



AREVA T & D (INDIA) LTD: Q1 CY2007 Results Update

2nd May '2007

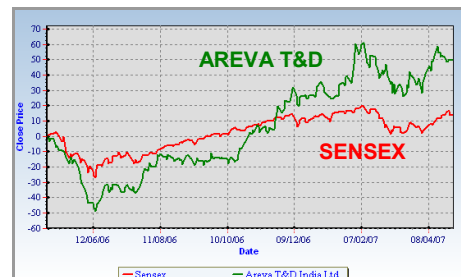
Sector: Power Transmission & Distribution MCap: Rs 4,731.95 Crore

CMP Rs 1,186.25

Share Holding Pattern %	31/03/2007	31/12/2006
Foreign-Promoter & Group	66.65	66.65
Non Promoter (Institution)	16.26	15.36
Non Promoter (Non-Inst.)	17.10	18.00
Grand Total	100.00	100.00

Total No. of Equity Shares: 3.99 crore (FV Rs 10)

Price Performance	
April 30, 2007	1,186.25
1 Month Before	1,086.70
3 Month Before	1,063.20
52 Week High	1,299.00
52 Week Low	389.25



Q1 CY2007 Results Update

In line with the buoyant trend in power equipments, transmission & distribution industry, Areva T & D (India) Limited came out with impressive numbers for the first quarter ended March 2007.

Quarterly Results: All round improvement

The company posted all round jump in top line, bottom line & margins.

Net Sales for the quarter increased 19.41% Y-o-Y to Rs 360.83 crore. PBDIT surged 75.41% to Rs 57.99 crore. The company remained debt free, hence interest cost was negligible. Depreciation cost was higher by 63.40% at Rs 3.35 crore. PAT was higher by 78.70% at Rs 35.24 crore.

Operating Margins improved by 539 bps at 15.59% (10.21%) whereas PAT margins improved 324 bps to 9.72% (6.48%), led by better cost control. RM / Net Sales declined to 65.86% compared to 68.68% in Q1 2006. Total operating cost increased 12.24%. EPS for the quarter stood at Rs 8.84 (Rs 4.94).

New Orders

In January 2007, the company announced bagging of three orders.

The first order is from Reliance Petroleum (RPL) worth Rs 42.5 crore for its Jamnagar refinery in the special economic zone (SEZ) being developed by Reliance Industry. The scope of this order covers 6 nos. 161MVA 220kV Generator Transformers and 2 nos. 100MVA 220kV Auto Transformers. The deliveries are expected to be completed by June 2007.

The company has also won a major order from Nalco for their Angul plant at Orissa, worth Rs 193.4 crore for 220 kV conversion substations, 220kV switchyard, power distribution system and various numerical relays.

Further, the company's Bangalore Unit has received an order for 245 kV wall bushings from GECOL, Libya, worth Rs 16 crore. The order is scheduled to be completed by December 2007.

New Power Transformer Factory

The company held a groundbreaking ceremony for its new power transformer factory to be built in Kotambi village in Vadodara Gujarat, India. The products manufactured in the Company's new state-of-the-art factory will contribute to the country's mega power projects. The Company has planned to invest Euro 35 million in its new manufacturing unit, and the first transformer is due for delivery in December 2008.

Merger of group companies

The merger of three group companies Areva T & D Systems India Ltd, Areva T & D Instrument Transformers India Pvt Ltd, Areva T & D Lightning Arresters Pvt Ltd with the Company, with effect from January 01, 2006 has been approved by the share holders & the matter is pending before the High court. Towards the consideration, a total of 7.9 million new Equity Shares of Rs 10/- each in the Company would be issued to the shareholders of the three merged companies. The diluted equity of Areva T & D (India) Limited will stand at Rs 47.58 crore.

