HBL Engineering Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs763	211.5	Hold	Rs1000	34%

**as on 13th Aug, 2025*

About the Company:

HBL Engineering Ltd (HBL), (formerly known as HBL Power Systems Ltd) is engaged in the business of manufacturing batteries and electronics power systems and products. It has more than 30 years of experience in the field of specialized batteries and Data Centre (DC) power systems. The first product selected and successfully developed by the company were aircraft batteries which eventually made it offer the world's widest range of specialized batteries. The products include batteries (including lead acid batteries, Nickel-Cadmium (Ni-Cd) batteries) and specialized defence batteries, power electronics, renewable energy and engineering solutions. HBL provides battery and engineering solutions and services to many of the world's leading system integrators, EPC's, railway, aviation and defence companies, Indian Airforce, Indian Navy and MOD labs. The company has gradually moved into other businesses and markets utilizing its batteries offerings, such as industrial electronics, defence electronics, and railway electronic signaling. Dr. A.J Prasad is the Chairman and Managing Director of the company.

Results: Quick Glance:

- The company has reported net sales of Rs6018mn as compared to Rs5201mn in the same quarter last year, growth of 15.7%
- The Ebitda margin for the quarter under review stood at 31.8% as compared to 21.2% in the corresponding quarter last year
- The net profit came in at Rs1433mn as against Rs801mn in the same quarter last year
- EPS for the quarter under review stood at Rs5.16 as compared to Rs2.87 in the corresponding period last year
- On the segmental front, industrial batteries and electronics reported growth of 1.1% and 107% respectively while the defence & aviation batteries reported a drop of 20.1% on a y-o-y basis

Financials:

Performance (Q1FY26)							
Q1FY26 Result (Rs mn)	**Jun-25**	**Jun-24**	**y-o-y**	**Mar-25**	**q-o-q**	**FY25**	**FY26E**
Total Revenue	6018	5201	15.7%	4756	26.5%	19672	23504
EBITDA	1919	1105	73.7%	795	-	3920	5523
Other Income	196	55	-	68	-	261	399
Interest	63	19	-	37	72.0%	130	251
Depreciation	115	108	6.5%	109	5.8%	442	461
Exceptional Items	(31)	0	-	(11)	-	(10)	(33)
Share of Asso.+Min Int.	22	42	-	(74)	-	143	143
Tax	493	273	80.3%	183	-	974	1406
Net Profit	**1433**	**801**	-	**450**	-	**2769**	**3914**

Outlook and Recommendations:

After a muted Q4FY25 and FY25, HBL has reported good set of numbers for Q1FY26; thus indicating a strong start to the financial year. The revenues have reported growth both on a y-o-y as well as on a sequential basis. On the segmental front, the industrial batteries grew marginally by ~1.1% on a y-o-y basis; the key highlight was the electronics business segment which reported more than 2x growth. This improvement was also sustained when compared on a sequential basis. A good growth on the topline alongwith significant expansion seen at the gross margins (both on a y-o-y as well as on a q-o-q basis) has led to strong operational efficiency reported for the quarter under reference; the Ebitda margins stood at ~31.8%; the highest ever Ebitda margins reported so far as compared to the past quarterly trends. The profitability is slightly inflated due to higher other income reported for Q1FY26.

Outlook and Recommendations (contd.):

Recently, the company has garnered 3 LoAs from the West and South Central Railway both for the installation and upgradation of Kavach Version 4.0 for various sections across these routes. Combining all these orders/LoAs, the cumulative total order book as of 12th Aug'25 stands at ~Rs40.83bn. Though there were certain setbacks in the past related to lower Kavach sales (as indicated in our last quarterly update); the recent orders and the quarterly performance portrays certain spill-overs that would have been factored in for the quarter under review. The Indian Railways (IR) is making constant efforts for commissioning of the upgraded version (Kavach 4.0) across major routes in the country which gives visibility for few quarters; but one must also consider the lumpiness in such orders/execution. There are even certain developments in the pipeline in order to install Kavach systems on the western railway line as well towards the end of 2026. The requisite funds have been already made available as per the progress of works to be executed. All these positive developments work in favour of players like HBL Engineering.

