

Focus on localisation to boost growth...

About the stock: SKF India, incorporated in 1961, is engaged in manufacturing of bearings, seals, lubrication systems, after-market and other maintenance products

- Company's ~52% of revenues come from industrial segment while ~41% of revenues come from automotive segment. Balance ~7% of sales is from exports. After-market segment contributes ~36% of total revenue
- Consolidated revenue of the company has grown by 14.9% CAGR during the period FY20-23 while EBITDA and PAT have grown by 29.0% and 22.0% CAGR respectively over the same period. During FY23, company reported revenues of ₹ 4304.9 crore (+17.4% YoY) with EBITDA of ₹ 749.3 crore (+34.8% YoY) and PAT at ₹ 524.5 crore (+32.7% YoY)

Key Investment Thesis:

- Strongly positioned with wide product offerings & market presence; Focus on high-growth segments:** With a rich experience in design, development and manufacturing of bearings, seals and lubrication systems, SKF India is well positioned with its wide range of products & services for its industrial and automotive segments. Moreover, the company is focusing on high-growth areas in these segments like electric vehicles, renewable energy, railways, mining etc, where it targets to capture the larger pie of this opportunity and thus increasing its share through optimising product mix & innovative solutions
- Emphasis on continuous advancement of products; Increasing localisation and services & after-market business:** The company has a strong focus on continuous advancement of its products and solutions through its ability to continuously develop new technologies and innovation with more localisation of raw materials and manufacturing of products. Moreover, company is focusing on increasing its services & after-market segment (which contributes ~36% contribution to total revenues). We believe that new product solutions, more localisation and increase in after-market business would help company in improving its overall margins

Rating and Target Price

- SKF India is well placed to ride the strong demand cycle in domestic bearings market, led by its focus on high-growth sectors, new product developments and increasing localisation of products. We believe company's operational and financial performance to improve considerably in the coming period. We estimate revenue, EBITDA and PAT to grow at 15%, 20% and 22.8% CAGR respectively over FY23-25E
- We maintain our **BUY** rating on SKF India. We value the stock at ₹ 6400 per share (based on 40x FY25 EPS)

Key Financial Summary

	FY20	FY21	FY22	FY23	3 Year CAGR FY20-23	FY24E	FY25E	2 Year CAGR FY23-25E
Revenue (₹ crore)	2,841.6	2,707.0	3,665.9	4,304.9	14.9	4,907.6	5,692.8	15.0
EBITDA (₹ crore)	349.5	456.4	555.7	749.3	29.0	880.9	1,078.8	20.0
EBITDA margin	12.3	16.9	15.2	17.4		18.0	19.0	
Net Profit (₹ crore)	289.0	334.0	395.1	524.5	22.0	639.6	791.0	22.8
EPS (₹)	58.5	67.6	79.9	106.1		129.4	160.0	
P/E (x)	87.2	75.5	63.8	48.1		39.4	31.9	
EV/EBITDA (x)	70.4	54.1	44.6	32.4		27.3	22.0	
RoCE (%)	20.3	27.0	27.6	30.8		31.2	32.0	
RoE (%)	15.2	21.4	21.0	22.4		23.2	23.8	

Source: Company, ICICI Direct Research

SKF®

Particulars

Particular	Amount
Market Capitalization	25,209
Total Debt (FY23) (₹ crore)	0
Cash and Inv (FY23) (₹ crore)	958
EV (FY23) (₹ crore)	24,251
52 week H/L (₹) (BSE)	5534 / 3960
Equity capital (₹ crore)	49.4
Face value (₹)	10

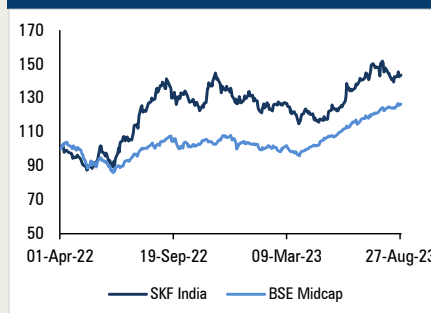
Shareholding Pattern

	Sep-22	Dec-22	Mar-23	Jun-23
Promoter	52.6	52.6	52.6	52.6
FII	6.4	6.5	6.5	6.4
DII	29.0	29.0	29.1	29.4
Others	12.0	12.0	11.8	11.6

Risks to our call

- Slowdown in domestic automotive and industrial segments
- Availability and prices of raw material
- Adoption of new technologies

