



Pidilite Industries Limited

Investor Update

Quarter and Year ended March 2013

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Investor Communication

This investor update covers the Company's performance for quarter and full year ended 31st March 2013.

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Financial Highlights

Quarter ended 31st March 2013

Consolidated Performance

- Net Sales at Rs. 8334 M grew by 16.5% over the same quarter last year.
- EBITDA, before exceptional items, at Rs. 1405 M was up by 36% over same period last year.
- Profit (before tax) at Rs 1158 M was up by Rs 42.8% over the corresponding quarter last year.

Standalone Performance

- Net Sales at Rs. 7554 M grew by 16.6% over the same quarter last year.
- Material cost to sales % is 280 bps lower than the previous quarter and 110 bps lower than last year.
- Other expenses during the quarter were higher than last year by Rs. 210 M. This increase of 14.6% is mainly due to increase in variable operating cost owing to higher volumes and inflation. Contract labour, power and fuel cost saw double digit inflation.
- Non operating income during the quarter at Rs. 235 M, is higher than last year by 55%.
- EBITDA, pre exceptional items, at Rs 1483 M is higher by 33.6% over the same quarter last year.
- Finance cost for the quarter at Rs 36 M is lower than last year due to repayment of FCCBs in December 2012.
- Exceptional item during the quarter of Rs (53.7) consists of a gain of Rs (106.8) M on prepayment of sales deferred liability and a provision of Rs. 53.1 M on account of diminution in the value of the Companys' investment in its subsidiary, Pulvitec Do Brasil. The provision of Rs 53.1 M has been done based on an independent valuation of the carrying value of the investment and has no impact on the consolidated results of the company.
- Profit before Tax at Rs 1343 M is higher by 49.3% and Profit after Tax is higher by 39.6% over the same period last year.
- Subject to the approval of the shareholders at the Annual General Meeting, The Board has recommended a dividend of Rs. 2.60 per Equity share of Re 1/- each for the financial year 2012-13 as compared to Rs 1.90 per equity share declared last year. The payout ratio will be 33.8% compared to 33.5% last year.

Year ended 31st March 2013

Consolidated Performance

- Net Sales at Rs. 36579 M grew by 17.6% over last year.
- Material cost to sales % is lower by 110 bps over last year.
- EBITDA (before exceptional items) during the year at Rs 6710 M was higher by 25.2% over last year.
- Profit (before tax) at Rs 5813 M was up by 34.4% over last year.

Standalone Performance

- Net Sales at Rs 33118 M grew by 18.3% over last year.
- Material cost as % to sales has come down from 56.0% to 54.3%.
- EBITDA (before exceptional items) at Rs. 6795 M, is higher by 26.4% over last year.
- Profit before tax at 6196 M is higher by 39.5% over last year and Profit after tax at Rs 4608 M is higher by 37.7%.

Business segment wise performance

STANDALONE PERFORMANCE Rs. Mn	Quarter Ended			Year Ended		
	31.03.2012	31.03.2013	% Change	31.03.2012	31.03.2013	% Change
Revenue						
a) Consumer & Bazaar Products	4,987	5,867	17.6%	22,156	26,743	20.7%
b) Industrial Products	1,647	1,872	13.6%	6,405	7,082	10.6%
c) Others	33	66	99.7%	145	198	37.0%
Less : Inter Segment Revenue	191	250	31.1%	711	906	27.4%
Total Revenue	6476	7554	16.6%	27995	33118	18.3%

Profit before Interest and Tax						
a) Consumer & Bazaar Products	966	1363	41.2%	5021	6445	28.4%
b) Industrial Products	196	232	18.8%	806	807	0.1%
c) Others	(29)	(27)	-6.2%	(108)	(97)	-10.0%
Total	1133	1569	38.5%	5719	7155	25.1%
Interest	40	28	-28.7%	212	79	-62.6%
Unallocated Corporate Expenditure	193	197	2.0%	1066	880	-17.4%
Profit Before Tax	900	1343	49.3%	4441	6196	39.5%

CONSUMER AND BAZAAR PRODUCTS

- For the quarter, segment revenue grew by 17.6%.
- Segment Profit Before Tax and Interest (PBIT) for the quarter grew by 41.2% due to lower material costs.
- Revenue growth for the year was 20.7%.
- Segment PBIT for the year grew by 28.4%. Full year PBIT as % to sales was 24.1% as compared to 22.7% last year.

