



Pidilite Industries Limited

Investor Update

Quarter and Nine month ended December 2015

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 ended 31st December 2015.

Contact information

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Financial Highlights

October – December 2015

Consolidated Performance

- During the quarter :
 - a. The Company along with its wholly owned subsidiary Fevicol Company Limited incorporated Wood Coat Private Limited to be engaged in all types of coatings for wood including wood stains, fillers, primers, wood finish etc.
 - b. Building System Solution Trading L.L.C. was incorporated in Qatar as a wholly controlled subsidiary to be engaged in trading of Construction Chemicals in which Pidilite Middle East Ltd., (a wholly owned subsidiary) is the shareholder.
 - c. Plus Call Technical Services L.L.C.- Dubai was incorporated in October, 2015 as a 40% joint venture of Pidilite Middle East Ltd (a wholly owned subsidiary) with a local operating partner. On 28th November, 2015, the Company (Plus Call Technical Services L.L.C.) has entered into Assets Transfer agreement to acquire business from another company; the process of transition of the same is under way. Accordingly, the results for December 2015 do not include the 40% share of Plus Call Technical Services L.L.C. and the impact is considered to be not material.

- Net sales at Rs 13,323 M grew by 11.4% over the same quarter last year.
- Material cost, as a % to sale, is lower than same quarter last year by 748 Bps mainly on account of lower prices of key raw materials
- Other expenses during the quarter were higher than last year by 16.5%.
- EBITDA, before non-operating income & exceptional items at Rs 2,953 M grew by 52.7%.
- Profit before tax in current quarter is Rs 2,681 M, a growth of 65.7% and Profit after tax at Rs 1,859 M is higher by 49.8%.

Standalone Performance

- Net sales at Rs 11,699 M grew by 8.8% over same quarter last year. This was driven by 10.8% growth in sales of Consumer & Bazaar products and 3.1% growth in sale of Industrial Products.
- Material cost, as a % to sale, is lower than same quarter last year by 779 Bps mainly on account of lower prices of key raw materials and price increases taken during the year.
- Other expenses during the quarter were higher than last year by 11.2%.
- EBITDA, before non-operating income & exceptional items at Rs 2,868 M is higher by 52.4% over the same quarter last year.
- Other income is higher by 101% due to higher investment income.
- Profit before tax at Rs 2,645 M is higher than last year by 64.6% and Profit after tax at Rs. 1,857 M is higher by 50.1%.

April – December 2015

Consolidated Performance

- Net sales at Rs 41,079 M grew by 8.6% over the same period last year.
- Material cost, as a % to sale, is lower than same period last year by 675 Bps mainly on account of lower prices of key raw materials & impact of price increases.
- Other expenses during the period were higher than last year by 11.8%.
- EBITDA, before non-operating income & exceptional items at Rs 9,403 M grew by 46.9%.

- Profit before tax (before exceptional items) at Rs. 8,632 M is higher than last year by 48.9%.
- Profit after tax at Rs. 6,048 M grew by 41%.

Standalone Performance

- Net sales at Rs 36,269 M grew by 6.3% over the same period last year.
- Material cost, as a % to sale, is lower than same period last year by 696 Bps mainly on account of lower prices of key raw materials
- EBITDA, before non-operating income & exceptional items at Rs 8,952 M grew by 43.5%.
- Last year, the company had incurred an exceptional cost of Rs. 49.1 M on voluntary retirement scheme.
- Profit before tax (before exceptional items) at Rs 8,346 M is higher than last year by 45.6%.
- Profit after tax at Rs. 5,880 M posted a growth of 38.5%.

Business segment wise performance

(Values in Rs Millions)

Segment	Quarter ended			Year ended		
	Dec - 15	Dec - 14	% Change	Dec - 15	Dec - 14	% Change
1. Segment Revenue						
a) Consumer & Bazaar Products	9,751	8,803	10.8%	30,283	28,106	7.7%
b) Industrial Products	2,102	2,039	3.1%	6,403	6,535	-2.0%
c) Others	90	123	-27.1%	328	353	-7.1%
Total	11,943	10,965	8.9%	37,014	34,994	5.8%
Less : Inter Segment Revenue	244	208	17.3%	745	870	-14.4%
Net Sales / Income From Operations	11,699	10,757	8.8%	36,269	34,124	6.3%
2. Segment Results						
a) Consumer & Bazaar Products	2,825	1,893	49.2%	8,825	6,303	40.0%
b) Industrial Products	367	251	46.5%	1,073	679	58.1%
c) Others	-11	-28	-59.4%	-14	-73	-80.4%
Total	3,181	2,116	50.3%	9,884	6,909	43.1%
Less : i) Interest	14	35	-61.0%	43	62	-30.1%
ii) Other Unallocable Expenditure - Net Of Unallocable Income	-	474	10.1%	1,495	1,165	28.3%
Total Profit Before Tax	2,645	1,607	64.6%	8,346	5,682	46.9%

