

Survival worries!!!

Vodafone Idea's Q1FY20 performance was weak on all counts. Revenues at ₹ 11,270 crore witnessed a decline of 4.3% QoQ, with ARPU at ₹ 108 (up ~3.8% QoQ, largely mathematical outcome of low/no paying customer exit), coupled with net loss of 14.1 million (mn) customers. EBITDA (excluding Ind-AS 116 impact) came in at ₹ 1240 crore, a fall of 28% QoQ and margin of 11%, weak topline and higher access charge (up 6% QoQ).

Weak KPI, albeit post-paid subscriber base stable QoQ...

Revenue decline of 4.3% was owing to exit of minimum ARPU customer, IUC revenue loss (~₹ 80 crore) as well as downtrading. The exit of 14.1 mn customers was much more than our anticipation marked the fourth consecutive quarter of subscriber base decline. We again reiterate that the ARPU increase of 3.8% QoQ is merely a mathematical kick on a lower subscriber base. Therefore, this does not reflect any improvement in pricing/up-trading, etc. The company's net addition of 4.1 mn 4G customers (largely conversion of own base in areas where it is expanding), was still modest. However, post-paid sub base at ~23 mn largely stabilised with a sequential decline of only 0.13 mn (0.1% decline QoQ).

Achieves 70% opex synergy, yet financials deteriorate

As per the company, the network integration is on expected lines while 11 circles now have integrated their network (consolidation of spectrum and radio access network) till date, while other circles are being integrated on cluster by cluster basis. It indicated that synergy run rate now implies 70% of target, albeit weak revenue traction has led to deterioration of financials.

Ind-AS changes boost EBITDA; increases depreciation, interest

On a reported basis, the company reported EBITDA of ₹ 3650 crore and margins of 32.4% as adoption of Ind-AS 116 resulted in lease rentals (₹ 2410 crore) no longer being included as part of network expenses and other expenses now being charged to depreciation (additional ₹ 1510 crore) and finance charge (additional ₹ 1510 crore).

Valuation & Outlook

We reiterate that a quick market repair is the only way for survival of Vodafone Idea. The Vodafone-Idea combine is the weakest private telco, notwithstanding recent fund raising providing a temporary relief for next four to five quarters. Continued net sub loss (reflection of weak sub quality) and modest 4G sub addition clearly reflects the relative weak position. Our EBITDA estimates for FY20 and FY21 have been cut by 24% and 23%, respectively. We maintain **REDUCE** with DCF based target price of ₹ 6/share. We do not incorporate Ind-AS 116 given lack of balance sheet data.



Particulars

Particular	Amount
Market Capitalization (₹ Crore)	19,396.5
Total Debt (₹ Crore)	126,059.7
Cash & Investments (₹ Crore)	13,553.1
EV (₹ Crore)	131,903.1
52 week H/L	27 / 7
Equity capital (₹ crore)	28,735.6
Face value (₹)	10.0

Key Highlights

- A 28% QoQ decline in EBITDA owing to weak topline and higher access charge
- Another quarter of subscriber loss of 14.1 mn customers (current subscriber base of 320 million) owing to churn from incoming only minimal ARPU customer, which also provided mathematical kick to ARPU
- Maintain REDUCE with DCF based target price of ₹ 6/share

Research Analyst

Bhupendra Tiwary
bhupendra.tiwary@icicisecurities.com

Sameer Pardikar
sameer.pardikar@icicisecurities.com

Key Financial Summary

(Year-end March)	FY17	FY18	FY19	FY20E	FY21E	CAGR FY19-21E
Net Sales (₹ crore)	35,575.7	28,278.9	37,092.5	45,232.5	44,909.1	10.0
EBITDA (₹ crore)	10,276.3	6,047.5	4,043.0	6,531.1	8,849.4	47.9
Adjusted PAT (₹ crore)	(399.7)	(4,168.2)	(15,455.9)	(16,210.1)	(14,416.8)	
Adjusted EPS (₹)	(1.1)	(9.6)	(17.7)	(5.6)	(5.0)	
Adjusted P/E (x)	(6.1)	(0.7)	(0.4)	(1.2)	(1.3)	
Price / Book (x)	0.1	0.1	0.1	0.2	0.3	
EV/EBITDA (x)	6.8	11.9	34.0	17.6	14.6	
RoCE (%)	3.3	(2.3)	(5.0)	(5.3)	(4.2)	
RoE (%)	(1.6)	(15.3)	(25.9)	(19.0)	(20.3)	

