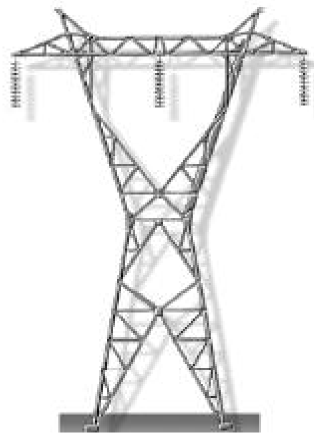
August 2009

mPower

monthly round-up of power utilities

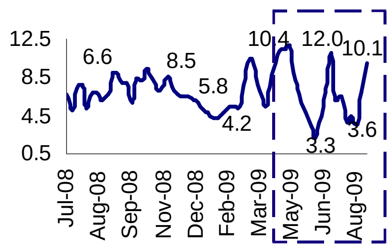
In this edition

Special Reports (page 2)	Grid indiscipline to impact cash flows of distribution entities **CERC** issues guidelines for Medium / Long term open access Increased reliance on imported coal Progress on captive mines development slow
Statistical Review - July 2009 (page 10)	Capacity addition: 0.75GW vs Target of 1.2GW Power generated: 62.1BU (up 4% YoY) PLF: 61.3% (down 20bp YoY) Base Deficit: 8.2% (down 330bp YoY) Peak Deficit: 12.6% (down 320bp YoY) Short term prices: Rs10.1/unit for week ended 16th August, 2009 vs Rs3.6/unit in week ended 19th July 2009
Company / Industry analysis (page 16)	**Adani Power:** IPO Note **NHPC:** IPO Note **Reliance Infra:** Annual Report Analysis **CESC:** 1QFY10 PAT higher than estimates **NTPC:** 1QFY10 marginally ahead of estimates
News and Events (page 22)	Forest official advises Maharashtra government against issuing a mining license to Adani Power L&T-Mitsubishi JV bags Rs 40b order from J P Ventures Planning Commission to take mid term review of MoP MSETCL signs MoU with Rural Electrification Corporation to raise Rs 40b for transmission projects Government mulls 10% stake sale in Satluj Jal Vidyut Nigam CERC reviewing power trading margin cap to assess if it is impacting viability of trading business in India
Valuation and View (page 27)	We remain **neutral** on the sector given rich valuations and project execution delays.

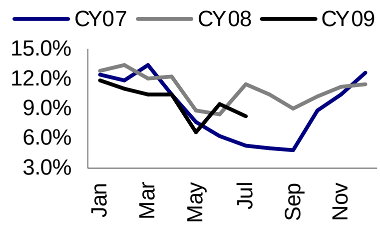


AT A GLANCE

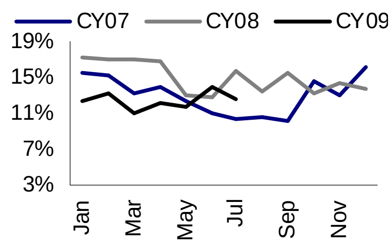
ST trading prices at Rs10.1/unit



Base deficit down by 330bp YoY



Peak deficit down by 320bp YoY



Comparative Valuation

	EPS (Rs)		EPS Growth (%)		RoE (%)		P/BV (x)		P/E (x)		EV/EBITDA (x)	
	FY09	FY10	FY09	FY10	FY09	FY10	FY09	FY10	FY09	FY10	FY09	FY10
NTPC	9.9	10.2	9.9	3.5	14.8	14.1	2.9	2.7	20.6	19.9	15.8	9.3
Reliance Infra	44.3	44.9	52.3	1.3	10.2	9.1	2.5	2.3	25.1	24.8	20.1	20.0
Tata Power	57.6	73.9	90.4	28.3	8.2	9.6	3.4	3.2	21.7	16.9	23.6	15.9
CESC	29.3	26.1	11.1	-11.0	12.8	10.3	1.4	1.3	10.7	12.0	6.4	7.2

Source: MOSL

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Special Report

Grid indiscipline to impact cash flows of distribution entities

Negative for NTPC, NHPC; Marginally positive for Merchant projects

The Forum of Regulators comprising of Chairpersons of Central Electricity Regulatory Commission (CERC) and State Electricity Regulatory Commissions, have agreed that the additional unscheduled-interchange (UI) charges imposed on distribution utilities for overdrawal from the grid would not be allowed to be recovered from consumers through tariff orders from August 1, 2009.

This decision is based on the recommendation of the Parliamentary Standing Committee on Energy that the regulators should evolve such practice that when the Annual Return Rates are being filed, the damages which have been imposed as UI charges should be stated separately and very clearly and those payments which are in the nature of damages, should not go to show purchase of power because that really is the inefficiency or incompetence of that particular distribution company.

UI norms

Peak cap rate (Rs/unit)	7.53
Frequency range for grid	49.2 - 50.3 Hz
Overdrawal	Limit at 112% of scheduled generation OR 150MW whichever is lower for any time block of 15 minutes, particularly when frequency is below 49.5 Hz AND 103% on daily basis
Under Injection	Generator / Seller can not under-inject more than 12% of schedule during any time block of 15 minutes, when frequency is below 49.5 Hz AND 3% on daily basis
Overdrawal / Under injection below 49.2 Hz	Additional UI rate of 40% over prevailing rate

Source: CERC

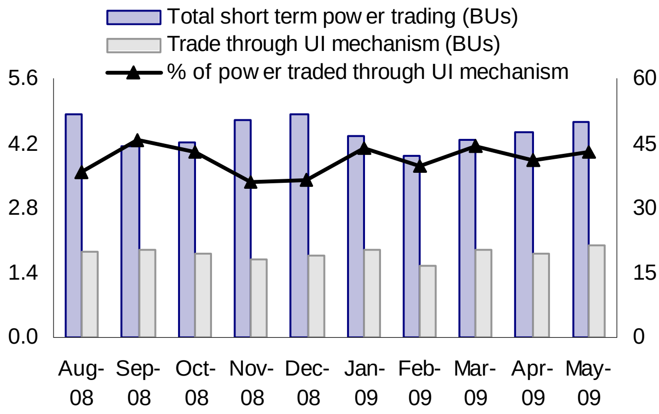
Intent is to arrest the inefficiency of state distribution utilities in terms of estimating demand

We understand that the key intention behind these norms is to arrest inefficiency of various state distribution utilities in terms of estimating demand; and also to promote UI mechanism as a grid discipline and not for trading of electricity. Thus, now the distribution utilities will be responsible for any payments on account of UI through their own finances. This we believe will act as a key deterrent.

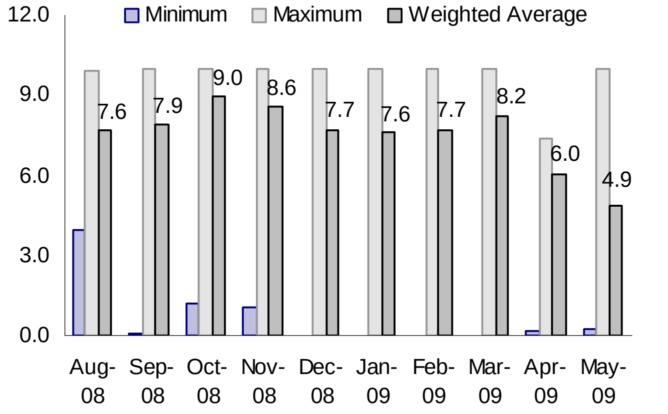
UI mechanism accounts for 43% of total power trading currently, and is thus a meaningful contributor

Of the total short term power traded in India, ~43% is sold through UI mechanism, while bi-lateral trade accounts for 50% and balance ~7% is through power exchanges. Thus, in May 2009, of the 4.6BUs of power traded, 1.9BUs was through UI mechanism. UI mechanism accounted for 3.1% of the power generation in India in May 2009, and is thus a sizeable component. Also, prices in UI trades have been invariably high, and stood at Rs4.17/unit in May 2009.

