creative building bonds
‘Building Bonds’ has been the foundation of our interaction with all our internal and external stakeholders. This year we take our philosophy to the next level infusing it with a renewed sense of creativity.

Creativity is what excites and drives us. It is a spark that, we believe, will ignite the imagination of those directly and indirectly associated with Pidilite.
Company Information

Board of Directors

B K Parekh  Chairman  
S K Parekh  Vice Chairman  
M B Parekh  Managing Director  
N K Parekh  Joint Managing Director  
R M Gandhi  Director  
N J Jhaveri  Director  
Bansi S Mehta  Director  
Ranjan Kapur  Director  
Yash Mahajan  Director  
Bharat Puri  Director  
D Bhattacharya  Director  
A B Parekh  Wholetime Director  
A N Parekh  Wholetime Director  
V S Vasan  Wholetime Director (up to 21.10.2009)  
J L Shah  Wholetime Director (wef 21.10.2009)  

Corporate Office  
Ramkrishna Mandir Road  
Off Mathuradas Vasani Road  
Andheri (E), Mumbai 400 059  

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

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

President & Company Secretary  
P C Patel  

Solicitors & Advocates  
Wadia Ghandy & Co  

Auditors  
Haribhakti & Co  

Internal Auditors  
Mahajan & Aibara  

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

02 Company Information
04 Management Discussion and Analysis
11 Economic Value Added (EVA)
12 Financial Charts
14 10 Years Financial Performance
16 Directors’ Report
22 Corporate Social Responsibility Report
24 Annexure I to the Directors’ Report
27 Auditor’s Report
30 Balance Sheet
31 Profit & Loss Account
32 Schedules
56 Cash Flow Statement
58 Statement Pursuant to Section 212
60 Corporate Governance Report
65 Corporate Governance Compliance Certificate
66 Information for Shareholders
68 Consolidated Financial Statements
Management Discussion & Analysis

Pidilite Industries Limited on a stand-alone basis achieved 10% growth in net sales. However, excluding the sales from the “Others” segment, net sales growth was 15%. Earnings before depreciation, interest, tax and foreign exchange loss increased by 60%, profit before tax (PBT) increased by 102% and profit after tax (PAT) increased by 97% on a stand-alone basis.

The profitability of the Company significantly improved in the current year due to lower material costs, strengthening of Indian Rupee, lower duties and control on costs. Sales growth picked up in the second half of the year, due to improvement in economic conditions.

The Company’s sales have grown at a CAGR of 18% over the last five years.

On a consolidated basis, Pidilite net sales grew by 10%, PBT increased by 144% and PAT increased by 144%. Overseas Subsidiaries reduced losses in the current year due to reduction in costs and improved economic conditions.
Consumer and Bazaar Products

Branded Consumer and Bazaar Products Segment contributed to 77% of the total net sales of the Company and grew by 15%.

Net sales of branded Adhesives and Sealants grew by 14% and contributed 49% of the total sales of the Company. Construction and Paint Chemicals grew by 17% and Art Materials and other products grew by 13%.

Growth rates improved in the second half of the year.

Consumer and Bazaar Product sales have grown at a CAGR of 18% over the last 5 years.

Exports of Consumer and Bazaar products grew by 11% to Rs 945 million and have grown at a CAGR of 31% over the last 5 years.

Profit before interest and tax for the Consumer and Bazaar segment increased by 51%.

Speciality Industrial Chemicals

Speciality Industrial Chemicals contributed 22% of the total sales of the Company and grew by 14%.

Exports of Speciality Industrial Chemicals declined by 12.4% to Rs 856 million due to adverse global economic conditions.

Profit before interest and tax for the Speciality Industrial Chemicals segment grew by 72%.

Others

This segment largely consists of the Vinyl Acetate Monomer manufacturing unit merged into the Company effective 1st April 2007.

Since the pricing of bought out VAM was more advantageous, the Company opted to import rather than operate the plant.

Consequently the revenue in this segment was only Rs 157 million as compared to Rs 932 million in the previous year. The Company is evaluating options to manufacture other products in the plant as in the near future import of VAM is likely to be more viable.
In the adhesives category the Company has started expanding its range of products by introducing new products for the joinery segment. These products are used in mechanized joinery and modular furniture units.

During the year the Company acquired the retail wood working brand of Henkel, i.e. Woodlok. Products under this brand were relaunched in select markets in the second half of the year.

The Company has started expanding its range of Dr. Fixit Flooring Solutions for use in industrial and commercial flooring. Superior grades of Tile Fixing Products were introduced under Roff brand during the year.

The Company has introduced the SMARTCARE range of products for healthcare & hospitality segments.

M Seal Super, a versatile epoxy putty meant for DIY applications which can be used in both wet and dry conditions, was introduced during the year.
In the Arts & Stationary range several innovative products/modifications were introduced to serve consumers better.

**Fevistik Blue** and **Fevistik Purple** are new introductions. Unlike regular white glue, these coloured sticks, when applied, appear coloured but the colour disappears after a few seconds enabling young children to see and control the application of glue.

New products launched during 2009-10 in the Industrial Products segment range include **Binders for water based links and overprint varnishes.**

A **high performance binder** was introduced for decorative texture paints.

In the leather product range an important addition was made in the form of **high performance upgradation compound.**
Pidilite and Fevicol celebrated their Golden Jubilee Year in 2009-10. There were many initiatives linked with the Golden Jubilee celebration involving dealers, carpenters and trade partners.

- A special Golden Jubilee Furniture Book was launched and was well appreciated with a print of over 30,000 copies.

- Dr. Fixit Institute (DFI) of Structural, Protection and Rehabilitation continued the successful Healthy Construction Lecture Series to increase awareness of the Global Best Practices in this field. 3R’s - A publication for leading experts on Repair, Restoration, Renewal of built environment was initiated to position DFI and the Dr. Fixit brand as an expert in Construction Chemicals.

- A campaign for free health check up, for terrace waterproofing, was successfully carried out in key markets as an on ground activation programme. This was supported by TV advertising. The response has been overwhelming and the same concept is being extended to other products.

- The annual International Art and Craft Contest attracted participation from 2250 schools in India and from 5 international locations with an overall participation of 7 lakh students. The theme this year was “My mother, my world”. The finals were held in Goa where the Honorable Chief Minister of Goa was the chief guest.
Two of our mass consumer contact initiatives entered the Limca Book of Records for maximum participation. On one occasion 2500 students participated in glass painting and on the other occasion 3500 students participated in pot painting with Crackle medium. Both events were covered extensively in print and electronic media.

The year saw release of four new commercials.

"Moochwali" an advertisement for Fevicol, was released as part of the Golden Jubilee Year celebrations.

"Moochwali" won three Abby awards at the last Goafest, the annual advertising awards event of Advertising Club, Bombay and Advertising Agencies’ Association of India.

There were two new commercials for Fevikwik with the theme “Paanch Rupiya Nikal” and one of these won an ABBY at the abovementioned Goafest.

The fourth new advertisement was for Dr. Fixit Newcoat - "No Breaking News".
The Company's net worth (Equity Capital + Reserves) has grown from Rs 4,118 million in 2005-06 to Rs 9,386 million at the end of 2009-10, giving a Compounded Annual Growth Rate (CAGR) of 22.87%.

The market capitalisation of the Company on 31st March 2010 was Rs 57,876 million and has grown at a CAGR of 31.82% since the IPO in 1993.

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
Economic Value Added (EVA)

Computation of EVA

\[
\text{EVA} = \text{Net operating profit after tax (NOPAT)} \cdot \text{Weighted average cost of capital employed.}
\]

\[
\text{NOPAT} = \text{Net profit after tax + post tax interest cost at actual.}
\]

\[
\text{Weighted average cost of capital employed} = (\text{Cost of equity } \times \text{average shareholder funds}) + (\text{cost of debt } \times \text{average debt}).
\]

\[
\text{Cost of equity} = \text{Risk-free return equivalent to yield on long term Government of India (GOI) securities (taken @ 7%) + market risk premium (assumed @ 7.5%) x beta variant for the Company (taken at 0.9), where the beta is a relative measure of risk associated with the Company’s shares as against the stock market as a whole.}
\]

\[
\text{Cost of debt} = \text{Effective interest applicable to Pidilite based on an appropriate mix of short, medium and long term debt, net of taxes.}
\]

Economic Value Added Analysis

<table>
<thead>
<tr>
<th>Item</th>
<th>2005-06</th>
<th>2006-07</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Risk Free Return on Long Term GOI Securities</td>
<td>7.5%</td>
<td>8.0%</td>
<td>7.9%</td>
<td>7.1%</td>
<td>7.0%</td>
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<tr>
<td>2. Cost of Equity</td>
<td>13.5%</td>
<td>14.0%</td>
<td>13.9%</td>
<td>13.1%</td>
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<tr>
<td>3. Cost of Debt (Post Tax)</td>
<td>7.0%</td>
<td>7.3%</td>
<td>7.2%</td>
<td>6.7%</td>
<td>5.9%</td>
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<tr>
<td>4. Effective Weighted Average Cost of Capital</td>
<td>12.6%</td>
<td>12.8%</td>
<td>11.5%</td>
<td>10.3%</td>
<td>10.9%</td>
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<tr>
<td>Economic Value Added (Rupees in million)</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Average Debt</td>
<td>581</td>
<td>968</td>
<td>3204</td>
<td>5303</td>
<td>4897</td>
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<td>6. Average Equity (Shareholder Funds)</td>
<td>3843</td>
<td>4498</td>
<td>5637 *</td>
<td>6866 *</td>
<td>8360</td>
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<td>7. Average Capital Employed (Debt + Equity)</td>
<td>4424</td>
<td>5466</td>
<td>8841 *</td>
<td>12169 *</td>
<td>13257</td>
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<td>8. Profit After Tax (as per P&amp;L account)</td>
<td>907</td>
<td>1199</td>
<td>1883</td>
<td>1464</td>
<td>2935</td>
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<td>9. Interest (as per P&amp;L account, net of Income Tax)</td>
<td>10</td>
<td>42</td>
<td>106</td>
<td>210</td>
<td>189</td>
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<td>10. Net Operating Profit After Tax (NOPAT)</td>
<td>917</td>
<td>1241</td>
<td>1989</td>
<td>1674</td>
<td>3124</td>
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<td>11. Weighted Average Cost of Capital (4 x 7)</td>
<td>558</td>
<td>700</td>
<td>1016</td>
<td>1253</td>
<td>1445</td>
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<td>12. Economic Value Added (10 - 11)</td>
<td>359</td>
<td>541</td>
<td>973</td>
<td>420</td>
<td>1679</td>
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<td>13. EVA as a % of Average Capital Employed (12÷7)</td>
<td>8.1%</td>
<td>9.9%</td>
<td>11.0%</td>
<td>3.5%</td>
<td>12.7%</td>
</tr>
</tbody>
</table>

* Excluding 6% Redeemable Preference Share Capital of Rs. 28.75 million issued on 31st March 2008 and redeemed on 5th September 2008.

Notes

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

DISTRIBUTION OF REVENUE (2009-10)

Material Cost 48.6%
Operating Cost 21.6%
Employee Cost 9.6%
Interest 1.4%
Depreciation 2.3%
Foreign Exchange Fluctuation Expense 0.5%
Current Tax 1.9%
Deferred Tax -0.1%
Dividend 4.3%
Retained Earning 10%

CURRENT RATIO
Current Assets (Rs in million)  
Current Liabilities (Rs in million)  
Current Ratio  

PBIT & INTEREST COVER
PBIT (Rs in million)  
Interest Cover (Times)  

PBT & PBT AS % OF NET SALES
PBT (Rs in million)  
PBT as % to Net Sales  

Material Cost 48.6%
Operating Cost 21.6%
Employee Cost 9.6%
Interest 1.4%
Depreciation 2.3%
Foreign Exchange Fluctuation Expense 0.5%
Current Tax 1.9%
Deferred Tax -0.1%
Dividend 4.3%
Retained Earning 10%
### 10 Years Financial Performance

(Rupees in million)

<table>
<thead>
<tr>
<th></th>
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<td>Sales and Other Income</td>
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<td>5772</td>
<td>6678</td>
<td>7647</td>
<td>8998</td>
<td>10617</td>
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<td>Manufacturing &amp; Other Expenses</td>
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<td>4774</td>
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<td>Operating Profit</td>
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<td>998</td>
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<td>1189</td>
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<td>Interest (Net)</td>
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<td>30</td>
<td>18</td>
<td>17</td>
<td>63</td>
<td>161</td>
<td>318</td>
<td>286</td>
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<td>Depreciation</td>
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<td>190</td>
<td>225</td>
<td>255</td>
<td>270</td>
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<td>302</td>
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<td>Profit from Ordinary Activities</td>
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<td>766</td>
<td>902</td>
<td>916</td>
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<td>1323</td>
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<td>2213</td>
<td>1793</td>
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<td>Foreign Exchange Fluctuation - Expense/(Income)</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>10</td>
<td>(10)</td>
<td>(29)</td>
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<td>Profit before Tax</td>
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<td>766</td>
<td>902</td>
<td>916</td>
<td>1062</td>
<td>1313</td>
<td>1540</td>
<td>2242</td>
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<td>165</td>
<td>295</td>
<td>294</td>
<td>345</td>
<td>409</td>
<td>223</td>
<td>150</td>
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<td>80</td>
<td>14</td>
<td>8</td>
<td>(13)</td>
<td>17</td>
<td>34</td>
<td>140</td>
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<td>(25)</td>
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<td>Profit after Tax for the year</td>
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<td>593</td>
<td>614</td>
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<td>887</td>
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<td>Add: Prior Year’s Tax Provision written back</td>
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<td>Profit after Tax</td>
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<td>540</td>
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<td>614</td>
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<td>228</td>
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<td>443</td>
<td>518</td>
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<td>Dividend on Preference Shares</td>
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<td>Retained Earning</td>
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<td>Reserve (Less Revaluation Reserve &amp; Misc. Expenditure)</td>
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<td>2079</td>
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<td>Deferred Tax Liability (Net)</td>
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<td>339</td>
<td>423</td>
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<td>225</td>
<td>753</td>
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<td>4465</td>
<td>4976</td>
<td>6599</td>
<td>11874</td>
<td>13357</td>
<td>14015</td>
<td>20.50</td>
</tr>
</tbody>
</table>

* Includes Tax on Dividend
† Figures were reclassified/regrouped in 2003-04
‡ Includes VRS Payment of Rs 2.4 million
§ Includes VRS Payment of Rs 2.4 million
‖ Included in Other Income/Expenses now reclassified/regrouped
~ Less than Rs 1 million

# Excluding Revalued Assets & Depreciation thereon
### Highlights

|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|

#### Funds Flow

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Sources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Internal Generation</td>
<td>644</td>
<td>810</td>
<td>832</td>
<td>877</td>
<td>1023</td>
<td>1201</td>
<td>1536</td>
<td>2335</td>
<td>1949</td>
<td>3373</td>
</tr>
<tr>
<td>Increase in Capital &amp; Reserve (Net) on Amalgamation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>197</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase in Loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>146</td>
<td>47</td>
<td>-</td>
<td>830</td>
<td>3643</td>
<td>^ 554</td>
<td>-</td>
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<tr>
<td>Decrease in Investment - Others</td>
<td>70</td>
<td>7</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>21</td>
<td>-</td>
<td>109</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Decrease in Working Capital</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>563</td>
<td>2257</td>
</tr>
<tr>
<td>Decrease in Miscellaneous Expenditure</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>714</td>
<td>817</td>
<td>835</td>
<td>1023</td>
<td>1072</td>
<td>1225</td>
<td>2368</td>
<td>6287</td>
<td>3066</td>
<td>5630</td>
</tr>
</tbody>
</table>

| Applications                               |         |         |         |         |         |         |         |         |         |         |
| Decrease in Preference Capital on redemption | -       | -       | -       | -       | -       | -       | -       | 29      | -       | -       |
| Repayment of Loans                         | 341     | 8       | 19      | -       | -       | 57      | -       | -       | -       | 1366    |
| Capital Expenditure (Net)                  | 238     | 523     | 384     | 413     | 669     | 613     | 768     | 2484    | 1734    | 680     |
| Investments in                             |         |         |         |         |         |         |         |         |         |         |
| - Overseas Subsidiaries                    | -       | -       | -       | 30      | 195     | 528     | 841     | 603     | 251     |         |
| - Others                                   | -       | -       | -       | 2       | 4       | 5       | 1     | 181     | 2,448   |         |
| Dividend                                   | 125     | 177     | 214     | 228     | 288     | 360     | 443     | 518     | 519     | 885     |
| Increase in Working Capital                | 10      | 109     | 218     | 370     | 81      | -       | 624     | 2444    | -       | -       |
| Increase in Miscellaneous Expenditure      | -       | -       | -       | 10      | -       | -       | -       | -       | -       | -       |
| **Total**                                 | 714     | 817     | 835     | 1023    | 1072    | 1225    | 2368    | 6287    | 3066    | 5630    |

#### Ratios

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Return on Average Net Worth % (RONW)</strong></td>
<td>24.1</td>
<td>24.0</td>
<td>23.5</td>
<td>21.2</td>
<td>23.0</td>
<td>23.6</td>
<td>26.7</td>
<td>33.4</td>
<td>21.3</td>
<td>34.6</td>
</tr>
<tr>
<td>(PAT divided by Average Net Worth)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Return on Average Capital Employed % (ROCE)</strong></td>
<td>28.0</td>
<td>30.0</td>
<td>31.6</td>
<td>27.6</td>
<td>27.6</td>
<td>30.0</td>
<td>29.3</td>
<td>27.2</td>
<td>160</td>
<td>27.0</td>
</tr>
<tr>
<td>(PBIT divided by Average Funds Employed)**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Long Term Debt/Cash Flow</strong></td>
<td>0.1</td>
<td>0.1</td>
<td>0.3</td>
<td>0.2</td>
<td>0.2</td>
<td>0.4</td>
<td>1.2</td>
<td>2.4</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>Gross Gearing %</strong></td>
<td>17.1</td>
<td>16.0</td>
<td>13.3</td>
<td>15.4</td>
<td>14.6</td>
<td>11.8</td>
<td>22.1</td>
<td>44.0</td>
<td>43.2</td>
<td>31.0</td>
</tr>
<tr>
<td>(Debt as a percentage of Debt plus Equity)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Ratio</strong></td>
<td>26</td>
<td>2.3</td>
<td>2.6</td>
<td>3.0</td>
<td>2.5</td>
<td>2.2</td>
<td>2.3</td>
<td>3.1</td>
<td>2.5</td>
<td>1.5</td>
</tr>
<tr>
<td>(Current Assets divided by Current Liabilities)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Assets Turnover (times)</strong></td>
<td>20</td>
<td>1.9</td>
<td>1.9</td>
<td>1.9</td>
<td>2.0</td>
<td>2.1</td>
<td>2.0</td>
<td>1.4</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>(Gross Sales divided by Total Assets)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Includes Cost of Brand Acquired Rs 87.3 million**  
**Includes Cost of Brands Acquired Rs 90.8 million**  
**Includes Cost of Brand Acquired Rs 133.7 million**  
**Includes Cost of Brands Acquired Rs 17.8 million**  
**Includes Cost of Brands, Patents and Trademarks Acquired Rs 517.1 million**  
**Includes Proceeds of FCCB bonds Rs 1594.4 million**  
**Includes unutilised proceeds of FCCB bonds Rs 1102.4 million**  
**Excluding 6% Redeemable Preference Share Capital of Rs 28.75 million issued on 31st March 2008 and redeemed on 5th September 2008.**  
**Excluding Deferred Tax Liability (Net)**
To

The Members

Your Directors take pleasure in presenting the Forty First Annual Report together with Audited Statements of Accounts for the year ended 31st March 2010.

Financial Results

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Turnover</td>
<td>20215</td>
<td>19074</td>
</tr>
<tr>
<td>Turnover, Net of Excise</td>
<td>19297</td>
<td>17611</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>3289</td>
<td>1632</td>
</tr>
<tr>
<td>Less: Current Year’s Tax</td>
<td>423</td>
<td>150</td>
</tr>
<tr>
<td>Profit After Current Year’s Tax</td>
<td>2866</td>
<td>1482</td>
</tr>
<tr>
<td>(Add)/Less: Deferred Tax</td>
<td>(25)</td>
<td>18</td>
</tr>
<tr>
<td>Profit After Current and Deferred Tax</td>
<td>2891</td>
<td>1464</td>
</tr>
<tr>
<td>Add: Prior Year Tax Provision written back</td>
<td>44</td>
<td>-</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>2935</td>
<td>1464</td>
</tr>
<tr>
<td>Profit Brought Forward</td>
<td>779</td>
<td>720</td>
</tr>
<tr>
<td>Profit available for appropriation</td>
<td>3714</td>
<td>2184</td>
</tr>
</tbody>
</table>

Appropriations

<table>
<thead>
<tr>
<th>Appropriations</th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Dividend on Equity Shares</td>
<td>759</td>
<td>443</td>
</tr>
<tr>
<td>Dividend on Preference Shares</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Tax on Dividend</td>
<td>126</td>
<td>75</td>
</tr>
<tr>
<td>Transfer to Capital Redemption Reserve</td>
<td>-</td>
<td>29</td>
</tr>
<tr>
<td>Transfer to Debenture Redemption Reserve</td>
<td>323</td>
<td>257</td>
</tr>
<tr>
<td>Transfer to General Reserve</td>
<td>1500</td>
<td>600</td>
</tr>
<tr>
<td>Total</td>
<td>2708</td>
<td>1405</td>
</tr>
<tr>
<td>Balance Carried to Balance Sheet</td>
<td>1006</td>
<td>779</td>
</tr>
<tr>
<td>Total</td>
<td>3714</td>
<td>2184</td>
</tr>
</tbody>
</table>

Financial Performance

The Operating Profit and Net Profit, for the year at Rs 4132 million and Rs 2891 million increased by 60% and 97% respectively. Income Tax for the current year at Rs 423 million is higher than Rs 150 million (including Rs 28 million for Fringe Benefit Tax) in the previous year.

In the last year’s report, the Company had highlighted the impact of the economic slowdown in India and abroad and its impact on the overall economic growth rate and on particular segments in which the Company operates.

The difficult economic conditions continued in the first six months of current year and improvement in growth rates was witnessed in the second half of the year.

However, there was substantial reduction in the input costs due to softening of prices of commodity chemicals and this together with the strengthening of the Indian Rupee, lower duties and cost control measures taken by the Company have helped in improving the year’s performance.
During the year, foreign exchange gain attributable to loans taken for depreciable assets was Rs 123.6 million and the same has been credited to the value of fixed assets. Out of total unamortized foreign exchange loss of Rs 164 million as on 31st March 2009, an amount of Rs 145 million has been reversed during the year due to foreign exchange gains. Further an amount of Rs 10 million has been amortized in the current year. The balance unamortized foreign exchange loss as on 31st March 2010 is Rs 9 million.

### NET SALES & GROWTH %

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales (Rs in million)</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>05-06</td>
<td>9075</td>
<td>17.9</td>
</tr>
<tr>
<td>06-07</td>
<td>11544</td>
<td>27.2</td>
</tr>
<tr>
<td>07-08</td>
<td>15353</td>
<td>33.0</td>
</tr>
<tr>
<td>08-09</td>
<td>17611</td>
<td>14.7</td>
</tr>
<tr>
<td>09-10</td>
<td>19297</td>
<td>9.6</td>
</tr>
</tbody>
</table>

### PBT, PAT & GROWTH (Y/Y)

<table>
<thead>
<tr>
<th>Year</th>
<th>PBT (Rs in million)</th>
<th>(Growth %)</th>
<th>PAT (Rs in million)</th>
<th>(Growth %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>07-08</td>
<td>1313</td>
<td>-22.3</td>
<td>1163</td>
<td>-27.2</td>
</tr>
<tr>
<td>05-06</td>
<td>1540</td>
<td></td>
<td>1632</td>
<td></td>
</tr>
<tr>
<td>06-07</td>
<td>1199</td>
<td></td>
<td>101.6</td>
<td></td>
</tr>
<tr>
<td>08-09</td>
<td>1883</td>
<td></td>
<td>101.6</td>
<td></td>
</tr>
<tr>
<td>09-10</td>
<td>2242</td>
<td></td>
<td>101.6</td>
<td></td>
</tr>
</tbody>
</table>

# After deferred tax of Rs 17 million and prior year’s tax provision written back of Rs 20 million

‡ After deferred tax of Rs 34 million and prior year’s tax provision written back of Rs 2 million

* After deferred tax of Rs 140 million and prior year’s tax provision written back of Rs 4 million

** After deferred tax of Rs 18 million and prior year’s tax provision written back of Rs nil.

*** After deferred tax of Rs 25 million and prior year’s tax provision written back of Rs 44 million.
Golden Jubilee Year
The year 2009-10 is the Golden Jubilee year of the Company and recognizing its significance, the Company has issued bonus equity shares in the ratio of 1:1 in March 2010. The Board has also recommended a Golden Jubilee Special Dividend of Re 0.50 per equity share on the enhanced share capital after bonus issue.

The Company has reached its present position with the support of its valued customers and all stakeholders. The Company places on record its deep appreciation for their support.

Dividend
The Directors recommend a dividend of Rs 1.50 per equity share of Re 1 each including Golden Jubilee Special Dividend of Re 0.50 per share, out of the current year’s profit, on 506.1 million equity shares of Re 1 each (enhanced on account of bonus equity shares issued during the year) (previous year @ Rs 1.75 per equity share on 253.1 million equity shares of Re 1 each), amounting to Rs 759.2 million (previous year Rs 442.9 million). 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 24.7% during the last 5 years.

Term Finances
The Company had borrowed US $ 17 million through an ECB Term loan amounting to Rs 796.2 million, repayable in 3 annual installments. During the year the Company has repaid the 1st of the 3 annual installments amounting to US $ 5.67 million equivalent to Rs 262.9 million.

Capital Expenditure
The overall expenditure during the year was Rs 680 million. Out of this approximately Rs 187 million was spent on fixed assets for various manufacturing units, offices, laboratories and warehouses and on information technology. The expenditure on the Synthetic Elastomer Project was approximately Rs 472 million.

Investment in Subsidiaries
During the year, investment of Rs 251 million was made in overseas subsidiaries.

Synthetic Elastomer Project
As mentioned last year, all equipments have arrived at the project site at Dahej (SEZ). Detailed engineering design of the Monomer and Polymer plant has been completed. Using this facility, small quantity of finished products have been manufactured.

Currently work is under way to set up a pilot plant which will enable the Company to streamline key process parameters and to make trial quantities of various grades of elastomers. The total amount spent till 31st March 2010 on this project is Rs 2648 million.

Manufacturing Plants
The adhesives manufacturing capacities at Kalamb in Himachal Pradesh and Daman were expanded during the year.

A drive for TPM, aimed at improving performance through greater involvement and participation of employees, was initiated during the year at the manufacturing units. 80% of the manufacturing units are now certified under ISO 14000/OHSAS 18000 and the balance units are likely to undergo the certification process during the next year.

Foreign Currency Convertible Bonds (FCCB)
During the financial year 2007-2008, the Company had raised US $ 40 million through issue of zero coupon Foreign Currency Convertible Bonds.

As mentioned in last year’s report, the Company has repurchased bonds of face value of US $ 2.8 million which were cancelled and extinguished.

