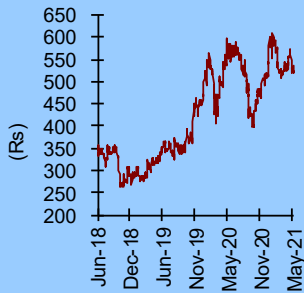


ICICI Securities Limited
is the author and
distributor of this report

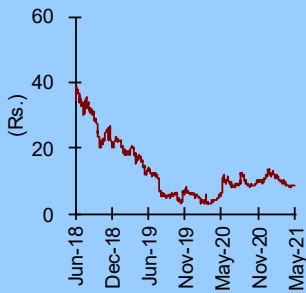
Telecom

Sector update

Bharti Airtel (BUY)



Vodafone Idea (SELL)



Research Analyst:

Sanjesh Jain

sanjesh.jain@icicisecurities.com
+91 22 6637 7153

Telecom

Reliance Jio: FY21 annual report analysis

RJio's FY21 ARA key takeaways: 1) Non-Reliance Retail revenue stable at 9.5% of total revenue despite sharp jump in mobile recharge revenue on tariff hike. It was Rs71bn in FY21, 2) cost inflation was high, but still rental cost was much below expectations on rise in payment to InvIT, therefore, high inflation in cost will continue for few more years until the entire payout to InvIT normalises; 3) related-party contribution in expenses rose sharply; 4) cash tax payout dipped 88%, while PBT rose 111%; 5) net debt to EBITDA rose to 2.9x if we include spectrum payment / debt committed in Mar'21; and 6) capex stable at Rs142bn, but capex intensity dipped to 20.4% of revenue. RIL AGM is on 24th June, 2021 and the key to watch will be 1) low-end smartphone launch; 2) update on 5G rollout; 3) enterprise services for large corporates and 4) plans for digital business.

JioMeet [link](#) for RIL AGM on 24th June, 2021

- ▶ **Non-Reliance Retail revenues jump.** RJio's revenue grew 28.7% YoY to Rs699bn in FY21, while advanced received from Reliance Retail (adjusted for 18% GST) rose 28.6% YoY to Rs628bn. Revenues earned from non-Reliance Retail jumped 28.9% YoY to Rs71bn. Non-Reliance Retail revenue contributes 9.5% to total revenue; we have no clarity on the nature of this revenue. Non-Reliance Retail revenue contributed only 0.9% to total revenue in FY19; in the past two years, it has risen to ~9.5%.
- ▶ **Costs had higher inflation; likely to sustain.** Expenses, excluding regulatory cost such as license fees and access charges, rose sharp 25% YoY to Rs266bn. This was driven by rise in network operating cost by 30% YoY to Rs221bn. Surprisingly, employee cost and selling & distribution (S&D) cost dipped 8.6% and 8.2% YoY, respectively. **Network opex** rose from rise in 1) rental cost (adjusted for Ind AS 116) by 10% YoY to Rs104bn; 2) power & fuel cost was up 15%, 3) repair & maintenance cost rose 57% YoY to Rs17bn; and 4) other expenses (including fibre usage) grew 178% YoY to Rs38bn. It looks likely that some of the cost paid to tower and fibre InvIT is still getting capitalised; payment to InvIT is likely to rise sharply over the next 2-3 years at least, thus keeping pressure in incremental EBITDA margin. **S&D cost**, includes commissions paid to Reliance Retail, for FY21 is lower than the commission paid to Reliance Retail as per related-party transactions; commission to Reliance Retail has grown 72% YoY to Rs14bn.
- ▶ **Rising related-party transactions.** 1) **Summit Digitel (tower InvIT)** is not strictly a related party, but RJio is the largest customer (or sole customer). Revenue, which includes rental and pass-through (energy cost), for Summit Digitel rose 10.3% YoY to Rs82bn. This was lower compared to tower InvIT document disclosure which implied rental cost increase of Rs14bn in FY21 compared to Summit revenue rise of just Rs7.7bn. Summit Digitel net debt dipped by Rs36bn to Rs333bn in FY21, but net debt to EBITDA is still high at 10.9x. Summit Digitel contributed 45% of rental and power & fuel cost of RJio in FY21; 2) **fibre InvIT** – though we don't have much detail, but other expenses within network opex grew 178% YoY to Rs38bn; majority of it should be due to payment to fibre InvIT. Nonetheless, it is still significantly lower compared to the details provided in fibre InvIT document; 3) commissions paid to Reliance Retail are higher than the entire **S&D cost**; compared to average 64% of S&D in previous three years; 4) **other expenses** – related party contributed 67% of total cost (34% in FY20). Related-party cost rose 158% YoY to Rs13.6bn in FY21 while non-related party cost dipped 36% YoY to Rs6.6bn.

