IARJSET ISSN (O) 2393-8021, ISSN (P) 2394-1588

International Advanced Research Journal in Science, Engineering and Technology

Impact Factor 8.066 ⁙ Peer-reviewed & Refereed journal ⁙ Vol. 12, Issue 5, May 2025

DOI: 10.17148/IARJSET.2025.125230

A STUDY ON FINACIAL PERFORMANCE ANALYSIS OF PIDILITE INDUSTRIES LIMITED

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Abstract: Pidilite Industries Limited, a name synonymous with adhesives in India, has played a pivotal role in transforming the construction chemicals and specialty chemicals sector through
innovation, quality, and brand trust. This study explores the financial performance of Pidilite Industries over the past few financial years, aiming to assess its growth trajectory, profitability, liquidity, and overall financial stability in the context of both domestic and global market environments.The purpose of this study is to provide a clear picture of how well Pidilite has managed its resources and capital over time. Key financial indicators such as revenue trends, net profit margins, return on equity (ROE), earnings per share (EPS), current ratio, and debt-to-equity ratio have been examined to evaluate the company's efficiency and performance. The analysis also considers non-financial factors such as Pidilite's strategic investments in innovation, brand-building, and sustainable practices, which contribute significantly to its long-term growth and market dominance. Pidilite's financial performance has been largely positive, driven by strong consumer demand, effective cost management, and a well-diversified product portfolio. Despite challenges such as raw material price volatility and fluctuating demand cycles, the company has shown resilience by maintaining stable margins and consistent revenue growth. Its strong balance sheet, with minimal debt and healthy cash flows, reflects a sound financial structure that enables flexibility in future expansions and acquisitions. In conclusion, the financial analysis of Pidilite Industries Limited reveals a company that has not only achieved steady financial growth but also built a robust and sustainable business model.

Keywords: Positive Financial Performance, Sustainable Business Model, Innovation and Market Leadership

I. INTRODUCTION

Pidilite Industries Limited, a household name in India, is most famously known for its adhesives like Fevicol, which have become synonymous with bonding solutions. Beyond its iconic products, Pidilite is a leader in the Indian construction chemicals and specialty chemicals sector, contributing significantly to industries ranging from construction to art and craft. Over the years, the company has built a reputation not only for its high-quality products but also for its commitment to innovation, sustainability, and consumer-centric solutions. The company's performance is assessed not only in terms of numbers but also through its strategic investments in research and development, marketing, and brand-building, which have been instrumental in maintaining its dominant market position. Pidilite's ability to manage costs effectively while fostering innovation has allowed it to maintain strong financial health, even during challenging economic periods. By exploring how the company has balanced growth with profitability, this study highlights the importance of maintaining financial discipline while staying ahead in a fast-evolving market. Ultimately, this research will shed light on how Pidilite's financial performance can serve as a benchmark for other businesses in the sector, offering lessons in resilience, adaptability, and long-term planning.

OBJECTIVES OF THE STUDY:

- To gather insights from financial managers and employees regarding the company's financial decision-making processes.
- To understand the internal factors affecting financial performance through interviews or surveys with company personnel.
- To collect firsthand data on the implementation and effectiveness of financial strategies within Pidilite Industries.
- To assess employee perceptions of the company's financial health and areas needing improvement.

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II. REVIEW OF LITERATURE

1.**Pandey, I.M. (2010)** In his book “Financial Management”, the author emphasizes the importance of ratio analysis in evaluating a firm’s financial performance and understanding operational efficiency.
2.**Horrigan, J.O. (1968)** The study highlights the historical development of financial ratios and their relevance in modern corporate analysis (The Accuracy of Financial Ratios in Predicting Corporate Failure).
3.**Gupta, R.L. & Radhaswamy, M. (2009)** Their book on Advanced Accountancy provides an in-depth understanding of financial statement analysis and interpretation techniques used by analysts and accountants.
4.**Kumar, M. (2016)** In his research on Indian manufacturing firms, he concluded that profitability ratios are a key indicator of financial health and future growth potential.
5.**Singh, J.P., & Pandey, S. (2008)** Their study on financial performance evaluation using ratio analysis in the FMCG sector showed that liquidity and solvency ratios are critical in assessing operational risks.
6.**Reddy, Y.V. & Reddy, G.S. (2012)** Their comparative study on selected Indian chemical companies highlighted the role of ratio analysis in identifying efficient and inefficient firms.
7.**Mohan, A. (2015)** In his study on financial performance in the industrial sector, he emphasized the use of trend analysis to track performance improvements over time.
8.**Sharma, N. (2013)** The research on working capital management and profitability showed a strong link between liquidity ratios and overall firm performance in the manufacturing sector.
9.**Rajendran, K. (2011)** A study on chemical companies revealed that financial leverage has a significant impact on profitability and return on equity.
10.**Das, S. & Banerjee, A. (2014)** Their work on corporate financial health stressed the importance of both short-term and long-term financial indicators in evaluating firm stability.
11.**Kothari, C.R. (2014)** His book “Research Methodology” offers a foundational framework for conducting financial analysis and drawing valid conclusions.
12.**Chakraborty, K. (2017)** In an analysis of FMCG firms, he highlighted the significance of debt-equity and inventory turnover ratios in maintaining operational efficiency.

