



Pidilite Industries Ltd.

Q2 FY16

Earnings Presentation



This presentation may contain statements which reflect Management's current views and estimates and could be construed as forward looking statements.

The future involves certain risks and uncertainties that could cause actual results to differ materially from the current views being expressed.

Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.



Q2 FY16

Financial Highlights



Q2 FY16 Earnings Summary



Consolidated	Net Revenue	EBITDA	PBT	PAT
	Rs 1,3201 M	Rs 3014 M	Rs 2765 M	Rs 1929 M
YoY Growth	+ 5.2 %	+ 46.1 %	+ 47.6 %	+ 40.5 %

Standalone	Net Revenue	EBITDA	PBT	PAT
	Rs 1,1652 M	Rs 2806 M	Rs 2620 M	Rs 1828 M
YoY Growth	+ 2.6 %	+ 38.5 %	+ 41.1 %	+ 33.7 %

- Net sales at Rs 13,134 M grew by 5.2% over the same quarter last year.
- Material cost, as a % to sale, is lower than same quarter last year by 778 Bps mainly on account of lower prices of key raw materials & impact of price increases.
- Other expenses during the quarter were higher than last year by 9.9%.
- EBITDA, before non-operating income & exceptional items at Rs 3,014 M grew by 46.1%.
- Profit before tax in current quarter is Rs 2,765 M, a growth of 47.6% and Profit after tax at Rs 1,929 M is higher by 40.5%.
- Consolidated Financial results for the periods ended 30th September, 2015 include results of Nina Waterproofing Systems Private Ltd (NWSP), a subsidiary of the Company (with 70% shareholding by the company) which acquired the waterproofing business of Nina Concrete Systems Private Ltd (NCS) on a slump sale basis in April 2015.
- During the quarter, Pidilite Lanka (Private) Ltd. (PLPL) was incorporated in Sri Lanka to be engaged in business of manufacture and sale of adhesives, binders, sealants etc. Pidilite International Pte Ltd. and Pidilite Middle East Limited (wholly owned subsidiaries of the Company) hold 76% of share capital of PLPL.

Q2 FY16 Earnings Commentary - Standalone



- Net sales at Rs 11,586 M grew by 2.6% over same quarter last year.
- Material cost, as a % to sale, is lower than same quarter last year by 791 Bps mainly on account of lower prices of key raw materials and price increases taken during the year.
- Other expenses during the quarter were higher than last year by 8.3%.
- EBITDA, before non-operating income & exceptional items at Rs 2,806 M is higher by 38.5% over the same quarter last year.
- Other income is lower by 11.3% due to lower investment income.
- Profit before tax at Rs 2,620 M is higher than last year by 41.1% and Profit after tax at Rs. 1,828 M is higher by 33.8%.

Profit & Loss - Consolidated



Consolidated		(Rs. in lakhs)			
Particulars	Q2FY16	Q2FY15	H1FY16	H1FY15	
Income from Operations					
Net Sales/Income from Operations	1,31,344	1,24,856	2,77,559	2,58,666	
Other Operating Income	662	608	1,393	1,173	
Total	1,32,006	1,25,464	2,78,952	2,59,839	
Expenses					
Cost of Materials Consumed	60,167	64,228	1,21,280	1,29,123	
Purchase of stock-in-trade	6,390	5,376	12,231	10,907	
Change in inventories of finished goods, work-in-progress and stock-in-trade	-3,012	521	4,898	5,472	
Employee benefits expense	13,933	12,804	28,163	25,597	
Depreciation and amortization expense	3,289	3,132	6,503	5,650	
Other expenses	24,389	21,910	47,872	44,079	
Total	1,05,156	1,07,971	2,20,947	2,20,828	
Profit from operations before other income, finance costs and exceptional items	26,850	17,493	58,005	39,011	
Other income	1,225	1,507	2,270	3,307	
Profit from ordinary activities before finance costs and exceptional items	28,075	19,000	60,275	42,318	
Finance Costs	307	271	697	540	
Profit from ordinary activities after finance costs but before exceptional items	27,768	18,729	59,578	41,778	
Exceptional Items	0	0	0	491	
Profit from ordinary activities before Foreign Exchange Difference Expense/(Income)	27,768	18,729	59,578	41,287	
Foreign Exchange Difference Expense/(Income)	123	4	68	-29	
Profit from ordinary activities before tax	27,645	18,725	59,510	41,316	
Tax Expense	8,357	5,002	17,616	10,828	
Net Profit from ordinary activities after tax	19,288	13,723	41,894	30,488	

