

Sharp recovery in jewellery segment...

Titan's jewellery division witnessed a strong rebound in Q2FY21, signifying inherent strength of the business model. As guided by the management in its pre-quarterly update, jewellery sales have reached 98% of pre-Covid levels (on comparatively lower base, LTL: 90%). Including bullion sale of ₹ 391 crore, revenue for jewellery division grew 7.2% YoY to ₹ 3983 crore. Healthy demand for plain gold jewellery, gold coins arrested grammage de-growth in Q2FY21 that was at 31% (vs. de-growth of 81% in Q1FY21). Watches division recovery is sluggish with sales reaching 55% of pre-Covid level in Q2FY21 (September: 70%). Revenue for division de-grew 44% YoY to ₹ 401 crore. Overall revenues fell 2% YoY to ₹ 4553.0 crore. Due to unfavourable product mix (decline in share of studded ratio), reported EBITDA margins fell 430 bps YoY to 6.9% (underlying EBITDA margins: 7.7%, adjusted for ineffective hedges), with EBITDA down 40% YoY to ₹ 313 crore. Provision of ₹ 34 crore towards overdue margin money from a broker also impacted profitability. Going forward, overall demand trend for festive season in Q3FY21E appears positive with high single digit growth seen in first 10 days of festive period (but cannot be extrapolated for festive season).

Focus on increasing studded share to aid margins

Since the outbreak of the pandemic, perception of gold as an asset class has seen healthy traction. Demand for plain gold jewellery, gold coins has risen sharply owing to a surge in gold prices. Share of gold coins increased to 14% vs. 3% YoY. The management expects its share to sustain in double digits in FY21E. Demand for studded jewellery has increased QoQ to 26% (vs. 18% in previous quarter) but still remains lower YoY (Q2FY20: 38%). The recovery rate in non-metro cities has been substantial as most cities recorded positive growth in the quarter. Among top 12 cities (excluding Mumbai, Pune) 80% recovery was seen. Owing to unfavourable product mix underlying EBIT margins for jewellery division (adjusting for one-time provision, ineffective hedges) fell 130 bps YoY to 9.1%. Reported EBIT margins for jewellery were at 7.2%. The management expects strong recovery in studded ratio in Q3FY21E that would aid margins going forward.

Valuation & Outlook

Working capital management has been the primary focus for Titan wherein the company generated healthy OCF of ₹ 1020 crore through better inventory management (liquidation of excess bullion inventory) and higher focus on gold-on-lease for inventory replenishment. Also, lower capex requirements (₹ 66 crore vs. ₹ 169 crore in H1FY20) have led to improvement in cash position of the company with it being net cash surplus in Q2FY21 vs. net debt as on Q4FY20). We maintain our revenue estimates but reduce our earnings estimates by 10%, 4% in FY21, FY22E, respectively, to factor in near term pressure on gross margins. We build in revenue CAGR of 13% in FY20-23E, mainly driven by growth in jewellery segment (15% CAGR). RoCE is expected to revert back to 30%+ levels by FY23E. We maintain **BUY** with a revised target price of ₹ 1410 (50.0x FY23E EPS, previous TP: ₹ 1450).



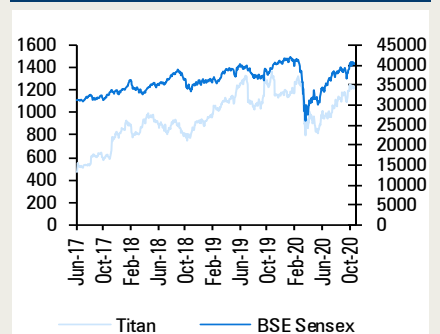
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	1,04,758.7
Debt (FY20) (₹ Crore)	722.9
Cash (FY20) (₹ Crore)	381.2
EV (₹ Crore)	1,05,100.5
52 week H/L	1389 / 720
Equity Capital (₹ Crore)	88.8
Face Value (₹)	1

Key Highlights

- Jewellery sales reached 98% of pre-Covid level (on comparatively lower base, LTL: 90%)
- Maintain BUY

