



Pidilite Industries Limited

Investor Update

Quarter and Period ended December 2008

Coverage

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- Overseas subsidiaries
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Investor communication

This investor update covers the Company's performance for quarter and period ended 31st December 2008

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Financial Highlights

Quarter ended 31st December 2008

- Gross Sales at Rs 44084 lacs for the quarter ended December 31, 2008 grew by 1.8% over the corresponding quarter of the previous year
- Net sales for the quarter at Rs 40463 lacs grew by 4 % over the same quarter last year
- Selling, General and Administration Expenses at Rs. 11659 lacs declined by 2.5% over the same quarter last year
- EBITDA (before foreign exchange difference) declined by 49.5% to Rs.3020 lacs

- Profit from ordinary activities before foreign exchange difference declined by 79.8% to Rs 924 lacs.
- This decline in profit was mainly to lower sales growth and high material costs in the quarter. The material cost started to decline from October 2008 but the impact of the same is likely to be realised in the coming quarters due to material available or in pipeline at higher cost. Material cost of some of the key material has reduced by 20% as compared to the current year peak levels. This is likely to improve the gross margin in the coming quarters.
- Sales were impacted due to general slow down, reduction in stock levels and additional discounts operated in some products due to reduction in material costs.
- The foreign exchange loss for the quarter is Rs 1974 lacs as compared to a foreign exchange gain of Rs 564 lacs in the same quarter last year. This was mainly due to depreciation of the Rupee vs the USD resulting in increased liability on foreign currency loans including FCCB
- After considering the foreign exchange difference the resultant Profit Before Tax (PBT) and Profit After Tax (PAT) for the Quarter is Rs.(1050) lacs and Rs.(927) lacs respectively
- During the quarter the Company reduced working capital by Rs.5060 lacs and incurred Capital Expenditure of Rs. 1770 lacs

Nine months ended 31st December 2008

- Gross Sales at Rs 150189 lacs for the period ended December 31, 2008 grew by 16.0% over corresponding period of the previous year
- Net sales for the period at Rs 138065 lacs registered a growth of 18.3%
- Selling, General and Administrative Expenses grew by 17% over the same period last year
- EBITDA (before foreign exchange difference) declined by 10.8% to Rs.19535 lacs
- Profit from ordinary activities before foreign exchange difference declined by 23% to Rs.13857 lacs

- This decline in profit is due to high material cost for most part of the period due to steep increase in oil price in the initial part of the year and depreciation of the Rupee.
- The foreign exchange loss for the period is Rs 4962 lacs as compared to a foreign exchange gain of Rs 926 lacs in the same period last year. This was mainly due to depreciation of the Rupee vs the USD resulting in increased liability on foreign currency loans including FCCB.
- After considering the foreign exchange difference Profit Before Tax (PBT) and Profit After Tax (PAT) for the period is at Rs. 8895 lacs and at Rs.7881 lacs respectively.
- During the period Capital Expenditure incurred is Rs.10500 lacs and increase in working capital is Rs.7760 lacs

Business segment wise performance

Figures in Rs. lacs

Segment Revenue	Q3FY09	Q3FY08	Growth %	YTD Dec08	YTD Dec07	Growth %
Consumer & Bazaar Products	31830	31230	1.9%	109568	95370	14.9%
Industrial Products	10224	9600	6.5%	35144	29630	18.6%
Others	3898	5840	-30.9%	13347	10670	25.1%
Total	45952	46470	-1.1%	158059	135670	16.5%
Less : Inter Segment Revenue	1868	3150	-40.7%	7870	6220	26.5%
Net Segment Revenue	44084	43320	1.8%	150189	129450	16.0%

Figures in Rs. lacs

Segment PBIT	Q3FY09	Q3FY08	Growth %	YTD Dec08	YTD Dec07	Growth %
Consumer & Bazaar Products	3862	4950	-22.0%	19497	20160	-3.3%
Industrial Products	814	1070	-23.9%	4114	3680	11.8%
Others	111	920	-87.9%	697	1000	-30.3%
Total	4787	6940	-31.0%	24308	24840	-2.1%
Less:						
Interest	955	510	87.3%	2216	1110	99.6%
Other unallocable expenditure - net off unallocable income	4881	1280	281.3%	13196	4810	174.3%
Total Profit Before Tax	(1049)	5150	-120.4%	8896	18920	-53.0%

CONSUMER & BAZAAR PRODUCTS

- Revenue from Consumer & Bazaar Products at Rs 31830 lacs registered a growth of 1.9% over the corresponding quarter of the previous year. Reasons for the slow growth in sales have been commented under the section "Financial Highlights". For the period ended 31/12/08 the segment posted a revenue of Rs.109568 registering a growth of 14.9% over the corresponding period last year

- The total exports at Rs.2262 lacs grew by 15.3% over the same quarter last year, while for the period Apr-Dec'08 exports at Rs.6826 lacs were 27.7% over the corresponding period last year
- Profit before tax and interest for this segment at Rs 3862 lacs recorded a decline of 21.9% over the same quarter last year for reasons as explained earlier. For the period ended 31/12/08, Profit before tax and interest for this segment stood at Rs.19497 lacs, a decline of 3.3% over the corresponding period last year

