



Pidilite Industries Limited

Investor Update

Quarter and Nine months period ended December 2012

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 months period ended 31st December 2012.

Contact information

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Financial Highlights

Quarter ended 31st December 2012

Consolidated Performance

- Net Sales during the quarter was at Rs 9270mn, up by 20.7% over same period last year.
- EBITDA, before other Income, grew by 24.3% over last year to Rs 1494mn.
- EBIT (before exceptional items) at Rs 1503 mn posted 26% growth.
- Finance cost during the quarter was at Rs 1mn as compared to Rs 41mn in Q2 and Rs 108mn LY. The reduction was mainly due to reversal of

Interest of Rs 109mn due to conversion of 104 FCCBs (USD 1,00,000 per bond) into Equity shares.

- Foreign Exchange difference (income) of Rs. 88mn (corresponding previous quarter (expense) of Rs. 26mn) includes reversal of Rs. 60mn (corresponding previous quarter Rs. Nil) on account of conversion of FCCBs.
- Profit after tax at Rs 1183 mn, is up by 49.9% over last year.

Standalone Performance

- Net Sales of the company grew by 21.5% over same quarter.
- This was driven by a 23.9% growth in sales of Consumer and Bazaar products. Sales of Industrial products also improved and grew by 15.0%.
- Margins improved due to impact of price increases taken earlier in the year. Material cost to sales % was lower by 200 bps over same quarter last year.
- Other expenses were up by 35.2% largely due to planned higher A&SP spends.
- EBITDA at Rs 1677mn, was higher by 25.4% over last year.
- Finance cost at Rs -24mn was lower than Rs 83mn last year, due to reversal of Rs 109mn on account of conversion of FCCBs into equity shares.
- The balance outstanding FCCBs, aggregating 205 Bonds, were redeemed on 7th December 2012.
- Foreign Exchange difference (income) of Rs. 89mn (corresponding previous quarter (expense) of Rs. 25mn) includes reversal of Rs. 60mn (corresponding previous quarter Rs. Nil) on account of conversion of FCCBs.
- Due to above, Profit before Tax, at Rs 1655mn, is up by 63.7% over corresponding quarter last year.
- Profit after Tax for the quarter has gone up by 67.2% over LY, from Rs. 743 mn to Rs. 1242 mn.

Nine months ended 31st December 2012

Consolidated Performance

- Net Sales during the nine month period was at Rs 28245 mn, up by 18.0% over the same period last year.
- EBITDA during the period grew by 22.6%, from Rs 4326mn last year to Rs 5305mn in the current period.
- EBIT (before exceptional items) at Rs 4794mn, posted a growth of 24.4%.
- Profit after tax was higher by Rs 811mn over LY to Rs 3418mn.

Business segment wise performance

STANDALONE PERFORMANCE Rs mn	Quarter Ended				Period Ended			FOR YEAR ENDED
	Dec'12	Sep'12	Dec'11	% Change	Dec'12	Dec'11	% Change	Mar-12
Revenue								
Consumer and Bazaar Products	6,794	6,645	5,483	23.9%	20,876	17,169	21.6%	22,156
Industrial Products	1,657	1,705	1,441	15.0%	5,210	4,758	9.5%	6,405
Others	61	42	50	21.1%	133	112	18.6%	145
Less : Inter Segment Revenue	(184)	(232)	(122)		(655)	(520)	26.0%	(711)
Total Revenue	8,328	8,159	6,852	21.5%	25,564	21,519	18.8%	27,995
Profit before Interest and Tax								
Consumer and Bazaar Products	1,588	1,495	1,269	25.2%	5,082	4,055	25.3%	5,021
Industrial Products	183	166	161	13.8%	575	611	-5.9%	806
Others	(25)	(20)	(18)	39.8%	(70)	(79)	-11.4%	(108)
Total	1,746	1,641	1,412	23.7%	5,586	4,586	21.8%	5,719
Interest	36	(3)	(73)	-148.8%	(51)	(172)		(212)
Unallocated Corporate Expenditure*	(127)	(272)	(328)	-61.2%	(683)	(873)		(1,066)
Profit before Tax	1,655	1,366	1,011	63.7%	4,852	3,541	37.0%	4,441

