



**IPO Note:**

**KNACK PACKAGING LIMITED- SUBSCRIBE**

**Knack Packaging Limited (KPL)** is an integrated, export-oriented packaging solutions provider specializing in Printed and Laminated Woven Polypropylene (PLWPP) bags, including PLWPP Pinch Bottom bags, catering to a diverse set of end-use industries. With a track record spanning over two decades, the company has built a diversified, customised product portfolio that ranges from 5kg to 50kg bulk packaging formats, primarily serving powder and granule-form products across grains and pulses, flour and spices, sugar and salt, fruits and nuts, animal and pet foods, agriculture and seeds, charcoal, detergents, fertilizers, chemicals, cement, tile adhesives and mineral bags, among others.

KPL commands an estimated 10.1% share of the Indian flexible bulk PLWPP bags market (including pinch bottom bags) in FY25, reflecting its scale and entrenched customer relationships in a fragmented industry. The company has also been a technology pioneer in its segment, being an early mover in BOPP/PLWPP bag manufacturing and the first company in India and Asia to integrate laser-cut and easy-open features into PLWPP pinch bottom bags a differentiator that lends pricing power and customer stickiness versus conventional woven bag manufacturers. Beyond the core product, KPL offers a suite of value-added customisation options, including circular and back-seam construction, half/full/register window, zig-zag cut, heat-cut and blade-cut formats, positioning itself as a one-stop packaging solutions provider rather than a commoditised bag manufacturer.

The company operates on a B2B2C model, supplying packaging that carries direct brand visibility for its customers' end consumers, which deepens engagement beyond a transactional vendor relationship. Its client roster includes established domestic names such as Baba Agro Food, Drools Pet Food, Ebro India, Laxmi Protein Products, Mosaic India, KRBL, Shriram Woven Sacks and DCM Shriram, alongside a meaningful international footprint spanning 71 countries, with marquee clients including Cristo S.A., Sacos y Empaques Internacionales, Cargill and Repi Soap and Detergent. This blend of domestic and global blue-chip relationships underscores the credibility of KPL's quality systems and execution capability.

Exports form the core growth pillar of the business, contributing 56.30% of revenue in FY26, with management indicating continued thrust toward international markets going forward. This export orientation is further validated by the company's recognition as a Two Star Export House by the Government of India. Notably, customer retention has improved sharply from 67.27% in FY24 to 88.32% in FY26, a meaningful indicator of strengthening customer relationships, consistent quality delivery and reduced revenue concentration risk a metric investors will likely view as a key proof point of the company's competitive moat.

On the expansion front, KPL has set up Sayem Knack, a joint venture with Sacos y Empaques Internacionales, to establish a new manufacturing facility targeting the Latin American and US markets. This JV commenced commercial operations on April 6, 2026, marking a tangible step toward geographic diversification beyond India-based manufacturing and positioning KPL to serve multinational clients with greater proximity and reduced logistics lead times a structural positive for both export realisations and client stickiness over the medium term.

#### **Investment Recommendation and Rationale:**

**Knack Packaging Limited (KPL) is a leading export-oriented player in the PLWPP bags space, offering technologically differentiated, value-added packaging solutions to a diversified base of domestic and international FMCG, agri, and industrial clients, backed by two decades of manufacturing expertise and a fast-growing export franchise spanning 71 countries. At the upper price band of ₹170, the issue is valued at a P/E multiple of about 22.40x on its FY26 post-IPO EPS of ₹7.58. We give a 'SUBSCRIBE' rating to the issue for the following reasons:**

1. KPL holds 10.1% share of the Indian flexible bulk PLWPP bags market (FY25).
2. Exports formed 56.30% of FY26 revenue, with the company recognized as a Two Star Export House by the Government of India and a marquee client base including Cargill, Cristo S.A. and Repi Soap and Detergent.
3. Retention ratio rose from 67.27% (FY24) to 88.32% (FY26), reflecting strong execution and deepening relationships with reputed clients like KRBL, DCM Shriram and Drools Pet Food.

