



## Pressing buttons for quick fixes

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### A good petition to start with, but a long way to go

TANGEDCO, the Tamil Nadu power distribution company, has recently submitted a petition to raise power tariffs by 37% for FY13. To recap, there has been relentless pressure from Indian financial institutions requesting tariff hikes as many felt that it would be a panacea to their problems. However, a look at some of the details, especially incremental debt at 80-100% of sales, and the inexplicable gap in volume data between the CEA and the distribution company, suggests long-term gains can largely be met by efficiency improvements. We prefer low-cost gencos such as JSPL and a grid-co like Power Grid.

### TANGEDCO's key assumptions are based on high tariffs and lower costs

A look at the details of the petition suggests that revenues are assumed to rise by 45% in FY13 driven by a 37% blended increase in tariffs and an 8.5% increase in volumes. The forecast cost for FY12 is expected to rise by 6% in FY13 – largely driven by higher fuel costs for own generation, while assuming a sharp 57% reduction in merchant power purchases to 5.3BU, which accounted for >15% power bought by the state. What is interesting to note is that the petition has urged the regulator to give tariff increases of 42% to domestic users, 19% to industrial users and 589% to agricultural users. On the cost side the company's assumptions suggest that cost escalation would now no longer be driven either by higher debt or employee costs.

### Our worry stems from progress on key efficiency parameters

In the absence of filings of annual statements of balance sheet and cash flow, we struggle to figure out the stresses in the balance sheet. Our calculations suggest that for an INR15bn incremental rise in interest for FY12, the debt burden could have more than doubled to INR530bn. Looking at the petition and seeing that actual cost increases for purchases reached INR229bn (+19% yoy) in FY12, it is possible that a major part of the debt was used to fund the payables on an expected revenue shortfall of INR145bn. Moreover, we still cannot reconcile the volume data from the CEA (ministry of power) and those used by TANGEDCO, suggesting that perhaps the difference could be system losses over and above those reported by the company. Lastly, the company is continuing to capitalize some of its labor costs, thus understating the actual cost. While it is clear that the government will partly bear the increased costs for the needy, the quantum of the subsidy burden has still not been specified, making it difficult for the regulator to approve tariffs.

### Prefer low-cost gencos like JSPL and a grid-co like Power Grid

While policy makers are trying to address manageable issues like SEB finances, the coal shortfall cannot be plugged as easily, in our view. We continue to prefer low-cost gencos like JSPL, which have the ability to leverage access to low-cost coal assets; and Power Grid, which is building a monopoly transmission network in India, where a bottleneck is emerging.

Top Picks			
(JNSP.BO),INR491.55			Buy
(PGRD.BO),INR95.30			Buy

Companies Featured			
NTPC Limited (NTPC.BO),INR158.25			Hold
	2011A	2012E	2013E
P/E (x)	17.3	13.2	11.9
EV/EBITDA (x)	12.5	9.5	8.7
Price/book (x)	2.3	1.7	1.6
(JNSP.BO),INR491.55			Buy
	2011A	2012E	2013E
P/E (x)	16.9	11.0	8.2
EV/EBITDA (x)	12.1	8.9	7.3
Price/book (x)	4.6	2.6	2.0
(PGRD.BO),INR95.30			Buy
	2011A	2012E	2013E
P/E (x)	17.5	14.4	12.4
EV/EBITDA (x)	11.7	10.3	9.5
Price/book (x)	2.2	1.9	1.7

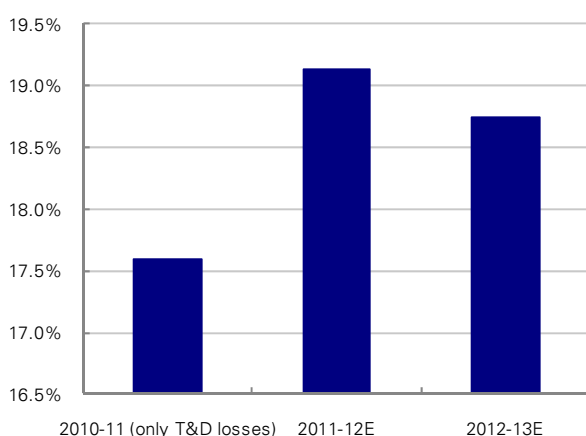
Summary Of Proposed Tariff Increases			
Category	% of demand	Tariff proposed (INR/kWh)	% increase
Industries	31%	6.38	19%
Commercial	11%	8.11	20%
Domestic	26%	3.68	42%
Agri	16%	1.75	589%
Total	100%	5.18	37%



