Knack Packaging Ltd.

June 29, 2026

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IPO Note

Knack Packaging Ltd. is an integrated, innovation-driven and export-oriented packaging solutions provider specializing in printed and laminated woven polypropylene (PLWPP) bags and PLWPP pinch bottom bags. The company serves industries including food, agriculture, fertilizers, chemicals and pet food, and held an estimated 10.1% market share in India's flexible bulk PLWPP bags segment in FY25. With exports contributing 56.3% of FY26 revenue, Knack has established a strong presence across domestic and global markets.

Investment Rationale:

Market leader with differentiated product portfolio
- Holds 10.1% market share in India's flexible bulk PLWPP bags segment.
- Early mover in BOPP/PLWPP bag manufacturing with over two decades of promoter experience.
- First company in India and Asia to introduce laser-cut easy-open PLWPP pinch bottom bags.
- Diversified portfolio of customized, high-strength packaging solutions across multiple end-use industries.

High entry barriers support competitive positioning
- High capital intensity and specialized manufacturing create significant entry barriers.
- Vertically integrated operations ensure superior quality, cost efficiency and execution.
- Advanced pinch bottom bag manufacturing reinforces technological differentiation.
- Strong supplier relationships, technical expertise and printing capabilities strengthen competitive positioning.

Advanced product engineering and customization capabilities
- Manufactures technically complex PLWPP packaging with high design precision and repeatability.
- Offers customized packaging with advanced features and value-added PLWPP bag formats.
- In-house ink kitchen and spectrophotometer ensure precise colour matching and brand consistency.
- Structured product development ensures dimensional accuracy and consistent product quality.
- Customization expertise strengthens customer relationships and premium market positioning.

Customer-centric end-to-end packaging solutions
- One-stop packaging solutions from product design to final delivery.
- Customized packaging, branding and technical support enhance customer value.
- Strong customer retention improved to 88% in FY26 from 65% in FY25.
- Long-standing relationships with customers including KRBL, Cargill and Yash Packaging.
- Value-added offerings strengthen customer stickiness and recurring business.

Diversified geographic presence and end-market exposure
- Export-led business with 56.3% of FY26 revenue from international markets.
- Presence across 71+ countries with a wholly owned subsidiary in South Africa.
- Diversified exposure across food, agriculture, fertilizers, pet food and other end-use industries.
- Expanding PLWPP pinch bottom bags into high-growth applications, replacing traditional paper bags.
- Positioned to benefit from the global China Plus One sourcing strategy and expansion across Europe, Australia, the Gulf and Africa.
- Strategic partnership with Cargill and Sayem Knack JV strengthens global reach in LATAM & USA.

Capacity expansion to drive future growth
- 43,300 MTPA integrated manufacturing capacity with 81.6% utilization provides expansion visibility.
- IPO proceeds (3200 mn) to fund a new manufacturing facility and strengthen production capabilities.
- Capacity expansion focused on high-value pinch bottom bags and customized packaging solutions.
- Well positioned to capitalize on the 5.0% CAGR global PLWPP bags market and growing demand.

Innovation-led product expansion to support long-term growth
- Early mover in PLWPP bags, supported by continuous product innovation.
- Expanding portfolio with new-age packaging solutions, including PLWPP bags (>50 kg).
- Product pipeline targets high-value applications through differentiated packaging formats.
- Focused on high-growth end markets including pulses, spices, rice and pet food.

Integrated digital ecosystem driving operational efficiency
- Proprietary Knack Galaxy platform enables real-time, end-to-end operational visibility.
- Integrated digital ecosystem optimizes procurement, production, inventory and logistics.
- Bulk procurement, demand forecasting and buffer inventory mitigate raw material risks.
- Dedicated production lines enhance manufacturing efficiency and product consistency.
- Technology-led operations enhance scalability, execution efficiency and margin sustainability.

Valuation and Outlook: Knack Packaging is well positioned to benefit from the structural growth in the specialized packaging industry, supported by its 10.1% market share in India's flexible bulk PLWPP bags segment, differentiated product portfolio, vertically integrated manufacturing capabilities and export-led business model spanning 71+ countries. The company is expected to benefit from the ongoing migration from conventional WPP bags to premium PLWPP and PLWPP pinch bottom bags, with PLWPP accounting for less than 10% of the total WPP market and pinch bottom bags accounting for less than 1%, providing a significant runway for premiumization, market share gains and margin expansion. The proposed capacity expansion, funded through IPO proceeds, along with increasing export penetration, continuous product innovation and expansion into high-growth end-use industries, is expected to significantly strengthen its manufacturing capabilities and growth trajectory. We expect these growth initiatives to drive a meaningful increase in revenues over the next three to four years, supported by improving utilization and a higher contribution from value-added packaging solutions. Despite delivering the highest ROE and ROCE among listed peers, the issue is attractively valued relative to comparable companies. Considering its market leadership, strong competitive positioning, robust growth visibility, healthy return profile and attractive valuation, we recommend subscribing to the issue from a medium- to long-term investment perspective.

