Pidilite

May 30, 2014

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 year ended 31st March, 2014.

Thanking you,

Yours faithfully,
for **PIDILITE INDUSTRIES LIMITED**

SECRETARY

Encl: a/a

Pidilite Industries Limited

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CIN : L24100MH1969PLC014336

Pidilite Industries Limited

Investor Update

Quarter and Year ended March 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 year ended 31st March 2014.

Contact information

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Financial Highlights

Quarter ended 31st March 2014

Consolidated Performance

- Net sales at Rs 9,855 Million grew by 18.2% over the same quarter last year
- Material cost as % of net sales increased by 370 bps mainly due to increase in cost of VAM, key raw material for the company, caused by global demand supply mismatch and higher US $ rate in the quarter as compared to the same quarter last year
- Expenses (Employee and Other) grew by 17.5%

- EBITDA from operations before other income, finance costs & exceptional items declined by 12.4 %
- Profit from operations before other income, finance costs & exceptional items declined by 17% mainly due to higher material cost and higher losses in overseas subsidiaries
- PBT at Rs 964 Million declined by 16.7%
- PAT at Rs 718 Million declined by 10.2%

Standalone Performance

- Net sales at Rs 9,023 Million grew by 19.4% over same quarter last year. This was driven by a 19.1% growth in sales of consumer & bazaar products and 17.2% growth in industrial products.
- Material cost as % of sales increased by 400 bps mainly due to increase in cost of VAM caused by global demand supply mismatch and higher US $ rate as compared to the same quarter last year
- Expenses (Employee and Other) grew by 16.7%
- EBITDA from operations before other income, finance costs & exceptional items declined by 5.8%.
- Profit from operations before other income, finance costs & exceptional items declined by 10.6% mainly due to higher material cost
- Profit Before Tax at Rs 1,117 declined by 16.9%
- PBT declined at higher rate than EBITDA decline mainly due to exceptional gain (details are included in published accounts) last year, lower non-operating income this year and higher foreign exchange difference (on exports receivables due to rupee appreciation) this year.
- Subject to the approval of the shareholders at the Annual General Meeting, The Board has recommended a dividend of Rs. 2.70 per Equity share of Re 1/- each for the financial year 2013-14 as compared to Rs 2.60 per equity share declared last year. The payout ratio will be 34.6% compared to 33.8% last year.

Year ended 31st March 2014

Consolidated Performance

- Net sales at Rs 42,606 M grew by 16.5% over the same period last year.
- Material cost as % of sales increased 30 bps.
- Expenses (Employee and Others) grew 16.5%.
- EBITDA from operations before other income, finance costs & exceptional items grew by 13.8%.

- Profit from operations before other income, finance costs & exceptional items grew by 13.2%.
- Profit before tax at Rs 6,123 M grew by 5.3%
- PBT growth is lower than EBITDA growth due to higher other income last year (mainly due to sale of spent catalyst last year), exceptional gain of Rs 183 lacs last year & exceptional loss of Rs 650 lacs this year and higher foreign exchange difference expense (on exports receivables due to rupee appreciation). Details of exception gain and loss are included in published accounts
- PAT at Rs 4,471 Million grew by 6.0%

Standalone Performance

- Net sales at Rs 38,561 M grew by 16.4% over the same period last year.
- Material cost to sales % was 50 bps higher than last year mainly due to increase in material cost in last quarter
- Expenses (Employee and Others) grew 17.6%
- EBITDA from operations before other income, finance costs & exceptional items grew by 7.5%.
- Profit from operations before other income, finance costs & exceptional items grew by only 9.5% due to higher material cost and higher growth of expenses as compared to sales growth
- Profit before tax at Rs 6,310 M grew by 1.8%.
- PBT growth is lower than EBITDA growth due to higher other non-operating income last year (mainly due to sale of spent catalyst last year), exceptional gain of Rs 594 lacs last year and exceptional loss of Rs 650 lacs this year and higher foreign exchange difference expense (on exports receivables due to rupee appreciation). Details of exception gain and loss are included in published accounts
- Consolidated profit growth is higher than stand-alone profit growth due to reduction in losses in overseas subsidiaries

