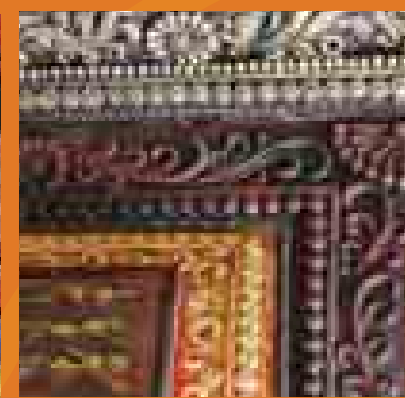
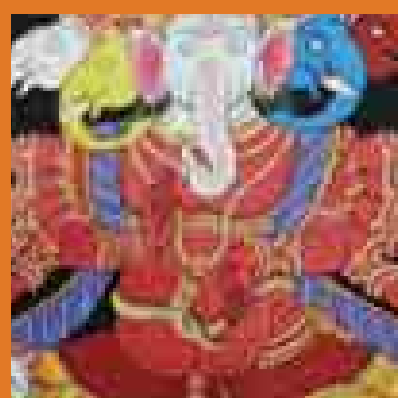


ANNUAL REPORT
2011-2012





Enriching Craft at the Grass Root Level

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

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



Company Information

Board of Directors

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

Corporate Office

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

Registered Office

Regent Chambers, 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

Company Secretary

Savithri Parekh

Solicitors & Advocates

Wadia Ghandy & Co

Auditors

Haribhakti & Co

Internal Auditors

Mahajan & Aibara

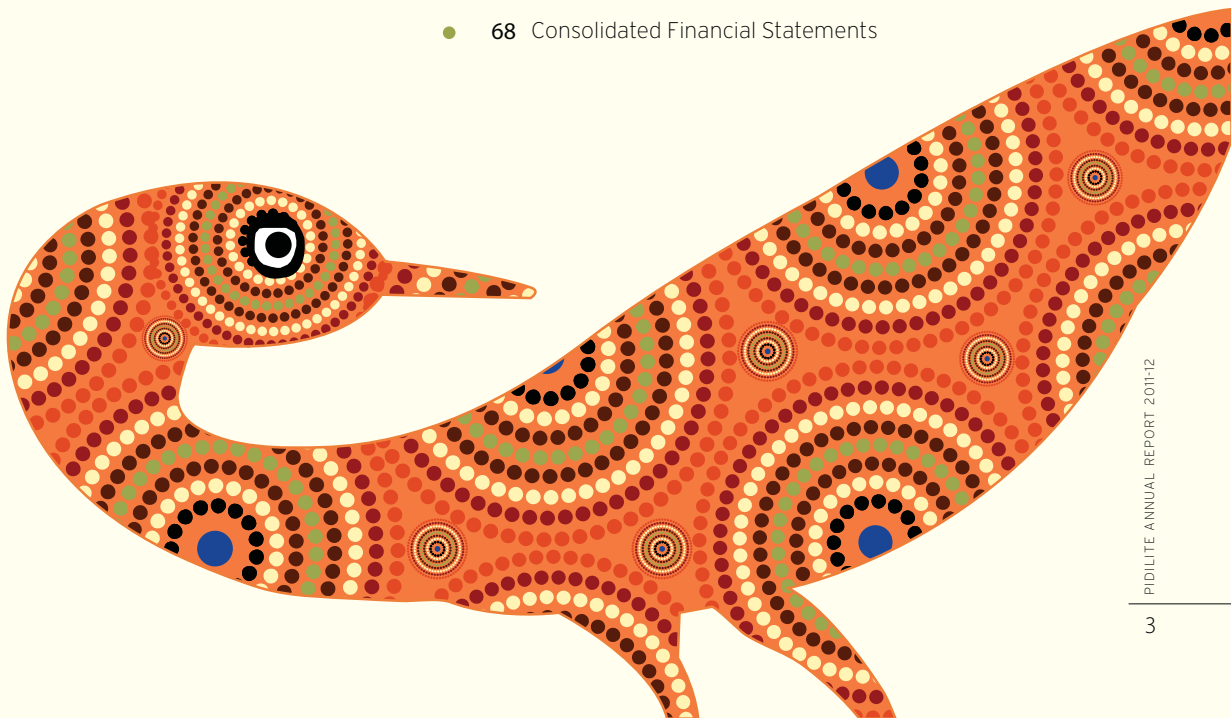
Bankers

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



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 Notes
- 58 Cash Flow Statement
- 60 Corporate Governance Report
- 65 Corporate Governance Compliance Certificate
- 66 Information for Shareholders
- 68 Consolidated Financial Statements



Management Discussion & Analysis

Standalone Financials

The Company achieved 18.9% growth in net sales.

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

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

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

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

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

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

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

Consolidated Financials

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

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

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



Performance by Industry Segment

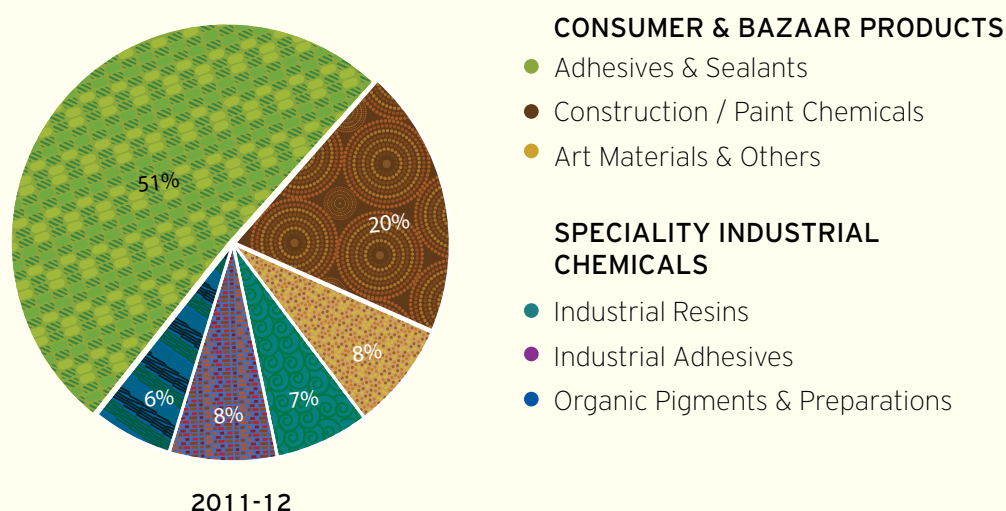
Consumer and Bazaar Products

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

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

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

BUSINESS SEGMENTS %.



Speciality Industrial Chemicals

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

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

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

Others

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

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

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

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

Advertisement campaigns



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



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

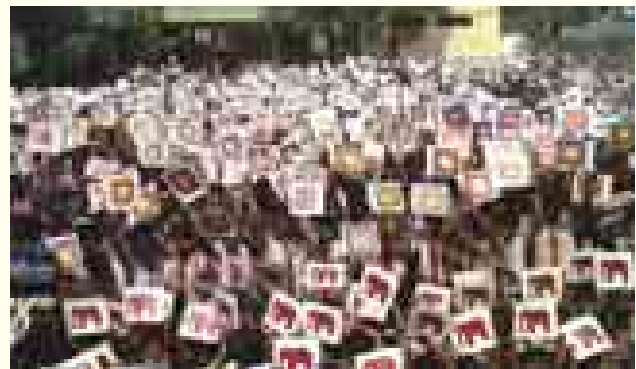
New Initiatives

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

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

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

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



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

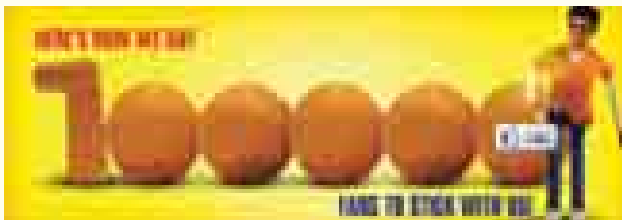
FCC, and its members across the country, celebrated "Shram Daan Diwas" on 20th December, 2011. As a part of this unique initiative, carpenters carried out free repair work in 251 needy institutions like blind schools, adivasi schools, municipal schools, old age homes, orphanages and hospitals run by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



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



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



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



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



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

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

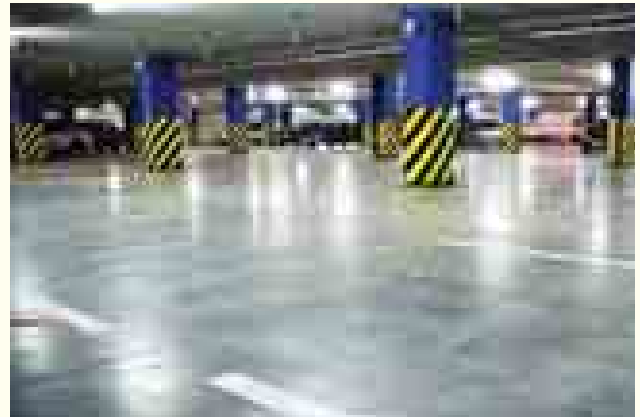


Motomax, a range of auto care products, was relaunched with a new look and feel. New products include Silicon Polish, new and improved bumper black.