Key Financial & Operating Metrics (Consolidated)

In INR mn	Revenue	YoY (%)	EBITDA	EBITDA %	PAT	EPS	ROE	ROCE
FY24	6546	26.4	968	14.8	460	4.6	38.4	45.4
FY25	7365	12.5	1334	18.1	738	7.4	41.7	50.4
FY26	8234	11.8	1518	18.4	927	9.3	35.8	46.7

Issue Snapshot	
Issue Open	01-Jul-26
Issue Close	03-Jul-26
Price Band	INR 161 - 170
Issue Size (Shares)	2,58,52,941
Market Cap (mn)	INR 20800

Particulars	
Fresh Issue (INR mn)	INR 3800
OFS Issue (INR mn)	INR 595
QIB	50%
Non-institutionals	15%
Retail	35%

Capital Structure	
Pre Issue Equity	10,00,00,000
Post Issue Equity	12,23,52,941
Bid Lot	88 Shares
Minimum Bid amount @ 161	INR 14168
Maximum Bid amount @ 170	INR 14960

Share Holding Pattern	Pre Issue	Post Issue
Promoters	89.6%	70.4%
Public	10.4%	29.6%

Particulars	
Face Value	INR 10
Book Value	INR 56.2
EPS, Diluted	INR 7.6

Objects of the Issue	(Rs mn)
1. Partial funding of capital expenditure towards setting up of new manufacturing facility at Borisana situated at Kadi, Mehsana, Gujarat	3200
3. General Corporate Purposes	

Kabir Sharma
Research Analyst
Registration Number: NISM-202500094400

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research@smifs.com

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Product Profile

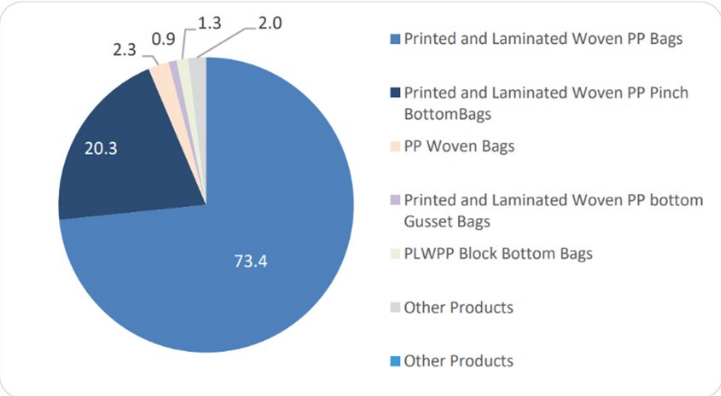
The company manufactures polyethylene (PE) and polypropylene (PP) woven fabrics and converts them into value-added packaging solutions. Around 96% of revenue is generated from premium products, including Printed & Laminated Woven Polypropylene (PLWPP) bags and PLWPP pinch bottom bags.

It is an early mover in BOPP/PLWPP bag manufacturing and the first company in India and Asia to introduce laser-cut easy-open PLWPP pinch bottom bags.

The company offers a wide range of value-added customization features, including circular and back seam construction, half/full/register windows, zig-zag cuts, heat-cut and blade-cut finishes, enabling application-specific packaging solutions.

Over the years, Knack has expanded its portfolio with four-layer metallized bags with windows, block bottom bags, matt/gloss finish bags, registered window bags, shopping bags and bottom gusseted bags, catering to evolving customer requirements across end-use industries.

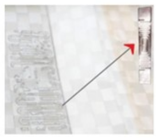
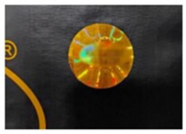
Products & Revenue Contribution



Sr. No.	Particulars	Units	Fiscal 2026	Fiscal 2025	Fiscal 2024
Financial Performance Indicators					
1	Revenue from Operations	(₹ in millions)	8,234.34	7,364.90	6,545.59
2	Revenue Growth	(%)	11.81	12.52	26.25
3	Gross Profit	(₹ in millions)	3,446.24	2,917.22	2,615.20
4	Gross Profit Margin	(%)	41.85	39.61	39.95
5	EBITDA	(₹ in millions)	1,722.94	1,443.37	1,013.74
6	EBITDA Margin	(%)	20.42	19.31	15.38
7	Profit after tax (PAT)	(₹ in millions)	927.24	738.10	459.77
8	PAT Margin	(%)	10.99	9.88	6.98
9	Return on capital employed (RoCE)	(%)	46.71	50.36	45.42
10	Return on Invested capital (RoIC)	(%)	33.41	34.62	29.51
11	Debt Equity Ratio	(in times)	0.62	0.80	1.23
12	Return on Equity	(%)	35.75	41.70	38.38
13	Debt Service Coverage Ratio	(in times)	4.95	3.80	3.25
Operational Performance Indicators					
14	Total Quantity Sold	(MT)	38,157.49	34,471.76	30,590.10
15	EBITDA per KG	(₹)	45.15	41.87	33.14

