



Pidilite Industries Limited

Investor Update

Quarter and Half year ended September 2010

Coverage

- Financial Highlights
- Business segment wise
- Overseas subsidiaries performance
- Financial Results

Investor Communication

This investor update covers the Company's performance for quarter and half year period ended 30th September 2010

Contact information

Mr. P.C. Patel, Company Secretary

E-mail: pccpatel@pidilite.com

Telephone: 022-22822708

Financial Highlights (Standalone Performance)

Quarter ended 30th September 2010

- Net Sales at Rs.5822 mn grew by 14.8% over the same quarter last year.
- EBITDA (before foreign exchange difference) grew by 4.9% to Rs. 1289 mn.
- EBITDA (before foreign exchange difference) as % to Sales in the current quarter at 22.2% was lower than 24.2% in the same quarter last year. This drop of 2% was contributed largely by increase in material cost, to the extent not compensated by price increase, by 1% and by higher advertising & sales promotion expenses by 1.4%.
- The foreign exchange loss for the quarter was Rs.18 mn as compared to Rs. 22 mn in the same quarter last year.

- Interest cost has gone up due to premium paid on repurchase of non-convertible debentures in the quarter.
- The combined impact of the above has resulted in Profit Before Tax of Rs.1074 mn in the current quarter as compared to Rs. 1004 mn in the same period last year, a growth of 7%.
- The effective tax rate during the quarter was higher than last year owing to completion of the first 5 year block of the tax holiday period in three manufacturing units. The resultant Profit After Tax (PAT) for the quarter is Rs 829 mn as compared to Rs 855 mn in the same period last year.

Period ended 30th September 2010

- Net Sales at Rs.12086 mn grew by 18.2% over the same period last year.
- EBITDA (before foreign exchange difference) grew by 15.7% to Rs. 2857 mn.
- Profit Before Tax for the half year ended Sep 10 is Rs.2441 mn as compared to Rs. 1992 mn in the same period last year, a growth of 22.6%.

Business segment wise performance

STANDALONE PERFORMANCE Rs Millions	FOR QUARTER ENDED			FOR 6 MONTHS ENDED		
	Sep-09	Sep-10	% Change	Sep-09	Sep-10	% Change
Revenue						
Consumer and Bazaar Products	3,931	4,558	16%	8,037	9,531	19%
Industrial Products	1,176	1,400	19%	2,321	2,794	20%
Others	82	22	-73%	107	40	-62%
Less : Inter Segment Revenue	(117)	(157)		(243)	(280)	
Total Revenue	5,072	5,822	15%	10,222	12,086	18%

Profit before Interest and Tax						
Consumer and Bazaar Products	1,115	1,186	6%	2,332	2,691	15%
Industrial Products	267	223	-16%	464	468	1%
Others	(30)	(31)	4%	(58)	(63)	9%
Total	1,352	1,379	2%	2,738	3,096	13%
Interest	(78)	(87)		(154)	(169)	
Unallocated Corporate Expenditure*	(271)	(218)		(593)	(486)	
Profit before Tax	1,004	1,074	7%	1,992	2,441	23%

* Net of Unallocated Income

CONSUMER AND BAZAAR PRODUCTS

- The segment registered a revenue growth of 16% in the quarter mainly driven by higher domestic sales of Adhesives, Sealants and Construction chemicals. Exports were at the same level as last year owing to poor market conditions in Middle East and commencement of local operations in Bangladesh and Egypt.
- Profit before tax and interest for the segment during the period stands at Rs 1186 mn, an increase of 6% over the corresponding period last year. Expenditure on advertisement and sales promotion was almost doubled to stimulate demand of adhesive and construction chemicals.

INDUSTRIAL PRODUCTS

- Revenue of Industrial Products increased by 19% over the corresponding quarter last year owing to higher volumes of Resins and Pigments in both domestic and international markets. Exports in the quarter grew by 44.3% over corresponding quarter last year.
- Profit before tax and interest for the segment stands at Rs 223 mn. Profit was impacted due to steep increase in input cost not fully passed on to the customers.

OTHERS

- Since the price of bought-out VAM remained advantageous, the Company continued to import rather than operate the plant.
- Revenue from the segment was Rs 22 mn and the loss before tax and interest was Rs 31 mn.

Overseas subsidiaries performance

- The Company has 13 Overseas subsidiaries (4 direct and 9 step-down) including those having significant manufacturing and selling operations in USA, Brazil, Thailand, Dubai, Egypt and Bangladesh.

