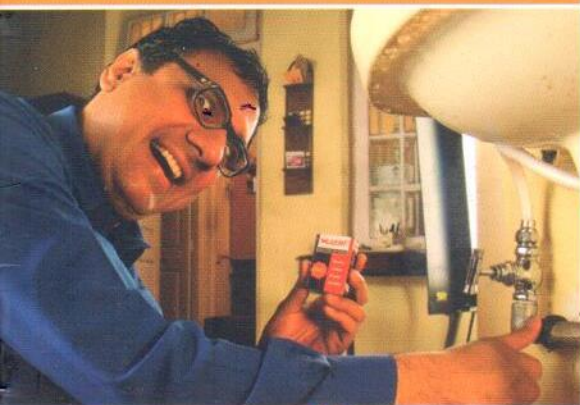
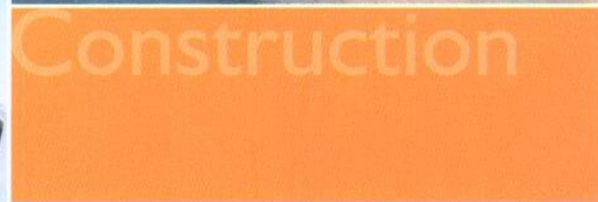
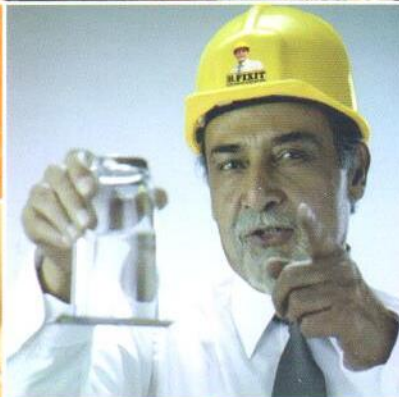
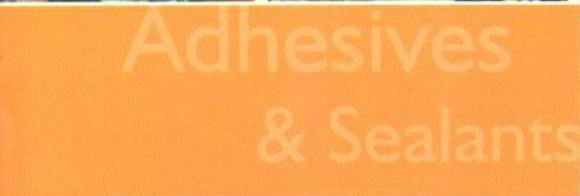
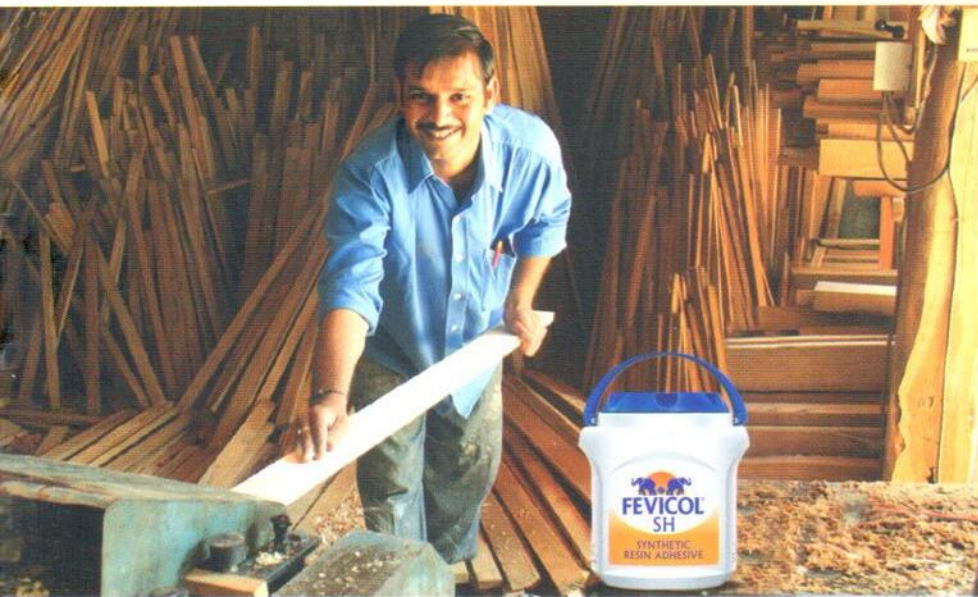


Pidilite Industries Limited

36th Annual Report 2004-05



ABBY 2005



At the prestigious ABBY awards this year, our Fevicol advertising once again won the Gold in several categories, including Best Long Running Campaign. Fevicol has bagged this award for four years in a row. Bollywood heart throbs Fardeen Khan and Celina Jaitley jointly presented the trophies to M.B. Parekh, Managing Director of Pidilite and Piyush Pandey, Executive Chairman and National Creative Director of Ogilvy & Mather, our advertising agency.



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Management Discussion & Analysis

Pidilite has achieved growth of 17.7% in gross sales, 15.9% in profit before tax, 18.8% in profit after tax for the year, and 24.7% after considering prior year tax credit.

Segmentwise Performance

In the Year 2004-05, branded consumer and bazaar products contributed to 73% of the total sales of the Company, with the sales value of these products growing by 16.9%.

Most products in the consumer and bazaar products segment performed well. Adhesives and sealants, which contributed to 54% of the total sales of the Company, grew by over 14.8% in the year under review. Most brands in adhesives and sealants maintained or improved their market share. Construction chemicals, sold under the “Dr. Fixit” and “Roff” brands, grew at a healthy rate. Exports of consumer and bazaar products grew by 62.8%, to Rs. 2262 lac for the year.

Sales of speciality industrial chemicals contributed to 27% of the total sales of the Company in 2004-05, with the sales value of these products growing over 19.9%.

Acquisitions

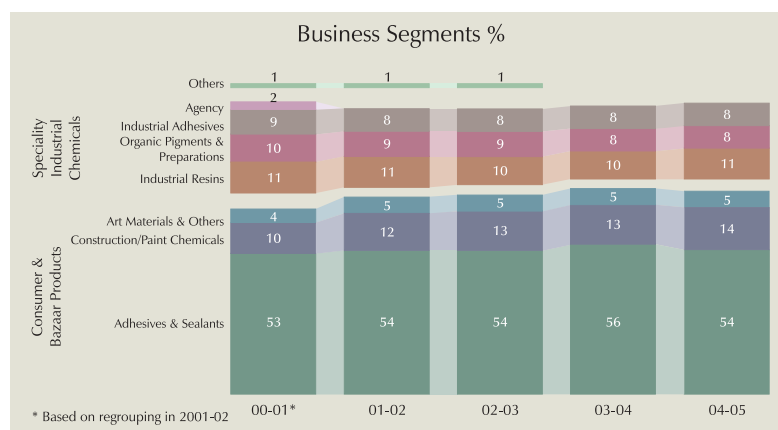
To strengthen our construction chemicals business, the Company acquired the “Roff” brand in the year under review. “Roff” has been a strong construction chemicals brand in India for over 18 years. This acquisition gives us access to both Roff’s product range and distribution network, as well as to a large number of trained and loyal applicators.

With the combined strengths of its “Dr. Fixit” and “Roff” brands, Pidilite has become the market leader in the retail segment of the construction chemicals business.

Pidilite International Pte Ltd, a wholly-owned subsidiary established in Singapore, acquired a 75% stake in Singapore-based Chemson Asia Pte Ltd, a manufacturer of waterproofing products and exterior paints, in January 2005. The acquisition synergises with our growth strategy for the construction chemicals



Some products from the Roff range



business. Chemson has a manufacturing base in Singapore, from where it markets products across the island state, Indonesia, Thailand and Malaysia. Chemson’s existing customers and product specifications, coupled with our marketing skills and technical support, will help increase our presence in the Asia Pacific region.

International Business

The Company’s exports grew by 44.6%, from Rs. 4285 lac to Rs. 6198 lac in the year under review. Exports of consumer and bazaar products grew by 62.8%, to Rs. 2262 lac.



Some of our products doing well in the export market

During the year, the Company has set up a new representative office in China and Egypt. The Company has also set up three wholly-owned overseas subsidiaries in Singapore, the UAE and Brazil.

New Products

A number of new products were launched in 2004-05. "Torchshield", a waterproofing membrane, and "Dampguard", a damp-proof coating for the repair of internal walls and ceilings, further expanded the construction chemicals range under the "Dr. Fixit" brand.

The "Acron Kids Art" brand was introduced in our art material range, providing non-toxic and safe finger paints, powder colours, moulding dough and crayons for children. A number of new "Hobby Kits" were also launched to augment the "Fevicryl Hobby Ideas" range.

Customer Relations

In conjunction with the National Roofing Contractors

Association (NRCA) of the US, we have set up the "Dr. Fixit Institute" for training all tiers of professionals in the construction industry. Under its aegis, we have conducted 36 training programmes for over 1,050 engineers and contractors across more than 20 cities

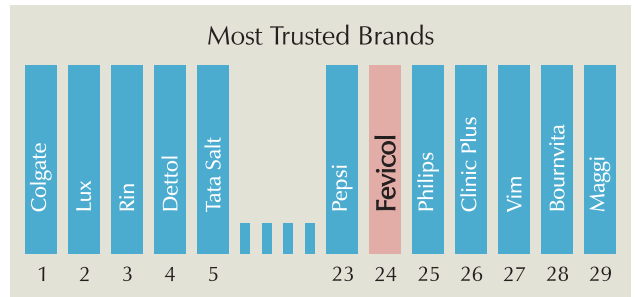
in the country. And this activity will expand in the current fiscal.

The *Acron Rangeela Vigyan Mail* is a science-on-wheels exhibition sponsored by Pidilite as part of its nationwide school contact activity, and, in the year under review, the Company achieved a participation in excess of 1.1 lac students all over India.

Several magazines, books and CDs on art and craft, as well as technical journals, are published regularly and are universally popular with craftsmen, household consumers, architects, builders and contractors.

Brand Ranking

The Company's brand building efforts have placed "Fevicol" amongst the most trusted brands in the country. In the "Most Trusted



The Economic Times: December 15, 2004

Brands" survey published in the Brand Equity pages of *The Economic Times* (December 15, 2004), "Fevicol" ranked 24th all India, ahead of several other well-known brands.

Advertising

The Company continues to win recognition for its advertising created by Ogilvy & Mather. Our Fevicol advertising achieved a



Some of the new products launched this year

The "Acron Rangeela Vigyan Mail" exhibition was sponsored by Pidilite as a part of its school contact activity





The Company's advertising won several awards

hat trick at the recent ABBY award ceremony by walking away with three Golds: for the “Best Long Running Campaign”, “Best Print Campaign” and the “Best Single Print Ad”. Pidilite was declared the “Most Creative Advertiser of the Year 2004”, jointly with Hutch. Fevicol has bagged the ABBY Gold for “the Best Long Running Campaign” four years in a row now.

Shareholder Value

The net worth of the Company has grown from Rs. 21672 lac in 2000-01 to

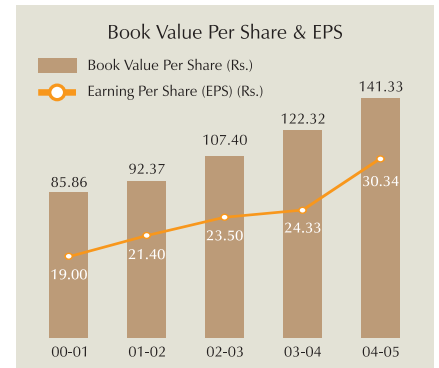
Rs. 35671 lac at the end of 2004-05, giving a CAGR of 13.3%.

The Company ranked 157th in India’s Top 500 listed companies, including those in the private and public sectors (ET 500, June 2005).

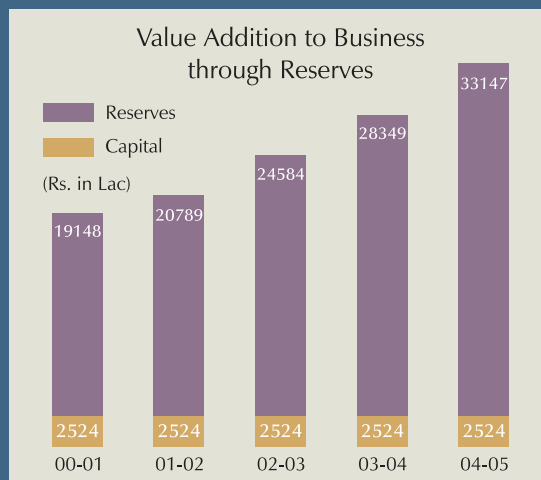
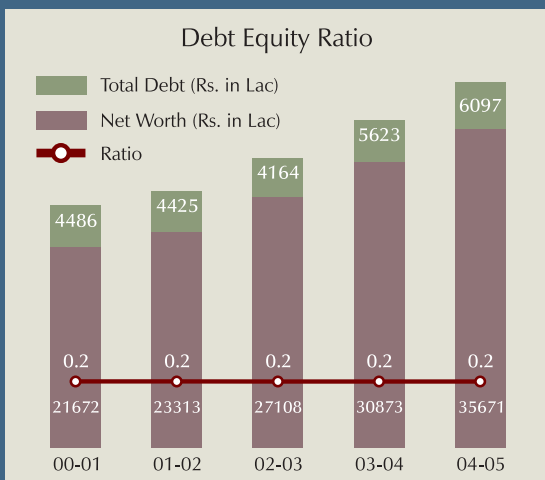
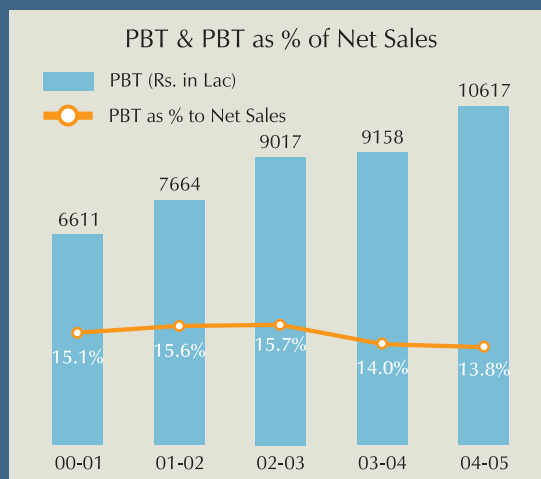
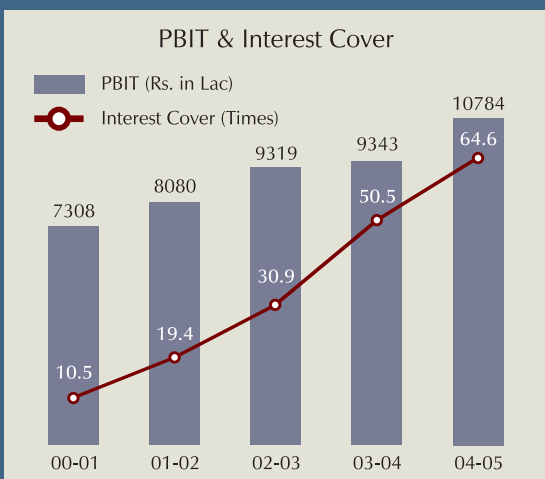
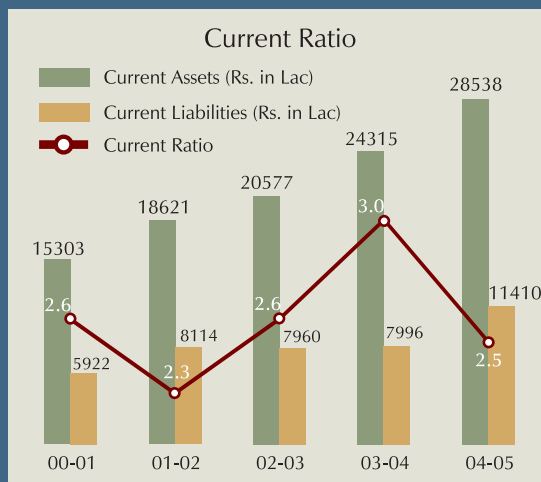
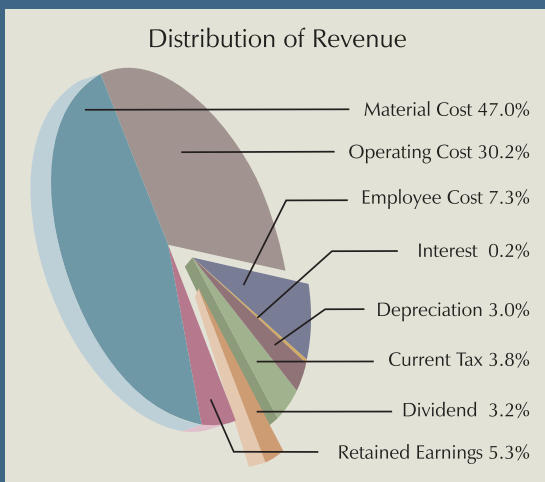
Other Matters

The following matters are elaborated in the Directors Report:

- Financial Performance
- Industry Structure and Development
- Outlook on Opportunities, Threats, Risks and Concerns
- Risk and Internal Adequacy
- Human Resources



Financial Charts



10 Years Financial Performance

Rupees in Lac

Highlights	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	CAGR %
Operating Results											
Sales and Other Income	29634	32944	36566	40178	47063	52690	57718	66784	76474	89975	13.13
Manufacturing and Other Expenses	25851	28386	30844	33152	38375 [@]	43731	47741	55212	64581 ^{\$}	76492 ^{\$}	12.81
Operating Profit	3783	4558	5722	7026	8688	8959	9977	11572	11893	13483	15.17
Interest	1250	1616	1021	744	512	697	416	302	185	167	-20.04
Depreciation	509	720	860	959	1162	1651	1897	2253	2550	2699	20.36
Profit before Tax	2024	2222	3841	5323	7014	6611	7664	9017	9158	10617	20.22
Current Tax	465	567	1113	1590	2257	1815	1650	2950	2940	3451	24.95
Deferred Tax	-	-	-	-	-	-	802	136	78	(130)	-
Profit after Tax for the Year	1559	1655	2728	3733	4757	4796	5212	5931	6140	7296	18.71
Add: Prior Year's Tax Provision written back	-	-	-	-	-	-	189	-	-	362	-
Profit after Tax	1559	1655	2728	3733	4757	4796	5401	5931	6140	7658	19.35
Dividend on Equity Shares	306	539*	673*	951*	1134*	1252*	1767	2136*	2278*	2883*	28.30
Retained Earning	1253	1116	2055	2782	3623	3544	3634	3795	3862	4775	16.03
Financial Position											
Capital	612	1224	1224	1224	1262	2524	2524	2524	2524	2524	17.05
Reserves (Less Revaluation Reserve & Misc. Expenditure)	6794	7328	9447	12263	16866	19148	20789 [¥]	24584 [¥]	28349	33147	19.26
Net Worth	7406	8552	10671	13487	18128	21672	23313	27108	30873	35671	19.09
Borrowings	9416	8638	8190	5383	7897	4486	4425	4164 [¥]	5623	6097	-4.71
Deferred Tax Liability (Net)	-	-	-	-	-	-	2795 [¥]	2931 [¥]	3009	2879	-
Funds Employed	16822	17190	18861	18870	26025	26158	30533	34203	39505	44647	11.46
Fixed Assets[#]											
Gross Block	10096 ^{>}	11677 ^{>}	12911 ^{>}	14599	20222	22549	27719	31324 [¥]	35408	42030	17.17
Depreciation	1971 ^{>}	2663 ^{>}	3509 ^{>}	4456	5767	7366	9203	11217	13722	16354	26.50
Net Block	8125	9014	9402	10143	14455	15183	18516	20107 [¥]	21686	25676	13.64
Investments	1263	1293	1402	1881	2293	1594	1510	1479	1500	1843	4.29
Net Current Assets	7434	6883	8057	6846	9277	9381	10507	12617 [¥]	16319	17128	9.72
Total Assets	16822	17190	18861	18870	26025	26158	30533	34203	39505	44647	11.46

