

## Daily Market Outlook: 23 March 2009

The Indian market had a volatile session in a tight range but closed flat last day as it saw profit booking at higher levels. Sensex shut shop at 8966, down 35 points and Nifty at 2807, down 0.1 point from the previous close.

Nifty has taken enough time near the resistance level of 2840 and has continuously failed to close past it. The same depicts tiredness of bulls around current levels. Profit booking may well be in store in the next few trading sessions. If at all nifty manages to jump past 2840, it is likely to attain 2860/2900.

**BSE Sensex: (8967)** the support for the Sensex is 8850-8710 and the resistance to the up move is at 9140-9378

**Nifty: (2807)** Nifty important hurdle points of 2840 if nifty continue close above this level then we can see 2860-2900 level, but Nifty unable to sustain above its hurdle point due to profit booking in last hour. Nifty downside support around 2770 and 2722 and upside level around 2840-2900-3140.

## Equity Research

### GVK Power (532708) GVKPIL Group (A) CMP 20 RS

**Buy in Equity / Fut** | **Stoploss 18** | **Target 23/24.50** | **Holding 3-5 Days**

Technical View: Stock witness buying level with current level. RSI has broken 50 point .

|                   |              |              |              |
|-------------------|--------------|--------------|--------------|
| <b>Support</b>    | <b>19.70</b> | <b>18.05</b> | <b>17.10</b> |
| <b>Resistance</b> | <b>22.30</b> | <b>23.25</b> | <b>24.90</b> |

High Risky Members can trade in Future target & Stoploss as per equity market.

**Comment: Avoid Banking Space till next confirmation till there is downtrend in SBI and ICICI BANK.**



## Reliance Power Ltd

CMP Rs. 100.55

Target Price Rs. 112/120

Buy

### COMPANY SNAPSHOT (March 20, 2009)

|                           |                          |
|---------------------------|--------------------------|
| <b>Market Price</b>       | <b>Sensex</b>            |
| <b>Rs. 100.55</b>         | <b>8966.68</b>           |
| <b>52 Wk H / L</b>        | <b>Face Value</b>        |
| <b>Rs. 309.40 - 82.00</b> | <b>10</b>                |
| <b>Mkt Cap ( mn )</b>     | <b>Shares O/S ( mn )</b> |
| <b>Rs. 22724.30</b>       |                          |
| <b>BSE CODE</b>           | <b>NSE CODE</b>          |
| <b>532939</b>             | <b>RPOWER</b>            |

### Company Overview

Reliance Power Limited is part of the Reliance Anil Dhirubhai Ambani Group and is established to develop, construct and operate power projects domestically and internationally.

The Company on its own and through subsidiaries is currently developing 13 medium and large sized power projects with a combined planned installed capacity of

## Latest Quarterly Result

|              |               |
|--------------|---------------|
| Equity       | 23968         |
| Turnover     | 0             |
| Net Profit   | 1056.81       |
| EPS          | NA            |
| Total Exp    | 189.71        |
| Tax          | -65.69        |
| Total Income | 1313.09 Rs.Mn |

28,200 MW, one of the largest portfolios of power generation assets under development in India. Our 13 power projects are planned to be diverse in geographic location, fuel type, fuel source and off-take, and each project is planned to be strategically located near an available fuel supply or load center.

## Report card

|                          |        |          |
|--------------------------|--------|----------|
| PE ratio                 | 238.60 | 20/03/09 |
| EPS (Rs)                 | 0.42   | Mar, 08  |
| Face Value (Rs)          | 10     |          |
| Net profit margin (%)    | 83.90  | Mar, 08  |
| Last bonus               | 3:5    | 24/02/08 |
| Return on average equity | 0.69   | Mar, 08  |

## Performance review

You will be happy to learn that during the year, our company made a significant improvement in its financial and operational performance.

The salient points are:

- Total income of Rs. 133 crore (US\$ 33 million)
- Net profit of Rs. 101 crore (US\$ 25 million) -
- Earnings per share (EPS) of Rs. 0.17



## Issue of Bonus shares

As you are aware, subsequent to the closing of the Initial Public Offering (IPO) of the Company, the global and Indian equity markets have suffered an extraordinary meltdown, with all benchmark indices declining by 15 to 20 per cent. In line with this global trend, the Company's share price too closed below the IPO price after listing on February 11, 2008.

