

19<sup>th</sup> September, 2018

The Secretary  
BSE Ltd.  
Corporate Relationship Dept.,  
14<sup>th</sup> floor, P. J. Tower,  
Dalal Street, Fort  
Mumbai - 400 001  
Stock Code – 500331

The Secretary  
National Stock Exchange of India Ltd.  
Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex,  
Bandra (E),  
Mumbai - 400 051  
Stock Code - PIDILITIND


**Sub: Investor Presentation**  
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Dear Sir,

Please find attached the Investor Presentation.

Thanking You,

Yours faithfully,  
**For Pidilite Industries Limited**

  
**Savithri Parekh**  
Secretary

Encl: a/a

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**Pidilite Industries Limited**

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# Investor Presentation



# Presentation Structure



- **Company Overview**
- **Business Overview**
- **Macro Indicators**
- **Strategic Direction**
- **Key Consideration**

# Company Overview

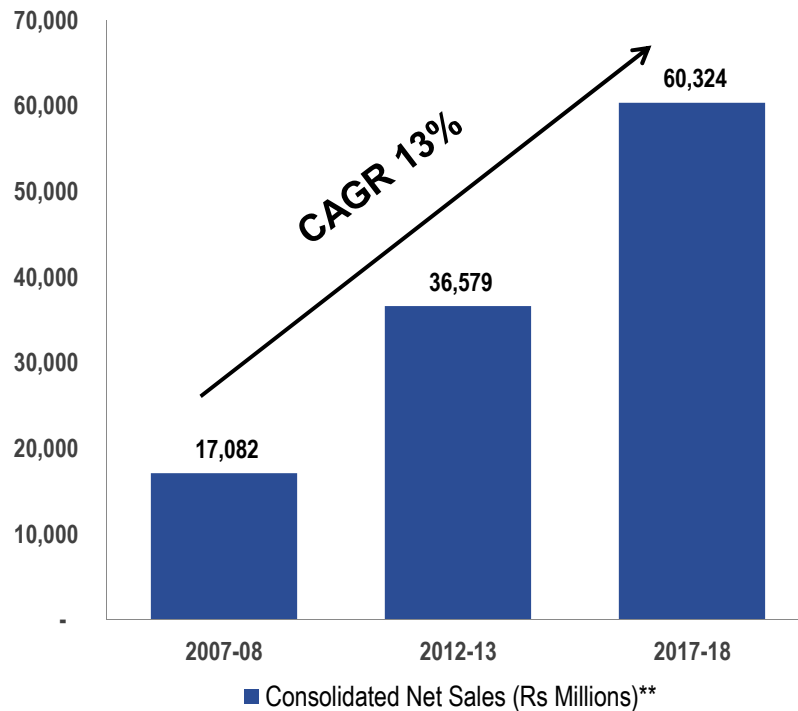


- Brand established in 1959
- Pioneer in Consumer & Specialty Chemicals in India
- Over 2/3<sup>rd</sup> of sales from products and segments pioneered in India
- High market share and strong position in most products and segments
- Consistent growth in sales, profits and dividend payout.
- Consolidated Gross Sales of Rs 61,727 mn in FY 17-18
- Wide geographic presence – Domestic & International
- Well established R&D set-up – Most products developed through in-house R&D
- Strong leadership team

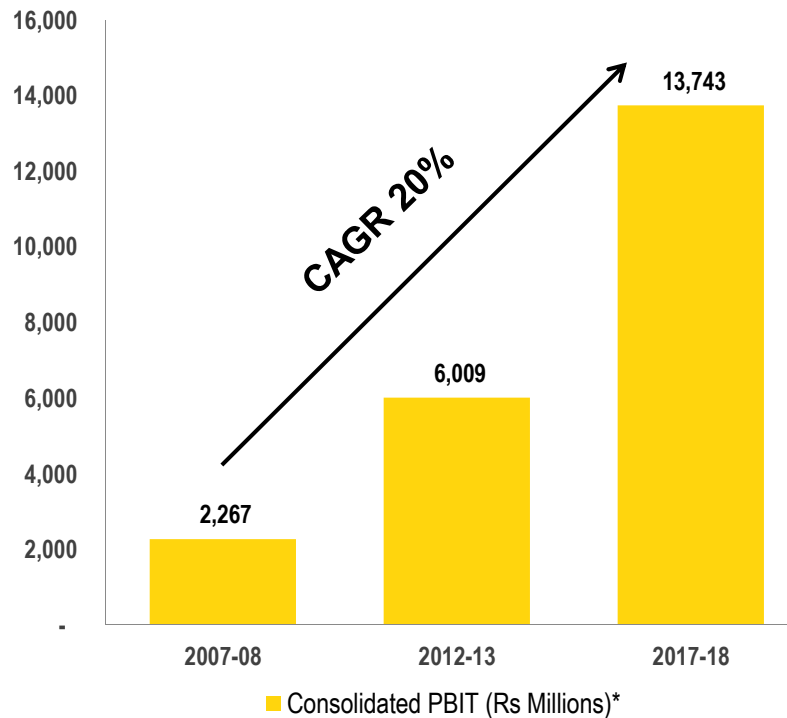
# Sustainable strong growth ...



