

MANAGEMENT DISCUSSION & ANALYSIS

Financial
Review

CONSOLIDATED FINANCIALS	
Consolidated Net Sales grew by 6.1%	Profit After Tax (PAT) grew by 20.0%
"EBITDA" (Earnings before Interest, Taxes, Depreciation and Exceptional items) before non-operating income, grew by 11.3%	On a constant currency basis, the overseas subsidiaries reported sales growth of 6.8% and EBITDA grew by 10.7%
Profit Before Tax and Exceptional Items (PBT) grew by 16.2%	Domestic subsidiaries sales grew by 7.4% and EBITDA grew by 9.4%

Financial
Review

STANDALONE FINANCIALS	
Net sales grew by 8.1%	Profit Before Tax and exceptional items (PBT) grew by 16.2%
EBITDA (excluding non-operating income) grew by 11.2%	Profit After Tax (PAT) grew by 15.2%



Performance By
Industry Segment
(Standalone)

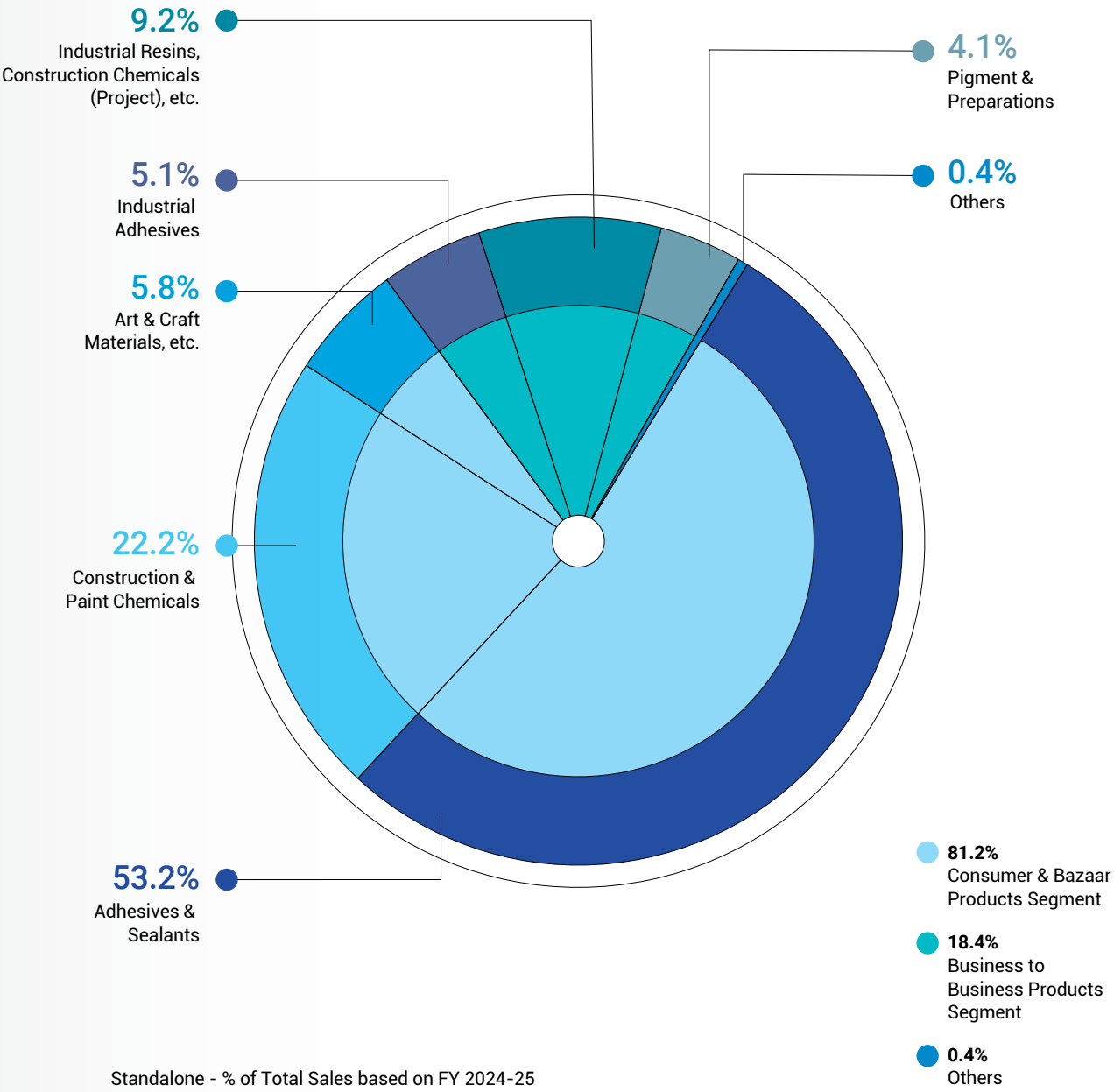
The Company operates under two major business segments i.e. Branded Consumer & Bazaar and Business to Business.

