Reliance JIO announced its tariff plans for its upcoming commercial launch from December 31\(^{st}\), 2016. The tariff plans range from Rs 149/month for 0.3GB to Rs 499/month for 75GB. All the plans will offer free unlimited voice call (local and STD) and also free roaming. Other key highlights of the launch strategy are as follows:

- Data will be charged at Rs 50/GB vs. existing tariff of Rs 250/GB
- From September 5, 2016 onwards, JIO’s bouquet of apps, all services will be made available to everyone absolutely free till December 31, 2016
- There will be no blackout dates for its customers (i.e. no extra charges during festivities)
- The company plans to cover 90% of India population by Mach 31, 2017
- It will offer 25% extra data for students with valid ID card
- 70% of the current smartphone shipment are 4G LTE enabled and the company expects that it would be 100% by the end of FY17

**Our take:** Bundling of free voice along with data service offering was quite a surprise to us. However, we are not sure whether free voice (which would be VoLTE) would be consuming any data or not (in that case it is not free). We believe that JIO will not be able to successfully target the premium subscribers who drive 50% of profitability, as they would seek network stability and seamless connectivity before making the switch. Similarly, feature phone users (~65% of current user base) will be left wanting due to handset compatibility issues. We also note that JIO’s lowest tariff plan (Rs 149/month) is comparable to the current voice ARPU of the incumbents; hence, current voice-only users might not switch to JIO. We also note that JIO has to pay IUC charge of 14p/min while providing free voice service, which could be to the tune of Rs 27 per month (assuming 400 MoU, 60% outgoing, 80% to other network), which can be a significant revenue opportunity for the incumbents.

We hosted a conference call with Mr Rajan Mathews, Director General, COAI and following are the key takeaways:

- If JIO is able to get users at Rs 499, then it is going to be beneficial for the industry as it will push up the ARPU for the other incumbents
- Price points offered by JIO are competitive, and it is a challenge for the incumbents – their product offering strategies to protect the market share should be watched
- Preview period starting from September 5, 2016 will be deemed commercial launch and CCI might probe into it because it is being provided free of cost
- Interconnect charges (14p/min) will be a revenue source for other operators
- Carrier aggregation will increase spectrum efficiency and will improve the quality of service for the incumbents
- Since JIO will be offering VoLTE, it will need more spectrum to support robust data quality
- Most of the costs (like SUC, license fees, network cost, and employee expense) will be similar to incumbents; hence, it is unlikely that JIO will continue to operate at aggressive price points.

**Impact on our estimates:** We see downside risk to our current data realisation estimates for FY17 (16p/min) and FY18 (14.5p/min) as the incumbents launch more competitive products to match service offering. Similarly, voice realisation will come down in the near term, as the incumbents match the value proposition offered by JIO. We maintain our BUY rating on both Bharti Airtel (TP Rs 450) and Idea (TP Rs 130). We believe that with the entry of JIO, market consolidation activity will pick up further – a scenario in which Idea Cellular could be viewed as an acquisition candidate.
Details of JIO’s plans

<table>
<thead>
<tr>
<th>JIO TARIFFS</th>
<th>S</th>
<th>M</th>
<th>M</th>
<th>L</th>
<th>XL</th>
<th>XXL</th>
<th>XXXL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs149</td>
<td>Rs499</td>
<td>Rs999</td>
<td>Rs1499</td>
<td>Rs2499</td>
<td>Rs3999</td>
<td>Rs4999</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4G DATA</th>
<th>0.3GB</th>
<th>4GB</th>
<th>10GB</th>
<th>20GB</th>
<th>35GB</th>
<th>60GB</th>
<th>75GB</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unlimited at Night</td>
<td>Unlimited at Night</td>
<td>Unlimited at Night</td>
<td>Unlimited at Night</td>
<td>Unlimited at Night</td>
<td>Unlimited at Night</td>
<td>Unlimited at Night</td>
</tr>
</tbody>
</table>

| Jio Apps Subscriptions worth Rs 1,250 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| WiFi (IoT Hotspot) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Validity of Pack (Days) | 28 | 28 | 28 | 28 | 28 | 28 | 28 |