<b>Issue Opens</b>	<b>01<sup>st</sup> July 2026</b>
<b>Issue Closes</b>	<b>03<sup>rd</sup> July 2026</b>
<b>Type of Issue</b>	Fresh Issue of 2,23,52,941 shares (aggregating up to ₹380.00 Crores) Offer for sale of 35,00,000 shares of ₹10 (aggregating up to ₹60.00 Crores)
<b>Issue size</b>	<b>₹ 440 Crores</b>
<b>Price Band</b>	₹161 to ₹170 per share
<b>Bid lot/ Bid Size</b>	88 shares/ Rs. 14,960
<b>Issue structure</b>	QIB-50%, HNI- 15%, Retail- 35%
<b>Post issue equity shares</b>	12,23,52,941 shares
<b>Promoters and Promoter Group Public</b>	Pre Issue – 89.60%   Post Issue – 70.37% Pre issue – 10.40%   Post Issue- 29.63%
<b>Post issue implied market cap</b>	₹ 2,080 Crores
<b>BRLMs</b>	Systematix Corporate Services Limited, IDBI Capital Markets & Securities Limited, Pantomath Capital Advisors Private Limited.
<b>Registrar to the issue</b>	MUFG Intime India Private Limited

#### **Financial Summary (in ₹ million, unless otherwise indicated)**

Particulars	Fiscal		
	2026	2025	2024
<b>Financial</b>			
<b>Revenue from operations (₹ million)</b>	8,234.34	7,364.90	6,545.59
<b>Revenue Growth (%)</b>	11.81	12.52	26.25
<b>EBITDA (₹ million)</b>	1,722.94	1,443.37	1,013.74
<b>EBITDA Margin (%)</b>	20.42	19.31	15.38
<b>Profit after tax (PAT) (₹ million)</b>	927.24	738.10	459.77
<b>PAT Margin (%)</b>	10.99	9.88	6.98
<b>RoCE(%)</b>	46.71	50.36	45.42
<b>RoIC (%)</b>	33.41	34.62	29.51
<b>Debt Equity Ratio</b>	0.62	0.80	1.23
<b>Return on Equity (%)</b>	35.75	41.70	38.38
<b>Debt Service Coverage Ratio</b>	4.95	3.80	3.25
<b>Operational Performance Indicator</b>			
<b>Total Quantity Sold (MT)</b>	38,157.49	34,471.76	30,590.10
<b>EBITDA per KG (₹)</b>	45.15	41.87	33.14

Source: RHP



The tables below present the installed capacity, effective installed capacity, actual production and capacity utilisation of manufacturing facilities:

Product/Manufacturing Unit	Unt of Measurement	FY26	FY25	FY24
<b>Printed and Laminated Woven Polypropylene</b>				
Installed Capacity	MT	55,800	47,500	43,300
Effective Installed Capacity	MT	43,300	36,400	33,400
Actual Production	MT	35,344	31,297	29,609
Capacity Utilization	%	81.63%	85.98%	88.65%

Product/Manufacturing Unit	Unt of Measurement	FY26*	FY25	FY24
<b>Tapeline +Gravure Printing + Lamination + Multifilament Yarn + Liner</b>				
Installed Capacity	MT	34,100	33,900	31,500
Effective Installed Capacity	MT	25,600	25,200	23,700
Actual Production	MT	20,027	20,947	20,053
Capacity Utilization	%	78.23%	83.12%	84.61%

\*One gravure printing machine added in Mar-26 and Lamination machine added in Dec-25.

The table below sets forth the amount of domestically and internationally sourced materials for the periods indicated:

Product/Manufacturing Unit	FY26	As a % of Total Purchase of Materials	FY25	As a % of Total Purchase of Materials	FY24	As a % of Total Purchase of Materials
Domestically sourced materials	4,926.05	97.50	4,333.07	97.64	3,879.66	96.72
Internationally sourced materials	126.17	2.50	104.73	2.36	131.50	3.28
Total purchase of materials	5,052.22	100.00	4,437.80	100.00	4,011.16	100.00

Source: Red Herring Prospectus (RHP)

