



Stock Update

ITD Cementation India Ltd.

July 01, 2024



Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Infrastructure/Construction	Rs. 525.65	Buy in Rs. 520-530 band and add on dips in Rs. 457-466 band	Rs. 579	Rs. 626	2-3 quarters

HDFC Scrip Code	ITDCEMEQR
BSE Code	509496
NSE Code	ITDCEM
Bloomberg	ITCE:IN
CMP Jun 28, 2024	525.65
Equity Capital (Rs Cr)	17.2
Face Value (Rs)	1
Equity Share O/S (Cr)	17.2
Market Cap (Rs Cr)	9030
Book Value (Rs)	87
Avg. 52 Wk Volumes	73800
52 Week High	538
52 Week Low	160

Share holding Pattern % (Mar, 2024)	
Promoters	46.64
Institutions	18.9
Non Institutions	34.46
Total	100



**HDFCsec Retail research
stock rating meter**
for details about the ratings, refer at the end of the report

* Refer at the end for explanation on Risk Ratings

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Our Take:

ITD Cementation Limited (ITDC) is engaged in the business of infrastructure construction, development, and management and has the expertise in the execution of projects including EPC contracts, Turnkey Projects. The company is a major player of EPC projects having a presence across 13 states and 1 UT. It is a leading player in Marine and Maritime sector having worked with most of the major ports in India with a strong sectoral presence in Urban Infrastructure, MRTS, Airports, Hydro, Dams, Tunnels, Irrigation, Industrial Structures and Buildings. Over the years, the company has worked to diversify its order book in different segments like Marine, Metro and turnkey tunnel projects. It is also targeting new opportunities in Marine and Metro projects including projects from Port of Singapore, DP World and various international projects from various countries like Maldives, Bangladesh, South African countries with projects funded by Government of India.

ITD has provided a guidance for FY25 with an increase in topline by approx. 20% YoY and improvement in margin levels to double digit margins (~10-11%) on the back of its prudent bidding discipline and completion of legacy orders like Bengaluru Metro projects. As of Mar'24 end, the order book stood at Rs. 19,918 cr indicating a robust visibility of 2.5x of FY24 revenues. The company's project of Ganga Expressway is expected to contribute majorly to its revenue in the near term on account of strong execution of its order-book.

The order intake for Q4FY24 stands at approx. Rs. 808 cr and the FY24 inflow stands at Rs. 6,915 cr. The company is confident of receiving Total Order Intake of Rs. 9,000 cr during FY25 which provides a strong visibility to the revenues aided by the strong bidding pipeline of Rs. 25,000-30,000 cr.

On account of its healthy order book, strong execution capabilities, robust order pipeline and stable EBITDA margins, we remain positive on the stock.

We had issued a buy report on ITD Cementation Ltd. on June 03, 2024 ([link](#)) and the given targets were met.

Valuation & Recommendation:

ITD Cementation Limited has strong financials and healthy balance sheet as compared to its peer companies which gives company a competitive advantage in bidding for big new projects and report healthy revenue growth over the next few years on account of promising revenues flowing from multiple large projects and smooth execution. **ITD Cementation India Limited has recently secured a marine contract for constructing Third Berth (Jetty) and specified additional works at Dahej LNG terminal in the state of Gujarat worth approximately Rs 1,082 crore including taxes and duties. This reflects the scope of work that is available to ITD to bid for and the consequent revenue visibility.**

We expect revenue/EBITDA/PAT to grow at a CAGR of 18%/24%/40% over FY24–26E. With the strong orders flowing into the order-book providing strong future outlook for revenues, we revise our earnings multiple to 18.5x for base case valuation and 20x for bull case to FY26 earnings.

We think the base case fair value of the stock is Rs.579 (18.5x Mar’26E EPS) and the bull case fair value is Rs.626 (20x Mar’26E EPS) over the next 2-3 quarters. Investors can buy the stock in the band of Rs 520-530 (16.8x Mar’26E EPS) and add more on dips to the band of Rs. 457-466 (14.8x Mar’26E EPS).

