BONANZA WEALTH MANAGEMENT RESEARCH

Bonanza

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Knack Packaging Ltd.- Subscribe

Company Overview

Knack Packaging Limited (KPL) is an integrated packaging solutions company engaged in the manufacturing of Printed and Laminated Woven Polypropylene (PLWPP) bags and PLWPP Pinch Bottom bags, catering to industries such as food, pet food, fertilizers, chemicals, cement, agriculture, and construction materials. Established in 2013 and backed by over two decades of promoter experience, the company operates four integrated manufacturing facilities in Gujarat with end-to-end capabilities spanning extrusion, lamination, printing, and bag conversion. KPL is one of India's leading manufacturers in the flexible bulk PLWPP bags segment with an estimated 10.1% market share and is the first company in India and Asia to introduce laser-cut easy-open PLWPP pinch bottom bags, reflecting its strong focus on innovation and value-added packaging.

The company follows a B2B2C business model, serving over 1,950+ customers across 71 countries through a diversified portfolio of 13,000+ SKUs supported by 73,000+ printing cylinders and advanced artwork management capabilities. Its customer base includes leading domestic and global brands across multiple end-user industries, enabling long-term relationships and recurring business. Supported by a strong export presence, product customization capabilities, and sustainable packaging solutions, KPL is well positioned to benefit from the growing demand for high quality industrial and branded packaging solutions in domestic and international markets.

Investment Rationale

- Knack Packaging is a leading player in the PLWPP packaging segment with ~10.1% domestic market share. Its focus on premium, customized packaging and continuous product innovation positions it well to benefit from rising demand across food, pet food, agriculture and industrial sectors.
- The company operates four integrated manufacturing facilities with end-to-end production capabilities, enabling better quality control, cost efficiency and faster execution. Ongoing capacity expansion is expected to support future growth and improve operating leverage.
- Exports account for over 56% of revenue, with products supplied to customers across 71 countries. Strategic partnerships, including the Mexico joint venture and collaboration with Cargill, along with the China+1 opportunity, provide a strong platform for international expansion.
- KPL offers highly customized packaging solutions backed by advanced digital systems, automation and sustainable manufacturing practices. Its expanding portfolio of value-added packaging products and focus on AI-enabled operations are expected to strengthen customer retention, margins and long-term scalability.

Valuation

At the upper price band of Rs.170, Knack Packaging is valued at 22.2x FY26 EPS and 12.4x EV/EBITDA, the valuation is supported by the company's leadership in the niche PLWPP packaging segment, integrated manufacturing operations, strong export franchise, and improving product mix. Knack has built a scalable business with over 10% domestic market share, a diversified customer base spanning 71 countries, and a growing contribution from higher margin packaging solutions. The commissioning of its new manufacturing facility, increasing export penetration, and expansion into North America through its Mexico joint venture provide multiple growth levers over the medium term. In addition, its integrated operations and focus on customized packaging should support margin resilience despite raw material price fluctuations. Given its consistent earnings growth, healthy return ratios, strong execution track record, and visible capacity led growth pipeline, we believe the company is well positioned to sustain profitable growth. We therefore recommend a **SUBSCRIBE** rating for investors with a medium to long term investment horizon.

IPO Details

Industry	Packaging
Issue Open Date	01st July 2026
Issue Close Date	03rd July 2026
Price Band (Rs.)	161-170
Issue Size (Cr)*	~Rs. 439
Issue Size *(Shares)	2,58,52,941
Bid Lot	88 Shares
Listing Exchanges	BSE and NSE
Face Value (Rs.)	Rs. 10.0/-

* At highest price band

Issue Details

Sale Type (Rs. Cr)	Fresh issue – 380 Offer for Sale - 60
Issue Type	Book Building
Book Running Lead Manager	Systematix Corporate Services Ltd, IDBI Capital Markets & Securities Ltd and Pantomath Capital Advisors Pvt Ltd
Registrar	MUFG Intime India Pvt. Ltd.
Issue structure	QIB: 50.0% Non-Institutional: 15.0% Retail: 35.0%
Credit of Shares to Demat Account	07th July 2026
Issue Listing Date	08th July 2026

* At highest price band

Objects of the Issue

Particular	Estimated utilization from Net proceeds (Rs Cr.)
Partial funding of capital expenditure towards setting up of new manufacturing facility at Borisana situated at Kadi, Mehsana, Gujarat.	320.0
General Corporate Purposes	-

Shareholding Pattern

Shareholding (%)	Pre(%)	Post*(%)
Promoter	89.6	70.6
Public & Others	10.4	29.4

* At highest price band

Business Highlights

- Knack Packaging is among India's leading manufacturers of Printed & Laminated Woven Polypropylene (PLWPP) bags, holding around 10.1% market share in the domestic flexible bulk PLWPP segment. Its differentiated product portfolio and early-mover advantage in innovative packaging solutions strengthen its competitive positioning.
- The company operates a fully integrated manufacturing setup with an installed capacity of 43,300 MTPA, covering the entire value chain from extrusion to printing and bag conversion. Its in-house design studio, artwork development, and 73,000+ printing cylinders across 13,379 SKUs enable customized, high-value packaging solutions with faster turnaround and better customer retention.
- Exports contributed 56.3% of FY26 revenue, with products supplied to customers across 71 countries. The company serves 1,950+ customers, including marquee names such as Cargill, KRBL, Drools, DCM Shriram, and Ebro India, reducing dependence on any single end market while benefiting from global demand for premium packaging.
- Knack has invested in digital platforms such as SAP S/4HANA, Microsoft Dynamics 365 CRM, and its proprietary Knack Galaxy platform to improve production planning, inventory management, and supply chain visibility. Dedicated production lines and digital integration support higher operational efficiency and consistent product quality.
- Future growth is expected to be supported by capacity expansion, increasing contribution from value-added packaging, rising exports, and expansion into North America and Latin America through its Mexico joint venture, positioning the company to capitalize on the global shift toward sustainable and customized packaging solutions.
- Operating at 81.6% capacity utilization in FY26, Knack is expanding its manufacturing footprint with a new production facility expected to commence operations in October 2027, supporting higher volumes, operational flexibility, and long-term growth.

