IPO NOTE

Knack Packaging

01st July, 2026

Recommendation	Subscribe	
Price Band	Rs.161-Rs.170	
Bidding Date	01st July – 03rd July, 2026	
Book Running Lead Manager	Systematix corporate services IDBI Capital Pantomath Capital advisors	
Registrar	MUFG Intimes	
Sector	Packaging	
Minimum Retail Application- Detail At Cut off Price		
Number of Shares	88	
Minimum Application Money	14,960	
Payment Mode	ASBA	
Consolidated Financials (Rs Cr)	**FY25**	**FY26**
Total Revenue	736.5	823.4
EBITDA	133.5	152.0
PAT	73.1	92.7
Valuations (FY26)	**Upper Band**	
Market Cap (Rs Cr)	2080	
Adj EPS	8	
PE	22.4	
EV/ EBITDA	15	
Enterprise Value (Rs Cr)	2279	
Post Issue Shareholding Pattern		
Promoters	70.3%	
Public	29.7%	
Offer structure for different categories		
QIB (Including Mutual Fund)	50%	
Non-Institutional	15%	
Retail	35%	
Post Issue Equity (Rs Cr)	122.4	
Issue Size (Rs Cr)	440	
Face Value (Rs)	10	

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BACKGROUND

Knack Packaging Limited is a Gujarat-based manufacturer of Printed and Laminated Woven Polypropylene (PLWPP) bags and PLWPP Pinch Bottom bags. The company makes the big, printed bags that are seen at grocery stores or wholesale markets containing products like rice, flour, dal, sugar, fertilizers, animal feed, cement, etc. — those 5 kg to 50 kg bags with brand logos printed on them. It operates on a B2B2C model — selling packaging bags to large FMCG brands and food companies (B2B), who then use these bags to sell their products to end consumers (B2C). Currently Company early nearly 57% of revenues from exports.

Objects and Details of the Issue:

Total issue size is Rs 440 Cr comprising of Rs 380 Cr from Fresh Issue and Rs 60 Cr from Offer for Sale. Net Proceeds from the Fresh Issue shall be primarily utilized for capacity expansion.

Investment Rationale:

- Capacity Expansion to augur future growth
- Vertically integrated — controls quality & costs
- Stable Financials

Valuation and Recommendation: - Knack Packaging holds ~10.1% market share in India's PLWPP bulk bags market and controls the entire value chain from PP granule to finished bag, which explains why its EBITDA margins at ~18% are higher than listed peers like TCPL Packaging and time technolplast. In FY26, 94% of revenue came from existing customers and No single customer exceeds 25% of revenue (largest customer was 16.7% in FY2026), and the company serves diverse end-use sectors, reducing concentration risk. IPO proceeds will fund capacity expansion that nearly doubles capacity — from ~43,300 MTPA to ~76,000 MTPA by October 2027. Valuation at ~22.4x P/E and ~15x EV/EBITDA on FY2026 earnings appears reasonable and is cheaper vs listed peers despite Knack's superior margins and returns and thus we recommend '**SUBSCRIBE**' to the IPO.

Financials	FY24	FY25	FY26
Net Revenues	654.6	736.5	823.4
Growth (%)		13%	12%
EBITDA	96.9	133.5	152.0
EBITDA (Margin %)	14.8%	18.1%	18.5%
PBT	61.75	99.23	126.0
Adjusted PAT	45.98	73.81	92.72
EPS	3.8	6.0	7.6
ROCE	22.0%	26.1%	23.4%
EV/Sales	3.5	3.1	2.8
EV/ EBITDA	23.5	17.1	15.0
P/E	45.2	28.2	22.4

Company Background

Founded in 2013, Knack Packaging Limited is manufacturer of Printed and Laminated Woven Polypropylene (PLWPP) bags and PLWPP Pinch Bottom bags — customized, high-strength bulk packaging solutions (5 kg–50 kg) used across food, agri, pet food, chemical, and building material industries. It operates under a B2B2C model, supplying packaging to large FMCG and food brands who sell to end consumers.

