

***AREVA T&D India
Q1 2011 Results***



May 16th , 2011

▶ Forward-looking statements

- ◆ This document contains forward-looking statements and information. These statements include financial forecasts and estimates as well as the assumptions on which they are based, statements related to projects, objectives and expectations concerning future operations, products and services or future performance. Although the management believes that these forward-looking statements are reasonable, Interested parties are hereby advised that these forward-looking statements are subject to numerous risks and uncertainties that are difficult to foresee and generally beyond AREVA T&D India's control.

Indian Economy

- ◆ Overall trend of the Indian economy is positive
- ◆ The impact of hike in the interest rates might have some impact on Capex by private sector
- ◆ Rising commodity prices are of concern- [impact on input cost for most industries]
- ◆ Awaiting policy initiative to accelerate infrastructure spending

T&D Market

- ◆ Market is still flat [Power Gen capacity for 11th plan is expected to land around 55 GW]
 - ◆ NTPC Bulk tender decision (now sub-judice) is delayed
- ◆ Industry & Infrastructure sectors are yet to show positive growth in Capex
- ◆ Change in pre qualification criteria of 765 kV substation tenders of PGCIL has lead to entry of many EPC companies increasing competition
- ◆ Chinese suppliers continue to be very aggressive in Transformers
- ◆ Most of the large T&D projects are delayed leading to continued price pressure. Price correction is yet to be seen.
- ◆ We continue to hope for T&D market to revive in S2 of 2011

▶ Orders / Backlog:

- ◆ Orders intake increased by 23% compared to Q1 2010 inspite of lower ordering and price fall
- ◆ AREVA T&D maintains leadership position in Q1 2011
- ◆ Order backlog continues to remain healthy : 5% higher than last year Q1

▶ Sales growth:

- ◆ 28% increase over Q1 2010 in spite of
 - Price erosion on orders of 2009 and 2010
 - Delayed customer clearances

▶ Operating profit:

- ◆ Increased to 6.0% from 2.6% of Q1 2010 in spite of lower prices due to:
 - High sales volumes – fixed cost spread over large volumes
 - Better cost control and cost optimization across all businesses

Improvement in Q1 2011 results are due to volume performance & better cost control

Major Gains in Utility Segment:

▶ Power Grid (Vindhyachal) 765 kV substation	: + 1350 M ₹
▶ CSPTCL (220 kV Substation at Churri)	: + 410 M ₹
▶ MSETCL (Substation & transformer)	: + 770 M ₹
▶ Tripura State Electric Corporation	: + 300 M ₹

Industry / Infrastructure:

▶ JP (substation & transformer at Nigrie)	: + 1050 M ₹
▶ Doosan Projects (GT for Raikheda)	: + 390 M ₹
▶ Aditya Birla (E&I Pkg for Lapanga smelter)	: + 500 M ₹
▶ Reliance Infra (transformer packages)	: + 620 M ₹
▶ Enercon (Distribution transformer)	: + 200 M ₹
▶ Moser Baer (Substation)	: + 170 M ₹

