

Company Update

Telecom

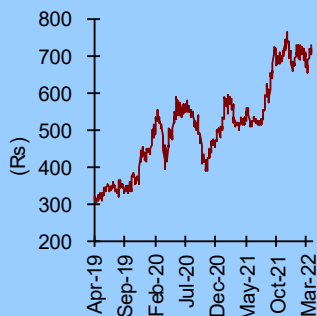
Target price: Rs850

Shareholding pattern

	Jun '21	Sep '21	Dec '21
Promoters	55.9	55.9	55.9
Institutional investors	37.8	37.8	38.8
MFs and others	12.9	12.9	11.8
Insurance Cos.	6.0	6.0	2.2
FII's	18.9	18.9	24.8
Others	6.3	6.3	5.3

Source: NSE

Price chart



Research Analyst:

Sanjesh Jain

sanjesh.jain@icicisecurities.com
+91 22 6807 7153

Akash Kumar

akash.kumar@icicisecurities.com
+91 22 6807 7637

Bharti Airtel

BUY
MaintainedOptimistic on profitable growth across segments **Rs733**

Bharti Airtel (Bharti) organised an analyst day on 25th Mar'22 to outline its growth plans and opportunities. It remains confident of sustaining strong revenue growth in mobile business and anticipates acceleration in non-mobile revenue growth in coming years. Digital business remains core for growth across both consumer and enterprise segments. Consumer business will benefit from rising adoption of digital properties by mobile users, which Bharti can monetise through ads and cross-selling. Also, enterprise segment looks more solid with CPaaS, data centre, IoT, and security & cloud. Bharti plans to achieve stronger growth in the payment bank business. We come convinced that 5G capex will have limited upside risk. Company plans monetisation of its payment bank and data centre businesses in the future, while digital and other businesses may remain under the Bharti Airtel umbrella. Maintain BUY.

- ▶ **Big picture.** Bharti sees revenue growth to be driven by mobile / non-mobile businesses where it expects growth to accelerate / remain steady. Growth in mobile revenue is well captured in consensus: the big takeaway is company is aiming for another 2-3 tariff hikes apart from premiumisation. Non-mobile business is under-appreciated by consensus despite company belief that fixed broadband customer-base will expand significantly over the next three years, emerging categories in enterprise growing faster and digital & payment bank have just arrived. Bharti is staring at large FCF generation and reduction in 5G capex upside risk. To summarise, the company expects revenue growth momentum to continue in mobile, and accelerate in enterprise and digital (including payment bank), while capex to remain stable. Further, it plans to monetise data centre and payment bank businesses in the future, which should help unlock some value.
- ▶ **Strategy – quality and experience.** Bharti's strategy is built on two pillars: quality of customers, and brilliant experience. Company has changed its customer segmentation. Customers were earlier segregated separately for each business. But, now all customers are pooled across consumer businesses and one customer lifecycle management is applicable and omni channel experience on distribution. Bharti has significantly increased its investment in building infrastructure and enhancing digital analytical tools. Customer complaints have declined by 40% in absolute terms despite rise in sub base.
- ▶ **Mobile business – tariff hike + premiumisation.** Bharti expects mobile revenue growth to continue on the back of more tariff hikes and four layers for premiumisation. It is looking at 2-3 more tariff hikes in the next 2-3 years as existing tariffs deliver RoCE < CoE. Four layers of premiumisation are: 1) subs upgrading to smartphone, and signing up data services on 4G; 2) adding ARPU from digital engagements such as payment bank, wynk music, xstream, *Airtel Thanks* and others; 3) upgrades to postpaid and use of converged services such as fibre and entertainment; and 4) *Airtel Black*. Bharti estimates to generate 20% RoCE at ARPU of US\$3.3 (Rs250).

Market Cap	Rs4170bn/US\$54.7bn
Reuters/Bloomberg	BRTI.BO / BHARTI IN
Shares Outstanding (mn)	5,492.0
52-week Range (Rs)	765/508
Free Float (%)	44.1
FII (%)	24.8
Daily Volume (US\$/'000)	86,176
Absolute Return 3m (%)	7.8
Absolute Return 12m (%)	42.9
Sensex Return 3m (%)	(0.4)
Sensex Return 12m (%)	18.7

