

Unless born to illustrious parents, all great companies start life as SMEs !!



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RPEL's first Global Advisory Meet, Corporate Office, Jaipur, India.

Left to right: Mr. Rajesh Kabra, Mr. Sanjay Kabra, Mr. Graham Cooper, Mr. Jan Kjellberg, Mr. Shyam Kulkarni, Mr. Raghav Kabra

Snapshot

- ❑ Total Weightage % in portfolio = 6% (CMP 302)
- ❑ Two Phase Buying Strategy = Buy 3% between Rs 302-335 & average down 3% between 270-290 range.
- ❑ Price Target = Around Rs 750+ in next 12 months; Rs 1500+ in next 3 years & 10x in next 5-6 years. If everything goes as expected it can be 50-100x in next 10-12 years!!!
- ❑ RPEL was set up by the Jaipur-based Kabra family in 2009. The company manufactures ramming mass used for coating the inner surface of induction furnaces. The company went public in May 2016 and has provided consistent returns on shareholders funds.



Market Cap	₹ 329 Cr.	Current Price	₹ 302	High / Low	₹ 322 / 87.0
Stock P/E	35.8	Book Value	₹ 59.8	Dividend Yield	0.00 %
ROCE	22.7 %	ROE	17.2 %	Market Cap to Sales	5.10
Promoter holding	69.6 %	Price to book value	5.06	Debt to equity	0.00

Source: Screener.in, As on May 16th, 2021

Record breaking quarterly results

- ❑ The quarterly results of Raghav Productivity Enhancers Limited for the quarter ended March 21 **surpassed all previous records for the same period.**
- ❑ The company set a new quarterly revenue record of 21.13 crores, **breaking its own previous high.**
- ❑ This highlights the company's product demand even during the ongoing pandemic, as well as its **ability to rapidly adjust to changing circumstances.**
- ❑ RPEL has also paid 4.5 crores towards repayment of borrowings and incurred 2.27 crores on purchase of fixed assets which would act as a fuel for growth in future.
- ❑ **Revenue Up 40% QoQ & Profit Up 130% QoQ.**
- ❑ Historically they have performed well: **Sales growth (10Yr) 27%; Profit growth (10Yr) 98%; ROE (10Yr) 22%.**
- ❑ Company started paying dividend also from this financial year.



Source: Company Disclosures

Futuristic company setting governance benchmark

Dear Investors,

As Warren Buffett said **"If the Business Does Well, the Stock Eventually Follows"**

In other words, if a company has a consistent and outstanding operating history, is generating high and sustainable profit margins and its share price is trading below expectations for its future growth, **then it's a stock you may want to own.**

Companies that meet the above criteria have the highest potential to deliver a high return on investment while also eliminating potential losses. **These are the companies that you know will be around for a long time.**

Secondly, businesses that generate recurring revenues by targeting a large market with perpetual demand have tremendous potential, apparently any particular stock is bought taking into account the **industry in which the business operates, the extent of competitive advantage and the future potential for its goods.**

Our latest recommendation is one such company from industrial sector. A company that outclasses every other firm in the market by serving the finest quality Acidic Premix Ramming Mass, Neutral Ramming Mass, Ramming Mass Powder, Silica Ramming Mass, Casting Powder, etc., and a lot more. **Raghav Productivity Enhancers Ltd. is a futuristic company that has always focused on enhancing its ability so that it can deliver more to the clients.**

The stock is trading at a current P/E of 35.8 as against industry P/E of 16, which indicates the confidence of investors in the stock, due to which it is trading at a premium. With ROE at 17% and ROCE at 23%, **this company has performed exceptionally well in utilizing its debt and capital.**

RPEL's is looking to expand further by manufacturing quartz used in artificial marble, another segment with a large global addressable market. The emphasis at RPEL is on being a **governance benchmark, and the company is well recognized for taking its industry ahead when, like cement, ramming mass was once thought to be a regional commodity, but by expanding to PAN India, and even globally, RPEL has debunked all those myths.**

The largest ramming mass producer in India

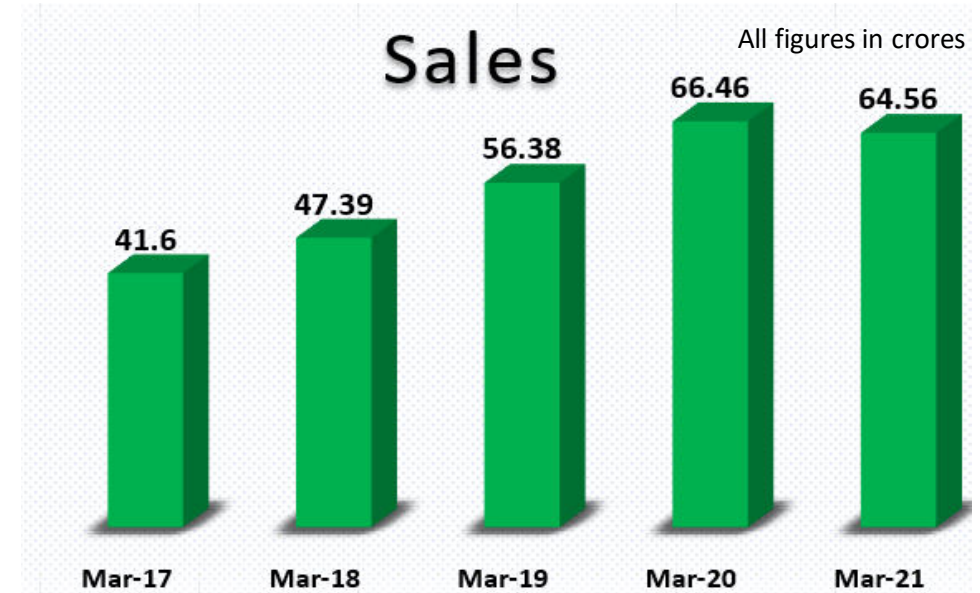
- ❑ Raghav Productivity Enhancers Limited is located in Jaipur, India, and was established in 2009.
- ❑ Raghav Ramming Mass Limited was the company's previous name until November 2017, when it was renamed Raghav Productivity Enhancers Limited.
- ❑ Raghav Productivity Enhancers Limited is an Indian company that produces, trades, supplies, and sells ramming mass.
- ❑ White, acidic, high quality, premixed, silica, packed, neutral, white premix, acidic premix, magnesite, quartz, ladle, and nali top ramming mass, as well as ramming mass powder and silica ramming mixes, are among the company's products.
- ❑ Its ramming mass is used in iron lining, blast furnace trough lining, and induction furnace trough lining, as well as an insulation for rapid drying.
- ❑ It also sells its goods abroad. **The company supplies to over 100 Large Steel Plants in India and it also exports overseas to around 20 countries having Large Steel Plants in Africa, Middle East and South East Asia.**



