

## Pick of the Day (Short Term Delivery Call)

**Company Name: ITD Cementation**

NSE code	ITDCEM
BSE code	509496
Market Cap (Rs Cr)	5,100
Promotor holding (%)	46.6
PE (x) TTM	28.3
Industry PE (x)	27
EV/EBITDA (x)	8.77
P/PB (x)	3.8

**CMP (Rs): 295 | Buy Range: 285-300 | Target Price: 330 | Upside: 12%**

**Duration of recommendation: 1 to 3 months**

**ITD Cementation India** is engaged in the business of providing design, engineering, procurement and construction (EPC) services for infrastructure projects in India. **Business areas:** Company has worked with all major ports in India. Company also provides infra services in the field of Highways, Bridges & Flyovers, Airports, Industrial Structures & Buildings, Mass Rapid Transit Systems, Water & WasteWater, Box Pushing, Tube Heading, Microtunneling.

### Investment Rationale

**Strong Parentage:** As of March 2023 Italian Thai Development Public Company Ltd (ITD, Bangkok) holds 47% in the company. It provides access to the latest technology and know-how, international design and engineering organization as well as skilled personnel to augment the company's local strength.

**Robust & diversified Order Book:** Company's order book stands at Rs 22,000 cr as of Sep 2023 which is 4.3x its FY23 consolidated revenue hence strong revenue growth is expected in medium to long-term. The company has diversified portfolio

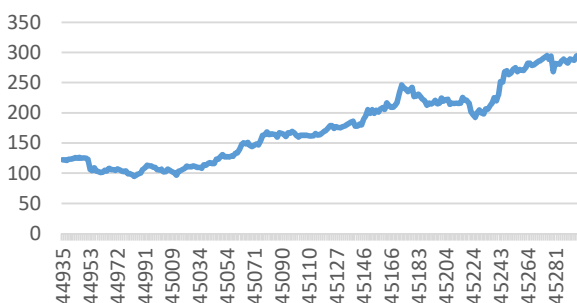
- Urban Infra, MRTS, and Airports: 31%
- Highways, Bridges, and Flyovers: 23%
- Maritime Structures: 18%
- Industrial Structures and Buildings: 14%
- Hydro, Damns, Tunnels, and Irrigation: 8%
- Others: 6%

**Strong Financial Position:** Revenue and PAT have grown at a CAGR of 21% & 42% respectively over FY20-23. In Q2FY24, revenues and PAT have grown by 55.55% and 170% respectively on year-on-year basis. EBITDA margin is up by 400 bps from 6% to 10%. Company's ROE/ROCE are 10.4 & 18.8 respectively. Leverage position is also good with D/E is 0.57.

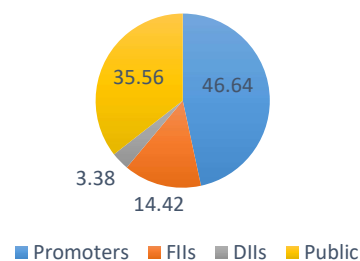
**Fair Valuation:** ITD Cementation trades at an EV/EBITDA multiple of 8.7x, which puts valuation on fair side. Stock's P/E is 28x while the industry P/E is 27x, but it is justified by strong order book and healthy execution of orders. Management is hopeful of increasing sales by 37% to Rs. 7000 cr.

**Key risks:** Delay execution of projects, working capital intensive business, sluggishness in infrastructure space

**Price Performance**



**Shareholding Pattern %**



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