

One Stop Investment Avenue



Pre-Poll Picks

Our Analysts' Top Stock Picks!

Date: 14-May-2024

Top Stock Picks

STOCK NAME	SECTOR	CMP	TARGET PRICE	POTENTIAL UPSIDE (%)
ICICI BANK LTD	BANKING	1,121	1,290	15
LARSEN & TURBO LTD	CAPITAL GOODS	3,379	3,987	18
BHARAT ELECTRONICS LTD	DEFENCES	231	267	16
TATA POWER LTD	UTILITIE	432	505	17
H.G INFRA ENGINEERING LTD	INFRASTRUCTURE	1,368	1,710	25

Business Operation

ICICI Bank Limited, a prominent private sector bank in India, provides a wide range of financial services to retail, SMEs, and corporate clients. With a strong emphasis on technology, it delivers digital banking solutions alongside its extensive branch and ATM network. Its offerings include deposits, credit, and tailored financial solutions, catering to both domestic and international clientele.

Investment Rationale

- Bank growth remain robust fueled by healthy deposit mobilization and strong lending strategy:**
 The bank's deposit witnessed a 20% YoY growth, driven by accelerated deposit mobilization, particularly in CASA deposits which grew by 7% on average. The bank maintained a strong Liquidity Coverage Ratio (LCR) at 123%, ensuring ample liquidity. In Q4FY24, advances increased by 16% YoY, attributed to substantial growth across retail, business banking, SME, and rural segments. The management anticipates sustainable growth for FY25.
- Asset quality remains strong on the back of lower slippage ratio:** The bank gross slippage ratio improved to 2% from 2.3% in Q3FY24 led by decline in retail slippage to 2.7%, while corporate and SME Slippage remain stable at 0.3%. The provision coverage ratio (PCR) remain stable at 80%. The net stress remain negative, while GNP decline by 14 bps to 2.16% and NNPA remain at 0.42% in Q4FY24. Cost to income remain stable at 40% in FY24.
- Margins likely to remain stable going ahead:** NIM decrease by 3 bps attributed to rising deposit costs. Management anticipates NIM to remain at same level until rate adjustments occur. Q4FY24 saw a 9 bps qoq rise in Yield on Advances, with Cost of Deposits at 4.82%, up by 10bps qoq. Bank NII to improve on the back of operating efficiency and stable credit cost in FY25.

Outlook & Recommendation

We estimate ICICI to report PAT of INR 68,244 Cr on NII of Rs 2,32,478 Cr by FY27E. Which implies forward PB of 2.7(x) for FY27E. We value it with a Price to book of 2.5x to FY27E ABV which results per share value of INR 1,290. We recommend BUY on ICICI Bank at CMP of INR 1,121 with Target price of INR 1,290 (15%).

Script Details

BSE Group	A
BSE Code	532174
NSE Code	ICICIBANK
Bloomberg Code	ICICIBC IN
Market Cap (INR Cr.)	7,92,532
Free Float (%)	100.0%
52wk Low/High	1169/899
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	2/0.9
Total paid Up Shares (Mn.)	7028.8

Financial Highlight

Year	Net Interest Rev.	Pre-Provision Profit	PAT	Cost to Income %	PB Ratio (x)
FY24	1,59,514	64,146	46,081	40.2	3.7
FY25E	1,87,030	73,768	52,993	40.1	3.2
FY26E	2,05,733	82,620	59,325	39.0	2.9
FY27E	2,32,478	92,534	68,224	38.9	2.5

Share Price Relative Performance





- Monthly stock trend remains bullish, sustaining the 1000 psychological level indicates price stability. On the weekly scale, a recent shift in polarity from the rising trend line since 2022 signals upward trend continuation.
- Minor retracements during the rising trend have rebounded from the 13-month EMA mean, with the RSI above 60 aligning momentum with the trend. ADX on the monthly scale holding above 40, with +DI at 30 and -DI at 8, underscores a robust bullish trend.
- Going ahead we expect the prices to go higher till the level of 1290, the Bullish view will be negated if we see prices sustaining below 1050 Level.
- The ratio chart depicting ICICIBANK against BANKNIFTY reveals a significant surge in intensity, suggesting the potential for ICIBANK to outperform.

Business Operation

L&T is a global conglomerate excelling in technology, engineering, and construction services across key sectors worldwide. With customer-centricity and expertise from design to delivery, it leads in Hydrocarbon, Infrastructure, Power, Process Industries, and Defense.

