



INDIA

DITV IN Outperform
Price 22 Jan 10 Rs47.60

12-month target	Rs	55.00
Upside/Downside	%	15.5
Valuation	Rs	55.00
- DCF (WACC 13.0%)		
GICS sector		Media
Market cap	Rsm	50,619
30-day avg turnover	US\$m	6.8
Market cap	US\$m	1,099
Number shares on issue	m	1,063

Investment fundamentals

Year end 31 Mar		2009A	2010E	2011E	2012E
Total revenue	m	7,381	10,820	14,175	17,263
EBITDA	m	-1233	656	2,771	3,491
EBITDA growth	%	41.0	nfm	322.2	26.0
Adjusted profit	m	-4807	-2759	-1222	-901
EPS adj	Rs	-10.11	-3.21	-1.15	-0.85
EPS adj growth	%	-4.6	68.3	64.2	26.3
PER adj	x	nfm	nfm	nfm	nfm
ROA	%	-20.8	-8.2	-1.6	-0.8
ROE	%	86.0	191.8	-40.9	-46.8
EV/EBITDA	x	-19.6	79.4	18.8	14.9
Net debt/equity	%	nfm	1.6	106.1	246.7
P/BV	x	nfm	14.1	21.3	34.3

ITV IN rel BSE Sensex performance, & rec history



Note: Recommendation timeline - if not a continuous line, then there was no Macquarie coverage at the time or there was an embargo period.

Source: FactSet, Macquarie Research, January 2010

(all figures in INR unless noted)

Nitin Mohta

91 22 6653 3050 nitin.mohta@macquarie.com

Shubham Majumder

91 22 6653 3049 shubham.majumder@macquarie.com

Atul Soni

91 22 6653 3153 atul.soni@macquarie.com

25 January 2010

Dish TV India

Better days ahead; upgrade TP

Event

- Dish reported mixed 3Q results. Revenues matched our estimate, and the net loss was better than our expectation. However, operating metrics were uninspiring. We have trimmed our subscription ARPU estimate by about 5% for outer years post weak 3Q trends. This partially offsets the upward revision made to reflect reduced capex due to fall in set-top box prices and increased comfort in future growth potential following US\$100m cash infusion from 11% equity sale via GDR. Retain OP with revised TP of Rs55 (from Rs45).

Impact

- **Story on track.** We believe that DTH is best media subsector via which to participate in the domestic consumption growth story, and Dish TV is the only pure-play DTH operator. Although 3Q subscription ARPU and gross additions were below our estimates, we do not believe this alters the structural growth course for the company. We expect new subscriber addition momentum (industry adds expected at 8.5m subs for each of the next three years) and gradual improvement in subscription ARPU (5% YoY growth assumed in our model) to drive stock price performance.
- **Funding in place to meet growth requirement.** Apollo Management picked up an 11% stake in Dish TV for US\$100m (Rs4.6bn) in November 2009 via GDR issuance. In addition, Rs4bn of final tranche of rights issue (expected to be called in March) would enable Dish to participate in robust DTH industry growth over next three years without needing additional cash infusion.
- **3Q top line meets estimate, net loss lower than expected.** Dish reported 3Q revenues of Rs2.8bn (up 7.7% QoQ and 43.8% YoY), meeting our estimate. However, EBITDA of Rs114m was significantly lower than our forecast of Rs158m due to higher cost of services. The negative surprise at the EBITDA level was mitigated by lower interest expense. As a result, the reported loss of Rs762m was lower than our Rs888m loss expectation.

Earnings and target price revision

- We expect lower net losses in FY3/10 (1% lower) and FY3/11 (28% lower), as reduced interest burden should more than offset the negative impact of slightly lower EBITDA. Our new target price is Rs55.

Price catalyst

- 12-month price target: Rs55.00 based on a DCF methodology.
- Catalyst: Sequential improvement in subscription ARPU.

Action and recommendation

Reiterate OP. Dish TV remains our top pick in the Indian media sector. We recommend that investors pare exposure to ZEEL (Z IN, Rs274, UP, TP: Rs130) and accumulate Dish TV. Competitive headwinds in the Hindi GEC (General Entertainment Channel) genre would hurt ad revenue growth for ZEEL's flagship channel, Zee TV. Dish is currently trading at an EV/sub value of US\$203 vs the global average of US\$1,468.

