



creative
building bonds





creative building bonds

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

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

Company Information

Board of Directors

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

Corporate Office

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

Registered Office

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

Registrar & Transfer Agent

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

President

& Company Secretary

P C Patel

Solicitors & Advocates

Wadia Ghandy & Co

Auditors

Haribhakti & Co

Internal Auditors

Mahajan & Aibara

Bankers

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



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Management Discussion & Analysis

Pidilite Industries Limited on a stand-alone basis achieved 10% growth in net sales.

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

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

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

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

Performance by Industry Segment



Consumer and Bazaar Products

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

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

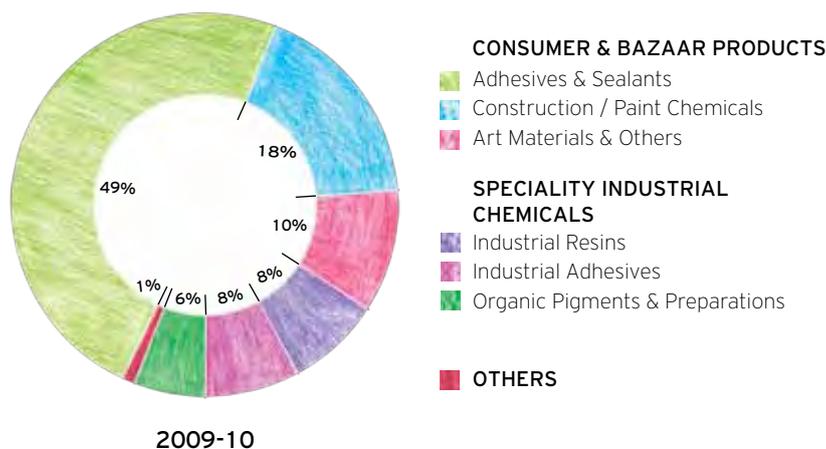
Growth rates improved in the second half of the year.

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

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

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

BUSINESS SEGMENTS %



Speciality Industrial Chemicals

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

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

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

Others

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

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

Consequently the revenue in this segment was only Rs 157 million as compared to Rs 932 million in the previous year. The Company is evaluating options to manufacture other products in the plant as in the near future import of VAM is likely to be more viable.

New products



In the adhesives category the Company has started expanding its range of products by introducing new products for the joinery segment. These products are used in mechanized joinery and modular furniture units.

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

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

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

M Seal Super, a versatile epoxy putty meant for DIY applications which can be used in both wet and dry conditions, was introduced during the year.



In the Arts & Stationery range several innovative products/modifications were introduced to serve consumers better.