New Products



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



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



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



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



Awards

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

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



Miscellaneous

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

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

Other matters

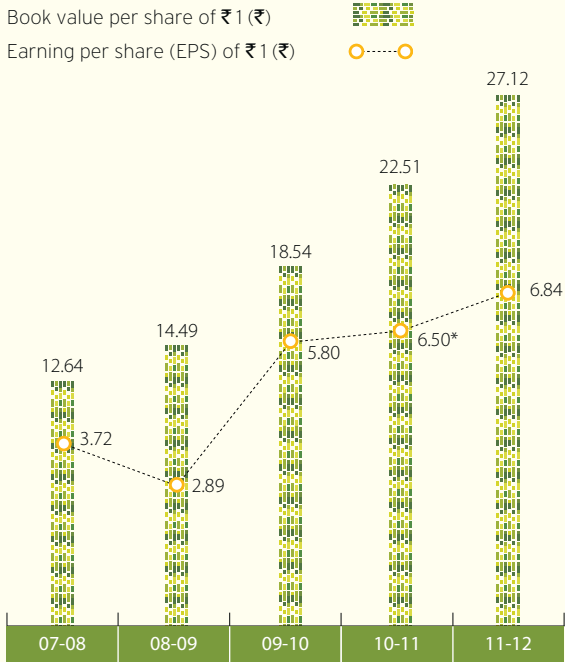
The following matters are elaborated in the Directors' Report

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

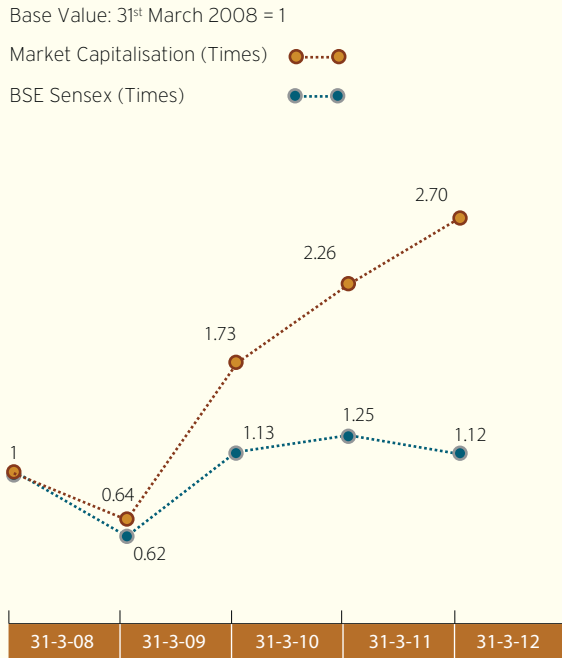
Cautionary Statement

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

Book Value Per Share and EPS

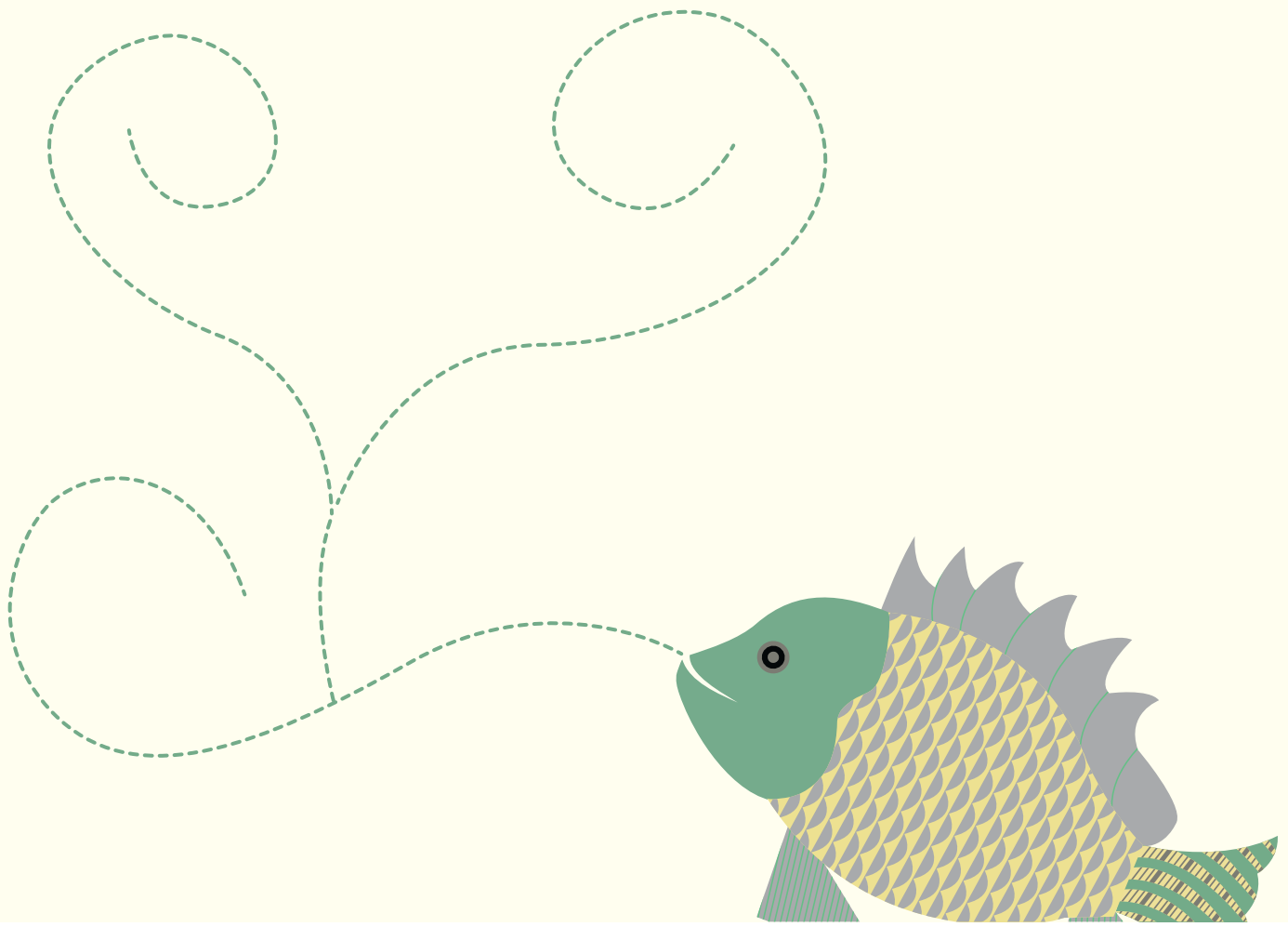


Growth in Market Capitalisation of Company and BSE SENSEX since 31st March 2008



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

*Excludes exceptional items.



Economic Value Added (EVA)

Computation of EVA

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

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

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

Cost of equity = Risk-free return equivalent to yield on long term Government of India (GOI) securities (taken @ 8%) + market risk premium (assumed @ 7.5%) x beta variant for the Company (taken at 0.9), where the beta is a relative measure of risk associated with the Company's shares as against the stock market as a whole.

Cost of debt = Effective interest applicable to Pidilite based on an appropriate mix of short, medium and long term debt, net of taxes.

Economic Value Added Analysis

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

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

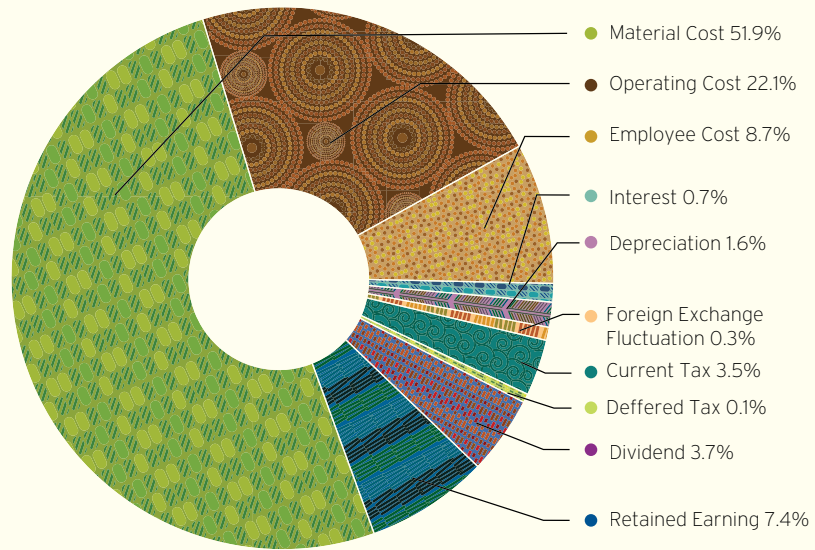
Profit after tax excludes exceptional items.