Business segment wise performance

(Values in Rs Millions)

Segment	Quarter ended			Year ended		
	Mar-14	Mar-13	% change	Mar-14	Mar-13	% change
Segment Revenue						
a) Consumer & Bazaar Products	6,988	5,867	19.1%	31,109	26,743	16.3%
b) Industrial Products	2,193	1,872	17.2%	8,157	7,082	15.2%
c) Others	105	66	60.0%	341	198	71.9%
Total	9,286	7,805	19.0%	39,607	34,024	16.4%
Less : Inter Segment Revenue	263	250	5.1%	1,046	906	
Total revenue	9,023	7,554	19.4%	38,561	33,118	16.4%
Segment Results						
a) Consumer & Bazaar Products	1,228	1,363	-10.0%	7,132	6,445	10.7%
b) Industrial Products	184	232	-21.0%	803	807	-0.6%
c) Others	(31)	(27)	13.3%	(72)	(97)	-26.1%
Total	1,380	1,569	-12.0%	7,863	7,155	9.9%
Less:						
Interest	12	29	-56.6%	97	80	20.8%
Unallocated Corporate Expenditure	251	197	27.8%	1,456	879	65.6%
Total Profit Before Tax	1,117	1,343	-16.9%	6,310	6,196	1.8%

Quarter ended 31st March 2014 - Standalone

CONSUMER AND BAZAAR PRODUCTS

- Segment revenue grew by 19.1%
- Segment PBIT declined by 10.0% due to higher input costs and higher A & SP spends.

INDUSTRIAL PRODUCTS

- Segment revenue grew by 17.2% led by strong growth in exports.
- Segment PBIT for the quarter declined by 21.0% mainly due to higher input costs.

Year Ended 31st March 2014 – Standalone

CONSUMER AND BAZAAR PRODUCTS

- Segment revenue grew by 16.3% & Segment Profit Before Tax and Interest (PBIT) grew by 10.7%

INDUSTRIAL PRODUCTS

- Segment revenue grew by 15.2% & Segment PBIT were same as last year mainly due to higher input costs.

Unallocated Corporate Expenditure net of unallocable income, has increased due to lower other income, which has declined from Rs. 927 M last year to Rs. 621 M in current year.

Overseas subsidiaries performance

- The Company has 13 overseas subsidiaries (4 direct and 9 step-down) including those having manufacturing and selling operations in USA, Brazil, Thailand, Dubai, Egypt and Bangladesh.
- The performance of the following geographies, **in constant currency terms**, is detailed below

Sales - Rs mn	Q4 2012-13	Q4 2013-14	YTD 2012-13	YTD 2013-14
North America	372.0	357.3	1,687.6	1,729.0
South America	277.1	287.4	1,217.2	1,441.1
Middle East & Africa	70.2	103.4	303.6	336.3
South & South East Asia	169.9	190.2	628.7	781.4
Total	889.2	938.3	3,837.1	4,287.8

EBITDA- Rs mn	Q4 2012-13	Q4 2013-14	YTD 2012-13	YTD 2013-14
North America	(28.0)	(8.6)	31.5	93.0
South America	(59.7)	(112.5)	(177.0)	(164.1)
Middle East & Africa	(13.0)	(4.1)	(28.4)	(47.8)
South & South East Asia	13.1	15.5	80.5	128.0
Total	(87.5)	(109.7)	(93.4)	9.2

Sales in constant currency grew by 5.5% during the quarter. However, due to translation impact the reported sales show a growth of 8.4%. Comments below are based on constant currency

North America:

- **For the Quarter:** Sales of Cyclo (Car care chemicals) business grew by 4.8%. Sales of Sargent Art (Art Materials) business declined by 12.4% mainly due to the impact of adverse weather resulting in delay in shipments.

