

# Alstom Projects India Ltd. ★★

|                     |                       |                      |                                   |
|---------------------|-----------------------|----------------------|-----------------------------------|
| Sector: Engineering | CMP: Rs. 465.6        | Book Value: Rs.44.86 | Avg. Daily Vol. - BSE (6m):288307 |
| BSE Code: 532309    | Trailing EPS: Rs.10.6 | M Cap: Rs.31197.8 mn | Face Value: Rs. 10/-              |
| NSE Code: APIL      | Trailing P/E: 43.9    | Free Float: 34 %     | 52Wk H/L: Rs.484.4/180.0          |

## Technical Outlook (In short)

**One can buy current levels with a stop loss of 420 for the target of 510.**

### Background

- **Alstom Projects India Ltd** (APIL), incorporated on September 2, 1992, has been a long term player in India in the energy and transport infrastructure business, supplying critical electrical and industrial equipment including boilers and turbines and pollution control equipment for power plants. The company's current order book position stands at Rs 2,1000 mn. Order for hydroelectric projects is valued at Rs 1,0000 mn.
- The Power segment of the company is engaged in the business of engineering, procurement and construction of power plants. A joint venture between Alstom and NTPC has a mandate for the total renovation and modernization (R&M) business in India and the SAARC countries for thermal power plants and thermal based utilities.
- The transport segment is engaged in the business of designing, manufacturing, supplying and supporting large scale transportation systems. Alstom's Transport sector is among the leaders in rail transport in the world. The Transport sector in India has tremendous potential in view of upcoming metro projects in Bangalore, Hyderabad, the Ahmedabad and other major cities in the near future.
- The company has been selected for a €65 millions project with India's National Hydroelectric Power Corporation (NHPC) for the turnkey supply of power generation equipment to the Subansiri Hydro Power Project, in Assam, India. The project will be the largest hydropower scheme in the country. The contract value is around Rs.7460 million.
- The 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.

- The company has received an order valued Rs.10000 mn to build a 469 MW combined cycle power plant for Gautami Power Ltd.
- For H1FY 07, the total revenues have grown by 21%. Operating profit margins have improved from 3.9% to 8.4%. The net profits have registered a growth of 135.7% at Rs.429.0mn. Backed by a strong order intake of Rs.21000 mn and improved sales growth and with the company embarking on wide range plan to substantially strengthen and widen Indian operations in the Power Generation Sector where the opportunities for growth are high, the company is well placed to take advantage of these opportunities.

### Financial Overview

(Rs Millions)

| Particulars | FY05   | FY06   | H1FY06 | H1FY07 |
|-------------|--------|--------|--------|--------|
| Sales (Rs.) | 8285.0 | 9456.0 | 4057.0 | 4914.0 |
| % Growth    | 40.4   | 14.1   | 28.1   | 21.1   |
| Op Profit   | 355.0  | 437.0  | 157.0  | 412.0  |
| % Growth    | 62.8   | 23.1   | 34.1   | 162.4  |
| OPM (%)     | 4.3    | 4.6    | 3.9    | 8.4    |
| PAT (Rs.)   | 351.0  | 463.0  | 182.0  | 429.0  |
| % Growth    | 13.6   | 31.9   | 66.9   | 135.7  |
| PATM (%)    | 4.2    | 4.9    | 4.5    | 8.7    |
| Equity Capt | 670.0  | 670.0  | 670.0  | 670.0  |
| EPS (Rs.)   | 5.2    | 6.9    | 2.7    | 6.4    |
| RONW (%)    | 13.2   | 15.8   | -      | -      |

(Source: Capitaline)



The short term trend is bullish for the stock. One can buy at current levels with a stop loss of 420 for the target of 510.

### Rating Methodology

“**Equity Pick**” is an investment idea with the purpose to recommend a fundamentally good company with future growth prospects and a technical outlook, advising the entry and exit from the investment.

In order to recommend a fundamentally strong company, a ranking system has been carved out based on various financial parameters on a ranking scale of 1.5-9.5 for each metric.

#### *Analyst Stock Rating*

After ranking each parameter, a final score is arrived at and the rating is done as follows:

- ❑ **Average (\*)** - A stock with final score between 49 and 76 is given an “average” rating, denoted by one star.
- ❑ **Good (\*\*)** - A stock with final score between 77 and 104 is given a “good” rating, denoted by two stars.
- ❑ **Excellent (\*\*\*)** - A stock with final score of 105 and above is given an “excellent” rating, denoted by three stars.

**The Rating System would give an assurance as to the strong fundamentals of the company but should not be relied upon as an investment advice. The decision for entry and exit will depend upon the technical outlook.**

## Notes

| <u>HNI Sales</u>   | <u>Institutional Sales</u>                                   |
|--|--|
| <b>Bharat Patel</b><br>Tel.: 91-22-28577303/28577309   | <b>Sharmila Joshi</b><br>Tel.: 91-22-22695078 / 22700119-121 |
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