The company's product portfolio can be divided into the following categories:

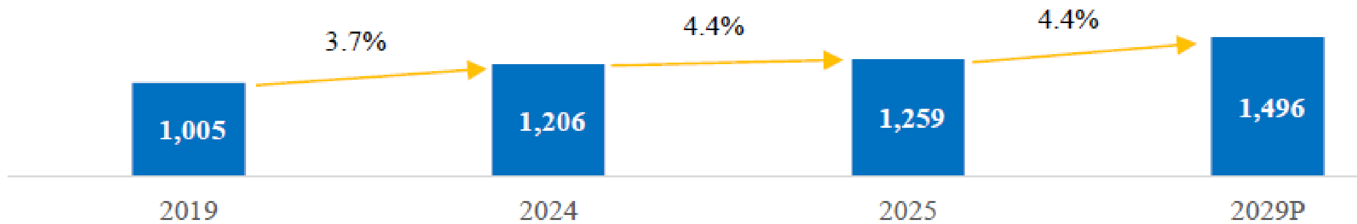
1. **PLWPP Bags (Printed and Laminated Woven Polypropylene Bags):** These are the company's core product — customized, printed, and laminated woven bags primarily used for bulk commodities such as rice, flour, dal, sugar, fertilizers, pet food, chemicals, and cement. Each bag is manufactured to specific client requirements covering bag dimensions, construction type (circular or back seam), window options (half, full, or register), edge finishing (zig-zag, heat cut, or blade cut), and brand artwork. Knack stores 73,000+ proprietary printing cylinders developed for over 1,950 customers, acting as custodian of clients' brand identity and ensuring print consistency across batches.

2. **PLWPP Pinch Bottom Bags:** These are a more advanced, premium variant of the PLWPP bag that provides a brick-shaped, block-bottom structure offering six-sided branding visibility, superior stacking stability, and tamper-proof sealing. Knack is the first company in India and Asia to produce PLWPP Pinch Bottom Bags with an integrated laser-cut easy-open feature at commercial scale. These bags are increasingly used by premium rice, flour, and pet food brands as an alternative to conventional woven sacks and multiwall paper bags, where shelf appeal and retail presentation are important.

3. **Value-Added and Smart Packaging Features:** Across both PLWPP Bags and Pinch Bottom Bags, Knack offers a range of add-on features that enhance functionality, security, and brand value. These include RFID tags and unique barcodes for real-time supply chain tracking and anti-counterfeiting; NFC tags and QR codes that allow end consumers to verify product authenticity via smartphone; integrated handles; valve closures; and custom perforation patterns. The company also offers in-house color matching through a spectrophotometer and an ink kitchen, ensuring precise visual consistency with client brand guidelines across production batches.

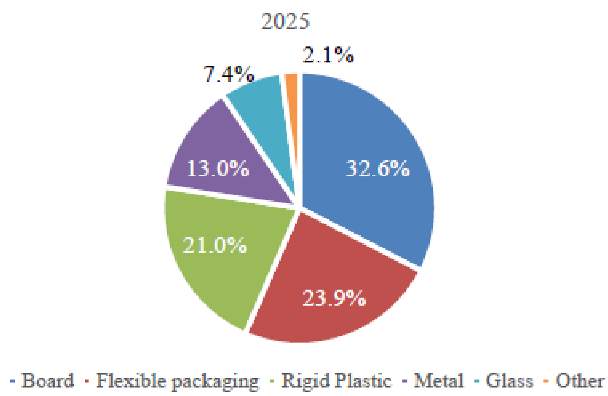
Industry

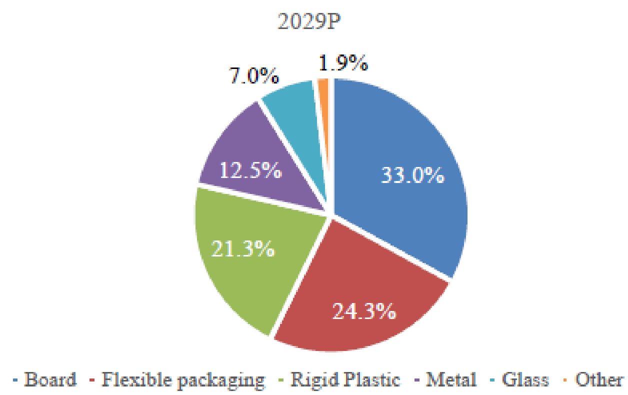
The global packaging market was valued at USD 1,259 billion in CY2025 and is projected to grow at a CAGR of 4.4% to reach USD 1,496 billion by CY2029, driven by rising population, rapid urbanization, increasing income levels, and surging demand from sectors such as food, agriculture, chemicals, and building materials.



