

Pidilite Industries Limited (Pidilite)

Pidilite Industries is a pioneer in the adhesives, sealants and construction chemicals business, renowned for its flagship brand, Fevicol. The company serves both consumer and industrial markets with innovative solutions and maintains a strong presence domestically and globally.

Investment Rationale :

- Expanding the growth portfolio while strengthening the core segment
- Dominating the Indian adhesive market with a diverse product range
- Strategic product segmentation driving growth
- Strong foundation for success
- Soft near-term outlook; optimistic in medium term

Outlook: Despite a challenging demand environment across both urban and rural markets, Pidilite has made consistent progress. It demonstrated strong revenue growth, robust UVG, and maintained healthy profitability levels. While the company's management remains optimistic about improving demand conditions, driven by favourable monsoon season and a pick-up in construction activities, the subdued demand observed across markets poses a challenge to sustained growth. With its commitment to delivering consistent, profitable, volume-led growth through ongoing investments in its brands and supply chain and its efforts to expand its distribution network, the company is poised to navigate the current market challenges

Valuation At a CMP of Rs 3034 stock is trading at an P/E of 55.6(x) to its FY27E EPS of Rs 54.6. We value stock at a P/E of 63(x) to its FY27E EPS to arrive at a target price of Rs 3440 and have a Buy rating on the stock.

Stock Data

CMP(17-04-2025)	₹3034
Rating	Buy
Target Price	₹3440
52 Week High/Low	₹3415/2620
Face Value	₹1
Market Cap (In Crs)	₹154339
NSE	PIDILITIND
BSE	500331
Bloomberg	PIDILITIND :IN
Sector	CHEMICALS

Shareholding Pattern (in %)

	March 2025	Dec 2024
Promoters	69.50	69.59
FII	11.60	11.79
DII	9.43	9.15
Public	9.47	9.46

Price Performance (in %)

(%)	1M	6M	1Year
Nifty 50	5.9	-3.6	7.7
Pidilite	10.38	-3.8	5.4

Institutional Desk
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INVESTMENT RATIONALE:

Expanding the growth portfolio while strengthening the core segment: Pidilite Industries (PIDI), the market leader in adhesives and sealants with ~70% share in flagship brands like Fevicol and M-Seal, recently outlined its strategic roadmap during its analyst day. The company has categorized its portfolio into Core, Growth, and Pioneer segments to drive long-term expansion. While the Core segment targets 1–2x GDP growth through innovation and premiumization, the Growth segment (2–4x GDP) focuses on scaling categories like Dr. Fixit and Roff. The Pioneer segment, with newer brands like Unofin and Haisha, aims to achieve ₹1,000 crore revenue within three years. A decade ago, 80% of revenue came from core products; now, the mix is a balanced 52:48 between Core and Growth. Despite near-term softness, especially in urban demand, PIDI expects a recovery in 2HFY26 led by infrastructure push and tax incentives. International expansion and selective acquisitions will support future growth, with a sustained focus on double-digit volume growth and 20–24% EBITDA margins.

Dominating the Indian adhesive market with a diverse product range : Pidilite Industries holds a commanding position in India's adhesives market with over 70% market share. Its expansive portfolio spans more than 30 verticals, covering adhesives, sealants, construction chemicals, industrial solutions, and art materials. Iconic brands such as Fevicol, Dr. Fixit, and Fevicryl cater to a wide range of consumer and industrial applications. The company's emphasis on innovation and sustainability has strengthened its footprint across key sectors including woodworking, packaging, construction, automotive, and arts & crafts. PIDI operates through two core segments: Branded Consumer & Bazaar (C&B), which drives ~82% of its revenues, and the Business-to-Business (B2B) segment, contributing ~17%. This well-balanced structure reinforces PIDI's market leadership in the adhesives and specialty chemicals space.

Strategic product segmentation driving growth: Pidilite Industries (PIDI) has strategically segmented its product portfolio into three key categories: Core, Growth, and Pioneer. The Core segment comprises well-established brands like Fevicol and Fevikwik, backed by strong consumer trust and brand equity. This segment is expected to grow at 1–2 times India's GDP. The Growth segment includes high-potential brands such as Roff and Araldite, which offer significant opportunities for market expansion and share gains, targeting growth of 2–4 times GDP. The Pioneer segment consists of newly launched or nascent products like Unofin and Haisha, aimed at creating new markets, with a goal of reaching ₹1,000 crore in sales within three years. While a decade ago, nearly 80% of the company's revenue was driven by Core products, the business mix has evolved significantly. Currently, Growth segments contribute 48% to overall sales, while Core contributes 52%. PIDI aims to sustain a balanced 50:50 mix to ensure diversified and future-ready growth.