Exhibit 1: Variance Analysis

	Q1FY20	Q1FY20E	Q1FY19	Q4FY19	YoY (%)	QoQ (%)	
Revenue	11,269.9	11,763.2	5,889.2	11,775.0	NA	-4.3	Revenue decline of 4.3% was owing to exit of minimum ARPU customer, IUC revenues loss (~₹ 80 crore) as well as downtrading
Other Income	279.6	160.0	141.4	156.6	NA	78.5	
Employee Expenses	584.3	729.3	392.0	729.2	NA	-19.9	
Marketing Expenses	961.3	1,129.3	623.6	1,132.0	NA	-15.1	
Network operating expenditure	2,998.6	4,975.4	2,642.7	5,099.0	NA	-41.2	
License and WPC Charges	1,191.0	1,258.7	596.1	1,261.5	NA	-5.6	
Roaming & Access Charges	1,319.8	1,246.9	774.4	1,249.6	NA	5.6	
Total Operating Cost	7,619.9	9,499.5	5,170.2	9,627.9	NA	-20.9	
EBITDA	3,650.0	1,906.0	659.4	1,785.3	NA	104.4	Adoption of Ind-AS 116 resulted in lease rentals (₹ 2410 crore) no longer being included as part of network expenses and other expenses
EBITDA Margin (%)	32.4	16.2	11.2	15.2	NA	NA	
Depreciation	6,130.8	4,660.0	2,092.4	4,663.9	NA	31.5	
Interest	3,723.7	2,667.4	1,525.8	2,946.0	NA	26.4	
Total Tax	-1,799.9	-1,420.6	350.4	-1,877.0	NA	NA	
PAT	-4,873.9	-3,785.9	256.5	-4,881.9	NA	NA	
Key Metrics							
Subscribers (Million)	320.0	329.1	187.9	334.1	70.3	-4.2	
ARPU (₹)	108	109	100	104	8.0	3.8	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

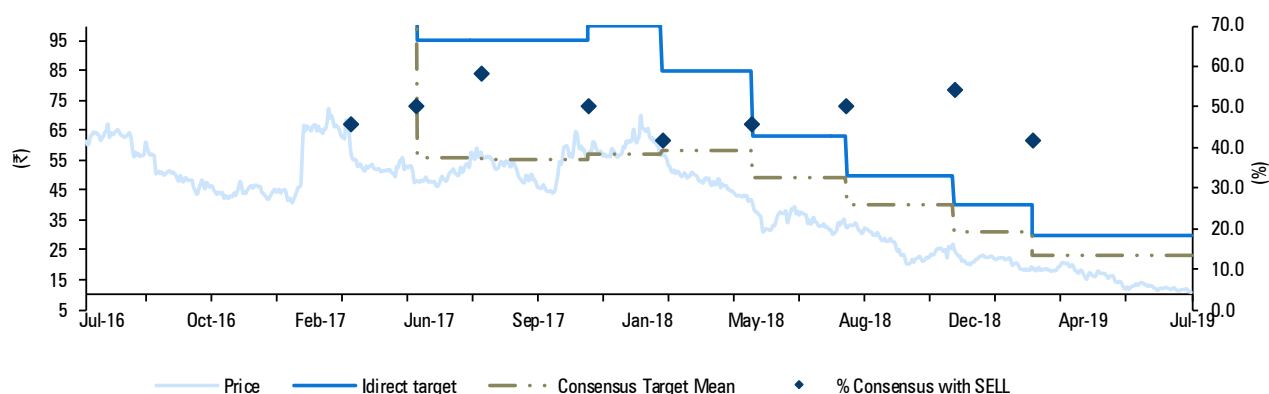
(₹ Crore)	FY20E			FY21E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	47,463.3	45,232.5	-4.7	47,670.1	44,909.1	-5.8	
EBITDA	8,620.0	6,531.1	-24.2	11,418.3	8,849.4	-22.5	
EBITDA Margin (%)	18.2	14.4	-372 bps	24.0	19.7	-425 bps	
PAT	-18,403.4	-17,017.1	NM	-15,172.1	-14,416.8	NM	
EPS (₹)	-6.4	-5.9	NM	-5.3	-5.0	NM	

