Pidilite

February 2, 2015

BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001
Stock Code : 500331

National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051
Stock Code : PIDILITIND

Sub: Investor Update

Dear Sir,

Please find attached the Investor Update for the quarter and nine months ended 31st December, 2014.

Thanking you,

Yours faithfully,
for **PIDILITE INDUSTRIES LIMITED**

SECRETARY

Encl: a/a

Pidilite Industries Limited

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Pidilite Industries Limited

Investor Update

Quarter and period ended December 2014

Coverage

- Financial Highlights
- Business segment wise
- Overseas subsidiaries performance
- Financial Results

Investor Communication

This investor update covers the Company's performance for quarter and nine months ended 31st December 2014.

Contact information

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Financial Highlights

Quarter ended 31st December 2014

Consolidated Performance

- Net sales at Rs 11,963 M grew by 12.6% over the same quarter last year.
- Material cost, as a % to sale, increased by 90 Bps as compared to same quarter last year.
- Other expenses during the quarter were lower than last year by 2.9% mainly due to lower A & SP spends.
- EBIDTA, before non-operating income & exceptional items at Rs 1,934 M grew by 22.0%.
- Profit before tax in current quarter is Rs 1,618 M, a growth of 24.9%.

Standalone Performance

- Net sales at Rs 10,757 M grew by 12.2% over same quarter last year. This was driven by a 12.5% growth in sales of Consumer & Bazaar products and 5.2% growth in Industrial Products.

- Material cost, as a % to sales, is higher than same quarter last year by 66 Bps but 93 bps lower than the immediately preceding quarter.

- Other expenses during the quarter were lower than last year by 3.3% mainly due to lower A & SP spends.

- EBITDA, before non-operating income & exceptional items at Rs 1,882 M is higher by 22.2% over the same quarter last year.

- Other income is lower by 41.2% due to lower investment income.

- As per the requirement of the provisions of Schedule II of the Companies Act, 2013 (the "Act"), the Management has decided to adopt the useful lives as suggested in Part C of Schedule II of the Act with effect from 1st April, 2014 for all its fixed assets. Accordingly, depreciation for the quarter is higher by Rs. 41.7 Million.

- Profit before Tax at Rs 1,607 is higher than last year by 22.6% and Profit after Tax is higher by 26.1%.

Nine months ended 31st December 2014

Consolidated Performance

- Net sales at Rs 37,830 M grew by 15.5% over the same period last year.

- Material cost to sales % is higher than last year by 139 bps largely due to higher VAM prices.

- EBIDTA, before non-operating income & exceptional items at Rs 6,400 M grew by 11.2%.

- EBIT (before exceptional items) at Rs 5,920 M posted a growth of 9.8%.

- Profit before Tax (before exceptional items) grew by 10.9% over last year.

- Profit before tax at Rs 5,750 M grew by 11.5%.

Standalone Performance

- Net sales at Rs 34,124 M grew by 15.5% over the same period last year.
- Material cost to sales % is higher than last year by 152 bps.
- EBIDTA, before non-operating income & exceptional items at Rs 6,238 M grew by 11.2%.
- Profit before Tax (before exceptional items) grew by 8.7% over last year.
- Profit before tax at Rs 5,683 M grew by 9.1%.

Business segment wise performance

(Values in Rs Millions)

Particulars	Quarter ended			Nine months ended		
	Dec-14	Dec-13	% Change	Dec-14	Dec-13	% Change
1. Segment Revenue						
a) Consumer & Bazaar Products	8,803	7,822	12.5%	28,106	24,121	16.5%
b) Industrial Products	2,039	1,939	5.2%	6,535	5,963	9.6%
c) Others	123	69	79.3%	353	236	49.7%
Total	10,965	9,829	11.6%	34,994	30,321	15.4%
Less : Inter Segment Revenue	207	242	-14.4%	871	783	11.2%
Total revenue	**10,757**	**9,587**	**12.2%**	**34,124**	**29,538**	**15.5%**
Segment Results						
a) Consumer & Bazaar Products	1,893	1,559	21.4%	6,303	5,905	6.7%
b) Industrial Products	251	181	39.0%	679	619	9.7%
c) Others	-28	-37	-24.5%	-72	-41	77.0%
Total	2,116	1,703	24.3%	6,909	6,483	6.6%
Less:						
Interest	35	25	39.6%	62	85	-26.9%
Other unallocable expenditure net of unallocable income	474	367	29.2%	1,165	1,205	-3.3%
Total Profit Before Tax	**1,607**	**1,310**	**22.6%**	**5,682**	**5,193**	**9.4%**

Quarter ended 31st December 2014

CONSUMER AND BAZAAR PRODUCTS

- Segment revenue grew by 12.5%.
- Segment Profit Before Tax and Interest (PBIT) grew by 21.4%.

