

May 19, 2022

## Q4FY22 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	HOLD		HOLD	
Target Price	2,389		2,417	
Sales (Rs. m)	1,16,627	1,31,008	1,17,061	1,31,491
% Chng.	(0.4)	(0.4)		
EBITDA (Rs. m)	21,393	28,861	21,476	28,973
% Chng.	(0.4)	(0.4)		
EPS (Rs.)	28.0	39.4	28.6	39.9
% Chng.	(2.1)	(1.2)		

### Key Financials - Consolidated

Y/e Mar	FY21	FY22	FY23E	FY24E
Sales (Rs. m)	72,927	99,210	1,16,627	1,31,008
EBITDA (Rs. m)	16,806	18,473	21,393	28,861
Margin (%)	23.0	18.6	18.3	22.0
PAT (Rs. m)	11,298	12,068	14,233	20,018
EPS (Rs.)	22.2	23.7	28.0	39.4
Gr. (%)	(4.1)	6.8	17.9	40.6
DPS (Rs.)	-	8.5	10.0	11.0
Yield (%)	-	0.4	0.5	0.5
RoE (%)	22.5	20.1	20.7	24.8
RoCE (%)	28.4	25.7	26.4	31.3
EV/Sales (x)	14.7	10.8	9.1	8.0
EV/EBITDA (x)	63.8	58.1	49.8	36.5
PE (x)	95.3	89.2	75.6	53.8
P/BV (x)	19.2	16.8	14.7	12.2

### Key Data

### PIDI.BO | PIDI IN

52-W High / Low	Rs.2,765 / Rs.1,875
Sensex / Nifty	52,792 / 15,809
Market Cap	Rs.1,076bn/ \$ 13,850m
Shares Outstanding	508m
3M Avg. Daily Value	Rs.1075.69m

### Shareholding Pattern (%)

Promoter's	69.94
Foreign	11.57
Domestic Institution	7.30
Public & Others	11.19
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(9.0)	(13.2)	10.3
Relative	(2.7)	(1.9)	4.2

### Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

### Harish Advani

harishadvani@plindia.com | 91-22-66322242

### Aashi Rara

aashirara@plindia.com | 91-22-66322381

# Pidilite Industries (PIDI IN)

Rating: HOLD | CMP: Rs2,118 | TP: Rs2,389

## Expect 2H23 recovery in demand and margins

### Quick Pointers:

- Demand outlook remained soft in rural & semi urban areas, expect revival post monsoon in 2HFY23.
- Calibrated price hikes over 5-15% in different categories; GM bottomed out.

**We are marginally cutting FY23/24 EPS estimates by 2.1%/1.2% which factors in margin pressure in 1Q23 followed by gradual improvement. PIDI has given cautiously optimistic outlook with margins nearing bottom along with an expected demand recovery in 2H23. Near term rural & semi urban demand looks soft due to steep inflation & price hikes, while urban demand remains steady. Long term prospects remain intact led by 1) aggressive innovation in core & growth categories 2) adjacent segments like tiles and marble grouts adhesives to be next growth drivers 3) market leadership in a low penetrated waterproofing segment and 4) focus to improve distribution reach and quality in next 3-5 years. We expect 26.0% EPS CAGR over FY22-24 and assign a DCF based TP of Rs2389 (earlier 2417). Potential loss of leadership in waterproofing to APNT is a key risk to our call. Retain 'Hold'.**

**GM declined by 730 bps; Volumes subdued:** Consolidated revenues grew by 12.1% YoY to Rs25.1bn (PL: Rs23.1bn). Underlying sales volume & mix grew by 19.9%; driven by 20.2% growth in both C&B/ B2B. Gross margins contracted by 730bps YoY to 43.5% (PL: 47.3%). EBITDA declined by 13% YoY to Rs4bn (PL: Rs6.5bn). Margins contracted by 461bps YoY to 16% (PL:20.0%). Gross margin impact could only be partly offset, despite calibrated price action and operational efficiencies. PBT declined by 17.6% YoY to Rs 3.4bn (PL: Rs4.3bn). Adj PAT declined by 19.6% YoY to Rs2.5bn (PL: Rs2.9bn).

