

STOCK MOVERS



Techno Funda Stock Picks

Pidilite Inds



Date: 14th March 2019

CMP 1178

Target 1274/1350

Up side 14.60%

Technical View



Timeframe : 3 Months

Pidilite has provided a breakout from the falling channel with a clear buy crossover in its daily as well as weekly momentum indicator MACD. Yesterday the breakout had come with increasing in volumes, hence its a price volume breakout. The minimum target on the upside comes to 1274 and above that 1350 levels whereas the support is pegged at 1092.

Stock Data

| (In ₹ Mn.) | FY-17 | FY-18 | FY-19E | FY-20E |
|-------------------|--------|--------|--------|--------|
| Net Sales | 56,168 | 60,784 | 72,697 | 84,251 |
| Operating Expense | 43,570 | 47,372 | 57,042 | 65,183 |
| EBITDA | 12,598 | 13,412 | 15,655 | 19,068 |
| Other Income | 1,123 | 1,484 | 1,272 | 1,474 |
| Depreciation | 1,151 | 1,199 | 1,284 | 1,392 |
| EBIT | 12,569 | 13,698 | 15,643 | 19,150 |
| Interest | 139 | 155 | 201 | 220 |
| Misc. items | - | - | - | - |
| PBT | 12,430 | 13,542 | 15,442 | 18,931 |
| Tax | 3,851 | 3,927 | 4,478 | 5,490 |
| Minority Interest | 21 | 9 | - | - |
| PAT | 8,600 | 9,624 | 10,964 | 13,441 |

| (Key Ratios) | FY-17 | FY-18 | FY-19E | FY-20E |
|--------------|-------|-------|--------|--------|
| EPS (₹) | 16.9 | 19.0 | 21.6 | 26.5 |
| P/E (x) | 66.7 | 59.6 | 52.3 | 42.7 |
| P/B (x) | 16.5 | 16.0 | 12.3 | 9.5 |
| ROE | 24.8% | 26.9% | 23.5% | 22.3% |
| ROCE | 33.5% | 34.3% | 30.8% | 29.8% |

Company Background

Pidilite Industries Limited has been a pioneer in consumer and specialties chemicals in India. Its product range includes Adhesives and Sealants, Construction and Paint Chemicals, Automotive Chemicals, Art Materials, Industrial Adhesives, Industrial and Textile Resins and Organic Pigments and Preparations.

The overall market for waterproofing & Flooring in India is expected to grow to more than ₹5,000 Crores by 2025 which is currently less than ₹2,000 Crores.

We expect Pidilite Industries revenues to grown at a CAGR of 15.8% from FY-19E through FY-20E. Its consolidated revenues are expected to be around ₹8,156 Crores by FY20E.

On profitability front, we expect Pidilite to continue to maintain its operating margins at current levels. The margins for the company have improved on the back of increased value addition in its product mix. We expect company to continue to get benefit of higher realisations, better product mix.

We have a Buy rating on Pidilite Industries Ltd with a target price of ₹1345 per share based on 47.86x FY20E EPS of 28.10 per share.

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