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

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

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

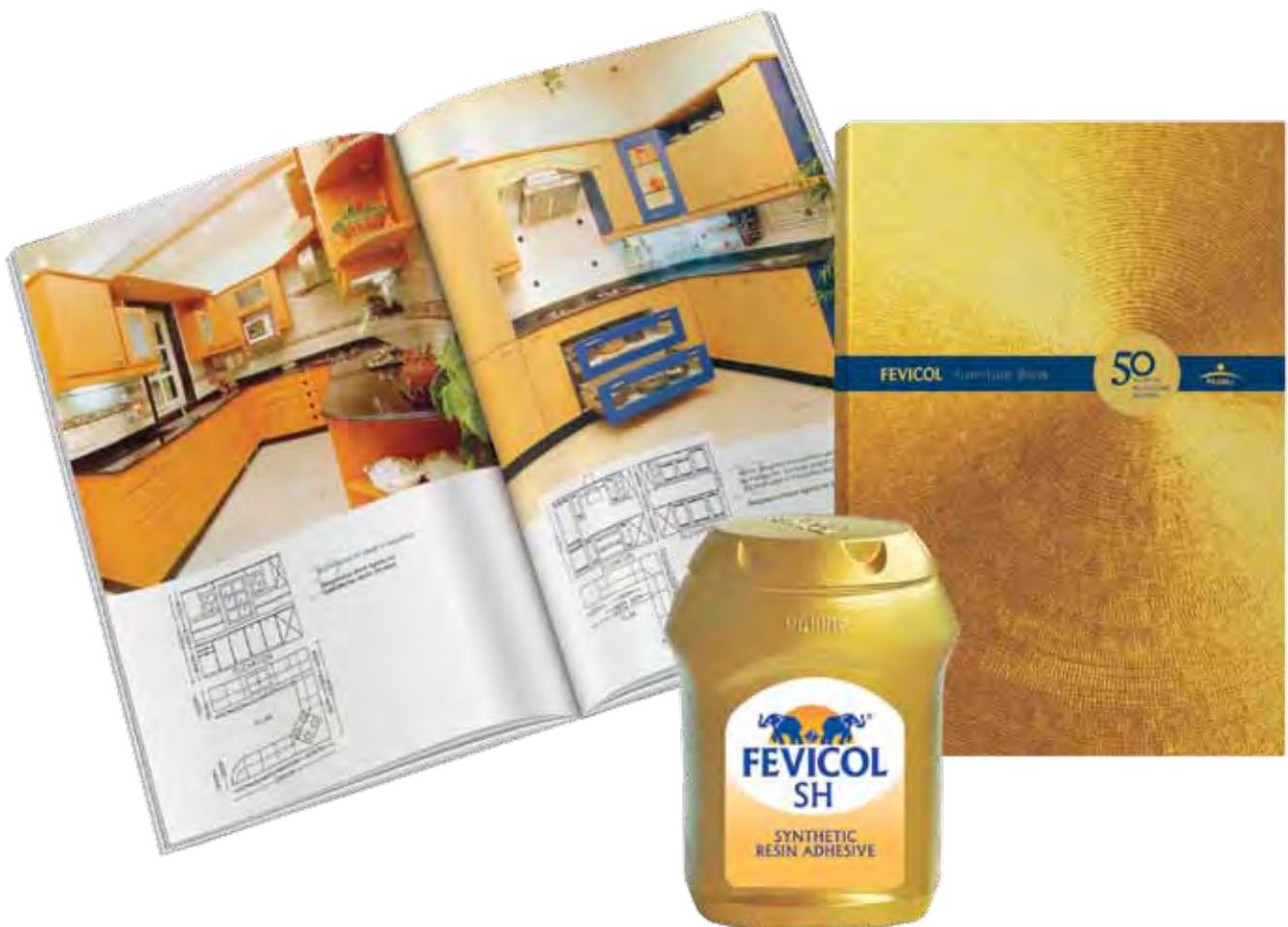
In the leather product range an important addition was made in the form of **high performance upgradation compound.**



Customer relations



- Pidilite and Fevicol celebrated their Golden Jubilee Year in 2009-10. There were many initiatives linked with the Golden Jubilee celebration involving dealers, carpenters and trade partners.
- A special Golden Jubilee Furniture Book was launched and was well appreciated with a print of over 30,000 copies.
- Dr. Fixit Institute (DFI) of Structural, Protection and Rehabilitation continued the successful Healthy Construction Lecture Series to increase awareness of the Global Best Practices in this field. 3R's - A publication for leading experts on Repair, Restoration, Renewal of built environment was initiated to position DFI and the Dr. Fixit brand as an expert in Construction Chemicals.
- A campaign for free health check up, for terrace waterproofing, was successfully carried out in key markets as an on ground activation programme. This was supported by TV advertising. The response has been overwhelming and the same concept is being extended to other products.
- The annual International Art and Craft Contest attracted participation from 2250 schools in India and from 5 international locations with an overall participation of 7 lakh students. The theme this year was "My mother, my world". The finals were held in Goa where the Honorable Chief Minister of Goa was the chief guest.



- Two of our mass consumer contact initiatives entered the Limca Book of Records for maximum participation. On one occasion 2500 students participated in glass painting and on the other occasion 3500 students participated in pot painting with Crackle medium. Both events were covered extensively in print and electronic media.

The year saw release of four new commercials.

