Ratnaveer Precision

Operator: Good afternoon, everyone. Today is the second day of the Bharat Connect conference, and I welcome you all to the call of Ratnaveer Precision Engineering Ltd. From the management team, we have Mr. Vijay Sanghavi, the MD of the group, and Mr. Ajay Panchal, General Manager – Finance. Before I hand over the call, I will lay out the flow of the event. We will start with a brief introduction and then move to the Q&A round. That is all from my side. Over to you, sir.

Ajay Panchal – General Manager – Finance: Good afternoon, everyone. I am Ajay Panchal from Ratnaveer Precision Engineering Ltd. I will briefly take you through the journey of our promoter and the company. Our promoters are basically from Rajasthan. They migrated from Rajasthan to Gujarat in the 1970s, and after migrating, they formed their first company, Ratnamani Metals Limited, which was a {? 20,000 crore ?} market-cap company. They are engaged in the stainless steel business, including seamless tubes and extrusion. Subsequently, after 10 years, there was a family division, and the second company they incorporated was Rajratna Wires Limited. That company is engaged in long products and stainless steel wire rod products. Again, following a further family division in 2002, they formed another company called Ratnaveer Precision Engineering Ltd.

Ratnaveer was previously the largest exporter of stainless steel washers. Our main products include finishing sheets, stainless steel washers, stainless steel circlips, stainless steel nuts and bolts, sheet metal components, and solar hooks. Apart from this, we also have a stainless steel division, including stainless steel pipes and tubes.

In the stainless steel category, we have five divisions, and this unit is a fully forward- and backward-integrated plant. We procure stainless steel scrap from the market, melt it, and use it for our final products. Whatever scrap is generated from our final products is reused and remelted for our production. Therefore, this company is a fully forward- and backward-integrated plant.

We have five units: one melting unit and three units for final products such as washers, sheet metal components, tubes and pipes, circlips, and nuts and bolts. We have one melting unit in Vatva, Ahmedabad. Whatever we melt is used to prepare billets, and the billets are used to prepare sheets for our final products.

Recently, we diversified our product portfolio from stainless steel to copper-clad laminates. This is India's first CCL project. We are going to install five CCL lines within a period of 2 years. The aggregate capacity of CCL is approximately {? 80 lakh ?} sheets per year.

Construction work for the first CCL line is already 60% complete. The machinery is expected next month, and we are planning trial production by the end of November or the first week of December. We are planning commercial production in January or February. That is our plan for the first CCL unit.

Subsequently, after the successful COD of the CCL unit, we will install the additional four CCL lines in a two-plus-two phase. The company is expected to reach revenue of approximately {? 2,500 crore ?} by 2029. This is our brief proposal for Ratnaveer Precision Engineering Ltd.

I am now connecting you with our MD. You can ask him any questions, and he will brief you about the progress of the company. Thank you very much. Please hold the line.

Report is AI-generated and may contain inaccuracies.

Operator: I request participants to please raise their hands if they have any questions or write them in the chat box.

Management: I will hand over to Mr. Sangvi, who is the MD of our company.

Vijay Sangvi – MD: Hello.

Operator: Hello, Vijay sir. Would you like to add anything to the introduction that Ajay sir has given, or should I start taking the questions?

Vijay Sangvi – MD: Yes, you can start with the questions. Alternatively, I can present a brief introduction of the company in 2–3 minutes, covering the family background and the vision of the company. I can present that first, and then you can start the Q&A session. Hello?

Operator: Yes, sir. You can introduce the company.

Vijay Sangvi – MD: First, I will introduce the company, and then you can start the questions.

Operator: Yes, sir.

Vijay Sangvi – MD: Okay, fine.

Management: So I understood [inaudible] the entire thing has already been explained, but I did not understand {? [unclear] ?}.

Management: Hello? Hello?

Operator: Yes, sir.

Management: Can we start, or are we waiting for some other participants?

Operator: Yes, sir, we can start. That is what I said.

Management: So, can I start now?

Operator: Yes, sir.

Vijay Sangvi – MD: Good afternoon, everyone. I am Vijay Sangvi, the promoter and managing director of Ratnaveer Precision Engineering Ltd., a company based in Baroda, Gujarat.