October – December 2015

CONSUMER AND BAZAAR PRODUCTS

- Segment revenue grew by 10.8%
- Segment Profit before interest and tax (PBIT) grew by 49.2%.

INDUSTRIAL PRODUCTS

- Segment revenue grew by 3.1%.
- Segment PBIT for the quarter grew by 46.5 %.
- **Unallocable Corporate Expenditure** net of unallocable income has increased by 10.2% in the quarter.

April – December 2015

CONSUMER AND BAZAAR PRODUCTS

- Segment revenue grew by 7.7% & segment profit before interest and tax (PBIT) grew by 40%.

INDUSTRIAL PRODUCTS

- Segment revenue declined by 2% & segment PBIT grew by 58.1% due to lower input costs.

Overseas subsidiaries performance

- The Company has 16 overseas subsidiaries (5 direct and 11 step-down) and one joint venture including those having manufacturing and selling operations in USA, Brazil, Thailand, Dubai, Egypt and Bangladesh.
- The performance of the following geographies, **in constant currency terms and before extraordinary items**, is detailed below.

Sales - Rs mn	Q3	Q3	YTD	YTD
	2014-15	2015-16	2014-15	2015-16
North America	509.8	623.0	1,746.4	1,849.8
South America	275.3	229.4	755.8	689.4
Middle East & Africa	159.8	260.8	407.9	729.1
South & South East Asia	233.7	375.4	727.5	1,004.6
Total	1,178.7	1,488.6	3,637.5	4,272.8

EBITDA - Rs mn	Q3	Q3	YTD	YTD
	2014-15	2015-16	2014-15	2015-16
North America	19.3	51.9	116.1	197.3
South America	(11.2)	(2.5)	(31.4)	(17.7)
Middle East & Africa	(13.3)	(37.1)	(21.8)	(86.2)
South & South East Asia	39.2	66.9	138.6	214.7
	34.0	79.2	201.5	308.2

- Overall:**
Net Sales in Q3 grew by 26%. EBITDA (before extraordinary items) was at Rs 79 M, improvement of 133% over prior year same quarter
- North America:**

For the Quarter: Sales grew by 22 % due to good sales growth of both art material and automotive chemical business. EBITDA grew by 169 % due to good sales growth and improvement in gross margins

For the period ended 31st December 2015: Sales grew by 6% and EBITDA grew by 70%.
- South America:**

For the Quarter: Business in Brazil was impacted by the economic slowdown resulting in drop in sales by 17% over LY. Despite the sales drop, EBITDA loss was contained at Rs 2.5 M mainly due to improved gross margin and reduction in SG&A cost.

For the period ended 31st December 2015: Sales declined by 9% and EBITDA loss reduced by 44%.

- **SEA:**

For the Quarter: Sales in South and South East Asia grew by 60% driven by 1) Improved market penetration and introduction of new products in Bangladesh 2) Acquisition of business and start of distribution operation in Sri Lanka 3) Good growth in project segment in Thailand. EBITDA grew by 71%

For the period ended 31st December 2015: Sales grew by 38% and EBITDA grew by 55%

- **MEA:**

For the Quarter: Sales grew by 63 % largely due to commencement of distribution of Pidilite Industries products in the region, which hitherto was being done by a third party distributor. Sales of products manufactured in Middle East grew by 8%

EBITDA loss was at Rs 37.1 M due to lower sales and higher SG&A expenses to support future sales growth in the region

For the period ended 31st December 2015 : Sales grew by 79% largely due to commencement of distribution Pidilite Industries products in the region which hitherto was being done by a third party distributor adjusting for this revenue sales were lower than last year. EBITDA loss was at Rs 86.2 M on account of higher SG&A expenses to support future growth initiatives in the region.