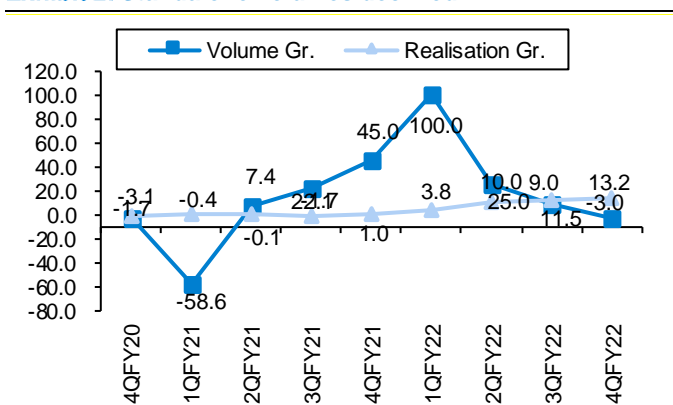
**Consumer and Bazaar** Sales grew by 10.6% YoY to Rs19.1bn; EBIT declined by 11% YoY to Rs 4.2 bn. **Industrial Products** grew by 20.6% YoY to Rs6.5bn; EBIT declined by 15% YoY to Rs 444mn. **Subsidiaries** Sales grew by 11.7% YoY to Rs4.2bn; EBITDA grew by 11.2% YoY to Rs 590mn. PAPL (Huntsman) revenue at Rs1.4bn up 26.9% YoY and EBITDA at Rs432mn up 25.9% YoY, margins at 31.1%.

**Concall Takeaways:** 1) Margins soften further due to steep inflation, partially offset by increase in Price and cost control initiatives. 2) In FY22, 5-15% price hike taken across categories. 3) Domestic subsidiary sales growth will be driven by improvement in real estates and construction activity. 4) Near term demand outlook looks tepid in rural & semi urban areas. Good monsoon & front loaded govt spends will likely drive demand from H2FY23. 5) VAM prices increased to USD2420/MT in 4Q22 versus USD1180 in 4Q21, current prices are USD2700/MT, up 11.6% QoQ 6) Consistently adding adjacencies like tiles. 7) Set up 10 new facilities; 12 more facilities under construction and will be completed in a year. 8) Innovations to contribute 1/3rd of total revenues in next 2-5 years. 9) Plans to launch one new product from each division, every quarter. 10) Inventory buildup in 4Q22 for preparation of strong quarter.

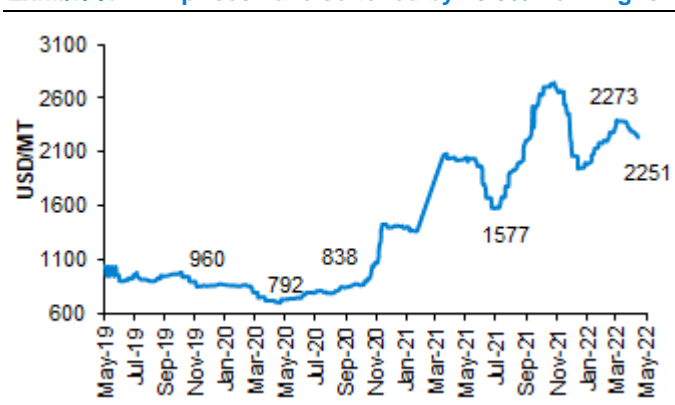
**Exhibit 1: EBITDA margins contract 460 bps YoY on the back of Input cost inflation**

Consolidated	4QFY22	4QFY21	YoY gr. (%)	3QFY22	FY22	FY21	YoY gr. (%)
<b>Net Revenue</b>	<b>25,071</b>	<b>22,355</b>	<b>12.1</b>	<b>28,507</b>	<b>99,210</b>	<b>72,927</b>	<b>36.0</b>
Gross Profit	10,908	11,359	(4.0)	12,425	44,768	39,160	14.3
Margin %	43.5	50.8	(7.3)	43.6	45.1	53.7	(8.6)
Other Expenditure	6,898	6,751	2.2	6,934	26,295	22,354	17.6
<b>EBITDA</b>	<b>4,011</b>	<b>4,608</b>	<b>(13.0)</b>	<b>5,490</b>	<b>18,473</b>	<b>16,806</b>	<b>9.9</b>
Margin %	16.0	20.6	(4.6)	19.3	18.6	23.0	(4.4)
Depreciation	622	572	8.7	605	2,396	2,007	19.4
Interest	94	74	25.7	108	421	372	13.0
Other Income	111	173	(35.9)	52	363	794	(54.3)
<b>PBT</b>	<b>3,407</b>	<b>4,135</b>	<b>(17.6)</b>	<b>4,830</b>	<b>16,019</b>	<b>15,221</b>	<b>5.2</b>
Tax	915	1,038	(11.8)	1,275	4,070	3,964	2.7
Tax rate %	26.9	25.1		26.4	25.4	26.0	
<b>Adj PAT</b>	<b>2,491</b>	<b>3,097</b>	<b>(19.6)</b>	<b>3,555</b>	<b>11,949</b>	<b>11,258</b>	<b>6.1</b>

