

Retail Equity Research

Mold-Tek Packaging Ltd

Packaging

BSE CODE : 533080

NSE CODE: MOLDTKPAC

BLOOMBERG CODE: MTEP:IN


SENSEX : 61,761

12Months Investment Period

Rating as per Small Cap

CMP Rs.987

TARGET Rs.1,131

RETURN 15% 

(Closing: 09-05-23)

KEY CHANGES:

TARGET 

RATING 

EARNINGS 

Outlook intact...margins to expand

Mold-Tek Packaging Ltd (MTEP) is one of the leading manufacturers and suppliers of high quality airtight and pilfer proof containers/pails in India for paints, lubricants, food and FMCG.

- Q4FY23 revenue grew by 3% YoY, while PAT grew by 33%, led by better product mix, softness RM cost and lower tax rate.
- EBITDA/kg was up by 4% YoY, due to lower cost & higher contribution from the F&F segment. Margins expanded by 140bps YoY to 19.3%.
- We anticipate volume growth of 20% CAGR over FY23-25E, with healthy volumes from paints and the F&F segment, steady growth in lubes, and traction in pharma packaging.
- MTEP’s long term outlook remains intact, given the addition of new products (Pharma packaging), strong client additions, a strong balance sheet & healthy RoE of 17% (avg. 5yrs)
- We value MTEP at a P/E of 30x, on FY25E and reiterate Accumulate rating with a target price of Rs.1,131.

Volume growth to pick-up

In Q4FY23, the revenue grew by 3.8% YoY, led by higher contribution from F&F, which grew by 24.0% YoY. While revenue from Lubes grew by a modest 1.5% YoY. Overall volume growth was modest at 8.1% YoY. Paints volumes growth was flat YoY, but grew by 23.0% QoQ basis, post 10.0% degrowth reported in Q3FY23. The Lubes and F&F segment’s, volume on the other hand, grew by 12.0% and 26.1% YoY, respectively. Realisation across the segments, Paints, Lubes & F&F declined by 8.0%, 9.0% & 2.0 YoY, respectively. Overall realisation for the quarter declined by 5.6% YoY, largely due to volatility in raw material prices. Management has guided volume growth of 15-20% for the next couple of years. We expect volumes to start picking-up led by a higher contribution from Lubes & F&F and revival in volumes from paints. Pharma commercial production to commence in 2QFY24. However, revenue contribution from regulated pharma packaging will start in FY25. Management has guided volume growth of 15-20% for next 3 years. We expect revenue to grow at a 21.4% CAGR over FY23-25E led by F&F, pharma and paints.

Capex plans...

FY23, MTEP spent Rs130cr on the new projects & manufacturing facilities at Sultanpur, Daman, Cheyyar and Panipat and additional capacities were added at Unit-1, 8 & 9 as well as enhanced Unit-6 printing capacity. In FY24, plan to spend Rs.130cr to set up 3 plants for ABG, Pharma division at Sultanpur, Hyderabad, Daman-II and Sandila-UP projects.

EBITDA/kg improves...

EBITDA grew by 12% YoY, led by improvement in operating performance led by lower costs and improved volume. While margins improved by 140bps YoY to 19.3%. With a higher operating margin and a lower tax rate of 14.6%, PAT grew by 32.8% YoY. EBITDA/kg for the quarter was Rs.39.3, up by 3.7% YoY. Going ahead, we expect improvement in volumes starting from Q1FY24, led by healthy demand from F&F segment, stable growth from paints and contribution from new value added products. We expect PAT to grow by 22% over FY23-25E.

Valuations

Considering strong earning outlook of 22% CAGR over FY23-25E, we value MTEP at a P/E of 30x on FY25E, and reiterate Accumulate with a target price of Rs.1,131.

Accumulate

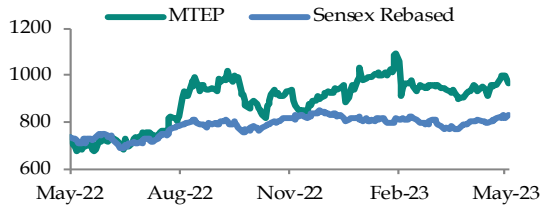
Company Data

Market Cap (cr)	Rs.3,273
Enterprise Value (cr)	Rs.3,321
Outstanding Shares (cr)	2.8
Free Float	66.0%
Dividend Yield	0.81%
52 week high	Rs.1,123
52 week low	Rs.648
6m average volume (cr)	0.01
Beta	1.0
Face value	Rs.5.0