Source: Company, PhillipCapital India Research
## Rating Methodology
We rate stock on absolute return basis. Our target price for the stocks has an investment horizon of one year.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Criteria</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUY</td>
<td>&gt;= +15%</td>
<td>Target price is equal to or more than 15% of current market price</td>
</tr>
<tr>
<td>NEUTRAL</td>
<td>-15% to &lt; +15%</td>
<td>Target price is less than +15% but more than -15%</td>
</tr>
<tr>
<td>SELL</td>
<td>&lt;= -15%</td>
<td>Target price is less than or equal to -15%</td>
</tr>
</tbody>
</table>

## Management
- **Vineet Bhatnagar** (Managing Director)  
  (91 22) 2483 1919
- **Kinshuk Bharti Tiwari** (Head – Institutional Equity)  
  (91 22) 6667 9946
- **Jignesh Shah** (Head – Equity Derivatives)  
  (91 22) 6667 9735

## Research

### Automobilies
- **Dhawal Doshi**  
  (9122) 6667 9769
- **Nitesh Sharma, CFA, CMT**  
  (9122) 6667 9965

### Banking, NBFCs
- **Manish Agarwalla**  
  (9122) 6667 9962
- **Pradeep Agrawal**  
  (9122) 6667 9953
- **Paresh Jain**  
  (9122) 6667 9948

### Consumer & Retail
- **Naveen Kulkarni, CFA, FRM**  
  (9122) 6667 9947
- **Jubil Jain**  
  (9122) 6667 9766
- **Preemyam Tolia**  
  (9122) 6667 9950

### Cement
- **Vaibhav Agrawal**  
  (9122) 6667 9967

### Economics
- **Anjali Verma**  
  (9122) 6667 9969

### Engineering, Capital Goods
- **Jonas Bhutta**  
  (9122) 6667 9759
- **Vikram Rawat**  
  (9122) 6667 9986

### IT Services
- **VibhOr Singhal**  
  (9122) 6667 9949
- **Shyamal Dhruve**  
  (9122) 6667 9992

### Infrastructure
- **VibhOr Singhal**  
  (9122) 6667 9949
- **Deepak Agarwal**  
  (9122) 6667 9944

### Logistics, Transportation & Midcap
- **Vikram Suryavanshi**  
  (9122) 6667 9951

### Media
- **Manoj Behera**  
  (9122) 6667 9973

### Metals
- **Dhawal Doshi**  
  (9122) 6667 9769
- **Yash Doshi**  
  (9122) 6667 9987

### Mid-Caps & Database Manager
- **Deepak Agarwal**  
  (9122) 6667 9944

### Oil & Gas
- **Sabri Hazarika**  
  (9122) 6667 9756

## Sales & Distribution
- **Ashvin Patil**  
  (9122) 6667 9991
- **Shubhangi Agrawal**  
  (9122) 6667 9964
- **Kishor Binwal**  
  (9122) 6667 9989
- **Bhavin Shah**  
  (9122) 6667 9974
- **Ashka Mehta Gulati**  
  (9122) 6667 9934
- **Archan Vyas**  
  (9122) 6667 9785

### Sales Trader
- **Dilesh Doshi**  
  (9122) 6667 9747
- **Sunil Pandit**  
  (9122) 6667 9745

### Execution
- **Mayur Shah**  
  (9122) 6667 9945

## Corporate Communications
- **Zarine Damania**  
  (9122) 6667 9976
- **Bharati Ponda**  
  (9122) 6667 9943

## Contact Information (Regional Member Companies)

**SINGAPORE:** Phillip Securities Pte Ltd  
250 North Bridge Road, #06-00 RafflesCityTower, Singapore 179101  
Tel: (65) 6533 6001 Fax: (65) 6535 3834  
www.phillip.com.sg

**JAPAN:** Phillip Securities Japan, Ltd  
4-2 Nihonbashii Kabutocho, Chu-ku, Tokyo 103-0026  
Tel: (81) 3 3666 2101 Fax: (81) 3 3664 0141  
www.phillip.co.jp

**THAILAND:** Phillip Securities (Thailand) Public Co. Ltd.  
15th Floor, VorawatBuilding, 849 Silom Road,  
Silom, Bangrak, Bangkok 10500 Thailand  
Tel (66) 2 2268 0999 Fax: (66) 2 2268 0921  
www.phillip.co.th

**MALAYSIA:** Phillip Capital Management Sdn Bhd  
B-3-6 Block B Level 3, Megan Avenue II,  
No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur  
Tel (60) 3 2162 8841 Fax (60) 3 2166 5099  
www.poems.com.my

