


**Buy Range** ₹3,890 – 3,910

**Target** ₹4,650 – 4,700

**Recommendation** **BUY**
**Highlights**

- ESAB India has established itself as leading supplier of welding and cutting products in India with products widely used in industries like shipbuilding, petrochemical, construction, transport, offshore, energy, general engineering and in repair and maintenance of steel, mills, cement, sugar industry, etc. **It has over ~23% market share in the structural welding market and ~30% in domestic equipment market with market leading position in the Indian welding industry.**
- The company has an extensive presence in India with over 200 distributors across the country. The sales through the distributors accounts for over 80% of total sales while the rest comes from direct and institutional channels. **It mainly operates in two segments Products (~92%) & Services (~7% - Engineering, support and consulting services).** Within products it has welding consumables (~71%) and welding equipment (~21%).
- Indian welding consumable market is slated to be mainly driven by expansion in building and construction industry, railway, heavy engineering, energy and oil & gas sector along with automobile sector. Industrial reforms and policies like 'Make in India' and 'Atmanirbhar' initiatives and the government's long term spending plan like ₹111tn worth National Infrastructure plan (NIP) to drive capex aid further growth in these sectors. **Government of India continues focus on capital expenditure for FY24 to aid economic recovery with capex pegged at ₹10tn higher than ₹7.5tn in FY23. Also for FY24, the government hiked capex outlay for railways by ~17% to ₹2.4tn. Steel demand in India expected to grow 7.5% in FY24 to 128.85 MT and 6.3% in FY25 to 136.9 & MT as per ISA.** ESAB is well placed to gain from overall infrastructure spending in India coupled with augmentation of its distribution network and direct customers. Investment in the Indian manufacturing industry has been on the rise with gross fixed capital formation at ₹79.4tn for FY23 indicating continued interest and momentum in the Indian manufacturing industry.
- The manufacturing sector gross value added (GVA) in India grew at ~12% over FY19-23. The sector's GVA at current prices is estimated at US\$ 443bn in FY23. The Indian manufacturing sector has the potential to reach US\$ 1tn by 2027. **IIP in FY23 grew 5.1% compared to 5 year average of 2.2%. Apr'23 industrial production up 4.2% in Apr'23 from 1.1% in Mar'23 with the manufacturing sector output growth of 4.9%. NHAI awarded 6003/6,306km of orders in FY23/FY22 – v/s 4,788/3,211km in FY21/20. It is now looking to award +12,000km in FY24 which should benefit the company since based on the above mentioned factors it is estimated that the India's welding consumables and equipment markets is likely to witness CAGR of 10-11% and 6-7% respectively.**
- Robotics and automation are increasingly being deployed by industries to achieve welding quality and improve productivity. **ESAB's automation & robotics business is likely to inch up further aided by new product development and launches. ESAB's digital solution (EDS) division is a complete suite of revolutionary digital services that helps take total real time control of cutting, welding, gas operations with one platform such as plat optimisation, cutting/ welding productivity, cutting maintenance, etc,** providing further growth opportunities and a competitive advantage in the long run.
- ESAB India has a strong balance sheet with low debt and ample cash reserves. The company's cash conversion cycle has been at an average of 32 days for the last 5 years. With a well-developed asset base, the company's capital expenses are also under control. Cumulatively, the company has paid ₹342 per share in dividends over the last 5 fiscals. The company has been consistently delivering positive operating and free cash flows. ESAB's margin profile is also the best in its peer set, with double digit EBITDA margin (5 yr Average – 13.6%) and high single digit net margin (5 yr Average – 9.9%) .

