Pidilite

February 3, 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 nine months ended 31st December, 2013.

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 Nine months ended December 2013

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 2013.

Contact information

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Financial Highlights

Quarter ended 31st December 2013

Consolidated Performance

- Net sales at Rs 10,625 M grew by 14.6% over the same quarter last year
- Material cost to sales at 55.2% was 10 bps higher than last year but 50 bps lower than the preceding quarter.
- Other expenditure as % to sales was 20.3% as compared to 19.3% last year. The increase is mainly in A&SP expenses.
- EBIDTA, before non-operating income & exceptional items at Rs 1,592 M grew by 6.6%.
- Due to lower investment and other income, EBIT (before exceptional items) at Rs 1,450 mn, declined by 3.5%.
- In Q3 last year, there were several conversions of FCCBs into shares which resulted in write back of the interest provision done on these FCCBs as well as

reversal of the exchange losses booked in earlier periods. These write backs / reversals aggregate to Rs. 106 M.

- Profit Before Tax for Q3 last year, adjusted for these write backs was Rs. 1490 M. In comparison, the current quarters PBT, adjusted for the exceptional charge on account of VRS, is Rs. 1360 M, a decline of 8.7%.

Standalone Performance

- Net sales at Rs 9,587 M grew by 15.1% over same quarter last year. This was driven by a 15.1% growth in sales of Consumer & Bazaar products and 17.0% growth in Industrial Products.

- Material cost to sales % is 20 bps higher than the same quarter last year.

- Other expenses during the quarter were higher than last year by 25.6%. This increase was largely due to higher A&SP expenses.

- EBITDA, before non-operating income & exceptional items at Rs 1,547 M is higher by 2.2% over the same quarter last year.

- Other income declined by 57% due to lower income from investments.

- This resulted in a 6.7% decline in EBIT.

- Profit Before Tax, excluding exceptional item, was lower than last year by 11%, after adjusting last year's PBT for one off write backs arising out of FCCBs conversions.

- During the quarter, the Company repaid the outstanding debentures aggregating Rs. 600 M. With this the Company has 'zero' debt on its books.

- During the quarter, the Company's subsidiary BESI (Building Envelopes System India Ltd) become the majority and managing partner in Hybrid Coatings, which is into manufacture of specialized construction chemicals.

Nine month ended 31st December 2013

Consolidated Performance

- Net sales at Rs 32,754 M grew by 16.0% over the same period last year

- EBIDTA, before non-operating income & exceptional items at Rs 5,777 M grew by 19.9%.

- EBIT (before exceptional items) at Rs 5,414 mn posted a growth of 12.9%.

- Profit Before Tax grew by 14.8% over last year, after adjusting for the write backs for interest and exchange losses.

Business segment wise performance

(Values in Rs Millions)

PARTICULARS	Quarter Ended			Nine Months Ended		
	Dec-13	Dec-12	% Change	Dec-13	Dec-12	% Change
1. Segment Revenue						
a) Consumer & Bazaar Products	7,822	6,794	15.1%	24,121	20,876	15.5%
b) Industrial Products	1,939	1,657	17.0%	5,963	5,210	14.5%
c) Others	69	61	12.7%	236	133	77.9%
Total	9,829	8,512	15.5%	30,320	26,219	15.6%
Less : Inter Segment Revenue	242	184	31.5%	783	655	19.5%
Total Revenue	**9,587**	**8,327**	**15.1%**	**29,538**	**25,564**	**15.5%**
2. Profit before tax and Interest						
a) Consumer & Bazaar Products	1,559	1,588	-1.8%	5,905	5,082	16.2%
b) Industrial Products	181	183	-1.2%	620	575	7.8%
c) Others	(37)	(25)	-51.2%	(41)	(70)	-41.4%
Total	1,702	1,746	-2.5%	6,483	5,586	16.1%
Interest	25	(36)	-168.8%	84	51	64.3%
Unallocated corporate expenditure	368	127	189.0%	1,206	683	76.5%
Total Profit before tax	**1,310**	**1,655**	**-20.8%**	**5,194**	**4,852**	**7.0%**

CONSUMER AND BAZAAR PRODUCTS

- Segment revenue grew by 15.1%.
- Segment Profit Before Tax and Interest (PBIT) declined by 1.8% due to higher A & SP spends and the exceptional cost of VRS.

