HSBC Climate Change

HSBC Global Research

Riding India's renewable growth wave

Identifying beneficiaries to harness India's green growth

Our identified beneficiaries

Company	Estimated revenue from India (%)	RIC	Rating	Currency	Current price	Target price	Potential return (%)
Suzlon	40-50%	SUZL.NS	N(V)	INR	51.20	50.00	-2%
Gamesa	10-20%	GAM.MC	N (V)	EUR	6.50	7.25	12%
Hansen Transmissions	10-20%	HSNT.L	OW(V)	GBP	0.45	0.65	44%
Vestas Wind	c 5%	VWS.CO	OW(V)	DKK	165.7	270.0	63%

Note: Data as of 19 May 2011
Source: Thomson Reuters Datastream , HSBC estimates

23 May 2011

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- **Renewable installations hit a new record (c3.2GW) in India in the last financial year**
- **We believe favourable regulatory incentives, a significant energy deficit and resource constraints to thermal power will deliver high growth in the rest of the decade**
- **We identify four wind stocks under our coverage – Gamesa, Hansen, Vestas and Suzlon – that we think should be beneficiaries of this growth**

Another record year of REN installations

In our report '*Investing in India's Climate Economy*', 28 January 2011, we estimated that 2010 would be a record year for REN installations in India and would be surpassed in 2011. We now raise our 2011 forecast from c3.0GW to 3.4GW (including 2.4GW of wind). As a result, over the 11th Five Year Plan period (April 2007-March 2012), we estimate total installations of c13.2GW, implying c95% achievement rate against the government's target of 14GW. This is considerably in excess of the 65% achievement rate for conventional power capacity additions.

We estimate that India will install c50GW renewable installations (wind c25GW, solar c15GW and other renewables c10GW) over the next decade. For an energy-deficit nation (with low oil and gas reserves and low-grade coal reserves), with a growing population of 1.2bn and a target GDP CAGR of c9% for the decade, we think renewable industry growth is no longer a matter of choice. In addition, there is now a REN-supportive policy framework in place, improving cost competitiveness of wind and solar versus conventional generation, compounded by the GoI's commitment to a 20-25% reduction in carbon intensity by 2020 and mounting risks around coal and water availability for thermal power stations.

India's wind market is well developed and four of our covered wind names (Gamesa, Hansen Transmissions, Vestas and Suzlon) have exposure here. These include two Overweight-rated stocks – Vestas (VWS.CO, TP DKK270) and Hansen Transmissions (HSNT.L, TP GBP0.65). We think solar growth offers upside potential but is currently difficult to play in the equity markets.

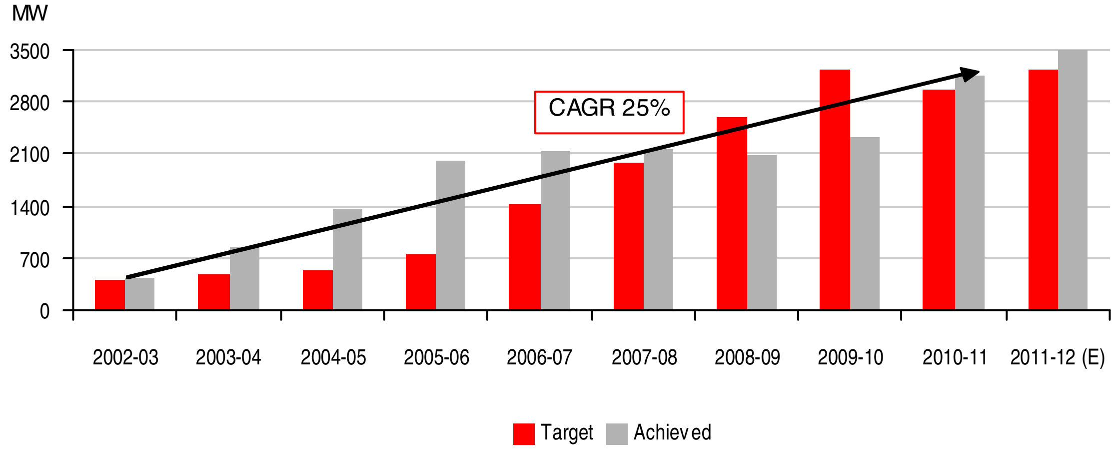
India's renewable industry – ready for the next leap

