DALALBYTES RESEARCH

# Pidilite Industries

## The Glue That Became a Language

The Fevicol franchise at full stretch: near 70% share in white glue, a debt-free balance sheet, Rs 2,239 cr of FY26 free cash flow, and a 21% growth quarter to open FY27

**NSE: PIDILITIND · BSE: 500331**

**October 15, 2026**

Reference: Rs 1,499.50, NSE close of October 14, 2026. Founding story, segments, category creation, financials, competition, management, valuation vs peers, risks, and FY2029 scenarios.

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## VERDICT

### 73 / 100 : Selective Positive

Pidilite is the closest thing Indian consumer manufacturing has to a perfect franchise, and FY26 plus the opening quarter of FY27 show it still compounding. Consolidated revenue rose 11.1% to Rs 14,601 cr in FY26, operating profit rose 17% to Rs 3,521 cr at a 24% margin, PAT rose 18% to Rs 2,471 cr, free cash flow was Rs 2,239 cr, and the balance sheet closed with borrowings of just Rs 417 cr against Rs 4,350 cr of investments. Then Q1 FY27 accelerated hard: net sales up 21.3% to Rs 4,541 cr, underlying volume growth of 11.3%, EBITDA up 27% to Rs 1,194 cr, and PAT up 30% to Rs 884 cr. Fevicol holds close to 70% of the white glue market after 67 years, a share no Indian challenger has dented, and the growth categories built beside it (Dr. Fixit waterproofing, Roff tile adhesives, Fevikwik) are now large businesses in their own right.

The selective part is the price of perfection, and two honest frictions. At Rs 1,499.50 the stock trades at about 57x trailing twelve-month earnings (about 62x FY26 EPS of Rs 24.06), 14.1x book value, and a 0.76% dividend yield. That multiple assumes the FY24 to FY26 margin recovery and double-digit volume growth both hold. The frictions: the key raw material, vinyl acetate monomer (VAM), is almost entirely imported and swung gross margins violently within this decade (operating margin fell to 17% in FY23, then recovered to 24% by FY26), and the growth portfolio is exactly where the paint majors are now attacking, with Asian Paints spending Rs 2,100 cr on backward integration into VAM and VAE at Dahej and every large paint brand pushing waterproofing through a bigger dealer network than Pidilite's.

Back the franchise, respect the multiple. At about 12% below its 52-week high, with the multiple already compressed from a 10-year median near 71x, the risk-reward is mildly favourable for a patient holder, but the base case to FY29 is a high-single-digit annual price return plus dividends, not a re-rating story. This is a compounder to own through cycles, bought with selectivity, not chased.

Reference price: Rs 1,499.50 (NSE close, October 14, 2026). Market cap about Rs 1,52,172 cr. 52-week range Rs 1,259 - 1,708.

FY2029 targets: Bear Rs 1,250 / Base Rs 1,860 / Bull Rs 2,375. See Section 14 for assumptions.

## 1. SNAPSHOT

| Item | Detail |
|---|---|
| **Company** | Pidilite Industries Ltd, Mumbai, Maharashtra, India |
| **Founded** | 1959 by Balvant Parekh (B. K. Parekh); the limited company dates to 1969 |
| **Listed** | NSE/BSE; CIN L24100MH1969PLC014336 |

| Item | Detail |
|---|---|
| **Business** | Adhesives, sealants, construction chemicals, waterproofing, art and craft materials, industrial resins and pigments |
| **Brands** | Fevicol, Fevikwik, Fevistik, M-Seal, Dr. Fixit, Roff, Fevicryl, Araldite, Motomax, Hobby Ideas, Steelgrip |
| **FY26 consolidated** | Revenue Rs 14,601 cr (+11.1%); operating profit Rs 3,521 cr (24%); PAT Rs 2,471 cr (+17.9%); EPS Rs 24.06 |
| **Latest quarter** | Q1 FY27: net sales Rs 4,541 cr (+21.3%), UVG 11.3%, EBITDA Rs 1,194 cr (+26.9%), PAT Rs 884 cr (+30.3%) |
| **Balance sheet** | Borrowings Rs 417 cr; investments Rs 4,350 cr; net worth about Rs 10,832 cr; almost debt free |
| **Ownership** | Promoter and promoter group 69.24% (June 2026), no pledging reported |
| **Returns** | ROE 23.9%, ROCE 31.0% (Screener, October 2026) |