Add on Solutions

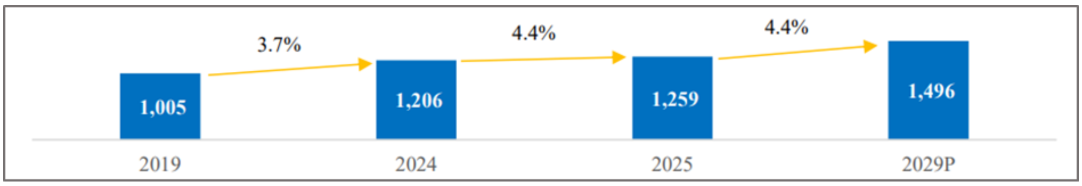
The company offers a wide range of value-added customization options, including circular and back seam construction, half/full/register windows, zig-zag cuts, heat-cut and blade-cut finishes, enabling application-specific packaging solutions. Its diversified product portfolio and customized add-on capabilities position Knack Packaging as a one-stop packaging solutions provider for customers across multiple industries.

S. No.	Products	Image
1.	Security Feature - RFID	
2.	Security Feature – QR Code	
3.	Security Feature – Hot Stamping	

Industry Overview:

The global packaging industry is a critical enabler of supply chains, ensuring the safe storage, transportation and presentation of products across industries. Valued at USD 1,259 billion in CY2025, the market is projected to reach USD 1,496 billion by CY2029, growing at a 4.4% CAGR, driven by rising population, urbanisation, higher disposable incomes and increasing demand from sectors such as food & grains, agriculture, chemicals, fertilizers, cement, building materials and e-commerce. The industry is led by global players including Amcor Plc, Mondi Group, Polytex Fibers, ProAmpac and Hood Packaging, which benefit from diversified product portfolios and broad geographic presence.

Global Packaging Market Size (in USD Billion) (CY) (CAGR %)



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Indian flexible packaging industry

In FY25, the Indian packaging market was valued at Rs 7,275 bn, marking a growth of 6.6% CAGR from Rs 6,399 bn in FY23, which grew at a CAGR of 2.8% from FY18. Further, the market is projected to expand at a CAGR of 6.0%, reaching Rs 9,195 bn by FY29E.

Exhibit 2.2: Global Packaging Type and Share (%) by Value for Material Type (CY)

Flexible plastic packaging market

- Plastic packaging is rapidly becoming the fastest-growing trend in the industry, constituting 42.9% of the Indian packaging market in FY25. It is expected to grow at a 7.7% CAGR over FY24-29E.
- Of the Rs 3,119 bn Indian plastic packaging market in FY25, 65.8% constituted flexible plastic packaging. Flexible packaging is one of the fastest-growing segments in the Indian packaging industry, driven by the rise in FMCG consumption, e-commerce, food delivery services, and changing consumer lifestyles. It is expected to grow by a CAGR of 8.0% over FY24-29E.
- Woven Polypropylene (WPP) bags are a pivotal component in the flexible packaging industry in India. WPP bags are known for their durability, lightweight, cost-effectiveness, and versatility. This market is expected to grow at a CAGR of 9.2% to reach to Rs 700 bn in FY29E.
- Indian WPP Bags are categorized into PLWPP bags, Uncoated WPP bags, Coated WPP bags, and others. Coated WPP bags dominate the Indian market with 61% share, followed by uncoated WPP bags at 20%, while PLWPP bags account for only 6.5%-7%, as they are a relatively new to the market as compared to others. However, the share of PLWPP Bags is expected to increase over the next 4 - 5 years and is estimated to capture around 8.5%-9% of the total Indian WPP Bags by FY29E. Growing emphasis on branding, shelf appeal, and sustainability is driving shift towards adoption of PLWPP Bags from WPP bags.

Exhibit 2.3: Packaging Material Product Types

Paper board	• **Product type**: Courragted boxes, paper boxes, carton boxes etc.
Flexible Plastic & Paper	• **Product type**: Woven bags including woven PP Bags, bags etc., Shrink films, wrappers, pouches, other bags- paper and plastic etc.,
Rigid Plastic	• **Product type**: bottles, jars, trays, tubs, cups, pots, plastic cases, containers etc.
Metal	• **Product type**: Foil, tubes, metal containers, cans, closures etc.
Glass	• **Product type**: Bottles, jars, jug, vials etc.
Other	• **Product type**: wooden boxes, cloth bags, jute bags, etc.

Factors contributing to growth in PLWPP and PLWPP Pinch Bottom Bags segment

- Robust packaging solution: Combines the strength of woven polypropylene with the superior printability and moisture resistance of BOPP film.
- Enhanced strength & durability: Pinch-bottom structure with heat-sealed laser-cut closure provides a secure, leak-proof finish that withstands handling and transportation.
- Six-side branding: Brick-shaped design enables branding on all six sides, improving shelf visibility, brand recall and retail presence.
- Tamper-proof & security features: Supports optional hot stamping, RFID, barcode, QR code and NFC tagging for product authentication and anti-counterfeiting.
- Protection from moisture & bacteria: Sealed pinch closure protects contents from environmental exposure, helping maintain product quality and hygiene.
- User-friendly design: Easy-open and zipper closure options improve convenience by enabling easy opening, resealing and secure storage.
- Space efficiency: Superior stacking stability optimizes storage, transportation and export logistics.
- Growing market acceptance: Increasing awareness among manufacturers and end-users regarding the functional, branding and operational advantages of PLWPP bags is driving adoption.

