MONARCH
NETWORTH CAPITAL

INITIATING COVERAGE

INDIAN ABRASIVES

SECTOR THEMATIC REPORT

September 2026

CUMI
CARBORUNDUM UNIVERSAL LIMITED
A Murugappa Group Company

GRINDWELL NORTON
A Saint Gobain Group Company

WENDT INDIA

Research Analyst
Mohit Surana (NISM-202300189881)

Research Associate
Akhil Khanvilkar (NISM-202500193256)

Indian Abrasives – Sector Thematic Report

Premiumization Drives the Next Upcycle

Initiating coverage

India's Abrasives sector blends capex up-cycle with structural premiumization — demand from automotive precision, aerospace, electronics, semiconductor and EV-adjacent applications carrying higher margins and stickier relationships. Growth is lumpy: 2-3 muted years precede ~2 strong ones, full-cycle CAGR tracking IIP/GDP growth, lifted by premiumization. Core abrasives (~$1.1bn TAM) and refractories ($1.85bn) grow mid-to-high single digits; super abrasives ($360mn, 9.5% CAGR) and technical ceramics ($1.05bn, 8.3% CAGR) are the high-growth differentiators. China's cost dominance leaves Indian players' edge in application engineering, qualification cycles and upstream integration — moats hard to arbitrage on price. We see a nascent upcycle, preferring a pecking order of GNO, CUMI, and then Wendt on fundamentals and risk-reward.

- **Grindwell Norton:** GNO stands out on risk-reward with remarkable operating margin stability and strongest business quality in our coverage, supported by Saint-Gobain's 51.6% promoter holding, resilient consolidated EBITDA margins through the cycle and a judicious mix of higher-value performance polymers and premium ceramics serving automotive, pharma, biopharma, semiconductor and data-center end-markets. Its 1.9% stake in Saint Gobain India Pvt. Ltd (SGIPL) strongly complement its business portfolio. GNO could also benefit from easing Chinese competition as export rebates are withdrawn and Chinese prices rise. Our FY26–29E estimates imply 10.3%/11.7%/12.1% revenue/EBITDA/PAT CAGR, lower than consensus estimates by 3-4 percentage points.

- **Carborundum Universal:** CUMI's moat rests on upstream bauxite/alumina/SiC integration and Ceramics, its highest EBITDA margin segment (24.7%), now riding semiconductor and defense qualification ramps — a genuine structural shift, not cyclical. Consolidated EBITDA margin fell from 14.5% in FY25 to 11.1% in FY26 reflecting operating losses at its subsidiaries – AWUKO, Foskor and Rhodius. With AWUKO and Foskor soon winding up, we expect these drags to fade meaningfully going forward. Another subsidiary, Russia's VAW, though profitable, is OFAC-sanctioned since January 2025, capping valuation; a Russia-Ukraine resolution and sanctions relief would be meaningful upside, though timing is unpredictable and excluded from our base case. Rhodius's turnaround also hasn't happened yet — achieving it is a further lever, not yet priced in. Our FY26–29E estimates imply 11.0%/27.3%/28.6% revenue/EBITDA/APAT CAGR, in-line with consensus estimates.

- **Wendt India:** Wendt remains the purest listed exposure to India's super abrasives category and has the best segment-level economics of any single business in the coverage — Super Abrasives alone earns a 25.7% EBITDA margin on 64% of FY26 revenue. But the loss-making Machines & Accessories segment (-35.5% EBITDA margin) has pulled consolidated FY26 EBITDA margin down to 13.6% from 22.5%. While the structural story (super abrasives growth, machine-segment turnaround optionality) is intact, the risk-reward trade off remains unattractive; Our FY26–29E estimates imply revenue/EBITDA/PAT CAGR of 10.3%/27.9%/40.5%.

- **Valuation and view:** We value GNO, CUMI and Wendt using a blend of P/E and EV/EBITDA, with a SOTP approach for CUMI and Wendt where appropriate. GNO offers the strongest risk-reward at current levels, supported by superior business quality and earnings visibility. CUMI is a turnaround story in the making as drag from loss-making subsidiaries fades. Wendt also looks fundamentally attractive post the parent company's exit but valuation leaves less headroom. We would use a 10–15% correction in Wendt as an opportunity to accumulate, while GNO and CUMI remains our preferred bet at current prices. **Key risks:** Reintroduction of export rebates in China, increase in competition, and prolonged economic slowdown.

	GWIN	CUMI	Wendt
Rating	BUY	BUY	HOLD
TP (Rs), Base Case	2,371	1,563	8,793
TP (Rs), Bull Case	2,986	1,737	10,593
TP (Rs), Bear Case	1,778	848	5,586
CMP (Rs)	1,915	1,204	8,382
Upside (%), Base Case	23.8%	29.8%	5.0%
Upside (%), Bull Case	55.9%	44.3%	26.4%
Upside (%), Bear Case	-7.2%	-29.6%	-33.4%
Upside (%), Consensus	10.6%	-14.3%	n.a.
Market cap (Rs bn)	212	229	17
Market cap (USD bn)	2.2	2.4	0.2
3M Avg Daily Volume (thd)	73	299	12
3M Avg Daily Value (Rs mn)	145	378	104
FY26-29E Rev Growth (Internal)	10.3%	11.0%	10.3%
FY26-29E Rev Growth (Consensus)	14.0%	11.0%	n.a
FY26-29E EPS Growth (Internal)	12.1%	53.3%	40.5%
FY26-29E EPS Growth (Consensus)	16.1%	52.6%	n.a
Last 7yr Median P/E	50.6	45.4	44.9
TTM P/E	48.6	109.6	98.9
FY28E P/E	40.3	39.4	47.4
FY29E P/E	36.2	32.7	41.6
Last 7yr Median EV/EBITDA	34.9	27.1	28.9
TTM EV/EBITDA	34.5	37.9	45.8
FY28E EV/EBITDA	27.3	22.6	26.7
FY29E EV/EBITDA	24.5	18.7	23.6
Attributed P/E, Base Case	45.0	45.0	45.0
Attributed EV/EBITDA, Base Case	32.0	27.0	27.0

Source: Bloomberg, MNCL Research Estimates

Why should you read this report?

- Data-backed pecking order (GNO > CUMI > Wendt) with SOTP valuations and clear upside math.
- Decodes CUMI's margin dip — VAW sanctions, Rhodius turnaround, real recovery drivers.
- Frames super abrasives / ceramics premiumization as genuine new-application demand, not just margin optics.

Mohit Surana
mohit.surana@mnclgroup.com
NISM-202300189881

Akhil Khanvilkar
akhil.khanvilkar@mnclgroup.com
NISM-202500193256

Index

Indian Abrasives – Sector Thematic Report 2

Investment Thesis in Charts 4
India Macro in Charts 5
Industry Primer: Abrasives & Technical Ceramics 6
Indian Abrasives Industry Channel Check 8
Abrasives TAM: Segmenting the Opportunity 10
Ceramics TAM: Larger Opportunity, Faster Growth 12
Raw Material Demand-Supply Trends 14
Raw Materials ASP Trend 15
China Sets the Floor; Premiumization Sets the Winners 16

Grindwell Norton (GNO) l BUY l TP: Rs 2,371 l Upside: 24% 19

Company Overview 19
Saint-Gobain Parentage: A Technology and R&D Moat 23
Application Engineering Widens the Moat 24
Cost Discipline Mitigates Gross Margin Pressure 25
GNO's 1.93% Stake in SGIPL – A Hidden Sweetener, not a Gamechanger 26
Higher Capex, M&A Expand GNO's Growth Optionality 27
Management Meet KTAs – Defensible Core, Expanding Growth Runway 28
Financial Analysis 31
Q4FY26/Q1FY27 Performance Indicates Start of an Upcycle 36
Valuation – Favorable Risk-Reward 37
Financial Statements 39

Carborundum Universal l BUY l TP: Rs 1,563 | Upside: 30% 44

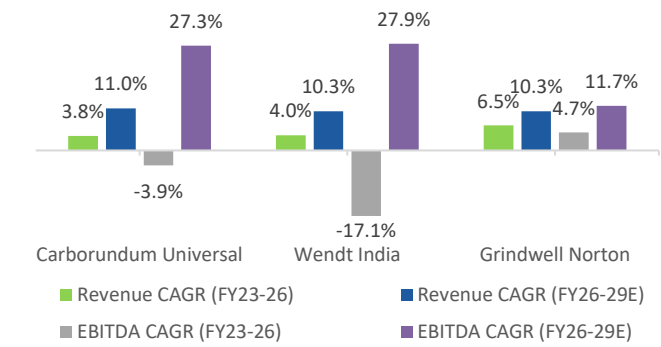
Company Overview 45
Core Stabilizes; New Chemistry Drives the Re-Rating 47
Semiconductors, Aerospace, Data Centre to Drive Growth for Transformational EMD Products 48
Ex-AWUKO, Ex-Foskor: CUMI's Real Margin Picture 52
What Else Needs Fixing – Rhodius Risk and VAW Watch 53
Strategic Associates & JV — Small Revenue, Outsized Contribution 54
Financial Analysis 55
Q4FY26/Q1FY27 Indicates Growth at Cost of Margins 62
Valuation – 30% Upside with Decent Risk-Reward 63
Financial Statements 65

WENDT INDIA l HOLD l TP: Rs 8,793 | Upside: 5% 70

Company Overview 71
Wendt GmbH Exit Unlocks Globalization Opportunity 72
Peripheral Insert Grinding — A Niche, High-Value Machine Opportunity 73
Financial Analysis – Wendt India 74
Q1FY27 Growth Hints at Beginning of an Upcycle 81
Valuation – Fairly Valued with Poor Risk-Reward 82
Financial Statements 84

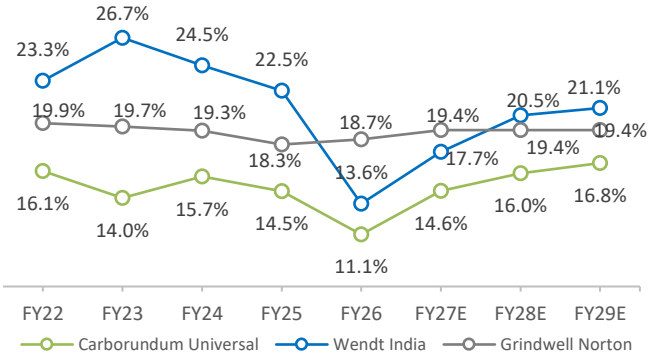
Investment Thesis in Charts

Exhibit 1: Revenue & EBITDA CAGR



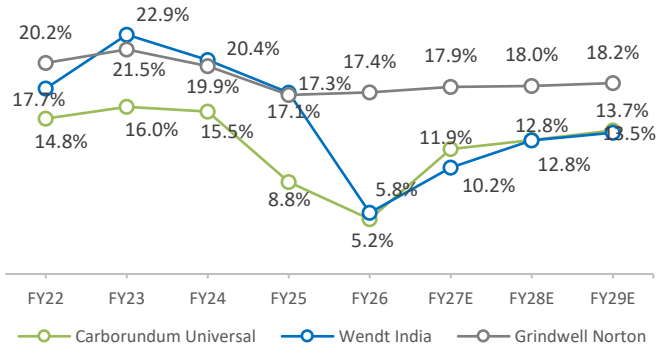
Source: Company, MNCL Research Estimates

Exhibit 2: EBITDA Margin Trajectory



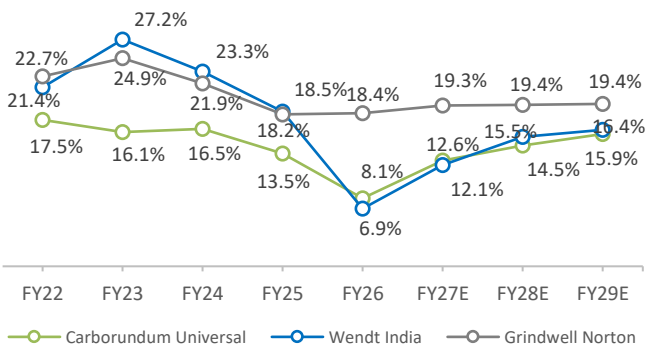
Source: Company, MNCL Research Estimates

Exhibit 3: ROE



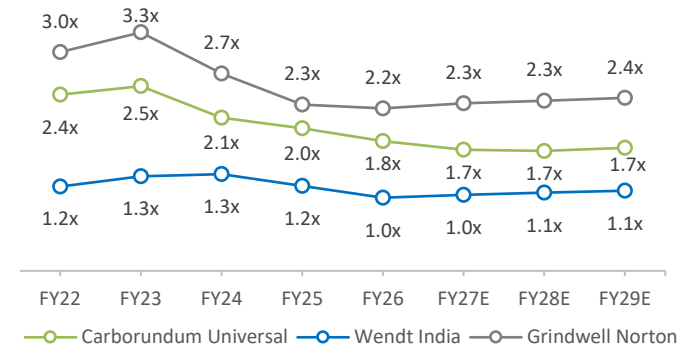
Source: Company, MNCL Research Estimates

Exhibit 4: ROCE



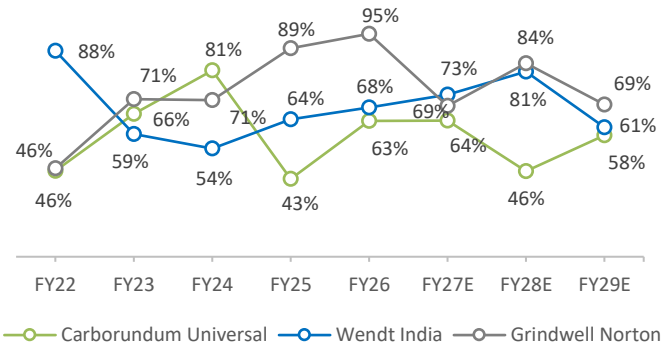
Source: Company, MNCL Research Estimates

Exhibit 5: Gross Block Turnover



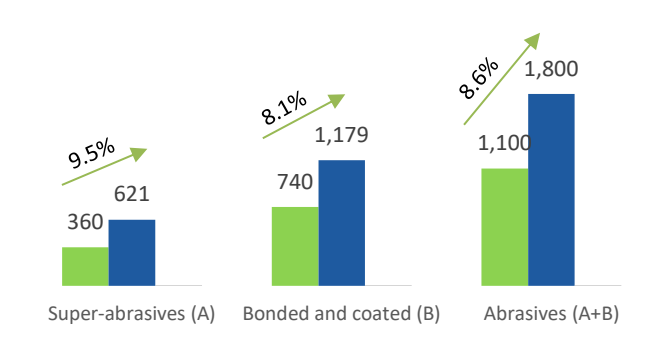
Source: Company, MNCL Research Estimates

Exhibit 6: CFO-EBITDA



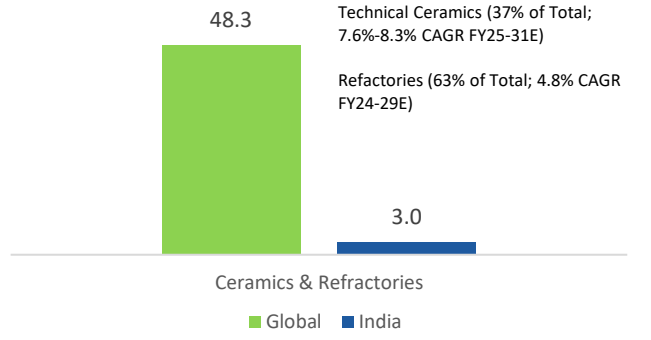
Source: Company, MNCL Research Estimates

Exhibit 7: India Abrasives Market Size (mn USD) (2025-31)



Source: CUMI, MNCL Research

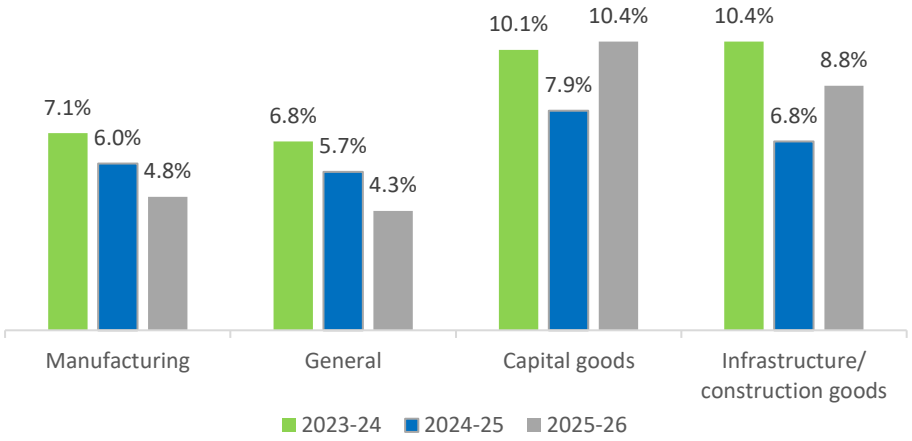
Exhibit 8: Ceramics & Refractories Market Size (bn USD)



Source: Company, MNCL Research Estimates

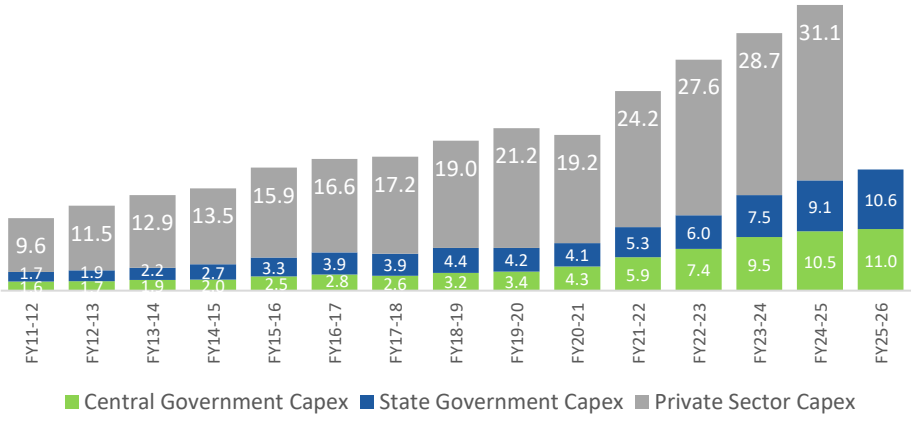
India Macro in Charts

Exhibit 9: IIP Growth – General, Manufacturing, & Capex-linked Categories



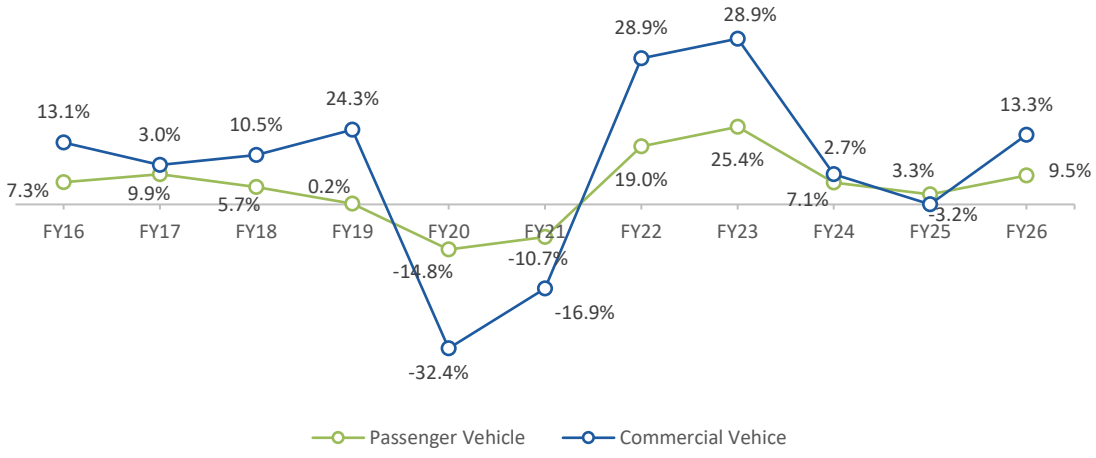
Source: MOSPI, MNCL Research

Exhibit 10: India's Capex Trend (Rs trn)



Source: RBI, MOSPI, MNCL Research

Exhibit 11: PV and CV Production Volume Growth

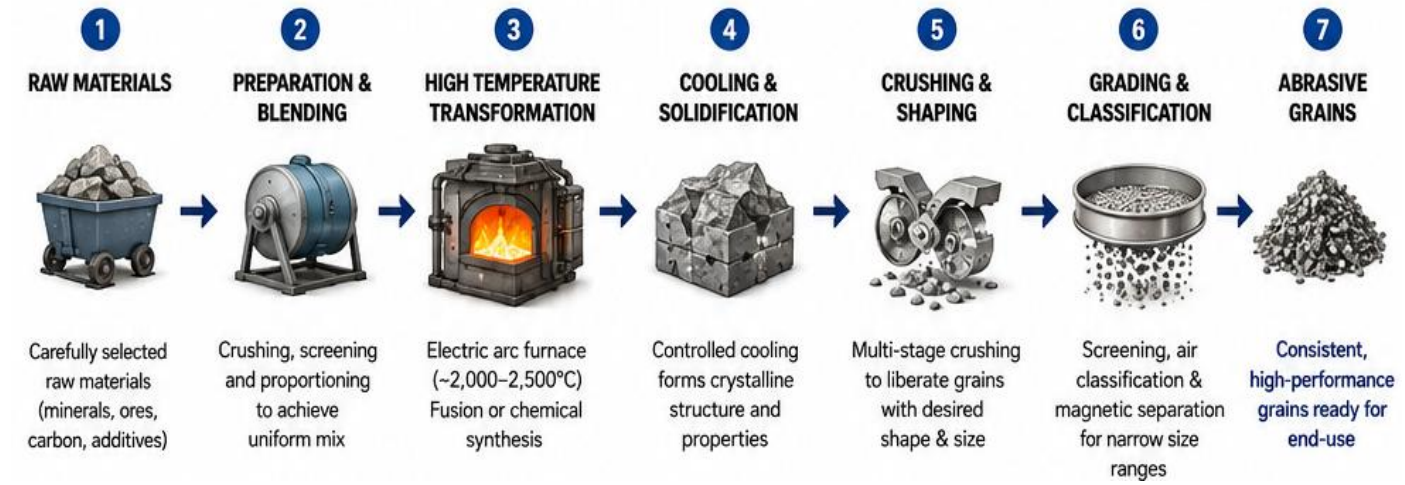


Source: SIAM, MNCL Research

Industry Primer: Abrasives & Technical Ceramics

Shared structure until engineered: Every grinding wheel, cutting disc or polishing product is built from three elements: abrasive grain (the "cutting engine"), a bond that holds the grains together, and pores that create clearance for swarf removal. The grains themselves progress through raw-material sourcing, thermal processing (fusion or synthesis), cooling, crushing and grading before being engineered into a finished grain — and *it is precisely at this engineering stage that commodity chemistry becomes a differentiated, higher-margin product.*

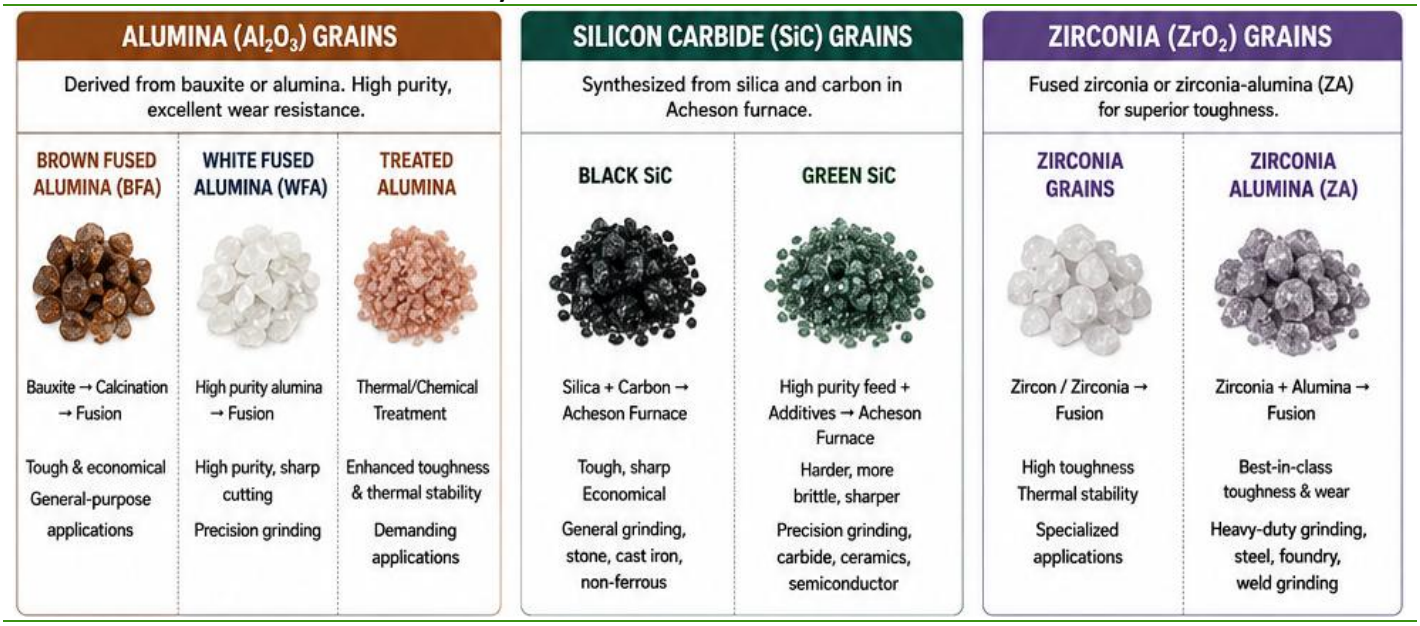
Exhibit 12: The Abrasive Grain Value Chian – Common Framework



Source: MNCL Research

The three dominant grain chemistries are **alumina oxide** (the cost-efficient, high-volume workhorse), **silicon carbide** (chemically synthesized, prized for sharpness and hardness in harder substrates), and **zirconia**-based grains (the toughness play for heavy-duty, high-load grinding). Each chemistry offers a distinct balance of hardness, toughness, cutting efficiency and cost, making grain selection critical to application performance.

Exhibit 13: The Abrasive Grain Families & Key Variants



Source: MNCL Research

Layered above these is the super abrasive category — **synthetic diamond** and **cubic boron nitride (cBN)** — which delivers the highest hardness and wear resistance for precision machining of hardened steels, carbides, ceramics and composites. Diamond suits non-ferrous hard materials (carbide, ceramic, glass); cBN is preferred for ferrous alloys because diamond reacts chemically with iron at high temperatures.

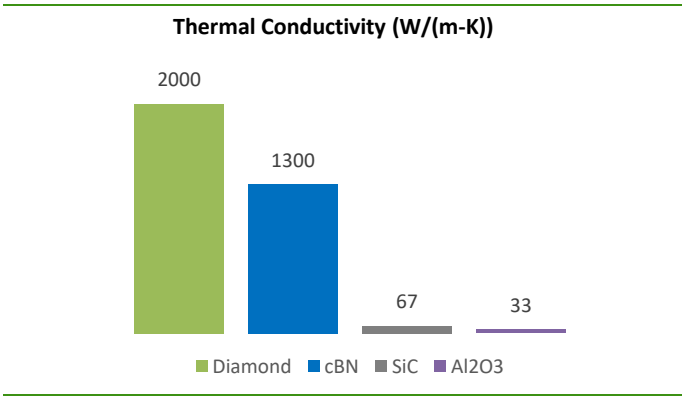
Super abrasives command a significant premium over conventional abrasives, reflecting their superior cutting performance, longer tool life and ability to deliver tighter machining tolerances. Their adoption is therefore concentrated in high-value applications such as automotive components, aerospace, electronics, semiconductor and precision engineering, where productivity and surface finish are critical.

Exhibit 14: Super abrasive Grains Overview

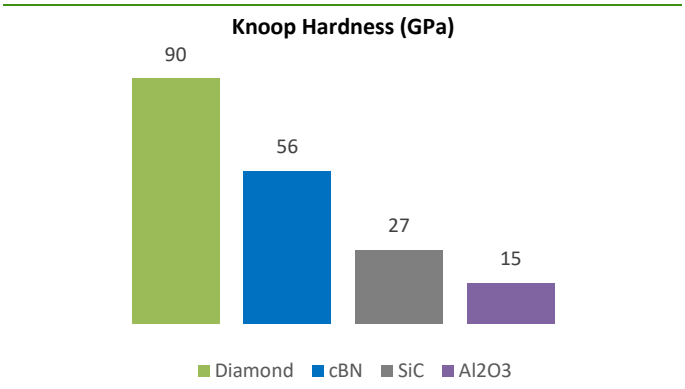
Grain	Key characteristics	Best suited materials	Major applications
Synthetic diamond	Hardest; excellent wear resistance	Carbides, ceramics, glass, stone, composites, non-ferrous materials	Cutting, grinding, polishing, semiconductor, construction
Cubic Boron Nitride (cBN)	Extremely hard; thermally stable; chemically compatible with ferrous alloys	Hardened steels, tool steels, bearing steels, Ni-based alloys	Automotive, bearings, gears, aerospace, cutting tools

Source: MNCL Research

Exhibit 15: What Stands Out in Super abrasive Grains



Diamond/cBn dissipate heat efficiently, reducing heat build-up, preserving workpiece hardness and delivering high-quality surfaces.



Diamond/cBn offer higher hardness, enable faster, more precise and cost-efficient grinding, with less frequent tool changes.

Source: ALMT Corp; MNCL Research

From these grains, three broad finished-product families emerge: *Bonded abrasives* (grinding wheels, cut-off/thin wheels used in steel, auto, bearings, foundries and general engineering), ***coated abrasives*** (belts, discs and non-woven products used in finishing, polishing and surface preparation across metals, wood and consumer applications) and ***super abrasives*** (diamond/cBN wheels, dressers and precision-grinding consumables for automotive, bearings, aerospace and cutting-tool applications).

Indian Abrasives Industry Channel Check

We conducted a detailed field channel check across industrial distribution hubs in Mumbai, analyzing commercial pricing data as of May 1, 2026. The objective of this channel investigation was to assess real-world dealer-level stock-keeping unit (SKU) pricing, product segmentation, brand positioning, and the extent of value migration across the broader Indian abrasives landscape.

The primary dataset covers 28 distinct product categories spanning conventional bonded wheels, specialized vitrified formulations, rubber-bonded control wheels, coated/non-woven products, thin cut-off wheels, and silicon carbide finishing tools. Crucially, this pricing intelligence reflects gross dealer price lists before off-invoice volume rebates, cash discounts, customer-specific freight arrangements, or GST. Consequently, while these data points do not represent net company-wide Average Selling Prices (ASPs) or gross margins, they provide essential ground-level proof of SKU pricing ladders, raw material cost pass-throughs, and multi-tier brand differentiation.

Our overarching takeaway is that the Indian abrasives market remains highly fragmented and application-driven, where pricing realization is governed by physical wheel geometry, grain chemistry, bond technology, and brand equity rather than monolithic commodity volume. This channel evidence confirms that value creation for leading industry incumbents is disproportionately driven by product mix evolution toward precision, high-ticket specialized abrasives.

Portfolio Breadth and Raw Material Read-Throughs

The channel data underscores that alumina continues to serve as the core volume platform, with general-purpose black wheels utilizing standard A-series grains ($A24$ to $A60$) and precision white/pink wheels leveraging AA and RAA grades. Conversely, silicon carbide (GC and C series) occupies a distinct, high-value segment targeted at hard, brittle, or non-ferrous applications. Across comparable physical specifications, ***silicon carbide wheels command a substantial premium over conventional alumina***, reinforcing the structural margin uplift associated with specialized grain chemistries.

Structural Pricing Framework: Geometry vs. Premiumization

Wheel pricing follows a compounding physical volume relationship:

$$\textbf{Volume} \propto (D^2 - H^2) \times T$$

Outer diameter (D) exerts a non-linear, quadratic impact on price due to annular area expansion (+10% diameter increases material volume by ~20%), whereas thickness (T) scales linearly (+10% thickness increases price by ~10%). Bore size (H) subtracts material, but its negative pricing impact is minor unless H represents a large fraction of D.

Specialization and High-Ticket Realization

Established manufacturers do not compete as monocultures or pure price-takers. Instead, market leaders deploy a multi-tiered brand architecture designed to target specific user segments, ranging from price-sensitive retail fabricators to high-end industrial clients.

When moving from standard vitrified bonds to specialized $V10$ bonds, rubber bonds, or silicon carbide grains, average selling prices jump significantly. For instance, within $V10$ vitrified bond wheels, ticket sizes escalate from Rs 446 at 150×13 mm to Rs 40,506 at 500×200 mm. Similarly, rubber control wheels (used in centerless grinding) range from Rs 8,081 (200×80 mm) to Rs 44,097 (300×200 mm).

This illustrates that ***value creation is heavily driven by application complexity and revenue per SKU.***

Exhibit 16: Channel Pricing Across Application Categories

Product Category	Representative Specification (D)	Price Range Observed (Rs)	Key Research Readthrough
Black Grinding Wheel	50-400 mm	101 – 9,405	Core general-purpose grinding baseline
V10-Bond Wheel	150-500 mm	446 - 40,506	High-value, specialized precision grinding
Green SiC Wheel	150-300 mm	899 – 13,038	Premium silicon carbide application pool
White Alumina Wheel	100-300 mm	318 – 5,094	Precision & heat-sensitive grinding
Pink Alumina Wheel	150-250 mm	554 – 2,544	High-grade tool & cutter grinding
Black SiC Wheel	150-500 mm	849 – 31,472	Heavy-duty non-ferrous applications
Rubber Control Wheel	200-300 mm	8,081 – 44,097	Niche centerless precision grinding
Reinforced Cut-Off	100-500 mm	21 – 1,833	High-volume industrial cutting
Depressed-Centre	100-400 mm	37 – 1,110	Portable grinding and weld-blending
SiC Emery Sticks	100-150 mm	122 - 308	Precision manual finishing

Source: MNCL Research; Prices are before off-invoice rebates, freight adjustments, or GST (18%)

Abrasives TAM: Segmenting the Opportunity

Key success factors in India's Abrasives industry include a broad product portfolio, strong distribution and market reach, technical expertise, cost competitiveness, product innovation, reliable service and consistent quality.

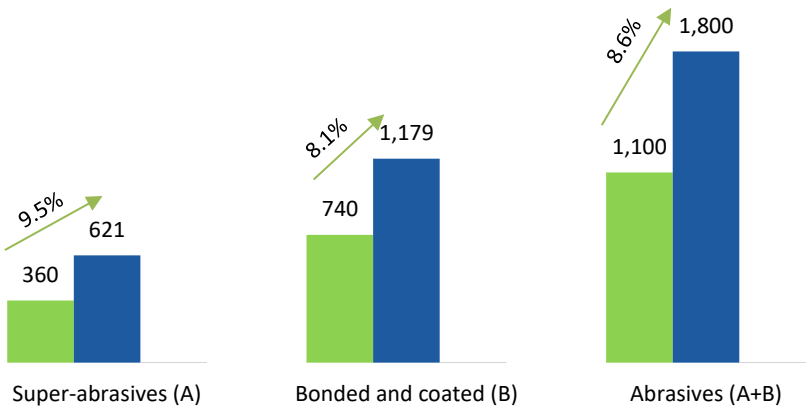
Competitive intensity is highest in standard bonded/coated wheels, where CUMI, GNO, and 3M compete with regional and Chinese manufacturers largely on price and distribution reach. The structural opportunity — and the reason we like this sector — lies in the shift toward super abrasives, engineered ceramic grains and application-specific automation, where technology and total-cost-of-ownership benefits (faster cutting, longer tool life, lower consumption) support durable pricing power.

According to Carborundum Universal, India's abrasives market is valued at USD 1.1bn in 2025 and should grow at 8-9% CAGR through 2031, reaching nearly USD 1.8bn. Super abrasives is a sub-set of the abrasive industry and constituted USD 360mn in market size in 2025. Wendt's addressable market within the super abrasives TAM is roughly USD 45mn, which the company expect to grow at 17% CAGR over the next 3-5 years supported by demand from automotive, steel, metal fabrication, capital goods, and infrastructure industries. Third party market research firms estimate of abrasive market vary significantly but all indicate an abrasive industry growth outlook of 5-6% over the next 3-5 years.

Super abrasives is the next growth engine, with ~9.5% CAGR vs. ~5–9% for the broader abrasives market.

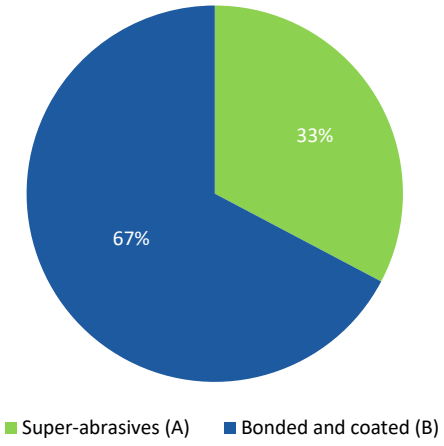
Premiumization unlocks pricing power, with technology-led solutions driving superior margins.

Exhibit 17: India Abrasives Market Size (mn USD) (2025-31)



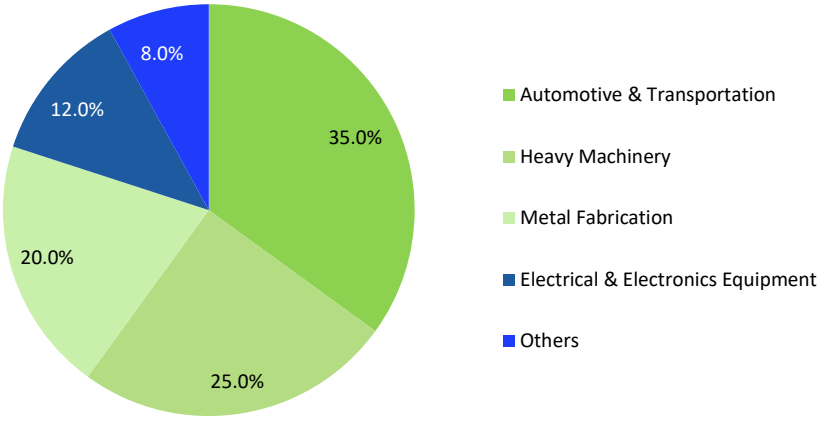
Source: CUMI, Wendt India, MNCL Research

Exhibit 18: India Abrasive Market Size By Type



Source: CUMI, Wendt India, MNCL Research

Exhibit 19: Global Abrasive Market Share by End-User Industry



Source: Mordor Intelligence, MNCL Research

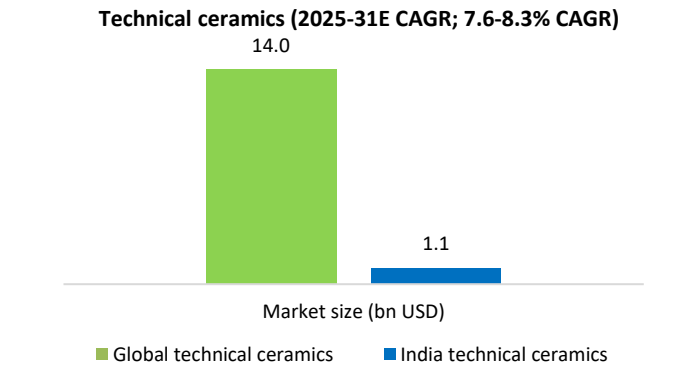
Ceramics TAM: Larger Opportunity, Faster Growth

Both CUMI and GNO are pivoting capital and R&D toward higher-value ceramics and refractories pool rather than simply adding core-abrasives capacity — a strategy we think the market has been slow to reward, and a key reason both stocks screen with re-rating potential in our pecking order.