Notes


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


Financial Charts


DISTRIBUTION OF REVENUE (2011-12)

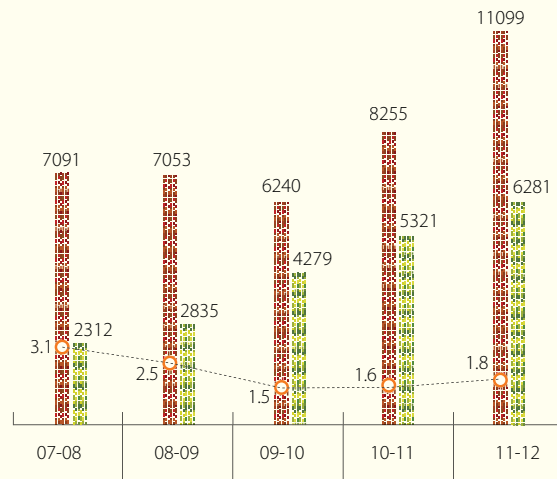


CURRENT RATIO

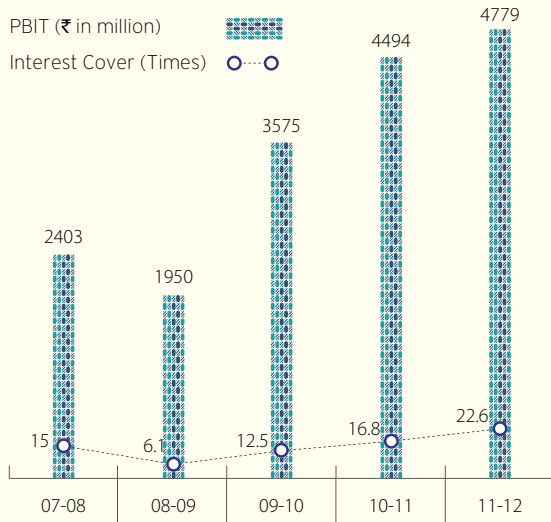
Current Assets (₹ in million) 

Current Liabilities (₹ in million) 

Current Ratio 

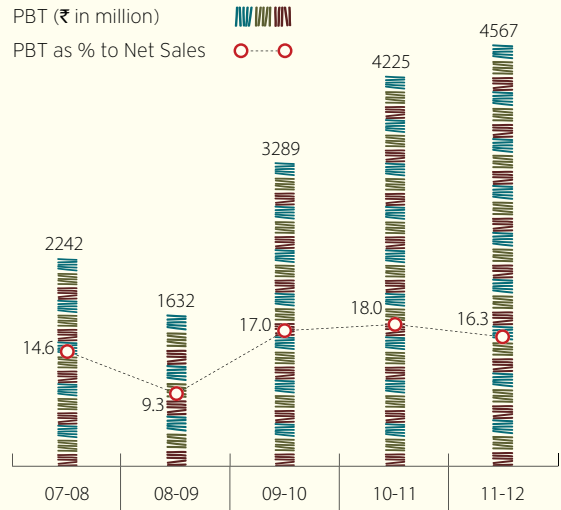


PBIT & INTEREST COVER



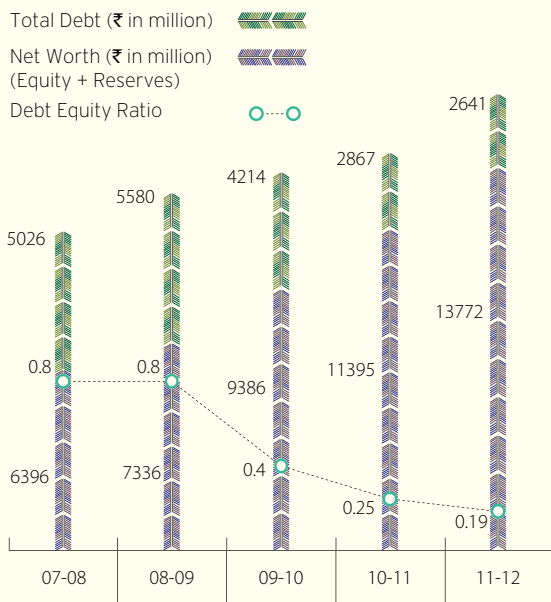
* PBIT excludes exceptional item.

PBT & PBT AS % OF NET SALES

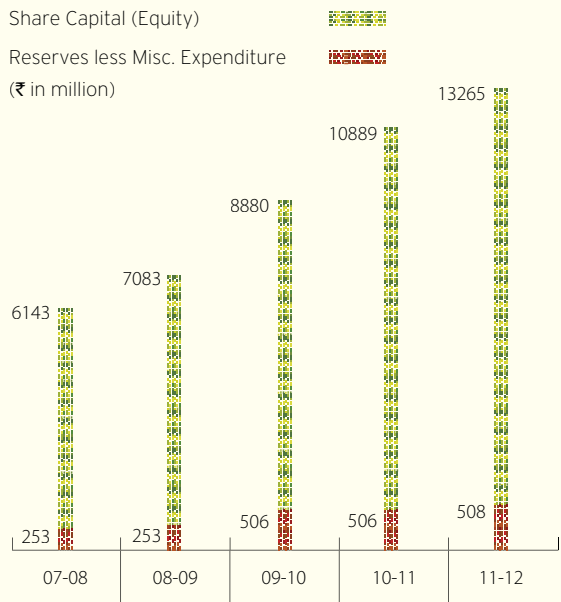


* PBT for 2010-11 and 2011-12 excludes exceptional item.

DEBT EQUITY RATIO



VALUE ADDITION TO BUSINESS THROUGH RESERVES



10 Years Financial Performance

(Rupees in million)

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

* Includes Tax on Dividend

After deducting diminishment provision for investments of Overseas subsidiaries.

† Figures have been reclassified/regrouped in 2003-04

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

** Excluding Revalued Assets and Depreciation thereon

~ Less than 1 million

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

(Rupees in million)

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

§ Includes Cost of Brand Acquired ₹ 87.3 million

Includes Cost of Brands Acquired ₹ 90.8 million

† Includes Cost of Brand Acquired ₹ 133.7 million

‡ Includes Cost of Brands Acquired ₹ 17.8 million

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

^ Includes Proceeds of FCCB bonds ₹ 1594.4 million

μ Includes unutilised proceeds of FCCB bonds ₹ 1102.4 million

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

** Excluding Deferred Tax Liability (Net)

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

Directors' Report

To

The Members

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

Financial Results

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

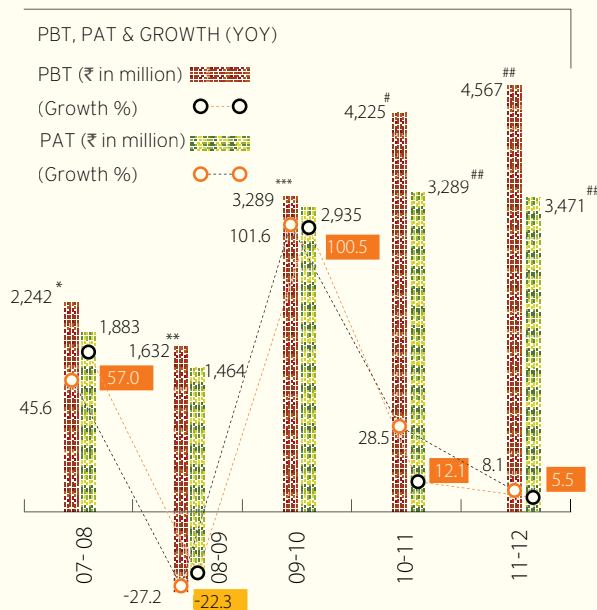
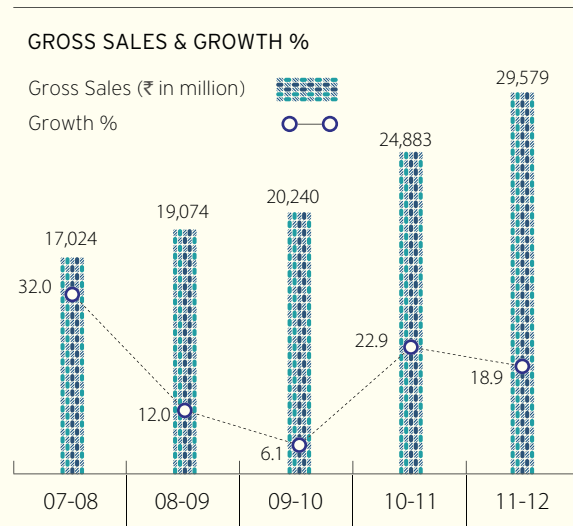
*Includes dividend for the prior year paid on 3,49,388 equity shares issued on conversion of FCCBs after the balance sheet date but prior to the book closure.

Financial Performance

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

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

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



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

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

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

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

Excludes exceptional item.

Dividend

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

Term Finance

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

Capital Expenditure

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

on the Synthetic Elastomer Project was approximately ₹ 469 million.

Investment in Subsidiaries

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

Synthetic Elastomer Project

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

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

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

Manufacturing Plants

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

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

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

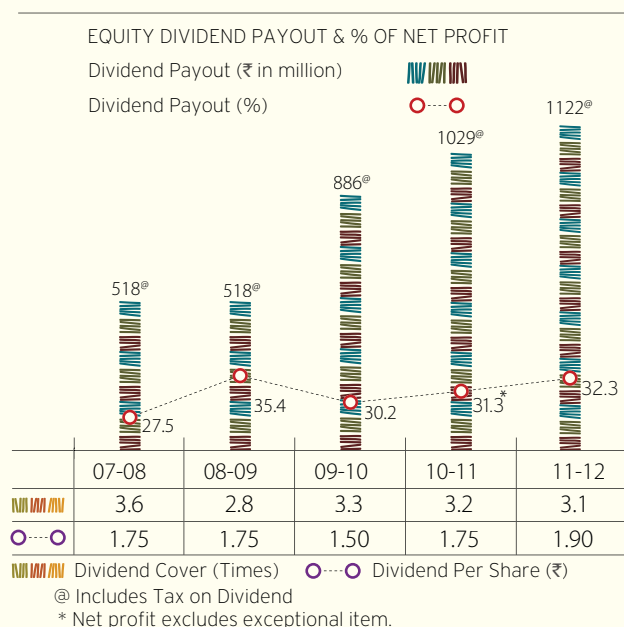
Manufacturing capacity of emulsion polymers, Fevikwik, Steelgrip, stainers, white glues and construction chemicals were enhanced.

Foreign Currency Convertible Bonds (FCCBs)

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

Fixed Deposits

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



Subsidiaries - Overseas Subsidiaries

Total revenue grew by 1.8% in constant currency terms.

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

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

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

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

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

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

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

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

Consolidated Accounts

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

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

have a copy of audited Annual Accounts and the related detailed information of the above subsidiaries may write to the Company Secretary at the Registered Office of the Company and they will be provided with the same upon such a request. Annual Accounts of these subsidiary companies will also be kept for inspection of the Members at the Registered Office of the Company as well as at the Registered Office of the subsidiary companies.