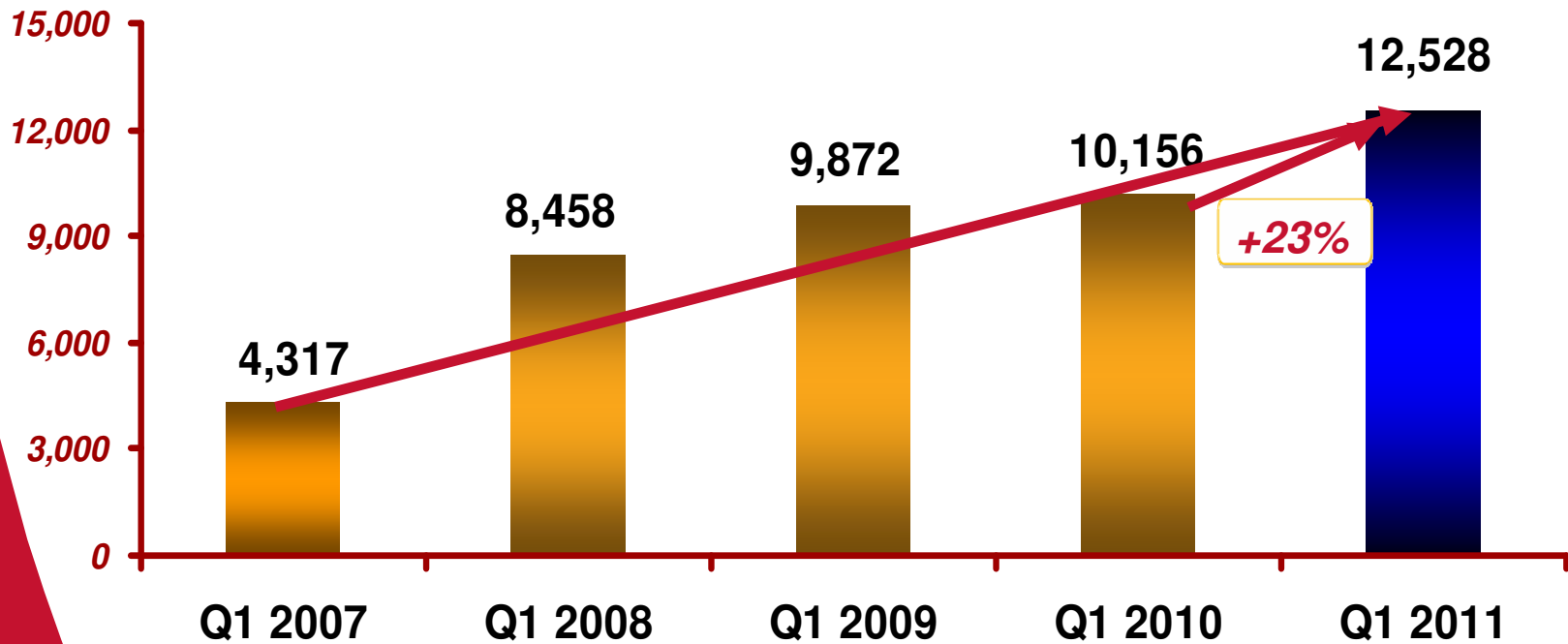
Strong increase in Order Intake

Major Gains in:

- ▶ Industry and Infrastructure segment
- ▶ State Utilities
- ▶ National Utilities

