

May 11, 2007

Not Rated

Price	Target Price
Rs1, 542	NA

Sensex	13,771
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Price Performance

(%)	1M	3M	6M	12M
Absolute	19	6	30	2
Rel. to Sensex	14	13	24	(7)

Source: Capitaline

Stock Details

Sector	Power Equipments
Reuters	BBJL.BO
Bloomberg	BIJL @IN
Equity Capital (Rs mn)	57
Face Value	10
52 Week H/L	1,709/750
Market Cap	Rs8.7
Daily Avg Volume (No of shares)	10050
Daily Avg Turnover (US\$)	0.3

Shareholding Pattern (%)

(31st Mar.'07)	
Promoters	35.4
FII	2.8
Institutions	26.2
Private Corp.	7.7
Public	27.9

Electrifying results**Bharat Bijlee has reported outstanding results**

Bharat Bijlee's sales growth in Q4FY07 was 74% to Rs.1790 mn. The company's EBITDa has increase a stupendous 105% to Rs.445 mn, and its EBITDA margin at 24.8%, up from 21% in Q4FY06.

For FY07, net sales at Rs.4,669 mn is a 56% yoy increase. BBL's EBITDA for FY07 was at 883 mn, up 72% from Rs.512 mn in FY06. The EBITDA margins have expanded to 18.8% from 17.0% in FY06. The PAT is up 64% to Rs.551 mn.

We believe that this increase in margin is purely on account of increased operating leverage. The company has the advantage of all its manufacturing facilities at a single location. Hence as overhead expenses get apportioned over a larger base, the company has seen its EBITDA margin's expand. We believe that the company should be able to sustain an EBITDA margin of 19% over FY08E-FY09E.

	FY07	FY06	YoY	Q4FY07	Q4FY06	YoY
Net Sales (Rs. mn)	4,669	3,008	56%	1,790	1,031	74%
EBITDA (Rs. mn)	883	512	72%	445	216	105%
EBITDA (%)	18.8	17.0	177 bps	24.8%	21.0%	385 bps
Rep PAT (Rs. mn)	551	337	64%	291	131	122%
EPS (Rs.)	97.5	59.6	64%	51.5	23.2	122%

We would be releasing our transformer industry report shortly and believe that the company would be able to continue its growth momentum for the next 2-3 years.

Bharat Bijlee has announced a dividend of Rs.25 per share (250%) and is currently trading at 16x its FY07 EPS of Rs.97.5. Though we have not yet rated the stock, we firmly believe that the company is poised for a good time ahead.

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