Investment Rationale

- Healthy market share in the domestic EPC market and divers revenue streams :** L&T, a multinational conglomerate, excels in engineering, construction, and EPC solutions across key sectors like Infrastructure, Defense, Power, and Hydrocarbons. With over seven decades of experience, they dominate the domestic EPC segment and boast a strong brand image. Their expertise ranges from complex turnkey projects to simple construction activities, supported by in-house design, engineering, and fabrication capabilities. This robust competency and track record ensure projects are completed to specifications, enhancing their reputation both in India and overseas. Its major revenue driven from Infra, energy and Hi-Tech which account for 57%, 13% and 4% of the total revenue.
- Strong INR 4.8T order book, diverse sectors, global footprint, poised for FY25 :** As of Mar 31, 2024, the company's order book stands at INR 4.8 tn, with a healthy order inflow of INR 3 tr in FY24. The order book is composed of Infrastructure (44%), Services (22%), Energy (18%), Hi-Tech Manufacturing (12%), and other segments. International orders account for 38% of the total order book. Furthermore, the company has an additional INR 12.1 tn worth of orders in the pipeline, indicating a robust order book position in FY25. We expect order inflow to grow at 10% going ahead.
- Sound Financial with low leverage:** At the consolidated level, net debt stood at INR 1116,322 Cr as of Mar'24 vs. INR 114,770Cr as of Mar'20, with net D/E at 1.3x as of Mar'24 vs. 1.8x as of Mar'20. The FY24 NWC improved to 12% vs 16.1% in FY23. TTM ROCE stands at 13.4%.

Outlook & Recommendation

We model a Revenue/PAT CAGR of 12%/10% and estimate L&T to clock PAT of Rs 25,771 Cr by FY27E. L&T is trading at forward PER (x) of 17.6 and we value at 22(x) FY27E and Recommend BUY on L&T with Target Price of Rs. 3,987 (18%)

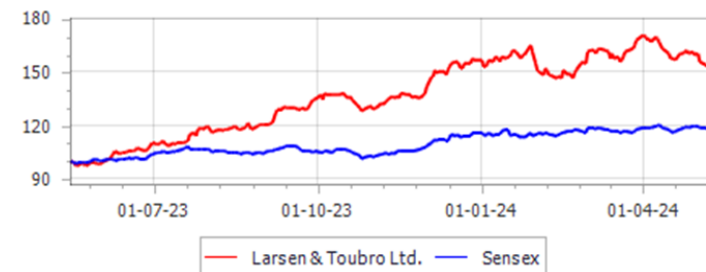
Script Details

BSE Group	A
BSE Code	500510
NSE Code	LT
Bloomberg Code	LT IN
Market Cap (INR Cr.)	4,52,982
Free Float (%)	100.0%
52wk Low/High	3860/2169
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	2/1
Total paid Up Shares (Mn.)	1374.8

Financial Highlight

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY24	2,21,113	29,209	13,059	34.7	16.5
FY25E	2,41,013	33,019	21,691	20.9	0.5
FY26E	2,62,704	35,990	23,643	19.2	0.5
FY27E	2,86,348	39,230	25,771	17.6	0.4

Share Price Relative Performance





- On the monthly charts, LT has shown an impressive uptrend since the lows of March 2020, currently trading near the 61.80 extension level from that low, indicating potential for further upward momentum.
- On the weekly scale, the stock found support at the December 2023 gap area, while on the daily scale, it is supported by the 200 EMA, suggesting a possible halt to its recent downtrend.
- Trading above its 13-month and 26-month EMAs, with MACD in positive territory, and ADX rising above 50 with +DI experiencing a range shift, LT's upward trend appears to be gaining strength.
- Additionally, on the ratio chart against the NIFTY, LT has broken out of a long consolidation phase spanning from 2007 to 2023, indicating improved relative strength and potential for outperformance.

Business Operation

BEL, a Navratna PSU under India's Ministry of Defence, pioneers cutting-edge electronic systems for the nation's armed forces. Diversifying into homeland security, smart cities, e-governance, and more, BEL leads in satellite integration, energy solutions, cyber security, and medical electronics. With expertise in railways, airports, telecom, and software, BEL shapes India's technological landscape.

