



Pidilite Industries Limited

Investor Update

Quarter and Half Year ended September 2009

Coverage

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Investor Communication

This investor update covers the Company's performance for quarter and half year ended 30th September 2009

Contact information

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Financial Highlights

Quarter ended 30th September 2009

- Net Sales at Rs.5072 mn grew by 6.0% over the same quarter last year. Net Sales, excluding Others, grew by 10% over the same period last year.
- EBITDA (before foreign exchange difference) grew by 65.3% to Rs.1222 mn due to lower material costs and lower expenses.
- Profit from ordinary activities before interest, exceptional items and foreign exchange difference increased by 79.6% to Rs.1108 mn.
- Material cost to Net Sales ratio dropped by 560 basis points in comparison to same period last year due to lower commodity prices and strengthening of the Rupee vs the US Dollar. However there is likelihood of material costs increasing in the second half of the year.

- Expenses, other than material costs, were lower than last year due to a planned reduction in advertising and sales promotion expenses. These expenses are planned to be higher in the second half of the year.
- The foreign exchange loss for the quarter is Rs.22 mn as compared to a loss of Rs.186 mn in the same quarter last year.
- The combined positive impact of the above have resulted in a significant growth in Profit Before Tax from Rs 351 mn in the last year to Rs 1004 mn in the current quarter.
- Tax expenses for the quarter are higher due to the increase in the rates of Minimum Alternate Tax. The resultant Profit After Tax (PAT) for the Quarter is Rs.855 mn as compared to PAT of Rs.332 mn last year.

Half year ended 30th September 2009

- Net sales for the period at Rs.10222 mn registered a growth of 4.7%. Net Sales, excluding Others, grew by 10.2% over the same period last year.
- EBITDA (Before foreign exchange difference) grew by 47.1% to Rs.2435 mn.
- Profit from ordinary activities before interest, exceptional items and foreign exchange difference increased by 56.4% to Rs.2235 mn.
- Material cost to Net Sales ratio dropped by 500 basis points in comparison to same period last year.
- The foreign exchange loss for the quarter is Rs.84 mn as compared to a loss of Rs.299 mn in the same quarter last year.
- After considering the foreign exchange difference the resultant Profit Before Tax (PBT) and Profit After Tax (PAT) for the period is Rs.1992 mn and Rs.1704 mn respectively as compared to PBT of Rs.995 mn and PAT of Rs.881 for the same period last year.
- In March 09 company had exercised the option permitted under the amendment to AS 11 and accordingly dealt with foreign exchange losses by adjustments to carrying value of depreciable assets and amortize other differences. In the period ended 30th September 2009 the foreign exchange gain on loans is Rs.130 mn and in accordance with the option exercised in March 09, the company has credited Rs.61 mn to the carrying cost of depreciable assets and Rs.69 mn to the Foreign Currency Monetary Item Translation Account. Out of the said Foreign Currency Monetary Item Translation Account Rs.26 mn has been amortized in the period ended 30th September 2009.

Business segment wise performance

<i>Rs. In Million</i>						
Segment Revenue	Q2 2009	Q2 2008	Growth %	H1FY09	H1FY08	Growth
Consumer & Bazaar Products	3931	3472	13.2	8037	7145	12.5
Industrial Products	1176	1139	3.2	2321	2228	4.2
Others	82	388	-79.0	107	832	-87.2
Less: Inter-segment Revenue	117	215	-45.7	243	445	-45.5
Total	5072	4784	6.0	10222	9760	4.7

<i>Rs. In Million</i>						
Segment PBIT	Q2 2009	Q2 2008	Growth %	H1FY09	H1FY08	Growth
Consumer & Bazaar Products	1115	657	69.7	2332	1564	49.1
Industrial Products	267	190	40.7	464	330	40.6
Others	-30	19	-259.5	-58	59	-198.1
Total	1352	865	56.3	2738	1952	40.3
Less: i) Interest	78	75	3.7	154	126	21.9
ii) Other Unallocable Expenditure - Net of Unallocable income	271	439	-38.4	593	832	-28.7
Total	1004	351	186.0	1992	995	100.3

CONSUMER & BAZAAR PRODUCTS

- For the quarter ended September 2009 the segment posted revenue of Rs.3931 mn registering a growth of 13.2% over the corresponding period last year.
- For the Half year ended 30th September 2009 revenue at Rs.8037 mn registered a growth of 12.5% over the corresponding period last year.
- The total exports of Consumer & Bazaar Products for Half Year ended 30th September 2009 at Rs.478.4 mn were 4.8% over the corresponding period last year.
- Profit before tax and interest for this segment for the quarter at Rs.1115 mn posting a rise of 69.7% over the same quarter last year.

INDUSTRIAL PRODUCTS

- Industrial products revenue increased by 3.2% over the corresponding quarter last year, posting revenue of Rs.1176 mn for the quarter.
- For the half year ended 30th September 2009, revenue of Rs.2321 mn grew by 4.2% over the corresponding period last year.
- The total exports of Industrial products for Half Year ended 30th September 2009 was at Rs.405.6 mn lower by 23.4% over the corresponding period last year.
- Profit before tax and interest for this segment at Rs.267 mn posted an increase of 40.7% over the corresponding quarter last year. For the half year ended 30th September 2009, profit before tax and interest for this segment stood at Rs.464 mn, a growth of 40.6% over the corresponding period last year.