- We reiterate our estimate of c70GW renewable capacity installations, including c39GW for wind and c15GW for solar, by the end of 2020
- We feel the current regulatory environment and improving cost competitiveness of renewable technologies will boost renewable momentum during the decade
- As electricity demand is set to double over the decade, concerns around coal and water availability are likely to increase; emission constraints are also likely to limit the growth of coal-based generation

Sound installations record

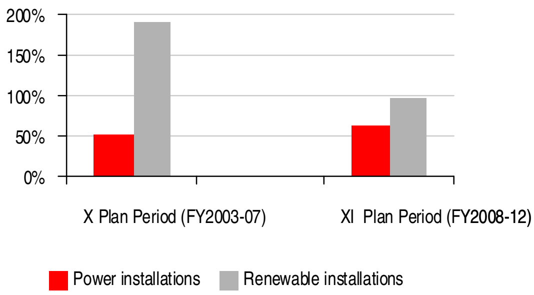
Actual renewable installations in the country exceeded Government of India (GoI) targets in seven of the past nine years (with the exception of 2008 and 2009): 2011 is unlikely to be different (refer to the chart below). We believe performance in 2008 and 2009 was adversely affected owing to tight credit conditions and pending policy decisions because of central government elections. This has adversely affected the achievement rate for the 11th Plan Period, which we now estimate at c95% versus

Actual installations exceed GoI targets with the exception of two years



Source: Ministry for New and Renewable Energy, GoI

Sound track record of REN installations versus power installations during the X and XI five-year plan period



Source: Ministry for New and Renewable Energy, GoI

190% (overachievement) in the 10th Plan Period (refer to chart overleaf). Given the achievement rate of 50-65% against proposals for conventional power installations, we conclude that progress on renewable installations against the proposals has been strong.

As of end March 2011, India's total renewable capacity installations reached c20GW, including 14GW of wind capacity. In our report '*Investing in India's climate economy',* 28 January 2011, we highlighted that by 2020, India, with cumulative wind installations of c39GW, is likely to be the fifth-largest base for wind turbines after China, the US, Germany and Spain. Also, with a cumulative installed capacity of 15GW, it is likely to be the sixth-largest base of solar installations. We also estimated that the country's renewable electricity market would grow sixfold by 2020 from 2009 levels and renewable electricity's share in the mix would increase to c8.5% from c4.0% in 2009.

Key drivers from REN growth

We think renewable expansion is essential for delivering India's GDP CAGR target of c9% over the next decade. We believe there are four reasons for this confidence.

Supportive regulatory framework

After the release of the National Action Plan on Climate Change (NAPCC) in June 2008, we observed significant progress in the renewable framework in India. Currently, most states in India have feed-in-tariffs (FIT) and renewable purchase obligations (RPO), alongside other incentives provided by GoI in the form of accelerated depreciation or generation-based incentive (GBI), especially for wind generation. In order to promote inter-state transfer of renewable electricity, the Central Electricity Regulatory Commission (CERC) launched the Renewable Electricity Certificate (REC) trading system in November 2010; however, REC trading only started at the end of March. So far 684[1] RECs have been traded at an average price of cINR2,316/MWH (cUSD51/MWH) on the two authorised exchanges, Mumbai-based Power Exchange India Ltd -PXIL and Delhi-based Indian Energy Exchange -IEX. We believe that REC volumes will increase as we move towards the end of the financial year, as companies gain clarity on their REC requirement, in case they are short of their target obligations. According to our estimates, by 2014, the REC trading market will be worth cUSD0.2bn, growing to cUSD2.5bn by 2020. For more details on the current renewable policy framework in India, refer to our report '*Sizing India's Climate Economy'*, 28 January 2011.

Renewables becoming cost competitive

The increasing cost of fossil fuel feedstocks has cut the cost gap between renewable- and fossil-fuel-based electricity; we believe this will continue to narrow. The average cost of c4,000MW of coal-based electricity contracted by state utilities in FY2011 through the bidding route is cINR3.6/kwh. With the wind electricity feed-in-tariff (FIT) across most of the states in the range of INR3.2/kwh to INR4.3/kwh, we believe wind is already cost competitive with new coal-based generating facilities.