Directors

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

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

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

Directors' Responsibility Statement

Your Directors confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2012 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the

Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- The Directors have prepared the Annual Accounts on a going concern basis.

Corporate Governance

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

Auditors

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

Cost Auditor

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

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

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

Conservation of Energy, Technology Absorption, etc.

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

Particulars of Employees

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

Company Secretary at the Registered Office of the Company and they will be provided with the same upon such a request.

Industry Structure and Development

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

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

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

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

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

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

Current Year Outlook

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

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

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

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

Outlook on Opportunities, Threats, Risks and Concerns

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

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

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

Internal Control Systems and their Adequacy

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

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

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

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

Human Resources

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

During the year, the Talent Management process has further evolved and the Learning & Development cell has been strengthened, with the objective of providing adequate support and resources to develop a talent pipeline.

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

The total number of employees as on 31st March 2012 was 4223.

Appreciation

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

FOR AND ON BEHALF OF THE BOARD

Mumbai

Date : 24th May 2012

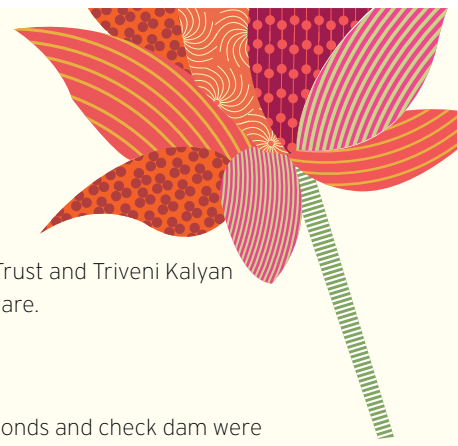
S K Parekh

Vice Chairman

M B Parekh

Managing Director

Corporate Social Responsibility Report - 2011-2012



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

Rural Development & Education

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

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

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

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



Literacy class



Advising on Government Schemes

Healthcare

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

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



Urology Department - Operation Theatre



Urology Department - Doctors & support staff



Eye check-up

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

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

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

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

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

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



Medical Camp

General Semantics

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

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

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



General Semantics session in progress



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

Annexure I to the Directors' Report

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

A] CONSERVATION OF ENERGY

a) Energy Conservation Measures taken

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

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

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

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

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

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

As per Form A

FORM A

Disclosure of particulars with respect to Conservation of Energy

A. Power and Fuel consumption / Generation

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

A. Power and Fuel consumption / Generation

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

Notes :

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

B. Consumption per unit of production

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

B] TECHNOLOGY ABSORPTION

e) Efforts made in technology absorption:

(as per Form B)

FORM B

Disclosure of particulars with respect to Technology Absorption

RESEARCH & DEVELOPMENT (R&D)

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

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

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

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

3. Future Plan of Action

Future R&D efforts will continue along present lines.

4. Expenditure on R & D

(₹ in million)

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

5. Technology Absorption, Adaptation and Innovation

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

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

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

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

CJ] FOREIGN EXCHANGE EARNINGS & OUTGO

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

Export earnings during 2011-12 have shown an increase of ₹ 264 million over 2010-11.

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

g) Total foreign exchange used and earned

(₹ in million)

| | Year ended 31 st March 2012 | Year ended 31 st March 2011 |
|-------------------------|---|---|
| Foreign exchange earned | 2,662 | 2,398 |
| Foreign exchanged used | 4,637 | 3,901 |

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

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

Auditors' Report

To the Members of Pidilite Industries Limited

1. We have audited the attached Balance Sheet of **Pidilite Industries Limited** ('the Company') as at 31st March 2012 and the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Date: 24th May 2012

Annexure to Auditors' Report

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

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

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

(₹ in million)

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

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

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

CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Date: 24th May 2012

Balance Sheet

As at 31st March 2012

(₹ in million)

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

The accompanying notes are an integral part of the financial statements

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For Haribhakti & Co.
Chartered Accountants
FRN 103523W

S K PAREKH
Vice Chairman

CHETAN DESAI
Partner
Membership No. 17000

M B PAREKH
Managing Director

Place: Mumbai
Date : 24th May 2012

SAVITHRI PAREKH
Company Secretary

Statement of Profit and Loss

For The Year Ended 31st March 2012

(₹ in million)

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

Earnings Per Share: (Refer note 40)

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

Summary of Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements

AS PER OUR ATTACHED REPORT OF EVEN DATE

For Haribhakti & Co.
Chartered Accountants
FRN 103523W

CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Date : 24th May 2012

SAVITHRI PAREKH
Company Secretary

FOR AND ON BEHALF OF THE BOARD

S K PAREKH
Vice Chairman

M B PAREKH
Managing Director

1 Summary of Significant Accounting Policies

Basis of preparation

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

a. Presentation and disclosure of financial statements

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

b. Use of Estimates

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

c. Fixed Assets, Depreciation and Impairment Loss

- a) Fixed Assets are stated at cost of acquisition or construction as reduced by accumulated depreciation and impairment loss, if any.
- b) Preoperative expenditure during construction period / trial run : Direct expenses as well as clearly identifiable indirect expenses incurred on the projects during the period of construction are capitalized along with the respective assets.
- c) The Company provides depreciation as under :
 - 1 For assets acquired up to 30th June 1987, on Straight Line Method (SLM) basis.
 - 2 For assets acquired after 30th June 1987 and before 31st March 1993, on SLM basis at rates specified in Schedule XIV of the Companies Act, 1956.
 - 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 each costing ₹ 5000 or less, depreciation is provided fully.
 - 5 For addition made during the year, depreciation is provided on pro-rata basis.
- d) In case, the recoverable amount of the fixed assets is lower than its carrying amount, provision is made for the impairment loss.
- e) Borrowing costs, which are directly attributable to acquisition, construction or production of a qualifying asset, are capitalised as a part of the cost of the asset. Other borrowing costs are recognised as expenses in the period in which they are incurred.

d. Intangible Assets and amortization

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

e. Research and Development Expenditure

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

f. Investments

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

g. Inventories

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

h. Revenue recognition

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

i. Transactions in foreign currencies

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

j. Financial Derivatives and Hedging Transactions

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

k. Retirement and other employee benefits

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

l. Income Taxes

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

m. Provisions, Contingent Liabilities and Contingent Assets

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

n. Cash and Cash Equivalents

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

Notes

(₹ in million)

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

(₹ in million)

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

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

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

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

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

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

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

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

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

| 6 Long-Term Provisions | | |
|------------------------|---|---|
| | As at 31 st March 2012 | As at 31 st March 2011 |
| Leave Encashment | 126.05 | 86.72 |
| TOTAL | 126.05 | 86.72 |

(₹ in million)

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

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

(₹ in million)

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

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

(₹ in million)

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

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

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

(₹ in million)

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

11

Tangible Assets

(₹ in million)

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|-------------------------------------|-----------------|-----------------|-------------------------|-----------------|--------------------------|-------------------------|-----------------|-----------------|
| | As at 1.4.2011 | Additions | Deductions/ Adjustments | As at 31.3.2012 | Provided during the year | Deductions/ Adjustments | As at 31.3.2012 | As at 31.3.2011 |
| Freehold Land | 124.97 | 10.38 | - | 135.35 | - | - | - | 124.97 |
| Leasehold Land | 93.80 | 102.35 | - | 196.15 | 1.65 | - | 9.06 | 86.39 |
| Buildings | 1,430.53 | 59.28 | 9.18 | 1,480.63 | 40.50 | (3.19) | 378.89 | 1,088.94 |
| Plant & Equipments* | 4,819.14 | 748.60 | 16.36 | 5,551.38 | 290.26 | (10.97) | 2,902.21 | 2,195.10 |
| Vehicles | 180.34 | 11.12 | 24.26 | 167.20 | 14.20 | (10.74) | 81.92 | 101.88 |
| Furniture & Fixtures | 392.63 | 43.70 | 0.11 | 436.22 | 24.94 | (0.03) | 187.83 | 229.71 |
| Office Equipments | 560.51 | 53.71 | 0.79 | 613.43 | 43.18 | (0.41) | 329.09 | 275.34 |
| Others (Scientific Research Assets) | | | | | | | | |
| - Buildings | 1.44 | - | - | 1.44 | 0.05 | - | 1.10 | 0.34 |
| - Plant & Equipments | 52.19 | 1.95 | 0.01 | 54.13 | 1.58 | (0.01) | 29.24 | 24.52 |
| - Furniture & Fixtures | 3.07 | - | - | 3.07 | 0.19 | - | 2.53 | 0.72 |
| TOTAL | 7,658.62 | 1,031.09 | 50.71 | 8,639.00 | 416.55 | (25.35) | 3,921.87 | 4,717.13 |

12

Intangible Assets

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

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

| 15 Other Non-Current Assets | | |
|--|---|---|
| | As at 31st March 2012 | As at 31st March 2011 |
| Fixed Deposits against Bank Guarantees | 1.70 | 8.84 |
| | 1.70 | 8.84 |

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

| 27 Depreciation and Amortization Expense | | | |
|---|--|---------------------------------------|--------------------------------|
| | | 31st March 2012 | 31 st March 2011 |
| Depreciation on Tangible assets | | 416.56 | 383.49 |
| Amortization of Intangible assets | | 62.70 | 60.38 |
| TOTAL | | 479.26 | 443.87 |

(₹ in million)

| 28 Finance Cost | | | |
|------------------------|--|---------------------------------------|--------------------------------|
| | | 31st March 2012 | 31 st March 2011 |
| Interest | | 211.81 | 268.16 |
| Bank charges | | 33.23 | 33.40 |
| TOTAL | | 245.04 | 301.56 |

(₹ in million)

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

(₹ in million)

| 30 Contingent Liabilities | | As at 31 st March 2012 | As at 31 st March 2011 |
|---|--|---|---|
| Contingent liabilities not provided for: | | | |
| i. | Guarantees given by Banks in favour of Government and others | 75.79 | 53.93 |
| ii. | Guarantees given by Company | 899.20 | 596.65 |
| iii. | Disputed liabilities in respect of Income Tax, Sales Tax, Central Excise and Customs (under appeal) | 363.53 | 542.50 |
| iv. | Claims against the Company not acknowledged as debts. | 62.68 | 82.17 |
| 31 | Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for | 662.55 | 418.40 |
| 32 | The net amount of exchange differences (credited) / debited to Statement of Profit & Loss | 84.95 | 8.35 |

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

Further it has debited the loss of ₹ 74.04 million to the carrying cost of the depreciable asset for the period ending 31st March 2012.