## 2. FOUNDING STORY: THE PEON WHO WATCHED CARPENTERS

Balvant Parekh was born in 1925 in Mahuva, Gujarat. He came to Mumbai to study law, paused for the Quit India movement, finished his degree, and then refused to practise, a choice his biographers link to his discomfort with the profession's relationship with the truth. The years that followed were not a straight line: work at a dyeing and printing press, then a job as a peon and warehouse hand at a timber and trading firm in Mumbai, living with his wife in a warehouse. The warehouse was the education. The firm handled imported adhesives, and Parekh watched carpenters work with animal-fat glues that smelled, varied from batch to batch, and had to be heated and cooked before use. Nobody in that chain was trying to make a better glue for the Indian carpenter. Parekh decided he would.

With backing from an investor who had noticed him, and with his younger brother Sushil Parekh, he moved from trading imported goods into manufacturing. In 1959 he launched Fevicol, a white synthetic resin adhesive that came ready to use, applied cold, and dried clear. The distribution decision mattered as much as the chemistry: instead of fighting for retail shelf space first, Pidilite sold to carpenters directly, through their workshops and associations, so the craftsman became the brand's salesman in every home he worked in. That influencer-first logic, decades before the word existed, built a share position (about 70% in white glue on long-standing industry estimates) that has survived every challenger since.

The second generation turned a product into an institution. Madhukar B. Parekh, Balvant's son and today the Executive Chairman, pushed the consumer branding in the 1980s and 1990s that made Fevicol a household word and, eventually, the generic word for glue in much of India. Balvant Parekh died in 2013, having also built schools, a college and a hospital in Mahuva. In August 2025 the company marked his 101st birth anniversary with a 1:1 bonus issue and a Rs 10 per share special interim dividend (pre-bonus terms), a useful tell: after 66 years, the founding family's instinct is still to share a good year rather than hoard it.

## 3. THE BUSINESSES

### Consumer and Bazaar (C and B): the core that prints the money

C and B is about four-fifths of the company and nearly all of its profit quality. On a standalone basis it delivered FY26 revenue of Rs 10,837 cr, up 12.2%, with EBIT of Rs 3,382 cr at a 31.2% margin. On a consolidated basis C and B revenue was Rs 11,574 cr. Inside it sit three layers that management describes as its core, growth and pioneer portfolios, with a stated aim of moving from a mix that was about 80% core a decade ago toward roughly half core and half growth-plus-pioneer.

The core is adhesives and sealants: Fevicol in wood adhesives (close to 70% share of white glue), Fevikwik in instant adhesives (a category Pidilite effectively created in India; company disclosures cited in broker research put household penetration at about 65% and availability at more than 3 million stores), M-Seal in epoxy sealants, and Fevistik and Steelgrip in household niches. These are low-ticket, high-frequency, specification-driven products: the carpenter, plumber or electrician chooses, the household pays, and failure costs far more than the product, which is why brand trust converts directly into pricing power.

The growth layer is construction chemicals and waterproofing, led by Dr. Fixit, and tile and stone care under Roff. This is where the headroom data is striking. Broker research summarising company disclosures puts Dr. Fixit's penetration at roughly 15% of the new construction opportunity, about 40% of major renovations and about 30% of small repairs, against a demand pool that is about half new construction, 30% major renovation and 20% small repairs. Developed markets waterproof about 70% of new construction. Roff's tile and stone solutions market is estimated at Rs 2,500 to 3,000 cr with category penetration of only 18 to 20%, because most Indian tiles are still laid with cement and sand. Every point of penetration gained in these two categories is worth more than a point of share defended in glue.

