Macquarie
Equities Research

The Asia Specialist

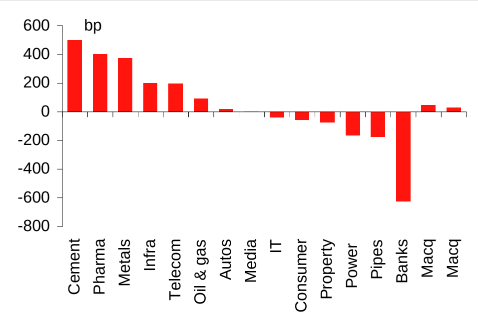
INDIA

PAT Growth Estimates by Sector

	% YoY	% QoQ
Infra	71%	88%
Property	53%	-5%
Banks	27%	0%
Consumer	25%	-8%
Oil & gas	24%	17%
Media	19%	-34%
IT	14%	1%
Autos	8%	6%
Power	5%	15%
Metals	-3%	40%
Pharma	-4%	17%
Cement	-16%	29%
Pipes	-21%	-9%
Telecom	-37%	11%
Macq Covg	20%	17%
Macq Covg (ex-Oil & Gas)	19%	16%

Source: Macquarie Research, April 2011

Estimated QoQ Change in EBITDA Margins



Source: Macquarie Research, April 2011

Macquarie Top 10 Focus List

Company	Ticker	Rec.	Price (Rs)	TP (Rs)	Upside
GAIL India	GAIL IN	OP	462	573	24%
Glenmark	GNP IN	OP	298	470	57%
ICICI Bank	ICICIBC IN	OP	1111	1400	26%
Infosys	INFO IN	OP	3280	3750	14%
ITC	ITC IN	OP	184	209	13%
Jindal Stl & Pwr	JSP IN	OP	714	938	31%
L&T	LT IN	OP	1668	2215	33%
Reliance Ind.	RIL IN	OP	1048	1247	19%
Tata Motors	TTMT IN	OP	1280	1500	17%
Tata Steel	TATA IN	OP	635	863	36%

Source: Bloomberg, Macquarie Research, April 2011
Prices as of 5 April 2011.

Rakesh Arora, CFA
+91 22 6653 3054 rakesh.arora@macquarie.com
Arjun Bhattacharya
+91 22 6653 3064 arjun.bhattacharya@macquarie.com

7 April 2011
Macquarie Capital Securities India (Pvt) Ltd

India Strategy

4Q FY11 Earnings Preview

Event

- **Consumption strong, costs rising:** We expect the 4Q FY11 earnings to show 22% YoY growth in revenues and 20% growth in PAT for our coverage universe. This translates to full year top-line growth of 20% and bottom-line growth of 21%. We expect flat margins YoY and QoQ, as rising input prices offset higher sales volumes, which have so far held up due to strong underlying demand.
- **Position your portfolio for FY12:** Our overweight sectors – IT, Materials, Healthcare and Energy – look well positioned to deliver strong results and look ripe for accumulation. However, we will look to book profits in Cement, Utilities, Autos and Financials in the upcoming strong results.

Impact

- **Cement and Telecom weakest sectors in 4Q and FY11; good results expected for capital goods:** Our aggregate estimates for 4Q and FY11 are dragged down by weak results from Cement and Telecom (on a YoY basis), both of which remained weak throughout FY11. However, we think Cement profitability should rebound in 4Q due to higher realisations along with better volumes. In the Infra/Capital goods sector, strong execution will likely aid in delivering strong quarterly results; however, concerns remain about order inflow growth.
- **Among other sectors, in 4Q:** We expect cost pressures to eat into margins, and we see higher volumes in **Consumer** and **Autos**. **Metals** appear likely to gain on a rally in LME prices for aluminium, zinc and copper. **Real Estate** should see profits and margins grow in 4Q on a YoY basis, in our view, due to a low volume base from the previous year. In **Power**, companies exposed to merchant power may report slightly higher earnings; however, increases in coal costs could affect margins. **IT** should continue to deliver strong results.
- **FY12 EPS revisions risk on the downside; 4Q'11 to provide direction:** FY12 earnings estimates for the Sensex have continued to be downgraded since Nov 2010 and have reached the same level they were at the beginning of FY11. However, earnings growth for FY12 is still estimated at 19% with revenues growth contributing 12% and margins 7%. We believe that margins growth expectation seems daunting given the huge cost pressures. Also consensus seems to be underestimating the impact of rising working capital.

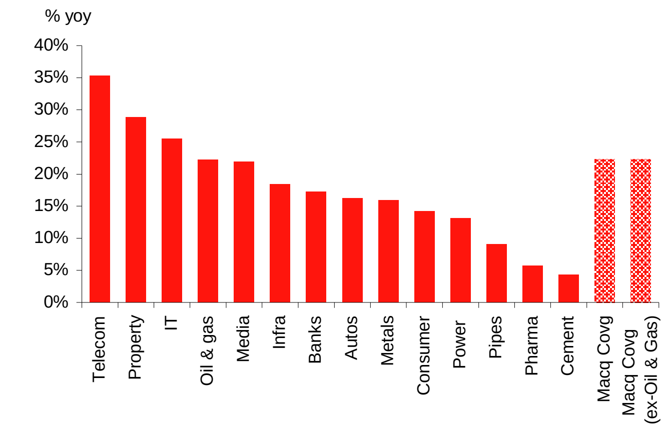
Outlook

- **Market – strong rebound, but for how long?** Given the sharp rally in the past two weeks, the market, led by high FII inflows, appears to have suddenly gotten over concerns about inflation, rising rates and political events. However, oil prices remain a concern, investment cycle remains weak and sustenance of consumption growth remains doubtful. Macro headwinds call for careful stock selection. **Our Top-10 Focus Stocks** have continued to outperform MSCI India by roughly 300bp since August 2010. Stocks that have outperformed within this basket are Tata Steel (+23%), ITC (+15%), ICICI Bank (+11%) and Infosys (+9%).

Plenty of ground to cover during the 4QFY11 season

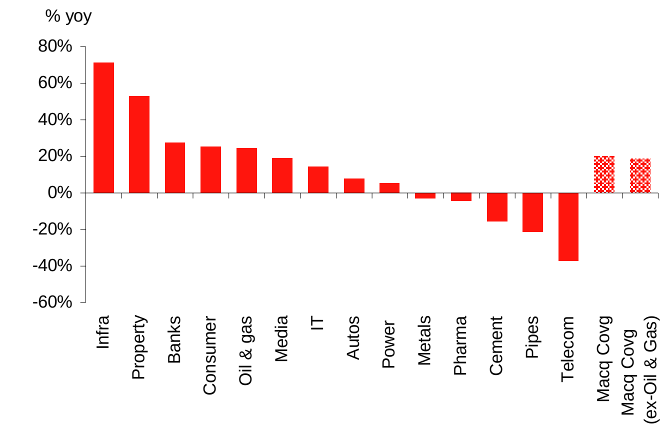
The upcoming results season appears likely to be one that could provide some direction to future earnings estimates. The market will likely keep a close eye on 4Q results, particularly those of banks and the capital goods/infra sector since these have been at the centre of recent concerns about rising interest rates, loan growth and the pace of investment activity. Since the Q3 reporting season, expectations for FY11 have also trimmed – in Nov'10, Q4 estimates comprised more than 30% of full year numbers, which now stand at around 27% and in line with the long term average of around 27%-28% of full year numbers. However, consensus estimate of 19% growth for FY12 is still at risk, which appears more to the downside than to the upside, in our view. High sales volumes have so far helped companies maintain margins despite cost pressures. After the strong rebound post the credit crisis demand has continued to hold up very well; but now with rising prices and interest rates, we expect demand to soften going forward and thereby pose a risk to margin expansion.

Fig 1 4Q'11 Revenue growth est. by sector (% YoY)



Source: Macquarie Research, April 2011

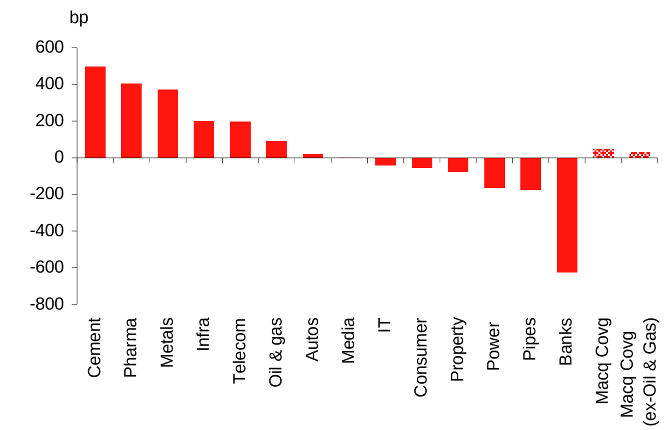
Fig 2 4Q'11 PAT growth est. by sector (% YoY)



Source: Macquarie Research, April 2011

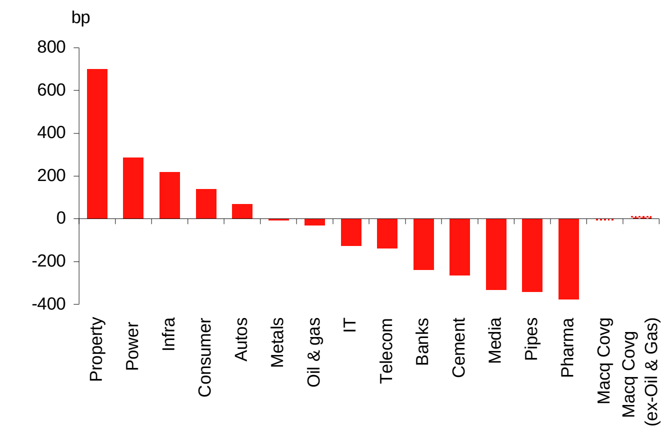
We believe 4Q results remain the key catalyst in the near term. Our overweight sectors – IT, Materials, Healthcare and Energy – look well positioned to deliver strong results. Most sectors have adopted the strategy of maintaining margins while sacrificing volumes. Banks have aggressively raised lending rates to compensate for rising deposit rates. Cement companies are maintaining supply discipline to push prices up. High steel prices seem to have reduced demand, with clients citing higher working capital requirements. We expect cost pressures to eat into margins, and we expect higher volumes in the Consumer and Autos sectors. Metals appear likely to gain on a rally in LME prices for aluminium, zinc, and copper. Real Estate should see profits and margins grow in 4Q on a YoY basis, in our view, due to a low volume base from the previous year. In Power, companies exposed to merchant power may report slightly higher earnings; however, we think increases in coal costs could affect margins. IT should continue to deliver strong results.

Fig 3 Estimated QoQ EBITDA margin chg. by sector



Source: Macquarie Research, April 2011

Fig 4 Estimated YoY EBITDA margin chg. by sector

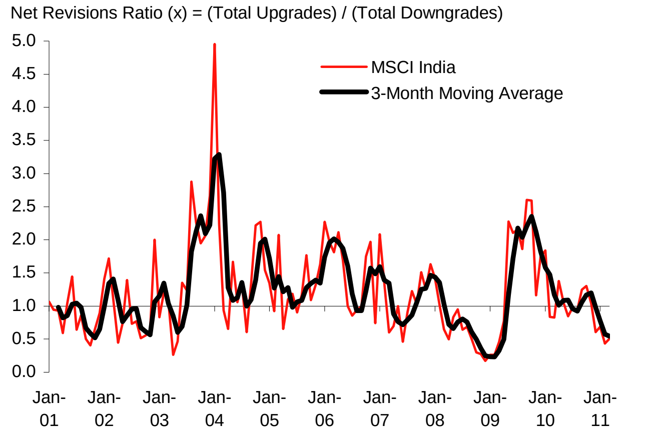


Source: Macquarie Research, April 2011

FY12 Earnings estimates have come back a full circle

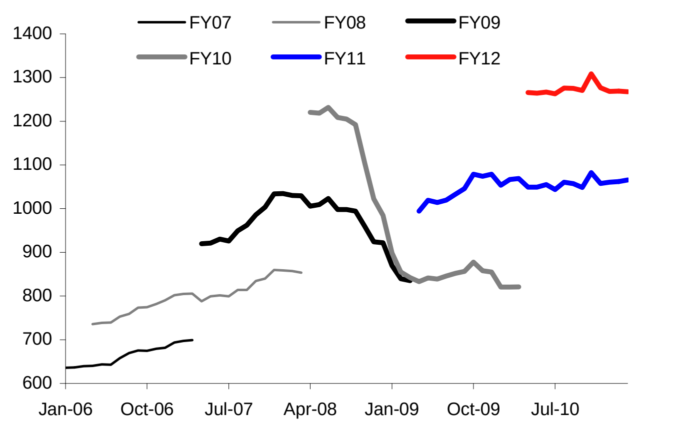
FY12 earnings estimates have continued to be revised downwards since Nov 2010, when they reached their peak, and they have reached the same level they were at in the beginning of FY11. The consensus is currently building in EPS growth of around 19% for FY12, which is 200bp lower than what was estimated in April 2010. However, depending on where FY11 numbers finally end up, we believe the risk to revisions is more to the downside than the upside. The trend across all sectors is negative at the moment, with the exception of IT, which is one of the sectors we currently overweight and one we think provides a nice defensive edge in this environment. The trend in earnings revisions correlates well with market returns on a six-month and 12-month basis. Therefore, a bottoming of the revisions ratio would normally signal a good opportunity to enter the market.

