

- Larsen & Toubro (L&T) remains the key beneficiary to tap the opportunities both from the public and private sector in the areas of power (renewable and T&D), transportation (roads, railways, and metro projects) and defence (mainly towards indigenization). The company had a fairly good performance in FY22 growing its orders by 10%, revenues by 15% and profitability by 10% under an excruciatingly tough situation due to covid, the Russia-Ukraine conflict war situation and huge commodity price increases. Company's constant focus on divestment of non-core assets with earlier sale of E&A business and eyeing core assets like a) road SPVs by FY23 b) Nabha power potentially by FY24 to further improve its RoE. Although Hyderabad Metro has faced challenges during the Pandemic but expected to see improvements and overall for Metro, the prospects of improved ridership, phased transit oriented development (TOD) monetization program, the confirmed Telangana government assistance with soft loan and the recently concluded debt refinancing, performance parameters for Metro should look up in FY23.
- L&T has also been exploring as well as tapping opportunities in a) defence with Make in India initiatives by Govt. b) foray into new energy space particularly EPC for green hydrogen c) improving its competence in solar EPC by providing storage as L&T is seeking tie-up for grid storage battery manufacturing. Further, government focus on infrastructure and capex momentum expected to be strong bodes well for L&T. On the international front, the rise in crude oil prices could revive GCC spends and boost capex prospects in the Middle East to benefit L&T. In near term, order pipeline at ₹8.53 tn (-6% over FY22 as L&T will be strictly very selective in bidding) comprising ₹6.53tn domestic prospects while international at ₹2.22tn remains encouraging, providing healthy order inflow outlook. The company's current order book remains strong and at a record high of ₹3.58 tn (3.6x core sales) wherein domestic comprising 73% of the OB at ₹2.62 tn remains well diversified across sectors providing healthy revenue visibility going ahead.
- L&T is well positioned to gain market share in FY23 due to its strong liquidity position vs competition & hence guided for order inflow growth of 12-15%. L&T's 'Lakshya 2026 Plan' is focusing on scaling up new business opportunities (Green Hydrogen, Electrolyzers & Battery manufacturing, SuFin, EduTech) which are now in the incubation phase and are expected to bring significant benefits in future. The company remains positive on strong execution going ahead and accordingly has given guidance of 12-15% YoY growth in both revenues and order inflows.

Key Financials	FY20	FY21	FY22	FY23E	FY24E
Total Sales (₹ bn)	1,455	1,360	1,565	1,794	2,009
EBITDA Margins (%)	11.2	11.5	11.6	12.0	12.4
PAT Margins (%)	6.1	5.1	5.5	5.9	6.5
EPS (₹)	63.2	49.0	61.7	75.6	92.5
P/E (x)	26.7	34.4	27.4	22.3	18.3
P/BV (x)	3.56	3.13	2.88	2.58	2.29
EV/EBITDA (x)	21.4	21.8	18.0	15.1	12.9
RoE (%)	13.8	9.7	11.0	12.2	13.3
RoCE (%)	7.8	7.3	7.9	9.2	10.2
Dividend Yield (%)	1.1	1.1	1.3	1.2	1.2

Rating	BUY
Current Market Price (₹)	1,687
12 M Price Target (₹)	2,087
Potential upside (%)	24

## Stock Data

FV (₹) :	2
Total Market Cap (₹ bn) :	2,369
Free Float Market Cap (₹ bn) :	2,039
52-Week High / Low (₹)	1,456 / 2,079
2-Year High / Low (₹) :	843 / 2,079
1 Year Avg. Dly Traded Volume (in lakh)	25
BSE Code / NSE Symbol	500510 / LT
Bloomberg :	LT:IN

## Shareholding Pattern

(%)	Mar-22	Dec-21	Sep-21	Jun-21
FPIs	22.42	23.24	22.86	22.88
MFs	17.67	16.76	16.31	15.49
Insurance	15.15	15.34	16.15	16.70
Employees Trust	13.88	13.89	13.90	13.90
Others	30.88	30.77	30.78	31.03

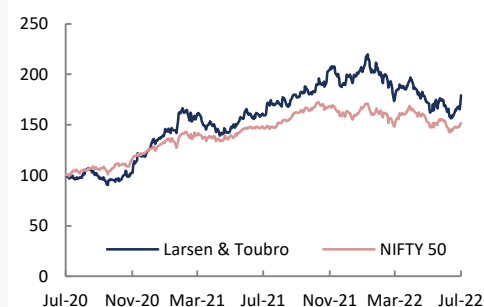
Source: BSE

## Price Performance

(%)	1M	3M	6M	1YR
L&T	6.5%	-7.8%	-11.4%	12.4%
Nifty 50	-0.8%	-8.8%	-8.9%	3.1%

\* To date / current date : July 08, 2022

## L&amp;T vs Nifty 50



### Outlook & Valuation

We estimate the topline/EBITDA/PAT to grow at a CAGR of 13%/17%/23% respectively in the period between FY22-24E. We believe, risk-reward is favorable for L&T (trading at 18.3x FY24E core EPS) and Recommend 'BUY' with an SoTP based price target of ₹2,087. L&T remains the best proxy for domestic capex and the key beneficiary to tap the opportunities both from the public and private sector. Having a strong order pipeline coupled with healthy order book provides good revenue visibility ahead. L&T's 'Lakshya 2026 Plan' is focusing on scaling up new business opportunities which are now in the incubation phase and are expected to bring significant benefits in future.

