

Sector	Construction & Engineering	Address	Bakhtawar, Ground Floor	www.larsentoubro.com	Free float %	68.5	S&P outlook & rating	--		
Last Financial Year	Mar-16		Mumbai, 400 021	Accounting	IN GAAP	Foreign limit	24	Moody outlook & rating	- WR	
Next results	Aug-16			Auditor's view	Unqualified	Ownership	N/A	R&I outlook and rating	--	
	Accounting \$	US\$	India	Audit/Sales (bps)	-	Buys	31	Fitch outlook and rating	-	
Market cap. (m)	1,283,375	18,743	Tel. number	91-22-6658-5100	Audit/employee	-	Holds	11	Bloomberg health grade	C+
3mth Average Daily Turnover (m)		38.0	Auditor	Deloitte	Audit/Salary (bps)	-	Sells	4		

	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16
Governance									
Number of Board members		☹☹	☹☹	☹☹	☹☹	☹☹	☹	☹	☹☹
Oldest Board member		☹	☹	☹					
Longest tenure									
Director tenure over 10 yrs									
Double tier board									
Former CEO on the Board					☹☹	☹☹	☹☹	☹☹	☹☹
Depreciation rate - Average	☹	☹	☹	☹	☹	☹	☹	☹	☹
Unl Op. CF/Unl CashfromOps	☹	☹	☹☹	☹☹	☹☹	☹☹	☹☹	☹☹	☹☹
Lev. CashfromOps - Dep'n<Earnings			☹	☹	☹	☹	☹	☹☹	☹
Pension deficit									
Deferred tax as % of equity	☹								
Audit Fee from the mean									
(Prepays & Deferred costs)/equity (%)	☹	☹	☹	☹	☹	☹	☹	☹	☹
Auditor (no of listed cos audited)									
Beneish score (probability of fraud)	☹	☹							
Montier score (see appendix)					☹☹		☹☹		☹☹

Totals	☹	☹	☹	☹	☹	☹	☹	☹	☹
FY Mar 16	4, out of 25	14, out of 25	0, out of 30	9, out of 46	13, out of 54	5, out of 22	1, out of 3		

Blank/No comment
 ☹☹
 ☹☹☹
 ☹☹☹☹
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Any single factor might indicate a serious underlying problem
 So while lots of scores means plenty to look at, one bad score might be more important

	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16
Accounting Risk									
Short term assets/Revenue> average			☹	☹	☹	☹		☹	☹
ROA< Average prior years	☹	☹	☹	☹	☹	☹	☹	☹	☹
Asset growth> Earnings growth			☹						
Excessive M&A	☹								
Excessive Contingent liabilities					☹	☹	☹	☹	☹☹
Excessive Intangibles							☹	☹	☹
Other tangible assets/Equity		☹☹	☹☹	☹	☹☹	☹☹	☹☹	☹☹	☹☹
Excessive Inventory									
Excessive Receivables	☹	☹	☹	☹	☹	☹	☹	☹	☹
Excessive Payables	☹	☹	☹	☹	☹	☹	☹	☹	☹
Payables > Receivables	☹☹	☹☹	☹☹	☹☹	☹☹	☹☹	☹☹	☹☹	☹☹
Other payables/Total payables									
Other receivables/Total receivables									
Loans to/receivables from Ass's etc									
Cash extraction from working capital									
Debt churn (zero if debt is falling)									
Interest spread vs national average*									

*based on 245 cos in India

	213 listed cos with sales of over US\$100m							LT IN	Review
	10th Percentile	20th Percentile	30th Percentile	10% Trim Mean	70th Percentile	80th Percentile	90th Percentile		
EBITDA margin (%)	3.5	4.8	5.8	8.5	10.2	12.0	16.8	12.4	☹
Unlevered cash From operations margin	2	4	5	7.1	9	11	14	9.5	☹
Unlevered operating cashflow margin (Lev CFO less depreciation)/ Earnings	(8)	(1)	2	5.1	9	11	16	(11.8)	☹☹
Depreciation rate (%)	2.4	3.3	4.3	6.4	7.7	9.4	12.8	5.5	☹
Inventory days	98	124	145	234	293	365	449	21	☹
Payable days (based on COGS)	27	40	58	99	123	152	210	119	☹
Receivable days	48	64	77	118	133	178	227	128	☹
Free carry (Payables - Inventory) +ve is good	(293)	(218)	(165)	(132)	(77)	(60)	(35)	95	☹
Cash conversion cycle days	106	137	171	256	304	375	480	44	☹
Prepayments (Days of COGS)	0	0	0	10	9	19	46	0	☹
Sales/Net fixed assets (x)	2	4	5	12	14	21	35	4.3	☹
PBT/Assets (%)	0	2	3	5	6	8	9	3.5	☹
Return on assets (%)	0	1	2	3	5	6	7	2.4	☹
Sales/Employee (US\$)	145,558	196,754	230,679	403,168	473,891	645,935	873,340	856,877	☹
EBIT/Employee (US\$)	4,164	7,341	10,809	25,115	30,505	45,992	69,543	80,628	☹
Employee cost (US\$)	5,047	7,339	10,423	30,404	41,926	61,657	86,118	115,352	☹☹
Employee cost/ (Emp cost +EBIT) (%)	18	24	27	47	63	77	87	58	☹
Pension liability discount rate	2.88	7.42	7.54	7.08	8.00	8.00	8.05	7.79	☹
Ave. Exec. director compensation (US\$)	81,031	119,285	195,492	1,110,609	1,485,239	1,982,347	3,341,325	46,647	☹
Sales/Director (US\$m)	58.8	101.9	148.1	509	614	1,038	1,420	772	☹
Contingent liabilities as % of Equity	0.1	0.9	3.1	38	40	73	166	31	☹
Contingent liabilities/Total Assets	0.1	0.4	0.9	10.4	10.2	19.7	44.3	6.0	☹
Assets/Equity	1.8	2.1	2.4	3.5	4.1	4.9	6.5	5.2	☹☹
Gross debt/Sales	1.2	5.5	10.8	32.3	38.4	63.1	103.6	98.9	☹☹
(Total debt + Leases)/Sales (%)	2.3	7.9	13.6	34.4	43.6	63.1	104.4	108.1	☹
Gross debt/Total assets	1%	7%	11%	20%	28%	32%	42%	45%	☹
Borrowing cost (%)	3.7	5.3	6.7	9.3	11.0	12.9	17.9	3.83	☹
Spread (bps) over the India 6M rate	(312)	(142)	0	264	437	629	1,114	(401)	☹
Cash tax paid rate (Expensed rate if blank)	14	19	22	26	26	33	35	#VALUE!	☹☹
Altman Z score	1.17	1.50	1.64	2.56	3.20	3.66	4.68	1.46	☹☹
Audit costs (bps)	0.80	1.04	1.46	2.9	3.9	5	6	-	☹

High	
Poor	
Beware	
Alert	
Weak	
National rate (%)	34.61