

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)

H.K. Parekh

R.M. Gandhi

N.J. Jhaveri

Bansi S. Mehta

Ranjan Kapur

Yash Mahajan

A.B. Parekh
(Whole-Time Director)

Santosh Kumar
(Whole-Time Director)

S.T. Dave
(Whole-Time Director)

Sr. Vice President & Secretary

P.C. Patel

Solicitors & Advocates

Wadia Ghandy & Co.

Auditors

Haribhakti & Co.

Bankers

Indian Overseas Bank
Corporation Bank
HDFC Bank

Corporate Office

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

Registered Office

7th Floor, Regent Chambers
Jamnalal Bajaj Marg
208, Nariman Point
Mumbai 400 021

Registrar & Transfer Agent

Tata Share Registry Limited
Army & Navy Building
148, Mahatma Gandhi Road
Fort, Mumbai 400 001

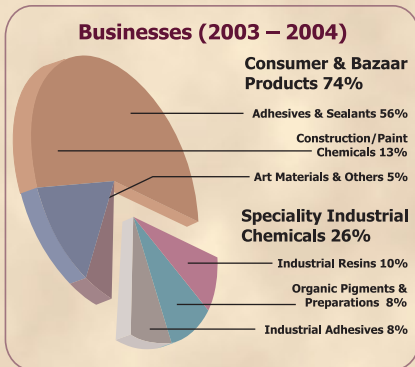
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Pidilite has achieved 14.1% growth in gross sales and 3.5% growth in net profit for the year 2003-04. A significant increase in raw material prices affected the margins for most part of the year.

Segment-wise Performance

Branded consumer and bazaar products contributed 74% to the total sales of the Company and the sales value of these products grew by 16.2% during the year. Adhesives and sealants, which contributed 56% to the total sales of the Company, grew by over 16.8% during the year under review.



Speciality industrial chemicals contributed 26% to the total sales of the Company and grew by 11.5% during the year.

New Products

Several new products were launched under the "Fevicol" and "Dr. Fixit" brands during the year under review.

A new range of adhesives and sealants for "Do-it-Yourself" (DIY) use for the export market was launched during the year.

The "Fevicryl Hobby Ideas" range continued to grow with the introduction of new products like "Silk Colours" and "Mould and Paint Kits".

Advertising

The company continues to win recognition for its advertising, created by Ogilvy & Mather. At the prestigious ABBY 2004 Awards, Fevicol won the Special Gold for the Best Continuing Campaign. The Fevicol "Pretender" TV Commercial won an ABBY Silver in the Homes/Decor/Leisure category.



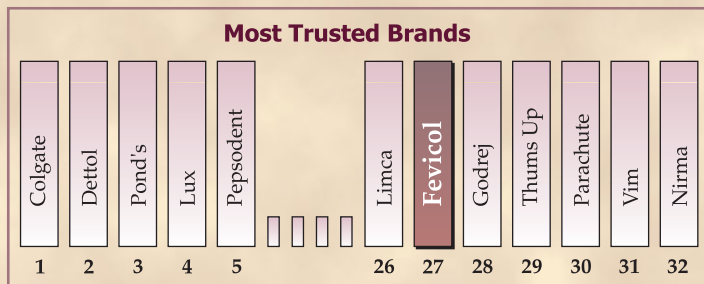
The Company's advertising won several awards



Several new products were launched this year

Brand Ranking

The Company's brand building efforts have continued to yield good results, with "Fevicol" being placed amongst the most



The Economic Times: 17th December 2003

trusted brands in the country. In the survey report for the "Most Trusted Brands" that was published in Brand Equity section of The Economic Times dated 17th December 2003, the "Fevicol" brand was rated 27th in the country, ahead of several well-known brands.

International Business

The Company's exports grew by 22.7% from Rs. 3476 lac to Rs. 4267 lac for the period under review.

Several initiatives have been taken in the last few years to increase the exports of consumer and bazaar products. New products have been introduced especially for exports and entry has been made into new markets.

As a result of these initiatives, exports



Some of the DIY products developed specifically for exports



L. Balaji breaks his bat as he tries to hit a Shoaib Akhtar ball.

'Fevicol Nahi Lagayo, To Kaam Nahi Hoyo!'

Indian Express: 25th March 2004

of consumer & bazaar products grew by 108% to Rs. 1389 lac during the year.

Sales Promotion

Our magazines, books and CDs on art and craft are universally popular with craftsmen and household consumers. Under the "Fevicryl Hobby Ideas" brand, several new publications – "The Art of Making Designer Candles", "Fevicryl Book of

Designs" and "New Feviart Wedding Special" – were launched to promote Fevicryl hobby products.

The Fevicol Furniture Book was first printed 14 years ago. In this period, its appeal has grown steadily, and the 19th volume in the series was printed during the year under review.

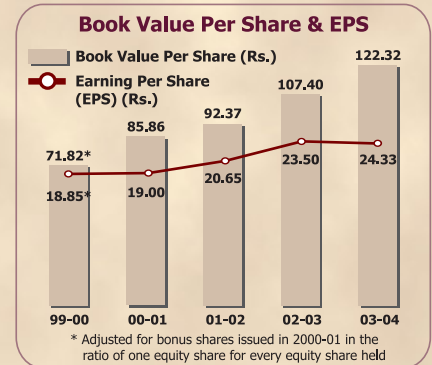
Building Blocks, a new quarterly magazine from our Construction Chemicals Division, targeted at architects, interior designers and contractors, was launched during the year under review.



Our magazines, books and CDs are universally popular

Shareholder Value

The Net Worth of the Company has grown from Rs. 18128 lac in 1999-2000 to Rs. 30873 lac at the end of 2003-2004, giving a CAGR of 14.2%.



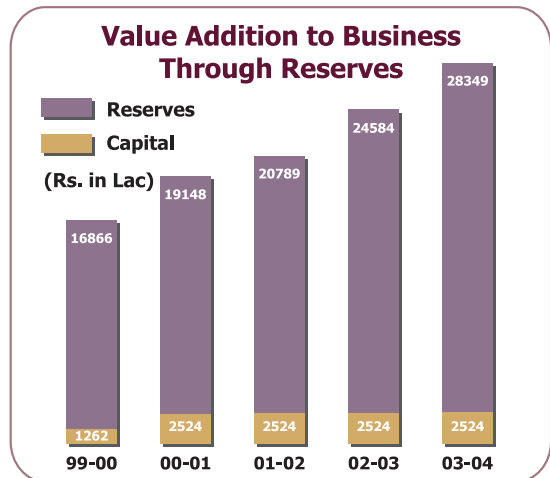
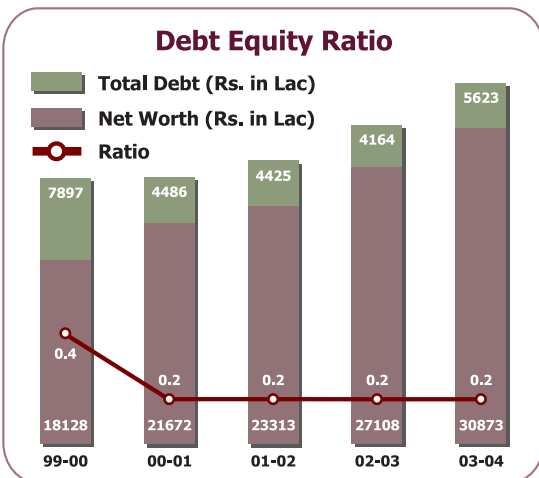
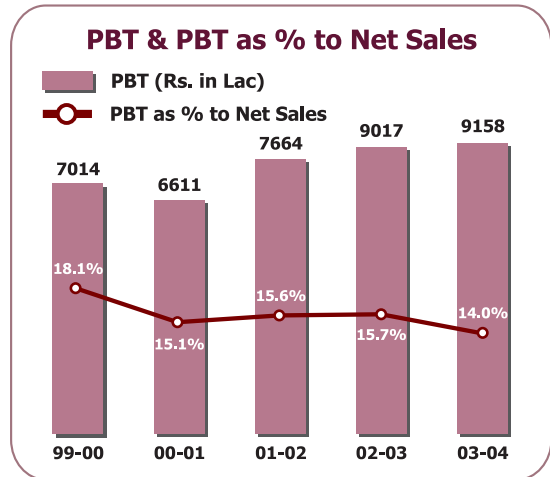
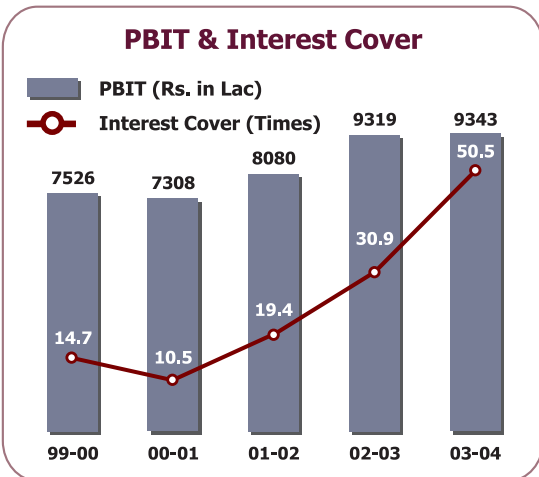
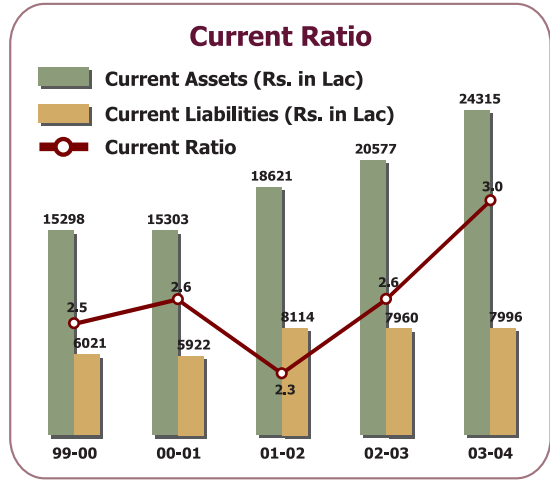
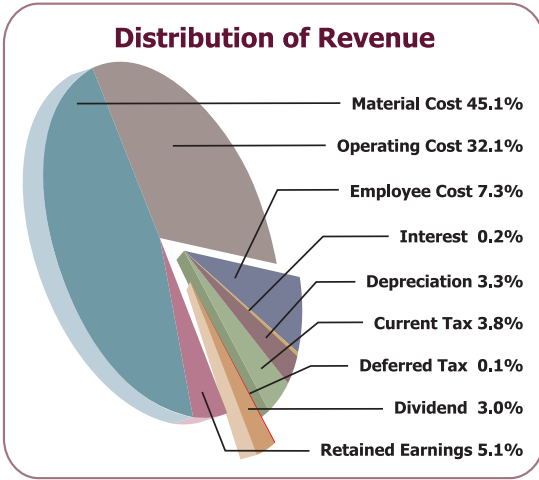
Based on the criterion

of market capitalisation, the Company was ranked 169th amongst India's top 500 listed companies, including those in the private and public sectors (ET 500, published by The Economic Times in May, 2004).

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



Rupees in Lac

Highlights	1999-00	2000-01	2001-02	2002-03	2003-04	CAGR %
Operating Results						
Sales and Other Income	47063	52690	57718	66784	76474	12.90
Manufacturing and Other Expenses	38375 [@]	43731	47741	55212	64581 [§]	13.90
Operating Profit	8688	8959	9977	11572	11893	8.17
Interest	512	697	416	302	185	-22.47
Depreciation	1162	1651	1897	2253	2550	21.71
Profit before Tax	7014	6611	7664	9017	9158	6.90
Current Tax	2257	1815	1650	2950	2940	6.83
Deferred Tax	–	–	802	136	78	–
Profit after Tax	4757	4796	5212 [#]	5931	6140	6.59
Dividend on Equity Shares	1134 [*]	1252 [*]	1767	2136 [*]	2278 [*]	19.05
Retained Earning	3623	3544	3445	3795	3862	1.61
Financial Position						
Capital	1262	2524	2524	2524	2524	18.92
Reserves (Less Revaluation Reserve & Misc. Expenditure)	16866	19148	20789	24584	28349	13.86
Net Worth	18128	21672	23313	27108	30873	14.24
Borrowings	7897	4486	4425	4164	5623	-8.14
Deferred Tax Liability (Net)	–	–	2795	2931	3009	–
Funds Employed	26025	26158	30533	34203	39505	11.00
Fixed Assets (Excluding Revalued Assets & Depreciation thereon)						
Gross Block	20222	22549	27719	31324	35408	15.03
Depreciation	5767	7366	9203	11217	13722	24.20
Net Block	14455	15183	18516	20107	21686	10.67
Investments	2293	1594	1510	1479	1500	-10.07
Net Current Assets	9277	9381	10507	12617	16319	15.17
Total Assets	26025	26158	30533	34203	39505	11.00

[@] Includes VRS Payment of Rs. 132 lac [§] Includes VRS Payment of Rs. 24 lac

[#] Excluding prior year Tax provision written back Rs. 189 lac ^{*} Includes Tax on Dividend

5 YEARS' FINANCIAL PERFORMANCE



Rupees in Lac

Highlights	1999-00	2000-01	2001-02	2002-03	2003-04
Funds Flow					
Sources					
Internal Generation	5919	6447	8100	8320	8768
Increase in Capital and Reserve (Net) on Amalgamation	1226	-	-	-	-
Increase in Loans	2514	-	-	-	1459
Decrease in Investment	-	699	69	30	-
Total	9659	7146	8169	8350	10227
Applications					
Repayment of Loans	-	3411	85	185	-
Capital Expenditure (Net)	5682 [@]	2379	5230 ^{\$}	3844 [#]	4130
Investments	412	-	-	-	21
Dividend	1135	1252	1767	2136	2278
Increase in Working Capital	2430	104	1087	2185	3701
Increase in Miscellaneous Expenditure	-	-	-	-	97
Total	9659	7146	8169	8350	10227
Ratios					
Return on Average Net Worth % (RONW) (PAT divided by Average Net Worth)	30.1	24.1	23.2	23.5	21.2
Return on Average Capital Employed % (ROCE) (PBIT divided by Average Funds Employed*)	33.5	28.0	30.0	31.6	27.6
Long Term Debt / Cash Flow	0.4	0.1	0.1	0.3	0.2
Gross Gearing % (Debt as a percentage of Debt plus Equity)	30.3	17.1	16.0	13.3	15.4
Current Ratio (Current Assets divided by Current Liabilities)	2.5	2.6	2.3	2.6	3.0
Assets Turnover (times) (Gross Sales divided by Total Assets)	1.8	2.0	1.9	1.9	1.9

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

^{\$} Includes Cost of Brand Acquired Rs. 873 lac

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

^{*} Excluding Deferred Tax Liability (Net)

Computation of EVA

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

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

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

Cost of equity = Risk free return equivalent to yield on long term Government of India (GOI) securities (taken @ 5.2%) + market risk premium (assumed @ 7.5%) x beta variant for the Company (taken at 0.8) where the beta is a relative measure of risk associated with the Company's shares as against the stock market as a whole.

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

Economic Value Added Analysis					
Item	1999-00	2000-01	2001-02	2002-03	2003-04
Cost of Capital					
1. Risk Free Return on Long Dated GOI Securities	11.0%	10.3%	9.0%	6.3%	5.2%
2. Cost of Equity	18.5%	17.3%	15.8%	12.3%	11.2%
3. Cost of Debt (Post Tax)	8.0%	7.4%	7.1%	5.9%	5.3%
4. Effective Weighted Average Cost of Capital	15.4%	15.0%	14.4%	11.4%	10.3%
Economic Value Added (Rupees in Lac)					
5. Average Debt	6640	6192	4456	4295	4894
6. Average Equity (Shareholder Funds)	15808	19900	22492	25210	28990
7. Average Capital Employed (Debt + Equity)	22448	26092	26948	29505	33884
8. Profit After Tax (as per P&L account)	4757	4796	5212	5931	6140
9. Interest (as per P&L account, net of Income Tax)	315	421	268	191	118
10. Net Operating Profit After Tax (NOPAT)	5072	5217	5480	6122	6258
11. Weighted Average Cost of Capital (4 x 7)	3457	3914	3881	3364	3490
12. Economic Value Added (10 - 11)	1615	1303	1599	2758	2768
13. EVA as a % of Average Capital Employed (12 ÷ 7)	7.19%	4.99%	5.93%	9.35%	8.17%

Notes:

1. Deferred Tax Reserve of earlier years have been reclassified as Deferred Tax Liability (Net).

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

3. Effects have been given in Financial Charts, 5 years' Financial Performance, Funds Flow, Ratios and EVA for Note Nos. 1 & 2 above.