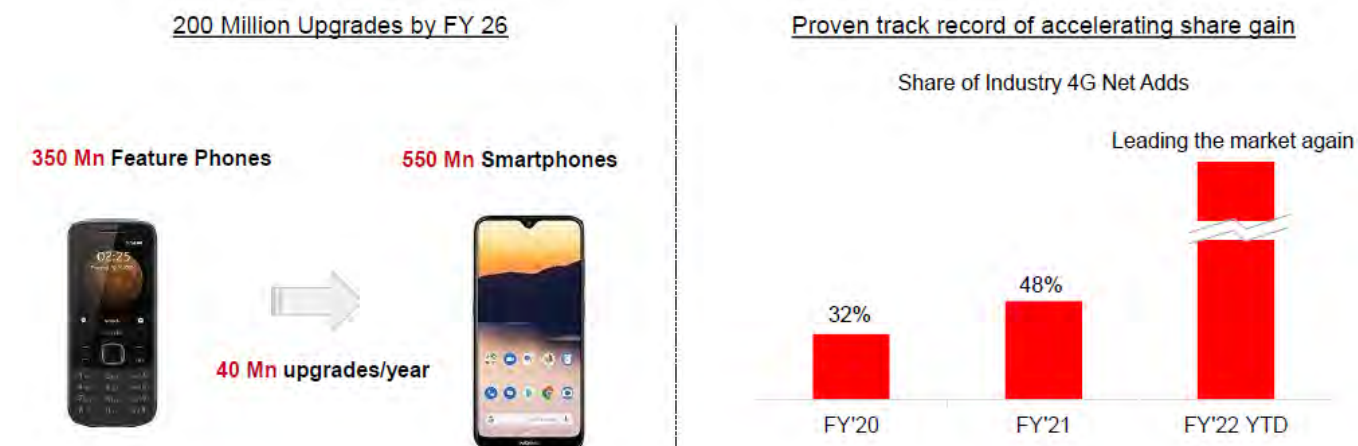
Year to Mar	FY21	FY22E	FY23E	FY24E
Revenue (Rs bn)	1,006	1,158	1,328	1,474
Net Income (Rs bn)	8	31	108	176
EPS (Rs)	1.5	5.3	18.3	29.9
% Chg YoY	(114.7)	253.0	243.1	63.2
P/E (x)	(26.7)	137.2	40.0	24.5
CEPS (Rs)	43.4	50.4	66.6	77.5
EV/E (x)	14.1	11.5	9.5	7.9
Dividend Yield (%)	0.3	0.3	1.3	1.6
RoCE (%)	(39.0)	5.8	9.0	11.5
RoE (%)	(22.2)	5.0	14.8	19.8

- ▶ **Non-mobile business is under-appreciated by consensus.** 1) Bharti expects its fixed broadband subs to grow to 40mn in CY25 from 27mn in CY22 (14% CAGR). Each sub will come with ARPU of Rs650 in a market where Bharti's subs market share is improving. Bharti is planning to expand its home pass from 16mn currently to 40mn in next three years; 2) within enterprise, emerging categories account for Rs363bn in revenue, and are anticipated to grow at a CAGR of 25% to Rs703bn over FY22E-FY25E. Bharti expects to grab good revenue market share in emerging categories. It has strong propositions for CPaaS, ad-tech, cloud and security, and digital marketplace. It is expanding its data centre footprint 2.5x with investment of Rs50bn; and 3) the payment bank business has profitably scaled up with focus on three segments, viz. digital, unbanked rural, and institutions.
- ▶ **5G capex upside risk reducing.** Our interaction with Bharti CTO suggests that there is not much upside risk from 5G capex. Company plans NSA 5G with likely 1800MHz (uplink) and 3500MHz (downlink) as base bands. The coverage on this configuration should help achieve existing L1800 (4G) coverage. Thus, we don't see requirement of more tower rollouts; NSA 5G network rollout will largely be loading on existing towers. In 4G, the company had spectrum in four bands and three sectors implying 12 radios on each tower. In 5G, it would be single band and three sectors; thus there would be only three 5G additional radios per tower.

India mobile business – Enough levers for ARPU growth through more tariff hikes and premiumisation

- Bharti has four layers of premiumisation: **1)** subs upgrading to smartphone, and signing up data services on 4G; **2)** adding ARPU from digital engagements such as payment bank, wynk music, xstream, *Airtel Thanks* and others; **3)** upgrades to postpaid, and use of converged services such as fibre and entertainment; and **4)** Airtel Black.
- India has 550mn smartphone (unique) subscribers and 350mn featurephones. Bharti estimates 200mn featurephone subs upgrading to smartphone over next four years (40mn upgrades/year). These subs would sign for 4G services, which should drive ARPU growth.

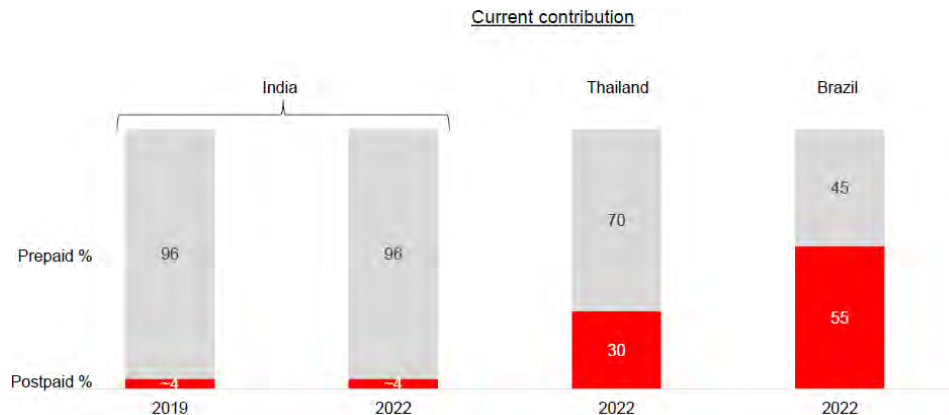
Chart 1: Bharti sees 40mn 4G subs addition each year for next four years for industry; and it has seen rising market share in 4G net add over FY20-FY22TD



