


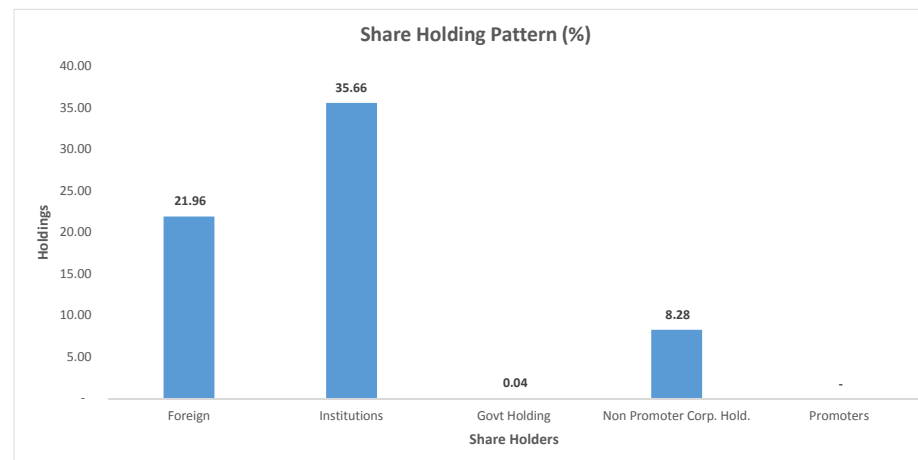
<h2 style="text-align: center;">Research Report</h2>	 <p>Spearhead FinServe PRIVATE LIMITED A subsidiary of Spearhead Services Pvt Ltd</p>																
<h2 style="text-align: center;">Larsen & Toubro Ltd.</h2>	<table> <tr> <td>Recommendation</td><td>Accumulate</td></tr> <tr> <td>Current Market Price</td><td>1628</td></tr> <tr> <td>Target</td><td>1800</td></tr> <tr> <td>Accumulation Price Band</td><td>1625 - 1650</td></tr> <tr> <td>Time Frame</td><td>6 months</td></tr> <tr> <td>Derivative Segment</td><td>Yes</td></tr> </table>	Recommendation	Accumulate	Current Market Price	1628	Target	1800	Accumulation Price Band	1625 - 1650	Time Frame	6 months	Derivative Segment	Yes				
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<h3 style="text-align: center;">Industry : Construction</h3>	<h4>Quick Glance</h4> <table> <tr> <td>Share Capital (Rs Cr)</td><td>185.38</td></tr> <tr> <td>Market Cap (Rs Cr)</td><td>151,342.00</td></tr> <tr> <td>Enterprise Value (Rs Cr)</td><td>156,802.14</td></tr> <tr> <td>Face Value (in Rs)</td><td>2.00</td></tr> <tr> <td>52 Week High/ Low (in Rs)</td><td>1776.60/951.50</td></tr> </table>	Share Capital (Rs Cr)	185.38	Market Cap (Rs Cr)	151,342.00	Enterprise Value (Rs Cr)	156,802.14	Face Value (in Rs)	2.00	52 Week High/ Low (in Rs)	1776.60/951.50						
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<h4>Company Overview</h4> <ul style="list-style-type: none"> • Incorporated in the year 1946,Larsen & Toubro Ltd (L&T) is one of the largest and most respected companies in India's private sector, operating in various segments such as Engineering & Construction, Electrical & Electronics , Machinery & Industrial Products etc. • With domestic and international presence the company focuses on engineering, design and construction of infrastructure, buildings, factories, water supply, and metallurgical & material handling projects covering civil, mechanical, electrical and instrumentation engineering disciplines, through a well established marketing and distribution network 	<h4>Financials</h4> <table> <tr> <td>EPS (Rs)</td><td>63.52</td></tr> <tr> <td>Book Value (Rs)</td><td>362.41</td></tr> <tr> <td>P/E</td><td>25.65</td></tr> <tr> <td>P/BV</td><td>4.50</td></tr> <tr> <td>ROE</td><td>16.33</td></tr> <tr> <td>ROCE (%)</td><td>18.20</td></tr> <tr> <td>Dividend Yield (%)</td><td>0.87</td></tr> <tr> <td>Debt - Equity</td><td>0.32</td></tr> </table>	EPS (Rs)	63.52	Book Value (Rs)	362.41	P/E	25.65	P/BV	4.50	ROE	16.33	ROCE (%)	18.20	Dividend Yield (%)	0.87	Debt - Equity	0.32
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<h4>Industry Overview</h4> <ul style="list-style-type: none"> • The Indian Government has identified Infrastructure as one of the key drivers of economic development in the country. Investment in Infrastructure has increased from about 5% of GDP in the 10th Five Year Plan period to 9% in the 11th Five year Plan Period. • India's planning commission has projected an investment of US\$ 1 trillion for the infrastructure sector during the 12th Five Year Plan, with 40 per cent of the funds coming from the private sector. <p>Construction sector in India is considered to be the second largest employer and contributor to economic activity, after agriculture sector.</p> <p>50% of the demand for construction activities in India comes from the Infrastructure sector, while the rest comes from Industrial activities, residential and commercial development etc.</p> <p>Indian Construction Industry value is estimated to be more than US\$ 126 billion</p> <p>The Indian Infrastructure and Construction Sectors have moved out of their nascent stages. However, now there is substantial opportunity to undertake complex and complicated projects wherein the competing factor for construction majors shall not only be</p>	<h4>Highlights</h4> <table> <tr> <td>Debt (Rs Cr)</td><td>11,459</td></tr> <tr> <td>Reserves (Rs Crs)</td><td>33,476</td></tr> <tr> <td>FII Holdings (%)</td><td>18.82</td></tr> <tr> <td>MF Holdings (%)</td><td>13.76</td></tr> <tr> <td>Free Float Market Capitalization (Rs Cr)</td><td>132,961.00</td></tr> <tr> <td>Beta</td><td>1.70</td></tr> <tr> <td>Avg Volume Per day (no. of shares)</td><td>1,182,559</td></tr> <tr> <td>Avg Volume Per Month (no. of shares)</td><td>47,516,080</td></tr> </table>	Debt (Rs Cr)	11,459	Reserves (Rs Crs)	33,476	FII Holdings (%)	18.82	MF Holdings (%)	13.76	Free Float Market Capitalization (Rs Cr)	132,961.00	Beta	1.70	Avg Volume Per day (no. of shares)	1,182,559	Avg Volume Per Month (no. of shares)	47,516,080
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<h4>Key Highlights</h4> <ul style="list-style-type: none"> • L&T has a strong order book of Rs.1,95,400 Cr and the management expects 20% growth in order book which provides revenue visibility in the medium term • Larsen & Toubro announced that its wholly owned subsidiary L&T Technology Services has purchased 74% of the equity capital of Thales Software India, the Indian subsidiary of Thales, the global leader in aerospace, transportation and defense and security markets 																	
<h4>Key Risks</h4> <ol style="list-style-type: none"> 1. Capital Structure, Liquidity and Interest Rate Risks 2.Foreign Exchange and Commodity Price Risks 																	

