



Pidilite Industries Limited

Investor Update

Quarter and Half year ended September 2012

Coverage

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Investor Communication

This investor update covers the Company's performance for quarter and half year ended 30th September 2012.

Contact information

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Financial Highlights

Quarter ended 30th September 2012

Consolidated Performance

- Net Sales during the quarter was Rs 8997 mn, up by 15.2% over the same quarter last year.
- EBITDA at Rs 1573 mn grew by 16.0% over same period last year.
- EBIT (before exceptional items) at Rs 1403 mn posted a growth of 17.0%.
- Profit (after tax) at Rs 956 mn was up by 23.5% over the corresponding quarter last year.

Standalone Performance

- Net Sales at Rs.8159 mn grew by 16.1% over the same quarter last year. This was driven by 19.0% growth in sales of Consumer & Bazaar products. Sales of Industrial Products grew by 3.5%
- Material cost to sales % was lower by 155 bps over same quarter last year. Impact of weaker Rupee vis-à-vis USD was offset by lower input costs and selective prices increases.
- Other expenses were up by 30% largely due to higher A&SP spend.
- Non operating income during the quarter has gone up by Rs 64 mn over last year mainly due to higher investment income.
- EBITDA at Rs 1589 mn, grew by 18.7% over last year.
- Finance cost at Rs 18 mn was lower by 50 mn over last year. The drop in finance cost was due to conversion of US \$ 2.4 mn worth of FCCBs into Equity shares and the impact of restatement of year to date interest provision on the outstanding FCCBs, owing to strengthening of Rupee vis-à-vis USD.
- 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. 21.7 mn is carried forward in the Foreign Exchange Monetary Item Translation Difference Account. This amount is to be amortised over the period of the monetary liabilities i.e. upto 7th December, 2012.
- Profit from ordinary activities before Tax at Rs 1365 mn was up by 23.7% over the corresponding quarter last year.
- The combined impact of the above has resulted in Rs 225 mn increase in Profit after Tax from Rs 815mn last year to Rs 1040 mn, a growth of 27.6%

Half year ended 30th September 2012

Consolidated Performance

- Net Sales during the half year period was Rs 18975 mn, up by 16.7% over the same period last year.

- EBITDA during the period grew by 21.9%, from Rs 2970 mn last year to Rs 3622 mn in the current period.
- EBIT (before exceptional items) at Rs 3291 mn posted a growth of 23.7%.
- Profit (after tax) was higher by Rs 417 mn over LY to Rs 2235 mn.

Business segment wise performance

STANDALONE PERFORMANCE Rs mn	Quarter Ended				Half Year Ended			FOR YEAR ENDED
	Sep'12	June'12	Sep'11	% Change	Sep'12	Sep'11	% Change	Mar-12
Revenue								
Consumer and Bazaar Products	6,645	7,437	5,583	19.0%	14,082	11,687	-17.0%	22,262
Industrial Products	1,705	1,849	1,647	3.5%	3,553	3,316	-6.7%	6,363
Others	42	30	28	51.1%	72	62	-14.2%	145
Less : Inter Segment Revenue	(232)	(239)	(229)		(471)	(398)		(774)
Total Revenue	8,159	9,077	7,028	16.1%	17,236	14,667	-14.9%	27,995
Profit before Interest and Tax								
Consumer and Bazaar Products	1,495	1,999	1,275	17.2%	3,494	2,787	-20.2%	5,094
Industrial Products	166	226	213	-21.9%	392	450	14.8%	824
Others	(20)	(26)	(24)	-18.6%	(45)	(61)	35.4%	(108)
Total	1,641	2,199	1,464	12.1%	3,840	3,175	-17.3%	5,810
Interest	(3)	(83)	(59)	-94.3%	(87)	(99)		(212)
Unallocated Corporate Expenditure*	(272)	(284)	(300)	-9.1%	(556)	(545)		(1,158)
Profit before Tax	1,366	1,832	1,105	23.6%	3,198	2,531	-20.8%	4,441

* Net of Unallocated Income

CONSUMER AND BAZAAR PRODUCTS

- The segment revenue grew at 19% over same quarter last year driven by growth in volumes and higher price realisation.
- PBIT as a % to Sales for the quarter at 22.5% was down by 34bps as compared to same period last year. Owing to higher spend on advertisement and sales promotion, PBIT as a % to Sales is down by 438 bps vis-à-vis last quarter.

