Knack Packaging Ltd.

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IPO Note **30th June 2026**

Company Overview

Knack Packaging Ltd. is one of India's leading integrated, innovation-driven and export-oriented packaging solutions providers, specializing in Printed and Laminated Woven Polypropylene (PLWPP) bags and PLWPP Pinch Bottom bags. It serves diverse industries including food, pet food, agriculture, chemicals, fertilizers and building materials by offering customized, high-strength packaging solutions that enhance brand visibility, improve operational efficiency and reduce counterfeiting risks. The company holds an approximately 10.1% share of the Indian flexible bulk PLWPP bags market in FY25 and is among the early pioneers in BOPP/PLWPP bag manufacturing. It is also the first company in India and Asia to introduce laser-cut and easy-open features in PLWPP pinch bottom bags. Backed by over two decades of promoter experience, the company offers a wide portfolio of value-added packaging solutions with multiple customization options. The company operates a fully backward-integrated manufacturing model, with capabilities spanning polypropylene granule processing to the production of finished packaging products. Its manufacturing facilities in Gujarat have an installed capacity of 43,300 MTPA and are supported by advanced machinery and a workforce of 1,959 employees. Following a B2B2C business model, the company exports to over 71 countries and serves marquee domestic and global customers, including KRBL Limited, DCM Shriram Limited, Drools Pet Food Private Limited, Baba Agro Food Limited, Ebro India Private Limited and Cargill. Additionally, its in-house design and printing capabilities, supported by a library of over 73,000 printing cylinders across 1,950+ customers and 13,379 SKUs, enable consistent brand representation, strengthen customer retention and reinforce its competitive positioning in the value-added flexible packaging industry.

Objects of the issue

The IPO consists of an offer for sale of Rs. 60 crores and a fresh issue of Rs. 380 crores

The net proceeds of the fresh issue are proposed to be utilized in the following manner:

- ⇒ Partial funding of capital expenditure towards setting up of new manufacturing facility at Borisana situated at Kadi, Mehsana, Gujarat;
- ⇒ General corporate purposes.

Investment Rationale

Technology driven integrated operations supporting efficiency and scalability

Knack Packaging Ltd. has built a highly integrated and technology-enabled operating model that enhances manufacturing efficiency, optimizes supply chain management and supports scalable growth. At the core of its digital ecosystem is its proprietary platform, Knack Galaxy, which provides real-time visibility across procurement, production, inventory, dispatch and logistics, enabling seamless coordination between customers, suppliers and internal teams. The platform is integrated with Microsoft Dynamics 365 CRM for order management and SAP S/4HANA for production planning and resource allocation, creating a unified workflow that improves capacity utilization, minimizes manual intervention, reduces operational errors and enables faster decision-making. The company further strengthens its execution capabilities through continuous workforce development, with employees undergoing 20-30 days of structured training annually to ensure technical proficiency and adaptability to evolving manufacturing requirements. Operationally, the company follows a fully integrated approach across procurement, production and new product development, enabling greater control over quality, costs and delivery timelines. It maintains buffer inventory of critical raw materials, aligns procurement with its order pipeline and leverages bulk sourcing arrangements for polypropylene granules to mitigate supply disruptions, improve cost predictability and secure favourable commercial terms. Additionally, dedicated production lines and specialized machinery reduce changeover time, improve workflow efficiency, facilitate preventive maintenance and ensure consistent product quality. Collectively, these initiatives enhance operational resilience, support timely customer deliveries, improve manufacturing productivity and provide a scalable platform for sustainable margin expansion and long-term growth.