3Q Results Analysis

Fig 1 3Q FY3/10 results – DishTV quarterly P&L; YoY and QoQ growth and deviation from Macq 3Q estimates

(Amount in Rs million)	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10	3QFY10	YoY (%)	QoQ (%)	Estimate 3QFY10	Deviation (%)
Income from Sales and Services	1,732.8	1,927.3	2,071.3	2,466.9	2,573.0	2,772.1	43.8	7.7	2,766.3	0.2
Cost of Goods and Services	1,403.7	1,399.1	1,237.4	1,642.3	1,714.4	1,804.4	29.0	5.2	1,648.9	9.4
Admin + S&D + Personnel expense	1,203.2	917.5	792.3	679.4	629.7	854.2	(6.9)	35.7	959.3	(11.0)
Total Operating Expenses	2,606.8	2,316.7	2,029.7	2,321.8	2,344.1	2,658.6	14.8	13.4	2,608.2	1.9
EBITDA	(874.1)	(389.3)	41.6	145.1	228.9	113.5	na	(50.4)	158.2	(28.3)
D&A	494.7	569.6	644.1	689.2	730.3	778.7	36.7	6.6	753.0	3.4
EBIT	(1,368.7)	(958.9)	(602.5)	(544.1)	(501.4)	(665.2)	30.6	(32.7)	(594.8)	na
Interest (Net)	170.8	221.3	192.4	202.0	66.1	110.5	(50.0)	67.2	295.0	(62.5)
Other Income	0.4	1.5	9.9	54.6	6.0	13.6	782.7	127.2	1.6	757.0
Loss before Tax	(1,539.1)	(1,178.7)	(785.0)	(691.5)	(561.6)	(762.2)	35.3	(35.7)	(888.2)	14.2
Tax Expense	2.0	1.9	1.7	-	(0.2)	(0.0)	-	-	-	-
Net Profit/Loss for the period	(1,541.1)	(1,180.6)	(786.7)	(691.5)	(561.3)	(762.2)	35.4	(35.8)	(888.2)	14.2
Operational update										
Gross Subscribers (m)	3.94	4.72	5.07	5.51	5.92	6.46	36.9	9.2	6.62	-2.4
New subscriber additions (m)	0.53	0.78	0.35	0.44	0.41	0.54	-30.6	33.7	0.70	-22.3
Net Active Subscribers (m)	3.40	4.00	4.27	4.64	4.98	5.37	34.2	7.9	5.5	-2.7
ARPU (Subscription revenue) (Rs)	150	137	131	142	139	135	-1.5	-2.9	150.1	-10.1
ARPU (Gross revenue) (Rs)	183	174	167	185	178	173	-0.4	-3.0	176	(1.6)
Subscriber acquisition cost (Rs)	2,601	2,832	2,505	2,487	2,635	2,477	(12.5)	-6.0	2,487	(0.4)

Source: Company data, Macquarie Research, January 2010

- **Revenues of Rs2.7bn were in line with our expectation.** Dish reported healthy growth in its top line, with total revenues of Rs2.7bn, implying 44% YoY and 8% QoQ growth. Subscription revenues were Rs2.1bn (up 38% YoY and 4% QoQ).
- **3Q operating metrics disappoint.** New subscriber addition was 0.54m, 22% lower than our expectation. Monthly churn of 0.9% during the quarter was lower than our 1% estimate. As a result, the net active subscriber base at the end of the quarter was 5.4m (vs our 5.5m estimate). Subscription ARPU for 3Q FY3/10 was Rs135 (down 1.5% YoY and down 3% QoQ).
- **Cost of services came in ahead of estimate.** Management clarified on the call that, although pure content cost is tracking in line with its guidance of approximately 40% of subscription revenues, the reported cost of services is higher due to other cost of service components. This is expected to come down in the next quarter.
- **Cash infusion from GDR issue helped Dish to reduce interest cost.** Interest cost (net of interest income) was Rs110m for 3Q, significantly lower than our estimate of Rs295m.

