

Telecom

Vodafone India and Idea Cellular – a ‘mega-merger’ in the making

Reason for report: Sector update

Vodafone Group confirmed that it is in discussion for all-share merger with Idea Cellular (Idea) through fresh shares to Vodafone in Idea. Though we see the likely merger as a positive with the combined entity to be no.1 operator, we see regulatory costs and integration challenges. Some costs however could be offset by synergy benefits accruing from merger. We also see Bharti Airtel (Bharti), to benefit from industry consolidation and it would still continue to be no.1 operator in 11 circles (which contributed 48.6% to industry AGR) even after the Vodafone-Idea merger. We see Bharti Infratel to be impacted from tenancy cancellations on consolidation and potentially lower tenancy opportunity in the longer term. We have not baked in any merger benefits in Idea for now. Maintain our BUY rating on Bharti Airtel (our top pick), HOLD on Idea and REDUCE on Bharti Infratel.

► **Potential merger of Vodafone and Idea – Though positive....**

- Based on a press release, Vodafone Group and Aditya Birla Group (promoter of Idea Cellular) are in discussion for all-share merger through issue of fresh shares to Vodafone in Idea Cellular.
- Idea's press release said the fundamental premise of preliminary discussion is based on equal rights between Aditya Birla Group and Vodafone in the combined entity.
- We believe merger would be a positive with the combined entity being the no. 1 telecom operator with adjusted gross revenue (AGR) of 43%. However, if we apply AGR market share cap at 50% (in circles where combined entity exceeds the allowed limit for merger), then combined entity would have AGR market share of 39.3%.
- Our analysis shows the merged entity would have data spectrum holding market share of 38% (without including excess spectrum) compared to 28% for Bharti Airtel and 34% for Reliance Jio (including the entire 850MHz of RCom).

► **...it would have its own challenges – regulatory costs and integration challenges**

- If Idea acquires Vodafone, then combined entity will incur spectrum liberalisation cost of Rs45bn or will have to surrender Vodafone's administratively allocated spectrum.
- Merged entity to exceed 50% spectrum cap in five circles in 900MHz band with total excess spectrum of 12.7MHz, however U.P. (west) has administratively allocated spectrum. The combined entity will need to either sell (which looks difficult though!) or surrender excess spectrum worth Rs52bn without any refund from the government. Also, have to surrender 20MHz of spectrum in the 2500MHz band worth Rs9.7bn.
- Combined entity will exceed AGR market share of 50% in seven circles. The cumulative excess AGR is Rs30bn in H1FY17, which will need to be reduced within one year of merger.
- Apart from this, the top management of the combined entity will need to invest significant time in integration of employees, network operations and vendor contracts.

► **Potential synergy benefits – Access charges, network costs and SG&A expenses**

- Our profoma P&L shows the combined entity is likely to have revenues of Rs414bn in H1FY17; however, we see some revenues lost due to market share cap limit and lower IUC revenues, which was arising between the merging operators.
- We see synergies from: 1) lower access charges as the merged entity is likely to have much higher on-net calls and nil 3G intra-circle roaming fees, 2) lower selling and marketing costs on branding and distribution, 3) lower number of cell sites (though this may take some time due to lock-in and penalty clause in MSAs) and other network operating costs, and 4) savings in employee and administrative expenses.
- In case combined entity achieves EBITDA margin equal to Bharti, it would imply synergy benefit of 15% on costs and that potential EBITDA of the combined entity will be 34% higher than the simple summation of present EBITDAs of Idea and Vodafone.

Research Analyst:

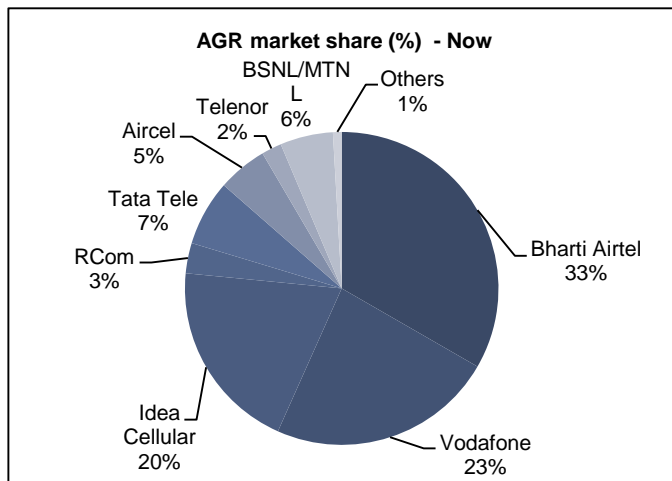
Sanjesh Jain

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

Will combined entity have much lower leverage?