* Net of Unallocated Income

CONSUMER AND BAZAAR PRODUCTS

- Segment revenue grew at 23.9% during the quarter as compared to 20.5% achieved in H1. This higher growth was due to :
 - Impact of delayed Diwali in CY vs. LY especially on paint product categories, resulting in sales shift from Q2 to Q3.
 - Impact of price increases taken in CY to offset cost increases.
- PBIT as a % to Sales for the quarter improved by 23bps over last year and by 88bps over last quarter. The improvement in gross margin was partly offset by higher spend on Advertisement and Sales promotion.

INDUSTRIAL PRODUCTS

- Sales of Industrial Products grew by 15% over last year in the quarter led by a 49% growth in exports.
- PBIT as % to Sales improved by 128bps over Q2 but was lower by 12bps over last year.

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 - Dec	YTD - Dec
	2011-12	2012-13	2011-12	2012-13
North America	335	396	1,000	1,216
South America	349	364	993	958
Middle East & Africa	66	70	234	231
South & South East Asia	109	160	310	421
Total	860	991	2,537	2,828

EBITDA* - Rs. Mn	Q3	Q3	YTD - Dec	YTD - Dec
	2011-12	2012-13	2011-12	2012-13
North America	20	21	62	55
South America	(11)	(33)	(35)	(121)
Middle East & Africa	(16)	(11)	(29)	(10)
South & South East Asia	10	24	36	69
Total	4	1	34	(7)

* before exception items

Sales, in constant currency, grew by 15.2% over last year. Sales in North America grew by 14.3%, South America by 12% and rest of the region by 23%.

Sales of the North American businesses was driven by 29.3% growth of student art material business.

Sales in South America posted growth during the quarter after de-growth of 13.1% and 3.2% in Q1 and Q2 respectively. Margins however were affected due to increase in material cost and SG&A spend.

Middle East and African region sales performance remain subdued due to decline in sales in UAE. Egypt, however recorded sales growth of 68% during the quarter.

The subsidiary in Bangladesh continued its strong performance and grew by 41% over LY.

For nine months period sales were up by 7%. However, owing to translation impact, reported sales at Rs 2828mn, show a 11.5% growth. With the exception of the business in South America, all other subsidiaries reported improved profitability over last year.

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 NINE MONTHS ENDED 31.12.2012