UI contributes ~43% of power trading



UI prices have averaged at Rs7.5/unit since August 2008

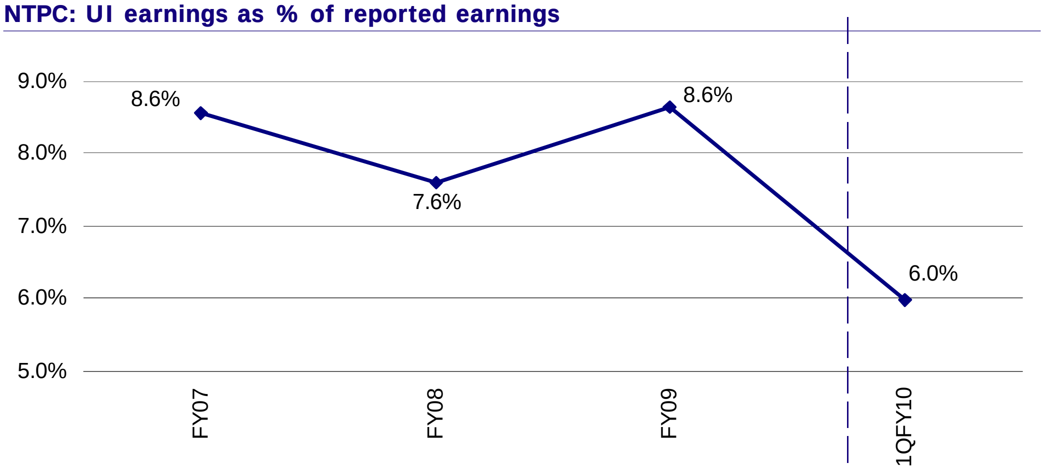


Source: Company/MOSL

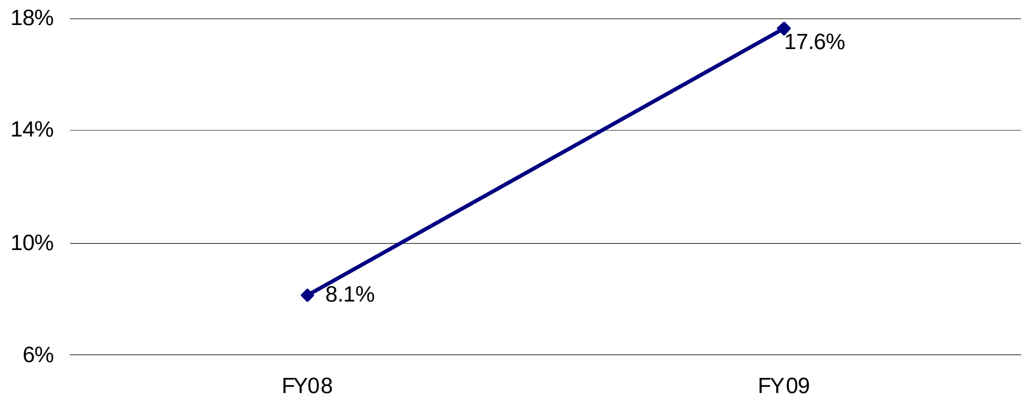
NTPC, NHPC have been key beneficiaries of UI charges

Amongst generation companies, NTPC and NHPC have been key beneficiaries of UI charges. As per the details available from Regional Load Despatch Centres, FY09 UI earnings for NTPC stood at Rs7b and for NHPC at Rs2.2b. These accounted for 8.6% of the total FY09 earnings for NTPC and 17.7% for NHPC. Since FY07, the contribution of UI earnings to reported profits for NTPC has remained the same at 8.6% in FY09.

NTPC: UI earnings as % of reported earnings



NHPC: UI earnings as % of reported earnings



Source: RLDCs

Proposed norms negative for NTPC, NHPC; positive for merchant power projects

1. Distribution entities will now have to more accurately estimate demand patterns, as UI charges will not be recovered from customers. This will also lead to generators like NTPC, NHPC, etc having a more accurate estimate on generation, given the lower demand from UI mechanism.
2. UI mechanism will be used more as a grid diplomacy mechanism and thus any additional demand from state utilities will have to be met from short term power procurements. This entails increased merchant power demand, to an extent.

CERC takes strong stance, punishes three distribution entities with persistent grid in-discipline

CERC has imposed penalties on 3 State Utilities for grid indiscipline after going through the due legal process. These include Tamil Nadu Electricity Board (TNEB), which has been ordered to pay Rs15m, Karnataka Power Transmission Corporation Limited (KPTCL) of Rs1.7m and Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPNL) of Rs0.5m.

These penalties have been imposed for violation of the Indian Electricity Grid Code (IEGC) provisions which require the constituents (State Utilities) to undertake manual load shedding for curtailing the overdrawl whenever the grid frequency goes below 49Hz. This threshold frequency has been raised to 49.2Hz by CERC w.e.f. 01.04.2009. Certain state utilities were indulging in repeated and persistent overdrawl from the grid in violation of the IEGC and thus endangering the grid security.

TNEB was found to be in contravention of the IEGC on 150 occasions whereas KPTCL and RRVPNL were found to be in contravention of grid code provisions on 17 and 5 occasions respectively. The Commission has also directed the chiefs of the utilities to appear personally before the Commission, being the head of the corporate bodies found contravening the grid code regulations of the Commission.

Special Report

CERC issues guidelines for Medium / Long term open access

Provides fair play to new merchant capacities being planned

CERC has notified regulations for Medium and Long term Open Access, to ensure fair play and availability of inter-state transmission open access to various categories of players / project developers. The nodal agency for seeking connectivity, medium term open access or long term access would be the Central Transmission Utility, i.e. Powergrid Corporation of India. The key features are:

- Any generating plant having installed capacity of atleast 250MW and any bulk consumer having atleast a load of 100 MW can seek connectivity to interstate transmission system.
- Grid connected entities can seek either medium term open access or long term access to interstate transmission system.
- The start date for the medium term open access shall not be earlier than 5 months and not later than 1 year from the last day of the month in which the application has been made.
- The regulation also provides for direct connectivity to Grid (no dedicated transmission line to be constructed) for thermal power project of at least 500MW and hydro power project of at least 250MW.

Medium term open access (3 months – 3 years)

- Medium term open access would be available for any period between three months to three years and it shall be provided on the basis of availability of transmission capacity in the existing transmission system. No augmentation of transmission system is envisaged for granting medium term open access.
- An entity who has been granted medium term open access can exit after giving a notice of thirty days or by paying transmission charges for a period of thirty days.

Long term open access (12 years – 25 years)

- Long term access can be availed for any period between 12 years to 25 years and might require augmentation of transmission capacities.
- Long term access can be applied by indicating the regions in which supply is to be made or power is to be drawn. A generator would have an option to firm up the States in which supply is to be made any time, but atleast three years in advance before the commencement of long term access so that the transmission service provider can construct necessary last mile connectivity.
- Long term access can be extended further by giving a notice of six months period.
- It will be possible to exercise exit option from long term access without any financial liability if the access has been availed for atleast 12 years and an advance notice is given atleast one year before such exit.
- Regulations provide for exit option even before the period of 12 years at a notice of one year but subject to payment of specified charges if it is likely that the transmission capacity being vacated will remain idle. If the transmission capacity is likely to be stranded, the concerned entity shall be required to pay 2/3rd of the net present value of the estimated transmission charges for the remaining period falling short of 12 years.

Applications to be processed on first-come-first-served basis; priority based on duration

Application for long-term access or medium-term open access shall be processed on first-come-first-served basis. Also, applications received during a month shall be construed to have arrived concurrently. Also, while processing applications for medium term open access received during a month. The application seeking access for a longer term shall have priority. On the expiry of the period of the medium term open access, the medium term customer shall not be entitled to any overriding preference for renewal of the term.

Curtailment on pro-rata basis: first ST, next MT and finally LT

When for the reasons of transmission constraints, or in the interest of grid security, it becomes necessary to curtail power flow on a transmission corridor, the transactions already scheduled may be curtailed by the Regional Load Despatch Centre. The short term power customer shall be curtailed first, followed by the medium term customers, which shall be followed by the long term customers; and amongst the customers of a particular category, curtailment shall be carried out on pro-rata basis.

Expect merchant capacity to gradually shift towards medium term contracts

- We believe that the regulations are positive, largely for upcoming power generation projects being set up by the private sector. Most of these projects entail part of the capacity on merchant basis. CPSU's like NTPC, NHPC, etc are already connected to the interstate grid, as these projects supply power to more than one states.
- In the medium term, there could be increased availability of power for trading; given that currently constraints in terms of intra-state grid availability have restricted flow of power. However, given the lower redundancy in the existing transmission system, the immediate flow of power is likely to be restricted.
- In terms of medium term open access, application seeking access for longer time period shall have priority. This will entail that large part of the current merchant capacity including from companies like JSPL, Adani Power, etc could move towards medium term contracts, over the next 12 months.

Special Report

Increased reliance on imported coal

Coal stocks at 50% of normative levels at project sites

Based on the review by Central Electricity Authority (CEA), imported coal requirement stands at 44.1m ton in FY12. This includes imports of 27.5m tons given shortage in terms of availability of indigenous coal. Also, shortage in terms of gas availability is expected at 40mmscmd for Eleventh plan (FY08-12) projects.

