International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

A Study on ITR Filing Process at Pidilite Industries Limited

Dr. Rajendra Jarad[1], Dr. Mahendra Yadav[2], Kajal Chotaliya[3]

Dr. D. Y. Patil institute of technology

[1]Kajalchotaliya682@gmail.com, [2]mahendra.yadav@dypvp.edu.in, [3]rajendra.jarad@dypvp.edu.in

ABSTRACT:

The Income Tax Return (ITR) filing process at Pidilite Industries is a critical aspect of the company's financial management, ensuring compliance with Indian tax regulations. This study examines the comprehensive steps involved in the ITR filing process, focusing on its efficiency, challenges, and impact on corporate governance. Pidilite, a leader in the adhesive and construction chemicals industry, adheres to stringent tax filing practices to maintain transparency and legal compliance.

The company follows the provisions under the Indian Income Tax Act, 1961, ensuring accurate reporting of its income, deductions, and tax liabilities. The ITR process begins with gathering financial data, including revenue from operations, capital gains, and other income sources. Pidilite's finance department compiles this information to prepare a consolidated financial statement, ensuring that all revenues and expenses are accounted for.

The company utilizes advanced accounting software to streamline the process, which helps in the accurate calculation of tax liabilities, including corporate tax, Goods and Services Tax (GST), and other indirect taxes. Proper classification of income streams, adherence to depreciation rules, and inclusion of eligible deductions are ensured to minimize tax liability while adhering to legal norms.

Pidilite’s ITR filing process also involves reconciliation of tax deducted at source (TDS), advance tax payments, and the final settlement of tax dues. Special attention is given to ensuring that the company maximizes the use of tax credits and exemptions available under various sections of the Income Tax

The study also highlights the digitalization of the ITR filing process at Pidilite, which is aligned with the Indian government's push for e-filing. The company submits its ITR through the Income Tax Department’s e-filing portal, ensuring faster processing and refunds if applicable.

Challenges faced by Pidilite include the complexity of tax regulations, changes in tax laws, and the coordination between various departments to gather financial data. To address these challenges.

Overall, the study concludes that Pidilite Industries has an efficient and well-structured ITR filing process, driven by advanced technology and strict adherence to legal guidelines. The company continues to improve its processes to meet evolving tax regulations and maintain its reputation as a responsible corporate entity.

KEY PRODUCTS ARE : FEVICOL , M-SEAL , DR.FIXIT.

Introduction:

Pidilite Industries was founded in 1959 by Balvant Parekh, with a vision to create an innovative, trusted, and affordable adhesive solution. The company began with a modest ambition of serving industrial applications but quickly identified the potential in the consumer market, particularly in India’s growing construction, woodworking, and creative sectors. The introduction of Fevicol, Pidilite's flagship product, revolutionized the adhesive industry in India. Fevicol's affordability, effectiveness, and ease of use made it the go-to choice for both industrial and household usage.

In the 1970s and 1980s, Pidilite began expanding its product range to include construction chemicals, art materials, and industrial adhesives. These strategic moves helped the company diversify its revenue streams while addressing multiple industries. The company’s vision of continuous improvement, combined with a strong focus on quality, allowed it to build a reputation as a reliable brand in the adhesive industry.

COMPANY OVERVIEW:

CO Way back in 1954, a 29-year-old trader in chemicals, with a law degree under his belt and the zeal of enterprise in his heart, started his own modest business, manufacturing a single product at Jacob Circle in Mumbai. The product was synthetic glue, and the young, ambitious entrepreneur was our founder, the late Shri Balvant Kalyanji Parekh. In 1959, deciding to get into the manufacture of industrial chemicals, Balvant Parekh named his company Pidilite Industries Limited.

We are a service-oriented, specialty chemicals company sustaining a strong bond with clean chemistry and our customers around the globe. What began as a single-product company is today a major manufacturer of premium specialty chemicals, serving diverse markets across the world. Pidilite is now India's market leader in adhesives and sealants across all three business segments – branded consumer products, trade products, and industrial products.

Mission and Vision:

Pidilite's mission is to provide innovative solutions that improve the quality of life for consumers and professionals. The company prides itself on its ability to foster innovation and sustainability while meeting the diverse needs of its customers. Its products aim to enhance productivity and efficiency in both personal and industrial contexts.

