

Rating: Neutral

Issue Offer

Total issue size: Fresh Issue – INR 3,800 Mn (22.35 Mn Shares) OFS - INR 595 Mn (3.5 Mn shares)

Issue Summary

Price Band (INR)	161-170
Face Value (INR)	10
Implied Market Cap (INR mn)	20,800
Market Lot	88
Issue Opens on	01 July, 2026
Issue Close on	03 July, 2026
No. of share pre-issue	10,00,00,000
No. of share post issue	12,23,52,941
Listing	NSE / BSE

Issue Break-up (%)

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Book Running Lead Managers

Systematix Corporate Services Limited
IDBI Capital Markets & Securities Limited
Pantomath Capital Advisors Private Limited

Registrar

MUFG Intime India Private Limited

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	89.60%	70.37%
Public & Others	10.40%	29.63%

Objects of the Offer

	Exp. Amt (INR Mn.)
Partial funding of capex towards setting up of new manufacturing facility at Kadi, Mehsana, Gujarat	3,200.00
General Corporate Purposes	15% of gross proceeds or INR 100 Mn whichever is less.

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Knack Packaging Limited is one of India's leading integrated manufacturers of specialised flexible packaging solutions, primarily engaged in the production of Printed and Laminated Woven Polypropylene (PLWPP) bags and PLWPP Pinch Bottom Bags. The company holds around 10.1% market share in the Indian flexible bulk PLWPP bags market (including pinch bottom bags) in FY25. Its customer portfolio includes reputed companies such as Cargill, KRBL, Drools Pet Food, Baba Agro Food, DCM Shriram, Ebro India and several global customers across 71 countries. The company follows a B2B2C business model. manufactures a diversified range of specialised flexible packaging products, with Printed & Laminated Woven PP Bags remaining its largest product category, contributing 73.4% of FY26 product revenue.

Investment Rationale:

Diversified Global Customer Base with Strong Export Presence: The company exports its products to 71 countries across six continents, with exports contributing 56.3% of FY26 revenue, while domestic sales contributed the remaining 43.7%. Its customer portfolio includes globally recognised companies such as Cargill, Sacos y Empaques Internacionales, KRBL, Drools Pet Food, Baba Agro Food and Ebro India, serving industries such as grains, pulses, fertilizers, chemicals, detergents and pet food. The company has developed packaging solutions for more than 1,950 customers, supported by over 73,000 printing cylinders and more than 13,000 SKUs, creating high customer switching costs and long-term business relationships. Customer retention improved significantly to 88.3% in FY26.

Strong Capacity Expansion and Product Innovation: The company plans to establish new manufacturing facilities using part of the IPO proceeds to expand production capacity, particularly for high-margin PLWPP Pinch Bottom Bags, where demand continues to increase globally. Alongside capacity expansion, the company is also developing new packaging formats such as zipper pinch bottom bags, easy-carry handle bags, corner seal block bottom bags and packaging solutions for bags exceeding 50 kg. These innovations are intended to help the company capture premium market segments while expanding into new end-use industries such as high-end fertilizers, seeds, building materials and specialty chemicals. The company has also entered into strategic partnerships with Cargill and established the Sayem Knack joint venture with Sacos y Empaques Internacionales to strengthen its presence in Latin America and North America.

Leading Position in a High-Value Niche Packaging Segment: Knack Packaging has established itself as one of the leading players in India's specialised flexible packaging industry with an estimated 10.1% market share in the domestic flexible bulk Printed and Laminated Woven Polypropylene (PLWPP) bags market in FY25. Unlike conventional woven bag manufacturers, the company focuses on value-added packaging products that provide higher durability, moisture protection, attractive aesthetics and enhanced branding capabilities. It was among the earliest manufacturers of BOPP/PLWPP bags in India and is also the first company in India and Asia to commercialise laser-cut and easy-open PLWPP pinch bottom bags, giving it a technological advantage in premium packaging solutions.

Valuation & Outlook:

The company continues to focus on expanding its manufacturing capacity, increasing exports and strengthening its presence in premium value-added packaging solutions. Management plans to leverage the growing global demand for Printed and Laminated Woven Polypropylene (PLWPP) bags by entering new end-user segments such as branded fertilizers, seeds, specialty chemicals, building materials and shopping bags, while replacing conventional multiwall paper bags in several applications. The company also intends to benefit from the global "China Plus One" sourcing trend by expanding exports across Europe, Australia, the Gulf and Africa, supported by its recently operational joint venture, Sayem Knack, in Latin America and the US. Alongside geographic expansion, Knack Packaging is investing in automation, AI, machine learning to improve production efficiency, quality control and supply chain management. **At the upper band of INR 170, the issue is valued at a P/E ratio of 13.25x, based on annualized EPS of INR 12.83. We are recommending a "Neutral" rating for this issue.**

Particulars (INR Mn)	FY24	FY25	FY26
Revenue	6,545.59	7,364.90	8,234.34
Growth (%) YoY	26.25%	12.52%	11.81%
EBITDA	1,013.74	1,443.37	1,722.94
Margins (%)	15.38%	19.31%	20.42%
PAT/(Loss)	459.77	738.10	927.24
Margins (%)	6.98%	9.88%	10.99%

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Stock Rating Scale**Absolute Return**

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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