

**ESAB India Ltd. | BUY | TP: Rs 6,850 | Upside: 31%****Encouraging results; growth in focus**
**MONARCH**  
 NETWORK CAPITAL

We retain Buy on ESAB India with TP revised upwards to Rs 6,850 (vs Rs 6,554 earlier) on valuation rollover. The company delivered a strong quarter, with overall growth hinting at signs of recovery after a few muted periods and supported by margin gains. ESAB continues to outperform, underscoring its superior execution, premium product mix, and leadership in high-end equipment. With a net cash balance sheet, strong return ratios, and supportive industry fundamentals, the company looks poised for a sustained recovery. We have made no changes to our estimates; factoring in revenue/EBITDA/PAT CAGR at 13%/14%/14% over FY25-FY28E.

- **Strong performance in a cyclically weak quarter:** Q2FY26 revenue up 12.7% YoY and 8.4% QoQ to Rs 3,816 mn, marking a solid recovery after a few subdued quarters. EBITDA rose 17.5% YoY and 22.1% QoQ to Rs 722mn, with margins improving to 18.9% (vs 18.2% LY and 16.8% LQ), possibly driven by improved operating leverage and better cost control. PAT surged 83.5% YoY / 93.5% QoQ to Rs 792mn, aided by a one-time gain of Rs 309mn from the land sale in West Bengal. *The company remains net cash positive with a stable cash cycle of 43 days and strong return ratios (ROE at 54.4% vs 51.6% LY).*
- **Growth stronger to its peer:** ESAB's revenue growth was stronger at 12.7% YoY versus Ador Welding's modest 4.4%, though Ador reported sharp PAT growth on the back of improved operating profits. We believe Ador's significant margin expansion (12% vs. 7% YoY) was due to a combination of steel price correction, favorable product mix, and cost control. However, ESAB's superior 18.9% EBITDA margin reflects its premium product mix, operational discipline, and leadership in high-end equipment and automation. Overall, ESAB continues to exhibit stronger topline momentum, higher operating leverage, and margin resilience, making it our preferred pick in the welding space.
- **Supporting fundamentals:** Rising per capita steel consumption and a potential pick-up in private capex should bode well for ESAB. The company's resilient Q2 performance, after a few muted quarters, suggests improving demand and volume traction. Supported by its strong execution and exceptional return ratios (ROE/ROCE of 54%/70%), ESAB remains well-positioned to sustain steady growth and margin leadership.
- **Valuation and view:** We retain our Buy rating and raise TP to Rs 6,850 due to valuation rollover. Our TP is arrived at by applying an unchanged 45.0x P/E and 30.0.0x EV/EBITDA to September 2027E EPS and EBITDA. Key risks: (i) economic downturn derailing growth, and (ii) increase in competition affecting product prices and margins.

| ESAB vs. Ador  | Q2FY6      |              | H1FY26     |              |
|----------------|------------|--------------|------------|--------------|
| Rs mn          | ESAB India | Ador Welding | ESAB India | Ador Welding |
| Revenue        | 3,816      | 2810.9       | 7,336      | 5,329        |
| % YoY          | 12.7%      | 4.4%         | 9.8%       | -1.1%        |
| EBITDA         | 722        | 348          | 1,314      | 304          |
| % YoY          | 17.5%      | 72.7%        | 6.3%       | -36.1%       |
| EBITDA margins | 18.9%      | 12.4%        | 17.9%      | 5.7%         |
| PAT            | 792        | 250          | 1,201      | 211          |
| % YoY          | 83.5%      | 273.3%       | 37.1%      | -20.7%       |

| Target price (Rs)     | 6,850       | Key Data                |              |
|-----------------------|-------------|-------------------------|--------------|
|                       |             | Bloomberg Code          | ESABINDIA:IN |
| CMP (Rs)              | 5,248       | Curr Shares O/S (mn)    | 15.4         |
|                       |             | Diluted Shares O/S (mn) | 15.4         |
| Upside                | 31%         | Mkt Cap (INRbn/USDmn)   | 81/912       |
| Price Performance (%) |             | 52 Wk H / L (Rs)        | 6,420/4,133  |
|                       | 1M 6M 1Yr   | 3M Average Vol.(thds)   | 4.21         |
| ESAB India            | 7% 11% -14% |                         |              |
| Nifty                 | 1% 3% 6%    |                         |              |