Source: Company, PL

**Exhibit 2: Standalone volumes declined**


Source: Company, PL

**Exhibit 3: VAM prices have softened by 18.5% from highs**


Source: Company, PL

**Exhibit 4: C&B Sales grew 10.6% while Industrial products grew 20.6%; margins remain under pressure**

Segmental	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
<b>Consumer and Bazaar</b>									
<b>Sales (Rs m)</b>	11194	7020	15277	18489	17303	14862	21304	22645	19132
Growth (%)	-6.5	-55.4	-0.5	25.1	54.6	111.7	39.5	22.5	10.6
<b>EBIT (Rs m)</b>	2791	1320	5324	6451	4692	3704	5827	5629	4177
EBIT Growth %	-2.9	-71.5	36.9	43.5	68.1	180.6	9.5	-12.7	-11.0
EBIT margin %	24.9	18.8	34.8	34.9	27.1	24.9	27.4	24.9	21.8
<b>Industrial Products</b>									
<b>Sales (Rs m)</b>	4411	1882	3771	4751	5350	4820	5324	6186	6453
Growth (%)	-3.0	-59.0	30.1	2.7	21.3	156.1	41.2	30.2	20.6
<b>EBIT (Rs m)</b>	727	-227	290	558	524	420	263	400	444
EBIT Growth %	28.8	-150.1	-44.8	-18.1	-27.9	-285.4	-9.4	-28.3	-15.3
EBIT margin %	16.5	-12.0	7.7	11.7	9.8	8.7	4.9	6.5	6.9

Source: Company, PL

## PAPL (Huntsman) margins at 31.1%

- Domestic subsidiaries in C&B registered double-digit sales growth. Margins continued to remain under pressure due to higher input cost.
- B2B business witnessed signs of recovery, but EBITDA remained under pressure due to high input costs.
- PAPL sales grew by 26.9% YoY to Rs 1.4bn, while margins stood strong at 31.1%