CEA estimates coal requirement for projects commissioned in Eleventh Plan at 212m ton in FY12, of which 17m ton is intended to be from imports. This will entail that total coal requirement for power projects in FY12 stands at 536m ton, of which indigenous coal requirement stands at 519m ton. CEA expects availability of indigenous coal at 478m ton in FY12, largely on account of dismal progress in terms of ramp up from CIL and slower progress on captive coal block development. This shortfall has to be met through imports.

Estimated coal requirement for new units during 11th Plan

	2009-10	2010-11	2011-12	Total (11th Plan)
Coal based capacity addition (MW)	**9,105**	**14,830**	**12,680**	**44,245**
Cumulative coal requirement (m tons)				
- CIL Sources	47	101	167	
- SCCL	0	3	3	
- Captive Coal Blocks	12	18	25	
- Import (For Projects based on Imported Coal)	4	11	17	
Total	**63**	**132**	**211.5***	

* Includes partial coal requirement of 40MT in respect of thermal power stations to be commissioned during 2011-12. The full requirement of these plants (100MT) will be required in 2012-13 Source: CEA

Anticipated Coal Requirement and supply scenario during the 11th Plan (m ton)

Details	2009-10	2010-11	2011-12
Indigenous coal requirement (A)	399.8	445.5	519.2
Requirement of imported coal for imported coal based projects (B)	4.2	10.6	16.6
Total coal requirement (A)	**404**	**456.1**	**535.8**
Total availability of indigenous coal (CIL+SCCL+Captive)	**363**	**-**	***478**
Shortfall in indigenous coal availability (C) (A-C)	36.8	-	41.2
Requirement of imported coal to meet the shortfall in indigenous coal	24.6	"	27.5
Total requirement of imported coal (D)	**28.8**	**-**	**44.1****
Target of imported coal fixed for utilities (B+D)	**28.7**	**-**	**-**

*477.7 MT (CIL: 382 MT, SCCL: 29 MT and Captive mines: 67 MT) as per Working Group Report of Ministry of Coal. **Note: Shortfall in availability from indigenous sources will further increase the requirement of imported coal. However, there is limitation in blending imported coal with domestic coal Source: CEA

Key highlights of the review

- Actual coal supply from Coal India during FY08 and FY09 has been ~87-89% of the linkage approved. Even in 1QFY10, actual coal supply has also been ~88% of the target.
- There have been delays in development of coal blocks
- Total coal stock at 78 thermal power plants stand at 10.67m ton, as against normative requirement of 22m tons.
- 'Critical' coal stock (less than 7 days) at 32 power stations and 'Super critical' coal stock (less than 4 days) at 13 power stations.
- MAHAGENCO and NTPC have reported generation loss due to shortage of coal to the tune of 1534MU during April-June 2009.

Actions taken by Ministry of Power

- Regular monitoring of coal supply and stock at 78 thermal power plants
- Monitoring of capacity addition of new generation projects
- Monitoring of import of coal by Power Utilities. Orders for import of 22.8m tons coal have been placed and orders for another 2.8m tons have been committed by the Power Utilities.
- During the 1QFY10, the utilities have imported 7.8m ton of coal against the target of 28.7m ton for FY10.

Special Report

Progress on captive mines development slow

NTPC, Reliance Power, JSPL have the largest reserves

CEA appraises progress on coal blocks with reserves of 12.8b, linked to 36GW capacity: Of the total 77 coal mines allotted to Central, State and Private sector till date, CEA has reviewed progress on 34 coal mines (including 9 for captive power projects). The total reserves for these 34 coal mines are estimated at 12.8b tons and CEA expects these mines to start commercial production in phases by FY12-13E. The power projects linked to these coal mines are estimated at 36GW, including 2.2GW of captive power projects. The annual production from these mines is expected to increase from 8m ton in FY08, 15m ton in FY09 to 168m ton in FY18. Peak production is estimated at 213m ton per annum. Of the total 34 mines included in the review, mining plan has been approved for 29 mines, indicating major clearances are obtained.

Private sector share at 20% in reserves, 38% in planned capacity: Of the mines covered under review, Central sector has 11 coal blocks with reserves of 6.7b tons (52% of the total reserves), state sector has 10 coal blocks with reserves of 3.6b tons and private sector has 13 coal blocks with reserves of 2.5b tons. The share of Central sector in the power projects linked to these mines stands at 13.3GW (38% of the planned capacity), state sector at 8.6GW (24% share) and private sector at 13.4GW (38% share), including captive projects of 2.2GW.

Additional 43 coal blocks with reserves of 14.8b tons under development: In addition, Ministry of Coal has allocated additional 43 coal blocks to Central, State and Private sector with total reserves of 14.8b tons. We understand that only 5 out of these 43 coal blocks have received mining plan and environmental clearance approval; and others are in different stages of obtaining approvals. Given the average timeline of 5+ years, the initial commercial production from these mines can be expected only by FY12-13E onwards. We estimate that ~41GW of power projects are planned on these mines by various project developers. Private sector has 39 coal blocks with reserves of 5.8b tons (39% of total reserve) and state sector has 34 coal blocks with reserves of 8.6b tons (58% of reserves).

Also refer our detailed report dated 17 August 2009

NTPC, Reliance Power, JSPL have the largest reserves: Of the total coal blocks allotted till date, NTPC has received 7 coal blocks with total estimated reserves of 5.9b tons whereas among the private sector players, Reliance Power has been allocated five blocks with total reserves of 1.8b tons (including 1.7b tons for UMPPs). The other key private sector players with significant reserves for power utility projects include Jindal Steel and Power (532m tons), Jaiprakash Associates (150m tons), Essar Power (190m tons), Tata Power (172m tons), Adani Power (170m tons), GVK Power (159m tons), GMR Energy (112m tons), Lanco Infratech (112m tons), Sterlite Energy (112m tons), CESC (110m tons), etc besides others.

Statistical Review

Capacity addition

- YTDFY10 achievement at 60%
- Base and Peak deficit increase due to power shortage

Monthly trend analysis

July 2009

Achievement of 750MW vs targeted 1,190MW in July 2009

During July 2009, all India capacity addition stood at 750MW versus 1,190MW of targeted capacity. For YTDFY10, the total capacity addition is 3,108MW v/s target of 5,153MW, an achievement of 60%. This is much higher than 46% achieved in FY09.

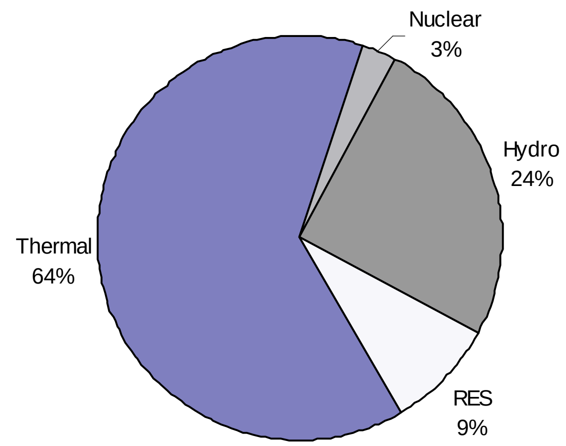
Over achievement in generation capacity addition in YTD FY10 (MW)

	Jul-09			YTDFY10			YTDFY09			Total	% to
	Target	Ach.	%	Target	Ach.	%	Target	Ach.	%	Cap.	Total
Thermal	1,140	750	66	5,014	3,069	61	1,927	1,320	68	96,794	64
Hydro	50	-	0	139	39	28	289	250	87	36,917	25
Nuclear	-	-	-	-	-	-	440	-	0	4,120	3
RES	-	-	-	-	-	-	-	-	-	13,242	9
Total	**1,190**	**750**	**63**	**5,153**	**3,108**	**60**	**2,656**	**1,570**	**59**	**151,073**	**100**

Source: CEA

All India installed capacity by fuels (GW)

The total generating capacity as of June 2009 is 151GW comprising of 64% thermal (95GW), 24% hydro (37GW), 3% nuclear (4GW) and 9% renewable energy (13GW)



Source: CEA

Private sector to add 6.1GW of power capacity in FY10

In FY10, CEA expects NTPC to commission 1,240MW of power followed by CESC with 250MW Budge Budge III and Reliance power with 300MW Rosa TPP respectively. Including other private sector players like Torrent Power, JSW energy, Lanco, Adani, GVK and Sterlite energy, the total expected capacity addition from private sector in FY10 amounts to 6.1GW.

