

Pidilite Industries Limited

Investor Update

Quarter and Nine month ended December 2010

Coverage

- Financial highlights
- Business segment wise
- Overseas subsidiaries performance
- Financial results

Investor Communication

This investor update covers the Company's performance for the quarter and nine month ended 31st December 2010

Contact information

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Financial Highlights (Standalone Performance)

Quarter ended 31st December 2010

- Net Sales at Rs. 5,884 mn grew by 27.7% over the same quarter last year.
- EBITDA (before foreign exchange difference) grew by 31.2% to Rs. 1,240 mn.
- EBITDA (before foreign exchange difference) as % to Sales in the current quarter at 21.1% is higher than 20.5% in the same quarter last year. The increase in material costs of 240bps was offset by lower operational expenses of 230bps.
- The foreign exchange gain for the quarter was Rs.6 mn as compared to a Rs. 8 mn exchange loss in the same quarter last year.
- Interest cost has come down as a result of repurchase of non-convertible debentures of Rs 900mn earlier in the year.

- The combined impact of the above has resulted in Profit before Tax of Rs.1,084 mn in the current quarter as compared to Rs. 755 mn in the same period last year, a growth of 43.6%.
- The effective tax rate during the quarter (21.5%) was higher than last year (15.3%) owing to completion of the first 5 year block of the tax holiday period in three manufacturing units. The resultant Profit after Tax from ordinary activities for the quarter at Rs. 851 mn is 33.3% higher than the same period last year.

Period ended 31st December 2010

- Net Sales at Rs.17,970 mn grew by 21.2% over the same period last year.
- EBITDA (before foreign exchange difference) grew by 20% to Rs. 4,098 mn.
- Profit before Tax for the nine months ended Dec 10 is Rs. 3,525 mn as compared to Rs. 2,746 mn in the same period last year, a growth of 28.4%.
- PAT at Rs.2747 mn, is 15% higher than the same period last year.

Business segment wise performance

STANDALONE PERFORMANCE	FOR Q	UARTER	ENDED	FOR I	FOR YEAR ENDED		
Rs Millions	Dec-09	Dec-10	% Change	Dec-09	Dec-10	% Change	Mar-10
Revenue			J			J	
Consumer and Bazaar Products	3,557	4,499	26%	11,594	14,031	21%	14,817
Industrial Products	1,071	1,425	33%	3,392	4,219	24%	4,653
Others	38	36	-7%	145	76	-48%	176
Less : Inter Segment Revenue	(59)	(76)		(301)	(356)		(348)
Total Revenue	4,608	5,884	28%	14,829	17,970	21%	19,298
Profit before Interest and Tax							
Consumer and Bazaar Products	893	1,144	28%	3,224	3,835	19%	3,849
Industrial Products	204	261	28%	668	729	9%	915
Others	(41)	(40)	-1%	(98)	(103)	5%	(126)
Total	1,056	1,365	29%	3,794	4,461	18%	4,638
Interest	(74)	(52)		(228)	(221)		(206)
	(74)	. ,		· · · /	(221)		(286)
Unallocated Corporate Expenditure*	(227)	(229)	4.407	(820)	(715)		(1,063)
Profit before Tax	755	1,084	44%	2,746	3,525	28%	3,289

* Net of Unallocated Income

CONSUMER AND BAZAAR PRODUCTS

• The segment registered a revenue growth of 26.5% in the quarter. Domestic sales growth was driven by higher sales of Adhesives, Sealants and Construction

chemicals. Exports sales grew by 19% and were impacted by poor market conditions in UAE and commencement of local operations in Bangladesh and Egypt.

- Profit before tax and interest (PBIT) for the segment during the quarter stands at Rs. 1,144 mn, an increase of 28.2% over the corresponding period last year.
- PBIT as % to Sales is at 25.4% in the current quarter as compared to 25.1% of corresponding quarter of last year.