## Other takeaways from the tariff petition

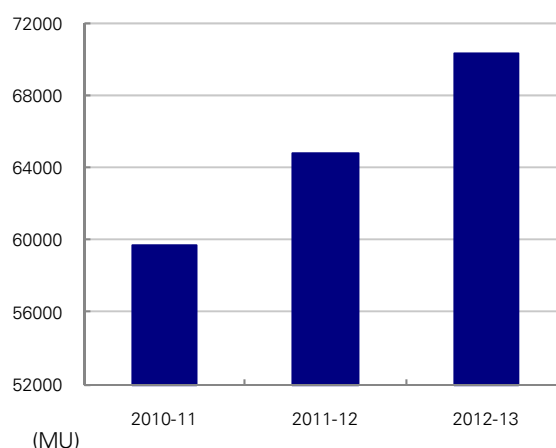
- Sharp tariff hike: the proposed tariff hikes, though looking steep at 37%, is not enough to cover forecast FY13 losses (of USD2.9bn); ideally a hike of 55% would have enabled break-even. Nevertheless, looking at the regulatory filings, the petition seems to be very bold – 400-500% increases for Lift irrigation consumers, huts, agricultural and government farms, while 60-130% increases have been proposed for religious places, public lighting, cottage/tiny industries and power looms.
- Free Power remains for huts, handlooms (<100units), power-looms (<500 units) and agri consumers, as the government has decided to share the increased burden for the needy.
- Accumulated losses: INR167.7bn accumulated losses before unbundling (up to FY09) have been written off against consumer contributions, land revaluation reserves. Further financial restructuring will address INR172bn accumulated losses for FY10 and FY11 post final unbundling. Post-August 2010 tariff hike, regulatory assets will be created and allow recovery over the next five years.
- Pension provisioning: terminal benefits for employees, i.e., pension liabilities and gratuities, have not been provided for, and will be accessed once the unbundling exercise and asset transfer is completed.
- Cost curtailment: the distribution company is pinning its cost reduction hopes on a 22% increase in own generation for FY13. It also expects a 3% decline in power purchase costs despite a 2% increase in volumes due to significant cuts in high-cost power purchases from traders (-57%) and NTPC's gas based generation to nil from Kayamkulam (INR14.75/kWh cost).
- Loans: No further loans seem to be envisaged in the petition, given that interest costs assumed for FY13 are up just 6.5% YoY vs. a 91% increase in FY12P.

Figure 1: AT&C losses assume modest 40bps decline



Source: TNERC, Deutsche Bank

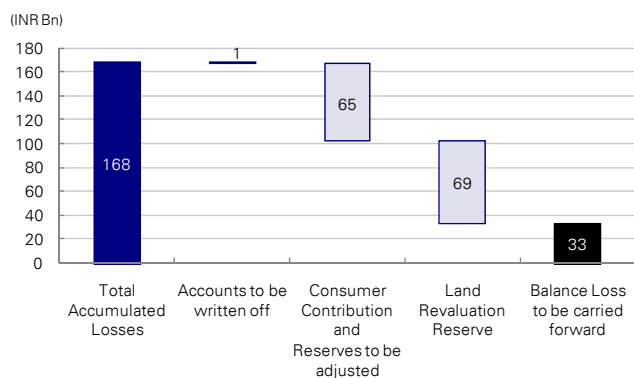
Figure 2: Sale of Power has increased by 8.5% CAGR