INDUSTRIAL PRODUCTS

- Segment revenue grew by 5.2%.
- Segment PBIT for the quarter grew by 39.0%.

Nine months ended 31st December 2014

CONSUMER AND BAZAAR PRODUCTS

- Segment revenue grew by 16.5% & Segment Profit Before Tax and Interest (PBIT) grew by 6.7%

INDUSTRIAL PRODUCTS

- Segment revenue grew by 9.6% & Segment PBIT grew by 9.7%.

Overseas subsidiaries performance

- The Company has 14 Overseas subsidiaries (4 direct and 10 step-down) including those having manufacturing and selling operations in USA, Brazil, Thailand, Dubai, Egypt and Bangladesh.

- During the quarter, the Company along with its wholly owned subsidiary Pidilite International Pte ltd. has incorporated a subsidiary company named "Pidilite Chemical PLC" in Ethiopia for manufacture of adhesives, mastics, paints, varnishes or similar coatings, printing, writing and painting inks etc.

- The performance of the following geographies, **in constant currency terms**, is detailed below.

Sales - Rs mn	Q3 2013-14	Q3 2014-15	YTD 2013-14	YTD 2014-15
North America	449.0	487.4	1,472.4	1,669.6
South America	396.5	384.7	1,086.1	1,055.9
Middle East & Africa	90.4	162.6	245.9	412.5
South & South East Asia	213.1	229.5	618.5	714.8
Total	**1,149.0**	**1,264.2**	**3,423.0**	**3,852.9**

EBITDA- Rs mn	Q3 2013-14	Q3 2014-15	YTD 2013-14	YTD 2014-15
North America	29.8	18.5	107.8	111.0
South America	(15.7)	(15.7)	(48.4)	(61.9)
Middle East & Africa	(12.8)	(11.2)	(47.3)	(20.5)
South & South East Asia	36.5	38.0	120.5	135.9
Total	**37.8**	**29.6**	**132.6**	**164.5**

Sales in constant currency grew by 10.0% during the quarter. However, due to translation impact the reported sales show a growth of 15.2%.

North America:

- **For the Quarter:** Sales of Cyclo (Car care chemicals) grew by 4.3% and that of Sargent Art (Art Materials) grew by 14.1%. Margins in Cyclo business declined by 440 bps due to change in product mix and margins in Sargent Art declined by 80 bps. EBITDA was lower by 37.8% to Rs 18.5 M in Q3 mainly due to lower margins.

- **For the period ended 31st December 2014:** Sales of Sargent Art grew by 22.9% and that of Cyclo grew by 4.3%. EBIDTA increased by 3.0%.

South America:

- **For the Quarter:** Sales declined by 3.0%. Margins improved by 20 Bps over LY due to price increase. Loss at EBIDTA level at Rs. 15.7 M is same as last year.

- **For the period ended 31st December 2014:** Sales declined by 2.8%. Loss at EBIDTA level increased by 27.9% mainly due to low sales, higher tax & litigation legal expenses and one-time expenses to implement operational changes.

Middle East & Africa:

- **For the Quarter:** Sales grew by 224.9% in Dubai and Egypt sales grew by 25.6%. Loss at EBIDTA level declined by 11.9%.

- **For the period ended 31st December 2014:** Sales grew by 67.7%, with Egypt growing at 23.4% and Dubai sales grew by 199.5%. Loss at EBITDA level declined by 56.6% to Rs 20.5 M mainly due to high sales growth.

South & South East Asia:

- **For the Quarter:** Sales grew by 7.7% & EBIDTA increased by 4.2%.

- **For the period ended 31st December 2014:** Sales grew by 15.6% and EBIDTA increased by 12.8%.

PIDILITE INDUSTRIES LIMITED

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CIN : L24100MH1969PLC014336

STATEMENT OF STANDALONE & CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31.12.2014

(Rs. In Lakhs)