To The Members

Your Directors have pleasure in presenting their Thirty Fifth Annual Report together with Audited Statements of Accounts for the year ended 31st March, 2004.

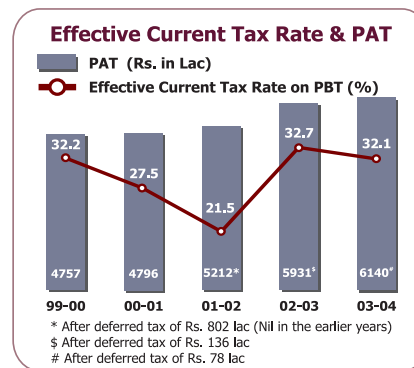
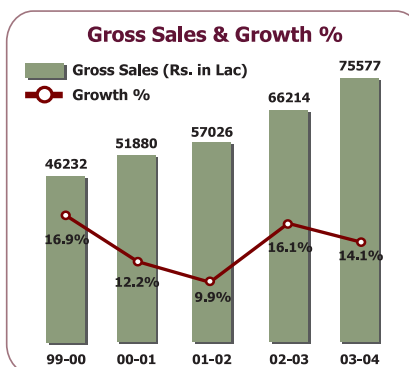
Financial Results

	(Rupees in Lac)	
	2003-04	2002-03
Gross turnover	75577	66214
Turnover, net of excise	65383	57430
Profit before tax	9158	9017
Current year's Tax	2940	2950
Profit after Current year's Tax	6218	6067
Deferred Tax	78	136
Profit after Current and deferred tax	6140	5931
Profit brought forward	2181	1786
Profit available for appropriation	8321	7717
Appropriations:		
Proposed Dividend on Equity Shares	2019	1893
Tax on Dividend	259	243
Transfer to General Reserve	3400	3400
Total	5678	5536
Balance carried to Balance Sheet	2643	2181
	8321	7717

Financial Performance

The gross turnover for the year increased by 14.1% as compared to last year.

The Operating Profit for the year (before VRS payment of Rs. 24 lac) at Rs. 11917 lac grew by 3% and Net Profit at Rs. 6140 lac grew by 3.5% as compared to last year. There was pressure on margins due to



increase in cost of raw materials over the previous year.

Income Tax for the current year is slightly lower at Rs.2940 lac as against Rs.2950 lac in the previous year.

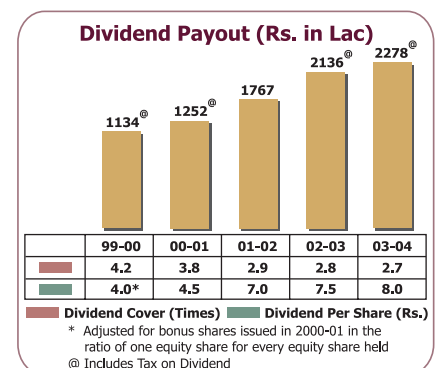
Interest outgo for the current year has decreased by over Rs.117 lac.

The Credit Rating Information Services of India Ltd. (CRISIL) has re-affirmed the "P1+" rating to the Commercial Paper Programme of the Company for Rs.55 crore.

Dividend

The Directors recommend the payment of a dividend of Rs.8.00 (previous year Rs.7.50) per Equity Share amounting to Rs.20,19,20,000

(previous year - Rs.18,93,00,000) out of the current year's profit on 2,52,40,000 Equity Shares. The dividend for the current year will be free of tax in the hands of Shareholders. The dividend payout amount has grown at a CAGR of 19.1% during the last 5 years.



Capital Expenditure

The Company incurred capital expenditure of about Rs. 4162 lac during the year on modernisation/expansion of manufacturing facilities and offices, purchase of computers, etc.

During the year, the Company acquired factory land, buildings, plant & machinery, etc. for manufacture of Adhesives/Resins from M/s. Kalva Marketing and Services Ltd., an associate, at Taloja, Dist. Raigad at an aggregate cost of about Rs. 507 lac.

New Units in Himachal Pradesh

The Company is setting up new units in Himachal Pradesh for manufacture of Polyvinyl Acetate based Adhesives, Synthetic Rubber based Adhesives, Cyanoacrylate Adhesives and Lime Binders at an estimated project cost of Rs. 55 crore, which will be mostly funded from internal accruals. The production from these units is expected to cater to the growing demand for the products of the Company. The implementation will be in various phases spanning a period of about 3 years.

Current Year Outlook

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

Subsidiary

Fevicol Company Ltd. is a 100% subsidiary of the Company and its Annual Report and Accounts are attached herewith. A statement pursuant to Section 212 of the Companies Act, 1956 relating to Company's Subsidiary is attached hereto.

Consolidated Accounts

In accordance with the requirements of Accounting Standards, AS 21 read with AS 23 issued by the Institute of Chartered Accountants of India, the consolidated Accounts of the Company & its subsidiary are annexed to this Annual Report.

Directors

The Board has proposed to re-appoint Shri Santosh Kumar as a

Whole-Time Director of the Company for a further period of 1 year with effect from 1st September, 2004.

In accordance with the Articles of Association of the Company, Shri Banshi S. Mehta, Shri Ranjan Kapur, Shri Yash Mahajan and Shri H.K. Parekh, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

Directors' Responsibility Statement

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2004 and of the profit of the Company for that year;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

Corporate Governance

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

Auditors

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

Cost Auditor

The Company has received the approval of the Central Government for appointment of M/s. V.J. Talati & Co. as Cost Auditor to conduct cost audit for the financial year 2004-2005.

Conservation of Energy, Technology Absorption, etc

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

Industry Structure and Development

There is no significant change in the industry structure compared to last year.

The Company operates in 2 major business segments viz. branded consumer and bazaar products and industrial speciality chemicals. In the branded consumer and bazaar products segment, the Company's products include Adhesives, Sealants, Art Materials, and Construction and Paint Chemicals. These products are used by carpenters, painters, plumbers, mechanics, households, students, offices, etc.

In the industrial speciality chemicals business, the Company's products include Industrial Adhesives, Synthetic Resins, Organic Pigments, Pigment Preparations, Surfactants, etc. which are consumed by various industries like packaging, textile, paint, printing ink, paper, leather, etc.

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

Outlook on Opportunities, Threats, Risks and Concerns

Overall outlook remains unchanged compared to last year.

As stated in last year's report, the Company continues to focus on introduction of new products, building brands and putting a higher emphasis on overseas markets to enhance business opportunities.

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

Risk and Internal Adequacy

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

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

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

Human Resources

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

Various initiatives for employee involvement, like Total Quality Management and Small Group Activities continued.

During the year several efficiency improvement initiatives were undertaken, such as Total Productive Maintenance at the Company's factories at Vapi/Mahad, New Product Development System and a unique Action Tracking System to track Key Initiatives and Customer Feedback.

The total number of employees as on 31st March, 2004 was 2245.

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

Appreciation

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

FOR AND ON BEHALF OF THE BOARD

B.K. PAREKH

CHAIRMAN

Mumbai

Date: 15th June, 2004

ANNEXURE I TO THE REPORT OF THE DIRECTORS

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

A] CONSERVATION OF ENERGY

a) Energy Conservation Measures taken

1. Optimisation of process parameters and redefining the process flow/sequence.
2. Incorporation of efficient process and utility equipment.
3. Extended usage of instrumentation in utilities.
4. Use of alternative fuel.

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

Continuing energy conservation measures on above lines.

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

1.00 lacs kWh of electricity and 25 kl of fuel oil are expected to be saved annually by above measures.

d) Total energy consumption and energy consumption per unit of production

As per Form A

FORM A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel consumption

		Year ended 31.3.2004	Year ended 31.3.2003
1. Electricity			
a) Units Purchased	'000 kWh	96,86	94,72
Total Amount	Rs. '000	4,68,68	4,64,66
Rate/Unit (Average)	Rs.	4.84	4.91
b) Own Generation			
Through diesel Generator			
Units	'000 kWh	2,00	2,12
Units per litre of diesel oil	kWh	2.41	2.46
Cost/Unit	Rs./kWh	9.17	8.40
2. Coal		N.A.	N.A.
3. Furnace Oil			
Quantity	kl	30,78	28,72
Total Amount	Rs. '000	3,61,54	3,06,59
Average Rate	Rs. '000/kl	11.75	10.67
4. Other/Internal Generation			
Units – Wind mill	'000 kWh	6,82	6,90
Total Amount	Rs. '000	30,97	26,98
Rate/Unit (Average)	Rs.	4.54	3.91

N.B.

71.92 lac kWh (73.96 lac kWh) units generated amounting to Rs. 170.23 lac (Rs. 174.07 lac) at Satara and Sangli wind mill projects are shown as "Other Income" in the Current Year.

B. Consumption per unit of production

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

B] TECHNOLOGY ABSORPTION

e) Efforts made in technology absorption

As per Form B

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

RESEARCH & DEVELOPMENT (R&D)

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

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

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 due to process improvements.

3. Future Plan of Action

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

4. Expenditure on R&D

	Year ended 31.3.2004 (Rs. in lac)	Year ended 31.3.2003 (Rs. in lac)
i) Capital	11.75	10.11
ii) Recurring	3,40.54	2,66.97
Total	3,52.29	2,77.08
iii) Total R&D Expenditure as a percentage of total turnover	0.46	0.42

5. Technology Absorption, Adaptation and Innovation

i) Technologies, Processes developed by our R&D Department are being continuously absorbed and adopted on a commercial scale.

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

Improvement in products and processes and introduction of new products.

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

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

CJ FOREIGN EXCHANGE EARNING & 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 2003-2004 have shown an increase of Rs. 377 lac over 2002-2003.

We have participated in international exhibitions in U.S.A, Germany and Dubai to enhance export of our products.

- g) Total foreign exchange used and earned

	Year ended 31.3.2004 (Rs. in lac)	Year ended 31.3.2003 (Rs. in lac)
Foreign exchange earned	40,88	37,11
Foreign exchange used *	99,25	69,54

* Out of the above, exchange used for import of materials which are either not manufactured in India and/or not easily available in India amounted to Rs. 85,08 lac for the year ended 31.3.2004 (Previous year Rs. 59,36 lac).

To,
**The Members of
PIDILITE INDUSTRIES LIMITED**

We have audited the attached Balance Sheet of **Pidilite Industries Limited** as at 31st March, 2004 and the Profit and Loss Account and also Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- I Our report as required by the Companies (Auditor's Report) Order, 2003 and based on appropriate tests of available books and records and the information and explanations given to us by the Management, is set out in the Annexure.
- II Further to our comments in the Annexure referred to above, we report that:
- 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;
 - 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;
 - The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
 - In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is, prima facie, disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes thereon, 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:
 - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004
 - in the case of the Profit and Loss Account, of the profit for the year ended on that date and
 - in the case of cash flow statement, of the cash flows for the year ended on that date.

Mumbai
Date: 22nd May, 2004

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

ANNEXURE TO AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH (1) THEREOF)

Fixed Assets:

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- We are informed that certain assets have been physically verified by the Management at reasonable intervals, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. We are informed that no material discrepancies were noticed on such verification.
- During the year, the Company has not disposed off a major part of the plant and machinery.

Inventory:

- We are informed that the stocks of finished goods, traded goods, raw materials, packing materials and stores & spares have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
- The procedures for physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- On the basis of our examination of the records of the Company, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material.

Related party transactions:

- The Company has not taken loans or advances in the nature of loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The Company has given interest free loan of Rs.64.10 lacs to a company listed under Section 301 of the Companies Act, 1956.
- The other terms and conditions of loan given by the Company are, prima facie, not prejudicial to the interest of the Company. There is no stipulation with respect to repayment of principal amount.

9. In our opinion and according to the information and explanations given to us, the transactions for purchase and sale of goods, materials and services made in pursuance of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
10. The above transactions are made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
11. The Company has given guarantee for loan taken by a company under section 301 of the Companies Act, 1956 from bank and the terms and conditions of which are, prima facie, not prejudicial to the interest of the Company.
12. The Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.

Internal Controls:

13. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for sale of goods. During the course of audit, no major weakness has been noticed in the internal controls.
14. The function of internal audit, as explained, is being carried out by outside professionals, which in our opinion, is commensurate with size of the Company and nature of its business.

Deposits:

15. The Company has not accepted any deposits from the public, to which the provisions of section 58A and section 58AA of the Companies Act, 1956 and the rules framed thereunder apply.

Taxation:

16. The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, ESIC dues, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Excise Duty and other statutory dues applicable to it.
17. According to the information and explanations given to us, there were no dues of Income Tax, Customs Duty, Wealth Tax, Excise Duty and Sales Tax that have not been deposited on account of any dispute except the following:

Name of the statute	(Rs in lacs)	Forum where dispute is pending
(i) Sales Tax Act		
Maharashtra	119.83	Deputy Commissioner Of Sales Tax
Andhra Pradesh	2.59	Deputy Commissioner of Sales Tax
Assam	5.68	Deputy Commissioner of Sales Tax
West Bengal	16.59	Deputy Commissioner of Sales Tax
Orissa	0.97	Deputy Commissioner Of Sales Tax
Bihar	2.48	Deputy Commissioner Of Sales Tax
Uttarpradesh	1.04	Deputy Commissioner Of UP Sales Tax
Uttarpradesh	2.00	Sales Tax Tribunal
(ii) Excise Duty	90.29	CEGAT

Miscellaneous:

18. We are informed that the Central Government has prescribed the maintenance of cost records by the Company under section 209(1)(d) of the Companies Act, 1956 in regard to production of Synthetic Resins. We are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made detailed examination of the records with a view to determine whether they are accurate and complete.
19. The Company has neither accumulated losses as at 31st March, 2004 nor it has incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
20. Based on our audit procedures and on the information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
21. Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
22. The Company has not dealt or traded in shares, securities, debentures, or other investments during the year.
23. Based on our examination of the Balance Sheet of the Company as at March 31st 2004 on an overall basis and as per the information and explanations given to us, we find that the funds raised on short term basis were not utilized for long term purpose. However, funds amounting to Rs.3245.03 lacs raised on long term basis were utilized for short term purpose.
24. During the period covered by our audit report, the Company has not issued any debentures for which security needs to be created.
25. During the year, the Company has not taken any term loans, and hence, question of its application for the purpose for which it was obtained, does not arise.
26. The Company has not raised any money by public issue during the year.
27. Based upon the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Mumbai
Date: 22nd May, 2004

BALANCE SHEET AS AT 31ST MARCH, 2004

(Rs. in Lacs)

	Schedule	As at 31 st March, 2004	As at 31 st March, 2003
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a. Capital	1	25,24.00	25,24.00
b. Reserves and Surplus	2	2,84,45.73	2,45,83.87
		3,09,69.73	2,71,07.87
2. Loan Funds			
a. Secured Loans	3	19,63.50	15,07.31
b. Unsecured Loans	4	36,59.54	26,56.73
		56,23.04	41,64.04
3. Deferred Tax Liability (Net)		30,08.93	29,31.24
TOTAL		3,96,01.70	3,42,03.15
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a. Gross Block	5	3,40,31.02	3,05,95.65
b. Less: Depreciation		1,37,16.49	1,12,12.49
c. Less: Lease Adjustment		5.61	4.16
d. Net Block		2,03,08.92	1,93,79.00
e. Capital work in progress		13,77.26	7,27.55
		2,16,86.18	2,01,06.55
2. Investments (Net)	6	14,99.59	14,79.09
3. Current Assets, Loans and Advances			
a. Inventories		1,04,78.65	86,02.63
b. Sundry Debtors		97,19.53	82,03.65
c. Cash and Bank Balances		744.43	710.60
d. Other Current Assets		189.50	163.54
e. Loans and Advances		31,82.90	28,97.33
		2,43,15.01	2,05,77.75
Less: Current Liabilities and Provisions	8		
a. Liabilities		54,63.19	55,91.31
b. Provisions		25,33.09	23,68.93
		79,96.28	79,60.24
Net Current Assets		1,63,18.73	1,26,17.51
4. Miscellaneous Expenditure (To the extent not written off or adjusted)			
VRS compensation - Refer Note 1 (viii) of schedule 12		97.20	-
TOTAL		3,96,01.70	3,42,03.15
Notes forming part of the Accounts	12		

AS PER OUR REPORT OF EVEN DATE

For **HARIBHAKTI & CO.**
Chartered Accountants
CHETAN DESAI
Partner
Mumbai
Date: 22nd May, 2004

P.C. PATEL
Sr. Vice President & Secretary

FOR AND ON BEHALF OF THE BOARD

B.K. PAREKH
Chairman
S.K. PAREKH
Vice Chairman
M.B. PAREKH
Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rs. in Lacs)

