

Larsen & Toubro

Performance Highlights

Quarterly highlights - Standalone

Y/E March (₹ cr)	4QFY15	3QFY15	4QFY14	% chg (yoy)	% chg (qoq)
Net sales	18,968	14,995	20,079	(5.5)	26.5
EBITDA	2,490	1,569	2,901	(14.2)	58.6
Reported PAT	2,061	1,060	2,723	(24.3)	94.4

Source: Company, Angel Research

Standalone numbers disappoint: For 4QFY2015, Larsen & Toubro (L&T) reported a decline of 5.5% yoy in its standalone top-line to ₹18,968cr, reflecting lower revenue booking across Power, Metallurgical & Material Handling (MMH), Heavy Engineering (HE) and Others segments. EBITDA margin for the quarter was down 132bp yoy to 13.1%, on account of surge in SGA expenses. Reported PAT declined by 24.3% yoy to ₹2,061cr, owing to higher depreciation and interest expenses.

Order inflow for the consolidated entity increased by 39.1% yoy during the quarter to ₹47,582cr; the total consol. order inflow for FY2015 stood at ₹1,55,367cr (up 22% yoy). L&T's order backlog stands at ₹2,32,649cr, **thereby giving revenue visibility for over the next 30 months.**

Hydro-carbon continues to be in red: In 4QFY2015, the Hydrocarbon subsidiary reported an 1% yoy revenue growth to ₹2,200cr. During the quarter, this vertical reported a negative 6.8% EBITDA margin vs negative 5.4% in 4QFY2014.

Key Positives: Strong order book growth in FY2015; positive Management commentary on the award outlook front; easing of net WC cycle on qoq basis.

Key Negatives: Miss on revenue guidance; continued losses at Hydro-Carbons business.

Outlook and valuation: L&T's diversified presence, and an anticipated recovery in the capex cycle coupled with the company's strong balance sheet comfort us. L&T is well positioned to benefit from a revival in the award activity environment. With order backlog expected to grow, execution should pick-up from here-on. We have valued the company using sum-of-the-parts (SOTP) methodology, to capture the value of all its businesses and investments. Ascribing separate values to its parent business on a P/E basis and investments in subsidiaries (using P/E, P/BV and M-cap basis), we arrive at a FY2017E based target price of ₹2,013. We are of the view that L&T is a good proxy play for investors wanting to ride on the revival of the Indian infrastructure growth story. **Given the 18.2% upside potential in the stock from the current levels, we maintain our Buy rating on the stock.**

Key financials (Standalone)

Y/E March (₹ cr)	FY13	FY14	FY15E	FY16E	FY17E
Net Sales	51,611	56,599	57,017	65,065	77,009
% chg		9.7	0.7	14.1	18.4
Net Profit	4,385	5,493	5,056	5,337	6,530
% chg		25.3	(8.0)	5.6	22.3
EBITDA (%)	10.6	11.8	11.4	11.5	11.7
EPS (₹)	53	59	54	57	70
P/E (x)	32.3	28.9	31.5	30.0	24.5
P/BV (x)	1.9	1.7	1.4	1.2	1.1
RoE (%)	14.2	15.6	13.3	13.7	15.1
RoCE (%)	17.5	18.7	16.3	16.8	18.2
EV/Sales (x)	2.9	3.0	3.0	2.6	2.2
EV/EBITDA (x)	27.4	25.1	26.2	22.9	19.1

Source: Company, Angel Research; Note: CMP as of June 1, 2015

BUY

CMP	₹1,705
Target Price	₹2,013

Investment Period	12 Months
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Stock Info	
Sector	Infrastructure
Market Cap (₹ cr)	158,618
Net debt (₹ cr)	11,421
Beta	1.4
52 Week High / Low	1,893/1,400
Avg. Daily Volume	207,946
Face Value (₹)	2
BSE Sensex	27,849
Nifty	8,433
Reuters Code	LART.BO
Bloomberg Code	LT@IN

Shareholding Pattern (%)	
Promoters	-
MF / Banks / Indian Fls	36.1
FII / NRIs / OCBs	16.8
Indian Public / Others	47.1

Abs. (%)	3m	1yr	3yr
Sensex	(5.5)	12.7	74.1
LT	(7.6)	3.6	117.9

3-year price chart



Source: Company, Angel Research

Yellapu Santosh

022 – 3935 7800 Ext: 6828

santosh.yellapu@angelbroking.com

Exhibit 1: Quarterly Performance (Standalone)

