

## SUBSCRIBE

**Issue Open: August 07, 2009**

**Issue Close: August 12, 2009**

### Issue Details

Face Value: Rs 10

Present Equity Capital: Rs11,183cr

Post Issue Equity Capital: Rs12,301cr

Issue size (shares): 168cr

Issue size (amount): Rs5,032 - 6,039cr\*

Issue Price: Price Band of Rs30 - 36

Promoters holding pre-issue: 100.0%

Promoters holding post-issue: 86.4%

\*at Lower and Upper price band

### Book Building

|                   |              |
|-------------------|--------------|
| QIBs              | At least 60% |
| Non-Institutional | At least 10% |
| Retail            | At least 30% |

### Post Issue Shareholding Pattern

|  |       |
|--|-------|
| Promoters Group                          | 86.4% |
| MF/Banks/Indian Fls/FIIs/Public & Others | 13.6% |

### Girish Solanki

Tel: 022 - 4040 3800 Ext: 319  
 E-mail: girish.solanki@angeltrade.com

### V Srinivasan

Tel: 022 - 4040 3800 Ext: 330  
 E-mail: v.srinivasan@angeltrade.com

## Hydro for high growth

### Rationale for our Subscribe recommendation

NHPC, India's largest hydro power generating company with a capacity of 5,175MW has till date executed 13 hydro electric power projects in the country. The company is currently in the process of developing 11 additional hydroelectric projects with a capacity of 4,622MW at a total cost of Rs23,010cr, which are under various stages of completion.

**Favourable Industry dynamics:** According to the Hydro Power Policy 2008, India has enormous untapped potential for hydroelectric generation equivalent to 84,000MW at 60% load factor, which translates to 148,700MW in terms of installed capacity. The Government of India (GoI) wants to develop the share of Hydro Power in India, which has been declining gradually from a high of 45% in 1963 to 25% currently. Hence, NHPC, we believe is well placed to emerge a major beneficiary of the government's initiatives.

**Strategically located Power Plants:** Most of NHPC's current and upcoming projects are located in India's North and North Eastern regions, which have perennial rivers with continuous water supply. Further, demand from these regions, which are currently facing high power deficit is expected to remain strong going ahead too, augurs well for the company.

**Excellent Track Record:** NHPC's track record in executing hydro projects has been unparalleled in India. Thus, we believe that the company's proven execution capability will help it secure projects going ahead.

### Concerns

**Long Gestation of Hydro Power Projects resulting in cost overruns:** Hydro projects in general are delayed due to various reasons such as unfavourable climatic conditions and difficult geographic terrain at the project site, which results in cost overruns. The increase in project cost results in higher tariff rates, which in turn reduces the company's competitiveness.

### Outlook and Valuation

Going ahead, we expect the company's growth to be driven by its capacity addition and favourable dynamics for the domestic Power Sector. On post issue consolidated basis, the stock would trade at 1.5x FY2011E P/BV at the lower end of the price band and 1.7x P/BV at the higher end of the price band. Though we believe that certain amount of discount is justified on account of the company's lower RoE and risks of delays in the execution of projects, considering valuation of its peers, the company is available at a steep discount to its peers. We have valued NHPC at Rs43/share, considering a target P/BV multiple of 2.1x FY2011E BV (a 10% discount to NTPC target P/BV multiple of 2.3x FY2011E). Moreover, on post issue valuations, we believe that the IPO is also priced at a considerable discount to listed Hydro power utility peer, JP Hydro, which is trading at around 3x FY2011E BV and has operational capacity of mere 300MW. **We recommend Subscribe to the IPO, as we believe that the company has good long-term growth prospects.**

### Objects of the Issue

| Particulars                             | Amount (Rs cr) |
|---|----------------|
| A) Approved cost of identified projects | 14,014         |
| B) Issue Expenses                       | (*)            |
| C) General corporate purpose            | (*)            |
| <b>Total</b>                            | <b>(*)</b>     |