[1] *www.climate-connect.co.uk*

The landscape of solar technology is also changing rapidly. Over 2009-10, in line with our expectations, we have seen a significant decline in solar generation cost. In the reverse bidding process held in November 2010, we saw developers in India agreeing to sell electricity to the grid at a price of INR12.16/Kwh (USDc27/kwh) for solar PV and INR11.49/Kwh (USDc25/kwh) for solar thermal. According to our estimates, solar technology will achieve retail grid parity (when the cost of solar generation equals commercial tariffs) in India by 2015 and wholesale grid parity towards the end of this decade. As solar technology achieves grid parity, constraints to growth are removed, especially in a country such as India that has high solar radiation and an estimated theoretical potential of c600Twh (source: MNES). Currently, solar is competitive with diesel generation (with generation cost in the range of INR12-17/kwh) and has started to replace diesel generators, with the only deterrent being the higher capital cost for solar installations.

Rising energy security concerns

According to our estimates, India's electricity demand is estimated to more than double during the decade. To meet this demand, the GoI is focusing on Ultra Mega Power Projects (UMPPs), using supercritical coal technology. However, the country's coal supply cannot keep pace with demand, resulting in increasing coal imports. According to HSBC estimates, India's coal imports will increase at a CAGR of 26% over FY 2010-17 (refer to Arun Kumar, *'Same problems new execution risks'*, October 2010). This implies increasing energy security concerns (including risk of feedstock price rises and supply disruptions), which may not be sustainable in the long term.

Already during FY2010-11, India generated 811bn units of electricity, thermal 4% lower than the target because of coal and water shortages[2]. We have identified at least 6,400MW of thermal capacity (refer to the following table), c6% of total thermal installed capacity at end 2010, that was adversely affected by water shortages during the summer peak demand in 2010. Over the decade, we can see more capacity facing closure owing to water shortage. In our joint report with World Resource Institute (*Over Heating*, April 2010), we highlighted that c79% of the proposed capacity of India's three largest power generation companies (NTPC, Tata Power and Reliance Infrastructure) is located in water scarce or stressed areas of the country, which could have a serious impact on the plants' performance.

Thermal generating capacity adversely affected by water shortages

State	Name of plant	Capacity (MW)
Madhya Pradesh	Amarkantak	450
Madhya Pradesh	Satpura Thermal	1100
Maharastra	Chandrapur	2340
Maharastra	Parli	940
West Bengal	NTPC, Farakka	1600

Source: Various press reports

Maturing climate policy

Today, India is the fourth-largest emitter in the world after China, the US and Europe, and emissions continue to grow rapidly. Prior to the Copenhagen summit, India had committed to reduce its carbon intensity by 20-25% over 2005 levels by 2020.

The GoI appointed the Expert Group to develop a strategy to achieve the 20-25% reduction in carbon intensity, and it presented its interim report on 10 May 2011. The report presents two scenarios on emission-intensity reduction – (i) Determined Effort and (ii) Aggressive Effort. The Determined Effort scenario considers effective implementation of policies that are already in place or contemplated and could achieve 23-25% emission-intensity reduction. The Aggressive Effort Scenario can help achieve a 33-35% reduction, however, it requires the implementation of new policies, additional finance and new technologies. The report has looked at five sectors – buildings, forestry, industry, power and

2 http://www.financialexpress.com/news/india-generates-811-bn-units-electricity-in-201011/780663/

transport. The Expert Group has not yet worked out the costs associated with the measures proposed to achieve carbon-intensity reductions, or the feedback effect these measures would have in a macro-framework. These will be looked at in the next report.

Further, the concerns around carbon emissions and the environment in general can also be observed from the views recently expressed by the Minister for Environment and Forests, GoI, around the addition of 100GW of new generating capacity (largely coal based) during the 12th Five Year Plan[3]. Mr Jairam Ramesh stated the capacity addition target to be 'ecologically impossible', after which the Prime Minister convened a high level ministerial meeting to discuss the issue. We expect the backlash regarding coal generation to increase over the coming year.

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[3] *http://www.indianexpress.com/news/jairam-raises-red-flag-over-power-projections/780185/0*

Identifying beneficiaries

- We identify four wind stocks from our coverage that are the likely beneficiaries of growth in India's renewable market
- Hansen Transmissions and Vestas look to us to be the pick of the four and are rated Overweight
- In 2011, we think Suzlon and Gamesa are likely to have over 60% of the market share; we rate both Neutral

We list below the profiles of four wind stocks under our coverage, in the context of their Indian business. There are no changes to the ratings or target prices of the four stocks. The latest stock notes are referred below.

