

# Pidilite Industries

Estimate changes	↔↔
TP change	↔↔
Rating change	↔↔

Bloomberg	PIDI IN
Equity Shares (m)	1018
M.Cap.(INRb)/(USDb)	1486.2 / 16.4
52-Week Range (INR)	1575 / 1306
1, 6, 12 Rel. Per (%)	1/-5/-9
12M Avg Val (INR M)	976

## Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	145.5	165.0	187.1
Sales Gr. (%)	10.7	13.4	13.4
EBITDA	34.7	39.8	45.3
EBITDA Margin (%)	23.8	24.1	24.2
Adj. PAT	24.4	28.3	32.3
Adj. EPS (INR)	24.0	27.8	31.8
EPS Gr. (%)	16.0	16.0	14.3
BV/Sh.(INR)	108.2	122.4	138.8
<b>Ratios</b>			
RoE (%)	23.5	24.1	24.3
RoCE (%)	21.9	22.6	22.9
Payout (%)	48.9	48.6	48.5
<b>Valuations</b>			
P/E (x)	61.0	52.6	46.0
P/BV (x)	13.5	11.9	10.5
EV/EBITDA (x)	41.7	36.1	31.5
Div. Yield (%)	0.8	0.9	1.1

## Shareholding Pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	69.3	69.3	69.6
DII	9.3	9.1	9.2
FII	12.0	12.2	11.8
Others	9.4	9.4	9.5

FII includes depository receipts

**CMP: INR1,460** **TP: INR1,550 (+6%)** **Neutral**

## Growth trajectory sustains; rich valuation limits upside

- Pidilite Industries (PIDI) reported consolidated revenue growth of 10% YoY (in line) in 3QFY26. Standalone revenue grew 11% YoY, led by 9% underlying volume growth (UVG) (vs est. 12%). Ex-exports, growth was at ~12%, as exports declined 13% due to the US tariff impact.
- In the C&B business, value/volume growth stood at 12%/10% YoY, supported by mix and premiumization. The B2B segment saw 3% value growth and 7% volume growth, impacted by export headwinds, though domestic B2B grew in the mid-teens. The domestic business (C&B + B2B) delivered ~11% UVG. Price growth was driven by selective price laddering, premium mix, and tactical pricing in select categories, with management targeting a ~100–150bp price–volume gap on a sustained basis.
- Gross margin (GM) expanded 220bp YoY to 56.5%, at an all-time high on benign RM prices and better mix (higher B-C mix). VAM dipped to ~USD830/t in 3QFY26 from USD884/t in 3QFY25. GM is expected to remain stable, with no major volatility in VAM prices. PIDI continues to prioritize reinvestment in brand building and customer acquisition. EBITDA margin expanded 180bp YoY to 25.5% (adjusted to one-time impact of INR523m for the labor codes). EBITDA grew 19% YoY (est. 13%).
- Consolidated EBIT growth for the consumer business was healthy at 21% YoY (17% in 9MFY26, 10% in FY25). B2B business EBIT declined 2% (9% in 9MFY26, 53% in FY25).
- The company aspires to sustain double-digit volume growth. PIDI's volume growth trajectory remains encouraging, especially amid a challenging demand environment. Operating margins remain elevated (>24% EBITDA margin), and it will be crucial to monitor whether the company can sustain these levels. We model a 13% revenue and 14% EBITDA CAGR over the medium term. Given the rich valuations, we reiterate our Neutral rating on the stock with a TP of INR1,550 (50x Dec'27E EPS).

## Steady performance; volume up 9%

- **Steady volume growth sustains:** Consol. sales grew 10% YoY to INR37.1b (est. INR37.8b). Underlying volume growth remained strong at 9% (est. 12%, 10.3% in 2QFY26). UVG was 10% for C&B businesses and 7% for B2B businesses.
- **Healthy growth in C&B:** Consumer & Bazaar (C&B) segment revenue increased 11% YoY to INR29.7b (est. INR29.7), with segmental EBIT growing 21% YoY to INR9.5b (est. INR8.9b). It is adjusted by INR415m, reflecting the impact of labor code implementation. Segmental EBIT margins expanded 260bp YoY to 32%.
- **Muted B2B performance:** B2B segment revenue rose 3% YoY to INR7.8b (est. INR8.5b). The segmental EBIT decreased 2% to INR1.3b (est. INR1.4b). It is adjusted by INR108m, reflecting the impact of the labor code implementation. Segmental EBIT margins contracted 80bp YoY to 16.8%.