Source: Company RHP

### Company Background

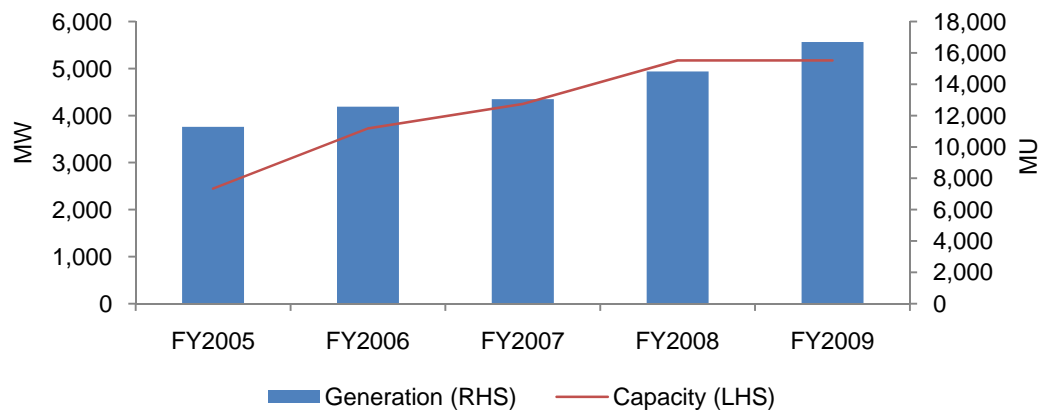
NHPC was incorporated in 1975 with an objective to plan, promote and organise integrated and efficient development of hydroelectric power in the country. Going ahead, NHPC also intends to explore other sources of energy like geo-thermal, tidal, wind, etc. NHPC, India's largest hydro power generating company, has till date executed 13 hydro electric power projects with a capacity of 5,175MW. NHPC holds 51% stake in the Narmada Hydroelectric Development Corporation (NHDC) which owns two projects with a combined installed capacity of 1,520MW. The company accounts for around 14% of total hydro capacity in the country. NHPC added 1,970MW during the Tenth Plan period. NHPC's power stations and hydroelectric projects are located predominantly in the North and North East of India in the states of Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Arunachal Pradesh, Assam, Manipur, Sikkim and West Bengal. NHPC, over the past three years, has achieved capacity index in excess of 93%, more than the 90% prescribed by CERC, which amply highlights its operational efficiency. The company is currently in the process of developing 11 additional hydroelectric projects with a total capacity of 4,622MW at a total cost of Rs23,010cr, which are under various stages of completion.

#### Exhibit 1: NHPC Snapshot

| Particulars                                   | No. of Projects | MW    |
|---|-----------------|-------|
| Projects Completed                            | 13              | 5,175 |
| Projects under Construction                   | 11              | 4,622 |
| Projects Awaiting Clearances                  | 8               | 7,731 |
| Projects under Survey and Investigation Stage | 8               | 6,505 |
| Joint Venture Projects                        | 4               | 3,686 |
| Projects on Turnkey Basis                     | 5               | 89    |

Source: Company RHP, Angel Research

#### Exhibit 2: NHPC Capacity and Power Generation



Source: Company RHP, Angel Research

**IPO Details:** NHPC has set a price band of Rs30-36 a share for its initial public offer (IPO) of 1.68 billion shares, which will be open for subscription during August 7-12, 2009. Currently, the company is issuing fresh equity of 10% while the government is disinvesting 5%. The IPO will comprise 13.6% fully-diluted post-issue paid-up capital of the company. At the lower and upper end of the price band the company will raise Rs5,032 - 6,039cr. This would be the first IPO by a state-run company in the last 18 months, after Rural Electrification Corp tapped the market in February 2008. The company proposes to utilise the issue proceeds to part finance construction and development of hydro projects that are currently under construction.

**Exhibit 3: Shareholding Pattern**

|   | Pre-Issue              |            | Post-Issue             |            |
|---|------------------------|------------|------------------------|------------|
|   | No. of shares          | %          | No. of shares          | %          |
| <b>Promoter</b>   |                        |            |                        |            |
| President of India, acting through the MoP (including nominees) | 11,18,24,93,430        | 100        | 10,62,33,68,758        | 86.4       |
| Public (including Eligible Employees)                           | 0                      | 0          | 1,67,73,74,015         | 13.6       |
| <b>Total</b>  | <b>11,18,24,93,430</b> | <b>100</b> | <b>12,30,07,42,773</b> | <b>100</b> |

Source: Company RHP, Angel Research

**Industry Overview**

According to the Hydro Power Policy 2008, India has enormous untapped potential for hydroelectric generation, equivalent to 84,000MW at 60% load factor, which translates to 148,700MW in terms of installed capacity. In addition to the above, 6,782MW of installed capacity has been assessed from small, mini and micro hydroelectric schemes (ie. schemes of capacity up to 25MW). Further, according to the India Investment Centre, 56 potential pumped storage sites, with an aggregate installed capacity of 94,000MW, have also been identified. The hydro power capacity addition was 7,886MW during the Tenth Plan, which was 54.8% of the targeted addition of 14,393.2MW. In the Eleventh Plan, the proposed capacity addition is 15,627MW of which only 3,392MW has been commissioned and 12,235MW is under construction.

