



DALAL & BROACHA
STOCK BROKING PVT. LTD.

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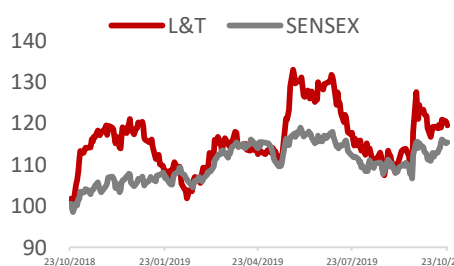
BUY

Current Price	1315
Target Price	1685
Upside/Downside	28%
52 Week Range	1183/1607

Key Share Data

Market Cap (Rs.bn)	1894
Market Cap (US\$ mn)	27057
No of o/s shares (mn)	1403.26
Face Value	2
MonthlyAvg. vol(BSE+NSE) Nos'000	3255
BSE Code	500510
NSE Code	LT
Bloomberg	LT IN

Price performance



% Shareholding	Sept-19	Jun-19
Promoters	-	-
Institutions	56.98	57.64
Others	42.02	42.36
Total	100.0	100.0

Key Financials (Rs Mns)

Year	Op Income	% Growth	EBIDTA	OPM%	PAT	% Growth	EPS	PE (x)	ROE%	ROCE%
FY17	1,100,110	9.4%	110,747	10.1%	60,412	148.0%	43.2	31.3	12.0	7.0
FY18	1,196,832	8.8%	136,415	11.4%	73,699	22.0%	52.6	25.7	13.4	8.1
FY19	1,410,071	17.8%	163,247	11.6%	89,051	20.8%	63.5	21.3	14.3	8.7
FY20E	1,606,331	13.9%	186,408	11.6%	92,169	3.5%	65.7	20.5	13.3	9.3
FY21E	1,823,276	13.5%	214,785	11.8%	110,009	19.4%	78.4	17.2	14.3	9.6

L&T- Maharashtra CM orders stop payment for all ongoing works and review projects cleared by earlier government

As per media article Maharashtra CM has ordered a review of all projects/proposals cleared by earlier government in last six months. He has also instructed bureaucrats to not to release any payment for the projects till Maha Vikas Aghadi government clears them.

L&T's Maharashtra order book: In current order book L&T has total exposure of around Rs427bn in Maharashtra (14% of total order book). Out of total exposure around Rs128bn is under construction while projects worth Rs299bn are yet to commence.

Projects under review: As per media article major projects which are under review are mentioned as Mumbai-Nagpur Samriddhi Corridor, Coastal Road Link, Trans-Harbor Sea Link and Thane Creek. Apart from these projects Bullet train project and Nanar refinery in Ratnagiri are also kept on hold.

Impact on L&T: L&T holds MMRDA-Line 3 project order worth Rs52.7bn where 50% work is completed. Apart from this L&T holds Trans-Harbor Sea Link order worth Rs86.5bn, Coastal Road Project worth Rs74.9bn, Nagpur Mumbai Expressway project worth Rs21bn and Thane creek project worth Rs5.59bn. We feel these are major projects which are under review and any delay in execution might impact on L&T's execution cycle.

Outlook: L&T management has highlighted that there is no clarity from the government yet and they are reviewing the situation. Although order inflows have remained weak in Q3 for L&T we expect robust order book and international order wins are likely to be savior for the company. **We maintain our estimates for L&T until further clarity emerges on the issue.** We expect L&T to post EPS of Rs66 and Rs78 over FY20E and FY21E respectively. At CMP stock trades at 20.5x FY20E and 17.2x FY21E earnings.

We recommend 'BUY' with target price of Rs1685.



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L&T's Current order book in Maharashtra

Date	FY	Name of the Client	Location	Segment	Size of the Project (In Crores)
12.9.19	2019-20	Maharashtra Krishna Valley Devpt Corp	Maharashtra	Irrigation	1000-2500
9.9.19	2019-20	Residential project from CIDCO	Maharashtra	Infrastructure	5000-7000
3.9.19	2019-20	Navi Mumbai International Airport Pvt. Ltd.	Maharashtra	Infrastructure	5000-7000
11.3.19	2018-19	Mumbai Metro Line 7- power supply	Maharashtra	Power	800
1.10.18	2018-19	Mumbai Coastal Road Project	Maharashtra	Infrastructure	7489
3.9.18	2018-19	Nagpur Mumbai Expressway(MSRDC)	Maharashtra	Infrastructure	2095
3.9.19	2018-19	Thane Creek (MSRDC)	Maharashtra	Infrastructure	559
23.2.18	2018-19	MMRC (Design Line 3)	Maharashtra	Infrastructure	338
19.2.18	2018-19	Pune Muncipal Corp	Maharashtra	Infrastructure	1680
18.11.17	2017-18	MMRDA – Trans Harbour Line	Maharashtra	Infrastructure	8650
27.6.17	2017-18	MMRDA	Maharashtra	Water	1330
2.1.17	2016-17	Pune Smart City	Maharashtra	Infra	764
5.7.16	2016-17	MMRDA- Line 3	Maharashtra	Infra	5273



