Mold-tek Packaging (MTEP IN)

Rating: ACCUMULATE | CMP: Rs737 | TP: Rs803

November 7, 2024

Q2FY25 Result Update

■ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	**ACCUMULATE**		**ACCUMULATE**	
Target Price	**803**		**853**	
Sales (Rs. m)	9,732	11,476	9,732	11,476
% Chng.	-	-		
EBITDA (Rs. m)	1,967	2,351	1,967	2,351
% Chng.	-	-		
EPS (Rs.)	28.8	35.5	28.8	35.5
% Chng.	-	-		

Key Financials - Standalone

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	6,986	8,052	9,732	11,476
EBITDA (Rs. m)	1,332	1,540	1,967	2,351
Margin (%)	*19.1*	*19.1*	*20.2*	*20.5*
PAT (Rs. m)	665	731	956	1,179
EPS (Rs.)	20.0	22.0	28.8	35.5
Gr. (%)	*(17.4)*	*9.9*	*30.8*	*23.3*
DPS (Rs.)	14.5	18.0	19.0	19.0
Yield (%)	*2.0*	*2.4*	*2.6*	*2.6*
RoE (%)	*11.5*	*12.3*	*15.8*	*18.1*
RoCE (%)	*14.3*	*14.6*	*19.6*	*22.6*
EV/Sales (x)	3.7	3.2	2.7	2.4
EV/EBITDA (x)	19.3	16.9	13.5	11.6
PE (x)	36.8	33.5	25.6	20.8
P/BV (x)	4.1	4.1	3.9	3.6

Key Data	MOLT.BO | MTEP IN
52-W High / Low	Rs.940 / Rs.670
Sensex / Nifty	79,542 / 24,199
Market Cap	Rs.24bn/ $ 290m
Shares Outstanding	33m
3M Avg. Daily Value	Rs.44.43m

Shareholding Pattern (%)

Promoter's	32.69
Foreign	23.67
Domestic Institution	13.12
Public & Others	30.52
Promoter Pledge (Rs bn)	0.69

Stock Performance (%)

	1M	6M	12M
Absolute	0.8	(8.2)	(18.4)
Relative	2.8	(15.2)	(33.3)

Amnish Aggarwal
amnishaggarwal@plindia.com | 91-22-66322233

Hasti Savla
hastisavla@plindia.com |

Vishwa Solanki
vishwasolanki@plindia.com | 91-22-66322244

Pick-up in pharma, Birla opus to improve growth

Quick Pointers:

- Expect EBITDA/kg of Rs.38 & double-digit volume growth in FY25 led by better capacity utilization & favorable product mix.
- MTEP expects 2HFY25 to perform better since all plants are ready & running

MTEP reported 12.3% revenue growth in 2Q25 led by improvement in paints & F&F volumes. MTEP expects double-digit volume growth in FY25 led by 8-10% growth in paints, pick up in F&F segment and anticipated success in pharma sector on increased order flow for 2HFY25.

MTEP's medium to long term prospects remain promising given 1) ramp up in commercial production at new units in Panipat & Cheyyar (4000 ton capacity) for supply to Grasim. 2) Anticipated success in the pharma division led by pick-up in orders due to its USP in IML printing & higher quality/safety measures. 3) mix improvement with higher growth in F&F, Q-packs and Pharma segment and 4) margin expansion as higher economies of scale as production volumes increase. We estimate 20% EPS CAGR over FY24-27 led by expected ramp in Pharma and benefits of supply to Birla Opus paints. MTEP is currently trading at 23x Sep'26EPS. MTEP has seen 31% correction from the peak, We cut target price to Rs803 valuing it at 25 Sep'26 EPS. (Rs853 earlier at Jun'26EPS). Retain 'Accumulate'

Sales grew 12.3%, Volumes grow by 6.96%: Revenues grew by 12.3% YoY to Rs1.9bn (PLe: Rs1.9bn) Volume Growth: Food & FMCG-Packs achieved 27.28% YoY growth , followed by Paints-Pack posted 5.11% YoY growth, Lubes-Packs registered a negative growth of 5.08% YoY and Pharm-Pack started sales which resulted into an overall sales volume growth of 6.85% Gross margins expanded by 62bps YoY to 43.5% (Ple: 43.0%) EBITDA grew by 4.4% YoY to Rs336mn (PLe:Rs371mn); Margins contracted by 131bps YoY to 17.5% (PLe:19%) Adj PAT declined by 10% YoY to Rs141mn (PLe:Rs169mn) owing to higher interest & depreciation costs due to >Rs.2.5bn investments in last 2 years.