Issue Details	
Offer Period	01st July 2026 - 03rd July 2026
Price Band	Rs. 161 to Rs. 170
Bid Lot	88
Listing	BSE & NSE
Issue Size (no. of shares in Cr.)	2.6
Issue Size (Rs. in Cr.)	439
Face Value (Rs.)	10

Issue Structure	
QIB	50%
NIB	15%
Retail	35%
BRLM	Systematix Corporate Services Ltd., IDBI Capital Markets & Securities Ltd., Pantomath Capital Advisors Pvt. Ltd.
Registrar	MUFG Intime India Pvt. Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	89.6%	70.6%
Public	10.4%	29.4%
Total	**100.0%**	**100.0%**

(Assuming issue subscribed at higher band)

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Knack Packaging Ltd.

Strong technical capabilities in customized and value added packaging solutions

The company possesses strong technical expertise in designing and manufacturing complex, customized packaging solutions, providing a key competitive advantage in the value-added flexible packaging industry. Its capabilities span advanced bag construction techniques, multi-layer lamination and the integration of specialized features such as valve closures, laser-cut easy-open systems, integrated handles, perforation patterns and custom structural formats tailored to specific customer requirements. Supported by a systematic, process-driven manufacturing approach and stringent quality control protocols, the company consistently delivers products with high dimensional accuracy, material compatibility and uniform quality across production batches. This ability to translate complex customer specifications into scalable manufacturing solutions enables it to cater to premium applications where both functional performance and visual appeal are critical. The company's in-house ink kitchen and imported spectrophotometer further strengthen its value proposition by ensuring precise colour matching, logo clarity and print consistency across production runs, allowing customers to maintain brand identity and shelf appeal. Its capability to repeatedly manufacture technically sophisticated packaging formats at scale has helped establish long-term relationships with customers that prioritize product reliability, packaging aesthetics and consistent brand representation. These differentiated manufacturing capabilities position the company to capture higher-value orders, strengthen customer retention and support sustainable growth in premium packaging segments.

Valuation

Knack Packaging Ltd. operates in the structurally growing flexible packaging industry, benefiting from rising demand across end-user segments such as food, pet food, agriculture, chemicals, fertilizers and building materials, alongside the increasing adoption of value-added, branded and sustainable packaging solutions. As one of India's leading integrated manufacturers of Printed and Laminated Woven Polypropylene (PLWPP) bags, with an estimated 10.1% domestic market share, a fully backward-integrated manufacturing platform, exports to over 71 countries and long-standing relationships with marquee global and domestic customers, the company is well positioned to capitalize on favorable industry tailwinds. Its differentiated product portfolio, technological leadership in value-added packaging formats and digitally integrated manufacturing ecosystem provide strong competitive advantages, supporting both margin resilience and scalable growth. Financially, the company has delivered a robust growth trajectory, with revenue increasing to Rs. 823 crores in FY26, registering a 12% CAGR over FY24-FY26 period. EBITDA grew at a stronger 25% CAGR to Rs. 152 crores, with the EBITDA margin expanded to 18% in FY26, reflecting operating leverage, an improving product mix and enhanced operational efficiencies. PAT stood at Rs. 93 crores in FY26, recording an impressive 42% CAGR over the same period, underpinned by healthy profitability and disciplined execution. Looking ahead, higher capacity utilization, continued expansion in value-added packaging solutions, increasing export penetration and sustained operating leverage are expected to drive earnings growth. Backed by its integrated manufacturing capabilities, technological differentiation and strong financial performance, the company is well positioned to deliver sustainable revenue growth, margin expansion and long-term value creation. **At the upper price band of Rs. 138, Knack Packaging Ltd. is valued at a P/E multiple of 18.3x based on FY26 earnings. Given the company's historical growth track record, expanding margins, scalable business model and industry growth potential, we believe the valuation is justified. Thus, we recommend a "SUBSCRIBE" rating for this issue with a medium to long-term investment horizon.**

Key Risks:

⇒ The company's operations are significantly dependent on a limited number of key suppliers for the procurement of critical raw materials. As it does not have long-term contractual arrangements with these suppliers, the business remains exposed to potential supply disruptions, pricing volatility and procurement uncertainties. Any deterioration in relationships with key suppliers, delays in raw material availability or inability to source materials on competitive terms could adversely impact production schedules, operating margins and the company's overall financial performance.