The pioneer layer is the option book: wood finishes (including the ICA Pidilite joint venture), decorative and specialty coatings adjacencies, art and craft under Fevicryl and Hobby Ideas, automotive care under Motomax, and Araldite, the epoxy franchise Pidilite took control of in India through the 2020 acquisition of Huntsman Advanced Materials (India) for about Rs 2,100 cr. Pioneer categories are small today and are graded on whether they become tomorrow's growth layer, the conveyor belt that has worked twice already (Fevikwik, then Dr. Fixit).

### Business to Business (B2B): the steadier second engine

B2B delivered standalone FY26 revenue of Rs 2,800 cr, up 8.1%, with EBIT of Rs 513 cr at an 18.3% margin; consolidated B2B revenue was Rs 3,211 cr. It covers industrial adhesives, industrial resins and emulsions, pigments and preparations, and the project business that sells construction chemicals into infrastructure and large building projects. B2B runs at structurally lower margins than C and B and with more cyclicality: export demand, especially pigments, was hit in FY26 by the West Asia conflict, and in Q1 FY27 export underlying volume fell 8.4% even as domestic B2B volume grew 10.4%. Its strategic value is balance and technical depth: the same polymer chemistry feeds both segments, and project specifications won in B2B pull C and B brands onto the same sites.

### Subsidiaries: small, and deliberately so

Domestic subsidiaries reported FY26 net sales of Rs 586 cr, up 17.1%, and overseas subsidiaries Rs 341 cr, up 5.5%. The international book (including operations and joint ventures across South Asia, the Middle East, Africa and Brazil, where Pulvitec is the adhesives platform) has historically been the least distinguished part of Pidilite: sub-scale, occasionally loss-making, and repeatedly restructured. At about 6% of consolidated net sales it is an option, not an engine, and this report grades it that way.

## 4. THE FLYWHEEL: CRAFTSMEN, DISTRIBUTION, BRANDS, CASH, REPEAT

Pidilite's model has five repeating elements. First, the influencer network: carpenters, contractors, plumbers, painters and architects are organised through meets, loyalty programmes, training and the Pidilite Ki Duniya rural and semi-urban outlet format, so the person who specifies the product is inside the company's system. Second, distribution depth built on that pull: millions of retail touchpoints, weighted toward the small hardware and paint stores where Indian repair and renovation demand actually transacts, now extending into modern trade and quick commerce for the DIY range. Third, brand investment that compounds like capital: Fevicol's advertising is part of Indian popular culture, and each generation of campaigns lowers the cost of launching the next category under the same trust umbrella. Fourth, premiumisation inside every category (variants, larger packs, system solutions such as Dr. Fixit systems rather than single products), which is how a glue company sustains gross margins above 50%. Fifth, the cash loop: the core throws off far more cash than its modest capex needs, and the surplus funds category creation, the dividend (payout near 48% in FY26) and occasional acquisitions, without debt. The FY26 numbers show the loop intact: operating cash flow of Rs 2,828 cr funded capex, a rising dividend and still lifted investments to Rs 4,350 cr.

## 5. THE SECOND PIDILITE: WATERPROOFING AND THE CONTESTED FRONTIER

The investment question inside Pidilite is not whether Fevicol survives. It is whether the growth and pioneer portfolio, waterproofing above all, can carry group growth as the core matures toward high-single-digit volume growth. The prize is real: waterproofing penetration in Indian new construction is roughly 15% against about 70% in developed markets, renovation demand compounds with the housing stock, and Dr. Fixit is the category's defining brand with a trained applicator network behind it. Tile adhesives tell the same story at an earlier stage: an 18 to 20% penetrated market of Rs 2,500 to 3,000 cr where Roff is the specialist brand.