Pidilite's vision is to be the leading player in the specialty chemicals industry, achieving this through a steadfast commitment to innovation, sustainability, and customer satisfaction. The company places a significant focus on research and development (R&D), continually looking for ways to improve its existing products and introduce new solutions to meet evolving market demands.

Market Position and Competitive Advantage

Pidilite's market position is unmatched in India, holding over 60% market share in the adhesives and sealants industry. Several factors contribute to this dominance, including:

1. Strong branding: Pidilite has invested heavily in marketing campaigns that resonate with both industrial users and individual consumers. The Fevicol brand is a prime example of how creative advertising can build lasting brand equity.
2. Extensive distribution network: Pidilite's vast distribution network, reaching over 3,000 distributors and 4 lakh dealers, ensures the widespread availability of its products across urban and rural India.
3. Product reliability: Pidilite's consistent focus on quality has built trust among customers, with many opting for Fevicol, M-Seal, and Dr. Fixit due to their proven performance.
4. Customer loyalty: Through consistent innovation and consumer engagement, Pidilite has earned the loyalty of millions of customers who rely on its products for everyday use.

RESEARCH METHODOLOGY :

Research Methodology used in this Project:

The study is based on only secondary data. In the case study approach of the secondary data collection method, I have collected the data from annual reports, analyzed information which is available on web-sites of the **PIDILITE INDUSTRIES LIMITED**

Research Methodology- The study is based on secondary data which have been collected from:

(4) Annual Reports of the company

(4) Articles and Research papers

(4) Internet

(4) Books

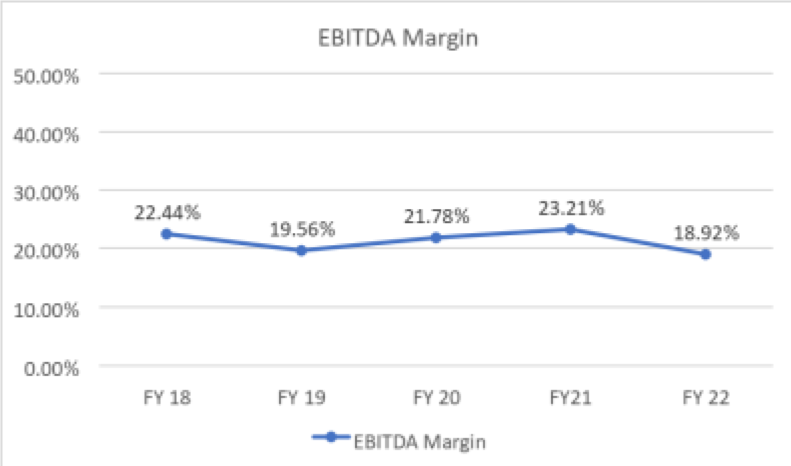
DATA ANALYSIS & INTERPRETATION OF DATA

A. Profitability Ratios

EBITDA Margin:

Year	EBITDA	Net Sales	EIBTDA Margin
FY 2018	1,344 Cr	5,989 Cr	22.44%
FY 2019	1,376 Cr	7,035 Cr	19.56%
FY 2020	1,580 Cr	7,254 Cr	21.78%
FY 2021	1,683 Cr	7,251 Cr	23.21%

FY 2022	1,869 Cr	9,880 Cr	18.92%

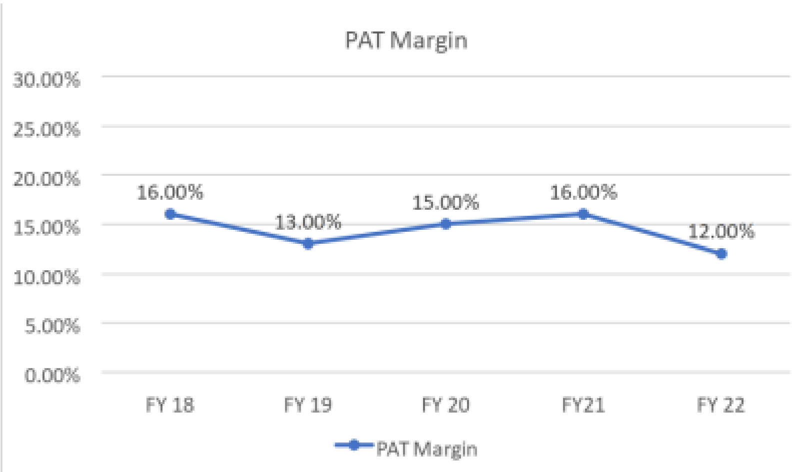


Interpretation:

