

**Not Rated**

**Introduction**

**Essen Speciality Films Limited (Essen)** is a Rajkot, Gujarat based manufacturer of **specialised plastic products**. The Company was incorporated in 2002 and is a part of the Rajoo Group of companies with Rajoo Engineers Limited (REL), a manufacturer of plastic processing machinery, being the flagship company. Essen’s product portfolio spans a wide range of verticals such as **bath area, kitchen & dining, home décor, storage and organization, fitness and lifestyle, outdoor and utility, and customized products**. Some of their products include shower curtains and accessories, bathtub and shower mats, chopping boards, tablecloths, placemats, shelf liners, yoga mats, artificial plants, pond liners, and baby shower caps. Essen’s clients include MNC retailers such as **IKEA, Walmart, Kmart, Kroger, Kohl’s, Rusta, and Runsvan**. As of FY 2023, the company had one manufacturing plant and employed 671 people.

**Key Business Strengths**

**Comprehensive Product Portfolio Enables Them to Serve Diverse Verticals, Customers, and Channels**

Essen manufactures multi-purpose, customizable, diversified, and solution oriented specialized plastic products which are priced at entry level retail price points, which makes them affordable in all market conditions. They market and sell their products predominantly under three brands: ‘Draperi’ for shower curtains, ‘Runner’ for shelf liners and ‘Paperi’ for artificial plants and placemats. Owing to the multipurpose nature of their products, their customer base is diversified and spread across various industries, including but not limited to home furnishing, home decor, departmental stores, discount retailers, hypermarkets, hardware and home improvement, office supplies stores, agricultural and medical industry and international importers and wholesale distributors. Along with MNC retailers, Essen also supplies their products to local traders and distributors in India and has an online presence on platforms such as Amazon, Flipkart, Snapdeal, Meesho, IndiaMart, and JioMart as well.

**Exhibit 1: Revenue Mix by Customer Segment**

Particulars	FY 2023	FY 2022	FY 2021
Renowned multinational modern trade retailers	78.85%	85.17%	94.89%
Domestic traders and distributors	20.84%	14.41%	4.80%
Online platforms	0.31%	0.42%	0.31%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Source: Company**

**Technology Backed Infrastructure to Support Innovative and Quality Solutions**

The Company has over the years made regular investments in product and process development to expand their bouquet of product offerings and to streamline manufacturing processes. It has

a PPD Division and an in-house laboratory which helps them be a one-stop solution provider for all of their clients' needs.

### **Trusted Brand and Strong Parentage**

The Company has a strong brand that their customers trust, as evidenced by their long-standing position as a manufacturer and an exporter of specialized plastic products. The strong brand recall among their customers is attributable, in part, to the strength of their brand and strong brand reputation of their parent company, Rajoo Engineers Limited (REL), as REL has a strong presence across the capital goods sector as a manufacturer of plastic processing machines.

### **Socially, Ethically, and Environmentally Compliant**

To be eligible to supply their products to their international customers, Essen is bound to follow a code of conduct prescribing environmental, social, ethical, and welfare norms. Their clients also conduct announced or unannounced audits, to ensure compliance with the norms prescribed by them and thus far the company has never faced any material instances of non-compliance or non-adherence of norms prescribed by its clients or any third-party inspection agencies.

### **Fully Integrated Manufacturer of Customized and Sustainable Specialized Products**

Essen's integrated business model enables them to provide end to end solutions. The Company is able to develop and devise customised and sustainably manufactured products with innovative applications, through processes which are developed in-house by their PPD Division (Product and Process Development Division).

### **Wide-spread Domestic and International Market Presence**

The Company supplies their products to twenty-four countries, including but not limited to, China, Saudi Arabia, United States of America, Qatar, United Kingdom, Germany, Italy, Canada, Romania, Denmark, Poland, New Zealand, United Arab Emirates, Spain, Austria, France, Australia, Kuwait, Belgium, Austria, Sweden, and Mexico.

### **Quality Assurance and Quality Control**

The Company has received certifications for the STANDARD 100 OEKO-TEX® mark, ISO 9001:2015 quality management system, and scope certificate (for Global Recycled Standard (GRS) - Version 4.0).

### **Experienced Management Team with Proven Project Management and Implementation Skills**

The Company is led by a group of individuals, having strong background and extensive experience in the specialized plastics industry.