Hansen Transmissions (HSNT.L, OW(V), TP GBP0.65)

Hansen Transmissions is the second-largest wind turbine gearbox manufacturer in the world. Furthermore, it is market leader in the multi-MW segment, which is forecast to grow c25% pa over the next 10 years (source: EER, BTM, Hansen Transmission). The company has a manufacturing capacity of 1,400MW in India, which is c18% of Hansen's total global manufacturing capacity. According to our estimates, the contribution of the Indian market to the company's total revenue in 2011 is likely to exceed 10%. Among Western renewable companies, we think this company is the best way to play India's renewable growth story. However, we believe the stock is only likely to start performing after resolution of the stock overhang from Suzlon potentially selling its c26% stake. For further details refer to '*Hansen Transmissions - OW(V): Improving capacity utilisation and margin expansion story*' 17 May 2011.

Valuation: Using assumptions of a WACC of 9.0% (beta 1.3, equity risk premium of 4.5%, cost of debt 6.0%, debt/equity of 20%), we derive fair values of 77p and 87p from our two different DCF methodologies – the HSBC four-stage, ROIC-based DCF and a 'classic' FCF-based DCF give an average fair value of 82p. We apply a 20% discount to reflect the risk of stock overhang from Suzlon potentially divesting some or all of its c26% stake in Hansen. This gives a target price of 65p (rounded).

Risks: The downside risks to our view include the overhang risk from the possibility of Suzlon selling down its remaining 26% stake in Hansen, weakness in the order book, if Suzlon experiences any financial problems, a more prolonged-than-expected downturn in global wind demand and the risk of subsidy withdrawal by governments.

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Gamesa (GAM.MC, N(V), TP EUR7.25)

Gamesa is a leading wind OEM with production facilities in Europe, the US, China and India. The company has a 500MW wind turbine manufacturing unit in India and has plans to expand it to 1,000MW during 2011. In 2010, c8% of

Gamesa's total sales of 2,405MW came from the Indian market, and in Q1 2011, India's contribution to sales was c24%. The company has a target to increase its sales to 800MW by 2013 (CAGR 2010-13e of 60%). Refer to our report '*Gamesa Corp Tecnologica S N(V): 1Q performance in the price'*, 16 May 2011.

Valuation: Using assumptions of a WACC of 8.5% (beta of 1.3, EMRP of 4.5% and gross cost of debt of 6.0%), we derive fair values of EUR6.99 and EUR7.51 per share from our two different DCF methodologies (the HSBC four-stage, ROIC-based DCF and a 'classic' FCF-based DCF). The average of the two DCFs gives a rounded off target price of EUR7.25.

Risks: The key upside risks are: stronger-than-expected order inflow and stronger-than-expected pricing. The key downside risks are: macro issues, particularly in southern Europe, persist putting increasing focus on governments reducing renewable incentives; new order flow fails to materialise or is slower than expected; Gamesa could continue to lose market share in light of fierce competition from South Korea/China and GE expanding in Europe; prolonged lack of financing could dent Gamesa's clients' ability to build out their pipelines and pricing risk.

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Suzlon (SUZL.NS, N(V), TP INR50.00)

Suzlon is one of Asia's biggest wind turbine makers with manufacturing bases in India, China and the US, and annual capacity of over 5,700MW. Suzlon is a dominant player in the Indian wind market, with market share of over 50%. More than three-quarters of the Suzlon standalone (excluding Repower) shipments in FY11-12 were to the local market.

The key areas of focus for Suzlon are its high gearing and its ability to navigate out of current indebtedness (net debt of cUSD2.2bn). We believe that any outperformance on order-flow, profitability and, particularly, debt reduction may provide the catalyst for share price outperformance. For further details refer to *Shishir Singh,' Suzlon Energy (SUEL), N(V): Upside risk from potential REpower consolidation'*, 6 April 2011.

Valuation: We value Suzlon using an average of Economic Value Added or EVA-based valuation and PB-based relative valuation. Our assumptions for our EVA-based valuation are a cost of equity of 11%, a sustainable return on equity of 14.1% over business cycles and a terminal growth rate for book value of 1% after FY14. The EVA-based valuation implies a fair FY11 PB multiple of 1.45x. We also look at the stock's trading range on trailing PB multiple since the end of 2008 (post crisis) and identify that Suzlon has traded near the bottom of the sector trading range of 1-3x. On average, it has traded at a trailing PB of 1.35x. For our target price, we use an average of the two valuation approaches, which results in a fair PB of 1.40x. This gives a target price of INR50.

