



# Pidilite Industries Limited

## Investor Update

Quarter ended June 2012

### Coverage

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

### Investor Communication

This investor update covers the Company's performance for quarter ended 30<sup>th</sup> June 2012.

### Contact information

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## Financial Highlights

### Quarter ended 30<sup>th</sup> June 2012

#### Consolidated Performance

- Net Sales at Rs 9978mn, grew by 18.1% over the same quarter last year.
- EBITDA at Rs 2049mn was up by 26.9% over same period last year.
- EBIT (before exceptional items) at Rs 1888mn posted a growth of 29.2%.
- Profit (after tax) at Rs 1279mn was up by 22.5% over the corresponding quarter last year.

## Standalone Performance

- Net Sales at Rs.9077mn grew by 18.8% over the same quarter last year.
- Material cost to sales %, although lower by 30bps over same quarter last year, was up by 186bps over the previous quarter, largely due to impact of a weakening Rupee vs USD (Rs/USD moved from 50 in Jan-Mar 12 to Rs 54 in Current quarter).
- Employee cost was up by 18.5% over same period last year. This was mainly due to the impact of the annual salary revisions and new positions.
- Other expenses were higher by Rs 159mn over the same quarter last year. This increase of 12.9% was mainly due to increase in manufacturing and freight cost, in line with increased business. Advertising & Sales promotion spend was lower than last year as some expenses were re-phased to subsequent quarters.
- Non operating income during the quarter has gone up by Rs 68mn over last year same quarter mainly due to higher interest and investment income.
- EBITDA at Rs 2046mn was higher by 28.6% over the same quarter last year.
- Finance cost at Rs 92mn was higher by 44mn. This cost reflects the impact of restatement of Interest liability on FCCB at the current exchange rates.
- 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. 107.2 mn is carried forward in the Foreign Exchange Monetary Item Translation Difference Account. This amount is to be amortised over the period of the monetary liabilities i.e. upto 7th December, 2012.
- Profit from ordinary activities before Tax at Rs 1832mn was up by Rs 406mn over the corresponding quarter last year. With the completion of the first 5 year tax holiday period of the 4<sup>th</sup> unit in Himachal Pradesh, the effective tax rate has increased to 27.2% from 24.5% last year.
- The combined impact of the above has resulted in a 23.8% increase in Profit after Tax from Rs 1077mn last year to Rs 1334 M.

## Business segment wise performance

STANDALONE PERFORMANCE Rs mn	Quarter Ended				FOR YEAR ENDED
	June'12	Mar'12	June'11	% Change	Mar-12
Revenue					
Consumer and Bazaar Products	7,457	5,009	6,135	21.6%	22,262
Industrial Products	1,844	1,655	1,654	11.5%	6,363
Others	30	33	34	-11.5%	145
Less : Inter Segment Revenue	(255)	(221)	(185)		(774)
<b>Total Revenue</b>	<b>9,077</b>	<b>6,476</b>	<b>7,638</b>	<b>18.8%</b>	<b>27,995</b>

Profit before Interest and Tax					
Consumer and Bazaar Products	2,023	988	1,535	31.8%	5,094
Industrial Products	238	205	233	2.2%	824
Others	(26)	(29)	(37)	-31.1%	(108)
<b>Total</b>	<b>2,235</b>	<b>1,164</b>	<b>1,730</b>	<b>29.2%</b>	<b>5,810</b>
Interest	(83)	(40)	(40)	109.3%	(212)
Unallocated Corporate Expenditure*	(320)	(225)	(264)	21.1%	(1,158)
<b>Profit before Tax</b>	<b>1,832</b>	<b>900</b>	<b>1,426</b>	<b>28.5%</b>	<b>4,441</b>

\* Net of Unallocated Income

### CONSUMER AND BAZAAR PRODUCTS

- The segment revenue grew at 21.6% over last year. The growth was driven both by higher volumes and better price realisation. All the major focus products falling under Adhesives, Sealants and Construction Chemicals categories grew in line with expectation. Export sales grew by 33%.
- PBIT as a % to Sales at 27.1% was up by 212bps as compared to same period last year. In comparison to the immediate preceding quarter, PBIT as a % to Sales was higher by 740bps in the current quarter owing to comparative lower spend in marketing activities.

