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August 07, 2020

Master Pick

Equities

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India Cements Ltd.

- Incorporated in 1946, India cements is amongst India's leading manufacturers and supplier of cement and rated as one of the best cement companies in India. It has robustly grown in the last two decades to a total capacity of 15.5 mn tons per annum. It now has 8 integrated cement plants in Tamil Nadu, Telangana, Andhra Pradesh and Rajasthan and two grinding units, one each in Tamil Nadu and Maharashtra. While retaining cement over the years, the company has ventured into shipping, captive power and coal mining.
- India cements reported its Q1FY21 numbers wherein its revenue was down by 48.5% YoY to Rs 757 cr, due to muted demand and decline in volumes. The fall in EBITDA was restricted by cost saving measures as well as higher realizations, however it EBIDTA de-grew by 35% YoY at Rs 159 cr. Its net profit declined by 76.5% YoY to Rs 17 cr. Further, management expects gradual pickup in demand in Andhra Pradesh and Telangana on the back of government initiatives.
- Though there are near term challenges with respect to COVID led uncertainty and weak volume trend. However going forward, we remain positive on the company as its growth would be driven by anticipated revival in demand, improving product mix to boost realization, cost saving initiatives and the management's focus on reducing debt.

BSE Code	530005
NSE Code	INDIACEM
Sector	Cement

Technical Recommendation	
CMP (₹)	116.86
Accumulation Range(₹)	109-117
Stop Loss– Closing (₹)	98
Target (₹)	155
Time Horizon	2-3 Months

Data Matrix	
Equity (₹Cr)	309.9
EPS (₹)	9.2
Book Value (₹)	179.2
Face Value (₹)	10
P/ BV (x)	0.65
Dividend Yield (%)	0.51
Beta	0.63
52 Week High / Low	140/67.7
ROE%	0.9

Source : Capitaline, Moneycontrol

Technical Outlook

- India Cement had a prolonged downtrend for nearly six years and it retraced from the record high of 332.60 to 43.05 in 2013, followed by consolidation.
- It formed a distorted Head and Shoulder pattern (which is bullish reversal pattern in nature) on the monthly chart during that consolidation phase and witnessed breakout from the same in August 2016. It surged strongly thereafter and doubled i.e. roughly 100 to 215 levels in the next three quarters. However, it couldn't sustain at those levels and witnessed a gradual decline and again reached to double-digit mark in the next two years.
- It recovered sharply in February 2020 from the low of roughly 70 levels, after spending nearly six months in a range. And, after testing the hurdle around 140 levels, it has been witnessing profit taking for the last two months and currently hovering around the support zone of the medium-term moving average (100 EMA) on the daily chart. Indications are in the favor of marginal consolidation around the current levels, followed by a strong rebound. Traders shouldn't miss this opportunity and accumulate gradually, by buying at CMP (116.85) and adding more on dips around 109. We recommend maintaining closing stop loss at 98 for the upside potential for 155 levels.

Technical Chart (Weekly)

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Running Recommendations

Scrip Name	Rec. Date	Rec. Price	CMP (07th Aug, 2020)	Closing S/L	Target
GODREJCP	31-JuL-2020	691.85	689.10	640*	810
HEIDELBERG	19-Jun-2020	173.80	183.05	172	220
* Closing S/L Trailed					

Performance of Closed Recommendations

Rec. Date	Scrip Name	Rec. Price	Exited On	Return %	Remarks
10-JuL-2020	EQUITAS	59.60	29-Aug-2020	-17.78	Booked loss as SL triggered at 49
17-Apr-2020	RADICO	327.95	29-Jul-2020	14.65	Booked profit as trailed SL triggered at 376
12-Jun-2020	RALLIS	234.75	23-Jul-2020	32.05	Booked profit at 310 as Target Met
30-Apr-2020	BIOCON	353.95	13-Jul-2020	24.30	Booked profit at 440 as Target Met
22-May-2020	GRANULES	165.75	12-Jun-2020	26.70	Booked profit at 210 as Target Met
29-May-2020	RELAXO	676.45	04-Jun-2020	15.30	Booked profit at 780 as Target Met
06-Sep-2019	POWERGRID	203.70	12-Mar-2020	-14.09	Booked loss as trailed SL triggered at 175
20-Feb-2020	VOLTAS	725	09-Mar-2020	-8.96	Booked loss as trailed SL triggered at 660
29-Nov-2019	FEDERALBNK	88.90	06-Mar-2020	-7.76	Booked loss as trailed SL triggered at 82
07-Feb-2020	CHOLAFIN	339.95	28-Feb-2020	-12.63	Booked loss as trailed SL triggered at 297
03-Jan-2020	PETRONET	269.20	28-Feb-2020	-5.66	Booked loss as trailed SL triggered at 254
24-Jan-2020	RADICO	356.50	13-Feb-2020	20.89	Booked profit at 431
13-Dec-2019	GSPL	218.25	24-Jan-2020	17.04	Booked profit at 255.45
15-Nov-2019	GRANULES	123.5	24-Jan-2020	25.79	Booked profit at 155.35
11-Oct-2019	VGUARD	230.90	10-Dec-2019	-6.90	Booked loss as trailed SL triggered at 215
01-Nov-2019	KAJARIACER	565.85	22-Nov-2019	-8.10	Booked loss as trailed SL triggered at 520
18-Oct-2019	PETRONET	267.30	22-Nov-2019	1.01	Booked profit as trailed SL triggered at 270
20-Sep-2019	IGL	339.15	01-Nov-2019	15.00	Booked profit at 390 as Target Met

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[Please note that only in case of multiple RAs, if in the event answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) below , are given separately]

S. No.	Statement	Answer	
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? **[If answer is yes, nature of Interest is given below this table]**		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

Nature of Interest (if answer to F (a) above is Yes :

……

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

SS..No.	Name (s) of RA.	Signtures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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