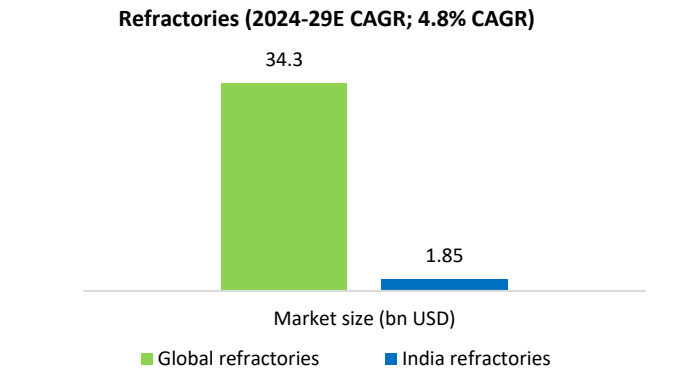
Technical ceramics (alumina, zirconia, silicon carbide, silicon nitride and composites) are engineered for thermal, mechanical, electrical and chemical performance beyond what metals or commodity ceramics can offer. Traditional demand comes from wear parts, seals, liners and insulators in steel, cement and mining; the faster-growing frontier is semiconductor equipment (wafer chucks, substrate holders), power electronics (ceramic substrates, heat sinks), EVs (battery/insulation components), renewable energy, medical implants and defense/aerospace — end-markets where long qualification cycles create stickier pricing than commodity wear ceramics.

Refractories — a specialized ceramic subset built to withstand extreme heat, chemical attack and mechanical stress — remain anchored to steel, cement and glass, with Indian iron & steel refractory demand estimated at ~US$1.27bn in 2024, growing at a 4.8% CAGR through 2029. The more important trend for margins is mix: monolithic and composite refractories (castable, ramming masses) are gaining share from traditional fired/shaped bricks because they install faster, reduce furnace downtime and can be formulated to a customer's specific process — supporting premiumization even as overall category volume growth stays mid-single-digit.

Exhibit 20: Technical Ceramics & Refractories Market Size (bn USD)

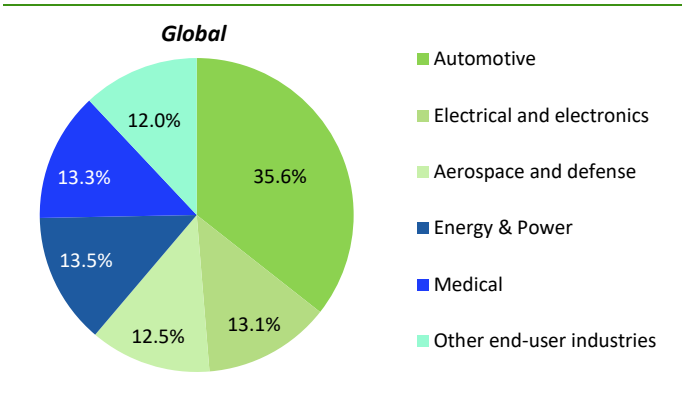


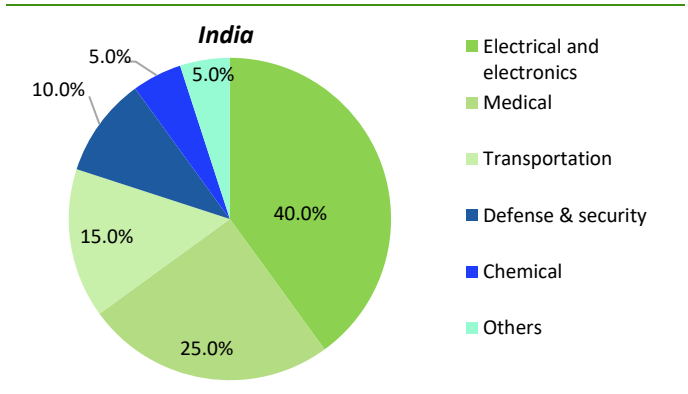
Source: M&M, MNCL Research



Source: M&M, MNCL Research

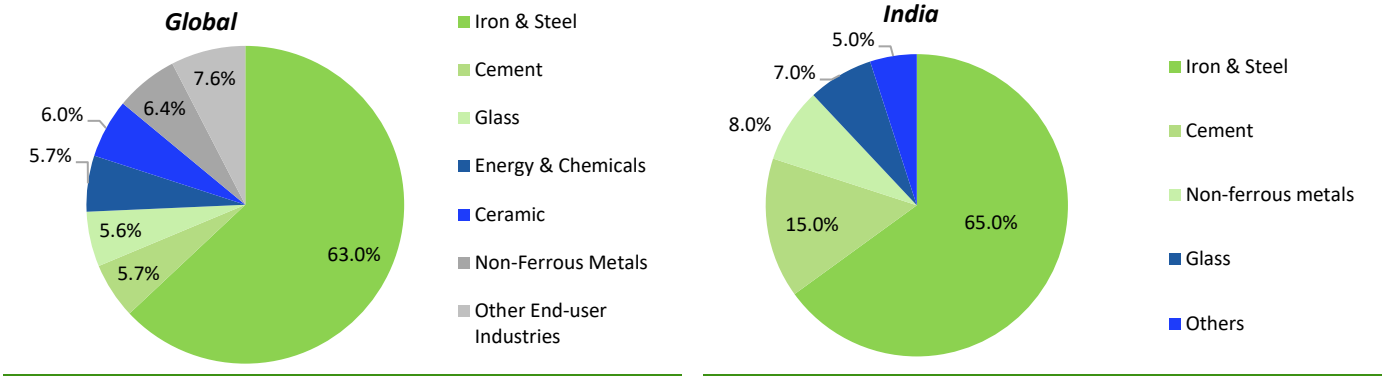
Exhibit 21: Technical Ceramics Market Share by End-User Industry in 2025





Source: Mordor Intelligence, MNCL Research

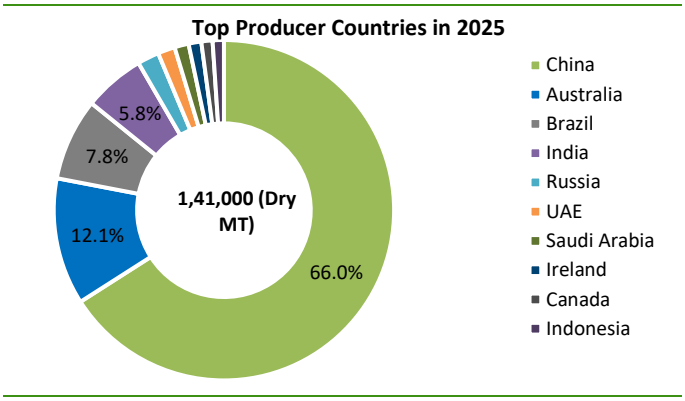
Exhibit 22: Refractories Market Share by End-User Industry in 2025

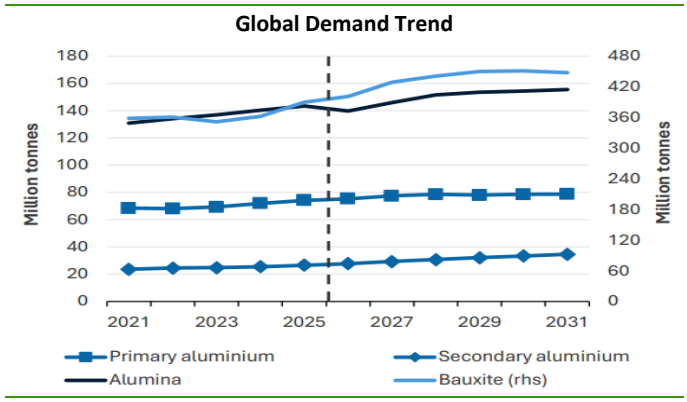


Source: CUMI, Mordor Intelligence, MNCL Research

Raw Material Demand-Supply Trends

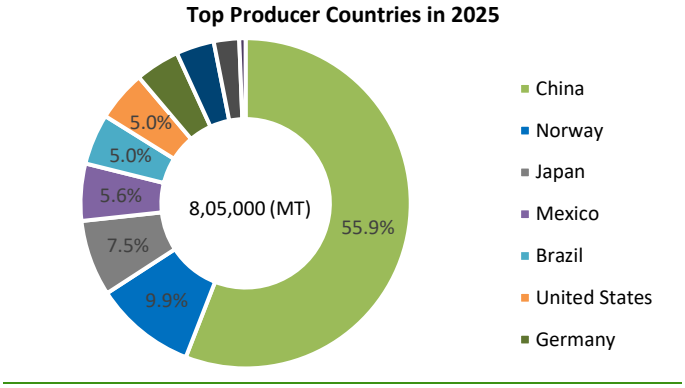
Exhibit 23: Alumina – Production Dominated by China; Industry to Grow at a Slow and Steady Pace

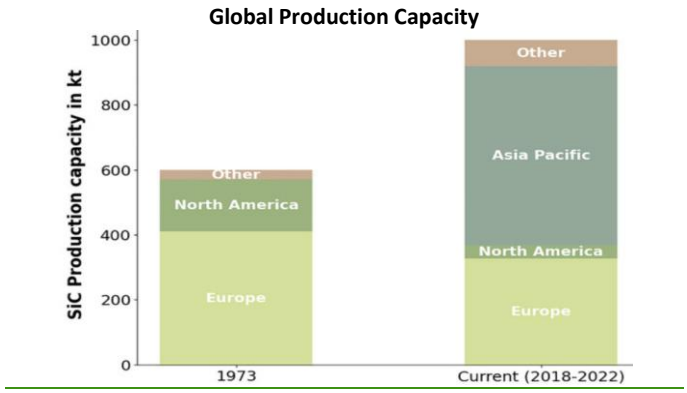




Source: USGS, Industry, MNCL Research

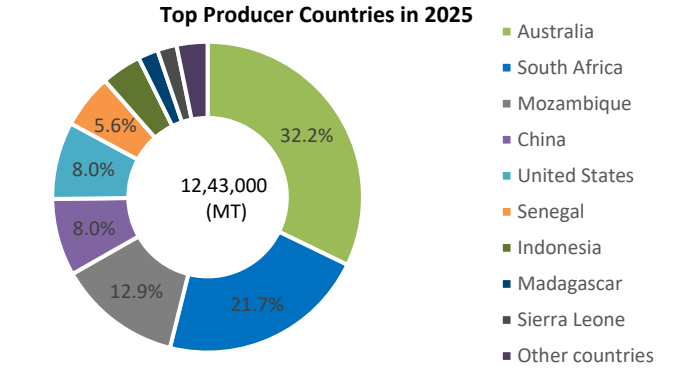
Exhibit 24: Silicon Carbide – Production Dominated by China; Production in APAC Grew Strongly Over the Years

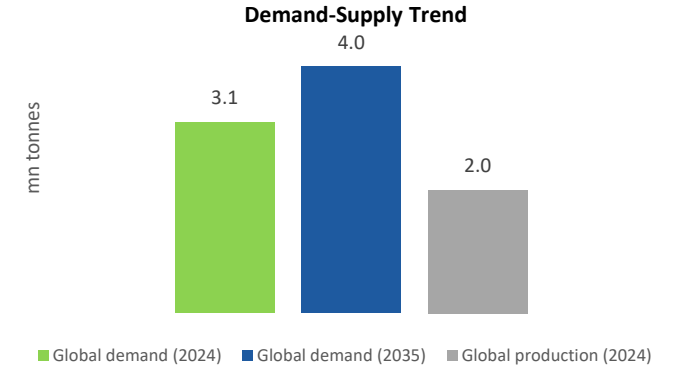




Source: USGS, Industry, MNCL Research

Exhibit 25: Zirconium Ores and Concentrates – Production Dominated by Australia and South Africa; Demand exceeds Supply

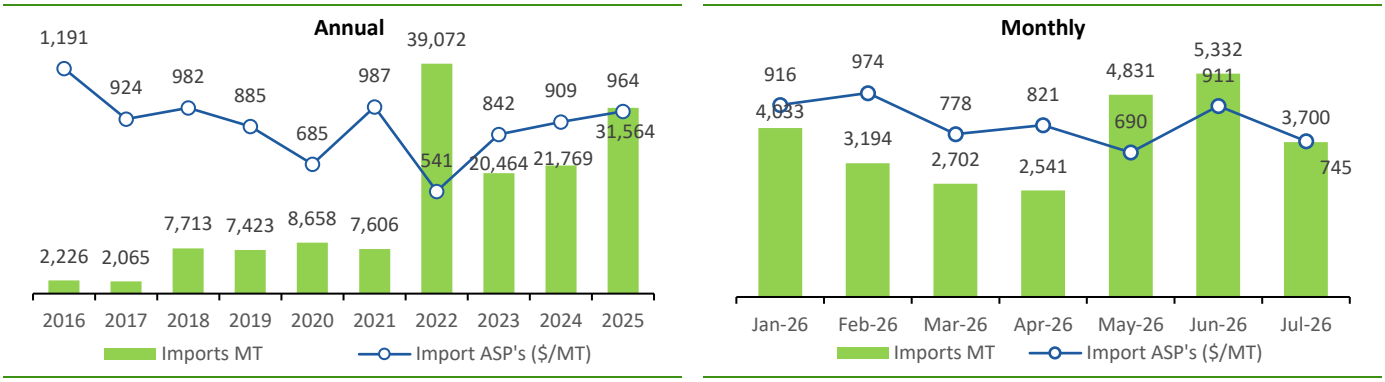




Source: USGS, Industry, MNCL Research

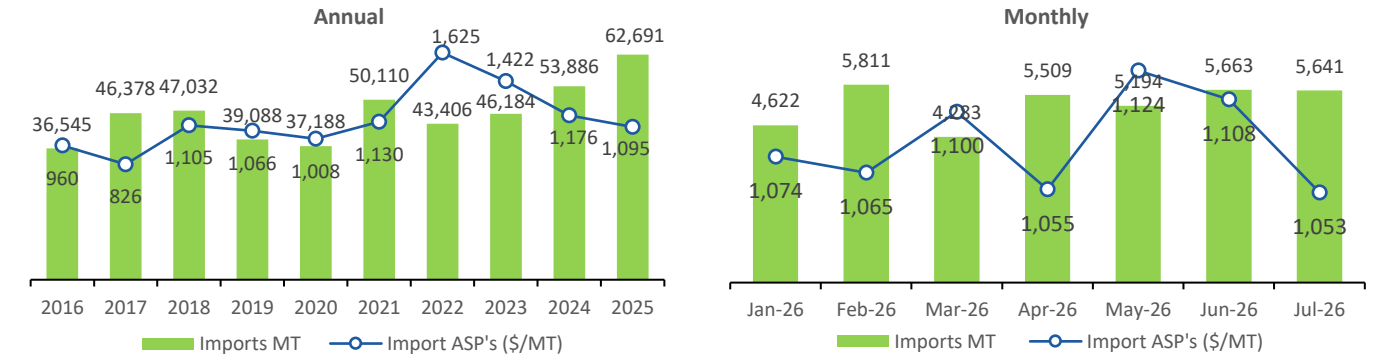
Raw Materials ASP Trend

Exhibit 26: India's Alumina Imports (Volume and ASP)



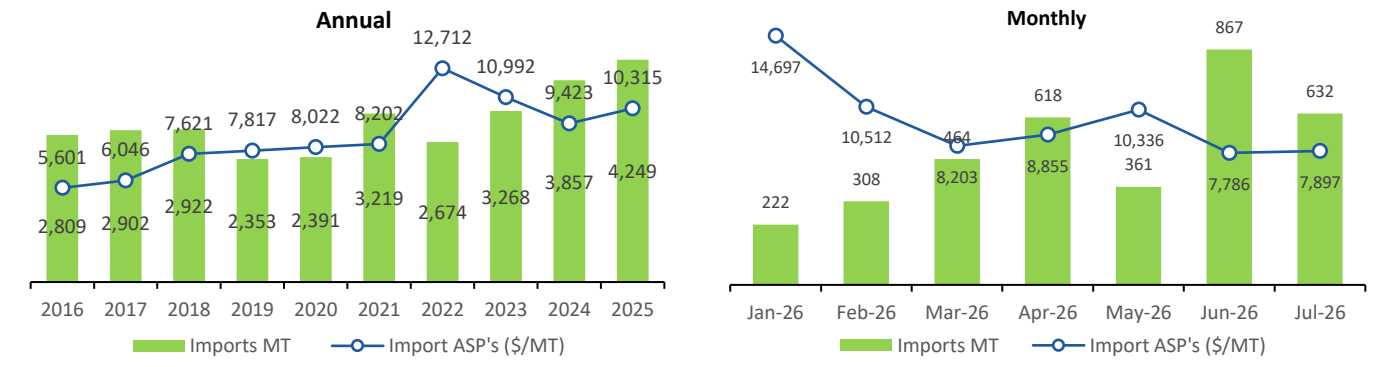
Source: UN Comtrade, MNCL Research

Exhibit 27: India's Silicon Carbide Imports (Volume and ASP)



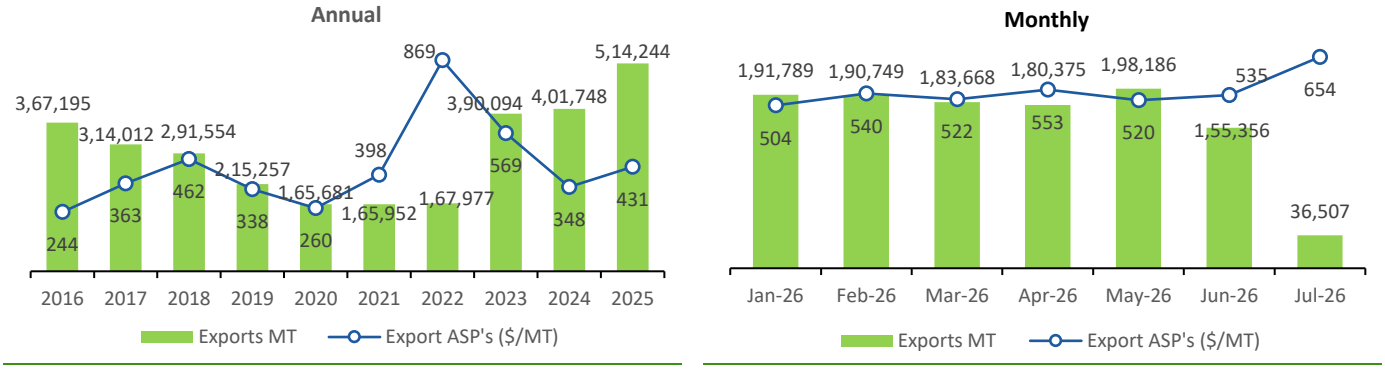
Source: UN Comtrade, MNCL Research

Exhibit 28: India's Zirconium Dioxide and Germanium Oxide Import – Volume and ASP



Source: UN Comtrade, MNCL Research

Exhibit 29: India's Petcoke (Calcined) Exports – Volume and ASP



Source: UN Comtrade, MNCL Research

China Sets the Floor; Premiumization Sets the Winners

China has the deepest bench of producers in core abrasives and electro-minerals; the super abrasives/ precision-ceramics layers remain comparatively less contested on pure cost.

The **cut in China's abrasive export rebates** from 13% in November 2024 to 9% until March 2026 and then 0% is a structural positive for India's local product's competitiveness.

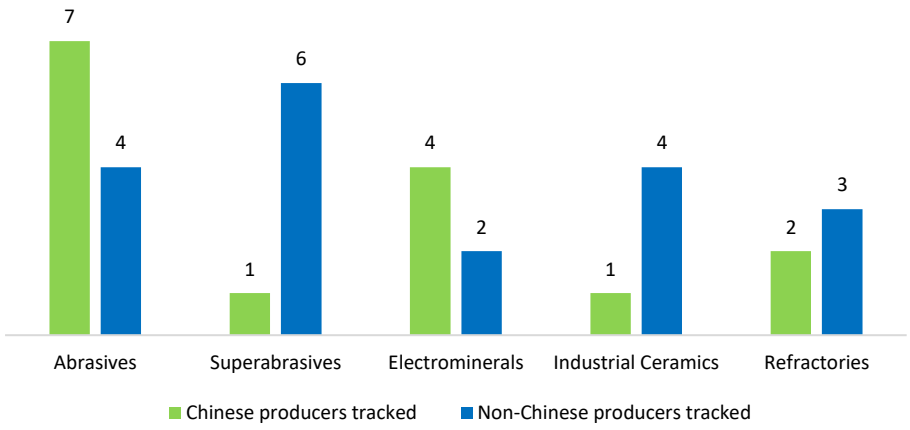
China is the dominant global producer across almost every layer of the abrasives and advanced-materials value chain — from raw fused-mineral capacity (alumina, silicon carbide, zirconia) to finished bonded/coated wheels, super abrasive grits and refractory raw materials. Our mapping of global competitors shows Chinese entities represented in six of roughly eleven abrasives-focused peers we track, alongside a similarly heavy presence in electro-minerals and refractory raw materials — segments where China's scale and integrated ecosystem give it a structural cost advantage that is difficult for Indian players to match on price alone.

The practical implications for CUMI, GNO and Wendt differ by segment. In commodity bonded/coated abrasives and standard-grade fused minerals, Chinese competition caps pricing and is the primary reason margins in these sub-segments remain in the high single-digit to low-teens range even for scaled Indian producers. In super abrasives, precision ceramics and specialty refractories, however, the barrier shifts from raw cost to application engineering, customer qualification and consistency — areas where China's presence, while growing (e.g., Henan Huanghe Whirlwind in synthetic diamond), has not displaced the customer intimacy that CUMI, GNO and Wendt have built over decades with Indian and export customers.

India's own import data underscores this dependency at the raw-material level: import volumes and average selling prices for alumina oxide, silicon carbide and zirconia have both been volatile and, at various points since 2021, meaningfully above pre-pandemic levels — evidence of a global (China-influenced) supply/pricing cycle that domestic players must navigate rather than control. We view CUMI's upstream mineral integration (own bauxite mining and calcination in Gujarat, fused-alumina and silicon-carbide manufacturing in Kerala) as a genuine structural hedge against this China-driven raw-material volatility that neither Wendt nor, to the same extent, GNO's non-SiC businesses possess.

Net-net, we do not see China as a reason to avoid the sector — India's abrasives/ceramics demand growth is domestically driven and China's dominance is concentrated in the lowest-margin layers — but it is the single most important reason premiumization, rather than capacity addition, should be the lens investors use to differentiate winners within the space.

Exhibit 30: China's Footprint Across the Abrasives/Ceramics Value Chain



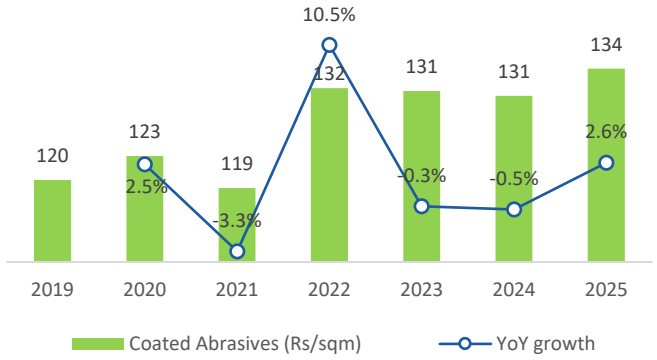
Source: MNCL Research; Note: The above list is not exhaustive.

Exhibit 31: European vs Asian Manufacturers

European manufacturers traditionally dominate the premium segment thanks to:	Asian manufacturers (China, India, Taiwan) occupy a larger share of the mass market, offering:
• Strict control of batch quality and stability • Mandatory certifications MPA, oSa, EN 12413 • Short delivery times (7-14 days to the EU) • Technical support and training	• Flexibility in customization • Competitive prices for large volumes • Wide selection of products

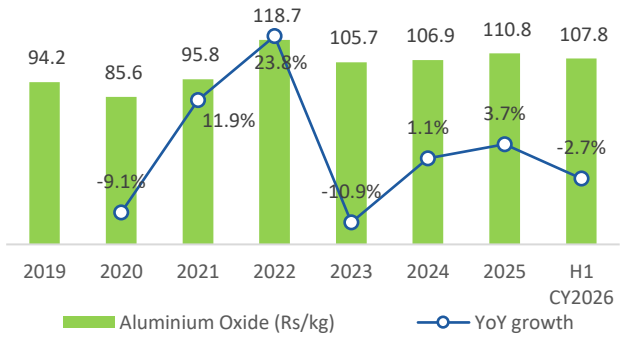
Source: MNCL Research

Exhibit 32: Coated Abrasives Pricing Trend in China



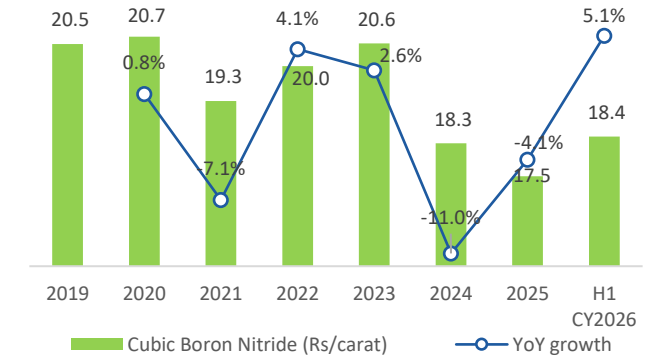
Source: China-based peers, MNCL Research

Exhibit 33: Aluminium Oxide Pricing Trend in China



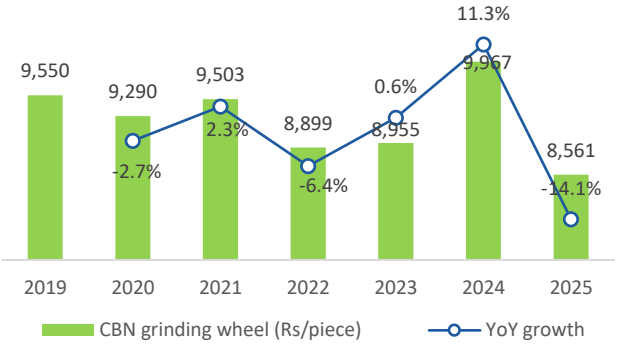
Source: China-based peers, MNCL Research

Exhibit 34: cBN Pricing Trend in China



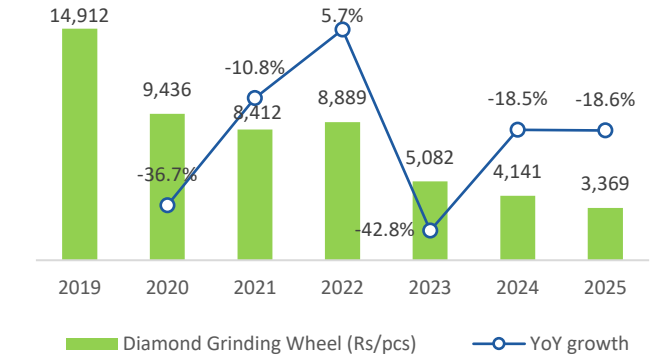
Source: China-based peers, MNCL Research

Exhibit 35: cBN Grinding Wheel Pricing Trend in China



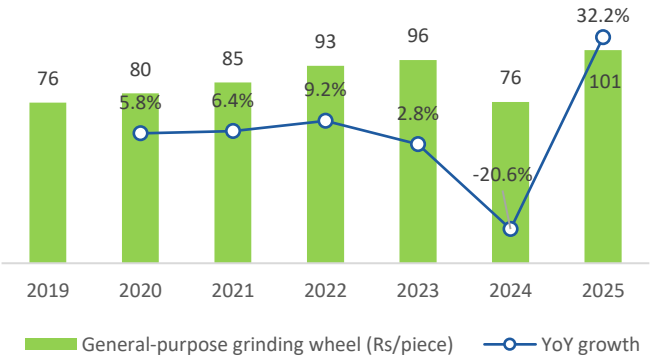
Source: China-based peers, MNCL Research

Exhibit 36: Diamond Grinding Wheel Pricing Trend in China



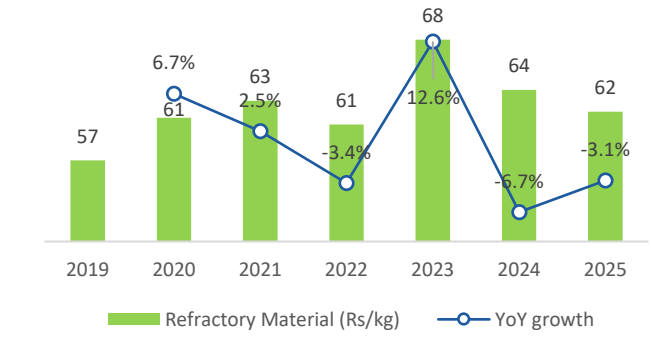
Source: China-based peers, MNCL Research

Exhibit 37: General purpose Grinding Wheel Pricing Trend in China



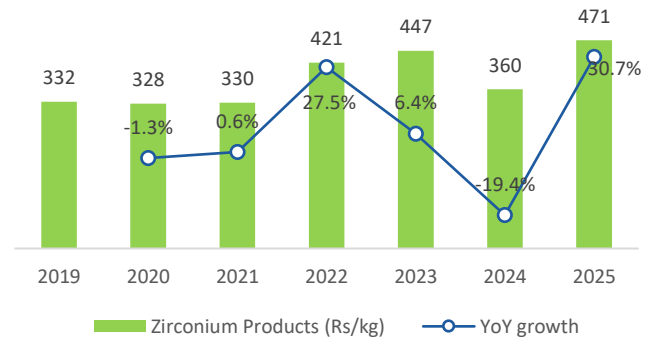
Source: China-based peers, MNCL Research

Exhibit 38: Refractory Material Pricing Trend in China



Source: China-based peers, MNCL Research

Exhibit 39: Zirconium Material Pricing Trend in China



Source: China-based peers, MNCL Research

Grindwell Norton (GNO) l BUY l TP: Rs 2,371 l Upside: 24%

Technology Edge to Drive Growth and Premiumisation

We initiate coverage on GNO with a BUY. GNO combines a strong Saint-Gobain-backed competitive franchise with a broad abrasives portfolio, deep technology access and pricing discipline. The core abrasives business offers a structural mid-to-high single digit growth trajectory, supported by steel, automotive, foundry and forging demand, while performance polymers and premium ceramics provide higher-margin growth and mix-upside. Recent performance also benefits from the FY22–24 capex incurred, new products and cleaner export conditions. Importantly, China competition could ease following the withdrawal of export rebates. With continued investment in automation, productivity and value-added products, GNO is well-positioned to sustain growth while improving mix and profitability.

- **Strong competitive franchise with technology-led differentiation:** GNO's full-range abrasives portfolio, spanning bonded, coated, thin wheels, super abrasives and non-wovens, gives it exposure across a broad industrial customer base and is a key differentiator versus more specialized players. This is reinforced by sustained access to Saint-Gobain's global technology, R&D and application expertise, supporting product development and customer stickiness. The company's high local manufacturing content and ability to pass through input-cost inflation further strengthen the franchise.

- **Structural growth with multiple earnings drivers —** The core abrasives business has historically delivered ~6–8% normalized long-term growth, with demand linked to steel, auto, foundry and forging. Growth is increasingly complemented by higher-margin performance polymers and ceramics (~15% CAGR over FY19-26), through which the company offers specialized applications across automotive, pharma, biopharma, and semiconductors. Rising contributions from these businesses could drive mix-led margin expansion, while rising demand from aerospace, defense, railways and semiconductors provide longer-term optionality.

- **Favorable competitive dynamics and capex benefits underpin growth —** Recent performance reflects benefits from GNO's FY22–24 capacity and productivity investments, while China competition could ease following the withdrawal of export rebates and subsequent price increases. GNO continues to invest 3–4% of turnover in automation, productivity, quality and value-added products rather than simply adding capacity. This combination of capability investments, pricing discipline and potentially easing Chinese competition provides a favorable backdrop for sustained growth and profitability.

- **Valuation and view:** We value GNO on a sum-of-the-parts basis, blending P/E and EV/EBITDA on the core business with a separately valued stake in unlisted Saint-Gobain India Pvt Ltd, arriving at a Sept-2028E base-case target price of Rs 2,371, 24% upside from CMP. Our estimates indicate a FY26-29E revenue/EBITDA/PAT CAGR of 10.3%/11.7%/12.1%.

Target price	**2,371**
CMP	1,915
Upside	24%

Price Performance (%)	**1M**	**6M**	**1Yr**
GWN IN	-5%	42%	24%
Nifty	-6%	2%	-8%

Source: BSE, NSE, Company

Key Data	
Bloomberg Code	GWN:IN
Curr Shares O/S (mn)	111
Diluted O/S (mn)	111
Mkt Cap (Rs bn/$ mn)	218/2,430
52 Wk H / L (Rs)	2,464/1,329
3M Average Volume	72,965

Shareholding pattern (%)

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter Group	58.0%	58.0%	58.0%	58.0%
DIIs	18.4%	18.4%	19.2%	19.6%
FIIs	6.4%	6.4%	5.6%	5.2%
Others	17.2%	17.2%	17.2%	17.0%

Source: BSE

Y/E; Rs mn	Revenue	YoY (%)	EBITDA	EBITDA Margin	PAT	YoY (%)	EPS	ROE	ROCE	P/E (x)	EV/EBITDA (x)
FY25	28,116	4.6%	5,131	18.3%	3,687	-3.9%	33.3	17.1%	18.2%	50.6	34.9
FY26P	30,732	9.3%	5,737	18.7%	4,157	12.7%	37.5	17.4%	18.4%	36.0	24.3
FY27E	33,892	10.3%	6,571	19.4%	4,758	14.5%	43.0	17.9%	19.3%	44.6	30.4
FY28E	37,331	10.1%	7,237	19.4%	5,256	10.5%	47.5	18.0%	19.4%	40.3	27.3
FY29E	41,196	10.4%	7,987	19.4%	5,860	11.5%	52.9	18.2%	19.4%	36.2	24.5

Source: Company, MNCL Research Estimates

Company Overview

Grindwell Norton Limited (GNO) is a Saint-Gobain Group company focused on high-performance materials and industrial solutions, with its roots in abrasives. The company pioneered grinding-wheel manufacturing in India and today has a much broader portfolio spanning abrasives, silicon carbide, performance ceramics & refractories, performance plastics, life-science products and engineered solutions. Its products are used across automotive, general engineering, steel, foundry, construction, electronics, semiconductors, life sciences and other industrial applications. Saint-Gobain currently holds 51.6% of GNO.

