid waste management in 500 AMRUT cities. It will be implemented over a period of 5 years, with an outlay of INR 2,870 Bn. In the wake of drying conventional surface water and growing freshwater demand from various end-user segment, India is rapidly progressing towards a water scarce nation from water stressed nation.

Export Demand

Europe and the US form the largest export market for Indian SS sheet manufacturing industry, accounting for more than 85 - 90% of the total export volume. US alone accounts for nearly 30% of total import volumes, while in Europe the key export markets are Italy, Poland, Spain, Belgium, and Russia. Apart from stable demand from building construction and other allied structures, the presence of trade barriers against imports from China and other Asian destinations has worked to Indian SS sheet manufacturing industry.

Competitive Strengths

Synergistic Business Model focused on Backward Integration

The Company has developed a synergistic system of backward integration whereby it process the waste being generated in manufacturing of their products for converting back into the raw material which is utilized again in manufacturing. Thus, the raw material required is also being generated in-house, while the waste being produced in the manufacturing process is being completely utilized, ensuring economies of scale and minimal wastage.

Consistent financial performance

RATNAVEER has grown from a single product to multi-product manufacturing company. It has demonstrated consistent growth in terms of revenues and profitability. Company's revenue from operations has grown from INR 821.23 Million in Fiscal 2011 to INR 4,797.48 Million in Fiscal 2023 registering a CAGR of 14.54% in last 13 years. Similarly, its profit after tax has grown from INR 15.42 Million in Fiscal 2011 to INR 250.44 Million in Fiscal 2023, registering a CAGR of 23.92% in last 13 years.

Wide product portfolio and multiple designs

The Company has started their business activities with manufacturing of SS washers and has since branched out to manufacturing SS finishing sheets, SS solar roofing hooks, SS tubes and pipes which has enabled them to diversify product portfolio manifold. Its portfolio comprises of over 2,500 SKUs of SS washers. Having a wide range of products not only enables them to meet the trends and ever-changing demands of its customers but also gives a Company an edge to efficiently compete with their competitors.

R&D set up for new product development

RATNAVEER has an in-house R&D facility at Unit I wherein they develop tools and molds for various products. To enhance their product offerings, they has leveraged manufacturing ability to evolve by virtue of investing in Research and Development activities. The Company is focused on undertaking dedicated R&D in their existing products and development of new products and designs in areas where there is significant growth potential and would cater to needs of their customers.

Customer Diversification

The company sells their products both in the domestic as well as international markets. In the domestic market, they sell its products to the manufacturers as well as traders/ stockists and end customers whereas in the international market they supply products through traders/stockists in the International market. Company has been exporting since incorporation and as on March 31, 2023, some of the countries they are exporting to including but not limited to Germany, UK, Spain, Netherland, etc.

Experienced Promoter

Vijay Ramanlal Sanghavi, Company's Promoter and Managing Director has over two decades of experience in the steel and stainless steel industry. He has been instrumental in achieving various milestones including setting-up of a dedicated unit in the year 2018 for manufacturing SS Tubes & Pipes (Unit II) and increasing its operating revenue from about Rs. 1,595 Mn in Fiscal 2013 to about Rs. 4,269 Mn in Fiscal 2022. The Company has received recognitions from reputed organisations from around the world including Engineering Export Promotion Council, Marsh & McLennan and Dun & Bradstreet.

Synergy of young and experienced management team with a committed employee base

The Company has a strong management team with considerable industry experience. Its key business functions like production, finance, sales and HR play an important role in efficient day-to-day operations of the Company. They endeavour to maintain a balance of experienced and young professionals in the team. Its Board of Directors includes a combination of management executives and independent members who bring in significant business expertise including in the areas of administration and management, manufacturing, finance, compliance and audit.

Effective quality control checks

RATNAVEER has developed quality control processes for inspecting the raw materials as well as the final products. The raw materials undergo a quality check and for this purpose they has implemented internal procedures for procurement of the raw material as the quality of the final product is dependent on them. Company's units has dedicated personnel responsible for monitoring the parameters of equipment, strength of materials, reporting any irregularities in the manufacturing process and making adjustments accordingly.

Key Business Strategies

Diverse, longstanding and growing global customer base

The Company has a diverse base of customers present in Indian and European geographies, as of March 31, 2023, as a result of marketing efforts. Its global customer base helps them limit their dependency on a specific customer, industry or geography thereby reducing financial and concentration risk. The company's offerings has led to consistent customer retention rates. Its long-standing relationship with customers is evidenced by their customer retention rates. Its growth strategy in these markets will be to create strong local presence and connect and expertise with required development capabilities to exploit growth potential offered by these markets.

Continue to add to product portfolio by introducing new designs

The Company's strategy is focused towards introducing new product designs to cater to the requirements of their customers as well as garnering the attention of more customers. This helps in strengthening the relationship with the existing customer network through a wide range of products while also onboarding new customers from untapped geographies. Identifying and developing new products and designs is a continuous exercise that Company's management team engages into as there is an immense demand in the global markets for unique designs, good quality and competitively priced products.

Technology integration and plant automation for cost efficiency and improved productivity

RATNAVEER has invested in the technology for manufacturing and processing and strive to continuously upgrade to the technology which ensures production of cost efficient and high-quality products. It has also adopted dedicated software for efficient and easy maintenance of the records, process automations, thus saving on man-hours and reducing the scope of human errors. Investments in technology proves to be more cost and time effective and aids in improving production output.

Financial Snapshot (Consolidated)

Particulars (Rs. in Mn.)	FY21	FY22	FY23
Revenue From operations	3,596.63	4,269.38	4,797.48
Total revenue	3,640.51	4,284.72	4,811.45
Gross Profit	321.2	414.96	569.21
Gross margin (%)	8.82%	9.68%	11.83%
EBITDA	243.21	290.59	470.22
EBITDA Margin (%)	6.76%	6.81%	9.80%
PAT	54.59	94.76	250.44
PAT Margin (%)	1.52%	2.22%	5.22%
ROE (%)	10.15%	15.46%	29.12%
Debt To Equity Ratio	2.67	2.89	2.17
Debt Service Coverage Ratio	6.27	13.14	25.26
Interest Coverage Ratio	2.02	2.49	3.83
ROCE (%)	10.33%	9.67%	12.62%
Current Ratio	1.24	1.24	1.34
Net Capital Turnover Ratio	8.7	8.35	5.8
Return on Net Worth (%)	10.15%	15.46%	29.12%

Source: Company RHP, ACMIIL Research

Comparison with Listed Peers FY23

Name of the company	Face Value	Revenue from operations (Rs in Mn.)	EPS (Rs.)		P/E	RONW (%)
			Basic	Diluted		
Ratnaveer Precision Engineering Ltd	10.00	4,797.48	7.26	8.12	12.06	29.12%
M.M. Forgings Limited	10.00	13,951.10	52.02	52.02	20.25	18.23%
Menon Bearings Limited	1.00	2,169.40	5.84	5.84	23.07	24.47%
Venus Pipes & Tubes Limited	10.00	5,523.96	22.60	22.60	59.93	9.83%

Source: Company RHP, ACMIIL Research

Risks and concerns

- The pricing in the steel industry is subject to market demand, volatility, and economic conditions. Fluctuations in steel prices may have a material adverse impact on its overall business.
- The Company's production units are located in one geographic area at Vadodara and Ahmedabad, Gujarat, any disruption in production or shutdown of units could have material adverse effects on their business.
- RATNAVEER is facing client Concentration Risk. It's dependent on a few customers for a major part of their revenues.

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