Source: Bloomberg, NSE, Company

**Shareholding pattern (%)**

|                  | Dec-24 | Mar-25 | Jun-25 | Sep-25 |
|------------------|--------|--------|--------|--------|
| ESAB Corporation | 73.72  | 73.72  | 73.72  | 73.72  |
| DII's            | 13.10  | 12.87  | 12.82  | 12.77  |
| FPI's            | 1.84   | 1.79   | 1.56   | 1.53%  |
| Others           | 11.33  | 11.60  | 11.89  | 11.98  |

Source: BSE

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| Y/E (INR in mn) | Revenue | YoY (%) | EBITDA | YoY (%) | PAT   | YoY (%) | EPS   | RoE   | RoCE  | P/E (x) | EV/EBITDA (x) |
|-----------------|---------|---------|--------|---------|-------|---------|-------|-------|-------|---------|---------------|
| FY24            | 12,433  | 14.0%   | 2,277  | 22.0%   | 1,630 | 20.1%   | 105.8 | 57.6% | 75.9% | 49.7    | 35.2          |
| FY25            | 13,735  | 10.5%   | 2,445  | 7.4%    | 1,754 | 7.6%    | 113.9 | 52.6% | 67.9% | 46.1    | 32.7          |
| FY26E           | 15,108  | 10.0%   | 2,612  | 6.8%    | 2,098 | 19.6%   | 136.3 | 54.9% | 63.7% | 37.9    | 30.6          |
| FY27E           | 17,374  | 15.0%   | 3,090  | 18.3%   | 2,213 | 5.5%    | 143.8 | 52.0% | 67.8% | 35.9    | 25.8          |
| FY28E           | 19,981  | 15.0%   | 3,654  | 18.2%   | 2,618 | 18.3%   | 170.1 | 55.3% | 72.0% | 30.4    | 21.9          |

Source: Company, MNCL Research estimate

**Exhibit 1: Q2FY26 and H1FY26 performance results**

| Y/E Mar              | Q2-FY26 | Q2-FY25 | Q1-FY26 | YoY   | QoQ   | 1HFY26    | 1HFY25    | YoY   |
|----------------------|---------|---------|---------|-------|-------|-----------|-----------|-------|
| Net revenue (INR mn) | 3,816   | 3,387   | 3,520   | 12.7% | 8.4%  | 7,336     | 6,683     | 9.8%  |
| COGS (INR mn)        | -2,242  | -2,015  | -2,059  | 11.3% | 8.9%  | -4,301    | -3,940    | 9.2%  |
| EBITDA (INR mn)      | 722     | 615     | 592     | 17.5% | 22.1% | 1,314     | 1,235     | 6.3%  |
| PAT (INR mn)         | 792     | 432     | 409     | 83.5% | 93.5% | 1,201     | 876       | 37.1% |
| Gross margin         | 41.2%   | 40.5%   | 41.5%   |       |       | 41.4%     | 41.0%     |       |
| EBITDA margin        | 18.9%   | 18.2%   | 16.8%   |       |       | 17.9%     | 18.5%     |       |
| PAT margin           | 20.8%   | 12.7%   | 11.6%   |       |       | 16.4%     | 13.1%     |       |
| ROE (TTM)            |         |         |         |       |       | 54.4%     | 51.6%     |       |
| <b>Cash cycle</b>    |         |         |         |       |       | <b>43</b> | <b>41</b> |       |
| Receivable days      |         |         |         |       |       | 58        | 53        |       |
| Inventory days       |         |         |         |       |       | 55        | 59        |       |
| Payable days         |         |         |         |       |       | 70        | 70        |       |

Source: Company, MNCL Research

**VALUATION**

The main assumptions under our **base case scenario** are elucidated below:

- ESAB to clock in an average revenue growth of 13% over the forecast period (FY25-FY28E) and gross margin to improve to 42.0% by FY28E from 40.7% in FY25.
- Dividend payout and capex-to-revenue to average 80% and 2.2% over the forecast period, respectively.

Under our base case, we have assigned ESAB a 45x P/E and 30x EV/EBITDA on September 2027E estimated EPS and EBITDA and used an average of the indicative target prices.

