



22000 149 CITIES
WOODWORKERS
1 DAY LABOUR
362 INSTITUTIONS
4 LAKH
HAPPY CHILDREN

ANNUAL REPORT 2013-14





Shramdaan Diwas

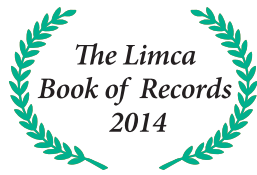
Fevicol Champions' Club (FCC) is a platform for wood-working contractors to come together as a community for their personal & professional growth. It undertakes several activities every year. One such activity is Shramdaan Diwas, which was implemented for the third successive year in 2013.

On Shramdaan Diwas, FCC members along with Pidilite helped repair furniture and fixtures in municipal schools, schools in tribal areas, government schools, schools for the blind and disabled, orphanages and government hospitals across the country.

This year saw participation from 22,000 contractors who volunteered a day of their labour. Together, they fixed and repaired furniture in 362 institutions, including schools for the under privileged, across the country. This initiative was covered by the press and electronic news media.

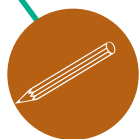
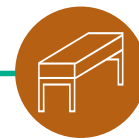


Shramdaan Diwas entered



and the hearts of 4,00,000 grateful school children.





22000 Wood Workers

01
Day
Labour

149
Cities

362 Institutions



Mumbai



Chandigarh



Nagpur



Chennai

The Building of Bonds

December 20, 2013 – ‘Shramdaan Diwas’, is a day that will forever be remembered at Pidilite. Preparation for the event started early when the institutions that required assistance were identified. Apart from help with planning the activity, the required materials like Fevicol and hardware equipment were also donated by Pidilite Industries Limited.

The FCC members who participated in the event were mainly daily wage earners like carpenters and

contractors. They worked from 11 a.m. to 4 p.m. and contributed their day’s wage for a good social cause.

In just 3 years, this initiative has grown by leaps and bounds, and has helped lakhs of people across the country. This will further the cause of building bonds, thus setting into motion a chain of goodness, laying the foundation for a better future.

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Company Information

Board of Directors

M B Parekh

Chairman & Managing Director

S K Parekh

Vice Chairman (up to 03.04.2014)

N K Parekh

Joint Managing Director

R M Gandhi

Director (up to 23.07.2013)

N J Jhaveri

Director

B S Mehta

Director

Ranjan Kapur

Director

Yash Mahajan

Director

Bharat Puri

Director

D Bhattacharya

Director (up to 20.05.2014)

Sanjeev Aga

Director

A B Parekh

Whole Time Director

A N Parekh

Whole Time Director

R Sreeram

Whole Time Director

Uday Khanna

Director (wef 03.04.2014)

Meera Shankar

Director (wef 30.07.2014)

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Consolidated Financial Statements

Corporate Office

Ramkrishna Mandir Road
Off Mathuradas Vasanji Road
Andheri (E), Mumbai 400059

Registered Office

Regent Chambers,
7th Floor, Jamnalal Bajaj Marg
208, Nariman Point
Mumbai 400 021

Registrar & Transfer Agent

TSR Darashaw Pvt. Limited
6-10, Haji Moosa Patrawala
Ind. Estate 20, Dr. E Moses
Road, Mahalaxmi,
Mumbai 400 011

Company Secretary

Savithri Parekh

Solicitors & Advocates

Wadia Ghandy & Co

Auditors

Deloitte Haskins & Sells

Internal Auditors

Mahajan & Aibara
Ernst & Young

Bankers

Indian Overseas Bank
Corporation Bank
ICICI Bank
The Royal Bank of Scotland N.V.
HDFC Bank

Management Discussion & Analysis

Standalone Financials

Net sales of the Company grew by 16.4%, lower than the growth in the previous year and below the last 5 year CAGR of 18.9%.

Sales of Consumer & Bazaar products grew by 16.3% while growth in Industrial Products was 15.2%. Growth of Industrial Products improved due to higher exports which grew by 22.6%

Margins were impacted in the second half of the year owing to depreciation in the Rupee and higher costs of key raw materials such as VAM. Actions are on hand to mitigate these cost increases through commensurate price increases.

