India Essentials

Monday, 13 July 2009

Fresh Money Ideas

Company	Rec	Target px (lcy)	Closing (lcy)	Upside/Downside (%)
Akruti City (AKCL IN)	UP	364.00	424.05	-14
Bharti Airtel (BHARTI IN)	OP	975.00	782.30	25
Bank of Baroda (BOB IN)	OP	515.00	386.15	33
Cairn India (CAIR IN)	UP	175.00	212.45	-18
Idea Cellular (IDEA IN)	UP	45.00	67.35	-33
Indian Oil (IOCL IN)	OP	685.00	549.30	25
ITC (ITC IN)	OP	240.00	210.50	14
Steel Authority of India (SAIL IN)	UP	120.00	153.45	-22
Sun Pharmaceuticals (SUNP IN)	OP	1,410.00	1,120.90	26
Tata Communications (TCOM IN)	UP	315.00	462.65	-32

OP = Outperform, UP = Underperform, N = Neutral
Source: Thomson Datastream, Macquarie Research estimates
Data as at 13/07/2009

Macquarie Research
Equities

INDIA

India infrastructure

13 July 2009

India cap goods companies – 1Q FY10E

Rs m	Revenues			PAT		
	1QFY10E	1QFY09	YoY	1QFY10E	1QFY09	YoY
L&T	80,747	69,014	17%	4,872	4,847	0%
BHEL	54,094	43,293	25%	5,386	3,844	40%
ABB	16,163	16,163	0%	1,146	1,318	-13%
Crompton	23,603	20,348	16%	1,388	1,226	13%
Siemens	19,907	18,097	10%	1,761	1,694	4%
Sector	**194,513**	**166,915**	17%	**14,553**	**12,930**	13%

Source: Company data, Macquarie Research, July 2009

Construction companies – 1Q FY10E

Rs m	Revenues			PAT		
	1QFY10E	1QFY09	YoY	1QFY10E	1QFY09	YoY
PUNJ	31,785	26,488	20%	1,154	976	18%
IVRCL	11,800	9,285	27%	440	435	1%
NJCC	10,874	9,709	12%	421	370	14%
PEC	6,980	5,584	25%	294	350	-16%
Sector	**61,439**	**51,065**	20%	**2,309**	**2,131**	8%

Source: Company data, Macquarie Research, July 2009

Stocks mentioned in this report

L&T: LT IN, Rs1,357, OP, TP: Rs1,487, upside: 10%

BHEL: BHEL IN, Rs1,986, OP, TP:Rs2,312, upside: 16%

ABB: ABB IN, Rs692, UP, TP: Rs402, downside: 42%

Crompton: CRG IN, Rs275, OP, TP: Rs310, upside: 13%

Siemens: SIEM IN, Rs411, UP, TP:Rs161, upside: 61%

Punj Lloyd: PUNJ IN, Rs185, UP, TP: Rs142, 23% downside

IVRCL: IVRC IN, Rs313, OP, TP: Rs369, upside: 18%

Narjuna Construction: NJCC IN, Rs134, UP, TP: Rs121, downside: 10%

Patel Eng: PEC IN, Rs414, N, TP: Rs445, upside: 7%

Analysts

Inderjeetsingh Bhatia
91 22 6653 3166 inderjeet.bhatia@macquarie.com
Somesh Agarwal
91 22 6653 3064 somesh.agarwal@macquarie.com

1Q FY10 preview – a mixed bag

Event

- We preview 1Q FY10 results in Indian infrastructure, seeing top-line growth of 17% for 1Q FY10 as order backlogs continue to support top-line growth. We expect higher interest costs to peg down PAT growth despite stable margins.

Impact

- **Order book continues to drive strong top-line growth:** For 1Q FY10, we expect construction and capital goods companies under our coverage in India to deliver 20% and 17% growth, respectively. Our outlook on top-line growth remains strong, driven by a huge order backlog at end FY09 (up 26% YoY). We see the order inflow picking up from 2Q FY10 after a relatively quieter 1Q, due to elections.
- **Margins stable but earnings growth still under pressure:** We expect companies to report stable margins in the quarter with the exception of BHEL, which we expect to report strong margin expansion of 390bp. However, we think earnings growth will remain under pressure from the effects of high leverage on mid-cap companies' balance sheets and the base effect.
- **BHEL earnings growth to stand out; flat growth for sector ex-BHEL:** We project BHEL's earnings growth of 40% would be driven by margin expansion from raw materials and staff costs stabilising from a high base. Ex-BHEL, the sector will post only 2% earnings growth, in our view.
- **Earnings growth to improve from 2H FY10:** We believe most of the infra names, especially in mid-cap construction, will see an earnings growth pick-up only from 2H FY10, once the high base effect of interest costs starts playing out. Cuts in borrowing costs have been nullified by an increase in leverage on balance sheets.

Outlook

- **Selective in stock picks:** We expect 1Q FY10 numbers to be mixed across the sector, against clear outperformance by large caps in the last few quarters. Our stock picks are based on the possibility of earnings upgrades and valuation discounts to the sector.
  - ⇒ **Prefer BHEL to Larsen & Toubro (L&T) for earnings upgrade:** BHEL is one of the few stocks for which we expect a large margin expansion in FY10. It would see an earnings upgrade cycle, which we believe is largely played out in L&T.
  - ⇒ **Prefer CRG and IVRC in mid-caps:** Crompton Greaves (CRG) is our favoured pick in the power T&D space for its unjustified discount to front-line names such as ABB and SIEM. IVRC is our top pick in the mid-cap construction space with government focus on rural water investments.
  - ⇒ **ABB, SIEM and GMRI (GMRI IN, Rs125, UP, TP: Rs104, 17% downside) are least preferred stocks**: ABB and SIEM are trading at a premium to L&T and BHEL, despite their inferior growth outlook. We remain wary of many developers as we believe their valuations have built in too-bullish return estimates in the current portfolio of assets.

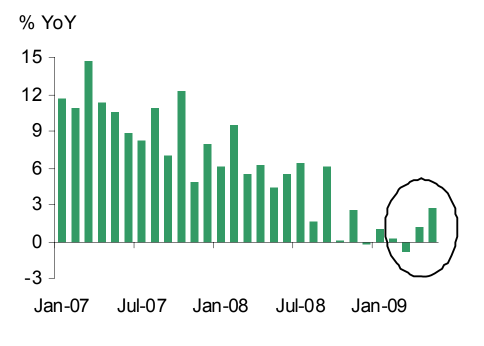
Macquarie Research
Economics

INDIA

Macro Mantra

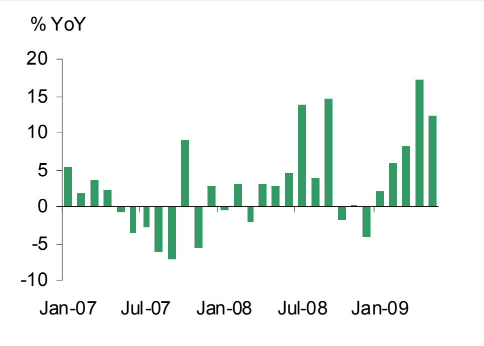
10 July 2009

Industrial production (IP)