- **Improvement in margins** - Gross margins expanded ~220bp YoY to 56.5% (est. 55%), at an all-time high. The cost impact of INR523m arising from the implementation of the new labor codes has been treated as an exceptional item. Employee expenses rose 9% YoY (adjusted INR523m due to new labor codes), and other expenses rose 13% YoY. EBITDA margin expanded 180bp YoY to 25.5% in 3QFY26 (est. 23.8%). We also adjusted segmental EBIT by allocating the cost proportionately to segment revenue.
- **Double-digit growth in profitability:** EBITDA grew 19% YoY (est. 13%) after adjusting for an INR523m impact of labor codes. PBT grew 19% YoY to INR9.0b (est. INR8.6b). Adj. PAT increased 22% YoY to INR6.8b (est. INR6.4b).
- In 9MFY26, net sales, EBITDA, and APAT grew 10%, 15%, and 17%.
- **Subsidiary performance:** Domestic subsidiaries' C&B revenue grew 13% YoY and EBITDA grew 27%. Domestic B2B revenue declined 8% YoY and EBITDA declined 52%. Middle East and Africa revenue grew 3% and EBITDA rose 2%. Asia revenue grew 9% and EBITDA grew 26%.

### Highlights from the management commentary

- The domestic B2B segment delivered mid-teen growth, and management plans to bring the overall B2B business back to at least mid-teen growth levels. Exports form a relatively small part of the business. However, the pigments segment, which has direct exposure to the US, along with allied B2B segments such as footwear, leather, and textiles, faced pressure through 3Q, though management believes the worst impact is largely behind.
- The company expects to sustain double-digit volume growth, driven by an improving performance of growth brands and a robust pipeline of pioneering innovations, premium products.
- Price growth is driven by selective price laddering, mix/premiumization, and tactical pricing in a few categories, with management aiming to sustain a ~100–150bp price–volume gap over time, though not necessarily on a consistent QoQ basis.
- The growth in Roff will continue, given the growth in tile markets. Tile adhesive is a higher-value substitute for cement, and while overall tile demand in India is growing at ~8–10%, the real growth driver is the rapid increase in tile-adhesive penetration in tile fixing (high double-digit growth).

### Valuations and view

- We maintain our EPS estimates for FY27 and FY28.
- PIDI's core categories still enjoy a GDP multiplier. The advantage of penetration and distribution can help PIDI deliver healthy volume-led growth in the medium term. EBITDA margin is already high (>24% in 9MFY26). We do not estimate much expansion as growth drivers (consumer acquisition, distribution expansion, and brand investments) will require high opex. We build in a CAGR of 13%/14%/15% in revenue/EBITDA/PAT during FY26-28E.
- PIDI stands out for its market-leading position in the adhesives market, along with a strong brand and a solid balance sheet. However, we believe the current valuation limits the upside potential. As a result, we **reiterate our Neutral rating** on the stock with a **TP of INR1,550 (premised on 50x Dec'27E EPS)**.

Consolidated - Quarterly Earning Model											(INR m)
Y/E March	FY25				FY26				FY25	FY26E	FY26
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	3QE	Var. (%)	
Volume growth (%)	9.6	8.0	9.7	9.8	9.9	10.3	9.3	12.0	9.3	10.4	12.0
Net Sales	33,954	32,349	33,689	31,411	37,531	35,544	37,099	35,362	1,31,403	1,45,495	37,783
YoY change (%)	3.7	5.2	7.6	8.2	10.5	9.9	10.1	12.6	6.1	10.7	12.2
Gross Profit	18,268	17,583	18,301	17,288	20,314	19,563	20,961	19,964	71,440	80,801	20,781
Margin (%)	53.8	54.4	54.3	55.0	54.1	55.0	56.5	56.5	54.4	55.5	55.0
EBITDA	8,127	7,688	7,984	6,326	9,410	8,507	9,468	7,348	30,125	34,664	8,984
YoY change (%)	15.0	13.1	7.5	9.6	15.8	10.7	18.6	16.2	11.3	15.1	12.5
Margins (%)	23.9	23.8	23.7	20.1	25.1	23.9	25.5	20.8	22.9	23.8	23.8
Depreciation	844	879	895	967	967	1,000	1,010	1,012	3,585	3,988	1,000
Interest	118	117	125	144	138	133	133	128	504	531	135
Other Income	539	571	558	804	857	502	655	753	2,472	2,767	725
PBT	7,704	7,263	7,522	6,019	9,162	7,877	8,980	6,961	28,509	32,911	8,574
Tax	1,984	1,848	1,947	1,487	2,383	2,027	2,159	1,741	7,265	8,310	2,143
Rate (%)	25.7	25.4	25.9	24.7	26.0	25.7	24.0	25.0	25.7	25.3	25.0
Reported PAT	5,669	5,346	5,524	4,223	6,724	5,792	6,180	5,172	20,762	24,380	6,375
Adj PAT	5,669	5,346	5,524	4,473	6,724	5,792	6,761	5,172	21,012	24,380	6,375
YoY change (%)	21.1	18.7	8.2	20.2	18.6	8.4	22.4	15.6	16.7	16.0	15.4
Margins (%)	16.7	16.5	16.4	14.2	17.9	16.3	18.2	14.6	16.0	16.8	16.9