The contest is also real, and it is new. For decades Pidilite's rivals in these categories were regional construction-chemical firms. Now the attackers are the paint majors, for whom waterproofing is the natural adjacency on the same dealer shelf and the same painter relationship. Asian Paints sells SmartCare waterproofing through India's largest decorative paint distribution, Berger and the other paint majors push their own ranges, and the new large paint capacity built by Birla Opus is chasing the same dealer and contractor wallet. Asian Paints has also moved upstream: its polymers arm is building VAM (100,000 tonnes a year) and VAE emulsion (150,000 tonnes a year) capacity at Dahej for about Rs 2,100 cr, which will make the largest paint company a domestic producer of the very monomer Pidilite imports. None of this has cost Pidilite measurable share yet: C and B grew 12.2% in FY26 and 22.5% in Q1 FY27. But the moat question for

the next decade is graded in this section of the market, not in glue, and Section 11 and the companion five-pillar analysis grade it accordingly.

## 6. FINANCIALS: FIVE YEARS, ONE RAW-MATERIAL CYCLE, AND AN ACCELERATING QUARTER

Consolidated figures (Screener.in, consistent with company results):

| Fiscal year | Revenue (Rs cr) | Operating profit (Rs cr) | OPM % | PAT (Rs cr) | EPS (Rs) |
|---|---|---|---|---|---|
| **FY22** | 9,921 | 1,856 | 19% | 1,207 | 11.88 |
| **FY23** | 11,799 | 1,986 | 17% | 1,289 | 12.52 |
| **FY24** | 12,383 | 2,708 | 22% | 1,747 | 17.00 |
| **FY25** | 13,140 | 3,011 | 23% | 2,096 | 20.41 |
| **FY26** | 14,601 | 3,521 | 24% | 2,471 | 24.06 |
| **TTM to Q1 FY27** | 15,399 | 3,769 | 24% | 2,676 | 26.02 |

Revenue is revenue from operations; reported net sales for FY26 were Rs 14,553 cr, with EBITDA of Rs 3,519 cr (24.2% of net sales). EPS is stated post the 1:1 bonus of September 2025, as restated by Screener.

Read the arc in three acts. Act one, FY22 and FY23: demand surged after the pandemic, then the VAM spike hit. VAM is the principal feedstock for Fevicol's polyvinyl acetate chemistry, India imports nearly all of it, and its price roughly tripled into the FY22 peak before correcting. Pidilite took price increases with a lag, protected volume, and let margin absorb the shock: operating margin compressed from 19% to 17% even as revenue grew 19% in FY23. Act two, FY24 to FY26: input deflation met the earlier price increases, gross margin rebuilt (standalone gross margin reached 54.7% in FY26, up about 90 basis points in the year), and operating leverage did the rest. Revenue compounded at only about 7% a year over FY24 to FY26 on Screener's three-year measure, but PAT compounded at about 19% a year across FY23 to FY26 because the margin recovered. Act three is the open question: how much of FY27's volume acceleration is structural.

Q1 FY27 is the strongest single quarter in this dataset. Consolidated net sales rose 21.3% to Rs 4,541 cr on underlying volume growth of 11.3% (C and B volume up 12.2%, B2B up 7.3%), with proactive price increases doing the rest as West Asia-linked input inflation returned. EBITDA rose 26.9% to Rs 1,194 cr and the margin expanded to 26.2%, even though gross margin contracted about 66 to 90 basis points on the input spike, because operating leverage and pricing outran it. Standalone net sales rose 22.2% to Rs 4,237 cr with PAT of Rs 830 cr. Two cautions belong beside the celebration: the quarter annualises a favourable comparison and a price-led mix, and management itself flagged raw material inflation, freight and supply chains as live monitors. Q2 FY27 results are due October 28, 2026, with the earnings call on October 29.

The balance sheet needs one paragraph, because there is so little to say: borrowings of Rs 417 cr, interest cost of Rs 54 cr for FY26, investments of Rs 4,350 cr, a cash conversion cycle of 66 days (debtor days 55,

inventory days 98, payable days 86, much improved from 88 days in FY23), and return ratios of 23.9% ROE and 31.0% ROCE. This is a balance sheet that has never constrained a decision in living memory.

