

Rating: ACCUMULATE | CMP: Rs2,910 | TP: Rs3,318

January 23, 2025

Q3FY25 Result Update

Change in Estimates | Target | Reco

Change in Estimates

Rating	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE	ACCUMULATE		
Target Price	3,318		3,355	
Sales (Rs. m)	1,47,142	1,63,236	1,48,411	1,64,616
% Chng.	(0.9)	(0.8)		
EBITDA (Rs. m)	35,373	38,011	35,724	38,380
% Chng.	(1.0)	(1.0)		
EPS (Rs.)	49.2	53.5	49.8	54.1
% Chng.	(1.2)	(1.1)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	1,23,830	1,31,755	1,47,142	1,63,236
EBITDA (Rs. m)	27,073	30,268	35,373	38,011
Margin (%)	21.9	23.0	24.0	23.3
PAT (Rs. m)	18,342	21,226	24,998	27,173
EPS (Rs.)	36.1	41.8	49.2	53.5
Gr. (%)	42.3	15.7	17.8	8.7
DPS (Rs.)	11.0	16.5	18.0	20.0
Yield (%)	0.4	0.6	0.6	0.7
RoE (%)	23.5	23.5	23.9	22.5
RoCE (%)	29.9	29.2	29.6	27.4
EV/Sales (x)	11.8	11.0	9.7	8.7
EV/EBITDA (x)	53.8	47.9	40.5	37.3
PE (x)	80.6	69.7	59.2	54.4
P/BV (x)	17.6	15.3	13.2	11.4

Key Data

	PIDI.BO PIDI IN
52-W High / Low	Rs.3,415 / Rs.2,488
Sensex / Nifty	76,520 / 23,205
Market Cap	Rs.1,480bn / \$ 17,116m
Shares Outstanding	509m
3M Avg. Daily Value	Rs.975.25m

Shareholding Pattern (%)

Promoter's	69.60
Foreign	11.79
Domestic Institution	9.16
Public & Others	9.46
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.4)	(8.4)	15.3
Relative	1.2	(3.7)	6.1

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Cautiously optimistic

Quick Pointers:

- 3Q UVG at 9.7%, PIDI remains cautiously optimistic for next 3-6 months
- 3Q25 VAM usage price is USD 884/ton. 4Q levels are expected in similar range

PIDI has shown 9.7% UVG in a tepid demand environment as its strategy of developing pioneer categories and entering newer segments continues to pay off. B2B continued its growth momentum driven by Industrial & Project verticals whereas B2C improved sequentially. IBD has witnessed a slowdown in sales while maintaining flat margins. Near term outlook remains cautiously optimistic on hopes of budget, real estate cycle and Govt push in budget, which can start playing out from 1Q26. PIDI is open to exploring tie ups and entry in segments like adhesives or specialty chemicals for EV/Semiconductor or electronic manufacturing, however it is long haul business. PIDI is well placed to sustain growth sustained innovations, tie-ups to bring technologically advanced products and 2-3x growth in pioneer and growth categories (45% of sales). Near term margin outlook seems fine, although margins leave little scope of expansion from current levels. We estimate 13% EPS CAGR over FY25-27 and assign DCF based target price of Rs3318 (Rs3339 earlier). Retain Accumulate

Volumes up 9.7% YoY; EBIDTA margins up 167bps; Consolidated Revenues grew by 7.6% YoY to Rs33.7bn (PLe: Rs34.58bn) Gross margins expanded 145bps YoY to 54.3%.(Ple: 53%) EBIDTA grew 7.5% YoY to Rs8bn (PLe:Rs8.7bn); Margins contracted 2bps YoY to 23.7% (PLe:25.4%) PBT grew 9.5% YoY to Rs 7.5bn(PLe:Rs8.3bn) Adj. PAT grew 9.2% YoY to Rs5.6bn (PLe:Rs6.1bn) **Standalone—** Sales increased 9.34% to Rs30.9bn, GM improved 98bps YoY to 53.9%. EBITDA grew 5.74% to Rs7.49bn; Margins shrunk 82bps YoY to 24.2%. Adj. PAT grew 2.23% to Rs5.35bn. Consumer and Bazaar Sales grew by 19.67% YoY to Rs1.29bn; Business and Business Sales grew by 13.30% YoY to Rs1.03bn.

