

RIL: Brokerages call ‘buy’, up estimates after Jio tariff hike

But they flag the risk of downtrading

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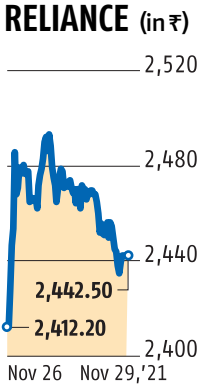
Brokerages have given a thumbs-up to the across-the-board tariff hike by Reliance Jio (Jio) in its prepaid plans. Jefferies has raised the stock’s 12-month price target to ₹2,950 from ₹2,880 earlier. In the best-case scenario, the global research and brokerage house sees it at ₹3,400 levels in 12 months from now. Jio, following its peers Bharti Airtel and Vodafone Idea (Vi), hiked its prepaid tariff plans by around 20 per cent across the board (including 21 per cent in the base JioPhone level plans) over the weekend. The new tariff comes into effect starting December 1. Reacting to the development, RIL surged nearly 4 per cent to ₹2,497.90 on the BSE in Monday’s intra-day trade. It closed at ₹2,442.50, up 1.26 per cent.

“Reliance Jio’s tariff hikes have brought its discount back to 13-20 per cent versus Bharti Airtel in the prepaid smartphone segment. This should keep Jio’s subscriber momentum intact. After the tariff changes, on an absolute spend basis, 2G feature-phone users, low-end JioPhone users, and high-end JioPhone users will have to spend 2.6x-4.4x more over a 24-month period to upgrade to JioPhone Next. We also raise Jio’s EV (enterprise value) by 8 per cent to \$96 billion,” wrote analysts at Jefferies in a recent note. As a result, Jefferies has raised

its average revenue per user (ARPU) estimates by 6-7 per cent and expects Jio to have ARPU of ₹172 by 2023-24. That apart, Jefferies’ analysts have also raised FY22-24 revenue/Ebitda/profit estimates by 5-23 per cent on the back of higher ARPU, and now expects Jio to deliver 18-31 per cent CAGR in revenues and profits. Those at Kotak Securities, too, have upgraded the RIL stock to “buy” from their “add” rating earlier, citing favourable reward-risk balance after the recent correction and relative sharp underperformance versus peers in the telecom and retail businesses. As regards the telecom vertical, Tarun Lakhota and Hemang Khanna of Kotak Institutional Equities believe that the stage is set for further increases in tariffs in the coming years, given the set industry structure after the recent policy decision to defer AGR/spectrum liabilities by four years.

“We expect RIL’s Ebitda to grow by a robust 26 per cent CAGR over the next two years, driven by strength in refining and polyester margins, rise in telecom tariffs, robust growth in retail, and an increase in E&P contribution. We also expect the stock to rerate. led by scaling up of new commerce and new energy forays,” they wrote.

Jio, cautioned analysts at Motilal Oswal Financial Services, has the risk of downtrading to lower price plans because consumers can save 20-25 per cent for even a 1GB per day plan. This is unlike Bharti



MOST ANALYSTS ARE BULLISH

Firm	Call	Target price (in ₹)
Jefferies	Buy	2,950
Morgan Stanley	Overwt/In-Line	2,925
BNP Paribas Asia	Buy	2,910
Motilal Oswal Securities	Buy	2,900
Kotak Sec (Institutional Equities)	Buy	2,850
JM Financial Institutional Securities	Buy	2,800
Credit Suisse	Neutral	2,510
Macquarie	Underperform	1,800

Source: Bloomberg; Compiled by BS Research Bureau

Airtel and Vodafone Idea, which have a limited risk of downtrading due to the design of the price plans. Despite this, they remain bullish on the stock and have maintained a ‘buy’ rating with a price target of ₹2,900.

This should derive 27 per cent Ebitda upside on a 65 per cent incremental Ebitda margin, thus building a 26 per cent Ebitda CAGR over FY21-24E. But the tapering expectation of aggressive subscriber

additions (due to Jiophone phone launch) may partly offset the gain, the brokerage firm said.

“We expect revenue CAGR of 10 per cent and Ebitda growth of 16 per cent over FY21-24E on the back of an 8 per cent subscriber CAGR over FY21-24E. This would increase our Ebitda estimates by 27 per cent implying FY23/24E Ebitda of ₹550 billion/₹616 billion, respectively, and an Ebitda CAGR of 26 per cent,” they said in a stock update note.