INDUSTRIAL PRODUCTS

- Segment revenue grew by 17.0% led by strong growth in exports.
- Segment PBIT for the quarter declined by 1.2% mainly due to higher input costs.

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

Sales - Rs mn	Q3 2012-13	Q3 2013-14	YTD-Dec 2012-13	YTD-Dec 2013-14
North America	417.8	427.7	1,336.1	1,393.1
South America	346.7	418.0	933.1	1,145.0
Middle East & Africa	70.9	87.0	237.1	236.6
South & South East Asia	166.7	211.8	466.1	599.7
Total	**1,002.1**	**1,144.5**	**2,972.4**	**3,374.4**

EBITDA*- Rs mn	Q3 2012-13	Q3 2013-14	YTD-Dec 2012-13	YTD-Dec 2013-14
North America	22.3	29.6	60.4	103.2
South America	(35.0)	(2.6)	(124.1)	(26.6)
Middle East & Africa	(11.6)	(10.5)	(11.4)	(35.6)
South & South East Asia	25.5	34.9	76.3	114.2
Total	**1.2**	**51.4**	**1.3**	**155.3**

* ***Before exceptional items***

Sales in constant currency grew by 14.3%. However, due to translation impact the reported sales show a growth of 10.9%.

North America:

- **For the Quarter:** Sales of Cyclo (Car care chemicals) grew by 4.0% and that of Sargent Art (Art Materials) were marginally above last year. Margins in the Cyclo and Sargent business improved by 500 bps and 200 bps respectively over last year due to price increases taken during the year.

- **For the nine month ended 31st December 2013:** Sales of Sargent Art grew by 5.5% and that of Cyclo grew by 3.1%. EBIDTA for North America grew by 70.8%.

South America:

- **For the Quarter:** Sales grew by 20.5%. Material cost to sales came down by 400 bps over LY resulting in drop in EBIDTA loss from Rs 35 M to Rs. 2.6 M. Higher sales and better margins resulted in losses being lower by 92.6%.

- **For the nine month ended 31st December 2013:** Sales grew by 22.7% and loss at EBIDTA level was lower by 78.6%.

Middle East & Africa:

- **For the Quarter:** Sales grew by 22.6% and loss at EBIDTA level declined by 9.5%.

- **For the nine month ended 31st December 2013:** Sales were same as last year and due to higher costs, losses were higher than last year in Dubai. The subsidiaries in Egypt reduced losses despite a difficult operating environment.

South & South East Asia:

- **For the Quarter:** Sales grew by 27.1%. Sales were affected due to political disturbance in Bangladesh which resulted in market closure for almost 30-35 days. EBIDTA grew by 36.9% over last year.

- **For the nine month ended 31st December 2013:** Sales grew by 28.7% and EBIDTA increased by 49.7%.

PIDILITE INDUSTRIES LIMITED
REGD. OFFICE : 7th Floor, Regent Chambers, Jamnalal Bajaj Marg.
208, Nariman Point, Mumbai - 400 021.

STATEMENT OF STANDALONE & CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31.12.2013

(Rs. In Lakhs)