Products, such as Adhesives, Sealants, Art & Craft Materials and Others, Construction and Paint Chemicals are covered under Branded Consumer & Bazaar segment. These products are widely used by carpenters, painters, plumbers, mechanics, households, students, offices, etc.

Business to Business segment covers products, such as Industrial Adhesives, Industrial Resins, Construction Chemicals (Projects), Organic Pigments, Pigment Preparations, etc. and caters to various industries like packaging, joineries, textiles, paints, printing inks, paper, leather, etc.

In both business segments, there are a few medium to large companies with national presence and a large number of small companies which are active regionally. Multinational companies are also present in many of the product categories in which the Company operates.

Business segment /
Product category %
(FY 2024-25)



Standalone - % of Total Sales based on FY 2024-25

Consumer
& Bazaar
(C&B)

Branded Consumer & Bazaar segment contributed

81.2%

of the sales of the Company and grew by

6.9%

Adhesives & Sealants category (adhesives, sealants & tapes) contributed

53.2%

of the sales of the Company and grew by

5.0%

Construction and Paint Chemicals contributed

22.2%

of the sales of the Company and grew by

13.9%

Art & Craft Materials, etc. contributed

5.8%

of the sales of the Company and declined by

0.2%

Business
To Business
(B2B)

Business to Business segment contributed

18.4%

of the sales of the Company and grew by

16.1%

Industrial Adhesives includes adhesives used in packaging, footwear, cigarette, automotive industry and joinery. This category contributed

5.1%

of sales of the Company and grew by

7.4%

Industrial Resins, Construction Chemicals (Projects), etc. contributed

9.2%

of the sales of the Company and grew by

16.7%

Pigments and Preparations contributed

4.1%

of sales of the Company and grew by

27.4%

Others

Others mainly includes
sale of raw materials.



Current
Year Outlook

Last year (FY 2024-25), despite subdued demand conditions, the Company delivered strong Underlying Volume Growth ("UVG") across both C&B and B2B segments. Input costs remained benign during the year, which enabled the Company to step up investments behind brands and growth facing activities. EBITDA margins improved.

The domestic demand environment is expected to remain stable backed by Government fiscal and monetary policies, continued investments in infrastructure and construction and moderate inflation. Input prices are expected to remain soft.

However, the global economic and geo-political conditions remain uncertain, and we remain watchful of the same given its impact on global demand and inflation. These may have an impact on exports.

The Company is taking actions to drive demand generation initiatives to deliver on its objective of profitable underlying volume growth.

Domestic subsidiaries have delivered good sales and profit growth. The Company remains committed to strengthening the performance of these subsidiaries and has taken several strategic initiatives to improve margins and achieve consistent sales growth.

The Company's major international subsidiaries are in Dubai, Bangladesh, Sri Lanka, Thailand and Egypt. The business environment in some of these countries remains subdued due to geo-political tensions, currency challenges and inflation. However, the management is taking various steps to increase sales and market share in their respective geographies along with improvement in performance of these subsidiaries.

Outlook On Opportunities,
Threats, Risks & Concerns

The Indian economy provides a large opportunity to the Company to market its differentiated products. The additional spending in Government programmes, tax cuts, higher capex spending emphasizes the focus on infrastructure and increasing disposable income in the hands of common people. This augurs well for the growth of the economy which will eventually create demand for the Company's products. Further, the home improvement area offers opportunities for growth given the focus on new construction and renovation.

Slower growth of the Indian economy and stress in sectors such as construction could put pressure on the performance of the Company. While there are near term concerns with respect to disturbed geo-political situation and its cascading impact on demand and inflation, the Company is confident of the medium to long-term prospects of the home improvement sector and remains focused on delivering consistent and profitable volume led growth.

Overseas subsidiaries, by virtue of their relatively smaller size, remain vulnerable to the political and economic uncertainties of their respective countries and the rise in geo-political tensions could impact the performance of the subsidiaries.



Human
Resources

FY 2024-25 was a special year for Pidilite to celebrate the Centenary birth anniversary of our Founder Shri B K Parekh (BKP). The celebration was all about introspecting on the undaunting spirit, passion for innovation and entrepreneurship and the social work and community initiatives led by BKP. We continued with the same spirit and celebrated the 101st birth anniversary of BKP on 17th March, 2025.

The Company has always believed that people are its most important asset and this is engrained in the Company's ways of working, called PILGLOBIN, which lays a strong emphasis on respect, listening, humility and empowerment.

Through the Happy and Healthy (HAH) initiatives, which brought a strong focus to employee's well-being, truly came alive in FY 2024-25 (this year) with the joyful inclusion of the extended Pidilite's family. Across locations, children and spouse joined in to express their creativity through Arts & Talent Studios, a vibrant celebration of imagination and togetherness. Family participation was also seen on the Founder's day, ensuring that the joy of participating in HAH extends well beyond the event itself transforming it from an employee initiative into a shared celebration of the entire Pidilite's family.