Exhibit 5.1: Indian Packaging Market Size – By Value (In INR Billion) (FY)

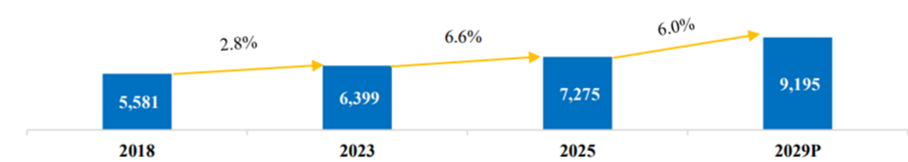
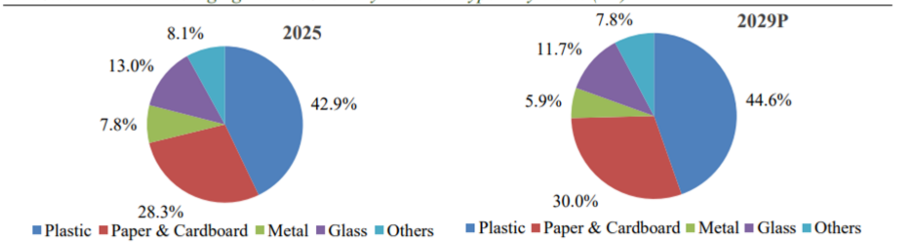
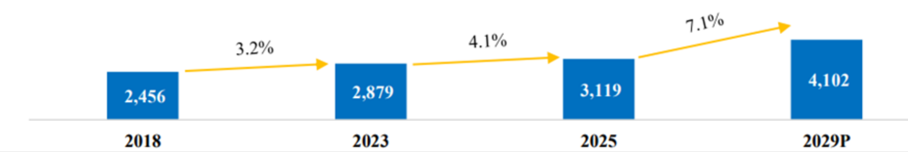


Exhibit 5.2: Indian Packaging Market Size – By Material Type – By Value (FY)



Material by Value (INR Billion)	FY2024	FY2025	FY2029P	CAGR (2024-29)
Plastic	2,835	3,119	4,102	7.7%
Paper & Cardboard	1,837	2,060	2,755	8.4%
Metal	532	566	547	0.5%
Glass	899	943	1,084	3.8%
Others	552	586	719	5.4%

Exhibit 5.3: Indian Plastic Packaging Market Size – By Value (In INR billion) (FY)



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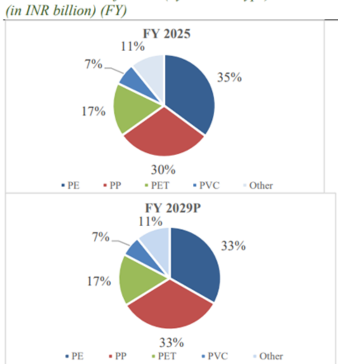
Expected growth in end use sectors for flexible bulk plastic packaging

	CAGR (CY19-25)	CAGR (CY25-29E)
Packaged Food Market	6.1	7.2
Packaged Pulses Market	5.5	5.7
Packaged Rice Market	2.8	3.0
Packaged Flour Market	4.0	4.5
Packaged Spice Market	4.9	5.3
Packaged Dry Fruits Market	4.6	5.5
Packaged Sugar Market	2.9	3.2
Pet Food Market	5.7	6.4
Animal and Cattle Feed Market	3.6	4.7
Charcoal Market	3.9	4.3
Laundry Care Market	4.9	5.9
Tiles Adhesives Market	7.6	11.0
Seed Market	4.6	5.4
Fertilizer Market	2.2	2.9
Cement Market	5.3	5.4

Superior features of PLWPP and PLWPP pinch bottom bags

Exhibit 5.4: Classification (by material type) in Indian Plastic Packaging – Share (%) & Market size – By Value (in INR billion) (FY)



Supported by favourable demographic trends, rising consumption, rapid urbanisation and increasing penetration of organised retail and e-commerce, the Indian packaging industry is poised for sustained long-term growth. Growing demand for efficient, durable and value-added packaging solutions across industrial and consumer segments, along with continued regulatory focus on quality and food safety, is expected to create significant opportunities for packaging manufacturers with diversified product offerings, strong manufacturing capabilities and established customer relationships.

Investment Rationale:

Integrated digital ecosystem driving operational efficiency:

Knack Packaging has built an integrated, technology-driven operating platform that enhances supply chain visibility, production planning and cost efficiency. Its proprietary Knack Galaxy platform, integrated with SAP S/4 HANA and Microsoft Dynamics 365 CRM, enables real-time monitoring of procurement, manufacturing, inventory, dispatch and logistics, facilitating efficient resource allocation, faster decision-making and improved customer responsiveness.