Source: TNERC, Deutsche Bank

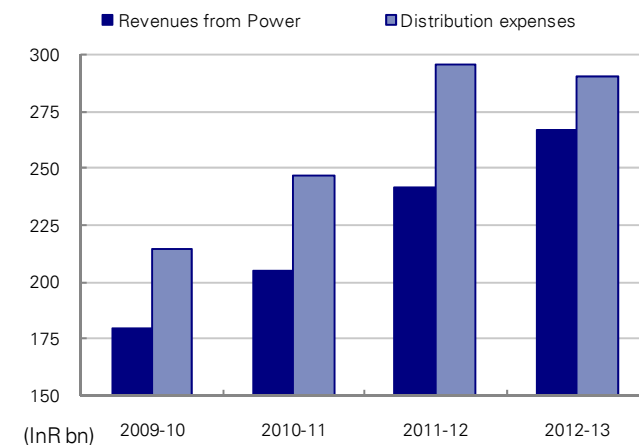


Figure 3: Treatment of regulatory assets



Source: TNERC, Deutsche Bank

Figure 4: Sales and distribution costs



Source: TNERC, Deutsche Bank



Model updated: 29 November 2011

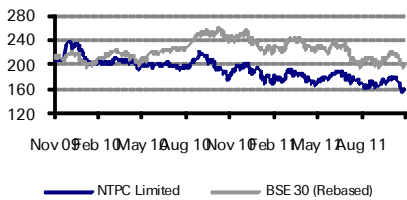
Running the numbers

Asia	
India	
Utilities	
<b>NTPC Limited</b>	
Reuters: NTPC.BO	
Bloomberg: NATP IN	
<b>Hold</b>	
Price (29 Nov 11)	INR 158.25
Target Price	INR 190.00
52 Week range	INR 155.75 - 201.90
Market Cap (m)	INRm 1,304,844
	USDm 25,112

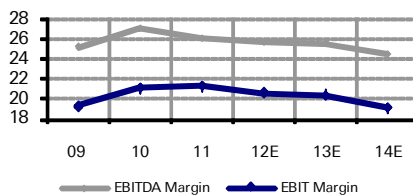
Company Profile

NTPC Limited (PSU incorporated in 1975) is the largest thermal-power generating company of India. It is the largest power utility of the country. The installed capacity of NTPC as on July 31, 2007 is 27,904 MW through its 15 coal based (22,895 MW), 7 gas/liquid fuel based (3,955 MW) and 4 joint-venture of which 3 coal based projects (314 MW) and 1 gas based project (740 MW). NTPC is aggressively adding up capacity through green field projects, expansion of existing stations, JV's, takeover of SEB's stations, significant addition of hydro-capacity, and forays into non-conventional and nuclear power generation.

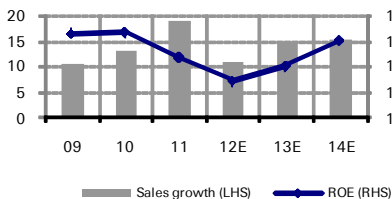
Price Performance



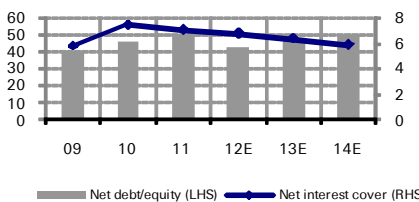
Margin Trends



Growth & Profitability



Solvency



Fiscal year end 31-Mar

Financial Summary

	2009	2010	2011	2012E	2013E	2014E
DB EPS (INR)	9.81	10.72	11.34	11.96	13.29	15.03
Reported EPS (INR)	9.81	10.72	11.34	11.96	13.29	15.03
DPS (INR)	3.61	3.82	3.80	4.01	4.46	0.00
BVPS (INR)	69.8	76.3	83.6	90.9	98.9	108.1
Weighted average shares (m)	8,245	8,245	8,245	8,245	8,245	8,245
Average market cap (INRm)	1,428,177	1,715,509	1,613,754	1,304,844	1,304,844	1,304,844
Enterprise value (INRm)	1,546,828	1,886,563	1,873,864	1,554,013	1,637,505	1,715,352

Valuation Metrics

P/E (DB) (x)	17.6	19.4	17.3	13.2	11.9	10.5
P/E (Reported) (x)	17.6	19.4	17.3	13.2	11.9	10.5
P/BV (x)	2.58	2.71	2.31	1.74	1.60	1.46
FCF Yield (%)	nm	nm	nm	4.6	nm	nm
Dividend Yield (%)	2.1	1.8	1.9	2.5	2.8	0.0
EV/Sales (x)	3.6	3.9	3.3	2.4	2.2	2.0
EV/EBITDA (x)	14.4	14.4	12.5	9.5	8.7	8.3
EV/EBIT (x)	18.7	18.5	15.3	11.8	11.0	10.6

Income Statement (INRm)

Sales revenue	427,299	483,243	574,910	638,131	733,714	846,128
Gross profit	127,266	154,300	178,994	203,784	227,950	251,497
EBITDA	107,517	130,952	149,784	163,892	187,411	207,033
Depreciation	24,949	28,944	27,197	31,966	37,932	45,036
Amortisation	0	0	0	0	0	0
EBIT	82,568	102,008	122,587	131,927	149,479	161,996
Net interest income/(expense)	-14,419	-13,706	-17,456	-19,558	-23,588	-27,749
Associates/affiliates	0	0	0	0	0	0
Exceptionals/extraordinaries	-1,394	473	1,094	0	0	0
Other pre-tax income/(expense)	26,318	21,716	17,699	22,745	20,243	28,768
Profit before tax	94,467	110,018	122,830	135,114	146,134	163,015
Income tax expense	12,148	22,114	30,441	36,481	36,534	39,124
Minorities	0	0	0	0	0	0
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	80,925	88,377	93,482	98,633	109,601	123,892
DB adjustments (including dilution)	0	0	0	0	0	0
DB Net profit	80,925	88,377	93,482	98,633	109,601	123,892