Balance Sheet - Consolidated



Consolidated

(Rs. in lakhs)

Particulars	30.09.2015	31.03.2015	Particulars	30.09.2015	31.03.2015
A. EQUITY AND LIABILITIES			B. ASSETS		
1. Shareholders' Funds	2,69,270	2,27,058	1. Non-Current Assets	1,72,995	1,64,512
Share capital	5,127	5,127	Fixed assets	1,47,874	1,41,876
Reserves and surplus	2,64,143	2,21,931	Goodwill in consolidation	2,234	2,155
			Non-current investments	12,415	9,074
2. Minority Interest	4,010	510	Deferred tax assets (net)	0	104
			Long-term loans and advances	10,279	10,622
2. Non-Current Liabilities	8,457	8,209	Other non-current assets	193	681
Long-term borrowings	215	50			
Deferred tax liability (net)	5,704	5,767	2. Current Assets	2,05,428	1,67,069
Long-term provisions	2,538	2,392	Current investments	39,937	26,917
			Inventories	61,804	64,104
3. Current Liabilities	96,686	95,804	Trade receivables	81,821	58,611
Short-term borrowings	5,404	5,792	Cash and cash equivalents	11,801	8,600
Trade payables	37,487	33,191	Short-term loans and advances	8,189	8,231
Other current liabilities	42,414	36,134	Other current assets	1,876	606
Short-term provisions	11,381	20,687			
Total - Equity and Liabilities	3,78,423	3,31,581	Total - Assets	3,78,423	3,31,581

Profit & Loss - Standalone



Standalone	(Rs. in lakhs)			
Particulars	Q2FY16	Q2FY15	H1FY16	H1FY15
Income from Operations				
Net Sales/Income from Operations	1,15,861	1,12,939	2,45,697	2,33,663
Other Operating Income	662	608	1,393	1,173
Total	1,16,523	1,13,547	2,47,090	2,34,836
Expenses				
Cost of Materials Consumed	54,610	59,195	1,07,770	1,19,114
Purchase of stock-in-trade	4,967	4,127	10,423	8,143
Change in inventories of finished goods, work-in-progress and stock-in-trade	-3,016	746	4,522	4,867
Employee benefits expense	11,204	10,453	22,843	20,823
Depreciation and amortization expense	2,869	2,884	5,673	5,162
Other expenses	20,702	18,772	40,692	38,327
Total	91,336	96,177	1,91,923	1,96,436
Profit from operations before other income, finance costs and exceptional items	25,187	17,370	55,167	38,400
Other income	1,198	1,350	2,139	3,088
Profit from ordinary activities before finance costs and exceptional items	26,385	18,720	57,306	41,488
Finance Costs	154	144	296	269
Profit from ordinary activities after finance costs but before exceptional items	26,231	18,576	57,010	41,219
Exceptional Items	0	0	0	491
Profit from ordinary activities before Foreign Exchange Difference Expense/(Income)	26,231	18,576	57,010	40,728
Foreign Exchange Difference Expense/(Income)	31	4	-3	-29
Profit from ordinary activities before tax	26,200	18,572	57,013	40,757
Tax Expense	7,924	4,908	16,783	10,665
Net Profit from ordinary activities after tax	18,276	13,664	40,230	30,092

Balance Sheet - Standalone



Standalone

(Rs. in lakhs)