Despite the benefits of hydroelectric projects, the share of hydropower in the Indian market has steadily declined. At the end of the First Five Year Plan (1951-56), hydropower constituted 37% of the total installed capacity of the Power Sector, and rose to more than 45% by 1963. Until the late 1970s, hydropower continued to represent more than 40% of India's power supply, which is considered to be the ideal hydro-thermal generation mix for meeting demand in an efficient manner. However, in the 1980s, hydropower's share began declining sharply and in FY2009, hydropower constituted only around 25% of the country's overall installed capacity. As a result of the decreasing share of hydropower, thermal generation, which should ideally be used only for base load operations, is also being used to meet peak requirements. This leads to sub-optimal utilisation of economic and non-renewable resources. The development of India's hydroelectric potential is thus, high priority of the Gol and from time to time it has taken a number of policy initiatives to address the issues impeding hydropower development. The Gol has increased measures to encourage hydropower development through public and private sector participation.

**Exhibit 4: Proposed Hydro Power Capacity Addition (MW)**

| Plan Period | Hydro power capacity addition | Total Hydro capacity at the end of the Plan period |
|-------------|-------------------------------|--|
| Eleventh    | 15,627                        | 50,280   |
| Twelfth     | 30,000                        | 80,280   |
| Thirteenth  | 31,000                        | 1,11,280   |
| Fourteenth  | 36,494                        | 1,47,774   |

Source: CEA, Hydro Power Policy, MOP 2008

## Investment Arguments

### Largest Hydro Power Generator in country with Proven Execution Capability

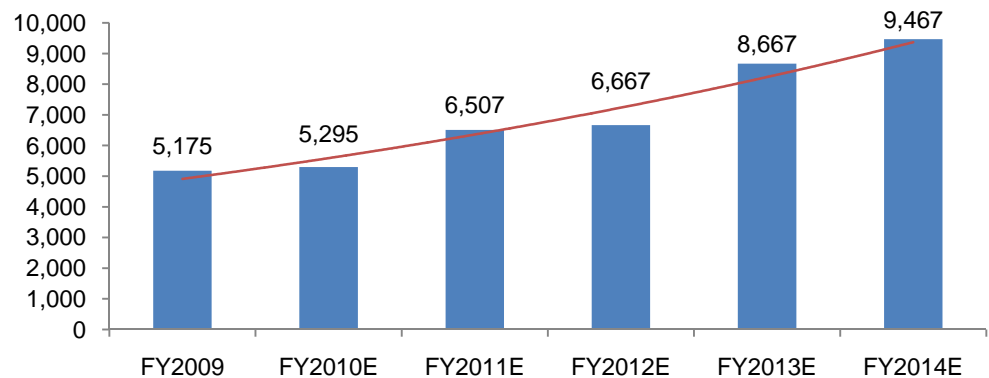
NHPC's track record in executing hydro projects is unparalleled in India. The company has till date developed and implemented 13 hydroelectric projects, including two through Subsidiary, NHDC. The company has completed projects that are located in the geo-technically sensitive Himalayan terrain and in inhospitable areas that are often difficult to access. Creditably, the company completed the Chamera-II and Dhauliganga-I power stations and the Indira Sagar and Omkareshwar projects ahead of schedule. NHPC has worked with the GoI, various state governments, foreign governments and international companies in various projects. We believe that the company's proven execution capability is a key advantage for securing projects.

