

WEALTH WEEKLY

Weekly Alerts You Can Use!

Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	18105	17774	18493	18261	17231	17801-18461	Sell only below 17801. Targets at 17501/17251/16931. Stop at 18351.
BANK NIFTY	42986	41569	44001	42427	38121	41651-43951	Sell only below 42601. Targets at 40771/40351/39675. Stop at 43101.

Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
HBL POWER SYSTEMS	106	73	121	104	91	Positive	HBL Power Systems is India's leading research based engineering company engaged in the manufacturing of different types of batteries, power electronics and spun concrete products. Its batteries include lead acid batteries, nickel-cadmium batteries and specialized defense batteries. The management commentary is quite positive as they expect overall business to continue to transform in favour of better-margin portfolios. Technically, the stock is signalling a massive breakout on the daily charts. Simply buy at CMP, and on dips between 80-85 zone, targeting 121/137.50 mark and then aggressive targets at psychological 150 mark. Stop below 73. Holding Period: 5-8 Months.

CMP	106
Target Price	121
52 Week H/L	121.75/56.20
P/E	29.77
EPS	3.55
P/BV	3.38
Book Value	31.23
Market Cap (in ₹ crores)	2,929

Daily Chart of HBL POWER SYSTEMS :



Incorporated in 1986, **HBL Power Systems Limited** is a small-cap company with a market capitalization of 2967 crores and engaged in the manufacturing of different types of batteries (include VRLA, nickel-cadmium, silver, and lithium-ion types) and, power electronics (include thyristor battery charger, battery monitoring system and earth leakage monitor) and concrete products (include spun concrete products, spun concrete piles and spun concrete telecom towers).

HBL engineering solutions consist of training simulators and railways, including data loggers, audio frequency track circuit, electronic interlocking system, train collision avoidance system, digital axle counter and integrated power supply.

HBL has reported a healthy improvement in business performance. Revenue from operations increased by 34% from Rs 909 crore in FY21 to Rs 1,221 crore in FY22, the pre-covid levels. EBITDA more than doubled from Rs 72 crore in FY21 to Rs 160 crore in FY22. EBITDA margin stood at 12 per cent in FY22 against 9 per cent in FY21.

The management commentary is quite positive as they expect overall business to continue to transform in favour of better-margin portfolios. The electronics and defence verticals are high margin spaces and the NCPP and PLT batteries likely to generate healthy returns. Barring unforeseen adversities, the management expects healthy returns in the next 3-4 years.

HBL won multiple contracts for supply of Kavach (Train Collision Avoidance System). HBL along with Siemens has signed the first contract under Mission Raftar project, with Eastern Railway for deployment of Kavach. Kavach (TVAS-Train Collision Avoidance System) involves over 260 km of track and 120 locomotives from Howrah to Pradhankhanta. The contract is valued Rs 286.69 crore, of which HBL's work share is Rs 205.88 crore. The contract is scheduled for completion in 700 days.

HBL's electronics vertical is expected to emerge as the key business and profitability driver over the coming years. Indian Railways have announced their plan to deploy Kavach over 34,368 km of track, covering high density and highly utilised routes, targeting the completion of this ambitious plan by 2026.

The other major opportunity for Kavach (TCAS) is Vande Bharat Trains (Train 18). HBL has received an order for 46 TCAS systems to be installed on new Vande Bharat Trains being produced at ICF for which deliveries are scheduled in the second half of FY23.

Simply buy at CMP, and on dips between 80-85 zone, targeting 121/137.50 mark and then aggressive targets at psychological 150 mark. Stop below 73. Holding Period: 5-8 Months.

Mehta Equities

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