	Schedule		Previous Year
INCOME			
Sales		7,55,77.30	6,62,13.54
Less: Excise Duty		1,01,94.67	87,83.82
Net Sales			5,74,29.72
Other Income	9	8,96.76	5,69.65
		6,62,79.39	5,79,99.37
EXPENDITURE			
Materials	10	3,44,63.91	2,94,40.99
Other Expenses	11	2,01,07.80	1,72,88.87
Depreciation		25,50.22	22,53.01
		5,71,21.93	4,89,82.87
Profit before Taxation		91,57.46	90,16.50
Provision for Current Taxation		29,40.00	29,50.00
Deferred Taxation		77.69	1,35.74
Profit for the year		61,39.77	59,30.76
Balance brought forward from previous year		21,81.40	17,86.18
Profit available for appropriation		83,21.17	77,16.94
Proposed Dividend		20,19.20	18,93.00
Corporate Tax on Dividend		2,58.71	2,42.54
		22,77.91	21,35.54
Transfer to General Reserve		34,00.00	34,00.00
Balance carried to Balance Sheet		26,43.26	21,81.40
Earnings Per Share (Refer Note 13 of Schedule 12)			
Basic and Diluted (Rs.)		24.33	23.50
Notes forming part of the Accounts	12		

AS PER OUR REPORT OF EVEN DATE

For **HARIBHAKTI & CO.**

Chartered Accountants

CHETAN DESAI

Partner

Mumbai

Date: 22nd May, 2004

P.C. PATEL

Sr. Vice President & Secretary

FOR AND ON BEHALF OF THE BOARD

B.K. PAREKH

Chairman

S.K. PAREKH

Vice Chairman

M.B. PAREKH

Managing Director

**SCHEDULE NUMBERS 1 TO 12 ANNEXED TO AND FORMING
PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2004**

(Rs. in Lacs)

	As at 31 st March, 2004	As at 31 st March, 2003
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
2,75,00,000 Equity Shares of Rs. 10 each	27,50.00	27,50.00
25,00,000 Unclassified Shares of Rs. 10 each	2,50.00	2,50.00
TOTAL	30,00.00	30,00.00
Issued, Subscribed and Paid up		
2,52,39,400 Equity Shares of Rs. 10 each, fully paid-up (Notes 1 and 2)	25,23.94	25,23.94
Bonus Shares Issue Suspense Account (Note 3)	0.06	0.06
TOTAL	25,24.00	25,24.00

NOTES:

Out of the above

- 7,47,588 Equity Shares of Rs.10 each have been issued for consideration other than cash pursuant to various schemes of amalgamation during earlier years.
- 2,26,42,034 Equity Shares of Rs.10 each have been allotted as fully paid-up Bonus Shares by way of capitalisation of General Reserve, Share Premium Account and Capital Redemption Reserve.
- Bonus Shares Issue Suspense Account pertains to issue of 600 fully paid-up Bonus Shares pending settlement of dispute for title of Shares.

SCHEDULE 2

RESERVES AND SURPLUS

Capital Reserve

Balance as per last Balance Sheet 33.70 33.70

Cash Subsidy Reserve

Balance as per last Balance Sheet 74.74 74.74

Special Reserve

Balance as per last Balance Sheet 11.89 11.89

General Reserve

Balance as per last Balance Sheet 2,22,82.14 1,88,82.14
 Add: Transferred from Profit and Loss Account 34,00.00 34,00.00

Profit and Loss Account

2,56,82.14 2,22,82.14
26,43.26 21,81.40

TOTAL **2,84,45.73** **2,45,83.87**

(Rs. in Lacs)

	As at 31 st March, 2004	As at 31 st March, 2003
SCHEDULE 3		
SECURED LOANS		
Working Capital loans from Banks (including Working Capital Demand Loan)	19,63.50	15,07.31
TOTAL	<u>19,63.50</u>	<u>15,07.31</u>

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

SCHEDULE 4

UNSECURED LOANS

Interest free Sales Tax loan from Government of Gujarat	14.49	19.20
Interest free Sales Tax loan from Government of Maharashtra	16,45.05	12,05.03
Commercial Paper	20,00.00	-
Foreign Currency Loan from Banks	-	14,32.50
TOTAL	<u>36,59.54</u>	<u>26,56.73</u>

Amount due within one year Rs. 20,04.71 Lacs (Rs. 14,37.21 Lacs)

SCHEDULE 5

FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				Lease Adjust- ment Account	NET BLOCK	
	As at 1.4.2003	Additions/ Adjust- ments	Deduc- tions/ Adjust- ments	As at 31.3.2004	As at 1.4.2003	Provided during the year	Deductions/ Adjust- ments	As at 31.3.2004		As at 31.3.2004	As at 31.3.2003
Goodwill	4,23.76	0.25	–	4,24.01	1,71.29	84.78	–	2,56.07	–	1,67.94	2,52.47
Freehold Land	6,17.48	–	–	6,17.48	–	–	–	–	–	6,17.48	6,17.48
Leasehold Land	2,81.11	95.30	–	3,76.41	14.30	2.59	–	16.89	–	3,59.52	2,66.81
Buildings	48,85.07	7,19.37	–	56,04.44	9,25.46	1,52.81	–	10,78.27	–	45,26.17	39,59.61
Plant and Machinery	1,73,04.90	23,57.08	10.22	1,96,51.76	80,80.00	16,61.52	(2.36)	97,39.16	–	99,12.60	92,24.90
Trademark	47,56.99	0.25	–	47,57.24	11,31.08	4,75.72	–	16,06.80	–	31,50.44	36,25.91
Copyrights	99.52	–	–	99.52	22.34	9.95	–	32.29	–	67.23	77.18
Furniture & Fixtures	11,44.67	1,64.59	1.04	13,08.22	3,81.91	76.66	(0.21)	4,58.36	–	8,49.86	7,62.76
Vehicles	6,84.86	1,63.26	40.37	8,07.75	2,42.87	64.01	(24.16)	2,82.72	–	5,25.03	4,41.99
Capital Expenditure on Scientific Research:											
– Buildings	14.84	–	–	14.84	7.02	0.48	–	7.50	–	7.34	7.82
– Plant and Machinery	2,80.62	11.75	–	2,92.37	1,73.49	15.69	–	1,89.18	–	1,03.19	1,07.13
– Furniture and Fixtures	30.65	–	–	30.65	7.92	1.94	–	9.86	–	20.79	22.73
Assets given on Lease											
Plant and Machinery	56.98	–	24.85	32.13	43.94	3.33	(19.49)	27.78	(3.12)	1.23	11.71
Vehicles	14.20	–	–	14.20	10.87	0.74	–	11.61	(2.49)	0.10	0.50
Total	3,05,95.65	35,11.85	76.48	3,40,31.02	1,12,12.49	25,50.22	(46.22)	1,37,16.49	(5.61)	2,03,08.92	1,93,79.00
Previous Year	2,72,94.27	36,15.39	3,14.01	3,05,95.65	91,91.48	22,53.01	(2,32.00)	1,12,12.49	(4.16)		
Capital work in progress including capital advances										13,77.26	7,27.55
TOTAL										2,16,86.18	2,01,06.55

(Rs. in Lacs)

	As at 31 st March, 2004	As at 31 st March, 2003
SCHEDULE 6		
LONG TERM INVESTMENTS (AT COST)		
I. In Government Securities (Unquoted)		
6 and 7 Years National Savings Certificates (Deposited with Government Departments, Bombay Municipal Corporation, Reliance Energy Ltd.)	1.61	1.63
II. In Equity Shares (Fully paid)		
a) Quoted		
Trade:		
• 74,51,540 Equity Shares of Rs. 10 each of Vinyl Chemicals (India) Ltd.	11,78.34	11,78.34
Others:		
• 3,594 (4,600) Equity Shares of Rs. 10 each of Hindustan Adhesives Ltd.	0.88	1.13
• 14,400 (16,400) Equity Shares of Rs. 10 each of Hindustan Organic Chemicals Ltd.	7.20	8.20
• 4,188 Equity Shares of Rs. 10 each of Indian Petrochemicals Corporation Ltd.	7.74	7.74
• 2,000 Equity Shares of Rs. 10 each of Jindal Vijaynagar Steel Ltd. (Rs. 5 paid per share)	0.10	0.10
• 1,21,300 Equity Shares of Rs. 10 each of Pal Peugeot Ltd.	12.13	12.13
• 2,22,542 (1,69,942) Equity Shares of Rs. 10 each of Indian Overseas Bank Ltd.	29.62	17.00
• 61,900 (62,700) Equity Shares of Rs. 10 each of Menon Pistons Ltd.	43.74	44.30
TOTAL - II (a)	12,79.75	12,68.94
[Market Value Rs. 789.95 Lacs (420.49 Lacs)]		
b) Unquoted (Fully paid)		
• In wholly-owned Subsidiary Company 50,000 Equity Shares of Rs. 10 each of Fevicol Company Ltd.	5.00	5.00
• 40 Equity Shares of Rs. 50 each of Regent Chambers Premises Co-op. Society Ltd.	0.02	0.02
• 25 Equity Shares of Rs. 10 each of New Usha Nagar Co-op. Housing Society Ltd.	0.01	0.01
• 2,00,200 Equity Shares of Rs. 10 each of Enjayes Spices & Chemicals Oil Ltd.	52.86	52.86
• 628 Equity Shares of Rs. 100 each of Jawahar Co-op. Industrial Estate Ltd.	0.62	0.62
• 2,275 Equity Shares of Rs. 1 each of Himalaya House Company Ltd.	0.02	0.02
TOTAL - II (b)	58.53	58.53
III. In Units of Mutual Fund (Unquoted)		
• 400 Units of Rs. 70,000 each of Infinity Venture India Fund (Rs. 65,000 per unit paid-up)	2,60.00	2,60.00
TOTAL - III	2,60.00	2,60.00
TOTAL : I + II (a) + II (b) + III	15,99.89	15,89.10
Less: Diminution in value of Investments	1,00.30	1,10.01
TOTAL	14,99.59	14,79.09

SCHEDULE 6 (Contd....)

Investments purchased and sold during the year other than shown above:

	Purchased	(Units) Sold
Units of Prudential ICICI Mutual Fund Liquid Plan Dividend Option	55,28,533.474	55,28,533.474
Units of Birla Cash Plus Dividend Option	2,78,89,287.758	2,78,89,287.758
Units of DSP Merrill Lynch Mutual Fund Liquidity Fund (Growth Option)	26,83,649.422	26,83,649.422
Units of DSP Merrill Lynch Mutual Fund Liquidity Fund (Dividend Option)	1,37,24,905.670	1,37,24,905.670
Units of Templeton Mutual Fund	55,567.663	55,567.663
Units of Reliance Mutual Fund Dividend Option	63,05,422.001	63,05,422.001
Units of Grindlays Cash Fund Dividend Option	53,98,970.707	53,98,970.707

(Rs. in Lacs)

	As at 31 st March, 2004	As at 31 st March, 2003
SCHEDULE 7		
CURRENT ASSETS, LOANS AND ADVANCES		
A) Current Assets		
a) Inventories (As valued and certified by the Management)		
Consumable Stores and Spares, etc.	72.36	75.34
Raw Materials	38,85.39	34,23.89
Goods in Process	3,54.87	3,08.45
Finished Goods	47,13.35	36,55.76
Traded Goods	7,33.37	5,01.58
Packing Materials	7,19.31	6,37.61
	1,04,78.65	86,02.63
b) Sundry Debtors (Unsecured)		
Over six months -		
Considered good	2,06.87	2,37.71
Considered doubtful	-	31.73
Others, Considered good	95,12.66	79,65.94
	97,19.53	82,35.38
Less: Provision for doubtful debts	-	31.73
	97,19.53	82,03.65
c) Cash and Bank Balances		
Cash and cheques on hand	2,98.24	2,51.00
Remittances in transit	2.11	4.63
Bank Balances:		
With scheduled banks		
In Current Accounts	4,42.85	4,53.74
In Deposit	0.93	0.93
Others:		
In Fixed Deposit with Municipal Co-op. Bank Ltd. [Maximum outstanding during the year Rs. 0.30 Lacs (Rs. 0.30 Lacs)]	0.30	0.30
	7,44.43	7,10.60
d) Other Current Assets		
Interest Accrued on Investments	0.68	0.17
Claims Receivable	1,88.82	1,63.37
	1,89.50	1,63.54
B) Loans and Advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	10,76.36	11,44.74
Advance Payment of Taxes (Net of Provisions)	12,60.13	10,80.22
Loans and Advances to Staff	2,74.00	2,99.20
Deposits	2,66.54	2,35.91
Balances with Central Excise Department	3,05.87	1,37.26
	31,82.90	28,97.33
TOTAL	2,43,15.01	2,05,77.75

(Rs. in Lacs)

	As at 31 st March, 2004	As at 31 st March, 2003
SCHEDULE 8		
CURRENT LIABILITIES AND PROVISIONS		
A) Current Liabilities		
Acceptances	1,70.11	1,35.29
Sundry Creditors (Refer Note 2 of Schedule 12)		
Small Scale Industrial Undertakings	0.53	1.18
Others	36,70.14	40,40.61
	36,70.67	40,41.79
Dealers' Deposits	9,85.55	8,67.18
Investor Education and Protection Fund shall be credited by the following to the extent required as and when necessary :		
Unclaimed Dividends	33.09	30.68
Other Liabilities	6,03.77	5,16.37
	54,63.19	55,91.31
B) Provisions		
For Leave encashment	2,55.18	2,27.12
For Non Performing/Substandard assets	-	6.27
Dividends:		
Proposed Dividend	20,19.20	18,93.00
Corporate Tax on Dividend	2,58.71	2,42.54
	22,77.91	21,35.54
TOTAL	79,96.28	79,60.24

SCHEDULE 9

OTHER INCOME

Interest received (Gross)	74.69	11.61
[Tax deducted at source Rs. 5.89 Lacs (Rs. 1.79 Lacs)]		
Dividend received		
Other than long term Investments	24.64	10.67
Export Incentives	1,93.75	1,14.70
Profit on sale of Investments (Net)	6.70	5.69
Miscellaneous	5,96.98	4,26.98
TOTAL	8,96.76	5,69.65

(Rs. in Lacs)

Previous year

SCHEDULE 10**MATERIALS**

a. Raw Materials consumed			
Opening Stock	34,23.89		29,86.03
Add: Purchases	2,63,54.69		2,17,90.33
	2,97,78.58		2,47,76.36
Less: Closing Stock	38,85.39		34,23.89
		2,58,93.19	2,13,52.47
b. (Increase)/Decrease in Stocks			
Closing Stock			
Goods in Process	3,54.87		3,08.45
Finished Goods	47,13.35		36,55.76
	50,68.22		39,64.21
Less:			
Opening Stock			
Goods in Process	3,08.45		2,97.94
Finished Goods	36,55.76		34,57.72
	39,64.21	(11,04.01)	37,55.66 (2,08.55)
c. Packing Materials consumed		74,71.35	60,28.65
d. Cost of Traded Goods			
Opening Stock	5,01.58		6,14.61
Add: Purchases	24,35.17		21,55.39
	29,36.75		27,70.00
Less: Closing Stock	7,33.37		5,01.58
		22,03.38	22,68.42
		<u>3,44,63.91</u>	<u>2,94,40.99</u>
TOTAL			

(Rs. in Lacs)

Previous year

SCHEDULE 11

OTHER EXPENSES

Stores and Spares consumed		3,63.12	2,86.73
Clearing, Forwarding, Octroi Duty, etc.		21,94.90	17,55.34
Central Excise Duty		1,83.33	58.75
Power and Fuel		8,12.85	7,81.81
Water Charges		90.86	89.97
Employees' Emoluments : [Refer Notes 1 (vi), (vii), (viii), 6 and 7 of Schedule 12]			
Salaries, Wages, Bonus, Allowances etc.	44,66.00		36,91.51
Contribution to Provident and Other Funds	4,41.16		3,59.00
Welfare Expenses	6,91.02		6,43.64
		55,98.18	46,94.15
Rent		2,52.63	1,78.61
Rates and Taxes		48.40	38.22
Insurance		2,43.55	1,98.45
Licence fees		4.33	4.98
Repairs:			
Buildings	97.14		88.78
Machinery	1,96.11		2,04.39
Others	1,01.65		81.91
		3,94.90	3,75.08
Directors' Fees		1.38	1.00
Advertisement and Publicity		36,26.89	32,58.54
Legal and Professional fees		6,86.30	4,29.25
Communication Expenses		3,37.45	3,22.76
Printing and Stationery		1,23.02	1,17.37
Travelling & Conveyance Expenses		15,02.70	11,98.81
Bad Debts / Provision for Doubtful Debts		37.79	94.11
Processing and Packing Charges		17,53.37	14,93.21
Bank charges		1,86.53	1,80.66
Commission & Brokerage		1,32.56	77.59
Miscellaneous expenses		12,55.87	12,24.24
Scientific Research and Development Expenditure [Refer Note 1(iv) of Schedule 12]		24.05	16.46
Remuneration to Auditors			
Audit Fees	10.80		10.08
For Other Services	9.97		7.75
		20.77	17.83
Donations		31.02	43.55
Diminution in Value of Investments [Refer Note 1(v) of Schedule 12]		1.20	18.89
Loss on Fixed Assets Sold/Discarded (Net)		15.20	30.61
Interest		1,84.65	3,01.90
TOTAL		2,01,07.80	1,72,88.87

SCHEDULE 12

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

i) System of accounting

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

ii) Fixed Assets and Depreciation

a) Tangible assets are stated at cost.

b) The Company provides depreciation as under:

- 1) For assets acquired upto 30.6.1987, 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 Income Tax Act, 1961.
- 2) For assets acquired after 30.6.1987 & before 31.3.1993, on SLM basis at rates specified in Schedule XIV of the Companies Act, 1956.
- 3) For assets acquired after 31.3.1993, on SLM basis as per new rates prescribed under Schedule XIV vide notification No. GSR 756 (E) dated 16.12.1993 issued by the Department of Company Affairs.
- 4) The Company provides pro-rata depreciation for additions made during the year except for assets less than Rs. 5,000, for which depreciation has been provided at hundred percent.
- 5) The Goodwill acquired by the Company is depreciated over a period of 5 years on SLM basis.
- 6) The Trademarks and Copyrights acquired by the Company are depreciated over a period of 10 years on SLM basis.

iii) Method of Valuation of Inventories

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

iv) Scientific Research and Development Expenditure

a) Capital expenditure is shown separately in Fixed Assets.