#### Exhibit 5: NHPC's Upcoming Power Projects

| Plant                | State            | Total (MW)   | Project Cost (Rs cr) | Likely date of Commissioning | Cost/MW (Rs cr) |
|----------------------|------------------|--------------|----------------------|------------------------------|-----------------|
| Sewa - II            | Jammu & Kashmir  | 120          | 665                  | December 2009                | 5.5             |
| Nimmo-Bazgo          | Jammu & Kashmir  | 45           | 611                  | August 2010                  | 13.6            |
| Chamera-III          | Himachal Pradesh | 231          | 1,406                | August 2010                  | 6.1             |
| Parbati - III        | Himachal Pradesh | 520          | 2,305                | November 2010                | 4.4             |
| Uri-II               | Jammu & Kashmir  | 240          | 1,725                | February 2011                | 7.2             |
| Chutak               | Jammu & Kashmir  | 44           | 621                  | February 2011                | 14.1            |
| Teesta Low Dam - III | West Bengal      | 132          | 769                  | February 2011                | 5.8             |
| Teesta Low Dam - IV  | West Bengal      | 160          | 1,061                | August 2011                  | 6.6             |
| Subansiri (Lower)    | Assam            | 2,000        | 6,285                | December 2012                | 3.1             |
| Parbati - II         | Himachal Pradesh | 800          | 3,920                | March 2013                   | 4.9             |
| Kishenganga          | Jammu & Kashmir  | 330          | 3,642                | January 2016                 | 11.0            |
| <b>Total</b>         |                  | <b>4,622</b> | <b>23,010</b>        |                              | <b>5.0</b>      |

Source: Company RHP, Angel Research

#### Exhibit 6: Growth in Installed Capacity (MW)



Source: Company RHP, Angel Research

### Strategic Location of Power Plants

All of the projects undertaken by NHPC, except the two NHDC projects, are Run-of-the-River (ROR) projects. Most of NHPC's existing and upcoming projects are strategically located in India's North and North Eastern regions, which are bestowed with perennial rivers with continuous water supply. Strategic location of the company's plants has enabled it to achieve high operational efficiency. The company has been able to operate its plant at capacity index levels (CI) which ranges from 94% to 98%. Moreover, many of the states in the north and north eastern regions are currently facing considerable power shortage and are expected to face healthy demand in the future as well. This then translates into assured demand for the power generated by the company going ahead.

#### Exhibit 7: Power Deficit in Northern and North Eastern States (%)

| State                | FY2007        | FY2008        | FY2009        |
|----------------------|---------------|---------------|---------------|
| Chandigarh           | (0.1)         | -             | -             |
| Delhi                | (1.7)         | (0.6)         | (0.6)         |
| Haryana              | (11.3)        | (12.6)        | (8.5)         |
| Himachal Pradesh     | (2.6)         | (3.0)         | (0.3)         |
| Jammu and Kashmir    | (31.3)        | (29.0)        | (24.1)        |
| Punjab               | (9.9)         | (8.4)         | (10.6)        |
| Rajasthan            | (4.5)         | (3.1)         | (1.1)         |
| Uttar Pradesh        | (16.0)        | (18.0)        | (21.5)        |
| Uttaranchal          | (5.8)         | (2.9)         | (1.0)         |
| <b>Northern</b>      | <b>(10.9)</b> | <b>(10.8)</b> | <b>(11.1)</b> |
| Arunachal Pradesh    | (12.6)        | (22.8)        | (36.4)        |
| Assam                | (10.8)        | (8.4)         | (10.6)        |
| Manipur              | (4.7)         | (5.5)         | (14.2)        |
| Meghalaya            | (33.1)        | (24.0)        | (19.1)        |
| Mizoram              | (3.6)         | (14.6)        | (18.5)        |
| Nagaland             | -             | (11.4)        | (8.2)         |
| Tripura              | (16.0)        | (11.7)        | (9.0)         |
| <b>North Eastern</b> | <b>(21.1)</b> | <b>(12.3)</b> | <b>(13.5)</b> |

Source: CEA

### Obtained long-term PPAs due to Highly Competitive Power Tariffs

While guidelines for procurement of electricity through the competitive bidding process were issued in January 2005, the National Tariff Policy prescribes that all future requirements of power is procured through competitive bidding and all long-term contracts are awarded a two-part tariff structure to facilitate a merit order dispatch. The company is well placed in this regard due to the fact that the cost of generating hydro power is substantially lower compared to thermal sources of power, as there is no fuel cost involved. Further, hydro power is free from tariff hikes resulting from an increase in fuel cost thus enabling it to be competitive. Thus, on account of having lower tariffs, hydro power remains the preferred choice for meeting the peak power requirements. The company's average selling price of power stood at Rs2.03/unit during FY2009, which highlights the competitive advantage that it enjoys in terms of pricing over other power generating companies.

