



Pidilite Industries Limited

Investor Update

Quarter and Year ended March 2012

Coverage

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Investor Communication

This investor update covers the Company's performance for quarter and full year ended 31st March 2012.

Contact information

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Financial Highlights

Quarter ended 31st March 2012

Consolidated Performance

- Net Sales at Rs.7153mn grew by 14.3% over the same quarter last year.
- EBITDA at Rs 1035mn was up by 26.1% over same period last year.
- EBIT (before exceptional items) at Rs 822mn posted a growth of 36.8%.
- Profit (before tax) at Rs 822mn was up by Rs 207mn over the corresponding quarter last year.

Standalone Performance

- Net Sales at Rs.6476mn grew by 16.3% over the same quarter last year.
- Material cost to sales % reduced by 369bps over the previous quarter, due to lower commodity prices and strengthening of the Rupee over the US dollar. However as compared to the same period last year, material cost to sales was higher by 63bps.
- Other expenses during the quarter were higher than last year by Rs 147mn. This increase of 11.5% is mainly attributable to increase in power, fuel and labor rate partly offset by saving through cost reduction initiatives.
- Non operating income during the quarter has gone up by Rs 68mn over last year mainly due to higher interest and investment income.
- EBITDA at Rs 1109mn was higher by 30% over the same quarter last year.
- Finance cost at Rs 47mn was lower than last year cost of Rs 54mn. This cost reflects the impact of restatement of Interest liability on FCCB at the current exchange rates.
- 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. 55.5mn (without considering future tax benefit of Rs. 18mn) is carried forward in the Foreign Exchange Monetary Item Translation Difference Account as on 31st March, 2012. This amount is to be amortised over the period of the monetary liabilities i.e upto 7th December, 2012.
- Profit before Tax and Exceptional item at Rs 929mn was up by Rs 229mn over the corresponding quarter last year.
- Exceptional item during the quarter consists of provision for diminution in the value of investments of Rs 29mn in Pidilite Middle East Ltd "PMEL" (a 100% subsidiary). PMEL's subsidiary, Jupiter Chemicals LLC. Last year in Q4, a provision of Rs 250 mn was made on account of this investment.
- The combined impact of the above has resulted in Profit after Tax of Rs.710mn in the current quarter as compared to Rs. 292mn during the same period LY.

- Subject to the approval of the shareholders at the Annual General Meeting, The Board has recommended a dividend of Rs. 1.90 per Equity share of Re 1/- each for the financial year 2011-12 as compared to Rs 1.75 per equity share declared last year. The payout ratio will be 33.5% compared to 33.9% payout last year.

Year ended 31st March 2012

Consolidated Performance

- Net Sales at Rs.31097mn grew by 17.6% over the same period last year. Sales growth was impacted by lower sales of industrial products both in local and exports.
- The increase in commodity prices resulted in material cost to sales % going up by 283bps over the same period last year. The increases in material cost were partly mitigated by price increase and partly by cost saving measures.
- EBITDA (before exceptional items) during the year at Rs 5361mn was higher by 7.36% over the same period last year.
- Profit (before tax) at Rs 4327mn was up by 7.4% over the same period last year.

Standalone Performance

- Net Sales reported at Rs 27995mn during the year grew by 18.9% over the same period last year.
- Material cost as % to sales has gone up from 53% to 56%. This was due to input cost increases not fully offset by pricing and cost saving actions. Margins were affected, largely, in Industrial Products.
- EBITDA (before exceptional items) during the year at Rs 5377mn, was higher by 8.0% over last year.
- Profit (before tax) at 4441mn was higher by 11.8% over last year.

Business segment wise performance

STANDALONE PERFORMANCE Rs mn	Quarter Ended			Year Ended		
	Mar-11	Mar-12	%	Mar-11	Mar-12	%
			Change			Change
Revenue						
Consumer and Bazaar Products	4,097	5,009	22.3%	18,134	22,261	22.8%
Industrial Products	1,577	1,655	5.0%	5,809	6,363	9.5%
Others	25	33	31.9%	101	145	43.1%
Less : Inter Segment Revenue	(152)	(221)		(507)	(774)	
Total Revenue	5,547	6,476	16.8%	23,538	27,995	18.9%
Profit before Interest and Tax						
Consumer and Bazaar Products	744	988	32.9%	4,510	5,094	13.0%
Industrial Products	252	205	-18.7%	960	824	-14.2%
Others	(39)	(29)	-25.2%	(142)	(108)	-24.3%
Total	957	1,164	21.7%	5,327	5,810	9.1%
Interest	(48)	(40)		(268)	(212)	
Unallocated Corporate Expenditure*	(459)	(225)		(1,085)	(1,157)	
Profit before Tax	450	900	100.0%	3,974	4,441	11.8%

