Sector: Industrial Products | RESULT REVIEW Q1FY27 | Declared On: 11 Aug 2026

# Hirect Limited

| RECOMMENDATION SNAPSHOT | | | | |
|---|---|---|---|---|
| *CMP | MCap (Rsbn) | Recommendation | Target | Potential Upside |
| Rs1225 | 42.1 | Hold | Rs1350 | 10% |

*as on 11th Aug, 2026*

## About the Company:

Hirect Ltd (formerly known as Hind Rectifiers Ltd) was established in 1958 in collaboration with Westinghouse Brake & Signal Co., UK. Over the past 6.5 decades, the company has grown into a leading player in the engineering and manufacturing sectors. It is acclaimed for its commitment to quality and innovation in delivering reliable solutions for both industrial and transportation applications. it is widely recognized for its expertise in the design and manufacture of a broad range of power electronics equipment, including power converters, control electronics, transformers, rectifiers, inverters, motors, and HVAC systems. These products cater to diverse sectors such as Railways, Defence, and various industrial domains including Power, Hydrogen, Steel, Cement, Chemicals, and Paper. Its products are exported to more than 30 countries, supported by offices in India, Sweden, and the UAE.

## Results: Quick Glance:

- The consolidated net sales for the quarter grew by 20.3% to Rs2,584mn as compared to Rs2,148mn in Q1FY26
- The Ebitda margins for the quarter under review stood at 5.1% as against 11.3% in Q1FY26
- The company reported net profit of Rs65mn as compared to Rs128mn in the same quarter last year
- The EPS for the quarter under review stood at Rs1.71 as against Rs3.72 in Q1FY26

## Conference Call Highlights:

- The company has commenced FY27 with healthy underlying business momentum, reflecting continued strength across its core operations. The ongoing integration and scale-up of Elventive France has resulted in higher employee and operating expenses, along with an increase in other operating costs, impacting the consolidated margins during the quarter. The acquisition enhances capabilities in EMS, robotics, & printed electronics, while expanding access to high-value sectors including defence, aerospace, and industrial electronics
- In terms of **opportunities** in the **Railway** sector; Rs2.93lk-cr allocation is done through the budget; leading to sustained demand for advanced power electronics, propulsion/transformers/motors/converters etc. The funding is targeted at new lines, gauge conversion, traffic facilities, rolling stock, and the KAVACH railway safety system. Hirect has evolved from a component supplier to a vertically integrated system level solution provider for rail and power supply industries
- **Product wise** revenue mix for Q1FY27 stood at Railway transformers: 65.8%, Railway Electro mechanical: 14.4%, Railway Electronics: 13.1%, Industrial Products: 2.2%, Spares & Services: 4.4%, Trainsets: 0.1%. The product wise orderbook mix as of July 2026 stood at Railway transformers: 35.5%, Railway Electro mechanical: 9.0%, Railway Electronics: 23.3%, Industrial Products: 1.6%, Spares & Services: 16.7% and Trainsets: 13.9%
- The **order book** stands at Rs7,398mn as of July 2026, providing strong revenue visibility, supported by railway sector expansion and favourable government initiatives. It is flattish for the quarter with certain delays led by geopolitical situation, but being in the lead as key bidder, the orders are expected to come in Q2. The order book remains anchored by the core Railway Transformer business, while Railway Electronics and Railway Electromechanical products together account for a meaningful share, reflecting the increasing depth of technology-led railway portfolio
- **Recent developments:** (i) The company has secured its first development order for Vande Metro (Namo Bharat) trainset from Rail Coach Factory (RCF), Kapurthala, marking a significant milestone in the company's expansion into advanced railway technologies for next-generation rolling stock. The order, valued at approx. Rs600mn, involves the design, development, manufacture, supply, installation, testing and commissioning of an IGBT-based 3-phase propulsion system, traction transformers, traction motors, TCMS (Train Control and Management System) and other equipment. This order includes a comprehensive annual maintenance contract for the entire system. The order is expected to be executed over a period of 21 months, (ii) The company has received first order to **supply propulsion systems** for Mainline Electric Multiple Unit (MEMU) trainsets from the Modern Coach Factory (MCF), a production unit of Indian Railways, in a contract valued at about Rs600mn. The order, which involves supplying complete propulsion systems for four MEMU trainsets, is scheduled to be executed within 24 months. It marks the power and railway equipment maker's entry into the MEMU trainset propulsion segment, (iii) The company has secured its first-ever export order from the US for **traction motor assemblies**. This order, slated for execution in FY27E, establishes a critical foothold in North America as the company pursues aggressive international expansion, (iv) It has also secured an order from the US for **IGBT Converters** for the mining industry. The order marks the company's entry into the mining segment, where power electronics are required to operate in demanding environments with stringent requirements for robustness, reliability and uninterrupted performance

