

**SELL**

TP: Rs 1,870 | ▼ 12%

**PIDILITE INDUSTRIES**

Construction Materials

19 May 2022

**Earnings miss, unabated cost inflation; downgrade to SELL**

- Consolidated Q4 net revenue increased 12% YoY to Rs 25bn as the C&B/B2B segments grew 11%/21%
- Gross margin contracted 730bps YoY to 43.5% due to a spike in VAM price to US\$ 2,600-2700/mt from ~US\$ 1,200/mt in Q4FY21
- We lower FY23/FY24 PAT by 20% each on weak volumes and RM inflation; cut from HOLD to SELL with a reduced TP of Rs 1,870 (vs. Rs 2,445)

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**Underwhelming revenue growth:** PIDI's consolidated Q4FY22 net revenue grew 12% YoY to Rs 25bn on a high base (45% YoY growth in Q4FY21). Consumer & Bazaar (C&B) segment revenue increased 11% YoY to Rs 19.1bn, but segmental EBIT margin shrank 530bps to 21.8%. The B2B segment grew 21% YoY to Rs 6.5bn – here too, EBIT margin was down 290bps to 6.9%.

**Intense RM cost headwinds:** Gross margin contracted 730bps YoY to 43.5% as prices of key raw material VAM soared to US\$ 2,600-2,700/mt vs. ~US\$ 1,200/mt in Q4FY21 (~US\$ 2,500/mt in Dec'21). Thus, EBITDA margin declined by 460bps YoY to 16% and EBITDA fell 13% YoY (-27% QoQ) to Rs 4bn.

**Standalone performance weak:** Net sales grew 12% YoY to Rs 20.8bn with a 10%/24% uptick in C&B/B2B business. C&B EBIT margin contracted 625bps YoY to 23.4% and B2B reported a 550bps decline to 8.9%. Overall gross/EBITDA margin contracted by 910bps/555bps YoY to 42.7%/16.4% and EBITDA fell 16% YoY to Rs 3.4bn.

**Significant near-term inflation worries; value lies much lower:** PIDI witnessed price-led growth while volumes remained subdued in Q4 on account of the pandemic and persistent inflation which hurt consumer demand. We expect sustained demand and margin pressures in the near term due to the likelihood of unabated commodity inflation. Management too acknowledged significant concerns over near-term inflation and its impact on market growth.

**Downgrade to SELL:** We cut our FY23/FY24 PAT estimates by ~20% each to factor in headwinds to growth and raw material costs. At current valuations of 90x FY22E and 70x FY24E EPS, the stock is well above its 5Y median P/E of 65x. In our view, valuations do not adequately price in the risks to growth and margins. We cut our target FY24E P/E multiple from 65x to 62x, translating to a reduced TP of Rs 1,870 (vs. Rs 2,445), and downgrade the stock from HOLD to SELL.

**Key changes**

Target	Rating
▼	▼

Ticker/Price	PIDI IN/Rs 2,118
Market cap	US\$ 13.8bn
Free float	30%
3M ADV	US\$ 13.3mn
52wk high/low	Rs 2,765/Rs 1,922
Promoter/FPI/DII	70%/12%/18%

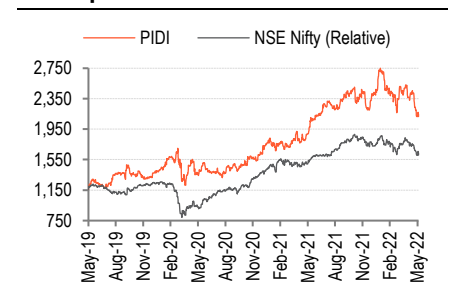
Source: NSE | Price as of 19 May 2022

**Key financials**

Y/E 31 Mar	FY22P	FY23E	FY24E
Total revenue (Rs mn)	99,210	1,03,920	1,19,726
EBITDA (Rs mn)	18,473	19,745	23,347
Adj. net profit (Rs mn)	11,965	12,932	15,307
Adj. EPS (Rs)	23.5	25.4	30.1
Consensus EPS (Rs)	23.5	33.1	38.9
Adj. ROAE (%)	19.9	19.4	21.1
Adj. P/E (x)	89.9	83.2	70.3
EV/EBITDA (x)	58.0	54.4	46.0
Adj. EPS growth (%)	5.5	8.1	18.4