### Exhibit 5: Domestic subsidiaries witnessed 15.3% YoY revenue growth while EBITDA margins at 16.2%

	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22
<b>Sales - (Rs mn)</b>								
NINA Percept	75	359	612	721	575	543	628	840
ICA-Pidilite	117	464	586	615	400	737	801	784
CIPY	76	188	302	331	253	298	388	330
PAPL (Huntsman)			591	1096	717	1355	1494	1391
Others	27	219	102	253	72	121	91	133
<b>Total</b>	<b>295</b>	<b>1230</b>	<b>2193</b>	<b>3016</b>	<b>2017</b>	<b>3054</b>	<b>3402</b>	<b>3478</b>
<b>Sales Growth (YoY)</b>								
NINA & Percept	-88.2%	-35.5%	-22.2%	3.0%	666.7%	51.3%	2.6%	16.5%
ICA-Pidilite	-78.1%	1.1%	23.9%	56.9%	241.9%	58.8%	36.7%	27.5%
CIPY	-76.1%	-24.2%	-10.9%	7.1%	232.9%	58.5%	28.5%	-0.3%
PAPL (Huntsman)			NA	NA	NA	NA	152.8%	26.9%
Others	-83.9%	59.9%	-32.5%	65.4%	166.7%	-44.7%	-10.8%	-47.4%
<b>Total</b>	<b>-82.2%</b>	<b>-12.2%</b>	<b>25.3%</b>	<b>94.1%</b>	<b>583.7%</b>	<b>148.3%</b>	<b>55.1%</b>	<b>15.3%</b>
<b>EBITDA (Rs mn)</b>								
NINA & Percept	-153	-65	-17	-39	-75	-96	-59	-24
ICA-Pidilite	-57	112	145	63	48	140	97	126
CIPY	-61	-8	38	48	23	26	47	28
PAPL (Huntsman)			258	343	223	473	480	432
Others	-37	30	17	9	-2	14	1	0
<b>Total</b>	<b>-308</b>	<b>69</b>	<b>441</b>	<b>424</b>	<b>217</b>	<b>557</b>	<b>566</b>	<b>562</b>
<b>EBITDA margin %</b>								
NINA & Percept	-204.0%	-18.1%	-2.8%	-5.4%	-13.0%	-17.7%	-9.4%	-2.9%
ICA-Pidilite	-48.7%	24.1%	24.7%	10.2%	12.0%	19.0%	12.1%	16.1%
CIPY	-80.3%	-4.3%	12.6%	14.5%	9.1%	8.7%	12.1%	8.5%
PAPL (Huntsman)			43.7%	31.3%	31.1%	34.9%	32.1%	31.1%
Others	-137.0%	13.7%	16.7%	3.6%	-2.8%	11.6%	1.1%	0.0%
<b>Total</b>	<b>-104.4%</b>	<b>5.6%</b>	<b>20.1%</b>	<b>14.1%</b>	<b>10.8%</b>	<b>18.2%</b>	<b>16.6%</b>	<b>16.2%</b>
<b>EBITDA growth (YoY)</b>								
NINA & Percept	-342.9%	306.3%	-121.3%	129.4%	-51.0%	47.7%	247.1%	-38.5%
ICA-Pidilite	-205.6%	57.7%	85.9%	57.5%	-184.2%	25.0%	-33.1%	100.0%
CIPY	-269.4%	-133.3%	-44.1%	84.6%	-137.7%	-425.0%	23.7%	-41.7%
PAPL (Huntsman)			NA	NA	NA	NA	86.0%	25.9%
Others	-260.9%	150.0%	142.9%	-55.0%	-94.6%	-53.3%	-94.1%	-100.0%
<b>Total</b>	<b>-275.0%</b>	<b>-24.2%</b>	<b>89.3%</b>	<b>514.5%</b>	<b>-170.5%</b>	<b>707.2%</b>	<b>28.3%</b>	<b>32.5%</b>

Source: Company, PL

## IBD impacted by global supply disruptions & RM inflation

International business (IBD) reported double-digit sales (10.1% YoY) growth amidst high inflation & currency devaluation. Americas revenues declined on account of high base in previous year, while subsidiaries in Asia continued with growth momentum. Modest revenue growth witnessed in Middle East & Africa. Margins across regions remained under pressure due to high input cost.

**Americas** sales de-grew 6.1% YoY. EBITDA was at Rs 24mn. **Asia:** Sales grew 21.1% with EBITDA of Rs 91mn. **Middle East & Africa** sales grew by 13.5% with EBITDA loss of Rs 14mn.

### Exhibit 6: EBITDA Margins declined sharply due to inflationary pressures

Subsidiaries	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22
<b>Sales (Rs. m)</b>	<b>1,740</b>	<b>1,672</b>	<b>1,783</b>	<b>1,874</b>	<b>1,915</b>
Americas	571	515	647	534	536
Asia	681	676	628	809	825
Middle East & Africa	488	481	508	531	554
<b>Sales growth (YoY)</b>	<b>28.4</b>	<b>75.4</b>	<b>2.7</b>	<b>3.0</b>	<b>10.1</b>
Americas	47.2	34.5	(19.8)	(24.6)	(6.1)
Asia	20.7	123.1	14.4	18.8	21.1
Middle East & Africa	21.1	80.1	33.7	23.5	13.5
<b>EBITDA (Rs m)</b>	<b>126.0</b>	<b>176.0</b>	<b>136.0</b>	<b>146.0</b>	<b>53.0</b>
Americas	16.0	53.0	60.0	7.0	(24.0)
Asia	128.0	129.0	86.0	151.0	91.0
Middle East & Africa	(18.0)	(6.0)	(10.0)	(12.0)	(14.0)
<b>EBITDA (margin %)</b>	<b>7.2</b>	<b>10.5</b>	<b>7.6</b>	<b>7.8</b>	<b>2.8</b>
Americas	2.8	10.3	9.3	1.3	(4.5)
Asia	18.8	19.1	13.7	18.7	11.0
Middle East & Africa	(3.7)	(1.2)	(2.0)	(2.3)	(2.5)

