



## Enriching Craft at the Grass Root Level

Hobby enthusiasts, students and professionals have been using Fevicyl Hobby Ideas products for a long time. Our products are also used by traditional craft veterans on varied materials like cloth, papier mache, wood, terra-cotta, etc. These craftsmen, who are extremely skilled, swear by Hobby Ideas' products because they are easy to use, affordable, vibrant and durable. Hobby Ideas has enriched creativity in art and craft for many people including artists, students and craftsmen from the remotest parts of our country.

Featured in this year's annual report are pictures from east India, where traditional craftsmen make a living by creating beautiful artifacts including Pattachitra, Tusser Paintings, Terra-cotta, Leather Paintings, Zari Gota, Pot Paintings and Papier Mache. The craftsmen featured in this report are from villages close to Kolkata, Midnapore in West Bengal and Panchla, Keonjhar, Puri, Bhubaneshwar in Odisha.



# Company Information

## Board of Directors

B K Parekh	Chairman
S K Parekh	Vice Chairman
M B Parekh	Managing Director
N K Parekh	Joint Managing Director
R M Gandhi	Director
N J Jhaveri	Director
Bansi S Mehta	Director
Ranjan Kapur	Director
Yash Mahajan	Director
Bharat Puri	Director
D Bhattacharya	Director
Sanjeev Aga	Director (wef 29.07.2011)
A B Parekh	Wholetime Director
A N Parekh	Wholetime Director
J L Shah	Director (upto 08.11.2011)
R Sreeram	Wholetime Director (wef 08.11.2011)

## Corporate Office

Ramkrishna Mandir Road  
Off Mathuradas VasANJI Road  
Andheri (E), Mumbai 400 059

## Registered Office

Regent Chambers, 7<sup>th</sup> Floor  
Jamnalal Bajaj Marg  
208, Nariman Point  
Mumbai 400 021

## Registrar & Transfer Agent

TSR Darashaw Limited  
6-10, Haji Moosa Patrawala Ind. Estate  
20, Dr. E Moses Road, Mahalaxmi  
Mumbai 400 011

## Company Secretary

Savithri Parekh

## Solicitors & Advocates

Wadia Ghandy & Co

## Auditors

Haribhakti & Co

## Internal Auditors

Mahajan & Aibara

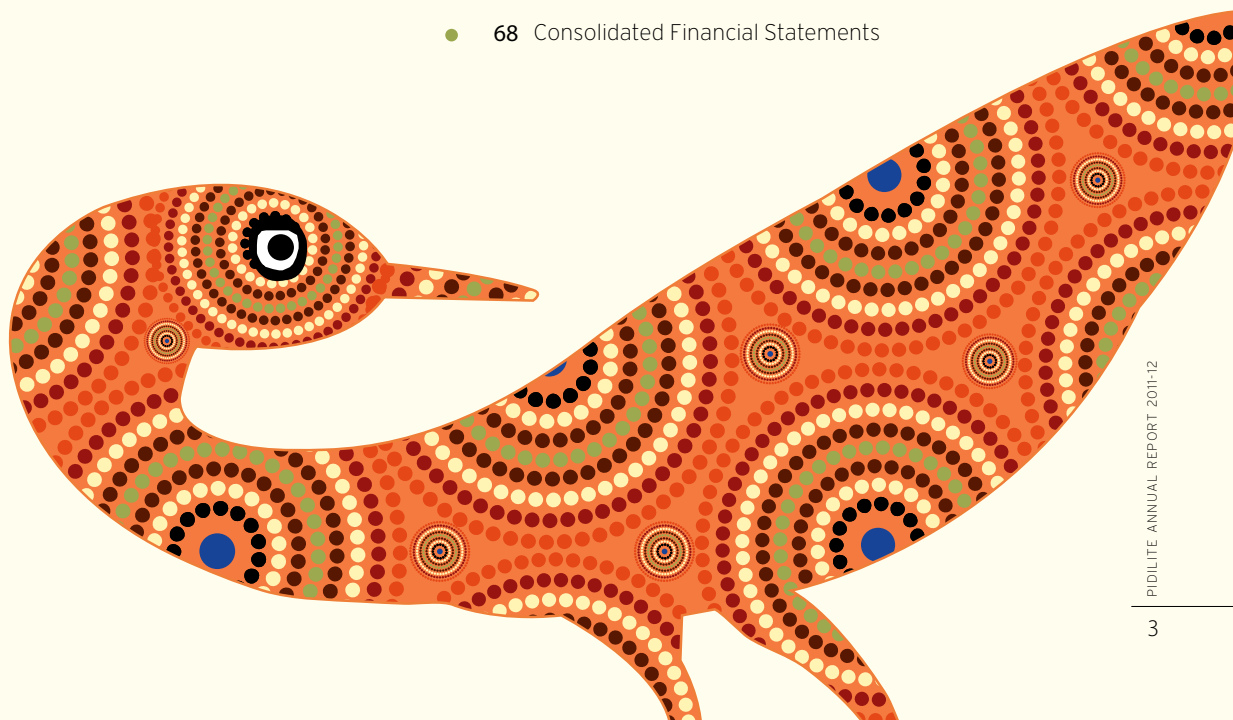
## Bankers

Indian Overseas Bank  
Corporation Bank  
ICICI Bank  
The Royal Bank of Scotland N.V.



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# Management Discussion & Analysis

## Standalone Financials

The Company achieved 18.9% growth in net sales.

Due to the slowing down of Indian economy and weak economic conditions in US & Europe, sales growth in the second half of the year was lower than that recorded in the first half. Growth was impacted, largely in the Speciality Industrial Chemical segment, where the growth was 9.5% as compared to 24.4% in the previous year.

The Consumer and Bazaar Segment grew by 22.8%, in line with past trends.

Due to steep inflation in costs, the Company had to increase prices. However, the entire input cost increase was not passed on resulting in lower profitability in the year.

During the year, a provision of ₹ 96.9 million was made for diminution in value of investments in the Company's Brazilian subsidiary "Pulvitec Do Brasil Indústria E Comércio De Colas E Adesivos Ltda.". The Company has estimated the fair value of these investments and accordingly an impairment provision has been taken. In addition a provision of ₹ 29.6 million was made for diminution in value of investment in Pidilite Middle East Ltd. "PMEL" (a 100% subsidiary). PMEL's subsidiary, Jupiter Chemicals LLC "Jupiter", continued to incur losses, though significantly reduced from last year. Therefore, in addition to ₹ 250 million

provision done last year, an additional provision of ₹ 29.6 million was done in the current year. These provisions have no impact on the consolidated results of the Company.

Earnings before interest, taxes, exceptional items and foreign exchange differences, increased by 8.10%, profit before tax (PBT) increased by 11.8% and profit after tax (PAT) increased by 10%.

The Company's sales have grown at a CAGR of 18.2% over the last five years.

## Consolidated Financials

On a consolidated basis, net sales grew by 17.6% over the last year.

Earnings before interest, taxes, exceptional items and foreign exchange differences, grew by 7.5% over last year. Profit after tax grew by 4.6% over the last year.

Overseas subsidiaries, with the exception of Brazil and Egypt, reported improved performance. Brazil reported higher losses due to competitive pressures and Egypt performance was impacted by geo-political conditions.



## Performance by Industry Segment

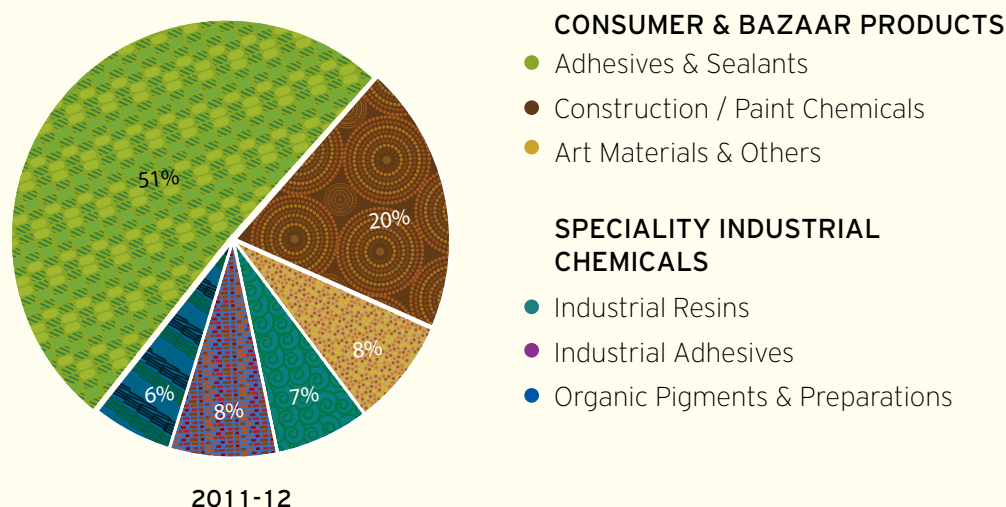
### Consumer and Bazaar Products

Branded Consumer and Bazaar Products Segment contributed 79% of the total net sales of the Company and grew by 22.8%.

Net sales of branded Adhesives and Sealants grew by 24% and contributed 51% of the total sales of the Company. Construction and Paint Chemicals grew by 24.6% and Art Materials and other products grew by 14%.

Consumer and Bazaar Product sales have grown at a CAGR of 17.6% over the last 5 years. Profit before interest and tax for the Consumer and Bazaar segment increased by 13%.

### BUSINESS SEGMENTS %.



### Speciality Industrial Chemicals

Speciality Industrial Chemicals contributed 20.6% of the total sales of the Company and grew by 9.5%.

Export of Speciality Industrial Chemicals were affected by the weak global economic situation and grew by only 8.2% as compared to previous 5 years growth of 19.8%.

Profit before interest and tax for the segment declined by 14.2%.

### Others

This segment largely consists of the Vinyl Acetate Monomer (VAM) manufacturing unit.

The Company continues to import rather than operate the VAM plant, as the import price of VAM continues to be more favorable.

Consequently the revenue in this segment was only ₹ 16 million as compared to ₹ 21 million in the previous year.

The Company has evaluated manufacture of several value added speciality acetates in the erstwhile VAM plant. Some of these products appear to have good potential and detailed techno commercial evaluation is underway.

## Advertisement campaigns



A new integrated marketing campaign including TV advertisement, engineers meets, merchandising and ground activation was developed for Dr. Fixit LW+ to promote its usage with cement in new construction.



Fevicol Speedx was relaunched with a new integrated marketing campaign. The communication which is built around speediness of the product is yet again humorous and quirky, a tradition set by Fevicol commercials over the years.

## New Initiatives

A new Limca Book of Records entry was created when nearly 4300 kids in Chennai got together under the guidance of a Fevicryl Hobby Ideas expert to make Madhubani paintings

An inter school contest was initiated to promote the craft usage in science education by making of models, etc. through the Fevicol Science Project Challenge. The contest reached over 330 schools across the country and over 55000 students participated.

Rangeela drawing contest was conducted in schools to give students an opportunity to experience products of the Company. Over 2 lac students participated in the contest.

In partnership with the "Armed Forces Wives Welfare Association" 90533 rakhis were sent to the jawans posted at border areas. These rakhis were made by the students of 219 schools. The activity has also been recorded in the Limca Book of Records.



Fevicol Champions' Club (FCC) is a unique initiative giving wood working contractors a platform to increase their social contacts and also giving them the opportunity to enhance their skills.

FCC, and its members across the country, celebrated "Shram Daan Diwas" on 20<sup>th</sup> December, 2011. As a part of this unique initiative, carpenters carried out free repair work in 251 needy institutions like blind schools, adivasi schools, municipal schools, old age homes, orphanages and hospitals run by municipal corporations and NGOs, etc. across India. The company extended its support for carrying out the necessary repairs.





To promote the use of Dr. Fixit Raincoat as a solution to waterproofing of external walls, an integrated marketing campaign was developed. This communication highlighted the ineffectiveness of normal water-resistant paints as compared to Dr. Fixit Raincoat.



A TV campaign was launched for Terminator wood preservative. This was supported by 360 degree activation across the country.



Fevikwik was activated digitally with multimedia presence across a new website, Facebook, Twitter and YouTube. This has helped Fevikwik connect with the younger audience and has been very popular with over 100,000 fans.



The Fevikol Furniture book, which is used widely by carpenters and interior decorators, was refreshed and made contemporary as Fevikol Design ideas.



A web portal [www.humariunnati.com](http://www.humariunnati.com), supported by a service cell, has been launched for wholesale stockists (WSS) and channel partners.

This portal gives them up-to-date information on the status of key business transactions, i.e. pending orders, invoice details, pending claims, and other information pertaining to accounts.



Motomax, a range of auto care products, was relaunched with a new look and feel. New products include Silicon Polish, new and improved bumper black.

## New Products



Fevicryl Hobby Ideas, a leading hobby acrylic colours brand, added to its wide range of products by launching Sparkling Pearl Colours. These colours give a unique sparkling shine to hand painted articles on fabric and non-fabric surfaces.



Dr. Fixit Kwikflor Cementitious Flooring Solutions was launched specifically to level and renovate industrial floors that are exposed to heavy loads and frequent abrasions.



Rustolene Maintenance Spray, a multipurpose spray for general maintenance, was launched for use in Automotive and Engineering applications



Wudfill, a cyanoacrylate adhesive, was launched for the first time in India for the woodworking segment. This product is used to fill holes and knots in wood.



## Awards

Fevicol was ranked 4<sup>th</sup> in the ET Brand Equity survey for the most Trusted brands in the Household category.

Fevicol was also awarded the Star Brand of the year 2011. Star Brand is an initiative of Planman Marcom based on top 100 brands on brand trust, recall, awareness, image, impact, innovations and reach.



## Miscellaneous

The Company's net worth (Equity Capital + Reserves) has grown from ₹ 6425 million in 2007-08 to ₹ 13772 million at the end of 2011-12, giving a Compounded Annual Growth Rate (CAGR) of 21%.

The market capitalization of the Company on 31<sup>st</sup> March 2012 was ₹ 90133 million and has grown at a CAGR of 31.00 % since the IPO in 1993.

### Other matters

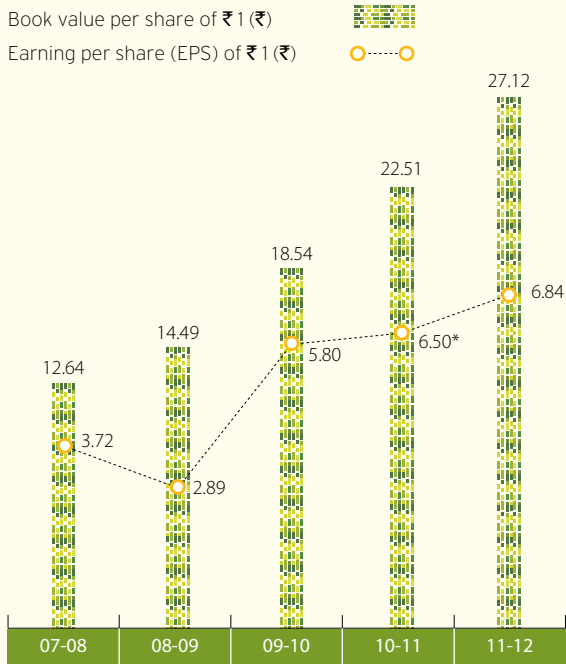
The following matters are elaborated in the Directors' Report

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

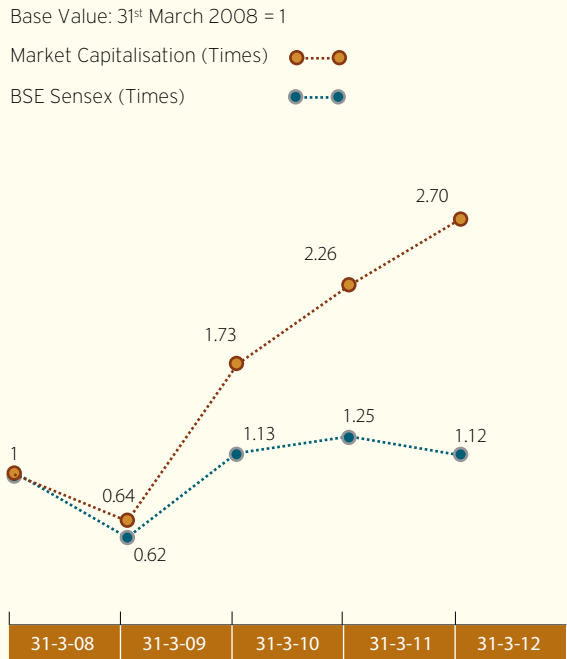
### Cautionary Statement

Statements in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results might differ.

### Book Value Per Share and EPS

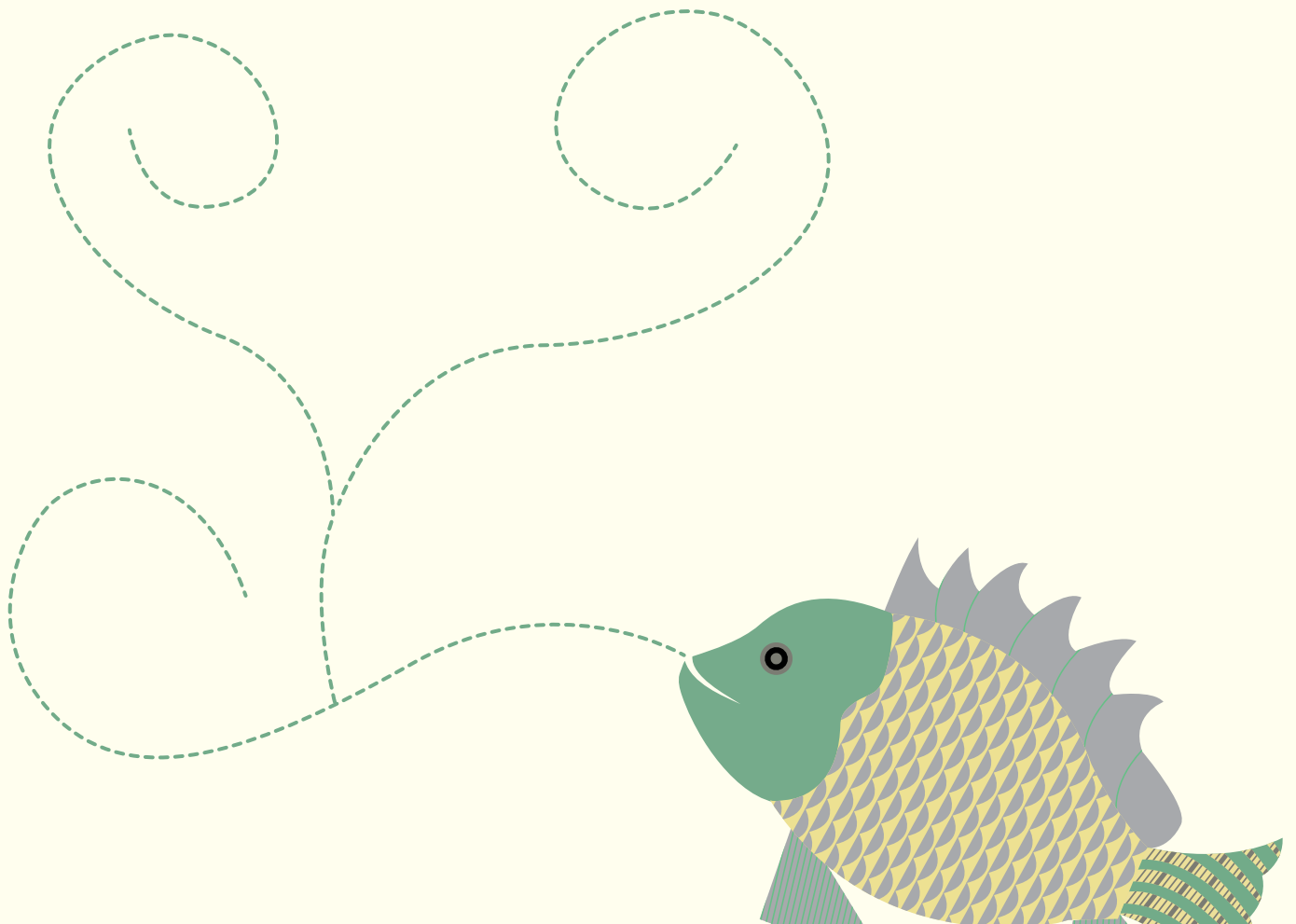


### Growth in Market Capitalisation of Company and BSE Sensex since 31<sup>st</sup> March 2008



Book value per share and earning per share for the years 2007-08 and 2008-09 have been restated for the 1:1 bonus issue made in the year 2009-10.

\*Excludes exceptional items.



# 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 actual.

**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 @ 8%) + market risk premium (assumed @ 7.5%) x beta variant for the Company (taken at 0.9), 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.

## Economic Value Added Analysis

Item	2007-08	2008-09	2009-10	2010-11	2011-12
1. Risk Free Return on Long Term GOI Securities	7.9%	7.1%	7%	7%	8%
2. Cost of Equity	13.9%	13.1%	13.8%	13.8%	14%
3. Cost of Debt (Post Tax)	7.2%	6.7%	5.9%	5.9%	5.9%
4. Effective Weighted Average Cost of Capital	11.5%	10.30%	11.2%	11.8%	12.5%
<b>Economic Value Added (Rupees in million)</b>					
5. Average Debt	3204	5303	4897	3541	2754
6. Average Equity (Shareholder Funds)	5637 *	6866 *	8360	10390	12584
7. Average Capital Employed (Debt + Equity)	8841 *	12169 *	13257	13931	15338
8. Profit After Tax (as per P&L account)	1883	1464	2935	3289 #	3471 #
9. Interest (as per P&L account, net of Income Tax)	106	210	189	177	143
10. Net Operating Profit After Tax (NOPAT)	1989	1674	3124	3466	3614
11. Weighted Average Cost of Capital (4 x 7)	1016	1253	1489	1642	1919
<b>12. Economic Value Added (10 - 11)</b>	973	421	1635	1824	1695
<b>13. EVA as a % of Average Capital Employed (12÷7)</b>	11.1%	3.5%	12.3%	13.1%	11.1%

\* Excluding 6% Redeemable Preference Share Capital of ₹ 28.75 million issued on 31<sup>st</sup> March 2008 and redeemed on 5<sup>th</sup> September 2008

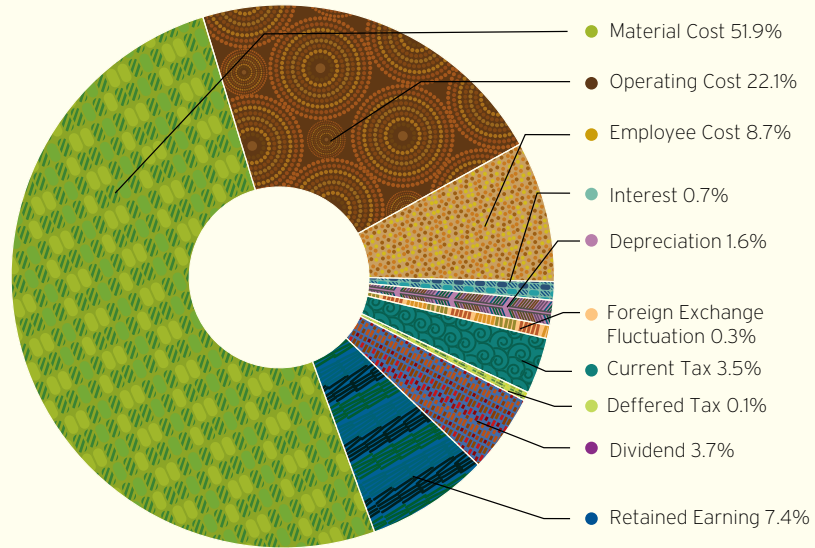
# Profit after tax excludes exceptional items.

## Notes

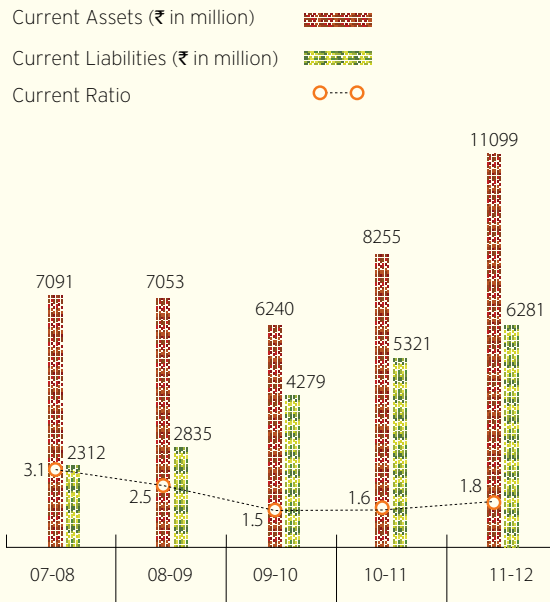
- 1 Profit After Tax includes Prior Years' Tax Provision written back.
- 2 Effects have been given in 10 Years' Financial Performance for above note.
- 3 Figures in Financial Charts, 10 Years' Financial Performance and EVA are as per the Annual Report of respective years, except where stated otherwise.

