



Pidilite Industries Ltd.
Presentation to Investors at
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Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

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Company Overview



- **Market Presence**

- Established since 1959
- Pioneer in Consumer and Industrial Specialty Chemicals

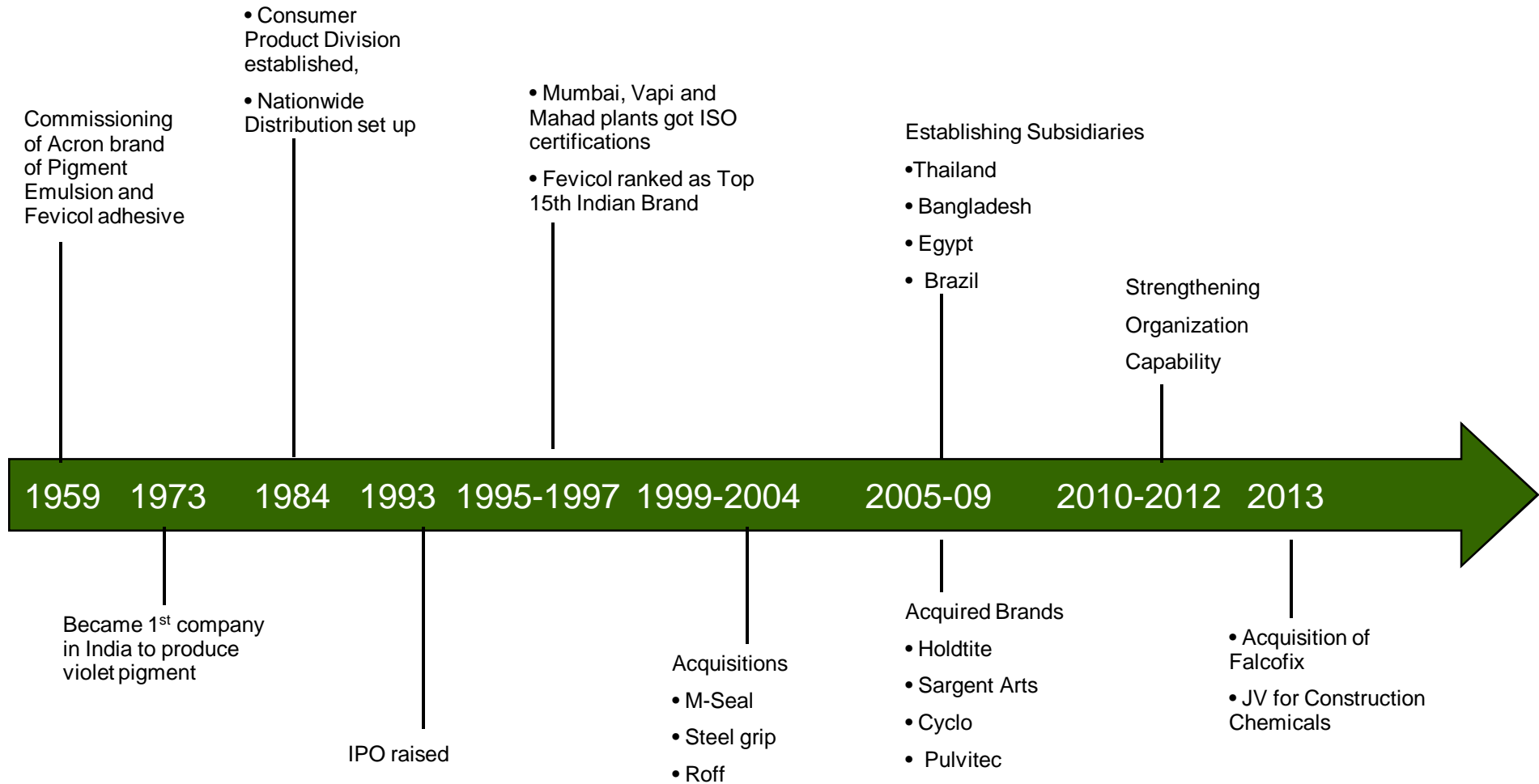
- **Market Position**

- Market Leader in most product categories
- Strong Portfolio of Brands
- Leading household Brand in its category
- Diversified Product range

- **Operation Excellence**

- Wide Geographical Presence – Domestic and International
- Well established R&D Set up
- Experienced Manpower

Key Milestones



Business Overview



Business Segment - Consumer and Bazaar Products

- o **Adhesive & Sealants (51% of Company's revenue)**

Dominant market share across most products / categories.

“Fevicol” ranked as India’s 45th Most Trusted Brand in 2012 in Brand Equity’s Most Trusted Brand survey.

“Fevicol” ranked as 3rd Most Trusted brand in Household Care segment

Extensive distribution network

- o **Construction and Paint Chemicals (20% of Company's revenue)**

Wide product range

High growth potential in new construction and repair & renovation segments.

First mover advantage to build brand and business.

- o **Art Materials and Stationary (10% of Company's revenue)**

Extensive range of art materials for Education, hobby and fine arts segments.