Source: Secondary Research, Technopak Analysis

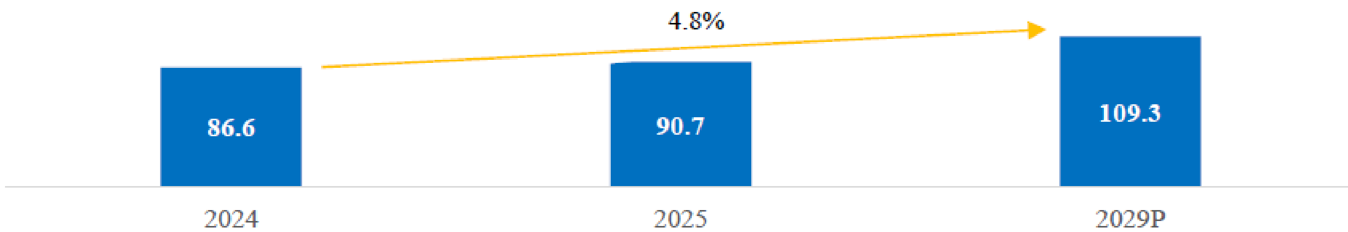
The global packaging market can be broadly segmented by material type. Flexible packaging — the segment most relevant to Knack Packaging — holds a 32.6% share by value in CY2025 and is projected to increase to 33.0% by CY2029, making it the single largest category by material type. Within flexible packaging, Woven Polypropylene (WPP) bags — and specifically their premium variant, Printed and Laminated Woven Polypropylene (PLWPP) bags — occupy a key niche as the preferred packaging format for bulk commodities such as rice, flour, dal, lentils, sugar, fertilizers, pet food, cement, and chemicals in the 5 kg–50 kg weight range.





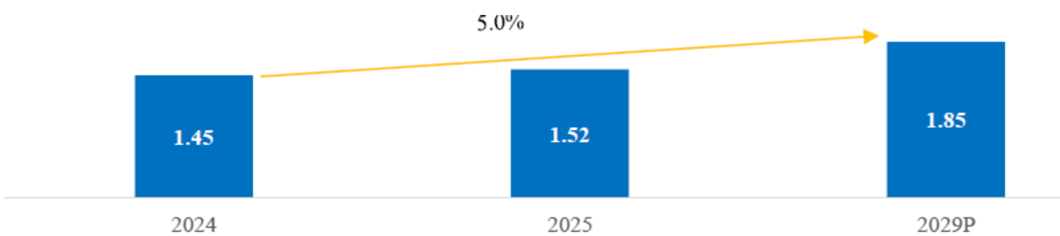
Global Flexible Bulk Packaging Market (5–50 kg)

The global flexible bulk packaging (5–50 kg) market was valued at USD 90.7 billion in CY2025 and is projected to reach USD 109.3 billion by CY2029, expanding at a CAGR of 4.8%. By application, the food and beverage segment holds the largest share at 30.5% by value, followed by bulk food and agricultural commodities at 25.3%, and industrial and chemicals at 23.0%. Geographically, Asia Pacific dominates with 40.1% share, followed by North America at 29.7% and Europe at 22.3%.



Source: Technopak Analysis, Secondary Research,

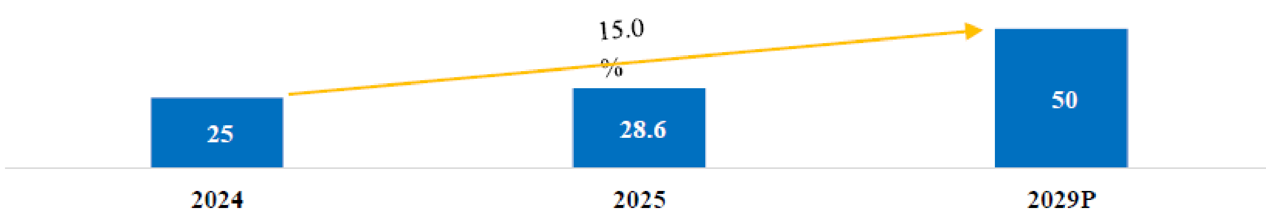
PLWPP Bags — The Niche, High-Growth Sub-Segment
Within the global woven polypropylene bags market, Printed and Laminated Woven Polypropylene (PLWPP) bags represent a premium, fast-growing niche. The PLWPP bags (5–50 kg) market forms 7.1% of the global WPP bags and sacks market and was valued at USD 1.52 billion in CY2025, projected to reach USD 1.85 billion by CY2029 at a CAGR of 5.0%.