[@] Includes VRS Payment of Rs. 132 lac ^{\$} Includes VRS Payment of Rs. 24 lac * Includes Tax on Dividend [>] Figures have been regrouped in 1998-99
[¥] Figures have been reclassified/regrouped in 2003-04 [#] Excluding Revalued Assets & Depreciation thereon

Highlights	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Funds Flow										
Sources										
Internal Generation	2068	2376	3589	4726	5919	6447	8100	8320	8768	10227
Increase in Capital and Reserve (Net) on Amalgamation	-	-	-	-	1226	-	-	-	-	-
Increase in Loans	2506	-	-	-	2514	-	-	-	1459	474
Decrease in Investment	-	-	-	-	-	699	69	30	-	-
Decrease in Working Capital	-	552	-	806	-	-	-	-	-	-
Decrease in Miscellaneous Expenditure	-	-	-	-	-	-	-	-	-	24
Total	4574	2928	3589	5532	9659	7146	8169	8350	10227	10725
Applications										
Repayment of Loans	-	779	448	2414	-	3411	85	185	-	-
Capital Expenditure (Net)	3013	1581	1234	1688	5682 [@]	2379	5230 ^{\$}	3844 [#]	4130	6689 [¥]
Investments	148	29	110	479	412	-	-	-	21	344
Dividend	306	539	673	951	1135	1252	1767	2136	2278	2883
Increase in Working Capital	1107	-	1124	-	2430	104	1087	2185	3701	809
Increase in Miscellaneous Expenditure	-	-	-	-	-	-	-	-	97	-
Total	4574	2928	3589	5532	9659	7146	8169	8350	10227	10725
Ratios										
Return on Average Net Worth % (RONW) (PAT divided by Average Net Worth)	23.1	20.7	28.4	30.9	30.1	24.1	24.0	23.5	21.2	23.0
Return on Average Capital Employed % (ROCE) (PBIT divided by Average Funds Employed ^{*)}	22.0	22.6	27.0	32.2	33.5	28.0	30.0	31.6	27.6	27.6
Long Term Debt/Cash Flow	2.8	2.5	1.1	0.1	0.4	0.1	0.1	0.3	0.2	0.2
Gross Gearing % (Debt as a percentage of Debt plus Equity)	56.0	50.3	43.4	28.5	30.3	17.1	16.0	13.3	15.4	14.6
Current Ratio (Current Assets divided by Current Liabilities)	2.8	2.8	3.3	2.3	2.5	2.6	2.3	2.6	3.0	2.5
Assets Turnover (times) (Gross Sales divided by Total Assets)	1.7	1.9	1.9	2.1	1.8	2.0	1.9	1.9	1.9	2.0

[@] Includes Cost of Brands Acquired Rs. 3656 lac
[¥] Includes Cost of Brand Acquired Rs. 1337 lac

^{\$} Includes Cost of Brand Acquired Rs. 873 lac
^{*} Excluding Deferred Tax Liability (Net)

[#] Includes Cost of Brands Acquired Rs. 908 lac

Economic Value Added (EVA)

Computation of EVA

EVA = Net operating profit after tax (NOPAT) – Weighted average cost of capital employed

NOPAT = Net profit after tax + post tax interest cost at actuals

Weighted average cost of capital employed = (Cost of equity x average shareholder funds) + (cost of debt x average debt)

Cost of equity = Risk-free return equivalent to yield on long term Government of India (GOI) securities (taken @ 6.7%) + market risk premium (assumed @ 7.5%) x beta variant for the Company (taken at 0.8), where the beta is a relative measure of risk associated with the Company's shares as against the stock market as a whole.

Cost of debt = Effective interest applicable to Pidilite based on an appropriate mix of short, medium and long term debt, net of taxes (taken at 3% above the risk-free return on long term securities issued by the Government of India).

Economic Value Added Analysis

Item	2000-01	2001-02	2002-03	2003-04	2004-05
Cost of Capital					
1. Risk Free Return on Long Term GOI Securities	10.3%	9.0%	6.3%	5.2%	6.7%
2. Cost of Equity	17.3%	15.8%	12.3%	11.2%	12.7%
3. Cost of Debt (Post Tax)	7.4%	7.1%	5.9%	5.3%	6.2%
4. Effective Weighted Average Cost of Capital	15.0%	14.4%	11.4%	10.3%	11.7%
Economic Value Added (Rupees in Lac)					
5. Average Debt	6192	4456	4295	4894	5860
6. Average Equity (Shareholder Funds)	19900	22492	25210	28990	33272
7. Average Capital Employed (Debt + Equity)	26092	26948	29505	33884	39132
8. Profit After Tax (as per P&L account)	4796	5401	5931	6140	7658
9. Interest (as per P&L account, net of Income Tax)	421	268	191	118	106
10. Net Operating Profit After Tax (NOPAT)	5217	5669	6122	6258	7764
11. Weighted Average Cost of Capital (4 x 7)	3914	3881	3364	3490	4578
12. Economic Value Added (10 - 11)	1303	1788	2758	2768	3186
13. EVA as a % of Average Capital Employed (12÷7)	4.99%	6.64%	9.35%	8.17%	8.14%

Notes:

1. Deferred Tax Reserve for the years 2001-02 & 2002-03 has been reclassified in 2003-04 as Deferred Tax Liability (net).

2. Figures for the year 2002-03 have been regrouped in 2003-04 wherever necessary.

3. Profit after Tax includes Prior Year's Tax Provision written back.

4. Effects have been given in Financial Charts, 10 Years Financial Performance and EVA for Note Nos. 1, 2 & 3 above.

5. Figures in Financial Charts, 10 Years Financial Performance and EVA are as per the Annual Report of respective years, except where stated otherwise.

Directors Report

To The Members

Your Directors take pleasure in presenting the Thirty-Sixth Annual Report together with Audited Statements of Accounts for the year ended 31st March, 2005.

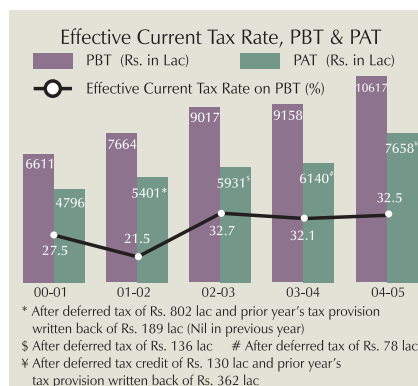
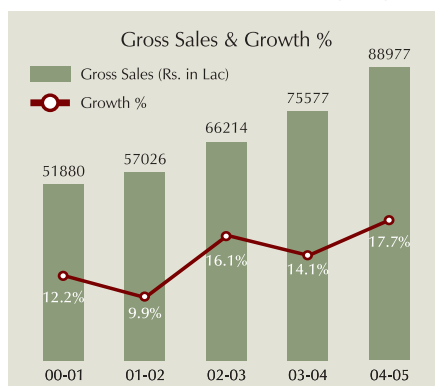
Financial Results

	(Rupees in Lac)	
	2004-05	2003-04
Gross Turnover	88977	75577
Turnover, net of excise	76947	65383
Profit Before Tax	10617	9158
Current Year's Tax	3451	2940
Profit after Current Year's Tax	7166	6218
Deferred Tax	(130)	78
Profit After Current and Deferred Tax	7296	6140
Add: Prior Year's Tax provision written back	362	-
Profit After Tax	7658	6140
Profit Brought Forward	2643	2181
Profit available for appropriation	10301	8321
Appropriations		
Proposed Dividend on Equity Shares	2524	2019
Tax on Dividend	359	259
Transfer to General Reserve	4400	3400
Total	7283	5678
Balance carried to Balance Sheet	3018	2643
	10301	8321

Financial Performance

The Gross Turnover for the year increased by 17.7% as compared to previous fiscal.

The Operating Profit for the year (before VRS payment of Rs. 24 lac), at Rs. 13507 lac, grew by 13.3%. Net Profit at Rs. 7658 lac, after deferred tax credit of Rs. 130 lac and Prior Year's Tax provision of Rs. 362 lac written back, grew by 24.7%. Prices of inputs continued to rise during the year. The material cost as percentage of gross sales increased by 2.2 percentage points over the previous year.



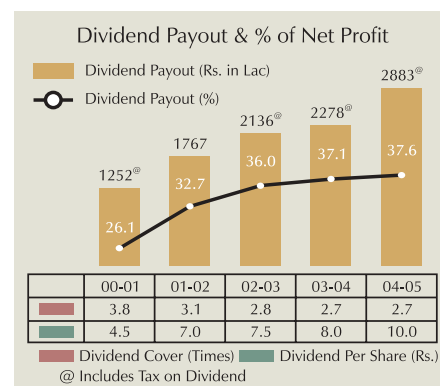
Income Tax for the current year is higher, at Rs. 3451 lac as against Rs. 2940 lac in the previous year.

The Credit Rating Information Services of India Ltd (CRISIL) has re-affirmed the

“P1+” rating to the Commercial Paper Programme of the Company for Rs. 55 crore.

Dividend

The Directors recommend the payment of a dividend of Rs. 10 (previous year Rs. 8) per Equity Share, amounting to Rs. 25,24,00,000 (previous year, Rs. 20,19,20,000) out of the Current Year's profit on 2,52,40,000 Equity Shares. The dividend for the current year will be free of tax in the hands of Shareholders. The dividend payout amount has grown at a CAGR of 23.2% during the last 5 years.



Capital Expenditure

The Company incurred capital expenditure of about Rs. 6722 lac during the year including Rs. 1377 lac for acquiring the Roff/Roffe brand, know-how and certain assets pertaining to the construction chemicals business. The balance capital expenditure was for modernisation/expansion/the setting up of new manufacturing facilities and for other assets.

New Units in Himachal Pradesh

The Company is setting up new units in Himachal Pradesh for the manufacture of different types of adhesives and other products. Out of these, the first unit has become operational during May 2005. The second unit is likely to be operational in June 2005. The third unit is likely to commence production in the third quarter of the current financial year, and the remaining unit, during the next financial year.

Current Year Outlook

Barring unforeseen circumstances, the Company expects to perform well during the current year.

Subsidiaries

Apart from the existing wholly-owned subsidiary, Fevicol Company Ltd, the Company has set up three more wholly-owned overseas subsidiaries.

Pidilite International Pte Ltd was incorporated in Singapore in December 2004. Pidilite Middle East Ltd was incorporated in the Jebel Ali Free Trade Zone (UAE) in May 2005 and Pidilite Do Brasil Desenvolvimento De Negocios Ltda, in Brazil, also in May 2005. All these subsidiaries have been incorporated in order to facilitate and expand the Company's overseas business in the coming years.

Pidilite International Pte Ltd acquired 75% of the equity capital of Chemson Asia Pte Ltd in January 2005.

A statement pursuant to Section 212 of the Companies Act, 1956, relating to three Subsidiaries, viz. Fevicol Company Ltd, Pidilite International Pte Ltd and Chemson Asia Pte Ltd, is attached hereto.

Consolidated Accounts

In accordance with the requirements of Accounting Standards AS 21 (read with AS 23) issued by the Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its three subsidiaries are annexed to this Annual Report. Additionally, a statement giving prescribed particulars of information, in aggregate for each subsidiary, is attached.

By Letter No. 47/119/2005-CL-III, dated 10th May, 2005, the Company has obtained an exemption from the Government of India, Ministry of Company Affairs, New Delhi, under Section 212 of the Companies Act, 1956, from annexing, to this Report, the Annual Reports of the above subsidiary companies, viz. Fevicol Company Ltd, Pidilite International Pte Ltd and Chemson Asia Pte Ltd, for the year ended on 31st March, 2005. Accordingly, the said Annual Reports of the above subsidiary companies are not annexed to this Report.

Members desiring to have a copy of audited Annual Accounts of the above subsidiaries may write to the Company Secretary at the Registered Office of the Company and they will be provided with the same upon such a request.

Annual Accounts of these subsidiary companies will also be kept for the inspection of Members at the Registered Office of the Company as well the Registered Office of the subsidiary companies.

Directors

Shri S. T. Dave, whose term as a Director will end at the next Annual General Meeting, has expressed his desire not to stand for re-election. His term as Whole Time Director also expires on 30th June, 2005. Your Directors wish to place on record their sincere appreciation of the valuable contribution made by him during his tenure on the Board.

The term of Shri Santosh Kumar as a Whole Time Director will end on 31st August, 2005. He has expressed his desire to relinquish his position as a Director with effect from the said date. Your Directors wish to place on record their sincere appreciation of the valuable contribution made by him during his tenure on the Board.

In accordance with the Articles of Association of the Company, Shri B. K. Parekh, Shri S. K. Parekh, Shri A. B. Parekh and Shri N. J. Jhaveri, Directors of the Company, retire by rotation and, being eligible, offer themselves for re-appointment.

Shri Amit Roy has been appointed as Additional Director of the Company with effect from 1st July, 2005, and he holds office upto the conclusion of the ensuing Annual General

Meeting. A notice in writing, with the deposit of Rs. 500, has been received from a member proposing Shri Amit Roy as a candidate for the office of Director. Subject to the approval of the members, Shri Amit Roy has also been appointed as a Whole Time Director for a period of two years from 1st July, 2005 and designated as Director (Factories Operations) in overall charge of the Company's factories in Gujarat, Maharashtra, Himachal Pradesh, the Union Territory of Daman and/or any other State or Union Territory in India.

Shri A. N. Parekh has been appointed as Additional Director of the Company with effect from 1st July, 2005, and he holds office upto the conclusion of the ensuing Annual General Meeting. A notice in writing, with the deposit of Rs. 500, has been received from a member proposing Shri A. N. Parekh as a candidate for the office of Director. Subject to the approval of the members, Shri A. N. Parekh has also been appointed as a Whole Time Director for a period of five years from 1st July, 2005.

Directors Responsibility Statement

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2005, and of the profit of the Company for that year;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

Corporate Governance

Reports on Corporate Governance and Management Discussion and Analysis, in accordance with Clause 49 of the Listing Agreements with Stock Exchanges, along with a certificate from the Auditors of the Company, are given separately in this Annual Report.

Auditors

Members are requested to re-appoint M/s. Haribhakti & Co, Chartered Accountants, as Auditors of the Company and also for its branches/depots/C&F depots for the current year and to fix their remuneration.

Cost Auditor

The Company has received the approval of the Central Government for the appointment of M/s. V. J. Talati & Co as Cost Auditor to conduct cost audit for the financial year 2005-06.

Conservation of Energy, Technology Absorption, etc

The particulars under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are attached to this Report as Annexure I.

Industry Structure and Development

The industry structure, as compared to last year, remains the same.

The two major business segments under which the Company operates are branded consumer and bazaar products and industrial speciality chemicals.

Products such as Adhesives, Sealants, Art Materials, Construction and Paint Chemicals are covered under the branded consumer and bazaar products segment. These products are used by carpenters, painters, plumbers, mechanics, households, students, offices, etc.

Products such as Industrial Adhesives, Synthetic Resins, Organic Pigments, Pigment Preparations, Surfactants, etc, are covered

under the industrial speciality chemicals business segment, which caters to various industries like packaging, textiles, paints, printing inks, paper, leather, etc.

In each of these business segments, there are a few medium-to large-size companies with national presence, and a large number of small-size companies that are active regionally. The share of imports is less than 10% of domestic volumes in most of the product segments.

Outlook on Opportunities, Threats, Risks and Concerns

The Company continues its focus on the introduction of new products, building brands and tapping overseas markets to enhance business opportunities.

The threats, risks and concerns faced by the Company are associated with competition from local and overseas manufacturers and slow growth rates in some areas of the businesses in which the Company operates.

Risk and Internal Adequacy

The Company has adequate internal control procedures commensurate with its size and nature of business.

The Company has appointed Internal Auditors who audit the adequacy and effectiveness of internal controls laid down by the management and suggest improvements.

The Audit Committee of the Board of Directors periodically reviews the audit plans, internal audit reports, adequacy of internal controls and risks management.

Human Resources

The Company continues to place significant importance on its human resources and enjoys cordial relations at all levels.

During the year, various initiatives for employee involvement and efficiency improvement continued. Total Productive Maintenance at the plants was further strengthened. Systems Improvement in the areas of Market/Product Feedback strengthened during the year.

The total number of employees on 31st March, 2005 was 2,430.

A statement of particulars pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report as Annexure II. As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report, together with Accounts, is being sent to the Shareholders of the Company, excluding the statement of particulars of employees under Section 217(2A) of the Act. Members desiring to have a copy of the same may write to the Company Secretary at the Registered Office of the Company and they will be provided with the same upon such a request.

Appreciation

The Directors place on record their appreciation of the efficient services rendered by the employees of the Company at all levels.

FOR AND ON BEHALF OF THE BOARD

Mumbai

Date: June 15th, 2005

B.K. PAREKH
CHAIRMAN

Annexure I To The Report of the Directors

Statement containing particulars pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, forming part of the Report of the Directors.

A) Conservation of Energy

- a) Energy Conservation Measures taken:
1. Redefining the system parameters for utilities and incorporating VFD and process controls.
 2. Usage of agro waste solid fuel (briquette) instead of fuel oil for boiler.
 3. Incorporation of improved version of process/utilities equipment.
 4. Increased/enhanced process efficiency by recovery and recycling.
- b) Additional Investments and Proposals, if any, being implemented for reduction of Consumption of Energy:
1. Continuing energy conservation measures on above lines.
 2. FO-based DG set for base load power generation.
 3. Briquette-fired boiler at other locations.
- c) Impact of measures of (a) and (b) above for reduction of energy consumption and the consequent impact on the cost of production of goods:
0.75 lac kWh of electricity and 106 kl of fuel oil are expected to be saved annually by the above measures.
- d) Total energy consumption and energy consumption per unit of production:
(as per Form A)

FORM A

Disclosure of Particulars with respect to Conservation of Energy

A. Power and Fuel consumption

		Year ended 31.3.2005	Year ended 31.3.2004
1. Electricity:			
a) Units Purchased	'000 kWh	1,04,92	96,86
Total Amount	Rs. '000	5,07,49	4,68,68
Rate/Unit (Average)	Rs.	4.84	4.84
b) Own Generation			
Through diesel generator			
Units	'000 kWh	1,47	2,00
Units per litre of diesel oil	kWh	2.18	2.41
Cost/Unit	Rs./kWh	12.40	9.17
2. Coal:		N.A.	N.A.
3. Fuel oil:			
Quantity	kl	30,05	30,78
Total Amount	Rs. '000	3,60,67	3,61,54
Average Rate	Rs. '000/kl	12.00	11.75
4. Other/Internal Generation:			
Units - Windmill	'000 kWh	5,31	6,82
Total Credit	Rs. '000	23,41	30,97
Rate/Unit (Average)	Rs.	4.41	4.54

NB: 83.12 lac kWh (71.92 lac kWh) units generated, amounting to Rs. 185.23 lac (Rs. 170.23 lac) at Satara and Sangli windmill projects, are shown as "Other Income" in the Current Year.

