

Maruti Suzuki

BSE SENSEX	S&P CNX	CMP: INR1,111	TP: INR1,709	Buy						
16,839	5,100									
Bloomberg	MSIL IN									
Diluted Equity Shares (m)	289.0									
52-Week Range (INR)	1,428/906									
1,6,12 Rel.Perf.(%)	0/-6/1									
M.Cap. (INR b)	321.1									
M.Cap. (USD b)	5.8									
Year End	Net Sales (INR m)	PAT (INR m)	Cons.EPS (INR)	EPS Gr. (%)	Cons.P/E (X)	P/CE (X)	P/BV (X)	EV/ EBITDA	ROE (%)	ROCE (%)
3/11A	369,199	23,101	82.4	-9.2	-	-	2.3	6.9	16.5	22.1
3/12A	355,871	16,351	58.2	-29.4	19.1	11.6	2.1	9.8	10.8	13.2
3/13E	436,687	22,121	74.2	27.6	15.0	8.4	1.7	6.6	11.5	13.6
3/14E	515,512	30,587	102.6	38.2	10.8	6.5	1.5	4.4	14.0	16.9

Maruti Suzuki (MSIL) posted an EBITDA of INR7.9b for 1QFY13 against our estimate of INR7.2b, driven by mix-led higher realizations. However, lower other income resulted in in-line PAT at INR4.24b.

- Volumes grew 5% YoY (declined 18% QoQ) to 295,889 units v/s our estimate of 287,800 units, led by (1) higher diesel engine availability, and (2) good response to new launches. Realizations improved by ~21% YoY (~12% QoQ) to INR355,839/unit v/s our estimate of INR331,678/unit, led by better product mix, higher export realizations and commencement of Ertiga CKD exports, translating into revenue growth of 27.5% YoY to INR107.8b v/s our estimate of INR98b.
- EBITDA margin declined 230bp YoY (flat QoQ) to 7.3% v/s our estimate of 7.4%, as the benefit of higher realizations (140bp) was offset by the impact of adverse forex movement on raw material (60bp) and royalty (100bp) cost and negative operating leverage.
- EBITDA declined 3% YoY (8% QoQ) to INR7.9b. Lower other income (timing difference) at INR1.1b (v/s our estimate of INR2b) diluted the benefit of lower tax (due to increasing R&D spend), resulting in in-line PAT at INR4.24b - a de-growth of 23% YoY (34% QoQ).
- MSIL has not entered into any further hedges. It now has forex hedges for ~30% of USD/JPY exposure for the remainder of FY13, whereas natural hedge on USD/INR is ~36%.

Valuation and view: We maintain our consolidated EPS estimate for FY13 at INR74.2, but upgrade our FY14 estimate by 3.6% to INR102.6, driven by lower tax rate. The stock trades at 15x FY13E and 10.8x FY14E consolidated EPS. Maintain **Buy** with a price target of INR1,709 (~10x FY14E CEPS / 16.5x FY14E EPS).

