

## Harita Seating Systems Limited

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs585	Rs266	Rs1150	97%	BUY	Rs4.5

### About the Company:

Harita Seating Systems Ltd (Harita) a TVS Group company provides complete seating solutions for driver and cabin seating for commercial vehicles, tractors and construction equipment as well as passenger seats for buses across all segments and has established itself as a leader in these segments.

### Results Declared:

- The net sales for the quarter under review came in at Rs1,329mn as compared to Rs1,109mn, growth of 19.8%
- The company has taken a hit due to increasing cost of raw materials thus affecting the margins earned.
- EBITDA margins for the quarter under review came in at 4.6% as compared to 7.4% in the same quarter last year
- The net profit came in at Rs37mn when compared to Rs56mn in the corresponding quarter last year.
- EPS for the quarter stood at Rs4.8 as compared to Rs7.2 in the same quarter last year.

### Financials:

Result Update (Q2FY2019)									
Q2FY19 Result (Rs mn)	Sept-18	Sept-17	y-o-y	June-17	q-o-q	H1FY19	H1FY18	y-o-y	FY19E
Total Income	1,329	1,109	19.8%	1,310	1.5%	2,638	2,020	30.6%	5,592
EBITDA	61	82	(26.5%)	53	14.3%	113	144	(21.5%)	453
Other Income	15	11	36.4%	15	-	29	23	26.4%	69
Interest	5	2	150.0%	4	25.0%	9	5	87.5%	20
Depreciation	23	16	43.8%	20	15.0%	43	34	28.6%	91
Exceptional Items	-	-	-	0	-	-	-	-	-
Tax	10	19	(47.4%)	12	(16.7%)	22	34	(35.3%)	95
Net Profit	37	56	(34.4%)	32	15.6%	68	95	(28.2%)	317

\* Note: H1FY18 is adjusted for excise duty

### Outlook and Recommendations:

The turnover of the company has shown an uptick, however like the previous quarter i.e. quarter ending June 2018, the company has once again taken a hit at the margins level due to higher cost of raw materials. One may also notice higher depreciation provided by the company since the last two quarters which is also evident from the CWIP of around Rs222.64mn. We continue to have conviction in the management and their approach and remain positive on the future operations of the company by maintaining our target price of Rs1150 with a horizon of 12 month.

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