INDUSTRIAL PRODUCTS

- Revenue of Industrial Products increased by 33.1% over the corresponding quarter last year owing to higher volumes of Industrial Resins and Organic Pigments in both domestic and international markets. Exports in the quarter grew by 70% over corresponding quarter last year with good growth coming in from all major geographies.
- PBIT for the segment stands at Rs. 261 mn as compared to Rs. 204 mn in the same period last year, a growth of 28%.
- PBIT as % to Sales improved to 18.3% in the current quarter as compared to 15.9% in the quarter ended June `10.

OTHERS

- Since the price of bought-out VAM remained advantageous, the Company continued to import rather than operate the plant.
- Revenue from the segment was Rs. 36 mn and the loss before tax and interest was Rs. 40 mn.

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. During the quarter, Pidilite Industries Trading (Shanghai) Company Ltd., was incorporated in China as a wholly owned step down subsidiary.

Sales - Rs mn	Q3	Q 3	YTD Dec	YTD Dec
	2009-10	2010-11	2009-10	2010-11
North America	234	257	919	945
South America	284	361	792	949
Middle East & Africa	51	44	168	140
South & South East Asia	64	82	162	247
Total	633	744	2,041	2,280
[Q3	Q3	YTD Dec	YTD Dec
EBITDA - Rs mn	Q3 2009-10	Q3 2010-11	YTD Dec 2009-10	YTD Dec 2010-11
	2009-10	2010-11	2009-10	2010-11
North America	2009-10 (7)	2010-11 5	2009-10 23	2010-11 42
North America South America	2009-10 (7) 53	2010-11 5 13	2009-10 23 94	2010-11 42 30
North America South America Middle East & Africa	2009-10 (7) 53 (10)	2010-11 5 13 (22)	2009-10 23 94 (41)	2010-11 42 30 (62)
North America South America	2009-10 (7) 53	2010-11 5 13	2009-10 23 94	2010-11 42 30
North America South America Middle East & Africa	2009-10 (7) 53 (10)	2010-11 5 13 (22)	2009-10 23 94 (41)	2010-11 42 30 (62)

- Total Sales in the quarter grew by 17.6%. However growth in constant currency term was 14.6%.
- North America: Sales growth in constant currency terms, for the current quarter, was 15.5%. However, due to effect of currency translation reported growth is 10%. Growth was strong in automotive aftermarket products both in domestic and international business. Exports sales to Eastern Europe, Middle East and South America picked up. YTD Profit at constant currency was up by 94% owing to price increase, product mix rationalization and control over cost.
- South America: Sales were up by 15.4% over same quarter last year in constant currency. EBITDA is not comparable over the corresponding period last year owing to one time exceptional gain of Rs 30mn in the previous year. Higher freight coupled with competitive pressure on pricing has resulted in lower margins.
- Middle East & Africa: Sales were impacted in the region mainly due to poor market conditions in Middle East. The same is also reflected in the EBITDA.
- South & South East Asia: Overall sales and profit in the region showed growth. Bangladesh operations, which started last year, have shown good performance.

Financials

PIDILITE INDUSTRIES LIMITED REGD. OFFICE : 7th Floor, Regent Chambers, Jamnalal Bajaj Marg, 208, Nariman Point, Mumbal - 400 021.