INDUSTRIAL PRODUCTS

- Sales of Industrial Products grew by 3.5% during the quarter. Sales were low in domestic market for all product categories – Adhesive, Resins and Pigments. Exports, however picked up with growth of 28% over last year.
- PBIT for the segment stands at Rs 166 mn as compared to Rs 213 mn in Q2 last year. Margins were impacted due to high material cost.
- PBIT as % to Sales came down to 9.7% in the current quarter as compared to 12.9% in the same period last year. In comparison to the immediately prior quarter, PBIT as % to Sales dropped by 249 bps.

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	Q2	Q2	H1	H1	FY
	2011-12	2012-13	2011-12	2012-13	2011-12
North America	321.1	381.7	665.3	820.2	1,276.0
South America	322.4	316.8	643.5	594.2	1,260.8
Middle East & Africa	80.2	72.4	167.4	161.1	295.9
South & South East Asia	106.2	119.6	201.0	261.4	417.0
Total	829.9	890.5	1,677.2	1,836.9	3,249.6

EBITDA* - Rs. Mn	Q2	Q2	H1	H1	FY
	2011-12	2012-13	2011-12	2012-13	2011-12
North America	8.1	11.8	42.0	34.1	62.3
South America	(19.5)	(43.7)	(24.5)	(87.8)	(93.4)
Middle East & Africa	(6.5)	1.1	(13.5)	0.8	(49.4)
South & South East Asia	13.6	16.1	26.2	45.2	45.0
Total	(4.4)	(14.6)	30.2	(7.7)	(35.4)

* before exception items

- Sales, in constant currency, grew by 5.7% over same quarter last year. However, due to the translation impact of exchange rate, reported sales are higher than last year by 7.3%.

Sales of the North American businesses grew by 18.8% on the back of a 28.3% growth in the student art material business. Sales in South America declined by 3.2% in the quarter as compared to a 14% decline in the first quarter. Middle East and African region sales were affected due to lower sales coming in from UAE. The operations in Egypt recorded sales growth of 44% during the quarter. The subsidiary in Bangladesh continued its strong performance.

With the exception of the business in South America, all other subsidiaries reported improved profitability over last year.

Financials

PIDILITE INDUSTRIES LIMITED
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208, Nariman Point, Mumbai - 400 021.

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30.09.2012

(Rs. In Lac)

