



## **Investor Update**

Quarter ended June 2011

### **Coverage**

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

### **Investor Communication**

This investor update covers the Company's performance for the quarter ended 30<sup>th</sup> June 2011.

### **Contact information**

Ms. Savithri Parekh, Company Secretary  
e-mail: savithri.parekh@pidilite.com  
Telephone: 022-22357058

---

## **Financial Highlights**

---

### **Quarter ended 30<sup>th</sup> June 2011**

#### **Consolidated Performance**

- Net Sales at Rs.8451mn grew by 20.9% over the same quarter last year.
- EBIT (before foreign exchange difference and exceptional items) during the quarter at Rs 1451mn was higher by Rs 12.4mn over the same period last year.
- Profit (before tax) at Rs 1394mn grew by 4.3% over the corresponding quarter last year.

## Standalone Performance

- Net Sales at Rs.7638mn grew by 21.8% over the same quarter last year.
- Material cost as % to sales has gone up by 365bps over the same period last year. Compared to the previous quarter, material costs are higher by 140 bps.
- Raw Material prices, on an average are higher by 20% over last year. The impact of this increase has been partly offset by increase in selling prices and cost saving initiatives. Prices of several products were increased in the current quarter full effect of which will be reflected in the coming months.
- Increases in manpower costs due to annual salary revisions and higher power and fuel costs also impacted margins.
- EBIT (before foreign exchange difference) as % to Sales in the current quarter was 19.2% due to the above reasons.
- Foreign exchange loss for the quarter was Rs.1.8mn as compared to Rs. 10.4 mn in the same quarter last year.
- Interest cost at Rs 39.8mn was substantially lower than last year as a result of repurchase of non-convertible debentures of Rs 900mn last year and reversal of interest on FCCB's converted in the current quarter.
- Profit before Tax and before exceptional items at Rs 1426.7mn grew by 4.3% 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 also increased to 24.5%.
- The combined impact of the above has resulted in Profit after Tax of Rs.1077mn in the current quarter as compared to Rs. 1067mn during the same period LY.
- During the quarter FCCB's aggregating USD 0.9 M have been converted into equity shares. Total shares issued on conversion were 349388.

## Business segment wise performance

STANDALONE PERFORMANCE Rs Millions	FOR QUARTER ENDED			FOR YEAR ENDED
	Jun-10	Jun-11	% Change	Mar-11
Revenue				
Consumer and Bazaar Products	4,988	6,127	22.8%	18,134
Industrial Products	1,404	1,662	18.4%	5,809
Others	18	34	87.8%	101
Less : Inter Segment Revenue	(140)	(185)		(507)
<b>Total Revenue</b>	<b>6,271</b>	<b>7,638</b>	<b>22%</b>	<b>23,538</b>

Profit before Interest and Tax				
Consumer and Bazaar Products	1,505	1,586	5.4%	4,626
Industrial Products	245	259	5.7%	1,001
Others	(32)	(36)	-11.8%	(141)
<b>Total</b>	<b>1,718</b>	<b>1,809</b>	<b>5.3%</b>	<b>5,486</b>
Interest	(82)	(40)		(268)
Unallocated Corporate Expenditure*	(268)	(343)		(1,242)
<b>Profit before Tax</b>	<b>1,368</b>	<b>1,427</b>	<b>4.3%</b>	<b>3,975</b>

\* Net of Unallocated Income

### CONSUMER AND BAZAAR PRODUCTS

- The segment registered a revenue growth of 22.8% in the quarter. Sales were driven by growth in Adhesives, Sealants and Construction chemicals in the domestic market. Export sales were flat compared to last year.
- Profit before tax and interest (PBIT) for the quarter stands at Rs 1586mn, an increase of 5.4% over the corresponding period last year. PBIT as % to Sales at 25.9% was 427bps lower than corresponding quarter last year.

### INDUSTRIAL PRODUCTS

- Revenue of Industrial Products increased by 18.4% over last year. Exports of Pigments grew by 56% in the quarter with good growth coming in from existing customers and increase in customer base. Industrial Resin both in domestic and export business showed good growth.
- PBIT for the segment stands at Rs 259 mn in the quarter as compared to Rs 245 mn LY same quarter, a growth of 5.7%. PBIT as % to Sales dropped to 15.6% in the current quarter as compared to 17.5% in the same period last year. Significant increase in input costs affected margins during the quarter.

