



Pick of the week

ITD Cementation India Ltd.

Smart Gains	: Pick of the week
Company	: ITD Cementation India Ltd.
NSE Symbol	: ITDCEM
BSE Ticker	: 509496
Cur. Price (Rs)	: 252
Face Value (Rs)	: 1/-
Target Price (Rs)	: 325
Holding Time	: 7 months
Stop Loss (Rs)	: 195
Risk perceived	: Medium
Stock Category	: Growth
Rec. Weightage	: 4%
Book Value (Rs)	: 72
Promoter Stake	: 46.64%

In 1931, the Cementation Company Limited of the United Kingdom, a member of Trafalgar House Group of the United Kingdom started operating as a Branch in India and started construction activities.

Since then the company was acquired directly / indirectly by many entities and its name changed to Cemindia Company Limited to Trafalgar House Construction India Limited to Kvaerner Cementation India Limited to Skanska Cementation India Limited.

In 2004, the Italian Thai Development Public Company Limited became a new promoter. Thereupon the Company changed its name to ITD Cementation India Limited. The size of the parent company can be gauged from the fact that as on 31 Mar 2022 it had Rs 86,085 crores worth of total Construction and Concessions work in hand.

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Financial Highlights (Consolidated)

	03/'20	03/'21	03/'22	03/'23	09/'22*	09/'23*
Revenue	2860.71	2727.73	3809.02	5090.91	1034.65	1610.42
Other Income	4.57	12.43	11.86	28.62	12.06	5.76
Interest	-130.50	-138.20	-141.60	-165.38	-39.20	-51.67
Depreciation	-96.49	-100.15	-102.55	-113.61	-27.55	-52.74
Tax	-16.33	-4.05	-24.42	-59.14	-9.99	-14.37
Net Profit	43.76	15.95	69.34	90.46	20.00	45.15
Equity Capital	17.18	17.18	17.18	17.18	17.18	17.18
EPS	2.55	0.93	4.04	5.27	1.16	2.63
CEPS	8.16	6.76	10.01	11.88	2.77	5.70
OPM %	10.04	9.47	8.87	8.42	9.35	10.18
NPM %	1.53	0.58	1.82	1.78	1.93	2.80
Dividend	30%	12%	45%	75%	-	-

*EPS/CEPS based on latest Face Value; * 3 months results*



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ITD Cementation India Limited is one of the leading Engineering and Construction Companies undertaking Heavy Civil, Infrastructure and EPC business.

It has a well established presence and expertise in Marine Structures, Mass Rapid Transit Systems, Airports, Hydro-Electric Power, Tunnels, Dams & Irrigation, Highways, Bridges & Flyovers, Industrial Buildings and Structures, Foundation & Specialist Engineering.

Clientele includes names like, PSA Group, Arcelor Mittal, UltraTech Cement, JSW Group, IOCL, Indian Navy, Military Engineer Services, Mundra Port, NHAI, Airports Authority Of India, IRCON, Delhi Metro Rail Corporation Ltd, Chennai Metro Rail Limited, RVNL, Mumbai Port Trust etc.

Investment rationale

The company has very healthy Reserves at more than 70 times equity capital. It is ripe for a liberal bonus shares considering the shareholder friendly management (fast rising Dividends)

and small size of equity capital added with huge orders which provides good visibility to the future.

On the flip side, the interest outgo as a percentage of Net Profits is way high, also the Debt / Equity ratio has increased from 0.4 in FY21 to 0.5 in FY22 to 0.6 in FY23. Though the Net-Debt/Equity is reasonable at 0.34

The company secured orders worth Rs 4,823 crores in the first six months of FY24. Its order book stood at Rs 22,080 crores as at 30 Sep 2023. Order book compared to FY23 revenues is way high at 4.38 times! About 35% of the orders are from Maritime structures. About 70% of the orders are from the Government (including PSUs) and the rest Private sector.

Based on the first six months results we are projecting an EPS of Rs 12 to Rs 14 for the full year FY24. In view of healthy order book we are projecting Revenue growth of 20% and EPS growth of 25% for the next two years. Target price has been set based on a PEG ratio of unity.

Stock is regularly traded on NSE & BSE with aggregate daily volumes of more than 15 lac shares. ✱

Note: Please review the Disclosures, Disclaimer, and Terms & Conditions before investing, both on subsequent pages and our website.

Terms used in research report

Book Value

Book value is the net value of a company's assets after subtracting its liabilities. It is a measure of the company's equity and is calculated by subtracting total liabilities from total assets.

BSE/NSE

BSE stands for Bombay Stock Exchange. NSE stands for National Stock Exchange

CAGR

CAGR stands for Compound Annual Growth Rate. It is a measure used to determine the average annual growth rate of an investment or business over a specific period, taking into account compounding effects.

CEPS

CEPS stands for Cash Earning Per Share. While Depreciation is subtracted from the operating profit to calculate the net profit, it's important to recognize that the depreciation amount remains available to the company for its utilization in practice. CEPS is calculated by dividing the sum of Depreciation and Net Profit by the number of outstanding shares. CEPS gives a better measure to gauge the cash profit per share.

EPS

EPS stands for Earnings Per Share. It is a financial metric that measures the profitability of a company by dividing its net earnings or profit by the number of outstanding shares. EPS represents the portion of earnings allocated to each share of common stock.

Face Value

Face Value refers to the nominal or par value assigned to a share of stock at the time of issuance. It is typically a small amount (e.g., Rs1, Rs2, Rs5, or Rs10). The face value does not necessarily reflect the market price or the actual value of the stock.

NPM

NPM stands for Net Profit Margin. It is a financial ratio that measures the profitability of a company by calculating the percentage of net profit generated relative to its total revenue.