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

v) Investments

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

vi) Gratuity

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

vii) Leave Encashment Entitlement

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

viii) Deferred Revenue Expenditure

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

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

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

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

NOTES ON ACCOUNTS (Contd...)

(Rs. in Lacs)

	As at 31 st March, 2004	As at 31 st March, 2003
3. Contingent liabilities not provided for		
i) Guarantees given by Banks in favour of Government and others	3,74.05	2,49.47
ii) Guarantees given by Company	22,12.00	–
iii) Partly paid Shares and Units	20.10	1,40.10
iv) Disputed liabilities in respect of Income Tax, Sales Tax and Central Excise & Customs (under appeal)	10,98.35	2,75.18
4. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	3,34.34	2,64.59
5. The net amount of exchange differences (credited) / debited to Profit & Loss Account	(43.12)	(14.41)
6. Remuneration to Directors: (Includes benefits which are debited to respective expenses)		
a. Remuneration	1,75.15	1,46.39
b. Commission	2,01.17	1,98.29
c. Provident Fund Contribution	20.03	16.71
d. Other Perquisites	30.74	29.79
7. Computation of Net Profit for Commission Payable to Directors in accordance with Section 198 of the Companies Act, 1956.		
Profit as per Profit and Loss Account before		
Provision for taxation and commission to directors	93,58.63	92,14.79
Add: Directors' remuneration	1,75.15	1,46.39
Contribution to Provident Fund	20.03	16.71
Other Perquisites	30.74	29.79
	2,25.92	1,92.89
	95,84.55	94,07.68
Less: Profit on sale of investment	8.96	6.16
Net Profit for the year for the purpose of Directors' Commission	95,75.59	94,01.52
Commission payable to Directors		
a) Managing Director, Joint Managing Director and a Wholetime Director	1,87.17	1,84.29
b) Others	14.00	14.00
	2,01.17	1,98.29

NOTES ON ACCOUNTS (Contd...)

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

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

i. DETAILS OF THE GOODS MANUFACTURED/SALES/STOCKS

(Rs. in Lacs)

Class of Goods ^A	Licensed Capacity	Installed Capacity Approx.	Opening Stock (Qty.)	Opening Stock (Rs.)	Production Meant for Sale (Qty.)	Sales ^B (Qty.)	Sales ^B (Rs.)	Closing Stock (Qty.)	Closing Stock (Rs.)
Dyestuffs									
MT	3,624 (3,624)	2,364 (2,364)	1,585 (141)	11,23.96 (5,41.80)	9,611 ^C (9,616)	9,702 (8,172)	81,28.95 (71,88.04)	1,494 (1,585)	13,46.30 (11,14.07)
KL			390 (463)	473.40 (7,34.47)	2,133 ^D (1,776)	2,097 (1,845)	48,09.18 (44,01.37)	426 (393.96)	5,19.82 (4,83.29)
Chemicals									
MT	102,835 (1,02,835)	76,810 (76,810)	3,191 (3,458)	15,42.22 (16,18.87)	64,988 ^E (53,920)	63,693 (54,186)	4,33,11.55 (3,79,01.76)	4,486 (3,191.42)	19,68.59 (15,42.22)
KL	19,260 (19,260)	15,660 (15,660)	799 (878)	5,05.66 (5,62.58)	13,930 ^F (11,389)	13,571 (11,468)	1,15,73.43 (98,49.34)	1,158 (799.46)	7,40.89 (5,05.66)
Others Nos. Lac			22.21 (-)	1,08.78 (-)	2,92.91 (1,90.75)	2,85.44 (1,68.54)	14,09.81 (9,22.62)	29.68 (22.21)	1,37.75 (1,08.78)
Traded Goods				5,59.71 (6,14.61)			63,07.70 (54,92.25)		7,33.37 (5,59.71)
				43,13.73 (40,72.33)			7,55,40.62 (6,57,55.38)		54,46.72 (43,13.73)

Notes:

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

B Excluding Resale of Raw Materials / Packing Materials Rs. 36.68 Lacs (Rs. 4,58.16 Lacs).

C Includes 7,875 Tonnes (8,421 Tonnes) produced in the factory of third party.

D Includes 2,133 KL (1,776 KL) produced in the factory of third party.

E Includes 39,173 Tonnes (28,225 Tonnes) produced in the factory of third party.

F Includes 825 KL (1,255 KL) produced in the factory of third party.

Figures in bracket indicate previous year's figures.

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

	2003-04 Rs. in Lacs	2002-03 Rs. in Lacs	2003-04 %	2002-03 %
Imported	1,07,82.34	76,85.54	41.70	36.78
Indigenous	1,50,74.17	1,32,08.77	58.30	63.22
	2,58,56.51*	2,08,94.31*	100.00	100.00

NOTES ON ACCOUNTS (Contd...)

ii(b) Consumption of Raw Materials

	2003-04		2002-03	
	Quantity MT	Value Rs. in Lacs	Quantity MT	Value Rs. in Lacs
Vinyl Acetate Monomer	13,652	56,97.49	11,243	43,23.24
Miscellaneous (None of which individually account for more than 10% of total consumption)		2,01,59.02		1,65,71.07
		<u>2,58,56.51*</u>		<u>2,08,94.31*</u>

Notes:

* Net of Resale of Raw Materials Rs. 36.68 Lacs (Rs. 4,58.16 Lacs)

(Rs. in Lacs)

	2003-04	2002-03
iii. C.I.F. Value of Imports		
Raw Materials	85,08.14	59,36.17
Capital Goods	29.73	74.49
Others	9,29.10	6,37.60
	<u>9,466.97</u>	<u>66,48.26</u>
iv. Expenditure in Foreign Currency		
Foreign travel	1,62.97	1,29.17
Professional Fees	1,07.08	41.40
Others	1,88.38	1,35.62
	<u>4,58.43</u>	<u>3,06.19</u>
v. Earnings in Foreign Exchange		
FOB Value of Exports	40,72.25	36,76.36
Royalty	7.93	23.58
Others	7.94	10.94
	<u>40,88.12</u>	<u>37,10.88</u>

NOTES ON ACCOUNTS (Contd...)

9. Segment reporting:

INFORMATION ABOUT BUSINESS SEGMENTS

(Rs. in Lacs)

Business Segments	Consumer & Bazaar Products	Industrial Products	Total
REVENUE			
External sales	5,55,89.16	1,99,88.14	7,55,77.30
	(47,780.65)	(18,432.89)	(66,213.54)
Inter Segment Revenue	5.61	20,90.57	20,96.18
	(8.05)	(1,495.43)	(1,503.48)
Total Revenue	5,55,94.77	2,20,78.71	7,76,73.48
	(47,788.70)	(19,928.32)	(67,717.02)
RESULTS			
Segment Results	1,17,05.15	18,44.21	1,35,49.36
	(1,11,54.57)	(16,52.50)	(1,28,07.07)
Unallocated Corporate Expenses			49,12.11
			(39,29.10)
Unallocated Corporate Income			6,05.53
			(4,18.15)
Operating Profit			92,42.78
			(92,96.12)
Interest expenses			1,84.65
			(3,01.90)
Interest / Dividend Income			99.33
			(22.28)
Income Tax (Provision for Taxation and Deferred taxation)			30,17.69
			(30,85.74)
Net Profit			61,39.77
			(59,30.76)
OTHER INFORMATION			
Segment Assets	2,14,43.53	1,14,22.26	3,28,65.79
	(1,79,63.84)	(1,12,24.68)	(2,91,88.52)
Unallocated Corporate assets			1,47,32.19
			(1,29,74.87)
Total Assets			4,75,97.98
			(4,21,63.39)
Segment Liabilities	23,51.72	13,18.95	36,70.67
	(22,06.15)	(12,04.34)	(34,10.49)
Unallocated Corporate Liabilities			43,25.61
			(45,49.75)
Total Liabilities			79,96.28
			(79,60.24)
Capital Expenditure	20,80.16	3,53.46	24,33.62
	(23,23.01)	(4,18.64)	(27,41.65)
Unallocated Corporate Capital Expenditure			10,78.23
			(8,73.74)
Depreciation	9,52.43	6,88.48	16,40.91
	(7,60.90)	(7,78.00)	(15,38.90)

INFORMATION ABOUT GEOGRAPHICAL SEGMENTS

GEOGRAPHICAL SEGMENTS	India		Other Countries		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Sales Revenue	7,10,67.58	6,21,92.49	45,09.72	40,21.05	7,55,77.30	6,62,13.54
Carrying amount of Segment Assets	4,64,61.52	4,14,77.98	11,36.46	6,85.41	4,75,97.98	4,21,63.39
Additions to Fixed Assets and Intangible Assets	35,11.85	36,15.39	-	-	35,11.85	36,15.39

10. Deferred Taxation:

Out of the net deferred tax liability of Rs. 30,08.93 lacs as at 31st March, 2004, the major components of deferred tax balances are set out below

	(Rs. in Lacs)		
	Upto 31.03.2003	During the year 2003-04	Carried as at 31.03.2004
Deferred Tax Liability			
i) Difference between accounting and tax Depreciation (Cumulative)	30,14.93	73.98	30,88.91
	<u>30,14.93</u>	<u>73.98</u>	<u>30,88.91</u>
Deferred Tax Assets			
i) Provision for doubtful debts	11.38	(11.38)	-
ii) Preliminary Expenses Amortisation	4.45	(2.93)	1.52
iii) Leave salary	63.68	10.07	73.75
iv) Others	4.18	0.53	4.71
	<u>83.69</u>	<u>(3.71)</u>	<u>79.98</u>
Net Deferred Tax liability	<u>29,31.24</u>	<u>77.69</u>	<u>30,08.93</u>

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

11. Related Party Disclosures

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

i) Relationships:

- a. Vinyl Chemicals (India) Ltd. – Substantial Interest in Voting Power
- b. Kalva Marketing Services Ltd. – Significant Influence
- c. Parekh Marketing Ltd. – Significant Influence
- d. Fevicol Company Ltd. – 100% Subsidiary

ii) Key Management Personnel:

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

iii) Other Directors:

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

iv) Transactions with Related Parties during the year ended March 31, 2004 are as follows:

Nature of Transactions

	(Rs. in Lacs)	
	2003-04	2002-03
1. Sales and Related Income	3,68,74.78	3,28,30.84
2. Other Income	1,36.71	1,90.21
3. Purchases and Other Related Services	35,68.54	53,13.70
4. Sales Tax Deferment Benefit	73.60	73.60
5. Remuneration to Directors:		
– Sitting Fees	1.38	1.00
– Managing Director/Jt. Managing Director	2,99.34	2,77.66
– Whole Time Directors	1,13.75	99.52
– Commission to Non-Executive Directors	14.00	14.00
6. Purchase of Trade Marks/Goodwill	–	8,82.16
7. Purchase of Fixed Assets	5,07.06	24.29
8. Sale of Fixed Assets	0.18	28.47
9. Interest paid	–	2.74
10. Processing Charges	1,24.70	22.31
11. Rent, Maintenance and Service charges paid	1,25.12	1,23.81
12. Reimbursement of expenses made	3.89	8.23
13. Reimbursement of expenses received	4.37	6.20
14. Advances paid to Fevicol Company Ltd.	64.10	–
15. Outstanding Balances:		
– Debtors	44,32.00	39,99.11
– Creditors	39.20	3,83.83
– Outstanding Payable (Net of receivable)	4.42	31.96

Except item no. 6 above, the rest of the items relate to parties stated in (i) above. No amounts have been written off or written back during the year in respect of debts due from or to Related Parties.

12. Sundry debtors include amount due from

	As at 31.03.2004	As at 31.03.2003
Company as per Section 370 (1B) of the Companies Act, 1956:		
Parekh Marketing Limited	43,98.33	38,18.87
Vinyl Chemicals (India) Limited	33.67	1,80.23

13. Earnings Per Share

Outstanding Equity Shares (No.)	25240000	25240000
Net Profit after tax (Rs. in Lacs)	61,39.77	59,30.76
Earnings Per Share (Rs.)	24.33	23.50

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

	2003-04	2002-03
I. Registration Details		
Registration No.	14336	14336
State Code	11	11
Balance Sheet Date	31.3.2004	31.3.2003
	(Rs. in Lacs)	(Rs. in Lacs)
II. Capital Raised during the year		
Public Issue	Nil	Nil
Rights Issue	Nil	Nil
Bonus Issue	Nil	Nil
Private Placement / On Amalgamation	Nil	Nil
III. Position of Mobilisation and Deployment of Funds		
Total Liabilities	3,96,01.70	3,42,03.15
Total Assets	3,96,01.70	3,42,03.15
Sources of Funds		
Paid-up Capital	25,24.00	25,24.00
Reserves and Surplus	2,84,45.73	2,45,83.87
Secured Loans	19,63.50	15,07.31
Unsecured Loans	36,59.54	26,56.73
Deferred Tax Liability (Net)	30,08.93	29,31.24
Application of Funds		
Net Fixed Assets	2,16,86.18	2,01,06.55
Investments	14,99.59	14,79.09
Net Current Assets	1,63,18.73	1,26,17.51
IV. Performance of Company		
Turnover	7,55,77.30	6,62,13.54
Less: Excise duty	1,01,94.67	87,83.82
Net Turnover	6,53,82.63	5,74,29.72
Other Income	8,96.76	5,69.65
Total Expenditure	5,71,21.93	4,89,82.87
Profit Before Tax	91,57.46	90,16.50
Profit After Tax	61,39.77	59,30.76
Earnings per Share in Rs.	24.33	23.50
Dividend rate %	80.00	75.00
V. Generic Names of three Principal Products / Services of the Company (as per monetary terms)		
Item Code No. (ITC Code)	Product Description	
3506	ADHESIVES	
3905 + 3906	SYNTHETIC RESINS	
3204	ORGANIC PIGMENTS AND PREPARATIONS BASED ON ORGANIC PIGMENTS	

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

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

Signatures to Schedules 1 to 12

FOR AND ON BEHALF OF THE BOARD

B.K. PAREKH

Chairman

S.K. PAREKH

Vice Chairman

M.B. PAREKH

Managing Director

Mumbai

Date: 22nd May, 2004

P.C. PATEL

Sr. Vice President & Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rs. in Lacs)

	2003-04	2002-03
A] CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	91,57.46	90,16.50
Adjustments for Depreciation	25,50.22	22,53.01
Additional Provision for Diminution in value of Investments	1.20	18.89
Interest paid	1,84.65	3,01.90
Dividend received	(24.64)	(10.67)
Interest received	(74.69)	(11.61)
Amortisation of VRS compensation	24.30	-
(Profit)/Loss on Sale of Assets	15.20	30.61
(Profit)/Loss on Sale of Investments	(6.70)	(5.69)
Provision for Diminution in value of Investments written back	(10.91)	-
Bad debts w/off and provision for doubtful debts	37.79	62.38
	26,96.42	26,38.82
Operating Profit before Working Capital changes	1,18,53.88	1,16,55.32
Working Capital changes		
Inventories	(18,76.02)	(6,69.87)
Debtors	(15,53.67)	(12,81.45)
Loans and Advances, etc.	(1,31.62)	1,26.91
Current Liabilities	(1,06.31)	(6,19.78)
	(3,667.62)	(24,44.19)
Cash generated from operations	81.86.26	92,11.13
Interest received	74.69	11.61
Interest paid	(1,84.65)	(3,02.97)
VRS compensation paid	(1,21.50)	-
Income Tax paid (Net)	(31,19.92)	(31,98.73)
	(33,51.38)	(34,90.09)
Net Cash flow from Operating activities	48,34.88	57,21.04
B] CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(41,60.11)	(39,13.52)
Sale of Fixed Assets	15.06	51.39
Purchase of Investments	(78,30.86)	(34,57.09)
Sale of Investments	78,26.77	34,74.29
Dividend received	24.64	10.67
	(41,24.50)	(38,34.26)
Net Cash flow from Investing activities	(41,24.50)	(38,34.26)
Carried Forward	7,10.38	18,86.78

(Rs. in Lacs)

	2003-04	2002-03
Brought Forward	7,10.38	18,86.78
C] CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	4,35.30	5,59.44
Short term Borrowings - Commercial Paper	20,00.00	(20,00.00)
Short term Borrowings - Bank	4,56.19	(1,77.69)
Dividend paid (Including dividend tax, where applicable)	(21,35.54)	(17,64.77)
Short term Borrowings - Foreign Currency Loan	(14,32.50)	14,32.50
Net Cash Flow from Financing activities	(6,76.55)	(19,50.52)
Net Increase in Cash and Cash Equivalents	33.83	(63.74)
Cash and Cash Equivalents as at 01.4.2003	7,10.60	7,74.34
Cash and Cash Equivalents as at 31.3.2004	7,44.43	7,10.60
	33.83	(63.74)

The figures in brackets denote payment.

