



PIDILITE INDUSTRIES LTD.

ISIN: INE318A01026

BSE:500331

NSE: PIDILITIND

CMP: Rs.2465.10

Wed, 13th Oct '21

OVERVIEW

- Pidilite is a consumer-centric chemical company that is committed to quality and innovation.
- The company has been developing products related to adhesives, sealants, construction materials, industry resins, sealants, etc.
- Pidilite industries limited was founded in 1959 and is currently headquartered in Mumbai, Maharashtra.

STRENGTHS

- Pidilite's greatest strength is its market leadership in the adhesives industry in India, which it has earned with its flagship brand Fevicol.
- In India, the adhesive market is projected to be worth USD 5 billion, with Fevicol accounting for 68 percent of the market.
- Through different means of advertising, the Fevicol brand has been able to establish itself as a trustworthy brand in the minds of customers.
- New items are released on a regular basis, and the product line is always evolving.

SUBSIDIARIES

- Pidilite has collaborations with Building Envelope Systems India (BESI),
- Pidilite came into a 50-50 JV with ICA as well as in Grupo Puma.
- Pidilite has Acquired 70% stake in CIPY and TENAX each.
- Pidilite has a 60:40 stake partnership with Litokol and holds 100% stakes in Huntsman Advanced Material Solutions Private Ltd. (HAMSPL) under Araldite.

PERFORMANCE OVERVIEW

- Strong broad-based sales as well as earnings growth across businesses and geographies on previous year's lower base.
- Consumer and Bazaar businesses ('C&B') has witnessed recovery led by adhesive, construction chemicals and DIY portfolio, recovery in Business to Business ('B2B') is on account of resurgence in industrial activity.
- On consolidated basis, Material cost as a % to net sales is higher by 437 Bps vs same quarter last year and 182 Bps vs sequential quarter.
- Gross Margins have contracted on account of sharp escalation in input costs partially mitigated by judicious pricing

FUTURE PROSPECTS

- The price of crude oil, which makes up a large percentage of the raw material cost, will help Pidilite as well. The true impact will only become apparent once the factories are up and running.
- Pidilite acquired a stake of \$30 million in Home Lane due to evolving market dynamics and innovation.
- In the following years, the firm plans to increase its worth by 15 to 16 percent.

SUMMARY OF FINANCIALS

- Revenue / turnover of PIDILITE INDUSTRIES LIMITED is Over INR 1000 crs
- Net worth of the company has increased by 19.71 %
- EBITDA of the company has increased by 4.3 %
- Total assets of the company has increased by 35.10 %
- Liabilities of the company has increased by 60.77 %
- PAT YoY growth is more than 200%
- Dividend payout remained constant at 40%

Disclaimer: The analysis is only for information purposes only. Please consult your financial advisor, agent, broker before acting on any information. We may or may not have positions in the stock. We would not be responsible for the profit/loss resulting from this analysis.

Growth Rates (Compound Annual)	1 Yr	3 Yr	5 Yr	10yr
Revenue %	0.0	6.3	6.3	10.6
Operating Income %	5.7	6.8	6.8	13.3
Earnings/Share %	1.2	5.5	7.3	14.1
Dividends %	-	-	-	-
Book Value/Share %	25.5	16.1	16.4	17.8
Stock Total Return	66.9	35.7	27.9	31.5
Market +/-	40.0	22.4	17.7	22.8

Valuation Analysis	Current	5Yr Avg	Ind	Mkt.
Price/Earning	94.5	58.2	47.1	15.2
Forward P/E	99.0	-	-	-
Price/Cash Flow	90.1	61.5	36.6	9.9
Price/Free Cash Flow	120.7	103.1	-	-
Dividend Yield	0.4	0.5	0.5	2.8
Price/Book	22.4	14.2	10.1	2.1
Price/Sales	15.1	8.4	5.9	-

Profitability Analysis	Current	5Yr Avg	Ind.	Mkt.
Return on Equity %	-	25.6	21.5	15.4
Return on Asset %	-	17.8	12.8	5.6
Gross Margin %	52.0	51.7	40.1	-
Operating Margin %	21.3	19.8	17.7	-
Net Margin %	15.9	15.1	12.6	21.4
Inventory Turns	--	3.8	4.0	-
Fixed Asset Turns	-	5.7	2.5	-

Financial Position (INR)	03-20(Mil.)	03-21 (Mil.)
Cash	6,922	4,427
Inventories	9,295	12,342
Receivables	—	—
Current Assets	37,610	35,154
Fixed Assets	15,483	17,367
Intangibles	5,178	29,751
Total Assets	65,357	88,304
Payables	6,519	10,371
Short-Term Debt	1,511	2,102
Current Liabilities	16,147	24,347
Long-Term Debt	251	124
Total Liabilities	18,644	29,974
Total Equity	44,556	55,930

Source: Company filings & Analyst research