

Pidilite Industries (PIDI IN)

Rating: BUY | CMP: Rs1,460 | TP: Rs1,734

February 4, 2026

Q3FY26 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current FY27E	Previous FY28E	Current FY27E	Previous FY28E
Rating	BUY	BUY		
Target Price	1,734	1,714		
Sales (Rs. m)	1,62,477	1,80,693	1,62,477	1,80,693
% Chng.	-	-		
EBITDA (Rs. m)	38,221	42,049	37,191	41,067
% Chng.	2.8	2.4		
EPS (Rs.)	26.6	29.5	25.8	28.7
% Chng.	2.9	2.5		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	1,31,403	1,46,930	1,62,477	1,80,693
EBITDA (Rs. m)	30,125	34,935	38,221	42,049
Margin (%)	22.9	23.8	23.5	23.3
PAT (Rs. m)	21,211	24,824	27,051	29,972
EPS (Rs.)	41.7	24.4	26.6	29.5
Gr. (%)	16.6	(41.5)	9.0	10.8
DPS (Rs.)	16.0	15.0	11.5	13.0
Yield (%)	1.1	1.0	0.8	0.9
RoE (%)	23.4	24.4	23.8	23.1
RoCE (%)	28.8	30.2	29.5	28.4
EV/Sales (x)	5.4	9.8	8.8	7.9
EV/EBITDA (x)	23.5	41.3	37.5	33.8
PE (x)	35.0	59.8	54.9	49.6
P/BV (x)	7.6	14.0	12.2	10.8

Key Data

	PIDI.BO PIDI IN
52-W High / Low	Rs.1,575 / Rs.1,306
Sensex / Nifty	83,818 / 25,776
Market Cap	Rs.1,486bn/ \$ 16,436m
Shares Outstanding	1,018m
3M Avg. Daily Value	Rs.939.09m

Shareholding Pattern (%)

Promoter's	69.33
Foreign	12.09
Domestic Institution	9.16
Public & Others	9.42
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.2)	(0.7)	0.1
Relative	1.1	(4.1)	(6.1)

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Growth outlook remains strong

Quick Pointers:

- 3Q UVG at 9.3%, targets 10-12% UVG as exports headwinds peak out and domestic demand further gains momentum
- Gross Margins expected to remain stable amidst benign RM prices. EBITDA Margin guidance at upper band of ~20-24%

PIDI continued to witness strong UVG momentum, led by 9.7% UVG in C&B in 2Q. EBITDA margin expanded 182bps YoY despite elevated Ad spends, supported by healthy GMs of 56.5%. The company remains focused on volume-led, profitable growth, driven by pioneer category development and entry into new segments. B2B sustained growth momentum, led by Project verticals, while industrial products were partially impacted by a decline in exports.

PIDI is well positioned to sustain growth, driven by continuous innovations, strategic tie-ups to introduce technologically advanced products, and 2-4x growth in pioneer and growth categories (45% of sales). Near-term margin outlook remains stable given benign RM prices; however, expansion looks unlikely as PIDI continues to invest in new categories and brand building. We estimate 10% EPS CAGR over FY26–28 and assign a DCF-based target price of Rs1,734 (Rs1714 earlier). The stock trades at rich valuations of 48.5xFY28, however given 15% correction from peak and steady outlook, it offers scope for mid teen returns in next 12-15 months. Retain BUY.

Consolidated Revenues grew by 10.1% YoY to Rs37.1bn (PLe: Rs37.56bn). Gross margins expanded by 218bps YoY to 56.5% (Ple: 54.5%). EBITDA grew by 18.6% YoY to Rs9.5bn (PLe:Rs8.9bn); Margins expanded by 182bps YoY to 25.5% (PLe:23.8%). PBT grew by 19.4% YoY to Rs 9bn (PLe: Rs8.49bn) Adj PAT grew by 20% YoY to Rs6.7bn (PLe:Rs6.32bn). **Consumer and Bazaar** Sales grew by 11.3% YoY to Rs29.7bn; EBIT grew by 16% YoY to 9105.1mn. **Industrial Products** grew by 2.7% YoY to Rs7.8bn; EBIT declined by -10% YoY to 1200.1mn. **C&B** reported 9.7% UVG, while B2B reported UVG of 7.4%.