<table>
<thead>
<tr>
<th>EQUITY DIVIDEND PAYOUT &amp; % OF NET PROFIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend Payout (Rs in million) (including Tax on Dividend)</td>
</tr>
<tr>
<td>Dividend Payout (%)</td>
</tr>
<tr>
<td>05-06</td>
</tr>
<tr>
<td>360</td>
</tr>
<tr>
<td>39.7</td>
</tr>
</tbody>
</table>

* Dividend for 2009-10 is on the enhanced capital base on account of bonus equity shares issued during the year.
The FCCB holders are entitled to a right to convert their holdings into equity shares of the Company on or after 16th January 2008. Those FCCB holders who exercised this right till the Record Date i.e. 17th March 2010 were eligible to receive the bonus shares on par with the other shareholders. Furthermore, those FCCB holders who opt for conversion after the Record Date are, under the terms on which the FCCBs were offered, entitled to a proportionately higher number of equity shares as if the conversion had taken place prior to the Record Date.

Subsidiaries - Overseas Subsidiaries
The Company has 13 overseas subsidiaries (4 direct and 9 step-down) including those having significant manufacturing and selling operations in USA, Brazil, Thailand, Singapore, Dubai, Egypt and Bangladesh.

Pulvitec, the Brazilian subsidiary reported impressive results with 28% growth in sales. This, together with lower material costs and control on costs helped the Company post cash profits for the year.

Operations in USA significantly reduced costs and improved margins. While overall sales remained flat, losses reduced by 38%.

The operations in Thailand posted cash profits on the back of 26% growth in sales.

Pidilite International Pte. Ltd. (PIPL), a wholly owned subsidiary of the Company acquired the remaining 25% equity shares of Pidilite Bamco Ltd. (PBL) from other shareholders at a cost of US $ 526,675. With this acquisition, all the shares (except 2 shares) of PBL are held by PIPL.

During the year, Pidilite Industries Egypt, SAE and Pidilite Specialty Chemicals Bangladesh Pvt Ltd commenced manufacturing operations in Egypt and Bangladesh, respectively.

PIL Trading Egypt (LLC), a subsidiary of the Company’s step down subsidiary (namely Pidilite Industries Egypt SAE), was incorporated during the year for the purpose of carrying on trading activities in Egypt, North Africa and COMESA countries.

The subsidiary in Bangladesh recorded profits in its first year of operations on the back of robust sales and good margins.

Performance of the subsidiary in Dubai was impacted by poor trading conditions, resulting in losses.

In February 2010, Chemson Asia Pte Ltd merged with Pidilite Innovation Centre Pte. Ltd. (both wholly owned subsidiaries of PIPL).

Overall there was significant improvement in the performance of the overseas subsidiaries with substantial reduction in losses due to measures taken to improve sales and reduce costs.

Total revenue from overseas subsidiaries for the year was Rs 2695 million, up by 16% over the previous year.

The total investment in overseas subsidiaries as on 31st March 2010 stands at Rs 2448 million.

A statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiaries in India and abroad, is attached hereto.

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

By letter No. 47/244/2010-CL-III, of 2010, the Company has obtained from the Government of India, Ministry of Corporate Affairs, New Delhi, under Section 212 of the Companies Act, 1956, an exemption from annexing to this Report, the Annual Reports of subsidiary Companies for the year ended on 31st March 2010. Accordingly, the Annual Reports of the Subsidiary Companies are not annexed to this Report. Members desiring to have a copy of audited Annual Accounts of the above subsidiaries may write to the Company Secretary at the Registered Office of the Company and they will be provided with the same upon such a request. Annual Accounts of these subsidiary Companies will also be kept for inspection of the Members at the Registered Office of the Company as well as at the Registered Office of the subsidiary Companies. The Annual Reports of the subsidiary companies are available on the website of the Company.
Directors

The terms of appointment of Shri A N Parekh as a Whole-time Director will expire on 30th June 2010. Subject to the approval of members, your Directors at their Meeting held on 16th June 2010 have re-appointed him for a further period of 5 years.

Effective from 21st October 2009, Shri V S Vasan, a Whole-time Director resigned from the Board of Directors. Your Directors place on record their sincere appreciation of the valuable contribution made by him during his tenure on the Board.

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

Subject to approval of members, Shri J L Shah has been appointed as an Additional Director and also Whole-time Director designated as Director (Factories Operations) of the Company with effect from 21st October 2009 and he holds office up to the conclusion of the ensuing Annual General Meeting. A notice in writing, with requisite deposit has been received from a member proposing Shri J L Shah as a candidate for the office of Director.

Directors’ Responsibility Statement

Your Directors confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2010 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the Annual Accounts on a going concern basis.

Corporate Governance

Reports on Corporate Governance and Management Discussion and Analysis, in accordance with Clause 49 of the Listing Agreements with Stock Exchanges, along with a certificate from M/s M M Sheth & Co, Practising Company Secretaries, are given separately in this Annual Report.

Auditors

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

Cost Auditor

The Company has received the approval of the Central Government for the appointment of M/s. V. J. Talati & Co. as Cost Auditor to conduct cost audit for the financial year 2010-11.

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 material change in the industry structure as was reported last year.

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

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

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

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

The “Other” segment covers manufacture and sale of VAM. The Company is the only manufacturer of VAM in the country with an installed capacity of 30,000 MT per annum. As mentioned earlier, due to global demand supply situation it was viable to import VAM rather than manufacture in-house and accordingly the plant remained shut last year. Going forward, in the near future, import of VAM is likely to remain more viable. The Company is exploring alternative products which can be manufactured in the same plant.

Current Year Outlook
During the current year sales growth is expected to improve. However, margins will be under pressure due to significant increase in input costs.

The Company’s major subsidiaries are in USA, Brazil, UAE, Thailand, Egypt and Bangladesh. The units in Brazil, Thailand, Bangladesh and Egypt are expected to show improved performance. However, the economic scenario in USA & UAE remains uncertain.

Outlook on Opportunities, Threats, Risks and Concerns
Improvement in economic conditions, in India and abroad, is likely to have positive impact on Company’s sales for the current year. However, significant increase in input cost is likely to put pressure on margins in the near term.

The Company’s overseas business is improving but there is a need to strengthen the management structure to support these businesses.

Internal Control Systems and their adequacy
The Company has adequate internal control procedures commensurate with its size and nature of business.

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

For overseas subsidiaries, this is being done by their statutory auditors.

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

Human Resources
In order to foster collaborative working in addressing Company wide opportunities and issues, task forces titled Corporate Initiative Teams (CITs) were formed. These CITs have successfully completed several projects in the areas of customer service and employee engagement.

Competency and capability frameworks, aligned to the values of the Company have been developed.

The organizational capability of Business Divisions and Functions has been strengthened and non-family professionals now occupy many key senior positions in the Company.

The total number of employees as on 31st March 2010 was 4121.

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 Members of the Company, excluding 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
Your Directors place on record their appreciation of the efficient services rendered by the employees of the Company at all levels.

FOR AND ON BEHALF OF THE BOARD

Mumbai
Date: 16th June, 2010

B K PAREKH
CHAIRMAN
The Company continued to consolidate on existing projects and started several new initiatives in areas of health care, education and rural development. The Hanumant Hospital, Gram Nirman Samaj and Mahuva Education Trust continued to make a strong contribution to society.

**Rural Development**
Self help groups for development of women and children were established during the year.

Other initiatives like Water Resource Management Scheme, Indira Awaas Yojana and Gram Nirman Samaj continued during the year.

**Education**
Shri Balvant Parekh Science City at Bhavnagar with facilities like conference hall, computer unit, physics laboratory and library was inaugurated by Dr. Pankaj Joshi, an eminent scientist, on 26th January, 2010.

The Science City uses novel methods to generate interest among students in science and helps develop analytical skills through simple experiments.

The library of the Science City is unique. Books for all ages, CD and DVD on science and culture are the major attractions of the library. The library also has puzzles and scientific toys to develop skills.

A custom made Science Mobile Van (Vigyan-Vahini) displaying 35 working science models was launched. 12,000 students of 60 rural schools of Bhavnagar district benefited from this initiative.

Kalsar village in Bhavnagar district, had facilities for girls to study only up to class VII. This impeded completion of school education as the girl students had to travel to schools outside the village, which led to drop-outs. Facilities for studies have been extended up to class X, including working knowledge of computers and this will enable girls, in the village, to complete schooling up to Class X.

“Balvant Parekh Centre for General Semantics and Other Human Sciences” has been established at Vadodara with support from Parekh family.

Vision behind this Centre is to facilitate a process for spreading the awareness of the benefits of general semantics among the people in India, which will lessen their social and personal anxieties and stress and enable them to achieve harmony in relationship.
The Centre works in tandem with the Forum on Contemporary Theory. Knowledge and methodology from diverse academic fields such as language and communication studies, humanities, sciences, sociology and anthropology are incorporated into the academic endeavors of the Centre.

The Company is likely to provide support to this Centre as it is carrying out pioneering work in the field of semantics in India.

**Healthcare**

Hanumant Hospital continued to provide quality healthcare and expanded its reach. Medical camps and educational training programmes were also conducted.

Arogya Fund with contributions from donors and other organizations, helps the hospital extend medical assistance to needy patients.

A unique multi-speciality medical seminar was conducted during the year where renowned faculties from USA conducted sessions. 120 doctors of Mahuva and neighbouring regions participated in the seminar.

Health Awareness Booklets were released on five different topics and distributed to libraries of primary schools in the villages.
Annexure I to the Directors’ Report

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

A CONSERVATION OF ENERGY

a) Energy Conservation Measures taken
   1. Campaign based synchronization of utilities with plant operations.
   2. Optimization of batch process and size to reduce cycle time.
   3. Addition of energy efficient utilities.
   4. Retrofitting utilities for alternative fuels.

b) Additional Investments and Proposals, if any, being implemented for reduction of Consumption of Energy.
   1. Installation of renewable energy source for process water heating and emergency lighting.
   2. Continuing with 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.
   2.5 lakh kwh electricity and 300 MT 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

<table>
<thead>
<tr>
<th>A. Power and Fuel consumption / Generation</th>
<th>Year ended 31st March 2010</th>
<th>Year ended 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Electricity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Purchased</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Units</td>
<td>0000 kwh</td>
<td>1,76,63</td>
</tr>
<tr>
<td>Total amount</td>
<td>Rs in million</td>
<td>96.42</td>
</tr>
<tr>
<td>Rate / Unit (Average)</td>
<td>Rs</td>
<td>5.46</td>
</tr>
<tr>
<td>b. Own Generation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Through Diesel Generator</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Units</td>
<td>0000 kwh</td>
<td>2,75</td>
</tr>
<tr>
<td>Units per litre of diesel oil</td>
<td>Kwh</td>
<td>2.59</td>
</tr>
<tr>
<td>Cost / Unit</td>
<td>Rs / kwh</td>
<td>13.49</td>
</tr>
<tr>
<td>(ii) Windmill Generation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Units</td>
<td>0000 kwh</td>
<td>86,12</td>
</tr>
<tr>
<td>2. Coal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quantity</td>
<td>MT</td>
<td>2,419</td>
</tr>
<tr>
<td>Total Amount</td>
<td>Rs in million</td>
<td>10.52</td>
</tr>
<tr>
<td>Average Rate</td>
<td>Rs '000 /MT</td>
<td>4.35</td>
</tr>
</tbody>
</table>
A. Power and Fuel Consumption / Generation

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31st March 2010</th>
<th>Year ended 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3. Natural Gas</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quantity '000 SCM</td>
<td>23,52</td>
<td>21,93</td>
</tr>
<tr>
<td>Total Amount Rs in million</td>
<td>38.19</td>
<td>29.77</td>
</tr>
<tr>
<td>Average Rate Rs /SCM</td>
<td>16.23</td>
<td>13.58</td>
</tr>
<tr>
<td><strong>4. Fuel Oil</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quantity MT</td>
<td>16.94</td>
<td>20.54</td>
</tr>
<tr>
<td>Total Amount Rs in million</td>
<td>41.14</td>
<td>49.77</td>
</tr>
<tr>
<td>Average Rate Rs '000 /MT</td>
<td>24.29</td>
<td>24.23</td>
</tr>
<tr>
<td><strong>5. Brickquittes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quantity MT</td>
<td>920</td>
<td>819</td>
</tr>
<tr>
<td>Total Amount Rs in million</td>
<td>36.92</td>
<td>28.26</td>
</tr>
<tr>
<td>Average Rate Rs '000 /MT</td>
<td>4.01</td>
<td>3.45</td>
</tr>
</tbody>
</table>

B. Consumption per unit of production

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

B] TECHNOLOGY ABSORPTION

Efforts made in technology absorption:

(as per Form B)

FORM B

Disclosure of particulars with respect to Technology Absorption

RESEARCH & DEVELOPMENT (R&D)

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

R&D activities are carried out for development of new products, improvement of existing products in the category of Synthetic Resins, Adhesives, Sealants, Pigments and Pigment Dispersions, Intermediates, Surfactants, Art Materials, Coatings, Fabric Care Products, Construction Chemicals, Maintenance Chemicals, Emulsion Polymers, Vinyl Acetate Monomer 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 formulation optimization, process improvements and cycle time reduction.

3. Future Plan of Action

Future R&D efforts will continue along present lines.
4. Expenditure on R & D

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31st March 2010</th>
<th>Year ended 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Capital</td>
<td>5.35</td>
<td>5.23</td>
</tr>
<tr>
<td>ii) Recurring</td>
<td>87.60</td>
<td>77.81</td>
</tr>
<tr>
<td>Total</td>
<td>92.95</td>
<td>83.04</td>
</tr>
<tr>
<td>iii) Total R&amp;D Expenditure as a Percentage of total turnover</td>
<td>0.45</td>
<td>0.43</td>
</tr>
</tbody>
</table>

5. Technology Absorption, Adaptation and Innovation

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

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

iii) Information regarding Technology imported during the last 5 years:
- No technology imported during last 5 years.

C) FOREIGN EXCHANGE EARNINGS & OUTGO

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

Export earnings during 2009-10 have shown an increase of Rs 19 million over 2008-2009.

The Company regularly participates in international exhibitions and has appointed additional representatives for overseas business development work.

g) Total foreign exchange used and earned

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31st March 2010</th>
<th>Year ended 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange earned</td>
<td>1,842</td>
<td>1,823</td>
</tr>
<tr>
<td>Foreign exchanged used *</td>
<td>2,678</td>
<td>2,882</td>
</tr>
</tbody>
</table>

* Out of the above, exchange used for import of materials which are either not manufactured in India and / or not easily available in India, amounted to Rs 1,889 million for the year ended 31st March 2010 (Previous year Rs 2,181 million).

Disclosure of particulars in the report of Board of Directors Under Health, Safety & Environment for the year 2009-2010

Sixteen out of nineteen Pidilite locations are now certified for OHSAS 18001 - 2007 and ISO 14001 - 2004. The executives of all major units have certified themselves as Lead Auditors for ISO 14001 - 2004.

The Company is preparing for compliance to CLP (Classification Labeling and Packaging) & GHS (Globally Harmonized System) legislations which will become effective from end 2010.

The Company is exploring avenues for certification of the manufacturing locations for Green Carbon Foot Print.
Auditors’ Report

To the Members of Pidilite Industries Limited

1. We have audited the attached Balance Sheet of Pidilite Industries Limited (‘the Company’) as at 31st March 2010 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor’s Report) Order, 2003, as amended by the Companies (Auditor’s Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of ‘The Companies Act, 1956’ of India (the ‘Act’) and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the paragraph 3 above, we report that:

i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

iii. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;

iv. In our opinion, Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

v. On the basis of the written representations received from the directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;

b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and

c) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For HARIBHAHTI & CO
Chartered Accountants

CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Date: 19th May 2010
Annexure to Auditors’ Report

[Referred to in paragraph 3 of the Auditors’ Report of even date to the members of Pidilite Industries Limited on the financial statements for the year ended 31st March 2010]

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies was noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

ii. (a) The management has physically verified the stocks of stores, spares, raw materials, packing materials and finished goods. In our opinion, the frequency of verification is reasonable. In respect of inventories lying with third parties, these have been confirmed by them.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.

iii. (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence clauses 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the Companies (Auditor’s Report) Order, 2003 (as amended) are not applicable to the Company.

(b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence clauses 4(iii)(f) and 4(iii)(g) of the Companies (Auditor’s Report) Order, 2003 (as amended) are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.

v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii. We have broadly reviewed the books of account maintained by the Company in respect of production of Synthetic Resins where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

ix. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees’ state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees’ state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

<table>
<thead>
<tr>
<th>Name of the Statute</th>
<th>Nature of dues</th>
<th>Amount (Rs in million)</th>
<th>Period to which the amount relates</th>
<th>Forum where dispute is pending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax Act</td>
<td>Sales tax in various states</td>
<td>292.13</td>
<td>for various years</td>
<td>Deputy Commissioner of sales tax</td>
</tr>
<tr>
<td>Sales Tax Act</td>
<td>Sales tax in various states</td>
<td>30.01</td>
<td>for various years</td>
<td>Sales tax Tribunal</td>
</tr>
<tr>
<td>Sales Tax Act</td>
<td>Sales tax in various states</td>
<td>3.77</td>
<td>for various years</td>
<td>High Court</td>
</tr>
<tr>
<td>Central Excise Act</td>
<td>Excise duty in various states</td>
<td>0.39</td>
<td>For various years</td>
<td>CESTAT</td>
</tr>
<tr>
<td>Central Excise Act</td>
<td>Excise duty in Panvel</td>
<td>0.03</td>
<td>For various years</td>
<td>Commissioner (Appeals)</td>
</tr>
</tbody>
</table>

x. The Company has neither accumulated losses as at 31st March 2010, nor it has incurred any cash losses either in the financial year under audit and in the immediately preceding financial year.

xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

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

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

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

xv. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

xvi. In our opinion, the term loans have been applied for the purpose for which the loans were raised.

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

xviii. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

xix. According to the information and explanations given to us, the Company has not issued debentures during the year.

xx. The Company has not raised any money by public issue during the year.

xxi. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For HARIBHAKTI & CO
Chartered Accountants

CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Date: 19th May 2010
## Balance Sheet

**As at 31st March 2010**  
(Rs in million)

<table>
<thead>
<tr>
<th></th>
<th>Schedule</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. SOURCES OF FUNDS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Shareholders’ Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Share Capital</td>
<td>1</td>
<td>506.13</td>
<td>253.07</td>
</tr>
<tr>
<td>b. Reserves and Surplus</td>
<td>2</td>
<td>8879.66</td>
<td>7083.08</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>9385.79</td>
</tr>
<tr>
<td>2. Loan Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Secured Loans</td>
<td>3</td>
<td>2184.50</td>
<td>2593.09</td>
</tr>
<tr>
<td>b. Unsecured Loans</td>
<td>4</td>
<td>2029.80</td>
<td>2987.05</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4214.30</td>
</tr>
<tr>
<td>3. Deferred Tax Liability (Net)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>415.36</td>
<td>440.87</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>14015.45</td>
<td>13357.16</td>
</tr>
<tr>
<td><strong>II. APPLICATION OF FUNDS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Fixed Assets</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Gross Block</td>
<td></td>
<td>8063.91</td>
<td>7778.35</td>
</tr>
<tr>
<td>b. Less : Accumulated Depreciation</td>
<td></td>
<td>3889.19</td>
<td>3432.81</td>
</tr>
<tr>
<td>c. Net Block</td>
<td></td>
<td>4174.72</td>
<td>4545.54</td>
</tr>
<tr>
<td>d. Capital work in progress</td>
<td></td>
<td>2774.02</td>
<td>2387.47</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>6948.74</td>
</tr>
<tr>
<td>2. Investments</td>
<td>6</td>
<td>5106.64</td>
<td>2407.10</td>
</tr>
<tr>
<td>3. Current Assets, Loans and Advances</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Inventories</td>
<td></td>
<td>2506.31</td>
<td>2288.93</td>
</tr>
<tr>
<td>b. Sundry Debtors</td>
<td></td>
<td>2387.59</td>
<td>2413.03</td>
</tr>
<tr>
<td>c. Cash and Bank Balances</td>
<td></td>
<td>331.16</td>
<td>1270.76</td>
</tr>
<tr>
<td>d. Other Current Assets</td>
<td></td>
<td>51.51</td>
<td>211.15</td>
</tr>
<tr>
<td>e. Loans and Advances</td>
<td></td>
<td>962.19</td>
<td>868.93</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>6238.76</td>
</tr>
<tr>
<td>Less : Current Liabilities and Provisions</td>
<td>8</td>
<td>3301.93</td>
<td>2241.16</td>
</tr>
<tr>
<td>a. Liabilities</td>
<td></td>
<td>976.76</td>
<td>594.59</td>
</tr>
<tr>
<td>b. Provisions</td>
<td></td>
<td></td>
<td>4278.69</td>
</tr>
<tr>
<td><strong>Net Current Assets</strong></td>
<td></td>
<td>1960.07</td>
<td>4217.05</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>14015.45</td>
<td>13357.16</td>
</tr>
</tbody>
</table>

**Notes forming part of the Accounts**  
12

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**AS PER OUR ATTACHED REPORT OF EVEN DATE FOR AND ON BEHALF OF THE BOARD**

For HARIBHAKTI & CO.  
Chartered Accountants  
B K PAREKH  
Chairman

CHETAN DESAI  
Partner  
Membership No. 17000  
S K PAREKH  
Vice Chairman

Mumbai  
Date: 19th May 2010  
P C PATEL  
President & Secretary  
M B PAREKH  
Managing Director
## Profit and Loss Account

For The Year Ended 31st March 2010

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover (Gross)</td>
<td>20215.34</td>
<td>19073.50</td>
</tr>
<tr>
<td>Less: Excise Duty</td>
<td>917.89</td>
<td>1462.28</td>
</tr>
<tr>
<td>Net Sales</td>
<td>19297.45</td>
<td>17611.22</td>
</tr>
<tr>
<td>Other Income</td>
<td>9</td>
<td>271.77</td>
</tr>
<tr>
<td><strong>EXPENDITURE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>9958.16</td>
<td>10328.35</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>5858.47</td>
<td>5417.62</td>
</tr>
<tr>
<td>Depreciation</td>
<td>463.86</td>
<td>472.16</td>
</tr>
<tr>
<td><strong>Profit before Taxation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Tax Expense</td>
<td>565.29</td>
<td>182.45</td>
</tr>
<tr>
<td>Less: MAT Credit Entitlement</td>
<td>142.29</td>
<td>59.90</td>
</tr>
<tr>
<td>Deferred Tax</td>
<td>423.00</td>
<td>122.55</td>
</tr>
<tr>
<td>Fringe Benefit Tax</td>
<td>(25.49)</td>
<td>17.96</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>3288.73</td>
<td>1632.01</td>
</tr>
<tr>
<td>Prior year Tax Provision written back (Net)</td>
<td>43.73</td>
<td>-</td>
</tr>
<tr>
<td>Balance brought forward from previous year</td>
<td>779.13</td>
<td>720.27</td>
</tr>
<tr>
<td><strong>Profit available for appropriation</strong></td>
<td>3714.08</td>
<td>2184.06</td>
</tr>
<tr>
<td>Dividend on Preference Share Capital</td>
<td>-</td>
<td>0.75</td>
</tr>
<tr>
<td>Proposed Dividend on Equity Share Capital</td>
<td>759.20</td>
<td>442.87</td>
</tr>
<tr>
<td>Corporate Tax on Dividend</td>
<td>126.10</td>
<td>75.38</td>
</tr>
<tr>
<td><strong>Balance carried to Balance Sheet</strong></td>
<td>885.30</td>
<td>519.00</td>
</tr>
<tr>
<td>Transfer to Capital Redemption Reserve</td>
<td>-</td>
<td>28.75</td>
</tr>
<tr>
<td>Transfer to Debenture Redemption Reserve</td>
<td>322.46</td>
<td>257.18</td>
</tr>
<tr>
<td>Transfer to General Reserve</td>
<td>1500.00</td>
<td>600.00</td>
</tr>
<tr>
<td><strong>Balance carried to Balance Sheet</strong></td>
<td>1006.32</td>
<td>779.13</td>
</tr>
</tbody>
</table>

### Earnings per share: (Refer note 15 of Schedule 12)

- **Basic (Rs)**: 5.80 (2009-10), 2.89 (2008-09)
- **Diluted (Rs)**: 5.64 (2009-10), 2.81 (2008-09)
- **Face Value of Share (Re)**: 1.00 (2009-10), 1.00 (2008-09)

### Notes forming part of the Accounts

12
## Schedules

### SCHEDULE 1 \(\text{SHARE CAPITAL}\)

<table>
<thead>
<tr>
<th>Authorized</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>70,00,00,000 (39,00,33,999) Equity Shares of Re 1 each</td>
<td>700.00</td>
<td>390.03</td>
</tr>
<tr>
<td>Nil (50,00,000) 6% Cumulative Redeemable Preference Shares of Rs 10 each</td>
<td>-</td>
<td>50.00</td>
</tr>
<tr>
<td>Nil (2,50,00,000) Unclassified Shares of Re 1 each</td>
<td>-</td>
<td>25.00</td>
</tr>
</tbody>
</table>

**TOTAL** | 700.00 | 465.03 |

### SCHEDULE 2 \(\text{RESERVES AND SURPLUS}\)

<table>
<thead>
<tr>
<th>Capital Reserve</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>3.37</td>
<td>3.37</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital Redemption Reserve</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>28.75</td>
<td>28.75</td>
</tr>
<tr>
<td>Less: Capitalised during the year for bonus issue</td>
<td>28.75</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Subsidy Reserve</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>9.47</td>
<td>9.47</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Special Reserve</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>1.19</td>
<td>1.19</td>
</tr>
<tr>
<td>Less: Transferred to General reserve</td>
<td>1.19</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Debenture Redemption Reserve</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>327.46</td>
<td>70.28</td>
</tr>
<tr>
<td>Add: Transferred from Profit and Loss Account</td>
<td>322.46</td>
<td>257.18</td>
</tr>
<tr>
<td>Add: Transferred from Profit and Loss Account</td>
<td>649.92</td>
<td>327.46</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>General Reserve</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>5933.71</td>
<td>5338.41</td>
</tr>
<tr>
<td>Less: Earlier year's Foreign Exchange Fluctuation</td>
<td>-</td>
<td>4.70</td>
</tr>
<tr>
<td>Add: Transferred from Special Reserve</td>
<td>1.19</td>
<td>-</td>
</tr>
<tr>
<td>Less: Capitalised during the year for bonus issue</td>
<td>224.32</td>
<td>-</td>
</tr>
<tr>
<td>Add: Transferred from Profit and Loss Account</td>
<td>1500.00</td>
<td>600.00</td>
</tr>
<tr>
<td>Add: Transferred from Profit and Loss Account</td>
<td>7210.58</td>
<td>5933.71</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Profit and Loss Account</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1,006.32</td>
<td>779.13</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL** | 8,879.66 | 7,083.08 |
## SCHEDULE 3  SECURED LOANS

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>750 (750) 11.9% Secured Redeemable Non Convertible Debentures of Rs 10,00,000 Each (Note.1)</td>
<td>750.00</td>
<td>750.00</td>
</tr>
<tr>
<td>750 (750) 10.2% Secured Redeemable Non Convertible Debentures of Rs 10,00,000 Each (Note.1)</td>
<td>750.00</td>
<td>750.00</td>
</tr>
<tr>
<td>Term Loans from Banks (Note.2)</td>
<td>466.92</td>
<td>796.23</td>
</tr>
<tr>
<td>Working Capital Loans from Banks (including Working Capital Demand Loan) (Note.3)</td>
<td>217.58</td>
<td>296.86</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,184.50</strong></td>
<td><strong>2,593.09</strong></td>
</tr>
</tbody>
</table>

1. Secured Redeemable Non Convertible Debentures are secured by way of mortgage and charge (by First pari passu charge) on the immovable property in Gujarat and all movable properties of the Company. 750 Secured Redeemable Non Convertible Debentures with interest @ 11.9% p.a. will be redeemed at par on 5th December 2013. 750 Secured Redeemable Non Convertible Debentures with interest @ 10.2% p.a. will be redeemed at par on 19th December 2011.