Fig 5 MSCI India earnings revisions ratio



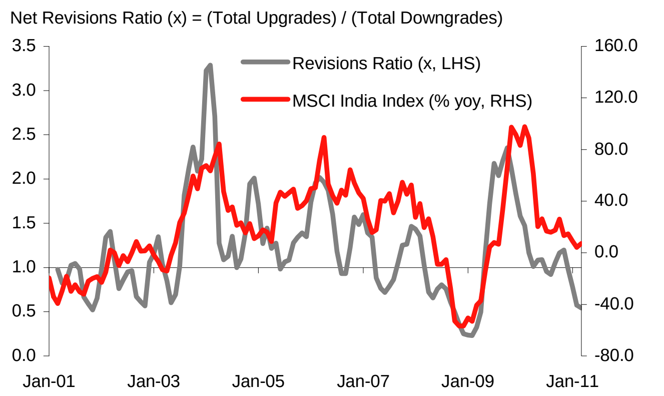
Source: Capital IQ, Bloomberg, Macquarie Research, April 2011

Fig 6 Sensex consensus EPS estimates profile



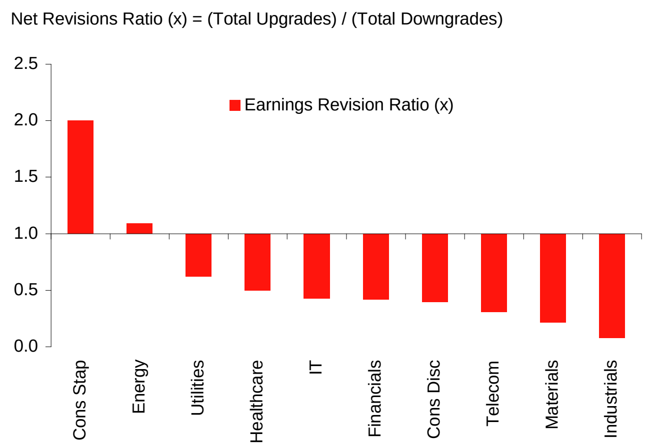
Source: Bloomberg, Macquarie Research, April 2011

Fig 7 EPS Revisions and 12-mth market returns



Source: Capital IQ, Bloomberg, Macquarie Research, April 2011

Fig 8 Current earnings revision ratio by sector



Note: The reading for Cons. Staples primarily reflects ITC upgrades post budget

Source: Capital IQ, Macquarie Research, April 2011

Expectations by Sector

- **Autos:** Volume growth remains robust for all players. Raw material pressure forced companies to take price hikes. EBITDA margins for almost all players will be under pressure, we think, due to increased raw material costs. However, growth appears unlikely to decline sharply due to still-positive consumer sentiment.
- **Banks:** We think margins should compress on a higher cost of funds. We have assumed ~15bp compression in NIMs. Another quarter of asset quality pain is expected for PSU banks. Loan growth should moderate slightly, in our view.
- **Cement:** Realizations recovered during the quarter, and, along with better volume, this should help earnings, we believe. However, we expect results to decline on a YoY basis.
- **Capital Goods/Infrastructure:** We expect the strong execution pickup in domestic business to continue. Margins are likely to remain stable due to the removal of pass-through clauses in the contracts.
- **Consumer:** Top-line growth should be driven by strong volume growth across all categories. Margins appear likely to be under pressure due to higher raw material expenses (except tobacco) and higher advertising expenses. We think companies that face lower competitive pressures (ITC and Emami) are likely to report higher profit growth.
- **IT:** We expect Indian IT vendors to report a strong set of results. Top vendors are expected to deliver ~5% QoQ US$ revenue growth. The focus should be on multiple deal announcements and the margin outlook, given rising input costs. We are building in ~28%+ US$ top-line growth for the top-tier vendors for FY12 and see upside risks to our forecasts.
- **Metals:** This quarter saw a rally in LME prices for aluminium, zinc, and copper, which should substantially help earnings of all companies. Steel companies should also benefit from increasing realisations and strong margins during the quarter.
- **Oil & Gas:** Mildly lower crude realizations QoQ could hurt the top line of upstream producers, but Mangala volume increases for Cairn India and lower subsidies/higher gas prices for ONGC/OIL should more than offset the impact. We expect OMCs to post slender profits based on the full effect of gasoline deregulation and improved GRMs. No ramp-up in KGD6 and poor petchem margins should be offset by continually improving GRMs for RIL. Escalated spot cargo imports fill the gap created by the PMT shutdown, providing Petronet with an earnings boost and helping GAIL to maintain transmission volumes.
- **Real Estate:** We expect Indian real estate companies to show a decline in profit on a QoQ basis due to a higher base effect and lower sales volume in the current quarter. We think sales volume was under pressure in 4Q FY11, primarily due to higher property prices, rising speculative participation, and interest rate tightening.
- **Telecom:** We expect telecom companies to show QoQ profit growth as we expect some relief on the physical market side. We expect a slowdown in the pace of ARPU declines combined with a moderate increase in the subscriber base. We do not expect a major impact on 3G in the current quarter as the companies had a partial roll-out of services during the second half of the quarter.
- **Pharma/Healthcare:** A focus on profitable growth adopted by leaders in the sector has started to pay dividends. We have a positive outlook for the global generic pharmaceutical market, CRAMS and domestic pharma consumption. We believe an emerging market presence and patent expiries will drive earnings over the medium term. A biogenerics opportunity and innovation are expected to play out in this decade (2011-20). Glenmark is our top conviction pick because of its credible innovation infrastructure, strong earnings momentum, improved balance sheet and valuation discount of 25% to its peers.
- **Power/Utilities:** We think regulated earnings are likely to be in line with those of the previous quarter. Companies with merchant power price exposure are likely to report slightly higher earnings on a per unit basis over the quarter, in our view. However, an increase in coal costs during the quarter could affect margins.

Fig 9 4Q FY3/11 Estimates by Company

	Net sales (Rs m)			EBITDA (Rs m)			PAT (Rs m)			
Company name	**4Q FY11E**	**% chg (YoY)**	**% chg (QoQ)**	**4Q FY11E**	**% chg (YoY)**	**% chg (QoQ)**	**4Q FY11E**	**% chg (YoY)**	**% chg (QoQ)**	**Key drivers**
Automobiles										
Hero Honda	52,649	29%	3%	7,108	4%	33%	6,223	4%	20%	Sales growth expected to be led by 23% YoY volume growth. Margins may be under pressure due to limited pass-through of increased input costs through price hikes.
Maruti Suzuki India	98,262	19%	5%	8,647	-11%	12%	6,423	-2%	7%	Strong 20% YoY volume growth in the quarter should drive sales growth. Margins may decline despite a 1.5% price hike due to partial absorption of increased input costs. Heightened competition and raw material pressure may limit earnings growth in the future.
Ashok Leyland	36,391	24%	63%	4,185	11%	152%	2,464	10%	468%	Sales growth expected to be led by volume growth. The company has implemented a price hike to mitigate cost pressure. The company expects 15% volume growth in FY12 and the Haridwar plant benefit to accrue from FY12.
Bajaj Auto	42,458	25%	2%	8,340	7%	-2%	6,423	14%	-4%	A 17% YoY rise in volumes and a 2-3% price hike will result in revenue growth. We expect margins to decline a bit due to higher input costs.
Tata Motors	319,218	10%	1%	47,055	40%	-2%	23,327	5%	-4%	Sequential improvement in JLR volumes will support earnings in the quarter. Better realisations in China will help revenue growth. However, margins are likely to decline QoQ as input costs have hardened compared to the previous quarter.
Mahindra & Mahindra	66,785	26%	9%	10,458	24%	13%	7,288	28%	13%	Strong demand for tractors, sub 1 tonne LCVs and three-wheelers expected to drive growth.
Total	**615,762**	**16%**	**5%**	**85,793**	**22%**	**6%**	**52,147**	**8%**	**6%**	
Banks**										
ICICI Bank	43,932	12%	8%	25,235	5%	8%	16,092	60%	12%	Loan growth should improve from a low base. Provisioning should be lower as 70% coverage nearly reached. Delinquencies should continue to be low.
HDFC Bank	38,624	19%	-1%	20,986	24%	1%	10,968	31%	1%	We expect NIMs to decline ~10bp even as we expect loan growth to slow from the 3Q11 level. Credit costs should be flat, with some more prudential provisions for MFI exposure likely.
State Bank of India	141,477	26%	14%	70,071	35%	4%	28,240	51%	0%	Delinquencies should be high, while we expect some of the standard asset provisioning for teaser rate loans to be done in the quarter. We think margins should compress on upward repricing of deposits.
Union Bank of India	20,264	7%	-4%	11,786	3%	-7%	6,340	7%	9%	Results should be muted, led by margin compression and higher opex due to pension opex. Outlook for FY12 should be much improved, however.
Canara Bank	27,394	19%	3%	14,738	3%	-3%	9,643	92%	-13%	Margins likely to be under pressure. Opex provision should also be affected. Quality of restructured assets has held up better than that of peers. However, more delinquencies can come from automated recognition of NPLs, where the bank lags its peers.
Punjab National Bank	37,106	8%	-9%	20,584	-12%	-12%	10,842	-4%	-1%	Asset quality remains the key concern. Pension related opex should be up. Healthy margins, however, should provide a cushion.
Housing Development Finance Corp	9,385	-25%	-15%	11,284	-10%	-6%	8,373	-10%	-6%	Momentum in sanctions and disbursement should continue. We think this should compensate for an expected moderate decline in NIMs.
Bank of Baroda	30,225	17%	2%	17,802	9%	-4%	11,081	22%	4%	BOB has done very well in terms of asset quality. This should result in low provisions supporting healthy profitability, even though bank faces headwinds similar to peer banks in terms of lower QoQ margins and higher pension opex.