INDUSTRIAL PRODUCTS

- Industrial products grew by 6.5% over the corresponding quarter last year, posting a revenue of Rs 10224 lacs for the quarter. The lower sales growth is attributed to reasons cited earlier. For the period ended 31/12/08 the segment posted revenue of Rs.35144 lacs growing by 18.6% over the corresponding period last year. The growth was significantly higher in first half of the year due to better economic conditions
- Profit before tax and interest for this segment at Rs.814 lacs posted a decline of 23.9% over the corresponding quarter last year. For the period ended 31/12/08, Profit before tax and interest stood at Rs.4114 lacs, a growth of 11.8% over the corresponding period last year
- Total exports of Industrial products at Rs.2650 lacs grew by 70.9% over the same quarter last year; whereas for the period ended 31/12/08 exports at Rs.7949 lacs registered a growth of 76.1% over the corresponding period previous year.

OTHERS (VAM)

- Revenue from the VAM manufacturing unit stood at Rs 3898 lacs and the profit before tax and interest from this segment was Rs.111 lacs for the quarter
- For the period ended 31/12/08 revenue from VAM manufacturing unit was Rs.13347 lacs and the profit before tax and interest from this segment stood at Rs.697 lacs

Overseas subsidiaries

REVIEW OF OVERSEAS SUBSIDIARIES

- The Company has 14 overseas subsidiaries (4 direct and 10 step-down subsidiaries) including subsidiaries having significant sales and manufacturing operations in USA, Brazil, Thailand and Dubai
- Total revenue from overseas subsidiaries for the period 31/12/08 stood at Rs 17992 lacs up by 30% over the corresponding period of previous year
- Most of the subsidiaries continue to incur losses owing to additional expenses for business development consisting mainly of expenses towards additional manpower, new product introduction, sales promotion and brand building. The additional expenditure has still not resulted in commensurate increase in sales and margins
- The losses from overseas subsidiaries were expected to reduce in the current financial year. This may not happen due to steep increase in costs in Brazil owing to around 50% depreciation of local currency, economic slow-down in USA and slow-down in construction activities in Middle East and Thailand.
- The overseas subsidiaries have taken several measures to improve sales and reduce costs.
- The company is in the process of completing work on manufacturing plants for Adhesives in Bangladesh and Egypt. Both of these plants are expected to go on stream during the 4th Quarter of FY 2008-09. The total capital investment for the two plants is about Rs 2000 lacs and the bulk of this expenditure has already been incurred.

SYNTHETIC ELASTOMER PROJECT

- The Company had acquired plant and machinery, technology, patent, trademark & technology of a Synthetic Elastomer (Polychloroprene Rubber) plant in June 2007. The plant was located in Champaigner, France and was owned by Polimeri Europa Elastomers, France.
- The plant is being set-up in Special Economic Zone in Dahej. The company has completed dismantling of the plant. Bulk of plant & machinery has been received in India. Process development package has been received from Polimeri and detailed engineering work is

under progress. The workshop building required for refurbishment of plant and machinery is under construction.

- The company has so far invested around Rs. 160 crores in the project.

Financials

PIDILITE INDUSTRIES LIMITED

REGD. OFFICE : 7th Floor, Regent Chambers, Jamnalal Bajaj Marg,
208, Nariman Point, Mumbai - 400 021.