## 7. CASH FLOW AND CAPITAL ALLOCATION: THE QUIET PROOF

| Fiscal year | Operating cash flow (Rs cr) | Free cash flow (Rs cr) | Dividend payout |
|---|---|---|---|
| **FY24** | 2,724 | 2,171 | 47% |
| **FY25** | 2,287 | 1,839 | 49% |
| **FY26** | 2,828 | 2,239 | 48% |

Free cash flow has been positive in every year of the Screener series back to FY15, including the pandemic year and the VAM shock year, and FY26 free cash flow of Rs 2,239 cr is about 91% of PAT. Capital intensity is low and stable: implied capex of roughly Rs 450 to 590 cr a year across FY24 to FY26, spent on capacity, the Dahej-area and other plant network, and distribution infrastructure rather than on moonshots. The allocation record around that engine is disciplined and shareholder-first without being extractive: a dividend payout held near 48%, the August 2025 special interim dividend of Rs 10 per share (pre-bonus) plus the 1:1 bonus marking the founder's 101st birth anniversary, a final dividend of Rs 11.5 per share recommended for FY26 in May 2026 as reported, and one large acquisition in a decade (Huntsman Advanced Materials India, about Rs 2,100 cr, 2020) that fit the existing chemistry and brands rather than diversifying away from them. The deduction is opportunity cost, stated plainly: a company generating this cash at these returns has chosen not to buy back stock at 50x-plus earnings, which is defensible, and not to force the international business to scale, which leaves a permanent small drag and a permanent open question.

## 8. STRENGTHS

**What to watch**

VAM prices, waterproofing share against the paint majors, and whether Q1 FY27 volume growth holds decide whether a 57x multiple has anywhere to go.

- 1. **A genericide brand with a craftsman salesforce.** Fevicol is the word for glue, holds close to 70% of white glue, and is specified by carpenters who are organised inside Pidilite's own engagement system. Rivals must outspend both the brand and the network at once.
- 2. **Portfolio conveyor belt.** Core, growth and pioneer layering has already produced Fevikwik, Dr. Fixit and Roff as scaled second and third engines, reducing single-category risk without leaving the chemistry and channel the company understands.

- 3. **Margin structure.** Standalone gross margin of 54.7% and C and B EBIT margin of 31.2% in FY26 reflect pricing power proven through the FY23 input shock, when Pidilite passed costs through with a lag and kept volume.
- 4. **Fortress finances.** Near-zero debt, Rs 4,350 cr of investments, ROE of 23.9%, ROCE of 31.0%, and free cash flow in every year of the last decade.
- 5. **Distribution depth.** Millions of outlets with strength in the small-town and rurban hardware channel where renovation demand lives, plus a rural format (Pidilite Ki Duniya) built specifically for it.
- 6. **Demonstrated volume engine.** FY26 underlying volume growth of 11.1% and Q1 FY27 volume growth of 11.3% show the growth is units, not only price, which is the version of growth that survives an input cycle.

## 9. WEAKNESSES AND RISKS

- 1. **VAM and crude-linked inputs.** The single largest structural exposure. India imports nearly all its VAM; the FY23 margin fell to 17% when VAM spiked, Q1 FY27 gross margin already contracted on West Asia-linked inflation, and PL Capital's August 2026 note flags VAM up 26% quarter on quarter. Pricing power cushions, it does not eliminate.
- 2. **Valuation leaves no room for a dull year.** At about 57x TTM earnings, two years of mid-single-digit volume growth or a margin relapse would de-rate the stock on both earnings and multiple at once. The 52-week low of Rs 1,259, about 16% below the reference price, was set within the last year on exactly this anxiety.
- 3. **The growth frontier is contested by bigger distributors.** Paint majors with larger dealer networks and, in Asian Paints' case, captive VAM and VAE supply are attacking waterproofing and construction chemicals. Share loss would show first in Dr. Fixit growth rates, not in Fevicol.
- 4. **B2B and exports cyclicality.** B2B margins (18.3%) are thinner, pigment and industrial exports are exposed to West Asia demand, and export volume fell 8.4% in Q1 FY27.
- 5. **Growth is good, not spectacular, at the top line.** Revenue compounded at about 11% over ten years and about 7% over the last three on Screener measures. The FY24 to FY26 PAT surge is substantially a margin-recovery story; if volume settles back to high single digits, earnings growth converges toward low teens and the multiple must do the adjusting.
- 6. **Succession is recent.** The Parekh family holds 69.24%, the Executive Chairman is of the founding family, and the professional MD pair has run the company only since April 2025. The record so far is strong, but it is eighteen months, not a cycle. A CFO transition is also under way, with Amit Agarwal appointed CFO Designate on October 9, 2026.
- 7. **International sub-scale.** Overseas subsidiaries grew just 5.5% in FY26 to Rs 341 cr. Two decades in, the international business has not earned a larger claim on capital, and periodic restructuring charges are a recurring cost of the option.

