

## Hitech Corporation Limited

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs92	Rs175	Rs150	63%	BUY	Rs1.6

### About the Company:

The Hitech Group: The Hitech Group is a diversified Indian conglomerate headquartered in Mumbai. It is a group of many companies under one brand, "Hitech". Hitech Corporation Ltd (formerly known as Hitech Plast Ltd), Hitech Groups largest business, is a leading rigid plastic packaging manufacturer delivering the highest quality of innovative and sustainable products. It has 13 manufacturing facilities in India catering to over 1200 customers across the Paint & Coating, FMCG, Agrochemical, Lubricant & Health Care industries. The manufacturing sites are located in the Union Territory of Dadra and Nagar Haveli and in the states of Gujarat, Maharashtra, Uttarakhand, Himachal Pradesh, Haryana and Tamil Nadu. The competencies of the Research & Development (R&D) centre enable the company to offer a 360-degree service model to the customers with end-to-end customized packaging solutions. The company has Mr. Ashwin Dani as the Chairman and Mr. Malav Dani as the Managing Director.

### Results Declared:

- The total revenue for the quarter grew by 2.4% to Rs1,034mn as compared to Rs1,010mn in the same quarter last year.
- The EBITDA margin for the quarter under review stood at 11% as compared to 9.4% in the comparative quarter last year. This was majorly attributed to drop in the raw material and other operating costs.
- During the quarter, there has been increase in the interest and depreciation taking into consideration the new plant at Vishakhapatnam for manufacturing rigid plastic containers. The construction activity is in progress and the company has spent Rs428.6mn until March 2019. As a result, the net loss for the quarter stood at Rs4mn as against the profit of Rs51mn in the comparative quarter.
- The EPS stands at Rs -0.2.
- For the full year, the company has clocked revenue growth of 16.1% and ended the year with net profit growth of 111.3%.
- The company has recommended dividend of Rs0.90 per equity share with a FV= Rs10 for FY19 subject to approval.

### Financials:

Result Update (Q4&FY2019)								
Q4&FY19 Result (Rs mn)	Mar-19	Mar-18	y-o-y	Dec-18	q-o-q	FY19	FY18	y-o-y
<b>Total Revenue</b>	1034	1010	2.4%	1263	(18.1%)	4619	3977	16.1%
<b>EBITDA</b>	114	95	19.6%	145	(21.7%)	516	371	38.8%
<b>Other Income</b>	1	58	(98.7%)	152	(99.5%)	154	63	142.4%
<b>Interest</b>	56	36	57.6%	55	1.4%	199	139	43.1%
<b>Depreciation</b>	62	44	42.0%	61	1.8%	214	175	22.3%
<b>Tax</b>	(0.04)	23	-	64	-	92	43	114.9%
<b>Net Profit</b>	(4)	51	-	116	-	164	78	111.3%

### Outlook and Recommendations:

Hitech continues with operational efficiency in the quarter under reference led by the cost effective measures adopted by the company. Below the EBITDA, due to the capex being undertaken it has been the interest and depreciation that led to the losses for the quarter. On a full year basis, the company has reported revenue and margins in line with our expectation; but for the profits that were a tad lower. Going forward, we foresee decent growth for the company, but considering the market conditions we tone down the target price from the earlier Rs180 to Rs150 over a 12 month horizon period.

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