Financial Summary:

Particulars (Rs cr)	Q4FY24	Q4FY23	YoY-%	Q3FY24	QoQ-%	FY21	FY22	FY23	FY24P	FY25E	FY26E
Total Operating Income	2,257.7	1,631.4	38.4	2,017.2	11.9	2,727.7	3,809.0	5,090.9	7,717.9	9,338.6	10,758.1
EBITDA	220.5	146.6	50.4	204.8	7.7	212.9	293.1	399.9	745.1	929.2	1,144.5
PAT	89.5	37.8	136.9	78.4	14.2	15.9	69.3	124.7	274.2	379.2	537.8
Adjusted PAT	89.5	37.8	136.9	78.4	14.2	15.7	68.8	124	274.2	379.2	537.8
EPS (Rs)	5.2	2.2	136.9	4.6	14.2	0.9	4.0	7.2	16.0	22.1	31.3
RoE-%						1.5	6.2	10.4	20.1	22.3	24.7
P/E (x)						573.4	131.2	72.7	32.9	23.8	16.8
EV/EBITDA						43.4	30.9	22.8	12.1	9.5	7.6

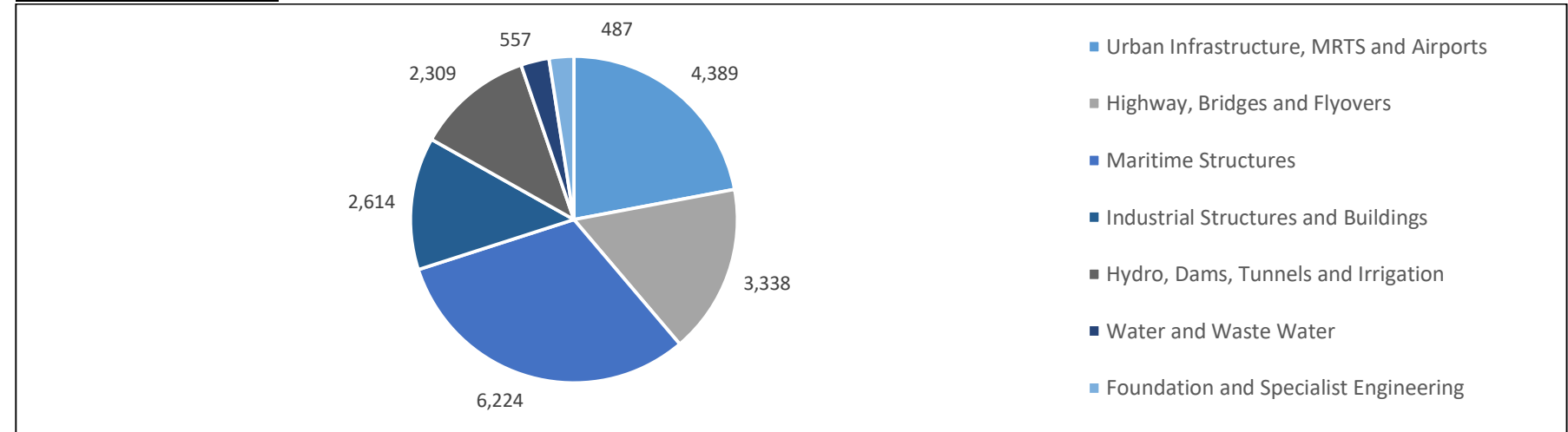
(Source: Company, HDFC Sec)

Key Triggers and Recent developments:

Robust & Well Diversified Order book and Ordering Pipeline: ITD Cementation has strong order-book as on Mar 2024 of over Rs. 19,918 cr which gives company a robust revenue visibility over next 2.5 years. The current order-book of the company is well diversified with Marine Structures segment contributing 31.2%, Urban Infrastructure, Metros and Airports contributing to 22% of total order-book, while Highways, Bridges, Cargo segment orders contributing 16.8%. The current order-book clientele is well diversified with Government contributing 49%, PSUs with 18% and Private sector with 33% share. The company has rich experience and forte in the Marine structure and is expecting strong order inflows in the coming years on account of strong bidding pipeline of approximately Rs. 25,000-30,000 cr majorly contributed by Metro and Marine segments.

