KNACK PACKAGING LIMITED

June 30, 2026

SMC Ranking

★★☆☆☆ (2/5)

Issue Highlights

Industry	Packaging
Offer for sale (Shares)	35,00,000
Fresh Issue (Shares)	22,352,941
Net Offer to the Public	25,852,941
Issue Size (Rs. Cr.)	416.23-439.50
Price Band (Rs.)	161-170
Offer Date	1-Jul-26
Close Date	3-Jul-26
Face Value	10
Lot Size	88

Issue Composition

	In shares
Total Issue for Sale	25,852,941
QIB	12,926,471
NIB	3,877,941
Retail	9,048,529

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	89.60%	70.60%
QIB	0.00	10.56%
NIB	10.40%	11.44%
Retail	0.00%	7.40%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The Company proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Partial funding of capital expenditure towards setting up of new manufacturing facility at Borisana situated at Kadi, Mehsana, Gujarat.
2. General Corporate Purposes.

Book Running Lead Manager

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

Name of the registrar

- MUFG Intime India Private Limited

Company Overview

Incorporated in 2013, Knack Packaging Limited is an integrated packaging solutions provider specializing in innovative, sustainable, and export-oriented packaging products. The company manufactures Printed and Laminated Woven Polypropylene (PLWPP) bags, including pinch bottom, gusset, block bottom, and retail shopping bags, catering to diverse industries such as food, pet food, agriculture, fertilizers, cement, chemicals, building materials, detergents, and minerals. Its packaging solutions enhance product durability, improve brand visibility, minimize counterfeiting risks, and support operational efficiency. In Fiscal 2025, the company accounted for approximately 10.1% of India's flexible bulk PLWPP bag market. Its customer base includes leading domestic companies such as Baba Agro Food Limited, Drools Pet Food Private Limited, Ebro India Private Limited, KRBL Limited, and DCM Shriram Limited, while its international presence extends across 68 countries through customers including Cargill, Cristo S.A., and Repi Soap and Detergent PLC. The United States, Mexico, and South Africa together contributed 35.19% of the company's export revenue, reflecting its strong global footprint. Knack Packaging operates a fully integrated in-house printing facility that provides end-to-end design, artwork development, and printing cylinder manufacturing services. As of May 31, 2026, the company had developed more than 73,000 printing cylinders, managed 13,379 SKUs, and operated a warehouse spanning 92,065.47 square feet, supporting efficient inventory management and consistent product quality for over 1,950 customers worldwide. As of Fiscal 2026, the company employed 1,834 personnel, including contractual workers, supporting its manufacturing and global distribution operations.

Strengths

Operational Efficiency & Digitised Processes: Knack Packaging Limited drives operational efficiency and cost control through a structured, technology-driven approach across its supply chain, procurement, and production functions. Central to this strategy is Knack Galaxy, the Company's proprietary real-time tracking solution integrated with Microsoft CRM Dynamics 365 and SAP S4 HANA. This digital ecosystem offers end-to-end operational visibility, integrated resource planning, live supplier-customer updates, and reduced manual errors. To maximize its effectiveness, Knack Packaging Limited invests in its workforce, providing 20–30 days of annual technical training. Its procurement strategy mitigates raw material price fluctuations via bulk arrangements, demand forecasting, and buffer stocks. Structurally, dedicated machinery reduces product changeover times, streamlines workflows, and simplifies preventive maintenance, ensuring production stability.

Complex Product Design with Accuracy: Knack Packaging Limited possesses advanced engineering capabilities to manufacture highly

complex, technically precise, and consistent packaging designs. The Company's expertise spans specialized bag construction, multi-layer lamination, and custom add-ons like valve closures, integrated handles, and unique perforation patterns. Utilizing systematic, process-driven workflows and rigorous quality checks, Knack Packaging Limited translates intricate brand specifications into production-ready formats with strict dimensional accuracy. Precise visual identity and brand replication are achieved through an in-house ink kitchen and an imported spectrophotometer, which guarantee exact color matching and batch uniformity. This proven ability to reliably deliver technically sophisticated packaging formats across high production volumes strengthens the Company's relationships with major global brands.