* Net of Unallocated Income

CONSUMER AND BAZAAR PRODUCTS

- For the quarter, segment revenue grew by 22.3%. Growth was driven by higher volumes and improved price realisation. Export sales grew by 15.9% as compared to 14.2% in Q3 and 8.7% in H1
- Revenue growth for the year was 22.8%.
- Segment Profit Before Tax and Interest (PBIT) for the quarter grew by 32.9%. The growth was driven by margin improvement and lower costs.
- Segment PBIT for the year grew by 13% due to higher input costs not fully compensated by price increases. Full year PBIT to sales was 22.9% as compared to 24.9% last year.

INDUSTRIAL PRODUCTS

- For the quarter, segment revenue grew by 4%, taking the full year revenue growth to 9.5%
- Segment PBIT for the quarter declined by 18.7% due to input cost increases.
- Segment PBIT for the year declined by 14.2% with PBIT to sales for the year at 12.9% as compared to 16.5% last year.

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	Q4	Q4	FY	FY
	2010-11	2011-12	2010-11	2011-12
North America	282	275	1,227	1,276
South America	306	268	1,255	1,261
Middle East & Africa	60	56	199	296
South & South East Asia	93	111	339	417
Total	741	710	3,021	3,250

EBITDA* - Rs mn	Q4	Q4	FY	FY
	2010-11	2011-12	2010-11	2011-12
North America	10	4	57	62
South America	1	(64)	34	(93)
Middle East & Africa	(21)	(19)	(80)	(49)
South & South East Asia	7	8	33	45
Total	(3)	(71)	45	(35)

* before exception items

- For the quarter, sales in constant currency were lower by 3.3% over last year. However, due to the translation impact the numbers above show a decline of 4.2%.

Full year sales are higher than last year by 1.8% on constant currency terms.

North America:

- Sales for the quarter, in constant currency, were down by 2%, due to lower sales of Cyclo, the automotive after market product business. Margins during the quarter were impacted due to increase in material cost.
- For the year sales declined by 2.5%. However, due to actions taken to improve margins and control on costs, EBIDTA for the year was higher by 10%.

South America:

- Sales, in constant currency, were down by 10.4% for the quarter and 4.3% for full year. Lower sales coupled with high operating cost resulted in business making losses.

- EBIDTA pre exceptional items in the quarter was (-) Rs. 64 M as compared to (+) Rs. 1 M last year. This took the full year loss, in EBIDTA terms, to Rs. 93 M as compared to a profit of Rs. 34 M last year.

Middle East & Africa:

- Sales in the quarter were lower by 7% largely due to poor performance in the Dubai subsidiary where sales declined by 64%.
- However, for the year sales have grown by 43%.
- While the loss in the quarter was on the same lines as for the last year, due to organisation restructuring and other initiatives, the loss in the year was much lower than the previous year.

South & South East Asia:

- Both the countries in the Regions delivered improved sales performance over LY. Sales for the quarter grew by 19% whereas growth for the full year was 23%.
- Profitability for the quarter was, however, impacted by high input inflation and currency volatility, especially in Bangladesh with EBIDTA increasing by 14%.
- However, for the full year EBIDTA increased by 36%.

Financials

PIDILITE INDUSTRIES LIMITED

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

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31.03.2012

(Rs. In Lac)