Price Performance



Research Analyst

Chirag Shah
shah.chirag@icicisecurities.com

Vijay Goel
vijay.goel@icicisecurities.com

Company Background

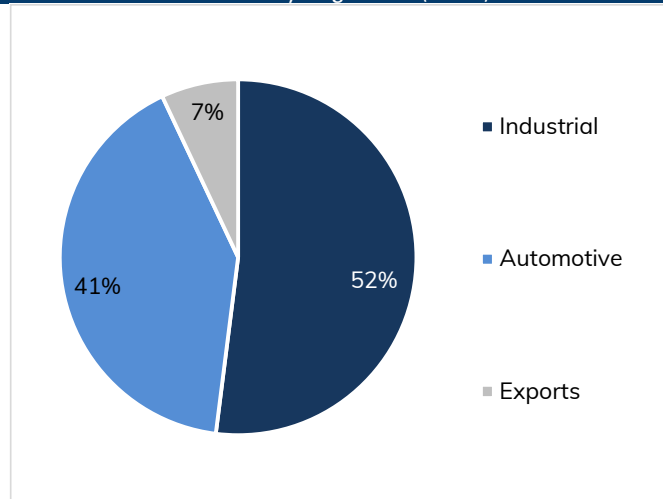
SKF India, incorporated in 1961, is engaged in manufacturing of ball & roller bearing components. SKF India is a subsidiary of Swedish company - Aktiebolaget SKF (AB SKF), one of the world's largest manufacturers and suppliers of bearings, seals, lubrication and lubrication systems etc. The promoters (AB SKF along with SKF UK and SKF Forvaltning AB) hold 52.6% stake in SKF India.

AB SKF started its operations in India in 1923 and today provides industry leading automotive and industrial engineered solutions through its five technology-centric platforms: bearings and units, seals, lubrication, condition monitoring, and maintenance services. Over the years the company has evolved from being a pioneer ball bearing manufacturing company to a knowledge-driven engineering company helping customers achieve sustainable and competitive business excellence

Having commissioned the first manufacturing plant in Pune in the year 1965, SKF India currently has 3 manufacturing facilities and a supplier network of over 700 distributors. The company's ~52% of revenues come from Industrial segment (which includes process industries like railways, metals, mining, oil & gas, food & beverage, construction, cement, wind energy etc) while ~41% of revenues come from Automotive segment (which includes two wheelers, passenger vehicles, trucks & tractors, powertrain etc). Balance ~7% of sales is from exports. In terms of after-market presence, ~36% of revenue comes from this segment (~25% in industrial and ~11% in automotive)

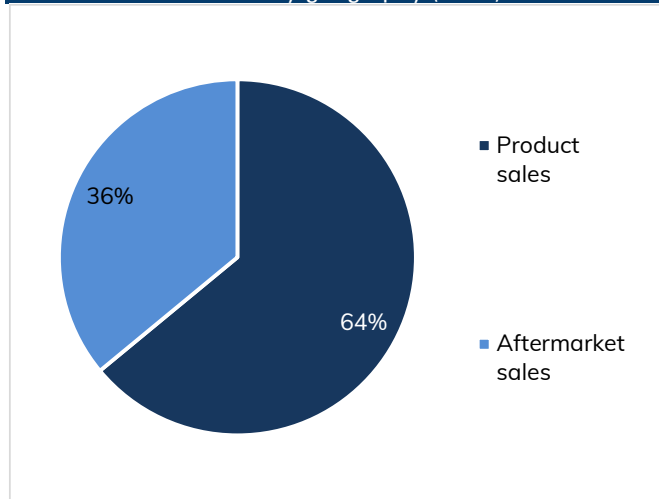
Consolidated revenue of the company has grown by 14.9% CAGR in the last 3 years during the period FY20-23 while EBITDA and PAT have grown by 29.0% and 22.0% CAGR respectively over the same period. During FY23, company reported revenues of ₹ 4304.9 crore which increased by 17.4% YoY while EBITDA grew by 34.8% YoY to ₹ 749.3 crore as EBITDA margin improved by 225 bps YoY to 17.4%. PAT in FY23 stood at ₹ 524.5 crore, which increased by 32.7% YoY

Exhibit 1: Revenue mix by segments (FY23)



Source: Company, ICICI Direct Research

Exhibit 2: Revenue mix by geography (FY23)



Source: Company, ICICI Direct Research

Investment Rationale

Strongly positioned with wide product offerings & market presence; Focus on high-growth segments