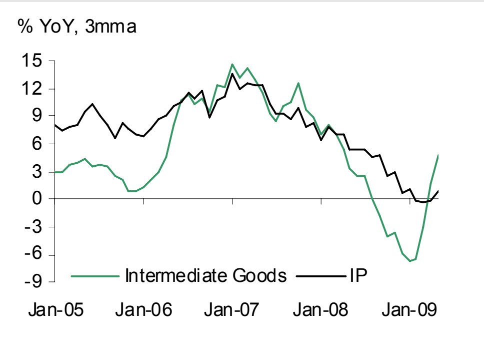
Source: CEIC, Macquarie Research, July 2009

IP – consumer durables



Source: CEIC, Macquarie Research, July 2009

IP vs intermediate goods



Source: CEIC, Macquarie Research, July 2009

Analyst
Rajeev Malik
65 6231 2841 rajeev.malik@macquarie.com

India – IP gaining more traction

IP ahead of expectations, again

- India's May industrial production (IP) increased by a better-than-expected 2.7% YoY (Macq: 2.5%, Bloomberg: 1.3%), the fastest pace in 8 months. The outcome for April was marginally revised lower to 1.2% YoY from 1.4% announced previously. IP growth in April–May averaged 1.9% YoY.
- Importantly, IP growth accelerated in May despite a deceleration in growth in the infrastructure industries index, suggesting that industrial activity in non-infrastructure sectors is also beginning to improve. Note that the separately announced infrastructure industries index has a weight of 26.7% in the industrial production basket.

Lower interest rates and fiscal boost offset weak exports

- The pick-up in industrial activity is taking hold despite the still-large decline in merchandise exports. Indeed, merchandise exports (US$ terms) plunged 29.2% YoY in May, only marginally better than the average decline of 33.2% in March–April.
- Manufacturing, which has a weight of nearly 80% in the IP basket, increased its output by 2.5% YoY in May. Mining output rose 3.7% YoY while electricity production increased 3.3%.
- In the use-based details of industrial production, the pace of decline in capital goods continued to improve, and could turn positive in the next 2–3 months. The production of consumer goods increased 1.2% YoY in May, the first positive growth following 3 consecutive months of decline. Within consumer goods, the pace of increase in durables eased but still remained impressive. Also, growth in non-durable consumer goods improved to post the smallest decline in 4 months.

Economic upturn poised to strengthen and broaden

- We think the combination of a lagged positive impact from the aggressive monetary easing by the RBI, and the ongoing boost from fiscal stimulus, will play a critical role in boosting domestic demand.
- The federal budget announced on July 6 targeted enhanced spending on infrastructure and in boosting rural and urban purchasing power, which in turn will be favourable for consumer spending. We maintain our forecast of GDP growth of 7.0% in FY 3/10 following 6.7% in the prior fiscal year.
- While the budget was pro-growth, further policy rate cuts by the RBI appear unlikely. Still, banks have scope for cutting lending rates, which in turn will be positive for credit demand.
- However, we believe it is too early for the RBI to start hiking policy rates. India's growth remains below-trend, and the inflation risk is manageable. Also, the RBI is unlikely to shift its policy stance unless the pace of credit expansion picks up meaningfully. We retain our view that the first hike in policy rates is likely to occur in calendar 2Q10.

Macquarie Research
Equities

MACQUARIE

INDIA

ICICI Bank

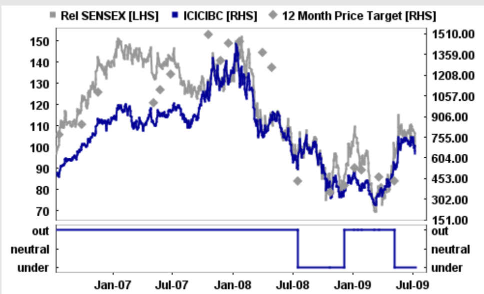
10 July 2009

ICICIBC IN		**Underperform**
Stock price as of 09 Jul 09	Rs	636.45
12-month target	Rs	517.00
Upside/downside	%	-18.8
Valuation	Rs	517.00
- Sum of Parts		
GICS sector		banks
Market cap	Rs m	708,575
30-day avg turnover	US$m	29.7
Market cap	US$m	14,547
Number shares on issue	m	1,113

Investment fundamentals

Year end 31 Mar		2009A	2010E	2011E	2012E
Net interest inc	bn	83.7	89.9	104.7	125.0
Non interest inc	bn	76.0	68.0	67.1	70.5
Underlying profit	bn	89.3	87.2	94.9	107.7
PBT	bn	51.2	48.2	63.9	79.7
PBT Growth	%	1.2	-5.8	32.5	24.8
Adjusted profit	bn	37.6	37.3	46.5	56.3
EPS adj	Rs	33.76	33.50	41.75	50.56
EPS adj growth	%	-9.7	-0.8	24.6	21.1
PE adj	x	18.9	19.0	15.2	12.6
Total DPS	Rs	11.00	13.50	13.50	16.50
Total div yield	%	1.7	2.1	2.1	2.6
ROA	%	1.0	1.0	1.1	1.2
ROE	%	7.8	7.4	8.7	9.9
Equity to assets	%	13.1	13.3	12.7	12.1
Price/book	x	1.4	1.4	1.3	1.2

ICICIBC IN rel SENSEX performance, & rec history



Source: FactSet, Macquarie Research, July 2009 (all figures in INR unless noted)

Analyst
Seshadri Sen, CFA
91 22 6653 3053 seshadri.sen@macquarie.com
Mudit Painuly
91 22 6653 3044 mudit.painuly@macquarie.com

The price has to be right

Event

- We retain our contrarian Underperform on ICICI, as we do not see any significant leverage to higher economic growth for this bank in particular.

Impact

- **Loan growth will remain stunted.** Near-term loan growth (stand-alone) is likely to stay constrained, not least because the international book is expected to contract at ~10% pa for at least two years. The domestic book should grow, but the compulsion to get the CASA* ratio up to the 30s is expected to prevent run-away growth. We see little upside to our loan growth forecasts, even if economic growth accelerates. (*Current accounts and savings accounts).
- **Margin improvement gradual**. The expected shrinkage of the international book should help margins, as should the increased focus on CASA deposits. This is likely to be offset by the run-off in the unsecured book, which is being replaced by low-yield corporate and home loans. The benefit of a lower risk book is likely to flow through in sharply improved credit costs, but only from FY3/11E.
- **Asset quality – not a lot of relief**. There is no significant relief in loan quality. The retail book continues to be under stress, with the unsecured book remaining the primary source. Wholesale loans remains under pressure, though the number of stressed accounts is not growing and that is a source of some relief. We retain our view that the Rs1tr non-retail book will see cumulative losses of Rs20bn over FY3/10-11.

Earnings and target price revision

- We have reduced our FY10E and FY11E EPS forecasts by 6.4% and 2.2%, respectively. We have introduced FY12E earnings. Our TP increases to Rs517 from Rs436 while we retain our Underperform.

Price catalyst

- 12-month price target: Rs517.00 based on a Sum of Parts methodology.
- Catalyst: Continued fees and asset quality stress in 1HFY3/10E.

Action and recommendation

- **It is not in the price, yet**. ICICI has corrected by 6.5% since Monday. Its P/BV of 1.2x FY10E (ex-subsidiaries), however, still appears high in the face of weak ROEs. Management's medium-term goal of reaching c. 15% ROE is unlikely to be met even by FY3/12E. This is reflected in the stock's high PER. At 13.7x on FY3/11E, this is a 21% premium to the Sensex multiple, with earnings CAGR at a mere 14% over FY3/09–12E.
- **Long-term value, but only at the right price**. ICICI's worst days are definitely over, and the management is walking the talk on consolidation. The improvement in core profitability, however, will be a slow process and we would baulk at paying over the odds for the stock. Retain Underperform.