Y/E March	(INR Million)											
	FY12				FY13 *				FY12	FY13E *	Est Var (%)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q	
Total Volumes (nos)	281,526	252,307	239,528	360,334	295,899	246,790	305,730	368,624	1,133,695	1,217,043	287,800	3
Change (%)	-0.6	-19.6	-27.6	4.9	5.1	-2.2	27.6	2.3	-10.8	7.4	2.2	
Realizations (Rs/car)	293,279	298,741	314,247	318,770	355,839	347,261	348,998	349,190	306,131	350,367	331,678	7
Change (%)	3.2	4.8	12.0	11.7	21.3	16.2	11.1	9.5	7.7	14.5	12.2	
Net Op. Revenues	84,541	78,316	77,316	117,270	107,782	88,386	109,349	131,171	355,871	436,687	98,043	10
Change (%)	1.7	-14.4	-18.6	17.2	27.5	12.9	41.4	11.9	-2.8	22.7	14.9	
RM Cost (% of Sales)	78.0	78.6	79.1	79.6	77.8	78.5	78.2	78.0	78.9	78.4	78.8	-100bp
Staff Cost (% of Sales)	2.1	2.5	2.7	2.2	2.2	2.7	2.2	1.9	2.4	2.2	2.3	-10bp
Other exp. (% of Sales)	10.3	12.5	13.0	10.9	12.6	12.4	11.8	11.6	11.7	12.1	11.5	110bp
EBITDA	8,104	4,942	4,034	8,585	7,863	5,644	8,485	11,285	25,129	31,944	7,210	9
EBITDA Margins (%)	9.6	6.3	5.2	7.3	7.3	6.4	7.8	8.6	7.1	7.3	7.4	-10bp
Non-Operating Income	1,841	1,177	1,746	2,969	1,123	1,250	2,000	3,300	8,269	7,673	2,000	-44
Interest	58	109	178	208	332	210	210	219	552	970	210	58
Depreciation	2,425	2,664	2,989	3,306	3,399	3,400	3,450	3,516	11,384	13,765	3,350	1
PBT	7,462	3,346	2,613	8,040	5,255	3,284	6,825	10,850	21,462	24,882	5,650	-7
Effective Tax Rate (%)	26.4	28.1	21.3	20.4	19.4	19.5	19.5	18.3	23.8	20.0	25.0	-560bp
Adjusted PAT	5,492	2,404	2,056	6,398	4,238	2,644	5,494	8,863	16,351	19,906	4,238	0
Change (%)	7.2	-59.8	-63.6	1.4	-22.8	9.9	167.2	38.5	-29.2	21.7	-22.8	

E:MOSL Estimates; * Excluding SPIL Merger

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

Investors are advised to refer through disclosures made at the end of the Research Report.

Realization improvement drives revenues

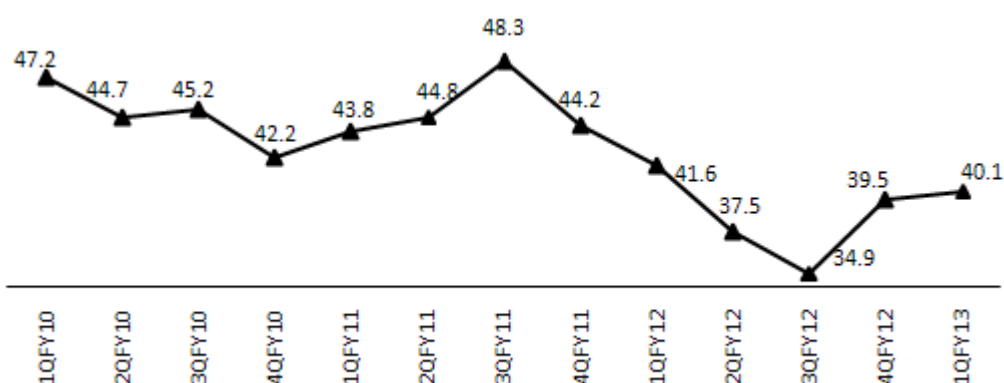
- Volumes grew by 5% YoY (-18% QoQ) to 295,889 units (v/s est 287,800 units), led by a) higher diesel engine availability and b) good response to new launches. Volumes in domestic market grew by 5% YoY (-18% QoQ), whereas export volumes grew 6% YoY (-16% QoQ).
- MSIL's market share in domestic PV industry improved by ~60bp QoQ (-150bp YoY) to 40.1% driven by Ertiga launch and higher availability of diesel engines.
- Realizations improved by ~12% QoQ (~21% YoY) to INR355,839/unit (v/s est INR331,678/unit), led by better product mix (higher contribution of Swift, Dzire and Ertiga), higher export realizations (+5% QoQ & 20% YoY) and commencement of Ertiga CKD exports (~INR1b revenues /vs nil earlier).
- Discounts in 1QFY13 reduced by INR1,900/unit QoQ (higher by INR2,100/unit YoY) to INR11,600/car, reflecting increasing contribution of products not offering discounts (Swift, Dzire and Ertiga).
- As a result, revenues grew by 27.5% YoY (-18% QoQ) to INR107.8b (v/s est INR98b).