**Exhibit 2: Target Price Computation**

|                                       | Base case    | Bull case    | Bear case    |
|---------------------------------------|--------------|--------------|--------------|
| <b>Average Target Price (INR)</b>     | <b>6,850</b> | <b>7,707</b> | <b>4,151</b> |
| Implied upside (%)                    | 30.5%        | 46.9%        | -20.9%       |
| <b>P/E-based valuation</b>            |              |              |              |
| Target price (INR)                    | 7,061        | 7,975        | 4,610        |
| Implied upside (%)                    | 34.5%        | 52.0%        | -12.2%       |
| Attributed price-to-earnings (x)      | 45.0         | 45.0         | 35.0         |
| 2 yr fwd estimated EPS (INR)          | 157          | 177          | 132          |
| PAT margin                            | 12.9%        | 13.7%        | 11.6%        |
| <b>EV/EBITDA-based valuation</b>      |              |              |              |
| Target price (INR)                    | 6,636        | 7,440        | 3,693        |
| Implied upside (%)                    | 26.4%        | 41.8%        | -29.6%       |
| Attributed EV/EBITDA (x)              | 30.0         | 30.0         | 20.0         |
| 2 yr fwd estimated EBITDA (INR mn)    | 3,372        | 3,801        | 2,842        |
| Net debt (INR mn)                     | -975         | -490         | 0            |
| EBITDA margin                         | 18.1%        | 19.1%        | 16.3%        |
| FY26 MNC peers fwd P/E, average       | 45.1         | 45.1         | 45.1         |
| FY26 MNC peers fwd EV/EBITDA, average | 34.4         | 34.4         | 34.4         |
| Assumed discount to MNC peers         | 30%          | 25%          | 50%          |

Source: MNCL Research Estimates

Under our **bull case**, we have factored in a gross margin level of 42.5% by FY27E and 43.0% by FY28E and assigned P/E of 45x and EV/EBITDA of 30.0x.

Under our **bear case** scenario, we have assumed revenue growth to decelerate to only 10% over the forecast period and the gross margin to level at 40.0% and assigned a P/E of 35.0x and EV/EBITDA of 25.0x.

