

**SELL**

TP: Rs 1,310 | ▼ 18%

**PIDILITE INDUSTRIES**

Construction Materials

06 November 2020

## Margin gains to be neutralised by hardening RM prices

**Pidilite Industries (PIDI)** reported in-line consolidated Q2FY21 revenue growth of 4% YoY, led by a 7% increase in C&B volumes. B2B volumes, however, dipped 7%. Operating margins expanded 690bps YoY to 27.3% due to lower RM and other expense, aiding EBITDA/PBT growth of 39%/35% YoY. Management is seeing an improving demand scenario with unlocking. We tweak FY21-FY23 PAT estimates and raise our target P/E to 42x from 40x. On rollover, we have a revised Dec'21 TP of Rs 1,310 (earlier Rs 1,195). Retain SELL on rich valuations.

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**Revenue growth driven by C&B:** PIDI's consolidated Q2 revenue grew 4.1% YoY to Rs 18.8bn, with 19% constant currency growth in overseas subsidiaries. Standalone revenue increased 3.7% YoY to Rs 16.3bn, as volumes grew 3.6% YoY (+7.4% in the consumer & bazaar (C&B) segment and -7.2% in the B2B segment). Management indicated that the demand climate is improving though performance in metros is yet to reach pre-Covid levels. In Q3, the company acquired 100% stake in Huntsman Advanced Material Solutions Pvt Ltd (HAMSPL) for Rs 21bn, making it the largest domestic epoxy player.

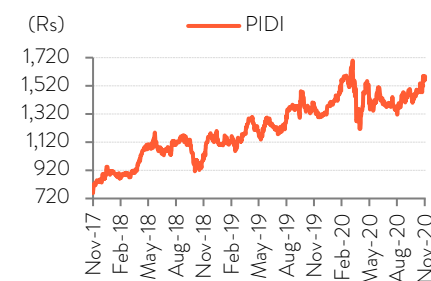
**Operating margins expand:** Consolidated operating margins rose 690bps YoY to 27.3% due to lower raw material cost (-256bps) and other expenses (-422bps)- consequently, EBITDA/PBT grew 39%/35% YoY. Gross margins increased as RM prices softened, whereas other expenses reduced due to cost optimisation. Management stated that RM prices have been hardening and margins are likely to revert to the guided range of 21-24% going ahead.

**Valuations expensive; SELL:** We tweak PAT estimates to factor in the HAMSPL acquisition and also raise our target P/E to 42x (from 40x), in line with the stock's 5Y average. On rollover, our new Dec'21 TP stands at Rs 1,310. Current valuations appear rich at 49.4x FY23E P/E. Maintain SELL.

Ticker/Price	PIDI IN/Rs 1,597
Market cap	US\$ 10.9bn
Shares o/s	508mn
3M ADV	US\$ 20.0mn
52wk high/low	Rs 1,710/Rs 1,186
Promoter/FPI/DII	70%/11%/19%

Source: NSE

## STOCK PERFORMANCE



Source: NSE

## KEY FINANCIALS

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
Total revenue (Rs mn)	70,787	72,945	65,827	87,454	1,01,049
EBITDA (Rs mn)	13,682	15,760	14,219	20,377	23,545
Adj. net profit (Rs mn)	8,901	11,590	9,689	13,975	16,408
Adj. EPS (Rs)	17.5	22.8	19.1	27.5	32.3
Adj. EPS growth (%)	(2.9)	30.2	(16.4)	44.2	17.4
Adj. ROAE (%)	23.1	26.9	20.8	27.2	28.5
Adj. P/E (x)	91.1	70.0	83.7	58.0	49.4
EV/EBITDA (x)	59.3	51.4	56.8	39.8	34.6

Source: Company, BOBCAPS Research

**BOB Capital Markets Ltd is a wholly owned subsidiary of Bank of Baroda**

Important disclosures, including any required research certifications, are provided at the end of this report.