2. Term Loan from Banks is secured by way of hypothecation of all movable Plant and Machinery of the Company.

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

## SCHEDULE 4  UNSECURED LOANS

<table>
<thead>
<tr>
<th>Description</th>
<th>Short term</th>
<th>Long Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Paper &amp; Others</td>
<td>-</td>
<td>650.00</td>
</tr>
<tr>
<td><strong>Long Term</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest free Sales Tax loan from Government of Maharashtra</td>
<td>350.59</td>
<td>354.32</td>
</tr>
<tr>
<td>Foreign Currency Convertible Bonds (US $ 37.2 million (38.9 million) Zero Coupon Convertible Bonds due in 2012) During the year Company has bought back bonds of US $1.7 million ($1.1 million).</td>
<td>1,679.21</td>
<td>1,982.73</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,029.80</strong></td>
<td><strong>2,987.05</strong></td>
</tr>
</tbody>
</table>

Amount due within one year Rs 5.86 million (Rs 653.73 million)
### SCHEDULE 5  FIXED ASSETS

(Rs in million)

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>GROSS BLOCK</th>
<th>DEPRECIATION</th>
<th>NET BLOCK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at 14.2009</td>
<td>Additions/ Adjustments</td>
<td>Deductions/ Adjustments</td>
</tr>
<tr>
<td>Freehold Land</td>
<td>127.05</td>
<td>0.08</td>
<td>2.16</td>
</tr>
<tr>
<td>Leasehold Land</td>
<td>77.03</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Buildings</td>
<td>1349.40</td>
<td>26.11</td>
<td>-</td>
</tr>
<tr>
<td>Plant and Machinery</td>
<td>4752.19</td>
<td>231.87</td>
<td>6.67</td>
</tr>
<tr>
<td>Furniture and Fixtures</td>
<td>35934</td>
<td>9.87</td>
<td>0.59</td>
</tr>
<tr>
<td>Vehicles</td>
<td>20561</td>
<td>10.19</td>
<td>961</td>
</tr>
<tr>
<td>Capital Expenditure on Scientific Research</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Buildings</td>
<td>1.44</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Plant and Machinery</td>
<td>42.30</td>
<td>5.35</td>
<td>-</td>
</tr>
<tr>
<td>- Furniture and Fixtures</td>
<td>3.07</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assets given on Lease</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and Machinery</td>
<td>1.82</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Goodwill</td>
<td>70.40</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Copyrights, Trademarks, etc.</td>
<td>788.70</td>
<td>21.12</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>7778.35</td>
<td>304.59</td>
<td>1903</td>
</tr>
<tr>
<td>Previous Year</td>
<td>6814.83</td>
<td>990.01</td>
<td>2649</td>
</tr>
<tr>
<td>Capital work in progress *</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Capital work in progress includes capital advances of Rs 42.77 million (Rs 127.26 million)
SCHEDULE 6: INVESTMENTS

I. Long Term at Cost

<table>
<thead>
<tr>
<th>Type</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Trade:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quoted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 7,451,540 (7,451,540) Equity Shares of Re 1 each of Vinyl Chemicals (India) Ltd.</td>
<td>11.79</td>
<td>11.79</td>
</tr>
<tr>
<td>b. Non Trade:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Quoted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 3,594 (3,594) Equity Shares of Rs 10 each of Hindustan Adhesives Ltd.</td>
<td>0.09</td>
<td>0.09</td>
</tr>
<tr>
<td>• 14,400 (14,400) Equity Shares of Rs 10 each of Hindustan Organic Chemicals Ltd.</td>
<td>0.72</td>
<td>0.72</td>
</tr>
<tr>
<td>• 1,674 (837) Equity Shares of Rs 10 each of Reliance Industries Ltd. (earlier : 4,188 Equity Shares of Rs 10 each of Indian Petrochemicals Corporation Ltd. and 837 nos. Bonus Shares received during the year)</td>
<td>0.77</td>
<td>0.77</td>
</tr>
<tr>
<td>• 222,542 (222,542) Equity Shares of Rs 10 each of Indian Overseas Bank Ltd.</td>
<td>2.96</td>
<td>2.96</td>
</tr>
<tr>
<td>• 61,900 (61,900) Equity Shares of Rs 10 each of Menon Pistons Ltd.</td>
<td>4.38</td>
<td>4.38</td>
</tr>
<tr>
<td>TOTAL 1 (a) + b (i)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Market Value Rs 87.59 million (Rs 35.34 million))</td>
<td>20.71</td>
<td>20.71</td>
</tr>
<tr>
<td>ii) Unquoted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 200,200 (200,200) Equity Shares of Rs 10 each of Enjayes Spices &amp; Chemicals Oil Ltd.</td>
<td>5.29</td>
<td>5.29</td>
</tr>
<tr>
<td>• 121,300 (121,300) Equity Shares of Rs 10 each of Pal Peugeot Ltd.</td>
<td>1.21</td>
<td>1.21</td>
</tr>
<tr>
<td>• 2,275 (2,275) Equity Shares of Re 1 each of Himalaya House Co-op Society Ltd. (Cost Rs 2275)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>• 628 (628) Equity Shares of Rs 100 each of Jawahar Co-op Industrial Estate Ltd.</td>
<td>0.06</td>
<td>0.06</td>
</tr>
<tr>
<td>• 40 (40) Equity Shares of Rs 50 each of Regent Chambers Premises Co-op Society Ltd. (Cost Rs 2000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>• 25 (25) Equity Shares of Rs 10 each of New Usha Nagar Co-op Housing Society Ltd. (Cost Rs 250)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>• 10 (10) Equity Shares of Rs 100 each of Taloja CETP Co-op Society Ltd. (Cost Rs 1000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL 1 b (ii)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.56</td>
<td>6.56</td>
</tr>
<tr>
<td>c. In Subsidiary Companies:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 50,000 (50,000) Equity Shares of Rs 10 each of Fevicol Company Ltd.</td>
<td>0.50</td>
<td>0.50</td>
</tr>
<tr>
<td>• 15,586.053 (13,637,959) Equity Shares of Pidilite International Pte Ltd.</td>
<td>687.61</td>
<td>599.99</td>
</tr>
<tr>
<td>• 27,431.411 (23,651,213) Equity Shares of Pidilite Middle East Ltd.</td>
<td>331.64</td>
<td>281.02</td>
</tr>
<tr>
<td>• 34,849,000 (29,983,000) Equity Shares of Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda</td>
<td>795.34</td>
<td>682.62</td>
</tr>
<tr>
<td>• 14,380,000 (14,380,000) Equity Shares of Pidilite USA Inc</td>
<td>629.92</td>
<td>629.92</td>
</tr>
<tr>
<td>• 3,000 (2,250) Equity Shares of Pidilite Industries Egypt</td>
<td>3.48</td>
<td>3.00</td>
</tr>
<tr>
<td>• 24,000 (24,000) Equity Shares of Pidilite South East Asia Ltd.</td>
<td>0.15</td>
<td>0.15</td>
</tr>
<tr>
<td>• 75,000 (75,000) Equity Shares of Pagel Concrete Technologies Pvt Ltd.</td>
<td>6.42</td>
<td>6.42</td>
</tr>
<tr>
<td>• 10,000 (10,000) Equity Shares of Bhimad Commercial Co Pvt Ltd.</td>
<td>0.17</td>
<td>0.17</td>
</tr>
<tr>
<td>• 10,000 (10,000) Equity Shares of Madhumala Traders Pvt Ltd.</td>
<td>0.17</td>
<td>0.17</td>
</tr>
<tr>
<td>TOTAL - I (c)</td>
<td>2455.40</td>
<td>2203.96</td>
</tr>
<tr>
<td>TOTAL - I</td>
<td>2482.67</td>
<td>2231.23</td>
</tr>
</tbody>
</table>
As at 31st March 2010 | As at 31st March 2009
---|---
**II. Short Term at cost:**

**In Units of Mutual Fund (Unquoted):**
- Nil (400) Units of Rs 70000 each of Infinity Venture India Fund - 189
- 1,969,358 (Nil) Units of Reliance Medium Term Fund-Retail Plan -Growth Option - 37.25
- 2,655,189 (Nil) Units of HDFC-Cash Management Fund-Treasury Advantage Plan-Wholesale- Growth Option - 53.56
- 38,055,404 (Nil) Units of Birla Sunlife -Dynamic Fund-Growth option - 579.85
- 24,810,772 (Nil) Units of HDFC-High Interest Fund -STP -Growth Option - 450.00
- 44,809,008 (Nil) Units of ICICI Prudential Medium Term Premium Plus -Growth Option - 450.00
- 23,842,656 (Nil) Units of ICICI Prudential Ultra Short Term Super Premium -Growth Option - 243.26
- 17,250,897 (Nil) Units of Reliance Short Term Fund-Retail Plan -Growth Option - 300.00
- 25,520,287 (Nil) Units of ICICI Money Manager Fund-Investment Plan -Institutional Plan B-Growth - 364.75
- 15,000,000 (Nil) Units of HDFC FMP 14M March 2010- Growth -Series XII - 150.00
- Nil (17,268,327) Units of Prudential ICICI Flexible Income Plan -Daily Dividend  Option - 182.59

**TOTAL : II** 2,630.67

**TOTAL : I + II** 5,113.34

Less Diminution in value of Investments

6.70 8.61

**TOTAL** 5,106.64 2,407.10

Previous year’s figures are indicated in brackets.

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

<table>
<thead>
<tr>
<th></th>
<th>(No. of Units)</th>
<th>Purchase Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units of Reliance Medium Term Fund-Retail Plan -Growth Option</td>
<td>27,833,821</td>
<td>524.21</td>
</tr>
<tr>
<td>Units of HDFC-Cash Management Fund-Treasury Advantage Plan-Wholesale-Growth Option</td>
<td>32,461,005</td>
<td>647.71</td>
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<tr>
<td>Units of ICICI Prudential Ultra Short Term Super Premium -Growth Option</td>
<td>2,911,491</td>
<td>29.95</td>
</tr>
<tr>
<td>Units of Birla Sunlife Short TF-Institutional -Growth Option</td>
<td>53,557,884</td>
<td>578.33</td>
</tr>
<tr>
<td>Units of ICICI Prudential Flex. Inc Plan-Premium -Growth</td>
<td>3,968,465</td>
<td>669.49</td>
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<tr>
<td>Units of ICICI Prudential Ultra Short Term Plan-Premium Plus -Growth</td>
<td>18,565,571</td>
<td>190.02</td>
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<tr>
<td>Units of ICICI Prudential Institutional Liquid Plan-Growth</td>
<td>1,509,662</td>
<td>340.00</td>
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<tr>
<td>Units of IDFC-MMF-TP -Super -Institutional Plan C-Growth</td>
<td>33,494,601</td>
<td>360.36</td>
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<tr>
<td>Units of Birla Sunlife Short term Fund-Institutional -Daily Dividend Reinvestment Option</td>
<td>99,777,759</td>
<td>998.33</td>
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<tr>
<td>Units of ICICI Prudential Flexible Income Plan-Premium -Daily Dividend Reinvestment Option</td>
<td>98,439,455.84</td>
<td>1,607.35</td>
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<tr>
<td>Units of Reliance Medium Term Fund-Daily Dividend Reinvestment Option</td>
<td>52,438,351.09</td>
<td>896.46</td>
</tr>
<tr>
<td>Units of IDFC Money Manager Fund-Treasury Plan -Daily Dividend Reinvestment Option</td>
<td>39,902,056.20</td>
<td>401.83</td>
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<tr>
<td>Units of IDFC-MMF-Treasury Plan-Super -Inst Plan C-Daily Dividend Reinvestment Option</td>
<td>23,032,576.77</td>
<td>230.36</td>
</tr>
<tr>
<td>Units of IDFC-MMF-Investment Plan - Inst. Plan B-Daily Dividend Reinvestment Option</td>
<td>5,061,965.48</td>
<td>50.70</td>
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<tr>
<td>Units of HDFC-CMF-Treasury Advantage Plan-Wholesale-Daily Dividend Reinvestment Option</td>
<td>40,940,376.45</td>
<td>410.69</td>
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</table>
## SCHEDULE 7  CURRENT ASSETS, LOANS AND ADVANCES

### A. Current Assets

#### a. Inventories

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumable Stores and Spares</td>
<td>21.41</td>
<td>20.19</td>
</tr>
<tr>
<td>Raw Materials</td>
<td>694.30</td>
<td>848.35</td>
</tr>
<tr>
<td>Goods in Process</td>
<td>162.94</td>
<td>140.75</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>1334.00</td>
<td>987.81</td>
</tr>
<tr>
<td>Traded Goods</td>
<td>165.76</td>
<td>167.21</td>
</tr>
<tr>
<td>Packing Materials</td>
<td>127.90</td>
<td>124.62</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,506.31</strong></td>
<td><strong>2,288.93</strong></td>
</tr>
</tbody>
</table>

#### b. Sundry Debtors (Unsecured)

<table>
<thead>
<tr>
<th>Type</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over six months -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Considered good</td>
<td>84.54</td>
<td>171.54</td>
</tr>
<tr>
<td>Considered doubtful</td>
<td>101.88</td>
<td>73.50</td>
</tr>
<tr>
<td>Others, Considered good</td>
<td>2303.05</td>
<td>2,241.49</td>
</tr>
<tr>
<td></td>
<td>2489.47</td>
<td>2,486.53</td>
</tr>
<tr>
<td>Less : Provision for doubtful debts</td>
<td>101.88</td>
<td>73.50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,387.59</strong></td>
<td><strong>2,413.03</strong></td>
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</table>

#### c. Cash and Bank Balances

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on Hand</td>
<td>0.80</td>
<td>0.87</td>
</tr>
<tr>
<td>Cheques on Hand</td>
<td>140.66</td>
<td>174.58</td>
</tr>
<tr>
<td>Remittances in Transit</td>
<td>-</td>
<td>0.24</td>
</tr>
<tr>
<td>Bank Balances :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>With Scheduled Banks :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Current Accounts</td>
<td>186.82</td>
<td>1,093.64</td>
</tr>
<tr>
<td>In Fixed Deposit Accounts (Against bank guarantees)</td>
<td>2.85</td>
<td>1.40</td>
</tr>
<tr>
<td>Others :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Fixed Deposit with Municipal Co-op.Bank Ltd.</td>
<td>0.03</td>
<td>0.03</td>
</tr>
<tr>
<td>[Maximum outstanding during the year]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rs 0.03 million (Rs 0.03 million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>331.16</strong></td>
<td><strong>1,270.76</strong></td>
</tr>
</tbody>
</table>

#### d. Other Current Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Receivable</td>
<td>0.14</td>
<td>-</td>
</tr>
<tr>
<td>Foreign Currency Monetary item Translation Difference Account (Refer Note 10 of Schedule 12)</td>
<td>9.14</td>
<td>164.43</td>
</tr>
<tr>
<td>Claims Receivable</td>
<td>42.23</td>
<td>46.72</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51.51</strong></td>
<td><strong>211.15</strong></td>
</tr>
</tbody>
</table>

### B. Loans and Advances

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances recoverable in cash or in kind or for value to be received</td>
<td>225.19</td>
<td>299.61</td>
</tr>
<tr>
<td>Advance Payment of Taxes (Net of Provisions)</td>
<td>137.36</td>
<td>17.99</td>
</tr>
<tr>
<td>MAT Credit Entitlement</td>
<td>311.27</td>
<td>120.05</td>
</tr>
<tr>
<td>Loans and Advances to Staff</td>
<td>56.48</td>
<td>55.05</td>
</tr>
<tr>
<td>Loans and Advances to Subsidiaries</td>
<td>42.40</td>
<td>175.15</td>
</tr>
<tr>
<td>Deposits</td>
<td>86.75</td>
<td>85.40</td>
</tr>
<tr>
<td>Balances with Central Excise Department</td>
<td>102.74</td>
<td>115.68</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>962.19</strong></td>
<td><strong>868.93</strong></td>
</tr>
</tbody>
</table>

**TOTAL**                                                 | **6,238.76**          | **7,052.80**          |
### SCHEDULE 8  CURRENT LIABILITIES AND PROVISIONS

<table>
<thead>
<tr>
<th>Category</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptances</td>
<td>45.70</td>
<td>27.17</td>
</tr>
<tr>
<td>Sundry Creditors (Refer Note 2 of Schedule 12)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small and Medium Enterprises</td>
<td>166.02</td>
<td>160.84</td>
</tr>
<tr>
<td>Others</td>
<td>948.26</td>
<td>364.87</td>
</tr>
<tr>
<td>Dealers’ Deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investor Education and Protection Fund shall be credited by the following to the extent required as and when necessary: Unclaimed Dividends &amp; Preference Share Capital</td>
<td>9.84</td>
<td>10.22</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>1,798.27</td>
<td>1,383.83</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,301.93</td>
<td>2,241.16</td>
</tr>
<tr>
<td><strong>B. Provisions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For Gratuity</td>
<td>0.18</td>
<td>7.63</td>
</tr>
<tr>
<td>For Leave encashment</td>
<td>91.29</td>
<td>68.83</td>
</tr>
<tr>
<td>Dividends:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed Dividend</td>
<td>759.20</td>
<td>442.87</td>
</tr>
<tr>
<td>Corporate Tax on Dividend</td>
<td>126.09</td>
<td>75.26</td>
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<tr>
<td><strong>Total</strong></td>
<td>885.29</td>
<td>518.13</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4,278.69</strong></td>
<td><strong>2,835.75</strong></td>
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### SCHEDULE 9  OTHER INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received - (Gross)</td>
<td>7.19</td>
<td>10.56</td>
</tr>
<tr>
<td>Tax deducted at source Rs 0.79 million (Rs 0.04 million)</td>
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<tr>
<td>Insurance Claim Received</td>
<td>0.84</td>
<td>0.28</td>
</tr>
<tr>
<td>Dividend received</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On Trade Investments</td>
<td>1.19</td>
<td>1.06</td>
</tr>
<tr>
<td>On Units of Mutual Fund</td>
<td>28.18</td>
<td>8.16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>29.37</td>
<td>9.22</td>
</tr>
<tr>
<td>Export Incentives</td>
<td>71.96</td>
<td>46.58</td>
</tr>
<tr>
<td>Profit on sale of Investments</td>
<td>18.48</td>
<td>-</td>
</tr>
<tr>
<td>Profit on sale of Fixed Assets</td>
<td>1.43</td>
<td>4.62</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>142.50</td>
<td>167.66</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>271.77</td>
<td>238.92</td>
</tr>
<tr>
<td>SCHEDULE 10 MATERIALS</td>
<td>2009-10</td>
<td>2008-09</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>A Raw Materials consumed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening Stock</td>
<td>848.35</td>
<td>1025.42</td>
</tr>
<tr>
<td>Add : Purchases</td>
<td>6783.42</td>
<td>7084.37</td>
</tr>
<tr>
<td></td>
<td>7631.77</td>
<td>8109.79</td>
</tr>
<tr>
<td>Less : Closing Stock</td>
<td>694.30</td>
<td>848.35</td>
</tr>
<tr>
<td></td>
<td>6,937.47</td>
<td>7261.44</td>
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<tr>
<td>B Packing Materials consumed</td>
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<td></td>
</tr>
<tr>
<td>Opening Stock</td>
<td>124.62</td>
<td>208.75</td>
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<tr>
<td>Add : Purchases</td>
<td>2393.23</td>
<td>2072.90</td>
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<td>2517.85</td>
<td>2281.65</td>
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<tr>
<td>Less : Closing Stock</td>
<td>127.90</td>
<td>124.62</td>
</tr>
<tr>
<td></td>
<td>2,389.95</td>
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<tr>
<td>C Cost of Traded Goods</td>
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<tr>
<td>Opening Stock</td>
<td>167.21</td>
<td>136.02</td>
</tr>
<tr>
<td>Add : Purchases</td>
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<td>817.12</td>
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<td>1164.88</td>
<td>953.14</td>
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<tr>
<td>Less : Closing Stock</td>
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<td>167.21</td>
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<tr>
<td></td>
<td>999.12</td>
<td>785.93</td>
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<tr>
<td>D (Increase) / Decrease in Stocks</td>
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</tr>
<tr>
<td>Closing Stock</td>
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<td></td>
</tr>
<tr>
<td>Goods in Process</td>
<td>162.94</td>
<td>140.75</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>1334.00</td>
<td>987.80</td>
</tr>
<tr>
<td></td>
<td>1496.94</td>
<td>1128.55</td>
</tr>
<tr>
<td>Less :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening Stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goods in Process</td>
<td>140.75</td>
<td>147.15</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>987.81</td>
<td>1105.35</td>
</tr>
<tr>
<td></td>
<td>1128.56</td>
<td>1252.50</td>
</tr>
<tr>
<td></td>
<td>(368.38)</td>
<td>123.95</td>
</tr>
<tr>
<td>TOTAL</td>
<td>9,958.16</td>
<td>10328.35</td>
</tr>
<tr>
<td>Description</td>
<td>2009-10</td>
<td>2008-09</td>
</tr>
<tr>
<td>--------------------------------------------------------------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>Stores and Spares consumed</td>
<td>89.37</td>
<td>85.20</td>
</tr>
<tr>
<td>Clearing, Forwarding and Octroi Duty</td>
<td>823.19</td>
<td>770.45</td>
</tr>
<tr>
<td>Power and Fuel</td>
<td>206.14</td>
<td>254.22</td>
</tr>
<tr>
<td>Water Charges</td>
<td>15.54</td>
<td>15.23</td>
</tr>
<tr>
<td>Employees' Cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries, Wages, Bonus, Allowances</td>
<td>1,816.65</td>
<td>1,478.99</td>
</tr>
<tr>
<td>Contribution to Provident and Other Funds</td>
<td>108.94</td>
<td>102.52</td>
</tr>
<tr>
<td>Welfare Expenses</td>
<td>49.84</td>
<td>48.94</td>
</tr>
<tr>
<td>Rent</td>
<td>121.68</td>
<td>117.14</td>
</tr>
<tr>
<td>Rates and Taxes</td>
<td>23.25</td>
<td>19.44</td>
</tr>
<tr>
<td>Insurance</td>
<td>25.70</td>
<td>30.01</td>
</tr>
<tr>
<td>Licence fees</td>
<td>0.87</td>
<td>1.39</td>
</tr>
<tr>
<td>Repairs</td>
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<tr>
<td>Buildings</td>
<td>20.67</td>
<td>22.63</td>
</tr>
<tr>
<td>Machinery</td>
<td>46.76</td>
<td>40.43</td>
</tr>
<tr>
<td>Others</td>
<td>24.82</td>
<td>24.76</td>
</tr>
<tr>
<td>Directors' Fees</td>
<td>0.35</td>
<td>0.15</td>
</tr>
<tr>
<td>Advertisement and Publicity</td>
<td>634.55</td>
<td>492.38</td>
</tr>
<tr>
<td>Legal, Professional and Consultancy fees</td>
<td>145.39</td>
<td>244.16</td>
</tr>
<tr>
<td>Communication Expenses</td>
<td>59.96</td>
<td>59.08</td>
</tr>
<tr>
<td>Printing and Stationery</td>
<td>24.04</td>
<td>27.39</td>
</tr>
<tr>
<td>Travelling and Conveyance Expenses</td>
<td>314.10</td>
<td>317.44</td>
</tr>
<tr>
<td>Bad Debts</td>
<td>36.13</td>
<td>0.58</td>
</tr>
<tr>
<td>Provision for Doubtful Debts</td>
<td>28.38</td>
<td>64.32</td>
</tr>
<tr>
<td>Processing and Packing Charges</td>
<td>314.09</td>
<td>313.55</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>39.76</td>
<td>69.02</td>
</tr>
<tr>
<td>Commission and Brokerage</td>
<td>23.97</td>
<td>37.81</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>430.35</td>
<td>244.76</td>
</tr>
<tr>
<td>[Refer Note 19 of Schedule 12]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scientific Research and Development Expenditure</td>
<td>20.02</td>
<td>16.62</td>
</tr>
<tr>
<td>[Refer Note 1(v) of Schedule 12]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit Fees</td>
<td>2.20</td>
<td>1.69</td>
</tr>
<tr>
<td>For Other Services</td>
<td>1.33</td>
<td>0.89</td>
</tr>
<tr>
<td>Donations</td>
<td>3.53</td>
<td>2.58</td>
</tr>
<tr>
<td>Diminution in value of Investments</td>
<td>28.05</td>
<td>31.19</td>
</tr>
<tr>
<td>[Refer Notes 1(vi) of Schedule 12]</td>
<td></td>
<td>1.80</td>
</tr>
<tr>
<td>Foreign Exchange Fluctuation</td>
<td>93.09</td>
<td>160.70</td>
</tr>
<tr>
<td>[Refer Note 10 of Schedule 12]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on Fixed Assets Sold / Discarded</td>
<td>3.26</td>
<td>4.95</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On Term Loan</td>
<td>89.84</td>
<td>72.91</td>
</tr>
<tr>
<td>On Debentures</td>
<td>165.75</td>
<td>50.20</td>
</tr>
<tr>
<td>Others</td>
<td>30.44</td>
<td>194.68</td>
</tr>
<tr>
<td>TOTAL</td>
<td>5,858.47</td>
<td>5,417.62</td>
</tr>
</tbody>
</table>

(Rs in million)
## SCHEDULE 12  NOTES ON ACCOUNTS

### 1 Significant Accounting Policies:

#### i. General

The financial statements are prepared under the historical cost convention, on the basis of a going concern and as per applicable Indian Accounting Standards. The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis.

#### ii. Revenue Recognition

i. Income from sale of goods is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.

ii. Interest income is recognised on accrual basis.

iii. Claims which are not of material nature / Insurance Claim etc. are accounted for when no significant uncertainties are attached to their eventual receipt.

iv. Dividend is accounted on cash basis.

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

a. Fixed Assets are stated at cost of acquisition or construction, reduced by accumulated depreciation.

b. Preoperative expenditure during construction period / trial run: Direct expenses as well as clearly identifiable indirect expenses incurred on the projects during the period of construction are capitalised alongwith the respective assets.

c. The Company provides depreciation as under:

1. For assets acquired upto 30th June 1987, on Straight Line Method (SLM) basis.
3. For assets acquired after 31st March 1993, on SLM basis as per new rates prescribed under Schedule XIV vide notification no. GSR 756 (E) dated 16th December 1993 issued by the Department of Company Affairs.
4. For assets costing Rs 5000 or less, depreciation is provided fully.
5. For additions made during the year, depreciation is provided on pro-rata basis
6. The Goodwill acquired by the Company is amortised over a period of 5 years on SLM basis.
7. The Copyrights, Trademarks, Technical Knowhow, etc. acquired by the Company are amortised over a period of 10 years on SLM basis.

d. In case, the recoverable amount of the fixed assets is lower than its carrying amount, provision is made for the impairment loss.

#### iv. Method of Valuation of Inventories

a. Raw Materials and Packing materials are valued at cost on weighted average basis.

b. Finished goods, including traded goods and work in process are valued at lower of cost and net realisable value. Cost (arrived at on weighted average) for this purpose includes direct materials, direct labour, excise duty and appropriate overheads including freight costs upto the ports in respect of finished goods meant for exports.

c. Consumable stores and spares are valued at lower of cost or net realisable value, as estimated by the management.

d. Obsolete, defective, unserviceable and slow / non-moving stocks are duly provided for.
v. Research and Development Expenditure
   a. Capital Expenditure is shown separately in Fixed Assets.
   b. Revenue expenses including depreciation, except expenditure specifically shown, is charged to respective heads of accounts.

vi. Investments
   a. Long Term Investments are stated at cost. In case there is a diminution of permanent nature in value of Investments (other than long term strategic investment), the same is provided for.
   b. i. Quoted current investments are stated at the lower of cost and market value.
   ii. Unquoted current investments are stated at the lower of cost and fair value where available.
   c. In case of subsidiaries, investments are valued at cost.