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L&T Ltd Financial data													
Financials (Rs Mn)	FY16	FY17	FY18	FY19	FY20E	FY21E	Cash Flow St. (Rs. mn)	FY16	FY17	FY18	FY19	FY20E	FY21E
Net Sales	10,19,753.4	11,00,110.0	11,96,831.6	14,10,070.9	16,06,331.3	18,23,276.3	Net Profit	45,447.0	64,855.0	80,844.3	1,02,165.5	1,00,256.5	1,20,099.3
Cost of Sales	9,15,125.0	9,89,363.1	10,60,416.0	12,46,824.1	14,19,923.1	16,00,491.7	Add: Dep. & Amort.	17,867.3	23,689.3	19,267.3	20,840.0	25,492.2	20,378.1
Operating Profit	1,04,628.4	1,10,746.9	1,36,414.8	1,63,246.8	1,86,408.2	2,14,784.6	Minority Interest	3,118.2	4,442.7	6,345.7	13,114.5	8,087.1	10,090.7
Depreciation	17,867.3	23,689.3	19,267.3	20,840.0	25,492.2	28,378.1	Cash profits	66,432.5	92,987.0	1,05,677.3	1,36,120.0	1,33,835.9	1,50,568.0
PBIT	86,761.1	87,047.6	1,17,127.5	1,42,406.8	1,60,916.0	1,86,406.6	-Sundry debtors	40,643.9	(26,639.9)	(44,280.1)	(39,211.9)	(33,020.3)	(55,390.4)
Other income	9,043.5	14,010.1	13,419.3	10,515.0	14,138.0	16,378.0	-Inventories	16,639.0	7,144.7	(7,000.6)	(15,681.3)	3,114.4	(8,166.6)
Interest	16,550.6	13,380.4	15,385.2	10,060.4	25,695.3	24,364.1	-Loans/advances	(1,12,277.4)	(54,666.3)	(1,51,923.2)	(1,30,661.4)	(1,06,973.6)	(1,19,810.5)
Profit before tax	79,254.0	87,659.3	1,15,161.6	1,42,861.4	1,49,358.7	1,70,420.5	*Current Liab and Provision	(40,919.0)	10,724.0	40,910.6	33,241.0	54,663.9	55,870.0
Exceptional and Extra Ordinary Items	942.2	1,214.3	1,230.0	2,947.5	-	-	* Other Assets	(2,14,295.2)	28.3	(1,00,047.2)	(34,975.4)	(57,673.6)	(50,031.6)
share of profit/loss in JV	(9,901.6)	(3,952.7)	(4,358.6)	(210.0)	(663.2)	600.8	* Sundry Creditors	21,445.7	32,913.0	75,025.2	51,974.3	31,478.9	10,961.4
PBT (Post Extra Ordinary)	70,294.6	84,928.9	1,12,833.0	1,45,580.9	1,48,695.5	1,79,021.3	Change in working capital	(2,96,762.2)	(30,496.2)	(1,95,385.3)	(1,35,294.7)	(1,00,410.3)	(1,50,476.9)
Provision for tax	24,847.6	20,965.9	31,908.7	43,433.4	40,439.0	50,922.0	CF from Oper. activities	(2,30,329.7)	62,500.0	(89,718.0)	825.3	25,425.5	91.2
Reported PAT	45,447.0	64,855.0	80,844.3	1,02,165.5	1,00,256.5	1,20,099.3	CF from Inv. activities	1,82,902.4	(59,841.1)	60,414.3	(32,955.6)	11,543.0	10,278.0
MI	(3,118.2)	(4,442.7)	(6,345.7)	(13,114.5)	(8,087.1)	(10,090.7)	CF from Fin. activities	(20,931.9)	58,467.3	1,14,321.7	1,61,859.0	(28,287.0)	85,764.0
Adjusted PAT	42,328.8	60,412.3	73,698.6	89,051.0	92,169.4	1,10,008.6	Cash generated/(utilised)	(1,56,359.3)	61,127.1	85,018.0	1,29,728.7	8,681.5	96,125.2
							Cash at start of the year	58,555.2	53,899.1	53,059.6	80,325.3	1,17,262.4	71,491.0
