



Pidilite Industries Limited

Investor Update

Quarter ended June 2010

Coverage

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

Investor Communication

This investor update covers the Company's performance for quarter ended 30th June 2010

Contact information

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Financial Highlights

Quarter ended 30th June 2010

- Net Sales at Rs.6264 mn grew by 21.6% over the same quarter last year.
- EBITDA (before foreign exchange difference) grew by 26.5% to Rs. 1568 mn.
- Material cost to Net Sales ratio increased marginally in comparison to same period last year due to higher commodity prices and increase in Excise duty rates partly offset by selective price increases.
- Expenses, other than material costs, were higher than last year by Rs. 171 mn mainly due to higher advertising & sales promotion expenses.
- The foreign exchange loss for the quarter is Rs.10 mn as compared to Rs. 62 mn in the same quarter last year.

- The combined impact of the above has resulted in Profit Before Tax of Rs.1368 mn in the current quarter as compared to Rs. 988 mn in the same period last year, a growth of 38.4%.
- The effective tax rate during the quarter is higher than last year owing to completion of the first 5 year block of the tax holiday period in three manufacturing units. The resultant Profit After Tax (PAT) for the quarter is Rs 1067 mn as compared to Rs 848 mn in the same period last year, a growth of 25.8%.
- Higher operating profit coupled with efficient working capital management has resulted in strong cash generation during the quarter. As on June 2010 end, short term investment in units of mutual funds was Rs 3343 mn.

Business segment wise performance

Segment Revenue	Q1 FY'11	Q1 FY'10	Growth	Rs. In Millions		
				FY 2010	FY 2009	Growth
Consumer & Bazaar Products	4,974	4,105	21%	14,817	12,894	15%
Industrial Products	1,394	1,145	22%	4,653	4,108	13%
Others	18	25	-28%	176	1,467	-88%
Less: Inter-segment Revenue	122	126	-3%	348	859	-59%
Total Revenue	6,264	5,150	22%	19,298	17,611	10%

Segment PBIT	Q1 FY'11	Q1 FY'10	Growth	Rs. In Millions		
				FY 2010	FY 2009	Growth
Consumer & Bazaar Products	1,505	1,216	24%	3,849	2,546	51%
Industrial Products	245	197	24%	915	531	72%
Others	(32)	(28)	15%	(126)	93	-235%
Total	1,718	1,386	24%	4,638	3,170	46%
Less:						
i) Interest	82	76	8%	286	318	-10%
ii) Other Unallocable Expenditure - Net of Unallocable income	268	322	-17%	1,063	1,220	-13%
Total PBIT	1,368	988	38%	3,288	1,632	102%

CONSUMER AND BAZAAR PRODUCTS

- The segment registered a revenue growth of 21% mainly driven by higher sales of Adhesives, Sealants and Construction chemicals.
- Profit before tax and interest for the segment during the period stands at Rs 1505 mn, an increase of 24% over the corresponding period last year. Expenditure on advertisement and sales promotion was stepped up to stimulate demand.

INDUSTRIAL PRODUCTS

- Revenue of Industrial Products increased by 22% over the corresponding quarter last year owing to higher volumes of Resins and Pigments in both domestic and international markets. Input cost increases were partially offset by selective price increases.
- Profit before tax and interest for the segment stands at Rs 245 mn, posting an increase of 24% over the corresponding quarter last year.

OTHERS

- Since the price of bought-out VAM remained advantageous, the Company continued to import rather than operate the plant.
- Revenue from the segment stood at Rs 18 mn and the loss before tax and interest was Rs 32 mn.

Overseas subsidiaries performance

- The Company has 13 Overseas subsidiaries (4 direct and 9 step-down) including those having significant manufacturing and selling operations in USA, Brazil, Thailand, Dubai, Egypt and Bangladesh.