Sr. No.	Part I / 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
		31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31.03.2013	31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31.03.2013
		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)	95868	98515	83276	295376	255636	331177	106255	109407	92700	327543	282454	365794
	b) Other Operating Income	624	602	480	1717	1453	1992	624	602	479	1717	1454	2017
	Total Income from Operations (net)	**96492**	**99117**	**83756**	**297093**	**257089**	**333169**	**106879**	**110009**	**93179**	**329260**	**283908**	**367811**
2	**Expenses**												
	a) Cost of materials consumed	47756	52481	39666	145461	126791	169667	52194	57173	43439	158294	137501	184402
	b) Purchases of stock-in-trade	4068	4626	3893	14187	11910	15612	5061	6168	5107	18639	15773	21590
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1034	(2037)	2122	2271	2790	(3219)	1375	(2366)	2525	2659	3509	(4476)
	d) Employee benefits expense	8622	8822	7387	26538	22543	30103	10736	10866	9290	32730	28020	37458
	e) Depreciation and amortisation expense	1807	1684	1413	5022	3932	5324	2126	2084	1803	6129	5115	6858
	f) Other expenses	19541	16765	15553	52308	44175	59646	21596	19192	17883	59169	50927	68784
	Total Expenses	**82828**	**82341**	**70034**	**245787**	**212141**	**277133**	**93089**	**93117**	**80047**	**277620**	**240845**	**314616**
3	**Profit from operations before other income, finance costs and exceptional items (1-2)**	**13664**	**16776**	**13722**	**51306**	**44948**	**56036**	**13790**	**16892**	**13132**	**51640**	**43063**	**53195**
4	Other Income	695	869	1635	2461	4241	6590	708	821	1897	2495	4875	7047
5	**Profit from ordinary activities before finance costs and exceptional items (3+4)**	14359	17645	15357	53767	49189	62626	14498	17713	15029	54135	47938	60242
6	Finance Costs	316	377	(238)	1052	855	1217	567	618	11	1730	1526	2138
7	**Profit from ordinary activities after finance costs but before exceptional items (5-6)**	**14043**	**17268**	**15595**	**52715**	**48334**	**61409**	**13931**	**17095**	**15018**	**52405**	**46412**	**58104**
8	Exceptional Items	637	-	(58)	637	(58)	(594)	637	-	(58)	637	(58)	(183)
9	**Profit from ordinary activities before Foreign Exchange Difference Expense/ (Income) (7-8)**	**13406**	**17268**	**15653**	**52078**	**48392**	**62003**	**13294**	**17095**	**15076**	**51768**	**46470**	**58287**
10	Foreign Exchange Difference Expense / (Income)	302	610	(893)	144	(131)	46	335	592	(883)	180	(80)	154
11	**Profit from ordinary activities before tax (9-10)**	**13104**	**16658**	**16546**	**51934**	**48523**	**61957**	**12959**	**16503**	**15959**	**51588**	**46550**	**58133**
12	Tax Expense	3293	4698	4127	13936	12364	15881	3335	4751	4133	14067	12374	15951
13	**Net Profit from ordinary activities after tax (11-12)**	**9811**	**11960**	**12419**	**37998**	**36159**	**46076**	**9624**	**11752**	**11826**	**37521**	**34176**	**42182**
14	Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-	-
15	Net Profit for the period (13-14)	9811	11960	12419	37998	36159	46076	9624	11752	11826	37521	34176	42182
16	Share of Profit/(Loss) of associates	-	-	-	-	-	-	111	104	7	180	31	241
17	Minority Interest	-	-	-	-	-	-	(11)	(8)	66	(30)	60	(24)
18	**Net Profit after taxes, minority interest and share of profit / (loss) of associates (15+16+17)**	**9811**	**11960**	**12419**	**37998**	**36159**	**46076**	**9724**	**11848**	**11899**	**37671**	**34267**	**42399**
19	Paid-up Equity Share Capital (Face value of share : Re. 1/-)	5126	5126	5126	5126	5126	5126	5126	5126	5126	5126	5126	5126
20	Reserves excluding Revaluation Reserves as at balance sheet date						168117						160027
21(i)	Earnings per share (before and after extraordinary item)(of Re.1/- each) :												
	a) Basic	@ 1.91	@ 2.33	@ 2.43	@ 7.41	@ 7.11	9.04	@ 1.90	@ 2.31	@ 2.31	@ 7.35	@ 6.72	8.27
	b) Diluted	@ 1.91	@ 2.33	@ 2.43	@ 7.41	@ 7.11	9.04	@ 1.90	@ 2.31	@ 2.31	@ 7.35	@ 6.72	8.27

PART II Select Information for the Quarter and Nine months ended 31.12.2013

A	**PARTICULARS OF SHAREHOLDING**						
1	**Public Shareholding**						
	- Number of Shares	153468784	153468784	153475450	153468784	153475450	153475450
	- Percentage of Shareholding	29.94	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	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)	70.06	70.06	70.06	70.06	70.06	70.06