### SoTP Valuation

Business Segment	Method	Valuation multiple	Value (₹ bn)	Value (INR/sh)	Rationale
L&T Standalone	FY24E PER (x)	22	1,867	1,328	On Core Engg Business
International Venture	FY24E PER (x)	15	73	52	Discount to LT standalone
Mindtree	Market cap		280	199	As per current market cap
L&T Infotech	Market cap		529	376	As per current market cap
L&T Technologies	Market cap		250	177	As per current market cap
L&T Finance	Market cap		113	80	As per current market cap
Infrastructure Development Projects	P/BV	1	34	24	
Nabha Power	P/BV	1	23	17	
Other subsidiaries	FY24E PER (x)	15	15	11	
<i>Less: Holding Company Discount (20%)</i>			(250)	-177	<i>Holding company discount of 20% on investments</i>
<b>Total</b>			<b>2,087</b>		

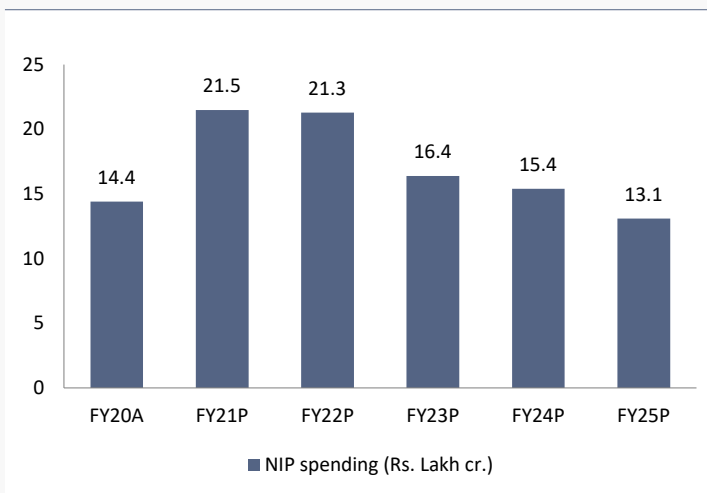
Source: LKP Research

### Investment Rationale

**Business momentum expected to gain strength on strong government capex and revival in private capex:** Management had indicated that the potential for investment in infrastructure in India is \$80-100 billion per year and if consistently done over the next four-five years, infrastructure opportunity worth \$500 billion can be created. Going forward the curve to be upward-sloping from 2022-23 onwards and the management expects an average of \$50 billion annually as a realistic amount wherein about \$10-15 billion would be private capex and \$35 billion would be from the public sector. Further, the funding for these large public sector projects is done through multilateral agencies (L&T’s 30% of the OB ~₹3.58tn is funded by multilateral and bilateral funding agencies) which are providing momentum to the large projects. Looking at the opportunities, L&T is one of few players with the capacity to handle large complex projects as seen by its recent award wins, such as India’s largest ever tender for the Mumbai Ahmedabad High Speed Rail (~₹320bn package). Further, strong tax collections could support central capex while significant devolution of resources by the center to states may also enable momentum in state capex.

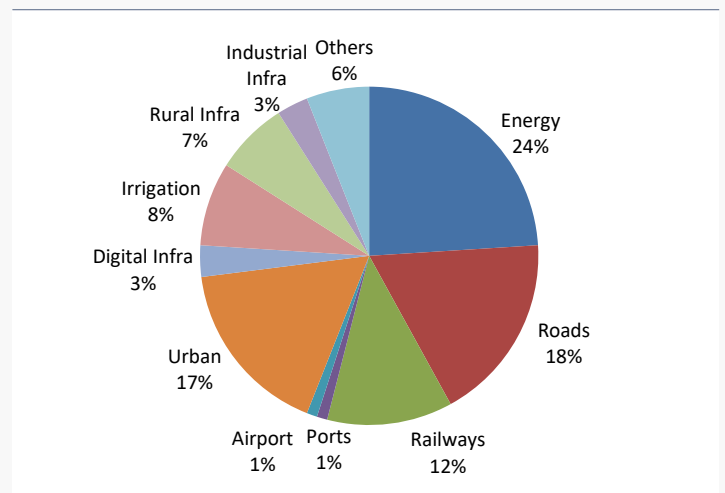
The National Infrastructure Pipeline Project (NIP) formulated by the government is likely to lead to increased spends in critical areas, providing strong order intake opportunities for L&T over a longer tenure. We believe L&T remains at the forefront to reap benefits from Atma Nirbhar Bharat Scheme with its diversified businesses across sectors such as defence, infrastructure, heavy engineering and IT. Tendering momentum has picked up and has remained strong in the month of May (₹956bn, up 110% YoY on low base) mainly across highways, railways etc. L&T’s capability to execute big and complicated orders well in time has been the USP for the company. Management also expects pick up in the private capex as the share of private orders in its domestic order book rose from 13% in FY21 to ~19% in FY22.

**Exhibit 1: NIP has indicated ₹111 lakh cr spends on Infra**



Source: Ministry of finance

**Exhibit 2: Roads, Railway, Energy, Urban Infra and Irrigation are key thrust areas**



Source: Ministry of finance

### Defence prospects can increase significantly

On the back of the government's thrust towards indigenization, L&T's management continues to remain optimistic for securing decent order wins in this segment in the medium term. In the last few years, L&T has had numerous "Make in India" success stories in the defence sector; K9 Vajra-T, Pinaka & BM 21 Upgrade for the Army Artillery, Akash for Army & Air Force, BrahMos, Range of Bridging Systems for Army Engineers, Platform specific Engineering systems for Naval Platform, Floating Dock for the Navy (FDN-2) and Offshore Patrol Vessels & Interceptor Boats for the Coast Guard to name the significant ones. L&T was earlier securing defence orders at ₹20-30bn annually (pre-FY22) and this increased to ₹60bn+ in FY22. L&T estimates that addressable pipeline five years earlier was worth only ₹50-80bn while currently it is 4x the amount and rising.