The company has integrated its procurement, production and logistics functions through demand forecasting, inventory planning and supplier coordination, helping ensure uninterrupted raw material availability while mitigating supply disruptions and price volatility of key inputs such as polypropylene (PP) granules. Bulk procurement arrangements, coupled with buffer inventory and alignment of procurement cycles with the order pipeline, improve material availability, reduce lead times and enhance cost predictability.

On the manufacturing side, dedicated production lines for specific product categories reduce changeover time, improve workflow efficiency and maintain consistent product quality, while preventive maintenance practices minimise operational downtime. Supported by continuous workforce training, the company's digitally integrated manufacturing ecosystem strengthens execution capabilities, enables timely deliveries and provides a scalable platform to support future capacity expansion, customer acquisition and sustainable margin performance.

Advanced product engineering and customization capabilities:

Knack Packaging has developed strong capabilities in engineering and manufacturing technically complex packaging solutions that require high design precision, process consistency and repeatability. The company offers a comprehensive portfolio of printed and laminated woven polypropylene (PLWPP) bags with advanced design features, including multi-layer lamination, specialized bag construction techniques, valve closures, integrated handles, perforation patterns and customized structural formats. These solutions can be fully tailored with a range of value-added features to meet specific customer requirements across diverse end-use industries.

The company follows a structured and process-driven product development approach that converts detailed customer specifications into production-ready solutions while ensuring dimensional accuracy, material compatibility and product uniformity across manufacturing batches. This enables Knack to deliver packaging solutions that address both functional requirements, such as strength and product protection, and aesthetic requirements aligned with customer branding and application needs.

Further strengthening its product differentiation, the company operates an in-house ink kitchen and an imported spectrophotometer, enabling precise colour matching, consistency of specific shades, logo clarity, print quality and uniform surface finish across production batches. This ensures customers receive packaging that accurately reflects their established brand identity, helping maintain brand recognition and consumer trust.

The company's ability to repeatedly manufacture technically complex and customized packaging solutions with consistent quality across production volumes has enabled it to serve customers that prioritize product performance, visual presentation and brand representation. These capabilities strengthen customer relationships and support participation in premium packaging applications where design precision, execution reliability and customization are key differentiators.

Customer-centric end-to-end packaging solutions:

Knack Packaging provides end-to-end, customer-centric packaging solutions by partnering with customers from the initial concept stage through final product delivery. Based on basic customer inputs such as the type of material to be packed and the required weight range, the company's in-house design team develops customized packaging solutions tailored to specific functional, technical and branding requirements. This integrated approach enables customers to focus on their core business while Knack manages the design, engineering and technical aspects of packaging development.

The company offers a comprehensive suite of value-added services, including selection of the optimal bag type, construction and dimensions based on product characteristics and industry standards, customized artwork and branding, coordination of cylinder development and printing, as well as technical support, sampling and design iterations based on customer feedback. In cases where customers independently procure printing cylinders, Knack assists in adapting approved artwork to meet technical printing specifications, ensuring accurate reproduction and consistent print quality.

By combining packaging design expertise with technical support and customized product development, Knack has positioned itself as a one-stop packaging solutions provider. Its collaborative engagement model enables the company to deliver application-specific packaging solutions, strengthen customer relationships and enhance customer retention through higher value-added offerings.
Customer Retention Ratio

Customer Retention Ratio

Years/Particulars	Customer Retention Ratio (%)*
Fiscal 2026	88.32
Fiscal 2025	65.41
Fiscal 2024	67.27

Relationship with Key Customers

S. No	Customer Name	Associated from the Year
1	Cargill	2020
2	Sacos y Empaques Internacionales S.A. de C.V.	2013
3	Customer II	2019
4	Baba Agro Food Limited	2020
5	Cristo S.A.	2018
6	Yash Packaging	2015
7	Drools Pet Food Private Limited	2021
8	Shriram Woven Sacks	2018
9	Repi Soap and Detergent PLC	2013
10	Ebro India Private Limited	2019
11	KRBL Limited	2013

Diversified geographic presence and end-market exposure:

Knack Packaging has established a diversified business model with operations spanning both domestic and international markets, enabling it to serve customers across multiple geographies and end-use industries. The company's global presence is supported by its wholly owned subsidiary in South Africa, while exports contributed 56.3% of revenue from operations in FY26, with the domestic market accounting for the remaining 43.7%. This balanced revenue mix reduces dependence on any single geography and helps mitigate region-specific risks such as demand fluctuations, regulatory changes and currency volatility, supporting greater earnings resilience.

The company caters to a broad customer base across industries including rice, pulses, lentils, fertilizers, pet food and other consumer-focused segments, with no material dependence on any single customer or end market. Its diversified product portfolio, substrate offerings, applications and geographic reach provide a balanced revenue profile while reducing concentration risk. In addition, exposure to multiple markets enables Knack to capture evolving customer preferences and regional packaging requirements, supporting continuous product development, customized solutions and long-term business growth.