Cash Flow (INRm)

Cash flow from operations	91,147	106,519	112,822	182,373	126,315	153,781
Net Capex	-145,997	-134,858	-159,517	-121,731	-164,987	-180,032
Free cash flow	-54,850	-28,339	-46,695	60,641	-38,672	-26,251
Equity raised/(bought back)	0	0	0	0	0	0
Dividends paid	-28,145	-37,720	-36,720	-38,711	-43,015	-48,624
Net inc/(dec) in borrowings	85,079	53,259	66,063	84,441	85,723	97,650
Other investing/financing cash flows	17,510	-816	34,203	12,037	13,125	13,125
Net cash flow	19,594	-13,616	16,851	118,409	17,161	35,900
Change in working capital	-24,840	-4,963	-7,129	52,741	-21,217	-15,147

Balance Sheet (INRm)

Cash and other liquid assets	172,505	160,530	178,598	297,007	314,168	350,069
Tangible fixed assets	658,954	764,868	897,188	986,954	1,114,010	1,249,005
Goodwill/intangible assets	0	0	0	0	0	0
Associates/investments	116,960	117,776	83,573	71,536	58,412	45,287
Other assets	161,862	175,478	206,446	188,810	210,238	230,484
Total assets	1,110,281	1,218,652	1,365,806	1,544,308	1,696,828	1,874,845
Interest bearing debt	408,116	449,360	522,281	617,713	705,241	805,863
Other liabilities	126,427	140,223	154,239	177,386	175,792	177,920
Total liabilities	534,543	589,583	676,521	795,099	881,034	983,783
Shareholders' equity	575,738	629,069	689,286	749,208	815,794	891,062
Minorities	0	0	0	0	0	0
Total shareholders' equity	575,738	629,069	689,286	749,208	815,794	891,062
Net debt	235,611	288,830	343,683	320,705	391,073	455,795

Key Company Metrics

Sales growth (%)	10.5	13.1	19.0	11.0	15.0	15.3
DB EPS growth (%)	8.3	9.2	5.8	5.5	11.1	13.0
EBITDA Margin (%)	25.2	27.1	26.1	25.7	25.5	24.5
EBIT Margin (%)	19.3	21.1	21.3	20.7	20.4	19.1
Payout ratio (%)	36.7	35.6	33.5	33.5	33.5	0.0
ROE (%)	14.6	14.7	14.2	13.7	14.0	14.5
Capex/sales (%)	34.2	27.9	27.7	19.1	22.5	21.3
Capex/depreciation (x)	5.9	4.7	5.9	3.8	4.3	4.0
Net debt/equity (%)	40.9	45.9	49.9	42.8	47.9	51.2
Net interest cover (x)	5.7	7.4	7.0	6.7	6.3	5.8

Source: Company data, Deutsche Bank estimates



Model updated: 18 October 2011

Running the numbers

Asia

India

Utilities

Power Grid Corporation

Reuters: PGRD.BO

Bloomberg: PWGR IB

Buy

Price (29 Nov 11) INR 95.30

Target Price INR 115.00

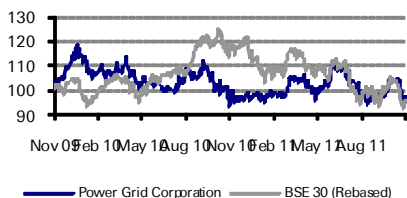
52 Week range INR 94.55 - 110.35

Market Cap (m) INRm 401,102  
USDm 7,719

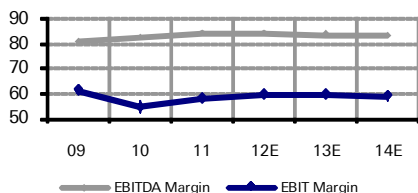
Company Profile

Power Grid Corporation is India's principal transmission utility. PGCIL owns and operates most of the inter-state and inter-regional electric power transmission system in the country spread over 80,000 ckm of electrical transmission lines, 135 substations. PGCIL transmits approximately 50% of all India's electricity generation and is also one of the largest transmission utilities globally. A small part of revenues are also driven by consultancy and telecom leasing businesses.