SKF India is well positioned with its wide range of products (including bearings, seals, lubrication systems, mechatronics etc) and services (such as technical support, maintenance, and condition monitoring). With a rich experience in design and manufacture of bearings, seals and lubrication systems, the company has been able to offer unique solutions for companies across automotive, agriculture, construction, food and beverage, oil and gas, metals and other industrial sectors

SKF has been prioritising on high-growth segments in its automotive segments (like electric vehicles) and industrial segment (like renewable energy, railways etc). The company is seeing strong growth potential in these segments and focusing on capturing the larger pie of this opportunity and thus increasing its presence through improving product mix and new innovative solutions

Automotive segment (contributes ~41% to company's revenues) is expected to see a meaningful recovery in the coming period with the adoption of modern powertrains and electric vehicles. The economic survey 2023 estimates that India's domestic electric vehicle market is expected to see ~49% CAGR between 2022 and 2030. Thus, demand for bearings (which is one of the most important components in automobile) from domestic automotive market is also expected to see a healthy growth over the longer term period

Industrials segment (~52% of revenues) is already witnessing healthy growth led by buoyant capex scenario from both public and private segments. Railways along with Metros, being a key segment for SKF India, is currently undergoing massive transformation in both passengers and freight segments (like requirement of new freight wagons, locomotives, induction of new Vande Bharat trains etc), driving demand for bearings. Another high-growth segment in industrials is renewable energy which is to play an increasingly important role in meeting global energy demand. Moreover, the company continues to focus on strategic sectors such as cement and mining etc, where they already have a strong market presence

Emphasis on continuous advancement of products; Increasing localisation and services & after-market business

SKF India has a strong focus on continuous advancement of its products and solutions through its ability to continuously develop new technologies and innovation. The company aims to lead the development of more energy-efficient solutions to stay at the forefront of the industry.

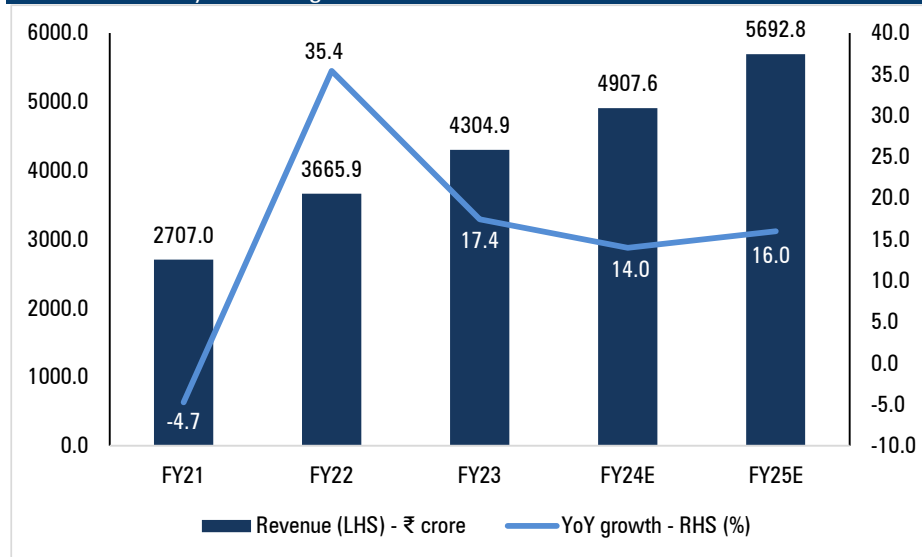
Services & after-market segment (along with specialised lubrication and sealing solutions) has been the company's key segment with ~36% contribution to total revenues (~25% in industrials and ~11% in automotive). Localisation of products is one of the key pillars of company's strategy, which is clearly visible from the company's localisation level of 85% (which has increased considerably over the last 2 years) for its direct materials during FY23, which helped in reducing costs and lead times.

The company continues to focus on increasing its share of this margin-accretive after-market segment in revenues and capitalising its strong position in this segment through more localisation of raw material and thus manufacturing of bearings, spares and other products. According to industry reports, imports account for ~40% of the bearings demand in India and have been on a decline due to the increasing localisation efforts. We believe that, with continues investing in enhancing product localisation would result in further decline in imports in the coming periods and boost sales of the company in domestic markets

Revenue growth expected at 15% CAGR over FY23-25E

SKF's consolidated revenue grew at 14.9% CAGR over the last 3 years (FY20-23) led by strong growth from domestic industrials and automotive segments. Going ahead, revenue growth is expected to be at 15% CAGR over FY23-25E to ₹ 5692.8 crore in FY25E as the domestic bearings industry would continue to witness healthy demand led by capex in industrials segments including process industries, railways, power etc. Moreover, domestic automotive segment is also expected to witness recovery which would help in revenue growth in the coming period