(₹ in million)

34 Disclosure as per clause 32 of the listing agreement

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

| Name of the subsidiary Companies | Amount Outstanding As on 31 st March 2012 | Maximum Balance Outstanding during the year |
|--|--|---|
| i) Bhimad Commercial Company Private Limited | 2.05 | 5.55 |
| ii) Madhumala Traders Private Limited | 2.20 | 5.70 |
| iii) Pagel Concrete Technologies Private Limited | 3.22 | 3.22 |

Notes:

- Loans and Advances shown above, fall under the category of 'Loans & Advances' in nature of loans where there is no repayment schedule and re-payable on demand.
- Loans and Advances referred above are not bearing any interest.

(₹ in million)

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

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

(₹ in million)

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

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

| 38 Earnings in Foreign Exchange | | | | |
|--|--|--|-----------------|-----------------|
| | | | | |
| FOB Value of Exports | | | 2,643.16 | 2,392.92 |
| Others | | | 18.61 | 5.44 |
| TOTAL | | | 2,661.77 | 2,398.36 |

39 Segment information

Business Segment:

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

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

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

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

(₹ in million)

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

(₹ in million)

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

40 Earnings per share (EPS)

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

(₹ in million)

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

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

| Particulars | | | |
|--|--|------------------|-------------------------|
| Export Debtors | "₹ 642.03 million (USD 11.34 million, Euro 0.40 million, SPD 0.05 million, Zar 1.11 million) Previous Year ₹ 547.41 million (USD 11.32 million, Euro 0.55 million, SPD 0.04 million, Zar 0.62 million)" | | |
| Creditors | "₹ 27.31 million (USD 0.69 million, JPY 1.9 million) Previous Year ₹ 187.8 million (USD 3.77 million, Euro 0.32 million)" | | |
| Loans | "₹ 1705.62 million (USD 33.3 million) Previous Year ₹ 1894.88 million (USD 42.87 million)" | | |
| Details of Forward Contract outstanding on account of hedging as at the End of Year. | | | |
| Currency | No. of Contracts | Buy Amount | Purpose |
| USD | 19 | ₹ 251.20 million | Import of Raw Materials |

42 Related Party Disclosures**Related Party Disclosures as required by AS-18, "Related Party Disclosure" are given below:****(i) Relationships:**

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

(ii) Key Management Personnel :

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

(iii) Relatives of Key Management Personnel:

Sarva Shri B K Parekh and S K Parekh

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

| iv. Transactions with Related Parties during the year ended 31 st March 2012 are as follows | | (₹ in million) | | | | | | | | | | |
|--|-------------------|----------------------------|------------------------|---|-------------------------------------|-------------------------------|---------------------|--------------------------|-------------------------------|---|---------------------------|----------------------|
| Nature of Transaction | Pidilite USA Inc. | Jupiter Chemicals (L.L.C.) | PT Pidiilite Indonesia | Pidilite Speciality Chemicals Bangladesh Pvt Ltd. | Pidilite Innovation Centre Pte Ltd. | Pidilite Industries Egypt SAE | Pidilite Bamco Ltd. | Pidilite South East Asia | Bamco Supply Services Limited | Pidilite industries Trading (Shanghai) Co. Ltd. | PIL Trading Company Egypt | Total |
| | | | | | | | | | | | | |
| a. Sales and Related Income | 30.59 (29.60) | 0.34 (0.42) | NIL | 22.30 (17.54) | 4.84 (0.23) | 30.62 (23.33) | 0.01 (0.01) | NIL | NIL (0.34) | NIL | 26.87 (21.75) | 704.44 (571.27) |
| b. Other Income | 3.56 (2.44) | 0.46 (0.46) | 0.03 NIL | 0.15 (0.15) | 0.19 (0.02) | 0.19 (0.18) | 0.70 (0.70) | NIL | NIL | NIL | 0.12 (0.12) | 8.03 (7.44) |
| c. Purchases and Other Related Services | 19.05 (18.74) | 2.46 | 3.07 (0.18) | NIL | 45.17 (28.18) | 0.80 | 4.07 | NIL | NIL | NIL | 0.12 | 1987.02 (1319.00) |
| d. Remuneration to Directors: - Managing Director/Jt Managing Director | | | | | | | | | | | | 130.68 (116.76) |
| - Wholetime Directors | | | | | | | | | | | | 59.18 (51.49) |
| e. Investment in Share Capital | NIL (17.83) | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | 238.78 (131.74) |
| f. Loans Given/(Taken) | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | (6.99) (6.24) |
| g. Purchase of Fixed Assets | NIL | 0.05 (0.10) | NIL | NIL | 0.22 (NIL) | NIL | NIL | NIL | NIL | NIL | NIL | 0.27 (0.10) |
| h. Sale of Fixed Assets | NIL | NIL | NIL | NIL | NIL | 0.90 | NIL | NIL | NIL | NIL | NIL | 0.93 (1.12) |
| i. Interest Paid / (Received) | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | 0.00 0.00 |
| j. Reimbursement of expenses made | 3.40 (2.97) | 10.40 (9.20) | NIL (3.29) | NIL | NIL | NIL | 1.87 (0.72) | NIL | NIL | NIL | 0.03 (0.62) | 16.45 (20.28) |
| k. Reimbursement of expenses received | NIL (0.44) | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | 0.23 (1.58) |
| l. Provision For Doubtful Debts Made | | | NIL | | | | | | | | | 0.00 (3.26) |
| m. Bad Debts Written Off | | | 0.00 (0.09) | | | | | | | | | 0.00 (0.09) |
| n. Diminution in value of investment | | | | | | | | | | | | 126.07 (250.00) |
| o. Outstanding Balances : | | | | | | | | | | | | |
| - Debtors | 26.67 (17.15) | 3.73 (3.01) | 3.81 (3.31) | 8.84 (7.19) | 1.56 (1.50) | 30.66 (12.25) | 0.20 (1.56) | 0.00 (1.05) | 0.00 | 0.00 | 18.33 (24.86) | 199.83 (175.36) |
| - Creditors | 13.91 (0.21) | 1.08 (0.81) | (0.31) (0.85) | 0.00 | 3.68 (2.07) | 0.80 | 1.61 (0.72) | 0.00 | 0.00 | 1.09 (1.11) | 0.02 0.00 | 223.90 (149.89) |
| - Outstanding Payable (Net of receivable) | 12.76 (16.94) | 2.65 (2.20) | 3.50 (2.46) | 8.84 (7.19) | (2.12) (0.57) | 29.86 (12.25) | (1.41) (0.84) | - (1.05) | - | (1.09) (0.11) | 18.31 (24.86) | (24.69) (25.47) |

43 Employee Benefits

The Company has classified various employee benefits as under:

(A) Defined Contribution Plans

(a) Provident Fund

(b) Superannuation Fund

(c) State Defined Contribution Plans

- Employers' Contribution to Employees' State Insurance

- Employers' Contribution to Employees' Pension Scheme 1995

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

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

(₹ in million)

| | 31 st March 2012 | 31 st March 2011 |
|---|--------------------------------|--------------------------------|
| (i) Contribution to Provident Fund | 72.51 | 64.79 |
| (ii) Contribution to Employees' Superannuation Fund | 11.14 | 8.37 |
| (iii) Contribution to Employees' State Insurance Scheme | 9.53 | 9.61 |
| (iv) Contribution to Employees' Pension Scheme 1995 | 26.60 | 25.78 |
| (v) Contribution to National Pension Scheme | 2.05 | - |
| (B) 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 independent actuary, as at the balance sheet date, based on the following assumptions : | | |
| (i) Discount Rate (per annum) | 8.50% | 8.25% |
| (ii) Rate of increase in Compensation levels (per annum) | 6.75% | 6.50% |
| (iii) Expected rate of return on asset | 8.50% | 8.50% |

(₹ in million)

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

(₹ in million)

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

(₹ in million)

| 44 Research & Development Expenditure | | | | |
|---|--|--|---------------|---------------|
| | | | 2011-12 | 2010-11 |
| Capital expenditure included in fixed assets | | | 1.95 | 4.54 |
| Revenue expenditure charged to Statement of Profit & Loss | | | 128.61 | 105.96 |
| TOTAL | | | 130.56 | 110.50 |

[Refer Note 1(e)]

| 45 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 | | | | |
|--|--|--|-----------------------------------|-----------------------------------|
| | | | As at 31 st March 2012 | As at 31 st March 2011 |
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | | | |
| Principal amount due to micro and small enterprises | | | 115.04 | 290.84 |
| Interest due on above | | | - | - |
| TOTAL | | | 115.04 | 290.84 |

