



IPO Note

Aten Papers & Foam Limited

Recommendation: **AVOID!**

Company Background –

- **Incorporation:** Aten Papers & Foam Limited was originally incorporated on Jan 07, 2019. The registered office is located at Ahmedabad, Gujarat.
- **Business Activity:** The company primarily sources Kraft Paper and Duplex Board from various paper mills and supplies them to clients engaged in packaging product manufacturing.
- **Revenue Stream:** The company generates majority of the revenue from the sale of kraft paper.
- **Human Resource:** The company had 14 full-time employees as on Mar 31, 2025.

Objects of the Issue –

- Capital Expenditure
- To meet working capital requirements
- General corporate purposes

Promoters Name –

Mohamedarif Mohamedibrahim Lakhani and Amrin Lakhani

Rationale for recommendation –

Aten Papers & Foam Limited, incorporated in 2019, has a relatively short operating history and limited industry experience. The IPO is priced at a post-issue P/E of 14.10x, suggesting a fair valuation. While the company has shown growth in revenue, EBITDA, and profitability, the sustainability of this performance remains modest. The management structure lacks depth, with the core team having limited educational qualifications and experience. Additionally, the company is heavily dependent on a few suppliers and derives 99% of its revenue from Gujarat, highlighting geographic concentration risk. Operating in a highly fragmented and competitive paper industry without a distinct strategic edge, investors may consider **avoiding** this IPO for now and instead monitor the company's post-listing performance.

IPO Details

Opening Date	Jun 13, 2025
Closing Date	Jun 17, 2025
Allotment Date	Jun 18, 2025
Listing Date	Jun 20, 2025
Stock Exchange	BSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹91 to ₹96
Issue Size	31.68 Cr.
Fresh Issue	31.68 Cr.
Offer for Sale	-
Application Amt	₹ 1,15,200 (1,200 shares)

INDUSTRY – Paper

Avg. P/E ratio as per RHP – N/A

	KPIs (In Lakhs)		
KPI's	FY 23	FY 24	FY 25
Revenue	9,099.72	9,679.82	13,869.22
EBITDA	187.58	515.26	1,065.37
Net Profit	50.27	278.10	701.13
RoCE	23.10%	54.37%	69.53%
ROE	11.82%	39.55%	49.92%
P/E	133.33	24.18	9.58

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
99.99%	67.96%

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	10.02	6.81
BVPS	20.06	13.63
P/E	9.58	14.10
P/BV	4.79	7.04
Mkt Cap (In Cr)	67.20	98.88

Lead Managers –

Swastika Investmart Limited

Registrar –

Skyline Financial Services Private Limited

Business Overview -

The company primarily sources Kraft Paper and Duplex Board from various paper mills and supplies them to clients engaged in packaging product manufacturing. Additionally, the company procures wastepaper from stockists and supplies it to paper mills, serving as a critical raw material for paper production. The company's product portfolio includes a wide range of Kraft papers and Duplex boards offered in multiple grades, thicknesses, widths, and specifications, tailored to meet diverse customer requirements. They act as an intermediary in the paper product supply chain.

Manufacturing Unit:

The company has proposed to set up 3 wastepaper processing units in Ahmedabad, where they will process waste papers which is an essential raw material for paper mills.

Product and Service Portfolio -

The company offers kraft papers (12 BF to 40 BF with various GSM mix and colour mix), absorbent kraft paper, tube kraft paper, paper bag kraft paper, wastepaper and duplex paper. The below table gives a revenue bifurcation:

Revenue Bifurcation:

(In Lakhs)

Particulars	FY 2023		FY 2024		FY 2025	
	Amt	%	Amt	%	Amt	%
Kraft Paper	7,632.35	83.87%	7,345.67	75.89%	9,747.26	70.28%
Waste Paper	1,020.60	11.22%	1,368.60	14.14%	3,354.80	24.19%
Duplex Board	420.44	4.62%	871.77	9.01%	668.69	4.82%
Other Papers	26.32	0.29%	93.78	0.97%	98.47	0.71%
Total	9,099.71	100%	9,679.82	100%	13,869.22	100%