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
<b>Net Revenues</b>	<b>72,927</b>	<b>99,210</b>	<b>1,16,627</b>	<b>1,31,008</b>
YoY gr. (%)	0.0	36.0	17.6	12.3
Cost of Goods Sold	33,767	54,442	63,228	66,042
Gross Profit	39,160	44,768	53,399	64,966
Margin (%)	53.7	45.1	45.8	49.6
Employee Cost	9,809	11,124	13,733	15,053
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>16,806</b>	<b>18,473</b>	<b>21,393</b>	<b>28,861</b>
YoY gr. (%)	6.6	9.9	15.8	34.9
Margin (%)	23.0	18.6	18.3	22.0
Depreciation and Amortization	2,007	2,396	2,578	2,905
<b>EBIT</b>	<b>14,800</b>	<b>16,077</b>	<b>18,815</b>	<b>25,956</b>
Margin (%)	20.3	16.2	16.1	19.8
Net Interest	372	421	466	509
Other Income	794	363	685	1,341
<b>Profit Before Tax</b>	<b>15,221</b>	<b>16,019</b>	<b>19,034</b>	<b>26,788</b>
Margin (%)	20.9	16.1	16.3	20.4
Total Tax	3,964	4,070	4,854	6,831
Effective tax rate (%)	26.0	25.4	25.5	25.5
<b>Profit after tax</b>	<b>11,258</b>	<b>11,949</b>	<b>14,180</b>	<b>19,957</b>
Minority interest	-	-	-	-
Share Profit from Associate	40	119	53	61
<b>Adjusted PAT</b>	<b>11,298</b>	<b>12,068</b>	<b>14,233</b>	<b>20,018</b>
YoY gr. (%)	(4.0)	6.8	17.9	40.6
Margin (%)	15.5	12.2	12.2	15.3
Extra Ord. Income / (Exp)	(36)	-	-	-
<b>Reported PAT</b>	<b>11,261</b>	<b>12,068</b>	<b>14,233</b>	<b>20,018</b>
YoY gr. (%)	0.4	7.2	17.9	40.6
Margin (%)	15.4	12.2	12.2	15.3
Other Comprehensive Income	(109)	(221)	-	-
Total Comprehensive Income	11,153	11,847	14,233	20,018
<b>Equity Shares O/s (m)</b>	<b>508</b>	<b>508</b>	<b>508</b>	<b>508</b>
<b>EPS (Rs)</b>	<b>22.2</b>	<b>23.7</b>	<b>28.0</b>	<b>39.4</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>44,000</b>	<b>46,614</b>	<b>49,532</b>	<b>52,852</b>
Tangibles	27,089	30,027	32,585	35,798
Intangibles	16,911	16,586	16,947	17,054
<b>Acc: Dep / Amortization</b>	<b>12,648</b>	<b>14,781</b>	<b>17,168</b>	<b>19,880</b>
Tangibles	12,648	14,781	17,168	19,880
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>31,340</b>	<b>34,165</b>	<b>32,364</b>	<b>32,971</b>
Tangibles	14,428	17,578	15,417	15,917
Intangibles	16,911	16,586	16,947	17,054
Capital Work In Progress	2,939	2,254	3,615	4,015
Goodwill	12,840	12,868	12,868	12,868
Non-Current Investments	3,954	3,545	3,634	3,725
Net Deferred tax assets	(3,814)	(3,772)	(3,653)	(3,774)
Other Non-Current Assets	1,913	1,955	3,032	3,406
<b>Current Assets</b>				
Investments	1,765	1,735	11,497	21,870
Inventories	12,342	16,951	20,441	20,808
Trade receivables	13,210	14,305	18,426	20,341
Cash & Bank Balance	4,515	3,552	2,593	3,799
Other Current Assets	2,301	2,581	2,713	3,044
<b>Total Assets</b>	<b>88,304</b>	<b>95,156</b>	<b>1,12,429</b>	<b>1,28,096</b>
<b>Equity</b>				
Equity Share Capital	508	508	508	508
Other Equity	55,420	63,529	72,940	87,418
<b>Total Network</b>	<b>55,929</b>	<b>64,037</b>	<b>73,448</b>	<b>87,926</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	124	17	108	102
Provisions	580	718	754	847
Other non current liabilities	807	960	1,792	2,225
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	2,015	2,856	2,015	2,015
Trade payables	10,067	10,493	14,724	13,570
Other current liabilities	12,266	9,901	13,262	15,055
<b>Total Equity &amp; Liabilities</b>	<b>88,304</b>	<b>95,156</b>	<b>1,12,428</b>	<b>1,28,096</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY21	FY22	FY23E	FY24E
PBT	15,221	16,857	19,034	26,788
Add. Depreciation	2,007	2,507	2,578	2,905
Add. Interest	372	501	466	509
Less Financial Other Income	794	363	685	1,341
Add. Other	(903)	(381)	(685)	(1,341)
Op. profit before WC changes	16,698	19,484	21,393	28,861
Net Changes-WC	10,627	(7,712)	(10,355)	(12,135)
Direct tax	(3,964)	(4,299)	(4,854)	(6,831)
<b>Net cash from Op. activities</b>	<b>23,361</b>	<b>7,473</b>	<b>6,185</b>	<b>9,896</b>
Capital expenditures	(28,464)	(4,677)	(2,138)	(3,913)
Interest / Dividend Income	794	381	685	1,341
Others	1,309	590	(19)	(13)
<b>Net Cash from Invt. activities</b>	<b>(26,361)</b>	<b>(3,705)</b>	<b>(1,472)</b>	<b>(2,585)</b>
Issue of share cap. / premium	134	(227)	210	-
Debt changes	448	735	(751)	(6)
Dividend paid	-	(4,320)	(5,082)	(5,590)
Interest paid	(372)	(501)	(466)	(509)
Others	294	(361)	361	-
<b>Net cash from Fin. activities</b>	<b>503</b>	<b>(4,673)</b>	<b>(5,728)</b>	<b>(6,105)</b>
<b>Net change in cash</b>	<b>(2,497)</b>	<b>(906)</b>	<b>(1,015)</b>	<b>1,206</b>
Free Cash Flow	(5,103)	2,796	4,047	5,983