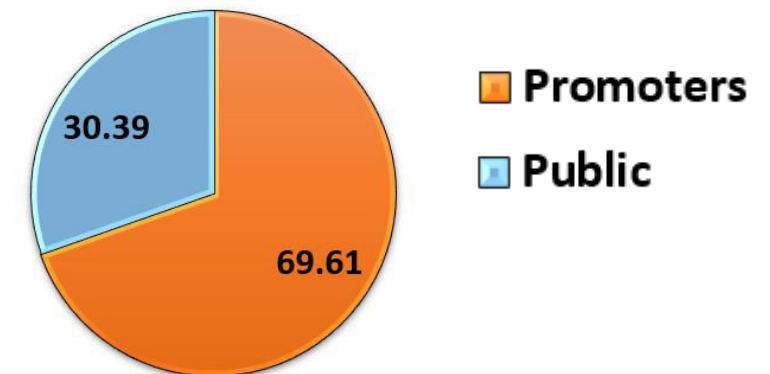
2.16 Lakh Metric Tonnes per annum production capacity



10% largest market share in the industry



Shareholding Pattern



Source: Company Disclosures

Large addressable market size

Ramming mass market for Steel

According to a CRISIL survey, the market for ramming mass is projected to be 800,000 MTPA (metric tonnes per annum) with a value of approximately 3.6 billion dollars. The methodology used for determining this data takes into consideration steel production through induction furnace route, average ramming mass required for one metric tonne of steel production and an estimated under-reporting of steel production by companies in India.

10

₹ billion, size of ramming mass market for steel in India, 2019

5,000

Number of foundries in India
(Source: Indian Institute of Foundrymen)

35,000

Number of foundries globally
(Source: Cluster Observatory)

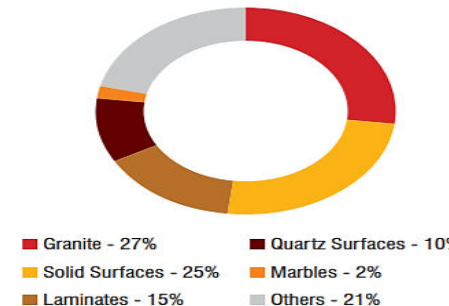
Foundry Industry

RPEL plans to expand into the production of foundry grade ramming mass, which has higher realizations and which will help the company avoid being too reliant on the induction furnace-centric steel market.

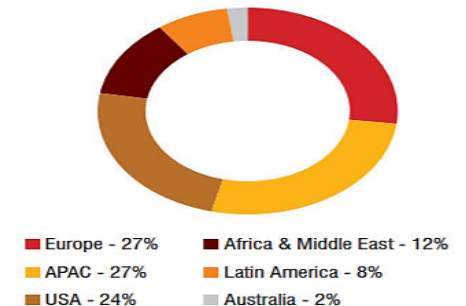
Quartz segment

Extension of the product range from ramming mass to HPQ will open up newer industries like glass, ceramics and optics which will also augment the competitive advantage of RPEL.

Share of quartz surface is 10% in global counter top demand



Counter tops are most popular in developed nations



SOURCE: CRISIL RESEARCH

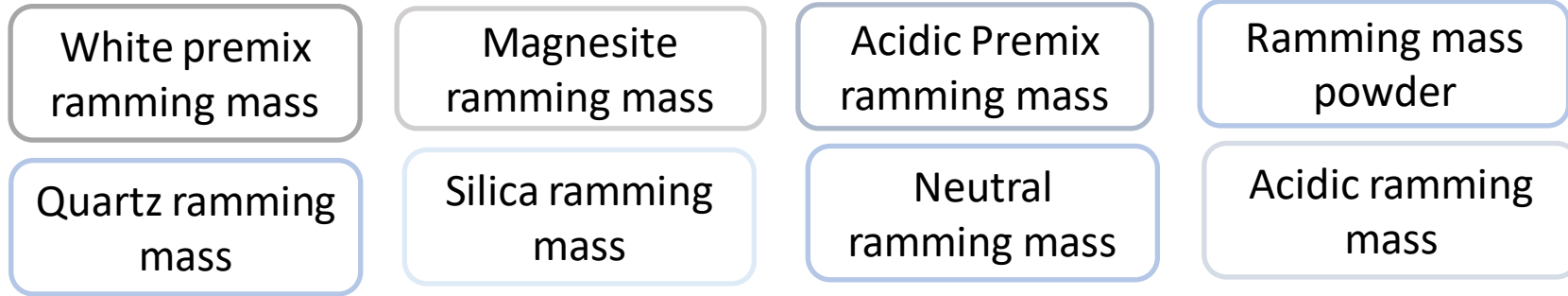
Source: Company Disclosures

Huge range of products and customized solutions

1. Ramming Mass

Types of Ramming Mass

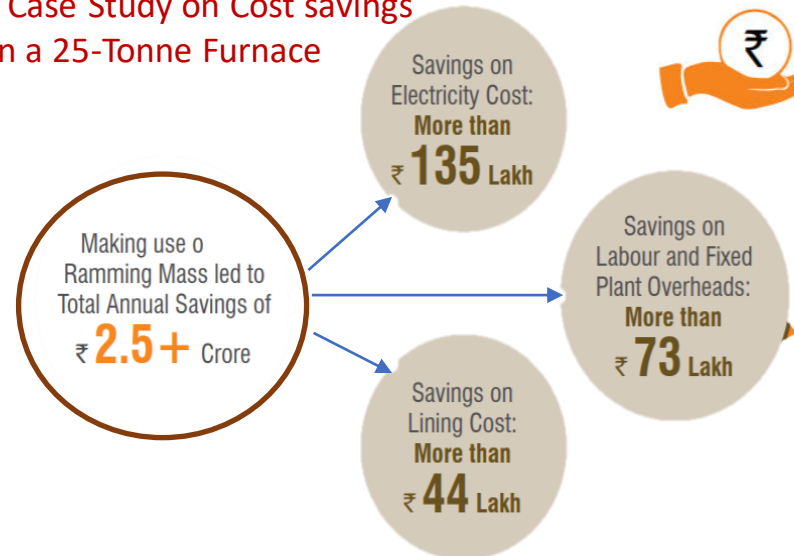
Raghav Productivity Enhancers Ltd. sells a varied range of ramming mass mixes to suit the requirements of different clients.



Key benefits to Steel plant manufacturers

- RPEL's product is of premium quality which is reliable and consistent
- It leads to higher productivity of steel by consuming less ramming mass
- It has the ability to provide 25 to 50% higher number of heats by using RPEL's products

A Case Study on Cost savings on a 25-Tonne Furnace



As can be seen, using RPEL's ramming mass saved 1.35 crores on electricity, more than 73 lakhs on plant and overhead, and 44 lakhs on lining costs for a 25-tonne furnace.