Sales - Rs mn	Q1	Q1	FY
	2010-11	2009-10	2009-10
North America	339	342	1,181
South America	280	228	1,023
Middle East & Africa	48	53	236
South & South East Asia	80	43	255
Total	747	665	2,695

EBITDA - Rs mn	Q1	Q1	FY
	2010-11	2009-10	2009-10
North America	22	17	21
South America	2	26	83
Middle East & Africa	(21)	(11)	(43)
South & South East Asia	14	(5)	(4)
Total	17	27	57

- North America: Slow economic recovery in the region and translation forex impact (appreciation of Rupee vs Dollar by 7.5% in current year) resulted in Sales for the quarter ending at same level as corresponding period of last year. Sales at constant currency are up by 7.2%.
- South America: Sales at constant currency are up by 11% over last year. EBITDA is not comparable over the corresponding quarter of last year due to foreign exchange gains of Rs 17mn in the previous year.
- Middle East & Africa: Sales were impacted in the region mainly due to economic slow down in Middle East. The same is reflected in the EBITDA.
- South & South East Asia: Commencement of business in Bangladesh in H2 2009-2010 and higher sales in existing market (Thailand) have resulted in strong growth in revenue and positive EBITDA.

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 30.06.2010

(Rs. in lac)

Sr. No.	Particulars	Standalone			Consolidated		
		Unaudited		Audited	Unaudited		Audited
		For the Quarter ended		For the Year ended	For the Quarter ended		For the Year ended
		30.06.2010	30.06.2009	31.03.2010	30.06.2010	30.06.2009	31.03.2010
1	a) Net Sales/Income from Operations	62637	51498	192975	69826	58101	219156
	b) Other operating Income	512	472	2002	605	579	2169
	Total Income	63149	51970	194977	70431	58680	221325
2	Expenditure						
	a) (Increase) / Decrease in stock in trade and work in progress	932	(742)	(3689)	1139	(189)	(3041)
	b) Consumption of raw materials	21477	18809	69375	24249	22861	76374
	c) Purchase of traded goods	3162	2260	9977	3905	1329	16476
	d) Employees cost	5634	5177	19754	7251	8656	25248
	e) Depreciation	1083	1142	4639	1475	1459	6855
	f) Other expenditure						
	1) Packing material consumption	7123	6346	23900	7184	6346	24098
	2) Others	9265	8009	35038	11001	9487	41576
	g) Total	48676	41001	159014	56204	47949	187386
3	Profit from Operations before Other Income, Interest & Exceptional Items	14473	10969	35963	14227	10731	33939
4	Other Income	125	288	716	163	274	1183
5	Profit before Interest & Exceptional Items	14598	11257	36679	14390	11005	35122
6	Interest	819	759	2860	921	872	3285
7	Profit after Interest but before Exceptional Items	13779	10498	33819	13469	10133	31837
8	Exceptional Items	-	-	-	-	-	-
9	Profit from Ordinary Activities before Foreign Exchange Difference Expenses / (Income)	13779	10498	33819	13469	10133	31837
10	Foreign Exchange Difference - Expense / (Income)	104	620	931	99	413	728
11	Profit / (Loss) from Ordinary Activities before Tax	13675	9878	32888	13370	9720	31109
12	Tax expense						
	(Add) / Less: Provision for Current Taxation #	3014	1730	4230	3023	1731	4247
	(Add) / Less: Provision for Deferred Tax	(12)	(333)	(255)	(12)	(333)	(165)
13	Net Profit / (Loss) from Ordinary Activities after Tax	10673	8481	28913	10359	8322	27027
14	Extraordinary Item (net of tax expense Rs. Nil)						
	- Prior Years' Tax Provision written back	-	-	437	-	-	437
15	Minority Interest	-	-	-	(1)	2	(5)
16	Share of Profit / (Loss) in Associate Company	-	-	-	45	19	237
17	Net Profit / (Loss) for the period	10673	8481	29350	10403	8343	27696
18	Paid-up Equity Share Capital (Face Value of Share : Re.1)	5061	2531	5061	5061	2531	5061
19	Reserves excluding Revaluation Reserve			88797			82133
20	Earnings Per Share (EPS) in Rs.						
	a) Basic EPS before extraordinary item	@ 2.11	@ 1.68	5.71	@ 2.06	@ 1.65	5.39
	b) Diluted EPS before extraordinary item	@ 2.05	@ 1.63	5.56	@ 2.00	@ 1.60	5.24
	c) Basic EPS after extraordinary item	@ 2.11	@ 1.68	5.80	@ 2.06	@ 1.65	5.47
	d) Diluted EPS after extraordinary item	@ 2.05	@ 1.63	5.64	@ 2.00	@ 1.60	5.32
21	Public Shareholding						
	- Number of shares	148916198	73685548	148918298			
	- Percentage of shareholding	29.42	29.12	29.42			
22	Promoters and Promoter Group Shareholding as on 30th June 2010						
	- Number of Shares						
	- Percentage of Shares						
	(i) As a % of total shareholding of Promoters and Promoter Group						
	(ii) As a % of total share capital of the Company						
			Pledged / Encumbered	Non Encumbered			
			Nil	357218414			
			Nil	100			
			Nil	70.58			

