

**LARSEN & TOUBRO LIMITED**

Execution and ordering momentum continues

**LKP**  
Since 1948

Trust • Invest • Grow

L&T reported a good quarter better than estimates largely led by strong execution displayed in the P&M segment (+24% YoY) and better ordering activity providing healthy execution visibility ahead. Ordering inflows surged 72% YoY predominantly attributed to securing two substantial international orders in the Hydrocarbon sector. Strong ordering led to the ordering backlog at ₹4.5tn growing 21% YoY translating into 3.2x TTM sales. Margins in P&M were lower impacted by the execution of weak margin orders bagged earlier. For H2FY24, the tender pipeline stands at ₹8.8tn, up by 39% YoY, primarily fueled by the infrastructure segment (₹5.06tn), including Transportation infrastructure (26%), Water (20%), Building & Factories (18%), Power (13%), Water (20%), Heavy Civil (13%), and Minerals & Metals (10%). Given the outperformance on the revenue and order inflow front in H1FY24, management has guided for an upward bias of beating the top end of its guidance on revenue (FY24 guidance: 12%-15% YoY growth) as well as on the order inflow front (FY24 guidance of 10%-12% YoY growth). However, management has revised its margin guidance for the P&M business to 8.5-9% from the earlier 9%. Cut in margin guidance is more a function of deferral in new orders getting to the margin threshold. Also, currently, the primary focus is on executing legacy projects, with expectations of completing the majority of them by Q3FY24. Notably, there has been also improvement in the Net Working Capital (NWC) intensity, at 16.7%, attributed to the enhancement in Gross Working Capital at 57.1% (compared to 65% in September 2022). This reflects the improved collection momentum in the core business. Consequently, the ROE has risen to 15.3%, up 310 bps since March 2023. Further, improving ridership in the Hyderabad metro and ToD monetization helped Hyderabad Metro book profits. Given record OB with strong order pipeline, revival in private capex healthy outlook ahead we remain positive on L&T earnings growth prospects. We have tweaked the estimates factoring strong execution and order inflow and marginally lowered margins given some delay in core margins recovery. We maintain 'BUY' with a SOTP based TP of ₹3,230.

**Q2FY23 Result Summary:** L&T (consolidated) performance was meaningfully ahead of estimates. Sales at ₹510 bn (+19% YoY) were ahead of expectation wherein Core/ Non-core business were up 25%/ 10% YoY. EBITDA at ₹56.3 bn (+15% YoY) supported by a better than estimated margin in the service business. EBITDA margin stood at 11% down 41 bps YoY. PAT stood at ₹32.2 bn (+44.6% YoY), supported by higher than estimated other income. EBIT margin for Core/ Non-core stood at 6.0%/ 20.6%, -78bps/ +359bps YoY. NWC intensity stood at 16.7% in Q2FY24, vs 19.8% in Sept'22. TTM RoE stood at 15.1%.

Key Financials	FY21	FY22	FY23	FY24E	FY25E
Total Sales (₹ bn)	1,360	1,565	1,833	2,125	2,439
EBITDA Margins (%)	11.5	11.6	11.3	11.3	11.9
PAT Margins (%)	5.1	5.6	5.7	6.1	6.8
EPS (₹)	49.0	63.0	74.0	93.0	117.0
P/E (x)	54.3	42.5	35.8	28.7	22.7
P/BV (x)	5.0	5.0	4.0	4.0	3.0
EV/EBITDA (x)	31.0	26.0	22.0	19.0	16.0
RoE (%)	10.0	11.0	12.0	14.0	15.0
RoCE (%)	7.0	8.0	9.0	10.0	11.0
Dividend Yield (%)	0.7	0.8	1.0	1.2	1.6

Rating	<b>BUY</b>
Current Market Price (₹)	<b>2,895</b>
12M Price Target (₹)	<b>3,230</b>
Potential upside (%)	<b>12</b>

**Stock Data**

Sector :	Engineering & Construction
FV (₹) :	2
Total Market Cap (₹ bn) :	3,978
Free Float Market Cap (₹ bn) :	3,421
52-Week High / Low (₹) :	3,115 / 1,970
BSE Code / NSE Symbol	500510 / LT
Bloomberg :	LT IN