B. Consumption per unit of production

It is not feasible to furnish information in respect of consumption per unit of production.

B] Technology Absorption

- e) Efforts made in technology absorption:
(as per Form B)

FORM B Disclosure of Particulars with Respect to Technology Absorption

RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R&D is carried out by the Company

R&D programmes are carried out towards the development of new products, improvement of existing products and processes falling under the category of Synthetic Resins, Adhesives, Sealants, Pigments and Pigment Dispersions, Intermediates, Surfactants, Art Materials, Coatings, Fabric Care Products, Construction Chemicals, Maintenance Chemicals, Emulsion Polymers, etc.

2. Benefits derived as a result of the above R&D

Increase in sales due to product improvements and the introduction of new products; reduction in cost due to process improvements.

3. Future Plan of Action

Future R&D efforts will continue along similar lines, as at present, including process safety enhancement.

4. Expenditure on R&D

	Year ended 31.3.2005 (Rs. in lac)	Year ended 31.3.2004 (Rs. in lac)
i) Capital	16.48	11.75
ii) Recurring	3,80.38	3,40.54
Total	3,96.86	3,52.29
iii) Total R&D Expenditure as a percentage of total turnover	0.45	0.46

5. Technology Absorption, Adaptation and Innovation

- i) Technologies, Processes developed by our R&D Department are being continuously absorbed and adopted on a commercial scale. This includes the current development of paint dispensing machines.

ii) Benefits derived as a result of the above efforts:

Improvement in products and processes, and the introduction of new and customised paint products.

iii) Information regarding Technology imported during the last 5 years:

- a) Technology imported : Nil
b) Year of import : Not Applicable
c) Has technology been fully absorbed : Not Applicable
d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action : Not Applicable

C] Foreign Exchange Earnings & Outgo

- f) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans.

Export earnings during 2004-05 have shown an increase of Rs. 19,22 lac over 2003-04.

We have increased the number of foreign distributors for our products and put in place more employees in exports and overseas business development work.

- g) Total foreign exchange used and earned:

	Year ended 31.3.2005 (Rs. in lac)	Year ended 31.3.2004 (Rs. in lac)
Foreign exchange earned	60,10	40,88
Foreign exchange used*	1,26,37	99,25

* Out of the above, exchange used for import of materials which are either not manufactured in India and/or not easily available in India, amounted to Rs. 1,10,81 lac for the year ended 31.3.2005 (previous year Rs. 85,08 lac).

Auditors Report

To,
The Members of
PIDILITE INDUSTRIES LIMITED

We have audited the attached Balance Sheet of Pidilite Industries Limited ('the Company') as at 31st March, 2005, and the Profit and Loss Account and Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

I Our report as required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (the 'Act'), and on the basis of such checks of the books and records of the Company as we considered appropriate, and according to the information and explanation given to us by the management, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

II Further to our comments in the Annexure referred to in above paragraph, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- ii) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
- iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is, prima facie, disqualified as on 31st March, 2005 from being appointed as a director in terms of Section 274(1)(g) of the Act;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes thereon and attached thereto, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
 - b) In case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) In case of cash flow statement, of the cash flows for the year ended on that date.

For HARIBHAKTI & CO
Chartered Accountants
CHETAN DESAI
Partner
M. No. 17000

Place: Mumbai
Date: 17th May, 2005

Annexure To Auditors Report - March 31, 2005

Fixed Assets:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. We are informed that the fixed assets of the Company have been physically verified by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, physical verification was carried out during the year and no material discrepancies were noticed.
3. During the year, the Company has not disposed off a substantial part of fixed assets.

Inventories:

4. We are informed that the inventories of the Company have been physically verified by the Management during the year. In respect of inventories lying with third parties, these have been confirmed by them.
5. In our opinion, the procedures for physical verification of inventories followed by Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
6. On the basis of our examination of the records of the Company, we are of the opinion that the Company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical and book records were not material.

Related party transactions:

7. The Company has not granted any loan to the companies, firms or parties listed under Section 301 of the Act.
8. The Company has not taken loans or advances in the nature of loans from companies, firms or other parties listed in the register maintained under Section 301 of the Act.
9. In our opinion and according to the information and explanations given to us, the transactions that need to be entered in the register in pursuance of section 301 of the Act, have been so entered.
10. The above transactions are made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
11. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantee given by the Company, for loan taken by the company u/s 301 from bank, are, prima facie, not prejudicial to the interest of the Company.

Internal Controls:

12. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipments and other assets and for sale of goods and services. Further, on the basis of our examination of books and records of the Company, and on the basis of information and explanations given to us, we have neither come across nor have been informed of any instances of major weaknesses in the aforesaid internal control system.
13. The function of internal audit, as explained, is being carried out by outside professionals, which in our opinion, is commensurate with its size and nature of its business.

Taxation:

14. According to the books and records as produced and examined by us and in accordance with generally accepted auditing practices in India and also based on Management's Representation, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, ESIC dues, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Education Cess and other material statutory dues applicable to it.
15. According to the information and explanations given to us, and also based on Management's Representation, there were no dues of Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax, Education Cess and Sales Tax that have not been deposited on account of any dispute except the following:

Name of the statute	Amount (Rs in lacs)	Forum where dispute is pending
Sales Tax Act		
Maharashtra	100.03	Deputy Commissioner of Sales Tax
Andhra Pradesh	0.06	Deputy Commissioner of Sales Tax
Assam	5.68	Deputy Commissioner of Sales Tax
West Bengal	16.59	Deputy Commissioner of Sales Tax
Orissa	0.97	Deputy Commissioner of Sales Tax
Bihar	2.48	Deputy Commissioner of Sales Tax
Uttar Pradesh	1.04	Deputy Commissioner of UP Sales Tax
Uttar Pradesh	2.00	Sales Tax Tribunal
Excise Duty	43.25	CESTAT

Miscellaneous:

16. We are informed that the Central Government has prescribed the maintenance of cost records by the Company under section 209(1)(d) of the Act, in regard to production of Synthetic Resins. We are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made detailed examination of the records with a view to determine whether they are accurate and complete.
17. The Company has neither accumulated losses as at 31st March, 2005 nor it has incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
18. Based on our examination of the Balance Sheet of the Company as at 31st March 2005 on an overall basis and as per the information and explanations given to us, we find that the funds raised on short-term basis were not utilized for long-term investment.
19. Based upon the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
20. The clauses (vi), (xi), (xii), (xiii), (xiv), (xvi), (xviii), (xix) and (xx) of paragraph 4 and 5 of the Order are not applicable to the Company and hence not reported upon.

Place: Mumbai
Date: 17th May, 2005

For HARIBHAKTI & CO
Chartered Accountants
CHETAN DESAI
Partner
M. No. 17000

Balance Sheet As At 31st March, 2005

(Rs. in Lacs)

	Schedule	As at 31 st March, 2005	As at 31 st March, 2004
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a. Capital	1	25,24.00	25,24.00
b. Reserves and Surplus	2	3,32,20.36	2,84,45.73
			<u>3,57,44.36</u>
2. Loan Funds			
a. Secured Loans	3	15,93.85	19,63.50
b. Unsecured Loans	4	45,03.29	36,59.54
			<u>60,97.14</u>
3. Deferred Tax Liability (Net)		28,78.54	30,08.93
			<u>4,47,20.04</u>
			<u>3,96,01.70</u>
	TOTAL		
		<u>4,47,20.04</u>	<u>3,96,01.70</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets	5		
a. Gross Block		3,88,38.76	3,40,31.02
b. Less: Depreciation		1,63,51.11	1,37,16.49
c. Less: Lease Adjustment		2.79	5.61
			<u>5.61</u>
d. Net Block		2,24,84.86	2,03,08.92
e. Capital work in progress		31,90.69	13,77.26
			<u>2,56,75.55</u>
2. Investments (Net)	6	18,43.31	14,99.59
3. Current Assets, Loans and Advances	7		
a. Inventories		1,29,94.87	1,04,78.65
b. Sundry Debtors		1,08,37.27	97,19.53
c. Cash and Bank Balances		11,66.27	744.43
d. Other Current Assets		222.08	189.50
e. Loans and Advances		33,17.35	31,82.90
			<u>31,82.90</u>
		2,85,37.84	2,43,15.01
Less: Current Liabilities and Provisions	8		
a. Liabilities		82,24.58	54,63.19
b. Provisions		31,84.98	25,33.09
			<u>25,33.09</u>
		1,14,09.56	79,96.28
			<u>79,96.28</u>
Net Current Assets		1,71,28.28	1,63,18.73
4. Miscellaneous Expenditure (To the extent not written off or adjusted)			
VRS compensation - Refer Note 1 (viii) of schedule 12		72.90	97.20
			<u>97.20</u>
		4,47,20.04	3,96,01.70
			<u>3,96,01.70</u>
	TOTAL		
		<u>4,47,20.04</u>	<u>3,96,01.70</u>
Notes forming part of the Accounts	12		

AS PER OUR ATTACHED REPORT OF EVEN DATE

For HARIBHAKTI & CO.

Chartered Accountants

CHETAN DESAI

Partner

Mumbai

Date: 17th May, 2005

FOR AND ON BEHALF OF THE BOARD

B.K. PAREKH

Chairman

P.C. PATEL

Sr. Vice President & Secretary

M.B. PAREKH

Managing Director

Profit And Loss Account For The Year Ended 31st March, 2005

(Rs. in Lacs)

	Schedule		Previous Year
INCOME			
Sales		8,89,76.68	7,55,77.30
Less: Excise Duty		1,20,29.28	1,01,94.67
Net Sales		<u>7,69,47.40</u>	6,53,82.63
Other Income	9	9,98.02	8,96.76
		<u>7,79,45.42</u>	6,62,79.39
EXPENDITURE			
Materials	10	4,25,40.93	3,44,63.91
Other Expenses	11	2,20,88.23	2,01,07.80
Depreciation		26,99.36	25,50.22
		<u>6,73,28.52</u>	5,71,21.93
Profit before Taxation		1,06,16.90	91,57.46
Provision for Current Taxation		34,51.68	29,40.00
Deferred Taxation		(1,30.39)	77.69
Profit for the year		<u>72,95.61</u>	61,39.77
Prior year Tax Provision written back (Net)		3,62.18	–
Balance brought forward from previous year		26,43.26	21,81.40
Profit available for appropriation		<u>1,03,01.05</u>	83,21.17
Proposed Dividend		25,24.00	20,19.20
Corporate Tax on Dividend		3,53.99	2,58.71
Cess on Corporate Tax on Dividend for last year		5.17	–
Total Dividend including tax thereon		<u>28,83.16</u>	22,77.91
Transfer to General Reserve		44,00.00	34,00.00
Balance carried to Balance Sheet		<u>30,17.89</u>	26,43.26
Earnings Per Share (Refer Note 13 of Schedule 12) :			
Basic and Diluted (Rs.)		30.34	24.33
Notes forming part of the Accounts	12		

AS PER OUR ATTACHED REPORT OF EVEN DATE

For HARIBHAKTI & CO.

Chartered Accountants

CHETAN DESAI

Partner

Mumbai

Date: 17th May, 2005

FOR AND ON BEHALF OF THE BOARD

B.K. PAREKH

Chairman

P.C. PATEL

Sr. Vice President & Secretary

M.B. PAREKH

Managing Director

Schedule Numbers 1 to 12 annexed to and forming part of the Balance Sheet as at 31st March, 2005 and Profit and Loss Account for the year ended 31st March, 2005

(Rs. in Lacs)

	As at 31 st March, 2005	As at 31 st March, 2004
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
2,75,00,000 Equity Shares of Rs. 10 each	27,50.00	27,50.00
25,00,000 Unclassified Shares of Rs. 10 each	2,50.00	2,50.00
TOTAL	30,00.00	30,00.00
Issued, Subscribed and Paid up		
2,52,39,400 Equity Shares of Rs. 10 each, fully paid-up (Notes 1 and 2)	25,23.94	25,23.94
Bonus Shares Issue Suspense Account (Note 3)	0.06	0.06
TOTAL	25,24.00	25,24.00

NOTES:

Out of the above

- 7,47,588 Equity Shares of Rs.10 each have been issued for consideration other than cash pursuant to various schemes of amalgamation during earlier years.
- 2,26,41,434 Equity Shares of Rs.10 each have been allotted as fully paid-up Bonus Shares by way of capitalisation of General Reserve, Share Premium Account and Capital Redemption Reserve.
- Bonus Shares Issue Suspense Account pertains to issue of 600 fully paid-up Bonus Shares pending settlement of dispute for title of Shares.

SCHEDULE 2

RESERVES AND SURPLUS

Capital Reserve		
Balance as per last Balance Sheet	33.70	33.70
Cash Subsidy Reserve		
Balance as per last Balance Sheet	74.74	74.74
Special Reserve		
Balance as per last Balance Sheet	11.89	11.89
General Reserve		
Balance as per last Balance Sheet	2,56,82.14	2,22,82.14
Add: Transferred from Profit and Loss Account	44,00.00	34,00.00
	3,00,82.14	2,56,82.14
Profit and Loss Account	30,17.89	26,43.26
TOTAL	3,32,20.36	2,84,45.73

(Rs. in Lacs)

As at
31st March, 2005 As at
31st March, 2004

SCHEDULE 3

SECURED LOANS

Working Capital loans from Banks (including Working Capital Demand Loan)	15,93.85	19,63.50
TOTAL	15,93.85	19,63.50

Working Capital Loans from Banks are secured by hypothecation of stock of Raw Materials, Finished Goods, Packing Material, Stock in Process and Book Debts. Further, these loans are collaterally secured by way of second charge on the entire plant and machinery of the Company and land and building of the Company's unit at Kondivita, Mumbai.

SCHEDULE 4

UNSECURED LOANS

Interest free Sales Tax loan from Government of Gujarat	9.76	14.49
Interest free Sales Tax loan from Government of Maharashtra	21,25.53	16,45.05
Commercial Paper	–	20,00.00
Foreign Currency Loan from Banks	23,68.00	–
TOTAL	45,03.29	36,59.54

Amount due within one year Rs. 23,72.71 Lacs (Rs. 20,04.71 Lacs)

SCHEDULE 5
FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 1.4.2004	Additions/ Adjust- ments	Deduc- tions/ Adjust- ments	As at 31.3.2005	Provided during the year	Deductions/ Adjust- ments	As at 31.3.2005	As at 31.3.2004
Intangible Assets:								
– Goodwill	4,24.01	2,65.73	–	6,89.74	1,11.84	–	3,67.91	1,67.94
– Copyrights, Trademark, Etc.	49,55.10	10,70.92	–	60,26.02	5,75.00	–	22,42.10	32,88.00
Freehold Land	6,55.36	0.85	–	6,56.21	–	–	6,56.21	6,55.36
Leasehold Land	3,38.53	30.54	–	3,69.07	4.29	–	3,47.89	3,21.64
Buildings	56,04.44	5,54.38	–	61,58.82	1,74.73	–	12,53.00	45,26.17
Plant and Machinery	1,95,53.42	22,90.76	24.32	2,18,19.86	16,38.85	29.30	1,13,20.70	98,42.27
Furniture & Fixtures	13,08.22	1,53.84	1.32	14,60.74	89.90	0.18	5,48.08	8,49.86
Vehicles	8,07.75	5,25.34	74.94	12,58.15	83.60	35.26	3,31.06	5,25.03
Capital Expenditure on Scientific Research:								
– Buildings	14.84	–	–	14.84	0.47	–	7.97	7.34
– Plant and Machinery	2,92.37	16.48	0.52	3,08.33	14.68	–	2,03.86	1,03.19
– Furniture and Fixtures	30.65	–	–	30.65	1.94	–	11.80	20.79
Assets given on Lease:								
Plant and Machinery	32.13	–	–	32.13	3.32	–	31.10	1.23
Vehicles	14.20	–	–	14.20	0.74	–	12.35	0.10
Total	3,40,31.02	49,08.84	1,01.10	3,88,38.76	26,99.36	64.74	1,63,51.11	2,03,08.92
Previous Year	3,05,95.65	35,11.85	76.48	3,40,31.02	25,50.22	46.22	1,37,16.49	
Capital work in progress including capital advances								
TOTAL							31,90.69	13,77.26
							2,56,75.55	2,16,86.18

(Rs. in Lacs)

	As at	As at
	31 st March, 2005	31 st March, 2004

SCHEDULE 6**LONG TERM INVESTMENTS (AT COST)**

I.	In Government Securities (Unquoted)		
	6 and 7 Years National Savings Certificates (Deposited with Government Departments, Bombay Municipal Corporation, Reliance Energy Ltd.)	1.61	1.61
II.	In Equity Shares (Fully paid)		
	a) Quoted		
	Trade:		
	• 74,51,540 Equity Shares of Rs. 10 each of Vinyl Chemicals (India) Ltd.	11,78.34	11,78.34
	Others:		
	• 3,594 Equity Shares of Rs. 10 each of Hindustan Adhesives Ltd.	0.88	0.88
	• 14,400 Equity Shares of Rs. 10 each of Hindustan Organic Chemicals Ltd.	7.20	7.20
	• 4,188 Equity Shares of Rs. 10 each of Indian Petrochemicals Corporation Ltd.	7.74	7.74
	• Nil (2,000) Equity Shares of Rs. 10 each of Jindal Vijaynagar Steel Ltd.	–	0.10
	• 1,21,300 Equity Shares of Rs. 10 each of Pal Peugeot Ltd.	12.13	12.13
	• 2,22,542 Equity Shares of Rs. 10 each of Indian Overseas Bank Ltd.	29.62	29.62
	• 61,900 Equity Shares of Rs. 10 each of Menon Pistons Ltd.	43.74	43.74
	TOTAL - II (a)	12,79.65	12,79.75
	[Market Value Rs. 1,319.85 Lacs (789.95 Lacs)]		
	b) Unquoted (Fully paid)		
	• In wholly-owned Subsidiary Companies		
	50,000 Equity Shares of Rs. 10 each of Fevicol Company Ltd.	5.00	5.00
	• 6,87,159 (Nil) Equity Shares of Pidilite International Pte Ltd.	3,02.67	–
	• 40 Equity Shares of Rs. 50 each of Regent Chambers Premises Co-op. Society Ltd.	0.02	0.02
	• 25 Equity Shares of Rs. 10 each of New Usha Nagar Co-op. Housing Society Ltd.	0.01	0.01
	• 2,00,200 Equity Shares of Rs. 10 each of Enjayes Spices & Chemicals Oil Ltd.	52.86	52.86
	• 628 Equity Shares of Rs. 100 each of Jawahar Co-op. Industrial Estate Ltd.	0.62	0.62
	• 2,275 Equity Shares of Rs. 1 each of Himalaya House Company Ltd.	0.02	0.02
	TOTAL - II (b)	3,61.20	58.53
III.	In Units of Mutual Fund (Unquoted)		
	• 400 Units of Rs. 70,000 each of Infinity Venture India Fund (Rs. 65,000 per unit paid-up)	2,60.00	2,60.00
	TOTAL - III	2,60.00	2,60.00
	TOTAL : I + II (a) + II (b) + III	19,02.46	15,99.89
	Less: Diminution in value of Investments	59.15	1,00.30
	TOTAL	18,43.31	14,99.59

SCHEDULE 6 (Contd....)

