

# WEALTH WEEKLY

## Weekly Alerts You Can Use!

### Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	19732	19475	20001	19588	18717	19575-	Buy at CMP. Targets at 19999/20251/20510. Stop at 19475.
BANK NIFTY	43584	42651	45001	44201	43278	42961-45001	Buy at CMP. Targets at 45001/45651/46201. Stop at 42651.

### Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
PATEL ENGINEERING	49	23	66	50	34	Positive	<b>Patel Engineering Limited</b> , founded in 1949 is one of the most integrated infrastructure and construction services conglomerates in India and encompasses all sectors of the Infrastructure industry from dams, tunnels, micro-runnels, hydroelectric projects, irrigation projects, highways, roads, bridges, railways, refineries to real estates and townships. An oversold play on the long term charts with the 200 days Exponential Moving Average (EMA) is currently at 37 zone. <b>Look to accumulate at CMP, and on dips between 27.50-30 zone, targeting 66/83 and then aggressive targets at psychological 100 with stop below 23. Holding Period: 18-24 months</b>

CMP	49
Target Price	66
52 Week H/L	62/13.15
P/E	13.6
EPS	3.61
ROE	5.97%
Book Value	39.16
Market Cap (INR)	3,794.59 crores

Daily Chart of PATEL ENGINEERING :



#### BUY PATEL ENGINEERING (CMP 49): Targets at 66.

##### Theme: Theme:

Patel Engineering Ltd., founded in 1949 is one of the most integrated infrastructure and construction services conglomerates in India and encompasses all sectors of the Infrastructure industry from dams, tunnels, micro-runnels, hydroelectric projects, irrigation projects, highways, roads, bridges, railways, refineries to real estates and townships.

The financial muscle flexed by Patel Engineering is evident across all its business verticals. The automotive segment, in particular, witnessed significant growth, fuelled by a combination of volume, mix, and price. The infrastructure segment is also reporting strong figures, with a healthy uptick in revenue and margin expansion. The company's future trajectory appears promising, with expectations of continued growth in the upcoming quarters.

The Company has executed projects in 12 countries across 4 continents. Over the years, the company has grown from strength to strength, having successfully completed over 300 projects specializing in Hydroelectric projects, irrigation projects as well as transportation and tunneling projects.

Patel Engineering should do well on backdrop of unwavering commitment of the Indian government towards infrastructure development, with a particular emphasis on hydroelectric power, road development, and tunneling. Also, as India strives to meet its energy demand, projected to reach a staggering 15,820 TWh by 2040, renewable energy will have a major role to play where hydro-power has an indispensable role in the global energy landscape, surpassing nuclear power and all other renewable energy sources combined.

The Government has set an ambitious target of attaining green energy capacity of 523 GW by 2030. This includes a substantial 73 GW from hydro sources. The construction of hydropower and irrigation projects stands as a matter of immense importance.

The financial health of the company is steadily improving, with a robust financial result for Q2FY24 where the company's net profit skyrocketed by 87% to ₹37.6 Crore from ₹20.1 Crore year-on-year (YoY). The revenue column also saw a significant leap of 23%, rising to ₹1,021 Crore from ₹830 Crore YoY. However, the balance sheet wasn't all rosy, with the company's margin dipping slightly to 13.7% from 14.2% YoY.

The construction industry is currently riding a wave of strong demand, a factor that has bolstered Patel Engineering's revenue growth. The positive takeaway is that to counter potential cost escalations, the company has judiciously implemented a price increase.

Total Order Book as on 30th Sept 2023 stands at ~ ₹ 2,00,033\* Million. \*FY23 includes 6 Projects which are L1 Orders amounting to ₹ 32,217 Million.

The firm is seen effectively managing its outstanding debt and have worked continuously to reduce the same through monetization of non-core assets and surplus from projects. As of March 31, 2023, the total consolidated debt amounts to ₹ 17,521.28 million, showcasing a significant reduction compared to ₹ 22,616.12 million on March 31, 2022, maintaining a Debt/Equity ratio of 0.61.

**Technical Outlook:** An oversold play on the long term charts with the 200 days Exponential Moving Average (EMA) is currently at 37 zone. The level of 35-37.50 zone will act as a strong support zone in the near term.

**Preferred Strategy:** Look to accumulate at CMP, and on dips between 27.50-30 zone, targeting 66/83 and then aggressive targets at psychological 100 with stop below 23. Holding Period: 18-24 months

### Mehta Equities

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