

July 29, 2025

## ITD Cementation India Limited: Long term rating upgraded to [ICRA]A+ (Stable); short term rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loans	292.26	292.26	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable)
Long-term – Fund-based – Working capital	750.00	750.00	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable)
Long-term/Short-term – Non-fund based limits	5,930.00	5,930.00	[ICRA]A+ (Stable)/ [ICRA]A1; long term rating upgraded from [ICRA]A (Stable); short term rating reaffirmed
<b>Total</b>	<b>6,972.26</b>	<b>6,972.26</b>	

\*Instrument details are provided in Annexure I

### Rationale

The upgrade in the long-term rating for ITD Cementation India Limited (ITD) considers the ramp up in its scale of operations for FY2025, reflected in the 6-year CAGR of 19.2% in revenue for the period FY2019-FY2025 with YoY growth of 17.9% for FY2025. This momentum is expected to continue with an expected annual growth of ~14-16% in FY2026 and FY2027. The operating margin stood at 9.9% for FY2025, supported by operating leverage benefits, though slightly moderated from 10.4% in FY2024, due to increased cost in certain projects, which was not covered by price escalation clause. The operating margin is likely to remain above 9% over the medium term. The rating upgrade also factors in the expected improvement in its credit profile from a favourable change in ownership, given the acquisition by Renew Exim DMCC (Adani Group entity based in UAE). In May 2025, the Adani Group entity acquired 67.46% equity stake in ITD, which is expected to translate into operational synergies and impart strong financial flexibility for ITD, given the Adani Group's established strength in the industry and its project pipeline.

The rating action favourably factors in ITD's strong order book position of Rs. 18,300 crore as on March 31, 2025, translating into order book to operating income ratio (OB/OI) of 2 times of FY2025 OI, which provides medium-term revenue visibility. The company's order book recorded a CAGR of 10.6% over the last six years ending in FY2025, with fresh order inflows worth Rs. 7,174 crore in FY2025. Further, the order book is well diversified in terms of segments, clients and geography. The rating draws comfort from ITD's established track record of over four decades in executing complex infrastructure projects, including marine, tunnelling, and underground metro works, supported by a diversified order book across segments and geographies, a strong technical team, and a fleet of specialised equipment.

The ratings are, however, constrained by ITD's working capital intensive nature of business due to sizeable inventory (largely work-in-progress inventory) as most the projects have milestone-based billing for certain types of work done. Its inventory days remained high at 116 days as on March 31, 2025 (119 days as on March 31, 2024), which is largely funded by the extended credit period from its suppliers with whom the company has a long-standing relationship and through mobilisation advances, leading to TOL/TNW of 2.5 times as on March 31, 2025 (March 2024: 2.9 times). The debt coverage indicators though improved, remain moderate with interest coverage at 3.9 times in FY2025 (FY2024: 3.7 times) and DSCR of 2 times in FY2025. In the absence of any significant debt-funded capex, ICRA expects leverage and coverage metrics to improve with interest cover likely to remain above 4 times and DSCR above 2 times over the medium term. The company is also exposed to execution risk, given that a sizeable share of the order book (32% as on March 31, 2025) is in the nascent stages of execution (less than 10% executed). Any delay in work front availability/ design approvals could adversely affect the progress of the projects. However,

these are largely new orders received in H2 FY2025 and as informed by the management, requisite approvals are in place for most of the orders. Any slippages on project execution or profitability front could have a bearing on its credit profile. The ratings factor in the inherent exposure to sizeable contingent liabilities in the form of bank guarantees, mainly for contractual performance, mobilisation advance and retention money. Nonetheless, ICRA draws comfort from its execution track record and absence of invocation of guarantees in the past. The heightened competition in the construction sector, along with any volatility in input costs (steel, cement, etc) could exert pressure on ITD's profitability, despite the presence of price escalation clauses in these contracts. Given that the company has funded a sizeable share of its working capital requirement through extended credit period and relatively longer term (~2-3 years) advance from customers, thus any decline in either of these would have a bearing on its liquidity position and result in asset liability mismatch. In the backdrop of expected sizeable growth over the next three fiscals, which will entail increase in working capital requirement, the company's ability to judiciously manage its working capital cycle and maintain adequate liquidity remains important from the credit perspective.

The Stable outlook on the long-term rating reflects ICRA's expectations that the company would benefit from strong and well diversified order book position, strong execution capabilities and established relationship with its clientele.