AS PER OUR REPORT OF EVEN DATE

For **HARIBHAKTI & CO.**

Chartered Accountants

CHETAN DESAI

Partner

Mumbai

Date: 22nd May, 2004

FOR AND ON BEHALF OF THE BOARD

B.K. PAREKH

Chairman

S.K. PAREKH

Vice Chairman

M.B. PAREKH

Managing Director

P.C. PATEL

Sr. Vice President & Secretary

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1. Name of the Subsidiary : **Fevicol Company Ltd.**

2. The financial year of the Subsidiary ended on : 31st March, 2004

3. Holding company's Interest : 100%

- Equity Share Capital : Rs. 5,00,000

4. Net aggregate Profits or Losses for the current financial year since becoming subsidiary, so far as concern the Members of the Holding Company, not dealt with or provided for in the accounts of the Holding Company : Rs. 4,711

5. Net aggregate Profits or Losses for the previous financial years since becoming subsidiary, so far as concern the members of the Holding Company, not dealt with or provided for in the accounts of the Holding Company : Rs. 9,095

6. Additional information u/s 212(5) : Not Applicable

FOR AND ON BEHALF OF THE BOARD

B.K. Parekh
Chairman

S.K. Parekh
Vice Chairman

M.B. Parekh
Managing Director

Mumbai
Date: 22nd May, 2004

P.C. Patel
Sr. Vice President & Secretary

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 2003-2004, 6 Board Meetings (including one adjourned meeting) were held on 6th May, 2003, 27th May, 2003 (adjourned to 10th June, 2003), 22nd July, 2003, 17th October, 2003 and 23rd January, 2004.

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

Sr.No	Name	Category	No. of Board Meetings attended	Attendance at last AGM	No. of Directorships held as on 31 st March, 2004 in other Companies*	No. of other Committee positions held in other Companies	
						Memberships	Chairmanships
1	Shri B.K. Parekh (Chairman)	NED(P)	6	Yes	17	3	–
2	Shri S.K. Parekh (Vice Chairman)	NED(P)	6	Yes	7	1	–
3	Shri H.K. Parekh	NED(P)	5	Yes	3	–	–
4	Shri M.B. Parekh (Managing Director)	ED(P)	6	Yes	9	–	–
5	Shri N.K. Parekh (Jt.Managing Director)	ED(P)	6	Yes	7	–	–
6	Shri A.B. Parekh (Wholetime Director)	ED(P)	5	Yes	5	–	–
7	Shri S.T. Dave (Wholetime Director)	ED	6	Yes	–	–	–
8	Shri Santosh Kumar (Wholetime Director)	ED	3	Yes	1	–	–
9	Shri R.M. Gandhi	NED (I)	6	Yes	4	3	3
10	Shri N.J. Jhaveri	NED (I)	5	No	11	5	4
11	Shri Bansi S. Mehta	NED (I)	5	Yes	19	5	4
12	Shri Ranjan Kapur	NED (I)	3	Yes	5	–	–
13	Shri Yash Mahajan	NED (I)	4	Yes	6	6	–

ED – Executive Director, ED (P) – Executive Director, Promoter, NED (P) – Non executive Director, Promoter, NED (I)– Non executive Director, Independent

* Including Directorships held in Private Limited Companies.

3. Audit Committee

During the financial year 2003-2004, 5 meetings of the Committee were held on 27th May, 2003, 22nd July, 2003, 17th October, 2003, 23rd January, 2004 and 24th February, 2004.

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)	5
2	Shri N.J. Jhaveri	Member	NED (I)	4
3	Shri B.K. Parekh	Member	NED (P)	5

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

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

4. Remuneration of Directors

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

Executive Directors' remuneration details for the financial year 2003-2004 are given below:

Sr. No.	Name	Salary* (Rs)	Commission Payable (Rs)	Perquisites (Rs)	Total (Rs)	Tenure (No of years)
1	Shri M.B. Parekh (Managing Director)	52,70,720	1,07,62,498	32,95,925	1,93,29,143	5
2	Shri N.K. Parekh (Jt.Managing Director)	26,35,360	46,79,347	21,53,028	94,67,735	5
3	Shri A.B. Parekh (Wholetime Director)	22,12,288	32,75,543	21,19,142	76,06,973	5
4	Shri Santosh Kumar (Wholetime Director)	6,79,752	-	5,05,781	11,85,533	2
5	Shri S.T. Dave (Wholetime Director)	6,33,024	-	10,83,581	17,16,605	2

* Includes House Rent Allowance

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

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

The details of sitting fees paid for attending to the Board/Committee meetings and commission due to the Non-executive Directors for the year ended 31st March, 2004 are as under:

Sr. No.	Name	Sitting fees (Rs)	Commission Payable (Rs)	Total (Rs)
1	Shri B.K. Parekh	-	1,75,000	1,75,000
2	Shri S.K. Parekh	-	1,75,000	1,75,000
3	Shri H.K. Parekh	-	1,75,000	1,75,000
4	Shri R.M. Gandhi	35,000	1,75,000	2,10,000
5	Shri N.J. Jhaveri	33,000	1,75,000	2,08,000
6	Shri B.S. Mehta	35,000	1,75,000	2,10,000
7	Shri Ranjan Kapur	15,000	1,75,000	1,90,000
8	Shri Yash Mahajan	20,000	1,75,000	1,95,000

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

5. Shareholders/Investors Grievance Committee

During the year 12 meetings of the Share Transfer Committee were held and 2 meetings of the Shareholders/Investors Grievance Committee were held on 15th July, 2003 & 11th February, 2004 which were attended by all the members of the Committee.

Details of composition of the Committee is given below:

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

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

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

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

The total number of letters received from the shareholders were 835 of which only 16 were in the nature of complaints. All the letters were replied to as on 31st March, 2004 except 3 letters, which were dealt with by 15th April, 2004. All the complaints were solved to the satisfaction of shareholders. No requests for transfer of shares were pending as on 31st March, 2004. 5 requests for dematerialisation of shares were pending for approval as on 31st March, 2004 which were dealt with by 6th April, 2004.

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

6. General Body Meetings

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

Financial Year	Venue	Date & Time
2002-2003	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001.	5 th August, 2003 at 11.00 a.m.
2001-2002	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001.	6 th September, 2002 at 11.00 a.m.
2000-2001	Padmabhooshan Vasantdada Sabagraha, 12 th Floor, Sakhar Bhavan, Nariman Point, Mumbai-400 021.	7 th August, 2001 at 11.00 a.m.

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

7. Disclosures

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

8. Means of Communication

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

9. Information relating to Directors

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

10. Information for Shareholders

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

11. Non- Mandatory Requirement

Chairman of the Board:

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Pidilite Industries Limited,
Regent Chambers,
Nariman Point, Mumbai 400 021.

We have examined the compliance of conditions of corporate governance by Pidilite Industries Limited, for the year ended 31st March, 2004, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination, conducted in the manner described in the 'Guidance Note on Certification of Corporate Governance' issued by the Institute of Chartered Accountants of India, was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Haribhakti & Co.
Chartered Accountants

Place: Mumbai
Date: 15th June, 2004

Chetan Desai
Partner
Membership No. 17000

INFORMATION FOR SHAREHOLDERS

Annual General Meeting:

Day, Date & Time : Tuesday, 3rd August, 2004, 11 a.m.
 Venue : Kamalnayan Bajaj Hall, Bajaj Bhavan, Jarnalal Bajaj Marg, Nariman Point, Mumbai-400 021.

Financial Calendar (Tentative):

Unaudited results for the quarter ending 30th June, 2004:
 4th week of July 2004
 Unaudited results for the quarter ending 30th September, 2004:
 4th week of October 2004
 Unaudited results for the quarter ending 31st December, 2004:
 4th week of January 2005
 Audited results for the year ending 31st March, 2005:
 4th week of May/June 2005

Dates of Book Closure:

20th July, 2004 to 3rd August, 2004 (both days inclusive)

Dividend Payment:

Dividend will be paid during the month of August, 2004 subject to the approval of the shareholders at the Annual General Meeting.

Listing of Shares on Stock Exchanges:

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

Delisting of Shares:

In terms of consent granted by the shareholders at the AGM held on 5th August, 2003, the equity shares of the company have been de-listed from Ahmedabad Stock Exchange (ASE) and Delhi Stock Exchange Assn Ltd (DSE) on receipt of approval letter dated 9th October, 2003 from ASE and letter dated 14th November, 2003 from DSE.

Stock Codes:

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

Market Price Data:

Share prices during the year 2003-2004 at NSE for one equity share of Rs.10 each were as under:

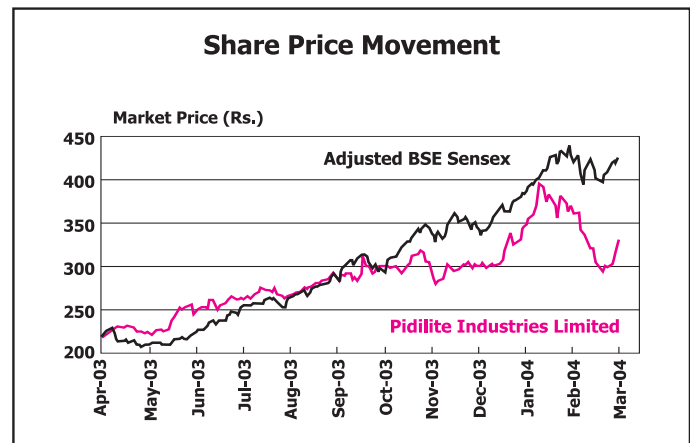
Month	Share Price (Rs)	
	High	Low
April, 2003	245.00	217.00
May, 2003	260.00	219.40
June, 2003	272.40	247.00
July, 2003	285.00	260.00
August, 2003	299.80	266.00
September, 2003	324.00	281.00
October, 2003	325.50	268.00
November, 2003	313.85	286.05
December, 2003	405.00	300.10
January, 2004	391.40	304.05
February, 2004	380.00	286.10
March, 2004	340.00	286.00

Share prices during the year 2003-2004 at BSE for one equity share of Rs.10 each were as under:

Month	Share Price (Rs)	
	High	Low
April, 2003	231.00	210.05
May, 2003	259.00	220.10
June, 2003	272.00	250.00
July, 2003	284.00	258.00
August, 2003	299.80	268.00
September, 2003	325.00	280.10
October, 2003	335.00	268.90
November, 2003	314.95	282.60
December, 2003	415.00	296.95
January, 2004	398.00	304.00
February, 2004	361.00	285.00
March, 2004	342.00	281.00

Stock Performance:

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



Registrar & Share Transfer Agent:

M/s. Tata Share Registry Limited
 Unit: Pidilite Industries Limited
 Army & Navy Building,
 148, Mahatma Gandhi Road,
 Fort, Mumbai 400 001.
 Tel: 022 - 56568484
 Fax: 022 - 56568494, 56568496
 e-mail: csg-unit@tatashare.com
 website: www.tatashare.com

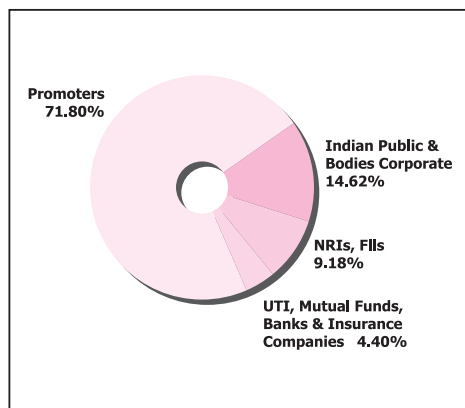
Share Transfer System:

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

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

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

Shareholding Pattern as on 31st March, 2004:



Dematerialisation of shares & liquidity:

As on 31st March, 2004, 97.1% of total equity shares of the Company were held in dematerialised form with National Securities Depository Ltd. and Central Depository Services (India) Ltd. The Company's equity shares are required to be compulsorily traded in the dematerialised form. The shares are available for dematerialisation under ISIN INE318A01018. Requests for dematerialisation of shares are processed and generally confirmed within 15 days of receipt.

Outstanding GDRs/ADRs/Warrants/Convertible instruments:

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

Plant Locations:

Mahad, Panvel and Taloja (Maharashtra), Vapi (Gujarat) and Daman (Union Territory of India).

Address for Correspondence:

Registered Office

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

Corporate Secretarial/Investors' Assistance Department:

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

CONSOLIDATED FINANCIAL STATEMENTS

PIDILITE INDUSTRIES LIMITED

Auditors' Report

To :

The Board of Directors of
PIDILITE INDUSTRIES LIMITED

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

We have examined the attached consolidated balance sheet of Pidilite Industries Limited (PIL) and its subsidiary as at 31st March 2004, the consolidated Profit and Loss Account for the year ended on that date, annexed thereto and the consolidated cash flow statement for the year ended as on that date.

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

We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of Rs. 69.24 lacs as at 31st March, 2004 and total revenues of Rs. 0.12 lacs for the year ended on that date. These financial statements have been audited by other chartered accountants whose report has been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other chartered accountants.

