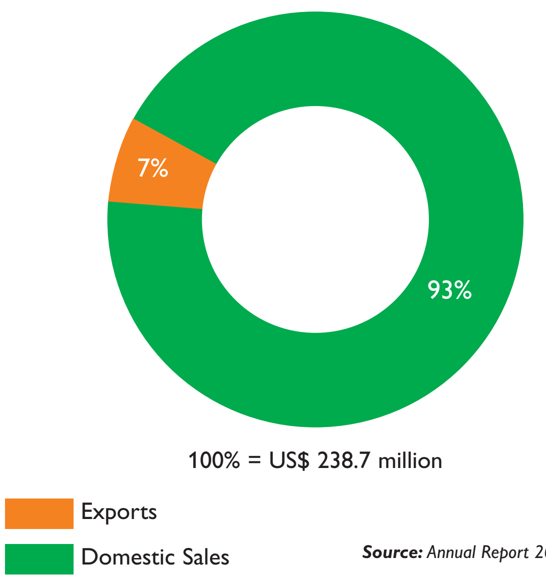
PIDILITE INDUSTRIES LIMITED

Company Background

Pidilite Industries Ltd (PIL) was incorporated in 1959 with the commissioning of a pigment emulsion brand, Acron. Its product portfolio includes adhesives and sealants, construction and paint chemicals, art materials, industrial and textile resins, and organic pigments and preparations. The company manufactures and sells some of the most well-known adhesive brands such as Fevicol, Steelgrip, Acron, Dr. Fixit, Fevitite and M-Seal. PIL exports its products to more than 50 countries. The company is present in Algeria, Morocco, Libya, Egypt, Saudi Arabia, Kuwait, Oman, Bahrain, Qatar, UAE, USA, Brazil, South Africa, Kenya, Europe, Russia and Asia.

In 2006, the company's revenues grew by 24.1 per cent to US$ 238.7 million from US$ 205.8 million in 2005. Presently, it employs over 2,900 personnel across various locations.

Revenue - Geographical Distribution (2005-2006)



Source: *Annual Report 2005-06, PIL*

PIL in the Arab World

PIL is present in many countries in the Arab world, including Algeria, Morocco, Libya, Egypt, Saudi Arabia, Kuwait, Oman, Bahrain, Qatar and UAE.

PIL in the UAE

In May 2005, PIL established its wholly owned subsidiary - Pidilite Middle East Limited (PMEL) - in the Jebel Ali Free Zone of Dubai to expand its Middle East operations. In the same year, the company acquired Jupiter Chemicals in Dubai through PMEL.

In 2006, Pidilite International Pte Ltd (SPIPL), PMEL and PIL's subsidiary in Singapore, jointly established two companies - PT Pidilite Indonesia (PTPI) in Indonesia Pidilite Specialty Chemicals Bangladesh Pvt Ltd (PSCBPL) in Bangladesh - for manufacturing synthetic resins, adhesives and chemicals. SPIPL holds a 99-per cent stake, while PMEL holds a 1-per cent stake in both PTPI and PSCBPL.

Factors for Success

Focus on Innovative Products

PIL introduced various new and innovative products, which are expected to further strengthen its position in the market. Some of these products are listed below:

- Krystalline, (new variant in the Dr. Fixit range of construction chemicals) a capillary waterproofing system for concrete

- Dampfree, an injection grout used for removing dampness
- M-Seal Wet Set, a variety of M-Seal used for repairing wet surfaces
- Motomax, a high-end range of car-care products
- Other products such as Fevicryl Ceramic colours, Fevicryl Fabric pens, Fevicryl Creative packs and Fevicryl Suncatcher kits

Focus on Expanding Overseas Operations

During 2005-06, PIL invested over US$ 4.0 million for establishing and expanding its subsidiaries abroad. The company used this investment to expand its distribution network in various overseas markets and deploy additional manpower. It acquired Bamco in Thailand and Jupiter Chemicals LLC in Dubai. It has also established two direct subsidiaries - PMEL in UAE and Pidilite Do Brasil Desenvolvimento De Negocios Ltda in Brazil - and two step-down subsidiaries in Indonesia (PTPI) and Bangladesh (PSCBPL).

Mergers and Acquisitions

In 2005-06, PIL acquired Tristar Colman, a leading brand in the painting brushes segment in India. It also acquired the Fine Art brand of canvas and student art colours. This move will strengthen the company's position in the art materials market, and will also help it in boosting sales in the school and artist segments.

Future Plans

Capitalising on US Subsidiaries

PIL believes there is significant potential for the products manufactured by its US subsidiaries in the Middle East, South East Asia and India. Towards this end, in June 2006, PIL acquired Sargent Art, an art materials company and Cyclo, a car care products manufacturer through its wholly owned subsidiary in the US.

Inorganic Growth

PIL is seeking growth through acquisitions (domestic and overseas) to strengthen its business. It aims to acquire companies that are valued at around US$ 10 million.

Further, the company is planning to hive off the industrial adhesives, pigments and resins business into a separate joint venture company.