Exhibit 3: Healthy revenue growth ahead

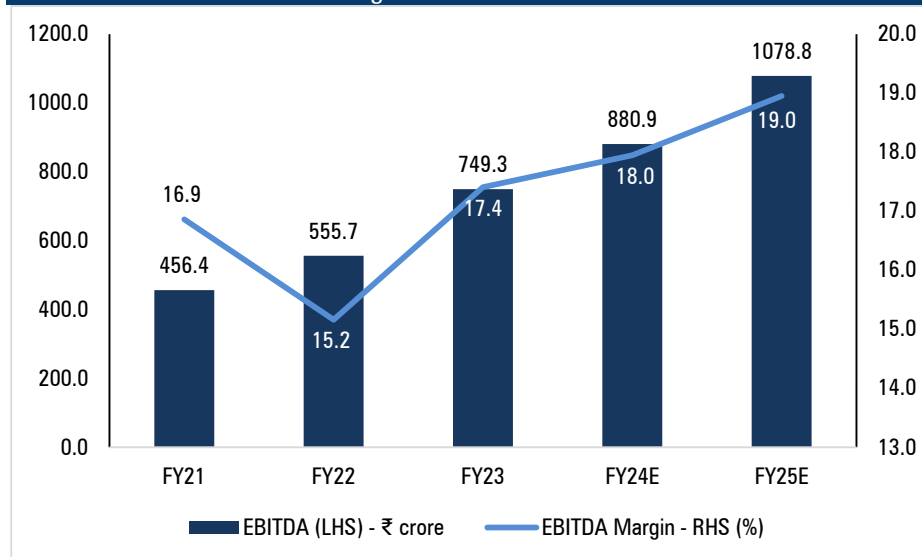


Source: Company, ICICI Direct Research

EBITDA margins expected to improve over FY23-25E; EBITDA expected at ~20% CAGR

Company's EBITDA margin stood at 17.4% in FY23, improved from 15.2% in FY22 mainly on account of focus on high-margin segments, disciplined cost control and pricing power. Going ahead, we estimate EBITDA margins to improve further to 18% in FY24E and 19% in FY25E, led by continues focus on favourable product mix, margin-accretive after-market segment, increasing localisation and operational efficiencies. We estimate EBITDA CAGR of 20% over FY23-25E to ₹ 1078.8 crore in FY25E from ₹ 749.3 crore in FY23

Exhibit 4: EBITDA & EBITDA margin trend

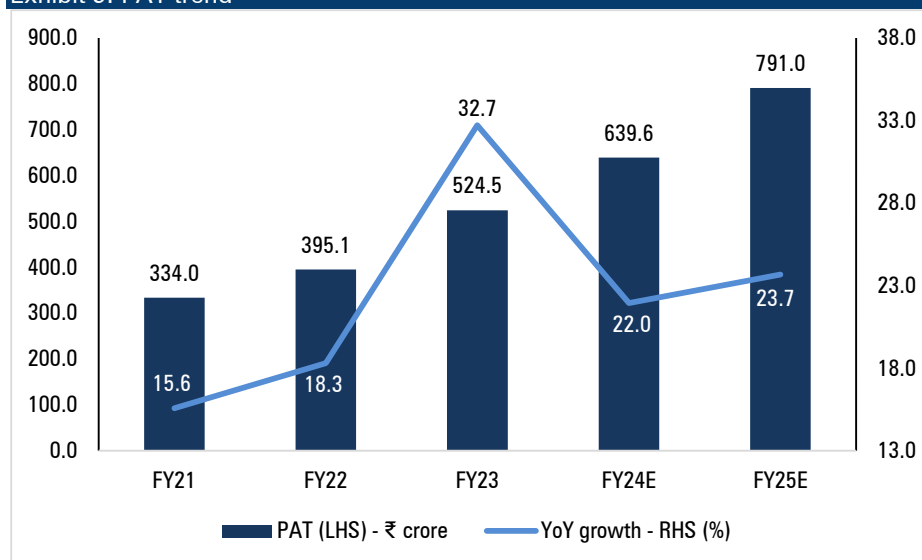


Source: Company, ICICI Direct Research

PAT expected to grow ~23% CAGR over FY23-25E

We estimate net profit to grow at 22.8% CAGR over FY23-25E to ₹ 791 crore in FY25E from ₹ 524.5 crore in FY23, mainly led by healthy growth in revenues and improvement in margins during the period