10 firms get nod to go public

Ten companies, including Gemini Edibles & Fats India, defence supplier Data Patterns (India), and digital mapping firm MapMyIndia have received markets regulator Sebi’s go-ahead to raise funds through IPOs. Others include VLCC Health Care and Metro Brands. PTI

CoinDCX, India's first cryptocurrency unicorn, plans IPO

BLOOMBERG
29 November

India’s first cryptocurrency unicorn, CoinDCX, plans to pursue an initial public offering (IPO) as soon as government regulations allow it, according to its co-

founder Neeraj Khandelwal.

The share sale would be a key vote of confidence for India’s digital asset industry similar to Coinbase Global’s US listing earlier this year, Khandelwal said told Bloomberg Television. “As soon as the government or

the situations allow us, we will try for an IPO,” he said. “An IPO gives a legitimacy to the industry, just like the Coinbase IPO gave a lot of confidence in the crypto market. Similarly we want to instill a similar level of confidence with an IPO of CoinDCX.”

Bolster finances before third wave with emergency corpus

Personal health cover, reduced loan burden are a crisis toolkit

BINDISHA SARANG

The latest coronavirus variant, Omicron, has once again introduced uncertainty. Countries in southern parts of Africa have been impacted severely. Japan has already banned the entry of foreign nationals, while New York City has declared an emergency. While the likely intensity of the third wave is still a matter of debate, wisdom lies in being financially prepared for it.

Replenish emergency corpus

If the economy takes another blow, layoffs could start once again. Having an emergency corpus to tide over an unforeseen situation is a must.

Ideally, you should set aside at least six months of monthly expenses as an emergency fund. Monthly expenses should include household expenses, equated monthly instalments, insurance premiums, and school fee.

Melvin Joseph, managing partner, Finvin Financial Planners, says, “If you don’t have an emergency fund in place, pull some money out of your investments and park it in the emergency fund. Once you have created this fund, continue with your other investments.”

Park this emergency corpus in a liquid fund or a savings bank account.

In addition, you must also have hard cash at home. When a health crisis intensifies, many hospitals demand a part of the bill in cash. Keep a minimum of one month’s expense in cash.

Personal health cover is a must

Many people learnt the need to have their own personal health insurance cover, over and above the one provided by their employers, in the last two waves. When you lose your job, you also lose the benefit of the health insur-

TAKING COVER NOW IS ESSENTIAL



- Life insurance is a must, especially for single-income families
- Term insurance purchased online is the best life cover, according to financial advisors
- Those in their late

20s or early 30s should get a term insurance cover equal to 20x their annual income, while those in their 50s should buy coverage of around 10x

■ Term insurance is not very expensive: the premium for a ₹1-crore cover for a 35-year-old living in a metro would cost ₹12,000-19,000

ance provided by the employer. “How much cover you buy should depend on the city you live in. For a family that lives in Mumbai, a ₹10 lakh cover will not suffice, whereas that amount will be adequate for one living in Kerala,” says Joseph.

Most planners suggest that families living in metropolitan cities should buy a floater cover of a minimum ₹15-20 lakh. “Individuals living in cities can manage with a ₹5-7-lakh cover,”

says Deepali Sen, founder partner, Srujan Financial Advisers.

Those who are not able to get a comprehensive health insurance cover must buy an alternative policy. M Barve, founder, MB Wealth Financial Solutions, says, “Buy Corona Rakshak — a fixed benefit plan that pays out the entire sum insured when one falls prey to Covid.”

Ensure you have adequate life insurance, so that your family is protected financially in case of an unforeseen eventuality.

Minimise loan burden

In these circumstances, it is advisable to reduce liabilities as much as possible.



YOUR MONEY

In case of a revision in the Price Band, the Offer Period will be extended by at least three additional Working Days after revision of the Price Band, subject to the Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Offer Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice and also by indicating the changes on the websites of the BRLMs and at the terminals of the Syndicate Member and by intimation to the Designated Intermediaries.

This is an Offer in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (“SCRR”), read with Regulation 31 of SEBI ICDR Regulations. The Offer is being made through the Book Building Process in terms of Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (“QIBs”), provided that our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price, in accordance with the SEBI ICDR Regulations. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids received from them at or above the Offer Price. All Bidders (except Anchor Investors) are mandatorily required to utilise the Application Supported by Blocked Amount (“ASBA”) process providing details of their respective bank accounts and UPI ID in case of RIBs, as applicable, pursuant to which their corresponding Bid Amount will be blocked by the Self Certified Syndicate Banks (“SCSBs”) or under the UPI Mechanism, as the case may be. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA Process. For further details, see “Offer Procedure” on page 378 of the RHP.