Analysis of key changes in our estimates

Fig 2 Dish TV new estimates, old estimates and change in estimates

	New Estimates			Old Estimates			Change (%)		
	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E
Subscription revenues	8,345	11,296	14,383	8,886	12,099	15,522	-6.1%	-6.6%	-7.3%
Lease rentals	1,521	1,893	1,860	1,394	1,772	1,743	9.1%	6.8%	6.7%
DTH Revenue	10,630	13,975	17,053	10,438	14,034	17,433	1.8%	-0.4%	-2.2%
Growth (%)	54	31	22	51	34	24			
Trading	39	41	43	39	41	43	-0.2%	-0.2%	-0.2%
Teleport Services	152	159	167	401	421	442	-62.2%	-62.2%	-62.2%
Total Revenues	10,820	14,175	17,263	10,878	14,496	17,918	-0.5%	-2.2%	-3.7%
Growth (%)	46.6	31.0	21.8	47.4	33.3	23.6			
Cost of goods sold	31	33	34	31	33	35	-0.2%	-0.2%	-0.2%
Content cost	3,660	4,292	5,681	3,796	4,598	6,209	-3.6%	-6.6%	-8.5%
% of subscription revenue	43.9	38.0	39.5	42.7	38.0	40.0			
Transponder lease	547	805	797	547	805	797	0.0%	0.0%	0.0%
License fees	1,063	838	1,023	1,044	842	1,046	1.8%	-0.4%	-2.2%
Other operating cost	1,623	1,826	2,328	1,339	1,856	2,426	21.2%	-1.6%	-4.0%
Total Cost of Goods and Services	6,924	7,794	9,864	6,757	8,133	10,513	2.5%	-4.2%	-6.2%
Advertisement Expenses	873	1,048	1,205	709	850	978	23.2%	23.2%	23.2%
Other selling & distribution expenses	1,120	1,210	1,270	1,126	1,216	1,277	-0.5%	-0.5%	-0.5%
Administrative & other expenses	703	738	775	707	742	780	-0.5%	-0.5%	-0.5%
Personnel cost	543	614	657	571	645	690	-4.8%	-4.8%	-4.8%
Total Operating Expenditure	10,164	11,404	13,772	9,870	11,587	14,237	3.0%	-1.6%	-3.3%
Growth (%)	18	12	21	15	17	23			
EBIDTA	656.4	2,771.0	3,491.1	1,008.4	2,909.2	3,681.0	-34.9%	-4.8%	-5.2%
EBIDTA Margin	6.1	19.5	20.2	9.3	20.1	20.5			
EBIDTA Growth (%)	(153.2)	322.2	26.0	(181.8)	188.5	26.5			
Depreciation	3,003	3,335	3,737	2,996	3,504	4,113	0.2%	-4.8%	-9.1%
EBIT	(2,347)	(564)	(246)	(1,987)	(595)	(432)	18.1%	-5.1%	-43.0%
Interest cost	497	744	744	858	1,180	1,656	-42.1%	-36.9%	-55.1%
Other income	84	86	89	72	74	76	16.7%	16.7%	16.7%
Profit before tax	(2,760)	(1,222)	(901)	(2,774)	(1,701)	(2,012)	-0.5%	-28.1%	-55.2%
Provision for taxation	(1)	(1)	(0)	(1)	(1)	(1)	-0.4%	-28.1%	-55.2%
Adjusted Net Profit after Tax	(2,759)	(1,222)	(901)	(2,773)	(1,700)	(2,011)	-0.5%	-28.1%	-55.2%
Gross Subscriber Base (m)	6.9	8.8	10.7	7.1	9.3	11.5	-2.2%	-5.2%	-7.1%
Net Additions (m)	1.8	1.9	1.9	2.0	2.2	2.2	-7.8%	-15.0%	-15.0%
Net Subscriber Base (in m)	5.7	6.9	8.2	5.8	7.3	8.7	-1.9%	-4.7%	-5.4%
Monthly churn (%)	0.6	0.7	0.6	0.7	0.8	0.8			
Gross ARPU (Rs, on net subs base)	180.7	187.2	189.8	179.9	184.8	187.0	0.5%	1.3%	1.5%
YoY change (%)	0.5	3.6	1.4	0.0	2.8	1.2			
Suscription ARPU (Rs, on net subs base)	139.4	149.2	158.1	146.9	154.3	162.0	-5.1%	-3.3%	-2.4%
YoY change (%)	-3.0	7.0	6.0	2.3	5.0	5.0			

Source: Company data, Macquarie Research, January 2010

Minor changes in FY11E and FY12E to reflect slightly weaker 3Q

- **Trimming our net addition expectation.** Based on the past quarter's performance, we now expect total industry additions to remain at 8.5m (vs our earlier expectation of 10m) in FY3/11 and FY3/12. This results in a 15% lower net addition forecast for Dish TV for the next two years vs our earlier forecast.
- **Cut in subscription ARPU partially offset by higher lease rental revenues.** Post weakness witnessed in 3Q subscription ARPU, we have made a downward revision to our subscription ARPU forecast. We now expect FY3/11 subscription ARPU to grow at 7% YoY (vs earlier 5%), albeit off a low base. As a result, our revised subscription ARPU is Rs149. We highlight that this is significantly below management guidance of Rs145–150 subscription ARPU expected by 1Q FY3/11E.
- **Fixed price contracts with TV broadcasters will help Dish to post better margins.** We expect the fixed price contracts that Dish has signed with broadcasters to rein in the cost inflation witnessed in the quarter. This view has been corroborated by commentary from TV broadcasters' on their recent earnings call.
- **Reduced interest cost would help Dish TV to post lower Net loss.** Large cash infusion has enabled Dish to repay the Rs2.4bn group company debt. In addition, treasury income from cash on balance sheet would result in lower loss at the net profit level.

