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This report is a compilation of our analysis of Financial / Business performance “**ITD Cementation India Limited**” from an investment perspective.

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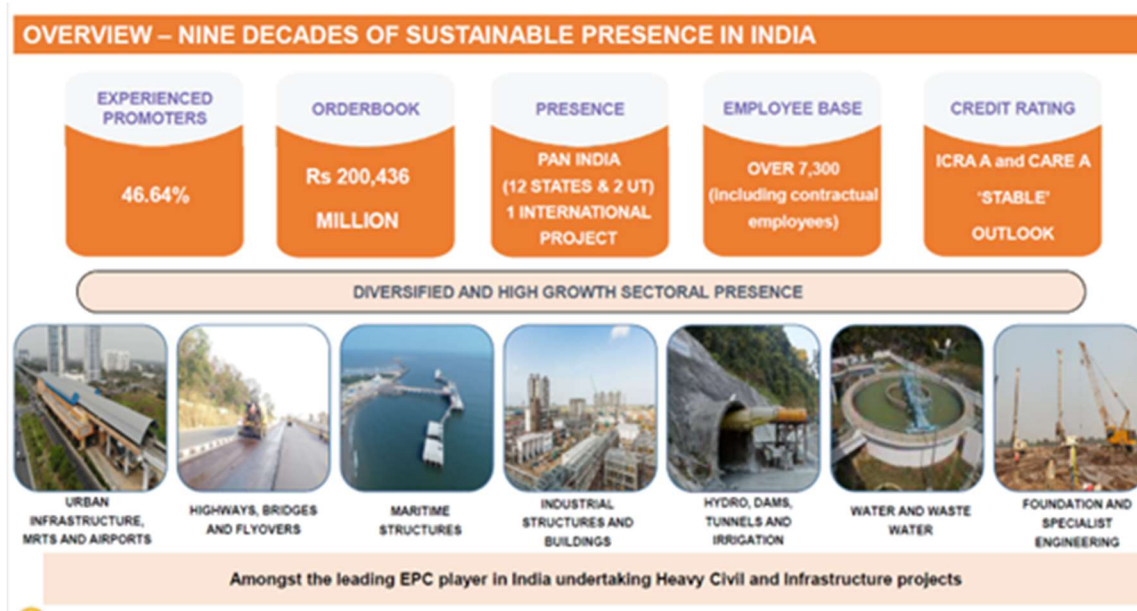
Registration Number - **INA000004088**

Company Analysis: ITD Cementation India Limited

Posted on 6th December 2023

About

ITD Cementation is an EPC company in operation for the last 90 years. The following slide gives a good overview of their business operations



The promoter of the company is the Thai company – ITD which acquired control of this company in 2004-05. As shown in the slide above, the company is engaged in the infrastructure space, with concentration in the Urban infra, MRTS, Highways and bridges and maritime structures

The company has been focused in the above areas for a long time and has been working on diversifying its order book to de-risk it. The order book has grown from 4676 Crs in 2014 to 20035 Crs in FY23 (17%+ CAGR). The pick up in momentum has occurred in the last few years as the government started ramping up infrastructure spend in multiple areas of the economy

Industry Tailwind

The recent announcements around the national infrastructure pipeline and continued thrust means that demand for this sector will continue to be high for the foreseeable future

The company has a well balanced order book as shown below

Project Name	Contract Value (Rs crore)	% Order book
Maritime Structures	7,788	35.3%
Urban Infrastructure, MRTS and Airports	5,277	23.9%
Highway, Bridges and Flyovers	4,038	18.3%
Industrial Structures and Buildings	2,708	12.3%
Hydro, Dams, Tunnels and Irrigation	1,352	6.1%
Water and Waste Water	503	2.3%
Foundation and Specialist Engineering	414	1.9%
Total	22,080	100.0%

The company booked orders worth 8000 Crs in FY23 and has been able to book orders of 4823 Crs in H1. As a result, the order book has risen from around 20000 to 22000 Crs.

The company is focused on the Maritime structure and urban infrastructure projects of size greater than 1000 Crs+. The EPC sector has a lot of small and mid-size companies operating in the smaller projects.