**Shareholding Pattern**

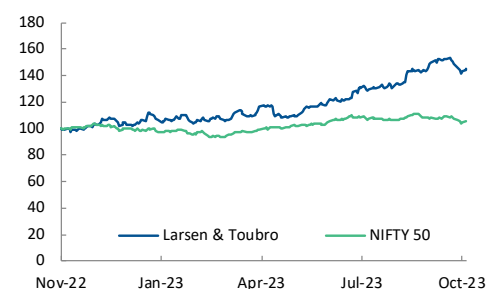
(%)	Sep-23	Jun-23	Mar-23	Dec-22
FPIs	25.71	25.24	24.43	23.24
MFs	16.59	17.46	17.60	17.66
Insurance	17.79	17.85	18.49	19.65
Employees Trust	14.19	13.87	13.87	13.88
Others	25.72	25.58	25.61	25.57

Source: BSE

**Price Performance**

(%)	1M	3M	6M	12M
L&T	-4.2%	8.6%	22.5%	43.8%
Nifty 50	-3.3%	-3.8%	5.1%	5.0%

\* To date / current date : November 1, 2023

**L&T vs Nifty 50**

Management also emphasized that improvement in working capital is not merely due to more customer advances from the large order inflows, more because the company ensured that there are no slippages in execution by ensuring better collection visibility.

### Segment wise Results

**Infrastructure segment** sales saw a growth of 27% YoY to ₹246 bn where domestic business saw a growth of 12% YoY, while overseas infra grew 90% YoY. Domestic and international ordering momentum continued in Q2FY24 and the order book continues to remain robust leading to strong execution during the quarter. Order inflow stood at ₹280 bn registering a growth of 12% YoY supported by high-value orders. The prospect pipeline for FY24 remains strong at ₹5.06 trn (+11% YoY). Infrastructure margin declined 120 bps YoY to 5.4% due to job mix and execution of legacy contracts.

**Energy segment** sales grew by 22% YoY to ₹68 bn, where domestic business declined 22% YoY whereas overseas business registered healthy growth of 103% YoY. Robust execution momentum in international projects drove hydrocarbon revenue growth; lower revenue in power is reflective of a depleting order book. Order inflow stood at ₹401 bn (+376% YoY) with receipt of two ultra-mega hydrocarbon orders in the offshore vertical and a FGD order in power business. The prospect pipeline for FY24 improves drastically to ₹3.4 trn (+125% YoY). Margin stood at 9.5% (+100 bps YoY) despite inline margin in the hydrocarbon business supported by strong margin improvement in a power business job.

**Hi-tech manufacturing segment** witnessed a growth of 30% in sales supported by both heavy engineering and defence business. EBITDA margin contracted 3.6 pps YoY to 14.9% mainly reflecting the execution phase of jobs in the portfolio. Order inflow witnessed a 35% YoY growth to ₹24 bn supported by a key order in the defence business; however, deferrals impacted order inflow in heavy engineering business. The prospect pipeline for FY24 remains stable at ₹0.26 trn.

**IT&TS segment** witnessed 7% YoY growth to ₹112 bn, led by manufacturing & resources, BFSI, transportation, medical devices, and industrial products. EBITDA margin for the business saw a decline of 120 bps coming in at 20.2% on account of higher employee costs, though operational efficiencies partially negated the impact.

**L&T Finance** reported a 2% decline in sales to ₹30.8 bn while PAT witnessed a strong 46% growth to ₹3.9 bn due to strong retail disbursements, lower credit costs, better asset quality, and run down of wholesale and expansion of retail (88% of book).

**Developmental project** sales saw 38% YoY growth to ₹18.5 bn supported by monetization of a commercial property and improved ridership in Hyderabad Metro. Margin witnessed a 33.5 pps expansion to 38.7% primarily due to TOD monetization in Hyderabad Metro and consolidation of the Nabha profits. Profit consolidation of L&T IDPL at PAT level has been discontinued from Q4FY23, post signing of a definitive agreement for the stake sale. The investment in the JV is classified as "Held for Sale".

**Others segment** reported 14% YoY growth during the quarter to ₹16.2 bn mainly due to higher handover of residential flats in the Realty business. EBITDA margin witnessed a 250 bps YoY expansion to 20.0% supported by the same.