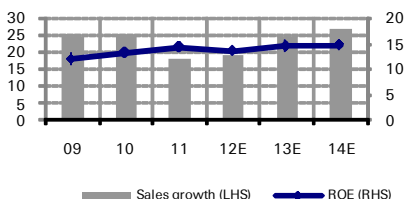
Price Performance



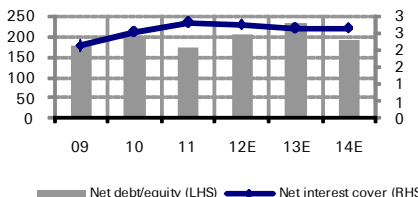
Margin Trends



Growth & Profitability



Solvency



Fiscal year end 31-Mar

Financial Summary

	2009	2010	2011	2012E	2013E	2014E
DB EPS (INR)	4.02	4.85	5.83	6.62	7.69	8.81
Reported EPS (INR)	4.02	4.85	5.83	6.62	7.69	8.81
DPS (INR)	1.20	1.50	1.75	1.99	2.31	2.64
BVPS (INR)	34.7	37.9	46.1	50.5	55.5	68.4
Weighted average shares (m)	4,209	4,209	4,630	4,630	4,630	5,093
Average market cap (INRm)	372,318	456,130	472,442	401,102	401,102	401,102
Enterprise value (INRm)	616,755	752,990	830,819	870,827	993,583	1,061,843

Valuation Metrics

P/E (DB) (x)	22.0	22.3	17.5	14.4	12.4	10.8
P/E (Reported) (x)	22.0	22.3	17.5	14.4	12.4	10.8
P/BV (x)	2.75	2.83	2.21	1.89	1.72	1.39
FCF Yield (%)	nm	nm	nm	nm	nm	nm
Dividend Yield (%)	1.4	1.4	1.7	2.1	2.4	2.8
EV/Sales (x)	10.8	10.6	9.9	8.7	7.9	6.7
EV/EBITDA (x)	13.4	12.8	11.7	10.3	9.5	8.0
EV/EBIT (x)	17.7	19.4	17.0	14.5	13.3	11.3

Income Statement (INRm)

Sales revenue	56,900	71,277	84,289	100,495	125,519	159,628
Gross profit	45,865	58,696	70,915	84,512	104,907	132,758
EBITDA	45,865	58,696	70,915	84,512	104,907	132,758
Depreciation	10,940	19,797	21,994	24,463	30,143	38,383
Amortisation	0	0	0	0	0	0
EBIT	34,925	38,899	48,922	60,049	74,764	94,376
Net interest income/(expense)	-16,423	-15,432	-17,339	-22,020	-28,168	-35,798
Associates/affiliates	0	0	0	0	0	0
Exceptionals/extraordinary	0	0	0	0	0	0
Other pre-tax income/(expense)	3,783	2,797	6,665	4,347	2,693	3,563
Profit before tax	22,286	26,263	38,247	42,376	49,289	62,141
Income tax expense	5,380	5,854	11,278	11,730	13,691	17,261
Minorities	0	0	0	0	0	0
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	16,906	20,409	26,969	30,646	35,597	44,880
DB adjustments (including dilution)	0	0	0	0	0	0
DB Net profit	16,906	20,409	26,969	30,646	35,597	44,880

Cash Flow (INRm)

Cash flow from operations	54,352	66,829	54,929	80,934	96,571	108,326
Net Capex	-94,328	-100,191	-133,519	-160,000	-180,000	-190,000
Free cash flow	-39,976	-33,363	-78,590	-79,066	-83,429	-81,674
Equity raised/(bought back)	0	0	37,129	0	0	62,579
Dividends paid	-5,909	-7,386	-9,426	-10,262	-11,159	-13,368
Net inc/(dec) in borrowings	62,020	59,514	64,660	93,249	109,341	98,252
Other investing/financing cash flows	-10,502	-10,277	-9,749	-20,191	-26,338	-33,968
Net cash flow	5,633	8,488	4,024	-16,270	-11,585	31,821
Change in working capital	9,154	13,141	-5,910	796	-896	-15,292

Balance Sheet (INRm)