# Financial Charts

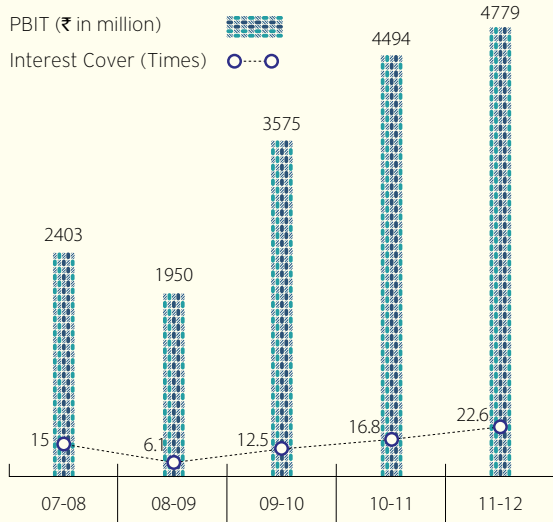
DISTRIBUTION OF REVENUE (2011-12)



CURRENT RATIO

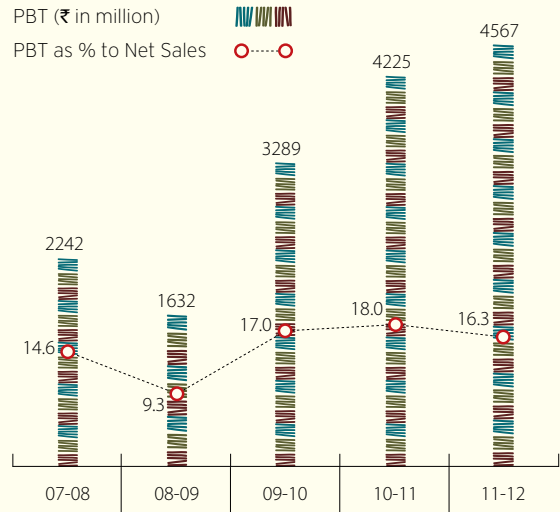


### PBIT & INTEREST COVER



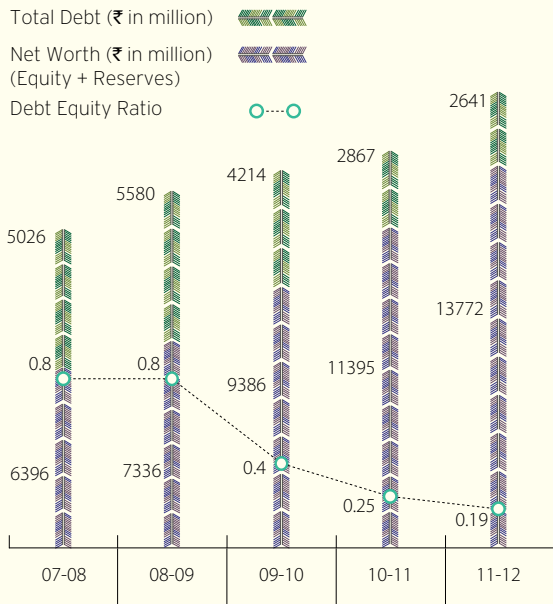
\* PBIT excludes exceptional item.

### PBT & PBT AS % OF NET SALES

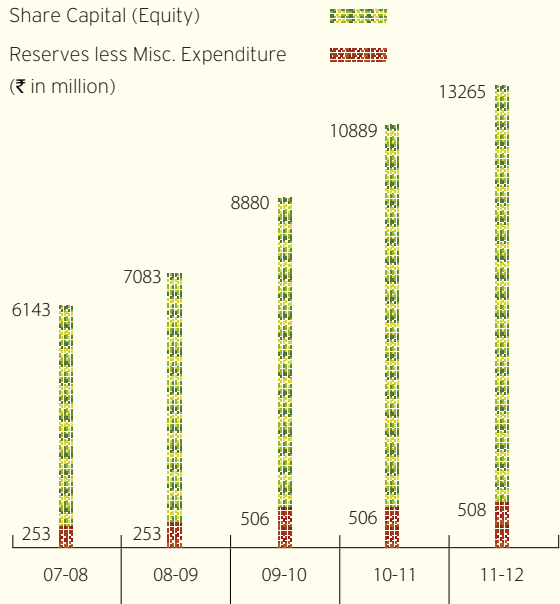


\* PBT for 2010-11 and 2011-12 excludes exceptional item.

### DEBT EQUITY RATIO



### VALUE ADDITION TO BUSINESS THROUGH RESERVES



# 10 Years Financial Performance

(Rupees in million)

Highlights	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	CAGR %
<b>Operating Results</b>											
Sales and Other Income	6678	7647	8998	10617	13081	17248	19313	20512	25302	30174	18.24%
Manufacturing & Other Expenses	5521	6458	7649	9005	11186	14489	16730	16380	20357	24831	18.18%
Operating Profit	1157	1189	1349	1612	1895	2759	2583	4132	4945	5343	18.53%
Interest (Net)	30	18	17	15	63	161	318	286	268	212	24.16%
Depreciation	225	255	270	274	302	385	472	464	444	479	8.75%
Profit from Ordinary Activities	902	916	1062	1323	1530	2213	1793	3382	4233	4652	20.00%
Exceptional Item	-	-	-	-	-	-	-	-	250	126	-
Foreign Exchange Fluctuation - Expense/(Income)	-	-	-	10 !!	(10) !!	(29) !!	161	93	8	85	-
Profit before Tax	902	916	1062	1313	1540	2242	1632	3289	3974	4441	19.38%
Current Tax	295	294	345	409	309	223	150	423	941	1052	15.17%
Deferred Tax	14	8	(13)	17	34	140	18	(25)	(6)	45	-
Profit after Tax for the year	593	614	730	887	1197	1879	1464	2891	3039	3345	21.19%
Add: Prior Year's Tax Provision written back	-	-	36	20	2	4	-	44	-	-	-
Profit after Tax	593	614	766	907	1199	1883	1464	2935	3039	3345	21.19%
Dividend on Equity Shares	214 *	228 *	288 *	360 *	443 *	518 *	518 *	885 *	1029 *	1122 *	20.24%
Dividend on Preference Shares	-	-	-	-	-	- ~	1 !!	-	-	-	-
<b>Retained Earning</b>	<b>379</b>	<b>386</b>	<b>478</b>	<b>547</b>	<b>756</b>	<b>1365</b>	<b>945</b>	<b>2050</b>	<b>2010</b>	<b>2223</b>	<b>21.70%</b>
<b>Financial Position</b>											
Capital-Equity	252	252	252	252	252	253	253	506	506	508	8.07%
Capital-Preference	-	-	-	-	-	29	-	-	-	-	-
	252	252	252	252	252	282	253	506	506	508	8.07%
Reserve (Less Revaluation Reserve & Misc. Expenditure)	2459 †	2835	3315	3866	4625	6143	7083	8880	10889	13265	20.60%
Net Worth	2711	3087	3567	4118	4877	6425	7336	9386	11395	13772	19.79%
Borrowings	416 †	562	610	553	1383	5026	5580	4214	2867	2641	22.79%
Deferred Tax Liability (Net)	293 †	301	288	305	339	423	441	415	410	454	-
<b>Funds Employed</b>	<b>3420</b>	<b>3950</b>	<b>4465</b>	<b>4976</b>	<b>6599</b>	<b>11874</b>	<b>13357</b>	<b>14015</b>	<b>14672</b>	<b>16868</b>	<b>19.40%</b>
<b>Fixed Assets**</b>											
Gross Block	3420 †	3541	4203	4811	5554	8444	10166	10838	12051	13437	17.56%
Depreciation	1122	1373	1635	1905	2182	2973	3433	3889	4310	4764	17.43%
Net Block	2010 †	2168	2568	2906	3372	5471	6733	6949	7741	8673	17.64%
Investments in - Overseas Subsidiaries	-	-	30 #	225 #	753 #	1594 #	2197 #	2446 #	2328 #	2391 #	-
- Others	148	150	154	134	139	30	210	2659	1669	937	22.87%
Net Current Assets	1262 †	1632	1713	1711	2335	4779	4217	1961	2934	4867	16.18%
<b>Total Assets</b>	<b>3420</b>	<b>3950</b>	<b>4465</b>	<b>4976</b>	<b>6599</b>	<b>11874</b>	<b>13357</b>	<b>14015</b>	<b>14672</b>	<b>16868</b>	<b>19.40%</b>

\* Includes Tax on Dividend

# After deducting diminishment provision for investments of Overseas subsidiaries.

† Figures have been reclassified/regrouped in 2003-04

!! Included in Other Income/Expenses now reclassified/regrouped

\*\* Excluding Revalued Assets and Depreciation thereon

~ Less than 1 million

Figure for 2011 - 12 are regrouped as per previous periods for comparable purpose.



(Rupees in million)

Highlights	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Funds Flow</b>										
<b>Sources</b>										
Internal Generation	832	877	1023	1201	1536	2335	1949	3373	3727	3995
Increase in Capital & Reserve on Amalgamation and Conversion of FCCB	-	-	-	-	-	197	-	-	-	154
Increase in Loans	-	146	47	-	830	3643 ^	554	-	-	-
Decrease in Investment - Others	3	-	-	21	-	109	-	-	990	732
Decrease in Working Capital	-	-	-	1	-	-	563	2257	-	-
Decrease in Miscellaneous Expenditure	-	-	2	2	2	3	-	-	-	-
<b>Total</b>	<b>835</b>	<b>1023</b>	<b>1072</b>	<b>1225</b>	<b>2368</b>	<b>6287</b>	<b>3066</b>	<b>5630</b>	<b>4717</b>	<b>4881</b>
<b>Applications</b>										
Decrease in Preference Capital on redemption	-	-	-	-	-	-	29	-	-	-
Repayment of Loans	19	-	-	57	-	-	-	1366	1347	226
Capital Expenditure (Net)	384 #	413	669 †	613 ‡	768	2484 ~	1734	680	1236	1,411
Investments in										
- Overseas Subsidiaries	-	-	30	195	528	841	603	251	132	189
- Others	-	2	4	-	5	-	181	2448	-	-
Dividend*	214	228	288	360	443	518	519	885	1029	1122
Increase in Working Capital	218	370	81	-	624	2444 μ	-	-	973	1933
Increase in Miscellaneous Expenditure	-	10	-	-	-	-	-	-	-	-
<b>Total</b>	<b>835</b>	<b>1023</b>	<b>1072</b>	<b>1225</b>	<b>2368</b>	<b>6287</b>	<b>3066</b>	<b>5630</b>	<b>4717</b>	<b>4881</b>
<b>Ratios</b>										
Return on Average Net Worth % (RONW) (PAT divided by Average Net Worth)	23.5	21.2	23.0	23.6	26.7	33.4 *	21.3 *	34.6	31.7	27.6
Return on Average Capital Employed % (ROCE) (PBIT divided by Average Funds Employed**)	31.6	27.6	27.6	30.0	29.3	27.1 *	16.0 *	27.0	32.3	31.2
Long Term Debt/Cash Flow	0.3	0.2	0.2	0.2	0.4	1.2	2.4	1.0	0.8	0.6
Gross Gearing % (Debt as a percentage of Debt plus Equity)	13.3	15.4	14.6	11.8	22.1	43.9	43.2	31.0	20.1	16.1
Current Ratio (Current Assets divided by Current Liabilities)	2.6	3.0	2.5	2.2	2.3	3.1	2.5	1.5	1.6	1.8
Assets Turnover (times) (Gross Sales divided by Total Assets)	1.9	1.9	2.0	2.1	2.0	1.4	1.4	1.4	1.7	1.8

§ Includes Cost of Brand Acquired ₹ 87.3 million

# Includes Cost of Brands Acquired ₹ 90.8 million

† Includes Cost of Brand Acquired ₹ 133.7 million

‡ Includes Cost of Brands Acquired ₹ 17.8 million

~ Includes Cost of Brands, Patents and Trademarks Acquired ₹ 517.1 million

^ Includes Proceeds of FCCB bonds ₹ 1594.4 million

μ Includes unutilised proceeds of FCCB bonds ₹ 1102.4 million

\* Excluding 6% Redeemable Preference Share Capital of ₹ 28.75 million issued on 31<sup>st</sup> March 2008 and redeemed on 5<sup>th</sup> September 2008.

\*\* Excluding Deferred Tax Liability (Net)

Figure for 2011 - 12 are regrouped as per previous periods for comparable purpose.

# Directors' Report

To

The Members

Your Directors take pleasure in presenting the Forty Third Annual Report together with Audited Statements of Accounts for the year ended 31<sup>st</sup> March 2012.

## Financial Results

	(Rupees in million)	
	2011-12	2010-11
Gross Turnover	29579	24883
Turnover, Net of Excise	27995	23538
Profit Before Tax	4441	3974
Current Year's Tax	1051	941
Profit After Current Year's Tax	3390	3033
Deferred Tax	45	(6)
Profit After Tax	3345	3039
Profit Brought forward	1073	1006
Profit available for appropriation	4418	4045
<b>Appropriations</b>		
Proposed Dividend on Equity Shares (@ ₹ 1.75 per share for the FY 2010-11)	965*	886
Tax on Dividend	157	144
Transfer to Debenture Redemption Reserve	243	42
Transfer to General Reserve	1750	1900
Total	3115	2972
Balance Carried to Balance Sheet	1303	1073
	4418	4045

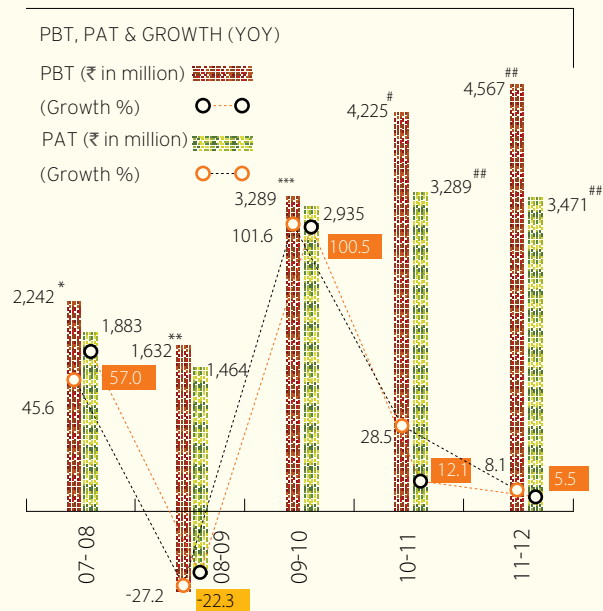
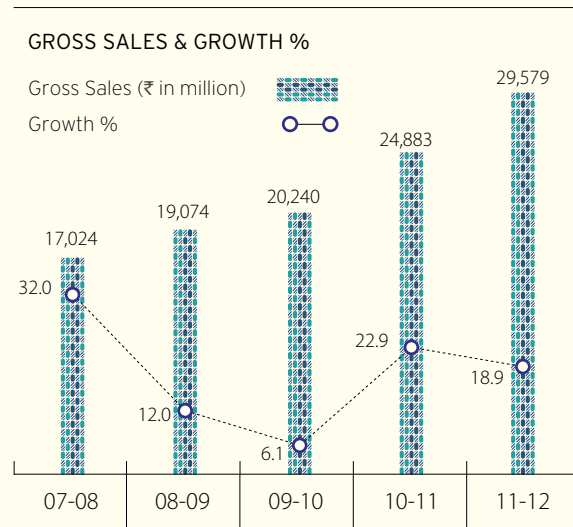
\*Includes dividend for the prior year paid on 3,49,388 equity shares issued on conversion of FCCBs after the balance sheet date but prior to the book closure.

## Financial Performance

The Operating Profit and Net Profit, for the year at ₹ 5343 million and ₹ 3345 million increased by 8% and 10% respectively. Income Tax for the current year at ₹ 1051 million is higher by 11.7%, due to completion of the first five year tax holiday period for one manufacturing unit located in Himachal Pradesh. This is the fourth unit, out of six, which has completed the first 5 year tax holiday period.

Business performance in the first half of the current year was better than in second half. The global economic situation affected exports, particularly of Industrial products where the growth rates in the second half of the year were much below the past trends and significantly lower than what was recorded in the first half of the year. However, the Consumer & Bazaar segment maintained its growth in line with past trends. In addition, input prices increased steeply which, coupled with the weakening of the Rupee vis a vis US dollar, impacted margins.

The Indian Rupee was at ₹ 50.87 to a USD as on 31<sup>st</sup> March 2012 as compared to ₹ 44.40 to a USD as on 31<sup>st</sup> March 2011. As a result, the exchange loss in the year was ₹ 85 million as compared to a loss of ₹ 8.4 million last year. The Company has opted to amortize the exchange rate difference on Foreign Currency Convertible Bonds over the remaining period of the Bonds and accordingly ₹ 55.5 million is carried forward in the balance sheet to be amortized between April 2012 and November 2012.



\* After deferred tax of ₹ 140 million and prior year's tax provision written back of ₹ 4 million

\*\* After deferred tax of ₹ 18 million and prior year's tax provision written back of ₹ nil.

\*\*\* After deferred tax reversal of ₹ 25 million and prior year's tax provision written back of ₹ 44 million.

# After deferred tax reversal of ₹ 6 million and before exceptional item of ₹ 250 million.

## Excludes exceptional item.

## Dividend

The Directors recommend a dividend of ₹ 1.90 per equity share of ₹ 1 each out of the current year's profit, on ₹ 507.65 million equity shares of ₹ 1 each (previous year @ ₹ 1.75 per equity share) amounting to ₹ 965 million which includes dividend for the prior year paid on 3,49,388 equity shares issued on conversion of Foreign Currency Convertible Bonds (FCCBs) after the balance sheet date but prior to the book closure (previous year ₹ 886 million). In accordance with the terms of issue of FCCBs, shares allotted on conversion of FCCBs will also be entitled to Dividend for the year ended 2011-12, where request for conversion is received before the book closure. 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 21.3% during the last 5 years.

## Term Finance

The Company had borrowed USD 17 million through an ECB Term loan amounting to ₹ 796.2 million, repayable in 3 annual installments. During the year the Company repaid the final installment amounting to USD 5.67 million equivalent to ₹ 231.7 million.

## Capital Expenditure

The total expenditure during the year was ₹ 1474 million, of which approximately ₹ 1005 million was spent on fixed assets for various manufacturing units, offices, laboratories, warehouses and information technology. The expenditure

on the Synthetic Elastomer Project was approximately ₹ 469 million.

## Investment in Subsidiaries

During the year, investment of ₹ 189.2 million was made in overseas subsidiaries.

## Synthetic Elastomer Project

Work on the construction of the Synthetic Elastomer Plant has been kept on hold, as a detailed techno commercial review of the project is underway.

During the year ₹ 469 million was spent on the project, which includes interest on loans of ₹ 65.7 million and foreign exchange fluctuation of ₹ 74.0 million.

The total amount spent on this project is ₹ 3551.4 million.

## Manufacturing Plants

EMS (Environment Management System)/OHSAS (Occupational Health & Safety Assessment System) Certification has been obtained for 18 manufacturing locations.

Implementation of these systems enables better control on safety management systems at the units and is one of the indicators of good manufacturing practices.

During the year the Company commissioned a manufacturing unit at Secunderabad for manufacture of construction chemicals.

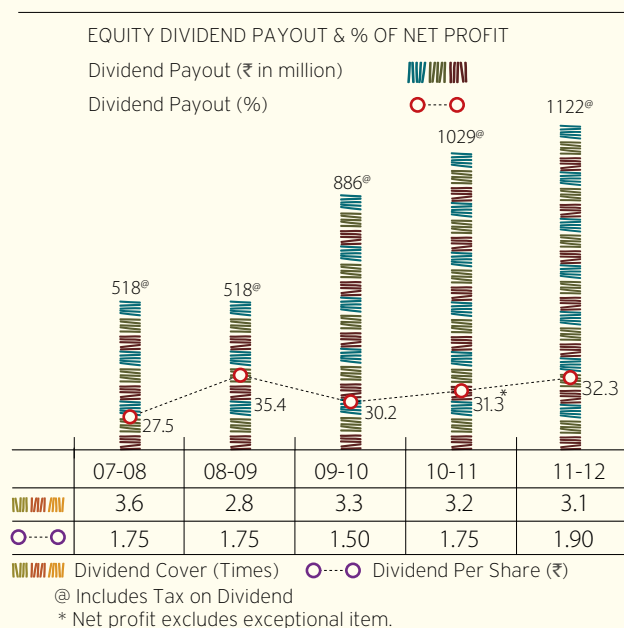
Manufacturing capacity of emulsion polymers, Fevikwik, Steelgrip, stainers, white glues and construction chemicals were enhanced.

## Foreign Currency Convertible Bonds (FCCBs)

Of the USD 40 million raised through issue of zero coupon Foreign Currency Convertible Bonds in 2007-2008, Bonds aggregating USD 33.3 million were outstanding as on March 2012. Bonds worth USD 3.9 million were converted during the year and 15,14,014 equity shares issued. The bond holders remain entitled to convert their holdings into Equity shares anytime upto 1<sup>st</sup> December, 2012. These Bonds are redeemable on 7<sup>th</sup> December, 2012.

## Fixed Deposits

Your Company has not accepted any fixed deposits during the year 2011-12.



## Subsidiaries - Overseas Subsidiaries

Total revenue grew by 1.8% in constant currency terms.

The business in USA reported a 2.5% decline in sales (in constant currency terms). However, due to actions taken to improve margin and control costs, EBIDTA for the year was higher by 10%.

The subsidiary in Brazil performed below expectations. Sales declined by 4.3% due to competitive pressures. Due to inability to fully pass on cost increases, the business reported significantly higher losses than last year.

The subsidiary in Bangladesh strengthened its market position with sales growing by 20.2%. Profitability was impacted by increase in commodity cost and sharp depreciation of the currency. The company is expanding its manufacturing facility to produce an additional range of adhesives which are currently being imported from India.

The subsidiaries in Thailand reported a 12.4% growth in sales despite weak economic situation and floods in the country. Profitability improved during the year due to actions taken to improve margins and reduce costs.

The subsidiary in Dubai reported a 24.7% growth in sales, although on a lower base. While losses were significantly reduced, the business still reported a cash loss in the year.

The operations in Egypt showed signs of recovery with sales growth of 63.3%. However, margins were impacted due to steep increase in input costs.

Due to the reasons mentioned above, the overseas subsidiaries, in aggregate, reported losses higher than last year by 20%.

The total investment in overseas subsidiaries as on 31<sup>st</sup> March 2012 stands at ₹ 2767.37 million

## 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 subsidiaries are annexed to this Annual Report. Additionally, a statement giving prescribed particulars of information, in aggregate for each subsidiary, is attached.

In terms of the General Circular No. 2/2011 dated 08.02.2011, issued by the Government of India, Ministry of Corporate Affairs, the Annual Reports of the Subsidiary Companies are not annexed to this Report. Members desiring to

have a copy of audited Annual Accounts and the related detailed information 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 inspection of the Members at the Registered Office of the Company as well as at the Registered Office of the subsidiary companies.

## Directors

In accordance with the Articles of Association of the Company, Shri Bansi S. Mehta, Shri Ranjan Kapur, Shri D. Bhattacharya and Shri A B Parekh, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

Shri J L Shah was a Whole-time Director of the Company upto 20<sup>th</sup> October, 2011. He resigned from directorship with effect from 8<sup>th</sup> November, 2011. Directors place on record their sincere appreciation of the valuable contribution made by him during his tenure on the Board.

Shri Sanjeev Aga and Shri R Sreeram have been appointed as Additional Directors by the Board of Directors and they hold office upto the date of the ensuing Annual General Meeting. Subject to approval of members, Shri R Sreeram has also been appointed by the Board of Directors as Whole-time Director, designated as Director (Factories Operations), with effect from 8<sup>th</sup> November, 2011. Notices in writing with requisite deposit have been received from members proposing Shri Sanjeev Aga and Shri R Sreeram as candidates for the office of Director.

## Directors' Responsibility Statement

Your Directors confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgments 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 31<sup>st</sup> March 2012 and of the profit of the Company for the year ended on that date;
- 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

- 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 M/s M M Sheth & Co, Practising Company Secretaries, 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/C & F depots/depots, for the current financial year and to fix their remuneration.

### **Cost Auditor**

The Company has appointed M/s. V. J. Talati & Co., as Cost Auditor to conduct cost audit for the financial year 2012-13, subject to the approval of the Central Government.

The Cost Audit Report for the year ended March, 2012 will be submitted in due course.

The Company has filed the Cost Audit Report for the year ended March, 2011 with the Central Government on 23<sup>rd</sup> August, 2011. The due date for the same was 27<sup>th</sup> September, 2011.

### **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.

### **Particulars of Employees**

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.

### **Industry Structure and Development**

There is no material change in the industry structure as was reported in the last year.

The Company operates under two major business segments i.e. Branded Consumer & Bazaar Products and Specialty Industrial Chemicals.

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

Specialty Industrial Chemicals segment covers products such as Industrial Adhesives, Synthetic Resins, Organic Pigments, Pigment Preparations, Surfactants, etc. and caters to various industries like packaging, textiles, paints, printing inks, paper, leather, etc.

In both the above business segments, there are a few medium to large companies with national presence and a large number of small size companies that are active regionally. There is growing presence of multinationals in many of the segments in which the Company operates. The share of imports is less than 10% of domestic volumes in most of the product segments.

The "Other" segment largely covers manufacture and sale of VAM. As mentioned earlier, due to the global demand supply situation it was viable to import VAM rather than manufacture in-house and accordingly the plant remained shut last year. Going forward, import of VAM is likely to remain more viable. The Company is exploring alternate products which can be manufactured in the same plant.

### **Current Year Outlook**

The current year's outlook is somewhat uncertain due to various factors like weakening demand, high interest rates and high inflation.

In addition, the volatility in currency rates impact input costs and due to a lag between the cost inflation and price increase, margins could get impacted in the short term.

The Company's major subsidiaries are in USA, Brazil, Thailand, Egypt and Bangladesh. Although initiatives are underway to improve performance of the subsidiaries, they

are likely to face difficulties due to weak economic outlook in their respective markets. The business in Brazil remains susceptible to competitive pressures and high inflation.

### **Outlook on Opportunities, Threats, Risks and Concerns**

The larger size of the Indian economy continues to provide an opportunity to the Company to bring in differentiated and value added products for addressing customer requirements. Recovery in the global economy could revive growth of exports.

Input cost increases, led by high crude oil prices and a weak rupee, could put pressure on margins in the short term.

The relative small size of overseas subsidiaries renders them vulnerable to local political/economic uncertainties, competitive and inflationary pressures.

### **Internal Control Systems and their 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.

For overseas subsidiaries, this is being done by their Statutory Auditors.

The Audit Committee of the Board of Directors periodically reviews the audit plans, internal audit reports and 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, the Talent Management process has further evolved and the Learning & Development cell has been strengthened, with the objective of providing adequate support and resources to develop a talent pipeline.

As part of capability building across the organization, certain key support functions have been restructured and strengthened.

The total number of employees as on 31<sup>st</sup> March 2012 was 4223.

### **Appreciation**

Your Directors wish to place on record their appreciation of the contribution made by employees at all level to the continued growth and prosperity of your Company. Your Directors also wish to place on record their appreciation for the shareholders, dealers, distributors, consumers, banks and other financial institutions for their continued support.