(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 Quarter ended	For the Nine months ended		For the Year ended			
31.12.2012	30.09.2012	31.12.2011	31.12.2012	31.12.2011	31.03.2012	31.12.2012	30.09.2012	31.12.2011	31.12.2012	31.12.2011	31.03.2012		
1	Income from Operations												
	a) Net sale / Income from Operations (Net of excise duty)	83276	81593	68522	255636	215188	279952	92700	89974	76805	282454	239446	310974
	b) Other Operating Income	480	495	375	1453	1254	1681	479	496	375	1454	1254	1684
	Total Income from Operations (net)	83756	82088	68897	257089	216442	281633	93179	90470	77180	283908	240700	312658
2	Expenses												
	a) Cost of material consumed	39676	40355	33226	126796	109949	146459	43449	43648	36800	137506	120515	160166
	b) Purchase of stock-in-trade	3893	4057	2787	11910	10082	13161	5107	5109	4255	15773	13361	17325
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2487	879	3273	3018	1971	(2876)	2890	1304	2808	3737	1561	(3459)
	d) Employee benefits expense	7387	7278	6499	22543	19561	26116	9290	9057	8388	28020	24777	32623
	e) Depreciation and amortisation expense	1413	1282	1211	3932	3549	4793	1803	1698	1629	5115	4725	6373
	f) Other expenses	15178	14843	11225	43942	34969	49283	17508	17008	12915	50694	40063	56740
	Total Expenses	70034	68694	58221	212141	180081	236936	80047	77824	66795	240845	204992	269758
3	Profit from operations before other income, finance cost & exceptional items	13722	13394	10676	44948	36361	44697	13132	12646	10385	43063	35708	42890
4	Other Income	1635	1214	1463	4241	2760	4277	1897	1363	1543	4875	2626	4347
5	Profit from ordinary activities before finance cost and exceptional items	15357	14608	12159	49189	39121	48974	15029	14029	11928	47938	38534	47237
6	Finance Cost	(239)	181	831	855	1982	2450	11	406	1082	1526	2589	3072
7	Profit from ordinary activities after finance cost but before exceptional items	15596	14427	11328	48334	37139	46524	15018	13623	10846	46412	35945	44165
8	Exceptional items	(58)	-	969	(58)	969	1263	(58)	-	-	(58)	-	-
9	Profit from ordinary activities before Foreign Exchange Difference Expense/ (Income)	15538	14427	10359	48382	36170	45261	15076	13623	10846	46470	35945	44165
10	Foreign Exchange Difference Expense/ (Income)	(893)	772	249	(131)	750	850	(883)	810	262	(80)	788	898
11	Profit from ordinary activities before tax	15646	13655	10110	48523	35414	44411	15959	12813	10584	46550	35157	43267
12	Tax Expense	4127	3253	2681	12364	9061	10961	4133	3250	2693	12374	9091	11003
13	Net Profit from ordinary activities after tax	12419	10402	7429	36159	26353	33450	11826	9563	7891	34176	26066	32264
14	Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-	-
15	Net Profit for the period	12419	10402	7429	36159	26353	33450	11826	9563	7891	34176	26066	32264
16	Share of Profit/(Loss) of associates *	-	-	-	-	-	-	7	5	(4)	31	(28)	204
17	Minority Interest	-	-	-	-	-	-	66	(2)	(24)	60	4	(30)
18	Net Profit after taxes, minority interest and shares of profit/(loss) in associates	12419	10402	7429	36159	26353	33450	11899	9566	7863	34267	26042	32438
19	Paid-up equity share capital (Face value of share : Re. 1/-)	5126	5088	5077	5126	5077	5077	5126	5088	5077	5126	5077	5077
20	Reserves excluding revaluation reserve as at balance sheet date						132845						127536
21(a)	Earnings per share (before extraordinary item) (of Re.1/- each) :												
	a) Basic	@ 2.43	@ 2.05	@ 1.46	@ 7.11	@ 5.19	6.59	@ 2.31	@ 1.88	@ 1.55	@ 6.72	@ 5.13	6.39
	b) Diluted	@ 2.43	@ 2.00	@ 1.43	@ 7.11	@ 5.06	6.43	@ 2.31	@ 1.84	@ 1.51	@ 6.72	@ 5.00	6.23
22(a)	Earnings Per Share (after extraordinary items) (of Re.1/- each) :												
	a) Basic	@ 2.43	@ 2.05	@ 1.46	@ 7.11	@ 5.19	6.59	@ 2.31	@ 1.88	@ 1.55	@ 6.72	@ 5.13	6.39
	b) Diluted	@ 2.43	@ 2.00	@ 1.43	@ 7.11	@ 5.06	6.43	@ 2.31	@ 1.84	@ 1.51	@ 6.72	@ 5.00	6.23
PART II													
A	PARTICULARS OF SHAREHOLDING												
1	Public Shareholding												
	- Number of Shares	153475450	149418066	148479746	153475450	148479746	148479746						
	- Percentage of Shareholding	29.94	29.38	29.25	29.94	29.25	29.25						
2	Promoters and Promoter Group Shareholding												
	a. Pledged / Encumbered												
	- 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. Non-encumbered												
	- Number of Shares	359168880	359168880	357968880	359168880	357968880	359168880						
	- Percentage of Shares (as a % of the total shareholding of promoter and of promoter group)	100	100	100	100	100	100						
	- Percentage of Shares (as a % of the total share capital of the Company)	70.06	70.62	70.75	70.06	70.75	70.75						
	Particulars	3 months ended 31.12.2012											
B	INVESTOR COMPLAINTS												
	Pending at the beginning of the quarter	Nil											
	Received during the quarter	4											
	Disposed of during the quarter	4											
	Remaining unresolved at the end of the quarter	Nil											
	* Less than Rs. 1 Lac												
	@ 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 Year ended		
		31.12.2012	30.09.2012	31.12.2011	31.12.2012	31.12.2011	31.03.2012	31.12.2012	30.09.2012	31.12.2011	31.12.2012	31.12.2011	31.03.2012
1	Segment Revenue												
	a) Consumer & Bazaar Products	67941	66452	54825	208762	171692	221564	77365	74833	63108	235580	195950	252596
	b) Industrial Products	16570	17045	14413	52101	47577	64050	16570	17045	14413	52101	47577	64050
	c) Others	809	417	503	1327	1119	1448	609	417	503	1327	1119	1448
	Total	85120	83914	69741	262190	220388	287062	94544	92295	78024	289008	244646	318084
	Less : Inter Segment Revenue	1844	2321	1219	6554	5200	7110	1844	2321	1219	6554	5200	7110
	Net Segment Revenue	83276	81593	68522	255636	215188	279952	92700	89974	76805	282454	239446	310974
2	Profit before Interest and Tax												
	a) Consumer & Bazaar Products	15880	14946	12688	50815	40546	50205	15758	14459	13405	50021	40839	49606
	b) Industrial Products	1828	1663	1607	5747	6105	8061	1828	1663	1607	5747	6105	8061
	c) Others	(246)	(197)	(176)	(698)	(788)	(1078)	(246)	(197)	(176)	(698)	(788)	(1078)
	Total	17462	16412	14119	55864	45863	57188	17340	15925	14836	55070	46156	56589
	Less : i) Interest	(356)	34	730	510	1721	2118	(153)	219	913	1054	2205	2590
	ii) Other unallocable expenditure - net of unallocable income	1272	2723	3279	6831	8728	10659	1534	2893	3339	7466	8794	10732
	Total Profit Before Tax	16546	13655	10110	48523	35414	44411	15959	12813	10584	46550	35157	43267
3	Capital Employed												
	a) Consumer & Bazaar Products	48556	48539	48540	46556	49540	44073	65563	67996	70015	65563	70015	63377
	b) Industrial Products	19196	20881	21431	19196	21431	19660	19196	20881	21431	19196	21431	19660
	c) Others	4626	4632	4633	4626	4633	4308	4626	4632	4633	4626	4633	4308
	d) Unallocated	108542	88355	67230	108542	67230	69681	83193	62794	39218	83193	39218	45288
	Total Capital Employed	178920	162407	141834	178920	141834	137722	172578	156303	135297	172578	135297	132613

