

Mold-tek Packaging (MTEP IN)

Rating: ACCUMULATE | CMP: Rs558 | TP: Rs621

February 7, 2025

Q3FY25 Result Update

Change in Estimates | Target | Reco

Change in Estimates

Rating	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE	ACCUMULATE		
Target Price	621	709		
Sales (Rs. m)	8,970	10,428	9,362	11,044
% Chng.	(4.2)	(5.6)		
EBITDA (Rs. m)	1,690	2,046	1,763	2,190
% Chng.	(4.1)	(6.6)		
EPS (Rs.)	22.1	30.3	23.7	39.6
% Chng.	(6.7)	(23.6)		

Key Financials - Standalone

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	6,984	7,832	8,970	10,428
EBITDA (Rs. m)	1,330	1,445	1,690	2,046
Margin (%)	19.0	18.5	18.8	19.6
PAT (Rs. m)	664	594	734	1,006
EPS (Rs.)	20.0	17.9	22.1	30.3
Gr. (%)	(17.6)	(10.5)	23.5	37.0
DPS (Rs.)	3.0	3.0	6.0	7.0
Yield (%)	0.5	0.5	1.1	1.3
RoE (%)	11.5	9.6	11.0	13.7
RoCE (%)	14.2	12.5	13.8	16.5
EV/Sales (x)	2.8	2.6	2.2	1.9
EV/EBITDA (x)	14.9	13.9	11.8	9.6
PE (x)	27.9	31.2	25.3	18.4
P/BV (x)	3.1	2.9	2.7	2.4

Key Data

MOLT.BO | MTEP IN

52-W High / Low	Rs.907 / Rs.482
Sensex / Nifty	77,860 / 23,560
Market Cap	Rs.19bn/ \$ 212m
Shares Outstanding	33m
3M Avg. Daily Value	Rs.45.18m

Shareholding Pattern (%)

Promoter's	32.90
Foreign	22.04
Domestic Institution	12.14
Public & Others	32.92
Promoter Pledge (Rs bn)	0.23

Stock Performance (%)

	1M	6M	12M
Absolute	(12.7)	(28.3)	(36.4)
Relative	(12.3)	(26.8)	(41.1)

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Scalability in new orders key to performance

Quick Pointers:

- MTEP expect EBITDA/kg of Rs.38 & high single digit volume growth in FY25.
- MTEP is investing an additional Rs.50mn for increasing capacity of Paint pales from 6000MTA to 10000 MTA to cater to requirements of Birla Opus

MTEP reported 15.2% revenue growth in 3Q25 led by improvement in realization and stable volume growth. MTEP expects double-digit volume growth and improvement in EBITDA/kg to ~Rs.40 in FY26.

MTEP has received setback in its outlook due to 1) lower orders from APNT for Paint pales 2) rising competition in Food and FMCG segments like Ice cream and dairy from smaller players 3) delayed ramp-up in pharma and 4) slow growth in lubes business. Consequently, FY26 guidance is dependent more on 1) Execution of orders for Surf Excel and Horlicks from HUL 2) Higher share gains by Birla opus in Paints and successful scalability of new products in pharma. MTEP has entered a low capex phase (Rs600-650mn in FY26) after a capex of Rs1.2bn/year for the past three years. We estimate 15% Sales CAGR & 30% EPS CAGR over FY25-27. We cut the target price to Rs621 valuing it at 22 Dec'26 EPS (Rs709 earlier at Sep'26EPS). Retain 'Accumulate but expect back ended returns given tepid growth in select segments off late.