Financial Highlights

Income Statement (Annual)					
Particulars (Rs Cr)	2014	2013	2012	2011	2010
Net Sales	56598.92	51610.96	53170.52	43905.87	37009.73
EBITDA	9268.65	8242.09	7777.10	7220.07	7035.01
EBITDA Margin	14.80	13.39	14.47	14.95	15.11
Depreciation	792.42	727.74	699.46	599.22	383.65
Interest	1208.32	1055.90	767.31	719.38	637.67
Other Income	2469.39	2179.69	1393.28	1480.37	2185.75
PBT	7267.91	6458.45	6310.33	5901.47	6013.69
APAT	5493.13	4910.65	4456.50	3957.89	4375.52
PAT Margin (%)	8.54	7.58	8.29	8.01	8.84
Earnings Per Share	58.42	78.40	71.11	63.15	70.83

Balance Sheet					
Particulars (Rs Cr)	2014	2013	2012	2011	2010
Equity Share Capital	185.38	123.08	122.48	121.77	120.44
Reserves and Surplus	33476.45	29019.64	25100.54	21724.49	17882.22
Tangible Net Worth	11849.52	9618.44	10543.65	7433.18	6800.42
Deferred Tax Liability :	911.56	842.96	643.46	549.74	389.27
Long Term Debt	5460.14	7271.03	5330.06	5425.41	6745.10
ShortTerm Debt	5998.78	1563.18	4565.71	1735.7	55.73
Total Debt	11458.92	8834.21	9895.77	7161.11	6800.83
Current Liabilities	30267.21	31083.30	29617.16	25562.57	19090.47
Total Provisions	2113.52	2083.81	2112.04	2002.10	2186.04
Total Liabilities	45513.93	38764.88	35770.19	29281.86	25112.47
Gross Block	11663.21	11985.73	10557.59	8956.67	7290.09
Net Fixed Assets	7677.87	8308.21	7608.05	6647.26	5494.63
Investments	19214.64	16103.39	15871.90	14684.82	13705.35
Current Assets	47068.38	43422.35	39199.66	31691.79	26395.26
Deferred Tax Asset :	501.64	600.74	510.45	286.27	311.88
Receivables	21538.76	22613.01	18716.94	12427.61	11158.35
Inventories	1982.53	2064.18	1776.62	1577.15	7723.44
Cash	1782.86	1455.66	1778.12	1729.55	1431.87
Total Assets	45513.93	38764.88	35770.19	29281.86	25112.47