Source: Company Disclosures

Products (contd.)

2. Refractories Products

- ✓ Refractory products are primarily used in furnace, kiln, incinerator, and reactor linings.
- ✓ They're also used to make crucibles and moulds for glass and metal casting, as well as surfacing flame deflector systems for rocket launch structures.
- ✓ **These are high-quality products that provide excellent results and are highly sought after for their corrosion resistance and high performance.**
- ✓ It has a higher degree of thermal stability and a longer life cycle.
- ✓ The substance guarantees a smooth passage and is free of impurities and other potentially harmful particles. These have a high absorption capacity, which increases their demand and importance. **The buyers are fascinated by its ability to retain heat for an extended period of time, which RPEL is recognized for.**

23.2 USD Billion, 2020

Market size for Refractories

27.4 USD Billion, 2025 F

CAGR 3.4%

Casting Powder



Nozzle compound powder



Tundish Board

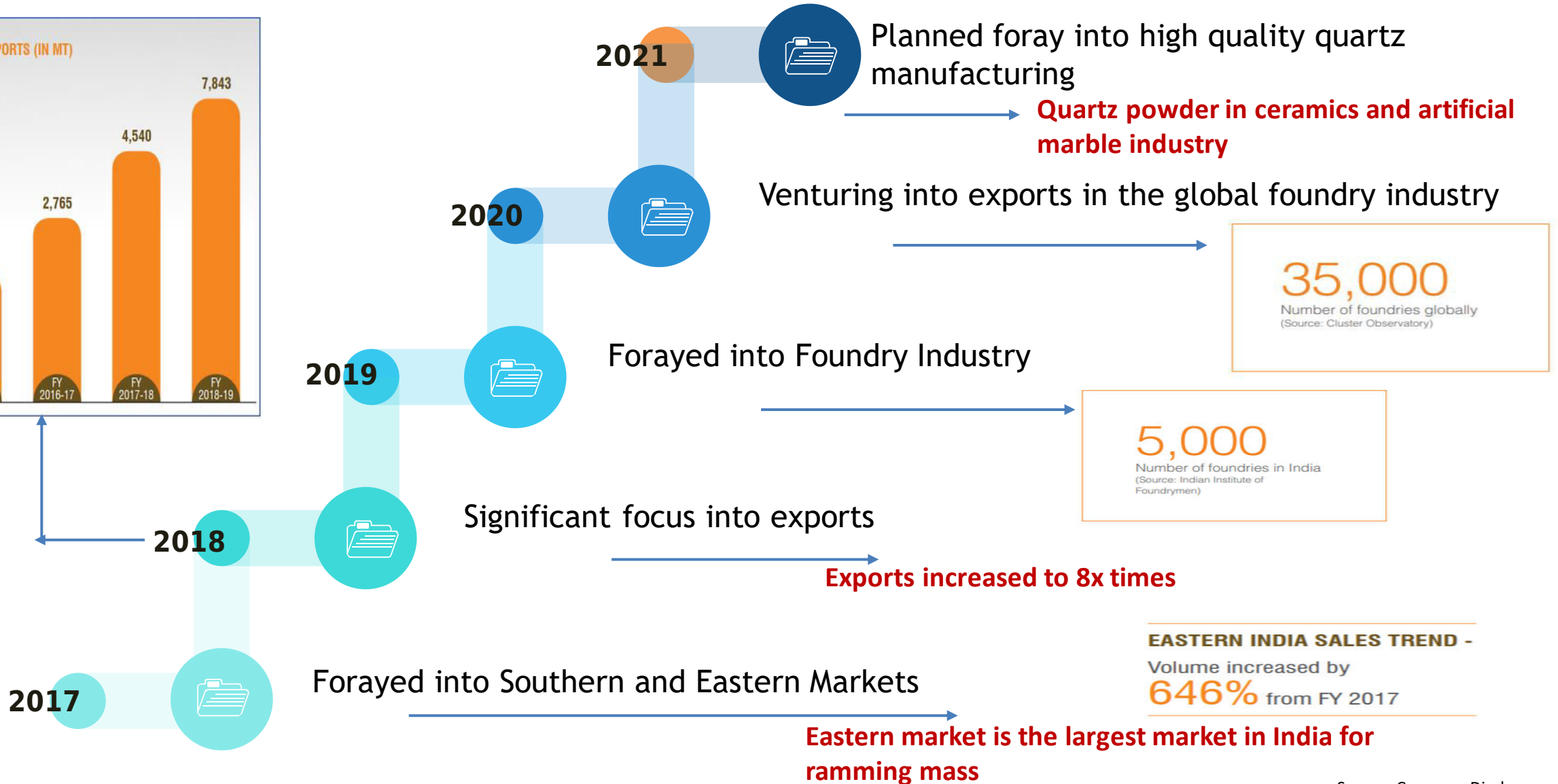
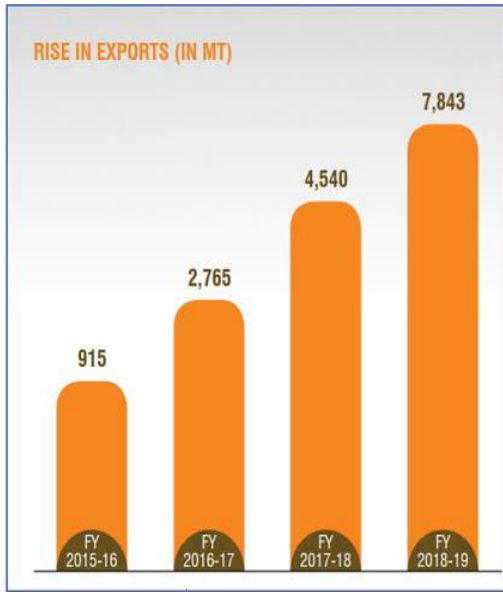


Asbestos Sheet



Source: Company Disclosures

Climbing up the ladder of multifaceted growth



Source: Company Disclosures

SWOT Analysis



Strengths

- Proximity to top quality quartz in Rajasthan which is considered amongst the best in the world
- World-class, fully-automated plant at a single-location
- Leading R&D in the form of Application Innovation, Product Innovation and Re-engineering Costs



Weaknesses

- Cyclical Nature of business operations
- Huge working capital requirement



Opportunities

- Foray into the Foundry Industry
- New opportunities of venturing into the development of high quality Quartz Powder
- Expansion to newer geographies



Threats

- Dependence on development of Steel Industry
- Highly unorganized market

Investment Thesis

The ramming mass industry is closely linked to the steel industry, especially steel plants that use induction furnaces to produce steel. With the growing number of induction furnace-based steel plants in India, the macro-opportunity remains extremely appealing.

And, as India strives to become a manufacturing powerhouse through policies such as Make in India, the steel industry has emerged as a major focus field, given the industry's dependence on a variety of sectors.