Standalone – Revenues grew by 10.9% YoY to Rs34.4bn(PLe: Rs34.4bn). Gross margins expanded by 193bps YoY to 55.8% (Ple: 54.2%). EBITDA grew by 18.5% YoY to Rs8.9bn (PLe:Rs8.4bn); Margins expanded by 165bps YoY to 25.8% (PLe:24.6%). PBT grew by 19.4% YoY to Rs 8.6bn(PLe: Rs8.4bn) Adj PAT grew by 20.5% YoY to Rs6.4bn (PLe:Rs6.3bn)

Concall Takeaways: 1) Small town & rural areas seeing strong growth especially in repair and new construction, 2) B2B reported UVG of 7.4% with domestic volume growth at mid teen while export UVG declined by 13.5% due lower exports 3) Company seeing no slowdown in any part of construction segment 4) Input cost declined in Q3 while A&P spends saw an uptick QoQ 5) Project business maintained its growth momentum 6) The domestic operating environment should see incremental improvement, aided by favorable monsoons, sustained indirect benefits of GST 2.0, and policy support from increased infrastructure and

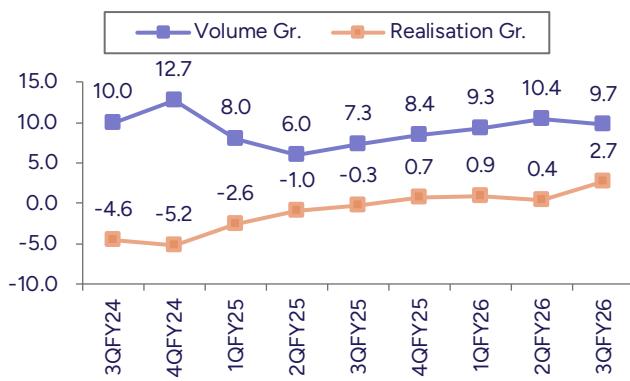
urbanization allocation in the Union Budget. 7) Pigment business was impacted due to geopolitical uncertainty, however, given the recent trade deal the worst is behind 8) Dr fixit, Roff are doing well with demand being robust 9) Pricing actions are expected to remain tactical, not structural with ~100–250 bps pricing support over time where feasible. 10) Retail segment has started gaining traction in water proofing led by newer launches 11) PIDI is aiming for 10-12% volume growth going forward. 12) VAM is now less than 10% of overall RM basket and volatility in prices won't have much impact on GM. 13) Haisha Paints is making steady progress; however, the company is still in the process of establishing a sustainable operating model. 14) VAM prices averaged at ~\$830/ton in Q3 vs \$884/ton YoY 14) EBITDA margin guidance maintained at upper range of 20-24%

Exhibit 1: Revenues up 10.1%, Gross Margins expanded 218bps YoY led by lower raw materials

Consolidated	Q3FY26	Q3FY25	YoY gr. (%)	Q2FY26	9MFY26	9MFY25	YoY gr. (%)
Net Revenue	37,099	33,689	10.1	35,544	1,10,175	99,992	10.2
Gross Profit	20,961	18,301	14.5	19,563	60,837	54,152	12.3
Margin %	56.5	54.3	2.2	55.0	55.2	54.2	1.1
Other Expenditure	11,493	10,318	11.4	11,056	33,452	30,353	10.2
EBITDA	9,468	7,984	18.6	8,507	27,385	23,799	15.1
Margin %	25.5	23.7	1.8	23.9	24.9	23.8	1.1
Depreciation	1,010	895	12.8	1,000	2,976	2,618	13.7
Interest	133	125	6.7	133	403	360	12.0
Other Income	655	558	17.5	502	2,014	1,668	20.7
PBT	8,980	7,522	19.4	7,877	26,019	22,490	15.7
Tax	2,292	1,947	17.8	2,027	6,703	5,778	16.0
Tax rate %	25.5	25.9	(1.4)	25.7	25.8	25.7	0.3
Adj PAT	6,688	5,575	20.0	5,850	19,316	16,711	15.6