Particulars (₹ cr)	4QFY15	3QFY15	% chg (qoq)	4QFY14	% chg (yoy)	FY15	FY14	% chg
Net Sales	18,968	14,995	26.5	20,079	(5.5)	57,017	56,599	0.7
Total Expenditure	16,478	13,426	22.7	17,178	(4.1)	50,530	49,932	1.2
Operating Expenses	14,804	11,921	24.2	15,714	(5.8)	44,397	43,346	2.4
Employee benefits Expense	1,019	959	6.3	1,224	(16.7)	4,151	4,662	(11.0)
Sales, Admin & Other Exp.	655	546	20.0	240	173.1	1,982	1,923	3.1
EBITDA	2,490	1,569	58.6	2,901	(14.2)	6,488	6,667	(2.7)
EBITDA %	13.1	10.5		14.4		11.4	11.8	
Depreciation	246	264	(6.8)	214	15.0	1,008	792	27.2
EBIT	2,244	1,306	71.9	2,687	(16.5)	5,480	5,875	(6.7)
Interest & Financial Charges	334	500	(33.2)	305	9.6	1,419	1,076	31.9
Other Income	570	622	(8.3)	495	15.1	2,283	1,881	21.4
PBT before Exceptional Items	2,480	1,427	73.8	2,877	(13.8)	6,344	6,679	(5.0)
Exceptional Items	(186)	0		(484)		(357)	(589)	
PBT after Exceptional Items	2,666	1,427	86.8	3,362	(20.7)	6,701	7,268	(7.8)
Tax	605	367	64.8	638	(5.2)	1,645	1,775	(7.3)
% of PBT	22.7	25.7		19.0		24.5	24.4	
PAT	2,061	1,060	94.4	2,723	(24.3)	5,056	5,493	(8.0)
Adj. PAT (for excep. Items)	1,875	1,060	76.9	2,239	(16.3)	4,699	4,905	(4.2)
Adj. PAT %	9.9	7.1		11.2		8.2	8.7	
Dil. EPS (after extra-ord. Item)	21.95	11.34	93.5	29.22	(24.9)	54.10	59.00	(8.3)

Source: Company, Angel Research

Standalone business

Revenue declines, reflecting weaker execution

For the quarter, L&T reported a 5.5% yoy decline in its top-line to ₹18,968cr. On a qoq basis, reported revenue was up 26.6% (4Q is typically the best quarter of the year for the company). Revenue decline on a yoy basis is owing to lower revenue booking across Power, MMH and HE segments. Fall in yoy segmental revenues was arrested by execution of large International Infra projects (accounted for 74.5% of 4QFY2015 gross revenues), which reported 5.5% yoy increase in revenues.

Exhibit 2: Segment-wise Gross Revenue Split (Standalone)

Particulars (₹ cr)	4QFY15	3QFY15	% chg (qoq)	4QFY14	% chg (yoy)	FY15	FY14	% chg
Infrastructure	14,278	10,720	33.2	13,539	5.5	40,652	35,115	15.8
Power	1,425	1,075	32.6	1,472	(3.2)	4,459	5,140	(13.3)
Met. & Material Handling	925	696	32.9	1,788	(48.3)	3,303	5,546	(40.4)
Heavy Engineering	939	749	25.4	1,357	(30.8)	3,299	4,322	(23.7)
Electrical & Automation	1,316	1,060	24.2	1,160	13.4	4,129	3,907	5.7
Others	742	1,030	(28.0)	1,382	(46.3)	2,828	4,290	(34.1)
Less: Inter-segment Revenues	479	205	133.9	470	1.9	1,112	1,157	(3.8)
Gross Segmental Revenues	19,146	15,125	26.6	20,229	(5.4)	57,558	57,164	0.7

