

Bharti Infratel

Refer to important disclosures at the end of this report

Awaiting steady rebound

CMP: Rs 192
as of (October 23, 2020)

TP: Rs 165 (▲)
12 months

Rating: SELL (■)

Upside: (14.3) %

- BHIN reported a stable quarter, with a 3% sequential rise in EBITDA. Net tenancy additions jumped meaningfully to 2,116 after underperforming for the last few quarters, while energy margins continued the volatile trend and contracted 132bps qoq to stand at -3.3%.
- The improvement in net tenancy additions in the quarter indicates significant moderation in exits from VIL. Sharing factor, on a standalone basis, continued its negative trend for the tenth consecutive quarter.
- Management has now guided for energy margins toward the lower end of 0-3% range. Given the weak delivery in H1 we have cut FY21 energy margin estimates by 192bps. We have raised tower additions over FY21-23 on better than estimated additions in H1FY21.
- Though healthy tenancy additions in Q2 provide some positivity, consistency in this aspect is key for re-rating as VIL's future still seems ambiguous. We maintain Sell rating with a revised TP of Rs165 (4x Sep'22E EBITDA).

In-line operating performance; energy margins continue to disappoint

Energy revenues at Rs13.8bn (+9% qoq) came in line with our projections, while Rental revenues, which rose 3% sequentially, driven by better than estimated tenancy additions. EBITDA margins contracted 126bps qoq due to higher power & fuel cost and other opex. Higher other income, which was offset in part by a 9% qoq rise in finance costs, led to a 4% qoq rise in the bottom line. Interest cost rose 25% yoy in H1FY21. Energy margins for Indus (-9.8%) dragged overall margins to -3.3%. Tower additions picked up and increased 1,482 - the highest in the last eight years.

Outlook: BHIN has three clear positives that should restrict meaningful downside in the near term: 1) improvement in net tenancy additions after moderation in the last few quarters; 2) 9% dividend yield on FY21E; and 3) potentially minimal exits from VIL. While net tenancy additions have finally picked up, we would await steady improvement in it, given that VIL remains on a weak footing. Given the weak financial health of telcos, we anticipate receivables to stay at elevated levels. However, the prepayment of Rs24bn by VIL (including monthly payments and receivables), as per the merger terms, provides comfort. Our estimates get revised upwards with higher tower additions. Key risks to our recommendation are: 1) aggressive 4G expansion for independent sites, leading to conversion of loading into actual sites; 2) robust growth from Jio; 3) shift to 5G leading to fresh investments; and 4) implementation of floor pricing, resulting in increased vigor to the industry.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Telecommunications \(page 14\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Total Revenue	1,45,823	1,46,472	1,48,070	1,54,964	1,58,600
EBITDA	60,012	73,500	76,500	81,919	84,495
EBITDA Margin (%)	41.2	50.2	51.7	52.9	53.3
APAT	25,295	32,987	32,773	37,936	39,754
EPS (Rs)	13.7	17.8	17.7	20.5	21.5
EPS (% chg)	2.0	30.4	(0.6)	15.8	4.8
ROE (%)	16.1	23.5	24.1	27.1	26.8
P/E (x)	14.1	10.8	10.8	9.4	8.9
EV/EBITDA (x)	5.5	5.5	5.2	4.7	4.3
P/BV (x)	2.4	2.6	2.6	2.5	2.3

Source: Company, Emkay Research



Change in Estimates

EPS Chg FY21E/FY22E (%)	(0.7)/8
Target Price change (%)	7.7
Target Period (Months)	12
Previous Reco	SELL

Emkay vs Consensus

EPS Estimates		
	FY21E	FY22E
Emkay	17.7	20.5
Consensus	16.8	17.5
Mean Consensus TP (12M)	Rs 210	

Stock Details

Bloomberg Code	BHIN IN
Face Value (Rs)	10
Shares outstanding (mn)	1,850
52 Week H/L	297 / 120
M Cap (Rs bn/USD bn)	355 / 4.83
Daily Avg Volume (nos.)	1,28,53,270
Daily Avg Turnover (US\$ mn)	34.6

Shareholding Pattern Sep '20

Promoters	53.5%
FIIIs	40.9%
DIIIs	4.3%
Public and Others	1.3%

Price Performance

(%)	1M	3M	6M	12M
Absolute	15	(4)	16	(26)
Rel. to Nifty	7	(10)	(10)	(28)

Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

Naval Seth

naval.seth@emkayglobal.com
+91 22 6624 2414

Sonali Shah

sonali.shah@emkayglobal.com
+91 22 6624 2482

Exhibit 1: Actual vs. Estimates (Q2FY21)

(Rs mn)	Actual	Estimate		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Revenue	36,952	36,274	35,543	1.9%	4.0%	Due to lower-than-estimated rental revenues
EBITDA	18,168	18,358	18,316	-1.0%	-0.8%	
EBITDA Margin	49.2%	50.6%	51.5%	-144 bps	-237 bps	
PAT	7,326	7,486	7,500	-2.1%	-2.3%	On account of higher finance charge