	Part I	Standalone						Consolidated					
Sr. No.	Particulars	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
		31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.03.2014	31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.03.2014
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Income from Operations**												
	a) Net sales / Income from Operations (Net of excise duty)	107573	112939	95868	341236	295376	385607	119634	124856	106255	378300	327543	426059
	b) Other Operating Income	585	608	624	1758	1717	2217	585	608	624	1758	1717	2261
	Total Income from Operations (net)	**108158**	**113547**	**96492**	**342994**	**297093**	**387824**	**120219**	**125464**	**106879**	**380058**	**329260**	**428320**
2	Expenses												
	a) Cost of materials consumed	57854	59195	47756	176968	145461	200228	64478	64228	52194	193601	158294	218143
	b) Purchases of stock-in-trade	4405	4127	4068	12548	14187	18005	5547	5376	5061	16454	18639	23848
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2237)	746	1034	2630	2271	(4226)	(2941)	521	1376	2531	2659	(5860)
	d) Employee benefits expense	10357	10453	8622	31180	26538	35826	12756	12804	10736	38353	32730	44200
	e) Depreciation and amortisation expense	2777	2884	1807	7939	5022	6863	3070	3132	2126	8720	6129	8116
	f) Other expenses	18960	18772	19607	57287	52515	70190	21038	21910	21662	65117	59376	80289
	Total Expenses	**92116**	**96177**	**82894**	**288552**	**245994**	**326886**	**103948**	**107971**	**93155**	**324776**	**277827**	**368736**
3	**Profit from operations before other Income, finance costs and exceptional items (1-2)**	**16042**	**17370**	**13598**	**54442**	**51099**	**60938**	**16271**	**17493**	**13724**	**55282**	**51433**	**59584**
4	Other Income	409	1350	695	3497	2461	4294	614	1507	708	3921	2495	4486
5	**Profit from ordinary activities before finance costs and exceptional Items (3+4)**	16451	18720	14293	57939	53560	65232	16885	19000	14432	59203	53928	64070
6	Finance Costs	349	144	250	618	845	969	560	271	501	1100	1523	1633
7	**Profit from ordinary activities after finance costs but before exceptional items (5-6)**	**16102**	**18576**	**14043**	**57321**	**52715**	**64263**	**16325**	**18729**	**13931**	**58103**	**52405**	**62437**
8	Exceptional items	-	-	637	491	637	650	-	-	637	491	637	650
9	**Profit from ordinary activities before Foreign Exchange Difference Expense/ (Income) (7-8)**	**16102**	**18576**	**13406**	**56830**	**52078**	**63613**	**16325**	**18729**	**13294**	**57612**	**51768**	**61787**
10	Foreign Exchange Difference Expense / (Income)	35	4	302	6	144	513	142	4	335	113	180	555
11	**Profit from ordinary activities before tax (9-10)**	**16067**	**18572**	**13104**	**56824**	**51934**	**63100**	**16183**	**18725**	**12959**	**57499**	**51588**	**61232**
12	Tax Expense	3695	4908	3293	14360	13936	16239	3769	5002	3335	14597	14067	16527
13	**Net Profit from ordinary activities after tax (11-12)**	**12372**	**13664**	**9811**	**42464**	**37998**	**46861**	**12414**	**13723**	**9624**	**42902**	**37521**	**44705**
14	Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-	-
15	**Net Profit for the period (13-14)**	**12372**	**13664**	**9811**	**42464**	**37998**	**46861**	**12414**	**13723**	**9624**	**42902**	**37521**	**44705**
16	Share of Profit of associate	-	-	-	-	-	-	65	194	111	360	180	304
17	Minority Interest	-	-	-	-	-	-	(43)	(27)	(11)	(70)	(30)	(29)
18	**Net Profit after taxes, minority interest and share of profit of associate (15+16+17)**	**12372**	**13664**	**9811**	**42464**	**37998**	**46861**	**12436**	**13890**	**9724**	**43192**	**37671**	**44980**
19	Paid-up Equity Share Capital (Face value of share : Re. 1/-)	5127	5126	5126	5127	5126	5126	5127	5126	5126	5127	5126	5126
20	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year						198826						190136
21	Earnings per share (before and after extraordinary item)(of Re.1/- each) :												
	a) Basic	@ 2.41	@ 2.67	@ 1.91	@ 8.28	@ 7.41	9.14	@ 2.43	@ 2.71	@ 1.90	@ 8.43	@ 7.35	8.77
	b) Diluted	@ 2.41	@ 2.67	@ 1.91	@ 8.28	@ 7.41	9.14	@ 2.42	@ 2.71	@ 1.90	@ 8.42	@ 7.35	8.77

	PART II Select information for the Quarter and Nine months ended 31.12.2014						
A	**PARTICULARS OF SHAREHOLDING**						
1	**Public Shareholding**						
	- Number of Shares	154789030	153768530	153468784	154789030	153468784	153468784
	- Percentage of Shareholding	30.19	30.00	29.94	30.19	29.94	29.94
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	357873800	358873800	359173546	357873800	359173546	359173546
	- 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)	69.81	70.00	70.06	69.81	70.06	70.06

	Particulars	3 months ended 31.12.2014
B	**INVESTOR COMPLAINTS**	
	Pending at the beginning of the quarter	0
	Received during the quarter	15
	Disposed of during the quarter	13
	Remaining unresolved at the end of the quarter	2

@ For the period only and not annualised.

