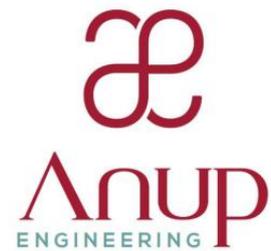


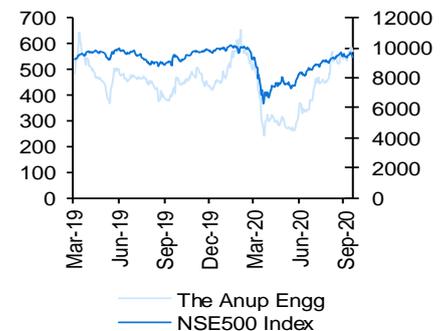
September 24, 2020

The Anup Engineering, one of the leading process equipment manufacturers in India, is on the brink of setting foot into a higher trajectory by way of debottlenecking its existing capacity and a new greenfield expansion. Anup has commissioned a new heavy bay in the Odhav facility whereas the first bay of grass root facility in Kheda is expected to get commissioned by September 2021. The new heavy bay at the Odhav facility will enable Anup to execute larger and more complex equipment orders at the said facility. **This shows that the management's target of making Anup a ₹ 1000 crore company in the next five years looks within the realms of possibility.**



- Robust order inflows in Q1 exhibit underlying demand:** Anup's orderbook at the end of Q1FY21 was at ₹ 377 crore. According to our back of the envelop calculation, we estimate an order inflow of ~₹ 140-150 crore in Q1FY21. The current orderbook gives visibility for more than a year. Also, the recent commissioning of heavy bay at the Odhav facility would help leverage incoming opportunities in more complex and high value orders. We expect revenues to exhibit a CAGR of 16.3% over FY20-22E
- Capex in oil & gas, petrochemicals, LNG & specialty chemicals to usher in growth:** Traditionally, hydrocarbon has been a dominating segment for Anup. However, going ahead, the management sees opportunity in petrochemicals, specialty chemicals, LNG plants. A major part of order inflow would still be from the oil & gas sector given capex from new refineries like Numaligarh (project size ~₹ 22000 crore), HPCL Rajasthan together would be ~₹ 65000 crore in the next five to seven years. Further, ongoing construction of four LNG terminals with a capacity of 19 MMTPA and proposed three LNG terminals of 10 MMTPA capacity would also provide additional opportunity. Significant envisaged capex in the chemical and food processing industries would provide new segmental opportunities for Anup in the medium to long term
- Strong visibility to drive re-rating:** Historically, Anup has delivered a strong performance, albeit on a low base wherein sales and PAT CAGR were at 16% and 24%, respectively, over FY15-20. Going ahead, we believe this performance momentum will give decent order wins in FY20-Q1FY21 while commissioning of capacity at the existing facility and upcoming capex at Kheda, entry into newer geographies will drive PAT CAGR at 20.5% in FY20-FY22E. Earnings momentum and strong debt free balance sheet generating consistent RoICs in excess of 20% are expected to trigger a re-rating for Anup. Hence, we assign a **BUY** rating to the stock at 12x FY22E EPS with a target price of ₹ 735 per share

Price Performance



* Stock listed in March

Research Analyst

Chirag Shah
shah.chirag@icicisecurities.com

Adil Khan
adil.khan@icicisecurities.com

Key risk

Business specific

Elongated working cycle: Given the nature of the business, Anup has an elongated working cycle of 130 days, which was largely on account of a high inventory holding period. This leads to higher working capital requirement, which is partially offset by customer advances. Any delays or deferral in the associated project can elongate working capital cycle and adversely impact cash flows and return ratios

Company specifics

Delay in capex completion/subsequent ramp up: The pandemic led lockdown delayed Anup's Phase I of Kheda campus by 12 months. Currently, the phase I is expected to get completed by September 2021. However, a second wave of Covid followed by an increase in material restrictions could create labour shortage and supply chain issues. This could further delay the commissioning of the Kheda campus and delay the growth prospects of the company in the medium term.