Source: Secondary Research, Technopak Analysis

The **Indian Woven Polypropylene (WPP) bags market** was valued at **INR 492 billion in FY2025** and is projected to grow at a **CAGR of 9.2% to INR 700 billion by FY2029**.
The Indian PLWPP bags market (including all sizes) was valued at INR 35 billion in FY2025 and is projected to reach INR 60 billion by FY2029 at a CAGR of 15.0%.
More specifically, the Indian PLWPP bulk bags (5–50 kg) market was valued at INR 25 billion in FY2024 and INR 28.6 billion in FY2025, and is expected to more than double to INR 50 billion by FY2029, expanding at a CAGR of 15.0%. (Source: Technopak Report).

Exhibit 5.10: Indian PLWPP Bulk Bags (5-50kg packaging) (in INR Billion) (FY)



Source: Technopak Analysis, Secondary Research

This 15% CAGR is fuelled by three structural tailwinds: (a) growing awareness among FMCG manufacturers about the branding and functional advantages of PLWPP over coated WPP; (b) increasing adoption in new end-use sectors such as premium seeds, specialty chemicals, branded fertilisers, tile adhesives, and pet food; and (c) the shift from multi-wall paper bags to PLWPP bags, which is already underway in Europe and is beginning in India.

INVESTMENT RATIONAL

Capacity Expansion to Augur Future Growth backed by Global Reach and Sticky Customer Relationships

Knack's existing facilities are running near peak utilization — 81.6% in FY2026, with Unit-2 (Tapeline) at 97.8%, leaving little room for organic growth. To address this, company is deploying Rs. 320 Cr of IPO proceeds to set up a new facility (Unit 5) at Borisana, Gujarat, adding a net ~32,710 MTPA and taking total effective capacity from 43,300 MTPA to ~76,000 MTPA (~76% increase) by October 2027.

Particulars	FY24	FY25	FY26
Effective Installed Capacity (MT)	33,400	36,400	43,300
Actual Production (MT)	29,609	31,297	35,344
Capacity Utilisation (%)	88.65%	85.98%	81.63%
Unit-2 (Tapeline) Utilisation (%)	98.52%	98.06%	97.88%

This capacity addition is well-timed, as the Indian PLWPP bulk bags market is projected to grow at a 15% CAGR through FY2029 (Source: Technopak Report). Knack is well-placed to capture this growth given its global reach — 57% of FY26 revenue came from exports across 71 countries and 1,950+ customers.

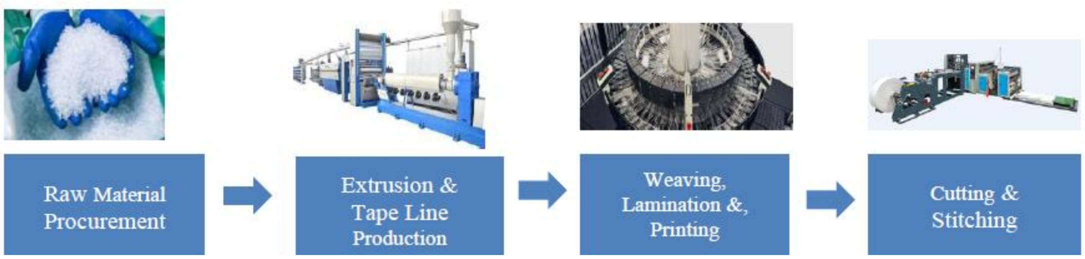
Particulars	FY24	FY25	FY26
Domestic Revenue (%)	56%	44%	44%
Export Revenue (%)	44%	56%	56%
Number of countries served	71	71	71

The new capacity will also be absorbed efficiently given Knack's high customer retention — Customer Continuity Rate above 93% across FY24-26, supported by 73,000+ proprietary printing cylinders and decade-long relationships with the likes of KRBL, Sacos y Empaques Internacionales, and Cargill.