Sr.	Particulars	Standalone					Consolidated				
		Unaudited			Audited		Unaudited			Audited	
		For the Quarter ended			For the Year ended		For the Quarter ended			For the Year ended	
	31.03.2012	31.12.2011	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.12.2011	31.03.2011	31.03.2012	31.03.2011	
1	Income from Operations										
	a) Net sale / Income from Operations (Net of excise duty)	64764	68522	55467	279952	235375	71528	76805	62589	310974	264391
	b) Other Operating Income	427	376	438	1681	1327	430	375	438	1684	1327
	Total Income from Operations (net)	65191	68898	55905	281633	236702	71958	77180	63027	312658	265718
2	Expenses										
	a) Cost of material consumed	36510	33226	31847	146459	118562	39651	36800	35168	160166	130856
	b) Purchase of stock-in-trade	3079	2787	2816	13161	12017	3964	4255	3940	17325	15924
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(4848)	3273	(5257)	(2876)	(5855)	(5020)	2808	(5779)	(3459)	(6307)
	d) Employee benefits expense	6555	6499	5952	26116	22646	7846	8388	7253	32623	28698
	e) Depreciation and amortisation expense	1243	1211	1139	4793	4439	1648	1627	1497	6373	5936
	f) Other expenses	14314	11226	12841	49283	42411	16686	12916	15083	56740	49610
	Total Expenses	56853	58222	49338	236936	194220	64775	66794	57162	269768	224717
3	Profit from operations before other Income, finance cost & exceptional items	8338	10676	6568	44697	42482	7183	10386	5865	42890	41001
4	Other Income	1516	1483	833	4277	2858	1521	1542	847	4347	2997
5	Profit from ordinary activities before finance cost and exceptional Items	9854	12159	7400	48974	45340	8704	11928	6712	47237	43998
6	Finance Cost	468	831	538	2450	3016	482	1082	701	3072	3631
7	Profit from ordinary activities after finance cost but before exceptional items	9386	11328	6862	46524	42324	8222	10846	6011	44165	40367
8	Exceptional items	294	969	2501	1263	2501	-	-	-	-	-
9	Profit from ordinary activities before Foreign Exchange Difference Expense/ (Income)	9092	10359	4361	45261	39823	8222	10846	6011	44165	40367
10	Foreign Exchange Difference Expense/ (Income)	93	249	(139)	850	84	110	262	(144)	898	71
11	Profit from ordinary activities before tax	8999	10110	4500	44411	39739	8112	10584	6155	43267	40296
12	Tax Expense	1900	2681	1576	10961	9351	1912	2694	1660	11003	9457
13	Net Profit from ordinary activities after tax	7099	7429	2924	33450	30388	6200	7890	4495	32264	30839
14	Extraordinary Items	-	-	-	-	-	-	-	-	-	-
15	Net Profit for the period	7099	7429	2924	33450	30388	6200	7890	4495	32264	30839
16	Share of Profit/(Loss) of associates *	-	-	-	-	-	200	(24)	125	204	170
17	Minority Interest	-	-	-	-	-	(3)	(4)	(1)	(30)	(4)
18	Net Profit after taxes, minority interest and shares of profit/(loss) in associates	7099	7429	2924	33450	30388	6397	7862	4619	32438	31005
19	Paid-up equity share capital (Face value of share : Re. 1/-)	5077	5077	5061	5077	5061	5077	5077	5061	5077	5061
20	Reserves excluding revaluation reserve as at balance sheet date				132645	108891				127536	103409
21(i)	Earnings per share (before extraordinary item)(of Re.1/- each) :										
	a) Basic	@ 1.40	@ 1.46	@ 0.58	6.59	6.00	@ 1.26	@ 1.55	@ 0.91	6.39	6.13
	b) Diluted	@ 1.36	@ 1.43	@ 0.56	6.43	5.84	@ 1.23	@ 1.51	@ 0.89	6.23	5.96
21(ii)	Earnings Per Share (after extraordinary items) (of Re.1/- each) :										
	a) Basic	@ 1.40	@ 1.46	@ 0.58	6.59	6.00	@ 1.26	@ 1.55	@ 0.91	6.39	6.13
	b) Diluted	@ 1.36	@ 1.43	@ 0.56	6.43	5.84	@ 1.23	@ 1.51	@ 0.89	6.23	5.96
PART II											
A PARTICULARS OF SHAREHOLDING											
1	Public Shareholding										
	- Number of Shares	148479746	148479746	148165732	148479746	148165732					
	- Percentage of Shareholding	29.25	29.25	29.27	29.25	29.27					
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	359168880	359168880	357968880	359168880	357968880					
	- 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)	70.75	70.75	70.73	70.75	70.73					
Particulars		3 months ended 31.03.2012									
B INVESTOR COMPLAINTS											
	Pending at the beginning of the quarter	Nil									
	Received during the quarter	1									
	Disposed of during the quarter	0									
	Remaining unresolved at the end of the quarter	1									
* Less than Rs. 1 Lac											
@ For the period only and not annualised.											

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REPORTING OF SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs. in Lac)