Thank you very much to Arihant Capital, the entire team, and all the investors who have taken out their valuable time to listen to Ratnaveer. The coordination team at Arihant Capital has been very gracious in coordinating such a good session.

I will now briefly introduce the company, explain the family background, and discuss the vision of the company for the next 2–3 years. Please listen patiently for 3–4 minutes, after which we will begin the Q&A session.

Ratnaveer was established in 2002. Before that, we belonged to a Jain family and migrated from Rajasthan to Gujarat in 1977. Our family's first company was Ratnamani Metals and Tubes Limited.

Report is AI-generated and may contain inaccuracies.

After the family partition, Rajratna Metal Industries Limited was established, and after another family partition in 2002, Ratnaveer was established.

We have almost 48 years of experience in the metal, engineering, and process industries. We have been working with stainless steel as a raw material for 48 years and have strong and enriched experience in the engineering industry as well.

I will now take you through Ratnaveer's journey since 2002. Ratnaveer was established in 2002. I, Vijay Sangvi, have held the position of managing director along with my father since the inception of the company.

Ratnaveer's core product is stainless steel washers. We are the largest producer of stainless steel washers in the country. A stainless steel washer is a stainless steel fastening solution. Any kind of fastening or fixing is incomplete without a washer. It plays a very important, precise, and vital role in any type of fastening solution.

We have more than 4,000 SKUs in washers. We are a backward- and forward-integrated company. We are fully integrated, from backward integration involving scrap melting to coils, and from coils to finished products, all of which we can do in-house.

We have a global presence in 31 countries, and 1,200 people are working in the company. We have plants at 6 locations. We have 6 vertical lines of forward integration businesses: stainless steel tubes and pipes, stainless steel finishing lines, stainless steel sheet metal components, stainless steel fasteners such as nuts and bolts, stainless steel Belleville washers, clip washers, and circlips. These are the 6 forward integration lines.

We have been a two-star export house for the last 15 years. We have also received awards and recognition in the small, medium, and large enterprise categories from the President of India, the Commerce Minister, and the Finance Minister for the last 15 consecutive years.

We have all the certifications and approvals for product management systems, production management systems, and product quality. We have ISO 14001, IATF, BIS, CE certification, and all other certifications required for our processes and approvals.

In May 2023, the company completed its mainboard IPO. After that, last year, FY26, we achieved a topline of 1,080 crores, EBITDA of 121 crores, and PAT of 64 crores.

For the stainless steel legacy business, we are targeting a topline of 1,800 crores in FY29, with EBITDA of 13% and PAT of 7%.

At the same time, the company has decided to grow through diversification into the electronics segment, which is called CCL. CCL stands for copper-clad laminates, which are currently 100% imported. We can substitute imports for this product. For the first time in the country, we are going to produce CCL, and the project is currently in progress. I will also give you an updated timeline for the progress.

CCL is the mother material for any type of PCB industry. Any type of printed circuit board is made using a base material, and the base material is copper-clad laminate. This is a very emerging

Report is AI-generated and may contain inaccuracies.

business with significant potential and margins.

The Government of India, through Mr. Ashwini Kumar Vaishnaw, has approved and issued an approval letter to Ratnaveer for capital expenditure of 338 crores for establishing 5 CCL lines. We have also received approval from the Government of Gujarat under the ECMS and PLI schemes.

All the raw materials have been tied up. Technical collaboration will be undertaken by a Chinese company, and we are moving forward with the new product line. This business is expected to grow at a CAGR of 50% to 60%.

In the CCL business, we are targeting a topline of 750 crores across all 5 lines once they are established, with EBITDA of 20% and PAT of 13%.

On a consolidated basis, up to FY29, the combined stainless steel and CCL business is expected to achieve a topline of 2,500 crores. The company has projected PAT of 10.5% and EBITDA of 13.5%.

The entire roadmap, business plan, and execution plan are underway. We are very confident about starting this new business line while continuing to grow the legacy business at a CAGR of 22% to 28%, which we have achieved for the last 14-16 consecutive quarters.

This is the brief update I wanted to provide to all of you. Soft copies of the presentation and several reports will be made available through the Arihant Capital team. If any investor requires them, Arihant Capital can forward them to the investors.