Strong foundation for success: Pidilite Industries (PIDI) operates over 60 manufacturing units across India and abroad, supported by strategic investments in automation and technology to ensure high-quality production. Acquisitions like Nina Percept and Cipy Polyurethanes have further strengthened its manufacturing and market position. Its extensive distribution network is backed by innovative initiatives such as 'Pidilite ki Duniya' rural vans, Dr. Fixit Centres, and partnerships with government bodies, along with a growing presence across 15+ e-commerce and quick commerce platforms. PIDI has built strong brand equity through impactful advertising, with Fevicol and Dr. Fixit achieving iconic status. Fevicol, in particular, maintains dominance through deep carpenter engagement, including initiatives like Furniture Booklets and the Fevicol Champion's Club (FCC), which enhances skill-building and community networking. With robust cash flows, PIDI remains open to value-accretive acquisitions and is actively exploring opportunities in emerging sectors like Electric Vehicles and semiconductors, while continuing to monitor competitive trends and evolving market dynamics.

Soft near-term outlook; optimistic in medium term: Pidilite Industries (PIDI) continues to witness steady overall demand but has faced some near-term softness across both urban and rural markets, especially in its core categories such as adhesives, sealants, and waterproofing solutions. Although rural demand has held up better than urban areas, there has been a mild slowdown in adhesives, construction chemicals, and epoxy products. With 70% of revenue stemming from repair and renovation and 30% from new construction, the ongoing deceleration in both segments has weighed on sales. However, the company expects a demand revival in the second half of FY26, supported by government infrastructure initiatives, tax benefits, and improved consumer sentiment as delayed construction projects resume. Despite current headwinds, PIDI remains confident in its medium-term growth trajectory, underpinned by infrastructure expansion, resilient rural demand, and increasing traction in the B2B segment. The company is well-positioned to capitalize on emerging opportunities as market conditions improve.

Company Background:

Pidilite is a leading manufacturer of adhesives and sealants, construction chemicals, crafts products, DIY products, and polymer emulsions in India. Pidilite has divided its business into two segments – C&B product segment (C&B; includes adhesives, sealants, art and craft material and others, construction, and paint chemicals) and the industrial product segment (IP; which includes industrial adhesives, synthetic resins, organic pigments, pigment preparations, and surfactants). C&B accounts for ~80% of Pidilite's standalone revenue, while the balance is contributed by the IP segment. The company's brand name, Fevicol, has become synonymous with adhesives to millions in India and is ranked among the most trusted brands in the country. Some of the other major brands are M-Seal, Fevikwik, Fevistik, Roff, Dr. Fixit Fevicryl, Motomax, Hobby Ideas, and Araldite.



Revenue Breakup

Company earns about 53% of its revenues from adhesives & sealants category, followed by Construction & paint chemicals (20%), industrial resins & construction chemicals (7%), art & craft materials (6%), industrial adhesives (6%), and pigment & preparation (6%)..

It has its business divided into 2 divisions, consumer & bazaar products which account for ~80% of revenues, and B2B products segment which accounts for ~20% of revenues [1] In total, the company produces ~6500 products for its brands.

Leadership Position

The company's adhesive business in the country of India with a 70% market share. It is an iconic brand in the domestic adhesives segment, where it is synonymous with the product itself

Brands

The company is the owner of some iconic brands like Fevicol, Dr. Fixit, Fevi-Kwik, M-Seal, Roff, Chemifix, Fevicryl, Araldite, Nina Percept, WD-40, HAI SHA, Feviseal, Tenax, Litokol, Jowat, Cidy, etc.

Infrastructure

Company has an established infrastructure and network of 26 manufacturing facilities and 29 co-makers across India.

Distribution Network

The company has an established & extensive pan-India network, comprising over 4,800 distributors, servicing 200,000 dealers, retailers and contractors across India.

