

Larsen & Toubro

Performance Highlights

Quarterly highlights - Standalone

Y/E March (₹ cr)	2QFY13	2QFY12	1QFY13	% chg (yoy)	% chg (qoq)
Net sales	13,195	11,245	11,955	17.3	10.4
Op. profit	1,406	1,174	1,087	19.8	29.4
Reported PAT	1,138	798	864	42.6	31.8

Source: Company, Angel Research

Larsen and Toubro (L&T) posted a good set of numbers for 2QFY2013, which were above our as well as street's expectation, mainly on account of a robust top-line growth and higher divestment gains. As of 2QFY2013, L&T's order backlog stands at ₹1,58,528cr, indicating a growth of 11.5% yoy. Order inflow for the quarter jumped by 30.3% to ₹20,967cr mainly driven by major orders bagged in the Infrastructure and hydrocarbon segment.

Strong performance: L&T reported a strong top-line growth of 17.3% yoy to ₹13,195cr, above our estimate of 12.3% growth, mainly on account of pick up in execution in the engineering and construction (E&C) segment. Segment wise, the E&C segment reported a 20% yoy growth; however the machinery and industrial products (MIP) and electrical and electronics (E&E) segments' performance was muted. On the EBITDA front, the company reported an EBITDA of ₹1,406cr, indicating a growth of 19.8% yoy. EBITDAM came in at 10.7%, an increase of 22bp yoy, and was below our estimate of 11.4%. PAT grew by 42.6% yoy to ₹1,138cr owing to strong execution and huge surge in exceptional item arising out of divestment gains.

Outlook and valuation: For FY2013, the management has reiterated its guidance of 15-20% growth for both revenue and order inflow and +/- 50bp on EBITDA margins. We believe given its robust order backlog, healthy order inflows during the past few quarters and strong execution capabilities the company is well placed to achieve its guidance on both- order inflow and revenue front. We believe L&T is best placed to benefit from a gradual recovery in the capex cycle, given its diverse exposure to sectors and a strong balance sheet. **We maintain our Accumulate rating on the stock with a target price of ₹1,748.**

Key financials (Standalone)

Y/E March (₹ cr)	FY2011	FY2012	FY2013E	FY2014E
Net sales	43,905	53,171	61,031	69,753
% chg	18.6	21.1	14.8	14.3
Adj. net profit	3,342	3,938	4,051	4,687
% chg	15.5	17.8	2.9	15.7
FDEPS (₹)	54.5	64.3	66.1	76.5
EBITDA margin (%)	12.9	11.8	11.2	11.6
P/E (x)	30.6	26.0	25.2	21.8
RoAE (%)	16.6	16.7	15.1	15.4
RoACE (%)	18.5	17.3	15.6	16.0
P/BV (x)	4.7	4.0	3.6	3.1
EV/Sales (x)	2.5	2.1	1.9	1.6
EV/EBITDA (x)	19.2	17.5	16.6	14.1

Source: Company, Angel Research

ACCUMULATE

CMP	₹1,668
Target Price	₹1,748

Investment Period	12 Months
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Stock Info	
Sector	Infrastructure
Market Cap (₹ cr)	102,396
Net debt (₹ cr)	9,917
Beta	1.2
52 Week High / Low	1704/971
Avg. Daily Volume	303,363
Face Value (₹)	2
BSE Sensex	18,793
Nifty	5,717
Reuters Code	LART.BO
Bloomberg Code	LT@IN

Shareholding Pattern (%)	
Promoters	-
MF / Banks / Indian Fls	38.4
FII / NRIs / OCBs	14.9
Indian Public / Others	46.7

Abs. (%)	3m	1yr	3yr
Sensex	9.5	12.0	11.8
LT	20.0	24.9	6.2

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Exhibit 1: Quarterly performance (Standalone)

Y/E March (₹ cr)	2QFY13	2QFY12	1QFY13	% Chg (yoy)	% Chg (qoq)	1HFY2012	1HFY2012	% Chg
Net sales	13,195	11,245	11,955	17.3	10.4	25,151	20,728	21.3
Total expenditure	11,789	10,071	10,868	17.1	8.5	22,657	18,427	23.0
Operating profit	1,406	1,174	1,087	19.8	29.4	2,493	2,301	8.4
OPM (%)	10.7	10.4	9.1	22bp	157bp	9.9	11.1	(118)bp
Interest	235	197	228	19.3	2.9	463	358	29.4
Depreciation	204	171	192	19.3	6.3	396	339	16.9
Non operating income	329	274	606	20.1	(45.6)	935	514	81.8
Exceptional items	267	89	(38)	200.2	(796.9)	229	145	57.8
Profit before tax	1,564	1,169	1,234	33.8	26.7	2,798	2,263	23.7
Tax	426	371	370	14.8	14.9	796	718	10.8
Reported net profit	1,138	798	864	42.6	31.8	2,002	1,545	29.6
PAT (%)	8.6	7.1	7.2	153bp	140bp	8.0	7.5	50bp
Reported EPS	18.6	13.0	14.1	42.6	31.8	32.7	25.2	29.6
Adjusted profit after tax	871	738	902	18.1	(3.4)	1,773	1,446	22.7
Adj. PAT (%)	6.6	6.6	7.5	4bp	(84)bp	7.1	7.0	8bp
Adj. FDEPS	14.2	12.0	14.7	18.1	(3.4)	28.9	23.6	22.7

