

Equity Research Report

TCPL PACKAGING LIMITED



About Company

TCPL manufactures folding cartons, printed blanks and outers, litho-lamination, plastic cartons, blister packs, and shelf-ready packaging. TCPL has also ventured into the flexible packaging industry, with the capability to produce printed cork-tipping paper, laminates, sleeves, and wrap-around labels.

TCPL Packaging is promoted by the Kanoria family, which has varied business interests such as jute, tea, textiles, pharmaceuticals, and chemicals. In 1990, the Kanoria family, which holds a 55.74% stake in the company as of September 30, 2020 ventured into folding cartons manufacturing, with a unit in Silvassa. TCPL is a leading supplier to the tobacco, liquor, consumer goods, and food packaging industry in India.

Key Highlights

- Q2 FY25 marked the best performance in the company's history, with revenues reaching ₹463 crore, a 14% year-on-year growth.
- EBITDA grew by 18%, reaching ₹77 crore, with solid margins of 17%.
- Profit Before Tax (PBT) increased by 22% to ₹45 crore.
- Profit After Tax (PAT) and cash profits showed strong growth, reaching ₹36 crore and ₹64 crore respectively.
- FY25 revenue is expected to be approximately ₹50 crore, with hopes to increase that at a high double-digit rate in the coming year.
- TCPL is focused on sustainable growth, expanding capabilities, and capital litising on emerging opportunities.
- TCPL is happy with the benign environment of the last quarter.
- TCPL views Inno films as a marketing tool and a positive thing for customers.
- TCPL is a small player in pharma, mostly servicing OTC.

Valuation and View

•**Revenue Growth:** TCPL Packaging's Q2 FY25 saw revenues reach ₹463 crore, a 14% year-on-year increase. The company hopes to increase FY25 revenue at a high double-digit rate.

•**EBITDA and Margins:** Q2 FY25 EBITDA grew by 18%, reaching ₹77 crore, with margins of 17%. Historical data indicates EBITDA margins of around 16% over the last three years, with previous figures around 14-14.5%. Margins are product mix dependent, where flexible packaging has lower margins, but similar return on capital.

•**Capacity Utilization:** Capacity utilization is at approximately 80% plus.

•**Capex:** FY25 capex spending is approximately ₹150 crore.

•**Subsidiary Performance:** Creative Offset is expected to achieve approximately ₹50 crore in revenue for FY25, with hopes to increase at a very high double-digit rate in the coming year.

•**Market Conditions:** Domestic market conditions have been challenging, with weak volume growth in FMCG and related industries.

•**Strategic Initiatives:** TCPL is focused on sustainable growth, expanding capabilities, and capital listing on emerging opportunities. Inno films is viewed as a marketing tool and a positive thing for customers.

•**Risk Factors:** Margins are dependent on raw material pricing and product mix. The electronics industry has seen a lot of swinging up and down in the last two years

Recommendation	: Buy
Buy Above	: Rs 3,680
Target Price	: Rs 4,045
Potential Target	: +10.30%
Holding Period	: 1Month

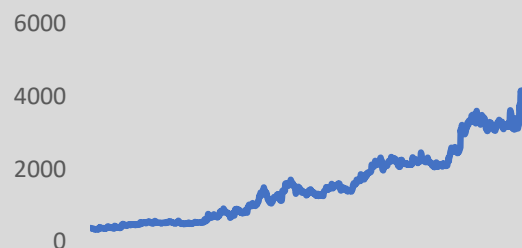
Stock Data (As on Feb 10, 2025)

Nifty 50	: 23,307
52 Week H/L (in Rs)	: 4,320/1,902
Market Cap (in Rs)	: 3,691 Crs
Outstanding Share	: 0.91 Crs
Dividend yield(%)	: 0.54%
Nse Code	: TCPLPACK

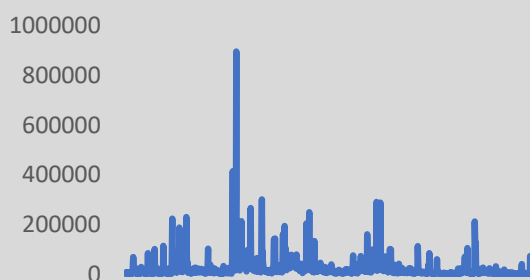
Financial Summary

RS (in mm)	FY23	FY24	FY25E
Net Revenue	1,432	1,486	1,575
EBITDA	236	249	289
EBITDA %	16%	17%	17.5%
Net Profit	118	107	113
EPS	129	117	152

