

About the Company

Mold-Tek Packaging Ltd, established in 1985, pioneered the introduction of IML technology in India and has emerged as the country's largest producer of plastic packaging pails. The company has built a well-diversified business model, catering to varied markets and product segments to meet evolving customer requirements. Its portfolio includes pharma packs, paints packs, lubricants packs, food and FMCG packs, all unified under a single platform. This diversified approach enables the company to effectively mitigate potential business uncertainties, thereby positioning it for sustainable long-term growth.

Investment Rationale

- **Pharma Segment to be a Key Growth Driver:** The rising demand for pharma packaging presents a strong growth opportunity for Mold-Tek to expand into this large sector. With the new US government imposing duties on China, the management is witnessing growing interest from clients in tablet containers, EVT tubes, canisters, and CT/CRC caps for the pharmaceutical segment. The company has recently introduced over 12 new bottle SKUs, along with two sizes in child-resistant packaging and two sizes in EV tubes based on confirmed orders. The current capacity in the pharma segment stands at around 1,800 MT, with a utilisation rate of around 40%. With more contracts in the pipeline, Mold-Tek is expanding capacity through strong partnerships and plans to double production capacity in the next financial year.
- **Paint Packaging Expansion:** Mold-Tek has invested Rs 10 Cr in new plant and machinery over the last few months for capacities dedicated to Aditya Birla Group's paint business, with an additional Rs 5 Cr planned for future investments. This expansion aims to increase overall capacity at Cheyyar, Panipat, and Mahad from 6,000 MTA to 10,000 MTA. In Q3, the paint segment recorded 16% YoY volume growth, primarily driven by higher offtake from ABG. While the business from Asian Paints has remained subdued over the last few quarters, the company expects stronger momentum in Q4FY25 as volumes from ABG are expected to pick up.
- **Guidance/Outlook:** The company recently installed new label printing machines, removing a key constraint, and expects capacity utilisation to improve going forward. It expects the pharma division to generate Rs 7 Cr to Rs 8 Cr in revenue for FY25, with a significant increase to Rs 35 Cr in FY26. The long-term target is Rs 60 Cr to Rs 65 Cr. Pharma products generate significantly higher margins, and the increasing contribution from this segment is likely to drive overall profitability. The management has guided higher single-digit volume growth in FY25, with double-digit growth anticipated in FY26. EBITDA/Kg is also expected to improve in the coming quarters with a higher contribution from pharma and other high-margin products.

Valuation/Analyst recommendation:

- The company continues to gain momentum in Pharma and has been adding new clients, which is expected to drive volume growth. Additionally, we anticipate a steady improvement in realization per kg going forward. **We recommend a BUY rating on the stock with a TP of Rs 555/share, implying an upside of 10% from the CMP.**

Financial Summary

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)
FY24	699	133	67	20.6	24x	9%	14%	14x
FY25E	792	143	61	18.5	28x	10%	13%	13x
FY26E	982	182	88	27.1	18x	12%	16%	10x
FY27E	1,092	210	108	33.4	15x	13%	17%	8x

Source: Axis Securities; CMP as on 16th April, 2025

Duration: 3-6 Months

CMP (Rs) 503

Target Price (Rs) 555

Upside (%) 10%

| Why Mold-Tek Packaging Ltd

- ✓ **Expanding Export Markets**
- ✓ **Strategic Expansion and New Capacity Addition**
- ✓ **In-house Tool Room**

| Key risks

- ✓ **Slower Ramp-up or De-growth in Customer Industries**
- ✓ **Lower Volume Off-take Impacting Operating Leverage**
- ✓ **Delay in Setting up New Facilities**

MARKET DATA

No. of Shares 3.32

Market Cap 1,670

52-week High / Low 885/410

BSE Code 533080

NSE Code MOLDTKPAC

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| Axis PUNCH is strong research based idea based on



Events Based: Our recommendations are based on the following critical factors, providing a comprehensive approach to medium-term investment opportunities:

- **Company-Specific Events:** Recommendations consider significant company-specific events such as new orders, product launches, acquisitions, management changes, and the commissioning of new plants.
- **Commodity Price Fluctuations:** We analyze changes in commodity prices, including metals, cement, chemicals, and pharmaceutical materials.
- **Macro-Economic Events:** Key macroeconomic events such as RBI Monetary Policy, US Fed decisions, inflation rates, GDP figures, budget announcements, and changes in government policies are factored into our recommendations.
- **Sector Developments:** Material developments within sectors, including monthly production and sales numbers in industries like Auto, Cement, and Steel, as well as competitive landscape changes due to business actions or new entrants/exits, are considered.
- **Earnings Surprises:** We identify companies expected to report better-than-anticipated earnings in upcoming quarters.
- **Corporate Actions:** Corporate actions such as mergers and acquisitions, capital raising programs, and regulatory announcements that impact a company or its industry form crucial elements for our recommendations.

Strategic Insights: Benefit from insights based on a blend of critical business events, economic trends, and thorough company valuations.

Informed Decisions: Make well-informed investment decisions backed by the expertise of our dedicated research team.

Medium-term Horizon: Enjoy the medium-term investment strategy, perfectly suited for those looking to optimize returns over 3 to 6 months.

| Why to choose Axis PUNCH



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