Investments purchased and sold during the year other than shown above:	Purchased	(Units) Sold
Units of Birla Cash Plus Dividend Option Institutional Plan	5,66,44,197.119	5,66,44,197.119
Units of Birla Cash Plus Dividend Option Premium Institutional Plan	1,05,38,748.390	1,05,38,748.390
Units of DSP Merrill Lynch Mutual Fund Liquidity Fund (Dividend Option)	76,83,223.948	76,83,223.948
Units of DSP Merrill Lynch Mutual Fund Floating Rate (Qtrly Dividend Option)	19,77,163.759	19,77,163.759
Units of DSP Merrill Lynch Mutual Fund Floating Rate (Weekly Dividend Option)	20,02,490.241	20,02,490.241
Units of Templeton Mutual Fund	60,425.674	60,425.674
Units of Reliance Mutual Fund Dividend Option	19,45,064.221	19,45,064.221
Units of Grindlays Cash Fund Dividend Option	58,60,361.494	58,60,361.494

(Rs. in Lacs)

As at
31st March, 2005 31st March, 2004

SCHEDULE 7**CURRENT ASSETS, LOANS AND ADVANCES**

A) Current Assets

a) Inventories (As valued and certified by the Management)

Consumable Stores and Spares, etc.	91.76	72.36
Raw Materials	50,87.82	39,49.73
Goods in Process	4,21.61	3,54.87
Finished Goods	60,94.30	48,56.09
Traded Goods	4,85.36	5,26.29
Packing Materials	8,14.02	7,19.31

	1,29,94.87	1,04,78.65
--	------------	------------

b) Sundry Debtors (Unsecured)

Over six months -

Considered good	1,91.21	2,06.87
Others, Considered good	1,06,46.06	95,12.66

	1,08,37.27	97,19.53
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c) Cash and Bank Balances

Cash and cheques on hand	1,85.05	2,98.24
Remittances in transit	24.37	2.11

Bank Balances:

With scheduled banks		
In Current Accounts	9,56.55	4,42.85
In Deposit	-	0.93

Others:

In Fixed Deposit with Municipal Co-op. Bank Ltd.	0.30	0.30
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[Maximum outstanding during the year Rs. 0.30 Lacs (Rs. 0.30 Lacs)]

	11,66.27	7,44.43
--	----------	---------

d) Other Current Assets

Interest Accrued on Investments	0.84	0.68
Claims Receivable	2,21.24	1,88.82

	2,22.08	1,89.50
--	---------	---------

B) Loans and Advances

(Unsecured, considered good)

Advances recoverable in cash or in kind or for value to be received	12,79.92	10,76.36
Advance Payment of Taxes (Net of Provisions)	6,25.82	12,60.13
Loans and Advances to Staff	3,39.02	2,74.00
Deposits	2,89.83	2,66.54
Balances with Central Excise Department	7,82.76	3,05.87

	33,17.35	31,82.90
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TOTAL

	2,85,37.84	2,43,15.01
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(Rs. in Lacs)

	As at 31 st March, 2005	As at 31 st March, 2004
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SCHEDULE 8**CURRENT LIABILITIES AND PROVISIONS**

A) Current Liabilities		
Acceptances	1,86.23	1,70.11
Sundry Creditors (Refer Note 2 of Schedule 12)		
Small Scale Industrial Undertakings	6,78.04	0.53
Others	55,62.02	36,70.14
	62,40.06	36,70.67
Dealers' Deposits	11,28.82	9,85.55
Investor Education and Protection Fund shall be credited by the following to the extent required as and when necessary :		
Unclaimed Dividends	33.86	33.09
Other Liabilities	6,35.61	6,03.77
	82,24.58	54,63.19
B) Provisions		
For Leave encashment	3,06.99	2,55.18
Dividends:		
Proposed Dividend	25,24.00	20,19.20
Corporate Tax on Dividend	3,53.99	2,58.71
	28,77.99	22,77.91
TOTAL	1,14,09.56	79,96.28

SCHEDULE 9**OTHER INCOME**

Interest received (Gross)	191.16	74.69
[Tax deducted at source Rs. 0.86 Lacs (Rs. 5.89 Lacs)]		
Dividend received	33.56	24.64
Export Incentives	1,63.27	1,93.75
Profit on sale of Investments (Net)	1.35	6.70
Miscellaneous	5,67.54	5,96.98
Excess provisions written back	41.14	-
	9,98.02	8,96.76
TOTAL	9,98.02	8,96.76

(Rs. in Lacs)

Previous year

SCHEDULE 10

MATERIALS

a. Raw Materials consumed			
Opening Stock	39,49.73		34,57.26
Add: Purchases	3,36,52.13		2,68,07.25
	<u>3,76,01.86</u>		<u>3,02,64.51</u>
Less: Closing Stock	50,87.82		39,49.73
		3,25,14.04	<u>2,63,14.78</u>
b. (Increase)/Decrease in Stocks			
Closing Stock			
Goods in Process	4,21.61		3,54.87
Finished Goods	60,94.30		48,56.09
	<u>65,15.91</u>		<u>52,10.96</u>
Less:			
Opening Stock			
Goods in Process	3,54.87		3,08.45
Finished Goods	48,56.09		37,47.90
	<u>52,10.96</u>		<u>40,56.35</u>
		(13,04.95)	<u>(11,54.61)</u>
c. Packing Materials consumed		92,80.58	74,71.35
d. Cost of Traded Goods			
Opening Stock	5,26.29		3,76.07
Add: Purchases	20,10.33		19,82.61
	<u>25,36.62</u>		<u>23,58.68</u>
Less: Closing Stock	4,85.36		5,26.29
		20,51.26	<u>18,32.39</u>
		<u>4,25,40.93</u>	<u>3,44,63.91</u>
		<u><u>4,25,40.93</u></u>	<u><u>3,44,63.91</u></u>
TOTAL			

(Rs. in Lacs)

Previous year

SCHEDULE 11**OTHER EXPENSES**

Stores and Spares consumed		3,61.83	3,63.12
Clearing, Forwarding, Octroi Duty, etc.		27,04.53	21,94.90
Central Excise Duty		2,71.66	1,83.33
Power and Fuel		8,78.68	8,12.85
Water Charges		95.15	90.86
Employees' Emoluments : [Refer Notes 1 (vi), (vii), (viii), 6 and 7 of Schedule 12]			
Salaries, Wages, Bonus, Allowances etc.	54,05.17		44,66.00
Contribution to Provident and Other Funds	4,37.63		4,41.16
Welfare Expenses	7,93.19		6,91.02
		<hr/>	<hr/>
		66,35.99	55,98.18
Rent		3,50.48	2,52.63
Rates and Taxes		43.38	48.40
Insurance		2,17.00	2,43.55
Licence fees		2.66	4.33
Repairs:			
Buildings	93.96		97.14
Machinery	2,06.59		1,96.11
Others	1,00.36		1,01.65
		<hr/>	<hr/>
		4,00.91	3,94.90
Directors' Fees		1.53	1.38
Advertisement and Publicity		31,97.16	36,26.89
Legal and Professional fees		6,96.59	6,86.30
Communication Expenses		4,41.12	3,37.45
Printing and Stationery		1,28.87	1,23.02
Travelling & Conveyance Expenses		16,15.37	15,02.70
Bad Debts		16.01	37.79
Processing and Packing Charges		19,18.53	17,53.37
Bank charges		2,24.70	1,86.53
Commission & Brokerage		1,11.49	1,32.56
Miscellaneous expenses		14,66.18	12,55.87
Scientific Research and Development Expenditure [Refer Note 1(iv) of Schedule 12]		21.70	24.05
Remuneration to Auditors			
Audit Fees	11.02		10.80
For Other Services	10.55		9.97
		<hr/>	<hr/>
		21.57	20.77
Donations		73.16	31.02
Diminution in Value of Investments [Refer Note 1(v) of Schedule 12]		–	1.20
Loss on Fixed Assets Sold/Discarded (Net)		25.05	15.20
Interest		1,66.93	1,84.65
		<hr/>	<hr/>
TOTAL		2,20,88.23	2,01,07.80
		<hr/> <hr/>	<hr/> <hr/>

SCHEDULE 12

NOTES ON ACCOUNTS

1. Significant Accounting Policies

i) System of accounting

The Company follows accrual system of accounting. Claims which are not of material nature / refunds of Insurance, Octroi Duty, Customs duty, etc, are accounted for when no significant uncertainties are attached to their eventual receipt.

ii) Fixed Assets and Depreciation

a) Tangible assets are stated at cost.

b) The Company provides depreciation as under:

- 1) For assets acquired upto 30-06-1987, on Straight Line Method (SLM) basis, except certain assets for which written down value (WDV) basis is adopted at rates equivalent to the rates specified in the Income-Tax Act, 1961.
- 2) For assets acquired after 30.06.1987 & before 31.03.1993, on SLM basis at rates specified in Schedule XIV of the Companies Act, 1956.
- 3) For assets acquired after 31-03-1993, on SLM basis as per new rates prescribed under Schedule XIV vide notification No.GSR 756 (E) dated 16-12-1993 issued by the Department of Company Affairs.
- 4) The Company provides pro-rata depreciation for additions made during the year except for assets less than Rs. 5,000, for which depreciation has been provided at hundred percent.
- 5) The Goodwill acquired by the Company is amortised over a period of 5 years on SLM basis.
- 6) The Copyrights, Trademarks, Technical Knowhow etc acquired by the Company are amortised over a period of 10 years on SLM basis.

iii) Method of Valuation of Inventories

Raw Materials and Packing Materials are valued at cost. Cost is arrived at on weighted average basis. Goods in process are valued at cost. Finished Goods and Traded Goods are valued at cost or net realisable value, whichever is lower and Consumable Stores and Spares are valued at lower of cost or net realisable value as estimated by the Management.

iv) Scientific Research and Development Expenditure

a) Capital expenditure is shown separately in Fixed Assets.

b) Revenue expenses including depreciation except expenditure specifically shown, are charged to respective heads of account.

v) Investments

Long Term Investments are stated at cost. Diminution of permanent nature in value of Investments (other than long term strategic investment) is provided for.

vi) Gratuity

Payment for present liability of future payment of Gratuity is being made to approved Gratuity Fund which fully covers the same under cash accumulation policy of the Life Insurance Corporation of India and the same is charged to Profit and Loss Account for the year.

vii) Leave Encashment Entitlement

Liability in respect of leave encashment entitlement in accordance with the policies of the Company is provided for, based on valuations by an independent actuary.

viii) Deferred Revenue Expenditure

Voluntary Retirement Scheme (VRS) compensation is amortised over a period of five years.

ix) Foreign Currency Transactions are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency assets and liabilities are restated at rates ruling at the year end. Exchange differences relating to fixed assets are adjusted in the cost of the asset. Any other exchange differences are dealt with in the Profit and Loss Account.

x) The Company is entitled to sell sales tax deferment benefits under Maharashtra Energy Development Agency (Windmill Projects) Package Scheme of incentives under the Bombay Sales Tax Act, 1959. Shortfall in the realisation of sale of such benefits to third parties are charged fully in the year of sale.

2. The names of small scale industries to whom the Company owes an amount which is outstanding for more than 30 days at the Balance Sheet date are M/s Contech Instruments Limited and Acid Industries. The above information and that given in Schedule 8 "Liabilities" regarding small scale industrial undertakings has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTES ON ACCOUNTS (Contd...)

(Rs. in Lacs)

	As at 31 st March, 2005	As at 31 st March, 2004
3. Contingent liabilities not provided for		
i) Guarantees given by Banks in favour of Government and others	3,74.23	3,74.05
ii) Guarantees given by Company [US \$ 5 million (US \$ 5 million)]	21,97.00	22,12.00
iii) Partly paid Shares and Units	20.00	20.10
iv) Disputed liabilities in respect of Income Tax, Sales Tax and Central Excise & Customs (under appeal)	2,27.08	10,98.35
4. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	17,68.42	3,34.34
5. The net amount of exchange differences (credited) / debited to Profit & Loss Account	(55.13)	(43.12)
6. Remuneration to Directors: (Includes benefits which are debited to respective expenses)		
a. Remuneration	2,01.77	1,75.15
b. Commission	2,55.18	2,01.17
c. Provident Fund Contribution	22.15	20.03
d. Other Perquisites	29.93	30.74
7. Computation of Net Profit for Commission Payable to Directors in accordance with Section 198 of the Companies Act, 1956.		
Profit as per Profit and Loss Account before Provision for taxation and commission to directors	1,08,72.08	93,58.63
Add: Directors' remuneration	2,01.77	1,75.15
Contribution to Provident Fund	22.15	20.03
Other Perquisites	29.93	30.74
	2,53.85	2,25.92
	1,11,25.93	95,84.55
Less: Profit on sale of investment	1.60	8.96
Add: Loss on sale of fixed assets	25.05	15.20
Net Profit for the year for the purpose of Directors' Commission	1,11,49.38	95,90.79
Commission payable to Directors		
a) Managing Director, Joint Managing Director and a Wholetime Director	2,39.18	1,87.17
b) Others	16.00	14.00
	2,55.18	2,01.17

NOTES ON ACCOUNTS (Contd...)

8. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956

Details of licensed capacity, installed capacity, production and sales of the goods manufactured

i. DETAILS OF THE GOODS MANUFACTURED/SALES/STOCKS

(Rs. in Lacs)									
Class of Goods ^A	Licensed Capacity*	Installed Capacity* Approx.	Opening Stock (Qty.)	Opening Stock (Rs.)	Production Meant for Sale (Qty.)	Sales ^B (Qty.)	Sales ^B (Rs.)	Closing Stock (Qty.)	Closing Stock (Rs.)
Dyestuffs									
MT	3,624 (3,624)	2,364 (2,364)	1,494 (1,585)	13,26.81 (11,23.96)	10,214 ^C (9,611)	10,394 (9,702)	89,43.92 (81,28.95)	1,314 (1,494)	12,43.31 (13,26.81)
KL			426 (390)	539.31 (473.40)	2,714 ^D (2,133)	2,711 (2,097)	58,48.55 (48,09.18)	429 (426)	6,85.17 (5,39.31)
Chemicals									
MT	1,02,835 (1,02,835)	76,810 (76,810)	4,509 (3,191)	21,11.33 (15,42.22)	82,711 ^E (64,988)	81,162 (63,693)	5,42,94.66 (4,33,11.55)	6,058 (4,486)	29,52.50 (21,11.33)
KL	19,260 (19,260)	15,660 (15,660)	1,158 (799)	7,40.89 (5,05.66)	17,514 ^F (13,930)	17,082 (13,571)	1,47,67.29 (1,15,73.43)	1,590 (1,158)	10,57.48 (7,40.89)
Others Nos. Lac			29.68 (22.21)	1,37.75 (1,08.78)	4,48.13 (2,92.91)	4,35.19 (2,85.44)	19,88.86 (14,09.81)	42.62 (29.68)	1,55.84 (1,37.75)
Traded Goods				5,26.29 (5,59.71)			30,45.31 (63,07.70)		4,85.36 (5,26.29)
				53,82.38 (43,13.73)			8,88,88.59 (7,55,40.62)		65,79.66 (53,82.38)

Notes:

* This being a technical matter, is as informed by the Management and relied upon by Auditors.

A Class of Goods is based on main classification given in the Industries (Development and Regulation) Act, 1951.

B Excluding Resale of Raw Materials / Packing Materials Rs. 88.09 Lacs (Rs. 36.68 Lacs).

C Includes 8,488 Tonnes (7,875 Tonnes) produced in the factory of third party.

D Includes 2,680 KL (2,133 KL) produced in the factory of third party.

E Includes 45,153 Tonnes (39,173 Tonnes) produced in the factory of third party.

F Includes 1,247 KL (825 KL) produced in the factory of third party.

Figures in bracket indicate previous year's figures.

ii(a) Value of Imported and Indigenous Raw Materials consumed and percentage thereof

	2004-05 Rs. in Lacs	2003-04 Rs. in Lacs	2004-05 %	2003-04 %
Imported	1,32,09.32	1,12,03.93	40.74	42.64
Indigenous	1,92,16.63	1,50,74.17	59.26	57.36
	3,24,25.95*	2,62,78.10*	100.00	100.00

NOTES ON ACCOUNTS (Contd...)

ii(b) Consumption of Raw Materials

	2004-05		2003-04	
	Quantity MT	Value Rs. in Lacs	Quantity MT	Value Rs. in Lacs
Vinyl Acetate Monomer	14,740	76,03.54	13,652	56,97.49
Miscellaneous (None of which individually account for more than 10% of total consumption)		2,48,22.41		2,05,80.61
		<u>3,24,25.95</u> *		<u>2,62,78.10</u> *

Notes:

* Net of Resale of Raw Materials Rs. 88.09 Lacs (Rs. 36.68 Lacs)

(Rs. in Lacs)

	2004-05	2003-04
iii. C.I.F. Value of Imports		
Raw Materials	1,10,80.85	85,08.14
Capital Goods	69.51	29.73
Others	6,32.83	9,29.10
	<u>1,17,83.19</u>	<u>9,466.97</u>
iv. Expenditure in Foreign Currency		
Foreign travel	3,18.67	1,62.97
Professional Fees	1,12.27	1,07.08
Interest	1.84	–
Others	4,20.89	1,88.38
	<u>8,53.67</u>	<u>4,58.43</u>
v. Earnings in Foreign Exchange		
FOB Value of Exports	60,00.44	40,72.25
Royalty	–	7.93
Others	9.52	7.94
	<u>60,09.96</u>	<u>40,88.12</u>

NOTES ON ACCOUNTS (Contd...)