Exhibit 40: GNO's Segmental Overview

Segment	Product Portfolio	% Net Revenue (FY26)	EBIT Margin (FY26)
Abrasives	Bonded & coated abrasives, grinding wheels, thin wheels, super abrasives and other precision grinding products	48.5%	12.9%
Performance Plastics	Silicon carbide, performance ceramics & refractories, engineered ceramics, performance plastics and related high-performance materials	20.0%	18.2%
Refractory products (including SiC)		21.4%	
Digital Services	Digital / IT-enabled services	7.2%	26.1%
Others	Other businesses / products not classified under the above segments	2.9%	18.8%

Source: Company, MNCL Research

Exhibit 41: GNO's Key Manufacturing Footprint – Eight in India, One Overseas

Location	Products	Strategic Relevance
Mora, Maharashtra	Bonded abrasives, grinding wheels & related products	Core abrasives manufacturing hub and one of GNO's oldest manufacturing locations
Nagpur, Maharashtra	Bonded abrasives and thin wheels	Important abrasives capacity base, particularly for bonded products
Ambernath (Two units), Maharashtra	Tape Solutions (Pressure Sensitive Adhesive & Wiring harness tapes), Printed products	The plant is accredited with ISO 14001, ISO 45001, ISO 9001, AS 9100 and IATF 16949 certifications.
Bengaluru, Karnataka	Coated non-woven abrasives, silicon carbide-related products, performance plastics, ceramics/refractories, life-science products	Largest multi-business manufacturing/R&D cluster, supporting GNO's transition into higher-value products
Baddi, Himachal Pradesh	Thin wheels and coated abrasives	Serves North Indian market and supports coated/thin-wheel portfolio
Tirupati, Andhra Pradesh	Silicon Carbide (SiC)	Key upstream materials facility supplying SiC grains for abrasives, refractories and other applications
Halol, Gujarat	High-performance refractories and engineered ceramics	Key advanced-materials facility; engineered ceramics capacity has been expanded here
Phuentsholing, Bhutan	Silicon Carbide grains	Overseas SiC manufacturing base, complementing Tirupati and supporting exports

Source: Company, MNCL Research

Exhibit 42: Abrasive Segment Product Portfolio

Product Category	Key Products	Key applications	Major End User Industries	Key Characteristics
Bonded abrasives	Wheels, segments, sticks, cones, etc.	Precision grinding: OD/ID, surface/face grinding, lapping, honing, super-finishing, thread grinding, fluting; rough applications: snagging, burr removal, off-hand grinding	Steel, bearings, auto OEMs/ancillaries, foundries, cutting tools, needles, razors, food processing, aerospace, general engineering	Large product range; both made-to-order and made-to-stock. GNO makes >15,000 products annually
Coated abrasives	Discs, belts, wheels, sheets, rolls	Material removal, surface preparation, polishing and finishing	Broad industrial applications	Engineered composites comprising backing, bond system and abrasive grains
Super abrasives	Diamond and Cubic Boron Nitride (CBN) products	High-precision applications	Auto, bearings, steel, solar, electronics and other precision industries	Uses synthetic/natural diamond or CBN; focused on precision applications
Thin Wheels	Cutting & grinding wheels	Cutting, deburring, weld removal	Fabrication, construction, foundry, general engineering	Usage growing with increasing affordability of power tools

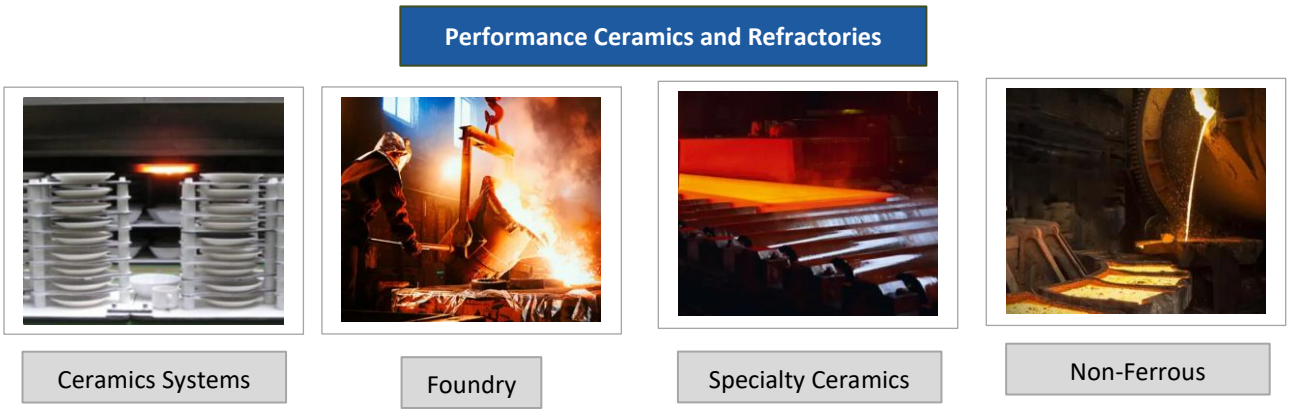
Source: Company, MNCL Research

Exhibit 43: Performance Polymer Solutions Segment Product Portfolio

Product Category	Key Products	Key applications	Major End User Industries	Key Characteristics
Tape Solutions	EV tapes & foams, pressure-sensitive/acrylic foam tapes, wire-harness tapes.	Electrical insulation, bonding, wire harnessing and EV applications	Auto, EV, electronics, industrial	Benefiting from EV penetration and electronics manufacturing
Life Sciences	Silicone & TPE tubing, single-use bags & assemblies	Fluid handling, bioprocessing and faster changeovers	Biopharma, vaccines, biologics, biosimilars	Benefits from increasing adoption of single-use products
EQYO	Automotive PTFE bearings, yoke assemblies, precision injection-moulded components	Friction management, motion control and precision components	Automotive, industrial	High-precision engineered polymer solutions
Omniseal Solutions	Spring-energized polymer seals, metal seals	Sealing applications	Auto, industrial, aerospace, space	Engineered sealing solutions for demanding applications
Overall PPS	**Polymer-based engineered components, seals, tubing, tapes and films**	**Precision, sealing, fluid management, bonding and insulation**	**Auto, industrial, construction, biopharma; emerging wind, electronics, semiconductors, space & aerospace**	**Technology-led portfolio with exposure to China+1, PLI-led manufacturing, EVs and India's emergence as a global manufacturing hub**

Source: Company, MNCL Research

Exhibit 44: Performance Ceramics and Refractories Segment Product Portfolio



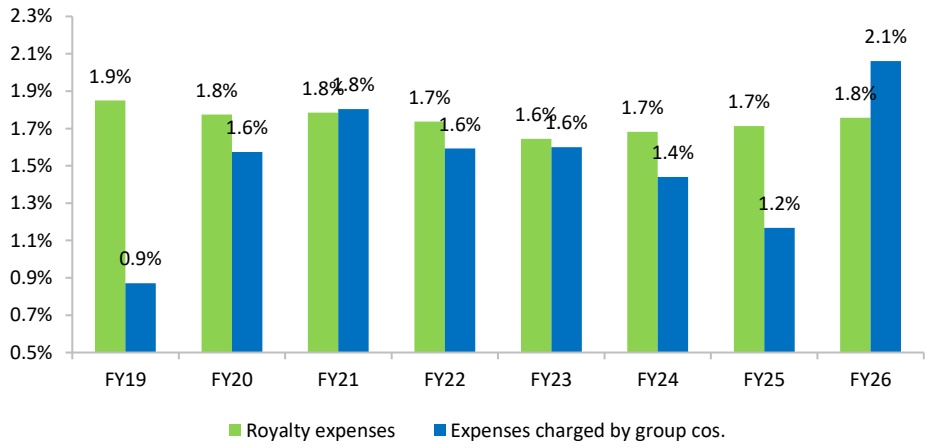
Product Category	Key Products	Key applications	Major End User Industries	Key Characteristics
Refractories – Primary Metals	Tap Hole Clay; Trough & Runner Castables; refractory solutions for blast furnaces and molten iron transportation	Blast furnaces, troughs/runners, molten iron handling	Primary iron & steel, non-ferrous metals	Technology collaboration with Shinagawa; focus on new projects, revamps and higher-performance solutions
Refractories – Secondary Metals	Refractory products, application-engineering solutions and new business models	Melting and secondary steelmaking	Secondary steel, iron and non-ferrous metals	Focus on higher furnace throughput, lower melting costs, safety and sustainability
Petrochemical Refractories	Carbon black solutions, gasification solutions, secondary reforming solutions	Carbon black production, gasification, reforming	Petrochemicals, carbon black, fertilisers	Strong growth area, increasing localisation and ultra-high-temperature applications
Engineered Ceramics	SiSiC and RB-SiC products	High-temperature, wear-resistant and specialised applications	Sanitaryware, tableware, industrial and other specialised industries	Expanded manufacturing capabilities at Halol; enables higher-performance applications
Ballistic & Wear Ceramics	Advanced ceramic components/materials	Ballistic protection and wear resistance	Ballistic armour, industrial applications	High-performance ceramic solutions for demanding environments
Total Burner Solutions	Burner systems for annealing and galvanizing furnaces	Industrial heating and furnace applications	Metals / steel	Helps reduce fuel consumption, NOx/SOx emissions and carbon footprint
Overall PCR	**Advanced refractory, ceramic and furnace solutions**	**High-temperature, wear, melting, combustion and process applications**	**Primary/secondary metals, petrochemicals, ceramics, ballistic armour and emerging industries**	**Technology-led business focused on efficiency, safety and sustainability; Bengaluru & Halol manufacturing footprint**

Source: Company, MNCL Research

Saint-Gobain Parentage: A Technology and R&D Moat

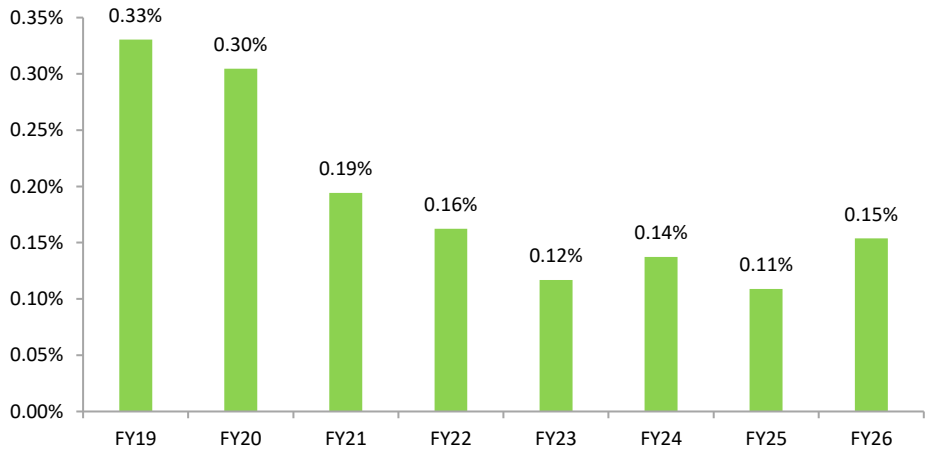
GNO has been a Saint-Gobain-controlled entity since 1996, when the French major became India's first majority-owned Saint-Gobain subsidiary at what is now a 51.6% stake. Saint-Gobain is one of the world's leading manufacturers of Abrasives with a very strong R&D Centre in the USA with regional R&D centers located elsewhere (including a Centre in India). This gives GNO structural access to group-level materials science, process technology and application engineering that a standalone Indian abrasives maker cannot replicate. GNO pays Saint-Gobain a royalty of roughly 1.7-1.8% of consolidated revenue for this technology transfer — Rs 540mn in FY26 — a modest cost relative to the qualification-driven, higher-margin businesses it enables, including semiconductors, aerospace and EV-adjacent applications that management has flagged as priority growth markets. Separately, the parent group companies also charge GNO for undisclosed reasons, amounting to 2.1% of consolidated sales in FY26.

Exhibit 45: Payment to Group Cos. as % Net Revenue



Source: Company, MNCL Research

Exhibit 46: R&D As % Turnover Has Been Very Low Due to Seamless Access to the Parent Company



Source: Company, MNCL Research

Exhibit 47: New products launched by GNO Over the Last Three Years

		FY24	FY25	FY26
Abrasives		10	6	11
Ceramics & Performance Plastics (C&P)	Performance Polymer Solutions	4	10	9
	Performance Ceramics and Refractories			11
Total		**14**	**16**	**31**

Source: Company, MNCL Research; Not exhaustive

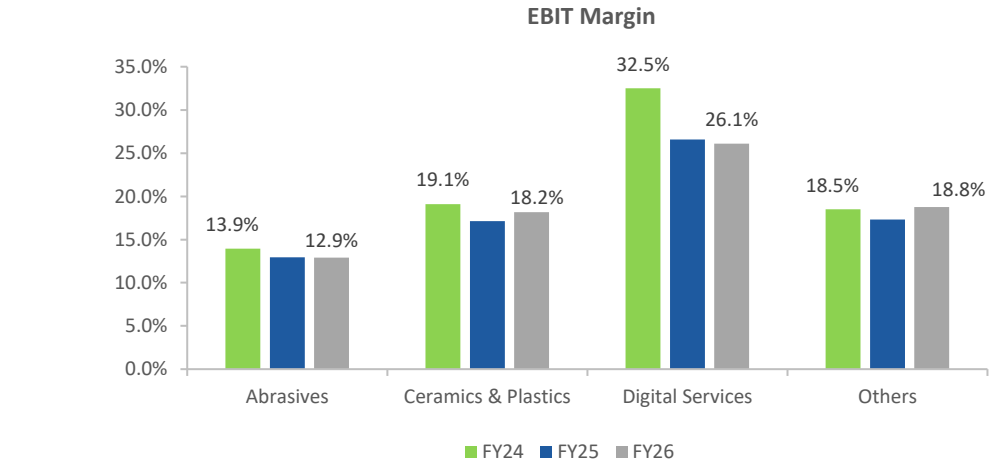
Application Engineering Widens the Moat

GNO's four-segment structure — Abrasives, Ceramics & Plastics, Digital Services and Others — reflects deliberate diversification into application-specific solutions rather than a single-product abrasives business. Ceramics & Plastics, now 41.4% of FY26 revenue, earns an 18.2% EBIT margin, nearly 1.4x the Abrasives segment's 12.9%, while Digital Services, at just 7.2% of revenue, earns the highest margin in the portfolio at 26.1%. Both segments monetize engineering know-how and customer-specific formulation rather than commodity grain, making them structurally harder for undifferentiated, price-led competitors to replicate.

Exhibit 48: Abrasives Segment is Dominant Based on Revenue, but Ceramics & Plastics Segment is More Profitable

Source: Company, MNCL Research

Exhibit 49: Abrasives Segment is Dominant Based on Revenue, but C&P Segment is More Profitable



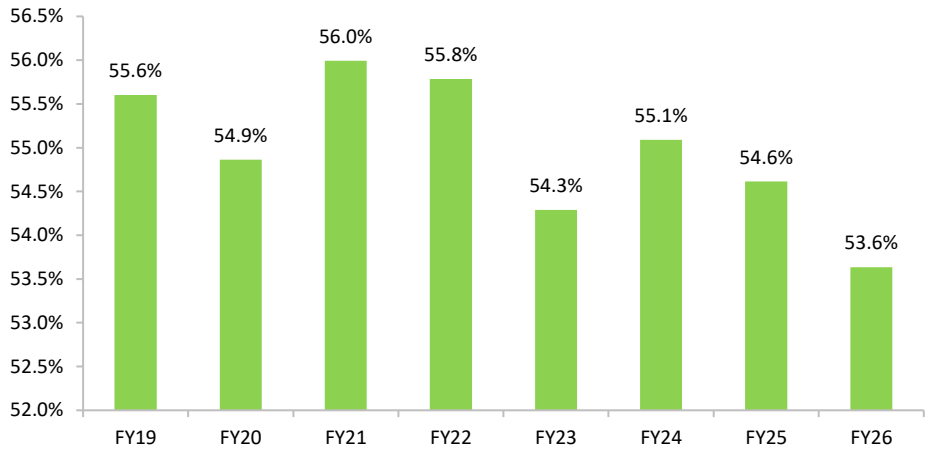
Source: Company, MNCL Research

Cost Discipline Mitigates Gross Margin Pressure

Gross margin tells a more cautious story: it has declined steadily from 55.8% in FY22 to 53.6% in FY26, a compression of roughly 220bps that we read as a sign of rising competitive intensity — likely from both Chinese imports in commodity categories and domestic capacity additions — eroding pricing power at the product level. EBITDA margin has held up better, falling a comparatively modest 130bps over the same period to 18.7%, as employee costs declined from 12.5% to 11.4% of revenue — evidence of genuine operating discipline rather than pricing strength.

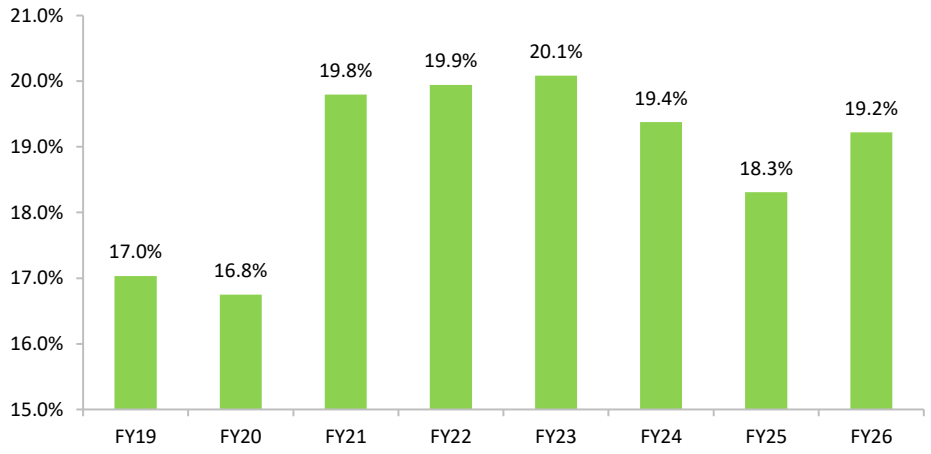
GNO's consolidated EBITDA margin has held an 18.3-19.9% band every year since FY22. Quarterly data confirms this consistency: margin has tracked a tight 18.2-19.5% range across Q1FY25-Q1FY27, a notably narrow dispersion given the volume swings across GNO's underlying end-markets. We attribute this to Saint-Gobain's group-level cost discipline and to a portfolio increasingly weighted toward stickier, application-engineered products, and forecast margin holding at approximately 19.4% through FY27-29E, with limited downside risk to that estimate.

Exhibit 50: Consolidated Gross Margin Trend



Source: Company, MNCL Research

Exhibit 51: Consolidated EBITDA Margin Trend



Source: Company, MNCL Research

GNO's 1.93% Stake in SGIPL – A Hidden Sweetener, not a Gamechanger

SGIPL is the Saint-Gobain Group's broader India holding company, housing the glass, construction-products (gypsum/plasterboard), ceramics and other businesses that sit outside the listed GNO entity. It is a substantially larger and faster-growing business than GNO itself: revenue grew from Rs 55.0bn in FY19 to Rs 114.2bn in FY25 — roughly 4x GNO's own consolidated revenue. Glass products are the largest contributor at ~55% of FY25 revenue, followed by Construction products (~31%), Ceramics (~10%) and Others (~4%). Profitability has also been improving – EBITDA margin expanded from 18.4% in FY20 to 21.2% in FY25, PAT margin from 13.2% to 13.8%, and ROE from 12.7% to 18.1% over the same period.

GNO has held a fixed 1.93% stake in SGIPL since at least FY19 — unchanged through the period despite SGIPL's growth. In direct cash terms, the return has been modest: dividend received swung from a one-off Rs 171mn in FY21 (tied to a capital restructuring) to a steadier Rs 94-118mn in FY24-26E, under 3.2% of GNO's own consolidated PAT. The more meaningful contribution has come through the mark-to-market fair-value gain GNO recognizes annually on this holding directly in equity, which stepped up to Rs 491mn in FY26E from Rs 219mn in FY25 as SGIPL's earnings power grew. We value this stake separately in our SOTP at approximately Rs 11.9bn in our base case — well above its roughly Rs 3.6bn carrying value on GNO's balance sheet — an option-like value pool not reflected in the standalone multiple the market assigns to GNO's core abrasives-and-ceramics business.

Exhibit 52: SGIPL Selected Financials

	FY23	FY24	FY25
Revenue (Rs mn)	98,235	1,05,999	1,14,188
Revenue growth	34.1%	7.9%	7.7%
EBITDA growth	22.3%	14.9%	16.9%
Gross margin	65.8%	65.7%	68.0%
EBITDA margin	18.4%	19.6%	21.2%
PAT margin	12.4%	12.7%	13.8%
Dividend payout	26.8%	36.4%	38.8%
Dividend received by GNO from SGIPL (Rs mn)	63	94	118
As % GNO PAT	1.7%	2.5%	3.2%
Change in FV of investment in SGIPL in GNO's books (Rs mn)	77	237	219
As % GNO PAT	2.1%	6.2%	5.9%

Source: Company, MNCL Research

Higher Capex, M&A Expand GNO's Growth Optionality

GNO's capex rose from Rs 0.5bn in FY21 to Rs 1.7bn in FY24, roughly a 3.5x step-up over the period. Gross block turnover rose from 2.6x in FY21 to a peak of 3.2x in FY23, as revenue growth outpaced capex, before falling to 2.2x/2.3x in FY25/26, as gross block nearly doubled between FY23 and FY26, outrunning revenue growth over the same stretch. The bulk of the FY23-24 capex step-up targeted Performance Ceramics and Refractories at Halol, Gujarat, where Silicon-impregnated Silicon Carbide and Reaction-bonded Silicon Carbide production infrastructure capacity was added. Separately, in Q1FY26 the Board approved a freehold land purchase at Halol of up to Rs 180mn, cash-funded, completed by March 31, 2026. The company called it a strategic step towards the company's long-term growth plans, positioning it to capitalise on future opportunities. Precise acreage wasn't disclosed in public filings.

Exhibit 53: Capex Trend

Year	Capex (Rs mn)	Gross block turnover	Primary purpose
FY21	483	2.6x	Maintenance
FY22	1,256	3.0x	Coated Maker, Non-woven products
FY23	1,637	3.2x	PCR/Ceramics expansion begins, SiC capacity
FY24	1,724	2.5x	Halol PCR expansion, SiSiC/RB-SiC infrastructure
FY25	941	2.2x	Continued Halol ceramics investment
FY26	1,189	2.3x	Halol freehold land purchase, up to Rs 180mn

Source: Company, MNCL Research

PRS Permacel Acquisition in FY23: GNO acquired 100% of PRS Permacel for Rs 1.2bn on May 27, 2022, at multiples of 1.6x P/B, 0.8x P/S and 4.1x P/E, a modest multiple set consistent with a small, family-owned target rather than a scarce strategic asset. PRS Permacel manufactured specialty adhesive tapes, labels and thermal-insulation solutions from a facility in Ambernath near Mumbai, with 176 employees, serving industrial, railways and metro, two-wheeler and EV end-markets, all new categories for GNO. It was sold by the PRS Group, founded by the Premchand family in 1856. Public disclosures don't specify an exit rationale, consistent with a family-succession sale typical of India's promoter-owned manufacturers.

Management Meet KTAs – Defensible Core, Expanding Growth Runway

Key takeaways from GNO management meet:

Full-range abrasives, Saint-Gobain tech, pricing power, lean margins, and polymers-led mix upside, with China manageable and semiconductors still some years away.

Full-range abrasive portfolio remains a key competitive advantage: Grindwell Norton positions itself as a full-range abrasives player, with a portfolio spanning bonded abrasives, coated abrasives, thin wheels, super abrasives, construction products and non-woven abrasives. Management highlighted that the company is among the few players with such a comprehensive portfolio, allowing it to address diverse end-markets including steel, automotive, foundry, forging, auto-ancillaries, general engineering, fabrication, construction and retail.

Saint-Gobain relationship provides sustained technology access: A key structural advantage is GNO's access to Saint-Gobain's global technology, R&D and application expertise. Management highlighted seamless technology transfer from the group, supported by the Saint-Gobain Innovation Centre at IIT Madras Research Park and the company's own testing laboratories. Royalty is currently around 2.5% of sales excluding non-royalty businesses. Management expressed no concern around the sustainability of the technology/royalty relationship.

Growth increasingly driven by core businesses rather than Digital Services: Digital Services was described as a business that was initially provided by the parent for a specific volume requirement and is not expected to be a meaningful growth driver. Management expects it to remain broadly at current levels, with future growth primarily coming from abrasives, ceramics and Performance Polymers.

Steel, foundry, forging and auto remain the core abrasive demand drivers; Emerging sectors provide a long runway, although monetisation remains gradual: Despite the emergence of newer applications, the bulk of abrasive volumes continue to be driven by traditional industrial sectors, particularly steel, foundry, forging, automotive and auto-ancillaries. Management identified semiconductors, aerospace, defence, space, shipbuilding and railways as important emerging opportunities. These markets are still at an early stage in India and are therefore not yet meaningful contributors to revenue. Management's strategy is to establish customer relationships, provide application engineering and develop solutions ahead of market maturity, rather than focus purely on near-term sales. ***In semiconductors specifically, management indicated that a meaningful domestic opportunity could still take some years to develop***.

EV transition appears broadly neutral for abrasives, with incremental polymer opportunities: Management does not see the EV transition as structurally negative for the overall business. While EVs reduce abrasive consumption associated with conventional engines and transmissions, new opportunities emerge in battery packs and other applications. Performance Polymers could particularly benefit from these changes, making the overall impact of EV adoption broadly neutral from Grindwell's perspective.

Performance Polymers is positioned around differentiated, high-value applications: Performance Polymers comprises three key businesses: Engineered Components, Critical Process Solutions and Tape Solutions. Engineered Components supplies application-specific polymer components used in automotive applications; Critical Process Solutions serves pharma, biopharma, semiconductor and data-centre fluid-transfer applications; while Tape Solutions provides tapes and composites for joining, insulation, strengthening and shock absorption. The common theme is high-specification, engineered products rather than commoditised polymer products.

Niche positioning supports strong market shares in selected Performance Polymer products: Management emphasised that Performance Polymers operates in specialised markets rather than broad commodity categories. Certain niche products command very high market shares, with management citing approximately 75% share in non-oiled PTFE door hinges and describing the company as a leading/dominant player in tubings and biopharma single-use bag assemblies. Technology, product differentiation, quality and customer value remain the primary competitive levers.

Higher-margin Performance Polymers provides mix-led margin upside: Although Grindwell reports Ceramics & Plastics as a combined reporting category, management indicated that the different businesses are growing at broadly similar rates, with Ceramics & Plastics showing strong recent momentum. Importantly, Performance Polymers carries a relatively higher margin profile; therefore,

sustained growth in the business could provide a favourable mix effect and support consolidated margins over time. Management, however, did not provide segment-specific growth guidance.

Abrasives have a structural long-term growth trajectory despite cyclical fluctuations: Historical abrasive growth has been affected by economic cycles and one-off disruptions. Management indicated that normalised long-term growth broadly tracks IIP growth plus a premium. The FY20 sales was followed by a strong rebound in subsequent years as economic activity normalised. Management therefore views individual weak years as cyclical rather than indicative of a structural slowdown.

Recent performance reflects capex benefits, new products and cleaner export conditions: Management attributed the strong performance over the last 2–3 quarters to the benefits of the FY22–24 capex cycle, new product introductions and the absence of major negative export/customer disruptions that had affected earlier periods. The Ceramics & Plastics margin improvement has also been driven by a favourable product mix. Management indicated that the current margin level should broadly be maintainable but stopped short of providing formal guidance.

China competition appears manageable, with near-term channel dynamics favourable: Chinese imports were unusually front-loaded ahead of the withdrawal of China's export rebate from April 1, with traders reportedly importing 8–10x normal quantities. Following the rebate withdrawal, Chinese prices increased due to the combined impact of rebate removal, currency and freight. Grindwell has not yet seen the full impact because of inventory in the distribution channel, but management expects the competitive environment to become more favourable as these inventories are depleted. China remains a competitor to monitor, but management does not view it as a “doomsday” threat.

Grindwell's manufacturing capacity has increased approximately 6x since the early 2000s, despite the rise of Chinese competition. Management believes China remains a realistic competitor that needs to be monitored, but not a structural threat to the business. The company expects the positive performance of the recent three quarters to provide a foundation for sustained growth.

Pricing discipline has protected profitability: Grindwell has experienced both volume and price growth, with recent quarterly growth increasingly volume-led. Management indicated that inflationary cost increases have been passed through to customers, resulting in a broadly zero price-cost spread. This contrasts with some competitors that experienced negative price-cost spreads and margin pressure. The company's ability to protect margins through pricing demonstrates relatively strong customer stickiness and product differentiation.

Strong EBITDA margins are supported by a relatively lean cost structure: While Grindwell's gross margin is lower than some peers, its EBITDA and EBIT margins remain strong. Management attributed this to lower structural/fixed costs rather than simply high utilisation. The company also takes a longer-term view of capex absorption and does not concentrate investments into short, aggressive bursts, supporting a relatively efficient cost structure.

High Make-in-India content limits exposure to imported competition: Grindwell emphasised its high degree of local manufacturing compared with competitors. Imports are primarily restricted to products that are technically difficult to manufacture domestically or where the volumes are too small to justify local production. Even where group products are available globally, management prefers to manufacture them in India wherever economically and technically feasible.

Saint-Gobain India's expansion creates an additional strategic opportunity: Saint-Gobain India is targeting a strategy of doubling its business in five years and tripling it in ten years. Historically, Saint-Gobain India's growth has benefited significantly from acquisitions, but management believes future growth could come through a combination of organic expansion and acquisitions. Grindwell also holds approximately 1.9% in Saint-Gobain India. Management, however, stressed that Grindwell should primarily be valued on the growth of its core operating business rather than its investment holdings.

Raw-material exposure remains concentrated in alumina oxide: Alumina oxide is a major raw material for abrasives and is 100% imported, primarily from China, with some sourcing from Brazil. Silicon carbide is partly produced internally, although certain grit sizes and specialised fine grits are externally sourced. Zirconium-related inputs are also imported, including from Saint-Gobain group facilities in China and the US. Management indicated that alumina oxide represents a significant portion of the raw-material cost burden.

Input-cost inflation has historically been successfully passed through: The company experienced inflationary pressure during the last year but maintained margins through corresponding price increases. Management's commentary suggests that the ability to pass through raw-material inflation, rather than attempting to absorb it, remains an important factor supporting earnings resilience.

Ceramics & Refractories strategy is focused on premium steel applications: Grindwell operates in a different part of the ceramics/refractories market from CUMI and focuses more on monolithics, silicon-carbide-based ceramics, refractories and wear-resistant applications. Its target market is primarily premium steelmaking rather than commodity ironmaking. Management highlighted high-durability applications such as torpedo ladle linings, which can deliver around 2,000 charges. Key competitors include RHI Magnesita, Vesuvius, IFGL and Krosaki.

Semiconductor opportunity is strategically important but still some years away: Abrasives represent only a very small portion of the overall semiconductor plant economics—management estimates less than 0.5% of plant turnover—but are used across applications such as SiC boule/log cutting, polishing and photolithography-related cutting. Management therefore sees semiconductor abrasives as a potentially meaningful future opportunity, but the domestic semiconductor ecosystem needs to mature before this becomes a material revenue contributor.

Capex is increasingly focused on capability rather than just capacity: Following the major FY22–24 capex cycle, Grindwell continues to invest around 3–4% of turnover annually in capacity and capability. The focus is increasingly shifting toward automation, Industry 4.0, AI-based analytics, productivity, quality, consistency and value-added products. Management also indicated that capacity constraints should not result in market-share losses.

Bhutan subsidiary remains small but operationally constrained: The Bhutan subsidiary generates EBITDA margins of approximately 10–12%, but its historical profitability has been affected by low power availability, including periods when the plant was shut for up to six months. The facility is primarily geared towards captive consumption, with only limited external sales.

Permacel acquisition is outperforming initial expectations: PRS Permacel, which forms part of the Tape Solutions business, has performed better than management had initially anticipated following its acquisition. This provides an additional positive datapoint for the integration and growth potential of the Performance Polymers portfolio.

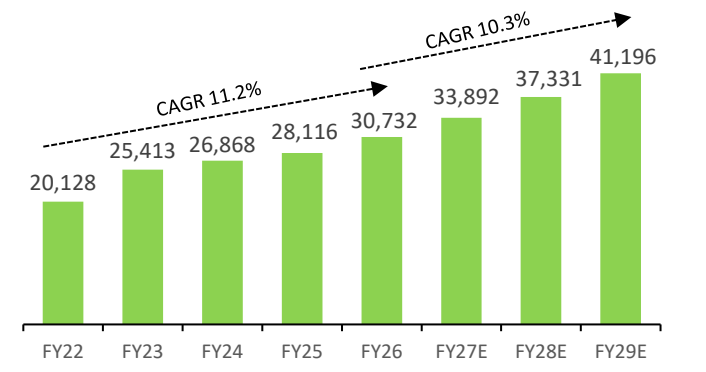
Seasonality remains an important consideration while assessing quarterly performance: Management prefers investors to assess performance on a YoY basis rather than sequentially because of inherent seasonality. Historically, Q4 (January–March) is the strongest quarter, with Q3 also relatively strong, while Q1 and Q2 tend to be comparatively subdued. Consequently, sequential moderation should not automatically be interpreted as a deterioration in underlying demand.

Financial Analysis

Revenue Growth

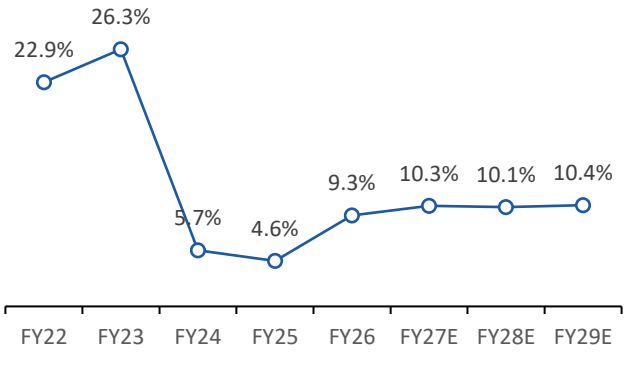
GNO's revenue grew at an 11.2% CAGR over FY22-FY26, from Rs 20,128mn in FY22 to Rs 30,732mn in FY26. Growth was particularly strong in FY23, with revenue increasing 26.3%, supported mainly by strong pent-up demand across key industrial segments as well as PRS Permacel acquisition. Consolidated revenue growth remained muted over FY24-25, but improved in FY26 to 9.3%, helped by growth across its segments. Going forward, we expect revenue to grow at a 10.3% CAGR over FY26-FY29E.

Exhibit 54: Revenue Trend (Rs mn)



Source: Company, MNCL Research

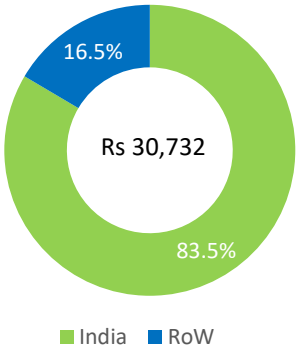
Exhibit 55: Net Revenue Growth Trend



Source: Company, MNCL Research

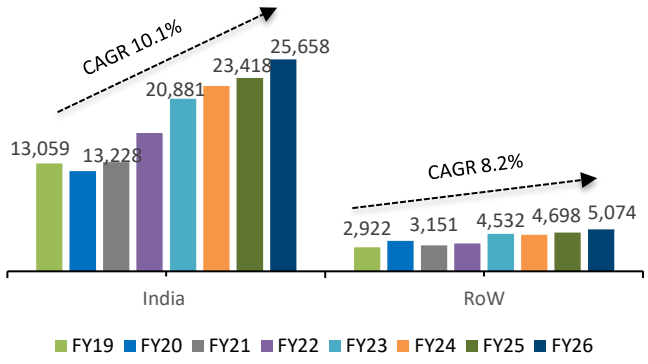
India remains the key growth driver with a 10.1% CAGR during FY19-26, reaching Rs 25,658mn and contributing 83.5% of the whole pie in FY26. In contrast, international growth over the same period was affected by geopolitical uncertainties and Chinese competitive pressure.

Exhibit 56: Geographic Revenue Distribution in FY26



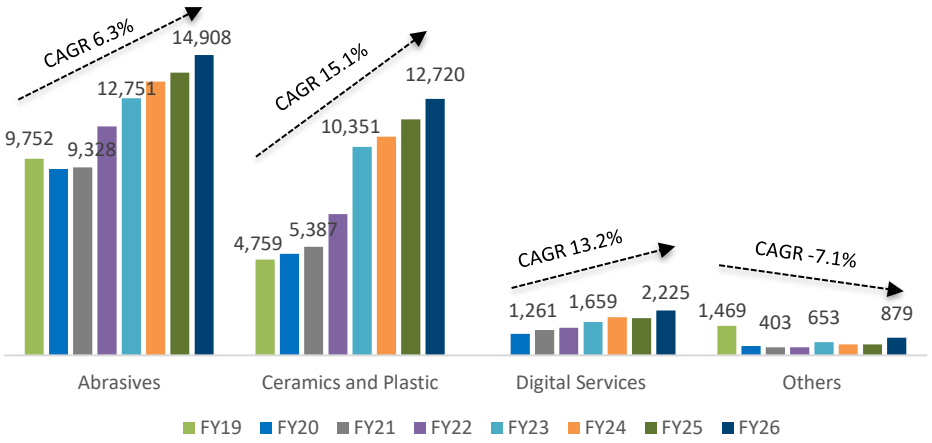
Source: Company, MNCL Research

Exhibit 57: Revenue Growth Trend (Rs mn)



Source: Company, MNCL Research

Exhibit 58: Growth driven mainly by C&P and Digital Services, while Abrasives provided stability

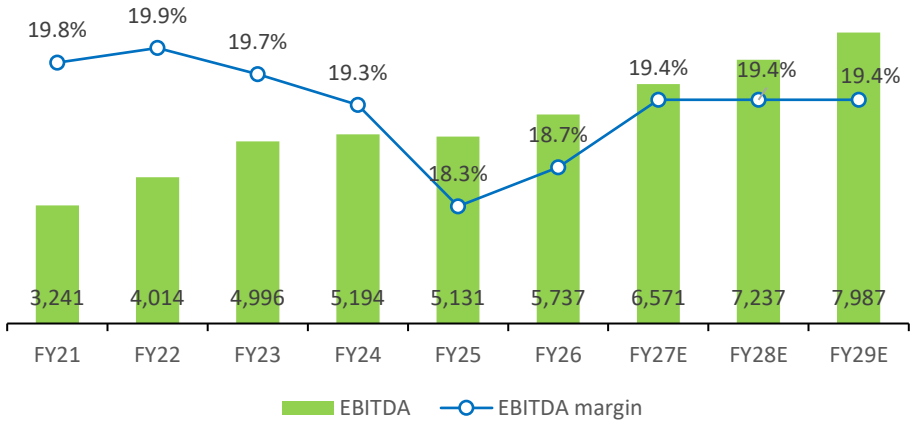


Source: Company, MNCL Research

EBITDA growth and EBITDA margins

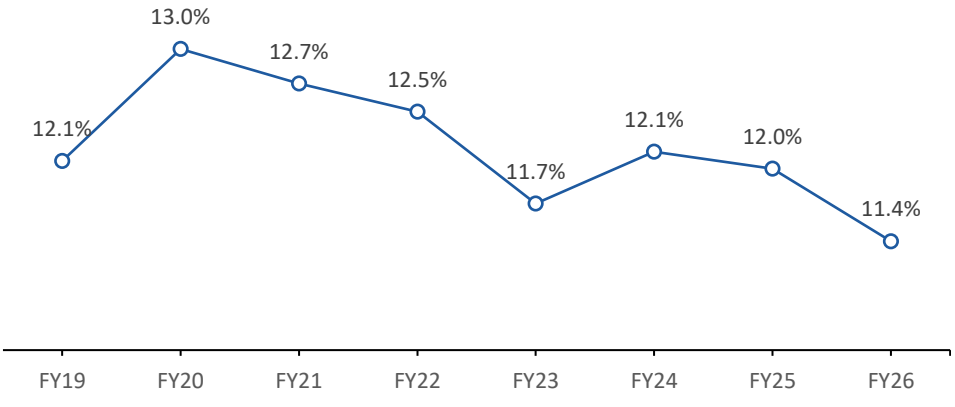
EBITDA rose from Rs 3,241mn in FY21 to Rs 5,737mn in FY26, implied CAGR of 17%. EBITDA margin moderated from a high of 19.9% in FY22 to 18.3% in FY25 but improved marginally to 18.7% in FY26. Notably, the fall in EBITDA margin of 150 bps was lower than the fall in gross margin of 240 bps over the same period due to better cost control. Going forward, we expect EBITDA to grow at a ~11.7% CAGR over FY26-FY29E.

Exhibit 59: EBITDA and EBITDA Margin



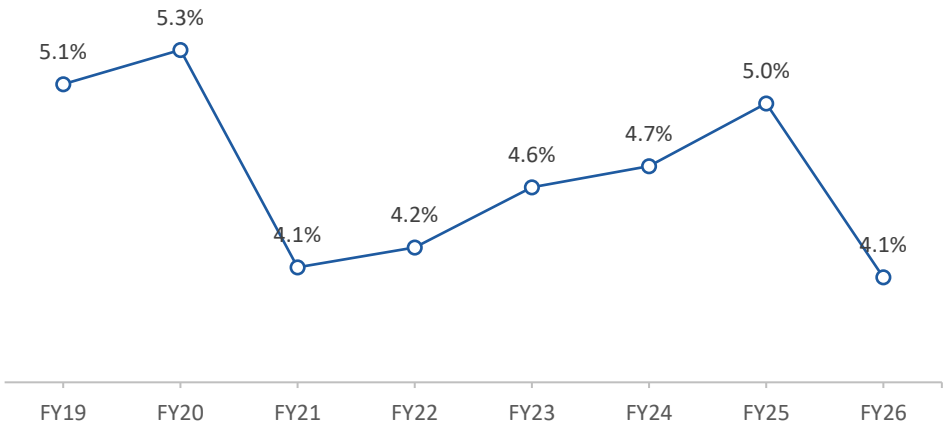
Source: Company, MNCL Research Estimates

Exhibit 60: Lower Employee Cost as % of Net Revenue helped EBITDA Margins



Source: Company, MNCL Research Estimates

Exhibit 61: Power & Fuel Expense as a % of Net Revenue is Now Again Brought Under Control

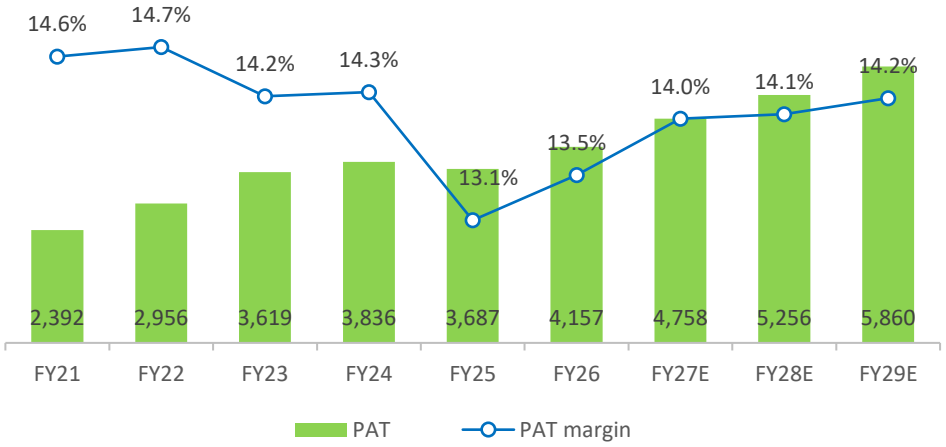


Source: Company, MNCL Research Estimates

PAT growth and PAT margin

GNO delivered a PAT CAGR of ~11.7% over FY21-FY26, with PAT increasing from Rs 2,392mn in FY21 to Rs 4,157mn in FY26. The fall in PAT margin to 13.1% in FY25 was primarily attributable to lower EBITDA margin. FY26 saw a recovery in PAT margin to 13.5% which should further improve to 14.2% by FY29E.

Exhibit 62: PAT and PAT Margin

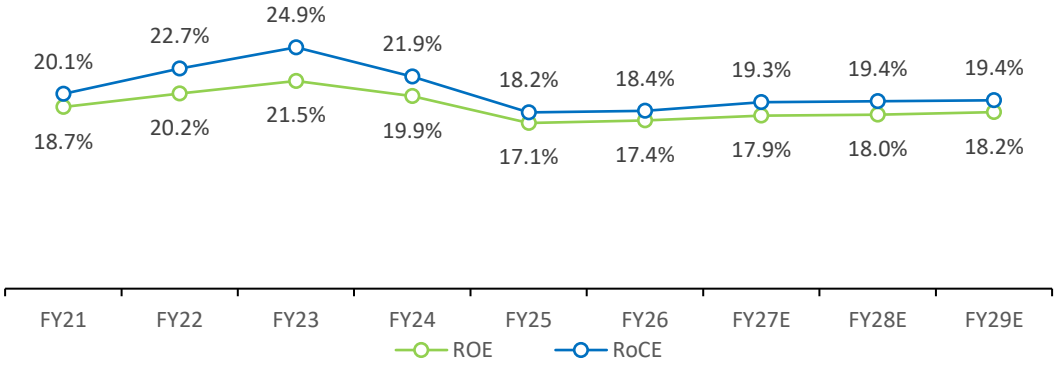


Source: Company, MNCL Research Estimates

Return Ratios

ROE and RoCE expanded sharply during FY21-FY23, reaching 21.5% and 24.9%, respectively, supported by stronger profitability and improved capital efficiency. Returns moderated thereafter as earnings growth softened relative to the underlying equity and capital employed, with ROE/RoCE declining to 17.4%/18.4% in FY26. We expect a gradual recovery to 18.2%/19.4% by FY29E, driven by earnings growth and improving operating efficiency.