**ESAB INDIA LTD**
**COMPANY BACKGROUND**

**ESAB India (ESAB)** started its operations in 1987 by acquiring the welding business of Peico Electronics & Electrical (Now Philips India). It further expanded by acquiring Indian Oxygen's welding business and Flowtech Welding in 1991 and 1992, respectively followed by merger of Maharashtra Weldaids in 1994. ESAB India is 73.7% owned by ESAB Holdings UK and Eelvia group, Netherlands, which were subsequently acquired by Colfax Corporation in 2012 making it an indirect wholly owned subsidiary. Colfax Corporation is a Delaware, US based industrial group with existing global business interests in medical devices, fabrication technology products and services. Colfax Corp also acquired EWAC Alloys from L&T in 2017 through ESAB Holdings UK further gaining its strength in the Indian welding consumable market. ESAB India has established itself as leading supplier of welding and cutting products in India with products widely used in industries like shipbuilding, petrochemical, construction, transport, offshore, energy, general engineering and in repair and maintenance of steel, mills, cement, sugar industry, etc. **It has over ~23% market share in the structural welding market and ~30% in domestic equipment market with market leading position in the Indian welding industry.** The company has an extensive presence in India with over 200 distributors across the country. The sales through the distributors accounts for over 80% of total sales while the rest comes from direct and institutional channels. It mainly operates in two segments **Products (~92%) & Services (~7% - Engineering, support and consulting services)**. Within products it has welding consumables (~71%) and welding equipment (~21%). Welding consumable consists of products like covered electrodes (MMA/ stick), solid wires, gas shielded flux-cored wires, submerged arc wires (SAW) wires and fluxes, metal cored wires (MCAW), TIG rods, etc while welding equipment segment consists of products like SMAW, GMAW, FCAW, and MMAW, cutting equipment, gas equipment, etc ESAB has four manufacturing facilities in India of which two are located in Chennai and one each in Nagpur and Kolkata. ESAB's balance product portfolio, debt free status, strong global brand image, parentage (Colfax Corp) and ongoing industrial capex cycle augurs well for ESAB in the long run.

**Investment Rationale**

- Strong global parentage provide technology edge along with market reach enables to retain its dominant position**

ESAB India is 73.7% owned by ESAB Holdings UK and Exelvia group, Netherlands, which were subsequently acquired by Colfax Corporation in 2012, making it indirect wholly owned subsidiaries. **Colfax Corporation is a Delaware, US based industrial group with existing global business interests and leading positions in medical devices technology under 'DJO' brand, fabrication technology products and services under 'ESAB' brand,** which is well known in international welding industry. ESAB is a world leader in production of welding equipment & consumables with a strong global footprint and 40+ leading product brands under ESAB and strong sales channels with independent distributors and direct sale people. Colfax Corp is one of the world leaders in the global welding market through 'ESAB' brand. Global arc welding, brazing & cutting industry is estimated at ~ US\$22 bn with **Lincoln Electric being the largest player with 13.6% market share followed by Colfax Corp (ESAB) (10.2%), ITW (7.4%), Miller (2.2%), Kobelco (3.8%), Golden Bridge (3.5%) and others.** Top five to six players globally command ~40% of the welding market.

Welding is applied to a wide variety of materials and products, **using advanced technology such as lasers and plasma arcs while the future holds promise for joining dissimilar and non-metallic materials.** The welding industry plays an essential role in many industries such as the automotive industry, the construction industry, the aviation industry and many more. It plays a critical role in all manufacturing, construction and fabrication activities that involve metals. The global welding industry's size is projected to grow from USD 20.99 Billion in 2021 to USD 28.66 bn in 2028. This industry has evolved significantly over the past few years with a widened scope of applications driven by advances in tools associated with the process. Like every other industry, the welding industry has also suffered during the pandemic. However, with increased pace of manufacturing and construction activities in India the industry has seen a quick turnaround aided by the government's focus on infrastructure spending and incentivizing engineering

**Important Data**

Nifty	18,721
Sensex	63,044
CMP	₹3,932.90
Market Cap (₹)	₹60.53bn
52W High/Low	₹4304/3021
Shares o/s (mn)	15.39
Daily Vol. (3M NSE Avg.)	3,582
BSE Code	500133
NSE Code	ESABINDIA
Bloomberg Code	ESAB:IN

**Shareholding Pattern (%) – Mar'23**

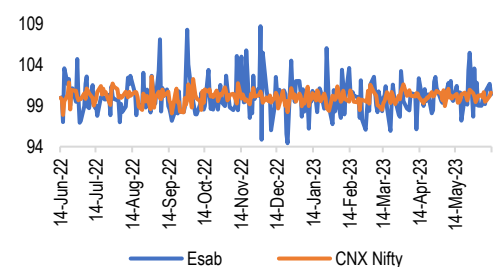
Promoter	73.7
DII's	13.4
FII's	0.8
Public	12.1