Source: Company, ICICI Direct Research

Conference Call and other highlights

- **Network integration:** The management indicated the network integration is on a fast pace and 11 circles (West Bengal, Andhra Pradesh, Haryana, Madhya Pradesh, Himachal Pradesh, Assam, North East, J&K, Bihar Punjab and Odisha (July, 2019) now have integrated their network (consolidation of the spectrum and radio access network), while other circles are being integrated on a cluster by cluster basis. Post integration, data capacity in these circles has increased ~55% since December, 2018. Furthermore, the company has removed surplus equipment on 38000 sites out of total 73,000 co-located sites and exited ~14000 low utilisation sites, to drive cost rationalisation. Moreover, it has reformed additional carriers of 2G (900 MHz) & 3G (2100 MHz) to 4G in eight & seven circles, respectively. The company reiterated its target to largely integrate the network by June, 2020 and increase the overall network capacity to 2.5x. **At the current run rate, annualised synergy realisation is at ~₹ 5920 crore, ~70% of the ₹ 8400 crore synergy target**
- **Network coverage & capacity:** The company added 6500 FDD sites and 15000 4G TDD sites and deployed massive MIMO on around 4400 sites (6700, till date) in select key locations. The 4G coverage is now at ~68.6% (vs. less than 50% as on August, 2018). The company also reiterated the guidance to achieve 4G coverage of more than 95% of population in high potential districts by March 2020
- **Reiterated guidance for ~180000 unique sites post integration:** The company reiterated that post integration it will have ~180000 base stations with both 2G and 4G. With superior usage of combined spectrum, it would be sufficient
- **Initiative to reduce churn:** The company has taken certain market initiatives to offer a better value proposition to low ARPU customers and reduce low-end churn. They have introduced ₹ 45 voucher with 28 days validity offering more voice calling option to retain low cost subscribers and improve ARPU from minimum recharge customers
- **Others**
 - The broadband subscriber base was 110.5 mn (4G sub base was 84.8 mn). Total data volumes grew 9.3% QoQ to 3,222 billion (bn) MB. Total minutes on the network declined 3.8% during the quarter, due to reduction in incoming minutes following the disconnection of 'Incoming only' or 'Low ARPU' customers
 - Churn reduced to 3.7% compared to 7.2% in Q4FY19
 - Capex was at ₹ 28400 crore for the quarter. Net debt was at ₹ 99260 crore (including deferred spectrum obligation of ₹ 89180 crore)
 - Vodafone M-Pesa Ltd (a wholly-owned subsidiary) surrendered its prepaid payment instrument (PPI) licenses as to close the PPI and business correspondence (BC) business. Furthermore, ABIPBL (its associate) has decided to voluntarily wind up its payments bank business. These actions resulted in an impairment loss of ₹ 210 crore during the quarter

Exhibit 3: Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 4: Top 10 Shareholders

Name	Latest Filing Date	% O/S	Position (m)	Position Change (m)
1 Aditya Birla Group	10-May-19	14.2	4,068.69M	2,831.80M
2 Euro Pacific Securities Ltd	10-May-19	11.1	3,198.99M	2,406.23M
3 Prime Metals Ltd	10-May-19	7.6	2,185.53M	1,521.13M
4 Oriana Investments Pte Ltd	10-May-19	7.5	2,147.31M	1,984.11M
5 Mobilvest	10-May-19	5.8	1,675.99M	1,166.49M
6 Vodafone International Holdings Bv	10-May-19	5.7	1,624.51M	1,130.66M
7 Trans Crystal Ltd	10-May-19	5.1	1,461.14M	1,016.96M
8 Asian Telecommunication Investments Mauritius Ltd	10-May-19	3.4	980.47M	+682.41M
9 Elaine Investments Pte Ltd	10-May-19	3.0	861.13M	+697.93M
10 Al-Amin Investments Ltd	10-May-19	2.8	812.74M	+565.67M

Source: Reuters, ICICI Direct Research

Exhibit 5: Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Aditya Birla Group	+567.78M	+2,831.80M	Axiata Group Bhd	-49.58M	-247.27M
Euro Pacific Securities Ltd	+482.45M	+2,406.23M	First State Investments (U.K.) Ltd	-21.31M	-80.78M
Oriana Investments Pte Ltd	+397.81M	+1,984.11M	Templeton Asset Management Ltd.	-10.97M	-41.58M
Prime Metals Ltd	+304.99M	+1,521.13M	Reliance Nippon Life Asset Management Limited	-2.49M	-14.11M
Mobilvest	+233.88M	+1,166.49M	SBI Funds Management Pvt. Ltd.	-1.98M	-11.25M