**FIG 1 – CONSOLIDATED QUARTERLY PERFORMANCE**

(Rs mn)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21	H1FY20	YoY (%)
<b>Net revenues</b>	<b>18,803</b>	<b>18,066</b>	<b>4.1</b>	<b>8,778</b>	<b>114.2</b>	<b>27,582</b>	<b>38,232</b>	<b>(27.9)</b>
Raw Material Cost	8,284	8,422	(1.6)	4,085	102.8	12,369	18,227	(32.1)
Employee cost	2,421	2,345	3.3	2,157.0	12.3	4,578	4,781	(4.2)
Other expenses	2,972	3,617	(17.8)	1,873	58.7	4,845	7,105	(31.8)
<b>EBITDA</b>	<b>5,126</b>	<b>3,682</b>	<b>39.2</b>	<b>664</b>	<b>672.4</b>	<b>5,790</b>	<b>8,120</b>	<b>(28.7)</b>
EBITDA margin (%)	27.3	20.4	688bps	7.6	1,970bps	21.0	21.2	(25bps)
Depreciation and amortization	479	402	19.0	461	3.9	940	780	20.6
<b>EBIT</b>	<b>4,648</b>	<b>3,280</b>	<b>41.7</b>	<b>203</b>	<b>2,192.8</b>	<b>4,850</b>	<b>7,340</b>	<b>(33.9)</b>
EBIT Margin (%)	24.7	18.2	656bps	2.3	2,241bps	17.6	19.2	(161bps)
Net Interest expenses	87	83	4.5	91	(4.6)	177	156	13.4
Foreign exchange gain (loss), net	0	0	n.m.	0	n.m.	0	0	n.m.
Other income	217	558	(61.1)	200	8.5	417	956	(56.4)
<b>EBT and except. Items</b>	<b>4,778</b>	<b>3,755</b>	<b>27.2</b>	<b>312</b>	<b>1,431.4</b>	<b>5,090</b>	<b>8,140</b>	<b>(37.5)</b>
Exceptional items	0	(222)	n.m.	0	n.m.	0	(222)	n.m.
<b>Earnings before tax</b>	<b>4,778</b>	<b>3,533</b>	<b>35.2</b>	<b>312</b>	<b>1,431.4</b>	<b>5,090</b>	<b>7,918</b>	<b>(35.7)</b>
Income taxes	1,220	293	316.4	159	669.5	1,378	1,737	(20.7)
Income tax as % of PBT	25.5	8.3	1,723bps	50.8	(2,528bps)	27.1	21.9	514bps
<b>Earnings after tax</b>	<b>3,558</b>	<b>3,240</b>	<b>9.8</b>	<b>154</b>	<b>2,218.1</b>	<b>3,712</b>	<b>6,181</b>	<b>(39.9)</b>
Profit in associate company	6	11	(42.5)	5	29.8	11	14	(20.0)
Minority interest (expense) income	(0)	(8)	n.m.	110	n.m.	109	(23)	(571.6)
<b>Net income (loss) adjusted</b>	<b>3,564</b>	<b>3,465</b>	<b>2.9</b>	<b>268</b>	<b>1,230.9</b>	<b>3,832</b>	<b>6,394</b>	<b>(40.1)</b>