Description

Founded in 1962 by Sanjay Lalbhai and his family, Gujarat based The Anup Engineering is one of the top three manufacturers of process equipment in India. Its product line includes heat exchangers, column/towers, pressure vessels, dish ends, expansion bellows and centrifuge. In the initial phase, the company manufactured components of pressure vessels for textile & chemical segments. However, beginning in year 2000, Anup forayed into process equipment manufacturing & currently exports to all continents across the globe. The company is an Isro approved vendor and has some esteemed industry names as its clients. Anup is headed by its CEO, Rishi Roop Kapoor, who is an IIT Roorkee pass out and was previously associated with Godrej & Boyce. Earlier, Anup was a subsidiary of Arvind Ltd. As part of the group restructuring, it got demerged and was listed separately on the exchanges in March 2019.

History and track record

- **1960s:** Started manufacturing components of pressure vehicles for the textile & chemical industry
- **Beginning 2000s:** Ventured into heat exchangers and process equipment manufacturer and became an established player
- **2019:** The company was demerged from Arvind Ltd and amalgamated into Anveshan Heavy Engineering. Subsequently, the name was changed to The Anup Engineering Ltd
- **Esteemed client base:** Top of the pyramid skills & technology have garnered a list of clients who tend to be sticky in the business. Currently, Anup serves the needs of esteemed organisations such as **GE, Mitsubishi, EIL, GE, BASF**, etc and is also in the approved list of vendors for **Isro**

Stock data

Market Capitalization (₹ crore)	551
52 Week High / Low (₹)	676/219
Promoter Holding (%)	41.7
FII Holding (%)	3.0
DII Holding (%)	14.7
Dividend Yield (%)	1.3
12M / 6M stock return (%)	32% / 119%
Debt (₹ crore) (FY18)	0
Cash and Cash Equivalent (₹ crore) (FY18)	2
Enterprise Value (₹ crore)	549
5 Year Revenue CAGR (%) (FY15-20)	16%
5 Year EBITDA CAGR (%) (FY15-20)	23%
5 Year PAT CAGR (%) (FY15-20)	24%

Valuation

	FY19	FY20	FY21E	FY22E
P/E	13.1	12.8	12.4	8.8
Target P/E	17.8	17.4	16.9	12.0
EV / EBITDA	8.6	8.0	8.1	5.8
P/BV	1.9	1.7	1.5	1.3
RoNW	14.6	13.3	12.3	15
RoCE	20.1	18.9	16.7	20.4
ROIC	22.5	25.9	21.9	24.4

Quarterly performance

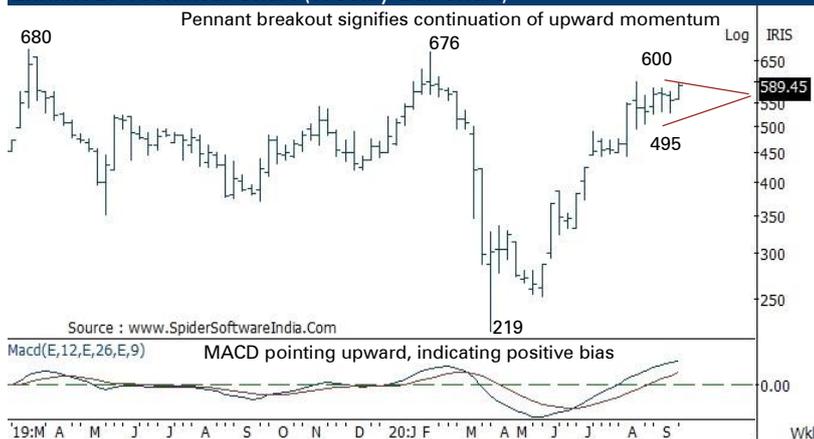
(₹ crore)	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Sales	61.86	76.65	70.15	30.14
EBITDA	19.84	20.97	15.89	8.32
EBITDA Margin (%)	32.1%	27.4%	22.6%	27.6%
Depreciation	2.12	2.56	2.25	2.23
Interest	0.62	0.05	0.00	0.08
Other Income	0.97	1.09	1.02	0.81
PAT	12.8	13.8	8.4	5.2
EPS (₹)	12.6	13.5	8.3	5.1

Exhibit 1: Earnings Estimates

₹ crore	FY18	FY19	FY20	FY21E	FY22E
Total Operating Income	244	243	245.5	246.7	331.8
EBITDA	59.8	63.9	68.6	66.6	93.6
EBITDA margin (%)	22%	26%	28%	27%	28%
PAT	45	42	43	44	62
EPS (₹)	44.1	41.2	42.1	43.6	61.2

