

Music licensing segment continues to shine!

About the stock: Saregama India (Saregama) is India's oldest music label with ~1.42 lakh songs across various languages, which is monetised over various formats such as digitals (streaming, YouTube), physical (Carvaan) and television.

- Apart from music, it is also into TV serials (Tamil), creates low budget films as well as web series for OTT platforms through *Yoodlee Films* and has artists and events management business

Q2FY23: Saregama reported a healthy set of numbers.

- Revenues were up ~30% YoY, at ₹ 189.2 crore. The TV & films segment, up 52.6% YoY at ₹ 34.1 crore. Music segment was up ~24% YoY driven by Carvaan sales volumes, which were up ~51% YoY to 1.56 lakh units, while licencing revenues continued to be robust with ~20%+ growth
- EBITDA grew 27.5% YoY to ₹ 56.5 crore with EBITDA margin at 29.9%, down 68 bps YoY, owing to revenue mix
- Consequent PAT was at ₹ 46.1 crore (up 31.4% YoY). The company has changed the useful life of music rights, which aided the EBITDA by ₹ 2.5 crore. Like to like PAT was at ₹ 44.2 crore, up 26% YoY

What should investors do? Saregama's share price has grown by ~5x over the past five years.

- We expect digital monetisation to provide sustained growth momentum. Accelerated opportunity fructification in new areas like web series, artist management, etc, can provide further positive surprise. Post 27% decline in stock in CY22 YTD, we upgrade from HOLD to **BUY**

Target Price and Valuation: We value Saregama at revised target price ₹ 460, at 32x FY25 P/E.

Key triggers for future price performance:

- Growth trajectory in music licencing, which management envisages to grow at ~22-25% in medium term, aided by new content monetisation
- Recovery in Carvaan on the back of economic reopening and expansion in movies and web series segment

Alternate Stock Idea: Besides Saregama, we like Inox Leisure in media coverage

- Beneficiary of cinemas recovery & merger synergy
- BUY with a target price of ₹ 675



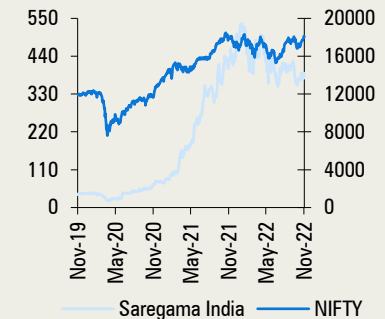
Particulars

Particular	Amount
Market Capitalization (₹ crore)	7,558
Total Debt (FY22)	₹ 0 Crore
Cash & Investments (FY22)	₹ 855 Crore
EV	₹ 6703 Crore
52 week H/L (₹)	346/ 551
Equity capital (₹ crore)	19.3

Shareholding pattern

	Dec-21	Mar-22	Jun-22	Sep-22
Promoters	57.7	57.7	58.5	58.5
DII	3.7	3.1	0.2	0.5
FII	16.6	17.1	17.3	17.2
Other	22.2	22.2	24.0	23.8

Price Chart



Recent event & key risks

Key Risk: (i) Slower than anticipated growth in licencing revenue; (ii) Slower recovery in Carvaan profitability

Research Analyst

Bhupendra Tiwary, CFA
bhupendra.tiwary@icicisecurities.com

Key Financial Summary

(Year-end March)	FY20	FY21	FY22	5 yr CAGR (FY17-22)	FY23E	FY24E	FY25E	3 yr CAGR (FY22-25E)
Net Sales (₹ crore)	521.5	442.0	580.6	21.6	747.0	899.9	1,088.0	23.3
EBITDA (₹ crore)	60.5	130.1	187.1	81.8	217.1	274.8	347.9	23.0
Net Profit (₹ crore)	43.9	112.6	153.9	77.8	179.7	220.2	275.7	21.5
EPS (₹)	2.5	6.5	8.0		9.3	11.4	14.3	
P/E (x)	155.5	60.7	49.1		42.1	34.3	27.4	
Price / Book (x)	17.1	13.5	5.5		5.0	5.0	4.9	
EV/EBITDA (x)	123.7	55.9	35.0		29.8	23.7	18.8	
RoCE (%)	14.7	27.8	14.6		15.6	18.9	23.4	
RoE (%)	11.0	22.3	11.2		11.8	14.4	17.9	

Key Business outlook and triggers

Licensing revenues to remain robust

Saregama has booked highest-ever quarterly revenue in the music segment during Q2FY23, which was at ₹ 150.9 crore (up 24.1% YoY) - largely led by regained momentum in Carvaan sales and strong traction witnessed in the music licensing business while music licensing division witnessed healthy 20%+ growth backed by music launches of various national and regional language films coupled with strong licensing relationships with streaming applications and platforms for music and videos. We note that management guidance for licensing revenue (B2B) growth for FY23 is at 22-25%, ahead of expected industry growth of 15%, to be led by higher share in new content across Hindi and regional languages, and acquisition of small and mid-sized catalogue to plug in the content gaps of last 25 years. The company aims to lap up ~30% share in new movie content rights (annual spends by industry for new movies music overall is ~₹ 800 crore). **We estimate ~25% CAGR in B2B (licensing) music sales in FY22- 25E to ₹ 706 crore as monetisation of existing IPs via digital platforms and new music acquisition as well as catalogue acquisition will drive growth.**

Carvaan sees healthy growth...

