

# Lloyds Engineering Works Ltd

Navigating growth seas through orders, investments and strategic alliances



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### Our recent initiating coverage reports



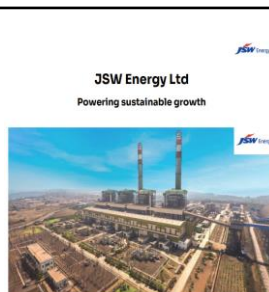


**Aurionpro Solution  
Ltd**



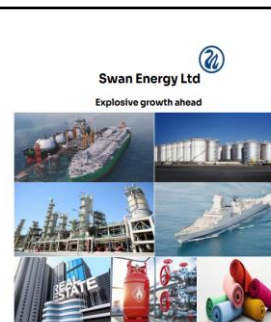


**Kfin Technologies  
Ltd**



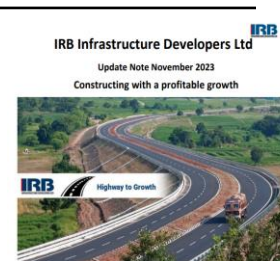


**JSW Energy**





**Swan Energy Ltd.**





**IRB Infrastructure  
Developers Ltd.**

**BUY @ CMP INR 44**

**Target: INR 71 in 24 months**

**Upside Potential: 61.4%**

## Navigating growth seas through orders, investments and strategic alliances

With a resilient INR 921 crore order book, (3X FY23 sales), Lloyds Engineering Works Ltd (LEWL) envisions substantial growth, particularly in Marine and Civil projects, promising heightened revenue and profit margins. Strategically investing in capacity enhancement, LEWL solidifies its financial position as a net cash entity.

Poised to thrive in the infrastructure and capex sector, LEWL strategically aligns with the anticipated surge in government spending, demonstrating a keen foresight in capitalizing on opportunities within this burgeoning industry. Furthermore, through strategic technological collaborations with industry leaders like The Material Works, Ltd. (TMW), Bhabha Atomic Research Centre (BARC), and TB Global Technologies Ltd (TBG), LEWL is poised to innovate and diversify its product portfolio, ensuring a competitive edge in the evolving market landscape. LEWL is set to issue 6.34 crore equity shares, raising INR 99 cr at a price of 15.5 per share. The purpose of this issuance is to secure funds for working capital needs.

We expect revenues to grow at a CAGR of 47% to INR 996cr. This stupendous growth in revenue is expected from

- Higher order inflow from marine, steel and special civil engineering projects.
- LEWL's Strategic Capacity Boost for Future Revenue Growth
- Strategic positioning in the infrastructure and capex sector, aligning with a government spending surge

LEWL's EBITDA and PAT are expected to grow at a CAGR of 59%/66% to INR 209/168 cr respectively. EBITDA and PAT margins are expected to enhance by 430/500 bps to 21%/16.8% respectively. Subsequently ROE and ROCE are expected to enhance by 610/750 bps to 24.9%/22.9% respectively

We initiate coverage on LEWL at the CMP of INR 44 per share (28.3X FY26 P/E) with a price target of INR 71 (47x FY26 P/E) per share, representing an upside potential of 61.4% in the next 24 months.

### Key Financial Data (in Cr. unless specified)

	Net Revenue	EBITDA	PAT	EBITDA (%)	PAT (%)	EPS (₹)	BVPS (₹)	RoE (%)	RoIC (%)	P/E (X)	P/BV (X)	EV/EBITDA (X)
FY22	50.1	4.7	5.9	9.4	11.9	0.1	1.3	4.4	2.6	795.4	35.0	1002.5
FY23	312.6	52.2	36.8	16.7	11.8	0.3	1.8	18.8	21.3	128.5	24.2	91.3
FY24E	550.7	110.2	83.6	20.0	15.2	0.8	2.6	30.0	57.1	56.6	17.0	42.1
FY25E	758.5	155.0	120.6	20.4	15.9	1.1	4.7	24.0	61.1	39.2	9.4	28.9
FY26E	995.8	209.0	167.4	21.0	16.8	1.5	6.2	24.9	64.0	28.3	7.0	21.0

Source: Ventura Research

### Industry Capital goods

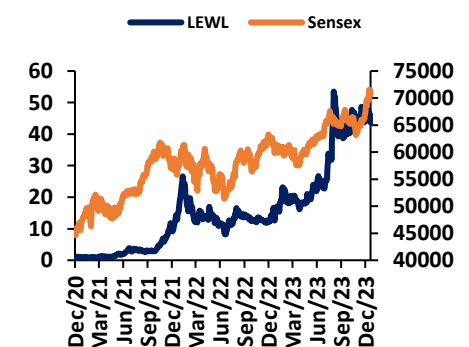
#### Script Details

Face Value (INR)	1.0
Mkt Cap (INR Cr)	5,011
Price (INR)	44
No of Sh O/S (Cr)	108
3M Avg Vol (lakhs)	25.2
52W H/L (INR)	59.8/13
Dividend Yield (%)	0.2

#### Shareholding (%) Oct 2023

Promoter	59.79
DII's	0.08
FII's	0.46
Public	39.66
<b>TOTAL</b>	<b>100.0</b>

#### Price performance

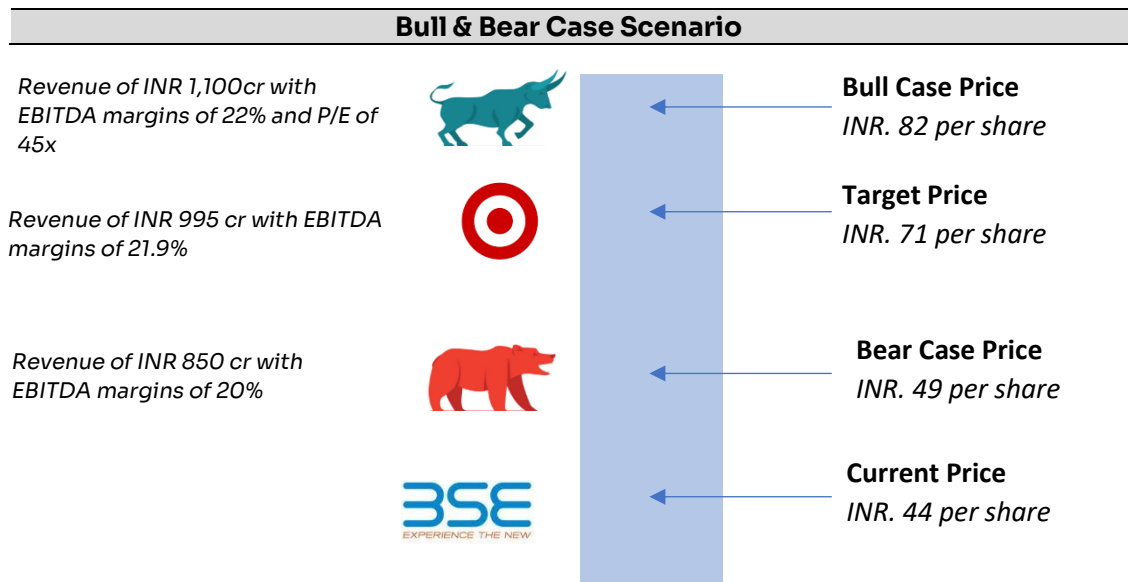


## Our Bull and Bear Case Scenarios

We have prepared a Bull and Bear case scenario.

**Bull Case:** We have assumed revenue of INR 1100 cr (FY23-26 CAGR growth of 52%) and a EBITDA margins of 22% at P/E of 50X, which will result in a Bull Case consolidated price target of INR 82(an upside of 86.4% from CMP).

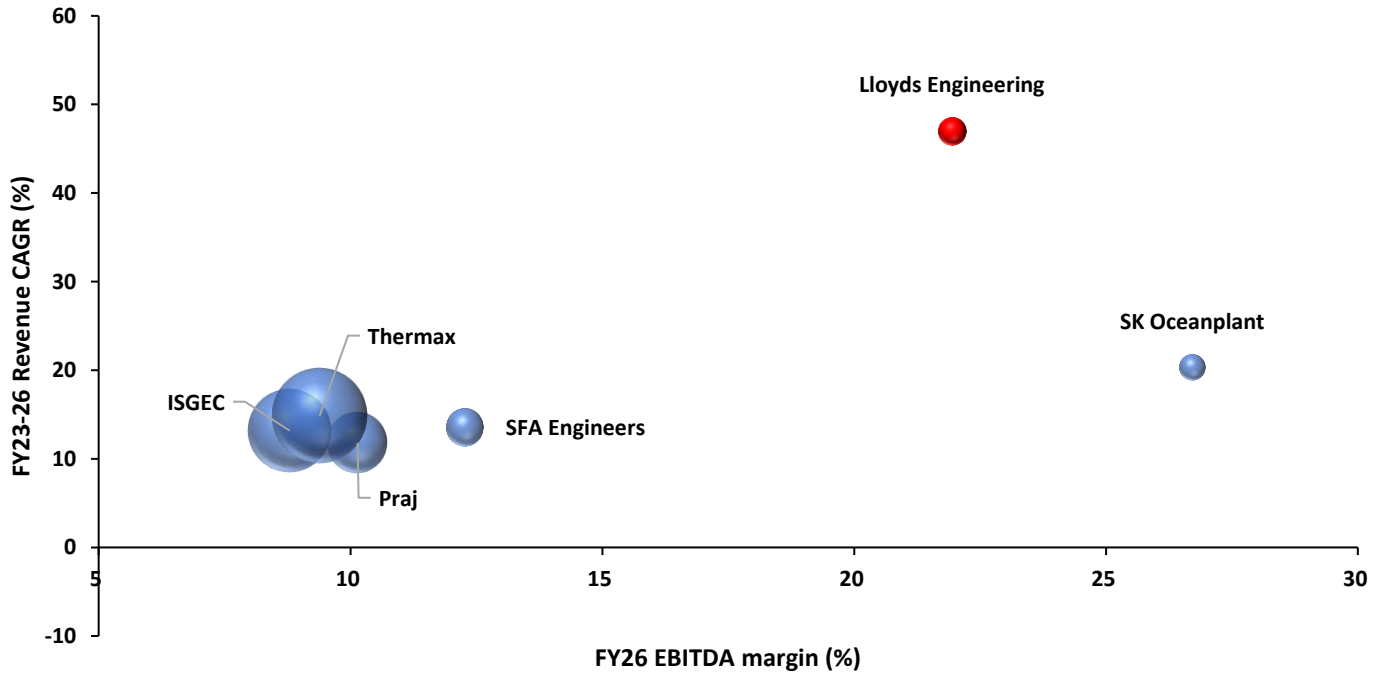
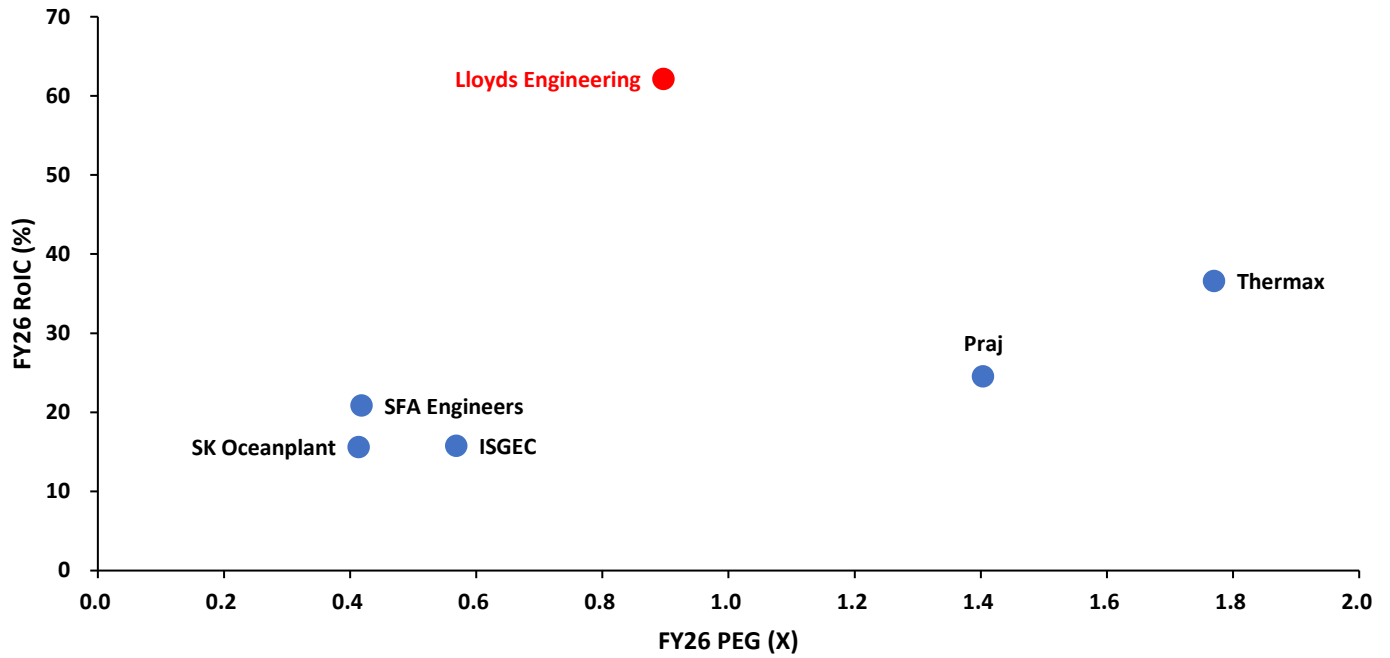
**Bear Case:** We have assumed revenue of INR 850 cr (FY23-26 CAGR growth of 39.5%) and a EBITDA margins of 20% at P/E of 35X, which will result in a Bear Case consolidated price target of INR 49 (an upside of 11.4% from CMP).