Exhibit 5: PAT trend

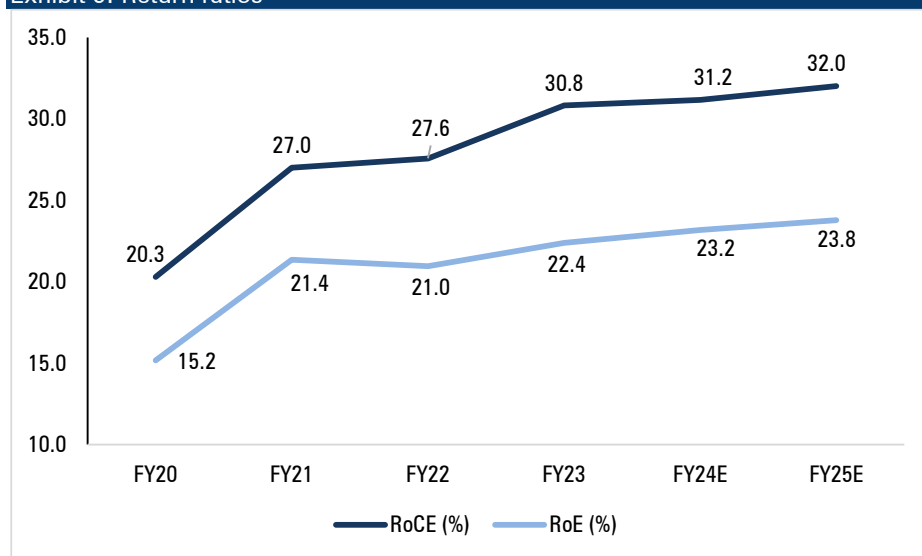


Source: Company, ICICI Direct Research

Healthy return ratios

Company's return ratios have remained healthy and witnessed a substantial improvement in FY23 led by improvement in margins and asset turnover ratio. Going ahead, we expect the return ratios to improve further over the period FY23-25E as asset turnover ratio and margins are estimated to see improvement. RoCE (Return on Capital Employed) and Return on Equity (RoE) are expected to improve to 32% and 23.8% in FY25E respectively

Exhibit 6: Return ratios



Source: Company, ICICI Direct Research

Key risk and concerns

Slow-down in domestic automotive and industrial segments

SKF is highly dependent on growth in domestic automotive and industrial segments as these two domestic segments contribute ~93% to the revenues. Any slow-down in growth in these segments and its sub-segments, may hurt the demand for the company's products and thus revenues and profitability

Availability and prices of raw materials

The production of bearings heavily relies on the availability of raw materials at right prices. Any volatility in the market can significantly impact the bearing industry, affecting its profitability. High-grade steel is the primary material used in manufacturing bearings. Hence, any fluctuations in the global steel price or supply crunch can lead to price fluctuations, scarcity of the material, and impact profitability, ultimately affecting the production of bearings

Growing advancements and adoption of new technologies

Bearing manufacturers face significant challenges with the increasing digitalisation of the value chain, which includes design, manufacturing, procurement, and maintenance. The adoption of new technologies such as Industry 4.0 is not uniform due to differentiated capabilities, a lack of knowledge in use cases, minimal availability of design thinking, and limited skilled labour. Hence, these factors pose serious issues in technological advancement and upgradation for the bearing manufacturers.

Financial summary

Exhibit 7: Profit and loss statement

₹ crore

(₹ Crore)	FY22	FY23	FY24E	FY25E
Revenue	3,666	4,305	4,908	5,693
Growth YoY (%)	35%	17%	14%	16%
Other Income	34	52	70	89
Total Revenue	3,700	4,357	4,978	5,782
Cost of materials consumed	901	1,042	2,895	3,305
Purchase of stock-in-trade	1,518	1,554	-	-
Change in inventories	(173)	(30)	-	-
Employee cost	286	300	317	353
Other Expenses	579	690	815	956
Total expenditure	3,110	3,556	4,027	4,614
EBITDA	556	749	881	1,079
Growth YoY (%)	22%	35%	18%	22%
Interest	2	2	2	2
PBDT	588	800	949	1,166
Depreciation	57	67	79	90
Profit Before Tax	531	733	870	1,076
Tax	136	208	231	285
PAT	395	524	640	791
Growth YoY (%)	18%	33%	22%	24%
EPS	79.9	106.1	129.4	160.0

