Rajoo Engineers Limited

November 26, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	32.00	CARE A; Stable / CARE A1	Upgraded from CARE A-; Positive / CARE A2+
Long-term bank facilities	RBI	18.65 (Reduced from 20.00)	CARE A; Stable	Upgraded from CARE A-; Positive
Short-term bank facilities	RBI	15.00	CARE A1	Upgraded from CARE A2+

Details of facilities in Annexure-1

Rationale and key rating drivers

Upward revision in ratings assigned to bank facilities of Rajoo Engineers Limited (REL) is on account of significant growth in its scale of operations in FY26 (refers to April 01 to March 31) as well as H1FY27, supported by healthy demand and enhanced product mix on the back of recently completed acquisition of Kohli Printing and Converting Machines Private Limited (KPPL) while sustaining its healthy profitability and strong financial risk profile.

Ratings continue to derive strength from REL's established presence in the plastic extrusion machinery industry marked by track record of operations of four decades, experienced promoters, wide product offering, diversified geographical presence, and experienced promoters.

However, ratings continue to be constrained by REL's working capital intensive operations, profitability susceptible to fluctuation in raw material prices and foreign exchange rates, vulnerability to inherent cyclicality in demand from end-user flexible packaging industry, technology obsolescence risk, and presence in a competitive engineering capital goods industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in scale of operations to over ₹750 crore supported by diversification of product portfolio along with sustaining its profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 15% on a sustained basis.
- Sustenance of comfortable financial risk profile.

Negative factors:

- Significant decline in scale of operations to less than ₹300 crore along with moderation in PBILDT margin on a sustained basis.
- Deterioration in capital structure marked by overall gearing ratio above 0.60x on a sustained basis.
- Substantial elongation in operating cycle from current level, impacting the liquidity of the company.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has considered consolidated financials of REL and its subsidiary/joint venture (JV), due to managerial and operational linkages. List of entities getting consolidated in REL is placed under Annexure-5.

Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings' expectation that the entity shall continue to benefit from its established presence and brand name in the plastic extrusion machinery industry accompanied by wide product offerings, which shall enable the company to sustain its operational performance in the medium term.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.
[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Detailed description of key rating drivers

Key strengths

Significant growth in scale of operations with healthy profitability

REL is engaged in manufacturing plastic extrusion machineries, which find application across industries, such as packaging, construction and building materials, automotives, electrical and electronics, medical and healthcare, consumer goods, and industrial applications among others. REL's total operating income (TOI) grew significantly by 36% y-o-y from ₹254 crore in FY25 to ₹344 crore in FY26, and subsequently, it grew by 27% y-o-y to ₹225 crore in H1FY27 (H1FY26: ₹177 crore) on the back of higher demand and enhanced product offering post the acquisition of KPPL. A key growth driver has been the successful integration of KPPL, largely in line with expectations at the time of investment. Acquisition has enabled cross-selling opportunities, where the company can now offer a wider portfolio of plastic processing machinery to existing customers. Operational synergies have also emerged through supplier consolidation, procurement optimisation, and improved market penetration. These synergies are expected to strengthen further with synchronisation of operations across entities.

REL commands healthy profitability, owing to its presence in a niche machinery manufacturing segment. The company's operating profit as marked by its PBILDT and profit after taxation (PAT) margin remained healthy and stable at 17.83% and 14.19%, respectively, in FY26 (PY: 18.44% and 13.90%, respectively). In H1FY27, PBILDT margin moderated by 673 bps and remained at 14.07%. The PBILDT margin for a period largely depends on the product mix and export-domestic sales ratio. Raw material price volatility is largely passed on to customers (with large part of raw material [RM] procured on receipt of order).

CareEdge Ratings expects REL's scale of operations to register healthy growth in the near-to-medium term, considering healthy demand while sustaining its healthy profitability margin.

Strong financial risk profile

REL's capital structure remained strong with low overall gearing ratio of 0.07x as on March 31, 2026 (0.08x as on September 30, 2026), owing to minimal reliance on debt. REL had liquid funds in excess of total outstanding debt, resulting in net debt free position for five years ended FY26. Net worth base augmented from ₹152 crore as on March 31, 2025, to ₹358 crore as on March 31, 2026 (₹384 crore as on September 30, 2026), post funds raised through qualified institutional placements (QIP) issue in September 2025. These funds were utilised for acquisition of 60% equity stake in KPPL. Total outside liabilities to tangible net worth (TOL/TNW) also remained comfortable at 0.87x as on March 31, 2026, and 0.60x as on September 30, 2026, with major portion of TOL consisting of customer advances.