Fig 3 Global DTH operator valuation comps

Company Name	Bloomberg Ticker	Rec	Price (lcy)	TP (lcy)	Up/Down (%)	EV (US\$ m)	Subscriber base ('000s)	EV / SUB (US\$)
Dish TV India	DITV IN	OP	47.7	55.0	15.4%	1,310	6,463	203
Astro All Asia Networks	ASTR MK	OP	3.3	3.9	19.5%	2,223	2,646	840
BSkyB	BSY LN	OP	548.0	625.0	14.1%	18,637	9,442	1,974
Direct TV (1)	DTV US	OP	31.8	33.0	3.8%	34,623	22,469	1,541
DISH Network US	DISH US	N	19.1	21.0	9.8%	12,043	13,610	885
Sky Deutschland AG	SKYD GR	Not rated	2.0	NA	NA	1,545	2,364	654
Austar	AUN AU	Not rated	1.3	NA	NA	2,124	729	2,914

(1) Subscriber and ARPU metrics for all players except Dish TV India are for 2Q CY09. For Dish it is based on 3Q FY3/10. Prices as of 22 January 2010.

Source: Bloomberg, Macquarie Research, January 2010

Dish TV – Financial statements

Fig 4 Dish TV – annual income statement

	FY09	FY10E	FY11E	FY12E
Total Revenues (Rs m)	7,381	10,820	14,175	17,263
Operating expenditure				
Total cost of goods and services	5,440	6,925	7,794	9,864
YoY change (%)	73.7	64.0	55.0	57.1
Cost of goods sold	50.5	27.3	12.6	26.6
Content cost	3,479	3,660	4,292	5,681
<i>% of subscription revenue</i>	<i>59.0</i>	<i>43.9</i>	<i>38.0</i>	<i>39.5</i>
Transponder lease	477	547	805	797
License fees	746	1,063	838	1,023
Other operating cost	591	1,354	1,826	2,328
Advertisement expenses	898	873	1,048	1,205
Other selling & distribution expenses	1,264	1,120	1,210	1,270
Administrative & other expenses	469	703	738	775
Personnel cost	543	543	614	657
Total operating expenditure	8,614	10,164	11,404	13,772
EBITDA	(1,233)	656	2,771	3,491
EBITDA margin (%)	(16.7)	6.1	19.5	20.2
YoY change (%)	(41)	(153)	323	26
Depreciation	2,289	3,003	3,335	3,737
EBIT	(3,521)	(2,347)	(564)	(246)
EBIT margin (%)	(47.7)	(21.7)	(4.0)	(1.4)
Interest cost	1,293	497	744	744
Other income	13	84	86	89
Profit before tax	(4,801)	(2,761)	(1,222)	(901)
PBT margin (%)	(65.0)	(25.5)	(8.6)	(5.2)
Provision for taxation	6	(1)	(1)	(0)
Profit/loss for the year	(4,807)	(2,760)	(1,222)	(901)
Weighted average shares outstanding (m)	475	875	1,063	1,063
Period end shares outstanding (m)	475	1,063	1,063	1,063
EPS (Rs)	(10.11)	(3.15)	(1.15)	(0.85)
Key Operating Metrics				
Subscriber base, ARPU and rental assumptions				
Number of Subscribers (in m)	5.07	6.9	8.8	10.7
Net Additions (m)	2.1	1.8	1.9	1.9
Subscription ARPU (Rs / m)	144	139	149	158
YoY change (%)		(3.0)	7.0	6.0
Gross ARPU (Rs/m)	180	181	187	190
YoY change (%)		0.5	3.6	1.4

Source: Company data, Macquarie Research, January 2010

Fig 5 Dish TV – balance sheet

	FY09	FY10E	FY11E	FY12E
Assets				
Current Assets, Loans and Advances				
Inventories	32	47	55	67
Sundry Debtors	526	762	885	1,080
Cash and Bank Balances	805	9,243	6,780	2,161
Loans and Advances	6,706	9,891	8,946	9,515
Total Current Assets	8,069	19,943	16,666	12,823
Fixed Assets				
Gross Block	14,211	19,311	24,356	29,232
Less : Depreciation/Amortisation	4,600	7,496	10,832	14,569
Net Block	9,611	11,815	13,524	14,663
Capital Work-in-Progress	3,734	3,734	3,734	3,734
Net Fixed Assets	13,345	15,549	17,258	18,397
Total Assets	21,414	35,492	33,924	31,220
Liabilities and Shareholders' Equity				
Current Liability and Provisions				
Current Liabilities				
Creditors for Goods	883	1,319	2,330	2,838
Creditors for Expenses and Other Liabilities	7,019	14,003	12,498	13,584
Interest accrued but not due	14	-	-	-
Advances/Deposits	8,395	7,187	7,334	7,437
Total current liabilities	16,391	22,589	22,242	23,938
Deferred Tax Liability (Net)	6	6	7	7
Loan Funds				
Secured Loans	2,697	2,697	2,697	2,697
Unsecured Loans	8,795	6,603	6,603	3,103
Shareholders' Funds				
Share Capital	687	1,063	1,063	1,063
Reserves and Surplus	2,792	15,247	15,247	15,247
Profit and Loss Account	(9,954)	(12,713)	(13,934)	(14,835)
Total Liabilities and Shareholders' Equity	21,414	35,492	33,924	31,220