Source: Company, Angel Research

Exhibit 2: 2QFY2013 Actual vs Estimates

(₹ cr)	Estimates	Actual	Variation (%)
Net Sales	12,634	13,195	4.4
EBITDA	1,440	1,406	(2.4)
Reported PAT	891	1,138	27.8

Source: Company, Angel Research

Key highlights of the concall

- NWC accounted for 16% of sales compared to 11.9% in March 2012. Management believes that this should be the upper limit for the same in the light of the current scenario.
- Execution cycle has shortened from ~27 months to 23-24 months which should assist in revenue growth going ahead given its robust order book of ₹1,58,528cr.
- Slow moving orders constitute ~10% of order book in 2QFY2013.
- Going forward, L&T would not be bidding for projects on a build operate transfer (BOT) basis as it already has 44 projects worth ₹84,400cr (IDPL) in its kitty and wants to contain equity funding from the parent to subsidiaries.
- L&T has incurred a capex of ₹350cr in 1HFY2013 and has lowered its capex guidance to ₹1,000cr from ₹1,500-2,000cr for FY2013. L&T is looking to invest ~₹2,000cr in development business in FY2013.

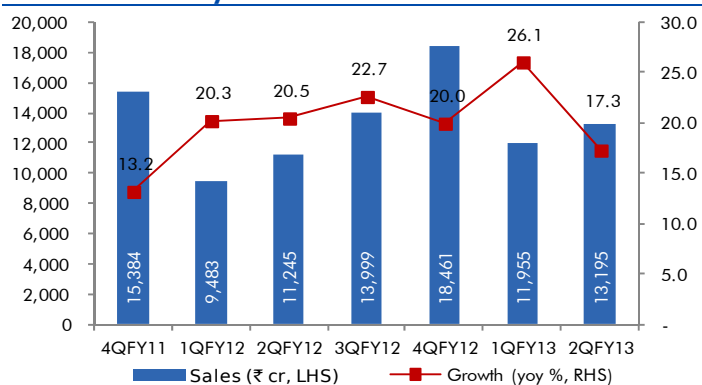
Top-line above our estimate due to strong execution

L&T posted a healthy top-line growth of 17.3% yoy to ₹13,195cr, above our estimate of ₹12,634cr, mainly on account of strong execution witnessed in the E&C segment, which recorded a 20% top-line growth to ₹11,669cr.

Reiterates revenue and order inflow guidance for FY2013 at 15-20%

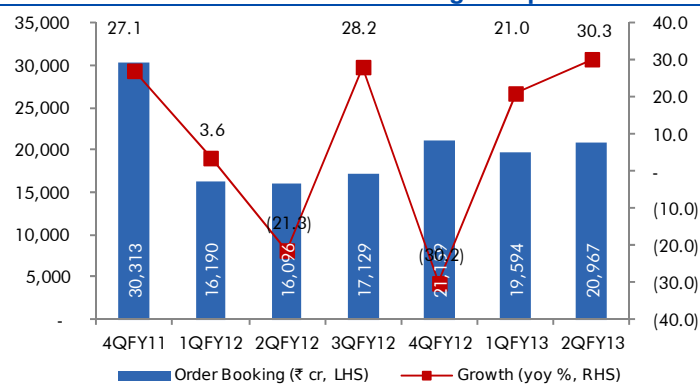
For FY2013, management has reiterated its guidance of 15-20% growth for both revenue and order inflow. As of 2QFY2013, L&T's order backlog stands at ₹1,58,528cr, indicating a growth of 11.5% yoy. Order inflows for the quarter grew by 30.3% yoy to ₹20,967cr; mainly driven by major orders bagged in the Infrastructure and hydrocarbon segment. The company is also witnessing good traction on the international front (hydrocarbon and transmission & distribution [T&D] space) and sees a huge pipeline. We believe given its robust order backlog, healthy order inflows in 1HFY2012 and strong execution capabilities, the company is well placed to achieve its guidance on both- order inflow and revenue front.