Source: Company, BOBCAPS Research

**FIG 2 – CONSOLIDATED SEGMENTAL PERFORMANCE**

(Rs mn)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21	H1FY20	YoY (%)
<b>Revenue</b>								
Consumer & Bazaar Products	15,277	13,969	9.4	7,020	117.6	22,297	29,712	(25.0)
Business to Business	3,771	4,333	(13.0)	1,882	100.3	5,653	8,926	(36.7)
Others	72	164	(56.5)	18	295.0	90	398	(77.5)
<b>Total</b>	<b>19,119</b>	<b>18,467</b>	<b>3.5</b>	<b>8,921</b>	<b>114.3</b>	<b>28,040</b>	<b>39,035</b>	<b>(28.2)</b>
Less: Inter Segment revenue	(316)	(401)	(21.2)	(142)	122.3	(458)	(803)	(42.9)
<b>Net revenues</b>	<b>18,803</b>	<b>18,066</b>	<b>4.1</b>	<b>8,778</b>	<b>114.2</b>	<b>27,582</b>	<b>38,232</b>	<b>(27.9)</b>
<b>Profit before interest &amp; tax</b>								
Consumer & Bazaar Products	5,324	3,782	40.7	1,305	307.9	6,644	8,210	(19.1)
Business to Business	290	629	(53.9)	(220)	(231.6)	63	1,277	(95.0)
Others	8	(25)	n.m.	(35)	(122.0)	(27)	(37)	(26.6)
<b>Total</b>	<b>5,621</b>	<b>4,386</b>	<b>28.2</b>	<b>1,050</b>	<b>435.5</b>	<b>6,680</b>	<b>9,450</b>	<b>(29.3)</b>
<b>Margin (%)</b>								
Consumer & Bazaar Products	34.8	27.1	777bps	18.6	1,626bps	29.8	27.6	216bps
Business to Business	7.7	14.5	(683bps)	(11.7%)	1,940bps	1.1	14.3	(1,319bps)
<b>Total</b>	<b>29.9</b>	<b>24.3</b>	<b>561bps</b>	<b>12.0</b>	<b>1,794bps</b>	<b>24.2</b>	<b>24.7</b>	<b>(50bps)</b>

Source: Company, BOBCAPS Research

FIG 3 – STANDALONE PERFORMANCE

(Rs mn)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21	H1FY20	YoY (%)
<b>Net revenues</b>	<b>16,302</b>	<b>15,717</b>	<b>3.7</b>	<b>7,724</b>	<b>111.1</b>	<b>24,026</b>	<b>33,506</b>	<b>(28.3)</b>
Raw material exp	7,090	7,277	(2.6)	3,514	101.8	10,603	15,893	(33.3)
Employee exp	1,954	1,866	4.7	1,717	13.8	3,671	3,852	(4.7)
Other exp	2,541	3,065	(17.1)	1,539	65.1	4,080	6,071	(32.8)
<b>EBITDA</b>	<b>4,719</b>	<b>3,510</b>	<b>34.4</b>	<b>954</b>	<b>394.6</b>	<b>5,673</b>	<b>7,690</b>	<b>(26.2)</b>
EBITDA margin (%)	28.9	22.3	661bps	12.4	1,659bps	23.6	23.0	66bps
Depreciation and amortization	359	303	18.5	348	3.3	707	584	21.2
<b>EBIT</b>	<b>4,359</b>	<b>3,207</b>	<b>35.9</b>	<b>606</b>	<b>619.1</b>	<b>4,966</b>	<b>7,106</b>	<b>(30.1)</b>
EBIT Margin (%)	26.7	20.4	634bps	7.8	1,889bps	20.7	21.2	(54bps)
Net Interest expenses	30	36	(16.3)	34	(9.9)	64	63	0.8
Other income	225	572	(60.7)	197	14.5	422	962	(56.2)
<b>PBT</b>	<b>4,554</b>	<b>3,743</b>	<b>21.7</b>	<b>769</b>	<b>492.0</b>	<b>5,324</b>	<b>8,005</b>	<b>(33.5)</b>
Income taxes	1,162	280	315.1	202	474.9	1,364	1,666	(18.1)
Income tax as % of PBT	25.5	7.5	1,804bps	26.3	(76bps)	25.6	20.8	481bps
Earnings after tax, adjusted	3,392	3,463	(2.1)	567	498.1	3,960	6,339	(37.5)
Extraordinary	(5)	(222)	(98.0)	0	-	(5)	(222)	(98.0)
<b>Net income (loss), reported</b>	<b>3,388</b>	<b>3,241</b>	<b>4.5</b>	<b>567</b>	<b>497.3</b>	<b>3,955</b>	<b>6,116</b>	<b>(35.3)</b>

