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**PL Capital**  
PRABHUDAS LILLADHER

# DIWALI PICKS — 2024 —

FROM ADVISORY DESK

***Chhoti, Badi,  
Sabki Diwali!***

**Vikram Kasat**  
Head - Advisory





## Large Cap:

### HDFC Life Insurance

Market Cap: INR 1,54,099 crore | CMP: INR 716

- Expect high-teens VNB growth with rangebound margins, leveraging multiple products and channels
- The company remains on track for a 17% VNB and EVOP CAGR, with a 17% medium-term operating RoEV
- H2 will be eventful, reflecting impact of revised surrender value guidelines, momentum in ULIPs and rate cut towards the end of the year
- Strong growth in new business premiums expected, driven by new launches, annuities and par segments

## Mid Cap:

### Paytm

Market Cap: INR 48,672 crore | CMP: INR 764

- Stock corrected over 40% following RBI's order to shut the payment bank and has received approval (on Oct 22, 2024) to onboard new UPI users by NPCI, which underscores Paytm's endorsement by the RBI
- Regulatory risks now appear largely behind and company has announced plans to offer default loss guarantees (DLG), compliant with RBI guidelines, to its lending partners in merchant loans distribution business
- User base and GTV have stabilised; management expects normalcy to return within a few quarters
- Growth driven by rising GMV (payment services + devices), 4X growth in loan disbursements, and a doubling of revenues from marketing services
- Over FY24-27E, revenue, contribution profit, and pre-ESOP EBITDA are projected to grow at a CAGR of 14.1%, 15.6%, and 54.5% respectively
- Post-ESOP EBITDA and net earnings are expected to turn profitable, with INR 1,379 crore and INR 1,388 crore forecasted by FY27E, compared to FY24 losses of INR 908 crore and INR 1,417 crore

## Small Cap:

### Gujarat Industries Power Ltd

Market Cap: INR 3,172 crore | CMP: INR 210

- Doubling power capacity from 1,160 MW to 2,300 MW by setting up a 1,100 MW solar power plant in Gujarat
- All approvals, land, evacuation infrastructure, and PPAs are in place, with commissioning expected to begin in the next 6 months
- With a net cash balance and capacity doubling, significant stock rerating is anticipated
- Currently trades at 1x FY25 P/B, compared to peers trading at 2-3x FY26

## SME:

### KP Green Engineering Ltd

Market Cap: INR 2,985 crore | CMP INR: 597

- Manufacturer of fabricated and galvanized products in the power and renewable energy space
- Setting up a new facility of INR 174 crore in Gujarat with capacity of 2,94,000 MTPA and 90,000 MTPA hot-dip galvanizing plant
- Production set to commence in March 2025, with 90% capacity utilization in 6-9 months of commissioning
- Current capacity is 53,000 MTPA, with additions of 39,000 MTPA in April 2024 and 14,500 MTPA in September 2024
- Total capacity set to grow 8X by FY25, alongside EBITDA margins of 15% and PAT margins of 10%

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