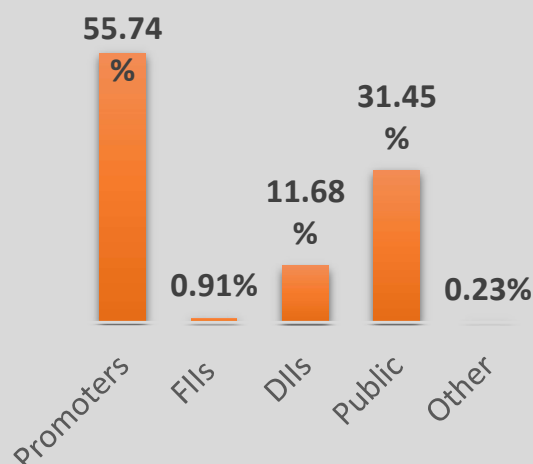
TCPL Packing - Price

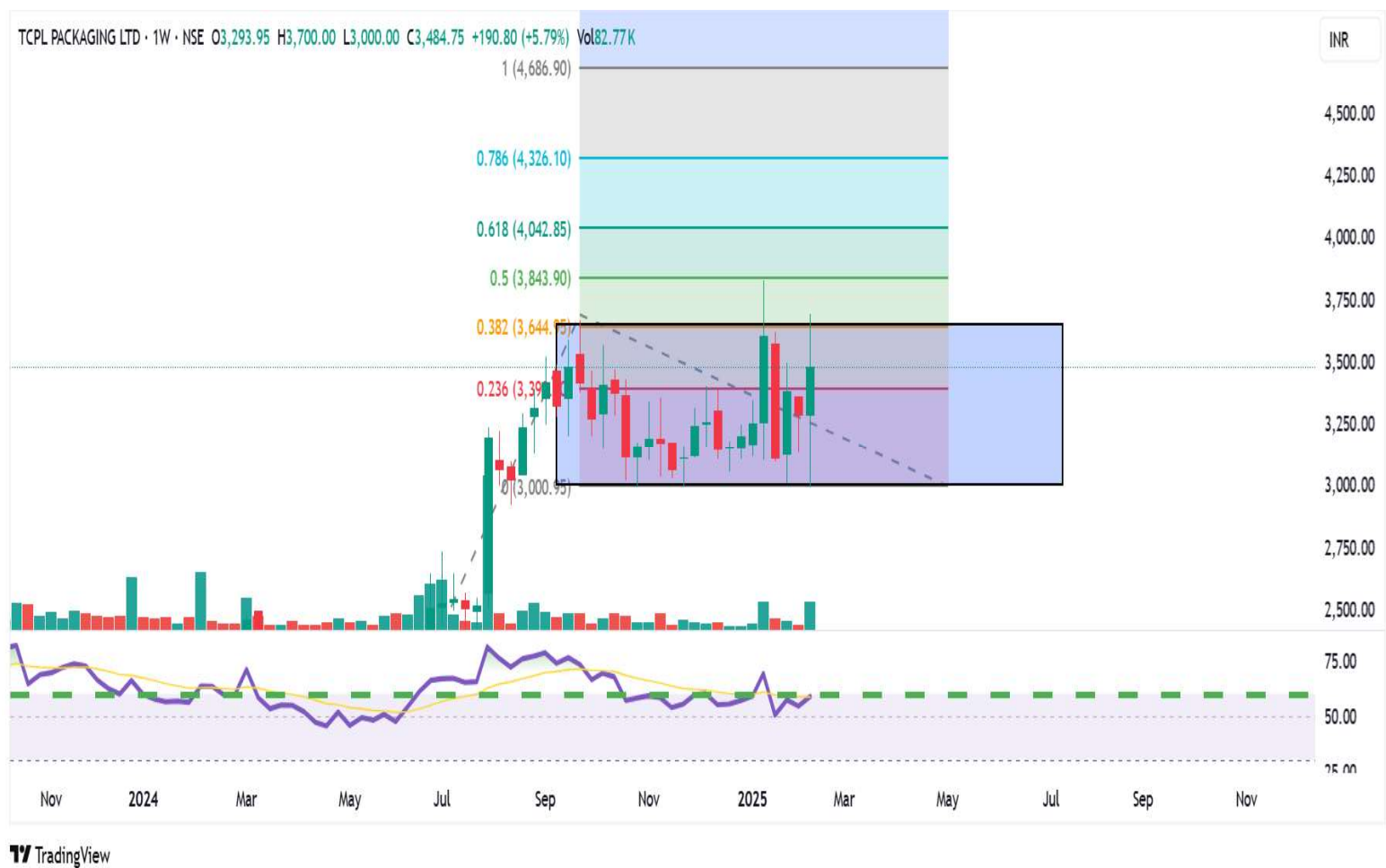


Volume



Shareholding Pattern (Feb 10 2025)