In Rs Millions



\*\*Sales net of excise duty



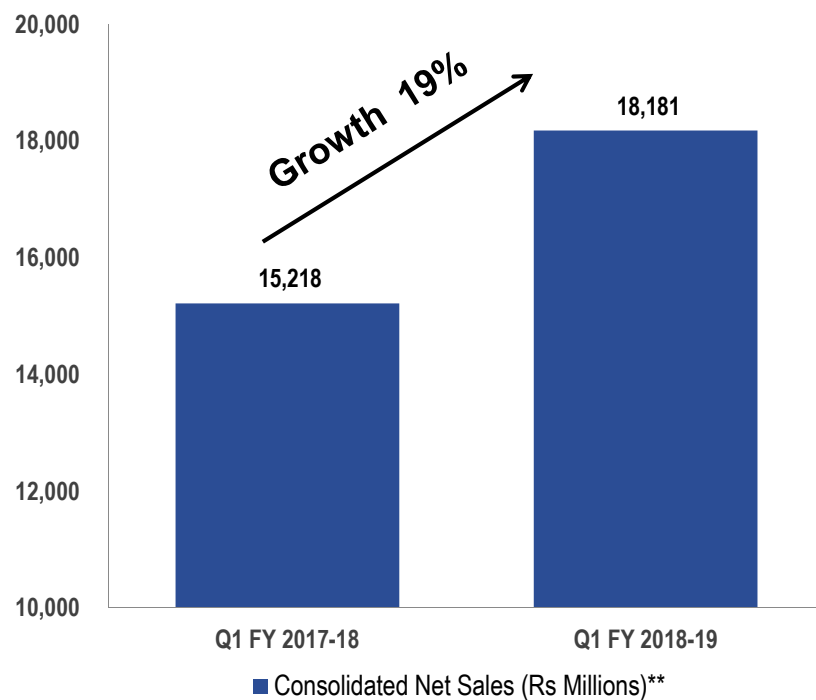
\*PBIT is Profit before exceptional item, tax, and interest