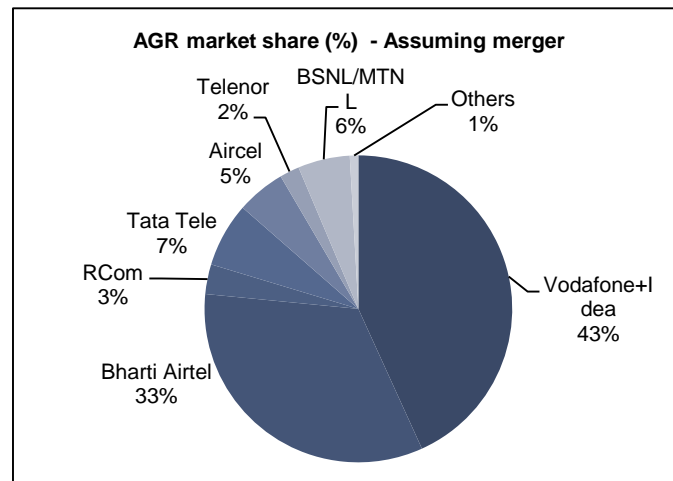
- We believe the merged entity could have much lower leverage due to potential sale of towers assets on the books of Vodafone India and Idea
- If Aditya Birla (AB) Group is working to equal right, it could imply fresh equity infusion from AB Group in the combined entity

Chart 1: Vodafone and Idea AGR market share is 23% and 20% respectively...



Source: I-Sec research, TRAI

Chart 2: ...hence merged entity would have AGR market share of 43%



Source: I-Sec research, TRAI

Table 1: However, accounting for market cap, the merged entity will likely have AGR market share of 39.3%

AGR (Rs mn)	Vodafone		Idea		Vodafone+Idea		Vodafone+Idea	
	AGR	AGR-MS (%)	AGR	AGR-MS (%)	AGR	AGR-MS (%)	AGR	AGR-MS (%)
Metros								
Delhi	15,910	30.5	5,054	9.7	20,964	40.2	20,964	40.2
Mumbai	15,658	38.1	3,250	7.9	18,908	46.0	18,908	46.0
Kolkata	6,284	36.7	820	4.8	7,104	41.5	7,104	41.5
A' Circle								
Maharashtra	17,121	26.5	24,258	37.5	41,379	64.0	32,341	50.0
Gujarat	18,347	42.5	10,748	24.9	29,095	67.4	21,593	50.0
A.P.	4,803	7.9	16,295	26.8	21,097	34.7	21,097	34.7
Karnataka	7,586	12.8	5,601	9.4	13,187	22.2	13,187	22.2
T.N.	17,698	25.4	3,181	4.6	20,879	29.9	20,879	29.9
B' Circle								
Kerala	8,336	22.0	18,464	48.8	26,800	70.9	18,910	50.0
Punjab	4,047	14.7	8,019	29.1	12,066	43.8	12,066	43.8
Haryana	4,285	30.4	4,088	29.0	8,372	59.5	7,037	50.0
U.P.(W)	7,091	21.3	11,658	35.1	18,749	56.4	16,618	50.0
U.P.(E)	15,234	30.8	7,136	14.4	22,371	45.3	22,371	45.3
Rajasthan	8,433	22.1	4,534	11.9	12,967	34.0	12,967	34.0
M.P.	2,677	7.1	17,894	47.6	20,571	54.7	18,796	50.0
W.B.	10,408	41.3	2,203	8.8	12,611	50.1	12,585	50.0
C' Circle								
H.P.	382	6.9	695	12.6	1,076	19.5	1,076	19.5
Bihar	5,475	14.0	5,154	13.2	10,629	27.2	10,629	27.2
Orissa	2,415	16.0	837	5.6	3,252	21.6	3,252	21.6
Assam	3,321	23.5	547	3.9	3,868	27.3	3,868	27.3
N.E.	1,474	17.6	251	3.0	1,725	20.6	1,725	20.6
J&K	609	8.3	482	6.6	1,091	14.9	1,091	14.9
Total	177,593	23.3	151,167	19.9	328,759	43.2	299,062	39.3