Global Presence

It has a global presence with operations in 9 countries and export presence in ~80 countries. It also operates about 20 subsidiaries internationally.

After success in the Indian sub-continent, they have foreyed into other emerging markets. The company opts for local manufacturing for select product categories in Egypt and Kenya

Pidilite - Puma

It is a JV between Pidilite Industries and Grupo Puma of Spain to cater to the residential, industrial, institutional & premium IHB construction segments.

Q4FY25 Result analysis

Consolidated revenue from operations increased 7.6% YoY to Rs. 3,369cr, driven by an underlying volume growth (UVG) of 9.7% YoY across categories and geographies

The Consumer and Bazaar (C&B) segment, which accounts for 79.3% of Pidilite's total revenue, grew 5.2% YoY, whereas the B2B segment reported a robust growth of 18.8%, reflecting a strong performance in industrial products.

The C&B segment logged a UVG of 7.3% YoY, reflecting healthy demand across its core product lines, whereas the B2B segment achieved an impressive UVG of 21.7% YoY, supported by a stable performance in industrial adhesives and construction-related solutions

EBITDA rose 7.5% to Rs. 798cr in Q3FY25, led by topline growth, with the EBITDA margin remaining stable at 23.7%, indicating consistent operational efficiency

Con Call Highlights

- Domestic subsidiaries had a strong performance, logging double-digit revenue growth and enhanced EBITDA margin.
- Challenges, such as global economic volatility, rising inflation and geopolitical instability led to moderate sales growth for
- International subsidiaries (excluding Pidilite USA and Pulvitec Brazil), but margins were maintained.
- Vinyl acetate monomer (VAM) consumption in Q3FY25 was ~\$884 per tonne as compared to ~\$902 per tonne in the same period last year. It is expected to remain in a similar range in the fourth quarter with a slight variation of 1-2%.
- Pidilite is committed to its strategic focus on delivering consistent, profitable, volume-led growth through ongoing investments in its brands and supply chain. It is actively expanding its distribution network, especially in semi-urban and rural areas, to penetrate untapped markets, anticipating a 2-3 year timeline before rural consumption levels align with urban levels of consumption equalized for income.
- The company is experiencing softness in both urban and rural markets, with a strain on demand in core categories, despite rural areas continuing to perform well. However, the management is confident that demand would improve in FY26

Key Risk & Concerns

Raw Material Price Volatility

Pidilite is heavily dependent on crude oil derivatives (like VAM – Vinyl Acetate Monomer). Any fluctuation in global crude oil prices directly impacts input costs and margins.

Dependence on a Few Product Segments

A significant portion of revenue comes from the adhesive segment (Fevicol, Fevikwik). Any slowdown in this core category can have a material impact on overall performance.

Sluggish Rural/Urban Demand

Despite strong brand equity, any prolonged weakness in rural demand (due to monsoons, inflation, etc.) or slowdown in urban real estate/construction could affect growth.

Competition from Unorganized Sector

In smaller towns and rural markets, unorganized players offer low-cost substitutes, which can hamper volume growth, especially in price-sensitive segments.

Particulars	FY 24	FY 25E	FY 26E	FY27E
Financial Position (₹ In Cr)				
Equity Share Capital	51	51	51	51
Reserve & Surplus	8356	9430	10661	12076
Net worth	8407	9480	10711	12127
Borrowing	131	131	131	131
Fixed Asset	3821	4048	4266	4452
Total Asset/Liability	9364	10452	11716	13171
Operating Results (₹ In Cr)				
Revenue	12383	13138	14744	16720
Operating Expenditure	9676	10127	11334	12829
EBIDTA	2707	3011	3410	3891
Interest	51	50	52	55
Depreciation	341	355	362	394
Profit/(Loss) Before Tax	2455	2817	3253	3729
Provision For Tax	632	704	813	932
Adj PAT	1801	2091	2418	2775
Ratios				
EBIDTA Margin%	21.9%	22.9%	23.1%	23.3%
PAT Margin%	14.5%	15.9%	16.4%	16.6%
ROE%	23.1%	23.4%	23.9%	24.3%
ROCE%	21.2%	21.7%	22.4%	22.8%
D/E(x)	0.0	0.0	0.0	0.0
P/E(x)	85.7	73.8	63.9	55.6
Adj EPS Rs	35.4	41.1	47.5	54.6

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