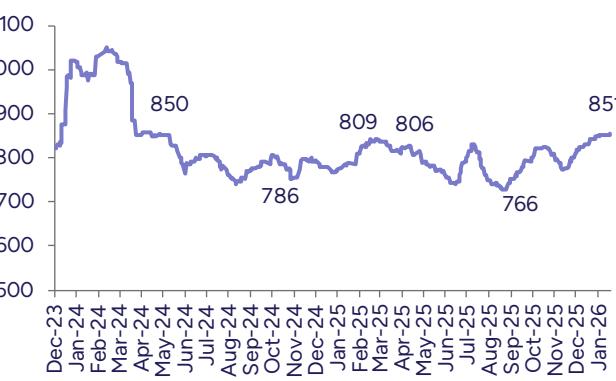
Source: Company, PL

Exhibit 2: C&B UVG grew 9.7% YoY



Source: Company, PL

Exhibit 3: VAM prices are up 6.7% QoQ & 4.5% YoY



Source: Company, PL

Exhibit 4: B2C/ B2B sales grew by 11.3%/2.7%, B2C margin up 118bps YoY

Segmental	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
B2C									
Sales (Rs m)	25413	22472	27408	25805	26726	23976	30067	28365	29742
<i>Growth (%)</i>	4.9	6.4	3.0	2.9	5.2	6.7	9.7	9.9	11.3
EBIT (Rs m)	7704	5448	8039	7710	7865	6178	9458	8575	9105
<i>EBIT Growth %</i>	43.4	19.5	13.6	11.2	2.1	13.4	17.6	11.2	15.8
<i>EBIT margin %</i>	30.3	24.2	29.3	29.9	29.4	25.8	31.5	30.2	30.6
B2B									
Sales (Rs m)	6373	7079	7256	7036	7572	8089	8066	7613	7777
<i>Growth (%)</i>	6.2	11.7	7.0	14.3	18.8	14.3	11.2	8.2	2.7
EBIT (Rs m)	757	835	1103	1040	1335	1415	1329	1158	1200
<i>EBIT Growth %</i>	93.4	18.1	20.3	51.9	76.4	69.4	20.5	11.3	-10.1
<i>EBIT margin %</i>	11.9	11.8	15.2	14.8	17.6	17.5	16.5	15.2	15.4

Source: Company, PL

Domestic subs – B2B exports impact performance

- Sales in domestic subs grew 3.6% led by C&B segment.
- C&B subs registered 13.4% sales growth. Margins grew by 12bps YoY but down 5bps QoQ. EBITDA grew by 27.9% to Rs. 220mn
- B2B sub degrew by 9% YoY. EBITDA came in at Rs.60mn as against 131mn YoY. Margins declined to 6.4% from 12.7% YoY.
- Outlook in emerging B2B and B2C subs in growth and pioneer categories remains robust

Exhibit 5: Domestic subs - margins down due to low exports in B2B business

(Rs mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Consumer & Bazar (C&B)	1,296	1,319	1,331	1,456	1,470
Business to Business (B2B)	1,031	1,151	890	768	940
Total Sales	2327	2470	2221	2224	2410
Sales Growth (YoY)	17	16	11	11	4
Consumer & Bazar (C&B)	20	13	16	17	13
Business to Business (B2B)	13	20	6	1	-9
EBITDA (Rs mn)	303	310	265	192	280
Consumer & Bazar (C&B)	172	174	217	250	220
Business to Business (B2B)	131	136	48	(58)	60
EBITDA margin %	13.0%	12.6%	11.9%	8.6%	11.6%
Consumer & Bazar (C&B)	13.3%	13.2%	16.3%	17.2%	15.0%
Business to Business (B2B)	12.7%	11.8%	5.4%	-7.6%	6.4%
EBITDA growth (YoY)	189	16	32	33	-8
Consumer & Bazar (C&B)	132.4	85.1	41.8	40.4	27.9
Business to Business (B2B)	322.6	(21.8)	-	Loss	(54.2)

Source: Company, PL

IBD –Asia & MENA deliver great set of numbers

International (IBD) sales were up 9.7% YoY while EBITDA improved by 23.3%.

Asia: Sales increased by 12.1% YoY and EBITDA improved by 30.7% YoY to Rs200mn.

Middle East & Africa: Sales improve with 7.3% growth YoY with EBITDA of Rs80mn, Margins expanded by 26bps QoQ to 9.4%

Exhibit 6: Steady performance on all fronts

Subsidiaries	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Sales (Rs. m)	1,595	1,582	1,623	1,724	1,750
Asia	803	856	839	855	900
Middle East & Africa	792	726	784	869	850
Sales growth (YoY)	(19.3)	1.1	6.3	4.4	9.7
Asia	(0.5)	3.8	7.2	5.9	12.1
Middle East & Africa	(1.5)	(1.9)	5.4	3.0	7.3
EBITDA (Rs m)	227.0	230.0	230.0	239.0	280.0
Asia	153.0	164.0	169.0	174.0	200.0
Middle East & Africa	74.0	66.0	61.0	65.0	80.0
EBITDA (margin %)	14.2	14.5	14.2	13.9	16.0
Asia	19.1	19.2	20.1	20.4	22.2
Middle East & Africa	9.3	9.1	7.8	7.5	9.4
EBITDA growth (YoY)	3.2	6.5	8.5	1.7	23.3
Asia	(10.5)	26.2	32.0	3.6	30.7
Middle East & Africa	(12.9)	(23.3)	(27.4)	(3.0)	8.1

