



Pidilite Industries Limited

Investor Update

Quarter and Year ended March 2011

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Investor Communication

This investor update covers the Company's performance for the quarter and year ended 31st March 2011.

Contact information

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Financial Highlights

Quarter ended 31st March 2011

Consolidated Performance

- Net Sales at Rs.6280mn grew by 22.8% over the same quarter last year.
- EBIT (before foreign exchange difference and exceptional items) during the quarter at Rs 661 mn was higher by 23.8% over the same period last year.
- Profit (before tax and before exceptional items) at Rs 615 mn grew by 32.8% over the corresponding quarter last year.

Standalone Performance

- Net Sales at Rs.5547 mn grew by 24.0% over the same quarter last year.
- EBIT (before foreign exchange difference and exceptional items) grew by 21.9% to Rs. 734 mn.
- EBIT (before foreign exchange difference and exceptional items) as % to Sales in the current quarter was lower by 20bps to 13.2% due to increase in material cost and planned higher advertisement spend.
- Raw material cost as % to sales have gone up by 215bps over the same period last year owing to higher input costs partly offset by price increases.
- Other operating expenses was up by 23% over last year primarily due to increase in manufacturing, freight and advertisement and sales promotion cost. Manufacturing and freight cost increases were driven by higher volumes and increase in power and fuel rates. Advertisement spend was stepped up, in accordance with the plan to coincide with major sporting events being staged in the country.
- Foreign exchange gain for the quarter was Rs.14 mn as compared to an exchange loss of Rs. 1 mn 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.
- Profit before Tax and before exceptional items at Rs 700mn grew by 29.1% over the corresponding quarter last year.
- During the quarter, a provision of Rs 250mn was made for diminution in value of investments in Pidilite Middle East Ltd "PMEL" (a 100% subsidiary). PMEL's subsidiary, Jupiter Chemicals LLC, has been making losses due to adverse economic conditions and during the quarter PMEL impaired its investment in Jupiter. Consequently the company reviewed the carrying value of its investments in PMEL and as a matter of prudence, made a provision of Rs 250 mn towards diminution in the value of investments. This provision has no impact on the consolidated results of the Company.
- The combined impact of the above has resulted in Profit after Tax of Rs.292mn in the current quarter as compared to Rs. 550mn last year.

Year ended 31st March 2011

Consolidated Performance

- Net Sales for the year ended 31st March 2011 at Rs.26439mn grew by 20.5% over last year.
- EBIT (before foreign exchange difference and exceptional items) during the year at Rs 4352 mn was higher by 23.9% over last year.
- Profit after tax at Rs 3084 mn grew by 14.1% over last year.

Standalone Performance

- Net Sales at Rs.23538 mn grew by 21.8% over the same period last year.
- EBIT (before foreign exchange difference and exceptional items) grew by 22.7% to Rs. 4502 mn.
- Material cost to sales % was higher by 145bps mainly due to increase in commodities prices. The increase was more pronounced in the second half of the year. Other operating expenses were higher by 21% mainly due to increase in advertisement and sales promotion.
- Profit before Tax and before exceptional items at Rs 4225 mn grew by 28.5% over last year.
- The effective tax rate during the year (22%) is higher than last year (12%) owing to completion of the first 5 year block of the tax holiday period in three manufacturing units.
- Profit after Tax for the year is Rs.3039 mn as compared to Rs. 2891mn last year.
- The Board has recommended a dividend of Rs 1.75 per equity share of Rs 1 each for the current year as compared to a dividend of Rs 1.50 per share (including a Golden Jubilee dividend of Rs 0.50 per share) declared last year.