### INDUSTRIAL PRODUCTS

- Sales of Industrial Products grew by 11.5% in Q1 over same period last year after flat growth observed in H2 LY. The growth was driven by higher sales of Resin and Adhesives business in Export markets and improvement in sales of Textile chemicals in domestic markets.
- PBIT for the segment stands at Rs 238mn for the quarter as compared to Rs 233mn achieved LY. Margins were impacted as increase in inputs cost could not be fully passed on.
- PBIT as % to Sales came down to 12.9% in the current quarter as compared to 14.1% in the same period last year. In comparison to the immediate preceding quarter, PBIT as % to Sales improved by 52bps.

## 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	Q1	Q1	Growth	FY
	2011-12	2012-13		
North America	344.2	438.5	27%	1,276.0
South America	321.1	277.4	-14%	1,260.8
Middle East & Africa	87.2	88.6	2%	295.9
South & South East Asia	94.8	141.8	50%	417.0

<b>Total</b>	<b>847.3</b>	<b>946.3</b>	<b>12%</b>	<b>3,249.6</b>
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EBITDA* - Rs mn	Q1	Q1	Growth	FY
	2011-12	2012-13		
North America	33.9	22.2	-34%	62.3
South America	(5.0)	(44.1)	-776%	(93.4)
Middle East & Africa	(6.9)	(0.3)	96%	(49.4)
South & South East Asia	12.6	29.1	130%	45.0

<b>Total</b>	<b>34.6</b>	<b>6.9</b>	<b>-80%</b>	<b>(35.4)</b>
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- Sales in constant currency were same as corresponding quarter last year. However, due to the translation impact of exchange rate, sales are up by 11.7%.

In North America, while Car care products grew by 23%, Sargent Art's sales were impacted due to cut in normal school buying budgets. Losses in Middle East & Africa region was reduced through organisation restructuring and other cost reduction initiatives. Both the subsidiaries in Bangladesh and Thailand showed improved sales and margin performance. In Bangladesh, a manufacturing facility, for a new range of products, was commissioned in the quarter.

# 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 30.06.2012**

(Rs. In Lac)