Source: I-Sec research, TRAI

Table 2: Total spectrum held by Vodafone India and Idea Cellular

Operators	Vodafone India				Idea Cellular				
	900 MHz	1800 MHz	2100 MHz	2500 MHz	900 MHz	1800 MHz	2100 MHz	2300 MHz	2500 MHz
Metros									
Delhi	5.0	10.0	5.0	20.0	5.0	8.6	-	-	-
Mumbai	11.0	8.2	5.0	20.0	-	6.4	5.0	-	-
Kolkata	7.0	10.0	5.0	20.0	-	5.0	5.0	-	-
A' Circle									
Maharashtra	5.0	1.3	10.0	20.0	9.0	11.0	5.0	10.0	10.0
Gujarat	6.0	10.8	5.0	20.0	5.0	10.0	5.0	-	10.0
A.P.	-	6.8	-	-	5.0	6.0	5.0	-	10.0
Karnataka	-	13.0	5.0	-	5.0	6.0	-	-	-
T.N.	6.2	1.0	15.0	-	-	11.4	-	-	-
B' Circle									
Kerala	6.4	9.9	5.0	10.0	6.0	10.0	5.0	10.0	10.0
Punjab	-	11.1	5.0	10.0	5.6	10.0	5.0	-	-
Haryana	6.2	4.9	10.0	10.0	6.0	10.8	5.0	-	10.0
U.P.(W)	6.2	4.9	5.0	10.0	5.0	9.4	5.0	-	10.0
U.P.(E)	5.6	8.5	10.0	10.0	-	6.2	10.0	-	10.0
Rajasthan	6.4	5.0	10.0	10.0	-	11.2	5.0	-	10.0
M.P.	-	6.9	-	-	7.4	11.6	5.0	10.0	20.0
W.B.	6.6	11.9	5.0	10.0	-	11.3	-	-	10.0
C' Circle									
H.P.	-	5.7	-	-	-	9.8	5.0	-	10.0
Bihar	-	6.9	-	-	-	10.7	5.0	-	10.0
Orissa	5.0	6.9	5.0	10.0	-	10.0	-	-	10.0
Assam	-	14.9	5.0	10.0	-	10.0	-	-	10.0
N.E.	-	14.7	5.0	10.0	-	11.0	-	-	10.0
J&K	-	6.9	-	-	-	10.0	5.0	-	10.0
Total	82.6	180.0	115.0	200.0	59.0	206.3	80.0	30.0	170.0

Source: I-Sec research, TRAI, DOT

Table 3: Combined entity to exceed 50% spectrum cap in five circles in 900MHz band and two circles in 2300MHz band