Risks: Key upside risks to our valuations are timely debt reduction leading to re-rating, higher-than-expected ASP and profitability, the decision to align capacity with demand, lower-than-expected interest costs, higher-than-expected synergies with REpower and an increase in feed-in tariffs/strict RPO implementation by various Indian states to improve domestic turbine demand. Key downside risks to our valuations are a delay in execution of the debt-reduction plan, inability to acquire international orders, further de-rating of the global wind sector, inability to reduce employee costs, or recurrence of quality issues.

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Vestas (VWS.CO, OW(V), TP DKK270)

Vestas is the world's number one wind turbine manufacturer. It is the only truly global player in this field and is well positioned to benefit from growth in emerging markets. The contribution of the India market to the company's total revenue is estimated at c4-5% in 2010 and Vestas has plans to double its India manufacturing capacity to 500MW by 2012.

We believe Vestas is best placed to win market share and recover in 2011. Order flow reached a record level of 8.7GW in 2010 but has been weak in 1Q11 (with order inflow of 630MW). Vestas noted that inflow was 'weaker than expected', but many projects are under negotiation. Based on press reports, we believe that over 1.5GW of orders are under negotiation and close to being signed, so we think order flow looks in line with guidance of 7-8GW for FY11. Vestas expects to achieve revenues of EUR7bn with an EBIT margin of 7% in 2011. We believe that continued momentum in new order flow in 2011e and margin recovery will drive a recovery in Vestas' share price. For further details refer to our note '*Vestas OW(V): Markets rough and tough, but in recovery'*, 5 May 2011.

Valuation: Using assumptions of a WACC of 9.0% (beta of 1.3, EMRP of 4.5% and gross cost of debt of 6.0%), we derive fair values of DKK222 and DKK269 using our two DCF methodologies (the HSBC four-stage, ROIC-based DCF and a 'classic' FCF-based DCF). This gives an average of DKK245 per share. We have applied a 10% premium to this as Vestas is notably more liquid than all other pure-play wind turbine manufacturer stocks. This gives a rounded-off target price of DKK270.

Risks: The key downside risks are: Vestas could continue to lose market share in light of fierce competition; prolonged uncertainty over the US regulatory environment; prolonged lack of financing could dent its clients' ability to build out their pipelines; pricing risk owing to overcapacity in the industry; macro issues, particularly in southern Europe, persist putting increasing focus on governments reducing renewable incentive and acquisition risk.

**Robert Clover, Analyst, HSBC Bank Plc, +44 20 7991 6741*

Our identified beneficiaries

Company	Estimated % revenue from India	Sector	RIC	Rating	Currency	Current Price	Target Price	Potential return	Mcap (mUSD)	EV/EBITDA 2010a	EV/EBITDA 2011e	PE 2010a	PE 2011e	EPS growth (%) 2010a	EPS growth (%) 2011e
Stocks covered by HSBC															
Suzlon*	**40-50%**	Wind	SUZL.NS	N(V)	INR	51.20	50.00	-2%	2,021	31.4	7.5	n.m	n.m	n.m	n.m
Gamesa	**10-20%**	LCE	GAM.MC	N (V)	EUR	6.50	7.25	12%	2,277	6.6	7.4	31.6	19.8	n.m.	60.3
Hansen Transmissions*	**10-20%**	Wind	HSNT.L	OW(V)	GBP	0.45	0.65	44%	490	9.6	7.3	n.m	n.m	116.8	n.m.
Vestas Wind	**c 5%**	Wind	VWS.CO	OW(V)	DKK	165.70	270.00	63%	6,449	6.4	5.9	14.4	14.5	142.9	-0.2

Note: Data as of 19 May 2011; % revenues from India's climate economy based on estimated 2011 performance. *Multiples are for FY March 2011 and 2012, respectively.
Source: Thomson Reuters Datastream, HSBC estimates

Disclosure appendix

Analyst Certification

The following analyst(s), economist(s), and/or strategist(s) who is(are) primarily responsible for this report, certifies(y) that the opinion(s) on the subject security(ies) or issuer(s) and/or any other views or forecasts expressed herein accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Charanjit Singh, Nick Robins and Robert Clover

Important disclosures

Stock ratings and basis for financial analysis

HSBC believes that investors utilise various disciplines and investment horizons when making investment decisions, which depend largely on individual circumstances such as the investor's existing holdings, risk tolerance and other considerations. Given these differences, HSBC has two principal aims in its equity research: 1) to identify long-term investment opportunities based on particular themes or ideas that may affect the future earnings or cash flows of companies on a 12 month time horizon; and 2) from time to time to identify short-term investment opportunities that are derived from fundamental, quantitative, technical or event-driven techniques on a 0-3 month time horizon and which may differ from our long-term investment rating. HSBC has assigned ratings for its long-term investment opportunities as described below.