  Gross margins improved by 260 bps over last year due to price increase and other margin improvement initiatives taken during the year. EBITDA loss during quarter declined by 69% to Rs 8.6 Million due to improvement in margin and provision for doubtful debts of a large customer last year

For the year ended 31st March 2014: Sales of Cyclo business grew by 3.5 % and sales of Sargent Art business grew by 1.4%. Gross margins improved by 200 bps. EBIDTA grew by 195% due to improvement in margins and provision for doubtful debts of a large customer last year

South America:

- **For the Quarter:** Sales grew by 3.6%. Gross margins improved by 420 bps over LY. EBITDA loss increased from Rs 59.7 Million to Rs. 112.5 Million due to low sales growth, costs related to restructuring of manufacturing operations and higher legal & tax expenses / provisions.
- **For the year ended 31st March 2014:** Sales grew by 18.5% and gross margins improved by 790 bps. SG&A expenses increased by 15%. Despite healthy growth in sales and improvement in margins, loss at EBIDTA level declined by only 7.3% due to costs related to restructuring of manufacturing operations and higher legal & tax expenses / provisions.

Middle East & Africa:

- **For the Quarter:** Sales grew by 47.3% and loss at EBIDTA level declined by 68.6%. The sales growth improved both in Dubai & Egypt.
- **For the year ended 31st March 2014:** Sales grew by 10.8% due to recovery in Q4. The subsidiaries in Egypt recovered during the year and reported an EBITDA profit of 7.9 Mn as against EBITDA loss of 1.6 Million last year. The improvement was led by growth in sales and margin improvement by 200 bps.

South & South East Asia:

- **For the Quarter:** Sales grew by 11.9% & EBIDTA grew by 17.8% over last year.

- **For the year ended 31st March 2014:** Sales grew by 24.3% and EBIDTA increased by 59.1%.

PIDILITE INDUSTRIES LIMITED

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CIN : L24100MH1969PLC014336

STATEMENT OF STANDALONE & CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31.03.2014

(Rs. In Lakhs)

	Part I	Standalone					Consolidated				
Sr.No.	Particulars	For the Quarter ended			For the Year ended		For the Quarter ended			For the Year ended	
		31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013
		Audited	Unaudited	Audited	Audited	Audited	Audited	Unaudited	Audited	Audited	Audited
1	**Income from Operations**										
	a) Net sales / Income from Operations (Net of excise duty)	90231	95868	75541	385607	331177	98547	106244	83340	426059	365794
	b) Other Operating Income	500	624	539	2217	1992	513	635	563	2261	2017
	Total Income from Operations (net)	90731	96492	76080	387824	333169	99060	106879	83903	428320	367811
2	Expenses										
	a) Cost of materials consumed	54767	47756	42876	200228	169667	59849	52194	46144	218143	183645
	b) Purchases of stock-in-trade	3818	4068	3702	18005	15612	5209	5061	6575	23848	22348
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(6497)	1034	(6008)	(4226)	(3218)	(8519)	1376	(7984)	(5860)	(4475)
	d) Employee benefits expense	9288	8622	7560	35826	30103	11470	10736	9438	44200	37458
	e) Depreciation and amortisation expense	1841	1807	1392	6863	5324	1987	2126	1743	8116	6858
	f) Other expenses	17675	19607	15547	70190	60060	20751	21706	17972	80289	69371
	Total Expenses	80892	82894	65069	326886	277548	90747	93199	73888	368736	315205
3	**Profit from operations before other income, finance costs and exceptional items (1-2)**	9839	13598	11011	60938	55621	8313	13680	10015	59584	52606
4	Other Income	1833	695	2349	4294	6590	1991	708	2172	4486	7047
5	**Profit from ordinary activities before finance costs and exceptional items (3+4)**	11672	14293	13360	65232	62211	10304	14388	12187	64070	59653
6	Finance Costs	124	250	286	969	802	273	457	497	1633	1551
7	**Profit from ordinary activities after finance costs but before exceptional items (5-6)**	11548	14043	13074	64263	61409	10031	13931	11690	62437	58102
8	Exceptional items	13	637	(537)	650	(594)	13	637	(125)	650	(183)
9	**Profit from ordinary activities before Foreign Exchange Difference Expense/ (Income) (7-8)**	11535	13406	13611	63613	62003	10018	13294	11815	61787	58285
10	Foreign Exchange Difference Expense / (Income)	369	302	177	513	46	375	335	234	555	154
11	**Profit from ordinary activities before tax (9-10)**	11166	13104	13434	63100	61957	9643	12959	11581	61232	58131
12	Tax Expense	2303	3293	3517	16239	15881	2460	3335	3577	16527	15951
13	**Net Profit from ordinary activities after tax (11-12)**	8863	9811	9917	46861	46076	7183	9624	8004	44705	42180
14	Extraordinary Items	-	-	-	-	-	-	-	-	-	-
15	Net Profit for the period (13-14)	8863	9811	9917	46861	46076	7183	9624	8004	44705	42180
16	Share of Profit of associate	-	-	-	-	-	124	111	210	304	241
17	Minority Interest	-	-	-	-	-	1	(11)	(84)	(29)	(24)
18	**Net Profit after taxes, minority interest and share of profit of associate (15+16+17)**	8863	9811	9917	46861	46076	7308	9724	8130	44980	42397
19	Paid-up Equity Share Capital (Face value of share : Re. 1/-)	5126	5126	5126	5126	5126	5126	5126	5126	5126	5126
20	Reserves excluding Revaluation Reserves as at balance sheet date				198826	168117				190136	160027
21	Earnings per share (before and after extraordinary item)(of Re.1/- each) :										
	a) Basic	@ 1.73	@ 1.91	@ 1.93	9.14	9.04	@ 1.43	@ 1.90	@ 1.59	8.77	8.32
	b) Diluted	@ 1.73	@ 1.91	@ 1.93	9.14	9.04	@ 1.43	@ 1.90	@ 1.59	8.77	8.32
	PART II Select information for the Quarter and Year ended 31.03.2014										
A	**PARTICULARS OF SHAREHOLDING**										
1	**Public Shareholding**										
	- Number of Shares	153468784	153468784	153475450	153468784	153475450					
	- Percentage of Shareholding	29.94	29.94	29.94	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	359173546	359173546	359166880	359173546	359166880					
	- 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)	70.06	70.06	70.06	70.06	70.06					
	Particulars	3 months ended 31.03.2014									
B	**INVESTOR COMPLAINTS**										
	Pending at the beginning of the quarter	Nil									
	Received during the quarter	6									
	Disposed of during the quarter	6									
	Remaining unresolved at the end of the quarter	Nil									