Fig 9 4Q FY3/11 Estimates by Company

Company name	Net sales (Rs m) 4Q FY11E	% chg (YoY)	% chg (QoQ)	EBITDA (Rs m) 4Q FY11E	% chg (YoY)	% chg (QoQ)	PAT (Rs m) 4Q FY11E	% chg (YoY)	% chg (QoQ)	Key drivers
Bank of India	26,147	15%	-1%	14,973	17%	8%	6,121	43%	-6%	Profits should be strong due to base impact. Credit quality should be key point to watch out for, and a second consecutive good quarter should support the stock. Lower margins and higher pension opex would be drags.
Kotak Mahindra Bank	24,956	1%	29%	7,053	-5%	18%	4,120	-3%	8%	Lower margins and lower non interest income should result in moderate growth in profits. Loan growth should be robust.
Infrastructure Development Finance Company	5,651	-6%	-15%	4,216	14%	-16%	3,056	34%	-5%	Profitability should be healthy on the back of strong loan growth. We think NIMs should compress, however.
IDBI	14,986	15%	-9%	8,751	26%	-23%	3,577	12%	-21%	Expect margins to decline on higher wholesale funding costs. Asset quality should remain weak, although we think delinquencies should decline from the high levels seen in the last quarter.
Reliance Capital	26,133	79%	170%	-	-100%	-100%	1,063	65%	#DIV/0!	Life insurance sales remain in the doldrums, even as other businesses are likely to continue improving operations.
Rural Electrification	8,837	-6%	-6%	8,262	10%	-8%	6,682	19%	1%	We expect loan growth to be steady. However, margins should face compression on rising wholesale funding costs.
Power Finance	15,395	17%	65%	7,973	9%	-12%	6,279	5%	-5%	Loan growth likely to be robust. Margin compression expected due to rise in funds cost. Forex loss could be a drag.
Total	**470,510**	**17%**	**10%**	**243,714**	**12%**	**-2%**	**132,477**	**27%**	**0%**	
Cement										
Associated Cements	26,100	17%	25%	5,273	-15%	157%	3,266	-17%	33%	Better sales volume and sales realisations during the quarter should help boost EBITDA to Rs845/ton from Rs373/ton in the previous quarter
Ambuja Cements	22,047	1%	8%	5,314	84%	5%	3,328	27%	1%	11% growth in sales volume and Rs400/t increase in realisations should help deliver EBITDA of Rs935/t
Grasim Industries	13,340	-60%	10%	3,845	-57%	6%	3,002	-50%	6%	The numbers are not comparable due to restructuring of the business. Standalone reflects only VSF business, which is expected to have a strong quarter after low sales volume last quarter.
Ultratech Cements	36,660	92%	-1%	8,465	110%	20%	4,084	79%	28%	Expect EBITDA per ton to be Rs925 compared to Rs725 last quarter.
India Cements	11,139	16%	43%	2,097	66%	66%	876	129%	308%	We expect the company to report profits of Rs876m compared to Rs128m in first nine months
Total	**109,288**	**4%**	**14%**	**24,994**	**-7%**	**46%**	**14,556**	**-16%**	**29%**	
Infrastructure										
Larsen & Toubro	163,021	20%	43%	24,287	18%	96%	16,979	27%	111%	Execution could be the key driver for the stock. We are expecting strong top line growth of 20% and PAT growth of 27% in 4Q FY11
Suzlon Energy	43,639	4%	74%	3,963	0	129%	1,013	141%	198%	Expecting normalised margins of 9% due to higher volumes in seasonally strong 4Q. We would keenly watch for order inflows.
Bharat Heavy Electricals	176,581	27%	106%	39,902	39%	101%	26,372	38%	96%	Order inflow growth remains a concern, especially in power segment. Competition expected to pick up in equipment manufacturing space, with new entrants coming in the business.

Fig 9 4Q FY3/11 Estimates by Company

	Net sales (Rs m)			EBITDA (Rs m)			PAT (Rs m)			
Company name	4Q FY11E	% chg (YoY)	% chg (QoQ)	4Q FY11E	% chg (YoY)	% chg (QoQ)	4Q FY11E	% chg (YoY)	% chg (QoQ)	Key drivers
GMR Infrastructure	14,388	28%	6%	4,021	28%	5%	(829)	-118%	-273%	Pickup in airport traffic due to rebound in economic activities. Stay on merchant sales could delay upside from power projects. Barge mounted plant could start contributing to revenues. Male airport should contribute to airport earnings, but higher depreciation in Delhi airport could eat into profits.
Punj Lloyd	23,449	38%	12%	2,110	141%	120%	410	107%	166%	Order inflows have dried up. Execution on Libyan orders (28% of order book) is critical for revenue growth. Core margins need to improve, after being supported by other operating income in 9M FY11
IVRCL	23,630	25%	67%	2,363	19%	68%	1,064	25%	152%	Execution and margins need to improve drastically to avoid serious de-rating of the stock.
Nagarjuna Construction Company	16,750	10%	25%	1,675	10%	31%	585	-16%	45%	Revenue growth likely to remain soft due to working capital and project specific issues. We will watch out for management guidance on order inflow and margins
ABB India	16,014	10%	-22%	1,361	30%	316%	822	33%	86%	Expect margins to normalise after the end of execution of loss-making rural electrification orders.
Crompton Greaves India	28,841	15%	20%	4,615	15%	36%	3,048	13%	31%	We think margins likely to be sustained at 4Q FY10 levels. Order inflows from Powergrid expected to trickle in in 1Q FY12.
Jaiprakash Associates	34,818	4%	20%	8,890	4%	12%	2,874	238%	23%	Cement margins to remain soft. Outlook on construction remains key to sustaining growth in that vertical.
Siemens India	26,549	20%	5%	3,053	12%	-13%	2,149	19%	-12%	Expect rebound in revenues and earnings. Margins expected to return to normalised levels of ~11-12%.
Patel Engineering Company	9,400	-21%	144%	1,504	0%	159%	586	-19%	567%	Expect revenues to start normalising now after natural calamity in 3Q FY11. Real estate sales would boost revenues and earnings.
GVK Power and Infrastructure	4,951	1%	8%	1,360	84%	5%	422	27%	1%	Lower gas supply from KG basin may hurt power production and earnings. Airport traffic growth to remain strong.
Mundra Port & Special Economic Zone	5,257	25%	17%	3,382	32%	9%	2,514	31%	10%	Timely commissioning of Adani and Tata Power's power plants and Bhatinda refinery would ensure robust cargo traffic by FY12. Signing of new concessions like Orissa port (100m tons) may work well from a long-term perspective.
Total	**587,287**	**18%**	**47%**	**102,485**	**35%**	**66%**	**58,007**	**71%**	**88%**	
Consumer										
ITC	58,437	14%	6%	20,355	26%	0%	13,298	29%	-4%	Strong sales growth expected to be driven by cigarettes. We expect 2-3% volume growth in cigarettes. Cigarette margins should remain strong as the company effected a ~5% price hike in January. Paper and packaging revenues and profits should grow sharply on strong demand. Hotel business to report robust growth backed by higher occupancy and improved realization. We expect ITC's FMCG business to report lower losses and to move towards breakeven in FY12.
Hindustan Unilever	49,010	12%	-4%	6,185	4%	-15%	4,765	13%	-17%	Revenue growth expected to be driven by volume growth; however, soaps and detergents segment is likely to witness >300bp EBIT margin compression. Raw material inflation and higher ad-spends may lead to marginal EBITDA margin compression.

Fig 9 4Q FY3/11 Estimates by Company

	Net sales (Rs m)			EBITDA (Rs m)			PAT (Rs m)			
Company name	4Q FY11E	% chg (YoY)	% chg (QoQ)	4Q FY11E	% chg (YoY)	% chg (QoQ)	4Q FY11E	% chg (YoY)	% chg (QoQ)	Key drivers
Dabur	9,934	16%	-9%	2,095	22%	-3%	1,513	12%	-2%	Volume growth expected to remain strong across categories, driving revenue growth. Gross margin is likely to suffer due to higher raw material costs. International business, excluding Egypt, to remain strong, while pressure in shampoo category may continue.
Marico	6,836	14%	-16%	926	9%	-7%	649	14%	-7%	Revenue growth expected to be driven by ~27% price hike in Parachute hair oil. Higher Copra prices will put pressure on margins. We expect international business to be affected by Egypt and Middle East crisis. Expect positive same clinic sales at Kaya as corrective actions have started showing results.
Emami	3,363	20%	-17%	649	15%	-36%	562	20%	-34%	Strong growth of new and existing products expected to drive 20% YoY sales growth. Significant growth of seasonal products like Boroplus prickly heat powder and Navratna Cool Talc and robust growth of Zandu could be key growth drivers for the company. We expect margin to be affected due to high menthol and LLP prices. Profit growth should also be led by lower interest expenses and taxes.
United Spirits	15,419	22%	-3%	2,853	46%	4%	1,176	89%	6%	We expect sales to be driven by volume growth. Margin is likely to improve YoY on account of favourable raw material prices.
Shree Renuka Sugars	19,012	5%	-16%	2,624	-26%	-13%	339	-49%	-85%	Revenue growth expected to be driven by domestic sugar sales volume and Ethanol. EBITDA should reflect the strong domestic sugar prices; however, net profit could be affected by higher interest and depreciation outgo pertaining to Brazilian assets. However, volatile trading income can swing the earnings significantly.
Total	**142,999**	**14%**	**-2%**	**33,063**	**21%**	**-4%**	**21,963**	**25%**	**-8%**	
Information Technology										
Infosys Technologies	74,956	26%	5%	24,586	22%	4%	18,839	17%	6%	Expect Infosys to beat both its top-line and EPS guidance. Our revenue estimate of Rs75bn is 4.2% above and our EPS estimate of Rs32.97 is 5.8% above the mid-point of the company's guidance. Expect US$ revenues to grow to US$1,661m, 3.2% ahead of the mid-point of company guidance.
Tata Consultancy Services	101,790	32%	5%	29,837	29%	2%	22,652	17%	-3%	Among the IT majors, we expect TCS to post a strong set of numbers. Our financial forecast is based on 4.5% volume growth for the company, and we see upside risks to this estimate. Expect US$ revenues to grow to US$2,249m, up 4.9% sequentially.
Wipro	82,743	19%	6%	17,294	13%	5%	13,505	12%	1%	We expect Wipro to deliver 5.8% QoQ growth in revenues at consolidated level. We are factoring in IT Services revenue of Rs63.5bn (up 21% YoY and up 7% QoQ) and an EBIT margin of 22.2% (flat on a sequential basis). Our US$ revenue forecast for the quarter is US$1,404m, which exceeds the mid point of the company's guidance by 0.5%.
HCL Technologies	40,991	33%	5%	6,905	14%	9%	4,325	26%	8%	We are factoring in revenues of Rs40.9bn (up 33% YoY and up 5% QoQ) and EBIT margin of 13.6% (up ~50bp QoQ). We are factoring in high margins due to robust top line and operational efficiencies. Our US$ revenue forecast for the quarter is US$906m.
Mphasis	13,119	7%	6%	2,557	-19%	-1%	2,159	-19%	-5%	We are factoring in revenue of Rs13.1bn (up 8% YoY and up 6% QoQ). Our EBIT margin forecast for the quarter is 17% (down ~200bp QoQ). Expect US$ revenues to grow to 292m, up 7.6% sequentially.
Rolta India	4,527	15%	3%	1,772	19%	2%	698	4%	-11%	We are factoring in revenues of Rs4.5bn (up 15% YoY and up 3% QoQ) and EBIT margin of 21% (down ~10bp QoQ). Our US$ revenue forecast for the quarter is US$100m.
Total	**318,126**	**26%**	**6%**	**82,951**	**20%**	**4%**	**62,176**	**14%**	**1%**	

Fig 9 4Q FY3/11 Estimates by Company

Company name	Net sales (Rs m) 4Q FY11E	% chg (YoY)	% chg (QoQ)	EBITDA (Rs m) 4Q FY11E	% chg (YoY)	% chg (QoQ)	PAT (Rs m) 4Q FY11E	% chg (YoY)	% chg (QoQ)	Key drivers
Metals										
Hindalco Industries	68,995	27%	17%	7,419	-14%	9%	4,991	-25%	8%	Strong rally in aluminium prices and increase in volume should help earnings
National Aluminium Company	16,144	1%	13%	6,149	19%	66%	4,120	5%	61%	Strong rally in aluminium prices and increase in alumina sales volume should help earnings
Tata Steel	299,532	11%	5%	42,872	1%	46%	13,008	-53%	57%	We expect standalone EBITDA/ton to be $430/t and Corus to report $55/t.
Steel Authority of India	140,208	17%	26%	31,187	10%	92%	21,363	2%	93%	We expect EBITDA of $185/t for the quarter vs $110/t last quarter and $180/t last year, on the back of higher sales and realisations.
Hindustan Zinc	25,147	1%	-3%	14,501	-3%	-2%	12,799	3%	-1%	We expect flat earnings for this quarter as increase in LME prices may be offset by higher costs.
Coal India	146,744	NA	14%	36,166	NA	7%	36,800	NA	40%	We expect growth in earnings due to an increase in coal despatches during the quarter and increasing e-auction pricing.
Sterlite Industries	79,456	10%	-4%	21,770	0%	12%	12,865	-7%	7%	We expect an increase in commodity prices to be slightly offset by lower other income; overall, an increase in earnings expected
JSW Steel	64,755	25%	12%	14,481	12%	50%	8,349	16%	118%	Expecting EBITDA/t of $200/t for the quarter due to an increase in steel prices
Gujarat NRE Coke	5,651	43%	29%	879	279%	67%	388	792%	89%	Increased volume of coke as well as better realisations should help 4Q earnings.
Jindal Steel and Power	24,468	2%	2%	11,105	43%	19%	6,131	12%	22%	We expect a 7% increase in sales volume and strength in margins to help earnings
NMDC	36,837	86%	46%	28,823	109%	43%	21,455	101%	41%	Increased volume and realisation during the quarter expected to help sales and margins
Total	**907,935**	**16%**	**11%**	**215,352**	**15%**	**31%**	**142,269**	**-3%**	**40%**	
Petroleum										
Oil and Natural Gas Corporation	174,119	9%	-8%	101,191	7%	-13%	49,001	30%	-31%	Higher subsidies more than offset the impact of higher crude prices
Bharat Petroleum	385,762	3%	5%	19,102	67%	155%	10,948	56%	484%	Uncertainty over subsidy sharing; inventory gains to boost GRMs
Hindustan Petroleum	358,736	14%	5%	18,880	22%	142%	10,130	34%	380%	Uncertainty over subsidy sharing; inventory gains to boost GRMs
Indian Oil	972,661	24%	20%	93,524	8%	184%	49,967	-10%	206%	Uncertainty over subsidy sharing; inventory gains to boost GRMs
Reliance Industries	778,171	35%	30%	100,640	10%	5%	53,954	15%	5%	Lower KGD6 volumes partially offset the positive boost from higher GRMs
GAIL India	83,877	28%	0%	13,443	-1%	1%	9,254	2%	-4%	Gas volume transmission growth expected to be minimal; petrochemical pricing to benefit from higher crude prices; mildly higher subsidy is expected
Petronet LNG	38,470	61%	6%	3,479	72%	1%	1,785	84%	4%	Lower volumes from KGD6 imply continued high imports
Aban Offshore	7,685	-25%	-1%	5,008	-7%	-3%	783	-51%	4%	No earnings for deepwater drillships imply a mild quarter
Cairn India	34,485	398%	11%	27,680	1026%	9%	21,942	795%	9%	Production of Mangala crude at 125kbpd plateau; the benefit of higher crude prices the primary difference from last quarter
Oil India	22,458	22%	-9%	10,958	56%	-17%	8,138	89%	-10%	Higher subsidies more than offset the impact of higher crude prices
Total	**2,856,424**	**22%**	**15%**	**393,904**	**20%**	**23%**	**215,901**	**24%**	**17%**	