Business segment wise performance

STANDALONE PERFORMANCE Rs Millions	FOR QUARTER ENDED			FOR YEAR ENDED		
	Mar-10	Mar-11	%	Mar-10	Mar-11	%
			Change			Change
Revenue						
Consumer and Bazaar Products	3,225	4,098	27.1%	14,824	18,135	22.3%
Industrial Products	1,266	1,575	24.4%	4,670	5,809	24.4%
Others	31	26	-18.2%	176	101	-42.6%
Less : Inter Segment Revenue	(47)	(152)		(348)	(507)	
Total Revenue	4,475	5,547	24%	19,323	23,538	22%
Profit before Interest and Tax						
Consumer and Bazaar Products	625	791	26.6%	3,849	4,626	20.2%
Industrial Products	247	272	10.3%	915	1,001	9.4%
Others	(27)	(38)	-37.6%	(126)	(141)	-12.0%
Total	844	1,025	21.5%	4,638	5,486	18.3%
Interest	(58)	(48)		(286)	(268)	
Unallocated Corporate Expenditure*	(243)	(527)		(1,063)	(1,242)	
Profit before Tax	543	450	-17.0%	3,289	3,975	20.9%

CONSUMER AND BAZAAR PRODUCTS

- The segment registered a revenue growth of 27.1% in the quarter and 22.3% for FY. Domestic sales growth was driven by higher sales of Adhesives, Sealants and Construction chemicals.
- Profit before tax and interest (PBIT) for the quarter stands at Rs 791 mn, an increase of 26.7% over the corresponding period last year. PBIT as % to Sales is at 19.3% in the current quarter is in line with corresponding quarter last year.
- For the year ended Mar'11, PBIT was up by 20.2% to Rs 4626 mn. PBIT as % to Sales was at 25.5%, a drop of 45bps over last year.

INDUSTRIAL PRODUCTS

- Revenue of Industrial Products increased by 24.4% over last year. The growth was primarily driven by increased volumes of Industrial Resins and Organic Pigments. Exports of Pigments grew by 80% in the quarter with good growth coming in from all the major geographies.
- PBIT for the segment stands at Rs 272 mn in the quarter as compared to Rs 247 mn in last quarter, a growth of 10.3%. PBIT as % to Sales dropped to 17.3% in the current quarter as compared to 19.5% in the same period last year.

- For the year ended Mar'11, PBIT was up by 9.4% to Rs 1001 mn. PBIT as % to Sales was at 17.2%, a drop of 236bps over LY.

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 FY'10	Q4 FY'11	FY FY'10	FY FY'11
North America	262	282	1,181	1,227
South America	231	306	1,023	1,255
Middle East & Africa	68	60	236	199
South & South East Asia	93	93	255	339
Total	654	741	2,695	3,021

EBITDA* - Rs mn	Q4 FY'10	Q4 FY'11	FY FY'10	FY FY'11
North America	(2)	10	26	57
South America	9	0	79	33
Middle East & Africa	(1)	(22)	(33)	(81)
South & South East Asia	22	5	21	31
Total	29	(6)	92	40

* before exception items

- Total Sales during the quarter was up by 13.2%. However growth in constant currency term was 6%.
- North America: Sales in constant currency grew by 11% in Q4 and 13% FY over last year. Exports out of USA have shown 21% growth driven by good sales in South America, Central America, Middle East and Eastern Europe. Improvement in margin due to price increases and cost controls resulted in EBITDA growth of 109% for the year.
- South America: Sales during the quarter was up 32% over Q4 last year driven primarily by impact of currency translation. At constant currency, Q4 Sales were up by 7% and FY by 11%. The lower growth was due to competitive pressure and supply constraint for certain products categories. High material and freight cost affected margins.
- Middle East & Africa: Operation in the region remained under pressure and sales declined by 12% due to poor market condition in UAE and Egypt. Losses in the period have also increased.
- South & South East Asia: Sales in the region remained flat during the quarter though EBITDA was impacted due to higher costs.

