

Knack Packaging Ltd.

Nifty: 23,866 | Sensex: 76,479

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 IPO Note | 1st July 2026

Sector: Packaging
Price Range: ₹161 - ₹170

Scalable Packaging Solutions with Global Reach

Knack Packaging Ltd., incorporated in 2013, is an integrated packaging solutions provider engaged in the manufacturing of Printed and Laminated Woven Polypropylene (PLWPP) bags, including pinch bottom, gusset, block bottom, and retail variants. Its products cater to diverse industries such as food, agriculture, fertilizers, cement, and chemicals. The company offers in-house printing and design capabilities, supporting customization and brand visibility. As of FY2025, it held an estimated 10% share of the Indian flexible bulk PLWPP bag market and served customers across 68 countries. With over 73,000 printing cylinders, 13,379 SKUs, and established warehousing infrastructure, it has developed a diversified customer base and consistent production capabilities.

- ◆ The Indian flexible plastic packaging market grew ~5% CAGR from FY23 to FY25, reaching ₹2,053bn, driven by the rise in FMCG consumption, e-commerce, and changing consumer lifestyles. (Source: Technopak Analysis).
- ◆ Knack reported an 8% revenue CAGR over FY24–26, reaching ₹823cr, driven by volume-led growth from capacity expansion and a strong export share while margins improved by 370bps to 19% in FY26 due to better operating leverage and improved product mix.
- ◆ Adj. PAT grew at a CAGR of 26%, reaching ₹93cr in FY26 from ₹46cr in FY23, as result of better operating leverage and improved margins from better product mix.
- ◆ The company operates four manufacturing facilities in Gujarat, with an effective production capacity of 43,300 MT, indicating a strong and well-established operational infrastructure with a plan for a new facility which will boost revenue further.
- ◆ As of FY26, the company has strong return ratios, with ROE of 36% and ROCE of 27%, backed by a total asset turnover of 1.6x, indicating efficient utilization of its asset base.
- ◆ Exports accounted for 56% of total revenue in FY26, with the USA alone contributing 24%, highlighting the company's strong presence and access to a significantly larger international market.
- ◆ At the upper price band of ₹170, Knack Packaging is valued at ~22.4x FY26 P/E, which appears reasonable in light of its strong growth trajectory, diversified end-user base, and established presence in both domestic and international markets. The company's integrated operations, expanding capacity, and increasing share of value-added products further strengthen its growth visibility. Considering its solid financial performance, healthy return ratios, and favorable long-term prospects, we recommend a "Subscribe" rating for investors with a medium- to long-term investment horizon.

Issue Details	
Date of opening	July 1, 2026
Date of closing	July 3, 2026
Total No. of shares offered (cr.)	2.6
Post Issue No. of shares (cr)	12.2
Face Value	₹10
Bid Lot	88 Shares
Minimum application for retail (upper price band for 1 lot)	₹14,960
Maximum application for retail (upper price band for 13 lot)	₹1,94,480
Listing	BSE,NSE
Lead Managers	Systematix Corporate Services Ltd, IDBI Capital Markets & Securities Ltd, Pantomath Capital Advisors Pvt Ltd.
Registrar	MUFG Intime India Pvt Ltd

Issue size (upper price)	Rs.cr
Fresh Issue	379.7
OFS	59.5
Total Issue	439.2

Shareholding (%)	Pre-Issue	Post Issue
Promoter & Promo. Group.	89.6	70.6
Public-Investor selling shareholder	10.4	8.3
Public & others	0.0	21.1
Total	100.0	100.0

Issue structure	Allocation (%)	Size Rs. cr
QIB	50	219.6
Non-Institutional	15	65.9
Retail	35	153.7
Employee	-	3.1
Total	100	439.2

Y.E March (Rs cr) Consol.	FY24	FY25	FY26
Sales	654.6	736.5	823.4
Growth YoY(%)	-	12.5	11.8
EBITDA	96.9	133.5	152.0
Margin(%)	14.8	18.1	18.5
PAT Adj.	46.0	73.8	92.8
Growth (%)	-	60.5	25.8
Adj. EPS	3.8	6.0	7.6
P/E (adj)	45.2	28.2	22.4
EV/EBITDA (x)	23.4	16.9	15.0
P/Bv(x)	14.8	9.7	6.7

Purpose of IPO

The offer consists of Fresh Issue of ₹380cr and Offer for Sale (OFS) of ₹60cr. The purpose of the issue is i) Partial funding of capital expenditure towards setting up of new manufacturing facility at Borisana situated at Kadi, Mehsana, Gujarat (₹320cr) and ii) general corporate purposes.

