

Knack Packaging Limited

April 10, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	63.29 (Reduced from 86.71)	CARE A-; Stable	Reaffirmed
Long-term / Short-term bank facilities	141.90 (Enhanced from 109.00)	CARE A-; Stable / CARE A2+	Reaffirmed
Short-term bank facilities	7.50	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of Knack Packaging Limited (KPL) factor in the improvement in operational performance, driven by sustained growth in scale of operations and healthy profitability. Ratings continue to favourably factor in KPL's comfortable financial risk profile and adequate liquidity. Ratings continue to derive strength from the vast experience of promoters in manufacturing woven fabrics and bags, including Printed and Laminated Woven Polypropylene (PLWPP) bags and PLWPP Pinch Bottom bags, KPL's established operations with continuous upgradation of its manufacturing facilities and the company's diversified clientele.

However, ratings remain constrained by profitability susceptible to volatile raw material prices and foreign exchange rate movements, and KPL's presence in a highly competitive and fragmented woven sacks industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operation marked by total operating income (TOI) to over ₹850 crore, while maintaining healthy profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of over 15% on a sustained basis.
- Improvement in its capital structure marked by overall gearing below 0.5x or total debt to PBILDT (TD/PBILDT) below 1x.

Negative factors

- Significant decline in scale of operation with TOI falling below ₹550 crore or deterioration in PBILDT margin below 12% on sustained basis.
- Deterioration in overall gearing above 1.2x, interest coverage below 5x and TD/PBILDT of over 3x.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited (CareEdge Ratings) expectation that the entity shall continue to benefit from its established presence in the industry accompanied by diversified clientele and experienced promoters, which shall enable it to sustain its comfortable financial risk profile in the medium term.

Detailed description of key rating drivers:

Key strengths

Growing scale of operations and profitability

KPL reported TOI of ₹733.07 crore in FY25 compared to ₹647.76 crore in FY24, reflecting year-on-year (y-o-y) growth of ~13%, driven by an increase in sales volumes. In 9MFY26, KPL reported TOI of ₹627.20 crore and is expected to achieve TOI of ~₹825–830 crore for FY26, supported by sustained volume growth. KPL reported improvement in PBILDT margin to 18.60% in FY25 from 15.51% in FY24 due to lower key managerial personnel (KMP) remuneration on a y-o-y basis in FY25, and increased sales of high margin products such as pinch bottom bags, supported better absorption of overheads. PBILDT margin further improved to 20.44% in 9MFY26, driven by power cost savings following the commencement of the operations of 10.8 MW solar power project

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

from October 2025. Consequently, profit after tax (PAT) margin also improved to 9.70% in FY25 compared to 6.96% in the previous year.

Going forward, CareEdge Ratings expects KPL to maintain its operating scale and healthy PBILDT margin in the near-to-medium term, supported by a better sales mix with higher contribution from value-added products and power cost savings from renewable energy usage.

Comfortable financial risk profile

Capital structure improved and remained comfortable, marked by an overall gearing of 0.88x as on March 31, 2025, compared to 1.32x as on March 31, 2024. Overall gearing improved to 0.72x as on December 31, 2025. Improvement in overall gearing was driven by an increase in net worth due to accretion of profits to reserves and stable debt levels. Debt coverage indicators also strengthened marked by interest coverage at 8.05x in FY25 from 6.58x in FY24, while TD/PBILDT improved to 1.38x as on March 31, 2025, from 1.89x as on March 31, 2024. Improving trend continued in 9MFY26, with interest coverage and TD/PBILDT stood at 12.17x and 1.21x, respectively, as on December 31, 2025.

CareEdge Ratings expects KPL's capital structure and debt coverage indicators to further improve in the near term, supported by continued accretion of profits to net worth and gradual debt repayment.

Experienced promoter group

KPL's promoter group consists of family of Alpesh Patel, Rashmin Patel and Pravin Patel, who have been engaged in the woven sacks industry since 1994 through partnership and proprietorship firms. Pravin Patel heads finance, Alpesh Patel oversees marketing, and Rashmin Patel manages production. The promoters is supported by qualified and experienced functional teams, which aids in smooth day-to-day operations.

Established operations with continuous upgradation of its manufacturing facilities

Started in 2013, KPL is engaged in manufacturing woven fabrics and bags, including PLWPP bags and PLWPP Pinch Bottom bags. KPL focused on delivering high quality printing to its customers in domestic and export market. To propel its growth, KPL had undertaken capex in FY24 towards capacity expansion from 28,800 MTPA to 36,400 MTPA by adding one, six side printing line for premium products especially for export market, and additional factory building. Installed capacity further increased to ~41,300 MTPA from FY26 through rented plant/machineries. In FY26, KPL procured two pinch bottom machines and one lamination machine with total cost outlay of ~₹47 crore funded through internal accruals. Machineries are expected to commence production from April 2026 will result in better realisation, leading to improvement in operating margins.

Diversified clientele

KPL has established relationships with customers across diverse end-user industries, including grains, pulses, animal food among others. Over the years, the company consistently secured repeat orders, reflecting stable customer relationships. KPL exports its products to clients in over 70 countries. Export contribution remained at ~56% in both FY25 and FY24, with the United States of America (US) being the largest export destination, accounting for ~50% of exports. While exports support revenue diversification, the high share of the US indicates moderate geographic concentration risk. Customer concentration remained moderate, with the top 10 customers contributing ~45% of TOI in FY25 and FY24.