Price Chart



Research Analyst

Bharat Chhoda
bharat.chhoda@icicisecurities.com

Cheragh Sidhwa
cheragh.sidhwa@icicisecurities.com

Key Financial Summary

(₹ Crore)	FY19	FY20	FY21E	FY22E	FY23E	CAGR (FY20-23E)
Net Sales	19,778.5	21,051.5	18,846.1	26,515.2	30,718.2	13.4
EBITDA	2,136.5	2,466.6	1,429.5	3,188.2	3,784.0	15.3
PAT	1,404.2	1,501.4	750.0	2,092.1	2,506.3	18.6
EPS (₹)	15.8	16.9	8.4	23.6	28.2	
P/E (x)	74.6	69.8	139.7	50.1	41.8	
EV/Sales (x)	5.2	5.0	5.6	3.9	3.4	
EV/EBITDA (x)	48.5	42.6	73.5	32.8	27.5	
RoCE (%)	32.3	28.7	14.2	31.6	31.7	
RoE (%)	23.1	22.5	10.6	23.8	23.8	

Exhibit 1: Variance Analysis							
	Q2FY21	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	Comments
Revenue	4553.0	4517.6	4661.6	-2.3	1979.0	130.1	Grammage de-growth: 31%, gold prices up 38% YoY. Excluding the bullion sale of ₹ 391 crore, overall revenues declined 11% YoY
Raw Material Expense	3,132.0	3,271.3	3,274.9	-4.4	1,545.0	102.7	Underlying gross margins declined by 670 bps YoY owing to decline in share of studded ratio and higher sales of gold coin and plain jewellery
Employee Expenses	248.0	285.6	305.1	-18.7	260.0	-4.6	
Advertising Expenses	61.0	133.9	142.8	-57.3	21.0	190.5	Significant reduction in marketing spends in the quarter
Other Expenses	799.0	419.5	416.5	91.8	406.0	96.8	Excluding the ineffective hedges worth ₹ 485 crore, other expenses declined 25% YoY
EBITDA	313.0	407.4	522.3	-40.1	-253.0	-223.7	Despite rationalisation of fixed overheads, significant decline in gross margins led to EBITDA decline of 40%
EBITDA Margin (%)	6.9	9.0	11.2	-433 bps	-12.8	1966 bps	
Depreciation	94.0	96.7	82.2	14.4	93.0	1.1	
Interest	49.0	53.0	44.9	9.2	52.0	-5.8	
Other Income	48.0	35.3	31.8	51.2	41.0	17.1	Other income includes rent waiver to the tune of ₹ 28.0 crore
PBT before Exceptional item	218.0	292.9	427.0	-48.9	-357.0	-161.1	
Exceptional Item	0.0	0.0	0.0		0.0		
PBT	218.0	292.9	427.0	-48.9	-357.0	-161.1	
Tax Outgo	44.0	73.7	112.7	-61.0	-63.0	-169.8	
PAT	173.0	219.2	311.7	-44.5	-298.0	-158.1	

Key Metrics

Jewellery

Revenues (₹ Crore)	3,983.0	3,967.0	3,650.0	9.1	1,783.0	123.4	SSSG: (-) 9%, Retail sales growth: (-) 4%
Segment EBIT Margin (%)	7.2	NA	10.4		-3.0		Adjusted EBIT margins declined 130 bps YoY

Watches

Revenues (₹ Crore)	401.0	396.1	720.1	-44.3	75.0	434.7	By September division reached 70% recovery rate
Segment EBIT Margin (%)	-3.0	NA	14.4		-218.7		EBIT losses narrowed down significantly to ₹ 12.0 crore vs. ₹ 165 crore, sequentially on back of significant cost control measures

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY21E			FY22E			FY23E		
	Old	New	% Change	Old	New	% Change	Old	New	% Change
Revenue	18,846.1	18,846.1	0.0	26,515.2	26,515.2	0.0	30,718.2	30,718.2	0.0
EBITDA	1,542.6	1,429.5	-7.3	3,270.4	3,188.2	-2.5	3,814.7	3,784.0	-0.8
EBITDA Margin (%)	8.2	7.6	-60 bps	12.3	12.0	-31 bps	12.4	12.3	-10 bps
PAT	836.8	750.0	-10.4	2,176.8	2,092.1	-3.9	2,554.9	2,506.3	-1.9
EPS (₹)	9.4	8.4	-10.4	24.5	23.6	-3.8	28.8	28.2	-2.0