Key Risks

- Supplier concentration risk: Top five suppliers drive 73% of raw material purchases in FY26, posing operational risk without long-term agreements.
- Raw material price volatility: Key raw materials such as polypropylene granules, BOPP films, and LDPE granules are largely derived from crude oil; therefore, fluctuations in crude oil prices can increase input costs and impact margins.

Peer Valuation

Company	CMP(Rs.)	MCap(Rs.cr)	Sales (Rs.cr)	EBITDA(%)	PAT (%)	EPS(Rs.)	RoE (%)	P/E(x)	P/BV	Mcap/sales	D/E (x)	EV/EBITDA
Knack Packaging Ltd	170	2,080	823	18.5	11.3	7.6	35.5	22.4	6.7	2.5	0.7	15.0
Mold-Tek Packaging Ltd	721	2,396	887	19.5	8.2	21.7	11.0	33.2	3.5	2.7	0.3	10.4
Time Technoplast Ltd	180	8,900	6,10	14.6	7.7	9.9	13.4	18.3	2.2	1.5	0.2	8.9
TCPL Packaging Ltd	3,015	2,744	1,810	16.2	5.4	107.1	14.4	28.2	3.8	1.5	0.9	9.2

Source: Geojit Research, Bloomberg; Valuations of Knack are based on upper end of the price band (post issue), Financials as per FY26 consolidated.



Business Description:

Knack Packaging Ltd. is an innovation-oriented and export-led provider of sustainable packaging solutions, focusing on Printed and Laminated Woven Polypropylene (PLWPP) bags, including pinch bottom variants. The company holds an estimated 10.1% market share in India and is recognized as an early entrant in BOPP/PLWPP manufacturing, introducing laser-cut and easy-open features. Backed by over two decades of promoter experience, it offers a wide range of customized bulk packaging solutions with various add-ons. The company serves domestic and international clients across multiple industries, including food, agriculture, chemicals, and construction materials, through its presence in several global markets.



Source: Geojit research, RHP

Key strengths

◆ Focus on operational efficiency through integrated and digitised processes.

Knack follows a structured, technology-driven approach to manage its supply chain, procurement, and production functions, supporting operational efficiency and cost control. Its proprietary platform, Knack Galaxy, enables real-time tracking of procurement, production, dispatch, and logistics, providing end-to-end visibility and integrated planning. The system is complemented by tools such as Microsoft Dynamics 365 and SAP S4 HANA, ensuring efficient resource allocation and workflow management. The company also emphasizes workforce training and maintains buffer inventory and bulk procurement strategies to ensure raw material availability. Dedicated production lines and continuous process improvements support consistent quality, timely delivery, and operational stability.

◆ Capability to deliver complex product design with accuracy

The company has developed advanced capabilities in engineering and manufacturing complex packaging designs requiring high technical precision and process consistency. Its expertise spans bag construction, multi-layer lamination, and integration of features such as valve closures, handles, perforations, and customized structures. By following a systematic, process-driven approach with structured workflows and quality checks, it ensures dimensional accuracy, material compatibility, and production uniformity. Its in-house ink kitchen and spectrophotometer support precise color matching and brand consistency. This ability to deliver technically complex, customized packaging solutions with repeatability enables the company to meet functional, aesthetic, and performance expectations across diverse customer requirements.

◆ Customer-centric custom packaging solutions

The company collaborates closely with customers to transform basic inputs, such as product type and weight range, into complete packaging solutions. Its in-house design team develops structured, brand-aligned bag designs, covering both technical and aesthetic requirements. It also supports cylinder printing, ensuring customer-provided artwork is adapted for accurate and consistent print output. The company offers end-to-end services, including selection of suitable bag types, optimization of size and construction, customized branding, and coordination of printing processes. Through technical support, sampling, and iterative design improvements, it simplifies packaging development and delivers production-ready solutions tailored to market and performance requirements.

