

### The strong margin trend continues

- ELCN delivered a strong operating performance in Q2FY24.
- The gear business clocked strong domestic demand, even as exports were subdued. The MHE division delivered a better margin, led by a better product mix, with a higher share of after-sales services.
- It left unchanged its revenue guidance of INR2,000cr for FY24. ELCN had guided at an EBITDA margin of 22%. However, having delivered 24.3% in H1, it feels that an EBITDA margin of over 23% is sustainable going forward.
- We reaffirm our 'tactical BUY' rating, but raise the TP to INR874 (from INR777), valuing the stock at 25x FY25E P/E (from 24x FY25E P/E). We have tweaked our FY24 and FY25 estimates to account for a better margin performance. The stock is trading at 26x/22x FY24E/FY25E P/E.

### Strong operating performance

Strong execution in gears in the domestic segment (up 33% YoY) and continued turnaround in the MHE division (up 12%) drove robust earnings in Q2FY24. EBITDA grew 28% YoY to INR119cr (est. INR107cr), aided by operating leverage and a better product mix. PAT grew 37% YoY to INR89cr (est. INR74cr) led by a strong operating performance and higher other income of ~INR13cr (with ~INR6cr of one-time revenue).

### Domestic gear segment in the driving seat; growth in subsidiaries muted

ELCN's order book stood robust at INR738cr (down 7% QoQ). It comprises orders worth INR615cr/INR138cr (down 15%/11% QoQ) from the gears/MHE division. It won an INR51cr order in the MHE division in Q3, which will help achieve its revenue target of INR300cr for this division in FY24 (INR116cr in H1). Standalone revenue from the gears segment grew 33% YoY, while implied subsidiary sales growth was -6%, with a slower order booking due to an uncertain geopolitical environment. Revenue of ~INR20cr in the export segment spilled over into Q3FY24.

### Maintains FY24 revenue guidance at INR2,000cr

The management maintained its consolidated revenue guidance of INR2,000cr for FY24 (INR1,700cr/INR300cr from the gears/MHE segment). ELCN has signed deals with six OEMs in Europe in H1 (likely annual business volume of ~EUR5.5mn). The prototype is under development and is to be supplied to OEMs by Q3FY24. Commercial production is expected to start from FY25. Scaling of revenue from subsidiaries is key to ELCN's growth, and the management is focused on making inroads with OEMs.

### Reaffirm 'tactical BUY'

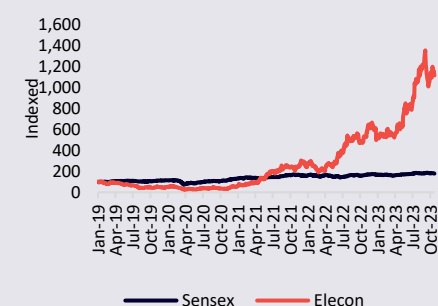
ELCN's strong execution and delivery is in line with our thesis. In India, capex demand is robust, with the company riding the wave of sector tailwinds. However, scaling up of revenue from subsidiaries is a concern. ELCN needs its subsidiaries to fire to fuel its next leg of growth. We have tweaked our annual estimates to account for a better margin performance. We reaffirm our 'tactical BUY' rating with a revised TP of INR874 (from INR777), valuing the stock at 25x FY25E P/E (from 24x FY25E P/E).

### Key financials

Year to March	Q2FY24	Q2FY23	YoY %	Q1FY24	QoQ %	FY24E	FY25E
Revenue (INR cr)	485	389	25%	414	17%	1,992	2,332
EBITDA	119	93	28%	96	24%	476	542
EBITDA margin	24.5%	23.8%	66bps	23.1%	140bps	23.9%	23.2%
PAT	89	65	37%	73	21%	339	392
PAT margin	18.3%	16.6%	166bps	17.6%	66bps	17.0%	16.8%
Reported EPS (INR)	7.9	5.8	37%	6.5	21%	30.3	35.0
P/E ratio (x)						25.7	22.3

**CMP: INR778**  
**Rating: BUY**  
**Target price: INR874**  
**Upside: 12%**  
**Date: October 23, 2023**

Bloomberg:	ELCN:IN
52-week range (INR):	335/983
Shares in issue mn:	11.2
M-cap (INR cr):	8,726
Promoter holding (%)	59.29