Investment Rationale

- **Market leader in domestic electronics with healthy market share:** BEL is a government owned Defense Company in India, GOI hold 51.14% stake. It manufacture radars and networking equipment, which is a part of defense electronic equipment. BEL is strategically importance of GOI as it is the dominant domestic supplier of defense electronic equipment to the Indian Army. Additionally, the Govt ownership lead to a significant inflow of order on a nomination basis around 80 to 90% of defense order, providing steady flow of income.
- **Strong Order book provide healthy earning visibility:** BEL current order book stand at Rs 76,217, which 3.68x of the FY23 revenue and 3.59x TTM revenue. The management has guided order book to grow at 15% to 17% order book growth over next 2 to 3 Years. We estimate revenue to grow at 16% CAGR from FY23 to FY26E.
- **Sound financial with healthy profitable and low leverage:** BEL maintains a robust financial profile attributed by strong profitability, zero borrowings, excellent liquidity, and solid debt coverage ratios. FY2023 saw an operating income of Rs. 17,734 Cr and an operating profit margin of 23.0%. In 9MFY24, supported by strong order execution, BEL achieved a top line of Rs. 11,704 Cr 24% YoY growth with a 23.6% operating profit margin. Anticipating a strong Q4, FY2024 revenues are expected to grow around 16% YoY.

Outlook& Recommendation

We model a Revenue/PAT CAGR of 12%/10% and estimate BEL to clock PAT of Rs 4,598 Cr by FY26E. BEL is trading at forward PE (x) of 35.7 and we value at 41.5(x) FY26E and Recommend BUY on BEL with Target Price of Rs. 267 (16%)

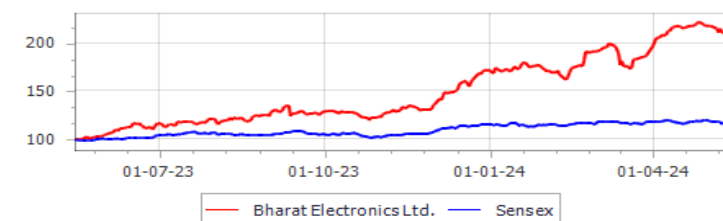
Script Details

BSE Group	A
BSE Code	500049
NSE Code	BEL
Bloomberg Code	BHE IN
Market Cap (INR Cr.)	1,64,287
Free Float (%)	48.9%
52wk Low/High	242/106
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	1/0.8
Total paid Up Shares (Mn.)	7309.8

Financial Highlight

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY23	18,183	4,591	3,569	46.0	30.6
FY24E	20,365	4,480	3,666	44.8	3.9
FY25E	22,809	5,018	4,106	40.0	3.5
FY26E	25,546	5,620	4,598	35.7	3.1

Share Price Relative Performance



BEL [N383] 229.40, 1.01%
 Price Avg2(E,13,E,26)



- BEL has exhibited strong momentum since 2020, characterized by a classical uptrend. On the weekly scale, the stock has consistently formed higher tops and higher bottoms, with each dip being bought near the mean.
- Key averages like the 13-month and 26-month have been respected, while the MACD momentum indicator trending higher suggests the potential for an upward trajectory.
- Additionally, on the ratio chart against the NIFTY, BEL shows a clear rising trend, indicating continued outperformance compared to the broader market.
- Going ahead we expect the prices to go higher till the level of 267, the Bullish view will be negated if we see prices sustaining below 208 Level.

Business Operation

Tata Power Company Limited is a pioneer credited with steering the energy sector on technology, process and platform. Powering emerging technologies for the 'smart' customer, the company's latest business integrated solutions, focusing on mobility and lifestyle, is poised for multi-fold growth. The principal business of the company is generation, transmission and distribution of electricity. The company was amongst the pioneers in generation of electricity in India more than a century ago.

Investment Rationale

- Shaping India's energy landscape with innovation and market leadership:** Tata Power, India's largest integrated power company, boasts a diverse energy portfolio spanning traditional thermal to renewable sources. With a total capacity of 14,381 MW, including 5.5 GW in renewables, Tata Power is at the forefront of India's energy transition. By 2030, it aims to add 500 GW in renewable energy. Additionally, the company leads in emerging sectors like EV charging, solar rooftop, and home automation, with market shares of 55%/13%/85%. It Poised to capitalize on power demand growth, Tata Power is pivotal in shaping India's sustainable energy future.
- Company poised for double-digit growth fueled by rising power demand and strategic portfolio expansion:** Anticipating robust double-digit growth, the Company is poised to capitalize on rising power demand, fueled by economic resurgence, urbanization, and government initiatives like PM Surya Ghar Yojna. Recent milestones include INR 2.3 billion contracts in transmission power infrastructure and scaling up the RE portfolio from 4GW to 15GW by FY27, unlocking substantial revenue prospects.
- Aggressive capex spend and strong order book pipeline will lead the growth ahead:** Company has planned capex outlay of INR 60,000 Cr till FY27, which will be spend across the business segment from RE to Transmission to Distribution. A significant portion of capex will be Spend on RE around 42%. The capex is 2.3x of the current capex. Additionally, company has order book of INR 13,385 in solar utility EPC, which make earning visibility for next 2 to 3 Year.

