December 2015

Dashboard

The Monthly Auto Update

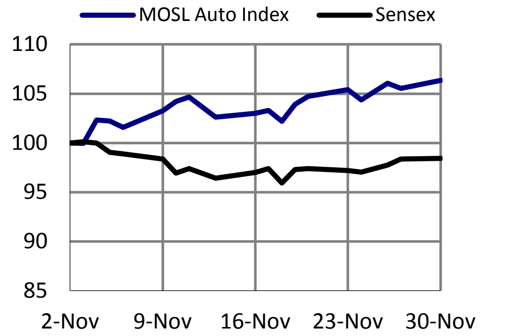
Data Track: Nov 2015 volume update of auto majors

Sector Gauge: Oct 2015 update

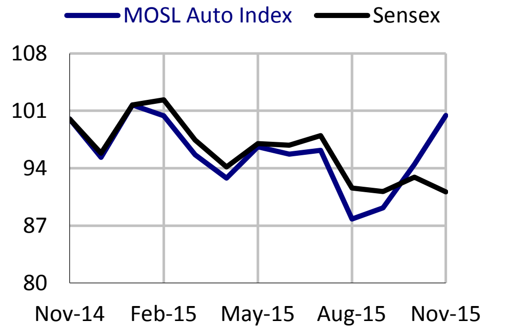
News and developments

Speedometer

November 2015 relative performance



12-month relative performance



Aggregate Volumes For November 2015*

Segment	Nov-15	Nov-14	YoY (%)	Oct-15	MoM (%)	FY16YTD	FY15YTD	Chg (%)
2-Wheelers	**1,392,596**	**1,374,350**	**1.3**	**1,689,225**	**-17.6**	**11,419,519**	**11,375,279**	**0.4**
Motorcycle	1,049,039	1,032,746	1.6	1,260,917	-16.8	8,500,502	8,769,374	-3.1
Scooters	284,057	279,272	1.7	361,801	-21.5	2,431,990	2,097,863	15.9
3-Wheelers	51,402	61,383	-16.3	50,061	2.7	493,693	476,617	3.6
Cars	121,741	115,270	5.6	136,406	-10.8	974,356	858,024	13.6
UVs	45,757	35,937	27.3	55,362	-17.4	336,362	321,409	4.7
Commercial Vehicles	**41,420**	**40,457**	**2.4**	**44,969**	**-7.9**	**329,294**	**307,981**	**6.9**
LCV	18,890	21,725	-13.0	19,965	-5.4	152,629	174,486	-12.5
M&HCV	22,530	18,732	20.3	25,004	-9.9	176,665	133,495	32.3
Tractors (M&M)	21,717	15,333	41.6	28,081	-22.7	157,402	182,947	-14.0
Total Volumes	**1,674,632**	**1,642,730**	**1.9**	**2,004,104**	**-16.4**	**13,710,626**	**13,522,257**	**1.4**

* Aggregate of BJAUT, HMCL, TVSL, HMSI, MSIL, MM, TTMT, AL & EIM; HMCL Estimates

Source: Company, MOSL

Comparative valuation

Auto OEM's	CMP (INR)*	Rating	TP (INR)	P/E (x) FY16E	P/E (x) FY17E	EV/EBITDA (x) FY16E	EV/EBITDA (x) FY17E	RoE (%) FY16E	RoE (%) FY17E	RoCE (%) FY16E	RoCE (%) FY17E
Bajaj Auto	2,461	Buy	3,118	18.7	14.8	11.6	9.5	33.2	36.1	47.6	48.3
Hero MotoCorp	2,678	Buy	2,862	17.0	15.0	10.9	9.7	43.3	40.5	60.4	55.3
TVS Motor	304	Buy	326	31.2	19.0	18.7	12.1	25.5	33.3	24.3	32.7
M&M	1,370	Neutral	1,281	21.2	17.0	16.3	14.1	16.0	15.9	17.6	17.9
Maruti Suzuki	4,553	Buy	5,059	26.8	19.1	13.1	10.2	18.3	21.8	25.6	29.4
Tata Motors	417	Buy	471	12.3	9.2	4.2	3.5	17.5	18.7	16.2	16.8
Ashok Leyland	93	Buy	100	25.2	13.3	12.1	7.5	19.3	30.4	20.3	31.1
Eicher Motors#	16,232	Buy	21,820	46.6	29.2	25.7	16.7	34.0	40.8	36.0	46.8

Nos. are on CY basis; Prices as on 1 December 2015

Source: Company, MOSL

Jinesh Gandhi (Jinesh@MotilalOswal.com); +91 22 3982 5416

Jay Shah (Jay.Shah@MotilalOswal.com); +91 22 3078 4701

Data Track

Sector overview and outlook

CV recovery continues, PVs benefiting from new launches

M&HCV recovery on back of replacement demand; 2Ws under pressure on weak rural demand

We expect demand momentum to pick up further pace in 2HFY16 on government reforms initiatives and on interest rate cycle turning favorable. Lead indicators of CV industry such as freight rates, fleet operators' utilization and further correction in fuel prices are positive factors for CV. LCVs also are showing initial signs of bottoming out with de-growth moderating, passenger LCV has shown a growth of 9% on YTD basis. 2W demand is slowing down, especially in rural markets, with motorcycle sales down 4% YoY in FY16YTD, while scooters continue grew at ~11%. Tractors (M&M) de-grew by ~14% in FY16YTD, impacted by deficient rainfall in most part of country.

Fuel price deflation and moderating interest rate to drive PVs and CVs demand

Fuel price deflation, currently at multi-year low, coupled with improving macro environment and new launches before start of festive season would help in reviving PV demand, especially for entry level cars and compact SUVs. While CV demand would be function of improvement in freight availability, however, improving fleet operators' health (due to moderating cost pressures and improvement in demand) has kick started replacement cycle, which got deferred by 2-3 years.

Product lifecycle key factor to off-set competitive forces

Competitive intensity is expected to remain high across segments, especially in PVs and CVs, with several launches from challengers and incumbents. While volume recovery would be witnessed across segments, benefit of the same would differ from player to player depending on their product lifecycle and competitive intensity.

Valuation and view

Demand environment and changing competitive landscape in the auto sector would be the key determinants of stock performance. Prefer **Maruti Suzuki, Bajaj Auto and Tata Motors** in large caps and **Ashok Leyland, Eicher Motors and TVS Motor** in mid-caps.

Key Financial Indicators

	Volume Chg (%) ^		EBITDA Margins (%)		EPS (INR) *		EPS Growth (%) *	
Auto OEM's	**FY16E**	**FY17E**	**FY16E**	**FY17E**	**FY16E**	**FY17E**	**FY16E**	**FY17E**
Bajaj Auto	10.5	12.4	21.1	21.3	131.3	166.6	24.7	26.9
Hero MotoCorp	0.0	8.6	15.7	15.6	157.5	178.9	26.0	13.6
TVS Motor	7.2	20.2	7.1	8.5	9.7	16.0	33.0	64.7
M&M	5.1	12.3	13.7	13.8	62.7	70.8	18.7	13.0
Maruti Suzuki	12.4	21.3	16.2	16.4	170.0	238.2	34.5	41.1
Tata Motors *	4.9	27.3	14.3	14.4	33.8	45.1	-22.4	33.4
Ashok Leyland	31.3	24.3	11.5	13.3	3.7	7.0	351.2	89.5
Eicher Motors #	-	-	15.0	17.1	348.1	556.9	53.3	60.0
Auto Ancillaries	**Revenue Gr (%)**							
Bharat Forge	8.6	15.3	19.9	20.2	35.7	45.9	55.1	13.1
Exide Industries	3.3	13.6	14.6	15.3	7.2	9.1	0.0	12.4
Amara Raja Batteries	13.6	19.9	17.6	18.7	30.0	41.3	37.7	24.3

^ Volume growth for standalone; * Consolidated wherever applicable, ** Royalty adjusted margins, # Nos. are on CY basis.

Data Track

Hero MotoCorp

Below estimate at ~551k (+0.6% YoY, v/s est 586k); Festive season retails grew 11%

Snapshot of volumes for November 2015

	Nov-15	Nov-14	YoY (%)	Oct-15	MoM (%)	FY16-YTD	FY15-YTD	Chg (%)	FY16 estimate	YoY (%)	Resi-dual Gr. (%)	Residual Monthly Run rate	FY16 YTD Monthly Run rate
Total volume	550,731	547,413	0.6	639,802	-13.9	4,410,937	4,530,121	-2.6	6,632,612	0.0	5.7	555,419	551,367

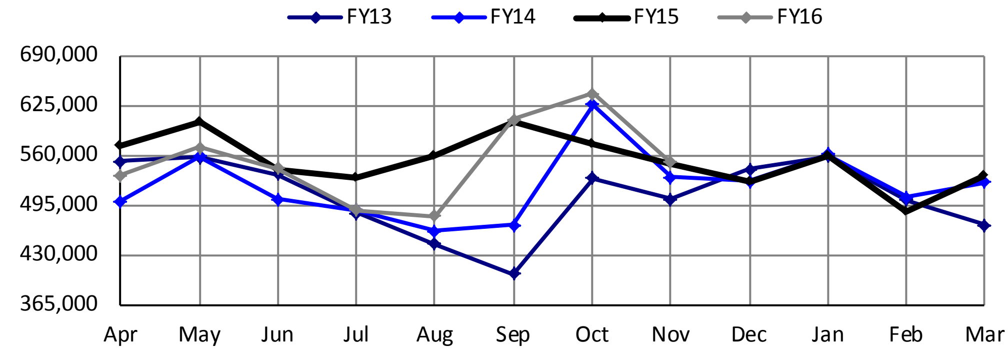
Source: Company, MOSL

Highlights

- HMCL's Nov-15 volumes were flat YoY (-14% MoM) to 550,731 units (v/s est 585,732 units).
- We estimate flat volumes for FY16, implying residual growth of 6% or ~555k units.
- Retail sales during festive season (Navratras to Diwali) grew 11%.
- HMCL has launched two all new scooters in this festive season (Maestro Edge and Duet), which will drive recovery of market share in the scooter segment.
- HMSI reported sales of ~326k units down 12% YoY, with scooters sales down 4% YoY to 208k units. Motorcycle sales are down 24% YoY to 104k units.
- The stock trades at 17/15x FY16/17 EPS of ~INR158/179. Maintain **Buy**.

HMCL reports flat volumes YoY

Hero MotoCorp: two-wheelers



Source: Company, MOSL

Bloomberg	HMCL IN
Equity Shares (m)	200
CMP (INR)	2,549
52-Wk Range (INR)	3,272/2,252
1,6,12 Rel. Perf. (%)	3/0/-13
M.Cap. (USD b)	7.8

Hero MotoCorp: Financial & Valuation Summary

Year End	Net Sales (INR m)	PAT (INR m)	EPS (INR)	EPS Gr. (%)	P/E (X)	P/CE (X)	P/BV (X)	EV/ EBITDA	RoE (%)	RoCE (%)
3/14A	252,755	21,091	105.6	-0.4	25.4	22.7	9.5	13.9	39.8	52.0
3/15A	275,853	24,968	125.0	18.4	21.4	18.3	8.2	14.2	41.1	57.3
3/16E	286,180	31,450	157.5	26.0	17.0	14.9	6.7	10.9	43.3	60.4
3/17E	315,202	35,721	178.9	13.6	15.0	13.1	5.5	9.7	40.5	55.3

Data Track

Bajaj Auto

Nov-15 below estimate; Impacted by lower then estimated domestic sales

Snapshot of volumes for November 2015

	Nov-15	Nov-14	YoY (%)	Oct-15	MoM (%)	FY16-YTD	FY15-YTD	Chg (%)	FY16 estimate	YoY (%)	Resi-dual Gr. (%)	Residual Monthly Run rate	FY16 YTD Monthly Run rate
Total volume	**309,673**	**309,259**	**0.1**	**352,822**	**-12.2**	**2,732,120**	**2,739,288**	**-0.3**	**4,204,200**	**10.3**	**37.3**	**368,020**	**341,515**
Motorcycles	270,886	261,948	3.4	308,733	-12.3	2,357,951	2,372,882	-0.6	3,626,810	10.2	38.0	317,215	294,744
Three-Wheelers	38,787	47,311	-18.0	44,089	-12.0	374,169	366,406	2.1	577,390	11.2	33.1	50,805	46,771
Domestic	172,358	143,526	20.1	225,177	-23.5	1,470,515	1,453,948	1.1	2,218,002	10.6	35.6	186,872	183,814
Exports	137,315	165,733	-17.1	127,645	7.6	1,261,605	1,285,340	-1.8	1,986,199	10.0	39.1	181,148	157,701

Source: Company, MOSL

Highlights

- BJAUT's Nov-15 sales below estimate at 309,673 units (v/s est 349,859), flat YoY (-12.2% MoM). We estimate overall volumes to grow by ~10% in FY16, implying ~37% residual growth or ~368,020 units.
- Domestic volumes at ~172,358 units (v/s est 213,701 units), up 20% YoY (-24% MoM).
- Exports at ~137,315 units (v/s est 136,158 units) down 17% YoY (+8% MoM), we expect a growth of 10% in FY16 implying residual growth of 39% or 181,148 units.
- Motorcycle volumes grew by ~3.4% YoY (-12.3 MoM) to 270,886 units (v/s est ~305,628 units). We estimate 10% growth in FY16, implying ~38% residual growth or ~317,215 units.
- 3W volumes de-grew by 18% YoY (-12% MoM) to 38,787 units (v/s est 44,232 units). We estimate 11% growth in FY16, implying ~33% residual growth to 50,805 units.
- Sales of Platina/CT-100 family at 67k units (v/s 100k units last month). Pulsar sales at 50k units, Avenger at 13.5k units. Discover at 20k units (v/s 25k units last month).
- BJAUT expects to do ~20k units of Avenger in December month.
- The stock trades at 17.9x/14.1x FY16E/17E EPS. Maintain **Buy**.

