



Pick of the week

Ahluwalia Contracts

NSE Symbol	AHLUCONT
BSE Ticker	532811
Cur. Price (Rs)	1070
Face Value (Rs)	2/-
Target Price (Rs)	1290
Holding Time	12 months
Stop Loss (Rs)	889
Risk perceived	Medium
Stock Category	Growth
Rec. Weightage	3%
Book Value (Rs)	238
Promoter Stake	55.32%

The company was incorporated as Private Limited Company in the year 1979. The company has been founded & promoted by Mr. Bikramjit Ahluwalia, a Civil Engineer, experience of 50 years. It launched its first public issue in 1996. Today it is amongst select 3-4 Contractors, pre-qualified to bid for most of the mega building projects.

The company has expertise in constructing • Residential and commercial complexes • Hotels, institutional buildings, hospitals • Corporate offices, information technology parks, industrial complexes • Automated car parking lot, townships, BOT projects • Metro station and depot • Redevelopment / Upgradation of Railway Stations.

Its channel partners include names like, Tata Projects, Hafeez

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Financial Highlights (Consolidated)

	03/'20	03/'21	03/'22	03/'23	03/'24	03/'23*	03/'24*
Revenue	1884.93	1982.19	2692.47	2838.39	3855.29	863.05	1163.66
Other Income	10.44	22.32	29.14	29.51	36.64	8.90	12.34
Interest	-35.00	-42.60	-43.73	-33.07	-48.13	-11.19	-13.54
Depreciation	-31.87	-30.44	-33.58	-38.77	-66.85	-10.24	-28.93
Tax	-32.15	-26.28	-53.18	-67.67	-129.62	-25.51	-69.24
Net Profit	64.44	77.24	155.26	193.97	374.82	72.16	199.80
Equity Capital	13.40	13.40	13.40	13.40	13.40	13.40	13.40
EPS	9.62	11.53	23.17	28.95	55.95	10.77	29.83
CEPS	14.37	16.07	28.19	34.74	65.92	12.30	34.14
OPM%	8.67%	8.91%	10.61%	11.75%	16.07%	13.80%	26.77%
NPM%	3.42%	3.90%	5.77%	6.83%	9.72%	8.36%	17.17%
Dividend	Nil	Nil	15%	20%	25%	-	-

The latest consistent Face Value and Equity Capital are used in the calculation of per-share ratios / * 3 months / Rs in crores / Items subtracted from Revenue to determine Net Profit are marked with negative signs.



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Contractor, JV Consults, Germany and SCDA Architects Singapore. Its clientele includes names like, Gillette, DMRC, Asian Development Bank, Apollo Tyres, Rites, ITC, Infosys, SBI etc.

The construction sector has a bright future ahead due to increasing demand for commercial space, by 2030, more than 40% of the population is expected to live in urban India (33% today), creating a demand for 25 Mn additional mid-end and affordable units.

Investment rationale

Its net order book of Rs 11,198 crores is to be executed in the next about 2.5 years. Also it is L1 in orders worth Rs 3194 crores. This compares favorably with FY24 Revenues of Rs 3,855 crores.

Notably there was an exceptional gains of Rs 195 crores for Q4FY24 and FY24. All projections are based after removing the impact of this income (post-tax)

Revenue to Equity Capital is high at 287 times, more so it is into a capital intensive business. Very healthy Reserves at more than 118 times equity capital. Considering the healthy order book and small Equity Capital the stock is fully ripe for a liberal bonus.

During the last five years Revenue and EPS has grown at a healthy CAGR of 20% and 37% respectively.

Considering the healthy order book, growing profit margins and assuming conservatively an average evacuation time of 2 to 2.5 years, Revenue and EPS should grow at the rate of about @23% and 30% respectively for the next three years.

Target price has been arrived at by applying a conservative PEG of unity on projected EPS of Rs 43 for FY25

With improving fundamentals we expect the Dividend payout ratio to increase.

Stock is regularly traded on BSE and NSE with aggregate volumes upward of 1,00,000 shares per day. ✨

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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Content: On Wednesdays before 11 am, we provide a meticulously researched real-time stock recommendation, complete with a research report. We target annual returns between 20% and 30% and specify 'Stop Loss,' 'Target,' 'Holding Period,' and 'Allocation.' Our regular stock reviews and notifications for recommendations and exits are delivered through our mobile app, WhatsApp, and email.

For whom: Best suited for Investors looking for a healthy return on investment and ready to invest for 3 to 24 months.

	2018	2019	2020	2021	2022	2023
Success Rate	73%	61%	84%	87%	71%	89%

One year subscription Rs 9900/- as on 5 June 2024 (+ GST@18%)

Pick of the Week (Yearly best performers)

Company	Rec. Date	Rec. Price	Current Pr.#	% Gains
Anup Engineering	18-01-23	975	3223	231%
Mrs. Bectors Food	29-03-23	526	1129	115%
Vesuvius India Ltd.	18-05-22	1010	3448	241%
Ramkrishna Forging	27-04-22	190	711	274%
Action Construction	25-01-22	216	1588	635%
Usha Martin	30-06-21	57	340	496%
Shivalik Bimetal Contr	31-03-21	55	570	936%
Tata Elxsi	23-09-20	1234	7949	544%
JK Paper	18-03-20	89	341	283%

Note: 'Target Price' for each of the mentioned stocks has been attained; # as on 03 Apr. 2024

Products at a glance.. Continued

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For whom: This product is suitable for investors willing to commit to a minimum 2-year investment period with a minimum investment of Rs 5 lakhs. Over 7000 investors have already derived benefits from this offering.

	2013 to 2019	2020	2021	2022	2023
Success Rate	71%	83%	71%	50%	100%

One year subscription Rs 11900/- as on 5 June 2024 (+ GST@18%)

Yearly best Performers

Company	Rec. Date	Rec. Price	Current Pr.#	% Gain
Kaynes Technology	14-03-23	945	2749	191%
HBL Power Systems	01-02-23	100	459	359%
Ratnamani Metals & Tub	15-07-22	1729	2865	66%
Tata Power	03-03-21	104	410	294%
Tata Elxsi	13-01-21	2300	7958	246%
KEI Industries	22-04-20	271	3529	1202%
Caprihans India	25-03-20	27	159	489%
GMM Pfaudler	01-08-19	393	1322	236%
Gokaldas Export	19-03-19	77	781	914%

Note: 'Target Price' for each of the mentioned stocks has been attained; # as on 03 Apr. 2024

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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- Analyzing and improving our services and customer experience.
- Complying with legal obligations and regulatory requirements.
- Sending you marketing communications if you have opted to receive them.
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Privacy Policy (continued)

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