E: MOFSL Estimates

#### Consolidated segmental performance

Cons. revenue (INR m)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Consumer & Bazaar	26,609	25,083	25,413	22,472	27,408	25,805	26,726	23,976	30,067	28,365	29,742
% YoY	9%	3%	5%	6%	3%	3%	5%	7%	10%	10%	11%
C&B volume growth (%)	12%	8%	10%	13%	8%	6%	7%	8%	9%	10%	10%
Business to business	6,780	6,153	6,373	7,079	7,256	7,036	7,572	8,089	8,066	7,613	7,777
% YoY	-6%	-1%	6%	12%	7%	14%	19%	14%	11%	8%	3%
B2B volume growth (%)	0%	20%	20%	25%	18%	21%	22%	16%	13%	10%	7%
<b>Consol. EBIT (INR m)</b>											
Consumer & Bazaar	7,078	6,935	7,704	5,448	8,039	7,710	7,865	6,178	9,458	8,575	9,520
% margin	26.6%	27.6%	30.3%	24.2%	29.3%	29.9%	29.4%	25.8%	31.5%	30.2%	32.0%
% YoY	32%	32%	43%	19%	14%	11%	2%	13%	18%	11%	21%
Business to business	917	685	757	835	1,103	1,040	1,335	1,415	1,329	1,158	1,308
% margin	13.5%	11.1%	11.9%	11.8%	15.2%	14.8%	17.6%	17.5%	16.5%	15.2%	16.8%
% YoY	22%	38%	93%	18%	20%	52%	76%	69%	20%	11%	-2%



#### Highlights from the management commentary

##### Demand environment and outlook

- The domestic operating environment is expected to improve, supported by favorable monsoons, increased infrastructure and urbanization spending in the Union Budget, and the indirect benefits of GST 2.0, while geopolitical risks remain a key monitorable.
- The project-led B2B business maintained its growth momentum, although industrial products were impacted by a ~13.5% decline in exports, resulting in overall B2B growth of 3% in 3Q.
- The domestic B2B segment delivered mid-teen growth, and management has plans in place to bring the overall B2B business back to at least mid-teen growth levels.**
- Exports form a relatively small part of the business; however, the pigments segment, with direct exposure to the US, along with allied B2B segments such as footwear, leather and textiles, faced pressure through 3Q, though management believes the worst impact is largely behind.

- **The domestic business, comprising C&B and B2B, has delivered 11% underlying volume growth.**
- **The company delivered 10% revenue growth; however, ex-exports, it delivered 12% growth.**
- Roff is emerging as the next key growth brand. The Roff cleaner is backed by strong product efficacy and natural adjacency to tile installation and maintenance. The company is prioritizing applicator education to drive adoption while avoiding direct competition with FMCG players.
- Around 70–75% of the portfolio is driven by renovation and repair, making the business relatively less cyclical, while only ~25% is exposed to new construction. Moreover, resilient demand in premium housing and large projects help to set off the impact of any slowdown in select residential segments.
- **The company expects to sustain double-digit volume growth, driven by improving performance of growth brands, and a robust pipeline of pioneering innovations, premium products.**
- **Price growth is driven by selective price laddering, mix/premiumization and tactical pricing in a few categories, with management aiming to sustain a ~100–150 bps price–volume gap over time, though not necessarily on a consistent QoQ basis.**
- Management believes market share gains in waterproofing are underway, driven by growth significantly ahead of the overall market, indicating early signs of reversal after past share losses to paint companies.
- Retail waterproofing (Doctor Fixit) has started to recover, supported by better distribution, solution-led offerings, and new product launches gaining traction, though still at an early stage.
- Project-led growth is accelerating faster through specification- and solution-based selling (Pidilite Professional Solutions), helping expand presence across segments and supporting overall share gains in waterproofing and allied categories.
- The growth in Roff will continue, given the growth in tile markets. Tile adhesive is a higher-value substitute for cement, and while overall tile demand in India is growing at ~8–10%, the real growth driver is the rapid increase in tile-adhesive penetration in tile fixing (high double-digit growth). The tile adhesive adoption is stronger on vertical surfaces, but flooring penetration remains lower due to limited awareness of performance benefits, making contractor education and on-ground demonstrations critical for category creation.
- The company is focused on expanding the tile adhesive category through brand building, applicator engagement, and cost-competitive go-to-market execution, while simultaneously gaining market share in this highly price-sensitive segment.
- The growth is largely being driven from existing distribution through deeper penetration, premiumization and portfolio expansion, supported by initiatives like deeper Pidilite ki Duniya coverage.
- The core adhesives portfolio is delivering robust single-digit growth (around 1.2–1.4x GDP), driven by volume, innovation and premiumization, with several pilots underway that could provide incremental growth momentum over the medium term
- The company is making steady progress in its paints venture, Haisha, which currently operates across southern markets including Telangana, Andhra Pradesh, Odisha, Tamil Nadu and Karnataka, and has recently expanded into select eastern states; however, management is focused on refining its 'right-to-win' business model before undertaking a broader national rollout.