High entry barriers support competitive positioning:
The specialized packaging industry is characterized by high entry barriers, limiting the ability of new players to scale operations and compete effectively. Key industry barriers include:

- **High capital intensity,** requiring significant investment in specialized manufacturing equipment.
- **Raw material sourcing advantages,** where established players benefit from long-term supplier relationships for polypropylene (PP) resin.
- **Complex manufacturing processes,** involving multi-stage production, robust SOPs, ERP integration and SKU-specific production capabilities.
- **Advanced graphics and printing capabilities,** requiring precision cylinder management, technical expertise and significant upfront investments.
- **Stringent regulatory compliance across food,** chemicals and environmental standards, increasing operational complexity.
- **Skilled labour requirements,** with specialised manpower needed to maintain consistent product quality and manufacturing efficiency.
- **Established customer relationships and distribution networks,** making it difficult for new entrants to gain market share.

Knack Packaging is well positioned to capitalize on these industry dynamics through its vertically integrated manufacturing capabilities, managing the entire production process from extrusion and lamination to multi-colour gravure printing and finishing. The company's manufacturing process requires coordinated execution across multiple production stages, while its pinch bottom finishing machines represent a significant capital investment, further reinforcing barriers to replication.

Its integrated operations, manufacturing expertise and technological capabilities enable consistent product quality, efficient execution and timely deliveries, strengthening its competitive positioning in a specialized packaging segment where scale, technical know-how and manufacturing precision are key differentiators.

Capacity expansion to drive future growth:

Knack Packaging is well positioned to capitalize on the growing demand for specialized packaging solutions through its planned capacity expansion and continued investment in manufacturing capabilities. The company operates vertically integrated manufacturing facilities in Gujarat, equipped with imported machinery from Germany and other countries, supporting the complete production process from extrusion and lamination to printing and finishing. As of FY26, the company had an aggregate installed capacity of approximately 43,300 MTPA, operating at a healthy 81.63% capacity utilisation, providing visibility for incremental capacity addition to support future demand.

The global PLWPP bags (5kg–50kg) market is expected to grow at a 5.0% CAGR through CY2029, while Knack has already established a strong international presence with exports to more than 71 countries. Exports accounted for 56.3% of revenue in FY26, and the company has further strengthened its growth prospects through a strategic partnership with Cargill for the supply of PLWPP bags. In addition, the company intends to expand into newer geographies, further diversifying its revenue base and reducing dependence on any single market.

To support rising domestic and international demand, Knack plans to establish new manufacturing facilities, with a portion of the IPO proceeds earmarked for the construction and development of a new manufacturing unit. The proposed expansion will enhance production capacity across block bottom bags, laminated woven sacks, gusseted bags and other customized packaging solutions, with a strategic focus on the higher-value pinch bottom bags segment.

The planned expansion is expected to:

- Accommodate growing customer demand across domestic and export markets.
- Enhance operational flexibility by supporting both large-volume production and small customized orders.
- Strengthen the company's leadership in the fast-growing pinch bottom bags segment, which offers superior strength, stacking stability and premium printability.
- Improve delivery timelines and customer service levels, supporting stronger long-term customer relationships.
- Create additional capacity for new product development while minimizing production bottlenecks and supporting future business diversification.

The capacity expansion, supported by vertically integrated operations and modern manufacturing infrastructure, is expected to strengthen Knack Packaging's competitive positioning, improve scalability and provide a strong platform for sustainable long-term revenue growth.

Innovation-led product expansion to support long-term growth

Innovation has been a key growth driver for Knack Packaging, with the company consistently aligning its product development strategy to evolving customer requirements and industry trends. As one of the early adopters of printed and laminated woven polypropylene (PLWPP) bags, the company introduced packaging solutions that combine the strength of woven fabric with superior aesthetics, enabling customers to enhance product presentation while maintaining packaging performance.

Building on this foundation, Knack plans to expand into new-age packaging categories under its Modern Trend Packaging portfolio to broaden its addressable market and deepen customer penetration. The company's product pipeline includes PLPE Pinch Bottom Bags, Zipper Pinch Bottom Bags, Easy Carry Handle Block Bottom Bags, Corner Seal Block Bottom Bags and Easy Open Block Bottom Bags, while it also plans to strengthen its presence in the PLWPP bags (>50 kg) segment. These differentiated and value-added packaging solutions are expected to enhance the company's product portfolio and cater to evolving customer preferences across industrial and consumer applications.

The company is also strategically focused on high-growth end-use segments such as pulses, spices, rice and pet food, which are expected to grow at global CAGRs of 5.7%, 5.3%, 3.0% and 6.4%, respectively, through FY29. By leveraging its product development capabilities, market expertise and customer-centric innovation, Knack aims to expand its market share, diversify its revenue mix and create additional long-term growth opportunities.