Source: BSE & Ventura Research

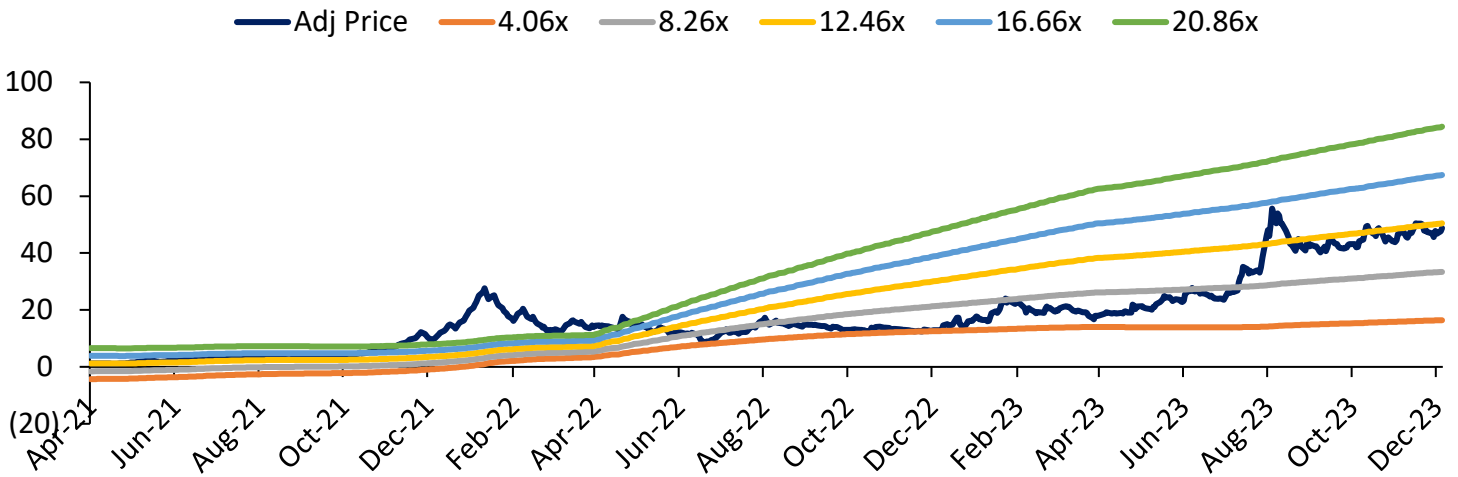
### Valuation and comparable metric of domestic and global players

Company Name	Mkt Cap	Price	PEG	P/E Ratio				EV/Sales				EV/EBIDTA				RoE (%)				RoIC (%)				Sales				EBITDA Margin (%)				Net Margin (%)			
				2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026
<b>Domestic Peers</b>																																			
Lloyds Engineering	5011	44	0.9	143.7	61.3	41.5	30.0	17.1	9.5	6.6	5.0	102.0	46.1	31.1	22.7	18.8	30.0	23.9	24.9	21.3	55.8	59.4	62.1	312.6	550.7	758.5	995.8	16.7	20.5	21.4	21.9	11.8	15.7	16.8	17.7
Praj	9870	537	1.4	41.3	34.2	28.3	25.2	2.6	2.6	2.2	2.0	29.3	25.9	21.8	19.7	23.0	23.7	24.4	23.3	59.8	29.9	31.0	24.6	3528.0	3851.0	4413.0	4931.0	9.0	9.9	10.3	10.1	6.8	7.5	7.9	7.9
ISGEC	6590	896	0.6	32.0	22.3	18.6	15.5	1.2	1.0	0.9	0.8	16.1	13.2	10.7	8.9	8.6	10.7	11.1	11.5	10.4	12.3	14.4	15.8	6399.0	7224.0	8185.0	9278.0	7.4	7.8	8.3	8.8	3.2	4.1	4.3	4.6
Thermax	35643	2991	1.8	79.2	59.6	47.3	41.9	4.2	3.7	3.2	2.7	60.6	44.0	35.0	28.8	11.7	14.3	16.3	16.4	22.4	21.2	25.4	36.6	8089.0	9458.0	10864.0	12253.0	6.9	8.3	9.0	9.4	5.6	6.3	6.9	6.9
<b>International Peers (USD Mn)</b>																																			
SK Oceanplant	1384	342	0.4	81.4	31.5	30.1	22.3	2.6	2.0	1.9	1.3	21.4	18.6	8.3	4.9	6.7	10.7	9.4	11.3	12.5	14.0	15.2	15.6	537.0	716.0	791.0	936.0	12.1	10.8	22.4	26.7	3.2	6.1	5.8	6.6
SFA Engineers	1341	191	0.4	22.7	26.8	14.0	11.2	0.9	0.9	0.7	0.6	6.8	10.2	6.0	4.8	6.5	5.5	9.6	10.8	17.7	9.1	17.4	20.8	1307.0	1341.0	1651.0	1916.0	12.8	9.1	11.9	12.3	4.5	3.7	5.8	6.3

