

ITD Cementation India Limited

April 03, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|--|-------------------------------------|------------------------|--|
| Long-term bank facilities | 1,469.23 (Reduced from 1,552.30) | CARE A (RWP) | Continues to be on rating watch with positive implications |
| Long-term / Short-term bank facilities | 6,902.96 (Reduced from 6,918.96) | CARE A / CARE A1 (RWP) | Continues to be on rating watch with positive implications |
| Commercial paper (Carved out)* | 200.00 | CARE A1 (RWP) | Continues to be on rating watch with positive implications |

Details of instruments/facilities in Annexure-1.

*Carved out of working capital limits,

Rationale and key rating drivers

Ratings assigned to long-term and short-term bank facilities of ITD Cementation India Limited (ITD India) continue to remain on rating watch with positive implications considering the company's ongoing divestment by the present promoters including Italian Thai Development Company Limited (ITD Thailand) to Renew Exim DMCC, a Dubai-based entity, promoted by Vinod Shantilal Adani. ITD Thailand has signed a share purchase agreement (SPA) with Renew Exim DMCC. Per the SPA, Renew Exim DMCC is purchasing 46.64% promoter stake of ITD Thailand. The acquirer Renew Exim DMCC has also come up with an open offer for purchasing up to 26% shares in ITD India from the company's public shareholders. Post consummation of these transaction, the acquirer is likely to hold 72.64% stake in ITD India. The Competition Commission of India, vide its communication dated January 28, 2025, has granted its approval to the acquirer for the said transaction. The transaction is awaiting few more approvals and shall be completed once the same are in place.

CARE Ratings Limited (CARE Ratings) believes the change in parentage would delink the impact from the weak credit profile of the present promoter on ITD India. The transaction is subject to receipt of approvals from required authorities and CARE Ratings shall be monitoring developments in this regard and take a view once more clarity emerges.

Ratings continue to factor in the robust growth in order book resulting in strengthened revenue visibility in medium term, healthy operating performance indicated by improved consolidated revenue by 52% in FY24 and 21% in 9MFY25 (on a year-over-year [y-o-y] basis) with an improved profit before interest, lease rentals, depreciation and tax (PBILDT) margin (excluding profit from JVs) to 10.40% in FY24 (PY: 8.39%) and 9.21% in 9MFY25. The company's profitability margins and debt coverage metrics have shown consistent improvement owing to significant progress and revenue booking in its large-sized projects which were earlier at nascent stages of execution. Total debt/PBILDT improved to 3.01x in FY24 (FY23: 5.03x) and is expected to remain below 3.25x in the medium term.

Ratings also remain underpinned by the established track record of ITD India in engineering, procurement and construction (EPC) business in the country, promoters' extensive experience, satisfactory project execution capabilities with complex EPC work undertaken, comfortable solvency position and healthy liquidity.

Aforesaid improvement in ITD India's standalone financial risk profile has been moderated with weakening credit profile of its present parent, Italian Thai Development Public Company Limited (ITD Thailand). Rating strengths continue to be constrained by the working capital intensive business, operations being exposed to volatility in commodity prices, and inherent challenges associated with the construction sector.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Continuously growing scale of operations while maintaining adjusted total debt/PBILDT below 3.25x on a sustained basis.

Negative factors

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

- Increasing gross current asset days to over 275 days on a sustained basis.
- Delaying progress of projects leading to lower-than-envisaged revenue and adjusted total debt (excluding interest free mobilisation advances)/PBILDT exceeding 4x on a sustained basis.
- Extension of support to the parent, ITD Thailand, impacting the company's debt coverage indicators.

Analytical approach: Consolidated

CARE Ratings has adopted a consolidated approach for analysing ITD India. The list of subsidiaries and joint ventures (JV) consolidated is attached as Annexure-6.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Strong orderbook position

ITD India has been able to successfully add orders regularly, which resulted in robust order book position for the company. It witnessed strong inflow of orders over the last three years and added orders of approx. ₹6,900 crore in FY24 and approx. ₹6,370 crore in 9MFY25, leading to outstanding order book position of ~₹19,900 crore as on December 31, 2024. The order book translates to 2.58x of the FY24 revenue providing healthy revenue visibility over the medium term.

The order book is across diverse segments comprising maritime structures (36%), industrial structures and buildings (23%), urban infrastructure (including metro rail)-16%, highways/ bridges/ flyovers (10%), hydro, dams, tunnels and irrigation (9%), among others. Order book is diversified with presence in several states and is currently also executing projects in Sri Lanka and Bangladesh.

Various large sized projects being executed by the company including Chennai metro project, Ganga Expressway project and Project Varsha for the Indian Navy have shown substantial improvement in the execution in 9MFY25. The company has also won three large projects in the current fiscal which included Vadhvan Port project in Maharashtra (worth ₹1,648 crore), construction of IKEA Building in Noida (worth ₹1,641 crore) and development of residential colony at Kasturba Nagar, Delhi (worth ₹1,048 crore). These projects are at very nascent stages of execution since they have been awarded in August 2024 to February 2025. CARE Ratings observes considering the company's established track record in executing complex infrastructure projects which require strong technical expertise, project execution risk has been subsided to an extent.