**Financials & Valuations**

Particulars (₹ mn)	FY20	FY21	FY22
<b>Operating Revenue</b>	<b>6,980</b>	<b>6,812</b>	<b>8,963</b>
<b>EBITDA</b>	<b>967</b>	<b>815</b>	<b>1,205</b>
<b>EBITDA Margin (%)</b>	<b>13.9</b>	<b>12.0</b>	<b>13.4</b>
<b>Net Profit</b>	<b>713</b>	<b>593</b>	<b>843</b>
EPS (₹)	46.3	38.5	54.8
DPS (₹)	70.0	44.0	60.0
RoE (%)	21.1	22.8	34.5
RoCE (%)	18.4	18.0	25.0
P/E (x)	84.9	102.1	71.8
EV/EBITDA (x)	61.7	73.9	50.0
P/BV (x)	17.9	23.3	24.8

Particulars (₹ mn)	FY23	FY24E	FY25E
<b>Operating Revenue</b>	<b>10,908</b>	<b>12,871</b>	<b>14,802</b>
<b>EBITDA</b>	<b>1,867</b>	<b>2,707</b>	<b>3,735</b>
<b>EBITDA Margin (%)</b>	<b>17.1</b>	<b>21.0</b>	<b>25.2</b>
<b>Net Profit</b>	<b>1,357</b>	<b>1,967</b>	<b>2,695</b>
EPS (₹)	88.2	127.8	175.1
DPS (₹)	78.0	85.0	90.0
RoE (%)	52.1	34.7	37.8
RoCE (%)	36.9	40.2	41.3
P/E (x)	44.6	30.8	22.5
EV/EBITDA (x)	32.3	22.2	19.6
P/BV (x)	23.3	21.3	18.9

Source: Company, Way2Wealth

**Relative performance**


Source: Company Data, Way2Wealth

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sectors. Welding contributes significantly to the Indian GDP in various ways. The Indian welding industry has so far been dominated by low technology and very rare technological innovation. However, in recent years the demand for automatic and semi-automatic welding products is rising. Increased FDI investments inflow in India has contributed to the rise in projects in automotive, offshore activities, oil and gas sector, ship building and heavy machinery industries. This has positively impacted the rise of consumables and welding equipment.

Indian welding industry comprises of **welding consumables like sticks, wires/ fluxes, welding equipment, cutting equipment and welding automation**. It is estimated at **~₹45bn market with 71% share of consumables (~₹31.5bn consumable industry)**. Within consumable industry, around **₹7bn is reclamation welding and ₹24.5bn is structural welding market**. It is very fragmented industry with **~50% being controlled by unorganized players**. While organized market is dominated by **ESAB India, Ador Welding, EWAC Alloys, GEE and D&H Welding Electrodes etc.** ESAB India holds **~23% in domestic structural welding followed by Ador Welding which holds ~19% market share**. Considering robust outlook on infrastructure and industrial sectors and the government's thrust to promote 'Make in India', 'Atmanirbhar Bharat' initiatives to boost local and indigenous manufacturing for Self-reliance India. Hence, **consumable market is expected to grow at the CAGR of 10-11% over next 5 years driven by higher demand for continuous electrodes compared to manual electrodes**. The welding equipment has a share of **~29% (₹13.5bn of Welding Industry)** with unorganized market contributing **~55-60%** while organised market is mainly addressed by players like **ESAB, Ador Welding, Lincoln Electric Co. India, Kempfi India, Miraj Electricals & Mechanicals, ITW India**. Within welding equipment, **~₹7bn is equipment market, ₹4.5bn is cutting tools market and ~₹2bn is welding automation**. Import constitutes significant portion in organized market at **~32-33%**. **Welding equipment market is expected to grow at the CAGR of 6-7% over next 5 years driven by revival of capex cycle and product innovations**.

## 2. Product innovation, automation to drive growth and market share

ESAB operates **welding automation & robotics, plasma division** with a variety of products under different categories like **friction stir welding (FSW), gas tungsten arc welding (GTAW), SAW, and gas metal arc welding**. Also, **ESAB's plasma cutting equipment are top of the line high-end solutions to critical industries like nuclear, wind-turbine, boiler, ship building, etc.** Further, new product offerings, technologies advancements, R&D, patents and product development in tandem with industrial automation is likely drive growth for the ESAB over next two years and help further strengthen its leadership position. Robotics and automation are increasingly being deployed by industries to achieve welding quality and improve productivity. **ESAB's automation & robotics business is likely to inch up further aided by new product development and launches**. **ESAB's digital solution (EDS) division is a complete suite of revolutionary digital services that helps take total real time control of cutting, welding, gas operations with one platform such as plat optimisation, cutting/ welding productivity, cutting maintenance, etc, providing further growth opportunities and a competitive advantage in the long run.**