(₹ in million)

| 46 Details of Payment to Auditor | | | March 2012 | March 2011 |
|----------------------------------|--|--|-------------|-------------|
| Audit fees | | | 2.47 | 2.43 |
| Limited Review | | | 0.99 | 0.66 |
| Certification Fees | | | 0.42 | 1.21 |
| Reimbursement of expenses | | | 0.02 | 0.06 |
| TOTAL | | | 3.90 | 4.36 |

| 47 Operating Lease | |
|--------------------|---|
| a) | Operating lease payment recognised in Statement of Profit & Loss Account amounting to ₹ 150.10 million (₹ 135.93 million) |
| b) | General description of the leasing arrangement: |
| i) | Leased Assets : Godowns, Company Flat, Office space, etc. |
| ii) | Future lease rentals are determined on the basis of agreed terms. |
| iii) | At the expiry of the lease term, the Company has an option either to return the asset or extend the term by giving notice in writing. |

48 Figures in bracket indicate previous year's figures.

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

Cash Flow Statement

For The Year Ended 31st March 2012

(₹ in million)

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

Cash Flow Statement

For The Year Ended 31st March 2012

(₹ in million)

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

Cash and Cash Equivalents includes:

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

The accompanying notes are an integral part of the financial statements

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For Haribhakti & Co.
Chartered Accountants
FRN 103523W

S K PAREKH
Vice Chairman

CHETAN DESAI
Partner
Membership No. 17000

M B PAREKH
Managing Director

Place: Mumbai
Date : 24th May 2012

SAVITHRI PAREKH
Company Secretary

Corporate Governance Report

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

1. Company's Philosophy on Code of Governance

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

2. Board of Directors

During the Financial Year 2011-12, 6 Board Meetings were held on 19th May 2011[#], 3rd June 2011, 26th July 2011, 8th November 2011, 3rd February 2012 and 30th March 2012^{##}.

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

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

Meeting held on 19th May 2011 and continued upto 21st May 2011.

Meeting held on 30th March 2012 and continued upto 1st April 2012.

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

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

** Resigned as a Director w.e.f 8th November 2011.

*** Appointed as an Additional Director w.e.f 29th July 2011.

**** Appointed as a Whole time Director w.e.f 8th November 2011.

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

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

3. Audit Committee

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

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

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

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

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

4. HR & Remuneration Committee

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

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

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

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

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

* through teleconferencing

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

B. Remuneration of Directors

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

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

* Includes House Rent Allowance

subject to approval of the members.

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

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

The details of sitting fees paid for attending the Board/ Committee meetings and commission due to the Non-Executive Directors for the year ended 31st March 2012 are as under:

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

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

In terms of Special Resolution passed by the Members at Annual General Meeting held on 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 2012: Shri R M Gandhi - 67,450; Shri N J Jhaveri - 10,000; Shri Ranjan Kapur - Nil; Shri Bansi S Mehta - 24,716; Shri Yash Mahajan - 14,200; Shri B K Parekh - 58,16,446; Shri S K Parekh - 4,59,69,560; Shri Bharat Puri - Nil; Shri D. Bhattacharya - Nil, Shri Sanjeev Aga - Nil.

5. Shareholders'/Investors' Grievance Committee

During the year 12 meetings of the Share Transfer Committee were held and 1 meeting of the Shareholders' / Investors' Grievance Committee (SIG Committee) was held on 6th January 2012 which was attended by Shri R M Gandhi, Shri B K Parekh and Shri S K Parekh.

Details of composition of the SIG Committee is given below:

| Sr. No. | Name | Designation | Category |
|---------|-----------------|-------------|----------|
| 1 | Shri R M Gandhi | Chairman | NED (I) |
| 2 | Shri B K Parekh | Member | NED (P) |
| 3 | Shri S K Parekh | Member | NED (P) |

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

The Secretarial Department of the Company, under the supervision of Smt Savithri Parekh, Secretary who is also nominated as the "Compliance Officer" as required by SEBI/Listing Agreement and TSR Darashaw Limited, Registrar & Share Transfer Agent, attend to all shareholders' / investors' grievances received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs and Registrar of Companies.

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

The total number of letters received from the shareholders were 958 of which only 8 were in the nature of complaints. All the complaints were resolved to the satisfaction of shareholders. There was 1 pending complaint as on 31st March 2012 which has been resolved. 1 request for transfer of shares and 5 requests for dematerialization of shares were pending for approval as on 31st March 2012 which were dealt with by 3rd April 2012 and 5th April 2012 respectively.

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

6. General Body Meetings

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

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

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

2010-2011

No Special Resolutions were passed.

2009-2010

No Special Resolutions were passed.

2008-2009

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

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

7. Disclosures

- There were no materially significant related party transactions which have potential conflict with the interest of the Company at large.
- The Company has complied with all requirements of the Listing Agreements with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against the Company by SEBI, Stock Exchanges or any other statutory authority on any matter relating to capital markets during the last 3 years.
- The Company has complied with all applicable mandatory requirements of Clause 49 of the Listing Agreement. Out of the non-mandatory requirements, the Company has adopted the following:

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

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

8. Means of Communication

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

9. Information relating to Directors

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

10. Information for Shareholders

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

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

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

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

Corporate Governance Compliance Certificate

To

The Members of
M/s Pidilite Industries Limited

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

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

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

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

Date: 24th May 2012
Mumbai

For M M SHETH & CO
Company Secretaries

M M SHETH
Proprietor
FCS.1455, CP.729

Information for Shareholders

Annual General Meeting

Day, Date & Time:

Tuesday, 24th July 2012 at 3 p.m.

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

Financial Year

1st April to 31st March.

Date of Book Closure

10th July 2012 to 24th July 2012 (both days inclusive)

Dividend Payment

Credit/dispatch of dividend warrants will commence from 25th July 2012 subject to the approval of the shareholders at the Annual General Meeting.

Listing of Shares on Stock Exchanges

The equity shares of the Company are listed on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The Annual Listing fee for the financial year 2012-13 has been paid to BSE & NSE.

Stock Codes

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

Listing of Secured Redeemable Non-Convertible Debentures (NCDs)

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

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

ISIN for NCD (Series I) - INE318A07015

Market Price Data

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

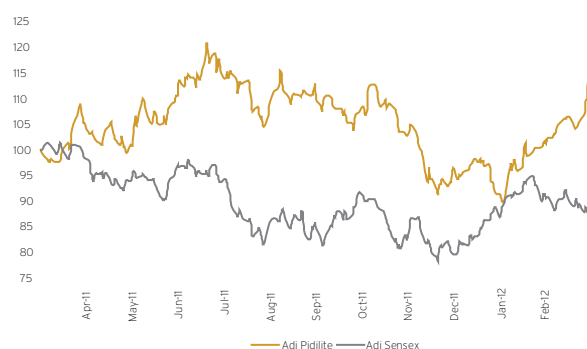
| Month | Share Price (₹) | |
|-----------------|-----------------|--------|
| | High | Low |
| April, 2011 | 164.80 | 145.05 |
| May, 2011 | 161.80 | 146.55 |
| June, 2011 | 174.80 | 148.85 |
| July, 2011 | 183.40 | 159.25 |
| August, 2011 | 175.00 | 155.10 |
| September, 2011 | 174.40 | 160.00 |
|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

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

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

Stock Performance

The performance of the Company's shares in comparison to BSE 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 Transfer System

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

| No. of shares | Authorisation given to |
|---------------|--|
| Up to 4000 | TSR Darashaw Limited |
| Up to 20000 | Any one of the Sarva Shri B K Parekh, S K Parekh, M B Parekh, Directors or the Company Secretary. |
| Above 20000 | Share Transfer Committee comprising the Directors viz, Sarva Shri B K Parekh, S K Parekh, N K Parekh and R M Gandhi. |

Presently the share transfers which are received in physical form are processed and the share certificates duly transferred are returned generally within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

Distribution of Shareholding as on 31st March 2012

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

Dematerialisation of shares & liquidity

As on 31st March 2012, 99.09% of total equity shares of the Company were held in dematerialised form with National Securities Depository Ltd. and Central Depository Services (India) Ltd. The Company's equity shares are required to be compulsorily traded in the dematerialised form. The shares are available for dematerialisation under ISIN INE318A01026. Requests for dematerialisation of shares are processed and generally confirmed within 21 days of receipt.

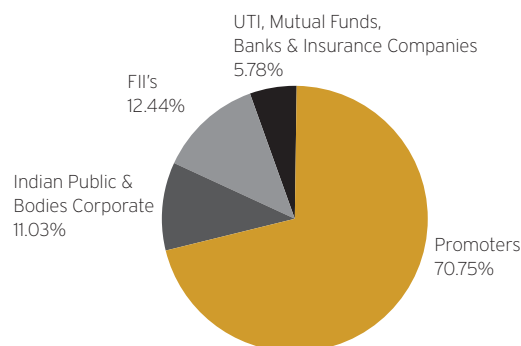
Outstanding GDRs/ADRs/Warrants/Convertible instruments

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

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

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

Shareholding Pattern as on 31st March 2012:



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

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

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

Plant Locations in India

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

Address for Correspondence

Registered Office:

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

Corporate Office:

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

Corporate Secretarial/Investors' Assistance Department:

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

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

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

Consolidated
Financial
Statements

Auditors' Report

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

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

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

CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Date: 24th May 2012

Consolidated Balance Sheet

As at 31st March 2012

(₹ in million)

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

Summary of Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For Haribhakti & Co.
Chartered Accountants
FRN 103523W

S K PAREKH
Vice Chairman

CHETAN DESAI
Partner
Membership No. 17000

M B PAREKH
Managing Director

Place: Mumbai
Date : 24th May 2012

SAVITHRI PAREKH
Company Secretary

Consolidated Statement of Profit and Loss

For The Year Ended 31st March 2012

(₹ in million)