Key weaknesses

Operating profit susceptible to raw material price volatility and foreign exchange rates

KPL's key raw materials include HDPE/PP granules and BOPP films, which it procures from domestic markets. These key raw materials, being derivatives of crude oil, make KPL's operating profitability susceptible to volatility in crude oil prices. In recent days, the company faced significant raw material price rise due to the ongoing Middle East conflict, however, the company maintains sufficient stock and management is confident to pass on the price rise to its customers. The company does not hedge its forex exposure, however, owing to US dollar strengthening against Indian Rupee and KPL being net exporter, it has benefited from favourable foreign exchange rate movements in the last five years. In FY25, forex gain stood at ₹5.71 crore compared to ₹4.97 crore in FY24.

Going forward, CareEdge Ratings expects KPL's PBILDT margin to remain susceptible to volatility in crude oil prices and foreign exchange rates, given the absence of a formal hedging policy. However, the company's net export position and its ability to pass on increase in raw material cost are expected to partially mitigate impact on its profitability.

Competitive and fragmented industry with low entry barriers

Poly woven sacks & fabric industry is highly fragmented with the presence of many unorganised regional players. Favourable government policies led to the entry of many new players in this industry, which again intensifies competition. Intense competition is also driven by low entry barriers in terms of capital and technology requirements and limited product differentiation. Major factors that will drive growth in this industry are likely to be cost effectiveness and durability of HDPE / PP products, product innovation and consumers' awareness levels, and emerging multiple applications of these products in industries such as agriculture, automotive, healthcare, and infrastructure, among others.

Liquidity: Adequate

KPL has adequate liquidity marked by sufficient cushion available in its gross cash accruals against debt repayment obligations, moderate cash flow from operations, liquidity ratios and operating cycle. KPL is expected to generate cash accruals of ~₹110-125 crore against bank repayment obligations of ~₹20-25 crore per annum in FY26 and FY27. Cash flow from operations stood at ₹60.60 crore in FY25 and ₹44.18 crore in FY24. Current and quick ratios remained adequate at 1.40x and 0.92x respectively as on March 31, 2025. However, its average fund-based working capital limit utilisation remained high at ~90-95% for 12 months ended February 2026, owing to working capital intensive operations. KPL offers credit period of 30-60 days to its domestic customers and 60-90 days to its export customer. KPL procures key raw material from Reliance Industries Limited, Nayara Energy Limited, among others, to whom the payment is made within 5-7 days, while it gets credit period of ~15-30 days from other suppliers. KPL also maintains sufficient raw material inventory for meeting prospective orders. The company's operating cycle remains at 94 days in FY25 against 83 days in FY24.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Plastic products - industrial

Incorporated in 2013, Ahmedabad-based KPL is engaged in manufacturing woven fabrics and bags, including PLWPP bags and PLWPP Pinch Bottom bags. These products find application in packaging industry, especially for food products (grains/pulses), fertilizers, chemicals, and animal food. KPL had an installed capacity of ~41,300 metric tonne per annum (MTPA) for manufacturing poly woven bags and fabrics at its manufacturing facilities in Gujarat.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	647.76	733.07	627.20
PBILDT*	100.45	136.38	128.22
Profit after tax (PAT)	45.10	71.10	73.45
Overall gearing (x)	1.32	0.88	0.72
Interest coverage (x)	6.58	8.05	12.17

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: India Ratings reviewed KPL's ratings under Issuer not cooperating category vide press release dated June 25, 2025, considering its inability to carry out review in the absence of requisite information from the company.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	31-03-2031	63.29	CARE A-; Stable
Fund-based - ST-EPC/PSC		-	-	-	7.50	CARE A2+
Fund-based/Non-fund-based-LT/ST		-	-	-	138.40	CARE A-; Stable / CARE A2+
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	3.50	CARE A-; Stable / CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	63.29	CARE A-; Stable	1)CARE A-; Stable (09-Apr-25)	-	1)CARE BBB+; Positive (22-Mar-24) 2)CARE BBB+; Stable (05-Apr-23)	1)CARE BBB+; Stable (05-Apr-22)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	138.40	CARE A-; Stable / CARE A2+	1)CARE A-; Stable / CARE A2+ (09-Apr-25)	-	1)CARE BBB+; Positive / CARE A2 (22-Mar-24) 2)CARE BBB+; Stable / CARE A2	1)CARE BBB+; Stable / CARE A2 (05-Apr-22)

							(05-Apr-23)	
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	-	-	1)Withdrawn (09-Apr-25)	-	1)CARE A2 (22-Mar-24) 2)CARE A2 (05-Apr-23)	1)CARE A2 (05-Apr-22)
4	Fund-based - ST-EPC/PSC	ST	7.50	CARE A2+	1)CARE A2+ (09-Apr-25)	-	1)CARE A2 (22-Mar-24) 2)CARE A2 (05-Apr-23)	1)CARE A2 (05-Apr-22)
5	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	3.50	CARE A-; Stable / CARE A2+	1)CARE A-; Stable / CARE A2+ (09-Apr-25)	-	1)CARE BBB+; Positive / CARE A2 (22-Mar-24) 2)CARE BBB+; Stable / CARE A2 (05-Apr-23)	1)CARE BBB+; Stable / CARE A2 (05-Apr-22)
6	Non-fund-based - ST-Credit Exposure Limit	ST	-	-	1)Withdrawn (09-Apr-25)	-	1)CARE A2 (22-Mar-24) 2)CARE A2 (05-Apr-23)	1)CARE A2 (05-Apr-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - ST-EPC/PSC	Simple
3	Fund-based/Non-fund-based-LT/ST	Simple
4	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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