IPO REVIEW

RFBL Flexi Pack IPO

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- The company is in the business of manufacturing and trading of printed multilayer flexible packaging materials.
- It is operating on a B2B business model.
- Its sudden growth in top and bottom lines from FY24 onwards raise eyebrows.
- Its current capacity utilization is around 52+% of 5040 mtpa, but surprisingly it is adding another 5840 mtpa capacity.
- Based on its current financial status, the issue appears fully priced.
- Only well-informed/cash surplus/risk seekers may park moderate funds for medium term.

About the Company

RFBL Flexi Pack Ltd. (RFPL) is primarily engaged in the business of manufacturing and trading of printed multilayer flexible packaging material such as plastic film rolls and pouches which are predominantly used for packaging applications across various industries. The company also deals in trading of Woven Fabric Packaging Material and Polyester Laminated and other types of films. Scrap generated from business operations is further sold to business entities for their further processing and use.

The company operates under a Business to Business (B2B) model, catering to needs of clients who require high quality, customized packaging solutions. RFPL specializes in the production of multilayer plastic films, by using manufacturing techniques to meet diverse packaging requirements. The key raw materials used in production process include plastic films like Cast Polypropylene (CPP) films, Cast Polyethylene (CPE) films, BOPP Films, metallized films, laminated films etc., specialized adhesives, and inks, which are sourced from a network of reliable and reputed suppliers. Its products are engineered to issue durability, moisture resistance, barrier properties, making them highly suitable for a wide range of packaging applications.

RFBL’s capacity utilization has been at 52.74% despite growth, on its current installed capacity of 5040 MTPA. Surprisingly, it is adding new unit for 5850 MTPA from the use of IPO funds. As of November 30, 2025, it had just 9 employees on its payroll (including management). As of the said date, it had 24 daily wage workers in various departments.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 7065000 equity shares of Rs. 10 each to mobilize Rs. 35.33 cr. at the upper cap. The company has announced a price band of Rs.

47 - Rs. 50 per share of Rs. 10 each. The minimum application to be made is for 6000 shares and in multiples of 3000 shares thereon, thereafter.

The issue opens for subscription on May 12, 2026 and will close on May 14, 2026. The shares will be listed on NSE SME Emerge. The IPO constitute 30.30% of the post-IPO paid-up capital of the company. From the net proceeds of the fresh equity issue, it will utilize Rs. 12.41 cr. for capital expenditure requirements, Rs. 17.76 cr. for working capital, and the rest for general corporate purposes.

The company has allocated 5.27% for market maker, 5.37% for QIBs, 31.78% for HNIs, and 62.85% for Retail investors.

The IPO is solely lead managed by Grow House Wealth Management Pvt. Ltd., and KFin Technologies Ltd. is the registrar to the issue. MNM Stock Broking Pvt. Ltd. is the market maker as well as a syndicate member.

The company has issued initial equity capital at par value. It also converted shares at a fixed price of Rs. 20 per share in November 2022.The company also issued bonus shares in the ratio of 12 for 1 in July 2025. The average cost of acquisition of shares by the promoters is Rs. 1.08 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 16.25 cr. will stand enhanced to Rs. 23.32 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 116.58 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/ net profit, of Rs. 46.86 cr. / Rs. 0.67 cr. (FY23), Rs. 79.96 cr. / Rs. 5.79 cr. (FY24), Rs. 135.46 cr. / Rs. 8.33 cr. (FY25). For 8M of FY26 ended on November 30, 2025, it earned a net profit of Rs. 3.84 cr. on a total income of Rs. 69.66 cr. The company marked quantum jump in its top and bottom lines from FY24 onward, that not only raise eyebrows, but also concern over its sustainability going forward, as it is operating in a highly competitive and fragmented segment.

For the last three fiscals, the company has reported an average EPS of Rs. 3.84 and an average RoNW of 62.16%. The issue is priced at a P/BV of 3.72 based on its NAV of Rs. 13.44 per share as of November 30, 2025, but its post-IPO NAV data is missing from the offer documents.

If we attribute FY26 annualized earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 20.24, and based on FY25 earnings, the P/E stands at 14.01. The issue appears fully priced based on its recent earnings.

The company has posted PAT Margins of 1.43% (FY23), 7.24% (FY24), 6.15% (FY25), 5.51% (8M-FY26), and RoCE margins of 19.26%, 53.90%, 32.70%, 14.26%, respectively for referred periods. Outperforming margins in comparison with its listed peers is raising eyebrows. It hints at inflated higher earnings to fetch fancy valuations for its IPO.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Uma Converter, Sabar Flex India, as its listed peers. They are currently trading at a P/E of 16.5, and NA (as of May 08, 2026). However, they are not truly comparable on an apple-to-apple basis. This compare is nothing but an eyewash.

Comparison with Sabar Flex India raises eyebrows as this company has emerged post its name change from Sabar Flexi Pack Pvt. Ltd. to RFBL Flexi Pack Pvt. Ltd. and then to RFBL Flexi Pack Ltd. Is it a co-incident?

Merchant Banker's Track Record

This is the 2nd mandate from Grow House in the last two fiscals (including the ongoing one). The only listing that took place so far opened at a premium of 5.83%. Currently it is trading around issue price.

Conclusion / Investment Strategy

RFPL is in the business of manufacturing and trading of printed multi-layer flexible packaging materials. It is operating on a B2B business model. Its sudden growth in top and bottom lines from FY24 onwards raise eyebrows. Its current capacity utilization is around 52+% of 5040 mtpa, but surprisingly it is adding another 5840 mtpa capacity. Based on its current financial status, the issue appears fully priced. Only well-informed/cash surplus/risk seekers 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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