Cash and other liquid assets	24,289	32,776	36,801	20,530	8,945	40,766
Tangible fixed assets	444,144	524,835	638,486	774,023	923,880	1,075,497
Goodwill/intangible assets	0	0	0	0	0	0
Associates/investments	15,928	14,532	13,651	11,821	9,992	8,163
Other assets	58,840	63,497	68,371	75,149	90,230	109,989
Total assets	543,202	635,640	757,308	881,524	1,033,047	1,234,414
Interest bearing debt	284,654	344,168	408,828	502,077	611,417	709,669
Other liabilities	112,367	132,089	134,834	145,851	164,859	176,179
Total liabilities	397,021	476,257	543,662	647,928	776,277	885,848
Shareholders' equity	146,181	159,383	213,646	233,596	256,770	348,566
Minorities	0	0	0	0	0	0
Total shareholders' equity	146,181	159,383	213,646	233,596	256,770	348,566
Net debt	260,366	311,392	372,027	481,546	602,472	668,904

Key Company Metrics

Sales growth (%)	25.0	25.3	18.3	19.2	24.9	27.2
DB EPS growth (%)	22.7	20.7	20.1	13.6	16.2	14.6
EBITDA Margin (%)	80.6	82.3	84.1	84.1	83.6	83.2
EBIT Margin (%)	61.4	54.6	58.0	59.8	59.6	59.1
Payout ratio (%)	29.9	30.9	30.0	30.0	30.0	30.0
ROE (%)	12.0	13.4	14.5	13.7	14.5	14.8
Capex/sales (%)	165.8	140.6	158.4	159.2	143.4	119.0
Capex/depreciation (x)	8.6	5.1	6.1	6.5	6.0	5.0
Net debt/equity (%)	178.1	195.4	174.1	206.1	234.6	191.9
Net interest cover (x)	2.1	2.5	2.8	2.7	2.7	2.6

Source: Company data, Deutsche Bank estimates

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Model updated: 15 November 2011

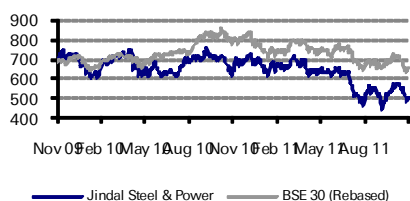
### Running the numbers

Asia	
India	
Metals & Mining	
<b>Jindal Steel &amp; Power</b>	
Reuters: JNSP.BO	Bloomberg: JSP IB
<b>Buy</b>	
Price (29 Nov 11)	INR 491.55
Target Price	INR 755.00
52 Week range	INR 445.35 - 726.90
Market Cap (m)	INRm 459,240 USDm 8,838

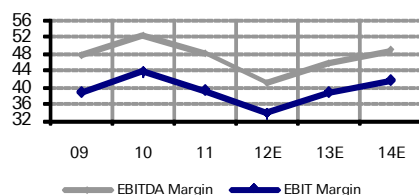
### Company Profile

Jindal Steel and Power Ltd (JSPL) one of the leaders in Steel Manufacturing and Power Generation in India, Part of the US\$10 Billion Jindal Organization. Company is in a major expansion mode with steel capacity expansion in excess of 20mnt with captive power of 1.3GW. Jindal Power Limited, subsidiary of JSPL, has set up a 1000 MW Super Thermal Power Plant at Raigarh and proposes to add an additional 2400MW.