### Payment Security

NHPC's efficiency with regard to bill collection has also improved substantially over the last few years. The company has in fact achieved 100% bill collection over the past six years. NHPC's billing to the state entities are currently secured through Letters of Credit (LoC) generally entered into pursuant to tripartite agreements between the government, the RBI and respective state governments. In addition, the company could also secure payment by regulating the power supply to the defaulting entity or recovering payments directly from the Government's of Central Plan assistance funds that are given to the concerned state governments.

## **Concerns**

### **Long gestation of Hydro Power Projects leading to cost overruns**

Power projects, in general, have long gestation periods. These projects are also prone to delays related to land acquisition, procurement of equipment and fuel supply, among others. Although NHPC is not affected by issues related to fuel supply, hydro projects in general face many problems related to land acquisition and environment clearance. Hydro projects also get delayed due to unfavourable climatic conditions and difficult geographic terrain at project locations. The construction and operation of hydroelectric projects by NHPC has also faced opposition from the local communities where these projects are located as well as from special interest groups. Both NHPC and NHDC had encountered opposition to the construction or operation of their projects in the past and going ahead could encounter such opposition. In general, the company is more at risk from opposition to hydroelectric projects that require the construction of storage facilities as construction of such facilities involves inundation of the surrounding land. The resettlement and rehabilitation costs involved in these projects are also too high. Further, most of the work related to projects is allotted to various contractors under competitive bidding, which are prone to cost overruns. Hence, any increase in these costs has to also be borne by NHPC, unless it is approved by the GoI. Increase in project cost also leads to hike in tariff rates, when approved by CERC, which however reduces the company's competitiveness.

### **Earnings potential capped due to CERC regulations**

NHPC is bound to supply the power generated by it on the basis of the PPA that it has signed with the various state power utilities. Further, the company's tariff rates are bound by CERC regulations, which have capped the RoE on projects at 15.5%. Thus, the company doesn't enjoy unrestricted Earnings potential compared to many other players in the private power space, who run a substantial portion of their plant on merchant power basis.

### **Low Return on Equity**

NHPC's RoE has remained lower than the levels stipulated by the CERC on account of the substantial cost of capex programmes undertaken by the company on a continuous basis. This has resulted in the company's RoE's being suppressed at 5-7% levels since the past few years.

## Outlook

NHPC, the largest and well-established player in the hydro power generation business in India, has a mammoth 5,175MW installed capacity (including subsidiaries) and targets to become a 20,000MW utility by 2020. The company has a healthy track record of power generation from its operational projects. The company accounts for 14% of the hydro power capacity in the country. NHPC currently operates large plants with strong operating efficiencies. Moreover, the company has lined up huge capex (4,622MW), which is evident from its projects under construction. The company's operational plants have a high capacity index, which enables it to recover full annual fixed charges (AFC).

Notably, NHPC also has a highly concentrated customer profile primarily the North and North-East based State Electricity Boards (SEBs). This can primarily be attributed to the company's project location. It may be noted here that despite most of these SEBs having weak financial profiles, NHPC has managed to realise 100% of its billings in the last six years. Moreover, though the initial cost of projects in the Hydro space is higher than the conventional thermal plants, operating cost of the Hydro projects is significantly lower than that of the thermal power plants as there is no raw material involved.

The company earns a regulated RoE of 15.5%, but considering that it has higher capital work in progress (thereby resulting in lower component of equity which the company earns its returns on) reported RoE is lower at 6.9%. According to the Hydro Power Policy 2008, India has enormous untapped potential for hydroelectric generation equivalent to 84,000MW at 60% load factor, which translates into 148,700MW in terms of installed capacity. The Gol wants to develop the share of Hydro Power in India, which has been declining gradually from a high of 45% in 1963 to 25% currently. Hence, NHPC, we believe, is well placed to emerge a major beneficiary of the government's initiatives.

## Valuation

Post issue, on a consolidated basis, the stock would trade at 1.5x FY2011E P/BV at the lower end of the price band and 1.7x P/BV at the higher side of the price band. Based on the P/E valuation methodology, post the issue the company would trade at a P/E of 25x FY2011E on the lower side and 29.5x on the higher side. We believe that certain amount of discount is justified on account of the lower RoE and higher risks of delays in the execution of its projects. However, on the basis of comparative valuations, we believe that the discount is too steep. We have valued NHPC at Rs43/share translating into a target P/BV multiple of 2.1x FY2011E BV (at 10% discount to NTPC's target P/BV multiple of 2.3x FY2011E).

