



## **Pidilite Industries Limited**

### **Investor Update**

Quarter and Nine month ended December 2011

#### **Coverage**

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

#### **Investor Communication**

This investor update covers the Company's performance for quarter and nine month period ended 31<sup>st</sup> December 2011.

#### **Contact information**

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### **Financial Highlights**

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#### **Quarter ended 31<sup>st</sup> December 2011**

##### **Consolidated Performance**

- Net Sales at Rs.7681mn grew by 16.4% over the same quarter last year.
- EBITDA at Rs 1339mn was up by 7.6% over same period last year.
- EBIT (before foreign exchange difference and exceptional items) at Rs 1176mn posted a growth of 7.2%.
- Profit (before tax) at Rs 1059mn was up by Rs 189mn over the corresponding quarter last year.

## Standalone Performance

- Net Sales at Rs.6852mn grew by 16.3% over the same quarter last year.
- While there was softening of input costs, the benefit was offset by a sharp depreciation of Rupee vs the US Dollar. Material cost as % to sales went up by 340bps over the same period last year. In comparison to immediately preceding quarter, material cost was higher by 30bps.
- Other expenditure during the quarter was up Rs 113mn mainly due to increase in market development spend, labor, fuel and power rates.
- Non operating income has gone up by Rs 65mn mainly due to onetime receipt of compensation owing to renouncement of tenancy rights in a non manufacturing property.
- EBITDA (before foreign exchange difference and exceptional items) at Rs 1327mn was higher by Rs 87mn over same quarter last year.
- Interest cost at Rs 73mn was higher than last year cost of Rs 52mn. The increase is primarily due to higher provision of Interest on FCCB restatement of liability owing to depreciation of Rupee vis-a-vis US Dollar.
- Pursuant to the notification dated 29th December, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Company has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of Rs. 98.7mn (without considering future tax benefit of Rs. 32mn) is carried forward in the Foreign Exchange Monetary Item Translation Difference Account as on 31st December, 2011. This amount is to be amortised over the period of the monetary liabilities i.e upto 7th December, 2012. Had the Company followed the earlier method of accounting for the above items, the Net Profit for the nine months ended 31st December, 2011 would have been lower by Rs. 98.7mn. Further it has debited the loss of Rs. 98.4mn to the carrying cost of the fixed assets for above referred period of nine months (including loss of Rs. 52mn for the current quarter).
- Profit before Tax and Exceptional item at Rs 1108mn was up by Rs 24mn over the corresponding quarter last year. With the completion of first 5 year tax holiday period of the 4<sup>th</sup> unit of Himachal Pradesh, the effective tax rate has increased over last year.
- Exceptional item consists of provision for diminution in the value of investments in Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda , a wholly owned subsidiary of the Company.

- The combined impact of the above has resulted in Profit after Tax of Rs.743mn in the current quarter as compared to Rs. 851mn during the same period LY.

## **Period ended 31<sup>th</sup> December 2011**

### **Consolidated Performance**

- Net Sales at Rs.23945mn grew by 18.7% over the same period last year. Sales growth was impacted by lower sales of industrial products.
- Material cost as % to sales has gone up by 346bps over the same period last year. The steep increase in material cost was partly mitigated by price increase and partly by cost saving measures.
- EBIT (before foreign exchange difference and exceptional items) during the quarter at Rs 3816mn was higher by 3.4% over the same period last year.
- Profit (before tax) at Rs 3517mn was up by 3% over the same period last year.

### **Business segment wise performance**

STANDALONE PERFORMANCE Rs Millions	FOR QUARTER ENDED			FOR PERIOD ENDED			FOR YEAR ENDED
	Dec-10	Dec-11	% Change	Dec-10	Dec-11	% Change	Mar-11
Revenue							
Consumer and Bazaar Products	4,502	5,521	22.6%	14,038	17,252	22.9%	18,134
Industrial Products	1,429	1,400	-2.1%	4,233	4,707	11.2%	5,809
Others	36	50	39.3%	76	112	46.9%	101
Less : Inter Segment Revenue	(76)	(119)		(356)	(553)		(507)
<b>Total Revenue</b>	<b>5,891</b>	<b>6,852</b>	<b>16.3%</b>	<b>17,991</b>	<b>21,519</b>	<b>19.6%</b>	<b>23,538</b>