Source: Company Data, PL Research

**Key Financial Metrics**

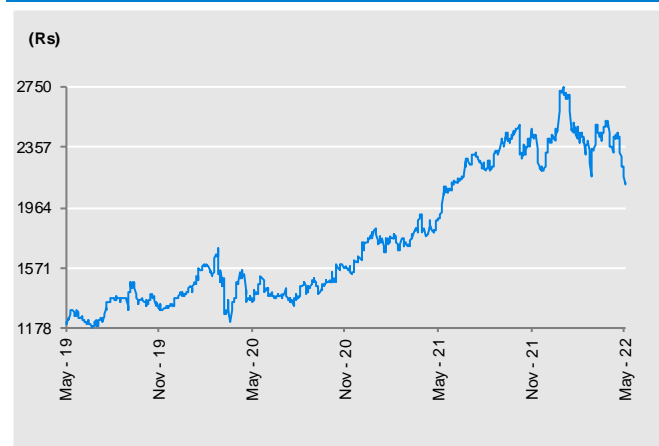
Y/e Mar	FY21	FY22	FY23E	FY24E
<b>Per Share(Rs)</b>				
EPS	22.2	23.7	28.0	39.4
CEPS	26.2	28.5	33.1	45.1
BVPS	110.1	126.0	144.5	173.0
FCF	(10.0)	5.5	8.0	11.8
DPS	-	8.5	10.0	11.0
<b>Return Ratio(%)</b>				
RoCE	28.4	25.7	26.4	31.3
ROIC	18.0	17.9	19.1	25.3
RoE	22.5	20.1	20.7	24.8
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.1)	0.0	(0.2)	(0.3)
Net Working Capital (Days)	77	76	76	77
<b>Valuation(x)</b>				
PER	95.3	89.2	75.6	53.8
P/B	19.2	16.8	14.7	12.2
P/CEPS	80.9	74.4	64.0	47.0
EV/EBITDA	63.8	58.1	49.8	36.5
EV/Sales	14.7	10.8	9.1	8.0
Dividend Yield (%)	-	0.4	0.5	0.5