### Cost and margin

- VAM price in 3QFY26 was USD830 vs USD884 in 3QFY25, leading to a GM expansion of ~220bp YoY to 56.5%.
- The company maintains its EBITDA margin guidance of 20–24% for the medium term.

### New launches

- The company launched Fevicryl YUDU, a clean, safe and durable art essentials range for kids.
- Roff Liquid Additive was launched for floor leveling to enable smoother tile and stone installation.

## Key exhibits

Exhibit 1: Consolidated net sales rose 10% YoY

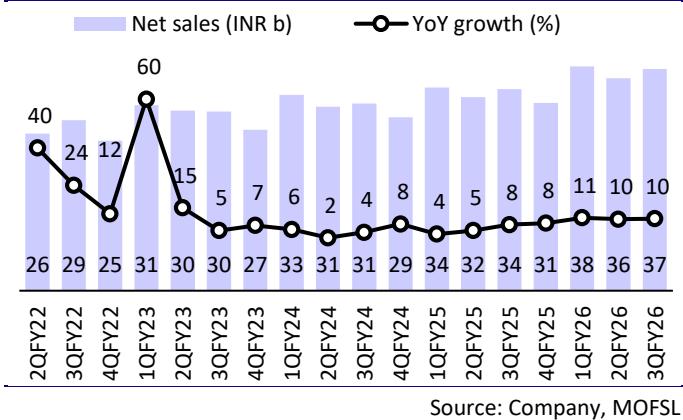


Exhibit 2: Gross margins expanded 220bp YoY to 56.5%

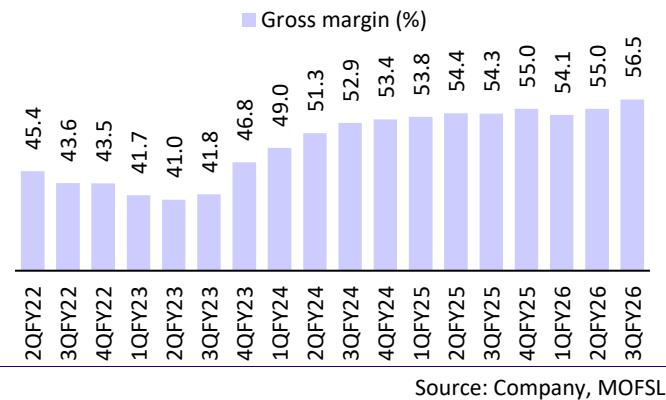


Exhibit 3: EBITDA margins expanded 180bp YoY to 25.5%

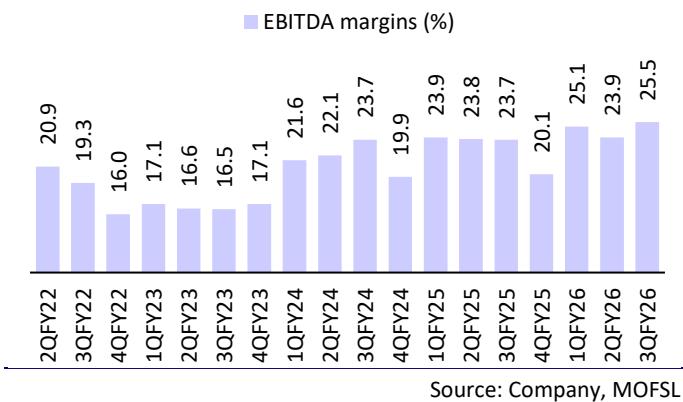
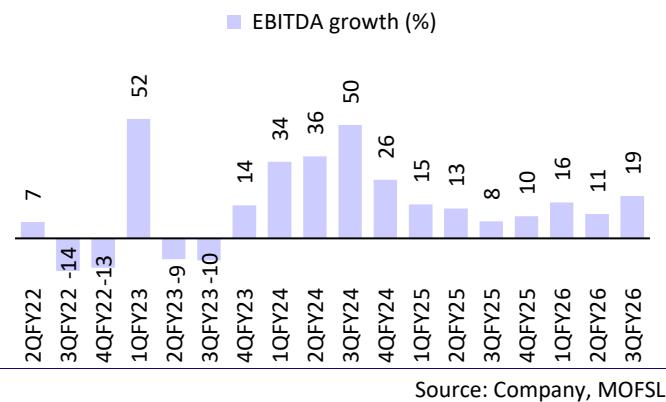