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31.12.2010

_		1									(Rs. in lac)
				Standalone						4 5 1	
	B ()	5 11	Unauc			Audited					Audited
Sr.	Particulars		Quarter		line Months	For the Year	For the				For the Year
No.		er	nded	ei	nded	ended	en	ded			ended
		31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.03.2010	31.12.2010	31.12.2009			31.03.2010
1	a) Net Sales/Income from Operation	58841		179700		192975	65932	52214	201,594	168280	219156
	b) Other operating Income	516		1762	140294	2002	497	523	1,886	1566	2169
	Total Income	59357		181462	149735	194977	66429	52737	203,480	169846	221325
	Expenditure	05001	400//	10 1402	145/ 33	134377	00425	52/5/	203,400	105040	22 1020
		690	(210)	(500)	(702)	(0000)	330	(639)	(500)	(352)	(3041)
	 a) (Increase) / Decrease in stock in trade and work in progress b) Consumption of raw materials 	21465		(598) 65480) (3669) 69375	24828	16274	(528) 74,280	58571	76374
		21465				9977	24828		11,984	11792	16476
	c) Purchase of traded goods	2900		9201 16694	7637	19754	3/84	6050	21,445	11/92	25248
	d) Employees cost							6018			
	e) Depreciation	1109	1082	3300	3486	4639	1476	1731	4,439	4881	6655
	f) Other expenditure	0740	5404	04005	47050	00000	0750	5404	04.400	17050	0.4000
1	1) Packing material consumption	6718		21235	17959	23900 35038	6756	5424	21,408	17959 29332	24098
	2) Others	10118		29624	24624		11611	10561	34,693		41576
	g) Total	48615		144936	119610	159014 35963	56007	45419	167,721	141166 28680	187386 33939
	Profit from Operations before Other Income , Interest &	10742	8242	36526	30125	35963	10422	7318	35,759	28680	33939
	Exceptional Items										
	Other Income	553		1152	536	716	548	695	1,153	1106	1183
	Profit before Interest & Exceptional Items	11295		37678	30661	36679	10970	8013	36,912	29786	35122
6	Interest	519		2205	2278	2860	642	780	2,545	2598	3285
	Profit after Interest but before Exceptional Items	10776	7630	35473	28383	33819	10328	7233	34,367	27188	31837
	Exceptional Items	-	-	-	-	-		-	-	-	-
	Profit from Ordinary Activities before Foreign Exchange	10776	7630	35473	28383	33819	10328	7233	34,367	27188	31837
	Difference Expenses / (Income)										
	Foreign Exchange Difference - Expense / (Income)	(64		222	920	931	(69)	98	215	712	728
	Profit/ (Loss) from Ordinary Activities before Tax	10840	7546	35251	27463	32888	10397	7135	34,152	26476	31109
12	Tax expense										
	(Add) / Less: Provision for Current Taxation #	2429		7996		4230	2436	805	8,017	4074	4247
	(Add) / Less : Provision for Deferred Tax	(96		(210)		(255)	(96)	361	(210)	(27	
	Net Profit/ (Loss) from Ordinary Activities after Tax	8507	6380	27465	23416	28913	8057	5969	26,345	22429	27027
14	Extraordinary Item (net of tax expense Rs. Nil)										
	 Prior Years' Tax Provision written back 	-	437	-	437	437	-	437	-	437	437
	Minority Interest	-	-	-	-	-	(6)	(7)		(5)	
16	Share of Profit / (Loss) in Associate Company	-	-	-	-	-	9	24	45	64	237
17	Net Profit / (Loss) for the period	8507	6817	27465	23853	29350	8060	6423	26,387	22925	27696
18	Paid-up Equity Share Capital	5061	2531	5061	2531	5061					5061
	(Face Value of Share : Re.1)										
	Reserves excluding Revaluation Reserve					88797					82133
20	Earnings Per Share (EPS) in Rs.										
	 a) Basic EPS before extraordinary item 	Q 1.68	@ 1.26			5.71				Q 4.44	5.39
1	b) Diluted EPS before extraordinary item	@ 1.63	@ 1.23		@ 4.50	5.56			@ 5.07	@ 4.32	5.24
	c) Basic EPS after extraordinary item	@ 1.68				5.80					5.47
	d) Diluted EPS after extraordinary item	@ 1.63	@ 1.31	Q 5.28	@ 4.58	5.64	2 1.55	2 1.23	@ 5.07	Q 4.40	5.32
21	Public Shareholding		1		1						
1	- Number of shares	148915732		148915732	74293449	148918298					
	- Percentage of shareholding	29.42	29.36	29.42	29.36	29.42					
22	Promoters and Promoter Group Shareholding as on 31st December 2010	1		Pledged	Pledged / Encumbered Non Encumbered						
1	- Number of Shares				Nil	357218880					
1	- Percentage of Shares					1					
1	(i) As a % of total shareholding of Promoters and Promoter Group				Nil	100					
	(ii) As a % of total share capital of the Company				Nil	70.58					
#	Provision for Current Taxation includes Wealth Tax.										