**INDONESIA:** PT Phillip Securities Indonesia  
ANZTower Level 23B, Jl Jend Sudirman Kav 33A,  
Jakarta 10220, Indonesia  
Tel (62) 21 5790 0800 Fax: (62) 21 5790 0809  
www.phillip.co.id

**FRANCE:** King & Shaxson Capital Ltd.  
3rd Floor, 35 Rue de la Bonfaisance  
75008 Paris France  
Tel (33) 1 4563 1100 Fax : (33) 1 4563 6017  
www.kingandshaxson.com

**AUSTRALIA:** Phillip Capital Australia  
Level 10, 330 Collins Street  
Melbourne, VIC 3000, Australia  
Tel: (61) 3 8633 9800 Fax: (61) 3 8633 9899  
www.phillipcapital.com.au

**CHINA:** Phillip Financial Advisory (Shanghai) Co. Ltd.  
No 550 Yan An East Road, OceanTower Unit 2318  
Shanghai 20001  
Tel (86) 21 5169 9200 Fax: (86) 21 6351 2940  
www.phillip.com.cn

**UNITED KINGDOM:** King & Shaxson Ltd.  
6th Floor, Candlewick House, 120 Cannon Street  
London, EC4N 6AS  
Tel (44) 20 7292 5300 Fax: (44) 20 7283 6835  
www.kingandshaxson.com

**SRI LANKA:** Asha Phillip Securities Limited  
Level 4, Millennium House, 46/58 Navam Mawatha,  
Colombo 2, Sri Lanka  
Tel: (94) 11 2429 100 Fax: (94) 11 2429 199  
www.ashaphillip.net/home.htm
Disclosures and Disclaimers

PhillipCapital (India) Pvt. Ltd. has three independent equity research groups: Institutional Equities, Institutional Equity Derivatives, and Private Client Group. This report has been prepared by Institutional Equities Group. The views and opinions expressed in this document may, may not match, or may be contrary at times with the views, estimates, rating, and target price of the other equity research groups of PhillipCapital (India) Pvt. Ltd.

This report is issued by PhillipCapital (India) Pvt. Ltd., which is regulated by the SEBI. PhillipCapital (India) Pvt. Ltd. is a subsidiary of Phillip (Mauritius) Pvt. Ltd. References to "PCIPL" in this report shall mean PhillipCapital (India) Pvt. Ltd unless otherwise stated. This report is prepared and distributed by PCIPL for information purposes only, and neither the information contained herein, nor any opinion expressed should be construed or deemed to be construed as solicitation or as offering advice for the purposes of the purchase or sale of any security, investment, or derivatives. The information and opinions contained in the report were considered by PCIPL to be valid when published. The report also contains information provided to PCIPL by third parties. The source of such information will usually be disclosed in the report. Whilst PCIPL has taken all reasonable steps to ensure that this information is correct, PCIPL does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report to undertake trading does so entirely at his or her own risk and PCIPL does not accept any liability as a result. Securities and Derivatives markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication of future performance.

This report does not regard the specific investment objectives, financial situation, and the particular needs of any specific person who may receive this report. Investors must undertake independent analysis with their own legal, tax, and financial advisors and reach their own conclusions regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realised. Under no circumstances can it be used or considered as an offer to sell or as a solicitation of any offer to buy or sell the securities mentioned within the report. The information contained in the research reports may have been taken from trade and statistical services and other sources, which PCIPL believe is reliable. PhillipCapital (India) Pvt. Ltd. or any of its group/associateaffiliate companies do not guarantee that such information is accurate or complete and it should not be relied upon as such. Any opinions expressed reflect judgments at this date and are subject to change without notice.

Important: These disclosures and disclaimers must be read in conjunction with the research report of which it forms part. Receipt and use of the research report is subject to all aspects of these disclosures and disclaimers. Additional information about the issuers and securities discussed in this research report is available on request.

Certifications: The research analyst(s) who prepared this research report hereby certifies that the views expressed in this research report accurately reflect the research analyst’s personal views about all of the subject issuers and/or securities, that the analyst(s) have no known conflict of interest and no part of the research analyst’s compensation was, is, or will be, directly or indirectly, related to the specific views or recommendations contained in this research report.