Source: Reuters, ICICI Direct Research

Exhibit 6: Shareholding Pattern

(in %)	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Promoter	32.89	71.33	71.33	71.33	71.57
FII	26.00	12.35	12.81	13.13	15.67
DII	11.84	3.84	3.42	3.07	5.88
Others	29.27	12.48	12.44	12.47	6.88

Source: Company, ICICI Direct Research

Financial summary

Exhibit 7: Profit and loss statement				
	₹ crore			
(Year-end March)	FY18	FY19	FY20E	FY21E
Total operating income	28278.9	37092.5	45232.5	44909.1
Growth (%)	-20.5	NA	NA	-0.7
Employee Expenses	1,543.0	2,294.4	2,450.8	2,435.2
Roaming & Access Charges	3,535.8	4,169.0	4,951.9	4,041.8
Network operating expenditure	9,733.4	17,005.2	20,511.6	19,331.4
License and WPC Charges	2,866.7	3,933.1	4,757.1	4,625.6
SG&A Expenses	3,609.0	3,844.6	3,848.1	3,727.5
Other Costs	943.5	1,803.2	2,181.9	1,898.2
Total Operating Expenditure	22231.4	33049.5	38701.4	36059.7
EBITDA	6047.5	4043.0	6531.1	8849.4
Growth (%)	-41.2	NA	NA	35.5
Depreciation	8409.1	14535.6	18545.3	18412.7
Interest	4813.0	9462.8	11390.2	11169.0
Other Income	353.0	731.1	1119.6	1200.0
Non Operating Expenses	0.0	0.0	0.0	0.0
PBT	-6821.6	-19224.3	-22284.8	-19532.3
MV Profit from associates	-322.4	-196.8	-232.4	-232.4
Total Tax	-2331.0	-3571.6	-5842.4	-4883.1
PAT	-4168.2	-15455.9	-16210.1	-14416.8
Growth (%)	NM	NM	NM	NM
EPS (₹)	-9.6	-16.7	-5.9	-5.0

Source: Company, ICICI Direct Research

Exhibit 9: Balance sheet				
	₹ crore			
(Year-end March)	FY18	FY19	FY20E	FY21E
Liabilities				
Equity Capital	4,359.3	8,735.6	28,735.6	28,735.6
Reserve and Surplus	22,903.2	50,899.2	56,769.8	42,353.0
Others	0.0	0.0	0.0	0.0
Total Shareholders funds	27,262.5	59,634.8	85,505.4	71,088.6
Total Debt	57,985.2	125,939.9	110,939.9	116,939.9
Deferred Tax Liability	65.9	47.1	47.1	47.1
Others	3,363.5	10,248.3	10,248.3	10,248.3
Total Liabilities	88,677.1	195,870.1	206,740.7	198,323.9
Assets				
Gross Block	129,506.4	291,961.1	308,461.1	323,461.1
Less: Acc Depreciation	49,814.5	114,164.6	132,709.9	151,122.6
Net Block	79,691.9	177,796.5	175,751.2	172,338.4
Capital WIP	3,585.3	5,103.0	5,103.0	5,103.0
Total Fixed Assets	83,277.2	182,899.5	180,854.2	177,441.4
Investments	1,660.1	1,533.4	1,533.4	1,533.4
Inventory	36.7	4.2	5.1	5.1
Debtors	887.4	3,300.0	4,027.5	3,998.8
Loans and Advances	35.8	2.7	3.3	3.3
Other Current Assets	1,791.5	7,194.0	8,772.7	8,710.0
Cash	29.1	990.8	8,399.6	7,402.9
Total Current Assets	2,780.5	11,491.7	21,208.3	20,120.0
Creditors	3,547.9	13,516.6	16,482.0	16,364.1
Provisions	333.1	384.6	422.1	377.2
Total Current Liabilities	3,881.0	13,901.2	16,904.0	16,741.3
Net Current Assets	-1,100.5	-2,409.5	4,304.3	3,378.7
Other Non Current Assets	2,197.7	16,546.1	16,546.1	14,546.1
Application of Funds	88,677.1	195,870.1	206,740.7	198,323.9