- To strengthen TCPL's presence in the fast-growing food packaging segment with an innovative, value-added product
- TCPL will leverage its large-scale manufacturing capabilities to support Ventit's expansion and meet rising demand from national QSR chains
- This partnership reinforces TCPL's commitment to product innovation and strategic collaborations to drive growth
- First supplies are set to commence soon, marking the start of a long-term growth opportunity in the food delivery packaging space

TCPL PACKAGING LIMITED



Profit & Loss - TCPL PACKAGING LTD

Rs Crs	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	498	593	613	698	816	890	904	1,076	1,432	1,486
% Growth YOY		19%	3%	14%	17%	9%	2%	19%	33%	4%
Expenses	416	492	516	613	711	764	770	920	1,196	1,237
Material Cost (% of Sales)	57%	55%	53%	59%	61%	60%	58%	61%	61%	58%
Power and Fuel	1%	0%	2%	1%	1%	2%	0%	2%	1%	-1%
Other Mfr.Exp	13%	13%	14%	11%	10%	10%	10%	9%	8%	9%
Employee Cost	7%	8%	9%	10%	9%	10%	10%	9%	8%	9%
Selling and Admin Cost	53%	59%	63%	87%	91%	94%	96%	106%	96%	97%
Gross Profit	214	269	287	286	322	357	382	418	559	627
Gross Profit Margin	43%	45%	47%	41%	39%	40%	42%	39%	39%	42%
EBITDA	82	101	97	85	105	126	134	157	236	249
EBITDA Margin	17%	17%	16%	12%	13%	14%	15%	15%	16%	17%
Other Income	-0.17	-0.08	0.57	2.35	1.12	2.11	2.54	2.38	27.26	11.88
Other Income as % of Sale	0%	0%	0%	0%	0%	0%	0%	0%	2%	1%
Deperciation	22	25	29	35	36	48	52	55	61	68
EBIT	61	75	68	50	69	78	82	101	175	181
EBIT Margin	12%	13%	11%	7%	8%	9%	9%	9%	12%	12%
Interest	17	20	22	25	28	37	37	33	44	52
Interest Coverage (Times)	3	4	3	2	2	2	2	3	5	4
Profit Before Tax (PBT)	43	55	46	27	42	42	48	70	158	141
% Growth YOY		28%	-16%	-41%	54%	1%	13%	48%	125%	-11%
PBT Margin	9%	9%	8%	4%	5%	5%	5%	7%	11%	9%
Tax	11	17	14	7	13	6	14	21	41	35
Actual Tax	25%	31%	30%	25%	31%	14%	29%	30%	26%	24%
Net Profit	32	38	32	20	29	37	34	49	118	107
% Growth YOY		19%	-15%	-38%	43%	26%	-8%	46%	139%	-9%
PBT Margin	6%	6%	5%	3%	4%	4%	4%	5%	8%	7%
EPS	37	44	37	22	32	40	37	54	129	117
% Growth YOY		19%	-15%	-40%	43%	26%	-8%	46%	139%	-9%
Price to earning	12	12	17	26	12	4	12	13	11	31
Price	437	524	639	573	368	159	446	722	1,409	3,600
Dividend Payout	16%	17%	17%	17%	17%	10%	20%	18%	15%	19%
Market Cap	380.364	456	556	521	334	145	406	657	1282	3276
Retained Earnings	27	32	27	17	24	33	27	40	99	87