Trend in volumes (units)

('000 units)	1QFY13	1QFY12	YoY (%)	4QFY12	QoQ (%)
A1	4.4	6.6	-33.6	6.6	-33.6
% of total	1.5	2.3		1.8	
MPV	28.1	40.7	-31.1	38.2	-26.5
% of total	9.5	14.5		10.6	
A2	163.4	171.1	-4.5	228.9	-28.6
% of total	55.2	60.8		63.5	
A3	48.4	30.6	58.1	45.6	6.0
% of total	16.4	10.9		12.7	
A4	0.0	0.1	-82.1	0.1	-70.4
% of total	0.0	0.0		0.0	
UV	19.0	1.5	1,162.6	2.0	852.5
% of total	6.4	0.5		0.6	
Exports	32.6	30.8	5.8	38.9	-16.1
% of total	11.0	11.0		10.8	
Total Sales	295.9	281.5	5.1	360.3	-17.9
Total PV (Incl Exports) MS (%)	37.2	39.2	-200bp	38.0	-90bp
Total Dom. Car MS (%)	44.4	44.8	-40bp	44.1	20bp
Total Dom. Car (ex-Nano) MS (%)	46.5	47.0	-50bp	46.1	40bp

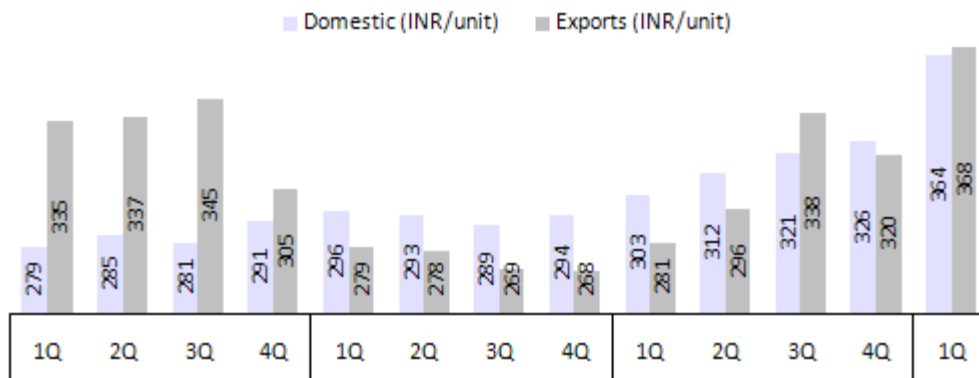
Source: Company/MOSL

Trend in domestic PV market share (%)

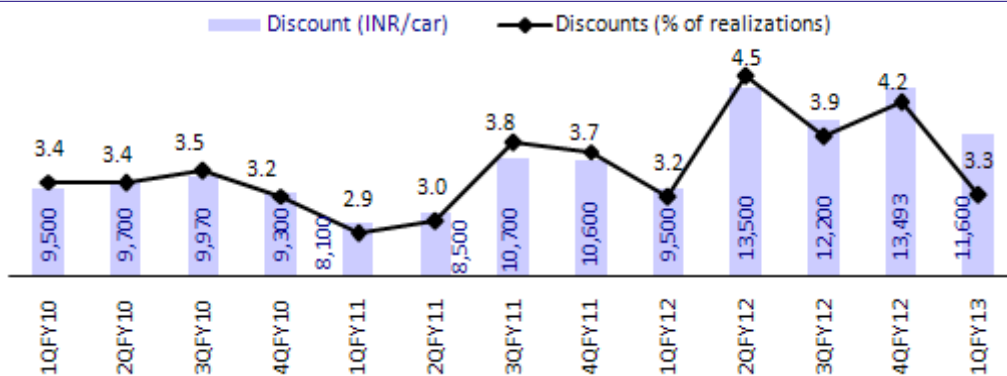


Source: Company/MOSL

Trend in realizations (INR '000)