Notes:

- The above results have been reviewed by the Audit Committee on 28th January, 2013 and taken on record by the Board of Directors at their meeting held on 29th January, 2013.
- The Statutory Auditors have carried out a "Limited Review" of the standalone financial results for the quarter ended 31st December, 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), 19 subsidiary companies and 1 associate Company.
- During the quarter, Foreign Currency Convertible Bonds (FCCBs) aggregating 104 Bonds (Face value of USD 1,00,000 per bond) have been converted into equity shares, resulting in increase in paid-up share capital of the Company by 40,57,384 equity shares of Re. 1 each. The balance outstanding FCCBs aggregating 205 Bonds were redeemed on 7th December 2012.
- Finance Cost of Rs. (238) lacs for the quarter (corresponding previous quarter Rs. 831 lacs) includes reversal of Rs. 1099 lacs on account of conversion of 104 FCCBs into equity shares.
- Foreign Exchange difference (income) of Rs. 893 lacs (corresponding previous quarter (expense) of Rs. 249 lacs) includes reversal of Rs. 603 lacs (corresponding previous quarter Rs. Nil) on account of conversion of 104 FCCBs into equity shares.
- Unallocated Capital Employed as at 31st December 2012 includes a) Capital Work in Progress of Rs. 36,000 lacs (31st December 2011 Rs. 35,161 lacs) of Synthetic Elastomer Project presently under implementation b) Short term investments in units of mutual funds/ term deposit with banks of Rs. 36,090 Lacs (31st December 2011 Rs. 23,762 lacs).
- Previous period figures are regrouped wherever necessary.

Mumbai
Dated 29th January, 2013

M.B.PAREKH
Managing Director