- ▶ **Depreciation & amortisation (D&A) cost normalising.** Depreciation cost rose 52% YoY to Rs66bn in FY21; it is 5.8% of the tangible gross block. Bharti's standalone depreciation cost is ~7.7% of gross block in FY20. Thus, we expect inflation in depreciation to sustain for the next few years as cost normalises; amortisation cost rose 63% YoY to Rs49bn; it is 7.3% of intangible gross block. In FY22, amortisation cost would rise from spectrum acquired in Mar'21 for Rs571bn.
- ▶ **Cash tax expenses down 88% despite 111% rise in PBT.** RJio's PBT rose 111% to Rs161bn in FY21; p&l effective tax rate was 25.3%, but entirely coming from deferred tax expense, while current tax has been nil for the past two years. However, RJio had reported current tax in FY18 and FY19. Cash tax expense, which is reported in cashflow has dipped 88% YoY to Rs1.4bn. Cash tax expense as a % of PBT has been falling for the past four years from ~21% in FY18 and FY19 to less than 1% in FY21.
- ▶ **Net debt (including all debt-related items) to EBITDA at 2.9x in FY21.** Borrowings dipped 52% YoY to Rs108bn, while capex creditors and interest due but not paid rose 73% and 33% YoY to Rs75bn and Rs96bn, respectively. Net debt rose 3% YoY to Rs461bn; if we include committed spectrum payment and debt of Rs421bn, net debt jumped to Rs882bn. Net debt to EBITDA rose to 2.9x (from 2.1x in FY20). However, if we exclude spectrum purchased in Mar'21, net debt dipped by Rs137bn in FY21.
- ▶ **Capex was stable at Rs143bn (20.4% of revenue).** This compared to Rs148bn capex in FY20 (27.2% of revenue). The company has said it is near completion of 4G capex, which has led to a dip in capex intensity. Further, tower and fibre capex is incurred by InvITs. RJio's cashflow from operations (post interest cost) rose 335% YoY to Rs293bn in FY21 on account of rise in EBITDA and dip in interest cost. However, upfront payment for spectrum purchased in Mar'21 auction of Rs150bn led to FCFE generation of only Rs32bn.
- ▶ **Key takeaways from Reliance Industries annual report.** **1)** RJio remains excited about the development of a new generation cloud native 5G RAN technology that is open, and software defined. Qualcomm and RJio successfully tested 5G solutions in India, achieving 1Gbps milestone on RJio 5G NR solution. **2)** Qualcomm and Radisys announced efforts to develop open and interoperable interface compliant architecture-based 5G solutions with a virtualised RAN. This work is intended to fast-track the development and roll-out of indigenous 5G network infrastructure and services in India; **3)** completed testing of indigenously developed end-to-end RJio 5G Radio and core network solution for a self-sufficient and cost-effective rollout. In-house development of Multiple-in Multiple-out (MIMO) and indoor 5G small cell is in advanced stages; **4)** RJio is working with Microsoft to enhance the adoption of leading technologies like data analytics, artificial intelligence (AI), cognitive services, blockchain, internet of things (IoT) and edge computing for SME; **5)** JioPhone subs were over 100mn in FY21 (flattish over FY20).