Sr. No.	Part I Particulars	Standalone				Consolidated			
		Unaudited		Audited		Unaudited		Audited	
		For the Quarter ended		For the Year ended		For the Quarter ended		For the Year ended	
	30.06.2012	31.03.2012	30.06.2011	31.03.2012	30.06.2012	31.03.2012	30.06.2011	31.03.2012	
1	<b>Income from Operations</b>								
	a) Net sale / Income from Operations (Net of excise duty)	90767	64764	76382	279952	99780	71528	84506	310974
	b) Other Operating Income	478	427	417	1681	479	430	417	1684
	<b>Total Income from Operations (net)</b>	<b>91245</b>	<b>65191</b>	<b>76799</b>	<b>281633</b>	<b>100259</b>	<b>71958</b>	<b>84923</b>	<b>312658</b>
2	<b>Expenses</b>								
	a) Cost of material	46765	36510	37855	146459	50409	39651	41583	160166
	b) Purchase of stock-in-trade	3960	3079	3376	13161	5557	3964	4240	17325
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(348)	(4848)	1382	(2876)	(457)	(5020)	1304	(3459)
	d) Employee benefits expense	7878	6555	6648	26116	9673	7846	8303	32623
	e) Depreciation and amortisation expense	1237	1243	1156	4793	1614	1648	1535	6373
	f) Other expenses	13921	14314	12330	49283	16178	16686	14148	56740
	<b>Total Expenses</b>	<b>73413</b>	<b>56853</b>	<b>62747</b>	<b>236936</b>	<b>82974</b>	<b>64775</b>	<b>71113</b>	<b>269768</b>
3	<b>Profit from operations before other income, finance cost &amp; exceptional items</b>	<b>17832</b>	<b>8338</b>	<b>14052</b>	<b>44697</b>	<b>17285</b>	<b>7183</b>	<b>13810</b>	<b>42890</b>
4	Other Income	1392	1516	704	4277	1595	1521	802	4347
5	Profit from ordinary activities before finance cost and exceptional items	19224	9854	14756	48974	18880	8704	14612	47237
6	Finance Cost	912	468	475	2450	1109	482	685	3072
7	<b>Profit from ordinary activities after finance cost but before exceptional items</b>	<b>18312</b>	<b>9386</b>	<b>14281</b>	<b>46524</b>	<b>17771</b>	<b>8222</b>	<b>13927</b>	<b>44165</b>
8	Exceptional items	-	294	-	1263	-	-	-	-
9	<b>Profit from ordinary activities before Foreign Exchange Difference Expense/ (Income)</b>	<b>18312</b>	<b>9092</b>	<b>14281</b>	<b>45261</b>	<b>17771</b>	<b>8222</b>	<b>13927</b>	<b>44165</b>
10	Foreign Exchange Difference Expense/ (Income)	(10)	93	18	850	(7)	110	(5)	898
11	<b>Profit from ordinary activities before tax</b>	<b>18322</b>	<b>8999</b>	<b>14263</b>	<b>44411</b>	<b>17778</b>	<b>8112</b>	<b>13932</b>	<b>43267</b>
12	Tax Expense	4984	1900	3492	10961	4991	1912	3500	11003
13	<b>Net Profit from ordinary activities after tax</b>	<b>13338</b>	<b>7099</b>	<b>10771</b>	<b>33450</b>	<b>12787</b>	<b>6200</b>	<b>10432</b>	<b>32264</b>
14	Extraordinary Items	-	-	-	-	-	-	-	-
15	Net Profit for the period	13338	7099	10771	33450	12787	6200	10432	32264
16	Share of Profit/(Loss) of associates	-	-	-	-	19	200	39	204
17	Minority Interest	-	-	-	-	(4)	(3)	(10)	(30)
18	<b>Net Profit after taxes, minority interest and shares of profit/(loss) in associates</b>	<b>13338</b>	<b>7099</b>	<b>10771</b>	<b>33450</b>	<b>12802</b>	<b>6397</b>	<b>10461</b>	<b>32438</b>
19	Paid-up equity share capital (Face value of share : Re. 1/-)	5077	5077	5065	5077	5077	5077	5065	5077
20	Reserves excluding Revaluation Reserves as at balance sheet date	-	-	-	132645	-	-	-	127536
21(i)	Earnings per share (before extraordinary item) (of Re. 1/- each) :								
	a) Basic	@ 2.63	@ 1.40	@ 2.13	6.59	@ 2.52	@ 1.26	@ 2.07	6.39
	b) Diluted	@ 2.56	@ 1.36	@ 2.07	6.43	@ 2.46	@ 1.23	@ 2.01	6.23
21(ii)	Earnings Per Share (after extraordinary items) (of Re. 1/- each) :								
	a) Basic	@ 2.63	@ 1.40	@ 2.13	6.59	@ 2.52	@ 1.26	@ 2.07	6.39
	b) Diluted	@ 2.56	@ 1.36	@ 2.07	6.43	@ 2.46	@ 1.23	@ 2.01	6.23
<b>PART II</b>									
<b>A PARTICULARS OF SHAREHOLDING</b>									
1	<b>Public Shareholding</b>								
	- Number of Shares	148479746	148479746	148515120	148479746				
	- Percentage of Shareholding	29.25	29.25	29.32	29.25				
2	<b>Promoters and Promoter Group Shareholding</b>								
	<b>a. Pledged / Encumbered</b>								
	- Number of Shares	-	-	-	-				
	- Percentage of shares (as a % of the total shareholding of promoter and of promoter group)	-	-	-	-				
	- Percentage of shares (as a % of the total share capital of the Company)	-	-	-	-				
	<b>b. Non-encumbered</b>								
	- Number of Shares	359168880	359168880	357968880	359168880				
	- Percentage of Shares (as a % of the total shareholding of promoter and of promoter group)	100	100	100	100				
	- Percentage of Shares (as a % of the total share capital of the Company)	70.75	70.75	70.68	70.75				
<b>Particulars</b>		3 months ended 30.06.2012							
<b>B INVESTOR COMPLAINTS</b>									
	Pending at the beginning of the quarter	1							
	Received during the quarter	0							
	Disposed of during the quarter	1							
	Remaining unresolved at the end of the quarter	0							
@ For the period only and not annualised.									