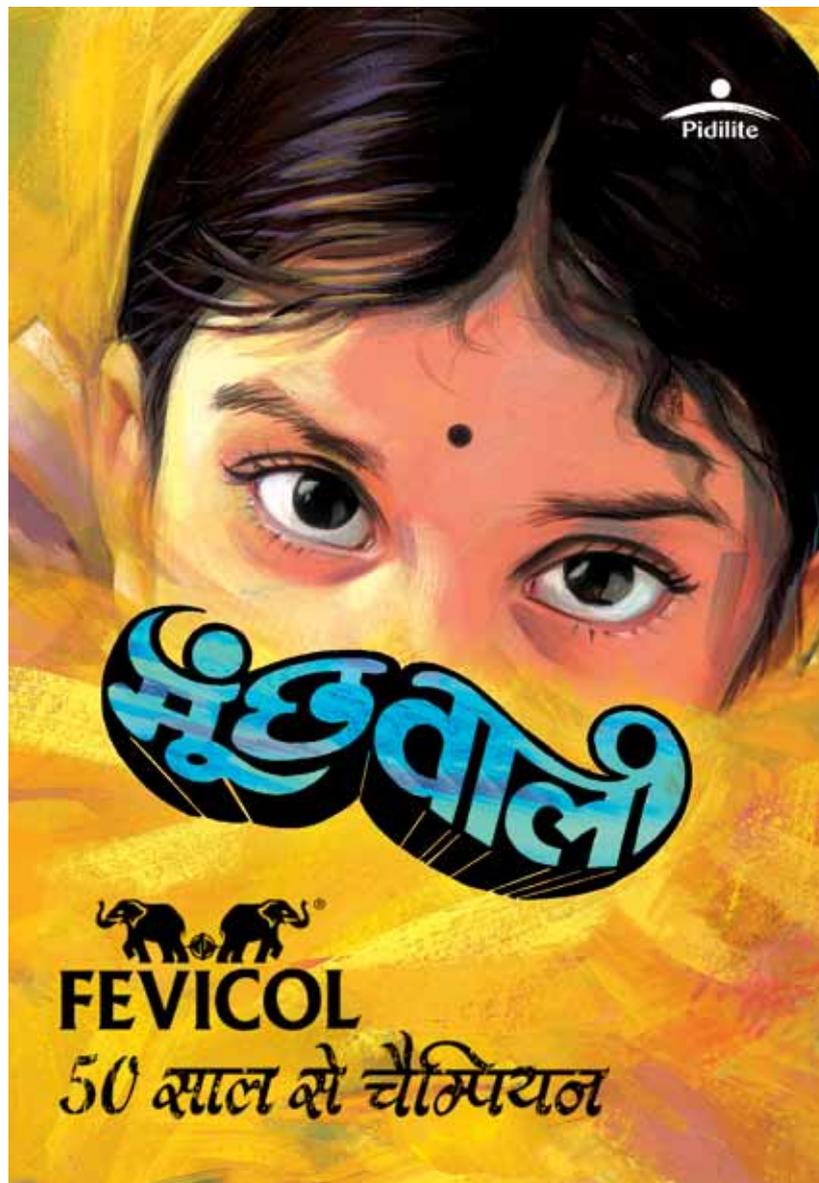
“Moochwali” an advertisement for Fevicol, was released as part of the Golden Jubilee Year celebrations.