INDIA

Infosys Technologies

13 July 2009

INFO IN		Outperform
Stock price as of 09 Jul 09	Rs	1,676.75
12-month target	Rs	1,600.00
Upside/downside	%	-4.6
Valuation	Rs	1,600.00
- PER		
GICS sector		software & services
Market cap	Rs m	960,877
30-day avg turnover	US$m	5.3
Market cap	US$m	19,726
Number shares on issue	m	573.1

Investment fundamentals

Year end 31 Mar		2009A	2010E	2011E	2012E
Total revenue	bn	216.9	244.0	285.5	334.1
EBIT	bn	64.3	73.8	84.6	96.5
EBIT Growth	%	38.7	14.7	14.7	14.1
Adjusted profit	bn	59.9	67.8	74.3	84.9
EPS rep	Rs	104.58	118.28	129.48	148.10
EPS adj	Rs	104.56	118.28	129.48	148.10
EPS adj growth	%	28.2	13.1	9.5	14.4
PE adj	x	16.0	14.2	13.0	11.3
ROA	%	31.7	28.8	26.1	24.3
ROE	%	36.8	31.3	26.3	24.3
EV/EBITDA	x	12.0	10.6	9.2	8.1
Net debt/equity	%	-53.1	-55.2	-56.0	-55.8
Price/book	x	5.3	3.8	3.1	2.5

INFO IN rel SENSEX performance, & rec history

Source: FactSet, Macquarie Research, July 2009
(all figures in INR unless noted)

Analysts

Shubham Majumder
9122 66533049 shubham.majumder@macquarie.com
Nitin Mohta
91 22 6653 3050 nitin.mohta@macquarie.com

Good 1Q, EPS guidance cut by 4%

Event

- Infosys reported a good set of 1Q results but revised down its FY3/10E rupee-based EPS guidance.

Impact

- **1Q results came in at high end of guidance, beating street estimates.** Infosys reported 1Q FY3/10 revenues of Rs54.72bn, beating the consensus estimate of Rs53.6bn by 2%. The operating margin for the quarter was 34.1%, 290bp ahead of the street expectation of 31.2%.
- **Positive surprise on operating margins helped Infosys to beat consensus PAT by 10%.** 1Q FY3/10E PAT of Rs15.3bn was 10% higher than the street estimate of Rs13.9bn. The beat was mainly due to better operating margins reported by Infosys.
- **Lower end of FY3/10E US$ revenue guidance raised, FY3/10E operating margins seen at ~31.5%.** Infosys expects FY3/10E US$ revenues to decline by 4.6% to 3.1% YoY (vs earlier guidance of 6.7% to 3.1% earlier). After delivering a positive surprise in 1Q, management now expects only a 150bp decline in operating margins (to 31.5%) from the FY3/09 level of 33.2%. We note that the company had earlier guided to a 300bp margin decline in FY3/10E. Management attributed the dip in operating margins in subsequent quarters of FY3/10 to increased investment in the business, specifically linked to higher SG&A costs and increased local hiring in onsite locations.
- **INR EPS guidance on back of change in conversion rate assumption.** Infosys has cut down its FY3/10 EPS guidance to Rs94.59–96 (vs Rs96.65 to Rs101.18 range earlier), a 4% cut based on the midpoint of the guidance range. This is largely due to a revised Rs/US$ conversion rate assumption of 47.91 vs 50.72 earlier. Management clarified that the positive impact from a lower-than-expected operating margin dip is offset by a higher effective tax rate for the year (expected to be ~20% vs earlier assumption of 17%).
- **Top client contribution has declined sharply to 4.5% in 1Q FY3/10E** (vs 5.7% in 4Q FY3/09). Even so, management does not view the drop in revenues from top client as a cause for worry and highlighted that the company added 27 new clients in 1Q.

Earnings and target price revision

- No change.

Price catalyst

- 12-month price target: Rs1,600.00 based on a PER methodology.
- Catalyst: Improvement in pricing environment.

Action and recommendation

- **Near-term outlook remains challenging.** Management maintained its cautious outlook on the growth prospects for the sector in the near term. Infosys' CEO mentioned that recovery is still a year away and likely to happen only by mid-CY10. The company remains convinced about the medium- to long-term growth prospects for the sector and attributed its conservative guidance to the short-term volatility and uncertainty in the sector. Our investment opinions on the company are under review.

INDIA

GAIL India

13 July 2009

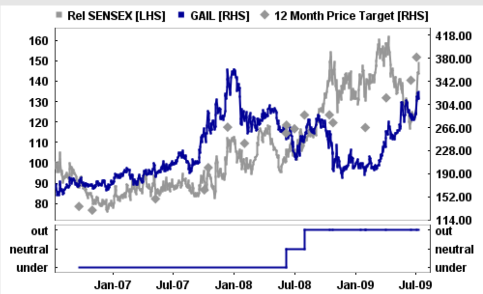
GAIL IN **Outperform**

Stock price as of 10 Jul 09	Rs	310.80
12-month target	Rs	382.00
Upside/downside	%	+22.9
Valuation	Rs	382.00
- Sum of Parts		
GICS sector		utilities
Market cap	Rs m	394,243
30-day avg turnover	US$m	13.0
Market cap	US$m	8,094
Number shares on issue	m	1,268

Investment fundamentals

Year end 31 Mar		2009A	2010E	2011E	2012E
Total revenue	bn	246.6	257.6	321.2	335.2
EBITDA	bn	44.0	58.3	63.4	72.3
EBITDA growth	%	1.3	32.6	8.7	14.1
EBIT	bn	36.8	49.5	52.3	60.0
EBIT Growth	%	0.1	34.5	5.7	14.7
Reported profit	bn	27.9	36.1	39.2	45.1
Adjusted profit	bn	27.9	36.1	39.2	45.1
EPS rep	Rs	22.00	28.45	30.90	35.57
EPS adj	Rs	22.00	28.45	30.90	35.57
EPS adj growth	%	1.0	29.3	8.6	15.1
PE adj	x	14.1	10.9	10.1	8.7
Total DPS	Rs	8.49	10.98	11.92	13.72
Total div yield	%	2.7	3.5	3.8	4.4
ROE	%	19.4	22.1	21.0	21.2
EV/EBITDA	x	9.9	7.4	6.8	6.0
Net debt/equity	%	26.0	57.3	93.2	92.0
Price/book	x	2.6	2.3	2.0	1.7

GAIL IN rel SENSEX performance, & rec history



Source: FactSet, Macquarie Research, July 2009
(all figures in INR unless noted)

Analysts

Jal Irani
91 22 6653 3040 jal.irani@macquarie.com
Amit Mishra, CFA
91 22 6653 3051 amit.mishra@macquarie.com

Highway star

Event

- Within a week of the announcement in the Union Budget that the country would soon start a series of gas highways that will ultimately form a national gas grid, the Petroleum Ministry is moving quickly ahead with the proposal. GAIL is likely to be nominated to construct, operate and maintain these pipelines. We believe that this megaproject will further enhance GAIL's gas transmission infrastructure to reap the benefits of the significant gas supplies expected in the coming years.