Source: Company, ICICI Direct Research

Exhibit 2: Technical Chart (Weekly Bar Chart)



Source: Bloomberg, ICICI Direct Research

Shareholding trend (%)

Key Shareholders	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Promoter group	41.7	41.7	41.7	41.7
FII	6.1	5.9	3.3	3.0
DII	15.7	14.2	15	14.7
Non-institutional	36.5	38.2	39.9	40.6

Technical View

The share price recently logged a resolute breakout from a pennant formation signalling continuance of upward momentum.

The formation of higher peak and trough signifies positive bias as per classic Dow Theory. Currently, the stock has undergone healthy consolidation as over the past five weeks it has retraced 61.8% of the preceding two week's up move (₹ 444–600), at ₹ 505, which augurs well for the stock to extend the ongoing rally towards ₹ 680 in the medium term as it is implied target of pennant formation (₹ 600-495=105), projected from September high of ₹ 585, which coincided with 2019 high of ₹ 680.

What's the story?

Capacity debottleneck forming base for future growth...

Anup's current capability is restricted in executing up to 500 MT of equipment at the Odhav facility. Capacity constraints limited Anup from bidding for larger high value orders. Nevertheless, the company recently commissioned a heavy bay at Odhav facility that allows it to take larger & more complex equipment orders at the said facility. Going ahead, Anup has also undertaken a greenfield capex of ₹ 200 crore in Kheda, Gujarat, which will get commissioned in phases over the next four years and help Anup to manufacture equipment up to 1000 MT in size. The first phase is expected to get commissioned by September 2021. Further phase wise commission of Kheda facility would continue till 2024 when it would have been fully commissioned. The management has chalked out a plan to build Anup's revenue to ₹ 1000 crore in the next five years. Out of ₹ 1000 crore, ₹ 500-600 crore is expected to come from the Odhav facility while ₹ 400-500 crore is expected from the fully commissioned Kheda facility. Thus, capacity addition would help leverage the incoming opportunities for Anup. Further, the company intends to enter the US markets to capture the new project & replacement market over there. The global heat exchanger market is pegged at US\$18 billion while the replacement market is pegged at US\$5 billion. Over, FY20-FY22E, given strong backlog and bidding pipeline, we expect ANUP to report revenue CAGR of 16.3%.

Strong order inflows showcasing underlying demand, whereas sticky clientele assures sustainability...

Anup's orderbook witnessed a healthy improvement of 41% from ₹ 267 crore as on April 1 to ₹ 377 crore as on June end. As per our back of the envelope calculation, we estimate order inflows of ~ ₹ 140-150 crore in Q1, which is commendable given the backdrop of lockdown. We apprehend that the new heavy bay has widened the horizon of orders that the company can bid for. With an average execution cycle of 10-14 months, the current order book provides visibility for more than a year, which would lead to a pickup in execution over FY21-22E. We expect healthy order inflows from Anup, going ahead, given the nature of business where clients tend to be sticky. Further, Anup is right at the top of the pyramid when it comes to skills & technology. This along with a 13-year track record in pure process equipment manufacturing has garnered a list of clients, who tend to be sticky in this business. During the last seven to eight years, the company has added new customers, through word of mouth, referral and their longstanding repute & timely delivery. Currently, Anup serves the needs of esteemed organisations such as **Mitsubishi, EIL, GE, BASF**, etc and is also in the approved list of vendors for **Isro**.

Capex in oil & gas, petrochemicals, specialty chemicals with geographical diversification to usher in demand...

The management sees incoming prospects in specialty chemicals, petrochemicals & LNG terminals. Replacement demand is also expected to stay strong on the back of technological upgradation. Traditionally, hydrocarbon has been a dominating segment for Anup. However, going ahead, the management sees opportunities in petrochemicals, specialty chemicals and LNG plants. A major part of orders inflow would still be from the oil & gas sector given the capex from new refineries such as Numaligarh (project size ~₹ 22000 crore) and HPCL Rajasthan together would be ~₹ 65000 crore in the next five to seven years. Significant envisaged capex in the chemical and food processing industries would provide new segmental opportunities for ANUP in the medium to long term. On the LNG side, currently four LNG terminals with a capacity of 19 MMTPA are under construction whereas three terminals with a capacity of 10 MMTPA are proposed. We expect capex worth ₹ 10000 crore in the proposed LNG terminals. Hence, Anup has a strong set of opportunities given the capex in oil & gas, petrochemicals & specialty chemicals space.