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

**Stock performance**



Source: NSE



## Earnings call highlights

- PIDI witnessed price-led growth in Q4FY22 while volumes were subdued given pandemic-related demand disruptions and sustained input cost inflation. Management expects the demand environment to remain challenging in the near term.
- Prices of key input VAM have hardened from ~US\$ 1,200/mt in Q4FY21 to US\$ 2,600-2,700/mt in Q4FY22 (~US\$ 2,000/mt in Q3FY22).
- In FY22, PIDI's overall sales volume and mix growth stood at 20% YoY with the C&B and B2B segments posting 21% growth each.
- Domestic subsidiaries in C&B registered good sales growth and healthy margins in Q4. Sales growth in B2B subsidiaries is showing signs of revival but EBITDA remained under pressure due to higher input costs.
- Subsidiary PAPL posted revenue of Rs 1.4bn during Q4 with an EBITDA margin of 31.1% vs. 31.3% in the year-ago quarter.
- The company continues to focus on rural/semi-urban markets for deeper product penetration.
- In the international business, revenue from the Americas declined 6% YoY in Q4 on a higher previous-year base which saw pent-up demand as well as benefits passed on to consumers by various governments during Covid-19. Asia revenue grew 21% YoY, but EBITDA margin for the region declined 740bps YoY to 11% on account of input cost inflation. The Middle East reported 23% YoY revenue growth.
- The board has proposed a final dividend of Rs 10/sh.

**Fig 1 – Consolidated quarterly performance**

(Rs mn)	Q4FY22	Q4FY21	YoY (%)	Q3FY22	QoQ (%)	FY22	FY21	YoY (%)
<b>Net revenues</b>	<b>25,071</b>	<b>22,355</b>	<b>12.1</b>	<b>28,507</b>	<b>(12.1)</b>	<b>99,210</b>	<b>72,927</b>	<b>36.0</b>
Raw Material Cost	14,163	10,996	28.8	16,083	(11.9)	54,442	33,767	61.2
Employee cost	2,786	2,627	6.1	2,800	(0.5)	11,124	9,809	13.4
Other expenses	4,111	4,124	(0.3)	4,134	(0.5)	15,171	12,546	20.9
<b>EBITDA</b>	<b>4,011</b>	<b>4,608</b>	<b>(13.0)</b>	<b>5,490</b>	<b>(26.9)</b>	<b>18,473</b>	<b>16,806</b>	<b>9.9</b>
EBITDA margin (%)	16.0	20.6	(461bps)	19.3	(326bps)	18.6	23.0	(443bps)
Depreciation and amortization	622	572	8.7	605	2.9	2,396	2,007	19.4
<b>EBIT</b>	<b>3,389</b>	<b>4,036</b>	<b>(16.0)</b>	<b>4,886</b>	<b>(30.6)</b>	<b>16,077</b>	<b>14,800</b>	<b>8.6</b>
EBIT Margin (%)	13.5	18.1	(454bps)	17.1	(362bps)	16.2	20.3	(409bps)
Net Interest expenses	94	74	25.7	108	(13.0)	421	372	13.0
Foreign exchange gain (loss), net	0	0	n.m.	0	n.m.	0	0	n.m.
Other income	111	173	(35.9)	52	114.9	363	794	(54.3)
<b>EBT and except. Items</b>	<b>3,407</b>	<b>4,135</b>	<b>(17.6)</b>	<b>4,830</b>	<b>(29.5)</b>	<b>16,019</b>	<b>15,221</b>	<b>5.2</b>
Exceptional items	0	(36)	n.m.	0	n.m.	0	(36)	n.m.
<b>Earnings before tax</b>	<b>3,407</b>	<b>4,099</b>	<b>(16.9)</b>	<b>4,830</b>	<b>(29.5)</b>	<b>16,019</b>	<b>15,185</b>	<b>5.5</b>
Income taxes	915	1,038	(11.8)	1,275	(28.2)	4,070	3,964	2.7
Income tax as % of PBT	26.9	25.3	155bps	26.4	47bps	25.4	26.1	(69bps)
<b>Earnings after tax</b>	<b>2,491</b>	<b>3,061</b>	<b>(18.6)</b>	<b>3,555</b>	<b>(29.9)</b>	<b>11,949</b>	<b>11,222</b>	<b>6.5</b>
Profit in associate company	52	13	295.5	37	39.9	119	40	198.5
Minority interest (expense) income	0	(13)	n.m.	8	n.m.	0	51	(100.0)
<b>Net income (loss), reported</b>	<b>2,544</b>	<b>3,098</b>	<b>(17.9)</b>	<b>3,600</b>	<b>(29.3)</b>	<b>12,068</b>	<b>11,348</b>	<b>6.3</b>