@ 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 year ended		For the Quarter ended			For the year ended	
		31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013
		Audited	Unaudited	Audited	Audited	Audited	Audited	Unaudited	Audited	Audited	Audited
1	**Segment Revenue**										
	a) Consumer & Bazaar Products	69878	78220	58670	311089	267432	78194	88596	66469	351541	302049
	b) Industrial Products	21933	19386	18718	81567	70819	21933	19386	18718	81567	70819
	c) Others	1,051	686	657	3411	1984	1,051	686	657	3411	1984
	Total	92862	98292	78045	396067	340235	101178	108668	85844	436519	374852
	Less : Inter Segment Revenue	2631	2424	2504	10460	9058	2631	2424	2504	10460	9058
	Net Sales / Income From Operations	**90231**	**95868**	**75541**	**385607**	**331177**	**98547**	**106244**	**83340**	**426059**	**365794**
2	**Segment Results**										
	a) Consumer & Bazaar Products	12275	15590	13634	71323	64449	10729	15628	12145	69883	60890
	b) Industrial Products	1836	1806	2324	8025	8071	1836	1806	2324	8025	8071
	c) Others	(307)	(371)	(271)	(716)	(970)	(307)	(371)	(271)	(716)	(970)
	Total	13804	17025	15687	78632	71550	12258	17063	14198	77192	67991
	Less : i) Interest	124	250	286	969	802	273	457	497	1633	1551
	ii) Other Unallocable Expenditure - Net Of Unallocable Income	2514	3671	1967	14563	8791	2342	3647	2120	14327	8309
	Total Profit Before Tax	**11166**	**13104**	**13434**	**63100**	**61957**	**9643**	**12959**	**11581**	**61232**	**58131**
3	**Capital Employed**										
	a) Consumer & Bazaar Products	61328	53448	47795	61328	47795	85013	82692	66311	85013	66311
	b) Industrial Products	24911	32131	20978	24911	20978	24911	32131	20978	24911	20978
	c) Others	4082	4124	4247	4082	4247	4082	4124	4247	4082	4247
	d) Unallocated	113631	121537	100223	113631	100223	81256	91971	73617	81256	73617
	Total Capital Employed	**203952**	**211240**	**173243**	**203952**	**173243**	**195262**	**210918**	**165153**	**195262**	**165153**