Additional Disclosures of Interest:

Unless specifically mentioned in Point No. 9 below:

1. The Research Analyst(s), PCIPL, or its associates or relatives of the Research Analyst does not have any financial interest in the company(ies) covered in this report.
2. The Research Analyst, PCIPL or its associates or relatives of the Research Analyst affiliates collectively do not hold more than 1% of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
3. The Research Analyst, his/her associate, his/her relative, and PCIPL, do not have any other material conflict of interest at the time of publication of this research report.
4. The Research Analyst, PCIPL, and its associates have not received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company(ies) covered in this report, in the past twelve months.
5. The Research Analyst, PCIPL or its associates have not managed or co-managed in the previous twelve months, a private or public offering of securities for the company (ies) covered in this report.
6. PCIPL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party, in connection with the research report.
7. The Research Analyst has not served as an Officer, Director, or employee of the company (ies) covered in the Research report.
8. The Research Analyst and PCIPL has not been engaged in market making activity for the company(ies) covered in the Research report.
9. Details of PCIPL, Research Analyst and its associates pertaining to the companies covered in the Research report:

<table>
<thead>
<tr>
<th>Sr. no.</th>
<th>Particulars</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Whether compensation has been received from the company(ies) covered in the Research report in the past 12 months for investment banking transaction by PCIPL</td>
<td>No</td>
</tr>
<tr>
<td>2</td>
<td>Whether Research Analyst, PCIPL or its associates or relatives of the Research Analyst affiliates collectively hold more than 1% of the company(ies) covered in the Research report</td>
<td>No</td>
</tr>
<tr>
<td>3</td>
<td>Whether compensation has been received by PCIPL or its associates from the company(ies) covered in the Research report</td>
<td>No</td>
</tr>
<tr>
<td>4</td>
<td>PCIPL or its affiliates have managed or co-managed in the previous twelve months a private or public offering of securities for the company(ies) covered in the Research report</td>
<td>No</td>
</tr>
<tr>
<td>5</td>
<td>Research Analyst, his associate, PCIPL or its associates have received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company(ies) covered in the Research report, in the last twelve months</td>
<td>No</td>
</tr>
</tbody>
</table>

Independence: PhillipCapital (India) Pvt. Ltd. has not had an investment banking relationship with, and has not received any compensation for investment banking services from, the subject issuers in the past twelve (12) months, and PhillipCapital (India) Pvt. Ltd does not anticipate receiving or intend to seek compensation for investment banking services from the subject issuers in the next three (3) months. PhillipCapital (India) Pvt. Ltd is not a market maker in the securities mentioned in this research report, although it, or its affiliates/employees, may have positions in, purchase or sell, or be materially interested in any of the securities covered in the report.

Suitability and Risks: This research report is for informational purposes only and is not tailored to the specific investment objectives, financial situation or particular requirements of any individual recipient hereof. Certain securities may give rise to substantial risks and may not be suitable for certain investors. Each investor must make its own determination as to the appropriateness of any securities referred to in this research report based upon the legal, tax and accounting considerations applicable to such investor and its own investment objectives or strategy, its financial situation and its investing experience. The value of any security may be positively or adversely affected by changes in foreign exchange or interest rates, as well as by other financial, economic, or political factors. Past performance is not necessarily indicative of future performance or results.
Furthermore, Circumstances before Caution: This sender. Caution: The recipient of this research report may not be subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances, and trading securities held by a research analyst account.

This report is intended for distribution by PhillipCapital (India) Pvt Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by the U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated, and/or transmitted onward to any U.S. person, which is not a Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, PhillipCapital (India) Pvt Ltd. has entered into an agreement with a U.S. registered broker-dealer, Decker & Co, LLC. Transactions in securities discussed in this research report should be effected through Decker & Co, LLC or another U.S. registered broker dealer.

If Distribution is to Australiasian Investors
This report is produced by PhillipCapital (India) Pvt Ltd and is being distributed in Australia by Phillip Capital Limited (Australian Financial Services Licence No. 246827).

This report contains general securities advice and does not take into account your personal objectives, situation and needs. Please read the Disclosures and Disclaimers set out above. By receiving or reading this report, you agree to be bound by the terms and limitations set out above. Any failure to comply with these terms and limitations may constitute a violation of law. This report has been provided to you for personal use only and shall not be reproduced, distributed or published by you in whole or in part, for any purpose. If you have received this report by mistake, please delete or destroy it, and notify the sender immediately.

PhillipCapital (India) Pvt. Ltd.
Registered office: No. 1, 18th Floor, Urmi Estate, 95 Ganpatrao Kadam Marg, Lower Parel West, Mumbai 400013.