Discount reduction reflection of improving mix

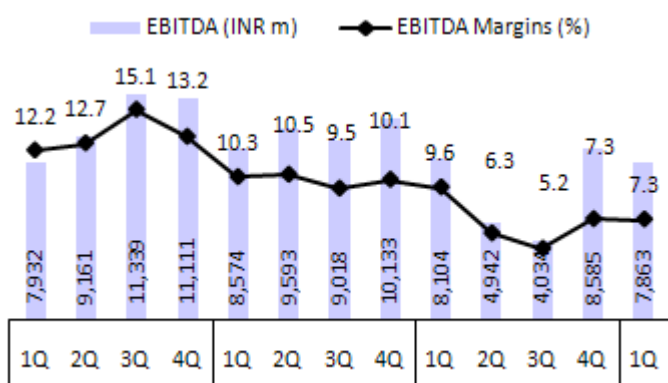


Source: Company/MOSL

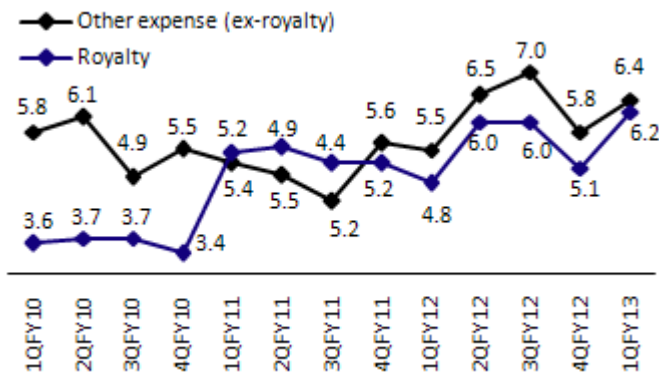
Strong realizations drive EBITDA, although Fx off-sets benefit on margins

- Improving realizations led by mix resulted in above estimated EBITDA at INR7.9b, a de-growth of only 3% YoY (-8% QoQ).
- EBITDA margins were flat QoQ (-230bp YoY) to 7.3% (v/s est 7.4%), as benefit of higher realizations (140bps QoQ) were off-set by adverse Fx impact on RM (60bps) & royalty (100bps) and negative operating leverage.
- Lower other income (timing difference) at INR1.1b (v/s est INR2b) diluted benefit of lower tax (due to increasing R&D spend), resulting in n-line PAT at INR4.24b, a de-growth of 23% YoY (-34% QoQ).
- MSIL's operating performance in short term is estimated to remain under pressure due to a) weaker INR (full impact of vendor imports in 2QFY13) and b) deterioration in mix and negative operating leverage due to Manesar issue.

Trend in EBITDA



Other expenses increase QoQ (% of sales)



Forex - no further hedges; would be key determinant of performance

- The management indicated that it has no entered into any further hedges on JPY/USD, translating into ~30% of exposure being hedged for remainder of FY13. On USD/INR, it has ~36% natural hedge.
- Given MSIL operating performance is highly correlated with JPY/INR, its FY13 performance is dependent on appreciating INR and depreciating JPY.
- Its initiatives to increase localization and reduce dependence on imports are only expected to fully reflect over next 2-3 years.
- Our estimates now factors in for JPY/INR of 0.677 (v/s 0.656 earlier) for FY13 and 0.65 (v/s 0.625 earlier) for FY14. For a 1% JPY/INR movement, its FY14 EBITDA margins would change by ~20bp and EPS would change by ~2.2%.

Manesar labour trouble - unfortunate event, with uncertainty on timing of resolution

- MSIL has announced lock-out at its Manesar plant from 21/July/2012, in wake of safety of its employees post violence at the plant on 15/July resulting in a death of Plant HR head and nearly 100 injured managers/supervisors.
- While investigation for the incident is being done by the state government, MSIL is assessing extent of damage to the plant. It is difficult to ascertain start of the plant considering seriousness of the issue.
- It is losing ~1,700 units/day (of which ~1,200 units of diesel cars of Swift & Dzire).
- Given lack of clarity, we are factoring in for plant to restart only in Sep-12 and ramp-up period of ~3 months. However, considering normal operations at SPIL (diesel engine plant), we believe MSIL would built diesel engine inventory for usage upon normalization of operations. We estimate loss of ~36,000 units in FY13, as believe that it can makes-up for lost volumes in 4QFY13.