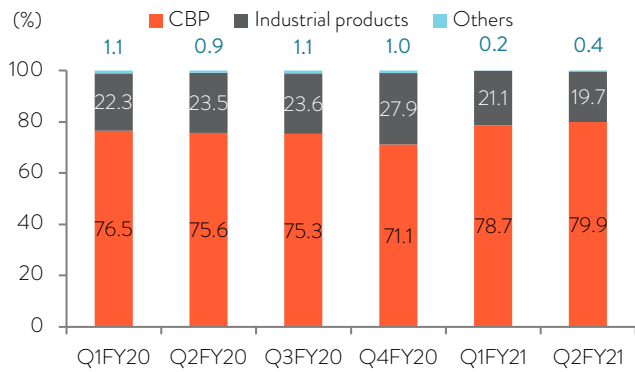
Source: BOBCAPS Research, Company

FIG 4 – STANDALONE SEGMENTAL PERFORMANCE

(Rs mn)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21	H1FY20	YoY (%)
<b>Revenue</b>								
Consumer & Bazaar Products	13,352	12,447	7.3	6,145	117.3	19,497	26,796	(27.2)
Business to Business	3,150	3,441	(8.5)	1,683	87.2	4,834	7,004	(31.0)
Others	72	164	(56.5)	18	295.0	90	398	(77.5)
<b>Total</b>	<b>16,574</b>	<b>16,052</b>	<b>3.3</b>	<b>7,846</b>	<b>111.2</b>	<b>24,420</b>	<b>34,197</b>	<b>(28.6)</b>
Less: Inter Segment revenue	(272)	(335)	(18.9)	(122)	122.7	394	(691)	(157.0)
<b>Net revenues</b>	<b>16,302</b>	<b>15,717</b>	<b>3.7</b>	<b>7,724</b>	<b>111.1</b>	<b>24,814</b>	<b>33,506</b>	<b>(25.9)</b>
<b>Profit before interest &amp; tax</b>								
Consumer & Bazaar Products	4,911	3,692	33.0	1,464	235.4	6,381	8,341	(23.5)
Business to Business	438	679	(35.4)	62	612.7	494	978	(49.5)
Others	8	(25)	n.m.	(35)	(122.0)	(27)	(41)	(33.3)
<b>Total</b>	<b>5,357</b>	<b>4,346</b>	<b>23.3</b>	<b>1,491</b>	<b>259.3</b>	<b>6,847</b>	<b>9,277</b>	<b>(26.2)</b>
<b>Margin (%)</b>								
Consumer & Bazaar Products	36.8	29.7	712bps	23.8	1,295bps	32.7	31.1	160bps
Business to Business	13.9	19.7	(582bps)	3.7	1,026bps	10.2	14.0	(375bps)
Others	10.8	(15.3)	2,604bps	(193.4)	20,414bps	(30.5)	(10.3)	(2,018bps)
<b>Total</b>	<b>32.9</b>	<b>27.6</b>	<b>521bps</b>	<b>19.3</b>	<b>1,356bps</b>	<b>27.6</b>	<b>27.7</b>	<b>(9bps)</b>