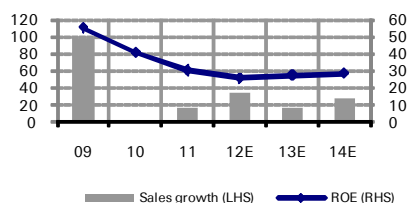
### Price Performance



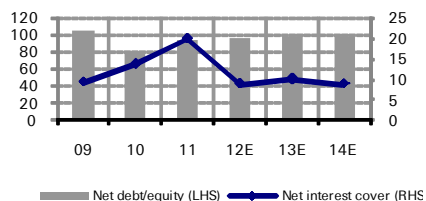
### Margin Trends



### Growth & Profitability



### Solvency



Fiscal year end 31-Mar	2009	2010	2011	2012E	2013E	2014E
<b>Financial Summary</b>						
DB EPS (INR)	32.72	38.35	40.04	44.49	59.70	80.79
Reported EPS (INR)	32.72	38.35	40.04	44.49	59.70	80.79
DPS (INR)	1.08	1.50	1.80	4.65	5.58	5.58
BVPS (INR)	76.0	111.9	151.0	190.9	245.0	319.3
Weighted average shares (m)	926	930	933	934	934	934
Average market cap (INRm)	224,189	509,192	629,802	459,240	459,240	459,240
Enterprise value (INRm)	293,171	591,575	763,104	635,604	691,881	767,098
<b>Valuation Metrics</b>						
P/E (DB) (x)	7.4	14.3	16.9	11.0	8.2	6.1
P/E (Reported) (x)	7.4	14.3	16.9	11.0	8.2	6.1
P/BV (x)	2.64	6.28	4.63	2.58	2.01	1.54
FCF Yield (%)	0.7	nm	nm	nm	nm	nm
Dividend Yield (%)	0.4	0.3	0.3	0.9	1.1	1.1
EV/Sales (x)	2.7	5.3	5.8	3.6	3.3	2.9
EV/EBITDA (x)	5.7	10.1	12.1	8.9	7.3	5.9
EV/EBIT (x)	7.0	12.2	14.8	10.7	8.6	6.9
<b>Income Statement (INRm)</b>						
Sales revenue	108,343	110,835	130,925	175,136	207,090	265,718
Gross profit	61,765	66,102	76,000	82,937	106,348	142,409
EBITDA	51,527	58,397	62,975	71,608	94,508	129,920
Depreciation	9,641	9,970	11,510	12,368	13,910	19,178
Amortisation	0	0	0	0	0	0
EBIT	41,886	48,427	51,465	59,240	80,598	110,742
Net interest income/(expense)	-4,567	-3,576	-2,596	-6,785	-8,091	-12,592
Associates/affiliates	396	139	158	0	0	0
Exceptionals/extraordinary	0	0	0	-850	-1,477	-1,260
Other pre-tax income/(expense)	624	603	820	4,073	5,140	6,252
Profit before tax	37,943	45,454	49,689	56,528	77,647	104,402
Income tax expense	8,040	9,189	11,840	13,030	18,564	25,205
Minorities	10	755	659	1,086	1,827	2,460
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	30,290	35,649	37,347	41,562	55,779	75,477
DB adjustments (including dilution)	0	0	0	0	0	0
DB Net profit	30,290	35,649	37,347	41,562	55,779	75,477
<b>Cash Flow (INRm)</b>						
Cash flow from operations	38,737	55,747	40,321	59,039	74,518	98,854
Net Capex	-37,160	-62,419	-81,069	-96,673	-123,756	-165,531
Free cash flow	1,576	-6,672	-40,748	-37,634	-49,238	-66,677
Equity raised/(bought back)	140	441	113	0	0	0
Dividends paid	-452	-956	-1,367	-4,343	-5,211	-6,080
Net inc/(dec) in borrowings	7,398	6,412	55,382	55,735	71,596	39,229
Other investing/financing cash flows	-8,176	-4,791	-9,706	0	0	0
Net cash flow	487	-5,566	3,675	13,758	17,147	-33,528
Change in working capital	9,152	-4,010	13,300	-4,022	-3,000	-1,738
<b>Balance Sheet (INRm)</b>						
Cash and other liquid assets	6,694	1,128	4,802	18,560	35,706	2,179
Tangible fixed assets	126,863	178,444	248,844	333,149	442,994	589,347
Goodwill/intangible assets	31	78	204	204	204	204
Associates/investments	5,502	4,191	3,997	3,997	3,997	3,997
Other assets	46,797	58,928	93,006	111,246	116,538	131,059
Total assets	185,886	242,769	350,853	467,155	599,439	726,785
Interest bearing debt	81,133	86,043	139,766	195,500	267,097	306,326
Other liabilities	34,194	50,900	67,649	89,912	98,204	114,462
Total liabilities	115,327	136,943	207,415	285,412	365,300	420,788
Shareholders' equity	70,515	104,168	141,103	178,323	228,892	298,290
Minorities	45	1,659	2,335	3,420	5,248	7,707
Total shareholders' equity	70,560	105,827	143,438	181,743	234,139	305,997
Net debt	74,440	84,915	134,964	176,941	231,390	304,147
<b>Key Company Metrics</b>						
Sales growth (%)	98.0	2.3	18.1	33.8	18.2	28.3
DB EPS growth (%)	120.3	17.2	4.4	11.1	34.2	35.3
EBITDA Margin (%)	47.6	52.7	48.1	40.9	45.6	48.9
EBIT Margin (%)	38.7	43.7	39.3	33.8	38.9	41.7
Payout ratio (%)	3.3	3.9	4.5	10.4	9.3	6.9
ROE (%)	55.5	40.8	30.5	26.0	27.4	28.6
Capex/sales (%)	34.3	58.8	64.8	55.2	59.8	62.3
Capex/depreciation (x)	3.9	6.5	7.4	7.8	8.9	8.6
Net debt/equity (%)	105.5	80.2	94.1	97.4	98.8	99.4
Net interest cover (x)	9.2	13.5	19.8	8.7	10.0	8.8

