



# BPCL

BSE SENSEX	S&P CNX	CMP: INR333	TP: INR400	Buy
18,670	5,684			
Bloomberg	BPCL IN			
Equity Shares (m)	723.0			
52-Week Range (INR)	395/230			
1,6,12 Rel. Perf. (%)	-5/-21/11			
M.Cap. (INR b)	240.8			
M.Cap. (USD b)	4.4			

Consolidated

- Bharat Petroleum Corp Ltd (BPCL) reported 2QFY13 EBITDA of INR42b (est of INR17.9b), led by net over-recoveries of INR18.3b (v/s est of nil) and inventory gain of INR4.4b.
- PAT stood at INR50b (est INR10b) v/s PAT loss of INR32b in 2QFY12 and INR88b in 1QFY13. Variation at the PAT level was higher due to (a) forex gain of INR11b, (b) lower interest cost and depreciation by INR1b each and (c) nil tax (v/s est of INR2.5b). Given the ad hoc subsidy sharing, quarterly financials are not indicative of the likely full year performance.
- **1HFY13 PAT negative despite government subsidy:** BPCL's 2QFY13 subsidy of INR72b from the government was for cumulative 1HFY13 (no subsidy in 1QFY13). However, this compensation was inadequate and resulted in INR38b loss for the company in 1HFY13. As in previous years, we assume major portion of the government subsidy would be given in 2H. For FY13, similar to FY12, we estimate subsidy sharing by the government at 60%, upstream companies 40% and OMCs nil.
- **GRM at USD6.4/bbl in 2QFY13:** Reported GRM stood at USD6.4/bbl v/s USD1.7/bbl in 2QFY12 and USD2.6/bbl in 1QFY13. We believe that BPCL's 2QFY13 GRM benefited from crude inventory gains as crude price was higher by USD14/bbl at the quarter-end. Product inventory adventitious gain in 2QFY13 stood at INR4.4b (v/s loss of INR240m in 2QFY12 and a gain of INR1.3b in 1QFY13).
- **Valuation and view - Top pick among OMCs:** We assume Brent oil prices of USD110/105/bbl in FY13/FY14 and expect OMCs to be fully compensated by upstream (40% share) and government (60% share) for under-recoveries. We value the company's E&P portfolio at INR118/sh and believe there could be a significant upside potential as we get more clarity on the reserve size at its Mozambique and Brazil discovery. BPCL is drilling at its prospective Brazil blocks and could result in discoveries and further reserve addition. The stock trades at 14.1x FY13E EPS of INR23.9 and 1.4x FY13E BV. BPCL is our top pick among OMCs. **Buy.**

Y/E March	FY12				FY13				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY12	FY13E
Net Sales	461,177	422,819	588,245	646,422	545,227	568,595	605,025	617,592	2,118,662	2,336,440
Change (%)	34.7	19.7	60.4	42.9	18.2	34.5	2.9	-4.5	39.9	10.3
EBITDA	-21,861	-27,148	36,874	50,571	-81,757	41,932	11,767	67,464	38,436	39,407
Change (%)	nm	nm	406.3	207.6	nm	nm	-68.1	33.4	12.6	2.5
% of Sales	-4.7	-6.4	6.3	7.8	-15.0	7.4	1.9	10.9	1.8	1.7
Depreciation	4,901	4,600	4,667	4,681	4,801	3,983	5,605	6,171	18,849	20,560
Interest	3,349	4,532	5,174	4,941	5,205	4,117	5,061	5,000	17,996	19,383
Other Income	4,492	3,987	4,389	4,382	3,395	16,516	2,418	1,819	17,250	24,148
PBT	-25,619	-32,293	31,422	45,331	-88,368	50,348	3,519	58,113	18,842	23,612
Tax	0	0	26	5,703	0	0	0	7,792	5,729	7,792
Tax rate (%)	0.0	0.0	0.1	12.6	0.0	0.0	0.0	13.4	30.4	33.0
PAT	-25,619	-32,293	31,396	39,628	-88,368	50,348	3,519	50,321	13,113	15,820
Change (%)	nm	nm	1,575.5	323.8	nm	nm	-88.8	27.0	-15.2	20.6
Adj. PAT	-25,619	-32,293	31,396	39,628	-88,368	50,348	3,519	50,321	13,113	15,820
Adj. EPS	-35.4	-44.7	43.4	54.8	-122.2	69.6	4.9	69.6	18.1	21.9

E: MOSL Estimates

### Other key highlights

- Update on Bina refinery:
  - Bina refinery throughput stood at 2.5mmt in 1HFY13 (1.5 in 1QFY13 and 1.03 in 2QFY13)
  - GRM stood at USD4/bbl in 1HFY13 and USD7.7/bbl in 2QFY13.
  - Bina refinery debt stands at INR130b.
- **Capex:** Of the planned capex of INR35b in FY13, BPCL has spent INR15b in 1HFY13.
- Gross debt reduced to INR256b as on Sept-12 against INR286b on Jun-12 led by receipt of budgetary support from government during the quarter.