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 31.03.2011

(Rs. in lac)

Sr. No.	Particulars	Standalone				Consolidated	
		Unaudited		Audited		Audited	
		For the Quarter ended		For the Year ended		For the Year ended	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
1	a) Net Sales/Income from Operation	55467	44748	235375	193225	264391	219406
	b) Other operating Income	927	561	2689	2002	2822	2169
	Total Income	56394	45309	238064	195227	267213	221575
2	Expenditure						
	a) (Increase) / Decrease in stock in trade and work in progress	(5257)	(2966)	(5855)	(3669)	(6307)	(3041)
	b) Consumption of raw materials	24344	17445	89824	69375	101899	76374
	c) Purchase of traded goods	2816	2340	12017	9977	15924	16476
	d) Employees cost	5952	5077	22646	19754	28979	25248
	e) Depreciation	1139	1153	4439	4639	5953	6655
	f) Other expenditure						
	1) Packing material consumption	7503	5941	28738	23900	28957	24098
	2) Others	12902	10481	42734	35288	49793	41826
	g) Total	49399	39471	194543	159264	225198	187636
3	Profit from Operations before Other Income, Interest & Exceptional Items	6995	5838	43521	35963	42015	33939
4	Other Income	344	180	1496	716	1502	1183
5	Profit before Interest & Exceptional Items	7339	6018	45017	36679	43517	35122
6	Interest	477	582	2682	2860	3143	3285
7	Profit after Interest but before Exceptional Items	6862	5436	42335	33819	40374	31837
8	Exceptional Items						
	Diminution in value of Investment of Subsidiary	2,500	-	2,500	-	-	-
9	Profit from Ordinary Activities before Foreign Exchange Difference Expenses / (Income)	4362	5436	39835	33819	40374	31837
10	Foreign Exchange Difference - Expense / (Income)	(139)	11	84	931	68	728
11	Profit / (Loss) from Ordinary Activities before Tax	4501	5425	39751	32888	40306	31109
12	Tax expense						
	(Add) / Less: Provision for Current Taxation #	1423	156	9419	4230	9440	4247
	(Add) / Less: Provision for Deferred Tax	153	(228)	(57)	(255)	27	(165)
13	Net Profit / (Loss) from Ordinary Activities after Tax	2925	5497	30389	28913	30839	27027
14	Extraordinary Item (net of tax expense Rs. Nil)						
	- Prior Years' Tax Provision written back	-	-	-	437	-	437
15	Minority Interest	-	-	-	-	(4)	(5)
16	Share of Profit / (Loss) in Associate Company	-	-	-	-	170	237
17	Net Profit / (Loss) for the period	2925	5497	30389	29350	31005	27696
18	Paid-up Equity Share Capital (Face Value of Share : Re.1)	5061	5061	5061	5061	5061	5061
19	Reserves excluding Revaluation Reserve			108891	88797	103410	82133
20	Earnings Per Share (EPS) in Rs.						
	a) Basic EPS before extraordinary item	@ 0.58	@ 1.09	6.00	5.71	6.13	5.39
	b) Diluted EPS before extraordinary item	@ 0.56	@ 1.06	5.84	5.56	5.96	5.24
	c) Basic EPS after extraordinary item	@ 0.58	@ 1.09	6.00	5.80	6.13	5.47
	d) Diluted EPS after extraordinary item	@ 0.56	@ 1.06	5.84	5.64	5.96	5.32
21	Public Shareholding						
	- Number of shares	148165732	148918298	148165732	148918298		
	- Percentage of shareholding	29.27	29.42	29.27	29.42		
22	Promoters and Promoter Group Shareholding as on 31st March 2011						
	- Number of Shares			Nil		357968880	
	- Percentage of Shares			Nil		100	
	(i) As a % of total shareholding of Promoters and Promoter Group			Nil		70.73	
	(ii) As a % of total share capital of the Company			Nil		70.73	

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)