EBITDA Margin of the Co. is very low in FY 22. We see in this chart that after FY 19 the EBITDA Margin is growing YOY but in FY 22 suddenly decrease in EBITDA Margin. This happens because of High input cost (Raw Material) and 2nd wave of Covid 19. And it's also realized that the EBITDA Margin of FY 22 is below average of last 5 Year and the average of last 5 year is 21.18.

PAT Margin:

Year	PAT	Net Sales	PAT Margin
FY 2018	9,66 Cr	5,989 Cr	16%
FY 2019	9,28 Cr	7,035 Cr	13%
FY 2020	1,122 Cr	7,254 Cr	15%
FY 2021	1,126 Cr	7,251 Cr	16%
FY 2022	1,207 Cr	9,880 Cr	12%



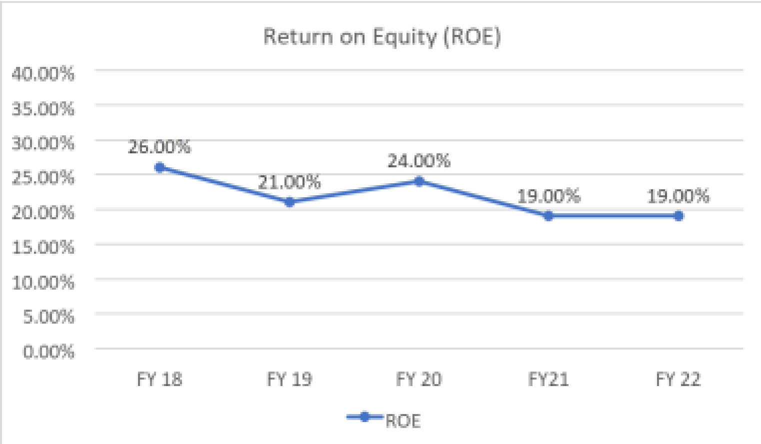
Interpretation:

PAT margin of the Co. After FY19 increasing YOY but after FY21 there is a significantly decrease in PAT margin. This happens because of High input cost (raw material cost) and co also not increase the MRP that effect realised in their PAT margin in FY22. And it's also realized that the PAT Margin of FY 22 is below average of last 5 Year and the average of last 5 year of PAT margin is 14.4.

B. Return Ratios

(2) Return on Equity (ROE):

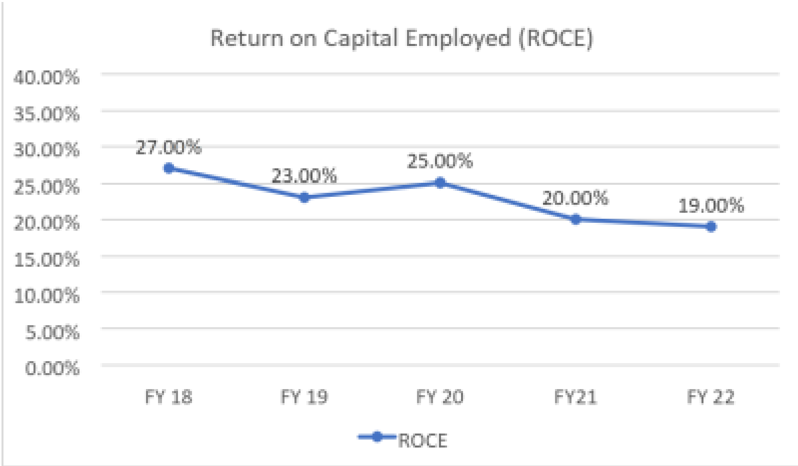
Year	PAT	Net Worth	ROE
FY 2018	9,66 Cr	3,749 Cr	26%
FY 2019	9,28 Cr	4,355 Cr	21%
FY 2020	1,122 Cr	4,671 Cr	24%
FY 2021	1,126 Cr	5,833 Cr	19%
FY 2022	1,207 Cr	6,404 Cr	19%