### Govt compensates in 2QFY13 v/s nil in 1QFY13, resulting in over-recovery in 2QFY13

- 2QFY13 subsidy sharing: Of the gross under-recovery of INR90b in 2QFY13, BPCL got INR36b (~40%) from upstream and INR72b from government, resulting in net over-recoveries of INR18b to BPCL.
- Model nil subsidy sharing for OMCs in FY13: We model nil subsidy sharing for OMCs, upstream share at 40% and rest by government. With high interest cost and crude prices, it would be difficult for OMCs to share any under-recovery.

#### BPCL: Receives subsidy compensation in 2QFY13 from the government (INR b)

	FY11				FY12				FY13		2QFY13 (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
<b>Gross Under recovery</b>	<b>46.3</b>	<b>24.6</b>	<b>35.3</b>	<b>73.4</b>	<b>102.9</b>	<b>48.7</b>	<b>76.3</b>	<b>98.5</b>	<b>116.3</b>	<b>90.3</b>	<b>85.4</b>	<b>(22.4)</b>
Less: Sharing												
Upstream Sharing	15.5	8.2	11.7	34.2	34.1	16.4	35.7	43.3	36.6	36.2	120.3	(1.2)
Govt. subsidy	0.0	29.5	18.1	46.6	35.2	0.0	69.9	91.5	0.0	72.4	nm	nm
<b>Net Under/(over)recovery</b>	<b>30.8</b>	<b>(13.1)</b>	<b>5.5</b>	<b>(7.4)</b>	<b>33.6</b>	<b>32.3</b>	<b>(29.4)</b>	<b>(36.4)</b>	<b>79.6</b>	<b>(18.3)</b>	<b>nm</b>	<b>nm</b>
<b>As a % of Gross</b>	<b>66.5</b>	<b>nm</b>	<b>15.6</b>	<b>nm</b>	<b>32.6</b>	<b>66.3</b>	<b>nm</b>	<b>nm</b>	<b>68.5</b>	<b>(20.3)</b>	<b>nm</b>	<b>nm</b>

Source: Company, MOSL

### 2QFY13 operational highlights

- GRM stood at USD6.4/bbl v/s USD1.7/bbl in 2QFY12 and USD2.6/bbl in 1QFY13.
- Product inventory adventitious gain stood at INR4.4b (v/s loss of INR240m in 2QFY12 and INR1.3b in 1QFY13).
- Refinery throughput stood at 5.9mmt, up 6.5% YoY and flat QoQ.
- Marketing volumes were up 10% YoY and down 8.6% QoQ due to seasonality at 7.8mmt.

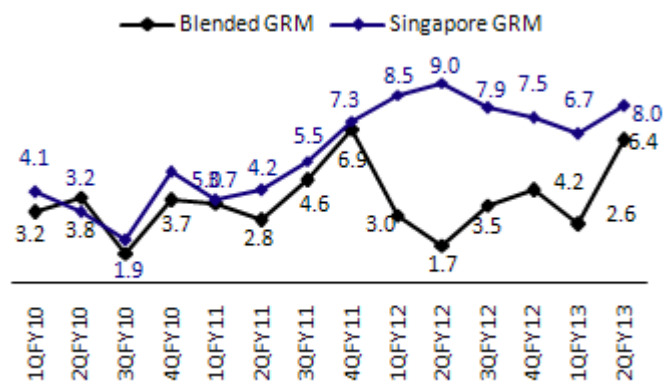
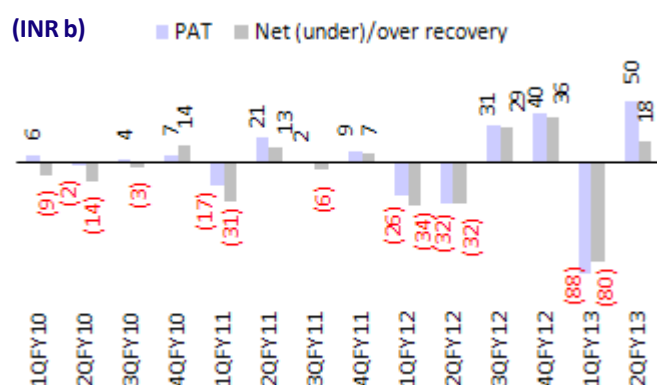
#### BPCL: 2QFY13 operational highlights