Improved operational performance in FY24 and 9MFY25

In FY24, on a consolidated level, ITD India reported strong growth in its total operating income (TOI) to ₹7,720 crore compared to ₹5,090 crore reported in FY23, registering a growth of ~52% backed by healthy execution of the order book. Revenue growth continued in 9MFY25 with year-over-year (y-o-y) growth of 21% and stood at ₹6,617 crore compared to ₹5,460 crore in 9MFY24. With the completion of legacy projects, easing up of commodity price pressure and progress in work of Chennai metro, Ganga Expressway, and Project Varsha there has been a substantial improvement in the company's PBILDT margins to 10.40% in FY24 (PY: 8.39%, FY22: 7.93%). The PBILDT margin stood at 9.21% in 9MFY25. CARE Ratings expects the margins to improve and remain at an average of 10% in medium term.

Comfortable debt coverage metrics

With increasing scale and healthy generation of profits and cash accruals, debt coverage metrics stood improved in FY24 with total debt/PBILDT to 3.01x from 5.03x in FY23. Interest coverage also steadily improved from 2.58x in FY23 to 3.68x in FY24 and 3.65x in 9MFY25. Large part of the working capital funding is met through interest free mobilisation advance which supports interest coverage.

Historically, the entity's debt level had been on the relatively lower side with satisfactory operating cycle necessitating lower dependence on working capital borrowings. However, with large-sized projects undertaken, term debt (for funding equipment purchase), mobilisation advance, and working capital requirement had gone up, moderating capital structure FY23 onward. Considering such projects necessitating the increased working capital requirement have picked up pace in execution, CARE Ratings expects coverage metrics to remain comfortable going forward.

Established presence in the EPC business

ITD India was established in 1978 and has presence of over four decades in the EPC segment in the country. The company has established a strong position in construction industry in India with a proven track record. It has successfully executed large and complex array of projects, including elevated and underground metro projects, large commercial and institutional buildings,

pumping stations, irrigation, and marine infra works among others across the country.

Key weaknesses

Weakening of the parent's financial profile

Financial profile of the parent, ITD Thailand, deteriorated in the last few years with weak leverage due to high debt level on a consolidated basis. Pressure of weakening liquidity has led the company to receive an extension in its bond's redemption date by two years, with an increase in coupon rates. Though the company has reported PBILDT of ~THB 5,253 million in CY2023 against PBILDT of THB 2,618 million in CY2022, sustained improvement in operations and improvement in its leverage levels eliminating the need for un-envisaged support from its subsidiaries/ ITD India, shall remain a key rating sensitivity.

While ITD Thailand is under way to divest ITD India to an entity promoted by Vinod Shantilal Adani, until the transaction completes, weak parentage continues to have a bearing on the credit profile of ITD India.

Working capital intensive operations

ITD India specialises in execution of technically complex projects and the work orders have high component of unbilled revenue due to large-sized orders in initial phase of execution and longer gestation projects. Gross current asset days moderated slightly to 228 days in FY23 due to higher amount of unbilled revenue reported for FY23 due to commencement of work for large-sized orders. However, with billing and achievement of milestones in FY24, this stood improved at ~181 days. Working capital has also been managed through extension of creditors, and scaling up of operations led to increase in total outside liabilities. Considering the nature of industry, business operations are expected to remain working capital intensive.

Inherent challenges associated with construction sector

ITD India operates in intensely competitive construction industry, where projects are awarded based on bidder's relevant experience, financial capability, and most attractive bid price. High competition in the infrastructure industry is due to the presence of many small and medium players. However, ITD India has vast experience in niche segment of complex infrastructure projects, long-standing track record in the construction industry, and established clientele which fares well against industry peers.

Liquidity: Adequate

The company's liquidity is strong marked by healthy cash accruals and unencumbered cash balance of ₹261 crore as on December 31, 2024 (₹701 crore as on March 31, 2024). Working capital utilisation continued to remain moderate at 81% for trailing 12-month period ending January 2025. The company has tied up project-specific limits for Chennai Metro Rail Project, which provides sufficient cushion to meet the incremental working capital needs.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

ITD India is exposed to the environmental risk emanating from the disruption of economic resources while construction activities are under progress. However, risks are mitigated to an extent by measures taken by the company such as sustainable use of materials by adopting energy conservation measures such as deployment of fuel-efficient plant and machinery and use of green technologies and recycling/reusing of material. The company procures raw material and labour locally for construction sites, minimising transportation and reducing carbon footprints.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|-------------------------|--------|----------|----------------|
|-------------------------|--------|----------|----------------|

| | | | |
|-------------|--------------|--------------|--------------------|
| Industrials | Construction | Construction | Civil construction |
|-------------|--------------|--------------|--------------------|