Moreover, on post issue valuations, we believe that the IPO is also priced at a considerable discount to the listed hydro power utility peer, JP Hydro, which is trading at around 3x FY2011E BV and has operational capacity of mere 300MW. **Hence, we recommend Subscribe to the IPO, as we believe that the company has good long-term growth prospects.**

### Exhibit 8: Comparative Valuation (FY2011E)

| Parameter          | NHPC   | NTPC    | CESC# | Reliance Power* | Tata Power^ |
|--------------------|--------|---------|-------|-----------------|-------------|
| RoE (%)            | 5.9    | 13.7    | 11.1  | 2.0             | 14.5        |
| P/E (x)            | 29.5   | 18.3    | 9.0   | 165.0           | 16.3        |
| P/BV (x)           | 1.7    | 2.5     | 1.0   | 2.8             | 2.4         |
| EV/EBITDA (x)      | 18.0   | 12.4    | 6.7   | 123.2           | 9.6         |
| Market Cap (Rs cr) | 44,283 | 177,897 | 4,079 | 40,015          | 28,821      |

Source: Company, Angel Research, RHP, Note: Valuations are at upper end of the Price Band; \* Industry estimates; # Standalone estimates; ^Bloomberg estimates

**Exhibit 9: Key Financials (Consolidated)**

| Y/E March(Rs cr)  | FY2009         | FY2010E        | FY2011E        | FY2012E        | FY2013E        |
|-------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Net Sales</b>  | <b>3,493.7</b> | <b>3,875.0</b> | <b>4,593.2</b> | <b>6,275.5</b> | <b>8,649.4</b> |
| % chg             | 19.2           | 10.9           | 18.5           | 36.6           | 37.8           |
| <b>Net Profit</b> | <b>1,244.2</b> | <b>1,396.8</b> | <b>1,502.9</b> | <b>2,644.1</b> | <b>3,744.8</b> |
| % chg             | 3.1            | 12.3           | 7.6            | 75.9           | 41.6           |
| OPM (%)           | 68.8           | 71.1           | 72.9           | 74.6           | 75.8           |
| <b>EPS (Rs)</b>   | <b>1.1</b>     | <b>1.1</b>     | <b>1.2</b>     | <b>2.1</b>     | <b>3.0</b>     |
| P/E (x)           | -              | 31.7           | 29.5           | 16.7           | 11.8           |
| P/BV (x)          | -              | 1.9            | 1.7            | 1.6            | 1.4            |
| RoE (%)           | 6.8            | 5.9            | 5.9            | 9.5            | 11.8           |
| RoCE (%)          | 5.2            | 5.5            | 5.7            | 8.3            | 9.7            |
| EV/Sales (x)      | -              | 14.5           | 13.1           | 9.6            | 7.7            |
| EV/EBITDA (x)     | -              | 20.4           | 18.0           | 12.8           | 10.1           |

Source: Company, Angel Research; Note: Valuations are at upper end of the Price Band