Impact

- **Government moving quickly with the national gas highway project.** Gas highways will run parallel to national road highways. The larger availability of gas from the KG Basin provides the government with an opportunity to 'broad base' the social and economic benefits of natural gas usage.
  - ⇒ **6,000km of pipelines.** Gas highways will be connected to the national gas grid, which will be made up of existing and authorised pipelines and the missing links to remote and underdeveloped areas. The government has identified the 6,000km of missing links that will form the gas highways.
  - ⇒ **Cess on gas sales could partly fund the project.** The Petroleum Ministry has proposed that a viable option for funding is to create a National Gas Highway Fund by imposing a cess of Rs10/mmbtu on gas sold. At the proposed rate, the collections would approximate Rs24bn per year. In the next five years, this would generate Rs120–150bn.
  - ⇒ **Tariffs will be determined by Apex Level Committee.** The Apex Level Committee will ensure an agreed return for the investments made, in addition to covering incidental and operational costs with suitable incentives for optimal, safe and secure operation of the pipeline.
- **Pipeline utilisation has risen sharply.** We believe that the utilisation rate is rising sharply; within two months, RIL has ramped up to one-third of its KG-D6 year-end target gas production of 80mm scmd. Given the high operating leverage of the transmission business, we believe that the profits could increase materially.
- **5,500km of pipelines already under construction.** GAIL has started implementation of the second phase of its mega capacity expansion plan. The first phase of the capacity expansion is progressing according to schedule.

Earnings and target price revision

- No change.

Price catalyst

- 12-month price target: Rs382.00 based on a Sum of Parts methodology.
- Catalyst: Final pipeline transmission policy; new sources of gas.

Action and recommendation

- We believe that GAIL is in a sweet spot as it ramps up its transmission network aggressively to maximise the benefits from the large increase in gas supplies.

INDIA

GSK Pharmaceuticals

10 July 2009

GLXO IN		Outperform
Stock price as of 09 Jul 09	Rs	1,261.05
12-month target	Rs	1,450.00
Upside/downside	%	+15.0
Valuation	Rs	1,450.00
- None		

GICS sector		pharmaceuticals, biotechnology & life sciences
Market cap	Rs m	106,815
30-day avg turnover	US$m	1.0
Market cap	US$m	2,193
Number shares on issue	m	84.70

Investment fundamentals

Year end 31 Dec		2008A	2009E	2010E	2011E
Total revenue	m	17,123	18,879	20,903	23,399
EBIT	m	5,977	6,640	7,421	8,457
EBIT Growth	%	9.0	11.1	11.8	14.0
Recurring profit	m	7,009	7,744	8,624	9,810
Reported profit	m	5,910	5,111	5,692	6,573
Adjusted profit	m	4,628	5,111	5,692	6,573
EPS rep	Rs	69.77	60.34	67.20	77.60
EPS rep growth	%	7.9	-13.5	11.4	15.5
EPS adj	Rs	54.63	60.34	67.20	77.60
EPS adj growth	%	13.8	10.4	11.4	15.5
PE rep	x	18.1	20.9	18.8	16.3
PE adj	x	23.1	20.9	18.8	16.3
Total DPS	Rs	46.80	47.06	50.40	56.65
Total div yield	%	3.7	3.7	4.0	4.5
ROA	%	27.9	29.0	30.9	32.1
ROE	%	31.3	31.3	32.4	34.3
EV/EBITDA	x	15.7	14.1	12.7	11.1
Net debt/equity	%	-65.4	-66.7	-70.2	-73.8
Price/book	x	6.8	6.3	5.8	5.3

GLXO IN rel SENSEX performance, & rec history

Source: FactSet, Macquarie Research, July 2009 (all figures in INR unless noted)

Analyst
Abhishek Singhal
91 22 6653 3052 abhishek.singhal@macquarie.com

Domestic play - MNC way

Event

- We met with the management of the company and remain positive about the growth potential of GSK in India. With renewed focus of the UK based parent in emerging markets, India remains an important market in the overall scheme of things. We maintain our Outperform rating but reduce our TP to Rs1,450.

Impact

- **Well poised to leverage domestic Pharma growth:** The Indian pharma market is projected to grow at ~12% pa over the next decade, propelled by population dynamics, high disease prevalence, increased health care access, changing health care models and greater capacity to spend. GSK is the largest MNC and among the top 3 players in the Indian market with ~4.3% market share. Given its marketing might, an established presence across therapies and patent protected launches, GSK is well positioned to leverage market growth, going forward.
- **Improved dynamics with new IP regime:** After the change to a product patent regime, we believe the attractiveness of India has substantially increased for the innovative large-cap firms. The upside from patented products will likely be limited over the near term; however, structural changes over the next decade are inevitable and would lead to a move towards consolidation, better realisations led by improved pricing power, creation of mega brands and gradual market share accretion in favour of companies with innovation prowess.
- **Strong balance sheet and yield support:** With ~US$350m in net cash and a negative WC, GSK has one of the strongest balance sheets in the sector. This does provide much requisite leeway to pursue strategic alternatives through acquisitions and/or use the cash to reward its shareholders by increasing dividend payout/buy back shares. Given the stable nature of GSK's earnings profile, high return ratios, free cashflow generation and healthy dividend yield support (~ 4%), we believe GSK should sustain premium valuations.

Earnings and target price revision

- We have adjusted our 2009/10E earnings to Rs61/67 from Rs65/77 based on slower ramp-up of patented sales and rolled forward model to 2011 estimates. We lower our target price to Rs1,450 from Rs1,760.

Price catalyst

- 12-month price target: Rs1,450.00 based on a PER methodology.
- Catalyst: New patent protected product launches.

Action and recommendation

- Historically, over the last five years, GSK has traded in a PER band of 16−32x forward earnings, a premium to the Indian pharmaceutical companies. We forecast 12.5% earnings CAGR for 2008−11E and value GSK at a PER of 20x in line with its average for last four years. We believe GSK is well positioned to capture the innovation and volume-driven growth in the Indian market characterised by changing patent regime, out-of-pocket spending and income disparity.

ASIA

MacQTel Asia Pac portfolio

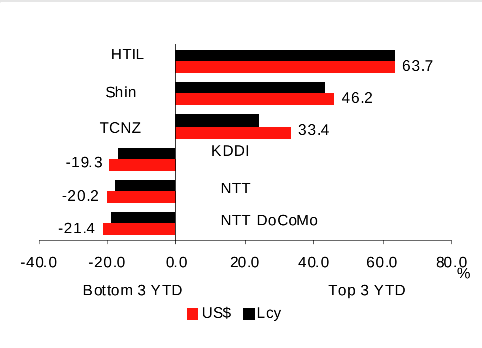
10 July 2009

MacQTel Asia Pac portfolio performance

	MacQTel PIPE	MSCI AP telco	MSCI AP	MSCI APxJ telco
Inception	-21.9%	-26.3%	-32.5%	-35.0%
YTD	-2.5%	-2.1%	13.9%	6.3%
Week	0.2%	0.5%	-2.3%	-0.1%

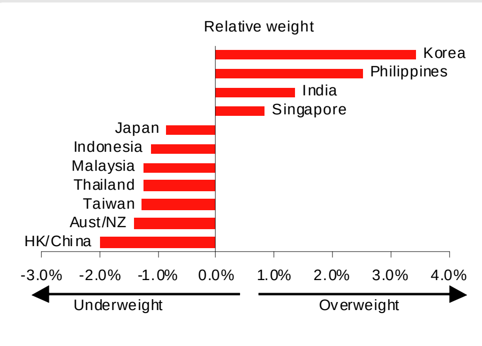
Source: Bloomberg, Datastream, Macquarie Research, July 2009