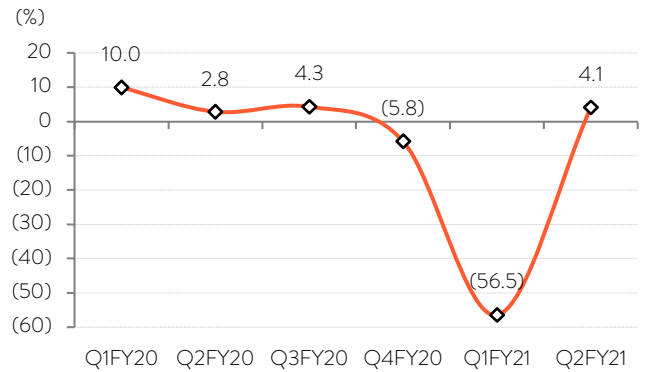
Source: Company, BOBCAPS Research

**FIG 5 – CONSOLIDATED REVENUE BREAKUP**



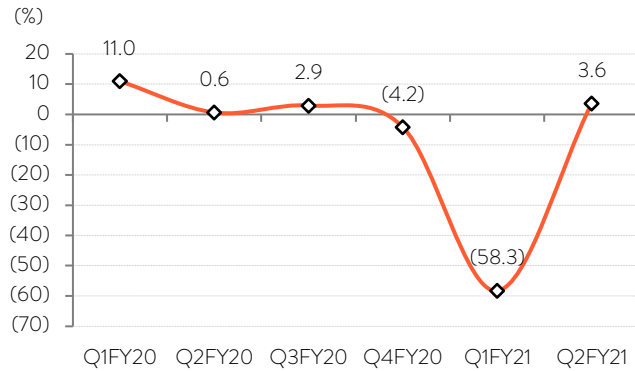
Source: Company, BOBCAPS Research

**FIG 6 – CONSOLIDATED REVENUE GROWTH**



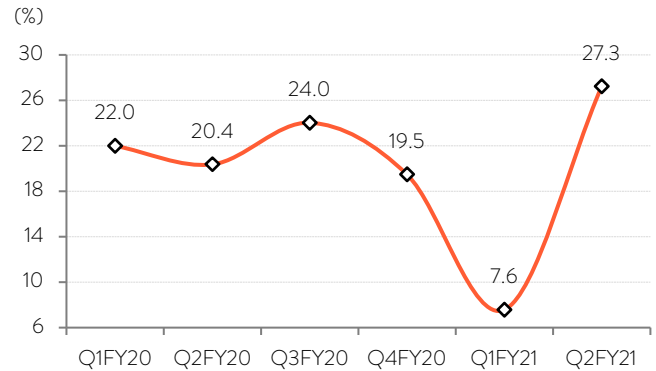
Source: Company, BOBCAPS Research

**FIG 7 – TOTAL VOLUME GROWTH**



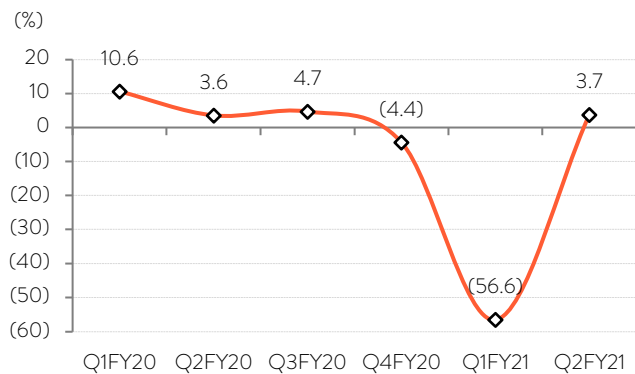
Source: Company, BOBCAPS Research

**FIG 8 – CONSOLIDATED EBITDA MARGIN**



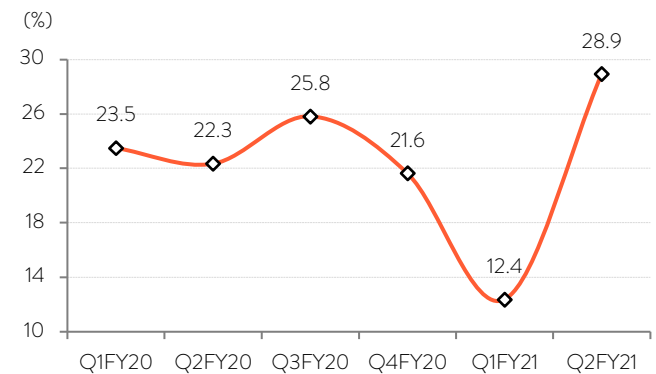
Source: Company, BOBCAPS Research

**FIG 9 – STANDALONE REVENUE GROWTH**



Source: Company, BOBCAPS Research

**FIG 10 – STANDALONE EBITDA MARGIN**



Source: Company, BOBCAPS Research

## Earnings call highlights

- PIDI saw sequential demand improvement during Q2. Rural and semi-urban areas had double-digit growth. Metros have begun improving sequentially but are yet to reach pre-Covid levels.
- The company's plants are running at 90% capacity utilisation.
- The C&B segment returned to pre-Covid levels in most geographies. Construction and DIY products saw healthy demand during the quarter.
- VAM raw material prices have hardened and are currently at ~US\$ 900/t (vs. US\$ 765 in Q2).
- PIDI had lower other expenses in H1FY21 due to reduced A&P and travelling costs amid the pandemic, but expects these costs to go up gradually.
- Management expects to revert to the targeted margin band of 21-24% (vs. 27% in Q3) given increasing RM cost and other expenditure.
- The company acquired HAMPSL on 28 October for a consideration of Rs 21bn excluding customary working capital and other adjustments. With this acquisition, PIDI will become the largest epoxy player in the Indian market. As per management, HAMPSL did revenues of Rs 4bn in CY19 and has a similar margin profile as PIDI.
- Management plans to retain HAMPSL's brands such as Araldite and Araldite Carpenter in the market.
- Subsidiary Nina Percept primarily caters to the waterproofing needs of new home construction and its fortunes are linked to real estate. Since the real estate sector has been experiencing difficult times, this subsidiary declined ~64% YoY in H1FY21.