Interpretation:

ROE of the co. slightly low in FY 21 and FY 22 but its average ROE of last 5 year is above 22% and its lowest ROE is 19%. But it's very good ROE as per top fund Managers. And they maintain their ROE above 19% but we see in this chart that lots of up down in their ROE. **Return on Capital Employed (ROCE):**

Year	EBIT	Capital Employed	ROCE
FY 2018	1,375 Cr	3,996 Cr	27%
FY 2019	1,367 Cr	4,614 Cr	23%
FY 2020	1,504 Cr	4,921 Cr	25%
FY 2021	1,559 Cr	6,395 Cr	20%
FY 2022	1,656 Cr	7,191 Cr	19%



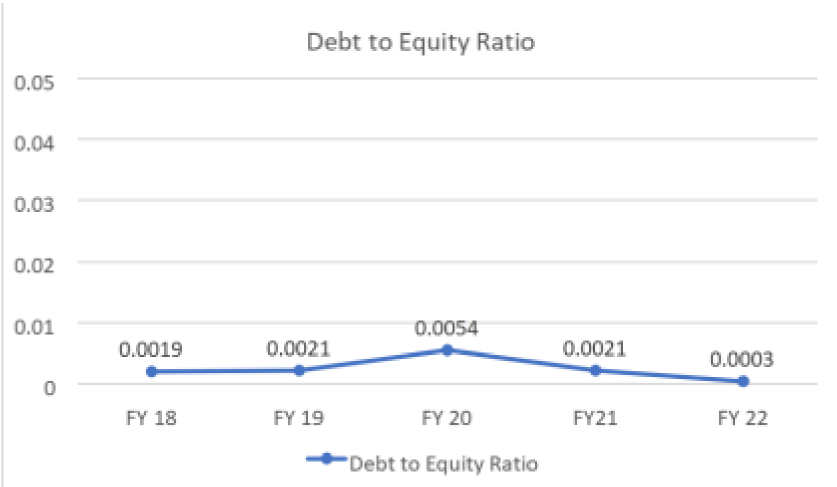
Interpretation:

ROCE of the co. is decreasing YOY from FY 18 to FY22 Except in FY22. So, we realized that they are not utilized their capital that they employed. And that's effect we see in there ROCE.

C. Leverage Ratios

Debt/ Equity

Year	**Long Term Debt**	**Net-worth**	**Debt to Equity Ratio**
FY 2018	7 Cr	3,749 Cr	0.0019
FY 2019	9 Cr	4,355 Cr	0.0021
FY 2020	25 Cr	4,671 Cr	0.0054
FY 2021	12 Cr	5,833 Cr	0.0021
FY 2022	2 Cr	6,404 Cr	0.0003

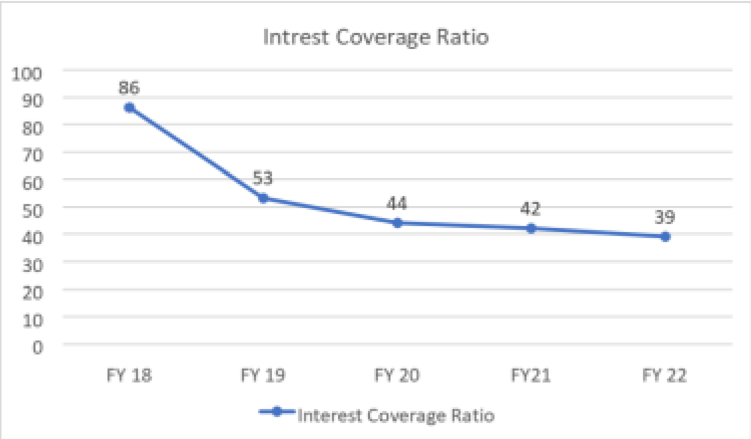


Interpretation:

Debt to Equity Ratio of the co. is well Maintain. And company is Net Debt Free. In FY22 the company debt is only 2 cr.