Thank you for patiently listening to this brief introduction to the company. Thank you very much.

Operator: Thank you very much, sir. I now request participants to please raise their hands if they have any questions or write them in the chat box. We will take the first question from Mr. Sourya. Sir, please unmute yourself and ask your question.

Sourya: Hello. Am I audible?

Vijay Sangvi – MD: Yes, you are clearly audible.

Sourya: Firstly, sir, when will all 5 CCL lines become operational?

Vijay Sangvi – MD: That is a good question, Sourya. The first line is expected to start by the end of November or the first week of December. The building for 2 lines has already been completed. The machinery for one line is on the way. The target for the trial run is the first week of December.

We are allowing 1 month for the trial run, after which commercial production can begin. Of the remaining 4 lines, 2 lines are expected to start in May-June 2027, and the last 2 lines are expected to start by December-January 2027-28. This is the timeline for installing and starting all 5 lines.

Sourya: Can you repeat the margins you are expecting in CCL?

Vijay Sangvi – MD: EBITDA would be 20%, and PAT would be 13%.

Sourya: The target is 750 crores in FY29, correct?

Report is AI-generated and may contain inaccuracies.

Vijay Sangvi – MD: Exactly. At 100% utilization of the full line, the target is 750 crores in FY29.

Sourya: What revenue do we expect from CCL in FY27 and FY28? Do we have a number?

Vijay Sangvi – MD: In FY27, there would be almost no revenue because we will start the line in December–January. Therefore, the revenue contribution for those 2 months would not be significant.

For FY28, we are targeting revenue of 350 crores from the total 3 lines that will be established. We have 6 months for 2 lines and a full year for 1 line.

Operator: Thank you, Sourya sir. I request you to please get back in the queue. I request participants to restrict themselves to 2 questions each so that everybody's questions can be answered. We will take the next question from Mr. Sahil. Sir, please unmute yourself and ask your question.

Sahil: Hi, sir. I wanted to understand the recent rights issue of approximately 330 crores. Can you clarify whether all of that will be used for CCL, or whether some of it will also be used for the stainless steel washers and that unit?

Vijay Sangvi – MD: Sahil, the 330 crore rights issue will be used for 2 purposes. One portion will be used for working capital and the other portion for capital expenditure.

The capital expenditure can be used partly for CCL and partly for the stainless steel business. The working capital can be used for both businesses together. Therefore, working capital for the stainless steel business and the copper-clad laminate business can also be funded through this rights issue.

Last year, our topline was 1,080 crores, and we are targeting a topline of 2,500 crores. Therefore, we definitely need working capital, and the funding from this rights issue will help us reach that topline of 2,500 crores.

Sahil: Understood. My second question is that there has obviously been equity dilution recently because you have been raising funds, which has also brought the promoter holding down to approximately 38.7%. Are you looking to dilute more of your stake, or do you expect this to remain unchanged for the near future?

Vijay Sangvi – MD: Sahil, we raised funds through the QIP last October–November, and we issued warrants in favor of the promoter. Of these 115 crores of warrants, 75 crores has already been paid, and our equity has already increased.

The remaining 40 crores has to be paid for the warrants by April 2027. Therefore, our equity can increase marginally when the promoter infuses these 40 crores into the company.

We also have a plan to infuse funds in May–June through new warrants in favor of the promoters. The warrants are ready because we did not participate in the rights issue, but we will definitely infuse funds into the company and increase the equity to 45% to 46% again.

Sahil: Understood. Thank you very much, sir. That is all from me.

Report is AI-generated and may contain inaccuracies.

Operator: Thank you, Sahil. We will take the next question from Mr. Iyer. Sir, please unmute yourself and ask your question. Mr. Subramanyam Iyer?

Subramanyam Iyer: Sir, I remember that in one of the conference calls you mentioned that you were trying to acquire a business in France where the promoter was getting old. Are we still pursuing that plan, where the business is more related to the aerospace sector?

Vijay Sangvi – MD: Yes, Subramanyam. We are actively identifying a company for a brownfield acquisition that would be primarily engaged in the aerospace segment.

This offer and proposal are still open. We have completed the due diligence for this company, and there are some points from the due diligence side, including FDD, that need to be resolved first. Once they are ready with the resolution of the due diligence points, and if we find suitable conditions, then this plan will definitely remain open.