**Exhibit 3: Consolidated Quarterly Income Statement**

| In INR mn, except per share        | Q3-FY24      | Q4-FY24      | Q1-FY25      | Q2-FY25      | Q3-FY25      | Q4-FY25      | Q1-FY26      | Q2-FY26      |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net revenue                        | 3,015        | 3,409        | 3,296        | 3,387        | 3,375        | 3,677        | 3,520        | 3,816        |
| YoY growth                         | 12.7%        | 13.0%        | 10.5%        | 11.7%        | 12.0%        | 7.9%         | 6.8%         | 12.7%        |
| Cost of goods sold                 | 1,778        | 2,033        | 1,925        | 2,015        | 2,040        | 2,170        | 2,059        | 2,242        |
| <b>Gross profit</b>                | <b>1,237</b> | <b>1,376</b> | <b>1,371</b> | <b>1,372</b> | <b>1,335</b> | <b>1,508</b> | <b>1,462</b> | <b>1,573</b> |
| <b>Gross margin</b>                | <b>41.0%</b> | <b>40.4%</b> | <b>41.6%</b> | <b>40.5%</b> | <b>39.5%</b> | <b>41.0%</b> | <b>41.5%</b> | <b>41.2%</b> |
| Employee expenses                  | 301          | 279          | 283          | 299          | 299          | 326          | 348          | 331          |
| Other operating expenses           | 399          | 475          | 468          | 458          | 483          | 525          | 522          | 520          |
| <b>EBITDA</b>                      | <b>537</b>   | <b>622</b>   | <b>621</b>   | <b>615</b>   | <b>553</b>   | <b>658</b>   | <b>592</b>   | <b>722</b>   |
| <b>EBITDA margin</b>               | <b>17.8%</b> | <b>18.3%</b> | <b>18.8%</b> | <b>18.2%</b> | <b>16.4%</b> | <b>17.9%</b> | <b>16.8%</b> | <b>18.9%</b> |
| Depreciation and amortization      | 35           | 35           | 33           | 38           | 39           | 39           | 43           | 40           |
| <b>S,G&amp;A expenses</b>          | <b>735</b>   | <b>789</b>   | <b>784</b>   | <b>795</b>   | <b>821</b>   | <b>889</b>   | <b>913</b>   | <b>892</b>   |
| Earnings before interest and taxes | 502          | 587          | 587          | 577          | 514          | 618          | 549          | 682          |
| <b>EBIT margin</b>                 | <b>16.6%</b> | <b>17.2%</b> | <b>17.8%</b> | <b>17.0%</b> | <b>15.2%</b> | <b>16.8%</b> | <b>15.6%</b> | <b>17.9%</b> |
| Non-operating income / expenses    | 9            | 12           | 11           | 12           | 32           | 7            | 2            | 329          |
| Profit before taxes                | 511          | 599          | 598          | 588          | 545          | 625          | 551          | 1,010        |
| Income taxes                       | 132          | 157          | 154          | 157          | 141          | 151          | 142          | 218          |
| <b>ETR</b>                         | <b>26%</b>   | <b>26%</b>   | <b>26%</b>   | <b>27%</b>   | <b>26%</b>   | <b>24%</b>   | <b>26%</b>   | <b>22%</b>   |
| <b>PAT</b>                         | <b>380</b>   | <b>443</b>   | <b>445</b>   | <b>432</b>   | <b>404</b>   | <b>474</b>   | <b>409</b>   | <b>792</b>   |
| <b>YoY growth</b>                  | <b>4.5%</b>  | <b>5.7%</b>  | <b>4.9%</b>  | <b>12.4%</b> | <b>6.4%</b>  | <b>7.2%</b>  | <b>-7.9%</b> | <b>83.5%</b> |
| <b>PAT margin</b>                  | <b>12.6%</b> | <b>13.0%</b> | <b>13.5%</b> | <b>12.7%</b> | <b>12.0%</b> | <b>12.9%</b> | <b>11.6%</b> | <b>20.8%</b> |
| <b>Per share</b>                   |              |              |              |              |              |              |              |              |
| EPS                                | 24.7         | 28.7         | 28.9         | 28.0         | 26.2         | 30.8         | 26.6         | 51.5         |
| DPS                                | 24.0         | 30.0         | 0.0          | 25.0         | 23.0         | 42.0         | 0.0          | 0.0          |
| BVPS                               | n.a.         | 234.7        | n.a.         | 225.7        | 201.6        | 176.0        | 0.0          | 0.0          |
| Par value                          | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         |
| Shares outstanding (mn)            | 15.4         | 15.4         | 15.4         | 15.4         | 15.4         | 15.4         | 15.4         | 15.4         |