Outlook & Recommendation

We model a Revenue/PAT CAGR of 15%/18% and estimate Tata Power to clock PAT of Rs 6,542 Cr by FY27E. Tata Power is trading at forward PE of 20(x) and we value at 17.7(x) FY27E and Recommend BUY on Tata Power with Target Price of Rs. 505

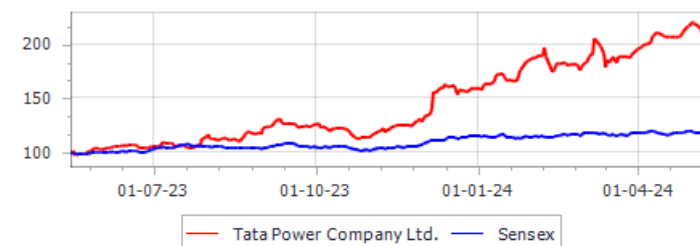
Script Details

BSE Group	A
BSE Code	500400
NSE Code	TATAPOWER
Bloomberg Code	TPWR IN
Market Cap (INR Cr.)	1,31,584
Free Float (%)	53.1%
52wk Low/High	464/202
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	1/0.5
Total paid Up Shares (Mn.)	3195.3

Financial Highlight

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY24	61,449	10,877	3,696	35.6	13.5
FY25E	70,666	14,133	4,947	26.6	1.2
FY26E	81,266	16,253	5,689	23.1	1.1
FY27	93,456	18,691	6,542	20.1	0.9

Share Price Relative Performance



TATAPOWER [N3426] 423.25, 2.02%
 Price Avg2(E,13,E,26)



- ◆ TATAPOWER has demonstrated remarkable resilience over an extended period, with its technical framework indicating a sustained trend continuation.
- ◆ After a significant rally from 2020 to 2021, the stock entered a consolidation phase between 2021 and 2023. However, following a breakout, it resumed its upward trajectory.
- ◆ On a weekly basis, the stock has consistently found support at the 13-week EMA, which has been a crucial pullback level throughout the rally. The ADX and +DI indicators, standing at 47 and 32 respectively, reflect robust trend strength.
- ◆ Zooming out to the monthly scale, TATAPOWER's ratio chart against the NIFTY reveals a breakout from the 2011 swing, indicating continued stock outperformance compared to the broader market.
- ◆ Going ahead we expect the prices to go higher till the level of 505, the Bullish view will be negated if we see prices sustaining below 380 Level.

Business Operation

HG Infra Engineering specializes in infrastructure construction, focusing primarily on road projects such as highways, bridges, and flyovers. The company offers engineering, procurement, and construction (EPC) services on fixed-sum turnkey contracts. Its expertise lies in civil construction and related infrastructure projects, particularly in the roads and highways sector.

Investment Rationale

- Diversified order book to capture growth from tailwind industry:** In FY24, the company strategically diversified its order book by foray into the solar and rail industries, shifting from its traditional focus on the road sector. The current order book split stands at 68% for road projects, 21.3% for rail, and 10.5% for solar, compared to FY23 where road projects accounted for 89.7% and rail for 10.3%. The total order book value stands at INR 12,434 Cr, with INR 8,485 Cr in highway projects, INR 2,650.7 Cr in rail, and INR 1,298.3 Cr in solar projects. In FY24, company has won order worth of INR 4,549 Cr. The order book is 2.3 x of FY24 revenue, ensuring revenue visibility for the next 2 to 3 years.
- Successful completion of HAM asset monetization for SPVs, signaling positive growth:** HGIL has reached a milestone by completing Hybrid Annuity Model asset monetization for 3 SPVs, with the rest expected by FY 2024. The first tranche of 3 SPVs was transferred to Highway Infrastructure Trust on Nov 21, 2023. This marks significant progress for the company, representing a positive advancement.
- Healthy Balance sheet to cater growth:** HGIL balance sheet remain un-stretched, this opens up ways to serve any upcoming opportunity ahead. Company's debtor days has been improved to 55 days from 69 days in FY19, whereas inventory improved by 3 days. This has helped to keep working capital in check. Company debt to equity remain healthy at 0.19x from 0.58 in FY19. We expect HGIL balance sheet will strength further backed by low debt level, stable operating profit and receipt of monetization proceeds from sale of 4 HAM project.