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

viii. Transactions in foreign currencies
   a. Transactions are recorded at the exchange rates prevailing on the date of transaction.
   b. Foreign currency designated assets and liabilities are restated at the year end rates and the resultant gain or loss is taken to Profit and Loss Account except in respect of fixed Assets which is being capitalised (Refer Note 10 of Schedule 12)

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

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

2. The Company did not have any time during the year amount due to small and medium enterprises (SME) which is outstanding for more than 45 days. Further no interest is paid / payable to such SME creditors. The above information and that given in Schedule 8 “Current Liabilities and Provisions” regarding small and medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.
### SCHEDULE 12  NOTES ON ACCOUNTS

#### 3. Contingent liabilities not provided for:

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Guarantees given by Banks in favour of Government and others</td>
<td>48.98</td>
<td>56.02</td>
</tr>
<tr>
<td>ii. Guarantees given by Company</td>
<td>647.00</td>
<td>565.30</td>
</tr>
<tr>
<td>iii. Disputed liabilities in respect of Income Tax, Sales Tax, Central Excise and Customs (under appeal)</td>
<td>323.80</td>
<td>112.25</td>
</tr>
<tr>
<td>iv. Claims against the company not acknowledged as debts.</td>
<td>81.44</td>
<td>76.07</td>
</tr>
</tbody>
</table>

#### 4. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>196.68</td>
<td>101.81</td>
</tr>
</tbody>
</table>

#### 5. The net amount of exchange differences (credited) / debited to Profit & Loss Account.

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>93.09</td>
<td>160.70</td>
</tr>
</tbody>
</table>

#### 6. Remuneration to Directors:

*(Includes benefits which are debited to respective expenses)*

- a. Remuneration
  - As at 31st March 2010: 48.20
  - As at 31st March 2009: 41.45

- b. Commission
  - As at 31st March 2010: 85.14
  - As at 31st March 2009: 42.75

- c. Provident Fund Contribution
  - As at 31st March 2010: 2.41
  - As at 31st March 2009: 2.24

- d. Other Perquisites
  - As at 31st March 2010: 4.04
  - As at 31st March 2009: 2.90

*(Excluding Gratuity and Leave encashment which is provided for the Company as a whole)*

#### 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.

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add: Directors’ remuneration</td>
<td>48.20</td>
<td>41.45</td>
</tr>
<tr>
<td>Contribution to Provident Fund</td>
<td>2.41</td>
<td>2.24</td>
</tr>
<tr>
<td>Other Perquisites</td>
<td>4.04</td>
<td>2.90</td>
</tr>
<tr>
<td></td>
<td>54.65</td>
<td>46.59</td>
</tr>
<tr>
<td>Less : Profit/(Loss) on sale of investments</td>
<td>18.48</td>
<td>-</td>
</tr>
<tr>
<td>Profit/(Loss) on sale of fixed assets</td>
<td>(1.83)</td>
<td>(0.33)</td>
</tr>
<tr>
<td>Net Profit for the purpose of Directors’ Commission</td>
<td>3411.87</td>
<td>1721.68</td>
</tr>
</tbody>
</table>

#### Commission payable to Directors

- a. Managing Director, Joint Managing Director and Wholetime Director
  - As at 31st March 2010: 82.44
  - As at 31st March 2009: 40.20

- b. Others
  - As at 31st March 2010: 2.70
  - As at 31st March 2009: 2.55

- Total
  - As at 31st March 2010: 85.14
  - As at 31st March 2009: 42.75
8. Sundry debtors include amount due from:

<table>
<thead>
<tr>
<th>Company as per Section 370 (1B) of the Companies Act, 1956:</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parekh Marketing Limited</td>
<td>119.29</td>
<td>114.97</td>
</tr>
</tbody>
</table>

9. The borrowing cost on Foreign Currency Convertible Bonds / ECB of Rs 74.51 million (Rs 87.09 million) has been capitalised during the year.

10. The Company had in March 2009 exercised the option permitted by the Central Government under Notification No G.S.R 225 (E) to treat foreign exchange difference relating to assets as adjustments in the carrying value of such depreciable assets and amortise other differences of a specified nature over the term of the relative item. Accordingly for the year ended 31st March 2010, the Company has credited the gain of Rs 123.64 million to the carrying cost of the depreciable assets and credited Rs 145.07 million to Foreign Currency Monetary Item Translation Account. Out of the said Foreign Currency Monetary Item Translation Account Rs 10.20 million has been amortised in the current year ended 31st March 2010.

11. Disclosure as per clause 32 of the listing agreement

(a) Loans in the nature of Inter Corporate Deposits (ICD’s) given to Subsidiaries:

<table>
<thead>
<tr>
<th>Name of the subsidiary companies</th>
<th>Amount outstanding As on 31st March 2010</th>
<th>Maximum Balance outstanding during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Bhimad Commercial Company Pvt. Ltd.</td>
<td>8.55</td>
<td>16.05</td>
</tr>
<tr>
<td>ii) Madhumala Traders Pvt. Ltd.</td>
<td>8.70</td>
<td>16.20</td>
</tr>
<tr>
<td>iii) Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda</td>
<td>0.25</td>
<td>121.70</td>
</tr>
<tr>
<td>iv) Pagel Concrete Technologies Pvt. Ltd.</td>
<td>3.20</td>
<td>3.34</td>
</tr>
</tbody>
</table>

Notes:

a) Loans and Advances shown above, fall under the category of ‘Loans & Advances’ in nature of loans where there is no repayment schedule and are re-payable on demand.

b) Loans and Advances referred to in point (i), (ii) and (iv) above are not interest bearing.
### SCHEDULE 12  NOTES ON ACCOUNTS

12. 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 licenced capacity, installed capacity, production and sales of the goods manufactured:

#### i. DETAILS OF THE GOODS MANUFACTURED / SALES / STOCKS

<table>
<thead>
<tr>
<th>Class of Goods</th>
<th>Licence Capacity*</th>
<th>Installed Capacity* Approx.</th>
<th>Opening Stock (Qty)</th>
<th>Opening Stock (Rs in million)</th>
<th>Production Meant for Sale (Qty)</th>
<th>Sales a (Qty)</th>
<th>Sales a (Rs in million)</th>
<th>Closing Stock (Qty)</th>
<th>Closing Stock (Rs in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dyestuffs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M.T.</td>
<td>3900</td>
<td>3144</td>
<td>2362</td>
<td>184.54</td>
<td>20949*</td>
<td>19631</td>
<td>1834.40</td>
<td>3680</td>
<td>233.47</td>
</tr>
<tr>
<td></td>
<td>(3900)</td>
<td>(3144)</td>
<td>(2349)</td>
<td>(173.04)</td>
<td>(18952)</td>
<td>(18939)</td>
<td>(1682.46)</td>
<td>(2362)</td>
<td>(184.54)</td>
</tr>
<tr>
<td>K.L.</td>
<td>595</td>
<td>79.86</td>
<td>6615g</td>
<td>6135</td>
<td>1365.09</td>
<td>1075</td>
<td>140.26</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(662)</td>
<td>(113.65)</td>
<td>(5580)</td>
<td>(5647)</td>
<td>(1135.35)</td>
<td>(595)</td>
<td>(79.86)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Chemicals</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M.T.</td>
<td>335265</td>
<td>244085</td>
<td>9619</td>
<td>453.30</td>
<td>140076f</td>
<td>13129</td>
<td>596.11</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(341115)</td>
<td>(239380)</td>
<td>(10373)</td>
<td>(523.34)</td>
<td>(133931)</td>
<td>(9619)</td>
<td>(453.30)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>K.L.</td>
<td>353708</td>
<td>20860</td>
<td>2831</td>
<td>227.35</td>
<td>35159b</td>
<td>3962</td>
<td>296.18</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(34260)</td>
<td>(28740)</td>
<td>(2781)</td>
<td>(291.86)</td>
<td>(29458)</td>
<td>(2831)</td>
<td>(227.35)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Others Nos. Lac</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>98</td>
<td>42.76</td>
<td>2336f</td>
<td>2291</td>
<td>589.53</td>
<td>143</td>
<td>67.98</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(100)</td>
<td>(43.47)</td>
<td>(2225)</td>
<td>(2227)</td>
<td>(511.47)</td>
<td>(98)</td>
<td>(42.76)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Traded Goods</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>167.21</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1086.70</td>
<td>165.76</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(136.02)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1073.04)</td>
<td>(167.21)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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

B  Excluding Resale of Raw Materials / Packing Materials Rs 210.41 million (Rs 101.84 million)

C  Includes 17721 Tonnes (16621 Tonnes) produced in the factory of third party.

D  Includes 5315 KL (3775 KL) produced in the factory of third party.

E  Includes 38423 Tonnes (34723 Tonnes) produced in the factory of third party.

F  Includes 5380 KL (4243 KL) produced in the factory of the third party.

G  Includes 2332 Nos Lac (2219 Nos Lac) produced in the factory of the third party.

Figures in bracket indicate previous year’s figures.
### SCHEDULE 12  NOTES ON ACCOUNTS

#### ii. a. Value of Imported and Indigenous Raw Materials consumed and percentage thereof:

<table>
<thead>
<tr>
<th></th>
<th>2009-10 Rs in million</th>
<th>2008-09 Rs in million</th>
<th>2009-10 %</th>
<th>2008-09 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imported</td>
<td>2418.28</td>
<td>2550.69</td>
<td>35.95</td>
<td>35.56</td>
</tr>
<tr>
<td>Indigenous</td>
<td>4308.78</td>
<td>4621.47</td>
<td>64.05</td>
<td>64.44</td>
</tr>
<tr>
<td></td>
<td><strong>6727.06</strong> *</td>
<td><strong>7172.16</strong> *</td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

#### ii. b. Consumption of Raw Materials

<table>
<thead>
<tr>
<th></th>
<th>Quantity MT</th>
<th>Value Rs in million</th>
<th>Quantity MT</th>
<th>Value Rs in million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vinyl Acetate Monomer</td>
<td>21321</td>
<td>990.91</td>
<td>10354</td>
<td>723.19</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>5736.15</td>
<td>6448.97</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(None of which individually account for more than 10% of total consumption)

**Notes:**

* Net of Resale of Raw Materials Rs 210.41 million (Rs 89.28 million)

#### iii. C.I.F. Value of Imports:

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Materials</td>
<td>1888.76</td>
<td>2181.09</td>
</tr>
<tr>
<td>Capital Goods</td>
<td>6.59</td>
<td>36.50</td>
</tr>
<tr>
<td>Others</td>
<td>448.53</td>
<td>311.93</td>
</tr>
</tbody>
</table>

#### iv. Expenditure in Foreign Currency

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Travel</td>
<td>35.53</td>
<td>27.18</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>33.13</td>
<td>113.96</td>
</tr>
<tr>
<td>Interest</td>
<td>72.19</td>
<td>66.40</td>
</tr>
<tr>
<td>Others</td>
<td>193.05</td>
<td>144.77</td>
</tr>
</tbody>
</table>

#### iv. Earnings in Foreign Exchange

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOB Value of Exports</td>
<td>1838.46</td>
<td>1819.53</td>
</tr>
<tr>
<td>Others</td>
<td>4.01</td>
<td>3.60</td>
</tr>
</tbody>
</table>

(Rs in million)
## SCHEDULE 12  NOTES ON ACCOUNTS

### 13. Segment reporting:

**INFORMATION ABOUT BUSINESS SEGMENTS**  
(Rs in million)

<table>
<thead>
<tr>
<th>Business Segments</th>
<th>Consumer &amp; Bazaar Products</th>
<th>Industrial Products</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External Sales</td>
<td>14797.15</td>
<td>4343.30</td>
<td>157.00</td>
<td>19297.45</td>
</tr>
<tr>
<td></td>
<td>(12877.62)</td>
<td>(3801.70)</td>
<td>(931.90)</td>
<td>(17611.22)</td>
</tr>
<tr>
<td>Inter Segment Revenue (at cost plus 10%)</td>
<td>19.55</td>
<td>309.60</td>
<td>19.30</td>
<td>348.45</td>
</tr>
<tr>
<td></td>
<td>(16.78)</td>
<td>(306.40)</td>
<td>(535.50)</td>
<td>(858.68)</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>14816.70</td>
<td>4652.90</td>
<td>176.30</td>
<td>19645.90</td>
</tr>
<tr>
<td></td>
<td>(12894.40)</td>
<td>(4108.10)</td>
<td>(1467.40)</td>
<td>(18469.90)</td>
</tr>
<tr>
<td><strong>RESULTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment Results</td>
<td>3848.89</td>
<td>914.63</td>
<td>(125.74)</td>
<td>4637.78</td>
</tr>
<tr>
<td></td>
<td>(2546.09)</td>
<td>(531.15)</td>
<td>(92.78)</td>
<td>(3170.02)</td>
</tr>
<tr>
<td>Unallocated Corporate Expenses</td>
<td>1263.85</td>
<td></td>
<td></td>
<td>(1412.86)</td>
</tr>
<tr>
<td>Unallocated Corporate Income</td>
<td></td>
<td>164.27</td>
<td></td>
<td>(172.86)</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td></td>
<td></td>
<td></td>
<td>3538.20</td>
</tr>
<tr>
<td>Interest Expenses</td>
<td>286.03</td>
<td></td>
<td></td>
<td>(317.79)</td>
</tr>
<tr>
<td>Interest / Dividend Income</td>
<td></td>
<td>36.56</td>
<td></td>
<td>(19.78)</td>
</tr>
<tr>
<td>Income Tax (Provision for Taxation and Deferred Taxation)</td>
<td></td>
<td>397.51</td>
<td></td>
<td>(168.22)</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td></td>
<td></td>
<td></td>
<td>2891.22</td>
</tr>
<tr>
<td></td>
<td>(1463.79)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### OTHER INFORMATION

| Segment Assets   | 5497.55                      | 2053.81             | 380.47 | 7931.83 |
|                 | (5153.63)                    | (1898.45)           | (499.46) | (7551.54) |
| Unallocated Corporate Assets | 10362.31 |       |        | (8641.37) |
| **Total assets** | 18294.14                    |                     |        |       |
| Segment Liabilities | 2221.47                      | 736.78              | -      | 2958.25 |
|                   | (1244.70)                    | (477.54)            | (187.29) | (1909.53) |
| Unallocated Corporate Liabilities | 5950.10 |       |        | (6947.23) |
| **Total liabilities** | 8908.35                      |                     |        |       |
| Capital Expenditure | 143.73                      | 40.92               | 15.39  | 200.04 |
|                   | (517.15)                     | (101.89)            | (10.21) | (629.25) |
| Unallocated Corporate Capital Expenditure | 491.10 |       |        | (1118.91) |
| Depreciation      | 227.45                       | 69.27               | 38.57  | 335.29 |
|                   | (247.23)                     | (73.34)             | (41.02) | (361.59) |
SCHEDULE 12  NOTES ON ACCOUNTS
INFORMATION ABOUT GEOGRAPHICAL SEGMENTS

(Rs in million)

<table>
<thead>
<tr>
<th>GEOGRAPHICAL SEGMENTS</th>
<th>India</th>
<th>Other Countries</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009-10</td>
<td>2008-09</td>
<td>2009-10</td>
</tr>
<tr>
<td>Sales Revenue</td>
<td>17395.11</td>
<td>15695.62</td>
<td>1902.34</td>
</tr>
<tr>
<td>Carrying amount of Segment Assets</td>
<td>17821.53</td>
<td>15574.65</td>
<td>472.61</td>
</tr>
<tr>
<td>Additions to Fixed Assets and Intangible Assets</td>
<td>689.27</td>
<td>1746.17</td>
<td>1.87</td>
</tr>
</tbody>
</table>

Notes:

SEGMENT INFORMATION

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

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

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

Others consist of VAM manufacturing unit of Vinyl Chemicals (India) Ltd. demerged into the Company w.e.f 1st April 2007.

Geographical Segment
For the purpose of geographical segment the sales are divided into two segments : Sales within India and Sales to other countries.

14. Deferred Taxation:
Out of the net deferred tax liability of Rs 415.36 million as at 31st March 2010, the major components of deferred tax balances are set out below.

(Rs in million)

<table>
<thead>
<tr>
<th>Deferred Tax Liability</th>
<th>Upto 31st March 2009</th>
<th>During the year 2009-10</th>
<th>Carried as at 31st March 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Difference between Accounting and Tax Depreciation (Cumulative)</td>
<td>506.10</td>
<td>(5.38)</td>
<td>500.72</td>
</tr>
<tr>
<td>Deferred Tax Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Leave Salary &amp; Others</td>
<td>65.25</td>
<td>20.11</td>
<td>85.36</td>
</tr>
<tr>
<td>B. Net Deferred Tax Liability</td>
<td>440.85</td>
<td>(25.49)</td>
<td>415.36</td>
</tr>
</tbody>
</table>

The above working of deferred tax is based on assessment orders where assessments are complete and on return of income in other cases.
SCHEDULE 12 NOTES ON ACCOUNTS

15. Earnings Per Share

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted Average no of shares used in computing Basic Earnings per share</td>
<td>506134612</td>
<td><strong>506134612</strong></td>
</tr>
<tr>
<td>Weighted average Potential no of equity shares that could arise on exercise of option on Zero Coupon Convertible Bonds from 16th Jan 2008 to 1st December 2012</td>
<td>14300428</td>
<td>14953942</td>
</tr>
<tr>
<td>Weighted Average no of shares used in computing Diluted Earnings per share</td>
<td>520435040</td>
<td>521088554</td>
</tr>
<tr>
<td>Net Profit after tax and Preference dividend and Tax on it ( Rs in million)</td>
<td>2934.95</td>
<td>1463.79</td>
</tr>
<tr>
<td>Basic Earnings Per Share * (Rs)</td>
<td>5.80</td>
<td>2.89</td>
</tr>
<tr>
<td>Diluted Earnings Per Share * (Rs)</td>
<td>5.64</td>
<td>2.81</td>
</tr>
</tbody>
</table>

* Equity shares of face value of Re 1 each.
** Adjusted for bonus shares issued during the year.

16. a) Particulars of Unhedged foreign currency Exposure as at Balance Sheet Date

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export Debtors</td>
<td>Rs 432.81 million (USD 8.78 million, Euro 0.54 million, SPD 0.1 million, THB 0.54 million, Zar 0.31 million)</td>
</tr>
<tr>
<td></td>
<td>Previous Year Rs 593.5 million (USD 10.68 million, Euro 0.6 million, GBP 0.1 million, THB 1.1 million, Zar 0.05 million)</td>
</tr>
<tr>
<td>Creditors</td>
<td>Rs 56.5 million (USD 1.14 million, Euro 0.5 million)</td>
</tr>
<tr>
<td></td>
<td>Previous Year Rs 104.10 million (USD 2.05 million, Euro 0.09 million)</td>
</tr>
<tr>
<td>Loans</td>
<td>Rs 2146.13 million (USD 48.55 million)</td>
</tr>
<tr>
<td></td>
<td>Previous Year Rs 2515.8 million (USD 50.2 million)</td>
</tr>
</tbody>
</table>

b) Details of Forward Contract outstanding as at the End of Year

<table>
<thead>
<tr>
<th>Currency</th>
<th>No of Contracts</th>
<th>Buy Amount</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>19</td>
<td>Rs 132.66 million</td>
<td>Import of Raw Materials.</td>
</tr>
<tr>
<td>EURO</td>
<td>1</td>
<td>Rs 4.83 million</td>
<td>Import of Raw Materials.</td>
</tr>
</tbody>
</table>
17. Related Party Disclosures

Related Party Disclosures as required by AS-18, “Related Party Disclosures”, are given below:

### Relationships:

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

### Key Management Personnel:

Sarva Shri M B Parekh - Managing Director, N K Parekh - Jt Managing Director, A B Parekh and A N Parekh - Wholetime Directors, Shri V S Vasan - Wholetime Director (for the period 1st April 2009 till 21st October 2009). Shri J L Shah - Wholetime Director (From 21st October 2009)

### Other Directors:

Sarva Shri B K Parekh, S K Parekh, R M Gandhi, N J Jhaveri, B S Mehta, R Kapoor, Y Mahajan, B Puri and D. Bhattacharya
iv. Transactions with Related Parties during the year ended 31st March 2010 are as follows:

(Rs in million)

<table>
<thead>
<tr>
<th>Nature of Transaction</th>
<th>Remuneration to Directors</th>
<th>Parekh Marketing Ltd</th>
<th>Vinyl Chemicals (India) Ltd.</th>
<th>Kalva Marketing and Services Ltd</th>
<th>Nilit Enterprises</th>
<th>Bhumid Commercial Co Pvt Ltd</th>
<th>Madhumala Traders Pvt Ltd</th>
<th>Pagel Concrete Technology Pvt Ltd</th>
<th>Pidilite International Pte Ltd</th>
<th>Pidilite Middle East Ltd.</th>
<th>Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Sales and Related Income</td>
<td></td>
<td>427.65</td>
<td>(505.90)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>b. Other Income (including Electricity Generation)</td>
<td></td>
<td>0.50</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>0.39</td>
</tr>
<tr>
<td>c. Purchases and Other Related Services</td>
<td></td>
<td>- 1026.35</td>
<td>- 87.18</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>d. Remuneration to Directors</td>
<td></td>
<td>(-)</td>
<td>(707.12)</td>
<td>(83.78)</td>
<td>(-)</td>
<td>(-)</td>
<td>(14.02)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>e. Investment in Share Capital</td>
<td></td>
<td>(-)</td>
<td>(0.35)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(0.13)</td>
</tr>
<tr>
<td>f. Loans Given / (repayment of loan received)</td>
<td></td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>g. Purchase of Fixed Assets</td>
<td></td>
<td>(-)</td>
<td>(0.01)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>h. Sale of Fixed Assets</td>
<td></td>
<td>(-)</td>
<td>(0.07)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>i. Interest Paid / (Received)</td>
<td></td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>k. Reimbursement of expenses received</td>
<td></td>
<td>(-)</td>
<td>(1.45)</td>
<td>(7.13)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>l. Provision For Doubtful Debts Made</td>
<td></td>
<td>(-)</td>
<td>(0.62)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>m. Bad Debts Written Off</td>
<td></td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>n. Outstanding Balances</td>
<td></td>
<td>119.29</td>
<td>(-)</td>
<td>0.58</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>- Debtors</td>
<td></td>
<td>(114.97)</td>
<td>(35.60)</td>
<td>(0.12)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(5.94)</td>
</tr>
<tr>
<td>- Creditors</td>
<td></td>
<td>0.28</td>
<td>99.37</td>
<td>(-)</td>
<td>(7.94)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(19.34)</td>
</tr>
<tr>
<td>- Outstanding Payable (Net of receivable)</td>
<td></td>
<td>(1.61)</td>
<td>(64.02)</td>
<td>(-)</td>
<td>(3.95)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>- Outstanding Payable (Net of receivable)</td>
<td></td>
<td>(119.01)</td>
<td>99.37</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
</tbody>
</table>

During the year, loan given to Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda of Rs 112.72 million. Converted into Equity Shares.
### schedule 12 notes on accounts

iv. Transactions with Related Parties during the year ended 31st March 2010 are as follows: (Rs in million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Sales and Related Income</td>
<td>16.23</td>
<td>0.31</td>
<td>-</td>
<td>-</td>
<td>14.98</td>
<td>-</td>
<td>9.73</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.34</td>
<td>6.86</td>
<td>477.78</td>
</tr>
<tr>
<td>b. Other Income (including Electricity Generation)</td>
<td>2.15</td>
<td>0.56</td>
<td>-</td>
<td>-</td>
<td>0.09</td>
<td>-</td>
<td>0.09</td>
<td>0.27</td>
<td>0.80</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>c. Purchases and Other Related Services</td>
<td>12.17</td>
<td>-</td>
<td>-</td>
<td>6.21</td>
<td>-</td>
<td>20.49</td>
<td>-</td>
<td>3.87</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>d. Remuneration to Directors:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>- Sitting Fees</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>- Managing Director/Jt Managing Director</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>- Wholetime Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Commission to Non Executive Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Investment in Share Capital</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. Loans Given/(Taken)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>g. Purchase of Fixed Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>h. Sale of Fixed Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Interest Paid / (Received)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>j. Reimbursement of expenses made</td>
<td>3.51</td>
<td>35.47</td>
<td>-</td>
<td>8.84</td>
<td>-</td>
<td>-</td>
<td>0.16</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>48.84</td>
</tr>
<tr>
<td>k. Reimbursement of expenses received</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>l. Provision For Doubtful Debts Made</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>m. Bad Debts Written Off</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>n. Outstanding Balances:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Debtors</td>
<td>37.70</td>
<td>5.69</td>
<td>-</td>
<td>3.37</td>
<td>5.68</td>
<td>0.26</td>
<td>9.59</td>
<td>-</td>
<td>3.49</td>
<td>1.05</td>
<td>0.48</td>
<td>6.61</td>
<td>199.73</td>
</tr>
<tr>
<td></td>
<td>(3.90)</td>
<td>(3.81)</td>
<td>(27.68)</td>
<td>(0.09)</td>
<td>-</td>
<td>(6.19)</td>
<td>(1.57)</td>
<td>(0.12)</td>
<td>(2.40)</td>
<td>(3.93)</td>
<td>(0.09)</td>
<td>(11.19)</td>
<td>(133.19)</td>
</tr>
<tr>
<td>- Creditors</td>
<td>7.96</td>
<td>0.95</td>
<td>-</td>
<td>2.58</td>
<td>-</td>
<td>4.67</td>
<td>-</td>
<td>0.16</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>123.91</td>
</tr>
<tr>
<td></td>
<td>(0.38)</td>
<td>(0.20)</td>
<td>(6.75)</td>
<td>(3.48)</td>
<td>(3.57)</td>
<td>(0.23)</td>
<td>(4.66)</td>
<td>(10.20)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Outstanding Payable (Net of receivable)</td>
<td>(28.74)</td>
<td>(4.74)</td>
<td>-</td>
<td>(0.79)</td>
<td>(5.68)</td>
<td>4.41</td>
<td>(9.59)</td>
<td>-</td>
<td>(3.33)</td>
<td>(1.05)</td>
<td>(0.48)</td>
<td>(6.61)</td>
<td>(75.42)</td>
</tr>
<tr>
<td></td>
<td>(3.52)</td>
<td>(11.06)</td>
<td>(20.93)</td>
<td>(8.09)</td>
<td>(17.99)</td>
<td>(9.59)</td>
<td>(3.57)</td>
<td>(11.35)</td>
<td>(4.56)</td>
<td>(0.12)</td>
<td>(131.19)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
18. The Company has classified various employee benefits as under:

(A) Defined Contribution Plans
(a) Provident Fund
(b) Superannuation Fund
(c) State Defined Contribution Plans
   - Employers’ Contribution to Employees’ State Insurance
   - Employers’ Contribution to Employees’ Pension Scheme 1995

The Provident Fund and the State Defined Contribution Plans are operated by the Regional Provident Fund Commissioner and the Superannuation Fund is administered by the Life Insurance Corporation of India. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. These funds are recognised by the Income Tax Authorities.