**Vikram Datwani, CFA**  
 vikram.datwani@nuvama.com

### Key takeaways from the management commentary

#### Outlook and order book

- The management has left unchanged its sales guidance for FY24 at INR2,000cr (sales of INR1,700cr/INR300cr for the transmission/MHE division).
- The consolidated order book stood at INR738cr, of which INR615cr is from the gear business. Order inflow (of INR375cr) was soft in the gears division versus INR446cr in Q1FY24 and can be attributed to softer order bookings in the overseas market due to an uncertain geopolitical situation.
- Going forward, it feels that an EBITDA margin of more than 23% is sustainable after previously guiding for 22% in FY24.
- The European market presents a structural opportunity for ELCN to capture market share as OEMs (belonging to steel, rubber, plastic, and other industries) look at multiple/alternate vendors. The company has signed deals with six OEMs in Europe (with an estimated annual business of ~EUR5.5mn). The prototype is under development and to be supplied to OEMs by Q3FY24. Commercial production is expected to start from FY25.
- ELCN is developing new products and expanding existing capabilities to deepen the niches that it targets.

#### Industrial gears

- Domestic demand was driven by power, steel, cement, and sugar sectors. H1FY24 saw a higher share of engineered products (55% of gears revenue), which earn a better margin versus catalogue products (45% of gears revenue).
- ELCN has seen robust enquires in overseas businesses. It plans to increase investments in marketing and sales activities in Q4FY24 or FY25. It sees strong potential from OEMs and expects sizeable business ahead.
- Utilisation in industrial gears stood at 76% and revenue can be scaled up using sub-contracting. Hence, the management is expecting only nominal capex for modernisation and upkeep in FY24, with INR24cr out of INR70cr earmarked for capex spent in H1FY24.
- It is actively seeking new opportunities within niche segments. In the Tier I domestic market, its market share rose to 39% in FY23 from 34% in FY22.
- ELCN added two products and upgraded an existing product. Its focus is on development of new products and expansion of existing capabilities to target niches in the market.

#### MHE

- This segment will provide a run-rate of INR300cr in FY24, with the focus on supply of materials and after-sales services. Improvement in operating performance, due to better product mix and after-sales services, led to an EBIT margin of 21%.
- ELCN announced a INR51cr order in Q3FY24, which will add to the closing order book in Q2 and help it achieve its INR300cr revenue target for the division in FY24 (INR116cr in H1FY24).
- Though this division is seeing higher sales and greater traction from multiple sectors, the management intends to stick to product-based orders and is not looking to participate in project-based EPC orders.
- Arbitration awards received till September 2023 stood at INR30.9cr out of INR63cr. Another INR1cr is expected to be realised in October 2023. Fresh arbitration proceedings initiated in Q1FY24 have a value of INR31cr and the management is optimistic about a favourable outcome.

### Q2FY24 result highlights

Year to March	Q2FY24	Q2FY23	% YoY	Q1FY24	% QoQ	FY23A	FY24E	FY25E
Income from operations	485	389	25%	414	17%	1,530	1,992	2,332
Cost of goods sold	224	181	23%	233	-4%	714	917	1084
<b>Gross Profit</b>	<b>261</b>	<b>207</b>	<b>26%</b>	<b>181</b>	<b>44%</b>	<b>815</b>	<b>1076</b>	<b>1248</b>
Employee expenses	44	37	18%	46	-5%	150	195	229
Total operating expenses	99	78	27%	40	149%	327	405	477
<b>EBITDA</b>	<b>119</b>	<b>93</b>	<b>28%</b>	<b>96</b>	<b>24%</b>	<b>339</b>	<b>476</b>	<b>542</b>
Depreciation and amortization	13	12	12%	12	7%	49	53	55
<b>EBIT</b>	<b>105</b>	<b>81</b>	<b>31%</b>	<b>83</b>	<b>27%</b>	<b>290</b>	<b>423</b>	<b>487</b>
Interest expenses	3	3	-5%	2	6%	13	10	10
Other income	13	4	193%	9	48%	20	34	41
<b>PBT</b>	<b>115</b>	<b>82</b>	<b>40%</b>	<b>94</b>	<b>23%</b>	<b>297</b>	<b>447</b>	<b>518</b>
Provision for tax	29	19	53%	22	33%	62	112	129
<b>Reported net profit</b>	<b>89</b>	<b>65</b>	<b>37%</b>	<b>73</b>	<b>21%</b>	<b>238</b>	<b>339</b>	<b>392</b>
Adj. EPS (INR)	7.9	5.8	37%	6.5	21%	21.2	30.3	35.0

### Change in estimates

INR cr	FY24E			FY25E		
	Old	Revised	Change (%)	Old	Revised	Change (%)
Revenue	1,983	1,992	0%	2,291	2,332	2%
EBITDA	440	476	8%	509	542	6%
PAT	303	339	12%	363	392	8%
EPS	27	30	12%	32	35	8%

### Previous outlook

**Q1FY24:** ELCN’s strong execution and delivery is in line with our thesis. Capex cycle demand is robust, with the company riding the wave of sector tailwinds. We have tweaked our annual estimates to account for better margin performance and reaffirm our 'Tactical BUY' rating with a revised TP of INR777 (from INR534), valuing the stock at 24x FY25E P/E (from 18x FY25E P/E).

