Investcorp Creating Packaging Platform In India, Strikes First Deal

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Gaurav Sharma, head of India investments, Investcorp

Investcorp, a Bahrain-based alternative asset management firm that globally manages over $50 billion in assets, is planning a pan-India

The West Asian firm joins US buyout giants Blackstone and Advent International as well as PremjiInvest, the family office of tech billionaire Azim Premji, in India's packaging sector. Advent acquired Manjushree Technopack in 2018, Blackstone bought Essel Propack (now known as EPL Ltd) in 2019 and PremjiInvest invested in SB Packagings in 2021.

Investcorp has invested around Rs 350 crore ($42 million) in Canpac Trends, a Gujarat-based folding carton and packaging company. The deal provides a partial exit to JM Financial India Fund II, a growth capital PE fund that's part of the JM Financial Group. The fund had invested Rs 60 crore in Canpac in 2021.

Investcorp didn't specify the exact stake it will own in Canpac, saying only that it will be "a significant shareholder" after the transaction.

The transaction included over Rs 100 crore of primary capital infusion into Canpac, Gaurav Sharma, head of India investment business at Investcorp, told VCCircle in an exclusive interaction.

"We think there is (scope for) consolidation and roll-up play in the consumer packaging space in India," Sharma said. "This capital is largely going to be assigned towards inorganic tuck-ins. It is a platform-

Canpac is looking to strike about three-four takeover deals in the next four years in a highly fragmented segment.

Sharma said Canpac would look at absorbing smaller companies or a merger, depending on the size of the targets, which could have a scale ranging from Rs 100 crore to Rs 400 crore in annual sales.

The fresh capital would also help Canpac expand its footprint in India’s northern and eastern regions, and increase its customer base.

Investcorp said it was hopeful that the company would reach a projected turnover of Rs 1,200 crore in the next three years. The

10.1 crore, as per VCCEdge, the data research platform of VCCircle.

Separately, State Bank of India said it is investing Rs 50 crore in Canpac to pick up a 6.35% stake. That gives Canpac a pre-money valuation of around Rs 787 crore.

Ahmedabad-headquartered Canpac was founded in 2012 by first-generation entrepreneur Nilesh Todi. It offers products such as folding cartons, luxury boxes, corrugated cartons, paper bags, and flexible laminate solutions. It has four manufacturing plants in Ahmedabad, Kolkata and Tiruppur.

Investcorp started its India operations in early 2019 with the acquisition of the private equity and real estate businesses of IDFC Alternatives. It has previously invested in dental care chain Clove Dental, ASG Eye Hospitals, dialysis chain NephroPlus, luggage maker Safari Industries, logistics firm XpressBees, non-bank lender InCred and online meat delivery platform Freshtohome, among others, in India.

JM Financial was the advisor on the Canpac transaction.