Source: Company, ICICI Direct Research

Key conference call takeaways

Jewellery segment

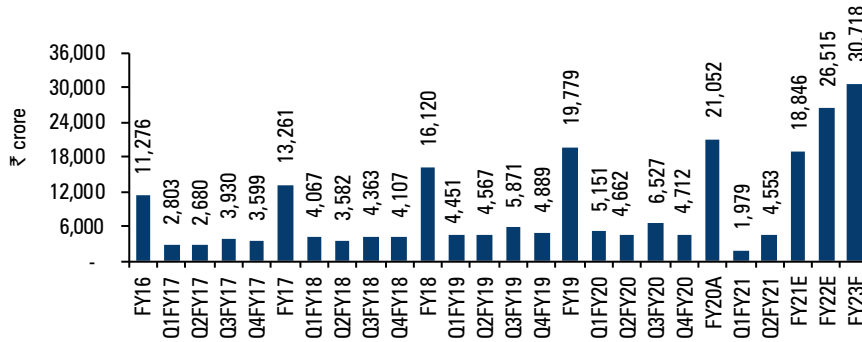
- The jewellery business is getting back on track. On the revenue recovery front in the jewellery business, smaller towns have performed better than metros. The business in metros has started picking up with Ahmedabad, Delhi NCR and Bangalore region seeing a good recovery rate of ~80%. However, for Mumbai, Pune and Hyderabad, recovery continues to be slower than other metros
- The festive season has begun well with the first 10 days of the festive season seeing a high single digit LTL growth in jewellery business on a YoY basis. However, the management indicated that the same cannot be extrapolated for the entire festive season
- The studded ratio has improved QoQ from 18% in Q1FY21 to 26% in Q2FY21 though it is still lower than last year's levels of ~38%. The management is trying to increase the studded share. There was an improvement on a month on month basis, which should aid improvement in jewellery segment margins, going ahead
- Titan's current gold coins' mix has increased to 14% compared to 3% in Q2FY20. The management expects the share of gold coins to remain in double digits in the near term as customers are expecting gold prices to maintain their positive trajectory. The company is not pushing for gold coin sales but expects the natural demand to remain robust in near term
- On the store opening front, Titan added 14 Tanishq stores in H1FY21 and plans to add another 20 stores by end of FY21. Owing to increased preference of consumers to shop locally, Titan intends to open the shops in new locations where it does not have a store presence
- On the competitive intensity, the company continues to gain market share as local unorganised and regional jewellers have seen a slower recovery rate of around 55-70%
- The new enrolments to the Golden Harvest Scheme in Q1FY21 have been lower. This can impact revenues for Q1FY22. Current recovery rate for fresh enrolments for the scheme is ~ 85%. The company has also introduced a shorter duration scheme for wedding related purchases
- Titan has made 100% provision of ₹ 34 crore on account of exposure to a broking house for commodity hedging. To eliminate such third party risks in future, Titan has set up its own commodity broking company

Watches and others:

- On the watches segment front, recovery has been muted. However, the start of festive season has been good. The company is targeting 75% recovery in the segment by Q3FY21 and 100% by Q4FY21
- The eyewear division had a recovery rate of 58% in Q2FY21 with recovery of 70% in September. The eyewear segment is targeting a revenue recovery of ~75-80% by Q3FY21. The management is aiming to improve the margin profile of the business by FY22 through various initiatives taken recently
- The company has recognised a loss of ₹ 485 crore during the quarter in other expense due to ineffective hedges. Had the hedge been "effective", revenue and other expenses would have been lower by the same amount without any impact on EBIT. Titan expects ineffective hedges to reduce substantially as predictability of sales improves