Asia telcos best and worst year to date



Source: Bloomberg, Macquarie Research, July 2009

MacQTel Asia Pac portfolio country relative weights vs MSCI AP Tel index



Source: Datastream, Bloomberg, Macquarie Research, July 2009

Analysts

Tim Smart
852 3922 3565 tim.smart@macquarie.com
Lisa Soh, CFA
852 3922 1401 lisa.soh@macquarie.com

Winners and losers

Event

- In weaker markets, telcos once again highlighted their attractiveness. Our MacQTel Asia Pac portfolio (+0.2% for the week 2–9 July) and the benchmark MSCI AP telco index (+0.5%) solidly outperformed the broader market MSCI AP (-2.3%) (all performance based on US$).
- While recent market weakness has seen some small clawback in performance YTD, the telecoms sector continues to be a substantial underperformer against broader markets, with the MSCI AP telcos underperforming the broader MSCI AP benchmark by 16ppt. On an ex-Japan basis, the telcos' underperformance is even more severe – MSCI APxJ telcos have underperformed the MSCI APxJ index by 23.6%.

Impact

- **Winners:** China Unicom (762 HK, +10.8%) was the best performer, followed by HTIL (2332 HK, +6.1%), on confirmation that it is soliciting bids for its Israel operations, and SingTel (ST SP, +5.5%), as it played catch-up on recent moves in its relevant currency exposures and key associate trading values.
- **Losers:** The Indian telcos MTNL (MTNL IN, -16.6%) and RCOM (RCOM IN, -14.1%) were the worst performers, as the market was sold off following the release of the FY3/10 budget, followed by Excelcomindo (EXCL IJ, -13.4%).
- **Helping:** Major portfolio overweights, SKT (+3.3%) and LGT (+1.8%) outperformed, as did our overweight positions in KDDI (9433 JP, +4.4%) and StarHub (STH SP, +2.3%).
- **Hurting:** Underperformance by major portfolio overweights Bharti (-2.5%) and PLDT (-3.9%), combined with our Underweight position in Indonesia (+2.5-4.5%), whose market benefited from a positive election result. Our underweight stance in China Unicom and Telecom NZ (TEL NZ, +1.7%) hurt.
- **Portfolio moves:** After SingTel's strong performance this week, the implied core Singapore/Optus assets are trading at a premium. Historically, the strong buy signal for SingTel has been when the core was at a substantial discount. This was the case in April when we increased our overweight position. Since the core has moved to fair value and is now a premium, we reduce our SingTel weighting to index weight, and will look for a discount to core before moving back to overweight.
- **Next week:** Another quiet week, although the 2Q/1H results season will get underway with M1 (out of index name) reporting next Thursday. We are forecasting revenue of S$383m (-6.5% YoY) and EPS of 7.6c (-15% YoY).

MacQTel Asia Pac portfolio top Overweights

Stock	Ticker	Rec	CP (lcy)	TP (lcy)	Upside	Analyst
Bharti	BHARTI IN	OP	800	975	22%	Shubham Majumder
LG Telecom	032640 KS	OP	8,760	11,500	31%	Nathan Ramler
SK Telecom	017670 KS	OP	184,500	235,000	27%	Nathan Ramler
PLDT	TEL PM	OP	2,325	2,538	9%	Rama Maruvada

Note: Price data as of 9 July 2009
Source: Bloomberg, Macquarie Research, July 2009

Monday 13 July 2009

LME cash price

	US ¢/lb	% Change day on day
Aluminium	70.0	-0.8
Copper	220.3	-0.5
Lead	71.3	-1.8
Nickel	653.5	-2.7
Tin	548.6	-4.7
Zinc	66.6	-2.3

Other prices

		% Change day on day
Gold ($/oz)	913.00	0.1
Silver ($/oz)	12.63	-2.0
Platinum ($/oz)	1095.00	-1.2
Palladium ($/oz)	234.00	-1.7
Oil WTI	59.36	-0.9
Cobalt (99.8%)	17.78	2.3
$US/€ exchange rate	1.39	-0.8
US$/A$ exchange rate	0.78	-1.2

LME/COMEX stocks

	Tonnes	Change
LME Aluminium	4,393,600	-2,425
Nymex Aluminium	9,830	0
Nymex Al. Pieces	34,409	881
LME Copper	258,575	-3,400
Comex Copper	53,782	0
Lead	93,625	425
Nickel	109,716	90
Tin	17,720	-30
Zinc	351,625	-250

Source: LME, Comex, Nymex, SHFE, Metal Bulletin, Reuters, LBMA, Macquarie Research

Analysts

Jim Lennon
44 20 3037 4271 jim.lennon@macquarie.com
Adam Rowley
44 20 3037 4272 adam.rowley@macquarie.com
Max Layton
44 20 3037 4273 max.layton@macquarie.com
Isaac Feehely
44 20 3037 4061 isaac.feehely@macquarie.com

Commodities Comment

China roars ahead in June

Feature article

- We review Chinese trade and economic data for June.

Latest news

- The base metals closed down on Friday as the US dollar appreciated. Tin had another significant fall, down 4.7% after its 5.1% fall on Thursday. For the week tin fell 16.4%, while nickel was down 10.6%, lead down 6.9%, zinc down 3.6% and copper down 2.2%. Aluminium was least affected by the sell-off, down 1.8% for the week to $0.70/lb.
- The OECD composite leading indicators for May 2009, released on Friday, point to “tangible signs of improvement in the outlook of most OECD economies.” There are indicators of a trough having been reached in Canada, the UK, the US, China and India, while there are indications of a recovery beginning in France and Italy.
- Chinese construction data in June were bullish, showing new starts up 11.9% YoY, after they were down 18.2% YoY in May. The area under construction also jumped 24.8% YoY, after being up a modest 4.2% YoY in May.
- Chinese imports of unwrought copper rose to 475,999t in June from 422,666t in May (+12.6% MoM). Over the same period gross weight copper scrap imports fell by 50,000t to 280,000t (-15.2% MoM). Meanwhile, unwrought aluminium imports also remained very strong, up by 21,478t MoM in June to 353,218t (+6.5%). Aluminium scrap imports increased 30,000t to 190,000t over the same period.
- China’s coal exports fell to only 1.14mt in June, down 83.7% YoY. China’s coal exports in 1H09 totalled only 11.7mt, down 54.2% YoY, as international demand has weakened and export prices (after tax) remain unattractive relative to Chinese domestic prices. Coke exports in 1H09 were down 97%.
- Australian nickel producer Minara Resources reported 2Q09 production of 7.8kt nickel and 0.63kt cobalt from Murrin Murrin (Minara 60%) and is on track to meet 2009 guidance of 30–34kt nickel. Cash costs for the half were US$4.99/lb, down from US$5.55/lb in 2H08 and our 1H09 forecast of US$5.47/lb. Major cost reductions have been sulphur, labour and selective mining of low magnesium content ore, which requires less acid.