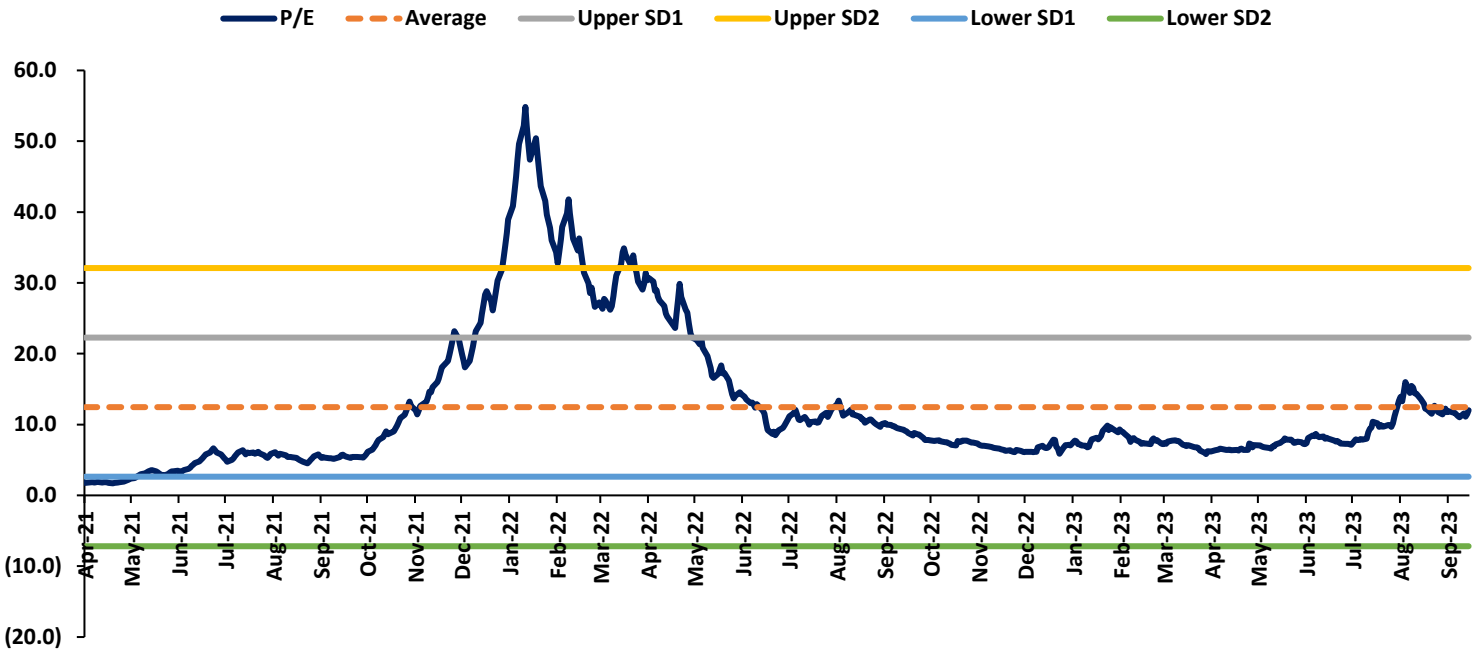


**LEWL PE band chart and Standard Deviation**

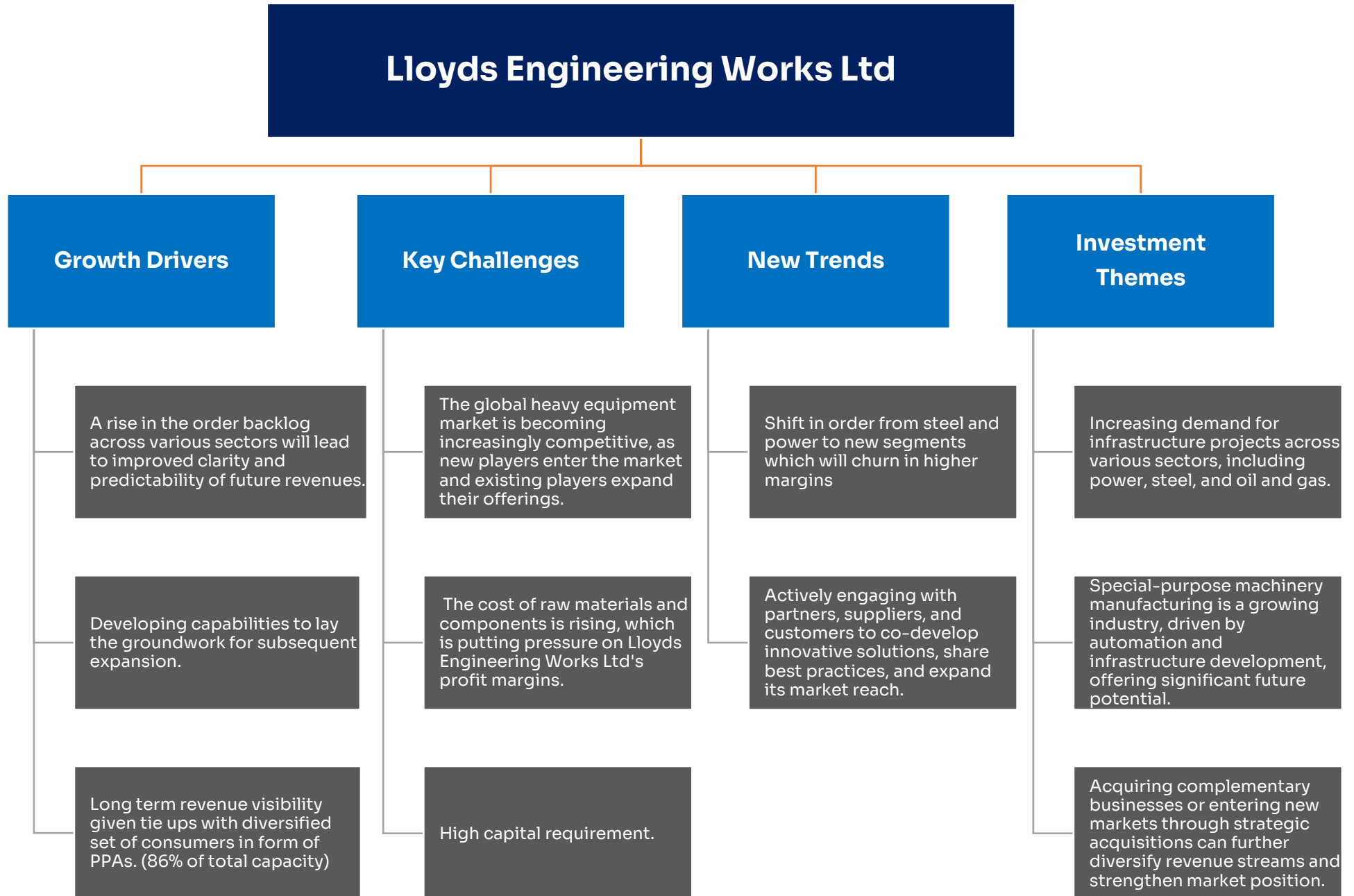
**P/E band chart**



**P/E and Standard Deviation**



Source: Ventura Research





## Financial analysis and projections

### **FY21-23: Remarkable Revenue Growth and Operational Turnaround**

#### **Revenues**

The company experienced a 111% CAGR in revenues, increasing from INR 70 crore in FY21 to INR 313 crore in FY23

#### **Margins and Profits**

Although the company faced operating margin challenges and incurred an EBITDA loss of INR 10 crore in FY21. The loss was mainly on account of the economic slowdown as a consequence of the COVID-19 pandemic. It successfully reversed this trend in FY22, achieving an EBITDA of INR 5 crore, and further improved to INR 52 crore in FY23.

### **FY23-26E: Diversification, technological alliances, and capacity enhancement for Enhanced revenues and returns**

#### **Revenues**

We expect revenues to grow at a CAGR of 47% to INR 996cr. This stupendous growth in revenue is expected from

#### **Higher order inflow from marine, steel and special civil engineering projects.**

- LEWL's exclusive technical tie-up with The Material Works co (TMW) for Eco Pickled Surface (EPS Gen 4) Technology grants a competitive edge, allowing LEWL to capture a larger market share in India and Bangladesh by offering advanced, eco-friendly pickling solutions, driving revenue growth.
- The strategic agreement with TB Global Technologies, Japan, positions LEWL to expand its product offerings, tap into a broader market, and contribute to Atmanirbhar Bharat, fostering revenue growth through diversified solutions and increased market share.
- LEWL's Desalination technology deal with BARC opens up a new revenue stream with long-term order potential

#### **LEWL's Strategic Capacity Boost for Future Revenue Growth**

LEWL's strategic capacity enhancement through a INR 40 crore investment in FY23 signifies a forward-thinking approach, boosting its capability to meet growing demand and drive revenue growth

#### **EBITDA and PAT**

LEWL's EBITDA and PAT are expected to grow at a CAGR of 59%/66% to INR 209/168 cr respectively. EBITDA and PAT margins are expected to enhance by 430/500 bps to 21%/16.8% respectively.

#### **Return ratios**

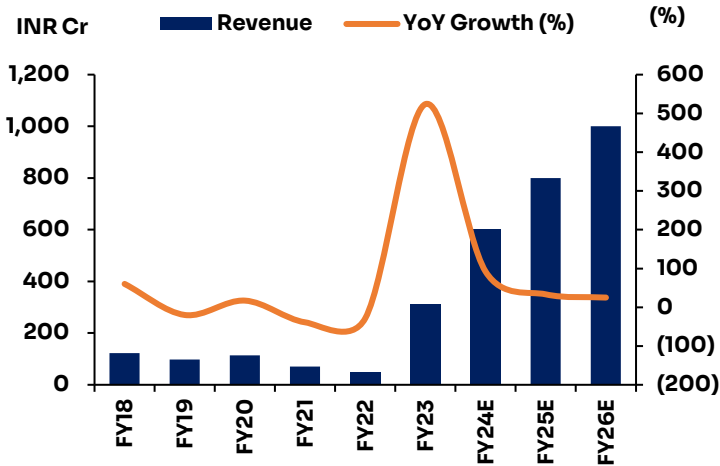
Subsequently ROE and ROCE are expected to enhance by 610/750 bps to 24.9%/22.9% respectively

### LEWL's Financial Summary

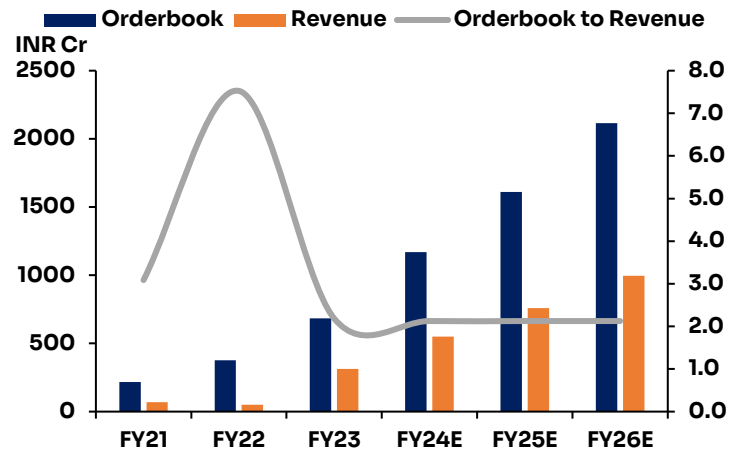
Fig in INR Cr (unless specified)	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
Revenue from operations	70.1	50.1	312.6	550.7	758.5	995.8	1,195.8	1,415.8	1,645.8	1,870.8	2,110.8	2,340.8	2,560.8	2,780.8	3,000.8
<i>YoY Growth (%)</i>	<i>(38.8)</i>	<i>(28.5)</i>	<i>524.0</i>	<i>76.2</i>	<i>37.7</i>	<i>31.3</i>	<i>20.1</i>	<i>18.4</i>	<i>16.2</i>	<i>13.7</i>	<i>12.8</i>	<i>10.9</i>	<i>9.4</i>	<i>8.6</i>	<i>7.9</i>
Raw Material Cost	42.3	8.8	188.2	319.4	439.9	577.5	693.5	821.1	954.5	1,085.0	1,224.2	1,357.6	1,485.2	1,612.8	1,740.4
<i>RM Cost to Sales (%)</i>	<i>60.4</i>	<i>17.5</i>	<i>60.2</i>	<i>58.0</i>	<i>58.0</i>	<i>58.0</i>	<i>58.0</i>	<i>58.0</i>	<i>58.0</i>	<i>58.0</i>	<i>58.0</i>	<i>58.0</i>	<i>58.0</i>	<i>58.0</i>	<i>58.0</i>
Employee Cost	11.7	13.1	18.1	33.0	45.5	59.7	69.4	82.1	95.5	108.5	122.4	133.4	146.0	158.5	171.0
<i>Employee Cost to Sales (%)</i>	<i>16.7</i>	<i>26.2</i>	<i>5.8</i>	<i>6.0</i>	<i>6.0</i>	<i>6.0</i>	<i>5.8</i>	<i>5.8</i>	<i>5.8</i>	<i>5.8</i>	<i>5.8</i>	<i>5.7</i>	<i>5.7</i>	<i>5.7</i>	<i>5.7</i>
Other Expenses	26.1	23.4	54.1	88.1	118.1	149.5	181.8	202.9	249.1	283.6	321.2	357.5	389.7	424.9	458.6
<i>Other Expenses to Sales (%)</i>	<i>37.2</i>	<i>46.8</i>	<i>17.3</i>	<i>16.0</i>	<i>15.6</i>	<i>15.0</i>	<i>15.2</i>	<i>14.3</i>	<i>15.1</i>	<i>15.2</i>	<i>15.2</i>	<i>15.3</i>	<i>15.2</i>	<i>15.3</i>	<i>15.3</i>
EBITDA	(10.0)	4.7	52.2	110.2	155.0	209.0	251.0	309.6	346.7	393.6	442.9	492.2	539.9	584.6	630.6
<i>EBITDA Margin (%)</i>	<i>(14.3)</i>	<i>9.4</i>	<i>16.7</i>	<i>20.0</i>	<i>20.4</i>	<i>21.0</i>	<i>21.0</i>	<i>21.9</i>	<i>21.1</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.1</i>	<i>21.0</i>	<i>21.0</i>
PAT	0.5	5.9	36.8	83.6	120.6	167.4	203.3	243.2	285.8	328.8	375.4	421.6	467.6	514.9	563.6
<i>PAT Margin (%)</i>	<i>0.7</i>	<i>11.9</i>	<i>11.8</i>	<i>15.2</i>	<i>15.9</i>	<i>16.8</i>	<i>17.0</i>	<i>17.2</i>	<i>17.4</i>	<i>17.6</i>	<i>17.8</i>	<i>18.0</i>	<i>18.3</i>	<i>18.5</i>	<i>18.8</i>
Net Profit	0.5	5.9	36.8	83.6	120.6	167.4	203.3	243.2	285.8	328.8	375.4	421.6	467.6	514.9	563.6
<i>Net Margin (%)</i>	<i>0.7</i>	<i>11.9</i>	<i>11.8</i>	<i>15.2</i>	<i>15.9</i>	<i>16.8</i>	<i>17.0</i>	<i>17.2</i>	<i>17.4</i>	<i>17.6</i>	<i>17.8</i>	<i>18.0</i>	<i>18.3</i>	<i>18.5</i>	<i>18.8</i>
Adjusted EPS	0.0	0.1	0.4	0.8	1.1	1.5	1.9	2.3	2.6	3.0	3.5	3.9	4.3	4.8	5.2
<i>P/E (X)</i>	<i>7,814.8</i>	<i>661.9</i>	<i>106.9</i>	<i>54.8</i>	<i>39.8</i>	<i>29.2</i>	<i>23.3</i>	<i>19.4</i>	<i>16.5</i>	<i>14.4</i>	<i>12.6</i>	<i>11.2</i>	<i>10.1</i>	<i>9.2</i>	<i>8.4</i>
Adjusted BVPS	1.3	1.5	2.2	3.1	5.6	7.5	9.8	12.5	15.6	19.3	23.5	28.2	33.4	39.1	45.4
<i>P/BV (X)</i>	<i>34.7</i>	<i>29.1</i>	<i>20.1</i>	<i>14.1</i>	<i>7.8</i>	<i>5.8</i>	<i>4.5</i>	<i>3.5</i>	<i>2.8</i>	<i>2.3</i>	<i>1.9</i>	<i>1.6</i>	<i>1.3</i>	<i>1.1</i>	<i>1.0</i>
Enterprise Value	4,713.0	4,725.0	4,768.7	4,639.7	4,474.9	4,379.1	4,239.8	4,067.0	3,856.1	3,602.4	3,307.9	2,966.7	2,577.3	2,141.7	1,658.6
<i>EV/EBITDA (X)</i>	<i>(469.6)</i>	<i>1,002.5</i>	<i>91.3</i>	<i>42.1</i>	<i>28.9</i>	<i>21.0</i>	<i>16.9</i>	<i>13.1</i>	<i>11.1</i>	<i>9.2</i>	<i>7.5</i>	<i>6.0</i>	<i>4.8</i>	<i>3.7</i>	<i>2.6</i>
Net Worth	113.4	135.2	195.4	278.9	505.4	672.9	876.2	1,119.5	1,405.3	1,734.1	2,109.5	2,531.1	2,998.8	3,513.7	4,077.3
<i>Return on Equity (%)</i>	<i>0.4</i>	<i>4.4</i>	<i>18.8</i>	<i>30.0</i>	<i>23.9</i>	<i>24.9</i>	<i>23.2</i>	<i>21.7</i>	<i>20.3</i>	<i>19.0</i>	<i>17.8</i>	<i>16.7</i>	<i>15.6</i>	<i>14.7</i>	<i>13.8</i>
Capital Employed	114.3	154.4	241.8	278.9	505.4	672.9	876.2	1,119.5	1,405.3	1,734.1	2,109.5	2,531.1	2,998.8	3,513.7	4,077.3
<i>Return on Capital Employed (%)</i>	<i>(7.4)</i>	<i>1.1</i>	<i>15.4</i>	<i>28.9</i>	<i>22.6</i>	<i>22.9</i>	<i>21.1</i>	<i>19.6</i>	<i>18.1</i>	<i>16.7</i>	<i>15.5</i>	<i>14.3</i>	<i>13.2</i>	<i>12.2</i>	<i>11.4</i>
Invested Capital	96.0	129.8	233.7	188.2	249.9	321.7	385.7	456.1	531.0	606.1	687.0	767.5	845.6	925.0	1,005.5
<i>Return on Invested Capital (%)</i>	<i>(12.1)</i>	<i>2.6</i>	<i>21.3</i>	<i>57.1</i>	<i>61.1</i>	<i>64.0</i>	<i>64.2</i>	<i>64.3</i>	<i>64.2</i>	<i>63.9</i>	<i>63.6</i>	<i>63.1</i>	<i>62.7</i>	<i>62.2</i>	<i>61.7</i>
Cash Flow from Operations	17.5	(17.1)	(3.1)	90.7	67.0	105.7	151.3	187.0	227.4	272.4	315.6	364.6	415.0	463.4	513.1
Cash Flow from Investing	(16.8)	(11.9)	(53.7)	27.5	(7.6)	(10.0)	(12.0)	(14.2)	(16.5)	(18.7)	(21.1)	(23.4)	(25.6)	(27.8)	(30.0)
Cash Flow from Financing	(0.3)	36.1	45.6	(28.2)	105.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash Flow	0.5	7.1	(11.1)	90.0	164.8	95.8	139.3	172.8	210.9	253.7	294.5	341.2	389.4	435.6	483.1
Free Cash Flow	18.0	(28.7)	(35.0)	87.3	59.5	95.8	139.3	172.8	210.9	253.7	294.5	341.2	389.4	435.6	483.1
<i>FCF to Revenue (%)</i>	<i>25.6</i>	<i>(57.2)</i>	<i>(11.2)</i>	<i>15.9</i>	<i>7.8</i>	<i>9.6</i>	<i>11.7</i>	<i>12.2</i>	<i>12.8</i>	<i>13.6</i>	<i>14.0</i>	<i>14.6</i>	<i>15.2</i>	<i>15.7</i>	<i>16.1</i>
<i>FCF to EBITDA (%)</i>	<i>(179.0)</i>	<i>(608.4)</i>	<i>(67.0)</i>	<i>79.3</i>	<i>38.4</i>	<i>45.8</i>	<i>55.5</i>	<i>55.8</i>	<i>60.8</i>	<i>64.5</i>	<i>66.5</i>	<i>69.3</i>	<i>72.1</i>	<i>74.5</i>	<i>76.6</i>
<i>FCF to Net Profit (%)</i>	<i>3,565.6</i>	<i>(482.1)</i>	<i>(95.1)</i>	<i>104.5</i>	<i>49.3</i>	<i>57.2</i>	<i>68.5</i>	<i>71.0</i>	<i>73.8</i>	<i>77.2</i>	<i>78.5</i>	<i>80.9</i>	<i>83.3</i>	<i>84.6</i>	<i>85.7</i>
<i>FCF to Net Worth (%)</i>	<i>15.8</i>	<i>(21.2)</i>	<i>(17.9)</i>	<i>31.3</i>	<i>11.8</i>	<i>14.2</i>	<i>15.9</i>	<i>15.4</i>	<i>15.0</i>	<i>14.6</i>	<i>14.0</i>	<i>13.5</i>	<i>13.0</i>	<i>12.4</i>	<i>11.8</i>
Total Debt	1	19	46	0	0	0	0	0	0	0	0	0	0	0	0
Net Debt	-17	-5	38	-91	-255	-351	-491	-663	-874	-1,128	-1,423	-1,764	-2,153	-2,589	-3,072
<i>Net Debt to Equity (X)</i>	<i>(0.2)</i>	<i>(0.0)</i>	<i>0.2</i>	<i>(0.3)</i>	<i>(0.5)</i>	<i>(0.5)</i>	<i>(0.6)</i>	<i>(0.6)</i>	<i>(0.6)</i>	<i>(0.7)</i>	<i>(0.7)</i>	<i>(0.7)</i>	<i>(0.7)</i>	<i>(0.7)</i>	<i>(0.8)</i>
<i>Net Debt to EBITDA (X)</i>	<i>1.7</i>	<i>(1.1)</i>	<i>0.7</i>	<i>(0.8)</i>	<i>(1.6)</i>	<i>(1.7)</i>	<i>(2.0)</i>	<i>(2.1)</i>	<i>(2.5)</i>	<i>(2.9)</i>	<i>(3.2)</i>	<i>(3.6)</i>	<i>(4.0)</i>	<i>(4.4)</i>	<i>(4.9)</i>
<b>Fundamental scores</b>															
Altman Z Score	0.4	0.7	1.8	2.5	2.1	2.2	2.1	2.0	1.9	1.8	1.7	1.6	1.5	1.4	1.4
Piotroski F-score	4.0	5.0	3.0	9.0	4.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Beneish M-score	(3.9)	(2.2)	3.0	(1.9)	(1.7)	(1.8)	(2.0)	(2.0)	(2.1)	(2.1)	(2.2)	(2.2)	(2.2)	(2.3)	(2.3)