Exhibit 3: Healthy revenue momentum continues



Source: Company, Angel Research

Exhibit 4: Robust order inflows during the quarter



Source: Company, Angel Research

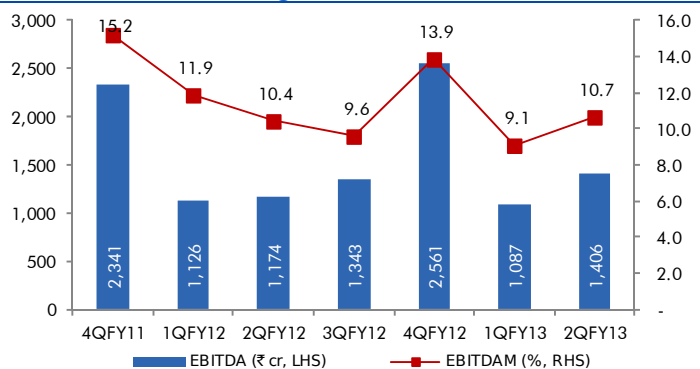
EBITDA margin below our estimate

On the EBITDA front, the company's performance was below our expectations, mainly on account of higher-than-anticipated staff cost – owing to increased employee base and annual salary revision and higher sub contracting expenses. Therefore, the company reported an EBITDAM of 10.7% against our expectation of 11.4%. Going ahead, we believe margins would continue to reel under pressure, given the change in order book mix towards infrastructure projects (which yield lower margins compared to other segments), enhanced competition witnessed in all segments with no respite in sight and fluctuations in commodity prices. All of this has been subscribed by the management as well. Management has maintained its guidance of +/-50bp for FY2013 and believes that EBITDAM should be looked at on a yearly basis rather than on a quarterly basis owing to volatility based on job mix.

PAT growth led by strong execution and higher exceptional item

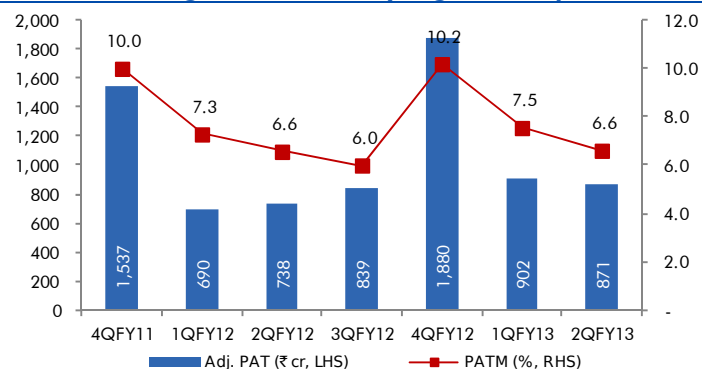
L&T reported a bottom-line of ₹1,138cr, an increase of 42.6% yoy, ~27% ahead of our (₹891cr) and consensus estimates. However, the profit beat was largely driven by ₹214cr of one time gain from the sale of disinvestment in the subsidiary and reversal of provisioning in the account.

Exhibit 5: EBITDA margin trend



Source: Company, Angel Research

Exhibit 6: PAT growth driven by higher exceptional item



Source: Company, Angel Research

Segmental performance

Engineering and construction (E&C): E&C segment reported a strong performance on the back of robust order backlog and healthy execution. Revenues grew by 20% yoy to ₹11,669cr. On the margin front, the segment witnessed an increase of 15bp on a yoy basis to 10.8% owing to efficient project management and better execution. During the quarter, despite the persisting subdued investment cycle, the segment witnessed a healthy order inflow of Rs19,136cr registering a growth of 19% yoy. The E&C segment contributes ~88% to the company's gross revenue.

Machinery and industrial products (MIP): MIP segment revenues declined by 18.8% yoy to ₹551cr on the back of increased competition and sluggish environment especially in the wind power industry and transfer parts business to subsidiary. EBIT margin, at 12.6%, also witnessed a contraction of 305bp yoy, impacted by a drop in the sales volumes, increased input costs and fall in commission earnings.

Electrical and electronics (E&E): On the back of slowdown in investment and industrial activity and delay in clearances from customers, the E&E segment's revenue growth was muted at 3.9% yoy to ₹880cr. EBIT margin came in at 8.3%, registering a dip of 8bp on a yoy basis.