Company wise capacity additions in FY10

Company	Project	Target Cap (MW)
NTPC	Kahalgaon II	500
	NCP Project St-II	490
	Bhilai TPP (SAIL JV)	250
CESC	Budge Budge III	250
Reliance Power	Rosa TPP	300
Torrent Power	Sugen U-2	383
	Sugen U-3	383
JSW Energy	Torangallu U-1	300
	Torangallu U-2	300
	Jallippa-Kapurdi U-1	135
	Jallippa-Kapurdi U-2	135
	Jallippa-Kapurdi U-3	135
	Jallippa-Kapurdi U-4	135
	Jallippa-Kapurdi U-5	135
Lanco	Pathadi U-1	300
	Pathadi U-2	300
	Kondapalli U-1	233
	Kondapalli U-2	133
Adani Power	Mundra TPP U-1	330
	Mundra TPP U-2	330
GVKPIL	Gautami GT-1	145
	Gautami GT-2	145
	Gautami ST	174
Sterlite	Sterlite TPP	600
VBC Ferrow	Konaseema GT-1	140
	Konaseema GT-2	140
	Konaseema ST	165
Other Pvt Players*		400
Other Central Players		2,162
State Sector		4,980
Total		**14,507**

*Include Allain Duhangan (192MW), Malana-II (100MW) & Rithala CPP (108MW) Source: CEA

65% of 11th Plan target capacity to be commissioned in FY11 and FY12

In the beginning of FY08, the target capacity addition provided by CEA was to the tune of 16.3GW. Of this, 9.3GW was achieved translating into a shortfall of 43%. Due to slippages the targets for FY09 were revised to 11.1GW from 7.7GW earlier and the achievement against the same is only 3.5GW resulting into a shortfall of 68% against revised targets and 55% against the earlier targets. Together in FY08 and FY09, only 53% of the targeted capacity (24GW) has been achieved. This has resulted in bunching up of capacity in FY11 and FY12. Since, CEA has not provided its monthly review of 11th five year plan; we expect that in order to meet the target capacity addition of 78.7GW for the 11th five year plan, 19.8GW and 32.4GW (65% of the total 11th plan capacity addition target) of capacity will be required to be added in FY11 and FY12 respectively.

65% of the Eleventh Plan target capacity to be commissioned in FY11 & FY12

	FY08	FY09	FY10	FY11	FY12	Total
Thermal Projects						
- Target	6,620	9,304	14,229	16,655	12,885	59,693
- Feasible	6,620	2,485	11,653	16,572	23,793	61,123
Hydro Projects						
- Target	2,423	1,097	1,805	1,741	8,561	15,627
- Feasible	2,423	969	1,805	1,741	8,569	15,507
Nuclear Projects						
- Target	220	660	2,000	500	-	3,380
- Feasible	220	-	1,440	1,500	220	3,380
Total Projects						
- Earlier Targets	16,335	7,702	15,198	16,970	22,495	78,700
- Revised Targets	9,263	11,061	18,034	18,896	21,446	78,700
- Current Targets	9,263	3,454	14,898	19,813	32,582	80,010

Source: CEA

Actual capacity addition

Capacity Generation

- July 2009: 99% Target achieved
- July 2009 PLF: down 20bp

July 2009 all India generation up 3.7% YoY, PLF decline by 20bp YoY

During July 2009, all India generation stood at 62.1BUs (vs 59.9BUs YoY), while overall PLF declined by 20bp to 61.3% (vs 61.5% YoY). Coal and lignite based power generation increased by 4.4% YoY to 42BUs (68% of total generation) at PLF of 71.8% (up 80bp YoY), whereas gas based generation increased 41.8% YoY to 7.6BUs (12% of total generation) at PLF of 63.7% (up 12.4pps YoY). Hydro power generation however declined 14% YoY to 11.1BUs (vs 12.9BUs YoY), while nuclear power generation remained flat YoY at 1.4BUs.

During YTDFY10, all India generation increased by 5.7% YoY to 251.3BUs (vs 237.8BUs YoY) and PLF increased by 54bp YoY at 73.2%. Coal based generation increased by 7% YoY to 178.6BUs (vs 167BUs YoY) at a PLF of 77.8% (up 180bp YoY) whereas gas based generation increased by 25.6% YoY to 30.2BUs (vs 24BUs YoY) at PLF of 65.9% (up 719bp YoY).

All India Generation (Bus) & PLF (%)

	Jul-09		Jul-08		YTD FY10		YTD FY09	
All India PLF	**Gen.**	**PLF (%)**	**Gen.**	**PLF (%)**	**Gen.**	**PLF (%)**	**Gen.**	**PLF (%)**
Thermal-Coal & Lignite	42.0	71.8	40.2	71.0	178.6	77.8	167.0	76.0
Thermal-Gas	7.6	63.7	5.4	51.4	30.2	65.9	24.0	58.7
Nuclear	1.4	47.2	1.4	47.2	5.6	46.8	5.4	44.4
Hydro	11.1	39.8	12.9	47.3	36.9	66.3	41.4	76.2
Total*	**62.1**	**61.3**	**59.9**	**61.5**	**251.3**	**73.2**	**237.8**	**72.7**

*Excludes generation from Bhutan

Source: CEA

97% of Targeted generation achieved in July 2009, while YTD FY10, it was 1% short of target

All-India power YTD generation at 99% of target (BUs)

	Jul-09		%	Jul-08	YoY	YTD FY10		%	YTD FY09	YoY
	Target	**Ach.**	**Ach.**	**Gen.**	**chg**	**Target**	**Ach.**	**Ach.**	**Gen.**	**chg**
Thermal	50.8	49.6	98	45.5	9	210	209	99	191	9
Hydro	12.2	11.1	91	12.9	-14	39	37	94	41	-11
Nuclear	1.3	1.4	114	1.4	0	5	6	104	5	5
Total	**64.2**	**62.1**	**97**	**59.7**	**3.9**	**254.9**	**251.3**	**99**	**238**	**6**

Source: CEA

During July 2009, highest PLF was reported by Torrent Power at 101% followed by Reliance Infra at 100% and CESC at 90%

Coal Based PLF of major private sector utilities (%)

	Capacity* (MW)	Jul-09	Jul-08	PP Chg	YTD FY10	YTD FY09	PP Chg
NTPC	27,859	83.6	84.1	(0.5)	90.7	87.9	2.8
Tata Power	1,580	72.0	89.4	(17.4)	76.9	91.2	(14.3)
Reliance Infra	500	99.8	104.4	(4.6)	103.8	103.8	(0.0)
CESC	1,035	90.4	88.0	2.3	87.9	90.1	(2.2)
Torrent Power (AECO)	490	100.6	103.3	(2.7)	103.3	103.3	0.0
JSPL	1,000	76.6	-	-	90.9	-	-

*Monitored capacity as reported by CEA Source: CEA

Tata Power July 2009 PLF decline by 17.4pps YoY; Reliance Infrastructure and Torrent Power report 100% PLF in July 2009

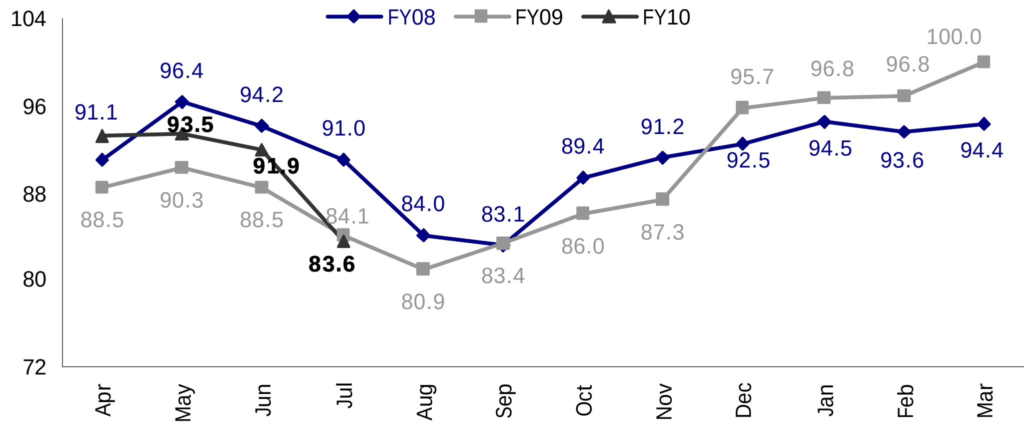
During July 2009, Tata Power reported a decline of 17.4pps YoY in PLF at 72% (vs 89.4% YoY), given ramp up in generation of 250MW Unit 8 of Trombay project (CoD in in 1QFY10).

For July 2009, Reliance Infrastructure reported PLF of 99.8% (down 4.6pps YoY), CESC reported PLF of 90.4% (vs 88% YoY) and Torrent Power at 100.6% (down 2.7pps YoY). During YTDFY10, Tata Power and CESC reported decline of 14.3pps and 2.2pps YoY at 76.9% and 87.9% respectively, while Reliance Infrastructure and Torrent Power reported flat YoY PLF at 103.8% and 103.3% respectively. During July 2009, JSPL's generation stood at 570MU (up 31.7% YoY) with PLF of 76.6% whereas, during YTD FY10, the generation stood at 2.6BU (up 90.7% YoY) with a PLF of 91%.