Table 1: RJio's EBITDA rose 43% YoY in FY21

Rs mn	FY18	FY19	FY20	FY21	YoY (%)
Revenue	2,01,545	3,88,381	5,43,160	6,98,880	28.7
<i>Growth (%)</i>		92.7	39.9	28.7	
Network opex	49,210	1,13,379	1,69,300	2,20,580	30.3
<i>% of revenue</i>	24.4	29.2	31.2	31.6	
Access charges	42,870	42,070	57,959	46,310	(20.1)
<i>% of revenue</i>	21.3	10.8	10.7	6.6	
LF/SUC	17,670	41,592	57,200	77,550	35.6
<i>% of revenue</i>	8.8	10.7	10.5	11.1	
Employee cost	9,630	16,577	14,630	13,370	(8.6)
<i>% of revenue</i>	4.8	4.3	2.7	1.9	
Selling & distribution cost	7,970	11,500	12,770	11,720	(8.2)
<i>% of revenue</i>	4.0	3.0	2.4	1.7	
Other expenses	6,880	12,303	15,640	20,220	29.3
<i>% of revenue</i>	3.4	3.2	2.9	2.9	
Total expenditure	1,34,230	2,37,420	3,27,499	3,89,750	19.0
<i>% of revenue</i>	66.6	61.1	84.3	100.4	
Expenses (ex-regulatory)	73,690	1,53,759	2,12,340	2,65,890	25.2
EBITDA	67,315	1,50,960	2,15,661	3,09,130	43.3
<i>EBITDA (%)</i>	33.4	38.9	39.7	44.2	
<i>Growth (%)</i>		124.3	42.9	43.3	

Source: I-Sec research, TRAI

Table 2: Non-Reliance Retail revenue steady at 9.5% of total revenue

Rs mn	FY18	FY19	FY20	FY21	YoY (%)
Revenue received in advance	2,39,680	4,53,710	5,76,080	7,41,080	28.6
Revenue recognised	2,39,680	4,53,710	5,76,080	7,41,080	28.6
<i>Less: GST (18%)</i>	36,561	69,210	87,877	1,13,046	28.6
Mobile services revenue	2,03,119	3,84,500	4,88,203	6,28,034	28.6
<i>Other revenue</i>	(1,574)	3,881	54,957	70,846	28.9
<i>% of total revenue</i>	(0.7)	0.9	9.5	9.6	
Total	2,01,545	3,88,381	5,43,160	6,98,880	28.7

Source: I-Sec research, TRAI

Table 3: Network operating cost – rental inflation much lower...

Rs mn	FY18	FY19	FY20	FY21	YoY (%)
Network opex	49,210	1,13,379	1,69,300	2,20,580	30.3
Rent	17,300	42,710	77,340	87,620	13.3
<i>% of revenue</i>	8.6	11.0	14.2	12.5	
Rent (adj for Ind AS116)	17,300	42,710	94,000	1,04,280	10.9
<i>% of revenue</i>	8.6	11.0	17.3	14.9	
Power and Fuel	22,540	50,830	67,070	77,260	15.2
<i>% of revenue</i>	11.2	13.1	12.3	11.1	
Repairs and Maintenance	8,640	16,960	11,090	17,400	56.9
<i>% of revenue</i>	4.3	4.4	2.0	2.5	
Fiber & other costs	730	2,880	13,800	38,300	177.5
<i>% of revenue</i>	0.4	0.7	2.5	5.5	
Of which Related party					
Jio Platform				2,150	
<i>% of Network opex</i>				1.0	
Other related party entity			1,690	1,720	1.8
<i>% of Network opex</i>			1.0	0.8	
Summit Digitel (rent and P&F)			74,767	82,442	10.3
<i>% of rental & power cost</i>			46.4	45.4	

Source: I-Sec research, TRAI

Table 4: ...than reflected in InvIT documents

Rs mn	FY20	FY21	YoY (%)
Tower rental	47,198	61,152	29.6
Fiber rental (on base case)	61,260	78,504	28.1
Total	1,08,458	1,39,656	28.8

Source: I-Sec research, TRAI

Table 5: Commission paid to Reliance Retail lower than S&D cost

Rs mn	FY18	FY19	FY20	FY21	YoY (%)
Selling & distribution cost	7,970	11,500	12,770	11,720	(8.2)
<i>of which</i>					
Commissions paid to Reliance Retail	5,340	7,120	7,990	13,760	72.2
<i>% of total S&D</i>	<i>67.0</i>	<i>61.9</i>	<i>62.6</i>	<i>117.4</i>	
Others	2,630	4,380	4,780	(2,040)	

