

RASANDIK ENG

BSE CODE - 522207,

NSE CODE : N/A

INTRODUCTION

RASANDIK ENG INDUSTRIES is engaged in the manufacturing of sheet metal components. The company is also receiving good orders in the areas of Tool Manufacturing, Component Manufacturing and is an active participant in the World Wide Bidding process of a large number of OEMs in Europe. Rasandik has been certified as a TS 16949-2002 version Quality System Company by AIB Vincotte Inter Belgium and also an ISO 14001 -Environment Management System Company by British International Standards ([BIS](#)). It has been approved by new customers for the manufacture of Press Tools and Dies, specifically by prestigious customer like Tata Motors, maruti [e.t.c. In](#) order to reduce the lead time for manufacturing and make timely delivery to the customers and to be able to take more orders, the company has done 100% expansion of capacities of the Tool Shop. The expansion of capacities took place in all areas of CAD/CAM, Design, CNC Manufacturing and Assembly. In view of catering to the business of the company from the Western Region the company has set up a Press Shop and Assembly facilities in Pune. further, Keeping in view the orders received for the new model of Maruti and expected new orders of Honda Motorcycle and Scooter India and other valued customers, the company has expanded by setting up a Press Shop at its Roz-Ka-Meo Plant.

RESEARCH & DEVELOPMENTS

The Company's research and development activities include up-gradation of technology and cost reduction by value [engineering. It](#) has one of the most modern technologies and has facility of international standards. Rasandik is also concentrating on higher capacity utilization, control on costs and overall improvement in the efficiency of operations.

EXPORT THRUST

Rasandik is giving a huge thrust to exports. It has identified products and potential customers for export. The company has huge export orders in hand and the product development is under process. The increase in production capacity in coming years and global sourcing of MNC's becoming active will increase the company's export at a scorching pace.

PRODUCT DEVELOPMENT

Rasandik launched a series of initiatives aimed at enhancing it's value proposition to the customer. Since the company is pursuing a strategy to expand it's presence in the international market, efforts are underway to increase the

competitiveness benchmarked to international [standards.It](#) is confident of sustained growth through a series of initiatives in the areas of product development, technological up gradation, and strengthening of distribution network. The company is committed to continuous improvement in quality for the entire range of it's products with an objective to meet the customer requirements and satisfaction.

OPPURTUNITIES & STRENGTHS

The government's thrust on infrastructure and road projects should ensure increased demand for commercial vehicles (CVs). The demand for automobiles in the current year will largely be driven by the road projects, which should be a positive for the major OEMs. India is fast turning into a sourcing and R&D hub for global majors. Global OEMs are using India as a base for sourcing auto components. Rasandik's strengths are modern technology, state-of-the-art equipment, lean manufacturing system, price competitiveness, state-of-the-art Tool room (integration of production facilities), Integrated Product Development and Infrastructure, good brand image e.t.c.

RISK&THREATS

The price increase in major basic industrial materials like steel, fuel and petroleum products is the main threat. Steel prices have been abnormally high and seem to continue this trend. The company has been partly countering such increase through long term contracts, identification of alternative sources and through cost reduction in other areas. However, if these input costs continue to increase, margins and results of operations of the automobile industry would be adversely affected and the demand for vehicles would be impacted by any price increases that the industry would need to make. Another major concern is the enormous consumption of these materials and other commodities by China which has resulted in global shortages and consequential price increases. Threats are Shortage of trained manpower in the Tool Room segment and with numerous players in the small and medium scale sector active in the Sheet Metal Components industry, capacities continue to be in excess of the demand.

RASANDIK'S FUTURE BUSINESS STRATEGY

The Company has a strong domestic presence and is a Tier I Vendor to all the major automobile companies. The Company has identified future growth areas as a step forward in the direction of transforming the company from a major domestic player to a global procurement source. With a large manufacturing base, world class capacity, comprehensive product range, global quality standards, backward and forward integration, etc; the company shall be achieving full economies of scale and endeavors to become a global quality source for wide ranging automotive applications through integrated business model complementing each other, with an orientation towards continuous

adoption of the latest technology, innovation and re-engineering of business dynamics the objective being value creation through global benchmarking.

OUTLOOK

Rasandik has shown strong consistency in turnover over the last 5 years. From a 48cr company in 2000-01, it is now going to end this yr with a turnover of 160cr. But the real big thing is going to happen in the next financial year, as it is aiming to become a 250cr company. Rasandik is expected to deliver a PAT OF 6CR this yr, At a mere equity base of 4.7cr it gives an EPS of over 12rs. The promoters has increased their stake by as much as 4% over the last 1 year, which speaks about their confidence in the [company](#). It has a book value of 28rs and its reserve is going to be double than its equity this year. With a good dividend and solid management, RASANDIK offers a good scope of appreciation over the medium to long term [perspective](#). It is currently quoting at 80rs, which discounts its P.E by less than 6.9 times and 3.9 times its expected fy-05 and 06 earnings respectively and it appears to be a DARK HORSE at current levels. Long term investors can add at CMP and add further on dips. Ideal entry price would be 70-75 range.

SOME IMPORTANT RATIOS

Interest Cover Ratio	2.31
Operating Profit Margin(%)	8.98
Profit Before Interest And Tax Margin(%)	5.68
Cash Profit Margin(%)	5.33
Adjusted Net Profit Margin(%)	2.03
Return On Capital Employed(%)	5.09
Return On Net Worth(%)	20.97
EV/EBIDTA	3.88
Market Cap./Sales	0.07
BOOK VALUE	28RS
RESERVES	8CR.

SHAREHOLDING PATTERNS-

Promoters		
Indian Promoters	1230000	26.03%
Persons acting in Concert	1811692	38.34%
SubTotal	3041692	64.37%
Non Promoter's Holding		
Institutional Investors		
Mutual Funds and UTI	3100	0.07%
Sub Total	3100	0.07%

Others		
Private Corporate Bodies	191812	4.06%
Indian Public	1488346	31.50%
NRIs/OCBs	50	0.00%
Sub Total	1680208	35.56%
Grand Total	4725000	100.00%.

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