

**The Hi-tech Gears Limited.**

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs414	Rs298	Rs450	9%	BUY	Rs7.8

**About the Company:**

The Hitech Gears Limited (THGL) is an auto component manufacturer engaged in the business of gears and transmission components. The business segments vary from high technology component manufacturing, to engineering design to leading edge research in the fields of Robotics, Artificial intelligence and machine vision technologies. It is one of the few companies in the world that supply to OEMs manufacturing two wheelers to trucks. It caters to the needs of major two wheelers, commercial vehicles, tractors and off road vehicle manufacturers domestic as well as internationally. The company has manufacturing units located at Manesar Gurgaon and Bhiwadi in Rajasthan.

**Results Declared:**

- The net sales came in at Rs1,367mn as compared to Rs1,194mn in the same quarter last year, growth of 14.5%
- The Ebitda margins grew to 13.5% as compared to 11.7% in the same quarter last year.
- The net profit clocked growth of 60.1% to Rs91mn as compared to Rs57mn in the comparative quarter.
- EPS for the quarter stood at Rs4.87.

**Financials (Standalone):**

Result Update (Q2FY2018)									
Q2FY18 Result (Rs mn)	Sept-17	Sept-16	y-o-y	June-17	q-o-q	FY17	FY16	y-o-y	FY18E (R)
Total Income	1,367	1,194	14.5%	1,220	12.0%	4,495	4,500	(0.1%)	5,465
EBITDA	184	140	31.7%	160	14.9%	542	572	(5.3%)	748
Other Income	36	15	136.1%	31	17.6%	31	23	-	34
Interest	22	6	245.8%	21	2.9%	19	25	-	107
Depreciation	65	63	2.8%	62	3.8%	235	227	3.3%	254
Exceptional item	-	-	-	-	-	-	7	-	-
Tax	42	29	47.4%	36	17.1%	115	124	(7.7%)	150
Net Profit	91	57	60.1%	71	28.4%	204	212	(3.7%)	271

**Valuation:**

The company has reported good set of numbers for the quarter under reference giving us the liberty to revise our projections upwards. We continue with our stance on the Indian auto components industry in the long run and maintain a BUY on the stock with a target of Rs450 for a time frame of 12 months.

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