9. Segment reporting:
INFORMATION ABOUT BUSINESS SEGMENTS

(Rs. in Lacs)			
Business Segments	Consumer & Bazaar Products	Industrial Products	Total
REVENUE			
External sales	6,48,96.76	2,40,79.92	8,89,76.68
	(5,55,89.16)	(1,99,88.14)	(7,55,77.30)
Inter Segment Revenue (at cost plus 10%)	8.38	20,42.59	20,50.97
	(5.61)	(20,90.57)	(20,96.18)
Total Revenue	6,49,05.14	2,61,22.51	9,10,27.65
	(5,55,94.77)	(2,20,78.71)	(7,76,73.48)
RESULTS			
Segment Results	1,34,15.98	19,13.44	1,53,29.42
	(1,17,05.15)	(18,44.21)	(1,35,49.36)
Unallocated Corporate Expenses			53,80.34
			(49,12.11)
Unallocated Corporate Income			6,10.03
			(6,05.53)
Operating Profit			1,05,59.11
			(92,42.78)
Interest expenses			1,66.93
			(1,84.65)
Interest / Dividend Income			2,24.72
			(99.33)
Income Tax (Provision for Taxation and Deferred taxation)			33,21.29
			(30,17.69)
Net Profit			72,95.61
			(61,39.77)
OTHER INFORMATION			
Segment Assets	2,49,43.08	1,28,22.36	3,77,65.44
	(2,14,43.53)	(1,14,22.26)	(3,28,65.79)
Unallocated Corporate assets			1,83,64.14
			(1,47,32.19)
Total Assets			5,61,29.58
			(4,75,97.98)
Segment Liabilities	40,12.63	22,27.43	62,40.06
	(23,51.72)	(13,18.95)	(36,70.67)
Unallocated Corporate Liabilities			51,69.48
			(43,25.61)
Total Liabilities			1,14,09.54
			(79,96.28)
Capital Expenditure	30,36.72	4,98.24	35,34.96
	(20,80.16)	(3,53.46)	(24,33.62)
Unallocated Corporate Capital Expenditure			13,73.88
			(10,78.23)
Depreciation	12,19.80	5,99.88	18,19.68
	(9,52.43)	(6,88.48)	(16,40.91)

INFORMATION ABOUT GEOGRAPHICAL SEGMENTS

(Rs. in Lacs)

GEOGRAPHICAL SEGMENTS	India		Other Countries		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Sales Revenue	8,24,98.03	7,10,67.58	64,78.65	45,09.72	8,89,76.68	7,55,77.30
Carrying amount of Segment Assets	5,48,10.25	4,64,61.52	13,19.33	11,36.46	5,61,29.58	4,75,97.98
Additions to Fixed Assets and Intangible Assets	49,08.84	35,11.85	–	–	49,08.84	35,11.85

10. Deferred Taxation:

Out of the net deferred tax liability of Rs. 28,78.54 lacs as at 31st March, 2005, the major components of deferred tax balances are set out below

(Rs. in Lacs)

	Upto 31.03.2004	During the year 2004-05	Carried as at 31.03.2005
Deferred Tax Liability			
i) Difference between accounting and tax Depreciation (Cumulative)	30,88.91	(1,22.40)	29,66.51
Deferred Tax Assets			
i) Preliminary Expenses Amortisation	1.52	(1.52)	–
ii) Leave salary	73.75	12.87	86.62
iii) Others	4.71	(3.36)	1.35
	<u>79.98</u>	<u>7.99</u>	<u>87.97</u>
Net Deferred Tax liability	<u>30,08.93</u>	<u>(1,30.39)</u>	<u>28,78.54</u>

The above working of deferred tax is based on assessment orders where assessments are complete and on return of income in other cases.

11. Related Party Disclosures

Related party Disclosures as required by AS-18, "Related Party Disclosures", are given below:

i) Relationships:

- a. Vinyl Chemicals (India) Ltd. – Substantial Interest in Voting Power (Associate).
- b. Kalva Marketing Services Ltd. – Significant Influence
- c. Parekh Marketing Ltd. – Significant Influence
- d. Fevicol Company Ltd. – 100% Subsidiary
- e. Pidilite International Pte Ltd. – 100% Subsidiary
- f. Chemson Asia Pte Ltd. – 75% Subsidiary of wholly owned subsidiary

ii) Key Management Personnel:

Sarva Shri M.B. Parekh, Managing Director; N.K. Parekh, Jt. Managing Director and A.B. Parekh, Whole Time Director.

iii) Other Directors:

- a. Sarva Shri B.K. Parekh, H.K. Parekh, S.K. Parekh, R.M. Gandhi, N.J. Jhaveri, Bansi S. Mehta, Ranjan Kapoor and Yash Mahajan.
- b. Sarva Shri Santosh Kumar and S.T. Dave - Whole Time Directors.

iv) Transactions with Related Parties during the year ended March 31st, 2005 are as follows:

(Rs. in Lacs)

Nature of Transactions	Parekh Marketing Ltd.	Vinyl Chemicals (India) Ltd.	Kalva Marketing Services Ltd.	Fevicol Company Ltd.	Chemson Asia Pte. Ltd.	Pidilite International Pte. Ltd.	Total Amount
a. Sales and Related Income	40,827.24 (36,568.91)	236.07 (305.87)	Nil (-)	Nil (-)	Nil (-)	Nil (-)	4,10,63.31 (3,68,74.78)
b. Other Income (Including Electricity Generation)	4.77 (4.77)	189.83 (130.85)	1.09 (1.09)	Nil (-)	Nil (-)	Nil (-)	1,95.69 (1,36.71)
c. Purchases and Other Related Services	92.08 (-)	4,273.28 (3,568.52)	Nil (0.02)	Nil (-)	4.29 (-)	Nil (-)	43,69.65 (35,68.54)
d. Transfer of Sales Tax Deferment Benefit	Nil (-)	184.00 (73.60)	Nil (-)	Nil (-)	Nil (-)	Nil (-)	1,84.00 (73.60)
e. Remuneration to Directors:							
– Sitting Fees	1.53 (1.38)	- (-)	- (-)	- (-)	- (-)	- (-)	1.53 (1.38)
– Managing Director / Jt. Managing Director	3,69.66 (2,99.34)	- (-)	- (-)	- (-)	- (-)	- (-)	3,69.66 (2,99.34)
– Whole Time Directors	1,23.37 (1,13.75)	- (-)	- (-)	- (-)	- (-)	- (-)	1,23.37 (1,13.75)
– Commission to Non-Executive Directors	16.00 (14.00)	- (-)	- (-)	- (-)	- (-)	- (-)	16.00 (14.00)
f. Investment in Share Capital	Nil (-)	Nil (-)	Nil (-)	Nil (-)	Nil (-)	3,02.67 (-)	3,02.67 (-)
g. Purchase of Fixed Assets	2.30 (0.16)	11.24 (-)	14.12 (506.90)	Nil (-)	Nil (-)	Nil (-)	27.66 (5,07.06)
h. Sale of Fixed Assets	- (0.18)	6.90 (-)	Nil (-)	Nil (-)	Nil (-)	Nil (-)	6.90 (0.18)
i. Processing Charges	Nil (-)	Nil (-)	Nil (1,24.70)	Nil (-)	Nil (-)	Nil (-)	Nil (1,24.70)
j. Rent, Maintenance and Service charges paid	3.57 (8.63)	111.92 (115.24)	Nil (1.25)	Nil (-)	Nil (-)	Nil (-)	1,15.49 (1,25.12)
k. Reimbursement of expenses made	0.67 (0.45)	0.39 (3.44)	Nil (-)	Nil (-)	Nil (-)	Nil (-)	1.06 (3.89)
l. Reimbursement of expenses received	2.57 (2.84)	1.98 (1.53)	Nil (-)	Nil (-)	Nil (-)	Nil (-)	4.55 (4.37)
m. Advances paid to Fevicol Company Ltd.	- (-)	- (-)	- (-)	- (64.10)	- (-)	- (-)	- (64.10)
n. Outstanding Balances:							
– Debtors	4,341.57 (4,398.33)	57.73 (33.67)	Nil (-)	Nil (-)	Nil (-)	Nil (-)	43,99.30 (44,32.00)
– Creditors	4.99 (-)	(49.30) (39.20)	(9.47) (-)	Nil (-)	(4.29) (-)	Nil (-)	(58.07) (39.20)
– Outstanding Payable (Net of receivable)	- (-)	8.43 (5.53)	- (-)	- (-)	- (-)	- (-)	8.43 (5.53)

No amounts have been written off or written back during the year in respect of debts due from or to Related Parties.

12. Sundry debtors include amount due from

	As at 31.03.2005	As at 31.03.2004
Company as per Section 370 (1B) of the Companies Act, 1956:		
Parekh Marketing Limited	43,41.57	43,98.33
Vinyl Chemicals (India) Limited	57.73	33.67

13. Earnings Per Share

	25240000	25240000
Outstanding Equity Shares (No.)		
Net Profit after tax including prior year tax provision written back (Rs. in lacs)	76,57.79	61,39.77
Earnings Per Share (Rs.)	30.34	24.33

14. Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956:

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

	2004-05	2003-04
I. Registration Details		
Registration No.	14336	14336
State Code	11	11
Balance Sheet Date	31.3.2005	31.3.2004
	(Rs. in Lacs)	(Rs. in Lacs)
II. Capital Raised during the year		
Public Issue	Nil	Nil
Rights Issue	Nil	Nil
Bonus Issue	Nil	Nil
Private Placement / On Amalgamation	Nil	Nil
III. Position of Mobilisation and Deployment of Funds		
Total Liabilities	4,47,20.04	3,96,01.70
Total Assets	4,47,20.04	3,96,01.70
Sources of Funds		
Paid-up Capital	25,24.00	25,24.00
Reserves and Surplus	3,32,20.36	2,84,45.73
Secured Loans	15,93.85	19,63.50
Unsecured Loans	45,03.29	36,59.54
Deferred Tax Liability (Net)	28,78.54	30,08.93
Application of Funds		
Net Fixed Assets	2,56,75.55	2,16,86.18
Investments	18,43.31	14,99.59
Net Current Assets	1,71,28.28	1,63,18.73
IV. Performance of Company		
Turnover	8,89,76.68	7,55,77.30
Less: Excise duty	1,20,29.28	1,01,94.67
Net Turnover	7,69,47.40	6,53,82.63
Other Income	9,98.02	8,96.76
Total Expenditure	6,73,28.52	5,71,21.93
Profit Before Tax	1,06,16.90	91,57.46
Profit After Tax	76,57.79	61,39.77
Earnings per Share in Rs.	30.34	24.33
Dividend rate %	100.00	80.00
V. Generic Names of three Principal Products / Services of the Company (as per monetary terms)		
Item Code No. (ITC Code)	Product Description	
3506	ADHESIVES	
3905 + 3906	SYNTHETIC RESINS	
3204	ORGANIC PIGMENTS AND PREPARATIONS BASED ON ORGANIC PIGMENTS	

15. Figures in bracket indicate previous year's figures.

16. Previous year's figures have been regrouped/rearranged wherever necessary.

Signatures to Schedules 1 to 12

FOR AND ON BEHALF OF THE BOARD

B.K. PAREKH

Chairman

Mumbai
Date: 17th May, 2005

P.C. PATEL
Sr. Vice President & Secretary

M.B. PAREKH
Managing Director

Cash Flow Statement For The Year Ended 31st March, 2005

(Rs. in Lacs)

	2004-05	2003-04
A] CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	1,06,16.90	91,57.46
Adjustments for Depreciation	26,99.36	25,50.22
Additional Provision for Diminution in value of Investments	2.41	1.20
Interest paid	1,66.93	1,84.65
Dividend received	(33.56)	(24.64)
Interest received	(191.16)	(74.69)
Amortisation of VRS compensation	24.30	24.30
(Profit) / Loss on Sale of Assets	25.05	15.20
(Profit) / Loss on Sale of Investments	(1.35)	(6.70)
Provision for Diminution in value of Investments written back	(43.55)	(10.91)
Bad debts w/off / provision for doubtful debts	16.01	37.79
	<u>26,64.44</u>	<u>26,96.42</u>
Operating Profit before Working Capital changes	1,32,81.34	1,18,53.88
Working Capital changes		
Inventories (Inc) / Dec	(25,16.23)	(18,76.02)
Debtors (Inc) / Dec	(11,33.75)	(15,53.67)
Loans and Advances, etc. (Inc) / Dec	(8,01.33)	(1,31.62)
Current Liabilities Inc / (Dec)	28,13.20	(1,06.31)
	<u>(16,38.11)</u>	<u>(3,667.62)</u>
Cash generated from operations	1,16,43.23	81.86.26
Interest received	1,91.16	74.69
Interest paid	(1,66.93)	(1,84.65)
VRS compensation paid	–	(1,21.50)
Income Tax paid (Net)	(24,55.19)	(31,19.92)
	<u>(24,30.96)</u>	<u>(33,51.38)</u>
Net Cash flow from Operating activities	92,12.27	48,34.88
B] CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(67,46.69)	(41,60.11)
Sale of Fixed Assets	32.91	15.06
Purchase of Investments	(10,386.29)	(78,30.86)
Sale of Investments	10,085.05	78,26.77
Dividend received	33.56	24.64
	<u>(69,81.46)</u>	<u>(41,24.50)</u>
Net Cash flow from Investing activities	(69,81.46)	(41,24.50)
Carried Forward	22,30.81	7,10.38

(Rs. in Lacs)

	2004-05	2003-04
Brought Forward	22,30.81	7,10.38
C] CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) / Increase of long term borrowings	4,75.76	4,35.30
(Repayment) / Increase - Short term Borrowings - Commercial Paper	(20,00.00)	20,00.00
(Decrease) / Increase - Short term Borrowings - Bank	(3,69.65)	4,56.19
Dividend paid (Including dividend tax, where applicable)	(22,83.08)	(21,35.54)
(Repayment) / Increase - Short term Borrowings - Foreign Currency Loan	23,68.00	(14,32.50)
Net Cash Flow from Financing activities	(18,08.97)	(6,76.55)
Net Increase in Cash and Cash Equivalents	4,21.84	33.83
Cash and Cash Equivalents as at 01.4.2004	7,44.43	7,10.60
Cash and Cash Equivalents as at 31.3.2005	11,66.27	7,44.43
	4,21.84	33.83

AS PER OUR ATTACHED REPORT OF EVEN DATE

For HARIBHAKTI & CO.

Chartered Accountants

CHETAN DESAI

Partner

Mumbai

Date: 17th May, 2005

FOR AND ON BEHALF OF THE BOARD

B.K. PAREKH

Chairman

P.C. PATEL

Sr. Vice President & Secretary

M.B. PAREKH

Managing Director

Statement Pursuant To Section 212 Of The Companies Act, 1956 Relating To Subsidiary Companies

	Currency	Names of the Subsidiaries		
		Fevicol Company Ltd.	Pidilite International Pte. Ltd.*	Chemson Asia Pte. Ltd.**
1. The financial year of the Subsidiary ended on		31 st March, 2005	31 st March, 2005	31 st March, 2005
2. Holding company's Interest		100%	100%	75% holding of Pidilite International Pte. Ltd.
Equity Share Capital	Singapore Dollars Indian Rs. in lacs	5.00	1130200 298.60	1000000 264.20
3. Net aggregate Profits or (Losses) for the current financial year since becoming subsidiary, so far as concern the Members of the Holding Company, not dealt with or provided for in the accounts of the Holding Company	Singapore Dollars Indian Rs. in lacs	0.04	(14042) (3.71)	(64808) (16.50)
4. Net aggregate Profits or (Losses) for the previous financial years since becoming subsidiary, so far as concern the members of the Holding Company, not dealt with or provided for in the accounts of the Holding Company	Singapore Dollars Indian Rs. in lacs	0.14	Nil Nil	Nil Nil
5. Additional information u/s 212(5)		Not Applicable	Not Applicable	Not Applicable
* Became subsidiary of the Company during the year.				
** Became subsidiary of Pidilite International Pte Ltd. during the year.				

FOR AND ON BEHALF OF THE BOARD

B.K. Parekh
Chairman

Mumbai
Date: 17th May, 2005

P.C. Patel
Sr. Vice President & Secretary

M.B. Parekh
Managing Director

Corporate Governance Report

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the following report:

1. Company's Philosophy on Code of Governance

The Company is committed to good Corporate Governance and has complied in all material respects with the requirements specified in the Listing Agreement with the Stock Exchanges.

2. Board of Directors

During the Financial Year 2004-05, 7 Board Meetings (including one adjourned meeting) were held on 22nd May, 2004 (adjourned to 15th June, 2004), 24th June, 2004, 20th July, 2004, 24th September, 2004, 29th October, 2004 and 21st January, 2005.

Details of composition of the Board, category, attendance of Directors at Board Meetings and last Annual General Meeting (AGM), number of other Directorships and other Committee Memberships are given below:

Sr. No	Name	Category	No. of Board Meetings attended	Attendance at last AGM	No. of Directorships held as on 31 st March, 2005 in other Companies*	No. of Committee positions held in other Companies	
						Memberships	Chairmanships
1	Shri B.K. Parekh (Chairman)	NED(P)	7	Yes	16	3	–
2	Shri S.K. Parekh (Vice Chairman)	NED(P)	6	Yes	7	1	–
3	Shri H.K. Parekh	NED(P)	4	Yes	2	–	–
4	Shri M.B. Parekh (Managing Director)	ED(P)	7	Yes	10	–	–
5	Shri N.K. Parekh (Jt. Managing Director)	ED(P)	6	Yes	7	–	–
6	Shri A.B. Parekh (Wholetime Director)	ED(P)	6	Yes	5	–	–
7	Shri S.T. Dave (Wholetime Director)	ED	5	Yes	–	–	–
8	Shri Santosh Kumar (Wholetime Director)	ED	6	Yes	1	–	–
9	Shri R.M. Gandhi	NED (I)	6	Yes	4	3	3
10	Shri N.J. Jhaveri	NED (I)	5	Yes	11	5	3
11	Shri Bansi S. Mehta	NED (I)	7	Yes	18	5	4
12	Shri Ranjan Kapur	NED (I)	6	Yes	7	–	–
13	Shri Yash Mahajan	NED (I)	3	Yes	6	6	–

ED – Executive Director, ED (P) – Executive Director, Promoter, NED (P) – Non-executive Director, Promoter, NED (I) – Non-executive Director, Independent * Including Directorships held in Private Limited Companies and alternate Directorships.

3. Audit Committee

During the financial year 2004-05, 4 meetings of the Committee were held on 22nd May, 2004, 20th July, 2004, 29th October, 2004 and 21st January, 2005.

Details of composition of the Committee and attendance of the members at the meetings are given below:

Sr. No.	Name	Designation	Category	No. of Meetings attended
1	Shri Bansi S. Mehta	Chairman	NED (I)	4
2	Shri N.J. Jhaveri	Member	NED (I)	3
3	Shri B.K. Parekh	Member	NED (P)	4

The Managing Director is a permanent invitee to the meetings. The Company Secretary is the Secretary of the Committee. Chief Financial Officer and Head of Accounts are invited to attend the meetings. Statutory Auditors and Cost Auditors are invited when required.

The powers and terms of reference of the Committee are as specified in Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956.

4. Remuneration of Directors

Although Remuneration Committee (being a non-mandatory requirement) has not been constituted by the Company, all matters relating to review and approval of compensation payable to the Executive and Non-executive Directors are considered by the Board within the overall limits approved by the Members.

Executive Directors' remuneration details for the financial year 2004-05 are given below:

Sr. No.	Name	Salary* (Rs)	Commission Payable (Rs)	Perquisites (Rs)	Total (Rs)	Tenure (No of years)
1	Shri M.B. Parekh (Managing Director)	61,15,200	1,57,64,444	35,66,860	2,54,46,504	5
2	Shri N.K. Parekh (Jt. Managing Director)	30,57,600	47,83,693	24,03,105	1,02,44,398	5
3	Shri A.B. Parekh (Wholetime Director)	26,20,800	33,70,329	22,62,566	82,53,695	5
4	Shri Santosh Kumar (Wholetime Director)	7,61,328	–	5,10,823	12,72,151	1
5	Shri S.T. Dave (Wholetime Director)	7,08,984	–	11,45,315	18,54,299	2

* Includes House Rent Allowance

The above figures are exclusive of Company's contribution to Provident Fund, Superannuation, Gratuity and encashment of leave at the end of tenure as per the rules of the Company.

Notice period for the Executive Directors is as applicable to the senior employees of the Company. No severance fee is payable to the Executive Directors on termination of employment. The Company does not have a scheme of stock options for the Directors or the employees.