FOR AND ON BEHALF OF THE BOARD

Mumbai

Date : 24<sup>th</sup> May 2012

**S K Parekh**

Vice Chairman

**M B Parekh**

Managing Director

# Corporate Social Responsibility Report - 2011-2012



The Company continues to support Gram Nirman Samaj, Hanumant Hospital, Mahuva Education Trust and Triveni Kalyan Education Trust in carrying out activities in the areas of rural development, education and healthcare.

## Rural Development & Education

During the year 149 water conservation projects including percolation tanks, farm ponds, village ponds and check dam were constructed. Houses were constructed under Indra Awas Yojana, for giving shelter to the rural poor.

The Company distributed at Science City, Bhavnagar 3000 sets of story books written by French author Jules Verne.

Eight literacy classes covering 159 women from economically weaker sections and children were conducted. Self help groups were formed for imparting training in tailoring and other vocational activities. This benefitted 116 women.

The Government announces several social welfare schemes for the economically backward sections of the society. Gram Nirman Samaj assists the persons, eligible for such schemes, to apply for and receive these benefits.



Literacy class



Advising on Government Schemes

## Healthcare

Hanumant hospital treated over four lakh outpatients, in addition to handling several emergency cases and surgeries, since the setting up of the hospital.

The hospital expanded its dialysis and urology departments. A separate Urology department with an operation theatre and ward facilities was started during the year.



Urology Department - Operation Theatre



Urology Department - Doctors & support staff





Eye check-up

Health awareness booklets were released on fifteen different topics and distributed to libraries of village primary schools.

Divya Jyoti scheme (for cataract surgery) and Jivan Raksha scheme (for dialysis) were launched and free cataract surgeries and dialysis were conducted.

The Company also works with the Lata Mangeshkar Medical Foundation, Pune to provide better health care facilities particularly in Obstetrics & Neonatal Intensive Care Units.

The orthopedic department is now equipped for joint replacement surgeries and arthroscopy surgeries.

A Hanumant volunteer group was formed and free gynaecological and paediatric check up camps were held, on a weekly basis, in 60 surrounding villages.

Hanumant Hospital runs a Rubella Vaccination Centre and has conducted 42 vaccination camps and awareness campaigns at different places. More than 3200 girls were vaccinated.



Medical Camp

## General Semantics

Shri B. K. Parekh, the founder of Balvant Parekh Centre for General Semantics and Other Human Sciences was presented the J. Talbot Winchell Award instituted by the Institute of General Semantics on 28<sup>th</sup> October 2011 for his contribution in the field of General Semantics.

The second regional workshop for school teachers on the theme 'Facilitating Constructive Pedagogy and Harmonious Interpersonal Relations in Classroom: A General Semantics Approach' was conducted in collaboration with Tejas Vidyalaya during the year.

The Centre organized a colloquia with Dr. Debashish Banerji and few contributors of the Special Issue of the Journal of Contemporary Thought on "Punctuated Renewals: Rabindranath Tagore in the 21<sup>st</sup> Century" on 24<sup>th</sup> January 2012. Arjun Appadurai from New York University delivered the Balvant Parekh Distinguished Lecture on "Disciplining India's Diversity" and participated in the National Symposium on "The Culture of Diversity and Disciplinarity".



General Semantics session in progress



General Semantics - Shri B. K. Parekh addressing the group

# Annexure I to the Directors' Report

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. Use of innovative products to optimize combustion efficiency and reduce fuel consumption.
2. Process automation and cascading to optimize process efficiency and reduce energy (Fuel & Electricity) consumption.
3. Modification of Boiler and Thermo-packs for alternative / cleaner fuel.
4. Compressed air leak survey and optimization of compressed air system.

### b) Additional Investments and Proposals, if any, being implemented for reduction of Consumption of Energy.

1. Installations of Shell Tube heat exchanger to recover the heat from process reaction to preheat the process water.
2. Conversion of Fuel Oil, High Speed Diesel & Light Diesel Oil fired boiler & Thermo-packs with Pipeline Natural Gas and Brickquettes.
3. Replacement of standard motors with energy efficient motors.

### c) Impact of measures of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

12.75 Lac kwh Electricity and 354 MT of Fuel Oil are expected to be saved annually by the above measures. This saving shall contribute to reduction of Electricity consumption by 5% and Fuel consumption by 7.5%.

### 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 / Generation

		Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>1. Electricity</b>			
a. Purchased			
Units	'000 kwh	1,80,89	2,03,55
Total amount	₹ in million	108.25	113.63
Rate / Unit (Average)	₹	5.98	5.58
b. Own Generation			
(i) Through Diesel Generator			
Units	'000 kwh	14,10	5,73
Units per litre of diesel oil	Kwh	2.98	2.85
Cost / Unit	₹ / kwh	13.31	13.25
(ii) Windmill Generation			
Units	'000 kwh	94,62	79,37
<b>2. Coal</b>			
Quantity	MT	1,929	5,508
Total Amount	₹ in million	10.04	29.61
Average Rate	₹ '000 /MT	5.20	5.37

## A. Power and Fuel consumption / Generation

		Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>3. Natural Gas</b>			
Quantity	'000 SCM	40,46	41,60
Total Amount	₹ in million	97.10	78.15
Average Rate	₹ /SCM	24.00	18.79
<b>4. Fuel Oil</b>			
Quantity	MT	9,95	8,78
Total Amount	₹ in million	39.23	29.66
Average Rate	₹ '000 /MT	39.44	33.76
<b>5. Brickquettes</b>			
Quantity	MT	9,56	10,08
Total Amount	₹ in million	45.10	43.50
Average Rate	₹ '000 /MT	4.72	4.31

### Notes :

- Electricity consumption reduced by 11% due to various energy saving initiatives at Gujarat and Himachal cluster including change in manufacturing plan.
- Reduction in Coal consumption by 64% due to change in manufacturing plan.
- Power generation from Diesel Generators increased by 146% to cater to electricity requirement for additional production capacity until SEB load sanction was received.
- Reduction in PNG consumption by 2.75% due to process optimization.
- Fuel Oil consumption increased by 13% due to increased production at Himachal cluster.
- Brickquette consumption reduced by 5% due to Batch cycle optimization and campaign based production.

## 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 activities are continued for development of new products, improvement of existing products in the category of Synthetic Resins, Adhesives, Sealants, Pigments and Pigment Dispersions, Intermediates, Surfactants, Art Materials, Coatings, Fabric Care products, Construction Chemicals, Maintenance Chemicals, Emulsions Polymers etc. Products specific to the requirements of certain export market are also under development.

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

Increase in sales due to product improvements and introduction of new products, reduction in cost and pollutants load due to formulation optimization, process improvements and cycle time reduction.

##### 3. Future Plan of Action

Future R&D efforts will continue along present lines.

#### 4. Expenditure on R & D

(₹ in million)

	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
i) Capital	1.95	4.54
ii) Recurring	128.61	105.96
Total	130.56	110.50
iii) Total R&D Expenditure as a Percentage of total turnover	0.44	0.44

#### 5. Technology Absorption, Adaptation and Innovation

- i) Technologies and processes developed by the R&D Department are being continuously absorbed and adopted on a commercial scale.

Based on the patented processes acquired from Polimeri Europa Elastomers France, S.A. the Company has developed few processes in the manufacture of Poly Chloroprene Rubber and applications for patents have been filed by the Company.

- ii) Benefits derived as a result of the above efforts :  
Improvement in products and processes.

- iii) Information regarding Technology imported during the last 5 years :  
No technology imported during the last 5 years except as covered in (i) above.

#### 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 2011-12 have shown an increase of ₹ 264 million over 2010-11.

In GCC countries, the Company has introduced adhesives and sealants for air conditioning ducting applications.

##### g) Total foreign exchange used and earned

(₹ in million)

	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
Foreign exchange earned	2,662	2,398
Foreign exchanged used	4,637	3,901

#### Disclosure of particulars in the report of Board of Directors under Health, Safety & Environment for the year 2011-2012

1. Comprehensive internal and external audit conducted to ensure compliance to Environment, Health and Safety standards including statutory and regulatory requirements.
2. Apex Environment Health and Safety (EHS) steering committee formed and EHS performance of all manufacturing units reviewed on quarterly basis to enhance the EHS standards/ performance across all units.

# Auditors' Report

## To the Members of Pidilite Industries Limited

1. We have audited the attached Balance Sheet of **Pidilite Industries Limited** ('the Company') as at 31<sup>st</sup> March 2012 and the Statement of Profit and Loss and also the 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.
2. 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 misstatement. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (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 explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss 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 Companies Act, 1956;
  - v. On the basis of the written representations received from the directors, as on 31<sup>st</sup> March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2012;
    - b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
    - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For HARIBHAKTI & CO  
Chartered Accountants  
Firm Registration No. 103523W

CHE TAN DESAI  
Partner  
Membership No. 17000

Place: Mumbai  
Date: 24<sup>th</sup> May 2012

## Annexure to Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Pidilite Industries Limited on the financial statements for the year ended 31<sup>st</sup> March 2012]

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All the fixed assets have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
  - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper record of inventories and no material discrepancies were noticed on physical verification carried out during the year.
- iii. (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii) (b), (c) and (d) of the order are not applicable.
  - (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii) (f) and (g) of the order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
  - v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.
    - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
  - vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
  - vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
  - viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
  - ix. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
    - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

(₹ in million)

Name of the Statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Act	Sales Tax in various states	310.88	1994-95, 1998-99 & 2000-01 to 2010-11	Deputy Commissioner of Sales Tax
Sales Tax Act	Sales Tax in various states	28.51	1995-96 & 1998-99 to 2000-01	Sales Tax Tribunal
Sales Tax Act	Sales Tax in various states	3.42	2003-04 & 2005-06	High Court
Central Excise Act	Excise Duty in various states	1.88	1982-83 & 1997-98 to 2007-08	CESTAT
Central Excise Act	Excise Duty in various states	0.15	2005-06 to 2010-11	Commissioner (Appeals)
Income Tax Act	Tax Deducted at Source	2.65	2007-08	Commissioner (Appeals)

- x. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xvi. In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, no debentures have been issued by the Company during the year.
- xx. The Company has not raised money by way of public issue during the year.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For HARIBHAKTI & CO  
Chartered Accountants  
Firm Registration No. 103523W  
CHETAN DESAI  
Partner  
Membership No. 17000

Place: Mumbai  
Date: 24<sup>th</sup> May 2012

# Balance Sheet

As at 31<sup>st</sup> March 2012

(₹ in million)

	Notes	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	507.65	506.13
Reserves and Surplus	3	13,264.51	10,889.13
		13,772.16	11,395.26
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	922.97	2,598.91
Deferred Tax Liability (net)	5	454.27	409.66
Long-Term Provisions	6	126.05	86.72
		1,503.29	3,095.29
<b>Current Liabilities</b>			
Short-Term Borrowings	7	-	27.70
Trade Payables	8	1,706.14	1,428.90
Other Current Liabilities	9	4,811.85	2,853.62
Short-Term Provisions	10	1,266.25	1,193.49
		7,784.24	5,503.71
<b>TOTAL</b>		<b>23,059.69</b>	<b>19,994.26</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	4,717.13	4,127.97
Intangible Assets	12	242.09	281.74
Capital Work-In-Progress		3,713.35	3,267.72
		8,672.57	7,677.43
<b>Non Current Investments</b>	13	2,418.83	2,355.91
<b>Long-Term Loans and Advances</b>	14	249.51	179.40
<b>Other Non-Current Assets</b>	15	1.70	8.84
		11,342.61	10,221.58
<b>Current Assets</b>			
Current Investments	16	909.16	1,641.49
Inventories	17	3,963.04	3,544.40
Trade Receivables	18	3,261.18	2,865.91
Cash and Bank Balances	19	2,576.14	923.24
Short-Term Loans and Advances	20	902.25	756.84
Other Current Assets	21	105.31	40.80
		11,717.08	9,772.68
<b>TOTAL</b>		<b>23,059.69</b>	<b>19,994.26</b>
<b>Summary of Significant Accounting Policies</b>	1		

The accompanying notes are an integral part of the financial statements

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For Haribhakti & Co.  
Chartered Accountants  
FRN 103523W

S K PAREKH  
Vice Chairman

CHETAN DESAI  
Partner  
Membership No. 17000

M B PAREKH  
Managing Director

Place: Mumbai  
Date : 24<sup>th</sup> May 2012

SAVITHRI PAREKH  
Company Secretary



# Statement of Profit and Loss

For The Year Ended 31<sup>st</sup> March 2012

(₹ in million)

	Notes	2011-12	2010-11
<b>INCOME</b>			
Revenue from Operations (Gross)	22	29,746.81	25,016.05
Less : Excise Duty		1,583.61	1,345.83
Revenue from Operations (Net)		28,163.20	23,670.22
Other Income	23	427.67	285.76
Total Income		28,590.87	23,955.98
<b>EXPENSES</b>			
Cost of Materials	24	14,645.89	11,856.18
Purchase of Traded Goods		1,316.06	1,201.74
Change in inventories of Finished Goods	25	(287.64)	(585.50)
Work-in-progress and Traded Goods			
Employee Benefits Expense	26	2,611.56	2,264.61
Depreciation and Amortization Expenses	27	479.26	443.87
Finance Cost	28	245.04	301.56
Other Expenses	29	5,139.53	4,499.47
Total Expenses		24,149.70	19,981.93
<b>Profit before tax</b>		4,441.17	3,974.05
<b>Less: Tax Expenses</b>			
Current Tax		1,051.50	940.84
Deferred Tax		44.61	(5.70)
Total Tax expenses		1,096.11	935.14
<b>Profit for the year</b>		3,345.06	3,038.91

## Earnings Per Share: (Refer note 40)

Basic (₹)	6.59	6.00
Diluted (₹.)	6.43	5.84
Face Value of Share (₹)	1.00	1.00

## Summary of Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements

AS PER OUR ATTACHED REPORT OF EVEN DATE

For Haribhakti & Co.  
Chartered Accountants  
FRN 103523W

CHETAN DESAI  
Partner  
Membership No. 17000

Place: Mumbai  
Date : 24<sup>th</sup> May 2012

SAVITHRI PAREKH  
Company Secretary

FOR AND ON BEHALF OF THE BOARD

S K PAREKH  
Vice Chairman

M B PAREKH  
Managing Director

## 1 Summary of Significant Accounting Policies

### Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements are prepared under the historical cost convention, on the basis of a going concern and as per applicable Indian Accounting Standards. The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis (except as otherwise stated).

#### a. Presentation and disclosure of financial statements

As notified by Ministry of Corporate Affairs, revised Schedule VI under the Companies Act, 1956 is applicable to the financial statements for the financial year commencing on or after 1<sup>st</sup> April 2011. Accordingly, the financial statements for the period ended 31<sup>st</sup> March 2012 are prepared in accordance with the revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to confirm to the requirements of revised Schedule VI.

#### b. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

#### c. Fixed Assets, Depreciation and Impairment Loss

- a) Fixed Assets are stated at cost of acquisition or construction as reduced by accumulated depreciation and impairment loss, if any.
- b) Preoperative expenditure during construction period / trial run : Direct expenses as well as clearly identifiable indirect expenses incurred on the projects during the period of construction are capitalized along with the respective assets.
- c) The Company provides depreciation as under :
  - 1 For assets acquired up to 30<sup>th</sup> June 1987, on Straight Line Method (SLM) basis.
  - 2 For assets acquired after 30<sup>th</sup> June 1987 and before 31<sup>st</sup> March 1993, on SLM basis at rates specified in Schedule XIV of the Companies Act, 1956.
  - 3 For assets acquired after 31<sup>st</sup> March 1993, on SLM basis as per new rates prescribed under Schedule XIV vide notification no. GSR 756 (E) dated 16<sup>th</sup> December 1993 issued by the Department of Company Affairs.
  - 4 For assets each costing ₹ 5000 or less, depreciation is provided fully.
  - 5 For addition made during the year, depreciation is provided on pro-rata basis.
- d) In case, the recoverable amount of the fixed assets is lower than its carrying amount, provision is made for the impairment loss.
- e) Borrowing costs, which are directly attributable to acquisition, construction or production of a qualifying asset, are capitalised as a part of the cost of the asset. Other borrowing costs are recognised as expenses in the period in which they are incurred.

#### d. Intangible Assets and amortization

1. The Goodwill acquired by the Company is amortized over a period of 5 years on SLM basis.
2. The Copyrights, Trademarks, Technical Knowhow, etc. acquired by the Company are amortized over a period of 10 years on SLM basis.

#### e. Research and Development Expenditure

- a) Capital Expenditure is shown separately in Fixed Assets.
- b) Revenue expenses including depreciation are charged to respective heads of accounts.

#### **f. Investments**

- a) Non-Current Investments are stated at cost. In case there is a diminution of permanent nature in value of Investments, the same is provided for.
- b) (i) Quoted current investments are stated at the lower of cost and market value.  
(ii) Unquoted current investments are stated at the lower of cost and fair value where available.

#### **g. Inventories**

- a) Raw Materials and Packing materials are valued at cost on weighted average basis.
- b) Finished goods, including traded goods and work in process are valued at lower of cost and net realizable value. Cost (arrived at on weighted average) for this purpose includes direct materials, direct labour, excise duty and appropriate overheads including freight costs up to the ports in respect of finished goods meant for exports.
- c) Consumable stores and spares are valued at lower of cost or net realizable value, as estimated by the management.
- d) Obsolete, defective, unserviceable and slow / non-moving stocks are duly provided for.

#### **h. Revenue recognition**

- i) Income from sale of goods is recognized upon transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold. Sales are net of Sales Tax/ VAT, returns, rebates and discounts.
- ii) Interest income is recognized on accrual basis.
- iii) Claims which are not of material nature / Insurance Claim etc. are accounted for when no significant uncertainties are attached to their eventual receipt.
- iv) Dividend is accounted for when right to receive dividend is established.

#### **i. Transactions in foreign currencies**

- a) Transactions are recorded at the exchange rates prevailing on the date of transaction.
- b) Foreign currency designated assets and liabilities are restated at the year end rates and the resultant gain or loss is taken to Statement of Profit and Loss Account, except in respect of fixed Assets which is being capitalized (Refer note 33)

#### **j. Financial Derivatives and Hedging Transactions**

In respect of derivative contracts, premium paid, gains/ losses on settlement and losses on restatement are recognised in the Statement of Profit & Loss except in case where they relate to the acquisition or construction of a fixed asset, in which case, they are adjusted to the carrying cost of such assets.

#### **k. Retirement and other employee benefits**

- a) Contribution to Provident, Superannuation and Family Pension funds are funded as a percentage of salary/wages.
- b) Gratuity liability is funded as per group gratuity scheme of Life Insurance Corporation of India.
- c) Gratuity and leave encashment are provided for on the basis of actuarial valuation as at the year end.

#### **l. Income Taxes**

Provision for current tax is made on the basis of relevant provisions of the Income Tax Act, 1961. The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is virtual / reasonable certainty that these would be realized in future.

#### **m. Provisions, Contingent Liabilities and Contingent Assets**

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent liabilities, if material are disclosed by way of notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

#### **n. Cash and Cash Equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank, cash in hand and short- term investments with an original maturity of three months or less.

# Notes

(₹ in million)

		As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>2</b>	<b>Share Capital</b>		
<b>Authorised</b>			
70,00,00,000	(70,00,00,000) Equity Shares of ₹ 1 each	700.00	700.00
<b>TOTAL</b>		<b>700.00</b>	<b>700.00</b>
<b>Issued, Subscribed and Paid up Capital</b>			
50,76,48,826	(50,61,34,612) Equity Shares of ₹ 1 each, fully paid-up	507.65	506.13
<b>TOTAL</b>		<b>507.65</b>	<b>506.13</b>

(₹ in million)

<b>a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>				
	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	No. of shares	(₹ in million)	No. of shares	(₹ in million)
<b>Equity Shares</b>				
Shares outstanding at the beginning of the year	506,134,612	506.13	506,134,612	506.13
Shares issued during the year upon conversion of Foreign Currency Convertible Bonds	1,514,014	1.52	-	-
Shares outstanding at the end of the year	507,648,626	507.65	506,134,612	506.13
<b>b. Terms /Rights attached to Equity Shares</b>				

The company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31<sup>st</sup> March 2012, the amount of per share dividend recognized as distributions to equity shareholders is ₹ 1.90 (₹ 1.75).

<b>c. Details of shareholders holding more than 5% shares in the company</b>				
	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Shri Madhukar Balvantray Parekh	56,958,614	11.22	56,958,614	11.25
Shri Narendrakumar Kalyanji Parekh	54,332,178	10.70	54,332,178	10.73
Shri Ajay Balvantray Parekh	49,134,386	9.68	49,134,386	9.71
Shri Sushilkumar Kalyanji Parekh	45,969,560	9.06	45,969,560	9.08
Devkalyan Sales Pvt. Ltd.	26,074,280	5.14	26,074,280	5.15
Genesis Indian Investment Co. Ltd. - General Sub fund	40,888,180	8.05	40,888,180	8.08

**d. Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years, immediately preceding the reporting date:**

	Year (Aggregate no. of shares)				
	2011-12	2010-11	2009-10	2008-09*	2007-08
<b>Equity Shares</b>					
Fully paid up pursuant to contract(s) without payment being received in cash					
- Issued on demerger of Mahad unit of Vinyl Chemicals (India) Ltd.	-	-	-	-	6,67,306
Alloted as fully paid bonus shares			253,067,306		
Alloted on Conversion of FCCB	1,514,014				
<b>Preference Shares</b>					
Fully paid up pursuant to contract(s) without payment being received in cash					
- 6% Cumulative Redeemable Preference Shares issued on demerger of Mahad unit of Vinyl Chemicals (India) Ltd. Into Company	-	-	-	-	2,874,805
* In 2008-09, company had transferred 6,000 Equity Shares from Bonus Shares Issue Suspense Account to Equity Share Capital Account on account of settlement of dispute for title of shares. However, no new shares were allotted.					

**e. The Company had issued on 6<sup>th</sup> December 2007, 400 Foreign Currency Convertible Bonds (FCCB) of US\$100000 each, which are convertible into Equity shares at any time upto 1<sup>st</sup> December 2012. As at 31<sup>st</sup> March 2012, 333 FCCB are outstanding.**

As per the Offering Circular dated 03.12.2007 for issue of Zero Coupon Convertible Bonds (FCCB), the initial conversion price of ₹ 256.035 per share, was adjusted to ₹ 202.828 per share pursuant to the terms on which the FCCBs were issued. In terms of the issue of Bonus shares by the Company in March 2010 in the ratio of 1: 1, (a) Those FCCB holders who exercise their right to convert their holdings into Equity Shares till the Record Date (17.03.2010) they were eligible to receive Bonus Shares on par with other equity shareholders, (b) Further, those FCCB holders who opt for conversion after the Record Date (17.03.2010) are entitled to proportionately higher number of Equity Shares as if the conversion had taken place prior to the Record Date. Accordingly, the Conversion price remains unchanged at ₹ 202.828 per share. Post bonus issue, those FCCB holders who opt for conversion after the Record Date are, under the terms on which the FCCBs were offered, entitled to a proportionately higher number of equity shares as if the conversion had taken place prior to the Record Date.

Accordingly, the FCCB holder holding 1 Bonds of US\$ 100,000 each opting for conversion, will be eligible to get 38,821 equity shares of ₹ 1/- each of the Company.

(₹ in million)

<b>3 Reserves and Surplus</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
<b>Capital Reserve</b>	3.37	3.37
<b>Securities Premium</b>		
Balance as per last financial statements	-	-
Add : Securities Premium credited on Foreign Currency Convertible Bonds Conversion	152.03	-
Closing Balance	152.03	-
<b>Debenture Redemption Reserve</b>		
Balance as per last financial statements	692.22	649.91
Add : Transferred from Statement of Profit and Loss	243.40	42.31
Closing Balance	935.62	692.22
<b>Cash Subsidy Reserve</b>	9.47	9.47
<b>General Reserve</b>		
Balance as per last financial statements	9,110.58	7,210.58
Add : Transferred from Statement of Profit and Loss	1,750.00	1,900.00
Closing Balance	10,860.58	9,110.58
<b>Surplus</b>		
Balance as per last financial statements	1,073.49	1,006.32
Add: Profit for the year	3,345.06	3,038.91
Less: Appropriations		
• Proposed final Equity Dividend (amount per share ₹ 1.90 (31 <sup>st</sup> March 2011: ₹ 1.75)) (The above includes dividend declared on conversion of Bonds ₹ 0.61 million)	965.14	885.74
• Tax on proposed equity dividend (The above includes tax on dividend declared on conversion of Bonds ₹ 0.1 million)	156.57	143.69
• Transfer to Debenture Redemption Reserve	243.40	42.31
• Transfer to General Reserve	1,750.00	1,900.00
Total Appropriations	3,115.11	2,971.74
Closing Balance	1,303.44	1,073.49
<b>TOTAL</b>	<b>13,264.51</b>	<b>10,889.13</b>

(₹ in million)

<b>4 Long Term Borrowings</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
<b>Debentures / Bonds</b>		
600 ( 600) 11.9% Redeemable Non Convertible Debentures of ₹ 1000000 Each (Refer note a.)	600.00	600.00
Foreign Currency Convertible Bonds (US \$ 33.3 million Zero Coupon Convertible Bonds) (Refer note (e) under Share Capital Note 2 and refer Note 9)	-	1,663.21
<b>Other loans and advances</b>		
Interest free Sales Tax loan from Government of Maharashtra (Refer Note b and refer Note 9)	322.97	335.70
<b>TOTAL</b>	<b>922.97</b>	<b>2,598.91</b>
<b>The Above amount Includes</b>		
● Secured borrowings	600.00	600.00
● Unsecured borrowings	322.97	1,998.91
	<b>922.97</b>	<b>2,598.91</b>
a. 600 Redeemable Non Convertible Debentures are secured by way of mortgage and by First pari passu charge on the immovable property in Gujarat and all movable properties of the Company. These Debentures will be redeemed at par on 5 <sup>th</sup> December 2013.		
b. Sales tax loan is interest free and payable in 16 yearly instalments, starting from 30 <sup>th</sup> April 2007.		