Source: Company, Bloomberg, Emkay Research

Exhibit 2: Consolidated quarterly financials

Rs mn	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	YoY (%)	QoQ (%)	H1FY20	H1FY21	YoY (%)
Rental Revenue*	22,385	22,833	22,513	22,430	23,199	3.6	3.4	44,991	45,629	1.4
Energy Re-imbursements	13,991	13,900	13,731	12,617	13,753	(1.7)	9.0	28,504	26,370	(7.5)
Net Sales	36,376	36,733	36,244	35,047	36,952	1.6	5.4	73,495	71,999	(2.0)
Power & Fuel	14,036	13,672	12,916	12,870	14,210	1.2	10.4	27,772	27,080	(2.5)
as % of sales	38.6	37.2	35.6	36.7	38.5			37.8	37.6	
Employee Expenses	1,240	1,278	1,299	1,337	1,333	7.5	(0.3)	2,424	2,670	10.1
as % of sales	3.4	3.5	3.6	3.8	3.6			3.3	3.7	
Other Exp	2,251	2,952	4,815	2,770	3,054	35.7	10.3	4,922	5,824	18.3
as % of sales	6.2	8.0	13.3	7.9	8.3			6.7	8.1	
Charity & Donation	66	59	224	398	187	183.3	(53.0)	639	585	(8.5)
as % of sales	0.2	0.2	0.6	1.1	0.5			0.9	0.8	
Total expenditure	17,593	17,961	19,254	17,375	18,784	6.8	8.1	35,757	36,159	1.1
EBITDA	18,783	18,772	16,990	17,672	18,168	(3.3)	2.8	37,738	35,840	(5.0)
Depreciation	7,453	7,036	7,657	7,057	7,263	(2.5)	2.9	14,878	14,320	(3.8)
EBIT	11,330	11,736	9,333	10,615	10,905	(3.8)	2.7	22,860	21,520	(5.9)
Other Income	349	336	576	239	472	35.2	97.5	1,000	711	
Interest	1,251	1,384	1,247	1,425	1,552	24.1	8.9	2,376	2,977	25.3
PBT	10,428	10,688	8,662	9,429	9,825	(5.8)	4.2	21,484	19,254	(10.4)
Tax	793	2,701	2,167	2,393	2,499	215.1	4.4	2,979	4,892	64.2
PAT	9,635	7,987	6,495	7,036	7,326	(24.0)	4.1	18,505	14,362	(22.4)
Margins (%)										
						(bps)	(bps)			(bps)
EBIDTA	51.6	51.1	46.9	50.4	49.2	(247)	(126)	51.3	49.8	(157)
EBIT	31.1	31.9	25.8	30.3	29.5	(164)	(78)	31.1	29.9	(121)
EBT	28.7	29.1	23.9	26.9	26.6	(208)	(32)	29.2	26.7	(249)
PAT	26.5	21.7	17.9	20.1	19.8	(666)	(25)	25.2	19.9	(523)
Effective Tax rate	7.6	25.3	25.0	25.4	25.4	1,783	6	13.9	25.4	1,154

Source: Company, Emkay Research. Note: Rental revenue includes exit penalties

Other highlights

- Consolidated revenue came in slightly above estimates at Rs37bn (+5% qoq, +2% yoy), primarily on account of higher Rental revenues, which stood at Rs23.2bn, up 3% sequentially.
 - Energy revenues at Rs13.8bn rose 9% sequentially and were in line with our projections.
- EBITDA stood at Rs18.2bn (+3% qoq, -3% yoy), with EBITDA margin contracting 126bps sequentially to stand at 49.2%.
 - **Energy margin once again surprised negatively by standing at -3.3% vs. -2% Q1FY21 and -0.3% in Q2FY20.**
 - Power and fuel costs rose 10% sequentially.
- Cumulative (standalone + 100% of Indus) net tenancy rose 3,479 vs. a decline of 484 in Q1FY21.
 - **Net tenancy increased by 2,116 vs. decline of 366 (Q1FY21) on a consolidated basis while on a standalone basis net tenancy rose by 1,130.**
- PAT stood at Rs7.3bn, up 4% qoq, while declining 24% yoy.
 - Finance charges increased 9% sequentially to stand at Rs1.6bn.
 - Other income rose to Rs472mn from Rs239mn in the previous quarter.

Balance sheet and cash flow

- Trade receivables continued to rise and stood at Rs30.8bn vs. Rs25.8bn at the end of Q1FY21.
 - **Although trade receivables have increased by Rs10bn to Rs31bn from the previous year, we do not see this as much of a concern due to the prepayment and security package undertaken by VIL and Vodafone PLC, respectively**, as per the scheme of arrangement for the merger of BHIN and Indus.
 - As per the merger clause, VIL shall make a prepayment of Rs24bn from the cash consideration received (Rs40bn as per the filing) for the sale of its stake. This amount shall be adjusted to the extent of 50% for all undisputed and due amounts which are payable by VIL to the merged entity, and the telco shall be required to pay the balance 50%.
 - There shall be a primary pledge on the shares owned by Vodafone PLC in the merged entity worth Rs40bn. Additionally, there will be a secondary pledge on the shares to the extent of Rs42.5bn.
- Debt on the books (excluding lease liabilities) stood at Rs19bn, significantly lower than the Rs28bn at the end of the June quarter.
- Operating free cash generation stood at Rs10.3bn vs. Rs12.7bn in Q1FY21 and Rs10.8bn in Q2FY20.
- Capex rose to Rs4.9bn from Rs1.9bn in the previous quarter.