PIDILITE INDUSTRIES LIMITED

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STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31.12.2015

(Rs. In Lakhs)

Part I							
Sr. No.	Particulars	For the Quarter ended			For the Nine months ended		For the Year ended
		31.12.2015 Unaudited	30.09.2015 Unaudited	31.12.2014 Unaudited	31.12.2015 Unaudited	31.12.2014 Unaudited	31.03.2015 Audited
1	Income from Operations						
	a) Net sales / Income from Operations (Net of excise duty)	116993	115861	107573	362690	341236	437480
	b) Other Operating Income	676	662	585	2069	1758	2327
	Total Income from Operations (net)	117669	116523	108158	364759	342994	439807
2	Expenses						
	a) Cost of materials consumed	49065	54610	57854	156835	176968	226881
	b) Purchases of stock-in-trade	4570	4967	4405	14993	12548	16611
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2533	(3016)	(2237)	7055	2630	(678)
	d) Employee benefits expense	11423	11204	10357	34266	31180	40939
	e) Depreciation and amortisation expense	2854	2869	2777	8527	7939	10772
	f) Other expenses	21398	20702	18960	62090	57287	79748
	Total Expenses	91843	91336	92116	283766	288552	374273
3	Profit from operations before other Income, finance costs and exceptional items (1-2)	25826	25187	16042	80993	54442	65534
4	Other Income	822	1198	409	2961	3497	4277
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	26648	26385	16451	83954	57939	69811
6	Finance Costs	136	154	349	432	618	950
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	26512	26231	16102	83522	57321	68861
8	Exceptional items	-	-	-	-	491	1761
9	Profit from ordinary activities before Foreign Exchange Difference Expense/ (Income) (7-8)	26512	26231	16102	83522	56830	67100
10	Foreign Exchange Difference Expense / (Income)	67	31	35	64	6	246
11	Profit from ordinary activities before tax (9-10)	26445	26200	16067	83458	56824	66854
12	Tax Expense	7875	7924	3695	24658	14360	16668
13	Net Profit from ordinary activities after tax (11-12)	18570	18276	12372	58800	42464	50186
14	Extraordinary Items	-	-	-	-	-	-
15	Net Profit for the period (13-14)	18570	18276	12372	58800	42464	50186
16	Paid-up Equity Share Capital (Face value of share : Re. 1/-)	5127	5127	5127	5127	5127	5127
17	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year						229818
18	Earnings per share (before and after extraordinary item)(of Re.1/- each) :						
	a) Basic	@ 3.62	@ 3.56	@ 2.41	@ 11.47	@ 8.28	9.79
	b) Diluted	@ 3.62	@ 3.56	@ 2.41	@ 11.46	@ 8.28	9.78

@ For the period only and not annualised.
See accompanying Notes to Financial Results

REPORTING OF SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED - STANDALONE

(Rs. In Lakhs)

Sr. No.	Particulars	For the Quarter ended			For the Nine months ended		For the year ended
		31.12.2015	30.09.2015	31.12.2014	31.12.2015	31.12.2014	31.03.2015
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenue						
	a) Consumer & Bazaar Products	97506	96116	88025	302834	281062	357744
	b) Industrial Products	21021	21158	20389	64025	65348	86921
	c) Others	899	1000	1233	3282	3534	4514
	Total	119426	118274	109647	370141	349944	449179
	Less : Inter Segment Revenue	2433	2413	2074	7451	8708	11699
	Net Sales / Income From Operations	116993	115861	107573	362690	341236	437480
2	Segment Results						
	a) Consumer & Bazaar Products	28248	27559	18928	88253	63028	76754
	b) Industrial Products	3673	3703	2507	10729	6787	9667
	c) Others	(113)	101	(277)	(147)	(724)	(1072)
	Total	31808	31363	21158	98835	69091	85349
	Less : i) Interest	136	154	349	432	618	950
	ii) Other Unallocable Expenditure - Net Of Unallocable Income	5227	5009	4742	14945	11649	17545
	Total Profit Before Tax	26445	26200	16067	83458	56824	66854
3	Capital Employed						
	a) Consumer & Bazaar Products	89698	93048	98694	89698	98694	91257
	b) Industrial Products	24470	25072	25400	24470	25400	24735
	c) Others	3249	3662	3780	3249	3780	3935
	d) Unallocated	176559	153491	117241	176559	117241	115018
	Total Capital Employed	293976	275273	245115	293976	245115	234945

Note to Segment Results:

1. Unallocated Capital Employed as at 31st December, 2015 includes a) Capital Work in Progress of Rs. 36577 lakhs (31st December, 2014 Rs. 36549 lakhs) of Synthetic Elastomer Project, b) Investments in units of mutual funds/ term deposits with banks Rs. 68147 lakhs (31st December, 2014 Rs. 31434 lakhs).