Source: Company, ICICI Direct Research

Exhibit 8: Cash flow statement				
	₹ crore			
(Year-end March)	FY18	FY19	FY20E	FY21E
Profit after Tax	-4,168.2	-14,603.8	-17,017.1	-14,416.8
Add: Depreciation	8,409.1	14,535.6	18,545.3	18,412.7
Add: Interest paid	4,813.0	9,462.8	11,390.2	11,169.0
(Inc)/dec in Current Assets	(1,152.2)	(6,880.1)	(2,307.8)	91.6
Inc/(dec) in CL and Provisions	-4,128.9	23,929.3	1,300.7	-293.0
Others	0.0	0.0	0.0	0.0
CF from op. activities	3,772.8	26,443.8	11,911.4	14,963.4
(Inc)/dec in Investments	-912.2	-948.1	0.0	6,708.8
(Inc)/dec in Fixed Assets	-7,388.0	-114,157.9	-16,500.0	-15,000.0
Others	-342.4	-15,844.1	-4,500.0	-2,500.0
CF from inv. activities	-8,642.6	-130,950.1	-21,000.0	-10,791.2
Issue/(Buy back) of Equity	754.0	4,376.3	20,000.0	0.0
Inc/(dec) in loan funds	2,930.7	67,954.7	-15,000.0	6,000.0
Dividend paid & dividend tax	0.0	0.0	0.0	0.0
Interest Paid	-4,813.0	-9,462.8	-11,390.2	-11,169.0
Others	5,944.4	42,487.6	23,000.0	0.0
CF from fin. activities	4,816.1	105,355.8	16,609.8	-5,169.0
Net Cash flow	-53.7	849.5	7,521.2	-996.8
Opening Cash	82.7	29.0	878.5	8,399.6
Closing Cash	29.0	878.5	8,399.6	7,402.9

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios				
	₹ crore			
(Year-end March)	FY18	FY19	FY20E	FY21E
Per share data (₹)				
EPS	-9.6	-16.7	-5.9	-5.0
Cash EPS	9.7	-0.1	0.5	1.4
BV	62.5	68.3	29.8	24.7
DPS	0.0	0.0	0.0	0.0
Cash Per Share	0.1	1.1	2.9	2.6
Operating Ratios				
EBITDA Margin (%)	21.4	10.9	14.4	19.7
EBIT Margin (%)	-8.4	-28.3	-26.6	-21.3
PAT Margin (%)	-14.7	-41.7	-35.8	-32.1
Inventory days	0.5	0.0	0.0	0.0
Debtor days	11.5	32.5	32.5	32.5
Creditor days	45.8	133.0	133.0	133.0
Return Ratios (%)				
RoE	-15.3	-25.9	-19.0	-20.3
RoCE	-2.3	-5.0	-5.3	-4.2
RoIC	-3.2	-6.7	-7.8	-6.3
Valuation Ratios (x)				
P/E	-0.7	-0.4	-1.1	-1.3
EV / EBITDA	11.9	34.0	17.6	14.6
EV / Net Sales	2.5	3.7	2.5	2.9
Market Cap / Sales	0.7	0.5	0.4	0.4
Price to Book Value	0.1	0.1	0.2	0.3
Solvency Ratios				
Debt/EBITDA	9.6	31.2	17.0	13.2
Debt / Equity	2.1	2.1	1.3	1.6
Current Ratio	0.3	0.3	0.4	0.4
Quick Ratio	0.3	0.3	0.4	0.4

Source: Company, ICICI Direct Research

Exhibit 11: ICICI Direct Coverage Universe (Telecom)

Sector / Company	CMP (₹)	TP (₹)	Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
Bharti Airtel	334	400	Hold	171,375	1.0	-4.1	-1.0	326.0	NM	NM	11.1	9.6	8.6	5.6	2.1	2.7	2.7	-3.5	-2.3
Bharti Infratel	257	275	Hold	47,442	13.5	15.4	14.2	19.0	16.7	18.1	7.8	6.3	6.3	21.1	21.2	20.9	14.7	17.2	22.2
Vodafone Idea	7	6	Reduce	19,397	-16.7	-5.9	-5.0	NM	NM	NM	34.0	17.6	14.6	-2.3	-5.0	-5.3	-15.3	-25.9	-19.0
Sterlite Tech	155	180	Hold	6,240	14.0	14.3	15.0	11.1	10.8	10.3	7.1	6.1	5.2	29.7	27.8	27.8	28.7	33.0	27.1
Tata Comm	492	540	Hold	14,008	-2.9	6.8	12.9	NM	NM	38.0	8.3	8.0	7.2	5.9	5.4	5.9	9.4	127.7	-218.9

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavors to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Bhupendra Tiwary, MBA, Sameer Pardikar, MBA, Research Analysts, 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. 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 Limited is a SEBI registered Research Analyst with 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 generally prohibits its analysts, persons reporting to analysts and their relatives 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 Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, target price of the Institutional 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 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 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.