							Cash at end of the year	53,899.1	53,059.6	80,325.3	1,17,262.4	71,491.0	1,16,019.0
Balance Sheet	FY16	FY17	FY18	FY19	FY20E	FY21E	Ratios	FY16	FY17	FY18	FY19	FY20E	FY21E
Equity capital	1,863.0	2,798.9	2,882.7	2,805.5	2,805.5	2,805.5	OPM	10.3	10.1	11.4	11.6	11.6	11.8
Reserves	4,39,940.0	4,99,386.35	5,46,232.30	6,20,942.50	6,87,937.50	7,67,508.50	NPM	4.1	5.4	6.1	6.2	5.7	6.0
Net worth	4,41,803.6	5,02,165.2	5,49,035.0	6,23,748.0	6,90,743.0	7,70,368.0	Tax rate	31.4	22.9	27.6	30.4	32.4	33.0
Minority Interest	20,928.4	35,636.0	52,814.3	68,261.1	76,349.2	86,438.9	Growth Ratios (%)						
Non Current Liabilities	9,18,629.0	9,70,834.0	11,14,313.0	12,76,174.5	12,74,681.2	13,54,915.0	Net Sales	10.8	7.9	8.8	17.8	13.9	13.5
Current Liabilities	5,44,181.4	5,87,810.4	7,03,754.2	7,88,969.5	8,75,112.3	9,49,944.5	Operating Profit	(7.7)	5.8	23.2	19.7	14.2	15.2
CAPITAL EMPLOYED	19,33,542	21,04,454	24,19,117	27,57,153	29,16,885	31,61,665	PBIT	(8.4)	0.3	34.6	21.6	13.0	15.8
Non Current Assets	4,21,947.0	5,13,774.4	4,88,473.6	5,62,411.1	5,59,396.6	5,53,834.2	PAT	(3.5)	42.7	22.0	20.8	3.5	19.4
Fixed Assets	2,52,826.5	2,66,125.0	2,76,204.1	2,90,393.7	2,87,379.2	2,81,816.0	Per Share (Rs.)						
Non Current Investments	1,54,650.9	2,33,662.0	1,96,571.7	2,53,748.3	2,53,748.3	2,53,748.3	Net Earnings (EPS)	45.4	43.2	52.59	63.5	65.7	70.4
Goodwill	14,489.6	13,986.6	15,617.8	18,269.1	18,269.1	18,269.1	Cash Earnings (CPS)	26.3	26.2	38.8	48.6	47.5	58.2
Current Assets	15,11,595.5	15,90,680.1	19,30,641.5	21,94,740.3	23,46,710.2	26,29,834.4	Dividend	22.0	25.5	27.5	31.5	34.0	40.9
Inventories	48,542.1	41,397.4	48,478.0	64,139.3	61,024.9	69,191.5	Book Value	474.3	358.8	391.8	444.7	492.4	549.2
Trade Receivables	2,80,249.0	2,86,809.7	3,31,169.0	3,70,381.7	4,03,402.0	4,58,782.4	Free Cash Flow	(136.8)	1.9	(20.9)	(22.9)	26.4	7.4
Cash and Bank Balances	53,899.1	53,059.6	80,325.3	1,17,262.4	71,491.0	1,16,019.0	Valuation Ratios						
Short Term Loans and Advances	6,88,489.5	7,40,926.7	9,02,214.5	10,38,527.6	11,49,697.5	12,74,737.0	PIE(x)	30	31	26	21	21	17
Other Current Assets	4,60,435.0	4,60,486.7	5,68,453.9	6,03,429.3	6,61,102.9	7,11,134.5	PIB(x)	2.8	3.8	3.4	3.0	2.7	2.5
							EW/EBIDTA(x)	20.4	25.5	21.6	18.9	16.8	14.7
							Div. Yield(%)	1.6	1.9	2.0	2.3	2.5	3.0
							FCF Yield(%)	(10.1)	0.1	(1.5)	(1.7)	2.0	0.5
							Return Ratios (%)						
							ROE	9.6	12.0	13.4	14.3	13.3	14.3
CAPITAL DEPLOYED	19,33,542	21,04,455	24,19,115	27,57,151	29,16,885	31,61,665	ROCE	7.0	7.0	8.1	8.7	9.3	9.6



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