However maritime and larger Infra projects require higher end technical skills, experience and a stronger balance sheet. ITD was picking smaller projects during the slowdown which led to lower operating margins. As demand picks up, the company is now targeting larger projects where competitive intensity is lower

Financials

Topline has grown at 20%+ in the last few years and as can be seen below the growth is increasing in the recent years

Compounded Sales Growth		Compounded Profit Growth	
10 Years:	12%	10 Years:	19%
5 Years:	20%	5 Years:	7%
3 Years:	21%	3 Years:	19%
TTM:	49%	TTM:	110%

The company has earned an average operating margin of 10%+ which dropped to around 8% in the last few years as it was closing out a few lower margin contracts. Management expects the average execution to pick up to around 1600-1700 Crs/ quarter and margins to improve to 10%+

The company delivered 5100 Crs in FY23 with a margin of 8%. Management expects a topline of around 7000 Crs + in FY24 at higher margin and continued growth for the next few years. Finally, the company has managed its working capital well in the last few years and has a low debt equity ratio of less than 0.2.

Positives

The company has a fairly consistent operating track record especially during the downcycle in the industry

	Dec 2011	Dec 2012	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	TTM
Sales +	1,658	1,593	1,524	1,652	2,892	2,938	2,061	3,170	2,861	2,728	3,809	5,091	6,401
Expenses +	1,491	1,402	1,362	1,561	2,700	2,726	1,796	2,843	2,523	2,515	3,516	4,691	5,838
Operating Profit	167	191	162	91	192	212	264	327	338	213	293	400	564
OPM %	10%	12%	11%	6%	7%	7%	13%	10%	12%	8%	8%	8%	9%

The company has been able to grow during the downturn, however margins dipped as management targeted projects with lower margin due to lower demand and higher competitive pressure.

In the last few years, the demand in the infrastructure space is rising and as a result the management is now targeting larger projects with better margins and lower competitive pressures. Operating margin touched 10% during the quarter and could improve as the topline grows and the company benefits from operating leverage.

Risks

The main risk for the company is around the execution of ongoing projects. In the past the company has had to make provisions for projects such Bangalore metro where they took 100 Cr+ provisions in the last few years

Most of the company projects are large and complex and have to be estimated, planned and executed well. These projects have higher margin, but also have higher risk embedded in them.

The second risk is mainly on demand for their services. The capex cycle is in full swing with several orders from the central and state governments. A slowdown in new projects will impact the topline and profits

The final risk is around working capital. EPC projects are high on working capital and any delay or disputes can stretch this cycle. High working capital also means that most of the cash flow has to be invested back into projects to maintain the growth

Management

The company was acquired by the ITD group in 2004-05 and has since then been under the same group. The day to day operations is run by the local management team. The current CEO of the company has also risen through the ranks.

The management team has 20+ years of experience in India even though ownership of this company has changed over the years. The company also has access to the technology of the parent group which executes similar projects in its markets.

Management has run the company conservatively through the downcycle and maintained an ROC of around 15% on average which is a decent performance in the sector. Compensation is reasonable and disclosure is adequate. The company shares regular updates through conference calls, investor presentations and annual reports

Conclusion

The company has a book to bill ratio of 3.5 which is considered healthy for the sector. In addition to that it is getting new projects in the marine sector at better margin. In the conference calls, management has shared that they are focused on improving the margin which touched double digit for the first time during the current quarter after 2+ years

Management expects margins to improve further from here. They expect 7000+ Cr topline for FY24 and another 20%+ growth in FY25. We can expect the company to deliver an operating profit in the range of 900-950 crs by FY25 which will be 60% higher than the TTM number

We recently raised the position to 4% as the execution has been better than expected and management is optimistic of further growth.

Q1- 2025 Results Analysis

Posted on 29th August 2024

The company reported revenue of ₹2,381 crore, a 30% increase year-on-year. This growth was driven by execution across major projects, including the Ganga Expressway and metro rail projects in Chennai and Bangalore. EBITDA was at ₹237 crore, reflecting a 36% increase from the previous year.

The improvement in EBITDA margins to approximately 10% was due to operational efficiency and better cost management. PAT for the quarter was ₹100 crore, representing a 91% year-on-year growth.

The company secured new orders worth ₹1,053 crore during the quarter with the order book as of June 2024 at ₹18,536 crore, diversified across various sectors such as maritime structures (34.5%), urban infrastructure and metro rail systems (21.2%), and highways, bridges, and flyovers (14.7%).

Following are the Key projects under execution

- Ganga Expressway: Over 50% of the project is completed, with the company generating over ₹600 crore in revenue from this single project in the last quarter.
- Metro Rail Projects: Ongoing metro projects in Chennai, Bangalore, Mumbai, and Kolkata are progressing well, with all tunnel boring machines operational and on schedule.
- Maritime Projects: Significant projects include the West Container Terminal in Colombo, the Third Berth at Dahej LNG Terminal in Gujarat, and various marine infrastructure works in Andhra Pradesh and Maharashtra.