Particulars	FY24	FY25	FY26
Revenue from operations (Rs Cr.)	654.6	736.5	823.4
Revenue from existing/ repeat customers (Rs Cr.)	624.1	695.2	771.9
Customer continuity rate (%)	95.3%	94.4%	93.7%

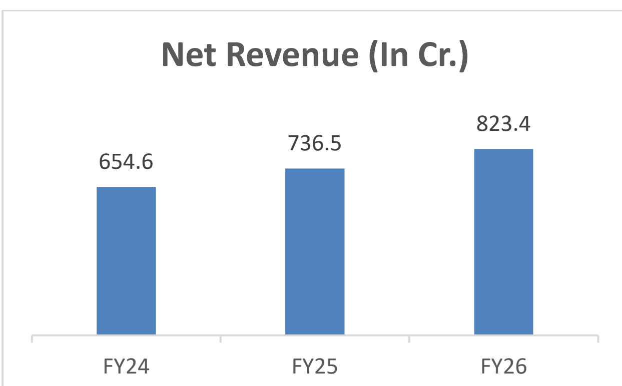
Vertically integrated – controls quality and cost

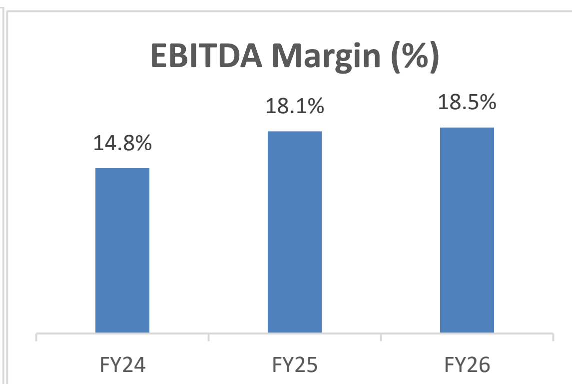
Knack packaging control multiple stages of production—from PP granule processing into tape yarn extrusion, weaving of fabric, BOPP film extrusion, printing, lamination, cutting, stitching, and even in-house design and logistics —all within a single facility. Vertical integration offers several advantages, including reduced dependence on third-party suppliers, improved quality control, faster turnaround times, and greater flexibility in customization and scalability. This strategy helps Knack to lowers costs and deliver higher margins vs the listed peers (Knack EBITDA margin of 18.5% vs 16.7% average EBITDA margin of listed peers). The company also holds the higher ROE and ROCE of 24% and 30% vs average listed peer ROE and ROCE of 15% and 12%.

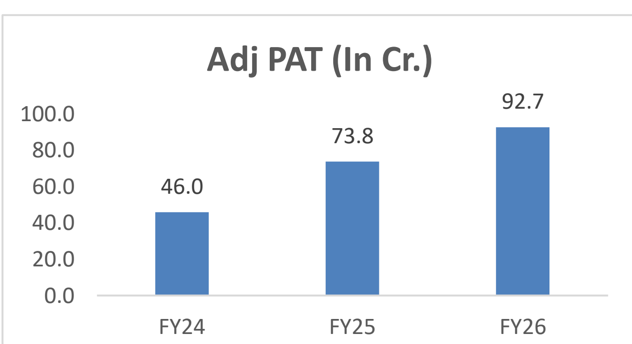


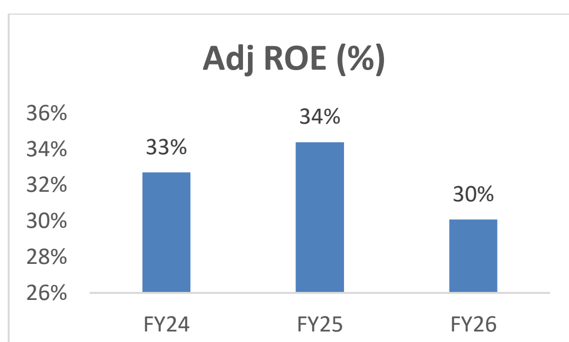
Stable financial performance

Knack has delivered consistent revenue and profitability growth over FY2024-26, with margins expanding each year. Revenue grew from Rs. 654.6 Cr to Rs. 823.4 Cr (12.2% CAGR), while EBITDA grew faster at a 30.4% CAGR and PAT at a 42.0% CAGR, reflecting strong operating leverage as the company scaled.









