



IPO NOTE: ESSEN SPECIALITY FILMS LIMITED

IPO NOTE : SUBSCRIBE FOR LISTING GAIN

IPO Opening Date	June 23, 2023
IPO Closing Date	June 27, 2023
Issue Type	Book Built Issue IPO
Face Value	₹10 per equity share
Price	₹101 to ₹107 per equity share
Market Lot	1200 Shares
Listing At	NSE SME
Issue Size	6,199,200 Equity Shares of ₹10 (aggregating up to ₹66.33 Cr)
Fresh Issue	4,699,200 shares
Offer for Sale	1,500,000 shares of ₹10
Offer Reserved for the Market Maker	up to 3,10,800 Equity Shares
Net Offer to the Public	up to 58,88,400 Equity Shares

Essen Speciality Films IPO Reservation

QIB Shares Offered	Not more than 50.00% of the Net offer
NII (HNI) Shares Offered	Not less than 15.00% of the Offer
Retail Shares Offered	Not less than 35.00% of the Offer

Essen Speciality Films IPO Timetable (Tentative)

Essen Speciality Films IPO opens on Jun 23, 2023, and closes on Jun 27, 2023.

Event	Tentative Date
Opening Date	Friday, 23 June 2023
Closing Date	Tuesday, 27 June 2023
Basis of Allotment	Monday, 3 July 2023
Initiation of Refunds	Tuesday, 4 July 2023
Credit of Shares to Demat	Wednesday, 5 July 2023
Listing Date	Thursday, 6 July 2023
Cut-off time for UPI mandate confirmation	5 PM on Jun 27, 2023

Essen Speciality Films IPO Lot Size

Application	Lots	Shares	Amount
Retail (Min)	1	1200	₹121,200
Retail (Max)	1	1200	₹128,400
HNI (Min)	2	2400	₹256,800



Present Offer	Equity Shares Offered	Amount in Crores (Upper Band)
Total Equity Shares Offered	61,99,200	66.33
The Offer Consists of :		
Fresh Issue	46,99,200	50.28
Offer for Sale	15,00,000	16.05
Offer Reserved for		
Market Maker	3,10,800	3.33
Net offer to the Public	58,88,400	63.01
<i>Out of which</i>		
Anchor Investor portion	17,65,200	18.89
Allocation to Mutual Funds	58,860	0.63
Allocation excluding to Mutual funds	11,18,340	11.97
Non-Institutional Portion		
Retail Portion	8,84,400	9.46
	20,61,600	22.06

Objects of the offer

- Prepayment or repayment of all or a portion of certain outstanding borrowings availed by the Company;
- Funding the working capital requirements of the Company; and General corporate purposes

Summary of Business

The company is a manufacturer and exporter of specialized plastic products in the home improvement and home furnishing industry, to renowned multinational modern trade retailers, such as IKEA, Walmart, Kmart, Bed Bath & Beyond, Rusta, Runsvan, Kohl's, Kroger etc. The Company has been recognized as a 'two star export house' by Ministry of Commerce & Industry, Government of India. The Company operates a fully-integrated, sustainable and technologically advanced manufacturing unit, which has been certified to be compliant with the requirements of ISO 9001:2015. The Company is part of the Rajoo Group, which is headed by its promoter group company, Rajoo Engineers Limited. It is listed on the BSE Limited since October 24, 1994 and had a total market capitalization of 270.67 Crore as of June 9, 2023.

Investment Rationale

- ISO 9001:2015 A fully-integrated, sustainable and Technologically advanced manufacturing unit with Total Installed Capacity- 9450 (MTPA)
- Exports to 24 Countries. Owing to the quality of its products, Its products are retailed at some of the most recognized and reputed International brands
- Wide-spread domestic and international market presence
- Cater to market of 7 Categories - Bath Area, Kitchen & Dinning, Home Décor, Storage and Organization, Fitness & Lifestyle, Outdoor & Utility



- Comprehensive product portfolio enables us to serve customers spread across diverse industry verticals
- Technology backed infrastructure to support innovative and quality solutions
- Developed an automated assembly process to manufacture products with recycled plastic and minimum labour
- Developed a product development process to make a product Toxic Volatile Organic Compound (“TVOC”) compliant
- 20+ Years plastic processing expertise. All of its customers trust its solid brand. It constantly expand and value enduring relationships. Leading position as a producer and exporter of items made of sustainable plastic.