Source: Company data, I-Sec research

- India postpaid subscriber contribution has remained at 4% since FY19. However, Bharti has reported strong net adds in past few quarters. It sees postpaid subs addition to grow well henceforth; pre-RJio launch, postpaid sub-base was growing at 8% p.a.
- The ARPU in postpaid has traditionally been at 2x prepaid, which increased to 3x at peak of competitive intensity post RJio launch. It is now at 1.7x, which Bharti believes should aid subs growth. In past three years, Bharti has not significantly increased postpaid tariffs while prepaid tariffs have gone up sharply. However, going forward, Bharti expects to keep its ARPU ratio at 1.7x. This implies postpaid tariff may see similar price increase as prepaid in future.

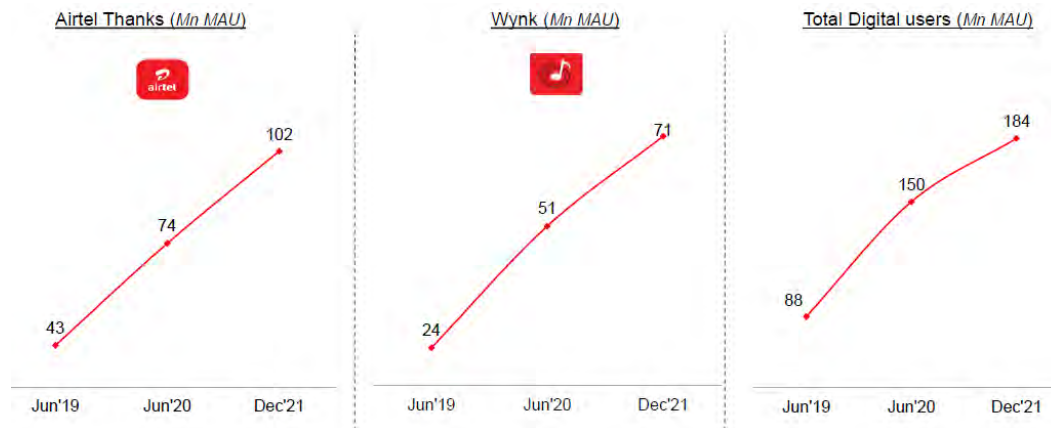
Chart 2: India postpaid subs category penetration is significantly low; but considering postpaid to prepaid ARPU ratio at attractive 1.7x will likely aid expansion of postpaid sub base



Source: Company data, I-Sec research

- Bharti’s digital services has seen significant penetration among its 4G sub-base. It has a total of 184mn digital users (MAU) (vs 4G subs at >190mn). Thus it has been able to see at least one digital property being used by each of its 4G subs on MAU basis. This is a commendable achievement. Increase in digital sub base would help Bharti to more effectively monetise these subs through Airtel Ads and cross-selling other entertainment products.

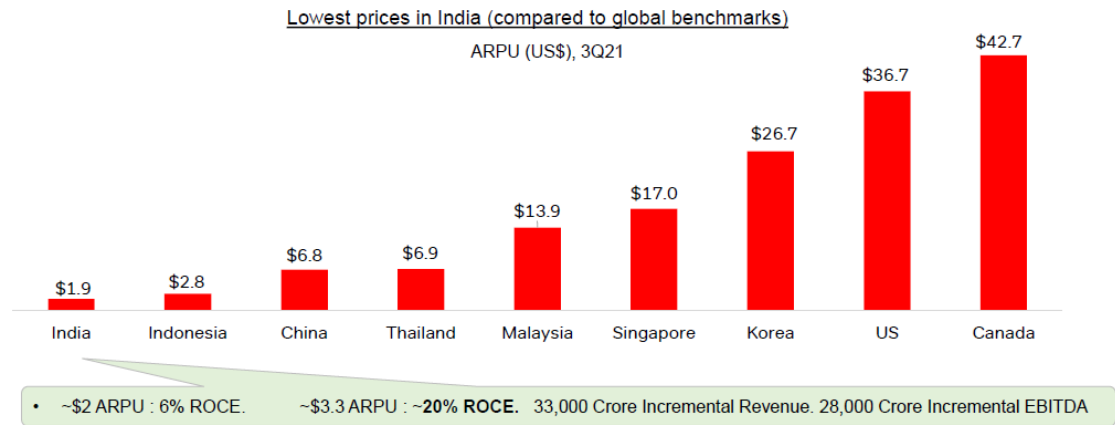
Chart 3: Under-appreciated revenue benefit from digital properties



Source: Company data, I-Sec research

- Bharti anticipates another 2-3 tariff hikes in mobile services over next 2-3 years. It sees India ARPUs presently not supportive of respectable RoCE. It has reiterated reaching its ARPU target of Rs200 soon, and in the longer run sees an ARPU of Rs300.