Maintaining FY13 EPS, upgrading FY14 by ~3.6%

- We are maintaining our consolidated EPS estimate for FY13 at INR74.2, but upgrade FY14 by 3.6% to INR102.6 driven by lower tax rate.
- Our estimates factor in for: a) Volume downgrade to factor in for Manesar issue (~36,000 units volume loss in FY13), b) higher realizations (mix & Ertiga exports led), c) weaker JPY/INR at 0.677/0.65 for FY13/14 (v/s 0.656/0.625 earlier) and d) lower tax rate (R&D led).
- We estimate EBITDA margin (ex-SPIL) of 7.3% in FY13 (v/s 7.8% earlier) and 10.3% in FY14 (incl SPIL) (v/s 10.6% earlier).

Revised Forecast (INR B)

	FY13E			FY14E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Domestic ('000 units)	1,091	1,106	-1.4	1,247	1,271	-1.9
Export ('000 units)	126	147	-14.2	165	169	-2.3
Total Volumes ('000 units)	1,217	1,253	-2.9	1,412	1,440	-1.9
Net Sales	426	419	1.7	505	491	2.7
EBITDA (%)	8.8	9.3	-52	10.3	10.6	-29
Net Profit	22.1	22.2	-0.5	30.6	29.5	3.8
EPS (INR)	73.2	73.6	-0.5	101	97.6	3.7
Consol EPS (INR)	74.2	74.6	-0.5	102.6	99.0	3.6

Source: Company/MOSL

Valuation and view

- The stock has corrected by ~10% since Manesar plant trouble and ~20% in last 3 months due to weak demand and INR.
- MSIL's earnings exhibit very high sensitivity to JPY/INR movement, posing uncertainty and volatility to its earnings. For every 1% JPY/INR movement, MSIL's EBITDA margins change by ~20bp and EPS by ~2.2%.
- Apart from permanently resolving labor trouble, MSIL faces three key challenges/headwinds in short term viz a) increase diesel engine availability beyond 400,000 units in FY13-14 as diesel is the key volume driver, b) push petrol vehicle sales without increasing discounts and c) adverse JPY/INR movement significantly impacting margins.
- The stock trades at 15x FY13 consol EPS and 10.8x FY14 consol EPS. Maintain **Buy** with price target of INR1,709 (~10x FY14 CEPS/16.5x FY14 EPS).

Maruti Suzuki: an investment profile

Company description

Maruti Suzuki is the largest passenger vehicle manufacturer in India, with 1.13m units. It dominates the cars segment with ~45% market share (ex-Nano). It is also emerging as the global export hub of small cars for Suzuki, with world strategic model A-Star exclusively produced in India.

Key investment arguments

- Volumes momentum to remain intact in long run, despite short-term headwinds, resulting in 12% CAGR (FY12E-15E) in MSIL's domestic volumes
- Volume growth in domestic market driven by focus on tier-II cities and rural market.
- Improving product mix with increasing share of A2, A3 and UV segment, driven by newer products.

Key investments risks

- Increasing competition in the key A2 segment.
- Adverse forex movement may impact margins negatively.
- Higher royalty and strengthening of commodity prices could impact margins.

Recent developments

- Manesar plant has been shutdown since 18/July/2012, with lock-out since 21/July/2012, due to labor trouble.

Valuation and view

- The stock trades at 15x FY13 consol EPS and 10.8x FY14 consol EPS.
- Maintain **Buy** with price target of INR1,709 (~10x FY14 CEPS/16.5x FY14 EPS).

Sector view

- Short term volatility notwithstanding, passenger vehicle segment is expected to continue its growth momentum.
- With low car penetration levels in India, the upside potential for growth is tremendous.
- However, increasing competition poses threat in long term.

Comparative valuations

		Maruti	M&M	Tata Motors
P/E (x)	FY13E	15.0	13.4	6.8
	FY14E	10.8	11.7	6.4
EPS Gr (%)	FY13E	27.6	7.8	-6.6
	FY14E	38.2	14.7	6.9
RoE (%)	FY13E	11.5	19.2	27.4
	FY14E	14.0	19.1	23.5
EV/EBITDA (x)	FY13E	6.6	6.1	3.8
	FY14E	4.4	5.0	3.6

EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY13	74.2	85.4	-13.1
FY14	102.6	104.3	-1.6