⇒ The company derives a significant portion of its revenue from a concentrated base of existing customers, with a meaningful share of sales generated from a few key clients. Further, the absence of long-term contractual arrangements with these customers exposes the business to customer retention risk. Any loss of key customers, reduction in order volumes or inability to maintain long-standing relationships could adversely impact revenue growth, capacity utilization, profitability and the company's overall financial performance.

Knack Packaging Ltd.

Income Statement (Rs. in Crores)

Particulars	FY24	FY25	FY26
Revenue			
Revenue from operations	655	736	823
Total revenue	**655**	**736**	**823**
Expenses			
Cost of material consumed	396	438	491
Purchase of stock in trade	4	6	5
Changes in inventory of finished goods, stock in trade and work in progress	(7)	(1)	(17)
Employee benefit expenses	46	42	47
Other expenses	119	116	146
Total operating expenses	**558**	**601**	**671**
EBITDA	**97**	**135**	**152**
Depreciation & amortization expenses	24	28	29
EBIT	**73**	**107**	**123**
Finance costs	15	17	16
Other Income	4	11	20
Profit before share of profit of joint venture, exceptional items and income tax	**62**	**101**	**127**
Exceptional items - Labour codes	0	0	1
Share of profit/(loss) of Joint ventures	0	0	(1)
Profit Before Tax	**62**	**101**	**125**
Total Tax	16	25	32
Net Profit	**46**	**76**	**93**
Basic EPS (Adjusted with Bonus Shares)	**4.6**	**7.4**	**9.3**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in Crores)

Particulars	FY24	FY25	FY26
Cash Flow from/(used in) operating activities	32	94	92
Cash flow from/(used in) investing activities	(69)	(67)	(100)
Net cash flows (used in) / from financing activities	34	(19)	(3)
Net increase/(decrease) in cash and cash equivalents	**(2)**	**8**	**(5)**
Cash and cash equivalents at the beginning of the period	**5**	**3**	**11**
Cash and cash equivalents at the end of the period	**3**	**11**	**6**

Source: RHP, BP Equities Research

Knack Packaging Ltd.

Balance Sheet (Rs. in Crores)

Particulars	FY24	FY25	FY26
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	148	146	233
(b) Capital work-in-progress	1	13	0
(c) Right of use of assets	13	15	12
(d) Other Intangible assets	0	1	1
(e) Investments accounted for using equity method	0	0	3
(e) Financial Assets			
Other Financial Assets	0	5	5
(g) Deferred Tax Assets (Net)	0	0	0
Other non-current assets	2	22	40
Total Non-Current Assets	**166**	**201**	**294**
Current assets			
(a) Inventories	84	92	119
(b) Financial Assets			
Trade receivables	116	121	138
Cash and cash equivalents	3	11	6
Other balances with banks	1	1	0
Loans	1	11	5
Other Financial Assets	3	3	3
(c) Other Current Assets	6	10	28
Total Current Assets	**214**	**248**	**301**
Total Assets	**379**	**449**	**595**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	5	5	100
(b) Other Equity	136	210	208
Total Equity	**141**	**215**	**308**
Liabilities			
Non Current Liabilities			
(a) Financial liabilities			
Borrowings	56	50	39
Lease Liabilities	15	15	13
Deferred Tax Liabilities (Net)	0	1	4
Total Non Current Liabilities	**72**	**66**	**56**
Current liabilities			
(a) Financial liabilities			
Borrowings	117	122	153
Lease Liabilities	1	1	1
- Trade Payables	40	35	43
- Other financial liabilities	4	4	22
(b) Other current liabilities	3	2	3
(c) Provisions	0	0	0
(d) Current Tax Liabilities (Net)	2	4	9
Total Current Liabilities	**167**	**169**	**231**
Total Liabilities	**379**	**449**	**595**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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