Chart 4: India ARPU does not support RoCE > CoE. Bharti sees 20% RoCE at ARPU of US\$3.3 (~Rs250)

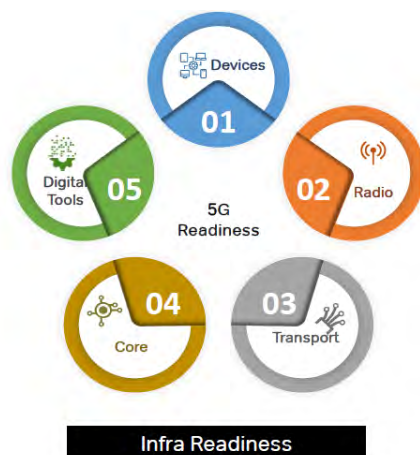


Source: Company data, I-Sec research

5G readiness – company remain confident on 5G rollout

- Bharti is ready with each of the three infrastructures required for 5G rollout: front haul, back haul, and core. It expects NSA (non-standalone) 5G network rollout adopted, which will utilise 4G infrastructure for uplink and core.
- Company anticipate NSA 5G helping achieve 5G coverage with limited investments. Further, 5G will require fewer equipment on towers (vs 4G), which should help lower overall network capex.
- Example of coverage: A combination of 4G, say on 1800MHz (uplink) and 3500MHz (downlink), should give 5G experience with similar coverage as 4G on 1800MHz. It does not require any additional tower rollout.
- Example of capex: 4G was rolled out on multiple spectrum bands 900, 1800, 2100 and 2300MHz spectrum which required independent equipment for each spectrum band. Thus total equipment mounted on towers was 4 spectrum bands multiplied by 3 sectors equalling 12 radios. These equipment radiate 50-75MHz of spectrum. In 5G, a single band of 60-100MHz will used, thus total equipment per tower is 1 band multiplied by 3 sectors equalling 3 radios.
- In future, Bharti can use its existing 4G radio to refarm spectrum to 5G with minimal capex.
- Bharti said, on like to like basis, speeds on 5G are 15% higher than 4G; however, higher spectrum quantity makes 5G generate large data throughput.
- 5G equipment weight has significantly reduced to 15kg from earlier 27kg. This is important for tower reinforcement capex (which may increase only modestly now) for tower companies. The loading pricing (charged by tower company) may not now see significant rise.
- Bharti will also deploy lean towers to fill coverage blind areas.
- For back haul, the company doesn't see any bottleneck to launch 5G. It has sharply increased its tower with fibre back haul; traditional microwave has also seen good technological advancement.
- Bharti's core is already 5G-ready.

Chart 5: Bharti is ready for 5G rollout; our discussion did not suggest much upside risk to 5G capex

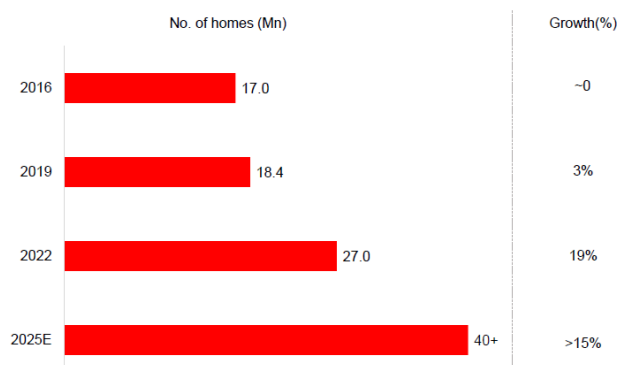


Source: Company

Home services – Industry fixed broadband customer base at 40mn by CY25E

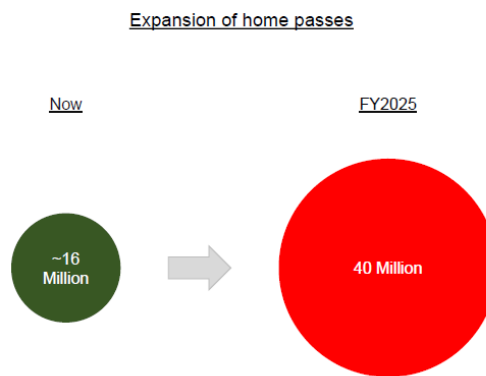
- Fixed broadband sub base was at 18mn for many years, but has started growing since FY21 and reached 27mn by end-CY22. Bharti anticipates this sub base to grow to 40mn by CY25.
- Bharti opined that fixed broadband market would comprise two large players. These services would come with incremental revenue of Rs650 per sub per month.
- Bharti plans to expand its LCO partnership model aggressively to improve GTM. Its digital onboarding of LCOs take less than 10 minutes with real-time tracking of inventory and zero error payout for partners.
- Bharti plans to expand its FTTH home pass to 40mn in next three years from 16mn currently.

Chart 6: FBB customers expected to increase to 40mn in CY25 from 27mn



Source: Company data, I-Sec research.