Rajoo group had purchased a 90 acres land parcel 10-15 km from existing facility at Lothika, Rajkot, Gujarat in 2016. The group's long-term vision is to eventually develop this site and create a consolidated manufacturing campus, where group entities may be gradually shifted. The company is planning a manufacturing relocation and capacity enhancement program at its new facility. The company may undertake this relocation initiative in the next two years with cumulative capital expenditure of ~₹100 crore. This capex is envisaged to be funded from internal accruals and available liquidity.

With minimal reliance on debt, the company's debt coverage indicators remained strong marked by PBILDT interest coverage ratio of 28x (H1FY27: 25x) and total debt to gross cash accruals (TD/GCA) of 0.45x in FY26 (H1FY27: 0.53x).

Experienced and qualified management

Rajesh N. Doshi, Co-founder and Chairman of the company, holds vast experience and looks after new product development and mentoring the company's top management team. Khushboo Doshi, Managing Director, oversees marketing, after-sales service, communication, human resources, and finance. Utsav Doshi, Jt. Managing Director, possesses more than one decade of experience and handles manufacturing function. REL has well-qualified and experienced second-tier management with well-defined roles and responsibilities.

Established track record of operations with diversified geographical presence

Incorporated in 1986 as a manufacturer of plastic extrusion machinery, REL has a long operational track record of four decades in this industry. With its long track record, it has established presence in the industry and has developed good relationship with its customers as well as suppliers. It has a wide product basket, including monolayer machines, multi-layer machines, lamination lines, vacuum forming, and sheet manufacturing machines, among others. REL's revenue profile is geographically diversified marked by export sales forming ~50% of its TOI for five years ended FY26. REL exports to over 40 countries with major focus on Africa, Commonwealth of Independent States (CIS) region, Gulf and South Asian Association for Regional Cooperation (SAARC) region. The company's customer base remained diversified with top 10 customers, accounting for ~18% of its consolidated TOI

in FY26. Being in the capital goods industry, its top customer base keeps on changing based on capex plans at customers' end.

With acquisition of majority stake in KPPL, which is engaged in manufacturing printing, coating, laminating, and other converting machines for flexible packaging and other industrial applications, REL is now able to cater to multiple product requirements of its existing customers.

Key weaknesses

High working capital intensity of operations

The company's operations are working capital intensive in nature, mainly due to requirement of high inventory holding to cater to products. Lead time of machines is four to nine months resulting in inventory holding period of ~140-240 days. Machine delivery is linked to the project status at client site, and hence till then, same would be under work in process (WIP) of REL. The collection period remained short and in range of 13-30 days as it mainly takes orders against advance payment/Sight letter of credit (LC). Against this, REL receives credit period of ~45-90 days from its suppliers. Operating cycle elongated from 189 days in FY25 to 199 days in FY26, mainly considering increase in WIP inventory from 106 days in FY25 to 125 days in FY26, to support high order execution scheduled for H1FY27 and some delay in dispatches of order scheduled in Q4FY26, due to container unavailability. Despite high working capital intensity, working capital borrowings remained low as it is largely funded through customer advances and internal accruals.

Vulnerability to inherent cyclicality in demand from end-user industry, technology obsolescence risk, and presence in competitive industry

REL's customers are mainly from the flexible packaging industry and addition of new facilities or expansion of existing facilities by these players depends on consumer demand and the country's economic condition. REL's fortunes are thus tied to the capital expenditure cycle in this industry.

Plastic extrusion machinery segment is highly competitive characterised by presence of large-established players and competition from overseas players with established brand names. REL operates in a technology-intensive segment and timely updation to emerging technology becomes inevitable, hence, there is inherent technology obsolescence risk associated with this industry.

Profitability susceptible to fluctuation in raw material prices and foreign exchange rate

Key raw materials required in manufacturing of machines are stainless steel (SS), mild steel (MS), and SS/MS parts, which REL procures from the domestic market, whereas it imports automation parts (control panel and others). Steel prices are volatile in nature exposing the profitability to fluctuation in raw material prices. However, this is partially mitigated as REL has order-backed manufacturing and it books major raw material post receipt of orders.