Fig 9 4Q FY3/11 Estimates by Company

Company name	Net sales (Rs m) 4Q FY11E	% chg (YoY)	% chg (QoQ)	EBITDA (Rs m) 4Q FY11E	% chg (YoY)	% chg (QoQ)	PAT (Rs m) 4Q FY11E	% chg (YoY)	% chg (QoQ)	Key drivers
Pipes										
Jindal Saw Limited	12,000	10%	13%	2,025	-30%	-9%	1,112	-38%	-11%	We expect 0.2m tonnes of volume in 4Q. We expect EBITDA margins of US$225/tonne.
Welspun Corp	15,120	8%	-5%	2,970	16%	-5%	1,369	2%	-7%	We expect sales from US facilities and plate mill to boost volume. We expect blended EBITDA margins of Rs11,000/tonne.
Total	**27,120**	**9%**	**2%**	**4,995**	**-8%**	**-7%**	**2,481**	**-21%**	**-9%**	
Power										
NTPC	144,666.1	17%	4%	38,873.6	31%	-10%	27,181.3	18%	14%	With capacity ramp-ups, we expect the results to be robust, led by higher capitalizations.
Tata Power	45,386.2	-15%	2%	11,473.9	1%	9%	5,037.2	-47%	14%	We expect the company to deliver strong results, with coal business reporting strong numbers. The company retains its net-long coal position with a high security of fuel supply in regards to both volume and price.
Reliance Power	3,211.3	NA	28%	1,253.6	479%	103%	1,640.9	78%	14%	Rosa earnings likely to boost the top line. We expect a declining contribution from investments/cash during the quarter.
Adani Power	6,642.0	230%	32%	3,769.4	220%	38%	1,850.8	87%	70%	We expect strong revenue growth this quarter led by new capacity additions. Merchant prices are expected to improve and could be a positive.
Power Grid Corporation of India	22,281.5	0%	9%	17,434.5	-4%	1%	5,317.2	-3%	-10%	With regulated returns, we expect stable earnings for the quarter.
JSW Energy	13,970.5	77%	30%	5,643.5	68%	59%	3,029.6	11%	98%	With Ratnagiri's unit II coming online, merchant volumes are likely to increase with an estimated increase in merchant prices vs. the previous quarter.
Lanco Infratech	26,215.2	9%	68%	7,986.9	21%	66%	1,833.0	62%	12%	More volumes from Udupi likely to boost the top line. However, high depreciation and interest costs are anticipated for the quarter.
CESC	10,420.9	35%	11%	2,737.1		8%	1,144.6		4%	Regulated utility, likely to post stable results. However, retail business could be a drag on consolidated profits.
Total	**272,794**	**13%**	**10%**	**89,172**	**24%**	**5%**	**47,035**	**5%**	**15%**	
Properties										
Ansal Properties & Infrastructure	3,547	64%	5%	638	594%	15%	383	1120%	16%	Sales are expected to pick up marginally due to higher bookings of plot sales. Margins should improve as sales contribution from high margin new projects is expected to increase.
Anant Raj Industries	1,119	228%	-10%	672	156%	-13%	437	47%	-13%	Sales are expected to be driven by realizations from residential projects sold in NCR region in 3Q FY11 and 4Q FY11, since company books revenues on a percentage of cost basis. Expect a drop QoQ, due to a high base driven by one-off land sales. Margins are expected to remain at 3Q FY11 levels as property prices in NCR region have remained stable during the quarter.
DB Realty	2,596	503%	-5%	1,090	510%	-8%	810	608%	-24%	Residential sales are expected to fall, primarily due to a slowdown in demand and concerns over affordability. However, TDR sales volume is expected to remain robust, albeit at a lower price. Margins are expected to remain stable due to marginal price increases.
DLF	25,296	27%	2%	11,383	14%	-3%	4,407	-13%	-11%	Sales expected to be driven by launch of plotted developments. EBITDA margins expected to decline marginally due to sale of higher margin premium plotted sales developments in 3Q FY11.

Fig 9 4Q FY3/11 Estimates by Company

Company name	Net sales (Rs m) 4Q FY11E	Net sales % chg (YoY)	Net sales % chg (QoQ)	EBITDA (Rs m) 4Q FY11E	EBITDA % chg (YoY)	EBITDA % chg (QoQ)	PAT (Rs m) 4Q FY11E	PAT % chg (YoY)	PAT % chg (QoQ)	Key drivers
Housing Development and Infrastructure	3,750	-14%	-18%	2,175	-4%	-18%	1,757	-4%	-31%	Sales growth is expected to be driven by sales of TDRs and land sales. We have assumed weak TDR sales due to slowdown in airport project and realization of ~Rs2bn from land sales. However, revenue from land sales is typically lumpy and provides downside/upside risk to our estimates. Margins likely to remain at 3Q FY11 levels due to marginal decline in TDR pricing offset by higher margins from land sales. Since accounting is done using a "project completion" method, recognition of revenues and profit tends to be very lumpy and difficult to predict.
Indiabulls Real Estate	4,196	591%	5%	1,259	1148%	2%	948	1423%	21%	Sales may show minor improvement due to some inflow from sales in the NCR region, Chennai and the Mumbai suburbs based on residential and commercial properties. Other income expected to fall YoY due to decline in treasury gains. Revenue and earnings are very difficult to predict as the only operating asset (commercial property in Mumbai) has just become operational. Management fees and operating costs related to the project are difficult to forecast accurately. Most of the other projects are at initial stage of construction.
Jaypee Infratech	7,943	563%	5%	5,163	1607%	9%	4,109	1298%	9%	Sales are expected to be driven by higher contribution from plotted sales. We expect lower built-up sales primarily due to slowdown in demand in NCR market. Going forward, we expect the proportion of plotted sales to remain high compared to previous quarter. Margins likely to remain more-or-less at 3Q FY11 levels as sale prices were mostly flat.
Omaxe	3,654	-3%	5%	731	173%	15%	280	-38%	24%	Sales are expected to increase marginally due to booking of plot sales and steady performance in construction. Margins likely to remain more-or-less at 3Q FY11 levels, while sale prices were mostly flat.
Prestige Estates	3,818	NA	5%	954	NA	2%	553	NA	2%	We expect the company to benefit from the improving leasing market in Bangalore. Quarterly numbers are difficult to project due to lack of historical data. Margins are expected to remain more/less stable due to moderate increase in property prices and stable leasing rentals.
Phoenix Mills	428	24%	-5%	308	56%	-6%	217	38%	-9%	Sales driven by rentals, which are partially fixed and partially on revenue share (which caused a seasonal high base in 3Q11). Margins to remain at around 3Q FY11 levels.
Sobha Developers	3,266	-17%	-10%	719	-20%	-12%	407	-27%	-17%	Sales expected to decline QoQ due to land sales in 3Q FY11. We expect the company to benefit from the recovery in IT and commercial sector in Bangalore market. Margins likely to remain more-or-less flat QoQ as sale prices were mostly flat. There is an upside risk to our numbers due to income from land sales being lumpy and difficult to estimate.
Unitech	6,928	-40%	5%	2,355	-21%	13%	1,457	-19%	31%	Sales expected to grow marginally due to progress on construction of ongoing projects launched in last 12-18 months. Margins likely to improve marginally due to lower costs after the re-mobilisation of stalled projects in previous quarters and some price increases in mid-income housing projects. Accounting is done on percentage of completion method, an indicator of the construction cycle. There is usually a limited correlation between underlying cash inflows and revenue recognition, and hence, this is not an accurate representation of underlying supply-demand dynamics.
Total	**66,541**	**29%**	**1%**	**27,448**	**59%**	**-1%**	**15,765**	**53%**	**-5%**	
Telecom										
Bharti Airtel	163,093	52%	4%	56,430	38%	13%	16,568	-19%	27%	Expect moderate growth in wireless business, driven by an increase in subscriber base partially offset by decline in ARPUs. EBITDA margins are expected to improve primarily due to slowdown in pace of ARPU declines and one-time cost related to rebranding. Rebranding cost of ~Rs3.4bn was incurred in 3Q FY11, and we do not expect this to get repeated going forward.

Fig 9 4Q FY3/11 Estimates by Company

Company name	Net sales (Rs m) 4Q FY11E	Net sales % chg (YoY)	Net sales % chg (QoQ)	EBITDA (Rs m) 4Q FY11E	EBITDA % chg (YoY)	EBITDA % chg (QoQ)	PAT (Rs m) 4Q FY11E	PAT % chg (YoY)	PAT % chg (QoQ)	Key drivers
RCOM	51,836	6%	7%	16,436	16%	7%	3,350	-71%	-30%	Expect moderate growth in wireless business, driven by increase in subscriber base and partially offset by decline in ARPUs. We have assumed a decline in PAT as the company realized lower tax rates in 3Q FY11 which we do not expect to get repeated. The company realized a tax rate of around 4% in 3Q FY11 which we believe is very low compared to industry standards. We expect tax realization at a rate of 21%. However, our numbers are at risk as the company can report lower/higher taxes on the back of accounting treatments.
Idea Cellular	41,740	25%	6%	10,059	13%	6%	2,630	-29%	8%	Expect moderate growth in wireless business, driven by an increase in subscriber base partially offset by decline in ARPUs. EBITDA margins are expected to improve primarily due to slowdown in pace of ARPU declines.
Total	**256,670**	**35%**	**4%**	**82,925**	**30%**	**11%**	**22,549**	**-37%**	**11%**	
Media										
Dish TV India	4,142	36%	11%	786	108%	18%	(292)	66%	34%	Strong momentum in subscriber additions would help Dish deliver 36% YoY revenue growth. Dish is well on its way to beat its revised guidance of 3.5m plus subs addition for FY11, with ~3.1m subs additions up to Feb 2011.
Zee Entertainment Enterprises	7,462	14%	-1%	1,551	-18%	1%	1,080	-28%	-32%	We are factoring in 24% YoY growth in 4Q advertising revenues for Zee (adjusted for regional GEC addition). Expect international subscription revenues to stabilize this quarter. Our EBITDA margin assumption for the quarter is 21%.
Zee News	781	30%	5%	77	38%	-43%	20	-45%	-67%	We expect the company to deliver revenues of Rs781m. Our 4Q margin assumption is 10% and could see upside risks if Selling and Distribution cost is tightly controlled.
Total	**12,385**	**22%**	**3%**	**2,413**	**4%**	**3%**	**808**	**19%**	**-34%**	
Pharma										
Ranbaxy Laboratories	21,340	-14%	1%	2,640	-81%	316%	1,440	-85%	12%	We expect ~US$60m revenue from Aricept in 1QCY11. With the success of project Viraat, we will expect India business to continue to maintain the momentum. Comprehensive settlement with FDA remains key data to watch out for.
Sun Pharmaceuticals	16,242	46%	1%	4,442	6%	1%	3,542	-9%	-3%	Absence of any exclusivity sales will soften the US core sales. We expect ~US$100m revenue from Taro and we expect Taro's EBITDA margin to show improvement only in FY12. We expect momentum in the domestic formulation business to be maintained. Docetaxel approval remains a key data point to watch for.
Dr. Reddy's Laboratories	19,270	17%	1%	4,310	341%	8%	3,237	775%	18%	For key marketed products in the United States, DRRD remains confident that it is well positioned to capture a fair share. We expect strong results from the US based on Prevacid, Accolate, Allegra-D24 & Augmentin (GSK aquired facility). DRRD has its act right in key markets of India and Russia, in our view. We expect good momentum in both India and Russia businesses. Fonda approval remains a key data point to watch for.
Glaxosmithkline Pharmaceuticals	6,207	15%	24%	2,212	8%	41%	1,652	2%	43%	We view GSK as best placed to benefit from the new product patent regime in India, given its high quality management, quality pipeline, solid parentage and highly productive sales force. We believe GSK is well positioned to capture the innovation and volume-driven growth in the Indian market, characterised by a changing patent regime, out-of-pocket spending and income disparity. Although we believe in the long-term fundamentals of GSK, at the current price, we think positives are priced in and upside potential is limited.