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

Summary of Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements

AS PER OUR ATTACHED REPORT OF EVEN DATE

For Haribhakti & Co.
Chartered Accountants
FRN 103523W

CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Date : 24th May 2012

SAVITHRI PAREKH
Company Secretary

FOR AND ON BEHALF OF THE BOARD

S K PAREKH
Vice Chairman

M B PAREKH
Managing Director

1 Summary of Significant Accounting Policies

Basis of preparation of Consolidated Financial Statements

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

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

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

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

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

a. Presentation and disclosure of financial statements

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

b. Use of Estimates

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

c. Fixed Assets, Depreciation/ Amortisation and Impairment Loss

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

-
- b) Preoperative expenditure during construction period/trial run : Direct expenses as well as clearly identifiable indirect expenses, incurred on project during the period of construction are being capitalised 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, except certain assets for which Written Down Value (WDV) basis is adopted at rates equivalent to the rates specified in the Income-Tax Act, 1961.
 2. For assets acquired after 30th June 1987 and before 31st March 1993, on SLM basis at rates specified in Schedule XIV of the Companies Act, 1956.
 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. The Company provides pro-rata depreciation for additions made during the year except for each asset costing ₹ 5,000 or less, for which depreciation has been provided at hundred percent.
 5. The Goodwill acquired by the Company is amortised over a period of 5 years on SLM basis. In Case of Subsidiaries no goodwill is amortised except Pulvitec do Brasil Industria e Commercio de Colas e Adesivos Ltda where goodwill is amortised over a period of 10 years
 6. The Copyrights, Trademarks, Technical Knowhow, etc. acquired by the Parent Company are amortised over a period of 10 years on SLM basis. In case of subsidiaries, it is not amortised except for Pidilite USA Inc where it is amortised over a period of 15 years.
 7. Borrowing costs, which are directly attributable to acquisition, construction or production of a qualifying asset, are capitalised as a part of the cost of the asset. Other borrowing costs are recognised as expenses in the period in which they are incurred.
- d) In case, the recoverable amount of the fixed assets is lower than its carrying amount, provision is made for the impairment loss.
- e) The depreciation on fixed assets of the subsidiary companies is provided for on SLM over their estimated useful life at rates permissible under applicable local laws.

d. Research and Development Expenditure

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

e. Investments

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

f. Inventories

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

g. Revenue Recognition

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

h. Transactions in foreign currencies

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

i. Financial Derivatives and Hedging Transactions

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

j. Retirement and other employee benefits

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

k. Income Taxes

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

l. Provisions, Contingent Liabilities and Contingent Assets

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

m. Cash and Cash Equivalents

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

Notes

(₹ in million)

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

(₹ in million)

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

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

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

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

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

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

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

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

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

| 6 Long-Term Provisions | | |
|-------------------------------|---|---|
| | As at 31st March 2012 | As at 31st March 2011 |
| Leave Encashment | 133.49 | 92.42 |
| TOTAL | 133.49 | 92.42 |

(₹ in million)

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

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

(₹ in million)

| 8 Trade Payables | | |
|---------------------------------------|---|---|
| | As at 31st March 2012 | As at 31st March 2011 |
| Trade Payables and Acceptances | | |
| Micro, Small and Medium Enterprises | 115.04 | 290.84 |
| Others | 1,942.68 | 1,446.48 |
| TOTAL | 2,057.72 | 1,737.32 |

(₹ in million)

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

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

(₹ in million)

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

| 11 Tangible Assets | | | | | | | | | | | (₹ in million) | |
|-------------------------------------|------------------|-----------------|-------------------------|--------------------|------------------|-----------------|--------------------------|-------------------------|--------------------|-----------------|-----------------|-----------------|
| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | | |
| | As at 1.4.2011 | Additions | Deductions/ Adjustments | Forex Gain/ (Loss) | As at 31.3.2012 | As at 1.4.2011 | Provided during the year | Deductions/ Adjustments | Forex Gain/ (Loss) | As at 31.3.2012 | As at 31.3.2011 | As at 31.3.2012 |
| Freehold Land | 17369 | 10.38 | - | 381 | 18788 | - | - | - | - | - | 187.88 | 17369 |
| Leasehold Land | 9380 | 102.35 | - | - | 19615 | 7.41 | 1.65 | - | - | 9.06 | 187.09 | 8639 |
| Buildings | 1,566.16 | 62.40 | 7.96 | 12.29 | 1,632.89 | 377.17 | 5081 | 3.19 | 466 | 429.45 | 1,203.44 | 1,189.00 |
| Plant & Equipments * | 5,349.21 | 794.00 | 19.25 | 43.22 | 6,167.18 | 2,886.62 | 344.26 | 14.46 | 24.45 | 3,240.87 | 2,926.31 | 2,461.48 |
| Vehicles | 200.84 | 12.37 | 28.00 | 2.45 | 187.66 | 90.58 | 17.25 | 13.19 | 1.62 | 96.26 | 91.40 | 110.26 |
| Furniture & Fixtures | 447.11 | 46.65 | 0.11 | 4.47 | 498.12 | 189.48 | 30.04 | 0.03 | 1.70 | 221.19 | 276.93 | 257.61 |
| Office Equipments | 582.87 | 58.41 | 0.79 | 2.95 | 643.44 | 300.42 | 49.40 | 0.48 | 2.21 | 351.55 | 291.89 | 283.58 |
| Others (Scientific Research Assets) | | | | | | | | | | | | |
| - Buildings | 1.44 | - | - | - | 1.44 | 1.05 | 0.05 | - | - | 1.10 | 0.34 | 0.39 |
| - Plant & Equipments | 52.19 | 1.95 | 0.01 | - | 54.13 | 27.67 | 1.58 | 0.01 | - | 29.24 | 24.89 | 24.52 |
| - Furniture & Fixtures | 3.07 | - | - | - | 3.07 | 2.34 | 0.19 | - | - | 2.53 | 0.54 | 0.74 |
| TOTAL | 8,470.38 | 1,088.51 | 56.12 | 69.19 | 9,571.96 | 3,882.74 | 495.23 | 31.36 | 34.64 | 4,381.25 | 5,190.71 | 4,587.66 |
| 12 Intangible Assets | | | | | | | | | | | | |
| Goodwill | 913.73 | - | - | 45.58 | 959.31 | 289.18 | 63.87 | - | 4.90 | 357.95 | 601.36 | 624.55 |
| Trademarks | 665.00 | - | - | 21.99 | 686.99 | 536.39 | 32.57 | - | 7.86 | 576.82 | 110.16 | 128.61 |
| Computer Software | 154.37 | 21.78 | 2.18 | 2.80 | 176.77 | 104.76 | 15.02 | - | 2.52 | 122.30 | 54.47 | 49.59 |
| Copyrights | 248.02 | - | - | - | 248.02 | 67.64 | 20.55 | - | - | 88.19 | 159.83 | 180.40 |
| Technical Knowhow Fees | 135.97 | 2.20 | - | - | 138.17 | 72.05 | 8.89 | - | - | 80.94 | 57.23 | 63.91 |
| Non Compete Fees | 11.22 | - | - | - | 11.22 | 7.20 | 1.12 | - | - | 8.32 | 2.90 | 4.02 |
| TOTAL | 2,128.31 | 23.98 | 2.18 | 70.37 | 2,220.48 | 1,077.22 | 142.02 | - | 15.28 | 1,234.52 | 985.95 | 1,051.08 |
| GRAND TOTAL | 10,598.69 | 1,112.49 | 58.30 | 139.56 | 11,792.44 | 4,959.96 | 637.25 | 31.36 | 49.92 | 5,615.77 | 6,176.66 | 5,638.74 |
| Previous Year | 9,808.19 | 751.06 | 70.85 | 110.29 | 10,598.69 | 4,346.22 | 593.63 | 39.50 | 59.60 | 4,959.95 | 5,638.74 | 5,461.97 |
| Capital Work in Progress | | | | | | | | | | | 3,938.19 | 3,436.48 |

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

| 15 Other Non-Current Assets | | |
|--|---|---|
| | As at 31st March 2012 | As at 31 st March 2011 |
| Fixed Deposits against Bank Guarantees | 9.66 | 8.84 |
| TOTAL | 9.66 | 8.84 |

(₹ in million)

