

Hitech Corporation Limited.

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs143	Rs175	Rs230	61%	BUY	Rs2.5

About the Company:

Hitech Corporation Ltd. (formerly known as Hitech Plast Ltd), Hitech Group's 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 customised packaging solutions. The company has Mr. Ashwin Dani as the Chairman and Mr. Malav Dani as the Managing Director.

Results declared:

- The net sales for the quarter under reference came in at Rs1,011mn as against Rs949mn, growth of 6.5%.
- The Ebitda margins improved to 9.4% from 7.6% in the comparative quarter.
- The net profit came in at Rs51mn as against Rs17mn, which is mainly due to Other income of Rs56.7mn as the insurance Claims received. If this was not there the results would actually indicate a drop in the profits.
- The EPS for the quarter stands at Rs2.96
- For the full year, the net sales clocked a growth of 5.8% while the margins grew strong at 9.6% as compared to 4.4% in the previous year. The year was closed at Rs78mn profits, lower than Rs94mn in the last year.
- The manufacturing operations of Company's plant at Rohtak (Haryana) were disrupted in February 2016 owing to fire which resulted in extensive damage to properties. The Company has received a sum of Rs567.32lakhs on February 9, 2018 towards the business interruption claim i.e. Loss of Profit and Standing Charges during the indemnity period and the same has been duly reflected in the financials under the head "Other Income".
- The Board of Directors have, subject to approval by shareholders in the ensuing Annual General Meeting, recommended a dividend of Rs0.90 per share (at the rate of 9%), on the equity shares of the Company for the year ended March 31, 2018.

Financials:

Result Update (Q4&FY2018)								
Q4&FY18 Result (Rs mn)	Mar-18	Mar-17	y-o-y	Dec-17	q-o-q	FY18	FY17	y-o-y
Total Income	1011	949	6.5%	910	11.1%	3,885	3,673	5.8%
EBITDA	95	72	32.6%	82	16.8%	372	352	5.6%
Other Income	58	3	-	4	-	63	7	-
Interest	36	25	41.2%	35	1.0%	139	93	50.1%
Depreciation	44	34	30.6%	44	(1.0%)	175	130	34.8%
Tax	23	(2)	-	2	-	43	43	0.8%
Net Profit	51	17	194.8%	4	-	78	94	(16.6%)

Outlook and recommendation:

The company has reported below than expected results for the quarter under reference if seen without the Other Income. There has been an improvement in the operational efficiency of the company. We remain positive on the future performance of the company. We had recommended BUY on the stock with a target of Rs230 and maintain the same.

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