Exhibit 63: RoCE and ROE profile (In %)



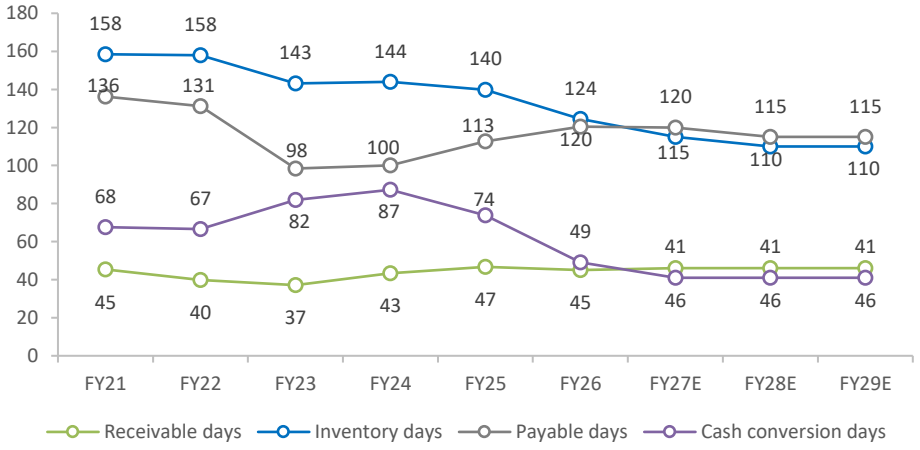
Source: Company, MNCL Research Estimates

Working Capital

Cash conversion days improved sharply from 87 days in FY24 to 49 days in FY26, driven by falling inventory days and higher payable days. We expect cash conversion days to improve further to 41 days during FY27E-FY29E, led by inventory optimization, with inventory days declining to 110 days by FY28E, while receivable days will remain broadly stable at 46 days.

The fall in payable days over FY22-24 was attributable to a transition from a high-growth period to a slow growth period which led GNO to extract better credit terms from its suppliers. The fall in inventory over the same period can be tied to the company increasing its dealer network aggressively, as discussed further below.

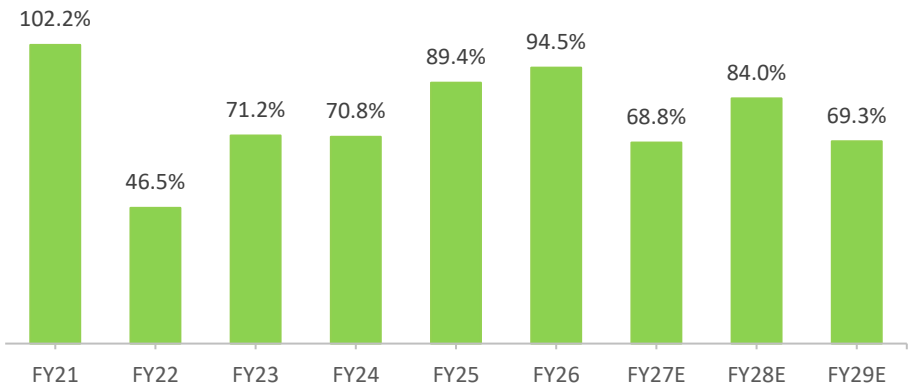
Exhibit 64: Cash cycle



Source: Company, MNCL Research Estimates

CFO-to-EBITDA has remained healthy but volatile, improving from 46.5% in FY22 to 94.5% in FY26, supported by stronger working-capital efficiency. The sharp improvement in cash conversion days to 49 days in FY26, from 87 days in FY24, aided operating cash generation. We estimate CFO-to-EBITDA at 68.8% in FY27E, before improving to 84.0% in FY28E and moderating to 69.3% in FY29E. While cash conversion is expected to remain somewhat volatile, the projected levels remain supportive of healthy operating cash generation.

Exhibit 65: CFO-to-EBITDA



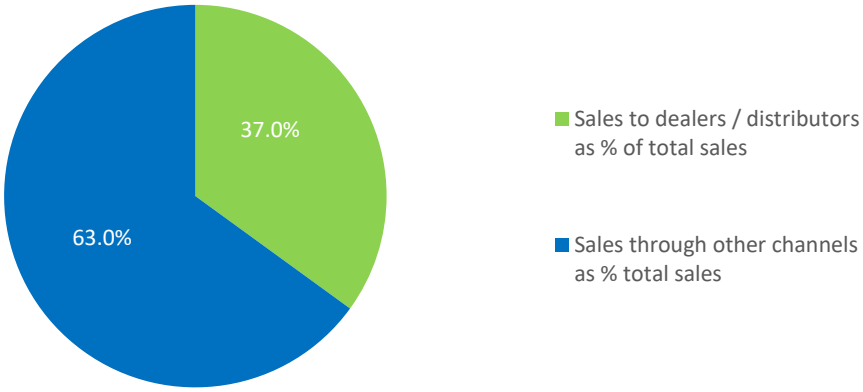
Source: Company, MNCL Research Estimates

Broad Customer Base, Strong Direct B2B Exposure

GNO's sales mix indicates a gradual reduction in dependence on the dealer/distributor channel, with its contribution declining from 44.7% of total sales in FY24 to 37.0% in FY26. At the same time, the dealer base expanded from 1,442 to 1,731, indicating broader market reach. The fall in sales per dealer in FY26 could be due to increase in the number of dealers/distributors towards the end of the year.

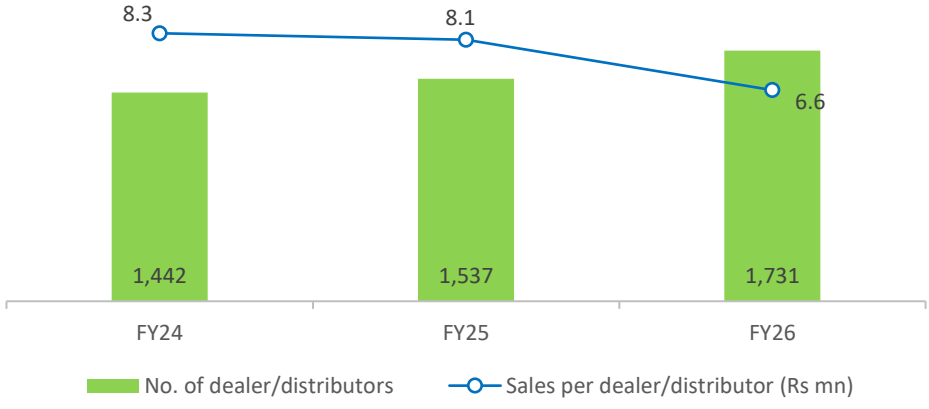
While the top 10 dealers' share of dealer sales increased to 20.1% in FY26 from 14.7% in FY25, their contribution to overall sales remained low at 7.4%, limiting customer concentration risk. Overall, the expanding dealer network and lower channel concentration suggest improving distribution depth.

Exhibit 66: Sales Channels (FY26)



Source: Company, MNCL Research

Exhibit 67: Sales per Dealer/Distributor (Rs mn)

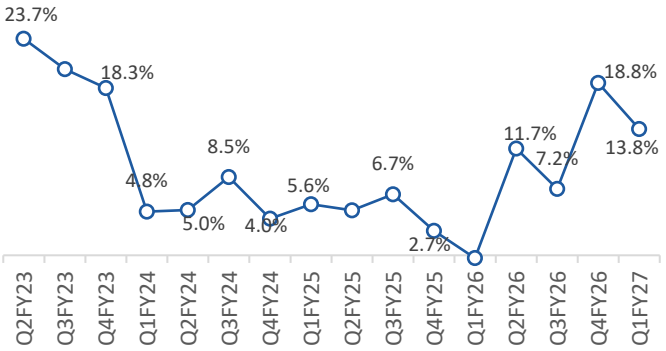


Source: Company, MNCL Research

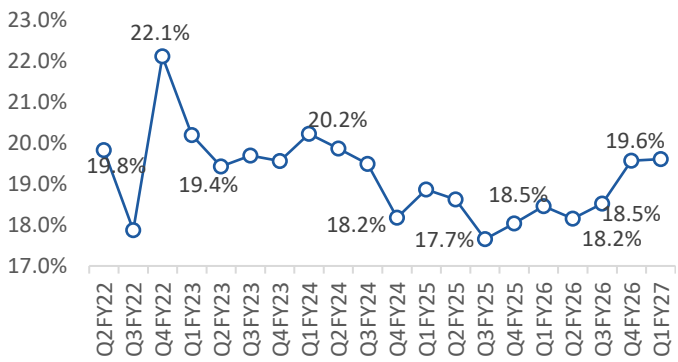
Q4FY26/Q1FY27 Performance Indicates Start of an Upcycle

Exhibit 68: Revenue Growth and EBIT Margin

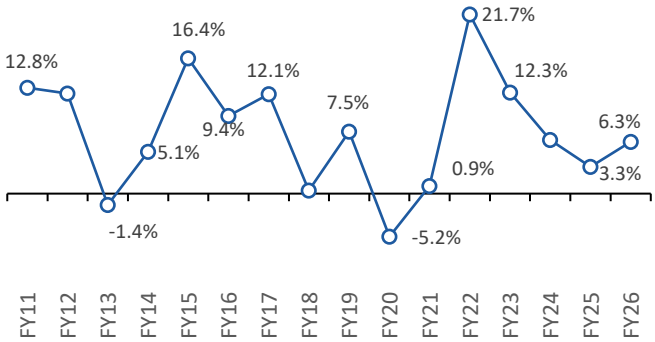
Consolidated Revenue Growth - Quarterly (YoY)



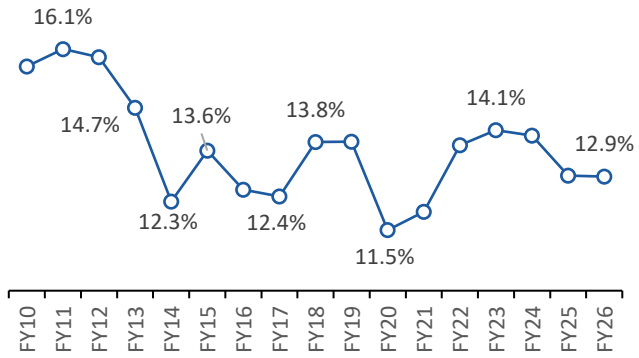
Consolidated EBITDA margin - Quarterly



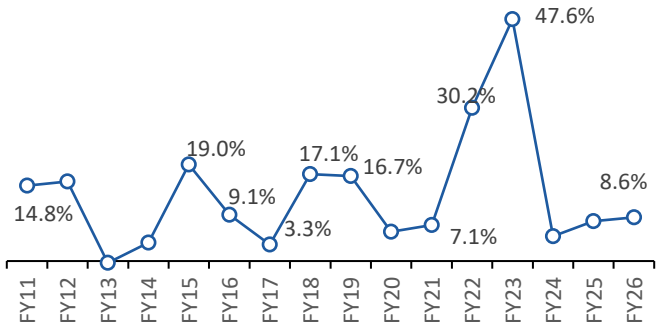
Abrasives segment YoY Growth



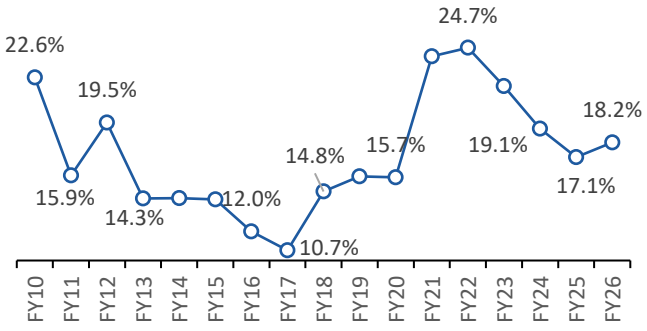
Abrasives segment EBIT margin



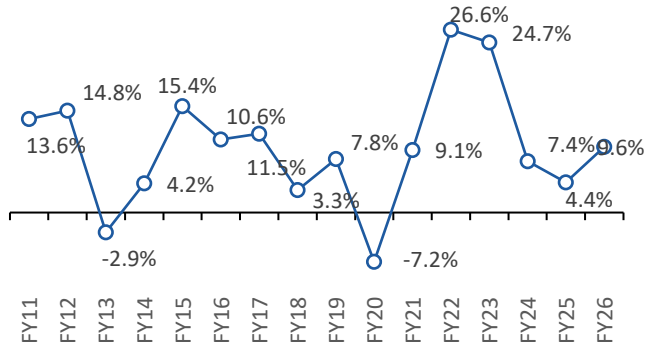
C&P segment YoY Growth



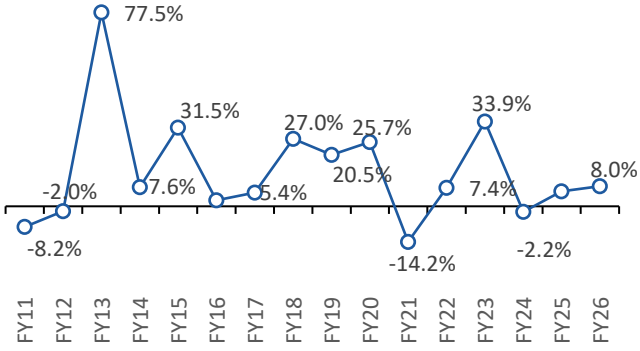
C&P segment EBIT margin



India Sales YoY Growth



Exports YoY Growth



Source: Company, MNCL Research

Valuation – Favorable Risk-Reward

We value GNO on a sum-of-the-parts basis, blending P/E and EV/EBITDA on the core business with a separately valued stake in unlisted Saint-Gobain India Pvt Ltd, arriving at a Sept-2028E base-case target price of Rs 2,371, 23.8% upside from CMP. Our estimates indicate a FY26-29E revenue/EBITDA/PAT CAGR of 10.3%/11.7%/12.1%. We used regression analysis to arrive at our revenue growth assumptions.

On P/E, we apply 45.0x to base-case FY28E EPS of Rs 49.2, implying a core equity value of Rs 245,065mn at a 14.2% PAT margin; adding attributable SGIPL value of Rs 11,880mn gives total SOTP value of Rs 256,945mn, or Rs 2,321 per share, 21.2% upside.

On EV/EBITDA, we apply 32.0x to base-case FY28E EBITDA of Rs 7,612mn at a 19.4% EBITDA margin, implying equity value of Rs 259,744mn; adding SGIPL value and netting its carrying value gives Rs 268,025mn, or Rs 2,421, 26.4% upside.

Averaging both methods gives our headline target of Rs 2,371.

Bull case, assuming 50.0x P/E and 36x EV/EBITDA on stronger EPS of Rs 55.6 and EBITDA of Rs 8,689mn, supports Rs 2,986, 55.9% upside. Bear case, at compressed multiples of 38.0x and 27.0x, implies Rs 1,778, a 7.2% downside — a favourable risk-reward skew given the quality of GNO's franchise.

Exhibit 69: SOTP-based TP Computation (September 2028E)

	Base case	Bull case	Bear Case
Average Target Price (Rs)	**2,371**	**2,986**	**1,778**
Implied upside (%)	23.8%	55.9%	-7.2%
P/E-based valuation			
Estimated EPS (Rs)	49.2	55.6	44.8
Attributed P/E (x)	45.0	50.0	38.0
Implied value (Rs mn)	2,45,065	3,07,902	1,88,346
Attributable SGIPL value	11,880	13,898	3,598
Total SOTP value	**2,56,945**	**3,21,800**	**1,91,944**
Target price (Rs)	2,321	2,906	1,734
Implied upside (%)	**21.2%**	**51.8%**	**-9.5%**
PAT margin	14.2%	14.4%	13.9%
EV/EBITDA-based valuation			
Estimated EBITDA (Rs mn)	7,612	8,689	6,878
Attributed EV/EBITDA (x)	32.0	36.0	27.0
Implied equity value (Rs mn)	2,59,744	3,29,075	2,01,785
Attributable SGIPL value (Rs mn)	11,880	13,898	3,598
Less SGIPL carrying value (Rs mn)	-3,598	-3,598	-3,598
Total SOTP value	**2,68,025**	**3,39,375**	**2,01,785**
Target price (Rs)	2,421	3,065	1,822
Implied upside (%)	**26.4%**	**60.1%**	**-4.8%**
EBITDA margin	19.4%	19.9%	18.9%
CMP (Rs)	1,915		
S/O (mn)	111		

Source: Company, MNCL Research Estimates

Exhibit 70: Assumptions

3Yr CAGR	Base	Bull	Bear
Revenue	10.3%	15.0%	7.0%
EBITDA	11.7%	17.5%	7.4%
PAT	12.1%	17.4%	8.3%

Source: Company, MNCL Research Estimates

Exhibit 71: GNO 2-yr Forward P/E Chart

Source: Bloomberg

Exhibit 72: GNO 2-yr Forward EV/EBITDA Chart

Source: Bloomberg

Financial Statements

Exhibit 73: Consolidated Income Statement of Grindwell Norton

In Rs mn, except per share	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net revenue	**20,128**	**25,413**	**26,868**	**28,116**	**30,732**	**33,892**	**37,331**	**41,196**
YoY growth	*22.9%*	*26.3%*	*5.7%*	*4.6%*	*9.3%*	*10.3%*	*10.1%*	*10.4%*
Cost of goods sold	8,899	11,617	12,066	12,760	14,249	15,658	17,247	19,033
Gross profit	**11,228**	**13,797**	**14,801**	**15,355**	**16,483**	**18,234**	**20,084**	**22,163**
Gross margin	*55.8%*	*54.3%*	*55.1%*	*54.6%*	*53.6%*	*53.8%*	*53.8%*	*53.8%*
Employee expenses	2,507	2,974	3,258	3,370	3,501	3,861	4,253	4,693
% net revenue	*12.5%*	*11.7%*	*12.1%*	*12.0%*	*11.4%*	*11.4%*	*11.4%*	*11.4%*
Other operating expenses	4,708	5,827	6,349	6,854	7,246	7,802	8,594	9,484
EBITDA	**4,014**	**4,996**	**5,194**	**5,131**	**5,737**	**6,571**	**7,237**	**7,987**
YoY growth	*23.8%*	*24.5%*	*4.0%*	*1.2%*	*11.8%*	*14.5%*	*10.1%*	*10.4%*
EBITDA margin	*19.9%*	*19.7%*	*19.3%*	*18.3%*	*18.7%*	*19.4%*	*19.4%*	*19.4%*
EBITDA margin, ex-non-opex items	*19.9%*	*20.1%*	*19.4%*	*18.3%*	*19.2%*	*19.4%*	*19.4%*	*19.4%*
Depreciation and amortization	535	601	709	926	1,051	1,159	1,277	1,409
Earnings before interest and taxes	**3,479**	**4,395**	**4,486**	**4,205**	**4,685**	**5,411**	**5,960**	**6,578**
EBIT margin	*17.3%*	*17.3%*	*16.7%*	*15.0%*	*15.2%*	*16.0%*	*16.0%*	*16.0%*
EBIT margin, ex-non-opex items	*17.3%*	*17.7%*	*16.7%*	*15.0%*	*15.8%*	*16.0%*	*16.0%*	*16.0%*
Interest expenses	41	78	78	93	82	65	64	70
Investment and other income	531	561	683	799	949	996	1,110	1,304
Share of profit from JV	10	19	4	9	1	2	2	2
Exceptional items	0	0	4	0	0	0	0	0
Non-operating income / (expenses)	**480**	**464**	**598**	**715**	**868**	**933**	**1,048**	**1,236**
Profit before taxes	**3,959**	**4,859**	**5,083**	**4,920**	**5,554**	**6,344**	**7,008**	**7,814**
Income taxes	-1,008	-1,244	-1,244	-1,207	-1,386	-1,583	-1,749	-1,950
ETR	*25.5%*	*25.6%*	*24.5%*	*24.5%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*
Minority interest	6	4	-3	-25	-11	-3	-4	-4
Profit after taxes	**2,956**	**3,619**	**3,836**	**3,687**	**4,157**	**4,758**	**5,256**	**5,860**
YoY growth	*23.6%*	*22.4%*	*6.0%*	*-3.9%*	*12.7%*	*14.5%*	*10.5%*	*11.5%*
PAT margin	*14.7%*	*14.2%*	*14.3%*	*13.1%*	*13.5%*	*14.0%*	*14.1%*	*14.2%*
Per share								
EPS	26.7	32.7	34.6	33.3	37.5	43.0	47.5	52.9
DPS	12.0	14.5	17.0	17.0	19.0	21.8	24.1	26.9
BVPS	141.7	163.1	185.6	203.7	228.9	251.7	276.6	304.3
Par Value	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Shares outstanding (mn)	111	111	111	111	111	111	111	111

Exhibit 74: Consolidated Balance Sheet of Grindwell Norton

In Rs mn; FY-end March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Cash and cash equivalents	2,780	1,390	2,130	2,646	4,901	5,493	5,796	6,766
ST investments (mostly MFs)	3,303	4,352	4,473	6,159	6,681	7,500	10,000	11,000
Trade receivables	2,369	2,802	3,575	3,624	3,968	4,575	4,834	5,549
Inventories	4,476	4,639	4,876	4,899	4,815	5,052	5,343	6,129
Other short-term assets	851	601	680	691	757	835	919	1,014
Total current assets	**13,778**	**13,785**	**15,733**	**18,019**	**21,121**	**23,455**	**26,893**	**30,459**
PPE including intangibles, net	3,859	5,396	7,092	8,396	8,404	8,445	8,468	8,459
Capital WIP	662	1,235	1,275	254	512	626	773	971
Goodwill	5	468	468	468	468	468	468	468
LT investments	2,156	2,336	2,414	2,604	3,153	3,331	3,510	**3,688**
Investment in joint ventures	104	85	147	156	157	159	161	163
Other non-current assets	**629**	**812**	**568**	**672**	**563**	**621**	**560**	**618**
Total non current assets	**7,415**	**10,333**	**11,963**	**12,549**	**13,257**	**14,321**	**14,758**	**15,382**
Total Assets	**21,193**	**24,118**	**27,696**	**30,568**	**34,379**	**37,105**	**40,833**	**44,825**
Short-term debt, mostly leases	71	219	221	229	193	200	210	220
Trade payables	3,277	2,988	3,624	4,253	5,143	5,153	5,715	6,278
Employee and other provisions	251	246	351	287	361	399	439	485
Current tax liabilities	220	251	79	98	108	119	131	144
Other short-term liabilities	1,065	1,453	1,428	1,491	1,721	1,898	2,090	2,306
Current liabilities, total	**4,885**	**5,157**	**5,703**	**6,358**	**7,526**	**7,767**	**8,585**	**9,433**
Long-term debt, mostly leases	80	295	605	607	414	326	369	419
Provisions	268	336	496	502	477	508	560	618
Deferred tax liabilities	155	157	221	364	424	441	485	453
Other non-current liabilities	6	4	3	42	39	43	47	52
Total liabilities	**5,393**	**5,949**	**7,028**	**7,872**	**8,879**	**9,085**	**10,046**	**10,975**
Minority interest	116	111	115	140	152	155	159	163
Shareholders' equity	15,685	18,058	20,553	22,555	25,348	27,865	30,628	33,687
Total liabilities and shareholders' equity	**21,193**	**24,118**	**27,696**	**30,568**	**34,379**	**37,105**	**40,833**	**44,825**

Source: Company, MNCL Research Estimates

Exhibit 75: Consolidated Cashflow Statement of Grindwell Norton

In Rs mn	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PAT	2,956	3,619	3,836	3,687	4,157	4,758	5,256	5,860
Depreciation and amortization	535	601	709	926	1,051	1,159	1,277	1,409
Other non-cash items	802	1,017	833	743	795	883	957	996
Changes in working capital	-1,431	-449	-324	372	803	-694	335	-785
Taxes paid	-997	-1,232	-1,374	-1,144	-1,384	-1,583	-1,749	-1,950
Cash flow from operations	**1,866**	**3,557**	**3,679**	**4,585**	**5,421**	**4,524**	**6,076**	**5,531**
Capital expenditure	-1,256	-1,637	-1,724	-941	-1,189	-1,314	-1,447	-1,597
Business acquisition (PRS Permacel)	0	-1,211	0	0	0	0	0	0
Changes in investments	1,865	-939	375	-1,174	-76	-382	-2,010	-368
Interest received	59	86	118	146	164	200	225	237
Dividend received from SGIPL	29	63	94	118	118	129	142	156
Investment in joint venture, net	0	0	-69	0	0	0	0	0
Other investing flows	57	8	34	18	10	0	0	0
Cash flow from investing activities	**754**	**-3,631**	**-1,171**	**-1,833**	**-974**	**-1,366**	**-3,091**	**-1,572**
Changes in debt	-46	91	-85	-260	-230	-81	53	60
Interest paid	-41	-78	-78	-93	-82	-65	-64	-70
Dividend paid	-1,052	-1,329	-1,605	-1,882	-1,882	-2,418	-2,672	-2,979
Cash flow from financing activities	**-1,139**	**-1,316**	**-1,768**	**-2,236**	**-2,194**	**-2,565**	**-2,682**	**-2,989**
Changes in cash	**1,481**	**-1,390**	**740**	**516**	**2,254**	**592**	**303**	**970**
Opening cash and cash equivalents	1,299	2,780	1,390	2,130	2,646	4,901	5,493	5,796
Add : Additions pursuant to merger	0	0	0	0	0	0	0	0
Ending cash and cash equivalents	**2,780**	**1,390**	**2,130**	**2,646**	**4,901**	**5,493**	**5,796**	**6,766**

Source: Company, MNCL Research Estimates

Exhibit 76: Consolidated Quarterly Income Statement of Grindwell Norton

In Rs mn, except per share	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	TTM
Net revenue	6,939	7,026	7,095	7,035	7,747	7,528	8,422	8,033	31,730
YoY growth				***-0.3%***	***11.7%***	***7.1%***	***18.7%***	***14.2%***	***12.9%***
QoQ growth	***-1.7%***	***1.3%***	***1.0%***	***-0.9%***	***10.1%***	***-2.8%***	***11.9%***	***-4.6%***	
Cost of goods sold	3,071	3,225	3,261	3,194	3,536	3,534	3,984	3,613	14,667
Gross profit	**3,868**	**3,801**	**3,834**	**3,841**	**4,211**	**3,994**	**4,438**	**4,420**	**17,063**
Gross margin	***55.7%***	***54.1%***	***54.0%***	***54.6%***	***54.4%***	***53.1%***	***52.7%***	***55.0%***	***53.8%***
Employee expenses	825	823	826	852	918	817	914	972	3,621
Other operating expenses	1,750	1,744	1,735	1,690	1,886	1,787	1,882	1,878	7,434
EBITDA	**1,292**	**1,234**	**1,273**	**1,299**	**1,407**	**1,389**	**1,642**	**1,570**	**6,008**
EBITDA margin	***18.6%***	***17.6%***	***17.9%***	***18.5%***	***18.2%***	***18.5%***	***19.5%***	***19.5%***	***18.9%***
Depreciation and amortization	228	235	249	259	263	270	259	265	1,057
Earnings before interest and taxes	**1,064**	**1,000**	**1,024**	**1,040**	**1,143**	**1,119**	**1,383**	**1,305**	**4,950**
EBIT margin	***15.3%***	***14.2%***	***14.4%***	***14.8%***	***14.8%***	***14.9%***	***16.4%***	***16.2%***	***15.6%***
Interest expenses	23	21	25	22	22	21	17	14	74
Other income	234	180	227	238	310	189	212	246	957
Share from JV/Associates	0	3	2	2	1	2	0	4	3
Profit before taxes	**1,275**	**1,162**	**1,229**	**1,259**	**1,433**	**1,284**	**1,578**	**1,541**	**5,836**
Income taxes	-304	-282	-301	-314	-358	-329	-385	-388	-1,460
ETR	***23.9%***	***24.3%***	***24.5%***	***25.0%***	***25.0%***	***25.6%***	***24.4%***	***25.2%***	***25.0%***
Minority interest	-9	-11	-3	0	-5	-4	-6	2	-14
PAT to common shareholders	**962**	**868**	**925**	**945**	**1,069**	**952**	**1,187**	**1,155**	**4,363**
YoY growth				***1.4%***	***11.1%***	***9.6%***	***28.3%***	***22.3%***	***17.9%***
PAT margin	***13.9%***	***12.4%***	***13.0%***	***13.4%***	***13.8%***	***12.6%***	***14.1%***	***14.4%***	***13.8%***
Per share									
EPS	8.7	7.8	8.4	8.5	9.7	8.6	10.7	10.4	39.4
BVPS	185.8	n.a	203.7	n.a	206.1	n.a	228.9	240.5	240.5
Par value	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Shares outstanding (mn)	111	111	111	111	111	111	111	111	111

Source: Company, MNCL Research estimates

Exhibit 77: Key Ratios of Grindwell Norton

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	22.9%	26.3%	5.7%	4.6%	9.3%	10.3%	10.1%	10.4%
EBITDA	23.8%	24.5%	4.0%	-1.2%	11.8%	14.5%	10.1%	10.4%
PAT	23.6%	22.4%	6.0%	-3.9%	12.7%	14.5%	10.5%	11.5%
Margin Ratios (%)								
Gross profit	55.8%	54.3%	55.1%	54.6%	53.6%	53.8%	53.8%	53.8%
EBITDA	19.9%	19.7%	19.3%	18.3%	18.7%	19.4%	19.4%	19.4%
EBIT	17.3%	17.3%	16.7%	15.0%	15.2%	16.0%	16.0%	16.0%
Net income	14.7%	14.2%	14.3%	13.1%	13.5%	14.0%	14.1%	14.2%
DuPont (%)								
PAT-to-sales	14.7%	14.2%	14.3%	13.1%	13.5%	14.0%	14.1%	14.2%
Sales-to-assets	0.9	1.1	1.0	0.9	0.9	0.9	0.9	0.9
Assets-to-equity	1.4	1.3	1.3	1.4	1.4	1.3	1.3	1.3
ROE	18.8%	20.0%	18.7%	16.3%	16.4%	17.1%	17.2%	17.4%
RoAE	20.2%	21.5%	19.9%	17.1%	17.4%	17.9%	18.0%	18.2%
RoAA	14.8%	16.0%	14.8%	12.7%	12.8%	13.3%	13.5%	13.7%
RoCE	22.7%	24.9%	21.9%	18.2%	18.4%	19.3%	19.4%	19.4%
RoIC	30.1%	30.8%	27.2%	21.9%	22.2%	21.8%	21.4%	22.5%
Turnover Ratios (days) *								
Receivable days	40	37	43	47	45	46	46	46
Inventory days	158	143	144	140	124	115	110	110
Payable days	131	98	100	113	120	120	115	115
Cash conversion days	67	82	87	74	49	41	41	41
CFO-to-EBITDA	46%	71%	71%	89%	95%	69%	84%	69%
Working capital turns	8.9	8.5	8.0	8.4	11.6	13.3	13.3	13.3
Solvency Ratios								
Net debt-to-EBITDA	-1.48	-1.05	-1.11	-1.55	-1.91	-1.90	-2.10	-2.14
Debt-to-equity	0.01	0.03	0.04	0.04	0.02	0.02	0.02	0.02
Cash-to-mcap	3.1%	2.8%	3.1%	4.7%	7.7%	6.1%	7.4%	8.4%
Capex-to-net revenue	0.06	0.06	0.06	0.03	0.04	0.04	0.04	0.04
Accrual ratio	0.0	0.2	0.1	0.0	0.0	0.0	0.1	0.0
Per share (INR)								
EPS	26.7	32.7	34.6	33.3	37.5	43.0	47.5	52.9
DPS	12.0	14.5	17.0	17.0	19.0	21.8	24.1	26.9
BVPS	141.7	163.1	185.6	203.7	228.9	251.7	276.6	304.3
CEPS								
Valuation (x)								
P/E	67.4	57.4	54.8	50.6	36.0	44.6	40.3	36.2
P/B	12.7	11.5	10.2	8.3	5.9	7.6	6.9	6.3
P/S	9.9	8.2	7.8	6.6	4.9	6.3	5.7	5.1
EV/EBITDA	48.2	40.6	39.5	34.9	24.3	30.4	27.3	24.5
Dividend								
Payout	44.9%	44.4%	49.1%	51.0%	50.6%	50.8%	50.8%	50.8%
Yield	0.7%	0.8%	0.9%	1.0%	1.4%	1.6%	1.8%	2.0%

Source: Company, MNCL Research estimates

Carborundum Universal I BUY I TP: Rs 1,563 | Upside: 30%

A Stronger Core to Emerge as Overseas Drag Fades

We initiate coverage on CUMI with a BUY rating, built on three pillars. First, the FY26 margin dip reflects losses at soon-to-be-divested overseas units (AWUKO, Foskor), not structural weakness — the domestic core keeps compounding, and we forecast consolidated EBITDA margin recovery through FY27-29E. Second, Ceramics is the key premiumization lever, riding semiconductor/EV-adjacent demand and mix enhancement. Third, upstream integration provides both a raw-material cost moat and captive downstream demand.

- **Overseas drag delays margin recovery:** The FY26 margin dip is largely self-inflicted-and-fixable rather than structural: stripping out the AWUKO and Foskor one-offs, the consolidated business (Abrasives, Electrominerals, Ceramics) continues to compound at 11-12%, and our estimates build EBITDA margin recovery through FY27E-29E as the loss-making overseas drag disappears from the base. We flag, however, that this recovery is not yet visible in the trailing quarterly numbers: EBITDA margin has been choppy rather than cleanly recovering — from a Q1FY26 low of 9.9%, it rose to 12.5% by Q3FY26 before slipping back to 10.3% in Q4FY26 and a fresh low of 9.47% in Q1FY27. We read this volatility as consistent with negative operating leverage at AWUKO and Foskor still working through the base rather than a resumed structural decline.

- **Ceramics — the key premiumization lever:** CUMI has the most credible premiumization optionality via its Ceramics segment, which earned a 24.7% EBITDA margin in FY26 — roughly 3x the Abrasives segment margin of 8.8%, comfortably the highest-margin pool in the portfolio — and is explicitly targeted by the management for continued mix-shift investment. As technical ceramics penetrate semiconductors, power-electronics and EV-adjacent applications and refractories migrate toward higher-value monolithic/composite formats, CUMI's Ceramics business is well-positioned to benefit from this structural shift.

- **Upstream Integration — A Structural Cost Moat:** CUMI's upstream integration in bauxite mining, alumina fusion and silicon-carbide manufacturing provides a natural hedge against the raw-material price volatility that a China-dominated global grain-supply chain otherwise imposes on Indian abrasives makers — a moat neither Wendt (a pure downstream consumer of super-abrasive grit) nor GNO's non-SiC operations enjoy to the same degree. Importantly, this upstream integration is not merely a cost hedge but also supports a captive downstream market: in FY26, ~11.2% of Electrominerals' gross sales were consumed internally in the production of abrasives and ceramics, underscoring the strategic linkage between CUMI's upstream and downstream businesses.

- **Valuation and view:** We value CUMI on a sum-of-the-parts basis, attributing a 45.0x P/E and a 27.0x EV/EBITDA for the core business and separately valuing its stake in listed Wendt India, arriving at a Sept-2028E base-case target price of Rs 1,563, implying 30% upside from CMP. Our estimates indicate a FY26-29E revenue/EBITDA/APAT CAGR of 11.0%/27.3%/28.6%.

Target price	**1,563**
CMP	1,204
Upside	30%

Price Performance (%)

	1M	6M	1Yr
CU IN	9%	61%	26%
Nifty	-6%	2%	-8%

Source: BSE, NSE, Company

Key Data	
Bloomberg Code	CU:IN
Curr Shares O/S (mn)	190
Diluted O/S (mn)	190
Mkt Cap (Rs bn/$ mn)	231/2,410
52 Wk H / L (Rs)	1,307/735
3M Average Volume	2,99,293

Shareholding pattern (%)

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter Group	38.9%	38.9%	38.8%	38.9%
DIIs	29.8%	30.0%	29.4%	29.1%
FIIs	10.8%	10.9%	10.7%	11.1%
Others	20.5%	20.2%	21.1%	20.9%

Source: BSE

Y/E; Rs mn	Revenue	YoY (%)	EBITDA	EBITDA Margin	PAT	YoY (%)	EPS	ROE	ROCE	P/E (x)	EV/EBITDA (x)
FY25	48,942	4.1%	7,118	14.5%	3,969	-14.0%	15.4	8.8%	13.5%	48.9	27.1
FY26	52,063	6.4%	5,789	11.1%	3,293	-17.0%	10.2	5.2%	8.1%	44.9	25.1
FY27E	56,020	7.6%	8,159	14.6%	4,895	48.6%	25.7	11.9%	12.6%	46.9	27.9
FY28E	62,406	11.4%	9,972	16.0%	5,817	18.8%	30.5	12.8%	14.5%	39.4	22.6
FY29E	71,205	14.1%	11,947	16.8%	7,009	20.5%	36.8	13.7%	15.9%	32.7	18.7

Source: Company, MNCL Research estimates, Consolidated Financials

Company Overview

Established in 1954, CUMI manufactures the materials used to cut, grind, polish, protect and withstand extreme operating conditions — positioning it as a materials-science and engineered-products company rather than a conventional abrasives manufacturer. Its **five reporting segments** are: **Abrasives** (bonded & coated abrasives, grinding/cutting wheels, sandpaper), **Electrominerals** (brown/white fused alumina, silicon carbide, micro-grits), **Ceramics** (industrial/engineered ceramics, wear-resistant products, refractories), **Power** (solar generation via SEDCO) and **IT Services** (via Net Access India), alongside smaller units including Pluss Advanced Technologies.

Exhibit 78: Abrasives is the Largest Segment, but Ceramics is the Most Profitable One

Segment	What CUMI manufactures	FY26 Sales contribution	FY26 EBITDA Margin
Abrasives	Bonded/coated abrasives, grinding/cutting wheels, and other precision grinding products	44.0%	8.8%
Ceramics	Wear ceramics, engineered ceramics, refractories and advanced ceramic components	24.6%	24.7%
Electrominerals	Brown/white fused alumina, silicon carbide, micro-grits and other fused/sintered minerals	28.1%	9.6%
IT Services	IT facility management and allied IT services through Net Access India	1.1%	6.2%
Power	Solar power generation through Southern Energy Development Corporation (SEDCO)	0.3%	18.1%
Others	Specialty polymer additives, phase change materials through PLUSS	1.9%	9.5%
	Consolidated	**100.0%**	**11.2%**

Source: Company, MNCL Research

Domestic Footprints: CUMI's Indian manufacturing footprint spans Tamil Nadu, Kerala, Gujarat, Uttarakhand and West Bengal — giving it upstream raw-material self-sufficiency that few peers, domestic or Chinese, can replicate at scale.

Exhibit 79: CUMI's Domestic Manufacturing Network

Location	Primary products
Tamil Nadu	
Tiruvottiyur	Precision abrasives
Maraimalai Nagar	Abrasives
Hosur	Tool-room & rail cut-off wheels; technical, specialty & engineered ceramics
Sriperumbudur	Coated abrasives
Kerala	
Edappally	White & Brown Fused Alumina
Koratty	Silicon Carbide & fine ceramic powders
Maniyar	Mini-hydel power generation
Gujarat (Okha)	Bauxite mining & calcination
Uttarakhand (Roorkee / Jhabrera)	Cutting & grinding wheels
West Bengal (Kolkata)	Abrasive / industrial products

Source: Company, MNCL Research

International Reach: Internationally, CUMI operates in Russia (Volzhsky Abrasive Works — profitable despite OFAC sanctions since January 2025, addressable market largely restricted to Russia/CIS), South Africa (Foskor Zirconia — being wound down), Australia, China, Thailand, Canada, the USA, the Middle East and Europe (Rhodius Abrasives, Germany). FY26 saw a deliberate rationalization of the weakest links in this network: voluntary winding-up of CUMI AWUKO Abrasives GmbH (Germany) and Foskor Zirconia, both loss-making, together costing ~Rs 1,345mn in one-off charges.