SUMMARY OF FINANCIAL INFORMATION

RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Particulars	31 March 2023	31 March 2022	31 March 2021
Revenue from Operations	11,861.18	11,743.58	9,577.70
Other Income	186.91	113.59	103.08
Total Income	12,048.09	11,857.17	9,680.78
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
Profit/(Loss) before Exceptional and Extraordinary Item and Tax	1,431.81	686.94	1,235.60
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)
Profit/(Loss) after Tax	1,337.23	516.90	913.73
Earnings Per Share (Face Value per Share Rs.10 each)			
-Basic	8.36	3.23	5.71
-Diluted	8.36	3.23	5.71



RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(₹ in lakhs)

Particulars	31 March 2023	31 March 2022	31 March 2021
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(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
(2) Non-current liabilities			
(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
(3) Current liabilities			
(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
Total Equity and Liabilities	10,970.82	11,859.28	10,440.25
II. ASSETS			
(1) Non-current assets			
(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
(2) Current assets			
(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
Total Assets	10,970.82	11,859.28	10,440.24

Its earnings per share (EPS) stood at Rs 8.36 per share in FY23. The same was Rs 3.23 per share and Rs 5.71 per share in FY22 and FY21. Thus, at the upper limit of the price band at Rs 107, the issue will command a valuation of 13 times its earnings. The Average Industry P/E is 43.65. Its Gross Profit Margin increase from 21.4% in FY 21 to 26.82 in FY 23. Its Net Profit Margin increases from 9.93 % in FY 21 to 11.42% in FY 23. Its solvency ratio stood at 0.06 in FY 23 and ROCE stood at 12.19%. Its RONW stood at 15.62% in FY 23. Net Asset Value (NAV) per Equity Share as on March 31, 2023 is 53.51.

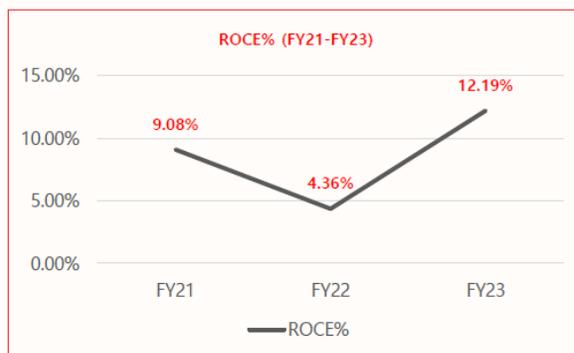
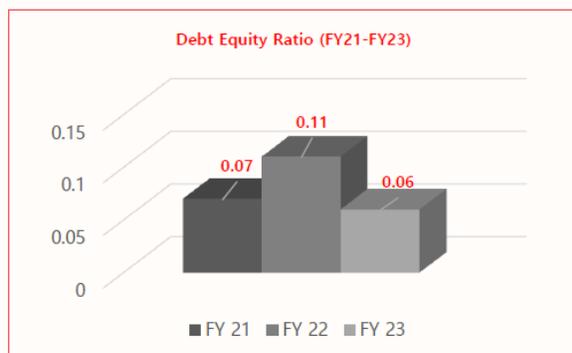
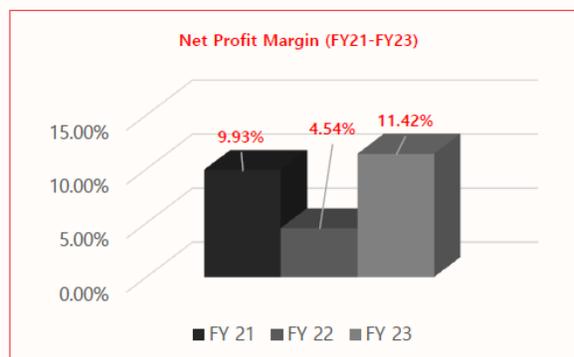
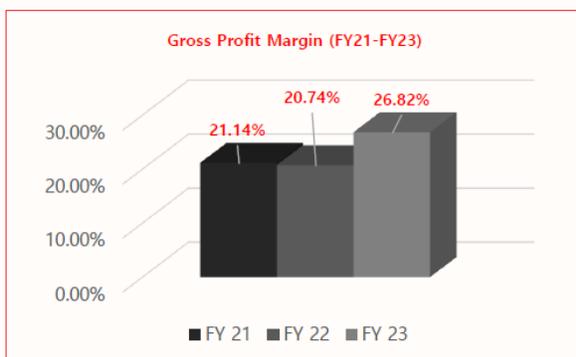


Comparison of Accounting Ratios with Industry Peers

The following peer group has been determined on the basis of companies listed on Indian stock exchanges, whose business profile is comparable to its businesses

Name of the Company	CMP*	EPS (₹)	Face Value (₹)	P/E Ratio*	RoNW (%)	NAV Per Share	Total Income (₹ in Lakhs)
Peer Group							
Shaily Engineering Plastics Limited	1,321	38.32	10.00	40.43	40.14%	436.56	57,653.42
Supreme Industries Limited	2,820	60.18	2.00	46.88	21.14%	302.68	9,28,335.00

Although the Company has experienced negative cash flow in the past and may continue to do so in the future, which could have a material adverse effect on its business, prospects, financial condition, cash flows and results of operations.



By looking at the financial results, margin analysis, solvency ratio analysis Investor can subscribe it for listing gains and subsequent appreciation of share prices in near future.



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