AUDITED STATEMENT OF ASSETS AND LIABILITIES AS AT 31.03.2014

(Rs. In Lakhs)

Sr. no.	Particulars	Standalone		Consolidated	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
A	**EQUITY AND LIABILITIES**				
1	Shareholders' funds				
	a) Share capital	5126	5126	5126	5126
	b) Reserves and Surplus	198826	168117	190136	160027
	Sub-total-Shareholders' funds	203952	173243	195262	165153
2	Minority Interest			416	96
3	Non-current liabilities				
	a) Long-term borrowings	-	-	-	-
	b) Deferred tax liabilities (net)	5083	4836	5373	4987
	c) Long-term provisions	1967	1429	3193	1699
	Sub-total-Non-current liabilities	7050	6265	8566	6686
4	Current liabilities				
	a) Short-term borrowings	768	-	4593	5099
	b) Trade payables	30114	20714	34741	25011
	c) Other current liabilities	28596	37277	30359	38861
	d) Short-term provisions	18442	20357	18899	20693
	Sub-total-Current liabilities	77920	78348	88592	89664
	TOTAL - EQUITY AND LIABILITIES	**288922**	**257856**	**292836**	**261599**
B	**ASSETS**				
1	Non-current assets				
	a) Fixed Assets	104239	94242	116420	105330
	b) Goodwill on Consolidation			2298	2049
	c) Non-current investments	33966	27732	2616	2444
	d) Deferred tax assets (net)	-	-	-	-
	e) Long-term loans and advances	6411	7508	6749	7702
	f) Other non-current assets	594	475	593	477
	Sub- total- Non- current assets	145210	129957	128676	118002
2	Current assets				
	a) Current investments	23413	26962	23413	26962
	b) Inventories	50820	45116	59968	52357
	c) Trade receivables	45360	36676	52440	43049
	d) Cash and cash equivalents	14518	13682	17717	15062
	e) Short-term loans and advances	8515	4774	9372	5408
	f) Other current assets	1086	689	1250	759
	Sub- total-Current assets	143712	127899	164160	143597
	TOTAL- ASSETS	**288922**	**257856**	**292836**	**261599**

Notes:

1. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 28th May, 2014.

2. 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),19 subsidiary companies, two partnership firms and one associate Company.

3. Unallocated Capital Employed as at 31st March, 2014 includes a) Capital Work in Progress of Rs. 36965 lakhs (31st March, 2013 Rs. 36259 lakhs) of Synthetic Elastomer Project b) Investments in units of mutual funds/ term deposit with banks Rs.30505 lakhs (31st March, 2013 Rs. 36932 lakhs).

4. Subject to the approval of the shareholders at the Annual General Meeting, the Board recommended payment of Dividend of Rs. 2.70 per Equity share of Re.1/- each for the financial year 2013-2014.

5. a) Exceptional items in standalone and consolidated result for the quarter/year ended 31st March 2014 includes :
(i) Voluntary Retirement Scheme Rs.13 lakhs and Rs.650 lakhs for the quarter and year ended 31st March 2014.

b) Exceptional items in standalone and consolidated result for the quarter/year ended 31st March 2013 includes :
(i) Gain on prepayment of sales-tax deferral liability Rs.1068 lakhs for the year ended 31st March 2013.
(ii) Reversal of provision in value of long term investments (net) Rs.57 lakhs for year ended 31st March 2013.
(iii) Provision for diminution in value of investment in a subsidiary company Rs.531 lakhs is only in the standalone results for the year ended 31st March 2013.
(iv) In addition, impairment of goodwill Rs.942 lakhs is in the consolidated results for the year ended 31st March 2013.

6. The figures for the quarter ended 31.03.2014 and 31.03.2013 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the relevant financial year.

7. Previous period figures are regrouped wherever necessary.

Mumbai
Dated : 28th May, 2014

M.B.PAREKH
Chairman & Managing Director