

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 |

Ratios

| | | | |
|------------|------|------|------|
| RoE (%) | 23.5 | 24.1 | 24.3 |
| RoCE (%) | 21.9 | 22.6 | 22.9 |
| Payout (%) | 48.9 | 48.6 | 48.5 |

Valuations

| | | | |
|----------------|------|------|------|
| 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%.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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- **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 | Var. |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|----------|--------|------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4QE | | | 3QE | (%) |
| 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 | -1.8 |
| 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 | 0.9 |
| 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 | 5.4 |
| 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 | 4.7 |
| 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 | -3.1 |
| Adj PAT | 5,669 | 5,346 | 5,524 | 4,473 | 6,724 | 5,792 | 6,761 | 5,172 | 21,012 | 24,380 | 6,375 | 6.0 |
| 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

| Consol. 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% |
| Consol. EBIT (INR m) | | | | | | | | | | | |
| 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

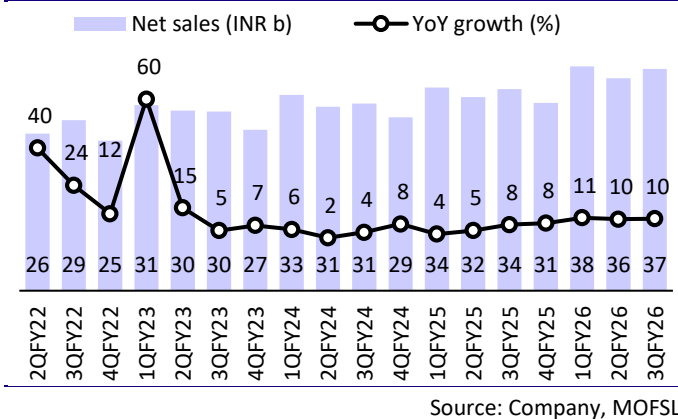


Exhibit 2: Gross margins expanded 220bp YoY to 56.5%

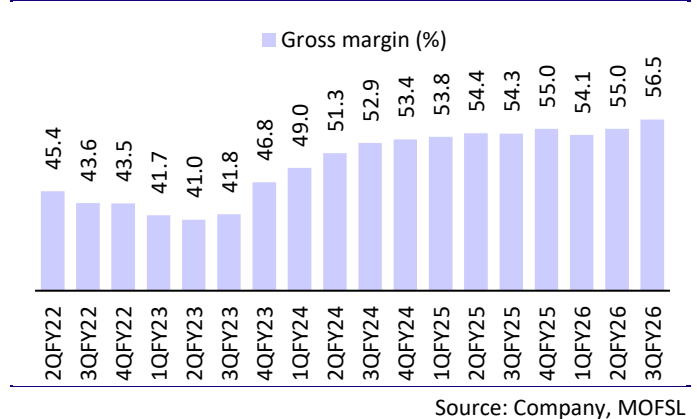


Exhibit 3: EBITDA margins expanded 180bp YoY to 25.5%

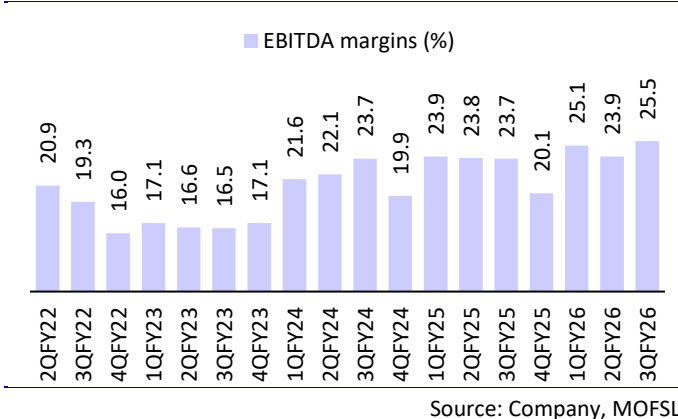
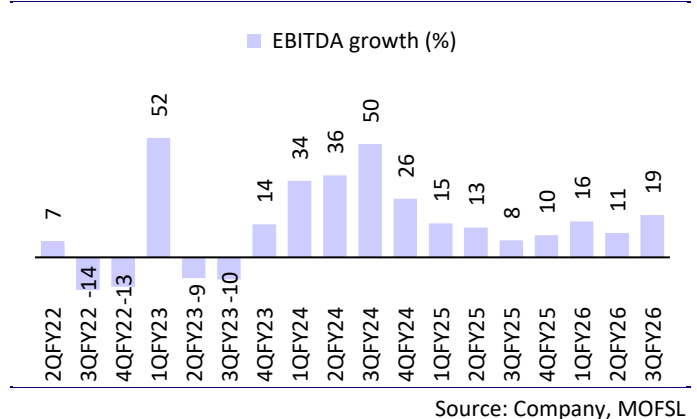