Chart 7: Bharti to expand FBB home pass to 40mn from 16mn currently

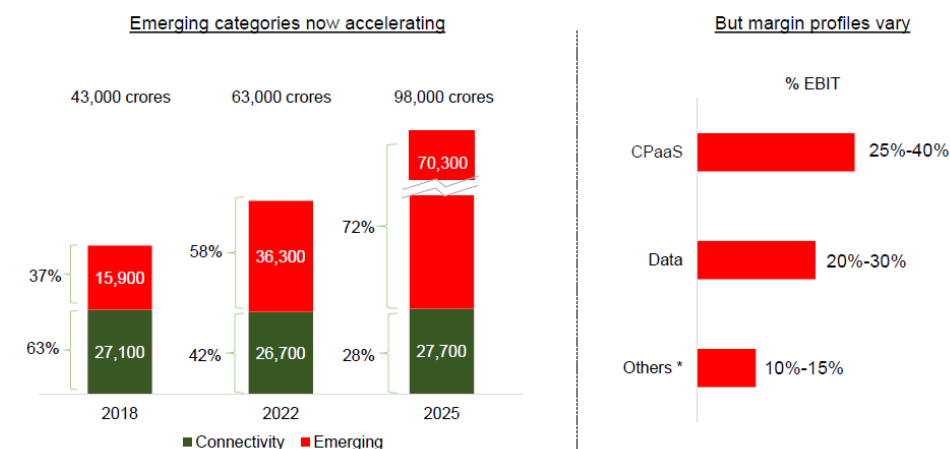


Source: Company data, I-Sec research.

Enterprise – rising opportunity in non-connectivity business

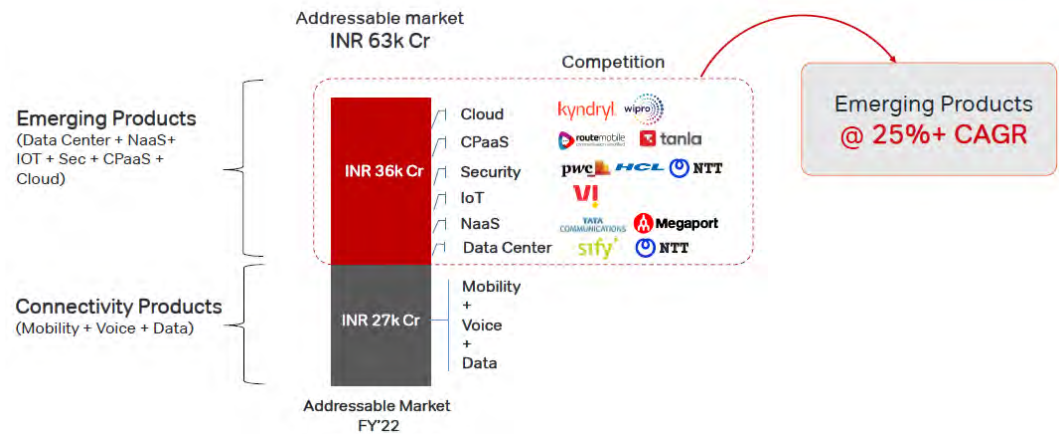
- Enterprise segment remains very exciting with rising opportunity, which would help drive faster revenue growth in non-mobile revenue for Bharti.
- Bharti expects connectivity business to grow marginally from Rs267bn in CY22 to Rs277bn in CY25 and emerging categories to grow to Rs703bn in CY25 from Rs363bn in CY22. The contribution of emerging categories will rise to 72% (vs 58% in CY22) of India industry enterprise revenue.
- EBIT margin for many products are anticipated to be lower than data business, but we believe RoCE would be higher due to lower capex requirement.
- Bharti’s addressable market was Rs630bn with emerging markets at Rs360bn. The key products in emerging categories are CPaaS, data centre, security, cloud, IoT and NaaS.
- Bharti remains confident of grabbing respectable market share in emerging categories as well.
- Company’s enterprise revenue has grown 11% YoY in 9MFY22 – while excluding voice it has grown at 18%. Its solutions business is growing at >50% CAGR in past few years on low base.

Chart 8: Emerging categories revenue to grow at faster pace in coming years; slow growing connectivity revenue estimated to constitute only 28% of industry enterprise revenue by CY25



Source: Company

Chart 9: Bharti expects its emerging addressable market to grow at CAGR of 25%



Source: Company

Chart 10: Bharti's solutions business has grown at CAGR of >50% on low base



Source: Company

Digital services – Bharti is gung-go on digital opportunity

- Bharti has six key digital products and services: **1)** CPaaS under brand *Airtel iQ*; **2)** data centre housed in subsidiary *nextra*; **3)** security & cloud, which are offered in collaboration with global partners; **4)** ad tech for digital marketing within Airtel digital properties; **5)** payment bank; and **6)** digital marketplace.