## 10. MANAGEMENT AND GOVERNANCE

Pidilite is that rare Indian hybrid: a promoter-controlled company (69.24% with the Parekh family, June 2026, no pledging reported) that has been professionally run for a decade without the governance discounts that usually attach to family control. The structure is deliberate. M. B. Parekh, of the second generation, sits as Executive Chairman. Bharat Puri ran the company as Managing Director from April 2015 to April 2025, a full decade in which revenue roughly doubled and the growth portfolio was built, and he remains on the board as a non-executive director to April 2028. Succession was planned years ahead, not improvised: Sudhanshu Vats joined as Deputy Managing Director in 2021 after running EPL and Viacom18 and spending about twenty years at Hindustan Lever from a 1991 management-trainee start, and took over as Managing Director on April 10, 2025. Kavinder Singh, who rejoined after running Mahindra Holidays and had earlier led Pidilite's consumer products business to 2014, serves as Joint Managing Director alongside him.

Grading this leadership on the engine's test, did they do what they said: the stated agenda under Vats is consistent, profitable, volume-led growth funded by brand, supply chain and people investment, and the first six reported quarters under the new pair show exactly that sequence (FY26 volume growth of 11.1%, Q1 FY27 revenue growth of 21.3% with margins up). The honest deductions are time and concentration: eighteen months is not a cycle, the new labour code's one-time impact (Rs 59.3 cr standalone in FY26) and the VAM cycle will test cost communication, and a 69% promoter holding means minority holders are ultimately trusting one family's capital discipline. That trust has been earned over 66 years, including the 2025 bonus and special dividend, but it is trust, not structure, and it is priced as such in the score.

## 11. COMPETITION

Pidilite competes in three different games at once, and its position differs in each.

In branded adhesives and sealants, it is the game. Fevicol's roughly 70% white glue share, Fevikwik's creation of the instant-adhesive category, and M-Seal's hold on epoxy putty have survived Astral's Resinova and Bondtite ranges (Astral brings a serious pipes distribution machine and real intent), Jyoti Resins' Euro Adhesives (the number two in synthetic wood adhesives, growing fast off a small base), HP Adhesives (listed, sub-scale), and the Indian arms of Henkel, 3M and Sika in their niches. Sixty years of challengers have taken niches, not the core, because the contest is decided in carpenters' workshops and at a million small counters, where Pidilite's engagement and distribution spend is structural, not promotional.

In waterproofing and construction chemicals, it is first among several and the field is strengthening. Dr. Fixit leads the branded waterproofing market against Asian Paints SmartCare, Berger's ranges, Fosroc, Sika and Saint-Gobain Weber in projects, and a long tail of regional brands. The paint majors' advantage is dealer density and painter relationships; Pidilite's is applicator training, system selling and category focus. This is the segment where share can actually move in the next five years, in either direction.

In B2B industrial products, it is a strong domestic player in a global field: Henkel, Sika, BASF's former construction chemicals arm (now Master Builders Solutions under MBCC and Sika ownership in different geographies), Dow and Wacker compete on technology and global accounts, and price competition is real.

B2B is graded as a solid, lower-margin business, not a moat business.

The upstream move deserves its own line: Asian Paints' Dahej VAM and VAE plant (Rs 2,100 cr, 100,000 tonnes of VAM and 150,000 tonnes of VAE a year, announced 2023) is primarily backward integration for paint emulsions, but a domestic VAM producer of that scale changes the input map for everyone, including, potentially, as a supplier. Watch commissioning and merchant sales policy; it is a FY27 to FY28 story, not a current one.