India is currently the world's second-largest steel producer and is on path to become the world's second-largest steel user, with the industry accounting for around 2% of the country's GDP. The industry has the potential to help India regain its positive trade balance in steel as well as to drive the country's export manufacturing capabilities.

Though the steel industry in India and the rest of the world is grappling with certain challenges, a push from the government and the adoption of emerging technologies will enable India to become a USD 5 trillion economy in next few years and to achieve the goals outlined in National Steel Policy, 2017.

The investment thesis on Raghav Productivity Enhancers Ltd. is based on the following:

- ❑ **RPEL is the only organized player in the industry with fully automated and updated processes and systems. It has been conferred with the Asia's Most Trusted Ramming Mass Brand Award by IBC Research, USA**
- ❑ **A truly global player, RPEL has expanded exports to over 20 countries, thus benefiting from high margins and better payment terms.**
- ❑ **With its emphasis on research and development, RPEL's products are of superior quality which cater to requirements of many established steel players in the industry.**
- ❑ **RPEL has a strategic advantage thanks to a world-class professional advisory board that serves in the top management.**

A) Only organized player in the industry



There was a time when the production in this sector was almost entirely manual.

RPEL improved performance and productivity by investing in India's first fully automated ramming mass factory.

It has patented technologies and operates the world's first fully automated VSI-based crushing plant (iron-free crushing), giving it an unmatched efficiency advantage.



GST- THE GAME CHANGER

Approximately 80% of the players in the ramming mass industry are unorganised. With the introduction of GST, they are being pushed to become more organised, as they will lose the GST input credit if they do not.

In addition, their customers will miss out on the GST input credit, increasing their total costs and, in turn, reducing their competitive advantage.

The dynamics of the entire industry have shifted in favour of organised producers. **For the ramming mass industry, particularly for organised players like RPEL, the implementation of GST has been a game changer.**

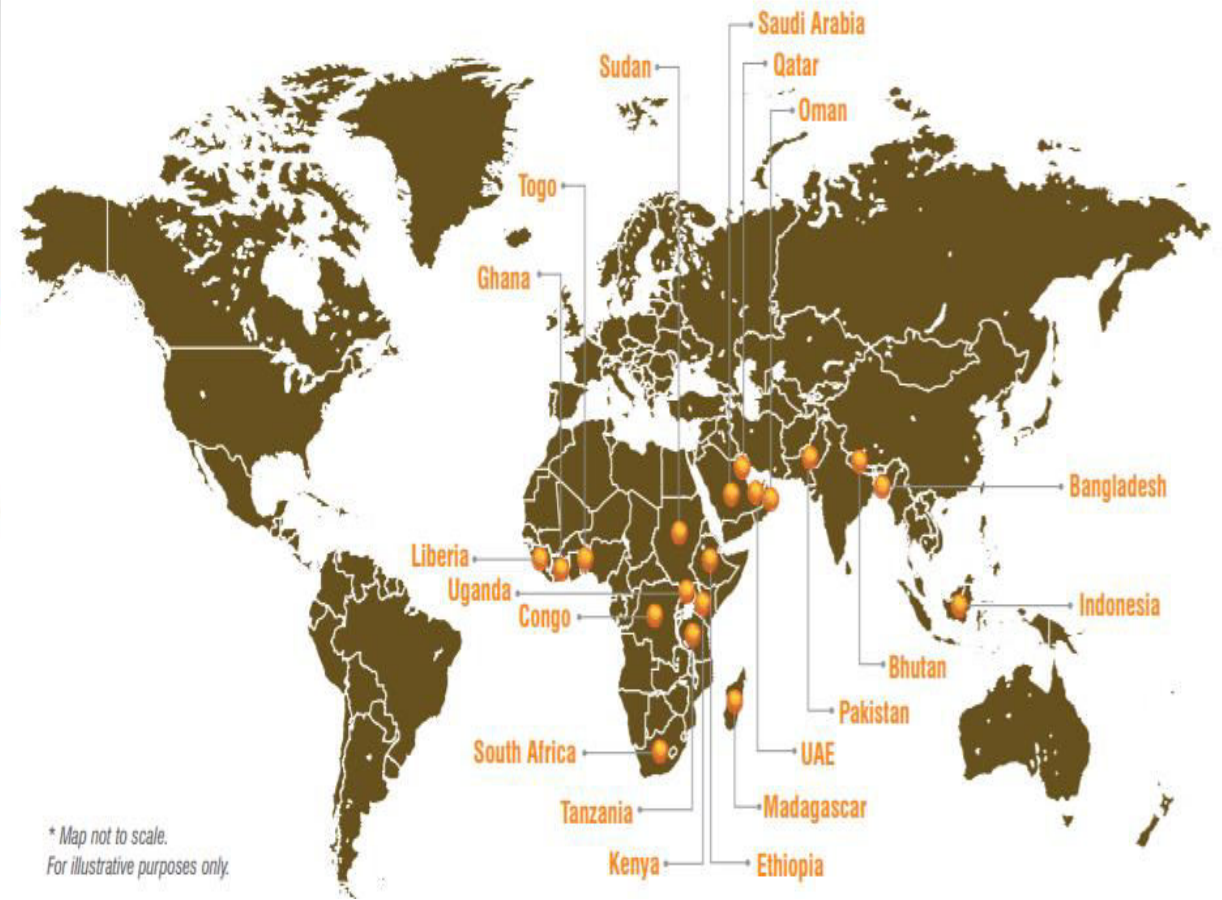
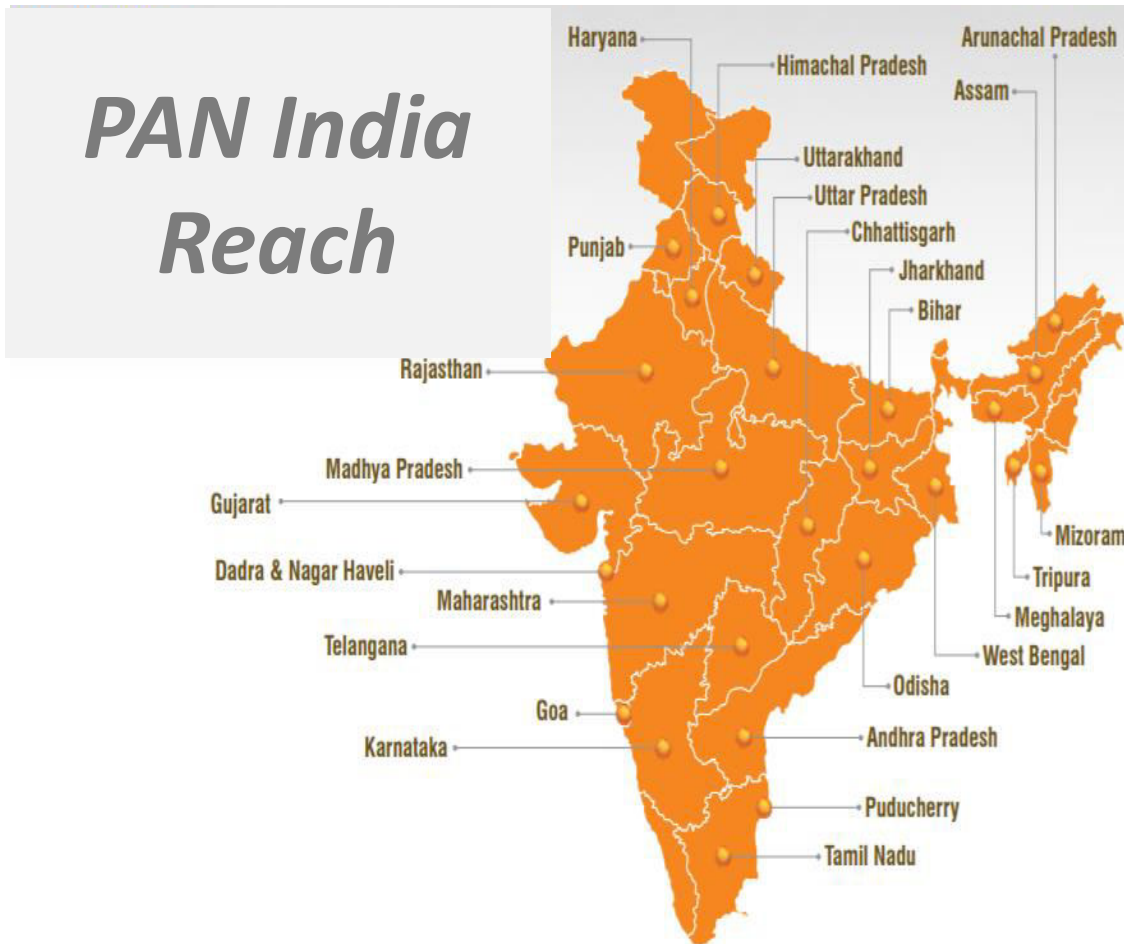
It will enable RPEL to reduce the pricing gap with unorganised players by using tax credits, thereby increasing competitiveness.

