

SIP WEALTH CREATION 2025



04th December 2024

SIP Wealth Creation - 2025

Given the current global market scenario, characterized by uncertainties and volatility, focusing on steady income generation is more crucial than ever. Investors must be selective and strategic when choosing investment avenues to ensure consistent returns. Equity SIP (Systematic Investment Plan) is one such investment avenue that can be highly effective for wealth creation over the medium to long term. SIPs offer the benefit of rupee cost averaging, allowing investors to invest regularly, regardless of market conditions, and build wealth steadily over time. By investing in fundamentally strong stocks and diversifying across sectors, investors can capitalize on market growth while mitigating short-term risks. Additionally, SIP investments in equity provide the potential for higher returns compared to traditional fixed-income options, making them a viable choice for those looking to create long-term wealth.

Stock SIPs (Systematic Investment Plans) provide a disciplined pathway for wealth creation by regularly investing in well-selected equities. This approach emphasizes stocks with strong fundamentals, such as consistent financial performance, low debt, and sustainable growth metrics, paired with positive technical indicators like moving averages, RSI, and MACD. By systematically investing over time, investors can benefit from cost averaging during market fluctuations and the compounding effect, ensuring long-term portfolio resilience. This strategy combines the stability of fundamentally sound stocks with the growth momentum identified through technical analysis, fostering steady capital appreciation aligned with financial goals.

NIFTY : 24,457.15

Sr. No.	Symbol	Industry	Market Cap	CMP as on 3rd December 2024*	Target	Return Potential (%)
1	HBLPOWER	Auto Components	Midcap	626.35	1000	37.37%
2	LEMONTREE	Hotels & Resorts	Midcap	130.97	170	22.96%
3	BEL	Aerospace & Defense	Largecap	312.10	520	39.98%
4	JSWINFRA	Transport Infrastructure	Largecap	321.70	553	41.83%
5	COFORGE	IT - Software	Largecap	8718.25	13000	32.94%

Time Horizon for the Investment will be 12 – 15 months

1. HBL Power Systems Limited

CMP: ₹626.35

Buy Target: ₹ 1000

Upside: 37.37%

Fundamental Observations

HBL Power Systems Ltd., a mid-cap company based in Hyderabad, is a leader in battery manufacturing, defense electronics, and industrial applications. It operates across key segments such as lead-acid, nickel-cadmium, and lithium batteries, railway signaling, and e-mobility solutions. Benefiting from the government's emphasis on railway modernization and infrastructure development, the company is positioned for growth.

HBL's net profit has shown a strong CAGR of 37.13% over the past four years. Its net profit for Q2 FY25 increased by 13.2% to ₹76.01 crore, up from Q2 FY24 net profit ₹67.16. The company maintains a healthy financial profile, with a low debt-to-equity ratio of 0.08 and a strong interest coverage ratio of 25.83, highlighting its stability and scalability. Additionally, it stands to gain from initiatives like the railway KAVACH anti-collision system and defense battery projects.

At a Price-to-Earnings (P/E) ratio of 52.02, which is significantly lower than the sector average of 75.39, HBL Power appears undervalued, offering potential for price appreciation and mid-long-term growth.

Technical View



HBL Power Systems has showcased a robust upward trend, trading consistently above its 5-day, 20-day, 50-day, 100-day, and 200-day moving averages. This indicates strong bullish momentum in the stock. On the daily chart, the formation of a double bottom pattern has been followed by a sharp price rise, reinforcing the positive trajectory. Recently, the stock touched a 52-week high of ₹724, supported by an RSI above 70, which signals strength and sustained buying interest. Looking ahead, a breakout above the ₹724 level could propel the stock toward an immediate target of ₹800 and potentially ₹1,000 in the medium term. Investors are encouraged to accumulate the stock for potential capital gains while monitoring key levels for risk management. We suggest to Keep a stop loss at 440.

2. Lemon Tree Hotels Limited

CMP: ₹130.97

Buy Target: ₹ 170

Upside: 22.96%

Fundamental Observations

Lemon Tree Hotels is a leading Indian hospitality chain that offers a diverse portfolio of properties across luxury, upscale, midscale, and budget segments. The company operates under multiple brands, including Lemon Tree Premier, Lemon Tree Hotels, Red Fox Hotels, and Keys Select by Lemon Tree Hotels, providing a range of options for various customer needs. Recently, the company has continued its expansion strategy by securing new properties in Mussoorie and Varanasi, showcasing its growth potential.

In Q2 FY24, Lemon Tree reported a strong financial performance with a 35.06% year-on-year increase in net profit, reaching ₹22.65 crore, and a 15.5% rise in revenue to ₹227.2 crore. Despite a slight dip in net income from the previous quarter, the company's P/E ratio of 67.53 remains more attractive than the sector's average of 69.87, underscoring its solid profitability and growth prospects. This performance highlights Lemon Tree Hotels' continued success and potential for future growth.

Technical View



Lemon Tree Hotels' stock is currently trading near a critical resistance level of ₹131, with the price approaching the upper band of the Bollinger Bands on the daily chart, indicating buying interest. On the weekly chart, the stock appears to be in an uptrend after a recent price correction. The MACD also shows a shift from negative to positive momentum, reinforcing a potential bullish outlook. In the short term, ₹143 is identified as a key resistance level. If the stock breaks this level, it may target ₹158, followed by ₹170. A stop-loss at ₹109 is advised to manage downside risks. Based on the technical indicators and recent trends, Lemon Tree is recommended as a buy for medium to long term gains.

