

Hind Rectifiers Limited.

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs117	Rs69	Rs175	50%	BUY	Rs1.9

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 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 equipments, 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 reported a drop of 16% to Rs240mn as compared to Rs286mn in the same quarter last year.
- The Ebidta margins have improved to 3.7% for the quarter under reference as against 2.3% in same quarter last year.
- There is a loss of Rs7.63mn reported as compared to loss of Rs9.8mn in the comparative quarter.
- On the segmental front, for the quarter, the electronic component segment de-grew by 26% in the quarter under review. The equipment's segment de-grew by 22% during the quarter under review.

Financials:

Result Update (Q2FY2018)									
Q2FY18 Result (Rs mn)	Sept-17	Sept-16	y-o-y	June-17	q-o-q	FY16	FY17	y-o-y	FY18E
Total Income	240	286	(16.0%)	181	32.6%	939	1,113	18.5%	1,250
EBITDA	9	7	30.5%	(4)	-	21	48	133.2%	69
Other Income	1	1	(8.5%)	2	(19.3%)	6	6	-	6
Interest	12	13	(5.6%)	11	8.8%	33	50	53.9%	46
Depreciation	5	5	-	5	-	16	20	26.8%	21
Exceptional item	-	-	-	-	-	-	(78)	-	-
Tax	-	-	-	-	-	(7)	(26)	267.5%	-
Net Profit	(8)	(10)	22.1%	(18)	58.6%	(15)	(69)	360.2%	8

Outlook and recommendation:

The company has successfully completed the right issue and with infusion of Rs120mn, there would be positive impact on interest burden from fourth quarter of FY18 onwards. Further there has been improvement seen at the operational level with the company reporting decent Ebidta margins. This gives an indication of better numbers going forward. We had recommended BUY on the stock with a revised target of Rs175 and maintain the same.

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