Source: ACE Equity, Company Reports & Ventura Research

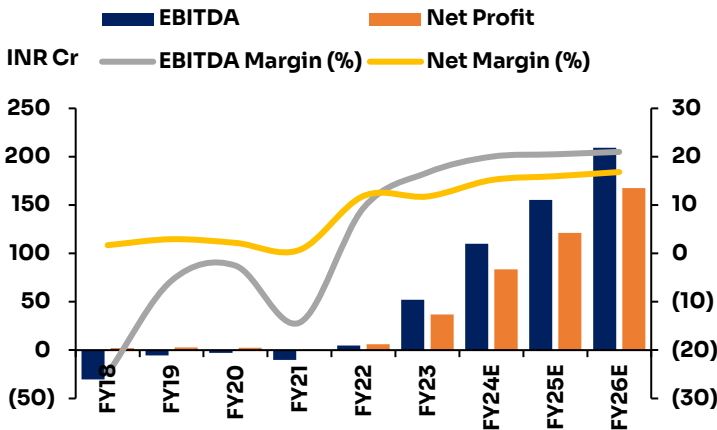
### Strong order book to grow revenues



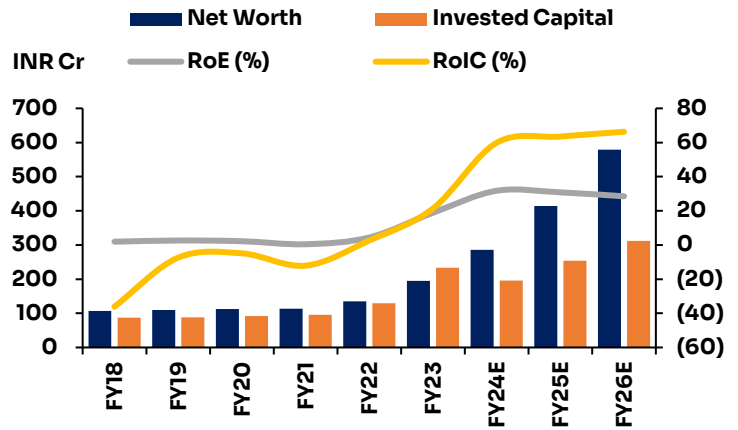
### Orderbook to remain 2x revenue due to strong demand



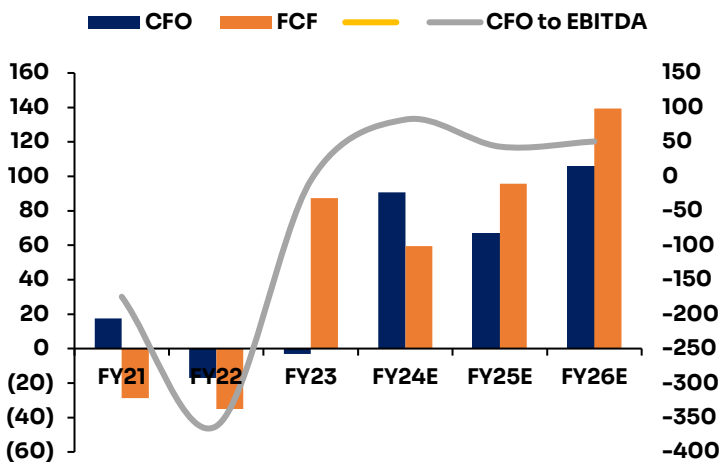
### Profitability to improve as operating leverage kicks in



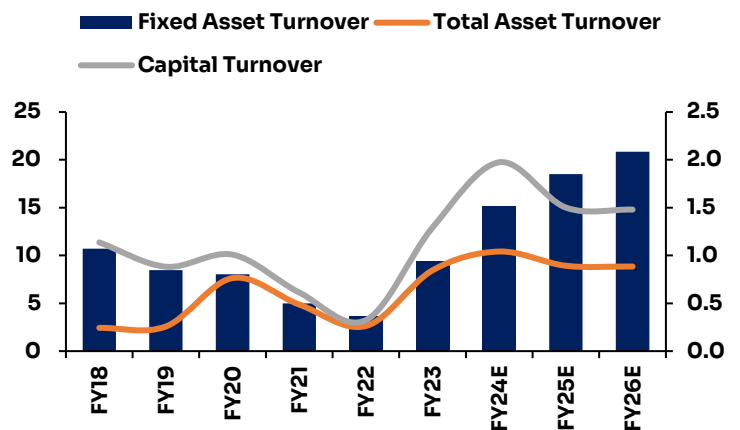
### Return ratios to improve as profitability improvsiSES



### Cashflows to improve as profitability rises



### Asset turnover to improve as capacity increases



Source: ACE Equity, Company Reports & Ventura Research

## Company's Overview

Founded in 1974, Lloyds Engineering Works Ltd (LEWL) is predominantly involved in the development, production, and deployment of robust equipment, machinery, and systems tailored for the Hydrocarbon Sector, Oil & Gas, Steel Plants, Power Plants, Nuclear Plant Boilers, and comprehensive Turnkey Projects.