### Exhibit 3 : Few defense products being manufactured by L&T

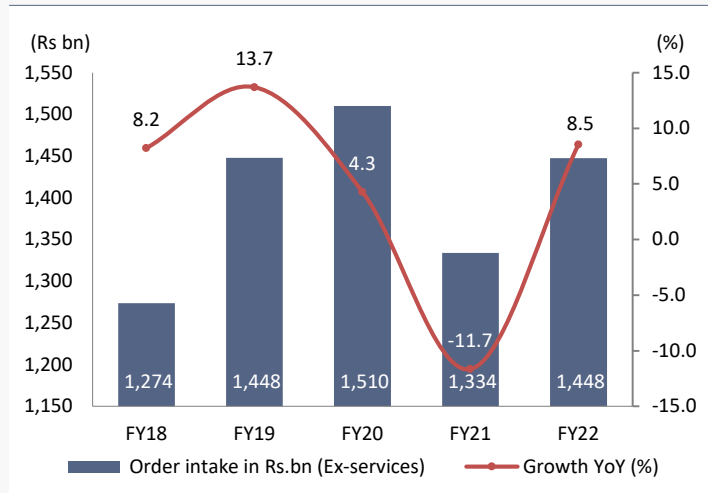
Product
<b>Land Systems</b>
Vajra
Zu-23 Upgrade
Pinaka Multi Barrel Rocket Launcher
<b>Naval Systems</b>
Asw Rocket Launcher
Torpedo Launcher
WM-18 Rocket Launcher (Beach Clearing system)
Flotaing Dock
Offshore Patrol Vessel
<b>Sub Systems</b>
Landing Platform Dock
Steering Gear
Degaussing system (live and self-standing product)
Fin Stabiliser
Integrated platform management system

Source: Ministry of finance

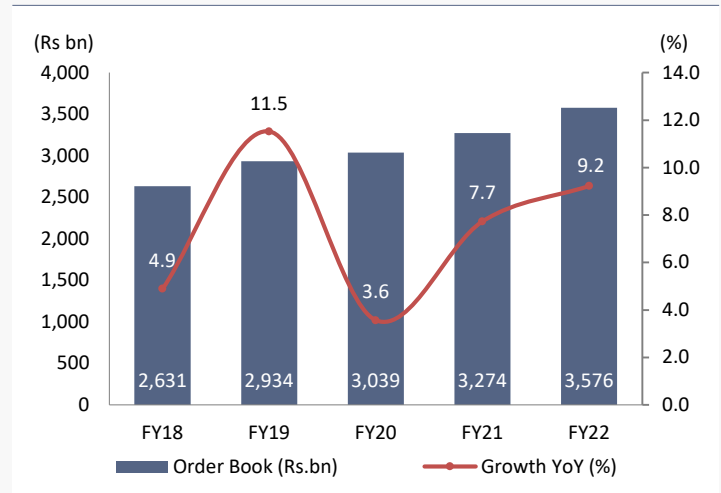
### Strong order pipeline provides order inflow visibility

Order pipeline at ₹8.53 tn (-6% over FY22 as L&T will be strictly very selective in bidding) comprising ₹6.53tn domestic prospects in which infra prospects is ~₹4.57tn while international at ₹2.22tn (infra prospect of ₹1.15tn) remains encouraging, providing healthy order inflow outlook. The order book has been stable at ₹3.5tn (up 9% YoY) offering strong revenue visibility. Breakdown of the domestic order book of ₹2.62 trillion as of March 2022 is as follows. Central Government comprises 11%; State Government orders comprised 29%; PSU or State-Owned Enterprise contributes 44% and the balance 16% is from the private sector. Within Infrastructure, order book is much diversified across the various businesses namely Heavy Civil, Water, Power Transmission Distribution, Buildings and Factories, Transportation Infrastructure and Minerals and Metals.

Exhibit4: Order book and order inflow with YoY growth trend



Source: Company data, LKP Research



### Focus on asset monetisation and balance sheet strength

With an eye on capital allocation in its core E&C business, L&T continues to focus on monetizing its non-core assets, wherein Company's constant focus on divestment of non-core with earlier sale of E&A business and eyeing core assets like a) road SPVs by FY23 b) Nabha power potentially by FY24 to further improve its RoE to 14.5%-5% (11%) in FY22) thus unlocking value for future growth, besides reducing the complexity of the group and improving its RoE. It is in the midst of divesting power assets and looking at raising funds for its Metro business to improve financial position.

### Monetization plans for Hyderabad Metro coming along gradually

L&T has been looking at raising funds for its metro business to improve its financial position. Management indicated factors which weren't in favour of Hyderabad metro which has now improved.

- Its ridership dips during covid which has been improving qoq. Hyderabad Metro average ridership improved from 55,000 passengers a day in Q1FY22 to 1,99,000 in Q4FY22, which enabled to report a positive EBITDA during the quarter. Currently ridership stands at 0.3mn passengers per day.
- Another issue was its huge debt of nearly ₹130 bn having concession period of 65 years with company's minimum equity commitment of 26%.
- After due discussions, recently Telangana government has agreed to sanction a soft loan of ₹30 bn into the project over a period of time and will be utilized towards repayment of debt which will reduce to ₹100 bn.
- Management has also indicated that they have a term sheet with an investor which it cannot reveal right now because a few conditions and precedents are to be overcome, which will happen shortly. If that happens, another ₹40bn of equity money will come into the project and further debt reduction from ₹100 bn to 60bn can happen.
- At the same time L&T stake expected to come down from 100 % to 51%.
- The company also indicated that it plans to shortly monetise some real estate which can further reduce the debt by ~₹40-50bn. It also recently restructured the loan and the interest rate has been brought down from 9.7% to 6.2%.
- In two to three years the company plans to move Hyderabad Metro away from the balance sheet by doing an InvIT (infrastructure investment fund).

**Focus remains on working capital management, target to maintain at 20% of sales**  
 NWC to sales ratio improved to 19.9%, vs. 23.1% owing to better collection and vendor management. Working capital improvement has been one of the key focus areas for L&T. Management targets to maintain net working capital level at ~20% of sales, similar to that in FY22 . However, since payments from clients are slower in 1H of the year, there could be a temporary rise in working capital levels to ~22% of sales.