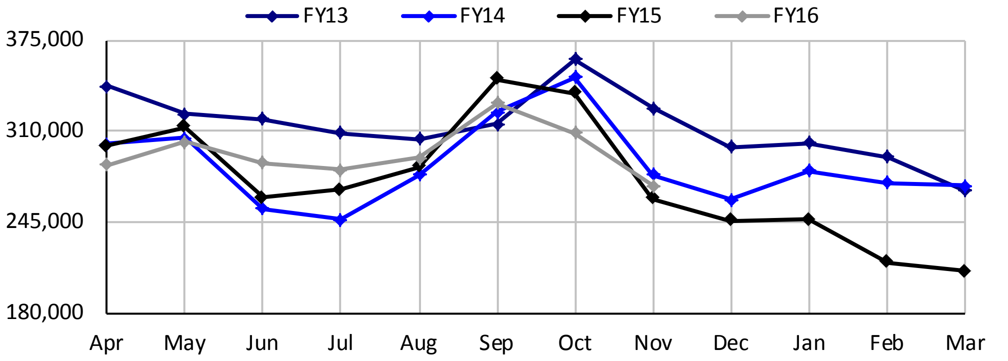
Bloomberg	BJAUT IN
Equity Shares (m)	289.4
CMP (INR)	2,346
52-Wk Range (INR)	2659/1914
1,6,12 Rel.Perf.(%)	-2/12/2
M.Cap. (USD b)	10.4

Bajaj Auto: Financial & Valuation Summary

Year End	Net Sales (INR m)	PAT (INR m)	EPS (INR)	EPS Gr. (%)	P/E (X)	P/CE (X)	P/BV (X)	EV/ EBITDA	RoE (%)	RoCE (%)
3/14A	201,495	32,420	112.0	6.5	20.9	19.8	7.1	14.3	37.0	51.8
3/15A	216,120	30,481	105.3	-6.0	22.3	20.5	6.3	14.1	30.0	42.7
3/16E	241,218	38,004	131.3	24.7	17.9	16.5	5.5	10.9	33.2	47.6
3/17E	277,466	48,216	166.6	26.9	14.1	13.2	4.7	8.9	36.1	48.3

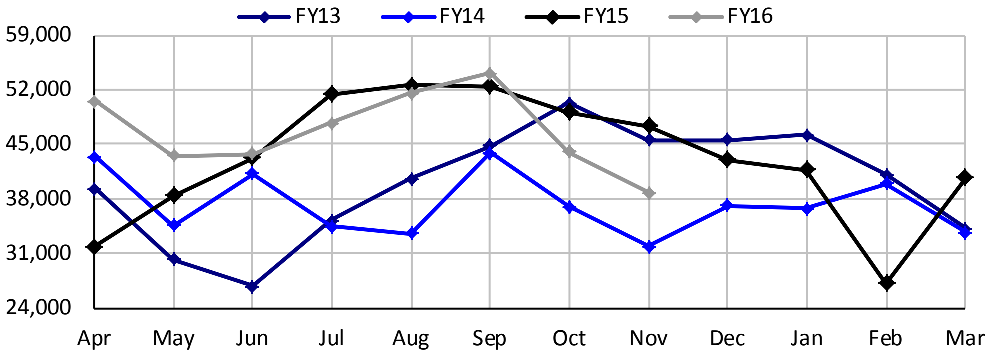
Motorcycle volume recovery underway driven by new launches in domestic

Two-wheeler volumes (units)



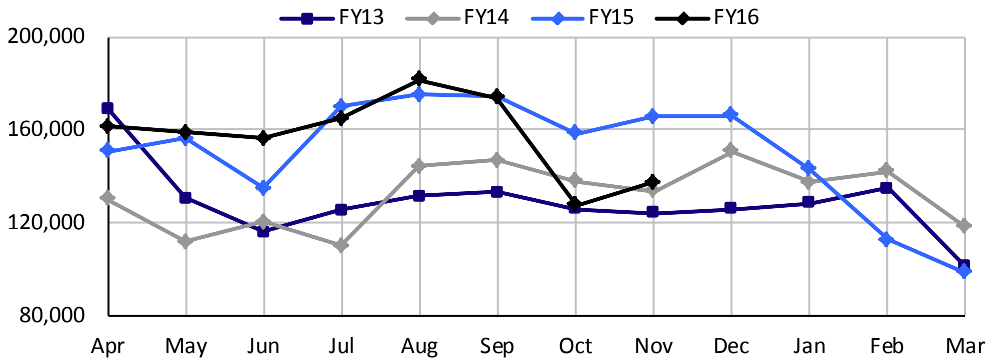
3W volumes down by 18% YoY

Three-wheeler volumes (units)



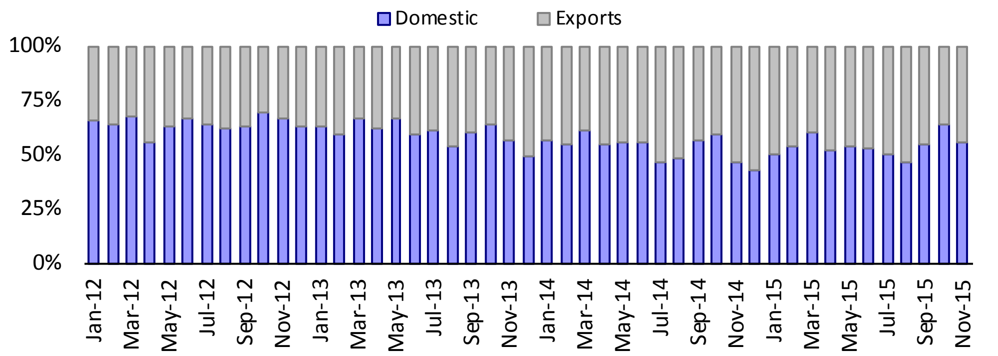
Exports down 17% YoY

Export volumes (units)



Share of exports stable

Market mix



Data Track

HMSI

HMSI reports 12% YoY decline in sales; Scooters down ~4% YoY

Snapshot of volumes for November 2015

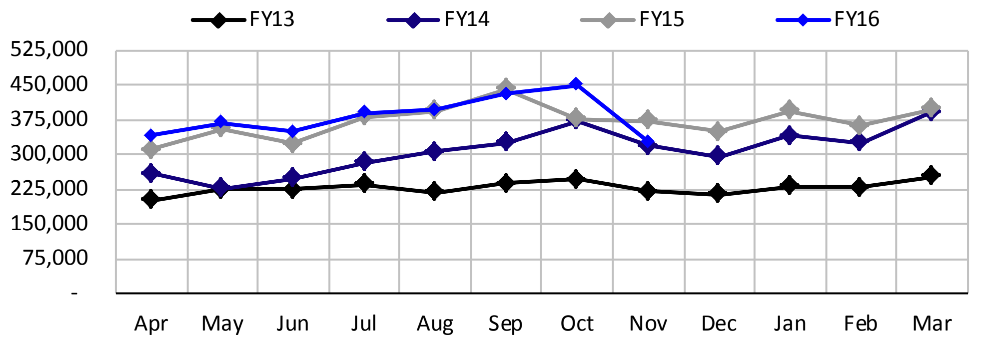
HMSI	Nov-15	Nov-14	YoY (%) chg	Oct-15	MoM (%) chg	FY16-YTD	FY15-YTD	(%) chg
Total	**326,895**	**372,036**	**-12.1**	**449,028**	**-27.2**	**3,048,353**	**2,955,134**	**3.2**
Scooters Domestic	208,014	217,049	-4.2	270,371	-23.1	1,881,615	1,618,002	16.3
Motorcycles Domes	104,490	136,961	-23.7	161,685	-35.4	1,033,485	1,206,709	-14.4
Total Domestic	312,504	354,010	-11.7	432,056	-27.7	2,915,100	2,824,711	3.2
Total Exports	14,391	18,026	-20.2	16,972	-15.2	133,253	130,423	2.2

Highlights

Scooters have been the key growth driver of volumes but now even they seem to be under pressure

- HMSI's Nov-15 volumes down ~12%YoY ~327k units, with scooters de-growing by 4% YoY to 208k and motorcycles declining ~24% to 104k units.

HMSI: Monthly volume trend



Data Track

TVS Motor

Below estimate at 225k (v/s est 255k), a growth of just 2% YoY; Disappointment across segments including 3W exports

Snapshot of volumes for November 2015

	Nov-15	Nov-14	YoY (%) chg	Oct-15	MoM (%) chg	FY16-YTD	FY15-YTD	(%) chg	FY16 estimate	Gr. (%)	Resi-dual Gr. (%)	Residual Monthly Run rate	FY16 YTD Monthly Run rate
Total volume	**225,401**	**220,046**	**2.4**	**274,622**	**-17.9**	**1,816,887**	**1,718,614**	**5.7**	**2,720,957**	**8.2**	**13.6**	**226,017**	**227,111**
Motorcycles	82,163	86,424	-4.9	106,175	-22.6	698,129	659,662	5.8	1,063,465	11.0	22.4	91,334	87,266
Scooters	76,043	62,223	22.2	91,430	-16.8	550,375	479,861	14.7	780,466	10.4	1.3	57,523	68,797
Mopeds	59,500	62,332	-4.5	66,507	-10.5	487,027	508,042	-4.1	744,259	-2.7	0.0	64,308	60,878
Three-Wheelers	7,695	9,067	-15.1	10,510	-26.8	81,356	71,049	14.5	132,767	22.5	37.7	12,853	10,170
Domestic	191,780	180,831	6.1	232,940	-17.7	1,495,856	1,444,010	3.6	2,223,000	5.8	10.7	181,786	186,982
Exports	33,621	39,215	-14.3	41,682	-19.3	321,031	274,604	16.9	497,956	19.7	25.3	44,231	40,129

Source: Company, MOSL

Highlights

TVS Motor aims 18% market share and double digit margins over next three years

- TVS Motor's Nov-15 sales were below estimates at 225,401 units (v/s est 255,117 units), a growth of ~2% YoY (-18% MoM). We estimate overall volume growth of ~8% in FY16, implying residual growth of ~14% or run-rate of ~226k units.
- Scooters volumes grew 22% YoY (-17% MoM) to 76,043 units (v/s est 85,868 units). We estimate 10% growth in scooters volumes in FY16, implying residual growth of 1% or 57,523 units.
- Motorcycle volumes de-grew by 5% YoY to 82,163 units (est 92k units). We estimate ~11% growth in Motorcycles in FY16 implying residual growth rate of ~22% or 91k units.
- Mopeds decline 5% YoY to 59,500 units (est 65,449 units). We estimate mopeds volumes to decline 3% in FY16, implying residual no growth or run-rate of 64k.
- 3Ws de-grew by 15% YoY to 7,695 units (est 11,327 units). We estimate ~22.5% growth in 3Ws in FY16 implying residual growth rate of ~38% or 12,853 units.
- Exports de-grew by ~19% YoY to 33,621 units (est 43k).
- The stock trades at 31.2x/19x FY16E/FY17E EPS of ~INR9.7/INR16. Maintain **Buy**.