The details of sitting fees paid for attending to the Board/Committee meetings and commission due to the Non-executive Directors for the year ended 31st March, 2005 are as under:

Sr. No.	Name	Sitting fees (Rs)	Commission Payable (Rs)	Total (Rs)
1	Shri B.K. Parekh	–	2,00,000	2,00,000
2	Shri S.K. Parekh	–	2,00,000	2,00,000
3	Shri H.K. Parekh	–	2,00,000	2,00,000
4	Shri R.M. Gandhi	40,000	2,00,000	2,40,000
5	Shri N.J. Jhaveri	26,000	2,00,000	2,26,000
6	Shri Bansi S. Mehta	38,000	2,00,000	2,38,000
7	Shri Ranjan Kapur	30,000	2,00,000	2,30,000
8	Shri Yash Mahajan	15,000	2,00,000	2,15,000

The Company do engage M/s. Bansi S. Mehta & Co., a Chartered Accountants firm in which Shri Bansi S. Mehta is a partner for legal/tax advice. The services provided by them are purely of professional nature and the fees paid for such services do not result in any material pecuniary benefit to them.

5. Shareholders/Investors Grievance Committee

During the year 12 meetings of the Share Transfer Committee were held and 1 meeting of the shareholders/investors grievance Committee was held on 9th March, 2005 which were attended by all the members of the Committee.

Details of composition of the Committee is given below:

Sr. No.	Name	Designation	Category
1	Shri R.M. Gandhi	Chairman	NED (I)
2	Shri B.K. Parekh	Member	NED (P)
3	Shri Santosh Kumar	Member	ED

Committee has the power to look into redressal of shareholders/investors grievance such as non-receipt of shares sent for transfer, non-receipt of declared dividends/Annual Reports etc.

The Secretarial Department of the Company, under the supervision of Shri P.C. Patel, Sr. Vice President & Secretary, who is also nominated as the "Compliance Officer" as required by SEBI/Listing Agreement, and M/s. Tata Share Registry Ltd., Registrar & Share Transfer Agents, attend to all shareholders/investors grievances received directly or through SEBI, Stock Exchanges, Department of Company Affairs and Registrar of Companies.

Barring certain cases pending in Courts/Consumer Forums, mainly relating to disputes over the title to shares, in which the Company has been made a party, the Company and M/s. Tata Share Registry Ltd have attended to all the shareholders/investors grievances/correspondences generally within a period of 15 days from the date of receipt.

The total number of letters received from the shareholders were 1371 of which only 14 were in the nature of complaints. All the letters were replied to as on 31st March, 2005. All the complaints were solved to the satisfaction of shareholders. 1 request for transfer of shares was pending as on 31st March, 2005, which was dealt with by 20th April, 2005. 4 request for dematerialisation of shares were pending for approval as on 31st March, 2005 which were dealt with by 13th April, 2005.

The Company has framed a Code of Internal Procedures and Conduct for Prevention of Insider Trading on the lines of model code specified by SEBI. Shri P.C. Patel, Sr. Vice President & Secretary is the Compliance Officer for the purpose.

6. General Body Meetings

Details of Location, Date and Time of the Annual General Meeting held during the last three years are given below:

Financial Year	Venue	Date & Time
2003-04	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai-400 021.	3 rd August, 2004 at 11.00 a.m.
2002-03	M.C. Chia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai-400 001.	5 th August, 2003 at 11.00 a.m.
2001-02	M.C. Chia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai-400 001.	6 th September, 2002 at 11.00 a.m.

No Special Resolution was put through postal ballot during the last year. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

7. Disclosures

- There were no materially significant related party transactions which have potential conflict with the interest of the Company at large.
- The Company has complied with all requirements of the Listing Agreements with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against your Company by SEBI, Stock Exchanges or any other statutory authority on any matter relating to capital markets during the last 3 years.

8. Means of Communication

- Half-yearly results are published in newspapers but not sent to each household of Shareholders.
- The quarterly results of the Company are published in the following newspapers:
Economic Times (English), Maharashtra Times (Marathi) and displayed on the Company's website www.pidilite.com
- Presentation made to Institutional Investors or to Analyst: None during the year.
- Management Discussion and Analysis forms a part of this Annual Report.

9. Information relating to Directors

Information relating to Directors seeking appointment / reappointment as required under clause 49(VI)(A) of the Listing Agreement is given in the Notice of the Annual General Meeting.

10. Information for Shareholders

Detailed information in this regard is provided in the "Information for Shareholders" section, appearing in the Annual Report.

11. Non-Mandatory Requirement

Chairman of the Board:

Shri B.K. Parekh, Non-executive Chairman, is maintaining an office at the Company, at the Company's expense and also allowed reimbursement of the expenses incurred in performance of his duties.

Auditors' Certificate on Corporate Governance

To
The Members of
Pidilite Industries Limited,
7th floor, Regent Chambers,
Jamnalal Bajaj Marg,
208, Nariman Point, Mumbai-400 021.

We have examined the compliance of conditions of Corporate Governance by Pidilite Industries Limited, for the year ended 31st March, 2005, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Haribhakti & Co.
Chartered Accountants

Place: Mumbai
Date: 15th June, 2005

Chetan Desai
Partner
Membership No. 17000

Information for Shareholders

Annual General Meeting:

Day, Date & Time : Tuesday, 9th August, 2005, 11 a.m.
Venue : Kamalnayan Bajaj Hall, Bajaj Bhavan,
Jamnalal Bajaj Marg, Nariman Point, Mumbai-400 021.

Financial Calendar (Tentative):

Unaudited financial results for the quarter ending 30th June, 2005: 3rd/4th week of July, 2005
Unaudited financial results for the quarter ending 30th September, 2005: 3rd/4th week of October, 2005
Unaudited financial results for the quarter ending 31st December, 2005: 3rd/4th week of January, 2006
Audited financial results for the year ending 31st March, 2006: 3rd/4th week of May/June, 2006

Dates of Book Closure:

26th July, 2005 to 9th August, 2005 (both days inclusive)

Dividend Payment:

Dividend will be paid during the month of August, 2005 subject to the approval of the shareholders at the Annual General Meeting.

Listing of Shares on Stock Exchanges:

The equity shares of the Company are listed on The Stock Exchange, Mumbai (BSE) and the National Stock Exchange of India Ltd (NSE). The Annual Listing fees for the year has been paid to BSE & NSE.

Stock Codes:

Name of the Stock Exchange	Stock Code
The Stock Exchange, Mumbai	500331
The National Stock Exchange of India Ltd	PIDILITIND

Market Price Data:

Share prices during the year 2004-05 at NSE for one equity share of Rs.10 each were as under:

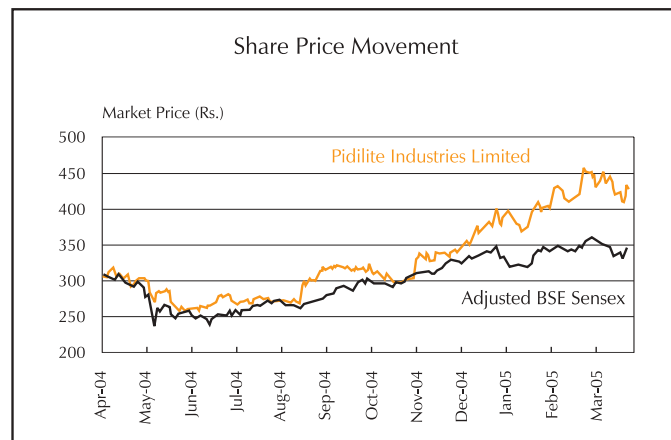
Month	Share Price (Rs)	
	High	Low
April, 2004	319.00	295.00
May, 2004	330.00	252.00
June, 2004	290.00	255.10
July, 2004	282.90	260.00
August, 2004	307.95	266.00
September, 2004	328.00	298.00
October, 2004	330.00	290.55
November, 2004	355.00	292.15
December, 2004	390.00	330.00
January, 2005	414.00	357.90
February, 2005	436.00	390.00
March, 2005	480.00	400.00

Share prices during the year 2004-05 at BSE for one equity share of Rs.10 each were as under:

Month	Share Price (Rs)	
	High	Low
April, 2004	330.00	297.05
May, 2004	310.00	253.00
June, 2004	285.00	255.25
July, 2004	284.00	259.00
August, 2004	306.00	255.00
September, 2004	325.90	297.50
October, 2004	329.00	287.00
November, 2004	355.00	295.00
December, 2004	390.00	330.00
January, 2005	414.00	362.00
February, 2005	450.00	395.00
March, 2005	462.00	406.00

Stock Performance:

The performance of the Company in comparison to BSE sensx is given in the Chart below:



Registrar & Share Transfer Agent:

M/s. Tata Share Registry Limited
Unit: Pidilite Industries Limited
Army & Navy Building,
148, Mahatma Gandhi Road,
Fort, Mumbai-400 001.
Tel: 022 - 56568484
Fax: 022 - 56568494
e-mail: csg-unit@tatashare.com
website: www.tatashare.com

Share Transfer System:

The Company has delegated the authority to approve shares received for transfer in physical form as under:

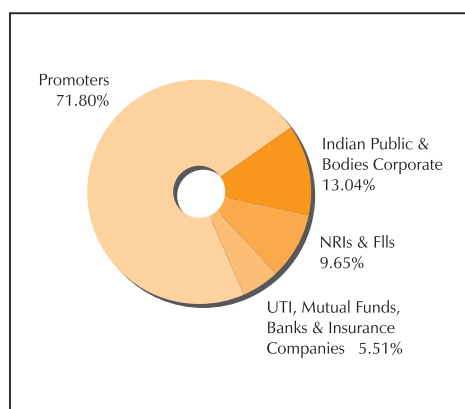
No of shares	Authorisation given to
upto 2000	M/s. Tata Share Registry Limited
upto 10000	Any one of the Sarva Shri B.K. Parekh, S.K. Parekh, M.B. Parekh, Directors or in their absence, the Company Secretary.
above 10000	Share Transfer Committee comprising of the Directors viz, Sarva Shri B.K. Parekh, S.K. Parekh, N.K. Parekh and R.M. Gandhi.

Presently the share transfers which are received in physical form are processed and the share certificates duly transferred are returned generally within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

Distribution of Shareholding as on 31st March, 2005

No. of Equity Shares held	No. of Folios	%	No. of Shares	%
Upto 500	9626	92.97	1889048	7.49
501 - 1000	393	3.80	292902	1.16
1001 - 2000	153	1.48	225073	0.89
2001 - 3000	33	0.32	83591	0.33
3001 - 4000	27	0.26	94569	0.37
4001 - 5000	16	0.15	75189	0.30
5001 - 10000	23	0.22	155307	0.62
10001 and above	83	0.80	22424321	88.84
Total	10354	100.00	25240000	100.00
No. of shareholders & shares in physical mode	1994	19.26	614787	2.44
No. of beneficial owners & shares in electronic mode	8360	80.74	24625213	97.56
Total	10354	100.00	25240000	100.00

Shareholding Pattern as on 31st March, 2005:



Dematerialisation of shares & liquidity:

As on 31st March, 2005, 97.56% of total equity shares of the Company were held in dematerialised form with National Securities Depository Ltd. and Central Depository Services (India) Ltd. The Company's equity shares are required to be compulsorily traded in the dematerialised form. The shares are available for dematerialisation under ISIN INE318A01018. Requests for dematerialisation of shares are processed and generally confirmed within 15 days of receipt.

Outstanding GDRs/ADRs/Warrants/Convertible instruments:

The Company has no outstanding GDRs/ADRs/Warrants or any Convertible instruments.

Plant Locations:

Kondivita, Sakinaka, Mahad, Panvel and Taloja (Maharashtra), Vapi (Gujarat), Daman (Union Territory of India), Moginand and Baddi (Himachal Pradesh).

Address for Correspondence:

Registered Office

7th floor, Regent Chambers,
Jamnalal Bajaj Marg,
208, Nariman Point,
Mumbai - 400 021.
Tel No: 022-22822708
Fax No: 022-22043969

Corporate Secretarial/Investors' Assistance Department:

The Company's Secretarial Department headed by Shri P.C.Patel, Sr. Vice President & Secretary, is situated at the Registered Office mentioned above. Shareholders/ Investors may contact Shri P.C.Patel or Shri K.S.Krishnan at the Registered Office in Mumbai for any assistance they may need.

CONSOLIDATED FINANCIAL STATEMENTS

Auditors' Report

To :
The Board of Directors of
PIDILITE INDUSTRIES LIMITED

Auditors' report to the Board of Directors of Pidilite Industries Limited on the consolidated financial statements of Pidilite Industries Limited and its subsidiaries:

We have examined the attached consolidated balance sheet of Pidilite Industries Limited (PIL) and its subsidiaries (including a subsidiary of the subsidiary) as at 31st March 2005, the consolidated Profit and Loss Account for the year ended on that date, annexed thereto and also the consolidated cash flow statement for the year ended as on that date.

These financial statements are the responsibility of the PIL management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 8,09.25 lacs as at 31st March, 2005 and total revenues of Rs. 2,98.99 lacs for the year ended on that date. These financial statements have been audited by other chartered accountants whose report has been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the reports of the other chartered accountants.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, on "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Pidilite Industries Limited and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Pidilite Industries Limited and its aforesaid subsidiaries, we are of the opinion that:

- a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Pidilite Industries Limited and its subsidiaries as at 31st March, 2005 and
- b) the consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Pidilite Industries Limited and its subsidiaries for the year ended on that date
- c) in case of consolidated cash flow statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date

Place: Mumbai
Date: 17th May, 2005

For HARIBHAKTI & CO.
Chartered Accountants
CHETAN DESAI
Partner
Membership No. 17000

PIDILITE INDUSTRIES LIMITED

Consolidated Balance Sheet As At 31st March, 2005

Schedule	(Rs. in Lacs)		
	As at 31 st March, 2005	As at 31 st March, 2004	
I. SOURCES OF FUNDS			
1. Shareholders' Funds:			
a. Capital	1	25,24.00	25,24.00
b. Reserves and Surplus	2	3,36,21.65	2,89,61.41
		3,61,45.65	3,14,85.41
2. Loan Funds :			
a. Secured Loans	3	16,55.47	19,63.50
b. Unsecured Loans	4	46,16.90	36,59.54
		62,72.37	56,23.04
3. Deferred Tax Liability (Net)		28,79.39	30,08.93
4. Minority Interest		54.99	-
TOTAL		4,53,52.40	4,01,17.38
II. APPLICATION OF FUNDS			
1. Fixed Assets:			
a. Gross Block	5	3,91,56.49	3,41,26.26
b. Less: Depreciation		1,63,61.57	1,37,16.49
c. Less: Lease Adjustment		2.79	5.61
d. Net Block		2,27,92.13	2,04,04.16
e. Capital work in progress		31,90.69	14,37.55
		2,59,82.82	2,18,41.71
2. Investments (Net)	6	18,61.65	19,14.82
3. Current Assets, Loans and Advances			
a. Inventories	7	1,30,35.67	1,04,78.65
b. Sundry Debtors		1,09,75.88	97,19.53
c. Cash and Bank Balances		14,15.81	7,50.87
d. Other Current Assets		2,22.08	1,89.50
e. Loans and Advances		33,24.61	31,18.77
		2,89,74.05	2,42,57.32
Less: Current Liabilities and Provisions			
a. Liabilities	8	83,56.75	54,63.21
b. Provisions		31,84.98	25,33.09
		1,15,41.73	79,96.30
Net Current Assets		1,74,32.32	1,62,61.02
4. Miscellaneous Expenditure (To the extent not written off or adjusted)			
VRS compensation (Refer Note 1(k) of schedule 12)		75.61	97.20
Preliminary Expenses		-	2.63
TOTAL		4,53,52.40	4,01,17.38
Notes forming part of Accounts	12		
AS PER OUR ATTACHED REPORT OF EVEN DATE		FOR AND ON BEHALF OF THE BOARD	
For HARIBHAKTI & CO. Chartered Accountants		B.K. PAREKH Chairman	
CHETAN DESAI (Partner)		M.B. PAREKH Managing Director	
Mumbai Date: 17 th May, 2005		P.C.PATEL Sr. Vice President & Secretary	

Consolidated Profit And Loss Account For The Year Ended 31st March, 2005

Schedule	(Rs. in Lacs)		
	As at 31 st March, 2005	As at 31 st March, 2004	
INCOME			
Sales	8,92,62.16	7,55,77.30	
Less: Excise Duty	1,20,29.28	1,01,94.67	
Net Sales	7,72,32.88	6,53,82.63	
Other Income	9	10,07.91	8,96.88
	7,82,40.79	6,62,79.51	
EXPENDITURE			
Materials	10	4,27,61.92	3,44,62.63
Other Expenses	11	2,22,13.83	2,01,07.85
Depreciation		27,00.92	25,50.22
	6,76,76.67	5,71,20.70	
Profit Before Taxation	1,05,64.12	91,58.81	
Provision for Current Taxation	34,51.68	29,40.03	
Deferred Taxation	(1,29.54)	77.69	
Profit for the Year	72,41.98	61,41.09	
Prior year Tax provision written back (Net)	3,62.18	-	
Share of Profit(Loss) in Associate Company for the year	(94.22)	(45.97)	
Minority Interest	33.46	-	
Balance brought forward from previous year	31,58.90	27,41.69	
Profit available for appropriation	1,07,02.30	88,36.81	
Proposed Dividend	25,24.00	20,19.20	
Corporate Tax on Dividend	3,53.99	2,58.71	
Cess on corporate Tax on Dividend for last year	5.17	-	
Total Dividend including tax thereon	28,83.16	22,77.91	
Transfer to General Reserve	44,00.00	34,00.00	
Balance carried to Balance Sheet	34,19.14	31,58.90	
Earnings Per Share: (Refer Note 4 of schedule 12)			
Basic and Diluted (Rs.)	29.88	24.14	
Notes forming part of the Accounts	12		
AS PER OUR ATTACHED REPORT OF EVEN DATE		FOR AND ON BEHALF OF THE BOARD	
For HARIBHAKTI & CO. Chartered Accountants		B.K. PAREKH Chairman	
CHETAN DESAI (Partner)		M.B. PAREKH Managing Director	
Mumbai Date: 17 th May, 2005		P.C.PATEL Sr. Vice President & Secretary	

Schedule Numbers 1 to 12 annexed to and forming part of the Balance Sheet as at 31st March, 2005 and Profit and Loss Account for the year ended 31st March, 2005

Schedule	(Rs. in Lacs)	
	As at 31 st March, 2005	As at 31 st March, 2004
SCHEDULE - 1		
SHARE CAPITAL		
Authorised		
2,75,00,000 Equity Shares of Rs. 10 each	27,50.00	27,50.00
25,00,000 Unclassified Shares of Rs. 10 each	2,50.00	2,50.00
TOTAL	30,00.00	30,00.00
Issued, Subscribed and Paid up		
2,52,39,400 Equity Shares of Rs. 10 each, fully paid-up (Notes 1 and 2)	25,23.94	25,23.94
Bonus Shares Issue Suspense Account (Note 3)	0.06	0.06
TOTAL	25,24.00	25,24.00
NOTES: Out of the above		
1. 7,47,588 Equity Shares of Rs.10 each have been issued for consideration other than cash pursuant to various schemes of amalgamation during earlier years.		
2. 2,26,41,434 Equity Shares of Rs.10 each have been allotted as fully paid-up Bonus Shares by way of capitalisation of General Reserve, Share Premium Account and Capital Redemption Reserve.		
3. Bonus Shares Issue Suspense Account pertains to issue of 600 fully paid-up Bonus Shares pending settlement of dispute for title of Shares.		
SCHEDULE - 2		
RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	33.70	33.70
Cash Subsidy Reserve		
Balance as per last Balance Sheet	74.74	74.74
Special Reserve		
Balance as per last Balance Sheet	11.89	11.89
General Reserve		
Balance as per last Balance Sheet	2,56,82.18	2,22,82.18
Add: Transferred from Profit and Loss Account	44,00.00	34,00.00
	3,00,82.18	2,56,82.18
Profit and Loss Account	34,19.14	31,58.90
TOTAL	3,36,21.65	2,89,61.41

(Rs. in Lacs)

As at
31st March, 2005

As at
31st March 2004

SCHEDULE - 3**SECURED LOANS**

Working Capital loans from Banks (including Working Capital Demand Loan)	16,55.47	19,63.50
TOTAL	16,55.47	19,63.50

Working Capital Loans from Banks are secured by hypothecation of stock of Raw Materials, Finished Goods, Packing Material, Stock in Process and Book Debts. Further, these loans are collaterally secured by way of second charge on the entire plant and machinery of the Company and land and building of the Company's unit at Kondivita, Mumbai.