**Key Highlights of Strategic Plan (FY22-26)**

- Focus will be on value accretive growth of current business, exit/reduce exposure to non-core business and scale up digital and E-commerce business.
- Focus on developing business offering to ride energy transition wave.
- Revenue target of ₹2.7trn by FY26, CAGR of 15% between FY21-26, Order inflow to be ₹3.4trn, CAGR of 14% between FY21-26 and ROE to expand from 11% in FY22 to ~18% by FY26.
- Company to re-classify its business segments into EPC (ConstructionBuildings, & Factories, Heavy Civil, Water, Power T&D, Energy-Hydrocarbon, Green EPC etc.) Hi-Tech Manufacturing (Heavy Engineering, Defence, Battery etc), Services (LTI + Mindtree, LTTS, Data center & Platforms (Sufin & EduTech, Financials etc), Developmental projects (Green Energy-BOO, Hyderabad Metro) and Others (Realty, Smart world & Communication etc).
- Capex: Capex to be in range of ₹100-110bn towards existing business and ₹60-65bn towards new business verticals.

Exhibit 5: FY26 Strategic Plan objectives (1/2)

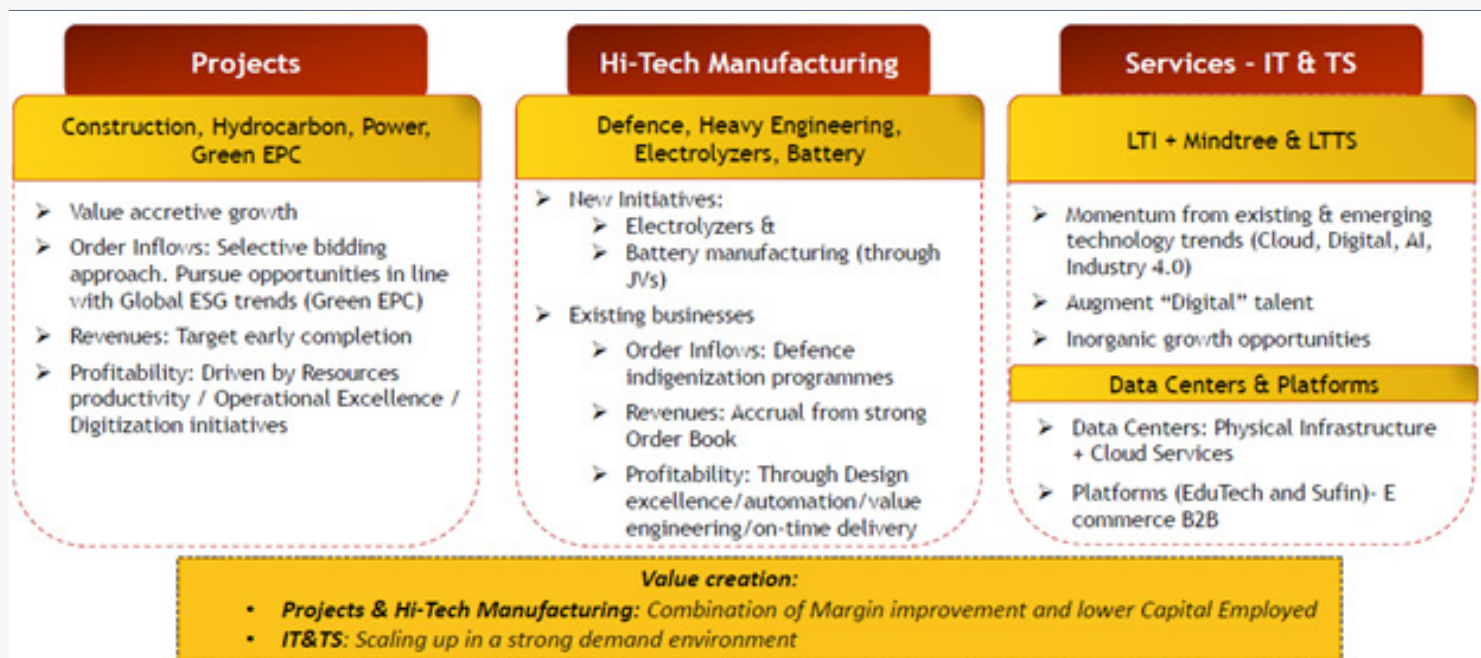




Exhibit 5: FY26 Strategic Plan objectives (2/2)



Exhibit 6- Group financial targets

₹ Trillion	FY21	FY22	FY26E	CAGR Y21-26
Order Inflows	1.7	1.9	3.4	14%
Revenue	1.4	1.6	2.7	15%
ROE (%)	10%*	11%	18%+	