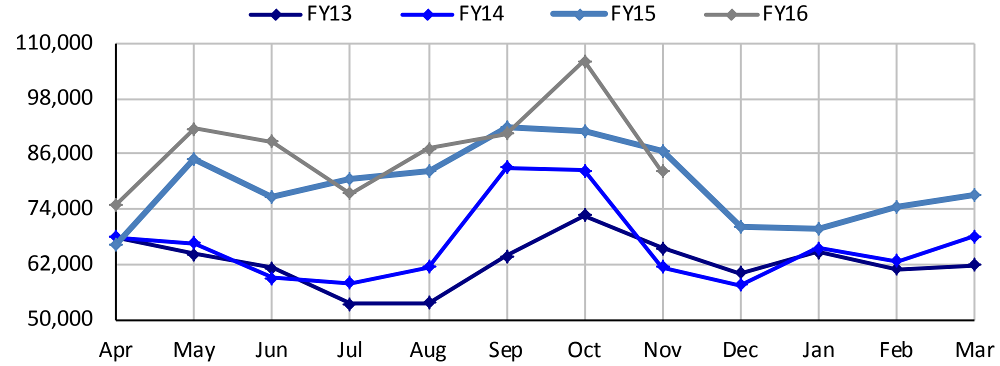
Bloomberg	TVSL IN
Equity Shares (m)	475.1
52-Week Range (IN	322/201
1,6,12 Rel. Perf. (%)	16/40/37
M.Cap. (INR b)	144.4
M.Cap. (USD b)	2.2

TVS Motor Company Ltd: Valuation summary

Year End	Net Sales (INR m)	PAT (INR m)	EPS (INR)	EPS Gr. (%)	P/E (X)	P/BV (X)	RoE (%)	RoCE (%)	EV/ EBITDA
03/14A	79,619	2,607	5.5	44.0	55.4	10.2	19.7	20.3	31.0
03/15A	100,982	3,478	7.3	33.4	41.5	8.8	22.7	21.9	25.4
03/16E	115,295	4,626	9.7	33.0	31.2	7.3	25.5	24.3	18.7
03/17E	145,247	7,619	16.0	64.7	19.0	5.6	33.3	32.7	12.1

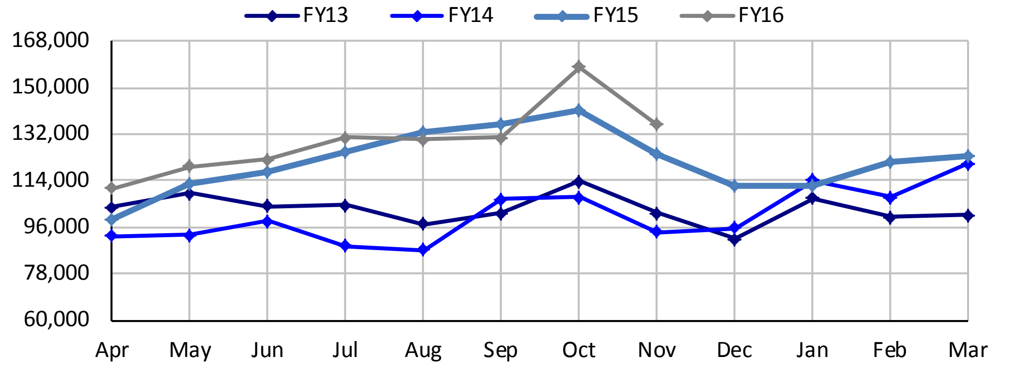
Motorcycle volumes (units)

Motorcycle de-grew by ~5% YoY

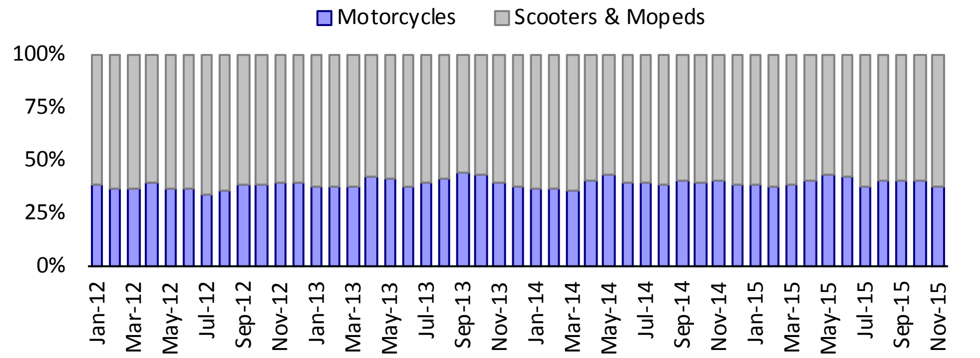


Scooters and mopeds (units)

Strong growth continues



Sales mix



Data Track

Maruti Suzuki

Nov-15 below estimates at 121k (v/s est 128k), a growth of ~10%; Impacted by disappointment in Compact segment (just ~3% growth despite Baleno launch)

Snapshot of volumes for November 2015

	Nov-15	Nov-14	YoY (%)	Oct-15	MoM (%)	FY16-YTD	FY15-YTD	Chg (%)	FY16 estimate	YoY (%)	Resi-dual Gr. (%)	Residual Monthly Run rate	FY16 YTD Monthly Run rate
Total volume	**120,824**	**110,147**	**9.7**	**134,209**	**-10.0**	**949,697**	**835,912**	**13.6**	**1,458,963**	**12.3**	**10.0**	**127,317**	**118,712**
Domestic	110,599	100,024	10.6	121,063	-8.6	860,625	755,423	13.9	1,324,562	12.5	10.1	115,984	107,578
C (Vans)	12,432	12,203	1.9	13,677	-9.1	96,459	85,020	13.5					
A2 (Compacts)	65,107	63,065	3.2	67,643	-3.7	512,380	473,922	8.1					
A3 (Sedan)	24,372	19,241	26.7	30,308	-19.6	197,030	152,570	29.1					
UV (Ertiga, S-Cross	8,688	5,515	57.5	9,435	-7.9	54,756	43,911	24.7					
Export	10,225	10,123	1.0	13,146	-22.2	89,072	80,489	10.7	134,401	10.4	9.8	11,332	11,134

Source: Company, MOSL

Highlights

- MSIL's Nov-15 wholesale below estimates at ~120,824 units (v/s est 128,331 units), impacted by muted growth in compact segment at ~3% despite Baleno launch. We estimate overall volume growth of 12.3%, implying ~10% residual growth and required run-rate of 127k.
- Domestic volumes grew ~10.6% to 110.6k (v/s est 117k). Retails in Nov-15 were at ~115.5k, whereas retail grew 17% during festive season (split between Nov-Nov). Inventory at the end of Nov-15 was ~4 weeks (v/s 5 weeks in Nov-15). We estimate domestic volume growth of ~12.5% in FY16 for MSIL, implying ~10% residual growth or ~116k monthly run-rate.
- Compact segment (ex Dzire) grew just ~3%, despite Baleno's volumes of ~9,000 units.
- Exports grew ~1% to 10,225 (v/s est 11,250 units).
- We see limited downside risk to our FY16 volume estimates.
- The stock trades at 26.8x/19.1x FY16E/17E consolidated EPS of ~INR170/238. Maintain **Buy**.

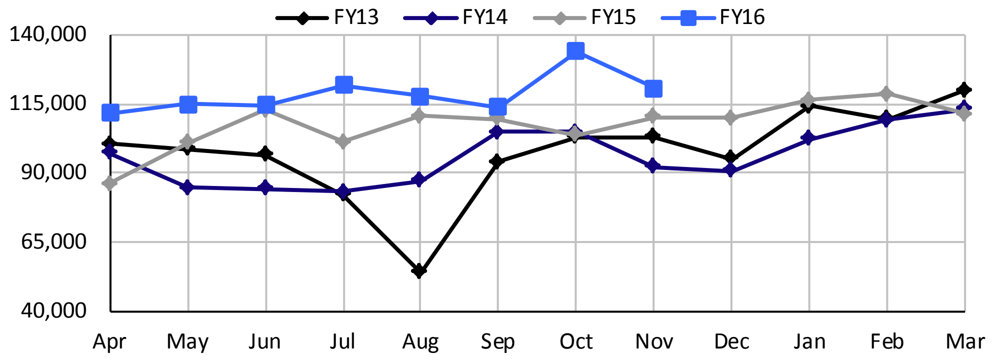
Bloomberg	MSIL IN
Equity Shares (m)	302.1
CMP (INR)	4,553
52-Wk Range (INR)	4,789/3,250
1,6,12 Rel.Perf.(%)	4/23/42
M.Cap. (USD b)	21.1

Maruti Suzuki: Financial & Valuation Summary

Year End	Total Inc. (INR m)	PAT (INR m)	Con. EPS (INR)	EPS Gr. (%)	Con. P/E (x)	P/CE (x)	P/BV (X)	EV/ EBITDA	RoE (%)	RoCE (%)
3/14A	437,918	27,830	94.4	15.5	48.2	27.9	6.6	24.8	13.3	16.5
3/15A	499,706	37,112	127.5	35.0	35.7	21.8	5.8	18.6	15.7	20.8
3/16E	577,696	49,901	170.0	33.3	26.8	17.4	5.0	13.0	18.3	25.6
3/17E	727,029	70,386	238.2	40.1	19.1	13.5	4.3	9.7	21.8	29.4

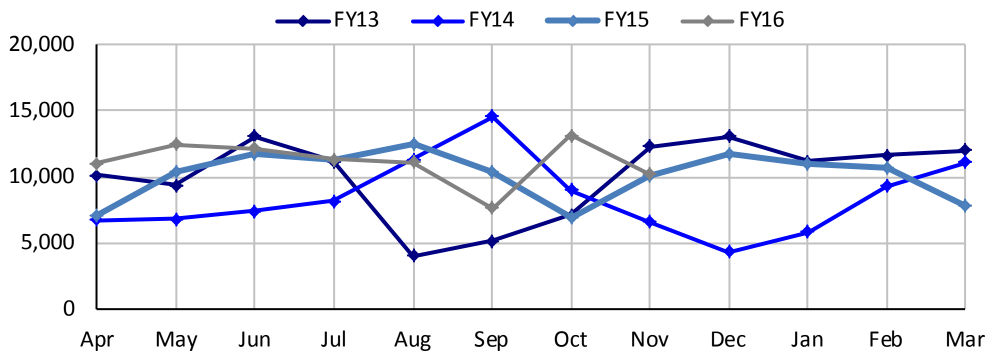
Monthly volumes (units)

Strong growth momentum continues for MSIL

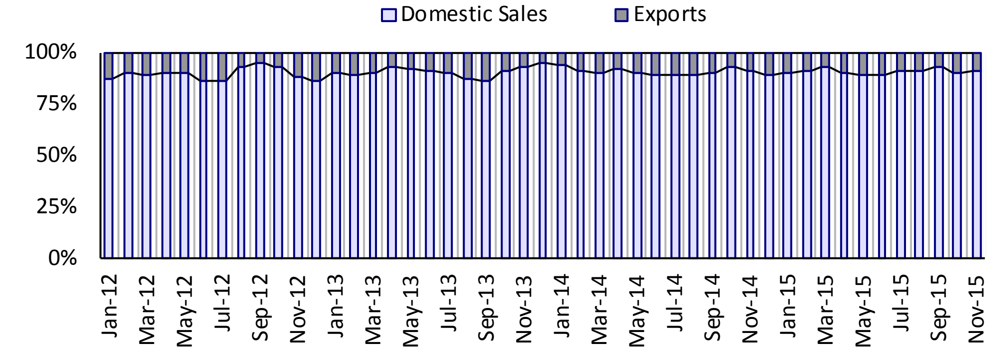


Export volumes (units)

Exports were up 90% YoY



Market mix



Data Track

Mahindra & Mahindra

Below estimates, with UVs disappointing (at 35.7k, +25% YoY); Tractors positively surprising (+42% YoY to 21.7k)

Snapshot of volumes for November 2015

	Nov-15	Nov-14	YoY (%)	Oct-15	MoM (%)	FY16-YTD	FY15-YTD	Chg (%)	FY16 estimate	YoY (%)	Resi-dual Gr. (%)	Residual Monthly Run rate	FY16 YTD Monthly Run rate
Total volume	**63,307**	**49,625**	**27.6**	**79,464**	**-20.3**	**473,076**	**488,281**	**-3.1**	**730,212**	**4.5**	**22.1**	**64,284**	**59,135**
UV (incl. pick-ups)	35,711	28,636	24.7	44,176	-19.2	268,324	259,659	3.3	433,357	9.0	19.7	41,258	33,540
LCV	787	582	35.2	986	-20.2	7,453	5,464	36.4	11,144	25.0	6.9	923	932
Verito (Logan)	173	69	150.0	222	-22.3	1,729	1,049	64.8	2,581	62.5	58.0	213	216
Three-Wheelers	4,920	5,005	-1.7	5,999	-18.0	38,168	39,162	-2.5	58,467	3.0	15.3	5,075	4,771
Tractors	21,717	15,333	41.6	28,081	-22.7	157,402	182,947	-14.0	224,664	-4.0	31.7	16,816	19,675