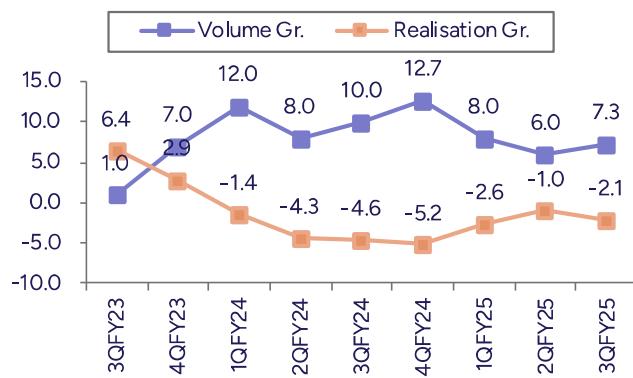
Concall Takeaways: 1) Like other FMCG companies, PIDI is also witnessing strain on demand across urban & rural (especially in core category) However, Rural markets continue to grow ahead of urban markets. 3Q Demand has been impacted by shorter festive season and high food inflation 2) PIDI maintains 20-24% EBIDTA margin guidance 3) 3Q VAM prices have been USD884/ton (3Q24 usage USD 902/ton) 4) PIDI does not expect C&B segment to decline further 5) Headwinds on account of depreciating rupee & crude oil prices will impact PIDI in the medium term 6) PIDI is cautiously optimistic for the near term, especially with respect to construction business. Higher Capex led by government spending on rural in upcoming budget clubbed with good monsoon could lift demand 7) Real Estate cycle did witness some buoyancy; near term outlook for PIDI's products from real estate remains strong 8) Growth & Pioneer categories constitute 45% of portfolio with room to grow by 2-3x GDP growth 9) ICA-Pidilite & Nina Percept are back to growing at healthy rates with decent profitability 10) PIDI is open to tapping opportunities in the EV & semi-conductor chemicals and adhesives segments

Exhibit 1: Revenues up 7.6%, GM improves 145bps YoY

Consolidated	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	9MFY25	9MFY24	YoY gr. (%)
Net Revenue	33,689	31,300	7.6	32,349	99,992	94,811	5.5
Gross Profit	18,301	16,551	10.6	17,583	54,152	48,387	11.9
Margin %	54.3	52.9	1.4	54.4	54.2	51.0	3.1
Other Expenditure	10,318	9,126	13.1	9,455	30,353	27,096	12.0
EBITDA	7,984	7,425	7.5	8,127	23,799	21,291	11.8
Margin %	23.7	23.7	(0.0)	25.1	23.8	22.5	1.3
Depreciation	895	795	12.6	879	2,618	2,281	14.8
Interest	125	128	(2.4)	117	360	378	(4.7)
Other Income	558	370	50.8	571	1,668	920	81.3
PBT	7,522	6,872	9.5	7,703	22,490	19,552	15.0
Tax	1,947	1,765	10.3	1,848	5,778	5,100	13.3
Tax rate %	25.9	25.7	0.8	24.0	25.7	26.1	(1.5)
Adj PAT	5,575	5,107	9.2	5,855	16,711	14,452	15.6

Source: Company, PL

Exhibit 2: C&B UVG grew 7.3% YoY



Source: Company, PL

Exhibit 3: VAM prices down 30% from 4Q 24 levels



Source: Company, PL

Exhibit 4: B2C/ B2B sales grew by 5.2%/18.8%, B2B margin up by 576bps YoY

Segmental	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
B2C									
Sales (Rs m)	24216	21128	26609	25083	25413	22472	27408	25805	26726
Growth (%)	6.9	10.4	9.2	3.2	4.9	6.4	3.0	2.9	5.2
EBIT (Rs m)	5372	4560	7078	6935	7704	5448	8039	7710	7865
EBIT Growth %	-4.6	9.2	32.3	31.7	43.4	19.5	13.6	11.2	2.1
EBIT margin %	22.2	21.6	26.6	27.6	30.3	24.2	29.3	29.9	29.4
B2B									
Sales (Rs m)	5999	6340	6780	6153	6373	7079	7256	7036	7572
Growth (%)	-3.0	-1.8	-6.1	-1.3	6.2	11.7	7.0	14.3	18.8
EBIT (Rs m)	391	707	917	685	757	835	1103	1040	1335
EBIT Growth %	-2.2	59.3	22.5	38.3	93.4	18.1	20.3	51.9	76.4
EBIT margin %	6.5	11.2	13.5	11.1	11.9	11.8	15.2	14.8	17.6