Competition -

- Market Competition:** The industry is competitive where the key factors of competition primarily comprise of quality, price and availability of products and timely delivery.
- Geographic Competition:** The company faces competition from various domestic players and international players.
- Barriers to entry:** Low barriers to entry.
- Threat of Substitutes:** High threat of substitutes.
- Bargaining Power of Customers:** The bargaining power is high with the customers.
- Bargaining Power of Suppliers:** The bargaining power is low with the suppliers.

Business Strategies -

- The Company aims to expand their domestic presence and add new customers.
- The Company aims to expand its operations by setting up 3 new facilities in Ahmedabad.

Risk Factors -

- The company is highly dependent on top 10 suppliers for their purchases constituting to 84.12%, 84.46%, and % for FY23, FY24 and FY25 respectively.
- The company is highly dependent on Gujarat for their revenue constituting to 99.86%, 99.18%, and 98.16% for FY23, FY24 and FY25 respectively.
- The company has 4 tax proceedings against it of Rs. 44.83 lakhs.
- The directors/ promoters have 6 tax and other litigations against them of Rs. 406.07 lakhs.
- The company has contingent liabilities of Rs. 8.07 lakhs as of FY-25.

PEER ANALYSIS -

The company believes they do not have any listed company in India and abroad that engages in a similar business to the company and thus not possible to provide an industry comparison as per its offer document.

INDUSTRY OVERVIEW -**Paper Industry in India**

The Indian Paper Industry dates back to 200 B.C. during Emperor Ashoka's rule, evolving from handmade processes using jute and hemp to a modern, diverse manufacturing sector. It now caters to writing, printing, packaging, and specialty applications and plays a key role in employment and sustainable practices.

Market Size:

- India has **800+ paper mills** with a capacity of **16+ million tonnes/year**, employing over **4 lakh** people.
- Key states: **Maharashtra, Gujarat, Andhra Pradesh, Karnataka**.
- The **flexible packaging market** is projected to grow by ₹1.35 lakh crore (US\$15.6 bn) by 2028 at a **CAGR of 12.7%**.
- Carton packaging to grow from **US\$400 bn (2023)** to **US\$770 bn (2033)** at a **5% CAGR**.

Government Initiatives:

- **National Packaging Initiative:** Standardizes eco-friendly packaging, supports logistics parks, and promotes recycling through material recovery facilities.
- **Plastic Waste Management Rules** and **Make in India** encourage sustainable alternatives.
- Notable investments: ₹125 crore by Andhra Paper (tissue line) and ₹100 crore by Mold-Tek Packaging (rigid packaging units).

Road Ahead:

- 40% of domestic demand is met via recycled paper.
- Rising use of non-wood fibers like bamboo and bagasse.
- Demand driven by e-commerce, FMCG, and retail.
- With policy support, technological upgrades, and export potential, the sector is set for long-term sustainable growth.

Key Management -

Key Management Persons Name -	Mohamedarif Mohamedibrahim Lakhani
Age	44
Designation and No. of years of experience	Promoter, Managing Director & Chairman, 22+ years of experience in paper industry
Qualification	Did not complete secondary education
Responsibility	Oversees marketing, business development along with formulation of business strategies, planning and implementation in the company
Other Directorships	Lycan Speciality Paper Mills Private Limited, Majethia Papers Private Limited, Aten Packaging Private Limited etc.