In keeping with Reliance Anil Dhirubhai Ambani Group's fundamental and over-riding philosophy of creating value for genuine long term investors, the board of the Company decided to issue bonus shares in the ratio of three equity shares for every five equity shares held by the members.

## Waiver of entitlement to Bonus Shares

In the long term interests of the company and its more than 4 million members, the promoters of the company, viz Reliance Energy Limited and Anil Dhirubhai Ambani Group who collectively hold 203.20 crore equity shares representing 89.92% of the existing paid up equity share capital of the Company, have in an extraordinary and unprecedented step decided to waive their entitlement of bonus shares.

The issue of bonus shares would result in reducing the cost of acquisition of shares to below the IPO price. This, would safeguard the interest of investors and enhance long term value. The well-being of our shareholders is dear to us, and inspired by the example of our legendary founder, Shri Dhirubhai Ambani, we would continue to explore every opportunity to increase their wealth.

## Power Sector

As the Indian economy enters a new and higher growth phase, ensuring adequate power at a competitive price has emerged as one of the key challenges. Despite the renewed recent focus on raising the generation capacity, the gap between supply and demand has continued to widen.

The seriousness of the situation is further evident in the fact that per capita consumption of energy in India remains extremely low in comparison to most other parts of the world. According to the World Energy Outlook, 2006, over 400 million people in India do not have access to electricity.

While we must aim at adding new capacity, there is also a pressing need to strengthen transmission, and substantially reform the distribution networks. Other issues that require urgent attention include continued techno-commercial

losses, waste and inefficient usage, deficient rural electrification and imbalanced tariff structures,

The Government of India has identified power as a key infrastructural bottleneck in the way of sustained industrial growth, It has embarked on an ambitious mission - "Power for All by 201 2" - backed by extensive reforms to make the power sector more attractive to private sector investment.

In line with the targets set by the government, a comprehensive, integrated development strategy for the power sector has been prepared, keeping in mind the following objectives :

- Generate adequate power to sustain long-term GDP growth rate of 8 per cent
- Improve significantly the quality and reliability of power
- Ensure availability of power at competitive rates and
- Safeguard commercial viability of power industry to make it attractive for private sector participation

The outlook for the sector appears promising as many of the policy initiatives have started to show results.

The prevailing and expected demand and supply imbalance in India presents significant opportunities in the power sector. To capitalize on this, the Company is currently engaged in developing 1 3 medium and large-sized power projects with a combined planned installed capacity of over 28,200 MW, one of the largest portfolios of power generation assets under development in India.

Encompassing diversity in geographical location, fuel type, fuel source and off-take, each project is planned to be strategically located near a source of fuel supply, or load center. These projects include two ultra mega power projects, to be executed at Sasan in Madhya Pradesh and Krishnapatnam in Andhra Pradesh respectively, each with a capacity of about 4,000 MW. We are confident that the successful implementation of these projects would dramatically change India's power landscape and generate huge interest among both domestic and international investors.

We believe that we are well positioned to tap the huge growth opportunities in the power sector and become one of the leading IPPs in India because we have:

- One of the largest portfolios of Power Generation Projects under development in India.
- A diversified and strategically located portfolio of power projects.
- Reliance Anil Dhirubhai Ambani group's leadership position among private power players in India

Availability of adequate fuel at affordable prices is a key prerequisite for sustained generation capacity addition. In order to address this critical issue and achieve better operational efficiencies, we are investing in supercritical technology to reduce the amount of coal required for our coal fired projects, and in combined cycle gas turbine technology to increase the output of our gas-fired projects.

The recent Indo-US agreement on civil nuclear cooperation, which augurs well for the participation of international players in the development of the domestic power sector, is expected to ease the import of nuclear fuel in the country, We are confident that the concerns being expressed about the political viability of the deal would be satisfactorily addressed, keeping in mind the paramount national objective of ensuring the overall growth and development of the power sector in the country.

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