Particulars	30.09.2015	31.03.2015	Particulars	30.09.2015	31.03.2015
A. EQUITY AND LIABILITIES			B. ASSETS		
1. Shareholders' Funds	2,75,273	2,34,945	1. Non-Current Assets	1,94,567	1,81,777
Share capital	5,127	5,127	Fixed assets	1,30,471	1,28,814
Reserves and surplus	2,70,146	2,29,818	Non-current investments	54,080	42,132
2. Non-Current Liabilities	7,645	7,317	Deferred tax assets (net)	0	0
Long-term borrowings	0	0	Long-term loans and advances	9,834	10,153
Deferred tax liability (net)	5,641	5,449	Other non-current assets	182	678
Long-term provisions	2,004	1,868	2. Current Assets	1,66,504	1,44,929
3. Current Liabilities	78,153	84,444	Current investments	38,832	26,916
Short-term borrowings	417	578	Inventories	49,357	53,472
Trade payables	30,358	29,404	Trade receivables	62,591	51,458
Other current liabilities	38,368	34,097	Cash and cash equivalents	7,651	5,810
Short-term provisions	9,010	20,365	Short-term loans and advances	6,724	6,754
			Other current assets	1,349	519
Total - Equity and Liabilities	3,61,071	3,26,706	Total - Assets	3,61,071	3,26,706

Business Segments - Consolidated



Consolidated		(Rs. in lakhs)				
Particulars	Q2 FY16	Q2 FY15	% Change	H1 FY16	H1 FY15	% Change
1. Segment Revenue						
a) Consumer and Bazaar Products	1,11,599	1,03,264	8.1%	2,37,190	2,18,040	8.8%
b) Industrial Products	21,158	23,271	-9.1%	43,004	44,959	-4.3%
c) Others	1,000	1,191	-16.0%	2,383	2,301	3.6%
Total	1,33,757	1,27,726	4.7%	2,82,577	2,65,300	6.5%
Less: Inter Segment Revenue	2,413	2,870	-15.9%	5,018	6,634	-24.4%
Total Revenue	1,31,344	1,24,856	5.2%	2,77,559	2,58,666	7.3%
2. Profit before Tax and Interest						
a) Consumer and Bazaar Products	29,130	20,094	45.0%	62,772	44,711	40.4%
b) Industrial Products	3,703	2,671	38.6%	7,056	4,280	64.9%
c) Others	101	-119	-185.1%	-34	-447	-92.5%
Total	32,934	22,646	45.4%	69,794	48,544	43.8%
Less: Interest	307	271	13.3%	697	540	29.1%
Less: Unallocable Corporate Expenditure	4,982	3,650	36.5%	9,587	6,688	43.3%
Total Profit Before Tax	27,645	18,725	47.6%	59,510	41,316	44.0%
3. Capital Employed						
a) Consumer and Bazaar Products	1,31,816	1,16,242		1,31,816	1,16,242	
b) Industrial Products	25,072	25,124		25,072	25,124	
c) Others	3,662	3,686		3,662	3,686	
d) Unallocated	1,08,720	80,286		1,08,720	80,286	
Total	2,69,270	2,25,338		2,69,270	2,25,338	

Business Segments - Standalone



Standalone		(Rs. in lakhs)				
Particulars	Q2 FY16	Q2 FY15	% Change	H1 FY16	H1 FY15	% Change
1. Segment Revenue						
a) Consumer and Bazaar Products	96,116	91,347	5.2%	2,05,328	1,93,037	6.4%
b) Industrial Products	21,158	23,271	-9.1%	43,004	44,959	-4.3%
c) Others	1,000	1,191	-16.0%	2,383	2,301	3.6%
Total	1,18,274	1,15,809	2.1%	2,50,715	2,40,297	4.3%
Less: Inter Segment Revenue	2,413	2,870	-15.9%	5,018	6,634	-24.4%
Total Revenue	1,15,861	1,12,939	2.6%	2,45,697	2,33,663	5.2%
2. Profit before Tax and Interest						
a) Consumer and Bazaar Products	27,559	19,971	38.0%	60,005	44,100	36.1%
b) Industrial Products	3,703	2,671	38.6%	7,056	4,280	64.9%
c) Others	101	-119	-185.1%	-34	-447	-92.5%
Total	31,363	22,523	39.3%	67,027	47,933	39.8%
Less: Interest	154	144	6.9%	296	269	10.0%
Less: Unallocable Corporate Expenditure	5,009	3,807	31.6%	9,718	6,907	40.7%
Total Profit Before Tax	26,200	18,572	41.1%	57,013	40,757	39.9%
3. Capital Employed						
a) Consumer and Bazaar Products	93,048	93,686		93,048	93,686	
b) Industrial Products	25,072	25,124		25,072	25,124	
c) Others	3,662	3,686		3,662	3,686	
d) Unallocated	1,53,491	1,10,243		1,53,491	1,10,243	
Total	2,75,273	2,32,739		2,75,273	2,32,739	