Sales grew 15.2%, Volumes grew 7.5%: > Revenues grew by 15.2% YoY to Rs1.9bn (PLe: Rs1.9bn). Volumes grew 7.5% YoY led by 16.53% growth in Paint packs and 12.02% growth in Foods & FMCG. Gross margins expanded by 221bps YoY to 45.1% (Ple: 43.5%). EBITDA grew by 11.6% YoY to Rs338mn (PLe: Rs359mn); Margins contracted by 58bps YoY to 17.7% (PLe:18.7%). Adj PAT declined by 3.9% YoY to Rs136mn (PLe: Rs142mn) led by higher interest & depreciation owing to >Rs.2.5bn investments in last 2 years

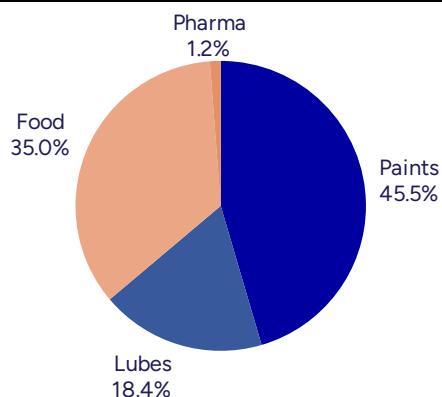
Concall Takeaways: 1) 7.55% volume growth YoY was led by Foods & FMCG (12.02%) & Paints (16.53%). 2) MTEP cuts down its expectations of double-digit volume growth in FY25 to high-single digit as higher orders from Grasim have been offset by lower volumes from APNT as they have increased sourcing from Hi-tech Plast (a related entity) 3) MTEP has given double-digit volume guidance for FY26 which will be led by Food and FMCG, Q Packs, lubes are expected to remain muted 4) Pharma sales for 9MFY25 stand at Rs. ~40mn (22.7mn in 3Q25). 5) MTEP has invested Rs.100mn in new plant and machinery over the last 6 months to cater to the requirements of Birla Opus, it is putting in an additional Rs.50mn planned for future requirements. This expansion aims to increase the overall plant capacity at Cheyyar, Panipat, and Mahad from 6,000 MTA to 10,000 MTA. The new capacity is expected to commence commercial production in 2QFY26. 6)MTEP has bagged orders for Surf Excel and Horlicks which will improve FMCG sales beginning 4Q25 7) MTEP exports have significantly increased from Rs.28.3mn in 9MFY24 to Rs.72.6mn in 3QFY25. 8) Expect EBITDA/kg of Rs38/kg in FY25 led by better capacity utilization & favorable product mix. FY6 EBITDA margin could touch ~Rs.40/41 led by higher contribution from pharma.

Exhibit 1: Sales up 15.2% YoY, EBITDA margins contract 57bps YoY

Y/e March	Q3FY25	Q3FY24	YoY gr. %	Q2FY25	9MFY25	9MFY24	YoY gr. %
Net Sales	1,907	1,655	15.2	1,913	5,787	5,218	10.9
Gross Profit	861	710	21.2	832	2,528	2,227	13.5
% of NS	45.1	42.9	2.21	43.5	43.7	42.7	1.0
Other Expenses	523	407	28.3	496	1,497	1,253	19.5
% of NS	27.4	24.6	2.79	25.9	25.9	24.0	1.9
EBITDA	338	303	11.6	336	1,031	975	5.8
Margins %	17.7	18.3	(0.58)	17.5	17.8	18.7	(0.9)
Depreciation	124	95	30.6	119	359	285	26.0
Interest	34	19	78.4	35	99	52	89.9
Other Income	2	1	204.2	6	17	12	39.2
PBT	182	190	(4.1)	187	590	650	(9.2)
Tax	45	48	(4.8)	46	148	164	(10.1)
Tax rate %	24.9	25.1	(0.18)	24.5	25.0	25.2	(0.2)
Adjusted PAT	136	142	(3.9)	141	443	486	(8.9)