## 12. VALUATION VS PEERS

At Rs 1,499.50 (October 14, 2026): P/E about 57x TTM earnings (Screener 57.4x on EPS of Rs 26.02; Finnhub 56.8x), about 62x FY26 EPS, P/B 14.1x, dividend yield 0.76%, ROE 23.9%, ROCE 31.0%, market cap about Rs 1,52,172 cr.

| Company | P/E (TTM) | Market cap (Rs cr) | Note |
|---|---|---|---|
| **Pidilite Industries** | about 57x | about 1,52,172 | Adhesives leader, 24% operating margin, debt free |
| **Asian Paints** | about 47x | about 2,24,000 | Paint leader, waterproofing challenger, VAM integration |
| **Berger Paints** | about 45x | about 54,700 | Number two paint brand, waterproofing ranges |

Peer multiples from Finnhub and exchange summaries around October 14 to 15, 2026. Two honest readings coexist. On history, Pidilite is cheaper than its own norm: the 10-year median P/E is near 71x, and the stock sits about 12% below its 52-week high after a flat year (one-year return about minus 1%). On absolutes, 57x for a company whose three-year revenue CAGR is about 7% prices in the FY27 volume acceleration continuing. Street views split on exactly that: Jefferies held a Hold with a target of Rs 1,390 in its May 2026 roadshow summary, PL Capital models FY27 revenue of about Rs 16,570 cr and adjusted PAT of about Rs 2,807 cr after the Q1 FY27 beat, and analyst consensus snapshots sit near Rs 1,785. The DalalBytes base case (Section 14) lands close to consensus, which for a 57x stock is the point: the market is paying today for the delivery, so the return from here is the delivery, not a re-rating.

## 13. WHY THE SCORE IS 73, NOT HIGHER OR LOWER

The business quality alone grades in the mid-80s: the strongest branded moat in Indian specialty chemicals, 31% ROCE, a debt-free balance sheet, free cash flow conversion near 91% of PAT, and a six-decade promoter record with planned succession. Four deductions bring it to 73. Valuation is the largest: at about 57x TTM earnings the base case to FY29 is a high-single-digit annual return, which caps any score in this framework. Second, the margin base is flattered by a completed input cycle: FY26's 24% operating margin sits well above FY23's 17%, and VAM has already turned up again. Third, the growth portfolio faces the strongest competitive attack in the company's history from the paint majors. Fourth, the top line, as opposed

to the bottom line, has compounded at only about 7% over three years, and the new leadership pair is eighteen months into the job. Below Rs 1,250, roughly the bear target and the 52-week low zone, the same business would grade Positive outright. At the 52-week high of Rs 1,708 it would grade Neutral on price alone. At Rs 1,499.50, Selective Positive is the honest label.

## 14. FY2029 SCENARIOS (INR)

Built on consolidated EPS: FY26 EPS Rs 24.06 on PAT of Rs 2,471 cr and about 101.8 cr shares (post-bonus). Exit multiples assume the market keeps paying a premium for the franchise, at a lower level than today's 57x TTM in the base and bear cases. Estimates are DalalBytes modelling, not company guidance.

Bear Rs 1,250: 9% PAT CAGR (volume settles to mid-single digits, VAM stays elevated and gross margin gives back part of the FY24 to FY26 recovery, waterproofing share slips to the paint majors), FY29 EPS about Rs 31, exit P/E 40x as the market prices Pidilite as a very good, slower consumer franchise.

Base Rs 1,860: 14% PAT CAGR (volume growth of 9 to 11% holds, led by waterproofing and tile adhesives penetration, pricing keeps pace with inputs, margins hold near 24%), FY29 EPS about Rs 36, exit P/E 52x, a modest de-rating from today that still leaves the franchise premium intact.