Notes to Standalone Financial Results:

1. The above results have been reviewed by the Audit Committee on 28th January, 2016 and approved by the Board of Directors at their meeting held on 29th January, 2016.
2. The Statutory Auditors have carried out a "Limited Review" of the above results for the quarter and nine months ended 31st December, 2015.
3. The Company has opted to publish Standalone as well as Consolidated financial statements.
4. During the quarter ended, the Company along with its wholly owned subsidiary Fevicol Company Limited incorporated Wood Coat Private Limited to be engaged in all types of coatings for wood including wood stains, fillers, primers, wood finish etc.
5. Exceptional items include:
 - (i) Provision for diminution in value, other than temporary, of investment in a subsidiary company Rs. 1270 lakhs for the year ended 31st March, 2015.
 - (ii) Voluntary Retirement Scheme Rs. 491 lakhs for the period ended 31st December, 2014 and year ended 31st March 2015.
6. The Company allotted 12,500 Equity Shares of face value of Re. 1/- each on exercise of Stock options to the eligible employees under Employee Stock Option Scheme - 2012 and 2,00,000 stock options were granted, during the quarter.
7. Previous periods' figures are regrouped/reclassified wherever necessary.

Mumbai
Dated : 29th January, 2016

M.B.PAREKH
Executive Chairman

PIDILITE INDUSTRIES LIMITED

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STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31.12.2015

(Rs. In Lakhs)

Part I							
Sr. No.	Particulars	For the Quarter ended			For the Nine months ended		For the Year ended
		31.12.2015 Unaudited	30.09.2015 Unaudited	31.12.2014 Unaudited	31.12.2015 Unaudited	31.12.2014 Unaudited	31.03.2015 Audited
1	Income from Operations						
	a) Net sales / Income from Operations (Net of excise duty)	133232	131344	119634	410791	378300	482044
	b) Other Operating Income	676	662	585	2069	1758	2367
	Total Income from Operations (net)	133908	132006	120219	412860	380058	484411
2	Expenses						
	a) Cost of materials consumed	55136	60167	64478	176416	193601	247381
	b) Purchases of stock-in-trade	6588	6390	5547	18819	16454	21985
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	3021	(3012)	(2941)	7919	2531	(1224)
	d) Employee benefits expense	14417	13933	12756	42580	38353	49725
	e) Depreciation and amortisation expense	3301	3289	3070	9804	8720	11776
	f) Other expenses	25220	24389	21038	73092	65117	88886
	Total Expenses	107683	105156	103948	328630	324776	418529
3	Profit from operations before other Income, finance costs and exceptional items (1-2)	26225	26850	16271	84230	55282	65882
4	Other Income	967	1225	614	3237	3921	4549
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	27192	28075	16885	87467	59203	70431
6	Finance Costs	313	307	560	1010	1100	1564
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	26879	27768	16325	86457	58103	68867
8	Exceptional items	-	-	-	-	491	491
9	Profit from ordinary activities before Foreign Exchange Difference Expense/ (Income) (7-8)	26879	27768	16325	86457	57612	68376
10	Foreign Exchange Difference Expense / (Income)	67	123	142	135	113	583
11	Profit from ordinary activities before tax (9-10)	26812	27645	16183	86322	57499	67793
12	Tax Expense	8221	8357	3769	25837	14597	16941
13	Net Profit from ordinary activities after tax (11-12)	18591	19288	12414	60485	42902	50852
14	Extraordinary Items	-	-	-	-	-	-
15	Net Profit for the period (13-14)	18591	19288	12414	60485	42902	50852
16	Share of Profit of associate	76	46	65	158	360	502
17	Minority Interest	(95)	(164)	(43)	(348)	(70)	(98)
18	Net Profit after taxes, minority interest and share of profit of associate (15+16+17)	18572	19170	12436	60295	43192	51256
19	Paid-up Equity Share Capital (Face value of share : Re. 1/-)	5127	5127	5127	5127	5127	5127
20	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year						221931
21	Earnings per share (before and after extraordinary item)(of Re.1/- each) :						
	a) Basic	@ 3.62	@ 3.74	@ 2.43	@ 11.76	@ 8.43	10.00
	b) Diluted	@ 3.62	@ 3.74	@ 2.42	@ 11.75	@ 8.42	9.99

