

ALSTOM India Ltd (CMP 650 Face Value Rs 10) :

Alstom, a **global leader** in **energy generation, transmission and rail infrastructure**, has gained an enviable reputation through the quality of its products and services. We are committed to customer satisfaction by continuously improving our products and setting the benchmark for innovative and environmentally conscious technologies. In India, Alstom offers full range of products and services for power generation, transport and transmission sector.

In the power sector, Alstom is a leader in clean technologies for all types of fuel including gas, coal, hydro, nuclear, solar, wind, etc. It offers a comprehensive range of power generation solutions - from integrated power plant to associated services including plant modernisation, maintenance and operational support.

A promoter of sustainable mobility, the Transport sector is the only multi specialist constructor in the railway sector covering everything from rolling stock and maintenance to signalling and infrastructures.

The Grid sector offers products, power electronics, automation and turnkey solutions, alongside a full range of services, to its customers across high, extra high and ultra-high voltages (66 kV to 765 kV/1200 kV). It designs and manufactures equipment and engineered turnkey solutions to manage power grids and transmit electricity from the power plant to the large end-user, be it a distribution utility or an industrial process or production facility.

At the heart of the development of Smart Grid, Alstom Grid in India offers fully localised products, services and integrated energy management solutions across the full energy value chain - from power generation, through transmission and distribution grids and to the large end user. It offers products and Services by Range, Market, Engineered Solutions and Smart Grid.

While quarterly sales have shown volatility between 450 cr to 700 cr for the last 10 quarters, operating profit has improved from 12 cr to 58 cr from Jun 12 to Sep 14. In the same period other income doubled from 19 to 38 crore, while EBIDT tripled from 32 cr to 97 cr., tax expenses rose from 6 cr to 41 cr.

Net profit rose from 13 cr to 86 crore, more than 7 times in last 10 quarters. Giving EPS of 12.8 in SEP 14 quarter, which was 1.92 in JUN 12.

The company has technology MOAT, which places it as a top notch player in Power Sector.

This debt free company has a good ROE of 25.94%, and ROCE of 22.11% for the last 3 years, which will only improve due to fall in input price and revival of power sector.

We expect company to post EPS of Rs 60 for FY16, which discounts CMP of Rs 650 at just 11 times 1 year forward earning, Going forward we expect stock price to touch 1200 in next 12 months discounting its current price to earning of 20 times at which all MNC companies trades at.

This is mainly due to Falling commodity prices along with cost control measures implemented by the company resulted in robust bottomline of the company, which can be seen in Sept quarter result.

Company maintains healthy dividend payout of 32.68%, which will double Dividend per share from current Rs 10 to Rs 20.

Good performance to continue going forward, looking at manufacturing push by the government, plus good demand likely from power and energy sector added with demand from Railway Sector, as announced by PM Modi, as company is multi specialist constructor in Railway sector, covering everything from rolling stock and maintenance to signaling & infrastructure.

After GE takeover, AIL to become GE India, only listed GE company outside of USA. Company to get benefit of GE product portfolio & technology going forward.

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