**Q4FY23:** ELCN’s strong execution and delivery in line with our thesis continued. The recovery in the MHE segment is heartening. This segment is expected to post a steady revenue run-rate of INR300cr in FY24. We have only marginally tweaked our annual estimates as we had accounted for a strong Q4FY23. We reaffirm our 'Tactical BUY' rating with a revised TP of INR534 (from INR484) and roll forward our valuation to 18x FY25 P/E (from 20x FY24 P/E).



### Financials

Income statement		(INR crs)				
Year to March	FY21	FY22	FY23	FY24E	FY25E	
Income from operations	1,045	1,212	1,530	1,992	2,332	
Total operating expenses	859	965	1,191	1,517	1,790	
<b>EBITDA</b>	<b>186</b>	<b>246</b>	<b>339</b>	<b>476</b>	<b>542</b>	
Depreciation and amortisation	52	49	49	53	55	
EBIT	134	198	290	423	487	
Interest expenses	60	37	13	10	10	
Profit before tax	79	169	297	447	518	
Provision for tax	23	30	62	112	129	
Core profit	56	139	234	335	388	
Profit after tax	56	139	234	335	388	
Extraordinary items	0	0	0	0	0	
<b>Adjusted Net Profit</b>	<b>58</b>	<b>141</b>	<b>238</b>	<b>339</b>	<b>392</b>	
Equity shares outstanding (cr)	11.2	11.2	11.2	11.2	11.2	
EPS (INR) basic	8.0	5.1	12.5	21.2	30.3	
Diluted shares (Cr)	11.2	11.2	11.2	11.2	11.2	
EPS (adj) fully diluted	5.2	12.5	21.2	30.3	35.0	
Dividend per share	0.4	1.4	2.0	2.0	2.4	
Dividend payout (%)	8%	11%	9%	7%	7%	

#### Common size metrics- as % of net revenues

Year to March	FY21	FY22	FY23	FY24E	FY25E
Operating expenses	82.2	79.7	77.8	76.1	76.8
Depreciation	5.0	4.0	3.2	2.6	2.4
Interest expenditure	5.7	3.1	0.9	0.5	0.4
EBITDA margins	17.8	20.3	22.2	23.9	23.2
Net profit margins	5.4	11.5	15.3	16.8	16.6

#### Growth metrics (%)

Year to March	FY21	FY22	FY23	FY24E	FY25E
Revenues	(4.0)	16.0	26.2	30.2	17.0
EBITDA	32.2	32.8	37.5	40.3	14.0
PBT	342.8	112.9	75.4	50.8	15.7
Net profit	(35.4)	142.5	69.0	42.9	15.5
EPS	(35.4)	142.5	69.0	42.9	15.5

<b>Balance sheet</b>						(INR crs)
<b>As on 31st March</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>	
Equity share capital	22	22	22	22	22	
Reserves & surplus	897	1,028	1,257	1,574	1,939	
Shareholders funds	919	1,050	1,279	1,596	1,961	
Secured loans	297	100	0	0	0	
Unsecured loans	0	0	0	0	0	
Borrowings	297	100	0	0	0	
Net Debt	155	-12	-210	-436	-737	
Other liabilities	85	128	111	111	111	
<b>Sources of funds</b>	<b>1,301</b>	<b>1,278</b>	<b>1,390</b>	<b>1,707</b>	<b>2,072</b>	
Gross block	928	962	1,026	1,076	1,126	
Depreciation	320	369	418	470	525	
Net block	607	593	608	606	601	
Capital work in progress	0	1	0	0	0	
Total fixed assets	608	593	609	606	601	
Other non-current assets	168	155	151	151	151	
Investments	79	80	102	106	110	
Inventories	250	262	279	363	425	
Sundry debtors	508	415	346	450	527	
Cash and equivalents	141	112	210	436	737	
Loans and advances	234	98	34	34	34	
Total current assets	1,134	887	869	1,284	1,723	
Sundry creditors and others	666	417	329	428	501	
Provisions	26	23	13	13	13	
Total CL & provisions	692	440	342	442	514	
Net current assets	442	446	526	842	1,208	
Net Deferred tax	5	4	2	2	2	
<b>Uses of funds</b>	<b>1,301</b>	<b>1,278</b>	<b>1,390</b>	<b>1,707</b>	<b>2,072</b>	
Book value per share (INR)	82	94	114	142	175	

