

RESULTS REVIEW

Share Data

Market Cap	Rs. 19.9 bn
Price	Rs. 297.20
BSE Sensex	9,042.63
Reuters	ABBP.BO
Bloomberg	ABBAP IN
Avg. Volume (52 Week)	0.05 mn
52-Week High/Low	Rs. 763/ Rs. 191
Shares Outstanding	67 mn

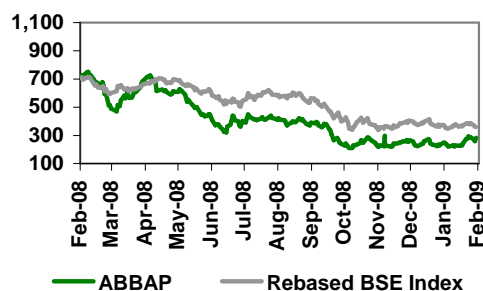
Valuation Ratios (Consolidated)

Year to 31 March	2009E	2010E
EPS (Rs.)	16.3	13.9
+/- (%)	42.7%	-15.0%
PER (x)	18.2x	21.5x
EV/ Sales (x)	0.8x	1.0x
EV/ EBITDA (x)	10.2x	15.9x

Shareholding Pattern (%)

Promoters	66
FII's	1
Institutions	14
Public & Others	18

Relative Performance



Alstom Projects India Ltd

Hold

Cautious near-term outlook

Alstom Project India Ltd (APIL)'s Q3'09 revenue jumped 35.3% yoy to Rs. 5.4 bn primarily due to better execution. On the other hand, operating margin contracted 92 bps yoy to 7.96%. In the absence of any near-term triggers, we maintain our Hold rating on the stock. Further, we believe that:

- **Revenue growth will decline in the near term:** APIL has not received any substantial new orders in FY09. Given that most of the orders for the 11th Five-Year plan have already been awarded, we expect the order book to decline in the upcoming quarters. As a result, we have maintained our revenue contraction to the tune of 15–18% and 4–6% for FY10 and FY11, respectively. Thereafter, we expect revenues to surge, given the potential of the power sector in India.
- **Non-conventional energy to act as a catalyst:** India has always remained a power deficit country. There is a growing need to not only develop the conventional sources of energy but also develop non-conventional sources such as nuclear and hydro power. The country plans to increase its nuclear power generation from the current 4,100 MW to 52,000 MW by 2020 and APIL is expected to be a major beneficiary of this exercise. This is because we believe that the Company is well equipped to manufacture nuclear equipment by using its existing plant in Vadodara, Gujarat, which manufactures hydroelectric power generating components at present.

Key Figures (Standalone)

Quarterly data	Q3'08	Q2'09	Q3'09	YoY%	QoQ%	9M'08	9M'09	YoY%
(Figures in Rs. mn, except per share data)								
Net Sales	3,968	5,812	5,369	35.3%	(7.6%)	10,362	14,826	43.1%
Adj. EBITDA	414	792	523	26.3%	(34.0%)	983	1,565	59.2%
Adj. Net Profit	301	590	314	4.3%	(46.8%)	718	1,087	51.4%
Margins(%)								
EBITDA	10.4%	13.6%	9.7%			9.5%	10.6%	
NPM	7.6%	10.2%	5.8%			6.9%	7.3%	
Per Share Data (Rs.)								
Adj. EPS	4.5	8.8	4.7	4.3%	(46.8%)	10.7	16.2	51.4%

Valuation

We have upgraded our revenue growth for APIL post FY11 on account of the country's inclination towards building non-conventional sources of energy. At the current market price (CMP), the stock trades at a forward P/E of 18.2x and 21.5x for the revised FY09E and FY10E earnings, respectively. Based on DCF valuation, assuming a WACC of 17.6% and a terminal growth of 5%, we have arrived at a fair value estimate of Rs. 292, resulting in a downside of ~2% over CMP of Rs. 297.2. Hence, we maintain our Hold rating on the stock.