Source: Company, PL

Domestic subs – B2B Margins improve substantially

- Sales growth in domestic subs grew 17% due to robust performance in B2B and C&B segments.
- C&B subs (including ICA Pidilite) registered 20% sales growth. Margins grew by 643bps YoY, although they dropped 76bps QoQ. EBITDA grew by 132.4% to Rs. 172mn
- B2B subs (NINA Percept) registered 13% sales growth. EBITDA grew by 322.6% at Rs. 131mn. Margins expanded by 930bps YoY and 1290bps QoQ.
- Outlook in emerging B2B and B2C subs in growth and pioneer categories remains robust

Exhibit 5: Domestic subsidiary margins expand 775bps YoY on growing sales

(Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Consumer & Bazar (C&B)	1,080	1,148	1,146	1,247	1,296
Business to Business (B2B)	911	962	844	761	1,031
Total Sales	1991	2110	1990	2008	2327
 Sales Growth (YoY)	14	9	-1	-3	17
Consumer & Bazar (C&B)	13	10	2	(9)	20
Business to Business (B2B)	16	8	(4)	7	13
 EBITDA (Rs mn)	109	268	198	173	303
Consumer & Bazar (C&B)	77	94	154	175	172
Business to Business (B2B)	32	174	44	(2)	131
 EBITDA margin %	5.5%	12.7%	9.9%	8.6%	13.0%
Consumer & Bazar (C&B)	7.1%	8.2%	13.4%	14.0%	13.3%
Business to Business (B2B)	3.5%	18.1%	5.2%	-0.2%	12.7%
 EBITDA growth (YoY)	-40	68	-17	-41	189
Consumer & Bazar (C&B)	(54.2)	(18.3)	(19.4)	(38.4)	132.4
Business to Business (B2B)	146.2	286.7	(6.4)	(117.8)	322.6

Source: Company, PL

IBD – Slowdown in sales, margins remain flat

International business (IBD) reported 1% decline in sales in continuing businesses while EBIDTA declined by 11%.

Asia: Sales remained flattish and EBITDA de-grew by 10.5% to Rs153mn,

Middle East & Africa: Sales slowed down by 1.5% with EBIDTA of Rs74mn, Margins contracted by 123bps to 9.3%

Exhibit 6: EBITDA Margins showed big jump in YoY

Subsidiaries	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Sales (Rs. m)	1,976	1,587	1,511	1,603	1,595
Americas	365	-	-	-	-
Asia	807	837	783	786	803
Middle East & Africa	804	750	728	817	792
Sales growth (YoY)	(1.1)	(24.6)	(23.1)	(12.8)	(19.3)
Americas	(40.3)	-	-	-	-
Asia	7.9	3.5	(0.1)	4.7	(0.5)
Middle East & Africa	25.8	5.6	19.9	21.9	(1.5)
EBITDA (Rs m)	220.0	271.0	214.0	227.0	227.0
Americas	(36.0)	-	-	-	-
Asia	171.0	178.0	136.0	161.0	153.0
Middle East & Africa	85.0	93.0	78.0	66.0	74.0
EBITDA (margin %)	11.1	17.1	14.2	14.2	14.2
Americas	(9.9)	-	-	-	-
Asia	21.2	21.3	17.4	20.5	19.1
Middle East & Africa	10.6	12.4	10.7	8.1	9.3
EBITDA growth (YoY)	129.2	137.7	49.7	116.2	3.2
Americas	63.6	-	-	-	-
Asia	71.0	45.9	6.3	16.7	(10.5)
Middle East & Africa	372.2	173.5	81.4	1.5	(12.9)