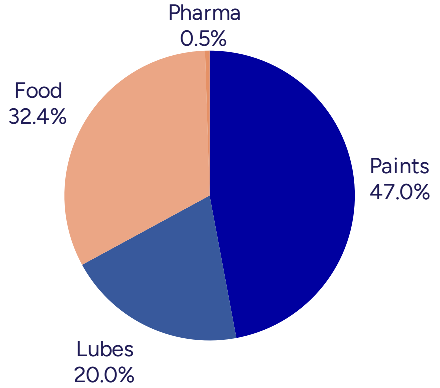
Concall Takeaways:1) 7% volume growth was led by Foods & FMCG (27.3%) & Paints (5.1%). 2) MTEP expects double-digit volume growth in FY25 vs 15% growth guidance given earlier. 3) MTEP expects to fulfill 70% of the 5000ton capacity for Grasim with 1600-1700tons produced in 1H25 & ~2000 expected in 2H25. 4) MTEP recorded Rs.10mn sales from Pharma in 2Q & sales are expected to be pick up in near to medium term. 5) Current utilization of Panipat plant is <50% but is expected to increase to 55-70%. 6) MTEP's current asset turnover ratio is lower than 2/2.5 due to heavy investments behind pharma. 7) MTEP aims to carry out all printing under one roof at Sultanpur for better economies of scale (Pending 30% of shifting to completed by January). 8) GM/kg has expanded to Rs. 86/kg and is sustainable as volumes increase & conversation costs/kg reduce. 9) 2Q saw 29% higher Consumables & Staff cost due to hiring in pharma division. 10) Expect EBITDA/kg of Rs38/kg in FY25 led by better capacity utilization & favorable product mix

Exhibit 1: Sales up 12.3% YoY, EBITDA margins contract 130bps YoY

Y/e March	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	H1FY25	H1FY24	YoY gr. (%)
Net Sales	**1,913**	**1,704**	***12.3***	**1,967**	**3,880**	**3,563**	***8.9***
Gross Profit	832	730	*13.9*	835	1,667	1,517	*9.9*
% of NS	*43.5*	*42.9*	*0.62*	*42.5*	*43.0*	*42.6*	*0.4*
Other Expenses	496	409	*21.3*	478	975	845	*15.3*
% of NS	*25.9*	*24.0*	*1.94*	*24.3*	*25.1*	*23.7*	*1.4*
EBITDA	**336**	**321**	***4.4***	**357**	**693**	**672**	***3.1***
Margins %	*17.5*	*18.9*	*(1.31)*	*18.2*	*17.9*	*18.9*	*(1.0)*
Depreciation	119	96	*24.6*	116	235	190	*23.7*
Interest	35	18	*98.4*	29	64	33	*96.6*
Other Income	6	5	*10.1*	10	15	11	*31.7*
PBT	**187**	**213**	***(12.3)***	**222**	**409**	**461**	***(11.3)***
Tax	46	56	*(18.6)*	57	102	116	*(12.2)*
Tax rate %	*24.5*	*26.4*	*(1.90)*	*25.5*	*25.0*	*25.3*	*(0.3)*
Adjusted PAT	**141**	**157**	***(10.0)***	**165**	**306**	**344**	***(11.0)***