Part I	Standalone						Consolidated						
	Unaudited			Audited			Unaudited			Audited			
	For the Quarter ended		For the Half year ended	For the Quarter ended		For the Half year ended	For the Quarter ended		For the Half year ended	For the Year ended			
Sr. No.	Particulars	30.09.2012	30.06.2012	30.09.2011	30.09.2012	30.09.2011	31.03.2012	30.09.2012	30.06.2012	30.09.2011	30.09.2012	30.09.2011	31.03.2012
1	Income from Operations												
	a) Net sale / Income from Operations (Net of excise duty)	81593	90767	70284	172360	146666	279952	89974	99780	78135	189754	162641	310974
	b) Other Operating Income	495	478	462	973	879	1681	496	479	462	975	879	1684
	Total Income from Operations (net)	82088	91245	70746	173333	147545	281633	90470	100259	78597	190729	163520	312658
2	Expenses												
	a) Cost of material consumed	40355	46765	38868	87120	76723	146459	43648	50409	42132	94057	83715	160166
	b) Purchase of stock-in-trade	4057	3960	3919	8017	7295	13161	5109	5557	4866	10666	9106	17325
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	879	(348)	(2684)	531	(1302)	(2876)	1304	(457)	(2551)	847	(1247)	(3459)
	d) Employee benefits expense	7278	7878	6414	15150	13002	20110	9057	9073	8086	18730	10389	32023
	e) Depreciation and amortisation expense	1282	1237	1182	2519	2338	4793	1698	1614	1561	3312	3096	6373
	f) Other expenses	14843	13921	11415	28764	23744	49283	17008	16178	12989	33186	27137	56740
	Total Expenses	68694	73413	59114	142107	121860	236936	77824	82974	67083	160798	138196	269768
3	Profit from operations before other income, finance cost & exceptional items	13394	17832	11632	31226	25685	44697	12646	17285	11514	29931	25324	42890
4	Other Income	1214	1392	573	2606	1277	4277	1383	1595	481	2978	1283	4347
5	Profit from ordinary activities before finance cost and exceptional items	14608	19224	12205	33832	26962	48974	14029	18880	11995	32909	26607	47237
6	Finance Cost	181	912	676	1093	1151	2450	406	1109	823	1515	1508	3072
7	Profit from ordinary activities after finance cost but before exceptional items	14427	18312	11529	32739	25811	46524	13623	17771	11172	31394	25099	44165
8	Exceptional items	0	-	-	-	-	1263	-	-	-	-	-	-
9	Profit from ordinary activities before Foreign Exchange Difference Expense/(Income)	14427	18312	11529	32739	25811	45261	13623	17771	11172	31394	25099	44165
10	Foreign Exchange Difference Expense/(Income)	772	(10)	489	762	507	850	810	(7)	531	803	526	896
11	Profit from ordinary activities before tax	13655	18322	11040	31977	25304	44411	12813	17778	10641	30591	24573	43267
12	Tax Expense	3253	4984	2887	8237	6380	10961	3250	4991	2898	8241	6396	11003
13	Net Profit from ordinary activities after tax	10402	13338	8153	23740	18924	33450	9563	12787	7743	22350	18175	32264
14	Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-	-
15	Net Profit for the period	10402	13338	8153	23740	18924	33450	9563	12787	7743	22350	18175	32264
16	Share of Profit/(Loss) of associates *	-	-	-	-	-	-	5	19	(63)	24	(24)	204
17	Minority Interest	-	-	-	-	-	-	(2)	(4)	38	(6)	28	(30)
18	Net Profit after taxes, minority interest and shares of profit/(loss) in associates	10402	13338	8153	23740	18924	33450	9566	12802	7718	22368	18179	32438
19	Paid-up equity share capital (Face value of share : Re. 1/-)	5086	5077	5077	5086	5077	5077	5086	5077	5077	5086	5077	5077
20	Paid-up debt capital	22294	-	22310	22294	22310	23056	-	-	-	-	-	-
21	Reserves excluding revaluation reserve as at balance sheet date	-	-	-	-	-	132645	-	-	-	-	-	127536
22	Debt Redemption Reserve	-	-	-	10145	6922	9356	-	-	-	-	-	-
23(i)	Earnings per share (before extraordinary item) (of Re. 1/- each) :												
	a) Basic	@ 2.05	@ 2.63	@ 1.61	@ 4.68	@ 3.73	6.59	@ 1.88	@ 2.52	@ 1.52	@ 4.41	@ 3.58	6.39
	b) Diluted	@ 2.00	@ 2.57	@ 1.57	@ 4.57	@ 3.64	6.43	@ 1.84	@ 2.46	@ 1.48	@ 4.30	@ 3.49	6.23
23(ii)	Earnings Per Share (after extraordinary items) (of Re. 1/- each) :												
	a) Basic	@ 2.05	@ 2.63	@ 1.61	@ 4.68	@ 3.73	6.59	@ 1.88	@ 2.52	@ 1.52	@ 4.41	@ 3.58	6.39
	b) Diluted	@ 2.00	@ 2.57	@ 1.57	@ 4.57	@ 3.64	6.43	@ 1.84	@ 2.46	@ 1.48	@ 4.30	@ 3.49	6.23
24	Debt Equity Ratio	-	-	-	0.21	0.29	0.23	-	-	-	-	-	-
25	Debt Service Coverage Ratio	-	-	-	33.05	7.74	9.69	-	-	-	-	-	-
26	Interest Service Coverage Ratio	-	-	-	37.90	26.55	21.97	-	-	-	-	-	-
PART II													
A PARTICULARS OF SHAREHOLDING													
1	Public Shareholding												
	- Number of Shares	149418066	148479746	149679746	149418066	149679746	148479746						
	- Percentage of Shareholding	29.38	29.25	29.48	29.38	29.48	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	359168880	357968880	359166880	357968880	359166880						
	- Percentage of Shares (as a % of the total shareholding of promoter and of promoter group)	100	100	100	100	100	100						
	- Percentage of Shares (as a % of the total share capital of the Company)	70.62	70.75	70.52	70.62	70.52	70.75						
	Particulars	3 months ended 30.09.2012											
B INVESTOR COMPLAINTS													
	Pending at the beginning of the quarter	Nil											
	Received during the quarter	2											
	Disposed of during the quarter	2											
	Remaining unresolved at the end of the quarter	Nil											
*	Less than Rs. 1 Lac												
@	For the period only and not annualised.												