Besides, it will make the entire nation one single market and thus bring in more efficiency in logistics movement across pan-India markets.

Source: Company Disclosures

B) Vast geographical footprint

Over the years, RPEL has expanded exports to over 20 countries, thus benefiting from high margins and better payment terms.



Source: Company Disclosures

C) Superior quality products

Research and Development

RPEL's R&D centre is recognized by the **Department of Scientific and Industrial Research (Government of India)**, the only company in the industry to have received this recognition and it serves **over 100 large-capacity steel plants**.

10.52

₹ crore, investment
in research between
2017 and 2020

99

% of revenues
derived because of
investments in R&D

20

% minimum premium
generated by the
Raghav brand
over competing
alternatives, 2019-20

Technical Collaboration with JWK AB, Sweden

RPEL has established a technical collaboration with JWK AB, a technology consulting firm based in Sweden with a strong R&D track record in the field of silica for refractory applications. **Mr. Graham Cooper, who has more than 55 years of experience in the induction furnace industry and has served as the Managing Director of one of the world's largest induction furnace manufacturing companies, was inducted into its Technical Advisory Board.**

This partnership has aided RPEL in developing materials that are ideally suited for melting cast iron and SG iron in small induction furnaces for the development of foundry products. **The materials developed by the company as a result of the partnership enable these furnaces to perform better than they could with alternative ramming mass-produced by large Indian and international refractory companies.**

JWK AB also has the **technological know-how** to improve ramming mass application in furnaces by optimizing lining life, as well as the technology to improve product quality with **zero defect manufacturing**.

Certifications



Source: Company Disclosures

D) World-Class Technical Advisory Board



Mr. Jan W Kjellberg,
Director of JWK AB Sweden

He assists RPEL in the fields of manufacturing and research and was ex president of Svenska Silica, **once the most successful global silica ramming mass brand for foundries and a world leader in silica manufacturing.**

He also assists RPEL in the development of foundry-grade ramming mass and silica ramming mass improvements and attends exhibitions and conferences on behalf of RPEL.



Mr. Graham Cooper,
Australia

He has over 55 years of experience working in the induction furnace industry and was ex Managing Director of one of the world's biggest manufacturers of induction furnaces.

He assists RPEL in the formulation of corporate strategy.



Mr. Shyam Kulkarni India/USA

With more than 50 years of experience with Inductotherm and Electrotherm, he is a joint technical vice president.

He has given over 200 seminars for steel plants and foundries on how to increase productivity and use the best lining techniques. He is one of India's most senior and admired foundrymen, and industry insiders refer to him as the "**Lining Genius.**"



Mr. Ashok Bhandari, India

For over 25 years, he was the Chief Financial Officer and President of Shree Cements.

He has more than 40 years of experience negotiating with banks, governments, as a key senior executive.

Business Today and Yes Bank named him the Best CFO in India 2014 and he was named to the top 100 CFOs in India.

He holds the position of Chief Economic Advisor at RPEL & visits the company every quarter.

Source: Company Disclosures

Solidifying relationships with clients

RPEL's diversified clientele base includes large induction-furnaces across India. Owing to the unique characteristics of the company's products, it is widely acknowledged by its esteemed clients.

The names of customers who have been loyal to the company to avail premium quality Packed Ramming Mass, Silica Ramming Mixes and much more:-

- R.L. Steel
- Mahalakshmi TMT Pvt. Ltd.
- Varsana SPA Pvt. Ltd.
- Rajuri Steel Pvt. Ltd.

RPEL has a long-standing relationship with its clients, both in the domestic and international markets. Moreover, the company's customer base is diverse, as shown by the top five customers accounting for 24.26 percent of Total Operating Income (TOI) in FY19.

Customer Testimonials

MR. ASHISH BHALA

Director, Metarolls ISPAT Pvt. Ltd. Maharashtra, India

I recommend using Raghav Ramming Mass material. The kind of awareness they have given to steel plants about Ramming Mass and the benefits they provide with higher quality is amazing. Their set-up and approach towards the manufactured products is very different compared to industry, and hence, they are witnessing the results in growth. We have not seen any other company as serious and dedicated in the field of ramming mass as Raghav. Their efforts towards R&D in the field has naturally led them to this achievement.

MR. D. B. SONI

Director, Rajuri Steel Pvt Ltd., Maharashtra, India

The cost of Ramming Mass for a steel plant is small, but its significance is huge, just like a catalyst in a chemical reaction. A higher lining life provides massive benefits to the steel industry, including reducing of electricity consumption and increasing of productivity. I wasn't their customer earlier, but after I visited their plant and checked their manufacturing set-up, we started procuring the material from them. Not only is their product cost-effective, but we have also experienced better lining life from them, compared to material from other suppliers.