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	1,31,403	1,46,930	1,62,477	1,80,693
YoY gr. (%)	6.1	11.8	10.6	11.2
Cost of Goods Sold	59,963	66,276	74,385	83,540
Gross Profit	71,440	80,654	88,092	97,152
Margin (%)	54.4	54.9	54.2	53.8
Employee Cost	17,416	19,424	21,020	23,216
Other Expenses	-	-	-	-
EBITDA	30,125	34,935	38,221	42,049
YoY gr. (%)	11.3	16.0	9.4	10.0
Margin (%)	22.9	23.8	23.5	23.3
Depreciation and Amortization	3,585	3,767	4,221	4,745
EBIT	26,540	31,168	34,001	37,304
Margin (%)	20.2	21.2	20.9	20.6
Net Interest	504	538	601	679
Other Income	2,472	2,741	2,968	3,672
Profit Before Tax	28,509	33,372	36,368	40,298
Margin (%)	21.7	22.7	22.4	22.3
Total Tax	7,265	8,510	9,274	10,276
Effective tax rate (%)	25.5	25.5	25.5	25.5
Profit after tax	21,244	24,862	27,094	30,022
Minority interest	-	-	-	-
Share Profit from Associate	(33)	(38)	(43)	(50)
Adjusted PAT	21,211	24,824	27,051	29,972
YoY gr. (%)	16.6	17.0	9.0	10.8
Margin (%)	16.1	16.9	16.6	16.6
Extra Ord. Income / (Exp)	(249)	-	-	-
Reported PAT	20,962	24,824	27,051	29,972
YoY gr. (%)	20.0	18.4	9.0	10.8
Margin (%)	16.0	16.9	16.6	16.6
Other Comprehensive Income	(57)	-	-	-
Total Comprehensive Income	20,905	24,824	27,051	29,972
Equity Shares O/s (m)	509	1,017	1,017	1,017
EPS (Rs)	41.7	24.4	26.6	29.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	64,197	69,476	75,387	82,087
Tangibles	48,327	53,975	60,255	67,323
Intangibles	15,870	15,501	15,132	14,763
Acc: Dep / Amortization	19,966	23,364	27,216	31,592
Tangibles	19,966	23,364	27,216	31,592
Intangibles	-	-	-	-
Net fixed assets	44,231	46,111	48,171	50,495
Capital Work In Progress	1,290	1,510	1,750	1,990
Goodwill	12,822	12,822	12,822	12,822
Non-Current Investments	4,657	4,773	4,892	5,015
Net Deferred tax assets	(3,776)	(3,969)	(4,280)	(4,664)
Other Non-Current Assets	2,218	2,498	2,762	3,072
Current Assets				
Investments	31,620	38,009	48,660	61,265
Inventories	16,851	16,342	19,360	22,888
Trade receivables	18,112	20,458	22,623	25,159
Cash & Bank Balance	3,362	4,417	5,068	4,923
Other Current Assets	3,940	2,939	3,250	3,614
Total Assets	1,40,115	1,50,972	1,70,655	1,92,755
Equity				
Equity Share Capital	509	1,017	1,017	1,017
Other Equity	97,036	1,05,153	1,20,350	1,36,942
Total Networth	97,545	1,06,170	1,21,367	1,37,959
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	1,344	1,245	1,295	1,440
Other non current liabilities	2,202	3,005	3,746	4,662
Current Liabilities				
ST Debt / Current of LT Debt	1,472	1,472	1,472	1,472
Trade payables	13,901	14,526	16,304	18,310
Other current liabilities	17,526	18,653	20,747	23,232
Total Equity & Liabilities	1,40,115	1,51,691	1,72,172	1,95,018

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	28,509	33,372	36,368	40,298
Add. Depreciation	3,585	3,767	4,221	4,745
Add. Interest	504	538	601	679
Less Financial Other Income	2,472	2,741	2,968	3,672
Add. Other	(2,529)	(2,741)	(2,968)	(3,672)
Op. profit before WC changes	30,068	34,935	38,221	42,049
Net Changes-WC	(12,880)	(4,848)	(12,138)	(13,605)
Direct tax	(7,265)	(8,510)	(9,274)	(10,276)
Net cash from Op. activities	9,923	21,578	16,809	18,168
Capital expenditures	(5,940)	(5,868)	(6,520)	(7,308)
Interest / Dividend Income	2,472	2,741	2,968	3,672
Others	(278)	(135)	(143)	(152)
Net Cash from Inv. activities	(3,745)	(3,262)	(3,695)	(3,788)
Issue of share cap. / premium	613	(784)	-	-
Debt changes	160	-	-	-
Dividend paid	(8,138)	(15,258)	(11,698)	(13,224)
Interest paid	(504)	(538)	(601)	(679)
Others	(222)	-	-	-
Net cash from Fin. activities	(8,090)	(16,580)	(12,298)	(13,902)
Net change in cash	(1,912)	1,736	815	478
Free Cash Flow	3,983	15,710	10,289	10,860