INDUSTRIAL PRODUCTS

- For the quarter, segment revenue grew by 13.6%, taking the full year revenue growth to 10.6%. Growth in the quarter was led by exports which grew by 30%.
- Segment PBIT for the quarter grew by 18.8% as material costs were lower than last year.
- For the year, segment PBIT was same as last year. Profitability however was lower, with PBIT to Sales coming down from 12.5% to 11.4%.

Overseas subsidiaries performance

- The Company has 14 Overseas subsidiaries (4 direct and 10 step-down) including those having manufacturing and selling operations in USA, Brazil, Thailand, Dubai, Egypt and Bangladesh.

Sales - Rs mn	Q4	Q4	FY	FY
	2011-12	2012-13	2011-12	2012-13
North America	275.5	335.6	1,276.0	1,552.1
South America	267.9	283.8	1,260.8	1,242.2
Middle East & Africa	57.4	61.7	291.2	293.1
South & South East Asia	111.8	161.5	421.7	582.8
Total	712.6	842.5	3,249.6	3,670.2

EBITDA*- Rs mn	Q4	Q4	FY	FY
	2011-12	2012-13	2011-12	2012-13
North America	0.3	(1.1)	62.3	53.9
South America	(58.2)	(30.9)	(93.4)	(151.4)
Middle East & Africa	(20.3)	(10.9)	(49.4)	(21.1)
South & South East Asia	8.5	16.6	45.0	85.7
Total	(69.8)	(26.3)	(35.5)	(32.9)
* before exceptional items				

For the quarter, sales in constant currency grew by 5.7%. However, due to a favourable translation impact the reported sales show a growth of 18.2%.

For the year, sales in constant currency grew by 6.6% and due to favourable translation effect, the reported growth is 12.9%.

The performance of the various geographies, in constant currency terms, is detailed below.

North America:

- Sales of Cyclo grew by 2.4% and that of Sargent Art grew by 5.6%. Margins were impacted by higher input costs and these offset the gains from higher sales. As a result EBIDTA was marginally lower than last year.
- For the year, sales grew by 10%. While Cyclo recorded a growth rate of 9.3%, Sargent Art grew by 11.4%. However, EBIDTA for the year declined by 14% due to higher material costs.

South America:

- Sales in constant currency grew by 0.7% in the quarter. Material cost to sales was at the same level as last year but 400 bps lower than the immediately preceding quarter. With SG&A costs lower than last year, loss at the EBIDTA level was nearly half that of last year. Based on a valuation of the carrying value of the assets, the Company has impaired goodwill worth Rs. 93 M. This goodwill impairment is classified as an exceptional item in the results.
- Sales for the year were marginally lower than last year. However, sales growth in the second half of the year was better than the first half. Material cost to sales was 200 bps higher than previous year. While SG&A expenses grew only by 5%, loss at EBIDTA level was (-) Rs. 151.4 M as compared to (-) Rs. 93.4 M last year. Losses were however lower in the second half.

Middle East & Africa:

- Sales for the quarter grew by 7.5%, largely due to the operations in Egypt being impacted by political disruptions. Due to measures taken to reduce costs and improve margins, loss at EBIDTA level, was half of last year.
- For the year, sales growth was marginal. While the operations in Egypt grew by 25%, sales in Dubai declined by 42%. However, due to measures taken to improve profitability, losses were significantly reduced.

South & South East Asia:

- Sales for the quarter grew by 44% led by strong growth in Thailand & Bangladesh. Growth in Bangladesh was helped by commencement of trading operations in December 2012. Thailand also reported good sales growth. EBIDTA for the quarter was nearly double of last year due to the strong sales performance.
- Sales for the year grew by 38% with both countries reporting a strong growth. EBIDTA grew by 90%.

Full year Losses incurred by overseas subsidiaries, for the year, were (-) Rs. 440 M as compared to (-) Rs. 254 M last year. This was due to higher exceptional items, as below

i. Provision for receivables due from customer who has filed for bankruptcy in US	Rs. 25 M
ii. Provision for goodwill impairment in Brazil	Rs. 93 M
iii. Provision for disputed tax liabilities of previous years in Brazil	Rs. 46 M
iv. One off expenses for closure of factory in Thailand	Rs. 12 M
Total	<u>Rs. 176 M</u>

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AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31.03.2013