### Order Book and Inflow

L&T's order backlog stood at ₹4.5tn. The domestic order book comprises of 13% from the central government, 30% from the state government, 37% from state-owned enterprises, and 20% from the private sector. 20% of OB is funded by bi-lateral and multi-lateral agencies.

**Strong prospect pipeline of ₹8.8 tn in H2FY24**

The aggregate prospective pipeline of the company has increased to ₹8.8 tn from ₹6.2 tn last year. i.e., Infrastructure constitutes ₹5.06 tn from ₹4.4 tn last year, Hydrocarbon at ₹2.2 tn from ₹1.3 tn last year, Power at ₹0.55 tn from ₹0.38 tn last year and rest all unchanged at ₹0.26 tn. The Q2FY23 revenue mix has been Central-13%, State-30%, PSUs/State owned-37%, Private-20%.

**Guidance**

Management had previously guided for FY24 with order inflow growth of 10-12% and revenue growth of 12-15%. Due to strong H1FY24 performance, they anticipate surpassing these targets. Management believes execution will continue at a healthy pace with a focus on managing working capital. Revenue guidance is open-ended, with expected outperformance. Order inflow growth would be subject to election uncertainty and geopolitical factors. However, management remains constructive about FY24 order inflows growth mainly due to international projects. Guidance of NWC intensity of 16-18% remains unchanged. ). However, management has revised its margin guidance for the P&M business to 8.5-9% from the earlier 9%. Cut in margin guidance is more a function of deferral in new orders getting to the margin threshold. Also, currently, the primary focus is on executing legacy projects, with expectations of completing the majority of them by Q3FY24.

**Outlook & Valuation**

Record OB with strong order pipeline and gradual revival in private capex provides healthy outlook ahead. We believe execution for Core E&C business should pick-up meaningfully given the strong inflow and improving working capital cycle. Overall, a robust order book, strong balance sheet, diversified business portfolio and proven execution capabilities gives L&T an edge in the current volatile and challenging economic environment. With continued focus on selective order acquisition, efficient execution of large order book, foray into new businesses like electrolysers, green energy and its focus on improving its RoE, we believe L&T will continue to perform well in such challenging times. Further, 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. We have tweaked the estimates factoring strong execution and order inflow and marginally lowered margins given some delay in core margins recovery. We maintain 'BUY' with a SOTP based TP of ₹3230.

**Key Risks**

Slowdown in the domestic macro-economic environment or weakness in international capital investment can negatively affect business outlook and earnings growth.

## SoTP Valuation

Business Segment	Method	Valuation multiple	Value (₹ bn)	Value (₹/sh)	Rationale
L&T Standalone	FY25E PER (x)	25	3,024	2,152	On Core Engg Business
International Ventures (L&T FZE)	FY25E PER (x)	20	150	107	Discount to L&T standalone
LTI Mindtree	Market cap	-	1,032	734	As per current market cap
L&T technologies	Market cap	-	328	233	As per current market cap
L&T Finance	Market cap	-	217	154	As per current market cap
Infrastructure Development Projects	P/BV	1	37	26	
Other subsidiaries	FY25E PER (x)	15	28	20	
Less: Holding Company Discount (20%)			(247)	-195	Holding Company discount of 20% on investments
<b>Total</b>				<b>3,230</b>	

Source: LKP Research

## Consolidated Quarterly Result

YE Mar (₹ mn)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)
Total revenues (net)	510,240	427,626	19.3	478,824	6.6
RM	324,728	267,416	21.4	307,634	5.6
% of Sales	64	63	111 bps	64	-61 bps
Staff cost	102,989	91,663	12.4	98,894	4.1
% of Sales	20	21	125 bps	21	-47 bps
Other operating expenses	26,204	19,553	34.0	23,610	11.0
% of Sales	5	5	56 bps	5	20 bps
Total expenditure	453,921	378,632	19.9	430,137	5.5
EBITDA	56,320	48,994	15.0	48,686	15.7
EBITDA Margin(%)	11	12	42 bps	10	87 bps
Depreciation	9,099	8,602	5.8	8,305	9.6
Interest	8,640	8,357	3.4	8,514	1.5
Other income	11,330	7,385	53.4	11,456	(1.1)
PBT	49,911	39,421	26.6	43,324	15.2
Tax	11,355	11,229	1.1	12,163	(6.6)
Tax rate (%)	23	29	573 bps	28	532 bps
Minority Interest & Share in associates	6,128	5,224	17.3	5,821	5.3
Reported net profit	32,226	22,290	44.6	24,930	29.3
Adjusted net profit	32,226	22,290	44.6	24,930	29.3
EPS (₹)	23.0	15.9	44.6	17.8	29.3
Order Inflow	891,530	519,140	71.7	655,200	36.1
Order Book	4,507,340	3,723,810	21.0	4,126,480	9.2