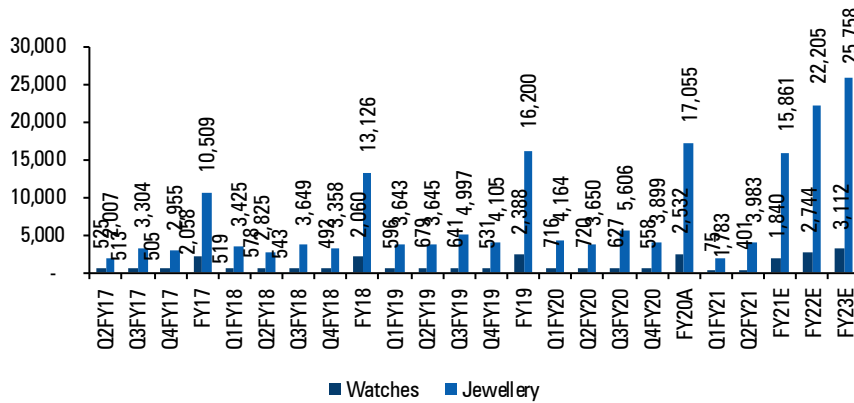
Financial story in charts

Exhibit 3: Revenue trend



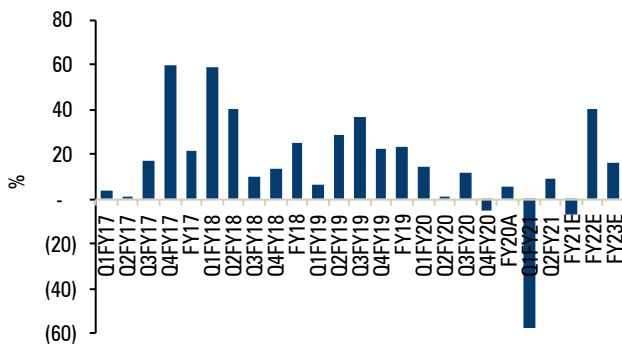
Source: Company, ICICI Direct Research

Exhibit 4: Divisional performance (revenue)



