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EQUITY, DERIVATIVES, CURRENCY, COMMODITY, DEPOSITORY, MUTUAL FUNDS, INSURANCE\* & NBFC\*

VOL. 02/03

COMPANY REPORT

28 April 2018

## Hindustan Tin Works

Price: Rs 97

Shining again

BSE Sensex: 34,970

Nifty-50: 10,692

### Financials

	SALES	OPM (%)	OP	OTHER INC.	PBDT	INTEREST	PBDT	DEP.	PBT	EO	PBT AFTER EO	TOTAL TAX	PAT	EPS* (Rs)
1503 (12)	317.68	8.2	26.15	4.79	30.94	10.45	20.49	7.29	13.2	0	13.2	4.64	8.56	8.2
1603 (12)	297.95	8.1	24.28	2.75	27.03	9.48	17.54	7.86	9.69	9.17	18.86	4.84	14.02	6.9
1703 (12)	267.35	8.9	23.93	3.47	27.4	8.96	18.43	7.96	10.47	0	10.47	3.35	7.13	6.9
1803 (12P) &	299.55	9	26.96	3.31	30.27	9.37	20.91	8.02	12.88	2.63	15.51	5.56	9.95	7.9
1903 (P) &	336.81	9	30.31	3.64	33.96	10.21	23.75	8.66	15.08	0	15.08	5.13	9.96	9.6

\* Annualised on current equity of Rs 10.40 crore: Face value of Rs 10 each. EO: Extraordinary items (P): Projections. EPS is adjusted after EO and relevant tax.

&: As per new accounting standards. Figures in crore,

Source: Capitaline Databases

### STOCK DATA

BSE Code	:	530315
BSE Group	:	X
NSE Code	:	Not Listed
Bloomberg	:	HTW IN
Reuters	:	HTWK.BO
Par Value	:	Rs 10
52-week High/Low	:	Rs 117 / Rs 57
Sector	:	Packaging

Hindustan Tin Works is one of the leading manufacturers and exporters of high performance cans, printed sheets, and related components to consumer marketing companies in India and abroad.

A renowned name in metal packaging industry

With more than 700 employees and yearly production capacity of 260 million units, Hindustan Tin Works is a renowned name in metal packaging industry seamlessly integrating global breadth with regional expertise.

Its state of the art manufacturing unit equipped with the latest technology and ultra-sophisticated machines operated by highly trained experts has made it a leader in metal packaging industry.

HTW's fully integrated and automated manufacturing facility is supported by high-speed automatic printing and lacquering machines. The manufacturing facility in Murthal spreads over 10 acres (40K Sq. Mt) and houses state of the art machines imported from countries like UK, Germany, USA, Taiwan, Italy, Switzerland etc. Its fully automated printing and coating facility has highly sophisticated UV printing lines along with the conventional lines. This modern and well equipped printing division enables to print top quality sheets with the quickest turn-around-times.

HTW's unmatched expertise, high emphasis on innovation, export excellence, environment friendly technology and continuous endeavour to enable clients to supply products in cans conforming to the highest standards of safety and sustainability has won several national and international awards.

The company has won awards from Tinplate Promotion Council (TPC) in the following categories:

- Shaped can" Protinex'

### SHAREHOLDING PATTERN\*

Category	% of equity
Foreign	-
Promoter & Group	40.46
Institution	9.83
Corporate Holding	-
Total Public & Others	49.71
Total	100

\* as on 31/12/2017.

Source: Capitaline Database

- Largest exporter of printed sheets
- Largest exporters of components

Largest exporters of overall products. Hindustan Tin has also received Star Exporter award by the Government of India.

It also has been six times the proud recipients of the prestigious Export Excellence Award conferred by Engineering Export Promotional Council. HTW has also won several international like Cannex and Asia Cantech awards in recognition of its capabilities and environmentally friendly products.

#### Supplies diverse range of cans to multiple industries across many countries

Building growth through innovative packaging solutions and close partnerships and long lasting relationships with customers, HTW supplies diverse range of aerosol cans, food cans, beverage cans, baby food cans and can components to a wide variety of foods, beverages, baby food, health, beauty and luxury companies in more than 30 countries in Africa, Australia, Europe, Middle East, New Zealand, USA, and parts of South East Asia.