Consumer and Bazaar Products

- Segment revenue grew by 5.2%.
- Segment Profit before interest and tax (PBIT) grew by 38%.

Industrial Products

- Segment revenue declined by 9.1%.
- Segment PBIT for the quarter grew by 38.6%.

Unallocable Corporate Expenditure net of unallocable income has increased by 31.6% in the quarter.

Overseas Performance



(Rs. in mn)

Particulars	Q2 FY16	Q2 FY15	H1 FY16	H1 FY15
Sales				
North America	577.7	540.4	1221.4	1231.1
South America	238.9	243.4	458.5	479.0
Middle East & Africa	246.7	114.0	465.7	246.8
South and South East Asia	279.7	221.6	626.7	491.3
Total	1343.0	1119.4	2772.3	2448.2
EBITDA*				
North America	68.1	43.1	144.8	96.4
South America	(8.4)	(13.1)	(15.2)	(20.2)
Middle East & Africa	(29.6)	(5.5)	(48.8)	(8.5)
South and South East Asia	55.1	40.4	147.3	99.0
Total	85.2	65.1	228.1	166.7

**before exceptional items*

All amounts in constant currency terms

- The Company has 15 overseas subsidiaries (4 direct and 11 step-down) including those having manufacturing and selling operations in USA, Brazil, Thailand, Dubai, Egypt and Bangladesh.
- The performance in constant currency terms -
- **North America:-** Overall sales recorded a growth of 6.9%. EBITDA for the region improved by 57.9% on account of higher sales and improvement in margins due to various cost saving initiatives.
- **South America:-** Sales declined by 1.9%. Brazil business was impacted due to slowdown of the economy. Losses at EBITDA level reduced by 35.3%. Manufacturing and SG&A expenses were lower than last year due to the structural changes and other cost saving initiatives implemented.
- **Middle East & Africa:-** Sales grew by 117 % largely due to commencement of distribution of Pidilite Industries products in the region, which hitherto was being done by a third party distributor. Adjusting for this revenue, sales were lower than last year. Loss at EBITDA level increased by Rs 24.1 M due to lower sales and higher SG&A expenses to support future sales growth in this region
- **South & South East Asia:-** Sales of subsidiaries in Bangladesh and Thailand grew by 26.2%. EBITDA grew by 36.3% due to good sales growth and reduction of material cost.



Company Overview



Company Overview



Established in 1959. Pioneer in Consumer and Specialty Chemicals

Adhesives & sealants, construction chemicals, art & craft products and polymer emulsions

History of creating strong brands.

Among the most trusted brands in the country. Other big brands include Dr. Fixit, M-seal and Fevikwik

8 Regional offices with 19 plants and 30 co-makers in India

International manufacturing facilities in Thailand, Singapore, Dubai, Brazil, US, Egypt and Bangladesh

Exporter of Pigments and Pigment emulsions to emerging markets as well as Europe and North America

3 R&D centers in India and 1 in Singapore



Pidilite Industries Ltd.