View & Valuation

Power transmission & distribution sector in India is set for massive investment over next decade. The government's proactive policies, increased participation by private sector & increased funding by multilateral agencies would lead to sustained growth of the sector. Initiatives like setting up of ultra mega power projects, privatization of power transmission & distribution projects, the PGCIL's plan for quadrupling the nation grid from 9750 MW to 37500 MW by 2010, rural electrification, modernization of T & D systems to cut T & D losses etc. would trigger big business opportunities for AREVA.

Over next decade, Indian power sector is expected to witness paradigm shift from low voltage to high voltage & extra high voltage T & D systems. Areva is well placed to leverage it's technological edge in providing integrated solution for high voltage (400 to 765 KV) lines encompassing load dispatch centre, transmission lines, transformers, sub-stations, relays, switch gears. Aided by the merger of group companies & aggressive expansion plans, we expect the company to grow at 50-60% CAGR over next three years.

At Rs 1186.25, the stock is trading near its all time high of Rs 1299 & quoting 30x & 22x respectively next two years EEPS of Rs 40 & Rs 54 respectively.

The stock has appreciated 70% from our recommended price of Rs 698 in past 8 months. (Kindly refer our initiating coverage dated 12th August 2006). In the wake of smart run up in the recent past, the stock may consolidate & remain range bound in the near term. Nevertheless, considering the sound financials & good growth prospects over the long term, we remain positive on the stock & recommend HOLD.

Particulars	Quarter Ended		YoY % Change	Year Ended
	200703	200603		
Net Sales	360.83	302.19	19.41	1351.37
Other Income	1.72	2.22	-22.52	18.30
Gross Income	362.55	304.41	19.10	1369.67
Increase/Decrease in Stock	0.75	-0.87	-186.21	-2.20
Consumption of Raw Materials	237.66	207.53	14.52	933.86
Staff Cost	27.95	22.48	24.33	97.41
Other Expenditure	38.20	42.21	-9.50	155.51
Total Expenditure	304.56	271.35	12.24	1184.58
PBDIT	57.99	33.06	75.41	185.09
Interest	0.59	0.31	90.32	3.13
Profit(+)/Loss(-) Before Depreciation & Taxes	57.40	32.75	75.27	181.96
Depreciation	3.35	2.05	63.41	11.48
Profit(+)/Loss(-) Before Tax	54.05	30.70	76.06	170.48
Provision for Taxation	18.81	10.98	71.31	61.62
Net Profit	35.24	19.72	78.70	108.86
Extraordinary item	-0.39	-0.30	30.00	4.65
Adj. Net Profit	35.63	20.02	77.97	104.21
Face Value of Share (in Rs.)	10.00	10.00		10.00
Paid-up Equity Share Capital	39.88	39.88		39.88
Reserves Excluding Revaluation Reserves	0.00	0.00		0.00
Dividend (%)	0.00	0.00		0.00
Basic EPS (in Rs.)	8.84	4.94		27.30
OPM %	15.59	10.21		12.34
PBDT %	15.83	10.76		13.28
NPM %	9.72	6.48		7.95
Tax/PBT %	34.80	35.77		36.15
Raw Material /Net Sales %	65.86	68.68		69.10

End of Report



241/242, Nirmal, 15th Floor, Nariman Point, Mumbai 400 021, India
 Tel: +91 22-2279 5050/51 Fax: +91-22-2279 5279. E- mail: research@asiansecurities.com, Website: www.asiansecurities.com

Disclaimer: The report is based on information published in various news papers, magazines & other media sources. The report is just a compilation of news & reviews & in no way to be seen as recommending or soliciting buy or sell on any stocks/ shares / securities/ commodities of what-so-ever nature. We are not responsible for accuracy or otherwise of the information furnished. The report is intended for the recipient only and not meant for general circulation. Neither **ASIAN MARKETS SECURITIES Pvt. LTD.**, nor any of its affiliates, directors, employees accept any responsibility of whatever nature for information, statements, opinion given herein or any omission there from.