We view this as management addressing underperforming assets proactively rather than a sign of broader stress — the continuing international book (Russia, USA, Middle East, Rhodius Europe) remains a genuine differentiator versus GNO and Wendt, both of which are far more India-concentrated.

Exhibit 80: CUMI's International Footprint

Country	Facility	Business/Products	Status/ Strategic Relevance
Russia	Volzhsky Abrasive Works (VAW)	Abrasive products	***Continuing operations; remained profitable despite OFAC sanctions***. Addressable markets were largely restricted to Russia and CIS, making operational efficiency and cost discipline critical.
South Africa	Foskor Zirconia (Pty) Ltd	Zirconia / zircon-based materials	***Operations were wound down***; business was unable to achieve sustainable viability. Asset write-down of Rs 160 mn recognized in FY26.
Germany	CUMI AWUKO Abrasives GmbH	Abrasives	***Voluntary winding-up initiated in March 2026*** due to continued underperformance and mounting losses. FY26 restructuring/asset write-down impact of Rs 1,185 mn.
Australia	CUMI (Australia) Pty Ltd	Sales / distribution and market support for CUMI products	Provides local market access and customer support in Australia.
China	CUMI Abrasives & Ceramics Co. Ltd	Abrasives and ceramics	Provides local manufacturing / market presence in China and supports regional customers.
Thailand/Asia	CUMI's regional operations / subsidiaries	Abrasives, ceramics and electro-mineral products	Supports regional sales and customer servicing across Asian markets.
Canada	Cumi Canada Inc.	Market / distribution operations	Provides North American market presence and customer access.
USA	Cumi America Inc./Cumi USA Inc.	Abrasives and engineered-material solutions	Strategic North American market and application-support platform; supports industrial customers and expansion of CUMI's differentiated product portfolio.
Middle East	Cumi Middle East FZE	Sales / distribution	Regional sales and distribution hub serving Middle Eastern markets.
Europe	Rhodius Abrasives GmbH	Precision cutting and grinding abrasives	CUMI's continuing European abrasives platform, with RHODIUS supporting precision cutting and grinding applications.

Source: Company, MNCL Research

Exhibit 81: Business Activities of CUMI's Entities

CUMI's Subsidiaries			Product category							Business function
	Country	Stake	Abrasives	Ceramics	Electrominerals	PCM	SPA	IT	Power	
Subsidiaries										
CUMI Standalone	India	100.0%	✓	✓	✓					Manufacturing and trading
Net Access India Limited	India	100.0%						✓		
SEDCO, India	India	84.8%							✓	
Sterling Abrasives Limited, India	India	60.0%	✓	✓						Manufacturing and trading
PLUSS Advanced Technologies Ltd.	India	74.1%				✓	✓			Manufacturing
PLUSS Advanced Technologies BV	Netherlands	74.1%				✓				Manufacturing
CUMI (Australia) Pty Limited	Australia	51.2%		✓						Manufacturing and trading
Volzhsky Abrasive Works (VAW)	Russia	98.1%	✓	✓	✓					Manufacturing
Foskor Zirconia (Pty) Ltd.	South Africa	51.0%			✓					Manufacturing
CUMI America Inc	USA	100.0%	✓	✓						Trading
CUMI Middle East FZE	UAE	100.0%	✓	✓						Trading
CUMI Abrasives & Ceramics Co.	China	100.0%	✓	✓						Trading
CUMI Europe s.r.o	Europe	100.0%			✓					Trading
CUMI Awuko Abrasives GmbH (CAAG)	Germany	100.0%	✓							Manufacturing and trading
RHODIUS Abrasives GmbH	Europe	100.0%	✓							Manufacturing and trading
Silicon Carbide Products LLC	USA	100.0%		✓						Manufacturing and trading
Joint venture/Associate										
Wendt India	India	37.5%	✓							Manufacturing and trading
Murugappa Morgan Thermal Ceramics Limited	India	49.0%		✓						Manufacturing
CIRIA India Ltd.	India	30.0%		✓						Designing, supply, installation

Source: Company, MNCL Research

Core Stabilizes; New Chemistry Drives the Re-Rating

CUMI's FY27 growth and margin story splits cleanly between a stabilizing "core" and a premiumising "new." Abrasives growth is guided at 5.5–6.0% headline but 11–12% ex-AWUKO on both the Q4FY26 and Q1FY27 calls, confirming the FY26 drag is genuinely rolling off. Ceramics is the standout — guidance stepped up from 15.0–15.5% in Q4FY26 to 23.0–25% in Q1FY27 as semiconductor and defense qualifications convert to orders. Electrominerals (EMD) is being deliberately reshaped: core bulk grain products, ~85% of segment revenue today, are guided down to 55–60% by FY30 as specialty and "transformational" chemistries scale. Underneath all three sits Pluss Advanced Technologies, CUMI's phase-change-materials bet, which has grown revenue ~5x since FY22.

Abrasives: Core to Recover as AWUKO Drag Fades. Management guided consolidated Abrasives growth of 5.5–6.0% on last two earnings conference call, but flagged this understates the underlying business — ex-AWUKO, organic growth is guided at 11–12%, with EBIT margin at 9.5–10.0% versus a reported 4.3% in FY26. FY26 capex was centered on thin-wheel capacity at Hosur using the DRONCO asset base (Rs 830mn outlay against a guided Rs 1,800mn peak-revenue potential) — a volume play, not a technology shift, consistent with Abrasives' role as CUMI's stable, lower-margin base load.

Ceramics: The Semiconductor and Defense Ramp Is Real. Guided EBIT margin of 20.5–21.0% (as per last two earnings conference call) sits well above Abrasives and EMD, and revenue guidance jumped between calls as wafer-fab-equipment components moved from customer qualification to approved serial production, and ceramic ballistic-protection parts for aerospace & defense scaled. FY26 capex of Rs 660mn and Rs 490mn targeted these two lines —the qualification-driven, sticky-customer business we flagged as CUMI's structural edge.

Electrominerals (EMD): A Deliberate Mix Shift Away from Bulk Commodity. Headline EMD growth of -6.5% to -7.0% is entirely the Foskor wind-down; ex-Foskor, EMD is guided to grow 8.0–10.0% at a 9.0–9.5% EBIT margin. Management has laid out an explicit FY26-to-FY30 target: core bulk products fall from ~85% to 55–60% of segment revenue, while specialty grains and transformational products (thermal-spray powders, SOFC/SOEC powders, nitrides, graphene) rise from ~8% combined toward ~30% — backed by a White Fused Alumina furnace upgrade and treatment-facility expansion. More on the transformational products discussed in the next page.

Pluss Advanced: The Fourth Growth Engine Nobody's Pricing In. Acquired for ~Rs 1.15bn (72% stake, completed October 2021), Pluss was founded in 1994 and pivoted into phase-change materials (PCM) for thermal energy storage in 2007. It supplies cold-chain, pharma, HVAC and refrigeration customers (a key Sputnik V vaccine cold-chain vendor) — moat resting on proprietary PCM formulation IP and a Netherlands subsidiary for export reach. Revenue grew from Rs 190mn in FY22 to Rs 981mn in FY26, an implied 22% CAGR, still under 2% of consolidated revenue, but the clearest expression of CUMI's adjacent-material-science strategy.

Exhibit 82: Revenue Growth – Company Guidance vs Historical Performance

Segment	FY23	FY24	FY25	FY26	FY27E Guidance (Q4FY26 call)	FY27E Guidance (Q1FY27 call)
Abrasive (headline)	58.7%	2.7%	3.3%	5.1%	5.5-6.0%	5.5-6.0%
Abrasives, ex-AWUKO	54.4%	5.3%	-0.1%	4.3%	11.0-12.0%	11.0-12.0%
Ceramics	29.0%	4.8%	7.8%	9.3%	15.0-15.5%	23.0-25.0%
EMD (headline)	24.3%	-6.4%	2.3%	5.9%	-6.5% to -7.0%	-6.5% to -7.0%
EMD, ex-Foskor	27.8%	-4.0%	0.9%	0.2%	8.0–9.0%	9.0–10.0%
Consolidated	39.9%	0.6%	4.4%	6.5%	4.0–4.5%	4.0–4.5%
Consol., ex-Foskor & AWUKO	40.0%	2.7%	2.6%	4.7%	11.0–12.0%	~15.0%

Source: Company, MNCL Research

Semiconductors, Aerospace, Data Centre to Drive Growth for Transformational EMD Products

Transformational EMD products (SOFC, SOEC, Thermal Spray powders, HPSiC, Graphene, etc.) to constitute 30% of EMD sales by FY30 from 8% currently.

CUMI's transformational-product portfolio provides a pathway to diversify EMD beyond bulk electro-minerals and participate in structurally faster-growing advanced-material markets. The largest opportunity is **SOFC/SOEC ceramics**, where rapid adoption of distributed power, data centres and hydrogen applications could drive a 29–40% CAGR over the next 5–7 years, although the addressable opportunity for ceramic powders is a fraction of the overall system TAM. **Graphene** offers another high-growth opportunity, with the global market projected to reach US$1.4bn by 2028, while CUMI is already scaling commercial applications. **HPSiC** provides exposure to the semiconductor supply chain, with the market expected to grow at 19.2% CAGR over FY25-32, supported by rising SiC wafer capacity. **Thermal spray powders (TSP)** are a larger but slower-growing market, offering a more natural adjacency to CUMI's existing powder capabilities. Collectively, these products could support a meaningful shift toward higher-value specialty products.

Considering the niche applications, grain morphology, advance chemistry, precision engineering, and sophistication involved, these products are largely insulated from Chinese competition and hence, we believe, this mix-shift should help CUMI post stronger EMD-segment growth and improved margins going forward.

Exhibit 83: New Products Addressable Market

Material	Global TAM (USD bn)	CAGR	Growth Period
SOFC	2.3-5.1	29.0-40.0%	Next 5-7 Yrs
Graphene	0.5	34.6%	2025-28
HPSic	0.2	19.2%	2025-32
Thermal Spray Powders	4.0-5.8	5.1%	2025-33

Source: MNCL Research

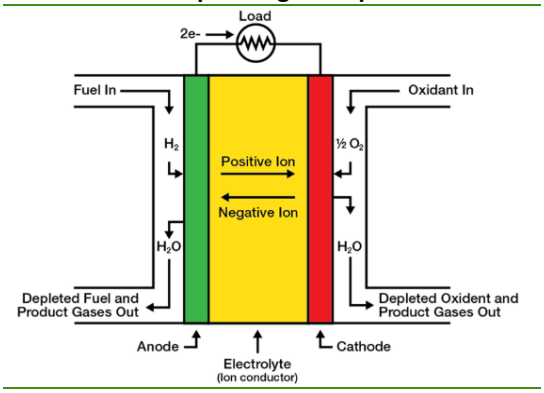
SOFC CERAMICS: NICHE TODAY, STRATEGIC OPTION ON CLEAN-ENERGY MATERIALS

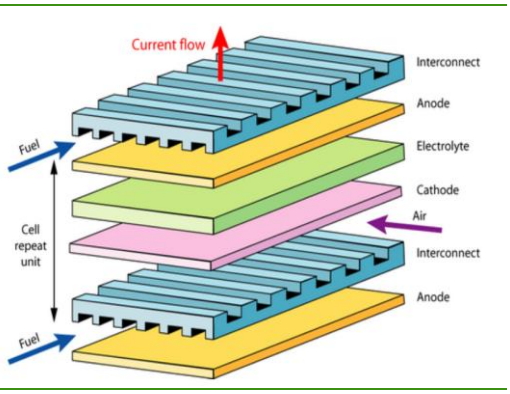
The global TAM for Solid Oxide Fuel Cells (SOFC) is estimated to be between $2.30bn and $5.05bn, with projected CAGR of 29-40% over the next 5-7 years.

SOFCs convert fuel into clean electricity using a solid ceramic electrolyte operating at ~500–1,000°C and can achieve ~60% electrical efficiency, with higher system efficiency when waste heat is utilized. Their principal applications span distributed/onsite power, CHP, data centers and industrial power on the SOFC side. SOECs run the same electrochemical architecture in reverse to split steam into hydrogen and oxygen, and its key applications include green-hydrogen, ammonia, refining and steel.

A typical cell comprises fuel electrode (anode), ceramic electrolyte and air electrode (cathode), supported by metallic/ceramic interconnects. ***Three of the four layers that make up a solid oxide fuel cell are comprised of ceramic***. These four layers are piled together to form a single cell that is normally only a few millimeters thick. Then, hundreds of these cells are linked together in series to create what is commonly known as a "SOFC stack." Because the ceramics used in SOFCs are not electrically and ionically active until very high temperatures, the stacks must operate at temperatures between 500 and 1,000°C.

Exhibit 84: SOFC Operating Principles





Source: Industry, MNCL Research

Exhibit 85: SOFC Operating Principles

What moves?	Where does it go?	Why?
Oxygen ions (O^{2-})	Cathode → Electrolyte → Anode	Enables fuel oxidation
Fuel	Fuel supply → Anode	Reacts with oxygen ions
Electrons (e^-)	Anode → External circuit → Cathode	**This flow produces electricity**

Source: MNCL Research

Recent SOFC cost studies indicate system costs of ~$1,200/kW, with the stack accounting for roughly $270/kW. Within the stack, cells and metallic interconnects remain the principal cost elements. Detailed DOE manufacturing analysis suggests ceramic active materials account for only ~$25–30/kW, or ~20% of manufactured cell cost.

Market Size and Growth Projections: The global Total Addressable Market (TAM) for Solid Oxide Fuel Cells (SOFC) is estimated between $2.30bn and $5.05bn, with projected CAGR of 29-40% over the next 5-7 years reflecting rapid acceleration due to behind-the-meter data centre demands, corporate decarbonization mandates, and robust hydrogen policy rollouts. Bloom Energy provides evidence of commercial scaling: revenue rose from $1.33bn in 2023 to $1.47bn in 2024 and $2.02bn in 2025, with AI/data-centre demand becoming an important growth driver. Other technology leaders include Ceres Power, Sunfire, Topsoe, Elcogen, Doosan Fuel Cell and Mitsubishi Power. Notably, Thermax is also developing a 720kW Solid Oxide Electrolyser Cell (SOEC – similar structure as SOFC)) pilot in Pune in collaboration with Ceres.

CUMI's progress: The opportunity for ceramic-powder suppliers is substantially smaller than the overall SOFC system TAM but could still expand meaningfully with rising SOFC deployments and increasing demand for higher-performance electrode/electrolyte formulations. Towards this end, CUMI's CSIR-CGCRI collaboration has advanced to a pilot facility for SOFC ceramic powders, offering access to Indian and export markets as global manufacturers localize supply chains.

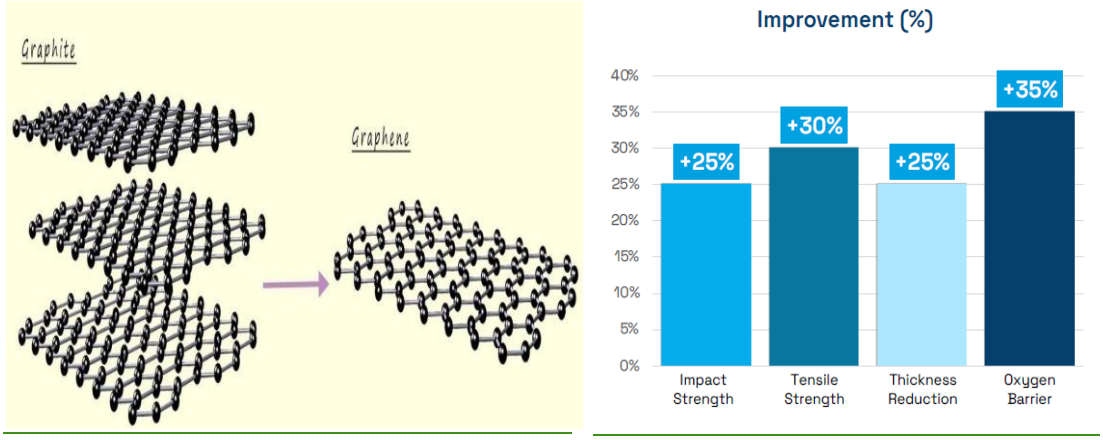
GRAPHENE – A "WONDER MATERIAL" WITH STRONG GROWTH POTENTIAL

Global Graphene Market to Reach $1.4bn, by 2028 at 34.6% CAGR, as per Allied Market Research.

Graphene is a groundbreaking material composed of a single layer of carbon atoms arranged in a honeycomb-like lattice. It's often called the "wonder material" because of its exceptional properties, combining high electrical and thermal conductivity, high strength, low weight, large surface area and good chemical stability. Because of these properties, it can be used on its own or added in small amounts to ceramics, plastics, metals, coatings and energy-storage materials to improve their performance.

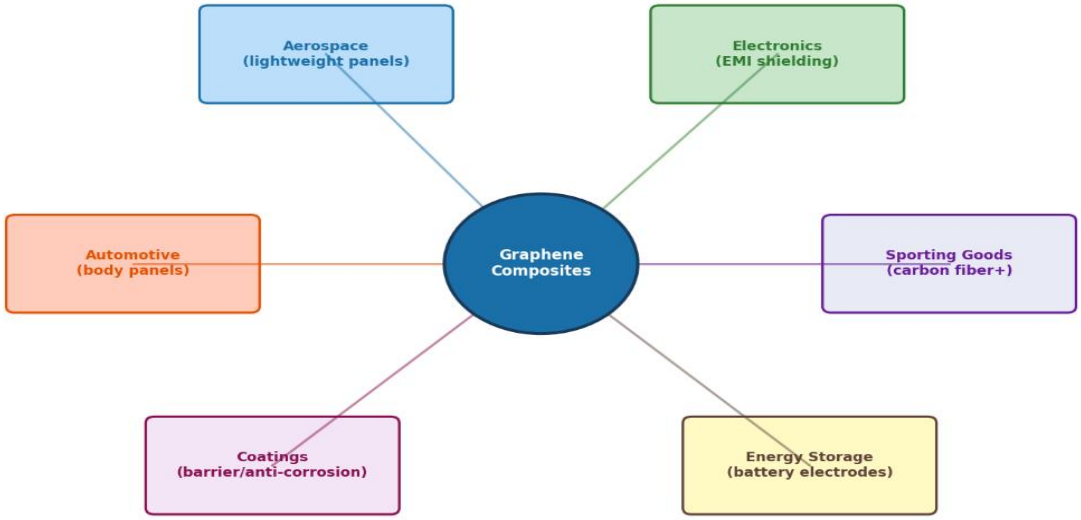
Graphene composite applications include lightweight panels for aerospace, EMI shielding for electronics, structural body panels for automotive, high-performance sporting equipment, among others. Graphene has wide-ranging, innovative uses in defense applications too, like superior armor, thermal management, sensor application, and specialty shoes.

Exhibit 86: Graphene Structure and Functional Performance



Source: Industry, MNCL Research

Exhibit 87: Key Application Areas of Graphene



Source: MNCL Research

CUMI's progress: CUMI has set up a state-of-the-art 12,000 sq. ft. facility in Kakkanad, Kerala, dedicated to manufacturing high-purity graphene powders and allied products. The facility has a processing capacity of 6 lakh litres of varying grades of graphene powders annually and produce ~4MT of graphene and around 20 metric tonnes of polymer masterbatches per year. Current focus is on establishing applications in bioplastics, coating, concrete and rubber.

Graphene prices in India range from Rs 3,000 to over Rs 80,000 per kilogram, depending heavily on the material type, purity, number of layers, and order volume.

HPSiC – CUMI MOVES UP THE SIC VALUE CHAIN

The global HPSiC powder market is estimated at ~USD 193mn in 2025 and is projected to grow at 19.2% CAGR.

The principal growth driver is the expansion of SiC semiconductor capacity and the transition toward 6-inch and 8-inch wafers, which increases demand for high-purity feedstock.

High-Performance Silicon Carbide (HPSiC) is SiC refined to ≥5N purity (99.999%), with extremely low levels of metallic and non-metallic impurities. Unlike conventional abrasive-grade SiC, HPSiC is engineered for applications where impurity control, particle-size distribution and chemical consistency directly influence downstream performance. Its combination of high thermal conductivity, high breakdown strength, wide bandgap and thermal stability makes it a critical feedstock for SiC semiconductor wafers and advanced technical ceramics. It is further categorized as below:

Exhibit 88: HPSiC Purity Ladder and Application Spectrum

Grade	Purity	Applications
3N	≥ 99.9%	Engineered for technical ceramics and foundational semiconductor processes
4N	≥ 99.99%	Utilized in advanced semiconductor processes and precision, high-end ceramic technologies
5N	≥ 99.999%	Ultra-high-purity material with exceptionally low metallic and alkali impurities, designed for critical semiconductor components and SiC crystal-growth applications
6N	≥ 99.9999%	Ultra-ultra-high purity SiC for the most demanding semiconductor and advanced electronic applications, where extremely low impurity levels are critical for crystal quality, defect control & device performance

Source: MNCL Research

CUMI's progress: CUMI has developed its Krysta HPSiC portfolio across 3N-5N grades, targeting semiconductor and advanced technical-ceramic applications. The company has achieved 5N purity and is currently working on the technology route for 6N HPSiC, with a pilot-scale manufacturing facility under development. Customer qualification for 5N is being pursued, positioning HPSiC as a potential higher-value extension of CUMI's existing electro-minerals portfolio.

THERMAL SPRAY POWDERS: A NATURAL ADJACENCY FOR CUMI

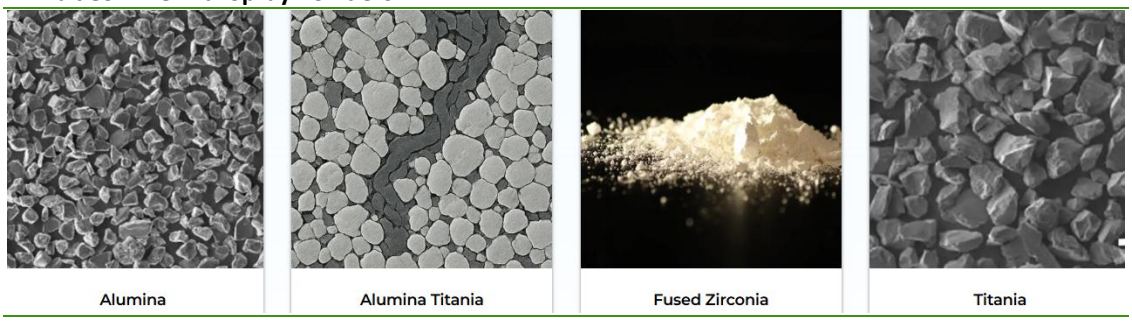
The global thermal spray materials market is estimated at ~USD 4.0bn in 2025 and is projected to reach ~USD 5.8bn by 2033, implying a 5.1% CAGR over 2025-33.

These are engineered metallic, ceramic and carbide feedstocks heated to a molten or semi-molten state and propelled onto a substrate to build durable surface coatings through processes such as plasma spray, HVOF (High-Velocity Oxy-Fuel), HVAF (High-Velocity Air-Fuel) and cold spray. These coatings improve wear, corrosion, erosion and high-temperature resistance, while also enabling thermal barriers and electrical insulation.

Ceramic powders such as alumina, zirconia and chromia are widely used for thermal, wear and insulation applications, while carbide and metal/alloy powders are used where high wear, corrosion and erosion resistance are required.

Industry growth is supported by rising adoption of thermal-spray coatings across aerospace, automotive, energy & power and industrial manufacturing, where surface engineering is increasingly used to enhance component life and resistance to wear, corrosion, erosion and high-temperature exposure.

Exhibit 89: Thermal Spray Powders



Source: CUMI, MNCL Research

Strategic relevance to CUMI: Thermal spray powders represent a natural extension of CUMI's existing electro-minerals and advanced-materials portfolio, leveraging its capabilities in fused and sintered minerals, particle classification and specialty powders. CUMI's CUMIPLAS portfolio includes alumina, alumina-titania, fused zirconia, titania, with customized grit sizes and powder compositions.

Ex-AWUKO, Ex-Foskor: CUMI's Real Margin Picture

The Consolidated Margin Collapse: CUMI's consolidated PAT margin has fallen from a stable 8.9–10.5% band through FY19–24 to 6.0% in FY25 and 3.7% in FY26 — a near two-thirds collapse in two years. Even excluding the 0.6–0.9% annual contribution from equity-accounted profits, core consolidated PAT margin fell from 8.9% in FY24 to 5.1% in FY25 and 3.1% in FY26. Such deterioration, despite steady 6–9% revenue growth and a structurally sound India franchise, points to something other than a demand problem — and the segment bridge confirms it: two small overseas subsidiaries, CUMI AWUKO Abrasives (Germany) and Foskor Zirconia (South Africa), account for bulk of the decline.

Two Very Different Bolt-On Acquisitions: AWUKO was acquired in February 2022, when CUMI's German arm bought the core assets of 120-year-old AWUKO Abrasives Wandmacher out of insolvency for ~€6–8mn, seeking scale in European coated abrasives (wood- and leather-finishing belts/discs) and a legacy brand for its export platform. Foskor Zirconia is older and structurally different: CUMI acquired a 51% stake in 2008 in a South African gravity-separation plant (commissioned 1991) producing monoclinic/calcia-stabilised zirconia and fumed silica, to secure upstream zirconia feedstock for its refractories, ceramics and electrominerals businesses. Both were bolt-on integration plays rather than scale bets — AWUKO for market access, Foskor for raw-material security.

Why Now — And What It Reveals: Neither delivered. Foskor's flagship Z450 product never scaled as management expected — a problem flagged as far back as 2019 — and its PAT margin swung sharply (-35.7% in FY26 vs -7.7% in FY25), prompting a Rs 160mn realizable-value write-down. AWUKO's losses deepened annually post-acquisition (-42.8% in FY23 to -171.4% in FY26 PAT margin) despite repeated turnaround attempts, cost cuts and fresh capital, leading CUMI to initiate voluntary winding-up in FY26 at an estimated Rs 1,190mn cost. The consequence is instructive: excluding AWUKO, Foskor and equity-accounted profits, CUMI's core PAT margin was 9.2% in FY26, up from 7.6% in FY25 and back near the FY19–22 range of 9.4–11.1%, confirming the reported collapse was almost entirely due to these two subsidiaries, not the core franchise.

Exhibit 90: CUMI's PAT Margin Excluding AWUKO and Foskor

PAT margin	FY23	FY24	FY25	FY26
Consolidated basis	8.9%	9.8%	6.0%	3.7%
Equity accounted profits contribution to net revenue	0.8%	0.9%	0.9%	0.6%
Foskor Zirconia PAT margin	15.4%	-5.2%	-7.7%	-35.7%
CUMI AWUKO PAT margin	-42.8%	-88.9%	-97.6%	-171.4%
Consolidated, ex-equity accounted profits	8.1%	8.9%	5.1%	3.1%
Consolidated, ex-Foskor Zirconia and equity accounted profits	7.8%	9.3%	5.5%	5.0%
Consolidated, ex-CUMI AWUKO and equity accounted profits	8.9%	9.4%	7.1%	7.1%
Consolidated, ex-AWUKO, Foskor Zirconia and equity accounted profits	**8.6%**	**9.8%**	**7.6%**	**9.2%**
As % consolidated net revenue	**FY23**	**FY24**	**FY25**	**FY26**
CUMI AWUKO	1.5%	0.5%	1.9%	2.2%
Foskor Zirconia	3.9%	3.0%	3.3%	4.6%
As % consolidated PAT	**FY23**	**FY24**	**FY25**	**FY26**
CUMI AWUKO	-7.4%	-4.4%	-31.6%	-101.4%
Foskor Zirconia	6.8%	-1.6%	-4.3%	-44.1%

Source: Company, MNCL Research

What Else Needs Fixing – Rhodius Risk and VAW Watch

Two issues remain worth flagging. First, Rhodius Abrasives (Germany, also acquired 2022) has never turned a profit either (-5.2% to -3.9% PAT margin, FY23–26) and, on this evidence, deserves the same clear-eyed exit discipline CUMI has now applied to AWUKO rather than open-ended support. Second, Volzhsky Abrasive Works (VAW; Russia) remains profitable, but its margin has roughly halved since FY24 (17.3% to 4.1–6.5%), an OFAC-sanctions overhang worth monitoring even though it isn't yet a loss-maker. We believe CUMI would maintain its stake in VAW despite lower profits. While we cannot predict when the sanctions on VAW may get lifted but that would be a blue-sky scenario for the company.

Broadly speaking, CUMI's repeated experience underwriting small, hard-to-integrate international bolt-on(s) argues for tighter M&A discipline on future deals and clearer subsidiary-level disclosure.

Exhibit 91: CUMI's PAT Margin Excluding AWUKO, Foskor, and Rhodius

PAT margin	FY23	FY24	FY25	FY26
Rhodius Abrasives PAT margin	-5.2%	-2.3%	-0.3%	-3.9%
VAW PAT margin	16.6%	17.3%	4.1%	6.5%
Consolidated, ex-equity accounted profits	8.1%	8.9%	5.1%	3.1%
Consolidated, ex-Rhodius and equity accounted profits	10.0%	10.5%	5.8%	4.2%
Consolidated, ex-Awuko, Foskor, Rhodius and equity accounted profits	**10.8%**	**11.6%**	**8.8%**	**11.3%**
As % consolidated net revenue	**FY23**	**FY24**	**FY25**	**FY26**
Rhodius Abrasives	12.6%	12.3%	12.8%	13.0%
Volzhsky Abrasive Works	19.7%	18.3%	13.9%	13.5%
As % consolidated PAT	**FY23**	**FY24**	**FY25**	**FY26**
Rhodius Abrasives	-7.4%	-3.0%	-0.7%	-13.6%
Volzhsky Abrasive Works	36.7%	32.2%	9.6%	23.5%

Source: Company, MNCL Research

Strategic Associates & JV — Small Revenue, Outsized Contribution

Beyond its own subsidiaries, CUMI holds equity-accounted stakes in three decades-old, ceramics-and-abrasives-adjacent businesses: Wendt India, Murugappa Morgan Thermal Ceramics — MMTCL, and CIRIA India. All trace back to technology-partnership structures from the 1980s–90s rather than scale acquisitions, and are asset-light, high-return, high-payout businesses that punch above their modest carrying value: together, they generated Rs 288mn of dividends for CUMI in FY26 against a combined carrying value of under Rs 2bn. Profitability diverges — MMTCL's FY26 ROE was 22.6% and CIRIA's an exceptional 46.4%, while Wendt's fell to 5.9% (vs 20.0% average over the prior 3 years) due to Machines segment weakness. Collectively, these stakes are a quiet, capital-efficient complement to CUMI's core story rather than a swing factor — constituting just 0.6% of FY26 consolidated revenue but 16.0% of PAT (5.1% excluding Foskor, AWUKO and exceptional items) through equity pickup.

Wendt India — CUMI has held a stake in Wendt since 1984 (originally 39.9%, diluted to 37.5% in FY21), giving it economic exposure to India's super abrasives leader without full consolidation. Revenue grew from Rs 1.8bn in FY22 to Rs 2.4bn in FY26, implying 7.2% CAGR; PAT margin, historically in the mid-to-high teens, fell sharply to 6.2% in FY26 (from 16.9% in FY25) and ROE to 5.9% (from 17.3%), reflecting Machines & Accessories segment weakness discussed in Wendt's dedicated section. Dividend payout rose to 55% in FY26 (from 25% in FY25) despite lower absolute profit, while CUMI received Rs 30mn, modestly below Rs 37.5mn the prior year.

Murugappa Morgan Thermal Ceramics (MMTCL) — Established in 1982 as a 70:30 JV with Morgan Crucible (now Morgan Advanced Materials, a global high-temperature insulation leader), CUMI's stake has diluted to 49%, with MAM holding 51%. MMTCL manufactures ceramic fibre and high-temperature insulation products, including FireMaster passive fire-protection systems for refineries, petrochemicals and high-rises — a technology-access moat through MAM's global IP and an in-house DST-approved R&D facility. Revenue rose from Rs 1.5bn in FY19 to Rs 2.6bn in FY26, implying 7.7% CAGR; PAT margin remained the strongest of the three (15.6–19.5% in FY23–26), while ROE peaked at ~33% in FY24 before settling at 22.6% in FY26. Dividend payout surged to 92.5% in FY26 from 30.6% in FY25, taking CUMI's dividend income to Rs 186mn.

CIRIA India — Incorporated in 1997, this 30% JV designs, supplies and installs refractory linings for petrochemical and fertilizer industries — an engineering-services model rather than manufacturing, explaining its exceptional capital efficiency: ROE has ranged 46–58% since FY23, while dividend payout twice exceeded 100% of profit (127% in FY26), implying CIRIA periodically distributes more than it earns. The trade-off is revenue lumpiness tied to petrochemical/fertilizer capex cycles — FY26 revenue fell 15.5% YoY to Rs 1.11bn after peaking at Rs 1.31bn in FY25 — though PAT margin remained resilient at 17.1%. CUMI received Rs 72mn in FY26 dividends from CIRIA, its second-highest payout among the three associates/JVs after MMTCL.

Exhibit 92: CUMI's Share in Equity Accounted Entities

Rs mn	FY23	FY24	FY25	FY26
Share in profit of associates (Wendt (India) Ltd) (A)	150	154	148	55
Share in profit of MMTCL	153	214	234	201
Share in profit of CIRIA	69	71	70	57
Share in profit of JVs (MMTCL and CIRIA) (B)	**222**	**285**	**304**	**258**
Share in profits of JV/associates (A+B)	**373**	**439**	**452**	**312**
As % consolidated PAT	***9.0%***	***9.5%***	***15.4%***	***16.0%***
ROE				
Wendt India	22.9%	20.4%	17.3%	5.8%
MMTCL	29.2%	32.9%	29.1%	22.6%
CIRIA	52.9%	54.2%	58.5%	46.4%
Dividend Payout				
Wendt India	37.4%	39.1%	25.3%	55.0%
MMTCL	28.0%	33.4%	30.6%	92.5%
CIRIA	43.2%	156.6%	72.5%	127.1%

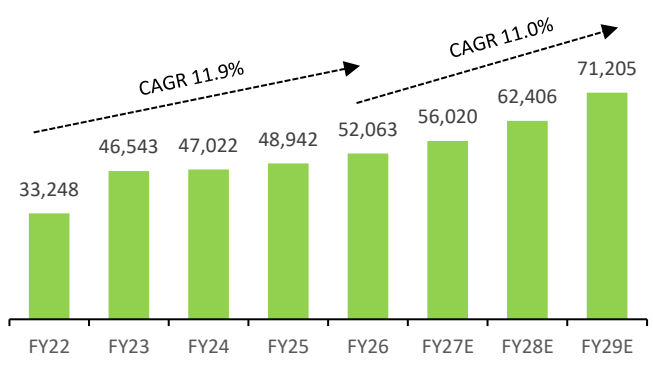
Source: Company, MNCL Research

Financial Analysis

Revenue Growth

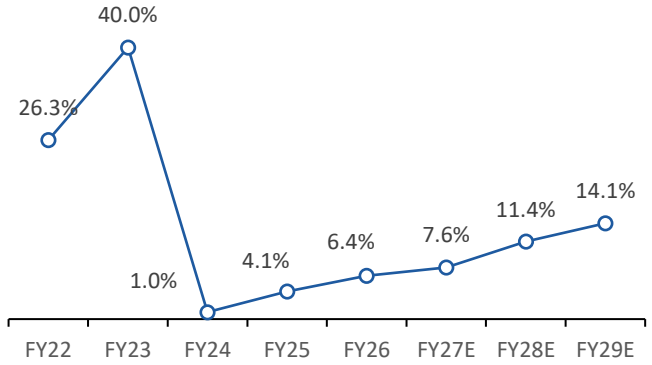
Recovery gaining momentum: CUMI has delivered a revenue CAGR of 11.9% over FY22-26. Revenues grew 26.3% in FY22 helped by pent-up demand post-covid and the FY23 growth of 40% YoY was equally attributable to both organic and inorganic growth, the latter driven by the company's acquisition of Rhodius, AWUKO, and PLUSS. However, growth slowed to 1.0% in FY24 and 4.1% in FY25 amid softer industrial demand. Growth improved to 6.4% in FY26, and we expect the recovery to strengthen further based on our expectation of an upcyle, registering an 11.0% CAGR over FY26-29E.

Exhibit 93: Revenue Trend (Rs mn)



Source: Company, MNCL Research

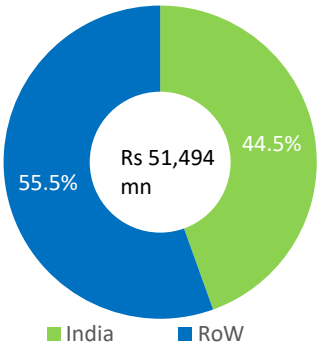
Exhibit 94: Net Revenue Growth Trend



Source: Company, MNCL Research

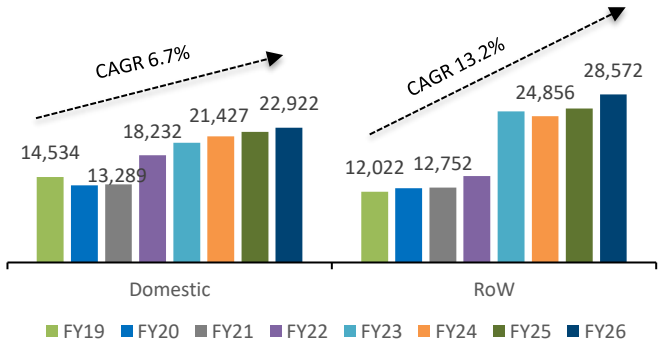
In FY26, CUMI derived 44.5% of its revenues from the domestic market, while overseas subsidiaries contributed 55.5%. Both domestic and overseas revenue growth has been lumpy, growing at an average 6.7% and 13.2% CAGR, respectively. Notably, the overseas outperformance was driven mainly by acquisitions in FY23.

Exhibit 95: Geographic Revenue Distribution in FY26



Source: Company, MNCL Research

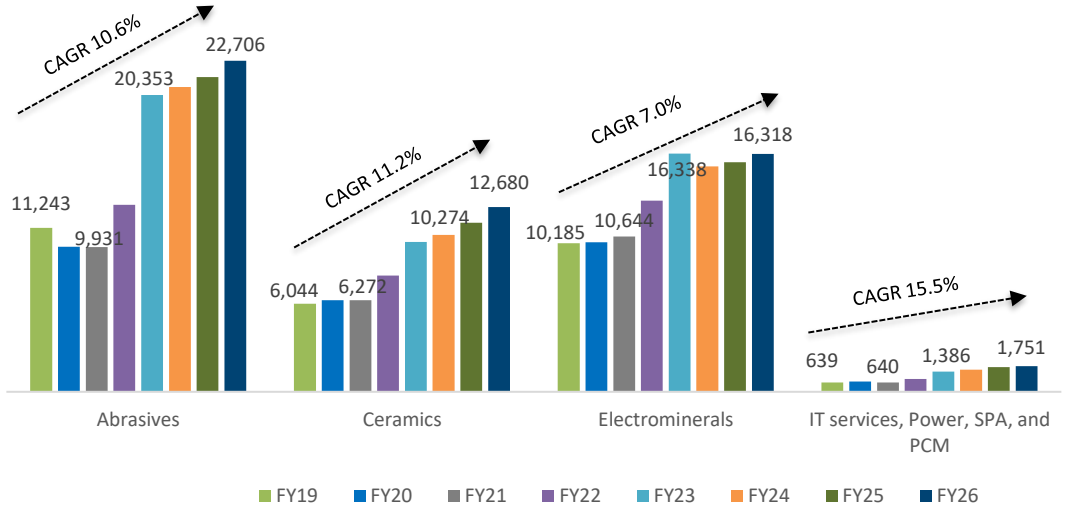
Exhibit 96: Geographical Revenue Growth Trend (Rs mn)



Source: Company, MNCL Research

CUMI's segment growth has been driven mainly by acquisitions in Abrasives and by organic execution elsewhere. Abrasives' FY23 surge of nearly 59% was largely acquisitive, as Rhodius Germany and AWUKO were consolidated that year, with FY24 to FY26 growth of roughly 3 to 5% reverting to organic, capacity-led gains. Ceramics grew steadily and purely organically, expanding around 29% in FY23 and 5 to 9% annually through FY24 to FY26, reflecting genuine premiumization into semiconductor and defense ceramics rather than deal-making. Electrominerals was volatile and organic throughout, as commodity grain volumes, realizations, and Foskor's deteriorating contribution drove the numbers, not M&A.