Risks to Investment

- Raw Material Supplier Concentration :
  Knack depends heavily on very few suppliers without any formal contracts. In FY2026, the SINGLE LARGEST supplier accounted for 35.78% of total raw material purchases. Top 5 suppliers: 73.49%. Top 10 suppliers: 86.21%. The company buys on a spot-order basis with NO long-term supply agreements. If any key supplier stops supplying, the company could face production shutdowns.

- US Market Concentration
  23.66% of FY2026 revenue came from the United States alone. Any adverse event — trade war, tariff hike, recession, geopolitical issues, or deterioration in India-US bilateral relations — could sharply impact revenues. This risk is heightened given the current global trade uncertainty.

- New Plant Execution Risk
  The entire Rs. 320 cr of the total Rs 380 cr Fresh Issue proceeds are going into one new manufacturing facility. The project cost was already revised down from Rs. 5,14 cr to Rs. 3,64.9 cr and the timeline was extended from December 2026 to October 2027. Any further cost overruns, machinery delays, regulatory approvals, or construction issues could delay capacity addition and hurt growth prospects.

Valuation and Recommendation

The company's Revenue CAGR Growth for last 2 years is largely in line with peers growth rate, however company is able to deliver better EBITDA margins along with strong ROCE and ROE compared to its listed peers. The company is raising money to increase its current capacity from 43,400 MTPA TO ~76000 MTPA in order to cater to growing demand in both domestic premium packaging and export market. IPO is coming at a lower valuation as compared to its peers (PE = 22.4 vs Peer average PE= 26), EV/EBITDA is slightly higher compared to its peers however because of company's strong focus on exports combined with vertically integrated model to control cost and quality, we recommend **SUBSCRIBE** to the IPO.

Peer Comparison

There is no direct competitor in listed space for Knack packaging. Only 3 players which are close peers are as follows: Mold Tek Packaging, TCPL Packaging and Time Technoplast.

FY26	Mold-Tek Packaging Limited	TCPL Packaging Limited	Time Technoplast Limited	Knack packaging
Revenue	887	1,810	6,105	823
CAGR (FY24-26)	13%	8%	11%	12%
EBITDA Margin	19.4%	16.2%	14.6%	18.5%
Asset Turns (x)	1.0	1.4	1.3	1.6
Wkg Cap Days	50	33	162	120
ROCE	12.5%	16.2%	15.0%	23.9%
ROE	10.6%	13.6%	11.7%	30.1%
Debt/Equity	0.3	0.8	0.2	0.6
EV/EBITDA	14.8	11.0	10.1	15.0
P/E	31.9	27.0	18.0	22.4

Knack Packaging

01st July, 2026

P&L (Rs. Cr)	FY24	FY25	FY26
Net Revenue	**654.6**	**736.5**	**823.4**
% Growth		*13%*	*12%*
COGS	393.0	444.8	478.8
% of Revenues	*60%*	*60%*	*58%*
Employee Cost	45.5	42.0	47.1
% of Revenues	*7%*	*6%*	*6%*
Other expenses	119.1	116.2	145.5
% of Revenues	*18%*	*16%*	*18%*
EBITDA	**96.9**	**133.5**	**152.0**
EBITDA Margin	***15%***	***18%***	***18%***
Depreciation	24.3	28.2	29.3
Other Income	4.4	10.9	20.3
Interest (Finance cost)	15.3	17.0	15.9
Exceptional Item	0.0	**0.0**	1.1
PBT	**61.8**	**99.2**	**126.0**
PBT Margin	***9%***	***13%***	***15%***
Share of profit / (Loss) of joint venture	***0.0***	***0.0***	***(0.9)***
Tax	15.8	25.4	32.3
Tax rate	*0.3*	*0.3*	*0.3*
Adj PAT	**46.0**	**73.8**	**92.7**
PAT Margin	***7%***	***10%***	***11%***
% Growth		*0.6*	*0.3*
EPS (Post Issue)	**3.8**	**6.0**	**7.6**