Volumes of Carvaan have improved 51% YoY to 1,56,000 units with the help of newly launched variant - Carvaan Mobile. Minimal marketing spends on Carvaan have ensured that Carvaan is just breaking even/making low margin and the company guided for low marketing expense for a few more quarters till the Carvaan sales volume picks up sharply. During H1, the company started test marketing two new Carvaan variants - Music Bar with Karaoke at the higher end and Carvaan Mobile at the lower end. Furthermore, focus on transitioning Carvaan from one-time margin product to recurring revenue generating platform will continue. **We build in 0.55 mn, 0.65 mn and 0.7 mn units in FY23, FY24 and FY25, respectively for Carvaan and expect ~18% CAGR in revenues in FY22-25 to ₹ 168 crore.**

TV, films provide healthy growth tailwinds...

Four films are under production/near release currently – a) Malayalam film with Prithviraj Sukumaran – Khalifa; b) Kasargold starring Asif Ali; c) first Punjabi film Oye Makhana starring Amy Virk with shooting done and set to release on November 3, 2022 and c) Malayalam film Kaapa starring Prithviraj Sukumaran expected to release in Q3 FY23. Also, it has started its new TV Serial namely Ilakkiya on Sun TV from October 10, 2022. This replaces Chandralekha, which had a run of 2,304 episodes. The company has also announced a couple of other web series and is expected to be complete in the next few months. We note that the management had earlier reiterated that it would only make pre-licensed films and web series, except for regional movies, thereby minimising the uncertainty. Also, the company expects Yoodlee films to clock ₹ 100+ crore revenues in the next couple of years and expect ~20% revenues CAGR in TV & films segment ahead. **We estimate ~27% CAGR in TV & films in FY22-25E to ₹ 209 crore.**

Other highlights

- Saregama has released 308 films and non-films songs during Q2FY23 across Hindi, Bhojpuri, Gujarati, Punjabi, Tamil, Telugu, Malayalam, Marathi and Bengali languages. These includes music launches of *Chiranjeevi's God Father*, *Kalyan Ram's Bimbisara*, *Anurag Kashyap's film Do Baaraa*, *Balki's film Chup*, and *Dhanush's film Naane Varuvean* among others. Additionally, it has released multiple original songs sung by *Adnan Sami*, *Satinder Sartaj*, *Shilpi Raj* and *Pawan Singh*
- The other highlight of Q2 was the use of Saregama's songs for the films - *Vikram Vedha*, *Dharamveer*, *Jind Maahi*, etc. for digital content like Coke Bangla and Delhi Crime Season-2 and by brands like WhatsApp, Uber, Dettol etc. in their ad films

- Going forward, the company has indicated towards big budget release only in Q4FY23 or early FY24. Despite these, the management has retained their guidance of 22-25% for licensing revenue (B2B) growth in FY23
- The company has guided for 32-33% of OIBCID margin during H2FY23 (vs. 38% in H1FY23) due to likely change in business mix with higher contribution from low margin events business.
- The company has announced its long-term partnership with Arijit Singh to create multiple original songs and renditions in Hindi and Bengali
- The company has entered into events business (mainly for musical events) and talent management business (whereby it will nurture the young talents and provide opportunities in big production projects subsequently banking on commission income the talent earns in the future). It has started the event business with music tour of Diljeet Dosanj in Q1FY23 wherein six events were held across India and Canada, and continued with six events in Q2FY23 in US and Canada. It expects 5-10% margin in events business
- Saregama's revenues were largely dependent on Music - telecom segment prior to seven to eight years, which is now diversified into a) music and video stream apps, b) short format apps, c) television channels, d) films, and e) digital and live series. The diversified stream has significantly lowered concentration risk for the company while has potential for faster growth in its topline and bottomline performance, going ahead
- Saregama's rising quality of contents (old catalogue as well as newer music content) are enabling them to negotiate better deals with large players
- The company has received necessary approvals from stock exchanges and Sebi for demerger and has now filed an application in front of NCLT, Kolkata. On normal course of business, NCLT generally takes four to five months for whole various process of demerger. The management is hopeful for final order by FY23-end.
- **The unit economics for music licensing is as follows-**
 - **Free platform-** The company claims to earn 10 paisa per stream
 - **Subscription model -** The streaming platform creates a content pool out of 50% of subscription charges. This pool is divided among licensing companies on the basis of streams made by the customer during the subscription period. Transition to subscription model (very miniscule currently) can be key game changer for medium to long term growth.