Otherwise, we are also looking for another company that can work in sheet metal components, automobiles, or the aerospace sector. Therefore, this plan is still under consideration, but the company with which we will tie up has not been finalized yet. At one point, we had...

Management: We will definitely share this information with all the shareholders and openly with everyone.

Subramanyam Iyer: That is great, sir. That is all. Thank you.

Management: Thank you.

Operator: Thank you very much, sir. We will take the next question from Mr. Darshan Jhaveri. Sir, please unmute yourself and ask your question.

Darshan Jhaveri: Hello. Thank you very much for allowing me to ask the question. What revenue can the base business achieve this year and next year? Could you help us with that? I think we were initially targeting 1,800 crores for the base business by FY28, correct? So, could you help us understand the base business revenue for this year and next year?

Management – Vijay: Darshan, I could not hear your last line. Could you repeat it?

Darshan Jhaveri: What revenue can we achieve from the base business this year and next year?

Management – Vijay: Darshan, there is a very clear roadmap and the guidelines have been defined. In the current year, we are targeting a topline of 1,350 crores. In FY28, we are targeting a topline of 1,800 crores, and in FY29, we are targeting a topline of 2,500 crores when both businesses are established and operating together.

This is the clear-cut roadmap that we have defined. We are very confident and have a clear execution plan to achieve these targets. Whatever targets the company or management has provided in the past have been achieved better than forecast. Therefore, these are also conservative targets, and we will definitely achieve them.

Report is AI-generated and may contain inaccuracies.

Darshan Jhaveri: Okay, that is fair enough. I wanted to understand the machinery situation. We are ordering the next 2 lines next year. Could there be any delay? At what stage is the machinery procurement? Have we placed the order for the other 2 lines? The first line is going to become operational now. What is the timeline?

Management – Vijay: Are you referring to the CCL machines?

Darshan Jhaveri: Yes, sir, the CCL machines.

Management – Vijay: The order for the CCL machines has already been placed. The machines have already been produced, can be shipped from China, and are already on the way.

Darshan Jhaveri: What about the other 2 lines, lines 3 and 4?

Management – Vijay: For the other 4 lines, we plan to place the order in December-January. We expect delivery in March, and April-May would be the target for the remaining 2 lines as well.

We are giving them 4 months for the order process, which should be sufficient time. The first line involved a time-consuming process, but now we only need to replicate these machines or provide some modifications and suggestions for process improvement. Therefore, the process should take less time. Our target is to place the order for the other 2 lines by December-January.

Darshan Jhaveri: Okay. I will get back in the queue. I have more questions.

Operator: Thank you, Darshan sir. We will take the next question from Disha. Please unmute your line.

Disha: Hello. Yes.

Management – Vijay: Yes.

Disha: Am I audible, sir?

Management – Vijay: Yes.

Disha: I have one question. Firstly, regarding our current CCL prices, what are the prices per sheet right now?

Management – Vijay: That is a very interesting question regarding CCL. Two and a half years ago, when we received the approval, the selling price of CCL was 1,250 rupees per sheet. Today, this price has reached approximately 4,000 rupees per sheet. That is the current selling price.

The price has increased by more than 300% in the last 1 year, and this has been a game changer for the company. Raw material prices have increased by 30% to 40%, but finished product prices have increased by {? 250% to 300% ?}. This can be a game changer, and margin expansion may also be possible.

If prices remain at 4,000 or 4,500 rupees per sheet, significant margin expansion could be possible. Once our line starts and we receive orders, we can revise our guidance. This could be

Report is AI-generated and may contain inaccuracies.

favorable, and there could be significant potential for margin expansion.

Disha: If we assume a realization of 4,000-4,500 rupees per sheet, then I think the revenue potential per line alone could exceed 700-800 crores.

Management – Vijay: Yes. I already told you that we are maintaining the same guidance that we had provided 2-2.5 years ago, based on an assumption of 1,250 rupees per sheet.

We have already provided that number. We are not presenting any overly optimistic picture suggesting that the numbers will automatically increase. However, since the current price is 4,000 rupees, the numbers will definitely increase, and profit margins and the bottom line can improve significantly.