Source: Company data, Macquarie Research, January 2010

Fig 6 Dish TV – cashflow statement

	FY09	FY10E	FY11E	FY12E
Cash flows from operating activities				
Net profit before taxation, and extraordinary item	(4,801)	(2,760)	(1,222)	(901)
Adjustments for:				
Depreciation	2,289	3,003	3,335	3,737
Others	849	-	-	-
Operating profit before working capital changes	(1,664)	243	2,113	2,836
Change in Sundry Debtors	(4,844)	(236)	(123)	(195)
Change in inventory	26	(14)	(8)	(12)
Change in Other Current Assets	-	(3,185)	945	(569)
Change in Current Liabilities	4,177	6,198	(347)	1,697
Change in working capital	(640)	2,762	467	921
Cash generated from operations	(2,304)	3,005	2,580	3,757
Income taxes paid	(24)	0	0	0
Net cash from operating activities	(2,329)	3,006	2,580	3,757
Cash flows from investing activities				
(Purchase)/ Sale of investments	0	-	-	-
Purchase of fixed assets	(5,470)	(5,100)	(5,045)	(4,876)
(Increase)/ Decrease in Capital Work in Progress	-	-	-	-
Net cash from investing activities	(5,470)	(5,100)	(5,045)	(4,876)
FCF before financing activities	(7,798)	(2,094)	(2,465)	(1,119)
Cash flows from financing activities				
Proceeds from issuance of share capital	3,077	12,830	-	-
Proceeds / (Repayment) of long-term borrowings	5,899	(2,192)	(0)	(3,500)
Dividend & CDT paid	-	-	-	-
Other	(884)	-	1	-
Net cash used in financing activities	8,092	10,639	1	(3,500)
Net (decrease)/increase in cash and cash equivalents	294	8,544	(2,464)	(4,619)

Source: Company data, Macquarie Research, January 2010

Dish TV India (DITV IN, Outperform, Target Price: Rs55.00)