The Company has recognised the following amounts in the Profit and Loss Account for the year:

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Contribution to Provident Fund</td>
<td>53.76</td>
<td></td>
</tr>
<tr>
<td>(ii) Contribution to Employees’ Superannuation Fund</td>
<td>11.55</td>
<td></td>
</tr>
<tr>
<td>(iii) Contribution to Employees’ State Insurance Scheme</td>
<td>1.73</td>
<td></td>
</tr>
<tr>
<td>(iv) Contribution to Employees’ Pension Scheme 1995</td>
<td>25.69</td>
<td></td>
</tr>
</tbody>
</table>

(B) Defined Benefit Plans
(a) Gratuity
(b) Leave Encashment

Applicable to certain employees

Valuations in respect of Gratuity and Leave Encashment have been carried out by Life Insurance Corporation of India & independent actuary respectively, as at the balance sheet date, based on the following assumptions:

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Discount Rate (per annum)</td>
<td>8%</td>
</tr>
<tr>
<td>(ii) Rate of increase in Compensation levels</td>
<td>4%</td>
</tr>
</tbody>
</table>

(Rs in million)

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gratuity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leave Encashment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Changes in Present value of Obligation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Opening Present value of Obligation</td>
<td>158.57</td>
<td>135.56</td>
</tr>
<tr>
<td>b. Interest Cost</td>
<td>12.69</td>
<td>10.93</td>
</tr>
<tr>
<td>c. Past Service Cost</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>d. Current Service Cost</td>
<td>13.59</td>
<td>11.28</td>
</tr>
<tr>
<td>e. Contributions by Plan participants</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>f. Curtailment Cost/(Credit)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>g. Settlement Cost/(Credit)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>h. Benefits Paid</td>
<td>9.86</td>
<td>8.07</td>
</tr>
<tr>
<td>i. Actuarial (Gains)/Loss</td>
<td>3.04</td>
<td>7.87</td>
</tr>
<tr>
<td>j. Amalgamation/ Scheme</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>k. Closing Present value of Obligation</td>
<td>178.03</td>
<td>158.58</td>
</tr>
<tr>
<td>Leave Encashment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### SCHEDULE 12  NOTES ON ACCOUNTS

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gratuity</td>
<td>Leave Encashment</td>
</tr>
<tr>
<td>a. Opening Present value of Plan Assets</td>
<td>150.95</td>
<td>-</td>
</tr>
<tr>
<td>b. Expected Return on Plan Assets</td>
<td>15.26</td>
<td>-</td>
</tr>
<tr>
<td>c. Actuarial (Gain) / Loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>d. Employer’s Contributions</td>
<td>21.50</td>
<td>-</td>
</tr>
<tr>
<td>e. Employees’ Contributions (incl. Rs Nil transferred from previous employers)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>f. Benefits Paid</td>
<td>9.86</td>
<td>-</td>
</tr>
<tr>
<td>g. Amalgamation / Scheme</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>h. Closing Fair value of Assets</td>
<td>177.85</td>
<td>-</td>
</tr>
</tbody>
</table>

### iii. Percentage of each category of Plan Assets to total closing fair value

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Bank Deposits (Sp. Dep. Scheme, 1975)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>b. Debt Instruments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>c. Administered by Life Insurance Corporation of India</td>
<td>177.85</td>
<td>-</td>
</tr>
<tr>
<td>d. Others</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### iv. Reconciliation of the Present Value of Defined Present Obligations and the Fair Value of Assets

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Closing Present value of Funded Obligation</td>
<td>178.03</td>
<td>91.29</td>
</tr>
<tr>
<td>b. Closing Fair value of Plan Assets</td>
<td>177.85</td>
<td>-</td>
</tr>
<tr>
<td>c. Funded (Asset) / Liability recognised in the Balance Sheet</td>
<td>0.18</td>
<td>91.29</td>
</tr>
<tr>
<td>d. Closing Present value of Unfunded Obligation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>e. Unrecognised Past Service Cost</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>f. Unrecognised Actuarial (Gain) / Loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>g. Unfunded Net Liability recognised in the Balance Sheet</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### v. Amounts recognised in the Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Closing Present value of Obligation</td>
<td>178.03</td>
<td>91.29</td>
</tr>
<tr>
<td>b. Closing Fair value of Plan Assets</td>
<td>177.85</td>
<td>-</td>
</tr>
<tr>
<td>c. (Asset) / Liability recognised in the Balance Sheet</td>
<td>0.18</td>
<td>91.29</td>
</tr>
</tbody>
</table>

### vi. Expenses recognised in the Profit and Loss Account

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Current Service Cost</td>
<td>13.59</td>
<td>10.41</td>
</tr>
<tr>
<td>b. Past Service Cost</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>c. Interest Cost</td>
<td>12.69</td>
<td>5.26</td>
</tr>
<tr>
<td>d. Expected Return on Plan Assets</td>
<td>15.26</td>
<td>-</td>
</tr>
<tr>
<td>e. Curtailment cost / (Credit)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>f. Settlement Cost / (credit)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>g. Net Actuarial (Gain) / Loss</td>
<td>3.04</td>
<td>24.90</td>
</tr>
<tr>
<td>h. Employees’ Contribution</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>i. Total Expenses recognised in the Profit and Loss Account</td>
<td>14.06</td>
<td>40.57</td>
</tr>
</tbody>
</table>

### 19. Miscellaneous expenses includes excise duty on

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Stock</td>
<td>145.96</td>
<td>82.45</td>
</tr>
<tr>
<td>Less: Opening Stock</td>
<td>82.45</td>
<td>160.01</td>
</tr>
<tr>
<td>Excise duty on stock included in Miscellaneous Expenses</td>
<td>63.51</td>
<td>(77.56)</td>
</tr>
</tbody>
</table>

### 20. Figures in bracket indicate previous year’s figures.

### 21. Previous year’s figures have been regrouped / rearranged wherever necessary.
22. 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

<table>
<thead>
<tr>
<th>I. Registration Details:</th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration No.</td>
<td>14336</td>
<td>14336</td>
</tr>
<tr>
<td>State Code</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Balance Sheet Date</td>
<td>31.03.2010</td>
<td>31.03.2009</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>II. Capital Raised during the year</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Issue</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Rights Issue</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Bonus Issue</td>
<td>253.07</td>
<td>Nil</td>
</tr>
<tr>
<td>Private Placement/ On Amalgamation</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>III. Position of Mobilisation and Deployment of Funds</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Liabilities</td>
<td>14015.45</td>
<td>13357.16</td>
</tr>
<tr>
<td>Total Assets</td>
<td>14015.45</td>
<td>13357.16</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid-up Capital</td>
<td>506.13</td>
<td>253.07</td>
</tr>
<tr>
<td>Reserves and Surplus</td>
<td>8879.66</td>
<td>7083.08</td>
</tr>
<tr>
<td>Secured Loans</td>
<td>2184.50</td>
<td>2593.09</td>
</tr>
<tr>
<td>Unsecured Loans</td>
<td>2029.80</td>
<td>2987.05</td>
</tr>
<tr>
<td>Deferred Tax Liability (Net)</td>
<td>415.36</td>
<td>440.87</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Application of Funds</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Fixed Assets</td>
<td>6948.74</td>
<td>6733.01</td>
</tr>
<tr>
<td>Investments</td>
<td>5106.64</td>
<td>2407.10</td>
</tr>
<tr>
<td>Net Current Assets</td>
<td>1960.07</td>
<td>4217.05</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IV. Performance of Company</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>20215.34</td>
<td>19073.50</td>
</tr>
<tr>
<td>Less : Excise duty</td>
<td>917.89</td>
<td>1462.28</td>
</tr>
<tr>
<td>Net Turnover</td>
<td>19297.45</td>
<td>17611.22</td>
</tr>
<tr>
<td>Other Income</td>
<td>271.77</td>
<td>238.92</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>16280.49</td>
<td>16218.13</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>3288.73</td>
<td>1632.01</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>2934.95</td>
<td>1463.79</td>
</tr>
<tr>
<td>Earning per Share in Rs</td>
<td>5.80</td>
<td>2.89</td>
</tr>
<tr>
<td>Dividend rate %</td>
<td>150.00</td>
<td>175.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>V. Generic Names of three Principal Products/Services of the Company (as per monetary terms)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Item Code No.</td>
<td>Product</td>
</tr>
<tr>
<td>(ITC Code)</td>
<td>Description</td>
</tr>
<tr>
<td>3506</td>
<td>ADHESIVES</td>
</tr>
<tr>
<td>3905 + 3906</td>
<td>SYNTHETIC RESINS</td>
</tr>
<tr>
<td>3204</td>
<td>ORGANIC PIGMENTS AND PREPARATIONS BASED ON ORGANIC PIGMENTS</td>
</tr>
</tbody>
</table>

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: 19th May 2010

P C PATEL
President & Secretary
## Cash Flow Statement

**For The Year Ended 31st March 2010**

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A CASH FLOW FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Profit before taxation</td>
<td>3288.73</td>
<td>1632.01</td>
</tr>
<tr>
<td>Adjustment for Depreciation</td>
<td>463.86</td>
<td>472.16</td>
</tr>
<tr>
<td>(Reversal)/ Additional Provision for Diminution in value of Investments</td>
<td>(1.91)</td>
<td>1.80</td>
</tr>
<tr>
<td>Interest paid</td>
<td>286.03</td>
<td>317.79</td>
</tr>
<tr>
<td>Dividend received</td>
<td>(29.37)</td>
<td>(9.22)</td>
</tr>
<tr>
<td>Interest received</td>
<td>(7.19)</td>
<td>(10.56)</td>
</tr>
<tr>
<td>(Profit) / Loss on Sale of Investment</td>
<td>(18.48)</td>
<td>-</td>
</tr>
<tr>
<td>(Profit) / Loss on Sale of Assets</td>
<td>1.83</td>
<td>0.33</td>
</tr>
<tr>
<td>Unrealised Foreign exchange losses / ( Gain)</td>
<td>(4.12)</td>
<td>149.73</td>
</tr>
<tr>
<td>Bad debts w/off / provision for doubtful debts</td>
<td>64.51</td>
<td>64.90</td>
</tr>
<tr>
<td></td>
<td>755.16</td>
<td>986.93</td>
</tr>
<tr>
<td>Operating Profit before Working Capital changes</td>
<td>4043.89</td>
<td>2618.94</td>
</tr>
</tbody>
</table>

**Working Capital changes**:

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories (Inc) / Dec</td>
<td>(217.38)</td>
<td>366.51</td>
</tr>
<tr>
<td>Debtors (Inc) / Dec</td>
<td>(39.07)</td>
<td>(239.50)</td>
</tr>
<tr>
<td>Loans and Advances, etc. (Inc) / Dec</td>
<td>221.65</td>
<td>(64.58)</td>
</tr>
<tr>
<td>Current Liabilities Inc / Dec</td>
<td>1076.16</td>
<td>336.56</td>
</tr>
<tr>
<td></td>
<td>1041.36</td>
<td>398.99</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>5085.25</td>
<td>3017.93</td>
</tr>
<tr>
<td>Interest received</td>
<td>7.19</td>
<td>10.56</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(286.03)</td>
<td>(317.79)</td>
</tr>
<tr>
<td>Income Tax paid (Net)</td>
<td>(689.86)</td>
<td>(108.44)</td>
</tr>
<tr>
<td></td>
<td>(968.70)</td>
<td>(415.67)</td>
</tr>
</tbody>
</table>

**Net Cash flow from Operating Activities** | **4116.55** | **2602.26**
## Cash Flow Statement

For The Year Ended 31\textsuperscript{st} March 2010

(Rs in million)

<table>
<thead>
<tr>
<th>B</th>
<th>CASH FLOW FROM INVESTING ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Purchase of Fixed Assets</td>
</tr>
<tr>
<td></td>
<td>Sale of Fixed Assets</td>
</tr>
<tr>
<td></td>
<td>Purchase of Investments</td>
</tr>
<tr>
<td></td>
<td>Sale of Investments</td>
</tr>
<tr>
<td></td>
<td>Dividend received</td>
</tr>
<tr>
<td></td>
<td>Net Cash flow from Investing Activities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C</th>
<th>CASH FLOW FROM FINANCING ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Repayment) / Increase of long term borrowings</td>
</tr>
<tr>
<td></td>
<td>(Repayment) / Increase of long term borrowings - Bank</td>
</tr>
<tr>
<td></td>
<td>(Decrease) / Increase in Short term Borrowings - Bank</td>
</tr>
<tr>
<td></td>
<td>(Repayment) / Increase of Short Term Borrowings - Foreign Currency Loan</td>
</tr>
<tr>
<td></td>
<td>(Redemption) / Issue of Foreign Currency Convertible Bonds</td>
</tr>
<tr>
<td></td>
<td>(Redemption) / Issue of Preference Shares</td>
</tr>
<tr>
<td></td>
<td>(Redemption) / Issue of secured Redeemable Non Convertible Debentures</td>
</tr>
<tr>
<td></td>
<td>Dividend paid (Including Dividend Tax, where applicable)</td>
</tr>
<tr>
<td></td>
<td>Net Cash Flow from Financing Activities</td>
</tr>
</tbody>
</table>

### Net Increase in Cash and Cash Equivalents

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents as at 1\textsuperscript{st} April 2009</td>
<td>1270.76</td>
<td>1485.50</td>
</tr>
<tr>
<td>Cash and Cash Equivalents as at 31\textsuperscript{st} March 2010</td>
<td>331.16</td>
<td>1270.76</td>
</tr>
</tbody>
</table>

Purchase of Fixed assets excludes Exchange loss capitalised
[Refer Note 10 of Schedule 12]

### AS PER OUR ATTACHED REPORT OF EVEN DATE

For HARIBHAKTI & CO.
Chartered Accountants

CHETAN DESAI
Partner
Membership No. 17000

Mumbai
Date: 19\textsuperscript{th} May 2010

P C PATEL
President & Secretary

B K PAREKH
Chairman

S K PAREKH
Vice Chairman

M B PAREKH
Managing Director
### Statement pursuant to Section 212 of The Companies Act, 1956 relating to Subsidiary Companies

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Currency</strong></td>
<td>Indian Rs</td>
<td>Singapore Dollars</td>
<td>AED</td>
<td>AED</td>
<td>Taka</td>
<td>Baht</td>
<td>IDR</td>
<td>US Dollars</td>
<td>Singapore Dollars</td>
</tr>
<tr>
<td><strong>Holding company’s interest</strong></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Equity Share Capital Including Share application Money</strong></td>
<td>Local Currency Indian Rs in million</td>
<td>-</td>
<td>23323088</td>
<td>27431411</td>
<td>300000</td>
<td>218297435</td>
<td>25881800</td>
<td>8696784900</td>
<td>14380000</td>
</tr>
<tr>
<td><strong>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</strong></td>
<td>Local Currency Indian Rs in million</td>
<td>-</td>
<td>(2064894)</td>
<td>(40160)</td>
<td>(5142136)</td>
<td>659186</td>
<td>(2932549)</td>
<td>700991011</td>
<td>(1049558)</td>
</tr>
<tr>
<td><strong>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</strong></td>
<td>Local Currency Indian Rs in million</td>
<td>0</td>
<td>(308947)</td>
<td>(179126)</td>
<td>(7590809)</td>
<td>72000</td>
<td>(1376423)</td>
<td>(408648308)</td>
<td>(5002057)</td>
</tr>
<tr>
<td><strong>Additional information u/s 212(5)</strong></td>
<td>Not Applicable</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

* One Equity share each held by Shri M B Parekh and Shri A N Parekh respectively

FOR AND ON BEHALF OF THE BOARD

B K Parekh
Chairman

M B Parekh
Vice Chairman

P C Patel
Managing Director

Mumbai
Date: 19th May 2010
### Statement pursuant to Section 212 of The Companies Act, 1956 relating to Subsidiary Companies

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Currency</th>
<th>The financial year of the subsidiary ended on</th>
<th>Holding company’s interest</th>
<th>Equity Share Capital Including Share application Money</th>
<th>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</th>
<th>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</th>
<th>Additional information u/s 212(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madhumala Traders Pvt Ltd</td>
<td>Indian Rs</td>
<td>31st March 2010</td>
<td>100%</td>
<td>25928495</td>
<td>-</td>
<td>-</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Bhimad Commercial Co Pvt Ltd</td>
<td>Indian Rs</td>
<td>31st March 2010</td>
<td>100%</td>
<td>34849444</td>
<td>31175</td>
<td>87853</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Pidilite Industries Egypt - SAE</td>
<td>EGP</td>
<td>31st March 2010</td>
<td>100% by Pidilite International Pte Ltd (97%), Pidilite Industries Ltd (2%) &amp; Pidilite Middle East Ltd (1%)</td>
<td>4000000</td>
<td>5.56</td>
<td>1.39</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda</td>
<td>Brazilian Reais</td>
<td>31st March 2010</td>
<td>100% by Pidilite International Pte Ltd (97%), Pidilite Industries Ltd (3%)</td>
<td>510000</td>
<td>1000000</td>
<td>0.42</td>
<td>1.00</td>
</tr>
<tr>
<td>Pidilite Southeast Asia Ltd.</td>
<td>Baht</td>
<td>31st March 2010</td>
<td>49% by Pidilite International Pte Ltd.</td>
<td>510000</td>
<td>0.10</td>
<td>0.42</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Barco Supply and Services Ltd.</td>
<td>Baht</td>
<td>31st March 2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Not Applicable</td>
</tr>
<tr>
<td>PIL trading Egypt (L.L.C.)*</td>
<td>EGP</td>
<td>31st March 2010</td>
<td>100% by Pidilite Industries Egypt - SAE</td>
<td>510000</td>
<td>0.10</td>
<td>0.51</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Page 1 Concrete Technologies Pvt Ltd.</td>
<td>Indian Rs</td>
<td>31st March 2010</td>
<td>75%</td>
<td></td>
<td></td>
<td></td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

* Became subsidiary of Pidilite Industries Egypt-SAE during the year.

FOR AND ON BEHALF OF THE BOARD

B K Parekh
Chairman

S K Parekh
Vice Chairman

M B Parekh
Managing Director

Mumbai
Date: 19th May 2010
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 2009-10, 5 Board Meetings were held on 20th May 2009, 27th July 2009, 21st October 2009, 28th January 2010 and 24th/25th March 2010.

Details of composition of the Board, category, attendance of Directors at the Board Meetings and the last Annual General Meeting (AGM), number of other Directorships and Committee Memberships as on 31st March 2010 are given below:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Category</th>
<th>No. of Board Meetings attended</th>
<th>Attendance at last AGM</th>
<th>No. of Directorships held in other Companies(*)</th>
<th>No. of Committee positions held in other Companies @</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shri B K Parekh (Chairman)</td>
<td>NED (P)</td>
<td>5</td>
<td>Yes</td>
<td>15</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Shri S K Parekh (Vice Chairman)</td>
<td>NED (P)</td>
<td>3</td>
<td>Yes</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Shri M B Parekh (Managing Director)</td>
<td>ED (P)</td>
<td>5</td>
<td>Yes</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Shri N K Parekh (Jt. Managing Director)</td>
<td>ED (P)</td>
<td>5</td>
<td>Yes</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>Shri A B Parekh (Wholetime Director)</td>
<td>ED (P)</td>
<td>4</td>
<td>Yes</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>6</td>
<td>Shri A N Parekh (Wholetime Director)</td>
<td>ED (P)</td>
<td>5</td>
<td>Yes</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>Shri V S Vasan ** (Wholetime Director)</td>
<td>ED</td>
<td>3</td>
<td>Yes</td>
<td>NA</td>
<td>-</td>
</tr>
<tr>
<td>8</td>
<td>Shri R M Gandhi</td>
<td>NED (I)</td>
<td>5</td>
<td>Yes</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>9</td>
<td>Shri N J Jhaveri</td>
<td>NED (I)</td>
<td>4</td>
<td>Yes</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>10</td>
<td>Shri Bansil S Mehta</td>
<td>NED (I)</td>
<td>5</td>
<td>Yes</td>
<td>16</td>
<td>5</td>
</tr>
<tr>
<td>11</td>
<td>Shri Ranjan Kapur</td>
<td>NED (I)</td>
<td>4</td>
<td>Yes</td>
<td>13</td>
<td>4</td>
</tr>
<tr>
<td>12</td>
<td>Shri Yash Mahajan</td>
<td>NED (I)</td>
<td>2</td>
<td>No</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>13</td>
<td>Shri Bharat Puri</td>
<td>NED (I)</td>
<td>3</td>
<td>No</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>14</td>
<td>Shri D Bhattacharya</td>
<td>NED (I)</td>
<td>3</td>
<td>Yes</td>
<td>15</td>
<td>1</td>
</tr>
<tr>
<td>15</td>
<td>Shri J L Shah *** (Wholetime Director)</td>
<td>ED</td>
<td>2</td>
<td>NA</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

# Meeting held on 24th March 2010 and continued on 25th March 2010.

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

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

** Resigned as a Director w.e.f 21st October 2009.

*** Appointed as an Additional Director and Wholetime Director w.e.f 21st October 2009.

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

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

During the financial year 2009-10, 5 meetings of the Committee were held on 15th May 2009, 20th May 2009, 27th July 2009, 21st October 2009 and 28th January 2010.

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

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Designation</th>
<th>Category</th>
<th>No. of Meetings attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shri Bansi S Mehta</td>
<td>Chairman</td>
<td>NED (I)</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Shri N J Jhaveri</td>
<td>Member</td>
<td>NED (I)</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Shri B K Parekh</td>
<td>Member</td>
<td>NED (P)</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Shri Ranjan Kapur</td>
<td>Member</td>
<td>NED (I)</td>
<td>4</td>
</tr>
</tbody>
</table>

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

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

4. Remuneration of Directors

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

Executive Directors’ remuneration details for the financial year 2009-10 are given below:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Salary * (Rs)</th>
<th>Commission Payable (Rs)</th>
<th>Perquisites (Rs)</th>
<th>Total (Rs)</th>
<th>Tenure (No. of years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shri M B Parekh (Managing Director)</td>
<td>1,03,74,144</td>
<td>5,55,23,160</td>
<td>66,16,737</td>
<td>7,25,14,041</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Shri N K Parekh (Jt. Managing Director)</td>
<td>51,87,060</td>
<td>1,11,04,632</td>
<td>42,76,243</td>
<td>2,05,67,935</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Shri A B Parekh (Wholetime Director)</td>
<td>42,75,092</td>
<td>1,00,95,120</td>
<td>37,91,953</td>
<td>1,81,62,165</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Shri A N Parekh (Wholetime Director)</td>
<td>38,74,140</td>
<td>57,20,568</td>
<td>35,61,871</td>
<td>1,31,56,579</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Shri V S Vasan ** (Wholetime Director)</td>
<td>6,45,038</td>
<td>-</td>
<td>24,93,692</td>
<td>31,38,730</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>Shri J L Shah *** (Wholetime Director)</td>
<td>16,06,451</td>
<td>-</td>
<td>32,03,217</td>
<td>48,09,668</td>
<td>2</td>
</tr>
</tbody>
</table>

* Includes House Rent Allowance  
** Resigned as a Director w.e.f. 21st October 2009  
*** Appointed as an Additional Director and Wholetime Director w.e.f. 21st October 2009.

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 2010 are as under:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Sitting fees (Rs)</th>
<th>Commission Payable (Rs)</th>
<th>Total (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shri B K Parekh</td>
<td>-</td>
<td>3,00,000</td>
<td>3,00,000</td>
</tr>
<tr>
<td>2</td>
<td>Shri S K Parekh</td>
<td>-</td>
<td>3,00,000</td>
<td>3,00,000</td>
</tr>
<tr>
<td>3</td>
<td>Shri R M Gandhi</td>
<td>75,000</td>
<td>3,00,000</td>
<td>3,75,000</td>
</tr>
<tr>
<td>4</td>
<td>Shri N J Jhaveri</td>
<td>57,000</td>
<td>3,00,000</td>
<td>3,57,000</td>
</tr>
<tr>
<td>5</td>
<td>Shri Bans S Mehta</td>
<td>79,000</td>
<td>3,00,000</td>
<td>3,79,000</td>
</tr>
<tr>
<td>6</td>
<td>Shri Ranjan Kapur</td>
<td>62,000</td>
<td>3,00,000</td>
<td>3,62,000</td>
</tr>
<tr>
<td>7</td>
<td>Shri Yash Mahajan</td>
<td>15,000</td>
<td>3,00,000</td>
<td>3,15,000</td>
</tr>
<tr>
<td>8</td>
<td>Shri Bharat Puri</td>
<td>25,000</td>
<td>3,00,000</td>
<td>3,25,000</td>
</tr>
<tr>
<td>9</td>
<td>Shri D Bhattacharya</td>
<td>25,000</td>
<td>3,00,000</td>
<td>3,25,000</td>
</tr>
</tbody>
</table>

The Company do engage M/s. Bans S Mehta & Co., Chartered Accountants firm in which Shri Bans 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 and they do not have any material association with the Company. Other Non-executive Directors did not have pecuniary relationships or transactions vis-à-vis the company.

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

The number of shares held by Non Executive Directors as on 31st March 2010: Shri R M Gandhi - 70,450; Shri N J Jhaveri - 10,000; Shri Ranjan Kapur - Nil; Shri Bans S Mehta - 24,716; Shri Yash Mahajan - 10,000; Shri B K Parekh - 58,16,446; Shri S K Parekh - 4,59,69,560; Shri Bharat Puri - Nil; Shri D. Bhattacharya - Nil

5. Shareholders/Investors Grievance Committee

During the year 12 meetings of the Share Transfer Committee were held and 1 meeting of the Shareholders'/Investors' Grievance Committee was held on 8th January 2010 which was attended by Shri R M Gandhi and Shri B K Parekh.

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

The Secretarial Department of the Company, under the supervision of Shri P C Patel, President & Secretary who is also nominated as the “Compliance Officer” as required by SEBI/Listing Agreement and TSR Darashaw Limited, Registrar & Transfer Agent, attend to all shareholders/investors grievances received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs and Registrar of Companies.

Barring certain cases pending in Courts/Consumer Forums, mainly relating to disputes over the title to shares, in which the Company has been made a party, the Company and TSR Darashaw Ltd. have attended to all the shareholders/investors grievances/correspondences generally within a period of 15 days from the date of receipt.
The total number of letters received from the shareholders were 1,521 of which only 6 were in the nature of complaints. All the complaints were resolved to the satisfaction of shareholders. There were no pending complaints as on 31st March 2010. 1 request for transfer of shares and 4 requests for dematerialization of shares were pending for approval as on 31st March 2010 which were dealt with by 5th April 2010 & 7th April 2010 respectively.

The Company has framed a Code of Internal Procedures and Conduct for Prevention of Insider Trading on the lines of model code specified by SEBI. Shri P C Patel, President & 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:

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Venue</th>
<th>Date &amp; Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai-400 021.</td>
<td>4th August 2009 at 11.00 a.m.</td>
</tr>
<tr>
<td>2007-08</td>
<td>Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai-400 021.</td>
<td>27th August 2008 at 11.00 a.m.</td>
</tr>
<tr>
<td>2006-07</td>
<td>Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai-400 021.</td>
<td>29th August 2007 at 11.00 a.m.</td>
</tr>
</tbody>
</table>

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

2008-2009
- Appointment of Shri Sanket S Parekh, a relative of Director to hold office or place of profit in the Company under Section 314 of the Companies Act, 1956.

2007-2008
- Re-appointment of Shri N K Parekh as the Joint Managing Director of the Company and payment of Remuneration under Section 198, 269, 309, 311 and Schedule XIII of the Companies Act, 1956.
- Payment of Commission to Directors (other than the Managing Director, Joint Managing Director and Wholetime Directors) under Section 309 of the Companies Act, 1956.

2006-2007
- Appointment of Ms. Ishita R Amersey, a relative of Director to hold an office or place of profit in Pidilite USA, INC, a subsidiary of the Company under Section 314 of the Companies Act, 1956.
- Issue of Foreign Currency Convertible Bonds for an amount not exceeding US$ 50 million (US$ Fifty million Only).
- Increase in the Authorised Capital of the Company pursuant to the Scheme of Arrangement of Demerger of VAM unit of Vinyl Chemicals (India) Ltd. into the Company.

An Extraordinary General Meeting was also held on 4th March 2010 for Members’ approval for increase in Authorised Capital, consequential amendments in the Capital Clause of the Memorandum & Articles of Association and issue of Bonus Equity Shares.