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

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

- a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Pidilite Industries Limited and its subsidiary as at 31st March, 2004 and
- b) the consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Pidilite Industries Limited and its subsidiary for the year ended on that date
- c) in case of consolidated cash flow statement, of the consolidated cash flows of the Company and its subsidiary for the year ended on that date

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

Mumbai
Date: 22nd May, 2004

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2004

		(Rs. in Lacs)	
		As at	As at
Schedule	31 st March, 2004	31 st March, 2003	
I. SOURCES OF FUNDS			
1. Shareholders' Funds:			
a. Capital	1	25,24.00	25,24.00
b. Reserves and Surplus	2	<u>2,89,61.41</u>	<u>2,51,44.20</u>
		3,14,85.41	2,76,68.20
2. Loan Funds :			
a. Secured Loans	3	19,63.50	15,07.32
b. Unsecured Loans	4	<u>36,59.54</u>	<u>26,56.73</u>
		56,23.04	41,64.05
3. Deferred Tax Liability (Net)		<u>30,08.93</u>	<u>29,31.24</u>
TOTAL		<u>4,01,17.38</u>	<u>3,47,63.49</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets:			
a. Gross Block	5	3,41,26.26	3,06,90.89
b. Less: Depreciation		<u>1,37,16.49</u>	<u>1,12,12.49</u>
c. Less: Lease Adjustment		<u>5.61</u>	<u>4.16</u>
d. Net Block		<u>2,04,04.16</u>	<u>1,94,74.24</u>
e. Capital work in progress		<u>14,37.55</u>	<u>7,27.55</u>
		2,18,41.71	2,02,01.79
2. Investments (Net)	6	19,14.82	19,42.65
3. Current Assets, Loans and Advances			
a. Inventories		1,04,78.65	86,01.35
b. Sundry Debtors		97,19.53	82,03.65
c. Cash and Bank Balances		7,50.87	7,10.79
d. Other Current Assets		1,89.50	1,63.54
e. Loans and Advances		<u>31,18.77</u>	<u>28,96.03</u>
		2,42,57.32	2,05,75.36
Less: Current Liabilities and Provisions			
a. Liabilities	8	54,63.21	55,90.01
b. Provisions		<u>25,33.09</u>	<u>23,68.93</u>
		<u>79,96.30</u>	<u>79,58.94</u>
Net Current Assets		1,62,61.02	1,26,16.42
4. Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
VRS compensation - Refer Note 1 (viii) of schedule 12		97.20	-
Preliminary Expenses		<u>2.63</u>	<u>2.63</u>
TOTAL		<u>4,01,17.38</u>	<u>3,47,63.49</u>

Notes forming part of Accounts 12

AS PER OUR REPORT OF EVEN DATE FOR AND ON BEHALF OF THE BOARD
 For HARIBHAKTI & CO. Chartered Accountants **B.K. PAREKH** Chairman
CHETAN DESAI (Partner) **S.K. PAREKH** Vice Chairman
 Mumbai Date: 22nd May, 2004 **P.C.PATEL** Sr. Vice President & Secretary **M.B. PAREKH** Managing Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

		(Rs. in Lacs)	
		As at	As at
Schedule	31 st March, 2004	31 st March, 2003	Previous Year
INCOME			
Sales		7,55,77.30	6,62,13.54
Less: Excise Duty		<u>1,01,94.67</u>	<u>87,83.82</u>
Net Sales		6,53,82.63	5,74,29.72
Other Income	9	<u>8,96.88</u>	<u>5,69.76</u>
		6,62,79.51	5,79,99.48
EXPENDITURE			
Materials	10	3,44,62.63	2,94,42.27
Other Expenses	11	<u>2,01,07.85</u>	<u>1,72,88.88</u>
Depreciation		<u>25,50.22</u>	<u>22,53.01</u>
		5,71,20.70	4,89,84.16
Profit Before Taxation		91,58.81	90,15.32
Provision for Current Taxation		29,40.03	29,50.02
Deferred Taxation		<u>77.69</u>	<u>1,35.74</u>
Profit for the Year		61,41.09	59,29.56
Share of Profit/(Loss) in Associate Company for the year		(45.97)	(2,37.60)
Prior year Tax provision written back (Net)		-	(0.02)
Balance brought forward from previous year		<u>27,41.69</u>	<u>17,86.24</u>
Share of undistributed profits of Associate Company for prior years till 31 st March 2002.		-	7,99.05
Profit available for appropriation		88,36.81	82,77.23
Proposed Dividend		<u>20,19.20</u>	<u>18,93.00</u>
Corporate Tax on Dividend		<u>2,58.71</u>	<u>2,42.54</u>
		22,77.91	21,35.54
Transfer to General Reserve		<u>34,00.00</u>	<u>34,00.00</u>
Balance carried to Balance Sheet		<u>31,58.90</u>	<u>27,41.69</u>
Earnings Per Share: (Refer Note 13 of Schedule 12)			
Basic and Diluted (Rs.)		24.33	23.49
Notes forming part of Accounts	12		
AS PER OUR REPORT OF EVEN DATE			FOR AND ON BEHALF OF THE BOARD
For HARIBHAKTI & CO. Chartered Accountants			B.K. PAREKH Chairman
CHETAN DESAI (Partner)			S.K. PAREKH Vice Chairman
Mumbai Date: 22 nd May, 2004		P.C.PATEL Sr. Vice President & Secretary	M.B. PAREKH Managing Director

Schedule Numbers 1 to 12 annexed to and forming part of the Balance Sheet as at 31st March, 2004 and Profit and Loss Account for the year ended 31st March, 2004

		(Rs. in Lacs)	
		As at	As at
		31 st March, 2004	31 st March 2003
SCHEDULE - 1			
SHARE CAPITAL			
Authorised			
2,75,00,000 Equity Shares of Rs. 10 each		27,50.00	27,50.00
25,00,000 Unclassified Shares of Rs. 10 each		<u>2,50.00</u>	<u>2,50.00</u>
TOTAL		30,00.00	30,00.00
Issued, Subscribed and Paid up			
2,52,39,400 Equity Shares of Rs. 10 each, fully paid-up (Notes 1 and 2)		25,23.94	25,23.94
Bonus Shares Issue Suspense Account (Note 3)		<u>0.06</u>	<u>0.06</u>
TOTAL		25,24.00	25,24.00
NOTES: Out of the above			
1. 7,47,588 Equity Shares of Rs.10 each have been issued for consideration other than cash pursuant to various schemes of amalgamation during earlier years.			
2. 2,26,42,034 Equity Shares of Rs.10 each have been allotted as fully paid-up Bonus Shares by way of capitalisation of General Reserve, Share Premium Account and Capital Redemption Reserve.			
3. Bonus Shares Issue Suspense Account pertains to issue of 600 fully paid-up Bonus Shares pending settlement of dispute for title of Shares.			
SCHEDULE - 2			
RESERVES AND SURPLUS			
Capital Reserve			
Balance as per last Balance Sheet		33.70	33.70
Cash Subsidy Reserve			
Balance as per last Balance Sheet		74.74	74.74
Special Reserve			
Balance as per last Balance Sheet		11.89	11.89
General Reserve			
Balance as per last Balance Sheet		2,22,82.18	1,88,82.18
Add: Transferred from Profit and Loss Account		<u>34,00.00</u>	<u>34,00.00</u>
		2,56,82.18	2,22,82.18
Profit and Loss Account		31,58.90	27,41.69
TOTAL		<u>2,89,61.41</u>	<u>2,51,44.20</u>

	As at 31 st March, 2004	(Rs. in Lacs) As at 31 st March 2003
SCHEDULE - 3		
SECURED LOANS		
Working Capital loans from Banks (including Working Capital Demand Loan)	19,63.50	15,07.32
TOTAL	19,63.50	15,07.32

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

	As at 31.3.2004	As at 31.3.2003
SCHEDULE - 4		
UNSECURED LOANS		
Interest free Sales Tax loan from Government of Gujarat	14.49	19.20
Interest free Sales Tax loan from Government of Maharashtra	16,45.05	12,05.03
Commercial Paper	20,00.00	-
Foreign Currency Loan from Banks	-	14,32.50
TOTAL	36,59.54	26,56.73

Amount due within one year Rs. 20,04.71 Lacs (Rs.14,37.21 Lacs)

SCHEDULE - 5

FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				Lease Adjust- ment Account	NET BLOCK	
	As at 1.4.2003	Additions/ Adjust- ments	Deduc- tions/ Adjust- ments	As at 31.3.2004	As at 1.4.2003	Provided during the year	Deductions/ Adjust- ments	As at 31.3.2004		As at 31.3.2004	As at 31.3.2003
Goodwill	5,19.00	0.25	-	5,19.25	1,71.29	84.78	-	2,56.07	-	2,63.18	3,47.71
Freehold Land	6,17.48	-	-	6,17.48	-	-	-	-	-	6,17.48	6,17.48
Leasehold Land	2,81.11	95.30	-	3,76.41	14.30	2.59	-	16.89	-	3,59.52	2,66.81
Buildings	48,85.07	7,19.37	-	56,04.44	9,25.46	1,52.81	-	10,78.27	-	45,26.17	39,59.62
Plant and Machinery	1,73,04.90	23,57.08	10.22	1,96,51.76	80,80.00	16,61.52	(2.36)	97,39.16	-	99,12.60	92,24.89
Trademark	47,56.99	0.25	-	47,57.24	11,31.08	4,75.72	-	16,06.80	-	31,50.44	36,25.91
Copyrights	99.52	-	-	99.52	22.34	9.95	-	32.29	-	67.23	77.18
Furniture & Fixtures	11,44.67	1,64.59	1.04	13,08.22	3,81.91	76.66	(0.21)	4,58.36	-	8,49.86	7,62.76
Vehicles	6,84.86	1,63.26	40.37	8,07.75	2,42.87	64.01	(24.16)	2,82.72	-	5,25.03	4,41.99
Capital Expenditure on Scientific Research:											
- Buildings	14.84	-	-	14.84	7.02	0.48	-	7.50	-	7.34	7.82
- Plant and Machinery	2,80.62	11.75	-	2,92.37	1,73.49	15.69	-	1,89.18	-	1,03.19	1,07.13
- Furniture and Fixtures	30.65	-	-	30.65	7.92	1.94	-	9.86	-	20.79	22.73
Assets given on Lease											
Plant and Machinery	56.98	-	24.85	32.13	43.94	3.33	(19.49)	27.78	(3.12)	1.23	11.71
Vehicles	14.20	-	-	14.20	10.87	0.74	-	11.61	(2.49)	0.10	0.50
Total	3,06,90.89	35,11.85	76.48	3,41,26.26	1,12,12.49	25,50.22	(46.22)	1,37,16.49	(5.61)	2,04,04.16	1,94,74.24
Previous Year	2,72,94.27	37,10.63	3,14.01	3,06,90.89	91,91.48	22,53.01	(2,32.00)	1,12,12.49	(4.16)		
Capital work in progress including capital advances										14,37.55	7,27.55
Total										2,18,41.71	2,02,01.79

	(Rs. in Lacs)	
	As at 31 st March, 2004	As at 31 st March, 2003
SCHEDULE - 6		
LONG TERM INVESTMENTS (AT COST)		
I. In Government Securities (Unquoted)		
6 and 7 Years National Savings Certificates (Deposited with Government Departments, Bombay Municipal Corporation, Reliance Energy Ltd.)	1.61	1.63
II. In Equity Shares (Fully paid)		
a) Quoted		
Trade:		
• 74,51,540 Equity Shares of Rs. 10 each of Vinyl Chemicals (India) Ltd.	11,78.34	11,78.34
Add: Adjustment for valuation of investment in Vinyl Chemicals (India) Ltd. (Refer note 14 of Schedule 12)		
Goodwill (net) arising at the time of acquisition of shares	(95.24)	(95.24)
Share of undistributed profits / losses in prior years up to 31st March 2003	5,61.45	7,99.05
Share of loss for current year	(45.97)	(2,37.60)
	<u>15,98.58</u>	<u>16,44.55</u>
Others:		
• 3,594 (4,600) Equity Shares of Rs. 10 each of Hindustan Adhesives Ltd.	0.87	1.13
• 14,400 (16,400) Equity Shares of Rs. 10 each of Hindustan Organic Chemicals Ltd.	7.20	8.20
• 4,188 Equity Shares of Rs. 10 each of Indian Petrochemicals Corporation Ltd.	7.74	7.74
• 2,000 Equity Shares of Rs. 10 each of Jindal Vijaynagar Steel Ltd. (Rs. 5 paid per share)	0.10	0.10
• 1,21,300 Equity Shares of Rs. 10 each of Pal Peugeot Ltd.	12.13	12.13
• 2,22,542 (1,69,942) Equity Shares of Rs. 10 each of Indian Overseas Bank Ltd.	29.62	16.99
• 61,900 (62,700) Equity Shares of Rs. 10 each of Menon Pistons Ltd.	43.74	44.30
	<u>16,99.98</u>	<u>17,35.14</u>
[Market Value Rs. 789.95 Lacs (420.49 Lacs)]		
b) Unquoted (Fully paid)		
• 40 Equity Shares of Rs. 50 each of Regent Chambers Premises Co-op. Society Ltd.	0.02	0.02
• 25 Equity Shares of Rs. 10 each of New Usha Nagar Co-op. Housing Society Ltd.	0.01	0.01
• 2,00,200 Equity Shares of Rs. 10 each of Enjaves Spices & Chemicals Oil Ltd	52.86	52.86
• 628 Equity Shares of Rs. 100 each of Jawahar Co-op. Industrial Estate Ltd.	0.62	0.62
• 2,275 Equity Shares of Rs. 1 each of Himalaya House Company Ltd.	0.02	0.02
	<u>53.53</u>	<u>53.53</u>
III. In Units of Mutual Fund (Unquoted)		
• 400 Units of Rs. 70,000 each of Infinity Venture India Fund (Rs. 65,000 per unit paid-up)	2,60.00	2,60.00
• Nil (19,748,458) Growth Plan Units of Rs.10 each of Grindlays S.S.Income Fund.	-	2.36
	<u>2,60.00</u>	<u>2,62.36</u>
TOTAL: I + II(a) + II(b) + III	<u>20,15.12</u>	<u>20,52.66</u>
Less: Diminution in value of Investments	<u>1,00.30</u>	<u>1,10.01</u>
	<u>19,14.82</u>	<u>19,42.65</u>
Investments purchased and sold during the year other than shown above:		(Units)
	Purchased	Sold
Units of Prudential ICICI Mutual Fund Liquid Plan Dividend Option	5528533.474	5528533.474
Units of Birla Cash Plus Dividend Option	27889287.758	27889287.758
Units of DSP Merrill Lynch Mutual Fund Liquidity Fund (Growth Option)	2683649.422	2683649.422
Units of DSP Merrill Lynch Mutual Fund Liquidity Fund (Dividend Option)	13724905.670	13724905.670
Units of Templeton Mutual Fund	55567.663	55567.663
Units of Reliance Mutual Fund Dividend Option	6305422.001	6305422.001
Units of Grindlays Cash Fund Dividend Option	5398970.707	5398970.707
SCHEDULE - 7		
CURRENT ASSETS, LOANS AND ADVANCES		
A) Current Assets		
a) Inventories (As valued and certified by the Management)		
Consumable Stores and Spares, etc.	72.36	75.34
Raw Materials	38,85.39	34,22.60
Goods in Process	3,54.87	3,08.46
Finished Goods	47,13.35	36,55.76
Traded Goods	7,33.37	5,01.58
Packing Materials	7,19.31	6,37.61
	<u>1,04,78.65</u>	<u>86,01.35</u>
b) Sundry Debtors (Unsecured)		
Over six months		
Considered good	2,06.87	2,37.71
Considered doubtful	-	31.73
Others, considered good	95,12.66	79,65.94
	<u>97,19.53</u>	<u>82,35.38</u>
Less: Provision for doubtful debts	-	31.73
	<u>97,19.53</u>	<u>82,03.65</u>

	(Rs. in Lacs)	
	As at 31 st March, 2004	As at 31 st March, 2003
c) Cash and Bank Balances		
Cash and cheques on hand	2,98.32	2,51.00
Remittances in transit	2.11	4.63
Bank Balances:		
With scheduled banks:		
In Current Accounts	4,49.21	4,53.93
In Deposit	0.93	0.93
Others:		
In Fixed Deposit with Municipal Co-op. Bank Ltd. [Maximum outstanding during the year Rs. 0.30 Lacs (Rs. 0.30 Lacs)]	0.30	0.30
	<u>7,50.87</u>	<u>7,10.79</u>
d) Other Current Assets		
Interest Accrued on Investments	0.68	0.17
Claims Receivable	1,88.82	1,63.37
	<u>1,89.50</u>	<u>1,63.54</u>
B) Loans and Advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	10,12.23	11,43.44
Advance Payment of Taxes (Net of Provisions)	12,60.13	10,80.22
Loans and Advances to Staff	2,74.00	2,99.20
Deposits	2,66.54	2,35.91
Balances with Central Excise Department	3,05.87	1,37.26
	<u>31,18.77</u>	<u>28,96.03</u>
TOTAL	<u>2,42,57.32</u>	<u>2,05,75.36</u>
SCHEDULE - 8		
CURRENT LIABILITIES AND PROVISIONS		
A) Current Liabilities		
Acceptances	1,70.11	1,35.29
Sundry Creditors (Refer Note: 2 of Schedule 12)		
Small Scale Industrial Undertakings	0.53	1.18
Others	36,70.24	40,39.32
	<u>36,70.77</u>	<u>40,40.50</u>
Dealers' Deposits	9,85.55	8,67.17
Investor Education and Protection Fund shall be credited by the following to the extent required as and when necessary:		
Unclaimed Dividends	33.09	30.68
Other Liabilities	6,03.69	5,16.37
	<u>54,63.21</u>	<u>55,90.01</u>
B) Provisions		
For Leave encashment	2,55.18	2,27.12
For Non Performing/Substandard assets	-	6.27
Dividends:		
Proposed Dividend	20,19.20	18,93.00
Corporate Tax on Dividend	2,58.71	2,42.54
	<u>22,77.91</u>	<u>21,35.54</u>
	<u>25,33.09</u>	<u>23,68.93</u>
TOTAL	<u>79,96.30</u>	<u>79,58.94</u>
(Rs. in Lacs)		
SCHEDULE - 9		
OTHER INCOME		
Interest received (Gross)	74.69	11.61
[Tax deducted at source Rs. 5.89 Lacs (Rs. 1.79 Lacs)]		
Dividend received:		
Other than long term Investments	24.64	10.67
Export Incentives	1,93.75	1,14.70
Profit on sale of Investments (Net)	6.82	5.80
Miscellaneous	5,96.98	4,26.98
	<u>8,96.88</u>	<u>5,69.76</u>
TOTAL	<u>8,96.88</u>	<u>5,69.76</u>