Source: Company, LKP Research

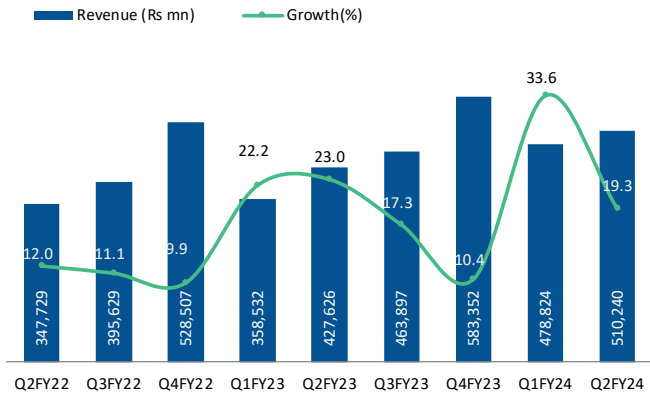
## Segment-wise details

YE Mar (₹ mn)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)
<b>Sales</b>					
Infrastructure	246,130	193,700	27.1	220,580	11.6
Hydrocarbon	67,880	55,860	21.5	66,820	1.6
Heavy Engineering	18,860	14,560	29.5	17,810	5.9
E&C total	332,870	264,120	26.0	305,210	9.1
IT&TS	111,820	101,500	10.2	108,510	3.1
Financial Services	30,840	31,520	(2.2)	30,200	2.1
Development Projects	18,490	13,440	37.6	12,940	42.9
Others	16,220	17,040	(4.8)	21,970	(26.2)
Total Revenues	510,240	427,620	19.3	478,830	6.6
<b>EBITDA</b>					
Infrastructure	13,320	12,784	4.2	11,250	18.4
Hydrocarbon	6,460	4,636	39.3	6,081	6.2
Heavy Engineering	2,810	2,694	4.3	2,992	(6.1)
E&C total	22,590	20,114	12.3	20,322	11.2
IT&TS	22,570	22,229	1.5	22,353	1.0
Financial Services	8,250	6,410	28.7	7,440	10.9
Development Projects	7,150	699	923.1	2,040	250.5
Others	3,240	2,658	21.9	4,086	(20.7)
Total EBITDA	63,800	52,110	22.4	56,242	13.4
<b>EBITDA Margins (%)</b>					
Infrastructure	5.4	6.6	-119 bps	5.1	31 bps
Hydrocarbon	9.5	8.3	122 bps	9.1	42 bps
Heavy Engineering	14.9	18.5	-360 bps	16.8	-190 bps
E&C total	6.8	7.6	-83 bps	6.7	13 bps
IT&TS	20.2	21.9	-172 bps	20.6	-42 bps
Financial Services	26.8	20.3	641 bps	24.6	212 bps
Development Projects	38.7	5.2	3347 bps	15.8	2290 bps
Others	20.0	15.6	438 bps	18.6	138 bps
Total EBITDA	12.5	12.2	32 bps	11.7	76 bps