Fig 9 4Q FY3/11 Estimates by Company

	Net sales (Rs m)			EBITDA (Rs m)			PAT (Rs m)			
Company name	4Q FY11E	% chg (YoY)	% chg (QoQ)	4Q FY11E	% chg (YoY)	% chg (QoQ)	4Q FY11E	% chg (YoY)	% chg (QoQ)	Key drivers
Cipla	16,376	24%	5%	3,776	46%	19%	2,867	35%	23%	Export business under pressure on account of lower ARV sales. Technology income booked by Cipla is volatile and could cause significant swing in reported earnings. Rupee appreciation may aggravate export weakness, while domestic sales should continue to post decent numbers. Any partnership announcement with big pharma companies could change prospects going forward. Ramp-up from sales of Indore SEZ remains critical.
Jubilant Lifesciences Limited	8,550	-14%	-2%	1,370	-39%	4%	500	-61%	15%	EBITDA margin is likely to improve on the back of higher crude oil prices. We estimate an EBITDA margin ~16% in 4Q FY11. Also, interest payment to go down because of debt repayment. CRAMS business (order book ~2x FY10E sales) is well poised for growth with custom manufacturing operations (CMO) and pyridine being the primary growth levers.
Piramal Healthcare	5,300	-44%	33%	730	-67%	-44%	1,190	-26%	97%	With improving macro outlook of CRAMS (one-third of top line), we expect ramp-up of sales from high-margin Indian assets. Strong CRAMS business driven by new contract wins and a win in the Para IV litigation. As integration synergies of Minrad and the EU rollout of Sevoflurane (market size ~US$350m) start gathering steam, niche IA business should be a key driver in 2H FY11. Use of the remaining cash and news on Desflurane will be the key data points to watch for.
Glenmark Pharmaceuticals	7,959	12%	5%	1,954	8%	12%	1,074	5%	-2%	We expect US business to contribute ~US$48m in 3Q FY11 on the back of Felodipine, Dovonex and Oxycodone revenue. We expect India business to grow more than 20%, driven by a combination of volume growth (in low teens), new product launches (in mid single digits) and value growth (in mid single digits).
Orchid Pharmaceuticals	4,950	28%	3%	1,260	130%	-1%	500	110%	-12%	We expect EBITDA margins to be sustained at >25% on the back of high margin Carbapenem supply to Hospira and Sandoz and the beginning of cefixime API supply under contract to a large Japanese innovator. OCP is on track to meet FY11 guidance (net sales: US$350m; EBITDA margin: 22%; PAT: Rs1.4bn). For 9M FY11, net sales were US$260m, EBITDA margin was 23.4% and PAT was Rs96bn.
Strides Arcolab	4,950	30%	6%	1,050	22%	21%	285	-28%	1149%	STR has guided to grow Specialties revenue by 45% to Rs10bn and to achieve EBITDA of Rs2.8-3bn, with margin of 28-30% in the segment. Our estimates and guidance both assume start of commercial supplies to the US market from new steriles complex in Bangalore by 2H CY11. STR also expects to increase Pharma business revenue by 12% to Rs12bn and EBITDA of Rs1.6-1.8bn with margin of 13-15%. With the company moving to a late licensing model, it has forecast licensing income to decline from Rs3.6bn in CY10 to Rs2.5-2.7bn in CY11.
Total	**111,144**	**6%**	**4%**	**23,744**	**-10%**	**29%**	**16,287**	**-4%**	**17%**	
Macquarie's total universe	**6,754,983**	**22%**	**13%**	**1,412,954**	**22%**	**16%**	**804,422**	**20%**	**17%**	
Macquarie's total universe (excl Oil & Gas)	**3,898,559**	**22%**	**12%**	**1,019,050**	**23%**	**13%**	**588,521**	**19%**	**16%**	

* EPS / PAT is net of extraordinary / one time income but includes other income. Consolidated numbers are used where applicable.
** for banks Net sales= Net interest income+Non interest income; EBITDA= Pre-provision profit

Source: Macquarie Research, April 2011

Fig 10 4QFY3/11 Estimates by Sector

Sector	PAT (Rs m) 4Q FY11E	PAT (Rs m) % chg (YoY)	PAT (Rs m) % chg (QoQ)	EBITDA (Rs m) 4Q FY11E	EBITDA (Rs m) % chg (YoY)	EBITDA (Rs m) % chg (QoQ)	PAT (Rs m) 4Q FY11E	PAT (Rs m) % chg (YoY)	PAT (Rs m) % chg (QoQ)	Key sector drivers
Automobiles	615,762	16%	5%	85,793	22%	6%	52,147	8%	6%	Volume growth remains robust for all players. Raw material pressure forced companies to take price hikes. EBITDA margins for almost all players will be under pressure, we think, due to increased raw material costs. However, growth is unlikely to decline sharply due to still positive consumer sentiment.
Banks	470,510	17%	10%	243,714	12%	-2%	132,477	27%	0%	We think margins should compress on higher cost of funds. We have assumed ~15bp compression in NIMs. Another quarter of asset quality pain expected for PSU banks. Loan growth should moderate slightly, in our view.
Cement	109,288	4%	14%	24,994	-7%	46%	14,556	-16%	29%	Realizations have recovered during the quarter and, along with better volume, this should help earnings. However, we expect results to decline on a YoY basis.
Infrastructure	587,287	18%	47%	102,485	35%	66%	58,007	71%	88%	Strong execution pickup in domestic business is expected to continue. Margins likely to remain stable on drop of pass-through clauses in the contracts.
Consumers	142,999	14%	-2%	33,063	21%	-4%	21,963	25%	-8%	Top-line growth should be driven by strong volume growth across categories. Margins likely to be under pressure due to higher raw material expenses (except tobacco) and higher advertising expenses. We think companies that face lower competitive pressures (ITC and Emami) are likely to report higher profit growth.
Information Technology	318,126	26%	6%	82,951	20%	4%	62,176	14%	1%	We expect Indian IT vendors to report a strong set of results. Top vendors are expected to deliver ~5% QoQ US$ revenue growth. Focus would be on multiple deal announcements and margin outlook given rising input costs. We are building in ~28%+ US$ top-line growth for the top-tier vendors in FY12 and see upside risks to our forecasts.
Metals	907,935	16%	11%	215,352	15%	31%	142,269	-3%	40%	This quarter saw rally in LME prices for aluminium, zinc, and copper, which should help earnings of all companies substantially. Steel companies should also benefit from increasing realisations and strong margins during the quarter.
Petroleum	2,856,424	22%	15%	393,904	20%	23%	215,901	24%	17%	Mildly lower crude realizations QoQ could hurt top line of upstream producers, but Mangala volume increases for Cairn India and lower subsidy/higher gas prices for ONGC/OIL should more than offset the impact. OMCs are expected to post slender profits based on the full effect of gasoline deregulation and improved GRMs, despite no cash reimbursement being assumed for the quarter. No ramp-up in KGD6 and poor petchem margins should be offset by continually improving GRMs for RIL. Escalated spot cargo imports fill in the gap created by PMT shutdown, providing Petronet with an earnings kicker and helping GAIL maintain transmission volumes.
Properties	66,541	29%	1%	27,448	59%	-1%	15,765	53%	-5%	We expect Indian real estate companies to show a decline in profit on QoQ basis. Such a decline is associated with a higher base effect and lower sales volume in the current quarter. We expect sales volume to be under pressure in 4Q FY11, primarily due to higher property prices, rising speculative participation and interest rate tightening.
Telecom	256,670	35%	4%	82,925	30%	11%	22,549	-37%	11%	We expect telecom companies to show QoQ profit growth as we expect some relief on the physical market side. We expect a slowdown in the pace of ARPU declines combined with a moderate increase in the subscriber base. We do not expect a major impact on 3G in the current quarter as the companies had a partial roll-out of services during the second half of the quarter.
Media	12,385	22%	3%	2,413	4%	3%	808	19%	-34%	The Media sector remains one of the best ways to exploit the investment opportunity fueled by domestic growth.

Fig 10 4QFY3/11 Estimates by Sector

	PAT (Rs m)			EBITDA (Rs m)			PAT (Rs m)			
Sector	**4Q FY11E**	**% chg (YoY)**	**% chg (QoQ)**	**4Q FY11E**	**% chg (YoY)**	**% chg (QoQ)**	**4Q FY11E**	**% chg (YoY)**	**% chg (QoQ)**	**Key sector drivers**
Pharma	112,944	7%	6%	25,044	-5%	36%	17,587	3%	27%	A focus on profitable growth adopted by leaders in the sector has started to pay dividends. We have a positive outlook for the global generic pharmaceutical market, CRAMS and domestic pharma consumption. We believe an emerging market presence and patent expiries will drive earnings over the medium term. Biogenerics opportunity and innovation expected to play out in this decade (2011-20). Glenmark is our top conviction pick because of its credible innovation infrastructure, strong earnings momentum, improved B/S and valuation discount of 25% to its peers.
Power	272,794	13%	10%	89,172	24%	5%	47,035	5%	15%	Regulated earnings are likely to be in line with those of the previous quarter. Companies with merchant power price exposure are likely to report slightly higher earnings on a per unit basis over the quarter. However, an increase in coal costs during the quarter could affect margins.
Macquarie's total universe	**6,754,983**	**22%**	**13%**	**1,412,954**	**22%**	**16%**	**804,422**	**20%**	**17%**	
Macquarie's total universe (excl Oil & Gas)	**3,898,559**	**22%**	**12%**	**1,019,050**	**23%**	**13%**	**588,521**	**19%**	**16%**	