This report addresses only the long-term investment opportunities of the companies referred to in the report. As and when HSBC publishes a short-term trading idea the stocks to which these relate are identified on the website at www.hsbcnet.com/research. Details of these short-term investment opportunities can be found under the Reports section of this website.

HSBC believes an investor's decision to buy or sell a stock should depend on individual circumstances such as the investor's existing holdings and other considerations. Different securities firms use a variety of ratings terms as well as different rating systems to describe their recommendations. Investors should carefully read the definitions of the ratings used in each research report. In addition, because research reports contain more complete information concerning the analysts' views, investors should carefully read the entire research report and should not infer its contents from the rating. In any case, ratings should not be used or relied on in isolation as investment advice.

Rating definitions for long-term investment opportunities

Stock ratings

HSBC assigns ratings to its stocks in this sector on the following basis:

For each stock we set a required rate of return calculated from the cost of equity for that stock’s domestic or, as appropriate, regional market established by our strategy team. The price target for a stock represents the value the analyst expects the stock to reach over our performance horizon. The performance horizon is 12 months. For a stock to be classified as Overweight, the implied return must exceed the required return by at least 5 percentage points over the next 12 months (or 10 percentage points for a stock classified as Volatile*). For a stock to be classified as Underweight, the stock must be expected to underperform its required return by at least 5 percentage points over the next 12 months (or 10 percentage points for a stock classified as Volatile*). Stocks between these bands are classified as Neutral.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation of coverage, change of volatility status or change in price target). Notwithstanding this, and although ratings are subject to ongoing management review, expected returns will be permitted to move outside the bands as a result of normal share price fluctuations without necessarily triggering a rating change.

*A stock will be classified as volatile if its historical volatility has exceeded 40%, if the stock has been listed for less than 12 months (unless it is in an industry or sector where volatility is low) or if the analyst expects significant volatility. However,

stocks which we do not consider volatile may in fact also behave in such a way. Historical volatility is defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility has to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

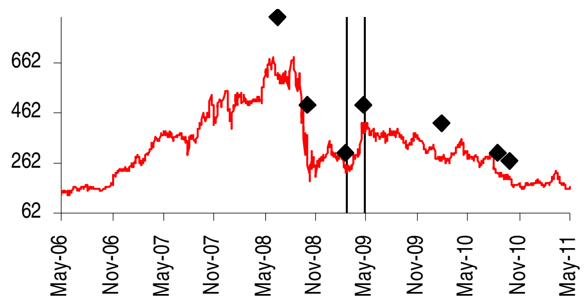
Rating distribution for long-term investment opportunities

As of 20 May 2011, the distribution of all ratings published is as follows:

Overweight (Buy)	50%	(23% of these provided with Investment Banking Services)
Neutral (Hold)	38%	(20% of these provided with Investment Banking Services)
Underweight (Sell)	12%	(15% of these provided with Investment Banking Services)

Share price and rating changes for long-term investment opportunities

Vestas Wind (VWS.CO) Share Price performance DKK Vs HSBC rating history



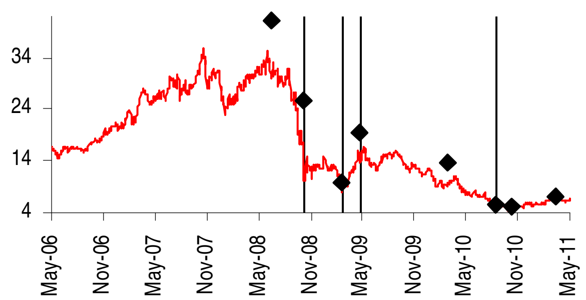
Source: HSBC

Recommendation & price target history

From	To	Date
Overweight (V)	Neutral (V)	06 March 2009
Neutral (V)	Overweight (V)	07 May 2009
Target Price	**Value**	**Date**
Price 1	850.00	04 July 2008
Price 2	500.00	22 October 2008
Price 3	300.00	06 March 2009
Price 4	500.00	07 May 2009
Price 5	425.00	12 February 2010
Price 6	300.00	31 August 2010
Price 7	270.00	15 October 2010