**ESAB's PRODUCTS and BRANDS**

Product Line	Products
<b>Arc Welding Equipment</b>	MMA equipment, TIG equipment, MIG equipment, Multi-Process equipment, Advanced Synergic Multi Process equipment, Wire Feeders, General Supplies and Accessories
<b>Cutting Automation</b>	Cutting Machines, Controls, Software Systems (Cut Cloud, Columbus CAD/CAM Nesting, Software, Data Leap), Process Solutions (Plasma, Oxy-fuel, Marking and Labelling, Drilling), Technologies, Technology Upgrades, Service
<b>PPE &amp; Accessories</b>	Helmet and Head Protection, Gloves, Clothing, Eye Protection, Accessories
<b>Plasma</b>	Plasma Cutting- Handheld, Plasma Cutting-Mechanized
<b>Welding Consumables</b>	Covered Electrodes, Gas-Shielded Flux-Cored Wires, Self-Shielded Flux-Cored Wires, Metal-Cored Wires, TIG Rods, MIG/MAG Wires, Submerged Arc Wires & Fluxes, Specialty Alloys, Equipment & Accessories
<b>Gas Equipment</b>	Industrial (Torches, Gas Control, Consumables, Safety Accessories, Accessories, Cutting Machines), Brazing and Soldering (Torches & Handles, Consumables)
<b>Welding Automation and Robotics</b>	Submerged Arc Welding (Carriers & Manipulators, Welding Heads & Torches, Power Sources), Gas Metal Arc Welding (Carriers & Manipulators, Power Sources)
<b>ESAB Digital Solutions (EDS)</b>	ESAB Digital Solutions is a complete suite of digital service that brings fabrication into the 21 <sup>st</sup> century and beyond. The services include: Plate Optimization, Cutting Productivity, Cutting Maintenance, Welding Productivity, Quality Assurance, Weld Validation



Source - Company, Way2Wealth

### 3. Ongoing Industrial, infrastructure sector capex to aid growth

Indian welding consumable market is slated to be mainly driven by expansion in building and construction industry, railway, heavy engineering, energy and oil & gas sector along with automobile sector. Industrial reforms and policies like 'Make in India' and 'Atmanirbhar' initiatives and the government's long term spending plan like ₹111tn worth National Infrastructure plan (NIP) to drive capex aid further growth in these sectors. Currently, ~65-70% of welding consumables are consumed by industries like oil & gas, heavy engineering, shipbuilding, infrastructure, railways power, transportation & mobility and automotive. ESAB is well placed to gain from overall infrastructure spending in India coupled with augmentation of its distribution network and direct customers. Government of India continues focus on capital expenditure for FY24 to aid economic recovery with capex pegged at ₹10tn higher than ₹7.5tn in FY23. Investment in the Indian manufacturing industry has been on the rise with gross fixed capital formation at ₹79.4tn for FY23 indicating continued interest and momentum in the Indian manufacturing industry. The manufacturing sector gross value added (GVA) in India grew at ~12% over FY19-23. The sector's GVA at current prices is estimated at US\$ 443bn in FY23. The Indian manufacturing sector has the potential to reach US\$ 1tn by 2027. IIP in FY23 grew 5.1% compared to 5 year average of 2.2%. Apr'23 industrial production up 4.2% in Apr'23 from 1.1% in Mar'23 with the manufacturing sector output

growth of 4.9%. **NHAI awarded 6003/6,306km of orders in FY23/FY22 – v/s 4,788/3,211km in FY21/20. It is now looking to award +12,000km in FY24. Also for FY24, the government hiked capex outlay for railways by ~17% to ₹2.4tn.** Most EPC companies' order book is ~3x of sales. Capital goods companies' revenues has fully recovered from Pandemic lows and has now surpassed pre- Pandemic level. Similarly order book accretion is quite strong and now stand at ~₹1.6tn (v/s ₹1.39tn in FY21 and close to pre-Pandemic peak of ~₹1.63tn in FY18). In FY23, the crude steel production rose by 4.18% to 125.32MT compared to 120.29MT on FY22. The production of finished steel was at 121.39MT, +6.77% from 113.6MT year ago. Domestic consumption of steel rose by 12.69% to 119.17 MT against 105.75 MT in FY22. For Apr'23, production of crude steel at 10.51 MT (+1.2% YoY), finished steel production at 9.98 MT (+3.7% YoY) and consumption of finished steel at 9.88 MT (+7.2% YoY). **Steel demand in India expected to grow 7.5% in FY24 to 128.85 MT and 6.3% in FY25 to 136.9 & MT as per ISA.**