Exhibit 1: Segmental and Variance

	Q2FY23	Q2FY22	Q1FY23	YoY (%)	QoQ (%)
Revenue from TV & Film business	34.1	22.4	38.6	52.6	-11.7
Revenue from Music Business (A)	150.9	121.6	127.4	24.1	18.4
Carvaan	37.4	25.8	25.5	45.4	46.9
Music Streaming	112.0	91.7	100.4	22.1	11.5
Other Operating Revenues	1.5	4.1	1.5	-63.8	0.0
Revenue from Publication	4.2	1.2	3.3	262.1	28.8
	Q2FY23	Q2FY22	Q1FY23	YoY (%)	QoQ (%)
Revenue	189.2	145.1	169.3	30.4	11.7
Other Income	11.4	5.2	9.9	121.0	15.5
Employee Expenses	22.2	20.8	18.7	7.1	19.0
Other expenses	23.5	14.5	19.7	61.7	19.6
Operational Expenses	74.1	43.0	61.4	72.3	20.6
Advertisement and Sales promotion	18.3	13.7	17.2	33.6	6.8
Royalties	15.1	17.6	12.5	-14.5	20.4
EBITDA	56.5	44.4	51.4	27.5	9.9
EBITDA Margin (%)	29.9	30.6	30.4	-68 bps	-49 bps
Depreciation	4.6	1.5	4.1	204.0	11.2
Interest	1.3	1.4	1.4	-7.1	-6.4
Total Tax	15.9	11.5	14.3	38.2	11.1
PAT	46.1	35.1	41.4	31.4	11.3

Source: ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY23E			FY24E			FY25E	Comments
	Old	New	% Change	Old	New	% Change		
Revenue	735.4	747.0	1.6	907.8	899.9	-0.9	1,088.0	Realign estimates
EBITDA	235.0	217.1	-7.6	299.5	274.8	-8.2	347.9	
EBITDA Margin (%)	32.0	29.1	-289 bps	33.0	30.5	-245 bps	32.0	
PAT	189.5	179.7	-5.2	236.2	220.2	-6.8	275.7	
EPS (₹)	9.8	9.3	-5.2	12.3	11.4	-6.8	14.3	

Source: ICICI Direct Research

Exhibit 3: Annual Segmental breakup and estimates

	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY 22-25 CAGR (%)
TV & Film business	70.3	52.1	102.4	147.7	174.3	209.1	26.9%
Music Business (A+B+C)	444.3	385.5	473.8	591.9	725.7	878.9	22.9%
A. Carvaan	206.2	86.1	101.7	134.0	156.0	168.0	18.2%
B. Music Licensing	235.7	285.6	363.3	451.7	564.7	705.9	24.8%
C. Other Operating Revenues	2.5	13.8	8.8	6.2	5.0	5.0	-17.3%
Revenue from Publication	6.9	4.4	4.4	7.5	0.0	0.0	-100.0%
Revenue	521.5	442.0	580.6	747.0	899.9	1088.0	23.3%
EBITDA	60.5	130.1	187.1	217.1	274.8	347.9	23.0%
EBITDA Margin (%)	11.6	29.4	32.2	29.1	30.5	32.0	
PAT	43.9	112.6	153.9	179.7	220.2	275.7	21.5%

Source: ICICI Direct Research

Financial Summary

Exhibit 4: Profit and loss statement				
	₹ crore			
(₹ Crore)	FY22	FY23E	FY24E	FY25E
Total operating Income	580.6	747.0	899.9	1,088.0
Growth (%)	31.4	28.7	20.5	20.9
Contract manufacturing charges	69.1	101.3	117.0	126.0
Cost of production of TV, Films	74.0	119.1	148.1	177.7
Employee Expenses	73.4	86.6	96.3	114.2
Other Expenses	177.0	223.0	263.7	322.0
Total Operating Expenditure	393.5	529.9	625.1	740.0
EBITDA	187.1	217.1	274.8	347.9
Growth (%)	43.8	16.0	26.6	26.6
Depreciation	11.8	18.7	22.5	27.2
Interest	4.5	5.5	5.6	6.0
Other Income	34.9	48.2	48.0	54.0
Exceptional Items	-	-	-	-
PBT	205.7	241.1	294.7	368.7
MI/PAT from associates	0.9	0.1	0.0	0.0
Total Tax	51.8	61.3	74.4	92.9
PAT	153.9	179.7	220.2	275.7
Growth (%)	36.7	16.8	22.6	25.2
EPS (₹)	8.0	9.3	11.4	14.3

