

## Essen Speciality Films Limited

December 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term / Short-term bank facilities	25.00	CARE BBB+; Stable / CARE A2	Reaffirmed
Short-term bank facilities	4.00	CARE A2	Reaffirmed

Details of facilities in Annexure -1

### Rationale and key rating drivers

Ratings assigned to bank facilities of Essen Speciality Films Limited (ESFL) continue to derive strength from its experienced and qualified management, established track record of operations, reputed albeit concentrated customer base along with comfortable solvency position and adequate liquidity.

However, ratings remain constrained by the company's growing albeit moderate scale of operations with volatile profitability, which is susceptible to fluctuation in raw material prices as well as foreign exchange rates and its presence in a competitive industry.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Significant improvement in scale of operations with total operating income (TOI) of over ₹250 crore with diversification of product portfolio/customer base while maintaining its healthy profitability.
- Improvement in operating cycle below 75 days on a sustained basis.

#### Negative factors

- Decline in scale of operations with TOI below ₹100 crore on a sustained basis.
- Deterioration in capital structure as marked by overall gearing ratio above 1.00x on a sustained basis.
- Elongation in operating cycle beyond 120 days on a sustained basis.
- Cost or time overrun related to on-going capex leading to significant disruption of the company's operations.

### Analytical approach: Standalone

#### Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that the entity shall continue to benefit from its established presence in the industry and association with reputed clientele, which shall enable the company to sustain its comfortable financial risk profile over the medium term.

### Detailed description of key rating drivers

#### Key strengths

##### Experienced and qualified management

ESFL is promoted by Doshi family which has presence in plastic industry for a long time through association with flagship group company, Rajoo Engineers Limited (REL; since 1986; rated CARE A-; Positive / CARE A2+) along with other companies. Rajesh N Doshi, Co-founder of the Rajoo group, holds over two decades of experience in plastic processing, machinery manufacturing, product development and project execution. Pallav Doshi, Chairman, Kruti Doshi, Karishma Doshi and Utkarsh Doshi, the company's Executive Directors also hold healthy experience in plastic industry. ESFL shares common management with REL and also has qualified and experienced second-tier management to manage day-to-day operations.

##### Established track record of operations

Started in 2002 as a manufacturer of plastic articles, ESFL has a long operational track record of more than two decades in this industry. With its long track record, it has developed good relationship with its customers as well as suppliers. It has wide product basket, including bathroom, kitchen & dining, and home décor articles among others. The company mainly caters to exports market and complies with international standards, which helps it procure orders from reputed MNCs.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

### Reputed albeit concentrated customer base

ESFL has long-standing relationship with reputed global and domestic clients. In the last few years, ESFL has added new customers and new products to diversify its customer base, which is expected to drive growth. ESFL has been catering to IKEA for more than a decade. Apart from IKEA, ESFL has added other customers such as Decolin Inc. (supplier for Walmart and Bath & Beyond), Shurtape Technologies LLP and others. While IKEA is a major customer of ESFL, with new customer additions, its contribution to sales reduced from ~95% in FY20 to ~28% in FY25. Revenue concentration from top five customers remained high at ~67% in FY25 (PY: 62%).

### Comfortable solvency position

ESFL's capital structure remained comfortable owing to its low reliance on debt as marked by overall gearing ratio of 0.11x as on March 31, 2025, on a moderate net worth base of ₹153.24 crore. Owing to healthy liquid funds available with the company, it remained net debt free in the last couple of years. Total outside liability to tangible net worth (TOL/TNW) also remained at comfortable level of 0.25x as on March 31, 2025 (0.06x as on March 31, 2024). In H1FY26 as well, ESFL's capital structure continued to remain comfortable marked by overall gearing and TOL/TNW of 0.17x and 0.85x respectively as on September 30, 2025 (0.02x and 0.93x respectively as on September 30, 2024).

With minimal reliance on debt, the company's debt coverage indicators remained comfortable as marked by profit before interest, lease rentals, depreciation, and taxation (PBILDT) interest coverage of 18x (PY: 23x; H1FY26: 21x) and total debt to gross cash accruals (TD/GCA) of 1.02x (PY: nil; H1FY26: 1.31x) in FY25.

The Rajoo group purchased a 90 acres land parcel 10-15 km from existing facility at Lothda area of Rajkot, Gujarat in 2016. ESFL is in the process of transferring its manufacturing facilities to this industrial plot at Lothka. The company intends to continue functioning from its existing premises till development of new site. Expected cost for capex is ₹50 crore (comprising building cost of ₹40 crore and balance towards new plant & machinery), which is proposed to be funded through a mix of term loan, internal accruals and available liquidity. This capex is expected to be completed in March-April 2026. Post completion of this capex, the company may also plan to incur further capex of ₹25-30 crore towards infrastructure development.

CareEdge Ratings expects ESFL's financial risk profile to remain comfortable even after considering the on-going capex.

### Key weaknesses

#### Growing albeit moderate scale of operations with volatile profitability

ESFL's TOI grew by 21% y-o-y from ₹142.68 crore in FY24 to ₹173.03 crore in FY25 on account of high demand from customers marked by 20% y-o-y increase in sales volume (in terms of number of articles sold), though sales realisation remained marginally lower (-3% y-o-y). In H1FY26, the company's TOI further grew by 10% y-o-y to ₹90.15 crore (H1FY25: ₹82.30 crore) on the back of nominal volume growth of 2% y-o-y and 8% y-o-y increase in sales realisation.