Source: Company, Angel Research

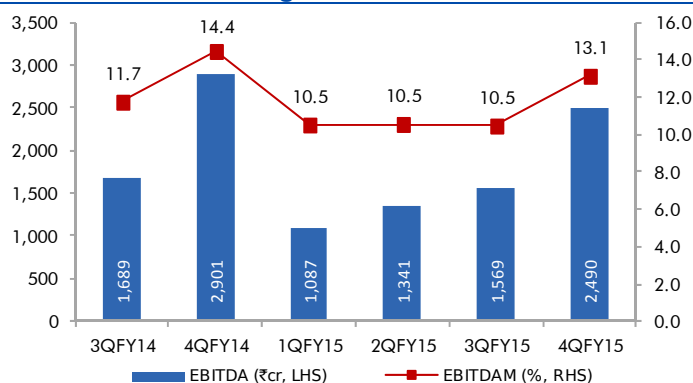
Exhibit 3: Segment-wise Unadj. EBIT & EBIT Margins (Standalone)

Particulars (₹ cr)	4QFY15	3QFY15	% chg (qoq)	4QFY14	% chg (yoy)	FY15	FY14	% chg
Infrastructure	1,957	937	108.8	1,569	24.7	4,442	3,879	14.5
EBIT Margin (%)	13.7	8.7		11.6		10.9	11.0	
Power	52	66	(21.2)	208	(75.1)	201	518	(61.1)
EBIT Margin (%)	3.6	6.1		14.1		4.5	10.1	
Metallurgical & Material Handling	61	36	66.8	304	(80.0)	239	821	(70.9)
EBIT Margin (%)	6.6	5.2		17.0		7.2	14.8	
Heavy Engineering	111	64	72.8	274	(59.6)	336	686	(51.0)
EBIT Margin (%)	11.8	8.6		20.2		10.2	15.9	
Electrical & Automation	196	126	55.5	164	19.4	504	434	16.1
EBIT Margin (%)	14.9	11.9		14.2		12.2	11.1	
Others	100	352	(71.7)	254	(60.6)	653	425	53.6
EBIT Margin (%)	13.4	34.2		18.3		23.1	9.9	
Net Segmental EBIT (unadj.)	2,476	1,582	56.5	2,773	(10.7)	6,376	6,764	(5.7)

EBITDA margin under pressure

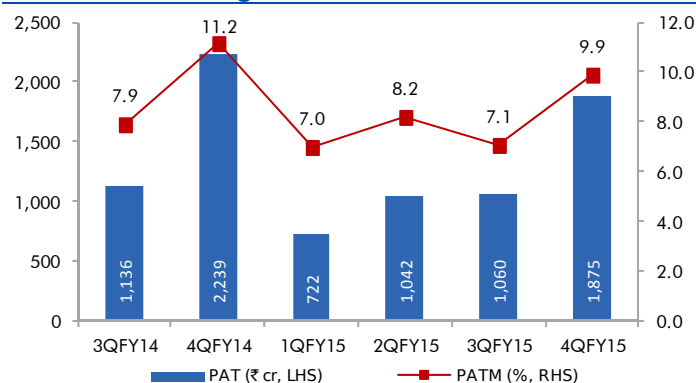
On the EBITDA front L&T reported 132bp yoy decline in its EBITDA margin to 13.1% in 4QFY2015. Decline in yoy margin is mainly on account of (a) 7.2% increase in Sub-contracting expenses, and (b) 173.1% increase in SGA expenses. Sharp yoy increase in SGA expenses is owing to higher exchange losses, and higher warranty provisions made (warranty provisions in 4QFY2014 were lower on account of reversals done). Decline in yoy margin is also attributable to some of the large ticket infra projects being at early stages of the execution cycle. At the segment level, margin pressure was seen across Power, HE, MMH and Others segments.

Exhibit 4: EBITDA margin at 13.1%



Source: Company, Angel Research

Exhibit 5: PAT margin at 9.9%



Source: Company, Angel Research

PAT numbers report yoy decline

Reported PAT declined 24.3% yoy to ₹2,061cr on account of higher depreciation and interest expenses. Depreciation expenses increased 15.0% yoy to ₹246cr on account of change in estimated useful life of assets, resulting from amendments made to the Schedule II of Companies Act. Interest expenses increased 9.6% yoy to ₹334cr on account of stretch in the working capital cycle. PAT numbers on yoy basis, benefitted from 15.1% yoy increase in Other Income to ₹570cr, on account of higher treasury gains. During the quarter, the company reported ₹186cr of exceptional item (profit on sale of part stake in a subsidiary company). On adjusting for the same, Adj. PAT of the company were at ₹1,875cr down 16.3% yoy. In other words, Adj. PAT margins of the company were at 9.9%, lower than last year's 11.2%.