MR. KUNWARDEEP SINGH

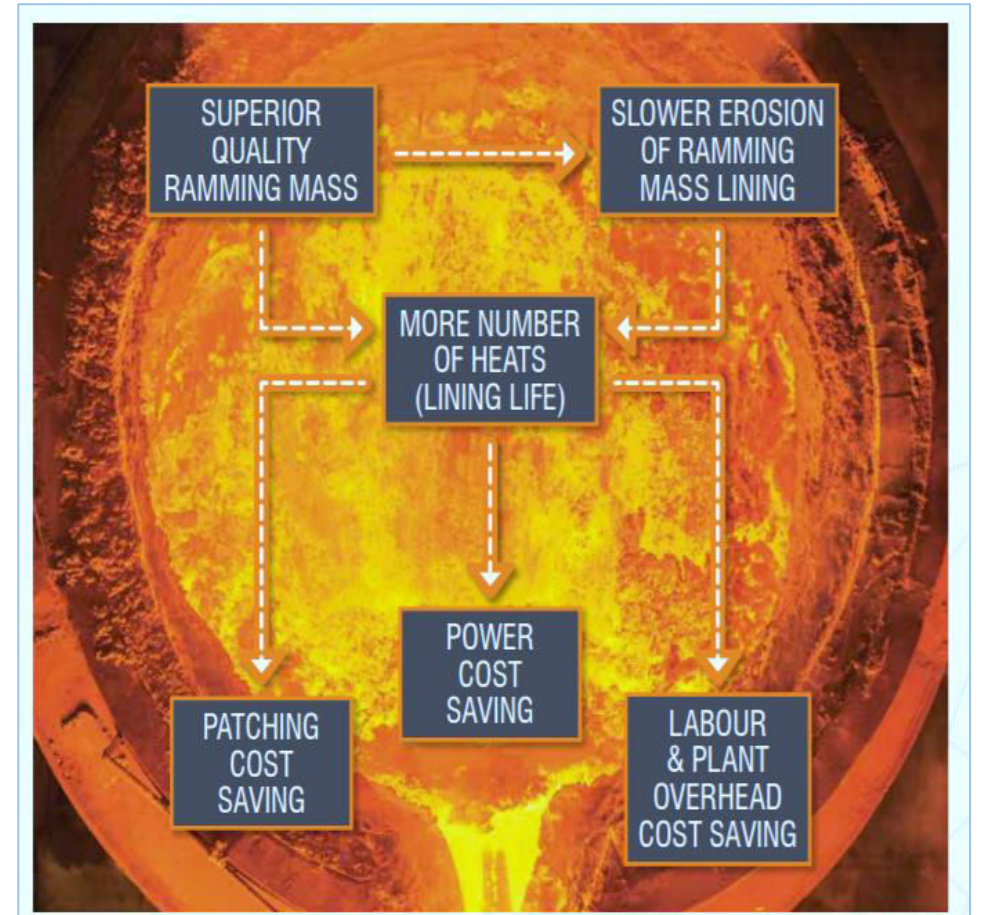
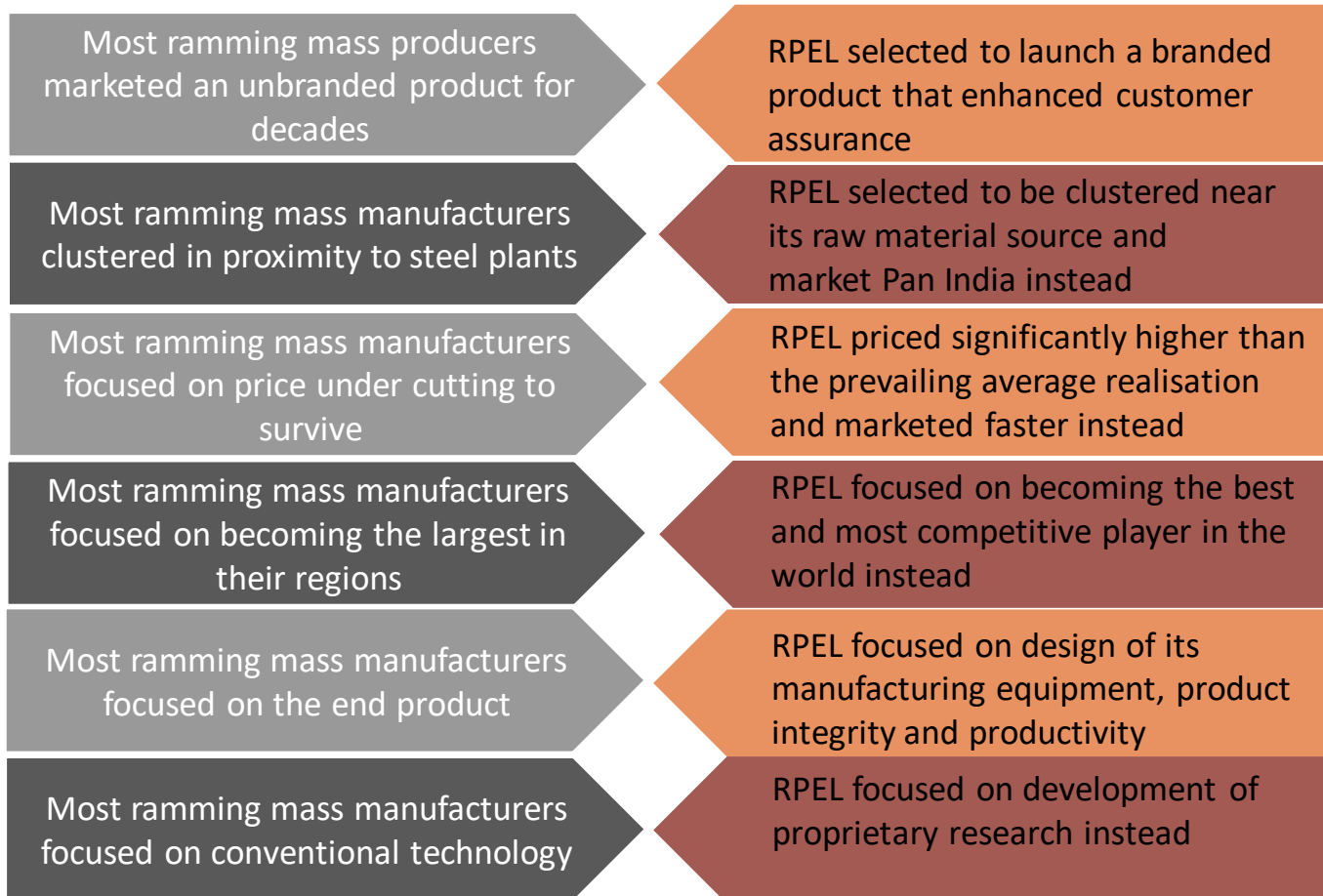
Director, Ferro Fabrik Ltd, Ghana, West Africa

I am extremely satisfied with using Raghav Ramming Mass. We have got maximum heats using their material. Currently, we are procuring over 100 containers per quarter of Ramming Mass from them. Their material is consistent in quality and their technical service immaculate. Although their product is priced higher than other ramming mass suppliers, their quality is the best.