Branded Consumer & Bazaar Products

Adhesives & Sealants

Construction & Paint Chemicals

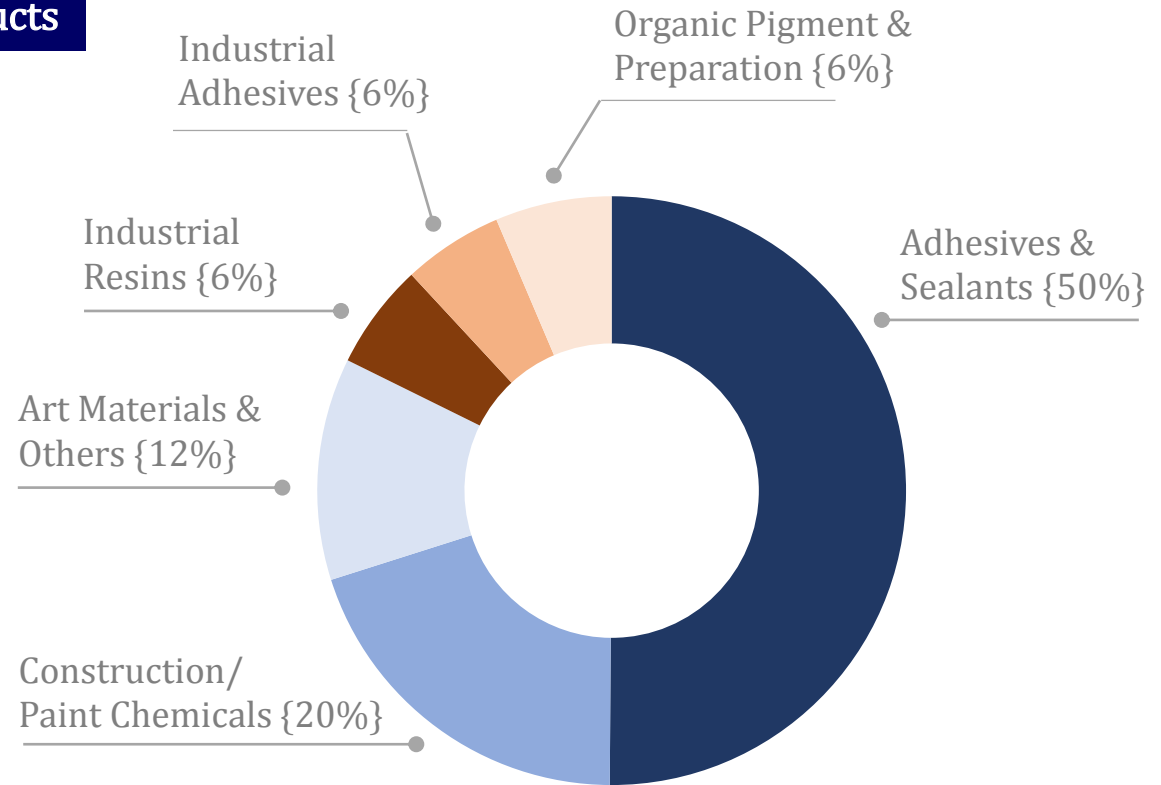
Art Material & Others

Industrial Products

Industrial Resins

Industrial Adhesives

Organic Pigment & Preparation



Percentage of Total Revenue of FY15

Adhesive & Sealants (50% of total revenue)

- “Fevicol” ranked as India’s 45th Most Trusted Brand in 2012 (Brand Equity’s Most Trusted Brands)
- “Fevicol” ranked as 3rd Most Trusted brand in Household Care segment
- Extensive distribution network

Construction and Paint Chemicals (20% of total revenue)

- Wide product range
- High growth potential in new construction and repair & renovation segments.
- First-mover advantage to build brand and business.

Art Materials and Stationary (12% of total revenue)

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

Industrial Adhesive (6% of total revenue)

- Extensive range of products catering to packaging, cigarettes, stickers, labelings, footwear etc.

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.

Organic pigments and preparations (6% of total revenue)

- Pioneer in manufacturing Pigment Violet 23 in India

Domestic Presence – India operations

- **5000+** SKUs of **500** products
- Gross Turnover of **Rs. 4,6582 M** for FY 15
- **19** plants, **30** Co-makers
- **7000** distributors
- **30** warehouses
- **8** regional offices