Source: Company data, Deutsche Bank estimates

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# Appendix 1

## Important Disclosures

Additional information available upon request

### Disclosure checklist

Company	Ticker	Recent price*	Disclosure
NTPC Limited	NTPC.BO	158.25 (INR) 29 Nov 11	1
Jindal Steel & Power	JNSP.BO	491.55 (INR) 29 Nov 11	
Power Grid Corporation	PGRD.BO	95.30 (INR) 29 Nov 11	

\*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies

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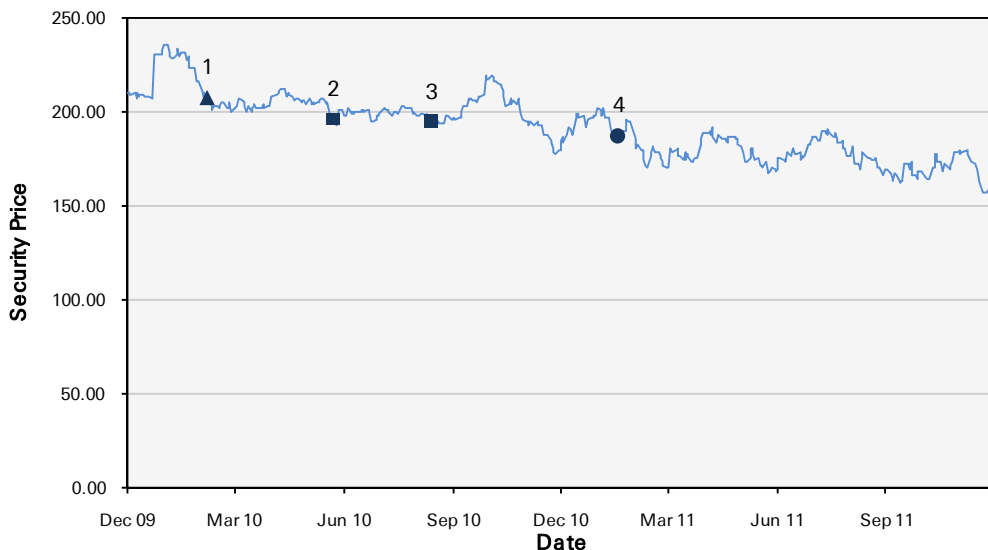
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Historical recommendations and target price: NTPC Limited (NTPC.BO)

(as of 11/29/2011)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

\*New Recommendation Structure as of September 9,2002

1.	05/02/2010:	Upgrade to Buy, Target Price Change INR230.00	3.	13/08/2010:	Buy, Target Price Change INR220.00
2.	22/05/2010:	Buy, Target Price Change INR235.00	4.	18/01/2011:	Downgrade to Hold, Target Price Change INR190.00

Historical recommendations and target price: Jindal Steel & Power (JNSP.BO)

(as of 11/29/2011)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

\*New Recommendation Structure as of September 9,2002

1.	03/07/2011:	Buy, Target Price Change INR800.00	2.	15/11/2011:	Buy, Target Price Change INR755.00
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Historical recommendations and target price: Power Grid Corporation (PGRD.BO)

(as of 11/29/2011)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

\*New Recommendation Structure as of September 9,2002

1. 18/10/2011: Upgrade to Buy, Target Price Change INR115.00

Equity rating key

**Buy:** Based on a current 12- month view of total shareholder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield ) , we recommend that investors buy the stock.

**Sell:** Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock

**Hold:** We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

Notes:

1. Newly issued research recommendations and target prices always supersede previously published research.

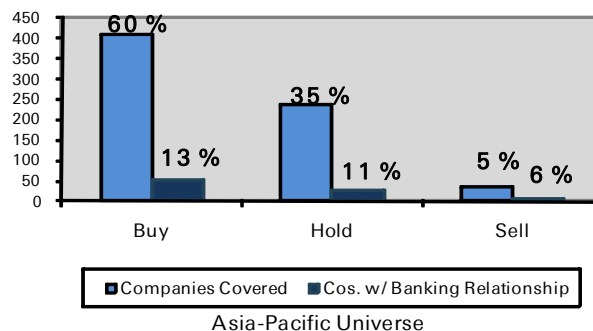
2. Ratings definitions prior to 27 January, 2007 were:

Buy: Expected total return (including dividends) of 10% or more over a 12-month period

Hold: Expected total return (including dividends) between -10% and 10% over a 12-month period

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Equity rating dispersion and banking relationships





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