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 Year ended		For the Quarter ended		For the Year ended
		30.06.2010	30.06.2009	31.03.2010		30.06.2010	30.06.2009	31.03.2010
1	Segment Revenue							
	a) Consumer & Bazaar Products	49737	41053	148167	56926	47656	174348	
	b) Industrial Products	13941	11452	46529	13941	11452	46529	
	c) Others	181	251	1763	181	251	1763	
	Total	63859	52756	196459	71048	59359	222640	
	Less : Inter Segment Revenue	1222	1258	3484	1222	1258	3484	
	Net Segment Revenue	62637	51498	192975	69826	58101	219156	
2	Profit before Interest and Tax							
	a) Consumer & Bazaar Products	15045	12183	38489	14842	12118	37124	
	b) Industrial Products	2452	1973	9146	2452	1973	9146	
	c) Others	(321)	(280)	(1257)	(321)	(280)	(1257)	
	Total	17176	13856	46378	16973	13811	45013	
	Less : i) Interest	819	759	2860	921	872	3285	
	ii) Other unallocable expenditure - net of unallocable income	2682	3219	10630	2682	3219	10619	
	Total Profit Before Tax	13675	9878	32888	13370	9720	31109	
3	Capital Employed							
	a) Consumer & Bazaar Products	32030	38000	32759	25501	32641	26095	
	b) Industrial Products	13102	11339	13170	13102	11339	13170	
	c) Others	3962	3155	3806	3962	3155	3806	
	d) Unallocated	55437	29349	44123	55437	29349	44123	
	Total Capital Employed	104531	81843	93858	98002	76484	87194	

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 July, 2010.
- The Statutory Auditors have carried out a "Limited Review" of the Standalone financial results for the quarter ended 30th June 2010.
- 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), 17 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 amortise other differences of a specified nature over the term of the relative item. Accordingly, the Company has debited the loss of Rs.31.4 million in the current quarter to the carrying cost of the depreciable assets and debited Rs.36.4 million to Foreign Currency Monetary Item Translation Account. Out of the said Foreign Currency Monetary Item Translation Account, Rs. 11.9 million has been amortised in the current quarter.
- Unallocated Capital Employed as at 30th June 2010 includes a) Capital Work in Progress of Rs. 2775.4 million (previous quarter Rs. 2440.7 million) of Synthetic Elastomer Project presently under implementation b) short term investments in units of mutual funds Rs. 3343 Million (previous quarter Rs.1057.5 million)
- 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 \$ 22.74 million for investment in equity capital of its overseas subsidiaries, US \$ 13.32 million for capital expenditure, US \$ 0.75 million for buyback of FCCB and finance cost of US \$ 0.43 million. The balance amount is kept with banks.
- Earnings Per Share for the corresponding period of the previous year, have been adjusted for the bonus shares issued in march 2010.
- In terms of Clause 41 of the Listing Agreement, details of number of investor complaints for the quarter ended 30th June, 2010: beginning - nil, received - four, disposed of - four and pending - nil.
- Previous period's figures are regrouped wherever necessary.

Mumbai
Dated 21st July 2010

M.B.PAREKH
Managing Director