Year-on-Year growth in revenue & profit over last 10 years

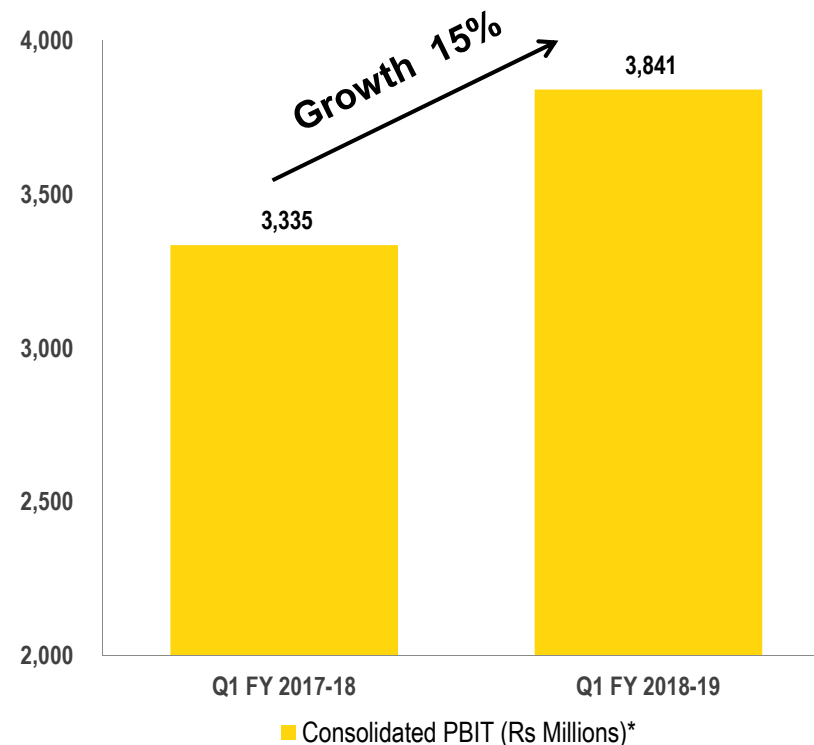
# Q1 FY 18-19 Revenue & Profit



In Rs Millions



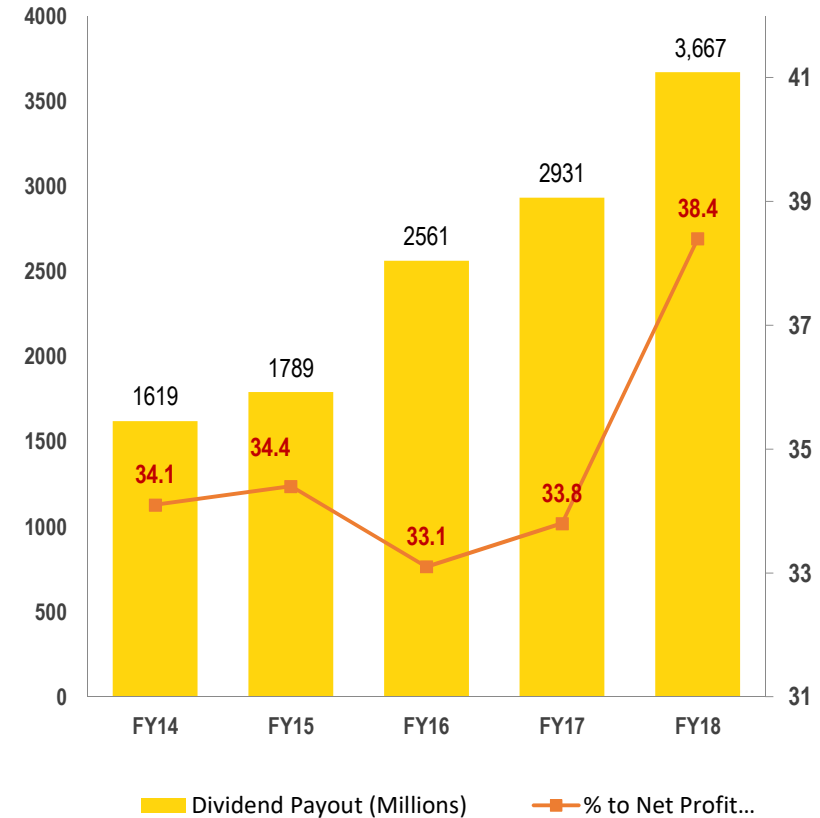
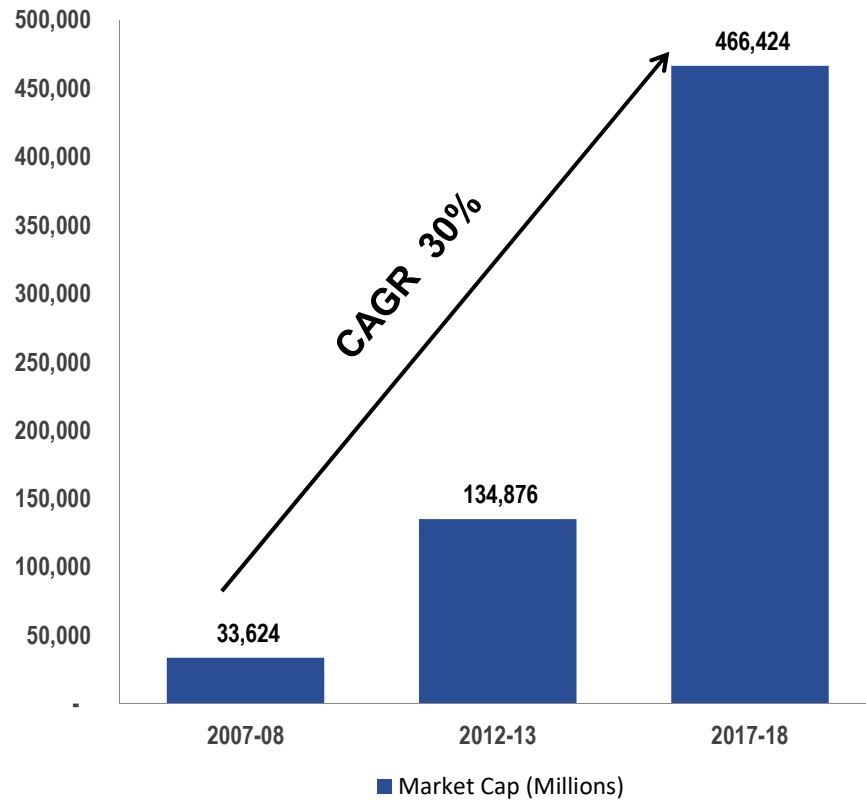
\*\*Sales net of excise duty