Once our first line starts and we begin taking orders, the guidance and the numbers may change.

Disha: That is fair enough, sir. Just one last...

Operator: I am sorry, Disha. I cannot take more questions. It is only a follow-up to what you asked. Please ask just one last question.

Disha: Regarding pricing, where do you see these potential pricing levels? Are these levels sustainable in the current market? How do you view the demand and supply dynamics? Even if prices were to fall, to what extent do you think they could correct? Please also share your general view on the price trajectory.

Management – Vijay: Disha, this is a very difficult question, honestly. In this business, nobody knows what the optimum price levels should be or what the bottom levels will be.

When we started the project and prepared the TEV report, the price was 1,250 rupees per sheet. Today, it is 4,000 rupees. Margins have been increasing rapidly.

There was a significant demand-supply shortage. PCB manufacturers have orders for 3 and 4 years, but they do not have CCL as a raw material in their companies. If they place an order with a Chinese company today, they will not receive delivery for 9-12 months even after paying 100% of the amount.

There is significant potential because the Indian market is only beginning. We are the first company in India that is going to produce this product. You can understand that this is an industry with 40% to 50% CAGR growth, and the shortage is very significant.

The Government has already published news about this. The Indian Printed Circuit Board Association has published articles and news and has also submitted a representation to the Government stating that CCL is not available.

The Government is also strongly urging us to produce CCL faster so that the Indian PCB industry can be served properly and quickly.

However, I do not believe that prices will fall in the very short term. There may be a possibility of an increase, but to the best of our knowledge, there is no possibility of a decrease. Thank you.

Report is AI-generated and may contain inaccuracies.

Disha: Thank you very much, sir. All the best.

Operator: Thank you. I request participants to restrict themselves to 1 question each because there are more than 10 hands raised and everyone should get an opportunity to ask questions. We will take the next question from Mr. Gaurav Shukla.

Gaurav Shukla: Hello, sir. In your latest podcast, you said that the funds raised through the rights issue were for the second line. Will you make a separate investment or undertake dilution for the 5 lines or 5 machines? I wanted to understand that.

Management – Vijay: Gaurav, what I explained was that to increase the topline from 1,080 crores to 2,500 crores, the working capital requirement will be funded through the current banking facility and partly through the funds raised in the rights issue. That is the first point.

Second, the capital expenditure of 390 crores for the CCL business and 472 crores in total, including the stainless steel business, to be incurred over 2 years can also be funded partly from the rights issue proceeds. The balance will have to be raised through a term loan from the bank.

At present, the company does not have a large amount of long-term debt. Therefore, the company can take a term loan, through which we can also utilize the interest exemption benefit available under the ECMS and PLI schemes.

Gaurav Shukla: Okay, sir. Thank you.

Management – Vijay: Thank you.

Operator: Thank you very much, Gaurav sir. We will take the next question from Mr. Nikhil Kumar. Sir, please unmute yourself and ask your question.

Nikhil Kumar: Am I audible?

Operator: Yes, sir.

Nikhil Kumar: I am trying to understand something. You mentioned that in FY28, the expected revenue from the CCL line is approximately 350 crores and the overall consolidated revenue is approximately 1,800 crores. This would mean that revenue from the base business would be approximately 1,450 crores.

Are we saying that the growth of the base business will slow down going forward? Currently, we appear to be growing at close to 30% in the base business, from approximately 1,000 crores to 1,350 crores. Am I understanding this correctly?

Management – Vijay: No, Nikhil Kumar, you have interpreted it incorrectly.

First, revenue will increase from 1,080 crores to the current-year target of 1,350 crores. Therefore, growth of 27% to 28% will be reported in the current year itself from the base business.

Next year, revenue of 350 crores from the CCL business will be added. In addition, the base business can see revenue growth of 15% to 20% next year, which can take us to a topline of 1,800

Report is AI-generated and may contain inaccuracies.

crores or 1,850 crores.

As I said earlier, the numbers we have provided so far have been conservative, and we have delivered much better than those conservative numbers for the last 16-17 quarters. Therefore, these numbers will also definitely be revised going forward.

However, you can see that average growth of 22% to 28% will be maintained.

Nikhil Kumar: Understood, Vijay. I have one more quick question on this...

