

October 06, 2009  
Mumbai

## **CRISIL IPO grade 3/5 assigned to the IPO of Indiabulls Power Ltd.**

CRISIL has assigned a CRISIL IPO Grade "3/5" (pronounced "three on five") to the proposed initial public offer (IPO) of Indiabulls Power Ltd. This grade indicates that the fundamentals of the IPO are average relative to the other listed equity securities in India. However, this grade is not an opinion on whether the issue price is appropriate in relation to the issue fundamentals. The grade is not a recommendation to buy / sell or hold the graded instrument, or a comment on the graded instrument's future market price or its suitability for a particular investor.

The grading assigned reflects CRISIL Research's view that the current power deficit scenario together with the outlook for sustained domestic economic growth presents a positive outlook for the power sector. This will benefit companies like Indiabulls Power who are setting up large generation capacities. The grading also reflects the group's good financial flexibility, strong fund raising ability, and the group management's successful track record in other businesses. The grading is however tempered by the risks inherent in completing and commissioning the relatively large projects under execution, and the fact that this is a completely new sector of exposure for the group. The grading also reflects the fact that power generation companies in India will significantly depend on State Electricity Boards (SEBs) for the off take over the long term, and will have to manage the related credit risks. Constrained capacity of the transmission facility for power evacuation is another risk factor. Given these risks and in the context of competitive bidding based project awards for private players, the returns to generation companies may not be substantially high.

### **About the company and the issue**

Indiabulls Power Limited (IBPL) is a subsidiary of Indiabulls Real Estate Limited. IBPL has been established with the objective to develop, construct and operate power projects. IBPL is currently executing five coal based power projects totalling 6,615 MW generation capacities. The company proposes to set up power plants in Maharashtra (Amravati and Nashik) and Chhattisgarh (Bhaiyathan). The management has indicated that the first power plant would be commissioned at Nashik in 2011-12. The proceeds of the proposed IPO are expected to part finance the construction and development of the 1,320 MW Amravati Power Project Phase I, fund equity contribution in the Company's wholly owned subsidiary to part finance the construction and development of 1,335 MW Nashik Power Project, apart from general corporate purposes.

### **About CRISIL IPO Grading**

CRISIL IPO (Initial Public Offering) Grading is an opinion on the fundamentals of the graded issue that reflects CRISIL's independence and expertise. This opinion is expressed as a relative assessment in relation to other listed equity securities in India. The assessment is based on a grading exercise carried out by industry specialists from CRISIL Research. A CRISIL IPO Grade 5/5 indicates strong fundamentals and a CRISIL IPO Grade 1/5 indicates poor fundamentals. CRISIL IPO Grading reflects its assessment of the graded company's equity fundamentals as distinct from an assessment of debt fundamentals. A CRISIL IPO Grade should not be construed to mean a comment on the price of the graded security nor is it a recommendation to invest or not to invest in the graded security.

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### About CRISIL Limited

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### About CRISIL Research

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