#### Marquee list of clients

The company boasts of marquee clients like Asian Paints, Amul, Bikanerwala, Cadubrys, DS Group, Del Monte, Danone India, Godrej Consumer products, Haldiram, Nestle India Ltd, Patanjali, Reckitt Benckiser, and many more.

Some of the representative brands which uses its products in the food and non- food industry are Apcolite, Asian Paints, Britannia Fruit and Nut, Cherry Blossom Shoe Polish, Farex, Lactogen, Protinex, Tata Coffee etc. Beverage Industry brands are Coca Cola, Haywards 5000, Kingfisher Strong and Premium, Pepsi, Royal Challenge and many more.

#### Strong R&D has led to many innovations

As a leader Hindustan Tin Works has had a long tradition of identifying the newest opportunities and doing things differently.

This has been the primary driver behind its sustained success as constant emphasis on innovation and the ability to develop new ideas and bring in game changing products at regular intervals has constantly allowed it to meet and exceed the expectations of its domestic and international clients.

At the heart of its quality products, improved models of business, superior manufacturing facilities and efficient production processes is its R&D culture that lays special emphasis on developing products that proudly bears the hallmark of it's the company's inimitable quality.

A vibrant R&D culture that is innovative, agile, transformational and strategic has allowed the company to introduce many firsts including—shaped cans, slip lid cans, metal over cap with dimples for Pan Masala, re-closable cans and decorative and high utility storage jars with and without see through window. Its R&D fosters creativity that positively helps it in developing truly innovative products for making a marked difference in quality of consumer's lives.

#### December quarter results – sales jump 34% and PBT soars 186%

For the quarter ended December 2017, it registered 34% jump in sales to Rs 77.566 crore. OPM improved 260 basis points to 11.8% which saw OP jump 72% to Rs 9.17 crore.

Other income grew 4% to Rs 95 lakh and interest cost rose 8% to Rs 2.38 crore.. As depreciation fell 1% to Rs 2.01 crore, PBT grew 186% to Rs 5.73 crore.

EO gains were Rs 2.63 crore against NIL. Thus PBT after EO jumped 317% to Rs 8.36 crore. As provision for tax grew 382% to Rs 3.20 crore, net profit shot up 285% to Rs 5.16 crore.

#### Nine month results – sales grows 12% and PBT improves 26%

For the nine months ended December 2017, it registered 12% rise in sales to Rs 236.76 crore. OPM stayed at 9.4% which saw OP jump 13% to Rs 22.35 crore.

Other income grew 4% to Rs 2.06 crore and interest cost rose 4% to Rs 7.25 crore.. As depreciation stagnated at Rs 5.92 crore, PBT grew 26% to Rs 11.25 crore.

EO gains were Rs 2.63 crore against NIL. Thus PBT after EO jumped 55% to Rs 13.87 crore. As provision for tax grew 66% to Rs 5.31 crore, net profit shot up 49% to Rs 8.56 crore.

#### Segment results

For the quarter, sales of from the Manufacturing Division stood at Rs 61.07 crore and accounted for 75% of total. PBIT from the same soared 101% to Rs 6.50 crore and accounted for 61% of total.

For the quarter, sales from the Trading Division stood at Rs 16.49 crore and accounted for 20% of total. PBIT from the same grew from Rs 6 lakh to Rs 66 lakh and accounted for 6% of total.

For the quarter, sales from unallocated stood at Rs 3.57 crore and accounted for 4% of total. PBIT from the same jumped from Rs 91 lakh to Rs 3.57 crore and accounted for 33% of total.

For the nine months, sales of from the Manufacturing Division stood at Rs 199.18 crore and accounted for 81% of total. PBIT from the same grew 13% to Rs 15.12 crore and accounted for 72% of total.

For the nine months, sales from the Trading Division stood at Rs 42.96 crore and accounted for 17% of total. PBIT from the same grew from Rs 58 lakh to Rs 1.31 crore and accounted for 6% of total.

For the nine months, sales from unallocated stood at Rs 4.69 crore and accounted for 2% of total. PBIT from the same jumped 136% to Rs 4.69 crore and accounted for 22% of total.

#### Outlook

Metal can packaging caters to a wide range of food, beverage and non-food products in India where the integrity, durability, shelf life and visual appeal take priority over other functional and economic factors determining the choice of packaging.

The company had been mainly focusing on food products and now gradually expanding its base in non-food sector also. In addition, the company is also developing new innovative products for domestic and global market.