Balance Sheet - TCPL PACKAGING LTD

Rs Crs	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	9	9	9	9	9	9	9	9	9	9
Reserves	105	136	170	207	232	260	292	335	443	531
Borrowings	180	235	303	298	320	356	321	421	459	468
Other Liabilities	103	105	119	123	155	174	218	240	250	275
Total Liabilities	397	485	601	637	716	799	839	1,006	1,161	1,283
Net Block	228	282	365	358	418	452	448	504	496	606
Capital Work in Progress	2	9	4	6	0	1	11	5	44	7
Investments	0	0	0	0	0	0	4	28	47	59
Other Assets	168	194	231	273	298	346	375	468	574	610
Total Assets	397	485	601	637	716	799	839	1,006	1,161	1,283
Working Capital	64	89	112	150	143	172	158	228	325	336
Debtors	82	97	103	132	148	162	177	229	291	342
Inventory	59	67	96	109	124	134	145	174	229	194
Cash & Bank	6	6	11	15	6	16	6	6	5	29
Key Ratio										
Debtor Days	60	60	61	69	66	66	72	78	74	84
Inventory Turnover	9	9	6	6	7	7	6	6	6	8
Net Fixed Aseet Turnover	2.2	2.1	1.7	2.0	2.0	2.0	2.0	2.1	2.9	2.5
Debt/Equity	158%	163%	170%	138%	133%	132%	107%	122%	101%	87%
Return on Equity	28%	26%	18%	9%	12%	14%	11%	14%	26%	20%
Return on Capital Employed	21%	20%	14%	10%	12%	13%	14%	14%	22%	19%
Return on Invested Capital	11%	10%	7%	4%	5%	6%	5%	6%	13%	11%

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Cash Flow Statement - TCPL PACKAGING LTD

Rs Crs	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity (CFO)	69	72	80	48	81	86	115	77	119	225
% Growth YOY		5%	11%	-41%	70%	6%	34%	-34%	55%	90%
Cash from Investing Activity	-61	-86	-112	-33	-69	-72	-46	-138	-101	-157
Cash from Financing Activity	-6	13	32	-15	-11	-16	-67	60	-18	-66
Net Cash Flow	2	-1	0	0	2	-2	3	-1	-1	3
CFO/Sales	14%	12%	13%	7%	10%	10%	13%	7%	8%	15%
CFO/Net Profit	214%	189%	248%	236%	280%	236%	342%	155%	101%	211%
CFO/EBIDTA	84%	72%	83%	56%	78%	68%	86%	49%	50%	90%
Capex	-60	-86	-110	-31	-90	-63	-56	-112	-93	-137
FCFF	129	158	190	79	171	149	171	189	212	362
Average FCFF (3 Year)										217
FCF Growth YOY		23%	20%	-59%	118%	-13%	15%	10%	12%	71%
FCF/Sales	26%	27%	31%	11%	21%	17%	19%	18%	15%	24%
FCF/Net Profit	400%	414%	587%	389%	591%	409%	508%	383%	180%	340%

DCF Valuation- TCPL PACKAGING LTD

INR Crores

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29
Operating Cash Flows	86	115	77	119	225	209	237	265	293	321
% Growth YOY		34%	-34%	55%	90%	-7%	13%	12%	11%	10%
Capital Expenditure	(63)	(56)	(112)	(93)	(137)	(148)	(166)	(185)	(203)	(222)
% Growth YOY		-11%	100%	-17%	47%	8%	13%	11%	10%	9%

Free Cash Flow to Firm	23	59	(35)	26	88	61	71	80	90	99
% Growth YOY		156%	-160%	-173%	242%	-31%	16%	14%	12%	11%

Discount Period						1	2	3	4	5
PV to FCFF						54	71	80	90	99

EBIDTA	126	134	157	236	249	285	319	354	389	424
% Growth YOY		6%	17%	51%	6%	14%	12%	11%	10%	9%
FCFF/EBIDTA	18%	44%	-23%	11%	35%	21%	22%	23%	23%	23%