Source: Company, MOSL

Highlights

- November-15 volumes grew 28% YoY to ~63,307 units (v/s est 65,528 units), driven by ~25% YoY growth in UVs and ~42% growth in tractors. We estimate growth of ~4.5% in FY16, implying 22% residual growth or ~64,284 units.
- Tractor volumes grew, after 13 months of YoY decline, by 42% YoY to 21,717 units (v/s est 19,166 units), on low base of last year. MM's tractor business has favorable base from Nov-14, resulting in strong growth in 2HFY16. We are assuming 4% de-growth in volumes for FY16, implying a residual growth of ~32% or 16,816 units.
- UV (incl pick-ups) grew by ~25% YoY to 35,711 units (v/s est 40,090 units), driven by TUV3OO launch. Both Passenger UVs (+37% YoY) and pick-ups (+16%) reported strong growth. We estimate 9% growth in FY16 for UVs driven by new product launches (3 new platforms and 3 major upgrades), implying residual monthly run-rate of 41,258 units or ~20% residual growth.
- Speaking on the monthly performance, Pravin Shah, Chief Executive, Automotive Division, M&M. said, "The festive season coupled with new product launches as well as moderation in interest rates has seen the auto industry post a positive growth during the last couple of months. I believe speedy implementation of GST will help and have long term impact on the competitiveness of the auto industry. At Mahindra, we have been buoyed by our new product launches such as TUV3OO as well as growth momentum of existing products like the Bolero, Scorpio and XUV5OO. Our exports have been very encouraging, showing a 28% cumulative growth fir the current fiscal. We are happy to be in a positive growth phase at the end of November 2015."
- Commenting on the monthly performance, Rajesh Jejurikar, President & Chief Executive, Farm Equipment and Two Wheeler Division, Mahindra & Mahindra Ltd. said, "We have sold 20,819 tractors in the domestic market during November 2015, which is growth of 47% over last year on the backdrop of improved sentiments due to festive season. We hope for the rural economy to steadily revive going forward. In the export market, we sold 898 tractors during November 2015."
- Stock trades at 21.2x/17x FY16E/17E consolidated EPS. Maintain **Neutral**.

Bloomberg	MM IN
Equity Shares (m)	591.4
CMP (INR)	1,370
52-Wk Range (INR)	1441/1095
1,6,12 Rel.Perf.(%)	18/16/14
M.Cap. (USD b)	12.4

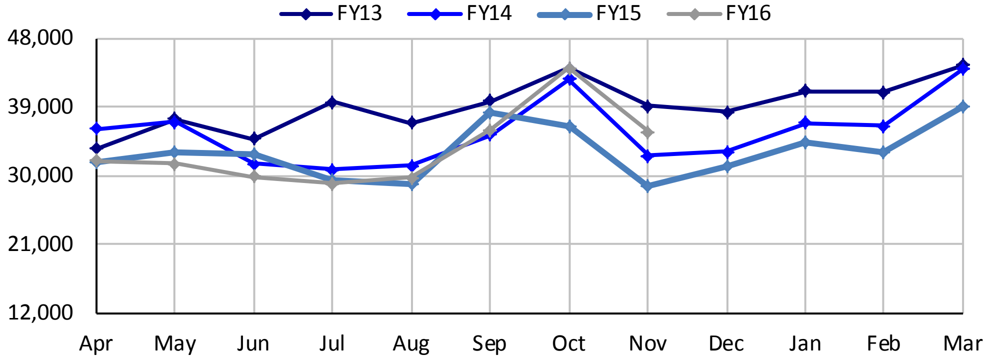
Mahindra and Mahindra: Financial & Valuation Summary

Year End	Net Sales (INR m)	S/A PAT * (INR m)	S/A EPS * (INR)	Cons. EPS (INR)	Con. EPS Gr (%)	P/E (x)	Cons. P/E (x)	RoE (%)	RoCE (%)	EV/ Sales (x)	EV/ EBITDA
3/14A	405,085	38,605	64.5	72.7	19.3	21.2	18.9	22.1	20.3	2.0	17.0
3/15A	389,454	31,595	52.8	47.8	-34.2	25.9	28.6	15.9	16.3	2.1	19.4
3/16E	423,362	37,501	62.7	64.5	35.0	21.9	21.2	16.0	17.6	1.9	16.2
3/17E	484,411	42,373	70.8	80.8	25.1	19.3	17.0	15.9	17.9	1.7	13.9

* S/A including MVML

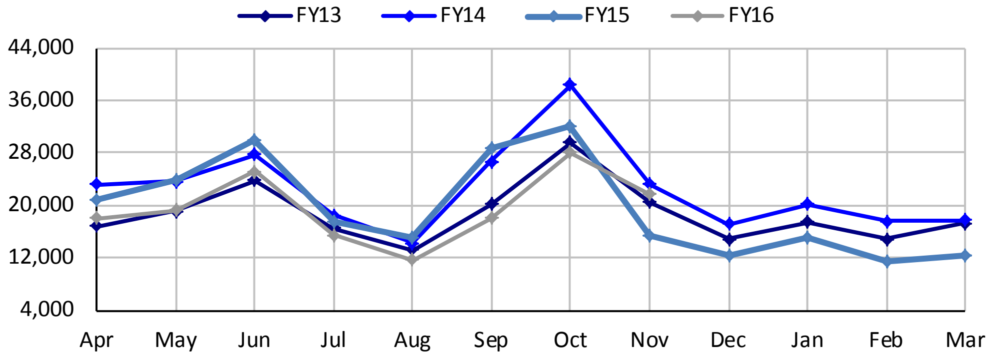
UV volumes show early signs of recovery

Utility vehicle volumes (units)



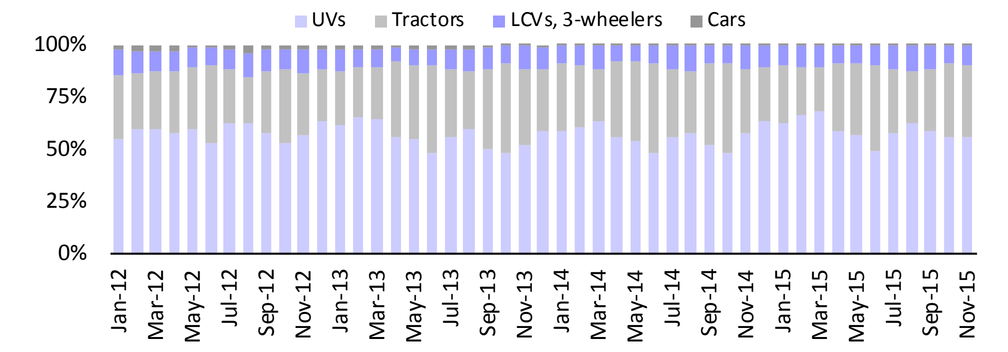
Tractors volumes up YoY

Tractor volume (units)



Tractors and UVs dominate the segment mix

Product mix



Data Track

Tata Motors

Below estimates at ~38,918 units (v/s est 43k), de-growth of 7% YoY; HCV grew 18%, LCVs declined 17%

Snapshot of volumes for November 2015

	Nov-15	Nov-14	YoY (%)	Oct-15	MoM (%)	FY16-YTD	FY15-YTD	Chg (%)	FY16 estimate	YoY (%)	Resi-dual Gr. (%)	Residual Monthly Run rate	FY16 YTD Monthly Run rate
Total volume	**38,918**	**41,720**	**-6.7**	**43,486**	**-10.5**	**324,973**	**321,134**	**1.2**	**526,692**	**4.9**	**11.4**	**50,430**	**40,622**
HCV's	12,699	10,750	18.1	13,973	-9.1	108,328	86,580	25.1	173,492	21.5	16.0	16,291	13,541
LCV's	15,429	18,615	-17.1	16,352	-5.6	125,677	151,741	-17.2	200,864	-9.4	7.3	18,797	15,710
Cars	9,432	10,569	-10.8	11,410	-17.3	77,686	64,974	19.6	130,165	16.2	11.6	13,120	9,711
UV's	1,358	1,786	-24.0	1,751	-22.4	13,282	17,839	-25.5	22,172	-13.4	14.3	2,222	1,660
of which exports	3,573	4,293	-16.8	4,569	-21.8	25,073	20,565	21.9					

Source: Company, MOSL

LCV & UVs volumes remains under pressure

Highlights

- Tata Motors Nov-15 sales volumes de-grew 7% YoY to 38,918 units (v/s est 43,074 units). We estimate overall volume growth of ~5% in FY16, implying residual growth of ~11% or run-rate of ~50.4k units.
- HCV sales (incl exports) grew 18% YoY 12,699 units (est 13,438 units). We estimate ~21.5% HCV growth in FY16, implying 16% residual growth or run-rate of ~16,291 units.
- LCV sales (incl exports) continues to decline, with ~17% YoY decline to 15,429 units (est ~16,754 units). We estimate de-growth of 9% in LCVs in FY16, implying residual run-rate of ~18,797 units.
- Car sales (incl exports) witnessed de-growth of 11% YoY (-17% MoM) to 9,432 units (est 11,097 units). We estimate growth of 16% in passenger cars in FY16, implying 12% residual growth or ~13,120 units.
- UV sales (incl exports) were at 1,358 units (est 1,786 units), a de-growth of 24% YoY. We estimate decline of 13% in UV volumes in FY16, implying residual run-rate of 2,222 units.
- The stock trades at 12.3x/9.2x FY16E/17E consol. EPS respectively. Maintain **Buy**.

Bloomberg	TTMT IN
Actual Eq. Sh (m)	3,395.9
CMP (INR)	417
52-Week Range (INR)	606/279
1,6,12 Rel. Perf. (%)	10/-6/-13
M.Cap. (USD b)	21.3

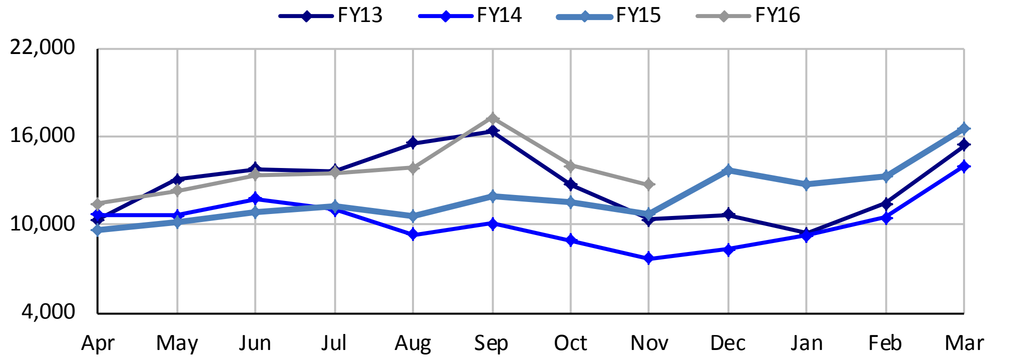
Tata Motors: Financial & Valuation Summary

Year End *	Sales (INR m)	Adj. PAT (INR m)	Adj. EPS (INR)	Norm. EPS (INR) ^	P/E Ratio	Norm. P/E (x)	RoE (%)	RoCE (%)	EV/ Sales (x)	EV/ EBITDA (x)
3/14A	2,328,337	141,986	44.1	17.8	9.5	23.5	27.5	25.7	0.6	4.0
3/15A	2,627,963	140,465	43.6	14.1	9.6	29.7	23.1	24.2	0.6	3.7
3/16E	2,685,045	114,923	33.8	-0.8	12.3	-502.0	17.5	16.2	0.6	4.2
3/17E	3,097,007	153,320	45.1	9.9	9.2	42.4	18.7	16.8	0.5	3.5

* Consolidated

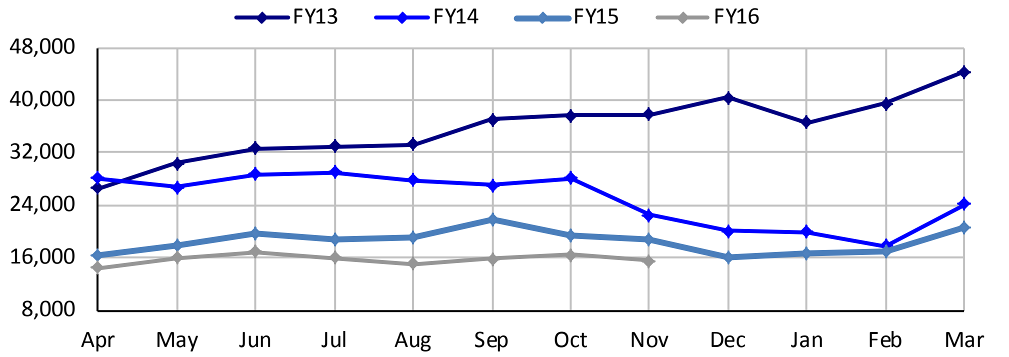
Volumes to improve further with economic activity picking up