Source: Company data, \*excluding exceptional

Exhibit 7- Revenue Composition

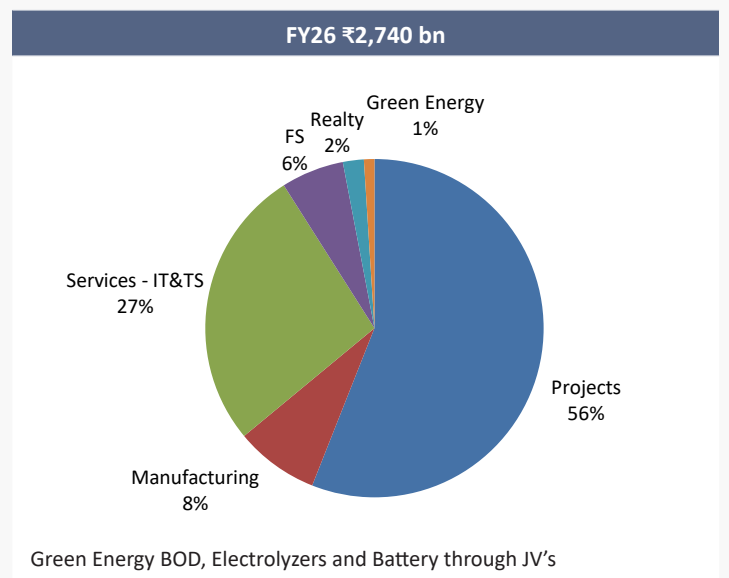
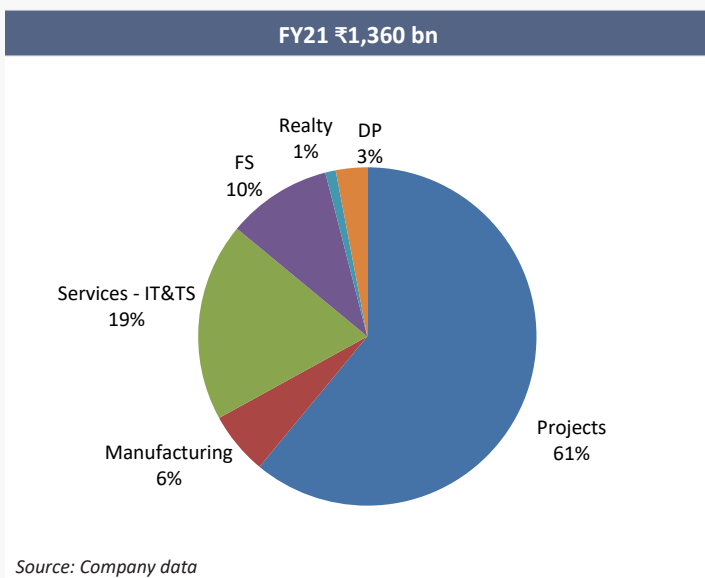
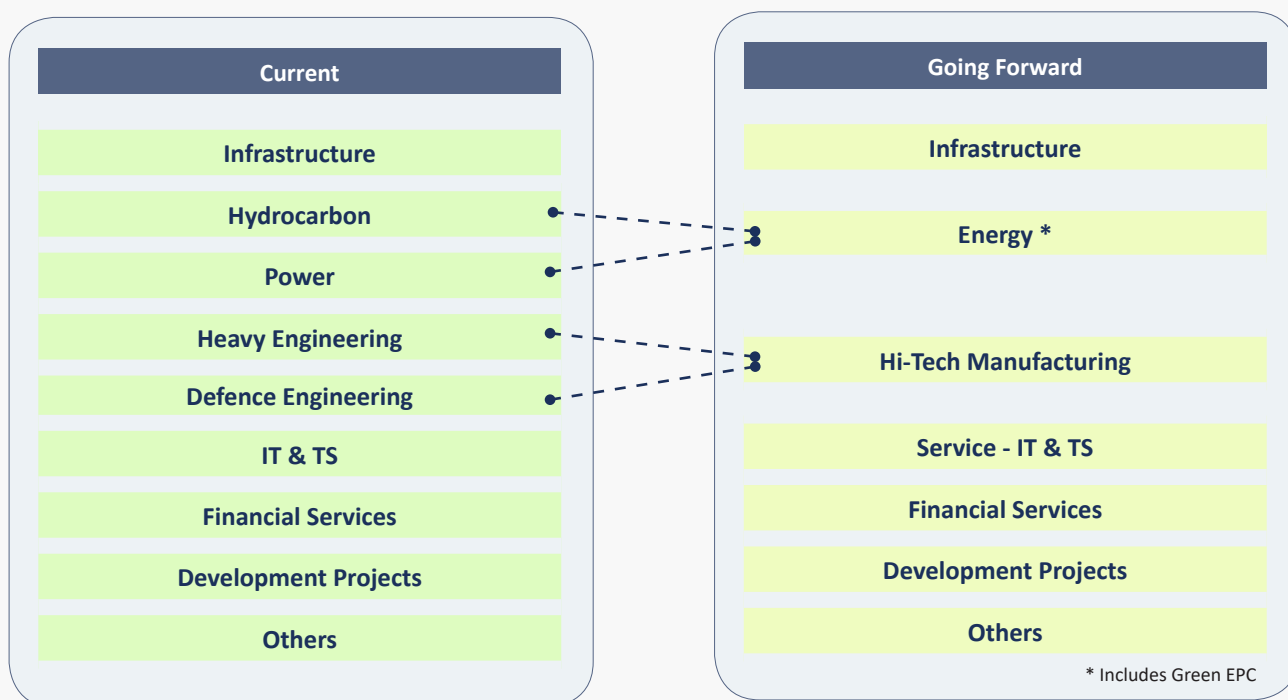


Exhibit 8 - Segment reclassification going forward



Source: Company data

Exhibit 9 : SoTP Valuation

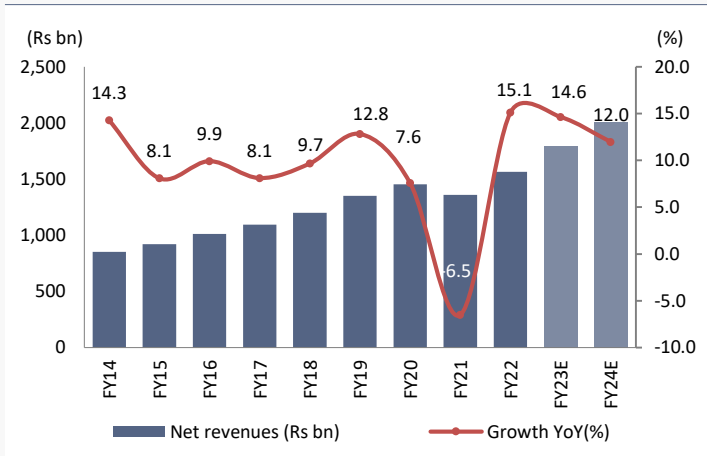
Business Segment	Method	Valuation multiple	Value (₹ bn)	Value (INR/sh)	Rationale
L&T Standalone	FY24E PER (x)	22	1,867	1,328	On Core Engg Business
International Venture	FY24E PER (x)	15	73	52	Discount to LT standalone
Mindtree	Market cap		280	199	As per current market cap
L&T Infotech	Market cap		529	376	As per current market cap
L&T Technologies	Market cap		250	177	As per current market cap
L&T Finance	Market cap		113	80	As per current market cap
Infrastructure Development Projects	P/BV	1	34	24	
Nabha Power	P/BV	1	23	17	
Other subsidiaries	FY24E PER (x)	15	15	11	
<i>Less: Holding Company Discount (20%)</i>			(250)	-177	<i>Holding company discount of 20% on investments</i>
<b>Total</b>			<b>2,087</b>		