Exhibit 6: Quarterly Performance (Consolidated)

Particulars (₹ cr)	4QFY15	3QFY15	% chg (qoq)	4QFY14	% chg (yoy)	FY15	FY14	% chg
Net Sales	28,023	23,848	17.5	27,024	3.7	92,005	85,128	8.1
Total Expenditure	24,414	20,962	16.5	23,285	4.8	80,669	74,399	8.4
Man. Cons. & Opex Exp.	20,796	17,813	16.8	20,546	1.2	67,294	62,609	7.5
Employee benefits Expense	2,026	1,917	5.7	1,858	9.1	7,922	7,135	11.0
Sales, Admin & Other Exp.	1,591	1,232	29.1	881	80.6	5,453	4,655	17.1
EBITDA	3,609	2,886	25.1	3,739	(3.5)	11,336	10,730	5.6
EBITDA %	12.9	12.1		13.8		12.3	12.6	
Depreciation	588	679	(13.5)	(286)	(305.5)	2,623	1,446	81.4
EBIT	3,021	2,207	36.9	4,025	(24.9)	8,713	9,284	(6.1)
Interest & Financial Charges	474	916	(48.3)	788	(39.8)	2,851	3,138	(9.2)
Other Income	281	235	19.6	269	4.3	1,007	982	2.6
PBT before Exceptional Items	2,828	1,525	85.4	3,506	(19.3)	6,870	7,128	(3.6)
Exceptional Items	(98)	0		(294)		(348)	(362)	
PBT after Exceptional Items	2,927	1,525	91.9	3,801		7,217	7,489	
Tax	796	569	39.8	888		2,284	2,628	
% of PBT	27.2	37.3		23.4		31.6	35.1	
PAT before Minority Int.	2,131	956	122.9	2,913	(26.9)	4,934	4,861	1.5
Extra-Ordinary Items	0	0		0		0	(6)	
Share in profit of Assoc. (net)	(2)	2		5		2	9	
Adj. of Minority Interests	(59)	(91)		(78)		(171)	38	
PAT after Minority Interest	2,070	867	138.8	2,840	(27.1)	4,765	4,902	
Adj. PAT (for excep. Items)	1,971	867	127.5	2,546	(22.6)	4,417	4,541	(2.7)
Adj. PAT %	7.0	3.6		9.4		4.8	5.3	
Dil. EPS (after extra-ord. Item)	22.05	9.27	137.9	30.47	(27.6)	50.98	52.65	(3.2)

Source: Company, Angel Research

Consolidated business

Revenue declines, reflecting weaker execution

L&T reported a 3.7% yoy and 17.5% qoq growth in its consolidated business top-line to ₹28,023cr. Revenue growth on yoy basis was owing to stronger execution seen across infra, realty, valves (reported under 'Others' segment) and IT services businesses (19% yoy growth to ~₹2,020cr). Strong revenue growth across above-mentioned segments was offset to a certain extent by a lower order book and weak execution seen across the Power, MMH, Hydrocarbon, and HE segments.

EBITDA margins under pressure

On the EBITDA front, L&T reported a 96bp yoy decline in its EBITDA margin to 12.9% in 4QFY2015. Decline in yoy margins is mainly on account of 80.6% increase in SGA expenses. Sharp yoy increase in SGA expenses is owing to higher exchange losses, higher warranty provisions made, higher NPA provisioning made in the Financial Services subsidiary and higher international office set-up costs. EBITDA decline was also on account of 9.1% yoy increase in employee expenses, which is attributable to overseas manpower augmentation and pay hikes. Alternatively, if we look at the segments, then the yoy margin compression was on account of poor performance across Power, MMH, Hydrocarbon and HE segments.

PAT margin reports yoy decline

In addition to yoy EBITDA decline, higher depreciation expenses contributed to 27.1% yoy decline in reported PAT to ₹2,070cr. PAT de-growth was restricted due to 39.8% yoy decline in interest expenses to ₹474cr. Decline in yoy interest expenses reflects the impact of (1) sale of the Dhamra Port, (2) on commissioning of the Nabha Power plant, interest expenses are now treated as part of operating expense and not as interest expense, and (3) re-financing of loans (for some of the subsidiaries). During the quarter, the company reported ₹98cr of exceptional item (profit on sale of part stake in a subsidiary). On adjusting for the same, the Adj. PAT of the company were at ₹1,971cr down 22.6% yoy. Alternatively, Adj. PAT margins of the company were at 7.0%, lower than last year's 9.4%.