Exhibit 4: Consolidated EBITDA grew 19% YoY



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

(INR m)

| Y/E March | 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

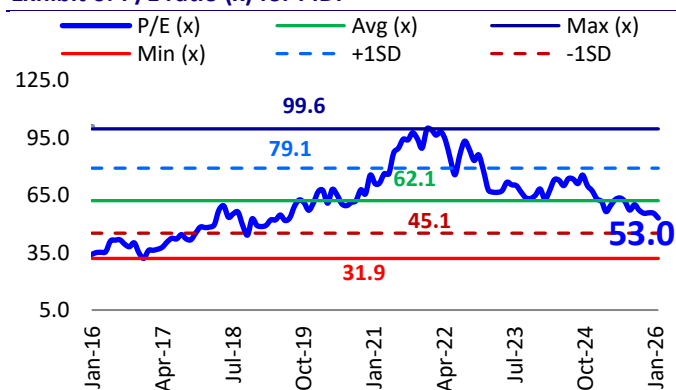
- We maintain our EPS estimates for FY27 and FY28.
- PIDI's core categories still enjoy a GDP multiplier. The advantage of penetration and distribution can help PIDI deliver healthy volume-led growth in the medium term. EBITDA margin is already high (>24% in 9MFY26). We do not estimate much expansion 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 |

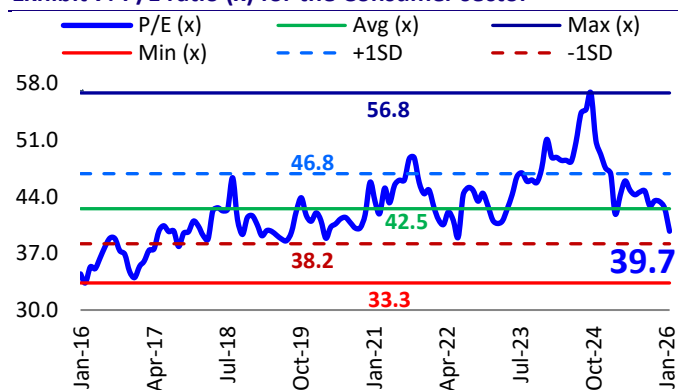
Source: Company, MOFSL

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



Source: Company, MOFSL

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



Source: Company, MOFSL

Financials and valuations

Income Statement Consol.

(INR m)

| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|------------------------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net Sales | 73,348 | 72,927 | 99,210 | 1,17,991 | 1,23,830 | 1,31,403 | 1,45,495 | 1,64,988 | 1,87,111 |
| 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 |
| Gross Profit | 39,323 | 39,160 | 44,768 | 50,397 | 63,890 | 71,440 | 80,801 | 91,625 | 1,03,910 |
| 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 |
| EBITDA | 16,163 | 16,806 | 18,473 | 19,844 | 27,073 | 30,125 | 34,664 | 39,820 | 45,258 |
| 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 |
| Profit before Taxes | 15,622 | 15,221 | 16,019 | 17,166 | 24,551 | 28,509 | 32,911 | 38,003 | 43,383 |
| 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 |
| Adj PAT | 12,119 | 11,348 | 12,076 | 12,733 | 18,011 | 21,012 | 24,380 | 28,281 | 32,316 |
| 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 |
| Reported PAT | 11,567 | 11,312 | 12,076 | 12,733 | 17,294 | 20,762 | 24,380 | 28,281 | 32,316 |