The Company's Listening Forums have long engaged employees, offering insights that shaped inclusive policies and systems. In this year, participation and reach of the forum has grown with inclusion of HR Roadshows that was added to existing platforms like Open House, Sampark and Birthday Lunch. 25 HR Roadshows reached over 1,060 employees, boosting awareness, usage and driving policy changes.

With a strong focus on diversity agenda, the Company engaged with women employees to design actionable steps to create an enabling environment. Several initiatives were successfully implemented including launch of an in-house crèche at Head office, Gender sensitization sessions for 300+ managers, improvements of travel, pre and post-maternity policies, to enhance support for women.

In this year, the Learning & Development (L&D) emphasized capability development through multiple programs. The use of digital learning truly came of age and ensured larger reach and better availability of relevant programs to employees. Programs which enhanced effectiveness and aligned members to Pidilite's Ways of Working along with safety training, were prioritized.

A significant milestone has been the successful piloting of two Centers of Excellence programs. With focus inter-alia on, Roles & Responsibilities, PILGLOBIN behaviours helps managers to evolve into inspiring leaders and structured operational practices to enhance team effectiveness. Together, these initiatives laid a strong foundation for a culture of accountability, continuous improvement, and execution excellence across the organization.

The Spirit of Pidilite Awards is an initiative which was introduced in September 2022 with a broad objective to reward employees that would span across divisions and functions. The intent of the program is to establish a "Fair and Transparent" process giving every employee an equal opportunity to participate and help the organization to drive high benchmarks.

As part of the Company's journey to create a workplace that celebrates and recognises high performance, the Spirit of Pidilite Awards continued to recognize achievers and inspire others to raise the bar. In this year, we have awarded 750 unique Pidilite employees encouraging high performance and equal opportunity while reinforcing our Reward and Recognition culture.

The total number of employees on the rolls of the Company was 8,153 as on 31st March, 2025.

Miscellaneous

The Company's Net Worth (Equity capital + Reserves) has grown from

₹ 5,561 crores

as on 31st March, 2021 to

₹ 9,676 crores

as on 31st March, 2025, giving a Compounded Annual Growth Rate (CAGR) of 14.9%.

The market capitalisation of the Company on 31st March, 2025 was

₹ 1,44,929 crores

and has grown at a CAGR of 27.9% since the IPO in 1993.



Other Matter

Internal Control Systems and their adequacy is elaborated in the Director's Report.

Cautionary Statement

Statements in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ.

ECONOMIC VALUE ADDED (EVA)

Computation of EVA

EVA	=	Net Operating Profit After Tax (NOPAT) - Weighted average cost of capital employed.
NOPAT	=	Net profit after tax + post tax interest cost at actual.
Weighted average cost of capital employed	=	(Cost of equity x average shareholder funds) + (cost of debt x average debt).
Cost of equity	=	Risk-free return equivalent to yield on long term Government of India (GOI) securities (taken @ 6.45%) + market risk premium (assumed @ 7.26%) x beta variant for the Company (taken at 0.98), where the beta is a relative measure of risk associated with the Company's shares as against the stock market as a whole.
Cost of debt	=	Effective interest applicable to the company based on an appropriate mix of short, medium and long term debt, net of taxes.

Item	2020-21	2021-22^	2022-23	2023-24	2024-25
1. Risk Free Return on Long Term GOI Securities	6.0%	6.9%	7.3%	7.1%	6.5%
2. Cost of Equity	11.7%	12.0%	12.7%	13.5%	13.5%
3. Cost of Debt (Post Tax)	3.4%	3.0%	4.1%	0.0%	0.0%
4. Effective Weighted Average Cost of Capital	11.6%	11.9%	12.6%	13.5%	13.5%
Economic Value Added (₹ in crores)					
5. Average Debt	55	80	53	-	-
6. Average Equity (Shareholder Funds)	5,013	5,952	6,726	7,723	9,007
7. Average Capital Employed (Debt + Equity)	5,068	6,032	6,779	7,723	9,007
8. Profit After Tax (as per Standalone Statement of Profit and Loss)	1,082#\$	1,191\$	1,257\$	1,792#\$	2,094#\$
9. Interest (as per Standalone Statement of Profit and Loss, net of Income Tax)	13	20	21	22	26
10. Net Operating Profit After Tax (NOPAT)	1095	1,211	1,278	1,814	2,120
11. Weighted Average Cost of Capital (4 x 7)	588	715	854	1,045	1,218
12. Economic Value Added (10 - 11)	506	496	424	769	902
13. EVA as a % of Average Capital Employed (12 ÷ 7)	10.0%	8.2%	6.3%	10.0%	10.0%

Profit After Tax excludes exceptional items.
\$ Profit is After Tax but before Other Comprehensive Income.
^ FY 2021-22 figures restated on account of merger.