	FY11				FY12				FY13		2QFY13 (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
<b>Product Sales (mmt)</b>	<b>7.3</b>	<b>6.6</b>	<b>7.4</b>	<b>7.8</b>	<b>7.8</b>	<b>7.0</b>	<b>8.0</b>	<b>8.2</b>	<b>8.5</b>	<b>7.8</b>	<b>10.4</b>	<b>(8.6)</b>
<b>Throughput (mmt)</b>												
Mumbai	3.3	3.4	2.9	3.4	3.3	3.1	3.5	3.4	3.3	3.2	1.9	(4.8)
Kochi	2.3	2.2	2.1	2.1	1.9	2.5	2.7	2.6	2.6	2.8	11.8	7.0
<b>Total</b>	<b>5.6</b>	<b>5.6</b>	<b>5.0</b>	<b>5.6</b>	<b>5.2</b>	<b>5.6</b>	<b>6.1</b>	<b>6.0</b>	<b>5.9</b>	<b>5.9</b>	<b>6.5</b>	<b>0.5</b>
<b>Blended GRM (USD/bbl)</b>	<b>3.6</b>	<b>2.8</b>	<b>4.6</b>	<b>6.9</b>	<b>3.0</b>	<b>1.7</b>	<b>3.5</b>	<b>4.2</b>	<b>2.6</b>	<b>6.4</b>	<b>290.3</b>	<b>145.8</b>

Source: Company, MOSL

## Ad-hoc subsidy sharing resulting in volatile quarterly profits

## BPCL: 2QFY13 GRM at USD4.4/bbl (USD/bbl)



Source: Company, MOSL

## We model OMCs' sharing at nil/10% in FY13/14 (INR b)

	FY08	FY09	FY10	FY11	FY12	FY13E	FY14E
<b>Fx Rate (INR/USD)</b>	<b>40.3</b>	<b>46.0</b>	<b>47.5</b>	<b>45.6</b>	<b>47.9</b>	<b>54.4</b>	<b>53.0</b>
<b>Brent (USD/bbl)</b>	<b>82.3</b>	<b>84.8</b>	<b>69.6</b>	<b>86.3</b>	<b>114.5</b>	<b>110.0</b>	<b>105.0</b>
<b>Gross Under recoveries (INR b)</b>							
Auto Fuels	426	575	144	375	812	967	695
Domestic Fuels	347	458	316	405	573	609	507
<b>Total</b>	<b>773</b>	<b>1,033</b>	<b>461</b>	<b>780</b>	<b>1,385</b>	<b>1,577</b>	<b>1,201</b>
<b>Sharing (INR b)</b>							
Oil Bonds/Cash	353	713	260	410	835	946	625
Upstream	257	329	145	303	550	631	480
OMC's sharing	163	-9	56	67	0	0	96
<b>Total</b>	<b>773</b>	<b>1,033</b>	<b>461</b>	<b>780</b>	<b>1,385</b>	<b>1,577</b>	<b>1,201</b>
<b>Sharing (%)</b>							
Government	46	69	56	53	60	60	52
Upstream	33	32	31	39	40	40	40
OMC's sharing	21	-1	12	9	0	0	8
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Company/MOSL

## Valuation and view: Top pick among OMCs

- We model Brent oil price of USD110/105/bbl in FY13/FY14. We expect OMCs to be fully compensated by upstream (40% share) and government (60% share) for under-recoveries.
- Key events to watch (apart from subsidy sharing) are: (a) Bina refinery GRM performance, and (b) E&P developments in Mozambique block.
- **Expect upside potential in BPCL's E&P business:** We currently value BPCL's E&P portfolio at INR118/sh and believe there could be a significant upside potential as we get more clarity on the reserve size at its Mozambique and Brazil discovery. BPCL is currently drilling at its prospective Brazil blocks and could result in discoveries and further reserve addition.
- The stock trades at 14.1x FY13E EPS of INR23.9 and 1.4x FY13E BV. BPCL is our top pick in OMCs. Maintain **Buy**.

## BPCL: an investment profile

### Company description

A Fortune 500 company, BPCL has interests in oil refining and marketing of petroleum products. It is the third largest refining company in India with a capacity of 12mmtpa at its Mumbai facility and 9.5mmtpa at Kochi. BPCL has majority stake (63%) in Numaligarh Refineries, a 3mmtpa refinery in the north-east. BPCL has investments in IGL (22.5%) and Petronet LNG (12.5%). BPCL is a public sector firm in which the government of India holds 54.93%.