Source: Company, BOBCAPS Research

**Fig 2 – Consolidated segmental performance**

(Rs mn)	Q4FY22	Q4FY21	YoY (%)	Q3FY22	QoQ (%)	FY22	FY21	YoY (%)
<b>Revenue</b>								
Consumer & Bazaar Products	19,132	17,303	10.6	22,645	(15.5)	77,944	58,089	34.2
Business to Business	6,453	5,350	20.6	6,186	4.3	22,783	15,754	44.6
Others	188	174	7.9	205	(8.3)	637	385	65.3
<b>Total</b>	<b>25,773</b>	<b>22,827</b>	<b>12.9</b>	<b>29,036</b>	<b>(11.2)</b>	<b>1,01,364</b>	<b>74,228</b>	<b>36.6</b>
Less: Inter Segment revenue	(702)	(472)	48.8	(529)	32.7	(2,155)	(1,301)	65.6
<b>Net revenues</b>	<b>25,071</b>	<b>22,355</b>	<b>12.1</b>	<b>28,507</b>	<b>(12.1)</b>	<b>99,210</b>	<b>72,927</b>	<b>36.0</b>
<b>EBIT</b>								
Consumer & Bazaar Products	4,177	4,692	(11.0)	5,629	(25.8)	19,337	17,736	9.0
Business to Business	444	524	(15.3)	400	11.0	1,527	1,181	29.3
Others	(8)	14	n.m.	(12)	(29.3)	(22)	(18)	17.4
<b>Total</b>	<b>4,613</b>	<b>5,230</b>	<b>(11.8)</b>	<b>6,017</b>	<b>(23.3)</b>	<b>20,842</b>	<b>18,899</b>	<b>10.3</b>
<b>EBIT Margin (%)</b>								
Consumer & Bazaar Products	21.8	27.1	(529bps)	24.9	(302bps)	24.8	30.5	(572bps)
Business to Business	6.9	9.8	(291bps)	6.5	42bps	6.7	7.5	(80bps)
<b>Total</b>	<b>18.4</b>	<b>23.4</b>	<b>(500bps)</b>	<b>21.1</b>	<b>(271bps)</b>	<b>21.0</b>	<b>25.9</b>	<b>(491bps)</b>

Source: Company, BOBCAPS Research

**Fig 3 – Standalone quarterly performance**

(Rs mn)	Q4FY22	Q4FY21	YoY (%)	Q3FY22	QoQ (%)	FY22	FY21	YoY (%)
<b>Net revenues</b>	<b>20,844</b>	<b>18,570</b>	<b>12.2</b>	<b>24,163</b>	<b>(13.7)</b>	<b>83,402</b>	<b>62,163</b>	<b>34.2</b>
Raw material exp	11,936	8,944	33.5	13,729	(13.1)	45,973	28,338	62.2
Employee exp	2,251	2,157	4.3	2,278	(1.2)	9,052	7,878	14.9
Other exp	3,237	3,393	(4.6)	3,376	(4.1)	12,390	10,472	18.3
<b>EBITDA</b>	<b>3,421</b>	<b>4,077</b>	<b>(16.1)</b>	<b>4,781</b>	<b>(28.5)</b>	<b>15,987</b>	<b>15,477</b>	<b>3.3</b>
EBITDA margin (%)	16.4	22.0	(555bps)	19.8	(338bps)	19.2	24.9	(573bps)
Depreciation and amortization	459	393	16.7	444	3.3	1,751	1,471	19.0
<b>EBIT</b>	<b>2,962</b>	<b>3,684</b>	<b>(19.6)</b>	<b>4,337</b>	<b>(31.7)</b>	<b>14,235</b>	<b>14,006</b>	<b>1.6</b>
EBIT Margin (%)	14.2	19.8	(563bps)	17.9	(374bps)	17.1	22.5	(546bps)
Net Interest expenses	49	44	10.9	67	(26.8)	264	170	55.5
Other income	1,055	119	789.2	65	1530.0	2,304	735	213.5
<b>PBT</b>	<b>3,968</b>	<b>3,759</b>	<b>5.6</b>	<b>4,335</b>	<b>(8.5)</b>	<b>16,275</b>	<b>14,571</b>	<b>11.7</b>
Income taxes	786	994	(20.9)	1,110	(29.2)	3,589	3,752	(4.3)
Income tax as % of PBT	19.8	26.4	(662bps)	25.6	(579bps)	22.1	25.7	(370bps)
<b>Earnings after tax, adjusted</b>	<b>3,182</b>	<b>2,765</b>	<b>15.1</b>	<b>3,225</b>	<b>(1.4)</b>	<b>12,686</b>	<b>10,819</b>	<b>17.3</b>
Extraordinary	0	0	n.m.	0		0	(5)	(100.0)
<b>Net income (loss), reported</b>	<b>3,182</b>	<b>2,765</b>	<b>15.1</b>	<b>3,225</b>	<b>(1.4)</b>	<b>12,686</b>	<b>10,815</b>	<b>17.3</b>