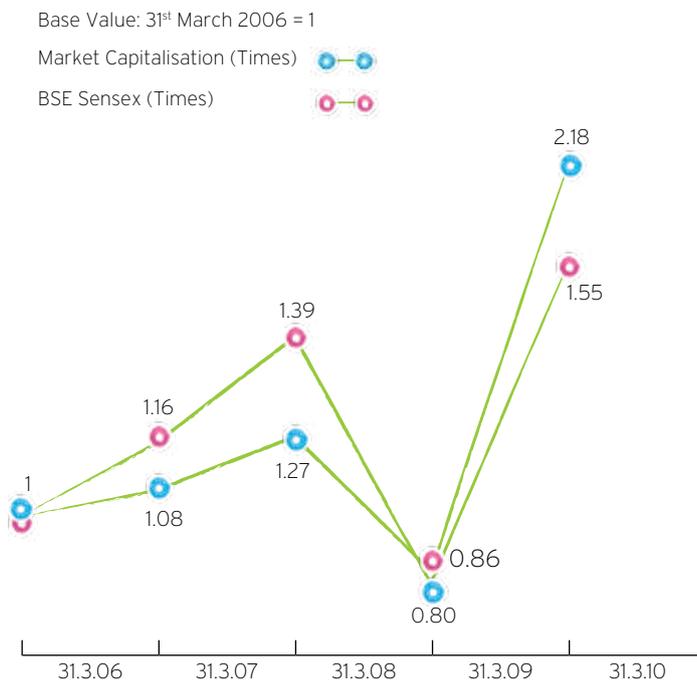
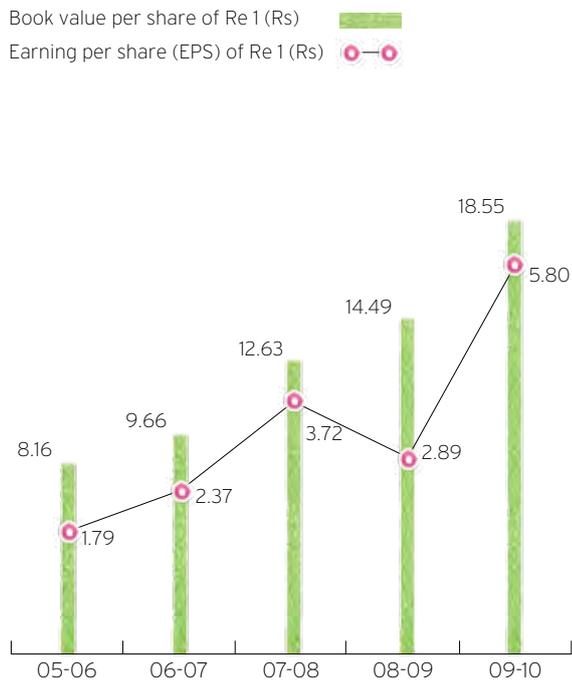
“Moochwali” won three Abby awards at the last Goafest, the annual advertising awards event of Advertising Club, Bombay and Advertising Agencies’ Association of India.

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

The fourth new advertisement was for Dr. Fixit Newcoat - “No Breaking News”.

Media & advertising





Book value per share & earning per share for the years 2005-06 to 2008-09 have been restated for the 1:1 bonus issue made in 2009-10.

Miscellaneous

The Company's net worth (Equity Capital + Reserves) has grown from Rs 4118 million in 2005-06 to Rs 9386 million at the end of 2009-10, giving a Compounded Annual Growth Rate (CAGR) of 22.87%.

The market capitalisation of the Company on 31st March 2010 was Rs 57876 million and has grown at a CAGR of 31.82% 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

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 @ 7%) + market risk premium (assumed @ 7.5%) x beta variant for the Company (taken at 0.9), where the beta is a relative measure of risk associated with the Company's shares as against the stock market as a whole.

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	2005-06	2006-07	2007-08	2008-09	2009-10
1. Risk Free Return on Long Term GOI Securities	7.5%	8.0%	7.9%	7.1%	7.0%
2. Cost of Equity	13.5%	14.0%	13.9%	13.1%	13.8%
3. Cost of Debt (Post Tax)	7.0%	7.3%	7.2%	6.7%	5.9%
4. Effective Weighted Average Cost of Capital	12.6%	12.8%	11.5%	10.3%	10.9%
Economic Value Added (Rupees in million)					
5. Average Debt	581	968	3204	5303	4897
6. Average Equity (Shareholder Funds)	3843	4498	5637 *	6866 *	8360
7. Average Capital Employed (Debt + Equity)	4424	5466	8841 *	12169 *	13257
8. Profit After Tax (as per P&L account)	907	1199	1883	1464	2935
9. Interest (as per P&L account, net of Income Tax)	10	42	106	210	189
10. Net Operating Profit After Tax (NOPAT)	917	1241	1989	1674	3124
11. Weighted Average Cost of Capital (4 x 7)	558	700	1016	1253	1445
12. Economic Value Added (10 - 11)	359	541	973	420	1679
13. EVA as a % of Average Capital Employed (12÷7)	8.1%	9.9%	11.0%	3.5%	12.7%