+190%
2007-2011

In MINR



Maintains leadership position for 4th year

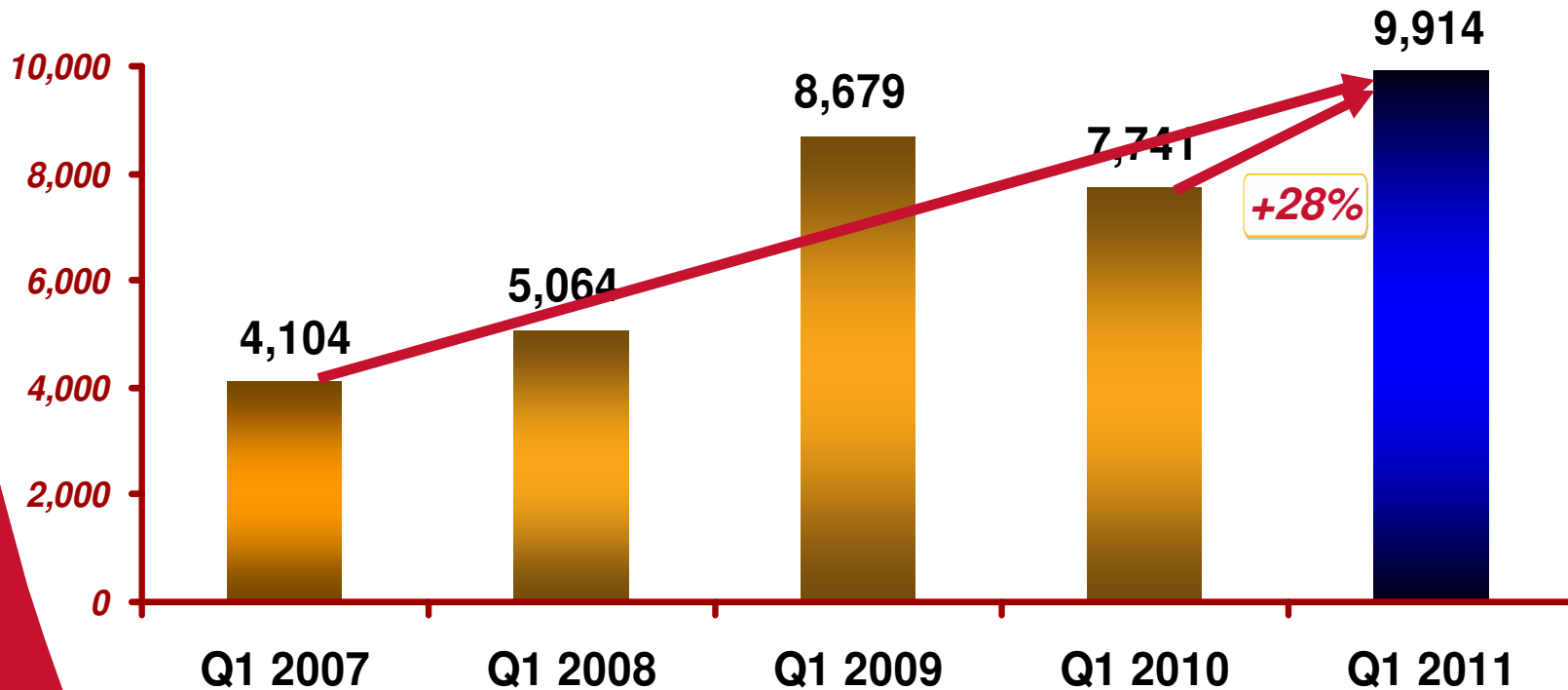
Strong increase in Sales

Good growth in Sales (YOY) despite project delays at customer end :