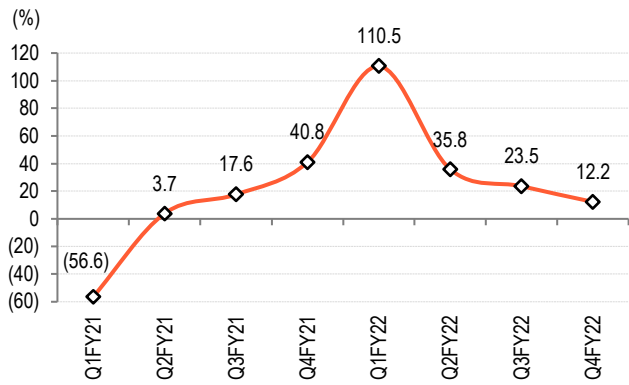
Source: Company, BOBCAPS Research

**Fig 4 – Standalone segmental performance**

(Rs mn)	Q4FY22	Q4FY21	YoY (%)	Q3FY22	QoQ (%)	FY22	FY21	YoY (%)
<b>Revenue</b>								
Consumer & Bazaar Products	15,992	14,510	10.2	19,251	(16.9)	65,792	49,982	31.6
Business to Business	5,234	4,207	24.4	5,117	2.3	18,707	12,827	45.8
Others	188	174	7.9	205	(8.3)	637	385	65.3
<b>Total</b>	<b>21,414</b>	<b>18,891</b>	<b>13.4</b>	<b>24,573</b>	<b>(12.9)</b>	<b>85,136</b>	<b>63,194</b>	<b>34.7</b>
Less: Inter Segment revenue	(570)	(321)	77.6	(410)	39.1	(1,734)	(1,031)	68.2
<b>Net revenues</b>	<b>20,844</b>	<b>18,570</b>	<b>12.2</b>	<b>24,163</b>	<b>(13.7)</b>	<b>83,402</b>	<b>62,163</b>	<b>34.2</b>
<b>EBIT</b>								
Consumer & Bazaar Products	3,735	4,295	(13.0)	5,019	(25.6)	17,191	16,586	3.6
Business to Business	467	606	(22.9)	501	(6.8)	1,936	1,676	15.5
Others	(8)	(11)	n.m.	(12)	(30.8)	(22)	(18)	17.4
<b>Total</b>	<b>4,194</b>	<b>4,890</b>	<b>(14.2)</b>	<b>5,508</b>	<b>(23.8)</b>	<b>19,105</b>	<b>18,244</b>	<b>4.7</b>
<b>EBIT Margin (%)</b>								
Consumer & Bazaar Products	23.4	29.6	(624bps)	26.1	(271bps)	26.1	33.2	(706bps)
Business to Business	8.9	14.4	(548bps)	9.8	(87bps)	10.3	13.1	(272bps)
Others	(4.3)	(6.2)	189bps	(5.7)	140bps	(3.4)	(4.8)	138bps
<b>Total</b>	<b>20.1</b>	<b>26.3</b>	<b>(621bps)</b>	<b>22.8</b>	<b>(267bps)</b>	<b>22.9</b>	<b>29.3</b>	<b>(644bps)</b>