Profit before Interest and Tax							
Consumer and Bazaar Products	1,128	1,303	15.5%	3,785	4,123	8.9%	4,538
Industrial Products	261	148	-43.2%	731	648	-11.4%	996
Others	(41)	(18)	-56.5%	(104)	(79)	-24.0%	(142)
<b>Total</b>	<b>1,349</b>	<b>1,434</b>	<b>6.3%</b>	<b>4,413</b>	<b>4,692</b>	<b>6.3%</b>	<b>5,392</b>
Interest	(52)	(73)		(221)	(172)		(268)
Unallocated Corporate Expenditure*	(213)	(350)		(667)	(978)		(1,149)
<b>Profit before Tax</b>	<b>1,084</b>	<b>1,011</b>	<b>-6.7%</b>	<b>3,525</b>	<b>3,542</b>	<b>0.5%</b>	<b>3,975</b>

\* Net of Unallocated Income

### **CONSUMER AND BAZAAR PRODUCTS**

- The segment revenue grew at 22.6% over last year. The growth was driven by higher sales in Adhesives, Sealants and Construction chemicals

in the urban and rural markets. Export sales grew by 14.2% as compared to 8.7% in H1.

- Profit before tax and interest (PBIT) for the quarter stands at Rs 1303mn, an increase of 15.5% over the corresponding period last year.
- PBIT as % to Sales at 23.6%, dropped by 145bps over same quarter last year. In comparison to immediate preceding quarter, PBIT as % to Sales improved by 75bps in the current quarter.

## INDUSTRIAL PRODUCTS

- Sales of Industrial Products dropped by 2% in Q3 over same period last year. The drop was mainly due to lower export (-14.5%) and lowers domestic sales.
- PBIT for the segment stands at Rs 148mn for the quarter as compared to Rs 261mn achieved LY. The drop was mainly due to drop in sales, coupled with significant increase in input raw materials.
- PBIT as % to Sales dropped to 10.6% in the current quarter as compared to 18.3% in the same period last year. In comparison to immediate preceding quarter, PBIT as % to Sales dropped by 416bps in current quarter.

## Overseas subsidiaries performance

- The Company has 14 Overseas subsidiaries (4 direct and 10 step-down) including those having significant manufacturing and selling operations in USA, Brazil, Thailand, Dubai, Egypt and Bangladesh.

Sales - Rs mn	Q3	Q3	YTD	YTD
	2010-11	2011-12	2010-11	2011-12
North America	257	335	945	1,000
South America	361	349	949	993
Middle East & Africa	44	71	140	240
South & South East Asia	82	107	247	306
<b>Total</b>	<b>744</b>	<b>862</b>	<b>2,280</b>	<b>2,540</b>

EBITDA*- Rs mn	Q3	Q3	YTD	YTD
	2010-11	2011-12	2010-11	2011-12
North America	8	20	48	62
South America	13	(7)	33	(22)
Middle East & Africa	(22)	(16)	(59)	(29)
South & South East Asia	8	11	26	38
<b>Total</b>	<b>6</b>	<b>9</b>	<b>48</b>	<b>49</b>

\* before exception items

- Sales in constant currency were lower by 0.8% over corresponding quarter last year. However due to impact of exchange rate i.e. translation of results, the reported number show a growth of 15.9%
- YTD Dec'11 sales were up by 11.4% over same period last year, in constant currency sales during the period was up by 3.5%.
- North America: Sales performance during the quarter improved over the last 2 quarters. Sales in constant currency during the quarter grew by 9% over last year. Margins improved due to price increases and better product mix. Cash profit for the period ended Dec'11 grew by 29.9% over same period last year.
- South America: Sales in constant currency was down by 16.5% in the current quarter and 2.5% in nine month over same period last year. The drop in sales coupled with high operating cost resulted in business making loss during the period.
- Middle East & Africa: Sales were up by 62% over same period last year owing to improved market conditions in UAE and stabilising of business in Egypt. Business was able to cut down their losses through improved product mix, introduction of new products, organisation restructuring, increasing overseas customer base and other cost saving actions.
- South & South East Asia: Sales in the region grew at constant currency grew by 17% over Q3 last year. The growth in both South East Asia and South Asia region showed improved sales performance over LY. Sales in Thailand were impacted by floods in several part of the country. Margins were however affected due to increase in input material cost.