(2) Interest Coverage Ratio:

Year	EBIT	Interest Expense	Interest Coverage Ratio
FY 2018	1,375 Cr	16 Cr	86
FY 2019	1,367 Cr	26 Cr	53
FY 2020	1,504 Cr	34 Cr	44
FY 2021	1,559 Cr	37 Cr	42
FY 2022	1,656 Cr	42 Cr	39



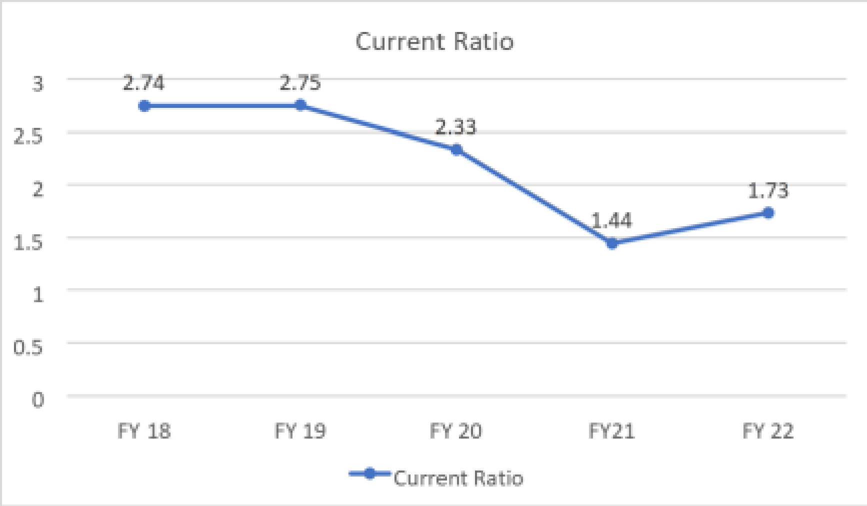
Interpretation:

Interest Coverage Ratio of the Company is so High, clearly, business is in comfortable zone. Because earnings are more than Interest.

Liquidity Ratio

Current Ratio:

Year	Current Assets	Current Liabilities	Current Ratio
FY 2018	3,309 Cr	1,208 Cr	2.74
FY 2019	3,582 Cr	1,301 Cr	2.75
FY 2020	3,761 Cr	1,651 Cr	2.33
FY 2021	3,515 Cr	2,435 Cr	1.44
FY 2022	4,016 Cr	2,325 Cr	1.73

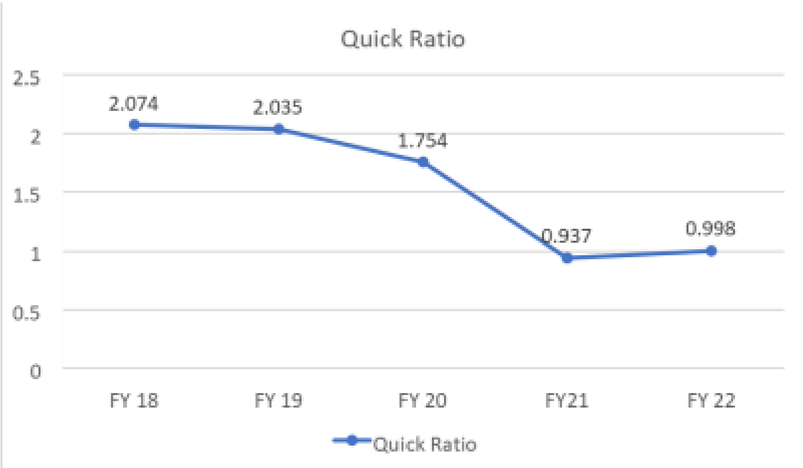


Interpretation:

Current Ratio of the Company is Decreasing from FY19 to FY21. But in there is increase in FY22. But the best part of the company is they maintain their Current Ratio above 1.7 except in FY21 because of Covid-19.