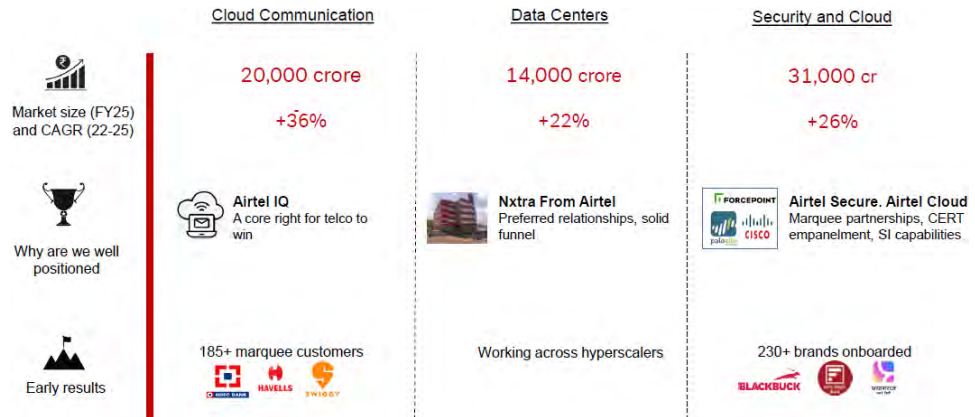
Chart 11: Bharti's focused digital products



Source: Company

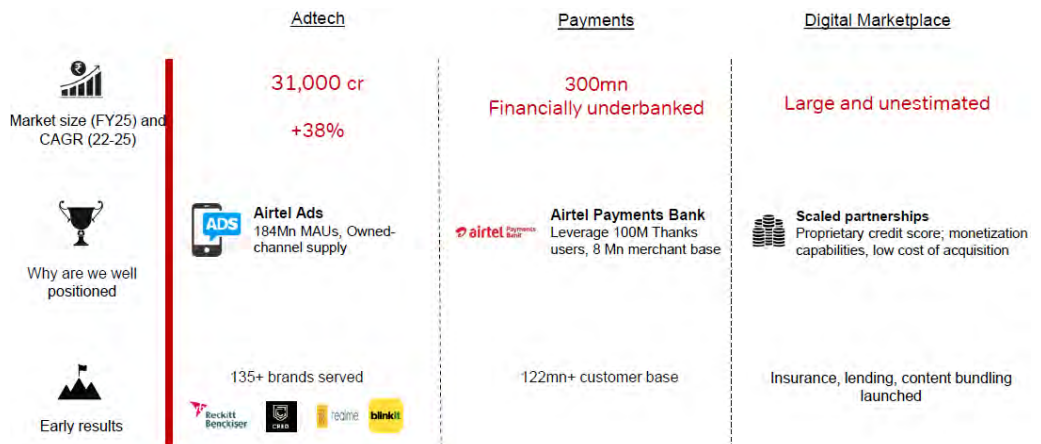
- CPaaS:** Bharti remains excited about the opportunity in CPaaS, and believes telcos have good right to win in the segment. It has already onboarded >185 enterprises including Swiggy and HDFC Bank. CPaaS is expected to grow at a CAGR 36% to Rs200bn over FY22E-FY25E.
- Security and Cloud:** This is a partnership-based service where Bharti has marquee partnership with Cisco, Palo Alto, etc. It has onboarded >230 enterprises. The market is expected to grow at a CAGR of 26% over FY22E-FY25E and likely have an addressable market of Rs310bn by FY25E.
- Data centre:** Bharti has data centre capacity of 130MW and is in the process of expanding to 400MW with investment of Rs50bn. It would plan to build seven large data centres in various metros / capitals in India. Bharti works with hyper scaler for data centres. India data centre revenue is estimated to grow at a CAGR of 22% to Rs140bn over FY22E-FY25E.
- Ad tech:** Bharti has active sub base of 184mn MAU on its digital properties, and has built ad tech to supply its own inventory. It has >135 brands already advertising.

Chart 12: Bharti digital services snapshot....