(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		
	31.03.2013	31.12.2012	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.12.2012	31.03.2012	31.03.2013	31.03.2012	
1	Income from Operations										
	a) Net sale / Income from Operations (Net of excise duty)	75541	83276	64764	331177	279962	83340	92700	71528	365794	310974
	b) Other Operating Income	539	480	427	1992	1681	563	479	430	2017	1684
	Total Income from Operations (net)	76080	83756	65191	333169	281633	83903	93179	71958	367811	312658
2	Expenses										
	a) Cost of material consumed	42875	39666	36654	169657	146374	46901	43439	39806	184402	160081
	b) Purchase of stock-in-trade	3702	3893	3079	15612	13161	5817	5107	3964	21590	17325
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(6947)	2498	(5003)	(3925)	(2792)	(8923)	2900	(5174)	(5182)	(3374)
	d) Employee benefits expense	7560	7387	6555	30103	26116	9438	9290	7846	37458	32623
	e) Depreciation and amortisation expense	1392	1413	1243	5324	4793	1743	1803	1648	6858	6373
	f) Other expenses	16411	15177	14314	60352	49283	18796	17508	16686	69490	56740
	Total Expenses	64993	70034	56853	277133	236936	73772	80047	64775	314616	269768
3	Profit from operations before other Income, finance cost & exceptional items	11087	13722	8338	56036	44697	10131	13132	7183	53195	42890
4	Other Income	2349	1635	1516	6590	4277	2172	1897	1521	7047	4347
5	Profit from ordinary activities before finance cost and exceptional items	13436	15357	9854	62626	48974	12303	15029	8704	60242	47237
6	Finance Cost	362	(238)	468	1217	2450	612	11	482	2138	3072
7	Profit from ordinary activities after finance cost but before exceptional items	13074	15595	9386	61409	46524	11691	15018	8222	58104	44165
8	Exceptional Items	(537)	(58)	294	(594)	1,263	(125)	(58)		(183)	-
9	Profit from ordinary activities before Foreign Exchange Difference Expense/ (Income)	13611	15653	9092	62003	45261	11816	15076	8222	58287	44165
10	Foreign Exchange Difference Expense/ (Income)	177	(893)	93	46	850	234	(883)	110	154	898
11	Profit from ordinary activities before tax	13434	16546	8999	61957	44411	11582	15959	8112	58133	43267
12	Tax Expense	3517	4127	1900	15881	10961	3577	4133	1912	15951	11003
13	Net Profit from ordinary activities after tax	9917	12419	7099	46076	33450	8005	11826	6200	42182	32264
14	Extraordinary Items	-	-	-	-	-	-	-	-	-	-
15	Net Profit for the period	9917	12419	7099	46076	33450	8005	11826	6200	42182	32264
16	Share of Profit/(Loss) of associates *	-	-	-	-	-	210	7	200	241	204
17	Minority Interest	-	-	-	-	-	(84)	66	(3)	(24)	(30)
18	Net Profit after taxes, minority interest and shares of profit/(loss) in associates	9917	12419	7099	46076	33450	8131	11899	6397	42399	32438
19	Paid-up equity share capital (Face value of share : Re. 1/-)	5126	5126	5077	5126	5077	5126	5126	5077	5126	5077
20	Paid-up debt capital	-	-	-	6024	26413	-	-	-	11124	32127
21	Reserves excluding revaluation reserve as at balance sheet date	-	-	-	168117	132090	-	-	-	160027	126981
22	Debenture Redemption Reserve	-	-	-	2591	9356	-	-	-	2591	9356
23(i)	Earnings per share (before extraordinary item)(of Re.1/- each) :										
	a) Basic	@ 1.93	@ 2.43	@ 1.40	9.04	6.59	@ 1.56	@ 2.31	@ 1.26	8.27	6.39
	b) Diluted	@ 1.93	@ 2.43	@ 1.36	9.04	6.43	@ 1.56	@ 2.31	@ 1.23	8.27	6.23
23(ii)	Earnings Per Share (after extraordinary items) (of Re.1/- each) :										
	a) Basic	@ 1.93	@ 2.43	@ 1.40	9.04	6.59	@ 1.56	@ 2.31	@ 1.26	8.27	6.39
	b) Diluted	@ 1.93	@ 2.43	@ 1.36	9.04	6.43	@ 1.56	@ 2.31	@ 1.23	8.27	6.23
24	Debt Equity Ratio				0.03	0.23				0.06	0.29
25	Debt Service Coverage Ratio				2.96	10.63				2.65	9.83
26	Interest Service Coverage Ratio				79.13	21.97				38.70	17.71
PART II											
A PARTICULARS OF SHAREHOLDING											
1	Public Shareholding										
	- Number of Shares	153475450	153475450	148479746	153475450	148479746					
	- Percentage of Shareholding	29.94	29.94	29.25	29.94	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	359166880	359166880	359168880	359166880	359168880					
	- Percentage of Shares (as a % of the total shareholding of promoter and of promoter group)	100	100	100	100	100					
	- Percentage of Shares (as a % of the total share capital of the Company)	70.06	70.06	70.75	70.06	70.75					
	Particulars	3 months ended 31.03.2013									
B INVESTOR COMPLAINTS											
	Pending at the beginning of the quarter	Nil									
	Received during the quarter	8									
	Disposed of during the quarter	8									
	Remaining unresolved at the end of the quarter	Nil									
* Less than Rs. 1 Lac											
@ For the period only and not annualised.											