Source: I-Sec research, TRAI

Table 6: Significant rise in related-party transactions contribution in other expenses

Rs mn	FY18	FY19	FY20	FY21	YoY (%)
Other expenses	6,880	12,303	15,640	20,220	29.3
<i>% of revenue</i>	<i>3.4</i>	<i>3.2</i>	<i>4.0</i>	<i>5.2</i>	
Professional Fees	1,480	1,900	5,740	10,030	74.7
Net Loss on foreign currency transactions	170	1,270	730	(760)	
Customer Service Expenses	1,930	2,080	2,120	1,360	(35.8)
Rates and Taxes	230	1,020	490	540	10.2
Travelling Expenses	250	1,190	850	450	(47.1)
Others	2,820	4,843	5,710	8,600	50.6
Of which Related party					
Jio Platform				4,070	
<i>% of other expenses</i>				<i>20.1</i>	
Reliance Corporate IT Park			1,010	4,930	
<i>% of other expenses</i>			<i>6.5</i>	<i>24.4</i>	
Reliance Projects			2,860	4,360	
<i>% of other expenses</i>			<i>18.3</i>	<i>21.6</i>	
Others			1,400	220	
<i>% of other expenses</i>			<i>9.0</i>	<i>1.1</i>	

Source: I-Sec research, TRAI

Table 7: D&A cost normalising

Rs mn	FY20	FY21	YoY (%)
GB - tangible asset	10,36,460	12,23,632	18.1
Depreciation	43,410	66,050	52.2
<i>Dep rate (%)</i>	<i>4.8</i>	<i>5.8</i>	
GB - intangible asset	6,69,310	6,72,790	0.5
Amortisation	30,100	49,030	62.9
<i>Amort rate (%)</i>	<i>4.6</i>	<i>7.3</i>	

Source: I-Sec research, TRAI

Table 8: Lower cash finance cost due to moratorium on spectrum debt

Rs mn	FY18	FY19	FY20	FY21	YoY (%)
Finance cost recognised in P&L	20,490	41,486	66,170	32,230	(51.3)
Interest cost as per cashflow	84,890	91,650	1,03,480	23,450	(77.3)
Difference	(64,400)	(50,165)	(37,310)	8,780	

Source: I-Sec research, TRAI

Table 9: Effective cash tax rate at lower than 1%

Rs mn	FY18	FY19	FY20	FY21	YoY (%)
PBT	11,095	45,555	76,401	1,60,870	110.6
<i>Growth (%)</i>		<i>310.6</i>	<i>67.7</i>	<i>110.6</i>	
Tax expenses					
Current tax	2,340	9,820			
Deferred tax	1,520	6,100	19,330	40,720	
Total	3,860	15,920	19,330	40,720	110.7
<i>% of PBT</i>	<i>34.8</i>	<i>34.9</i>	<i>25.3</i>	<i>25.3</i>	
Cash tax paid	2,400	9,680	11,670	1,380	(88.2)
<i>% of PBT</i>	<i>21.6</i>	<i>21.2</i>	<i>15.3</i>	<i>0.9</i>	

Source: I-Sec research, TRAI

Table 10: Balance sheet

	FY18	FY19	FY20	FY21	Remark
Non-current assets					
Fixed assets	22,55,160	16,86,080	18,46,850	18,81,350	
Investments in JV/associates	10,160	11,080	11,080	11,080	
Other non-current assets	76,500	1,26,950	2,88,500	3,88,310	FY21 rise on account of upfront payment towards spectrum
Current assets					
Trade receivables	9,120	7,350	16,090	14,100	
Cash & equivalent	7,180	4,290	74,800	5,890	
Other current assets	1,79,190	1,22,050	1,79,730	2,00,160	Higher balance with government
Total assets	25,37,310	19,57,800	24,17,050	25,00,890	
Share capital	4,50,000	4,50,000	4,50,000	4,50,000	
OCPS	1,31,250	-	10,91,250	10,91,250	
Reserves & surplus	4,48,080	(46,000)	1,68,310	2,88,480	
Networth	10,29,330	4,04,000	17,09,560	18,29,730	
Non-current liabilities					
Borrowings (incl spectrum debt)	5,54,010	8,44,520	1,88,390	1,92,010	
Non-current liabilities	89,000	99,980	1,34,900	1,76,710	Rise in interest due but not paid
Current liabilities					
Borrowings	2,40,700	49,710	2,32,420	1,07,750	
Trade payables	31,170	32,560	47,000	22,390	
Current liabilities	5,93,100	4,57,050	1,04,780	1,72,300	Rise in capex creditors
Total equity & liabilities	25,37,310	18,87,820	24,17,050	25,00,890	