Source: Company, LKP Research

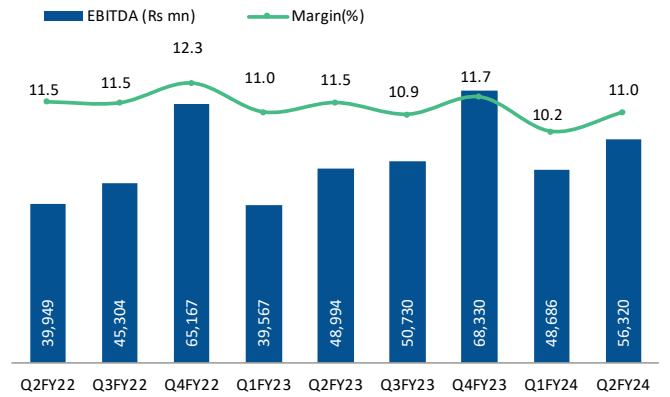
Financials in charts

Revenue trend



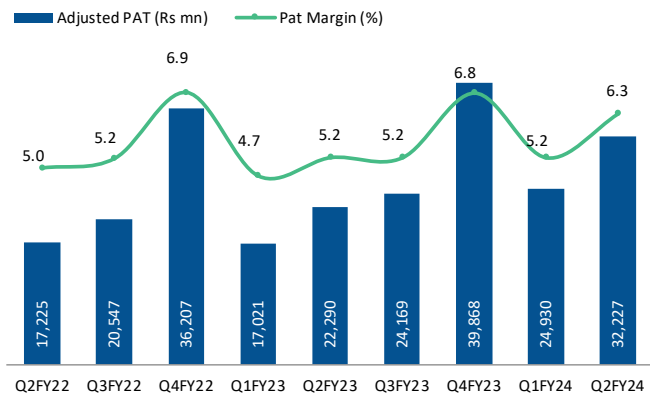
Source: Company, LKP Research

EBITDA and margin trend



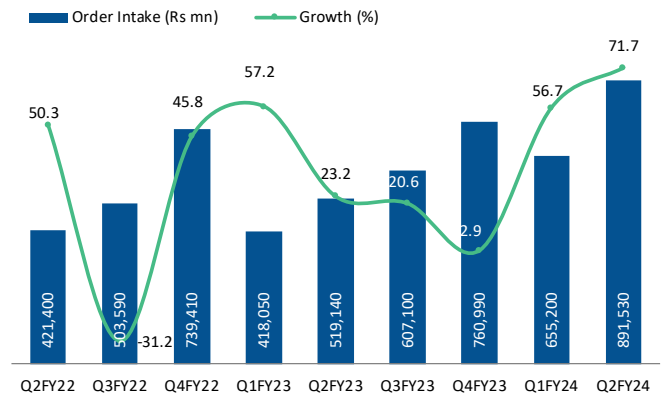
Source: Company, LKP Research

Net profit and profit margin trend



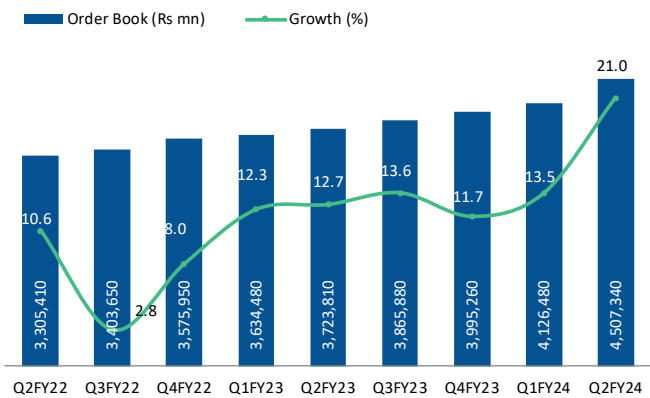
Source: Company, LKP Research

Order Intake and growth trend



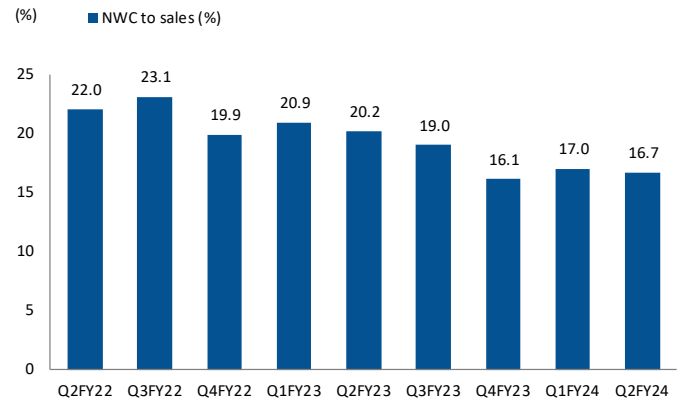
Source: Company, LKP Research

Order book and growth trend



Source: Company, LKP Research

Net Working Capital to Sales



Source: Company, LKP Research

## Profit and Loss Statement - Consolidated

(₹ mn)	FY21	FY22	FY23	FY24E	FY25E
Total Income	1,359,790	1,565,212	1,833,407	2,125,304	2,438,649
Raw material Cost	433,668	547,676	681,002	809,702	966,805
Employee Cost	247,620	296,958	372,141	401,912	434,065
Other expenses	522,262	538,532	572,731	673,786	748,605
Total operating Expenses	1,203,549	1,383,175	1,625,874	1,885,400	2,149,475
EBITDA	156,241	182,037	207,533	239,904	289,174
% margins	11.5	11.6	11.3	11.3	11.9
Depreciation & Amortisation	29,042	29,480	35,023	37,361	40,152
EBIT	127,199	152,558	172,510	202,543	249,022
Interest	39,134	31,257	32,072	26,943	29,104
Other Income	34,294	22,671	29,292	30,005	32,254
Recurring PBT	122,358	143,972	169,730	205,606	252,171
Add: Extraordinaries	(35,560)	969	1,360	-	-
Add: Share in associates					
PBT	86,798	144,941	171,090	205,606	252,171
Less: Taxes	40,108	42,039	44,842	54,074	66,321
Less: Minority Interest & Share in associates	13,240	14,935	20,403	21,249	21,112
Net Income (Reported)	33,450	87,967	105,845	130,282	164,738
Adjusted Net Income	69,010	87,967	104,485	130,282	164,738

## Balance Sheet

(₹ mn)	FY21	FY22	FY23	FY24E	FY25E
<b>Assets</b>					
Total Current Assets	2,420,727	2,519,509	2,598,733	2,948,385	3,273,794
of which cash & cash eqv.	162,415	189,532	225,196	271,553	303,453