Operator: I am sorry, sir, but I will not be able to take your question. We will take the next question from Vandita. Please unmute yourself and ask your question. Hello, am I audible? No, ma'am, please speak a little louder. Am I audible now? Yes, ma'am.

Vandita: My question is regarding CCL. Do we have any commitments from customers?

Management - Vijay: Vandita, that is a very good question, and it is good to hear you. We have received several soft confirmations regarding exclusivity of the lines, long-term contracts, and demand-supply contracts.

There is a significant demand-supply gap. We are the first producers. At present, the entire PCB industry almost does not have CCL material available. This has been clearly shown in articles published by the association and in newspaper articles. They have also submitted a request to the Government to find a solution for the availability of CCL.

There is a significant gap, which is why CCL prices have increased by more than 250% in the last 12 months. Chinese suppliers are also not delivering CCL products before 9-12 months.

The industry is short of material, so it has welcomed us very warmly and is ready to place orders. We have soft confirmations available. By the end of October or the first week of November, once our machines arrive, commissioning will start, after which we will begin the order-booking process.

Vandita: Thank you, sir. Would it be possible...

Operator: I am sorry, ma'am, but I will not be able to take more than one question because there are more than 10 hands raised. Everyone should get an opportunity to have their questions answered. This is a request to all participants. We will take the next question from Mr. Rahul.

Rahul: Hello?

Operator: Yes, Rahul sir.

Rahul: Am I audible?

Operator: Yes, sir.

Rahul: First, I congratulate you for being the first producer making CCL in India. As you mentioned, the promoter did not participate in the rights issue, could you please clarify who subscribed to the rights issue?

Report is AI-generated and may contain inaccuracies.

Management – Vijay: At this moment, I cannot disclose the numbers on a general platform. However, the promoter had completely infused funds of 115 crores into warrants 4 months ago. Therefore, we did not invest in the rights issue.

Second, we plan to complete the first warrants and convert them into equity by April 2027. After that, in May–June, we plan to add further funds to the company through warrants and again maintain our equity at 45% to 46%.

This is the plan, which I have already explained in response to questions from some investors.

Regarding the names of the investors, several funds, FIIs, DIIs, AIFs, large HNIs, and ultra-HNIs participated in the rights issue. It was a great success despite the promoters not participating.

Operator: Thank you very much, Rahul sir. We will take the next question from Vinay Maheshwari.

Vinay Maheshwari: Hello? Hello? Hello?

Operator: Yes, Rahul sir, please get back into the queue.

Vinay Maheshwari: Hello?

Operator: Rahul sir, please get back into the queue. Okay. Vinay sir, please ask your question.

Vinay Maheshwari: Thank you for taking my question. The overall PCB market is approximately 35,000–40,000 crores. Of this, domestic manufacturing in India is approximately 5,000 crores.

Our TAM is 30% to 35% of that, which is approximately 1,500–2,000 crores. If this grows by 35% to 40%, the market will become approximately 4,000 crores in 3 years.

Our capacity will be approximately 500–550 crores in 3 years. Wipro, Kaynes, and Syrma are also coming up with significant capacity. How confident are we about utilizing this capacity? Will there be oversupply compared with demand? What do you think, and how will we be able to utilize our capacity?

Management: Vinay, that is a good question. Regarding capacity utilization, the market is currently emerging with a CAGR growth of 50% to 60%. You can imagine the current shortage of CCL. With growth of 50% to 60% CAGR, there will be tremendous and extraordinary investment in the PCB industry, and later in semiconductors and data centers as well.

The gap between demand and supply is expected to remain a shortage for at least the next 5–7 years. That gap will continue to be available.

Second, Wipro and {? Ratnaveer ?} have received approval from the Government of India under the {? IT hardware ?} and PLI schemes. Wipro is also setting up facilities. These are similar facilities to what we are establishing in the first line.

As far as we understand from the available information, Wipro and we will have equal capacities. Wipro is primarily setting up the facility for backward integration and captive consumption. {? Ratnaveer ?} will serve the open market. Therefore, this will not be direct competition.

Report is AI-generated and may contain inaccuracies.

Regarding Kaynes and Syrma, they initially plan to invest in flexible PCBs, for which they have received approval. However, regarding CCL, they have already announced that they will not enter before 2030-31.