	(Rs. in Lacs)	
		Previous year
SCHEDULE - 10		
MATERIALS		
a. Raw Materials consumed		
Opening Stock	34,22.60	29,86.03
Add: Purchases	2,63,54.69	2,17,90.33
	<u>2,97,77.29</u>	<u>2,47,76.36</u>
Less: Closing Stock	38,85.39	34,22.60
	<u>2,58,91.90</u>	<u>2,13,53.76</u>
b. (Increase)/Decrease in Stocks		
Closing Stock		
Goods in Process	3,54.87	3,08.46
Finished Goods	47,13.35	36,55.76
	<u>50,68.22</u>	<u>39,64.22</u>
Less: Opening Stock		
Goods in Process	3,08.46	2,97.94
Finished Goods	36,55.76	34,57.72
	<u>39,64.22</u>	<u>37,55.66</u>
	<u>(11,04.00)</u>	<u>(2,08.56)</u>
c. Packing Materials consumed	74,71.35	60,28.65
d. Cost of Traded Goods		
Opening Stock	5,01.58	6,14.61
Add: Purchases	24,35.17	21,55.39
	<u>29,36.75</u>	<u>27,70.00</u>
Less: Closing Stock	7,33.37	5,01.58
	<u>22,03.38</u>	<u>22,68.42</u>
TOTAL	<u>3,44,62.63</u>	<u>2,94,42.27</u>
SCHEDULE - 11		
OTHER EXPENSES		
Stores and Spares consumed	3,63.12	2,86.73
Clearing, Forwarding, Octroi Duty etc.	21,94.90	17,55.34
Central Excise Duty	1,83.33	58.75
Power and Fuel	8,12.85	7,81.81
Water Charges	90.86	89.97
Employees' Emoluments:		
[Refer Notes 1(vi), (vii), (viii), 6 and 7 of Schedule 12]		
Salaries, Wages, Bonus, Allowances etc.	44,66.00	36,91.51
Contribution to Provident and Other Funds	4,41.16	3,59.00
Welfare Expenses	6,91.02	6,43.64
	<u>55,98.18</u>	<u>46,94.15</u>
Rent	2,52.63	1,78.61
Rates and Taxes	48.40	38.22
Insurance	2,43.55	1,98.45
Licence fees	4.33	4.98
Repairs		
Buildings	97.14	88.78
Machinery	1,96.11	2,04.39
Others	1,01.65	81.91
	<u>3,94.90</u>	<u>3,75.08</u>
Directors' Fees	1.38	1.00
Advertisement and Publicity	36,26.89	32,58.54
Legal and Professional fees	6,86.30	4,29.25
Communication Expenses	3,37.45	3,22.76
Printing and Stationery	1,23.03	1,17.37
Travelling & Conveyance Expenses	15,02.70	11,98.81
Bad Debts / Provision for Doubtful Debts	37.79	94.11
Processing and Packing Charges	17,53.37	14,93.21
Bank Charges	1,86.53	1,80.66
Commission & Brokerage	1,32.56	77.59
Miscellaneous expenses	12,55.90	12,24.24
Scientific Research and Development Expenditure	24.05	16.46
[Refer Note 1(iv) of Schedule 12]		
Remuneration to Auditors		
Audit Fees	10.81	10.09
For Other Services	9.97	7.75
	<u>20.78</u>	<u>17.84</u>
Donations	31.02	43.55
Diminution in Value of Investments	1.20	18.89
[Refer Note 1(v) of Schedule 12]		
Loss on Fixed Assets Sold/Discarded (Net)	15.20	30.61
Interest	1,84.65	3,01.90
TOTAL	<u>2,01,07.85</u>	<u>1,72,88.88</u>

SCHEDULE - 12

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

i) System of accounting

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

ii) Fixed Assets and Depreciation

a) Tangible assets are stated at cost.

b) The Company provides depreciation as under

1) For assets acquired up to 30.6.1987, 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 Income-Tax Act, 1961.

2) For assets acquired after 30.6.1987 & before 31.3.1993, on SLM basis at rates specified in Schedule XIV of the Companies Act, 1956.

3) For assets acquired after 31.3.1993, on SLM basis as per new rates prescribed under Schedule XIV vide notification No. GSR 756 (E) dated 16.12.1993 issued by the Department of Company Affairs.

4) The Company provides pro-rata depreciation for additions made during the year except for assets less than Rs. 5,000, for which depreciation has been provided at hundred percent.

5) The Goodwill acquired by the Company is depreciated over a period of 5 years on SLM basis.

6) The Trademarks and Copyrights acquired by the Company are depreciated over a period of 10 years on SLM basis.

iii) Method of Valuation of Inventories:

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

iv) Scientific Research and Development Expenditure:

a) Capital Expenditure is shown separately in Fixed Assets.

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

v) Investments:

Investments are stated at Cost. Diminution of permanent nature in the value of investments (other than long term strategic investment) is provided for.

vi) Gratuity:

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

vii) Leave Encashment Entitlement:

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

viii) Deferred Revenue Expenditure :

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

ix) Foreign Currency Transactions are recorded at the exchange rates prevailing on the date of the transaction.

Foreign currency assets and liabilities are restated at rates ruling at the year end. Exchange differences relating to fixed assets are adjusted in the cost of the asset. Any other exchange differences are dealt with in the Profit & Loss Account.

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

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

	(Rs. in Lacs)	
	As at	As at
	31st March, 2004	31st March, 2003
3. Contingent liabilities not provided for:		
i) Guarantees given by a Bank in favour of Government and others	3,74.05	2,49.47
ii) Guarantees given by Company	22,12.00	-
iii) Partly paid Shares and Units	20.10	1,40.10
iv) Disputed liabilities in respect of Income tax, Sales Tax and Central Excise & Customs (under appeal)	10,98.35	2,75.18
4. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	3,34.34	2,64.59
5. The net amount of exchange differences (credited) / debited to P&L Account	(43.12)	(14.41)
6. Remuneration to Directors:		
(Includes benefits which are debited to respective expenses)		
a. Remuneration	1,75.15	1,46.39
b. Commission	2,01.17	1,98.29
c. Provident Fund Contribution	20.03	16.71
d. Other Perquisites	30.74	29.79
7. Computation of Net Profit for Commission Payable to Directors		
in accordance with Section 198 of the Companies Act, 1956.		
Profit as Per Profit and Loss Account before		
Provision for taxation and commission to directors	93,59.98	92,14.82
Add: Directors' remuneration	1,75.15	1,46.39
Contribution to Provident Fund	20.03	16.71
Other Perquisites	30.74	29.79
	<u>2,25.92</u>	<u>1,92.89</u>
Less: Profit on sale of investments	9.09	6.16
Net Profit for the year for the purpose of Directors' Commission	<u>95,76.81</u>	<u>94,01.55</u>
Commission payable to Directors		
a) Managing Director, Joint Managing Director and a Wholtime Director	1,87.17	1,84.29
b) Others	14.00	14.00
	<u>2,01.17</u>	<u>1,98.29</u>

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

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

i. DETAILS OF THE GOODS MANUFACTURED/SALES/STOCKS

(Rs. in Lacs)

Class of Goods*	Licensed Capacity	Installed Capacity	Opening Stock (Qty.)	Opening Stock (Rs.)	Production Sale (Qty.)	Sales ^a (Qty.)	Sales ^b (Rs.)	Closing Stock (Qty.)	Closing Stock (Rs.)
Dyestuffs									
MT	3,624	2,364	1,585	11,23.96	9,611 ^c	9,702	81,28.95	1,494	13,46.30
	(3,624)	(2,364)	(141)	(5,41.80)	(9,616)	(8,172)	(71,88.04)	(1,585)	(11,14.07)
KL			390	4,73.40	2,133 ^p	2,097	48,09.18	426	5,19.82
			(463)	(7,34.47)	(1,776)	(1,845.1)	(44,01.37)	(393.96)	(4,83.29)
Chemicals									
MT	1,02,835	76,810	3,191	15,42.22	64,988 ^f	63,693	4,33,11.55	4,486	19,68.59
	(1,02,835)	(76,810)	(3,458)	(16,18.87)	(53,920)	(54,186)	(3,79,01.76)	(3,191.42)	(15,42.22)
KL	19,260	15,660	799	5,05.66	13,930 ^f	13,571	1,15,73.43	1,158	7,40.89
	(19,260)	(15,660)	(878)	(5,62.58)	(11,389)	(11,468)	(98,49.34)	(799.46)	(5,05.66)
Others Nos. lacs			22.21	1,08.78	2,92.91	2,85.44	14,09.81	29.68	1,37.75
			(-)	(-)	(1,90.75)	(1,68.54)	(9,22.62)	(22.21)	(1,08.78)
Traded Goods				5,59.71			63,07.70		7,33.37
				(6,14.61)			(54,92.25)		(5,59.71)
				43,13.73			7,55,40.62		54,46.72
				(40,72.33)			(6,57,55.38)		(43,13.73)

Notes:

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

B Excluding Resale of Raw Materials / Packing Materials Rs. 36.68 Lacs (Rs. 4,58.16 Lacs)

C Includes 7,875 Tonnes (8,421 Tonnes) produced in the factory of third party.

D Includes 2,133 KL (1,776 KL) produced in the factory of third party.

E Includes 39,173 Tonnes (28,225 Tonnes) produced in the factory of third party.

F Includes 825 KL (1,255 KL) produced in the factory of third party.

Figures in bracket indicate previous year's figures.

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

	2003-04		2002-03	
	Rs. in Lacs	%	Rs. in Lacs	%
Imported	1,07,82.34	67.85	76,85.54	41.70
Indigenous	1,50,74.17	32.15	1,32,08.77	58.30
	<u>2,58,56.51*</u>		<u>2,08,94.31*</u>	<u>100.00</u>

ii(b) Consumption of Raw Materials

	2003-04		2002-03	
	Quantity	Value	Quantity	Value
	MT	Rs. in Lacs	MT	Rs. in Lacs
Vinyl Acetate Monomer	13,652	56,97.49	11,243	43,23.24
Miscellaneous		2,01,59.02		1,65,71.06
(None of which individually account for more than 10% of total consumption)		<u>2,58,56.51*</u>		<u>2,08,94.30*</u>

Note: * Net of Resale of Raw Materials Rs. 36.68 Lacs (Rs. 4,58.16 Lacs)

iii.C.I.F. Value of Imports

	2003-04	2002-03
Raw Materials	85,08.14	59,36.17
Capital Goods	29.73	74.49
Others	9,29.10	6,37.60
	<u>94,66.97</u>	<u>66,48.26</u>

iv. Expenditure in Foreign Currency

	2003-04	2002-03
Foreign travel	1,62.97	1,29.17
Professional Fees	1,07.08	41.40
Others	1,88.38	1,35.62
	<u>4,58.43</u>	<u>3,06.19</u>

v. Earnings in Foreign Exchange

	2003-04	2002-03
FOB Value of Exports	40,72.25	36,76.36
Royalty	7.93	23.58
Others	7.94	10.94
	<u>40,88.12</u>	<u>37,10.88</u>

9. Segment reporting:

Business Segments	Consumer & Bazaar Products	Industrial Products	Total
REVENUE			
External sales	5,55,89.16	1,99,88.14	7,55,77.30
	(4,77,80.65)	(1,84,32.89)	(6,62,13.54)
Inter Segment Revenue	5.61	20,90.57	20,96.18
	(8.05)	(14,95.43)	(15,03.48)
Total Revenue	5,55,94.77	2,20,78.71	7,76,73.48
	(4,77,88.70)	(1,99,28.32)	(6,77,17.02)

Business Segments	Consumer & Bazaar Products	Industrial Products	Total			
Segment Results	1,17,05.15	18,44.21	1,35,49.36			
	(1,11,54.57)	(16,52.50)	(1,28,07.07)			
Unallocated Corporate Expenses			49,56.85			
			(41,67.99)			
Unallocated Corporate Income			6,05.65			
			(4,18.26)			
Operating Profit			91,98.16			
			(90,57.34)			
Interest expenses			1,84.65			
			(3,01.90)			
Interest / Dividend Income			99.33			
			(22.28)			
Income Tax (Provision for Taxation and Deferred taxation)			30,17.72			
			(30,85.76)			
Net Profit			60,95.12			
			(56,91.96)			
OTHER INFORMATION						
Segment Assets	2,14,43.53	1,14,22.26	3,28,65.79			
	(1,79,63.84)	(1,12,24.68)	(2,91,88.52)			
Unallocated Corporate assets			1,52,47.89			
			(1,35,33.91)			
Total Assets			4,81,13.68			
			(4,27,22.43)			
Segment Liabilities	23,51.72	13,18.95	36,70.67			
	(22,06.15)	(12,04.34)	(34,10.49)			
Unallocated Corporate Liabilities			43,25.63			
			(45,48.45)			
Total Liabilities			79,96.30			
			(79,58.94)			
Capital Expenditure	20,80.16	3,53.46	24,33.62			
	(23,23.01)	(4,18.64)	(27,41.65)			
Unallocated Corporate Capital Expenditure			10,78.23			
			(9,68.98)			
Depreciation	9,52.43	6,88.48	16,40.91			
	(7,60.90)	(7,78.00)	(15,38.90)			
INFORMATION ABOUT GEOGRAPHICAL SEGMENTS						
Geographical Segments	India		Other Countries		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Sales Revenue	7,10,67.58	6,21,92.49	45,09.72	40,21.05	7,55,77.30	6,62,13.54
Carrying amount of Segment Assets	4,69,77.22	4,20,37.02	11,36.46	6,85.41	4,81,13.68	4,27,22.43
Additions to Fixed Assets and Intangible Assets	35,11.85	37,10.63	-	-	35,11.85	37,10.63
10. Deferred Taxation:						
Out of the net deferred tax liability of Rs.30,08.93 lacs as at 31st March, 2004, the major components of deferred tax balances are set out below:						
		Upto 31.03.2003	During the year 2003-04	(Rs. in Lacs)		
				Carried as at 31.03.2004		
Deferred Tax Liability						
i) Difference between accounting and tax Depreciation (Cumulative)		30,14.93	73.98	30,88.91		
		30,14.93	73.98	30,88.91		
Deferred Tax Assets						
i) Provision for doubtful debts		11.38	(11.38)	-		
ii) Preliminary Expenses Amortisation		4.45	(2.93)	1.52		
iii) Leave salary		63.68	10.07	73.75		
iv) Others		4.18	0.53	4.71		
		83.69	(3.71)	79.98		
Net Deferred Tax Liability		<u>29,31.24</u>	<u>77.69</u>	<u>30,08.93</u>		
The above working of deferred tax is based on assessment orders where assessments are complete and on return of income in other cases.						
11. Related Party Disclosures						
Related party Disclosures as required by AS-18, "Related Party Disclosures", are given below:						
i) Relationships:						
a. Vinyl Chemicals (India) Ltd. - Substantial Interest in Voting Power						
b. Kalva Marketing 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 and A.B. Parekh, Whole Time Director.						
iii) Other Directors:						
a. Sarva Shri B.K. Parekh, H.K. Parekh, S.K. Parekh, R.M. Gandhi, N.J. Jhaveri, B.S. Mehta, Ranjan Kapoor and Yash Mahajan						
b. Sarva Shri Santosh Kumar and S.T. Dave - Whole Time Directors.						

IV) Transactions with Related Parties during the year ended March 31, 2004 are as follows:

Nature of Transactions	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
1. Sales and Related Income	3,68,74.78	3,28,30.84
2. Other Income	1,36.71	1,90.21
3. Purchases and Other Related Services	35,68.54	53,13.70
4. Sales Tax Deferment Benefit	73.60	73.60
5. Remuneration to Directors:		
- Sitting Fees	1.38	1.00
- Managing Director/Jt. Managing Director	2,98.06	2,77.66
- Whole Time Directors	1,13.49	99.52
- Commission to Non-Executive Directors	14.00	14.00
6. Purchase of Trade Marks/Goodwill	-	8,82.16
7. Purchase of Fixed Assets	5,07.06	24.29
8. Sales of Fixed Assets	0.18	28.47
9. Interest paid	-	2.74
10. Processing Charges	1,24.70	22.31
11. Rent, Maintenance and Service charges paid	1,25.12	1,23.81
12. Reimbursement of expenses made	3.89	8.23
13. Reimbursement of expenses received	4.37	6.20
14. Outstanding Balances:		
- Debtors	44,32.00	39,99.11
- Creditors	39.20	3,83.83
- Outstanding Payable (Net of receivable)	4.42	31.96

Except item no 6 above, the rest of the items relate to parties stated in (i) above. No amounts have been written off or written back during the year in respect of debts due from or to Related Parties.