### Valuation methodology

PIDI is the leader in India’s adhesive market with a strong brand, extensive distribution reach and large product portfolio. The company has a unique distribution framework, with products available in both building material as well as FMCG channels.

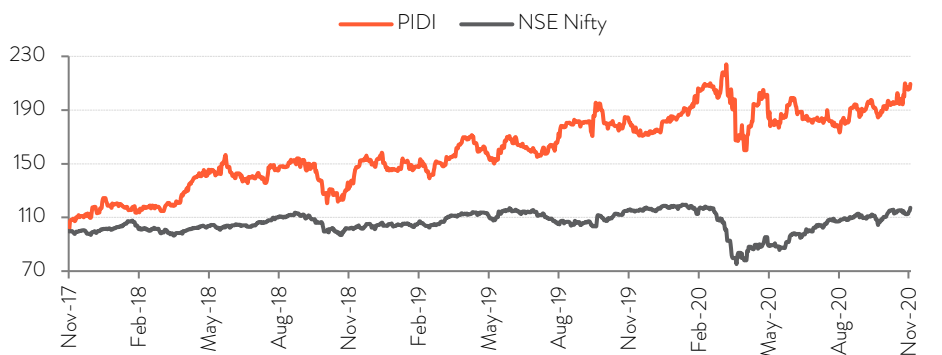
We tweak our PAT estimates marginally to factor in the acquisition of Huntsman India. We also increase our target one-year forward P/E to 42x (earlier 40x), in line with the five-year average and roll over to a new Dec’21 target price of Rs 1,310 (earlier Rs 1,195). While we like PIDI for its strong franchise and broad portfolio, current valuations at 49.4x FY23E P/E appear rich. Maintain SELL.

**FIG 11 – REVISED ESTIMATES**

(Rs mn)	FY21E			FY22E			FY23E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	65,827	65,827	0.0	87,454	84,090	4.0	1,01,049	96,223	5.0
EBITDA	14,219	13,758	3.3	20,377	19,257	5.8	23,545	22,131	6.4
PAT	9,689	9,655.1	0.4	13,974.9	14,050.7	(0.5)	16,407.8	16,199	1.3

Source: BOBCAPS Research

**FIG 12 – RELATIVE STOCK PERFORMANCE**



Source: NSE

### Key risks

Key upside risks to our call:

- **Sharp decline in raw material prices:** Any sudden, steep fall in RM prices, especially for crude-linked products, could drive above-expected margins.
- **Above-expected pick-up in housing activity:** A stronger revival in the housing market than anticipated can take growth ahead of estimates