## 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 FY'10-11	Q1 FY'11-12	FY'10-11
North America	339	344	1,227
South America	280	321	1,255
Middle East & Africa	48	90	199
South & South East Asia	80	95	339
<b>Total</b>	<b>747</b>	<b>850</b>	<b>3,021</b>

  

EBITDA* - Rs mn	Q1 FY'10-11	Q1 FY'11-12	FY'10-11
North America	22	34	57
South America	5	(5)	33
Middle East & Africa	(21)	(7)	(81)
South & South East Asia	14	13	31
<b>Total</b>	<b>20</b>	<b>35</b>	<b>40</b>

\* before exception items

- While nominal sales growth was 13.7%, in constant currency term sales were up 11.1% over the same period last year.
- North America: Sales in constant currency grew by 4.3% in Q1. However margins were improved through price increases and mix improvement. As a result EBITDA grew by 67% over last year.
- South America: Sales during the quarter was up 15% over Q1 last year driven by favourable forex movement. However, sales at constant currency were up by 3.9%. The increase in inputs material cost could not be passed on fully due to competitive pressure resulting in negative operating margins.
- Middle East & Africa: Sales were up by 86% over same period last year owing to improvement in market condition in UAE and stabilising of business in Egypt. Margins have improved over last quarter through series of pricing actions, mix improvement and business restructuring.
- South & South East Asia: Sales in the region grew by 19% over last year driven by better sales in Thailand. Capacity expansion is being looked at in order to cater to the requirement of both the markets.

## Financials

### PIDILITE INDUSTRIES LIMITED

REGD. OFFICE : 7th Floor, Regent Chambers, Jammal Bajaj Marg,  
208, Nariman Point, Mumbai - 400 021.

#### UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30.06.2011

(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
	30.06.2011	30.06.2010	31.03.2011	30.06.2011	30.06.2010	31.03.2011	
1	<b>a) Net Sales/Income from Operation</b>	<b>76382</b>	<b>62706</b>	<b>235375</b>	<b>84506</b>	<b>69895</b>	<b>264391</b>
	b) Other operating Income	608	512	2689	701	605	2822
	<b>Total Income</b>	<b>76990</b>	<b>63218</b>	<b>238064</b>	<b>85207</b>	<b>70500</b>	<b>267213</b>
2	Expenditure						
	a) (Increase) / Decrease in stock in trade and work in progress	1382	932	(5855)	1304	1139	(6307)
	b) Consumption of raw materials	29367	21477	89824	33033	24249	101899
	c) Purchase of traded goods	3376	3162	12017	4240	3905	15924
	d) Employees cost	6648	5634	22646	8303	7251	28979
	e) Depreciation	1156	1083	4439	1535	1475	5953
	f) Other expenditure						
	1) Packing material consumption	8488	7123	28738	8550	7184	28957
	2) Others	12403	9334	42734	14246	11070	49793
	g) Total	62820	48745	194543	71211	56273	225198
3	<b>Profit from Operations before Other Income , Interest &amp; Exceptional Items</b>	<b>14170</b>	<b>14473</b>	<b>43521</b>	<b>13996</b>	<b>14227</b>	<b>42015</b>
4	Other Income	513	125	1496	518	163	1502
5	Profit before Interest & Exceptional Items	14683	14598	45017	14514	14390	43517
6	Interest	398	819	2682	584	921	3143
7	Profit after Interest but before Exceptional Items	14285	13779	42335	13930	13469	40374
8	Exceptional Items						
	Diminution in value of Investment of Subsidiary	-	-	2500	-	-	-
9	<b>Profit from Ordinary Activities before Foreign Exchange Difference Expenses / ( Income)</b>	<b>14285</b>	<b>13779</b>	<b>39835</b>	<b>13930</b>	<b>13469</b>	<b>40374</b>
10	Foreign Exchange Difference - Expense / ( Income)	18	104	84	(5)	99	68
11	<b>Profit / ( Loss) from Ordinary Activities before Tax</b>	<b>14267</b>	<b>13675</b>	<b>39751</b>	<b>13935</b>	<b>13370</b>	<b>40306</b>
12	Tax expense						
	(Add) / Less: Provision for Current Taxation #	3463	3014	9419	3470	3023	9440
	(Add) / Less : Provision for Deferred Tax	33	(12)	(57)	33	(12)	27
13	<b>Net Profit / ( Loss) from Ordinary Activities after Tax</b>	<b>10771</b>	<b>10673</b>	<b>30389</b>	<b>10432</b>	<b>10359</b>	<b>30839</b>
14	<b>Extraordinary Item (net of tax expense Rs. Nil)</b>						
	- Prior Years' Tax Provision written back	-	-	-	(10)	(1)	(4)
15	Minority Interest	-	-	-	39	45	170
16	Share of Profit / (Loss) in Associate Company	-	-	-	-	-	-
17	<b>Net Profit / ( Loss) for the period</b>	<b>10771</b>	<b>10673</b>	<b>30389</b>	<b>10461</b>	<b>10403</b>	<b>31005</b>
18	Paid-up Equity Share Capital (Face Value of Share : Re.1)	5065	5061	5061	5065	5061	5061
19	Reserves excluding Revaluation Reserve			108891			103410
20	Earnings Per Share (EPS) in Rs.						
	a) Basic EPS before extraordinary item	@ 2.13	@ 2.11	6.00	@ 2.07	@ 2.06	6.13
	b) Diluted EPS before extraordinary item	@ 2.07	@ 2.05	5.84	@ 2.01	@ 2.00	5.96
	c) Basic EPS after extraordinary item	@ 2.13	@ 2.11	6.00	@ 2.07	@ 2.06	6.13
	d) Diluted EPS after extraordinary item	@ 2.07	@ 2.05	5.84	@ 2.01	@ 2.00	5.96
21	Public Shareholding						
	- Number of shares	148515120	148916198	148165732			
	- Percentage of shareholding	29.32	29.42	29.27			
22	Promoters and Promoter Group Shareholding as on 30th June,2011				<b>Pledged / Encumbered</b>	<b>Non Encumbered</b>	
	- Number of Shares				<b>Nil</b>	<b>357968880</b>	
	- Percentage of Shares						
	(i) As a % of total shareholding of Promoters and Promoter Group				<b>Nil</b>	<b>100%</b>	
	(ii) As a % of total share capital of the Company				<b>Nil</b>	<b>70.68%</b>	