Exhibit 97: Segmental Revenue (Rs mn) and Growth (%)

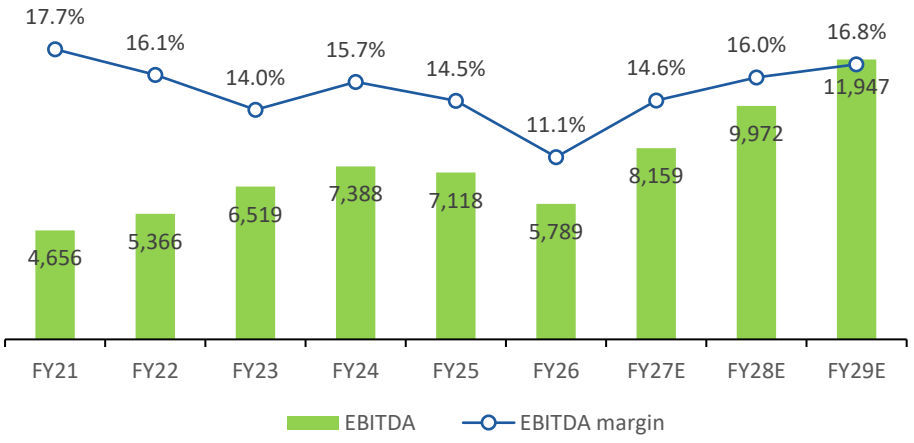


Source: Company, MNCL Research

EBITDA growth and EBITDA margins

CUMI's EBITDA increased from Rs 4,656mn in FY21 to Rs 7,388mn in FY24, before declining to Rs 5,789mn in FY26, with margins contracting sharply from 15.7% to 11.1%. The FY26 weakness reflects deteriorating operating profitability at AWUKO and Foskor Zirconia. We expect EBITDA to recover to Rs 11,947mn by FY29E, with margins improving progressively to 16.8%. The recovery should be supported by hiving off loss-making subsidiaries, improved operating leverage and a gradual normalization of profitability across the business.

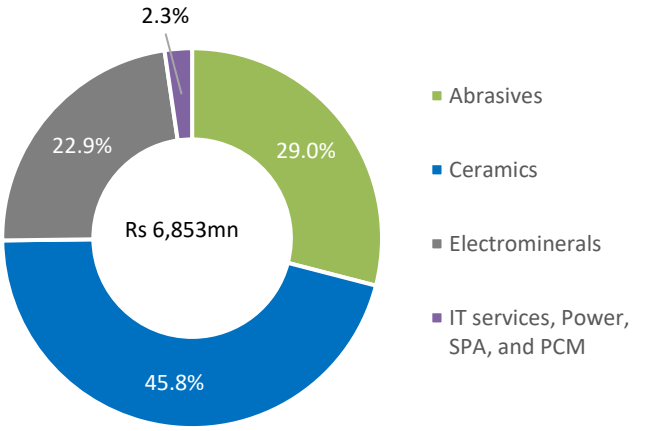
Exhibit 98: EBITDA and EBITDA Margin



Source: Company, MNCL Research Estimates

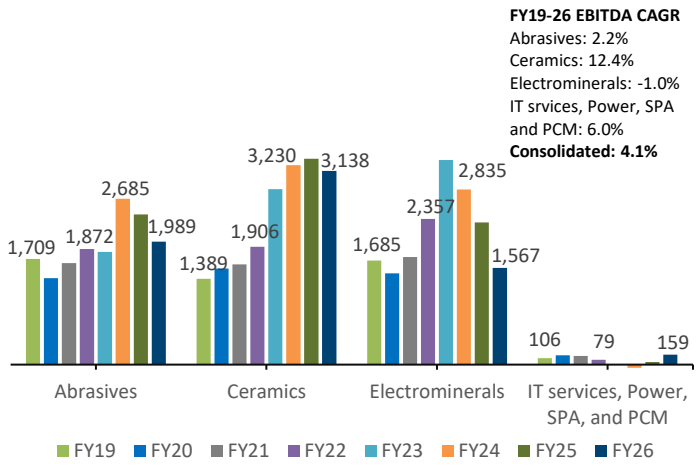
Segment EBITDA margins diverged sharply in FY26. Ceramics led at 24.7%, down from a peak of 30.0% in FY24 and 28.7% in FY25, as new refractory capacity ramped up ahead of full utilization and consolidated employee costs rose as a share of revenue; it nonetheless remains CUMI's most profitable segment by a wide margin. Abrasives lagged at 8.8%, weighed down by AWUKO's deep losses in Germany. Electrominerals came in at 9.6%, held back by Foskor Zirconia's weak performance.

Exhibit 99: EBITDA Contribution in FY26



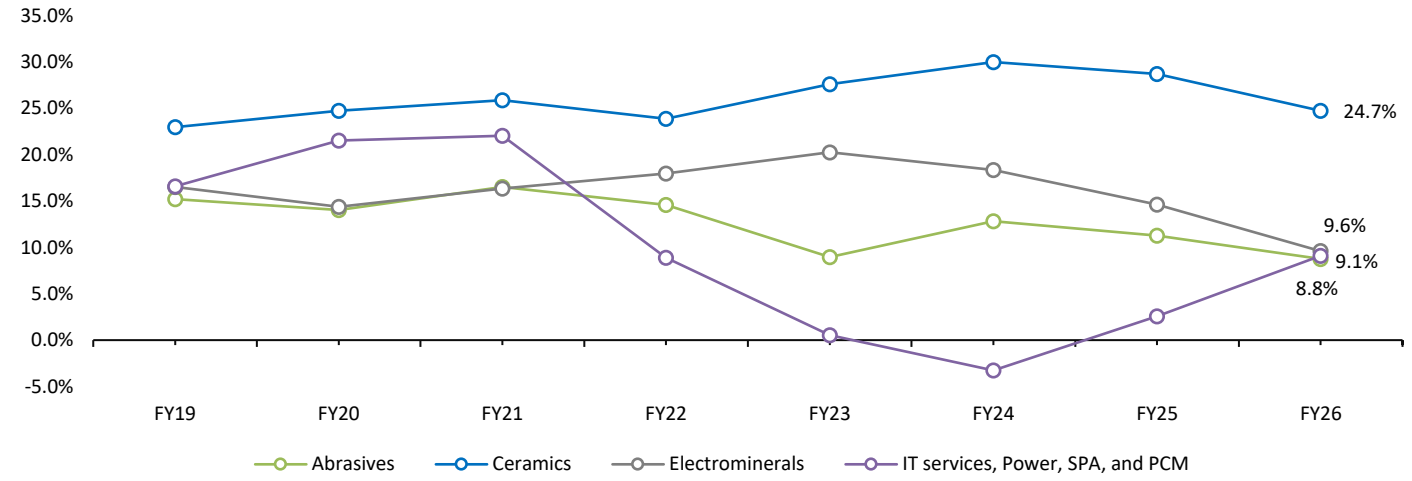
Source: Company, MNCL Research

Exhibit 100: Segmental EBITDA (Rs mn)



Source: Company, MNCL Research

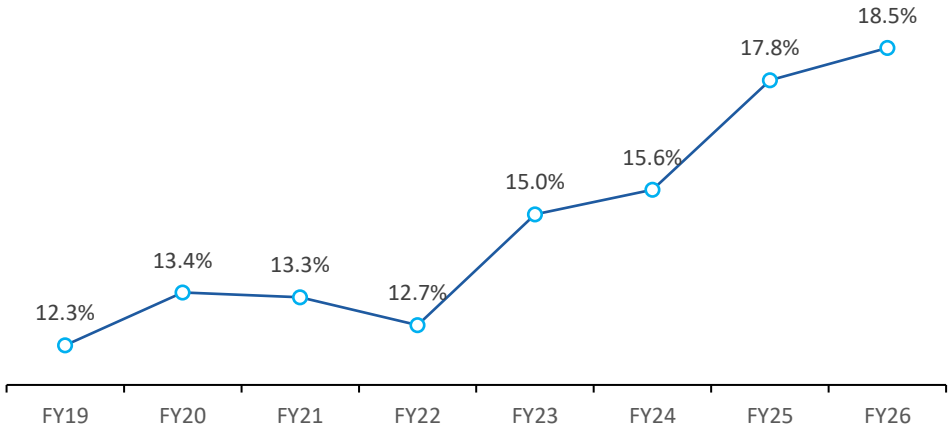
Exhibit 101: Segment-wise EBITDA Margin



Source: Company, MNCL Research

Employee expenses as a share of revenue have risen steadily from 12.3% in FY19 to 18.5% in FY26, indicating sustained investment in manpower and capabilities. The increase has been particularly pronounced since FY23. This suggests that employee costs have outpaced revenue growth, creating some pressure on operating leverage. The trend may reflect higher wage costs, talent additions and capability building across CUMI's businesses.

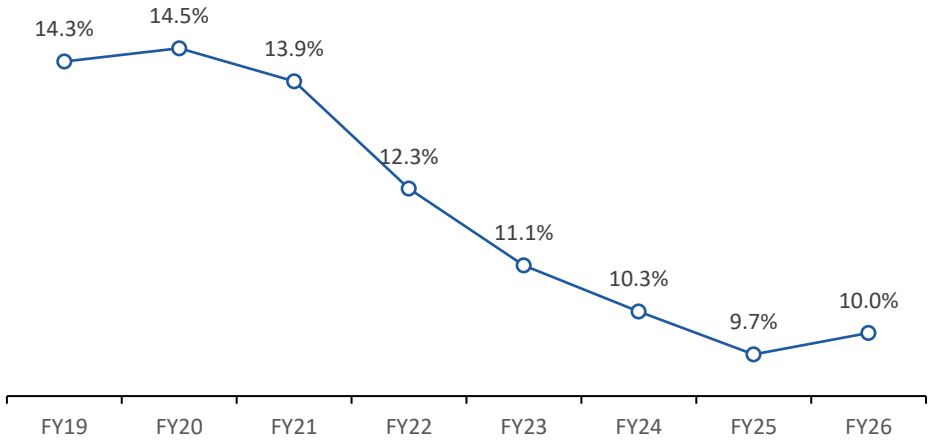
Exhibit 102: Employee Expense as a % of Net Revenue



Source: Company, MNCL Research Estimates

Power and fuel costs have declined significantly as a percentage of revenue, from 14.3% in FY19 to 10.0% in FY26. The ratio reached a low of 9.7% in FY25 before seeing a marginal uptick in FY26. The sustained decline indicates improving energy efficiency and/or better operating leverage, partly offsetting the increase in employee costs. However, the FY26 uptick suggests that energy costs remain monitorable, particularly given the energy-intensive nature of CUMI's manufacturing operations.

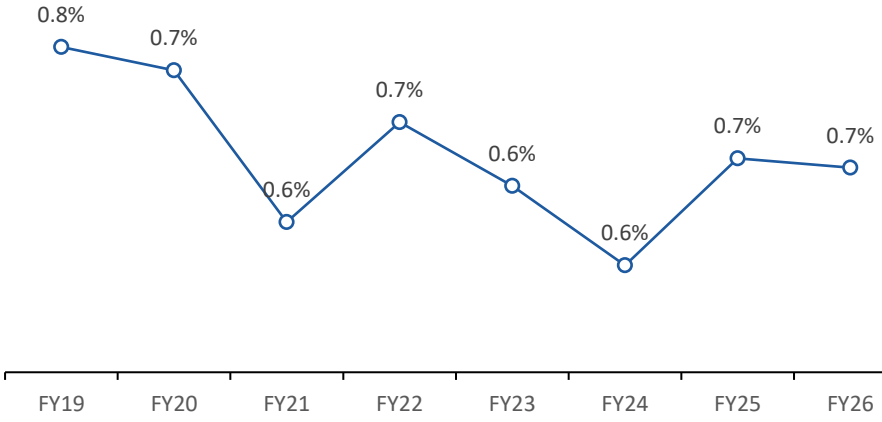
Exhibit 103: Power and Fuel expense as a % of Net Revenue



Source: Company, MNCL Research

R&D expenditure has remained broadly stable at around 0.6-0.8% of revenue throughout FY19-FY26, indicating a consistent but measured commitment to product and technology development. The ratio peaked at 0.8% in FY19 and FY26, while remaining at 0.6-0.7% during most intervening years. This stability suggests that R&D spending has broadly scaled with revenue rather than becoming a significant incremental cost burden, while supporting CUMI's focus on higher-value products and applications.

Exhibit 104: R&D Expense as a % of Net Revenue

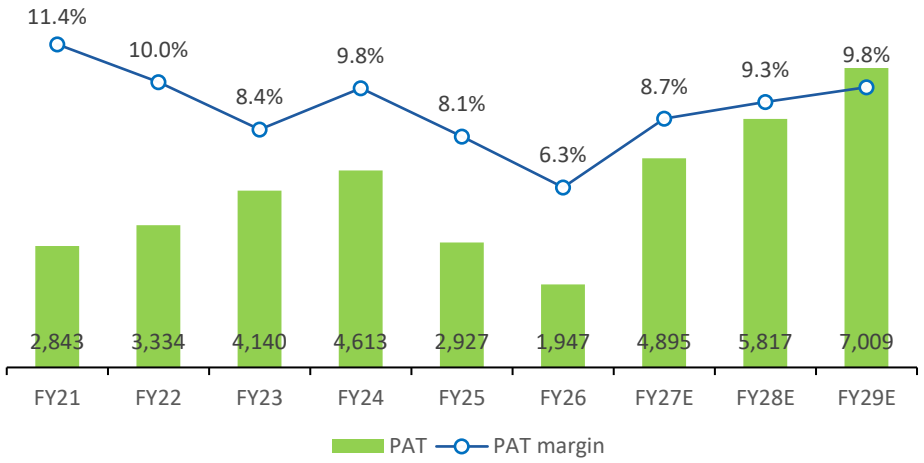


Source: Company, MNCL Research

PAT growth and PAT margin

PAT increased from Rs 2,843mn in FY21 to Rs 4,613mn in FY24 before declining sharply to Rs 1,947mn in FY26 (primarily due to losses at overseas subsidiaries), with PAT margins contracting from 11.4% to 6.3% over the same period. We expect strong recovery in profitability, with PAT projected to reach Rs 7,009mn by FY29E. VAW's profit contribution declined materially amid sanctions-related disruption, while Foskor, AWUKO and Rhodius reported losses. In addition, FY26 included Rs 1,346 mn of exceptional items, largely related to the voluntary winding-up of AWUKO and valuation impact at Foskor. Accordingly, PAT margins are expected to improve progressively from 6.3% in FY26 to 9.8% by FY29E, supported by margin recovery and operating leverage, though remaining below FY21 levels.

Exhibit 105: PAT and PAT Margin

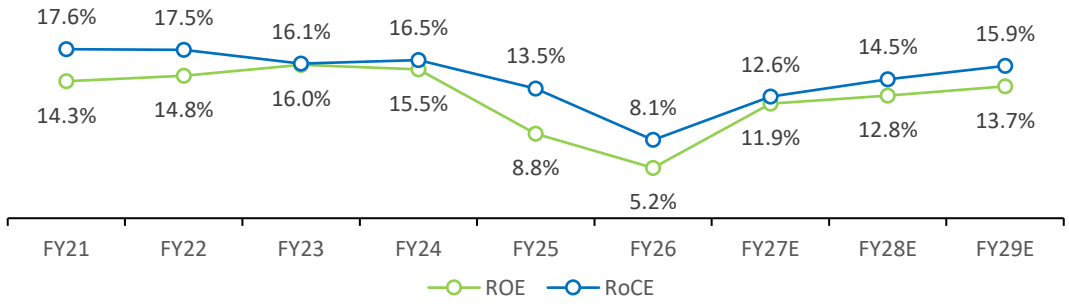


Source: Company, MNCL Research Estimates

Return Ratios

The company's return ratios have weakened materially, with ROE declining from 15.5% in FY24 to 5.2% in FY26, while RoCE fell from 16.5% to 8.1%, reflecting the sharp deterioration in profitability. We expect a gradual recovery as earnings normalize, with ROE improving to 13.7% and RoCE to 15.9% by FY29E. However, both metrics are expected to remain below their FY24 peaks, indicating that the recovery in capital efficiency is likely to be gradual.

Exhibit 106: RoCE and ROE Profile



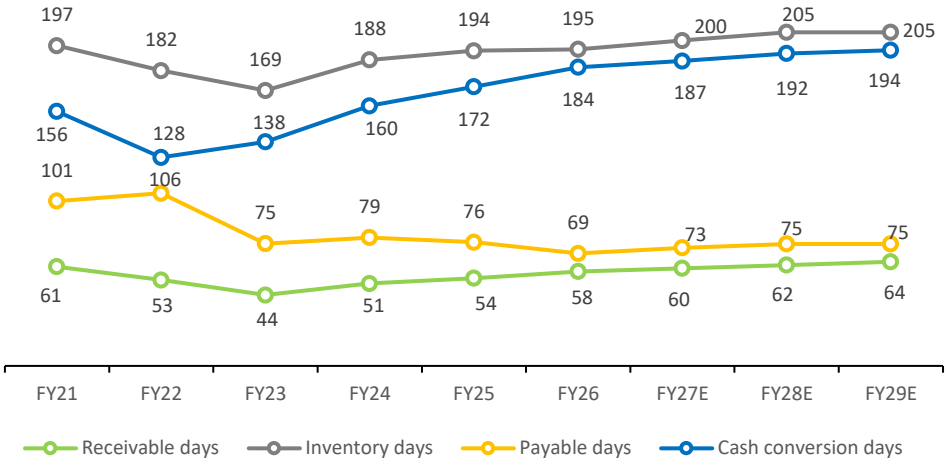
Source: Company, MNCL Research Estimates

Working Capital

The working capital cycle has deteriorated in recent years, with cash conversion days increasing from 128 days in FY22 to 184 days in FY26 and expected to reach 194 days by FY29E. Receivable days have risen to 58 days in FY26, while inventory days remain elevated at 195 days. Lower payable days, 69 days in FY26 versus 101 days in FY21 further worsened cash cycle. Overall, the rising working-capital intensity could constrain cash-flow conversion despite expected business growth.

The increase in inventory days over FY23-25 was due to a mix of higher stockings of raw materials in anticipation of higher alumina prices as well as lower movement of finished goods on the back of muted sales growth. The worsening of receivables over the same period is likely attributable to rising stress in AWUKO and Foskor's operational performance. We expect the cash conversion days to further worsen in the short-term as CUMI endeavors to accelerate sales growth of its premium products.

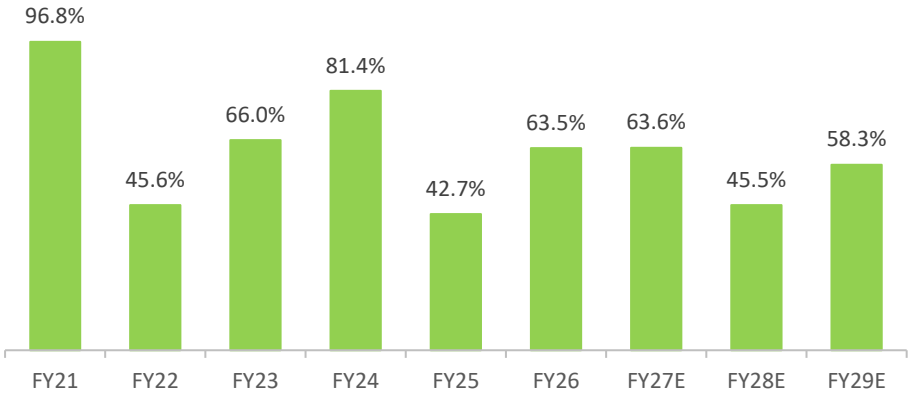
Exhibit 107: Cash Cycle



Source: Company, MNCL Research Estimates

Cash-flow conversion has remained inconsistent, with CFO-to-EBITDA fluctuating between 43% and 97% over FY21-FY26, reflecting variations in working capital requirements. Conversion improved to 64% in FY26 from 43% in FY25 but remains below the FY21 level. We expect CFO-to-EBITDA to remain volatile at 45%-64% during FY27E-FY29E. The subdued conversion relative to EBITDA is largely attributable to the elevated working-capital cycle, particularly higher receivables and inventory, which could continue to constrain free cash-flow generation.

Exhibit 108: CFO-to-EBITDA

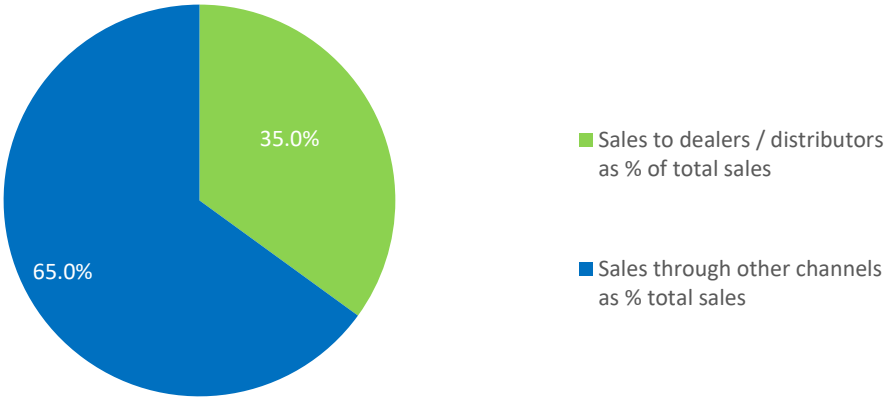


Source: Company, MNCL Research Estimates

Broad Customer Base, Strong Direct B2B Exposure

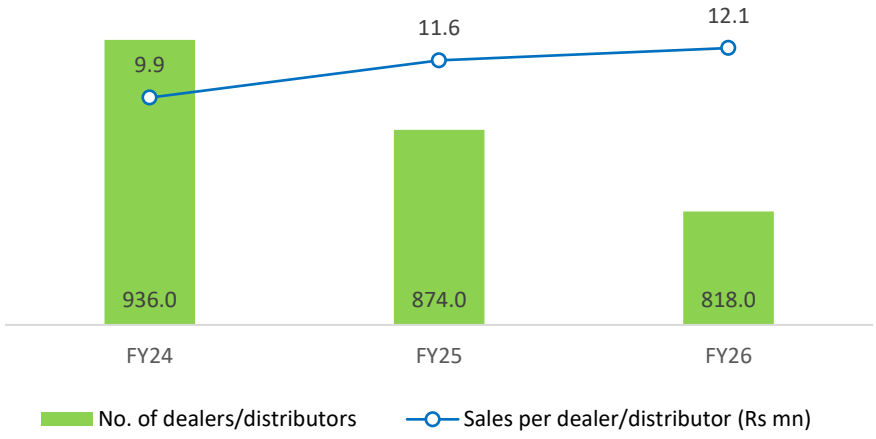
CUMI's customer base remains well diversified, with sales spread across 818 dealers/distributors in FY26, versus 874 in FY25. Dealer/distributor sales accounted for 35% of total sales in FY26, down from 39.7% in FY25, indicating limited dependence on the distribution channel. The remaining ~65% generated through direct sales to industrial/OEM customers, overseas customers and other channels. Within the dealer distributor channel, the top 10 dealers contributed 24.2% of dealer/distributor sales, translating into only 8.5% of total company sales. The broad dealer network and limited contribution from the largest customers indicate low customer concentration at the company level.

Exhibit 109: Sales Channels (FY26)



Source: Company, MNCL Research

Exhibit 110: Sales Per Dealer Has Improved Through Dealer Count Rationalization

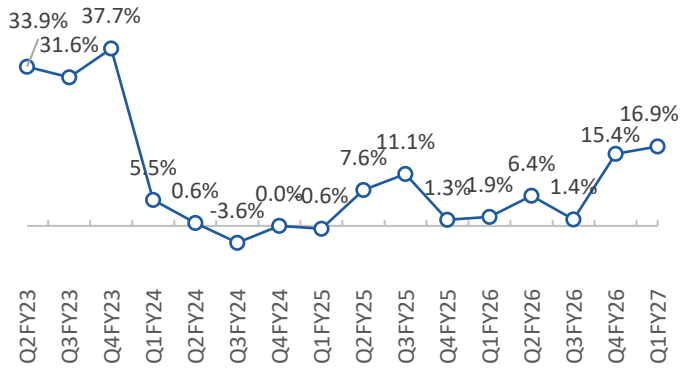


Source: Company, MNCL Research

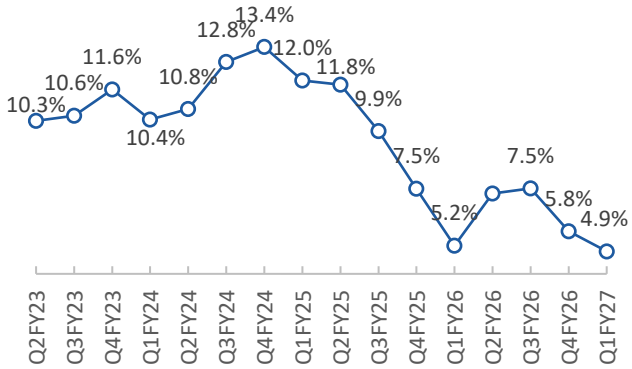
Q4FY26/Q1FY27 Indicates Growth at Cost of Margins

Exhibit 111: Revenue Growth and EBIT Margin

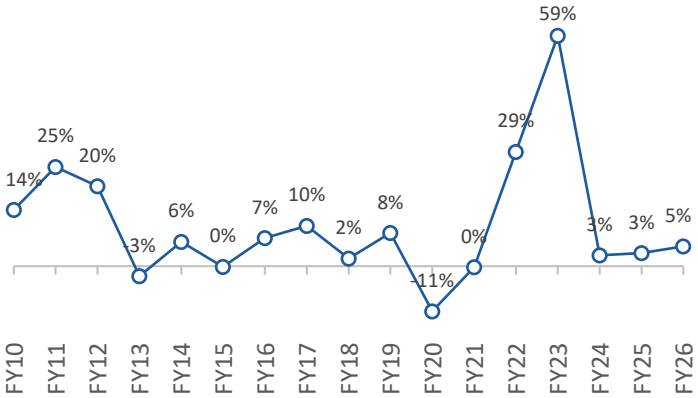
Consolidated Revenue Growth - Quarterly (YoY)



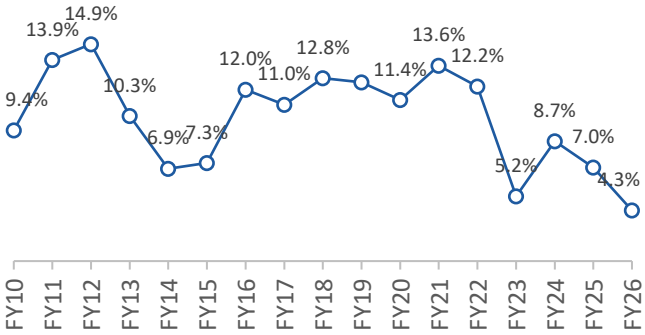
Consolidated EBITDA margin - Quarterly



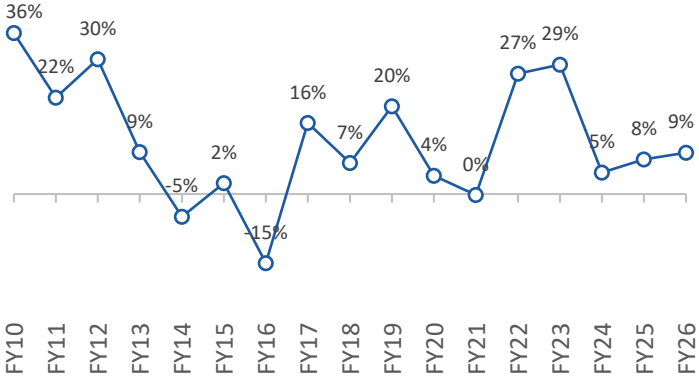
Abrasives segment YoY Growth



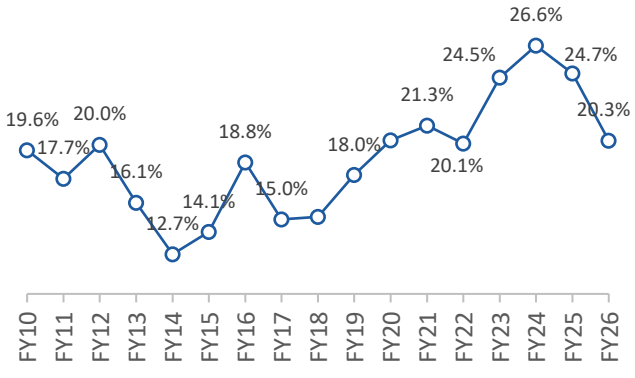
Abrasives segment EBIT margin



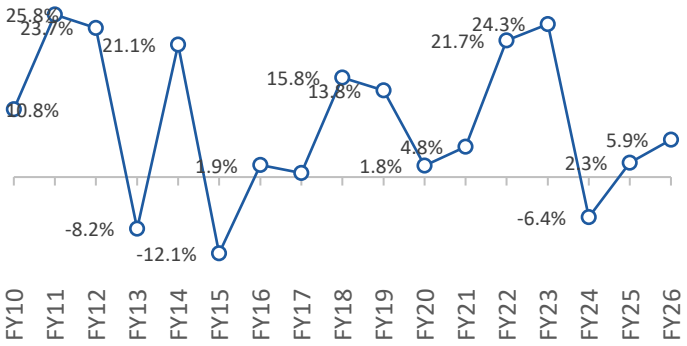
Ceramics segment YoY Growth



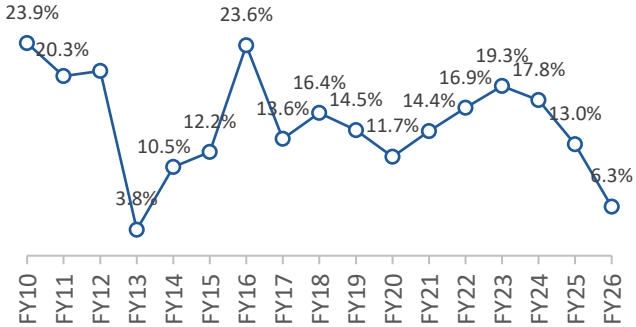
Ceramics segment EBIT margin



Electrominerals segment YoY Growth



Electrominerals segment EBIT Margin



Source: Company, MNCL Research

Valuation – 30% Upside with Decent Risk-Reward

We value CUMI on a sum-of-the-parts basis, blending P/E and EV/EBITDA for the core business and separately valuing its stake in listed Wendt India, arriving at a Sept-2028E base-case target price of Rs 1,563, implying 29.8% upside from CMP. Our estimates indicate a FY26-29E revenue/EBITDA/PAT CAGR of 11.4%/27.3%/53.2%.

On P/E, we apply 45.0x to base-case FY28E EPS of Rs 32.9, implying a core equity value of Rs 281,924mn at a 9.4% PAT margin. Adding the value of CUMI's Wendt India stake of Rs 6,595mn gives an adjusted equity value of Rs 288,519mn, or Rs 1,515 per share, implying 25.8% upside.

On EV/EBITDA, we apply 27.0x to base-case FY28E EBITDA of Rs 10,957mn, at a 16.4% EBITDA margin, implying an enterprise value of Rs 295,831mn. Adding the Wendt India stake value of Rs 6,595mn and adjusting for its Rs 1,075mn carrying value gives an adjusted EV of Rs 301,351mn, or Rs 1,611 per share, implying 33.8% upside. Averaging the two methods gives our headline target price of Rs 1,563.

In the bull case, assuming 45.0x P/E and 27.0x EV/EBITDA on stronger FY28E EPS of Rs 36.9 and EBITDA of Rs 12,029mn, the target price rises to Rs 1,737, implying 44% upside. In the bear case, at compressed multiples of 32.0x P/E and 19.0x EV/EBITDA, the target price falls to Rs 848, implying 30.0% downside.

Exhibit 112: SOTP-based TP Computation (September 2028E)

	Base case	Bull case	Bear Case
Average Target Price (Rs)	**1,563**	**1,737**	**848**
Implied upside (%)	29.8%	44.3%	-29.6%
P/E-based valuation			
Estimated EPS (Rs), ex-Wendt	32.9	36.9	24.6
Attributed P/E (x)	40.0	45.0	32.0
Implied equity value (Rs mn), ex-Wendt	**2,81,924**	**3,16,639**	**1,50,115**
Wendt India stake value (Rs mn)	6,595	7,170	4,190
Adjusted equity value (Rs mn)	**2,88,519**	**3,23,809**	**1,54,304**
Target price (Rs)	**1,515**	**1,700**	**810**
Implied upside (%)	**25.8%**	**41.2%**	**-32.7%**
PAT margin	9.4%	10.3%	7.6%
EV/EBITDA-based valuation			
Estimated EBITDA (Rs mn)	10,957	12,029	8,501
Attributed EV/EBITDA (x)	27.0	27.0	19.0
Implied EV (Rs mn)	2,95,831	3,24,796	1,61,513
Wendt India carrying value	1,075	1,089	1,037
Wendt India stake value	6,595	7,170	4,190
Adjusted EV (Rs mn)	**3,01,351**	**3,30,877**	**1,64,666**
Target price (Rs)	**1,611**	**1,774**	**886**
Implied upside (%)	**33.8%**	**47.3%**	**-26.4%**
EBITDA margin	16.4%	17.6%	13.8%
CMP (Rs)	1,204		
S/O (mn)	190		

Source: Company, MNCL Research Estimates

Exhibit 113: Assumptions

3Yr CAGR	Base	Bull	Bear
Revenue	11.4%	12.4%	7.4%
EBITDA	27.3%	31.1%	15.1%
PAT	53.2%	58.8%	36.5%

Source: Company, MNCL Research Estimates

Exhibit 114: 2-yr Forward P/E Chart

Source: Bloomberg

Exhibit 115: 2-yr Forward EV/EBITDA Chart

Source: Bloomberg

Financial Statements

Exhibit 116: Consolidated Income Statement of Carborundum Universal

In Rs mn, except per share	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Sales of products and services, net	**32,896**	**46,010**	**46,282**	**48,335**	**51,494**	**55,407**	**61,724**	**70,427**
Other operating income	351	532	740	607	569	612	682	778
Net revenue	**33,248**	**46,543**	**47,022**	**48,942**	**52,063**	**56,020**	**62,406**	**71,205**
YoY growth	***26.3%***	***40.0%***	***1.0%***	***4.1%***	***6.4%***	***7.6%***	***11.4%***	***14.1%***
Cost of goods sold	11,578	17,141	16,973	17,950	20,371	21,063	23,340	26,061
Gross profit	**21,670**	**29,402**	**30,049**	**30,992**	**31,692**	**34,956**	**39,066**	**45,144**
Gross margin	***65.2%***	***63.2%***	***63.9%***	***63.3%***	***60.9%***	***62.4%***	***62.6%***	***63.4%***
Employee expenses	4,192	6,923	7,201	8,623	9,532	9,568	10,276	11,725
% net revenue	***12.6%***	***14.9%***	***15.3%***	***17.6%***	***18.3%***	***17.1%***	***16.5%***	***16.5%***
Other operating expenses	12,111	15,960	15,460	15,251	16,371	17,229	18,819	21,472
EBITDA	**5,366**	**6,519**	**7,388**	**7,118**	**5,789**	**8,159**	**9,972**	**11,947**
YoY growth	***15.3%***	***21.5%***	***13.3%***	***-3.7%***	***-18.7%***	***40.9%***	***22.2%***	***19.8%***
EBITDA margin	***16.1%***	***14.0%***	***15.7%***	***14.5%***	***11.1%***	***14.6%***	***16.0%***	***16.8%***
Depreciation and amortization	1,146	1,873	1,907	2,120	2,468	2,521	2,808	3,204
Earnings before interest and taxes	**4,221**	**4,645**	**5,481**	**4,998**	**3,321**	**5,638**	**7,163**	**8,743**
EBIT margin	***12.7%***	***10.0%***	***11.7%***	***10.2%***	***6.4%***	***10.1%***	***11.5%***	***12.3%***
Share in profits of JV/associates	203	373	439	452	312	385	453	510
Non-operating income	398	767	767	410	717	857	1,026	1,106
Interest expenses	56	235	183	140	188	248	294	304
Exceptional Items	0	249	0	1,041	1,346	0	0	0
Profit before taxes	**4,765**	**5,799**	**6,502**	**4,679**	**2,817**	**6,632**	**8,349**	**10,054**
Income taxes	-1,265	-1,382	-1,741	-1,692	-1,139	-1,848	-2,469	-2,974
ETR	***27.7%***	***26.7%***	***28.7%***	***32.1%***	***29.6%***	***27.9%***	***29.6%***	***29.6%***
Attributable to minority interest	-167	-277	-149	-60	269	111	-62	-71
PAT to common shareholders	**3,334**	**4,140**	**4,613**	**2,927**	**1,947**	**4,895**	**5,817**	**7,009**
APAT to common shareholders	***3,334***	***3,891***	***4,613***	***3,969***	***3,293***	***4,895***	***5,817***	***7,009***
PAT YoY growth	***11.6%***	***16.7%***	***18.6%***	***-14.0%***	***-17.0%***	***48.6%***	***18.8%***	***20.5%***
PAT margin	***10.0%***	***8.4%***	***9.8%***	***8.1%***	***6.3%***	***8.7%***	***9.3%***	***9.8%***
Per share (split adjusted)								
EPS	17.6	21.8	24.2	15.4	10.2	25.7	30.5	36.8
DPS	3.5	3.5	4.0	4.0	4.0	4.5	4.5	4.5
BVPS	125	148	164	185	205	225.9	252.0	284.2
Shares outstanding (mn), split adjusted	189.9	189.9	190.3	190.4	190.5	190.5	190.5	190.5

Source: Company, MNCL Research Estimates

Exhibit 117: Consolidated Balance Sheet of Carborundum Universal

In Rs mn; FY-end March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Cash and cash equivalents	3,516	4,001	5,579	3,806	7,004	8,606	9,102	11,819
ST Investments - mutual funds	0	0	0	0	0	0	0	0
Trade receivables	4,848	6,274	6,790	7,662	8,908	9,510	11,691	13,279
Advances to suppliers	330	427	339	337	397	422	470	537
Inventories	6,909	8,989	8,502	10,550	11,172	11,912	14,306	14,969
Receivable for sale of CUMI shares sold by SEDCO	0	0	0	962	0	0	0	0
Other short-term assets	876	569	478	685	926	997	1,110	1,267
Current assets, total	**16,478**	**20,259**	**21,688**	**24,003**	**28,407**	**31,025**	**36,209**	**41,334**
PPE including intangibles, net	**8,480**	**12,824**	**13,136**	**14,485**	**16,086**	**17,675**	**19,066**	**20,062**
Capital WIP	577	875	781	1,184	1,410	1,300	1,100	900
Equity accounted investments	**1,190**	**1,437**	**1,627**	**1,926**	**1,965**	**2,123**	**2,312**	**2,526**
Unquoted investments in Group Cos.	188	175	89	88	23	23	23	23
Goodwill	1,581	2,444	2,474	2,675	2,975	2,975	2,975	2,975
Deferred tax assets	269	762	1,106	1,221	1,305	1,404	1,564	1,784
Other non-current assets	**4,464**	**468**	**619**	**850**	**735**	**791**	**881**	**1,005**
Total assets	**33,228**	**39,244**	**41,519**	**46,433**	**52,905**	**57,737**	**64,601**	**71,147**
Short-term debt	2,122	1,957	933	1,044	2,969	2,969	2,969	2,969
Trade payables	3,704	3,359	3,978	3,498	4,220	4,157	5,435	5,275
Employee benefits and other provisions	223	505	591	868	1,621	1,745	1,943	2,217
Other short-term liabilities	1,271	1,560	1,271	1,763	1,836	1,976	2,201	2,511
Current liabilities, total	**7,319**	**7,381**	**6,774**	**7,173**	**10,646**	**10,845**	**12,548**	**12,972**
Long-term debt	310	815	786	1,120	1,159	1,927	2,102	2,008
Put option obligation	408	383	455	394	427	427	427	427
Provision for employee benefits	147	238	244	323	355	382	426	486
Others, mostly deferred tax liabilities	547	943	611	665	235	252	281	321
Total liabilities	**8,731**	**9,760**	**8,869**	**9,674**	**12,822**	**13,834**	**15,784**	**16,214**
Minority interest	859	1,279	1,393	1,472	1,085	867	822	785
Shareholders' equity	23,638	28,206	31,257	35,286	38,998	43,036	47,995	54,147
Total liabilities and shareholders' equity	**33,228**	**39,244**	**41,519**	**46,433**	**52,905**	**57,737**	**64,601**	**71,147**