Customer-Centric Custom Packaging Solutions: Knack Packaging Limited provides end-to-end, collaborative packaging development by transforming basic customer inputs into market-ready products. Clients simply specify the material type and weight range (5kg to 50kg), allowing the Company's in-house design team to handle all technical and branding concepts. Knack Packaging Limited determines the ideal bag style, cost-efficient dimensions, and tailored artwork while managing the entire printing cylinder development and synchronization process. The Company's team provides ongoing technical support, sampling, and performance-based design iterations. By absorbing the complex structural, graphic, and mechanical aspects of packaging development, Knack Packaging Limited eliminates communication gaps and operational friction, allowing customers to remain focused entirely on their core business operations.

Market Presence & Industry Diversification: Knack Packaging Limited mitigates regional risks and demand volatility by operating across domestic and international markets, supported by its South African subsidiary, Knack Packaging SA. As of March 31, 2026, the Company's operational revenue was balanced between export (56.30%) and domestic (43.70%) sales. Knack Packaging Limited serves a highly diversified B2C customer base spanning the pulses, rice, lentils, fertilizer, and pet food industries, leaving it with no material dependency on any single segment. This wide geographic and industrial reach minimizes concentration risk and provides revenue stability. Furthermore, direct exposure to diverse markets provides valuable consumer insights, allowing Knack Packaging Limited to agilely adapt its product offerings to evolving regional trends.

Entry Barriers & Integrated Manufacturing: The specialized packaging sector features steep entry barriers, including high capital costs for specialized machinery, strict regulatory compliance, and complex multi-stage ERP requirements. Smaller players face challenges sourcing raw materials, managing precision graphics cylinders, and retaining skilled labor. Specifically, the expensive pinch bottom finishing machines create a substantial financial hurdle for new entrants. Knack Packaging Limited utilizes its long-standing market presence and vertically integrated infrastructure to effectively neutralize these challenges. By managing the entire production cycle in-house—from extrusion and lamination to multi-color gravure printing and finishing—the Company maintains total quality control and operational efficiency, strongly protecting its market position against new competition and replication.

Strategies

Expanding Capacity & Manufacturing Capabilities: Knack Packaging Limited runs vertically integrated manufacturing operations in Gujarat equipped with advanced machinery imported from Germany. These facilities provide an aggregate effective installed capacity of approximately 43,300 MTPA, achieving 81.63% utilization in Fiscal 2026. Currently serving over 71 countries and maintaining a strategic partnership with Cargill, the Company plans to allocate Net Offer Proceeds to construct a new manufacturing facility. This expansion will capture the global PLWPP bags market, which is projected to grow at a 5.00% CAGR by CY 2029. The new unit will scale up production for block bottom, laminated woven, and premium pinch bottom bags, providing Knack Packaging Limited with the operational flexibility needed to handle high-volume and custom orders.

Driving Growth Through New Product Categories: As an early adopter of PLWPP bags, Knack Packaging Limited has successfully combined structural fabric strength with modern packaging aesthetics. To deepen market penetration, the Company is expanding into Modern Trend Packaging by introducing innovative, new-aged product formats. These include PLPE pinch bottom, zipper pinch bottom, easy-carry handle, corner-seal, and easy-open block bottom bags, alongside an expanded presence in the over-50kg PLWPP market. Knack Packaging Limited aligns its growth strategy with high-growth global B2C sectors. By targeting industries projected to expand robustly by Fiscal 2029—such as pet food (6.4% CAGR), pulses (5.7%), spices (5.3%), and rice (3.0%)—the Company is well-positioned to capture market share through targeted product innovation.

Capitalizing on Growing Demand for PLWPP Bags: Lifecycle analyses indicate that traditional paper bags often yield higher carbon emissions, consume more water, and require energy-intensive manufacturing compared to plastic alternatives. Furthermore, their bulk increases transportation-related logistical emissions. In contrast, the Plastic Laminated Woven Polypropylene (PLWPP) bags manufactured by Knack Packaging Limited offer a durable, highly efficient alternative. Designed for strength and multiple reuses, these PLWPP bags feature a lightweight structure that lowers fuel consumption during transit. They also minimize manufacturing waste and offer superior recyclability when managed through appropriate processing systems. Knack Packaging Limited focuses its core strategy on capturing market share as global demand actively transitions away from multiwall paper packaging toward resilient PP woven alternatives.