Exhibit 4: Consolidated EBITDA grew 19% YoY



### Standalone performance for 3QFY26

- Net sales grew 11% YoY to INR34.4b.
- Gross margin expanded 190bp YoY to 55.8%, at a 21-quarter high.
- EBITDA margins expanded 170bp YoY to 25.8%.
- EBITDA grew 18% YoY to INR8.9b.
- PBT grew 19% YoY to INR8.6b.
- Adj. PAT grew 23% YoY to INR6.6b.
- In 9MFY26, net sales, EBITDA, and APAT increased 11%, 15%, and 16%, respectively.

## Standalone Quarterly Performance

Y/E March	(INR m)						
	FY25			FY26			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales	31,458	29,769	30,991	28,509	34,793	32,873	34,362
Change (%)	6.2	7.1	9.3	10.1	10.6	10.4	10.9
Gross Profit	16,840	16,067	16,703	15,606	18,628	17,906	19,185
Gross Margin %	53.5	54.0	53.9	54.7	53.5	54.5	55.8
EBITDA	7,713	7,308	7,490	5,838	8,882	8,069	8,873
EBITDA Margin %	24.5	24.5	24.2	20.5	25.5	24.5	25.8
Change (%)	15	14	6	11	15	10	18
Depreciation	724	754	767	839	828	854	862
Interest	81	79	83	103	102	102	106
Other Income	516	722	545	1160	842	685	676
PBT	7,424	7,196	7,185	6,056	8,794	7,798	8,581
Tax	1,908	1,776	1,840	1,397	2,296	1,939	2,018
Effective Tax Rate (%)	25.7	24.7	25.6	23.1	26.1	24.9	23.5
Adj PAT	5,516	5,420	5,345	4,659	6,498	5,859	6,564
Change (%)	18	19	2	34	18	8	23

## Valuation and view

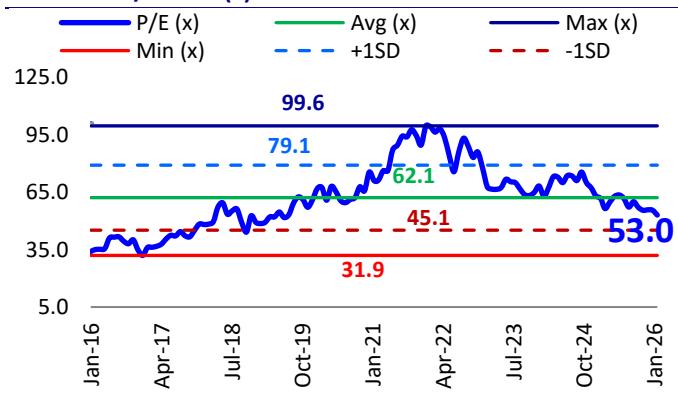
- We maintain our EPS estimates for FY27 and FY28.
- PIDI's core categories still enjoy a GDP multiplier. The advantage of penetration and distribution can help PIDI deliver healthy volume-led growth in the medium term. EBITDA margin is already high (>24% in 9MFY26). We do not estimate much expansion as growth drivers (consumer acquisition, distribution expansion, and brand investments) will require high opex. We build in a CAGR of 13%/14%/15% in revenue/EBITDA/PAT during FY26-28E.
- PIDI stands out for its market-leading position in the adhesives market, along with a strong brand and a solid balance sheet. However, we believe the current valuation limits the upside potential. As a result, we **reiterate our Neutral rating** on the stock with a **TP of INR1,550 (premised on 50x Dec'27E EPS)**.