Source: Company, MNCL Research Estimates

**Exhibit 4: Consolidated Income statement**

| In INR mn, except per share               | FY23          | FY24          | FY25          | FY26E         | FY27E         | FY28E         |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Net revenue</b>                        | <b>10,908</b> | <b>12,433</b> | <b>13,735</b> | <b>15,108</b> | <b>17,374</b> | <b>19,981</b> |
| <i>YoY growth</i>                         | <i>21.7%</i>  | <i>14.0%</i>  | <i>10.5%</i>  | <i>10.0%</i>  | <i>15.0%</i>  | <i>15.0%</i>  |
| Cost of goods sold                        | 6,719         | 7,440         | 8,150         | 8,914         | 10,164        | 11,589        |
| <b>Gross profit</b>                       | <b>4,189</b>  | <b>4,993</b>  | <b>5,585</b>  | <b>6,194</b>  | <b>7,210</b>  | <b>8,392</b>  |
| <b>Gross margin</b>                       | <b>38.4%</b>  | <b>40.2%</b>  | <b>40.7%</b>  | <b>41.0%</b>  | <b>41.5%</b>  | <b>42.0%</b>  |
| Employee expenses                         | 969           | 1,090         | 1,206         | 1,435         | 1,651         | 1,898         |
| Royalty to parent company                 | 249           | 324           | 472           | 540           | 621           | 714           |
| Other operating expenses                  | 1,104         | 1,303         | 1,461         | 1,608         | 1,849         | 2,126         |
| <b>EBITDA</b>                             | <b>1,867</b>  | <b>2,277</b>  | <b>2,445</b>  | <b>2,612</b>  | <b>3,090</b>  | <b>3,654</b>  |
| <b>EBITDA margin</b>                      | <b>17.1%</b>  | <b>18.3%</b>  | <b>17.8%</b>  | <b>17.3%</b>  | <b>17.8%</b>  | <b>18.3%</b>  |
| Depreciation and amortization             | 119           | 138           | 149           | 164           | 189           | 217           |
| Selling and administrative expenses       | 2,441         | 2,854         | 3,289         | 3,747         | 4,309         | 4,955         |
| <b>Earnings before interest and taxes</b> | <b>1,748</b>  | <b>2,139</b>  | <b>2,296</b>  | <b>2,448</b>  | <b>2,902</b>  | <b>3,437</b>  |
| <b>EBIT margin</b>                        | <b>16.0%</b>  | <b>17.2%</b>  | <b>16.7%</b>  | <b>16.2%</b>  | <b>16.7%</b>  | <b>17.2%</b>  |
| Interest and investment income            | 21            | 18            | 24            | 20            | 16            | 16            |
| Interest expenses                         | 3             | 4             | 17            | 17            | 17            | 17            |
| One time gain from sale of land           | 0             | 0             | 0             | 309           | 0             | 0             |
| Other non-operating items                 | 57            | 47            | 53            | 59            | 68            | 78            |
| Non-operating income / expenses           | <b>75</b>     | <b>61</b>     | <b>61</b>     | <b>371</b>    | <b>72</b>     | <b>81</b>     |
| Profit before taxes                       | <b>1,823</b>  | <b>2,200</b>  | <b>2,357</b>  | <b>2,819</b>  | <b>2,973</b>  | <b>3,518</b>  |
| Income taxes                              | 466           | 570           | 603           | -721          | 761           | 900           |
| <b>PAT</b>                                | <b>1,357</b>  | <b>1,630</b>  | <b>1,754</b>  | <b>2,098</b>  | <b>2,213</b>  | <b>2,618</b>  |
| <b>PAT margin</b>                         | <b>12.4%</b>  | <b>13.1%</b>  | <b>12.8%</b>  | <b>12.4%</b>  | <b>12.7%</b>  | <b>13.1%</b>  |
|   |               |               |               |               |               |               |
|   |               |               |               |               |               |               |
| <b>Per share</b>                          |               |               |               |               |               |               |
| EPS                                       | 88.1          | 105.9         | 114.0         | 136.3         | 143.8         | 170.1         |
| DPS                                       | 78.0          | 86.0          | 90.0          | 109.0         | 115.0         | 136.1         |
| BVPS                                      | 169.1         | 198.8         | 234.7         | 261.9         | 290.7         | 324.7         |
| Par value                                 | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          |
|   |               |               |               |               |               |               |
| Shares outstanding (mn)                   | 15.4          | 15.4          | 15.4          | 15.4          | 15.4          | 15.4          |