The management is confident that the outlook of the company is progressive. The management of the company is engaged in the task of reducing overheads and other costs. It also hopes to further consolidate its position as leader in metal packaging segment.

#### Valuation

For FY'18, we expect the company to register sales and PAT of Rs 299.55 crore and Rs 9.95 crore respectively. On an equity of Rs 10.40 crore and face value of Rs 10 per share, EPS work out to Rs 7.9. This EPS is likely to rise to Rs 9.6 in FY19. At current market price of Rs 97, the scrip trades at 10.3 times expected FY19 earnings.

As at March 2017 end, the company's book value was Rs 123. At the current price of Rs 97, the scrip is available at 20% discount to its book value. At current price its enterprise value (Market cap plus net debt) is only 0.67 times its FY 17 net sales.

#### Hindustan Tin Works: Results

	1712 (3) &	1612 (3) &	VAR. (%)	1712 (9) &	1612 (9) &	VAR. (%)	1703 (12)	1603 (12)	VAR. (%)
Sales	77.56	57.98	34	236.76	211.29	12	267.35	297.95	-10
OPM (%)	11.8	9.2		9.4	9.4		8.9	8.1	
OP	9.17	5.33	72	22.35	19.86	13	23.93	24.28	-1
Other inc.	0.95	0.91	4	2.06	1.99	4	3.47	2.75	26
PBIDT	10.12	6.24	62	24.42	21.84	12	27.40	27.03	1
Interest	2.38	2.20	8	7.25	6.98	4	8.96	9.48	-5
PBDT	7.74	4.04	92	17.17	14.86	16	18.43	17.54	5
Dep.	2.01	2.04	-1	5.92	5.92	0	7.96	7.86	1
PBT	5.73	2.00	186	11.25	8.93	26	10.47	9.69	8
EO	2.63	0.00	—	2.63	0.00	—	0.00	9.17	—
PBT after EO	8.36	2.00	317	13.87	8.93	55	10.47	18.86	-44
Total Tax	3.20	0.66	382	5.31	3.21	66	3.35	4.84	-31
PAT	5.16	1.34	285	8.56	5.73	49	7.13	14.02	-49
EPS (Rs) *	13.6	5.2		8.9	7.3		6.9	6.9	

\* Annualised on current equity of Rs 10.40 crore: Face value of Rs 10 each. EO: Extraordinary items (P): Projections. EPS is adjusted after EO and relevant tax. &: As per new accounting standards. Figures in crore,  
Source: Capitaline Databases

### Hindustan Tin Works: Segment Results

SEGMENTS	1712 (3) &	1612 (3) &	VAR. (%)	% TO TOTAL	1712(12) &	1612 (12) &	VAR. (%)	% TO TOTAL
<b>Sales</b>								
Manufacturing	61.07	52.92	15	75	199.18	190.11	5	81
Trading	16.49	10.92	51	20	42.96	40.52	6	17
Unallocated	3.57	0.91	294	4	4.69	1.99	136	2
<b>TOTAL</b>	<b>81.13</b>	<b>64.75</b>	<b>25</b>	<b>100</b>	<b>246.82</b>	<b>232.62</b>	<b>6</b>	<b>100</b>
Less: intersegment sales								
Add: Unallocable sales								
<b>Net Sales</b>	<b>81.13</b>	<b>64.75</b>			<b>246.82</b>	<b>232.62</b>		
<b>PBIT</b>								
Manufacturing	6.50	3.24	101	61	15.12	13.35	13	72
Trading	0.66	0.06	1094	6	1.31	0.58	124	6
Unallocated	3.57	0.91	294	33	4.69	1.99	136	22
<b>TOTAL</b>	<b>10.73</b>	<b>4.20</b>	<b>156</b>	<b>100</b>	<b>21.12</b>	<b>15.92</b>	<b>33</b>	<b>100</b>
Less: Interest	2.38	2.20			7.25	6.98		
Less unallocable expenditure net of inc.	0.00	0.00			0.00	0.00		
<b>PBT</b>	<b>8.36</b>	<b>2.00</b>	<b>317</b>		<b>13.87</b>	<b>8.93</b>	<b>55</b>	
&: As per new accounting standards. Figures in crore, ^Latest sales figures are net of GST and previous are gross of excise and hence not comparable. Source: Capitaline Databases								