Source: I-Sec research, TRAI

Table 11: Net debt to EBITDA at 2.9x in FY21

	FY18	FY19	FY20	FY21
Long term borrowing	3,51,920	6,56,130	-	3,640
Short term borrowing	1,32,630	36,010	2,32,420	1,07,750
Current maturity of LT debt	99,370	69,980	-	-
Deferred spectrum liability	2,10,790	2,02,090	1,88,390	1,88,370
Capex creditors	5,60,710	4,13,290	43,550	75,410
Interest due but not paid	65,190	80,420	72,060	95,810
Total debt	14,20,610	14,57,920	5,36,420	4,70,980
Less Cash & equivalent	7,180	5,840	88,610	10,090
Net debt	14,13,430	14,52,080	4,47,810	4,60,890
Add: Committed spectrum liabilities				4,21,030
Net debt	14,13,430	14,52,080	4,47,810	8,81,920
<i>ND/EBITDA (x)</i>	<i>21.0</i>	<i>9.6</i>	<i>2.1</i>	<i>2.9</i>

Source: I-Sec research, TRAI

Table 12: Summit Digitel - net debt to EBITDA at 10.9x in FY21

Rs mn	FY20	FY21
Borrowings	2,58,244	4,31,851
Capex creditors	1,14,610	-
Gross debt	3,72,854	4,31,851
Less: cash & equivalent	4,490	99,170
Net debt	3,68,364	3,32,681
<i>ND/EBITDA (x)</i>	<i>12.9</i>	<i>10.9</i>

Source: I-Sec research, TRAI

Table 13: Balance recoverable from government

	FY18	FY19	FY20	FY21
Non-current	-	65,480	44,480	21,540
Current	1,55,800	95,400	1,33,200	1,53,000
Total	1,55,800	1,60,880	1,77,680	1,74,540

Source: I-Sec research, TRAI

Table 14: FCFE impacted from spectrum purchased in Mar'21

	FY18	FY19	FY20	FY21
EBITDA	67,315	1,50,960	2,15,661	3,09,130
Less: Income tax	(2,400)	(9,680)	(11,670)	(1,380)
<i>% of P&L income tax</i>	33.2	32.7	60.4	3.4
Change working capital	(29,310)	(74,860)	(36,860)	19,230
<i>Adjustment for</i>				
Non cash item	20	90	590	(6,330)
Finance cost	(84,890)	(91,650)	(1,03,480)	(23,450)
Lease liability payment			(6,720)	(7,890)
Finance income	60	210	9,750	3,760
Cashflow from operations	(49,172)	(24,897)	67,331	2,93,073
Capex	(3,57,920)	(4,38,450)	(5,17,710)	(1,10,970)
Purchase of intangible assets	-	-	(1,64,390)	-
Payment on deferred spectrum liabilities	(7,390)	(8,700)	(13,700)	(1,50,190)
FCFE	(4,14,482)	(4,72,047)	(6,28,469)	31,913

Source: I-Sec research, TRAI

Table 15: Capex stable but capex intensity (% of revenue) dipped

	FY18	FY19	FY20	FY21
Cash capex	3,57,920	4,38,450	5,17,710	1,10,970
Change in capex creditors	46,635	(1,47,420)	(3,69,740)	31,860
Capex	4,04,555	2,91,030	1,47,970	1,42,830
<i>% of revenue</i>	200.7	74.9	27.2	20.4

Source: I-Sec research, TRAI

In case of industry/sector reports or a report containing multiple stocks, the rating/recommendation for a particular stock may be based on the last released stock specific report for that company.

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40.92, Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)

BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, *Sanjesh Jain, PGDM*; authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as an entity are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.