**Business Strategies****Expand the Existing Product Portfolio**

The Company plans to start the following variants in the following product categories:

**a) Kitchen and Dining:**

- Surface printed placemats (enables them to supply products with low minimum order quantity at affordable price) and tablecloth with polyester non-woven backing (to cater to the growing demand in the North American market)

**b) Storage and Organisation:**

- Collapsible storage boxes and printed adhesive shelf-liners

**c) Fitness and Lifestyle:**

- Puzzle mat: Children play floor mat (to become a first mover in manufacturing and exporting affordable total volatile organic compounds safe mats in the home improvement and home furnishing industry) and exercise/gym mat (to cater to the growing demand in the domestic and international market)

**Expand the Customer Base**

Essen intends to continue to leverage their sales and marketing network, diversified product portfolio, and their industry standing to establish relationships with new multinational, regional and local customers and expand their customer base.

**Strengthen the Marketing Network**

Essen intends to strengthen their existing marketing team by inducting qualified and experienced personnel, who will supplement their existing marketing strategies in the domestic and international markets.

**Increasing Global Presence**

Essen plans on expanding their operations in countries/regions such as, Russia, Middle East, South America, Southern Europe, and United Kingdom.

**Exhibit 2: Geographic Revenue Mix for Essen**

Particulars	Fiscal 2023	Fiscal 2022	₹ Lakhs
			Fiscal 2021
Domestic	2880.67	1921.43	669.92
Exports	8833.73	9465.4	8865.57
<b>Total</b>	<b>11714.4</b>	<b>11386.83</b>	<b>9535.49</b>

Source: Company

**Key Risks**

**The Company depends on a few customers, for a significant portion of their revenue, and any decrease in revenues or sales from any one of their key customers may adversely affect their business**

In the Fiscals 2023, 2022 and 2021, 72.82%, 78.72% and 91.73%, respectively, of the company’s revenues were derived from their top five customers. The loss of any of their customers may adversely affect their sales and consequently their results of operations. Essen has not entered into long terms agreements with their customers and the success of their business is significantly dependent on them maintaining good relationships with their customers.

**Any inability to pass on increased price of the raw material, used for manufacturing their products may affect their profitability**

The Company does not have an understanding or formal agreements executed with their customers, wherein they have mutually agreed to pass on any increase in the cost of raw materials to their customers. Their inability to pass on the increased costs of raw materials to their customers in the future, may affect their profitability.

**Exhibit 3: Key Financials of Essen**

Particulars	FY 2023	FY 2022	₹ Lakhs
			FY 2021
Share Capital	1,600.00	1,600.00	100.00
Net Worth	8,561.89	7224.65	6707.76
Revenue from operations	11,861.18	11,743.58	9,577.70
Profit after Tax	1,337.23	516.90	913.73
Earnings per Share	8.36	3.23	5.71
Net Asset Value per equity share	53.51	45.15	670.78
Total borrowings	657.40	2,583.00	1,541.36

Source: Company

The Company has grown its revenues, PAT, and net worth at a CAGR of 11%, 21%, and 13% respectively over the FY 2021-23 period. Total borrowings have dropped from ₹ 15.41 Cr. in FY 2021 to ₹ 6.57 Cr. in FY 2023.

**Industry Details**

- The Indian plastics industry is comprised of polymer producers, plastics machinery manufacturers, mould manufacturers, and skilled manpower
- Most of the of raw materials (including polypropylene, high-density polyethylene, low density polyethylene, and PVC) are domestically manufactured
- The industry demand in India grew at a CAGR of 8.5% during 2015-2019 and is expected to achieve a healthy growth rate in 2022-2030. 95% of the companies in the sector belong to the MSME space.
- On the global front, the sector is estimated to witness robust demand driven by online sales projected to grow at an annualised rate of 9% over the 2021-2025 period
- The global decorative plastics industry is estimated to grow from US\$ 641 bn. in 2020 to US\$ 839 bn in 2027

**IPO Details**

The offer comprises of a fresh issue of up to 46,99,200 equity shares and an offer for sale of up to 15,00,000 equity shares by the selling shareholders taking the total shares offered to 61,99,200.