SCHEDULE - 4**UNSECURED LOANS**

Interest free Sales Tax loan from Government of Gujarat	9.76	14.49
Interest free Sales Tax loan from Government of Maharashtra	21,25.53	16,45.05
Commercial Paper	-	20,00.00
Foreign Currency Loan from Banks	24,81.61	-
TOTAL	46,16.90	36,59.54

Amount due within one year Rs. 24,51.97 Lacs (Rs.20,04.71 Lacs)

SCHEDULE - 5**FIXED ASSETS**

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				Lease Adjust- ment Account	NET BLOCK	
	As at 1.4.2004	Additions/ Adjust- ments	Deduc- tions/ Adjust- ments	As at 31.3.2005	As at 1.4.2004	Provided during the year	Deductions/ Adjust- ments	As at 31.3.2005		As at 31.3.2005	As at 31.3.2004
Intangible Assets:											
- Goodwill	5,19.25	4,58.41	-	9,77.66	2,56.07	1,11.84	-	3,67.91	-	6,09.75	2,63.18
- Copyrights, Trademark Etc.	49,55.10	10,70.92	-	60,26.02	16,67.10	5,75.00	-	22,42.10	-	37,83.92	32,88.00
Freehold Land	6,55.36	0.85	-	6,56.21	-	-	-	-	-	6,56.21	6,55.36
Leasehold Land	3,38.53	30.54	-	3,69.07	16.89	4.29	-	21.18	-	3,47.89	3,21.64
Buildings	56,04.44	5,54.38	-	61,58.82	10,78.27	1,74.73	-	12,53.00	-	49,05.82	45,26.17
Plant and Machinery	1,95,53.42	23,20.57	24.32	2,18,49.67	97,11.15	16,40.41	20.40	1,13,31.16	-	1,05,18.51	98,42.27
Furniture & Fixtures	13,08.22	1,53.84	1.32	14,60.74	4,58.36	89.90	0.18	5,48.08	-	9,12.66	8,49.86
Vehicles	8,07.75	5,25.34	74.94	12,58.15	2,82.72	83.60	35.26	3,31.06	-	9,27.09	5,25.03
Capital Expenditure on Scientific Research:											
- Buildings	14.84	-	-	14.84	7.50	0.47	-	7.97	-	6.87	7.34
- Plant and Machinery	2,92.37	16.48	0.52	3,08.33	1,89.18	14.68	-	2,03.86	-	1,04.47	1,03.19
- Furniture and Fixtures	30.65	-	-	30.65	9.86	1.94	-	11.80	-	18.85	20.79
Assets given on Lease											
Plant and Machinery	32.13	-	-	32.13	27.78	3.32	-	31.10	(1.03)	-	1.23
Vehicles	14.20	-	-	14.20	11.61	0.74	-	12.35	(1.76)	0.09	0.10
Total	3,41,26.26	51,31.33	1,01.10	3,91,56.49	1,37,16.49	27,00.92	55.84	1,63,61.57	(2.79)	2,27,92.13	2,04,04.16
Previous Year	3,06,90.89	35,11.85	76.48	3,41,26.26	1,12,12.49	25,50.22	46.22	1,37,16.49	(5.61)		
Capital work in progress including capital advances										31,90.69	14,37.55
Total										2,59,82.82	2,18,41.71

		(Rs. in Lacs)	
		As at	As at
		31 st March, 2005	31 st March, 2004
SCHEDULE - 6			
LONG TERM INVESTMENTS (AT COST)			
I. In Government Securities (Unquoted)			
6 and 7 Years National Savings Certificates	1.60	1.61	
(Deposited with Government Departments, Bombay Municipal Corporation, Reliance Energy Ltd.)			
II. In Equity Shares (Fully paid)			
a) Quoted			
Trade:			
• 74,51,540 Equity Shares of Rs. 10 each of Vinyl Chemicals (India) Ltd.	11,78.34	11,78.34	
Add: Adjustment for valuation of investment in Vinyl Chemicals (India) Ltd.			
Goodwill (net) arising at the time of acquisition of shares	(95.24)	(95.24)	
Share of undistributed profits / losses in prior years up to 31st March 2004	5,15.48	5,61.45	
Share of loss for current year	(94.22)	(45.97)	
	<u>15,04.36</u>	<u>15,98.58</u>	
Others:			
• 3,594 Equity Shares of Rs. 10 each of Hindustan Adhesives Ltd.	0.88	0.87	
• 14,400 Equity Shares of Rs. 10 each of Hindustan Organic Chemicals Ltd.	7.20	7.20	
• 4,188 Equity Shares of Rs. 10 each of Indian Petrochemicals Corporation Ltd.	7.74	7.74	
• Nil (2,000) Equity Shares of Rs. 10 each of Jindal Vijaynagar Steel Ltd.	-	0.10	
• 1,21,300 Equity Shares of Rs. 10 each of Pal Peugeot Ltd.	12.13	12.13	
• 2,22,542 Equity Shares of Rs. 10 each of Indian Overseas Bank Ltd.	29.62	29.62	
• 61,900 Equity Shares of Rs. 10 each of Menon Pistons Ltd.	43.74	43.74	
	<u>TOTAL - II (a)</u>	<u>16,05.67</u>	<u>16,99.98</u>
[Market Value Rs. 13,19.85 Lacs (420.49 Lacs)]			
b) Unquoted (Fully paid)			
• 40 Equity Shares of Rs. 50 each of Regent Chambers Premises Co-op. Society Ltd.	0.02	0.02	
• 25 Equity Shares of Rs. 10 each of New Usha Nagar Co-op. Housing Society Ltd.	0.01	0.01	
• 2,00,200 Equity Shares of Rs. 10 each of Enjayes Spices & Chemicals Oil Ltd	52.86	52.86	
• 628 Equity Shares of Rs. 100 each of Jawahar Co-op. Industrial Estate Ltd.	0.62	0.62	
• 2,275 Equity Shares of Rs. 1 each of Himalaya House Company Ltd.	0.02	0.02	
	<u>TOTAL - II (b)</u>	<u>53.53</u>	<u>53.53</u>
III. In Units of Mutual Fund (Unquoted)			
• 400 Units of Rs. 70,000 each of Infinity Venture India Fund (Rs. 65,000 per unit paid-up)	2,60.00	2,60.00	
	<u>TOTAL III</u>	<u>2,60.00</u>	<u>2,60.00</u>
	<u>TOTAL: I + II(a) + II(b) + III</u>	<u>19,20.80</u>	<u>20,15.12</u>
Less: Diminution in value of Investments	59.15	1,00.30	
	<u>TOTAL</u>	<u>18,61.65</u>	<u>19,14.82</u>
Investments purchased and sold during the year other than shown above:			
	Purchased	Sold	(Units)
Units of Birla Cash Plus Dividend Option Institutional Plan	56644197.119	56644197.119	
Units of Birla Cash Plus Dividend Option Premium Institutional Plan	10538748.390	10538748.390	
Units of DSP Merrill Lynch Mutual Fund Liquidity Fund (Dividend Option)	7683223.948	7683223.948	
Units of DSP Merrill Lynch Mutual Fund Floating Rate (Qtrly Dividend Option)	1977163.759	1977163.759	
Units of DSP Merrill Lynch Mutual Fund Floating Rate (Weekly Dividend Option)	2002490.241	2002490.241	
Units of Templeton Mutual Fund	60425.674	60425.674	
Units of Reliance Mutual Fund Dividend Option	1945064.221	1945064.221	
Units of Grindlays Cash Fund Dividend Option	5860361.494	5860361.494	
SCHEDULE - 7			
CURRENT ASSETS, LOANS AND ADVANCES			
A) Current Assets			
a) Inventories (As valued and certified by the Management)			
Consumable Stores and Spares, etc.	91.76	72.36	
Raw Materials	51,17.57	39,49.73	
Goods in Process	4,21.61	3,54.87	
Finished Goods	61,05.35	48,56.09	
Traded Goods	4,85.36	5,26.29	
Packing Materials	8,14.02	7,19.31	
	<u>1,30,35.67</u>	<u>1,04,78.65</u>	
b) Sundry Debtors (Unsecured)			
Over six months			
Considered good	1,91.21	2,06.87	
Others, considered good	1,07,84.67	95,12.66	
	<u>1,09,75.88</u>	<u>97,19.53</u>	

		(Rs. in Lacs)	
		As at	As at
		31 st March, 2005	31 st March, 2004
c) Cash and Bank Balances			
Cash and cheques on hand	1,89.21	2,98.32	
Remittances in transit	24.37	2.11	
Bank Balances:			
With scheduled banks / foreign banks :			
In Current Accounts	12,01.93	4,49.21	
In Deposit	-	0.93	
Others:			
In Fixed Deposit with Municipal Co-op. Bank Ltd.	0.30	0.30	
[Maximum outstanding during the year Rs. 0.30 Lacs (Rs. 0.30 Lacs)]			
	<u>14,15.81</u>	<u>7,50.87</u>	
d) Other Current Assets			
Interest Accrued on Investments	0.84	0.68	
Claims Receivable	2,21.24	1,88.82	
	<u>2,22.08</u>	<u>1,89.50</u>	
B) Loans and Advances			
(Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received			
	12,84.00	10,12.23	
Advance Payment of Taxes (Net of Provisions)	6,26.63	12,60.13	
Loans and Advances to Staff	3,39.01	2,74.00	
Deposits	2,92.21	2,66.54	
Balances with Central Excise Department	7,82.76	3,05.87	
	<u>33,24.61</u>	<u>31,18.77</u>	
	<u>TOTAL</u>	<u>2,89,74.05</u>	<u>2,42,57.32</u>
SCHEDULE - 8			
CURRENT LIABILITIES AND PROVISIONS			
A) Current Liabilities			
Acceptances	1,86.23	1,70.11	
Sundry Creditors			
Small Scale Industrial Undertakings	6,78.04	0.53	
Others	56,57.27	36,70.24	
	<u>63,35.31</u>	<u>36,70.77</u>	
Dealers' Deposits	11,28.82	9,85.55	
Investor Education and Protection Fund shall be credited by the following to the extent require as and when necessary:			
Unclaimed Dividends	33.86	33.09	
Other Liabilities	6,72.53	6,03.69	
	<u>83,56.75</u>	<u>54,63.21</u>	
B) Provisions			
For Leave encashment	3,06.99	2,55.18	
Dividends:			
Proposed Dividend	25,24.00	20,19.20	
Corporate Tax on Dividend	3,53.99	2,58.71	
	<u>28,77.99</u>	<u>22,77.91</u>	
	<u>31,84.98</u>	<u>25,33.09</u>	
	<u>TOTAL</u>	<u>1,15,41.73</u>	<u>79,96.30</u>
(Rs. in Lacs)			
Previous year			
SCHEDULE - 9			
OTHER INCOME			
Interest received (Gross)	1,91.16	74.69	
[Tax deducted at source Rs. 0.86 Lacs (Rs. 5.89 Lacs)]			
Dividend received	33.56	24.64	
Export Incentives	1,63.27	1,93.75	
Profit on sale of Investments (Net)	1.36	6.82	
Miscellaneous	5,77.42	5,96.98	
Excess provision written back	41.14	-	
	<u>10,07.91</u>	<u>8,96.88</u>	
	<u>TOTAL</u>	<u>10,07.91</u>	<u>8,96.88</u>

		(Rs. in Lacs)	
		Previous year	
SCHEDULE - 10			
MATERIALS			
a. Raw Materials consumed			
Opening Stock	39,49.73	34,55.97	
Add: Purchases	<u>3,38,96.76</u>	<u>2,68,07.25</u>	
	3,78,46.49	3,02,63.22	
Less: Closing Stock	<u>51,17.57</u>	<u>39,49.73</u>	
	3,27,28.92	2,63,13.49	
b. (Increase)/Decrease in Stocks			
Closing Stock			
Goods in Process	4,21.61	3,54.87	
Finished Goods	<u>61,05.35</u>	<u>48,56.09</u>	
	65,26.96	52,10.96	
Less: Opening Stock			
Goods in Process	3,54.87	3,08.46	
Finished Goods	<u>48,56.09</u>	<u>37,47.90</u>	
	52,10.96	40,56.36	
	(13,16.00)	(11,54.60)	
c. Packing Materials consumed			
	92,80.58	74,71.35	
d. Cost of Traded Goods			
Opening Stock	5,26.29	3,76.07	
Add: Purchases	<u>20,27.49</u>	<u>19,82.61</u>	
	25,53.78	23,58.68	
Less: Closing Stock	<u>4,85.36</u>	<u>5,26.29</u>	
	20,68.42	18,32.39	
TOTAL	<u>4,27,61.92</u>	<u>3,44,62.63</u>	
SCHEDULE - 11			
OTHER EXPENSES			
Stores and Spares consumed	3,61.83	3,63.12	
Clearing, Forwarding, Octroi Duty etc.	27,04.53	21,94.90	
Central Excise Duty	2,71.66	1,83.33	
Power and Fuel	8,79.17	8,12.85	
Water Charges	95.15	90.86	
Employees' Emoluments :			
Salaries, Wages, Bonus, Allowances etc.	54,74.91	44,66.00	
Contribution to Provident and Other Funds	4,41.67	4,41.16	
Welfare Expenses	<u>7,93.19</u>	<u>6,91.02</u>	
	67,09.77	55,98.18	
Rent	3,53.51	2,52.63	
Rates and Taxes	43.38	48.40	
Insurance	2,17.30	2,43.55	
Licence fees	2.66	4.33	
Repairs			
Buildings	93.96	97.14	
Machinery	2,06.59	1,96.11	
Others	<u>1,01.03</u>	<u>1,01.65</u>	
	4,01.58	3,94.90	
Directors' Fees	1.53	1.38	
Advertisement and Publicity	32,00.50	36,26.89	
Legal and Professional fees	7,01.18	6,86.30	
Communication Expenses	4,44.58	3,37.45	
Printing and Stationery	1,32.32	1,23.03	
Travelling & Conveyance Expenses	16,25.69	15,02.70	
Bad Debts	16.01	37.79	
Processing and Packing Charges	19,18.53	17,53.37	
Bank Charges	2,25.60	1,86.53	
Commission & Brokerage	1,12.03	1,32.56	
Miscellaneous expenses	14,80.28	12,55.90	
Scientific Research and Development Expenditure	21.70	24.05	
Remuneration to Auditors			
Audit Fees	15.41	10.81	
For Other Services	<u>10.55</u>	<u>9.97</u>	
	25.96	20.78	
Donations	73.16	31.02	
Diminution in Value of Investments	-	1.20	
Loss on Fixed Assets Sold/Discarded (Net)	25.05	15.20	
Interest	1,69.17	1,84.65	
TOTAL	<u>2,22,13.83</u>	<u>2,01,07.85</u>	

SCHEDULE - 12

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

i) The consolidated financial statements have been prepared in accordance with the Accounting Standard (AS21) on consolidated financial statements and it comprises of the results of Pidilite Industries Limited (Holding Company) and subsidiary companies viz.

- Fevicol Company Limited
- Pidilite International Pte Ltd., Singapore
- Chemson Asia Pte Ltd. (a subsidiary of Pidilite International Pte Ltd. Singapore)

ii) System of accounting :

The Company follows accrual system of accounting. Claims which are not of material nature / refunds of insurance, octroi duty, customs duty, etc., are accounted for when no significant uncertainties are attached to their eventual receipt.

iii) Fixed Assets and Depreciation :

- Tangible assets are stated at cost.
- The Company provides for depreciation as under :
 - For assets acquired upto 30-06-1987, on Straight Line Method (SLM) basis, except certain assets for which written down value (WDV) basis is adopted at rates equivalent to the rates specified in the Income Tax Act, 1961.
 - For assets acquired after 30.06.1987 & before 31.03.1993, on SLM basis at rates specified in Schedule XIV of the Companies Act, 1956.
 - For assets acquired after 31-03-1993, on SLM basis as per new rates prescribed under Schedule XIV vide notification No.GSR 756 (E) dated 16-12-1993 issued by the Department of Company Affairs.
- The Company provides pro-rata depreciation for additions made during the year except for assets less than Rs. 5,000, for which depreciation has been provided for at hundred percent.
- The Goodwill acquired by the Company is amortised over a period of 5 years on SLM basis.
- The Copyrights, Trademarks, Technical Knowhow etc acquired by the Company are amortised over a period of 10 years on SLM basis.
- The depreciation on fixed assets of the subsidiary companies is provided for on Straight Line method over their estimated useful life at rates permissible under applicable local laws.

iv) Method of Valuation of Inventories:

Raw materials and Packing materials are valued at cost. Cost is arrived at on weighted average basis. Goods in process are valued at cost. Finished goods and traded goods are valued at cost or net realisable value, whichever is lower and consumable stores and spares are valued at lower of cost or net realisable value, as estimated by the Management.

Incase of subsidiary companies, cost of finished goods is based on weighted average method and that of raw material is based on 'First In First Out' method.

v) Scientific Research and Development Expenditure:

- Capital expenditure is shown separately in Fixed Assets.
- Revenue expenses, including depreciation, except expenditure specifically shown, are charged to respective heads of account.

vi) Investments:

Long Term Investments are stated at cost. Diminution of permanent nature in value of Investments (other than long term strategic investment) is provided for.

vii) Gratuity:

Payment for present liability of future payment of Gratuity is being made to approved Gratuity Fund, which fully covers the same under cash accumulation policy of the Life Insurance Corporation of India and the same is charged to Profit and Loss Account for the year.

viii) Leave Encashment Entitlement:

Liability in respect of leave encashment entitlement in accordance with the policies of the Company is provided for, based on valuations by an independent actuary. In case of subsidiaries, employee leave entitlements to annual leave are recognised when they accrue to employees. An accrual is made of the estimated liability for leave as a result of services rendered by employee up to the balance sheet date.

ix) Deferred Revenue Expenditure:

Voluntary Retirement Scheme (VRS) compensation is amortised over a period of five years.

x) Foreign Currency Transactions are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency assets and liabilities are restated at rates ruling at the year end. Exchange differences relating to fixed assets are adjusted in the cost of the asset. Any other exchange differences are dealt with in the Profit and Loss Account.

xi) The Pidilite Industries Ltd. is entitled to sell sales tax deferment benefits under Maharashtra Energy Development Agency (Windmill Projects) Package Scheme of incentives under the Bombay Sales Tax Act, 1959. Shortfall in the realisation of sale of such benefits to third parties are charged fully in the year of sale.