Consolidated Financials

Particular (Rs./Cr.)	FY23	FY24	FY25	FY26
Revenue	518.4	654.6	736.5	823.4
EBITDA	54.8	96.9	133.5	152.0
EBITDA M(%)	10.6	14.8	18.1	18.5
PAT	19.9	46.0	73.8	92.7
PAT M(%)	3.8	7.0	10.0	11.5
P/E (x)*	106.3	44.7	28.3	22.2

*at highest price point

Risks & Concerns

- Revenue remains dependent on a few large customers, with the top 10 contributing 40.9% of FY26 revenue and the largest customer accounting for 16.7%, exposing earnings to order concentration risk.
- Input costs are sensitive to crude linked PP, BOPP and LDPE prices, while the top five suppliers account for 73.5% of raw material procurement, creating sourcing and margin risks.
- With 56.3% of FY26 revenue generated from exports, earnings remain vulnerable to foreign exchange movements, global demand fluctuations, and changes in export incentive schemes.
- Timely commissioning and ramp-up of the new manufacturing facility will be crucial, as delays or lower utilization could impact growth and return ratios.
- All manufacturing facilities are located in Gujarat, making operations susceptible to regional disruptions such as regulatory changes, labour issues, or natural calamities.
- The success of overseas initiatives, including the Mexico JV and expansion into new export markets, will be critical to sustaining export growth and diversifying the customer base.

Graphs & Charts

Figure 1: Revenue Trend

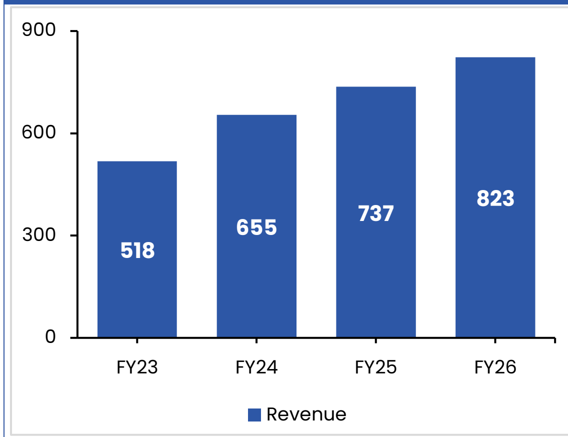


Figure 2: EBITDA trend

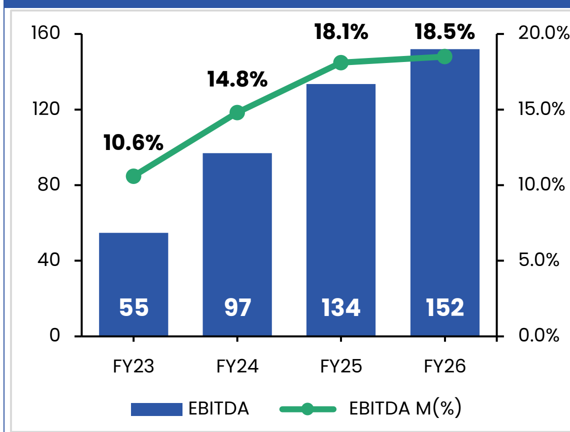


Figure 3: PAT Trend

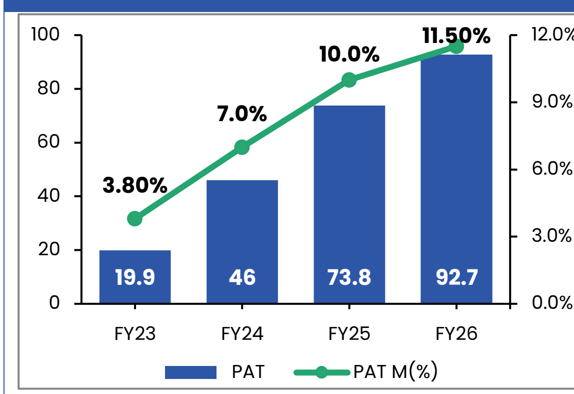
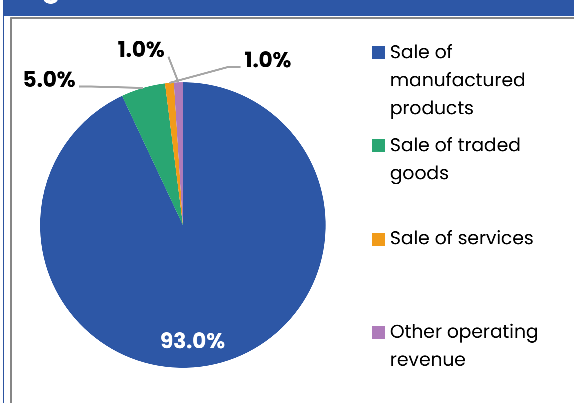


Figure 4: Revenue Mix for FY26



Name	Designation	
Jainam Doshi	Research Analyst	JAINAM BIMAL DOSHI Digitally signed by JAINAM BIMAL DOSHI DN: cn=JAINAM BIMAL DOSHI c=IN o=Personal ou=Personal Reason: I am the author of this document Location: Date: 2026-06-30 15:54+05:30

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