\*PBIT is Profit before exceptional item, tax, and interest

- On a comparable basis after reflecting accounting impact of GST, net sales grew by 23.0% (excluding sales of Cyclo division which was sold by Pidilite USA Inc. in June, 2017).

# ...Creating value for shareholders



Market Cap growing @ 30% CAGR / Steady dividend payout

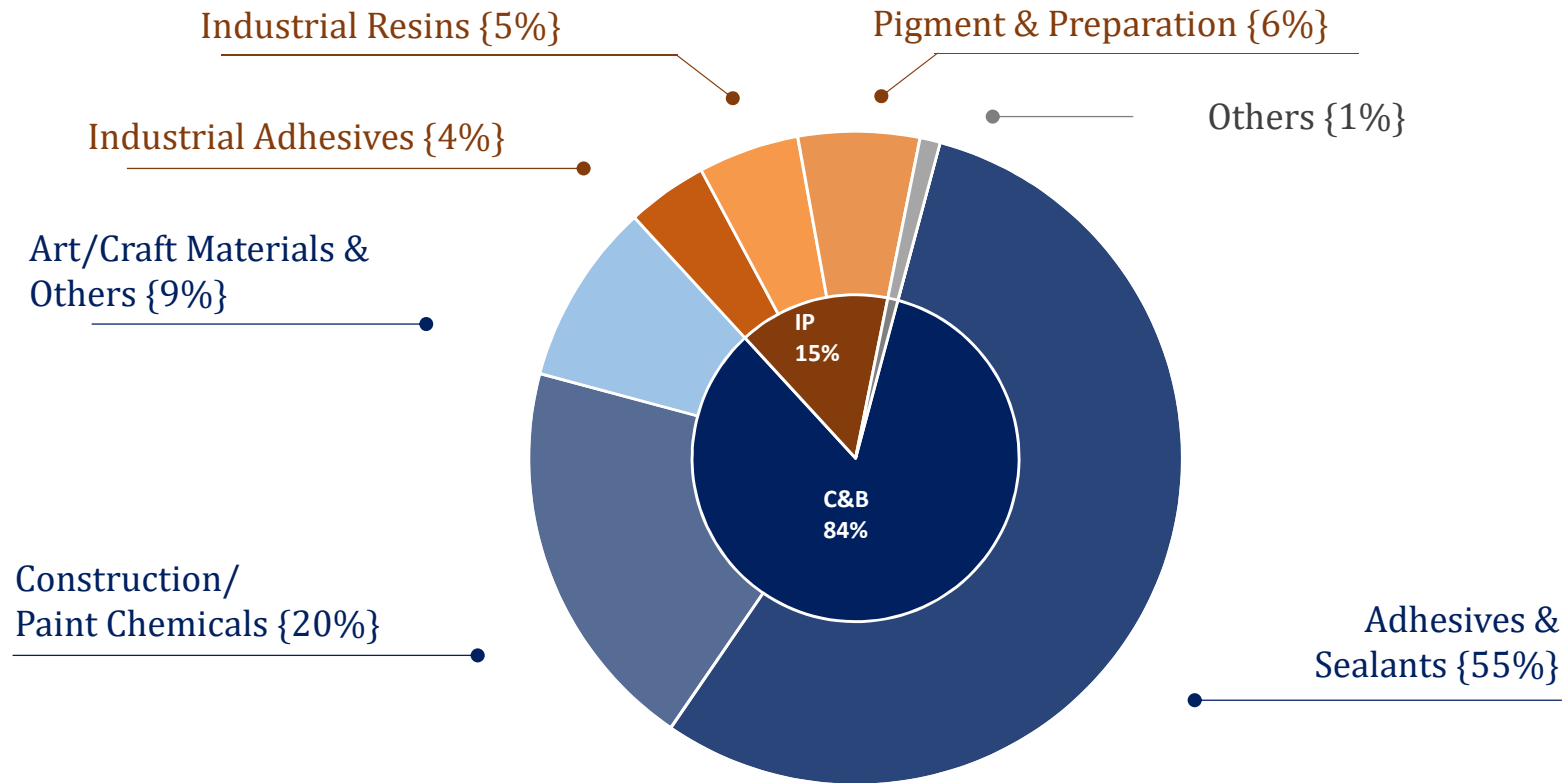
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# Our Business Dimensions