Exhibit 7: Segmental performance

Y/E March (₹ cr)	2QFY13	2QFY13	1QFY13	% chg (yoy)	% chg (qoq)
Revenues	13,328	11,375	12,078	17.2	10.3
Engg & Const. (E&C)	11,669	9,721	10,490	20.0	11.2
Mach. & Ind. Products (MIP)	551	678	575	(18.8)	(4.3)
Electrical & Electronics (E&E)	880	847	760	3.9	15.8
Others	332	222	363	49.5	(8.5)
Intersegment revenue	105	94	110	11.5	(4.9)
EBIT	1,470	1,260	1,206	16.7	21.9
Engg & Const.	1,259	1,035	988	21.7	27.4
Mach. & Ind. Products	70	106	73	(34.6)	(4.9)
Electrical & Electronics	73	71	40	2.9	80.9
Others	68	48	104	42.7	(34.8)
Intersegment margins	-	-	-	0.0	0.0
EBIT (%)	11.0	11.1	10.0	(5) bp	104 bp
Engg & Const.	10.8	10.6	9.4	15 bp	137 bp
Mach. & Ind. Products	12.6	15.7	12.7	(305) bp	(9) bp
Electrical & Electronics	8.3	8.4	5.3	(8) bp	299 bp
Others	20.5	21.5	28.7	(97) bp	(825) bp
Capital Employed	39,580	32,135	37,437	23.2	5.7
Engg & Const.	14,490	9,828	13,254	47.4	9.3
Mach. & Ind. Products	542	690	670	(21.5)	(19.1)
Electrical & Electronics	1,419	1,386	1,335	2.4	6.2
Others	718	630	645	14.0	11.3
Unallocable	22,411	19,601	21,533	14.3	4.1

Source: Company, Angel Research

Subsidiary performance

L&T InfoTech registers healthy performance

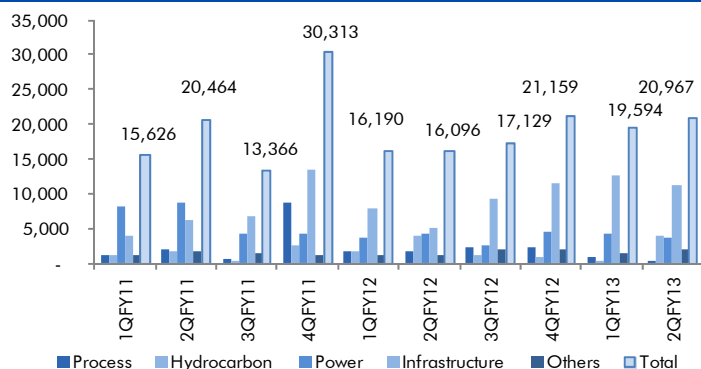
L&T InfoTech, the company's technology subsidiary, reported a healthy performance for 2QFY2013, registering a 28% yoy growth in revenue to ₹976cr. On the profitability front, the subsidiary reported a NPM of 14.3% with a profit of ₹140cr for the quarter.

Order book analysis

As of 2QFY2013, L&T stands tall on an order backlog of ₹1,58,528cr. The company secured orders worth ₹20,967cr and ₹40,561cr in 2QFY2013 and 1HFY2013 respectively mainly driven by major orders from infrastructure and hydrocarbon space. Orders of ~16% came from the international market, owing to traction in the hydrocarbon/T&D space. L&T's order book is majorly dominated by the infra (49%) and power (25%) segments. Process (13%), hydrocarbon (9%) and others (4%) constitute the remaining part of the order book. The company has given a guidance of 15-20% growth for order booking in FY2013, which we believe would be met.

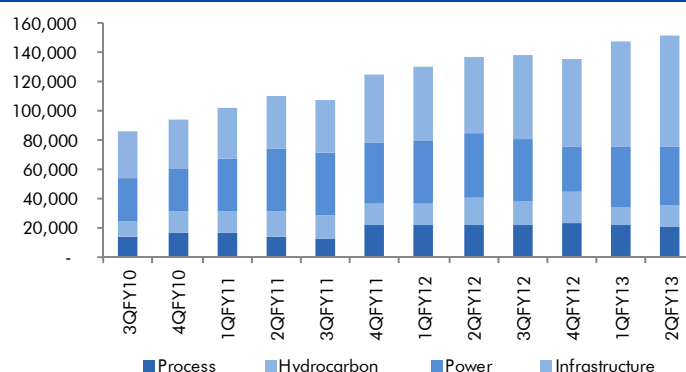
Client wise, 32% of L&T's outstanding order book comes from the public sector and 53% comes from the private sector. Captive work orders account for the balance 15%. Notably, there has been a drop in the share of public sector orders in the past few quarters. However, the management expects good quantum of government orders going forward.