Shareholding (%)	Q2FY23	Q3FY23	Q4FY23
Promoters	34.1	34.1	33.5
FII's	13.9	14.5	16.9
MFs/Institutions	20.1	20.1	19.4
Public	26.5	261	27.3
Others	5.4	5.3	2.9
Total	100.0	100.0	100.0

Price Performance	3 month	6 month	1 Year
Absolute Return	0.8%	8.6%	31.4%
Absolute Sensex	2.5%	1.2%	12.6%
Relative Return*	-1.7%	7.4%	18.8%

over or under performance to benchmark index*



Standalone (cr)	FY23A	FY24E	FY25E
Sales	730	873	1,075
Growth (%)	15.6	19.6	23.1
EBITDA	135	171	213
EBITDA Margin(%)	18.6	19.6	19.8
PAT Adjusted	80	98	125
Growth (%)	26.4	22.2	27.0
Adjusted EPS	24.3	29.7	37.7
Growth (%)	26.4	22.2	27.0
P/E	40.6	33.3	26.2
P/B	4.9	4.4	3.8
EV/EBITDA	20.5	16.3	13.1
ROE (%)	15.8	16.5	18.3
D/E	0.1	0.1	0.1

Anil R

Research Analyst

Quarterly Financials

Profit & Loss

Rs. cr.	Q4FY23	Q4FY22	YoY growth (%)	Q3FY23	QoQ growth (%)
Sales	185	178	3.8	155	19.3
EBITDA	36	32	12.1	28	25.3
EBITDA margins	19.3	18.0	140bps	18.4	90bps
Depreciation	8	7	19.5	7	9.6
EBIT	27	25	10.0	21	31.0
Interest	1	1	15.6	1	68.3
Other Income	1	1	-	-	-
Exceptional Items	-	-	-	-	-
PBT	27	25	8.4	21	31.0
Tax	4	8	(48.0)	4	(8.1)
Share of profit from Associate	-	-	-	-	-
Minority Interest	-	-	-	-	-
Reported PAT	23	17	33.0	16	41.0
Adjustments	-	-	-	-	-
Adjusted PAT	23	17	33.0	16	41.0
No. of Shares	2.8	2.8	-	2.8	-
EPS (Rs)	6.9	5.2	33.0	4.9	41.0

Change in Estimates

Rs. Cr	Old estimates		New estimates		Change(%)	
Year / Rs cr	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Revenue	877	1,080	873	1,075	(0.4)	(0.5)
EBITDA	172	214	171	213	(0.5)	(0.5)
Margins (%)	19.6	19.8	19.6	19.8	-	-
Adj. PAT	97	124	98	125	1.3	0.7
EPS	29.4	37.6	29.7	37.7	0.9	0.2

Standalone Financials

Profit & Loss

Y.E March (Rs Cr)	FY21A	FY22A	FY23A	FY24E	FY25E
Sales	479	631	730	873	1,075
% change	9.5	31.9	15.6	19.6	23.1
EBITDA	96	121	135	171	213
% change	19.9	25.8	12.2	26.4	24.4
Depreciation	21	26	30	40	48
EBIT	74	94	105	131	165
Interest	10	9	4	5	5
Other Income	1	2	1	5	6
PBT	64	87	103	131	166
% change	23.3	35.1	18.7	27.6	27.0
Tax	16	23	22	33	42
Tax Rate (%)	24.9	26.4	21.7	25.0	25.0
Reported PAT	47	64	80	98	125
Adj.*	0	0	0	0	0
Adj. PAT	47	64	80	98	125
% change	23.1	35.4	26.4	22.2	27.0
No. of shares (cr)	2.8	3.1	3.3	3.3	3.3
Adj EPS (Rs)	16.9	20.4	24.3	29.6	37.6
% change	23.1	35.4	26.4	22.2	27.0
DPS (Rs)	3.0	8.3	7.8	7.8	7.8
CEPS (Rs)	24.7	28.8	33.4	41.7	52.0