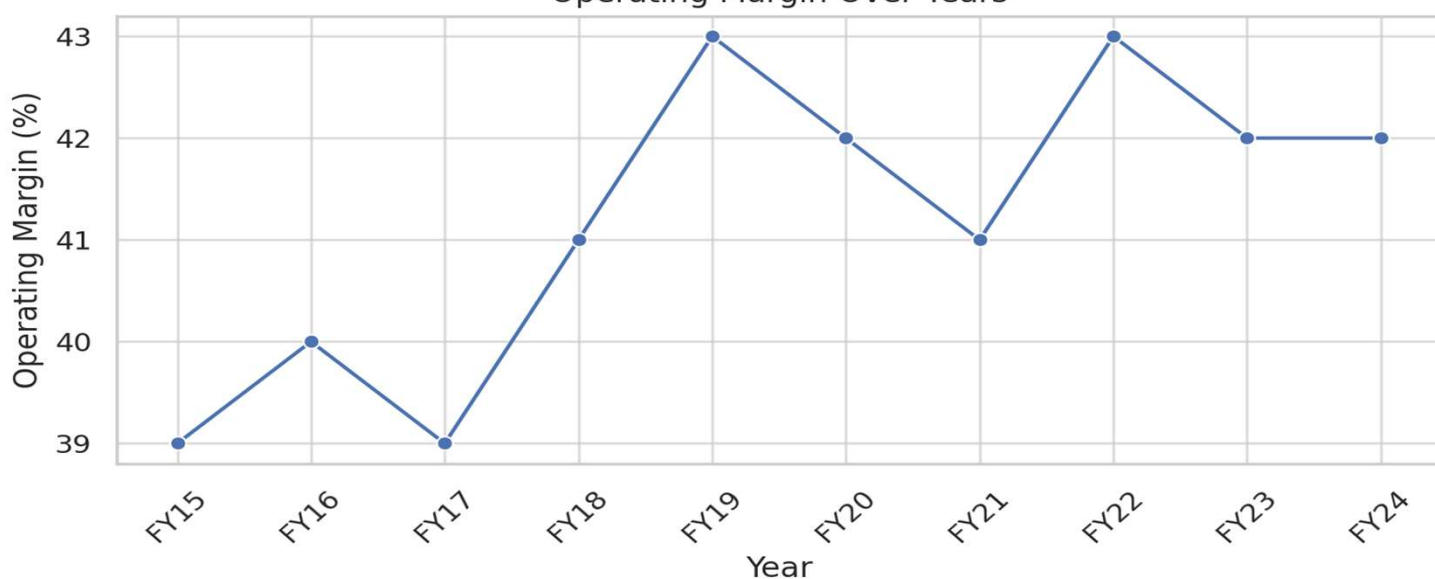
DCF Valuation	
Current Share Price	3680
Exit Multiple	11.2
WACC	12.50%

PV of Cash Flows	394
Terminal Value	4,745
PV of Terminal Value	2,341
Enterprise Value	2,734
Less : Debt	468
Add : Cash	29
Equity Value	2,295
No of Share	0.98
Eq Value/Share	2,340.58
Upside Value	64%

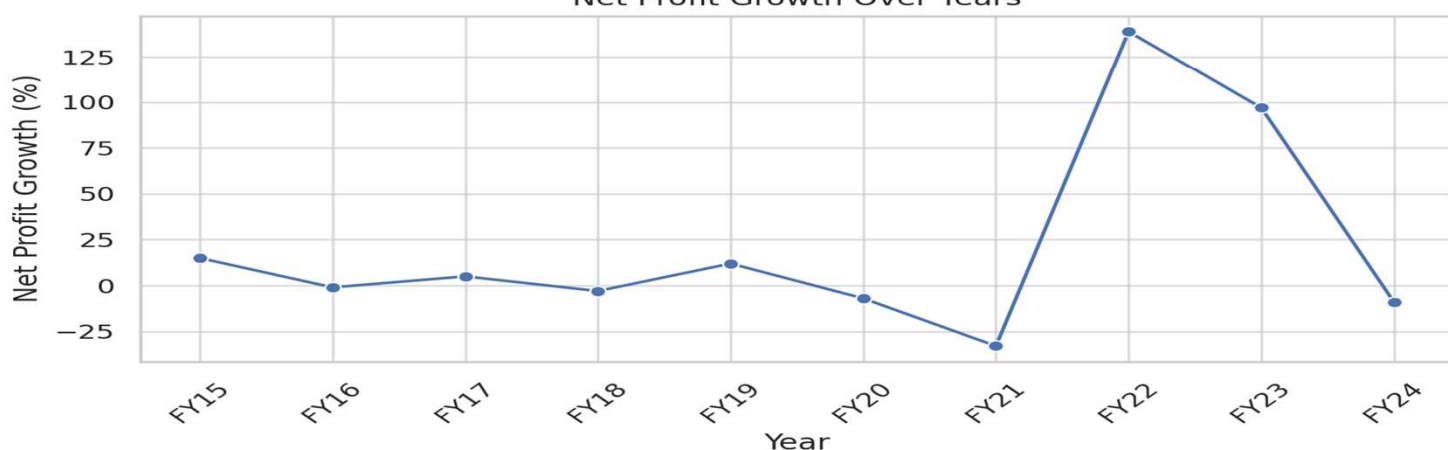
Sales Growth Over Years



Operating Margin Over Years



Net Profit Growth Over Years



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