

Analyst & Advisor: Abhishek Jain
www.stocksidea.com
+91-98260-41144

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Alstom Projects India Limited—Buy—500—INR

Sector — Engineering (Power)
Regd.Off. — 16, M. L. Cross Road, Churchgate, Mumbai -400 020
Listed — NSE, BSE.

Company Overview—

Alstom projects India limited was incorporated on 2nd September 1992, under the name of 'Asea Brown Boveri Management'. Later its name changed to Alstom projects India limited. Alstom Projects India provides a regional presence for its French powerhouse parent. The principal activities of the Group are the power generation for utilities and industrial users, transportation systems covering traction, signaling and train control for the railways, transmission systems and energy management for a variety of industries. The company merged three subsidiary companies with itself i.e. Alstom Transport, Alstom Systems and Alstom Power Boilers with itself in 2002. Further Alstom Transmission & Distribution Systems Ltd was ceased to be a subsidiary of the company with effect from 1st February 2005 and Alstom T&D Lightning Arresters Private Ltd was ceased to be a subsidiary with effect from 24th September 2004. Company has also installed the signaling and train communications systems for the Delhi Metro in its first phase. It sees opportunities for growth in this area with the possibilities of more metros coming up in different parts of India. Alstom is in the process of strengthening its operations in the power generation sector as opportunities for growth in the thermal, nuclear and hydro areas have brightened with the advent of the 2nd generation of reforms. Alstom plans to utilize the competence and industrial capabilities in India for its global operations. The enactment of the Electricity Act 2003 and the proposal to constitute a Special Empowered Hydroelectric Commission will result in greater impetus to set up power projects in the country.

Products & Services—

Company is engaged in providing a range of services related to power generation for utilities and industrial users, and transportation systems. The company is mainly engaged in power systems and transport business. Its power business manufactures a wide range of power-generation equipment and constructs steam, combined cycle, and hydro power plants. Its transport operations provide rail equipment such as railcars and signaling devices. The company also produces rotating machinery, motors, and fans. Its power business, the larger of the two units, manufactures a wide range of power-generation equipment and constructs steam, combined cycle, and hydro power plants. Its transport operations provide rail equipment such as railcars and signaling devices. Company is engaged in the business of design, engineering, manufacturing, procurement, supply, commissioning, servicing and renovation & modernization of power plants for Utility and Industrial users. It is also engaged in the development and supply of air pollution control systems, equipment for pollution control and conservation of energy. It is having its works in Coimbatore, Durgapur, Noida, Shahabad and Vadodara.

Financials—

Alstom Projects India earnings increased 4.04 times for the quarter ended Dec 31, 06. During the quarter, the company's earnings increased to Rs 3030 Lakhs compared with Rs 750

Lakhs, a year ago. The net sales for the quarter rose marginally by 2.66% to Rs 2977 million compared with Rs 2900 million, a year ago. The total income for the quarter rose 7.37% to Rs 31460 Lakhs compared with Rs 29300 Lakhs, a year ago. The earnings per share for the quarter jumped by Rs 3.4 a share to Rs 4.52 compared with Rs 1.12, a year ago.

01-oct-2006 to 31-dec-2006 (Third Quarter)

Financial Results	Rs. lakhs
Net Sales	29770.00
Other Income	1690.00
Gross Income	31460.00
Increase/Decrease in Stock	0.00
Consumption of Raw Materials	21260.00
Staff Cost	3180.00
Total Expenditure Excluding Other Expenditure	24440.00
Other Expenditure	2910.00
Total Expenditure	27350.00
Interest	10.00
Profit Before Depreciation & Taxes	4100.00
Depreciation	400.00
Profit Before Tax	3700.00
Provision for Taxation	670.00
Adjusted Net Profit	3030.00
Face Value of Share (in Rs.)	10.00
Paid-up Equity Share Capital	6700.00
Basic EPS (in Rs.)	4.52
Diluted EPS (in Rs.)	4.52
Non-promoter Shareholding (%)	33.52

Recent developments—

Alstom Projects India (APIL) acquired Rs 440 million contracts from Ch Karnchang (Lao) company, an EPC contractor for the supply and erection of hydro-mechanical equipment for Nam Ngum 2 hydropower project in Laos, People's Democratic Republic (PDR), in South East Asia.

Alstom Projects India has bagged four major orders worth Rs 3300 million for equipment supplies and renovation & modernization (R&M) work on four power plants in India. These orders are from NTPC, TATA Power, NALCO and GEA Energy Systems (India) Ltd. The orders confirm the confidence in Alstom's wide spectrum of products, services and solutions such as boilers, heat recovery steam generators and pollution control equipments. NTPC awarded Rs 1140 million contract to a consortium of Alstom-NASL for executing the renovation & modernization program for the 4 x 110 MW boilers at Tanda, Uttar Pradesh. The order consolidates Alstom's position in the R&M business. Alstom shall be working closely with its joint venture partner NASL for offering R&M packages to NTPC and other electricity boards. NALCO awarded Rs 810 million

contract to Alstom for pollution control equipment for its smelter plant in Orissa. Tata Power awarded Rs 1050 contract to Alstom for Tata Steel captive power plant. GEA Energy Systems (India) awarded Rs 300 million contract to Alstom for TNEB plant. Alstom, which has a tie-up with the state-run Bharat Heavy Electricals (BHEL) for 800 mw supercritical boilers, manufacture components for these units at the Durgapur and Shahabad plants.

Valuation—

Company has plans to expand its manufacturing facilities in India to meet the growing demand in thermal and hydro projects. The company is also eyeing emerging opportunities in the nuclear power sector. It is in talks with the Nuclear Power Corporation of India for technology tie-up for manufacturing nuclear turbines in India. The company is expanding the capacities of its plants at Durgapur, Shahabad and Vadodara to meet the rising demand. At CMP, stock is trading at 19.4 X multiple of its FY2008 Estimated earnings. We recommend investors to “BUY” “Alstom projects India limited” with medium to long-term investment horizon.

We invite Readers to send Valuable feedback, stock and subscription queries at E-mail Id- investment_guru1@yahoo.com

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