

CMP: INR 139

Rating: Not rated

Stock Info

BSE	522257
NSE	RAJOENG
Bloomberg	RENG:IN
Reuters	RAJO.BO
Sector	Capital Goods
Face Value (INR)	1
Equity Capital (INR mn)	164
Mkt Cap (INR mn)	22,780
52w H/L (INR)	333/93

Shareholding Pattern %

(As on Jun, 2025)

Promoters	66.13
FII	0.03
Public & Others	33.84

Rajoo Engineers Ltd is a leading manufacturer of plastic extrusion machinery with over 38 years of expertise in delivering innovative and sustainable solutions for packaging, construction, and industrial applications. The company operates from its advanced manufacturing facility in Rajkot, Gujarat, producing a 26+ diverse range of machinery including mono and multilayer blown film lines, sheet extrusion lines, thermoforming machines, and PVC processing equipment. These products serve industries such as flexible packaging, solar energy, medical supplies, and consumer goods. The company is exporting to more than 70 countries across Europe, Latin America, Africa, and Asia. The key customers are Uflex, Reliance Industries, Indian Oil, and Constantia Flexibles etc.

Investment Rationale

Capacity expansion will lead to business visibility: The company has made a significant strategic investment of INR 300mn to upgrade its Yantralaya facility, incorporating advanced 5-axis vertical multitasking machinery from Japan. This expansion has increased the company's production capacity by 40% while enhancing precision, efficiency, and Total Quality Management (TQM) standards. The facility now operates with minimal human intervention, reducing dependency on manual processes and improving consistency in output. The capacity expansion shows the company's commitment to technological advancement and operational efficiency, enabling it to meet the growing global demand for high-quality extrusion machinery.

Exports remain key opportunity: The company has established a robust global footprint, particularly in Latin America, Europe, the Middle East, and Asia Pacific, with installations in over 70 countries. The recent high-value export order of INR 1,370mn shows its competitive edge in international markets. The company's expanded production capacity aligns with its strong order book and increasing export demand.

Repeated business through strong client relationships and Strategic partnerships to access cutting-edge technologies: The company has strong relationships with Uflex, Reliance Industries, Indian Oil, and Constantia Flexibles, with repeat business accounting for 60% of revenues. The company has a technological edge through strategic alliances with global leaders like Bausano & Figli (Italy) and Hosokawa Alpine (Germany), enabling access to cutting-edge extrusion technologies.

Advancement in packaging solutions through R&D: The company has DSIR-approved Rajoo Innovation Centre, which drives advancements in sustainable packaging solutions like recyclable films and high-barrier materials. The dedicated R&D focus allows the company to maintain technological leadership and rapidly adapt to evolving industry demands, ensuring a consistent competitive advantage in the extrusion machinery market.

Outlook & Valuation: Rajoo Engineers has increased production capacity by 40% with strategic investment of INR 300mn to upgrade its Yantralaya facility, incorporating advanced 5-axis vertical multitasking machinery from Japan. The company has a strong relationship with clients, and repeat business accounts for 60% of revenue. The QIP fundraising of INR 1.6bn will be used for capacity expansion, working capital, and reducing debt to strengthen the balance sheet. The company is focused on expanding its product portfolio, penetrating newer geographies, and enhancing operational efficiencies. The company plans to focus on high-margin products, forge additional technical alliances, and leverage its R&D capabilities for innovation. The expansion of the Yantralaya facility, coupled with its diversified product offerings and global reach, positions the company for sustained growth in the evolving plastics processing industry. At the CMP of INR 139 per share, the stock is trading at 47.8x (5-year median: 52.6x) based on FY26 TTM EPS of INR 2.9.

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Stock Rating Scale

BUY
ACCUMULATE
HOLD
NEUTRAL
REDUCE
SELL

Absolute Return

>20%
12% to 20%
5% to 12%
-5% to 5%
-5% to -12%
<-12%

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