

26th Nov 2015**RAJOO ENGINEERS LTD**

Rajoo Engineers Limited is an India-based company, engaged in manufacturing plastic processing machines. The Company's products are: Foilex, suits resins, applications and output levels; Aquaflex, produces various combinations of Polypropylene and Polyethylene grades; Multifoil, is available from two layer configuration for general purpose packaging film to nine layer line for barrier and technical grade films; Lamina, designed for absolute ease of operation; Fomex, offers foam extrusion solutions to produce foam; Dispocon, vacuum formers are exceptionally sturdy, durable and low maintenance machines; Fabrex, products have wide range of application like disposable napkins, suit cover, among others; Flowex, product has wide range of application like irrigation pipe, polyvinyl chloride and pipes for drainage among others ; Dripex, offers drip irrigation extrusion systems, and Labex, produces thermoplastic film and sheets.

52 WK LOW/HIGH: Rs. 9.50 / 24.70**Brief Highlight**

Standalone		Consolidated	
MARKET CAP (RS CR)	137.24	EPS (TTM)	0.98
P/E	24.13	P/C	16.09
BOOK VALUE (RS)	5.85	PRICE/BOOK	4.04
DIV (%)	25.00%	DIV YIELD.(%)	1.06%
MARKET LOT	1	FACE VALUE (RS)	1.00
INDUSTRY P/E	29.01	DELIVERABLES (%)	63.61 new

* Note - Trailing EPS is displayed only when latest 4 quarter results are available.

Source: <http://www.moneycontrol.com/>

1 Year Price/Volume:

Source: <http://www.bseindia.com/>

Financials Highlight:

(Annual Results Standalone Figures in Rs. Crores)

Operating Performance								
	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	TTM	Mar-16	Mar-17
Sales	75.09	78.59	90.83	101.17	116.93	114.87	128.62	147.92
Growth YoY (%)		4.7%	15.6%	11.4%	15.6%	-1.8%	10.0%	15.0%
Expenses	69.70	71.77	86.40	93.63	106.41	105.36		
Operating Profit	5.39	6.82	4.43	7.54	10.52	11.86		
Other Income	2.83	0.37	0.11	0.29	0.26	0.20		
Interest	0.97	1.56	1.39	0.57	0.21	0.22		
Depreciation	1.63	1.59	1.59	2.11	2.84	3.22		
Profit before tax	5.62	4.03	2.53	5.15	7.73	8.38		
Tax	1.92	1.24	0.84	1.69	2.49	2.71		
Net Profit	3.7	2.79	1.69	3.46	5.24	5.67	6.43	8.87
Growth YoY (%)		-24.6%	-39.4%	104.7%	51.4%	8.2%	22.7%	38.0%
EPS (unadj)	0.96	0.71	0.42	0.56	0.85			
Dividend Payout	27.84	36.92	47.93	33.53	27.67			
Cash Flows								
Cash from Operating Activity	(10.76)	(3.49)	1.28	13.66	2.27			
Cash from Investing Activity	(5.84)	(0.13)	(1.02)	(7.08)	(4.46)			
Cash from Financing Activity	11.68	3.76	(4.58)	(4.14)	0.01			
Net Cash Flow	(4.92)	0.14	(4.32)	2.44	(2.18)			
Ratio Analysis								
Operating Profit Margin(%)	7.18	8.68	4.88	7.45	9.00	10.88		
Net Profit Margin(%)	4.55	3.55	1.86	3.41	4.48	4.94	5.0%	6.0%
Return On Capital Employed(%)	19.03	12.57	8.82	18.61	20.82			
Return On Net Worth(%)	14.83	11.01	6.46	11.26	15.42			
Long Term Debt Equity Ratio	0.19	0.43	0.24	--	--			
Inventory Turnover Ratio	4.52	2.91	2.96	4.64	8.10			
Fixed Assets Turnover Ratio	3.23	4.51	3.86	3.44	3.71			
PE						24.26	25	25
EPS						0.98	1.11	1.53
CMP						23.7	28	38
No of Share Outstanding						58,030,750		

Short Term to Medium Term Target

Script: RAJOO ENGINEERS LTD	BSE Code: 522257	CMP: 23.75	Target Price (BUY): 38
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Analysis & View:

- PE (24.13) is less than Industry PE (29.01) –Possibilities of further expansion in PE due to better performance in results
- Operating profit margin has been increasing in last 3 yrs – Continuous increasing OPM is a GOOD sign
- Net profit margin has been increasing in last 3 yrs – Continuous increasing NPM is a GOOD sign
- Increasing Return on Equity & Return on Capital Employed is a GOOD sign
- Virtually Debt Free is a GOOD sign
- increasing Inventory Turnover Ratio & Fixed Asset Turn Over Ratio is a GOOD sign
- Increase in Sales and Profit in last year

As the company has better performance during the last year compared to previous year and have a relatively similar performance over the 1st half of the current year FY16, we have a BUY recommendation expecting the growth rate will increase over the next two years and expect a target price of Rs. 38 for a short to medium period.