Exhibit 8: Higher-than-expected order inflow



Source: Company, Angel Research

Exhibit 9: Order book composition (₹1,58,528cr)



Source: Company, Angel Research

Outlook and valuation

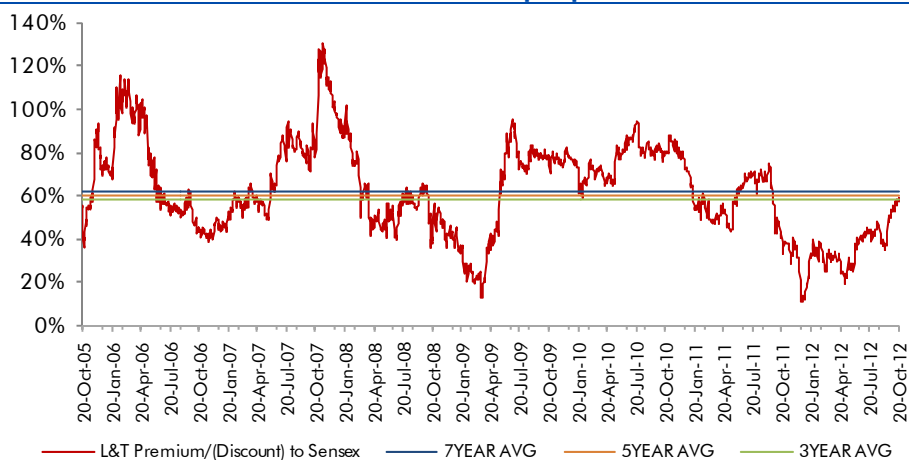
We recommend Accumulate with a target price of ₹1,748

We believe L&T will continue to occupy a unique position in the Indian E&C space as a diversified and large engineering play, with exposure to areas ranging from power, defense, nuclear to equipment, in spite of short-term concerns.

At the CMP of ₹1,668, the stock is trading at 21.8x FY2014E earnings and 3.1x FY2014E P/BV on a standalone basis. We have used the sum-of-the-parts (SOTP) methodology to value the company to capture all its business initiatives and investments/stakes in different businesses. Ascribing separate values to its parent business on a P/E basis and investments in subsidiaries on P/E, P/BV and mcap basis, our target price works out to ₹1,748. **We maintain Accumulate rating on the stock.**

It may be noted here that the L&T stock has historically traded at a premium to the BSE Sensex. At our SOTP target price, the stock would trade at 16.1x FY2014E standalone adjusted EPS of ₹76.5, which is at a premium of 15% over Angel's FY2014E Sensex P/E multiple of 14x and lower than the historical premium commanded by L&T over BSE Sensex.

Exhibit 10: L&T – Parent historic P/E multiple premium to BSE Sensex



Source: Company, Angel Research

On one-year forward P/E basis, historically L&T has traded at an average P/E of 27.1x, 28.1x and 26.2x over the past seven, five and three years, respectively. Thus, our implied target P/E multiple of 22.8x is way below its historical average to factor in the prevailing challenging business environment.

Exhibit 11: L&T – Parent one-year forward P/E band


Source: Company, Angel Research

Exhibit 12: Derivation of SOTP-based target price for L&T (FY2014E)

Business Segment	Methodology	Remarks	₹ cr	₹/share	% to TP
L&T- Parent	P/E	18x FY2014E Earnings	84,370	1,377	78.8
Infrastructure Subsidiaries			3,632	59	3.4
IDPL (stake - 97.5%)	P/BV	L&T acq. 2.36% stake of IDFC at Rs118cr in 1QFY11	3,632	59	3.4
Key Subsidiaries - Services			13,465	220	12.6
L&T Infotech	P/E	12x FY2014E Earnings	7,343	120	6.9
L&T Finance	Mcap Basis	20% holding company discount	6,121	100	5.7
Key Subsidiaries - Manufacturing			3,319	54	3.1
Tractor Engineers	P/E	5x FY2014E Earnings	89	1	0.1
Associate Companies	P/E	5x FY2014E Earnings	2,000	33	1.9
L&T MHI Boilers and Turbines (51%)	P/E	5x FY2014E Earnings	1,230	20	1.1
Other Subsidiaries			2,338	38	2.2
Satyam Stake	Mcap	20% holding company discount	142	2	0.1
Other Investments	P/BV	1x FY2014E Book Value, Mcap	2,197	36	2.1
Total			107,124	1,748	100

Source: Company, Angel Research

Exhibit 13: Key assumptions (₹ cr)