## FINANCIALS

### Income Statement

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Total revenue</b>	<b>70,787</b>	<b>72,945</b>	<b>65,827</b>	<b>87,454</b>	<b>1,01,049</b>
EBITDA	13,682	15,760	14,219	20,377	23,545
Depreciation	(1,327)	(1,699)	(1,843)	(2,186)	(2,324)
EBIT	12,355	14,061	12,375	18,190	21,220
Net interest income/(expenses)	(261)	(336)	(276)	(287)	(135)
Other income/(expenses)	586	396	669	525	552
EBT	13,560	15,219	12,768	18,428	21,638
Income taxes	(4,661)	(3,477)	(3,064)	(4,423)	(5,193)
Extraordinary items	349	(552)	0	0	0
Min. int./Inc. from associates	1	(26)	(15)	(31)	(37)
<b>Reported net profit</b>	<b>9,249</b>	<b>11,164</b>	<b>9,689</b>	<b>13,975</b>	<b>16,408</b>
Adjustments	(349)	426	0	0	0
<b>Adjusted net profit</b>	<b>8,901</b>	<b>11,590</b>	<b>9,689</b>	<b>13,975</b>	<b>16,408</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Accounts payables	5,806	6,210	5,199	7,079	7,807
Other current liabilities	6,837	9,185	8,685	8,185	7,685
Provisions	637	735	865	995	1,125
Debt funds	1,111	1,691	5,200	3,000	850
Other liabilities	1,201	823	823	823	823
Equity capital	508	508	508	508	508
Reserves & surplus	40,973	44,048	48,003	53,708	60,406
Shareholders' fund	41,481	44,556	48,511	54,216	60,914
<b>Total liabilities and equities</b>	<b>59,145</b>	<b>65,357</b>	<b>71,487</b>	<b>76,569</b>	<b>81,553</b>
Cash and cash eq.	1,904	7,033	224	105	218
Accounts receivables	10,560	10,885	9,676	12,220	14,119
Inventories	9,345	9,295	8,386	9,552	11,060
Other current assets	8,818	10,157	6,049	7,068	7,781
Investments	11,514	7,197	26,229	26,266	26,308
Net fixed assets	9,133	12,890	13,021	13,458	14,166
CWIP	2,421	2,593	2,593	2,593	2,593
Intangible assets	5,343	5,178	5,178	5,178	5,178
Deferred tax assets, net	107	130	130	130	130
<b>Total assets</b>	<b>59,145</b>	<b>65,357</b>	<b>71,487</b>	<b>76,569</b>	<b>81,553</b>

Source: Company, BOBCAPS Research

### Cash Flows

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Net income + Depreciation	14,888	16,919	14,611	20,615	23,962
Interest expenses	261	336	276	287	135
Non-cash adjustments	0	0	0	0	0
Changes in working capital	(5,472)	120	4,845	(3,217)	(3,764)
Other operating cash flows	(4,671)	(3,900)	(3,033)	(4,386)	(5,150)
<b>Cash flow from operations</b>	<b>5,006</b>	<b>13,474</b>	<b>16,699</b>	<b>13,298</b>	<b>15,182</b>
Capital expenditures	(1,327)	(4,687)	(1,975)	(2,624)	(3,031)
Change in investments	945	4,317	(19,032)	(37)	(42)
Other investing cash flows	(247)	33	0	0	0
<b>Cash flow from investing</b>	<b>(628)</b>	<b>(337)</b>	<b>(21,007)</b>	<b>(2,660)</b>	<b>(3,074)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(115)	581	3,509	(2,200)	(2,150)
Interest expenses	(261)	(336)	(276)	(287)	(135)
Dividends paid	(3,733)	(8,254)	(5,734)	(8,270)	(9,710)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(4,109)</b>	<b>(8,009)</b>	<b>(2,501)</b>	<b>(10,757)</b>	<b>(11,995)</b>
<b>Changes in cash and cash eq.</b>	<b>268</b>	<b>5,128</b>	<b>(6,808)</b>	<b>(119)</b>	<b>114</b>
<b>Closing cash and cash eq.</b>	<b>1,904</b>	<b>7,032</b>	<b>224</b>	<b>105</b>	<b>218</b>

### Per Share

Y/E 31 Mar (Rs)	FY19A	FY20A	FY21E	FY22E	FY23E
Reported EPS	18.2	22.0	19.1	27.5	32.3
Adjusted EPS	17.5	22.8	19.1	27.5	32.3
Dividend per share	6.5	13.5	9.0	13.0	15.2
Book value per share	81.7	87.7	95.5	106.7	119.9

### Valuations Ratios

Y/E 31 Mar (x)	FY19A	FY20A	FY21E	FY22E	FY23E
EV/Sales	11.5	11.1	12.3	9.3	8.1
EV/EBITDA	59.3	51.4	56.8	39.8	34.6
Adjusted P/E	91.1	70.0	83.7	58.0	49.4
P/BV	19.6	18.2	16.7	15.0	13.3