Quarterly Results					Profit & Loss						
	3Q/10A	4Q/10E	1Q/11E	2Q/11E		2009A	2010E	2011E	2012E		
Revenue	m	2,772	3,008	3,189	3,402	Revenue	m	7,381	10,820	14,175	17,263
Gross Profit	m	2,758	3,001	3,182	3,394	Gross Profit	m	7,234	10,789	14,142	17,229
Cost of Goods Sold	m	14	8	7	8	Cost of Goods Sold	m	147	31	33	34
EBITDA	m	113	169	623	665	EBITDA	m	-1,233	656	2,771	3,491
Depreciation	m	779	805	750	801	Depreciation	m	2,289	3,003	3,335	3,737
Amortisation of Goodwill	m	0	0	0	0	Amortisation of Goodwill	m	0	0	0	0
Other Amortisation	m	0	0	0	0	Other Amortisation	m	0	0	0	0
EBIT	m	-665	-636	-127	-135	EBIT	m	-3,521	-2,347	-564	-246
Net Interest Income	m	-111	-118	-167	-179	Net Interest Income	m	-1,293	-497	-744	-744
Associates	m	0	0	0	0	Associates	m	0	0	0	0
Exceptionals	m	0	0	0	0	Exceptionals	m	0	0	0	0
Forex Gains / Losses	m	0	0	0	0	Forex Gains / Losses	m	0	0	0	0
Other Pre-Tax Income	m	14	9	19	21	Other Pre-Tax Income	m	13	84	86	89
Pre-Tax Profit	m	-762	-745	-275	-293	Pre-Tax Profit	m	-4,801	-2,760	-1,222	-901
Tax Expense	m	0	0	0	0	Tax Expense	m	-6	1	1	0
Net Profit	m	-762	-744	-275	-293	Net Profit	m	-4,807	-2,759	-1,222	-901
Minority Interests	m	0	0	0	0	Minority Interests	m	0	0	0	0
Reported Earnings	m	-762	-744	-275	-293	Reported Earnings	m	-4,807	-2,759	-1,222	-901
Adjusted Earnings	m	-762	-744	-275	-293	Adjusted Earnings	m	-4,807	-2,759	-1,222	-901
EPS (rep)		-0.82	-0.70	-0.26	-0.28	EPS (rep)		-10.11	-3.15	-1.15	-0.85
EPS (adj)		-0.82	-0.70	-0.26	-0.28	EPS (adj)		-10.11	-3.21	-1.15	-0.85
EPS Growth yoy (adj)	%	67.1	60.0	74.3	59.9	EPS Growth (adj)	%	-4.6	68.3	64.2	26.3
						PE (rep)	x	nmf	nmf	nmf	nmf
						PE (adj)	x	nmf	nmf	nmf	nmf
EBITDA Margin	%	4.1	5.6	19.5	19.5	Total DPS		0.00	0.00	0.00	0.00
EBIT Margin	%	-24.0	-21.1	-4.0	-4.0	Total Div Yield	%	0.0	0.0	0.0	0.0
Earnings Split	%	27.6	27.0	22.5	24.0	Weighted Average Shares	m	475	875	1,063	1,063
Revenue Growth	%	43.8	44.9	29.3	32.2	Period End Shares	m	475	1,063	1,063	1,063
EBIT Growth	%	30.6	-677.7	76.7	73.0						
Profit and Loss Ratios					Cashflow Analysis						
		2009A	2010E	2011E	2012E		2009A	2010E	2011E	2012E	
Revenue Growth	%	79.0	46.6	31.0	21.8	EBITDA	m	-1,233	656	2,771	3,491
EBITDA Growth	%	41.0	nmf	322.2	26.0	Tax Paid	m	-8	0	0	0
EBIT Growth	%	3.8	33.4	75.9	56.4	Chgs in Working Cap	m	-281	2,762	467	921
Gross Profit Margin	%	98.0	99.7	99.8	99.8	Net Interest Paid	m	0	0	0	0
EBITDA Margin	%	-16.7	6.1	19.5	20.2	Other	m	-1,280	-413	-658	-655
EBIT Margin	%	-47.7	-21.7	-4.0	-1.4	Operating Cashflow	m	-2,801	3,006	2,580	3,757
Net Profit Margin	%	-65.1	-25.5	-8.6	-5.2	Acquisitions	m	0	0	0	0
Payout Ratio	%	nmf	nmf	nmf	nmf	Capex	m	-5,092	-5,100	-5,045	-4,876
EV/EBITDA	x	-19.6	79.4	18.8	14.9	Asset Sales	m	0	0	0	0
EV/EBIT	x	-6.8	-22.2	-92.3	-211.8	Other	m	0	0	0	0
Balance Sheet Ratios					Investing Cashflow						
ROE	%	86.0	191.8	-40.9	-46.8	Dividend (Ordinary)	m	0	0	0	0
ROA	%	-20.8	-8.2	-1.6	-0.8	Equity Raised	m	3,051	12,830	0	0
ROIC	%	-1,579.6	-55.7	-15.4	-5.0	Debt Movements	m	6,047	-2,192	-0	-3,500
Net Debt/Equity	%	nmf	1.6	106.1	246.7	Other	m	-2	0	1	0
Interest Cover	x	-2.7	-4.7	-0.8	-0.3	Financing Cashflow	m	9,096	10,639	1	-3,500
Price/Book	x	nmf	14.1	21.3	34.3	Net Chg in Cash/Debt	m	1,225	8,582	-2,464	-4,619
Book Value per Share		-13.6	3.4	2.2	1.4	Free Cashflow	m	-7,893	-2,094	-2,465	-1,119
					Balance Sheet						
						2009A	2010E	2011E	2012E		
					Cash	m	805	9,243	6,780	2,161	
					Receivables	m	526	762	885	1,080	
					Inventories	m	32	47	55	67	
					Investments	m	0	0	0	0	
					Fixed Assets	m	13,345	15,549	17,258	18,397	
					Intangibles	m	0	0	0	0	
					Other Assets	m	6,706	9,891	8,946	9,515	
					Total Assets	m	21,414	35,492	33,924	31,220	
					Payables	m	7,902	15,322	14,828	16,421	
					Short Term Debt	m	0	0	0	0	
					Long Term Debt	m	11,492	9,300	9,300	5,800	
					Provisions	m	80	80	80	80	
					Other Liabilities	m	8,415	7,192	7,341	7,444	
					Total Liabilities	m	27,889	31,895	31,549	29,745	
					Shareholders' Funds	m	-6,475	3,597	2,376	1,475	
					Minority Interests	m	0	0	0	0	
					Other	m	0	0	0	0	
					Total S/H Equity	m	-6,475	3,597	2,376	1,475	
					Total Liab & S/H Funds	m	21,414	35,492	33,924	31,220	

All figures in INR unless noted.