July 2009 NTPC: Generation increase by 6% YoY, PLF for Coal based project down 52bp to 83.6%

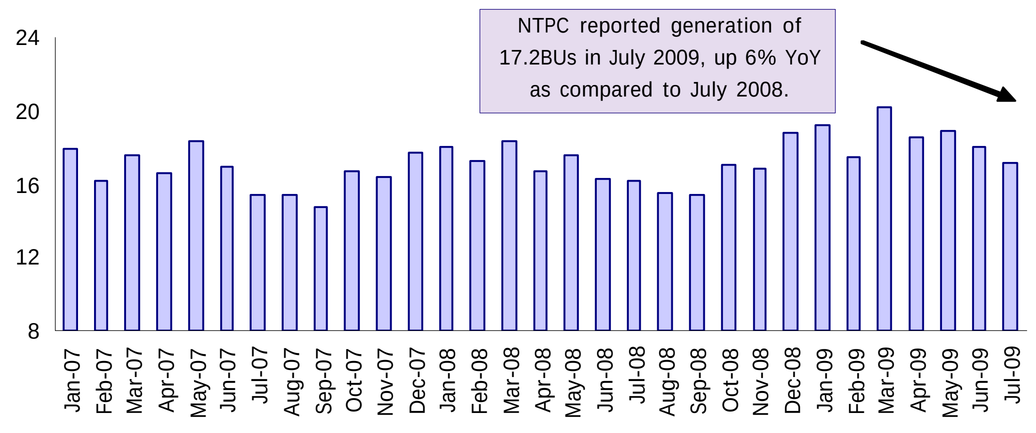
During July 2009, net generation of NTPC increased by 6% YoY at 17.2BU (vs. 16.1BU YoY), while PLF for coal based projects declined by 52bp to 83.6% (vs 84.1% YoY).During YTDFY10, net generation of NTPC increased by 9% YoY at 72.6BU (vs. 66.6BU YoY). During the same period, the weighted average PLF of the company stood at 90.7%, up 2.8pps YoY. Lower PLF is due to maintenance shut down for some projects.

NTPC July 2009 PLF (%) AT FY09 Levels



Source: CEA

NTPC July 2009 Monthly Generation Up 6% YoY (BU)



Source: CEA

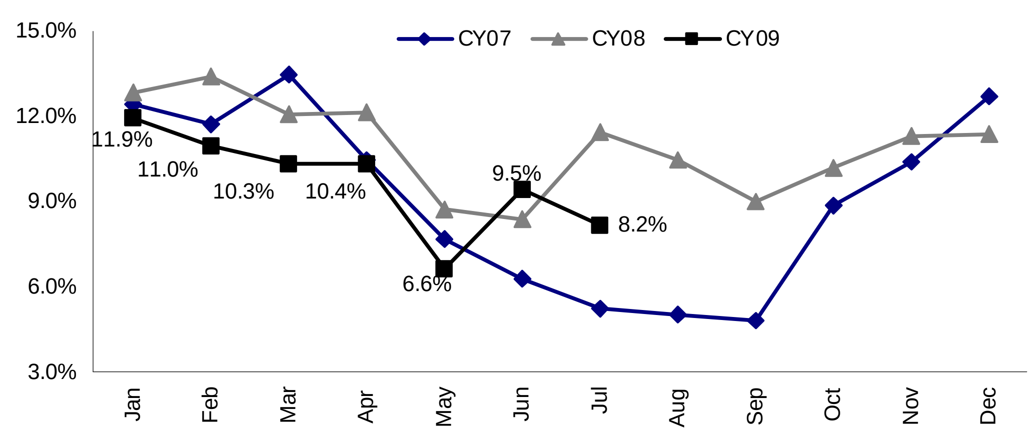
Base and Peak Deficits

- July 2009 base deficit decline by 330bp
- July 2009 Peak deficit decline by 320bp

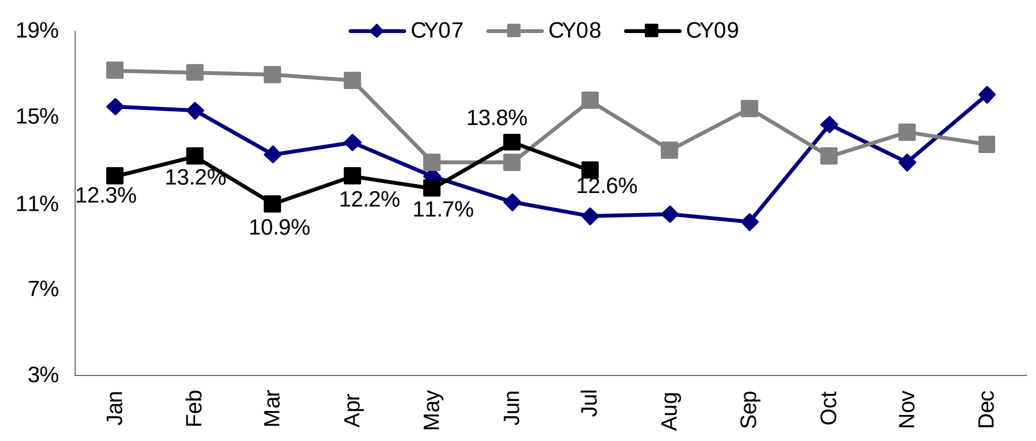
Moderation in base and peak deficit

In July 2009, both base deficit and peak deficit declined by 330bp and 320bp YoY respectively, due to lower power requirement viz. near normal monsoons in July 2009. During July 2009, all-India base deficit stood at 8.2% (11.4% in July 2008), while peak deficit stood at 12.6% (15.7% in July 2008). For YTDFY10, base deficit declined to 9.7% (v/s 10.4% for YTDFY09), while peak deficit declined to 12.8% (v/s 14.6% for YTDFY09). During YTDFY10, highest base and peak deficit was registered by the Western region at 12.5% and 15%, respectively.

All India base Deficit



All India Peak Deficit (%)

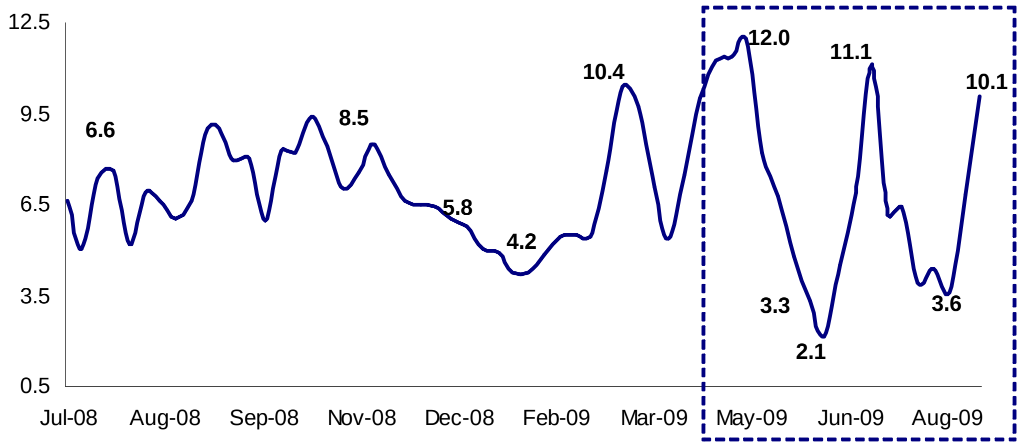


Source: CEA

Short-term price spiral due to delayed monsoons

Delay in arrival of monsoons has however again led to price increase in short-term market. This can be explained by 14% YoY decline in hydro power generation in July 2009, while All India generation was up 4% YoY. Hydro power projects are a source of peaking power and thus any meaningful reduction in hydro power generation has higher impact on short term prices, vs thermal power generation. Short-term power prices spiralled to Rs10.1/unit for the week ended 16th August 2009, vs Rs3.6/unit in week ended 19th July 2009.

Short Term Power Trading Prices (Rs/unit)



Source: CEA

Company / Industry analysis

Adani Power

IPO Note

Highest capacity addition in Eleventh Plan amongst private sector players

Adani Power is expected to add highest generation capacity in the Eleventh Plan among private sector players and plans to increase its capacity from 330MW as of June FY09 to 6.6GWMW by April-2012. Current IPO proceeds of Rs26.4-29.4b are towards part financing of the same.

NPV of Rs68-93/share; price band factors in perfect execution

We have calculated net present value for Adani Power assuming two scenarios factoring in different operating parameters like PLFs, heat rates, auxiliary consumption, cost of imported coal, merchant tariffs, etc. We arrive at a pre-money valuation range of Rs68-93/sh. We believe the IPO valuation is demanding and factors in perfect execution. However, the upside can come in from reinvestment of cash flows in future projects and higher merchant tariffs.