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E	
Per Share(Rs)					
EPS		41.7	24.4	26.6	29.5
CEPS		48.8	28.1	30.7	34.1
BVPS		191.8	104.4	119.3	135.6
FCF		7.8	15.4	10.1	10.7
DPS		16.0	15.0	11.5	13.0
Return Ratio(%)					
RoCE		28.8	30.2	29.5	28.4
ROIC		25.2	28.7	29.1	29.5
RoE		23.4	24.4	23.8	23.1
Balance Sheet					
Net Debt : Equity (x)		(0.3)	(0.4)	(0.4)	(0.5)
Net Working Capital (Days)		59	55	58	60
Valuation(x)					
PER		35.0	59.8	54.9	49.6
P/B		7.6	14.0	12.2	10.8
P/CEPS		30.0	52.0	47.5	42.8
EV/EBITDA		23.5	41.3	37.5	33.8
EV/Sales		5.4	9.8	8.8	7.9
Dividend Yield (%)		1.1	1.0	0.8	0.9

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	31,411	37,531	35,544	37,099
YoY gr. (%)	8.2	10.5	9.9	10.1
Raw Material Expenses	14,123	17,218	15,982	16,138
Gross Profit	17,288	20,314	19,563	20,961
Margin (%)	55.0	54.1	55.0	56.5
EBITDA	6,326	9,410	8,507	9,468
YoY gr. (%)	9.6	15.8	10.7	18.6
Margin (%)	20.1	25.1	23.9	25.5
Depreciation / Depletion	967	967	1,000	1,010
EBIT	5,359	8,443	7,508	8,458
Margin (%)	17.1	22.5	21.1	22.8
Net Interest	144	138	133	133
Other Income	804	857	502	655
Profit before Tax	6,019	9,162	7,877	8,980
Margin (%)	19.2	24.4	22.2	24.2
Total Tax	1,487	2,383	2,027	2,292
Effective tax rate (%)	24.7	26.0	25.7	25.5
Profit after Tax	4,532	6,779	5,850	6,688
Minority interest	-	-	-	-
Share Profit from Associates	(8)	2	(4)	(2)
Adjusted PAT	4,524	6,781	5,846	6,686
YoY gr. (%)	20.4	18.7	8.2	20.0
Margin (%)	14.4	18.1	16.4	18.0
Extra Ord. Income / (Exp)	(249)	-	-	(447)
Reported PAT	4,275	6,781	5,846	6,238
YoY gr. (%)	40.5	18.7	8.2	12.0
Margin (%)	13.6	18.1	16.4	16.8
Other Comprehensive Income	53	(6)	123	10
Total Comprehensive Income	4,328	6,775	5,969	6,248
Avg. Shares O/s (m)	508	508	508	1,018
EPS (Rs)	8.9	13.3	11.5	6.6

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-26	BUY	1,714	1,515
2	31-Oct-25	BUY	1,714	1,445
3	08-Oct-25	BUY	1,714	1,471
4	07-Aug-25	BUY	3,427	3,051
5	09-Jul-25	BUY	3,428	3,060
6	12-May-25	BUY	3,428	2,980
7	09-Apr-25	Accumulate	3,318	2,931
8	19-Mar-25	Accumulate	3,318	2,738

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,464	2,628
2	Avenue Supermarts	Hold	3,783	3,801
3	Britannia Industries	BUY	6,761	6,185
4	Colgate Palmolive	Hold	2,319	2,113
5	Dabur India	Hold	525	510
6	Emami	Accumulate	582	526
7	Hindustan Unilever	Accumulate	2,669	2,399
8	ITC	Reduce	314	319
9	Jubilant FoodWorks	BUY	666	537
10	Kansai Nerolac Paints	Accumulate	255	238
11	Marico	Accumulate	801	746
12	Metro Brands	Hold	1,181	1,026
13	Mold-tek Packaging	Accumulate	746	608
14	Nestle India	Hold	1,394	1,333
15	Pidilite Industries	BUY	1,714	1,515
16	Restaurant Brands Asia	Accumulate	81	64
17	Titan Company	BUY	4,600	4,273
18	Westlife Foodworld	Hold	579	525

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

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