# 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 ENDED 31.12.2011

(Rs. in lac)

Sr. No.	Particulars	Standalone						Consolidated					
		Unaudited			Audited			Unaudited			Audited		
		For the Quarter ended		For the Nine Months ended	For the Year ended		For the Year ended	For the Quarter ended		For the Nine Months ended	For the Year ended		For the Year ended
31.12.2011	30.09.2011	31.12.2010	31.12.2011	31.12.2010	31.03.2011	31.12.2011	30.09.2011	31.12.2010	31.12.2011	31.12.2010	31.03.2011		
1	a) Net Sales/Income from Operation	68522	70284	69912	216188	179908	236376	76805	78135	66003	239446	201802	264391
	b) Other operating Income	657	744	516	2009	1762	2689	704	641	497	2046	1886	2822
	<b>Total Income</b>	<b>69179</b>	<b>71028</b>	<b>69428</b>	<b>217197</b>	<b>181670</b>	<b>238064</b>	<b>77509</b>	<b>78776</b>	<b>66500</b>	<b>241492</b>	<b>203688</b>	<b>267213</b>
2	Expenditure												
	a) (Increase) / Decrease in stock in trade and work in progress	3273	(2694)	690	1971	(598)	(5855)	2808	(2551)	330	1561	(528)	(6307)
	b) Consumption of raw materials	25773	30230	21465	85370	65480	89824	29204	33429	24828	95756	74280	101899
	c) Purchase of traded goods	2787	3919	2900	10082	9201	12017	4255	4866	3784	13361	11984	15924
	d) Employees cost	6499	6414	5615	19561	16694	22646	8388	8086	7222	24777	21445	28979
	e) Depreciation	1211	1182	1109	3549	3300	4439	1629	1561	1476	4725	4439	5953
	f) Other expenditure												
	1) Packing material consumption	7453	8638	6718	24579	21235	28738	7506	8703	6756	24759	21408	28957
	2) Others	11323	11495	10189	35221	29832	42734	13081	13101	11681	40428	34901	49793
	g) Total	58319	59194	48686	180333	145144	194543	66961	67195	56077	205367	167929	225198
3	<b>Profit from Operations before Other Income, Interest &amp; Exceptional Items</b>	<b>10860</b>	<b>11834</b>	<b>10742</b>	<b>36864</b>	<b>36526</b>	<b>43521</b>	<b>10548</b>	<b>11581</b>	<b>10423</b>	<b>36125</b>	<b>35759</b>	<b>42015</b>
4	Other Income	1201	291	553	2005	1152	1496	1214	302	548	2034	1153	1502
5	Profit before Interest & Exceptional Items	12061	12125	11295	38869	37678	45017	11762	11883	10971	38159	36912	43517
6	Interest	730	593	519	1721	2205	2682	913	708	642	2205	2545	3143
7	Profit after Interest but before Exceptional Items	11331	11532	10776	37148	35473	42335	10849	11175	10329	35954	34367	40374
8	Exceptional Items												
	Diminution in value of Investment of Subsidiary	969	-	-	969	-	2500	-	-	-	-	-	-