## Exhibit 5: We maintain our estimates for FY26, FY27, and FY28

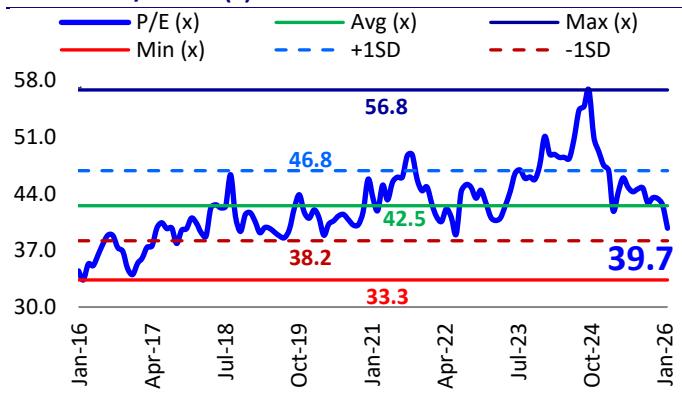
(INR b)	New			Old			Variance %		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net Sales	145.5	165.0	187.1	147.0	166.8	189.1	(1.0)	(1.1)	(1.1)
EBITDA	34.7	39.8	45.3	34.2	38.7	44.0	1.4	2.8	2.8
Adjusted PAT	24.4	28.3	32.3	24.2	28.1	32.1	0.6	0.6	0.6