### Company History

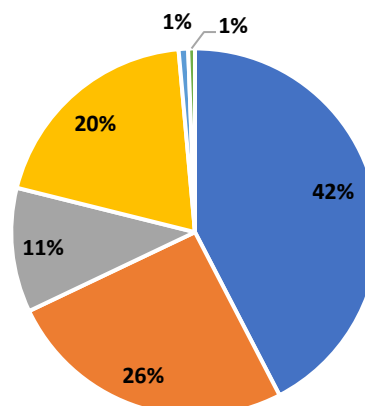
Date	Event
1974	Engineering Business established in Andheri, Mumbai, Later shifted and converted into heavy fabrication, machine building unit at Murbad, Thane Dist. Maharashtra
September 19, 1994	Incorporated as Climan Properties Private Limited
April 17, 2000	Converted to a Public Limited Company and renamed to Climan Properties Limited
April 19, 2000	Renamed to Encon Technologies Limited
May 31, 2011	Renamed to Lloyds Encon Technologies (I) Limited
May 4, 2013	Renamed to Lloyds Steels Industries Limited
October 30, 2015	Demerged engineering division of Uttam Value Steels Limited into Lloyds Engineering Works Limited
July 18, 2016	Listed on BSE and NSE
July 25, 2023	Renamed to Lloyds Engineering Works Limited
Present	Designer and Manufacturer of Heavy Equipment, Machinery and Systems for Hydro Carbon Sector, Oil & Gas, Steel Plants, Power Plants, Nuclear Plant Boilers and Turnkey Projects
Present	Workshop accredited with ISO 9001:2015 certification by SGS, UK
Present	Workshop approved / enlisted by international consultants

Source: Company reports & Ventura Research

## Business Divisions

### Order book of INR 921.3 Cr as of Sept 2023

■ Steel ■ Power ■ Hydrocarbon ■ Civil ■ Defence ■ Marine/Port



Source: Company reports & Ventura Research

## Hydrocarbon

Manufacturing and Supplying Process Equipment such as Pressure Vessels, Columns, Reactors, Heat Exchangers, Waste Heat Recovery Boilers, Air/Gas /Liquid Dryer Packages.

### 1. Pressure Vessels & Heat Exchangers

Since its establishment, LEWL has been a leading manufacturer and supplier of Process Equipment like Pressure Vessels, Columns, Reactors, and Heat Exchangers. The company caters to diverse industries including Hydrocarbon, Chemical, Fertilizers, Power, and has served notable clients such as IOCL, BPCL, HPCL, HMEL, EIL, NRL, BORL, PDIL, Utkal Alumina, GNFC, RCF, GSFC, HRRL, CPCL, GAIL, IFFCO, ISRO, NPCIL, among others. Lloyds Steels Industries offers a comprehensive range of Pressure Vessels, Columns, and Heat Exchangers in various materials such as CS, AS, SS, and Clad, with different grades including Carbon steels SA 516 Grade 60/70, Stainless steels (SS 304L, SS 316L, SS 321), Alloy steels, Clad Stainless steel, Clad Monel, Low Alloy Steel (SA 387 Grade 22 CL 2), Low Ferrite Content steel, HIC, NACE.

#### Pressure Vessels & Heat Exchangers



Source: Company reports & Ventura Research

### 2. Columns

LEWL, with extensive expertise, efficiently delivers Columns to prominent clients including IOCL, BPCL, HPCL, HMEL, EIL, NRL, BORL, PDIL, Utkal Alumina, GNFC, RCF, GSFC, HRRL, CPCL, GAIL, and others. Our fabrication shop excels in producing lengthy columns, boasting a diameter of 5.5 meters and an overall length exceeding 60 meters, with a total weight surpassing 450MT, all within optimal timelines.

#### Pressure Vessels & Heat Exchangers



Source: Company reports & Ventura Research

### 3. Air/Gas/Liquid Dryers

Lloyds Engineering Works (LEWL) has a distinguished history of undertaking projects for Air, Gas & Liquid Dryer Packages. Their comprehensive scope covers Process Design, Thermal Design, manufacturing, Inspection & Testing in accordance with IBR and customer specifications. LEWL manages the entire supply chain, encompassing Mechanical Fabrication items, Bought Out Components, Structural, Electrical & Instruments, Valves, Refractory & Insulation. Furthermore, the company handles Erection and Commissioning or offers Supervision at the site. Their clientele spans over 40 years and includes notable customers such as ONGC, Chemical Plants, RIL, Opal Dahej, Technip, Punj Lloyd, NPCIL, RCF, among others.

LEWL has successfully executed projects involving Waste Heat Recovery Boilers with capacities reaching up to 5000Nm<sup>3</sup>/Hr. Additionally, they demonstrate the capability to undertake projects involving Waste Heat Recovery Boilers of up to 20000Nm<sup>3</sup>/Hr.

#### Key growth drivers for SLNG

Natural gas accounts for only ~7% in India's total energy mix, which is significantly lower than the global average of ~24%.

Global energy consumption mix						
Energy Mix (%)	Oil	Natural Gas	Coal	Nuclear	Hydro	Renewables
World	31	24	27	4	7	7
Asia Pacific	26	13	47	2	6	6
China	19	9	55	2	8	7
India	27	7	56	1	4	5

Source: Company reports & Ventura Research

At the 2015 UN climate change conference, India committed to reducing pollution and carbon dioxide emissions. Considering that renewables and hydroelectric power alone won't meet India's increasing energy needs, natural gas emerges as a viable option to cut down on carbon emissions. There has been notable progress in natural gas infrastructure which ensures its utilization in future years, evidenced by:

- The PNGRB conducting CGD auctions that have spanned over 95% of India's landscape. The NGT issuing firm directives to replace coal with natural gas in various industrial zones.
- The revival of dormant fertilizer units and power plants, which primarily rely on natural gas.
- Refiners expanding their capacity significantly to cater to the rising domestic and international demand for petrochemicals, for which natural gas is a crucial raw material.

These measures have markedly boosted the demand for natural gas, a demand that domestic production cannot currently meet. As a result, there's an increasing dependency on imported LNG, a trend that's projected to continue upward in the future.

## Nuclear

LEWL is registered with the Department of Atomic Energy (BARC) and Nuclear Power Corporation of India Ltd. (NPCIL) for diverse equipment provision. LEWL utilizes NPCIL's basic design engineering, conducting additional design, Seismic analysis, Stress analysis, etc., as specified.

LEWL successfully delivered a Heavy Water Vapour Recovery System to NPCIL's TAPP 3 & 4 Tarapur plant. The equipment, based on NPCIL's design, meets ASME Section III Div NB, NC & ND standards, tailored to specific application needs.

LEWL also supplied 15 heat exchangers for NPCIL projects (KAIGA 3 & 4, RAPP 5 & 6) through NICO Corporation.

### Equipment For Nuclear Power Projects



Source: Company reports & Ventura Research

## Steel

Fabrication of various equipment for Steel melting shop, manufacturing equipment in the Hot Rolling Mill and Cold Rolling.

### Steel Melting Shop Equipment



Source: Company reports & Ventura Research

## Rolling Mill Equipment

Lloyds Engineering Works have manufactured and supplied equipment in the Hot rolling Mill and Cold rolling Mill area. The equipment were manufactured and supplied based on the drawings provided by the Mill builders.

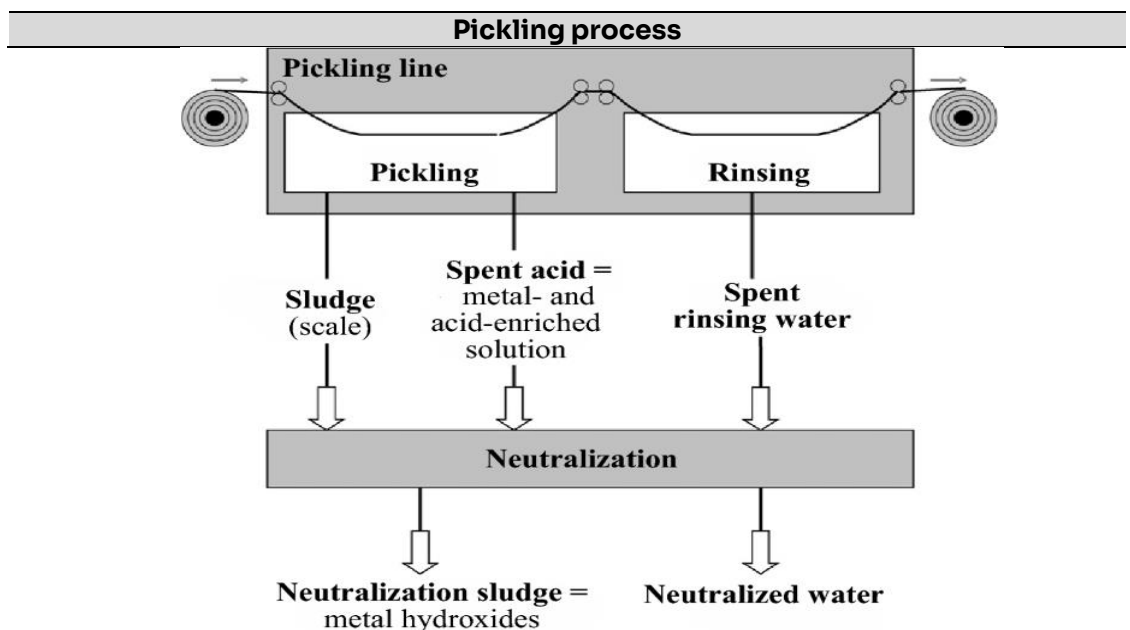
## Eco Pickled Surface (EPS Gen 4): LEWL's strategic milestone in Sustainable Steel Manufacturing

On 27<sup>th</sup> September, 2023 LEWL and The Material Works, Ltd. (TMW) announced strategic MOU for Eco Pickled Surface (EPS Gen 4) Technology Transfer.

In the steel industry, pickling is a crucial surface treatment process that removes impurities, rust, and scale from steel. This prepares the metal for further processing and ensures a clean, high-quality finish for the final product.

### Why is pickling important

- Improved cold rolling
- Better coating adhesion
- Enhanced corrosion resistance



Source: Company reports & Ventura Research

1. **Uncoiling:** The steel strip is uncoiled from a large coil and fed into the line.
2. **Entry section:** The strip passes through a series of pinch rolls and loopers that control the tension and speed.
3. **Pre-cleaning:** The strip may be pre-cleaned with water jets or alkaline sprays to remove loose dirt and debris.
4. **Pickling tanks:** The strip passes through two or more tanks filled with pickle liquor. The first tank typically contains a stronger acid concentration for faster scale removal, while subsequent tanks are weaker for rinsing and polishing.



5. Rinsing tanks: The strip is thoroughly rinsed with fresh water to remove any residual acid.
6. Neutralization (optional): In some cases, the strip may be passed through a neutralizing bath to ensure complete acid removal and prevent further corrosion.
7. Drying: The strip is dried with hot air or compressed air to prevent rusting.
8. Inspection and coiling: The strip is visually inspected for any defects and then recoiled for further processing or storage.

The MOU grants LEWL an exclusive right to design, manufacture and sell the EPS Gen 4 technology in India and Bangladesh, affirming LEWL's commitment to sustainable and technologically advanced manufacturing practices. The transfer of this technology to LEWL by TMW over three years will empower LEWL to localise the manufacturing process in India, supporting the 'Make in India' initiative and fostering growth within the domestic market.

Benefits of Eco-Pickled Surface (EPS Gen 4) Technology:

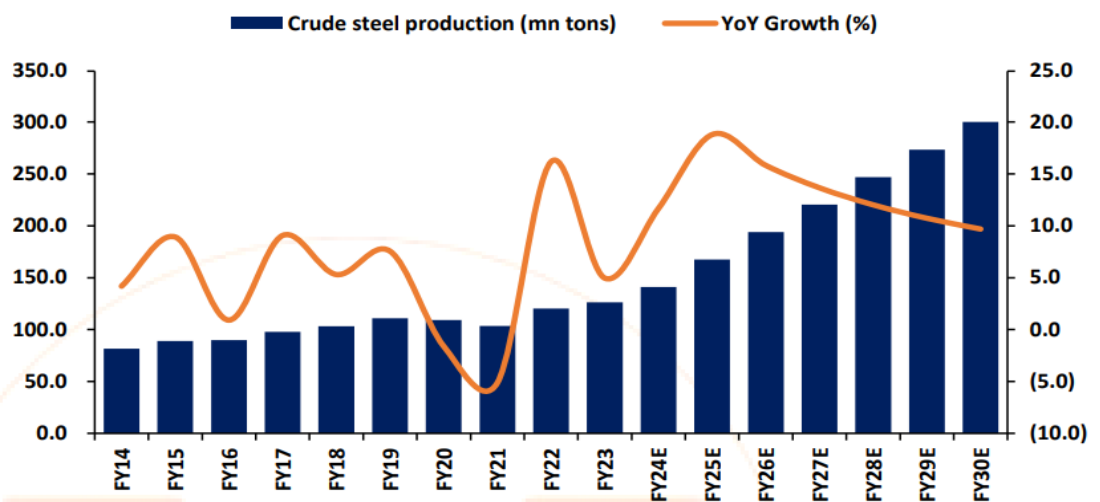
Eco-Friendly: EPS Gen 4 significantly reduces the ecological footprint by eliminating the need for hazardous acids, minimising pollution, and providing a safer working environment.