Bull Rs 2,375: 18% PAT CAGR (the Q1 FY27 volume trajectory proves structural, Dr. Fixit and Roff penetration gains compound, B2B projects ride the infrastructure cycle, VAM benign), FY29 EPS about Rs 40, exit P/E 60x as the market re-rates Pidilite back toward its historical premium on delivered growth.

The base case is about 24% above the reference price over the period to FY29, plus a dividend yield near 0.8% a year on a rising payout: a high-single-digit annualised return. That is a fair price for a great business, which is precisely what Selective Positive means.

## 15. WHY IT MATTERS

Pidilite is the proof that an Indian company can build a world-class consumer franchise in an unglamorous industrial category by organising the craftsman, not just supplying him. Fevicol did not win on chemistry alone; it won because a peon-turned-founder watched the actual user work, and because two generations after him kept investing in the brand and the network as if they were plant and machinery, which for this company they are. The next decade tests whether that machine can create categories as fast as the paint giants can attack them, and whether a 57x multiple can be carried by penetration gains in waterproofing and tile care rather than by hope. The balance sheet says the company can afford to be patient. The multiple says the shareholder cannot afford to be careless. At 73/100 Selective Positive, the verdict is: own the franchise, demand the volume number every quarter, and let VAM and Dr. Fixit, not the Fevicol legend, set the position's temperature.

## SOURCES

- Screener.in consolidated company page for Pidilite Industries, accessed October 15, 2026: FY22 to FY26 and TTM financials, quarterly series to Q1 FY27, balance sheet, cash flow and free cash flow, ratios, shareholding to June 2026, market data (price Rs 1,500, market cap Rs 1,52,172 cr, 52-week range Rs 1,259 - 1,708, P/E 57.4x)

- Company results and press releases: FY26 and Q4 FY26 (standalone net sales Rs 13,437 cr, PAT Rs 2,384 cr; consolidated net sales Rs 14,553 cr, EBITDA Rs 3,519 cr, PAT Rs 2,471 cr; segment revenue and EBIT for C and B and B2B; subsidiary sales), via Angel One, ScanX and Indian Television summaries, May 2026

- Q1 FY27 results coverage (The Hindu BusinessLine, Upstox, RP Realty Plus, August 2026): consolidated net sales Rs 4,541 cr up 21.3%, UVG 11.3%, EBITDA Rs 1,194 cr, PAT Rs 884 cr; segment growth and margins; export volume decline

- PL Capital results note, August 5, 2026: Q1 FY27 detail, gross margin contraction, VAM price tracker, FY27 estimates (revenue about Rs 16,570 cr, adjusted PAT about Rs 2,807 cr)

- JM Financial building materials research, March 2025, summarising company disclosures: core, growth and pioneer portfolio framework, Fevikwik penetration, Dr. Fixit penetration by demand pool, Roff market size and penetration

- Leadership filings and coverage (exchange4media, Capital Market, April 2025): Sudhanshu Vats and Kavinder Singh appointments effective April 10, 2025, Bharat Puri board continuation; BSE announcement summaries, October 2026 (Amit Agarwal, CFO Designate, October 9, 2026; Q2 FY27 board meeting October 28, 2026)

- Bonus and dividend: The Hindu BusinessLine, August 2025 (1:1 bonus, record date September 23, 2025, Rs 10 special interim dividend, founder's 101st birth anniversary); Angel One, May 2026 (final dividend of Rs 11.5 per share recommended)

- Founding history: YourStory (2018), Forbes India (2018), founder profiles: Balvant Parekh, 1959 founding, carpenter-first distribution, Fevicol share of about 70%

- Competition and peers: ICIS, February 2023 (Asian Paints Polymers Dahej VAM and VAE MoU, Rs 2,100 cr, capacities); Finnhub peer data, October 2026 (Asian Paints P/E about 47x, Berger about 45x); Trade Brains (Pidilite 10-year median P/E near 71x); Jefferies Hold target Rs 1,390 via ScanX roadshow summary, May 2026; Stockopedia consensus snapshot near Rs 1,785

*DalalBytes Research. Estimates labelled as such are DalalBytes modelling. Verified facts are drawn from the sources above as at October 15, 2026.*