Source: Company

Chart 13: Bharti digital services snapshot contd.,

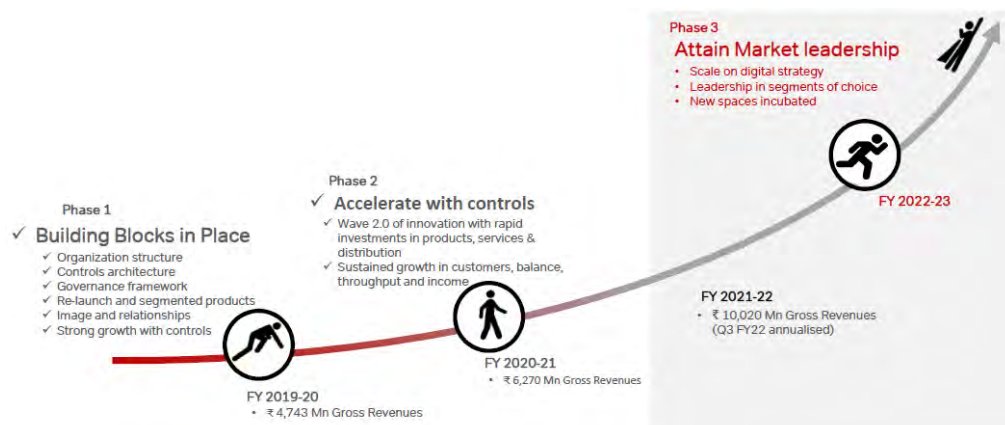


Source: Company

Payment bank – High possibility of listing

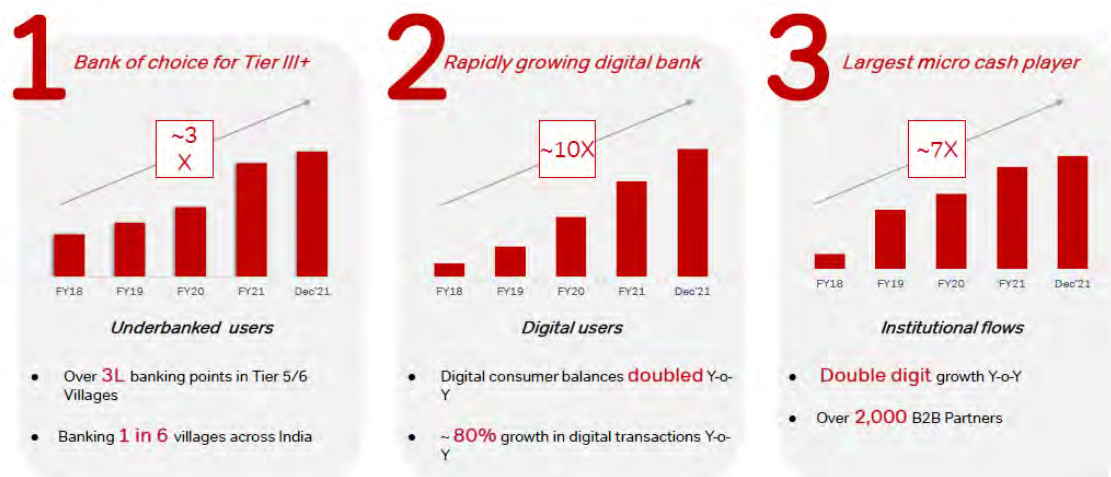
- Bharti is very optimistic on the payment bank opportunity. It is the only payment bank that has profitably scaled up, and is now ready to expand aggressively.
- It serves three broad customer groups: **1)** unbanked rural people in tier-3 and smaller towns and villages; **2)** digital users – growing digital transactions; and **3)** micro cash players where it helps business partners digitise small-ticket cash transactions.
- Airtel Payment Bank revenue is split in the ratio of 40%, 30% and 30% for institutional space, unbanked banking and digital banking. It has seen the share of transaction-based revenue dropping with interest income (Rs10bn deposit) and fee-based revenue growing faster.
- Airtel Payment Bank is uniquely positioned as the only profitable multi-segment fintech company that has built a scalable business model.
- Bharti believes its payment bank is among the businesses it would look to monetise / list separately in future.

Chart 14: Evolution of Airtel Payment Bank



Source: Company

Chart 15: Three key segments for payment bank



Source: Company

Chart 16: Unique positioning



Source: Company

Financial summary

Table 1: Profit & Loss statement

(Rs mn, year ending March 31)

	FY21	FY22E	FY23E	FY24E
Operating Income (Sales)	10,06,158	11,58,365	13,28,245	14,74,125
Operating Expenses	5,52,441	5,90,216	6,47,748	6,99,785
EBITDA	4,53,717	5,68,149	6,80,497	7,74,340
<i>% margins</i>	45.1	49.0	51.2	52.5
Depreciation & Amortisation	2,94,044	3,31,158	3,52,025	3,50,340
Net Interest	1,50,910	1,52,211	1,36,580	1,35,801
Other Income	(928)	13,957	16,076	17,241
Recurring PBT	14,263	98,736	2,07,969	3,05,441
Add: Extraordinaries	1,59,145	4,02,344	1,10,567	-
Less: Taxes	89,325	47,325	77,402	1,04,295
- Current tax				
- Deferred tax				
Less: Minority Interest	27,195	19,981	22,725	25,146
Net Income (Reported)	(1,50,835)	31,431	1,07,842	1,76,000
Recurring Net Income	8,310	31,431	1,07,842	1,76,000

Source: Company data, I-Sec research

Table 2: Balance sheet

(Rs mn, year ending March 31)