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**REPORTING OF SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED**

		Standalone				Consolidated				
		Unaudited		Audited		Unaudited		Audited		
Sr. No.	Particulars	For the Quarter ended			For the Year ended		For the Quarter ended			For the Year ended
		30.06.2012	31.03.2012	30.06.2011	31.03.2012		30.06.2012	31.03.2012	30.06.2011	31.03.2012
<b>1</b>	<b>Segment Revenue</b>									
	a) Consumer & Bazaar Products	74572	50094	61348	222615	83585	56858	69472	253637	
	b) Industrial Products	18439	16552	16540	63625	18439	16552	16540	63625	
	c) Others	301	329	340	1448	301	329	340	1448	
	Total	93312	66975	78228	287688	102325	73739	86352	318710	
	Less: Inter Segment Revenue	2545	2211	1846	7736	2545	2211	1846	7736	
	<b>Net Segment Revenue</b>	<b>90767</b>	<b>64764</b>	<b>76382</b>	<b>279952</b>	<b>99780</b>	<b>71528</b>	<b>84506</b>	<b>310974</b>	
<b>2</b>	<b>Profit before Interest and Tax</b>									
	a) Consumer & Bazaar Products	20230	9884	15345	50943	19637	8977	15102	50199	
	b) Industrial Products	2377	2047	2325	8238	2377	2047	2325	8238	
	c) Others	(255)	(290)	(370)	(1078)	(255)	(290)	(370)	(1078)	
	Total	22352	11641	17300	58103	21759	10734	17057	57359	
	Less: i) Interest	833	397	398	2118	988	385	584	2590	
	ii) Other unallocable expenditure - net of unallocable income	3197	2245	2639	11574	2993	2237	2541	11502	
	<b>Total Profit Before Tax</b>	<b>18322</b>	<b>8999</b>	<b>14263</b>	<b>44411</b>	<b>17778</b>	<b>8112</b>	<b>13932</b>	<b>43267</b>	
<b>3</b>	<b>Capital Employed</b>									
	a) Consumer & Bazaar Products	47541	44244	41854	44244	68096	63547	57864	63547	
	b) Industrial Products	20315	19728	19498	19728	20315	19728	19498	19728	
	c) Others	4545	4309	4562	4309	4545	4309	4562	4309	
	d) Unallocated	78658	69441	59156	69441	46443	45029	35202	45029	
	<b>Total Capital Employed</b>	<b>151059</b>	<b>137722</b>	<b>125070</b>	<b>137722</b>	<b>139399</b>	<b>132613</b>	<b>117126</b>	<b>132613</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 24<sup>th</sup> July 2012.
- The Statutory Auditors have carried out a "Limited Review" of the standalone financial results for the quarter ended 30<sup>th</sup> June 2012.
- 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 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. 1072.3 lacs is carried forward in the Foreign Exchange Monetary Item Translation Difference Account as on 30th June, 2012. This amount is to be amortised over the period of the monetary liabilities i.e upto 7th December 2012.  
  
Further it has debited the loss of Rs. 664.1 lacs to the carrying cost of the fixed assets and Rs. 613.6 lacs is amortised and charged off to the Statement of Profit & Loss for the above referred period.
- Unallocated Capital Employed as at 30<sup>th</sup> June 2012 includes a) Capital Work in Progress of Rs. 36818 lacs (30<sup>th</sup> June 2011 Rs. 32341 lacs) of Synthetic Elastomer Project presently under implementation b) Short term investments in units of mutual funds/ term deposit with banks Rs. 40400 Lacs (30<sup>th</sup> June 2011 Rs.27700 Lacs).
- Previous period's figures are regrouped wherever necessary.

Mumbai  
Dated 24<sup>th</sup> July 2012

**M.B.PAREKH**  
Managing Director