M&HCV volumes (units)

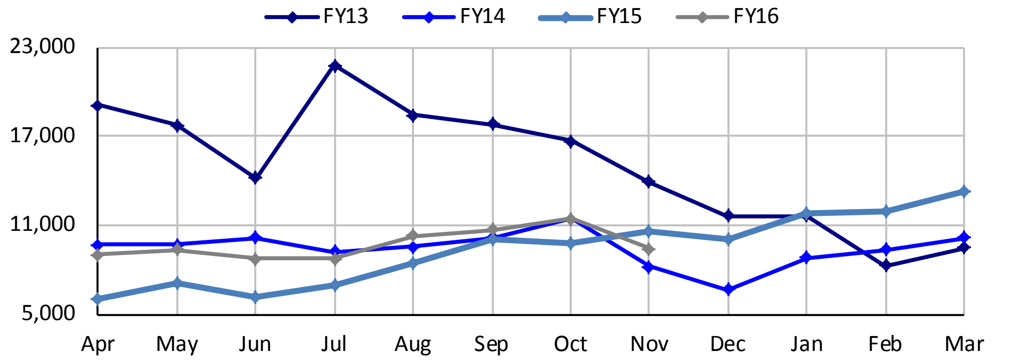


LCV volumes continue to remain weak on financing constraints

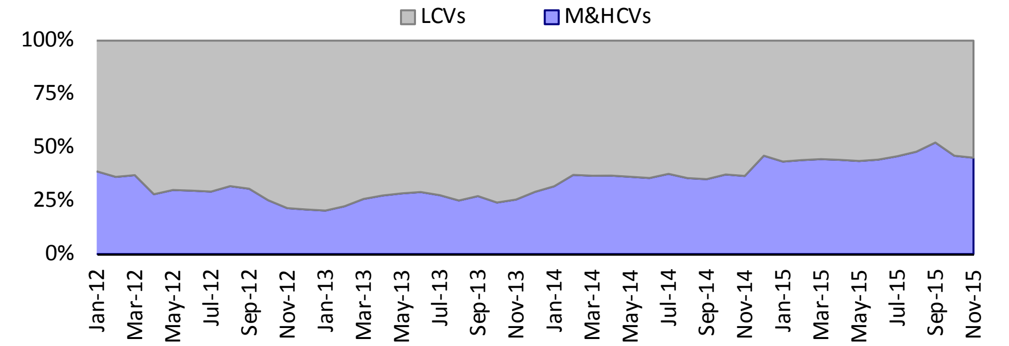
LCV volumes (units)



Car volumes (units)



Product mix in the CV segment



Data Track

Ashok Leyland

Below estimate at 8,971 units (v/s est 10,003), a growth of 16% YoY; HCV volumes grew 21%

Snapshot of volumes for November 2015

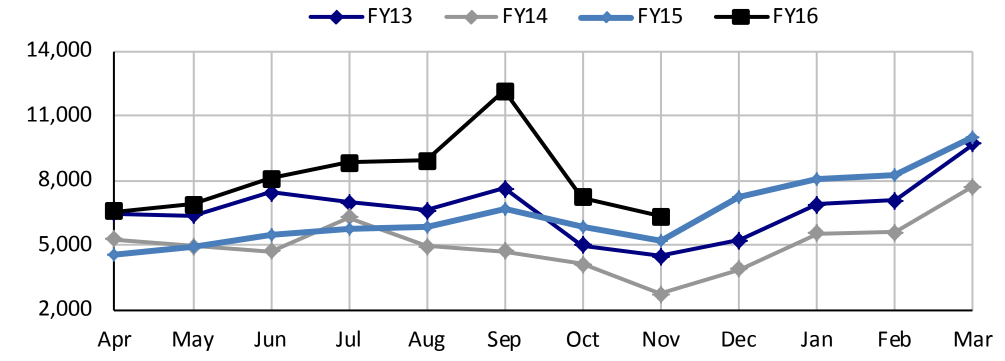
	Nov-15	Nov-14	YoY (%)	Oct-15	MoM (%)	FY16-YTD	FY15-YTD	Chg (%)	FY16 estimate	YoY (%)	Residual Gr. (%)	Residual Monthly Run rate	FY16 YTD Monthly Run rate
Total volume	**8,971**	**7,732**	**16.0**	**9,804**	**-8.5**	**84,302**	**31.3**	**37.3**	**137,720**	**31.3**	**22.8**	**13,355**	**10,538**
CV (ex LCV)	6,297	5,204	21.0	7,177	-12.3	64,803	33.9	46.8	106,270	33.9	17.8	10,367	8,100
LCV (Nissan JV)	2,674	2,528	5.8	2,627	1.8	19,499	23.0	12.8	31,450	23.0	44.1	2,988	2,437

Source: Company, MOSL

Highlights

- Ashok Leyland reported sales volume growth of ~16% YoY (-9% MoM) in November-15 to 8,971 units (v/s est. 10,003 units). We estimate ~31% growth in FY16, implying 23% residual growth or ~13,355 units.
- MHCV volumes grew 21% YoY to 6,297 units (v/s est 7,286 units). Management has indicated 15-20% growth for the company in FY16, based on 10-15% industry growth. We estimate 34% growth in FY16, implying residual growth of 18% or ~10,367 units.
- LCV (Dost & Stile) continues to be on recovery path with a growth of 6% YoY (+2% MoM) to 2,674 units (v/s est 2,718 units). We estimate ~23% growth in LCVs volumes for FY16 implying residual growth rate of 44% or ~2,988 units.
- The stock trades at 25.2x/13.3x FY16E/FY17 EPS. Maintain **Buy**.

Trend in M&HCV voulmes (units)



Source: Company, MOSL

Bloomberg	AL IN
Equity Shares (m)	2,845.8
CMP (INR)	93
52-Week Range	100/43
1,6,12 Rel. Perf. (%)	2/41/82
M.Cap. (INR b)	266
M.Cap. (USD b)	4.1

Ashok Leyland: Financial & Valuation Summary

Year End	Net Sales (INR m)	PAT (INR m)	EPS (INR)	EPS Gr. (%)	P/E (x)	P/BV (x)	RoE (%)	RoCE (%)	EV/ Sales (x)	EV/ EBITDA (x)
3/14A	99,434	294	-1.8	-	-	5.6	-10.7	-1.5	2.9	172.9
3/15A	135,622	3,348	0.8	-	-	5.2	4.9	8.0	2.1	28.2
3/16E	188,306	10,501	3.7	351.2	25.2	4.6	19.3	20.3	1.5	13.3
3/17E	245,644	19,994	7.0	89.5	13.3	3.6	30.4	31.1	1.1	8.3

E: MOSL Estimates

Data Track

Eicher Motors

Royal Enfield volumes at ~40,769 (v/s est 46,022 units), +48% YoY, impacted by heavy rains in Chennai

Snapshot of volumes for November 2015

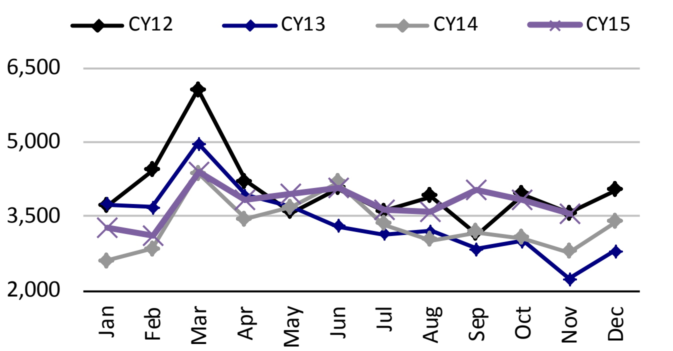
	YOY			MOM		YTD							
Eicher Motors	Nov-15	Nov-14	YoY (%) chg	Oct-15	MoM (%) chg	CY15-YTD	CY14-YTD	YTD (%) chg	CY15 estimate	YoY (%) chg	Residual Growth (%)	Residual Monthly Run rate	CY15 YTD Monthly Run rate
Royal Enfield	**40,769**	**27,542**	**48.0**	**44,522**	**-8.4**	**411,536**	**273,435**	**50.5**	**465,741**	**54.2**	**89.3**	**54,205**	**37,412**
VECV	**3,534**	**2,778**	**27.2**	**3,854**	**-8.3**	**41,322**	**36,494**	**13.2**	**45,506**	**14.1**	**23.1**	**4,184**	**3,757**
Domestic LMD	1,925	1,446	33.1	2,343	-17.8	20,386	18,265	11.6	22,805	12.3	17.9	2,419	1,853
Domestic HD	611	479	27.6	703	-13.1	6,785	5,115	32.6	7,500	34.0	48	715	617
Domestic Buses	369	308	19.8	420	-12.1	9,129	7,675	18.9	9,669	18.6	12	540	830
Total Domestic	**2,905**	**2,233**	**30.1**	**3,466**	**-16.2**	**36,300**	**31,055**	**16.9**	**39,973**	**17.3**	**22**	**3,673**	**3,300**
Exports	629	545	15.4	388	62.1	5,022	5,439	-7.7	5,533	-5.0	33	511	457

Highlights

Royal Enfield is targeting sales of over ~450,000 units in CY15

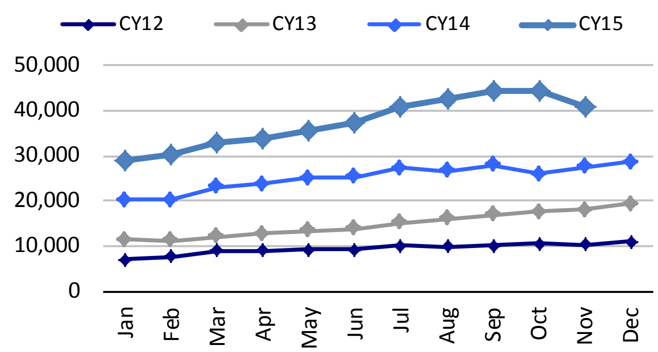
- RE volumes decline 8.4% MoM (+48% YoY) to 40,769 units (v/s est 46,022).
- Heavy rains in Chennai impacted production. RE lost ~2.5 shifts (~4-5k) due to heavy rains, which it is trying to compensate by working on Sundays. Further, logistics were impacted for 10-12 days, restricting movement of material and finished goods.
- In our recent interaction, the mgmt. maintained monthly production to reach ~50k by Jan-16.
- The mgmt. maintained that bookings are growing faster than production, with waiting period of 3.5 months (v/s 4.25 months in 2QCY15). This was validated by our channel checks where old dealers reported 50-70% bookings growth.
- VECV's overall volumes grew ~27% YoY to 3,534 units (v/s est. 3,758 units).
- Domestic sales were below estimate at 2,905 units (v/s est ~3,240 units) grew 30% (-16% MoM). LMD volumes grew ~33% YoY to 1,925 units (v/s est 2,169 units), whereas buses volumes grew 20% YoY to 369 units (v/s est 400 units). HD volumes grew by 28% YoY (-13% MoM) to 611 (v/s 671 units).
- We estimate domestic CV volumes to grow 17% in CY15, implying 22% residual growth or ~3,673 units run-rate.
- Exports grew ~15% YoY (+62% MoM) to ~629 units (v/s est ~518 units).
- The stock trades at 46.6x/29.2x CY15E/CY16E EPS of INR348/557 respectively. Maintain **Buy**.