Expenses for brand building and capability building in select functions were stepped up resulting in Advertising and Sales promotion as well as manpower costs increasing faster than the sales growth, thereby impacting profitability.

Consequently “EBIDTA” (earnings before interest, taxes, exceptional items, foreign exchange differences) excluding non-operating income grew by 11.2%.

In the previous year, non-operating income included one-off gains from the sale of assets and sale of catalyst. In the absence of such one-off gains this year, non-operating income declined by 35% resulting in growth in EBIDTA, including non operating income, by 6.8%

During the year, the Company offered voluntary retirement to its workmen in its units in Panvel, Kamothe and Taloja for which a charge of ₹ 65 million was taken.

In the previous year, due to conversion of Foreign Currency Convertible Bonds “FCCB”, there were write backs on account of interest and exchange gains. As a result Profit Before Tax “PBT” and Profit After Tax “PAT” are not strictly comparable with the previous year.

PBT increased by 1.8% whereas PAT grew by 1.7%.

Consolidated Financials

On a consolidated basis, net sales grew by 16.5% over last year.

During the year, the Company invested ₹ 24 million in Building Envelope Systems India Limited. This company is a partner in Hybrid Coatings which manufactures specialised waterproofing products.

The Company also invested ₹ 48 million in Percept Waterproofing Services Limited. This company acquired the business of Percept Engineers Private Limited which is into waterproofing application services.

The results of the current year include the performance of these subsidiaries.

The performance of overseas subsidiaries shows improvement as compared to the previous year.

While aggregate sales of overseas subsidiaries grew by 16.8%, aggregate losses (PBT) declined from ₹ 441.7 million last year to ₹ 180.1 million this year.

Performance by industry segment

BUSINESS SEGMENTS %



Consumer & Bazaar Products

Branded Consumer & Bazaar Products Segment contributed 81% of the total net sales of the Company and grew by 16.3%.

Net sales of branded Adhesives and Sealants grew by 14.6% and contributed 50% of the total sales of the Company. Construction and Paint Chemicals grew by 12.8% and Art Materials and other products grew by 32.9%.

Consumer & Bazaar Product sales have grown at a CAGR of 19% over the last 5 years.

Profit before interest and tax for the Consumer & Bazaar segment increased by 10.7%.

Industrial Products

Industrial Products contributed 19% of the total sales of the Company and grew by 15.2%.

Profit before interest and tax for the segment was at the same level as last year.

Others

This segment largely consists of the Vinyl Acetate Monomer (VAM) manufacturing unit.

The Company continues to import rather than operate the VAM plant, as the import price of VAM continues to be more favourable.

The speciality acetates manufactured by the Company have found good market acceptance. The Company is working to expand the range of speciality acetates and the manufacturing facility is being modified to make the expanded range of products.

Marketing Initiatives



Dr. Fixit 'Leak Free Homes'

The Dr. Fixit 'Leak Free Homes' campaign was launched in cinemas, at special trade screenings, in Indore and Gurgaon in December 2013. The storyline humorously highlighted the problems associated with homes that have not been waterproofed and reinforced preventive waterproofing. The concept was also promoted through van activations by engaging prospective home owners and contractors at construction sites and explaining the 4 easy steps for a leak free home.



Dr. Fixit=Waterproofing

The new TV advertising campaign of Dr. Fixit reinforced Dr. Fixit=Waterproofing with the core message "Waterproof your home whilst building it." It was aptly explained by a young boy to his father who had not paid heed to the advice of waterproofing at the time of construction.

The TV advertisement was also launched online via social media and recorded over 6.5 lakh views on Youtube.



Dr. Fixit - Social Media

Dr. Fixit launched a new social media initiative to engage home owners through its Facebook page which has over 1.2 lakh fans, as well as a presence on Twitter and Youtube.

Dr. Fixit Newcoat along with Red FM 93.5, implemented the 'Chhatri Nahin Chhat' initiative in the monsoon of 2013. Listeners were invited to call in and share their terrace leakage experiences with the popular RJ Malishka. Select winners were awarded free terrace waterproofing for their homes by Dr. Fixit.