Total Current Liabilities & Provisions	869,196	975,039	1,047,703	1,214,940	1,383,908
Net Current Assets	1,551,531	1,544,470	1,551,031	1,733,445	1,889,886
Investments	273,995	273,995	273,995	273,995	273,995
Net Fixed Assets	310,844	305,578	324,098	324,525	324,429
Capital Work-in-Progress	-	-	-	-	-
Goodwill	80,670	74,770	77,987	77,987	77,987
<b>Total Assets</b>	<b>2,217,040</b>	<b>2,198,813</b>	<b>2,227,110</b>	<b>2,409,952</b>	<b>2,566,296</b>
<b>Liabilities</b>					
Borrowings	1,326,053	1,234,682	1,185,134	1,224,682	1,212,682
Deferred Tax Liability	11,787	10,393	6,304	6,304	6,304
Minority Interest	120,515	129,661	142,413	165,031	187,763
Equity Share Capital	2,809	2,810	2,811	2,811	2,811
Face Value per share (₹)	2.00	2.00	2.00	2.00	2.00
Reserves & Surplus	755,876	821,267	890,449	1,011,123	1,156,735
Net Worth	758,685	824,077	893,260	1,013,934	1,159,546
<b>Total Liabilities</b>	<b>2,217,040</b>	<b>2,198,813</b>	<b>2,227,110</b>	<b>2,409,952</b>	<b>2,566,296</b>

## Cash Flow Statement

(₹ mn)	FY21	FY22	FY23	FY24E	FY25E
Operating Cash flow	355,080	109,711	130,620	158,887	193,749
Working Capital Changes	(126,639)	9,062	(30,323)	(136,058)	(124,540)
Capital Commitments	18,719	11,166	(21,737)	(427)	97
<b>Free Cash Flow</b>	<b>247,160</b>	<b>129,938</b>	<b>78,560</b>	<b>22,401</b>	<b>69,306</b>
<b>Cash flow from Investing Activities</b>	<b>(73,007)</b>	<b>81,619</b>	<b>87,451</b>	<b>30,005</b>	<b>32,254</b>
Issue of Share Capital	-	-	-	-	-
Buyback of shares	-	-	-	-	-
Inc (Dec) in Borrowings	(84,019)	(91,370)	(49,548)	39,548	(12,000)
Interest paid	(39,134)	(31,257)	(32,072)	(26,943)	(29,104)
Dividend paid	(25,282)	(35,574)	(37,258)	(45,599)	(57,658)
<b>Extraordinary Items/Others</b>	<b>(14,481)</b>	<b>(26,239)</b>	<b>(11,469)</b>	<b>5,763</b>	<b>29,104</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>11,237</b>	<b>27,117</b>	<b>35,664</b>	<b>25,177</b>	<b>31,901</b>