Source: Company data, Macquarie Research, January 2010

Important disclosures:

Recommendation definitions	Volatility index definition*	Financial definitions
<p>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</p> <p>Macquarie – Asia/Europe Outperform – expected return >+10% Neutral – expected return from -10% to +10% Underperform – expected return <-10%</p> <p>Macquarie First South - South Africa Outperform – expected return >+10% Neutral – expected return from -10% to +10% Underperform – expected return <-10%</p> <p>Macquarie - Canada Outperform – return >5% in excess of benchmark return Neutral – return within 5% of benchmark return Underperform – return >5% below benchmark return</p> <p>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</p> <p>Recommendations – 12 months</p> <p>Note: Quant recommendations may differ from Fundamental Analyst recommendations</p>	<p>This is calculated from the volatility of historical price movements.</p> <p>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.</p> <p>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.</p> <p>Medium – stock should be expected to move up or down at least 30–40% in a year.</p> <p>Low–medium – stock should be expected to move up or down at least 25–30% in a year.</p> <p>Low – stock should be expected to move up or down at least 15–25% in a year.</p> <p>* Applicable to Australian/NZ/Canada stocks only</p>	<p>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</p> <p>EPS = adjusted net profit / <i>efpowa</i>* 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</p> <p>All Reported numbers for Australian/NZ listed stocks are modelled under IFRS (International Financial Reporting Standards).</p>

Recommendation proportions – For quarter ending 31 December 2009

	AU/NZ	Asia	RSA	USA	CA	EUR	
Outperform	47.94%	60.52%	37.50%	43.42%	65.26%	41.60%	(for US coverage by MCUSA, 3.76% of stocks covered are investment banking clients)
Neutral	35.58%	18.70%	53.13%	49.06%	29.11%	36.80%	(for US coverage by MCUSA, 4.51% of stocks covered are investment banking clients)
Underperform	16.48%	20.79%	9.38%	7.52%	5.63%	21.60%	(for US coverage by MCUSA, 0.00% of stocks covered are investment banking clients)

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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
Clive Wiggins (Japan)	(813) 3512 7856
Dan Lucas (Japan)	(813) 3512 6050
ES 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)	(8862) 2734 7530
Mudit Painuly (India)	(9122) 6653 3044
Ferry Wong (Indonesia)	(6221) 515 7335
Chan Hwang (Korea)	(822) 3705 8643
Michael Na (Korea)	(822) 2095 7222
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

Christina Lee (Hong Kong)	(852) 3922 3571
Jal Irani (India)	(9122) 6653 3040
Shawn Park (Korea)	(822) 3705 8669
Sunaina Dhanuka (Malaysia)	(603) 2059 8993

Conglomerates

Gary Pinge (Asia)	(852) 3922 3557
Leah Jiang (China)	(8621) 2412 9020

Consumer

Mohan Singh (Asia)	(852) 3922 1111
Jessie Qian (China, Hong Kong)	(852) 3922 3568
Toby Williams (Japan)	(813) 3512 7392
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
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Inderjeetsingh Bhatia (India)	(9122) 6653 3166
Christopher Cintavey (Japan)	(813) 3512 7432
Janet Lewis (Japan)	(813) 3512 7475
Chang Han Joo (Korea)	(822) 3705 8511
Sunaina Dhanuka (Malaysia)	(603) 2059 8993
David Gamberl (Thailand)	(662) 694 7753

Insurance

Mark Kellock (Asia)	(852) 3922 3567
Makarim Salman (Japan)	(813) 3512 7421

Sales

Regional Heads of Sales

Chris Gray (ASEAN)	(65) 6231 2888
Justin Crawford (Asia)	(852) 3922 2065
Peter Slater (Boston)	(1 617) 598 2502
Jeffrey Shiu (China & Hong Kong)	(852) 3922 2061
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Andrew Mouat (India)	(9122) 6653 3200
Stanley Dunda (Indonesia)	(6221) 515 1555
Kenneth Yap (Indonesia)	(6221) 515 1555
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Jason Lee (Malaysia)	(603) 2059 8888
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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

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Jessie Qian (China, Hong Kong)	(852) 3922 3568
Shubham Majumder (India)	(9122) 6653 3049
George Hogan (Japan)	(813) 3512 7851
Prem Jearajasingam (Malaysia)	(603) 2059 8989
Alex Pomento (Philippines)	(632) 857 0899