**C&B – Consumer & Bazaar, IP – Industrial Products, Others**

*Standalone Results – % of Total Sales – As of 31 Mar 2018*



## Our Brands

- Fevicol
- SH
- Marine
- SR998
- Probond
- MR
- Fevikwik
- M-seal
- Dr Fixit
- Fevicryl
- Woodgrip

# Consumer and Bazaar Products – 84% of Company's Sales



- Consists of Adhesives & Sealants (55%), Construction & Paint Chemicals (20%) and Art/Craft Materials and others (9%)
- Strong position in all segments of adhesives and sealants, construction chemicals (retail segment) and hobby colours.
- Extensive product range, developed through strong in-house R&D
- Strong brands – (Fevicol, Dr Fixit, Fevikwik, M Seal, Steel Grip .....)
- Extensive distribution network
- Significant potential to expand consumption in most products / segments

## Industrial Resins & Leather chemicals



## Industrial & Footwear adhesives



## Industrial Bonding solutions



## Industrial Products – Business Segments

- Hot melt adhesives for end-of-line packaging, book binding and product assembly
- Resins for Paints, Paper & Textiles
- Adhesives for Footwear
- Adhesives for Leather
- Water based adhesives for paper correcting & lamination
- Epoxy & Cyanoacrylates for Automotive assembly
- Organic & high-performance Pigments sold in India and exported to the leading global Ink, Paints and Coatings, Plastics and Rubber master batch manufacturers
- Pigment dispersions for textile, paper and paint applications

## Industrial Products - 15% of company's sales



- Consists of Industrial Adhesives (4%), Industrial Resins (5%), Pigments and Preparations (6%)
- Extensive range of industrial adhesives for various applications.
- Strong position in pigment dispersions for Indian textile segments
- Pioneer in manufacturing Pigment Violet 23 in India
- Specialty polymers and co-polymers for various industries like paints, non-woven and flocked fabrics, construction chemicals and leather

# Business Overview – Global Presence



- Exports to more than 80 countries. Major exports to Middle East, Africa, USA & Europe
- Export Turnover of Rs. 5,185 Mn in FY'18
- 17 Overseas subsidiaries – (5 Direct and 12 Step down) and one Joint venture.
- Total Revenue from Overseas subsidiaries of Rs. 4,912 Mn in FY'18.
- International manufacturing activities in USA, Brazil, Thailand, Bangladesh, Egypt, Dubai, Sri Lanka and Singapore.
- New manufacturing facilities planned in Ethiopia. An additional manufacturing facility planned in Bangladesh.

# Business Overview : International Subsidiaries



## North America

- Sargent Arts is a leading supplier of quality art materials to the educational and retail markets throughout the United States.
- Adult colouring segment has seen slow-down in current Quarter.

## South America

- The business manufactures and sells Adhesives, Sealants and Construction Chemicals.
- Sales grew due to increase in sale of key products and launch of new products.
- Focus on new and fast moving products for improving margin.