Source: Company, MOFSL

## Exhibit 6: P/E ratio (x) for PIDI



## Exhibit 7: P/E ratio (x) for the Consumer sector



## Financials and valuations

Income Statement Consol.									(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Net Sales</b>	<b>73,348</b>	<b>72,927</b>	<b>99,210</b>	<b>1,17,991</b>	<b>1,23,830</b>	<b>1,31,403</b>	<b>1,45,495</b>	<b>1,64,988</b>	<b>1,87,111</b>
Change (%)	3.6	-0.6	36.0	18.9	4.9	6.1	10.7	13.4	13.4
Raw Materials	34025	33767	54442	67594	59940	59963	64694	73362	83201
<b>Gross Profit</b>	<b>39,323</b>	<b>39,160</b>	<b>44,768</b>	<b>50,397</b>	<b>63,890</b>	<b>71,440</b>	<b>80,801</b>	<b>91,625</b>	<b>1,03,910</b>
Margin (%)	53.6	53.7	45.1	42.7	51.6	54.4	55.5	55.5	55.5
Operating Expenses	23160	22354	26295	30553	36817	41315	46137	51805	58652
<b>EBITDA</b>	<b>16,163</b>	<b>16,806</b>	<b>18,473</b>	<b>19,844</b>	<b>27,073</b>	<b>30,125</b>	<b>34,664</b>	<b>39,820</b>	<b>45,258</b>
Change (%)	18.1	4.0	9.9	7.4	36.4	11.3	15.1	14.9	13.7
Margin (%)	22.0	23.0	18.6	16.8	21.9	22.9	23.8	24.1	24.2
Depreciation	1,699	2,007	2,396	2,697	3,407	3,585	3,988	4,431	4,933
Int. and Fin. Charges	336	372	421	476	512	504	531	574	606
Other Income	1,494	794	363	496	1,397	2,472	2,767	3,187	3,663
<b>Profit before Taxes</b>	<b>15,622</b>	<b>15,221</b>	<b>16,019</b>	<b>17,166</b>	<b>24,551</b>	<b>28,509</b>	<b>32,911</b>	<b>38,003</b>	<b>43,383</b>
Change (%)	15.2	-2.6	5.2	7.2	43.0	16.1	15.4	15.5	14.2
Margin (%)	21.3	20.9	16.1	14.5	19.8	21.7	22.6	23.0	23.2
Tax	3,477	3,964	4,070	4,344	6,319	7,265	8,310	9,501	10,846
Tax Rate (%)	22.3	26.0	25.4	25.3	25.7	25.5	25.3	25.0	25.0
Share of Profit in associate	-30	-40	-119	-66	41	33	41	41	41
Minority Int	56	-51	-8	156	180	199	180	180	180
<b>Adj PAT</b>	<b>12,119</b>	<b>11,348</b>	<b>12,076</b>	<b>12,733</b>	<b>18,011</b>	<b>21,012</b>	<b>24,380</b>	<b>28,281</b>	<b>32,316</b>
Change (%)	28.5	-6.4	6.4	5.4	41.5	16.7	16.0	16.0	14.3
Margin (%)	16.5	15.6	12.2	10.8	14.5	16.0	16.8	17.1	17.3
<b>Reported PAT</b>	<b>11,567</b>	<b>11,312</b>	<b>12,076</b>	<b>12,733</b>	<b>17,294</b>	<b>20,762</b>	<b>24,380</b>	<b>28,281</b>	<b>32,316</b>
Balance Sheet									(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	1,016	1,016	1,017	1,017	1,017	1,017	1,017	1,017	1,017
Reserves	43,540	54,913	63,021	71,106	83,054	96,527	1,08,995	1,23,532	1,40,185
<b>Net Worth</b>	<b>44,556</b>	<b>55,930</b>	<b>64,037</b>	<b>72,123</b>	<b>84,072</b>	<b>97,545</b>	<b>1,10,012</b>	<b>1,24,549</b>	<b>1,41,202</b>
Loans	1,691	2,226	2,873	1,633	1,312	1,472	1,472	1,472	1,472
Deferred Liability	693	3,814	3,772	3,780	3,640	3,776	3,776	3,776	3,776
Lease liability	1,115	1,084	1,285	2,274	2,513	3,070	3,399	3,854	4,371
Minority Interest	2,157	2,400	1,989	2,336	2,099	2,033	2,033	2,033	2,033
<b>Capital Employed</b>	<b>50,211</b>	<b>65,454</b>	<b>73,956</b>	<b>82,145</b>	<b>93,635</b>	<b>1,07,895</b>	<b>1,20,692</b>	<b>1,35,685</b>	<b>1,52,854</b>
Gross Block	26,945	43,240	47,150	49,887	55,752	59,540	65,840	71,640	77,440
Less: Accum. Depn.	12,188	13,478	15,015	16,743	17,542	19,573	23,561	27,992	32,924
<b>Net Fixed Assets</b>	<b>14,757</b>	<b>29,762</b>	<b>32,135</b>	<b>33,144</b>	<b>38,209</b>	<b>39,968</b>	<b>42,280</b>	<b>43,649</b>	<b>44,516</b>
Capital WIP	2,593	2,939	2,254	4,059	1,481	1,290	1,290	1,290	1,290
Goodwill	1,840	12,840	12,868	12,898	12,817	12,822	12,822	12,822	12,822
Others	1,470	1,578	2,029	3,099	3,480	4,263	4,720	5,353	6,070
<b>Investments</b>	<b>11,862</b>	<b>5,160</b>	<b>4,586</b>	<b>8,809</b>	<b>22,350</b>	<b>35,513</b>	<b>39,322</b>	<b>44,590</b>	<b>50,569</b>
<b>Curr. Assets, L&amp;A</b>	<b>32,705</b>	<b>35,861</b>	<b>41,071</b>	<b>43,040</b>	<b>42,419</b>	<b>45,981</b>	<b>49,421</b>	<b>67,554</b>	<b>75,883</b>
Inventory	9,295	12,342	16,951	18,171	14,149	16,851	15,039	25,643	25,620
Account Receivables	10,885	13,210	14,305	15,353	16,747	18,112	21,750	25,260	28,054
Cash and Bank Balance	7,033	4,515	3,552	3,267	5,333	3,362	4,340	7,480	12,040
Others	5,493	5,794	6,263	6,250	6,190	7,657	8,292	9,171	10,169