Quick Ratio:

Year	(Current Assets – Inventories)	Current Labilities	Quick Ratio
FY 2018	2,505 Cr	1,208 Cr	2.074
FY 2019	2,648 Cr	1,301 Cr	2.035
FY 2020	2,832 Cr	1,615 Cr	1.754
FY 2021	2,281 Cr	2,435 Cr	0.937
FY 2022	2,321 Cr	2,325 Cr	0.998



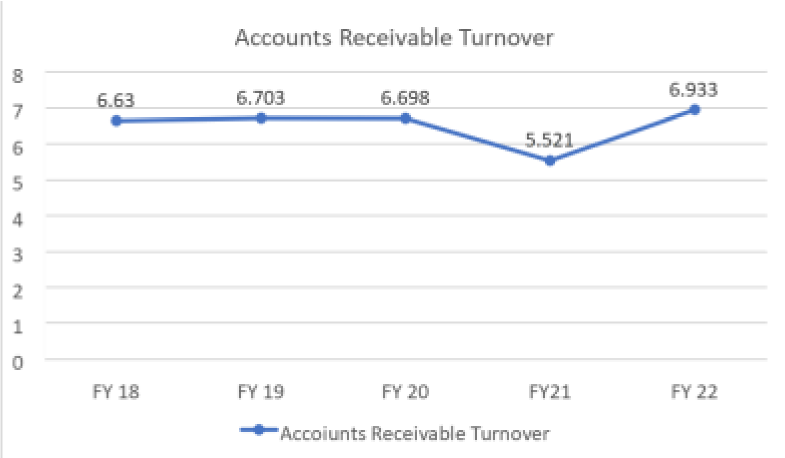
Interpretation:

Quick Ratio of the Company is decreasing YOY from FY18 to FY21 but after FY21 there is increase in Quick Ratio.

E. Efficiency Ratio:

Accounts Receivable Turnover:

Year	Revenue	Accounts Receivable	Accounts Receivable Turnover
FY 2018	6,219 Cr	938 Cr	6.630
FY 2019	7,078 Cr	1,056 Cr	6.703
FY 2020	7,294 Cr	1,089 Cr	6.698
FY 2021	7,293 Cr	1,321 Cr	5.521
FY 2022	9,921 Cr	1,431 Cr	6.933

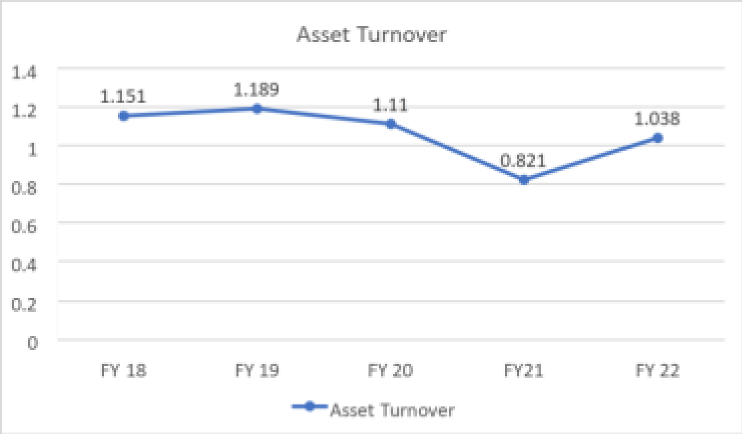


Interpretation:

Accounts Receivable Turnover of the company is very well maintained and always above 6.5 but in FY21 there is decrease in their Accounts Receivable Turnover. But after FY21 there significantly increased in Account Receivable. Means company converts its sale in to cash very fast.

(2) Asset Turnover:

Year	Net Sales	Total Assets	Asset Turnover
FY 2018	5,989 Cr	5,204 Cr	1.151
FY 2019	7,035 Cr	5,915 Cr	1.189
FY 2020	7,254 Cr	6,536 Cr	1.110
FY 2021	7,251 Cr	8,830 Cr	0.821
FY 2022	9,880 Cr	9,516 Cr	1.038

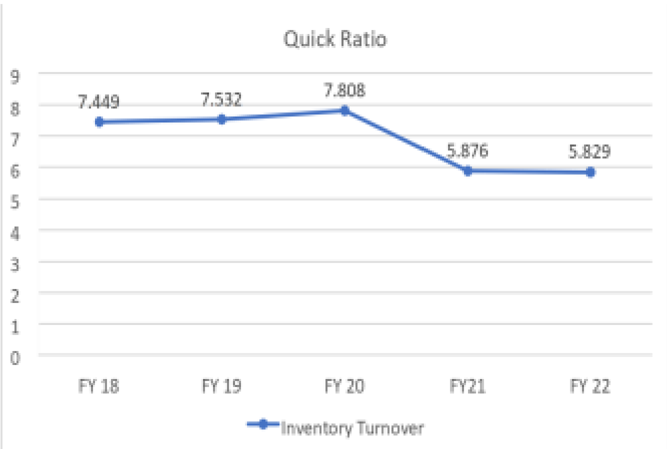


Interpretation:

Asset Turnover Ratio of the company that indicates that company maintain Asset Turnover Ratio above 1.1 except in FY21. Because of Covid-19 but there in increase after FY21.