## SAARC / SEA

- Bangladesh: No. 1 player manufacturing adhesives, sealants. Growing & profitable business, and in the process of expanding manufacturing capacity.
- Sri-Lanka: Acquired from CIC Holdings PLC, Chemifix trademark and other brands associated with PVAC adhesives business in 2015.
- SEA : Construction chemical subsidiary in Thailand, achieving consistent growth in sales. EBITDA improved on account of controlled SG&A spends

## MEA

- Egypt: Manufactures & sells adhesives, sealants & other products. Sales grew, however margin impacted due to higher material cost and pricing pressure.
- Dubai - Modern purpose built factory at Dubai Investment Park II. The facility manufactures and supports a proven range of construction chemicals.
- Africa has numerous similarities with India - trade (small retail setups), application (No DIY concept). Most of the dealers in Africa are of Indian origin.



# We continue to deliver promise through our engaging & humorous advertisements



- Dr. Fixit's new TV advertisement with superstar Amitabh Bachchan as brand ambassador was a multimedia national marketing campaign across TV, digital, radio, retail activations and innovative outdoor. The films featured Mr. Bachchan talking about proactively doing waterproofing of homes with Dr. Fixit
- Fevicol & Fevikwik continued its series of advertisements reinforcing the brands strength & strengthening connect with users.





## And our efforts have resulted in periodic recognition



- Dun & Bradstreet Corporate Awards 2018 felicitated the best performing companies in India across 50+ sectors; Pidilite was selected as the winner in the Chemical sector

# Presentation Structure



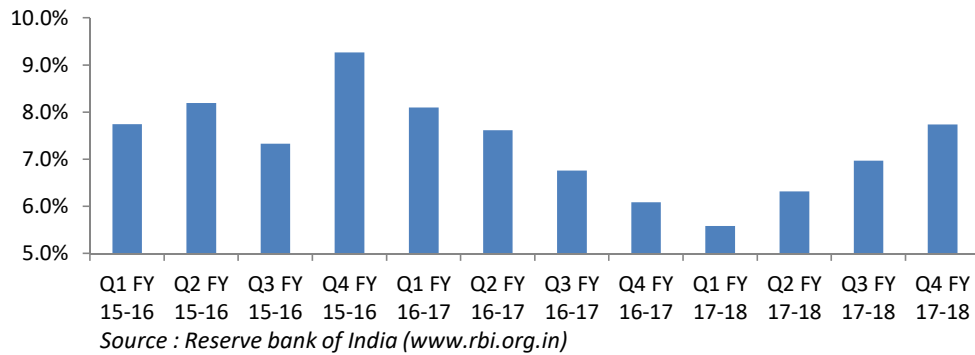
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# Macro indicators provide strong impetus..

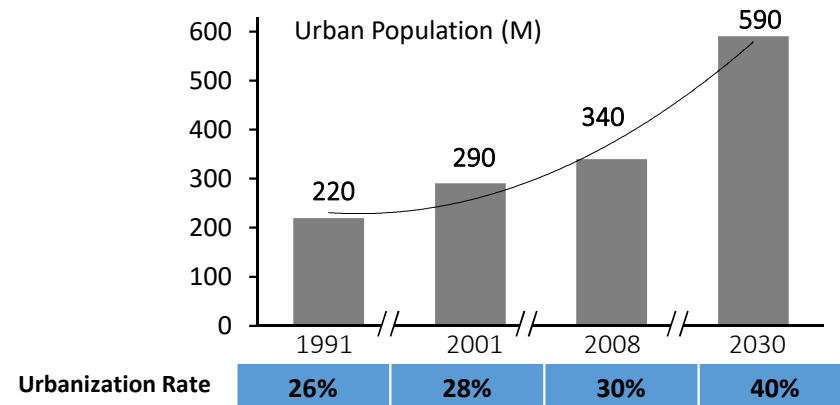


## GDP GROWTH STORY INTACT

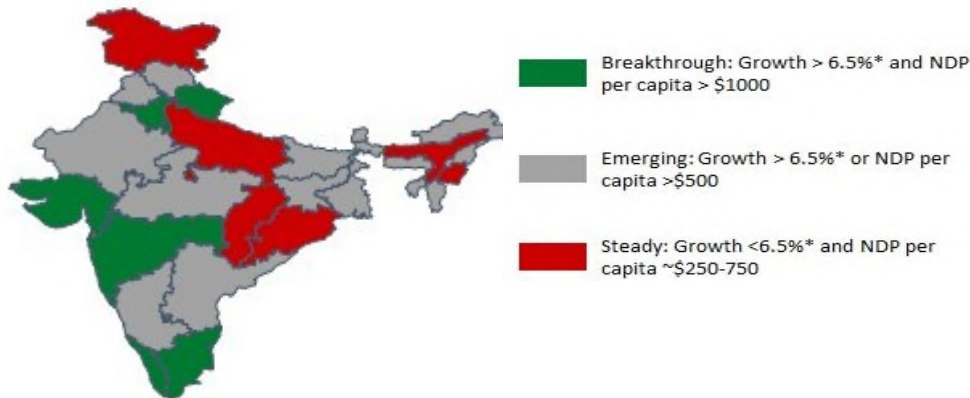
### GDP Growth (%)