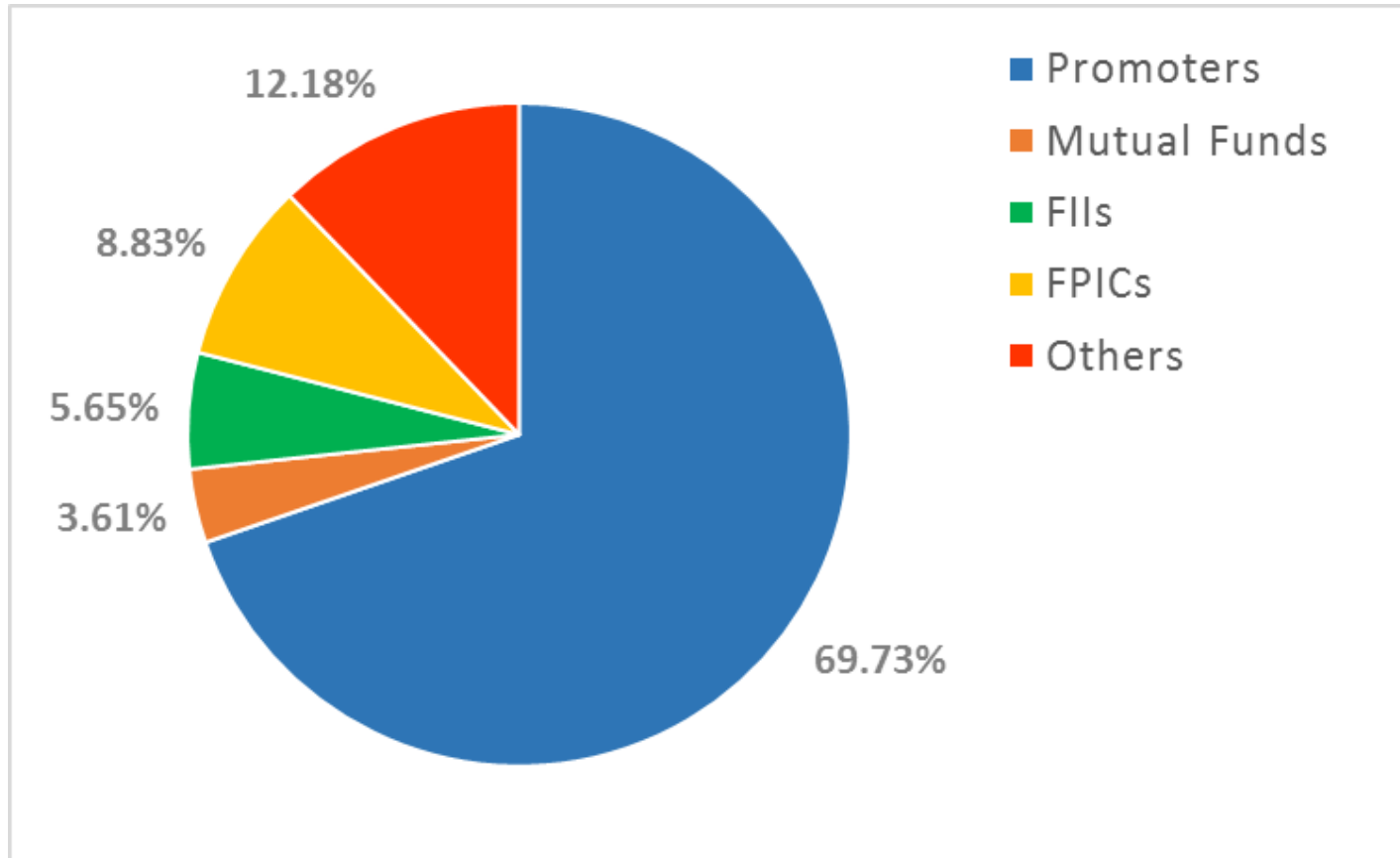


- Exports to more than **60** countries. Major exports to Middle East, Africa, USA & Europe
- Export Turnover of **Rs 4149 M** in **FY15**
- **15** Overseas subsidiaries – (4 Direct and 11 Step down)
- Total Revenue from Overseas subsidiaries of **Rs.4895 M** in **FY15**
- International manufacturing facility in Thailand, Singapore, Dubai, Brazil, US, Egypt and Bangladesh
- **Specific focus on Africa, Middle east, SAARC and emerging Asia**

