



# Smart Multibagger

*Your dependable partner in creating wealth  
since 1989*

28 April 2023

## ***ITD Cementation India Ltd.***

**Warning:**

Investment in securities market are subject to market risks.

Read all the related documents carefully before investing

*Subscriber copy, not for re-sale / not to be forwarded*

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# Smart Multibagger

## Price related information

Company	ITD Cementation India Ltd.
Current Price (Rs)	124
Target Price (Rs)	327
Stop Loss (Rs)	84
Perceived Risk	High
Holding Period (months)	38
Recommended Portfolio weightage	3%
Market Capitalisation	~ Rs 2121 crores

## Stock related information

NSE Symbol	ITDCEM
BSE Ticker	509496
Face Value (Rs)	1.00
Book Value (Rs)	65.88
Sector	Infrastructure
Promoter Stake	46.64%
BSE Group	B
Liquidity	High
BSE Index constituent	S&P BSE SmallCap

## ITD Cementation India Ltd.

- ✓ 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.
- ✓ In 1978, the Company was incorporated as Cemindia Company Limited
- ✓ In 1994, The Company changed its name to Trafalgar House Construction India Limited.
- ✓ In 1996, Kvaerner ASA, acquired Trafalgar House Plc. Consequently the Company changed its name to Kvaerner Cementation India Limited.
- ✓ In 2000, Skanska AB, acquired Kvaerner Plc, and the Indian company changed its name to Skanska Cementation India Limited.
- ✓ In 2004, the Italian Thai Development Public Company Limited became a new pro-

*(Continued on page 4)*

### *Financial Highlights (Consolidated)*

	03/'19	03/'20	03/'21	03/'22	12/'21*	12/'22*
Revenue	3165.07	2860.71	2727.73	3809.02	998.15	1327.02
Other Income	24.34	4.57	12.43	11.86	2.74	0.74
Interest	-124.32	-130.50	-138.20	-141.60	-34.08	-40.32
Depreciation	-82.45	-96.49	-100.15	-102.55	-26.55	-29.93
Tax	-51.34	-16.33	-4.05	-24.42	-6.16	-10.44
Net Profit	83.16	43.76	15.95	69.34	19.84	36.88
Equity	17.18	17.18	17.18	17.18	17.18	17.18
EPS	4.84	2.55	0.93	4.04	1.16	2.15
CEPS	9.65	8.17	6.76	10.01	2.70	3.89
OPM%	10.78	10.04	9.47	8.87	8.68	8.86
NPM%	2.63	1.53	0.58	1.82	1.99	2.78
Dividend	40%	30%	12%	45%	-	-

*Uniform present Face Value has been used for calculating per share ratios, \* Three months, Rs in crores*

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## ITD Cementation India Ltd.



*(Continued from page 3)*

motor. 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.
- ✓ 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.
- ✓ The strong parentage has furthered the company's momentum in acquiring large infrastructure construction projects across the country.
- ✓ Its clientele includes names like, PSA Group, Arcelor Mittal, UltraTech Cement, JSW Group, IOCL, Indian Navy, Military Engineer Services, Mundra Port, NHAI, Tamilnadu Generation & Distribution Corporation Ltd, Airports Authority Of India, IRCON, Delhi Metro Rail Corporation Ltd, Chennai Metro Rail Limited, RVNL, Mumbai Port Trust etc.

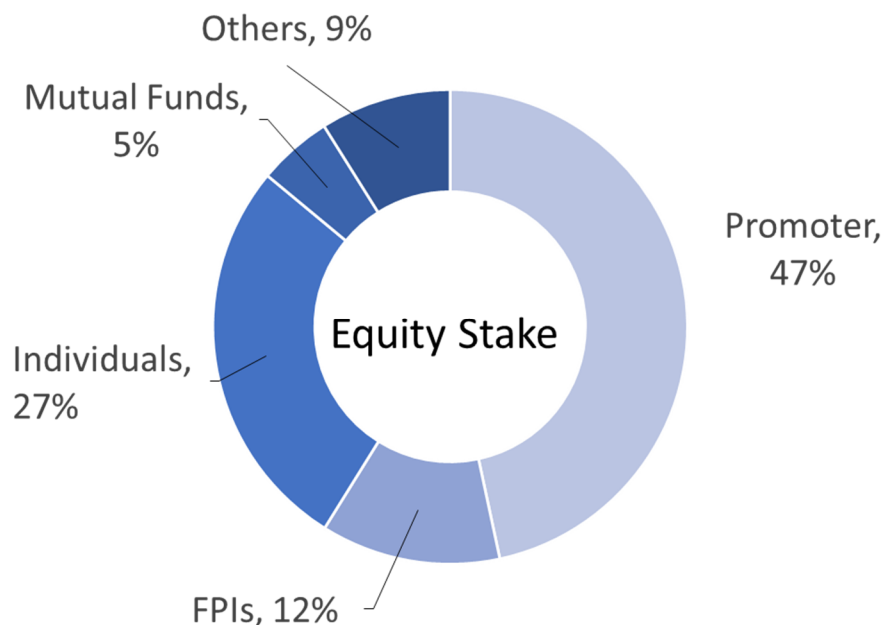
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## ITD Cementation India Ltd.