OTHERS

- Since the pricing of bought-out VAM was more advantageous, The Company opted to import rather than operate the plant.
- Revenue for quarter at Rs.82 mn is on account of sale of raw materials.
- The loss before tax and interest from this segment was Rs.30 mn for the quarter.
- For the Half year ended 30th September 2009 revenue was Rs.107 mn.

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 the USA, Brazil, Thailand and Dubai
- Total revenue from overseas subsidiaries for the quarter ended 30th September 2009 stood at Rs.743 mn up by 13.8% over previous quarter and total revenue for half year ended 30th September 2009 stood at Rs.1408 mn up by 13.3% over the same period for previous year.
- For the quarter, Overseas subsidiaries have reduced losses at EBIT level to Rs.30 mn as compared to Rs.89 mn for the same period in the previous year.
- For the half year, Overseas subsidiaries have reduced losses at EBIT level to Rs.35 mn as compared to Rs.128 mn for the same period in the previous year
- There is significant reduction in Selling, General and Administration expenses and key input costs in the half year ended 30th September 2009.
- During the quarter, PIL Trading Egypt (LLC), a subsidiary of the Company's step down subsidiary Pidilite Industries Egypt SAE, was incorporated. This company is set up for the purpose of carrying trading activities in Egypt, North Africa and COMESA countries.

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 30.09.2009

(Rs. in lac)

Sr. No.	Particulars	Standalone					Consolidated				
		Unaudited				Audited	Unaudited				Audited
		For the Quarter ended		For the Half year ended		For the Year ended	For the Quarter ended		For the Half year ended		For the Year ended
		30.09.2009	30.09.2008	30.09.2009	30.09.2008	31.03.2009	30.09.2009	30.09.2008	30.09.2009	30.09.2008	31.03.2009
1	a) Net Sales/Income from Operation	50720	47841	102218	97602	176112	57965	54057	116066	109560	198632
	b) Other operating Income	368	657	840	1026	2060	464	809	1043	1363	2538
	Total Income	51088	48498	103058	98628	178172	58429	54866	117109	110923	201170
2	Expenditure										
	a) (Increase) / Decrease in stock in trade	649	(2828)	(93)	(3474)	928	476	(3086)	287	(3366)	91
	b) Consumption of raw materials	17064	21896	35873	42482	72614	19436	24204	42297	46317	82413
	c) Purchase of traded goods	2480	2377	4740	4446	8171	4413	4035	5742	7415	12553
	d) Employees cost	4918	3949	10095	7934	16305	6309	5501	12965	10937	22047
	e) Depreciation	1262	1258	2404	2320	4722	1691	1547	3150	2903	5882
	f) Other expenditure										
	1) Packing material consumption	6189	6322	12535	12289	21570	6189	6322	12535	12289	21570
	2) Others	7568	9389	15562	18401	32918	9240	10918	18711	21349	38608
	g) Total	40130	42363	81116	84398	157228	47754	49441	95687	97844	183164
3	Profit from Operations before Other Income , Interest & Exceptional Items	10958	6135	21942	14230	20944	10675	5425	21422	13079	18006
4	Other Income	119	34	407	64	329	136	31	411	51	334
5	Profit Before Interest & Exceptional Items	11077	6169	22349	14294	21273	10811	5456	21833	13130	18340
6	Interest (Net)	778	750	1537	1261	3178	946	846	1818	1426	3609
7	Profit After Interest but before Exceptional Items	10299	5419	20812	13033	18095	9865	4610	20015	11704	14731
8	Exceptional Items										
	Donations	45	47	60	100	168	45	47	60	100	168
9	Profit from ordinary activities before Foreign Exchange Difference Expenses	10254	5372	20752	12933	17927	9820	4563	19955	11604	14563
10	Foreign Exchange Difference - Expense	216	1862	836	2988	1607	201	1992	614	3067	1812
11	Profit from ordinary activities before Tax	10038	3510	19916	9945	16320	9619	2571	19341	8537	12751
12	Tax Expenses										
	Less: Provision for Current Taxation #	1539	368	3269	1302	1502	1538	334	3269	1307	1507
	(Add) / Less : Provision for Deferred Tax	(55)	(174)	(388)	(165)	180	(55)	(174)	(388)	(165)	160
13	Profit from ordinary activities after Tax	8554	3316	17035	8808	14638	8136	2411	16460	7395	11084
14	Extraordinary Item (net of tax expense)	-	-	-	-	-	-	-	-	-	-
15	Minority Interest	-	-	-	-	-	-	21	2	36	69
16	Share of Profit / (Loss) in Associate Company	-	-	-	-	-	21	(34)	40	(8)	35
17	Net Profit for the period	8554	3316	17035	8808	14638	8157	2398	16502	7423	11188
18	Paid-up Equity Share Capital (Face Value of Share : Re.1)	2531	2531	2531	2531	2531	2531	2531	2531	2531	2531
19	Reserves excluding Revaluation Reserve					70831					66880
20	Earnings Per Share (EPS) in Rs.										
	a) Basic	@ 3.38	@ 1.31	@ 6.73	@ 3.48	5.78	@ 3.21	@ 0.95	6.50	2.92	4.38
	b) Diluted	@ 3.30	@ 1.28	@ 6.58	@ 3.40	5.64	@ 3.14	@ 0.93	6.36	2.85	4.27
21	Public Shareholding										
	- Number of shares	73686349	73685549	73686349	73685549	73688375					
	- Percentage of shareholding	29.12	29.12	29.12	29.12	29.12					