Contd --- 2---

- a Paid up Debt Capital includes Non Convertible Debentures and Foreign Currency Convertible Bonds.
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*)
* Principal repayment for the period excludes amount on conversion of FCCB into Equity Shares.

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 Half year ended		For the Year ended	For the Quarter ended			For the Half year ended		For the Year ended
		30.09.2012	30.06.2012	30.09.2011	30.09.2012	30.09.2011	31.03.2012	30.09.2012	30.06.2012	30.09.2011	30.09.2012	30.09.2011	31.03.2012
1	Segment Revenue												
	a) Consumer & Bazaar Products	66452	74369	55828	140821	116867	221564	74833	83382	63679	158215	132842	252586
	b) Industrial Products	17045	18486	16465	35531	33164	64050	17045	18486	16465	35531	33164	64050
	c) Others	417	301	276	718	616	1448	417	301	276	718	616	1448
	Total	83914	93156	72569	177070	150647	287062	92295	102169	80420	194464	166622	318084
	Less : Inter Segment Revenue	2321	2389	2285	4710	3981	7110	2321	2389	2285	4710	3981	7110
	Net Segment Revenue	81593	90767	70284	172360	146666	279952	89974	99780	78135	189754	162641	310974
2	Profit before Interest and Tax												
	a) Consumer & Bazaar Products	14946	19989	12741	34935	27858	50205	14459	19804	12366	34264	27434	49606
	b) Industrial Products	1663	2256	2130	3919	4498	8061	1663	2256	2130	3919	4498	8061
	c) Others	(197)	(255)	(242)	(452)	(612)	(1078)	(197)	(255)	(242)	(452)	(612)	(1078)
	Total	16412	21990	14629	38402	31744	57188	15925	21805	14254	37731	31320	56589
	Less : i) Interest	34	833	592	866	991	2118	219	988	708	1207	1292	2590
	ii) Other unallocable expenditure - net of unallocable income	2723	2835	2997	5559	5449	10659	2893	3039	2905	5933	5455	10732
	Total Profit Before Tax	13655	18322	11040	31977	25304	44411	12813	17778	10641	30591	24573	43267
3	Capital Employed												
	a) Consumer & Bazaar Products	48539	47498	49208	48539	49208	44073	67996	60946	66061	67996	66061	63377
	b) Industrial Products	20881	20208	23678	20881	23678	19660	20881	20208	23678	20881	23678	19660
	c) Others	4632	4545	4553	4632	4553	4308	4632	4545	4553	4632	4553	4308
	d) Unallocated	88355	78808	56966	88355	56966	69681	62794	53700	32483	62794	32483	45268
	Total Capital Employed	162407	151059	134405	162407	134405	137722	156303	139399	126775	156303	126775	132613