◆ Presence across Indian and global market catering to various industries

The company operates across domestic and international markets, supported by its subsidiary in South Africa, with a balanced revenue mix between exports and domestic sales. Its geographically diversified presence reduces reliance on any single market and helps manage regional risks. Serving a wide range of industries such as food grains, fertilizers, and pet food, the company benefits from a diversified customer base with no significant dependency on a single segment. Operating in a sector with high entry barriers, including capital intensity and technical complexity, it leverages vertically integrated manufacturing and advanced processes to ensure consistent quality, operational efficiency, and long-term stability.

◆ Experienced and skilled management and Board of Directors

The company is guided by a qualified Board of Directors and Promoters with extensive experience across manufacturing, operations, finance, procurement, and strategic planning. The Promoters, possessing diverse professional qualifications and over two decades of experience, play a key role in shaping the company's operational direction and long-term growth. The Board includes executive, non-executive, and independent directors with expertise in governance, finance, and management, ensuring effective oversight and compliance. The senior management team, supported by a skilled workforce, drives day-to-day operations across key functions such as production, quality control, supply chain, and business development.

Key strategies:

- ◆ Expand production capacity and strengthen manufacturing capabilities.
- ◆ Drive growth through focus on new product categories.
- ◆ Capitalizing on Growing Demand for PLWPP Bags.
- ◆ Transitioning towards sustainable business practices.
- ◆ Increase exports and focus on new high growth end-user industries.
- ◆ Focus on automation advancing artificial intelligence and machine learning capabilities.



Industry Outlook

The Indian flexible plastic packaging market grew at ~5% CAGR from FY23, reaching ₹2,053 bn, and is expected to reach ₹2,717 bn by FY29, growing at ~7% CAGR. This growth is driven by the rise in FMCG consumption, e-commerce, and changing consumer lifestyles. While PLWPP bags are expected to grow at a 15% CAGR from FY24, reaching ₹60 bn in FY29, PLWPP bulk bags (5–50 kg) are also expected to grow at the same rate, reaching ₹50 bn. This growth is driven by the shift from coated PP bags to PLWPP bags for better shelf appeal and performance, along with the strong availability of BOPP film. (Source: Technopak Analysis).

Manufacturing Facilities

The company operates four manufacturing facilities in Gujarat. As of FY2026, its total effective installed capacity stood at 43,300 MT, with capacity utilization at 81.6%. The company plans to expand capacity through the ramp-up of Unit 4, as well as the addition of a new facility in Borisana, Gujarat.

Product/Manufacturing Unit	UOM*	FY2026	FY2025	FY2024
Printed and Laminated Woven Polypropylene				
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%

Source: Geojit research, RHP

Promoter and promoter group

The Promoters of Company are Alpesh Tulsibhai Patel, Pravinkumar Ambala Patel, and Rashminbhai Tulsibhai Patel.

Brief Biographies of directors

Alpesh Tulsibhai Patel is the Promoter, Chairman, and Managing Director of the company. He holds a commerce degree from Gujarat University and a PGDM from Nirma University, with over 32 years of experience in the packaging industry. He also holds key leadership roles in industry bodies such as the Indian Institute of Packaging (Gujarat), Poly Woven Association (Gujarat), and IFTEX.

Pravinkumar Ambalal Patel is a Promoter and Whole-time Director with a commerce degree from Gujarat University and over 32 years of experience in finance and accounts. He has previously been associated with firms such as Mark Plast and Knack Packaging and has been with the company since its incorporation.

Rashminbhai Tulsibhai Patel is a Promoter and Whole-time Director with a diploma in Mechanical Engineering and more than 28 years of experience in production and manufacturing. He has also completed multiple technical certifications, including CNC technology and office automation.

Rajnish Magan serves as a Non-Executive Independent Director. He is highly qualified in finance and accounting (CIMA UK, CPA Australia – FCPA) and has over 35 years of experience across infrastructure, manufacturing, and consulting. He has held senior roles in Siemens, Beumer India, and RITES, and has received multiple industry awards for excellence in finance leadership.

Vittaladevini S. Balaji is a Non-Executive Independent Director with over 30 years of experience in BOPP, production operations, and technical marketing. He has held senior leadership roles in companies such as Huhtamaki PPL, Cosmo Films, and Positive Packaging Industries.

Deepti Sharma is a Non-Executive Independent Director with nearly 29 years of experience. She holds an MBA and serves on the boards of several companies, including Panasonic Energy India Limited and Axtel Industries Limited, and has also served on boards of multiple infrastructure and industrial organizations.