Inventory Turnover:

Year	Sales	Inventory	Inventory Turnover
FY 2018	5,989 Cr	804 Cr	7.449
FY 2019	7,035 Cr	934 Cr	7.532
FY 2020	7,254 Cr	929 Cr	7.808
FY 2021	7,251 Cr	1,234 Cr	5.876
FY 2022	9,880 Cr	1,695 Cr	5.829



Interpretation:

Inventory Turnover Ratio of the company is constant in FY18 to FY20. But after FY20 there is Decrease in Inventory Turnover Ratio. But overall, the Ratio is High.

HYPOTHESIS TESTING

Hypothesis 1:

H_0 –There is No significant increase in Profit of PIDILITE INDUSTRIES LIMITED in last five years.

H_1 – There is significant increase in Profit of PIDILITE INDUSTRIES LIMITED in last five years.

Interpretation: From the above Research study it is found that within Hypothesis

No.1. The Null Hypothesis i.e., "There is No significant increase in Profit of PIDILITE INDUSTRIES LIMITED in last five years". Is found that to true. Hence accepted. Whereas alternate Hypothesis i.e., "There is significant increase in Profit of PIDILITE INDUSTRIES LIMITED in last five years". Is rejected.

Hypothesis 2:

H_0 – PIDILITE INDUSTRIES LIMITED has not shown good

Financial Strength for the last five years.

H_1 – PIDILITE INDUSTRIES LIMITED has shown good Financial Strength for last five years.

Interpretation: From the above Research study it is found that within Hypothesis

No.1. The Null Hypothesis i.e., "PIDILITE INDUSTRIES LIMITED has not shown good Financial Strength for the last five years.". Is Rejected. Whereas alternate Hypothesis i.e., "PIDILITE INDUSTRIES LIMITED has shown good Financial Strength for last five years.". Is found that True. Hence Accepted.

FINDINGS

Findings on Data Analysis & Interpretation

Based on the financial ratios and data analysis of Pidilite Industries Limited, the following key findings emerge:

1. Profitability Ratios:

- EBITDA Margin: The company's EBITDA margin has been fluctuating, reaching its lowest in FY 2022 at 18.92%. While the average EBITDA margin over the last five years is 21.18%, the decline in FY 2022 is attributed to high input costs (raw materials) and the second wave of COVID-19. The company's inability to pass on these costs to customers reflects a challenge in maintaining profitability.
- PAT Margin: The PAT margin also shows a significant decline in FY 2022 (12%) compared to earlier years. Similar to EBITDA, the increase in raw material costs without a corresponding rise in the MRP has caused a drop in the profit margin. The five-year average PAT margin is 14.4%, with FY 2022 being below this average.

2. Return Ratios:

- Return on Equity (ROE): ROE has shown fluctuations, with a notable decline in FY 2021 and FY 2022. However, the company has maintained an overall strong ROE, averaging over 22% in the last five years. Despite the decline to 19% in FY 2022, Pidilite's ROE is considered favorable by top fund managers.
- Return on Capital Employed (ROCE): ROCE has also been decreasing year-on-year, indicating that the company may not be efficiently utilizing its capital. A declining ROCE, particularly in FY 2021 (20%) and FY 2022 (19%), suggests challenges in achieving efficient returns on capital employed.

3. Leverage Ratios:

- Debt to Equity Ratio (D/E): Pidilite has maintained a near debt-free status, with a very low D/E ratio, decreasing to 0.0003 in FY 2022. This indicates strong financial health with minimal reliance on long-term debt, ensuring low financial risk.
- Interest Coverage Ratio: The interest coverage ratio remains high, highlighting that the company comfortably covers its interest obligations with its earnings. Despite a slight decrease over time, the ratio was still 39x in FY 2022, reflecting a healthy ability to manage debt servicing costs.