KPIs (Standalone + 42% of Indus)

- **Energy margins stood at -3.3% vs. -2% in Q1. This was primarily due to Indus Towers, which saw its energy margins at -9.8%, while the standalone entity was at 3.3%.**
- Net tenancy was up by 2116 vs. a decline of 366 in Q1FY21.
- **Co-locations churn in Q2, on a consolidated basis, was 493. Cumulatively, there were 2,310 co-locations for which actual exits have not happened despite receiving exit notices.**
- Tower additions stood at 1,482 vs. 430 in Q1FY21. This was the highest net tower addition in last eight years.
- Consolidated tenancy factor stood at 1.81x vs. 1.82x in Q1FY21.
- Rental/tower/operator/month was up 4.2% yoy.

KPIs (Standalone)

- Net tenancy increased by 1,130 vs. a decline of 280 in Q1FY21 and an addition of 57 in Q2FY20.
- The tenancy factor declined 4.4% to 1.89x from 1.79x in Q1FY21.
- On a standalone basis, Infratel added 771 towers vs. 286 in the previous quarter.
- Rental/tower/operator/month was up 2.8% yoy.

Others

- NCLT has given its approval for the India-BHIN merger. The filing with the ROC, post final closing based on agreed closing adjustments, is likely to be done in 30 days.
- The board has appointed Mr. Bimal Dayal, the current MD & CEO of Indus Towers and proposed CEO of merged entity, as MD of BHIN with immediate effect up until effective merger date.

Exhibit 3: Trend of key performance indicators

Bharti Infratel Consolidated	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	YoY (%)	QoQ (%)
Total Towers	93,421	94,244	95,372	95,801	97,283	4.1	1.5
Total tenancy	1,73,406	1,74,150	1,74,581	1,74,216	1,76,332	1.7	1.2
Tenancy (x)	1.86	1.85	1.84	1.82	1.82	(2.4)	(0.5)
Closing Tenancy (x)	1.86	1.85	1.83	1.82	1.81	(2.6)	(0.3)
Sharing revenue per tower/ month (Rs)	80,210	81,113	79,153	78,219	80,100	(0.1)	2.4
Sharing revenue / operator / month (Rs)	42,160	42,987	42,267	42,023	43,403	2.9	3.3

Bharti Infratel Standalone

Total Towers	41,050	41,471	42,053	42,339	43,110	5.0	1.8
Total tenancy	76,176	76,322	75,715	75,435	76,565	0.5	1.5
Tenancy (x)	1.86	1.85	1.82	1.79	1.78	(4.4)	(0.7)
Closing Tenancy (x)	1.86	1.84	1.80	1.78	1.78	(4.5)	(0.3)
Sharing revenue per tower/ month (Rs)	87,669	84,593	84,878	82,899	85,767	(2.2)	3.5
Sharing revenue / operator / month (Rs)	46,095	45,018	45,715	45,173	47,400	2.8	4.9

Indus Towers

Total Towers	1,24,692	1,25,649	1,26,949	1,27,291	1,28,984	3.4	1.3
Total tenancy	2,31,500	2,32,924	2,35,396	2,35,192	2,37,541	2.6	1.0
Tenancy (x)	1.86	1.86	1.85	1.85	1.84	(0.8)	(0.3)
Closing Tenancy (x)	1.86	1.85	1.85	1.85	1.84	(1.0)	(0.3)
Sharing revenue per tower/ month (Rs)	74,373	78,357	74,640	74,520	75,638	1.7	1.5
Sharing revenue / operator / month (Rs)	39,082	41,392	39,590	39,596	40,360	3.3	1.9

Source: Company, Emkay Research

Exhibit 4: Energy margins have been volatile and dipped considerably in Q2FY21

Rs mn	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	YoY (%)	QoQ (%)
Energy reimbursements	13991	13900	13731	12617	13753	(1.7)	9.0
Power and fuel costs	14036	13672	12916	12870	14210	1.2	10.4
Spread	-45	228	815	-253	-457	915.6	80.6
% Margin	-0.3%	1.6%	5.9%	-2.0%	-3.3%	-300 bps	-132 bps
Incremental spread	-822	273	587	-1068	-204	(75.2)	(80.9)
Incremental EBITDA	-172	-11	-1,782	682	496	(388.4)	(27.3)
Incremental spread as % of incremental EBITDA	478%	-2482%	-33%	-157%	-41%		

Source: Company, Emkay Research

Exhibit 5: Capex spends picked up after being restricted in the previous quarter due to the lockdown