<b>Curr. Liab. and Prov.</b>	<b>15,016</b>	<b>22,684</b>	<b>20,987</b>	<b>22,903</b>	<b>27,121</b>	<b>31,942</b>	<b>29,163</b>	<b>39,572</b>	<b>38,296</b>
Trade Payables	6,210	10,067	10,493	10,636	11,476	13,901	9,219	16,998	12,735
Provisions	735	829	1,145	1,152	2,949	3,840	4,252	4,821	5,468
Other liabilities	8,070	11,787	9,349	11,115	12,696	14,201	15,692	17,753	20,093
<b>Net Current Assets</b>	<b>17,689</b>	<b>13,177</b>	<b>20,083</b>	<b>20,137</b>	<b>15,298</b>	<b>14,040</b>	<b>20,259</b>	<b>27,982</b>	<b>37,587</b>
<b>Application of Funds</b>	<b>50,212</b>	<b>65,454</b>	<b>73,956</b>	<b>82,145</b>	<b>93,635</b>	<b>1,07,895</b>	<b>1,20,692</b>	<b>1,35,685</b>	<b>1,52,854</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>									
EPS	<b>11.9</b>	<b>11.2</b>	<b>11.9</b>	<b>12.5</b>	<b>17.7</b>	<b>20.7</b>	<b>24.0</b>	<b>27.8</b>	<b>31.8</b>
Cash EPS	13.6	13.1	14.2	15.2	21.1	24.2	27.9	32.2	36.6
BV/Share	43.8	55.0	63.0	70.9	82.7	95.9	108.2	122.4	138.8
DPS	3.5	4.3	5.0	5.5	8.0	10.0	11.7	13.5	15.4
Payout %	29.3	38.1	42.1	43.9	45.2	48.4	48.9	48.6	48.5
<b>Valuation (x)</b>									
P/E	122.7	131.0	123.2	116.8	82.6	70.8	61.0	52.6	46.0
Cash P/E	107.6	111.3	102.8	96.4	69.5	60.5	52.5	45.5	40.0
EV/Sales	20.0	20.3	14.9	12.5	11.8	11.0	9.9	8.7	7.6
EV/EBITDA	90.9	88.0	80.2	74.4	54.0	48.2	41.7	36.1	31.5
P/BV	33.4	26.6	23.2	20.6	17.7	15.3	13.5	11.9	10.5
Dividend Yield (%)	0.2	0.3	0.3	0.4	0.5	0.7	0.8	0.9	1.1
<b>Return Ratios (%)</b>									
RoE	28.2	22.6	20.1	18.7	23.1	23.1	23.5	24.1	24.3
RoCE	25.9	19.9	17.6	16.9	21.2	21.5	21.9	22.6	22.9
RoIC	41.1	26.8	20.6	19.8	26.9	29.9	32.0	33.6	35.3
<b>Working Capital Ratios</b>									
Debtor (Days)	15	18	14	13	14	14	15	15	15
Creditor (Days)	8	14	11	9	9	11	6	10	7
Asset Turnover (x)	2.3	1.7	1.9	2.2	2.3	2.4	2.3	2.3	2.3
<b>Leverage Ratio</b>									
Debt/Equity (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement (INR m)									
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PBT before Extra Ord	14,698	15,225	16,138	17,232	23,794	28,227	32,911	38,003	43,383
Add: Depreciation	1,699	2,007	2,396	2,697	3,407	3,585	3,988	4,431	4,933
Interest Paid	336	372	421	476	512	504	531	574	606
Less: Taxes Paid	3,931	3,709	4,620	4,116	6,481	7,327	8,310	9,501	10,846
Non operating income	241	180	58	88	124	155	2,767	3,187	3,663
Others	-332	-61	381	160	391	41	-221	-221	-221
(Incr)/Decr in WC	565	268	-5,104	-786	5,742	-2,008	-5,241	-4,584	-5,045
<b>CF from Operations</b>	<b>12,796</b>	<b>13,921</b>	<b>9,554</b>	<b>15,576</b>	<b>27,239</b>	<b>22,866</b>	<b>20,892</b>	<b>25,515</b>	<b>29,147</b>
Incr in FA	-4,439	-3,520	-3,740	-4,977	-5,530	-4,481	-6,300	-5,800	-5,800
<b>Free Cash Flow</b>	<b>8,356</b>	<b>10,401</b>	<b>5,814</b>	<b>10,599</b>	<b>21,710</b>	<b>18,386</b>	<b>14,592</b>	<b>19,715</b>	<b>23,347</b>
Pur of Investments	4,713	7,069	693	-4,034	-12,869	-10,824	-3,809	-5,268	-5,979
Others	551	-19,225	-2,485	-286	649	-353	2,309	2,555	2,945
<b>CF from Invest.</b>	<b>825</b>	<b>-15,677</b>	<b>-5,532</b>	<b>-9,297</b>	<b>-17,749</b>	<b>-15,657</b>	<b>-7,799</b>	<b>-8,513</b>	<b>-8,834</b>
Change in share capital	0	0	0	0	0	16	0	0	0
Incr in Debt	328	168	540	-805	-130	350	0	0	0
Dividend Paid	-8,254	-7	-4,319	-5,083	-5,997	-8,134	-11,913	-13,744	-15,664
Interest Paid	-254	-293	-332	-345	-345	0	-531	-574	-606
Others	-313	-630	-875	-330	-953	-1,411	329	455	517
<b>CF from Fin. Activity</b>	<b>-8,492</b>	<b>-762</b>	<b>-4,985</b>	<b>-6,564</b>	<b>-7,425</b>	<b>-9,179</b>	<b>-12,114</b>	<b>-13,862</b>	<b>-15,753</b>
<b>Incr/Decr of Cash</b>	<b>5,128</b>	<b>-2,518</b>	<b>-963</b>	<b>-285</b>	<b>2,065</b>	<b>-1,970</b>	<b>978</b>	<b>3,139</b>	<b>4,560</b>
Add: Opening Balance	1,904	7,033	4,515	3,552	3,267	5,332	3,362	4,340	7,480
<b>Closing Balance</b>	<b>7,033</b>	<b>4,515</b>	<b>3,552</b>	<b>3,267</b>	<b>5,332</b>	<b>3,362</b>	<b>4,340</b>	<b>7,480</b>	<b>12,040</b>

E: MOFSL Estimates

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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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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

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