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Profit after Tax	153.9	179.7	220.2	275.7
Add: Depreciation	11.8	18.7	22.5	27.2
Add: Interest Paid	4.5	5.5	5.6	6.0
(Inc)/dec in Current Assets	-110.0	-103.3	-93.6	-115.1
Inc/(dec) in CL and Provisions	31.7	74.0	66.4	81.7
CF from operating activities	92.0	174.5	221.2	275.5
(Inc)/dec in Investments	0.0	0.0	0.0	0.0
(Inc)/dec in Fixed Assets	-63.5	-40.0	-40.0	-40.0
Others	-563.3	-120.0	-100.0	0.0
CF from investing activities	-626.8	-160.0	-140.0	-40.0
Change in Reserve & Surplus	716.2	-38.6	-212.3	-260.3
Inc/(dec) in loan funds	0.0	0.0	0.0	0.0
Interest paid	-4.5	-5.5	-5.6	-6.0
Others	2.0	0.0	0.0	0.0
CF from financing activities	713.6	-44.1	-217.9	-266.3
Net Cash flow	178.8	-29.6	-136.7	-30.8
Opening Cash	145.0	323.7	294.1	157.4
Closing Cash	323.7	294.1	157.4	126.7

Source: Company, ICICI Direct Research

Exhibit 6: Balance Sheet				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Equity Capital	19.3	19.3	19.3	19.3
Reserve and Surplus	1,358.4	1,499.5	1,507.4	1,522.8
Total Shareholders funds	1,377.7	1,518.8	1,526.7	1,542.1
Total Debt	0.0	0.0	0.0	0.0
Minority Interest	3.2	3.2	3.2	3.2
Deferred Tax Assets	56.2	56.2	56.2	56.2
Total Liabilities	1,437.1	1,578.2	1,586.1	1,601.5
Gross Block	309.6	349.6	389.6	429.6
Less: Acc Depreciation	33.1	51.8	74.3	101.5
Net Block	276.5	297.8	315.3	328.1
Capital WIP	1.8	1.8	1.8	1.8
Total Fixed Assets	278.2	299.5	317.1	329.9
Investments	676.0	796.0	896.0	896.0
Other non current Assets	29.2	29.2	29.2	29.2
Debtors	107.8	143.3	172.6	208.7
Loans and Advances	24.8	31.9	38.4	46.5
Other Current Assets	141.3	174.5	204.9	242.4
Cash	323.7	294.1	157.4	126.7
Inventories	105.4	133.0	160.3	193.7
Total Current Assets	703.1	776.8	733.7	818.0
Creditors	64.5	83.9	101.1	122.2
Provisions	90.2	117.3	141.3	170.8
Other Current Liabilities	95.9	123.4	148.7	179.8
Total Current Liabilities	250.7	324.6	391.1	472.8
Net Current Assets	452.4	452.2	342.6	345.2
Application of Funds	1,437.1	1,578.2	1,586.1	1,601.5

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios				
(Year-end March)	FY22	FY23E	FY24E	FY25E
Per share data (₹)				
EPS	8.0	9.3	11.4	14.3
Cash EPS	8.6	10.3	12.6	15.7
BV	71.5	78.8	79.2	80.0
DPS	2.0	2.0	2.0	2.0
Cash Per Share	16.8	15.3	8.2	6.6
Operating Ratios (%)				
Adj. EBITDA Margin	32.2	29.1	30.5	32.0
PBT / Total Operating income	30.2	26.6	28.0	29.5
PAT Margin	26.5	24.0	24.5	25.3
Inventory days	66.3	65.0	65.0	65.0
Debtor days	67.8	70.0	70.0	70.0
Creditor days	40.6	41.0	41.0	41.0
Return Ratios (%)				
RoE	11.2	11.8	14.4	17.9
RoCE	14.6	15.6	18.9	23.4
RoIC	42.9	43.2	50.1	58.3
Valuation Ratios (x)				
P/E	49.1	42.1	34.3	27.4
EV / EBITDA	35.0	29.8	23.7	18.8
EV / Net Sales	11.3	8.7	7.2	6.0
Market Cap / Sales	13.0	10.1	8.4	6.9
Price to Book Value	0.0	0.0	0.0	0.0
Solvency Ratios				
Debt/EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	1.5	1.5	1.5	1.5
Quick Ratio	1.1	1.1	1.1	1.1

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,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

ANALYST CERTIFICATION

I/We, Bhupendra Tiwary, CFA, 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 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 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 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.