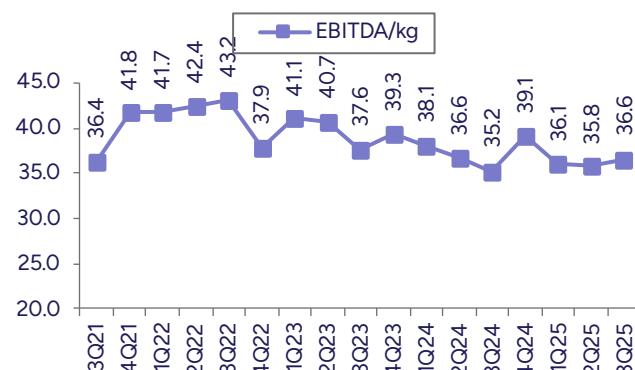
Source: Company, PL

Exhibit 2: Paint contributes ~45% to total revenues



Source: Company, PL

Exhibit 3: EBITDA/Kg at Rs 36.1 in 3Q25



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	6,984	7,832	8,970	10,428
YoY gr. (%)	(4.3)	12.1	14.5	16.3
Cost of Goods Sold	4,074	4,392	5,020	5,789
Gross Profit	2,910	3,440	3,949	4,639
Margin (%)	41.7	43.9	44.0	44.5
Employee Cost	503	611	700	803
Other Expenses	-	-	-	1
EBITDA	1,330	1,445	1,690	2,046
YoY gr. (%)	(1.7)	8.7	17.0	21.0
Margin (%)	19.0	18.5	18.8	19.6
Depreciation and Amortization	385	496	540	584
EBIT	945	949	1,150	1,462
Margin (%)	13.5	12.1	12.8	14.0
Net Interest	73	172	198	161
Other Income	13	17	29	43
Profit Before Tax	884	795	982	1,344
Margin (%)	12.7	10.1	10.9	12.9
Total Tax	220	200	247	339
Effective tax rate (%)	24.9	25.2	25.2	25.2
Profit after tax	664	594	734	1,005
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	664	594	734	1,006
YoY gr. (%)	(17.5)	(10.5)	23.5	37.0
Margin (%)	9.5	7.6	8.2	9.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	664	594	734	1,006
YoY gr. (%)	(17.5)	(10.5)	23.5	37.0
Margin (%)	9.5	7.6	8.2	9.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	664	594	734	1,006
Equity Shares O/s (m)	33	33	33	33
EPS (Rs)	20.0	17.9	22.1	30.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	6,400	7,403	8,056	8,709
Tangibles	6,356	7,356	8,006	8,656
Intangibles	44	47	50	53
Acc: Dep / Amortization	1,704	2,201	2,742	3,326
Tangibles	1,685	2,177	2,714	3,294
Intangibles	19	23	28	33
Net fixed assets	4,696	5,202	5,314	5,383
Tangibles	4,672	5,179	5,292	5,362
Intangibles	25	24	22	20
Capital Work In Progress	106	152	152	202
Goodwill	-	-	-	-
Non-Current Investments	401	504	504	505
Net Deferred tax assets	(228)	(248)	(272)	(306)
Other Non-Current Assets	259	265	273	284
Current Assets				
Investments	-	-	-	1
Inventories	1,036	1,143	1,238	1,428
Trade receivables	1,361	1,502	1,720	2,000
Cash & Bank Balance	16	82	309	345
Other Current Assets	240	249	284	329
Total Assets	8,198	9,185	9,894	10,591
Equity				
Equity Share Capital	166	166	166	166
Other Equity	5,778	6,271	6,806	7,580
Total Networth	5,944	6,437	6,972	7,746
Non-Current Liabilities				
Long Term borrowings	484	700	700	500
Provisions	55	67	76	88
Other non current liabilities	55	53	53	53
Current Liabilities				
ST Debt / Current of LT Debt	778	900	950	900
Trade payables	339	397	440	508
Other current liabilities	315	383	430	489
Total Equity & Liabilities	8,198	9,185	9,894	10,590

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	884	795	982	1,345
Add. Depreciation	375	493	536	580
Add. Interest	73	172	198	161
Less Financial Other Income	13	17	29	43
Add. Other	(6)	11	(11)	(14)
Op. profit before WC changes	1,327	1,470	1,705	2,072
Net Changes-WC	(384)	(135)	(271)	(404)
Direct tax	(220)	(200)	(247)	(339)
Net cash from Op. activities	723	1,135	1,187	1,329
Capital expenditures	(1,325)	(1,037)	(641)	(692)
Interest / Dividend Income	13	17	29	42
Others	132	(115)	-	1
Net Cash from Inv. activities	(1,180)	(1,134)	(612)	(649)
Issue of share cap. / premium	(108)	(1)	(100)	(33)
Debt changes	790	337	50	(250)
Dividend paid	(199)	(100)	(100)	(199)
Interest paid	(73)	(172)	(198)	(161)
Others	-	-	-	1
Net cash from Fin. activities	410	65	(347)	(643)
Net change in cash	(47)	65	227	38
Free Cash Flow	(602)	98	545	637