Source: Company, ICICI Direct Research

Exhibit 8: Cash flow statement

₹ crore

(₹ Crore)	FY22	FY23	FY24E	FY25E
Profit after Tax	395	524	640	791
Depreciation	57	67	79	90
Interest	2	2	2	2
Other income	(34)	(52)	(70)	(89)
Prov for Taxation	136	208	231	285
Cash Flow before WC changes	556	749	881	1,079
Change in Working Capital	(423)	167	(123)	(149)
Taxes Paid	(136)	(208)	(231)	(285)
Cashflow from Operations	(3)	708	527	645
(Purchase)/Sale of Fixed Asset	(101)	(100)	(135)	(135)
(Purchase)/Sale of Investments	45	(26)	(34)	(44)
Other Income	34	52	70	89
Cashflow from Investing	(22)	(74)	(99)	(90)
Issue/(Repayment of Debt)	-	-	-	-
Changes in Minority Interest	-	-	-	-
Changes in Network	(2)	129	-	-
Interest	(2)	(2)	(2)	(2)
Dividend paid	(72)	(198)	(222)	(222)
Cashflow from Financing	(75)	(70)	(224)	(224)
Changes in Cash	(100)	556	204	330
Opening Cash/Cash Equivalent	500	402	958	1,162
Closing Cash/ Cash Equivalent	402	958	1,162	1,492

Source: Company, ICICI Direct Research

Exhibit 9: Balance sheet

₹ crore

(Year-end March)	FY22	FY23	FY24E	FY25E
Per share data (₹)				
EPS	79.9	106.1	129.4	160.0
Cash EPS	91.5	119.6	145.3	178.1
BV	381.4	473.6	557.9	672.9
DPS	14.5	40.0	45.0	45.0
Cash Per Share	71.8	85.3	101.2	119.3
Operating Ratios (%)				
EBITDA Margin	15.2	17.4	18.0	19.0
PBT / Net Sales	13.6	15.9	16.3	17.4
PAT Margin	10.8	12.2	13.0	13.9
Inventory days	67.4	58.2	60.0	61.0
Debtor days	68.4	57.5	57.5	57.5
Creditor days	68.0	64.4	64.4	64.4
Return Ratios (%)				
RoE	21.0	22.4	23.2	23.8
RoCE	27.6	30.8	31.2	32.0
RoIC	32.6	47.9	49.0	52.7
Valuation Ratios (x)				
P/E	64.8	48.8	40.0	32.3
EV / EBITDA	45.3	32.9	27.7	22.3
EV / Net Sales	6.9	5.7	5.0	4.2
Market Cap / Sales	7.0	5.9	5.2	4.5
Price to Book Value	13.6	10.9	9.3	7.7
Solvency Ratios				
Debt/EBITDA	-	-	-	-
Current Ratio	2.7	3.0	3.2	3.3
Quick Ratio	1.7	2.2	2.3	2.4

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios

(Year-end March)	FY22	FY23	FY24E	FY25E
Per share data (₹)				
EPS	79.9	106.1	129.4	160.0
Cash EPS	91.5	119.6	145.3	178.1
BV	381.4	473.6	557.9	672.9
DPS	14.5	40.0	45.0	45.0
Cash Per Share	71.8	85.3	101.2	119.3
Operating Ratios (%)				
EBITDA Margin	15.2	17.4	18.0	19.0
PBT / Net Sales	13.6	15.9	16.3	17.4
PAT Margin	10.8	12.2	13.0	13.9
Inventory days	67.4	58.2	60.0	61.0
Debtor days	68.4	57.5	57.5	57.5
Creditor days	68.0	64.4	64.4	64.4
Return Ratios (%)				
RoE	21.0	22.4	23.2	23.8
RoCE	27.6	30.8	31.2	32.0
RoIC	32.6	47.9	49.0	52.7
Valuation Ratios (x)				
P/E	63.8	48.1	39.4	31.9
EV / EBITDA	44.6	32.4	27.3	22.0
EV / Net Sales	6.8	5.6	4.9	4.2
Market Cap / Sales	6.9	5.9	5.1	4.4
Price to Book Value	13.4	10.8	9.1	7.6
Solvency Ratios				
Debt/EBITDA	-	-	-	-
Current Ratio	2.7	3.0	3.2	3.3
Quick Ratio	1.7	2.2	2.3	2.4

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours 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,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Chirag Shah, PGDBM, Vijay Goel, PGDBM 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 broking and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is IN2000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. 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.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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 and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and 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 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.

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 and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest 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.