Source: Company, MNCL Research Estimates

**Exhibit 5: Consolidated Balance Sheet**

| In INR mn; FY-end Mar                             | FY23         | FY24         | FY25         | FY26E        | FY27E        | FY28E        |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Cash and cash equivalents                         | 334          | 384          | 651          | 674          | 641          | 651          |
| Bank balance                                      | 230          | 494          | 137          | 137          | 137          | 137          |
| Investments                                       | 0            | 0            | 231          | 231          | 231          | 231          |
| Loans to related parties                          | 0            | 0            | 0            | 0            | 0            | 0            |
| Trade receivables                                 | 1,523        | 1,888        | 2,251        | 2,070        | 2,380        | 2,737        |
| Inventories                                       | 1,234        | 1,113        | 1,307        | 1,416        | 1,615        | 1,841        |
| Asset held-for-sale (factory land Kolkata)        | 21           | 21           | 21           | 0            | 0            | 0            |
| Other short-term assets                           | 169          | 189          | 177          | 177          | 177          | 177          |
| <b>Current assets, total</b>                      | <b>3,512</b> | <b>4,088</b> | <b>4,775</b> | <b>4,706</b> | <b>5,181</b> | <b>5,775</b> |
| Property, plant and equipment, net                | 949          | 1,253        | 1,359        | 1,523        | 1,711        | 1,927        |
| Capital work-in-progress                          | 196          | 43           | 94           | 94           | 94           | 94           |
| Bank deposits and security deposits               | 45           | 56           | 75           | 75           | 75           | 75           |
| Other non-current assets                          | 38           | 70           | 167          | 167          | 167          | 167          |
| <b>Total assets</b>                               | <b>4,740</b> | <b>5,510</b> | <b>6,471</b> | <b>6,565</b> | <b>7,228</b> | <b>8,038</b> |
| Lease liabilities                                 | 5            | 11           | 6            | 6            | 6            | 6            |
| Trade payables                                    | 1,518        | 1,334        | 1,946        | 1,709        | 1,949        | 2,222        |
| Other short-term liabilities                      | 513          | 997          | 792          | 703          | 673          | 673          |
| <b>Current liabilities, total</b>                 | <b>2,036</b> | <b>2,342</b> | <b>2,743</b> | <b>2,418</b> | <b>2,628</b> | <b>2,901</b> |
| Lease liabilities                                 | 35           | 35           | 34           | 34           | 34           | 34           |
| Employee provisions                               | 55           | 68           | 76           | 76           | 87           | 100          |
| Other long-term liabilities                       | 12           | 5            | 6            | 6            | 6            | 6            |
| <b>Total liabilities</b>                          | <b>2,137</b> | <b>2,449</b> | <b>2,859</b> | <b>2,533</b> | <b>2,754</b> | <b>3,040</b> |
| Shareholders' equity                              | 2,603        | 3,061        | 3,613        | 4,032        | 4,475        | 4,998        |
| <b>Total liabilities and shareholders' equity</b> | <b>4,740</b> | <b>5,510</b> | <b>6,471</b> | <b>6,565</b> | <b>7,228</b> | <b>8,038</b> |

Source: Company, MNCL Research Estimates

**Exhibit 6: Consolidated Cash Flow Statement**

| In INR mn; FY-end Mar               | FY23       | FY24       | FY25       | FY26E      | FY27E      | FY28E      |
|-------------------------------------|------------|------------|------------|------------|------------|------------|
| Cash flow from operations           | 1,292      | 1,410      | 1,988      | 2,005      | 2,109      | 2,535      |
| Cash flow from investing activities | 52         | -550       | -146       | -286       | -356       | -413       |
| Cash flow from financing activities | -1,222     | -811       | -1,574     | -1,695     | -1,787     | -2,111     |
| Net change in cash                  | 122        | 49         | 268        | 23         | -34        | 10         |
| Opening cash balance                | 212        | 334        | 384        | 651        | 674        | 641        |
| <b>Ending cash balance</b>          | <b>334</b> | <b>384</b> | <b>651</b> | <b>674</b> | <b>641</b> | <b>651</b> |