REPORTING OF SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs. In Lakhs)

Sr. No.	Particulars	Standalone						Consolidated					
		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
		31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.03.2014	31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.03.2014
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Segment Revenue**												
	a) Consumer & Bazaar Products	88025	91347	78220	281062	241211	311089	100086	103264	88607	318126	273378	351541
	b) Industrial Products	20389	23271	19386	65348	59633	81567	20389	23271	19386	65348	59633	81567
	c) Others	1233	1191	686	3534	2361	3411	1233	1191	686	3534	2361	3411
	Total	109647	115809	98292	349944	303205	396067	121708	127726	108679	387008	335372	436519
	Less : Inter Segment Revenue	2074	2870	2424	8708	7829	10460	2074	2870	2424	8708	7829	10460
	Net Sales / Income From Operations	**107573**	**112939**	**95868**	**341236**	**295376**	**385607**	**119634**	**124856**	**106255**	**378300**	**327543**	**426059**
2	**Segment Results**												
	a) Consumer & Bazaar Products	18928	19971	15590	63028	59048	71323	18966	20094	15683	63677	59346	69883
	b) Industrial Products	2507	2671	1806	6787	6189	8025	2507	2671	1806	6787	6189	8025
	c) Others	(277)	(119)	(371)	(724)	(409)	(716)	(277)	(119)	(371)	(724)	(409)	(716)
	Total	21158	22523	17025	69091	64828	78632	21196	22646	17118	69740	65126	77192
	Less : i) Interest	349	144	250	618	845	969	560	271	501	1100	1523	1633
	ii) Other Unallocable Expenditure - Net Of Unallocable Income	4742	3807	3671	11649	12049	14563	4453	3650	3658	11141	12015	14327
	Total Profit Before Tax	**16067**	**18572**	**13104**	**56824**	**51934**	**63100**	**16183**	**18725**	**12959**	**57499**	**51588**	**61232**
3	**Capital Employed**												
	a) Consumer & Bazaar Products	98694	93686	53448	98694	53448	61328	128008	121289	82630	128008	82630	85013
	b) Industrial Products	25400	25124	32131	25400	32131	24911	25400	25124	32131	25400	32131	24911
	c) Others	3780	3686	4124	3780	4124	4082	3780	3686	4124	3780	4124	4082
	d) Unallocated	117241	110243	121537	117241	121537	113631	80711	75239	92033	80711	92033	81256
	Total Capital Employed	**245115**	**232739**	**211240**	**245115**	**211240**	**203952**	**237899**	**225338**	**210918**	**237899**	**210918**	**195262**

Notes:

1. The above results have been reviewed by the Audit Committee on 27th January, 2015 and approved by the Board of Directors at their meeting held on 28th January, 2015.

2. The Statutory Auditors have carried out a "Limited Review" of the standalone unaudited financial results for the quarter and nine months ended 31st December, 2014.

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) and Accounting Standard (AS-23) comprise the results of Pidilite Industries Ltd. (Holding Company), 20 subsidiary companies, two partnership firms and one associate Company.

4. Unallocated Capital Employed as at 31st December, 2014 includes a) Capital Work in Progress of Rs. 36549 lakhs (31st December, 2013 Rs. 36850 lakhs) of Synthetic Elastomer Project b) Investments in units of mutual funds/ term deposit with banks and others Rs. 31434 lakhs (31st December 2013 Rs. 29061 lakhs).

5. As per the requirement of the provisions of Schedule II of the Companies Act, 2013 (the "Act"), the Management has decided to adopt the useful lives as suggested in Part C of Schedule II of the Act with effect from 1st April, 2014 for all its fixed assets. Accordingly, depreciation for the quarter is higher by Rs. 417 lakhs and for the period ended 31st December, 2014 is higher by Rs.1909 lakhs.

6. During the period, management reassessed that the economic benefits derived from goodwill will be for atleast 10 years and accordingly has revised the amortisation of goodwill from 5 years to 10 years. Due to the revision, depreciation for the quarter is lower by Rs.229 lakhs and profit before tax is higher by Rs.229 lakhs; and depreciation for nine months is lower by Rs.262 lakhs and profit before tax is higher by Rs.262 lakhs.

7. Exceptional item in standalone and consolidated results for the periods ended 31st December, 2014 relates to payment made to employees towards Voluntary Retirement Scheme.

8. During the quarter, the Company alloted 20,500 Equity Shares of face value of Re. 1 each on exercise of stock options to the eligible employees under Employee Stock Option Scheme- 2012.

9. During the quarter, the Company alongwith its Wholly owned subsidiary Pidilite International Pte Ltd. has incorporated a subsidiary company named "Pidilite Chemical PLC" in Ethiopia for manufacture of adhesives, mastics, paints, varnishes or similar coatings, printing, writing and painting inks etc.

10. Previous period figures are regrouped wherever necessary.

Mumbai
Dated : 28th January, 2015

M.B.PAREKH
Chairman & Managing Director