

Price: 3,034

Recommendation: Buy

Industry: Specialty Chemicals

Sector: Commodities

Report Date: 01-May-2025

Pidilite Industries is a market leader in adhesives, sealants, and construction chemicals, renowned for innovation and sustainability. With iconic brands like Fevicol and Araldite, it drives growth through diversification, global expansion, and digital transformation. Investments in ESG, AI, and emerging markets ensure resilience, while its focus on talent and customer engagement strengthens its leadership.

| Sales | | Profit & Loss | | Profitability Matrix | |
|--------------------|----------|---------------------------|---------|-------------------------|-----------|
| Current Year | 11811 Cr | Operating Profit(Year) | 2779 Cr | Operating Profit Margin | 23.5 % |
| Previous Year | 10597 Cr | Operating Profit(Quarter) | 749 Cr | EBITDA Margin | 23.06 % |
| Current Quarter | 3099 Cr | PAT (Year) | 1801 Cr | Net Profit Margin | 16.1 % |
| Previous Quarter | 2977 Cr | PAT (Quarter) | 534 Cr | EPS | 39.0 |
| Revenue (QYoY) | 2834 Cr | | | | |
| Valuation Matrix | | Growth(YoY) | | Growth(QoQ) | |
| Trailing P/E | 78.1 | Sales Growth | 7.76 % | Sales Growth | 4.1 % |
| PEG Ratio | 5.80 | PAT Growth | 43.39 % | Sales Growth QYoY | 9.35 % |
| EV/EBITDA | 51.4 | EPS Growth | 10.17 % | PAT Growth | -1.48 % |
| P/B | 17.9 | Dividend Yield | 0.53 | PAT Growth QYoY | 2.1 % |
| Capital Allocation | | Holdings | | Leverage | |
| RoE | 23.3 % | Promoter | 69.5 % | Debt/Equity | 0.02 |
| RoA | 17.1 % | FII | 11.6 % | Debt | 206 Cr |
| RoCE | 30.7 % | DII | 9.43 % | Market Cap | 154319 Cr |
| RoIC | 31.3 % | Public | 9.47 % | Enterprise value | 154297 Cr |
| | | No of Shares | 50.9 Cr | Cash Equivalents | 228 Cr |

source : Company filings

Company's Overview Based on Recent Concall and Performance:

Pidilite Industries has demonstrated consistent profitable growth through strategic initiatives, diversification, and innovation. The company has expanded its portfolio across core, growth, and pioneer categories, leveraging premiumization, brand leadership, and international collaborations. Notable initiatives include the launch of Haisha paints, a range of interior decorative paints, and the acquisition of Araldite and WD-40, which strengthen its adhesive and epoxy offerings. Pidilite has also ventured into electronics adhesives through a partnership with CollTech and introduced UnoFin decorative waterproof renders, replacing conventional systems. Investments in emerging channels like e-commerce and quick commerce platforms have amplified market penetration, while digital tools such as Genie and Winomkar enhance distributor and end-user engagement.

Pidilite's business strategies focus on scaling operations, driving penetration, and creating new categories. The company has invested over 500 crore in capacity building, established 60+ manufacturing units, and implemented advanced supply chain analytics and automation. International expansion remains a key growth driver, with subsidiaries in Bangladesh, Sri Lanka, and Kenya, and a growing presence in Africa and Saudi Arabia. Pidilite's approach includes local manufacturing, user marketing, and category creation tailored to regional needs. The company's rural and small-town initiatives, such as Operation Himalaya and Pidilite Ki Duniya, target underpenetrated markets, leveraging dedicated teams and category-specific field marketing.

Future growth perspectives are anchored in innovation, sustainability, and digital transformation. Pidilite aims to achieve world-class ESG standards by 2030, focusing on renewable energy, waste reduction, and responsible sourcing. The company is embedding AI across procurement, customer service, and audit functions to enhance efficiency and agility. Strategic partnerships, such as the JV with Grupo Puma for façade solutions, and investments in emerging areas like EV adhesives and smart speakers, position Pidilite to capitalize on evolving market trends. The company's emphasis on talent development, diversity, and frontline engagement ensures a robust organizational framework for sustained growth.

Pidilite's positive trajectory is supported by strong financial performance, with a 10X increase in market capitalization over the last decade and a 13% CAGR outpacing GDP growth. The company's ability to innovate, adapt, and expand across geographies and categories underscores its resilience and market leadership. By addressing unmet needs, fostering sustainability, and leveraging digital tools, Pidilite is well-positioned to maintain its growth momentum and deliver value to stakeholders.