4. Liquidity Ratios:

- Current Ratio: The current ratio dropped to 1.44 in FY 2021, mainly due to the pandemic but rebounded to 1.73 in FY 2022. Despite this recovery, the company has maintained a reasonably stable liquidity position over the five years, ensuring sufficient coverage for short-term liabilities.
- Quick Ratio: Similarly, the quick ratio has shown fluctuations, with a dip below 1 in FY 2021 (0.937) but increased to 0.998 in FY 2022. This indicates that the company is improving its liquidity and ability to cover immediate liabilities.

5. Efficiency Ratios:

- Accounts Receivable Turnover: The company has effectively managed its receivables, maintaining an accounts receivable turnover above 6.5, except in FY 2021. This demonstrates Pidilite's ability to convert sales into cash promptly, improving its cash flow cycle.

- Asset Turnover: The asset turnover ratio remained above 1.1 in most years, except during the pandemic (FY 2021), when it dropped to 0.821. The post-pandemic recovery in FY 2022 (1.038) indicates improved utilization of assets to generate revenue.
- Inventory Turnover: Inventory turnover remained strong from FY 2018 to FY 2020, but declined in FY 2021 and FY 2022. The drop to 5.829 in FY 2022 could suggest an increase in inventory holding periods, possibly due to supply chain disruptions and lower demand during the pandemic.

6. Hypothesis Testing:

- Hypothesis 1: Profit Growth: The null hypothesis, "There is no significant increase in Profit of Pidilite Industries Limited in the last five years," was accepted. The company's profitability has been affected by external factors like rising input costs and COVID-19, preventing a significant increase in profit.
- Hypothesis 2: Financial Strength: The alternate hypothesis, "Pidilite Industries Limited has shown good financial strength for the last five years," was accepted. Despite the challenges in profitability, the company's low debt levels, strong interest coverage, and consistent returns on equity reflect solid financial strength.

CONCLUSION

- The financial analysis of **Pidilite Industries Limited** over the past five years highlights the company's strong market presence, robust financial health, and resilience, even during challenging times such as the COVID-19 pandemic. While the company has maintained impressive growth, profitability, and liquidity metrics, there are areas for improvement, particularly in optimizing operational efficiency, enhancing return ratios, and managing inventory.
- Pidilite's debt-free structure provides it with financial flexibility, and its commitment to innovation and R&D has helped it retain a leadership position in the adhesives and chemicals market. However, rising input costs and global economic uncertainties pose challenges to maintaining profitability margins.
- To remain competitive and continue its growth trajectory, Pidilite should focus on cost optimization, improving capital utilization, expanding its global footprint, and leveraging digital technologies for better operational efficiency. By addressing these key areas and staying committed to innovation and sustainability, Pidilite is well-positioned to achieve long-term financial stability and growth while delivering value to its shareholders and customers.

BIBLIOGRAPHY

- https://www.pidilite.com/about-pidilite/
- https://www.screener.in/company/PIDILITIND/consolidated/
- https://zerodha.com/varsity/module/fundamental-analysis/
- NISM XV Research Analyst
- **Pidilite Industries Annual Reports (2018-2022)** Retrieved from: Pidilite Official Website
- **Khan, M. Y., & Jain, P. K. (2020).** *Financial Management: Text, Problems and Cases* (8th ed.). McGraw Hill Education.
- **Gupta, S. (2019).** *Financial Ratios: Analysis and Interpretation.* Himalaya Publishing House.
- **Brealey, R. A., Myers, S. C., & Allen, F. (2021).** *Principles of Corporate Finance* (13th ed.). McGraw-Hill Education.
- **Pandey, I. M. (2019).** *Financial Management* (11th ed.). Vikas Publishing House.
- **Damodaran, A. (2020).** *Corporate Finance: Theory and Practice* (3rd ed.). Wiley India.
- **ICAI (Institute of Chartered Accountants of India).**

  Financial Statement Analysis. Study Material, ICAI, 2018.
- **Economic Times Articles on Pidilite Industries** Retrieved from: The Economic Times
- **Kothari, C. R. (2014).** *Research Methodology: Methods and Techniques* (2nd ed.). New Age International.
- **Mint Market Insights on Adhesive Industry Trends** Retrieved from: Mint