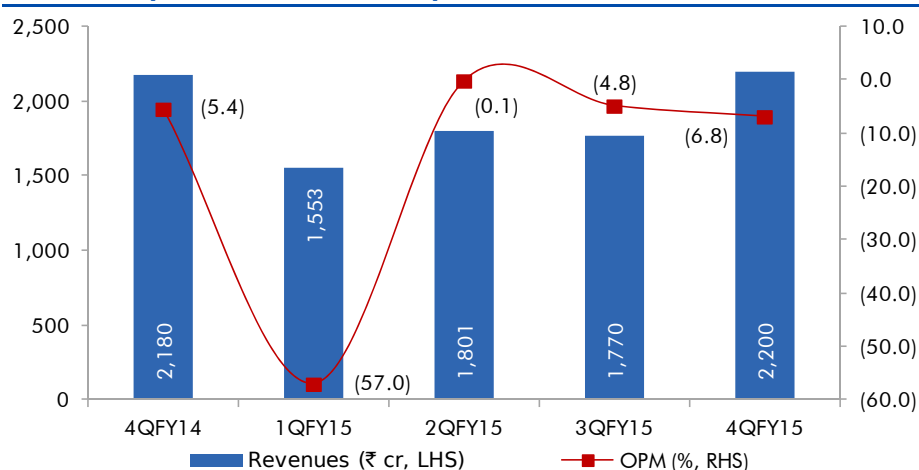
Hydrocarbon business continues to be in red

Hydrocarbon business continues to be in red for the company. Sharp rise in visa costs, higher than expected wage costs, under-recovery of the fixed cost base, change in design across some of the Middle East based projects, coupled with slowdown in the award activity led this segment to report losses.

In 4QFY2015, stronger execution across domestic Hydrocarbons projects led the Hydrocarbon subsidiary to report 1% yoy revenue growth to ~₹2,200cr. International business reported a sharp 24.3% yoy decline in revenues to ~₹870cr, owing to lower opening order book and execution challenges in some of the Middle East projects.

During the quarter, the Hydrocarbon business reported negative EBITDA margins of 6.8% vs negative 5.4% in 4QFY2014. EBITDA level losses were on account of weaker execution in Middle East markets, where the company has higher fixed cost base. The Management highlighted that ~25% of these legacy order works are to be executed in the next 2-3 quarters' time.

Exhibit 7: Hydrocarbon - Quarterly Revenues & OPM



Source: Company, Angel Research

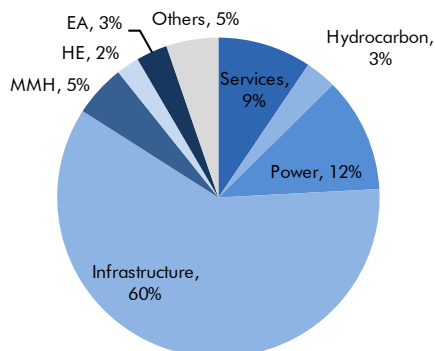
L&T InfoTech registers healthy performance

L&T InfoTech, the company's IT Services focused subsidiary, reported an impressive 22% yoy increase in revenues for the quarter to ₹2,020cr. Top-line growth was mainly driven by North American markets. On the profitability front, the subsidiary's OPM was up ~200bp yoy to 22.0%.

Strong growth in Order Inflow

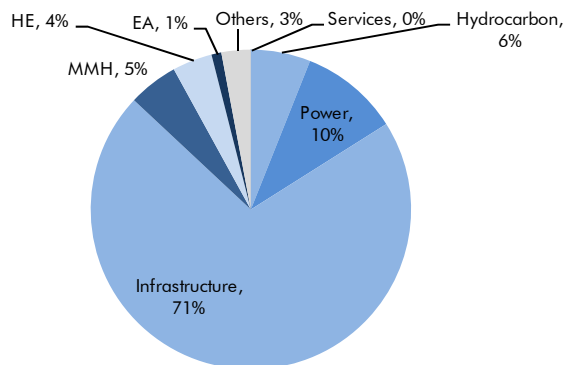
Consol. order inflow for the quarter increased 39.1% yoy to ₹47,582cr, taking the total consolidated order inflow for FY2015 to ₹1,55,367cr (up 22% yoy, surpassing its FY2015 order inflow growth guidance of 15%). A major 60% of the 4QFY2015 order inflows were from the Infrastructure segment (reported 21% yoy increase).