Sales - Rs mn	Q2	Q2	H1	H1
	2009-10	2010-11	2009-10	2010-11
North America	344	349	686	688
South America	280	308	507	588
Middle East & Africa	64	47	117	95
South & South East Asia	54	85	98	165
Total	743	789	1,408	1,536

EBITDA - Rs mn	Q2	Q2	H1	H1
	2009-10	2010-11	2009-10	2010-11
North America	13	14	30	36
South America	15	16	40	17
Middle East & Africa	(20)	(19)	(32)	(40)
South & South East Asia	6	3	1	17
Total	13	14	39	31

- North America: Though sales growth in constant currency terms was 13%, due to effect of currency translation reported growth is 1.4%. Growth was strong in the Art material business and exports of automotive aftermarket products. Profit at constant currency was up by 21% owing to price increase and product mix rationalisation.
- South America: Sales were up by 10% over same quarter last year. Advertisement and sales promotion spend were higher by 17% over corresponding period last year for demand generation. Half yearly EBITDA are not comparable over the corresponding period last year due to foreign exchange gains of Rs 17mn in the previous year.
- Middle East & Africa: Sales were impacted in the region mainly due to poor market conditions in Middle East. The same is reflected in the EBITDA
- South & South East Asia: Sales and profit in existing market showed growth of 20%. Bangladesh business which started in H2 last year showed good sales performance. The company has stepped up advertisement and sales promotions spend for demand generation.

Financials

PIDILITE INDUSTRIES LIMITED

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

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30.09.2010

(Rs. in lac)

Sl. No.	Particulars	Standalone					Consolidated				
		Unaudited		Audited		Unaudited		Audited			
		For the Quarter ended	For the Half year ended	For the Quarter ended	For the Year ended	For the Quarter ended	For the Half year ended	For the Quarter ended	For the Year ended		
		30.09.2010	30.09.2009	30.09.2010	30.09.2009	31.03.2010	30.09.2010	30.09.2009	30.09.2010	30.09.2009	31.03.2010
1	a) Net Sales/Income from Operation	58222	50720	120869	102218	192975	65836	57965	135662	116066	219156
	b) Other operating Income	734	368	1246	840	2002	784	464	1389	1043	2169
	Total Income	58956	51088	122105	103058	194977	66620	58429	137051	117109	221325
2	Expenditure										
	a) (Increase) / Decrease in stock in trade and work in progress	(2220)	649	(1288)	(93)	(3689)	(1997)	476	(858)	287	(3041)
	b) Consumption of raw materials	22538	17094	44015	35873	69375	25203	19436	49452	42297	76374
	c) Purchase of traded goods	3139	2480	6301	4740	9977	4295	4413	8200	5742	16476
	d) Employees cost	5445	4918	11079	10095	19754	6972	6309	14223	12965	25248
	e) Depreciation	1108	1262	2191	2404	4630	1488	1691	2963	3160	6855
	f) Other expenditure										
	1) Packing material consumption	7394	6189	14517	12535	23900	7489	6199	14652	12535	24099
	2) Others	10241	7613	19526	15622	35338	12080	9285	23382	19771	41576
	g) Total	47645	40175	98321	81176	159014	55509	47799	111714	95747	187386
3	Profit from Operations before Other Income, Interest & Exceptional Items	11311	10913	26784	21682	35963	11111	10630	25337	21362	33939
4	Other Income	474	119	599	407	716	442	136	805	411	1183
5	Profit before Interest & Exceptional Items	11785	11032	26383	22289	36679	11553	10766	25942	21773	35122
6	Interest	867	778	1696	1537	2880	982	946	1903	1818	3285
7	Profit after Interest but before Exceptional Items	10918	10254	24687	20752	33819	10571	9820	24039	19955	31837
8	Exceptional Items										
9	Profit from Ordinary Activities before Foreign Exchange Difference Expenses / (Income)	10918	10254	24687	20752	33819	10571	9820	24039	19955	31837
10	Foreign Exchange Difference - Expense / (Income)	182	216	296	836	931	185	201	294	614	728
11	Profit / (Loss) from Ordinary Activities before Tax	10736	10038	24411	19916	32888	10386	9619	23755	19341	31109
12	Tax expense										
	(Add) / Less: Provision for Current Taxation #	2553	1539	5567	3269	4230	2558	1538	5581	3269	4247
	(Add) / Less: Provision for Deferred Tax	(102)	(55)	(114)	(388)	(255)	(102)	(55)	(114)	(388)	(165)
13	Net Profit / (Loss) from Ordinary Activities after Tax	8285	8554	18958	17035	28913	7930	8136	18228	16460	27027
14	Extraordinary Item (net of tax expense - Rs. Nil)										
	- Prior Years' Tax Provision written back	-	-	-	-	437	-	-	-	-	437
15	Minority Interest	-	-	-	-	-	4	-	3	-	(6)
16	Share of Profit / (Loss) in Associate Company	-	-	-	-	-	(10)	21	36	40	237
17	Net Profit / (Loss) for the period	8285	8554	18958	17035	29350	7924	8157	18327	16502	27696
18	Paid-up Equity Share Capital (Face Value of Share : Re.1)	5061	2531	5061	2531	5061					5061
19	Reserves excluding Revaluation Reserve					88797					82133
20	Earnings Per Share (EPS) in Rs.										
	a) Basic EPS before extraordinary item	@ 1.64	@ 1.69	@ 3.75	@ 3.37	5.71	@ 1.57	@ 1.61	@ 3.82	@ 3.26	5.39
	b) Diluted EPS before extraordinary item	@ 1.59	@ 1.64	@ 3.64	@ 3.27	5.56	@ 1.52	@ 1.57	@ 3.52	@ 3.17	5.24
	c) Basic EPS after extraordinary item	@ 1.64	@ 1.69	@ 3.75	@ 3.37	5.80	@ 1.57	@ 1.61	@ 3.82	@ 3.26	5.47
	d) Diluted EPS after extraordinary item	@ 1.59	@ 1.64	@ 3.64	@ 3.27	5.64	@ 1.52	@ 1.57	@ 3.52	@ 3.17	5.32
21	Public Shareholding										
	- Number of shares	148916032	73686349	148916032	73686349	148916298					
	- Percentage of shareholding	29.42	29.12	29.42	29.12	29.42					