Focused player in fragmented industry...

Given the size of the industry, there are very few players who exclusively serve the process equipment market. Total ~80% of Anup's topline comes from heat exchangers. The company specialises in process equipment and has no other business segments unlike competitors such as L&T, Godrej & Boyce and ISGEC Heavy. This allows Anup to focus better and have a competitive edge. We believe the company has the potential and required skill set to reap the benefits from the growing industry. Further, strong entry barriers make it difficult for new players to find any traction.

Strong backlog, capacity expansion to drive 20.5% PAT CAGR in FY20-22E; assign BUY rating

Historically, Anup has delivered a strong performance, albeit on low base wherein sales and PAT CAGR were at 16% and 24%, respectively, in FY16-20. Going ahead, we believe this performance momentum given decent order wins in FY20-Q1FY21, commissioning of capacity at existing facility and upcoming capex at Kheda, entry into newer geographies will drive PAT CAGR at 20.5% in FY20-22E. Earnings momentum and a strong debt free balance sheet generating consistent RoICs in excess of 20% will trigger a re-rating for Anup. Hence, we value the stock at 12x FY22E EPS with a target price of ₹ 735 per share.

Financial Summary

Exhibit 3: Profit & Loss statement				
(₹Crore)	FY19	FY20	FY21E	FY22E
Net Sales	243	245	247	332
Total Operating Income	243	245	247	332
% Growth (Operating Income)		1.0	0.5	34.5
Other Income	4.6	4.1	6.0	8.0
Total Revenue	247.6	249.5	252.7	339.8
Cost of materials consumed	121	143	136	182
Purchase of stock-in-trade	19	-	-	-
Change in inventories	(24)	(33)	(25)	(33)
Employee cost	15	16	17	23
Other Expenses	48	50	52	66
Total expenditure	179	177	180	238
EBITDA	63.9	68.6	66.6	93.6
% Growth (EBITDA)		7.3	(2.9)	40.5
Interest	1.8	0.8	1.0	1.0
PBDT	67	72	72	101
Depreciation	8	9	10	14
PBT	59	63	62	87
Tax	17	20	17	24
PAT	42.0	43.0	44.4	62.4
% Growth (PAT)		2.3	3.4	40.3
EPS	41.2	42.1	43.6	61.2

Source: Company, ICICI Direct Research

Exhibit 5: Balance Sheet				
(₹Crore)	FY19	FY20	FY21E	FY22E
Share Capital	10	10	10	10
Reserves & Surplus	278	313	350	405
Total Shareholders fun	288	323	360	415
Goodwill	-	-	-	-
Total debt	-	-	-	-
Other liabilities	12.6	15.1	15.1	15.1
Total Liabilities	301	338	375	431
Gross Block	151	161	211	271
Acc: Depreciation	8	17	27	41
Net Block	142	144	184	230
Capital WIP	2	12	15	15
Investments	1	2	2	2
Inventory	88	106	95	123
Sundry debtors	70	64	65	87
Cash	0	2	10	11
Loans & Advances	44	-	-	-
Inv +Other current assets	18	64	64	54
CL& Prov.	96	84	84	114
Net Current Assets	125	152	149	161
Total Assets	301	338	375	431