ITD Cementation India Limited has recently secured a marine contract for constructing Third Berth (Jetty) and specified additional works at Dahej LNG terminal in the state of Gujarat worth approximately Rs 1,082 crore including taxes and duties.

Segmental Order-book



(Source: Company, HDFC Sec)

New Orders secured in FY24

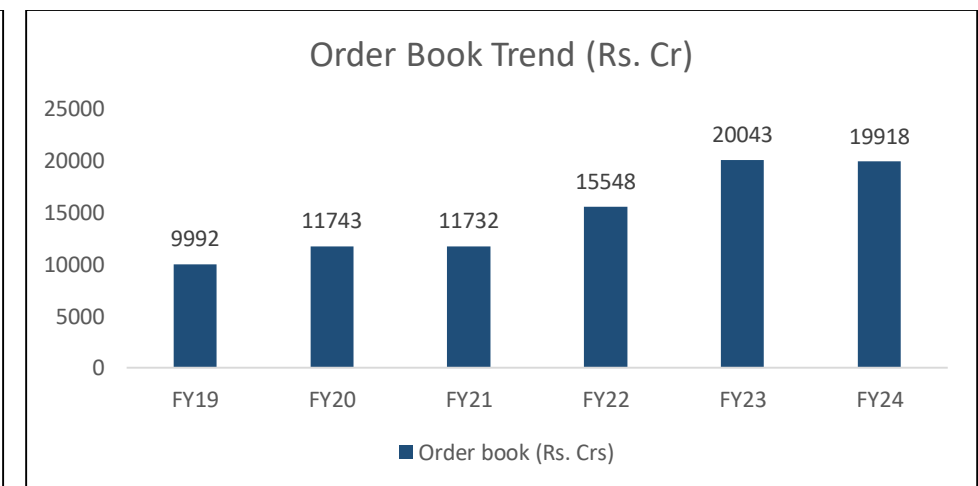
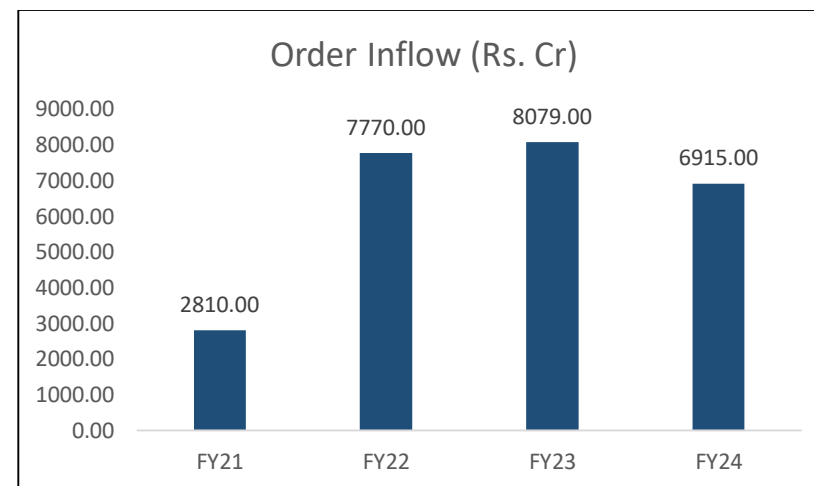
New Orders secured during the year	Contract Value (Rs. Crs.)
Balance Outer Harbour Works in Andhra Pradesh	3,288
Marine project in Bangladesh	1,183
Civil & Hydro-Mechanical Works of 500 MW Hydel Power, Pumped Storage Project in Andhra Pradesh	1,001
Civil works for Yard and associated facilities at Bulk Berth 4 at Dhamra in Odisha	279
Mindstone Mall in West Bengal	208
Bulk Berth No.4 at Dhamra in Odisha	200
Sewerage trunk main by Ahmedabad Microtunneling in Gujarat	198
Others	558