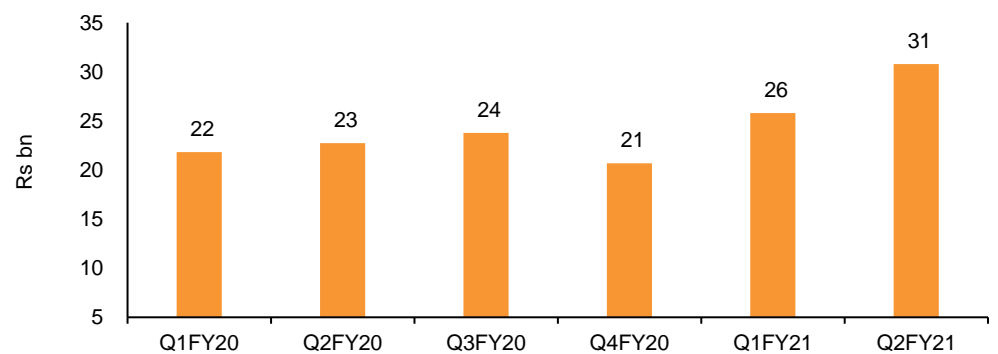
Rs mn	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q1FY21	YoY (%)	QoQ (%)
Capex	4,967	3,942	5,294	1,913	4,923	(0.9)	157.3
of Which Maintenance & General Corporate Capex	1,374	995	978	571	1,072	(22.0)	87.7
No of tower added	789	823	1128	430	1482	87.8	244.9

Source: Company, Emkay Research

Exhibit 6: Standalone quarterly financials

Rs mn	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	YoY (%)	QoQ (%)	H1FY20	H1FY21	YoY (%)
Rental Revenue	10,545	10,298	10,425	10,242	10,807	2.5	5.5	20,750	21,049	1.4
Energy Re-imbursements	6,125	6,361	6,386	6,101	6,852	11.9	12.3	13,163	12,953	(1.6)
Net Sales	16,670	16,659	16,811	16,343	17,659	5.9	8.1	33,913	34,002	0.3
Power & Fuel	6017	6013	5865	5807	6627	10.1	14.1	11,786	12,434	5.5
as % of sales	36.1	36.1	34.9	35.5	37.5			34.8	36.6	
Employee Expenses	714	737	796	840	838	17.4	(0.2)	1,402	1,678	19.7
as % of sales	4.3	4.4	4.7	5.1	4.7			4.1	4.9	
Other Exp	888	1246	1522	1373	1125	26.7	(18.1)	2,444	2,498	2.2
as % of sales	5.3	7.5	9.1	8.4	6.4			7.2	7.3	
Charity & Donation								-	-	-
as % of sales	0.0	0.0	0.0	0.0	0.0			0	0	
Total expenditure	7,619	7,996	8,183	8,020	8,590	12.7	7.1	15,632	16,610	6.3
EBITDA	9,051	8,663	8,628	8,323	9,069	0.2	9.0	18,281	17,392	(4.9)
Depreciation	3116	3095	3447	2970	3032	(2.7)	2.1	6,232	6,002	(3.7)
EBIT	5,935	5,568	5,181	5,353	6,037	1.7	12.8	12,049	11,390	(5.5)
Other Income	200	173	386	4365	222	11.0	(94.9)	728	4,587	
Interest	-42	199	152	133	285	(778.6)	114.3	-388	418	(207.7)
Non-operating expenses	0	0	0	0	0			-	-	
PBT	6,177	5,542	5,415	9,585	5,974	(3.3)	(37.7)	13,165	15,559	18.2
Tax	1397	1401	1351	1353	1515	8.4	12.0	3,904	2,868	(26.5)
PAT	4,780	4,141	4,064	8,232	4,459	(6.7)	(45.8)	9,261	12,691	37.0
Margins (%)						(bps)	(bps)			(bps)
EBIDTA	54.3	52.0	51.3	50.9	51.4	(294)	43	53.9	51.1	(276)
EBIT	35.6	33.4	30.8	32.8	34.2	(142)	143	35.5	33.5	(203)
EBT	37.1	33.3	32.2	58.6	33.8	(322)	(2,482)	38.8	45.8	694
PAT	28.7	24.9	24.2	50.4	25.3	(342)	(2,512)	27.3	37.3	1,002
Effective Tax rate	22.6	25.3	24.9	14.1	25.4	274	1,124	29.7	18.4	(1,122)

Source: Company, Emkay Research

Exhibit 7: Trade receivables have continued to rise on account of delayed payments

Source: Company, Emkay Research

Changes in estimates

While our EBITDA estimates are largely unchanged, FY21 PAT estimate has been revised upward due to lower depreciation charges on account of decrease in the standalone entity. We have raised our estimates for tower additions by 1,978 over FY21-23, thereby resulting in an increase in tenancy additions over the same period.