### Key investment arguments

- BPCL's profitability continues to be determined by quantum of under recoveries and sharing mechanism, rather than fundamentals.
- Bina refinery commercial production ramp up is expected in coming quarters. BPCL has 49% stake in the ~Rs114b Bina refinery, which will have a capacity of 6mmtpa.
- BPCL's E&P portfolio is likely to add substantial value as it completes its appraisal program and gives out the resource/reserve numbers.

### Key investment risks

- Delay in the diesel de-regulation and ad-hoc subsidy sharing.

- Non commensurate increase in the retail fuel prices as oil price rises, leads to under recoveries for the company and ad-hoc nature of subsidy sharing impacts the profits.

### Recent developments

- BPCL decided to implement the revised structure of 'state specific cost (SSC)' to cover the irrecoverable taxes w.e.f midnight of 24/25 July, 2012.
- BPCL made an oil discovery in Espirito Basin of Brazil with an oil column of more than 30meters (gross).

### Valuation and view

- The stock trades at 14.1x FY13E EPS of INR23.9 and 1.4x FY13E BV. BPCL is our top pick in OMCs. **Buy.**

### Sector view

- Global economic environment (particularly Europe) will continue to weigh heavily on refining margins. While economic outlook continues to remain uncertain, we expect GRMs to remain range bound. However, the ceiling will be capped in the near term due to new capacities coming online in FY13 and FY14. We expect the demand-supply gap to correct only through refinery closure of simple refiners and continuous pick-up in global demand.

### Target price and recommendation

Current Price (INR)	Target Price (INR)	Upside (%)	Reco.
333	400	20.1	Buy

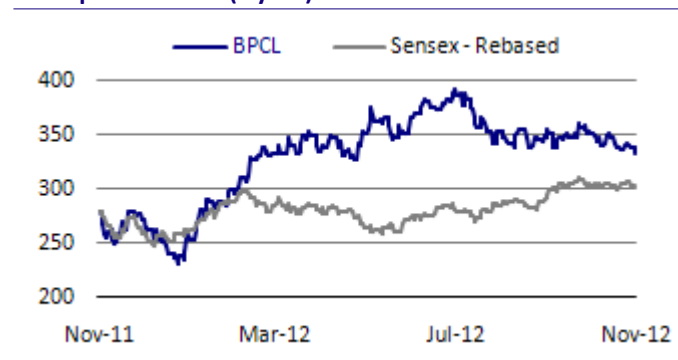
### EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY13	23.9	20.5	16.9
FY14	22.8	25.7	-11.3

### Shareholding pattern (%)

	Sep-12	Jun-12	Sep-11
Promoter	55.8	55.8	55.8
Domestic Inst	17.3	18.1	19.5
Foreign	9.5	9.0	7.5
Others	17.4	17.0	17.3

### Stock performance (1 year)



## Financials and Valuation

Income Statement (Consolidated)		(INR Million)			
Y/E March	2011	2012	2013E	2014E	
Net Sales	1,536,450	2,121,396	2,438,653	2,329,130	
Change (%)	24.1	38.1	15.0	-4.5	
Finished Gds Purchase	701,497	918,786	1,024,432	943,997	
RM & Other exp	692,475	1,030,487	1,242,134	1,254,054	
Other operating expen	99,865	123,996	119,327	78,938	
<b>EBITDA</b>	<b>42,612</b>	<b>48,127</b>	<b>52,761</b>	<b>52,142</b>	
% of Net Sales	2.8	2.3	2.2	2.2	
Depreciation	18,914	24,108	25,979	27,459	
Interest	12,468	22,591	23,302	21,169	
Other Income	17,252	14,567	23,393	20,645	
<b>PBT</b>	<b>28,483</b>	<b>15,994</b>	<b>26,873</b>	<b>24,159</b>	
Tax	11,062	7,482	9,100	7,235	
Rate (%)	38.8	46.8	33.9	29.9	
Minority Interest	1,071	705	455	451	
Exceptional Item					
PAT	16,350	7,808	17,318	16,473	
<b>Adj. PAT</b>	<b>16,350</b>	<b>7,808</b>	<b>17,318</b>	<b>16,473</b>	
Change (%)	0.2	-52.2	121.8	-4.9	

