

Hind Rectifiers Limited

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs109	Rs69	Rs175	60%	BUY	Rs1.8

About the Company:

Hind Rectifiers Limited, also known as HIRECT is a pioneer in the field of semiconductors and traction inverters. It specializes in the designing, manufacturing and marketing of several types of rectifiers, transformers, inverters, converters and semiconductor as devices that are primarily for Railways and industrial applications. The company has four manufacturing plants across Mumbai, Nasik and two in Dehradun. The business of the company can be broadly classified into three divisions namely equipment, semiconductors and railway transportation. About 70% of the revenues come from Railways, while the remaining comes from Power and various electrostatic precipitators.

Results Declared:

- The net sales for the quarter came in at Rs685mn as compared to Rs292mn in the same quarter last year, indicating a 135.1% growth.
- Ebitda margins stood at 10.1% for the quarter.
- The net profit came in at Rs32mn as compared to Rs7mn in the comparative quarter.
- The exceptional items for the quarter include profit on sale of Unit II of Dehradun plant of Rs99.25lacs and loss on insurance claim of Rs51.66lacs
- EPS for the quarter stood at Rs1.9

Financials:

Result Update (Q3FY2019)									
Q3FY19 Result (Rs mn)	Dec-18	Dec-17	y-o-y	Sept-18	q-o-q	9MFY19	9MFY18	y-o-y	FY19E
Total Income	685	292	135.1%	594	15.4%	1,712	727	135.4%	2,115
EBITDA	69	27	151.5%	55	24.9%	166	32	422.6%	201
Other Income	0.6	1	20.8%	-	62.4%	2	2	(15.9%)	3
Interest	19	16	15.1%	16	18.2%	51	37	37.2%	68
Depreciation	7	5	31.2%	7	2.1%	21	15	33.2%	27
Exceptional Items	5	-	-	-	-	5	-	-	5
Tax	17	-	-	10	80.2%	32	-	-	22
Net Profit	32	7	378.6%	24	34.1%	68	(19)	-	92

Outlook and Recommendations:

Yet another quarter for the company with strong operational performance reported in the quarter under review. With the strong order backlog and the growth momentum remaining intact; the company has been reporting good set of numbers. With further demand to pick up from the Indian Railways, the company is well poised to reap the benefits in times to come. We continue with our Buy recommendation on the stock with a target price of Rs175 over a 12 months perspective.

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