Source: Macquarie Research, April 2011

Fig 11 Macquarie Stocks Under Coverage

Sector (Analyst)	Bloomberg Ticker	Current Price (Rs)	Target Price (Rs)	Upside/ Downside	Mkt cap (US$m)	6 months avg turnover (US$m)	PER (x) FY11E	PER (x) FY12E	P/BV (x) FY11E	P/BV (x) FY12E	ROE (FY11E) %	2 Yr EPS CAGR %	Rating
Banks (Suresh Ganapathy/Mudit Painuly)													
ICICI Bank	ICICIBC IN	1,111	1,400	26%	28,668	112.48	30.7	23.3	2.4	2.2	7.9	19	Outperform
HDFC Bank	HDFCB IN	2,396	2,570	7%	24,950	46.03	37.2	28.1	5.1	4.4	16.1	27	Outperform
SBI	SBIN IN	2,796	2,750	-2%	39,783	178.02	14.8	13.9	2.1	1.9	15.5	5	Neutral
Axis Bank	AXSB IN	1,425	-	-100%	13,140	52.59	23.0	17.3	3.6	3.1	19.2	28	Restricted
Canara bank	CBK IN	640	650	2%	6,356	20.03	8.7	6.4	1.8	1.4	22.5	41	Neutral
Union Bank	UNBK IN	354	405	14%	4,014	6.11	8.6	8.4	1.7	1.5	21.7	11	Outperform
Punjab National Bank	PNB IN	1,198	1,300	9%	8,466	9.30	9.7	8.7	2.1	1.8	24.1	18	Outperform
HDFC	HDFC IN	698	775	11%	22,964	50.06	38.5	31.0	6.6	5.9	18.4	18	Outperform
Bank of Baroda	BOB IN	962	1,100	14%	7,861	9.74	11.5	8.7	2.3	1.9	21.9	35	Outperform
Bank of India	BOI IN	489	530	8%	5,761	14.38	15.4	9.9	1.8	1.6	12.1	-7	Outperform
IDBI	IDBI IN	150	120	-20%	3,317	24.51	10.6	9.9	1.3	1.2	13.2	13	Underperform
Kotak Mahindra Bank	KMB IN	456	515	13%	7,540	11.93	23.9	22.5	4.0	3.1	18.4	46	Outperform
IDFC	IDFC IN	163	170	4%	5,348	27.58	20.0	18.3	3.0	2.2	16.1	24	Outperform
Reliance Capital	RCAPT IN	626	600	-4%	3,441	34.73	34.8	27.9	2.0	1.9	5.8	-27	Outperform
Rural Electrification	RECL IN	258	309	20%	5,728	19.67	12.7	10.0	2.3	2.0	23.2	31	Outperform
Power Finance Corp	POWF IN	252	362	44%	6,461	4.03	12.0	10.9	2.2	1.9	19.4	34	Outperform
Cement (Rakesh Arora/ Samidha Gehlot)													
ACC	ACC IN	1,123	837	-25%	4,716	10.22	19.7	19.6	3.4	3.0	17.7	-17	Underperform
Ambuja Cements	ACEM IN	152	115	-24%	5,197	6.45	19.2	23.7	3.2	3.0	17.2	-12	Underperform
Grasim Industries	GRASIM IN	2,560	2,488	-3%	5,258	4.64	8.1	10.8	1.9	1.6	24.8	0	Outperform
Ultratech Cements	UTCEM IN	1,134	818	-28%	6,944	6.37	12.9	19.5	3.1	2.8	26.6	-13	Underperform
India Cements	ICEM IN	100	108	8%	693	2.90	9.9	49.8	0.7	0.7	8.0	-67	Outperform
Construction (Inderjeetsingh Bhatia/Abhishek Bhandari)													
BHEL	BHEL IN	2,211	2,337	6%	24,253	36.85	25.1	18.9	6.8	5.4	29.9	35	Neutral
Nagarjuna Construction	NJCC IN	109	121	11%	624	3.89	11.8	12.6	1.2	1.2	12.2	3	Outperform
Patel Engineering	PEC IN	190	201	6%	299	2.52	7.3	9.7	1.0	0.9	15.4	-20	Neutral
Larsen & Toubro	LT IN	1,668	2,215	33%	22,764	66.93	18.4	22.8	4.8	4.1	19.2	19	Outperform
IVRCL Infrastructures & Projects	IVRC IN	88	134	52%	527	7.74	18.2	12.4	0.9	0.8	8.7	24	Outperform
Punj Lloyd	PUNJ IN	75	50	-34%	561	11.75	(23.8)	(56.2)	0.8	0.8	-15.7	58	Underperform
GMR Infrastructure	GMRI IN	41	57	39%	3,583	4.88	51.5	53.6	2.2	2.1	4.4	1	Neutral
J.P. Associates	JPA IN	98	92	-6%	4,671	31.90	17.1	16.7	2.4	2.2	14.8	58	Neutral
ABB India	ABB IN	789	414	-48%	3,753	2.27	264.5	40.4	6.4	5.6	2.5	8	Underperform
Siemens India	SIEM IN	890	716	-20%	6,794	9.79	39.6	30.1	9.2	7.4	25.0	42	Neutral
Crompton Greaves India	CRG IN	288	361	26%	4,144	7.79	21.5	19.1	7.4	5.6	38.0	31	Outperform
GVK Power & Infrastructure	GVKP IN	29	60	110%	1,015	5.53	28.9	17.4	1.4	1.3	5.4	47	Outperform
Mundra Port and SEZ	MSEZ IN	157	148	-6%	7,031	4.57	44.8	76.4	9.0	7.5	21.8	22	Outperform
Suzlon Energy	SUEL IN	49	42	-14%	1,957	24.54	(7.9)	(38.9)	1.2	1.2	-15.7	nmf	
Information Technology (Nitin Mohta/Atul Soni)													
Infosys Technologies	INFO IN	3,280	3,750	14%	42,223	77.14	30.2	27.0	8.1	7.1	30.1	8	Outperform
TCS	TCS IN	1,239	1,360	10%	54,396	43.64	35.3	28.6	11.6	9.9	37.6	28	Outperform
Wipro	WPRO IN	480	540	12%	26,426	17.18	25.6	22.2	6.0	5.0	26.5	17	Outperform
HCL Technologies	HCLT IN	487	615	26%	7,481	10.15	25.7	20.1	4.8	4.0	20.5	14	Outperform
Mphasis	MPHL IN	445	380	-15%	2,097	8.79	8.6	11.1	2.8	2.3	38.7	-4	Underperform
Rolta India	RLTA IN	148	195	32%	534	2.78	9.4	8.1	1.5	1.3	16.7	0	Outperform

Fig 11 Macquarie Stocks Under Coverage

Sector (Analyst)	Bloomberg Ticker	Current Price (Rs)	Target Price (Rs)	Upside/ Downside	Mkt cap (US$m)	6 months avg turnover (US$m)	PER (x) FY11E	PER (x) FY12E	P/BV (x) FY11E	P/BV (x) FY12E	ROE (FY11E) %	2 Yr EPS CAGR %	Rating
Media (Nitin Mohta/Atul Soni)													
Dish TV	DITV IN	68	75	10%	1,631	4.74	NA	NA	19.2	38.2	212.1	58	Outperform
Zee Entertainment	Z IN	127	128	1%	2,780	9.99	16.7	22.2	2.8	2.8	13.4	8	Outperform
Zee News	ZEEN IN	12	18	47%	66	0.40	6.3	25.5	1.0	1.8	17.5	-49	Outperform
Metals (Rakesh Arora/Samidha Gehlot)													
Hindalco	HNDL IN	215	280	30%	9,262	46.27	NA	15.1	1.9	1.7	20.8	17	Outperform
NALCO	NACL IN	99	293	196%	5,727	1.23	31.8	13.2	2.5	0.6	8.0	61	Underperform
Tata Steel	TATA IN	635	863	36%	13,643	101.80	(30.5)	7.2	2.6	2.0	2.5	-10	Outperform
SAIL	SAIL IN	176	173	-1%	16,246	13.86	10.6	12.5	2.1	1.9	22.1	-4	Neutral
Hindustan Zinc	HZ IN	140	115	-18%	13,241	4.94	14.6	13.8	3.3	2.7	24.9	25	Underperform
Sterlite Industries	STLT IN	178	216	21%	13,414	24.43	14.9	13.3	1.6	1.5	12.9	10	Outperform
JSW Steel	JSTL IN	992	1,200	21%	4,960	37.98	12.5	13.3	2.0	1.3	17.4	32	Outperform
Gujarat NRE Coke	GNC IN	53	95	78%	609	3.15	393.0	8.3	2.1	1.9	1.2	-7	Outperform
Jindal Steel & Power	JSP IN	714	938	31%	14,965	21.48	18.6	15.6	6.4	4.6	40.9	20	Outperform
NMDC	NMDC IN	297	241	-19%	26,369	2.95	34.3	18.2	8.3	6.1	26.5	22	Underperform
Oil & Gas (Jal Irani/Abhishek Agarwal)													
Oil & Natural Gas Corp.	ONGC IN	297	296	0%	56,806	29.74	13.1	9.2	2.5	2.5	20.2	15	Neutral
Bharat Petroleum	BPCL IN	595	786	32%	4,825	12.39	13.2	12.1	1.5	1.4	11.9	67	Outperform
Hindustan Petroleum	HPCL IN	350	449	28%	2,653	10.74	8.0	7.9	1.0	0.9	12.6	41	Outperform
Reliance Industries	RIL IN	1,048	1,247	19%	76,694	131.45	19.3	15.0	2.2	2.1	12.1	16	Outperform
GAIL	GAIL IN	462	573	24%	13,127	14.51	17.8	14.4	3.3	2.9	19.8	21	Outperform
Petronet LNG	PLNG IN	127	101	-20%	2,128	6.63	23.7	16.2	4.3	3.5	19.0	7	Underperform
Cairn India	CAIR IN	365	304	-17%	15,577	18.43	65.9	12.0	2.0	1.7	3.2	195	Underperform
Aban Offshore	ABAN IN	674	756	12%	657	17.28	9.4	63.0	1.3	1.3	18.6	-16	Outperform
Indian Oil Corp	IOCL IN	325	416	28%	17,689	8.07	7.4	9.1	1.5	1.4	21.9	98	Outperform
Oil India	OINL IN	1,323	1,712	29%	7,143	2.42	12.2	10.0	2.3	2.0	22.6	11	Outperform
Pipes (Amit Mishra)													
Jindal Saw Limited	JSAW IN	207	300	45%	1,278	3.30	10.5	11.0	1.5	1.4	15.2	17	Outperform
Welspun Gujarat	WLCO IN	207	250	21%	952	6.24	6.9	7.2	1.3	1.2	21.8	59	Outperform
Pharmaceuticals (Abhishek Singhal)													
GlaxoSmithKline Pharma	GLXO IN	2,112	2,210	5%	4,011	1.49	30.6	26.2	8.7	7.6	30.5	17	Neutral
Ranbaxy	RBXY IN	466	650	39%	4,395	12.98	11.3	9.6	3.3	2.5	11.2	76	Outperform
Sun Pharma	SUNP IN	449	437	-3%	10,408	10.05	34.4	24.2	5.9	5.0	14.9	10	Neutral
Dr. Reddys Labs	DRRD IN	1,639	1,840	12%	6,219	14.02	139.9	24.0	6.4	5.3	20.5	47	Outperform
Cipla	CIPLA IN	321	290	-10%	5,778	13.67	20.5	23.8	4.3	3.8	24.1	17	Underperform
Jubilant	JOL IN	178	270	52%	633	1.37	7.2	11.9	1.2	1.2	22.5	-9	Outperform
Piramal	PIHC IN	432	600	39%	1,617	5.88	18.7	15.6	5.4	4.3	32.6	26	Outperform
Glenmark	GNP IN	298	470	58%	1,799	6.21	24.0	16.0	3.3	2.8	15.2	10	Outperform
Orchid Pharmaceuticals	OCP IN	318	415	30%	502	35.27	8.3	18.9	2.4	2.1	-35.8	nmf	Outperform
Strides Arcolab	STR IN	367	485	32%	474	3.74	15.7	12.2	1.5	1.3	13.6	78	Outperform
Properties (Unmesh Sharma / Kumar Saurabh)													
Unitech	UT IN	43	70	64%	2,494	41.40	15.4	12.8	1.0	0.9	9.0	-33	Neutral
DLF	DLFU IN	269	372	38%	10,236	41.88	25.2	20.1	1.5	1.5	6.6	-29	Outperform
Ansal Properties	APIL IN	42	58	39%	147	0.86	10.1	NA	0.4	0.4	4.1	71	Underperform
Indiabulls Real Estate	IBREL IN	138	142	3%	1,241	20.32	(344.8)	32.3	0.6	0.6	-0.2	99	Underperform
HDIL	HDIL IN	181	316	75%	1,681	28.71	11.5	8.4	0.9	0.8	10.0	-10	Outperform
Anant Raj	ARCP IN	90	157	75%	596	1.77	11.1	18.6	0.7	0.7	6.9	-17	Outperform