(Source: Company, HDFC Sec)

Strong MNC Parental Support: ITD Thailand is amongst the leading Infrastructure & largest construction companies in Thailand for over 60 years with Global presence in India, Bangladesh, Lao PDR, the Philippines, Vietnam, Africa etc. and total works in hand worth Rs. 66,000 cr. The parent provides Indian entity access to the latest technology and know-how, international design and engineering as well as skilled personnel to execute complex projects of Marine, Metro and airports development especially under the Underground metro segment. The Indian Entity is paying 0.5% of turnover as royalty payment to the parent. As on Mar'24, the promoter holds 46.64% stake in the company.

The company has also invested heavily in modern equipment and machinery for conducting some complex tunneling jobs which will provide strong niche and capabilities to bid for complex jobs which will yield higher margins.

Improvement in Execution provides strong revenue guidance & Expansion in Margins: ITD Cementation has guided for strong growth in the revenue in upcoming years with a revenue guidance of approx. Rs. 9,000-10,000 cr and aims to continue maintaining revenue growth rate of 20-25% in upcoming years. The execution of the existing order-book is likely to pick up in coming quarters on account of good revenue contribution from big projects like Ganga Expressway and Colombo Terminal. The company has also guided for an improvement its operating margins (to higher single digit to low teens). The cooling of the commodity prices in last fiscal has led to some improvement in margins and this is likely to continue for upcoming year leaving legacy jobs behind. Bangladesh Marine project is expected to complete by Jan 2026.



(Source: Company, HDFC Sec)

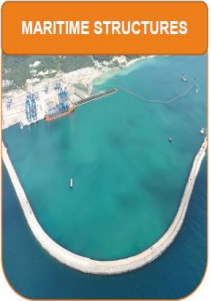
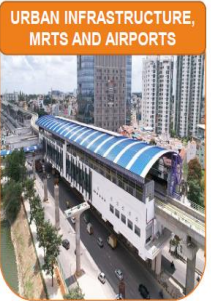
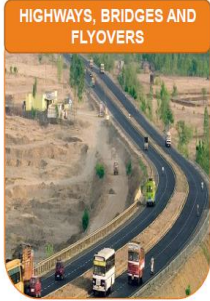

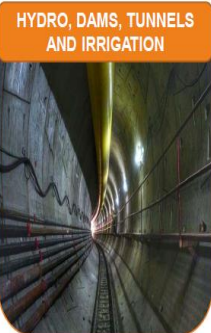


Risks & Concerns:

- Rising raw material and input costs may impact operating margins.
- Slow execution pace of existing orders.
- Relatively higher Interest cost compared to industry peers. Lower advances from customers and high capex requirement for order book execution results in Increase in debt levels.
- 80% of the revenue comes from 8 clients only which poses a significant concentration risk.
- Order inflows have slowed in FY24 compared to earlier years and that in Q4FY24 compared to earlier quarters. However, the management sounds confident of procuring higher orders in the coming year/s.

Company Background:

ITD Cementation India Limited is engaged in the business of providing design, engineering, procurement and construction (EPC) services for infrastructure projects in India having presence across 13 states and 1 UT. The Company leverages the expertise of parent Italian Thai Development Public Company Limited (ITD, Bangkok) in utilizing technology, skilled manpower, processes and industrial know-how to deliver iconic projects. The company also has International presence in Myanmar and Sri Lanka. The company is the leading player in Marine and Maritime sector having worked with most of the major ports in India and has strong sectoral presence in Urban Infrastructure, MRTS, Airports, Hydro, Dams, Tunnels, Irrigation, Industrial Structures and Buildings. ITD Cementation has a very healthy order-book of Rs. 19,918 cr well diversified among various regions of Tamil Nadu, Uttar Pradesh, Karnataka, Gujarat, West Bengal, Maharashtra, Delhi, and other states.