## Conference Call Highlights (contd.):

- The US orders are **protypes** and if approved, these would lead to larger orders for the company going forward. The content opportunity for Hirect has increased to Rs55mn for locomotives and with the entry into trainset it has expanded to Rs150mn for MEMU train set and Vande metro at Rs600mn per trainset. The **addressable content** per platform increases by 3-12x
- Hirect has successfully operationalized the specialised **copper conductor facility** at Sinnar with ~350TPM capacity strengthening backward integration for traction transformers, improving supply reliability and cost efficiencies, while creating new opportunities in transformer and export markets. It is an important measure towards cost efficiency (helped save 2% on the material cost in Q1), helping improve control on input costs as for FY27E it would be for internal consumption and is simultaneously establishing credentials for external orders in the power sector
- The ongoing **integration** and scale-up in the subsidiary **Elventive France** has resulted in higher employee and operating expenses, along with an increase in other operating costs, impacting consolidated margins during the quarter; but is expected that the near-term margin pressure would continue over the next 3-5 quarters as Elventive progresses towards breakeven, following which margins are expected to improve gradually as the business scales
- With regard to the **propulsion** systems, the field trials are progressing well with 9000-10,000km covered. There have been delays experienced in the program, with the latest due to floods in Gujarat; but trials are expected to be completed in the next few months. As per the UVAM guideline, Hirect qualifies as an approved developer source eligible to bid for 20% of the tendered quantities
- The company has been **working on diversification** (new domains of defence and aerospace) as well as backward integration (CTC). It is working on some signaling projects and also couple of prototype orders from HAL and DRDO
- The **new avenues of growth** include products adaptable for AI/data centres/power management in renewables; Hirect is working on the same
- **Financials**: (i) R&D pipeline has ~50 products under development and the Management remains confident of sustainable growth given industry tailwinds and a healthy opportunity pipeline. The headcount is around 200, (ii) the company has reiterated the target of revenue growth of 30% on CAGR basis through its existing business, keeping its target of USD1bn in consolidated revenues by FY31E intact, (iii) the company has been strengthening its manufacturing sites to complete its engineering capabilities. The Satpur facility capacity has been enhanced by 20% leading to increasing capability to manufacture 75 transformers per month from the current 60; well on track to cater to the growing demand. The Sinnar plant also has a flexible layout across different offerings

## Financials:

| Performance (Q1FY27) | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Q1FY27 Result (Rs mn)** | **Jun-26** | **Jun-25** | **y-o-y** | **Mar-26** | **q-o-q** | **FY26** | **FY27E** |
| **Total Revenue** | 2584 | 2148 | 20.3% | 2798 | (7.6%) | 9991 | 11761 |
| **EBITDA** | 132 | 242 | (45.5%) | 84 | 56.9% | 841 | 717 |
| **Other Income** | 43 | 2 | - | 11 | - | 16 | 17 |
| **Interest** | 47 | 36 | 30.7% | 41 | 15.9% | 160 | 197 |
| **Depreciation** | 47 | 27 | 72.6% | 39 | 22.1% | 138 | 190 |
| **Exceptional Items** | 35 | 0 | - | (7) | - | (20) | 35 |
| **Tax** | 51 | 53 | (4.0%) | 24 | - | 153 | 92 |
| **Net Profit** | **65** | **128** | **(49.1%)** | **(16)** | - | **386** | **290** |