(₹ in million)

<b>5 Deferred Tax Liabilities (net)</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
<b>Deferred Tax Liability</b>		
Fixed Assets: Impact of difference between tax depreciation and depreciation/ amortization charged for financial reporting	539.82	497.22
Gross Deferred Tax Liability	539.82	497.22
<b>Deferred Tax Asset</b>		
Leave Encashment	34.87	24.14
Provision for Doubtful Receivables	48.74	35.17
Others	1.94	28.25
Gross Deferred Tax Asset	85.55	87.56
<b>TOTAL</b>	<b>454.27</b>	<b>409.66</b>

(₹ in million)

<b>6 Long-Term Provisions</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
Leave Encashment	126.05	86.72
<b>TOTAL</b>	<b>126.05</b>	<b>86.72</b>

(₹ in million)

<b>7 Short-Term Borrowings</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
Secured Working Capital Loan from Banks (Refer Note a)	-	27.70
<b>TOTAL</b>	<b>-</b>	<b>27.70</b>

- a Working Capital Loan from Banks are secured by way of first charge on the stock of Raw Materials, Finished Goods, Packing Material, Stock in Process, Bills Receivable and Book Debts and by way of second charge on the entire Plant and Machinery of the Company including Stores and Spares. Further, these loans are secured by way of an Equitable Mortgage on the Land and Building of the Company's unit at Kondivita, Mumbai.

(₹ in million)

<b>8 Trade Payables</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
<b>Trade Payables and Acceptances</b>		
Micro, Small and Medium Enterprises (Refer note no. 45)	115.04	290.84
Others	1,591.10	1,138.06
<b>TOTAL</b>	<b>1,706.14</b>	<b>1,428.90</b>

The Company did not have any time during the year amount due to small and medium enterprises (SME) which is outstanding for more than 45 days. Further no interest is paid/ payable to such SME creditors. The above information regarding small and medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ in million)

<b>9 Other Current Liabilities</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
<b>Current Maturities of Long Term Borrowings:</b>		
Foreign Currency Convertible Bonds (US \$ 33.3 million Zero Coupon Convertible Bonds)	1,705.63	-
Interest free Sales Tax loan from Government of Maharashtra (Refer Note b.)	12.73	9.03
Term Loan from Banks (Refer Note a.)	-	231.67
<b>Other Liabilities</b>		
Interest accrued but not due on borrowings	589.93	437.03
Unclaimed Dividend*	5.87	5.24
Other Outstanding Liabilities	2,497.69	2,170.65
<b>TOTAL</b>	<b>4,811.85</b>	<b>2,853.62</b>

\* These figures includes ₹ 0.23 million (₹ 0.20 million) due and outstanding to be credited to Investor Education and Protection Fund on account of dispute.

- a. Term Loan from Banks was secured by way of hypothecation of all movable Plant and Machinery of the Company.  
b. Sales tax loan is interest free and payable in 16 yearly instalments, starting from 30<sup>th</sup> April 2007.



(₹ in million)

<b>10 Short-term Provisions</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
Provision for employee benefits		
• Gratuity	27.16	68.09
• Salary & Reimbursements	2.16	1.56
• Contribution to Provident Fund and ESIC	14.07	1.72
• Leave benefits	6.63	6.57
• Bonus Payable	95.23	86.12
Proposed Equity Dividend	964.53	885.74
Tax on proposed Equity Dividend	156.47	143.69
<b>TOTAL</b>	<b>1,266.25</b>	<b>1,193.49</b>

## 11 Tangible Assets

(₹ in million)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 1.4.2011	Additions	Deductions/ Adjustments	As at 31.3.2012	Provided during the year	Deductions/ Adjustments	As at 31.3.2012	As at 31.3.2011
Freehold Land	124.97	10.38	-	135.35	-	-	-	124.97
Leasehold Land	93.80	102.35	-	196.15	1.65	-	9.06	86.39
Buildings	1,430.53	59.28	9.18	1,480.63	40.50	(3.19)	378.89	1,088.94
Plant & Equipments*	4,819.14	748.60	16.36	5,551.38	290.26	(10.97)	2,902.21	2,195.10
Vehicles	180.34	11.12	24.26	167.20	14.20	(10.74)	81.92	101.88
Furniture & Fixtures	392.63	43.70	0.11	436.22	24.94	(0.03)	187.83	229.71
Office Equipments	560.51	53.71	0.79	613.43	43.18	(0.41)	329.09	275.34
Others (Scientific Research Assets)								
- Buildings	1.44	-	-	1.44	0.05	-	1.10	0.34
- Plant & Equipments	52.19	1.95	0.01	54.13	1.58	(0.01)	29.24	24.52
- Furniture & Fixtures	3.07	-	-	3.07	0.19	-	2.53	0.72
<b>TOTAL</b>	<b>7,658.62</b>	<b>1,031.09</b>	<b>50.71</b>	<b>8,639.00</b>	<b>416.55</b>	<b>(25.35)</b>	<b>3,921.87</b>	<b>4,127.97</b>

## 12 Intangible Assets

Goodwill	73.61	-	-	73.61	0.73	-	71.37	2.24	2.97
Trademarks	665.00	-	-	665.00	32.57	-	568.96	96.04	128.61
Computer Software	115.76	20.85	-	136.61	14.00	-	86.67	49.94	43.09
Copyrights	59.80	-	-	59.80	5.40	-	26.06	33.74	39.14
Technical Knowhow Fees	135.97	2.20	-	138.17	8.89	-	80.94	57.23	63.91
Non Compete Fees	11.22	-	-	11.22	1.12	-	8.32	2.90	4.02
<b>TOTAL</b>	<b>1,061.36</b>	<b>23.05</b>	<b>-</b>	<b>1,084.41</b>	<b>62.71</b>	<b>-</b>	<b>842.32</b>	<b>242.09</b>	<b>281.74</b>
<b>GRAND TOTAL</b>	<b>8,719.98</b>	<b>1,054.14</b>	<b>50.71</b>	<b>9,723.41</b>	<b>479.26</b>	<b>(25.35)</b>	<b>4,764.19</b>	<b>4,959.22</b>	<b>4,409.71</b>
Previous Year	8,063.91	701.20	45.13	8,719.98	443.87	(22.79)	4,310.27	4,409.71	4,174.72
Capital Work in Progress								<b>3,713.35</b>	3,267.72

\* Including Plant and Equipments given on lease - Gross block amounting to ₹ 1.82 million.

(₹ in million)

13 Non-Current Investments		As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>a Trade:</b>			
<b>Investment in Associates</b>			
Quoted equity Instruments (fully paid up, unless otherwise stated)			
7,451,540 (7,451,540) Equity Shares of ₹ 1 each of Vinyl Chemicals (India) Ltd [Market Value ₹ 72.65 million ( ₹ 66.62 million)]	11.79	11.79	
<b>TOTAL (a)</b>	<b>11.79</b>	<b>11.79</b>	
<b>Non-Trade:</b>			
Unquoted equity Instruments (fully paid up, unless otherwise stated)			
<b>Investment in Wholly owned Subsidiaries (fully paid up unless otherwise stated)</b>			
50,000 (50,000) Equity Shares of ₹ 10 each of Fevicol Company Ltd	0.50	0.50	
17,095,589 (15,643,426) Equity Shares of Pidilite International Pte Ltd	755.88	690.27	
34,887,990 (32,362,573) Equity Shares of Pidilite Middle East Ltd	425.09	393.26	
39,957,490 (36,703,930) Equity Shares of Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltd.	936.72	844.97	
14,780,000 (14,780,000) Equity Shares of Pidilite USA Inc	647.75	647.75	
4,600 (3,000) Equity shares of Pidilite Industries Egypt	1.78	1.76	
24,000 (24,000) Equity Shares of Pidilite South East Asia Ltd	0.15	0.15	
75,000 (75,000) Equity Shares of Pagel Concrete Technologies Pvt Ltd	6.41	6.41	
10,000 (10,000) Equity Shares of Bhimad Commercial Co Pvt Ltd	0.17	0.17	
10,000 (10,000) Equity Shares of Madhumala Traders Pvt Ltd	0.17	0.17	
<b>TOTAL (b)(i)</b>	<b>2,786.41</b>	<b>2,597.20</b>	
<b>Quoted equity Instruments (fully paid up, unless otherwise stated)</b>			
3,594 (3,594) Equity Shares of ₹ 10 each of Hindustan Adhesives Ltd	0.09	0.09	
14,400 (14,400) Equity Shares of ₹ 10 each of Hindustan Organic Chemicals Ltd	0.72	0.72	
837 (837) Equity Shares of ₹ 10 each of Reliance Industries Ltd (earlier : 4,188 Equity Shares of ₹ 10 each of Indian Petrochemicals Corporation Ltd)	0.77	0.77	
222,542 (222,542) Equity Shares of ₹ 10 each of Indian Overseas Bank Ltd	2.96	2.96	
61,900 (61,900) Equity Shares of ₹ 10 each of Menon Pistons Ltd [Market Value ₹ 28.97 million ( ₹ 41.81 million)]	4.38	4.38	
<b>TOTAL (b)(ii)</b>	<b>8.92</b>	<b>8.92</b>	
<b>Unquoted equity Instruments (fully paid up, unless otherwise stated)</b>			
200,200 (200,200) Equity Shares of ₹ 10 each of Enjayes Spices & Chemicals Oil Ltd	5.29	5.29	
121,300 (121,300) Equity Shares of ₹ 10 each of Pal Peugeot Ltd	1.21	1.21	
628 (628) Equity Shares of ₹ 100 each of Jawahar Co-op Industrial Estate Ltd	0.06	0.06	
40 (40) Equity Shares of ₹ 50 each of Regent Chambers Premises Co-op Society Ltd (Cost ₹ 2,000)	-	-	
25 (25) Equity Shares of ₹ 10 each of New Usha Nagar Co-op Housing Society Ltd (Cost ₹ 250)	-	-	
10 (10) Equity Shares of ₹ 100 each of Taloja CETP Co-op Society Ltd (Cost ₹ 1000)	-	-	
<b>TOTAL (b)(iii)</b>	<b>6.56</b>	<b>6.56</b>	
<b>TOTAL (b)</b>	<b>2,801.89</b>	<b>2,612.68</b>	
Less : Diminution in value of Investments	383.06	256.77	
<b>TOTAL</b>	<b>2,418.83</b>	<b>2,355.91</b>	
Aggregate amount of quoted investments	20.71	20.71	
Aggregate amount of unquoted investments	2,781.18	2,591.97	

(₹ in million)

<b>14 Long Term Loans and Advances</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	<b>As at 31<sup>st</sup> March 2011</b>
Unsecured, considered good, unless otherwise stated		
Capital advances	129.44	63.13
Security deposit	93.83	87.54
Other loans and advances		
• Prepaid Expenses	3.64	0.59
• Loans and Advances to Staff	22.60	28.14
<b>TOTAL</b>	<b>249.51</b>	<b>179.40</b>

(₹ in million)

<b>15 Other Non-Current Assets</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	<b>As at 31<sup>st</sup> March 2011</b>
Fixed Deposits against Bank Guarantees	1.70	8.84
	1.70	8.84

(₹ in million)

<b>16 Current Investments</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	<b>As at 31<sup>st</sup> March 2011</b>
<b>Non-Trade:</b>		
<b>Unquoted mutual funds</b>		
• Nil (15000000) Units of HDFC FMP 14M March 2010- Growth -Series XII	-	150.00
• Nil (10000000) Units of Birla Sunlife Term Plan Series CL - Growth	-	100.00
• Nil (9517964) Units of ICICI Prudential Interval Fund Half Yearly Interval Plan -Retail Cumulative	-	115.11
• Nil (15000000) Units of ICICI Prudential FMP Series 52 -1 Year Plan C -Dividend Option	-	150.00
• Nil (9993005) Units of ICICI Prudential Interval Fund Annual Interval Plan I -Inst.Cumm	-	100.00
• Nil (8145697) Units of ICICI Prudential Interval Fund -half Yearly Interval Plan - II Institutional Cummulative	-	81.47
• Nil (5000000) Units of ICICI Prudential FMP -Series 53- 6 months -Plan A Cummulative	-	50.00
• Nil (10000000) Units of ICICI Prudential FMP -Series 53- 1 Year -Plan E Cummulative	-	100.00
• Nil (10000000) Units of ICICI Prudential FMP -Series 55- 1 year -Plan B Cummulative	-	100.00
• Nil (10200813) Units of ICICI Prudential FMP -Series 55- 1 year -Plan D Cummulative	-	102.01
• Nil (5000000) Units of Reliance Fixed Horizon Fund -XVI Series 3-Growth Option	-	50.00
• Nil (5000000) Units of Reliance Fixed Horizon Fund -XV Series 8-Growth Option	-	50.00
• Nil (15291150) Units of DSP- Black Rock FMP-3M Series 29-Growth	-	152.91
• Nil (10000000) Units of DSP- Black Rock FMP-12M Series 14-Growth	-	100.00
• Nil (10000000) Units of HDFC-FMP 370 D September 2010 (2)-Growth -Option XV	-	100.00
• Nil (10000000) Units of HDFC-FMP 370 D November 2010 (1)-Growth -Series XVII	-	100.00
• 1000000 (1000000) Units of HDFC-Debt Fund for Cancer Cure -100% Dividend -Donation Option	10.00	10.00
• 2986457 (2986457) Units of Aviva Life Insurance	29.99	29.99
• 15000000 (Nil) Units of ICICI Prudential Series 55-1 Year G Cumm	150.00	-
• 16265699 (Nil) Units of HDFC-FMP 370 D May 2011 (1)-Growth	162.66	-
• 15651410 (Nil) Units of DSP- Black Rock FMP-12M Series 19-Growth	156.51	-
• 9296272 (Nil) units of ICICI Prudential Quarterly Int Fund II Inst Growth	100.00	-
• 10000000 (Nil) units of HDFC FMP 392 D March 2012(2)	100.00	-
• 10000000 (Nil) units of ICICI Prudential FMP -Series 63-384 days Plan A	100.00	-
• 10000000 (Nil) units of ICICI Prudential FMP -Series 62-1 year Plan G	100.00	-
<b>TOTAL</b>	<b>909.16</b>	<b>1,641.49</b>

(₹ in million)

<b>17 Inventories (valued at lower of cost and net realizable value)</b>		
(As taken, valued and certified by the management)	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
Raw Materials (Including Goods in Transit: ₹ 85.63 million (₹ 206.66 million))	1,399.68	1,268.73
Work-in-progress	215.61	203.34
Finished Goods (Including Goods in Transit: 250.51 million (₹ 212.89 million))	2,107.05	1,834.00
Traded Goods (Including Goods in Transit: ₹ 19.22 million (₹ 10.66 million))	213.07	210.86
Consumable Stores and Spares	27.63	27.47
<b>TOTAL</b>	<b>3,963.04</b>	<b>3,544.40</b>

(₹ in million)

<b>18 Trade Receivables</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
Unsecured, considered good, unless otherwise stated		
Outstanding for period exceeding six months from the date they are due for payment		
• Considered good	169.33	141.86
• Considered Doubtful	150.22	108.39
	<b>319.55</b>	<b>250.25</b>
Less: Provision for doubtful receivables	150.22	108.39
Other trade receivables	3,091.85	2,724.05
<b>TOTAL</b>	<b>3,261.18</b>	<b>2,865.91</b>

(₹ in million)

<b>19 Cash and Bank Balances</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
<b>Cash and Cash Equivalents</b>		
Cash on Hand	1.61	1.22
Cheques on Hand	119.07	92.02
Remittances in Transit	0.26	0.04
Fixed deposit with maturity of less than 3 months	0.50	450.00
<b>Other Bank Balance</b>		
• In Current Accounts (Refer note a.)	497.20	179.93
• In Fixed Deposit Accounts (Refer note b.)	1957.50	200.03
<b>TOTAL</b>	<b>2,576.14</b>	<b>923.24</b>

- a. Balance with banks in Current Account includes Dividend Payment Bank A/c of ₹ 5.87 million (₹ 5.24 million).
- b. Balance with banks in Fixed Deposit Account includes Fixed Deposit against Bank Guarantees ₹ 7.97 million (₹ Nil).

(₹ in million)

<b>20 Short Term Loans and Advances</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
<b>Unsecured, Considered good, unless otherwise stated</b>		
Security deposit	13.92	10.71
Loan and advances to related parties	30.99	30.27
Advances recoverable in cash or in kind or for value to be received	401.75	245.83
<b>Other loans and advances</b>		
• Advance Payment of Taxes & MAT credit utilised (Net of Provisions)	43.13	86.35
• MAT Credit Entitlement	189.10	207.57
• Prepaid Expenses	13.10	16.61
• Balances with Central Excise Department	136.23	137.67
• Loans and Advances to Staff	23.38	20.11
• Share Application Money	50.65	1.72
<b>TOTAL</b>	<b>902.25</b>	<b>756.84</b>

(₹ in million)

<b>21 Other Current Assets</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
<b>Unsecured, considered good, unless otherwise stated</b>		
• Interest Receivable	26.22	8.90
• Foreign Currency Monetary Item Translation Difference Account	55.52	-
• Other Receivables	23.57	31.90
<b>TOTAL</b>	<b>105.31</b>	<b>40.80</b>

(₹ in million)

<b>22 Revenue From Operations (Gross)</b>		
	<b>31<sup>st</sup> March 2012</b>	31 <sup>st</sup> March 2011
<b>Revenue From Operations</b>		
Sale of Products		
Finished Goods	27,698.48	23,152.15
Traded Goods	1,880.28	1,731.19
<b>Other Operating Revenue</b>		
Scrap Sales	71.90	47.24
Cash Discount Received	21.28	17.77
Export Incentives	74.87	67.70
<b>TOTAL</b>	<b>29,746.81</b>	<b>25,016.05</b>

(₹ in million)

<b>Details of Products sold</b>		
	<b>31<sup>st</sup> March 2012</b>	31 <sup>st</sup> March 2011
<b>Finished Goods</b>		
Chemicals	22,954.84	18,585.00
Dyes	3,888.09	3,880.97
Others	855.55	686.18
<b>TOTAL</b>	<b>27,698.48</b>	<b>23,152.15</b>

(₹ in million)

<b>23 Other Income</b>		
	<b>31<sup>st</sup> March 2012</b>	31 <sup>st</sup> March 2011
<b>Interest on:</b>		
Bank Deposit	75.88	12.76
Others	15.89	16.81
<b>Dividend on:</b>		
Current Investments	10.17	7.81
Non Current Investments	5.06	1.83
Net gain on sale of Current Investments	142.74	117.81
Other Non-Operating Income	177.93	128.74
<b>TOTAL</b>	<b>427.67</b>	<b>285.76</b>

(₹ in million)

<b>24 Cost of Materials</b>		
	<b>31<sup>st</sup> March 2012</b>	31 <sup>st</sup> March 2011
Inventory at the beginning of the year	1,268.73	822.20
Add : Purchases	14,776.84	12,302.71
	16,045.57	13,124.91
Less : Inventory at the end of the year	1,399.68	1,268.73
<b>TOTAL</b>	<b>14,645.89</b>	<b>11,856.18</b>

(₹ in million)

<b>Details of Materials</b>		
	<b>31<sup>st</sup> March 2012</b>	31 <sup>st</sup> March 2011
Vinyl Acetate Monomer	1,786.20	1,242.32
Other Raw Materials [net of resale of Raw Material ₹ 154.75 million (₹ 95.53 million)]	9,393.64	7,644.50
Packing Material	3,311.30	2,873.83
<b>TOTAL</b>	<b>14,491.14</b>	<b>11,760.65</b>

(₹ in million)

<b>25 Change in Inventories of Finished Goods, Work in Progress and Traded Goods</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	<b>As at 31<sup>st</sup> March 2011</b>
Inventories at end of the year		
Traded Goods	213.07	210.86
Work-in-progress	215.61	203.34
Finished goods	2,107.16	1,834.00
	<b>2,535.84</b>	<b>2,248.20</b>
Inventories at beginning of the year		
Traded Goods	210.86	165.76
Work-in-progress	203.34	162.94
Finished goods	1,834.00	1,334.00
	<b>2,248.20</b>	<b>1,662.70</b>
<b>TOTAL</b>	<b>(287.64)</b>	<b>(585.50)</b>

(₹ in million)

<b>26 Employee Benefits Expense</b>		
	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2011</b>
Salaries, Wages, Bonus and Other Allowances	2,388.16	2,011.08
Contribution to Provident and Other Funds	121.83	108.66
Gratuity Expenses (Refer Note 43)	34.08	83.44
Staff Welfare Expenses	67.49	61.43
<b>TOTAL</b>	<b>2,611.56</b>	<b>2,264.61</b>

(₹ in million)

<b>27 Depreciation and Amortization Expense</b>		
	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2011</b>
Depreciation on Tangible assets	416.56	383.49
Amortization of Intangible assets	62.70	60.38
<b>TOTAL</b>	<b>479.26</b>	<b>443.87</b>

(₹ in million)

<b>28 Finance Cost</b>		
	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2011</b>
Interest	211.81	268.16
Bank charges	33.23	33.40
<b>TOTAL</b>	<b>245.04</b>	<b>301.56</b>



(₹ in million)

29 Other Expenses		31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
Consumption of stores and spares		111.80	113.96
Clearing, Forwarding and Octroi Duty		1,346.82	1,127.94
Power and Fuel		292.97	271.40
Water Charges		18.94	18.20
Rent		150.10	135.93
Rates and Taxes		18.03	18.06
Insurance		22.44	20.41
License fees		2.56	1.34
Repairs :			
Buildings	29.22		27.23
Machinery	54.26		46.16
Others	29.65		22.97
		113.13	96.36
Directors' Fees		0.50	0.37
Advertisement and Publicity		955.27	859.08
Legal, Professional and Consultancy fees		200.97	140.14
Communication Expenses		56.19	51.09
Printing and Stationery		25.25	26.60
Travelling and Conveyance Expenses		397.71	345.25
Bad Debts		9.11	34.53
Provision for Doubtful Debts		41.83	6.51
Processing and Packing Charges		443.93	359.97
Commission and Brokerage		29.80	31.72
Payment to Auditors (Refer Note 46)		3.90	4.36
Donations		55.21	52.11
Loss on Fixed Assets Sold / Discarded (Net)		15.96	8.56
Foreign Exchange Fluctuation (Net)		84.95	8.35
Diminution in value of Investments		126.29	250.07
Miscellaneous expenses		615.87	517.16
<b>TOTAL</b>		<b>5,139.53</b>	<b>4,499.47</b>

(₹ in million)

<b>30 Contingent Liabilities</b>			
		As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Contingent liabilities not provided for:</b>			
i.	Guarantees given by Banks in favour of Government and others	75.79	53.93
ii.	Guarantees given by Company	899.20	596.65
iii.	Disputed liabilities in respect of Income Tax, Sales Tax, Central Excise and Customs (under appeal)	363.53	542.50
iv.	Claims against the Company not acknowledged as debts.	62.68	82.17
<b>31</b>	Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	662.55	418.40
<b>32</b>	The net amount of exchange differences (credited) / debited to Statement of Profit & Loss	84.95	8.35
<b>33</b>	Pursuant to the notification dated 29 <sup>th</sup> December, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Company has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of ₹ 55.52 million (without considering future tax benefit of ₹ 18.01 million) is carried forward in the Foreign Exchange Monetary Item Translation Difference Account as on 31 <sup>st</sup> March 2012. This amount is to be amortized over the period of the monetary liabilities i.e. up to 7 <sup>th</sup> December 2012.		
	Further it has debited the loss of ₹ 74.04 million to the carrying cost of the depreciable asset for the period ending 31 <sup>st</sup> March 2012.		

(₹ in million)

<b>34 Disclosure as per clause 32 of the listing agreement</b>			
(a) Loans in the nature of Inter Corporate Deposits (ICD's) given to Subsidiaries:			
	Name of the subsidiary Companies	Amount Outstanding As on 31 <sup>st</sup> March 2012	Maximum Balance Outstanding during the year
i)	Bhimad Commercial Company Private Limited	2.05	5.55
ii)	Madhumala Traders Private Limited	2.20	5.70
iii)	Pagel Concrete Technologies Private Limited	3.22	3.22
Notes:			
a)	Loans and Advances shown above, fall under the category of 'Loans & Advances' in nature of loans where there is no repayment schedule and re-payable on demand.		
b)	Loans and Advances referred above are not bearing any interest.		

(₹ in million)

<b>35 Value of Imported and Indigenous Raw Materials and Packing Materials consumed and percentage thereof :</b>				
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011	2011-12 %	2010-11 %
Raw Materials*				
Imported	3,878.68	3,154.56	34.69	35.50
Indigenous	7,301.16	5,732.26	65.31	64.50
<b>TOTAL</b>	<b>11,179.84</b>	<b>8,886.82</b>	<b>100.00</b>	<b>100.00</b>
Packing Materials				
Imported	11.21	6.29	0.34	0.22
Indigenous	3300.09	2867.54	99.66	99.78
<b>TOTAL</b>	<b>3,311.30</b>	<b>2,873.83</b>	<b>100.00</b>	<b>100.00</b>

\*Net of Resale of Raw Materials ₹ 154.75 million (₹ 95.53 million)

(₹ in million)

<b>36 Value of imports calculated on CIF basis</b>				
			As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Raw Materials			3,519.65	2,912.45
Capital Goods			119.34	105.20
Others			639.57	582.20
<b>TOTAL</b>			<b>4,278.56</b>	<b>3,599.85</b>

<b>37 Expenditure in foreign currency (accrual basis)</b>				
Foreign Travel			28.74	32.34
Professional fees			68.67	33.75
Interest			96.02	80.52
Royalty			16.53	9.48
Others			148.67	144.76
<b>TOTAL</b>			<b>358.63</b>	<b>300.85</b>

<b>38 Earnings in Foreign Exchange</b>				
FOB Value of Exports			2,643.16	2,392.92
Others			18.61	5.44
<b>TOTAL</b>			<b>2,661.77</b>	<b>2,398.36</b>

### **39 Segment information**

#### **Business Segment:**

The Company is operating into three business segments: Consumer & Bazaar Products, Industrial Products and Others. This segmentation is based around customers.

Consumer & Bazaar Products consist of mainly Adhesives, Sealants, Art Materials and Construction Chemicals.

Industrial Products consists of Organic Pigments, Industrial Resins and Industrial Adhesives.

Others consist of VAM manufacturing unit of Vinyl Chemicals (India) Ltd demerged into the Company wef 1<sup>st</sup> April 2007.