@ For the period only and not annualised.
See accompanying Notes to Financial Results

REPORTING OF SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED - CONSOLIDATED

(Rs. In Lakhs)

Sr. No.	Particulars	For the Quarter ended			For the Nine months ended		For the year ended
		31.12.2015	30.09.2015	31.12.2014	31.12.2015	31.12.2014	31.03.2015
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenue						
	a) Consumer & Bazaar Products	113745	111599	100086	350935	318126	402308
	b) Industrial Products	21021	21158	20389	64025	65348	86921
	c) Others	899	1000	1233	3282	3534	4514
	Total	135665	133757	121708	418242	387008	493743
	Less : Inter Segment Revenue	2433	2413	2074	7451	8708	11699
	Net Sales / Income From Operations	133232	131344	119634	410791	378300	482044
2	Segment Results						
	a) Consumer & Bazaar Products	28647	29130	19050	91419	63677	76725
	b) Industrial Products	3673	3703	2507	10729	6787	9667
	c) Others	(113)	101	(277)	(147)	(724)	(1072)
	Total	32207	32934	21280	102001	69740	85320
	Less : i) Interest	313	307	560	1010	1100	1564
	ii) Other Unallocable Expenditure - Net Of Unallocable Income	5082	4982	4537	14669	11141	15963
	Total Profit Before Tax	26812	27645	16183	86322	57499	67793
3	Capital Employed						
	a) Consumer & Bazaar Products	131804	131816	128008	131804	128008	120018
	b) Industrial Products	24470	25072	25400	24470	25400	24735
	c) Others	3249	3662	3780	3249	3780	3935
	d) Unallocated	129012	108720	80711	129012	80711	78370
	Total Capital Employed	288535	269270	237899	288535	237899	227058

Note to Segment Results:

1. Unallocated Capital Employed as at 31st December, 2015 includes a) Capital Work in Progress of Rs. 36577 lakhs (31st December, 2014 Rs. 36549 lakhs) of Synthetic Elastomer Project, b) Investments in units of mutual funds/ term deposits with banks Rs. 68147 lakhs (31st December, 2014 Rs. 31434 lakhs).

Notes to Consolidated Financial Results:

1. The above results have been reviewed by the Audit Committee on 28th January, 2016 and approved by the Board of Directors at their meeting held on 29th January, 2016.
2. The Statutory Auditors have carried out a "Limited Review" of the above results (excluding the figures for quarter and nine months ended 31st December, 2014 and quarter ended 30th September, 2015) for the quarter and nine months ended 31st December, 2015.
3. The Company has opted to publish Standalone as well as Consolidated financial statements. The above results are prepared as per Accounting Standard (AS-21) and Accounting Standard (AS-23) which comprise the results of Pidilite Industries Ltd. (Holding Company), 24 subsidiary companies, two partnership firms, one associate Company.
4. During the quarter :
 - a. The Company along with its wholly owned subsidiary Fevicol Company Limited incorporated Wood Coat Private Limited to be engaged in all types of coatings for wood including wood stains, fillers, primers, wood finish etc.
 - b. Building System Solution Trading L.L.C. was incorporated in Qatar as a wholly controlled subsidiary to be engaged in trading of Construction Chemicals in which Pidilite Middle East Ltd., (a wholly owned subsidiary) is the shareholder.
 - c. Plus Call Technical Services L.L.C.- Dubai was incorporated in October, 2015 as a 40% joint venture of Pidilite Middle East Ltd (a wholly owned subsidiary) with a local operating partner. On 28th November, 2015, the Company has entered into Assets Transfer agreement to acquire business from another company, the process of transition of the same is under way. Accordingly, the above results do not include the 40% share of Plus Call Technical Services L.L.C. and the impact is considered to be not material.
5. Exceptional items include Voluntary Retirement Scheme Rs. 491 lakhs for the period ended 31st December, 2014 and year ended 31st March 2015.
6. The Company allotted 12,500 Equity Shares of face value of Re. 1/- each on exercise of Stock options to the eligible employees under Employee Stock Option Scheme - 2012 and 2,00,000 stock options were granted, during the quarter.
7. The above results for the periods ended 31st December, 2015 include results of Nina Waterproofing Systems Private Ltd. (NWSP), a subsidiary of the Company (with 70% shareholding by the company) which became operational during the year.
8. Previous periods' figures are regrouped/reclassified wherever necessary.

Mumbai
Dated : 29th January, 2016

M.B.PAREKH
Executive Chairman