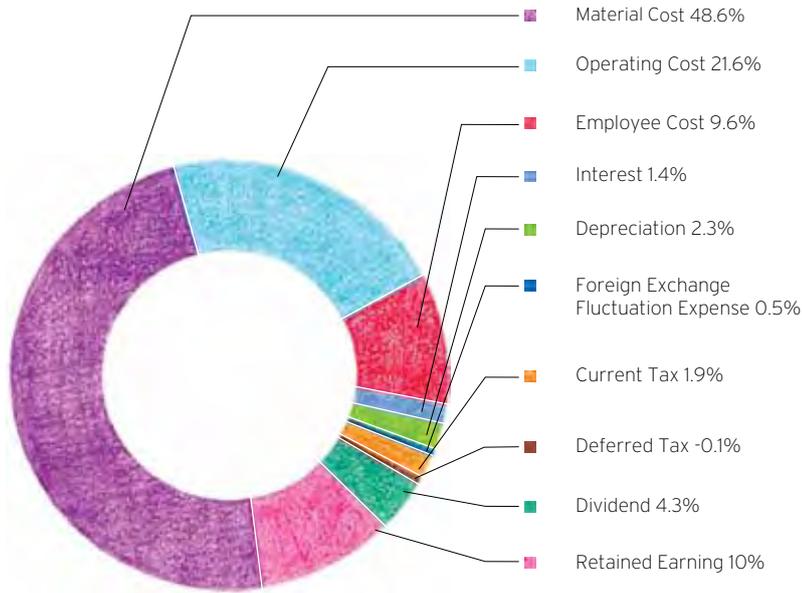
* Excluding 6% Redeemable Preference Share Capital of Rs. 28.75 million issued on 31st March 2008 and redeemed on 5th September 2008.

Notes

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

Financial Charts

DISTRIBUTION OF REVENUE (2009-10)

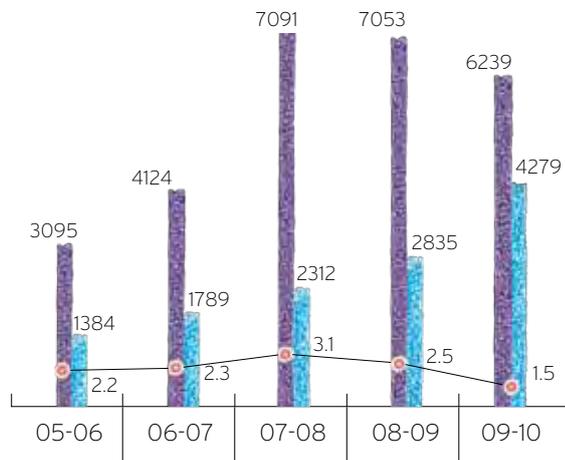


CURRENT RATIO

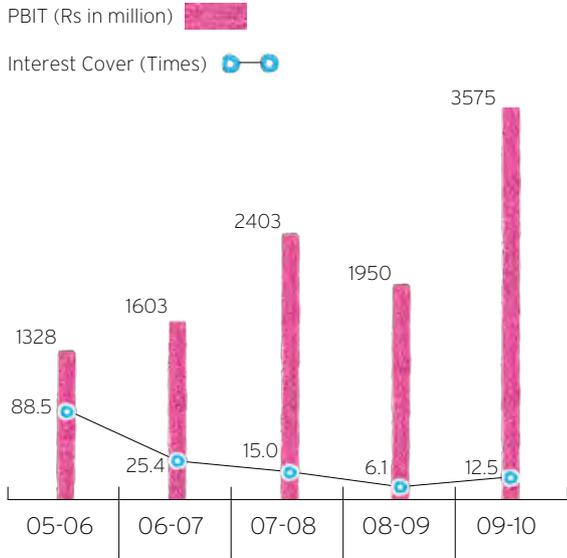
Current Assets (Rs in million) 