Sr. No.	Particulars	Standalone				Consolidated	
		Unaudited		Audited		Audited	
		For the Quarter ended		For the Year ended		For the Year ended	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
1	Segment Revenue						
	a) Consumer & Bazaar Products	40975	32245	181344	148243	210360	174424
	b) Industrial Products	15754	12660	58092	46703	58092	46703
	c) Others	256	313	1012	1763	1012	1763
	Total	56985	45218	240448	196709	269464	222890
	Less : Inter Segment Revenue	1518	470	5073	3484	5073	3484
	Net Segment Revenue	55467	44748	235375	193225	264391	219406
2	Profit before Interest and Tax						
	a) Consumer & Bazaar Products	7909	6245	46259	38489	44663	37135
	b) Industrial Products	2720	2467	10007	9146	10007	9146
	c) Others	(377)	(274)	(1408)	(1257)	(1408)	(1257)
	Total	10252	8438	54858	46378	53262	45024
	Less : i) Interest	477	582	2682	2860	3143	3285
	ii) Other unallocable expenditure - net of unallocable income	5274	2431	12425	10630	9813	10630
	Total Profit Before Tax	4501	5425	39751	32888	40306	31109
3	Capital Employed						
	a) Consumer & Bazaar Products	36149	30750	36149	30750	54022	48623
	b) Industrial Products	15854	11974	15854	11974	15854	11974
	c) Others	4367	3675	4367	3675	4367	3675
	d) Unallocated	57582	47459	57582	47459	34228	22922
	Total Capital Employed	113952	93858	113952	93858	108471	87194

AUDITED STATEMENT OF ASSETS AND LIABILITIES AS AT 31.03.2011

(Rs. in lac)

Sr. No.	Particulars	Standalone Audited		Consolidated Audited	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
1	Shareholders' Funds				
	(a) Capital	5061	5061	5061	5061
	(b) Reserves & Surplus	108891	88797	103410	82133
2	Loan Funds	28673	42143	33557	46863
3	Deferred Tax Liability (Net)	4097	4154	4204	4167
	Total	146722	140155	146232	138224
4	Fixed Assets	77406	69487	91384	83896
5	Investments	39974	51049	17047	26777
6	Current Assets, Loans and Advances				
	(a) Inventories	35444	25063	40920	29787
	(b) Sundry Debtors	28659	23876	34597	29590
	(c) Cash and Bank Balances	9321	3312	10390	4485
	(d) Other Current Assets	408	515	408	515
	(e) Loans and Advances	8720	9639	9247	9943
	Less: Current Liabilities and Provisions				
	(a) Liabilities	41368	33019	45919	36974
	(b) Provisions	11842	9767	11842	9795
7	Miscellaneous expenditure (Not written off) or adjusted	-	-	-	-
8	Profit & Loss Account	-	-	-	-
	Total	146722	140155	146232	138224

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 19th May, 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 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 amortise other differences of a specified nature over the term of the relative item. Accordingly, the Company has credited the gain of Rs. 23.7 lacs in the current quarter to the carrying cost of the depreciable assets and credited Rs.38.5 Lacs to Foreign Currency Monetary Item Translation Account. Out of the said Foreign Currency Monetary Item Translation Account, Rs. 32.7 Lacs has been reversed in the current quarter.
- Unallocated Capital Employed as at 31st March 2011 includes a) Capital Work in Progress of Rs. 31066.06 lacs (31st March 2010 Rs.26480.2 lacs) of Synthetic Elastomer Project presently under implementation b) Short term investments in units of mutual funds/ term deposit with banks Rs.23003.6 Lacs (31st March 2010 Rs. 26335.5 lacs).
- During the year, the Company has repurchased Non-Convertible Debentures (NCD) - Series I of Rs. 1500 lacs and has fully repurchased NCD - Series II aggregating 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 \$ 24.46 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.
- Exceptional item consists of provision for diminution in the value of investment in Pidilite Middle East Ltd, a wholly owned subsidiary of the Company.
- Subject to the approval of the shareholders at the Annual General Meeting, the Board recommended payment of Dividend of Rs.1.75 per Equity share of Re 1/- each for the financial year 2010-11.
- In terms of Clause 41 of the Listing Agreement, details of number of investor complaints for the quarter ended 31st March 2011. beginning - 1, received - 3, disposed of - 4 and pending - nil.
- Previous period's figures are regrouped wherever necessary.

Mumbai
Dated 19th May, 2011

M.B.PAREKH
Managing Director