Key issues to focus on

- **Substantial contribution from merchant profits, especially in FY12 and FY13:** Adani Power will have operational merchant capacity of 2.2GW in FY12 and 2.7GW in FY13, up from 485MW in FY11 and 370MW in FY10. We expect APL to report net profit of Rs23.1b in FY12 and Rs28.6b in FY13, of which merchant profit is expected at Rs19.1b in FY12 and Rs19.8b in FY13. Thus, a large part of the net profits in FY12E and FY13E is derived from merchant power capacity. This increases the risk profile of earnings to merchant tariffs and commissioning schedule.
- **Fuel sourcing from Indonesia exposes to regulatory and commercial risks:** Adani Power has entered into firm fuel supply agreement with Adani Enterprises Limited (AEL) for supply of 15m ton of imported coal from Indonesia at USD36/ton on CIF basis substantially lower than market prices. To illustrate, the production cash cost for Bumi Resources (Indonesia's largest coal miner) stood at USD27.5/ton in 1QCY09 (strip ratio of ~8.5x), which was USD38/ton in 2QCY08 owing to higher fuel cost. Current freight charges from Indonesia to India (West coast) stands at USD13-15/ton. Given the cost structures, we believe that CIF cost of USD36/ton exposes Adani Power to regulatory and related risks.
- **Project award to Chinese players:** Quality of Chinese equipment has been a key debatable issue in the Indian power context. While the Chinese equipments offer lower cost and quicker delivery time periods, the key point of contention has been the limited track record of such projects to operate on Indian coal and IPR related issues for super-critical projects.

Also refer our detailed report dated 23 July 2009

Company / Industry analysis

NHPC

IPO Note

National Hydro Power Corporation (NHPC) is coming out with a public issue of 1,677m shares, which represents 13.6% of its post-issue paid-up capital. The price band has been fixed at Rs30-36/share, implying post-money valuation of Rs386b-463b. At the indicated price band, the IPO will raise Rs50.3b-60.4b.

Key issues to focus on

#1. Back-ended capacity addition: Of the planned capacity addition of 4.3GW over FY10-13, 2.8GW is expected to be commissioned in FY13, which increases earnings risks due to execution delays.

#2: Hydropower projects are prone to execution delays, given large R/R issues, geological surprises. Also, Arunachal Pradesh accounts for 47% of projects under construction, 65% of the projects awaiting sanctions, and 70% of projects under survey and investigation stage, which exposes the company to project execution risks, given the difficult terrains.

#3: Stated project costs are approved costs, actual could be higher: Approved project cost for projects under construction stands at Rs45m/MW, while normative costs currently stand at Rs60m-80m/MW. Upward revision of costs also exposes the company to regulatory risks, as the regulator may disallow a part of increased costs, impacting project return and RoE.

#4: Hydropower projects have large CWIP, which lowers base RoE: Capital work in progress as a percentage of gross block stood at 33% in FY09, and is expected at 46% in FY10. Higher CWIP is largely due to longer construction time period of 5-7 years for hydropower v/s 3-4 years for thermal projects.

Also refer our detailed report dated 6 August 2009

#5: FY09 reported RoE at 6.8%, adjusted RoE at 9%: Reported FY09 RoE for NHPC stands at 6.8% and is lower due to: (1) lower recovery of fixed charges for Dulhasti project at Rs3/unit (v/s Rs4.9/unit on normative basis), and (2) adjustments of Rs2.5b pertaining to Sixth Pay Commission arrears, tariff arrears, actuarial gratuity, etc, adjusted for which FY09 RoE stands at 9%.

#6: Net profit (adjusted) CAGR of 15% over FY09-13E, driven by project commissioning; reported earnings CAGR higher at 23% given that FY09 reported profits include several one-offs and adjustments. We expect reported RoE to improve from 6.8% in FY09 to 11.6% in FY13.

#7: Equity commitments for identified projects largely met: IPO proceeds could possibly be utilized towards cost over-runs on existing projects, general purposes.

Company / Industry analysis

Reliance Infrastructure

Annual Report Analysis

Takeaways from AGM

Mr. Anil Ambani, Chairman highlighted RELI's goal as being a leader in India's Infrastructure makeover. Key takeaways are: 1) RELI group (including Reliance Power) has achieved financial closure for projects of Rs320b, 2) Infrastructure assets under development of Rs135b and preferred / lowest bidder for additional Rs150b infrastructure projects, 3) Acquired 51% stake in Reliance Cementation, which plans to develop 20m ton cement capacity over next 5 years at an investment of Rs100b (synergy being 40% of cement cost comprises of coal, flyash and power).

Significantly increased equity investments in project SPVs

During FY09, RELI has invested Rs12b, taking total investment in infrastructure project SPVs (roads, metros, power transmission) at Rs13.4b (vs Rs1.3b in FY08). This represents ~46% of the equity commitments towards infrastructure SPVs under implementation. Besides, RELI has invested Rs1.6b in CBD tower project (Hyderabad) in FY09 mainly representing cost of land acquisition.

Also refer our detailed report dated 22 July 2009

Net cash and cash equivalent at Rs27b (Rs122/sh)

Gross cash and equivalents as at FY09 stands at Rs101b, comprising of cash / MFs Rs54b, ICDs Rs16b and preference shares Rs30b. Outstanding ICDs as at March 2009 stood at Rs16.2b, vs Rs50.6b in FY08 and Rs77.4b in FY07. Debt on the books stands at Rs73.3b as at Mar 09 (up from Rs50b in Mar 08). RELI has received advances of Rs18b from Reliance Power, towards EPC of Sasan UMPP, Krishnapatnam UMPP, etc.

Valuations and view

We expect Reliance Infrastructure to report a net profit of Rs12.3b in FY10 (35.5% YoY) and Rs14b in FY11 (14% YoY). At the CMP of Rs1,096/sh, stock trades at a PER of 19.9x FY10E and 17.4x FY11E. We arrive at a SOTP based target price of Rs1,278/sh.

Company / Industry analysis

CESC: 1QFY10 PAT higher than estimates

Maintain Neutral

- During 1QFY10, CESC reported revenues of Rs8b (up 3.3% YoY), EBIDTA of Rs1.9b (up 55.7% YoY) and net profit of Rs1m (up 27.3% YoY). Reported net profit is higher than our estimates of Rs835m due to cost adjustment of Rs1b, which lowered the other expenses to Rs960m vs Rs2.3b in 1QFY09.

Operating Parameters

	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10
Generation	2,057	2,049	1,912	1,780	1,979
Sales	1,993	2,041	1,806	1,197	2,092
Realization (Rs/unit)	3.9	3.7	4.2	6.2	3.9
Overall PLF (%)	**91.0**	**100.9**	**93.5**	**92.5**	**92.9**

Source: CEA

- **600MW Haldia project nearing financial closure:** Work on 250MW Budge Budge power plant is progressing as per schedule and commissioning is expected in September 2009. For 600MW Haldia project, completed ~75% of the land acquisition and coal linkage has been obtained (from Mahanadi fields). All clearances for the project is in place and currently, the company is in the process of finalizing the EPC contract for the project, which is likely to be awarded prior to the financial closure being achieved. Project commissioning is targeted by Sept 2012.
- **Plans to set up 1,000MW capacity on captive coal reserves:** CESC plans to commission 1,000MW power generating capacity based on a coal block with mineable reserves of 110MT. The progress on the project has been slow owing to election and land acquisition has not commenced. The mining plan has been approved. For the 2,000MW Orissa power project, the land acquisition has started and expects to complete the entire acquisition by Dec-09. The company also anticipates allotment of a coal block linkage by Dec-09 for the project.
- **Valuations and view:** We expect CESC to report net profit of Rs3,502m in FY10E (down 5% YoY) and Rs3,753m in FY11E (up 7.2% YoY). On fully diluted basis, EPS stands at Rs28/sh for FY10E and Rs30/sh in FY11E. Stock quotes at PER of 10.4x FY010E and 9.7x FY11E on standalone basis. **Neutral**.
- **Update on Spencer Retail:** During 1QFY10, Sales of the company increased from Rs660/sq ft in FY09 to Rs750/sq ft. The increase in the sales can be attributed to the reduction in the total number of stores from 256 as at end FY09 to 244 in 1QFY10. This also led to the reduction in the total store area to 0.99m sq. ft (vs, 1.1m sq ft. in FY09) thereby saving the company Rs200m in the form of lower operational expenditure. During the quarter, the company also commenced a super store at Warangal in AP, which was an instant success and resulted in sales of Rs1,000/sq ft. Going forward, the focus of the company would be to increase the revenues by using more of private labels and reduce costs by using IT and supply chain management systems.