Key Management Persons Name -	Amrin Lakhani
Age	44
Designation and No. of years of experience	Promoter and Non-Executive Director, 5+ years of experience in paper industry
Qualification	Did not complete secondary education
Other Directorships	Aten Packaging Private Limited and Aten Retail MV Limited

Key Management Persons Name -	Zuned Lakhani
Age	42
Designation and No. of years of experience	Executive Director, 15+ years of experience in paper industry
Qualification	Did not complete secondary education
Responsibility	Oversees the Logistics Department of the company
Other Directorships	Aten Paper Mill Private Limited

- The overall management of the company is satisfactory.
- The promoter and management have decent experience in the industry.
- **Majid Khan Sher Khan Pathan** and **Premaram Zetaram Patel** are the Independent Directors of the Company. They have relevant experience in their respective fields.
- **Aejazkhan H Pathan (CFO)**, aged 33 years, holds B. Com degree & Post Graduate in human resource management. He has 4 years of experience.
- **Neha Munot (CS and Compliance Officer)**, aged 34 years, holds a Company Secretary certificate and LLB and has 1 years of experience.

FINANCIAL SNAPSHOT

Statement of Profit and Loss			Amt in Lakhs.
Particulars	FY 23	FY 24	FY 25
Revenue from Operations	9,099.72	9,679.82	13,869.22
Other Income	-	-	1.01
Total Income	9,099.72	9,679.82	13,870.23
Expenses			
Purchases of stock-in-trade	8,771.09	9,096.80	12,742.71
Change in Inventories of Finished Goods,WIP and Stock In Trade	6.82	-25.13	-82.61
Employee Benefit Expenses	68.54	50.75	47.05
Finance Cost	103.50	127.80	109.96
Depreciation and Amortization Expense	15.72	15.74	15.73
Other expenses	65.69	42.14	96.70
Total Expenses	9,031.36	9,308.10	12,929.54
EBITDA	187.58	515.26	1,065.37
EBITDA Margin	2.06%	5.32%	7.68%
Profit/(Loss) before tax	68.36	371.72	940.69
Tax Expense			
Current tax	18.20	94.29	240.71
Deferred Tax	-0.11	-0.67	-1.15
Total Tax	18.09	93.62	239.56
Profit/(Loss) for the year	50.27	278.10	701.13
Net Profit Margin	0.55%	2.87%	5.06%

Statement of Assets and Liabilities			Amt in Lakhs.
Particulars	FY 23	FY 24	FY 25
EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share Capital	100.00	100.00	700.00
Reserves and Surplus	325.12	603.23	704.38
Total Equity	425.12	703.23	1,404.38
NON-CURRENT LIABILITIES			
Long-term Borrowings	316.91	214.33	105.30
Deferred Tax liability	1.81	1.14	-
Total Non-Current liabilities	318.72	215.47	105.30
CURRENT LIABILITIES			
Short-term Borrowings	1,286.42	1,352.67	1,007.93
Trade Payables			
(a) Total outstanding dues of MSME	905.26	907.47	642.50
(b) Total outstanding dues of creditors other than MSME	0.64	-	53.65
Other Current Liabilities	5.95	17.35	33.88
Short-term Provisions	20.18	96.17	241.96
Total Current liabilities	2,218.45	2,373.66	1,979.92
Total Liabilities	2,537.17	2,589.13	2,085.22
Total Equity and Liabilities	2,962.29	3,292.36	3,489.60
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	94.45	78.76	63.36
Intangible Assets	0.30	0.26	0.21
Deferred tax assets (net)		-	0.01

Particulars	FY 23	FY 24	FY 25
Non- current Assets	-	-	0.90
Total Non-Current assets	94.75	79.02	64.48
CURRENT ASSETS			
Inventories	15.14	40.27	122.89
Trade Receivables	2,630.81	3,133.16	3,242.59
Cash & Cash equivalents	12.06	36.93	2.29
Short Term Loans and Advances	208.45	2.43	24.65
Other Current Assets	1.07	0.54	32.68
Total Current assets	2,867.53	3,213.33	3,425.10
Total Assets	2,962.28	3,292.35	3,489.58