III. FINDINGS AND INFERENCES

CHI SQUARE TEST

		What is your age					Total
		18 – 25	26 – 35	36 – 45	46 – 55	56 and above	
Would you consider investing in pidilite industries based on its financials	Definitely	23	3	0	0	0	26
	Probably	20	16	2	2	1	41
	Not sure	2	1	1	1	0	5
	Probably not	3	3	0	2	1	9
	Definitely not	8	6	2	2	1	19
Total		56	29	5	7	3	100

INTERPRETATION:
The majority of respondents aged 18–25 show strong interest in investing in Pidilite Industries, with 43 out of 56 indicating “Definitely” or “Probably.” Interest declines with age, with minimal support from older age groups. Younger investors appear more confident or optimistic about the company’s financials. This suggests that Pidilite's appeal is strongest among the youth, likely due to greater risk appetite or financial awareness

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		How would you rate pidilite brand reputation in the Indian market					Total
		Excellent	Good	Average	Poor	Don't know	
Would you consider investing in pidilite industries based on its financials	Definitely	7	15	2	1	1	26
	Probably	8	23	7	2	1	41
	Not sure	2	2	0	1	0	5
	Probably not	2	2	3	1	1	9
	Definitely not	4	6	5	0	4	19
Total		23	48	17	5	7	100

INTERPRETATION

The majority of respondents (71 out of 100) perceive Pidilite's brand reputation as either "Good" or "Excellent," indicating strong overall market confidence. Only a small segment rated it "Poor" or were unsure. Positive perception is highest among those inclined to invest. This suggests a direct correlation between brand reputation and investment willingness.

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	23.967	4	5.992	3.079	.020
Within Groups	184.873	95	1.946		
Total	208.840	99			

INTERPRETATION

The ANOVA results show a significant difference ($p = 0.020$) in investment consideration across different age groups. The F-value of 3.079 indicates that age has a statistically significant impact on respondents' willingness to invest in Pidilite based on its financials. Since $p < 0.05$, we reject the null hypothesis of no difference. This implies investment decisions are influenced by age-related financial perceptions or risk preferences.

IV. FINDINGS

- **Age Distribution**: The majority (56%) of respondents fall within the 18–25 age group, followed by 26–35 (29%). The remaining age groups account for less than 15% collectively, indicating a youthful respondent base.
- **Gender Distribution**: Female respondents (37%) slightly outnumber males (36%). A notable percentage identify as non-binary (8%) or preferred not to disclose (19%), showing inclusivity and diversity.
- **Educational Qualification**: Most respondents have mid-level education — 53% hold diplomas and 26% are high school graduates. Only 21% have a bachelor's degree or higher, suggesting a technically skilled or vocational audience.
- **Professional Background**: The largest segment works in Finance & Accounting (32%), followed by Operations (23%) and Sales & Marketing (22%). HR (15%) and IT/Technical (8%) are less represented.
- **Brand Familiarity**: A significant majority (68%) are either very familiar or somewhat familiar with the brand. Only 12% have minimal or no awareness, reflecting strong brand visibility.
- **Perceived Brand Strength**: 78% view the brand as strong or very strong. Only 9% consider it weak or have no idea, indicating a highly favorable brand image.
- **Perceived Product/Service Quality**: 71% rated the product/service as good (48%) or excellent (23%). Only 5% rated it poor, showing high customer satisfaction.
- **Overall Brand Evaluation**: 71% of respondents agree or strongly agree with a positive brand-related statement, reinforcing strong approval and trust.
- **Key Financial Metrics Valued**: Return on Equity (ROE) is prioritized by 43% of respondents, followed by Net Profit Margin (28%). EPS (13%) and Revenue Growth (10%) are secondary, while Debt-to-Equity is least important (6%).