Operators	Vodafone + Idea					Spectrum cap				
	900 MHz	1800 MHz	2100 MHz	2300 MHz	2500 MHz	900 MHz	1800 MHz	2100 MHz	2300 MHz	2500 MHz
Metros										
Delhi	10.0	18.6	5.0	-	20.0	11.1	27.4	20.0	30.0	20.0
Mumbai	11.0	14.6	10.0	-	20.0	11.1	27.4	20.0	30.0	20.0
Kolkata	7.0	15.0	10.0	-	20.0	10.1	27.4	20.0	30.0	20.0
A' Circle										
Maharashtra	14.0	12.3	15.0	10.0	30.0	10.1	27.4	20.0	30.0	20.0
Gujarat	11.0	20.8	10.0	-	30.0	10.1	27.4	20.0	30.0	20.0
A.P.	5.0	12.8	5.0	-	10.0	10.1	27.4	20.0	30.0	20.0
Karnataka	5.0	19.0	5.0	-	-	10.1	27.4	20.0	30.0	20.0
T.N.	6.2	12.4	15.0	-	-	10.1	29.7	20.0	30.0	20.0
B' Circle										
Kerala	12.4	19.9	10.0	10.0	20.0	9.3	27.4	20.0	30.0	20.0
Punjab	5.6	21.1	10.0	-	10.0	10.9	27.4	20.0	20.0	20.0
Haryana	12.2	15.7	15.0	-	20.0	9.3	27.4	20.0	20.0	20.0
U.P.(W)	11.2	14.3	10.0	-	20.0	9.3	27.4	20.0	20.0	20.0
U.P.(E)	5.6	14.7	20.0	-	20.0	9.3	27.4	20.0	20.0	20.0
Rajasthan	6.4	16.2	15.0	-	20.0	9.3	27.4	20.0	20.0	20.0
M.P.	7.4	18.5	5.0	10.0	20.0	9.3	27.4	20.0	30.0	20.0
W.B.	6.6	23.2	5.0	-	20.0	9.7	27.4	20.0	30.0	20.0
C' Circle										
H.P.	-	15.5	5.0	-	10.0	9.3	27.4	20.0	30.0	20.0
Bihar	-	17.6	5.0	-	10.0	9.3	27.4	20.0	30.0	20.0
Orissa	5.0	16.9	5.0	-	20.0	9.3	27.4	20.0	30.0	20.0
Assam	-	24.9	5.0	-	20.0	9.3	27.4	20.0	30.0	20.0
N.E.	-	25.7	5.0	-	20.0	9.7	27.4	20.0	30.0	20.0
J&K	-	16.9	5.0	-	10.0	9.3	27.4	20.0	20.0	20.0
Total	141.6	386.3	195.0	30.0	370.0	215.4	605.1	440.0	600.0	440.0

Source: I-Sec research, TRAI, DOT

Table 4: Administratively allocated spectrum holding and potential payout for liberalisation

Operators -->	Vodafone India		Idea	Vodafone India		Idea
	900MHz	1800MHz	1800MHz	900MHz	1800MHz	1800MHz
Metros						
Delhi			8.0			7,420
Mumbai			4.4			10,515
Kolkata						
A' Circle						
Maharashtra						
Gujarat						
A.P.		6.2			3,498	
Karnataka		8.0			3,436	
T.N.	6.2	1.0		11,128	522	
B' Circle						
Kerala						
Punjab		6.2			1,108	
Haryana						
U.P.(W)	6.2			16,102		
U.P.(E)			6.2			1,919
Rajasthan			6.2			1,325
M.P.		4.4			1,875	
W.B.	4.4	1.8		3,317	301	
C' Circle						
H.P.		4.4	4.4		344	164
Bihar		4.4	4.4		1,333	1,345
Orissa		4.4			817	
Assam		4.4			860	
N.E.		4.4			236	
J&K		4.4			279	
Total	16.8	54.0	33.6	30,547	14,610	22,687

Source: I-Sec research, TRAI, DOT

Table 5: Mobile broadband spectrum holding market share of combined entity to be 38% (accounting for surrender of excess spectrum due to spectrum cap) vs 28% for Bharti Airtel and 34% for RJio