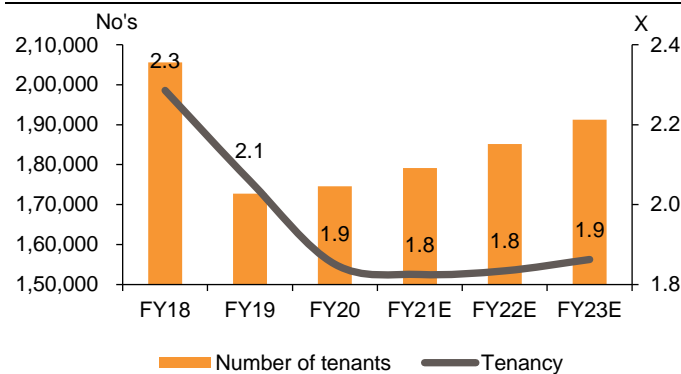
Additionally, we have trimmed our energy margins as per management's guidance regarding meeting the lower end of the previously guided range of 0-3%.

Exhibit 8: Change in estimates

Particulars (Rs mn)	FY21E			FY22E			FY23E		
	Earlier	Revised	% Change	Earlier	Revised	% Change	Earlier	Revised	% Change
Tenancy	1,78,714	1,79,112	0.2	1,84,287	1,85,133	0.5	1,89,950	1,91,281	0.7
Rent/tower/tenant/month	41,883	42,298	1.0	42,525	42,274	-0.6	43,042	42,269	-1.8
Rental revenue	92,491	94,184	1.8	96,220	99,588	3.5	1,00,247	1,02,665	2.4
Energy reimbursement	52,654	53,886	2.3	54,030	55,376	2.5	55,097	55,936	1.5
Total Revenue	1,45,145	1,48,070	2.0	1,50,250	1,54,964	3.1	1,55,343	1,58,600	2.1
EBITDA	75,957	76,500	0.7	79,799	81,919	2.7	83,212	84,495	1.5
EBITDA %	52.3	51.7	-67 bps	53.1	52.9	-25 bps	53.6	53.3	-29 bps
PAT	33,015	32,773	-0.7	34,996	37,936	8.4	38,259	39,754	3.9
EPS	17.8	17.7	-0.7	18.9	20.5	8.4	20.7	21.5	3.9

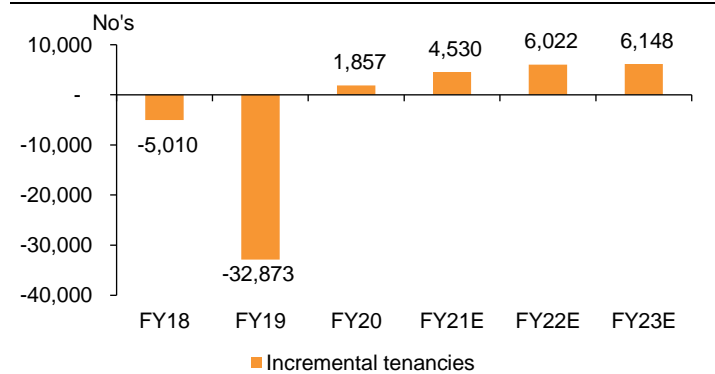
Source: Company, Emkay Research

Exhibit 9: Tenancy and tenancy factor assumptions



Source: Company, Emkay Research

Exhibit 10: Incremental net tenancy assumptions



Source: Company, Emkay Research

Exhibit 11: Key assumptions

Standalone	FY18	FY19	FY20	FY21E	FY22E	FY23E
Number of towers	39,523	40,388	42,053	43,810	44,810	45,810
% Growth	1.1%	2.2%	4.1%	4.2%	2.3%	2.2%
Towers added	424	865	1,665	1,757	1,000	1,000
Tenancy	2.3	2.1	1.8	1.8	1.8	1.8
% Growth	2.7%	-8.8%	-10.7%	-2.9%	0.4%	1.8%
Number of tenants	88,665	76,341	75,715	78,056	81,275	84,601
% Growth	-0.7%	-13.9%	-0.8%	3.1%	4.1%	4.1%
Rent/ tower/ Month	37,868	39,174	45,459	45,641	45,478	45,429
% Growth	2.3%	3.4%	16.0%	0.4%	-0.4%	-0.1%
Rental Revenue	40,427	38,784	41,473	42,110	43,477	45,214
Energy Reimbursements	25,753	29,433	25,910	26,656	27,751	28,311
Revenue from operations	66,180	68,217	67,383	68,766	71,228	73,525

Indus (100%)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Number of towers	1,23,639	1,23,546	1,26,949	1,29,984	1,31,784	1,33,584
% Growth	0.7%	-0.1%	2.8%	2.4%	1.4%	1.4%
Towers Added	909	-93	3,403	3,035	1,800	1,800
Tenancy	2.3	2.1	1.9	1.9	1.9	1.9
% Growth	0.0%	-10.8%	-9.7%	-0.2%	0.6%	1.4%
Number of tenants	2,78,408	2,29,483	2,35,396	2,40,609	2,47,282	2,54,000
% Growth	-3.6%	-17.6%	2.6%	2.2%	2.8%	2.7%
Rent/ tower/ Month	33,975	34,794	40,191	39,726	39,782	39,779
% Growth	3.1%	2.4%	15.5%	-1.2%	0.1%	0.0%

Rental	1,15,649	1,06,029	1,12,103	1,13,459	1,16,455	1,19,644
Energy Reimbursements	70,116	77,439	71,946	64,839	65,773	65,773
Revenue from operations	1,85,765	1,83,468	1,84,049	1,78,299	1,82,228	1,85,418