### Key Risks

- **Risk from slowdown in end user industries due to unfavourable commodity prices**
- **Increasing steel prices may impact prices of welding consumables** – Increase in raw material cost could have a direct impact on manufacturing. Hence, for the larger unorganised community, the competitiveness in marketplace reduces thereby affecting overall revenues.
- **Any future change in government and its policies to impact demand of welding consumables and equipments.**
- **International competition to pose challenge to Indian welding players** – South East Asia is foreseen to witness high demand in coming years owing to the availability of cheaper manufacturing facilities of welding consumables creating more competition in the region. Delivering welding consumables at lower prices and launching new welding consumable products to cater to the growing demands of customers is a major concern among suppliers of Indian welding consumables.
- With ~45-50% of manufacturers in the unorganised segment, the R&D inclination towards material, technology and techniques is very minimal and limited. Public/third party facilities in this direction can prove to be a good value add for largest welding community.

### View

Strong fundamentals and ongoing improvement in India's macro environment to continue to drive ESAB India growth. With increased adoption of latest technologies in the welding process especially in the manufacturing segments, the demand for technologically advanced and cutting edge welding equipment and consumables is expected to increase. ESAB offers the latest and most advanced options in the industry which strongly places the company to benefit from this shift. With ongoing robustness in the company's end user industries demand, the company's operations to strengthen further as the company commands +30% of the market share in the organized domestic welding industry. ESAB India has a strong balance sheet with low debt (₹242mn) and ample cash reserves (₹565mn in cash and cash equivalents as of FY23). The company's cash conversion cycle has been at an average of 32 days for the last 5 years. With a well developed asset base, the company's capital expenses are also under control. As a result, the company has been paying a handsome dividend for the last few years. Cumulatively, the company has paid ₹342 per share in dividends over the last 5 fiscals. The company has been consistently delivering positive operating and free cash flows. ESAB's margin profile is also the best in its peer set, with double digit EBITDA margin (5 yr Average – 13.6%) and high single digit net margin (5 yr Average – 9.9%) . With its strong international parentage, the company is well equipped with the latest and diverse offerings in the industry. This coupled with its extensive distribution network earns ESAB a much richer valuation than its domestic peers and will continue to do so. **Hence we view it as a BUY with Target range ₹4650-4700.**

