

Pick of the Day (Short Term Delivery Call)

Company Name: HBL Power System Ltd

NSE code	HBLPOWER
BSE code	517271
Market Cap (Rs Cr)	14,192
Promotor holding (%)	59.1
PE(x) TTM	47.2
Industry PE (x) TTM	33.7
EV/EBITDA (x) TTM	31.8
P/PB (x) TTM	11.6

CMP (Rs): 510 | Buy Range: 500-510 | Target Price: 590 | Upside: 15%

Duration of recommendation: 1 to 3 months

HBL Power Systems Ltd engages in business of designing, developing, and manufacturing batteries and electronic solutions for demanding applications. Company has flagship products, **TCAS** (Train Collision Avoidance System) for safety and **TMS** (Train Management System) for efficient track utilization. The company targets critical sectors including telecom, UPS, railways, power, oil and gas, and defense, with most of its products being developed indigenously.

Investment Rationale

Indian Railways will issue Rs 5000 crore tender for 'kavach' safety system covering 10,000 km: Indian Railways is poised to issue a Rs 5,000 crore mega tender to accelerate the adoption of its Kavach automatic train protection (ATP) technology across 10,000 km of its busiest networks. The company has already signed contracts for "KAVACH" with Indian Railways for deploying TCAS over 260 km in 2021. HBL power, being the key player in this segment, is well positioned to secure big chunk of this mega tender.

Company expects growth in train monitoring systems (TMS): Train Management System is a master control center where a huge display panel shows the status of all trains in the territory of that system. With Govt's focus on train safety, foolproof monitoring system is required & HBL is the only approved Indian company for TMS.

Diverse Product Portfolio and Market Penetration: The company manufactures a wide range of products including batteries for various sectors (defense, telecom, railways, data centers, and electric mobility). Their involvement in numerous sectors spreads risk and allows for multiple revenue streams, which can stabilize earnings.

Consistent Financial Performance: Consolidated Revenue/EBITDA/PAT grew at a CAGR of 35%/84%/160% respectively over FY19-24 period. Company's 3-year average ROE/ROCE are 17% & 17.5% respectively. Company's leverage position is also very good at

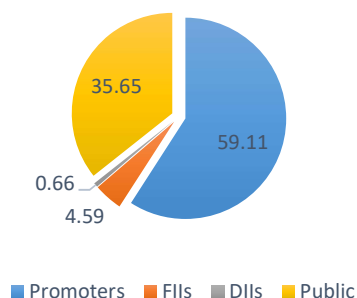
Healthy Performance in Q4FY24: Consolidated Revenue/EBITDA/PAT increased by 51.5%/193.7%/88% YoY to Rs. 610 cr/Rs. 131 cr/Rs. 66 cr YoY respectively. EBITDA margins improved by 1043 bps to 21.6% from 11% last year. On QoQ basis, Revenue/EBITDA/PAT were by +1.8%/+16.2%/-16% respectively.

Our Valuation: At current market price of Rs 510, stock is currently trading at rich valuations 58x its FY26E EPS, which is justified given diverse product portfolio and market penetration. In FY24, company also improved its ROE/ROCE to 25.9% &

1-Year Price Performance



Shareholding Pattern %



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