Standalone + Indus (100%)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Number of towers	1,63,162	1,63,934	1,69,002	1,73,794	1,76,594	1,79,394
% Growth	0.8%	0.5%	3.1%	2.8%	1.6%	1.6%
Towers Added	1,333	772	5,068	4,792	2,800	2,800
Tenancy	2.3	2.1	1.9	1.8	1.8	1.9
% Growth	0.6%	-10.3%	-9.9%	-0.9%	0.5%	1.5%
Number of tenants	3,67,073	3,05,824	3,11,111	3,18,665	3,28,557	3,38,601
% Growth	-2.9%	-16.7%	1.7%	2.4%	3.1%	3.1%
Rent/ tower/ Month	34,905	35,868	41,485	41,170	41,184	41,184
% Growth	3.0%	2.8%	15.7%	-0.8%	0.0%	0.0%

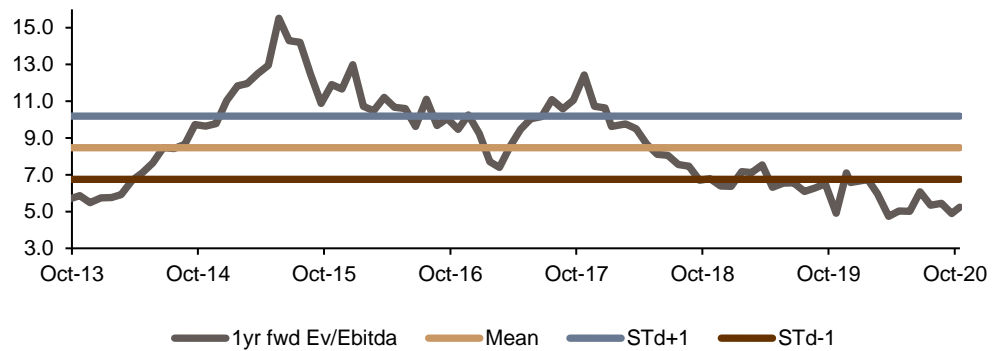
Rental	1,56,075	1,44,812	1,53,576	1,55,569	1,59,931	1,64,858
Energy Reimbursements	95,869	1,06,873	97,856	91,496	93,525	94,084
Revenue from operations	2,51,945	2,51,685	2,51,432	2,47,065	2,53,456	2,58,942

Source: Company, Emkay Research

Exhibit 12: Key assumptions contd.

Consolidated (Pro-forma- 42% of Indus)	FY18E	FY19	FY20	FY21E	FY22E	FY23E
Number of towers	91,451	92,277	95,372	98,403	1,00,159	1,01,915
% Growth	0.9%	0.9%	3.4%	3.2%	1.8%	1.8%
Towers Added	806	826	3,094	3,032	1,756	1,756
Tenancy	2	2	2	2	2	2
% Growth	1.1%	-9.9%	-10.1%	-1.4%	0.5%	1.5%
Number of tenants	2,05,596	1,72,724	1,74,581	1,79,112	1,85,133	1,91,281
% Growth	-2.4%	-16.0%	1.1%	2.6%	3.4%	3.3%
Rent/ tower/ Month	35,639	36,704	42,490	42,298	42,274	42,269
% Growth	2.8%	3.0%	15.8%	-0.5%	-0.1%	0.0%
Rental Revenue	88,999	85,238	90,337	94,184	99,588	1,02,665
Energy Reimbursements	55,202	60,585	56,135	53,886	55,376	55,936
Revenue from operations	1,44,201	1,45,823	1,46,472	1,48,070	1,54,964	1,58,600

Source: Company, Emkay Research

Exhibit 13: 1-year forward EV/EBITDA valuation band

Source: Company, Bloomberg, Emkay Research

Earnings call highlights

- **Tower and Tenancy additions:** Strong addition in Q2 is an indication of the bounce-back in business as AGR overhang is behind.
 - Q2 run-rate of tenancy additions seems like the new normal.
- **Energy margins:** Some customers have moved to a pass-through model, which has led to a revised guidance of 0-3% as stated in last quarter. **The company intends to meet the lower end of this guidance.**
 - Negative margin in Q2 was due to some ongoing disputes with tenants.
- **Exit penalties:** Lower booking of this was due to the liquidity situation of VIL while the merger guarantee will address it.
- **Indus merger:** Receivables and one-year billing will be covered in the merger package to VIL.
 - Primary pledge by Vodafone PLC is for two years. The share pledge will be done at Rs205/share for total quantum Rs40bn.
 - Receivables are expected to dip after the merger.
- **Capex** seen in this quarter can be counted as the run-rate, going forward.
- BHIN has received 100% FDI approval.
- The bulk of the MSA renewals will take place in 2023.