**Exhibit 4: Details of the Utilisation of Proceeds**

Details	Estimated amount (in ₹ lakhs)
Prepayment/repayment of all or a portion of certain outstanding borrowings availed	Up to 353.91
Funding the working capital requirements	Up to 2,900.00
General corporate purposes	To be Decided
<b>Total</b>	<b>To be Decided</b>

**Source: Company**

**Management Details**

**Pallav Kishorbhai Doshi**, aged 34 years, is the Chairman of the Board, Managing Director, and Promoter of the Company. He holds bachelor’s degree in engineering in electronic engineering with nano technology from University of York. He has experience of more than a decade in the specialised plastics industry. He has been associated with the Company since 2011 and heads the production and the product development departments.

**Kruti Rajeshbhai Doshi**, aged 34 years, is an Executive Director of the Company. She holds bachelor's degree in arts (interior design) from Saurashtra University. She has experience of more than a decade in the home improvement and home furnishing industry and heads the Quality Division of the Company.

**Karishma Rajesh Doshi**, aged 31 years, is an Executive Director and one of the Promoters of the Company. She holds bachelor's degree in design from National Institute of Fashion Technology. She has three years of experience in home improvement and home furnishing industry and heads the human resource department of the Company.

**Shital Bharatkumar Badshah**, aged 43 years, is the Independent Director of the Company. He holds bachelor's degree in engineering from Gujarat University. He has more than seven years of experience in the education sector and was previously associated with Indus Institute of Technology and Engineering and Ganpat University. He was also previously associated with Asea Brown Boverly Limited, Masibus Process Instruments Private Limited, and Centre for Monitoring Indian Economy Private Limited.

**Kirit Ratanashi Vachhani**, aged 67 years, is the Independent Director of the Company. He holds bachelor's degree in commerce from Saurashtra University. He has eight years of experience in the plastics industry.

**Pratik Rajendrabhai Kothari**, aged 35 years, is the Independent Director of the Company. He has attended Saurashtra University to pursue bachelor's degree in commerce. He is the proprietor of M/s. Prateek Multichem India and a director on the board of directors of Prateek Multitrade Private Limited.

### Exhibit 5: Balance Sheet

Particulars			₹ Lakhs
I. EQUITY AND LIABILITIES	FY 2023	FY 2022	FY 2021
<b>(1) Shareholders' funds</b>			
(a) Share Capital	1,600.00	1,600.00	100.00
(b) Reserves and Surplus	6,961.89	5,624.66	6,607.76
Total	8,561.89	7,224.66	6,707.76
<b>(2) Non-current liabilities</b>			
(a) Long-term Borrowings	324.42	353.91	-
(b) Deferred Tax Liabilities (net)	218.41	475.78	484.01
Total	542.83	829.69	484.01
<b>(3) Current liabilities</b>			
(a) Short-term Borrowings	332.98	2,229.09	1,541.36
(b) Trade Payables			
- Due to Micro and Small Enterprises	129.24	58.92	24.26
- Due to Others	906.84	1,196.35	1,243.73
(c) Other Current Liabilities	250.42	209.74	255.38
(d) Short-term Provisions	246.62	110.83	183.75
Total	1,866.10	3,804.93	3,248.48
<b>Total Equity and Liabilities</b>	<b>10,970.82</b>	<b>11,859.28</b>	<b>10,440.25</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment and Intangible Assets			
(i) Property, Plant and Equipment	4,345.31	4,437.94	4,090.44
(ii) Intangible Assets	0.87	0.87	0.87
(iii) Capital Work-in-progress	41.35	21.75	-
(b) Non-current Investments	2.93	2.93	2.93
(c) Long term Loans and Advances	114.82	114.82	114.85
(d) Other Non-current Assets	3.68	3.73	6.18
Total	4,508.96	4,582.04	4,215.26
<b>(2) Current assets</b>			
(a) Inventories	3,012.56	3,211.51	1,606.27
(b) Trade Receivables	1,690.15	1,440.44	1,424.03
(c) Cash and Cash Equivalents	535.25	405.60	1,056.58
(d) Short-term Loans and Advances	1,010.57	1,852.89	2,089.94
(e) Other Current Assets	213.34	366.80	48.16
Total	6,461.86	7,277.23	6,224.98
<b>Total Assets</b>	<b>10,970.82</b>	<b>11,859.28</b>	<b>10,440.24</b>