Areas of Operation:

MARITIME STRUCTURES	URBAN INFRASTRUCTURE, MRTS AND AIRPORTS	HIGHWAYS, BRIDGES AND FLYOVERS	INDUSTRIAL STRUCTURES AND BUILDINGS	HYDRO, DAMS, TUNNELS AND IRRIGATION	FOUNDATION AND SPECIALIST ENGINEERING	WATER AND WASTE WATER
 <ul style="list-style-type: none"> • Jetty, Dolphins, Berths & Wharfs • Ship lift, Dry Dock, Wet Basin • Breakwater, Piled approach • Dredging and land reclamation • Coastal erosion protection, Rock Bund 	 <ul style="list-style-type: none"> • Elevated Metro • Underground Metro • Station Buildings and Track work • Integrated Passenger Terminal 	 <ul style="list-style-type: none"> • National Highways • River Bridges • Flyovers • Pre-stressed Box Girders 	 <ul style="list-style-type: none"> • Institutional • Commercial • Factories & Warehouse • Industrial 	 <ul style="list-style-type: none"> • Dam and Power House • Tunnels • Intake structures • Pressure shafts • Irrigation Projects 	 <ul style="list-style-type: none"> • Diaphragm Wall • Ground Improvement • Rehabilitation work • Slope Stabilization / Rock Anchors 	 <ul style="list-style-type: none"> • Micro Tunneling • Civil work for Water Treatment plant and Sewerage Plant • Pipeline for Drainage Project

(Source: Company, HDFC Sec)

Marine Projects:

Major Projects under execution	
▪ Marine project in Bangladesh	▪ West Container Terminal in the Port of Colombo, Sri Lanka
▪ Balance Outer Harbour Works in Andhra Pradesh	▪ Piers, Landside Tunnels & Building in Karwar, Karnataka
▪ Udangudi project in Tamil Nadu	▪ Wharf and Approach trestle works at JNPT in Maharashtra
▪ Captive Oil Jetty at Kamarajar Port in Tamil Nadu	▪ Bulk Berth-4 at Dhamra port in Odisha

(Source: Company, HDFC Sec)

Urban Infra, MRTS & Airports

Major Projects under execution
▪ Underground tunneling and stations for metros in Chennai, Bengaluru, Mumbai and Kolkata
▪ Elevated metro stations and buildings in Kolkata
▪ Depot metro building in Surat
▪ Modification & Refurbishment of terminal buildings in Ahmedabad airport

(Source: Company, HDFC Sec)

Peer Comparison:

Company	Market Cap (cr)	Sales (Rs cr)			EBITDA (Rs cr)			PAT (Rs cr)			ROE (%)			P/E (x)		
		FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
IRB Infra	39918	7409.0	8256.4	8972.9	3331.8	3878.6	4271.2	605.8	1016.3	1296.6	4.5	7.2	8.6	64.9	37.7	30.3
NCC	18016	18314.4	20970.0	23800.9	1648.1	2002.6	2344.4	688.0	939.4	1206.7	9.6	13.0	14.8	31.4	21.1	16.4
L&T	504439	221112.9	253658.6	287787.7	23493.7	28255.1	33773.5	13059.1	16082.3	20097.3	14.9	17.1	18.6	37.8	29.9	24.5
ITD Cem	6906	7717.0	9338.0	10758.0	745.0	929.0	1144.0	274.2	379.2	537.8	20.1	22.3	24.7	32.9	23.8	16.8

(Source: Bloomberg, HDFC Sec)

Financials (Consolidated)