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Total Revenue	1,45,823	1,46,472	1,48,070	1,54,964	1,58,600
Expenditure	85,811	72,972	71,569	73,045	74,105
EBITDA	60,012	73,500	76,500	81,919	84,495
Depreciation	22,239	29,571	28,850	29,738	30,036
EBIT	37,773	43,929	47,650	52,180	54,459
Other Income	2,034	1,912	1,803	2,182	2,334
Interest expenses	(1,571)	5,007	5,596	3,667	3,667
PBT	41,378	40,834	43,858	50,696	53,126
Tax	16,083	7,847	11,085	12,760	13,372
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	25,295	32,987	32,773	37,936	39,754
Adjusted PAT	25,295	32,987	32,773	37,936	39,754

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	18,496	18,496	18,496	18,496	18,496
Reserves & surplus	1,26,749	1,16,884	1,18,496	1,24,988	1,34,811
Net worth	1,45,245	1,35,380	1,36,992	1,43,484	1,53,308
Minority Interest	0	0	0	0	0
Loan Funds	23,492	1,07,218	95,218	95,218	95,218
Net deferred tax liability	6,153	(389)	(389)	(389)	(389)
Total Liabilities	1,74,890	2,42,209	2,31,821	2,38,313	2,48,137
Net block	1,25,871	1,21,655	1,12,724	1,03,002	92,975
Investment	47,973	54,383	44,383	52,383	60,383
Current Assets	46,167	56,483	69,302	79,724	92,739
Cash & bank balance	1,371	2,039	7,175	14,705	27,498
Other Current Assets	0	0	0	0	0
Current liabilities & Provision	47,606	43,156	47,431	49,640	50,804
Net current assets	(1,439)	13,327	21,870	30,085	41,935
Misc. exp	0	51,298	51,298	51,298	51,298
Total Assets	1,74,890	2,42,209	2,31,821	2,38,313	2,48,137

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
PBT (Ex-Other income) (NI+Dep)	39,344	38,922	42,054	48,513	50,792
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(8,007)	(20,640)	(3,407)	(684)	943
Operating Cashflow	23,087	50,269	47,131	54,230	57,361
Capital expenditure	(15,789)	(24,416)	(19,919)	(20,016)	(20,009)
Free Cash Flow	7,298	25,853	27,212	34,213	37,352
Investments	19,877	(6,410)	10,000	(8,000)	(8,000)
Other Investing Cash Flow	0	0	0	0	0
Investing Cashflow	6,122	(28,914)	(8,115)	(25,834)	(25,675)
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	6,591	83,726	(12,000)	0	0
Dividend paid (incl tax)	(47,929)	(30,986)	(31,443)	(31,443)	(31,443)
Other Financing Cash Flow	11,929	(67,049)	17,198	21,420	30,922
Financing Cashflow	(27,838)	(19,316)	(31,841)	(13,691)	(4,188)
Net chg in cash	1,371	2,039	7,175	14,705	27,498
Opening cash position	759	1,371	2,039	7,175	14,705
Closing cash position	1,371	2,039	7,175	14,705	27,498

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	41.2	50.2	51.7	52.9	53.3
EBIT Margin	25.9	30.0	32.2	33.7	34.3
Effective Tax Rate	38.9	19.2	25.3	25.2	25.2
Net Margin	17.3	22.5	22.1	24.5	25.1
ROCE	21.7	22.0	20.9	23.1	23.3
ROE	16.1	23.5	24.1	27.1	26.8
RoIC	31.1	34.3	36.6	42.5	48.2

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	13.7	17.8	17.7	20.5	21.5
CEPS	25.7	33.8	33.3	36.6	37.7
BVPS	78.5	73.2	74.1	77.6	82.9
DPS	21.5	13.9	17.0	17.0	17.0

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	14.1	10.8	10.8	9.4	8.9
P/CEPS	7.5	5.7	5.8	5.3	5.1
P/BV	2.4	2.6	2.6	2.5	2.3
EV / Sales	2.3	2.8	2.7	2.5	2.3
EV / EBITDA	5.5	5.5	5.2	4.7	4.3
Dividend Yield (%)	11.2	7.2	8.8	8.8	8.8

Gearing Ratio (x)	FY19	FY20	FY21E	FY22E	FY23E
Net Debt/ Equity	(0.2)	0.4	0.3	0.2	0.0
Net Debt/EBITDA	(0.4)	0.7	0.6	0.3	0.1
Working Cap Cycle (days)	(7.0)	28.1	36.2	36.2	33.2

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	1.1	0.4	1.1	4.7	2.3
EBITDA	(4.9)	22.5	4.1	7.1	3.1
EBIT	(4.7)	16.3	8.5	9.5	4.4
PAT	2.0	30.4	(0.6)	15.8	4.8

Quarterly (Rs mn)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Revenue	36,376	36,733	36,244	35,047	36,952
EBITDA	18,783	18,772	16,990	17,672	18,168
EBITDA Margin (%)	51.6	51.1	46.9	50.4	49.2
PAT	9,635	7,987	6,495	7,036	7,326
EPS (Rs)	5.2	4.3	3.5	3.8	4.0

Source: Company, Emkay Research

Shareholding Pattern (%)	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Promoters	53.5	53.5	53.5	53.5	53.5
FII	43.8	43.2	42.0	40.6	40.9
DII	2.0	2.6	3.6	4.9	4.3
Public and Others	0.7	0.7	0.9	1.0	1.3