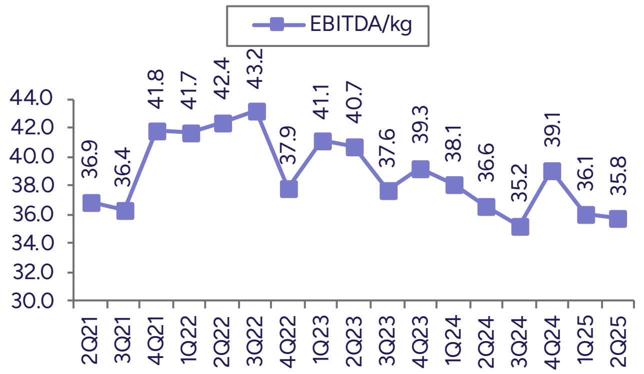
Source: Company, PL

Exhibit 2: Paint contributes 47% to total revenues



Source: Company, PL

Exhibit 3: EBITDA/Kg at Rs 35.8 in 2Q25



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	**6,986**	**8,052**	**9,732**	**11,476**
YoY gr. (%)	*(4.3)*	*15.3*	*20.9*	*17.9*
Cost of Goods Sold	3,967	4,649	5,599	6,592
Gross Profit	3,020	3,404	4,133	4,884
Margin (%)	*43.2*	*42.3*	*42.5*	*42.6*
Employee Cost	503	548	633	746
Other Expenses	-	-	-	-
EBITDA	**1,332**	**1,540**	**1,967**	**2,351**
YoY gr. (%)	*(1.5)*	*15.6*	*27.7*	*19.6*
Margin (%)	*19.1*	*19.1*	*20.2*	*20.5*
Depreciation and Amortization	385	537	664	753
EBIT	**947**	**1,003**	**1,303**	**1,598**
Margin (%)	*13.6*	*12.5*	*13.4*	*13.9*
Net Interest	74	40	40	39
Other Income	13	14	16	17
Profit Before Tax	**886**	**978**	**1,278**	**1,576**
Margin (%)	*12.7*	*12.1*	*13.1*	*13.7*
Total Tax	220	246	322	397
Effective tax rate (%)	*24.9*	*25.2*	*25.2*	*25.2*
Profit after tax	**665**	**731**	**956**	**1,179**
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**665**	**731**	**956**	**1,179**
YoY gr. (%)	*(17.3)*	*9.9*	*30.8*	*23.3*
Margin (%)	*9.5*	*9.1*	*9.8*	*10.3*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**665**	**731**	**956**	**1,179**
YoY gr. (%)	*(17.3)*	*9.9*	*30.8*	*23.3*
Margin (%)	*9.5*	*9.1*	*9.8*	*10.3*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	665	731	956	1,179
Equity Shares O/s (m)	**33**	**33**	**33**	**33**
EPS (Rs)	**20.0**	**22.0**	**28.8**	**35.5**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	**6,399**	**7,152**	**7,905**	**8,658**
Tangibles	6,358	7,108	7,858	8,608
Intangibles	41	44	47	50
Acc: Dep / Amortization	**1,702**	**2,239**	**2,904**	**3,657**
Tangibles	1,687	2,220	2,880	3,629
Intangibles	16	20	24	28
Net fixed assets	**4,696**	**4,912**	**5,001**	**5,001**
Tangibles	4,672	4,889	4,978	4,980
Intangibles	25	24	23	21
Capital Work In Progress	106	252	302	302
Goodwill	-	-	-	-
Non-Current Investments	447	596	1,089	1,877
Net Deferred tax assets	(228)	(252)	(284)	(324)
Other Non-Current Assets	214	206	200	194
Current Assets				
Investments	-	-	-	-
Inventories	1,036	955	1,074	1,264
Trade receivables	1,361	1,324	1,600	1,886
Cash & Bank Balance	16	(928)	(1,524)	(2,132)
Other Current Assets	240	175	210	246
Total Assets	**8,198**	**7,541**	**8,010**	**8,708**
Equity				
Equity Share Capital	166	166	166	166
Other Equity	5,778	5,736	6,061	6,609
Total Networth	**5,944**	**5,903**	**6,228**	**6,775**
Non-Current Liabilities				
Long Term borrowings	484	494	474	454
Provisions	55	60	69	81
Other non current liabilities	55	4	5	6
Current Liabilities				
ST Debt / Current of LT Debt	778	100	100	100
Trade payables	339	318	384	452
Other current liabilities	315	410	466	515
Total Equity & Liabilities	**8,198**	**7,541**	**8,010**	**8,708**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	886	978	1,278	1,576
Add. Depreciation	378	533	660	749
Add. Interest	74	40	40	39
Less Financial Other Income	13	14	16	17
Add. Other	(6)	22	26	35
Op. profit before WC changes	1,332	1,572	2,005	2,399
Net Changes-WC	(384)	292	(318)	(407)
Direct tax	(220)	(246)	(322)	(397)
Net cash from Op. activities	**727**	**1,618**	**1,364**	**1,595**
Capital expenditures	(1,327)	(888)	(792)	(743)
Interest / Dividend Income	13	14	16	17
Others	132	(207)	(492)	(787)
Net Cash from Invt. activities	**(1,182)**	**(1,081)**	**(1,269)**	**(1,513)**
Issue of share cap. / premium	(109)	(291)	(33)	-
Debt changes	790	(668)	(20)	(20)
Dividend paid	(199)	(482)	(598)	(631)
Interest paid	(74)	(40)	(40)	(39)
Others	-	-	-	-
Net cash from Fin. activities	**408**	**(1,481)**	**(692)**	**(691)**
Net change in cash	**(47)**	**(944)**	**(596)**	**(608)**
Free Cash Flow	(600)	730	572	853