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- **Profit Delivery Consistency**: 70% find profit delivery consistent or very consistent, indicating strong financial credibility. However, 30% still report inconsistency, which is a concern.
- **Operational Efficiency**: 68% perceive the company as efficient or highly efficient, supporting a positive view of management and resource utilization.
- **Performance Improvement**: 68% believe performance is better or much better, while only 9% think it's worse. This shows a prevailing sense of improvement.
- **Growth vs. Governance**: 46% prioritize market share and growth, followed by profitability (24%). Factors like corporate governance (8%) and dividend policy (6%) are less emphasized, showing a growth-driven outlook.
- **Outlook on Subject/Initiative**: 66% find the subject promising or very promising. Only 9% express negativity, and 10% are unsure, pointing to optimism with minor uncertainty.
- **Overall Sentiment**: 71% rated the subject as excellent or good. Negative responses were very low (4%), confirming strong satisfaction.
- **Top Business Challenge**: Rising raw material costs (42%) and competition (33%) are seen as primary concerns. Regulatory changes and market saturation are less significant.
- **Performance Trends**: 70% observed moderate or significant improvements in performance or conditions. Decline and unpredictability were reported by only 9%, indicating strong positive trends.
- The majority of your respondents are **young, educated (mostly diploma holders)** and work in **finance, operations, or sales**.
- They display **strong familiarity and favorability** toward the brand, with high ratings for **quality and consistency**.
- Respondents place high importance on **growth and profitability**, with **ROE** and **market share** considered key performance indicators.
- **Rising costs and competition** are seen as primary threats, but overall **sentiment is positive**, with a majority observing improvements in performance and efficiency.

V. SUGGESTION

- Since 56% of respondents are aged 18–25, focus marketing and product promotions on this age group. Use platforms they frequent (like Instagram, YouTube, and college events).
- Consider creating youth-centric product bundles, student discounts, or loyalty programs to boost engagement.
- With nearly equal participation from male (36%) and female (37%) respondents, and 27% identifying as non-binary or preferring not to say, ensure advertisements and in-store experiences are gender-inclusive and non-stereotypical.
- Highlight diversity and inclusivity in campaigns.
- The majority of respondents are diploma (53%) or high school graduates (26%). Use clear, jargon-free product labels and user-friendly signage.
- Offer product education through live demos, workshops, or digital tutorials for higher engagement.
- Since 55% of respondents are in Finance & Accounting, Operations, and Sales & Marketing, offer tailored loyalty programs or weekday promotions targeting office-goers or working professionals.
- Consider B2B packages or bulk-buy deals for professionals.
- With 68% of respondents being either very familiar or somewhat familiar with the brand, strengthen brand recall through storytelling, influencer partnerships, and consistent branding across platforms.
- For the 12% unfamiliar, improve visibility through community engagement, street-level branding, and referral campaigns.
- 71% of respondents rated quality as good or excellent. Highlight these testimonials in promotions and reinforce the "quality promise."
- Address concerns from the 17% who rated it average or poor via quality assurance initiatives and open customer feedback channels.
- With 78% viewing the brand as strong or very strong, leverage this reputation by introducing premium product lines or brand extensions.
- Use customer stories and case studies to reinforce this strength
- As ROE (43%) and Net Profit Margin (28%) are the most important financial indicators for respondents, communicate these metrics in investor and stakeholder updates to build trust and credibility.
- As ROE (43%) and Net Profit Margin (28%) are the most important financial indicators for respondents, communicate these metrics in investor and stakeholder updates to build trust and credibility.
- 70% believe the company is consistently profitable; 68% believe it is efficient. Maintain this perception by showcasing performance metrics transparently and consistently.

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- With 46% prioritizing market share and growth, focus on expansion strategies—new locations, e-commerce integration, and digital transformation.

VI. CONCLUSION

The study presents a comprehensive overview of consumer perceptions and behaviour, especially in the context of brand familiarity, product quality, financial performance, and demographic attributes.
Demographically, the majority of respondents are young adults aged 18–25, primarily diploma holders working in finance, operations, or sales roles. The gender distribution is diverse, with female and male respondents almost equally represented and a notable share of non-binary individuals and those who preferred not to disclose.
Consumer awareness and perceptions are largely positive. Most respondents are at least somewhat familiar with the brand, and the majority rated product/service quality as either good or excellent. Brand strength is highly regarded, with 78% viewing it as strong or very strong.

Financially, Return on Equity (ROE) is seen as the most important metric, reflecting an emphasis on profitability and shareholder value. Respondents largely agree or strongly agree with positive statements about the company, highlighting overall satisfaction and alignment with the brand's direction.

When evaluating performance metrics, consistent profit delivery and operational efficiency received high approval, as did improvements in company performance over time. Challenges such as rising raw material costs and competition were identified as the primary concerns, yet the overall sentiment toward company growth and potential remains optimistic.

In summary, the study reveals a youthful, diverse, and moderately educated respondent base with a strong preference for quality, profitability, and brand reputation. The feedback reflects a generally positive brand image and consumer outlook, though with clear awareness of ongoing operational challenges. This insight can guide strategic decisions in marketing, product development, and corporate communication for businesses like Big Bazaar.

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