- a. Paid up Debt Capital includes Non convertible Debentures
b. Debt includes Long Term Borrowings, Short Term Borrowings, Current maturities of Long Term Borrowings and Interest accrued but not due on Long Term Borrowings
c. Equity includes Share Capital and Reserves & Surplus
d. Debt Equity Ratio= Debt/ Equity
e. Interest Service Coverage Ratio (ISCR)= EBIT/ Interest
f. Debt Service Coverage Ratio (DSCR)= EBIT/ (Interest+ Principal repayment for the period)

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	
		31.03.2013	31.12.2012	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.12.2012	31.03.2012	31.03.2013	31.03.2012
1	Segment Revenue										
	a) Consumer & Bazaar Products	58670	67941	49872	267432	221564	66469	77365	56636	302049	252586
	b) Industrial Products	18718	16570	16473	70819	64050	18718	16570	16473	70819	64050
	c) Others	657	609	329	1984	1,448	657	609	329	1984	1448
	Total	78045	85120	66674	340235	287062	85844	94544	73438	374852	318084
	Less : Inter Segment Revenue	2504	1844	1910	9058	7110	2504	1844	1910	9058	7110
	Net Segment Revenue	75541	83276	64764	331177	279952	83340	92700	71528	365794	310974
2	Profit before Interest and Tax										
	a) Consumer & Bazaar Products	13634	15880	9659	64449	50205	12187	15757	8768	61810	49606
	b) Industrial Products	2324	1828	1956	8071	8061	2324	1828	1956	8071	8061
	c) Others	(271)	(246)	(288)	(969)	(1078)	(271)	(246)	(288)	(969)	(1078)
	Total	15687	17462	11327	71551	57188	14240	17339	10436	68912	56589
	Less : i) Interest	283	(356)	397	793	2118	488	(153)	385	1542	2590
	ii) Other unallocable expenditure - net of unallocable income	1970	1272	1931	8801	10659	2170	1533	1939	9237	10732
	Total Profit Before Tax	13434	16546	8999	61957	44411	11582	15959	8112	58133	43267
3	Capital Employed										
	a) Consumer & Bazaar Products	47795	46556	44074	47795	44074	66311	65563	63378	66311	63378
	b) Industrial Products	20978	19196	19660	20978	19660	20978	19196	19660	20978	19660
	c) Others	4247	4626	4308	4247	4308	4247	4626	4308	4247	4308
	d) Unallocated	100223	108542	69125	100223	69125	73617	83193	44712	73617	44712
	Total Capital Employed	173243	178920	137167	173243	137167	165153	172578	132058	165153	132058

AUDITED STATEMENT OF ASSETS AND LIABILITIES AS AT 31.03.2013

(Rs. In Lac)