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)			
			Standalone						Consolidated					
			Unaudited Au					Unaudited						
Sr.	Particulars	For the	e Quarter	For the N	ine Months	For the Year	For the Quarter		For the Nine Months		For the Year			
No.		er	nded	ended		ended	ended		ended		ended			
		31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.03.2010	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.03.2010			
1	Segment Revenue													
	a) Consumer & Bazaar Products	44994	35572	140308	115939	148167	52085	41710	162202	135925	174348			
	b) Industrial Products	14251	10710	42191	33919	46529	14251	10710	42191	33919	46529			
	c) Others	355	383	756	1450	1763	355	383	756	1450	1763			
	Total	59600	46665	183255	151308	196459	66691	52803	205149	171294	222640			
	Less : Inter Segment Revenue	759	589	3555	3014	3484	759	589	3555	3014	3484			
	Net Segment Revenue	58841	46076	179700	148294	192975	65932	52214	201594	168280	219156			
2	Profit before Interest and Tax													
	a) Consumer & Bazaar Products	11442	8927	38350	32244	38489	11122	8555	37591	31577	37124			
	b) Industrial Products	2607	2040	7287	6679	9146	2607	2040	7287	6679	9146			
	c) Others	(404)	(408)	(1031)	(983)	(1257)	(404)	(408)	(1031)	(983)	(1257)			
	Total	13645	10559	44606	37940	46378	13325	10187	43847	37273	45013			
	Less : i) Interest	519	741	2205	2278	2860	642	780	2545	2598	3285			
	ii) Other unallocable expenditure - net of unallocable income	2286	2272	7150	8199	10630	2286	2272	7150	8199	10619			
	Total Profit Before Tax	10840	7546	35251	27463	32888	10397	7135	34152	26476	31109			
3	Capital Employed													
	a) Consumer & Bazaar Products	36255	34541	36255	34541	32759	28826	29299	28826	29299	26095			
	b) Industrial Products	17547	14519	17547	14519	13170	17547	14519	17547	14519	13170			
	c) Others	4076	3393	4076	3393	3806	4076	3393	4076	3393	3806			
	d) Unallocated	63445	44762	63445	44762	44123	63445	44762	63445	44762	44123			
	Total Capital Employed	121323						113894 91973 113894 91973						

Notes :

1. The above results have been reviewed by the Audit Committee and taken on record by the Board of Directors at their meetings held on 8th February 2011.

2. The Statutory Auditors have carried out a "Limited Review" of the Standalone financial results for the quarter ended 31st December 2010

3. 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 Pidlite Industries Ltd. (Holding Company), 18 subsidiary companies and one associate Company.

4. 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 31st December 2010, the Company has debited the loss of Rs. 3.8 lacs to the carrying cost of the depreciable assets and credited Rs.42 lacs to Foreign Currency Monetary Item Translation Account. Out of the said Foreign Currency Monetary Item Translation Account, Rs. 43.8 lacs to asset as amortized in the current period ended 31st December 2010.

 Unallocated Capital Employed as at 31st December 2010 includes a) Capital Work in Progress of Rs. 29046.6 lacs (31st December 2009 Rs. 25935 lacs) of Synthetic Elastomer Project presently under implementation b) Short term investments in units of mutual funds/ Fixed term deposit Rs. 21215.8 lacs (31st December 2009 Rs. 20492.1 lacs).

6. During the current financial year the Company has repurchased Non-Convertible Debentures (NCD) -Series I of Rs 1500 lacs and has fully repurchased NCD-Series II aggregating to Rs. 7500 lacs.

7. 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 \$ 24.38 million for investment in equity capital of its overseas subsdiaries, US \$ 13.32 million for capex, US \$ 0.75 million for buyback of FCCB and finance cost of US \$ 0.43 million. The balance amount is kept with banks.

9. During the quarter, Pidlitte Industries Trading (Shanghai) Company Ltd., was incorporated in China as a wholly owned subsidiary of Pidlitte International Pte Ltd., Singapore (which is a wholly owned subsidiary of the Company).

 In terms of Clause 41 of the Listing Agreement, details of number of investor complaints for the quarter ended 31st December 2010: beginning - nil, received - 6, disposed of - 5 and pending - 1.

10. Previous period's figures are regrouped wherever necessary.

Mumbai Dated 8th February 2011 M.B.PAREKH Managing Director