

Date: 08/01/2021

Recommended Price: 310-320 • Target: 360-380 • Stoploss: 283

Time Frame: 6 months

### Mold-Tek Packaging Ltd. - Weekly Chart



- The stock on the weekly scale has witnessed a breakout of cup and handle pattern with volume as highlighted in the above chart.
- 20 WSMA is currently placed at 283, which will act as strong support for the stock in the short term.
- RSI on the weekly scale is positively placed.
- Based on the above technical set up, we recommend accumulating MOLDTKPAC in the range of 310-320 with a stop loss of 283 for the price target of 360-380.

### Fundamental Rationale

- Mold-Tek Packaging(MTPL) is the market leader in rigid plastic packaging in India with more than 20 years of experience. It is involved in manufacturing injection moulded packaging containers, primarily pails (cylindrical containers) for paints, lubricants, food, and other products.
- MTPL has a market share more than 25% in volume terms, with key blue-chip companies such as Asian Paints, Kansai Nerolac, and Akzo Noble being its customers. MTPL is a market leader with more than 70% market share in volume terms in the Lubes and Oils segment, the company has monopoly suppliers to key customers such as Castrol/BP for almost three decades.
- The company has a track record of adopting the latest trends in packaging like IML and investing in R&D to develop in house capabilities to implement the same at a lower cost (mould design and manufacturing and development of IML robots), which provides competitive advantage. It also provides other labelling options like heat transfer labelling screen printing and shrink sleeve, etc.
- During 2016, MTPL received a Letter of Interest (LOI) for setting up two new production plants, Vizag and Mysore facilities to supply pails to the upcoming new plants of M/s Asian Paints Ltd. The capacity of the company's plants started at 3500 tonnes of polymer processing per annum in 2019 and would reach 14,000 tons per annum in 2024. This provides a growth opportunity over the next 4-5 years.
- In the last three years FY17-FY20, MTPL's operating revenues and profitability have grown by a CAGR of 13% and 12% respectively. Further, during the same period, company's operating profit grew by a CAGR of 15%. The company's operating margin has improved substantially from 14% in FY15 to 18% in FY20 due to rising revenue contribution from IML packaging. **Hence we recommend to "ACCUMULATE" the stock.**

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