**Exhibit 10: Profit & Loss Account (Consolidated)**

| Y/E March (Rs cr)                                   | FY2005         | FY2006         | FY2007         | FY2008         | FY2009         |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Income</b>                                       |                |                |                |                |                |
| Sales   | 1,682.4        | 2,031.8        | 2,245.9        | 2,891.8        | 3,444.8        |
| Rev Contracts, Project Mgmt & Conslt                | 25.4           | 22.6           | 23.3           | 39.1           | 48.9           |
| Interest Power Bonds & LT adv                       | 239.5          | 239.5          | 234.1          | 209.2          | 185.3          |
| Other Income  | 42.1           | 59.0           | 76.6           | 181.6          | 372.5          |
| <b>Total Income</b>                                 | <b>1,989.5</b> | <b>2,352.9</b> | <b>2,580.0</b> | <b>3,321.6</b> | <b>4,051.5</b> |
| <b>Expenditure</b>                                  |                |                |                |                |                |
| Generation, Admin & other exp                       | 141.1          | 188.9          | 168.9          | 232.6          | 363.8          |
| Employees' Cost                                     | 234.3          | 216.1          | 258.9          | 348.0          | 539.0          |
| Depreciation  | 294.9          | 344.1          | 368.7          | 560.7          | 656.3          |
| Interest and Finance charges                        | 396.8          | 412.8          | 361.5          | 637.7          | 776.0          |
| Provisions  | 38.9           | 22.5           | 30.4           | 21.2           | 125.9          |
| Exp on Contracts, Project Mgmt & Conslt             | 21.6           | 25.3           | 25.3           | 34.1           | 61.2           |
| Incentive to Beneficiary States                     | 81.3           | 75.5           | -              | -              | -              |
| <b>Total Expenditure</b>                            | <b>1,208.8</b> | <b>1,285.2</b> | <b>1,213.5</b> | <b>1,834.2</b> | <b>2,522.2</b> |
| <b>PBT</b>  | <b>780.7</b>   | <b>1,067.6</b> | <b>1,366.4</b> | <b>1,487.4</b> | <b>1,529.4</b> |
| <b>Current year tax</b>                             |                |                |                |                |                |
| Fringe benefit tax                                  | 77.2           | 75.9           | 197.2          | 168.5          | 167.8          |
| Deferred Tax  | 45.0           | 247.6          | 351.4          | 400.1          | 554.3          |
| Deferred tax recoverable adjustment                 | (45.0)         | (247.6)        | (351.4)        | (400.1)        | (554.3)        |
| <b>Net Taxation</b>                                 | <b>77.2</b>    | <b>75.9</b>    | <b>197.2</b>   | <b>168.5</b>   | <b>167.8</b>   |
| <b>Profit before Minority Int &amp; Extord Item</b> | <b>703.4</b>   | <b>991.7</b>   | <b>1,169.2</b> | <b>1,318.9</b> | <b>1,361.6</b> |
| Extraordinary Income (Net of Tax)                   |                |                |                | 46.1           | 33.3           |
| <b>Profit before Minority Interest</b>              | <b>703.4</b>   | <b>991.7</b>   | <b>1,169.2</b> | <b>1,365.0</b> | <b>1,394.8</b> |
| <b>Minority Interest</b>                            | <b>45.7</b>    | <b>127.1</b>   | <b>120.1</b>   | <b>158.0</b>   | <b>150.7</b>   |
| <b>Net Profit after Minority Interest</b>           | <b>657.7</b>   | <b>864.7</b>   | <b>1,049.1</b> | <b>1,207.0</b> | <b>1,244.2</b> |

