

Dhaval Packaging IPO

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Reviewed on 25 July 2026

- The company is engaged in the manufacturing and marketing of plastic packaging solutions for user industry.
- While it marked growth in its top and bottom lines for the reported periods, boosted bottom line raise eyebrows.
- The company is operating in a highly competitive and fragmented segment.
- Based on its recent financial data, the issue appears fully priced.
- Only well-informed/cash surplus investors may park moderate funds for medium term.

About the Company

Dhaval Packaging Ltd. (DPL) designs, manufactures, and supplies plastic packaging solutions for domestic and international markets. Its core philosophy is to translate brand intent into manufacturable and scalable packaging solutions for food and FMCG categories such as sweets, dairy, dry fruits, bakery and other related items. The company positions itself as a solutions partner that aligns design, materials, labelling, and tooling with production realities so that packaging enhances shelf presence, protects product integrity, and supports reliable throughput on customer lines.

The Company is certified for key international management standards, reflecting its focus on quality, environmental responsibility, workplace safety, and process reliability. The Company holds ISO 14001:2015 certification for its Environmental Management System, ISO 9001:2015 certification for its Quality Management System, and ISO 45001:2018 certification for Occupational Health and Safety Management Systems, each covering the scope of manufacturing Plastic IML (In-Mold Labeling) food containers, plastic food containers, Plastic IML sweet boxes, plastic square boxes, plastic lids, plastic spoons, plastic trays, and plastic end caps. In addition, the Company is certified under ISO/IEC 17025:2017 for compliance with general requirements for the competence of testing and calibration laboratories, further strengthening its commitment to maintaining testing accuracy and product quality across its manufacturing operations.

DPL has built an engagement model that starts early in product development, collaborates on artwork, mold/label harmonization, and specification control, and then carries programs through trials, qualification, and steady-state supply so that branding choices translate cleanly into production. Its infrastructure spans over 60,000 sq. ft. with 21 machines/lines for IML and 1 vacuum forming machine for End Caps, with capacity of more than 8000 kg/day across all units. For IML,

production is fully in-house and backed by backward integration through Octa Labels – a group entity. As of May 31, 2026, it had 54 employees on its payroll, and additional 112 contract workers in various departments.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 3748800 equity shares of Rs. 10 each to mobilize Rs. 36.36 cr. The company has announced the price band of Rs. 92 – Rs. 97 per share. The minimum application to be made is for 2400 shares and in multiples of 1200 shares thereon, thereafter. The issue opens for subscription on July 30, 2026 and will close on August 03, 2026. The shares will be listed on BSE SME. The IPO constitute 27.29% of the post-IPO paid-up capital of the company. From the net proceeds, the company will utilize Rs. 27.19 cr. for capex for part financing establishing new manufacturing facility, Rs. 3.75 cr. for repayment/prepayment of certain borrowings, and the rest for general corporate purposes.

The company has reserved 188400 equity shares for the market maker, 120000 equity shares for its eligible employees and offering them a discount of Rs. 5 per share, and from the rest, it has allocated not more than 1718400 shares for QIBs, not less than 517200 shares for HNIs, and not less than 1204800 shares for Retail investors.

The IPO is solely lead managed by Rarever Financial Advisors Pvt. Ltd., and KFin Technologies Ltd. is the registrar to the issue. New Berry Capitals Pvt. Ltd., is the market maker, and also a syndicate member.

After issuing/converting initial equity capital at par value, the company issued/converted further shares in the price range of Rs. 240 – Rs. 320 per share between January 2025, and September 2025. The company has also issued bonus shares in the ratio of 3 for 1 in October 2025. The average cost of acquisition of shares by the promoter's is Rs. 4.25, Rs. 9.19, Rs. 11.63, Rs. 12.01, and Rs. 14.04 per share.

Post-IPO, company's current paid-up equity capital of Rs. 9.99 cr. will stand enhanced to Rs. 13.74 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 133.25 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/net profit, of Rs. 48.08 cr. / Rs. 1.55 cr. (FY24), Rs. 52.436 cr. / Rs. 6.04 cr. (FY25), Rs. 65.20 cr. / Rs. 8.04 cr. (FY26). Boosted margins for FY25 and FY26 appears inflated one to pave the way for fancy valuation of the IPO. Its total borrowing of Rs. 24.13 cr. as of March 31, 2026 raise alarm.

For the last three fiscals, the company has reported an average EPS of Rs. 7.72 and an average RoNW of 40.16%. The issue is priced at a P/BV of 3.15 based on its NAV of Rs. 30.78 per share as of March 31, 2026, and at a P/BV of 1.99 based on its post IPO NAV of Rs. 48.85 per share.

If we attribute FY26 earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 16.58, and based on FY25 earnings, the P/E stands at 22.05. The issue appears fully priced based on its recent super earnings. FY25 and FY26 bottom lines appears inflated one to fetch fancy valuations for the IPO. Sustainability of such fancy margins raise concern as it is operating in a highly competitive and fragmented segment.

The company has posted PAT Margins of 3.23% (FY24), 11.52% (FY25), 12.33% (FY26), and RoCE margins of 12.38%, 25.28%, 22.58%, respectively for referred periods.

Dividend Policy

The company has not paid any dividends since incorporation. It has already adopted a dividend policy in October 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Mold-Tek Packaging as its listed peer. It is currently trading at a P/E of 33.4 (as of July 24, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

This is the 2nd mandate from Rarever Financial Advisors in the last two fiscals (including the ongoing one). The only listing that took place so far listed with a premium of 38.02% on the listing date.

Conclusion / Investment Strategy

DPL is engaged in the manufacturing and marketing of plastic packaging solutions for user industry. While it marked growth in its top and bottom lines for the reported periods, boosted bottom line raise eyebrows. The company is operating in a highly competitive and fragmented segment. Based on its recent financial data, the issue appears fully priced. Only well-informed/cash surplus investors may park moderate funds for medium term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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