

## Hind Rectifiers Limited

COMPANY SNAPSHOT					
*CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs168	Rs69	Rs200	19%	BUY	2.8

\*as on 11th June, 2021

### 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's, 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 de-grew by 3% to Rs756mn as compared to Rs779mn in the same quarter last year
- The EBITDA margins for the quarter under review stood at 5.5% as compared to 7.4% in the corresponding quarter last year
- The company reported drop of 58.8% in net profit to Rs9mn as against Rs21mn in the same quarter last year
- The EPS stands at Rs0.5 as compared to Rs1.2 in the same period last year
- The Board of Directors have recommended a dividend of Rs0.40 per equity share of Rs2 each

### Financials:

Result Update (Q4&FY21)								
Q4&FY21 Result (Rs mn)	Mar-21	Mar-20	y-o-y	Dec-20	q-o-q	FY21	FY20	y-o-y
Total Revenue	756	779	(3.0%)	810	(6.7%)	3051	2996	1.8%
EBITDA	42	58	(27.8%)	49	(13.9%)	195	371	(47.4%)
Other Income	1.0	2.3	(58.4%)	0.4	-	3.6	4.8	(25.8%)
Interest	21	19	7.8%	23	(7.3%)	87	73	19.1%
Depreciation	10.5	11.4	(8.2%)	9.6	9.4%	38.3	40.7	(6.1%)
Exceptional Items	-	-	-	-	-	-	-	-
Tax	3	9	(67.9%)	4	(34.1%)	20	78	(73.8%)
Net Profit	9	21	(58.8%)	13	(31.8%)	53	185	(71.1%)

### Outlook and Recommendations:

Pandemic lockdowns and disruptions have impacted the working of the company seen through the FY21 reporting. There was a slowdown witnessed in the demand for the products of the company which however was a temporary blip. Overall, the Railway sector did get impacted with regard to demand for products, capex plans as well as funding and allocation from the government. This has led to the tepid numbers from the company which depends on the sector to a great extent. Going forward as things start unwinding towards normalcy, the demand should also get the company back on track gradually. Although the business focus remains intact, there is uncertainty hovering around manufacturing pick up and we thereby maintain a cautious view on the company with a target of Rs200 over a 12 month horizon.

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Registered Office Address:  
Progressive Share Brokers Pvt. Ltd.,  
122-124, Laxmi Plaza, Laxmi Indl Estate,  
New Link Rd, Andheri West,  
Mumbai-400053;  
www.progressiveshares.com  
Contact No.:022-40777500.

Compliance Officer:  
Mr. Shyam Agrawal,  
Email Id: compliance@progressiveshares.com,  
Contact No.:022-40777500.