

Shakti Polytarp IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127 Reviewed on 14 September 2026

- The company is engaged in the production of tarpaulins which are marketed under its own brand “Dinotarp”.
- The company is operating in a highly competitive and fragmented segment.
- Its capacity utilization of 48.66% for FY26 remains a major concern.
- The company posted growth in its top and bottom lines for the reported periods.
- Boosted margins in a pre-IPO year (FY26) appears a window dressing for fancy valuations.
- Well-informed/cash surplus investors may park funds for medium term.

About the Company

Shakti Polytrap Ltd. (SPL) is engaged in the production of tarpaulins, which are water-resistant materials designed to safeguard goods from rain, moisture, and other weather-related exposure. These tarpaulins are typically manufactured from raw materials such as polyethylene, polypropylene, and granules, and are available in various sizes and thicknesses depending on their specific application. Tarpaulins are widely used in industries such as construction, agriculture, and transportation. They are ideal for covering and protecting equipment, vehicles, building materials, and outdoor furniture from rain, wind, sun, and other environmental factors.

Its manufacturing unit is located at 45-48 I.I D.C.A.B. Road, Nimrani, Dist.-Khargone Madhya Pradesh - 451659, and spans 1,98,450 sq. ft. It is capable of producing a variety of tarpaulin ranging from 70 GSM to 450 GSM, available in different size, colour and specification as per the requirement of consumer. Its specialization includes manufacturing six-layer and eight-layer durable tarpaulins. The company sells its products under the brand name Dinotarp. Its products are manufactured from various raw material which includes PP Granules, Linear Low-Density Polyethylene (LLDPE), Low-Density Polyethylene (LDPE) and High-Density Polyethylene (HDPE).

Following production, its products undergo through examination, testing and evaluation to ensure compliance with customer specifications and industry standards. SPL’s manufacturing unit is equipped with advanced machineries, such as highspeed extrusion tapeline, extra wide extrusion lamination, high speed wide width circular looms, high strength sealing machines, recycling machines, etc. that are fully integrated and feature an in-built software system, enhancing both accuracy and efficiency in routine operations.

SPL is also engaged in the business of sale of granules. These granules serve as the raw material for producing tarpaulin through a process that includes melting, extrusion, weaving, and lamination. Its

capacity utilization was around 48.66% for FY26. As of June 30, 2026, it had 114 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 4564000 equity shares of Rs. 10 each to mobilize Rs. 26.93 cr. at the upper cap. The company has announced a price band of Rs. 56 – Rs. 59 per share. The minimum application to be made is for 4000 shares and in multiples of 2000 shares thereon, thereafter. The issue opens for subscription on September 15, 2026 and will close on September 17, 2026. The shares will be listed on BSE SME. The IPO constitute 26.65% of the post-IPO paid-up capital of the company. From the net proceeds of the fresh issue, the company will utilize Rs. 20.88 cr. for capex for purchase of plant and machinery, and the rest for general corporate purposes.

The IPO is solely lead managed by Nexgen Financial Solutions Pvt. Ltd., while Skyline Financial Services Pvt. Ltd. is the registrar to the issue. Prabhat Financial Services Ltd., is a market maker. The IPO is underwritten to the tune of 15.01% by Nexgen Financial, and 84.99% by Turnaround Corporate Advisors Pvt. Ltd.

After issuing/converting initial equity capital at par value, the company issued further equity shares in the price range of Rs. 25 – Rs. 35 per share between October 2023, and August 2024. It has also issued bonus shares in the ratio of 1 for 1 in December 2024. The average cost of acquisition of shares by the promoters is Rs. 3.89, Rs. 5.00, and Rs. 6.31 per share.

Post-IPO, company's current paid-up equity capital of Rs. 12.56 cr. (12564000 equity shares) will stand enhanced to Rs. 17.13 cr. (17128000 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 101.06 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/net profit, of Rs. 62.23 cr. / Rs. 0.98 cr. (FY24), Rs. 166.50 cr. / Rs. 4.97 cr. (FY25), Rs. 216.10 cr. / Rs. 10.06 cr. (FY26). The company posted growth in its top and bottom lines for the reported periods. The surge in bottom lines from FY25 onwards raise eyebrows and concern over its sustainability. Boosted top and bottom lines for FY26 appears a window dressing for fetching fancy valuations for IPO.

For the last three fiscals, the company has reported an average EPS of Rs. 5.52 and an average RoNW of 35.38%. The issue is priced at a P/BV of 2.66 based on its NAV of Rs. 22.18 per share as of March 31, 2026 , and at a P/BV of 1.84 based on its post-IPO NAV of Rs. 31.99 per share (at the upper cap).

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 10.05, and based on FY25 earnings, the P/E stands at 20.34. The issue appears fully priced based on its recent average earnings.

The company has posted PAT Margins of 1.58% (FY24), 2.99% (FY25), 4.66% (FY26) and RoCE margins of 8.87%, 14.87%, 17.87%, respectively for referred periods.

Dividend Policy

The company has not paid any dividends for any financial year. 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 Commercial Syn Bags, Shree Tirupati Balajee Agro, as its listed peers. They are currently trading at a P/E of 38.2, and 22.2 (as of September 11, 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 7th mandate from Nexgen Financial, in the last two fiscals (including the ongoing one). Out of the last 6 listings, 1 opened at discount, and the rest listed with a premium of 2.56% to 67.68% on the listing date. The merchant banker has an average track record.

Conclusion / Investment Strategy

SPL is engaged in the production of tarpaulins which are marketed under its own brand "Dinotarp". The company is operating in a highly competitive and fragmented segment. Its capacity utilization of 48.66% for FY26 remains a major worry. The company posted growth in its top and bottom lines for the reported periods. Boosted margins in a pre-IPO year (FY26) appears a window dressing for fancy valuations. Well-informed/cash surplus investors may park 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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