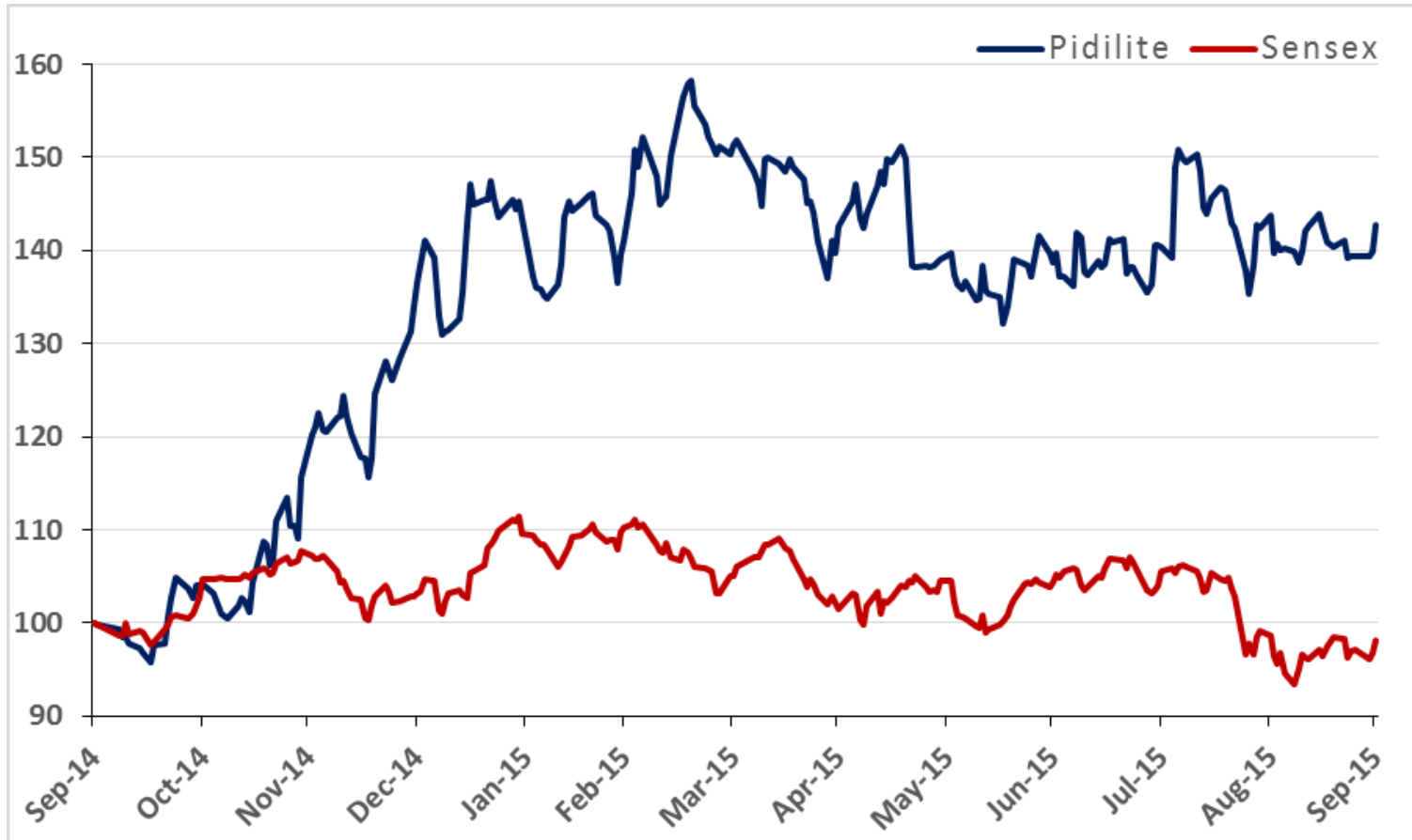
- Consistent and effective brand building activities across various categories (a) Consumer Adhesives & Sealants (b) Craftsmen Adhesives (c) Waterproofing Chemicals (d) Hobby & Craft Colours
- Several of the brands are well-known in respective categories (Fevicol, Fevikwik, M-Seal, Dr Fixit, Fevicryl, etc.)
- 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.



