

HBL Power Systems Limited

Date: 04/07/2024

CMP: 540 • Target: 600-650 • Stoploss: 489

Time Frame: 3-6 months

HBLPOWER-DAILY CHART



Chart as on 04th July 2024

Technical Outlook

- On a daily scale, the stock is on the verge of breaking out from a symmetrical triangle pattern, as shown in the chart above. According to this breakout, the stock can test levels of 600-650 in the short to medium term.
- High trading volumes during the breakout phase indicate strong upward momentum and increased buying interest in the stock, suggesting strength in the breakout.
- On the downside, the 50-Day Exponential Moving Average (50-DEMA) is around 500 levels, which will act as major support for the stock.
- Another technical indicator, the Relative Strength Index (RSI), is trading above the centre point and has also broken out from its symmetrical triangle pattern, as shown in the chart, suggesting strength in the stock.
- Therefore, we recommend accumulating **HBLPOWER** at current market price and on dips around 515-521, with a stop loss of 489 on a closing basis, for a price target of 600-650 in the short to medium term.

Fundamental Rationale

- HBL Power Systems, India's leading research-driven engineering company, pioneers technology solutions to bridge technological gaps, enhancing India's industrial capability.
- It is renowned for its excellence in industrial batteries and electronics, HBL Power Systems maintains a robust presence across diverse sectors such as telecom, railways, and defense, bolstering its revenue streams. The company's battery division remains a cornerstone, complemented by strong growth in electronics.
- The Company innovatively develops and retains control over its technologies, empowering it to export and commercialize innovations effectively. The company boasts robust physical and intellectual infrastructures, poised for sustained expansion.
- Positioned to emulate the success of Germany's renowned Mittelstand firms, Company aims to establish itself as a high-value, technology-driven enterprise, achieving significant milestones on this trajectory.
- With a steadfast commitment to renewable energy, including solar power and biomass boilers, HBL Power Systems prioritizes energy efficiency in manufacturing processes through cutting-edge technologies. The company's extensive green cover across its manufacturing units surpasses industry standards, actively mitigating greenhouse gas emissions and contributing to environmental sustainability.
- Based on robust financial performance with revenue and profitability growing at a CAGR of about 12% and 66% respectively from FY20 to FY24, alongside promising prospects across all business segments tied to emerging opportunities, we recommend an "ACCUMULATE" rating for the stock.

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