## Key rating drivers and their description

### Credit strengths

**Strong order diversified book position provides medium-term revenue visibility** – The company has a strong order book position of Rs. 18,300 crore as on March 31, 2025, translating into OB/OI of 2 times of FY2025 OI, which provides medium-term revenue visibility. The order book recorded a 6-year CAGR of 10.6% for period ending March 2025, supported by healthy order inflows worth Rs. 7,174 crore in FY2025. The order book is well diversified across segments – marine infrastructure (35%), metro and urban infrastructure works (18%), buildings and industrial structures (25%), transportation (8%), hydro projects (9%), foundation and specialist engineering (4%) and water and waste water (1%) as on March 31, 2025. Further, the order book is geographically diversified with domestic orders (spread across 13 states and 1 union territory) constituting 95% and international orders (spread across two countries) contributing to 5% of the unexecuted order book as on as on March 31, 2025. The top three states formed 50% of the unexecuted OB (Delhi – 20%, Andhra Pradesh - 18% and Tamil Nadu - 12%) as on March 31, 2025. The order book is well diversified in terms of projects and clients, with top three clients contributing 34% to the total unexecuted order book and the top 10 orders accounting for 69% of the unexecuted order book as on March 31, 2025.

**Favourable change in ownership to aid in growth synergies and strong financial flexibility** – In May 2025, the Adani Group entity acquired 67.46% equity stake in ITD, which is expected to translate into operational synergies and impart strong financial flexibility for ITD, given the Adani Group's established strength in the industry and its project pipeline.

**Demonstrated track record in project execution** – ITD has an established track record of operations of over four decades, supported by an experienced management and demonstrated capabilities in executing marine, tunnelling, and underground metro works at geographically diverse locations. The company has a fleet of well-maintained specialised equipment in its portfolio and a strong technical team, which aids its project execution capabilities.

### Credit challenges

**Moderately leveraged capital structure and moderate coverage metrics** – ITD's business operations are working capital intensive due to sizeable inventory (largely work-in-progress inventory) as most the projects have milestone-based billing for certain types of work done. Its inventory days remained high at 116 days as on March 31, 2025 (119 days as on March 31, 2024), which is largely funded by the extended credit period from its suppliers with whom the company has a long-standing relationship and through mobilisation advances, leading to TOL/TNW of 2.5 times as on March 31, 2025 (March 2024: 2.9 times). The debt coverage indicators though improved, remain moderate, with interest coverage at 3.9 times in FY2025 (FY2024: 3.7 times) and DSCR of 2 times in FY2025. In the absence of any significant debt-funded capex, ICRA expects the

leverage and coverage metrics to improve with interest cover likely to remain above 4 times and DSCR above 2 times over the medium term.

**Moderate execution risk** – The company is exposed to execution risk, given that a sizeable share of the order book (32% as on March 31, 2025) is in the nascent stages of execution (less than 10% executed). Any delay in work front availability/ design approvals could adversely affect the progress of the projects. However, these are largely new orders received in H2 FY2025 and as informed by the management, requisite approvals are in place for most of the orders. Any slippages on project execution or profitability front could have a bearing on its credit profile. The ratings factor in the inherent exposure to sizeable contingent liabilities in the form of bank guarantees, mainly for contractual performance, mobilisation advance and retention money. Nonetheless, ICRA draws comfort from its execution track record and absence of invocation of guarantees in the past.

**Exposed to stiff competition and raw material price escalations** – There is intense competition in the domestic civil construction industry, which is fragmented in nature. The company has made sizeable investments towards machineries/assets for project execution resulting in relatively moderate asset turnover (revenue/gross block). Garnering adequate number of projects and ensuring timely execution remain the key for optimal use of resources and ultimately profitability. The competition has increased in the recent past, which, coupled with a rise in input cost, could exert pressure on ITD's profitability. The built-in price escalation clause in majority of the contracts protects the operating margin from raw material price fluctuation risk to some extent.

### Environment and Social Consideration

ITD operates at multiple project sites at any point of time. Therefore, the risk of business disruptions on account of physical climate risks is low. Given that construction activity generates air pollution, entities in this sector remain exposed to the risk of temporary bans on operations in cities that are more sensitive to deteriorating air quality. Construction entities could also face social risks stemming from the health and safety concerns of workers, which could invite regulatory or legal action, besides reputational harm. ITD, however, has a track record of maintaining healthy relationships with its workers/employees, including contractual labour with no material incidents of slowdown in execution because of workforce management issues.