Company / Industry analysis

NTPC 1QFY10 marginally ahead of estimates

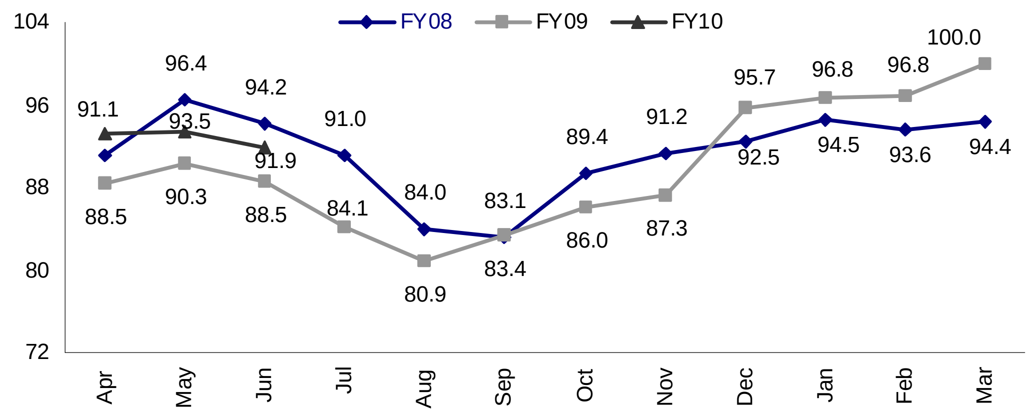
1QFY10 boosted by revised CERC norms

1QFY10 performance marginally ahead of estimates

During 1QFY10, NTPC reported net revenues of Rs120b (up 26% YoY), EBIDTA of Rs32b (up 31% YoY) and reported net profit of Rs22b (up 27% YoY). This compares with our expectation of net profit of Rs21b. We estimate higher than expected profit is on the back of higher incentives due to higher operating factor due to 1) General election during April-May, 2009, 2) Increased fuel availability (both for coal and Gas) and 3) better operating factor (PLF, Heat Rate, etc).

Electricity generation during 1QFY10 stood at 55.5BUs (up 10% YoY), while electricity sales is estimated at 51.7Us (vs 47BUs in 1QFY09). PLF for coal based station stood in 1QFY10 stood at 92.8% for vs 89.1% in 1QFY09.

Trend in PLF for coal based power project



Source: Company/MOSL

FY10 estimated capacity addition target at 3.3GW

During 1QFY10, NTPC commissioned 500MW Kahalgaon project taking the total installed capacity to 30.6GW (vs 30.1GW in 4QFY09). NTPC plans to commission 3.3GW of project in FY10, comprising of 500MW Kahalgaon, Sipat 1320MW, Dadri 980MW and Korba 500MW (merchant power project).

CEA however expects NTPC to commission only 1,240MW comprising of 250MW Bhilai JV, 500MW Kahalgaon (both commissioned) and 490MW Dadri project (expected by Feb-10).

Earnings CAGR of 9% during FY09-11E, future earnings growth likely to be robust

We expect NTPC to report earnings CAGR of 9% over FY09-11E, comprising of 14% CAGR growth in core business, while lower other income will bring down the reported profit. Core business earnings CAGR is muted at 14% owing to slower pace of capacity addition in near term.

Capacity addition for the company is likely to be back ended with 11.5GW of capacity to be commissioned in FY11 and FY12, vs cumulative capacity addition of 3.7GW over FY08-10E. We expect core business earnings to grow at a superior rate of 26% over FY10-13E, while reported profit is expected to grow at 17% over the same period.

We value NTPC on average of DCF and SOTP based valuation of Rs215/sh. At CMP of Rs214, the stock quotes at PER of 21x FY10E and 18x FY11E and P/BV of 2.8x FY10E and 2.6x FY11E. **Neutral**.

News and events

Key developments

July 2009

Forest official advises Maharashtra government against issuing a mining license to Adani Power

The Divisional forest commissioner has advised Maharashtra government against issuing a mining licence to Adani Power (APL) in a forested region of Vidarbha quoting relevant sections of the Wildlife Protection Act. The report in this regard has been forwarded to the Cabinet which is yet to take decision on it.

APL has however suggested that the nodal officer has recommended a review of the coal block allotment and the final decision rests with Union ministry of forest and environment (MoEF) and that it is hopeful of an amicable solution. Allotment of coal block is close to Tadoba Andhari Tiger Reserve (TATR) in Chandrapur district which has been severely criticised by environmentalists and wildlife enthusiasts.

L&T-Mitsubishi JV bags Rs 40b order from Jaiprakash Power Ventures

L&T-Mitsubishi JV has bagged Rs40b order for supply of power equipment (BTG) for 1,320MW Nigrie thermal power project, being developed by Jaiprakash Power Ventures (JPVL). Financial closure for the project has been achieved at DER of 70:30 and total project cost is estimated at Rs80b. The fuel for the project will be supplied from the two mines allotted to Jaiprakash Associates Viz. Amelia and Dongri Tal, with cumulative reserves of ~150m ton.

Planning Commission to take mid term review of Ministry of Power (MoP)

Planning Commission has asked Ministry of Power (MoP) for mid term appraisal of the power sector. The mid term review would cover developments in Power Sector and performance till date to review the performance of Eleventh plan. The primary objectives of the Mid-Term Appraisal are to assess the possibility of reaching the objectives of the Eleventh Plan - given the progress achieved so far, identification of the areas of significant short fall in plan performance and the reasons therefore, and to effect necessary mid-course corrections to the Plan implementation by evolving appropriate modifications in Strategies, Policy Measures, and Schemes and Programmes.

MSETCL signs MoU with Rural Electrification Corporation to raise Rs 40b for transmission projects

Maharashtra State Electricity Transmission Company (MSETCL) has signed an MoU with Rural Electrification Corporation (REC) to raise Rs40b over FY10-12E for various transmission projects. REC is to lend funds to MSETCL at an interest rate of 11.25% pa. MSETCL is adding 124 sub-stations, 9,379kms of transmission lines and a large amount of transformation capacity.

Government mulls 10% stake sale in Satluj Jal Vidyut Nigam

In a further thrust towards divestment, Government of India is considering a 10% stake sale in Satluj Jal Vidyut Nigam Ltd (SJVN), the state-owned hydropower producer. SJVN with an authorised share capital of Rs45b, plans to offer 310m shares of Rs10 face value each to fetch over Rs12b from the capital market in its maiden public issue. According to Mr. H.K. Sharma, Chairman and MD of SJVN, the IPO is planned in the current fiscal and is only towards disinvestment for government shares, while company will not raise any fresh equity. GoI currently holds 75 per cent stake in the company, the rest being owned by the government of Himachal Pradesh. After the IPO, the Union's shareholding in the Mini-ratna PSU would come down to 65 per cent, though there will be no dilution of state government equity. SJVN has an installed power generation capacity of 1,500 MW from the Nathpa Jhakri power project in HP. The company plans to add another 4,500 MW capacity from six projects expected to be set up by 2020.

Domestic coal not enough for power sector - Gap between demand and supply is being bridged by imports

Coal Minister Mr Sriprakash Jaiswal said the country's annual coal production capacity is not able to meet the requirement of the power sector and that the gap between demand and supply is being bridged by importing the dry fuel. He cited a cumulative gap of 88.26m tonnes between the supply and demand of coal in the last five financial years. In FY09 alone, the deficit stood at 36.3m tonnes. The power ministry has set an import target of 35m tonnes of the dry fuel in FY10. Power utility NTPC needs about 150m tonnes of coal in this fiscal, out of which it will import 12.5m tonnes. To meet the growing coal requirement of the consuming firms, Coal India, India's largest coal producer, would import 4 million tonnes of the dry fuel in FY10.

Government setting up company for energy efficiency schemes to oversee and implement schemes

Government is considering setting up a new company, Energy Efficiency Service Ltd (EESL) to oversee and implement schemes in this field. The EESL will be a joint venture company with equity participation of 25 per cent each from its promoter including NTPC, PowerGrid Corp, Rural Electrification Corp and Power Finance Corp. The company will provide implementation leadership in the area of energy efficiency and also undertake implementation of energy efficiency schemes.

The company will act as energy service company for certain schemes, as a consultancy organisation for CDM (Clean Development Management) projects in the industrial sector and as a resource centre for training and capacity building of utilities and other stakeholders. A consolidated business plan has been prepared taking into account the above role of EESL which indicates the economic viability of the company based on said schemes and with a projected Internal Rate of Return (IRR) of 22%.