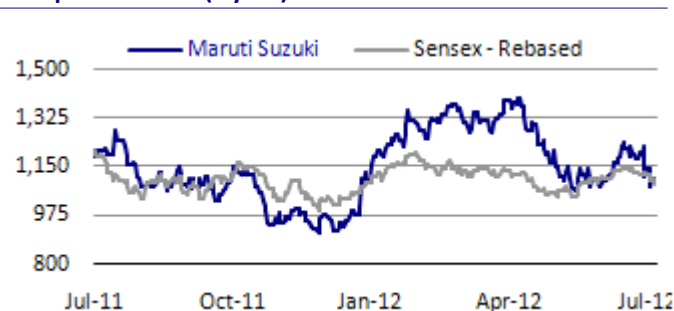
Target price and recommendation

Current Price (INR)	Target Price (INR)	Upside (%)	Reco.
1,111	1,709	53.9	Buy

Shareholding pattern (%)

	Jun-12	Mar-12	Jun-11
Promoter	54.2	54.2	54.2
Domestic Inst	16.4	15.8	18.0
Foreign	20.4	21.5	18.8
Others	9.0	8.5	9.0

Stock performance (1 year)



Financials and Valuation

Income Statement		(INR Million)				
Y/E March	2010	2011	2012	2013E	2014E	
Total Income	296,231	369,199	355,871	436,687	515,512	
Total Cost	256,883	333,363	330,742	398,149	462,561	
EBITDA	39,348	35,837	25,129	38,539	52,950	
% of Net Sales	13.3	9.7	7.1	8.8	10.3	
Depreciation	8,250	10,135	11,384	17,925	21,032	
EBIT	31,098	25,702	13,745	20,614	31,918	
Def Revenue Exp. / Ot	-296	-257	0	0	0	
Interest & Finance Ch	335	244	552	1,186	1,254	
Other Income	4,998	5,665	8,269	8,224	8,550	
Non-recurring Expens	132	292	0	0	0	
PBT	35,925	31,088	21,462	27,652	39,215	
Tax	10,949	8,202	5,111	5,530	8,627	
Effective Rate (%)	30.5	26.4	23.8	20.0	22.0	
PAT	24,976	22,886	16,351	22,121	30,587	
Adj. PAT	25,068	23,101	16,351	22,121	30,587	
Change (%)	88.0	-7.8	-29.2	35.3	38.3	

Balance Sheet		(INR Million)				
Y/E March	2010	2011	2012	2013E	2014E	
Share Capital	1,445	1,445	1,445	1,510	1,510	
Reserves	116,906	137,230	150,429	190,349	217,048	
Net Worth	118,351	138,675	151,873	191,860	218,559	
Loans	8,214	3,093	11,749	17,910	17,910	
Deferred Tax Liability	1,370	1,644	3,023	3,023	3,023	
Capital Employed	127,935	143,412	166,646	212,793	239,492	
Gross Fixed Assets	104,067	117,377	134,788	201,828	231,828	
Less: Depreciation	53,820	62,083	73,467	102,097	123,130	
Net Fixed Assets	50,247	55,294	61,321	99,730	108,698	
Capital WIP	3,876	14,286	20,000	15,000	15,000	
Investments	71,766	51,067	61,473	61,473	61,473	
Curr.Assets, Loans	37,724	63,563	80,227	99,338	125,662	
Inventory	12,088	14,150	17,965	19,142	22,598	
Sundry Debtors	8,099	8,933	9,377	13,160	15,536	
Cash & Bank Balance:	982	25,085	24,362	38,511	59,004	
Loans & Advances	15,707	13,722	24,498	24,498	24,498	
Others	848	1,673	4,027	4,027	4,027	
Current Liab. & Prov.	35,678	40,798	56,376	62,748	71,341	
Sundry Creditors	29,365	35,540	49,391	54,177	61,088	
Provisions	6,313	5,258	6,985	8,571	10,253	
Net Current Assets	2,046	22,765	23,851	36,590	54,321	
Appl. of Funds	127,935	143,412	166,646	212,793	239,492	