Source: LKP Research



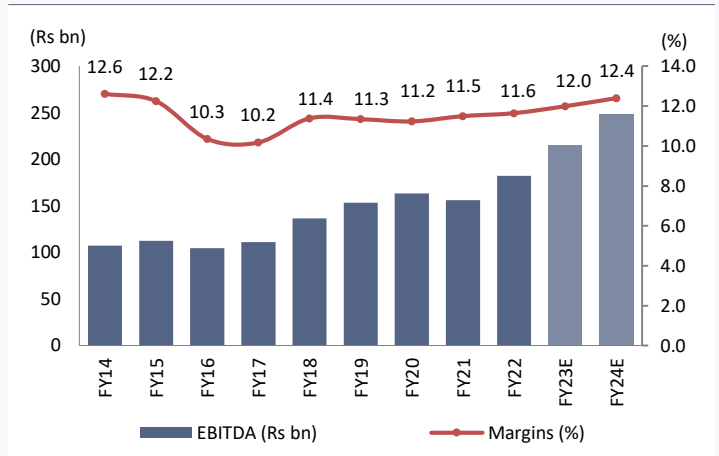
Financials in charts

Revenue trend



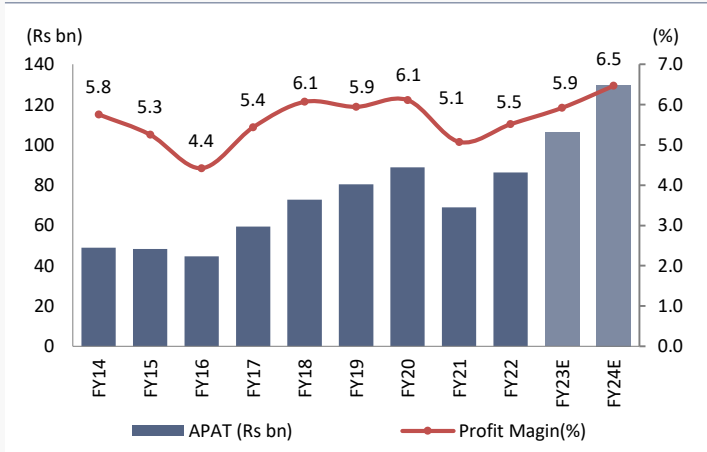
Source: Company data, LKP Research

EBITDA and Margin trend



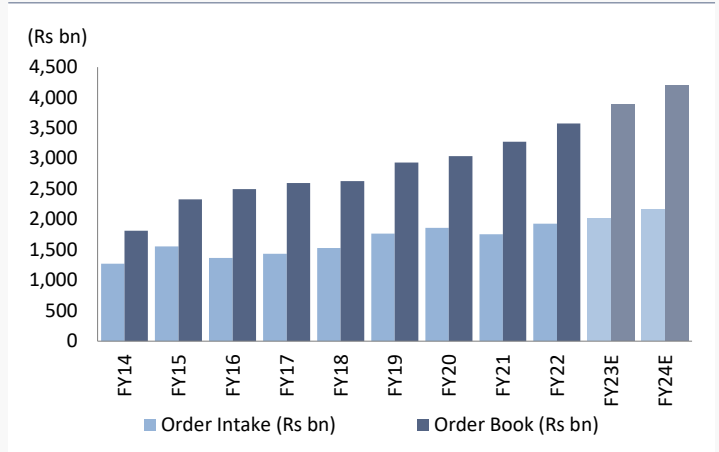
Source: Company data, LKP Research

Net Profit and Profit margin trend



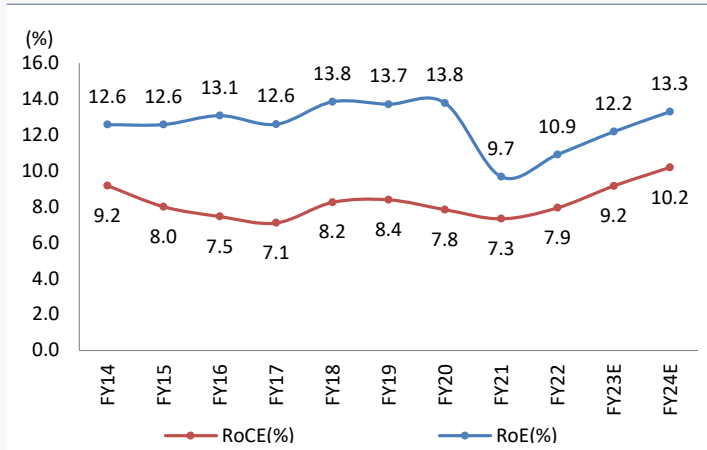
Source: Company data, LKP Research

Order Intake and Order book trend



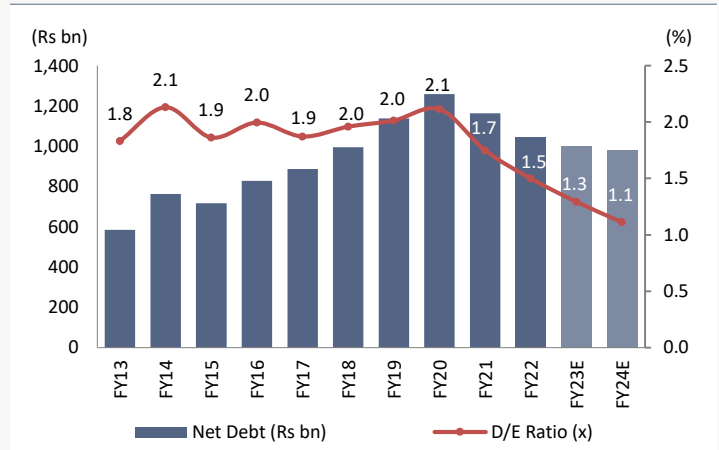
Source: Company data, LKP Research

RoE & RoCE trend



Source: Company data, LKP Research

Net Debt and Debt Equity trend



Source: Company data, LKP Research

## About the Company

L&T is a large conglomerate headquartered in Mumbai, India with global operations in the fields of E&C, manufacturing, technology and financial services. Founded in 1938, the company has grown exponentially to have an international presence with over 30 locations and 137 subsidiaries (FY20), creating synergies to help integrate various business verticals. It has no Promoter & Promoter Group holdings, with 100% public shareholding.

L&T has a well-diversified product portfolio and a healthy order book that helps protect it from the cyclical nature of the industry. It has business segments ranging from Buildings and Factories, Infrastructure, Power Transmission & Distribution, Heavy Engineering, Defence Engineering, Hydrocarbon, IT and Technology and Financial Services amongst others.

The Infrastructure segment – especially the EPC sector – has witnessed a decent order inflow in the last four quarters, driven mainly by Government capex. L&T's Buildings & Factories (B&F) business is an industry leader in EPC of projects ranging from IT parks, retail spaces, industrial warehouses and other factory structures. L&T's Heavy Engineering (HE) business is amongst the top 5 global fabricators to supply engineered- to-order critical equipment.

In the IT segment – L&T has 3 separate established subsidiaries listed in the name of Larsen & Toubro Infotech Ltd. (LTI), L&T Technology Services and Mindtree. In the financial space, L&T Finance Holdings (LTFH) is one of the leading private non-banking financial services companies in India. The businesses are Rural Finance, Housing Finance, Wholesale Finance, Investment Management and Wealth Management.