## BY 2030, 40% OF INDIA WILL LIVE IN CITIES

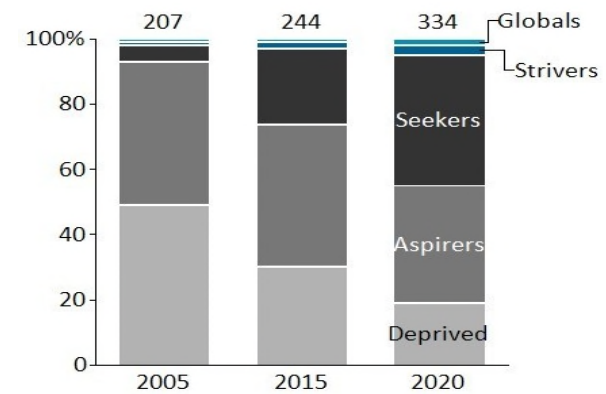


## .....OPPORTUNITY IN TIER 2 & TIER 3 STATES



Note: Urban (GOI definition): 4,000 People/75% of men in non agricultural work/Population density of 400 per sqkm  
 Source: MGI, Secondary Research, Monitor Analysis

## ...AND IN ASPIRERS / BOTP CONSUMER SEGMENTS



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# Strategic roadmap



1

Take existing  
businesses to Full  
Potential

2

Penetrate rural plus  
small town  
opportunity

3

Identify & prioritize  
new opportunities

4

Ensure aligned, energized organization

Shareholder Value

# Existing business to full potential



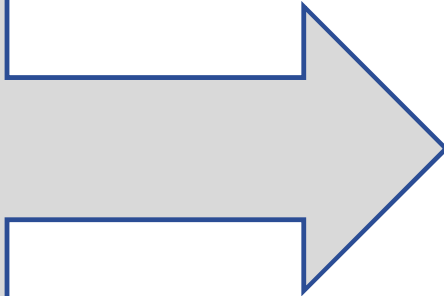
- **Accelerate Sales Growth**
  - Drive penetration
  - Increase consumption
  - Improvement in market share
  - Focus on identified International Markets
- **Robust Innovation**
  - Stage-gate process
  - Focus on Fewer Bigger Better innovations