REL generates ~40-50% revenue through exports and imports ~15-25% of its raw material, which provides natural hedge to some extent. For balance unhedged portion, in absence of active hedging policy, REL's profitability is susceptible to adverse foreign exchange rate fluctuations. The company has registered forex gain of ₹0.31 crore in FY26 against ₹0.75 crore in FY25.

Liquidity: Strong

REL's liquidity was strong marked by sizable liquid funds, healthy cash flow from operations (CFO), negligible utilisation of working capital limit, and moderate cash accruals against low scheduled debt repayment obligations.

The company holds unencumbered cash and bank balance (including liquid investments) to the tune of ₹132 crore as on March 31, 2026, supported by healthy operating profit and high receipt of customer advances. The company's CFO remained healthy at ₹53 crore in FY26 (PY: ₹67 crore). REL generated GCA of ₹56 crore in FY26 (₹29 crore in H1FY27) and expected to generate GCA to the tune of ₹60-74 crore from FY27-FY29, against low scheduled debt repayment obligations. Average utilisation of fund-based working capital facilities remained negligible for trailing 12 months ended in September 2026.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria:

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Other industrial products

Incorporated in 1986 by CN Doshi and RN Doshi, REL (CIN: L27100GJ1986PLC009212) is engaged in manufacturing plastic extrusion machinery. The company designs in-house extrusion machinery and offers customised solutions, per customers' specific needs. REL sells its products in the domestic market and exports to over 70 countries. REL sells its products under the brand name 'Rajoo' and operates through its sole manufacturing facility at Shapar, Rajkot (Gujarat), with a built-up area of 20,000 sq. mtrs.

In 2011, REL entered a JV with Italy-based Bausano & Figli SPA (B&F) and formed a JV entity named Rajoo Bausano Extrusions Private Limited (RBEPL) to manufacture polyvinyl chloride (PVC) pipe extrusion machinery as well as wooden plastic composite (WPC) profile and board lines. In H1FY26, REL acquired 60% stake in KPPL, which is engaged in manufacturing printing, coating, laminating, and other converting machines for flexible packaging and other industrial applications.

The Doshi family has also set up associate concern named Essen Speciality Films Limited (ESFL), which is engaged in manufacturing ethylene vinyl acetate (EVA) and low-density polyethylene (LDPE)-based articles for applications in bathroom, kitchen, and dining, and home decor, among others.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	H1FY27 (UA)
	Standalone	Consolidated	Consolidated
Total operating income	253.90	344.49	224.98
PBILDT	46.83	61.41	31.66
PAT	35.30	48.90	25.09
Overall gearing (times)	0.00	0.07	0.08
Interest coverage (times)	50.36	28.46	24.93

A: Audited; UA: Unaudited; Note: These are latest available financial results.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	RBI	Not Applicable	-		-	31-12-2031	18.65	CARE A; Stable
Fund-based - LT/ ST-Cash Credit	RBI	Not Applicable	-		-	-	32.00	CARE A; Stable / CARE A1
Non-fund-based - ST-Letter of credit	RBI	Not Applicable	-		-	-	15.00	CARE A1

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based - LT/ ST-Cash Credit	LT/ST	32.00	CARE A; Stable / CARE A1	-	1)CARE A-; Positive / CARE A2+ (02-Dec-25) 2)CARE A- / CARE A2+ (RWD) (19-Sep-25)	1)CARE A-; Stable / CARE A2+ (03-Jan-25)	1)CARE A-; Stable / CARE A2+ (02-Jan-24)
2	Fund-based - LT-Term Loan	LT	18.65	CARE A; Stable	-	1)CARE A-; Positive (02-Dec-25) 2)CARE A- (RWD) (19-Sep-25)	1)CARE A-; Stable (03-Jan-25)	-
3	Non-fund-based - ST-Letter of credit	ST	15.00	CARE A1	-	1)CARE A2+ (02-Dec-25) 2)CARE A2+ (RWD) (19-Sep-25)	1)CARE A2+ (03-Jan-25)	-

LT/ST: Long term/Short term, LT: Long term, ST: Short term.

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated:

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Rajoo Bausano Extrusion Private Limited	Moderate	Joint Venture
2	Kohli Printing And Converting Machines Private Limited	Full	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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