From a medium to long term perspective, the focus of the company would be directed towards volume growth under the electronic fuses and electric drive trains business segment (which will have a positive effect once the approvals are in place for these businesses). Apart from this, batteries having an end usage in industries of oil & gas, data centres continue to witness promising traction both from the existing as well as the export markets. A phased manner growth from the recent tender wins of TCAS (Bharat Kavach), defence and aviation lead batteries (with anticipation of better Ebitda margins from these 2 businesses), electronic fuses and electric drive trains are the key growth drivers for the business of HBL. The company continues to lay emphasis on TCAS while gradual upticks are expected from the TMS business (generally regarded as a low value business for HBL) in the medium to long term. A good market positioning, ability to develop technologies without foreign collaborations, repeat orders from existing client base and immense opportunities anticipated from TCAS, defence, aviation batteries, electronic fuses, electric drive train and TMS are some of the factors which will drive the overall performance in the long run. The stock has already become more than a 5-bagger at CMP for the long term shareholders since its initiation at Rs113 in October 2022 and we had also recommended partial profit booking when the market cap was ~Rs139bn. The rationale for investing in HBL have started to fructify and considering all the positive developments entitled for the next couple of quarters, we upgrade our target price to Rs1000.

DISCLAIMERS AND DISCLOSURES-

Progressive Share Brokers Pvt. Ltd. and its affiliates are a full-service, brokerage and financing group. Progressive Share Brokers Pvt. Ltd. (PSBPL) along with its affiliates are participants in virtually all securities trading markets in India. PSBPL started its operation on the National Stock Exchange (NSE) in 1996. PSBPL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) for its stock broking services and is Depository Participant with Central Depository Services Limited (CDSL) and is a member of Association of Mutual Funds of India (AMFI) for distribution of financial products.

PSBPL is SEBI registered Research Analyst under SEBI (Research Analysts) Regulations, 2014 with SEBI Registration No. INH000000859/Research Analyst BSE Enlistment No. 5049. PSBPL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years. PSBPL has not been debarred from doing business by any Stock Exchange/SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

PSBPL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Progressive Share Brokers Pvt. Ltd. (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company (s) covered in this report-:

· PSBPL or its associates financial interest in the subject company: NO

· Research Analyst (s) or his/her relative's financial interest in the subject company: NO

· PSBPL or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (PSBPL) has not been engaged in market making activity for the subject company.

· PSBPL or its associates actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NO

· Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NO

· PSBPL or its associates may have received any compensation including for brokerage services from the subject company in the past 12 months. PSBPL or its associates may have received compensation for products or services other than brokerage services from the subject company in the past 12 months. PSBPL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Subject Company may have been client of PSBPL or its associates during twelve months preceding the date of distribution of the research report and PSBPL may have co-managed public offering of securities for the subject company in the past twelve months.

· The research analyst has served as officer, director or employee of the subject company: NO

· Registration granted by SEBI and certification from NISM is in no way guarantee performance of the intermediary or provide any assurance of returns to investors

PSBPL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our sales people, traders, and other professionals 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 (if any) may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution publication, availability or use would be contrary to law or regulation or which would subject PSBPL or its group companies to any registration or licensing requirement within such jurisdiction. If this document is sent or has reached any individual in such country, especially, USA, the same may be ignored. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of PSBPL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of PSBPL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read “Risk Disclosure Document for Capital Market and Derivatives Segments” as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Terms & Conditions:

This report has been prepared by PSBPL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of PSBPL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and its at the discretion of the clients to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. PSBPL will not treat recipients as customers by virtue of their receiving this report.

Registered Office Address:

Progressive Share Brokers Pvt. Ltd,

122-124, Laxmi Plaza, Laxmi Indl Estate,

New Link Rd, Andheri West,

Mumbai—400053, Maharashtra

www.progressiveshares.com | Contact No.:022-40777500.

Compliance Officer:

Ms. Neha Oza,

Email: compliance@progressiveshares.com,

Contact No.:022-40777500.

Grievance Officer:
Email: grievancecell@progressiveshares.com