(₹ in million)

Business Segments	Consumer & Bazaar Products	Industrial Products	Others	Total
<b>REVENUE</b>				
External Sales	22,234.68 (18,101.84)	5,615.71 (5,334.48)	144.78 (101.19)	27,995.17 (23,537.51)
Inter Segment Revenue	26.80 (32.59)	746.79 (474.67)	- -	773.60 (507.25)
Total Revenue	22,261.48 (18,134.42)	6,362.50 (5,809.15)	144.78 (101.19)	28,768.76 (24,044.76)
Segment Profits	5,094.44 (4,510.16)	823.84 (959.64)	(107.83) 142.45	5,810.46 (5,327.35)
Unallocated Corporate Expenses				1,753.23 (1,502.49)
Unallocated Corporate Income				488.74 (379.25)
<b>Operating Profit</b>				<b>4,545.97</b> (4,204.10)
Interest Expenses				211.81 (268.16)
Interest / Dividend Income				107.00 (39.21)
Net Profit before Tax				4,441.17 (3,974.05)
Income Tax (Provision for Taxation and Deferred taxation )				1,096.11 (935.14)
<b>Net Profit after Tax</b>				<b>3,345.05</b> (3,038.91)
<b>Other Information</b>				
Segment Assets	7,560.12 (6,534.25)	2,994.20 (2,809.53)	441.18 (444.95)	10,995.50 (9,788.73)
Unallocated Corporate Assets				12,064.19 (10,205.53)
<b>Total assets</b>				<b>23,059.69</b> (19,994.26)
Segment Liabilities	3,135.68 (2,498.89)	1,021.43 (1,032.97)	10.29 (8.29)	4,167.40 (3,540.14)
Unallocated Corporate Liabilities				5,120.13 (5,058.86)
<b>Total liabilities</b>				<b>9,287.53</b> (8,599.00)
Capital Employed				13,772.16 (11,395.26)
Capital expenditure (including Capital Work in Progress)	546.94 (490.70)	106.64 (88.02)	30.82 (51.67)	684.40 (630.38)
Unallocated Corporate Capital Expenditure				815.38 (607.27)
Depreciation	239.93 (209.51)	88.12 (79.35)	26.48 (25.90)	354.53 (314.77)

(₹ in million)

Information About Geographical Segments			
Geographical Segments	India	Other Countries	TOTAL
Sales Revenue	25,197.03	2,798.14	27,995.17
	(20,982.23)	(2,555.28)	(23,537.51)
Carrying amount of Segment Assets	22,399.84	659.85	23,059.69
	(19,400.61)	(593.65)	(19,994.26)
Additions to fixed Assets and Intangible Assets	1,499.33	0.45	1,499.78
	(1,257.53)	(0.48)	(1,258.01)

**40 Earnings per share (EPS)**

The following reflects the Profit and Share data used in the Basic and Diluted EPS computations

(₹ in million)

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
Total Operations for the year		
Profit after tax	3,345.06	3,038.91
Net profit for calculation of EPS	3,345.06	3,038.91
	No. in millions	No. in millions
Weighted average number of equity share in calculating basic EPS	507.65	506.13
<b>Effect of dilution:</b>		
Convertible bonds	12.93	14.44
Weighted average number of equity share in calculating diluted EPS	520.58	520.57
Basic EPS	6.59	6.00
Diluted EPS	6.43	5.84

**41 Particulars of Unhedged foreign currency Exposure as at Balance Sheet Date**

Particulars	
Export Debtors	"₹ 642.03 million (USD 11.34 million, Euro 0.40 million, SPD 0.05 million, Zar 1.11 million) Previous Year ₹ 547.41 million (USD 11.32 million, Euro 0.55 million, SPD 0.04 million, Zar 0.62 million)"
Creditors	"₹ 27.31 million (USD 0.69 million, JPY 1.9 million) Previous Year ₹ 187.8 million (USD 3.77 million, Euro 0.32 million)"
Loans	"₹ 1705.62 million ( USD 33.3 million) Previous Year ₹ 1894.88 million ( USD 42.87 million)"

Details of Forward Contract outstanding on account of hedging as at the End of Year.

Currency	No. of Contracts	Buy Amount	Purpose
USD	19	₹ 251.20 million	Import of Raw Materials

**42 Related Party Disclosures**

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

**(i) Relationships:**

a.	Parekh Marketing Ltd	Significant Influence
b.	Vinyl Chemicals (India) Ltd	Substantial Interest in Voting Power (Associate)
c.	Kalva Marketing and Services Ltd	Significant Influence
d.	Nitin Enterprises	Partnership firm of which 100% holding by wholly owned Subsidiaries
e.	Fevicol Company Ltd	100% Subsidiary
f.	Bhimad Commercial Co Pvt Ltd	100% Subsidiary
g.	Madhumala Traders Pvt Ltd	100% Subsidiary
h.	Pagel Concrete Technologies Pvt Ltd	75% Subsidiary
i.	Pidilite International Pte Ltd	100% Subsidiary
j.	Pidilite Middle East Ltd	100% Subsidiary
k.	Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda	100% Subsidiary
l.	Pidilite USA Inc	100% Subsidiary
m.	Jupiter Chemicals (LLC)	100% Subsidiary of wholly owned Subsidiary
n.	P.T. Pidilite Indonesia	100% Subsidiary of wholly owned subsidiaries
o.	Pidilite Speciality Chemicals Bangladesh Pvt Ltd	100% Subsidiary of wholly owned subsidiaries
p.	Pidilite Innovation Centre Pte Ltd	100% Subsidiary of wholly owned subsidiaries
q.	Pidilite Industries Egypt - SAE	100% Subsidiary of wholly owned subsidiaries
r.	Pidilite Bamco Ltd	100% Subsidiary of wholly owned Subsidiary
s.	Pidilite South East Asia Ltd.	100% Subsidiary of wholly owned Subsidiary
t.	Bamco Supply Services Ltd.	49% Subsidiary of wholly owned subsidiaries and having significant influence
u.	PIL Trading Egypt (LLC)	100% Subsidiary of wholly owned subsidiaries
v.	Pidilite Industries Trading ( Shanghai ) Co. Ltd.	100% Subsidiary of wholly owned subsidiaries

**(ii) Key Management Personnel :**

Sarva Shri M B Parekh - Managing Director, N K Parekh - Jt Managing Director, A B Parekh and A N Parekh - Whole Time Directors, Shri J L Shah- Whole Time Director (Resigned on 8<sup>th</sup> November, 2011), Shri R Sreeram (Appointed on 8<sup>th</sup> November 2011)

**(iii) Relatives of Key Management Personnel:**

Sarva Shri B K Parekh and S K Parekh

iv. Transactions with Related Parties during the year ended 31 <sup>st</sup> March 2012 are as follows:		(₹ in million)										
iv.	Nature of Transaction	Remuneration to Directors	Parekh Marketing Ltd.	Vinyl Chemicals (India) Ltd.	Kaiva Marketing and Services Ltd.	Nifin Enterprises	Bhimad Commercial Co Pvt Ltd.	Madhumala Traders Pvt Ltd.	Pagel Concrete Technology Pvt Ltd.	Pidilite International Pte Ltd.	Pidilite Middle East Ltd.	Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda
a.	Sales and Related Income		588.49 (475.33)	NIL (NIL)	NIL (NIL)	0.27 (1.41)	NIL	NIL	NIL	NIL	NIL	0.11 (1.99)
b.	Other Income		0.44 (2.49)	1.35 (0.40)	NIL (NIL)	NIL (NIL)	NIL	NIL	NIL	NIL	NIL	0.84 (0.48)
c.	Purchases and Other Related Services		0.10 (0.26)	1775.87 (1168.31)	NIL (NIL)	120.71 (103.12)	NIL	NIL	NIL	1.99 (0.21)	NIL	NIL
d.	Remuneration to Directors: - Managing Director /Jt Managing Director	130.68 (116.76)										
	- Wholetime Directors	59.18 (51.49)										
e.	Investment in Share Capital		NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL	NIL	NIL	114.68 (2.65)	31.89 (61.63)	92.21 (49.63)
f.	Loans Given / (repayment of loan received)		NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	(3.50) (3.00)	(3.50) (3.00)	0.01 (0.01)	NIL	NIL	NIL (0.25)
g.	Purchase of Fixed Assets		NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL	NIL	NIL	NIL	NIL	NIL
h.	Sale of Fixed Assets		NIL (NIL)	NIL (NIL)	NIL (NIL)	0.03 (0.16)	NIL	NIL	NIL	NIL	NIL	NIL
i.	Interest Paid / (Received)		NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL	NIL	NIL	NIL	NIL	NIL
j.	Reimbursement of expenses made		NIL (0.55)	0.75 (NIL)	NIL (NIL)	NIL (NIL)	NIL	NIL	NIL	NIL	NIL	NIL
k.	Reimbursement of expenses received		0.23 (0.21)	NIL (0.76)	NIL (NIL)	NIL (NIL)	NIL	NIL	NIL	NIL	NIL	NIL
l.	Provision For Doubtful Debts Made											
m.	Bad Debts Written Off											
n.	Diminution in value of Investment										29.13 (250.00)	96.94
o.	Outstanding Balances :											
	- Debtors		95.13 (93.84)	1.23 (0.54)	0.00 (NIL)	0.00 (0.25)	0.00	0.00	0.00	0.00	0.00	9.67 (7.85)
	- Creditors		0.06 -	196.18 (140.78)	0.00 (NIL)	3.80 (3.15)	0.00	0.00	0.00	1.98 (0.19)	0.00	0.00
	- Net Outstanding Receivable/(Payable)		95.07 (93.84)	194.95 (140.24)	- (NIL)	3.80 (2.90)	-	-	-	(1.98) (0.19)	-	9.67 (7.85)

iv. Transactions with Related Parties during the year ended 31 <sup>st</sup> March 2012 are as follows		(₹ in million)										
Nature of Transaction	Pidilite USA Inc.	Jupiter Chemicals (L.L.C.)	PT Pidilite Indonesia	Pidilite Speciality Chemicals Bangladesh Pvt Ltd.	Pidilite Innovation Centre Pte Ltd.	Pidilite Industries Egypt SAE	Pidilite Bamco Ltd.	Pidilite South East Asia	Bamco Supply Services Limited	Pidilite Industries Trading (Shanghai) Co. Ltd.	Pidilite Trading Company Egypt	Total
a. Sales and Related Income	30.59 (29.60)	0.34 (0.42)	NIL	22.30 (17.54)	4.84 (0.23)	30.62 (23.33)	0.01 (0.01)	NIL	NIL (0.34)	NIL	26.87 (21.75)	704.44 (571.27)
b. Other Income	3.56 (2.44)	0.46 (0.46)	0.03 (0.15)	0.15 (0.15)	0.19 (0.02)	0.19 (0.18)	0.70 (0.70)	NIL	NIL	NIL	0.12 (0.12)	8.03 (7.44)
c. Purchases and Other Related Services	19.05 (18.74)	2.46	3.07 (0.18)	NIL	45.17 (28.18)	0.80	4.07	NIL	NIL	13.61 (NIL)	0.12	1987.02 (1319.00)
d. Remuneration to Directors: - Managing Director/Jt Managing Director												130.68 (116.76)
- Wholetime Directors												59.18 (51.49)
e. Investment in Share Capital	NIL (17.83)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	238.78 (131.74)
f. Loans Given/(Taken)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	(6.99) (6.24)
g. Purchase of Fixed Assets	NIL	0.05 (0.10)	NIL	NIL	0.22 (NIL)	NIL	NIL	NIL	NIL	NIL	NIL	0.27 (0.10)
h. Sale of Fixed Assets	NIL	NIL	NIL	NIL	NIL	0.90	NIL	NIL	NIL	NIL	NIL	0.93 (1.12)
i. Interest Paid / (Received)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00 (0.00)
j. Reimbursement of expenses made	3.40 (2.97)	10.40 (9.20)	NIL	NIL	NIL	NIL	1.87 (0.72)	NIL	NIL	NIL	0.03 (0.62)	16.45 (20.28)
k. Reimbursement of expenses received	NIL (0.44)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.23 (1.58)
l. Provision For Doubtful Debts Made			NIL									0.00 (3.26)
m. Bad Debts Written Off			0.00 (0.09)									0.00 (0.09)
n. Diminution in value of investment												126.07 (250.00)
o. Outstanding Balances :												
- Debtors	26.67 (17.15)	3.73 (3.01)	3.81 (3.31)	8.84 (7.19)	1.56 (1.50)	30.66 (12.25)	0.20 (1.56)	0.00 (1.05)	0.00	0.00	18.33 (24.86)	199.83 (175.36)
- Creditors	13.91 (0.21)	1.08 (0.81)	(0.31) (0.85)	0.00 (0.00)	3.68 (2.07)	0.80 (0.00)	1.61 (0.72)	0.00	0.00	1.09 (1.11)	0.02 (0.00)	223.90 (149.89)
- Outstanding Payable (Net of receivable)	12.76 (16.94)	2.65 (2.20)	3.50 (2.46)	8.84 (7.19)	(2.12) (0.57)	29.86 (12.25)	(1.41) (0.84)	- (1.05)	-	(1.09) (0.11)	18.31 (24.86)	(24.69) (25.47)



**43 Employee Benefits**

The Company has classified various employee benefits as under:

**(A) Defined Contribution Plans**

(a) Provident Fund

(b) Superannuation Fund

(c) State Defined Contribution Plans

- Employers' Contribution to Employees' State Insurance

- Employers' Contribution to Employees' Pension Scheme 1995

The Provident Fund and the State Defined Contribution Plans are operated by the Regional Provident Fund Commissioner and the Superannuation Fund is administered by the LIC of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. These funds are recognised by the Income Tax Authorities.

The Company has recognised the following amounts in the Statement of Profit and Loss:

(₹ in million)

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
(i) Contribution to Provident Fund	72.51	64.79
(ii) Contribution to Employees' Superannuation Fund	11.14	8.37
(iii) Contribution to Employees' State Insurance Scheme	9.53	9.61
(iv) Contribution to Employees' Pension Scheme 1995	26.60	25.78
(v) Contribution to National Pension Scheme	2.05	-
<b>(B) Defined Benefit Plans</b>		
(a) Gratuity		
(b) Leave Encashment		
Applicable to certain employees		
Valuations in respect of Gratuity and Leave Encashment have been carried out by independent actuary, as at the balance sheet date, based on the following assumptions :		
(i) Discount Rate (per annum)	8.50%	8.25%
(ii) Rate of increase in Compensation levels (per annum)	6.75%	6.50%
(iii) Expected rate of return on asset	8.50%	8.50%

(₹ in million)

	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded
(i) Changes in Present value of Obligation				
a. Opening Present value of Obligation	264.11	86.72	178.03	91.29
b. Interest Cost	22.79	7.36	14.82	5.34
c. Past Service Cost	-	-	-	(6.16)
d. Current Service Cost	18.96	11.74	17.52	13.85
e. Contributions by Plan participants	-	-	-	-
f. Curtailment Cost/(Credit)	-	-	-	-
g. Settlement Cost/(Credit)	-	-	-	-
h. Benefits Paid	(13.61)	(18.52)	(14.34)	(35.33)
i. Actuarial (Gains)/Loss	13.37	38.75	68.08	17.73
j. Amalgamation/ Scheme	-	-	-	-
k. Closing Present value of Obligation	305.63	126.04	264.11	86.72
(ii) Changes in Fair value of Plan Assets				
(a) Opening Present value of Plan Assets	196.02	-	177.85	-
(b) Expected Return on Plan Assets	20.43	-	17.08	-
(c ) Actuarial (Gain) / Loss	-	-	-	-
(d) Employer's Contributions	75.62	-	15.43	-
(e) Employees' Contributions	-	-	-	-
(incl. ₹ Nil transferred from previous employers)	-	-	-	-
(f) Benefits Paid	(13.61)	-	(14.34)	-
(g) Amalgamation / Scheme	-	-	-	-
(h) Closing Fair value of Assets	278.46	-	196.02	-
(iii) Percentage of each category of Plan Assets to total closing fair value of Plan Assets				
(a) Bank Deposits (Sp. Dep. Scheme, 1975)	-	-	-	-
(b) Debt Instruments	-	-	-	-
(c ) Administered by Life Insurance Corporation of India	278.46	-	196.02	-
(d) Others	-	-	-	-
(iv) Reconciliation of the Present Value of Defined Present Obligations and the Fair Value of Assets				
(a) Closing Present value of Funded Obligation	305.62	126.04	264.11	86.72
(b) Closing Fair value of plan Assets	278.46	-	196.02	-
(c) Funded (Asset) / Liability recognised in the Balance Sheet	27.16	126.04	68.09	86.72
(d) Closing Present value of Unfunded Obligation	-	-	-	-
(e) Unrecognized Past Service Cost	-	-	-	-
(f) Unrecognized Actuarial (Gain) / Loss	-	-	-	-
(g) Unfunded Net Liability recognised in the Balance Sheet	-	-	-	-
(v) Amounts recognized in the Balance Sheet				
(a) Closing Present value of Obligation	305.62	126.04	264.11	86.72
(b) Closing Fair value of Plan Assets	278.46	-	196.02	-
(c) (Asset) / Liability recognised in the Balance Sheet	27.16	126.04	68.09	86.72

(₹ in million)

	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded
(vi) Expenses recognized in the Statement of Profit and Loss Account				
(a) Current Service Cost	18.96	11.74	17.52	13.85
(b) Past Service Cost	-	-	-	(6.16)
(c) Interest Cost	22.79	7.36	14.82	5.34
(d) Expected Return on Plan Assets	(20.43)	-	(17.08)	-
(e) Curtailment cost / (Credit)	-	-	-	-
(f) Settlement Cost / (Credit)	-	-	-	-
(g) Net Actuarial (Gain) / Loss	13.37	38.75	68.08	17.73
(h) Employees' Contribution	-	-	-	-
(I) Total Expenses recognized in the Statement of Profit and Loss Account	34.69	57.85	83.34	30.76

(₹ in million)

44 Research & Development Expenditure				
			2011-12	2010-11
Capital expenditure included in fixed assets			1.95	4.54
Revenue expenditure charged to Statement of Profit & Loss			128.61	105.96
<b>TOTAL</b>			<b>130.56</b>	<b>110.50</b>
[Refer Note 1(e)]				

## 45 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(₹ in million)

			As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year				
Principal amount due to micro and small enterprises			115.04	290.84
Interest due on above			-	-
<b>TOTAL</b>			<b>115.04</b>	<b>290.84</b>

(₹ in million)

## 46 Details of Payment to Auditor

	March 2012	March 2011
Audit fees	2.47	2.43
Limited Review	0.99	0.66
Certification Fees	0.42	1.21
Reimbursement of expenses	0.02	0.06
<b>TOTAL</b>	<b>3.90</b>	<b>4.36</b>

## 47 Operating Lease

- a) Operating lease payment recognised in Statement of Profit & Loss Account amounting to ₹ 150.10 million (₹ 135.93 million)
- b) General description of the leasing arrangement:
- Leased Assets : Godowns, Company Flat, Office space, etc.
  - Future lease rentals are determined on the basis of agreed terms.
  - At the expiry of the lease term, the Company has an option either to return the asset or extend the term by giving notice in writing.

## 48 Figures in bracket indicate previous year's figures.

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

# Cash Flow Statement

For The Year Ended 31<sup>st</sup> March 2012

(₹ in million)

	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax from continuing operations	4441.17	3975.15
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization on continuing operation	479.26	443.87
in subsidiary company	126.29	250.07
Interest expense	211.81	268.16
Dividend income	(15.23)	(9.64)
Interest income	(91.77)	(29.57)
(Profit) / Loss on Sale of Investment	(142.74)	(117.81)
(Profit) / Loss on Sale of Assets	15.96	8.56
Unrealized Foreign exchange loss / ( Gain)	66.40	1.06
Provision for leave encashment	39.33	4.57
Bad debts w/off / provision for doubtful debts	50.94	41.04
	740.25	860.31
Operating Profit before Working Capital changes	5181.42	4835.46
<b>Movements in working capital:</b>		
Increase/ (decrease) in Trade payables	277.24	390.12
Increase/ (decrease) in short-term provisions	(18.81)	60.23
Increase/ (decrease) in other current liabilities	1762.92	102.12
Decrease/ (increase) in inventories	(418.64)	(1038.09)
Decrease/ (increase) in trade receivables	(446.21)	(519.36)
Decrease/ (increase) in long-term loans and advances	(70.10)	(90.27)
Decrease/ (increase) in short-term loans and advances	(207.11)	26.45
Decrease/ (increase) in other current assets	(8.99)	1.47
Decrease/ (increase) in other non-current assets	7.14	(1.92)
	877.44	(1069.25)
Cash generated from / (Used in) operations	6,058.86	3766.21
Direct taxes paid (net of refunds)	(989.81)	(786.13)
<b>Net Cash flows from/ (used in) Operating Activities (A)</b>	<b>5,069.05</b>	<b>2980.08</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets including intangible assets, CWIP	(1360.59)	(1192.82)
Proceeds from sale of Fixed Assets	10.01	13.79
Purchase of non-current investments	(189.21)	(130.01)
Purchase of current investments	(12347.37)	(12642.80)
Proceeds from sale/ maturity of current Investments	13222.44	13748.07
(Increase)/decrease in bank deposits (having maturity of more than three months)	(1,757.47)	(200.03)
Interest received	91.77	29.57
Dividend received	15.23	9.64
<b>Net Cash flows from/(used in) Investing Activities (B)</b>	<b>(2315.19)</b>	<b>(364.59)</b>

# Cash Flow Statement

For The Year Ended 31<sup>st</sup> March 2012

(₹ in million)

	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayment) / Increase of long term borrowings	(1675.94)	(909.03)
(Decrease) / Increase in Short term Borrowings	(27.70)	(189.88)
Interest Paid	(124.65)	(236.58)
Dividend paid (Including Dividend Tax, where applicable)	(1,030.14)	(885.07)
Net Cash Flows from/ (used in) Financing Activities (C)	(2,858.43)	(2,220.56)
Net Increase/(decrease) in Cash and Cash Equivalents	(104.57)	394.93
Cash and Cash Equivalents as at the beginning of the year	723.21	328.28
Cash and Cash Equivalents as at end of the year	618.64	723.21
	(104.57)	394.93

Cash and Cash Equivalents includes:

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
Cash on Hand	1.61	1.22
Cheques on Hand	119.07	92.02
Remittances in Transit	0.26	0.04
Bank Balances:		
<b>With Scheduled Banks:</b>		
In Current Accounts	497.20	179.93
Fixed Deposits with current maturities of less than 3 months	0.50	450.00
	618.64	723.21

The accompanying notes are an integral part of the financial statements

AS PER OUR ATTACHED REPORT OF EVEN DATE

For Haribhakti & Co.  
Chartered Accountants  
FRN 103523W

CHETAN DESAI  
Partner  
Membership No. 17000

Place: Mumbai  
Date : 24<sup>th</sup> May 2012

SAVITHRI PAREKH  
Company Secretary

FOR AND ON BEHALF OF THE BOARD

S K PAREKH  
Vice Chairman

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 2011-12, 6 Board Meetings were held on 19<sup>th</sup> May 2011<sup>#</sup>, 3<sup>rd</sup> June 2011, 26<sup>th</sup> July 2011, 8<sup>th</sup> November 2011, 3<sup>rd</sup> February 2012 and 30<sup>th</sup> March 2012<sup>##</sup>.

Details of composition of the Board, category, attendance of Directors at the Board Meetings and last Annual General Meeting (AGM), number of other Directorships and Committee Memberships as on 31<sup>st</sup> March 2012 are given below:

Sr. No.	Name	Category	No. of Board Meetings attended	Attendance at last AGM	No. of Directorships held in other Companies(*)	No. of Committee positions held in other Companies @	
						Memberships	Chairmanships
1.	Shri B K Parekh (Chairman)	NED(P)	2	Yes	16	2	–
2.	Shri S K Parekh (Vice Chairman)	NED(P)	6	Yes	6	–	–
3.	Shri M B Parekh (Managing Director)	ED(P)	6	Yes	9	–	–
4.	Shri N K Parekh (Jt. Managing Director)	ED(P)	6	Yes	8	–	–
5.	Shri A B Parekh (Wholetime Director)	ED(P)	6	Yes	11	–	–
6.	Shri A N Parekh (Wholetime Director)	ED(P)	5	Yes	12	–	–
7.	Shri R M Gandhi	NED (I)	6	Yes	5	3	3
8.	Shri N J Jhaveri	NED (I)	5	Yes	9	2	2
9.	Shri Bansi S Mehta	NED (I)	5	Yes	16	5	4
10.	Shri Ranjan Kapur	NED (I)	5	Yes	12	3	1
11.	Shri Yash Mahajan	NED (I)	4	Yes	1	-	–
12.	Shri Bharat Puri	NED (I)	4	Yes	–	–	–
13.	Shri D. Bhattacharya	NED (I)	3	No	6	–	1
14.	Shri J L Shah** (Wholetime Director)	ED	3	Yes	NA	NA	NA
15.	Shri Sanjeev Aga*** (Additional Director)	NED (I)	3	NA	2	2	-
16.	Shri R. Sreeram**** (Wholetime Director)	ED	3	NA	–	–	–

# Meeting held on 19<sup>th</sup> May 2011 and continued upto 21<sup>st</sup> May 2011.

## Meeting held on 30<sup>th</sup> March 2012 and continued upto 1<sup>st</sup> April 2012.

\* Including Directorships held in Private Limited Companies, Section 25 Companies, Alternate Directorships and Directorships in bodies incorporated outside India.

@ Includes position in Audit Committee and Shareholders' / Investors' Grievance Committee only.

\*\* Resigned as a Director w.e.f 8<sup>th</sup> November 2011.

\*\*\* Appointed as an Additional Director w.e.f 29<sup>th</sup> July 2011.

\*\*\*\* Appointed as a Whole time Director w.e.f 8<sup>th</sup> November 2011.

ED - Executive Director, ED (P) - Executive Director, Promoter, NED (P) - Non-Executive Director, Promoter, NED (I) - Non Executive Director, Independent.

Shri B K Parekh, Shri S K Parekh and Shri N K Parekh are related to each other. Shri M B Parekh and Shri A B Parekh are related to each other as well as to Shri B K Parekh. Shri A N Parekh is related to Shri N K Parekh.