Oil and Gas

Laban Yu (Asia)	(852) 3922 4691
Christina Lee (Hong Kong)	(852) 3922 3571
Jal Irani (India)	(9122) 6653 3040
Polina Diyachkina (Japan)	(813) 3512 7886
Shawn Park (Korea)	(822) 3705 8669
Edward Ong (Malaysia)	(603) 2059 8982
Sunaina Dhanuka (Malaysia)	(603) 2059 8993
Linda Huang (Taiwan)	(8862) 2734 7521
Trevor Buchinski (Thailand)	(662) 694 7829

Pharmaceuticals

Christina Lee (Hong Kong)	(852) 3922 3571
Abhishek Singhal (India)	(9122) 6653 3052
Naomi Kumagai (Japan)	(813) 3512 7474

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Callum Bramah (Asia)	(852) 3922 4731
Eva Lee (China, Hong Kong)	(852) 3922 3573
Chris Cheng (China, Hong Kong)	(852) 3922 3581
Hiroshi Okubo (Japan)	(813) 3512 7433
Chang Han Joo (Korea)	(822) 3705 8511
Tuck Yin Soong (Singapore)	(65) 6231 2838
Elaine Cheong (Singapore)	(65) 6231 2839
Corinne Jian (Taiwan)	(8862) 2734 7522
Patti Tomaitrichit (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
Christina Lee (Hong Kong)	(852) 3922 3571
Rakesh Arora (India)	(9122) 6653 3054
Adam Worthington (Indonesia)	(65) 6231 2981
Riaz Hyder (Indonesia)	(6221) 2598 8486
Polina Diyachkina (Japan)	(813) 3512 7886

Technology

Michael Bang (Asia)	(822) 3705 8659
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
Michiko Kakiya (Japan)	(813) 3512 7868
Yukihiro Goto (Japan)	(813) 3512 5984
Chia-Lin Lu (Taiwan)	(8862) 2734 7526
Daniel Chang (Taiwan)	(8862) 2734 7516
James Chiu (Taiwan)	(8862) 2734 7517

Telecoms

Shubham Majumder (Asia)	(9122) 6653 3049
Ramakrishna Maruvada (ASEAN)	(65) 6231 2842
Bin Liu (China)	(852) 3922 3634
Tim Smart (China)	(852) 3922 3565
Riaz Hyder (Indonesia)	(6221) 2598 8486
Nathan Ramler (Japan)	(813) 3512 7875
Prem Jearajasingam (Malaysia)	(603) 2059 8989

Regional Heads of Sales cont'd

Sheila Schroeder (San Francisco)	(1 415) 835 1235
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
Yat Quan Tan (Hong Kong)	(852) 3922 2028
Stanley Dunda (Indonesia)	(6221) 515 1555
Michael Santos (Philippines)	(632) 857 0813
Dominic Shore (Thailand)	(662) 694 7707

Transport & Infrastructure

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
Chang Han Joo (Korea)	(822) 3705 8511
ES Kwak (Korea)	(822) 3705 8644
Sunaina Dhanuka (Malaysia)	(603) 2059 8993

Utilities

Adam Worthington (Asia)	(65) 6231 2981
Carol Cao (China, Hong Kong)	(852) 3922 4075
Jeff Evans (India)	(9122) 3356 3053
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
Rakesh Arora	(9122) 6653 3054

Data Services

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

Economics

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

Quantitative

Martin Emery (Asia)	(852) 3922 3582
Viking Kwok (Asia)	(852) 3922 4735
George Platt (Australia)	(612) 8232 6539
Patrick Hansen (Japan)	(813) 3512 7876

Strategy/Country

Michael Kurtz (Asia)	(8621) 2412 9002
Daniel McCormack (Asia)	(852) 3922 4073
Mark Matthews (Asia)	(852) 3922 3585
Jal Irani (India)	(9122) 6653 3040
Ferry Wong (Indonesia)	(6221) 515 7335
David Gibson (Japan)	(813) 3512 7880
Peter Eadon-Clarke (Japan)	(813) 3512 7850
Chan Hwang (Korea)	(822) 3705 8643
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
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Alastair Macdonald (Thailand)	(662) 694 7741

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Sales Trading cont'd

Mario Argyrides (Korea)	(822) 3705 8610
Edward Robinson (London)	(44) 20 3037 4902
Matthew Ryan (Singapore)	(65) 6231 2888
Isaac Huang (Taiwan)	(8862) 2734 7582
Phil Sellaroli (Tokyo)	(813) 3512 7837

Alternative Strategies

Convertibles - Roland Sharman	(852) 3922 2095
Depository Receipts - Robert Ansell	(852) 3922 2094
Derivatives - Wayne Edelist	(852) 3922 2134
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