## L&T Segments

Segment	Sub Segment
Infrastructure:	Buildings & Factories, Transportation Infra, Heavy Civil infra, Water & Effluent Treatment, Power T&D, Metal & Material Handling
Power:	-
Heavy Engineering:	Process Plant Equipment, Nuclear Power Plant Equip, Piping Centre & Forgings
Defence & Engineering:	Defence, Aerospace, Shipbuilding
Hydrocarbon:	-
Services:	IT & Technology Services, Financial Services, Developmental Projects
Others:	Realty, Industrial Products & Machinery, Smart World & Comm.

Source: Company data

## Financials

### Exhibit 10 : Profit and Loss Statement - Consolidated

(₹ mn)	FY20	FY21	FY22	FY23E	FY24E
<b>Total Income</b>	<b>14,54,524</b>	<b>13,59,790</b>	<b>15,65,212</b>	<b>17,94,062</b>	<b>20,08,736</b>
Raw material Cost	4,88,903	4,33,668	5,47,676	6,36,172	7,30,899
Employee Cost	2,31,140	2,47,620	2,97,335	3,19,635	3,45,206
Other expenses	5,71,191	5,22,262	5,38,028	6,23,200	6,83,727
<b>Total operating Expenses</b>	<b>12,91,234</b>	<b>12,03,549</b>	<b>13,83,039</b>	<b>15,79,008</b>	<b>17,59,832</b>
<b>EBITDA</b>	<b>1,63,290</b>	<b>1,56,241</b>	<b>1,82,173</b>	<b>2,15,054</b>	<b>2,48,904</b>
<i>EBITDA Margins(%)</i>	<i>11.2</i>	<i>11.5</i>	<i>11.6</i>	<i>12.0</i>	<i>12.4</i>
Depreciation & Amortisation	24,623	29,042	29,480	34,054	37,459
<b>EBIT</b>	<b>1,38,667</b>	<b>1,27,199</b>	<b>1,52,694</b>	<b>1,81,001</b>	<b>2,11,445</b>
Interest	27,967	39,134	31,257	29,742	26,443
Other Income	23,609	34,294	22,671	23,571	24,562
<b>Recurring PBT</b>	<b>1,34,310</b>	<b>1,22,358</b>	<b>1,44,107</b>	<b>1,74,830</b>	<b>2,09,564</b>
Add: Extraordinaries	-	(35,560)	969	-	-
Add: Share in associates					
<b>PBT</b>	<b>1,34,310</b>	<b>86,798</b>	<b>1,45,077</b>	<b>1,74,830</b>	<b>2,09,564</b>
Less: Taxes	32,632	40,108	42,166	51,156	61,319
Less: Minority Interest & Share in associates	12,733	13,240	16,217	17,411	18,293
<b>Net Income (Reported)</b>	<b>88,945</b>	<b>33,450</b>	<b>86,693</b>	<b>1,06,264</b>	<b>1,29,953</b>
<b>Adjusted Net Income</b>	<b>88,945</b>	<b>69,010</b>	<b>86,693</b>	<b>1,06,264</b>	<b>1,29,953</b>