Ratios & Others	FY24	FY25	FY26
Debt / Equity	1.3	0.9	0.7
EBITDA Margin (%)	0.1	0.2	0.2
PAT Margin (%)	0.1	0.1	0.1
Adj ROE (%)	0.3	0.3	0.3
Adj ROCE (%)	0.2	0.3	0.2

Turnover Ratios	FY24	FY25	FY26
Debtors Days	64.7	59.8	61.3
Inventory Days	78.3	75.8	91.0
Creditor Days	37.1	29.0	32.4
Asset Turnover (x)	2.0	1.8	1.6
Working capital days	106	107	120

Valuation Ratios	FY24	FY25	FY26
Price/Earnings (x)	45.2	28.2	22.4
EV/ EBITDA (x)	23.5	17.1	15.0
EV/Sales (x)	3.5	3.1	2.8
Price/BV (x)	14.8	9.7	6.7

Balance Sheet (Rs. Cr)	FY24	FY25	FY26
Share Capital	5.0	5.0	100.0
Instruments equity in nature	0.0	0.0	0.0
Other Equity/non controlling interest	135.6	209.7	208.2
Networth	**140.6**	**214.7**	**308.2**
Total Loans	**189.7**	**188.2**	**205.9**
Other non-curr liab. (Deferred tab liab	0.0	1.1	4.2
Trade payable	39.9	35.3	42.6
Other Current Liab	9.2	10.1	34.3
Other current liabilities	2.8	2.1	3.2
Other financial liabilities	4.2	4.2	21.6
Provisions	0.3	0.0	0.1
Current tax liabilities	1.9	3.8	9.4
Total Equity & Liab.	**379.4**	**449.4**	**595.2**
Property, Plant and Equipment	148.3	145.7	233.3
Capital work in progress	0.9	12.8	0.0
Other intangible assets	0.1	0.5	0.6
Goodwill/Right of Use	13.2	14.7	11.7
Non Currrent Financial assets (Other	0.6	5.1	8.7
Other non Curr. assets	2.4	22.5	40.3
Inventories	84.3	92.3	119.3
cash and cash equivalents	3.0	11.4	6.1
Bank bal	0.6	0.5	0.4
Trade receivables(debtor)	116.0	120.7	138.3
Loans	0.8	10.6	5.1
Other financial assets	3.2	2.6	3.5
Other Current assets	5.9	10.0	28.1
Total Assets	**379.4**	**449.4**	**595.2**

Cash Flow (Rs. Cr)	FY24	FY25	FY26
Profit Before Tax	61.8	99.2	126.0
Provisions & Others	40.1	43.2	38.0
Op. profit before WC	**101.8**	**142.4**	**164.0**
Change in WC	(55.3)	(26.3)	(47.5)
Less: Tax	(14.1)	(22.1)	(23.6)
CF from operations	**32.4**	**94.1**	**92.9**
Purchase of assets	(69.6)	(57.9)	(102.6)
Sale of property	0.9	0.4	0.2
Redemptionof fixed deposit	0.0	0.0	(4.4)
Loan (given) /repaid	0.0	(9.8)	5.6
interest received on bank deposits	0.1	0.7	1.2
interest received on loan given	0.0	0.0	0.0
Acquisition of subsidiary	0.0	0.0	0.0
CF from Investing	**(68.6)**	**(66.5)**	**(100.1)**
Payment of lease liabilities	(2.3)	(2.7)	(2.5)
Proceeds/ Repayment Borrowings	50.4	(1.0)	20.4
Issue of Equity shares	0.0	0.0	0.0
interest & div paid	(13.7)	(15.4)	(15.0)
CF from Financing	**34.4**	**(19.2)**	**2.9**
Net Change in cash	**(1.7)**	**8.4**	**(4.3)**
Cash & Bank at beginning	4.7	3.0	11.4
Effect of Exchange fluctuation	0.0	0.0	0.0
Cash & Bank at end	3.0	11.4	7.1

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