Income Statement (Quarterly)								
Particulars (Rs Cr)	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	20,079.10	14,387.51	12,308.41	12,555.06	18,075.60	12,869.34	13,195.23	11,955.35
EBITDA	3,880.34	2,226.00	1,651.24	1,544.08	2,715.46	1,926.29	2,001.95	1,654.49
EBITDA Margin	19.33	15.47	13.42	12.30	15.02	14.97	15.17	13.84
Depreciation	213.83	199.17	192.57	210.28	196.85	177.87	203.96	191.94
Interest	304.92	290.85	237.88	245.28	263.36	233.82	235.02	228.41
Other Income	979.38	537.31	465.59	472.60	586.23	668.04	598.32	608.12
PBT	3,361.59	1,735.98	1,220.79	1,088.52	2,255.25	1,514.60	1,562.97	1,234.14
APAT after Extraordinary	2,331.27	1,166.09	864.64	756.03	1,769.22	1,121.75	870.13	890.48
PAT Margin (%)	13.56	8.62	7.02	6.02	9.89	8.72	8.62	7.22
Earnings Per Share	29.39	13.40	9.35	8.18	19.37	12.17	18.54	9.40

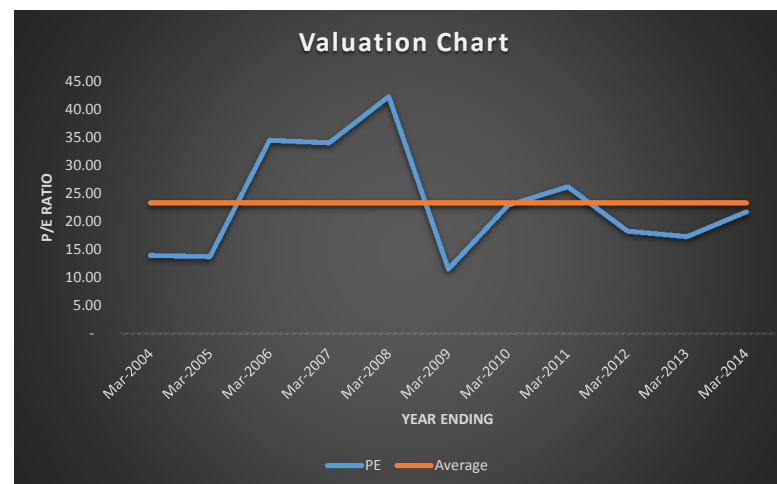
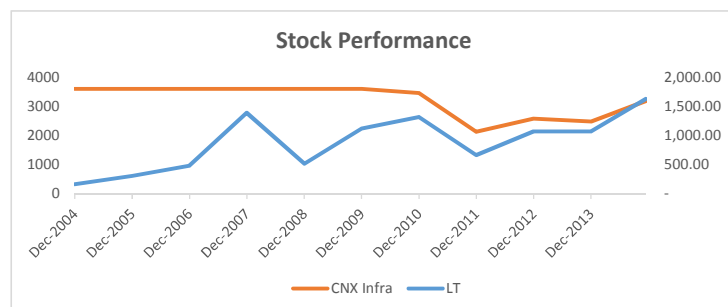


Key Financial Indicators						
Particulars	Units	2014	2013	2012	2011	2010
Revenue	Crs	56,598.92	51,610.96	53,170.52	43,905.87	37,009.73
EBITDA Margins	%	14.80	13.39	14.47	14.95	15.11
PAT	Crs	5,493.13	4,910.65	4,456.50	3,957.89	4,375.52
PAT Margins	%	8.54	7.58	8.29	8.01	8.84
Revenue Growth	%	9.66	(2.93)	21.10	18.63	9.15
EBITDA Growth	%	12.46	5.98	7.72	2.63	28.56
PAT Growth	%	11.86	10.19	12.60	(9.54)	25.67
Debt - Equity	times	0.32	0.34	0.36	0.35	0.43
ROCE	%	18.20	16.80	21.77	22.17	23.85
ROE	%	16.33	16.86	17.68	18.14	23.93

Peer Comparison				
Particulars	Units	L&T	Engineers India	GMR Infra
Revenue	Rs Cr	56,598.92	1,823.59	786.29
EBITDA Margins	%	14.80	39.15	33.79
PAT	Rs Cr	5,493.13	455.09	(106.26)
PAT Margins	%	8.54	26.31	(13.51)
Gearing	%	0.32	-	0.61
EPS	Rs / Share	63.52	11.21	0.23
PE	times	25.65	21.42	85.65
P/BV	times	4.50	3.29	1.16
ROCE	%	18.20	29.47	1.49
ROE	%	16.33	18.49	(1.46)
EV/EBITDA	times	13.77	8.14	22.74

Stock Performance vis-a-vis Index

Particulars	Return	
	YTD	QTD
L&T	53.62%	12.55%
CNX Infra	28%	21%



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Technical Outlook