22	Promoters and Promoter Group Shareholding as on 30th September 2010	Pledged / Encumbered	Non Encumbered
	- Number of Shares	Nil	357218580
	- Percentage of Shares	Nil	100
	(i) As a % of total shareholding of Promoters and Promoter Group	Nil	70.50
	(ii) As a % of total share capital of the Company	Nil	70.50

Provision for Current Taxation includes Wealth Tax.

@ For the period only and not annualised.

REPORTING OF SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

		(Rs. in lac)									
Sr No.	Particulars	Standalone					Consolidated				
		Unaudited		Audited		Unaudited		Audited			
		For the Quarter ended		For the Half year ended		For the Quarter ended		For the Half year ended		For the Year ended	
		30.09.2010	30.09.2009	30.09.2010	30.09.2009	31.03.2010	30.09.2010	30.09.2009	30.09.2010	30.09.2009	31.03.2010
1	Segment Revenue										
	a) Consumer & Bazaar Products	45577	39314	95314	80367	148167	53191	46559	110117	94215	174348
	b) Industrial Products	13999	11757	27940	23209	46529	13999	11757	27940	23209	46529
	c) Others	220	816	401	1067	1783	220	816	401	1067	1763
	Total	59796	51887	123655	104643	196459	67410	59132	138458	118491	222640
	Less: Inter Segment Revenue	1574	1167	2796	2425	3484	1574	1167	2796	2425	3484
	Net Segment Revenue	58222	50720	120859	102218	192975	65836	57965	135662	116066	219156
2	Profit before Interest and Tax										
	a) Consumer & Bazaar Products	11863	11152	26908	23315	38489	11627	10901	26469	23021	37124
	b) Industrial Products	2228	2666	4680	4639	9146	2228	2666	4680	4639	9146
	c) Others	(306)	(295)	(627)	(575)	(1257)	(306)	(295)	(627)	(575)	(1257)
	Total	13785	13523	30961	27379	46378	13549	13272	30522	27085	45013
	Less: i) Interest	867	778	1886	1537	2860	882	946	1903	1818	3285
	ii) Other unallocable expenditure - net of unallocable income	2182	2707	4864	5926	10630	2182	2707	4864	5926	10619
	Total Profit Before Tax	10736	10038	24411	19916	32888	10385	9619	23755	19341	31109
3	Capital Employed										
	a) Consumer & Bazaar Products	38945	38958	38945	38958	32759	31960	33721	31960	33721	26095
	b) Industrial Products	17107	13756	17107	13756	13170	17107	13756	17107	13756	13170
	c) Others	3967	3714	3967	3714	3806	3967	3714	3967	3714	3806
	d) Unallocated	52798	33978	52798	33978	44123	52798	33978	52798	33978	44123
	Total Capital Employed	112817	90406	112817	90406	93858	105832	85169	105832	85169	87194