2. Segment reporting:

Business Segments	(Rs. in Lacs)		
	Consumer & Bazaar Products	Industrial Products	Total
REVENUE			
External Sales	6,51,81.62 (5,55,89.16)	2,40,79.92 (1,99,88.14)	8,92,61.54 (7,55,77.30)
Inter Segment Revenue	8.38 (5.61)	20,42.59 (20,90.57)	20,50.97 (20,96.18)
Total Revenue	6,51,90.00 (5,55,94.77)	2,61,22.51 (2,20,78.71)	9,13,12.51 (7,76,73.48)
Segment Results	1,33,66.00 (1,17,05.15)	19,13.00 (18,44.21)	1,52,79.00 (1,35,49.36)
Unallocated Corporate Expenses			53,90.35 (49,10.88)
Unallocated Corporate Income			6,19.92 (6,05.65)
Operating Profit			1,05,08.57 (92,44.13)
Interest expenses			1,69.17 (1,84.65)
Interest / Dividend Income			2,24.72 (99.33)
Income Tax (Provision for Taxation and Deferred taxation)			33,22.14 (30,17.72)
Net Profit			72,41.98 (61,41.09)

OTHER INFORMATION			
Segment Assets	2,57,79.29	1,28,22.36	3,86,01.65
	(2,14,43.53)	(1,14,22.26)	(3,28,65.79)
Unallocated Corporate assets			1,82,92.48
			(1,52,47.89)
Total Assets			5,68,94.13
			(4,81,13.68)
Segment Liabilities	41,44.82	22,27.43	63,72.25
	(23,51.72)	(13,18.95)	(36,70.67)
Unallocated Corporate Liabilities			51,69.48
			(43,25.63)
Total Liabilities			1,15,41.73
			(79,96.30)
Capital Expenditure	32,59.85	4,98.24	37,58.09
	(20,80.16)	(3,53.46)	(24,33.62)
Unallocated Corporate Capital Expenditure			13,73.25
			(10,78.23)
Depreciation	12,21.36	5,99.88	18,21.24
	(9,52.43)	(6,88.48)	(16,40.91)
3. Deferred Taxation:			
a) In respect of holding company:-			
Out of the net deferred tax liability of Rs.28,78.54 lacs as at 31st March, 2005, the major components of deferred tax balances are set out below:			
	Upto	During the year	(Rs. in Lacs)
	31.03.2004	2004-05	Carried as at
			31.03.2005
Deferred Tax Liability			
i) Difference between accounting and tax Depreciation (Cumulative)	30,88.91	(1,22.40)	29,66.51
Deferred Tax Assets			
i) Preliminary Expenses Amortisation	1.52	(1.52)	-
ii) Leave salary	73.75	12.87	86.62
iii) Others	4.71	(3.36)	1.35
	79.98	7.99	87.97
Net Deferred Tax Liability	30,08.93	(1,30.39)	28,78.54
The above working of deferred tax is based on assessment orders where assessments are complete and on return of income in other cases.			
b) In respect of subsidiaries:-			
Accounting profit/(loss)		(49.13)	
Income tax at statutory rate		(7.08)	
Timing difference		0.88	
Nonallowable items		0.33	
Deferred tax assets not provided		5.87	
Others (foreign tax withheld)		0.83	
		0.83	
Chemson Asia Pte Ltd. has unabsorbed tax losses amounting to approximately S\$ 238,100 (Rs. 62.36 lacs) available for offset against future taxable income of the company. However, due to change in shareholders during the period, the carry forward of tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislations in Singapore. Due to this uncertainty, future tax benefits arising from tax losses have not been recognised.			
4. Earnings Per Share			
		As at	As at
		31.03.2005	31.03.2004
Outstanding Equity Shares (No.)		25240000	25240000
Net Profit after tax including prior year tax provision written back, share of loss of associate company & minority interest (Rs. in Lacs)		75,43.40	60,95.12
Earnings Per Share (Rs.)		29.88	24.14
5. Figures in bracket indicate previous year's figures.			
6. Previous year's figures have been regrouped/rearranged wherever necessary.			
Signatures to Schedules 1 to 12			
FOR AND ON BEHALF OF THE BOARD			
B.K. PAREKH			
Chairman			
Mumbai	P.C.PATEL	M.B. PAREKH	
Date: 17 th May, 2005	Sr. Vice President & Secretary	Managing Director	

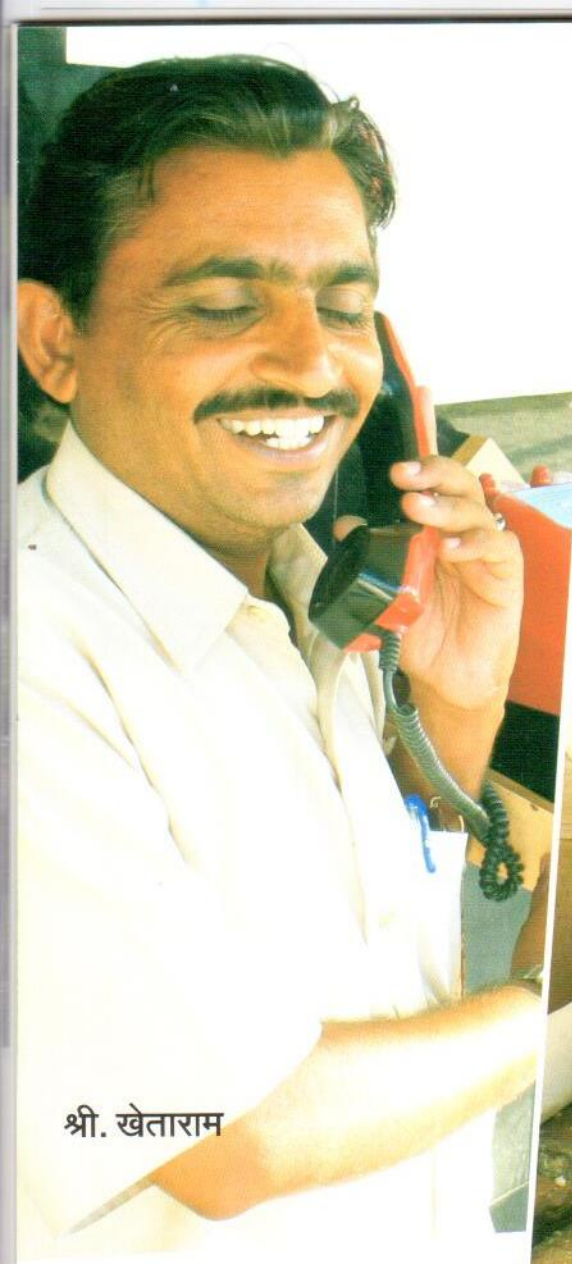
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH, 2005			
	2004-05	2003-04	(Rs. in Lacs)
A) CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxation	1,05,64.12		91,58.81
Adjustments for Depreciation	27,00.92		25,50.22
Adjustments for Diminution in value of Investment	2.41		1.20
Interest paid	1,69.17		1,84.65
Dividend received	(33.56)		(24.64)
Interest received	(1,91.16)		(74.69)
Amortisation of VRS compensation/Preliminary Exp.	24.22		24.30
(Profit) / Loss on Sale of Assets	25.05		15.20
(Profit) / Loss on Sale of Investments	(1.36)		(6.82)
Provision for Diminution in value of Investments written back	(43.55)		(10.91)
Bad debts w/off and provision for doubtful debts	16.01		37.79
	26,68.15		26,96.30
Operating Profit before Working Capital changes	1,32,32.27		1,18,55.11
Working Capital changes			
Inventories (Inc)/Dec	(25,57.02)		(18,77.30)
Debtors (Inc)/Dec	(12,72.35)		(15,53.67)
Loans and Advances, etc. (Inc)/Dec	(8,70.41)		(68.79)
Current Liabilities Inc/(Dec)	30,32.44		(1,05.01)
	(16,67.34)		(36,04.77)
Cash generated from operations	1,15,64.93		82,50.34
Interest received	1,91.16		74.69
Interest paid	(1,69.17)		(1,84.65)
VRS compensation paid	-		(1,21.50)
Income Tax paid (Net)	(24,56.00)		(31,19.94)
	(24,34.01)		(33,51.40)
Net Cash flow from Operating activities	91,30.92		48,98.94
B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(68,99.98)		(42,20.39)
Sale of Fixed Assets	32.91		15.06
Purchase of Investments	(1,00,83.74)		(78,28.38)
Sale of Investments	1,00,85.00		78,26.77
Dividend received	33.56		24.64
Net Cash flow from Investing activities	(68,32.25)		(41,82.30)
	22,98.67		7,16.64
C) CASH FLOW FROM FINANCING ACTIVITIES			
(Repayment)/Increase of long term borrowings	4,75.76		4,35.30
(Repayment)/Increase Short term Borrowings - Commercial Paper	(20,00.00)		20,00.00
(Decrease)/Increase Short term Borrowings - Bank	(3,08.03)		4,56.18
Dividend paid (Incl Dividend Tax where applicable)	(22,83.08)		(21,35.54)
(Repayment)/Increase Short Term Borrowing - Foreign Currency Loan	24,81.62		(14,32.50)
Net Cash Flow from Financing activities	(16,33.73)		(6,76.56)
Net Increase in Cash and Cash Equivalents	6,64.94		40.08
Cash and Cash Equivalents as at 01.4.2004	7,50.87		7,10.79
Cash and Cash Equivalents as at 31.3.2005	14,15.81		7,50.87
	6,64.94		40.08
AS PER OUR ATTACHED REPORT OF EVEN DATE			
FOR HARIBHAKTI & CO.		FOR AND ON BEHALF OF THE BOARD	
Chartered Accountants		B.K. PAREKH	
		Chairman	
CHETAN DESAI		P.C. PATEL	
Partner		Sr. Vice President & Secretary	
Mumbai		M.B. PAREKH	
Date: 17 th May, 2005		Managing Director	

INFORMATION ON SUBSIDIARY COMPANIES

(as directed by Central Government Order under Section 212 (B) of the Companies Act, 1956)

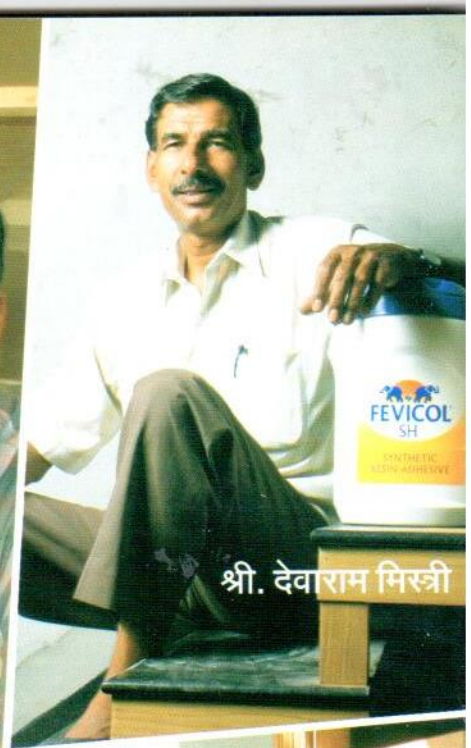
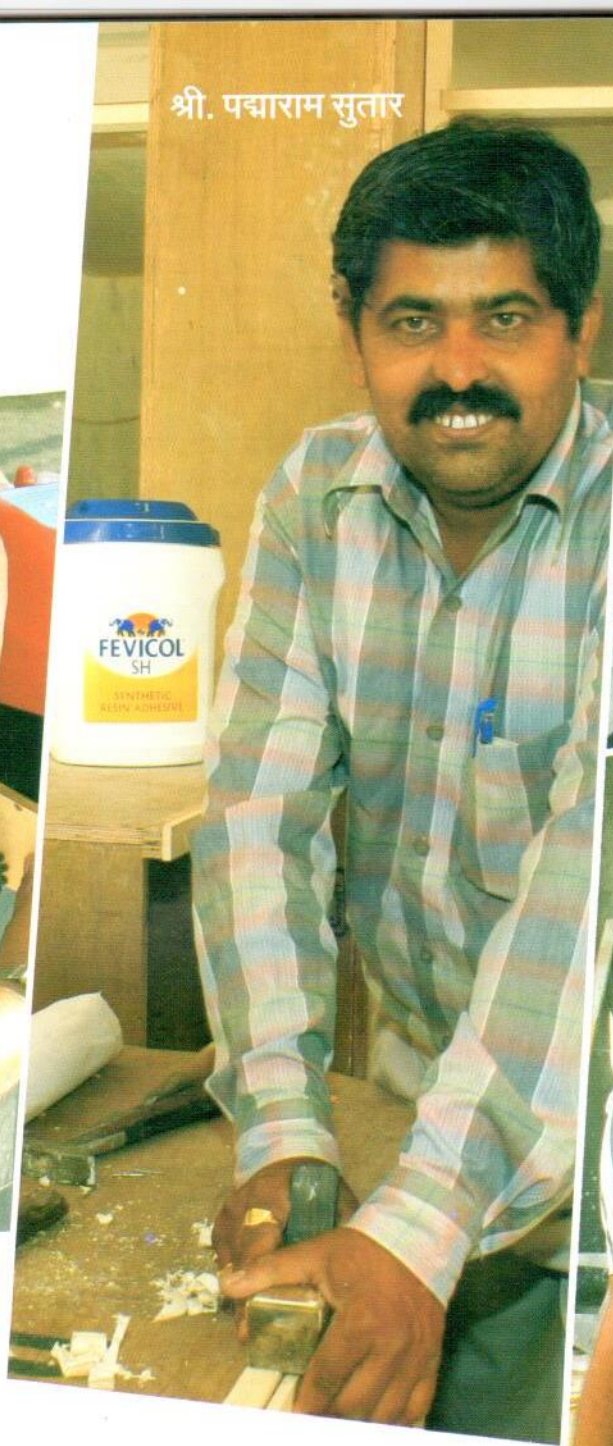
(Rs. in Lacs)

Sr.No.	Particulars	Currency	Fevicol Co. Ltd.	Pidilite International Pte Ltd.	Chemson Asia Pte Ltd.
1.	Capital	Singapore dollars		1130200	1000000
		Indian Rs. in lacs	5.00	298.60	264.20
2.	Reserves	Singapore dollars		(14042)	(37099)
		Indian Rs. in lacs	0.18	(3.71)	(9.80)
3.	Total assets	Singapore dollars		1560200	1483218
		Indian Rs. in lacs	5.18	412.20	391.87
4.	Total Liabilities	Singapore dollars		1560200	1483218
		Indian Rs. in lacs	5.18	412.20	391.87
5.	Investments (except in case of subsidiaries)	Singapore dollars		Nil	Nil
		Indian Rs. in lacs	Nil	Nil	Nil
6.	Turnover and other Income	Singapore dollars		Nil	1141269
		Indian Rs. in lacs	0.09	Nil	298.90
7.	Profit / (Loss) Before Taxation	Singapore dollars		(14042)	(187584)
		Indian Rs. in lacs	0.04	(3.71)	(49.11)
8.	Provision for Tax	Singapore dollars		Nil	3162
		Indian Rs. in lacs	Nil	Nil	0.85
9.	Profit / (Loss) After Taxation	Singapore dollars		(14042)	(190746)
		Indian Rs. in lacs	0.04	(3.71)	(49.96)
10.	Proposed dividend	Singapore dollars		Nil	Nil
		Indian Rs. in lacs	Nil	Nil	Nil

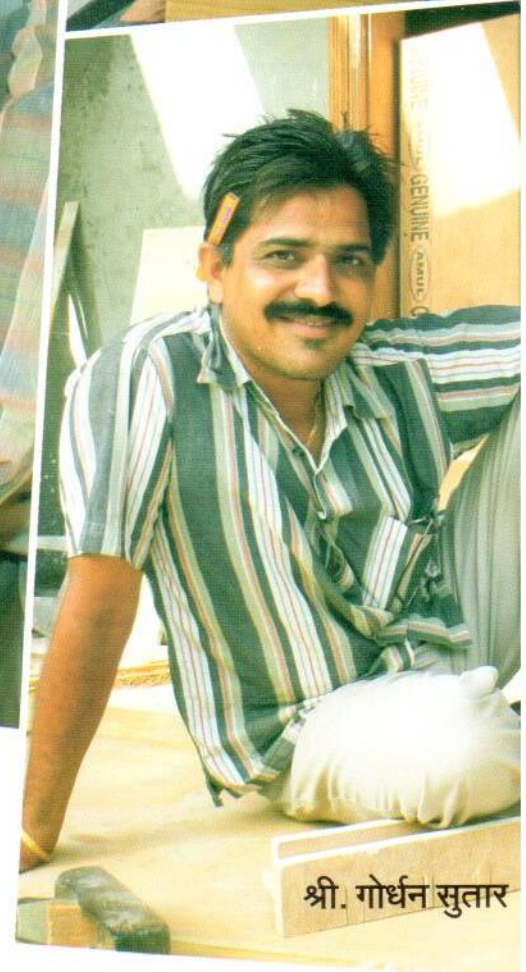


श्री. खेताराम

श्री. पद्माराम सुतार



श्री. देवाराम मिरञ्जी

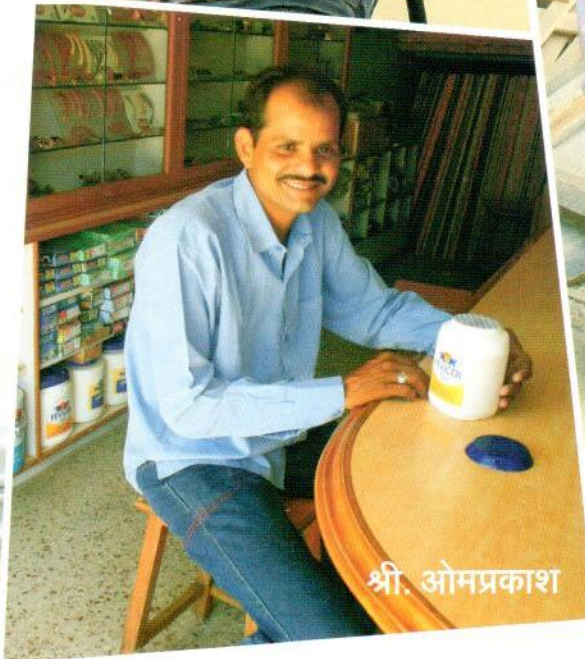


श्री. गोर्धन सुतार

श्री. जेहांगीर



श्री. बस्तीरामजी



श्री. ओमप्रकाश

श्री. नंदभाई




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एक बढ़िया कारपेन्टर की पहचान



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Nariman Point, Mumbai 400 021.

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