Fig 11 Macquarie Stocks Under Coverage

Sector (Analyst)	Bloomberg Ticker	Current Price (Rs)	Target Price (Rs)	Upside/ Downside	Mkt cap (US$m)	6 months avg turnover (US$m)	PER (x) FY11E	PER (x) FY12E	P/BV (x) FY11E	P/BV (x) FY12E	ROE (FY11E) %	2 Yr EPS CAGR %	Rating
DB Realty	DBRL IN	117	409	248%	639	5.54	11.3	8.3	0.9	0.8	13.1	-70	Outperform
Jaypee Infratech	JPIN IN	63	81	28%	1,965	0.84	15.9	5.9	3.9	1.7	30.4	94	Neutral
Omaxe	OAXE IN	139	107	-23%	542	1.07	21.4	20.3	1.5	1.4	7.4	69	Underperform
Prestige Estates	PEPL IN	124	210	70%	917	NA	21.6	23.5	4.2	1.9	19.2	-70	Outperform
Phoenix Mills	PHNX IN	192	270	41%	621	0.46	45.2	28.5	1.7	1.6	3.9	13	Outperform
Sobha Developers	SOBHA IN	311	430	38%	685	1.88	22.7	15.7	1.8	1.6	9.6	16	Outperform
Consumer (Amit Mishra/Priya Ranjan)													
Emami	HMN IN	409	550	34%	1,371	1.46	91.6	25.7	9.9	9.1	39.3	60	Outperform
Shree Renuka Sugars	SHRS IN	76	105	38%	1,149	20.63	NA	NA	2.2	1.7	36.4	113	Outperform
ITC	ITC IN	184	209	13%	31,945	30.72	33.8	28.0	9.7	8.8	29.2	22	Outperform
Hindustan Unilever	HUVR IN	275	235	-15%	13,477	15.20	28.6	27.1	22.5	19.4	86.7	-6	Underperform
Dabur	DABUR IN	98	118	21%	3,812	3.99	33.5	27.6	15.6	11.9	53.1	25	Outperform
Marico Industries	MRCO IN	139	145	4%	1,905	1.77	36.6	28.0	13.0	10.1	43.6	22	Outperform
Autos (Amit Mishra)													
Bajaj Auto	BJAUT IN	1,438	1,190	-17%	9,362	19.70	24.4	17.5	14.2	9.4	76.4	73	Underperform
Hero Honda	HH IN	1,643	1,630	-1%	7,367	27.82	14.7	15.0	9.5	6.9	61.3	31	Underperform
Tata Motors	TTMT IN	1,280	1,500	17%	17,530	97.74	25.6	10.3	8.0	4.3	21.3	nmf	Outperform
Ashok Leyland	AL IN	58	91	56%	1,742	7.58	18.4	11.7	2.1	1.9	11.8	81.7	Outperform
Mahindra & Mahindra	MM IN	733	820	12%	10,088	35.78	19.9	16.3	5.3	4.3	30.9	73.7	Outperform
Maruti Suzuki	MSIL IN	1,311	1,050	-20%	8,506	13.03	15.2	16.5	3.3	2.7	23.8	30.3	Underperform
Power (Jeff Evans)													
NTPC	NATP IN	188	248	32%	34,742	11.76	17.5	16.4	2.5	2.3	14.7	8	Outperform
Tata Power	TPWR IN	1,315	1,553	18%	6,990	8.57	15.5	16.0	2.7	2.5	19.7	20	Outperform
Reliance Power	RPWR IN	134	127	-5%	8,394	14.89	46.9	45.5	2.2	1.7	4.8	nmf	Underperform
Adani Power	ADANI IN	119	145	22%	5,800	3.85	151.4	48.4	4.5	4.1	2.9	nmf	Outperform
Power Grid Corporation	PWGR IN	105	100	-5%	10,896	24.64	21.7	19.2	2.8	2.3	14.0	14	Neutral
JSW Energy	JSW IN	84	89	6%	3,075	3.53	18.3	14.5	2.9	2.4	23.8	0	Neutral
Lanco Infra	LANCI IN	40	-	-100%	2,173	8.41	163.0	14.5	2.9	2.4	17.5	45	Restricted
CESC	CESC IN	320	384	20%	897	1.38	9.3	8.2	0.8	0.7	8.6	9	Outperform

Source: Bloomberg, Macquarie Research, April 2011 Prices as of 05 April 2011.

Important disclosures:

Recommendation definitions

Macquarie - Australia/New Zealand
Outperform – return >3% in excess of benchmark return
Neutral – return within 3% of benchmark return
Underperform – return >3% below benchmark return

Benchmark return is determined by long term nominal GDP growth plus 12 month forward market dividend yield

Macquarie – Asia/Europe
Outperform – expected return >+10%
Neutral – expected return from -10% to +10%
Underperform – expected return <-10%

Macquarie First South - South Africa
Outperform – expected return >+10%
Neutral – expected return from -10% to +10%
Underperform – expected return <-10%

Macquarie - Canada
Outperform – return >5% in excess of benchmark return
Neutral – return within 5% of benchmark return
Underperform – return >5% below benchmark return

Macquarie - USA
Outperform (Buy) – return >5% in excess of Russell 3000 index return
Neutral (Hold) – return within 5% of Russell 3000 index return
Underperform (Sell)– return >5% below Russell 3000 index return

Volatility index definition*

This is calculated from the volatility of historical price movements.

Very high–highest risk – Stock should be expected to move up or down 60–100% in a year – investors should be aware this stock is highly speculative.

High – stock should be expected to move up or down at least 40–60% in a year – investors should be aware this stock could be speculative.

Medium – stock should be expected to move up or down at least 30–40% in a year.

Low–medium – stock should be expected to move up or down at least 25–30% in a year.

Low – stock should be expected to move up or down at least 15–25% in a year.
* Applicable to Australian/NZ/Canada stocks only

Recommendations – 12 months
Note: Quant recommendations may differ from Fundamental Analyst recommendations

Financial definitions

All "Adjusted" data items have had the following adjustments made:
Added back: goodwill amortisation, provision for catastrophe reserves, IFRS derivatives & hedging, IFRS impairments & IFRS interest expense
Excluded: non recurring items, asset revals, property revals, appraisal value uplift, preference dividends & minority interests

EPS = adjusted net profit / efpowa*
ROA = adjusted ebit / average total assets
ROA Banks/Insurance = adjusted net profit /average total assets
ROE = adjusted net profit / average shareholders funds
Gross cashflow = adjusted net profit + depreciation
*equivalent fully paid ordinary weighted average number of shares

All Reported numbers for Australian/NZ listed stocks are modelled under IFRS (International Financial Reporting Standards).

Recommendation proportions – For quarter ending 31 March 2011

	AU/NZ	Asia	RSA	USA	CA	EUR	
Outperform	45.65%	65.72%	59.70%	43.02%	68.91%	51.16%	(for US coverage by MCUSA, 14.36% of stocks covered are investment banking clients)
Neutral	39.49%	19.00%	29.85%	53.09%	26.43%	35.73%	(for US coverage by MCUSA, 17.55% of stocks covered are investment banking clients)
Underperform	14.86%	15.28%	10.45%	3.89%	4.66%	13.11%	(for US coverage by MCUSA, 0.00% of stocks covered are investment banking clients)

Company Specific Disclosures:

Important disclosure information regarding the subject companies covered in this report is available at www.macquarie.com/disclosures.

Analyst Certification:
The views expressed in this research accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst principally responsible for the preparation of this research receives compensation based on overall revenues of Macquarie Group Ltd ABN 94 122 169 279 (AFSL No. 318062) (MGL) and its related entities (the Macquarie Group) and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

General Disclaimers:
Macquarie Securities (Australia) Ltd; Macquarie Capital (Europe) Ltd; Macquarie Capital Markets Canada Ltd; Macquarie Capital Markets North America Ltd; Macquarie Capital (USA) Inc; Macquarie Capital Securities Ltd and its Taiwan branch; Macquarie Capital Securities (Singapore) Pte Ltd; Macquarie Securities (NZ) Ltd; Macquarie First South Securities (Pty) Limited; Macquarie Capital Securities (India) Pvt Ltd; Macquarie Capital Securities (Malaysia) Sdn Bhd; Macquarie Securities Korea Limited and Macquarie Securities (Thailand) Ltd are not authorized deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia), and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL) or MGL. MBL does not guarantee or otherwise provide assurance in respect of the obligations of any of the above mentioned entities. MGL provides a guarantee to the Monetary Authority of Singapore in respect of the obligations and liabilities of Macquarie Capital Securities (Singapore) Pte Ltd for up to SGD 35 million. This research has been prepared for the general use of the wholesale clients of the Macquarie Group and must not be copied, either in whole or in part, or distributed to any other person. If you are not the intended recipient you must not use or disclose the information in this research in any way. If you received it in error, please tell us immediately by return e-mail and delete the document. We do not guarantee the integrity of any e-mails or attached files and are not responsible for any changes made to them by any other person. MGL has established and implemented a conflicts policy at group level (which may be revised and updated from time to time) (the "Conflicts Policy") pursuant to regulatory requirements (including the FSA Rules) which sets out how we must seek to identify and manage all material conflicts of interest. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any transaction. In preparing this research, we did not take into account your investment objectives, financial situation or particular needs. Before making an investment decision on the basis of this research, you need to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of your particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. This research is based on information obtained from sources believed to be reliable but we do not make any representation or warranty that it is accurate, complete or up to date. We accept no obligation to correct or update the information or opinions in it. Opinions expressed are subject to change without notice. No member of the Macquarie Group accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. Clients should contact analysts at, and execute transactions through, a Macquarie Group entity in their home jurisdiction unless governing law permits otherwise.

Country-Specific Disclaimers:
Australia: In Australia, research is issued and distributed by Macquarie Securities (Australia) Ltd (AFSL No. 238947), a participating organisation of the Australian Securities Exchange. **New Zealand**: In New Zealand, research is issued and distributed by Macquarie Securities (NZ) Ltd, a NZX Firm. **Canada**: In Canada, research is prepared, approved and distributed by Macquarie Capital Markets Canada Ltd, a participating organisation of the Toronto Stock Exchange, TSX Venture Exchange & Montréal Exchange. Macquarie Capital Markets North America Ltd., which is a registered broker-dealer and member of FINRA, accepts responsibility for the contents of reports issued by Macquarie Capital Markets Canada Ltd in the United States and sent to US persons. Any person wishing to effect transactions in the securities described in the reports issued by Macquarie Capital Markets Canada Ltd should do so with Macquarie Capital Markets North America Ltd. The Research Distribution Policy of Macquarie Capital Markets Canada Ltd is to allow all clients that are entitled to have equal access to our research. **United Kingdom**: In the United Kingdom, research is issued and distributed by Macquarie Capital (Europe) Ltd, which is authorised and regulated by the Financial Services Authority (No. 193905). **Germany**: In Germany, research is issued and distributed by Macquarie Capital (Europe) Ltd, Niederlassung Deutschland, which is authorised and regulated in the United Kingdom by the Financial Services Authority (No. 193905). **France**: In France, research is issued and distributed by Macquarie Capital (Europe) Ltd, which is authorised and regulated in the United Kingdom by the Financial Services Authority (No. 193905). **Hong Kong**: In Hong Kong, research is issued and distributed by Macquarie Capital Securities Ltd, which is licensed and regulated by the Securities and Futures Commission. **Japan**: In

Auckland Tel: (649) 377 6433	**Bangkok** Tel: (662) 694 7999	**Calgary** Tel: (1 403) 218 6650	**Denver** Tel: (303) 952 2800	**Frankfurt** Tel: (069) 509 578 000	**Geneva** Tel: (41) 22 818 7777	**Hong Kong** Tel: (852) 2823 3588
Jakarta Tel: (62 21) 515 1818	**Johannesburg** Tel: (2711) 583 2000	**Kuala Lumpur** Tel: (60 3) 2059 8833	**London** Tel: (44 20) 3037 4400	**Manila** Tel: (63 2) 857 0888	**Melbourne** Tel: (613) 9635 8139	**Montreal** Tel: (1 514) 925 2850
Mumbai Tel: (91 22) 6653 3000	**Munich** Tel: (089) 2444 31800	**New York** Tel: (1 212) 231 2500	**Paris** Tel: (33 1) 7842 3823	**Perth** Tel: (618) 9224 0888	**Seoul** Tel: (82 2) 3705 8500	**Shanghai** Tel: (86 21) 6841 3355
Singapore Tel: (65) 6601 1111	**Sydney** Tel: (612) 8232 9555	**Taipei** Tel: (886 2) 2734 7500	**Tokyo** Tel: (81 3) 3512 7900	**Toronto** Tel: (1 416) 848 3500		

Available to clients on the world wide web at www.macquarieresearch.com and through Thomson Financial, FactSet, Reuters, Bloomberg, CapitalIQ and TheMarkets.com.