Export expansion and entry into high-growth end-use industries:

Knack Packaging is well positioned to capitalize on the growing global demand for specialized packaging solutions by expanding its export footprint and targeting new high-growth end-use industries. The global PLWPP bags (5–50 kg) market, representing 7.1% of the global woven polypropylene bags and sacks market, is projected to grow from USD 1.52 billion in CY2025 to USD 1.85 billion by CY2029, registering a 5.0% CAGR. This growth is being driven by increasing demand across industries including food grains, flour, spices, sugar, fertilizers, chemicals, cement, building materials, pet food, agriculture and e-commerce.

To capitalize on these opportunities, the company plans to introduce PLWPP pinch bottom bags as a superior alternative to traditional European Multiwall Paper Bags, targeting high-value applications such as:

- Premix and additives
- High-end and branded fertilizers
- Value-added building materials
- Chemicals
- Global seed industry
- Charcoal packaging
- Customized shopping bags

The transition from conventional paper bags to PLWPP bags in several of these applications presents a significant opportunity for Knack to expand its addressable market, diversify its customer base and strengthen its presence in premium packaging segments.

The company also expects to benefit from the global China Plus One sourcing strategy, as multinational companies increasingly diversify their manufacturing and procurement base beyond China. Leveraging this structural trend, Knack plans to strengthen its export presence across Europe, Australia, the Gulf and Africa, positioning itself as a reliable packaging partner for international customers seeking diversified supply chains. During FY26, exports accounted for 56.3% of revenue from operations, providing a strong foundation for further international expansion through deeper market penetration, strengthened distribution networks and customized packaging solutions tailored to regional requirements.

Further supporting its international growth strategy, Knack has partnered with Cargill Incorporated to explore emerging packaging trends and expand its product offerings. In addition, the company has established Sayem Knack, a joint venture with SACOS Y Empaques Internacionales, to develop a manufacturing facility serving Latin America and the United States. Commercial operations commenced on April 6, 2026, enhancing Knack's ability to serve regional and multinational customers while facilitating technology sharing, joint research & development and the co-development of next-generation packaging solutions. These strategic initiatives are expected to strengthen the company's global competitiveness, diversify its product portfolio and accelerate long-term export-led growth.

Valuation & Outlook: Knack Packaging is well positioned to benefit from the structural growth in the specialized packaging industry, supported by its 10.1% market share in India's flexible bulk PLWPP bags segment, differentiated product portfolio, vertically integrated manufacturing capabilities and export-led business model spanning 71+ countries. The company is expected to benefit from the ongoing migration from conventional WPP bags to premium PLWPP and PLWPP pinch bottom bags, with PLWPP accounting for less than 10% of the total WPP market and pinch bottom bags accounting for less than 1%, providing a significant runway for premiumization, market share gains and margin expansion. The proposed capacity expansion, funded through IPO proceeds, along with increasing export penetration, continuous product innovation and expansion into high-growth end-use industries, is expected to significantly strengthen its manufacturing capabilities and growth trajectory. We expect these growth initiatives to drive a meaningful increase in revenues over the next three to four years, supported by improving utilization and a higher contribution from value-added packaging solutions. Despite delivering the highest ROE and ROCE among listed peers, the issue is attractively valued relative to comparable companies. Considering its market leadership, strong competitive positioning, robust growth visibility, healthy return profile and attractive valuation, we recommend subscribing to the issue from a medium- to long-term investment perspective.

Peer Comparison

Name of the company	Diluted EPS 2025 (₹)	Price as on June 29, 2026	P/E (x)
Knack Packaging Ltd	9.3	170	18.3
Time Technoplast Ltd	10.0	183	18.3
TCPL Packaging Ltd	107.5	3162	29.4
Mold-tek Packaging Ltd	21.9	717	32.7

Particulars FY26	Units	Knack Packaging	Mold-tek Packaging	TCPL Packaging	Time Technoplast
Revenue from Operations	₹ million	8234	8866	18102	61052
Revenue Growth	%	11.8	13.5	2.3	11.9
Gross Profit	₹ million	3446	4067	7691	17480
Gross Profit Margin	%	41.9	45.9	42.5	28.6
EBITDA with OI	₹ million	1723	1737	3177	9013
EBITDA Margin	%	20.4	19.6	17.3	14.7
Profit after Tax (PAT)	₹ million	927	729	978	4766
PAT Margin	%	11.0	8.2	5.3	7.8
Return on Capital Employed (RoCE)	%	46.7	15.3	24.4	19.7
Return on Invested Capital (RoIC)	%	33.4	13.7	19.4	19.9
Debt Equity Ratio	Times	0.6	0.3	0.8	0.2
Return on Equity (RoE)	%	35.8	9.9	14.8	13.8
Debt Service Coverage Ratio	Times	5.0	4.7	2.1	6.6

CAPACITY UTILISATON

Product/Manufacturing Unit	UOM	FY26	FY25	FY24
Printed & Laminated Woven Polypropylene				
Installed Capacity	MT	55800	47500	43300
Effective Installed Capacity	MT	43300	36400	33400
Actual Production	MT	35344	31297	29609
Capacity Utilisation	%	81.63	85.98	88.65