9	<b>Profit from Ordinary Activities before Foreign Exchange Difference Expenses / (Income)</b>	<b>10362</b>	<b>11532</b>	<b>10776</b>	<b>36179</b>	<b>35473</b>	<b>39835</b>	<b>10849</b>	<b>11175</b>	<b>10329</b>	<b>35954</b>	<b>34367</b>	<b>40374</b>
10	Foreign Exchange Difference - Expense / (Income)	249	489	(84)	756	222	84	262	531	(69)	788	215	68
11	<b>Profit / (Loss) from Ordinary Activities before Tax</b>	<b>10113</b>	<b>11043</b>	<b>10840</b>	<b>35423</b>	<b>35251</b>	<b>39751</b>	<b>10587</b>	<b>10644</b>	<b>10398</b>	<b>35165</b>	<b>34152</b>	<b>40306</b>
12	Tax expense												
	(Add) / Less: Provision for Current Taxation #	2556	2769	2429	8788	7996	9419	2567	2780	2436	8817	8017	9440
	(Add) / Less: Provision for Deferred Tax	128	121	(96)	282	(210)	(57)	129	121	(96)	283	(210)	27
13	<b>Net Profit / (Loss) from Ordinary Activities after Tax</b>	<b>7429</b>	<b>8153</b>	<b>8507</b>	<b>26353</b>	<b>27465</b>	<b>30389</b>	<b>7891</b>	<b>7743</b>	<b>8058</b>	<b>26066</b>	<b>26345</b>	<b>30839</b>
14	Extraordinary Item (net of tax expense Rs. Nil)	-	-	-	-	-	-	-	-	-	-	-	-
15	Minority Interest	-	-	-	-	-	-	(4)	(14)	(6)	(28)	(3)	(4)
16	Share of Profit / (Loss) in Associate Company	-	-	-	-	-	-	(24)	(11)	8	4	45	170
17	<b>Net Profit / (Loss) for the period</b>	<b>7429</b>	<b>8153</b>	<b>8507</b>	<b>26353</b>	<b>27465</b>	<b>30389</b>	<b>7863</b>	<b>7718</b>	<b>8060</b>	<b>26042</b>	<b>26387</b>	<b>31005</b>
18	Paid-up Equity Share Capital (Face Value of Share - Re.1)	5077	5077	5061	5077	5061	5061						5061
19	Reserves excluding Revaluation Reserve						108891						103410
20	Earnings Per Share (EPS) in Rs.												
	a) Basic EPS before extraordinary item	@ 1.46	@ 1.61	@ 1.68	@ 5.19	@ 5.43	6.00	@ 1.55	@ 1.52	@ 1.59	@ 5.13	@ 5.21	6.13
	b) Diluted EPS before extraordinary item	@ 1.43	@ 1.57	@ 1.63	@ 5.06	@ 5.28	5.84	@ 1.51	@ 1.48	@ 1.55	@ 5.00	@ 5.07	5.96
	c) Basic EPS after extraordinary item	@ 1.46	@ 1.61	@ 1.68	@ 5.19	@ 5.43	6.00	@ 1.55	@ 1.52	@ 1.59	@ 5.13	@ 5.21	6.13
	d) Diluted EPS after extraordinary item	@ 1.43	@ 1.57	@ 1.63	@ 5.06	@ 5.28	5.84	@ 1.51	@ 1.48	@ 1.55	@ 5.00	@ 5.07	5.96
21	Public Shareholding												
	- Number of shares	148479746	149679746	148915732	148479746	148915732	148165732						
	- Percentage of shareholding	29.25	29.48	29.42	29.25	29.42	29.27						
21	Promoters and Promoter Group Shareholding as on 31 <sup>st</sup> December 2011												
	- Number of Shares						Pledged / Encumbered						Non-encumbered
	- Percentage of Shares						Nil						35916880
	(i) As a % of total shareholding of Promoters and Promoter Group						Nil						100%
	(ii) As a % of total share capital of the Company						Nil						70.75%