Income Statement

(Rs Cr)	FY21	FY22	FY23	FY24P	FY25E	FY26E
Net Revenues	2,727.7	3,809.0	5,090.9	7,717.9	9,338.6	10,758.1
Growth (%)	-5	40	34	52	21	15
Operating Expenses	2,514.9	3,516.0	4,691.0	6,972.8	8,409.4	9,613.6
EBITDA	212.9	293.1	399.9	745.1	929.2	1144.5
Growth (%)	-28	38	36	86	25	23
EBITDA Margin (%)	7.8	7.7	7.9	9.7	10.0	10.6
Depreciation	100.2	102.5	113.5	207.9	218.9	227.0
EBIT	112.7	190.5	286.4	537.2	710.3	917.5
Other Income	12.4	11.9	28.6	48.0	49.3	50.9
Interest expenses	138.2	141.6	165.4	218.0	249.7	273.8
PBT	-13.0	60.8	149.6	367.2	509.9	694.6
Tax	4.1	24.4	59.1	108.9	142.8	174.8
PAT	15.9	69.3	124.7	274.2	379.2	537.8
Adjusted PAT	15.7	68.8	124.2	274.2	379.2	537.8
Growth (%)	-81	337	80	121	38	42
EPS	0.9	4.0	7.2	16.0	22.1	31.3

Balance Sheet

As at March	FY21	FY22	FY23	FY24P	FY25E	FY26E
SOURCE OF FUNDS						
Share Capital	17.2	17.2	17.2	17.2	17.2	17.2
Reserves	1,051.5	1,117.5	1,224.3	1,481.0	1,895.6	2,433.4
Shareholders' Funds	1,069	1,135	1,241	1,498	1,913	2,451
Long Term Debt	105.8	124.4	168.3	133.2	124.4	174.4
Net Deferred Taxes	-5.1	-6.1	-7.6	-29.6	-6.1	-6.1
Long Term Provisions & Others	69.4	68.9	68.7	73.3	215.7	215.7
Total Source of Funds	1,239	1,322	1,471	1,675	2,247	2,835
APPLICATION OF FUNDS						
Net Block & Goodwill	601.3	654.9	847.5	1,081.0	500.6	423.6
CWIP	53.4	2.0	117.4	10.0	2.5	2.7
Other Non-Current Assets	342.7	333.3	315.8	239.5	333.3	333.3
Total Non Current Assets	997	990	1,281	1,331	836	760
Investments	0.0	0.0	44.9	4.8	102.3	102.3
Inventories	337.3	400.2	577.0	684.3	997.8	1,179.0
Trade Receivables	530.9	621.9	1,080.2	1,211.4	1,663.0	2,151.6
Cash & Equivalents	207.0	491.5	629.6	895.7	781.5	919.6
Other Current Assets	1,114.7	1,106.6	1,396.5	1,760.9	2,072.4	2,387.4
Total Current Assets	2,190	2,620	3,728	4,557	5,617	6,740
Short-Term Borrowings	303.3	390.7	556.4	728.9	445.7	420.7
Trade Payables	726.9	937.3	1,333.6	1,646.8	1,918.9	2,181.1
Other Current Liab & Provisions	918.2	960.5	1,648.0	1,836.9	1,842.1	2,063.2
Total Current Liabilities	1,948	2,289	3,538	4,213	4,207	4,665
Net Current Assets	241.4	331.7	190.2	344.5	1,410.3	2,074.9
Total Application of Funds	1239	1322	1471	1675	2247	2835

(Source: Company, HDFC Sec)