	FY21	FY22E	FY23E	FY24E
Assets				
Total Current Assets	6,91,849	6,69,611	7,23,715	8,47,338
<i>of which cash & cash eqv.</i>	<i>1,34,661</i>	<i>90,217</i>	<i>1,15,373</i>	<i>2,21,064</i>
Total Current Liabilities & Provisions	10,04,053	10,13,229	10,41,106	10,53,722
Net Current Assets	(3,12,204)	(3,43,619)	(3,17,391)	(2,06,384)
Investments	2,75,504	2,34,723	2,34,723	2,34,723
<i>of which</i>				
<i>Strategic/Group</i>	<i>2,34,346</i>	<i>2,34,346</i>	<i>2,34,346</i>	<i>2,34,346</i>
<i>Other Marketable</i>	<i>41,158</i>	<i>377</i>	<i>377</i>	<i>377</i>
Net Fixed Assets	19,62,997	20,95,178	23,53,690	23,23,071
Goodwill	3,29,064	3,29,064	3,29,064	3,29,064
Total Assets	22,55,361	23,15,347	26,00,085	26,80,474
Liabilities				
Borrowings	16,27,852	16,07,852	17,22,852	15,72,852
Deferred tax liability	(1,84,757)	(1,76,550)	(1,45,012)	(92,744)
Minority Interest	2,22,739	2,22,739	2,22,739	2,22,739
Equity Share Capital	27,460	29,420	29,420	29,420
<i>Face Value per share(Rs)</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>
Reserves & Surplus	5,62,067	6,31,886	7,70,087	9,48,207
Net Worth	5,89,527	6,61,306	7,99,507	9,77,627
Total Liabilities	22,55,361	23,15,347	26,00,085	26,80,474

Source: Company data, I-Sec research

Table 3: Quarterly trend

(Rs mn, year ending March 31)

	Mar-21	Jun-21	Sep-21	Dec-21
Net sales	2,57,473	2,68,536	2,83,264	2,98,666
<i>% growth (YoY)</i>	<i>8.1</i>	<i>12.2</i>	<i>9.9</i>	<i>12.6</i>
EBITDA	1,23,319	1,29,803	1,38,105	1,47,028
<i>Margin (%)</i>	<i>47.9</i>	<i>48.3</i>	<i>48.8</i>	<i>49.2</i>
Other income	(545)	(585)	(553)	(945)
Add: Extraordinaries	4,404	305	7,221	398
Net profit	7,592	1,294	11,340	8,296

Source: Company data

Table 4: Cashflow statement

(Rs mn, year ending March 31)

	FY21	FY22E	FY23E	FY24E
Operating Cashflow	4,51,618	5,23,007	6,27,985	7,14,409
Working Capital				
Changes	30,432	(13,029)	(1,071)	(5,317)
Capital Commitments	(3,35,816)	(3,97,106)	(5,42,361)	(2,49,548)
Free Cashflow	1,46,234	1,12,872	84,552	4,59,544
Cashflow from Investing Activities	66,932	40,781	-	-
Issue of Share Capital	9	52,920	84,280	72,520
Buyback of shares Inc (Dec) in				
Borrowings	(75,335)	(20,000)	1,15,000	(1,50,000)
Dividend paid	(1,73,777)	(2,31,017)	(2,58,676)	(2,76,374)
Extraordinary Items	-	-	-	-
Chg. in Cash & Bank balance	(35,937)	(44,444)	25,156	1,05,690

Source: Company data, I-Sec research

Table 5: Key ratios

(Year ending March 31)

	FY21	FY22E	FY23E	FY24E
Per Share Data (in Rs.)				
Recurring EPS	1.5	5.3	18.3	29.9
Reported EPS	(27.5)	5.3	18.3	29.9
Recurring Cash EPS	43.4	50.4	66.6	77.5
Dividend per share (DPS)	2.0	2.1	9.2	12.0
Book Value per share (BV)	107.3	112.4	135.9	166.2
Growth Ratios (%)				
Operating Income	14.9	15.1	14.7	11.0
EBITDA	23.9	25.2	19.8	13.8
Recurring Net Income	(114.8)	278.2	243.1	63.2
Diluted Recurring EPS	(114.7)	253.0	243.1	63.2
Diluted Recurring CEPS	36.8	16.2	32.2	16.5
Valuation Ratios (% YoY)				
P/E	(26.7)	137.2	40.0	24.5
P/CEPS	16.9	14.6	11.0	9.5
P/BV	6.8	6.5	5.4	4.4
EV / EBITDA	14.1	11.5	9.5	7.9
EV / Operating Income	5.1	4.7	4.2	3.6
EV / Operating FCF	32.2	23.2	17.0	12.6
Operating Ratios				
Other Income / PBT (%)	(6.5)	14.1	7.7	5.6
Effective Tax Rate (%)	626.3	47.9	37.2	34.1
NWC / Total Assets (%)	(13.8)	(14.8)	(12.2)	(7.7)
Inventory Turnover (days)	-	-	-	-
Receivables (days)	13.2	12.5	11.7	11.0
Payables (days)	174.1	152.2	137.6	126.6
Net Debt/EBITDA Ratio (x)	2.5	2.1	1.9	1.3
Capex % of sales	33.4	34.3	40.8	16.9
Profitability Ratios (%)				
Rec. Net Income Margins	0.8	2.7	8.1	11.9
RoCE	(39.0)	5.8	9.0	11.5
RoIC	8.4	11.8	15.0	18.8
RoNW	(22.2)	5.0	14.8	19.8
Dividend Yield	0.3	0.3	1.3	1.6
EBITDA Margins	45.1	49.0	51.2	52.5

Source: Company data, I-Sec research

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; Akash Kumar, MBA; 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 a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest 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.