Level 31 CityPoint 1 Ropemaker St, London EC2Y 9HD	London	(44 20) 3037 4400	New York	(1 212) 231 2500
Toll Free (from Australia) 1800 142 266	Sydney	(612) 8232 9555	Melbourne	(613) 9635 8139
www.macquarie.com/research	Hong Kong	(852) 2823 3588	Singapore	(65) 6231 1111

INDIA

India market snapshot

13 July 2009

Macquarie India coverage vs Sensex – PER and diluted EPS growth

Sector	Market cap (US$bn)	PER (x) 2010E	PER (x) 2011E	Diluted EPS growth (%) 2010E	Diluted EPS growth (%) 2011E
Pharma	11.7	29.8	21.5	25.3	38.8
Auto	13.3	16.6	15.1	24.5	10.6
Engineering & Construction	65.0	20.1	16.0	40.8	25.5
Oil & Gas	147.3	12.3	9.4	37.3	30.7
IT	50.0	11.2	10.0	16.2	12.2
Cement	13.0	10.4	11.9	4.1	-12.9
Metals & Mining	47.8	14.2	8.6	-36.5	65.2
Telecom & Media*	50.6	13.9	12.1	14.0	15.1
Real Estate	7.3	7.7	7.3	1.1	5.4
Consumer	35.6	24.8	20.6	20.7	20.4
Banks	94.7	12.9	11.1	4.6	15.9
Total coverage universe	**545.7**	**13.7**	**11.1**	**11.9**	**23.8**
Sensex**	**422.6**	**14.0**	**11.8**	**11.4**	**19.0**

Note: Sector data based on Macquarie India's coverage universe. All prices are in local currency, as of 10 July 2009.
* Excluding Dish TV which has negative PAT
** Sensex data (ex-market cap) is based on a combination of estimates from Macquarie (for rated stocks) and Bloomberg (for non-rated stocks).
Source: Bloomberg, Macquarie Research, July 2009

Analyst
Seshadri Sen, CFA
91 22 6653 3053 seshadri.sen@macquarie.com
Mudit Painuly
91 22 6653 3044 mudit.painuly@macquarie.com

INDIA

Market performance

13 July 2009

Including the quarterly results calendar

Derivatives (open interest)

(US$)	Last	% chg 1D	% chg YTD
Stock futures (09/07)	4159.7	1.3	51.3
Index futures (09/07)	2053.1	-3.0	3.8

Market turnover

	US$ m	% chg 1D
BSE turnover	922	-6.4
NSE turnover	3,052	-6.3

BSE (Top 5)

Top Gainers	Last price	% chg 1D
Wipro	384.8	3.1
Infosys	1721.2	2.6
TCS	395.2	1.8
Satyam	74.5	1.8
HLL	267.4	0.6

BSE (Bottom 5)

Reliance Infrastructure	1028.2	-6.6
Jaiprakash Associates	186.1	-5.7
Reliance Communi	242.7	-5.2
HDFC Corp.	2198.5	-4.7
Hindalco	72.8	-4.3

Source: Bloomberg, Macquarie Research, July 2009

Trading/Dealing Line: + 91 22 6653 3200
US Toll Free: 1888 622 7862

Market performance

	Last	% chg 1D	% chg YTD
BSE Sensex	13,504	-1.8	40.0
NSE NIFTY	4,004	-1.9	35.3
CNX Mid-cap	5,152	-2.0	37.9
S&P 500	883	0.4	-2.3
NASDAQ	1,753	0.3	11.1
FTSE 100	4,132	-0.6	-6.8
NIKKEI - 225	9,287	0.0	4.8

Source: Bloomberg, Macquarie Research, July 2009

Fixed income, currencies, commodities

	Last	% chg 1D	% chg YTD
10-year govt bond	7.0	0.0	39.8
Interbank rate	3.2	-2.4	-50.5
US$1 = Rs	49.0	-0.4	-0.6
Gold (US$/oz)	908.9	-0.5	5.0
Crude (US$/bbl)	58.9	-2.4	41.0

Source: Bloomberg, Macquarie Research, July 2009

ADR/GDR (US$)

	Last price	% chg 1D	Prem/Disc
Satyam	3.7	9.7	22.3
Tata Motors	7.9	3.7	43.4
Wipro	11.3	3.4	43.8
Satyam Infoway	1.4	2.3	NA
HDFC Bank	93.1	1.9	10.2
ICICI Bank	26.3	1.0	2.4
MTNL	3.8	0.8	5.3
Dr Reddy	16.8	0.7	3.3
Infosys	34.5	0.6	-1.9
Ranbaxy (GDR)	5.3	0.0	6.1
Cognizant Technologies	25.5	-0.4	NA
Rediff.com	2.4	-2.9	NA
Reliance Industries (GDR)	72.3	-4.1	-0.3
SBI (GDR)	62.0	-4.3	-1.6

Source: Bloomberg, Macquarie Research, July 2009

Daily net flows (US$m)

	Date	Last	MTD	YTD
Foreign funds equity (Net)	09/07/2009	-6.0	889.6	5313.5
Indian Mutual funds equity (Net)	09/07/2009	5.3	-94.1	502.2
FII Net stock futures	09/07/2009	70.8	164.6	-1554.2
FII Net index futures	09/07/2009	70.8	-141.9	-1640.6

Source: Bloomberg, Macquarie Research, July 2009

4Q FY09 results calendar

Mon	Tue	Wed	Thurs	Fri	Sat	Sun
		01 July	**02 July**	**03 July**	**04 July**	**05 July**
06 July	**07 July**	**08 July**	**09 July**	**10 July**	**11 July**	**12 July**
				Infosys Technologies		
13 July	**14 July**	**15 July**	**16 July**	**17 July**	**18 July**	**19 July**
Axis Bank	Power Finance Corp HDFC Bank	Cipla IDBI	Bajaj Auto Larsen & Toubro Zee Entertainment	TCS	Gujarat NRE Coke Petronet LNG	
20 July	**21 July**	**22 July**	**23 July**	**24 July**	**25 July**	**26 July**
IDFC JSW Steel	Dr. Reddy's Laboratories Ultratech Cements	HDFC BHEL India Cements Wipro	ACC Maruti Suzuki India ONGC	Mahindra Lifespace Developers Ranbaxy Laboratories		
27 July	**28 July**	**29 July**	**30 July**	**31 July**	**01 Aug**	**02 Aug**
Dabur Titan Industries	Bharat Petroleum Corporation Mundra Port & Special Economic Zone GVK Power and Infrastructure	Hero Honda Cairn India Punjab National Bank				
03 Aug	**04 Aug**	**05 Aug**	**06 Aug**	**07 Aug**	**08 Aug**	**09 Aug**
10 Aug	**11 Aug**	**12 Aug**	**13 Aug**	**14 Aug**	**15 Aug**	**16 Aug**
17 Aug	**18 Aug**	**19 Aug**	**20 Aug**	**21 Aug**	**22 Aug**	**23 Aug**
24 Aug	**25 Aug**	**26 Aug**	**27 Aug**	**28 Aug**	**29 Aug**	**30 Aug**
31 Aug						

Source: Macquarie Research, July 2009

Important disclosures:

Recommendation definitions

Macquarie - Australia/New Zealand
Outperform – return >5% in excess of benchmark return
Neutral – return within 5% of benchmark return
Underperform – return >5% below benchmark return

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 benchmark return (Russell 3000)
Neutral (Hold) – return within 5% of benchmark return (Russell 3000)
Underperform (Sell)– return >5% below benchmark return (Russell 3000)