UNAUDITED STATEMENT OF ASSETS AND LIABILITIES AS AT 30.09.2012

(Rs. In Lac)

	Standalone		Consolidated	
	30.09.2012	31.03.2012	30.09.2012	31.03.2012
A EQUITY AND LIABILITIES				
1 Shareholders' funds				
a) Share capital	5086	5077	5086	5077
b) Reserves and Surplus	157321	132645	151217	127536
Sub-total-shareholders' funds	162407	137722	156303	132613
2 Minority Interest			63	53
3 Non-current liabilities				
a) Long-term borrowings	8997	9230	9110	9230
b) Deferred tax liabilities (net)	4430	4543	4571	4680
c) Long-term provisions	1381	1261	1445	1335
Sub-total-Non-current liabilities	14808	15034	15126	15245
4 Current liabilities				
a) Short-term borrowings	1246	-	7319	5598
b) Trade payables	13752	17023	16952	20538
c) Other current liabilities	56104	48157	57260	49613
d) Short-term provisions	4528	12663	5284	13326
Sub-total-Current liabilities	75630	77843	86815	89075
TOTAL - EQUITY AND LIABILITIES	252845	230599	258307	236986
B ASSETS				
1 Non-current assets				
a) Fixed Assets	93103	86726	107328	101149
b) Non-current investments	25291	24188	986	737
c) Long-term loans and advances	2048	2495	2123	2582
d) Other non-current assets	107	14	107	94
Sub- total- Non- current assets	120549	113423	110544	104562
2 Current assets				
a) Current investments	9900	9092	9903	9092
b) Inventories	40336	39630	46120	45413
c) Trade receivables	41542	32612	49245	39519
d) Cash and bank balances	30834	25765	32250	27322
e) Short-term loans and advances	8306	9023	8867	10026
f) Other current assets	1378	1054	1378	1052
Sub- total-Current assets	132296	117176	147763	132424
TOTAL- ASSETS	252845	230599	258307	236986

Notes:

- The above results have been reviewed by the Audit Committee on 29th October, 2012 and taken on record by the Board of Directors at their meeting held on 30th October, 2012.
- The Statutory Auditors have carried out a "Limited Review" of the standalone financial results for the quarter ended 30th September, 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. 216.84 lacs is carried forward in the Foreign Exchange Monetary Item Translation Difference Account as on 30th September, 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.67.64 lacs to the carrying cost of the fixed assets and Rs.453 lacs is amortised and charged off to the Statement of Profit & Loss for above referred period.
- Unallocated Capital Employed as at 30th September 2012 includes a) Capital Work in Progress of Rs.36587 lacs (30th September 2011 Rs.34042 lacs) of Synthetic Elastomer Project presently under implementation b) Short term investments in units of mutual funds/ term deposit with banks Rs.31000 Lacs (30th September 2011 Rs.17130 lacs).
- During the quarter, FCCBs aggregating US\$ 2.4 million have been converted into equity shares, resulting into increase in paid-up share capital of the Company by 936,320 equity shares of Re. 1 each. Consequently, interest aggregating Rs. 244 lacs provided for on such FCCBs earlier has been written back and credited to finance cost
- In September 2012, a Joint Venture Company was incorporated for manufacture of construction chemicals. The Company will be holding 60% of the shareholding in the Joint Venture Company and the shares have been allotted after 30th September, 2012.
- Previous period figures are regrouped wherever necessary.

Mumbai
Dated 30th October, 2012

M.B.PAREKH
Managing Director