

September 08, 2025

MOLD-TEK Packaging Limited: Ratings reaffirmed; outlook revised to Positive from Stable; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Cash credit	95.00	120.00	[ICRA]A+(Positive); reaffirmed and assigned for enhanced amount; outlook revised to Positive from Stable
Long-term – Fund-based – Term loan	53.46	101.25	[ICRA]A+(Positive); reaffirmed and assigned for enhanced amount; outlook revised to Positive from Stable
Long-term – Unallocated limits	0.54	6.75	[ICRA]A+(Positive); reaffirmed and assigned for enhanced amount; outlook revised to Positive from Stable
Short-term – Non-fund based limits	11.00	12.00	[ICRA]A1; reaffirmed and assigned for enhanced amount
Total	160.00	240.00	

*Instrument details are provided in Annexure-I

Rationale

The revision in the outlook on Mold-TEK Packaging Limited's (Mold-Tek) long-term rating to Positive from Stable considers the expected improvement in the company's credit profile supported by growth in earnings on the back of healthy demand from recently added customers for plastic packaging products, and scale-up of the pharmaceutical segment. In FY2025, the company's revenue grew by around 12% driven by healthy volume growth in the paint division, food & FMCG packs, and pharmaceutical packs, supported by the addition of new customers such as Grasim Industries Limited (Grasim) and Marksans Pharma Limited. Despite moderation in raw material prices, the company's realisations grew modestly by 4.6% on the back of improved product mix with transition of several product categories to In-Mould labelling (IML). Additionally, the company commenced its new unit in Sultanpur, Telangana in Q1 FY2026 and started supplying to pharmaceutical clients from Q1 FY2025. The operations of the pharmaceutical division are expected to ramp-up gradually, given the long lead times for quality checks and audit closures. ICRA expects the company to clock a revenue growth of 12-16% in FY2026, supported by healthy volume growth and realisations, along with scale-up of volumes in the pharmaceutical division and supplies to recently added customers. Operating margins are expected to remain healthy at 18-19% supported by a healthy product mix. While the company is expected to incur capex of Rs. 75-85.0 crore in FY2026, partially funded through debt, its capital structure and coverage metrics are expected to remain comfortable.

The ratings factor in Mold-Tek's strong technological capabilities and its track record of adopting the latest trends in packaging, such as in-mould labelling (IML) and heat transfer labelling (HTL), further support the ratings. The company caters to end-user industries such as paints, food & FMCG and pharmaceuticals and has a reputed client base which includes Asian Paints Limited, Grasim Industries Limited (Grasim), Castrol India Limited, Gulf Oil Lubricants India Limited and Hindustan Unilever Limited. Healthy demand from reputed customer base and addition of new customers and products have led to a healthy revenue growth at a compounded annual growth rate (CAGR) of 12.3% in the last five years ending in FY2025.

The ratings are, however, constrained by the company's high customer and segment concentration, with the top 10 customers accounting for around 60% of its revenues, while around 44% of revenues are derived from the paint division. Nevertheless, long-term associations with customers mitigate the risk to an extent. The ratings also consider stiff competition in the industry, limiting the company's pricing flexibility. However, its pricing terms with major customers allow for a pass-through of changes

in raw material costs, albeit with a time lag ranging from a month to a quarter. The company is dependent on a single supplier, Reliance Industries Limited (RIL), for a major portion of its key raw material requirements and is exposed to supply-disruption risks in case of force majeure events. Nonetheless, Mold-Tek can sustain operations with imported raw materials or procure raw materials from alternate domestic manufacturers, albeit at higher prices.

Key rating drivers and their description

Credit strengths

Extensive experience in plastic pail packaging industry – Founded in 1985 to manufacture rigid plastic packaging materials, the company is an established player in the decorative plastic pail packaging segment, with nearly three decades of operations. It primarily caters to the paint, lubricant, food, and FMCG industries, where it has built strong relationships with marquee customers, enabling consistent repeat orders. It also started supplying to the pharmaceutical industry; while the revenue contribution from the same is low at present, gradual scale-up of this segment is likely to support revenue growth over the medium term.

Reputed customer base – Mold-Tek enjoys established relationships with marquee customers across the paints, lubricant, and food segments, which ensures repeat orders. The company is also engaging with major pharmaceutical players in India, which is expected to support revenue growth over the medium term.