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

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

The Company has complied with all applicable mandatory requirements of Clause 49 of the Listing Agreement. Out of the non-mandatory requirements, the Company has adopted the following:

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

8. Means of Communication

The quarterly results of the Company are normally published in the following newspapers:

The Economic Times (English), Maharashtra Times (Marathi) and displayed on the Company’s website.

Presentation made to Institutional Investors or to Analysts: Yes. Also displayed on Company’s website.

9. Information relating to Directors

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

10. Information for Shareholders

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

11. Declaration by the Managing Director under Clause 49(1)(D)(ii)

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

“Pursuant to Clause 49 (1)(D) (ii) of the Listing Agreement with Stock Exchanges, I hereby declare that all the Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct for the year ended 31st March 2010.”
Corporate Governance Compliance Certificate

To

The Members of
M/s Pidilite Industries Limited

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

We have examined relevant records of M/s Pidilite Industries Ltd. (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. for the financial year ended 31st March 2010. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

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

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

Date: 16th June 2010
Mumbai

For M M SHETH & CO
Company Secretaries

M M SHETH
Proprietor
FCS.1455, CP.729
Information for Shareholders

Annual General Meeting
Day, Date & Time: Wednesday, 11th August 2010 at 11 a.m.
Venue: Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021.

Financial Year
1st April 2010 to 31st March 2011

Date of Book Closure
28th July 2010 to 11th August 2010 (both days inclusive)

Dividend Payment
Dividend will be paid after 11th August 2010 subject to the approval of the shareholders at the Annual General Meeting.

Listing of Shares on Stock Exchanges
The equity shares of the Company are listed on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The Annual Listing fee for the financial year 2010-11 has been paid to BSE & NSE.

Stock Codes
<table>
<thead>
<tr>
<th>Name of the Stock Exchange</th>
<th>Stock Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bombay Stock Exchange Ltd.</td>
<td>500331</td>
</tr>
<tr>
<td>National Stock Exchange of India Ltd.</td>
<td>PIDILITIND</td>
</tr>
</tbody>
</table>

Listing of Secured Redeemable Non-Convertible Debentures (NCDs)
The Company has issued NCDs (Series I) aggregating to Rs 750 million and NCDs (Series II) aggregating to Rs 750 million, which are listed at the Wholesale Debt Market segment of National Stock Exchange of India Ltd. and the Debenture Trustees are IDBI Trusteeship Services Ltd., Asian Building, Ground Floor, 17 R Kamani Marg, Ballard Estate, Mumbai 400 001.

ISIN for NCDs
- NCDs (Series I) INE318A07015
- NCDs (Series II) INE318A07023

Market Price Data
Share prices during the financial year 2009-10 at NSE for one equity share of Re 1 each were as under:

<table>
<thead>
<tr>
<th>Month</th>
<th>Share Price (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High</td>
</tr>
<tr>
<td>April, 2009</td>
<td>101.30</td>
</tr>
<tr>
<td>May, 2009</td>
<td>138.50</td>
</tr>
<tr>
<td>June, 2009</td>
<td>141.00</td>
</tr>
<tr>
<td>July, 2009</td>
<td>146.65</td>
</tr>
<tr>
<td>August, 2009</td>
<td>157.00</td>
</tr>
<tr>
<td>September, 2009</td>
<td>156.50</td>
</tr>
<tr>
<td>October, 2009</td>
<td>175.00</td>
</tr>
<tr>
<td>November, 2009</td>
<td>210.00</td>
</tr>
<tr>
<td>December, 2009</td>
<td>201.00</td>
</tr>
<tr>
<td>January, 2010</td>
<td>229.00</td>
</tr>
<tr>
<td>February, 2010</td>
<td>210.20</td>
</tr>
<tr>
<td>March, 2010</td>
<td>244.75*</td>
</tr>
</tbody>
</table>

* Cum-Bonus price ** Ex-Bonus price

Stock Performance
The performance of the Company’s shares in comparison to BSE sensex is given in the Chart below:

Registrar & Transfer Agent
TSR Darashaw Limited
Unit: Pidilite Industries Limited
6-10, Haji Moosa Patrawala
Ind. Estate, 20, Dr. E. Moses Road,
Mahalaxmi, Mumbai – 400 011
Tel : 022 - 66568484
Fax : 022 - 66568494
E-mail: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

Share prices during the financial year 2009-10 at BSE for one equity share of Re 1 each were as under:

<table>
<thead>
<tr>
<th>Month</th>
<th>Share Price (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High</td>
</tr>
<tr>
<td>April, 2009</td>
<td>101.30</td>
</tr>
<tr>
<td>May, 2009</td>
<td>138.50</td>
</tr>
<tr>
<td>June, 2009</td>
<td>141.00</td>
</tr>
<tr>
<td>July, 2009</td>
<td>146.65</td>
</tr>
<tr>
<td>August, 2009</td>
<td>157.00</td>
</tr>
<tr>
<td>September, 2009</td>
<td>156.50</td>
</tr>
<tr>
<td>October, 2009</td>
<td>175.00</td>
</tr>
<tr>
<td>November, 2009</td>
<td>210.00</td>
</tr>
<tr>
<td>December, 2009</td>
<td>201.00</td>
</tr>
<tr>
<td>January, 2010</td>
<td>229.00</td>
</tr>
<tr>
<td>February, 2010</td>
<td>210.20</td>
</tr>
<tr>
<td>March, 2010</td>
<td>244.75*</td>
</tr>
</tbody>
</table>

* Cum-Bonus price ** Ex-Bonus price
Share Transfer System

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

<table>
<thead>
<tr>
<th>No. of shares</th>
<th>Authorisation given to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 2000 (*4000)</td>
<td>TSR Darashaw Limited</td>
</tr>
<tr>
<td>Upto 10000 (*20000)</td>
<td>Any one of the Sarva Shri B K Parekh, S K Parekh, M B Parekh, Directors or in their absence, the Company Secretary.</td>
</tr>
<tr>
<td>above 10000 (*20000)</td>
<td>Share Transfer Committee comprising the Directors viz, Sarva Shri B K Parekh, S K Parekh, N K Parekh and R M Gandhi.</td>
</tr>
</tbody>
</table>

*Revised w.e.f. 19th May 2010

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

Distribution of Shareholding as on 31st March 2010:

<table>
<thead>
<tr>
<th>No. of Equity Shares held</th>
<th>No. of folios</th>
<th>%</th>
<th>No of Shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 5000</td>
<td>31,105</td>
<td>92.00</td>
<td>1,58,52,396</td>
<td>3.13</td>
</tr>
<tr>
<td>5001 - 10000</td>
<td>2,055</td>
<td>6.08</td>
<td>1,58,11,863</td>
<td>3.12</td>
</tr>
<tr>
<td>10001 - 20000</td>
<td>314</td>
<td>0.93</td>
<td>46,96,915</td>
<td>0.93</td>
</tr>
<tr>
<td>20001 - 30000</td>
<td>78</td>
<td>0.23</td>
<td>20,02,095</td>
<td>0.39</td>
</tr>
<tr>
<td>30001 - 40000</td>
<td>55</td>
<td>0.16</td>
<td>19,57,868</td>
<td>0.39</td>
</tr>
<tr>
<td>40001 - 50000</td>
<td>26</td>
<td>0.06</td>
<td>12,02,108</td>
<td>0.24</td>
</tr>
<tr>
<td>50001 - 100000</td>
<td>56</td>
<td>0.17</td>
<td>40,21,263</td>
<td>0.79</td>
</tr>
<tr>
<td>10001 and above</td>
<td>119</td>
<td>0.35</td>
<td>46,05,90,104</td>
<td>91.00</td>
</tr>
<tr>
<td>Total</td>
<td>33,808</td>
<td>100.00</td>
<td>50,61,34,612</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Dematerialisation of shares & liquidity

As on 31st March 2010, 98.91% of total equity shares of the Company were held in dematerialised form with National Securities Depository Ltd. and Central Depository Services (India) Ltd. The Company’s equity shares are required to be compulsorily traded in the dematerialised form. The shares are available for dematerialisation under ISIN INE318A01026.

Requests for dematerialisation of shares are processed and generally confirmed within 15 days of receipt.

Outstanding GDRs/ADRs/Warrants/Convertible instruments

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

The Company has repurchased Bonds of face value of U S $ 2.8 million and at present the outstanding Bonds are U.S $ 37.2 million.

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

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

The Bonds are listed on the Singapore Exchange Securities Trading Limited and the shares to be issued upon conversion of the Bonds will be listed on the NSE and BSE.

**ISIN for Bonds**: XS0330177667

Plant Locations in India

Mahad, Panvel, Talaja, Kondvita, Sakinaka (Maharashtra), Vapi, Surat (Gujarat), Daman (Union Territory of India), Kala Amb, Baddi (Himachal Pradesh).

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
Email : pcpatel@pidilite.com
Website: www.pidilite.com

Corporate Secretarial/Investors’ Assistance Department

The Company’s Secretarial Department headed by Shri P C Patel, 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.

Shareholding Pattern as on 31st March, 2010:

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Promoters</th>
<th>UTI, Mutual Funds, Banks &amp; Insurance Companies</th>
<th>Promoters</th>
</tr>
</thead>
<tbody>
<tr>
<td>70.58%</td>
<td>10.92%</td>
<td>91.2%</td>
<td>70.58%</td>
</tr>
</tbody>
</table>

Indian Public & Bodies Corporate 12.14%
Consolidated Financial Statements
We have audited the attached Consolidated Balance Sheet of Pidilite Industries Limited ("the Company") and its Subsidiaries (including subsidiaries of subsidiaries) and an associate (collectively referred to as "the group") as at 31<sup>st</sup> March 2010 and also the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

We did not audit the financial statements of subsidiaries (including subsidiaries of subsidiaries), whose financial statements reflect total assets of Rs 3,586 million as at 31<sup>st</sup> March 2010, total revenues of Rs 2,914 million for the year then ended. We also did not audit the financial statements of an associate in whose financial statements the Group’s share of profit is Rs 24 million for the year ended 31<sup>st</sup> March 2010. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements" and Accounting Standards (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements” as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Pidilite Industries Limited and its subsidiaries (including subsidiaries of subsidiaries) and the associate included in the Consolidated Financial Statements.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31<sup>st</sup> March 2010;

b) in the case of the Consolidated Profit and Loss Account, of the Profit for the year ended on that date; and

c) in the case of the consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For HARIBHAKTI & CO
Chartered Accountants

CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Date: 19<sup>th</sup> May 2010
# Consolidated Balance Sheet

As at 31st March 2010

(Rs in million)

<table>
<thead>
<tr>
<th>Schedule</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I SOURCES OF FUNDS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Shareholders' Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Share Capital</td>
<td>506.13</td>
<td>253.07</td>
</tr>
<tr>
<td>b. Reserves and Surplus</td>
<td>8213.31</td>
<td>6687.94</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8719.44</td>
<td>6941.01</td>
</tr>
<tr>
<td>2. Loan Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Secured Loans</td>
<td>2627.36</td>
<td>3000.63</td>
</tr>
<tr>
<td>b. Unsecured Loans</td>
<td>2058.96</td>
<td>3087.92</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4686.32</td>
<td>6088.55</td>
</tr>
<tr>
<td>3. Deferred Tax Liability (Net)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>416.66</td>
<td>433.95</td>
</tr>
<tr>
<td>4. Minority Interest</td>
<td>1.58</td>
<td>6.71</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>13824.00</td>
<td>13470.22</td>
</tr>
</tbody>
</table>

| **II APPLICATION OF FUNDS** | | |
| 1. Fixed Assets | | |
| a. Gross Block | 9808.19 | 9273.25 |
| b. Less : Accumulated Depreciation | 4346.22 | 3761.09 |
| c. Net Block | 5461.97 | 5512.16 |
| d. Capital work in progress | 2927.63 | 2819.13 |
| **Total** | 8389.60 | 8331.29 |
| 2. Investments | | |
| 3. Current Assets, Loans and Advances | | |
| a. Inventories | 2978.74 | 2798.23 |
| b. Sundry Debtors | 2959.02 | 2876.03 |
| c. Cash and Bank Balances | 448.52 | 1600.55 |
| d. Other Current Assets | 51.51 | 223.54 |
| e. Loans and Advances | 994.32 | 787.94 |
| **Total** | 7432.11 | 8286.29 |
| a. Liabilities | 3695.75 | 2804.24 |
| b. Provisions | 979.65 | 596.78 |
| **Total** | 4675.40 | 3401.02 |
| **Net Current Assets** | 2756.71 | 4885.27 |
| **TOTAL** | 13824.00 | 13470.22 |

Notes forming part of the Accounts

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**AS PER OUR ATTACHED REPORT OF EVEN DATE**

For HARIBHAKTI & CO.
Chartered Accountants

CHETAN DESAI
Partner
Membership No. 17000

Mumbai Date: 19th May 2010

**FOR AND ON BEHALF OF THE BOARD**

B K PAREKH
Chairman

S K PAREKH
Vice Chairman

P C PATEL
President & Secretary

M B PAREKH
Managing Director
## Consolidated Profit and Loss Account

For The Year Ended 31st March 2010

<table>
<thead>
<tr>
<th></th>
<th>Schedule</th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td>22842.21</td>
<td>21325.52</td>
</tr>
<tr>
<td>Less : Excise Duty</td>
<td></td>
<td>926.60</td>
<td>1462.28</td>
</tr>
<tr>
<td>Net Sales</td>
<td></td>
<td>21915.61</td>
<td>19863.24</td>
</tr>
<tr>
<td>Other Income</td>
<td>9</td>
<td>335.19</td>
<td>287.19</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td>22250.80</td>
<td>20150.43</td>
</tr>
<tr>
<td><strong>EXPENDITURE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>10</td>
<td>11390.68</td>
<td>11662.64</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>11</td>
<td>7083.79</td>
<td>6624.42</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td>665.50</td>
<td>588.24</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td></td>
<td>19139.97</td>
<td>18875.30</td>
</tr>
<tr>
<td><strong>Profit before Taxation</strong></td>
<td></td>
<td>3110.83</td>
<td>1275.13</td>
</tr>
<tr>
<td><strong>Income Tax Expense</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Tax</td>
<td></td>
<td>566.94</td>
<td>182.92</td>
</tr>
<tr>
<td>Less : MAT Credit Entitlement</td>
<td></td>
<td>142.29</td>
<td>59.90</td>
</tr>
<tr>
<td>Deferred Tax</td>
<td>(16.52)</td>
<td>424.65</td>
<td>123.02</td>
</tr>
<tr>
<td>Fringe Benefit Tax</td>
<td>-</td>
<td>27.71</td>
<td></td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td></td>
<td>408.13</td>
<td>166.73</td>
</tr>
<tr>
<td>Prior year Tax Provision written back (Net)</td>
<td>2702.70</td>
<td>1108.40</td>
<td></td>
</tr>
<tr>
<td>Share of Profit in Associate Company for the year</td>
<td>43.73</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Minority Interest</td>
<td>(0.54)</td>
<td>23.70</td>
<td>3.53</td>
</tr>
<tr>
<td>Balance brought forward from previous year</td>
<td>208.95</td>
<td>495.07</td>
<td></td>
</tr>
<tr>
<td><strong>Profit available for appropriation</strong></td>
<td></td>
<td>2978.54</td>
<td>1613.88</td>
</tr>
<tr>
<td>Dividend on Preference Share Capital</td>
<td>-</td>
<td>0.75</td>
<td></td>
</tr>
<tr>
<td>Proposed Dividend on Equity Share Capital</td>
<td>759.20</td>
<td>442.87</td>
<td></td>
</tr>
<tr>
<td>Corporate Tax on Dividend</td>
<td>126.10</td>
<td>75.38</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>885.30</td>
<td>519.00</td>
</tr>
<tr>
<td>Transfer to Capital Redemption Reserve</td>
<td>-</td>
<td>28.75</td>
<td></td>
</tr>
<tr>
<td>Transfer to Debenture Redemption Reserve</td>
<td>322.46</td>
<td>257.18</td>
<td></td>
</tr>
<tr>
<td>Transfer to General Reserve</td>
<td>1500.00</td>
<td>600.00</td>
<td></td>
</tr>
<tr>
<td><strong>Balance carried to Balance Sheet</strong></td>
<td></td>
<td>270.78</td>
<td>208.95</td>
</tr>
<tr>
<td><strong>Earnings per share</strong> (Refer note 6 of Schedule 12)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic (Rs)</td>
<td></td>
<td>5.47</td>
<td>2.23</td>
</tr>
<tr>
<td>Diluted (Rs)</td>
<td></td>
<td>5.32</td>
<td>2.16</td>
</tr>
<tr>
<td>Face Value of Share (Re)</td>
<td></td>
<td>1.00</td>
<td>1.00</td>
</tr>
</tbody>
</table>

### Notes forming part of the Accounts

AS PER OUR ATTACHED REPORT OF EVEN DATE

For HARIBHAKTI & CO. Chartered Accountants
CHETAN DESAI Partner Membership No. 17000
Mumbai Date: 19th May 2010

FOR AND ON BEHALF OF THE BOARD

B K PAREKH Chairman
S K PAREKH Vice Chairman
P C PATEL President & Secretary
M B PAREKH Managing Director

71
Schedule

Schedule Numbers 1 to 12 annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2010 and Profit and Loss Account for the year ended 31st March 2010

<table>
<thead>
<tr>
<th>SCHEDULE 1</th>
<th>SHARE CAPITAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Authorised</strong></td>
<td></td>
</tr>
<tr>
<td>70,00,00,000 (39,00,33,999) Equity Shares of Re 1 each</td>
<td>700.00</td>
</tr>
<tr>
<td>Nil (50,00,000) 6% Cumulative Redeemable Preference Shares of Rs 10 each</td>
<td>-</td>
</tr>
<tr>
<td>Nil (2,50,00,000) Unclassified Shares of Re 1 each</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>700.00</td>
</tr>
</tbody>
</table>

| **Issued, Subscribed and Paid up** | | |
| 50,61,34,612 (25,30,61,306) Equity Shares of Re 1 each, fully paid-up (Notes 1 to 3) | 506.13 | 253.06 |
| Bonus Shares Issue Suspense Account (Note 4) | - | 001 |
| **TOTAL** | 506.13 | 253.07 |

**NOTES**
Out of the above
1. 74,75,880 Equity Shares of Re 1 each have been issued for consideration other than cash pursuant to various schemes of amalgamation during earlier years.
2. 47,94,81,646 (22,64,14,340) Equity Shares of Re 1 each have been allotted as fully paid-up Bonus Shares by way of capitalisation of General Reserve, Securities Premium Account and Capital Redemption Reserve.
3. The Equity Shares of the face value of Rs 10 each were subdivided into ten Equity Shares of the face value of Re 1 each w.e.f. 27th September 2005.
4. Bonus Shares Issue Suspense Account transferred to Equity Share Capital on account of settlement of dispute for title of 6000 fully paid bonus shares.

<table>
<thead>
<tr>
<th>SCHEDULE 2</th>
<th>RESERVES AND SURPLUS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Reserve</strong></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>5.11</td>
</tr>
<tr>
<td><strong>Capital Redemption Reserve</strong></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>28.75</td>
</tr>
<tr>
<td>Less: Capitalised during the year for bonus issue</td>
<td>28.75</td>
</tr>
<tr>
<td><strong>Cash Subsidy Reserve</strong></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>11.24</td>
</tr>
<tr>
<td><strong>Special Reserve</strong></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>1.19</td>
</tr>
<tr>
<td>Less: Transferred to General reserve</td>
<td>1.19</td>
</tr>
<tr>
<td><strong>Debenture Redemption Reserve</strong></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>327.46</td>
</tr>
<tr>
<td>Add: Transferred from Profit and Loss Account</td>
<td>322.45</td>
</tr>
<tr>
<td></td>
<td>649.91</td>
</tr>
<tr>
<td><strong>General Reserve</strong></td>
<td></td>
</tr>
<tr>
<td>Balance as per last Balance Sheet</td>
<td>5933.71</td>
</tr>
<tr>
<td>Less: Earlier years’ Foreign Exchange Fluctuation</td>
<td>-</td>
</tr>
<tr>
<td>Add: Transferred from Special Reserve</td>
<td>1.19</td>
</tr>
<tr>
<td>Less: Capitalised during the year for bonus issue</td>
<td>224.32</td>
</tr>
<tr>
<td>Add: Transferred from Profit and Loss Account</td>
<td>1,500.00</td>
</tr>
<tr>
<td></td>
<td>7210.58</td>
</tr>
<tr>
<td><strong>Foreign Currency Translation Reserve</strong></td>
<td>65.69</td>
</tr>
<tr>
<td><strong>Profit and Loss Account</strong></td>
<td>270.78</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>8213.31</td>
</tr>
</tbody>
</table>
### SCHEDULE 3  SECURED LOANS

<table>
<thead>
<tr>
<th>Loan Description</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>750 (750) 11.9% Secured Redeemable Non Convertible Debentures of Rs 10,00,000 Each (Note.1)</td>
<td>750.00</td>
<td>750.00</td>
</tr>
<tr>
<td>750 (750) 10.2% Secured Redeemable Non Convertible Debentures of Rs 10,00,000 Each (Note.1)</td>
<td>750.00</td>
<td>750.00</td>
</tr>
<tr>
<td>Term Loans from Banks (Note.2)</td>
<td>466.92</td>
<td>796.23</td>
</tr>
<tr>
<td>Working Capital Loans from Banks (including Working Capital Demand Loan) (Note.3)</td>
<td>660.44</td>
<td>704.40</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2627.36</strong></td>
<td><strong>3000.63</strong></td>
</tr>
</tbody>
</table>

1. Secured Redeemable Non Convertible Debentures are secured by way of mortgage and charge (by First pari passu charge) on the immovable property in Gujarat and all movable properties of the Company.
   750 Secured Redeemable Non Convertible Debentures with interest @ 11.9% p.a. will be redeemed at par on 5th December 2013.
   750 Secured Redeemable Non Convertible Debentures with interest @ 10.2% p.a. will be redeemed at par on 19th December 2011.

2. Term Loan from Banks is secured by way of hypothecation of all movable Plant and Machinery of the Company.

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

### SCHEDULE 4  UNSECURED LOANS

<table>
<thead>
<tr>
<th>Loan Description</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Paper &amp; Others</td>
<td>-</td>
<td>650.00</td>
</tr>
<tr>
<td>Long term</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest free Sales Tax loan from Government of Maharashtra</td>
<td>350.59</td>
<td>354.32</td>
</tr>
<tr>
<td><strong>Foreign Currency Convertible Bonds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(US $ 37.2 million (38.9 million) Zero Coupon Convertible bonds due in 2012)</td>
<td>1679.21</td>
<td>1,982.73</td>
</tr>
<tr>
<td>(During the year Company has bought back bonds of US $1.7 million ($11 million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>29.16</td>
<td>100.87</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2058.96</strong></td>
<td><strong>3087.92</strong></td>
</tr>
</tbody>
</table>

Amount due within one year Rs 5.86 million (Rs 653.73 million)
## SCHEDULE 5  FIXED ASSETS

(Rs in million)

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>GROSS BLOCK</th>
<th>DEPRECIATION</th>
<th>NET BLOCK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at 1.4.2009</td>
<td>Additions / Adjustments</td>
<td>Deductions / Adjustments</td>
</tr>
<tr>
<td>Freehold Land</td>
<td>177.40</td>
<td>0.57</td>
<td>3.83</td>
</tr>
<tr>
<td>Leasehold Land</td>
<td>77.03</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Buildings</td>
<td>1393.89</td>
<td>131.71</td>
<td>2.11</td>
</tr>
<tr>
<td>Plant and Machinery</td>
<td>5063.20</td>
<td>423.75</td>
<td>32.32</td>
</tr>
<tr>
<td>Furniture and Fixtures</td>
<td>404.07</td>
<td>36.38</td>
<td>4.38</td>
</tr>
<tr>
<td>Vehicles</td>
<td>23030</td>
<td>11.73</td>
<td>1462</td>
</tr>
<tr>
<td>Capital Expenditure on Scientific Research</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Buildings</td>
<td>1.44</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Plant and Machinery</td>
<td>42.30</td>
<td>5.35</td>
<td>-</td>
</tr>
<tr>
<td>- Furniture and Fixtures</td>
<td>3.07</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assets given on Lease</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and Machinery</td>
<td>1.82</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Goodwill</td>
<td>847.76</td>
<td>-</td>
<td>18.69</td>
</tr>
<tr>
<td>- Computer software</td>
<td>36.31</td>
<td>0.15</td>
<td>(0.17)</td>
</tr>
<tr>
<td>- Copyrights, Trademarks, etc.</td>
<td>991.93</td>
<td>21.12</td>
<td>2004</td>
</tr>
<tr>
<td>Total</td>
<td>9273.25</td>
<td>630.76</td>
<td>95.82</td>
</tr>
<tr>
<td>Previous Year</td>
<td>8140.68</td>
<td>1092.16</td>
<td>(40.41)</td>
</tr>
<tr>
<td>Capital work in progress including capital advances</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TOTAL | | | | 8389.60 | 8331.29 |
<table>
<thead>
<tr>
<th>I. In Equity Shares (Fully paid)</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a. Trade</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quoted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 7,451,540 (7,451,540) Equity Shares of Re 1 each of Vinyl Chemicals (India) Ltd.</td>
<td>11.79</td>
<td>11.79</td>
</tr>
<tr>
<td>• Goodwill (Net Arising at the time of acquisition of shares)</td>
<td>(9.52)</td>
<td>(9.52)</td>
</tr>
<tr>
<td>• Share of undistributed Profit / losses in previous years</td>
<td>12.24</td>
<td>8.72</td>
</tr>
<tr>
<td>• Share of Profit / Losses Current Year</td>
<td>23.70</td>
<td>3.52</td>
</tr>
<tr>
<td><strong>Total a)</strong></td>
<td><strong>38.21</strong></td>
<td><strong>14.51</strong></td>
</tr>
<tr>
<td><strong>b. Non Trade</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Quoted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 3,594 (3,594) Equity Shares of Rs 10 each of Hindustan Adhesives Ltd.</td>
<td>0.09</td>
<td>0.09</td>
</tr>
<tr>
<td>• 14,400 (14,400) Equity Shares of Rs 10 each of Hindustan Organic Chemicals Ltd.</td>
<td>0.72</td>
<td>0.72</td>
</tr>
<tr>
<td>• 1,674 (837) Equity Shares of Rs 10 each of Reliance Industries Ltd. (earlier : 4,188 Equity Shares of Rs 10 each of Indian Petrochemicals Corporation Ltd. and 837 nos. Bonus Shares received during the year)</td>
<td>0.77</td>
<td>0.77</td>
</tr>
<tr>
<td>• 222,542 (222,542) Equity Shares of Rs 10 each of Indian Overseas Bank Ltd.</td>
<td>2.96</td>
<td>2.96</td>
</tr>
<tr>
<td>• 61,900 (61,900) Equity Shares of Rs 10 each of Menon Pistons Ltd.</td>
<td>4.38</td>
<td>4.38</td>
</tr>
<tr>
<td><strong>Total b)</strong></td>
<td><strong>8.92</strong></td>
<td><strong>8.92</strong></td>
</tr>
<tr>
<td><strong>Total 1(a) + b (i)</strong></td>
<td><strong>47.13</strong></td>
<td><strong>23.43</strong></td>
</tr>
<tr>
<td>ii) Unquoted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 200,200 (200,200) Equity Shares of Rs 10 each of Enjayes Spices &amp; Chemicals Oil Ltd.</td>
<td>5.29</td>
<td>5.29</td>
</tr>
<tr>
<td>• 121,300 (121,300) Equity Shares of Rs 10 each of Pal Peugeot Ltd.</td>
<td>1.21</td>
<td>1.21</td>
</tr>
<tr>
<td>• 2,275 (2,275) Equity Shares of Re. 1 each of Himalaya House Co-op Society Ltd. (Cost Rs 2275)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>• 628 (628) Equity Shares of Rs 100 each of Jawahar Co-op Industrial Estate Ltd.</td>
<td>0.06</td>
<td>0.06</td>
</tr>
<tr>
<td>• 40 (40) Equity Shares of Rs 50 each of Regent Chambers Premises Co-op Society Ltd. (Cost Rs 2000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>• 25 (25) Equity Shares of Rs 10 each of New Usha Nagar Co-op Housing Society Ltd. (Cost Rs 250)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>• 2,500 (2,500) Equity Shares of Rs 10 Each Of Saraswat Co-Operative Bank Ltd.</td>
<td>0.03</td>
<td>0.03</td>
</tr>
<tr>
<td>• 10 (10) Equity Shares of Rs 100 each of Taloja CETP Co-operative Society Ltd. (Cost Rs 1000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>6.59</strong></td>
<td><strong>6.59</strong></td>
<td></td>
</tr>
<tr>
<td><strong>In Partnership Firm</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nitin Enterprise</td>
<td>-</td>
<td>47.77</td>
</tr>
<tr>
<td><strong>TOTAL - I</strong></td>
<td><strong>53.72</strong></td>
<td><strong>77.79</strong></td>
</tr>
</tbody>
</table>

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

**[Market Value Rs 87.59 million (Rs 35.34 million)]**
II. Short Term at cost :

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Units of Mutual Fund (Unquoted)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,969,358 (Nil) Units of Reliance Medium Term Fund-Retail Plan -Growth Option</td>
<td>37.25</td>
<td>-</td>
</tr>
<tr>
<td>2,655,189 (Nil) Units of HDFC-Cash Management Fund-Treasury Advantage Plan-Wholesale-Growth Option</td>
<td>53.56</td>
<td>-</td>
</tr>
<tr>
<td>38,055,404 (Nil) Units of Birla Sunlife-Dynamic Fund-Growth option</td>
<td>579.85</td>
<td>-</td>
</tr>
<tr>
<td>24,810,772 (Nil) Units of HDFC-High Interest Fund -STP -Growth Option</td>
<td>450.00</td>
<td>-</td>
</tr>
<tr>
<td>44,809,008 (Nil) Units of ICICI Prudential Medium Term Premium Plus -Growth Option</td>
<td>450.00</td>
<td>-</td>
</tr>
<tr>
<td>23,842,656 (Nil) Units of ICICI Prudential Ultra Short Term Super Premium -Growth Option</td>
<td>245.26</td>
<td>-</td>
</tr>
<tr>
<td>17,250,897 (Nil) Units of Reliance Short Term Fund-Retail Plan -Growth Option</td>
<td>300.00</td>
<td>-</td>
</tr>
<tr>
<td>25,520,287 (Nil) Units of ICICI Prudential Institutional Plan B-Growth Plan</td>
<td>364.75</td>
<td>-</td>
</tr>
<tr>
<td>15,000,000 (Nil) Units of HDFC FMP 14M March 2010- Growth - Series XII</td>
<td>150.00</td>
<td>-</td>
</tr>
<tr>
<td>Nil (17,268,327) Units of Prudential ICICI Flexible Income Plan -Daily Dividend Option</td>
<td>-</td>
<td>182.59</td>
</tr>
<tr>
<td>Nil (400) Units of Rs 70000 each of Infinity Venture India Fund</td>
<td>-</td>
<td>189</td>
</tr>
<tr>
<td><strong>TOTAL - II</strong></td>
<td>2,630.67</td>
<td>184.48</td>
</tr>
</tbody>
</table>

Less Diminution in value of Investments                                      | 6.70                  | 8.61                  |

**TOTAL : I + II**                                                           | 2,684.39              | 262.27                |

Previous year’s figures are indicated in brackets.