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

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

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 30 June 2009

	AU/NZ	Asia	RSA	USA	CA	EUR
Outperform	40.38%	48.53%	40.00%	44.02%	57.42%	40.20%
Neutral	39.25%	17.08%	45.00%	37.45%	32.90%	39.21%
Underperform	20.38%	34.40%	15.00%	18.53%	9.68%	20.59%

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.
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; Macquarie Capital Securities (Singapore) Pte Ltd; Macquarie Securities (NZ) Ltd; and Macquarie First South Securities (Pty) Limited are not authorised 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. 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 the investment objectives, financial situation and particular needs of the reader. Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their 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.
Other Disclaimers: In Canada, securities 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 to US persons and 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. Securities research is issued and distributed by Macquarie Securities (Australia) Ltd (AFSL No. 238947) in Australia, a participating organisation of the Australian Securities Exchange; Macquarie Securities (NZ) Ltd in New Zealand, a licensed sharebroker and New Zealand Exchange Firm; Macquarie Capital (Europe) Ltd in the United Kingdom, which is authorised and regulated by the Financial Services Authority (No. 193905); Macquarie Capital Securities Ltd in Hong Kong, which is licensed and regulated by the Securities and Futures Commission; Macquarie Capital Securities (Japan) Limited in Japan, a member of the Tokyo Stock Exchange, Inc., Osaka Securities Exchange Co. Ltd, and Jasdaq Securities Exchange, Inc. (Financial Instruments Firm, Kanto Financial Bureau(kin-sho) No. 231, a member of Japan securities Dealers Association and Financial Futures Association of Japan); Macquarie First South Securities (Pty) Limited in South Africa, a member of the JSE Limited and in Singapore, Macquarie Capital Securities (Singapore) Pte Ltd (Company Registration Number: 198702912C), a Capital Markets Services licence holder under the Securities and Futures Act to deal in securities and provide custodial services in Singapore. Pursuant to the Financial Advisers (Amendment) Regulations 2005, Macquarie Capital Securities (Singapore) Pte Ltd is exempt from complying with sections 25, 27 and 36 of the Financial Advisers Act. Clients should contact analysts at, and execute transactions through, a Macquarie Group entity in their home jurisdiction unless governing law permits otherwise. Macquarie Capital (USA) Inc., which is a registered broker-dealer and member of FINRA, accepts responsibility for the content of each research report prepared by one of its non-US affiliates when the research report is distributed in the United States by Macquarie Capital (USA) Inc. Macquarie Capital (USA) Inc. affiliate research reports and affiliate employees are not subject to the disclosure requirements of FINRA rules. Any persons receiving this report directly from Macquarie Capital (USA) Inc. and wishing to effect a transaction in any security described herein should do so with Macquarie Capital (USA) Inc. The information contained in this document is confidential. If you are not the intended recipient, you must not disclose or use the information in this document 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. Disclosures with respect to the issuers, if any, mentioned in this research are available at www.macquarie.com/research/disclosures. © Macquarie Group

Auckland	**Bangkok**	**Calgary**	**Hong Kong**	**Jakarta**	**Johannesburg**	**Kuala Lumpur**
Tel: (649) 377 6433	Tel: (662) 694 7999	Tel: (1 403) 218 6650	Tel: (852) 2823 3588	Tel: (62 21) 515 1818	Tel: (2711) 583 2000	Tel: (60 3) 2059 8833
London	**Manila**	**Melbourne**	**Montreal**	**Mumbai**	**Perth**	**Seoul**
Tel: (44 20) 3037 4400	Tel: (63 2) 857 0888	Tel: (613) 9635 8139	Tel: (1 514) 925 2850	Tel: (91 22) 6653 3000	Tel: (618) 9224 0888	Tel: (82 2) 3705 8500
Shanghai	**Singapore**	**Sydney**	**Taipei**	**Tokyo**	**Toronto**	**New York**
Tel: (86 21) 6841 3355	Tel: (65) 6231 1111	Tel: (612) 8232 9555	Tel: (886 2) 2734 7500	Tel: (81 3) 3512 7900	Tel: (1 416) 848 3500	Tel: (1 212) 231 2500

Available to clients on the world wide web at www.macquarie.com/research and through Thomson Financial, FactSet, Reuters and Bloomberg.

Asia Research

Head of Equity Research

Stephen O'Sullivan	(852) 3922 3566

Automobiles/Auto Parts

Kenneth Yap (Indonesia)	(6221) 515 7343
Clive Wiggins (Japan)	(813) 3512 7856
Dan Lucas (Japan)	(813) 3512 6050
Eunsook Kwak (Korea)	(822) 3705 8644
Linda Huang (Taiwan)	(8862) 2734 7521

Banks and Non-Bank Financials

Ismael Pili (Asia)	(813) 3512 5979
Nick Lord (Asia)	(852) 3922 4774
Sarah Wu (China)	(852) 3922 4068
Jemmy Huang (Hong Kong, Taiwan)	(852) 3922 4762
Seshadri Sen (India)	(9122) 6653 3053
Ferry Wong (Indonesia)	(6221) 515 7335
Chin Seng Tay (Malaysia, S'pore)	(65) 6231 2837
Nadine Javellana (Philippines)	(632) 857 0890
Matthew Smith (Taiwan)	(8862) 2734 7514
Alastair Macdonald (Thailand)	(662) 694 7741

Chemicals/Textiles

Jal Irani (India)	(9122) 6653 3040
Christina Lee (Korea)	(822) 3705 8670
Sunaina Dhanuka (Malaysia)	(603) 2059 8993

Conglomerates

Gary Pinge (Asia)	(852) 3922 3557
Leah Jiang (China)	(8621) 2412 9020
Kenneth Yap (Indonesia)	(6221) 515 7343

Consumer

Mohan Singh (Asia)	(852) 3922 1111
Jessie Qian (China, Hong Kong)	(852) 3922 3568
Unmesh Sharma (India)	(9122) 6653 3042
Toby Williams (Japan)	(813) 3512 7392
Heather Kang (Korea)	(822) 3705 8677
HongSuk Na (Korea)	(822) 3705 8678
Edward Ong (Malaysia)	(603) 2059 8982
Alex Pomento (Philippines)	(632) 857 0899
Linda Huang (Taiwan)	(8862) 2734 7521

Emerging Leaders

Jake Lynch (Asia)	(8621) 2412 9007
Minoru Tayama (Japan)	(813) 3512 6058
Robert Burghart (Japan)	(813) 3512 7853
Heather Kang (Korea)	(822) 3705 8677

Industrials

Inderjeetsingh Bhatia (India)	(9122) 6653 3166
Christopher Cintavey (Japan)	(813) 3512 7432
Janet Lewis (Japan)	(813) 3512 7475
Michael Na (Korea)	(822) 2095 7222
Sunaina Dhanuka (Malaysia)	(603) 2059 8993
David Gambrill (Thailand)	(662) 694 7753

Insurance

Mark Kellock (Asia)	(852) 3922 3567
Seshadri Sen (Asia)	(9122) 6653 3053
Makarim Salman (Japan)	(813) 3512 7421

Media

Jessie Qian (China, Hong Kong)	(852) 3922 3568
Shubham Majumder (India)	(9122) 6653 3049
Prem Jearajasingam (Malaysia)	(603) 2059 8989
Alex Pomento (Philippines)	(632) 857 0899

Oil and Gas

David Johnson (Asia)	(852) 3922 4691
Jal Irani (India)	(9122) 6653 3040
Polina Diyachkina (Japan)	(813) 3512 7886
Christina Lee (Korea)	(822) 3705 8670
Edward Ong (Malaysia)	(603) 2059 8982
Sunaina Dhanuka (Malaysia)	(603) 2059 8993