Operators -->	Vodafone+Idea					Bharti Airtel				Reliance Jio		
	3G-900	3G-2100	4G-1800	4G-2300	4G-2500	3G-900	3G-2100	4G-1800	4G-2300	4G-850	4G-1800	4G-2300
Metros												
Delhi	5.0	5.0	15.0	-	20.0		10.0	5.0	30.0	8.8	5.4	30.0
Mumbai	5.0	10.0	14.6	-	20.0	5.0	5.0	5.0	30.0	10.0	6.6	30.0
Kolkata	-	10.0	15.0	-	20.0	5.0	-	5.0	30.0	10.0	10.0	30.0
A' Circle												
Maharashtra	5.0	15.0	10.0	10.0	20.0		5.0	5.0	20.0	5.0	5.0	30.0
Gujarat	5.0	10.0	15.0	-	20.0		5.0	5.0	10.0	11.3	6.0	30.0
A.P.	-	5.0	10.0	-	10.0	5.0	5.0	10.0	30.0	5.0	5.8	30.0
Karnataka	-	5.0	15.0	-	-	5.0	5.0	5.0	30.0	8.8	5.0	30.0
T.N.	-	15.0	10.0	-	-		10.0	5.0	30.0	8.8	6.8	30.0
B' Circle												
Kerala	5.0	10.0	15.0	10.0	20.0		5.0	5.0	20.0	8.8	5.0	30.0
Punjab	-	10.0	20.0	-	10.0	5.0	-	10.0	20.0	10.0	5.2	20.0
Haryana	5.0	15.0	10.0	-	20.0		5.0	10.0	20.0	10.0	5.0	20.0
U.P.(W)	5.0	10.0	10.0	-	20.0		5.0	5.0	-	10.0	5.0	20.0
U.P.(E)	-	20.0	10.0	-	20.0		5.0	5.0	-	10.0	6.4	20.0
Rajasthan	-	15.0	15.0	-	20.0		10.0	5.0	-	8.8	10.0	20.0
M.P.	-	5.0	15.0	10.0	20.0		5.0	10.0	20.0	10.0	6.4	30.0
W.B.	-	5.0	20.0	-	20.0		5.0	5.0	30.0	8.8	10.6	30.0
C' Circle												
H.P.	-	5.0	10.0	-	10.0		5.0	10.0	30.0	10.0	10.4	30.0
Bihar	-	5.0	10.0	-	10.0		10.0	5.0	30.0	10.0	5.0	30.0
Orissa	5.0	5.0	10.0	-	20.0		5.0	10.0	30.0	10.0	5.0	30.0
Assam	-	5.0	15.0	-	20.0		5.0	9.5	30.0	10.0	5.4	30.0
N.E.	-	5.0	20.0	-	20.0	5.0	5.0	5.0	30.0	10.0	6.4	30.0
J&K	-	5.0	10.0	-	10.0		10.0	5.0	20.0	10.0	10.0	20.0
Total	40.0	195.0	294.3	30.0	350.0	30.0	125.0	144.5	490.0	203.8	146.4	600.0
MBB spectrum market share (%)	38					28				34		

Source: I-Sec research, TRAI

Table 6: Data capacity market share based on spectrum holding

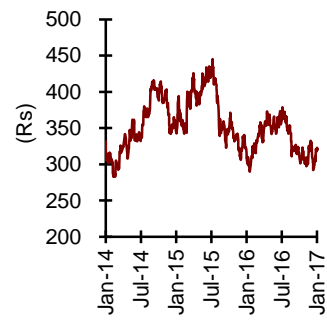
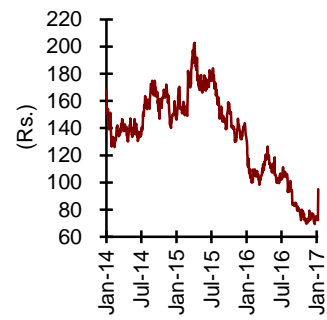
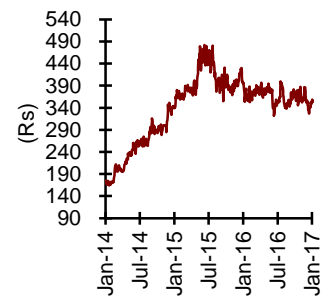
Operators -->	Vodafone+Idea					Bharti Airtel				Reliance Jio		
	3G-900	3G-2100	4G-1800	4G-2300	4G-2500	3G-900	3G-2100	4G-1800	4G-2300	4G-850	4G-1800	4G-2300
Metros												
Delhi	30	30	180	-	180	-	60	60	270	53	32	270
Mumbai	30	60	175	-	180	30	30	60	270	60	40	270
Kolkata	-	60	180	-	180	30	-	60	270	60	60	270
A' Circle												
Maharashtra	30	90	119	90	180	-	30	60	180	30	30	270
Gujarat	30	60	180	-	180	-	30	60	90	68	36	270
A.P.	-	30	120	-	90	30	30	120	270	30	35	270
Karnataka	-	30	180	-	-	30	30	60	270	53	30	270
T.N.	-	90	120	-	-	-	60	60	270	53	41	270
B' Circle												
Kerala	30	60	179	90	180	-	30	60	180	53	30	270
Punjab	-	60	239	-	90	30	-	120	180	60	31	180
Haryana	30	90	120	-	180	-	30	120	180	60	30	180
U.P.(W)	30	60	120	-	180	-	30	60	-	60	30	180
U.P.(E)	-	120	119	-	180	-	30	60	-	60	38	180
Rajasthan	-	90	180	-	180	-	60	60	-	53	60	180
M.P.	-	30	180	90	180	-	30	120	180	60	38	270
W.B.	-	30	239	-	180	-	30	60	270	53	64	270
C' Circle												
H.P.	-	30	119	-	90	-	30	120	270	60	62	270
Bihar	-	30	119	-	90	-	60	60	270	60	30	270
Orissa	30	30	120	-	180	-	30	120	270	60	30	270
Assam	-	30	180	-	180	-	30	114	270	60	32	270
N.E.	-	30	240	-	180	30	30	60	270	60	38	270
J&K	-	30	120	-	90	-	60	60	180	60	60	180
Total	240	1,170	3,531	270	3,150	180	750	1,734	4,410	1,223	878	5,400
MBB spectrum market share (%)	36					31				33		