(Rs in million)

<table>
<thead>
<tr>
<th>Investments purchased and sold during the year other than shown above:</th>
<th>(No. of Units)</th>
<th>Purchase Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units of Reliance Medium Term Fund-Retail Plan -Growth Option</td>
<td>27,853,821</td>
<td>524.21</td>
</tr>
<tr>
<td>Units of HDFC-Cash Management Fund-Treasury Advantage Plan-Wholesale-Growth Option</td>
<td>32,461,005</td>
<td>647.71</td>
</tr>
<tr>
<td>Units of ICICI Prudential Ultra Short Term Super Premium -Growth Option</td>
<td>2,911,491</td>
<td>29.95</td>
</tr>
<tr>
<td>Units of Birla Sunlife Short TF-Institutional -Growth Option</td>
<td>53,557,884</td>
<td>578.33</td>
</tr>
<tr>
<td>Units of ICICI Prudential Flex. Inc.Pl-Plan-Premium -Growth</td>
<td>3,968,465</td>
<td>669.49</td>
</tr>
<tr>
<td>Units of ICICI Prudential Ultra Short Term Plan-Plan-Premium Plus -Growth</td>
<td>18,565,571</td>
<td>190.02</td>
</tr>
<tr>
<td>Units of ICICI Prudential Institutional Liquid Plan-Growth</td>
<td>1,509,662</td>
<td>340.00</td>
</tr>
<tr>
<td>Units of ICICI Prudential Flexible Income Plan-Plan-Premium -Daily Dividend Reinvestment Option</td>
<td>33,494,601</td>
<td>360.36</td>
</tr>
<tr>
<td>Units of Birla Sunlife Short term Fund-Institutional -Daily Dividend Reinvestment Option</td>
<td>99,777,759</td>
<td>998.33</td>
</tr>
<tr>
<td>Units of ICICI Prudential Flexible Income Plan-Premium -Daily Dividend Reinvestment Option</td>
<td>98,439,455.84</td>
<td>1607.35</td>
</tr>
<tr>
<td>Units of Reliance Medium Term Fund-Daily Dividend Reinvestment Option</td>
<td>52,438,351.09</td>
<td>896.46</td>
</tr>
<tr>
<td>Units of ICICI Prudential Flexible Income Plan-Premium -Daily Dividend Reinvestment Option</td>
<td>39,902,056.2</td>
<td>401.83</td>
</tr>
<tr>
<td>Units of Reliance Medium Term Fund-Daily Dividend Reinvestment Option</td>
<td>23,032,576.77</td>
<td>230.36</td>
</tr>
<tr>
<td>Units of ICICI Prudential Flexible Income Plan-Premium -Daily Dividend Reinvestment Option</td>
<td>5,061,965.485</td>
<td>50.70</td>
</tr>
<tr>
<td>Units of HDFC-CMF-Treasury Advantage Plan-Wholesale-Daily Dividend Reinvestment Option</td>
<td>40,940,376.45</td>
<td>410.69</td>
</tr>
</tbody>
</table>
SCHEDULE 7  CURRENT ASSETS, LOANS AND ADVANCES

<table>
<thead>
<tr>
<th>A</th>
<th>Current Assets</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
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<tbody>
<tr>
<td>a.</td>
<td>Inventories</td>
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<td></td>
<td>(As valued and certified by the Management)</td>
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<td>Consumable Stores and Spares, etc.</td>
<td>21.41</td>
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<tr>
<td></td>
<td>Raw Materials</td>
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<td>Traded Goods</td>
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<td>Packing Materials</td>
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<td>b.</td>
<td>Sundry Debtors (Unsecured)</td>
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<tr>
<td></td>
<td>Over six months -</td>
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<tr>
<td></td>
<td>Considered good</td>
<td>103.91</td>
<td>171.54</td>
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<td></td>
<td>Considered doubtful</td>
<td>109.77</td>
<td>82.90</td>
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<td></td>
<td>Others, Considered good</td>
<td>2855.11</td>
<td>2704.49</td>
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<td></td>
<td></td>
<td>3068.79</td>
<td>2958.93</td>
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<td></td>
<td>Less : Provision for doubtful debts</td>
<td>109.77</td>
<td>82.90</td>
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<td></td>
<td></td>
<td>2959.02</td>
<td>2876.03</td>
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<td>Cash and Bank Balances</td>
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<td>Cheques on Hand</td>
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<td>174.58</td>
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<td>Remittances in Transit</td>
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<td>Bank Balances :</td>
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<td></td>
<td>With Scheduled Banks :</td>
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<td></td>
<td>In Current Accounts</td>
<td>301.67</td>
<td>1335.70</td>
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<td>In Fixed Deposit Accounts</td>
<td>4.60</td>
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<td></td>
<td>Others :</td>
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<td></td>
<td>In Fixed Deposit with Municipal Co-op. Bank Ltd.</td>
<td>0.03</td>
<td>0.03</td>
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<td></td>
<td>(Maximum outstanding during the year Rs 0.03 million (Rs 0.03 million))</td>
<td>448.52</td>
<td>1600.55</td>
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<td>d.</td>
<td>Other Current Assets</td>
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<td></td>
<td>Interest Receivable</td>
<td>0.14</td>
<td>20.68</td>
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<td>Foreign Currency Monetary item Translation Difference Account (Refer Note 7 of Schedule 12)</td>
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<td></td>
<td>Other Current Assets</td>
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<td></td>
<td></td>
<td>51.51</td>
<td>223.54</td>
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<tr>
<td>B.</td>
<td>Loans and Advances</td>
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</tr>
<tr>
<td></td>
<td>(Unsecured, considered good)</td>
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<td></td>
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<tr>
<td></td>
<td>Advances recoverable in cash or in kind or for value to be received</td>
<td>276.80</td>
<td>359.35</td>
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<td>Advance Payment of Taxes (Net of Provisions)</td>
<td>140.41</td>
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<td></td>
<td>MAT Credit Entitlement</td>
<td>311.27</td>
<td>120.05</td>
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<td></td>
<td>Loans and Advances to Staff</td>
<td>59.80</td>
<td>55.89</td>
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<td></td>
<td>Deposits</td>
<td>93.96</td>
<td>97.63</td>
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<td></td>
<td>Balances with Central Excise Department</td>
<td>112.08</td>
<td>137.02</td>
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<td></td>
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<td>994.32</td>
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<td>TOTAL</td>
<td></td>
<td>7432.11</td>
<td>8286.29</td>
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### SCHEDULE 8  CURRENT LIABILITIES AND PROVISIONS

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<tr>
<th>A</th>
<th>Current Liabilities</th>
<th>31st March 2010</th>
<th>31st March 2009</th>
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<tr>
<td>Acceptances</td>
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<td>Sundry Creditors</td>
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<td>Small and Medium Enterprises</td>
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<td>166.02</td>
<td>160.84</td>
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<td>Others</td>
<td></td>
<td>1209.29</td>
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<td>1375.31</td>
<td>1009.95</td>
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<td>Dealers’ Deposits</td>
<td></td>
<td>333.84</td>
<td>294.23</td>
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<td>Investor Education and Protection Fund shall be credited by the following to the extent required as and when necessary: Unclaimed Dividends and Preference Share Capital</td>
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<td>9.84</td>
<td>10.22</td>
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<td>Other Liabilities</td>
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<td>1931.06</td>
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<td></td>
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<td>3695.75</td>
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<table>
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<tr>
<th>B</th>
<th>Provisions</th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
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<tbody>
<tr>
<td>For Gratuity</td>
<td></td>
<td>0.18</td>
<td>7.63</td>
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<tr>
<td>For Leave encashment</td>
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<td>94.18</td>
<td>71.02</td>
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<td>Dividends:</td>
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<td>Proposed Dividend</td>
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<td>759.20</td>
<td>442.87</td>
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<td>Corporate Tax on Dividend</td>
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<td>126.09</td>
<td>75.26</td>
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<td>885.29</td>
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### SCHEDULE 9  OTHER INCOME

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<th>2009-10</th>
<th>2008-09</th>
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<td>Interest received - (Gross) [Tax deducted at source Rs 0.79 million (Rs 0.04 million)]</td>
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<td>11.09</td>
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<td>Insurance Claim Received</td>
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<td>0.28</td>
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<tr>
<td>Dividend received</td>
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<tr>
<td>On Trade Investments</td>
<td>1.19</td>
<td>1.07</td>
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<td>On Units of Mutual Fund</td>
<td>28.18</td>
<td>8.16</td>
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<td>29.37</td>
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<td>Export Incentives</td>
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<td>46.58</td>
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<td>Profit on sale of Investments</td>
<td>18.48</td>
<td>-</td>
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<td>Profit on sale of Fixed Assets</td>
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<td>Miscellaneous</td>
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<td>287.19</td>
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<td>SCHEDULE 10  MATERIALS</td>
<td>2009-10</td>
<td>2008-09</td>
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<td>------------------------</td>
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<tr>
<td>A Raw Materials consumed</td>
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<td>Opening Stock</td>
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<td>1,116.43</td>
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<td>Add : Purchases</td>
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<td>Less : Closing Stock</td>
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<td>984.11</td>
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<td></td>
<td>7,637.44</td>
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<td>B Packing Materials consumed</td>
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<td>C Cost of Traded Goods</td>
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<td>1,814.77</td>
<td>1,531.83</td>
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<td>Less : Closing Stock</td>
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<td>167.21</td>
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<tr>
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<td>1,476.68</td>
<td>1,364.62</td>
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<td>D (Increase) / Decrease in Stocks</td>
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<td>Closing Stock</td>
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<td>1,596.31</td>
<td>1,463.12</td>
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<tr>
<td>Less :</td>
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<tr>
<td>Opening Stock</td>
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<td>Goods in Process</td>
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<td>1,463.12</td>
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<td>(133.19)</td>
<td>(100.30)</td>
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<td>2008-09</td>
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<td>Stores and Spares consumed</td>
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<td>Employees’ Emoluments :</td>
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<td>[Refer Notes 1 (viii) of Schedule 12]</td>
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<td>Salaries, Wages, Bonus, Allowances</td>
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<td>2,524.80</td>
<td>2,204.70</td>
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<td></td>
<td>108.69</td>
<td>106.27</td>
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<td>Directors’ Fees</td>
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<td>Legal, Professional and Consultancy fees</td>
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<td>Communication Expenses</td>
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<td>Travelling and Conveyance Expenses</td>
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<td>50.08</td>
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<td>Provision for Doubtful Debts</td>
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<td>70.64</td>
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<td>Processing and Packing Charges</td>
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<td>313.55</td>
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<td>Bank Charges</td>
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<td>Scientific Research and Development Expenditure</td>
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<tr>
<td>[Refer Notes 1(vii) of Schedule 12]</td>
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<td></td>
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<td>Remuneration to Auditors</td>
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<td>Audit Fees (Including Tax Audit Fees)</td>
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<td>11.78</td>
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<td>For Other Services</td>
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<td>10.66</td>
<td>12.67</td>
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<td>Diminution in value of Investments</td>
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<td>1.80</td>
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<tr>
<td>[Refer Notes 1(vii) of Schedule 12]</td>
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<tr>
<td>Foreign Exchange Fluctuation</td>
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<td>[Refer Note 7 of Schedule 12]</td>
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<td>Loss on Fixed Assets Sold / Discarded</td>
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<td>5.21</td>
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<td>328.54</td>
<td>360.84</td>
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<td>TOTAL</td>
<td>7,083.79</td>
<td>6,624.42</td>
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i. The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard (AS21) on Consolidated Financial Statements and it comprises of the results of Pidilite Industries Limited (Holding Company) and subsidiary companies viz.

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<th>Name of Subsidiary Company</th>
<th>Country of incorporation</th>
<th>Proportion of Ownership Interest</th>
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<td>Fevicol Company Ltd.</td>
<td>India</td>
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<tr>
<td>Bhimad Commercial Co Pvt Ltd.</td>
<td>India</td>
<td>100% Subsidiary</td>
</tr>
<tr>
<td>Madhumala Traders Pvt Ltd.</td>
<td>India</td>
<td>100% Subsidiary</td>
</tr>
<tr>
<td>Pagel Concrete Technologies Ltd.</td>
<td>India</td>
<td>75% Subsidiary</td>
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<tr>
<td>Nitin Enterprises</td>
<td>India</td>
<td>Partnership firm 100% holding of wholly owned Subsidiary</td>
</tr>
<tr>
<td>Pidilite International Pte Ltd.</td>
<td>Singapore</td>
<td>100% Subsidiary</td>
</tr>
<tr>
<td>Pidilite Middle East Ltd.</td>
<td>Dubai</td>
<td>100% Subsidiary</td>
</tr>
<tr>
<td>Pulvitec do Brasil Industria e Commercio de Colas e Adesivos Ltda</td>
<td>Brazil</td>
<td>100% Subsidiary</td>
</tr>
<tr>
<td>Pidilite USA Inc.</td>
<td>USA</td>
<td>100% Subsidiary</td>
</tr>
<tr>
<td>Jupiter Chemicals (LLC)</td>
<td>Dubai</td>
<td>100% Subsidiary of wholly owned Subsidiary</td>
</tr>
<tr>
<td>PT Pidilite Indonesia</td>
<td>Indonesia</td>
<td>100% Subsidiary of wholly owned Subsidiary</td>
</tr>
<tr>
<td>Pidilite Speciality Chemicals Bangladesh Pvt. Ltd.</td>
<td>Bangladesh</td>
<td>100% Subsidiary of wholly owned Subsidiary</td>
</tr>
<tr>
<td>Pidilite Innovation Centre Pte Ltd.</td>
<td>Singapore</td>
<td>100% Subsidiary of wholly owned Subsidiary</td>
</tr>
<tr>
<td>Pidilite Industries Egypt - SAE</td>
<td>Egypt</td>
<td>100% Subsidiary of wholly owned Subsidiary</td>
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<td>Pidilite Bamco Ltd.</td>
<td>Thailand</td>
<td>100% Subsidiary of wholly owned Subsidiary</td>
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<tr>
<td>Pidilite South East Asia Ltd.</td>
<td>Thailand</td>
<td>100% Subsidiary of wholly owned Subsidiary</td>
</tr>
<tr>
<td>PIL Trading Egypt (LLC)</td>
<td>Egypt</td>
<td>100% Subsidiary of wholly owned Subsidiary</td>
</tr>
<tr>
<td>Bamco Supply Services Ltd.</td>
<td>Thailand</td>
<td>49% Subsidiary of wholly owned subsidiary &amp; Having significant influence</td>
</tr>
</tbody>
</table>

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

ii. General

The financial statements are prepared under the historical cost convention, on the basis of a going concern and as per applicable Indian Accounting Standards. The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis.

iii. Revenue Recognition

i. Income from sale of goods is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.

ii. Interest income is recognised on accrual basis.

iii. Claims which are not of material nature / Insurance Claim etc. are accounted for when no significant uncertainties are attached to their eventual receipt.

vi) Dividend is accounted on cash basis.
iv. Fixed Assets, Depreciation and Impairment Loss

a. Fixed assets are stated at cost of acquisition or construction less accumulated depreciation.

b. Preoperative expenditure during construction period/trial run: Direct expenses as well as clearly identifiable indirect expenses, incurred on project during the period of construction are being capitalised along with the respective assets.

c. The Company provides depreciation as under

1. For assets acquired up to 30th June 1987 on Straight Line Method (SLM) basis, except certain assets for which Written Down Value (WDV) basis is adopted at rates equivalent to the rates specified in the Income-Tax Act, 1961.


3. For assets acquired after 31st March 1993, on SLM basis as per new rates prescribed under Schedule XIV vide notification No. GSR 756 (E) dated 16th December 1993 issued by the Department of Company Affairs.

4. For assets costing Rs 5000 or less, depreciation is provided fully.

5. For additions made during the year, depreciation is provided on pro-rata basis.

6. The Goodwill acquired by the Company is amortised over a period of 5 years on SLM basis. In case of Subsidiaries no goodwill is amortised except Pulvitec do Brasil Industria e Commercio de Colas e Adesivos Ltda where goodwill is amortised over a period of 10 years.

7. The Copyrights, Trademarks, Technical Knowhow, etc. acquired by the Company are amortised over a period of 10 years on SLM basis. In case of subsidiaries, it is not amortised except for Pidilite USA Inc where it is amortised over a period of 15 years.

d. In case, the recoverable amount of the fixed assets is lower than its carrying amount, provision is made for the impairment loss.

e. The depreciation on fixed assets of the subsidiary companies is provided for on SLM over their estimated useful life at rates permissible under applicable local laws.

v. Method of Valuation of Inventories

a. Raw Materials and Packing materials are valued at lower of cost on weighted average basis.

b. Finished goods, including traded goods and Work in progress are valued at lower of cost and net realisable value. Cost (arrived at on weighted average) for this purpose includes direct materials, direct labour, excise duty and appropriate overheads including freight costs upto the ports in respect of finished goods meant for exports.

c. Consumable stores & spares are valued at lower of cost or net realisable value as estimated by the management.

d. Obsolete, defective, unserviceable and slow / non-moving stocks are duly provided for.

e. In case of Subsidiary companies, inventory valuation is as per generally accepted accounting principles of respective countries.
vi. 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.

vii. Investments

a. Long Term Investments are stated at cost. In case there is a diminution of permanent nature in value of Investments (other than long term strategic investment) the same is provided for.

b. i) Quoted current investments are stated at the lower of cost and market value.
   ii) Unquoted current investments are stated at the lower of cost and fair value where available.

c. Cost of each investment is arrived at on the basis of the average carrying amount of the total holding of that investment.

viii. Retirement Benefits

a. Contribution to Provident, Superannuation and Family Pension funds are funded as a percentage of salary / wages.

b. Gratuity liability is funded as per group gratuity scheme of Life Insurance Corporation of India.

c. Leave encashment liability is provided for on the basis of acturial valuation as at the year end.

d. Retirement benefits for the employees in subsidiary companies are governed under applicable local laws.

ix. Transactions in foreign currencies

a. Transactions are recorded at the exchange rates prevailing on the date of transaction.

b. Foreign currency designated assets, liabilities and capital commitments are restated at the year end rates.

c. In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets & liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising out of consolidation is transferred to “Foreign Currency Translation Reserve”.

   d. Foreign currency designated assets and liabilities are restated at the year end rates and the resultant gain or loss is taken to Profit and Loss Account except in respect of fixed Assets which is being capitalised (Refer Note 7 of Schedule 12)

x. Income Tax

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

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

xii. In case of Associate where the company directly or indirectly through subsidiaries holds more than 20% of the equity, investment in associate is accounted for using Equity method in accordance with Accounting Standard AS-23 - Accounting for Investment in Associates in consolidated financial statement issued by the Institute of Chartered Accountants of India.

The Associate Company considered in the financial statements is

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Country of Incorporation</th>
<th>Proportion of Ownership Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vinyl Chemicals (India) Ltd.</td>
<td>India</td>
<td>40.64%</td>
</tr>
</tbody>
</table>

(Rs in million)

<table>
<thead>
<tr>
<th>Contingent Liabilities not provided for:</th>
<th>As at 31st March 2010</th>
<th>As at 31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Guarantees given by Banks in favour of Government and others</td>
<td>50.25</td>
<td>56.32</td>
</tr>
<tr>
<td>ii. Guarantees given by Company</td>
<td>647.00</td>
<td>565.30</td>
</tr>
<tr>
<td>iii. Disputed liabilities in respect of Income Tax, Sales Tax, Central Excise and Customs (under appeal)</td>
<td>323.80</td>
<td>112.25</td>
</tr>
<tr>
<td>iv. Claims against the company not acknowledged as debts</td>
<td>81.44</td>
<td>76.07</td>
</tr>
</tbody>
</table>
### SCHEDULE 12  NOTES ON ACCOUNTS

#### 3  Segment reporting

**INFORMATION ABOUT BUSINESS SEGMENTS**  
(Rs in million)

<table>
<thead>
<tr>
<th>Business Segments</th>
<th>Consumer &amp; Bazaar Products</th>
<th>Industrial Products</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External Sales</td>
<td>17,415.31</td>
<td>4,343.30</td>
<td>157.00</td>
<td>21,915.61</td>
</tr>
<tr>
<td></td>
<td>(15,129.64)</td>
<td>(3,801.70)</td>
<td>(931.90)</td>
<td>(19,863.24)</td>
</tr>
<tr>
<td>Inter Segment Revenue (at cost plus 10%)</td>
<td>19.55</td>
<td>309.60</td>
<td>19.30</td>
<td>348.45</td>
</tr>
<tr>
<td></td>
<td>(16.78)</td>
<td>(306.40)</td>
<td>(535.50)</td>
<td>(858.68)</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>17,434.86</td>
<td>4,652.90</td>
<td>176.30</td>
<td>22,264.06</td>
</tr>
<tr>
<td></td>
<td>(15,146.42)</td>
<td>(4108.10)</td>
<td>(1,467.40)</td>
<td>(20,721.92)</td>
</tr>
</tbody>
</table>

**RESULTS**

| Segment Results    | 3,712.33                     | 914.63              | (125.74) | 4,501.22 |
|                    | (2,305.62)                   | (531.15)            | (92.78) | (2,929.55) |
| Unallocated Corporate Expenses | 1262.06 | | | |
|                    | (1,412.84)                   |                     |        | |
| Unallocated Corporate Income | 164.27 | | | |
|                    | (98.94)                      |                     |        | |

**Operating Profit**

| Interest Expenses | 328.54 | (360.94) |
| Interest / Dividend Income | 35.94 | (20.32) |
| Income Tax (Provision for Taxation and Deferred Taxation) | 408.13 | (166.73) |

**Net Profit**

| Segment Assets     | 5702.81 | 2053.81 | 380.47 | 8,137.09 |
|                    | (5,831.96) | (1,898.45) | (499.46) | (8,229.87) |
| Unallocated Corporate Assets | 10362.31 | | | |
|                    | (8,641.37) | | | |
| **Total assets**   | 18,499.40 | | | |
|                    | (16,871.24) | | | |
| Segment Liabilities | 3093.08 | 736.78 | - | 3,829.86 |
|                    | (2,419.96) | (477.54) | (187.29) | (3,084.79) |
| Unallocated Corporate Liabilities | 5950.10 | | | |
|                    | (6,845.44) | | | |
| **Total liabilities** | 9,779.96 | | | |
|                    | (9,930.23) | | | |
| Capital Expenditure | 191.85 | 40.92 | 15.39 | 248.16 |
|                    | (982.92) | (101.89) | (10.21) | (1,095.02) |
| Unallocated Corporate Capital Expenditure | 491.10 | | | |
|                    | (1,118.91) | | | |
| Depreciation       | 429.09 | 69.27 | 38.57 | 536.93 |
|                    | (363.31) | (73.34) | (41.02) | (477.67) |
SCHEDULE 12  NOTES ON ACCOUNTS

INFORMATION ABOUT GEOGRAPHICAL SEGMENTS

<table>
<thead>
<tr>
<th>GEOGRAPHICAL SEGMENTS</th>
<th>India 2009-10</th>
<th>Other Countries 2009-10</th>
<th>Total 2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Revenue</td>
<td>17,395.11</td>
<td>4,520.50</td>
<td>21,915.61</td>
<td>19,863.24</td>
</tr>
<tr>
<td>Carrying amount of Segment Assets</td>
<td>17,821.53</td>
<td>677.87</td>
<td>18,499.40</td>
<td>16,871.24</td>
</tr>
<tr>
<td>Additions to Fixed Assets and Intangible Assets</td>
<td>689.27</td>
<td>49.99</td>
<td>739.26</td>
<td>2,213.93</td>
</tr>
</tbody>
</table>

Notes:

SEGMENT INFORMATION

Business Segment

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

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

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

Others consist of VAM manufacturing unit of Vinyl Chemicals (India) Ltd. demerged into the Company wnf 1st April 2007.

Geographical Segment

For the purpose of geographical segment the sales are divided into two segments: Sales within India and Sales to other countries.