Therefore, there is a longer time period before they can look at CCL. Their core expertise is in PCB manufacturing, and according to the available information, they will focus first on PCB manufacturing. We do not have clear information on whether either company has received approval for CCL.

However, Wipro and {? Ratnaveer ?} will receive the approval and move forward. Thank you.

Vinay Maheshwari: Thank you, sir, for answering.

Operator: Thank you very much, Vinay sir. I request you to please get back in the queue. We will take the next question from Mr. Chirag. Chirag sir, please ask your question.

Chirag: Thank you for the opportunity. First, I have a clarification and then my question. Why did you not participate in the rights issue? I understood the argument that rights issues are generally priced much lower than the warrants and QIP pricing. That is just a clarification.

Second, regarding comparative intensity in both the stainless steel and CCL businesses, can you provide some broader perspective on how we should think about it and what the real moat is, even if capacities are added? What is the real strength? The reason I ask is that our return-on-capital profile is not very good as of now. Could you highlight these 2 points?

Management: First, regarding the rights issue, I have already explained this 2-3 times, but I will explain it again. The promoters infused {? 115 crores ?} just 2-3 months ago, in May {? '26 ?}, and we had already infused 75 crores before the rights issue.

The remaining 40 crores can be infused by April {? '27 ?}. We did not participate this time because one event is still open. Only after it is completed can we participate in the second event. That is the first point.

Second, we are also planning another promoter infusion in May-June {? '27 ?} to balance our equity and infuse additional funds. That was the plan. This is the clear reasoning behind it.

Regarding the company's roadmap and plan for ROCE, or return on capital, the company has infused funds only over the last couple of years. The company has been progressing and undertaking capital expenditure and greenfield projects successfully over the last 2 years.

Over the next 2 years, we will also establish the CCL plant. The investment will be {? 390 crores ?} plus {? 72 crores ?}, for a total investment of {? 472 crores ?}.

When we deploy funds into capital investments, ROCE cannot be very high immediately. However, once the operations begin and the revenue and PAT numbers are generated, ROCE will change immediately.

If you look at ROCE on the basis of {? FY29 ?} numbers, it will change drastically. I think this covers your questions.

Report is AI-generated and may contain inaccuracies.

Operator: Thank you very much, Chirag sir. I request you to please get back in the queue. Ashish sir, please unmute yourself and ask your question.

Ashish: Am I audible, sir?

Operator: Yes, Ashish sir.

Ashish: Good afternoon, sir. September is almost complete, October is around the corner, and November will be here soon. I wanted an update on our preparation for the copper-clad laminate machines. The teams will also be arriving. Are you currently seeing any challenges that could cause a delay, or is everything proceeding smoothly? Please provide an update.

Management: Ashish, the building has already been completed. The machines are on the way. We require 45 days for commissioning, and the commissioning schedule is ready.

The team members' visas have been received. As soon as the machine reaches India, the team will arrive here.

Second, we will be ready for the trial run by the end of November or the first week of December. The machine will undergo the trial run, and after the trial run is completed, we will enter commercial production.

So far, we do not see any challenges, and we do not see anything that could cause a delay. If anything does arise, we will definitely remain in contact with you, but we are on the way and on schedule to move forward with this journey.

Ashish: Thank you very much, sir. We wish you the best.

Management: Thank you very much, brother.

Operator: Thank you very much, Ashish sir. We will take the next question from Mayuresh sir. Please unmute yourself and ask your question. Mayuresh sir? In the meantime, we will take the next question from Mr. Ashish. Ashish sir is done. Abhishek Chaurasia.

Abhishek Chaurasia: I wanted to understand the factors driving the base business growth.

Management: What are the factors?

Abhishek Chaurasia: What are the factors driving our base business growth, particularly in the fasteners and the base business that we are currently operating?

Management: The base business has been growing at 22% to 28%. We have 25 years of experience in this business. Our order-book position is also strong, and we have been working in this business for many years.

There are no new challenges or obstacles that we foresee for growth. We are confident that we can deliver what we have committed.

Abhishek Chaurasia: What are the reasons for this growth?

Report is AI-generated and may contain inaccuracies.