Management expects to maintain a revenue growth rate of 15-25% over the next three to four years. This based on the expected order book, ongoing project execution, and a focus on international expansion. The company is actively targeting new projects in regions such as the Middle East, East Africa, and neighbouring countries like Sri Lanka and Bangladesh. These international projects may have higher risk, but also have better margins

The company expects EBITDA margins in the 10-11% range, with potential for further improvement if it can win more high-margin international projects

The current net debt to equity ratio is approximately 0.3x, which is reasonable. Management's strategy is to keep debt within limits, with a focus on cash flow generation and less reliance on external borrowings.

As the company expands its operations, especially into new international markets, it faces execution risks associated with regulatory environments, geopolitical instability, and currency fluctuations. Management is confident that they have enough experience to manage these risks

We are raising the fair value and buy price to 350/share

Stake sale by the parent

I wrote about this [here](#) when the news came up and the stock reacted to it. We had research reports justifying this drop. Some of these reports missed the key points which I covered in my note.

Management confirmed the same points in the call as can be seen from the excerpts below

Pratik Kothari: Correct. And sir, last one, historically, we have seen that the parent of a company changed multiple times. But in your experience, how do we stand? Whether it's a matter of time or we don't even know if it's going to happen, but if they sell partially or completely, how does that change our organization, our outlook, our approach?

Prasad Patwardhan: Well, it will be difficult to comment at this stage. But given what we have seen in the past, it doesn't impact our operations directly. We are not dependent on any funding from the parent or there are no guarantees that the parent has provided for us. So, in terms of operations, we don't expect, as of now, any impact on our day-to-day operations of the company.

Jayanta Basu: Yes, our present promoter has really helped us during their tenure of the last 20 years or so. And now we know how to handle the tunnel boring machine. We know how to do the airport and some other areas. So, now, today you will see hardly any job we got in the joint venture. So, most of the jobs we are able to do standalone. And Marine, we never went to anybody, it is our own area, so we have been doing marine work for last 30 years or so. So, I think we are now self-sufficient, we don't require much of technical support. Technical support is always required you see. That does not mean it has to come only from the promoter. We can go anywhere else. Technology as much as is required. But per se whatever support we have got from ITD so far, that is not required because we are able to manage within ourselves.

Q3- 2025 Results Analysis

Posted on 7th March 2025

The company reported revenue of ₹2,245 crore, an 11% year-on-year growth from ₹2,017 crore in Q3 FY24. The company's EBITDA stood at ₹214 crore, while profit after tax (PAT) was ₹87 crore, both showing an 11% YoY increase.

For the nine months ending December 2024, the company recorded ₹6,617 crore in revenue, a 21% YoY growth. EBITDA for this period was ₹655 crore (16% growth), while PAT stood at ₹259 crore, a 41% increase YoY.

Growth was reduced during the quarter due to the stoppage of work in the Bangladesh project due to geopolitical events which impacted revenue by 200 Crs. Work has started again, and management expects normal execution in the current quarter and FY26

The company has secured orders worth ₹6,370 crore in FY25 so far, bringing the total order book to ₹19,893 crore. Management expects to close the year with around 10000 Cr of project wins. Key wins were as follow

- Near Shore Reclamation and Shore Protection for Greenfield Vadhvan Port in Maharashtra (₹1,648 crore)
- Multistoried Commercial Building Project in Uttar Pradesh (₹1,641 crore)
- Third Berth (Jetty) at Dahej LNG Terminal in Gujarat (₹917 crore)

The company has an L1 position in orders worth ₹800 crore, including metro projects in Bengaluru. Maritime structures form 36.1% of the order book, followed by industrial structures (23.3%), metro and urban infrastructure (15.8%), and highways, bridges, and flyovers (10.3%).

Management expects ~25% revenue growth over the next 2-3 years, with EBDITA margins in the 9.5-10% range. Margins could improve they can win a few international projects. The company has a net debt-to-equity ratio of 0.4x, with a planned capex of 120-125 Cr for the year

The government's continued focus on infrastructure development, particularly in ports, metros, and industrial corridors, should provide enough opportunities and is driver of the growth. Internationally, the company is focusing on the Middle East, East Africa, and South Asia, targeting marine infrastructure projects and has bid around 2500 Crs of projects

Impact of New Promoters – Adani Group

Adani Group is set to take over as the new promoter by the end of the year. Management shared that the company could benefit from the following

- **Larger Order Pipeline:** Adani's vast infrastructure investments will likely open new contract opportunities.
- **Stronger Market Position:** Adani's global reach could help ITD Cementation expand in international markets, particularly in high-growth regions like the Middle East

There are valid concerns about the promoter group, and we are cautious on that front too. For now, the company is likely to benefit from the infrastructure plans of the promoter.