Asset-Light: This technology is asset-light compared to primitive pickling methods, reducing operational costs and thus optimising resource allocation for the user industry.

### Sector tailwind to boost revenues

The crude steel capacity of the country has increased from 137.97 million tonnes (MT) in 2017-18 to 154.06 MT in 2021-22 and is envisaged to reach 300 MT by 2030-31. The production capacity of 300 MT is expected to be achieved by the private and public sectors by expanding their production capacities. The National Steel Policy, 2017 aims to provide the conducive environment for attaining this objective by providing policy support and guidance to steel producers

#### India's crude steel production



Source: Company reports & Ventura Research

## Marine

Manufacturing and supplying various products like a Fin stabilizer required to be setup in various Navy warships, The Electrohydraulic Steering Gear for Marine ships etc

### 1. Fin Stabilizer

A Fin Stabilizer on a marine ship is essential for minimizing rolling and maintaining stability during various conditions. Commonly deployed during helicopter landings on the deck, it proves invaluable in stabilizing the ship in rough seas and storms. Found on naval ships with helicopter landing facilities, passenger ships, cruise liners, and oceangoing cargo vessels, the Fin Stabilizer consists of steel-fabricated fins attached to both the port and starboard sides of the ship below the waterline.

These fins are affixed to a shaft (Fin Stock), secured by a tiller inside the ship's hull. The tiller is connected to hydraulic cylinders controlled by an automated system. A Roll Motion Sensor Unit (RMSU) at the ship's centerline detects rolling motion, and its data is processed electronically to control the hydraulic system. This system adjusts the fins, moving them in opposite directions, generating water thrust to reduce rolling. This process is continually maintained to enhance ship stability, particularly while the ship is in forward motion.



Source: Company reports & Ventura Research

### 2. Electro-Hydraulic Steering Gear

Electro-Hydraulic Steering Gear on marine ships enables the controlled turning of the ship as directed by the operator or pilot. This is achieved by using hydraulic cylinders to maneuver the ship's rudders. The hydraulic system is electronically controlled from various steering posts such as the Bridge, Wheel-House, Emergency Steering Post, and Aft Steering Post, based on the operator's preferences.

Electronic consoles are installed to facilitate ship steering in both Follow-Up (FU) Mode and Non-Follow Up (NFU) Mode. Upon client request, an auto-pilot feature is included for automatic course-keeping. The auto-pilot offers two modes: Auto Course Mode and Auto Track Mode.

## **Lloyds Engineering and TB Global Technologies Forge Strategic Alliance to Elevate India's Engineering Landscape**

On 19<sup>th</sup> October, 2023 LEWL had finalized a strategic agreement with TB Global Technologies Ltd (TBG), a distinguished Japanese entity resulting from the merger of Tokyo Boeki Machinery Ltd and Tokyo Boeki Engineering Ltd. This collaboration establishes a key partnership for manufacturing, selling, and maintaining a range of TBG products in the Indian market.

TBG, renowned for its expertise in supplying equipment to the Oil and Gas sector, particularly loading arms and swivel joints, enjoys a significant market share in Japan. Through this agreement, LEWL will introduce these products in India under the brand 'TBNIGATA Lloyds,' enriching LEWL's product portfolio and strengthening its market position.

LEWL, already a supplier of loading arms in India, is set to expand its offerings beyond marine transportation to land transportation, addressing the loading and unloading needs of tank containers for tank lorries and rail tankers. Designed to handle various fluids, including oil, gas, and petrochemicals, these loading arms align with the growing demand in India. Hydrocarbon & Marine currently represents about 15% of LEWL's order book, and this collaboration positions LEWL favorably to capture a more substantial market share with tailored solutions.

Beyond product expansion, the strategic partnership also aligns with the vision of Atmanirbhar Bharat by contributing to the indigenization of various components. LEWL aims to achieve a significant milestone of over 70% locally manufactured components, actively contributing to the growth of India's industrial landscape.

## **LEWL Secures Strategic Technology Transfer Agreement with BARC for Desalination Projects**

On 13<sup>th</sup> September, 2023 LEWL entered into an agreement with Bhabha Atomic Research Centre (BARC) for Transfer of Technology. The aforesaid license will aid the Company in executing orders related to Desalination. Also, this License is valid for five years from the date of commencement of the agreement. Further, this Technology tie-up would assist the Company on a long-term basis as it helps in further diversification of the order book

## Ports, Jetties & Refineries

Design, engineering & supply critical components like Swivel Joints, Seals, Coupler Hydraulic valve etc. Leading manufacturers of Truck and Wagon Loading Arms for handling different products.



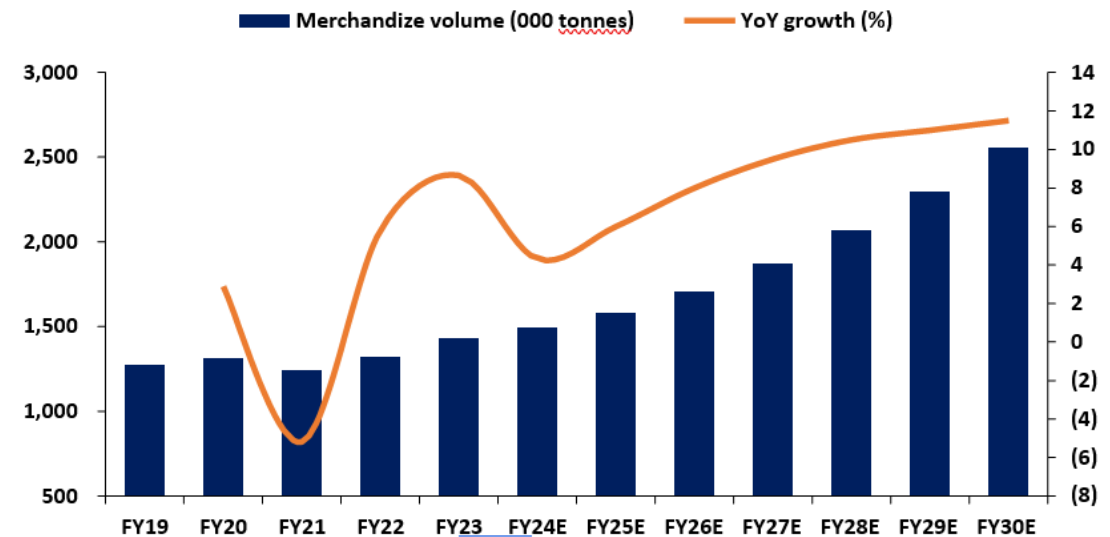
**Loading Arm**

Source: Company reports & Ventura Research

### Increasing demand for ships

In FY19, India's total merchandize trade volume was 1,276 mn tonnes and despite pandemic, economic slowdown and geopolitical issues, it has grown at a CAGR of 2.9% to 1,431 mn tonnes in FY23. With Make-in-India efforts and China+1 strategy, India's merchandize trade volumes are expected to pick up strongly in the coming years. This increasing demand for goods is driving up demand for ships.

### India's merchandize trade volumes to grow strongly in the coming years



Source: Shipping Ministry, Industry reports and Ventura Research

## Major Indian shipyards operating at peak capacity

Indian shipyards, both public and private, are operating at full capacity, with order books extending up to a decade. Due to this limited capacity, new shipbuilding orders are anticipated to be directed to LEWL.

## Key Investment Highlights

### Resilient Order Book

Lloyds Engineering showcases a formidable order book, standing at INR 921 crore, equivalent to three times the sales projected for FY23. The company anticipates a significant uptick in order inflow, particularly in the Marine and Civil projects segments, promising not only increased revenue but also higher profit margins.

### Bolstering capacities for future growth

LEWL is strategically enhancing its capacities, demonstrating a forward-thinking approach to foster future growth. The company's investment of approximately INR 40 crore in FY23 underscores its confidence in upcoming growth opportunities and its proactive stance in meeting anticipated future demand.

### Financial Fortitude

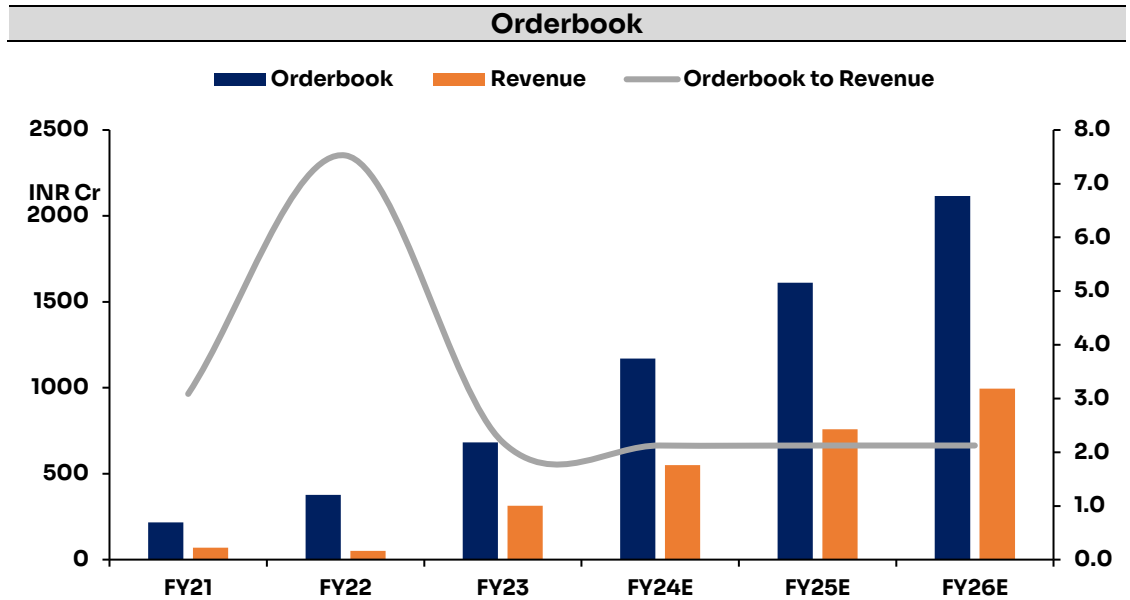
Lloyds Engineering stands as a net cash company with reassuring debt:equity ratios, portraying a robust financial position. This financial strength not only underscores the company's stability but also equips it with the flexibility to capitalize on strategic growth opportunities.

### LEWL to thrive in infrastructure and capex sector amidst government spending surge

LEWL strategically positions itself within the infrastructure and capex sector, poised to capitalize on the anticipated upswing in government spending. This alignment with industry trends reflects the company's foresight in tapping into a sector on the rise.