12. Sundry debtors include amount due from:

	As at 31.03.2004	As at 31.03.2003
Company as per Section 370 (1B) of the Companies Act, 1956:		
Parekh Marketing Limited	43,98.33	38,18.87
Vinyl Chemicals (India) Limited	33.67	1,80.23

13. Earnings Per Share

	2003-04	2002-03
Outstanding Equity Shares (No.)	25240000	25240000
Net Profit after tax (Rs. in Lacs)	61,41.09	59,29.56
Earnings Per Share (Rs.)	24.33	23.49

14. As required by AS 23 which has come into effect from 01.04.2002, the treatment for Investment in Associate Company - Vinyl Chemicals (India) Ltd. is given in the consolidated accounts of Pidilite Industries Ltd. and Fevicol Company Ltd. as under :

- Goodwill, net of Capital Reserve, arising at the time of acquisitions made in various years is shown as Goodwill in the Fixed Assets Schedule.
- The following amounts have been adjusted in the Profit and Loss account :
 - Rs.5,61.45 Lacs being the share of Pidilite Industries Ltd. in Undistributed Profit/Loss of Vinyl Chemicals (India) Ltd. for all previous years up to 31.03.2003.
 - Rs.45.97 lacs being the share of loss of Vinyl Chemicals (India) Ltd. for the current year.
- Carrying amount of investment in Vinyl Chemicals (India) Ltd. in Schedule 6 has been adjusted for items (1) and (2) above.

15. Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956:
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

	2003-04	2002-03
I. Registration Details	14336	14336
State Code	11	11
Balance Sheet Date	31.3.2004	31.3.2003
	(Rs. in Lacs)	(Rs. in Lacs)
II. Capital Raised during the year		
Public Issue	Nil	Nil
Rights Issue	Nil	Nil
Bonus Issue	Nil	Nil
Private Placement / On Amalgamation	Nil	Nil
III. Position of Mobilisation and Deployment of Funds		
Total Liabilities	4,01,17.38	3,47,63.49
Total Assets	4,01,17.38	3,47,63.49
Sources of Funds		
Paid-up Capital	25,24.00	25,24.00
Reserves and Surplus	2,89,61.41	2,51,44.20
Secured Loans	19,63.50	15,07.32
Unsecured Loans	36,59.54	36,56.73
Deferred Tax Liability (Net)	30,08.93	29,31.24
Application of Funds		
Net Fixed Assets	2,18,41.71	2,02,01.79
Investments	19,14.82	19,42.65
Net Current Assets	1,62,61.02	1,26,16.42
IV. Performance of Company		
Turnover	7,55,77.30	6,62,13.54
Less: Excise duty	1,01,94.67	87,83.82
Net Turnover	6,53,82.63	5,74,29.72
Other Income	8,96.88	5,69.76
Total Expenditure	5,71,20.70	4,89,84.16
Profit Before Tax	91,58.81	90,15.32
Profit After Tax	61,41.09	59,29.56
Earnings per Share in Rs.	24.33	23.49
Dividend rate %	80.00	75.00

V. Generic Names of three Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	Product Description
3506	ADHESIVES
3905 + 3906	SYNTHETIC RESINS
3204	ORGANIC PIGMENTS AND PREPARATIONS BASED ON ORGANIC PIGMENTS

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

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

Signatures to Schedules 1 to 12

FOR AND ON BEHALF OF THE BOARD

B.K. PAREKH

Chairman

S.K. PAREKH

Vice Chairman

M.B. PAREKH

Managing Director

P.C. PATEL

Sr. Vice President & Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

	2003-04	2002-03
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	91,58.81	90,15.32
Adjustments for Depreciation	25,50.22	22,53.01
Adjustments for Diminution in value of Investment	1.20	18.89
Interest paid	1,84.65	3,01.90
Dividend received	(24.64)	(10.67)
Interest received	(74.69)	(11.61)
Amortisation of VRS compensation	24.30	-
(Profit) / Loss on Sale of Assets	15.20	30.61
(Profit) / Loss on Sale of Investments	(6.82)	(5.81)
Provision for Diminution in value of Investments written back	(10.91)	-
Bad debts w/ off and provision for doubtful debts	37.79	62.38
	<u>26,96.30</u>	<u>26,38.70</u>
Operating Profit before Working Capital changes	1,18,55.11	1,16,54.02
Working Capital changes		
Inventories	(18,77.30)	(6,68.60)
Debtors	(15,53.67)	(12,81.44)
Loans and Advances, etc.	(68.79)	1,27.04
Current Liabilities	(1,05.01)	(6,19.77)
	<u>(36,04.77)</u>	<u>(24,42.77)</u>
Cash generated from operations	82,50.34	92,11.25
Interest received	74.69	11.61
Interest paid	(1,84.65)	(3,02.97)
VRS compensation paid	(1,21.50)	-
Income Tax paid (Net)	(31,19.94)	(31,98.73)
	<u>(33,51.40)</u>	<u>(34,90.09)</u>
Net Cash flow from Operating activities	48,98.94	57,21.16
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(42,20.39)	(39,13.50)
Sale of Fixed Assets	15.06	51.39
Purchase of Investments	(78,28.38)	(34,59.33)
Sale of Investments	78,26.77	34,74.29
Dividend received	24.64	10.67
Net Cash flow from Investing activities	<u>(41,82.30)</u>	<u>(38,36.48)</u>
	7,16.64	18,84.68
C) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	4,35.30	5,59.44
Short term Borrowings - Commercial Paper	20,00.00	(20,00.00)
Short term Borrowings - Bank	4,56.18	(1,77.68)
Dividend paid (Incl Dividend Tax where applicable)	(21,35.54)	(17,64.77)
Short Term Borrowing - Foreign Currency Loan	(14,32.50)	14,32.50
Net Cash Flow from Financing activities	<u>(6,76.56)</u>	<u>(19,50.51)</u>
Net Increase in Cash and Cash Equivalents	40.08	(65.83)
Cash and Cash Equivalents as at 01.4.2003	7,10.79	7,76.62
Cash and Cash Equivalents as at 31.3.2004	<u>7,50.87</u>	<u>7,10.79</u>
	40.08	(65.83)

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For **HARIBHAKTI & CO.**

Chartered Accountants

B.K. PAREKH

Chairman

CHETAN DESAI

Partner

S.K. PAREKH

Vice Chairman

Mumbai

Date: 22nd May, 2004

P.C. PATEL

Sr. Vice President & Secretary

M.B. PAREKH

Managing Director

FEVICOL COMPANY LIMITED
24TH ANNUAL REPORT

FEVICOL COMPANY LIMITED

DIRECTORS : B.K. PAREKH *Chairman*

AUDITORS : D.A. KOTHARI & CO.

S.K. PAREKH
N.K. PAREKH
M.B. PAREKH

REGISTERED OFFICE : 7th floor, Regent Chambers
Jamnalal Bajaj Marg,
208, Nariman Point
Mumbai-400 021

SECRETARY : P.C. PATEL

Directors' Report

To :

The Shareholders :

Your Directors present their Twenty Fourth Annual Report together with Audited Statements of Accounts for the year ended 31st March, 2004.

Financial Results :

	Rs.
Profit Before Tax	7,323
Less: Provision for Taxation	<u>2,627</u>
Profit for the Year	4,696
Add: Excess Provision of Income Tax for earlier Year	15
Add: Profit brought forward from Previous Year	<u>9,095</u>
Balance carried to Balance Sheet	<u><u>13,806</u></u>

Dividend :

With a view to conserve the resources of the Company, your Directors do not recommend any dividend for the year.

New Units :

During the year, Company had initiated steps to set up new units in Himachal Pradesh for manufacture of Adhesives and Binders, which are now being implemented by M/s. Pidilite Industries Ltd., the holding company.

Director's Responsibility Statement:

Your Directors confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2004 and of the profit of the Company for that year;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

Particulars of Employees :

There is no employee in respect of whom information u/s 217 (2A) of the Companies Act, 1956 is required to be given.

Directors :

In accordance with the Articles of Association of the Company, Shri N.K. Parekh, a Director of the Company retires by rotation and being eligible offers himself for re-appointment.

Auditors :

Messrs. D. A. Kothari & Co., Chartered Accountants, Mumbai are due for retirement at the forthcoming Annual General Meeting. You are requested to appoint Auditors from conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

FOR AND ON BEHALF OF THE BOARD

B.K. PAREKH
Chairman

Mumbai

Date: 18th May, 2004

Auditors' Report

To :

The Shareholders
of FEVICOL COMPANY LIMITED

We have audited the attached Balance Sheet of FEVICOL COMPANY LIMITED as at 31st March, 2004 and the Profit & Loss Account of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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.

We further report as follows:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.
- b. In our opinion, proper Books of Accounts as required by law, have been kept by the company so far as appears from our examination of the books.
- c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Accounts.

d. In our opinion, Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956.

e. As per the information and explanations given to us, none of the directors of the company is disqualified from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004
AND
- ii. In the case of the Profit & Loss Account, of the Profit for the year ended on that date.

g. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we further give below a statement on the matters specified in paragraphs 4 and 5 of the said Order.

1. The Company has no fixed assets and hence maintaining particulars of such assets and physical verification of the same does not arise.

2. a. Company has taken interest free loan from its holding company. Maximum amount involved during the year was Rs. 242.00 Lacs and the year ended balance is Rs. 64.10 Lacs. The Company has not given any loan during the year.

b. In our opinion other terms and conditions on which loan has been taken are not *prima facie*, prejudicial to interest of the company.

c. There is no stipulation about repayment of the principal amount to holding company.

d. There is no overdue amount of loan taken from Holding Company.

3. In our opinion and according to the information given to us, the Company has not accepted any deposit from the public.

4. The Company has no formal internal audit system.

5. a. The company is regular in depositing with appropriate authorities undisputed statutory dues Income-tax and other material statutory dues applicable to it.

b. According to the information and explanations given to us, no undisputed amounts are payable in respect of income tax as at 31st March, 2004 for a period of more than six months from the date they became payable and other material statutory dues applicable to it.

c. According to the information and explanation given to us, there are no dues of income tax, which have not been deposited on account of any dispute.

6. The Company does not have accumulated losses as at the end of the year. The company has not incurred cash losses during the financial year covered by our audit, or in the immediately preceding financial year.

7. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks.

8. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

9. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the Provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

10. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

11. In our opinion and according to the information and explanations given to us, the company has not given guarantees for loans taken by others from bank or financial institutions.

12. The company has not raised any term loans.

13. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long term investment and vice versa.

14. The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act and therefore the question of the price at which shares have been issued being prejudicial to the interest of the company does not arise.

15. The company has not issued debentures and therefore the question of creation of security in respect of debentures does not arise.

16. The Company has not raised monies by public issues during the year and therefore the question of disclosure and verification of end use of such monies does not arise.

17. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

18. In our opinion and according to the information and explanation given to us the following clauses of the said order are not applicable to the company.

1. Physical verification and valuation of stocks. (clause ii)
2. Internal control procedure for the purchase of stores, raw materials, plant and machinery, equipment and other assets. (clause iv)
3. Purchases and sales transactions aggregating to Rs. 500000 in value or more for each party as mentioned u/s 301. (clause v)
4. Maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. (clause viii)

FOR D.A. KOTHARI & CO.

Chartered Accountants

D.A. KOTHARI

Proprietor

Membership No. 6301

Mumbai

Date: 18th May, 2004

BALANCE SHEET AS AT 31 ST MARCH, 2004		
	As at 31 st March, 2004 (Rupees)	As at 31 st March, 2003 (Rupees)
LIABILITIES		
SHARE CAPITAL :		
Authorised :		
40,00,000 Equity Shares of Rs.10 each	4,00,00,000	4,00,00,000
10,00,000 Unclassified Shares of Rs.10 each	1,00,00,000	1,00,00,000
	5,00,00,000	5,00,00,000
Issued, Subscribed and Paid up		
50,000 Equity Shares of Rs.10 each fully Paid up (Pidilite Industries Limited, the holding company holds all shares in its name/through nominees)	5,00,000	5,00,000
RESERVES AND SURPLUS		
Profit and Loss Account	13,806	9,095
UNSECURED LOANS		
Interest Free Loan From Holding Company	64,10,000	-
T O T A L	69,23,806	5,09,095
A S S E T S		
CAPITAL WORK IN PROGRESS		
Advance towards Purchase of Land	60,10,739	
Preoperative Expenses	17,785	
	60,28,524	
INVESTMENT		
Nil (19,748.458) Growth Plan Units of Rs. 10 each of Grindlays S.S. Income Fund {Net Asset Value Rs.Nil (Previous Year Rs.2,37,461.38)}	-	2,36,000
CURRENT ASSETS, LOANS & ADVANCES		
A] CURRENT ASSETS		
Cash and Bank Balances :		
Cash on hand	7,526	526
Balance in Current Account with a Scheduled Bank	6,36,293	10,482
	6,43,819	11,008
B] LOANS AND ADVANCES (Unsecured, considered good)		
Advance payment of taxes	-	1,357
	6,43,819	12,365
Less: CURRENT LIABILITIES & PROVISIONS		
Current Liabilities :		
Other Liabilities	9,360	540
Provision for Taxation	2,627	2,180
	11,987	2,720
NET CURRENT ASSETS	6,31,832	9,645
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)	2,63,450	2,63,450
T O T A L	69,23,806	5,09,095
Notes forming part of Accounts : Schedule 1		
AS PER OUR REPORT OF EVEN DATE		FOR AND ON BEHALF OF THE BOARD
For D.A. KOTHARI & CO. Chartered Accountants	P.C.PATEL Secretary	B.K. PAREKH Chairman S.K. PAREKH Director
D.A. KOTHARI Proprietor		
Mumbai Date: 18 th May, 2004		

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH,2004		
	CURRENT YEAR (Rupees)	PREVIOUS YEAR (Rupees)
INCOME		
Profit on Sale of Investment	12,266	11,210
EXPENSES		
Profession Tax	2,550	2,600
Remuneration to Auditors :		
Audit Fees	540	575
Bank Charges	-	50
General Expenses	1,000	2,093
Printing & Stationery	853	-
Provision for Taxation	2,627	2,180
	7,570	7,498
Net Profit For the Year	4,696	3,712
Add/(Less) : Excess / (Short) Provision of Income Tax for earlier year	15	(1,607)
Net Profit For the Year	4,711	2,105
Add : Profit brought forward from previous year	9,095	6,990
Balance carried to Balance Sheet	13,806	9,095
Notes forming part of Accounts : Schedule 1		
AS PER OUR REPORT OF EVEN DATE		FOR AND ON BEHALF OF THE BOARD
For D.A. KOTHARI & CO. Chartered Accountants	P.C. PATEL Secretary	B.K. PAREKH Chairman S.K. PAREKH Director
D.A. KOTHARI Proprietor		
Mumbai Date: 18 th May, 2004		

SCHEDULE - 1		
NOTES ON PROFIT & LOSS ACCOUNT AND BALANCE SHEET AS AT 31 ST MARCH, 2004		
The Company follows the accrual system of accounting.		
There is no additional information pursuant to Part II of Schedule VI of the Companies Act, 1956.		
Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956.		
Balance Sheet Abstract and Company's General Business Profile		
I. Registration Details :	2003-04	2002-03
Registration No.	21508	21508
Balance Sheet Date	31.03.2004	31.03.2003
State Code	11	11
II. Capital Raised during the year :	(Rs. in 000)	(Rs. in 000)
Public Issue	Nil	Nil
Right Issue	Nil	Nil
Bonus Issue	Nil	Nil
Private Placement	Nil	Nil
III.Position of Mobilisation and Deployment of Funds :		
Total Liabilities	6,924	509
Total Assets	6,924	509
Sources of Funds :		
Paid up Capital	500	500
Reserves & Surplus	14	9
Unsecured Loans	6,410	Nil
Application of Funds :		
Net Fixed Assets	6,029	Nil
Investments	0	236
Net Current Assets	632	10
Misc. Expenses	263	263
Accumulated Losses	Nil	Nil
IV.Performance of Company :		
Turnover/Income	12	11
Total Expenditure	5	5
Profit before Tax	7	6
Profit after Tax	5	4
Earnings per share in Rs.	0.09	0.04
Dividend Rate %	Nil	Nil
V. Generic Names of Services of Company :		
(As per Monetary Terms)		
Item Code No. (ITC Code)	Not Applicable	Not Applicable
Services rendered by Company	Investment Activity	Investment Activity
The figures in the Profit & Loss Account and the Balance Sheet have been rounded off to the nearest rupee.		
AS PER OUR REPORT OF EVEN DATE		FOR AND ON BEHALF OF THE BOARD
For D.A. KOTHARI & CO. Chartered Accountants	P.C. PATEL Secretary	B.K. PAREKH Chairman S.K. PAREKH Director
D.A. KOTHARI Proprietor		
Mumbai Date: 18 th May, 2004		