OPM

OPM stands for Operating Profit Margin. It is a financial ratio that measures the profitability of a company's core operations by calculating the percentage of operating profit generated relative to its total revenue.

PE

PE stands for Price-to-Earnings ratio. It is a financial metric used to assess the relative value of a company's stock by comparing its current stock price to its earnings per share.

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Terms used in research report

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PEG

PEG ratio stands for Price/Earnings to Growth ratio. It is a financial metric used to assess the valuation of a company's stock in relation to its expected earnings growth. The PEG ratio takes into account the company's price-to-earnings (P/E) ratio and its projected earnings growth rate.

Risk

Risk refers to the potential for the value of a stock to fluctuate or experience losses due to various factors such as market conditions, economic events, company-specific risks, or unforeseen circumstances. Every stock is categorized into one of three risk levels: High, Average, or Low. These risk levels are determined based on their correlation to the broader market indices, such as the BSE Sensitive index and NSE Nifty 50 index. Low risk is assigned to stocks with a beta value below 0.75, Medium risk to stocks with a beta value between 0.75 and 1.25, and High risk to stocks with a beta value exceeding 1.25.

ROCE

ROCE stands for Return on Capital Employed. It is a financial metric that measures the profitability and efficiency of a company by comparing its operating profit to the capital employed in the business.

ROE

ROE stands for Return on Equity. It is a financial metric that measures the profitability and efficiency of a company by calculating the percentage of net income generated relative to its shareholders' equity.

Stock Category

Stocks are categorized as Value or Growth. Value stocks are undervalued companies with stable cash flows, while growth stocks are companies expected to have above-average earnings or revenue growth. Value stocks offer stability and potential income, while growth stocks offer higher potential for capital appreciation. The choice depends on investment goals and risk tolerance.

Stop Loss

Stop loss refers to a predetermined price level set by an investor to automatically sell a security if it reaches or falls below that level. It is a risk management tool designed to limit potential losses by triggering a sale order when the price reaches a specified threshold.

Weightage

Stock weightage/allocation in a portfolio means determining the proportion of the portfolio's value invested in different stocks to achieve diversification and meet investment objectives. Factors considered include the potential impact of stock price movements, scenarios likelihood, investment duration, and the probability of achieving targeted EPS growth. ✱

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Smart Gains (Weekly @Wednesday)

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Smart Multibagger (12 stocks recommended in a year)

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add GST@18% , Subscription rates as on 02 June 2023

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✓ **Smart Gains** : Value rewards, always !

Objective

Medium-term Wealth creation, learning valuations.

Content

Pick of the Week: One stock recommended @Wednesday with research report.

For whom

Investors ready to invest for 3 to 24 months. Apart from the healthy returns investors can learn a lot about valuations.

	2018	2019	2020	2021	2022	2023*
Success Rate	73%	61%	84%	87%	71%	87%

*-upto 15-11-2023, One year subscription Rs 7200/- as on 15 Nov 2023 (+ GST@18%)

Pick of the Week (Yearly best performers)

Company	Rec. Date	Rec. Price	Current Pr.#	% Gains
Anup Engineering	18-01-23	975	2497	156%
Mrs. Bectors Food	29-03-23	526	1140	117%
Vesuvius India Ltd.	18-05-22	1010	3537	250%
Ramkrishna Forging	27-04-22	190	680	258%
Action Construction	25-01-22	216	863	300%
Usha Martin	30-06-21	57	294	416%
Shivalik Bimetal Contr	31-03-21	55	518	842%
Tata Elxsi	23-09-20	1234	7830	535%
JK Paper	18-03-20	89	371	317%

as on 06 Nov. 2023

Products at a glance.. Continued

✓ **Smart Multibaggers** : Medium Safety, High Reward !

Objective

Long term mega wealth creation through multibagger returns.

Contents

Detailed stock report on 12 to 15 stocks every year including valuations and with clear 'Stop Loss', 'Target' and 'Holding Period'. Stocks are regularly reviewed.

Recommendations and exit notifications sent on mobile App, SMS and Email.

For whom

Investors ready to invest for minimum 2 years and investments of at least Rs 4 lacs. More than 7000 investors have benefited from this product so far.

	2013 to 2019	2020	2021
Success Rate	71%	78%	50%

One year subscription Rs 9500/- as on 15 Nov 2023 (+ GST@18%)

Yearly best Performers

Company	Rec. Date	Rec. Price	Current Pr.#	% Gain
Kaynes Technology	14-03-23	945	2455	160%
HBL Power Systems	01-02-23	100	308	208%
Ratnamani Metals & Tub	15-07-22	1729	2892	67%
Tata Power	03-03-21	104	249	139%
Tata Elxsi	13-01-21	2300	7830	240%
KEI Industries	22-04-20	271	2591	856%
Caprihans India	25-03-20	27	216	700%
GMM Pfaudler	01-08-19	393	1767	350%
Gokaldas Export	19-03-19	77	801	940%

as on 06 Nov. 2023

Disclosures

Recommendations given in this report have been researched and prepared by Anil Kumar Asnani (SEBI Reg. - IN-H000000420). He has experience of 34 years into stock investments and author of book 'Way To Billionaire'. By qualification he is BE, MBA (Finance), ERA (ICFAI, Hyderabad) and Ph.D.

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Disclosures (continued)

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- Employment information (such as occupation and employer details).
- Communication preferences and feedback.
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- Complying with legal obligations and regulatory requirements.
- Sending you marketing communications if you have opted to receive them.
- Protecting against fraud, unauthorized access, or any other misuse of our services.

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Privacy Policy (continued)

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