Transitioning Towards Sustainable Business Practices: Knack Packaging Limited is actively integrating clean energies and sustainable workflows to achieve long-term ESG objectives and drive operational cost savings. Central to this strategy is the Company's transition toward solar power, highlighted by extensive solar panel installations planned for its upcoming manufacturing facility to reduce reliance on conventional energy grids. Simultaneously, Knack Packaging Limited is executing a comprehensive waste-to-value program across its production lines. This initiative embraces circular economy principles by capturing and processing manufacturing scrap, converting industrial waste back into commercially usable materials. By reducing its environmental footprint and creating alternative revenue streams from production byproducts, these initiatives reinforce the Company's commitment to eco-efficient manufacturing.

Increasing Exports & Global Footprint: The global 5–50kg PLWPP market is projected to reach USD 1.85 billion by CY2029, expanding at a 5.0% CAGR. Knack Packaging Limited is positioning its PLWPP pinch bottom bags to replace traditional European multiwall paper bags in high-end segments like chemicals, seeds, and building materials. Capitalizing on the global "China Plus One" sourcing strategy, the Company is expanding its export footprint across Europe, Australia, Africa, and the Gulf. Backed by its Cargill partnership, exports generated 56.30% of operational revenue in Fiscal 2026. Furthermore, its newly launched joint venture, Sayem Knack (commenced April 6, 2026), establishes a strategic manufacturing hub to target the Americas, driving international competitiveness.

Advancing Automation, AI, and Machine Learning: Knack Packaging Limited is aggressively driving operational automation by integrating Artificial Intelligence (AI) and Machine Learning (ML) across its manufacturing infrastructure. The Company's technology roadmap focuses on deploying advanced Manufacturing Execution Systems (MES), SCADA platforms, and comprehensive Industry 4.0 frameworks. These tools enable real-time process control and end-to-end monitoring across all production stages. By leveraging data-driven AI/ML models, Knack Packaging Limited optimizes predictive maintenance schedules, streamlines complex production timelines, and enhances executive decision-making. Furthermore, these smart systems are integrated directly into its supply chain functions to refine demand forecasting, automate inventory planning, and enforce strict quality control metrics, ultimately reducing operational variability.

Key Risk Factors

- Knack Packaging Limited depends on key suppliers without long-term contracts, exposing it to supply disruption risks.
- Knack Packaging Limited relies on a few major customers without long-term agreements, increasing customer concentration risk.
- Knack Packaging Limited's manufacturing facilities are concentrated in Gujarat, exposing operations to regional disruptions.
- Knack Packaging Limited derives 23.66% of its Fiscal 2026 revenue from the United States, making it vulnerable to changes in US market conditions and India–US relations.

Peer Comparison

Company	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
TCPL Packaging Ltd	1795.45	97.80	117.96	25.21	3.77	789.88	10	2974.15	2706.48
Time Technoplast Limited	6105.20	468.72	9.50	18.88	2.17	82.82	1	179.40	8855.82
Mold-Tek Packaging Ltd	886.62	72.87	19.15	23.26	3.13	142.24	5	707.30	2350.28
Knack Packaging Ltd	823.43	92.72	7.58	22.43	3.02	56.25	10	170.00	2080.00

*Peer companies financials are TTM based
***Knack Packaging Ltd Financial are based on Fy26

Valuation:

Considering the P/E valuation, on the upper end of the price band of Rs.170, the stock is priced at pre issue P/E of 18.33x on FY26 EPS of Rs.9.27. Post issue, the stock is priced at a P/E of 22.43x on its EPS of Rs. 7.58. Looking at the P/B ratio at Rs.170 pre issue, book value of Rs. 30.82 of P/Bvx 5.52x. Post issue, book value of Rs.56.25 of P/Bvx 3.02x.

Considering the P/E valuation, on the lower end of the price band of Rs.161, the stock is priced at pre issue P/E of 17.36 x on FY26 EPS of Rs. 9.27. Post issue, the stock is priced at a P/E of 21.24x on its EPS of Rs.7.58. Looking at the P/B ratio at Rs. 161 pre issue, book value of Rs. 30.82 of P/Bvx 5.22x. Post issue, book value of Rs.56.25 of P/Bvx 2.86x.

Industry Overview

The global packaging industry, valued at USD 1,259 billion in CY2025, is projected to reach USD 1,496 billion by CY2029, growing at a CAGR of 4.4%, driven by population growth, urbanization, rising incomes, and increasing demand from food, agriculture, chemicals, construction, e-commerce, and consumer goods sectors. Flexible packaging remains the second-largest segment and is expected to grow at a CAGR of 4.8%, supported by the faster expansion of flexible plastic packaging. In India, the packaging market stood at INR 7,275 billion in FY2025 and is expected to reach INR 9,195 billion by FY2029 at a CAGR of 6.0%. Plastic packaging, particularly polyethylene and polypropylene-based flexible packaging, continues to gain prominence due to its cost efficiency, durability, versatility, and growing adoption across diverse industries.