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q1FY22	Q2FY22	Q3FY22	Q4FY22
<b>Net Revenue</b>	<b>19,368</b>	<b>26,264</b>	<b>28,507</b>	<b>25,071</b>
YoY gr. (%)	120.6	39.7	24.0	12.1
Raw Material Expenses	9,857	14,339	16,083	14,163
Gross Profit	9,511	11,924	12,425	10,908
Margin (%)	49.1	45.4	43.6	43.5
<b>EBITDA</b>	<b>3,476</b>	<b>5,496</b>	<b>5,490</b>	<b>4,011</b>
YoY gr. (%)	423.7	7.2	(14.3)	(13.0)
Margin (%)	17.9	20.9	19.3	16.0
Depreciation / Depletion	566	603	605	622
<b>EBIT</b>	<b>2,910</b>	<b>4,893</b>	<b>4,886</b>	<b>3,389</b>
Margin (%)	15.0	18.6	17.1	13.5
Net Interest	96	124	108	94
Other Income	61	139	52	111
<b>Profit before Tax</b>	<b>2,875</b>	<b>4,908</b>	<b>4,830</b>	<b>3,407</b>
Margin (%)	14.8	18.7	16.9	13.6
Total Tax	721	1,159	1,275	915
Effective tax rate (%)	25.1	23.6	26.4	26.9
<b>Profit after Tax</b>	<b>2,154</b>	<b>3,749</b>	<b>3,555</b>	<b>2,491</b>
Minority interest	-	-	-	-
Share Profit from Associates	23	7	37	52
<b>Adjusted PAT</b>	<b>2,176</b>	<b>3,755</b>	<b>3,592</b>	<b>2,544</b>
YoY gr. (%)	1,275.7	5.4	(19.5)	(18.2)
Margin (%)	11.2	14.3	12.6	10.1
Extra Ord. Income / (Exp)	-	9	-	-
<b>Reported PAT</b>	<b>2,176</b>	<b>3,764</b>	<b>3,592</b>	<b>2,544</b>
YoY gr. (%)	1,275.7	5.6	(19.5)	(19.2)
Margin (%)	11.2	14.3	12.6	10.1
Other Comprehensive Income	56	(73)	(18)	(187)
<b>Total Comprehensive Income</b>	<b>2,232</b>	<b>3,692</b>	<b>3,575</b>	<b>2,357</b>
Avg. Shares O/s (m)	508	508	508	508
<b>EPS (Rs)</b>	<b>4.3</b>	<b>7.4</b>	<b>7.1</b>	<b>5.0</b>

Source: Company Data, PL Research

**Price Chart**

**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-22	Hold	2,417	2,525
2	27-Jan-22	Hold	2,491	2,461
3	06-Jan-22	Hold	2,491	2,638
4	11-Nov-21	Hold	2,491	2,474
5	06-Oct-21	Reduce	2,221	2,416
6	12-Aug-21	Reduce	1,904	2,221
7	05-Jul-21	UR	-	2,179

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	BUY	3,511	3,086
2	Avenue Supermarts	BUY	4,651	3,231
3	Britannia Industries	BUY	3,770	3,385
4	Colgate Palmolive	Accumulate	1,664	1,565
5	Dabur India	Accumulate	603	529
6	Emami	Accumulate	611	428
7	Hindustan Unilever	BUY	2,384	2,145
8	ITC	BUY	305	267
9	Jubilant FoodWorks	Accumulate	3,230	2,792
10	Kansai Nerolac Paints	BUY	518	398
11	Marico	Accumulate	547	520
12	Mold-tek Packaging	BUY	781	705
13	Nestle India	Accumulate	19,426	18,203
14	Pidilite Industries	Hold	2,417	2,525
15	Restaurant Brands Asia	BUY	220	113
16	Titan Company	BUY	2,701	2,092
17	Westlife Development	BUY	653	454

**PL's Recommendation Nomenclature (Absolute Performance)**

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



## **ANALYST CERTIFICATION**

### **(Indian Clients)**

We/I, Mr. Amnish Aggarwal- MBA, CFA, Mr. Harish Advani- PGDM Finance, Ms. Aashi Rara- CA, B.Com Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

### **(US Clients)**

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

## **DISCLAIMER**

### **Indian Clients**

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at [www.plindia.com](http://www.plindia.com).

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Amnish Aggarwal- MBA, CFA, Mr. Harish Advani- PGDM Finance, Ms. Aashi Rara- CA, B.Com Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

### **US Clients**

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

---

### **Prabhudas Lilladher Pvt. Ltd.**

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

[www.plindia.com](http://www.plindia.com)