Source: I-Sec research, TRAI

Table 7: Proforma P&L and potential impact of synergy benefit on EBITDA

Rs mn (1HFY17)	Vodafone	Idea	V+I (No synergy)	Scenarios			Remarks
				V+I (5% cost synergy)	V+I (10% cost synergy)	V+I (15% cost synergy)	
Revenue	226,547	187,828	414,375	414,375	414,375	414,375	Revenue of Rs30bn impact due to AGR limit on merged entity and lower IUC revenue from mins terminating between operators
Direct costs/Access, LF & SUC	62,817	45,112	107,929				Merged entity should have higher on-net mins, hence lower access charges and also nil 3G-ICR chargers
Customer costs/S&M cost	11,121	17,128	28,248				Combined entity would require lower marketing spend
Operating expenses	85,584	66,486	152,071				Lower cell sites, other network cost savings and SG&A cost. Also lower employee cost
Total expenses	159,522	128,725	288,248	273,835	259,423	245,010	
EBITDA	67,025	59,103	126,128	140,540	154,952	169,365	
<i>EBITDA margin (%)</i>	<i>29.6</i>	<i>31.5</i>	<i>30.4</i>	<i>33.9</i>	<i>37.4</i>	<i>40.9</i>	
Depreciation & amortisation	50,269	38,735	89,003	89,003	89,003	89,003	
EBIT	16,756	20,368	37,124	51,537	65,949	80,361	
<i>EBIT margin (%)</i>	<i>7.4</i>	<i>10.8</i>	<i>9.0</i>	<i>12.4</i>	<i>15.9</i>	<i>19.4</i>	
Capex	28,854	30,800	59,654	59,654	59,654	59,654	
<i>% of revenue</i>	<i>12.7</i>	<i>16.4</i>	<i>14.4</i>	<i>14.4</i>	<i>14.4</i>	<i>14.4</i>	
FCF (EBITDA - capex)	38,171	28,303	66,474	80,886	95,299	109,711	
<i>% of revenue</i>	<i>16.8</i>	<i>15.1</i>	<i>16.0</i>	<i>19.5</i>	<i>23.0</i>	<i>26.5</i>	

Source: I-Sec research, Company

Price charts**Bharti****Idea Cellular****Bharti Infratel**

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, #37-16 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 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

We I/, Sanjesh Jain, PGDM; 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. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc.

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 is a wholly-owned 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.

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.

It is confirmed that Sanjesh Jain, PGDM; Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

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.

It is confirmed that Sanjesh Jain, PGDM; Research Analysts do not serve as an officer, director or employee of the companies mentioned in the 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.