### 3. Audit Committee

During the financial year 2011-12, 4 meetings of the Committee were held on 19<sup>th</sup> May 2011, 26<sup>th</sup> July 2011, 8<sup>th</sup> November 2011 and 3<sup>rd</sup> February 2012.

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)	4
3	Shri B K Parekh	Member	NED (P)	1
4	Shri Ranjan Kapur	Member	NED (I)	4

The Managing Director is a permanent invitee to the meetings. The Company Secretary is the Secretary of the Committee. Director - Finance, Chief Finance - Domestic, Statutory Auditors and Internal Auditors are invited to attend the meetings. The Cost Auditor is 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. HR & Remuneration Committee

A. At the Board Meeting held on 19<sup>th</sup> May 2011, HR & Remuneration Committee of the Company was constituted.

The terms of reference of HR & Remuneration Committee consists of making recommendations on matters related to remuneration of Directors and Senior Management, review of performance-based remuneration with reference to corporate goals and objectives, frame policy and review the process of succession planning at key levels in the Company and other related matters.

Remuneration policy of the Company is directed towards time commitment and responsibilities of the Directors, desirability of performance-based remuneration and salaries paid by comparable companies.

Details of composition of the Committee and attendance of the members at the meeting held on 3<sup>rd</sup> November 2011 are given below:

Sr. No.	Name	Designation	Category	No. of meetings attended
1.	Shri Bansi S Mehta	Member	NED (I)	1
2.	Shri Ranjan Kapur	Member	NED (I)	1
3.	Shri Bharat Puri	Member	NED (I)	1*

\* through teleconferencing

The Managing Director is a permanent invitee to the meeting. The President of Business Resource Group is the Secretary of the Committee. The members elect the Chairman at the meeting.

## B. Remuneration of Directors

Executive Directors' remuneration details for the financial year 2011-12 are given below:

Sr. No.	Name	Salary * (₹)	Commission Payable (₹)	Perquisites (₹)	Total (₹)	Tenure (No. of years)
1	Shri M B Parekh (Managing Director)	11,988,638	77,575,545	14,517,824	104,082,007	5 years from 01/08/2008
2	Shri N K Parekh (Jt. Managing Director)	5,994,305	12,777,149	5,248,148	24,019,602	5 years from 01/08/2008
3	Shri A B Parekh (Wholetime Director)	5,137,997	15,971,436	5,391,853	26,501,286	5 years from 01/08/2008
4	Shri A N Parekh (Wholetime Director)	4,478,068	10,039,188	3,743,284	18,260,540	5 years from 01/07/2010
5	Shri J L Shah (Wholetime Director)	2,060,000	-	5,550,861	7,610,861	Was a Wholetime Director upto 20/10/2011
6	Shri R Sreeram (Wholetime Director)	1,668,333	-	1,980,566	3,648,899	3 years from 08/11/2011 #

\* Includes House Rent Allowance

# subject to approval of the members.

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 the Board/ Committee meetings and commission due to the Non-Executive Directors for the year ended 31<sup>st</sup> March 2012 are as under:

Sr. No.	Name	Sitting fees (₹)	Commission Payable (₹)	Total (₹)
1	Shri B K Parekh	-	6,00,000	6,00,000
2	Shri S K Parekh	-	6,00,000	6,00,000
3	Shri R M Gandhi	81,000	6,00,000	6,81,000
4	Shri N J Jhaveri	90,000	6,00,000	6,90,000
5	Shri Bansi S Mehta	93,000	6,00,000	6,93,000
6	Shri Ranjan Kapur	93,000	6,00,000	6,93,000
7	Shri Yash Mahajan	40,000	6,00,000	6,40,000
8	Shri Bharat Puri	43,000	6,00,000	6,43,000
9	Shri D Bhattacharya	30,000	6,00,000	6,30,000
10	Shri Sanjeev Aga	30,000	4,03,287	4,33,287

The Non-Executive Directors did not have pecuniary relationships or transactions vis-à-vis the Company.

In terms of Special Resolution passed by the Members at Annual General Meeting held on 27<sup>th</sup> August 2008, Non-Executive Directors have been paid aggregate commission at a rate not exceeding 1% per annum of the net profit of the Company computed in accordance with section 309(5) of the Companies, Act, 1956 as determined by the Board of Directors, based on consideration of time spent in attending Board meetings, Committee meetings and advice given to the Company as experienced/expert persons, whenever approached.



The number of shares held by Non-Executive Directors as on 31<sup>st</sup> March 2012: Shri R M Gandhi - 67,450; Shri N J Jhaveri - 10,000; Shri Ranjan Kapur - Nil; Shri Bansi S Mehta - 24,716; Shri Yash Mahajan - 14,200; Shri B K Parekh - 58,16,446; Shri S K Parekh - 4,59,69,560; Shri Bharat Puri - Nil; Shri D. Bhattacharya - Nil, Shri Sanjeev Aga - Nil.

## 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 (SIG Committee) was held on 6<sup>th</sup> January 2012 which was attended by Shri R M Gandhi, Shri B K Parekh and Shri S K Parekh.

Details of composition of the SIG 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 S K Parekh	Member	NED (P)

The 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, non-receipt of Annual Reports, etc.

The Secretarial Department of the Company, under the supervision of Smt Savithri Parekh, Secretary who is also nominated as the "Compliance Officer" as required by SEBI/Listing Agreement and TSR Darashaw Limited, Registrar & Share Transfer Agent, attend to all shareholders' / investors' grievances received directly or through SEBI, Stock Exchanges, Ministry of Corporate 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 TSR Darashaw 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 958 of which only 8 were in the nature of complaints. All the complaints were resolved to the satisfaction of shareholders. There was 1 pending complaint as on 31<sup>st</sup> March 2012 which has been resolved. 1 request for transfer of shares and 5 requests for dematerialization of shares were pending for approval as on 31<sup>st</sup> March 2012 which were dealt with by 3<sup>rd</sup> April 2012 and 5<sup>th</sup> April 2012 respectively.

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, President is the Compliance Officer for the purpose.

## 6. General Body Meetings

Details of location, date and time of the Annual General Meetings held during the last three years are given below:

Financial Year	Venue	Date & Time
2010-11	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai-400 021.	26 <sup>th</sup> July 2011 at 3.00 p.m
2009-10	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai-400 021.	11 <sup>th</sup> August 2010 at 11.00 a.m.
2008-09	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai-400 021.	4 <sup>th</sup> August 2009 at 11.00 a.m.

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The following Special Resolutions were passed with requisite majority in the previous 3 Annual General Meetings:

#### **2010-2011**

No Special Resolutions were passed.

#### **2009-2010**

No Special Resolutions were passed.

#### **2008-2009**

Appointment of Shri Sanket S Parekh, a relative of Director to hold office or place of profit in the Company under Section 314 of the Companies Act, 1956.

No Special Resolution was passed 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 the Company by SEBI, Stock Exchanges or any other statutory authority on any matter relating to capital markets during the last 3 years.
- The Company has complied with all applicable mandatory requirements of Clause 49 of the Listing Agreement. Out of the non-mandatory requirements, the Company has adopted the following:

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.

The Company has constituted HR & Remuneration Committee to recommend/review remuneration of Directors and Senior Management.

### **8. Means of Communication**

- The quarterly results of the Company are normally published in the following newspapers:  
The Economic Times (English), Maharashtra Times (Marathi) and displayed on the Company's website.
- Presentation made to Institutional Investors or to Analysts: None during the year.

### **9. Information relating to Directors**

Information relating to Directors seeking appointment / reappointment as required under clause 49(IV)(G)(i) 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. Declaration by the Managing Director under Clause 49(1)(D)(ii)**

Declaration by the Managing Director of the Company under Clause 49(1)(D)(ii) of the Listing Agreement with Stock Exchanges is given below:

"Pursuant to Clause 49(1)(D)(ii) of the Listing Agreement with Stock Exchanges, I hereby declare that all the Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March 2012."

# Corporate Governance Compliance Certificate

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To

The Members of  
M/s Pidilite Industries Limited

Co. Regn No: 14336  
Nominal Capital: ₹ 70 Crore

We have examined relevant records of M/s Pidilite Industries Ltd. (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. for the financial year ended 31<sup>st</sup> March 2012. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

On the basis of our examination of the records produced, explanations and informations furnished, we certify that the Company has complied with all the applicable mandatory conditions of the said Clause 49 of the Listing Agreement.

Date: 24<sup>th</sup> May 2012  
Mumbai

For M M SHETH & CO  
Company Secretaries

M M SHETH  
Proprietor  
FCS.1455, CP.729

# Information for Shareholders

## Annual General Meeting

### Day, Date & Time:

Tuesday, 24<sup>th</sup> July 2012 at 3 p.m.

**Venue** Rangaswar Hall, 4<sup>th</sup> floor, Y.B. Chavan Centre, Gen. Jagannath Bhosale Marg, Next to Shachivalaya Gymkhana (Opp. Mantralaya), Mumbai - 400 021.

### Financial Year

1<sup>st</sup> April to 31<sup>st</sup> March.

### Date of Book Closure

10<sup>th</sup> July 2012 to 24<sup>th</sup> July 2012 (both days inclusive)

### Dividend Payment

Credit/dispatch of dividend warrants will commence from 25<sup>th</sup> July 2012 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 Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The Annual Listing fee for the financial year 2012-13 has been paid to BSE & NSE.

### Stock Codes

Name of the Stock Exchange	Stock Code
Bombay Stock Exchange Ltd.	500331
National Stock Exchange of India Ltd.	PIDILITIND

### Listing of Secured Redeemable Non-Convertible Debentures (NCDs)

The Company had issued NCDs (Series I) aggregating to ₹ 750 Million which is listed at the Wholesale Debt Market segment of National Stock Exchange of India Ltd. and the Debenture Trustees are IDBI Trusteeship Services Ltd., Asian Building, Ground Floor, 17 R Kamani Marg, Ballard Estate, Mumbai 400 001.

During the year 2010-2011, the Company repurchased NCD (Series-I) of ₹ 150 million and the outstanding amount of NCDs as on 31<sup>st</sup> March 2012 aggregates to ₹ 600 million.

### ISIN for NCD (Series I) - INE318A07015

### Market Price Data

Share prices during the financial year 2011-12 at NSE for one equity share of ₹ 1/- each were as under:

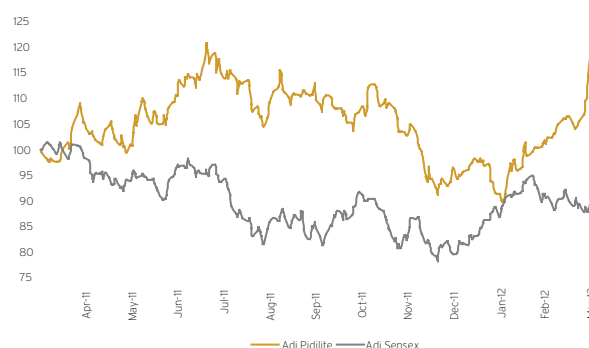
Month	Share Price (₹)	
	High	Low
April, 2011	164.80	145.05
May, 2011	161.80	146.55
June, 2011	174.80	148.85
July, 2011	183.40	159.25
August, 2011	175.00	155.10
September, 2011	174.40	160.00
October, 2011	166.65	154.40
November, 2011	170.75	145.00
December, 2011	158.00	135.20
January, 2012	149.50	134.50
February, 2012	154.70	133.65
March, 2012	179.70	149.60

Share prices during the financial year 2011-12 at BSE for one equity share of ₹ 1/- each were as under:

Month	Share Price (₹)	
	High	Low
April, 2011	164.50	144.60
May, 2011	163.00	147.00
June, 2011	174.90	149.05
July, 2011	183.10	159.80
August, 2011	174.95	155.00
September, 2011	173.90	162.00
October, 2011	166.25	154.00
November, 2011	170.75	149.80
December, 2011	157.85	136.00
January, 2012	148.00	134.50
February, 2012	154.60	133.55
March, 2012	179.90	149.50

### Stock Performance

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



### Registrar & Transfer Agent

TSR Darashaw Limited  
 Unit: Pidilite Industries Limited  
 6-10, Haji Moosa Patrawala Ind. Estate,  
 20, Dr. E. Moses Road,  
 Mahalaxmi, Mumbai - 400 011  
 Tel : 022 - 66568484  
 Fax : 022 - 66568494  
 E-mail : csg-unit@tsrdarashaw.com  
 Website : www.tsrdarashaw.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
Up to 4000	TSR Darashaw Limited
Up to 20000	Any one of the Sarva Shri B K Parekh, S K Parekh, M B Parekh, Directors or the Company Secretary.
Above 20000	Share Transfer Committee comprising 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 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

#### Distribution of Shareholding as on 31<sup>st</sup> March 2012

No. of Equity Shares held	No. of folios	%	No of Shares	%
Up to 5000	34539	93.05	15463692	3.04
5001 - 10000	1888	5.09	14460210	2.85
10001- 20000	338	0.91	5030434	0.99
20001 - 30000	78	0.21	1921076	0.38
30001 - 40000	56	0.15	2014278	0.40
40001 - 50000	33	0.09	1517124	0.30
50001 - 100000	58	0.15	4477685	0.88
100001 and above	130	0.35	462764127	91.16
<b>Total</b>	<b>37120</b>	<b>100.00</b>	<b>507648626</b>	<b>100.00</b>
No. of Shareholders & shares in physical mode	2070	5.58	4626317	0.91
No. of beneficial owners & shares in electronic mode	35050	94.42	503022309	99.09
<b>Total</b>	<b>37120</b>	<b>100.00</b>	<b>507648626</b>	<b>100.00</b>

#### Dematerialisation of shares & liquidity

As on 31<sup>st</sup> March 2012, 99.09% 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 INE318A01026.

Requests for dematerialisation of shares are processed and generally confirmed within 21 days of receipt.

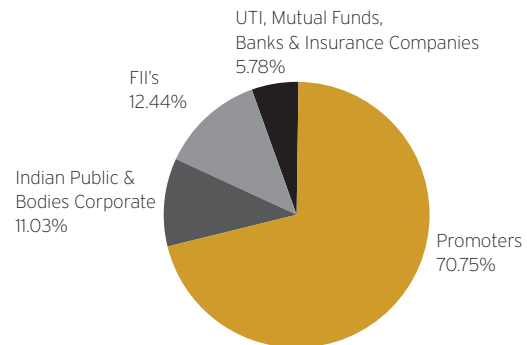
#### Outstanding GDRs/ADRs/Warrants/Convertible instruments

In December, 2007, the Company raised U.S. \$ 40 Million through Zero Coupon Foreign Currency Convertible Bonds. The Bonds have a yield to maturity of 6.75% per annum (calculated on a semi-annual basis) and are redeemable on 7<sup>th</sup> December 2012 i.e. after 5 years and 1 day from closing date. The Bonds are convertible into equity shares of the Company at any time on and after 16<sup>th</sup> January 2008 until 1<sup>st</sup> December 2012. The original price of conversion was ₹ 256.035 per share which was reset in terms of the provisions of the offering circular.

The Company issued Bonus equity shares in the ratio of 1:1 with Record Date on 17<sup>th</sup> March 2010. FCCB holders who exercised their right till the Record Date were eligible to receive the Bonus Shares at par with other Shareholders. Furthermore, those FCCB holders who opt for conversion after the Record Date, under the terms on which the FCCBs were offered are entitled to a proportionately higher number of equity shares as if the conversion had taken place prior to the Record Date.

The Company had earlier repurchased and cancelled 28 Bonds of face value of U.S. \$ 2.8 million. During the year, 39 Bonds were

#### Shareholding Pattern as on 31<sup>st</sup> March 2012:



converted, into 15,14,014 equity shares, upon requests received from the Bondholders. As on 31<sup>st</sup> March 2012 the outstanding Bonds are 333 of face value of US \$ 33.3 million.

The Bonds have been issued at par and will be redeemed, if not converted into shares, at 139.37% of par value on maturity.

The Bonds are listed on the Singapore Exchange Securities Trading Limited. ISIN for Bonds: XS0330177667

#### Plant Locations in India

Mahad, Panvel, Taloja, (Maharashtra); Vapi, Surat (Gujarat); Daman (Union Territory of India); Kala Amb, Baddi (Himachal Pradesh), Secunderabad (Andhra Pradesh).

#### Address for Correspondence

##### Registered Office:

Regent Chambers, 7<sup>th</sup> Floor, Jamnalal Bajaj Marg, 208, Nariman Point, Mumbai - 400 021  
Tel No: 2282 2708

##### Corporate Office:

Ramkrishna Mandir Road,  
Off. Mathuradas VasANJI Road,  
Andheri (E), Mumbai - 400059  
Tel No : 022-67697000/7949  
Fax No : 022-28216007  
Email : investor.relations@pidilite.co.in  
Website : www.pidilite.com

#### Corporate Secretarial/Investors' Assistance Department:

The Company's Secretarial Department headed by Smt Savithri Parekh, Company Secretary, is situated at the Corporate Office mentioned above. Shareholders/Investors may contact Smt. Savithri Parekh or Ms. Manisha Shetty at the Corporate Office in Mumbai for any assistance they may need.

#### Equity shares in Suspense Account under Clause 5A(II)

Pursuant to the provisions of revised Clause 5A(II) of the Listing Agreement, the Company has already sent 3 reminders on 26<sup>th</sup> April 2011, 29<sup>th</sup> September 2011 and 22<sup>nd</sup> February, 2012 to those Members, whose share certificates have been returned undelivered. Now, the Company will take necessary steps to transfer the unclaimed shares to unclaimed suspense account.

Consolidated  
Financial  
Statements

# Auditors' Report

## Auditors' Report to the Board of Directors of Pidilite Industries Limited on the Consolidated Financial Statements

1. We have audited the attached Consolidated Balance Sheet of **Pidilite Industries Limited** ("the Company") and its subsidiaries and an associate (collectively referred to as "the Group") as at 31<sup>st</sup> March 2012 and the Consolidated Statement of Profit and Loss and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the 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 misstatement. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets (net) of ₹ 3,832.04 million as at 31<sup>st</sup> March 2012, total net revenues of ₹ 3,481.73 million and net cash inflows amounting to ₹ 39.04 million for the year then ended. We also did not audit the financial statements of an associate, whose aggregate share of net profit amounting to ₹ 20.37 million is also included in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and associate, is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" and Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" as notified pursuant to the Companies (Accounting Standard) Rules, 2006 and on the basis of the separate financial statements of Pidilite Industries Limited and its subsidiaries and an associate included in the consolidated financial statements.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March 2012;
  - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For HARIBHAKTI & CO  
Chartered Accountants  
Firm Registration No. 103523W

CHETAN DESAI  
Partner  
Membership No. 17000

Place: Mumbai  
Date: 24<sup>th</sup> May 2012

# Consolidated Balance Sheet

As at 31<sup>st</sup> March 2012

(₹ in million)

	Notes	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	507.65	506.13
Reserves and Surplus	3	12,753.62	10,340.90
		13,261.27	10,847.03
<b>Minority Interest</b>		5.33	2.04
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	922.97	2,609.19
Deferred Tax Liability (net)	5	467.99	420.35
Long-Term Provisions	6	133.49	92.42
		1,524.45	3,121.96
<b>Current Liabilities</b>			
Short-Term Borrowings	7	559.79	499.58
Trade Payables	8	2,057.72	1,737.32
Other Current Liabilities	9	4,957.40	2,967.13
Short-Term Provisions	10	1,332.63	1,251.64
		8,907.54	6,455.67
<b>TOTAL</b>		<b>23,698.59</b>	<b>20,426.70</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	5,190.71	4,587.66
Intangible Assets	12	985.95	1,051.08
Capital Work-In-Progress		3,938.19	3,436.48
		10,114.85	9,075.22
<b>Non Current Investments</b>	13	73.74	63.10
<b>Long-Term Loans and Advances</b>	14	258.17	186.15
<b>Other Non-Current Assets</b>	15	9.66	8.84
		10,456.42	9,333.31
<b>Current Assets</b>			
Current Investments	16	909.16	1,641.49
Inventories	17	4,541.33	4,092.03
Trade Receivables	18	3,951.86	3,460.48
Cash and Bank Balances	19	2,731.92	1,037.84
Short-Term Loans and Advances	20	1,002.57	820.74
Other Current Assets	21	105.33	40.81
		13,242.17	11,093.39
<b>TOTAL</b>		<b>23,698.59</b>	<b>20,426.70</b>

## Summary of Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For Haribhakti & Co.  
Chartered Accountants  
FRN 103523W

S K PAREKH  
Vice Chairman

CHETAN DESAI  
Partner  
Membership No. 17000

M B PAREKH  
Managing Director

Place: Mumbai  
Date : 24<sup>th</sup> May 2012

SAVITHRI PAREKH  
Company Secretary



# Consolidated Statement of Profit and Loss

For The Year Ended 31<sup>st</sup> March 2012

(₹ in million)

	Notes	2011-12	2010-11
<b>INCOME</b>			
Revenue from Operations (Gross)	22	32,849.30	27,927.51
Less : Excise Duty		1,583.61	1,355.71
Revenue from Operations (Net)		31,265.69	26,571.80
Other Income	23	434.68	299.69
Total Income		31,700.37	26,871.49
<b>EXPENSES</b>			
Cost of Materials	24	16,016.61	13,085.59
Purchase of Traded Goods		1,732.50	1,592.44
Change in Inventories of Finished Goods, Work-in-Progress and Traded Goods	25	(345.87)	(630.68)
Employee Benefits Expense	26	3,262.29	2,869.76
Depreciation and Amortization Expense	27	637.25	593.63
Finance Cost	28	307.18	363.14
Other Expenses	29	5,763.78	4,968.06
Total Expenses		27,373.74	22,841.94
<b>Profit before tax</b>		4,326.63	4,029.55
<b>Less: Tax Expenses</b>			
Current Tax		1,053.95	942.93
Deferred Tax		46.32	2.74
Total Tax expenses		1,100.27	945.67
<b>Profit for the year</b>		3,226.36	3,083.88
Less: Share of Profit transferred to Minority Interest		3.02	0.38
Add: Share of Profit in Associate		20.37	16.97
<b>Profit for the year</b>		3,243.71	3,100.47
<b>Earnings Per Share: (Refer note 32)</b>			
Basic (₹)		6.39	6.13
Diluted (₹.)		6.23	5.96
Face Value of Share (₹)		1.00	1.00

## Summary of Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements

AS PER OUR ATTACHED REPORT OF EVEN DATE

For Haribhakti & Co.  
Chartered Accountants  
FRN 103523W

CHETAN DESAI  
Partner  
Membership No. 17000

Place: Mumbai  
Date : 24<sup>th</sup> May 2012

SAVITHRI PAREKH  
Company Secretary

FOR AND ON BEHALF OF THE BOARD

S K PAREKH  
Vice Chairman

M B PAREKH  
Managing Director

## 1 Summary of Significant Accounting Policies

### Basis of preparation of Consolidated Financial Statements

The consolidated financial statements relate to Pidilite Industries Limited ( 'the Company') and its subsidiary companies and an associate. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies are consolidated on a line-by-line item basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements."
- b) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as holding Company's separate financial statements, as far as possible, except as specifically mentioned in the Notes to Accounts.
- c) In case of financial statements of non integral foreign operations, the assets and liabilities are translated at the closing exchange rate. Income and Expense items are translated at average exchange rates and all resulting exchange differences are accumulated in foreign currency translation reserve on consolidation until the disposal of the investment.
- d) Minority Interest's share of net profit of Consolidated Subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- e) Minority Interest's share of net assets of Consolidated Subsidiaries for the year is identified and presented in the consolidated financial statements separate from liabilities and the equity of the Company's shareholders.
- f) The difference between the cost of investment in the subsidiaries and the Company's share of net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statement as Goodwill or Capital Reserve as the case may be.
- g) Investment in Associate Company has been accounted under the equity method as per (AS 23) - "Accounting for Investments in Associates in Consolidated Financial Statements".
- h) The Company accounts for its shares in change in net assets of the associate, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associate to the extent of its share, through its statement of profit and loss to the extent such change is attributable to the associate's profit or loss through its reserves for the balance, based on available information.
- i) The difference between the cost of investments in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the financial statements as Goodwill or Capital reserve as the case may be.
- j) The financial statements of the subsidiaries and associate used into the consolidation are drawn upto the same reporting date as that of the company.

The Consolidated Financial Statements comprises of the results of Pidilite Industries Limited (Holding Company) and Subsidiary Companies viz.

Name of Subsidiary Company	Country of Incorporation	Proportion of Ownership Interest
Fevicol Company Ltd	India	100% Subsidiary
Bhimad Commercial Co Pvt Ltd	India	100% Subsidiary
Madhumala Traders Pvt Ltd	India	100% Subsidiary
Pagel Concrete Technologies Ltd	India	75% Subsidiary
Nitin Enterprises	India	Partnership firm of which 100% holding by wholly owned Subsidiaries
Pidilite International Pte Ltd	Singapore	100% Subsidiary
Pidilite Middle East Ltd	Dubai	100% Subsidiary
Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda	Brazil	100% Subsidiary
Pidilite USA Inc	USA	100% Subsidiary
Jupiter Chemicals (LLC)	Dubai	100% Subsidiary of wholly owned Subsidiary
PT Pidilite Indonesia	Indonesia	100% Subsidiary of wholly owned Subsidiaries
Pidilite Speciality Chemicals Bangladesh Pvt Ltd	Bangladesh	100% Subsidiary of wholly owned Subsidiaries
Pidilite Innovation Centre Pte Ltd	Singapore	100% Subsidiary of wholly owned Subsidiaries
Pidilite Industries Egypt - SAE	Egypt	100% Subsidiary of wholly owned Subsidiaries
Pidilite Bamco Ltd	Thailand	100% Subsidiary of wholly owned Subsidiary
Pidilite South East Asia Ltd.	Thailand	100% Subsidiary of wholly owned Subsidiary
PIL Trading Egypt (LLC)	Egypt	100% Subsidiary of wholly owned Subsidiaries
Pidilite Industries Trading ( Shanghai) Co. Ltd	China	100% Subsidiary of wholly owned Subsidiaries
Bamco Supply Services Ltd.	Thailand	49% Subsidiary of wholly owned Subsidiaries & Having significant influence

As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions & other events in similar circumstances & are presented in the same manner as holding company separate financial statements except as provided under para c(c)(5), c(c)(6), c(e), j(d) and k.