Macquarie
Equities Research

MACQUARIE

Asia Research

Head of Equity Research

John O'Connell (Global Co – Head)	(612) 8232 7544
David Rickards (Global Co – Head)	(44 20) 3037 4399
Chris Hunt (Asia – Head)	(852) 3922 1119
Tim Smart (Asia – Deputy Head)	(852) 3922 3565

Automobiles/Auto Parts

Leah Jiang (China)	(8621) 2412 9020
Linda Huang (Hong Kong)	(852) 3922 4068
Clive Wiggins (Japan)	(813) 3512 7856
Dan Lucas (Japan)	(813) 3512 6050
Michael Sohn (Korea)	(82 2) 3705 8644

Banks and Non-Bank Financials

Ismael Pili (Asia, Hong Kong)	(852) 3922 4774
Victor Wang (China)	(852) 3922 1479
Alastair Macdonald (Japan)	(813) 3512 7476
Mudit Painuly (India)	(9122) 6653 3044
Suresh Ganapathy (India)	(9122) 6653 3042
Ferry Wong (Indonesia)	(6221) 515 7335
Chan Hwang (Korea)	(822) 3705 8643
Alex Pomento (Philippines)	(632) 857 0899
Matthew Smith (Malaysia, Singapore)	(65) 6601 0981
Jemmy Huang (Taiwan)	(8862) 2734 7530
Passakorn Linmaneechote (Thailand)	(662) 694 7728
Apichet Kiatworakun (Thailand)	(662) 694 7724

Conglomerates

Leah Jiang (China)	(8621) 2412 9020
Alex Pomento (Philippines)	(632) 857 0899

Consumer and Gaming

Gary Pinge (Asia)	(852) 3922 3557
Linda Huang (Hong Kong)	(852) 3922 4068
Toby Williams (Japan)	(813) 3512 7392
Lyall Taylor (Indonesia)	(6221) 2598 8489
HongSuk Na (Korea)	(822) 3705 8678
Alex Pomento (Philippines)	(632) 857 0899
Amit Mishra (India)	(91) 22 6653 3051
Best Waiyanont (Thailand)	(662) 694 7993

Emerging Leaders

Jake Lynch (China, Asia)	(8621) 2412 9007
Jonathan Hsu (China, Hong Kong)	(852) 3922 4625
Saiyi He (Hong Kong)	(852) 3922 3585
Robert Burghart (Japan)	(813) 3512 7853

Industrials

Inderjeetsingh Bhatia (India)	(9122) 6653 3166
Linda Huang (Hong Kong)	(852) 3922 4068
Janet Lewis (Japan)	(813) 3512 7475
Yuki Soga (Japan)	(813) 3512 7859
Chang Han Joo (Korea)	(822) 3705 8511
Juwon Lee (Korea)	(822) 3705 8661
Sunaina Dhanuka (Malaysia)	(603) 2059 8993
David Gambrill (Thailand)	(662) 694 7753

Insurance

Scott Russell (Asia)	(852) 3922 3567
Chung Jun Yun (Korea)	(822) 2095 7222

Media and Internet

Jiong Shao (China, Hong Kong)	(852) 3922 3566
Steve Zhang (China, Hong Kong)	(852) 3922 3578
Prem Jearajasingam (Malaysia)	(603) 2059 8989
Alex Pomento (Philippines)	(632) 857 0899

Oil, Gas and Petrochemicals

Linda Huang (Hong Kong)	(852) 3922 4068
Jal Irani (India)	(9122) 6653 3040
Polina Diyachkina (Japan)	(813) 3512 7886
Shawn Park (Korea)	(822) 3705 8669
Sunaina Dhanuka (Malaysia)	(603) 2059 8993
Trevor Buchinski (Thailand)	(662) 694 7829

Pharmaceuticals and Healthcare

Jonathan Hsu (Hong Kong)	(852) 3922 4625
Abhishek Singhal (India)	(9122) 6653 3052
Christina Lee (Korea)	(852) 3922 3571
Chinnarat Boonmahanark (Thailand)	(662) 694 7985

Property

Callum Bramah (Asia)	(852) 3922 4731
Eva Lee (China, Hong Kong)	(852) 3922 3573
Eugene Cheung (Hong Kong)	(852) 3922 4627
Unmesh Sharma (India)	(9122) 6653 3170
Felicia Barus (Indonesia)	(6221) 2598 8480
Hiroshi Okubo (Japan)	(813) 3512 7433
Chang Han Joo (Korea)	(822) 3705 8511
Sunaina Dhanuka (Malaysia)	(603) 2059 8993
Alex Pomento (Philippines)	(632) 857 0899
Tuck Yin Soong (Singapore)	(65) 6601 0838
Elaine Cheong (Singapore)	(65) 6601 0839
Corinne Jian (Taiwan)	(8862) 2734 7522
Patti Tomaitrichitr (Thailand)	(662) 694 7727

Resources / Metals and Mining

Andrew Dale (Asia)	(852) 3922 3587
Graeme Train (China)	(8621) 2412 9035
Carol Cao (China, Hong Kong)	(852) 3922 4075
Pelen Ji (China, Hong Kong)	(852) 3922 4741
Christina Lee (Hong Kong)	(852) 3922 3571
Rakesh Arora (India)	(9122) 6653 3054
Adam Worthington (Indonesia)	(852) 3922 4626
Albert Saputro (Indonesia)	(6221) 515 7340
Polina Diyachkina (Japan)	(813) 3512 7886
Chak Reungsinpinya (Thailand)	(662) 694 7982

Technology

Jeffrey Su (Asia)	(8862) 2734 7512
Stephen Chow (China, Hong Kong)	(852) 3922 3634
Lisa Soh (China)	(852) 3922 1401
Nitin Mohta (India)	(9122) 6653 3050
Damian Thong (Japan)	(813) 3512 7877
David Gibson (Japan)	(813) 3512 7880
George Chang (Japan)	(813) 3512 7854
Michiko Kakiya (Japan)	(813) 3512 7868
Yukihiro Goto (Japan)	(813) 3512 5984
Daniel Kim (Korea)	(822) 3705 8641
Benjamin Ban (Korea)	(822) 3705 8659
Andrew Chang (Taiwan)	(8862) 2734 7526
Daniel Chang (Taiwan)	(8862) 2734 7516
Jimmy Hsu (Taiwan)	(8862) 2734 7533
Kylie Huang (Taiwan)	(8862) 2734 7528

Telecoms

Keith Neruda (Asia)	(65) 6601 0830
Tim Smart (China)	(852) 3922 3565
Lisa Soh (China, Hong Kong)	(852) 3922 1401
Riaz Hyder (Indonesia)	(6221) 2598 8486
Nathan Ramler (Japan)	(813) 3512 7875
Prem Jearajasingam (Malaysia)	(603) 2059 8989
Joseph Quinn (Taiwan)	(8862) 2734 7519
Best Waiyanont (Thailand)	(662) 694 7993

Transport & Infrastructure

Anderson Chow (China, Asia)	(852) 3922 4773
Janet Lewis (Asia, Japan)	(813) 3512 7475
Wei Sim (China, Hong Kong)	(852) 3922 3598
Chang Han Joo (Korea)	(822) 3705 8511
Sunaina Dhanuka (Malaysia)	(603) 2059 8993

Utilities

Adam Worthington (Asia)	(852) 3922 4626
Carol Cao (China, Hong Kong)	(852) 3922 4075
Jeff Evans (India)	(9122) 3356 3053
Ayako Mitsui Boston (Japan)	(813) 3512 7885
Prem Jearajasingam (Malaysia)	(603) 2059 8989
Alex Pomento (Philippines)	(632) 857 0899

Commodities

Jim Lennon	(4420) 3037 4271
Max Layton	(4420) 3037 4273
Jan Stuart	(1 212) 231 2485
Duncan Hobbs	(4420) 3037 4497
Bonnie Liu	(8621) 2412 9008
Graeme Train	(8621) 2412 9035
Rakesh Arora	(9122) 6653 3054

Data Services

Andrea Dailly (Asia)	(852) 3922 4076
Eric Yeung	(852) 3922 4077

Economics

Richard Jerram (Asia, Japan)	(65) 6601 0842
Philip McNicholas (ASEAN)	(65) 6601 0982
Richard Gibbs (Australia)	(612) 8232 3935
Paul Cavey (China)	(852) 3922 3570
Renee Chen (Hong Kong, Taiwan)	(852) 3922 3597

Quantitative / CPG

Martin Emery (Asia)	(852) 3922 3582
Viking Kwok (Asia)	(852) 3922 4735
Burke Lau (Asia)	(852) 3922 5494
George Platt (Australia)	(612) 8232 6539
Patrick Hansen (Japan)	(813) 3512 7876
Ayumu Kuroda (Japan)	(813) 3512 7569
Simon Rigney (Japan)	(813) 3512 7872

Strategy/Country

Michael Kurtz (Asia)	(852) 3922 1403
John Woods (Asia)	(852) 3922 4636
Mark Matthews (Asia)	(65) 6601 0841
Peter Eadon-Clarke (Asia, Japan)	(813) 3512 7850
Jiong Shao (China, Hong Kong)	(852) 3922 3566
Rakesh Arora (India)	(9122) 6653 3054
Ferry Wong (Indonesia)	(6221) 515 7335
David Gibson (Japan)	(813) 3512 7880
Chan Hwang (Korea)	(822) 3705 8643
Kieran Calder (Malaysia)	(603) 2059 8992
Yeonzon Yeow (Malaysia)	(603) 2059 8982
Alex Pomento (Philippines)	(632) 857 0899
Daniel Chang (Taiwan)	(8862) 2734 7516
David Gambrill (Thailand)	(662) 694 7753

Find our research at

Macquarie:	www.macquarie.com.au/research
Thomson:	www.thomson.com/financial
Reuters:	www.knowledge.reuters.com
Bloomberg:	MAC GO
Factset:	http://www.factset.com/home.aspx
CapitalIQ	www.capitaliq.com
TheMarkets.com	www.themarkets.com

Email macresearch@macquarie.com for access

Asia Sales

Regional Heads of Sales

Robin Black (Asia)	(852) 3922 2074
Chris Gray (ASEAN)	(65) 6601 0288
Peter Slater (Boston)	(1 617) 598 2502
Jeffrey Shiu (China & Hong Kong)	(852) 3922 2061
Thomas Renz (Geneva)	(41) 22 818 7712
Andrew Mouat (India)	(9122) 6653 3200
Kenneth Yap (Indonesia)	(6221) 515 1555
JJ Kim (Korea)	(822) 3705 8799
Jason Lee (Malaysia)	(603) 2059 8888
Chris Gould (Malaysia)	(603) 2059 8888
Gino C Rojas (Philippines)	(632) 857 0761
Greg Norton-Kidd (New York)	(1 212) 231 2527
Luke Sullivan (New York)	(1 212) 231 2507
Eric Roles (New York)	(1 212) 231 2559
Sheila Schroeder (San Francisco)	(1 415) 762 5001

Regional Heads of Sales cont'd

Miki Edelman (Taiwan)	(8862) 2734 7580
Angus Kent (Thailand)	(662) 694 7601
Michael Newman (Tokyo)	(813) 3512 7920
Angus Innes (UK/Europe)	(44) 20 3037 4841
Rob Fabbro (UK/Europe)	(44) 20 3037 4865
Sean Alexander (Generalist)	(852) 3922 2101

Regional Head of Distribution

Justin Crawford (Asia)	(852) 3922 2065

Sales Trading

Adam Zaki (Asia)	(852) 3922 2002
Yat Quan Tan (Hong Kong)	(852) 3922 2028
Phil Sellaroli (Japan)	(813) 3512 7837
Matthew Ryan (Singapore)	(65) 6601 0288
Mike Keen (Europe)	(44) 20 3037 4905

Sales Trading cont'd

Chris Reale (New York)	(1 212) 231 2555
Marc Rosa (New York)	(1 212) 231 2555
Stanley Dunda (Indonesia)	(6221) 515 1555
James Aitchison (Korea)	(822) 3705 9990
Kenneth Cheung (Malaysia)	(603) 2059 8888
Michael Santos (Philippines)	(632) 857 0813
Isaac Huang (Taiwan)	(8862) 2734 7582
Dominic Shore (Thailand)	(662) 694 7707

Alternative Strategies

Convertibles - Roland Sharman	(852) 3922 2095
Depository Receipts – Seung-Jin Lee	(65) 6601 0203
Derivatives – Mark Holland	(852) 3922 2081
Futures - Tim Smith	(852) 3922 2113
Structured Products - Andrew Terlich	(852) 3922 2013