Source: Company, MNCL Research Estimates

Exhibit 118: Consolidated Cash Flow Statement of Carborundum Universal

In Rs mn; FY-end March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PAT to common shareholders	3,334	4,140	4,613	2,927	1,947	4,895	5,817	7,009
Depreciation and amortization	1,146	1,873	1,907	2,120	2,468	2,521	2,808	3,204
Other non-cash items	1,357	1,445	1,798	2,190	1,778	967	1,596	2,019
Changes in working capital	-2,065	-1,531	-206	-2,217	-807	-1,349	-3,212	-2,295
Taxes paid	-1,326	-1,625	-2,097	-1,978	-1,713	-1,848	-2,469	-2,974
Cash flow from operations	**2,445**	**4,302**	**6,015**	**3,042**	**3,674**	**5,186**	**4,539**	**6,963**
Capital expenditure	-1,643	-3,017	-2,353	-2,776	-3,104	-4,000	-4,000	-4,000
Business acquisitions	-5,415	160	0	-584	0	0	0	0
Changes in investments	11	-6	46	-936	125	0	0	0
Dividend income (equity accounted investments)	**170**	**129**	**243**	**160**	**288**	**228**	**263**	**296**
Interest and dividend income (others)	197	148	182	298	490	632	777	821
Other investing flows	12	11	10	9	29	0	0	0
Cash flow from investing activities	**-6,668**	**-2,575**	**-1,872**	**-3,830**	**-2,171**	**-3,140**	**-2,960**	**-2,883**
Issue of shares	62	28	137	54	23	0	0	0
Sale of treasury shares, net	0	0	0	0	890	0	0	0
Changes in debt	1,537	-365	-1,321	-138	1,430	768	175	-94
Dividend paid to common	-569	-665	-665	-761	-762	-857	-857	-857
Dividend paid to minority interest	-80	-101	-128	-151	-250	-107	-107	-107
Interest paid	-56	-220	-152	-93	-139	-248	-294	-304
Acquisition of additional stake in subsidiaries	0	-12	-11	-10	0	0	0	0
Cash flow from financing activities	**894**	**-1,334**	**-2,140**	**-1,099**	**1,192**	**-444**	**-1,084**	**-1,363**
FX changes	-45	93	-425	113	505	0	0	0
Net change in cash	**-3,374**	**485**	**1,578**	**-1,773**	**3,199**	**1,602**	**496**	**2,717**
Opening cash and cash equivalents	6,889	3,516	4,001	5,579	3,806	7,004	8,606	9,102
Ending cash and cash equivalents	**3,516**	**4,001**	**5,579**	**3,806**	**7,004**	**8,606**	**9,102**	**11,819**

Source: Company, MNCL Research Estimates

Exhibit 119: Consolidated Quarterly Income Statement of Carborundum Universal

In Rs mn, except per share	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	TTM
Net revenue	12,241	12,555	12,171	12,190	12,981	12,909	13,984	14,266	54,139
YoY growth	***6.8%***	***9.0%***	***1.3%***	***1.8%***	***6.0%***	***2.8%***	***14.9%***	***17.0%***	***10.1%***
QoQ growth	***2.2%***	***2.6%***	***-3.1%***	***0.2%***	***6.5%***	***-0.6%***	***8.3%***	***2.0%***	
Cost of goods sold	4,415	4,785	4,532	4,501	5,040	5,097	5,733	5,761	21,630
Gross profit	**7,826**	**7,770**	**7,639**	**7,689**	**7,941**	**7,812**	**8,251**	**8,506**	**32,509**
Gross margin	***63.9%***	***61.9%***	***62.8%***	***63.1%***	***61.2%***	***60.5%***	***59.0%***	***59.6%***	***60.0%***
Employee expenses	2,153	2,165	2,249	2,380	2,414	2,276	2,419	2,680	9,789
Other operating expenses	**3,723**	**3,835**	**3,928**	**4,097**	**3,963**	**3,922**	**4,389**	**4,474**	**16,749**
EBITDA	**1,950**	**1,770**	**1,463**	**1,213**	**1,564**	**1,614**	**1,442**	**1,351**	**5,971**
EBITDA margin	***15.9%***	***14.1%***	***12.0%***	***9.9%***	***12.0%***	***12.5%***	***10.3%***	***9.5%***	***11.0%***
Depreciation and amortization	520	526	561	589	622	611	645	655	2,534
Earnings before interest and taxes	**1,430**	**1,244**	**902**	**624**	**942**	**1,003**	**796**	**696**	**3,437**
EBIT margin	***11.7%***	***9.9%***	***7.4%***	***5.1%***	***7.3%***	***7.8%***	***5.7%***	***4.9%***	***6.3%***
Share in profits of JV/associates	**114**	**106**	**114**	**82**	**59**	**85**	**86**	**107**	**337**
Interest expenses	37	39	31	35	44	46	63	58	211
Non-operating income	113	164	63	187	169	133	227	195	724
Exceptional Items	0	1,041	0	0	0	43	1,346	252	1,137
Profit before taxes	**1,620**	**434**	**1,047**	**858**	**1,125**	**1,132**	**-298**	**1,192**	**3,151**
Income taxes	458	58	746	254	383	400	102	389	1,273
ETR	***28.3%***	***13.4%***	***71.3%***	***29.6%***	***34.0%***	***35.3%***	***-34.2%***	***32.6%***	***40.4%***
Attributable to minority interest	3	28	10	-15	-3	-28	-224	39	-215
PAT to common shareholders	**1,159**	**348**	**291**	**619**	**745**	**759**	**-176**	**764**	**2,092**
YoY growth	***13.7%***	***-68.8%***	***-78.4%***	***-45.2%***	***-35.7%***	***118.3%***	***-160.4%***	***23.4%***	***-13.4%***
PAT margin	***9.5%***	***2.8%***	***2.4%***	***5.1%***	***5.7%***	***5.9%***	***-1.3%***	***5.4%***	***3.9%***
Per share									
EPS	6.1	1.8	1.5	3.3	3.9	4.0	-0.9	4.0	11.0
DPS	0.0	1.5	2.5	0.0	0.0	1.5	2.5	0.0	4.0
BVPS	175	176	185	189	197	199	196	200	200
Par value	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Shares outstanding (mn)	190	190	190	190	190	190	190	190	190

Source: Company, MNCL Research Estimates

Exhibit 120: Key Ratios of Carborundum Universal

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	n.a.	-3.3%	1.3%	26.3%	40.0%	1.0%	4.1%	6.4%	7.6%	11.4%	14.1%
EBITDA	n.a.	-9.1%	16.8%	15.3%	21.5%	13.3%	-3.7%	-18.7%	40.9%	22.2%	19.8%
PAT	n.a.	10.0%	4.4%	17.3%	24.2%	11.4%	-36.5%	-33.5%	151.4%	18.8%	20.5%
Margin Ratios (%)											
Gross profit	64.5%	65.9%	65.9%	65.2%	63.2%	63.9%	63.3%	60.9%	62.4%	62.6%	63.4%
EBITDA	16.3%	15.3%	17.7%	16.1%	14.0%	15.7%	14.5%	11.1%	14.6%	16.0%	16.8%
EBIT	12.3%	11.3%	13.9%	12.7%	10.0%	11.7%	10.2%	6.4%	10.1%	11.5%	12.3%
PAT	9.2%	10.5%	10.8%	10.0%	8.9%	9.8%	6.0%	3.7%	8.7%	9.3%	9.8%
DuPont (%)											
PAT-to-sales	9.2%	10.5%	10.8%	10.0%	8.9%	9.8%	6.0%	3.7%	8.7%	9.3%	9.8%
Sales-to-assets	1.2	1.1	1.0	1.0	1.2	1.1	1.1	1.0	0.97	0.97	1.00
Assets-to-equity	1.3	1.2	1.3	1.4	1.4	1.3	1.3	1.4	1.3	1.3	1.3
ROE	14.4%	14.7%	13.3%	14.1%	14.7%	14.8%	8.3%	5.0%	11.4%	12.1%	12.9%
RoAE	n.a.	15.2%	14.3%	14.8%	16.0%	15.5%	8.8%	5.2%	11.9%	12.8%	13.7%
RoAA	n.a.	12.0%	11.4%	11.1%	11.4%	11.4%	6.7%	3.9%	8.8%	9.5%	10.3%
RoCE	n.a.	15.6%	17.6%	17.5%	16.1%	16.5%	13.5%	8.1%	12.6%	14.5%	15.9%
RoIC	n.a.	15.2%	15.6%	14.8%	14.1%	14.3%	11.2%	7.0%	11.2%	12.4%	13.5%
Turnover Ratios (days) *											
Receivable days	n.a.	64	61	53	44	51	54	58	60	62	64
Inventory days	n.a.	214	197	182	169	188	194	195	200	205	205
Payable days	n.a.	83	101	106	75	79	76	69	73	75	75
Cash conversion days	n.a.	195	156	128	138	160	172	184	187	192	194
CFO-to-EBITDA	46%	102%	97%	46%	66%	81%	43%	63%	64%	46%	58%
Solvency Ratios											
Net debt-to-EBITDA	-22.1%	-73.0%	-134.2%	-20.2%	-18.8%	-52.2%	-23.1%	-49.7%	-8.6%	-8.4%	-12.6%
Debt-to-equity	5.6%	3.8%	3.0%	10.3%	9.8%	5.5%	6.1%	10.6%	11.4%	10.6%	9.2%
Capex-to-net revenue	3.6%	5.0%	4.0%	4.9%	6.5%	5.0%	5.7%	6.0%	7.1%	6.4%	5.6%
Accrual ratio	n.a.	0.0%	-4.0%	0.0%	3.2%	1.8%	2.2%	-5.9%	0.3%	3.9%	2.1%
Per share (INR)											
EPS	13.1	14.4	15.0	17.6	21.8	24.2	15.4	10.2	25.7	30.5	36.8
DPS	2.8	2.8	3.5	3.5	3.5	4.0	4.0	4.0	4.5	4.5	4.5
BVPS	91.1	98.1	112.4	124.5	148.5	164.3	185.3	204.7	225.9	252.0	284.2
CEPS	10.7	21.5	23.8	12.9	22.6	31.6	16.0	19.3	27.2	23.8	36.6
Valuation (x)											
Adj. P/E	31.0	15.3	32.3	45.4	48.3	52.2	48.9	44.9	46.9	39.4	32.7
P/B	4.5	2.2	4.5	6.4	6.7	7.7	5.5	3.8	5.3	4.8	4.2
P/S	2.9	1.6	3.7	4.6	4.0	5.1	4.0	2.8	4.1	3.7	3.2
EV/EBITDA	17.3	9.7	19.4	28.1	28.7	32.1	27.1	25.1	27.7	22.6	18.7
Dividend											
Payout	21%	19%	23%	20%	16%	16%	26%	39%	18%	15%	12%
Yield	0.7%	1.3%	0.7%	0.4%	0.4%	0.3%	0.4%	0.5%	0.3%	0.3%	0.3%

Source: Company, MNCL Research estimates

WENDT INDIA l HOLD l TP: Rs 8,793 | Upside: 5%

Machine segment recovery could drive a sharp margin rebound

We initiate coverage on Wendt India with a Hold rating. The company is a niche precision-engineering franchise anchored by Super Abrasives, where high customization, application expertise and customer integration create meaningful entry barriers. Super Abrasives contributes 64% of FY26 revenue at a 25.7% EBITDA margin, while Precision Products adds a profitable, complementary revenue stream. The key earnings drag is Machines & Accessories, whose 14% revenue share turned loss-making, driving FY26 consolidated EBITDA margin down to 13.6% from 22.5% in FY25. We see this as cyclical rather than structural, with recovery in machine execution and order conversion offering significant operating leverage. Our estimates imply margin recovery to 20.5% by FY28E, providing the principal earnings-recovery catalyst.

- **Complementary Segments Tied to Both Capex & Consumables Cycles:** Wendt India is a 40+ year-old precision-grinding specialist serving automotive, bearings, steel, aerospace & defense, ceramics, glass and engineering. Its business spans three complementary layers — grinding consumables, machines, and precision components — enabling participation across the grinding value chain, from recurring consumables to capital equipment and outsourced manufacturing, while supporting cross-selling and customer stickiness. CUMI owns 37.5%, providing access to the Murugappa Group's manufacturing capabilities and customer relationships, while Wendt remains separately listed.
- **Machine Segment Recovery Could Unlock Significant Operating Leverage:** Super abrasives is the largest (63.6% of net revenue) and most profitable segment (25.7% EBITDA margin), reflecting high customization and technical entry barriers. Machines & Accessories is currently loss-making (-35.5% EBITDA margin), reflecting a smaller order base and execution timing, while Precision Components contributes 12.8% of revenue at a 15.0% margin. A recovery in machine execution, alongside a mix-shift toward higher-margin consumables, is the key swing factor for consolidated profitability.
- **Small TAM but Strong Growth:** Wendt's addressable market within India's super abrasives category (~US$360mn in 2025) is ~US$45mn, which it expects to grow 17% CAGR over 3–5 years. Increasing precision-grinding adoption, machining complexity and tighter tolerances across automotive, steel, metal fabrication, capital goods and infrastructure should support growth, offering runway for premiumization and share gains.
- **Valuation and view:** We value Wendt India on a blended P/E and EV/EBITDA basis and arrive at a Sept-2028E base-case target price of Rs 8,793, implying 5% upside from CMP. Our valuation reflects the company's specialized abrasives franchise, with the key sensitivity being the pace of earnings recovery and margin normalization. Our estimates indicate a FY26-29E revenue/EBITDA/PAT CAGR of 10.3%/27.9%/40.5%.

Target price	**8,793**
CMP	8,382
Upside	5%

Price Performance (%)

	1M	6M	1Yr
WNDT IN	3%	42%	-5%
Nifty	-6%	2%	-8%

Source: BSE, NSE, Company

Key Data	
Bloomberg Code	WNDT:IN
Curr Shares O/S (mn)	2
Diluted O/S (mn)	2
Mkt Cap (Rs bn/$ mn)	17/180
52 Wk H / L (Rs)	9,438/5,842
3M Average Volume	11,960

Shareholding pattern (%)

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter Group	37.5%	37.5%	37.5%	37.5%
DIIs	9.6%	9.8%	12.7%	11.9%
FIIs	1.8%	1.1%	1.0%	1.1%
Others	51.1%	51.6%	48.8%	49.5%

Source: BSE

Y/E; Rs mn	Revenue	YoY (%)	EBITDA	EBITDA Margin	PAT	YoY (%)	EPS	ROE	ROCE	P/E (x)	EV/EBITDA (x)
FY25	2,337	3.0%	526	22.5%	395	-3.6%	197.4	17.3%	18.5%	44.9	32.5
FY26	2,363	1.1%	320	13.6%	146	-63.1%	72.7	5.8%	6.9%	86.5	37.2
FY27E	2,640	11.7%	466	17.7%	265	81.9%	132.3	10.2%	12.1%	63.3	34.4
FY28E	2,896	9.7%	595	20.5%	354	33.7%	177.0	12.8%	15.5%	47.4	26.7
FY29E	3,168	9.4%	670	21.1%	403	13.9%	201.6	13.5%	16.4%	41.6	23.6

Source: Company, MNCL Research Estimates

Company Overview

Wendt (India) is a niche precision-engineering company focused on high-end grinding solutions, catering to applications where conventional abrasives are inadequate. The company manufactures super-abrasives, specialised grinding machines and precision components, serving end-markets such as automotive & auto ancillaries, cutting tools, bearings, steel, aerospace & defence, ceramics, glass and general engineering. This integrated offering enables Wendt to participate across multiple stages of a customer's grinding process, ranging from recurring consumable requirements to capital equipment and outsourced precision manufacturing providing opportunities for cross-selling and deeper customer relationships.

Its key competitive advantage lies in its application-oriented product portfolio, with solutions often customised to specific customer processes. With over four decades of operating experience, Wendt has established a strong market position in India's super-abrasives industry.

Exhibit 121: Segmental Overview

Segment	What Wendt manufactures
Super Abrasives	Diamond & CBN grinding wheels, rotary/stationary dressers, hones, segments, pellets, brazed products and other specialized grinding tools
Machines & Accessories	CNC grinding/honing machines, cylindrical grinders, surface grinders, creep-feed grinders and related equipment/accessories
Precision Components	High-precision ground components in steel, carbide and ceramics for automotive, aerospace and engineering applications
Others	Allied/traded products and other activities

Source: Company, MNCL Research

Exhibit 122: Segmental Contribution and EBITDA Margins (FY26)

Segment	Contribution to Net Revenue	EBITDA Margins
Super Abrasives	63.6%	25.7%
Machines & Accessories	14.3%	-35.5%
Precision Components	12.8%	15.0%
Others	9.3%	10.9%

Source: Company, MNCL Research

Super Abrasives

Machines & Accessories

Precision Components

Source: Company, MNCL Research

Wendt GmbH Exit Unlocks Globalization Opportunity

The History and the Stake Sale in 2025: In 2007, Winterthur Technologie AG acquired Wendt Holding GmbH, the German abrasives/grinding business, from 3i. Wendt GmbH subsequently became part of the Winterthur Technology Group. In 2010, 3M acquired 98.5% of Winterthur Technologies AG. Since Winterthur owned Wendt GmbH, 3M consequently obtained indirect control of Wendt GmbH and its 37.5% stake in Wendt India. Wendt India's May-2025 transaction effectively marked the end of its 45-year joint-venture structure with Wendt GmbH and CUMI. Wendt GmbH divested its entire 37.5% stake (7.5 lakh shares) through an Offer for Sale (OFS) on May 15, 2025, after amending the shareholders' agreement with CUMI. This is therefore a promoter stake divestment/secondary OFS, rather than an acquisition by Wendt India.

The OFS had a Rs 6,500/share floor price and ultimately cleared at Rs 8,051/share, implying proceeds of Rs 6.0bn and an equity valuation of Rs 16.1bn for Wendt India. Following Wendt GmbH's exit in May 2025, CUMI became Wendt India's dominant shareholder, retaining its 37.5% stake, while public ownership increased to 62.5%.

Exhibit 123: Ownership change

Shareholder	Before exit	After exit
Wendt GmbH	37.5%	Nil
CUMI	37.5%	37.5%
FIIs	0.1%	1.2%
DIIs	6.7%	11.9%
Public/others	18.2%	49.4%
Total	**100.0%**	**100%**

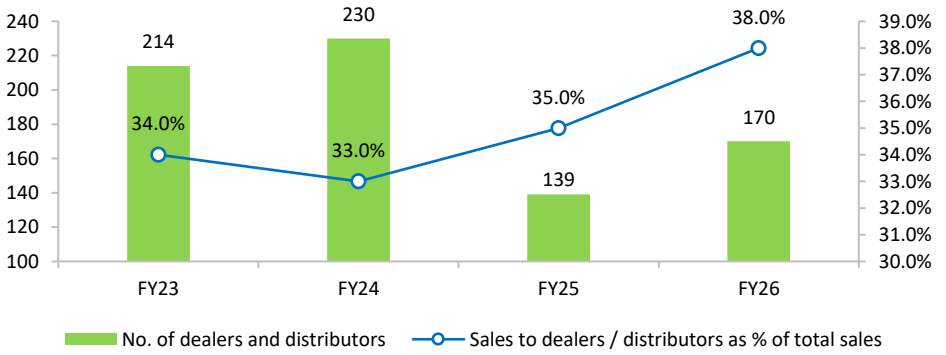
Source: BSE, MNCL Research

What Wendt India Acquired: For Wendt GmbH, the transaction represented an exit from the JV, while Wendt India used the separation to secure greater strategic and intellectual-property independence. It acquired global ownership of the Wendt brand and >60 trademark registrations across 40 countries as well as technology for peripheral insert-grinding machines for EUR 3.8mn (Rs 351mn).

Wendt India Now Aiming Product Portfolio Expansion and Globalization: The strategic payoff is potentially more significant than the transaction itself: Wendt India plans to leverage the brand and technology to expand exports, sell machines globally, generate recurring service revenue and upgrade the installed base worldwide. It has established Wendt GmbH in Germany as a wholly owned subsidiary for European sales, distribution and after-sales service, with €1.65mn of capital infused by December 2025. Management has also outlined R&D investment, thin-wheel capacity expansion and new-product capacity, with an explicit ambition to substantially scale the business over the next five years and build a multinational footprint (FY26 exports constituted 30% of revenue).

Channel reset begins to bear fruit: As seen from the charts below, the company significantly rationalized its dealer/distributor network in FY25, before selectively rebuilding the channel in FY26. This indicates a more calibrated go-to-market strategy, aimed at eliminating channel inefficiencies while strengthening reach and execution quality. Although FY26 revenue remained broadly flat, the strong Q1FY27 earnings performance suggests that the benefits of this channel recalibration are beginning to materialize.

Exhibit 124: Wendt India's Sales Network



Source: Company, MNCL Research

Peripheral Insert Grinding — A Niche, High-Value Machine Opportunity

About Peripheral Insert Grinding Machines: These are precision CNC systems used to grind the peripheral geometry, chamfers and complex profiles of carbide, cermet, ceramic, PCD and PCBN indexable inserts. Demand is driven by the increasing use of precision cutting tools across automotive, aerospace, general engineering, energy and die/mould applications, with higher tool complexity and tighter tolerances favoring automated multi-axis grinding. The broader global CNC cutting-tool grinding machine market was estimated at USD 1.2bn in 2025 and is projected to grow at 5.5–6.0% CAGR through 2032; five-axis machines alone account for USD 744mn and are expected to grow at 6.3% CAGR. The peripheral insert-grinding segment is considerably smaller, but structurally attractive given its high-value, application-specific nature.

Technology-led market; process capability drives differentiation: The market remains technologically concentrated, with established players including Agathon, Wendt, EWAG/United Grinding and Waida, while Agathon and Wendt have particularly strong positions in indexable-insert grinding. Agathon's portfolio spans four- and five-axis platforms for periphery, chamfer and complex-geometry grinding, highlighting the high degree of automation, software integration and application engineering embedded in these machines. Competitive intensity is therefore less about machine pricing and more about process capability, cycle time, accuracy, reliability, software, automation and installed-base support. The associated grinding-wheel ecosystem also creates an important competitive advantage: peripheral grinding requires application-specific diamond/CBN wheels and process optimization, enabling machine suppliers with super-abrasive capabilities to offer integrated solutions.

India remains largely import-dependent, particularly for high-end insert-grinding equipment, creating a meaningful localization opportunity. Wendt India had earlier identified carbide-insert grinding as an import-substitution opportunity and has now entered the segment through technology transfer from Wendt GmbH. Its QUATRO and CENTRO platforms are five-axis peripheral/cylindrical grinding machines targeted at the carbide-insert industry. We believe localization of assembly, engineering and selected components in India could improve cost competitiveness while allowing Wendt to leverage its domestic application-engineering capabilities and customer relationships.

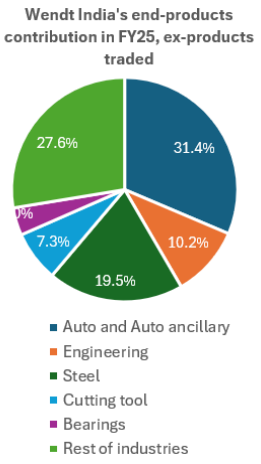
Service Opportunity: The technology gives Wendt India access to Wendt GmbH's peripheral insert grinding machines installed globally. These machines are priced in the range of USD 100-250k depending on configuration. Importantly, the opportunity extends beyond initial machine sales. Wendt has established a Germany subsidiary specifically for sales and after-sales support of peripheral grinding machines, while its broader machine business includes spares, service and refurbishment. Over time, the installed base can generate recurring revenue through preventive maintenance, critical spares, software upgrades, automation/robotics, process optimization and machine refurbishment, potentially making the aftermarket a meaningful annuity alongside new machine sales. We believe this is a long-term opportunity as it will take time for Wendt India to scale up its presence in this product segment.

Exhibit 125: End Products from Peripheral Insert Grinding Machines

Source: Company, MNCL Research

Financial Analysis – Wendt India

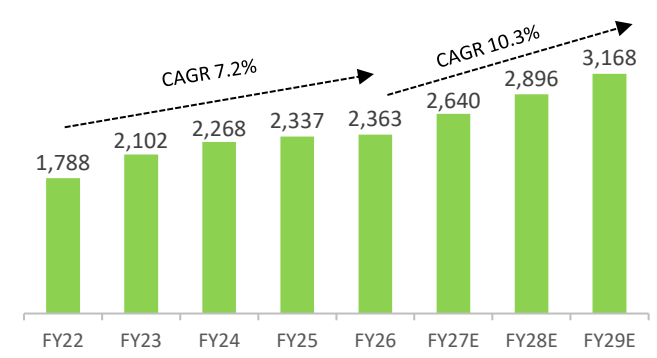
Revenue Growth



At Inflexion Point; Recovery Beckons: Wendt India has delivered a revenue CAGR of 7.2% over FY22-26. Revenues fell 3.5% in FY21 amid COVID related disruptions, before registering a strong growth of 30.9% in FY22 and 17.6% in FY23, supported by a recovery in industrial activity. However, momentum moderated thereafter amid softer industrial demand and export weakness, with growth slowing to 7.9% in FY24, 3.0% in FY25 and 1.1% in FY26.

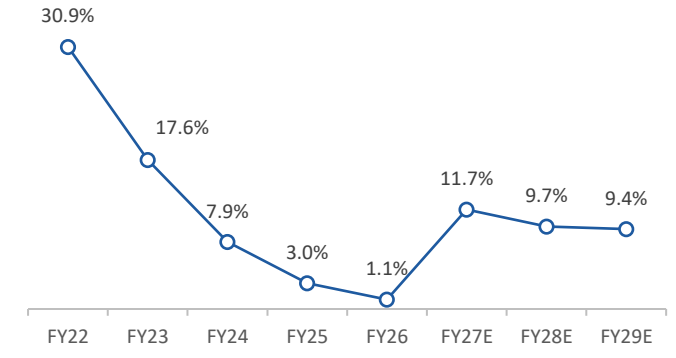
*Wendt India derived roughly 31% of its revenue from the automotive industry in FY25. Our regression analysis indicates that the company's domestic sales, which constituted 70% of consolidated sales in FY26, have a positive correlation of 72%/77% with passenger vehicle and commercial vehicle sales in India. We believe the PV and CV industry would grow at an average CAGR of 5% over the next 3 years. Regression analysis indicates an average domestic sales growth of 10% for Wendt India over the forecast period. We have assumed similar growth in exports as well considering the company's product portfolio expansion and market outreach plans. This forms the basis of our **base case**; however, our **bull case** incorporates a stronger growth of 14-15% aided by improving industrial demand and newer applications.*

Exhibit 126: Net Revenue (Rs mn)



Source: Company, MNCL Research

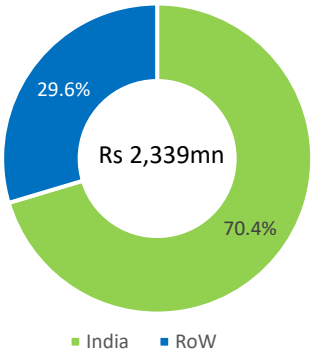
Exhibit 127: Net Revenue Growth Trend



Source: Company, MNCL Research

Domestic revenues have grown at a healthy 7.8% CAGR during FY19-26, supported by increasing demand from automotive, auto ancillaries, engineering and other industrial applications. In contrast, RoW revenues have remained relatively subdued, growing at just 1.0% CAGR over the same period, reflecting softer export demand.

Exhibit 128: Geographic Revenue Distribution in FY26

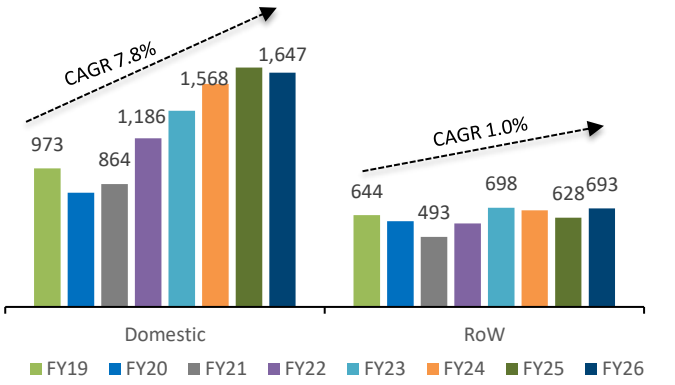


Top Export Destinations (% total exports in FY25):

USA: 17.0%
Thailand 6.3%
UK: 6.3%
Africa: 5.8%
ROW: 58.3%

Source: Company, MNCL Research

Exhibit 129: Domestic vs RoW Revenue Growth Trend (Rs mn)

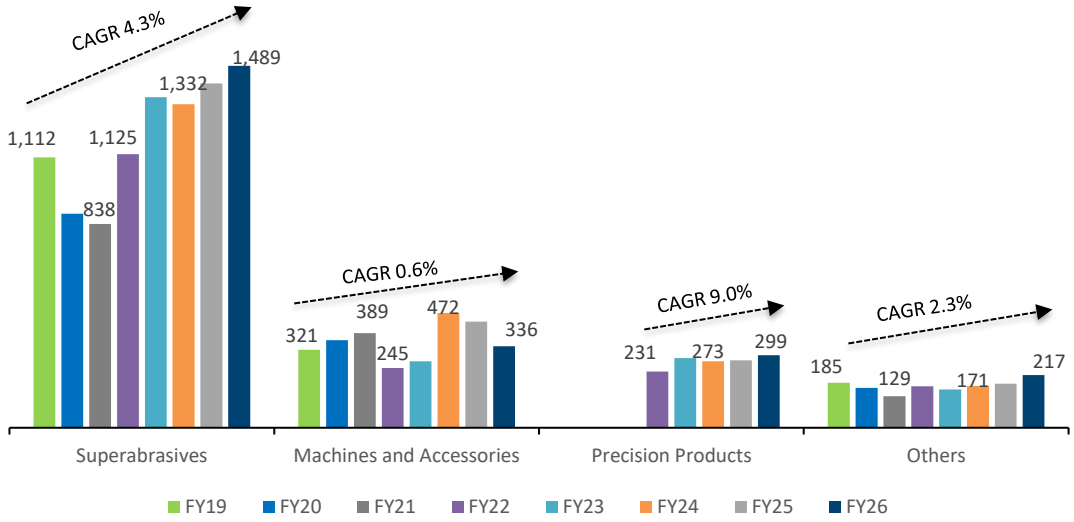


Source: Company, MNCL Research

In FY26, Wendt India derived 63.6% of its revenues from Super abrasives, which remains its core business, followed by Machines & Accessories at 14.3% and Precision Products at 12.8%. Super abrasives have grown at a 4.3% CAGR during FY19-26, supported by demand across automotive, bearings,

engineering and other industrial applications. Precision Products has been the fastest-growing segment delivering a 9.0% CAGR since FY22, while Machines & Accessories have remained largely flat.

Exhibit 130: Segmental Revenue (Rs mn) and Growth (%)

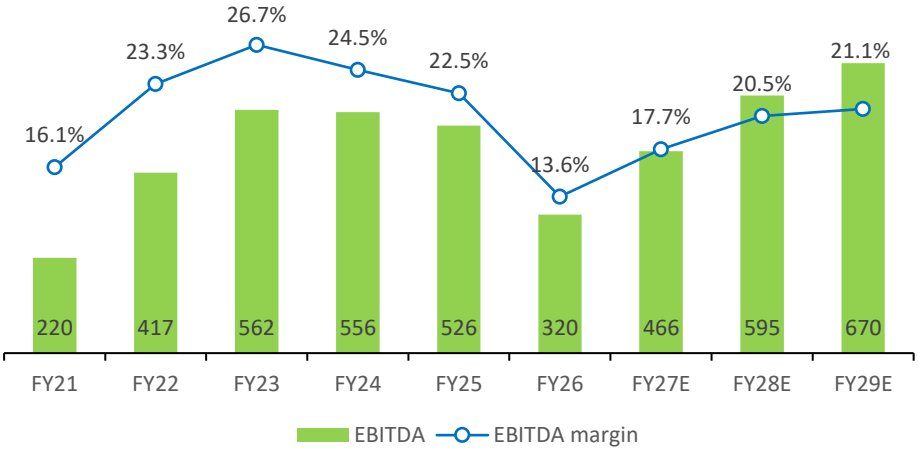


Source: Company, MNCL Research

EBITDA growth and EBITDA margins

Wendt India's EBITDA margins rose from 16.1% in FY21 to 26.7% in FY23, before moderating to 22.5% in FY25. FY26 saw a sharp decline to 13.6%, with EBITDA falling to Rs 320mn, reflecting weakness in operating performance. However, we expect profitability to recover, with EBITDA projected to reach Rs 670mn by FY29E, while margins are expected to improve to 21.1%, supported by recovery in the Machines and accessories segment and improved operating leverage.

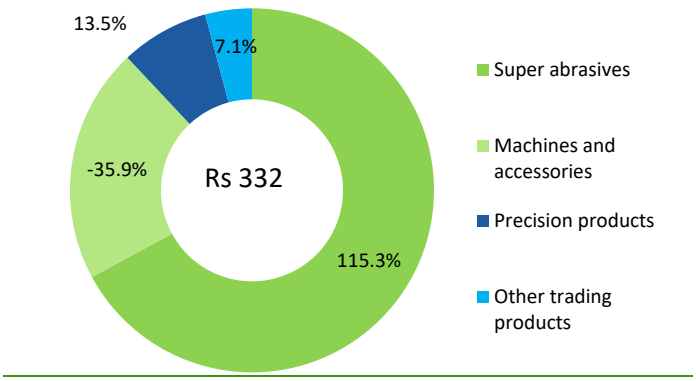
Exhibit 131: Wendt India's EBITDA (Rs mn) and EBITDA Margin



Source: Company, MNCL Research Estimates

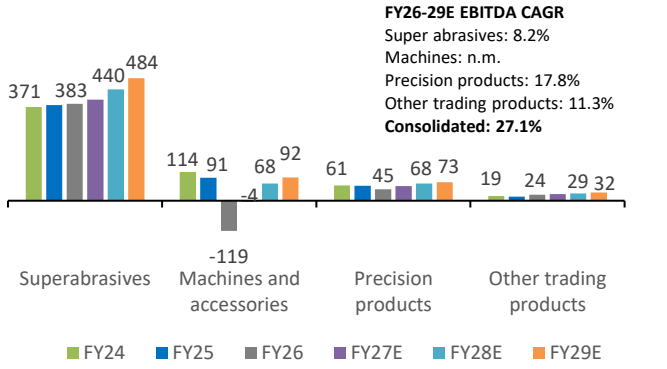
Super abrasives remain the key earnings contributor. It contributed 115.3% of total EBITDA in FY26, offsetting weakness in the Machines and accessories segment. Machines turnaround remains the key earnings lever, its EBITDA declined from Rs 114mn in FY24 to negative Rs 119mn in FY26, contributing -35.9% of total EBITDA. A turnaround to Rs 92mn by FY29E is expected to support consolidated EBITDA recovery from Rs 332mn in FY26 to Rs 682mn, an implied CAGR of 27.1%.

Exhibit 132: EBITDA Contribution in FY26



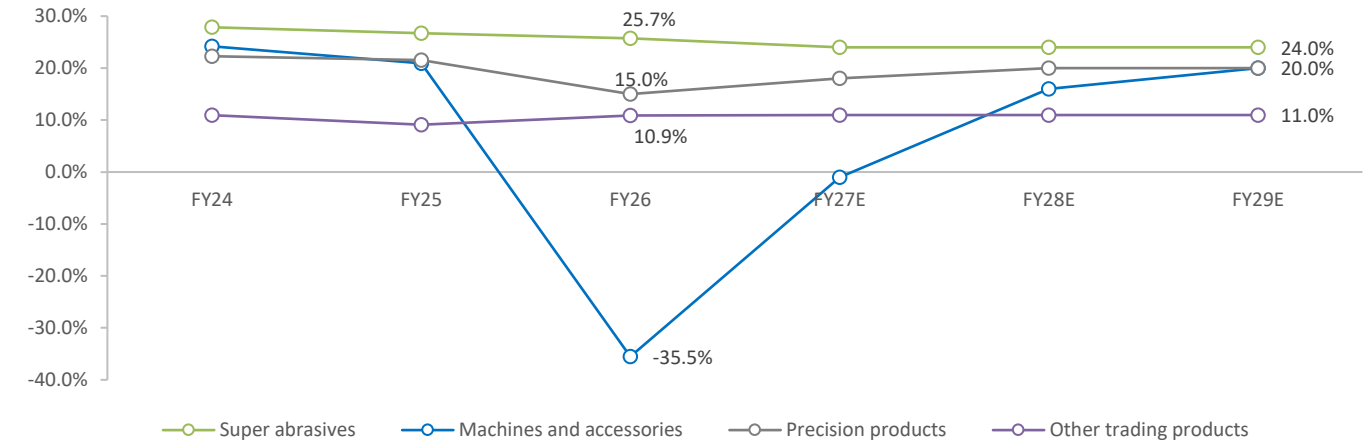
Source: Company, MNCL Research

Exhibit 133: Segment-wise EBITDA (Rs mn)



Source: Company, MNCL Research

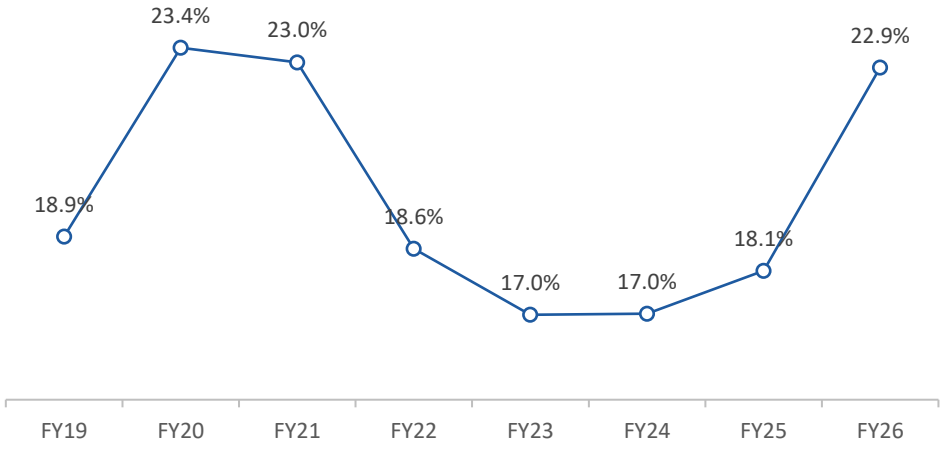
Exhibit 134: Segment-wise EBITDA margin



Source: Company, MNCL Research

Employee expenses have remained the largest cost component, declining from 23.4% of revenue in FY20 to 17.0% in FY23 as well as FY24, indicating operating leverage as revenues scaled. However, the ratio increased sharply to 18.1% in FY25 and 22.9% in FY26, suggesting higher employee costs and potentially increased hiring/skill requirements. The sharp FY26 increase could weigh on near-term margins unless supported by stronger revenue growth and productivity gains.