Exhibit 8: 4QFY15 Order Inflows mix (consol.)



Source: Company, Angel Research

Exhibit 9: 4QFY15 Order Book mix (consol.)



Source: Company, Angel Research

L&T's order book currently stands at ₹2,32,649cr, indicating 28% yoy growth. As of 4QFY2015, L&T's order book is majorly dominated by Infra (71%), followed by Power (10%) and Hydrocarbon (6%) segments. MMH (5%), HE (4%) and Others (3%) constitute the remaining order book. International order book constitutes 26% of the total order book. The current order book gives revenue visibility for over the next 30 months.

The Management maintained optimism that current bid pipeline is stronger and better than it was 12 months back. L&T's Management also highlighted that it sees strong awarding activity from Infrastructure, DFC, Roads & Highways, Metro, Nuclear & Alternate Energy, Water Treatment, Defense and Power for the next 12-18 months.

Management guidance

- The Management has given a **15% order inflow growth guidance for FY2016**. Having reported 22% yoy growth in order inflows for FY2015, in the backdrop of revival in the award activity, we are optimistic that L&T should comfortably surpass their order inflow growth guidance for FY2016.
- L&T's Management has given a **15% revenue growth guidance for FY2016**. Given the sharp 28% yoy increase in order book, when coupled with zero slow moving orders, we are comforted that execution should not be a big challenge for the company, unless there are client side delays or other external issues such as delays resulting from land acquisition, getting clearances etc.
- The Management has guided for **margin swing of 100bp in FY2016**. With international legacy projects (from Hydrocarbon space) nearing completion, there exists a strong case for a turnaround of the Hydrocarbon vertical. Any delays in turnaround beyond the next 2 quarters could act as a risk to the Management's guidance.

Valuation

We recommend Buy with a target price of ₹2,013

We believe L&T has a strong case to beat its order inflow guidance and possibly the revenue growth guidance for FY2016. However, the only concern is the timing of turnaround of the Hydrocarbons vertical. On the whole, L&T with its diverse background (E&C, Power, Alternate Energy, Roads & Highways, Defense, Metros, Urban Infra) is well positioned to benefit from revival in the domestic infra capex cycle.

We have valued the company using sum-of-the-parts (SOTP) methodology, to capture the value of all its businesses and investments. Ascribing separate values to its parent business on a P/E basis and investments in subsidiaries (using P/E, P/BV and M-cap basis), we arrive at a FY2017E based target price of ₹2,013. We are of the view that L&T is the proxy for investors wanting to play on the revival in the Indian Infrastructure growth story. **Given the 18.2% upside potential in the stock from current levels, we maintain our Buy rating on the stock.**

Exhibit 10: Derivation of SOTP-based target price for L&T (FY2017E)

Business Segment	Methodology	Remarks	₹ cr	₹/share	% to TP
L&T- Parent	P/E	22.0x FY2017E Earnings	143,204	1,515	75.3
Infrastructure Subsidiaries					
IDPL	P/BV	1.0x FY2017E BV	7,422	79	3.9
Key Subsidiaries - Services					
L&T InfoTech	P/E	15.0x FY2017E Earnings	16,574	175	8.7
L&T Finance	M-cap Basis	20% holding company discount	7,667	81	4.0
Realty Space					
L&T Realty (inc. Seawoods Realty)	P/BV	1.5x FY2017E BV	4,770	51	2.5
Hydro-Carbons Business					
Hydro-Carbons	P/BV	1.5x FY2017E BV	1,965	21	1.0
Key Subsidiaries - Manufacturing					
L&T Power-equipment JVs	P/BV	1.0x FY2017E BV	698	7	0.4
Other Associate Companies	P/BV	1.0x FY2017E BV	5,420	58	2.9
International Business					
International Subsidiaries	P/BV	1.5x FY2017E BV	2,322	25	1.2
Grand Total			108,360	2,013	100
Upside				18.2%	
CMP				1,703	

Source: Company, Angel Research

Investment arguments

- **Indian capex recovery is a matter of time:** The recent burst of policy measures to ease the environment for capex, along with our economists calling for a big rate cut cycle, makes us believe that a strong recovery is on the cards. Considering that the award activity revival should further gain momentum, we sense that a full-fledged recovery will be seen only in FY2017, but we can expect early signs of improvement in L&T's execution and margin expansion from 2HFY2016 onwards.