Diversification into new product/customer segments – The company has a presence across the paints, lubricants, and food & FMCG segments. The paints segment is the major revenue contributor (44% in Q1 FY2026, 44% in FY2025), followed by food & FMCG (F&F) including Q-packs (33% in Q1 FY2026, 20% in FY2025), pharmaceutical segment (3% in Q1 FY2026) and lubricants. Going forward, ICRA expects the company to benefit from the increased adoption of IML products by new customer segments over the near to medium term. Higher sales volumes to Grasim in the paints division, along with the ramp-up in volumes from the pharmaceutical division and the addition of customers in the F&F segment, are expected to support the growth, going forward.

Healthy financial profile – The company's financial profile is strong, marked by healthy margins, low leverage, and comfortable coverage indicators. As on March 31, 2025, despite some moderation from FY2024 levels owing to debt-funded capex, Mold-Tek's debt metrics remained healthy with a gearing of 0.3 times, Total Debt/OPBITDA of 1.2 times, and debt service coverage ratio (DSCR) of 5.7 times, and are expected to remain comfortable due to healthy accrual generation.

Adoption of latest trends in packaging and developing in-house capabilities to reduce production cost - The company has a track record of adopting the latest trends in packaging such as in-mold labelling (IML). It has also invested in research and development (R&D) to build in-house capabilities and enable cost-efficient operations, including mould design and manufacturing, and the development of IML robots. Mold-Tek also offers other labeling options such as heat transfer labeling (HTL), screen printing, and shrink sleeve. Additionally, the company has a history of product innovations, including the development of tamper-proof lids and square pails (for better stacking), which have helped it attract and retain customers.

Credit challenges

Stiff competition and susceptibility of margin to raw material price movements – The company has a moderate scale of operations and faces intense competition, which limits pricing flexibility and exposes its margins to raw material price volatility. However, the company's ability to pass on fluctuations in raw material costs, with a time lag of one month to a quarter, helps mitigate this risk to some extent.

High customer concentration – Most of Mold-Tek's revenues are from the paint segment (around 44% of revenues in Q1 FY2026 and FY2025), thereby exposing it to sector concentration risk. In FY2025, the top 10 customers account for around 60% of the company's revenues, indicating a high customer concentration risk. However, the strong credit profiles and long-term associations with major customers such as Asian Paints Ltd, Gulf Oil Lubricants Ltd, Grasim Industries Limited, and Castrol help

mitigate this risk to an extent. Moreover, Mold-Tek actively involves its customers in product development and enjoys a significant wallet share with some of its key clients, further reducing the concentration risk.

High supplier concentration – As most raw materials are procured from Reliance Industries Limited (RIL), the company is exposed to the risk of supply disruptions in case of force majeure events. However, this risk is mitigated as the company imports raw materials or procures them from other manufacturers to ensure continuity in operations.

Moderate working capital intensity – The receivable cycle is long (75–90 days) in the paints segment, which has accounted for over 40% of the company's revenues over the past two years. This has resulted in moderate working capital intensity.

Environmental and Social Risks

Environmental considerations – Environmental risks are moderate for packaging manufacturers as they are subject to a range of environmental, health and safety laws. These laws govern discharges to air, soil and water, the handling and disposal of hazardous substances, and the investigation and remediation of contamination from the release of hazardous substances. Mold-Tek manufactures several products that are generally disposed of after use (food and rigid plastic packaging), which could result in some environmental damage. However, all process rejections are recycled and reused. There may be an increasing emphasis on recyclability and manufacturing plastic products from more biodegradable substrates. The company needs to continue focusing on building quality products and adapting to an evolving regulatory environment. Failure to adhere to environmental regulations for the company could result in regulatory penalties and fines, operational disruptions due to enforced shutdowns or restrictions, damage to brand reputation, affecting customer trust and investor confidence, legal liabilities and increased scrutiny from environmental agencies and loss of business opportunities, especially with environmentally conscious clients, etc.

Social considerations – Social risks for packaging manufacturers are high, as packaging operations involve petrochemical and derivative products as well as heavy equipment, which could cause casualties/accidents to the workforce if there are any gaps in safety practices. The necessity of responsible operations is high as accidents/non-compliance with environmental norms can adversely impact the local community, leading to increased social risks in the form of protests that might constrain the company's ability to operate or expand capacity.