<b>Cash flow statement</b>						(INR crs)
<b>Year to March</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>	
Net profit	58	141	238	339	392	
Add: Depreciation	52	49	49	53	55	
Add: Others	119	114	63	83	95	
Gross cash flow	229	304	349	476	542	
Less: Changes in W. C.	-19	53	39	201	195	
Operating cash flow	248	250	310	274	347	
Less: Capex	3	41	46	50	50	
<b>Free cash flow</b>	<b>245</b>	<b>209</b>	<b>264</b>	<b>224</b>	<b>297</b>	

### Ratios

Year to March	FY21	FY22	FY23	FY24E	FY25E
ROE (%)	6.5	14.3	20.4	23.6	22.0
ROCE (%)	9.9	15.3	21.7	27.3	25.8
Debtors (days)	177	125	83	83	83
Inventory (days)	87	79	67	67	67
Payable (days)	233	126	78	78	78
Cash conversion cycle (days)	32	78	71	71	71
Debt/EBITDA	1.6	0.4	0.0	0.0	0.0
Adjusted debt/Equity	0.2	(0.0)	(0.2)	(0.3)	(0.4)

### Valuation parameters

Year to March	FY21	FY22	FY23	FY24E	FY25E
Diluted EPS (INR)	5.2	12.5	21.2	30.3	35.0
Y-o-Y growth (%)	(35.4)	142.5	69.0	42.9	15.5
CEPS (INR)	9.8	16.9	25.5	34.9	39.9
Diluted P/E (x)	12.3	11.0	18.0	25.7	22.3
Price/BV(x)	0.8	1.5	3.3	5.5	4.4
EV/Sales (x)	0.8	1.3	2.7	4.2	3.4
EV/EBITDA (x)	4.7	6.2	12.0	17.4	14.7
Diluted shares O/S	11.2	11.2	11.2	11.2	11.2
Dividend yield (%)	1%	1%	1%	0%	0%

**Nuvama Wealth and Investment Limited**, Eight Floor 801 to 804, Inspire BKC G Block, BKC Main Road, Bandra Kurla Complex,  
Bandra East, Mumbai-400051

---

**Sandeep Raina**

Head of Research – Professional Client Group

[Sandeep.raina@nuvama.com](mailto:Sandeep.raina@nuvama.com)

---



Nuvama Wealth and Investment Limited (Formerly known as Edelweiss Broking Limited) ("NWIL") or ("Research Entity") a company duly incorporated under the Companies Act, 1956 (CIN No U65100GJ2008PLC077462) having its Registered office situated at 201 to 203, Zodiac Plaza, Xavier College Road, Off C G Road, Ahmedabad, Gujarat - 380009. It is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. The business of NWIL and its Associates (list available on [www.nuvamawealth.com](http://www.nuvamawealth.com)) are organized around five broad business groups: Credit including Housing and SME Finance, Commodities, Financial Markets, Asset Management and Life Insurance

Broking services offered by Nuvama Wealth and Investment Limited under SEBI Registration No. INZ 000005231. Name of the Compliance Officer: Mr Srijith Menon, Email address: [complianceofficer.nwil@nuvama.com](mailto:complianceofficer.nwil@nuvama.com). Corporate Office Eight Floor 801 to 804, Inspire BKC G Block, BKC Main Road, Bandra Kurla Complex, Bandra East, Mumbai-400051

This Report has been prepared by Nuvama Wealth and Investment Limited (Formerly Edelweiss Broking Limited) [NWIL] in the capacity of a Research Analyst having SEBI Registration No. INH000011103 and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. 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 NWIL and associates / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. NWIL reserves the right to make modifications and alterations to this statement as may be required from time to time. NWIL or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NWIL is committed to providing independent and transparent recommendation to its clients. Neither NWIL nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of NWIL. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of NWIL and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

NWIL shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, break down of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the NWIL to present the data. In no event shall NWIL be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the NWIL through this report. We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

NWIL and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company(ies), mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. (c) NWIL may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. (d). The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with NWIL. (e) Registration granted by SEBI and certification from NISM in no way guarantee performance of NWIL or provide any assurance of returns to investors and clients.