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	20.0	17.9	22.1	30.3
CEPS	31.6	32.8	38.3	47.8
BVPS	178.9	193.7	209.8	233.1
FCF	(18.1)	3.0	16.4	19.2
DPS	3.0	3.0	6.0	7.0
Return Ratio(%)				
RoCE	14.2	12.5	13.8	16.5
ROIC	10.7	9.4	10.7	12.8
RoE	11.5	9.6	11.0	13.7
Balance Sheet				
Net Debt : Equity (x)	0.2	0.2	0.2	0.1
Net Working Capital (Days)	108	105	102	102
Valuation(x)				
PER	27.9	31.2	25.3	18.4
P/B	3.1	2.9	2.7	2.4
P/CEPS	17.7	17.0	14.6	11.7
EV/EBITDA	14.9	13.9	11.8	9.6
EV/Sales	2.8	2.6	2.2	1.9
Dividend Yield (%)	0.5	0.5	1.1	1.3

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	1,769	1,967	1,913	1,907
YoY gr. (%)	(4.2)	5.8	12.3	15.2
Raw Material Expenses	977	1,132	1,081	1,046
Gross Profit	792	835	832	861
Margin (%)	44.8	42.5	43.5	45.1
EBITDA	355	357	336	338
YoY gr. (%)	(0.3)	1.9	4.4	11.6
Margin (%)	20.1	18.2	17.5	17.7
Depreciation / Depletion	100	116	119	124
EBIT	255	242	216	214
Margin (%)	14.4	12.3	11.3	11.2
Net Interest	22	29	35	34
Other Income	3	10	6	2
Profit before Tax	236	222	187	182
Margin (%)	13.3	11.3	9.8	9.5
Total Tax	56	57	46	45
Effective tax rate (%)	23.9	25.5	24.5	24.9
Profit after Tax	180	165	141	136
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	180	165	141	136
YoY gr. (%)	(21.9)	(11.8)	(10.0)	(3.9)
Margin (%)	10.2	8.4	7.4	7.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	180	165	141	136
YoY gr. (%)	(21.9)	(11.8)	(10.0)	(3.9)
Margin (%)	10.2	8.4	7.4	7.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	180	165	141	136
Avg. Shares O/s (m)	28	28	28	28
EPS (Rs)	6.5	6.0	5.1	4.9

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	Accumulate	709	628
2	07-Nov-24	Accumulate	803	737
3	07-Oct-24	Accumulate	853	749
4	02-Aug-24	Accumulate	853	797
5	09-Jul-24	Accumulate	843	796
6	31-May-24	Accumulate	843	757
7	09-Apr-24	Hold	891	871
8	09-Feb-24	Hold	891	880

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,123	2,354
2	Avenue Supermarts	Hold	3,964	3,686
3	Britannia Industries	BUY	5,815	4,860
4	Colgate Palmolive	Hold	2,801	2,679
5	Dabur India	Hold	561	534
6	Emami	Accumulate	716	554
7	Hindustan Unilever	Accumulate	2,691	2,343
8	ITC	Accumulate	530	443
9	Jubilant FoodWorks	Hold	719	750
10	Kansai Nerolac Paints	Reduce	274	257
11	Marico	Accumulate	704	671
12	Metro Brands	Hold	1,177	1,199
13	Mold-tek Packaging	Accumulate	709	628
14	Nestle India	Accumulate	2,606	2,300
15	Pidilite Industries	Accumulate	3,318	2,910
16	Restaurant Brands Asia	Hold	76	72
17	Titan Company	BUY	3,833	3,491
18	Westlife Foodworld	Hold	778	718

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

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