CONSOLIDATED FINANCIALS

PROFIT & LOSS

Y.E March (Rs cr)	FY24	FY25	FY26
Sales	654.6	736.5	823.4
% change	-	12.5	11.8
EBITDA	96.9	133.5	152.0
% change	-	37.7	13.9
Depreciation	24.3	28.2	29.3
EBIT	72.6	105.3	122.7
Interest	15.3	17.0	15.9
Other Income	4.4	10.9	20.3
Exceptional items	0.0	0.0	-2.0
PBT	61.8	99.2	125.1
% change	-	60.7	26.0
Tax	15.8	25.4	32.3
Tax Rate (%)	26	26	26
Reported PAT	46.0	73.8	92.8
% change	-	60.5	25.8
EPS	3.8	6.0	7.6
Adj	0.0	0.0	0.1
Adj. PAT	46.0	73.8	92.8
% change	-	60.5	25.8
Post issue No. of shares (cr)	12.2	12.2	12.2
Adj EPS (Rs)	3.8	6.0	7.6
% change	-	60.5	25.8

CASH FLOW

Y.E March (Rs cr)	FY24	FY25	FY26
PBT Adj.	61.8	99.2	125.1
Non-operating & non cash adj.	40.1	43.2	38.0
Changes in W.C	-55.3	-26.3	-47.5
C.F. Operating	32.4	94.1	92.0
Capital expenditure	-69.6	-57.9	-102.6
Change in investment	0.0	0.0	-4.4
Sale of investment	0.9	0.4	0.2
Other invest.CF	0.1	-9.1	6.8
C.F - investing	-68.6	-66.5	-100.1
Issue of equity	0.0	0.0	0.0
Issue/repay debt	50.4	-1	20.4
Dividends paid	0.0	0.0	0.0
Other finance.CF	-16.0	-18.1	-17.5
C.F - Financing	34.4	-19.2	2.9
Change. in cash	-1.7	8.4	-5.2
Opening Cash	4.7	3.0	11.4
Closing cash	3.0	11.4	6.1

BALANCE SHEET

Y.E March (Rs cr)	FY24	FY25	FY26
Cash	3.6	11.9	6.5
Accounts Receivable	116.0	120.7	138.3
Inventories	84.3	92.3	119.3
Other Cur. Assets	9.9	23.2	36.6
Investments	-	-	3.5
Def. Tax Assets	0.3	-	-
Net Fixed Assets	161.5	160.4	245.0
CWIP	0.9	12.8	-
Intangible Assets	0.1	0.5	0.6
Other Assets	2.6	27.5	45.5
Total Assets	379.4	449.4	595.2
Current Liabilities	44.7	41.2	55.2
Provisions	0.3	0.0	0.1
Debt Funds	189.7	188.2	205.9
Other Fin. Liabilities	4.2	4.2	21.6
Deferred Tax liability	-	1.1	4.2
Equity Capital	5.0	5.0	100.0
Reserves & Surplus	135.6	209.7	208.2
Shareholder's Fund	140.6	214.7	308.2
Total Liabilities	379.4	449.4	595.2
BVPS (Rs)	11.5	17.5	25.2

RATIOS

Y.E March	FY24	FY25	FY26
Profitab. & Return			
EBITDA margin (%)	14.8	18.1	18.5
EBIT margin (%)	11.1	14.3	14.9
Net profit mgn.(%)	7.0	10.0	11.3
ROE (%)	32.7	41.5	35.5
ROCE (%)	22.0	23.6	26.8
W.C & Liquidity			
Receivables (days)	64.7	58.6	57.4
Inventory (days)	78.3	72.5	80.7
Payables (days)	37.1	29.0	32.4
Current ratio (x)	4.8	6.0	5.5
Quick ratio (x)	2.7	3.2	2.6
Turnover & Lev. g.			
Net asset T.O (x)	4.1	4.6	4.1
Total asset T.O (x)	1.7	1.8	1.6
Int. covge. ratio (x)	4.7	6.2	7.7
Adj. debt/equity (x)	1.3	0.9	0.7
Valuation ratios			
EV/Sales (x)	3.5	3.1	2.8
EV/EBITDA (x)	23.4	16.9	15.0
P/E (x)	45.2	28.2	22.4
P/BV (x)	14.8	9.7	6.7

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