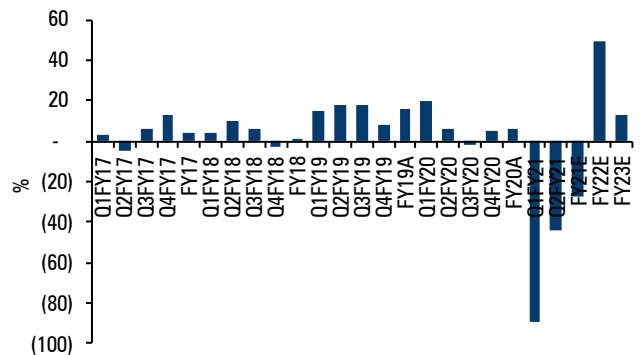
Source: Company, ICICI Direct Research

Exhibit 5: Jewellery segment growth



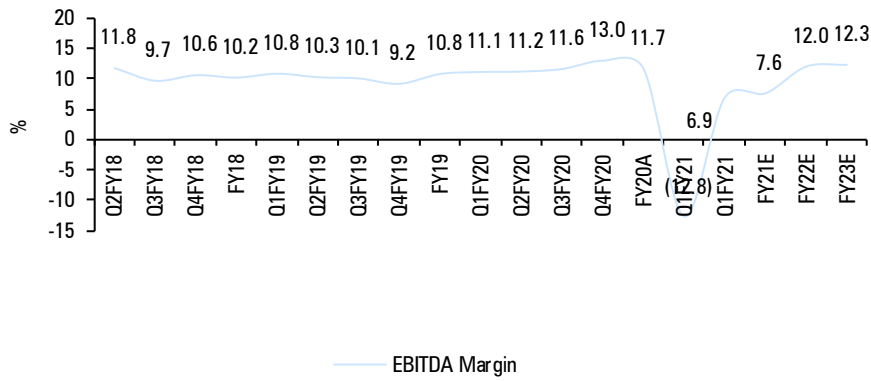
Source: Company, ICICI Direct Research

Exhibit 6: Watches segment growth



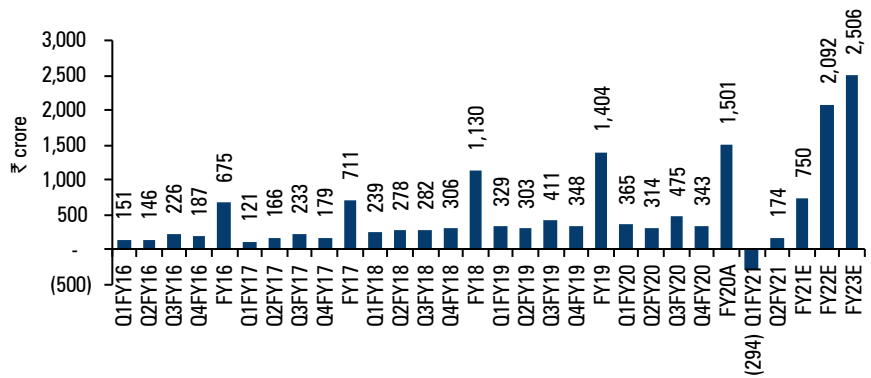
Source: Company, ICICI Direct Research

Exhibit 7: EBITDA margin trend (post Ind-AS 116)



Source: Company, ICICI Direct Research.

Exhibit 8: Net profit trend



Source: Company, ICICI Direct Research.

Exhibit 9: Valuation

	Sales	Growth	EPS	Growth	PE	EV/EBITDA	RoNW	RoCE
	(₹ cr)	(%)	(₹)	(%)	(x)	(x)	(%)	(%)
FY20A	21,051.5	6.4	16.9	6.9	69.8	42.6	22.5	28.7
FY21E	18,846.1	-10.5	8.4	-50.0	139.7	73.5	10.6	14.2
FY22E	26,515.2	40.7	23.6	178.9	50.1	32.8	23.8	31.6
FY23E	30,718.2	15.9	28.2	19.8	41.8	27.5	23.8	31.7

Source: Company, ICICI Direct Research

Financial summary

Exhibit 10: Profit and loss statement				
	₹ crore			
(Year-end March)	FY20A	FY21E	FY22E	FY23E
Total operating Income	21,051.5	18,846.1	26,515.2	30,718.2
Growth (%)	6.4	-10.5	40.7	15.9
Raw Material Expenses	15,155.1	13,927.3	19,303.0	22,270.7
Employee Expenses	1,199.4	1,281.5	1,378.8	1,582.0
Mfg, Admin & selling Exps	2,230.5	2,207.8	2,645.2	3,081.5
Total Operating Expenditure	18,585.0	17,416.6	23,327.0	26,934.2
EBITDA	2,466.6	1,429.5	3,188.2	3,784.0
Growth (%)	15.5	-42.0	123.0	18.7
Depreciation	348.0	372.7	398.4	437.7
Interest	166.2	200.0	144.4	154.3
Other Income	153.2	137.9	144.8	152.0
PBT	2,105.7	994.7	2,790.2	3,344.0
Exceptional items*	0.0	0.0	0.0	0.0
Total Tax	609.0	250.7	703.1	842.7
Share of JV/Minority int	4.7	6.0	5.0	5.0
PAT	1,501.4	750.0	2,092.1	2,506.3
Growth (%)	6.9	-50.0	178.9	19.8
EPS (₹)	16.9	8.4	23.6	28.2

Source: Company, ICICI Direct Research

Exhibit 11: Cash flow statement				
	₹ crore			
(Year-end March)	FY20A	FY21E	FY22E	FY23E
PAT	1,501.4	750.0	2,092.1	2,506.3
Add: Depreciation	348.0	372.7	398.4	437.7
Add: Finance Cost	166.2	200.0	144.4	154.3
(Inc)/dec in Current Assets	-1,310.3	13.7	-2,223.3	-1,944.3
Inc/(dec) in CL and Provisions	-1,000.0	-283.3	1,047.4	857.6
Others	-53.0	0.0	0.0	0.0
CF from operating activities	-347.8	1,053.1	1,458.9	2,011.6
(Inc)/dec in Investments	-49.5	-18.2	-40.0	-48.0
(Inc)/dec in Fixed Assets	-316.0	-180.0	-315.0	-320.0
(Inc)/dec in CWIP	13.5	5.5	3.8	2.7
Others	256.1	-90.0	-50.0	-50.0
CF from investing activities	-95.9	-282.7	-401.2	-415.4
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	691.1	-322.9	-362.9	-3.7
Less: Finance Cost	-166.2	-200.0	-144.4	-154.3
Dividend Paid	-533.6	-355.1	-375.6	-750.9
Others	-233.1	-168.2	-172.9	-186.9
CF from financing activities	-241.7	-1,046.3	-1,055.8	-1,095.9
Net Cash flow	-685.3	-275.8	1.9	500.4
Opening Cash	1,066.5	381.2	105.3	107.2
Closing Cash	381.2	105.3	107.2	607.6