**Q4FY23 & FY23 PERFORMANCE**

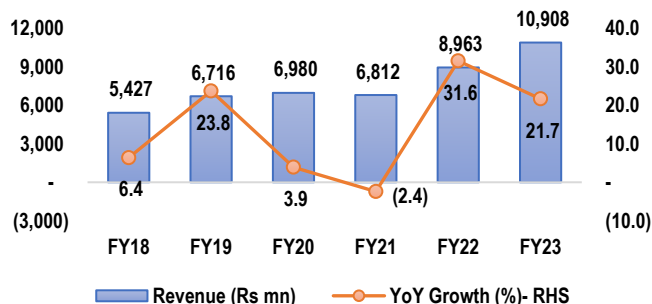
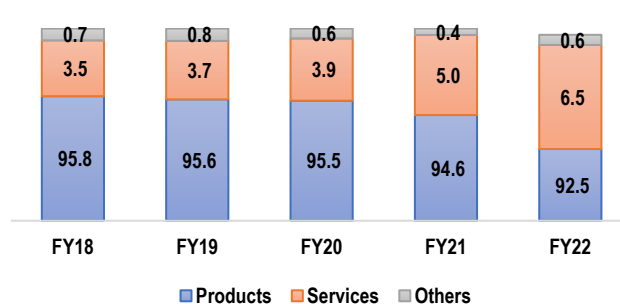
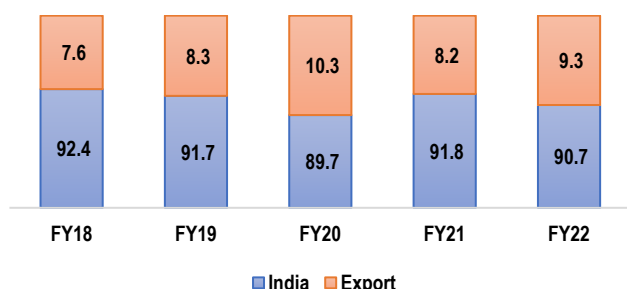
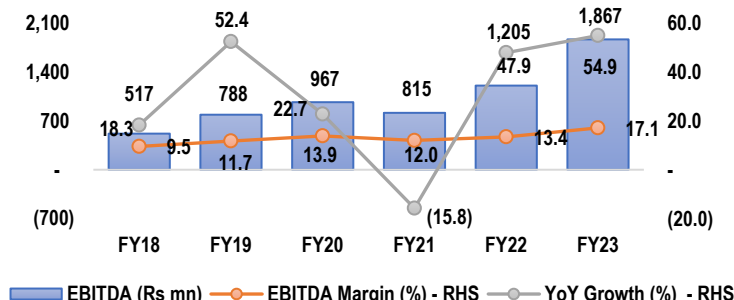
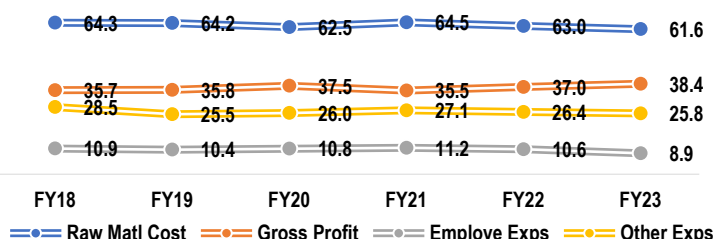
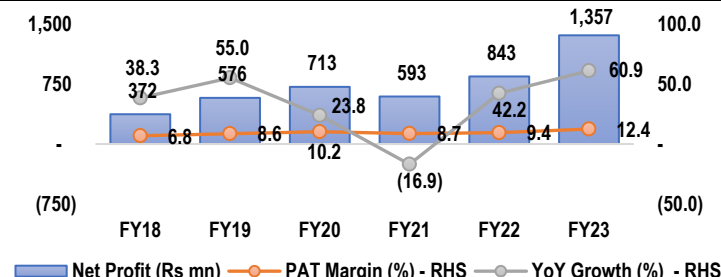
(₹ mn)

Particulars	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
Revenue	3,016.8	2,655.8	13.6	2,673.9	12.8	10,908.0	8,963.0	21.7
Cost of Material	1,518.2	1,347.8	12.6	1,224.4	24.0	5,237.3	4,416.1	18.6
Stock Purchases	305.7	439.4	(30.4)	448.7	(31.9)	1,565.1	1,351.9	15.8
Inventory Changes	7.4	(62.2)	111.9	(59.0)	(112.5)	(83.2)	(125.7)	(33.8)
Employee Exps	254.2	281.1	(9.6)	234.1	8.6	969.2	948.1	2.2
Other Exps	364.2	337.3	8.0	341.4	6.7	1,352.8	1,167.6	15.9
EBITDA	567.1	312.4	81.5	484.3	17.1	1,866.8	1,205.0	54.9
EBITDA Margin (%)	18.8	11.8	704	18.1	69	17.1	13.4	367
Other Income	30.1	3.6	736.1	31.6	(4.7)	78.0	46.8	66.7
Finance Cost	1.1	0.7	57.1	0.9	22.2	3.1	2.9	6.9
Depreciation	31.6	28.9	9.3	29.3	7.8	118.8	113.3	4.9
PBT	564.5	286.4	97.1	485.7	16.2	1,822.9	1,135.6	60.5
Tax	145.9	73.1	99.6	122.6	19.0	466.1	292.5	59.4
Net Profit	418.6	213.3	96.2	363.1	15.3	1,356.8	843.1	60.9
EPS (₹)	27.2	13.9	96.2	23.6	15.3	88.2	54.8	60.9