VECV volumes showing recovery signs (YoY)



Source: Company, MOSL

Royal Enfield volumes continues to show strong growth



Source: Company, MOSL

Bloomberg	EIM IN
Equity Shares (m)	27.0
52-Week Range (INR)	21618/13725
1,6,12 Rel. Perf. (%)	-7/-8/20
M.Cap. (INR b)	438.3
M.Cap. (USD b)	6.7

Eicher Motors: Financial & Valuation Summary

Year End	Net Sales (INR b)	PAT (INR b)	EPS (INR)	EPS Gr (%)	P/E (x)	P/BV (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	Div. Yld (%)
12/13A	68.1	3.9	145.9	21.5	111.3	21.4	20.7	21.8	79.0	0.2
12/14A	87.4	6.2	227.1	55.6	71.5	17.5	26.9	27.6	45.5	0.2
12/15E	118.7	9.4	348.1	53.3	46.6	14.5	34.0	36.0	26.9	0.2
12/16E	164.8	15.1	556.9	60.0	29.2	10.1	40.8	46.8	16.9	0.3

E: MOSL Estimates

Sector Gauge

Two-wheelers

Motorcycle sales continue to remain under pressure; Scooters sales up 11% YTD

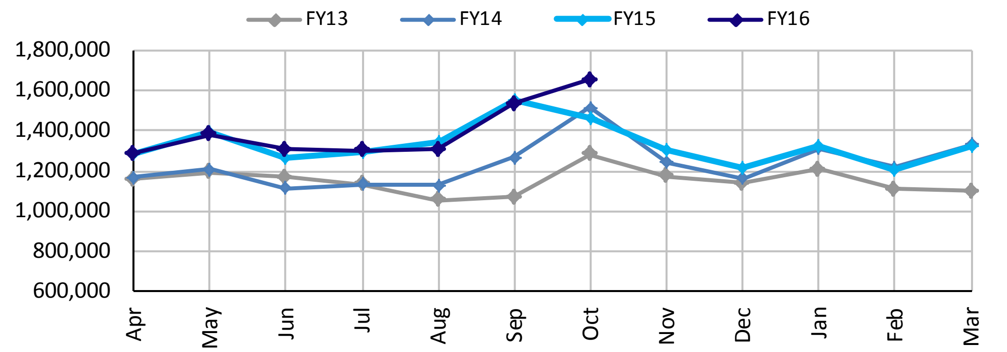
Two-wheelers: Volume snapshot

	Oct-15	Oct-14	YoY (%)	Sep-15	MoM (%)	FY16-YTD	FY15-YTD	Chg (%)
Total Domestic 2W	**1,655,170**	**1,461,553**	13.2	**1,536,692**	7.7	**9,773,217**	**9,609,444**	1.7
% of Total 2W	90	87		87		86	87	
Total Motorcycle	**1,065,652**	**1,008,602**	5.7	**1,019,792**	4.5	**6,429,422**	**6,599,571**	-2.6
% of Domestic 2W	64	69		66		66	69	
<125cc	844,963	798,430	5.8	818,847	3.2	5,144,828	5,327,042	-3.4
% of Motorcycle	79	79		80		80	81	
>125cc	220,689	210,172	5.0	200,945	9.8	1,284,594	1,272,529	0.9
% of Motorcycle	21	21		20		20	19	
Scooters & Mopeds	589,518	452,951	30.2	516,900	14.0	3,343,795	3,009,873	11.1
% of Domestic 2W	36	31		34		34	31	
Exports	189,698	214,911	-11.7	233,302	-18.7	1,539,379	1,491,299	3.2
% of Total 2W	10	13		13		14	13	
Total 2W	**1,844,868**	**1,676,464**	10.0	**1,769,994**	4.2	**11,312,596**	**11,100,743**	1.9

Source: Company, MOSL

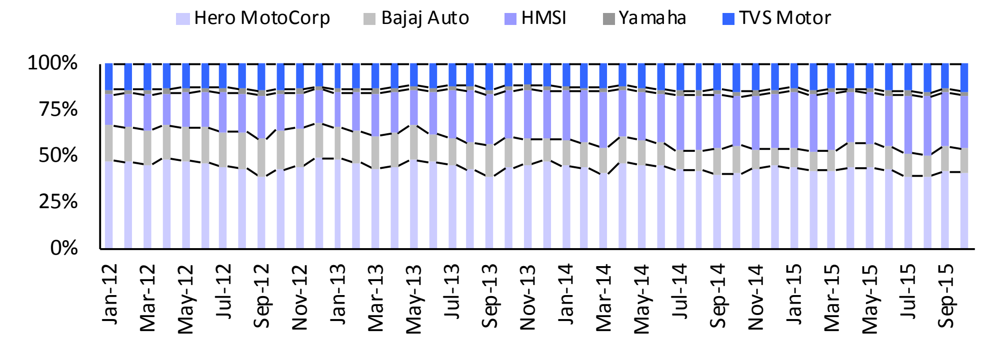
Demand momentum gains traction due to festive season

Two-wheelers: Domestic volume trend (units)



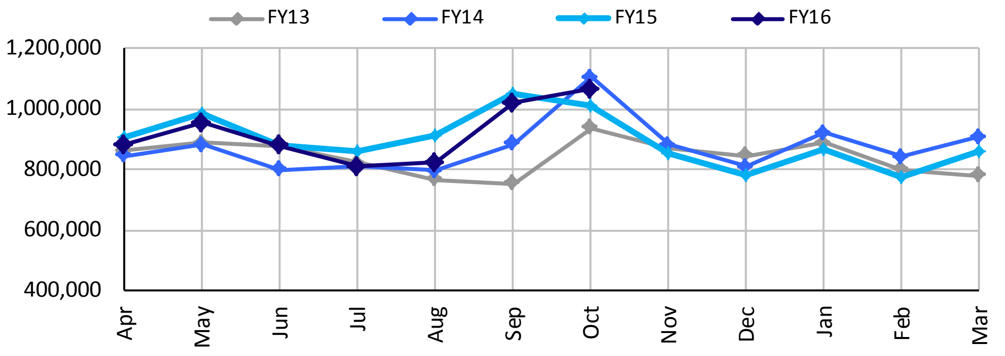
Market share for HMSI improves on back of strong scooter demand

Domestic market share in 2-wheelers



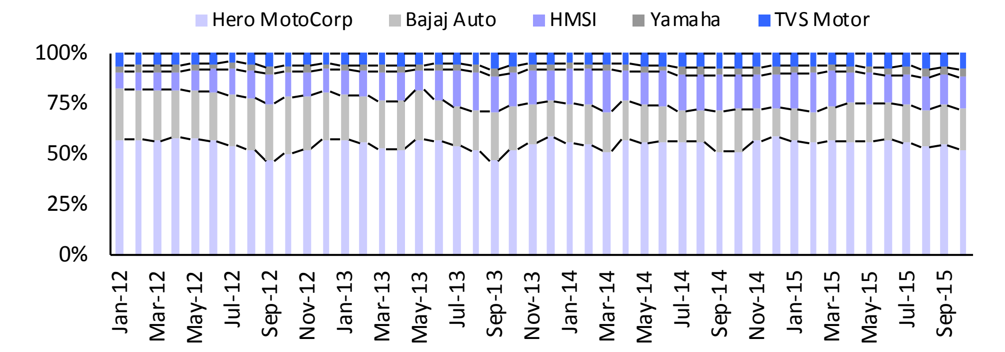
Pressure in entry level Motorcycle segment due to slowdown in rural demand

Motorcycles: domestic volume trend



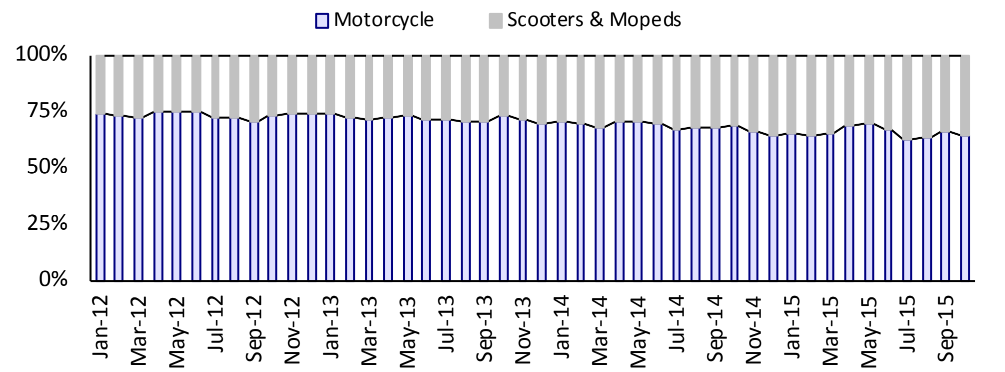
BJAUT gains market share on CT-100 launch

Motorcycles: domestic market share



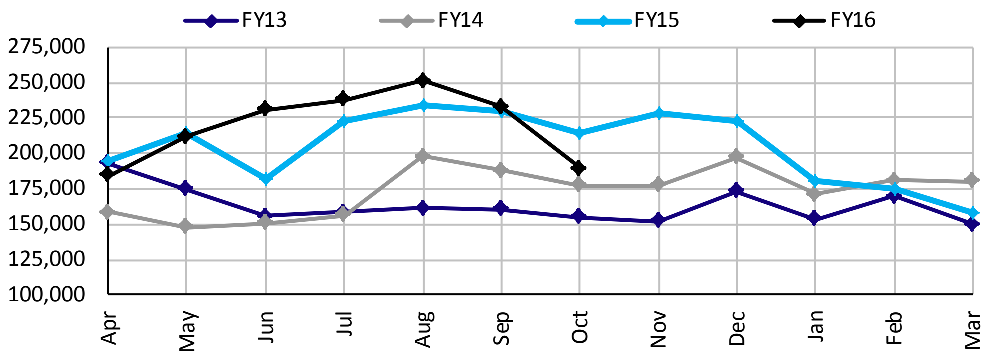
Scooters market share >25%

Two-wheelers: Product mix



Exports Sales dip on back of weak demand

Two-wheelers: export volumes (units)



Sector Gauge

Three-wheelers

Growth in domestic 3W post new permits opening up in 2HFY16

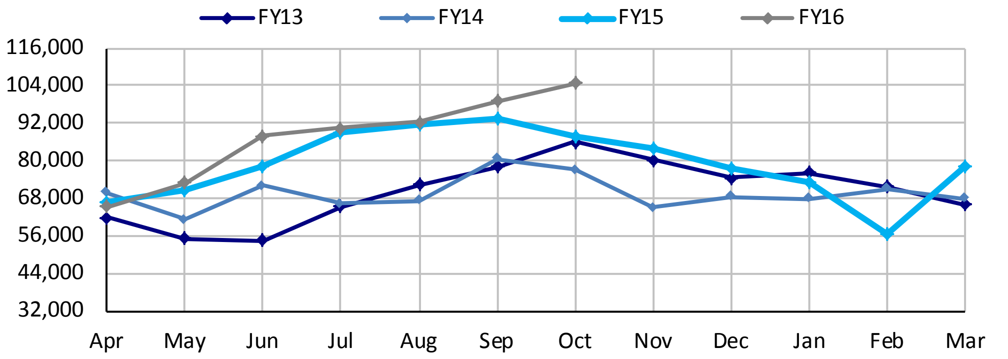
Three-wheelers: Volume snapshot

	Oct-15	Oct-14	YoY (%)	Sep-15	MoM (%)	FY16-YTD	FY15-YTD	Chg (%)
Total Domestic 3W	**52,361**	**52,307**	0.1	**49,524**	5.7	**270,468**	**334,521**	-19.1
% of Total 3W	50	60		50		47	58	
Passenger	**43,164**	**43,560**	-0.9	**41,808**	3.2	**253,540**	**278,434**	-8.9
% of Domestic eW	82	83		84		94	83	
Total Goods	**9,197**	**8,747**	5.1	**7,716**	19.2	**16,928**	**56,087**	-69.8
% of Domestic 3W	18	17		16		6	17	
<1T	9,000	8,589	4.8	7,636	17.9	15,991	54,754	-70.8
% of Goods Vehicle	98	98		99		94	98	
>1T	197	158	24.7	80	146.3	937	1,333	-29.7
% of Goods Vehicle	2	2		1		6	2	
Exports	52,361	35,315	48.3	49,524	5.7	306,201	242,390	26.3
% of Total 3W	50	40		50		53	42	
Total 3W	**104,722**	**87,622**	19.5	**99,048**	5.7	**576,669**	**576,911**	0.0

Source: SIAM/MOSL

3Ws to grow at healthy rate on back of exports

Three-wheelers: volume trend (including exports)

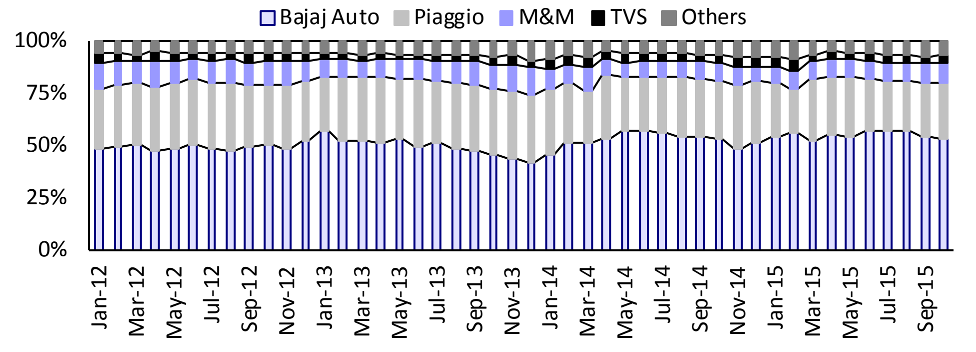


Passenger segment dominates three-wheelers with over 75% contribution

Three-wheelers: domestic segment mix

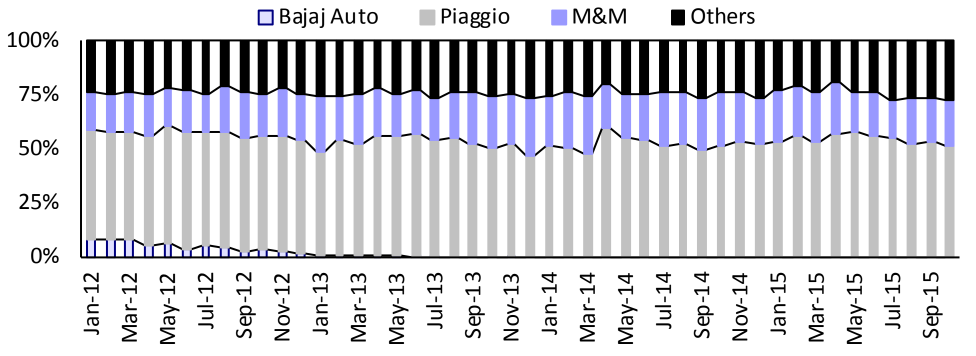
Bajaj Auto continues to dominate passenger segment…