Source: Company Disclosures

Leading from the front

The ramming mass market comprises of 80% unorganized players and RPEL, being the largest organized player in the market has a market share of about 10% in this market. The following points give an unparalleled competitive advantage to RPEL:



Source: Company Disclosures

Financial & Business Analysis

	Mar 17	Mar 18	Mar 19	Mar 20	Mar 21	Sept 20	Dec 20	Mar 21
Total Revenue (INR Cr.)	41.60	47.39	56.38	66.46	64.56	14.90	19.37	21.13
Operating Profit (INR Cr.)	5.75	10.15	13.24	15.49	14.86	3.38	4.29	5.74
Operating Profit Margins (%)	13.82%	21.42%	23.48%	23.31%	23.02%	22.68%	22.15%	27.17%
Net Profit (INR Cr.)	2.54	5.87	8.05	9.44	9.19	1.90	2.64	4.08
Net Profit Margins (%)	6.10%	12.38%	14.27%	14.2%	14.23%	12.75%	13.63%	19.30%

- ❑ As can be seen, despite the ongoing pandemic, the company's revenues for FY ended Mar'21 were not affected demonstrating strong revenue generation capacity due to its long standing relationships with customers and quality products.
- ❑ Owing to a large increase in revenue and a decrease in expenditures from Mar'18, the profit margins have increased. The costs have been reduced due to better utilization of raw material, increased investment in R&D and elimination of wastage.
- ❑ As a result of the increase in net profits, ROE, ROCE, and ROA have all increased.
- ❑ The Cash flow from operations has also increased to 7.62 crores from 6.69 crores and 6.66 crores in FY 19 and FY 18 respectively, which is a positive sign.
- ❑ The total debt to equity ratio is 0.1 while the current ratio is healthy at 2.3 times as on March 31, 2020.
- ❑ Inventories plus trade receivables plus cash equivalents i.e., short term assets exceed short term liabilities which is 11.93 crores as well as long term borrowings of 6.3 crores.
- ❑ The company has recently started paying dividend and the dividend payout ratio for the year ended Mar'21 has been 5.92%.

Source: Company Disclosures

Visionary and Experienced Management

Mr. Sanjay Kabra and Mr. Rajesh Kabra, who have over two decades of experience in the iron and steel industry, are the founders of RPEL. Both are responsible for the company's overall activities and are **supported by a team of highly experienced executives with extensive business experience**. Mr. Deepak Jaju, the company's CFO, holds a postgraduate degree and has over fifteen years of experience. **Mr. Raghav Kabra, son of Mr. Rajesh Kabra, who is an MBA, and Mr. Vijay Kumar Paliwal, who is a B. Tech., are in charge of the marketing department**. RPEL has also partnered with highly trained and skilled professional experts with experience in the quartz and induction furnace industries.

After gaining the rich experience of more than 10 years in Iron & Steel industry, **Mr. Rajesh Kabra identified an opportunity in very niche and unorganized sector of ramming mass, for making this organization to this growing level they have faces many challenges but they have proactively responded to the change economic conditions and grab market opportunities by providing their client to More with Less i.e. More Production with less consumption and with this motto they changed their name to Raghav Productivity Enhancers Limited.**



**Mr. Sanjay Kabra,
Chairman**

He is a Graduate in Commerce from Rajasthan University having 25 years of experience in ramming mass business and handles expansion, overall management.



**Mr. Rajesh Kabra,
Managing Director**

Mr. Rajesh Kabra aged about 50 years is a Bachelor of Commerce and LLB from Rajasthan University and carry rich experience of over 25 years in establishing and handling manufacturing operations. He has attended various management development programmes and has participated in, and contributed to, many prestigious international industry conferences.

Source: Company Disclosures

Shareholding Pattern

Numbers in percentages

Promoter's shares has not decreased, low % is because of pref share issued in 2020.

	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019	Mar 2020	Jun 2020	Sep 2020	Dec 2020	Mar 2021
Promoters +	73.26	73.26	73.26	73.26	73.26	73.26	73.26	73.26	73.26	73.26	73.26	69.61
FIs +	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.00	0.00
DIs +	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.00
Public -	26.74	26.74	26.74	26.74	26.74	26.74	26.64	26.74	26.74	26.70	26.74	30.39
Chanakya Corporate Services Private Limited >	4.30	4.30	4.30	4.30	4.30	4.30	4.30	4.30	4.30	4.30	4.30	3.98
Rakesh Kumar Gupta >	2.47	2.47	2.47	2.47	2.40	2.38	2.38	2.38	2.38	2.38	2.37	2.02
Shalini Gupta >	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.24
Suman Mantri >	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	
Utpal H Sheth >											2.49	4.02

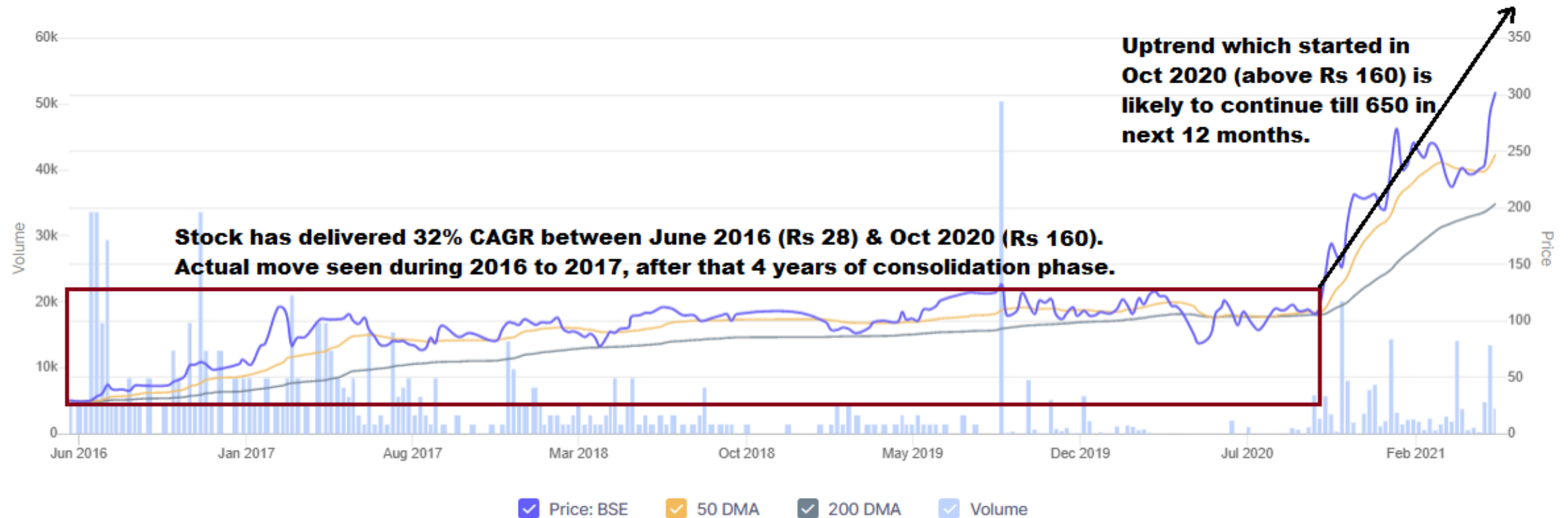
Mr. Utpal Sheth (Highly passionate, Mind-blowing stock picker), CEO RARE Enterprises(Firm of Rakesh Jhunjunwala) and his own firm Chanakya Corporate Services holds ~ 8% stake in this company. Last year company has issued preferential equity shares of ~ 8 Lacs to few smart investors @ 170/- (even promoters took pref shares); raised approx 14 Cr.