Bidders/Applicants should ensure that DP ID, PAN and the Client ID and UPI ID (for RIBs bidding through UPI mechanism) are correctly filled in the Bid cum Application Form. The DP ID, PAN and Client ID provided in the Bid cum Application Form should match with the DP ID, PAN, Client ID available in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active. Bidders/Applicants should note that on the basis of the PAN, DP ID and Client ID as provided in the Bid cum Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving Allotment Advice or unblocking of ASBA Account or for other correspondence(s) related to the Offer. Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants’ sole risk. Investors must ensure that their PAN is linked with Aadhaar and are in compliance with Central Board of Direct Taxes notification dated February 13, 2020 and press release dated June 25, 2021.

CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY AS REGARDS ITS OBJECTS: For information on the main objects of our Company, investors are requested to see “History and Certain Corporate Matters” on page 182 of the RHP and Clause III of the Memorandum of Association of our Company. The Memorandum of Association of our Company is a material document for inspection in relation to the Offer. For further details, see “Material Contracts and Documents for Inspection” on page 418 of the RHP.

LIABILITY OF THE MEMBERS OF OUR COMPANY: Limited by shares.

AMOUNT OF SHARE CAPITAL OF OUR COMPANY AND CAPITAL STRUCTURE: As on the date of the RHP, the authorised share capital of our Company is ₹ 250,000,000 divided into 50,000,000 Equity Shares of ₹ 5 each. The issued, subscribed and paid-up Equity share capital of our Company is ₹ 208,081,135 divided into 41,616,227 Equity Shares of ₹ 5 each. For details of the capital structure, see “Capital Structure” beginning on page 79 of the RHP.

NAMES OF THE INITIAL SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM: The initial signatories to the Memorandum of Association are Mr. Om Prakash Soni and Mr. Siddharth Jadhav who subscribed to 1 equity share each and bearing face value of ₹ 10 each. For details of the share capital history and capital structure of our Company see “Capital Structure” beginning on page 79 of the RHP.

LISTING: The Equity Shares, when offered through the RHP, are proposed to be listed on the Stock Exchanges. Our Company has received ‘in-principle’ approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated August 10, 2021 and September 6, 2021, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be BSE. A signed copy of the RHP and the Prospectus shall be filed with the RoC in accordance with the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the RHP until the Bid/Offer Closing Date, see “Material Contracts and Documents for Inspection” beginning on page 418 of the RHP.

DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA (“SEBI”): SEBI only gives its observations on the offer documents and this does not constitute approval of either the Offer or the specified securities stated in the Offer Document. The investors are advised to refer to page 348-349 of the RHP for the full text of the disclaimer clause of SEBI.

DISCLAIMER CLAUSE OF BSE (Designated Stock Exchange): It is to be distinctly understood that the permission given by BSE Limited should not in any way be deemed or construed that the RHP has been cleared or approved by BSE Limited nor does it certify the correctness or completeness of any of the contents of the RHP. The investors are advised to refer to the page 351 of the RHP for the full text of the disclaimer clause of the BSE.

DISCLAIMER CLAUSE OF NSE: It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to page 350 of the RHP for the full text of the disclaimer clause of NSE.


GENERAL RISKS: Investment in equity and equity-related securities involve a degree of risk and Bidders should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Bidders are advised to read the Risk Factors carefully before taking an investment decision in the Offer. For taking an investment decision, Bidders must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of the RHP. Specific attention of the Bidders is invited to “Risk Factors” beginning on page 26 of the RHP.

ASBA*

Simple, Safe, Smart way of Application!!!

*Applications Supported by Blocked Amount (“ASBA”) is a better way of applying to offers by simply blocking the fund in the bank account. For further details, check section on ASBA below.

Mandatory in public issues. No cheque will be accepted.



UPI-Now available in ASBA for Retail Individual Bidders ("RIBs")**

Investors are required to ensure that the bank account used for bidding is linked to their PAN. UPI – Now available in ASBA for Retail Individual Bidders applying through Registered Brokers, DPs & RTAs. Retail Individual Bidders also have the option to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account.