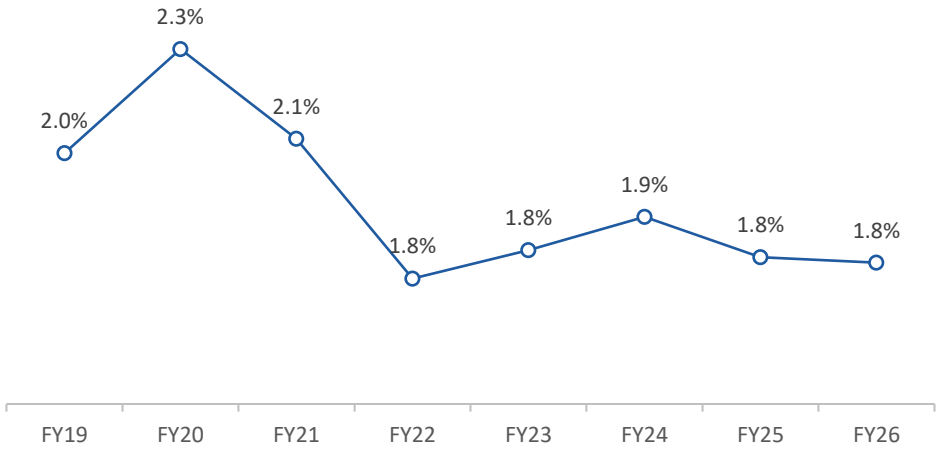
Exhibit 135: Wendt India's Employee expense as a % of net revenue



Source: Company, MNCL Research Estimates

Power and fuel expenses remained highly stable at around 1.8-2.3% of revenue throughout FY19-FY26. The ratio has gradually moderated from 2.3% in FY20 to 1.8% in FY26, despite fluctuations in energy costs, indicating effective cost management and relatively stable energy intensity. With the ratio remaining broadly unchanged at 1.8% over FY22-FY26, power and fuel costs are unlikely to be a major driver of margin volatility.

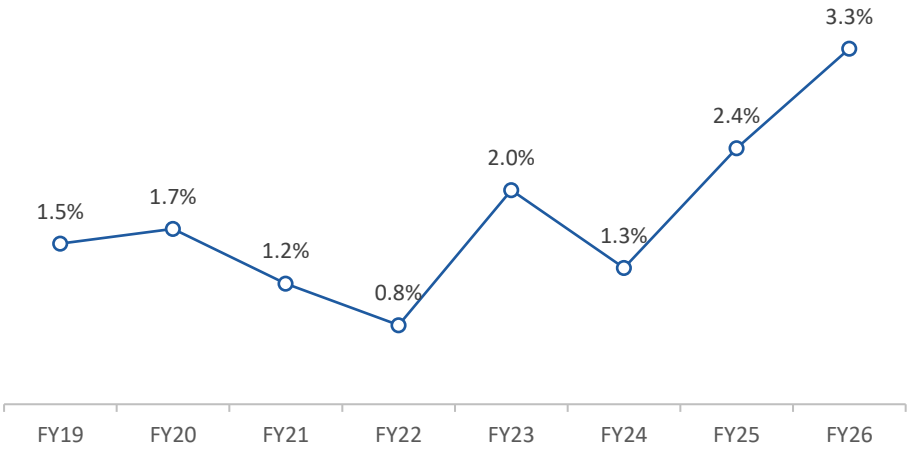
Exhibit 136: Wendt India's Power and Fuel expense as a % of net revenue



Source: Company, MNCL Research Estimates

R&D spending has increased meaningfully in recent years, rising from 0.8% of revenue in FY22 to 3.3% in FY26, the highest level in the period. This indicates a greater focus on product development, technology and application-specific solutions. The increase from 2.4% in FY25 to 3.3% in FY26 is particularly notable and could create near-term margin pressure, while supporting innovation and longer-term growth opportunities.

Exhibit 137: Wendt India's Research & Development expense as a % of net revenue

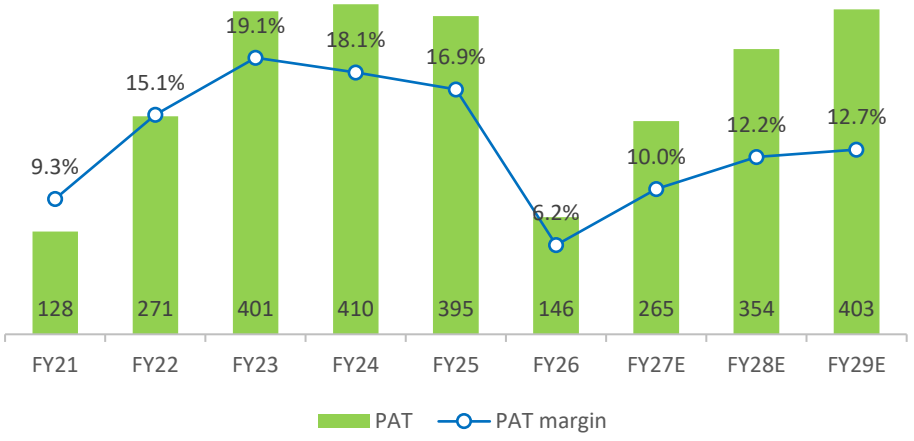


Source: Company, MNCL Research Estimates

PAT growth and PAT margin

PAT grew strongly over FY21-FY23 but growth deceleration and fall in EBITDA margin led to nearly flat PAT over FY23-25 and a strong decline to 6.2%. We expect PAT margins to recover gradually to 12.7% by FY29E, supported by improving operating performance.

Exhibit 138: Wendt India's PAT and PAT Margin

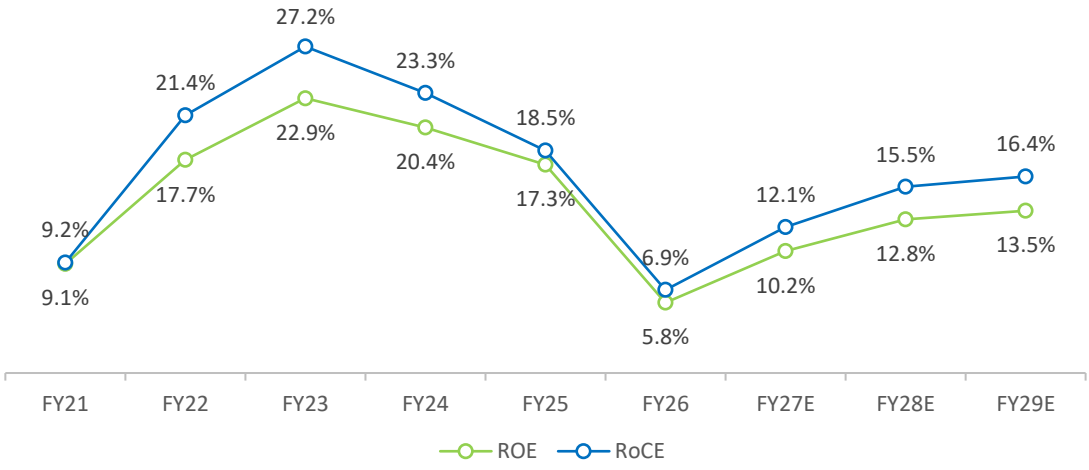


Source: Company, MNCL Research Estimates

Return ratios

The company's ROE and ROCE declined sharply from 22.9% and 27.2% in FY23 to 5.8% and 6.9% in FY26, due to adverse operating leverage. We believe return ratios should recover going forward with ROE reaching 13.5% and ROCE 16.4% by FY29E, supported by earnings recovery and improved operating performance.

Exhibit 139: Wendt India's RoCE and ROE profile (In %)



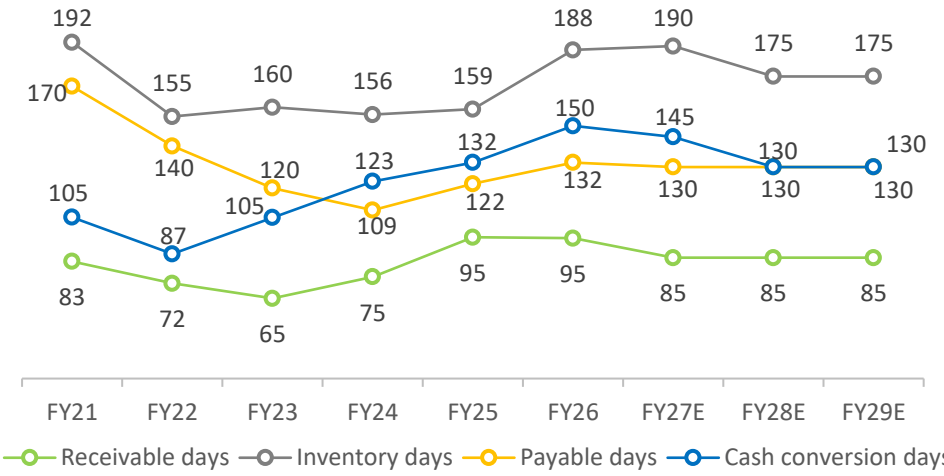
Source: Company, MNCL Research Estimates

Working Capital

Working-capital efficiency weakened materially, with cash conversion days rising from 87 days in FY22 to 150 days in FY26, driven by higher receivable and inventory days. Receivable days increased to 95 days, while inventory days rose to 188 days. Higher payable days at 132 days provided partial support. We expect gradual improvement in cash conversion to 130 days by FY28E-FY29E, supported by better inventory and receivable management.

Slower machine segment products sales, decelerating sales growth, dependence on imports for raw materials, and buildup of inventories in FY26 in anticipation of improved sales going forward explains much of the cash cycle deterioration over the last 5 years.

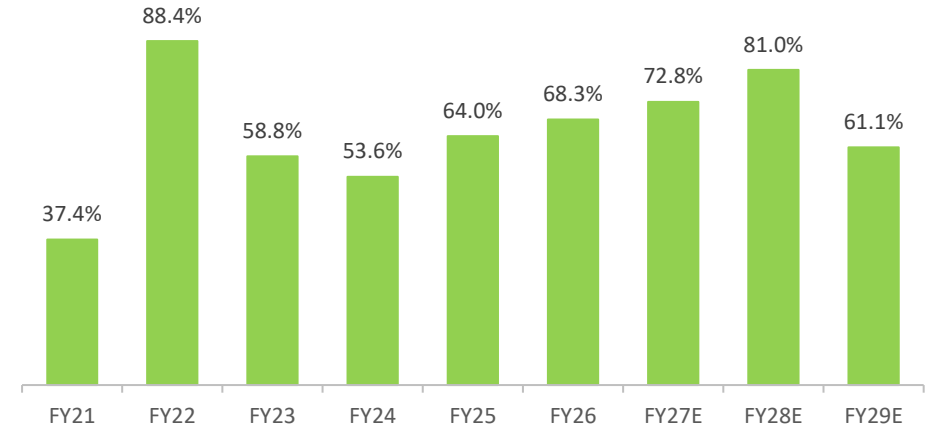
Exhibit 140: Wendt India's Cash Cycle



Source: Company, MNCL Research Estimates

CFO-to-EBITDA improved sharply from 37.4% in FY21 to 88.4% in FY22, before moderating to 53.6% in FY24 amid higher working-capital requirements. Conversion improved to 68.3% in FY26, indicating gradual recovery in operating cash generation. We expect further improvement to 81.0% by FY28E, before normalizing to 61.1% in FY29E, reflecting continued working-capital intensity.

Exhibit 141: Wendt India's CFO-to-EBITDA

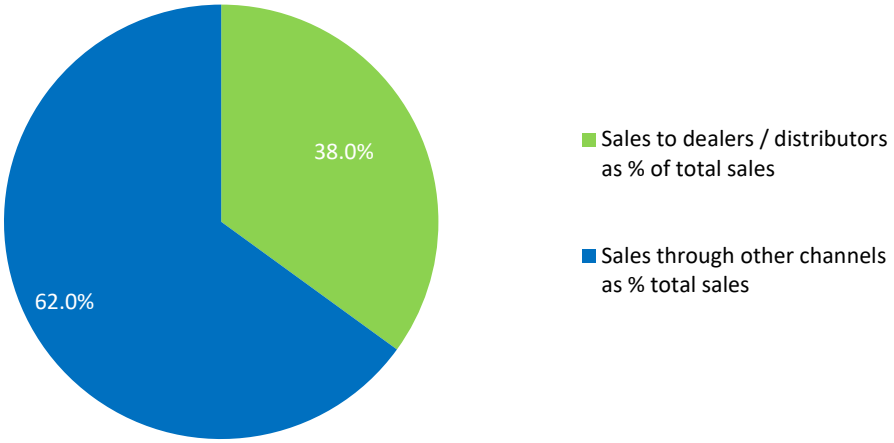


Source: Company, MNCL Research Estimates

Dealer Network Recovers; Direct B2B Remains Dominant

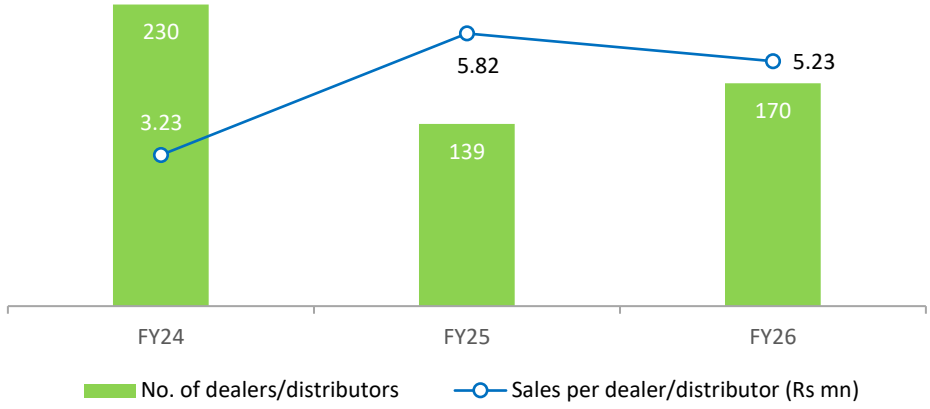
Wendt India mostly sells B2B, and its sales through dealers/distributors constituted 38.0% of total sales in FY26, up from 35.0% in FY25. Over the same period, its dealer count increased from 139 to 170. The exit of the parent company, Wendt Gmbh, was accompanied by dealer network rationalizing by 40% to 139 in FY25 which recovered to 170 by FY26. Notably, the company's sales per dealer improved from Rs 3.2mn in FY24 to Rs 5.8mn in FY25 though it softened slightly to Rs 5.2mn in FY26 likely due to onboarding of new dealers towards the end of the year.

Exhibit 142: Sales Channels (FY26)



Source: Company, MNCL Research

Exhibit 143: Sales Per Dealer Has Improved Through Dealer Count Rationalization



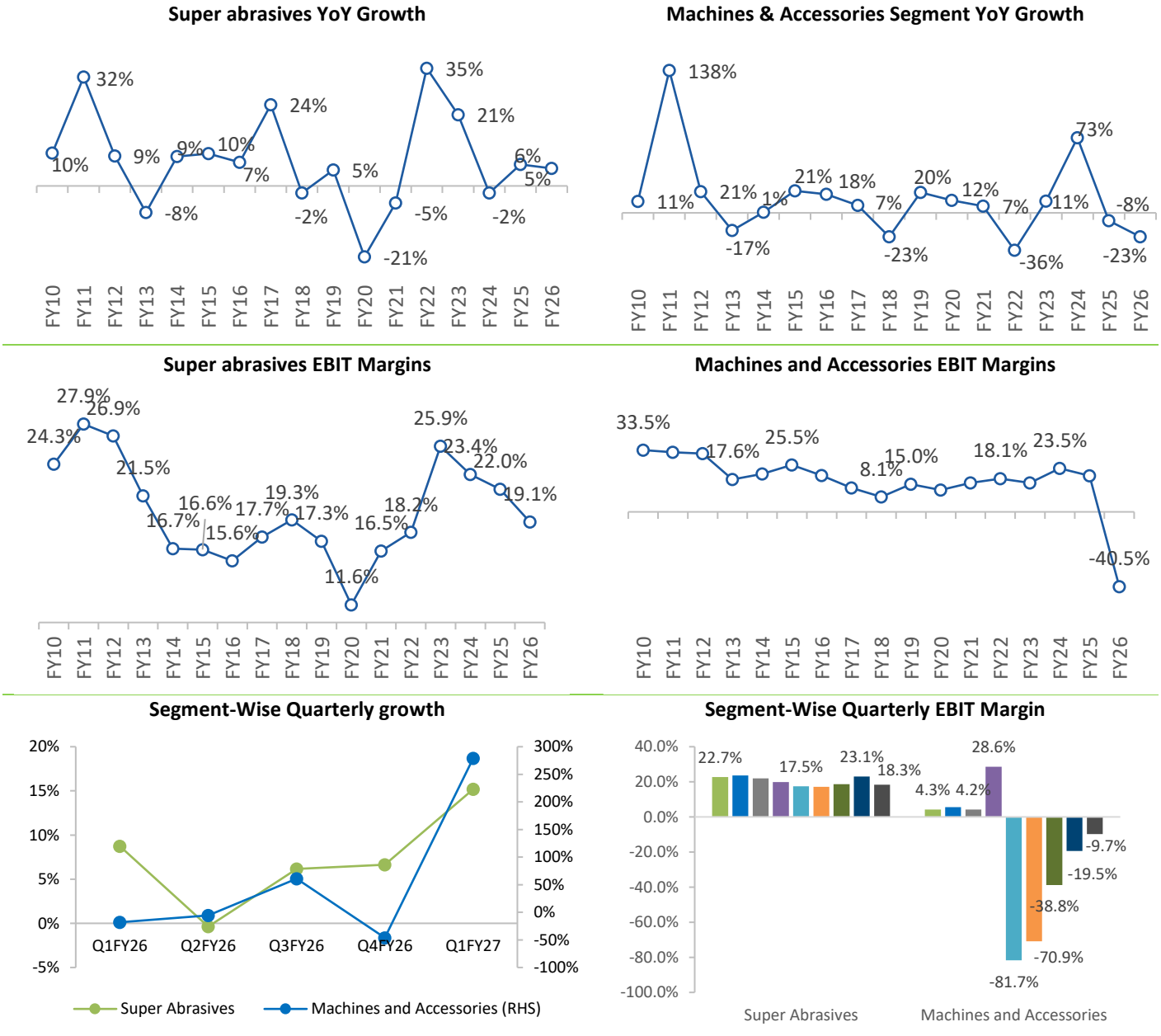
Source: Company, MNCL Research

Q1FY27 Growth Hints at Beginning of an Upcycle

We focus on Wendt India's two main segments that constituted 78% of topline in FY26 – Super abrasives and Machine & Accessories. Our analysis of the charts suggests the cycle is showing early signs of a turn, with historical upcycles typically accompanied by margin expansion, providing scope for a gradual earnings recovery. Q1FY27 results reinforce this nascent improvement, with performance strengthening across segments. While the Machine segment remained EBIT-loss making, improving capacity utilization and operating leverage should progressively support profitability.

We expect the benefits of an improving demand environment and better fixed-cost absorption to become increasingly visible over the next few quarters, providing a potential catalyst for margin normalization and earnings recovery.

Exhibit 144: Segmental Revenue Growth and EBIT Margin



Source: Company, MNCL Research

Valuation – Fairly Valued with Poor Risk-Reward

We value Wendt India on a blended P/E and EV/EBITDA basis and arrive at a Sept-2028E base-case target price of Rs 8,793, implying 5.0% upside from CMP. Our valuation reflects the company's specialised abrasives franchise, with the key sensitivity being the pace of earnings recovery and margin normalisation. Our estimates indicate a FY26-29E revenue/EBITDA/PAT CAGR of 10.3%/27.9%/40.5%.

On P/E, we apply 45.0x to base-case FY28E EPS of Rs 189.3, implying a target price of Rs 8,518, or 1.6% downside, at a 12.5% PAT margin. On EV/EBITDA, we apply 27.0x to FY28E EBITDA of Rs 633mn, implying a target price of Rs 9,069, or 8.2% upside, at a 20.9% EBITDA margin. Averaging the two methods gives our base-case target price of Rs 8,793.

In the bull case, higher earnings and margins, with EPS of Rs 206.1 and EBITDA of Rs 691mn, support target prices of Rs 10,306 and Rs 10,880 under P/E and EV/EBITDA, respectively. Applying the same methodology results in an average target price of Rs 10,593, implying 26.4% upside. In the bear case, EPS of Rs 136.5 and EBITDA of Rs 480mn, alongside lower multiples of 38.0x P/E and 23.0x EV/EBITDA, imply target prices of Rs 5,186 and Rs 5,986, respectively, resulting in an average target price of Rs 5,586, or 33.4% downside.

Exhibit 145: TP Computation (September 2028E)

	Base	Bull	Bear
Average Target Price (Rs)	**8,793**	**10,593**	**5,586**
Implied upside (%)	5.0%	26.4%	-33.4%
P/E-based valuation			
Estimated EPS (Rs)	189.3	206.1	136.5
Attributed P/E (x)	45.0	50.0	38.0
Target price (INR)	8,518	10,306	5,186
Implied upside (%)	1.6%	23.0%	-38.1%
PAT margin	12.5%	12.6%	9.3%
EV/EBITDA-based valuation			
Estimated EBITDA (Rs mn)	633	691	480
Attributed EV/EBITDA (x)	27.0	30.0	23.0
Target price (INR)	9,069	10,880	5,986
Implied upside (%)	8.2%	29.8%	-28.6%
EBITDA margin	20.9%	21.1%	16.4%
CMP (Rs)	8,382		
S/O (mn)	2.0		

Source: Company, MNCL Research Estimates

Exhibit 146: Assumptions

3Yr CAGR	Base	Bull	Bear
Revenue	10.3%	14.0%	8.7%
EBITDA	27.9%	32.6%	15.7%
PAT	40.5%	45.4%	24.6%

Source: Company, MNCL Research Estimates

Exhibit 147: 2-yr Forward P/E Chart

Source: Bloomberg

Exhibit 148: 2-yr Forward EV/EBITDA Chart

Source: Bloomberg

Financial Statements

Exhibit 149: Consolidated Income Statement of Wendt India

In Rs mn, except per share	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net revenue	**1,788**	**2,102**	**2,268**	**2,337**	**2,363**	**2,640**	**2,896**	**3,168**
YoY growth	***30.9%***	***17.6%***	***7.9%***	***3.0%***	***1.1%***	***11.7%***	***9.7%***	***9.4%***
Cost of goods sold	625	713	820	844	878	958	1,045	1,144
Gross profit	**1,163**	**1,390**	**1,448**	**1,493**	**1,485**	**1,681**	**1,850**	**2,024**
YoY growth	***34.6%***	***19.5%***	***4.2%***	***3.1%***	***-0.5%***	***13.2%***	***10.0%***	***9.4%***
Gross margin	***65.0%***	***66.1%***	***63.8%***	***63.9%***	***62.8%***	***63.7%***	***63.9%***	***63.9%***
Employee expenses	332	358	387	422	541	573	556	589
% net revenue	***18.6%***	***17.0%***	***17.0%***	***18.1%***	***22.9%***	***21.7%***	***19.2%***	***18.6%***
Other operating expenses	**414**	**470**	**505**	**545**	**623**	**642**	**699**	**765**
EBITDA	**417**	**562**	**556**	**526**	**320**	**466**	**595**	**670**
YoY growth	***89.4%***	***34.8%***	***-0.9%***	***-5.5%***	***-39.1%***	***45.6%***	***27.6%***	***12.6%***
EBITDA margin	***23.3%***	***26.7%***	***24.5%***	***22.5%***	***13.6%***	***17.7%***	***20.5%***	***21.1%***
Depreciation and amortization	86	81	86	101	147	148	162	177
Earnings before interest and taxes	**331**	**480**	**471**	**425**	**173**	**319**	**433**	**493**
YoY growth	***153.0%***	***45.3%***	***-2.0%***	***-9.7%***	***-59.3%***	***83.9%***	***35.9%***	***13.8%***
EBIT margin	***18.5%***	***22.9%***	***20.8%***	***18.2%***	***7.3%***	***12.1%***	***14.9%***	***15.5%***
Non-operating income	**39**	**50**	**71**	**88**	**55**	**60**	**66**	**75**
Interest expenses	0	0	0	1	0	0	0	0
Profit before taxes	**369**	**530**	**542**	**512**	**228**	**378**	**498**	**568**
Income taxes	-98	-129	-133	-118	-83	-113	-145	-165
ETR	***26.7%***	***24.4%***	***24.5%***	***22.9%***	***36.2%***	***30.0%***	***29.0%***	***29.0%***
Profit after taxes	**271**	**401**	**410**	**395**	**146**	**265**	**354**	**403**
YoY growth	***112.0%***	***48.1%***	***2.2%***	***-3.6%***	***-63.1%***	***81.9%***	***33.7%***	***13.9%***
PAT margin	***15.1%***	***19.1%***	***18.1%***	***16.9%***	***6.2%***	***10.0%***	***12.2%***	***12.7%***
Per share								
EPS	135.3	200.4	204.8	197.4	72.7	132.3	177.0	201.6
DPS	65.0	80.0	50.0	50.0	30.0	65.0	80.0	80.0
BVPS	809.8	943.5	1,060.6	1,218.5	1,269.4	1,336.7	1,433.6	1,555.3
Par Value	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Shares outstanding (mn)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

Source: Company, MNCL Research estimates

Exhibit 150: Consolidated Balance Sheet of Wendt India

In Rs mn; FY-end March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Cash and cash equivalents	137	134	180	186	282	361	540	636
Investment in MFs	645	710	735	516	474	474	474	474
Trade receivables	344	403	535	684	542	687	662	814
Inventories	282	342	360	375	531	467	535	561
Other short-term assets	34	94	56	81	85	95	104	114
Total Current assets	**1,441**	**1,682**	**1,865**	**1,841**	**1,914**	**2,084**	**2,315**	**2,599**
PPE including intangibles, net	540	562	584	1,002	1,062	1,073	1,084	1,097
Capital WIP	5	18	23	98	31	31	31	31
Goodwill	1	1	1	1	1	1	1	1
Other non current assets	51	23	85	66	47	53	58	63
Total non current assets	**598**	**604**	**692**	**1,167**	**1,142**	**1,158**	**1,175**	**1,193**
Total Assets	**2,039**	**2,286**	**2,558**	**3,008**	**3,056**	**3,242**	**3,489**	**3,792**
Short-term debt	10	0	0	14	2	2	2	2
Trade payables	232	235	253	310	327	356	389	426
Provisions	52	52	69	79	95	106	116	127
Other short-term liabilities	112	95	99	149	76	85	93	102
Current liabilities, total	**405**	**382**	**421**	**551**	**499**	**548**	**600**	**657**
Long-term debt	0	0	0	2	0	0	0	0
Deferred tax liabilities	14	17	15	18	18	20	22	24
Total liabilities	**419**	**399**	**436**	**571**	**517**	**569**	**622**	**681**
Shareholders' equity	1,620	1,887	2,121	2,437	2,539	2,673	2,867	3,111
Total liabilities and shareholders' equity	**2,039**	**2,286**	**2,558**	**3,008**	**3,056**	**3,242**	**3,489**	**3,792**

Source: Company, MNCL Research estimates

Exhibit 151: Consolidated Cash Flow Statement of Wendt India

In Rs mn; FY-end Dec	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PAT	271	401	410	395	146	265	354	403
Depreciation and amortization	86	81	86	101	147	148	162	177
Other non-cash items	79	108	83	54	73	86	114	128
Changes in working capital	17	-151	-129	-124	-43	-45	-4	-135
Taxes paid	-84	-109	-150	-90	-104	-113	-145	-165
Cash flow from operations	**369**	**330**	**298**	**336**	**219**	**340**	**482**	**409**
Capital expenditure	-49	-99	-165	-202	-132	-158	-174	-190
Wendt brand and trademark acquisition	0	0	0	-351	0	0	0	0
Changes in investments	-270	-112	22	225	50	0	0	0
Investment income	21	31	54	71	27	27	30	37
Other investing flows	0	1	4	2	3	0	0	0
Cash flow from investing activities	**-298**	**-179**	**-84**	**-256**	**-52**	**-131**	**-143**	**-153**
Changes in debt	0	-10	0	11	-14	0	0	0
Interest paid	0	0	0	-1	0	0	0	0
Dividend paid	-80	-150	-160	-100	-80	-130	-160	-160
Cash flow from financing activities	**-80**	**-160**	**-160**	**-90**	**-94**	**-130**	**-160**	**-160**
FX changes	0	7	-8	15	24	0	0	0
Changes in cash	**-9**	**-3**	**46**	**5**	**96**	**79**	**179**	**96**
Opening cash and cash equivalents	145	137	134	180	186	282	361	540
Ending cash and cash equivalents balance	**137**	**134**	**180**	**186**	**282**	**361**	**540**	**636**

Source: Company, MNCL Research estimates

Exhibit 152: Consolidated Quarterly Income Statement of Wendt India

In Rs mn, except per share	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	TTM
Net revenue	557	534	756	522	566	608	668	713	2,554
YoY growth	*-*	*-*	*-*	***6.3%***	***1.7%***	***13.8%***	***-11.7%***	***36.6%***	***7.9%***
QoQ growth	***13.5%***	***-4.1%***	***41.6%***	***-31.0%***	***8.5%***	***7.4%***	***9.9%***	***6.7%***	
Cost of goods sold	183	191	298	184	211	229	255	291	986
Gross profit	**374**	**343**	**458**	**338**	**355**	**379**	**413**	**422**	**1,569**
Gross margin	***67.1%***	***64.2%***	***60.6%***	***64.8%***	***62.7%***	***62.3%***	***61.9%***	***59.1%***	***61.4%***
Employee expenses	109	108	106	122	136	142	142	152	571
Other opex	138	124	169	143	152	164	164	160	640
Other operating expenses	**247**	**233**	**275**	**265**	**288**	**306**	**306**	**312**	**1,211**
EBITDA	**127**	**110**	**184**	**73**	**67**	**73**	**108**	**110**	**358**
EBITDA margin	***22.8%***	***20.6%***	***24.3%***	***14.0%***	***11.8%***	***12.0%***	***16.1%***	***15.4%***	***14.0%***
Depreciation and amortization	23	23	33	34	36	36	41	36	149
Earnings before interest and taxes	**104**	**87**	**151**	**38**	**31**	**37**	**67**	**74**	**209**
EBIT margin	***18.7%***	***16.3%***	***19.9%***	***7.4%***	***5.5%***	***6.1%***	***10.0%***	***10.4%***	***8.2%***
Interest expenses	0	0	0	0	0		0		0
Non-operating income	28	19	21	17	13	14	12	15	53
Profit before taxes	**132**	**106**	**172**	**55**	**44**	**50**	**78**	**89**	**262**
Income taxes	-25	-24	-43	-18	-17	-21	-28	-28	-93
ETR	***18.8%***	***22.6%***	***24.8%***	***31.6%***	***38.8%***	***40.9%***	***35.1%***	***30.9%***	***35.4%***
PAT to common shareholders	**107**	**82**	**129**	**38**	**27**	**30**	**51**	**62**	**170**
YoY growth	*-*	*-*	*-*	***-50.8%***	***-74.7%***	***-63.7%***	***-60.5%***	***63.5%***	***-52.4%***
PAT margin	***19.2%***	***15.4%***	***17.1%***	***7.2%***	***4.8%***	***4.9%***	***7.6%***	***8.7%***	***6.6%***

Source: Company, MNCL Research estimates

Exhibit 153: Key Ratios of Wendt India

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratio (%)								
Revenue	30.9%	17.6%	7.9%	3.0%	1.1%	11.7%	9.7%	9.4%
EBITDA	89.4%	34.8%	-0.9%	-5.5%	-39.1%	45.6%	27.6%	12.6%
PAT	112.0%	48.1%	2.2%	-3.6%	-63.1%	81.9%	33.7%	13.9%
Margin Ratios (%)								
Gross profit	65.0%	66.1%	63.8%	63.9%	62.8%	63.7%	63.9%	63.9%
EBITDA	23.3%	26.7%	24.5%	22.5%	13.6%	17.7%	20.5%	21.1%
EBIT	18.5%	22.9%	20.8%	18.2%	7.3%	12.1%	14.9%	15.5%
PAT	15.1%	19.1%	18.1%	16.9%	6.2%	10.0%	12.2%	12.7%
DuPont (%)								
PAT-to-sales	15.1%	19.1%	18.1%	16.9%	6.2%	10.0%	12.2%	12.7%
Sales-to-assets	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8
Assets-to-equity	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2
RoAE	17.7%	22.9%	20.4%	17.3%	5.8%	10.2%	12.8%	13.5%
RoAA	13.9%	18.5%	16.9%	14.2%	4.8%	8.4%	10.5%	11.1%
RoCE	21.4%	27.2%	23.3%	18.5%	6.9%	12.1%	15.5%	16.4%
RoIC	23.7%	33.7%	27.9%	20.4%	5.7%	10.5%	13.5%	14.0%
Turnover Ratios								
Receivable days	72	65	75	95	95	85	85	85
Inventory days	155	160	156	159	188	190	175	175
Payable days	140	120	109	122	132	130	130	130
Cash conversion days	87	105	123	132	150	145	130	130
CFO-to-EBITDA	88%	59%	54%	64%	68%	73%	81%	61%
Working capital turnover	6.4	5.8	4.6	4.1	3.7	3.9	4.1	4.1
Solvency Ratios								
Net debt-to-EBITDA	-1.85	-1.50	-1.64	-1.30	-2.36	-1.79	-1.70	-1.65
Debt-to-equity	0.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00
Capex-to-net revenue	0.03	0.05	0.07	0.09	0.06	0.06	0.06	0.06
Accrual ratio	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Per share (INR)								
EPS	135.3	200.4	204.8	197.4	72.7	132.3	177.0	201.6
DPS	65.0	80.0	50.0	50.0	30.0	65.0	80.0	80.0
BVPS	809.8	943.5	1,060.6	1,218.5	1,269.4	1,336.7	1,433.6	1,555.3
CEPS	184.3	165.0	149.1	168.2	109.4	169.8	241.0	204.7
Valuation (x)								
P/E	36.9	42.5	54.9	44.9	86.5	63.3	47.4	41.6
P/B	6.2	9.0	10.6	7.3	5.0	6.3	5.8	5.4
P/S	5.6	8.1	9.9	7.6	5.3	6.4	5.8	5.3
EV/EBITDA	22.3	28.9	38.9	32.5	37.2	34.4	26.7	23.6
Dividend								
Payout	48%	40%	24%	25%	41%	49%	45%	40%
Yield	1.3%	0.9%	0.4%	0.6%	0.5%	0.7%	0.9%	0.9%

Source: Company, MNCL Research estimates

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

About the Research Entity

Monarch Networth Capital Limited (defined as "**MNCL**" or "**Research Entity**") a company duly incorporated under the Companies Act, 1956 (CIN: L64990GJ1993PLC120014) having its registered office at Unit No. 803-804A, 8th Floor, X-Change Plaza, Block No. 53, Zone 5, Road- 5E, Gift City, Gandhinagar - 382355, Gujarat is regulated by the Securities and Exchange Board of India ("**SEBI**") and is engaged in the business of Stock Broking, Alternative Investment Funds, Portfolio Management Services, Merchant Banking, Research Analyst, Depository Participant, Mutual Fund Distribution, and other related activities.

General Disclaimer:

This Research Report (hereinafter called "Report") has been prepared by MNCL in the capacity of a Research Analyst having SEBI Registration No. INH000000644 and Enlistment no. 5039 with BSE and distributed as per SEBI (Research Analysts) Regulations, 2014 and is meant solely for use by the recipient and is not for circulation. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through MNCL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. MNCL hereby declares that it has not defaulted with any Stock Exchange nor its activities were suspended by any Stock Exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges had conducted their routine inspection and based on their observations have issued advice letters or levied minor penalty on MNCL for certain operational deviations in ordinary/routine course of business. MNCL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities during the last 5 years; nor has its certificate of registration been cancelled by SEBI.

The information contained herein is from publicly available data, internally developed data or other sources believed to be reliable by MNCL. 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 reader 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 Securities 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.

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. MNCL reserves the right to make modifications and alterations to this statement as may be required from time to time. MNCL or any of its associates / group companies, officers, employee's and directors 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. MNCL is committed to providing independent and transparent recommendation to its clients. Neither MNCL 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. 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 MNCL. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of MNCL 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.

MNCL 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 MNCL to present the data. In no event shall MNCL 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 MNCL through this report.

MNCL and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may from time to time, have long or short positions in, and buy or sell the Securities, mentioned herein or 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. MNCL may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. 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 MNCL. Registration granted by SEBI and certification from NISM in no way guarantee performance of MNCL or provide any assurance of returns to investors and clients.

MNCL or its associates may have received compensation from the subject company in the past 12 months. MNCL or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. MNCL 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. MNCL 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. MNCL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. MNCL and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. A graph of daily closing prices of the securities is also available at www.nseindia.com.

The recommendations in the reports are based on 12-month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/return/lack of clarity/event we may revisit rating at appropriate time. The stocks always carry the risk of being upgraded to buy or downgraded to a hold, reduce or sell. The opinions expressed in the reports are subject to change but we have no obligation to tell our clients when our opinions or recommendations change. The report is non-inclusive and do not consider all the information that the recipients may consider material to investments. The report is issued by MNCL without any liability/undertaking/commitment on the part of itself or any of its entities. MNCL, its directors, employees, and affiliates shall not be liable for direct, indirect, or consequential losses (including lost profits), Errors, omissions, or delays in data dissemination and decisions made based on these Materials. The Artificial Intelligence tools may have been used only to an extent of supporting tool. All the data/ information contained in the report has been independently verified by the Research Analyst.

Disclaimers in respect of jurisdiction: 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 MNCL and associates, subsidiaries / 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.

Statements of ownership and material conflicts of interest

Answers to the Best of the knowledge and belief of MNCL/ its Associates/ Research Analyst who is preparing this report:	**Yes/No**
whether the research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest;	No
whether the research analyst or research entity or its associates or relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance;	No
whether the research analyst or research entity or his associate or his relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance;	No
whether the research analyst has served as an officer, director or employee of the subject company;	No

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.

Investors are advised to refer to SEBI's investor education website (https://investor.sebi.gov.in) for guidance on understanding research reports and market risks.

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

MNCL operates under strict regulatory oversight and holds the following licenses and registrations:

Member (Member of NSE, BSE, MCX and NCDEX).
SEBI Registration No.: INZ000008037
Depository Participant (DP)
CDSL DP ID: 35000
NSDL-DP ID: IN303052
SEBI Registration No.: IN-DP-278-2016
Portfolio Manager SEBI Registration No.: INP000006059
Research Analyst SEBI Registration No. INH000000644
Research Analyst BSE Enlistment No. 5039
Merchant Banker SEBI Registration No. INM000011013
Alternative Investment Fund SEBI Registration No. IN/AIF3/20-21/0787
Mutual Fund Distributor AMFI REGN No. ARN-8812
Point of Presence for National Pension System. - 6092018
Website: www.mnclgroup.com
Investor Grievance Email ID: grievances@mnclgroup.com
Broking and Research Analyst Compliance Officer Details: Mr Nikhil Parikh
022-30641600; Email ID: compliance@mnclgroup.com
Monarch Networth Capital Limited (CIN: L64990GJ1993PLC120014)
Registered Office:
Unit No. 803-804A, 8th Floor, X-Change Plaza, Block No. 53,
Zone 5, Road- 5E, Gift City, Gandhinagar -382355, Gujarat