



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

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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 Rs Millions	FOR QUARTER ENDED			FOR PERIOD ENDED			FOR YEAR ENDED
	Dec-09	Dec-10	%	Dec-09	Dec-10	%	Mar-10
			Change			Change	
Revenue							
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)		(286)
Unallocated Corporate Expenditure*	(227)	(229)		(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	Q3	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
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EBITDA - Rs mn	Q3	Q3	YTD Dec	YTD Dec
	2009-10	2010-11	2009-10	2010-11
North America	(7)	5	23	42
South America	53	13	94	30
Middle East & Africa	(10)	(22)	(41)	(62)
South & South East Asia	(7)	8	(7)	25

Total	29	4	69	34
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- 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.

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 Year ended	For the Quarter ended		For the Nine Months ended		For the Year 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	198459	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	38499	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	97215	121323	97215	93658	113894	91973	113894	91973	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 8th February 2011.
- The Statutory Auditors have carried out a "Limited Review" of the Standalone financial results for the quarter ended 31st December 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) comprise the results of Pidilite Industries Ltd. (Holding Company), 18 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 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. 43.6 lacs has been amortized in the current period ended 31st December 2010 including Rs.0.2 lacs credited for quarter 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).
- 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.
- 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 subsidiaries, 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.
- During the quarter, Pidilite Industries Trading (Shanghai) Company Ltd., was incorporated in China as a wholly owned subsidiary of Pidilite 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.
- Previous period's figures are regrouped wherever necessary.

Mumbai
Dated 8th February 2011

M.B.PAREKH
Managing Director