# Provision for Current Taxation includes Wealth Tax.

@ 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 Year ended	For the Quarter ended		For the Year ended
		30.06.2011	30.06.2010	31.03.2011	30.06.2011	30.06.2010	31.03.2011
<b>1</b>	<b>Segment Revenue</b>						
	a) Consumer & Bazaar Products	61272	49882	181344	69396	57071	210360
	b) Industrial Products	16616	14039	58092	16616	14039	58092
	c) Others	340	181	1012	340	181	1012
	Total	78228	64102	240448	86352	71291	269464
	Less : Inter Segment Revenue	1846	1396	5073	1846	1396	5073
	<b>Net Segment Revenue</b>	<b>76382</b>	<b>62706</b>	<b>235375</b>	<b>84506</b>	<b>69895</b>	<b>264391</b>
<b>2</b>	<b>Profit before Interest and Tax</b>						
	a) Consumer & Bazaar Products	15861	15045	46259	15715	14842	44663
	b) Industrial Products	2591	2452	10007	2591	2452	10007
	c) Others	(359)	(321)	(1408)	(359)	(321)	(1408)
	Total	18093	17176	54858	17947	16973	53262
	Less : i) Interest	398	819	2682	584	921	3143
	ii) Other unallocable expenditure - net of unallocable income	3428	2682	12425	3428	2682	9813
	<b>Total Profit Before Tax</b>	<b>14267</b>	<b>13675</b>	<b>39751</b>	<b>13935</b>	<b>13370</b>	<b>40306</b>
<b>3</b>	<b>Capital Employed</b>						
	a) Consumer & Bazaar Products	37006	29837	36149	54866	48223	54022
	b) Industrial Products	17101	11870	15854	17101	11870	15854
	c) Others	4423	3842	4367	4423	3842	4367
	d) Unallocated	66540	58982	57582	40736	34067	34228
	<b>Total Capital Employed</b>	<b>125070</b>	<b>104531</b>	<b>113952</b>	<b>117126</b>	<b>98002</b>	<b>108471</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 26th July, 2011.
- The Statutory Auditors have carried out a "Limited Review" of the standalone financial results for the quarter ended 30th June, 2011.
- 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.
- The Central Government vide Notification No G.S.R 225 (E) dated 11th May 2011 has extended the earlier notification No G.S.R 225 (E) dated 31.03.2009 to treat foreign exchange difference relating to assets as adjustments in the carrying value of such depreciable assets. Accordingly, the Company has credited the gain of Rs.2 lacs in the current quarter to the carrying cost of the depreciable assets.
- Unallocated Capital Employed as at 30th June 2011 includes a) Capital Work in Progress of Rs. 32629 lacs (Rs. 27754 lacs) of Synthetic Elastomer Project presently under implementation b) Short term investments in units of mutual funds / term deposits with banks Rs. 27700 lacs (Rs. 33430 lacs).
- 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 \$ 24.49 million for investment in equity capital of its overseas subsidiaries, US\$ 13.32 million for capital equipments, US \$ 0.75 million for buyback of FCCB and finance cost of US\$ 0.43 million. The balance amount is kept with banks.
- During the quarter, FCCBs aggregating US\$ 0.9 million have been converted into equity shares, resulting in increase of paid up capital of the Company by 349388 equity shares of Re. 1 each. Since the conversion has happened before the record date for the payment of dividend, the holders of these shares will be entitled to dividend of financial year 2010-11, Accordingly Dividend @ Rs.1.75 per share aggregating Rs. 6.11 lacs has been provided in the quarter.
- In terms of Clause 41 of the Listing Agreement, details of number of investor complaints for the quarter ended 30th June 2011 beginning - nil, received - 4, disposed of - 4 and pending - nil.
- Previous period's figures are regrouped wherever necessary.

Mumbai  
Dated 26th July 2011

**M B Parekh**  
Managing Director