**a. Presentation and disclosure of financial statements**

As notified by Ministry of Corporate Affairs, revised Schedule VI under the Companies Act, 1956 is applicable to the financial statements for the financial year commencing on or after 1<sup>st</sup> April 2011. Accordingly, the financial statements for the period ended 31<sup>st</sup> March 2012 are prepared in accordance with the revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to confirm to the requirements of revised Schedule VI.

**b. Use of Estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

**c. Fixed Assets, Depreciation/ Amortisation and Impairment Loss**

a) Fixed Assets are stated at cost of acquisition or construction as reduced by accumulated depreciation and impairment loss, if any.

- 
- b) Preoperative expenditure during construction period/trial run : Direct expenses as well as clearly identifiable indirect expenses, incurred on project during the period of construction are being capitalised along with the respective assets.
- c) The Company provides depreciation as under :
1. For assets acquired upto 30<sup>th</sup> June 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<sup>th</sup> June 1987 and before 31<sup>st</sup> March 1993, on SLM basis at rates specified in Schedule XIV of the Companies Act, 1956.
  3. For assets acquired after 31<sup>st</sup> March 1993, on SLM basis as per new rates prescribed under Schedule XIV vide notification No. GSR 756 (E) dated 16<sup>th</sup> December 1993 issued by the Department of Company Affairs.
  4. The Company provides pro-rata depreciation for additions made during the year except for each asset costing ₹ 5,000 or less, 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. In Case of Subsidiaries no goodwill is amortised except Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda where goodwill is amortised over a period of 10 years
  6. The Copyrights, Trademarks, Technical Knowhow, etc. acquired by the Parent Company are amortised over a period of 10 years on SLM basis. In case of subsidiaries, it is not amortised except for Pidilite USA Inc where it is amortised over a period of 15 years.
  7. Borrowing costs, which are directly attributable to acquisition, construction or production of a qualifying asset, are capitalised as a part of the cost of the asset. Other borrowing costs are recognised as expenses in the period in which they are incurred.
- d) In case, the recoverable amount of the fixed assets is lower than its carrying amount, provision is made for the impairment loss.
- e) The depreciation on fixed assets of the subsidiary companies is provided for on SLM over their estimated useful life at rates permissible under applicable local laws.

**d. Research and Development Expenditure**

- a) Capital Expenditure is shown separately in Fixed Assets.
- b) Revenue expenses including depreciation are charged to respective heads of accounts.

**e. Investments**

- a) Non-Current Investments are stated at cost. In case there is a diminution of permanent nature in value of Investments, the same is provided for.
- b) (i) Quoted current investments are stated at the lower of cost and market value.  
(ii) Unquoted current investments are stated at the lower of cost and fair value where available.

**f. Inventories**

- a) Raw Materials and Packing materials are valued at cost on weighted average basis
- b) Finished goods, including traded goods and Work in progress are valued at lower of cost and net realisable value. Cost (arrived at on weighted average) for this purpose includes direct materials, direct labour, excise duty and appropriate overheads including freight costs upto the ports in respect of finished goods meant for exports.
- c) Consumable stores & spares are valued at lower of cost or net realisable value as estimated by the management
- d) Obsolete, defective, unserviceable and slow / non-moving stocks are duly provided for.

#### **g. Revenue Recognition**

- i) Income from sale of goods is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold. Sales are net of Sales Tax/ VAT, returns, rebates and discounts.
- ii) Interest income is recognised on accrual basis.
- iii) Claims which are not of material nature / Insurance Claim etc. are accounted for when no significant uncertainties are attached to their eventual receipt.
- iv) Dividend is accounted for when right to receive dividend is established.

#### **h. Transactions in foreign currencies**

- a) Transactions are recorded at the exchange rates prevailing on the date of transaction.
- b) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets & liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising out of consolidation is transferred to " Foreign Currency Translation Reserve".
- c) Foreign currency designated assets and liabilities are restated at the year end rates and the resultant gain or loss is taken to Statement of Profit and Loss Account except in respect of fixed Assets which is being capitalised (Refer note 34)

#### **i. Financial Derivatives and Hedging Transactions**

In respect of derivative contracts, premium paid, gains/ losses on settlement and losses on restatement are recognised in the Statement of Profit & Loss except in case where they relate to the acquisition or construction of a fixed asset, in which case, they are adjusted to the carrying cost of such assets.

#### **j. Retirement and other employee benefits**

- a) Contribution to Provident, Superannuation and Family Pension funds are funded as a percentage of salary / wages.
- b) Gratuity liability is funded as per group gratuity scheme of Life Insurance Corporation of India.
- c) Gratuity and Leave encashment liability is provided for on the basis of actuarial valuation as at the year end.
- d) Retirement benefits for the employees in subsidiary companies are governed under applicable local laws.

#### **k. Income Taxes**

Provision for current tax is made on the basis of relevant provisions of the Income Tax Act, 1961 in case of the Holding Company and Income Tax Laws of the respective country in case of the subsidiary companies. The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is virtual / reasonable certainty that these would be realised in future.

#### **l. Provisions, Contingent Liabilities and Contingent Assets**

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent liabilities, if material are disclosed by way of notes to accounts. Contingent assets are neither recognised nor disclosed in the financial statements.

#### **m. Cash and Cash Equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank, cash in hand and short- term investments with an original maturity of three months or less.

# Notes

(₹ in million)

		As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>2</b>	<b>Share Capital</b>		
<b>Authorised</b>			
70,00,00,000	(70,00,00,000) Equity Shares of ₹ 1 each	700.00	700.00
<b>TOTAL</b>		<b>700.00</b>	<b>700.00</b>
<b>Issued, Subscribed and Paid up Capital</b>			
50,76,48,626	(50,61,34,612) Equity Shares of ₹ 1 each, fully paid-up	507.65	506.13
<b>TOTAL</b>		<b>507.65</b>	<b>506.13</b>

(₹ in million)

<b>a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>				
	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	No. of shares	(₹ in million)	No. of shares	(₹ in million)
<b>Equity Shares</b>				
Shares outstanding at the beginning of the year	506,134,612	506.13	506,134,612	506.13
Shares issued during the year upon conversion of Foreign Currency Convertible Bonds	1,514,014	1.52	-	-
Shares outstanding at the end of the year	507,648,626	507.65	506,134,612	506.13

## **b. Terms/Rights attached to Equity Shares**

The company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31<sup>st</sup> March 2012, the amount of per share dividend recognized as distributions to equity shareholders is ₹ 1.90 (₹ 1.75).

<b>c. Details of shareholders holding more than 5% shares in the company</b>				
	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Shri Madhukar Balvantray Parekh	56,958,614	11.22	56,958,614	11.25
Shri Narendrakumar Kalyanji Parekh	54,332,178	10.70	54,332,178	10.73
Shri Ajay Balvantray Parekh	49,134,386	9.68	49,134,386	9.71
Shri Sushilkumar Kalyanji Parekh	45,969,560	9.06	45,969,560	9.08
Devkalyan Sales Pvt. Ltd.	26,074,280	5.14	26,074,280	5.15
Genesis Indian Investment Co. Ltd. - General Sub fund	40,888,180	8.05	40,888,180	8.08

**d. Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years, immediately preceding the reporting date:**

	Year (Aggregate no. of shares)				
	2011-12	2010-11	2009-10	2008-09*	2007-08
<b>Equity Shares</b>					
Fully paid up pursuant to contract(s) without payment being received in cash					
- Issued on demerger of Mahad unit of Vinyl Chemicals (India) Ltd.	-	-	-	-	6,67,306
Alloted as fully paid bonus shares			253,067,306		
Alloted on Conversion of FCCB	1,514,014				
<b>Preference Shares</b>					
Fully paid up pursuant to contract(s) without payment being received in cash					
- 6% Cumulative Redeemable Preference Shares issued on demerger of Mahad unit of Vinyl Chemicals (India) Ltd. Into Company	-	-	-	-	2,874,805

\* In 2008-09, company had transferred 6,000 Equity Shares from Bonus Shares Issue Suspense Account to Equity Share Capital Account on account of settlement of dispute for title of shares. However, no new shares were allotted.

**e. The Company had issued on 6<sup>th</sup> December 2007, 400 Foreign Currency Convertible Bonds (FCCB) of US\$100000 each, which are convertible into Equity shares at any time upto 1<sup>st</sup> December, 2012. As at 31<sup>st</sup> March 2012, 333 FCCB are outstanding.**

As per the Offering Circular dated 03.12.2007 for issue of Zero Coupon Convertible Bonds (FCCB), the initial conversion price of ₹ 256.035 per share, was adjusted to ₹ 202.828 per share pursuant to the terms on which the FCCBs were issued. In terms of the issue of Bonus shares by the Company in March 2010 in the ratio of 1: 1, (a) Those FCCB holders who exercise their right to convert their holdings into Equity Shares till the Record Date (17.03.2010) they were eligible to receive Bonus Shares on par with other equity shareholders, (b) Further, those FCCB holders who opt for conversion after the Record Date (17.03.2010) are entitled to proportionately higher number of Equity Shares as if the conversion had taken place prior to the Record Date. Accordingly, the Conversion price remains unchanged at ₹ 202.828 per share. Post bonus issue, those FCCB holders who opt for conversion after the Record Date are, under the terms on which the FCCBs were offered, entitled to a proportionately higher number of equity shares as if the conversion had taken place prior to the Record Date.

Accordingly, the FCCB holder holding 1 Bonds of US\$ 100,000 each opting for conversion, will be eligible to get 38,821 equity shares of ₹ 1 each of the Company.

(₹ in million)

<b>3 Reserves and Surplus</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
<b>Capital Reserve</b>	5.43	5.20
<b>Securities Premium</b>		
Balance as per last financial statements	-	-
Add : Securities Premium credited on Foreign Currency Convertible Bonds Conversion	152.03	-
<b>Closing Balance</b>	152.03	-
<b>Debenture Redemption Reserve</b>		
Balance as per last financial statements	692.22	649.91
Add : Transferred from Statement of Profit and Loss	243.40	42.31
<b>Closing Balance</b>	935.62	692.22
<b>Cash Subsidy Reserve</b>	9.47	9.47
<b>General Reserve</b>		
Balance as per last financial statements	9,110.58	7,210.58
Add : Transferred from Statement of Profit and Loss	1,750.00	1,900.00
<b>Closing Balance</b>	10,860.58	9,110.58
<b>Foreign Currency Translation Reserve</b>	262.38	123.92
<b>Surplus</b>		
Balance as per last financial statements	399.51	270.78
Add: Profit for the year	3,243.71	3,100.47
Less: Appropriations		
• Proposed final Equity Dividend (amount per share ₹ 1.90 (31 <sup>st</sup> March 2011: ₹ 1.75)) (The above includes dividend declared on conversion of Bonds ₹ 0.61 million)	965.14	885.74
• Tax on proposed equity dividend (The above includes tax on dividend declared on conversion of Bonds ₹ 0.1 million)	156.57	143.69
• Transfer to Debenture Redemption Reserve	243.40	42.31
• Transfer to General Reserve	1,750.00	1,900.00
Total Appropriations	3,115.11	2,971.74
<b>Closing Balance</b>	528.11	399.51
<b>TOTAL</b>	12,753.62	10,340.90



(₹ in million)

<b>4 Long Term Borrowings</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	<b>As at 31<sup>st</sup> March 2011</b>
<b>Debentures / Bonds</b>		
600 (600) 11.9% Redeemable Non Convertible Debentures of ₹ 1000000 Each (Refer note a.)	600.00	600.00
Foreign Currency Convertible Bonds (US \$ 37.2 million Zero Coupon Convertible Bonds) (Refer note (e) under Share Capital Note 2 and refer Note 9)	-	1,663.21
<b>Term Loans from Banks</b>		
Loan from bank(s) (Refer note b)	-	10.28
<b>Other loans and advances</b>		
Interest free Sales Tax loan from Government of Maharashtra (Refer Note c and refer Note 9)	322.97	335.70
<b>TOTAL</b>	<b>922.97</b>	<b>2,609.19</b>
<b>The Above amount Includes</b>		
• Secured borrowings	600.00	610.28
• Unsecured borrowings	322.97	1,998.91
	<b>922.97</b>	<b>2,609.19</b>
a. 600 Redeemable Non Convertible Debentures are secured by way of mortgage and by First pari passu charge on the immovable property in Gujarat and all movable properties of the Company. These Debentures will be redeemed at par on 5 <sup>th</sup> December 2013.		
b. Term Loan from Banks is secured by way of hypothecation of all movable Plant and Machinery of the Company.		
c. Sales tax loan is interest free and payable in 16 yearly installments, starting from 30 <sup>th</sup> April 2007.		

(₹ in million)

<b>5 Deferred Tax Liabilities (net)</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	<b>As at 31<sup>st</sup> March 2011</b>
<b>Deferred Tax Liability</b>		
Fixed Assets: Impact of difference between tax depreciation and depreciation/ amortization charged for financial reporting	559.97	512.37
<b>Gross Deferred Tax Liability</b>	<b>559.97</b>	<b>512.37</b>
<b>Deferred Tax Asset</b>		
Leave Encashment	35.09	24.27
Provision for doubtful debts	48.74	35.17
Others	8.15	32.58
<b>Gross Deferred Tax Asset</b>	<b>91.98</b>	<b>92.02</b>
<b>TOTAL</b>	<b>467.99</b>	<b>420.35</b>

(₹ in million)

6 Long-Term Provisions		
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Leave Encashment	133.49	92.42
<b>TOTAL</b>	<b>133.49</b>	<b>92.42</b>

(₹ in million)

7 Short-Term Borrowings		
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Secured Working Capital Loan from Banks (Refer note below)	559.79	499.58
<b>TOTAL</b>	<b>559.79</b>	<b>499.58</b>

Working Capital Loan from Banks are secured by way of first charge on the stock of Raw Materials, Finished Goods, Packing Material, Stock in Process, Bills Receivable and Book Debts and by way of second charge on the entire Plant and Machinery of the Company including Stores and Spares. Further, these loans are secured by way of an Equitable Mortgage on the Land and Building of the Company's unit at Kondivita, Mumbai. The Holding Company has given corporate guarantees for loans taken by certain Subsidiaries.

(₹ in million)

8 Trade Payables		
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Trade Payables and Acceptances</b>		
Micro, Small and Medium Enterprises	115.04	290.84
Others	1,942.68	1,446.48
<b>TOTAL</b>	<b>2,057.72</b>	<b>1,737.32</b>

(₹ in million)

9 Other Current Liabilities		
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Current Maturities of Long Term Borrowings:</b>		
Foreign Currency Convertible Bonds (US \$ 33.3 million Zero Coupon Convertible Bonds)	1,705.63	-
Loan from bank(s)	11.56	241.94
Interest free Sales Tax loan from Government of Maharashtra	12.73	9.03
<b>Other Liabilities</b>		
Interest accrued but not due on borrowings	590.10	437.14
Unclaimed Dividend*	5.87	5.24
Other Outstanding liabilities	2,631.51	2,273.78
<b>TOTAL</b>	<b>4,957.40</b>	<b>2,967.13</b>

\* These figures includes ₹ 0.23 million (₹ 0.20 million) due and outstanding to be credited to Investor Education and Protection Fund on account of dispute.

(₹ in million)

10 Short-term Provisions		
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Provision for Employee Benefits		
• Gratuity	27.16	68.09
• Salary & Reimbursements	68.54	59.71
• Contribution to Provident Fund and ESIC	14.07	1.72
• Leave benefits	6.63	6.57
• Bonus Payable	95.23	86.12
Proposed Equity Dividend	964.53	885.74
Tax on proposed Equity dividend	156.47	143.69
<b>TOTAL</b>	<b>1,332.63</b>	<b>1,251.64</b>

## 11 Tangible Assets

(₹ in million)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 1.4.2011	Additions	Deductions/ Adjustments	Forex Gain/ (Loss)	As at 31.3.2012	As at 1.4.2011	Provided during the year	Deductions / Adjustments	Forex Gain/ (Loss)	As at 31.3.2012	As at 31.3.2011
Freehold Land	173.69	10.38	-	3.81	187.88	-	-	-	-	187.88	173.69
Leasehold Land	93.80	102.35	-	-	196.15	7.41	1.65	-	-	187.09	86.39
Buildings	1,566.16	62.40	7.96	12.29	1,632.89	377.17	50.81	3.19	4.66	1,203.44	1,189.00
Plant & Equipments *	5,349.21	794.00	19.25	43.22	6,167.18	2,886.62	344.26	14.46	24.45	3,240.87	2,461.48
Vehicles	200.84	12.37	28.00	2.45	187.66	90.58	17.25	13.19	1.62	96.26	110.26
Furniture & Fixtures	447.11	46.65	0.11	4.47	498.12	189.48	30.04	0.03	1.70	276.93	257.61
Office Equipments	582.87	58.41	0.79	2.95	643.44	300.42	49.40	0.48	2.21	351.55	283.58
Others (Scientific Research Assets)											
- Buildings	1.44	-	-	-	1.44	1.05	0.05	-	-	1.10	0.34
- Plant & Equipments	52.19	1.95	0.01	-	54.13	27.67	1.58	0.01	-	29.24	24.52
- Furniture & Fixtures	3.07	-	-	-	3.07	2.34	0.19	-	-	2.53	0.74
<b>TOTAL</b>	8,470.38	1,088.51	56.12	69.19	9,571.96	3,882.74	495.23	31.36	34.64	4,381.25	4,587.66

## 12 Intangible Assets

Goodwill	913.73	-	-	45.58	959.31	289.18	63.87	-	4.90	357.95	624.55
Trademarks	665.00	-	-	21.99	686.99	536.39	32.57	-	7.86	576.82	128.61
Computer Software	154.37	21.78	2.18	2.80	176.77	104.76	15.02	-	2.52	122.30	49.59
Copyrights	248.02	-	-	-	248.02	67.64	20.55	-	-	88.19	180.40
Technical Knowhow Fees	135.97	2.20	-	-	138.17	72.05	8.89	-	-	80.94	63.91
Non Compete Fees	11.22	-	-	-	11.22	7.20	1.12	-	-	8.32	4.02
<b>TOTAL</b>	2,128.31	23.98	2.18	70.37	2,220.48	1,077.22	142.02	-	15.28	1,234.52	1,051.08
<b>GRAND TOTAL</b>	10,598.69	1,112.49	58.30	139.56	11,792.44	4,959.96	637.25	31.36	49.92	5,615.77	5,638.74
Previous Year	9,808.19	751.06	70.85	110.29	10,598.69	4,346.22	593.63	39.50	59.60	4,959.95	5,461.97
Capital Work in Progress										3,938.19	3,436.48

\* Including Plant and Equipments given on lease - Gross block amounting to ₹ 1.82 million.

(₹ in million)

13 Non-Current Investments		As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>a Trade:</b>			
<b>Investment in Associates</b>			
Quoted equity Instruments (fully paid up, unless otherwise stated)			
7,451,540 (7,451,540) Equity Shares of ₹ 1 each of Vinyl Chemicals (India) Ltd [Market Value ₹ 72.65 million ( ₹ 66.62 million)]	11.79	11.79	
Goodwill (Net arising at the time of acquisition of shares)	(9.52)	(9.52)	
Share of undistributed Reserves and Surplus	42.58	35.94	
Dividend received	-	(0.82)	
Share of Profit for Current year	20.37	16.97	
<b>TOTAL (a)</b>	<b>65.22</b>	<b>54.36</b>	
<b>b Non-Trade:</b>			
<b>Investment in others</b>			
<b>Quoted equity Instruments (fully paid up, unless otherwise stated)</b>			
3,594 (3,594) Equity Shares of ₹ 10 each of Hindustan Adhesives Ltd	0.09	0.09	
14,400 (14,400) Equity Shares of ₹ 10 each of Hindustan Organic Chemicals Ltd	0.72	0.72	
837 (837) Equity Shares of ₹ 10 each of Reliance Industries Ltd (earlier : 4,188 Equity Shares of ₹ 10 each of Indian Petrochemicals Corporation Ltd)	0.77	0.77	
222,542 (222,542) Equity Shares of ₹ 10 each of Indian Overseas Bank Ltd	2.96	2.96	
61,900 (61,900) Equity Shares of ₹ 10 each of Menon Pistons Ltd [Market Value ₹ 28.97 million ( ₹ 41.81 million)]	4.38	4.38	
<b>Unquoted equity Instruments (fully paid up, unless otherwise stated)</b>			
200,200 (200,200) Equity Shares of ₹ 10 each of Enjayes Spices & Chemicals Oil Ltd	5.29	5.29	
121,300 (121,300) Equity Shares of ₹ 10 each of Pal Peugeot Ltd	1.21	1.21	
628 (628) Equity Shares of ₹ 100 each of Jawahar Co-op Industrial Estate Ltd	0.06	0.06	
40 (40) Equity Shares of ₹ 50 each of Regent Chambers Premises Co-op Society Ltd (Cost ₹ 2000)	-	-	
25 (25) Equity Shares of ₹ 10 each of New Usha Nagar Co-op Housing Society Ltd (Cost ₹ 250)	-	-	
2500 (2500) Equity Shares of ₹ 10 each of Saraswat Co-operative Bank Ltd	0.03	0.03	
10 (10) Equity Shares of ₹ 100 each of Taloja CETP Co-op Society Ltd (Cost ₹ 1000)	-	-	
<b>TOTAL (b)</b>	<b>15.51</b>	<b>15.51</b>	
<b>TOTAL (a+b)</b>	<b>80.73</b>	<b>69.87</b>	
Less : Diminution in value of Investments	6.99	6.77	
<b>TOTAL</b>	<b>73.74</b>	<b>63.10</b>	
Aggregate amount of quoted investments	74.14	63.28	
Aggregate amount of unquoted investments	6.59	6.59	

(₹ in million)

<b>14 Long Term Loans and Advances</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
Unsecured, considered good, unless otherwise stated		
Capital advances	129.44	63.13
Security deposit	102.48	94.29
Other loans and advances		
• Prepaid Expenses	3.65	0.59
• Loans and Advances to Staff	22.60	28.14
<b>TOTAL</b>	<b>258.17</b>	<b>186.15</b>

(₹ in million)

<b>15 Other Non-Current Assets</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
Fixed Deposits against Bank Guarantees	9.66	8.84
<b>TOTAL</b>	<b>9.66</b>	<b>8.84</b>

(₹ in million)

<b>16 Current Investments</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
<b>Non-Trade:</b>		
<b>Unquoted mutual funds</b>		
• Nil (15000000) Units of HDFC FMP 14M March 2010- Growth -Series XII	-	150.00
• Nil (10000000) Units of Birla Sunlife Term Plan Series CL - Growth	-	100.00
• Nil (9517964) Units of ICICI Prudential Interval Fund Half Yearly Interval Plan -Retail Cumulative	-	115.11
• Nil (15000000) Units of ICICI Prudential FMP Series 52 -1 Year Plan C -Dividend Option	-	150.00
• Nil (9993005) Units of ICICI Prudential Interval Fund Annual Interval Plan I -Inst.Cumm	-	100.00
• Nil (8145697) Units of ICICI Prudential Interval Fund -half Yearly Interval Plan - II Institutional Cummulative	-	81.47
• Nil (5000000) Units of ICICI Prudential FMP -Series 53- 6 months -Plan A Cummulative	-	50.00
• Nil (10000000) Units of ICICI Prudential FMP -Series 53- 1 Year -Plan E Cummulative	-	100.00
• Nil (10000000) Units of ICICI Prudential FMP -Series 55- 1 year -Plan B Cummulative	-	100.00
• Nil (10200813) Units of ICICI Prudential FMP -Series 55- 1 year -Plan D Cummulative	-	102.01
• Nil (5000000) Units of Reliance Fixed Horizon Fund -XVI Series 3-Growth Option	-	50.00
• Nil (5000000) Units of Reliance Fixed Horizon Fund -XV Series 8-Growth Option	-	50.00
• Nil (15291150) Units of DSP- Black Rock FMP-3M Series 29-Growth	-	152.91
• Nil (10000000) Units of DSP- Black Rock FMP-12M Series 14-Growth	-	100.00
• Nil (10000000) Units of HDFC-FMP 370 D September 2010 (2)-Growth -Option XV	-	100.00
• Nil (10000000) Units of HDFC-FMP 370 D November 2010 (1)-Growth -Series XVII	-	100.00
• 1000000 (1000000) Units of HDFC-Debt Fund for Cancer Cure -100% Dividend -Donation Option	10.00	10.00
• 2986457 (2986457) Units of Aviva Life Insurance	29.99	29.99
• 15000000 (Nil) Units of ICICI Prudential Series 55-1 Year G Cumm	150.00	-
• 16265699 (Nil) Units of HDFC-FMP 370 D May 2011 (1)-Growth	162.66	-
• 15651410 (Nil) Units of DSP- Black Rock FMP-12M Series 19-Growth	156.51	-
• 9296272 (Nil) units of ICICI Prudential Quarterly Int Fund II Inst Growth	100.00	-
• 10000000 (Nil) units of HDFC FMP 392 D March 2012(2)	100.00	-
• 10000000 (Nil) units of ICICI Prudential FMP -Series 63-384 days Plan A	100.00	-
• 10000000 (Nil) units of ICICI Prudential FMP -Series 62-1 year Plan G	100.00	-
<b>TOTAL</b>	<b>909.16</b>	<b>1,641.49</b>

(₹ in million)

<b>17 Inventories (valued at lower of cost and net realizable value)</b>		
(As taken, valued and certified by the management)	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
Raw Materials (Including Goods in Transit: ₹ 85.63 million (₹ 206.66 million))	1,602.75	1499.48
Work-in-Progress	226.87	214.90
Finished Goods (Including Goods in Transit: 250.51 million (₹ 212.89 million))	2,236.10	1,953.52
Traded goods (Including Goods in Transit: ₹ 19.22 million (₹ 10.66 million))	447.98	396.66
Consumable Stores and Spares	27.63	27.47
<b>TOTAL</b>	<b>4,541.33</b>	<b>4,092.03</b>

(₹ in million)

<b>18 Trade Receivables</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
Unsecured, considered good, unless otherwise stated		
Outstanding for period exceeding six months from the date they are due for payment		
• Considered good	208.71	187.84
• Considered Doubtful	173.37	131.38
	<b>382.08</b>	<b>319.22</b>
• Less: Provision for Doubtful Receivables	173.37	131.38
	<b>208.71</b>	<b>187.84</b>
Other Trade Receivables	3,743.15	3,272.64
<b>TOTAL</b>	<b>3,951.86</b>	<b>3,460.48</b>

(₹ in million)

<b>19 Cash and Bank Balances</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
<b>Cash and Cash Equivalents</b>		
Cash on Hand	2.89	2.05
Cheques on Hand	119.08	92.02
Remittances in Transit	0.26	0.04
Fixed Deposit with maturity of less than 3 months	0.50	450.00
<b>Other Bank Balance</b>		
• In Current Accounts (Refer note a.)	645.95	290.10
• In Fixed Deposit Accounts (Refer note b.)	1,963.24	203.63
<b>TOTAL</b>	<b>2,731.92</b>	<b>1,037.84</b>

- a. Balance with banks in Current Account includes Dividend Payment Bank A/c of ₹ 5.87 million (₹ 5.24 million).
- b. Balance with banks in Fixed Deposit Account includes Fixed Deposit against Bank Guarantees ₹ 7.97 million (₹ Nil).