The company operates in a niche segment of otherwise fragmented plastic industry, where it manufactures plastic articles mainly for global furnishing companies. Plastic articles made by the company are modified and tailor made per customer requirement. As a result, while ESFL has healthy operating profitability, it gets impacted by raw material volatility. The company has been striving to add new reputed clients in its portfolio, where the profitability is generally lower in initial orders. research and development cost increases towards new product development for new customers. As a result, the company's operating margin remains volatile in tandem with new customer addition.

ESFL's PBILDT margin deteriorated by 496 bps y-o-y from 16.60% in FY24 to 11.64% in FY25 as the company reported operating loss of ₹2.38 crore in Q4FY25 due to new product-variants development (led to incremental operational cost) and execution of relatively low margin orders in the quarter, as per management articulation. Consequently, the company's profit after taxation (PAT) margin decreased by 322 bps y-o-y from 9.98% in FY24 to 6.77% in FY25 on the back of moderation in operating margin. In H1FY26, the company reported relatively stable profitability marked by PBILDT margin and PAT margin of 15.10% and 7.73% respectively (H1FY25: 15.98% and 9.54% respectively).

#### Susceptibility of profitability to fluctuation in raw material prices and foreign exchange rates

ESFL's primary raw materials are ethylene vinyl acetate (EVA), low-density polyethylene (LDPE) and Polypropylene (PP) granules, which are crude oil derivatives, and hence, exhibit inherent volatility. Volatility associated with raw material prices and timing difference arising in procurement of raw material and realisation of sales exposes the company's operating margin to price fluctuation. ESFL generated ~70-80% revenue through exports for five years ended FY25 with low reliance on imports; providing natural hedge only to a small extent. While the company does not have formal hedging policy, it hedges the balance forex

exposure partially through forward contracts. The company registered forex gain of ₹0.94 crore in FY25 against ₹0.66 crore in FY24.

### Presence in a competitive industry

ESFL operates in plastic industry, which is highly fragmented, characterised by a large number of small players. High degree of fragmentation also leads to stiff competition among manufacturers. Domestic manufacturers face stiff competition from Chinese counterparts for supplying to global retail giants such as IKEA, Walmart, and K-Mart among others leading to stiff competition.

### Liquidity: Adequate

ESFL's liquidity was adequate marked by sizable liquid funds coupled with low utilisation of working capital limits and moderate cash accruals against low debt repayment obligations.

The company generated gross cash accruals of ₹17.09 crore in FY25 (₹10.08 crore in H1FY26) and it is expected to generate cash accruals to the tune of ₹23-29 crore in FY26-FY28 as against proposed debt repayment obligations of ₹5-6 crore in same period. The company's cash flow from operations (CFO) deteriorated from positive ₹0.31 crore in FY24 to negative ₹25.21 crore in FY25 owing to incremental working capital requirement (primarily towards substantial increase in raw material and WIP inventory related to new product-variant development coupled with increase in receivables and short-term loans and advances as on March 31, 2025). Subsequently, liquid funds with the company reduced from ₹38.50 crore as on March 31, 2024, to ₹26.99 crore as on March 31, 2025, as the same was partially utilised for incremental working capital demand.

ESFL's operating cycle elevated from 133 days in FY24 to 169 days in FY25 on the back of elongation in inventory period from 109 days in FY24 to 140 days in FY25. However, despite operating cycle staying above 120 days resulting in triggering of a negative sensitivity, debt reliance of the company continued to remain low. Average utilisation of its fund-based working capital facilities remained at 25% for 12 months ended September 2025.

**Assumptions/Covenants:** Not applicable

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

### Applicable criteria:

[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
Consumer discretionary	Consumer durables	Consumer durables	Furniture, home furnishing

Incorporated in 2002 by Doshi Family and led by Pallav Doshi, ESFL (CIN: U24224GJ2002PTC041119) is engaged in manufacturing EVA and LDPE based articles for various application in bathroom (shower curtain, mats, curtain rings and hookset among others), kitchen & dining (shelf liners, coasters, and chopping board among others) and home decor (artificial plant and flower among others). ESFL sells ~70-80% of its products in exports market to reputed customers including IKEA, Decolin Inc., Sarutape Technologies LLP and others. The company operates through its sole manufacturing facility at Shapar, Rajkot (Gujarat).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	142.68	173.03	90.15
PBILDT	23.68	20.14	13.61
PAT	14.24	11.71	6.97
Overall gearing (times)	0.00	0.11	0.17
Interest coverage (times)	23.06	18.17	21.27

A: Audited; UA: Unaudited; NA: Not available; 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 facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	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/ ST-CC/PC/Bill Discounting	-	-	-	-	25.00	CARE BBB+; Stable / CARE A2
Non-fund-based - ST-Letter of credit	-	-	-	-	4.00	CARE A2

#### 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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT/ ST-CC/PC/Bill Discounting	LT/ST	25.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A2 (03-Jan-25)	1)CARE BBB+; Stable / CARE A2 (15-Dec-23)	1)CARE BBB+; Stable / CARE A2 (06-Dec-22)
2	Non-fund-based - ST-Letter of credit	ST	4.00	CARE A2	-	1)CARE A2 (03-Jan-25)	1)CARE A2 (15-Dec-23)	1)CARE A2 (06-Dec-22)

LT/ST – Long term / Short term, ST – Short term

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

#### Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-CC/PC/Bill Discounting	Simple
2	Non-fund-based - ST-Letter of credit	Simple

#### Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

**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](mailto:care@careedge.in) for clarifications.

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