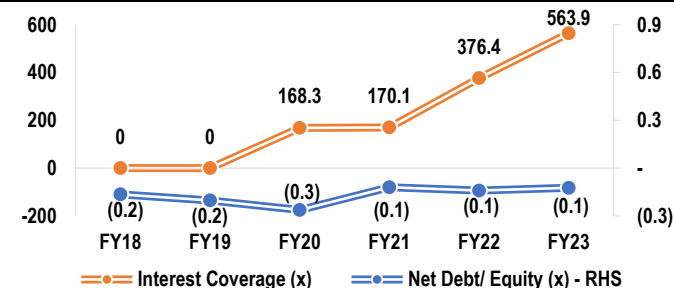
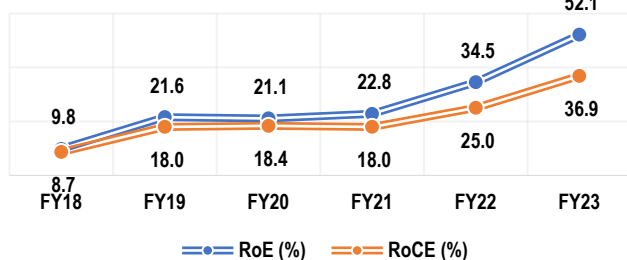
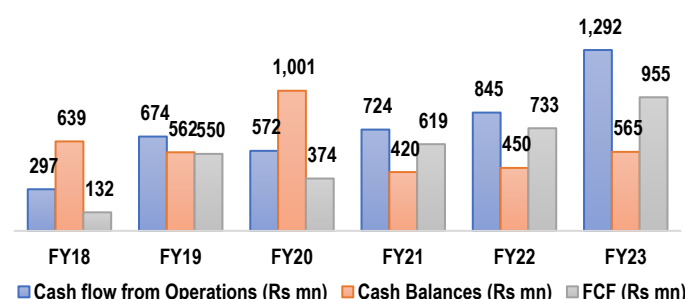
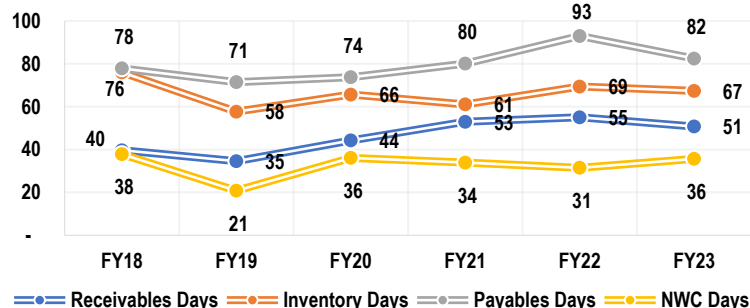
As % of Sales	Q4FY23	Q4FY22	YoY (bps)	Q3FY23	QoQ (bps)	FY23	FY22	YoY (bps)
Raw Matl Cost	60.7	65.0	(425)	60.4	34	61.6	63.0	(135)
Gross Profit	39.3	35.0	425	39.6	(34)	38.4	37.0	135
Employee Exps	8.4	10.6	(216)	8.8	(33)	8.9	10.6	(169)
Other Exps	24.0	25.0	(104)	27.9	(389)	25.8	26.4	(61)

Source – Company, Way2Wealth

## Past Performance

**Revenue CAGR 15% FY18-23**

**Revenue Mix (%) - Products/ Services CAGR ~11%/38% FY18-22**

**Revenue Mix (%) - India/ Export CAGR ~13%/19% FY18-22**

**EBITDA CAGR 29.3% FY18-23**

**Cost as % to Sales**

**PAT CAGR ~30% FY18-23**


## Strong W.C mgmt with low debt enabling robust cash flows and return ratios



Source: Company, Way2Wealth

**FINANCIALS & FORECASTING**

Particulars	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Revenue	5,427	6,716	6,980	6,812	8,963	10,908	12,871	14,802
EBITDA	517	788	967	815	1,205	1,867	2,707	3,735
EBITDA Margin (%)	9.5	11.7	13.9	12.0	13.4	17.1	21.0	25.2
PAT	372	576	713	593	843	1,357	1,967	2,695
EPS (₹)	24.1	37.4	46.3	38.5	54.8	88.2	127.8	175.1
DPS (₹)	1.0	90.0	70.0	44.0	60.0	78.0	85.0	90.0
RoE (%)	9.8	21.6	21.1	22.8	34.5	52.1	34.7	37.8
RoCE (%)	8.7	18.0	18.4	18.0	25.0	36.9	40.2	41.3
Cash Balances	639	562	1001	420	450	565	615	881
FCF	132	550	374	619	733	955	1132	1292
Net Debt/ Equity (x)	(0.2)	(0.2)	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Receivables Days	40	35	44	53	55	51	48	45
Inventory Days	76	58	66	61	69	67	65	60
Payables Days	78	71	74	80	93	82	82	83
P/E (x)	162.9	105.1	84.9	102.1	71.8	44.6	30.8	22.5
EV/ EBITDA (x)	115.9	76.1	61.7	73.9	50.0	32.3	22.2	19.6
P/BV (x)	16.0	22.7	17.9	23.3	24.8	23.3	21.3	18.9