### Shareholding pattern

Name of the Selling Shareholders	Type	Number of Equity Shares Offered	Weighted Average Cost of Acquisition per Equity Share (in ₹)
Alpesh Tulsibhai Patel	PSS	Upto 675,750 Equity Shares of Face value of ₹10 each	0.27
Pravinkumar Ambalal Patel	PSS	Upto 300,000 Equity Shares of Face value of ₹10 each	0.33
Rashminbhai Tulsibhai Patel	PSS	Upto 675,750 Equity Shares of Face value of ₹10 each	0.65
Tulsibhai Keshavlal Patel	PSS	Upto 362,000 Equity Shares of Face value of ₹10 each	0.98
Patel Kamlesh Ambalal	PSS	Upto 307,500 Equity Shares of Face value of ₹10 each	0.91
Dharmisthaben Pravinbhai Patel	PSS	Upto 125,000 Equity Shares of Face value of ₹10 each	2.96
Shital Alpesh Patel	PSS	Upto 298,250 Equity Shares of Face value of ₹10 each	0.25
Divyaben Rashminkumar Patel	PSS	Upto 298,250 Equity Shares of Face value of ₹10 each	0.74
Patel Jay Pravinkumar	PSS	Upto 170,000 Equity Shares of Face value of ₹10 each	1.02
Shitalben Kamlesh Patel	OSS	Upto 287,500 Equity Shares of Face value of ₹10 each	0.31

Source: Red Herring Prospectus (RHP)



## Objects of the issue

Fresh Issue of 2,23,52,941 shares (aggregating up to ₹380.00 Cr)

Offer for Sale of 35,00,000 shares of ₹10 (aggregating up to ₹60.00 Cr)

### Company plans to use the Net Proceeds to fund the following objects:

1. Partial funding of capital expenditure towards the establishment of a new manufacturing facility at Borisana located at Kadi, Mehsana, Gujarat ("Project Site").
2. General corporate purposes.

Source: Red Herring Prospectus (RHP)

## Peer Comparison

Name of Company	Face Value per Equity share (in Rs.)	P/E	Closing price as on June 19, 2026	EPS (Basic)	EPS (Diluted)	RoNW (%)	NAV (₹ per share)
Knack Packaging Limited	10	NA	NA	9.27	9.27	35.47	30.82
<b>Listed Peers</b>							
Time Technoplast Limited	1	17.86	178.42	9.99	9.99	13.37	84.40
TCPL Packaging Limited	10	28.19	3,029.40	107.47	107.47	14.34	791.28
Mold-tek Packaging Limited	5	31.83	698.10	21.93	21.93	10.98	207.57

Source: Red Herring Prospectus (RHP)

## Competitive Strengths

1. Focus on driving operational efficiency through streamlined and digitally enabled processes.
2. Strong capabilities in executing complex product designs with high precision and reliability.
3. Ability to provide customized packaging solutions tailored to specific customer requirements.
4. Diversified market presence across domestic and international geographies, serving a broad range of industries.
5. Experienced management team and Board of Directors with a proven track record in driving business growth and operational excellence.

Source: Red Herring Prospectus (RHP)

## Growth Strategies

1. Enhance manufacturing capabilities through capacity expansion and operational strengthening initiatives.
2. Enhance growth prospects through continued innovation and product category expansion.
3. Leverage growing demand for PLWPP bags across industries to support business expansion and revenue growth.
4. Advancing sustainability initiatives across business operations.
5. Strengthen international market presence and expand exposure to high-growth end-use industries.
6. Enhance operational capabilities through increased automation and adoption of AI and machine learning technologies.

Source: Red Herring Prospectus (RHP)

## Key Risks

1. Dependence on a limited number of key suppliers for raw material procurement may expose the company to supply chain disruptions.
2. Customer concentration risk, with a significant portion of revenue derived from a limited number of customers, may impact business performance if key relationships are not maintained.
3. The company's significant revenue exposure to the US market (23.66% of FY26 revenue) increases its vulnerability to adverse economic, regulatory, geopolitical, or trade developments in the United States, including any deterioration in India-U.S. bilateral relations.
4. Past instances of delays in payment of statutory dues may expose the company to penalties, interest liabilities, and regulatory scrutiny.
5. The company had contingent liabilities, equivalent to 10.22% of its net worth as of March 31, 2026, which have not been provided for in its financial statements. Any crystallization of these liabilities could result in significant financial obligations and adversely impact its profitability, cash flows and financial condition.

Source: Red Herring Prospectus (RHP)


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