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	20.0	22.0	28.8	35.5
CEPS	31.6	38.2	48.7	58.1
BVPS	178.9	177.6	187.4	203.9
FCF	(18.0)	22.0	17.2	25.7
DPS	14.5	18.0	19.0	19.0
Return Ratio(%)				
RoCE	14.3	14.6	19.6	22.6
ROIC	10.7	9.6	11.9	13.0
RoE	11.5	12.3	15.8	18.1
Balance Sheet				
Net Debt : Equity (x)	0.2	0.3	0.3	0.4
Net Working Capital (Days)	108	89	86	86
Valuation(x)				
PER	36.8	33.5	25.6	20.8
P/B	4.1	4.1	3.9	3.6
P/CEPS	23.3	19.3	15.1	12.7
EV/EBITDA	19.3	16.9	13.5	11.6
EV/Sales	3.7	3.2	2.7	2.4
Dividend Yield (%)	2.0	2.4	2.6	2.6

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Net Revenue	**1,655**	**1,769**	**1,967**	**1,913**
YoY gr. (%)	*6.9*	*(4.2)*	*5.8*	*12.3*
Raw Material Expenses	944	977	1,132	1,081
Gross Profit	710	792	835	832
Margin (%)	*42.9*	*44.8*	*42.5*	*43.5*
EBITDA	**303**	**355**	**357**	**336**
YoY gr. (%)	*6.6*	*(0.3)*	*1.9*	*4.4*
Margin (%)	*18.3*	*20.1*	*18.2*	*17.5*
Depreciation / Depletion	95	100	116	119
EBIT	**208**	**255**	**242**	**216**
Margin (%)	*12.6*	*14.4*	*12.3*	*11.3*
Net Interest	19	22	29	35
Other Income	1	3	10	6
Profit before Tax	**190**	**236**	**222**	**187**
Margin (%)	*11.5*	*13.3*	*11.3*	*9.8*
Total Tax	48	56	57	46
Effective tax rate (%)	*25.1*	*23.9*	*25.5*	*24.5*
Profit after Tax	**142**	**180**	**165**	**141**
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**142**	**180**	**165**	**141**
YoY gr. (%)	*(13.0)*	*(21.9)*	*(11.8)*	*(10.0)*
Margin (%)	*8.6*	*10.2*	*8.4*	*7.4*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**142**	**180**	**165**	**141**
YoY gr. (%)	*(13.0)*	*(21.9)*	*(11.8)*	*(10.0)*
Margin (%)	*8.6*	*10.2*	*8.4*	*7.4*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**142**	**180**	**165**	**141**
Avg. Shares O/s (m)	28	28	28	28
EPS (Rs)	**5.1**	**6.5**	**6.0**	**5.1**

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-24	Accumulate	853	749
2	02-Aug-24	Accumulate	853	797
3	09-Jul-24	Accumulate	843	796
4	31-May-24	Accumulate	843	757
5	09-Apr-24	Hold	891	871
6	09-Feb-24	Hold	891	880
7	08-Jan-24	Hold	918	876
8	08-Nov-23	Hold	918	882

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,605	3,073
2	Avenue Supermarts	Hold	4,748	4,573
3	Britannia Industries	Accumulate	6,397	6,206
4	Colgate Palmolive	Reduce	2,973	3,219
5	Dabur India	Hold	589	547
6	Emami	Hold	836	743
7	Hindustan Unilever	Hold	2,744	2,659
8	ITC	Accumulate	539	472
9	Jubilant FoodWorks	Hold	582	629
10	Kansai Nerolac Paints	Reduce	286	292
11	Marico	Accumulate	693	629
12	Metro Brands	Hold	1,208	1,165
13	Mold-tek Packaging	Accumulate	853	749
14	Nestle India	Accumulate	2,689	2,379
15	Pidilite Industries	Accumulate	3,339	3,122
16	Restaurant Brands Asia	Hold	109	92
17	Titan Company	BUY	3,782	3,230
18	Westlife Foodworld	Hold	797	802

PL's Recommendation Nomenclature (Absolute Performance)

Buy	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Amnish Aggarwal- MBA, CFA, Ms. Hasti Savla- CA, Mr. Vishwa Solanki- PGDM - Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Amnish Aggarwal- MBA, CFA, Ms. Hasti Savla- CA, Mr. Vishwa Solanki- PGDM - Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com

Amnish Aggarwal

Digitally signed by Amnish Aggarwal