*ASBA has to be availed by all the investors except Anchor Investors (as defined in the RHP). UPI may be availed by RIBs. For details on the ASBA and UPI process, please refer to the details given in ASBA Form and abridged prospectus and also please refer to the section “Offer Procedure” beginning on page 378 of the RHP. The process is also available on the website of Association of Investment Bankers of India (“AIBI”), the websites of BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”), and together with BSE, the “Stock Exchanges” and in the General Information Document. ASBA bid-cum application forms can be downloaded from the websites of Stock Exchanges and can be obtained from the list of banks that is displayed on the website of SEBI at www.sebi.gov.in. **List of banks supporting UPI is also available on the website of SEBI at www.sebi.gov.in. For the list of UPI Apps and Banks live on IPO, please refer to the link: www.sebi.gov.in. RIBs Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appear on the website of SEBI (<https://www.sebi.gov.in/sebiweb/OtherAction.do?doRecognisedFpi=yes&intId=34>) and (<https://sebi.gov.in/sebiweb/OtherAction.do?doRecognisedFpi=yes&intId=40>) respectively, as updated from time to time. HDFC Bank Limited has been appointed as Sponsor Bank for the Offer. For Offer related grievance or UPI related queries, investors may contact the BRLMs and Registrar to the Offer or their respective email IDs as mentioned below. For UPI related queries, investors can contact NPCI at the toll free number: 18001201740 and E-mail ID: ipo.upi@npci.org.in; HDFC Bank Limited at Telephone: +91 22 30752927, +91 22 30752928, +91 22 30752914 and Email ID: Tushar.Gavankar@hdfcbank.com, Siddharth.Jadhav@hdfcbank.com, Prasanna.Uchi@hdfcbank.com, Neerav.Desai@hdfcbank.com; and the Registrar to the Offer at Tel: +91 22 49186000 and E-mail: anandrathi.ipi@linkintime.co.in.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER	COMPANY SECRETARY AND COMPLIANCE OFFICER
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**In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with proviso to Regulation 23(3) of the SEBI ICDR Regulations, Anand Rathi Advisors Limited will be involved only in marketing of the Offer.

AVAILABILITY OF RHP: Investors are advised to refer to the RHP and the “Risk Factors” beginning on page 26 of the RHP before applying in the Offer. A copy of the RHP shall be available on the website of the SEBI at www.sebi.gov.in, the websites of the BRLMs at www.equirus.com, www.bnpparibas.co.in, www.iiflcap.com and www.rathi.com. Investors should note that investment in equity shares involves a high degree of risk and for details relating to such risks, see “Risk Factors” on page 26 of the RHP. Potential investors should not rely on the draft red herring prospectus dated July 19, 2021 filed with SEBI for making any investment decision.

SUB- SYNDICATE MEMBERS: Axis Securities Limited; Almondz Global Securities Limited; Anand Rathi Share & Stock Brokers Limited; Ashika Stock Broking Limited; Asit C Mehta Investment Intermediates Limited; Axis Capital Limited; Centrum Broking Limited; Centrum Wealth Management; Edelweiss Broking Limited; Edelweiss Securities Limited; Eureka Stock & Share Brokers Limited; HDFC Securities Limited; Hem Securities Limited; ICICI Securities Limited; IDBI Capital Markets & Securities Limited; JM Financial Services Limited; Kantilal Chhaganlal Securities Pvt Ltd.; Keynote Capitals Limited; KJMC Capital Markets Limited; Kotak Securities Limited; LKP Securities Limited; Motilal Oswal Financial Services Limited; Nirmal Bang Securities Pvt. Limited; Prabhudas Liddle Pvt Limited; Pravin Ratilal Share & Stock Brokers Limited; Reliance Securities Limited; Religare Broking Limited; RR Equity Brokers Private Limited; SBICAP Securities Limited; SMC Global Securities Limited; SS Corporate Securities Limited; Systematix Shares and Stocks Limited; Tradebulls Securities Limited; Yes Securities (India) Limited and Zerodha Ltd.

PUBLIC OFFER ACCOUNT BANK, ESCROW COLLECTION BANK, REFUND BANK AND SPONSOR BANK: HDFC Bank Limited. | **UPI:** Retail Individual Bidders can also Bid through UPI Mechanism. All capitalised terms used herein and not specifically defined shall have the same meaning as ascribed to them in the RHP.