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	1,23,830	1,31,755	1,47,142	1,63,236
YoY gr. (%)	4.9	6.4	11.7	10.9
Cost of Goods Sold	59,940	61,022	70,227	79,538
Gross Profit	63,890	70,733	76,916	83,698
Margin (%)	51.6	53.7	52.3	51.3
Employee Cost	14,651	16,158	16,771	18,480
Other Expenses	-	-	-	-
EBITDA	27,073	30,268	35,373	38,011
YoY gr. (%)	36.4	11.8	16.9	7.5
Margin (%)	21.9	23.0	24.0	23.3
Depreciation and Amortization	3,256	3,485	3,945	4,492
EBIT	23,817	26,783	31,429	33,519
Margin (%)	19.2	20.3	21.4	20.5
Net Interest	512	533	592	673
Other Income	1,397	2,303	2,790	3,711
Profit Before Tax	24,702	28,553	33,627	36,557
Margin (%)	19.9	21.7	22.9	22.4
Total Tax	6,319	7,281	8,575	9,322
Effective tax rate (%)	25.6	25.5	25.5	25.5
Profit after tax	18,382	21,272	25,052	27,235
Minority interest	-	-	-	-
Share Profit from Associate	(41)	(47)	(54)	(62)
Adjusted PAT	18,342	21,226	24,998	27,173
YoY gr. (%)	42.3	15.7	17.8	8.7
Margin (%)	14.8	16.1	17.0	16.6
Extra Ord. Income / (Exp)	(717)	-	-	-
Reported PAT	17,625	21,226	24,998	27,173
YoY gr. (%)	36.7	20.4	17.8	8.7
Margin (%)	14.2	16.1	17.0	16.6
Other Comprehensive Income	319	-	-	-
Total Comprehensive Income	17,944	21,226	24,998	27,173
Equity Shares O/s (m)	508	508	508	508
EPS (Rs)	36.1	41.8	49.2	53.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	58,858	62,810	67,653	72,978
Tangibles	42,714	47,412	52,659	58,387
Intangibles	16,145	15,398	14,994	14,591
Acc: Dep / Amortization	17,357	20,439	23,980	28,068
Tangibles	17,357	20,439	23,980	28,068
Intangibles	-	-	-	-
Net fixed assets	41,501	42,371	43,673	44,910
Tangibles	25,356	26,973	28,679	30,319
Intangibles	16,145	15,398	14,994	14,591
Capital Work In Progress	1,481	1,555	1,755	1,955
Goodwill	12,817	12,898	12,898	12,898
Non-Current Investments	4,443	4,554	4,668	4,784
Net Deferred tax assets	(3,640)	(4,381)	(4,992)	(5,631)
Other Non-Current Assets	1,962	2,372	2,649	2,938
Current Assets				
Investments	18,702	27,367	42,832	58,481
Inventories	14,149	16,718	19,625	22,881
Trade receivables	16,747	16,543	18,074	20,051
Cash & Bank Balance	5,333	4,882	3,466	2,704
Other Current Assets	2,831	2,637	2,944	3,266
Total Assets	1,20,851	1,32,639	1,53,290	1,75,536
Equity				
Equity Share Capital	508	508	508	508
Other Equity	83,563	96,174	111,867	128,718
Total Networth	84,071	96,683	1,12,375	1,29,227
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	987	853	953	1,057
Other non current liabilities	1,938	2,870	3,781	4,989
Current Liabilities				
ST Debt / Current of LT Debt	1,312	1,633	1,633	1,633
Trade payables	11,476	9,529	10,967	12,421
Other current liabilities	15,188	13,784	15,601	17,512
Total Equity & Liabilities	1,21,039	1,32,639	1,53,290	1,75,536

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	24,702	28,553	33,627	36,557
Add. Depreciation	3,256	3,485	3,945	4,492
Add. Interest	512	533	592	673
Less Financial Other Income	1,397	2,303	2,790	3,711
Add. Other	(1,078)	(2,303)	(2,790)	(3,711)
Op. profit before WC changes	27,392	30,268	35,373	38,011
Net Changes-WC	(6,401)	(13,028)	(15,685)	(16,246)
Direct tax	(6,319)	(7,281)	(8,575)	(9,322)
Net cash from Op. activities	14,672	9,959	11,113	12,443
Capital expenditures	(6,043)	(4,321)	(5,447)	(5,928)
Interest / Dividend Income	1,397	2,303	2,790	3,711
Others	(193)	(138)	(147)	(157)
Net Cash from Inv. activities	(4,839)	(2,156)	(2,804)	(2,375)
Issue of share cap. / premium	(965)	(71)	-	-
Debt changes	(321)	321	-	-
Dividend paid	(5,591)	(8,387)	(9,149)	(10,166)
Interest paid	(512)	(533)	(592)	(673)
Others	(394)	394	-	-
Net cash from Fin. activities	(7,783)	(8,275)	(9,741)	(10,839)
Net change in cash	2,050	(473)	(1,432)	(771)
Free Cash Flow	8,629	5,638	5,666	6,515