UNAUDITED STATEMENT OF ASSETS AND LIABILITIES AS AT 30.9.2010

(Rs. in lac)

Sr. No.	Particulars	Standalone Unaudited		Consolidated Unaudited	
		30.09.2010	30.09.2009	30.09.2010	30.09.2009
1	Shareholders' Funds				
	(a) Capital	5,061	2,531	5,061	2,531
	(b) Reserves & Surplus	107,756	87,875	100,771	82,638
2	Loan Funds	31,375	45,238	35,874	49,931
3	Deferred Tax Liability (Net)	4,040	4,021	4,053	3,939
	Total	148,232	139,665	145,759	139,039
4	Fixed Assets	71,411	68,716	85,599	85,125
5	Investments	43,121	36,130	18,048	11,273
6	Current Assets, Loans and Advances				
	(a) Inventories	30,133	23,299	34,602	27,797
	(b) Sundry Debtors	31,863	30,186	38,031	36,057
	(c) Cash and Bank Balances	4,349	6,969	5,445	9,463
	(d) Other Current Assets	580	1,153	699	1,222
	(e) Loans and Advances	8,126	6,814	8,383	7,024
	Less: Current Liabilities and Provisions				
	(a) Liabilities	38,173	31,460	41,780	36,705
	(b) Provisions	3,178	2,142	3,268	2,217
7	Miscellaneous expenditure (Not written off) or adjusted	-	-	-	-
8	Profit & Loss Account	-	-	-	-
	Total	148,232	139,665	145,759	139,039

Notes :

- The above results have been reviewed by the Audit Committee and taken on record by the Board of Directors at their meetings held on 20th October 2010.
- The Statutory Auditors have carried out a "Limited Review" of the Standalone financial results for the quarter ended 30th September 2010
- The Company has opted to publish Standalone as well as Consolidated financial statements. The Consolidated financial results prepared as per Accounting Standard (AS-21) comprise the results of Pidlite Industries Ltd. (Holding Company), 17 subsidiary companies and one associate Company.
- The Company had, in March 2009, exercised the option permitted by the Central Government under Notification No G.S.R 225 (E) to treat foreign exchange difference relating to assets as adjustments in the carrying value of such depreciable assets and amortize other differences of a specified nature over the term of the relative item.
Accordingly for the period ended 30th September 2010, the Company has debited the loss of Rs. 1.08 million to the carrying cost of the depreciable assets and credited Rs. 3.03 million to Foreign Currency Monetary Item Translation Account. Out of the said Foreign Currency Monetary Item Translation Account, Rs. 4.38 million has been amortized in the current period ended 30th September 2010 including Rs. 7.51 million credited for quarter ended 30th September 2010.
- Unallocated Capital Employed as at 30th September 2010 includes a) Capital Work in Progress of Rs. 2820.19 million (30th September 2009 Rs. 2534.37 Million) of Synthetic Elastomer Project presently under implementation b) Short term investments in units of mutual funds Rs. 1757.18 Million (30th September 2009 Rs. 1165.47 Million).
- The Company has repurchased Non-Convertible Debentures NCD-Series I of Rs. 150 Million and NCD-Series II aggregating to Rs. 750 Million.
- The Company raised US \$ 40 million from issue of Zero Coupon Foreign Currency Convertible Bonds (FCCB) in December 2007. After payment of US \$ 0.99 million for certain issue related expenses, the Company has utilised US \$ 23.65 million for investment in equity capital of its overseas subsidiaries, US \$ 13.32 million for capex, US \$ 0.75 million for buyback of FCCB and finance cost of US \$ 0.43 million. The balance amount is kept with banks.
- In terms of Clause 41 of the Listing Agreement, details of number of investor complaints for the quarter ended 30th September 2010: beginning -nil, received -two, disposed of -two and pending -nil.
- Previous period's figures are regrouped wherever necessary.

Mumbai
Dated 20th October 2010

M.B.PAREKH
Managing Director