Shareholding Pattern (September 30, 2015)

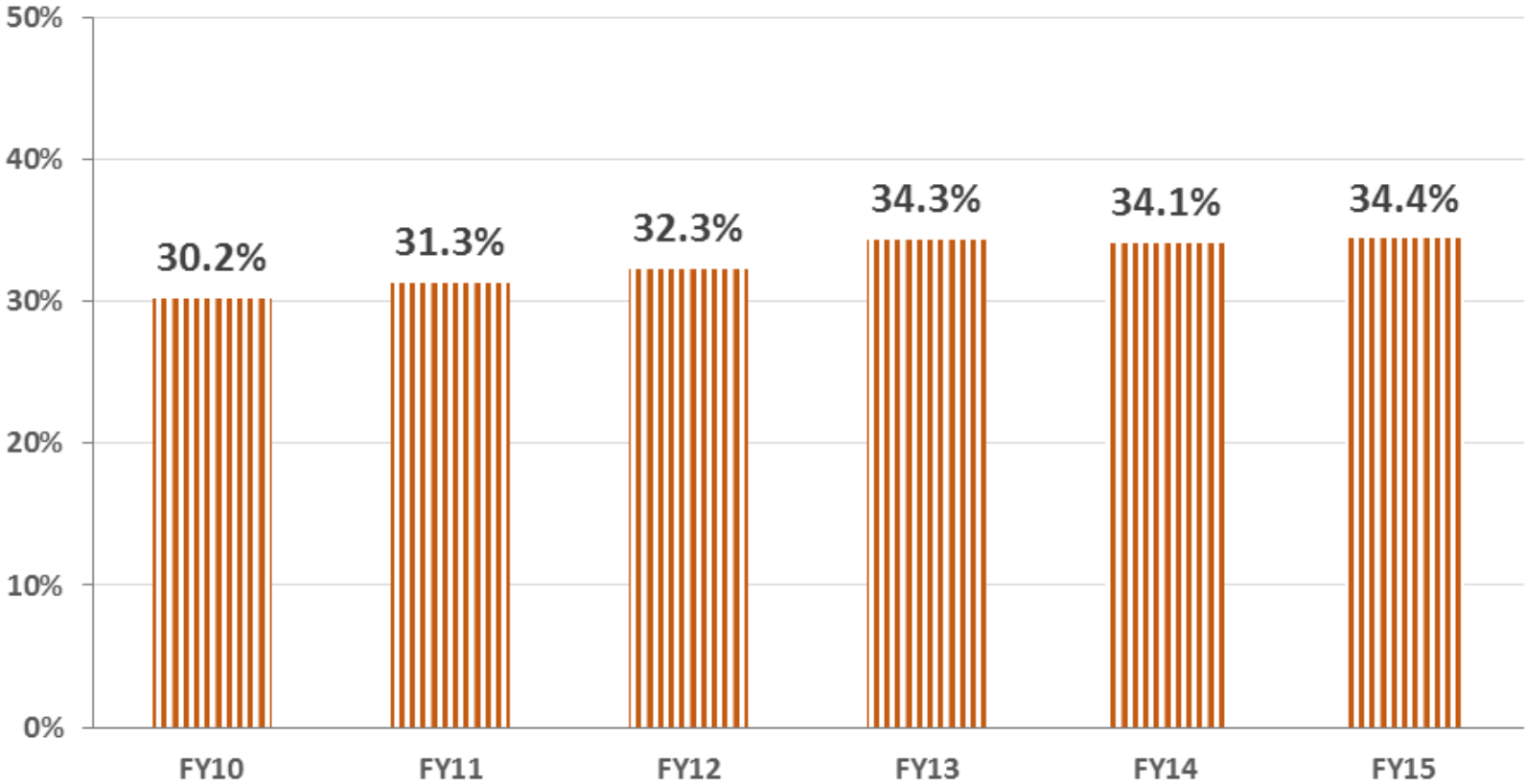


Share Price Movement



Rebased to 100

Backed by consistent dividend payouts



Investor Contacts



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The ultimate adhesive