Current Liabilities (Rs in million) 

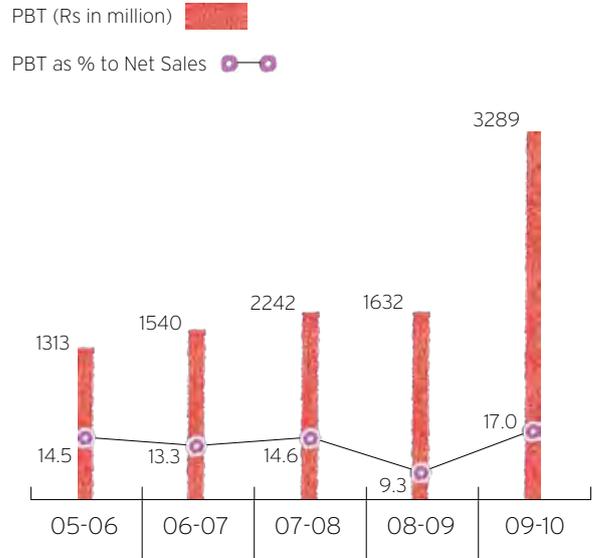
Current Ratio 



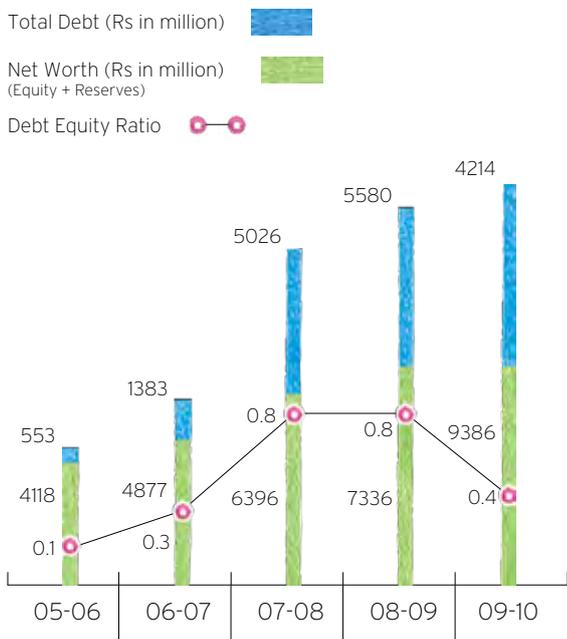
PBIT & INTEREST COVER



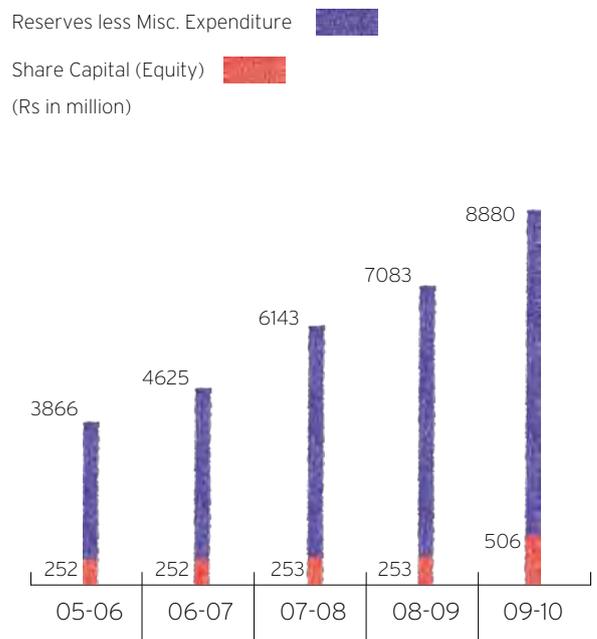
PBT & PBT AS % OF NET SALES



DEBT EQUITY RATIO



VALUE ADDITION TO BUSINESS THROUGH RESERVES



10 Years Financial Performance

(Rupees in million)