PIDILITIND Daily Closing One Year Price Chart



| Name | Mar Cap (Rs. Cr.) | P/E | ROE | Sales(G) QoQ | Sales(G) QYoY | PAT(G) QoQ | PAT(G) QYoY |
|-------------------------|-------------------|--------|--------|--------------|---------------|------------|-------------|
| SRF | 89191.27 | 77.77 | 12.22% | 1.96% | 14.36% | 34.58% | 6.96% |
| Linde India | 54033.41 | 124.43 | 12.88% | -4.50% | -14.21% | 9.20% | -2.70% |
| Gujarat Fluoroch | 42761.31 | 93.77 | 7.69% | -3.37% | 15.73% | 4.13% | 57.50% |
| Godrej Industrie | 36500.56 | 47.22 | 0.65% | 0.41% | 34.39% | -34.57% | 76.86% |
| Deepak Nitrite | 26400.24 | 38.23 | 16.38% | -6.33% | -5.27% | -49.49% | -51.45% |

| Aspect | Commentary |
|-----------------------------|--|
| Revenue | Pidilite's revenue growth reflects strong demand across its product portfolio, with a 7.76% YoY increase and 4.1% QoQ growth. Quarterly revenue of Rs.3,099 Cr highlights consistent performance, driven by diversification and market penetration strategies. |
| Profit & Loss | Operating profit of Rs.2,779 Cr for the year and Rs.749 Cr for the quarter indicate robust profitability. PAT growth of 43.39% YoY underscores effective cost management and operational efficiency, despite a slight QoQ decline of 1.48%. |
| Profitability Matrix | Operating profit margin of 23.5% and net profit margin of 16.1% showcase strong profitability. EBITDA margin of 23.06% reflects efficient operations, while EPS of Rs.39 highlights shareholder value creation. |
| Valuation Matrix | Pidilite's trailing P/E of 78.1 and EV/EBITDA of 51.4 suggest premium valuation, supported by strong growth prospects. PEG ratio of 5.80 indicates high growth relative to earnings, while dividend yield of 0.53% provides moderate income. |
| Growth (YoY) | Sales growth of 7.76% YoY and PAT growth of 43.39% highlight strong annual performance. EPS growth of 10.17% reflects consistent profitability, driven by strategic initiatives and market expansion. |
| Growth (QoQ) | QoQ sales growth of 4.1% and PAT growth of 2.1% indicate steady quarterly performance. However, a slight decline in PAT growth (-1.48%) suggests potential cost pressures or one-time expenses impacting margins. |
| Capital Allocation | Pidilite's RoE of 23.3%, RoCE of 30.7%, and RoIC of 31.3% demonstrate efficient capital utilization. Investments in capacity building and innovation support long-term growth, while cash equivalents of Rs.228 Cr ensure liquidity. |
| Holdings | Promoter holding of 69.5% reflects strong ownership confidence. FII and DII holdings of 11.6% and 9.43%, respectively, indicate institutional interest, while public holding of 9.47% ensures market participation. |
| Leverage | Pidilite's debt/equity ratio of 0.02 and debt of Rs.206 Cr highlight minimal leverage, ensuring financial stability. Market cap of Rs.1,54,319 Cr and enterprise value of Rs.1,54,297 Cr underscore its strong market position. |

Analyst viewpoint: Pidilite Industries Ltd. continues to showcase robust growth and operational efficiency, making it a compelling investment opportunity in the short to mid-term. The company reported a 7.76% YoY sales growth and 4.1% QoQ growth, driven by diversification across product categories and strategic market penetration. Quarterly revenue of 3,099 Cr and annual PAT growth of 43.39% highlight its ability to capitalize on demand while maintaining cost discipline. Pidilite's operating profit margin of 23.5% and net profit margin of 16.1% reflect strong profitability, supported by innovative product launches like Haisha paints and UnoFin decorative waterproof renders. The company's focus on international expansion, rural initiatives, and digital transformation further strengthens its growth trajectory, while its minimal debt/equity ratio of 0.02 ensures financial stability. Premium valuation metrics, including a trailing P/E of 78.1 and EV/EBITDA of 51.4, are justified by its consistent performance and market leadership.

While Pidilite's PEG ratio of 5.80 suggests high growth relative to earnings, investors should remain mindful of the slight QoQ decline in PAT growth (-1.48%), which may indicate temporary cost pressures or one-time expenses. Nonetheless, the company's efficient capital allocation, with RoE of 23.3% and RoCE of 30.7%, coupled with its strategic investments in ESG, AI, and emerging markets, positions it well for sustained growth. With strong promoter confidence (69.5% holding) and institutional interest, Pidilite is poised to deliver value to stakeholders, making it a bullish pick for the short to mid-term horizon.

Please read detailed disclosure on next page.

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|-----------------------------------|--|
| Investment Rating | Expected Return (over 12-month) |
| BUY | >=15% |
| SELL | <-10% |
| NEUTRAL | >-10% to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

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