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 |
| Net Worth | 44,556 | 55,930 | 64,037 | 72,123 | 84,072 | 97,545 | 1,10,012 | 1,24,549 | 1,41,202 |
| 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 |
| Capital Employed | 50,211 | 65,454 | 73,956 | 82,145 | 93,635 | 1,07,895 | 1,20,692 | 1,35,685 | 1,52,854 |
| 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 |
| Net Fixed Assets | 14,757 | 29,762 | 32,135 | 33,144 | 38,209 | 39,968 | 42,280 | 43,649 | 44,516 |
| 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 |
| Investments | 11,862 | 5,160 | 4,586 | 8,809 | 22,350 | 35,513 | 39,322 | 44,590 | 50,569 |
| Curr. Assets, L&A | 32,705 | 35,861 | 41,071 | 43,040 | 42,419 | 45,981 | 49,421 | 67,554 | 75,883 |
| 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 |
| Curr. Liab. and Prov. | 15,016 | 22,684 | 20,987 | 22,903 | 27,121 | 31,942 | 29,163 | 39,572 | 38,296 |
| 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 |
| Net Current Assets | 17,689 | 13,177 | 20,083 | 20,137 | 15,298 | 14,040 | 20,259 | 27,982 | 37,587 |
| Application of Funds | 50,212 | 65,454 | 73,956 | 82,145 | 93,635 | 1,07,895 | 1,20,692 | 1,35,685 | 1,52,854 |

E: MOFSL Estimates

Financials and valuations

Ratios

| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | | | | |
| EPS | 11.9 | 11.2 | 11.9 | 12.5 | 17.7 | 20.7 | 24.0 | 27.8 | 31.8 |
| 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 |

Valuation (x)

| | | | | | | | | | |
|--------------------|-------|-------|-------|-------|------|------|------|------|------|
| 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 |

Return Ratios (%)

| | | | | | | | | | |
|------|------|------|------|------|------|------|------|------|------|
| 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 |

Working Capital Ratios

| | | | | | | | | | |
|--------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 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 |

Leverage Ratio

| | | | | | | | | | |
|-----------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 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 |
| CF from Operations | 12,796 | 13,921 | 9,554 | 15,576 | 27,239 | 22,866 | 20,892 | 25,515 | 29,147 |
| Incr in FA | -4,439 | -3,520 | -3,740 | -4,977 | -5,530 | -4,481 | -6,300 | -5,800 | -5,800 |
| Free Cash Flow | 8,356 | 10,401 | 5,814 | 10,599 | 21,710 | 18,386 | 14,592 | 19,715 | 23,347 |
| 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 |
| CF from Invest. | 825 | -15,677 | -5,532 | -9,297 | -17,749 | -15,657 | -7,799 | -8,513 | -8,834 |
| 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 |
| CF from Fin. Activity | -8,492 | -762 | -4,985 | -6,564 | -7,425 | -9,179 | -12,114 | -13,862 | -15,753 |
| Incr/Decr of Cash | 5,128 | -2,518 | -963 | -285 | 2,065 | -1,970 | 978 | 3,139 | 4,560 |
| Add: Opening Balance | 1,904 | 7,033 | 4,515 | 3,552 | 3,267 | 5,332 | 3,362 | 4,340 | 7,480 |
| Closing Balance | 7,033 | 4,515 | 3,552 | 3,267 | 5,332 | 3,362 | 4,340 | 7,480 | 12,040 |

E: MOFSL Estimates

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|----------------------------------|--|
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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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