Cash Flow Statement			Amt in Lakhs.
Particulars	FY 23	FY 24	FY 25
Net Cash Flow from Operating Activities	45.96	189.01	529.27
Net Cash Flow from Investing Activities	-1.98	-	-0.17
Net Cash Flow from Financing Activities	-44.58	-164.13	-563.73

Key Ratios

Per Share Data				Valuation Ratios (x)			
	FY 23	FY 24	FY 25		FY 23	FY 24	FY 25
Diluted EPS	0.72	3.97	10.02	EV/EBITDA	10.75	4.33	2.36
BV per share	42.51	70.32	20.06	Market Cap / Sales	0.11	0.10	0.48
Operating Ratios				P/E	133.33	24.18	9.58
EBITDA Margins	2.06%	5.32%	7.68%	Price to Book Value	2.26	1.37	4.79
PAT Margins	0.55%	2.87%	5.06%	Solvency Ratios			
Inventory days	0.61	1.52	3.24	Debt / Equity	3.77	2.23	0.79
Debtor days	105.81	118.47	85.57	Current Ratio	1.29	1.35	1.73
Creditor days	37.80	36.51	20.00	Quick Ratio	1.29	1.34	1.67
Return Ratios				Asset Turnover	3.07	2.94	3.97
RoCE	23.10%	54.37%	69.53%	Interest Coverage Ratio	1.66	3.91	9.55
RoE	11.82%	39.55%	49.92%				

*Annualized

INTERPRETATION –

1. The top line has increased over the years. It increased by 6.37% in FY24 and in FY25 it increased by 43.28% which is increased due to revenue from trading papers.
2. The net profit also increased over the years. It increased by 453.21% in FY24 and it increased by 152.11% in FY25.
3. The EBITDA margin and PAT margins have also increase over the years.
4. The DE ratio has improved over the years.
5. The RoE and RoCE has improved over the years.

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is **Swastika Investmart Limited**.
A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Swastika Investmart Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	L.K. Mehta Polymers Limited	7.38	71.00	Feb 21, 2025	55.90
2.	United Heat Transfer Limited	30.00	59.00	Oct 29, 2024	70.65
3.	Aditya Ultra Steel Limited	45.88	62.00	Sep 16, 2024	28.50
4.	Resourceful Automobile Limited	11.99	117.00	Aug 29, 2024	67.00
5.	Ideal Technoplast Industries Limited	16.03	121.00	Aug 28, 2024	130.00
6.	Bulkcorp International Limited	20.78	105.00	Aug 06, 2024	56.85
7.	TBI Corn Limited	44.94	94.00	Jun 07, 2024	111.40
8.	Sai Swami Metals & Alloys Limited	15.00	60.00	May 08, 2024	37.90
9.	Shree Marutinandan Tubes Limited	14.30	143.00	Jan 19, 2024	100.37
10.	Saroja Pharma Industries India Limited	9.11	84.00	Sep 13, 2023	38.40

The company has handled 12 mandates in the last three years (including current year).

*CMP for the above-mentioned companies is taken as of 10th June 2025.
As per the offer document, the above-mentioned mandates L.K. Mehta Polymers and Saroja Pharma Industries India have opened at a discount and remaining all have opened at a premium on the listing day.

Recommendation -

Aten Papers & Foam Limited has been in the industry since 2019 and has limited experience in the industry. The P/E on a post-IPO annualized basis is around 14.10 times which makes it fairly priced.

The company's management structure is decent; however, the current management team does not have relevant educational qualification and the CFO has limited experience which poses slight risk.

The company's top line, EBITDA and bottom line have increased over the years and looks slightly sustainable.

The company has concentration for suppliers and generates 99% of their revenue from Gujarat.

The paper industry is highly fragmented and competitive and there are many established players and the company does not have unique strategy for their growth.

Thus, investors can **AVOID** this IPO for now and monitor post IPO performance.

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