Source: Company, ICICI Direct Research

Exhibit 4: Cash Flow Statement				
(₹Crore)	FY19	FY20	FY21E	FY22E
Profit after Tax	42.0	43.0	44.4	62.4
Depreciation	7.9	8.9	9.9	13.9
Interest	1.8	0.8	1.0	1.0
Other income	(4.6)	(4.1)	(6.0)	(8.0)
Prov for Taxation	16.8	20.0	17.3	24.3
Change in Working Capital	6.6	(25.5)	11.7	(11.3)
Taxes Paid	(15.7)	(17.6)	(17.3)	(24.3)
Cashflow from Operating Ac	55	26	61	58
(Purchase)/Sale of Fixed Assets	(46.0)	(17.8)	(50.6)	(57.0)
(Purchase)/Sale of Investments	7.4	(1.0)	-	-
Other Income	4.6	4.1	6.0	8.0
Cashflow from Investing Act	(34)	(15)	(45)	(49)
Changes in Networth	-	(1.1)	-	(0.0)
Interest	(1.8)	(0.8)	(1.0)	(1.0)
Dividend paid	-	(7.1)	(7.1)	(7.1)
Cashflow from Financing Act	(2)	(9)	(8)	(8)
Changes in Cash	(0.7)	1.8	8.2	0.9
Opening Cash/Cash Equivalent	2.4	0.2	2.0	10.3
Closing Cash/ Cash Equivalent	1.7	2.0	10.3	11.1

Source: Company, ICICI Direct Research

Exhibit 6: Key Ratios				
(Year-end March)	FY19	FY20	FY21E	FY22E
EPS	41.2	42.1	43.6	61.2
Cash EPS	49.0	50.9	53.3	74.8
BV	282.7	316.6	353.2	407.3
DPS	-	7.0	7.0	7.0
Cash Per Share	8.3	17.0	26.7	40.4
EBITDA Margin	26.3	28.0	27.0	28.2
PBT / Net Sales	23.0	24.3	23.0	24.0
PAT Margin	17.3	17.5	18.0	18.8
Inventory days	132.9	157.9	140.0	135.0
Debtor days	104.4	95.7	95.7	95.7
Creditor days	143.6	125.0	125.0	125.0
RoE	14.6	13.3	12.3	15.0
RoCE	20.1	18.9	16.7	20.4
RoIC	22.5	25.9	21.9	24.4
P/E	13.1	12.8	12.4	8.8
EV / EBITDA	8.6	8.0	8.1	5.8
EV / Net Sales	2.3	2.2	2.2	1.6
Market Cap / Sales	2.3	2.2	2.2	1.7
Price to Book Value	1.9	1.7	1.5	1.3
Net Debt / Equity	-	-	-	-
Current Ratio	2.1	2.0	1.9	1.8
Quick Ratio	1.2	0.8	0.8	0.8

Source: Company, ICICI Direct Research

Key risks to investing in Nano stocks

- Nano stocks may not be in the limelight and inherently being micro cap in nature will have a high risk return profile
- We advise clients to be disciplined in investing at all times. Allocate only a small proportion of your investible income to these stocks and diversify well
- Try to diversify your exposure within the Nano stocks as well by investing equal proportions in several picks
- These stocks may have low volumes and trade infrequently
- Micro cap stocks the world over are, to a large extent, affected by the “Pump and Dump” phenomenon of inflated price buying and depressed price selling
- As explained above, the clients should be patient and trade only through limit orders on any side of the trade.
- The risk of volatility remains in such micro cap stocks as they can move up or down with large buy/sell orders
- The fair value of Nano stocks are subject to expected growth potential in the future. Though due diligence has been done to a fair extent, the actualisation of growth still has a degree of uncertainty attached to it

Nano stocks report tries to highlight companies with good and scaleable business models, dependable management and sound financials. However, these stocks may not be in the limelight and have a high risk high return potential. Please watch out for the following factors before investing in these stocks:

Allocate a small proportion of your investible income to these stocks and diversify well. If you choose to invest in these stocks, most of your assets allocated towards equity should remain in more stable investments like stocks of large companies. Moreover, try to diversify your exposure within the Nano stocks as well by investing equal proportions in several picks. This will help you avoid losing too much of your total wealth if the investments do not turn out well. When you invest in micro-cap stocks there is a higher risk of impairment.

These stocks may have low volumes and trade infrequently. This can create a situation in which you may not be able to find any willing buyers for your stocks when you wish to sell. We advise our clients to be patient and trade only through limit orders to avoid volatile fluctuations, both while putting a buy and sell order in these stocks.

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 categorises them as Strong Buy, Buy, Hold 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: >10%/15% for large caps/midcaps, respectively;

Hold: Up to +/-10%;

Sell: -10% or more;



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, Chirag Shah PGDBM, Adil Khan PGDM (Finance) 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.

A. Disclaimer in retail research report:-

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.