# Provision for Current Taxation includes Wealth Tax.

@ For the period only and not annualised.

Contd. -- 2 --

**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 Nine Months ended	For the Quarter ended		For the Nine Months ended	For the Quarter ended		For the Nine Months ended	For the Quarter ended		For the Nine Months ended
		31.12.2011	30.09.2011	31.12.2010	31.12.2011	31.12.2010	31.03.2011	31.12.2011	30.09.2011	31.12.2010	31.12.2011	31.12.2010	31.03.2011
<b>1</b>	<b>Segment Revenue</b>												
	a) Consumer & Bazaar Products	55209	56040	45017	172521	140376	181344	63492	63889	52108	196779	162270	210360
	b) Industrial Products	13999	16458	14293	47073	42325	58092	13999	16458	14293	47073	42325	58092
	c) Others	503	278	381	1119	762	1012	503	278	381	1119	762	1012
	Total	69711	72774	59671	220713	183463	240448	77994	80625	66762	244971	205357	269464
	Less : Inter Segment Revenue	1189	2490	759	5525	3555	5073	1189	2490	759	5525	3555	5073
	<b>Net Segment Revenue</b>	<b>68522</b>	<b>70284</b>	<b>58912</b>	<b>215188</b>	<b>179908</b>	<b>235375</b>	<b>76805</b>	<b>78135</b>	<b>66003</b>	<b>239446</b>	<b>201802</b>	<b>264391</b>
<b>2</b>	<b>Profit before Interest and Tax</b>												
	a) Consumer & Bazaar Products	13033	12810	11282	41229	37849	45382	13633	12620	10986	41393	36965	43786
	b) Industrial Products	1484	2430	2613	6481	7313	9965	1484	2429	2613	6481	7313	9965
	c) Others	(176)	(253)	(405)	(789)	(1037)	(1424)	(176)	(253)	(405)	(789)	(1037)	(1424)
	Total	14341	14987	13490	46922	44125	53923	14941	14796	13194	47096	43241	52327
	Less : i) Interest	730	592	519	1721	2205	2682	913	708	642	2205	2545	3143
	ii) Other unallocable expenditure - net of unallocable income	3498	3352	2131	9778	6669	11490	3441	3444	2154	9715	6544	8878
	<b>Total Profit Before Tax</b>	<b>10113</b>	<b>11043</b>	<b>10840</b>	<b>35423</b>	<b>35251</b>	<b>39751</b>	<b>10587</b>	<b>10644</b>	<b>10398</b>	<b>35166</b>	<b>34152</b>	<b>40306</b>
<b>3</b>	<b>Capital Employed</b>												
	a) Consumer & Bazaar Products	48295	51183	38869	48295	38869	40354	67894	68259	55233	67894	55233	58225
	b) Industrial Products	21515	24338	17870	21515	17870	17766	21515	24338	17870	21515	17870	17766
	c) Others	4633	4556	4027	4633	4027	4367	4633	4556	4027	4633	4027	4367
	d) Unallocated	67391	54328	62557	67391	62557	51466	41255	29622	36764	41255	36764	28113
	<b>Total Capital Employed</b>	<b>141834</b>	<b>134405</b>	<b>121323</b>	<b>141834</b>	<b>121323</b>	<b>113953</b>	<b>135297</b>	<b>126775</b>	<b>113894</b>	<b>135297</b>	<b>113894</b>	<b>108471</b>

**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 3<sup>rd</sup> February 2012.
- The Statutory Auditors have carried out a "Limited Review" of the standalone financial results for the quarter ended 31<sup>st</sup> December 2011.
- 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 Pidilite Industries Ltd. (Holding Company), 18 subsidiary companies and one associate Company.
- Pursuant to the notification dated 29<sup>th</sup> December, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Company has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of Rs. 987 lacs (without considering future tax benefit of Rs. 320 lacs) is carried forward in the Foreign Exchange Monetary Item Translation Difference Account as on 31<sup>st</sup> December, 2011. This amount is to be amortised over the period of the monetary liabilities i.e upto 7<sup>th</sup> December, 2012. Had the Company followed the earlier method of accounting for the above items, the Net Profit for the nine months ended 31<sup>st</sup> December, 2011 would have been lower by Rs. 987 lacs. Further it has debited the loss of Rs. 984 lacs to the carrying cost of the fixed assets for above referred period of nine months (including loss of Rs. 520 lacs for the current quarter).
- Unallocated Capital Employed as at 31<sup>st</sup> December 2011 includes a) Capital Work in Progress of Rs. 35385 lacs (31<sup>st</sup> December 2010 Rs.29046 lacs) of Synthetic Elastomer Project presently under implementation b) Short term investments in units of mutual funds / term deposits with banks Rs. 23762 lacs (31<sup>st</sup> December 2010 Rs. 21216 lacs).
- 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 \$ 24.51 million for investment in equity capital of its overseas subsidiaries, US\$ 13.32 million for capital equipments, US\$ 0.75 million for buyback of FCCB and finance cost of US\$ 0.43 million. The FCCB funds have been fully utilised in the quarter.
- Exceptional item consists of provision for diminution in the value of investments in Pulvtec do Brasil Industria e Comercio de Colas e Adesivos Ltda, a wholly owned subsidiary of the Company.
- In terms of Clause 41 of the Listing Agreement, details of number of investor complaints for the quarter ended 31<sup>st</sup> December 2011 : beginning - nil, received - 2, disposed of - 2 and pending - nil.
- Previous period's figures are regrouped wherever necessary.

Mumbai  
Dated 3<sup>rd</sup> February 2012

**M B Parekh**  
Managing Director