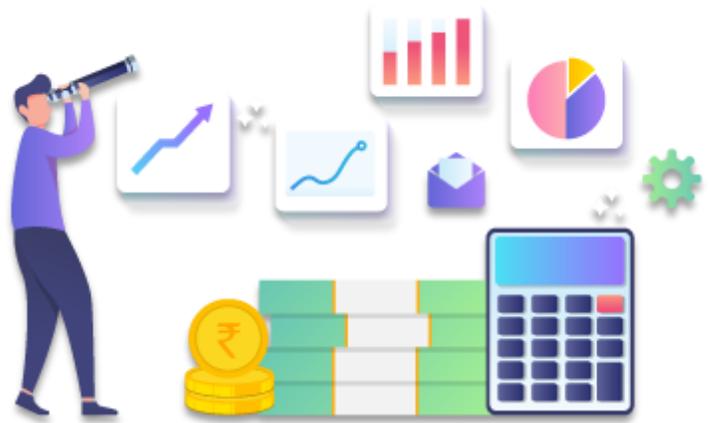


21<sup>st</sup> March 2024

# ITD Cementation India Ltd.

BSE: 509496 | NSE: ITDCEM



Recommendation  
**BUY**



Time Period  
**12 months**



Current Price  
**307/-**



Target Price  
**353/-**



Potential Upside  
**15%**

**ITD Cementation India Ltd** is amongst the leading EPC (Engineering, Procurement & Construction) players in India undertaking Heavy Civil and Infrastructure projects. It has diversified presence in high growth sectors such as Maritime Structures, Urban Infrastructure, MRTS (Mass Rapid Transit System), Highways, Bridges & Flyovers, Hydro, Dams, Tunnels & Irrigation, Industrial Structures & Buildings, etc.

## Five Reasons to Buy

**Strong Parentage:** Italian-Thai Development Public Company Ltd (ITD) is the promoter of ITD Cementation India Ltd and holds 46.6% stake in the company as of Dec'23. It is amongst the leading infrastructure and largest construction company in Thailand for over 60 years. It has a global presence in India, Bangladesh, Lao PDR, the Philippines, Vietnam, Africa etc. The parentage provides access to the latest technology and know-how, international design and engineering as well as skilled personnel to augment local strength of the company.

**Robust and diversified order book position:** The company has an outstanding order book position of Rs 20,825 cr as of Dec'23 which is 2.9x of its 9MFY24 annualized consolidated sales and thus offers healthy revenue visibility for medium term. The company also has Rs 13,000 cr worth of order in pipeline. The management expect the tempo of order inflow to continue. The bidding has 20% possibility of translating into final orders. The company expects growth and margins for 4QFY24 on similar lines as 3QFY24.

**Healthy financial performance:** The company has grown its sales and PAT at a CAGR of 21% and 42% respectively over FY20-23. Backed by healthy order book and strong execution capabilities, 9MFY24 Sales/EBITDA/PAT were up by 57.8%/92.8%/112.5% YoY to Rs 5,460.0 cr/ Rs 567.0 cr/ Rs 185.0 cr respectively. The company follows conservative financing policy and has net D/E of 0.6x as of Dec'23.

**Guidance:** The management has guided to clock topline of Rs 7,000+ cr by the end of FY24, translating to a growth of 37%+ YoY. FY25 revenues are guided to grow around 20-25% YoY led by big projects such as Ganga expressway, Navy project, Bangalore & Chennai Metro, etc. The company will focus on bigger but lesser number of projects for efficient execution.

**Reasonable valuation:** At the current market price, the stock trades at FY24E/FY25E P/E multiple of 20.3x/14.1x based on Bloomberg consensus earnings. We believe the valuation to be reasonable given the robust order book position of the company, strong execution capabilities and positive outlook on the overall infrastructure space.

**Key risks:** Delay in execution of projects; Slowdown in tendering and ordering; Working Capital intensive business

## Financial Summary (Consolidated)

Particulars (Rs cr)	FY22A	FY23A	FY24E	FY25E
Net Sales	3,809.0	5,090.9	7,449.3	9,058.8
EBITDA	337.9	462.8	740.5	946.9
Adj.Net Profit	69.3	124.7	260.3	378.5
EBITDA Margin (%)	8.9	9.1	9.9	10.5
RoE (%)	6.3	10.5	14.6	17.3
P/E (x)	74.8	44.0	20.3	14.1

Source: Bloomberg, SSL Research

## Stock Performance (2-Years)



Source: BSE, SSL Research

## Recommendation History

Date	Stock Price	Target Price	Recommendation	Status
8 <sup>th</sup> January 2024	292.0	321.0	Buy	Closed at Rs 322.0

**SBICAP Securities Limited**

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