Source: Company data, LKP Research

## Exhibit 11 : Balance Sheet

(₹ mn)	FY20	FY21	FY22	FY23E	FY24E
<b>Assets</b>					
Total Current Assets	23,43,507	24,20,727	25,19,509	27,15,842	29,24,716
Cash & Cash Eqv.	1,51,178	1,62,415	1,89,532	1,88,790	1,70,546
Total Current Liabilities & Provisions	8,40,693	8,69,196	9,75,039	11,13,196	12,40,676
<b>Net Current Assets</b>	<b>15,02,815</b>	<b>15,51,531</b>	<b>15,44,470</b>	<b>16,02,646</b>	<b>16,84,040</b>
Investments	2,73,995	2,73,995	2,73,995	2,73,995	2,73,995
Net Fixed Assets	3,30,119	3,10,844	3,05,578	3,17,625	3,29,954
<b>Capital Work-in-Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Goodwill	80,114	80,670	74,770	74,770	74,770
<b>Total Assets</b>	<b>21,87,042</b>	<b>22,17,040</b>	<b>21,98,813</b>	<b>22,69,036</b>	<b>23,62,759</b>
<b>Liabilities</b>					
Borrowings	14,10,071	13,26,053	12,34,682	11,89,682	11,49,682
Deferred Tax Liability	14,530	11,787	10,393	10,393	10,393
Minority Interest	95,208	1,20,515	1,29,661	1,48,210	1,67,872
Equity Share Capital	2,808	2,809	2,810	2,810	2,810
Reserves & Surplus	6,64,424	7,55,876	8,21,267	9,17,940	10,32,001
<b>Net Worth</b>	<b>6,67,232</b>	<b>7,58,685</b>	<b>8,24,077</b>	<b>9,20,750</b>	<b>10,34,811</b>
<b>Total Liabilities</b>	<b>21,87,042</b>	<b>22,17,040</b>	<b>21,98,813</b>	<b>22,69,036</b>	<b>23,62,759</b>

Source: Company data, LKP Research

## Exhibit 12 : Cash Flow Statement

(₹ mn)	FY20	FY21	FY22	FY23E	FY24E
<b>PBT</b>	<b>1,34,310</b>	<b>1,22,358</b>	<b>1,45,077</b>	<b>1,74,830</b>	<b>2,09,564</b>
Depreciation	24,623	29,042	29,480	34,054	37,459
Interest	(23,609)	(34,294)	(22,671)	(23,571)	(24,562)
Chng in working capital	(66,890)	(1,26,639)	9,062	(58,918)	(99,637)
Tax paid	(32,632)	(40,108)	(42,166)	(51,156)	(61,319)
Provisions / writeoff / others	31,068	2,78,082	-	-	-
<b>Cash flow from operations (a)</b>	<b>66,870</b>	<b>2,28,441</b>	<b>1,18,781</b>	<b>75,239</b>	<b>61,505</b>
<b>Free cash flow</b>	<b>(34,774)</b>	<b>2,47,160</b>	<b>1,29,947</b>	<b>63,192</b>	<b>49,176</b>
Capital expenditure	(1,01,644)	18,719	11,166	(12,047)	(12,330)
Chng in investments	4,928	-	-	-	-
Other investing activities	14,153	(73,007)	81,619	23,571	24,562
Cash flow from investing (b)	(82,563)	(54,288)	92,785	11,524	12,232
Inc/dec in borrowings	1,54,520	(84,019)	(91,370)	(45,000)	(40,000)
Dividend paid (incl. tax)	(22,432)	(25,282)	(35,065)	(42,505)	(51,981)
Interest paid	(27,967)	(39,134)	(31,257)	(29,742)	(26,443)
Other financing activities	(54,513)	(14,481)	(26,757)	29,742	26,443
Cash flow from financing (c)	49,609	(1,62,916)	(1,84,450)	(87,505)	(91,981)
Net chng in cash (a+b+c)	33,915	11,237	27,117	(742)	(18,243)
<b>Closing cash &amp; cash equivalents</b>	<b>1,51,178</b>	<b>1,62,415</b>	<b>1,89,532</b>	<b>1,88,790</b>	<b>1,70,546</b>

Source: Company data, LKP Research

## Exhibit 13 : Key Ratios

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
<b>Per Share Data (in ₹.)</b>					
AEPS	63.2	49.0	61.7	75.6	92.5
CEPS	89.8	53.8	94.1	112.2	132.0
BVPS	474.4	539.5	586.0	654.7	735.8
DPS	18.0	18.0	22.0	20.0	20.0
<b>Growth Ratios (%)</b>					
Total Revenues	7.6	(6.5)	15.1	14.6	12.0
EBITDA	6.5	(4.3)	16.6	18.0	15.7
PAT	10.6	(22.4)	25.6	22.6	22.3
AEPS	6.7	(22.4)	25.8	22.6	22.3
CEPS	9.0	(40.0)	74.8	19.1	17.7
<b>Valuation Ratios</b>					
P/E	26.7	34.4	27.4	22.3	18.3
P/CEPS	18.8	31.3	17.9	15.1	12.8
P/BV	3.6	3.1	2.9	2.6	2.3
EV / EBITDA	21.4	21.8	18.0	15.1	12.9
EV / Sales	2.4	2.5	2.1	1.8	1.6
<b>Operating Ratio</b>					
Raw Material/Sales (%)	33.6	31.9	35.0	35.5	36.4
SG&A/Sales (%)	20.6	21.7	19.9	19.5	19.4
Effective Tax Rate (%)	24.3	32.8	29.3	29.3	29.3
NWC / Total Assets (%)	61.8	62.7	61.6	62.3	64.1
Inventory Turnover (days)	14.4	15.6	13.9	15.6	14.6
Receivables (days)	102.2	113.4	107.6	96.0	96.0
Payables (days)	122.9	138.2	135.7	130.2	130.9
D/E Ratio (x)	2.1	1.7	1.5	1.3	1.1
<b>Return/Profitability Ratio (%)</b>					
RoCE	7.8	7.3	7.9	9.2	10.2
RoNW	13.8	9.7	11.0	12.2	13.3
Dividend Payout Ratio	28.5	36.7	35.7	26.4	21.6
Dividend Yield	1.1	1.1	1.3	1.2	1.2
PAT Margins	6.1	5.1	5.5	5.9	6.5
EBITDA Margins	11.2	11.5	11.6	12.0	12.4

Source: Company data, LKP Research

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