E: MOSL Estimates

Ratios						
Y/E March	2010	2011	2012	2013E	2014E	
Basic (INR)						
Adjusted EPS	86.7	79.9	56.6	73.2	101.3	
EPS Growth (%)	88.0	(7.8)	(29.2)	29.4	38.3	
Consol EPS	90.8	82.4	58.2	74.2	102.6	
Cash EPS	115.3	115.0	96.0	132.6	170.9	
Book Value per Share	409.5	479.8	525.7	635.1	723.5	
DPS	6.0	7.5	7.5	10.0	11.0	
Payout (Incl. Div. Tax)	8.1	11.0	13.3	13.7	10.9	
Valuation (x)						
Consol. P/E			19.1	15.0	10.8	
Cash P/E			11.6	8.4	6.5	
EV/EBITDA			9.8	6.6	4.4	
EV/Sales			0.7	0.6	0.5	
Price to Book Value			2.1	1.7	1.5	
Dividend Yield (%)			0.7	0.9	1.0	
Profitability Ratios (%)						
RoE	21.1	16.5	10.8	11.5	14.0	
RoCE	28.4	22.1	13.2	13.6	16.9	
Leverage Ratio						
Debt/Equity (x)	0.1	0.0	0.1	0.1	0.1	

Cash Flow Statement		(INR Million)				
Y/E March	2010	2011	2012	2013E	2014E	
OP/(Loss) before Tax	31,020	26,437	13,745	20,614	31,918	
Int./Dividends Receiv	4,103	3,595	8,269	8,224	8,550	
Depreciation & Amort	8,250	10,135	11,384	17,925	21,032	
Direct Taxes Paid	-10,279	-10,240	-3,731	-5,530	-8,627	
(Inc)/Dec in Wkg. Cap	1,327	4,171	-1,810	1,411	2,762	
CF from Oper. Activity	34,421	34,098	27,857	42,643	55,636	
Extra-ordinary Items	0	0	0	0	0	
CF after EO Items	34,421	34,098	27,857	42,643	55,636	
(Inc)/Dec in FA+CWIP	-14,593	-24,114	-23,125	-51,334	-30,000	
(Pur)/Sale of Invest.	-38,787	21,253	-10,406	0	0	
CF from Inv. Activity	-53,380	-2,861	-33,531	-51,334	-30,000	
Change in Networth	0	0	-986	20,886	-565	
Inc/(Dec) in Debt	1,881	-5,123	8,656	6,161	0	
Interest Paid	-319	-278	-552	-1,186	-1,254	
Dividends Paid	-1,011	-1,733	-2,167	-3,021	-3,323	
CF from Fin. Activity	551	-7,134	4,951	22,840	-5,142	
Inc/(Dec) in Cash	-18,408	24,103	-723	14,149	20,494	
Add: Beginning Balan	19,390	982	25,085	24,362	38,511	
Closing Balance	982	25,085	24,362	38,511	59,004	

Disclosures

This report is for personal information of the authorized recipient and does not constitute 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 information and should not be reproduced or redistributed to any other person in any form.

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. While we would endeavour 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/or its affiliates and/or employees may have interests/positions, financial or otherwise 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.

Disclosure of Interest Statement

Maruti Suzuki

- | | |
|---|----|
| 1. Analyst ownership of the stock | No |
| 2. Group/Directors ownership of the stock | No |
| 3. Broking relationship with company covered | No |
| 4. Investment Banking relationship with company covered | No |

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.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOST & its group companies to registration or licensing requirements within such jurisdictions.

For U.K.

This report is intended for distribution only to persons having professional experience in matters relating to investments as described in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (referred to as "investment professionals"). This document must not be acted on or relied on by persons who are not investment professionals. Any investment or investment activity to which this document relates is only available to investment professionals and will be engaged in only with such persons.

For U.S.

MOST is not a registered broker-dealer in the United States (U.S.) and, therefore, is not subject to U.S. rules. 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., Motilal Oswal has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Any business interaction pursuant to this report will have to be executed within the provisions of this Chaperoning agreement.

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.

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, Marco Polo 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.



Motilal Oswal Securities Ltd

Motilal Oswal Tower, Level 9, Sayani Road, Prabhadevi, Mumbai 400 025

Phone: +91 22 3982 5500 E-mail: reports@motiloswal.com