Cash Flow Statement

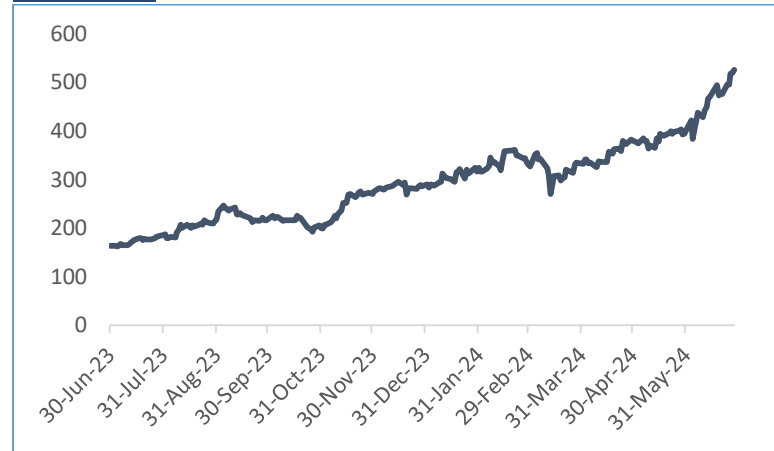
(Rs Cr)	FY21	FY22	FY23	FY24P	FY25E	FY26E
Reported PBT	20.0	93.8	183.9	383.0	509.9	694.6
Non-operating & EO items	-40.9	-26.4	-40.6	-16.4	-37.3	-32.8
Interest Expenses	138.2	136.6	165.4	218.0	249.7	273.8
Depreciation	100.2	102.6	113.5	207.9	218.9	227.0
Working Capital Change	39.6	91.4	149.7	-10.8	-869.7	-501.5
Tax Paid	-22.0	-59.2	-100.9	-77.4	-142.8	-174.8
OPERATING CASH FLOW (a)	235.0	338.7	471.1	704.3	-71.2	486.2
Capex	-111.4	-95.2	-402.4	-335.6	418.9	-150.2
Free Cash Flow	123.6	243.5	68.7	368.7	347.6	336.0
Investments	27.2	113.8	-35.8	-83.3	49.3	50.9
Non-operating income	0.0	-43.3	0.0	0.0	0.0	0.0
INVESTING CASH FLOW (b)	-84.1	-24.7	-438.1	-418.9	468.2	-99.3
Debt Issuance / (Repaid)	-126.9	56.3	192.1	116.7	-291.9	25.0
Interest Expenses	-128.4	-134.7	-156.6	-226.8	-249.7	-273.8
FCFE	-131.6	235.5	104.2	258.6	-194.0	87.2
Share Capital Issuance/ (Buy Back)	0.0	0.0	0.0	0.0	0.0	0.0
Dividend	-5.1	-2.1	-7.7	-12.9	0.0	0.0
Others	0.0	24.9	0.0	0.0	0.0	0.0
FINANCING CASH FLOW (c)	-260.4	-55.7	27.8	-123.0	-541.6	-248.8
NET CASH FLOW (a+b+c)	-109.6	258.3	60.7	162.5	-144.6	138.1

Key Ratios

	FY21	FY22	FY23	FY24P	FY25E	FY26E
PROFITABILITY RATIOS						
EBITDA Margin	7.8	7.7	7.9	9.7	10.0	10.6
EBIT Margin	4.1	5.0	5.6	7.0	7.6	8.5
PAT Margin	0.6	1.8	2.4	3.6	4.1	5.0
RoE	1.5	6.2	10.4	20.1	22.3	24.7
RoCE	12.8	9.0	11.1	17.8	20.8	22.8
SOLVENCY RATIOS						
Debt/EBITDA (x)	1.9	1.8	1.8	1.2	0.6	0.5
D/E	0.2	0.0	0.1	0.0	-0.1	-0.1
PER SHARE DATA						
EPS	0.9	4.0	7.2	16.0	22.1	31.3
CEPS	6.8	10.0	13.9	28.1	34.8	44.5
Dividend	0.1	0.5	0.8	1.7	1.7	1.7
BVPS	62.0	65.8	72.0	87.0	111.1	142.4
TURNOVER RATIOS						
Debtor days	71	60	77	57	65	73
Inventory days	45	38	41	32	39	40
Creditors days	97	90	96	78	75	74
VALUATION						
P/E	573.4	131.2	72.7	32.9	23.8	16.8
P/BV	8.5	8.0	7.3	6.0	4.7	3.7
EV/EBITDA	43.4	30.9	22.8	12.1	9.5	7.6
EV/Revenues	3.4	2.4	1.8	1.2	0.9	0.8

(Source: Company, HDFC Sec)

Price chart



(Source: Company, HDFC sec)

HDFC Sec Retail Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicity of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Disclosure:

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