Management: The demand is good, we have strong potential customers with us, and the market is accepting the product very well because we have been in this business for 25 years.

We are operating and growing in the same business, and we are currently capturing only 5% to 6% of the market share. Therefore, there is still scope to increase our market share.

Operator: Thank you very much, sir. We will take the next question from Ashish sir. The last 5 minutes are left, so please be brief. Ashish sir?

Ashish: All my questions have been answered, ma'am.

Operator: Thank you. We will take the next question from Vinay sir. Vinay sir, please go ahead.

Vinay Maheshwari: How many sheets are currently consumed in India for PCBs, and how much is manufactured domestically?

Management: Vinay, the current situation is that even after placing an order, delivery is not being received for 1 year. This means that international demand is higher than the quantity being produced domestically and internationally.

Second, India is dependent on imports to a much greater extent than its domestic requirement. That is why prices are increasing.

Once our domestic production starts, we will have the exact details. This industry is also growing at a CAGR of 50% to 60%, so the demand and supply gap changes every day.

The numbers keep changing, so there is no fixed mechanism at this point. Even after establishing 5 lines, the capacity we create will be 1 line producing {? 15 lakh ?} sheets. The 5 lines will produce {? 75 lakh ?}, meaning 8 million pieces.

Therefore, despite this, we will be able to capture only 2% to 2.5% of the market. This should help you understand how large the market is.

Vinay Maheshwari: Okay. Thank you for the answer, sir.

Operator: Thank you, sir, for the answer. We will take the next question from Mayuresh sir. Sir, are you able to unmute yourself? Yes, Mayuresh sir, please ask your question. Mayuresh sir, we cannot hear you.

In the meantime, we will take the next question from Rahul sir. Rahul sir, please unmute yourself and ask your question.

Rahul: As you mentioned, debt of {? 750 crores ?} will come in {? FY29 ?}. What will be its realization and capacity utilization?

Management: Could you please repeat that?

Rahul: Regarding the {? 750 crore ?} revenue expected from CCL, what will be the realization?

Management: I have already told you that EBITDA will be 20% and PAT will be 13%.

Report is AI-generated and may contain inaccuracies.

Rahul: No, sir. I mean what will the realization be, or what will the price of the CCL sheet be?

Management: The current operating price is 4,000 rupees per sheet, and the current price is 4,000 rupees per sheet.

Once we start order booking, we will provide the exact numbers, and the company's guidance may change. If prices increase and revenue grows beyond the current estimate, we will revise and update the numbers.

However, at present, our numbers of {? 750 crores ?} are based on a price of {? 1,250 ?} per sheet.

Rahul: Okay, sir. Thank you.

Operator: Thank you very much, Rahul sir. We will take the next question from Ankur Agarwal. Sir, please unmute yourself and ask your question.

Ankur Agarwal: I wanted to understand our calculation based on {? 1,250 rupees ?} per sheet. If we produce {? 15 lakh ?} sheets on one line, how much raw material will be required at today's cost? Would it be 40%?

Management: Copper foil accounts for 27%, glass fabric accounts for 32%, and the mixture of filler, epoxy resin, glue, and chemicals accounts for approximately 22%.

The remaining portion consists of other raw materials. This is the 100% raw material breakdown. That is the first point.

Second, when the sheet price was {? 1,250 rupees ?}, our material cost was {? 888 rupees ?}, and the gross margin was 30%. After calculating the margin conservatively, we estimated EBITDA at 20% and PAT at 13%.

Operator: Thank you very much, everyone. Due to time constraints, I have to end today's call here. I would like to thank the management and the participants for taking the time to join and share their insights.

If participants have any further questions, they can contact the Arihant Capital team. They can help connect you with the {? Ratnaveer's ?} team. Thank you, everyone.

Management: Thank you. On behalf of the Arihant Capital team and the investors who have shown such strong interest in our products and in understanding the company, thank you for participating in this question-and-answer session.

I am very happy, grateful, and thankful to all of you for joining despite your busy schedules and arranging this call. We will be happy to address any queries received from investors through Arihant Capital. Please send us the questions, and we will definitely respond to these points.

Thank you very much. Have a lovely evening.

Operator: You too, sir.

Report is AI-generated and may contain inaccuracies.

Ratnaveer Precision

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.