Pharmaceuticals

Abhishek Singhal (India)	(9122) 6653 3052
Naomi Kumagai (Japan)	(813) 3512 7474
Christina Lee (Korea)	(822) 3705 8670

Property

Matt Nacard (Asia)	(852) 3922 4731
Eva Lee (China, Hong Kong)	(852) 3922 3573
Chris Cheng (China, Hong Kong)	(852) 3922 3581
Unmesh Sharma (India)	(9122) 6653 3042
Chang Han Joo (Japan)	(813) 3512 7885
Hiroshi Okubo (Japan)	(813) 3512 7433
Tuck Yin Soong (Singapore)	(65) 6231 2838
Elaine Cheong (Singapore)	(65) 6231 2839
Corinne Jian (Taiwan)	(8862) 2734 7522
Patti Tomaitrichitr (Thailand)	(662) 694 7727

Resources / Metals and Mining

Andrew Dale (Asia)	(852) 3922 3587
Xiao Li (China)	(852) 3922 4626
YeeMan Chin (China)	(852) 3922 3562
Rakesh Arora (India)	(9122) 6653 3054
Adam Worthington (Indonesia)	(65) 6231 2981
Polina Diyachkina (Japan)	(813) 3512 7886
Christina Lee (Korea)	(822) 3705 8670

Technology

Warren Lau (Asia)	(852) 3922 3592
Dohoon Lee (Hong Kong)	(852) 3922 1119
Patrick Yau (Hong Kong)	(852) 3922 1264
Zona Chen (Hong Kong)	(852) 3922 3578
Damian Thong (Japan)	(813) 3512 7877
David Gibson (Japan)	(813) 3512 7880
George Chang (Japan)	(813) 3512 7854
Yukihiro Goto (Japan)	(813) 3512 5984
Michael Bang (Korea)	(822) 3705 8659
Chia-Lin Lu (Taiwan)	(8862) 2734 7526
Daniel Chang (Taiwan)	(8862) 2734 7516
James Chiu (Taiwan)	(8862) 2734 7517
Nicholas Teo (Taiwan)	(8862) 2734 7523

Telecoms

Tim Smart (Asia)	(852) 3922 3565
Bin Liu (China)	(852) 3922 3634
Shubham Majumder (India)	(9122) 6653 3049
Kenneth Yap (Indonesia)	(6221) 515 7343
Nathan Ramler (Japan)	(813) 3512 7875
Prem Jearajasingam (Malaysia)	(603) 2059 8989
Ramakrishna Maruvada (Philippines, Singapore, Thailand)	(65) 6231 2842

Transport & Infrastructure

Gary Pinge (Asia)	(852) 3922 3557
Anderson Chow (Asia)	(852) 3922 4773
Jonathan Windham (Asia)	(852) 3922 5417
Wei Sim (China, Hong Kong)	(852) 3922 3598
Janet Lewis (Japan)	(813) 3512 7475
Eunsook Kwak (Korea)	(822) 3705 8644
Heather Kang (Korea)	(822) 3705 8677
Sunaina Dhanuka (Malaysia)	(603) 2059 8993

Utilities

Adam Worthington (Asia)	(65) 6231 2981
Carol Cao (China, Hong Kong)	(852) 3922 4075
Kakutoshi Ohori (Japan)	(813) 3512 7296
Prem Jearajasingam (Malaysia)	(603) 2059 8989
Alex Pomento (Philippines)	(632) 857 0899

Commodities

Jim Lennon	(4420) 3037 4271
Max Layton	(4420) 3037 4273
Bonnie Liu	(8621) 2412 9008
Henry Liu	(8621) 2412 9005
Rakesh Arora	(9122) 6653 3054

Data Services

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

Economics

Bill Belchere (Asia)	(852) 3922 4636
Rajeev Malik (ASEAN, India)	(65) 6231 2841
Richard Gibbs (Australia)	(612) 8232 3935
Paul Cavey (China)	(852) 3922 3570
Richard Jerram (Japan)	(813) 3512 7855

Quantitative

Martin Emery (Asia)	(852) 3922 3582
Viking Kwok (Asia)	(852) 3922 4735
George Platt (Australia)	(612) 8232 6539
Tsumugi Akiba (Japan)	(813) 3512 7560

Strategy/Country

Daniel McCormack (Asia)	(852) 3922 4073
Desh Peramunetilleke (Asia)	(852)3922 3564
Mahesh Kedia (Asia)	(852) 3922 3576
Michael Kurtz (China)	(8621) 2412 9002
Seshadri Sen (India)	(9122) 6653 3053
Ferry Wong (Indonesia)	(6221) 515 7335
David Gibson (Japan)	(813) 3512 7880
Peter Eadon-Clarke (Japan)	(813) 3512 7850
Chris Hunt (Korea)	(822) 3705 4970
Prem Jearajasingam (Malaysia)	(603) 2059 8989
Edward Ong (Malaysia)	(603) 2059 8982
Alex Pomento (Philippines)	(632) 857 0899
Tuck Yin Soong (ASEAN, Singapore)	(65) 6231 2838
Daniel Chang (Taiwan)	(8862) 2734 7516
Alastair Macdonald (Thailand)	(662) 694 7741

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

Email macresearch@macquarie.com for access

Sales

Regional Heads of Sales

Giles Heyring (ASEAN)	(65) 6231 2888
Peter Slater (Boston)	(1 617) 598 2502
Thomas Renz (Geneva)	(41) 22 818 7712
Ajay Bhatia (India)	(9122) 6653 3200
Andrew Mouat (India)	(9122) 6653 3200
Verdi Budiman (Indonesia)	(6221) 2598 8310
Jason Lee (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
Scot Mackie (New York)	(1 212) 231 2848
Sheila Schroeder (San Francisco)	(1 415) 835 1235
John Sim (Singapore)	(65) 6231 2888

Regional Heads of Sales cont'd

Angus Kent (Thailand)	(662) 694 7601
Michael Newman (Tokyo)	(813) 3512 7920
Charles Nelson (UK/Europe)	(44) 20 3037 4832
Rob Fabbro (UK/Europe)	(44) 20 3037 4865
Nick Ainsworth (Generalist)	(852) 3922 2010

Sales Trading

Adam Zaki (Asia)	(852) 3922 2002
Mike Keen (Europe)	(44) 20 3037 4905
Mona Lee (Hong Kong)	(852) 3922 2085
Brendan Rake (India)	(9122) 6653 3204
Stanley Dunda (Indonesia)	(6221) 515 1555
Mario Argyrides (Korea)	(822) 3705 8610

Sales Trading cont'd

Edward Robinson (London)	(44) 20 3037 4902
Thomas Chin (Malaysia)	(603) 2059 8888
Robert Risman (New York)	(1 212) 231 2555
Matthew Ryan (Singapore)	(65) 6231 2888
Isaac Huang (Taiwan)	(8862) 2734 7582
Jon Omori (Tokyo)	(813) 3512 7838

Alternative Strategies

Convertibles - Roland Sharman	(852) 3922 2095
Depository Receipts - Robert Ansell	(852)3922 2094
Derivatives - Wayne Edelist	(852) 3922 2134
Futures - Tim Smith	(852) 3922 2113
Structured Products - Andrew Terlich	(852) 3922 2013