Source: HSBC

Gamesa Corp Tecnologica S (GAM.MC) Share Price performance EUR Vs HSBC rating history



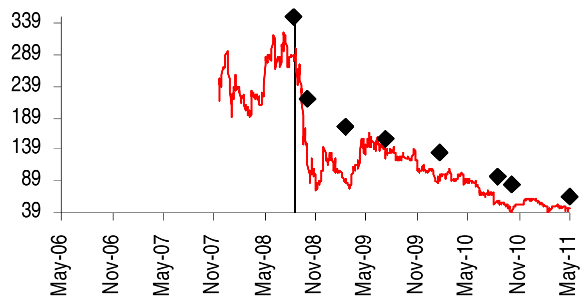
Source: HSBC

Recommendation & price target history

From	To	Date
Overweight	Overweight (V)	22 October 2008
Overweight (V)	Neutral (V)	06 March 2009
Neutral (V)	Overweight (V)	07 May 2009
Overweight (V)	Neutral (V)	31 August 2010
Target Price	**Value**	**Date**
Price 1	41.37	04 July 2008
Price 2	25.61	22 October 2008
Price 3	9.85	06 March 2009
Price 4	19.70	07 May 2009
Price 5	13.79	18 March 2010
Price 6	5.50	31 August 2010
Price 7	5.20	27 October 2010
Price 8	7.25	31 March 2011

Source: HSBC

Hansen Transmissions (HSNT.L) Share Price performance GBp Vs HSBC rating history



Source: HSBC

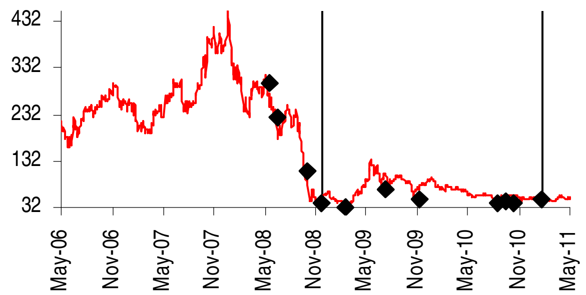
Recommendation & price target history

From	To	Date
N/A	Overweight (V)	03 September 2008

Target Price	Value	Date
Price 1	350	03 September 2008
Price 2	220	22 October 2008
Price 3	175	06 March 2009
Price 4	155	30 July 2009
Price 5	135	09 February 2010
Price 6	95	31 August 2010
Price 7	85	27 October 2010
Price 8	65	17 May 2011

Source: HSBC

Suzlon Energy Ltd (SUZL.NS) Share Price performance INR Vs HSBC rating history



Source: HSBC

Recommendation & price target history

From	To	Date
Neutral (V)	Underweight (V)	10 December 2008
Underweight (V)	Neutral (V)	07 February 2011

Target Price	Value	Date
Price 1	300.00	05 June 2008
Price 2	225.00	04 July 2008
Price 3	110.00	22 October 2008
Price 4	40.00	10 December 2008
Price 5	32.00	06 March 2009
Price 6	70.00	28 July 2009
Price 7	50.00	27 November 2009
Price 8	42.00	31 August 2010
Price 9	43.00	29 September 2010
Price 10	40.00	01 November 2010
Price 11	50.00	07 February 2011

Source: HSBC

HSBC & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price Date	Disclosure
GAMESA CORP TECNOLOGICA S	GAM.MC	6.50	19-May-2011	4
SUZLON ENERGY LTD	SUZL.NS	51.20	19-May-2011	2, 5
VESTAS WIND	VWS.CO	165.70	19-May-2011	7, 11

Source: HSBC

1 HSBC* has managed or co-managed a public offering of securities for this company within the past 12 months.
2 HSBC expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
3 At the time of publication of this report, HSBC Securities (USA) Inc. is a Market Maker in securities issued by this company.
4 As of 30 April 2011 HSBC beneficially owned 1% or more of a class of common equity securities of this company.
5 As of 31 March 2011, this company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of investment banking services.
6 As of 31 March 2011, this company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-investment banking-securities related services.
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