### Liquidity position: Adequate

The company had unencumbered cash and bank balance of Rs. 403.8 crore, buffer in fund-based working capital facilities of ~Rs. 100 crore and buffer of ~Rs. 775 crore of the sanctioned non-fund based limits (both excluding limits earmarked for Chennai Metro Project) as on March 31, 2025. Given its large order book and adequate BGs, it can mobilise funds from customers in case of financial exigencies, with undrawn mobilisation advance of ~Rs. 350 crore as on March 31, 2025, further supporting its liquidity profile.

### Rating sensitivities

**Positive factors** – The ratings can be upgraded if there is a significant improvement in the company's operating margins resulting in improved coverage metrics. Specific credit metrics includes improvement in interest coverage to over 6.0 times on a sustained basis.

**Negative factors** – Negative pressure on ITD's ratings could arise in case of deterioration in operating profitability or elongation of working capital cycle, or if significantly high debt-funded capex impacts the company's liquidity or the overall financial profile. A specific credit metric, which could result in a rating downgrade, is if interest coverage ratio is less than 3.5 times on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Construction</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of ITD Cementation India Limited, as per Annexure I. Further, the risk assessment of non-fund-based limits of JVs guaranteed by ITD has been factored in while arriving at the ratings.

## About the company

Incorporated in June 1978, ITD is a public limited company involved in providing design, engineering, procurement and construction services for infrastructure projects in India. It has done a variety of work, which includes piling, foundations, ground improvement, geotechnical and specialist engineering, marine structures and ports. It has undertaken transportation projects including highways and bridges, hydroelectric projects such as tunnels and dams, industrial works and urban infrastructure projects. ITD was a part of the Thailand-based ITD Thai Group till May 2025. Subsequently, the promoter holding has been acquired by the Adani Group through its UAE-based entity – Renew Exim DMCC, making ITD a part of Adani Group. The Adani Group now holds 67.46% equity stake in ITD as on June 30, 2025.

## Key financial indicators (audited)

ITD (Consolidated)	FY2024	FY2025
Operating income	7,718.7	9,097.1
PAT	258.4	374.1
OPBDIT/OI	10.4%	9.9%
PAT/OI	3.3%	4.1%
Total outside liabilities/Tangible net worth (times)	2.9	2.5
Total debt/OPBDIT (times)	1.1	1.1
Interest coverage (times)	3.7	3.9

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; PAT excluding share of profit/loss from JVs; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years			
	FY2026			FY2025		FY2024	FY2023
	Type	Amount Rated (Rs. crore)	July 29, 2025	Nov 06, 2024	Apr 29, 2024	Apr 04, 2023	Jan 24, 2023
Long-term-Cash credit-Fund-based	Long Term	750.00	[ICRA]A+ (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)
Long-term / Short-term- Others-Non-fund based	Long Term /Short Term	5930.00	[ICRA]A+ (Stable)/ [ICRA]A1	[ICRA]A (Stable)/ [ICRA]A1	[ICRA]A (Stable)/ [ICRA]A1	[ICRA]A (Stable)/ [ICRA]A1	[ICRA]A (Stable)/ [ICRA]A1
Long-term-Term loan-Fund-based	Long Term	292.26	[ICRA]A+ (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loans	Simple
Long-term – Fund-based – Working capital	Simple
Long-term/Short-term – Non-fund based limits	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan	March 2020	-	Dec 2030	292.26	[ICRA]A+ (Stable)
NA	Fund-based Working capital	-	-	-	750.00	[ICRA]A+ (Stable)
NA	Letter of credit/Bank guarantee	-	-	-	5,930.00	[ICRA]A+ (Stable)/ [ICRA]A1

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Company Name	ITD Ownership	Consolidation Approach
ITD Cementation Projects India Limited	100.00%	Full Consolidation
ITD Cem India JV	80.00%	Full Consolidation
ITD Cem-Maytas Consortium	95.00%	Full Consolidation
ITD - ITD Cem JV	49.00%	Consolidated using equity method
ITD – ITD Cem JV (Consortium of ITD - ITD Cementation)	40.00%	Consolidated using equity method
CEC-ITD Cem-TPL JV	60.00%	Consolidated using equity method
ITD Cem-BBJ Joint Venture	51.00%	Consolidated using equity method
ITD Cementation India Limited -Transrail Lighting Limited JV	72.66%	Consolidated using equity method

Source: ITD annual report

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