Three wheelers: passenger segment market share



Piaggio continues to lead in the goods segment

Three wheelers: goods segment market share



Sector Gauge

Cars and UVs

New model launches to help maintain demand momentum

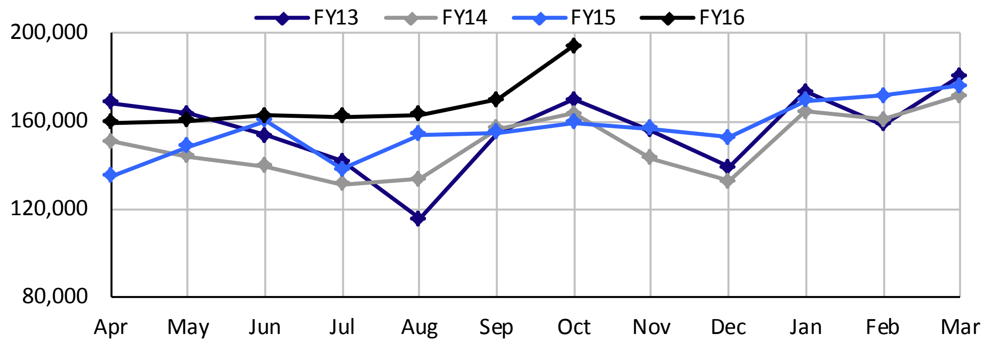
Passenger vehicles: Volume snapshot

	Oct-15	Oct-14	YoY (%)	Sep-15	MoM (%)	FY16-YTD	FY15-YTD	Chg (%)
Total Domestic PVs	**268,629**	**221,163**	21.5	**232,163**	15.7	**1,598,892**	**1,473,210**	8.5
% of Total PVs	82	82		80		81	81	
Total Cars	**194,158**	**159,408**	21.8	**169,586**	14.5	**1,171,146**	**1,049,872**	11.6
% of Domestic PVs	72	72		73		73	71	
A1 & A2	155,032	127,245	21.8	139,849	10.9	952,530	883,395	7.8
% of Cars	80	80		82		81	84	
A3	31,047	28,734	8.0	26,896	15.4	193,363	144,431	33.9
% of Cars	16	18		16		17	14	
A4 & above	8,079	3,429	135.6	2,841	184.4	25,253	22,046	14.5
% of Cars	4	2		2		2	2	
UVs	58,120	48,105	20.8	48,464	19.9	324,446	321,448	0.9
% of Domestic PVs	22	22		21		20	22	
MPVs	16,351	13,650	19.8	14,113	15.9	103,300	101,890	1.4
% of Domestic PVs	6	6		6		6	7	
Exports	59,265	48,637	21.9	57,421	3.2	378,845	356,247	6.3
% of Total PVs	18	18		20		19	19	
Total PVs	**327,894**	**269,800**	21.5	**289,584**	13.2	**1,977,737**	**1,829,457**	8.1

Source: SIAM/MOSL

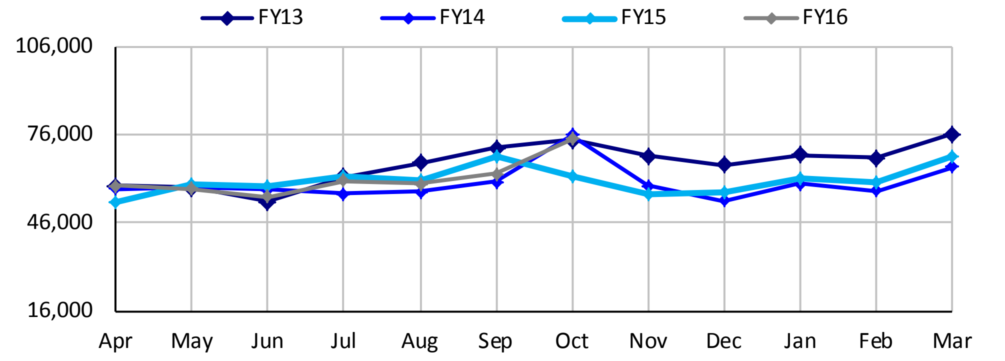
Domestic Car volumes continue to grow

Cars: domestic volume (units)



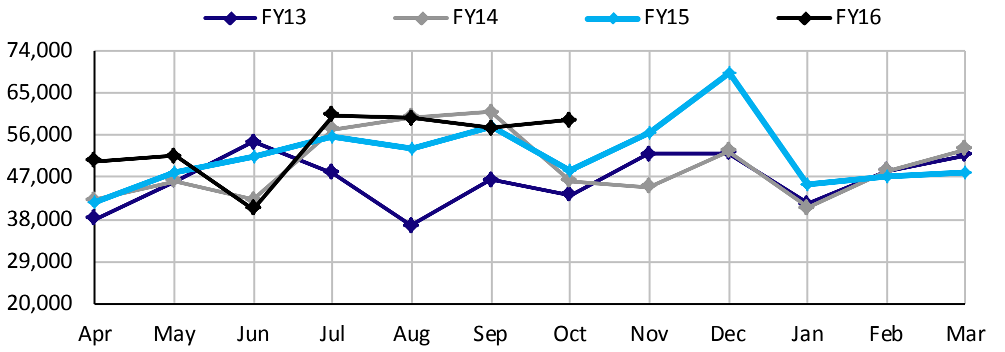
UVs and MPVs continue to face pressure

UVs & MPVs: domestic volume (units)



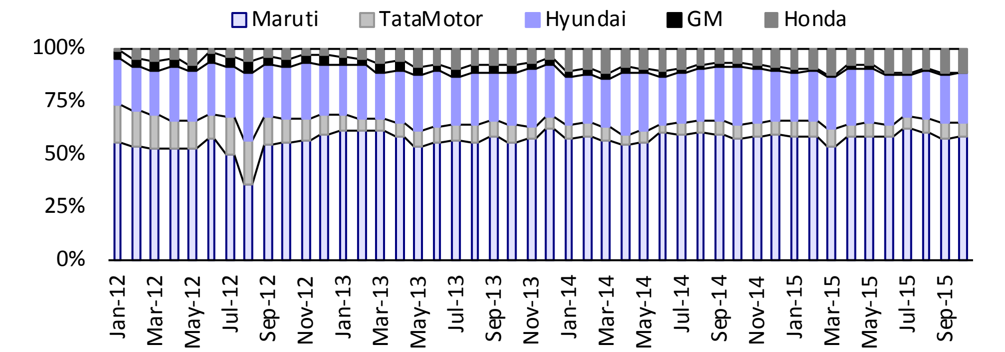
Passenger vehicles: export volume (units)

Exports flat YoY



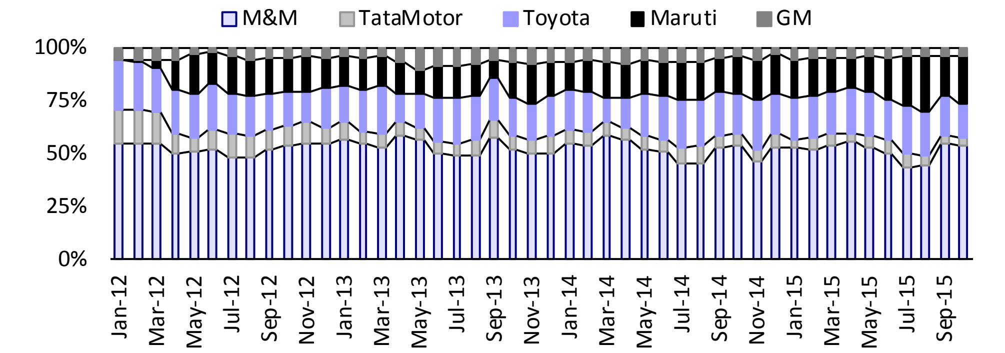
MSIL market share steady

Cars: domestic market share



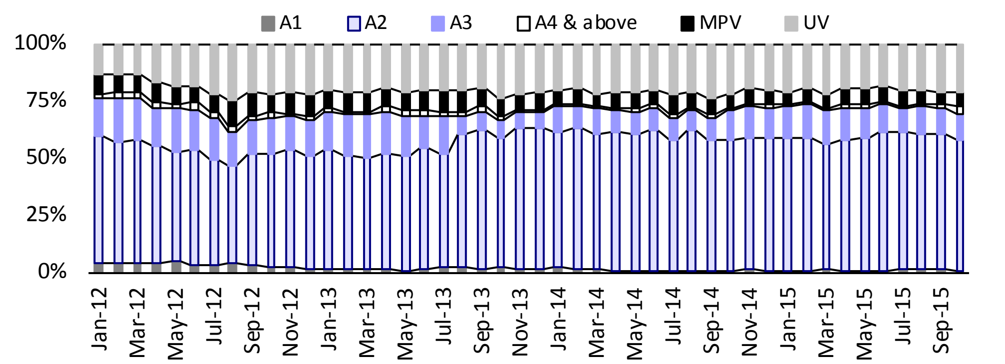
M&M gains market share in UVs due to TUV-3OO launch

UVs: domestic market share



A2 dominates the passenger vehicles segment

Passenger vehicles: segment mix



Sector Gauge

Commercial vehicles

M&HCV registers robust growth, LCV goods show early sign of recovery

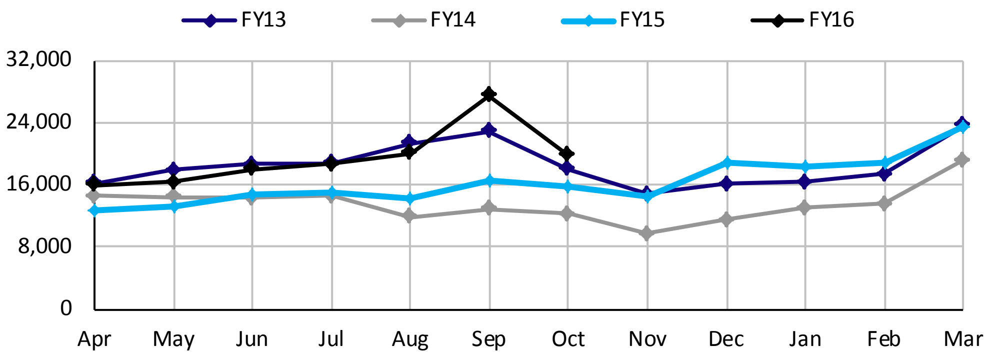
Commercial vehicles: Volume snapshot

	Oct-15	Oct-14	YoY (%)	Sep-15	MoM (%)	FY16-YTD	FY15-YTD	Chg (%)
Total Domestic CVs	**58,535**	**51,933**	12.7	**62,718**	-6.7	**371,064**	**345,049**	7.5
% of Total CVs	*88*	*89*		*89*		*87*	*88*	
Total M&HCV	**22,173**	**17,892**	23.9	**31,172**	-28.9	**161,498**	**122,112**	32.3
% of Domestic CVs	*38*	*34*		*50*		*44*	*35*	
Goods	19,775	15,853	24.7	27,490	-28.1	136,193	102,033	33.5
% of M&HCVs	*89*	*89*		*88*		*84*	*84*	
Passenger	2,398	2,039	17.6	3,682	-34.9	25,305	20,079	26.0
% of M&HCVs	*11*	*11*		*12*		*16*	*16*	
Total LCVs	**36,362**	**34,041**	6.8	**31,546**	15.3	**209,566**	**222,937**	-6.0
% of Domestic CVs	*62*	*66*		*50*		*56*	*65*	
Goods	33,197	31,698	4.7	28,054	18.3	180,551	196,419	-8.1
% of LCVs	*57*	*61*		*45*		*49*	*57*	
Passenger	3,165	2,343	35.1	3,492	-9.4	29,015	26,518	9.4
% of LCVs	*5*	*5*		*6*		*8*	*8*	
Exports	8,168	6,537	25.0	7,672	6.5	57,482	45,059	27.6
% of Total CVs	*12*	*11*		*11*		*13*	*12*	
Total CVs	**66,703**	**58,470**	14.1	**70,390**	-5.2	**428,546**	**390,108**	9.9