Q4- 2025 Results Analysis

Posted on 21st May 2025

We shared the following on the change in promoter group of the company

Adani Group is set to take over as the new promoter by the end of the year. Management shared that the company could benefit from the following

- *Larger Order Pipeline: Adani's vast infrastructure investments will likely open new contract opportunities.*
- *Stronger Market Position: Adani's global reach could help ITD Cementation expand in international markets, particularly in high-growth regions like the Middle East*

There are valid concerns about the promoter group, and we are cautious on that front too. For now, the company is likely to benefit from the infrastructure plans of the promoter

We can see early signs of the benefit from the new promoter group. Company management confirmed that they have access to around 90000 Cr of order pipeline and expect 20000 Cr+ order win this year. Some part of the win is expected from group companies

In addition, management expects topline to grow 20%+ and operating margin to expand further. Finally, the company may enter new areas of operation based on the strategic focus of the promoter group.

Current quarter and year performance

The company reported revenue of ₹2,480 crore, a 10% year-on-year growth. The company's EBITDA stood at ₹268 crore, while profit after tax (PAT) was ₹114 crore, a 27% YoY increase.

For FY25, the company recorded ₹9,097 crore in revenue, an 18% YoY growth. EBITDA for this period was ₹923 crore (14% growth), while PAT stood at ₹373 crore, a 36% increase YoY.

Projects which had stopped in Bangladesh due to the political issues have now resumed and are being executed at their normal schedule. Payments are also being received as per the terms.

The company secured orders worth ₹7,174 crore in FY25, bringing the total order book to ₹18,300 crore. This was lower than expected due to loss of some key bids for various issues. Management expects a higher win rate in FY26

The company has an L1 position in orders worth ₹600 crore and recently won a 600 Cr order for Jaipur airport. Maritime structures form 34.6% of the order book, followed by industrial

structures (24.4%), metro and urban infrastructure (18%), and highways, bridges, and flyovers (8.4%).

The company has a net debt-to-equity ratio of 0.5x, with a planned capex of 250 Cr for the year

The government's continued focus on infrastructure development, particularly in ports, metros, and industrial corridors, should provide enough opportunities and is driver of the growth. Internationally, the company is focusing on the Middle East, East Africa, and South Asia, targeting marine infrastructure projects and has bid around 2500 Crs of projects

Q1- 2026 Results Analysis

Posted on 17th August 2025

We shared the following on the change in promoter group of the company

Adani Group is set to take over as the new promoter by the end of the year. Management shared that the company could benefit from the following

- *Larger Order Pipeline: Adani's vast infrastructure investments will likely open new contract opportunities.*
- *Stronger Market Position: Adani's global reach could help ITD Cementation expand in international markets, particularly in high-growth regions like the Middle East*

There are valid concerns about the promoter group, and we are cautious on that front. For now, the company is likely to benefit from the infrastructure plans of the promoter

We can now see the benefit from the new promoter group. Company management confirmed that they have access to around 90000 Cr of order pipeline and have won 4300 Crs of orders in Q1 out of which 1000 Cr was from group companies. Overall management expects 30-35% of orders from the group companies.

In addition, management expects topline to grow 20%+ and operating margin to expand further as it is now targeting larger orders. Finally, the company is entering new areas of operations based on the strategic focus of the promoter group such as Data centres, airports, Tunnels etc

Current quarter and year performance

The company reported revenue of ₹2,542 crore, a 7% year-on-year growth. The company's EBITDA stood at ₹254 crore, while profit after tax (PAT) was ₹137 crore, a 37% YoY increase.

Projects which had stopped in Bangladesh due to the political issues have now resumed and are being executed at their normal schedule. Payments are also being received as per the terms.

The company has an L1 position in orders worth ₹1400 crore. Maritime structures form 36.8% of the order book, followed by industrial structures (23.8%), metro and urban infrastructure (22.2%), and highways, bridges, and flyovers (5.1%).

The company has a net debt-to-equity ratio of 0.34x, with a planned capex of 300 Cr for the year with the actual spend depending on the orders

The government's continued focus on infrastructure development, particularly in ports, metros, and industrial corridors, should provide enough opportunities and is driver of the growth.

Internationally, the company is focusing on the Middle East, East Africa, and South Asia, targeting marine infrastructure projects and has bid around 2500 Crs of projects

You can find financials of the company at [ltd Cementation India Ltd Financial Results – Quarterly & Annual, Quarterly Trends, Annual Trends |BSE \(bseindia.com\)](#)

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