Source: Company, Way2Wealth

**PEER COMPARISON**

Company	CMP	MCAP	Revenue (₹ mn)				EBITDA (₹ mn)				EBITDA Margin (%)				Net Profit (₹ mn)				EPS (₹)				DPS (₹)			
	(₹)	(₹ mn)	FY20	FY21	FY22	FY23	FY20	FY21	FY22	FY23	FY20	FY21	FY22	FY23	FY20	FY21	FY22	FY23	FY20	FY21	FY22	FY23	FY20	FY21	FY22	FY23
ESAB India	3,932.90	60,538.40	6,980	6,812	8,963	10,908	967	815	1,205	1,867	13.9	12	13.4	17.1	713	593	843	1,357	46.3	38.5	54.8	88.2	70	44	60	78
Ador Welding	1,204.70	16,382.10	5,265	4,477	6,615	7,770	430	201	584	870	8.2	4.5	8.8	11.2	288	-104	452	790	21.2	-7.6	33.2	44	6.5	-	12.5	18

Company	CMP	MCAP	RoE (%)				RoCE (%)				P/E (x)				EV/ EBITDA (x)				P/BV (x)			
	(₹)	(₹ mn)	FY20	FY21	FY22	FY23	FY20	FY21	FY22	FY23	FY20	FY21	FY22	FY23	FY20	FY21	FY22	FY23	FY20	FY21	FY22	FY23
ESAB India	3,932.90	60,538.40	21.1	22.8	34.5	52.1	18.4	18	25	36.9	84.9	102.1	71.8	44.6	61.7	73.9	50	32.3	17.9	23.3	24.8	23.3
Ador Welding	1,204.70	16,382.10	10.8	-4.4	16	19.6	7.2	2.4	12.1	24.4	56.9	-157.5	36.3	27.4	40.3	82.7	28.3	18.9	6.1	6.9	5.8	5.1

Company	CMP	MCAP	D/E (x)				MCAP/ Sales (x)				FCF (₹ mn)				Cash Balances (₹ mn)				NWC Days			
	(₹)	(₹ mn)	FY20	FY21	FY22	FY23	FY20	FY21	FY22	FY23	FY20	FY21	FY22	FY23	FY20	FY21	FY22	FY23	FY20	FY21	FY22	FY23
ESAB India	3,932.90	60,538.40	0	0	0	0.1	8.7	8.9	6.8	5.5	374	619	733	955	1,001	420	450	565	36	34	31	36
Ador Welding	1,204.70	16,382.10	0.4	0.2	0.1	0.1	3.1	3.7	2.5	2.1	-83	699	91	-11	66	182	76	70	91	73	66	79

Source: Company, Way2Wealth



**TECHNICAL VIEW**

The ESABINDIA has been trading within upward sloping channel since August 2018 and it has trading above all its key long term EMAs (100 and 200 day) since October 2013 in monthly chart suggesting the upward trend is likely to remain intact in short to medium term scenario. On the monthly chart, the stock had formed flag pattern recently, it is bullish formation that usually forms during an uptrend as a continuation pattern. This signalling that buying strength in the stock. The daily RSI is already in strong buy on dips mode. We continue to remain positive on the ESABINDIA from technical perspective as the stock has managed to hold on to its short term as well long term moving averages in ongoing bull market. The stock has strong resistance @ 4340-4400. If moves above 4400, could take the stock towards the levels of 4550 and 4600 in medium term. **Overall, we advocate to Buy and Accumulate ESABINDIA around 3870-3950 range and add on dips till 3690- 3750 for target of 4550- 4600 levels. On the downside 3420-3350 would the act as strong support and slip below that would negate positive view.**



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**Disclosure of Interest Statement ESAB INDIA LTD. as on 15<sup>th</sup> June 2023**

Name of the Security	ESAB INDIA LTD.
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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