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31.12.2008

Sr. No.	Particulars	Unaudited				Audited
		For the Quarter ended		For the Nine Months ended		For the Year ended
		31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.03.2008
1	Gross Sales	44084	43320	150189	129450	170237
	Less: Excise Duty	3621	4430	12124	12770	16706
	a) Net Sales/Income from Operation	40463	38890	138065	116680	153531
	b) Other operating Income	526	357	1552	1218	1960
	Total Income	40989	39247	139617	117898	155491
2	Expenditure					
	a) (Increase) / Decrease in stock in trade	5176	(190)	1702	(1080)	(2520)
	b) Consumption of raw materials	14819	15260	57301	46480	62783
	c) Purchase of traded goods	2156	1570	6602	4320	6388
	d) Employees cost	4055	3330	11989	9910	13007
	e) Depreciation	1141	950	3461	2800	3851
	f) Other expenditure					
	1) Packing material consumption	4589	4420	16878	13470	17657
	2) Others	7145	8764	25546	22574	30412
	g) Total	39081	34104	123479	98474	131578
3	Profit from Operations before Other Income , Interest & Exceptional Items	1908	5143	16138	19424	23913
4	Other Income	19	60	83	137	283
5	Profit Before Interest & Exceptional Items	1927	5203	16221	19561	24196
6	Interest (Net)	955	510	2216	1110	1607
7	Profit After Interest but before Exceptional Items	972	4693	14005	18451	22589
8	Exceptional Items					
	a) Donations	48	100	148	440	429
	b) VRS Expenditure	0	10	0	20	24
9	Profit from Ordinary Activities before Foreign Exchange Difference Expenses / (Income)	924	4583	13857	17991	22136
10	Foreign Exchange Difference - Expense / (Income)	1974	(564)	4962	(925)	(291)
11	Profit / (Loss) from Ordinary Activities before Tax	(1050)	5147	8895	18916	22427
12	Tax Expenses					
	(Add) / Less: Provision for Current Taxation #	(442)	90	860	2520	2228
	Less: Provision for Deferred Tax	319	970	154	910	1404
13	Profit / (Loss) from Ordinary Activities after Tax	(927)	4087	7881	15486	18795
14	Extraordinary Item (Net of Tax Expense of Rs. Nil) - Prior Years' Tax Provision written back	0	0	0	0	(40)
15	Net Profit / (Loss)	(927)	4087	7881	15486	18835
16	Paid-up Equity Share Capital (Face Value of Share : Re.1)	2531	2524	2531	2524	2531
17	Reserves excluding Revaluation Reserve					61430
18	Earnings Per Share (EPS) in Rs.					
	a) Basic EPS before extraordinary item	@ (0.37)	@ 1.62	@ 3.11	@ 6.15	7.43
	b) Diluted EPS before extraordinary item	@ (0.36)	@ 1.61	@ 3.04	@ 6.10	7.37
	c) Basic EPS after extraordinary item	@ (0.37)	@ 1.62	@ 3.11	@ 6.15	7.44
	d) Diluted EPS after extraordinary item	@ (0.36)	@ 1.61	@ 3.04	@ 6.10	7.38
19	Public Shareholding					
	- Number of shares of Re.1	73685549	73172480	73685549	73172480	73688375
	- Percentage of shareholding	29.12	28.99	29.12	28.99	29.12

Provision for Current Taxation includes Fringe Benefit Tax and Wealth Tax.

@ For the period only and not annualised.

REPORTING OF SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs. in lac)

Sr. No.	Particulars	Unaudited				Audited
		For the Quarter ended		For the Nine Months ended		For the Year ended
		31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.03.2008
1	Segment Revenue					
	a) Consumer & Bazaar Products	31830	31230	109568	95370	122248
	b) Industrial Products	10224	9600	35144	29630	40190
	c) Others	3898	5640	13347	10670	15886
	Total	45952	46470	158059	135670	178324
	Less : Inter Segment Revenue	1868	3150	7870	6220	8087
	Net Segment Revenue	44084	43320	150189	129450	170237
2	Profit before Interest and Tax					
	a) Consumer & Bazaar Products	3862	4950	19497	20160	24532
	b) Industrial Products	814	1070	4114	3680	5042
	c) Others	111	920	697	1000	1703
	Total	4787	6940	24308	24840	31277
	Less: i) Interest	955	510	2216	1110	1607
	ii) Other unallocable expenditure - net of unallocable income	4882	1283	13197	4814	7243
	Total Profit / (Loss) Before Tax	(1050)	5147	8895	18916	22427
3	Capital Employed					
	a) Consumer & Bazaar Products	42764	35640	42764	35640	39925
	b) Industrial Products	15436	19900	15436	19900	15223
	c) Others	3940	2680	3940	2680	4612
	d) Unallocated	9695	8040	9695	8040	4487
	Total Capital Employed	71835	66260	71835	66260	64247

Notes :

- The above results have been reviewed by the Audit Committee and taken on record by the Board of Directors at its meetings held on 21st January 2009.
- The statutory Auditors have carried out a "Limited Review" of the financial results for the quarter ended 31st December 2008.
- Foreign exchange difference under Item No.10 principally comprises Currency Translation difference in respect of Foreign Currency Convertible Bonds (FCCB).
- The Company raised US \$ 40 million from issue of zero coupon Foreign Currency Convertible Bonds in December 2007. After payment of US \$ 0.99 million for certain issue related expenses, the Company has utilised US \$ 16.64 million for investment in equity capital of its overseas subsidiaries and US \$ 12.53 million for capex. The balance amount is kept with banks.
- The Company has, subject to necessary compliances, decided to repurchase zero coupon Foreign Currency Convertible Bonds upto US \$ 40 million issued in December 2007 and redeemable in 2012.
- During the quarter Pidilite International Pte. Ltd. (PIPL), a wholly owned subsidiary of the Company has acquired remaining 25% Equity shares of Chemson Asia Pte. Ltd. from other shareholders. With this acquisition, Chemson Asia Pte. Ltd. has become a wholly owned subsidiary of PIPL.
- During December 2008, the Company has issued Secured Redeemable Non Convertible Debentures (NCDs) aggregating to Rs. 1500 million to Banks/Insurance Companies/Mutual Funds on private placement basis for general corporate purposes.
- In terms of Clause 41 of the Listing Agreement, details of number of investor complaints for the quarter ended 31st December 2008: beginning - nil, received - 5, disposed of - 5 and pending - nil.
- Previous period's figures are regrouped wherever necessary.

Mumbai
Dated 21st January 2009

M.B.PAREKH
Managing Director