Source: SIAM/MOSL

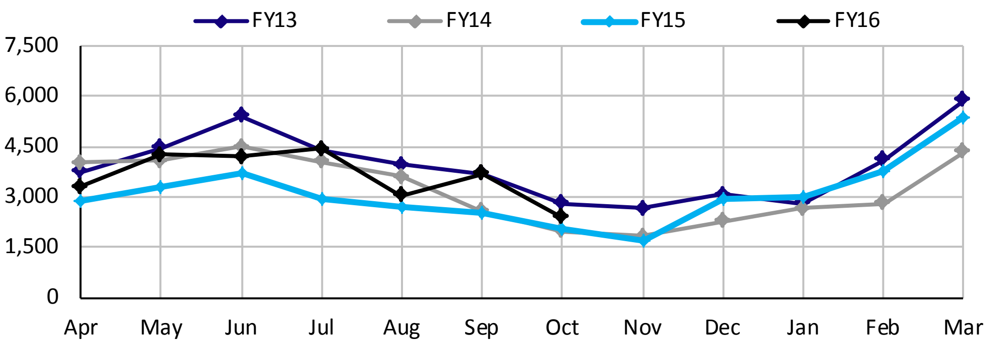
M&HCVs Goods demand to be led by economic recovery

M&HCVs: Domestic volume - goods (units)



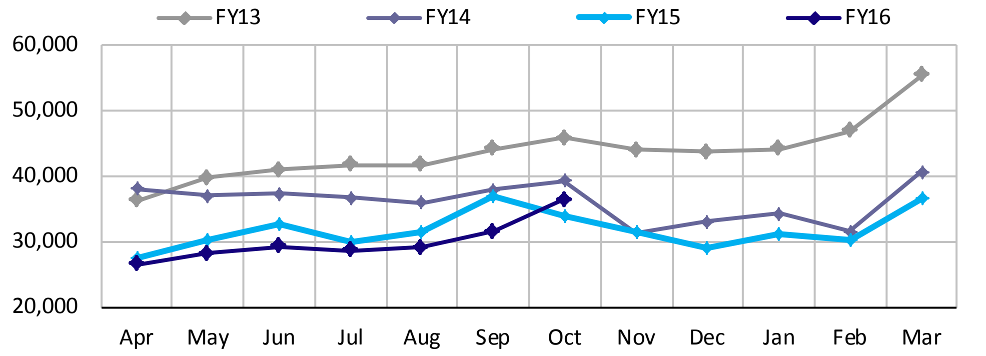
M&HCVs Passenger shows initial signs of recovery

M&HCVs: domestic volume - buses (units)



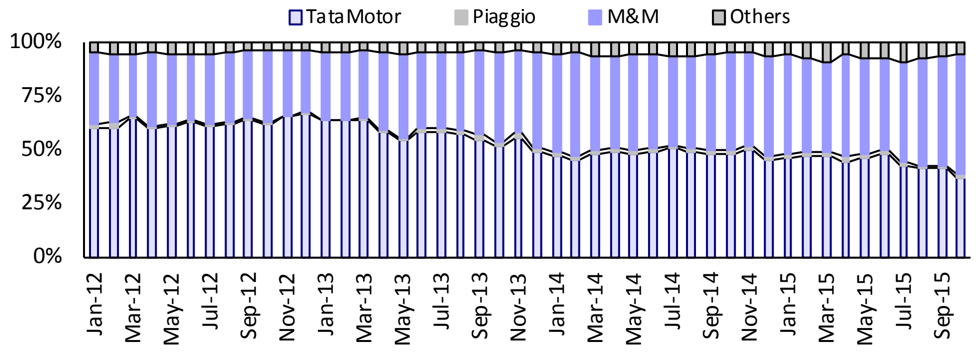
LCVs show early sign of recovery

LCVs: domestic volumes (units)

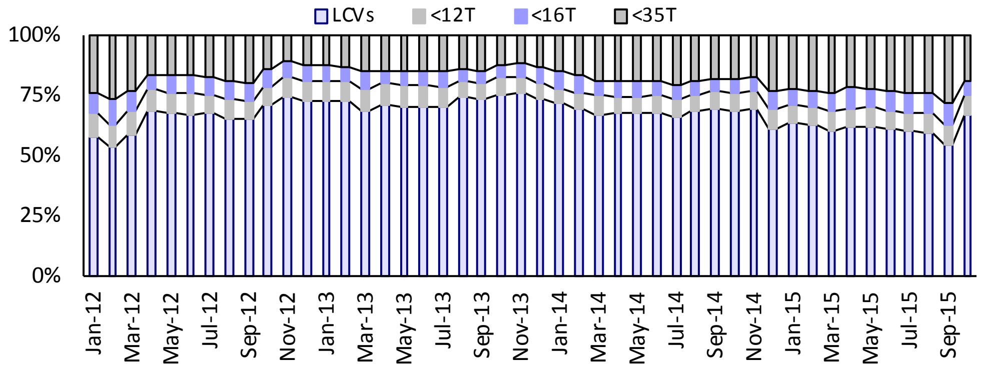


Tata Motors lose market share in LCV down cycle

LCVs: domestic market share (%)



Goods: segment-wise break-up (%)



News and Events

Major developments in the auto sector

Maruti launches Swift, Dzire with added safety features

Maruti Suzuki, India's largest car maker has introduced the dual airbags and Antilock Braking System as an option across all variants of Swift and Swift Dzire, in an attempt to improve the safety quotient in its best selling cars.

For Detailed Article please click on below link:

http://economictimes.indiatimes.com/industry/auto/news/passenger-vehicle/cars/maruti-launches-swift-dzire-with-added-safety-features/articleshow/49908702.cms

Tata Kite compact sedan to launch soon; may be priced at INR4 lakh

Tata Motors might have a surprising winner on their hands. The upcoming Tata Kite hatchback will be launched soon and will also have a corresponding compact sedan. According to sources, the Kite Compact sedan could be priced at as little as INR4 lakh which could mean that Tata could create an all-new segment in the Indian automotive market.

For Detailed Article please click on below link:

http://economictimes.indiatimes.com/industry/auto/news/passenger-vehicle/cars/tata-kite-compact-sedan-to-launch-soon-may-be-priced-at-rs-4-lakh/articleshow/49842875.cms

AUTO GALLERY

COMPANIES


MOTILAL OSWAL

Initiating Coverage | 21 September 2015
Sector: Automobiles

Bosch

Heart of vehicles


MOTILAL OSWAL

Detailed Report | 15 September 2015
Sector: Automobiles

Tata Motors

China growth moderating
Teething troubles in China JV
Diesel phase-out

Transitory issues receding


MOTILAL OSWAL

Detailed Report | 27 May 2015
Sector: Automobiles

Bajaj Auto

King's gambit | Trade-offs to pay off

COMPANIES

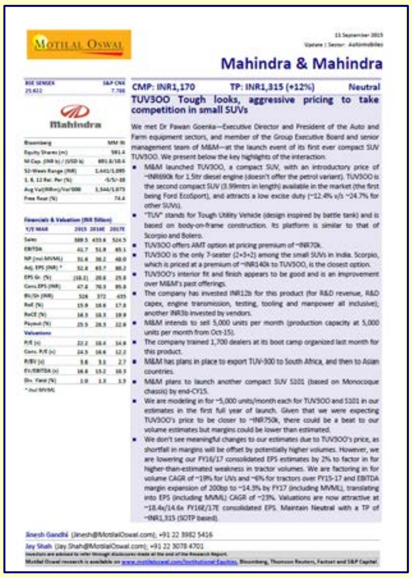

MOTILAL OSWAL

7 January 2015

Mahindra CIE

spotlight
The Idea Junction

Focused management to drive turnaround


MOTILAL OSWAL

Mahindra & Mahindra

CMP: INR1,170 TP: INR1,315 (+12%) Neutral

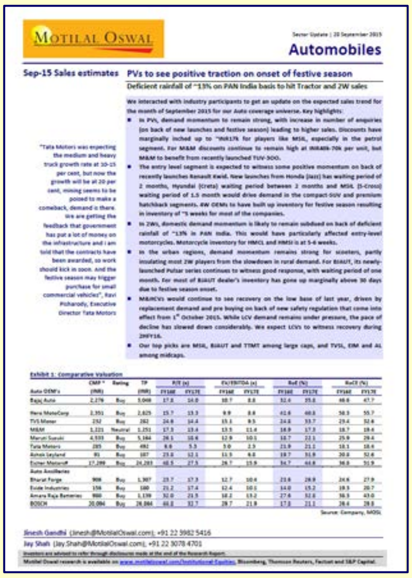
TUV300 Tough looks, aggressive pricing to take competition in small SUVs


MOTILAL OSWAL

the Corner Office
Interaction with the CEO

Narrow focus, sharp positioning key to Discover's revival

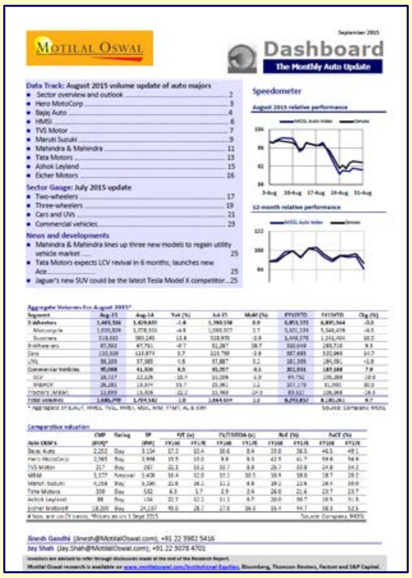
SECTOR UPDATES


MOTILAL OSWAL

Sector Update | 20 September 2015

Automobiles

Sep-15 Sales estimates PVs to see positive traction on onset of festive season


MOTILAL OSWAL

September 2015

Dashboard
The Monthly Auto Update


MOTILAL OSWAL

HERO MOTOCORP V/S BAJAJ AUTO

ANNUAL REPORT THREADBARE

Disclosures

This document has been prepared by Motilal Oswal Securities Limited (hereinafter referred to as Most) to provide information about the company(ies) and/sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies). This report is for personal information of the selected recipient/s and does not construe to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and Motilal Oswal Securities Limited (hereinafter referred as MOSt) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

MOSt and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We and our affiliates have investment banking and other business relationships with a some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that MOSt and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business. The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on the profitability of MOSt which may include earnings from investment banking and other business.

MOSt generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, MOSt generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. MOSt and its affiliated company(ies), their directors and employees and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of MOSt even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report
Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition MOST has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc, and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt MOSt or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOSt or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOSt or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent MOSt's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavor to update the information herein on reasonable basis, MOSt and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent MOSt and/or its affiliates from doing so. MOSt or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MOSt or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This report is intended for distribution to institutional investors. Recipients who are not institutional investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents.

Most and it's associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.
Most and it's associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.
Subject Company may have been a client of Most or its associates during twelve months preceding the date of distribution of the research report

MOSt and/or its affiliates and/or employees may have interests/positions, financial or otherwise of over 1 % at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, MOSt has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Motilal Oswal Securities Limited is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014. SEBI Reg. No. INH000000412

There are no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of MOSt research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

Disclosure of Interest Statement	Companies where there is interest
▪ Analyst ownership of the stock	No
▪ Served as an officer, director or employee	No

A graph of daily closing prices of securities is available at www.nseindia.com and http://economictimes.indiatimes.com/markets/stocks/stock-quotes

For U.S.

Motilal Oswal Securities Limited (MOSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOSL, including the products and services described herein are not available to or intended for U.S. persons.

This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

Motilal Oswal Capital Markets Singapore Pte Limited is acting as an exempt financial advisor under section 23(1)(f) of the Financial Advisers Act(FAA) read with regulation 17(1)(d) of the Financial Advisors Regulations and is a subsidiary of Motilal Oswal Securities Limited in India. This research is distributed in Singapore by Motilal Oswal Capital Markets Singapore Pte Limited and it is only directed in Singapore to accredited investors, as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time.
In respect of any matter arising from or in connection with the research you could contact the following representatives of Motilal Oswal Capital Markets Singapore Pte Limited:

Kadambari Balachandran
Email : kadambari.balachandran@motilaloswal.com
Contact : (+65) 68189233 / 65249115
Office Address : 21 (Suite 31),16 Collyer Quay,Singapore 04931

Motilal Oswal Securities Ltd
Motilal Oswal Tower, Level 9, Sayani Road, Prabhadevi, Mumbai 400 025
Phone: +91 22 3982 5500 E-mail: reports@motilaloswal.com