22 Promoters and Promoter Group Shareholding as on 30th September 2009	Pledged / Encumbered	Non-encumbered
- Number of Shares	Nil	179380957
- Percentage of Shares		
(i) As a % of total shareholding of Promoters and Promoter Group	Nil	100%
(ii) As a % of total share capital of the Company	Nil	70.88%

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 Year ended	For the Quarter ended		For the Half year ended		For the Year ended
		30.09.2009	30.09.2008	30.09.2009	30.09.2008	31.03.2009	30.09.2009	30.09.2008	30.09.2009	30.09.2008	31.03.2009
1	Segment Revenue										
	a) Consumer & Bazaar Products	39314	34719	80367	71449	128944	46559	40935	94215	83407	151464
	b) Industrial Products	11757	11389	23209	22281	41081	11757	11389	23209	22281	41081
	c) Others	816	3883	1067	8322	14674	816	3883	1067	8322	14674
	Total	51887	49991	104643	102052	184699	59132	56207	118491	114010	207219
	Less : Inter Segment Revenue	1167	2150	2425	4450	8587	1167	2150	2425	4450	8587
	Net Segment Revenue	50720	47841	102218	97602	176112	57965	54057	116066	109560	198632
2	Profit before Interest and Tax										
	a) Consumer & Bazaar Products	11152	6573	23315	15635	25461	10901	5730	23021	14392	23056
	b) Industrial Products	2666	1895	4639	3300	5312	2666	1895	4639	3300	5312
	c) Others	(295)	185	(575)	586	928	(295)	185	(575)	586	928
	Total	13523	8653	27379	19521	31701	13272	7810	27085	18278	29296
	Less : i) Interest	778	750	1537	1261	3178	946	846	1818	1426	3609
	ii) Other unallocable expenditure - net of unallocable income	2707	4393	5926	8315	12203	2707	4393	5926	8315	12936
	Total Profit Before Tax	10038	3510	19916	9945	16320	9619	2571	19341	8537	12751
3	Capital Employed										
	a) Consumer & Bazaar Products	37453	47533	37453	47533	39089	32216	45093	32216	45093	34121
	b) Industrial Products	12356	16519	12356	16519	14209	12356	16519	12356	16519	14209
	c) Others	6303	4093	6303	4093	3122	6303	4093	6303	4093	3122
	d) Unallocated	34294	4615	34294	4615	16942	34294	4615	34294	4615	17959
	Total Capital Employed	90406	72760	90406	72760	73362	85169	70320	85169	70320	69411

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 21st October, 2009.
- The Statutory Auditors have carried out a "Limited Review" of the standalone financial results for the quarter ended 30th September 2009.
- The Company has opted to publish standalone as well as consolidated financial statements. The Consolidated Financial Results prepared as per Accounting Standard (AS-21) comprises of the results of Pidilite Industries Ltd. (Holding Company), 18 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 2009, the Company has credited the gain of Rs. 606.5 Lacs to the carrying cost of the depreciable assets and credited Rs.694.7 Lac to Foreign Currency Monetary Item Translation Account. Out of the said Foreign Currency Monetary Item Translation Account, Rs. 260.4 Lacs has been amortized in the current period ended 30th September 2009 including Rs.139.4 Lacs for quarter ended 30th September 2009
- Unallocated Capital Employed as at 30th September 2009 includes Capital Work in Progress of Rs. 25343.7 Lacs of Synthetic Elastomer Project presently under implementation.
- 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 utilized US \$ 21.32 million for investment in equity capital of its overseas subsidiaries, US \$ 13.36 million for capex, US \$ 0.75 million for buyback of FCCB of Face value of US\$ 1.1 million (total buy back of FCCB of face value of US \$ 2.8 millions) and finance cost of US \$ 0.43 million. The balance amount is kept with banks.
- During the quarter, PIL Trading Egypt (LLC), a wholly owned subsidiary of the Company's step down subsidiary Pidilite Industries Egypt (SAE), was incorporated. The Company will be engaged in trading activities in Egypt, North Africa and COMESA countries.
- In terms of Clause 41 of the Listing Agreement, details of number of investor complaints for the quarter ended 30th September, 2009: beginning - nil, received - one, disposed off - one and pending - nil.
- Previous period's figures are regrouped wherever necessary.