3. Bharat Electronics Limited

CMP: ₹312.10

Buy Target: ₹ 520

Upside: 39.98%

Fundamental Observations

Bharat Electronics Limited (BEL), a leading defense public sector enterprise, excels in developing advanced electronic systems for defense and civilian applications. Its diverse portfolio includes radar systems, electronic warfare solutions, and communication systems. Leveraging government initiatives like "Make in India" and increasing defense spending, BEL has demonstrated strong growth momentum. The recent addition of a ₹500 crore order boosted its order book for FY25 to ₹8,194 crore, highlighting its robust operational capabilities.

In Q2 FY25, BEL achieved a 35.2% year-on-year (YoY) increase in net profit, reaching ₹1,450.88 crore, supported by a 14.8% revenue growth to ₹4,583.41 crore. Additionally, the company's strategic diversification into non-defense sectors, including renewable energy and healthcare, underpins its growth potential. With a Price-to-Earnings (P/E) ratio of 49.77, lower than the sector average of 64.9, BEL appears undervalued, offering room for upside growth. However, its reliance on government contracts remains a critical factor to monitor for long-term sustainability.

Technical View



BEL exhibits a positive technical setup as it trades above both its 50-day and 200-day moving averages, suggesting an upward trend. The stock has also crossed above the signal line of the Moving Average Convergence Divergence (MACD) indicator, which confirms bullish momentum. Additionally, the Relative Strength Index (RSI) is at 64.79, signaling strength but not yet overbought conditions. With these bullish signals, BEL is poised for a potential upmove, with a target of ₹520 in the short to medium term. To manage risk effectively, a stop loss can be maintained at ₹211. This alignment of key technical indicators reinforces the positive bias on the counter, making it an attractive choice for traders and investors aiming for capital appreciation.

4. JSW Infrastructure Limited

CMP: ₹321.70

Buy Target: ₹ 553

Upside: 41.83%

Fundamental Observations

JSW Infrastructure Limited, a prominent player in India's infrastructure sector, focuses primarily on port and logistics services. As part of the JSW Group, it operates an extensive network of ports across India, handling bulk cargo, containers, and breakbulk, while offering services like cargo handling, storage, and transportation. The company is well-regarded for its strategic investments aimed at enhancing port capacity and operational efficiency, significantly contributing to the growth of India's maritime industry.

For Q2 FY25, JSW Infrastructure posted impressive financial results, with revenue increasing by 22% year-on-year to ₹1,088 crore. EBITDA also rose by 22% to ₹607 crore, maintaining a strong margin of 55.8%. Profit after tax (PAT) surged by 46%, reaching ₹374 crore. The company's cargo-handling volume grew by 16% compared to the previous year, thanks to higher terminal utilization and acquisitions, including a UAE-based terminal. Furthermore, JSW Infrastructure is expanding its footprint with projects like the greenfield port in Murbe, Maharashtra, and significant capacity expansions at Jaigarh and Dharamtar ports. These developments suggest strong growth potential, making it an appealing option for long-term investors.

Technical View



JSWINFRA displays a clear bullish trend on short-term charts, underpinned by positive technical indicators. The RSI is moving upward in tandem with the price, highlighting robust buying momentum, while the MACD is transitioning into the positive territory, signaling a potential continuation of the upward trend. Currently trading near the resistance level of ₹334, a breakout above this level could propel the stock toward the next target of ₹358. If this upward momentum sustains, the long-term target is set at ₹553. Additionally, the stock has been forming higher highs and higher lows, reinforcing the bullish outlook. Traders are advised to maintain a strict stop-loss at ₹207 to manage risks effectively. This setup suggests strong potential for gains, driven by improving sentiment and technical strength, making the stock attractive for medium to long term investors.

5. Coforge Limited

CMP: ₹8718.15

Buy Target: ₹ 13,000

Upside: 32.94%

Fundamental Observations

Coforge Ltd., a prominent global IT services provider, has showcased robust growth fueled by strong client relationships and its focus on high-growth verticals like BFSI, travel, and healthcare. In Q2 FY25, the company recorded a 34.5% year-on-year (YoY) revenue increase to ₹3,062.3 crore, alongside a 35.6% YoY rise in profit after tax (PAT) to ₹255.2 crore. Coforge boasts a strong deal pipeline worth over \$900 million, ensuring solid revenue visibility. Its emphasis on digital transformation, generative AI investments, and cloud services enhances its competitiveness in the IT sector.

However, relatively high valuations and exposure to macroeconomic risks in key markets such as the U.S. and Europe pose challenges. Despite these concerns, its robust expansion strategy and sound financial performance make it an attractive option for long-term investors.

Technical View



Coforge has exhibited strong bullish momentum by forming a classic cup pattern on the weekly charts, followed by a "V" pattern breakout accompanied by significant trading volumes. This technical formation signals a continuation of the upward trend with robust buying interest. The stock has maintained consistent momentum, supported by key indicators such as RSI and MACD, both of which trade near the overbought zone, further confirming the bullish sentiment. Given this strong setup, Coforge is expected to target ₹13,000 in the medium to long term, offering potential capital gains. Investors are advised to monitor the stock for sustained volumes and momentum as it approaches this target, while also keeping an eye on market conditions with a stop loss of 6590 to safeguard profits effectively.

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