## Key Ratios

YE/Mar	FY21	FY22	FY23	FY24E	FY25E
<b>Per Share Data (in ₹.)</b>					
Diluted adjusted EPS	49.0	62.6	74.3	92.7	117.2
Recurring Cash EPS	53.9	94.2	114.7	134.4	160.8
Dividend per share (DPS)	18.0	21.9	26.5	32.7	42.4
Book Value per share (BV)	539.8	586.3	635.5	721.4	825.0
<b>Growth Ratios (%)</b>					
Operating Income	(6.5)	15.1	17.1	15.9	14.7
EBITDA	(4.3)	16.5	14.0	15.6	20.5
Recurring Net Income	(22.4)	27.5	18.8	24.7	26.4
Diluted adjusted EPS	(22.5)	27.6	18.7	24.7	26.4
Diluted Recurring CEPS	(40.0)	74.8	21.8	17.1	19.6
<b>Valuation Ratios</b>					
P/E	54.3	42.5	35.8	28.7	22.7
P/CEPS	49.4	28.3	23.2	19.8	16.6
P/BV	4.9	4.5	4.2	3.7	3.2
EV / EBITDA	30.5	25.5	22.0	19.0	15.6
EV / Operating Income	3.5	3.0	2.5	2.1	1.9
EV / Operating FCF (pre -Capex)	20.9	39.1	45.5	199.6	65.2
<b>Operating Ratio</b>					
Raw Material/Sales (%)	31.9	35.0	37.1	38.1	39.6
SG&A/Sales (%)	21.7	19.9	19.0	18.7	18.4
Other Income / PBT (%)	28.0	15.7	17.3	14.6	12.8
Effective Tax Rate (%)	32.8	29.2	26.4	26.3	26.3
NWC / Total Assets (%)	62.7	61.6	59.5	60.7	61.8
Inventory Turnover (days)	15.6	13.9	13.6	14.2	15.0
Receivables (days)	113.4	107.6	89.1	90.0	90.0
Payables (days)	138.2	135.7	114.9	116.6	120.0
D/E Ratio (x)	1.7	1.5	1.3	1.2	1.0
<b>Return/Profitability Ratio (%)</b>					
Recurring Net Income Margins	5.1	5.6	5.7	6.1	6.8
RoCE	7.3	7.9	9.1	10.0	11.3
RoNW	9.7	11.1	12.2	13.7	15.2
Dividend Payout Ratio	36.7	35.0	35.6	35.3	36.2
Dividend Yield	0.7	0.8	1.0	1.2	1.6
EBITDA Margins	11.5	11.6	11.3	11.3	11.9

**DISCLAIMERS AND DISCLOSURES**

LKP Sec. Ltd. (CIN-L67120MH1994PLC080039, www.lkpsec.com) and its affiliates are a full-fledged, brokerage and financing group. LKP was established in 1992 and is one of India's leading brokerage and distribution house. LKP is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). LKP along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds etc.

LKP hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on LKP for certain operational deviations in ordinary/routine course of business. LKP has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

LKP offers research services to clients. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by LKP and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

Research Analyst or his/her relative's financial interest in the subject company. (NO)

LKP or its associates may have financial interest in the subject company.

LKP or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (LKP) has not been engaged in market making activity for the subject company.

LKP or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: (NO)

LKP or its associates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

LKP or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

LKP or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report.

Subject Company may have been client of LKP or its associates during twelve months preceding the date of distribution of the research report and LKP may have co-managed public offering of securities for the subject company in the past twelve months.

Research Analyst has served as officer, director or employee of the subject company: (NO)

LKP and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject LKP or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person.

Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

All trademarks, service marks and logos used in this report are trademarks or registered trademarks of LKP or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

All material presented in this report, unless specifically indicated otherwise, is under copyright to LKP. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of LKP.