	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
Order Inflow	51,600	69,572	79,769	70,574	78,048	86,346
Revenue	33,647	36,675	43,496	52,533	60,556	69,167
Order Backlog (Y/E)	70,300	100,239	130,217	145,723	164,411	184,310
OB/Sales (x)	2.1	2.7	3.0	2.7	2.7	2.7

Source: Company, Angel Research

Exhibit 14: Angel EPS forecast vs. consensus

	Angel Forecast	Bloomberg Consensus	Variation (%)
FY2013E	73.8	77.6	5.2
FY2014E	85.5	85.9	0.4

Source: Company, Angel Research

Investment arguments

- **Best stock to play the Indian infrastructure theme:** We believe L&T is best placed to benefit from the gradual recovery in the capex cycle, given its diverse exposure to sectors, strong balance sheet and cash flow generation as compared to its peers, which grapple with issues such as strained cash flow, high leverage and limited net worth and technological capabilities.

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. Over the past 10 years (FY2002-12), L&T has reported a CAGR of 21.3% and 29.1% in its top-line and bottom-line, respectively.

Exhibit 15: Recommendation summary

Company	CMP	TP	Rating	Top-line (₹ cr)				EPS (₹)				P/E			OB/ Sales(x)
				FY12	FY13E	FY14E	CAGR (%)	FY12	FY13E	FY14E	CAGR (%)	FY12	FY13E	FY14E	
ABL	224	304	Buy	1,495	2,029	2,310	24.3	23.7	27.1	31.7	15.7	9.5	8.3	7.1	2.7
CCCL	14	-	Neutral	2,048	2,262	2,522	11.0	(0.5)	1.5	2.7	-	-	9.3	5.2	2.2
HCC	17	-	Neutral	3,988	4,239	4,522	6.5	(3.7)	(2.3)	(1.0)	-	-	-	-	3.5
IRB Infra	145	166	Accu.	3,131	3,964	4,582	21.0	14.9	15.5	16.9	6.5	9.7	9.4	8.6	-
ITNL	185	232	Buy	5,606	6,840	7,767	17.7	25.6	24.4	28.3	5.3	7.2	7.6	6.5	2.9
IVRCL	45	51	Accu.	4,971	5,510	6,722	16.3	0.9	2.5	4.6	125.5	49.5	17.6	9.7	4.9
JP Assoc.	96	91	Reduce	12,853	15,259	17,502	16.7	4.8	4.2	5.0	1.9	19.9	22.6	19.2	-
L&T	1,668	1,748	Neutral	53,171	61,031	69,753	14.5	64.3	66.1	76.5	9.1	26.0	25.2	21.8	2.5
Madhucon	34	56	Buy	1,802	2,206	2,502	17.8	4.9	4.6	4.7	(2.6)	6.8	7.2	7.2	3.2
NCC	48	45	Neutral	5,250	5,804	6,513	11.4	1.4	3.0	3.5	58.0	33.9	15.6	13.6	3.5
Patel Engg	79	-	Neutral	3,573	3,609	3,836	3.6	14.9	14.0	14.5	(1.1)	5.3	5.6	5.4	2.7
Punj Lloyd	52	-	Neutral	10,557	11,892	13,116	11.5	2.8	1.7	3.1	5.7	18.7	30.5	16.8	2.3
Sadbhav	143	182	Buy	2,676	2,506	3,147	8.5	9.3	7.5	10.4	5.7	15.3	19.0	13.7	2.9
Simplex In.	212	265	Buy	6,010	6,732	7,837	14.2	16.8	23.4	29.4	32.2	12.6	9.1	7.2	2.3

Source: Company, Angel Research

Exhibit 16: SOTP break-up

Company	Core Const.		Real Estate		Road BOT		Invst. In Subsidiaries		Others		Total ₹
	₹	% to TP	₹	% to TP	₹	% to TP	₹	% to TP	₹	% to TP	
ABL	87	32	-	-	186	68	-	-	-	-	273
CCCL	17	100	-	-	-	-	-	-	-	-	17
HCC	(5)	(20)	12	50	16	70	-	-	-	-	23
IRB Infra	98	59	-	-	64	39	4	3	-	-	166
ITNL	53	20	-	-	180	68	-	-	33	12	265
IVRCL	41	67	-	-	-	-	20	33	-	-	61
JP Assoc.	28	32	25	29	-	-	-	-	35	40	88
L&T	1,377	79	-	-	-	-	371	21	-	-	1,748
Madhucon	12	21	2	4	30	54	-	-	12	21	56
NCC	14	33	2	5	6	15	-	-	19	48	41
Patel Engg	44	46	17	18	16	16	-	-	19	20	95
Punj Lloyd	72	100	-	-	-	-	-	-	-	-	72
Sadbhav	83	46	-	-	99	54	-	-	-	-	182
Simplex In.	265	100	-	-	-	-	-	-	-	-	265