EXPORTS

Country Wise (Export)	Revenue (Rs mn)	%
USA	1948	23.7
Mexico	504	6.1
South Africa	446	5.4
Sudan	323	3.9
Haiti	158	1.9
Honduras	137	1.7
Mauritania	112	1.4
Saudi Arabia	105	1.3
United Kingdom	99	1.2
Chile	85	1.0
Australia	69	0.8
Spain	69	0.8
Oman	57	0.7
Russia	55	0.7
UAE	50	0.6
Ivory Coast	50	0.6
Egypt	45	0.6
Portugal	45	0.6
Other Countries (Export)	280	3.4
Total	**4636**	**56.3**

DOMESTIC SALES

State Wise - Domestic	Revenue (Rs mn)	%
Andhra Pradesh	159	1.9
Assam	2	0.0
Bihar	85	1.0
Chhattisgarh	135	1.6
Dadra and Nagar Haveli	0	0.0
Daman and Diu	0	0.0
Delhi	288	3.5
Gujarat	700	8.5
Haryana	168	2.0
Himachal Pradesh	8	0.1
Jharkhand	139	1.7
Karnataka	180	2.2
Kerala	182	2.2
Madhya Pradesh	55	0.7
Maharashtra	365	4.4
Odisha	9	0.1
Punjab	238	2.9
Rajasthan	33	0.4
Tamil Nadu	271	3.3
Telangana	156	1.9
Uttar Pradesh	124	1.5
Uttarakhand	5	0.1
West Bengal	295	3.6
Total	**3599**	**43.7**

Knack Packaging Ltd.

June 29, 2026

SMIFS LIMITED — LEGACY | TRUST | GROWTH

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IPO Note

Income Statement

Y/E (INR mn)	FY24	FY25	FY26
Revenue	6,546	7,365	8,234
Expenses:			
Cost of Material Consumed	3,960	4,383	4,909
Employee Cost	455	420	471
Total Expenses	5,578	6,031	6,716
EBITDA	968	1,334	1,518
EBITDA Margin %	14.8	18.1	18.4
Interest	152	169	160
Depreciation	243	281	293
Other Income	44	109	203
PBT	618	992	1,251
PAT	460	738	927
EPS	4.6	7.4	9.3

Balance Sheet

Y/E (INR mn)	FY24	FY25	FY26
Source of funds			
Equity Share Capital	50	50	1000
Reserves	1356	2097	2082
Total Share holders funds	1406	2147	3082
Total Debt	1731	1721	1925
Curent Liabilities	1672	1685	2307
Trade Payables	390	353	426
Total Non-Current Liabilities	715	661	563
Total Liabilities	3793	4493	5952
Application of funds			
Fixed Assets	1483	1457	2332
CWIP	9	128	-
Cash and Bank	36	119	65
Current Assets	2138	2481	3008
Trade Receivables	1160	1206	1383
Other current assets	58	100	281
Total Assets	3793	4493	5952

Cash Flow

Y/E (INR mn)	FY24	FY25	FY26
Profit Before Tax	618	992	1251
Operating Profit before WC Changes	1018	1424	1631
Cash Generated from Operations	465	1161	1155
Cash From Operating Activities	324	940	920
Cash Flow from Investing Activities	-685	-665	-1001
Cash from Financing Activities	344	-192	29
Net Cash Inflow / Outflow	-17	94	-52
Opening Cash & Cash Equivalents	47	30	114
Closing Cash & Cash Equivalent	30	114	61

Key Ratios

Y/E (INR mln)	FY24	FY25	FY26
Growth Ratio			
Net Sales Growth(%)	26.4	12.5	11.8
EBITDA Growth(%)	84.8	37.8	13.8
PAT Growth(%)	131.4	60.4	25.6
Margin Ratios			
EBITDA	14.8	18.1	18.4
PBT	9.4	13.5	15.2
PAT	7.0	10.0	11.3
Return Ratios			
ROE	38.4	41.7	35.8
ROCE	45.4	50.4	46.7
Turnover Ratios			
Asset Turnover(x)	2.0	1.7	1.5
Inventory Turnover(x)	8.6	8.4	7.9
Fixed Asset Turnover (x)	4.4	5.1	3.5
Solvency Ratios			
Debt/Equity(x)	1.2	0.8	0.6
Debt Service Coverage Ratio	3.3	3.8	5.0
Current Ratio(x)	1.3	1.5	1.3
Interest Cover(x)	5.1	6.9	8.8
Valuation Ratios			
P/E	-	-	18.3
P/B	-	-	3.0
EV/EBITDA	-	-	14.9
EV/Sales	-	-	2.8

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Contact us:

SMIFS Limited. (https://www.smifs.com/)

Compliance Officer:

Tamari Chatterjee,

5F Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: +91 33 4011 5414 / +91 33 6634 5414

Email Id.: compliance@smifs.com

Kolkata Office:

Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: (D) +91 33 6634 5466, (B) +91 33 4011 5466

Email Id: smifs.institutional@smifs.com