	Standalone		Consolidated	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
A EQUITY AND LIABILITIES				
1 Shareholders' funds				
a) Share capital	5126	5077	5126	5077
b) Reserves and Surplus	168117	132090	160027	126981
Sub-total-Shareholders' funds	173243	137167	165153	132058
2 Minority Interest			96	53
3 Non-current liabilities				
a) Long-term borrowings	-	9230	-	9230
b) Deferred tax liabilities (net)	4836	4543	4987	4680
c) Long-term provisions	1429	1014	1519	1088
Sub-total-Non-current liabilities	6265	14787	6506	14998
4 Current liabilities				
a) Short-term borrowings	-	-	5099	5598
b) Trade payables	20714	17023	25011	20577
c) Other current liabilities	37277	49286	39315	51352
d) Short-term provisions	16343	11795	16343	11794
Sub-total-Current liabilities	74334	78104	85768	89321
TOTAL - EQUITY AND LIABILITIES	253842	230058	257523	236430
B ASSETS				
1 Non-current assets				
a) Fixed Assets	94242	86726	107474	101149
b) Non-current investments	26232	24188	848	737
c) Deferred tax assets (net)	-	-	-	-
c) Long-term loans and advances	2423	2495	2497	2582
d) Other non-current assets	-	14	2	94
Sub- total- Non- current assets	122897	113423	110821	104562
2 Current assets				
a) Current investments	28463	9092	28463	9092
b) Inventories	45116	39630	52357	45413
c) Trade receivables	36676	32612	43049	39519
d) Cash and cash equivalents	13682	25772	15062	27322
e) Short-term loans and advances	5941	8599	7026	10026
f) Other current assets	1067	930	745	496
Sub- total-Current assets	130945	116635	146702	131868
TOTAL- ASSETS	253842	230058	257523	236430

Notes:

- The above results have been reviewed by the Audit Committee on 27th May, 2013 and taken on record by the Board of Directors at their meeting held on 28th May, 2013.
- The Company has opted to publish Standalone as well as Consolidated financial statements. The Consolidated financial results prepared as per Accounting Standard (AS-21) and Accounting Standard (AS-23) comprise the results of Pidilite Industries Ltd. (Holding Company), 18 subsidiary companies, one partnership firm and one associate Company. One step down subsidiary named Pidilite South East Asia Limited has not been considered for consolidation as the Company is under liquidation.
- 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. 555.2 lacs (without considering future tax benefit of Rs. 180.1 million) was carried forward in the Foreign Exchange Monetary Item Translation Difference Account as on 31st March, 2012. This amount has been amortized over the period of the monetary liabilities i.e. up to 7th December, 2012. Further it has credited the gain of Rs. 80 lacs to the carrying cost of the fixed assets for above referred period.
- As per ICAI announcement on 'Presentation of FCMITDA' dated 30th March, 2013, Foreign Currency Monetary Item Translation Difference Account (FCMITDA) has been shown on the "Equity and Liabilities" side of the balance sheet under the head 'Reserves and Surplus' as a separate line item. This has resulted in the reduction of Capital Employed of March 2012 by Rs. 555.2 lacs.
- Exceptional item in Standalone results for the quarter ended 31st March, 2013 of Rs. (536.6) lacs consists of a) Diminution in the value of investment in Pulvitec do Brasil Rs. 530.6 lacs b) Diminution in the value of investments of quoted shares Rs. 1 lac and b) Gain on prepayment of Sales Tax deferred liability Rs. (1068.2) lacs. Exceptional item in Consolidated results for the quarter ended 31st March, 2013 of Rs. (125.2) lacs consists of a) Impairment of Goodwill of Pulvitec do Brasil Rs. 942 lacs b) Diminution in the value of investments of quoted shares Rs. 1 lac and c) Gain on prepayment of Sales Tax deferred liability Rs. (1068.2) lacs.
- Exceptional item in Standalone results for the year ended 31st March, 2013 of Rs. (594.4) lacs consists of a) Diminution in the value of investment in Pulvitec do Brasil Rs. 530.6 lacs b) Reversal of diminution in the value of investments of quoted shares Rs. (56.8) lacs and c) Gain on prepayment of Sales Tax deferred liability Rs. (1068.2) lacs. Exceptional item in Consolidated results for the year ended 31st March, 2013 of Rs. (183) lacs consists of a) Impairment of Goodwill of Pulvitec do Brasil Rs. 942 lacs b) Reversal of diminution in the value of investments of quoted shares Rs. (56.8) lacs and c) Gain on prepayment of Sales Tax deferred liability Rs. (1068.2) lacs.
- Unallocated Capital Employed as at 31st March, 2013 includes a) Capital Work in Progress of Rs.36259 lacs (31st March, 2012 Rs.35514 lacs) of Synthetic Elastomer Project b) Short term investments in units of mutual funds/ term deposit with banks Rs. 31428 Lacs (31st March 2012 Rs.25272 lacs).
- Subject to approval of the shareholders at the Annual General Meeting, the Board recommended payment of Dividend of Rs. 2.6 per Equity share of Re. 1/- each for the financial year 2012-13.
- The figures for the quarter ended 31.03.2013 and 31.03.2012 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the relevant financial year.
- Previous period figures are regrouped wherever necessary.