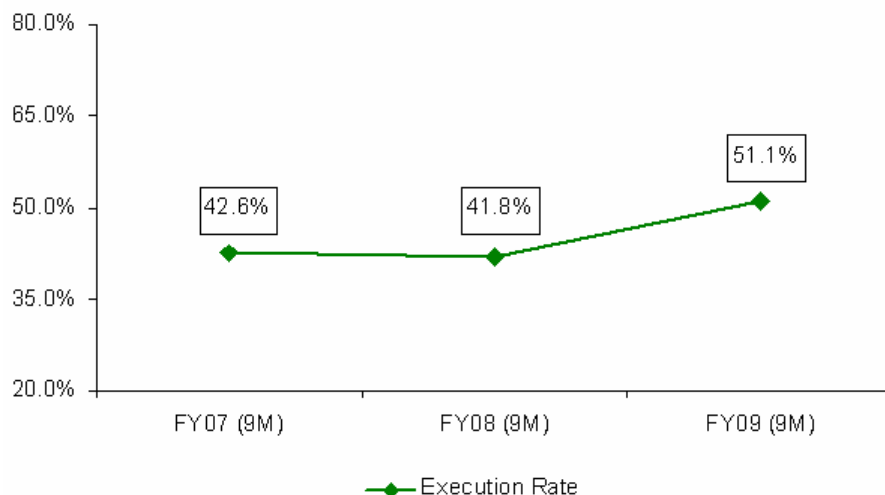
Sensitivity of Fair Value to WACC and Terminal Growth

Terminal growth (in %)		WACC (in %)				
		16.6	17.1	17.6	18.1	18.6
3.50		303	293	284	275	267
4.50		310	299	289	280	272
5.00		313	302	292	283	274
5.50		318	306	296	286	277
6.00		322	310	299	289	280

Result Highlights and Outlook

APIL's revenue in Q3'09 surged 35.3% yoy to Rs. 5.4 bn on the back of a healthy execution rate. While order backlog increased 17% yoy, the execution rate improved from ~42% in 9M'08 to ~51% in 9M'09. This provides a positive outlook about the Company's ability to execute orders at a faster pace.

Revenue continues to surge



Twelfth Five-Year plan to stimulate revenue growth

The operating profit for the quarter advanced 20.7% yoy to Rs. 427 mn after the cost of goods sold to sales fell 41 bps yoy to 67.71%. The net profit stood at Rs. 314 mn, advancing 4.3% yoy.

Muted order inflow in the near term: With mounting energy demand, limited availability of conventional sources, and a strong consensus for environmental protection, India is expected to make a paradigm shift towards building more non-conventional sources of energy. However, we foresee muted order inflow for the Company in the near term. Growth in the order inflow is only expected to come only when the orders under the 12th Five-Year plan are released. The plan envisages capacity addition of 82,000 MW, comprising 30,000 MW of hydro, 40,000 MW of thermal, and 11,000–13,000 MW of nuclear energy.

Key Risk

Competition from established players such as BHEL and L&T is key risk to our rating.

Key Figures (Consolidated)

Year to March	FY06	FY07	FY08	FY09E	FY10E	CAGR (%)
(Figures in Rs. mn, except per share data)						(FY08-10E)
Net Sales	9,456	12,215	15,471	19,424	16,437	3.1%
EBITDA	452	1,209	984	1,574	1,007	1.2%
Net Profit	479	1,115	765	1,092	928	10.2%
Margins(%)						
EBITDA	4.8%	9.9%	6.4%	8.1%	6.1%	
NPM	5.1%	9.1%	4.9%	5.6%	5.6%	
Per Share Data (Rs.)						
EPS	7.1	16.6	11.4	16.3	13.9	10.2%
PER (x)	51.7x	23.8x	51.0x	18.2x	21.5x	

Disclaimer

This report is not for public distribution and is only for private circulation and use. The Report should not be reproduced or redistributed to any other person or person(s) in any form. No action is solicited on the basis of the contents of this report.

This material is for the general information of the authorized recipient, and we are not soliciting any action based upon it. This report is not to be considered as an offer to sell or the solicitation of an offer to buy any stock or derivative in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information of clients of Indiabulls Securities Limited. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. You are advised to independently evaluate the investments and strategies discussed herein and also seek the advice of your financial adviser.

Past performance is not a guide for future performance. The value of, and income from investments may vary because of changes in the macro and micro economic conditions. Past performance is not necessarily a guide to future performance.

This report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. Any opinions expressed here in reflect judgments at this date and are subject to change without notice. Indiabulls Securities Limited (ISL) and any/all of its group companies or directors or employees reserves its right to suspend the publication of this Report and are not under any obligation to tell you when opinions or information in this report change. In addition, ISL has no obligation to continue to publish reports on all the stocks currently under its coverage or to notify you in the event it terminates its coverage. Neither Indiabulls Securities Limited nor any of its affiliates, associates, directors or employees shall in any way be responsible for any loss or damage that may arise to any person from any error in the information contained in this report.

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 stock 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. No part of this material may be duplicated in any form and/or redistributed without Indiabulls Securities Limited prior written consent.

The information given herein should be treated as only factor, while making investment decision. The report does not provide individually tailor-made investment advice. Indiabulls Securities Limited recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. Indiabulls Securities Limited shall not be responsible for any transaction conducted based on the information given in this report, which is in violation of rules and regulations of National Stock Exchange or Bombay Stock Exchange.