Business Overview



Business Segment – Industrial Products

- o **Industrial Adhesive (7% of Company's revenue)**

Leadership position with extensive range of products catering to packaging, cigarettes, stickers, labelings, footwear etc.

- o **Industrial Resins (6% of total revenue)**

Specialty chemicals for industries like paints, non-woven and flocked fabrics and leather catering to domestic and export market.

- o **Organic pigments and preparations (6% of total revenue)**

Market leader in pigment dispersions for Textile segment

Pioneer in manufacturing Pigment Violet 23 in India

Business Overview



Marketing / Advertising

- Consistent and effective brand building activities resulting in leading market position across various categories (a) Consumer Adhesives & Sealants (b) Craftsmen Adhesives (c) Waterproofing Chemicals (d) Hobby & Craft Colours
- Several of the brands are generic to respective categories (Fevicol, Fevikwik, M-Seal, Dr Fixit, Fevicryl, etc.)
- Brand is critical in most categories as cost of usage is low and cost of failure is high.
- Award winning advertisements resulting in mass appeal of brands across all segments and geographies
- Significant relationship building activities with end users and influencers
- Extensive grass root contact with end-users to promote usage of products and brands.

Business Overview



Strengthening Internal Capabilities

- Management capability strengthened by inducting professional talent at senior levels.
- Systems and processes being revamped and automated.
- IT platform strengthened through implementation of SAP.

Business Overview



Global Presence

- Exports to more than 70 countries. Major exports to Middle East, Africa, USA & Europe
- Export Turnover of Rs. 3440 M in FY'13
- CAGR growth of 17% over last 5 years
- 14 Overseas subsidiaries – (4 Direct and 10 Step down)
- Total Revenue from Overseas subsidiaries of \$61mn in FY'13.
- Significant manufacturing and selling activities in USA, Brazil, Thailand, Bangladesh, Egypt and Dubai

Business Overview



International Business

- **USA:**
 - 'Sargent Arts' manufactures and sells educational art material.
 - 'Cyclo' sells automotive after market chemicals for domestic and international market.
- **Brazil:**
 - 'Pulvitec' is into Adhesive, sealants and construction chemicals business.
 - Large market with dynamics to some extent similar to India.
 - Management capability for Americas strengthened by appointing a CEO for the business.

Business Overview



International Business

- **Bangladesh & Egypt:**
 - Bangladesh manufactures Adhesives & Sealants.
 - Established Trading arm to cater to growing Bangladesh market
 - Egypt manufactures Adhesive and trades in select product categories.
- **Thailand, Dubai and Singapore:**
 - Companies acquired to get entry in these markets & to acquire technology with potential in India.
 - R&D centre in Singapore to develop products for construction chemicals segment.

Business Overview



International Business Roadmap / Strategy

- **SAARC / ME / Africa**

- Increased focus and resource allocation. Company well positioned to build strong brands and achieve good growth in these markets.

- **North America**

- Gradually improve sales growth and profitability by increased focus on high potential retail and international segments and brand building.

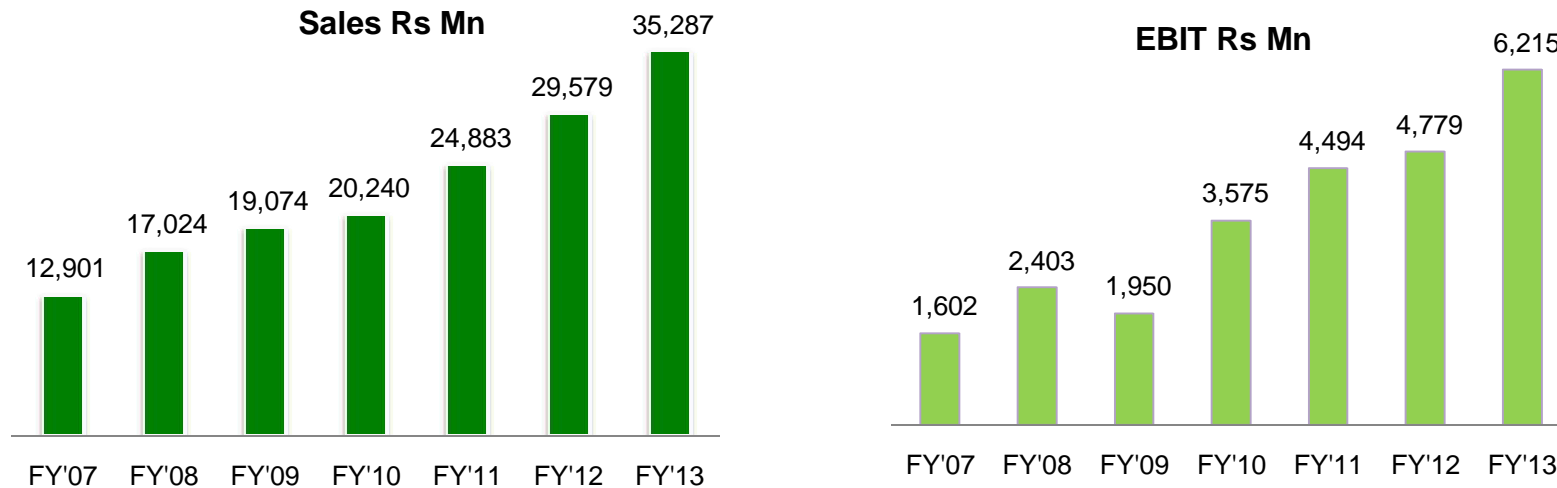
- **South America**

- Strengthen management team and eliminate losses in near future. Thereafter build stronger business in high potential market with dynamics somewhat similar to India.