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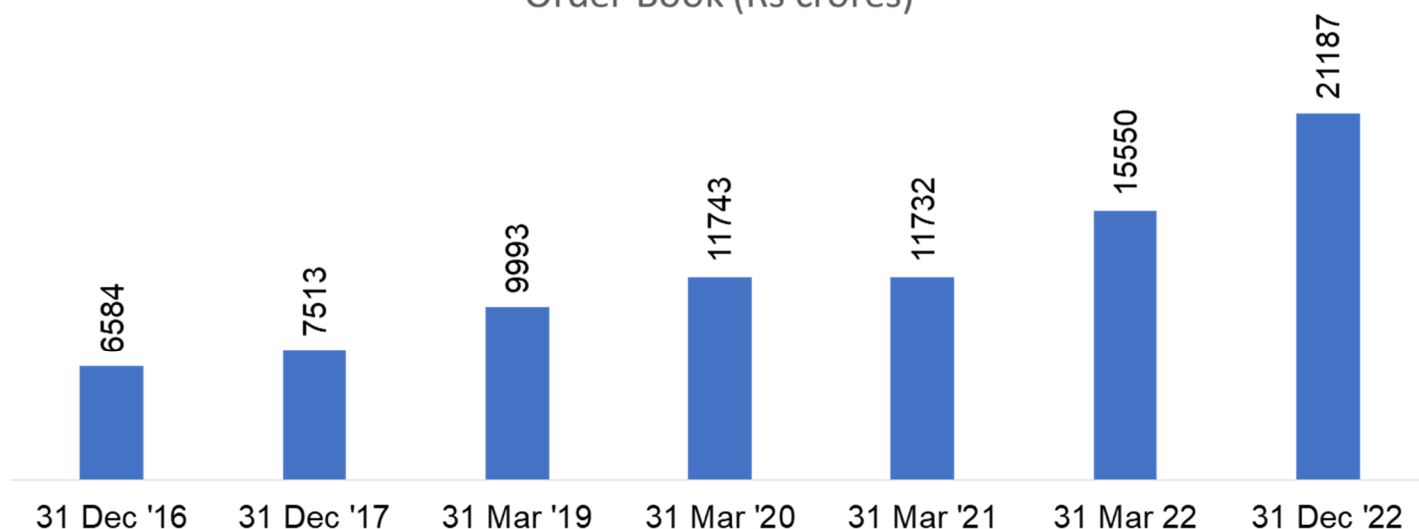
### Investment rationale

- ✓ The company secured orders worth Rs 8,000 crores for the first nine months in FY23.
- ✓ Its order book stood at Rs 21,187 crores as at 31 Dec 2022. Order book compared to previous year (FY22) revenues is way high at 5.56 times! About two-third of the orders are from Maritime structures and Urban Infrastructure/ MRTS/Airports. About 60% of the orders are from the Government and rest Private sector.
- ✓ Despite being into highly capital intensive business its net debt to equity ratio is low at 0.39x
- ✓ With improving fundamentals we expect the Dividend payout to increase.
- ✓ Interest outgo on absolute basis is more or less stable during the last 4 years. With growing operations Interest cost as a percentage of Net profit has started falling in the recent quarters and this trend seems to continue in the foreseeable future.
- ✓ It has very strong Reserves at more than 64 times Equity Capital. Considering the

(Continued on page 6)

## ITD Cementation India Ltd.

Order Book (Rs crores)



(Continued from page 5)

small equity capital and huge and burgeoning order book the stock is ripe for a liberal bonus shares.

- ✓ For the first nine months of FY23, Revenues grew by 31% and Net Profit grew by 65% respectively for the same period previous year.
- ✓ Annualised EPS for the first nine months of FY23 stands at Rs 6.71.
- ✓ Considering the tall order book and assuming that the company takes roughly about three years to vacate these orders, its Revenues will have to grow at the rate of about 19% per annum for the next three years. Incorporating the benefits of the economies of scale net profit is assumed to grow @ 25% per annum.

(The company has not projected for the next three years but it is confident of achieving Revenue of about Rs 6000 crores in FY24. Source: Q3 FY '23 Earnings Conference Call, Feb. 10, 2023).

- ✓ Thus the EPS for FY26 is projected at Rs 13.11. Target price has been set based on a PEG (PE to Growth ratio) of unity (1x).
- ✓ The business involves high working capital and other associated risks and also about one third of the order book is from Adanis (based on 31 Dec 2022 order book) though the company continues to receive all payments on time, hence the stock has been as-

(Continued on page 7)

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## ITD Cementation India Ltd.

(Continued from page 6)

signed 'high risk' and recommended a low weightage of 3%.