Source: Company, Angel Research

Profit & loss statement (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
Gross sales	34,045	36,996	43,886	53,100	61,210	69,914
Less: Excise duty	398	321	390	567	654	747
Net Sales	33,647	36,675	43,496	52,533	60,556	69,167
Other operating income	280	360	409	637	475	586
Total operating income	33,926	37,035	43,905	53,171	61,031	69,753
% chg	36.4	9.2	18.6	21.1	14.8	14.3
Total Expenditure	30,094	32,295	38,306	46,888	54,242	61,748
Net Raw Materials	16,798	17,309	21,272	26,072	29,975	34,445
Other Mfg costs	9,434	11,144	12,160	14,948	17,259	19,229
Personnel	1,998	2,379	2,885	3,663	3,754	4,358
Other	1,864	1,463	1,990	2,204	3,254	3,716
EBITDA	3,832	4,739	5,599	6,283	6,789	8,006
% chg	35.6	23.7	18.1	12.2	8.1	17.9
(% of Net Sales)	11.4	12.9	12.9	11.8	11.2	11.6
Depreciation & Amortisation	283	380	562	699	838	990
EBIT	3,550	4,360	5,036	5,583	5,952	7,016
% chg	35.3	22.8	15.5	10.9	6.6	17.9
(% of Net Sales)	10.5	11.9	11.6	10.6	9.8	10.1
Interest & other Charges	350	505	647	666	950	1,125
Other Inc (incl Ass/JV pft)	643	768	1,087	1,338	1,399	1,530
(% of PBT)	16.7	16.6	19.8	21.4	21.9	20.6
Recurring PBT	3,842	4,623	5,475	6,255	6,401	7,421
% chg	28.5	20.3	18.4	14.2	2.3	15.9
Extraordinary Expense/(Inc.)	(871)	(1,394)	(429)	(55)	-	-
PBT (reported)	4,713	6,016	5,904	6,310	6,401	7,421
Tax	1,231	1,641	1,946	1,854	1,880	2,180
(% of PBT)	26.1	27.3	33.0	29.4	29.4	29.4
PAT (reported)	3,482	4,376	3,958	4,456	4,520	5,241
Less: Minority interest (MI)	-	-	-	-	-	-
Prior period items	-	-	-	-	-	-
PAT after MI (reported)	3,482	4,376	3,958	4,456	4,520	5,241
ADJ. PAT (excl. div from Subs)	2,595	2,893	3,342	3,938	4,051	4,687
% chg	32.4	11.5	15.5	17.8	2.9	15.7
(% of Net Sales)	7.7	7.9	7.7	7.5	6.7	6.8
Basic EPS (₹) (Reported)	59.2	72.6	65.0	72.8	73.8	85.5
Fully Diluted EPS (₹) (Diluted)	42.4	47.2	54.5	64.3	66.1	76.5
% chg	32.4	11.5	15.5	17.8	2.9	15.7

Balance sheet (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012E	FY2013E	FY2014E
SOURCES OF FUNDS						
Equity Share Capital	118	121	122	122	123	123
Preference Capital	-	-	-	-	-	-
Reserves & Surplus	12,343	18,191	21,725	25,101	28,375	32,309
Shareholder's Funds	12,460	18,312	21,846	25,223	28,498	32,432
Minority Interest	-	-	-	-	-	-
Total Loans	6,556	6,801	7,161	9,896	12,370	13,985
Deferred Tax Liability	48	77	263	133	133	133
Total Liabilities	19,065	25,190	29,271	35,252	41,001	46,549
APPLICATION OF FUNDS						
Gross Block	5,575	7,236	8,896	10,495	12,373	14,256
Less: Acc. Depreciation	1,418	1,728	2,225	2,847	3,685	4,675
Net Block	4,157	5,508	6,667	7,666	8,688	9,581
Capital Work-in-Progress	1,038	858	748	698	837	1,004
Goodwill	-	-	-	-	-	-
Investments	8,264	13,705	14,685	15,872	17,872	19,972
Current Assets	23,448	26,362	35,010	43,457	50,811	58,656
Cash	775	1,432	1,730	1,905	1,665	3,580
Loans & Advances	6,791	5,997	8,225	9,128	12,541	14,333
Other	15,882	18,932	25,054	32,424	36,606	40,743
Current liabilities	17,842	21,243	27,839	32,441	37,207	42,664
Net Current Assets	5,606	5,119	7,171	11,016	13,604	15,992
Mis. Exp. not written off	0	-	-	-	-	-
Total Assets	19,065	25,190	29,271	35,252	41,001	46,549