Source: Company, ICICI Direct Research

Exhibit 12: Balance sheet				
	₹ crore			
(Year-end March)	FY20A	FY21E	FY22E	FY23E
Liabilities				
Equity Capital	88.8	88.8	88.8	88.8
Reserve and Surplus	6,580.0	6,974.9	8,691.4	10,446.8
Total Shareholders funds	6,668.8	7,063.7	8,780.2	10,535.6
Total Debt	722.9	400.0	37.1	33.4
Deferred Tax Liability	(152.8)	(152.8)	(152.8)	(152.8)
Other long term liabilities	1,247.4	1,247.4	1,247.5	1,247.5
Total Liabilities	8,486.2	8,558.3	9,911.9	11,663.7
Assets				
Gross Block	2,066.9	2,246.9	2,561.9	2,881.9
Less: Accu Depreciation	515.3	719.8	945.2	1,195.9
Net Block	1,551.5	1,527.1	1,616.6	1,685.9
Capital WIP	18.2	12.8	8.9	6.3
Goodwill on Consolidation	123.0	123.0	123.0	123.0
Total Fixed Assets	1,692.8	1,662.9	1,748.6	1,815.2
Investments	182.0	200.1	240.2	288.2
Inventory	8,103.0	7,745.0	9,443.8	10,940.7
Debtors	311.6	413.1	435.9	505.0
Loans and Advances	1,641.8	1,884.6	2,386.4	2,764.6
Other Current Assets	-	-	-	-
Cash	381.2	105.3	107.2	607.6
Total Current Assets	10,437.5	10,148.0	12,373.2	14,817.9
Creditors	2,181.3	2,065.3	3,269.0	3,787.2
Other Current Liabilities	2,437.5	2,261.5	2,121.2	2,457.5
Provisions	285.8	294.4	278.4	281.6
Total Current Liabilities	4,904.6	4,621.3	5,668.6	6,526.2
Net Current Assets	5,532.9	5,526.7	6,704.6	8,291.7
Others Non Current Assets	1,078.6	1,168.6	1,218.6	1,268.6
Application of Funds	8,486.2	8,558.3	9,911.9	11,663.7

Source: Company, ICICI Direct Research

Exhibit 13: Key ratios				
(Year-end March)	FY20A	FY21E	FY22E	FY23E
Per share data (₹)				
EPS	16.9	8.4	23.6	28.2
Cash EPS	20.8	12.6	28.0	33.1
BV	75.1	79.6	98.9	118.7
DPS	5.0	4.0	4.2	8.5
Cash Per Share	4.3	1.2	1.2	6.8
Operating Ratios				
EBITDA Margin (%)	11.7	7.6	12.0	12.3
PBT Margin (%)	10.0	5.3	10.5	10.9
PAT Margin (%)	7.1	3.9	7.9	8.1
Inventory days	140.5	150.0	130.0	130.0
Debtor days	5.4	8.0	6.0	6.0
Creditor days	37.8	40.0	45.0	45.0
Return Ratios (%)				
RoE	22.5	10.6	23.8	23.8
RoCE	28.7	14.2	31.6	31.7
RoIC	31.0	14.8	32.9	34.6
Valuation Ratios (x)				
P/E	69.8	139.7	50.1	41.8
EV / EBITDA	42.6	73.5	32.8	27.5
EV / Net Sales	5.0	5.6	3.9	3.4
Market Cap / Sales	5.0	5.6	4.0	3.4
Price to Book Value	15.7	14.8	11.9	9.9
Solvency Ratios				
Debt/EBITDA	0.3	0.3	0.0	0.0
Debt / Equity	0.1	0.1	0.0	0.0
Current Ratio	2.1	2.2	2.2	2.3
Quick Ratio	0.5	0.5	0.5	0.6

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, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

ANALYST CERTIFICATION

I/We, Bharat Chhoda, MBA; Cheragh Sidhwa 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 icidirect.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.