The slowdown in order inflows from the Middle East markets coupled with revival in domestic capex cycle should lead to a shift in the order inflow mix more towards the domestic markets, going forward. On the back of shift in order book towards domestic markets, we expect uptick in execution. Accordingly, we have modeled 16.2% top-line CAGR during FY2015-2017.

Given that L&T is currently sitting on an order book which gives revenue visibility for over 30 months, this shift in order inflow mix should help the company in faster margin recovery. We expect EBITDA margins to expand by 32bps during FY2015-17 to 11.5%.

- **Best stock to play the Indian infrastructure theme:** We are of the view that L&T is very well positioned to benefit from gradual recovery in the domestic capex cycle, given its diverse range of sectoral exposure, strong balance sheet and better cash flow generating potential in comparison to its peers, which are struggling with higher leverage, and strained cash flows.

Company background

L&T, the largest Indian infrastructure conglomerate, is present across almost all the infrastructure segments and is at the forefront of the Indian infra growth story. Over the years, the company has diversified across various segments to encash the untapped infra opportunity, not only in India but in other geographies as well, and has an excellent track record of achieving the same. Currently, L&T manufactures and services its business in over 30 countries worldwide.

Profit & loss statement (Standalone)

Y/E March (₹ cr)	FY13	FY14	FY15	FY16E	FY17E
Net Sales	51,611	56,599	57,017	65,065	77,009
% Chg		9.7	0.7	14.1	18.4
Total Expenditure	46,138	49,932	50,530	57,583	67,999
Raw Mat. & Contracting Exp.	40,205	43,346	44,397	50,361	59,451
Employee benefits Expense	3,861	4,662	4,151	4,880	5,622
Sales, Admin. & Other Expenses	2,072	1,923	1,982	2,342	2,926
EBITDA	5,473	6,667	6,488	7,483	9,010
% Chg		22	(3)	15	20
EBIDTA %	10.6	11.8	11.4	11.5	11.7
Depreciation	728	792	1,008	1,173	1,342
EBIT	4,745	5,875	5,480	6,310	7,668
% Chg		23.8	(6.7)	15.2	21.5
Interest and Financial Charges	955	1,076	1,419	1,546	1,630
Other Income	1,887	1,881	2,283	2,498	2,787
PBT	5,678	6,679	6,344	7,262	8,824
Exceptional Item	(176)	(589)	(357)	0	0
PBT after Exceptional Item	5,854	7,268	6,701	7,262	8,824
Tax Expenses	1,541	1,775	1,645	1,924	2,294
% of PBT	27.1	26.6	25.9	26.5	26.0
PAT before Extra-Ordinary Items	4,313	5,493	5,056	5,337	6,530
Extra-Ordinary Item	(72)	0	0	0	0
Rep. PAT	4,385	5,493	5,056	5,337	6,530
% Chg		25.3	(8.0)	5.6	22.3
PAT %	8.5	9.7	8.9	8.2	8.5
EPS (after Extra-ord. Items)	53	59	54	57	70
% Chg		11.6	(8.3)	5.1	22.3

Balance Sheet (Standalone)