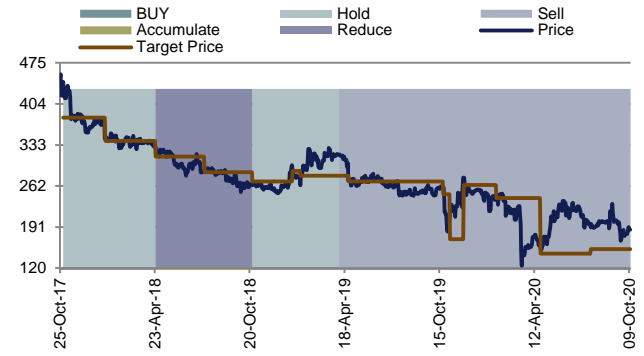
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
01-Sep-20	189	153	12m	Sell	Naval Seth
28-Jul-20	191	153	12m	Sell	Naval Seth
05-Jul-20	227	145	12m	Sell	Naval Seth
20-Jun-20	219	145	12m	Sell	Naval Seth
24-Apr-20	152	145	12m	Sell	Naval Seth
31-Jan-20	248	241	12m	Sell	Naval Seth
30-Nov-19	276	264	12m	Sell	Naval Seth
04-Nov-19	215	170	12m	Sell	Naval Seth
22-Oct-19	259	248	12m	Sell	Naval Seth
23-Sep-19	264	270	12m	Sell	Naval Seth
26-Jul-19	270	270	12m	Sell	Naval Seth
26-Apr-19	273	270	12m	Sell	Naval Seth
08-Apr-19	316	280	12m	Sell	Naval Seth
24-Jan-19	263	280	12m	Hold	Naval Seth
09-Jan-19	290	288	12m	Hold	Naval Seth
25-Oct-18	265	270	12m	Hold	Naval Seth
26-Jul-18	287	286	12m	Reduce	Naval Seth
02-May-18	314	313	12m	Reduce	Naval Seth
24-Apr-18	329	313	12m	Reduce	Naval Seth
19-Jan-18	346	340	12m	Hold	Naval Seth
31-Oct-17	442	380	12m	Hold	Naval Seth

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Telecommunications



Analyst: Naval Seth

Contact Details

naval.seth@emkayglobal.com
+91 22 6624 2414

Sector

Consumer Durables, Media & Entertainment, SMID and Telecom

Analyst bio

Naval holds an MBA in Finance and has more than 12 years of experience in equity research. His team currently covers 18 stocks spread across three different sectors.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Telecommunications	1.94	1.92	-1%	-2	100.00
Bharti Airtel	1.58	1.65	5%	7	85.12
Bharti Infratel	0.25	0.23	-12%	-3	11.60
Tata Communications*	0.00	0.04	NA	4	2.08
Vodafone Idea	0.11	0.00	-100%	-11	0.00
Cash	0.00	0.02	NA	2	1.21

Source: Emkay Research

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

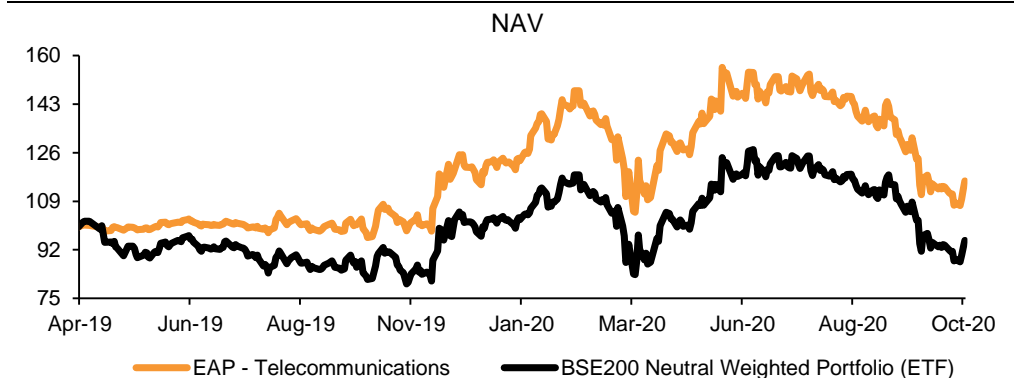
Sector portfolio NAV

	Base					Latest
	1-Apr-19	23-Jan-20	23-Apr-20	23-Jul-20	22-Sep-20	22-Oct-20
EAP - Telecommunications	100.0	139.4	128.1	147.8	124.0	116.1
BSE200 Neutral Weighted Portfolio (ETF)	100.0	113.4	101.7	120.0	102.3	95.2

*Performance measurement base date 1st April 2019

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 23 Oct 2020 22:07:46 (SGT)

Dissemination Date: 23 Oct 2020 22:08:46 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals 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 may be 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 including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, 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 or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.

- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

Disclaimer for U.S. persons only: This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of October 23, 2020
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
3. **Disclosure of previous investment recommendation produced:** EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of October 23, 2020.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the October 23, 2020
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the October 23, 2020

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, 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 or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 th Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com