	Particulars	3 months ended 31.12.2013
B	**INVESTOR COMPLAINTS**	
	Pending at the beginning of the quarter	1
	Received during the quarter	7
	Disposed of during the quarter	8
	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 Nine months ended		For the year ended	For the Quarter ended			For the Nine months ended		For the year ended
		31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31.03.2013	31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31.03.2013
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Segment Revenue**												
	a) Consumer & Bazaar Products	78220	78826	67941	241211	208762	267432	88607	89718	77365	273378	235580	302049
	b) Industrial Products	19386	21615	16570	59633	52101	70819	19386	21615	16570	59633	52101	70819
	c) Others	686	998	609	2361	1327	1984	686	998	609	2361	1327	1984
	Total	98292	101439	85120	303205	262190	340235	108679	112331	94544	335372	289008	374852
	Less : Inter Segment Revenue	2424	2924	1844	7829	6554	9058	2424	2924	1844	7829	6554	9058
	Net Sales / Income From Operations	**95868**	**98515**	**83276**	**295376**	**255636**	**331177**	**106255**	**109407**	**92700**	**327543**	**282454**	**365794**
2	**Segment Results**												
	a) Consumer & Bazaar Products	15590	19305	15880	59048	50815	64449	15521	19286	15758	59118	50021	61810
	b) Industrial Products	1806	2468	1828	6189	5747	8071	1806	2468	1828	6189	5747	8071
	c) Others	(371)	(65)	(246)	(409)	(698)	(969)	(371)	(65)	(246)	(409)	(698)	(969)
	Total	17025	21708	17462	64828	55864	71551	16956	21689	17340	64898	55070	68912
	Less : i) Interest	245	300	(356)	838	510	793	450	484	(153)	1361	1054	1542
	ii) Other Unallocable Expenditure - Net Of Unallocable Income	3676	4750	1272	12056	6831	8801	3547	4702	1534	11949	7466	9237
	Total Profit Before Tax	**13104**	**16658**	**16546**	**51934**	**48523**	**61957**	**12959**	**16503**	**15959**	**51588**	**46550**	**58133**
3	**Capital Employed**												
	a) Consumer & Bazaar Products	53448	51909	46556	53448	46556	47795	82692	72860	65563	82692	65563	66311
	b) Industrial Products	32131	28066	19196	32131	19196	20978	32131	28066	19196	32131	19196	20978
	c) Others	4124	3286	4626	4124	4626	4247	4124	3286	4626	4124	4626	4247
	d) Unallocated	121537	118171	108542	121537	108542	100223	91971	90690	83193	91971	83193	73617
	Total Capital Employed	**211240**	**201432**	**178920**	**211240**	**178920**	**173243**	**210918**	**194902**	**172578**	**210918**	**172578**	**165153**

Notes:

1. The above results have been reviewed by the Audit Committee on 27th January 2014 and approved by the Board of Directors at their meeting held on 28th January 2014.

2. The Statutory Auditors have carried out a "Limited Review" of the standalone financial results for the quarter and nine months ended 31st December 2013.

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

4. Unallocated Capital Employed as at 31st December 2013 includes a) Capital Work in Progress of Rs. 36850 lakhs (31st December 2012 Rs. 36000 lakhs) of Synthetic Elastomer Project b) Investment in units of mutual funds/ term deposit with banks Rs.29061 lakhs (31st December 2012 Rs.36383 lakhs).

5. During the quarter, outstanding 600 Secured Redeemable Non Convertible Debentures aggregating Rs. 6000 lakhs were redeemed on 5th December 2013.

6. During the quarter, the Company has incorporated a subsidiary company named "Percept Waterproofing Services Limited" for the purpose of carrying on business of waterproofing application and consultancy services.

7. Exceptional items in standalone and consolidated result includes :
   a) Voluntary Retirement Scheme Rs.637 lakhs for the quarter and nine months ended 31st December 2013.
   b) Gain on payment of sales-tax deferral laibility Rs.1068 lakhs for the year ended 31st March 2013.
   c) Reversal of provision in value of long term investments (net) Rs.58 Lakhs for the quarter and nine months ended 31st December 2012 and Rs.57 lakhs for year ended 31st March 2013.
   d) 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.
   e) In addition, Impairment of goodwill Rs.942 lakhs is in the consolidated results for the year ended 31st March 2013.

8. During the quarter, Company has granted 49,000 Stock Options pursuant to Employee Stock Option Scheme 2012. Upon vesting in two equal installments over a period of two years, each option entitles the grantee to one share @ Re. 1 per share.

9. Previous period figures are regrouped wherever necessary.

Mumbai
Dated : 28th January, 2014

M.B.PAREKH
Chairman & Managing Director