Source: Company

### Exhibit 6: P&L

			₹ Lakhs
Particulars	FY 2023	FY 2022	FY 2021
Revenue from Operations	11,861.18	11,743.58	9,577.70
Other Income	186.91	113.59	103.08
<b>Total Income</b>	<b>12,048.09</b>	<b>11,857.17</b>	<b>9,680.78</b>
Expenses			
Cost of Material Consumed	8,225.50	8,555.72	5,883.01
Purchases of Stock in Trade	-	0.23	4.69
Change in Inventories of work in progress and finished goods	(881.03)	(593.93)	(230.64)
Employee Benefit Expenses	1,273.08	1,308.46	966.38
Finance Costs	261.52	284.28	100.64
Depreciation and Amortization Expenses	374.32	394.69	625.07
Other Expenses	1,362.89	1,220.78	1,096.04
Total expenses	10,616.28	11,170.23	8,445.18
<b>Profit/(Loss) before Exceptional and Extraordinary Item and Tax</b>	<b>1,431.81</b>	<b>686.94</b>	<b>1,235.60</b>
Exceptional Item	-	-	-
Profit/(Loss) before Extraordinary Item and Tax	1,431.81	686.94	1,235.60
Extraordinary Item	-	-	-
Profit/(Loss) before Tax	1,431.81	686.94	1,235.60
Tax Expenses			
- Current Tax	351.95	178.27	398.72
- Deferred Tax	(257.37)	(8.23)	(76.85)
<b>Profit/(Loss) after Tax</b>	<b>1,337.23</b>	<b>516.90</b>	<b>913.73</b>
Earnings Per Share (Face Value per Share Rs.10 each)			
-Basic	8.36	3.23	5.71
-Diluted	8.36	3.23	5.71

Source: Company



### Exhibit 7: Cash Flow Statement

(₹ Lakhs)

Particulars	FY 2023	FY 2022	FY 2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit after tax	1,337.23	516.90	913.72
Depreciation and Amortisation Expense	374.32	394.69	625.07
Provision for tax	94.58	170.03	321.88
Effect of Exchange Rate Change	(82.38)	(66.02)	(12.00)
Loss/(Gain) on Sale / Discard of Assets (Net)	(63.14)	(7.11)	(0.88)
Bad debts written off	-	-	1.25
Non-cash expense	-	-	0.02
Interest Income	(18.67)	(19.62)	(16.32)
Finance Costs	261.52	284.28	100.64
Operating Profit before working capital changes	1,903.46	1,273.16	1,933.38
Adjustment for:			
Inventories	198.96	(1,605.24)	(714.58)
Trade Receivables	(135.61)	(27.74)	(663.98)
Other Current Assets	986.78	(110.80)	(457.13)
Trade Payables	(251.01)	79.95	1,001.36
Other Current Liabilities	40.77	(57.83)	113.36
Short-term Provisions	109.75	(15.75)	37.13
Cash generated from Operations	2,853.10	(464.25)	1,249.54
Tax paid (Net)	325.90	225.94	397.29
<b>Net Cash from Operating Activities</b>	<b>2,527.20</b>	<b>(690.18)</b>	<b>852.25</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	(349.32)	(738.12)	(842.93)
Sale of Property, Plant and Equipment	117.18	7.80	0.63
Loans and Advances given/(taken) [Net]	3.06	(7.47)	(5.97)
Investment in and Maturity of Term Deposits [Net]	(98.61)	450.13	(757.62)
Interest received	18.67	19.62	16.32
<b>Net Cash (Used in) Investing Activities</b>	<b>(309.03)</b>	<b>(268.05)</b>	<b>(1,589.56)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Long Term Borrowings	(29.49)	353.91	-
Proceeds from and Repayment of Short-Term Borrowings [Net]	(1,896.11)	687.73	1,098.13
Dividends Paid (including Dividend Distribution Tax)	-	-	(200.00)
Interest Paid	(261.52)	(284.28)	(100.64)
<b>Net Cash (Used in) / Generated from Financing Activities</b>	<b>(2,187.13)</b>	<b>757.37</b>	<b>797.49</b>
Net (Decrease) in Cash and Cash Equivalents	31.04	(200.86)	60.17
Opening Balance of Cash and Cash Equivalents	19.19	220.05	159.87
Closing Balance of Cash and Cash Equivalents	50.23	19.19	220.04

Source: Company

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