Liquidity position: Adequate

Liquidity is adequate with anticipated retained cash flows of Rs. 75-85.0 crore in FY2026 and a buffer of Rs. 17-19.0 crore in its working capital limits as on June 30, 2025, against repayment obligations of Rs. 15-20.0 crore in FY2026. The company is expected to incur a capex of Rs. 75-85.0 crore in FY2026, which will be funded through debt and internal accruals.

Rating sensitivities

Positive factors – ICRA could upgrade the Mold-Tek's ratings if there is a strong growth in revenues and profitability on a sustained basis with diversification of customer base and end-user industry base along with improvement in the liquidity profile.

Negative factors – Outlook could be revised to Stable in the absence of material improvement in earnings or liquidity profile. Stretched working capital cycle or higher-than-expected debt-funded capex, weakening the liquidity profile or debt metrics would also impact the ratings. Specific factors that may lead to a downgrade include TD/OPBIDTA of more than 1.5 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of Mold-Tek

About the company

Mold-Tek traces its origin to Mold-Tek Plastics Private Limited, founded in 1985 by Mr. J. Lakshmana Rao and A. Subrahmanyam to manufacture rigid plastic packaging materials with units located in Andhra Pradesh. The company was listed in the BSE in 1993. In 2000, the promoters also commenced outsourcing engineering services to clients in the US and the EU, and the company's name was changed to Mold-Tek Technologies Limited.

Subsequently, Mold-Tek Plastics Limited was renamed as Mold-Tek Packaging Limited (Mold-Tek) (the rated entity). Mold-Tek manufactures injection-moulded decorative packaging containers, mainly pails (cylindrical containers), for paint, lubricant, food and other products. The company has an integrated manufacturing facility for product packaging and labelling operations. It also commenced commercial production of plastic products for the pharmaceutical industry in June 2024. The company has in-house facilities for mould design and manufacturing, including labels for IML products and the robots used for the IML process. Mold-Tek has manufacturing facilities at 10 locations in India, with a combined capacity of over 50,000 MTPA.

Key financial indicators (audited)

Standalone	FY2024	FY2025
Operating income	698.6	781.3
PAT	66.6	60.6
OPBDIT/OI	19.1%	18.1%
PAT/OI	9.5%	7.8%
Total outside liabilities/Tangible net worth (times)	0.4	0.5
Total debt/OPBDIT (times)	0.9	1.2
Interest coverage (times)	17.8	10.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	September 08, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long-term	120.00	[ICRA]A+ (Positive)	Aug 16, 2024	[ICRA]A+ (Stable)	May 29, 2023	[ICRA]A+ (Stable)	May 30, 2022	[ICRA]A+ (Stable)
Fund-based – Term loan	Long-term	101.25	[ICRA]A+ (Positive)	Aug 16, 2024	[ICRA]A+ (Stable)	May 29, 2023	[ICRA]A+ (Stable)	May 30, 2022	[ICRA]A+ (Stable)
Unallocated limits	Long-term	6.75	[ICRA]A+ (Positive)	Aug 16, 2024	[ICRA]A+ (Stable)	May 29, 2023	[ICRA]A+ (Stable)	May 30, 2022	[ICRA]A+ (Stable)
Non-fund based limits	Short-term	12.00	[ICRA]A1	Aug 16, 2024	[ICRA]A1	May 29, 2023	[ICRA]A1	May 30, 2022	[ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Cash credit	Simple
Long-term – Fund-based – Term loan	Simple
Long-term – Unallocated Limits	Not Applicable
Short-term – Non-fund based Limits	Very simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund based – Cash Credit	NA	NA	NA	120.00	[ICRA]A+ (Positive)
NA	Fund based – Term Loans	FY2020	NA	FY2030	101.25	[ICRA]A+ (Positive)
NA	Unallocated Limits	NA	NA	NA	6.75	[ICRA]A+ (Positive)
NA	Non-fund based Limits	NA	NA	NA	12.00	[ICRA]A1

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable.

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

Nithya Debbadi
+91 40 6939 6416
nithya.debbadi@icraindia.com

Srikumar Krishnamurthy
+91 44 4596 4318
ksrikumar@icraindia.com

Etikala Ravi Teja
+91 40 6939 6418
etikala.teja@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

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ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



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