Performance Trend



Pidilite - Standalone

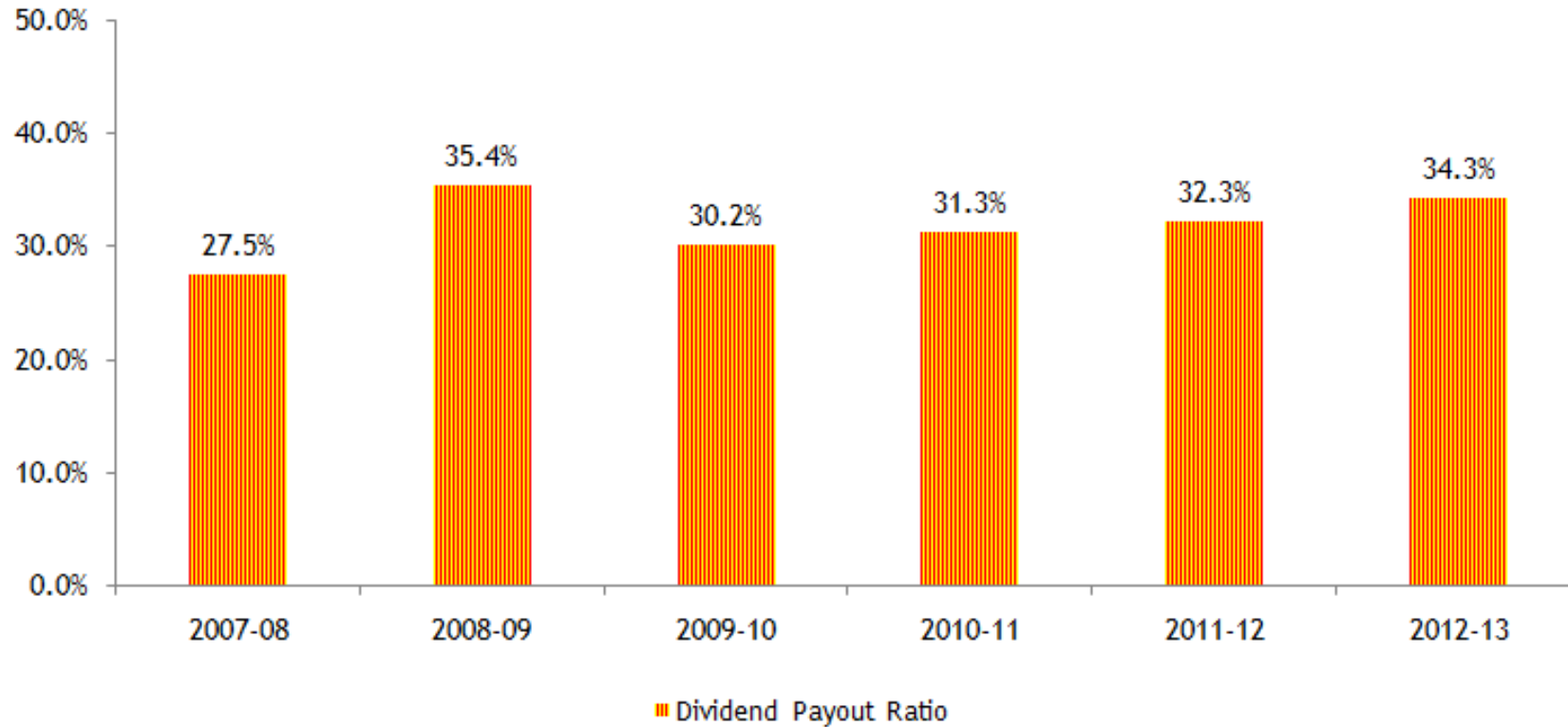


- Sales grew by 18% CAGR and EBIT by 25% CAGR in the last 6 years.
- Sales of Consumer & Bazaar products have grown by 18% while Industrial Products have grown by 12%.

Performance Trend



Consistent Dividend Payouts



- The dividend payout amount has grown at a CAGR of 32% during the last 5 years.

Note :

Dividend Payout = Dividend (incl Dividend Tax) / PAT

Key Investment Consideration

- o High market share and strong position in most products and segments.
- o Strong portfolio of brands.
- o Majority sale from products and segment pioneered in India.
- o Focus on growing business in India (81% revenue from products sold in India)
- o Track record of consistent growth. (10 year Sales CAGR 18.8%)
- o Steady return on capital employed (above 30%)
- o Robust Cash Flows.
- o Strong Balance sheet with negative gearing.
- o Consistent dividend payout (around 33%)

Contact Information



For reported financials, pl visit our website
www.pidilite.com