| 16 Current Investments | | |
|---|---|---|
| | As at 31st March 2012 | As at 31 st March 2011 |
| Non-Trade: | | |
| Unquoted mutual funds | | |
| • Nil (15000000) Units of HDFC FMP 14M March 2010- Growth -Series XII | - | 150.00 |
| • Nil (10000000) Units of Birla Sunlife Term Plan Series CL - Growth | - | 100.00 |
| • Nil (9517964) Units of ICICI Prudential Interval Fund Half Yearly Interval Plan -Retail Cumulative | - | 115.11 |
| • Nil (15000000) Units of ICICI Prudential FMP Series 52 -1 Year Plan C -Dividend Option | - | 150.00 |
| • Nil (9993005) Units of ICICI Prudential Interval Fund Annual Interval Plan I -Inst.Cumm | - | 100.00 |
| • Nil (8145697) Units of ICICI Prudential Interval Fund -half Yearly Interval Plan - II Institutional Cummulative | - | 81.47 |
| • Nil (5000000) Units of ICICI Prudential FMP -Series 53- 6 months -Plan A Cummulative | - | 50.00 |
| • Nil (10000000) Units of ICICI Prudential FMP -Series 53- 1 Year -Plan E Cummulative | - | 100.00 |
| • Nil (10000000) Units of ICICI Prudential FMP -Series 55- 1 year -Plan B Cummulative | - | 100.00 |
| • Nil (10200813) Units of ICICI Prudential FMP -Series 55- 1 year -Plan D Cummulative | - | 102.01 |
| • Nil (5000000) Units of Reliance Fixed Horizon Fund -XVI Series 3-Growth Option | - | 50.00 |
| • Nil (5000000) Units of Reliance Fixed Horizon Fund -XV Series 8-Growth Option | - | 50.00 |
| • Nil (15291150) Units of DSP- Black Rock FMP-3M Series 29-Growth | - | 152.91 |
| • Nil (10000000) Units of DSP- Black Rock FMP-12M Series 14-Growth | - | 100.00 |
| • Nil (10000000) Units of HDFC-FMP 370 D September 2010 (2)-Growth -Option XV | - | 100.00 |
| • Nil (10000000) Units of HDFC-FMP 370 D November 2010 (1)-Growth -Series XVII | - | 100.00 |
| • 1000000 (1000000) Units of HDFC-Debt Fund for Cancer Cure -100% Dividend -Donation Option | 10.00 | 10.00 |
| • 2986457 (2986457) Units of Aviva Life Insurance | 29.99 | 29.99 |
| • 1500000 (Nil) Units of ICICI Prudential Series 55-1 Year G Cumm | 150.00 | - |
| • 16265699 (Nil) Units of HDFC-FMP 370 D May 2011 (1)-Growth | 162.66 | - |
| • 15651410 (Nil) Units of DSP- Black Rock FMP-12M Series 19-Growth | 156.51 | - |
| • 9296272 (Nil) units of ICICI Prudential Quarterly Int Fund II Inst Growth | 100.00 | - |
| • 10000000 (Nil) units of HDFC FMP 392 D March 2012(2) | 100.00 | - |
| • 10000000 (Nil) units of ICICI Prudential FMP -Series 63-384 days Plan A | 100.00 | - |
| • 10000000 (Nil) units of ICICI Prudential FMP -Series 62-1 year Plan G | 100.00 | - |
| TOTAL | 909.16 | 1,641.49 |

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

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

(₹ in million)

| 27 | Depreciation and Amortization Expense | | 31st March 2012 | 31 st March 2011 |
|-----------|--|--|---------------------------------------|--------------------------------|
| | Depreciation on Tangible assets | | 495.23 | 474.15 |
| | Amortization of Intangible assets | | 142.02 | 119.48 |
| | TOTAL | | 637.25 | 593.63 |

(₹ in million)

| 28 | Finance Cost | | 31st March 2012 | 31 st March 2011 |
|-----------|---------------------|--|---------------------------------------|--------------------------------|
| | Interest | | 259.00 | 314.26 |
| | Bank charges | | 48.18 | 48.88 |
| | TOTAL | | 307.18 | 363.14 |

(₹ in million)

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

(₹ in million)

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

(₹ in million)

31 Segment information

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

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

(₹ in million)

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

32 Earnings per share (EPS)

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

(₹ in million)

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

33 Related Party Disclosures

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

i) Relationships :

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

ii) Key Management Personnel :

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

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

(₹ in million)

Transactions with Related Parties for the period ended 31st March 2012 are as follows:

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

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

35 Details of Payment to Auditor

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

36 Operating Lease

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

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

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

38 Figures in bracket indicate previous year's figures.

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

Consolidated Cash Flow Statement

For The Year Ended 31st March 2012

(₹ in million)

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

Consolidated Cash Flow Statement

For The Year Ended 31st March 2012

(₹ in million)

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

Cash and cash Equivalents includes:

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

The accompanying notes are an integral part of the financial statements

AS PER OUR ATTACHED REPORT OF EVEN DATE

For Haribhakti & Co.
Chartered Accountants
FRN 103523W

CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Date : 24th May 2012

SAVITHRI PAREKH
Company Secretary

FOR AND ON BEHALF OF THE BOARD

S K PAREKH
Vice Chairman

M B PAREKH
Managing Director

Information on Subsidiary Companies

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

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

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

Information on Subsidiary Companies

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

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

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



Tusser Painting

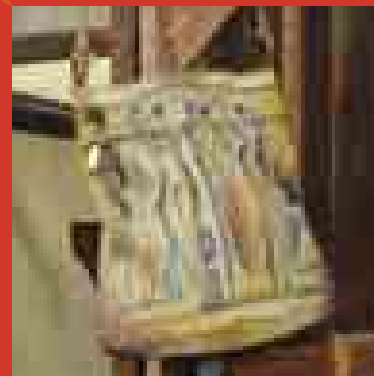
"The natural colours used earlier posed difficulties in achieving the fine perfection required for this art. Using Fevicryl Hobby Ideas colours has helped us save time and boost sales."

Mr. Narayana Das, Puri
National Award winner for Pattachitra
and Tusser Painting
Working for 25 years

Leather Painting

"Fevicryl Hobby Ideas colours make my products look bright and vibrant. My leather bags have been selling much better, ever since I switched to Fevicryl products."

Mr. Shyamal Mondal
New Barrackpore
Working for 15 years



Papier Mache

"Working with enamel meant wasting a lot of time waiting for the artifacts to dry. With Fevicryl Hobby Ideas products, we can now generate great looking creations in a short time."

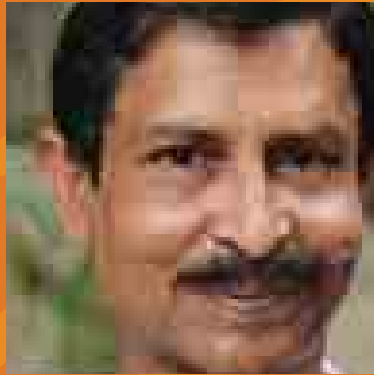
Ms. Rashmi Ojha
Barigaon
Working for 30 years



Pot Painting

"Painting terra-cotta with Fevicyl Hobby Ideas colours is much more efficient than painting with enamels, because of their faster drying time. We have generated better profits by using these products."

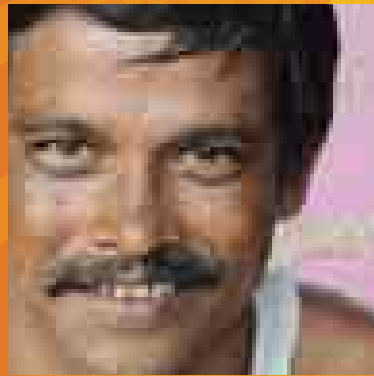
Mr. Narayana Sahu
Bhataharichandrapur
Working for 15 years



Terra-cotta

"My export orders have increased ever since I moved to painting with Fevicyl Hobby Ideas products. These paints are bright and do not lose their sheen."

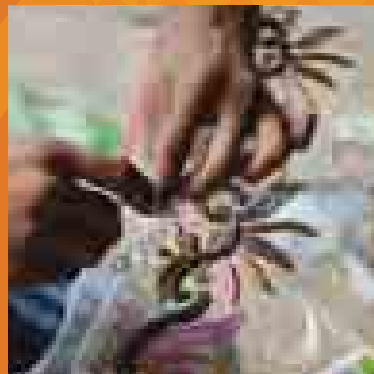
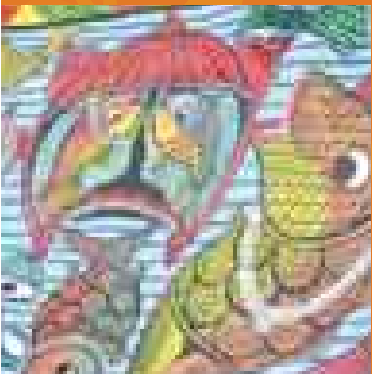
Mr. Ashish Biswas
Kolkata
20 years of experience



Zari Gota

"I use Fevicyl Hobby Ideas fabric glue to create exclusive 'zari gota' work on sarees, with extremely good results."

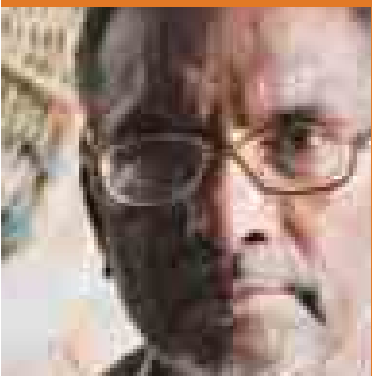
Mr. Swapan Sah
Kolkata

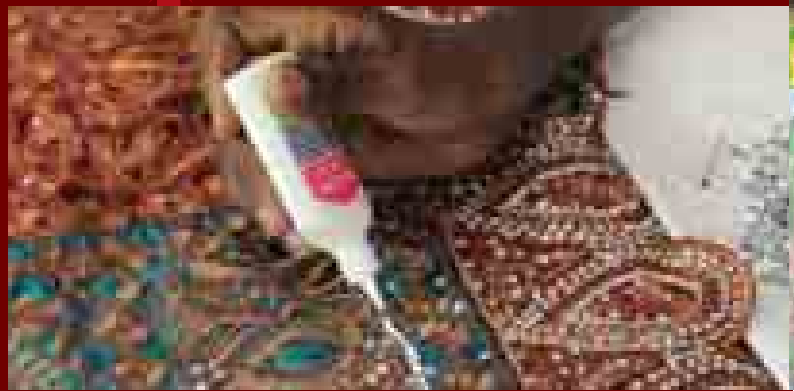


Pattachitra

"I combine traditional vegetable colours with Fevicyl Hobby Ideas colours to get the best of both worlds".

Mr. Tapan Chitrakar
Habipur
National award winner for Pattachitra
Working for 10 years





Pidilite Industries Limited
Registered Office
Regent Chambers, 7th Floor
Jamnalal Bajaj Marg
208 Nariman Point
Mumbai 400 021
www.pidilite.com

Design Pidilite Design Studio