Outlook

Knack Packaging Limited is well positioned to benefit from the growing demand for flexible plastic packaging, supported by capacity expansion, product innovation, automation, and increasing exports. Its vertically integrated operations, strong customer relationships, and technology-driven manufacturing provide a competitive advantage. While customer concentration, supplier dependence, and geographic concentration remain key risks, the Company's focus on sustainability, premium packaging solutions, and global market expansion is expected to support long-term growth.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
IPO Open Date	Wed, Jul 1, 2026
IPO Close Date	Fri, Jul 3, 2026
Tentative Allotment	Mon, Jul 6, 2026
Initiation of Refunds	Tue, Jul 7, 2026
Credit of Shares to Demat	Tue, Jul 7, 2026
Tentative Listing Date	Wed, Jul 8, 2026

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Dec-25 (9 Months)	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)
Revenue from operations	823.43	736.49	654.56
Total expenditure	671.48	603.04	557.63
Operating Profit	**151.96**	**133.45**	**96.93**
OPM%	18.45	18.12	14.81
Other Income	20.34	10.89	4.45
Total Net Income	**172.29**	**144.34**	**101.38**
Interest	15.91	16.96	15.29
PBDT	**156.38**	**127.38**	**86.08**
Depreciation	29.30	28.15	24.34
Profit / (Loss) before Exceptional item & Tax	**127.08**	**99.23**	**61.75**
Exceptional item	1.08	0.00	0.00
PFBT before share of profit of JV and Income tax	**126.00**	**99.23**	**61.75**
Share of profit/Loss of JV	0.94	0.00	0.00
PBT	**125.06**	**99.23**	**61.75**
Tax	32.34	25.42	15.77
Profit & Loss	**92.72**	**73.81**	**45.98**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-26	As on 31-Mar-25	As on 31-Mar-24
Non-current assets			
Property, Plant and Equipment	233.28	145.70	148.30
Capital Work-in-Progress	0.00	12.83	0.95
Other Intangible Assets	0.57	0.52	0.15
Right-of-use Assets	11.69	14.68	13.23
Investments accounted for using equity method	3.46	0.00	0.00
Financial Assets			
Other Financial Assets	5.26	5.05	0.23
Deferred Tax Assets (Net)	0.00	0.00	0.35
Other non-current assets	40.25	22.46	2.36
Total non-current assets	**294.49**	**201.24**	**165.55**
Current assets			
Inventories	119.32	92.34	84.33
Financial Assets			
Trade Receivables	138.30	120.65	116.01
Cash and Cash Equivalents	6.13	11.36	2.97
Other balances with banks	0.39	0.54	0.59
Loans	5.06	10.61	0.80
Other Financial Assets	3.48	2.58	3.25
Other Current Assets	28.07	10.03	5.88
Total current assets	**300.75**	**248.12**	**213.83**
Total Assets	**595.25**	**449.36**	**379.38**
LIABILITIES			
Non-current liabilities			
Borrowings	39.47	49.96	56.10
Lease liabilities	12.66	15.02	15.45
Deferred tax liabilities (Net)	4.22	1.09	0.00
Total non-current liabilities	**56.35**	**66.07**	**71.56**
Current liabilities			
Financial liabilities			
Current Borrowings	153.01	122.10	116.99
Lease liabilities (Current)	0.81	1.11	1.11
Trade Payables - MSME	6.43	4.05	3.44
Trade Payables - Others	36.13	31.24	36.49
Other Financial Liabilities	21.58	4.22	4.17
Other Current Liabilities	3.19	2.05	2.83
Provisions	0.13	0.01	0.29
Current Tax Liabilities	9.44	3.79	1.90
Total current liabilities	**230.72**	**168.57**	**167.20**
Total liabilities	**287.06**	**234.64**	**238.76**
Net worth represented by:			
Equity share capital	100.00	5.00	5.00
Other equity	208.19	209.71	135.62
Total Equity	**308.19**	**214.71**	**140.62**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★ ★
FAIR	★ ★ ★
GOOD	★ ★ ★ ★
EXCELLENT	★ ★ ★ ★ ★

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