19th September, 2018

The Secretary
BSE Ltd.
Corporate Relationship Dept.,
14th 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

Dear Sir,

Please find attached the Investor Presentation.

Thanking You,

Yours faithfully,

For Pidilite Industries Limited

Savithri Parekh
Secretary

Encl: a/a
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\textsuperscript{rd} 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 ...

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

**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
Presentation Structure

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Our Business Dimensions

- Construction/Paint Chemicals {20%}
- Adhesives & Sealants {55%}
- Art/Craft Materials & Others {9%}
- Industrial Adhesives {4%}
- Industrial Resins {5%}
- Pigment & Preparation {6%}
- Others {1%}

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

Standalone Results – % of Total Sales – As of 31 Mar 2018
Consumer & Bazaar

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 Products

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
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Macro indicators provide strong impetus.

**GDP GROWTH STORY INTACT**

**GDP Growth (%)**

![](GDP_Growth.png)

*Source: Reserve Bank of India (www.rbi.org.in)*

......**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 sq km

*Source: MGI, Secondary Research, Monitor Analysis*

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

**Urban Population (M)**

*Source: Reserve Bank of India (www.rbi.org.in)*

...**AND IN ASPIRERS / BOTP CONSUMER SEGMENTS**
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• **Strategic Direction**

• Key Consideration
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!

- 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
- Turnkey Water Proofing Solutions
- Floor Coating
- ICA PIDILITE
- NINA Waterproofing Systems
- 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
Investor Contacts

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