ITD India was incorporated on June 24, 1978, as CemIndia Company Limited. The company's name was changed to current nomenclature in 2004 post acquisition of 80.3% stake in the company by ITD Thailand. ITD India is engaged in engineering and civil construction work with focus on maritime structures, urban infrastructure projects/mass rapid transit systems (MRTS), buildings, airports, and tunnels.

| Brief Financials (₹ crore) | March 31, 2023 (A) | March 31, 2024 (A) | 9MFY25 (UA) |
|----------------------------|--------------------|--------------------|-------------|
| Total operating income | 5,090 | 7,720 | 6,617 |
| PBILDT | 427 | 803 | 609 |
| PAT | 125 | 274 | 259 |
| Overall gearing (times) | 1.73 | 1.61 | NA |
| Interest coverage (times) | 2.58 | 3.68 | 3.65 |

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

| Name of the Instrument | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|---|----------|-------------------------------|-----------------|----------------------------|-----------------------------|------------------------------------|
| Commercial Paper- Commercial Paper (Carved out) | Proposed | NA | NA | NA | 200.00 | CARE A1 (RWP) |
| Fund-based - LT-Cash Credit | NA | - | - | - | 1069.00 | CARE A (RWP) |
| Fund-based - LT-Term Loan | NA | - | - | December 2030 | 350.23 | CARE A (RWP) |
| Fund-based - LT- Vendor financing | NA | - | - | - | 50.00 | CARE A (RWP) |
| Non-fund-based - LT/ ST-BG/LC | NA | - | - | - | 6902.96 | CARE A / CARE A1 (RWP) |

NA: Not applicable

Annexure-2: Rating history for last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---------|--|-----------------|------------------------------|------------------------|---|--|--|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 | Date(s) and Rating(s) assigned in 2021-2022 |
| 1 | Commercial Paper-Commercial Paper (Carved out) | ST | 200.00 | CARE A1 (RWP) | 1)CARE A1 (RWP) (04-Nov-24) | 1)CARE A1 (20-Mar-24) | 1)CARE A1 (14-Feb-23) | 1)CARE A1 (01-Dec-21) |
| 2 | Fund-based - LT-Cash Credit | LT | 1069.00 | CARE A (RWP) | 1)CARE A (RWP) (04-Nov-24) | 1)CARE A; Stable (20-Mar-24) 2)CARE A; Stable (23-May-23) | 1)CARE A; Stable (14-Feb-23) 2)CARE A; Stable (06-Apr-22) | 1)CARE A; Stable (01-Dec-21) |
| 3 | Fund-based - LT-Term Loan | LT | 350.23 | CARE A (RWP) | 1)CARE A (RWP) (04-Nov-24) | 1)CARE A; Stable (20-Mar-24) 2)CARE A; Stable (23-May-23) | 1)CARE A; Stable (14-Feb-23) 2)CARE A; Stable (06-Apr-22) | 1)CARE A; Stable (01-Dec-21) |
| 4 | Non-fund-based - LT/ ST-BG/LC | LT/ST | 6902.96 | CARE A / CARE A1 (RWP) | 1)CARE A / CARE A1 (RWP) (04-Nov-24) | 1)CARE A; Stable / CARE A1 (20-Mar-24) 2)CARE A; Stable / CARE A1 (23-May-23) | 1)CARE A; Stable / CARE A1 (14-Feb-23) 2)CARE A; Stable / CARE A1 (06-Apr-22) | 1)CARE A; Stable / CARE A1 (01-Dec-21) |
| 5 | Fund-based - LT-Vendor financing | LT | 50.00 | CARE A (RWP) | 1)CARE A (RWP) (04-Nov-24) | 1)CARE A; Stable (20-Mar-24) 2)CARE A; Stable (23-May-23) | - | - |

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

| Sr. No. | Name of the Instrument | Complexity Level |
|---------|--|------------------|
| 1 | Commercial Paper-Commercial Paper (Carved out) | Simple |
| 2 | Fund-based - LT-Cash Credit | Simple |
| 3 | Fund-based - LT-Term Loan | Simple |
| 4 | Fund-based - LT-Vendor financing | Simple |
| 5 | Non-fund-based - LT/ ST-BG/LC | Simple |

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

| Sr N006F | Name of the entity | Extent of consolidation | Rationale for consolidation |
|----------|---|-------------------------|-----------------------------|
| 1 | ITD Cementation Projects India Limited. | Full | Subsidiary |
| 2 | ITD Cem-Maytas Consortium | Full | Subsidiary |
| 3 | ITD Cemindia JV | Full | Subsidiary |
| 4 | CEC-ITD Cem-TPL | Proportionate | Joint Venture |
| 5 | ITD Cem-BBJ JV | Proportionate | Joint Venture |
| 6 | ITD-ITD CEM JV | Proportionate | Joint Venture |
| 7 | ITD-ITD CEM JV (Consortium ITD-ITD Cementation) | Proportionate | Joint Venture |
| 8 | ITD Cementation India Ltd-Transrail Lighting Ltd JV | Proportionate | Joint Venture |

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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