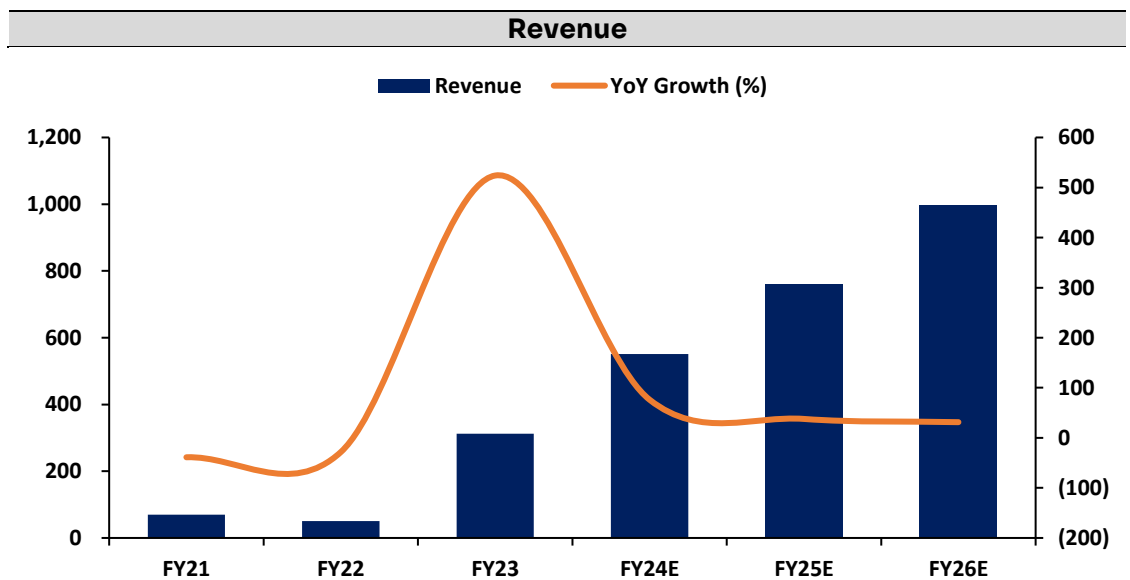
### Innovating through synergy

Lloyds Engineering solidifies its technological prowess and broadens its product portfolio through key collaborations with industry leaders such as The Material Works, Ltd. (TMW), Bhabha Atomic Research Centre (BARC), and TB Global Technologies Ltd (TBG).



Source: Company reports and Ventura Research

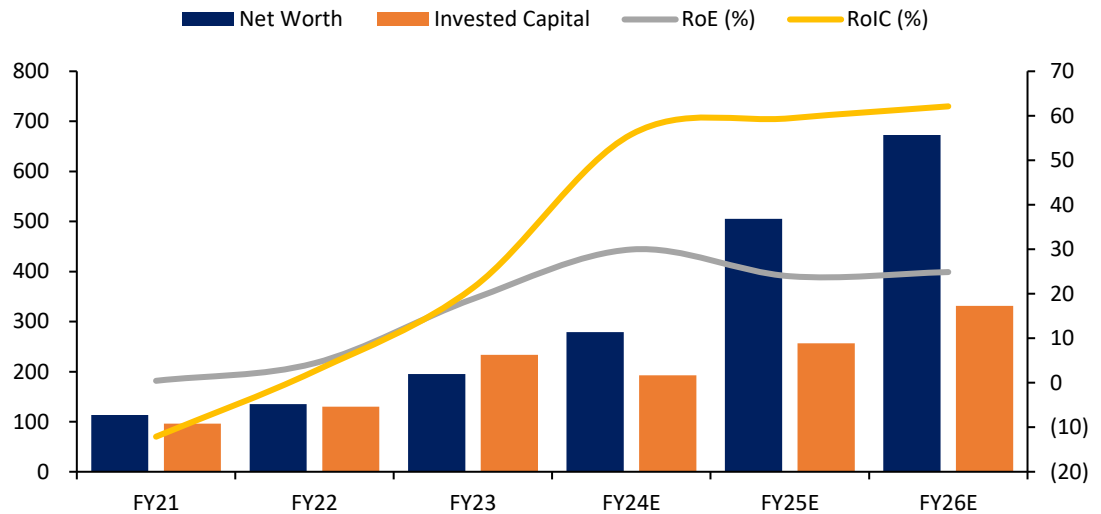
We anticipate increased orders from the marine, steel, and special civil engineering sectors, with the order book projected to remain twice the revenue level owing to robust demand.



Source: Company reports and Ventura Research

The growth momentum is projected to continue, with revenues forecasted to reach INR 996 crore by FY26E. Positioned in the infrastructure sector, it aligns with government spending surge. Innovating through collaborations with TMW, BARC, and TBG, LEWL solidifies its technological prowess and expands its product portfolio, ensuring a competitive edge in the market.

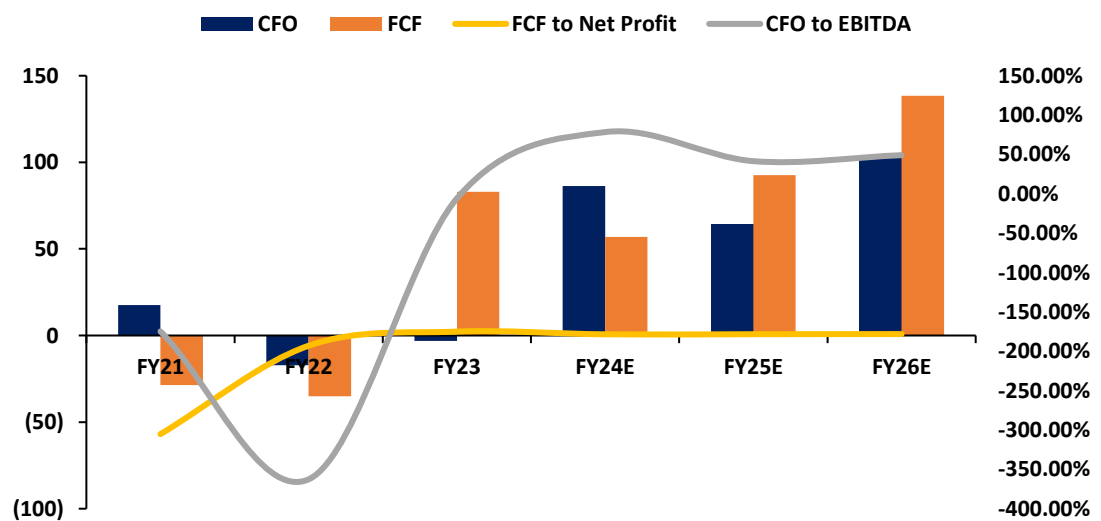
### Return profile



Source: Company reports and Ventura Research

During the FY21 to FY23 period, the company witnessed a significant improvement in its financial metrics. RoE exhibited a substantial increase from 0.4% to 18.8%, signaling improved profitability and shareholder value creation. Notably, the RoIC transformed from negative values in FY20 and FY21 to a remarkable 21.3% in FY23. Looking ahead from FY23 to FY26E, the company is projected to continue its positive trajectory. The RoIC is expected to see a remarkable upward trend, reaching 55.8% in FY24E and continuing to improve to 62.1% in FY26E. This indicates a high level of efficiency in capital utilization and a strong return on investment, reflecting the company's effective operational strategies and financial management.

### Cashflows



Source: Company reports and Ventura Research

In the period from FY21 to FY23, the company experienced fluctuations in its cash flow metrics. CFO demonstrated variability, starting at 17.5 in FY21, turning negative at -17.1 in FY22, and slightly improving to -3.1 in FY23. FCF followed a similar pattern. FCF to Net

Profit showed a notable improvement, shifting from -56.9 in FY21 to 2.3 in FY23, suggesting better conversion of net profits into free cash flow.

Looking ahead from FY23 to FY26E, the company is anticipated to continue its positive trend in cash flow metrics. CFO is expected to increase significantly, reaching 86.3 in FY24E and continuing to rise to 102.6 in FY26E. FCF is projected to remain positive. FCF to Net Profit is forecasted to remain positive and relatively stable, staying at 0.8 in FY25E and FY26E. Overall, these projections suggest a positive outlook for the company's cash flow and financial performance in the coming years.



## Ventura Business Quality Score

Key Criteria	Score	Risk	Comments
<b>Management &amp; Leadership</b>			
Management Quality	9	Low	The management is of high quality. It has been able to deliver on its guidance; investor-friendly with timely updates on developments
Promoters Holding Pledge	9	Low	The promoter holding stands at 59.79% and have pledged 0.03% of their holdings.
Board of Directors Profile	9	Low	The directors have significant experience in their respective sectors and expert areas.
<b>Industry Consideration</b>			
Industry Growth	8	Low	The engineering industry is thriving on robust demand from core sectors like power, infrastructure, mining, and oil, supported by higher investments and policy initiatives to enhance competitiveness and attract private investment, with a significant increase in infrastructure capital expenditure for the upcoming fiscal years.
Regulatory Environment or Risk	8	Low	There is not direct regulatory risk on any of the existing or upcoming businesses of LEWL.
Entry Barriers / Competition	9	Low	Establishing a reputable brand and securing long-term contracts or partnerships pose significant barriers for new entrants.
<b>Business Prospects</b>			
New Business / Client Potential	9	Low	LEWL sealed agreements for pickling of all qualities of steel, including stainless steel, a technology license from BARC for desalination, and a strategic collaboration with TB Global Technologies Ltd, paving the way for diversifying products under the brand "TBNIIGATA Lloyds" in India, thus expanding its technological prowess and product range.
Business Diversification	8	Low	LEWL is well diversified into sectors like hydrocarbon sector, oil & gas, steel plants, power plants, nuclear plant boilers, and turnkey projects and has established credibility.
Market Share Potential	8	Low	Diversification across established and emerging sectors reduces risk and increases the company's potential customer base.
Margin Expansion Potential	8	Low	Margins to expand as the company gets new orders from higher margin sectors (marine, civil, navy)
Earnings Growth	8	Low	Expansion plans doubling capacity provide ample space for growth, coupled with asset modernization to drive superior performance, and the adoption of enabling technologies to boost throughput, resulting in earnings growth.
<b>Valuation and Risk</b>			
Balance Sheet Strength	8	Low	Company's balance sheet is strong and has high ROCE and ROIC
Debt Profile	10	Low	The company is debt free.
FCF Generation	8	Low	FCF generation is expected to increase as profitability rises
<b>Total Score</b>	<b>110</b>	<b>Low</b>	<b>The overall risk profile of the company is good and we consider it a LOW-risk company for investments</b>
<b>Ventura Score (%)</b>	<b>78%</b>		

Source: Company Reports & Ventura Research

## Management Team

Key Person	Designation	Details
Mr. Mukesh R. Gupta	Chairman & Whole Time Director	A commerce graduate and successful industrialist having a piece of vast knowledge and rich experience of over 40 years in various Industries such as Steel, Engineering, Power, Finance, Consumer Related, and Construction. He is the Founder and Board Member of Lloyds Group.
Mr Shree Krishna Gupta	Executive Vice President	Krishna has great experience as an entrepreneur and has successfully started and created two brands in very dynamic industries. He has been awarded three '30 under 30' awards for Forbes India, Forbes Asia and Business World India.
Mr. Ananthsubramanian Lakshman	Independent Director	B.Sc (Science) Graduate, aged 74 years is an experienced Banking Professional, during his 29 years meritorious service with RBI/IDBI has appraised more-than 100 medium sized and large projects in Steel, Cement, Textiles and Infrastructure and handled Merchant Banking Division as well as Investor Relations during his tenure at IDBI. M
Mr Kalpesh Agrawal	CFO	A Commerce Graduate and a Qualified Chartered Accountant. He is having more than 19 years of experience in the Engineering sector His expertise is across all areas of Finance and Accounts. He plays an important role in formulating the company's future direction by providing input on the company's business plan, financial and tax strategies, budgeting, and forecasting.
Mr Sudhir Kumar Dwivedi	COO	A Bachelor of Industrial Engineering from IIT Roorkee with Honours. Vast 33 years of experience in the Heavy Engineering industry with a proven track record in the optimization of organisational resources and product diversification.