- ▶ Ramp up of the green field sites
- ▶ Better execution of contracts

+142%
2007-2011

In MINR

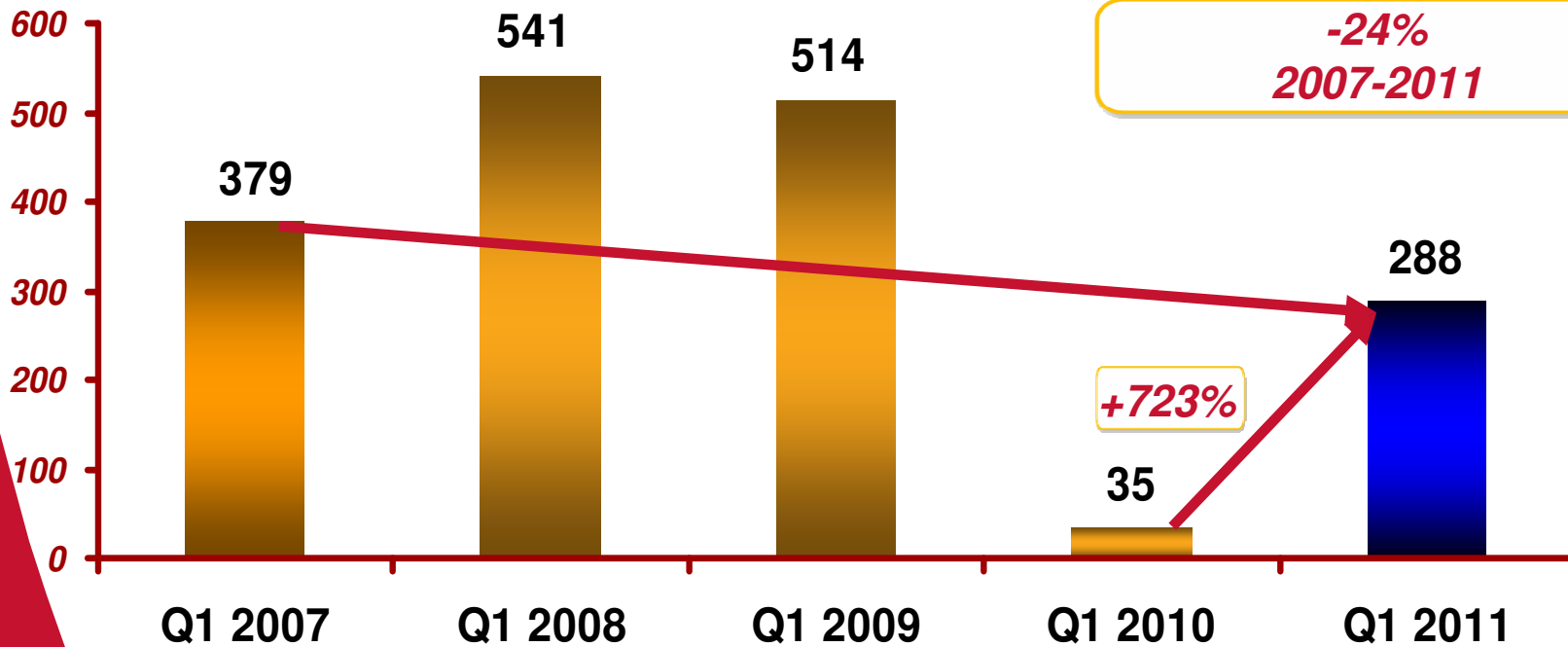


Strong backlog supports recovery

Strong recovery in profits (YOY) in spite of lower prices and customer delays:

- ▶ Higher sales
- ▶ Better cost control and optimization across all businesses

In MINR



Improvement in profit through cost control and volume effect

In M ₹	Actual 2010	Actual 2011	Δ 2011 / 10
Sales Revenue	7,741	9,914	28.1 %
Operating Income	205	591	188.3 %
As % of Sales	2.6%	6.0%	3.4 pts
Profit After Tax	35	288	722.9 %
As % of Sales	0.4%	2.9%	2.5 pts
Order Backlog	49,750	52,041	4.6 %

AREVA Global Transmission & Distribution Business Sale

- ▶ Consequent to a decision to exit the T&D business, Areva on January 2010, informed that a Share Purchase Agreement was signed between AREVA Group and Alstom-Schneider Electric and the completion of the sale transaction was subject to obtaining the merger clearances from EU Commission and other Competition authorities.
- ▶ On 28th of May 2010, a public announcement (PA) was made by DSP Merrill Lynch (DSP) manager to the open offer (on behalf of the acquirer Alstom-Schneider) to the equity shareholders of Areva T&D India to acquire up to 47.8 mn shares constituting 20% of issued share capital of AREVA T&D India at Rs. 295.34 per share
- ▶ On 7th of June 2010, the sale process worldwide except India was closed after Alstom-Schneider Electric got clearances from all the required authorities
- ▶ On 3rd of December 2010, it was informed by the acquirers that the open offer process was completed and as a result of it the acquirers had acquired 2,906,624 (1.22%) equity shares tendered by the aforesaid erstwhile shareholders. Consequently, on completion of formalities, the Promoters holdings stand increased to 175,492,524 (73.40%) equity shares in Jan 2011
- ▶ In terms of the open offer document which states about the separation of the business, on the completion of open offer process such that the transmission business will be allocated to Alstom Group of Companies and distribution business will be allocated to Schneider Group of Companies
- ▶ In line with the above the board of directors of the company have given their approval in principle to the draft scheme of arrangement for the demerger of the distribution business to a wholly owned subsidiary (Smartgrid Automation Distribution and Switchgears Ltd.) and approval for the scheme have also been received from the 3 stock exchanges where our shares are listed



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