# Penetrate rural plus small town opportunity



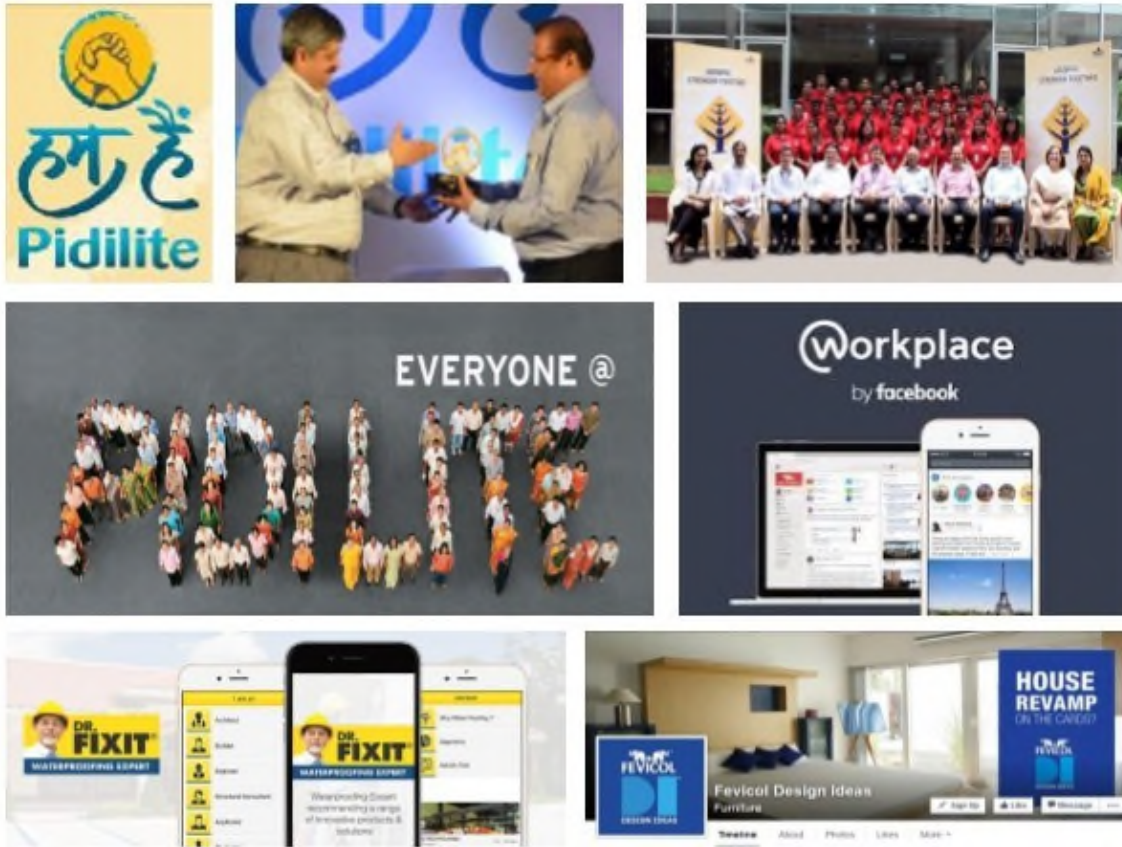
**1Bn+ consumers**

Opportunity with 84% of  
India's population

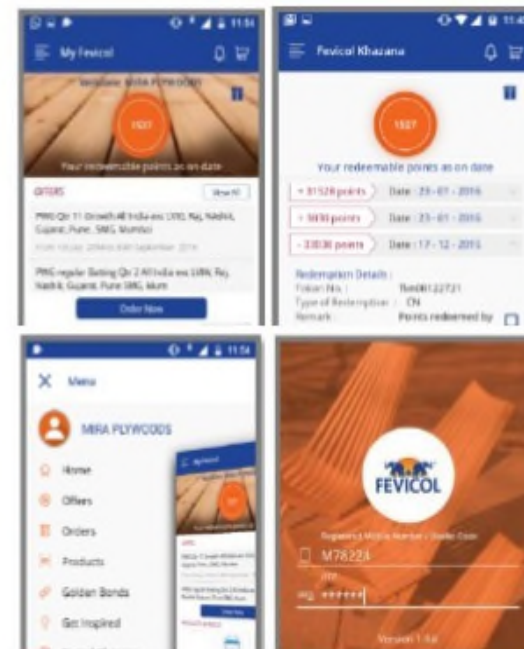


**Revamp route to market and  
activation process**

# Digital is the future... and we are future ready!



## Pidilite Genie App



- One of the first organizations to launch Workplace by Facebook for our employees
- Launch of several platforms to improve overall customer as well as consumer experience



**We have strategically identified inorganic growth opportunities..**



**Premium Wood Finish**

**ICA PIDILITE**

**Turnkey Water Proofing  
Solutions**



**Floor Coating**

**CIPY Polyurethanes**

# Ensure aligned, energized organization

Persistent innovation  
focused on continuous  
improvement

Deep insight into each  
domain, leading to  
continuous identification of  
Major Initiatives

Holistic brand management  
that builds strong emotional  
connect with users,  
influencers & consumers

Passionate about pioneering  
segments and achieving  
significant leadership



Teams working together  
with passion

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# Key Consideration



- High market share and strong position in most products and segments
- Strong portfolio of trusted brands
- High mix of sale from products / segments pioneered by Pidilite in India
- Track record of consistent growth in Sales and Profits
- Enough headroom to grow domestic business in India
- Robust cash flow and attractive Return on Capital Employed
- Strong Balance Sheet with zero debt obligations
- Consistent dividend pay-out over the years

# Questions



# Investor Contacts



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The ultimate adhesive