Outlook & Recommendation

We model a Revenue/PAT CAGR of 25%/23% and estimate HGIL clock PAT of Rs 1,261 Cr by FY27E. HEGL is trading at forward PER (x) of 6.2 and we value at 10.7(x) FY27E and Recommend BUY on HEGL with Target Price of Rs. 1,180

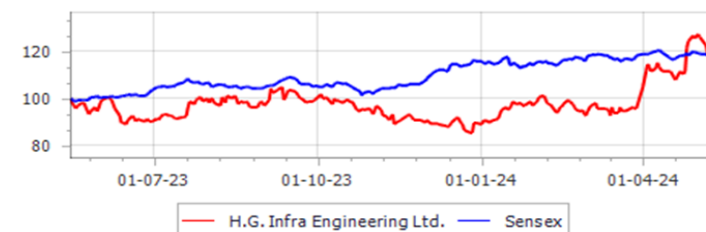
Script Details

BSE Group	A
BSE Code	541019
NSE Code	HGINFRA
Bloomberg Code	HGINFRA IN
Market Cap (INR Cr.)	7,767
Free Float (%)	25.5%
52wk Low/High	1229/806
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	10/0.1
Total paid Up Shares (Mn.)	65.2

Financial Highlight

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY24	5,378	1,062	539	14.4	8.4
FY25E	6,723	1,277	807	9.6	13.7
FY26E	8,404	1,597	1,008	7.7	11.0
FY27E	10,505	1,996	1,261	6.2	8.8

Share Price Relative Performance



HGINFRA [N1672] 1363.55, 15.45%
 Price Avg2(E,13,E,26)



- ◆ HGINFRA stock has consolidated within a narrow base, reflecting a contraction in volatility. Last month, the stock broke out of this pattern, and this month it has sustained robust momentum.
- ◆ Following the breakout, the stock has formed higher highs and higher lows on the weekly scale, indicative of an upward trend.
- ◆ The momentum indicator MACD is ascending in positive territory, supporting the upward movement. Moreover, the ADX study has recently crossed 25, with +DI at 37, suggesting the onset of an upward trajectory.
- ◆ In addition, the ratio chart exhibits a clear rising trend following the breach of the 2023 swing, further indicating the continuation of outperformance. Going ahead we expect the prices to go higher till the level of 1710 the Bullish view will be negated if we see prices sustaining below 1180 Level.

Terms & Conditions – For Investors We, Research Analyst of GEPL Capital, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We, also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Disclosure: – This document has been prepared by Research Department of GEPL Capital Pvt. Ltd. (hereinafter referred to as GEPL Capital) and this report is for personal information of the selected recipient/s and does not construe to be any investment, recommendation, prospectus, offering circular or legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and GEPL Capital is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. GEPL Capital makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability or obligation with respect to, the fairness, accuracy, completeness or correctness of any information or update information or opinions contained herein. All investments including Future and Options are involving risks and investor should exercise prudence in making their investment decisions. The report should not be regarded by the recipients as a substitute for the exercise of their own judgment. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or GEPL Capital as a result of using different assumptions and criteria. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. The information contained in this report has been obtained from sources that are considered to be reliable. However, GEPL Capital has not independently verified the accuracy or completeness of the same. Neither GEPL Capital nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein. GEPL Capital and its affiliates and/or their officers, directors and employees may have similar position in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment). GEPL Capital specifically prohibits the redistribution of this material in whole or in part without the written permission of GEPL Capital and GEPL Capital accepts no liability whatsoever for the actions of third parties in this regard. GEPL Capital or its director or its research analysts or its associates or his relatives and/or its affiliates and/or employees do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report. Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such Distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject GEPL Capital its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently send or has reached any individual the same may be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published for any purposes without prior written approval of GEPL Capital.

Analyst Certification: The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

GEPL Capital Private Limited is a SEBI registered Research Analyst entity bearing SEBI Reg. No. "INH000000081" under SEBI (Research Analysts) Regulations, 2014.

Reg./Corp. Office: D-21 Dhanraj Mahal, CSM Marg, Colaba, Mumbai 400 001 Contact No +91 22 66182400

SEBI Reg. No. NSE/NSEF&O/CD – INB230993934, INF230993934 & INE230993934. BSE/BSE F&O– INB010993934 & INF010993934,

For more information visit us at: www.geplcapital.com

Disclaimer: Investments in securities market are subject to market risks, read all the related documents carefully before investing. Investors must make their own investment decisions based on their specific goals, financial position & risk appetite. The content provided herewith is purely for investor awareness only