- ✓ Stock is regularly traded on BSE and NSE with aggregate volumes upward of 10 lac shares per day.\*

*“..... A few jobs we are LI to the extent of around INR 2,700 crores. We are expecting order maybe in a couple of months hopefully by end of this year. And there are some big jobs under pipeline in Marine and Metro....”*

*.....if you recall our last concalls, we expect that margin will improve from next year, that is quarter 1, quarter 2 of next year, and we expect to touch close to double digit or double-digit EBITDA. ”*

- Mr. Jayanta Basu, Managing Director

(edited excerpts from the Q3 FY '23 Earnings Conference Call, Feb. 10, 2023)

*“...We are very pleased with our operational performance in Q3. We have posted a robust performance, and we are hopeful that this will be a precursor to a better performance during the next quarter and in '23, '24 as well. ....”*

- Mr. Prasad Patwardhan, CFO

(edited excerpts from the Q3 FY '23 Earnings Conference Call, Feb. 10, 2023)

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Smart Gains (Weekly @Wednesday)	Rs. 7200/- per year
Smart Multibagger (12 - 15 stocks recommended in a year)	Rs. 9500/- per year
Smart SIP (on 5th of every month)	Rs. 4400/- per year

*add GST@18% , Subscription rates as on 21 Apr 2023*

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## *Frequently Asked Questions*

**Q. *What is the Guarantee of success of the expected returns indicated in this report ?***

A. There is no Guarantee of meeting the expected returns, it is only a probability. Returns have been calculated based on our past experience and certain expectations from the company, industry and the economy.

**Q. *Can these stocks go down ?***

A. Recommendations are based on current valuations of these stocks with respect to the market. Any adverse news about the individual company or sharp correction in stock indices can drag the individual stock prices down.

**Q. *Will these stocks be reviewed in future ?***

A. At least One review shall be made as and when required.

**Q. *What is the minimum amount, one should invest in these stocks?***

A. Limit your exposure in any single stock to maximum 5% of your total portfolio value.

**Q. *Stock recommended by you is ruling up from your recommended price, can I still purchase this stock?***

A. One can buy the stock as long as it is within the 5% band of recommended price.

**Q. *If I have a query, how and whom should I contact ?***

A. All the related queries shall be addressed to [support@smartverc.com](mailto:support@smartverc.com). We shall revert back to you within 24 hours.

Note :

- Investors are advised not to borrow money even for the short term to invest in these stocks.

# Products at a glance

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

## Objective

Medium to Long 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 very good returns investors can learn a lot about valuations and portfolio management from SBP.

	2016	2017	2018	2019	2020	2021
Success Rate	81%	83%	73%	61%	84%	87%

One year subscription Rs 7200/- as on 19 Apr 2023 (+ GST@18%)

## Pick of the Week (Yearly best performers)

Company	Rec. Date	Rec. Price	Current Pr.#	% Gains
Minda Corporation	15-02-23	209	261	25%
Vesuvius India Ltd.	18-05-22	1010	1704	69%
Finolex Cables	13-04-22	411	853	108%
Action Construction	25-01-22	216	408	89%
Usha Martin	30-06-21	57	217	281%
Shivalik Bimetal Contr	31-03-21	55	502	813%
Mindtree Ltd.	03-03-21	1750	4260	143%
Tata Elxsi	23-09-20	1234	6372	416%
JK Paper	18-03-20	89	376	323%

# as on 18 Apr 2023

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## Products at a glance.. Continued

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

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#### **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 and 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.

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	2013 to 2019	2020
Success Rate	71%	78%

One year subscription Rs 9500/- as on 19 Apr 2023 (+ GST@18%)

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### Yearly best Performers

Company	Rec. Date	Rec. Price	Current Pr.#	% Gain
Deepak Fertilisers	04-06-21	295	616	109%
Tata Power	03-03-21	104	197	89%
Tata Elxsi	13-01-21	2300	6372	177%
Carysil Limited	23-10-20	129	615	377%
KEI Industries	22-04-20	271	1787	559%
Caprihans India	25-03-20	27	103	281%
GMM Pfaudler	01-08-19	393	1515	286%
Gokaldas Export	19-03-19	77	364	373%

# as on 18 Apr 2023

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## Products at a glance.. Continued

✓ **Smart SIP** : Favorite of regular Savers !

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### Objective

Create huge wealth in long term by investing regularly in growth stocks. Let the compounding magic works for you.

### How the scheme works

Stocks and money remains with investor. One stock is recommended on every 5th of the month. On reaching basket size of 18, the stock which provides highest Value in the portfolio is recommended for purchase. Churning is very low. More than 80% of stocks are Growth stocks. Based on the expected long term growth in portfolio stocks we expect to achieve 15% to 18% CAGR returns in long term.

### For whom

Investors prepared to invest regularly for long term to meet their financial objectives.

### Risk

Since investment is for long term the stock price is more dictated by the financial performance of the company rather than the market.

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	Total Investment (since 05 Oct 2016)	Current Value (18 Apr 2023 )	% Change
Smart SIP (Rs)	7,90,000	12,68,000	+ 61%
IRR (Year 2021)	+57.91%		

One year subscription Rs 4400/- as on 19 Apr 2023 (+GST@18% )

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# Disclosures / Disclaimer

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## Privacy Policy

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## Disclosures

Recommendations given in this report have been researched and prepared by A K Asnani (SEBI Reg. - IN-H00000420). 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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*(Continued on page 15)*

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*(Continued from page 14)*

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