### DuPont Analysis

Y/E 31 Mar (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Tax burden (Net profit/PBT)	65.6	76.2	75.9	75.8	75.8
Interest burden (PBT/EBIT)	109.8	108.2	103.2	101.3	102.0
EBIT margin (EBIT/Revenue)	17.5	19.3	18.8	20.8	21.0
Asset turnover (Revenue/Avg TA)	127.3	117.2	96.2	118.1	127.8
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.5	1.4	1.4
Adjusted ROAE	23.1	26.9	20.8	27.2	28.5

Source: Company, BOBCAPS Research | Note: TA = Total Assets



**Ratio Analysis**

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
<b>YoY growth (%)</b>					
Revenue	17.3	3.0	(9.8)	32.9	15.5
EBITDA	2.0	15.2	(9.8)	43.3	15.5
Adjusted EPS	(2.9)	30.2	(16.4)	44.2	17.4
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	19.3	21.6	21.6	23.3	23.3
EBIT margin	17.5	19.3	18.8	20.8	21.0
Adjusted profit margin	12.6	15.9	14.7	16.0	16.2
Adjusted ROAE	23.1	26.9	20.8	27.2	28.5
ROCE	19.4	23.3	18.0	24.0	26.1
<b>Working capital days (days)</b>					
Receivables	51	54	57	46	48
Inventory	88	100	105	80	79
Payables	36	38	40	33	35
<b>Ratios (x)</b>					
Gross asset turnover	3.3	2.9	2.3	2.8	3.0
Current ratio	2.1	2.1	1.6	1.7	2.0
Net interest coverage ratio	47.4	41.8	44.9	63.4	157.5
Adjusted debt/equity	0.0	(0.1)	0.1	0.1	0.0

Source: Company, BOBCAPS Research

## Disclaimer

### Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

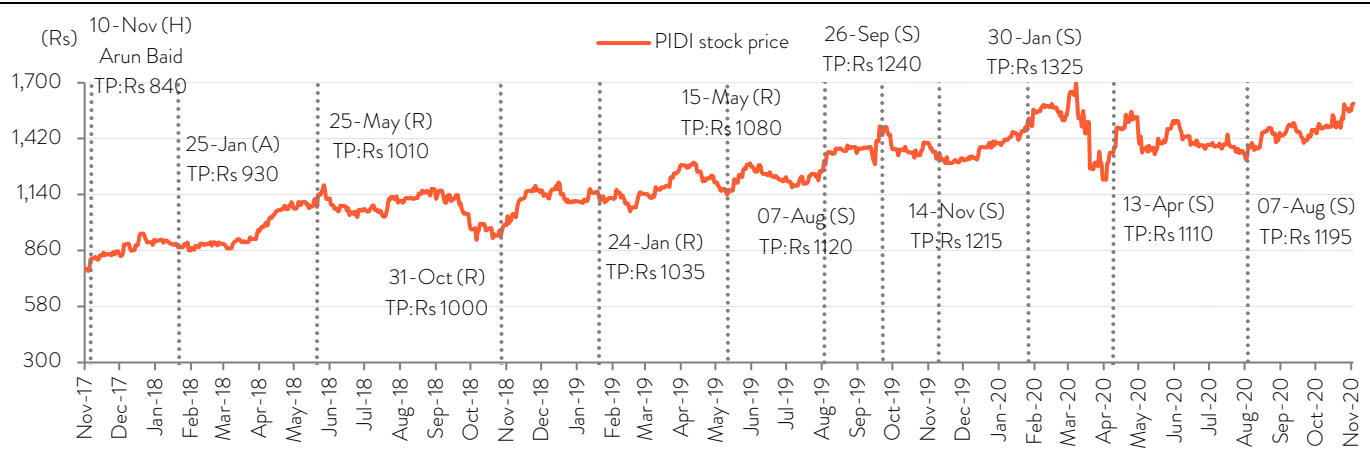
**ADD** – Expected return from >+5% to +15%

**REDUCE** – Expected return from -5% to +5%

**SELL** – Expected return <-5%

**Note:** Recommendation structure changed with effect from 1 January 2018 (Hold rating discontinued and replaced by Add / Reduce)

### RATINGS AND TARGET PRICE (3-YEAR HISTORY): PIDILITE INDUSTRIES (PIDI IN)



B – Buy, A – Add, R – Reduce, S – Sell, H – Hold

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