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	36.1	41.8	49.2	53.5
CEPS	42.5	48.6	56.9	62.3
BVPS	165.4	190.2	221.1	254.2
FCF	17.0	11.1	11.1	12.8
DPS	11.0	16.5	18.0	20.0
Return Ratio(%)				
RoCE	29.9	29.2	29.6	27.4
ROIC	24.6	26.7	29.4	29.3
RoE	23.5	23.5	23.9	22.5
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.3)	(0.4)	(0.5)
Net Working Capital (Days)	57	66	66	68
Valuation(x)				
PER	80.6	69.7	59.2	54.4
P/B	17.6	15.3	13.2	11.4
P/CEPS	68.5	59.9	51.1	46.7
EV/EBITDA	53.8	47.9	40.5	37.3
EV/Sales	11.8	11.0	9.7	8.7
Dividend Yield (%)	0.4	0.6	0.6	0.7

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	29,019	33,954	32,349	33,689
YoY gr. (%)	7.9	3.7	5.2	7.6
Raw Material Expenses	13,516	15,685	14,767	15,388
Gross Profit	15,503	18,268	17,583	18,301
Margin (%)	53.4	53.8	54.4	54.3
EBITDA	5,769	8,127	7,688	7,984
YoY gr. (%)	25.6	15.0	13.1	7.5
Margin (%)	19.9	23.9	23.8	23.7
Depreciation / Depletion	1,125	844	879	895
EBIT	4,644	7,283	6,809	7,089
Margin (%)	16.0	21.5	21.0	21.0
Net Interest	134	118	117	125
Other Income	489	539	571	558
Profit before Tax	4,998	7,704	7,263	7,522
Margin (%)	17.2	22.7	22.5	22.3
Total Tax	1,219	1,984	1,848	1,947
Effective tax rate (%)	24.4	25.7	25.4	25.9
Profit after Tax	3,779	5,721	5,415	5,575
Minority interest	-	-	-	-
Share Profit from Associates	(20)	(8)	(12)	(5)
Adjusted PAT	3,759	5,713	5,403	5,571
YoY gr. (%)	31.5	20.6	17.8	9.0
Margin (%)	13.0	16.8	16.7	16.5
Extra Ord. Income / (Exp)	(717)	-	-	-
Reported PAT	3,043	5,713	5,403	5,571
YoY gr. (%)	6.4	20.6	17.8	9.0
Margin (%)	10.5	16.8	16.7	16.5
Other Comprehensive Income	594	(73)	(27)	(9)
Total Comprehensive Income	3,636	5,640	5,376	5,561
Avg. Shares O/s (m)	508	508	508	508
EPS (Rs)	7.4	11.2	10.6	11.0

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	Accumulate	3,355	2,908
2	24-Oct-24	Accumulate	3,339	3,122
3	07-Oct-24	Accumulate	3,454	3,226
4	08-Aug-24	Accumulate	3,383	3,168
5	09-Jul-24	Accumulate	3,141	3,100
6	08-May-24	Accumulate	2,980	2,815
7	09-Apr-24	Accumulate	2,764	3,019
8	24-Jan-24	Accumulate	2,764	2,590

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,230	2,334
2	Avenue Supermarts	Hold	3,964	3,686
3	Britannia Industries	BUY	5,815	4,860
4	Colgate Palmolive	Hold	2,973	2,790
5	Dabur India	Hold	561	514
6	Emami	Hold	761	584
7	Hindustan Unilever	Accumulate	2,691	2,343
8	ITC	Accumulate	536	450
9	Jubilant FoodWorks	Hold	719	750
10	Kansai Nerolac Paints	Reduce	274	257
11	Marico	Accumulate	675	638
12	Metro Brands	Hold	1,177	1,199
13	Mold-tek Packaging	Accumulate	709	628
14	Nestle India	Accumulate	2,689	2,220
15	Pidilite Industries	Accumulate	3,355	2,908
16	Restaurant Brands Asia	Hold	100	80
17	Titan Company	BUY	3,882	3,484
18	Westlife Foodworld	Hold	817	823

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