Sr.	Particulars	Standalone					Consolidated				
		Unaudited			Audited		Unaudited			Audited	
		For the Quarter ended			For the Year ended		For the Quarter ended			For the Year ended	
		31.03.2012	31.12.2011	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.12.2011	31.03.2011	31.03.2012	31.03.2011
1	Segment Revenue										
	a) Consumer & Bazaar Products	50,094	55,210	40,968	222,615	181,345	56858	63493	48090	253637	210361
	b) Industrial Products	16,552	13,998	15,767	63,625	58,091	16,552	13,998	15,767	63,625	58,091
	c) Others	329	503	249	1,448	1,012	329	503	249	1,448	1,012
	Total	66975	69711	56984	287688	240448	73739	77994	64106	318710	269464
	Less : Inter Segment Revenue	2211	1189	1517	7736	5073	2211	1189	1517	7736	5073
	Net Segment Revenue	64764	68522	55467	279952	235375	71528	76805	62589	310974	264391
2	Profit before Interest and Tax										
	a) Consumer & Bazaar Products	9884	13027	7436	50943	45102	8977	13625	9200	50199	45981
	b) Industrial Products	2047	1450	2518	8238	9596	2047	1450	2518	8238	9596
	c) Others	(290)	(176)	(387)	(1078)	(1424)	(290)	(176)	(387)	(1078)	(1424)
	Total	11641	14301	9567	58103	53274	10734	14899	11331	57359	54153
	Less : i) Interest	397	730	476	2118	2682	385	913	598	2590	3143
	ii) Other unallocable expenditure - net of unallocable income	2245	3461	4591	11574	10853	2237	3402	4578	11502	10714
	Total Profit Before Tax	8999	10110	4500	44411	39739	8112	10584	6155	43267	40296
3	Capital Employed										
	a) Consumer & Bazaar Products	44244	48295	40352	44244	40352	39116	41757	34870	39116	34870
	b) Industrial Products	19728	21515	17766	19728	17766	19728	21515	17766	19728	17766
	c) Others	4309	4633	4367	4309	4367	4309	4633	4367	4309	4367
	d) Unallocated	69441	67392	51467	69441	51467	69460	67392	51467	69460	51467
	Total Capital Employed	137722	141835	113952	137722	113952	132613	135297	108470	132613	108470

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AUDITED STATEMENT OF ASSETS AND LIABILITIES AS AT 31.3.2012

(Rs. In Lac)

		Standalone		Consolidated	
		Year ended as at		Year ended as at	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
A	EQUITY AND LIABILITIES				
1	Shareholders' funds				
	a) Share capital	5077	5061	5077	5061
	b) Reserves and Surplus	132645	108891	127536	103409
	Sub-total-shareholders' funds	137722	113952	132613	108470
2	Minority Interest	-	-	53	20
3	Non-current liabilities				
	a) Long-term borrowings	9230	25989	9230	26092
	b) Deferred tax liabilities (net)	4543	4097	4680	4204
	c) Long-term provisions	1261	867	1335	924
	Sub-total-Non-current liabilities	15034	30953	15245	31220
4	Current liabilities				
	a) Short-term borrowings	-	277	5598	4996
	b) Trade payables	17061	14289	20577	17373
	c) Other current liabilities	48118	28536	49574	29671
	d) Short-term provisions	12663	11935	13326	12516
	Sub-total-Current liabilities	77842	55037	89075	64556
	TOTAL - EQUITY AND LIABILITIES	230598	199942	236986	204266
B	ASSETS				
1	Non-current assets				
	a) Fixed Assets	86726	76774	101149	90752
	b) Non-current investments	24188	23559	737	631
	c) Long-term loans and advances	2495	1794	2582	1862
	d) Other non-current assets	17	88	97	88
	Sub- total- Non- current assets	113426	102215	104565	93333
2	Current assets				
	a) Current investments	9092	16415	9092	16415
	b) Inventories	39630	35444	45413	40920
	c) Trade receivables	32612	28659	39519	34605
	d) Cash and bank balances	25761	9232	27319	10378
	e) Short-term loans and advances	9023	7568	10026	8207
	f) Other current assets	1054	409	1052	408
	Sub- total-Current assets	117172	97727	132421	110933
	TOTAL - ASSETS	230598	199942	236986	204266

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 24th May, 2012.
- 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.
- 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. 55.52 million (without considering future tax benefit of Rs. 18.01 million) is carried forward in the Foreign Exchange Monetary Item Translation Difference Account as on 31st March, 2012. This amount is to be amortized over the period of the monetary liabilities i.e. up to 7th December, 2012. Further it has debited the loss of Rs. 74.04 million to the carrying cost of the fixed assets for above referred period (including gain of Rs. 24.04 million for the current quarter).
- Unallocated Capital Employed as at 31st March 2012 includes a) Capital Work in Progress of Rs. 35,513.74 lacs (31st March 2011 Rs. 31,003.52 lacs) of Synthetic Elastomer Project presently under implementation b) Short term investments in units of mutual funds/ term deposit with banks Rs. 25272 Lacs (31st March 2011 Rs. 23003.6 lacs).
- Subject to the approval of the shareholders at the Annual General Meeting, the Board recommended payment of Dividend of Rs. 1.90 per Equity share of Re 1/- each for the financial year 2011-12.
- The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the current financial year.
- Previous period figures are regrouped wherever necessary.

Mumbai
Dated 24th May, 2012

M.B.PAREKH
Managing Director