Smart Investors lined up for Pref share @170/-

Sr. No	Name of Allottee	No. of shares to be allotted	Category (Promoter or Public)
1	Rajesh Kabra	103,676	Promoter
2	Sanjay Kabra	103,676	Promoter
3	Utpal Hemendra Sheth	186,648	Public
4	Pratik Kela	100,000	Public
5	Placid Limited	59,000	Public
6	Keshav Estates Private Limited	53,000	Public
7	Param Capital Research Private Limited	30,000	Public
8	Mandawewala Enterprises Ltd.	30,000	Public
9	Govind Saboo	30,000	Public
10	Nishit Ratan Rathi	15,000	Public
11	Tejas Udaybhai Sarvaiya	15,000	Public
12	Megha Hemant Agrawal	15,000	Public
13	Aditya Arora	15,000	Public
14	Sahil Jain	14,883	Public
15	Vikram Agarwal	14,706	Public
16	Saurabh Gupta	14,706	Public
17	Sachin Rashmikant Shah	14,705	Public
18	Ramesh S Damani HUF	10,000	Public

On 2nd Jan 2021 : Board of the company has decided to issue 8,25,000 preferential shares of FV 10 at an issue price of Rs 170/- to the following investors including promoters. If you notice the above list it includes popular names like Utpal Sheth, Param Capital, Ramesh Damani tec.

Strong Momentum: Short, medium and long term chart



- ❑ IPO came in Mar'16 at a price of Rs 39. During May'18 company issued bonus of 2:5. Adjusting the price, listing of the issue was around Rs 28-30 in Apr'16.
- ❑ Stock made a high of Rs 110 within 1 year of listing which is close to 4x return. After that next 4 years stock price was in the range of 80 to 130/150 and finally in Oct 2020 it did successfully breakout above 150 levels.
- ❑ **Our assessment is we are going to see similar kind of rally what was seen in 2016-17 i.e. 4x in 12M. From Rs 160 to 650 kind of levels non stop.**

Risks and Concerns

❑ Raw material sourcing risk - Medium

The raw material used for manufacturing ramming mass is quartz stone, which comes from quartz mines. RPEL only purchases from licensed mining companies, thus eliminating the risk from shutting down of mines. Moreover, buying from licensed mines ensures a steady supply of quality raw materials. The company's plants are located in the vicinity of some of the best quartz sources in the world. Also, the company possesses quartz stone stock of more than six months against an industry average of a couple of months.

❑ Geographical and customer concentration risk - Medium

RPEL exports to over 28 countries and plans to expand into new markets in addition to catering to pan-India steel manufacturers. In 2019-20, export sales accounted for 18% of the company's income.

❑ Environmental risk - Low

RPEL's manufacturing units complies with all the environmental regulations and norms. Over the years, the company has been investing in industry's best environmental control equipment at its facilities and continuously utilize techniques and technologies developed in-house to control waste and emissions. **The National Green Tribunal has designated the plant as a model quartz processing unit for its responsible environmental management and investments in a world-class dust collection system.**

❑ Changing industry Trends - High

The iron and steel industry is a cyclical industry and the company's products are related to the development of the said industry.

❑ Competition risk - Low

The ramming mass industry in India is highly competitive on account of large fragmented unorganized players.

Future Outlook

- ❑ RPEL plans to expand its capacity once again, the increased production base is expected to bring **future growth prospects and is looking forward to ramming mass applications in the foundry industry.**
- ❑ The position of RPEL's product in the foundry sector is similar, but with one important difference: the proportion of ramming mass used to produce one tonne of the end product is smaller, **but it fetches higher realizations, increasing value-added and overall profitability.**
- ❑ Besides, the company will seek to manufacture **quartz used in artificial marble, another segment with a large global addressable market.**
- ❑ RPEL has incurred expenses on purchasing fixed assets almost every year, and with future plans to foray into the High quality Quartz powder and cater to a wider market, it can be expected that with a capex of around 10 crores in the next 2-3 years, resulting in a total gross block of 40-43 crores, with an asset turnover of around 2.44 (as per last 4 years) **the company would reach revenue of 90-100 crores.**
- ❑ The fundamentals of this company are also very strong. **The recent quarterly results broke all previous records for the same period.**
- ❑ With an experienced and visionary management, **risk of corporate governance and risk of survival is ruled out.**
- ❑ This stock is currently trading around Rs 302 with 52 week high of 322 and low of 87. The return on capital is 23% while the return on equity is around 17%. Long term borrowings have been paid off in the FY 20-21 while cash and equivalents stand at 12.98 crores, **thus indicating strong liquidity position.** RPEL is trading at a P/E of 35 as against industry P/E of 16, **which indicates the confidence of investors in the stock, due to which it is trading at a premium.**
- ❑ **Hence, RPEL is a one-of-a-kind company with a diverse product range and a broad geographic presence, working in previously unimaginable ways and leading its industry.**
- ❑ Whenever investing in a stock, **Mr. Buffet** considers some metrics when investing for long term in a company: 1) ROE 2) Debt 3) Profit Margin 4) Sustainable competitive advantage. **RPEL meets all of these criteria, making it one of the few companies that can guarantee future returns.**

Statutory Disclosure

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1. At the time of writing this article, the analyst have no position in the stock covered by this report.
2. The analyst has not traded in the recommended stock in the last 30 days.
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