Cash flow statement (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012E	FY2013E	FY2014E
Profit before tax	4,713	5,881	5,904	6,310	6,401	7,421
Depreciation	283	387	562	699	838	990
Change in Working Capital	2,049	(1,143)	1,753	3,671	2,828	473
Less: Other income	643	768	1,087	1,338	1,399	1,530
Direct taxes paid	873	1,519	1,946	1,854	1,880	2,180
Cash Flow from Operations	1,431	5,124	1,681	147	1,130	4,228
(Inc.)/ Dec. in Fixed Assets	(1,980)	(1,481)	(1,612)	(1,648)	(1,999)	(2,051)
(Inc.)/ Dec. in Investments	(1,329)	(5,442)	(979)	(1,187)	(2,000)	(2,100)
Other income	643	768	1,087	1,338	1,399	1,530
Cash Flow from Investing	(2,666)	(6,154)	(1,505)	(1,496)	(2,600)	(2,620)
Issue of Equity	23	2,133	1	1	0	-
Inc./ (Dec.) in loans	1,922	168	360	2,735	2,474	1,615
Dividend Paid (Incl. Tax)	717	863	996	1,112	1,241	1,303
Others	(183)	249	757	(99)	(4)	(4)
Cash Flow from Financing	1,045	1,687	123	1,524	1,229	308
Inc./ (Dec.) in Cash	(190)	657	298	175	(241)	1,915
Opening Cash balances	965	775	1,432	1,730	1,905	1,665
Closing Cash balances	775	1,432	1,730	1,905	1,665	3,580

Key Ratios

Y/E March	FY2009	FY2010	FY2011	FY2012E	FY2013E	FY2014E
Valuation Ratio (x)						
P/E (on FDEPS)	39.4	35.3	30.6	26.0	25.2	21.8
P/CEPS	34.0	29.9	25.0	21.1	20.0	17.2
P/BV	8.2	5.6	4.7	4.0	3.6	3.1
Dividend yield (%)	0.5	0.6	0.7	0.9	1.0	1.0
EV/Sales	3.2	2.9	2.5	2.1	1.9	1.6
EV/EBITDA	28.2	22.7	19.2	17.5	16.6	14.1
EV / Total Assets	5.7	4.3	3.7	3.1	2.8	2.4
Order Book to Sales	2.1	2.7	3.0	2.8	2.7	2.7
Per Share Data (₹)						
EPS (Basic)	59.2	72.6	65.0	72.8	73.8	85.5
EPS (fully diluted)	42.4	47.2	54.5	64.3	66.1	76.5
Cash EPS	47.0	53.4	63.8	75.7	79.8	92.7
DPS	8.4	10.2	12.4	14.4	16.5	17.3
Book Value	203.5	299.0	356.7	411.9	465.4	529.6
DuPont Analysis						
EBIT margin	10.5	11.8	11.5	10.5	9.8	10.1
Tax retention ratio	0.7	0.7	0.7	0.7	0.7	0.7
Asset turnover (x)	2.2	1.8	1.7	1.7	1.7	1.7
ROIC (Post-tax)	17.2	15.1	13.2	13.0	11.6	12.0
Cost of Debt (Post Tax)	5.1	5.5	6.2	5.5	6.0	6.0
Leverage (x)	0.4	0.4	0.3	0.3	0.3	0.3
Operating ROE	21.8	18.6	15.0	15.1	13.5	14.1
Returns (%)						
ROCE (Pre-tax)	22.0	19.7	18.5	17.3	15.6	16.0
Angel ROIC (Pre-tax)	23.3	20.7	19.6	18.3	16.4	17.0
ROAE	23.6	18.8	16.6	16.7	15.1	15.4
Turnover ratios (x)						
Asset Turnover (Gross Block)	6.9	5.8	5.4	5.5	5.3	5.2
Inventory / Sales (days)	54	36	12	12	12	13
Receivables (days)	94	105	98	107	116	107
Payables (days)	63	73	79	88	90	90
WC cycle (ex-cash)	35	42	38	50	63	64
Solvency ratios (x)						
Net debt to equity	0.5	0.3	0.2	0.3	0.4	0.3
Net debt to EBITDA	1.5	1.1	1.0	1.3	1.6	1.3
Interest Coverage	10.1	8.6	7.8	8.4	6.3	6.2

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	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	No
4. Broking relationship with company covered	No

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Ratings (Returns):

Buy (> 15%)

Reduce (-5% to 15%)

Accumulate (5% to 15%)

Sell (< -15%)

Neutral (-5 to 5%)