Balance sheet

Y.E March (Rs Cr)	FY21A	FY22A	FY23A	FY24E	FY25E
Cash	0.3	4	5	(12)	(20)
Accounts Receivable	90	143	123	147	177
Inventories	71	96	85	102	129
Other Cur. Assets	16	38	38	39	50
Investments	9	17	52	53	54
Gross Fixed Assets	314	362	505	635	725
Net Fixed Assets	238	261	373	463	506
CWIP	11	14	17	6	10
Intangible Assets	1	2	3	3	3
Def. Tax (Net)	(12)	(15)	(21)	(21)	(21)
Other Assets	-	(0)	(0)	(0)	(0)
Total Assets	424	559	675	780	886
Current Liabilities	65	64	63	85	99
Provisions	4	5	5	6	8
Debt Funds	99	33	47	57	49
Other Liabilities	-	-	-	-	-
Equity Capital	14	16	17	17	17
Reserves & Surplus	242	441	542	614	713
Shareholder's Fund	256	457	559	631	730
Total Liabilities	424	559	675	780	886
BVPS	92	165	202	228	264

Cash flow statement

Y.E March (Rs Cr)	FY21A	FY22A	FY23A	FY24E	FY25E
Net inc. + Depn.	69	91	111	138	172
Non-cash adj.	10	11	1	0	(1)
Changes in W.C	(12)	(100)	46	(19)	(51)
C.F. Operation	67	2	159	119	120
Capital exp.	(59)	(53)	(147)	(119)	(94)
Change in inv.	-	0	-	(1)	(1)
Other invest.CF	1	1	0	5	6
C.F - Investment	(59)	(55)	(148)	(116)	(89)
Issue of equity	18	138	36	-	-
Issue/repay debt	(10)	(64)	3	10	(8)
Dividends paid	(8)	(11)	(26)	(26)	(26)
Other finance.CF	(9)	(9)	(4)	(5)	(5)
C.F - Finance	(10)	57	(10)	(21)	(39)
Chg. in cash	(1)	4	1	(17)	(8)
Closing cash	0	4	5	(12)	(20)

Ratios

Y.E March	FY21A	FY22A	FY23A	FY24E	FY25E
Profitab & Return					
EBITDA margin (%)	20.0	19.1	18.6	19.6	19.8
EBIT margin (%)	15.5	14.9	14.4	15.0	15.4
Net profit mgn.(%)	9.8	10.1	11.0	11.3	11.6
ROE (%)	20.8	17.9	15.8	16.5	18.3
ROCE (%)	16.6	16.8	15.2	15.7	17.5
W.C & Liquidity					
Receivables (days)	56.4	67.4	66.6	56.5	55.0
Inventory (days)	79.0	80.8	75.8	66.1	66.2
Payables (days)	71.4	62.8	53.4	52.4	52.9
Current ratio (x)	2.5	4.0	3.7	3.0	3.1
Quick ratio (x)	1.4	2.3	2.0	1.6	1.6
Turnover & Leverage					
Gross asset T.O (x)	1.7	1.9	1.7	1.5	1.6
Total asset T.O (x)	1.2	1.3	1.2	1.2	1.3
Int. covge. ratio (x)	7.5	10.1	27.2	27.8	34.3
Adj. debt/equity (x)	0.4	0.1	0.1	0.1	0.1
Valuation					
EV/Sales (x)	5.9	4.4	4.5	3.8	3.1
EV/EBITDA (x)	29.5	22.9	24.5	19.5	15.6
P/E (x)	58.3	48.5	40.7	33.3	26.2
P/BV (x)	10.7	6.0	4.9	4.4	3.8



Recommendation summary (Last 3 Years)

Dates	Rating	Target
06-March-19	Buy	312
07-May-20	Accumulate	202
07-August-20	Buy	317
20-January-21	Buy	413
03-June-21	Accumulate	547
02-August-21	Accumulate	587
03-November-21	Accumulate	793
31-January-22	Buy	827
31-May-22	Accumulate	799
08-August-22	Accumulate	910
23-November-22	Accumulate	965
21-March-23	Accumulate	1,052
09-May-23	Accumulate	1,131



Source: Bloomberg, Geojit Research.

Investment Criteria

Ratings	Large caps	Midcaps	Small caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10% - 15%	Upside is between 10% - 20%
Hold	Upside is between 0% - 10%	Upside is between 0% - 10%	Upside is between 0% - 10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral	-	-	-

Definition:
Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note.
Accumulate: Partial buying or to accumulate as CMP dips in the future.
Hold: Hold the stock with the expected target mentioned in the note.
Reduce: Reduce your exposure to the stock due to limited upside.
Sell: Exit from the stock.
Not rated/Neutral : The analyst has no investment opinion on the stock.

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