4. Deferred Taxation

A. In respect of Holding Company:

Out of the net deferred tax liability of Rs 415.36 million as at 31st March, 2010, the major components of deferred tax balances are set out below:

<table>
<thead>
<tr>
<th>Deferred Tax Liability</th>
<th>Upto 31st March 2009</th>
<th>During the year 2009-10</th>
<th>Carried as at 31st March 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difference between Accounting and Tax Depreciation (Cumulative)</td>
<td>506.10</td>
<td>(5.38)</td>
<td>500.72</td>
</tr>
<tr>
<td>Deferred Tax Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leave Salary &amp; Others</td>
<td>65.25</td>
<td>20.11</td>
<td>85.36</td>
</tr>
<tr>
<td>Net Deferred Tax Liability</td>
<td>440.85</td>
<td>(25.49)</td>
<td>415.36</td>
</tr>
</tbody>
</table>

The above working of deferred tax is based on assessment orders where assessments are complete and on return of income in other cases.
### SCHEDULE 12 NOTES ON ACCOUNTS

**B. In respect of Subsidiaries:**

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Upto 31st March 2009 (Rs in million)</th>
<th>During the year 2009-10 (Rs in million)</th>
<th>Carried as at 31st March 2010 (Rs in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Chemson Asia Pte Ltd.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting profit / (loss)</td>
<td>(1.19)</td>
<td>1.19</td>
<td>-</td>
</tr>
<tr>
<td>Income Tax at statutory rate</td>
<td>(0.20)</td>
<td>0.20</td>
<td>-</td>
</tr>
<tr>
<td>Timing Difference</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Nonallowable Items</td>
<td>(0.16)</td>
<td>0.16</td>
<td>-</td>
</tr>
<tr>
<td>Deferred Tax Assets not provided</td>
<td>0.36</td>
<td>(0.36)</td>
<td>-</td>
</tr>
<tr>
<td><strong>2. PT Pidilite Indonesia</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out of the net deferred tax asset of Rs (1.15) million as at 31st March 2010, the major components of deferred tax balances are set out below:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Tax Liability</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Difference between Accounting and Tax Depreciation (Cumulative)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deferred Tax Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Leave Salary</td>
<td>3.12</td>
<td>2.60</td>
<td>0.52</td>
</tr>
<tr>
<td>ii) Others</td>
<td>6.74</td>
<td>5.97</td>
<td>0.77</td>
</tr>
<tr>
<td></td>
<td>9.86</td>
<td>8.57</td>
<td>1.29</td>
</tr>
<tr>
<td>Net Deferred Tax Asset</td>
<td>(9.86)</td>
<td>8.57</td>
<td>(1.29)</td>
</tr>
<tr>
<td><strong>3. Pidilite USA, Inc.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Deferred Tax Asset</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Account Receivable</td>
<td>2.50</td>
<td>(0.62)</td>
<td>1.87</td>
</tr>
<tr>
<td>Accrued Vacation pay</td>
<td>2.37</td>
<td>(1.02)</td>
<td>1.35</td>
</tr>
<tr>
<td>Inventory</td>
<td>9.99</td>
<td>5.34</td>
<td>15.33</td>
</tr>
<tr>
<td>Current Deferred Tax Asset, net</td>
<td>14.86</td>
<td>3.7</td>
<td>18.55</td>
</tr>
<tr>
<td>Less:- Valuation Allowance</td>
<td>(14.86)</td>
<td>(3.7)</td>
<td>(18.55)</td>
</tr>
<tr>
<td>Current Deferred Tax Asset, net</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non Current Deferred Tax Asset</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net operating losses</td>
<td>87.73</td>
<td>(13.29)</td>
<td>74.44</td>
</tr>
<tr>
<td>Intangibles other than goodwill</td>
<td>-</td>
<td>0.92</td>
<td>0.92</td>
</tr>
<tr>
<td>Goodwill</td>
<td>-</td>
<td>8.01</td>
<td>8.01</td>
</tr>
<tr>
<td>Less:- Valuation Allowance</td>
<td>(83.09)</td>
<td>3.19</td>
<td>(79.89)</td>
</tr>
<tr>
<td>Non Current Deferred Tax Asset, Net</td>
<td>4.64</td>
<td>(1.17)</td>
<td>3.47</td>
</tr>
<tr>
<td>Non Current Deferred Tax Liability</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>3.80</td>
<td>0.02</td>
<td>3.82</td>
</tr>
<tr>
<td>Property, Plant and equipment</td>
<td>8.44</td>
<td>(4.96)</td>
<td>3.47</td>
</tr>
<tr>
<td>Non Current Deferred Tax Liability</td>
<td>3.80</td>
<td>0.02</td>
<td>3.82</td>
</tr>
<tr>
<td>Non Current Deferred Tax Asset</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4. Pidilite Industries Egypt - SAE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Tax Liability</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deferred Tax Asset</td>
<td>(1.24)</td>
<td>-</td>
<td>(1.24)</td>
</tr>
<tr>
<td>Net Deferred Tax Asset</td>
<td>(1.24)</td>
<td>-</td>
<td>(1.24)</td>
</tr>
</tbody>
</table>
5. Related Party Disclosures

Related Party Disclosures as required by AS - 18, “Related Party Disclosures”, are given below:

i) Relationships
   a. Vinyl Chemicals (India) Ltd. Substantial Interest in Voting Power (Associate)
   b. Kalva Marketing and Services Ltd. Significant Influence
   c. Parekh Marketing Ltd. Significant Influence

ii) Key Management Personnel
    Sarva Shri M B Parekh - Managing Director, N K Parekh - Jt. Managing Director, A B Parekh and A N Parekh - Wholetime Directors
    Shri V S Vasan - Wholetime Director (for the period 1st April 2009 till 21st October 2009).
    Shri J L Shah - Wholetime Director (From 21st October 2009)

iii) Other Directors
    Sarva Shri B K Parekh, S K Parekh, R M Gandhi, N J Jhaveri, B S Mehta, R Kapoor, Y Mahajan, B Puri and D. Bhattacharya

iv) Transactions with Related Parties during the year ended 31st March 2010 are as follows:

<table>
<thead>
<tr>
<th>Nature of Transaction</th>
<th>Remuneration to Directors</th>
<th>Parekh Marketing Ltd.</th>
<th>Vinyl Chemicals (India) Ltd.</th>
<th>Kalva Marketing and Services Ltd.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Sales and Related Income</td>
<td>427.65</td>
<td>(505.90)</td>
<td>-</td>
<td>-</td>
<td>427.65</td>
</tr>
<tr>
<td>b. Other Income (including Electricity Generation)</td>
<td>0.50</td>
<td>-</td>
<td>-</td>
<td>0.50</td>
<td></td>
</tr>
<tr>
<td>c. Purchases and Other Related Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1026.35</td>
<td></td>
</tr>
<tr>
<td>d. Remuneration to Directors:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Sitting Fees</td>
<td>0.35</td>
<td>(0.15)</td>
<td></td>
<td>0.35</td>
<td></td>
</tr>
<tr>
<td>- Managing Director / Jt. Managing Director</td>
<td>95.28</td>
<td>(66.44)</td>
<td></td>
<td>95.28</td>
<td></td>
</tr>
<tr>
<td>- Wholetime Directors</td>
<td>41.80</td>
<td>(20.36)</td>
<td></td>
<td>41.80</td>
<td></td>
</tr>
<tr>
<td>- Commission to Non Executive Directors</td>
<td>2.70</td>
<td>(2.40)</td>
<td></td>
<td>2.70</td>
<td></td>
</tr>
<tr>
<td>e. Investment in Share Capital</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>f. Loans Given / (repayment of loan received)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>g. Purchase of Fixed Assets</td>
<td>-</td>
<td>(0.53)</td>
<td>(0.72)</td>
<td>(1.25)</td>
<td></td>
</tr>
<tr>
<td>h. Sale of Fixed Assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>i. Interest Paid / (Received)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>j. Reimbursement of expenses made</td>
<td>0.79</td>
<td>0.07</td>
<td>-</td>
<td>0.86</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1.45)</td>
<td>(7.13)</td>
<td>-</td>
<td>(8.58)</td>
<td></td>
</tr>
</tbody>
</table>
6. Earnings Per Share

Weighted Average no of shares used in computing Basic Earnings per share

<table>
<thead>
<tr>
<th>Nature of Transaction</th>
<th>Parekh Marketing Ltd.</th>
<th>Vinyl Chemicals (India) Ltd.</th>
<th>Kalva Marketing and Services Ltd.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>k. Reimbursement of expenses received</td>
<td>-</td>
<td>0.62</td>
<td>-</td>
<td>0.62</td>
</tr>
<tr>
<td>l. Reimbursement of expenses made</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>m. Bad Debts Written Off</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>n. Outstanding Balances:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Debtors</td>
<td>(0.61)</td>
<td>(0.75)</td>
<td>()</td>
<td>(1.36)</td>
</tr>
<tr>
<td>- Creditors</td>
<td>()</td>
<td>()</td>
<td>()</td>
<td>()</td>
</tr>
<tr>
<td>- Outstanding Payable (Net of receivable)</td>
<td>119.29</td>
<td>-</td>
<td>-</td>
<td>119.29</td>
</tr>
<tr>
<td></td>
<td>(114.97)</td>
<td>(35.60)</td>
<td>()</td>
<td>(150.57)</td>
</tr>
<tr>
<td></td>
<td>0.28</td>
<td>99.37</td>
<td>-</td>
<td>99.65</td>
</tr>
<tr>
<td></td>
<td>(1.61)</td>
<td>(64.02)</td>
<td>()</td>
<td>(65.63)</td>
</tr>
<tr>
<td></td>
<td>(119.01)</td>
<td>99.37</td>
<td>-</td>
<td>(19.64)</td>
</tr>
<tr>
<td></td>
<td>((113.36))</td>
<td>(28.42)</td>
<td>()</td>
<td>(84.94)</td>
</tr>
</tbody>
</table>

Add: Weighted average Potential no of equity shares that could arise on exercise of option on Zero Coupon Convertible Bonds from 16th Jan 2008 to 1st December 2012

Net Profit after tax including prior year Tax Provision written back (Rs in million)

<table>
<thead>
<tr>
<th>Nature of Transaction</th>
<th>Parekh Marketing Ltd.</th>
<th>Vinyl Chemicals (India) Ltd.</th>
<th>Kalva Marketing and Services Ltd.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>k. Reimbursement of expenses received</td>
<td>-</td>
<td>0.62</td>
<td>-</td>
<td>0.62</td>
</tr>
<tr>
<td>l. Reimbursement of expenses made</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>m. Bad Debts Written Off</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>n. Outstanding Balances:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Debtors</td>
<td>(0.61)</td>
<td>(0.75)</td>
<td>()</td>
<td>(1.36)</td>
</tr>
<tr>
<td>- Creditors</td>
<td>()</td>
<td>()</td>
<td>()</td>
<td>()</td>
</tr>
<tr>
<td>- Outstanding Payable (Net of receivable)</td>
<td>119.29</td>
<td>-</td>
<td>-</td>
<td>119.29</td>
</tr>
<tr>
<td></td>
<td>(114.97)</td>
<td>(35.60)</td>
<td>()</td>
<td>(150.57)</td>
</tr>
<tr>
<td></td>
<td>0.28</td>
<td>99.37</td>
<td>-</td>
<td>99.65</td>
</tr>
<tr>
<td></td>
<td>(1.61)</td>
<td>(64.02)</td>
<td>()</td>
<td>(65.63)</td>
</tr>
<tr>
<td></td>
<td>(119.01)</td>
<td>99.37</td>
<td>-</td>
<td>(19.64)</td>
</tr>
<tr>
<td></td>
<td>((113.36))</td>
<td>(28.42)</td>
<td>()</td>
<td>(84.94)</td>
</tr>
</tbody>
</table>

7. The Company had in March 2009 exercised the option permitted by the Central Government under Notification No. G.S.R. 225 (E) to treat foreign exchange difference relating to assets as adjustments in the carrying value of such depreciable assets and amortise other differences of a specified nature over the term of the relative item. Accordingly for the year ended 31st March 2010, the Company has credited the gain of Rs 123.64 million to the carrying cost of the depreciable assets and credited Rs 145.07 million to Foreign Currency Monetary Item Translation Account. Out of the said Foreign Currency Monetary Item Translation Account Rs 10.20 million has been amortised in the current year ended 31st March 2010.

8. Figures in bracket indicate previous year’s figures.

9. Previous year’s figures have been regrouped / rearranged wherever necessary and strictly not comparable as current year figures consist of Seventeen subsidiaries as against Sixteen subsidiaries in previous year.

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: 19th May 2010

P C PATEL
President & Secretary
## Consolidated Cash Flow Statement

**For The Year Ended 31st March 2010**

(Rs in million)

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A  CASH FLOW FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Profit before taxation</td>
<td>3,110.83</td>
<td>1,275.13</td>
</tr>
<tr>
<td>Adjustment for Depreciation</td>
<td>665.50</td>
<td>588.24</td>
</tr>
<tr>
<td>Additional /(Reversal) Provision for Diminution in value of Investments</td>
<td>(1.91)</td>
<td>1.80</td>
</tr>
<tr>
<td>Interest paid</td>
<td>328.54</td>
<td>360.84</td>
</tr>
<tr>
<td>Dividend received</td>
<td>(29.37)</td>
<td>(9.23)</td>
</tr>
<tr>
<td>Interest received</td>
<td>(6.57)</td>
<td>(11.09)</td>
</tr>
<tr>
<td>(Profit) / Loss on Sale of Investment</td>
<td>(18.48)</td>
<td>-</td>
</tr>
<tr>
<td>(Profit) / Loss on Sale of Assets</td>
<td>6.30</td>
<td>(0.65)</td>
</tr>
<tr>
<td>Foreign Exchange loss on ECB / FCCB</td>
<td>(4.12)</td>
<td>149.73</td>
</tr>
<tr>
<td>Misc Expenditure Written Off</td>
<td>-</td>
<td>0.26</td>
</tr>
<tr>
<td>Increase in Foreign Currency Translation Reserve</td>
<td>(107.56)</td>
<td>176.80</td>
</tr>
<tr>
<td>Bad debts w/off / provision for doubtful debts</td>
<td>80.41</td>
<td>75.72</td>
</tr>
<tr>
<td></td>
<td>912.74</td>
<td>1,332.42</td>
</tr>
<tr>
<td>Operating Profit before Working Capital changes</td>
<td>4,023.57</td>
<td>2,607.55</td>
</tr>
<tr>
<td><strong>Working Capital changes :</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories (Inc) / Dec</td>
<td>(180.51)</td>
<td>190.02</td>
</tr>
<tr>
<td>Debtors (Inc) / Dec</td>
<td>(163.40)</td>
<td>(295.26)</td>
</tr>
<tr>
<td>Loans and Advances, (Inc) / Dec</td>
<td>122.61</td>
<td>36.01</td>
</tr>
<tr>
<td>Current Liabilities Inc / (Dec)</td>
<td>902.47</td>
<td>286.89</td>
</tr>
<tr>
<td></td>
<td>681.17</td>
<td>217.66</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>4,704.74</td>
<td>2,825.21</td>
</tr>
<tr>
<td>Interest received</td>
<td>6.57</td>
<td>11.09</td>
</tr>
<tr>
<td>Subsidy Received</td>
<td>1.77</td>
<td>-</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(328.54)</td>
<td>(360.84)</td>
</tr>
<tr>
<td>Income Tax paid (Net)</td>
<td>(694.55)</td>
<td>(105.52)</td>
</tr>
<tr>
<td></td>
<td>(1,014.75)</td>
<td>(455.27)</td>
</tr>
<tr>
<td><strong>Net Cash flow from Operating Activities</strong></td>
<td>3,689.99</td>
<td>2,369.94</td>
</tr>
</tbody>
</table>
## Consolidated Cash Flow Statement

**For The Year Ended 31st March 2010**

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B CASH FLOW FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of Fixed Assets</td>
<td>(864.63)</td>
<td>(2,025.20)</td>
</tr>
<tr>
<td>Sale of Fixed Assets</td>
<td>10.88</td>
<td>13.98</td>
</tr>
<tr>
<td>Purchase of Investments</td>
<td>(10,518.12)</td>
<td>(2,125.11)</td>
</tr>
<tr>
<td>Sale of Investments</td>
<td>8,138.18</td>
<td>1,905.56</td>
</tr>
<tr>
<td>Dividend received</td>
<td>29.37</td>
<td>923</td>
</tr>
<tr>
<td>Net Cash flow from Investing Activities</td>
<td>(3,204.32)</td>
<td>(2,221.54)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C CASH FLOW FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Repayment) / Increase of long term borrowings</td>
<td>(3.73)</td>
<td>(1.20)</td>
</tr>
<tr>
<td>(Repayment) / Increase of long term borrowings - Bank</td>
<td>(263.14)</td>
<td>(418.18)</td>
</tr>
<tr>
<td>(Decrease) / Increase in Short term Borrowings - Bank</td>
<td>(693.96)</td>
<td>(370.67)</td>
</tr>
<tr>
<td>(Repayment) / Increase of Short Term Borrowings - Foreign Currency Loan</td>
<td>-</td>
<td>(471.79)</td>
</tr>
<tr>
<td>(Redemption) / Issue of Foreign Currency Convertible Bonds</td>
<td>(86.64)</td>
<td>(43.85)</td>
</tr>
<tr>
<td>(Redemption) / Issue of Equity Shares</td>
<td>-</td>
<td>(28.75)</td>
</tr>
<tr>
<td>(Redemption) / Issue of secured Redeemable Non Convertible Debentures</td>
<td>-</td>
<td>1,500.00</td>
</tr>
<tr>
<td>(Repayment) / Increase of Short Term Borrowings - Others</td>
<td>(71.71)</td>
<td>80.86</td>
</tr>
<tr>
<td>Dividend paid (Including Dividend Tax, where applicable)</td>
<td>(518.52)</td>
<td>(512.74)</td>
</tr>
</tbody>
</table>

Net Cash Flow from Financing Activities | (1,637.70) | (266.32) |

Net Increase in Cash and Cash Equivalents | (1,152.03) | (117.92) |

Cash and Cash Equivalents as at 1st April 2009 | 1,600.55 | 1,718.47 |

Cash and Cash Equivalents as at 31st March 2010 | 448.52 | 1,600.55 |

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AS PER OUR ATTACHED REPORT OF EVEN DATE</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For HARIBHAKTI & CO.
Chartered Accountants

CHETAN DESAI
Partner
Membership No. 17000

Mumbai
Date: 19th May 2010

For AND ON BEHALF OF THE BOARD

B K PAREKH
Chairman

S K PAREKH
Vice Chairman

MB PAREKH
Managing Director

P C PATEL
President & Secretary

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD
## Information on Subsidiary Companies

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

<table>
<thead>
<tr>
<th>Names of the subsidiaries</th>
<th>Indian Rs</th>
<th>Singapore Dollars</th>
<th>AED</th>
<th>AED</th>
<th>Taka</th>
<th>Baht</th>
<th>IDR</th>
<th>US Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fevicol Company Ltd.</td>
<td>-</td>
<td>23,325,088</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pidilite International Pte Ltd.*</td>
<td>749.87</td>
<td>27,431,411</td>
<td>300,000</td>
<td>218,297,435</td>
<td>25,881,800</td>
<td>8,696,784,900</td>
<td>14,380,000</td>
<td></td>
</tr>
<tr>
<td>Pidilite Middle East Ltd.*</td>
<td>335.92</td>
<td>335.92</td>
<td>3.67</td>
<td>141.46</td>
<td>35.92</td>
<td>42.61</td>
<td>646.74</td>
<td></td>
</tr>
<tr>
<td>Jupiter Chemicals (L.L.C.)*</td>
<td>(1.66)</td>
<td>70,000</td>
<td>418.46</td>
<td>26.91</td>
<td>1.66</td>
<td>0.31</td>
<td>273.37</td>
<td></td>
</tr>
<tr>
<td>Pidilite Speciality Chemicals Bangladesh Pvt Ltd.*</td>
<td>675.22</td>
<td>334.09</td>
<td>266.21</td>
<td>168.82</td>
<td>3.11</td>
<td>20.06</td>
<td>753.90</td>
<td></td>
</tr>
<tr>
<td>Pidilite Bamco Ltd.*</td>
<td>(1.66)</td>
<td>70,000</td>
<td>418.46</td>
<td>26.91</td>
<td>1.66</td>
<td>0.31</td>
<td>273.37</td>
<td></td>
</tr>
<tr>
<td>Pidilite Indonesia*</td>
<td>6,222,224,956.00</td>
<td>24,758,619.64</td>
<td>0.01</td>
<td>8.29</td>
<td>15,368,468.44</td>
<td>62,136,621.18</td>
<td>1,113.51</td>
<td></td>
</tr>
<tr>
<td>Pidilite USA Inc*</td>
<td>24,758,619.64</td>
<td>24,758,619.64</td>
<td>0.01</td>
<td>8.29</td>
<td>15,368,468.44</td>
<td>62,136,621.18</td>
<td>1,113.51</td>
<td></td>
</tr>
<tr>
<td>Jupiter Chemicals (L.L.C.)*</td>
<td>(1.66)</td>
<td>70,000</td>
<td>418.46</td>
<td>26.91</td>
<td>1.66</td>
<td>0.31</td>
<td>273.37</td>
<td></td>
</tr>
<tr>
<td>Pidilite Speciality Chemicals Bangladesh Pvt Ltd.*</td>
<td>6,222,224,956.00</td>
<td>24,758,619.64</td>
<td>0.01</td>
<td>8.29</td>
<td>15,368,468.44</td>
<td>62,136,621.18</td>
<td>1,113.51</td>
<td></td>
</tr>
<tr>
<td>Pidilite Bamco Ltd.*</td>
<td>(1.66)</td>
<td>70,000</td>
<td>418.46</td>
<td>26.91</td>
<td>1.66</td>
<td>0.31</td>
<td>273.37</td>
<td></td>
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<tr>
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<td>6,222,224,956.00</td>
<td>24,758,619.64</td>
<td>0.01</td>
<td>8.29</td>
<td>15,368,468.44</td>
<td>62,136,621.18</td>
<td>1,113.51</td>
<td></td>
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<tr>
<td>Pidilite USA Inc*</td>
<td>24,758,619.64</td>
<td>24,758,619.64</td>
<td>0.01</td>
<td>8.29</td>
<td>15,368,468.44</td>
<td>62,136,621.18</td>
<td>1,113.51</td>
<td></td>
</tr>
</tbody>
</table>

|  |  |  |  |  |  |  |  |

* Financial statements of these Foreign Subsidiaries have been converted in to Indian Rupees at rates prevailing as on 31st March 2010.
Information on Subsidiary Companies

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

<table>
<thead>
<tr>
<th>1</th>
<th>Currency</th>
<th>Singapore Dollars</th>
<th>Indian Rs</th>
<th>EGP</th>
<th>Brazilian Reais</th>
<th>Baht</th>
<th>Baht</th>
<th>EGP</th>
<th>Indian Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Capital</td>
<td>Foreign Currency</td>
<td>995,155</td>
<td>-</td>
<td>25,928,495</td>
<td>34,849,444</td>
<td>4,000,000</td>
<td>1,000,000</td>
<td>51,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(includes Share application Money)</td>
<td>31.99</td>
<td>0.10</td>
<td>0.10</td>
<td>211.75</td>
<td>878.53</td>
<td>5.56</td>
<td>1.39</td>
</tr>
<tr>
<td>3</td>
<td>Reserves</td>
<td>Foreign Currency</td>
<td>(185,818)</td>
<td>-</td>
<td>(6,247,726)</td>
<td>(10,354,010)</td>
<td>(4,140,775)</td>
<td>1,223,088</td>
<td>(184,166)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indian Rs in Million</td>
<td>(5.97)</td>
<td>12.16</td>
<td>12.17</td>
<td>(51.02)</td>
<td>(261.02)</td>
<td>(5.75)</td>
<td>1.70</td>
</tr>
<tr>
<td>4</td>
<td>Total Assets</td>
<td>Foreign Currency</td>
<td>1,577,875</td>
<td>-</td>
<td>21,187,123</td>
<td>35,474,851</td>
<td>537,299</td>
<td>7,267,485</td>
<td>3,665,211</td>
</tr>
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<td></td>
<td></td>
<td>Indian Rs in Million</td>
<td>50.73</td>
<td>20.97</td>
<td>20.82</td>
<td>173.03</td>
<td>894.30</td>
<td>0.75</td>
<td>10.09</td>
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<tr>
<td>5</td>
<td>Total Liabilities</td>
<td>Foreign Currency</td>
<td>768,538</td>
<td>-</td>
<td>1,506,353</td>
<td>10,979,417</td>
<td>678,073</td>
<td>5,044,397</td>
<td>3,798,377</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indian Rs in Million</td>
<td>24.71</td>
<td>8.70</td>
<td>8.55</td>
<td>12.30</td>
<td>276.78</td>
<td>0.94</td>
<td>7.01</td>
</tr>
<tr>
<td>6</td>
<td>Investments</td>
<td>Foreign Currency</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(except in case of subsidiaries)</td>
<td>-</td>
<td>20.94</td>
<td>20.81</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>Turnover &amp; Other Income</td>
<td>Foreign Currency</td>
<td>774,501.94</td>
<td>-</td>
<td>1,957,322.11</td>
<td>45,258,249.96</td>
<td>88,753.26</td>
<td>11,156,053.34</td>
<td>3,463,461.96</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indian Rs in Million</td>
<td>24.90</td>
<td>4.50</td>
<td>4.50</td>
<td>15.99</td>
<td>1,140.93</td>
<td>0.12</td>
<td>15.49</td>
</tr>
<tr>
<td>8</td>
<td>Profit/(Loss) Before Taxation</td>
<td>Foreign Currency</td>
<td>(153,930.84)</td>
<td>-</td>
<td>(3,331,900.91)</td>
<td>(297,695.46)</td>
<td>(4,005,078.30)</td>
<td>890,452.90</td>
<td>(184,166.31)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indian Rs in Million</td>
<td>(4.95)</td>
<td>4.49</td>
<td>4.49</td>
<td>(27.21)</td>
<td>(7.50)</td>
<td>(5.56)</td>
<td>1.04</td>
</tr>
<tr>
<td>9</td>
<td>Provision For Tax</td>
<td>Foreign Currency</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(including Deferred Tax)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.19</td>
</tr>
<tr>
<td>10</td>
<td>Profit/(Loss) After Taxation</td>
<td>Foreign Currency</td>
<td>(153,930.84)</td>
<td>-</td>
<td>(3,331,900.91)</td>
<td>(297,695.46)</td>
<td>(4,005,078.30)</td>
<td>751,091.66</td>
<td>(184,166.31)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indian Rs in Million</td>
<td>(4.95)</td>
<td>4.49</td>
<td>4.49</td>
<td>(27.21)</td>
<td>(7.50)</td>
<td>(5.56)</td>
<td>1.04</td>
</tr>
<tr>
<td>11</td>
<td>Proposed Dividend</td>
<td>Foreign Currency</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indian Rs in Million</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12</td>
<td>Exchange Rate as on 31st March 2010</td>
<td>-</td>
<td>32.15</td>
<td>-</td>
<td>8.17</td>
<td>25.21</td>
<td>1.39</td>
<td>1.39</td>
<td>8.17</td>
</tr>
</tbody>
</table>

* Financial Statements of these Foreign Subsidiaries have been converted into Indian Rupees at rates prevailing as on 31st March 2010.
Pidilite has been conducting an **International Art and Craft Contest** for the last 4 years covering various schools and participation of over 5 million students from India and other countries.

**Sargent Art Online Art Contest** is held in USA in partnership with the Art education association of the respective states. Entries are invited from seven different states. Winners get a free trip with their art teacher and one parent to New York.

The contests provide an excellent platform to the students to explore their creativity and to showcase their talent.
Selected contestants of the Sargent Art Online Art Contest