NWIL or its associates may have received compensation from the subject company in the past 12 months. NWIL or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. NWIL or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. NWIL or its associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. NWIL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or NWIL's associates may have financial interest in the subject company. NWIL, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company: No

NWIL has financial interest in the subject companies: No

NWIL's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report.

Research analyst or his/her relative has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

NWIL has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by NWIL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years. A graph of daily closing prices of the securities is also available at [www.nseindia.com](http://www.nseindia.com)

#### Analyst Certification

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

#### DISCLAIMERS FOR INTERNATIONAL JURISDICTION

##### Disclaimer for U.S. Persons

The content of the website does not constitute an offer or invitation to purchase or subscribe for any securities or solicitation of any investments or investment services and/or shall not be considered as an advertisement tool. "U.S. Persons" are generally defined as a natural person, residing in the United States or any entity organized or incorporated under the laws of the United States. US Citizens living abroad may also be deemed "US Persons" under certain rules. THIS DOCUMENT IS INTENDED SOLELY TO PROVIDE INFORMATION TO THE QUALIFIED INSTITUTIONAL INVESTORS ONLY AND IS NOT MEANT FOR RETAIL INVESTORS. If you are not the intended recipient you must not copy, distribute, or take any action or place reliance on it. If you have received this communication by error, please notify the sender immediately. This communication is intended solely for the person to whom it is addressed and may contain confidential or privileged information. The document is intended to be educational only and not for a marketing or prospecting purpose. The views and opinions expressed as part of this presentation do not necessarily state or reflect those of Nuvama, its holding company(ies), subsidiaries and associates including entities in overseas jurisdictions.

The content of the website or any information contained therein must not be distributed, published, reproduced, or disclosed (in whole or in part) by recipients to any other person. The content of the website must not be acted on or relied on by persons who are not qualified institutional investor. Any investment or investment activity to which this website relates, is available only to qualified institutional investor and will be engaged only with qualified institutional investor. Any person who is not a qualified institutional investor should not act or rely on this website or any of its contents

##### Disclaimer for U.K. Persons:

The content of the website has not been approved by an authorized person within the meaning of the Financial Services and Markets Act 2000 ("FSMA"). In the United Kingdom, this document is intended for (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Order"); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). THIS document IS INTENDED SOLELY TO PROVIDE INFORMATION TO THE QUALIFIED INSTITUTIONAL INVESTORS ONLY AND IS NOT MEANT FOR RETAIL INVESTORS. If you are not the intended recipient you must not copy, distribute, or take any action or place reliance on it. If you have received this communication by error, please notify the sender immediately. This communication is intended solely for the person to whom it is addressed and may contain confidential or privileged information. The content of the document is intended to be educational only and not for a marketing or prospecting purpose. The views and opinions expressed as part of this document do not necessarily state or reflect those of Nuvama, its holding company (ies), subsidiaries and associates including entities in overseas jurisdictions.

##### Disclaimer for Canadian Persons

The content of the website is NOT MEANT FOR RETAIL INVESTORS. IT IS INTENDED SOLELY TO PROVIDE INFORMATION TO THE PERMITTED CLIENTS ONLY (as defined in National Instrument 31-103 ("NI 31-103")) who are resident in the Province of Ontario, Canada (an "Ontario Permitted Client"). Any products or services described in this document are made available only in accordance with applicable Canadian securities law and only where they may be lawfully offered for sale. If the person accessing this document is not an Ontario Permitted Client, as specified above, then the recipient should not access the same. Nuvama and its group companies is relying on an exemption from the adviser and/or dealer registration requirements under NI 31-103 available to certain international advisers and/or dealers. Please be advised that (i) Nuvama and its group companies is not registered in the Province of Ontario to trade in securities nor is it registered in the Province of Ontario to provide advice with respect to securities; (ii) Nuvama's head office or principal place of business is located in India; (iii) all or substantially all of Nuvama's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against Nuvama because of the above; and (v) the name and address of Nuvama Group's agent for service of process in the Province of Ontario is: Bamac Services Inc., 181 Bay Street, Suite 2100, Toronto, Ontario M5J 2T3 Canada. The content of the website must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person. This communication must not be acted on or relied on by persons who are not PERMITTED CLIENTS. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a PERMITTED CLIENTS should not act or rely on this communication or any of its contents.