Source: Company Reports

## Annual Report Takeaways

### FY23 annual report analysis

We analyzed the FY23 annual report of LEWL and our key observations are as follows:

#### Indian Engineering Sector Overview:

The Indian engineering sector thrives on robust demand from core sectors like power, infrastructure, mining, and manufacturing, bolstered by private investments and policy backing. The establishment of the Infrastructure Finance Secretariat aims to boost private investment in key areas such as railways, roads, and urban infrastructure. Government initiatives, including substantial allocations for enhancing competitiveness in the capital goods sector and increased infrastructure capital expenditure in the upcoming fiscal year, signal a proactive approach towards sectoral growth. These efforts align with India's push to become a high-end manufacturing hub, reducing dependency on global supply chains.

#### Lloyd's Engineering Performance:

Lloyd's Engineering operates across diverse industries, supplying critical equipment and services to sectors like refinery, oil & gas, power, steel, mining, and nuclear projects. The company's order book reflects substantial growth, starting FY23 with INR 377 cr, securing INR 608 cr in fresh orders, and executing INR 312 cr worth of projects.

Closing the year with an order book of INR 683 cr, roughly 2.2 times the FY23 revenue, indicates strong revenue visibility. With consistent order book expansion and improved profit margins, Lloyd's Engineering anticipates strengthening its financial position in the medium to long term, aligning with the positive trajectory of India's engineering sector.

#### Board of Directors

Name	FY21	FY22	FY23
Mr. Mukesh R. Gupta	Chairman & WTD	Chairman & WTD	Chairman & WTD
Mr. Ananthsubramanian Lakshman	ID	ID	ID
Mr. Kishorkumar Mohanlal Pradhan	NED	ID	ID
Mr. Ashok Kumar Sharma	-	ID	ID
Mr. Ashok Tandon	MD and NED	NED	NED
Mr. Rajashekhar Mallikarjun Alegavi	NED	NED	NED
Mr. Satyendra Narain Singh	ID	ID	ID
Smt. Bela Sundar Rajan	ID	ID	ID

Source: Annual Reports

#### Auditor's qualifications and significant notes to accounts

S Y Lodha & Associates, Chartered Accountants is the auditor and there is no qualification/emphasis of matters highlighted by them in the FY23 Annual Report.

### LEWL contingent liabilities

Particulars	FY21	FY22	FY23
Claims against the Company	8.6	-	-
Income Tax liabilities for various AYs	-	11.46	11.46
Guarantees issued by the Company's bankers	13.5	12.7	15.50
<b>Total</b>	<b>13.5</b>	<b>24.2</b>	<b>27.0</b>

Source: Annual Reports & Ventura Research

### LEWL related party transactions

Particulars	FY21	FY22	FY23
Sale of Goods	-	19.6	244.3
Other Income	-	0.4	-
Short Term Employee Benefits	1.4	2.7	3.2
Post Employee Benefits	0.6	0.1	-
Consultancy	-	1.9	0.3
Brokerage	-	0.1	-
Sitting Fees	0.0	0.0	0.0
Dividend	-	-	2.9
Rent	-	7.0	12.0
Others	-	-	0.2
<b>Total</b>	<b>2.0</b>	<b>31.8</b>	<b>262.9</b>

Source: Annual Reports & Ventura Research

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### Key Risks

- Lloyds Engineering faces intense competition from domestic and international players in the special-purpose machinery manufacturing industry.
- Lloyds Engineering is exposed to fluctuations in the prices of raw materials, such as steel and aluminum. Increases in raw material prices could squeeze the company's profit margins and impact its competitiveness.
- Lloyds Engineering has a large order book and ambitious growth plans, which require successful execution to achieve desired results. Delays, cost overruns, or execution failures can significantly impact the company's financial performance and reputation.

### LEWL's financial analysis & projections

Fig in INR Cr (unless specified)	FY22	FY23	FY24E	FY25E	FY26E	Fig in INR Cr (unless specified)	FY22	FY23	FY24E	FY25E	FY26E
<b>Income Statement</b>						<b>Per share data &amp; Yields</b>					
Revenue	50.1	312.6	550.7	758.5	995.8	Adjusted EPS (INR)	0.1	0.3	0.8	1.1	1.5
<i>YoY Growth (%)</i>	<i>(28.5)</i>	<i>524.0</i>	<i>76.2</i>	<i>37.7</i>	<i>31.3</i>	Adjusted Cash EPS (INR)	0.1	0.4	0.8	1.1	1.6
Raw Material Cost	8.8	188.2	319.4	439.9	577.5	Adjusted BVPS (INR)	1.3	1.8	2.6	4.7	6.2
<i>RM Cost to Sales (%)</i>	<i>17.5</i>	<i>60.2</i>	<i>58.0</i>	<i>58.0</i>	<i>58.0</i>	Adjusted CFO per share (INR)	(0.2)	(0.0)	0.8	0.6	1.0
Employee Cost	13.1	18.1	33.0	45.5	59.7	CFO Yield (%)	(0.4)	(0.1)	1.9	1.4	2.2
<i>Employee Cost to Sales (%)</i>	<i>26.2</i>	<i>5.8</i>	<i>6.0</i>	<i>6.0</i>	<i>6.0</i>	Adjusted FCF per share (INR)	(0.3)	(0.3)	0.8	0.6	0.9
Other Expenses	23.4	54.1	88.1	118.1	149.5	FCF Yield (%)	(0.6)	(0.7)	1.8	1.3	2.0
<i>Other Exp to Sales (%)</i>	<i>46.8</i>	<i>17.3</i>	<i>16.0</i>	<i>15.6</i>	<i>15.0</i>	<b>Solvency Ratio (X)</b>					
EBITDA	4.7	52.2	110.2	155.0	209.0	Total Debt to Equity	0.1	0.2	0.0	0.0	0.0
<i>Margin (%)</i>	<i>9.4</i>	<i>16.7</i>	<i>20.0</i>	<i>20.4</i>	<i>21.0</i>	Net Debt to Equity	(0.0)	0.2	(0.3)	(0.5)	(0.5)
<i>YoY Growth (%)</i>	<i>(147.0)</i>	<i>1,008.6</i>	<i>110.9</i>	<i>40.6</i>	<i>34.8</i>	Net Debt to EBITDA	(1.1)	0.7	(0.8)	(1.6)	(1.7)
Depreciation & Amortization	1.3	2.4	2.6	2.9	3.2	<b>Return Ratios (%)</b>					
EBIT	3.4	49.9	107.6	152.1	205.7	Return on Equity	4.4	18.8	30.0	24.0	24.9
<i>Margin (%)</i>	<i>6.7</i>	<i>16.0</i>	<i>19.5</i>	<i>20.1</i>	<i>20.7</i>	Return on Capital Employed	1.1	15.4	28.9	22.6	22.9
<i>YoY Growth (%)</i>	<i>(129.0)</i>	<i>1,377.1</i>	<i>115.8</i>	<i>41.4</i>	<i>35.3</i>	Return on Invested Capital	2.6	21.3	57.1	61.1	64.0
Other Income	9.8	5.8	6.9	9.2	18.0	<b>Working Capital Ratios</b>					
Bill discounting & other charges	1.0	3.9	2.8	0.0	0.0	Payable Days (Nos)	57	29	20	20	20
Fin Charges Coverage (X)	3.3	12.7	38.6	NA	NA	Inventory Days (Nos)	356	134	150	150	150
Exceptional Item	0.0	(2.5)	0.0	0.0	0.0	Receivable Days (Nos)	72	34	28	28	28
PBT	12.1	49.2	111.7	161.3	223.7	Net Working Capital Days (Nos)	371	139	158	158	158
<i>Margin (%)</i>	<i>24.2</i>	<i>15.7</i>	<i>20.3</i>	<i>21.3</i>	<i>22.5</i>	Net Working Capital to Sales (%)	101.6	38.0	43.2	43.2	43.2
<i>YoY Growth (%)</i>	<i>1,640.6</i>	<i>306.5</i>	<i>126.9</i>	<i>44.4</i>	<i>38.7</i>	<b>Valuation (X)</b>					
Tax Expense	6.2	12.4	28.1	40.7	56.4	P/E	795.4	128.5	56.6	39.2	28.3
<i>Tax Rate (%)</i>	<i>50.9</i>	<i>25.2</i>	<i>25.2</i>	<i>25.3</i>	<i>25.2</i>	P/BV	35.0	24.2	17.0	9.4	7.0
PAT	5.9	36.8	83.6	120.6	167.4	EV/EBITDA	1,002.5	91.3	42.1	28.9	21.0
<i>Margin (%)</i>	<i>11.9</i>	<i>11.8</i>	<i>15.2</i>	<i>15.9</i>	<i>16.8</i>	EV/Sales	94.3	15.3	8.4	5.9	4.4
<i>YoY Growth (%)</i>	<i>1,080.7</i>	<i>519.2</i>	<i>127.0</i>	<i>44.3</i>	<i>38.8</i>	<b>Cash Flow Statement</b>					
Min Int/Sh of Assoc	0.0	0.0	0.0	0.0	0.0	PBT	12.1	49.2	111.7	161.3	223.7
Net Profit	5.9	36.8	83.6	120.6	167.4	Adjustments	7.5	28.1	126.2	35.7	40.7
<i>Margin (%)</i>	<i>11.9</i>	<i>11.8</i>	<i>15.2</i>	<i>15.9</i>	<i>16.8</i>	Change in Working Capital	(30.5)	(68.0)	(119.0)	(89.7)	(102.5)
<i>YoY Growth (%)</i>	<i>1,080.7</i>	<i>519.2</i>	<i>127.0</i>	<i>44.3</i>	<i>38.8</i>	Less: Tax Paid	(6.2)	(12.4)	(28.1)	(40.7)	(56.4)
<b>Balance Sheet</b>						Cash Flow from Operations	(17.1)	(3.1)	90.8	66.5	105.6
Share Capital	89.9	98.9	98.9	105.2	105.2	Net Capital Expenditure	(12.1)	(34.9)	(5.5)	(7.6)	(10.0)
Total Reserves	45.1	96.5	180.0	400.2	567.7	Change in Investments	0.1	(18.8)	33.0	(0.0)	(0.0)
Shareholders Fund	135.0	195.4	278.9	505.4	672.9	Cash Flow from Investing	(11.9)	(53.7)	27.5	(7.6)	(10.0)
Long Term Borrowings	18.9	0.4	0.0	0.0	0.0	Change in Borrowings	21.3	28.5	(25.4)	0.0	0.0
Deferred Tax Assets / Liabilities	(3.6)	(1.1)	(1.1)	(1.1)	(1.1)	Less: Finance Cost	(1.0)	(3.9)	(2.8)	0.0	0.0
Other Long Term Liabilities	3.8	5.0	8.8	12.1	15.8	Proceeds from Equity	15.9	26.1	0.0	105.4	0.0
Long Term Trade Payables	0.0	0.0	0.0	0.0	0.0	Buyback of Shares	0.0	0.0	0.0	0.0	0.0
Long Term Provisions	4.2	3.6	6.6	9.0	11.9	Dividend Paid	0.0	(4.9)	0.0	0.0	0.0
Total Liabilities	158.1	203.3	293.2	525.4	699.6	Cash flow from Financing	36.1	45.6	(28.2)	105.4	0.0
Net Block	14.0	33.3	36.3	41.0	47.7	Net Cash Flow	7.1	(11.1)	90.0	164.9	95.6
Capital Work in Progress	3.7	25.6	0.0	0.0	0.0	Forex Effect	0.0	0.0	0.0	0.0	0.0
Intangible assets under development	0.0	0.0	0.0	0.0	0.0	Opening Balance of Cash	4.7	11.8	0.7	90.7	255.5
Non Current Investments	0.0	0.0	0.0	0.0	0.0	Closing Balance of Cash	11.8	0.7	90.7	255.5	351.1
Long Term Loans & Advances	8.1	2.2	3.9	5.3	7.0						
Other Non Current Assets	0.0	0.0	0.0	0.0	0.0						
Net Current Assets	132.4	142.2	253.0	479.1	644.8						
Total Assets	158.1	203.3	293.2	525.4	699.6						

Source: Company Reports & Ventura Research

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