CERC reviewing power trading margin cap to assess if it is impacting viability of trading business in India

Central Electricity Regulatory Commission (CERC) is reviewing the Ps4/unit cap on power trader's margin to assess if it is impacting the viability of power trading business in India. The traders have challenged the cap and the case is pending in the Supreme Court since 2006. Currently, there are two full-time functional power exchanges in the country — the Indian Energy Exchange (IEX) and Power Exchange India Ltd (PXI). Electricity is also traded at the Multi Commodity Exchange (MCX). Power exchanges are allowed to carry out only short-term (day-ahead) transactions. Earlier this year, however, both exchanges sought permission to launch long-term (week-ahead and month-ahead) transactions. When these term-ahead transactions are approved, they will do the same business as traders so there is need for a level-playing field.

NTPC to appoint merchant bankers for acquiring coal mines identified by the company in Indonesia and Mozambique

NTPC is in the process of appointing merchant bankers for acquiring coal mines identified by the company in Indonesia and Mozambique. The coal mines would be acquired by the company and not by the consortium - International Coal Ventures Limited - formed by five PSUs for this purpose. International Coal Ventures Ltd was formed by five public sector companies to acquire coal blocks overseas. These five companies are Steel Authority of India, NTPC, Rashtriya Ispat Nigam, National Mineral Development Corporation and Coal India.

Sterlite planning to invest Rs200b over the next one year to create additional capacity of 4,500MW

Sterlite Industries (India) is planning to invest Rs200b over next one year to create additional capacity of 4,500MW. The company is setting up new power projects at Jharsuguda and Lanjigarh in Orissa with a combined capacity of 3,150MW. It also plans to set up a 160MW project at Rajpura Dariba in Rajasthan and another 1,200MW project at Korba in Chhattisgarh. The new initiative would be rolled out by Sterlite Energy (SEL), a 100% subsidiary of Sterlite Industries. About 50% of the new capacity is expected to be sold on a commercial basis, while the balance would be used for the captive metals business.

Sterlite, with its five power plants in Orissa, Chattisgarh, Tamil Nadu and Rajasthan, has an installed capacity of 2009MW. Currently, most of this capacity is used for captive businesses. The company has already invested Rs90b in its power venture. The entire power sector capacity addition has been put on the fast track. By 2009 end, 2500MW of proposed 4500MW additional capacity would be installed.

The first unit of 600MW of 2400MW power plant in Orissa would become operative by September-October 2009. A consortium of 19 lenders led by State Bank of India has already committed a term loan of Rs61.5b to SEL for the 2400MW power project at Jharsuguda. The project envisages a total capital outlay of Rs82b, which is proposed to be funded through a combination debt of Rs61.5b (both Indian rupee and foreign currency loans) and Rs20.5b of equity. The entire equity component has already been contributed by Sterlite.

Essar Power takes debt route for expansion

Essar Power has firmed up plans to invest Rs200b to scale up its power generation capacity by 4,800MW to 6,000MW in three years to cater to the growing demand for electricity in the country. The company is in the process of raising Rs150b in debt for financing four power projects — three thermal plants and a co-generation plant — that the group will build by 2012. The promoters, the Ruia family, will invest Rs50b as the equity contribution to the expansion plan, which will have a debt-equity ratio of 3:1. Currently, Essar Power has 1,200MW and has been working on the four projects since the past two years, negotiating with Chinese, European and US equipment suppliers and recruiting people for the projects. The four power projects are coming up in Gujarat, Madhya Pradesh and Jharkhand and will enjoy captive coal linkages where the group owns mines and source imported coal at projects closer to the ports.

The group has tied up boiler-turbine-generator with China's Harbin and Siemens and has also finalised the EPC contracts. Initially, the debt-equity proportion will be 75:25, which will be later improved to 70:30. It has a blueprint to own 10,000MW of power capacity. Construction work at various sites is under progress and by 2011, the company plans to operate 5,000MW.

The projects include 1,200MW pithead coal-fired Mahan thermal power plant at Sidhi in MP, 1,200MW imported coal-based and a 900MW gas and liquid fuel power plant at Jamnagar in Gujarat and another 1,200MW pithead coal-based power plant at Tori in Jharkhand. The group will also add 200MW of wind energy during the same period. About 100MW of wind energy is under construction in Gujarat and for another 100MW, the company is acquiring land in Tamil Nadu.

CPPs and MPPs not covered under the New Mega Power Policy

The ministry of power has decided to modify its existing mega power policy. The threshold limit will continue as 1000MW for thermal, 500MW for hydel in all States other than J&K and the North Eastern States. For these special category States, the existing relaxation in threshold limits, namely, 700MW for thermal and 350 MW for hydel projects may continue. Further it is proposed to extend the mega power benefits to such extension project provided the unit size is not less than that provided in the earlier phase of Mega Power Project. Under the revised policy, it is proposed that mega power benefits would also be extended to such expansion unit(s), even if the total capacity of expansion unit(s) is less than the threshold qualifying capacity, provided the size of the unit(s) is not less than that provided in the earlier phase of the project granted mega power project certificate. All other conditions stipulated while issuing the mega power status certificate to the earlier project will continue to be applicable.

Further, Mega Power Projects would be required to tie up power supply to the distribution companies/utilities through long term PPA(s) and may also sell power outside long term PPA(s) in accordance with the National Electricity Policy 2005 and Tariff Policy 2006, as amended from time to time by Government of India before the power starts flowing into the grid from these plants. There shall be no further requirement of ICB for procurement of equipment for these projects if the requisite quantum of power has been tied up or the project has been awarded through tariff based competitive bidding as the requirements of ICB for the purpose of availing deemed export benefits under chapter 8 of the Foreign Trade Policy would be presumed to have been satisfied. In all other cases ICB for equipments shall be mandatory.

In view of the concerns expressed during inter ministerial consultations on extending Mega Power benefits to the Merchant and Captive Power Plants, the matter has been reconsidered and the MOP has decided to leave CPPs and MPPs out of the ambit of its revised mega power policy.

Valuation and view

Valuation and view

We remain neutral on the sector given rich valuations and project execution delays.

Global peers valuation

Company	Mkt Cap (US$m)	EPS Gr. (%) CY09E	EPS Gr. (%) CY10E	P/E (x) CY09E	P/E (x) CY10E	P/BV (x) CY09E	P/BV (x) CY10E	RoE (%) CY09E	RoE (%) CY10E	Div. Yield (%) CY09E	Div. Yield (%) CY10E
India *											
CESC	798	234.1	75.9	21.7	12.3	0.8	0.7	5.3	9.3	1.3	1.5
NTPC	34,280	31.9	17.4	21.9	18.6	3.1	2.6	14.3	14.7	1.9	2.0
Tata Power	6,068	1,454.0	2.1	16.7	16.4	2.8	2.6	15.0	15.2	0.9	1.0
Reliance Infrastructure	5,110	968.6	26.7	24.3	19.2	2.1	1.7	8.8	9.5	0.6	0.7
China											
China Resources Power Holding	10,668	116.7	27.3	18.9	14.8	2.3	2.1	13.2	13.9	1.6	2.1
Datang Intl Power Gen Co.	14,035	140.8	39.3	50.7	36.4	3.8	3.7	7.9	9.7	1.1	1.2
Huadian Power Intl Corp-A	3,999	0.0	23.5	22.5	18.3	2.1	1.9	10.0	11.7	1.2	1.4
Huaneng Power Intl Inc-A	12,660	0.0	20.8	24.1	19.9	2.4	2.2	10.3	10.7	2.2	2.4
Hong Kong											
CLP Holdings Ltd	16,624	207.1	6.8	15.6	14.6	1.9	1.9	12.6	13.1	4.6	4.7
Hongkong Electric Holdings	11,799	160.5	3.6	14.3	13.8	1.8	1.8	13.2	13.1	4.8	4.8
Korea											
Korea Electric Power Corp	15,844	0.0	0.0	-	13.1	0.5	0.5	-0.1	3.8	1.7	2.0

* For India, CY09 represents FY10 and CY10 represents FY11

Source: Bloomberg/MOSL

Stock performance

	Absolute Performance (%) 1 month	3 months	6 months	12 months	Relative Performance to Sensex (%) 1 month	3 months	6 months	12 months
CESC	7.9	-13.9	52.2	-11.7	7.6	-19.0	-11.4	-12.1
NTPC	-1.0	-2.5	16.8	11.8	-1.2	-7.6	-46.9	11.4
Reliance Infrastructure	-3.3	1.6	114.4	12.9	-3.5	-3.6	50.8	12.5
Tata Power	9.1	18.1	67.9	21.0	8.8	12.9	4.2	20.6
Powergrid	-4.6	-9.9	24.8	11.9	-4.8	-15.0	-38.8	11.5
Sensex	**0.3**	**5.2**	**63.6**	**0.4**	**0.0**	**0.0**	**0.0**	**0.0**

Source: MOSL

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