Balance Sheet		(INR Million)			
Y/E March	2011	2012	2013E	2014E	
Share Capital	7,231	7,231	7,231	7,231	
Reserves	146,277	151,568	162,964	175,208	
<b>Net Worth</b>	<b>153,508</b>	<b>158,799</b>	<b>170,195</b>	<b>182,439</b>	
Minority interest	9,975	10,351	10,806	11,257	
Loans	251,855	301,531	256,897	247,088	
Deferred Tax	13,074	16,778	16,624	16,471	
<b>Capital Employed</b>	<b>428,412</b>	<b>487,459</b>	<b>454,522</b>	<b>457,254</b>	
Gross Fixed Assets	344,851	416,676	453,758	475,761	
Less: Depreciation	152,581	174,350	200,329	227,788	
<b>Net Fixed Assets</b>	<b>192,269</b>	<b>242,326</b>	<b>253,429</b>	<b>247,973</b>	
Capital WIP	82,864	45,342	45,000	45,000	
Investments	84,600	78,906	105,537	123,557	
Intangibles	3,855	7,556	7,556	7,556	
<b>Curr. Assets, L &amp; Adv.</b>					
Inventory	182,135	210,971	187,096	177,796	
Debtors	28,779	52,010	26,186	23,691	
Cash & Bank Balance	7,971	13,263	5,074	9,566	
Loans & Advances	86,421	127,761	127,778	127,778	
<b>Current Liab. &amp; Prov.</b>					
Liabilities	206,051	271,434	288,379	292,448	
Provisions	34,462	19,243	14,753	13,215	
<b>Net Current Assets</b>	<b>64,792</b>	<b>113,329</b>	<b>43,001</b>	<b>33,169</b>	
Less: Miscellaneous e	33	0	0	0	
<b>Application of Funds</b>	<b>428,412</b>	<b>487,459</b>	<b>454,522</b>	<b>457,254</b>	

E: MOSL Estimates

Ratios					
Y/E March	2011	2012	2013E	2014E	
<b>Basic (INR)</b>					
EPS	22.6	10.8	23.9	22.8	
Cash EPS	48.8	44.1	59.9	60.8	
Book Value	212.3	219.6	235.4	252.3	
Dividend	7.0	5.5	7.0	5.0	
Payout (incl. Div. Tax.)	39.4	83.3	34.2	25.7	
<b>Valuation (x)</b>					
P/E		30.8	14.1	14.9	
Cash P/E		7.5	5.7	5.6	
EV / EBITDA		11.3	9.7	9.6	
EV / Sales		0.3	0.2	0.2	
Price / Book Value		1.5	1.4	1.3	
Dividend Yield (%)		1.7	2.1	1.5	
<b>Profitability Ratios (%)</b>					
RoE	11.1	5.0	10.5	9.3	
RoCE	5.5	5.2	5.7	5.4	
<b>Turnover Ratios</b>					
Debtors (No. of Days)	7	7	6	4	
Asset Turnover (x)	4.8	5.6	5.6	5.0	
<b>Leverage Ratio</b>					
Debt / Equity (x)	1.6	1.9	1.5	1.4	

Cash Flow Statement		(INR Million)			
Y/E March	2011	2012	2013E	2014E	
OP/(Loss) before Tax	28,632	15,994	26,873	24,159	
Depreciation	18,914	24,108	25,979	27,459	
Interest Paid	12,468	22,280	23,302	21,169	
Direct Taxes Paid	-12,475	-6,881	-9,254	-7,388	
Other operating items	-13,028	3,946	0	0	
(Inc)/Dec in Wkg. Capi	13,489	-40,380	62,138	14,325	
<b>CF from Op. Activity</b>	<b>48,001</b>	<b>19,067</b>	<b>129,037</b>	<b>79,724</b>	
(Inc)/Dec in FA & CWIP	-43,057	-42,175	-36,739	-22,003	
(Pur)/Sale of Investme	38,532	19,417	-26,631	-18,020	
<b>CF from Inv. Activity</b>	<b>-4,525</b>	<b>-22,759</b>	<b>-63,370</b>	<b>-40,023</b>	
Issue of Shares	0	0	0	0	
Net Inc / (Dec) in Debt	4,137	-14,852	-44,633	-9,809	
Interest paid	-13,967	-21,940	-23,302	-21,169	
Dividends Paid	-6,449	-6,502	-5,922	-4,230	
Other Fi. Activities	3,278	-493	0	0	
<b>CF from Fin. Activity</b>	<b>-13,001</b>	<b>-43,787</b>	<b>-73,857</b>	<b>-35,208</b>	
<b>Inc / ( Dec) in Cash</b>	<b>30,475</b>	<b>-47,479</b>	<b>-8,190</b>	<b>4,493</b>	
Cash (incl ST borrowin)	-22,504	60,747	13,263	5,074	
<b>Closing Balance</b>	<b>7,971</b>	<b>13,269</b>	<b>5,074</b>	<b>9,566</b>	

## 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

### BPCL

- |   |    |
|---|----|
| 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@motilaloswal.com