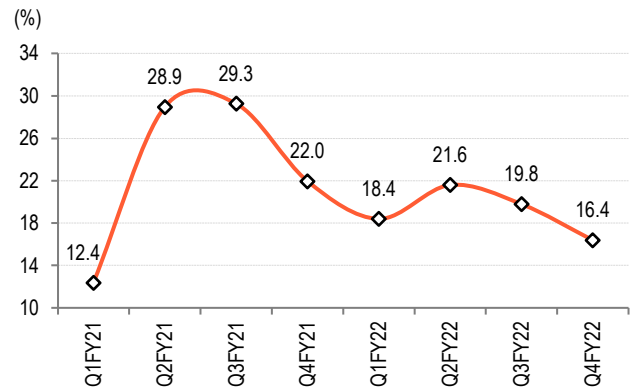
Source: Company, BOBCAPS Research

**Fig 5 – Standalone revenue growth**



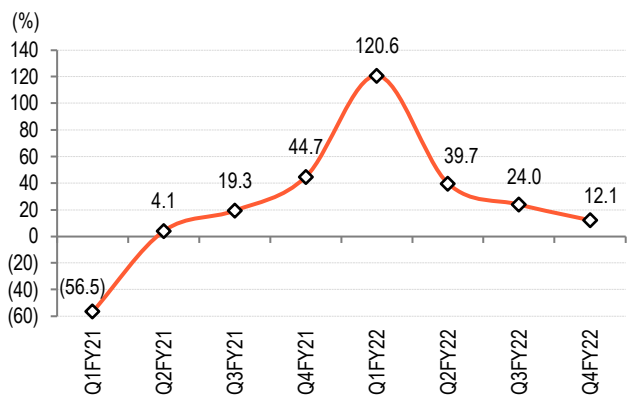
Source: Company, BOBCAPS Research

**Fig 6 – Standalone EBITDA margin**



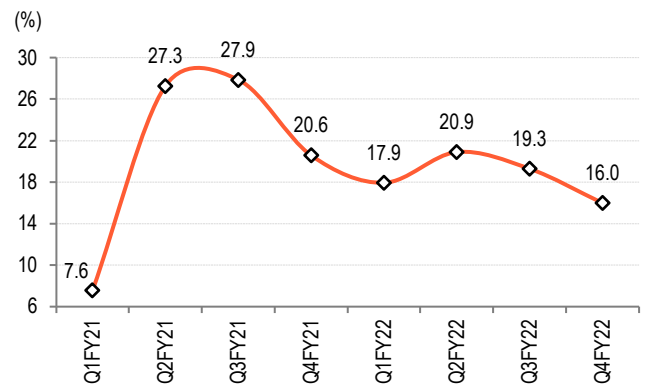
Source: Company, BOBCAPS Research

**Fig 7 – Consolidated revenue growth**



Source: Company, BOBCAPS Research

**Fig 8 – Consolidated EBITDA margin**



Source: Company, BOBCAPS Research

**Fig 9 – Consolidated revenue break-up**



Source: Company, BOBCAPS Research

## Valuation methodology

PIDI witnessed price-led growth while volumes remained subdued in Q4FY22 on account of the pandemic and persistent inflation which hurt consumer demand. We expect sustained demand and margin pressures in the near term due to the likelihood of unabated commodity inflation. Management too acknowledged significant concerns over near-term inflation and its impact on market growth.

We cut our FY23/FY24 PAT estimates by ~20% each to factor in headwinds to growth and raw material costs. At current valuations of 90x FY22E and 70x FY24E EPS, the stock is well above its five-year median P/E of 65x. In our view, valuations do not adequately price in the risks to growth and margins. We cut our target FY24E P/E multiple from 65x to 62x, translating to a reduced TP of Rs 1,870 (vs. Rs 2,445), and downgrade the stock from HOLD to SELL.

**Fig 10 – Revised estimates**

(Rs mn)	New		Old		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Net Sales	103,920	119,726	103,920	119,726	-	-
EBITDA	19,745	23,347	23,694	28,016	(16.7)	(16.7)
EBITDA (%)	19.0	19.5	22.8	23.4	(380bps)	(390bps)
PAT	12,932	15,307	16,113	19,117	(19.7)	(19.9)

Source: BOBCAPS Research

## Key risks

Key upside risks to our estimates are:

- **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 pickup in housing activity:** A stronger revival in the housing market than anticipated can take growth ahead of estimates.

## Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Century Plyboards	CPBI IN	1.5	535	735	BUY
Cera Sanitaryware	CRS IN	0.7	3,910	5,715	BUY
Greenpanel Industries	GREENP IN	0.8	490	595	HOLD
Greenply Industries	MTLM IN	0.3	177	260	BUY
Kajaria Ceramics	KJC IN	2.0	956	1,460	BUY
Pidilite Industries	PIDI IN	13.8	2,118	1,870	SELL
Somany Ceramics	SOMC IN	0.3	596	1,140	BUY

Source: BOBCAPS Research, NSE | Price as of 19 May 2022

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22P	FY23E	FY24E
<b>Total revenue</b>	<b>72,945</b>	<b>72,927</b>	<b>99,210</b>	<b>1,03,920</b>	<b>1,19,726</b>
EBITDA	15,760	16,806	18,473	19,745	23,347
Depreciation	(1,699)	(2,007)	(2,396)	(2,598)	(2,993)
EBIT	14,061	14,800	16,077	17,147	20,353
Net interest inc./(exp.)	(336)	(372)	(421)	(130)	(60)
Other inc./(exp.)	396	794	363	361	282
Exceptional items	0	0	0	0	0
EBT	15,219	15,221	16,019	17,378	20,576
Income taxes	(3,477)	(3,964)	(4,165)	(4,518)	(5,350)
Extraordinary items	(552)	(36)	0	0	0
Min. int./Inc. from assoc.	(26)	91	111	72	81
<b>Reported net profit</b>	<b>11,164</b>	<b>11,312</b>	<b>11,965</b>	<b>12,932</b>	<b>15,307</b>
Adjustments	426	27	0	0	0
<b>Adjusted net profit</b>	<b>11,590</b>	<b>11,339</b>	<b>11,965</b>	<b>12,932</b>	<b>15,307</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22P	FY23E	FY24E
Accounts payables	6,210	10,067	9,598	10,301	11,868
Other current liabilities	9,185	12,958	11,779	11,279	10,779
Provisions	735	829	895	1,045	1,195
Debt funds	1,691	2,139	2,873	850	850
Other liabilities	823	3,980	3,985	3,985	3,985
Equity capital	508	508	508	508	508
Reserves & surplus	44,048	55,421	63,529	68,808	75,056
Shareholders' fund	44,556	55,930	64,037	69,316	75,564
<b>Total liab. and equities</b>	<b>65,357</b>	<b>88,304</b>	<b>95,156</b>	<b>98,829</b>	<b>1,06,370</b>
Cash and cash eq.	7,033	4,515	3,552	4,694	6,009
Accounts receivables	10,885	13,210	14,305	14,236	16,401
Inventories	9,295	12,342	16,951	17,681	20,370
Other current assets	10,157	9,190	6,263	9,065	9,682
Investments	7,197	1,765	4,586	4,723	4,880
Net fixed assets	12,890	14,428	41,170	40,101	40,700
CWIP	2,593	2,939	2,939	2,939	2,939
Intangible assets	5,178	29,751	5,178	5,178	5,178
Deferred tax assets, net	130	166	213	213	213
Other assets	0	0	0	0	0
<b>Total assets</b>	<b>65,357</b>	<b>88,304</b>	<b>95,156</b>	<b>98,829</b>	<b>1,06,370</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22P	FY23E	FY24E
<b>Cash flow from operations</b>	<b>13,474</b>	<b>14,866</b>	<b>10,472</b>	<b>12,615</b>	<b>14,182</b>
Capital expenditures	(4,687)	(24,088)	(2,976)	(3,118)	(3,592)
Change in investments	4,317	5,433	(2,822)	(137)	(157)
Other investing cash flows	33	1,203	0	0	0
<b>Cash flow from investing</b>	<b>(337)</b>	<b>(17,452)</b>	<b>(5,798)</b>	<b>(3,254)</b>	<b>(3,749)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	581	448	734	(2,023)	0
Interest expenses	(336)	(372)	(421)	(130)	(60)
Dividends paid	(8,254)	(7)	(5,951)	(6,064)	(9,058)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(8,009)</b>	<b>69</b>	<b>(5,637)</b>	<b>(8,218)</b>	<b>(9,118)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>5,128</b>	<b>(2,517)</b>	<b>(963)</b>	<b>1,142</b>	<b>1,315</b>
<b>Closing cash &amp; cash eq.</b>	<b>7,032</b>	<b>4,515</b>	<b>3,552</b>	<b>4,694</b>	<b>6,009</b>

### Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22P	FY23E	FY24E
Reported EPS	22.0	22.3	23.5	25.4	30.1
Adjusted EPS	22.8	22.3	23.5	25.4	30.1
Dividend per share	13.5	8.5	11.1	12.0	14.2
Book value per share	87.7	110.1	126.0	136.4	148.7

### Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22P	FY23E	FY24E
EV/Sales	14.7	14.7	10.8	10.3	9.0
EV/EBITDA	68.2	63.9	58.0	54.4	46.0
Adjusted P/E	92.8	94.9	89.9	83.2	70.3
P/BV	24.1	19.2	16.8	15.5	14.2

### DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22P	FY23E	FY24E
Tax burden (Net profit/PBT)	76.2	74.5	74.7	74.4	74.4
Interest burden (PBT/EBIT)	108.2	102.8	99.6	101.3	101.1
EBIT margin (EBIT/Revenue)	19.3	20.3	16.2	16.5	17.0
Asset turnover (Rev./Avg TA)	117.2	94.9	108.2	107.1	116.7
Leverage (Avg TA/Avg Equity)	1.4	1.5	1.5	1.5	1.4
<b>Adjusted ROAE</b>	<b>26.9</b>	<b>22.6</b>	<b>19.9</b>	<b>19.4</b>	<b>21.1</b>

### Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22P	FY23E	FY24E
<b>YoY growth (%)</b>					
Revenue	3.0	0.0	36.0	4.7	15.2
EBITDA	15.2	6.6	9.9	6.9	18.2
Adjusted EPS	30.2	(2.2)	5.5	8.1	18.4
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	21.6	23.0	18.6	19.0	19.5
EBIT margin	19.3	20.3	16.2	16.5	17.0
Adjusted profit margin	15.9	15.5	12.1	12.4	12.8
Adjusted ROAE	26.9	22.6	19.9	19.4	21.1
ROCE	23.3	20.1	18.4	18.0	20.0
<b>Working capital days (days)</b>					
Receivables	54	60	51	50	47
Inventory	100	117	98	113	107
Payables	38	53	44	43	42
<b>Ratios (x)</b>					
Gross asset turnover	2.9	2.5	2.2	1.7	1.9
Current ratio	2.1	1.5	1.8	2.0	2.2
Net interest coverage ratio	41.8	39.8	38.2	131.6	342.1
<b>Adjusted debt/equity</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(0.1)</b>

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

## Disclaimer

### Recommendation scale: Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

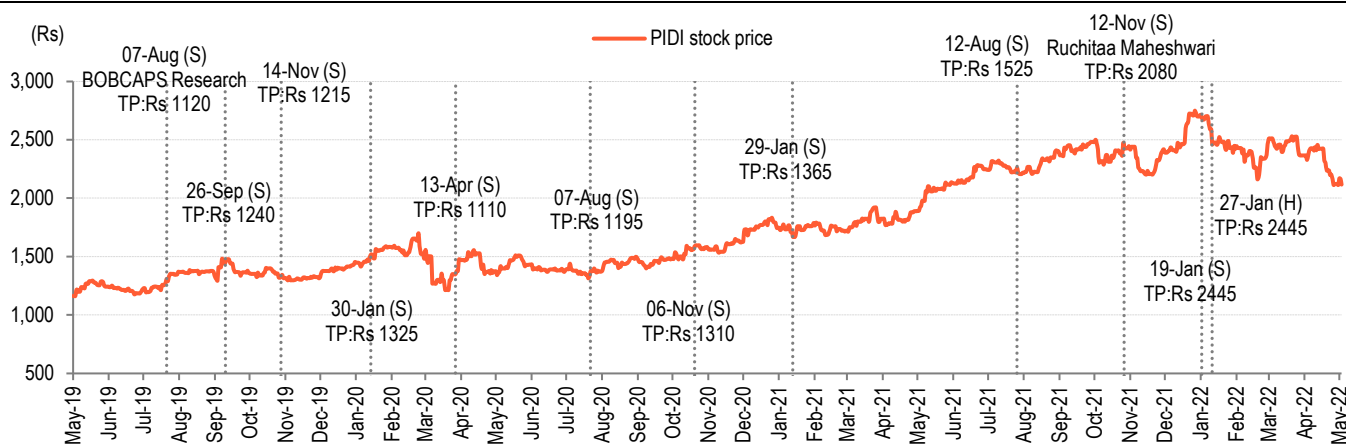
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Ratings and Target Price (3-year history): PIDILITE INDUSTRIES (PIDI IN)



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

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