(₹ in million)

<b>20 Short Term Loans and Advances</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
Unsecured, considered good, unless otherwise stated		
Security deposit	14.02	10.89
Advances recoverable in cash or in kind or for value to be received	543.23	323.48
<b>Other loans and advances</b>		
• Advance Payment of Taxes & MAT credit utilised (Net of Provisions )	48.64	85.46
• MAT Credit Entitlement	189.11	206.47
• Prepaid Expenses	45.84	35.62
• Balances with Central Excise Department	136.23	137.67
• Loans and Advances to Staff	25.50	21.15
<b>TOTAL</b>	<b>1,002.57</b>	<b>820.74</b>

(₹ in million)

<b>21 Other Current Assets</b>		
	<b>As at 31<sup>st</sup> March 2012</b>	As at 31 <sup>st</sup> March 2011
Unsecured, considered good, unless otherwise stated		
• Interest Receivable	26.23	8.91
• Foreign Currency Monetary Item Translation Difference Account	55.52	-
• Other Receivables	23.58	31.90
<b>TOTAL</b>	<b>105.33</b>	<b>40.81</b>

(₹ in million)

<b>22 Revenue From Operations (Gross)</b>		
	<b>31<sup>st</sup> March 2012</b>	31 <sup>st</sup> March 2011
<b>Revenue From Operations</b>		
<b>Sale of Products</b>		
Finished Goods	30,800.68	26,063.61
Traded Goods	1,880.28	1,731.19
<b>Other Operating Revenue</b>		
Scrap Sales	72.20	47.24
Cash Discount Received	21.27	17.77
Export Incentives	74.87	67.70
<b>TOTAL</b>	<b>32,849.30</b>	<b>27,927.51</b>



(₹ in million)

<b>23 Other Income</b>		
	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2011</b>
<b>Interest on:</b>		
Bank Deposit	75.88	12.76
Others	18.99	18.25
<b>Dividend on:</b>		
Current Investments	10.17	7.81
Non Current Investments	5.08	1.02
Net gain on sale of Current Investments	142.74	117.81
Other Non-Operating Income	181.82	142.04
<b>TOTAL</b>	<b>434.68</b>	<b>299.69</b>

(₹ in million)

<b>24 Cost of Materials</b>		
	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2011</b>
Inventory at the beginning of the year	1,499.48	1,022.93
Add : Purchases	16,119.88	13,562.14
	17,619.36	14,585.07
Less : Inventory at the end of the year	1,602.75	1,499.48
<b>TOTAL</b>	<b>16,016.61</b>	<b>13,085.59</b>

(₹ in million)

<b>25 Change in Inventories of Finished Goods, Work in Progress and Traded Goods</b>		
	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2011</b>
<b>Inventories at end of the year</b>		
Traded Goods	447.98	396.66
Work-in-progress	226.87	214.90
Finished goods	2,236.10	1,953.52
	2,910.95	2,565.08
<b>Inventories at beginning of the year</b>		
Traded Goods	396.66	338.09
Work-in-progress	214.90	167.66
Finished goods	1,953.52	1,428.65
	2,565.08	1,934.40
<b>TOTAL</b>	<b>(345.87)</b>	<b>(630.68)</b>

(₹ in million)

<b>26 Employee Benefits Expense</b>		
	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2011</b>
Salaries, Wages, Bonus and Other Allowances	2,979.68	2,525.54
Contribution to Provident and Other Funds	156.69	192.66
Gratuity Expenses	34.08	83.44
Staff Welfare Expenses	91.84	68.12
<b>TOTAL</b>	<b>3,262.29</b>	<b>2,869.76</b>

(₹ in million)

<b>27 Depreciation and Amortization Expense</b>			
		<b>31<sup>st</sup> March 2012</b>	31 <sup>st</sup> March 2011
Depreciation on Tangible assets		495.23	474.15
Amortization of Intangible assets		142.02	119.48
<b>TOTAL</b>		<b>637.25</b>	<b>593.63</b>

(₹ in million)

<b>28 Finance Cost</b>			
		<b>31<sup>st</sup> March 2012</b>	31 <sup>st</sup> March 2011
Interest		259.00	314.26
Bank charges		48.18	48.88
<b>TOTAL</b>		<b>307.18</b>	<b>363.14</b>

(₹ in million)

29 Other Expenses		31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
Consumption of stores and spares		121.86	123.61
Clearing, Forwarding and Octroi Duty		1,492.19	1,249.33
Power and Fuel		318.27	297.16
Water Charges		22.99	21.50
Rent		218.73	192.08
Rates and Taxes		20.54	19.17
Insurance		33.14	30.20
License fees		3.09	2.61
Repairs:			
Buildings	33.11		27.77
Machinery	65.19		57.31
Others	36.26		27.97
		134.56	113.05
Directors' Fees		3.15	2.40
Advertisement and Publicity		1,074.31	973.66
Legal, Professional and Consultancy fees		243.47	189.06
Communication Expenses		75.35	68.98
Printing and Stationery		42.72	40.98
Travelling and Conveyance Expenses		457.27	397.95
Bad Debts		7.03	54.14
Provision for Doubtful Debts		56.69	23.56
Processing and Packing Charges		443.93	359.97
Commission and Brokerage		130.25	136.45
Payment to Auditors (Refer Note 35)		10.94	16.25
Donations		55.21	52.11
Loss on Fixed Assets Sold / Discarded (Net)		15.94	8.38
Foreign Exchange Fluctuation (Net)		89.80	7.11
Diminution in value of Investments		0.22	0.07
Miscellaneous expenses		692.13	588.28
<b>TOTAL</b>		<b>5763.78</b>	<b>4968.06</b>

(₹ in million)

30 Contingent Liabilities		As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Contingent liabilities not provided for:</b>			
i.	Guarantees given by Banks in favour of Government and others	75.79	53.93
ii.	Disputed liabilities in respect of Income Tax, Sales Tax, Central Excise and Customs (under appeal)	363.53	542.50
iii.	Claims against the Company not acknowledged as debts.	62.68	82.17
iv.	Other money for which Company is contingently liable	3.29	8.02

(₹ in million)

**31 Segment information**

**Business Segment :** The Company is operating into three business segments: Consumer & Bazaar Products, Industrial Products and Others. This segmentation is based around customers. Consumer & Bazaar Products consist of mainly Adhesives, Sealants, Art Materials and Construction Chemicals. Industrial Products consists of Organic Pigments, Industrial Resins and Industrial Adhesives. Others consist of VAM manufacturing unit of Vinyl Chemicals (India) Ltd demerged into the Company wef 1<sup>st</sup> April 2007.

Business Segments	Consumer & Bazaar Products	Industrial Products	Others	Total
<b>REVENUE</b>				
External Sales	25,336.86 (21,003.42)	5,615.71 (5,334.48)	144.78 (101.19)	31,097.35 (26,439.09)
Inter Segment Revenue	26.80 (32.59)	746.79 (474.67)	- -	773.60 (507.25)
<b>Total Revenue</b>	<b>25,363.66</b> (21,036.01)	<b>6,362.50</b> (5,809.15)	<b>144.78</b> (101.19)	<b>31,870.95</b> (26,946.34)
<b>Segment Profits</b>	<b>4,892.29</b> (4,347.81)	<b>823.84</b> (959.64)	<b>(107.83)</b> 142.45	<b>5,608.31</b> (5,165.00)
Unallocated Corporate Expenses				1,625.70 (1,252.49)
Unallocated Corporate Income				492.90 (392.56)
<b>Operating Profit</b>				<b>4,475.51</b> (4,305.06)
Interest Expenses				259.00 (314.26)
Interest / Dividend Income				110.12 (39.84)
Net Profit before Tax				4,326.63 (4,029.55)
Income Tax (Provision for Taxation and Deferred taxation)				1,100.27 (945.67)
Net Profit after Tax				3,226.36 (3,083.88)
<b>Other Information</b>				
Segment Assets	10,609.36 (9,314.99)	2,994.20 (2,809.53)	441.18 (444.95)	14,044.74 (12,569.47)
Unallocated Corporate Assets				9,653.85 (7,857.23)
<b>Total assets</b>				<b>23,698.59</b> (20,426.70)
Segment Liabilities	5,254.45 (3,478.61)	1,021.43 (1,032.97)	10.29 (8.29)	6,286.17 (4,519.87)
Unallocated Corporate Liabilities				4,145.82 (5,057.76)
<b>Total liabilities</b>				<b>10,431.99</b> (9,577.63)
Capital Employed				13,266.60 (10,849.07)
Capital expenditure (including Capital Work in Progress)	661.36 (553.28)	106.64 (88.02)	30.82 (51.67)	798.82 (692.97)
Unallocated Corporate Capital Expenditure				815.38 (607.27)
Depreciation	522.64 (488.37)	88.12 (79.35)	26.48 (25.90)	637.25 (593.63)

(₹ in million)

<b>Information About Geographical Segments</b>			
Geographical Segments	India	Other Countries	TOTAL
Sales Revenue	25,197.03	5,900.32	31,097.35
	(20,982.23)	(5,456.87)	(26,439.10)
Carrying amount of Segment Assets	22,399.84	1,298.75	23,698.59
	(19,400.61)	(1,026.09)	(20,426.70)
Additions to fixed Assets and Intangible Assets	1,499.33	114.87	1,614.20
	(1,257.53)	(42.71)	(1,300.24)

**32 Earnings per share (EPS)**

The following reflects the Profit and Share data used in the basic and diluted EPS computations:

(₹ in million)

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>Total Operations for the year</b>		
Profit after tax	3,243.71	3,100.47
Net profit for calculation of EPS	3,243.71	3,100.47
	No. in millions	No. in millions
Weighted average number of equity shares in calculating basic EPS	507.65	506.13
<b>Effect of dilution:</b>		
Convertible bonds	12.93	14.44
Weighted average number of equity shares in calculating diluted EPS	520.58	520.57
Basic EPS	6.39	6.13
Diluted EPS	6.23	5.96

### 33 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 and Services Ltd. Significant Influence
- c. Parekh Marketing Ltd. Significant Influence

**ii) Key Management Personnel :**

Sarva Shri M B Parekh - Managing Director, N K Parekh - Jt Managing Director, A B Parekh and A N Parekh - Whole Time Directors Shri J L Shah - Whole Time Director (Resigned on 8<sup>th</sup> November 2011), Shri R Sreeram (appointed on 8<sup>th</sup> November 2011)

**iii) Relatives of Key Management Personnel: Sarva Shri B K Parekh and S K Parekh**

(₹ in million)

**Transactions with Related Parties for the period ended 31<sup>st</sup> March 2012 are as follows:**

Nature of Transaction	Remuneration to Directors	Parekh Marketing Ltd	Vinyl Chemicals (India) Ltd	Total
a Sales and Related Income		588.49	NIL	588.49
		(475.33)	(NIL)	(475.33)
b Other Income		0.44	1.35	1.79
		(2.49)	(0.40)	(2.89)
c Purchases and Other Related Services		0.10	1775.87	1,775.97
		(0.26)	(1168.31)	(1,168.57)
d <b>Remuneration to Directors:</b>				
- Managing Director / Jt Managing Director	130.68			130.68
	(116.76)			(116.76)
- Whole Time Directors	59.18			59.18
	(51.49)			(51.49)
e Investment in Share Capital		NIL	NIL	-
		(NIL)	(NIL)	-
f Loans Given / (repayment of loan received)		NIL	NIL	-
		(NIL)	(NIL)	-
g Purchase of Fixed Assets		NIL	NIL	-
		(NIL)	(NIL)	-
h Sale of Fixed Assets		NIL	NIL	-
		(NIL)	(NIL)	-
l Interest Paid / (Received)		NIL	NIL	-
		(NIL)	(NIL)	-
j Reimbursement of expenses made		NIL	0.75	0.75
		(0.55)	(NIL)	(0.55)
k Reimbursement of expenses received		0.23	NIL	0.23
		(0.21)	(0.76)	(0.97)
l Provision For Doubtful Debts Made				-
m Bad Debts Written Off				-
n Diminution in value of Investment				-
o <b>Outstanding Balances :</b>				-
- Debtors		95.13	1.23	96.36
		(93.84)	(0.54)	(94.38)
- Creditors		0.06	196.18	196.24
		-	(140.78)	(140.78)
- Net Outstanding Receivable/(Payable)		95.07	(194.95)	99.88
		(93.84)	((140.24))	(46.40)

**34** Pursuant to the notification dated 29<sup>th</sup> December 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Company has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of ₹ 55.52 million (without considering future tax benefit of ₹ 18.01 million) is carried forward in the Foreign Exchange Monetary Item Translation Difference Account as on 31<sup>st</sup> March 2012. This amount is to be amortized over the period of the monetary liabilities i.e. up to 7<sup>th</sup> December 2012.

**35 Details of Payment to Auditor**

	(₹ in million)	
	March '12	March '11
Audit fees	2.47	2.43
Limited Review	0.99	0.66
Certification Fees	7.46	13.10
Reimbursement of expenses	0.02	0.06
<b>TOTAL</b>	<b>10.94</b>	<b>16.25</b>

**36 Operating Lease**

- a) Operating lease payment recognised in Statement of Profit & Loss amounting to ₹ 218.73 million (₹ 192.08 million)
- b) General description of the leasing arrangement:
  - i) Leased Assets : Godowns, Company Flat, Office space, etc.
  - ii) Future lease rentals are determined on the basis of agreed terms.
  - iii) At the expiry of the lease term, the Company has an option either to return the asset or extend the term by giving notice in writing.

**37** In case of Associate where the company directly or indirectly through subsidiaries holds more than 20% of the equity, investment in associate is accounted for using Equity method in accordance with Accounting Standard (AS-23) - Accounting for Investment in Associates in Consolidated Financial Statement issued by the Institute of Chartered Accountants of India. The associate company considered in the Consolidated Financial Statements is:

	Country of Incorporation	Proportion of Ownership Interest
Vinyl Chemicals (India) Ltd.	India	40.64%

**38** Figures in bracket indicate previous year's figures.

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

# Consolidated Cash Flow Statement

For The Year Ended 31<sup>st</sup> March 2012

(₹ in million)

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax from continuing operations	4,326.63	4,029.55
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation/ amortization on continuing operation	637.25	593.63
(Reversal)/ Additional Provision for Diminution in value of Investments	0.22	0.07
Interest expense	259.00	314.26
Dividend income	(15.25)	(8.83)
Interest income	(94.87)	(31.01)
(Profit) / Loss on Sale of Investment	(142.74)	(117.81)
(Profit) / Loss on Sale of Assets	15.94	8.38
Unrealized Foreign exchange loss / ( Gain)	66.40	58.23
Increase in foreign currency translation reserve	138.46	1.06
Provision for leave encashment	41.07	(1.76)
Bad debts w/off / provision for doubtful debts	63.72	77.70
	969.20	893.92
Operating Profit before Working Capital changes	5,295.83	4,923.47
<b>Movements in working capital:</b>		
Increase/ (decrease) in trade payables	321.95	376.84
Increase/ (decrease) in short-term provisions	(9.87)	84.08
Increase/ (decrease) in other current liabilities	1,794.90	218.44
Decrease/ (increase) in inventories	(449.30)	(1113.29)
Decrease/ (increase) in trade receivables	(555.10)	(579.16)
Decrease/ (increase) in long-term loans and advances	(72.02)	(21.69)
Decrease/ (increase) in short-term loans and advances	(305.24)	(38.63)
Decrease/ (increase) in other current assets	(9.00)	1.56
Decrease/ (increase) in other non-current assets	(0.82)	(5.99)
	715.50	(1077.84)
Cash generated from / (Used in) operations	6,011.33	3,845.63
Direct taxes paid (net of refunds)	(930.54)	(852.41)
<b>Net Cash flows from/ (used in) Operating Activities (A)</b>	<b>5,080.79</b>	<b>2,993.22</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets including intangible assets, CWIP	(1,563.61)	(1,274.82)
Proceeds from sale of Fixed Assets	10.01	13.79
Purchase of non-current investments	9.51	0.82
Purchase of current investments	(12,347.37)	(11,651.90)
Proceeds from sale/ maturity of current Investments	13,222.44	12,758.89
(Increase)/decrease in bank deposits (having maturity of more than three months)	(1,759.61)	(201.85)
Interest received	94.87	31.01
Dividend received	15.25	8.83
<b>Net Cash flows from/(used in) Investing Activities (B)</b>	<b>(2318.51)</b>	<b>(315.23)</b>



# Consolidated Cash Flow Statement

For The Year Ended 31<sup>st</sup> March 2012

(₹ in million)

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayment) / Increase of long term borrowings	(1,686.22)	(958.84)
(Decrease) / Increase in Short term Borrowings	60.21	(160.86)
Interest Paid	(171.67)	(282.68)
Dividend paid (Including Dividend Tax, where applicable)	(1,030.13)	(885.29)
Net Cash Flows from/ (used in) Financing Activities (C)	(2,827.81)	(2,287.67)
Net Increase/(decrease) in Cash and Cash Equivalents	(65.53)	390.32
Cash and Cash Equivalents at the beginning of the year	834.21	443.89
Cash and Cash Equivalents at the end of the year	768.68	834.21
	(65.53)	390.32

## Cash and cash Equivalents includes:

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
Cash on Hand	2.89	2.05
Cheques on Hand	119.08	92.02
Remittances in Transit	0.26	0.04
Bank Balances:		
<b>With Scheduled Banks:</b>		
In Current Accounts	645.95	290.10
Fixed Deposits with current maturities of less than 3 months	0.50	450.00
	768.68	834.21

The accompanying notes are an integral part of the financial statements

AS PER OUR ATTACHED REPORT OF EVEN DATE

For Haribhakti & Co.  
Chartered Accountants  
FRN 103523W

CHETAN DESAI  
Partner  
Membership No. 17000

Place: Mumbai  
Date : 24<sup>th</sup> May 2012

SAVITHRI PAREKH  
Company Secretary

FOR AND ON BEHALF OF THE BOARD

S K PAREKH  
Vice Chairman

M B PAREKH  
Managing Director

# Information on Subsidiary Companies

(As directed by Central Government Order under Section 212(8) of the Companies Act, 1956)

			Names of the subsidiaries								
			Fevicol Company Ltd.	Pidlilite International Pte Ltd.*	Pidlilite Middle East Ltd.*	Jupiter Chemicals (L.L.C.)*	Pidlilite Speciality Chemicals Bangladesh Pvt Ltd.*	Pidlilite Bamco Ltd.*	PT Pidilite Indonesia*	Pidlilite USA Inc*	Pidlilite Innovation Centre Pte Ltd.*
1	Currency		Indian ₹	US Dollars	AED	AED	Taka	Baht	IDR	US Dollars	Singapore Dollars
2	Capital	Foreign Currency	-	19,170,573	34,887,990	300,000	318,110,624	35,000,000	8,826,346,588	14,780,000	995,155
	(includes Share application Money)	Indian ₹ in million	0.50	975.21	483.17	4.15	197.90	57.81	48.54	751.86	40.25
3	Reserves	Foreign Currency	-	(2,167,619)	(22,372,173)	(23,112,109)	18,873,425	(5,601,299)	(5,539,835,269)	(5,316,904)	(567,120)
		Indian ₹ in million	(0.18)	(110.27)	(309.84)	(320.09)	11.74	(9.25)	(30.47)	(270.47)	(22.94)
4	Total Assets	Foreign Currency	-	17,014,835	34,675,112	17,788,409	451,218,626	85,289,047	4,306,876,846	17,301,863	993,663
		Indian ₹ in million	0.32	865.54	480.23	246.36	280.70	140.86	23.69	880.14	40.19
5	Total Liabilities	Foreign Currency	-	11,881	22,159,295	40,600,518	114,234,576	55,890,346	1,020,365,527	7,838,767	565,628
		Indian ₹ in million	-	0.60	306.89	562.29	71.07	92.31	5.61	398.76	22.88
6	Investments	Foreign Currency	-	-	-	-	-	-	-	-	-
	(except in case of subsidiaries)	Indian ₹ in million	-	-	-	-	-	-	-	-	-
7	Turnover & Other Income	Foreign Currency		304,051.00	7.00	11,099,111.81	234,468,263.92	136,595,510.09	547,475,290.00	26,810,609.12	1,956,624.66
		Indian ₹ in million	0.02	15.47	-	153.71	145.86	225.60	3.01	1,363.85	79.14
8	Profit/(Loss) Before Taxation	Foreign Currency	-	(443,024.75)	(2,149,218.00)	(3,165,613.07)	9,605,778.12	(618,292.33)	(263,360,483.00)	513,277.50	(126,783.95)
		Indian ₹ in million	0.01	(22.54)	(29.77)	(43.84)	5.98	(1.02)	(1.45)	26.11	(5.13)
9	Provision For Tax	Foreign Currency	-	-	-	-	345,833.00	286,195.40	9,759,288.00	29,948.89	-
	(including Deferred Tax)	Indian ₹ in million	-	-	-	-	0.22	0.47	0.05	1.52	-
10	Profit/(Loss) After Taxation	Foreign Currency	-	(443,024.75)	(2,149,218.00)	(3,165,613.07)	9,259,945.12	(904,487.73)	(273,119,771.00)	483,328.61	(126,783.95)
		Indian ₹ in million	0.01	(22.54)	(29.77)	(43.84)	5.76	(1.49)	(1.50)	24.59	(5.13)
11	Proposed Dividend	Foreign Currency	-	-	-	-	-	-	-	-	-
		Indian ₹ in million	-	-	-	-	-	-	-	-	-
12	Exchange Rate as on 31 <sup>st</sup> March 2012		-	50.87	13.85	13.85	0.62	1.65	0.00550	50.87	40.45

\* Financial statements of these Foreign Subsidiaries have been converted in to Indian Rupees at rates prevailing as on 31<sup>st</sup> March 2012.

## Information on Subsidiary Companies

(As directed by Central Government Order under Section 212(8) of the Companies Act, 1956)

			Names of the subsidiaries								
			Madhumala Traders Pvt Ltd.	Bhimad Commercial Co Pvt Ltd.	Pidilite Industries Egypt - SAE*	Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda*	Pidilite Southeast Asia Ltd.*	Bamco Supply and Services Limited*	PIL Trading (Egypt) L.L.C.*	Pidilite Industries Trading (Shanghai) Co. Ltd *	Pageel Concrete Technologies Pvt Ltd.
1	Currency		Indian ₹	Indian ₹	EGP	Brazilian Reais	Baht	Baht	EGP	RMB	Indian ₹
2	Capital	Foreign Currency	-	-	32,018,550	39,957,490	4,000,000	1,000,000	5,440,000	391,671	-
	(includes Share application Money)	Indian ₹ in million	0.10	0.10	269.75	1,112.49	6.61	1.65	45.83	3.16	1.00
3	Reserves	Foreign Currency	-	-	(11,603,605)	(21,369,899)	(4,075,058)	5,542,366	(4,763,998)	(38,952)	-
		Indian ₹ in million	20.26	20.27	(97.76)	(594.98)	(6.73)	9.15	(40.14)	(0.31)	(4.19)
4	Total Assets	Foreign Currency	-	-	28,806,263	33,996,308	239,235	9,466,025	4,141,989	442,380	-
		Indian ₹ in million	22.56	22.42	242.69	946.52	0.40	15.63	34.90	3.57	0.04
5	Total Liabilities	Foreign Currency	-	-	8,391,317	15,408,717	314,294	2,923,659	3,465,987	89,660	-
		Indian ₹ in million	2.20	2.05	70.70	429.01	0.52	4.83	29.20	0.72	3.23
6	Investments	Foreign Currency	-	-	-	-	-	-	-	-	-
	(except in case of subsidiaries)	Indian ₹ in million	22.54	22.41	-	-	-	-	-	-	0.03
7	Turnover & Other Income	Foreign Currency	-	-	14,681,235.70	46,040,860.76	600,000.36	25,663,933.25	5,742,556.16	1,820,251.22	-
		Indian ₹ in million	5.47	5.47	123.69	1,281.87	0.99	42.39	48.38	14.70	0.12
8	Profit/(Loss) Before Taxation	Foreign Currency	-	-	(2,676,736.61)	(7,777,213.50)	160,141.97	4,760,572.66	(1,731,853.08)	61,891.17	-
		Indian ₹ in million	5.46	5.46	(22.55)	(216.53)	0.26	7.86	(14.59)	0.50	0.10
9	Provision For Tax	Foreign Currency	-	-	61,187.00	-	-	959,210.64	-	-	-
	(including Deferred Tax)	Indian ₹ in million	-	-	0.52	-	-	1.58	-	-	-
10	Profit/(Loss) After Taxation	Foreign Currency	-	-	(2,737,923.61)	(7,777,213.50)	160,141.97	3,801,362.02	(1,731,853.08)	61,891.17	-
		Indian ₹ in million	5.46	5.46	(23.07)	(216.53)	0.26	6.28	(14.59)	0.50	0.10
11	Proposed Dividend	Foreign Currency	-	-	-	-	-	-	-	-	-
		Indian ₹ in million	-	-	-	-	-	-	-	-	-
12	Exchange Rate as on 31 <sup>st</sup> March 2012		-	-	8.42	27.84	1.65	1.65	8.42	8.08	-

\* Financial statements of these Foreign Subsidiaries have been converted in to Indian Rupees at rates prevailing as on 31<sup>st</sup> March 2012.







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