## Outlook and Recommendations:

The consolidated revenues reported growth of 20.3% y-o-y reflecting healthy underlying business momentum. The margins came in at 5.11% for the quarter impacted by higher employee and other operating costs following the consolidation and scale-up of Elventive France (reported a net loss after tax of Rs85.91mn for the quarter). The near-term pressure on consolidated margins is expected to remain as Elventive moves towards breakeven; accordingly, consolidated Ebitda is expected to remain moderated over the next 3-5 quarters, followed by gradual improvement as the entity reaches a breakeven stage. The PAT came in lower by 49% to Rs65mn in Q1FY27; which was boosted by the exceptional gain of Rs35.28mn; barring which the PAT drop would have been even higher (76.7% y-o-y). However, q-o-q there has been a turnaround from a loss of Rs16mn in Q4FY26. On the standalone business, revenues reported growth of 10.1% y-o-y while PAT grew by 17.8% y-o-y. The company has started reporting segmental performance with CTCI PICC/ EPICC (high growth industrial copper conductor segment) reporting revenues of Rs395mn. Engineering products clocked growth of 9.4% while EMS revenues came in at Rs220.56mn. Growth is chalked through adjacent verticals of defence, mining, power management besides Railways through selective and organic moves. Part of the long-term vision, the company is undertaking **rebranding** of the company, with rectifiers as a contributor to revenues being marginal; hence rebranded as **HIRECT**.

Q1FY27 was particularly important from a strategic perspective, as the company made meaningful progress in its evolution from a component supplier to an integrated systems and solutions company. The recent entry into next-generation trainsets through **first MEMU development order** from Modern Coach Factory and **first Vande Metro** development order from Rail Coach Factory marks an important milestone in this journey. These programmes bring together multiple technologies across propulsion systems, traction transformers, power electronics and other equipment, enabling HIRECT to address a larger share of the value chain and create a stronger platform for larger system-level opportunities. Hirect also made encouraging progress in international expansion during the quarter. The first US order for traction motor assemblies' marks initial entry into the US market, while the order for IGBT converters for the US mining industry demonstrates the broader applicability of power electronics capabilities beyond railways. Alongside the investment in Elventive; these developments strengthen the ambition to build HIRECT into a global engineering and power electronics company, with opportunities across international and adjacent industrial markets. From being a semiconductor manufacturer, the company has **evolved** as a systems and solutions provider for Indian Railways and industrial sectors. The company has been benefiting from growing the IR network and government infrastructure investments; India aims for net zero carbon emissions in rail by 2025-2030. The company has strengthened its **core capabilities** through backward integration in copper conductors. It has commenced commercial production of **highly specialised copper conductors** through a manufacturing line at the Sinnar plant. The **order book** stands at Rs7,398mn as of July 2026, providing strong revenue visibility, supported by railway sector expansion and favourable government initiatives. Although order intake during Q1 has been flattish; as delays have been witnessed owing to the global geopolitical situations; however, being in the L1/L2/L3 kind of positioning these are expected to flow in the current quarter. Despite the near-term investments, Hirect remains focused on building capabilities, driving efficiencies and creating a stronger platform for sustainable long-term growth. The company has continued strengthening its position in next generation railway propulsion systems, while expanding its presence across international markets and adjacent industrial applications. The focus remains on strengthening the core railway franchise while increasing participation in higher-value products and systems, scaling technology-led businesses, and expanding into international and adjacent industrial markets. There have been shortages witnessed in electronic segment components; which the company has dealt with earlier as well and thereby confident to sail through if any impacts the operations going forward. With the company working for the next leg of growth, the current triggers are well factored in the valuations. We have achieved our earlier target of Rs1200 and maintain Hold for a revised target of Rs1350.

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