Source: Company RHP, Angel Research



**Exhibit 11: Balance Sheet (Consolidated)**

| Y/E March (Rs cr)                              | FY2005          | FY2006          | FY2007          | FY2008          | FY2009          |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Fixed Assets (A)</b>                        |                 |                 |                 |                 |                 |
| Gross Block                                    | 14,175.6        | 16,736.3        | 17,037.0        | 27,207.9        | 28,115.1        |
| Less: Depreciation                             | 2,312.1         | 2,693.6         | 3,122.7         | 3,682.5         | 4,408.9         |
| <b>Net Block</b>                               | <b>11,863.5</b> | <b>14,042.7</b> | <b>13,914.3</b> | <b>23,525.4</b> | <b>23,706.2</b> |
| Capital Work In Progress                       | 9,732.4         | 10,076.3        | 13,270.0        | 6,185.8         | 9,331.7         |
| Construction Stores and Advances               | 995.9           | 837.1           | 861.7           | 1,077.4         | 1,097.0         |
| <b>Sub-Total (A)</b>                           | <b>22,591.8</b> | <b>24,956.0</b> | <b>28,046.0</b> | <b>30,788.5</b> | <b>34,134.8</b> |
| <b>Investments (B)</b>                         |                 |                 |                 |                 |                 |
|  | 2,576.8         | 2,576.8         | 2,320.3         | 2,046.8         | 1,791.2         |
| <b>Current Assets, Loans And Advances (C)</b>  |                 |                 |                 |                 |                 |
| Interest accrued on Investments                | 164.4           | 113.8           | 103.5           | 91.9            | 81.0            |
| Inventories                                    | 51.7            | 52.5            | 47.1            | 39.7            | 41.5            |
| Contract Work-in-Progress                      | 23.1            | 36.4            | 42.2            | 75.2            | 19.6            |
| Sundry Debtors                                 | 649.8           | 575.4           | 892.6           | 886.5           | 763.6           |
| Cash and Bank Bal                              | 973.6           | 892.8           | 816.3           | 2,345.9         | 2,606.1         |
| Other Current Assets                           | 113.0           | 157.2           | 184.4           | 235.1           | 430.3           |
| Loans and Advances                             | 409.4           | 422.8           | 463.5           | 789.7           | 1,285.3         |
| <b>Sub-Total (C)</b>                           | <b>2,385.0</b>  | <b>2,250.8</b>  | <b>2,549.7</b>  | <b>4,463.9</b>  | <b>5,227.4</b>  |
| <b>Less: Liabilities And Provisions (D)</b>    |                 |                 |                 |                 |                 |
| Secured loans                                  | 5,504.3         | 6,138.2         | 7,562.6         | 9,902.7         | 10,723.5        |
| Unsecured loans                                | 3,641.8         | 3,343.2         | 2,909.2         | 2,952.8         | 4,207.5         |
| Minority Interest                              | 1,006.5         | 1,130.2         | 1,239.9         | 1,364.5         | 1,466.7         |
| Advance against Depreciation                   | 1,000.0         | 1,049.5         | 1,246.0         | 1,318.8         | 1,424.5         |
| Current Liabilities & Provisions               | 1,472.5         | 1,709.9         | 2,165.2         | 3,052.8         | 3,740.6         |
| <b>Sub-Total (D)</b>                           | <b>12,625.0</b> | <b>13,371.0</b> | <b>15,122.9</b> | <b>18,591.5</b> | <b>21,562.8</b> |
| <b>Capital Grant/Proportionate</b>             |                 |                 |                 |                 |                 |
| <b>Contribution by MP Govt. towards FA (E)</b> | 827.3           | 1,092.7         | 1,109.3         | 1,177.9         | 1,198.0         |
| <b>Net Assets (A+B+C-D-E)</b>                  | <b>14,101.3</b> | <b>15,319.9</b> | <b>16,683.9</b> | <b>17,529.8</b> | <b>18,392.5</b> |
| <b>Represented by:</b>                         |                 |                 |                 |                 |                 |
| Share Capital (F)                              | 9,425.6         | 10,215.3        | 11,198.2        | 11,182.5        | 11,182.5        |
| Share Capital Deposit (G)                      | 158.9           | 20.4            | -               | -               | -               |
| GOI Fund adjustable to Equity (H)              | 333.8           | 325.5           | 8.8             | -               | -               |
| Reserve and Surplus (I)                        | 4,183.0         | 4,783.3         | 5,502.6         | 6,347.7         | 7,212.4         |
| Miscellaneous Expenditure (J)                  | 0.0             | 24.5            | 25.8            | 0.3             | 2.3             |
| <b>Net Worth (F+G+H+I-J)</b>                   | <b>14,101.3</b> | <b>15,319.9</b> | <b>16,683.9</b> | <b>17,529.8</b> | <b>18,392.5</b> |

Source: Company RHP, Angel Research



**Research Team: Tel: 4040 3800**

**E-mail: [research@angeltrade.com](mailto:research@angeltrade.com)**

**Website: [www.angeltrade.com](http://www.angeltrade.com)**

**DISCLAIMER:** This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions.

Opinion expressed is our current opinion as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true and are for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company takes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand or cause of action.

Recipients of this material should rely on their own investigations and take their own professional advice. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. Certain transactions - futures, options and other derivatives as well as non-investment grade securities - involve substantial risks and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We do not undertake to advise you as to any change of our views expressed in this document. While we would endeavor to update the information herein on a reasonable basis, Angel Broking, its subsidiaries and associated companies, their directors and employees are under no obligation to update or keep the information current. Also there may be regulatory, compliance, or other reasons that may prevent Angel Broking and affiliates from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

Angel Broking Limited and affiliates, including the analyst who has issued this report, may, on the date of this report, and from time to time, have long or short positions in, and buy or sell the securities of the companies mentioned herein or engage in any other transaction involving such securities and earn brokerage or compensation or act as advisor or have other potential conflict of interest with respect to company/ies mentioned herein or inconsistent with any recommendation and related information and opinions.

Angel Broking Limited and affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.

**Sebi Registration No : INB 010996539**

**Ratings (Returns) :** Buy (Upside > 15%)  
Reduce (Downside upto 15%)

Accumulate (Upside upto 15%)  
Sell (Downside > 15%)

Neutral (5 to -5%)