Y/E March (₹ cr)	FY13	FY14	FY15	FY16E	FY17E
Sources of Funds					
Equity Capital	123	185	186	186	186
Reserves Total	29,020	33,476	36,899	40,847	45,111
Networth	29,143	33,662	37,085	41,032	45,297
Total Debt	8,834	11,459	12,937	14,000	14,500
Other Long-term Liabilities	788	393	470	557	569
Deferred Tax Liability	242	410	363	363	363
Total Liabilities	39,007	45,924	50,854	55,952	60,729
Application of Funds					
Gross Block	11,855	11,397	12,604	14,554	16,534
Accumulated Depreciation	3,550	3,836	4,844	6,016	7,359
Net Block	8,305	7,561	7,760	8,537	9,175
Capital WIP	597	676	222	250	250
Investments	16,103	19,215	23,053	26,103	28,413
Current Assets	47,419	50,853	55,869	57,596	60,451
Inventories	2,064	1,983	2,208	2,359	2,575
Sundry Debtors	22,613	21,539	23,051	23,876	24,475
Cash and Bank Balance	1,456	1,783	1,516	1,429	1,135
Loans, Advances & Deposits	9,413	10,067	10,533	12,088	13,279
Other Current Asset	11,873	15,481	18,562	17,845	18,987
Current Liabilities	33,417	32,381	36,050	36,534	37,560
Net Current Assets	14,002	18,472	19,820	21,062	22,891
Total Assets	39,007	45,924	50,854	55,952	60,729

Cash Flow Statement (Standalone)

Y/E March (₹ cr)	FY13	FY14	FY15P	FY16E	FY17E
Profit before tax	5,678	6,679	6,344	7,262	8,824
Depreciation	728	792	1,008	1,173	1,342
Change in Working Capital	(3,703)	(5,029)	(1,579)	(2,750)	(4,365)
Net Interest & Financial Charges	422	581	909	1,026	1,095
Direct taxes paid	(1,653)	(1,977)	(1,645)	(1,924)	(2,294)
Cash Flow from Operations	1,472	1,047	5,037	4,786	4,603
(Inc)/ Dec in Fixed Assets	(1,000)	(962)	(1,655)	(1,922)	(1,980)
(Inc)/ Dec in Investments	1,657	(252)	(2,345)	(984)	(191)
Cash Flow from Investing	657	(1,214)	(3,999)	(2,905)	(2,171)
Issue/ (Buy Back) of Equity	163	144	0	0	0
Inc./ (Dec.) in Loans	(1,515)	2,612	1,478	1,063	500
Dividend Paid (Incl. Tax)	(1,115)	(1,227)	(1,375)	(1,485)	(1,595)
Interest Expenses	(850)	(1,025)	(1,419)	(1,546)	(1,630)
Cash Flow from Financing	(3,316)	504	(1,316)	(1,968)	(2,725)
Inc/(Dec) in cash (inc. Dis. Opr)	(410)	337	(278)	(87)	(293)
Opening Cash balances	1,906	1,496	1,794	1,516	1,429
Closing Cash balances	1,496	1,794	1,516	1,429	1,135

Key Ratios (Standalone)

Y/E March	FY13	FY14	FY15E	FY16E	FY17E
Valuation Ratio (x)					
P/E (on FDEPS)	32.3	28.9	31.5	30.0	24.5
P/CEPS	28.5	25.3	26.4	24.6	20.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
EV/Sales	2.9	3.0	3.0	2.6	2.2
EV/EBITDA	27.4	25.1	26.2	22.9	19.1
EV / Total Assets	3.8	3.6	3.3	3.1	2.8
Per Share Data (₹)					
EPS (fully diluted)	52.9	59.0	54.1	56.8	69.5
Cash EPS	59.9	67.5	64.6	69.3	83.8
DPS	12.0	12.3	13.3	14.4	15.4
Book Value	464	493	542	596	647
Returns (%)					
RoCE (Pre-tax)	17.5	18.7	16.3	16.8	18.2
Angel RoIC (Pre-tax)	17.5	17.2	15.5	16.0	17.5
RoE	14.2	15.6	13.3	13.7	15.1
Turnover ratios (x)					
Asset Turnover (Gross Block) (X)	4.4	4.9	4.8	4.8	5.0
Inventory / Sales (days)	15	13	13	13	12
Receivables (days)	160	142	143	132	115
Payables (days)	134	122	127	117	98
Leverage Ratios (x)					
D/E ratio (x)	0.3	0.3	0.3	0.3	0.3
Interest Coverage Ratio (x)	6.9	7.2	5.5	5.7	6.4

Research Team Tel: 022 - 39357800

 E-mail: research@angelbroking.com

 Website: www.angelbroking.com

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Disclosure of Interest Statement

	L&T
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	Yes
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors

Ratings (Based on expected returns over 12 months investment period):

Buy (> 15%)

Accumulate (5% to 15%)
Reduce (-5% to -15%)

Neutral (-5 to 5%)
Sell (< -15)