##### Disclaimer for UAE Persons

The content of the website is INTENDED SOLELY TO PROVIDE INFORMATION TO THE INSTITUTIONAL QUALIFIED INVESTORS ONLY AND IS NOT MEANT FOR RETAIL INVESTORS. Further, the information in this document does not constitute a public offer of securities in the United Arab Emirates and is not intended to be a public offer. The website has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority of the United Arab Emirates or the Dubai Financial Services Authority. The content of the website must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person. The website must not be acted on or relied on by persons who are not INSTITUTIONAL QUALIFIED INVESTORS. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a INSTITUTIONAL QUALIFIED INVESTORS should not act or rely on this communication or any of its contents. The content of the website must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person. The website must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this communication or any of its contents.

## Disclaimer for Australia Persons

Any information set out on the website is only intended for persons who are “Professional Investors” as described in Section 761(G) of the Corporations Act 2001 (as amended). It is not intended to for any other class of persons and may not be relied upon by such persons and is therefore not intended for private individuals or those who would be classified as Retail Clients. All information on the website is general information only and is not to be considered any form of advice (whether investment or otherwise) or a recommendation, solicitation, or an offer to purchase or sell investments or related financial products or any financial services. The receiver of the website should make their own decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an appropriate independent advisor. Nuvama and its group companies does not hold an Australian Financial Services License and is not licensed in Australia to provide financial product advice or services and is relying on “limited connection relief exemption” when dealing with “Professional Investors” (Wholesale client category) in Australia.

## Disclaimer for Singapore Persons

The content of the website IS INTENDED SOLELY TO PROVIDE INFORMATION ONLY TO THE INSTITUTIONAL OR ACCREDITED INVESTORS ONLY AND IS NOT MEANT FOR RETAIL INVESTORS AS DEFINED UNDER THE SECURITIES AND FUTURES ACT “SFA”. If you are not the intended recipient you must not copy, distribute, or take any action or place reliance on it. If you have received this communication by error, please notify the sender immediately. Any such information contained or discussed in the document is subject to change and Nuvama and its group companies shall not have any responsibility to maintain the information made available or to supply any correction therewith. In no event will Nuvama and its group companies be liable for any special direct or indirect or consequential damages which may be incurred from the use of the information made available, even if it has been advised of the possibility of such damages. The company and its employees mentioned in these communications cannot be held liable for any error’s inaccuracies and/or omission howsoever caused. Any opinion or advice if any herein is made on a general basis and is subject to change without notice. The information provided in this document may contain optimistic statements regarding future events or future financial performance of countries, markets, or companies. You must make your own financial assessment of the relevance, accuracy and adequacy of the information provided if any in this document. This document has not been reviewed by the Monetary Authority of Singapore “MAS”.

## Additional Marketing Disclaimer for all other International Jurisdiction:

The content of this website is restricted in certain jurisdictions and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, by anyone in any jurisdiction in which such an offer or solicitation is not authorised or may not lawfully be made (without compliance with any registration or other legal requirements) or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer in any jurisdiction. The above information is for general guidance only, it is the responsibility of receivers to inform themselves as to any income or other tax consequences arising in the jurisdictions in which they are resident or domiciled or have any other presence for tax purposes, as well as any foreign exchange or other fiscal, or legal or regulatory restrictions which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of any securities if any mentioned in this document. This document is strictly private and confidential and may not be reproduced or use for any other purpose and not be provided to any person other than the recipient thereof. If you are not the intended recipient you must not copy, distribute, or take any action or place reliance on it. If you have received this communication by error, please notify the sender immediately. Any such information contained or discussed on the website is subject to change and Nuvama Group or any of its Directors, Employees, agents or representatives shall not have any responsibility to maintain the information made available or to supply any correction therewith. In no event will Nuvama Group or any of its Directors, Employees, agents or representatives, be liable for any special direct or indirect or consequential damages which may be incurred from the use of the information made available, even if it has been advised of the possibility of such damages. The company and its employees mentioned in these communications cannot be held liable for any error’s inaccuracies and/or omission howsoever caused. Any opinion or advice herein is made on a general basis and is subject to change without notice. The information provided in this website may contain optimistic statements regarding future events or future financial performance of countries, markets, or companies. You must make your own financial assessment of the relevance, accuracy and adequacy of the information provided therein.

**INVESTMENT IN SECURITIES MARKET ARE SUBJECT TO MARKET RISKS. READ ALL THE RELATED DOCUMENTS CAREFULLY BEFORE INVESTING.**