Source: Company, MNCL Research Estimates

**Exhibit 7: Key Ratios**

| Y/E March                       | FY23  | FY24  | FY25  | FY26E | FY27E | FY28E |
|---------------------------------|-------|-------|-------|-------|-------|-------|
| <b>Growth Ratio (%)</b>         |       |       |       |       |       |       |
| Revenue                         | 21.7% | 14.0% | 10.5% | 10.0% | 15.0% | 15.0% |
| EBITDA                          | 54.9% | 22.0% | 7.4%  | 6.8%  | 18.3% | 18.2% |
| PAT                             | 60.9% | 20.1% | 7.6%  | 19.6% | 5.5%  | 18.3% |
| <b>Margin Ratios (%)</b>        |       |       |       |       |       |       |
| Gross profit                    | 38.4% | 40.2% | 40.7% | 41.0% | 41.5% | 42.0% |
| EBITDA                          | 17.1% | 18.3% | 17.8% | 17.3% | 17.8% | 18.3% |
| EBIT                            | 16.0% | 17.2% | 16.7% | 16.2% | 16.7% | 17.2% |
| PAT                             | 12.4% | 13.1% | 12.8% | 13.9% | 12.7% | 13.1% |
| <b>DuPont (%)</b>               |       |       |       |       |       |       |
| PAT-to-sales                    | 12.4% | 13.1% | 12.8% | 13.9% | 12.7% | 13.1% |
| Sales-to-assets                 | 2.3   | 2.3   | 2.1   | 2.3   | 2.4   | 2.5   |
| Sales-to-gross fixed assets     | 6.8   | 6.0   | 5.9   | 5.7   | 5.7   | 5.8   |
| Sales-to-net fixed assets       | 11.5  | 9.9   | 10.1  | 9.9   | 10.2  | 10.4  |
| Assets-to-equity                | 1.8   | 1.8   | 1.8   | 1.6   | 1.6   | 1.6   |
| RoE                             | 53.8% | 57.6% | 52.6% | 54.9% | 52.0% | 55.3% |
| RoCE                            | 70.1% | 75.9% | 67.9% | 63.7% | 67.8% | 72.0% |
| RoIC                            | 68.7% | 73.6% | 70.3% | 64.4% | 66.1% | 68.0% |
| <b>Turnover Ratios (days) *</b> |       |       |       |       |       |       |
| Receivable days                 | 48    | 50    | 55    | 50    | 50    | 50    |
| Inventory days                  | 62    | 58    | 54    | 58    | 58    | 58    |
| Payable days                    | 80    | 70    | 73    | 70    | 70    | 70    |
| Cash conversion days            | 30    | 38    | 36    | 38    | 38    | 38    |
| CFO-to-EBITDA                   | 69%   | 62%   | 81%   | 77%   | 68%   | 69%   |
| <b>Solvency Ratios</b>          |       |       |       |       |       |       |
| Net debt-to-equity              | -20%  | -27%  | -27%  | -25%  | -22%  | -20%  |
| Debt-to-equity                  | 2%    | 1%    | 1%    | 1%    | 1%    | 1%    |
| CFO-to-EBITDA                   | 69%   | 62%   | 81%   | 77%   | 68%   | 69%   |
| Capex-to-net revenue            | 3.1%  | 2.3%  | 2.0%  | 2.2%  | 2.2%  | 2.2%  |
| Accrual ratio                   | 0%    | 15%   | -1%   | 6%    | 7%    | 7%    |
| <b>Per share (INR)</b>          |       |       |       |       |       |       |
| EPS                             | 88.1  | 105.9 | 114.0 | 136.3 | 143.8 | 170.1 |
| DPS                             | 78.0  | 86.0  | 90.0  | 109.0 | 115.0 | 136.1 |
| BVPS                            | 169.1 | 198.8 | 234.7 | 261.9 | 290.7 | 324.7 |
| CEPS                            | 84.0  | 91.6  | 129.2 | 130.2 | 137.0 | 164.7 |
| <b>Valuation (x)</b>            |       |       |       |       |       |       |
| P/E                             | 40.1  | 49.7  | 46.1  | 37.9  | 35.9  | 30.4  |
| P/B                             | 20.9  | 26.4  | 22.4  | 19.7  | 17.8  | 15.9  |
| P/S                             | 5.0   | 6.5   | 5.9   | 5.3   | 4.6   | 4.0   |
| EV/EBITDA                       | 28.9  | 35.2  | 32.7  | 30.6  | 25.8  | 21.9  |
| <b>Dividend</b>                 |       |       |       |       |       |       |
| Payout                          | 88%   | 81%   | 79%   | 80%   | 80%   | 80%   |
| Yield                           | 2.2%  | 1.6%  | 1.7%  | 2.1%  | 2.2%  | 2.6%  |

Source: Company, MNCL Research Estimates

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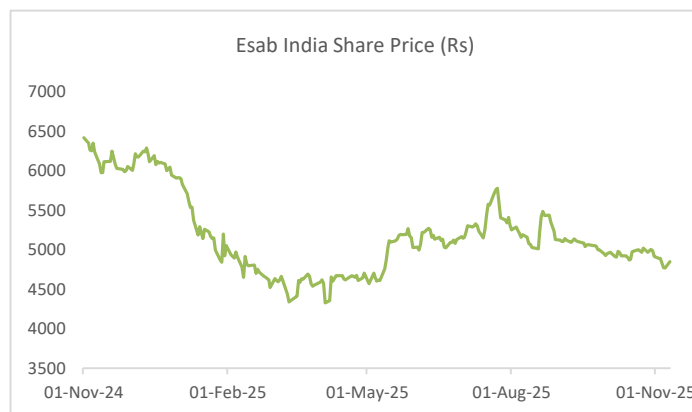
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