Highlights	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	CAGR %
Operating Results											
Sales and Other Income	5269	5772	6678	7647	8998	10617	13081	17248	19313	20487	16.29
Manufacturing & Other Expenses	4373	4774	5521	6458 §	7649 §	9005 §	11186 §	14489 §	16730	16355	15.78
Operating Profit	896	998	1157	1189	1349	1612	1895	2759	2583	4132	18.52
Interest (Net)	70	42	30	18	17	15	63	161	318	286	16.98
Depreciation	165	190	225	255	270	274	302	385	472	464	12.17
Profit from Ordinary Activities	661	766	902	916	1062	1323	1530	2213	1793	3382	19.89
Foreign Exchange Fluctuation - Expense/(Income)	-	-	-	-	-	10 !!	(10) !!	(29) !!	161	93	-
Profit before Tax	661	766	902	916	1062	1313	1540	2242	1632	3289	19.52
Current Tax	182	165	295	294	345	409	309	223	150	423	9.86
Deferred Tax	-	80	14	8	(13)	17	34	140	18	(25)	
Profit after Tax for the year	479	521	593	614	730	887	1197	1879	1464	2891	22.09
Add: Prior Year's Tax Provision written back	-	19	-	-	36	20	2	4	-	44	
Profit after Tax	479	540	593	614	766	907	1199	1883	1464	2935	22.30
Dividend on Equity Shares	125 *	177	214 *	228 *	288 *	360 *	443 *	518 *	518 *	885 *	24.27
Dividend on Preference Shares	-	-	-	-	-	-	-	- ~	1	-	-
Retained Earning	354	363	379	386	478	547	756	1365	945	2050	21.54
Financial Position											
Capital-Equity	252	252	252	252	252	252	252	253	253	506	8.03
Capital-Preference	-	-	-	-	-	-	-	29	-	-	-
	252	252	252	252	252	252	252	282	253	506	8.03
Reserve (Less Revaluation Reserve & Misc. Expenditure)	1915	2079 †	2459 †	2835	3315	3866	4625	6143	7083	8880	18.59
Net Worth	2167	2331	2711	3087	3567	4118	4877	6425	7336	9386	17.69
Borrowings	449	443	416 †	562	610	553	1383	5026	5580	4214	28.26
Deferred Tax Liability (Net)	-	279 †	293 †	301	288	305	339	423	441	415	-
Funds Employed	2616	3053	3420	3950	4465	4976	6599	11874	13357	14015	20.50
Fixed Assets#											
Gross Block	2255	2772	3132 †	3541	4203	4811	5554	8444	10166	10838	19.06
Depreciation	736	921	1122	1373	1635	1905	2182	2973	3433	3889	20.31
Net Block	1519	1851	2010 †	2168	2568	2906	3372	5471	6733	6949	18.41
Investments in - Overseas Subsidiaries	-	-	-	-	30	225	753	1594	2197	2448	-
- Others	159	151	148	150	154	134	139	30	210	2658	36.71
Net Current Assets	938	1051	1262 †	1632	1713	1711	2335	4779	4217	1960	8.53
Total Assets	2616	3053	3420	3950	4465	4976	6599	11874	13357	14015	20.50

* Includes Tax on Dividend

§ Includes VRS Payment of Rs 2.4 million

† Figures were reclassified/regrouped in 2003-04

Excluding Revalued Assets & Depreciation thereon

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

~ Less than Rs 1 million

(Rupees in million)

Highlights	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Funds Flow										
Sources										
Internal Generation	644	810	832	877	1023	1201	1536	2335	1949	3373
Increase in Capital & Reserve (Net) on Amalgamation	-	-	-	-	-	-	-	197	-	-
Increase in Loans	-	-	-	146	47	-	830	3643 [^]	554	-
Decrease in Investment - Others	70	7	3	-	-	21	-	109	-	-
Decrease in Working Capital	-	-	-	-	-	1	-	-	563	2257
Decrease in Miscellaneous Expenditure	-	-	-	-	2	2	2	3	-	-
Total	714	817	835	1023	1072	1225	2368	6287	3066	5630
Applications										
Decrease in Preference Capital on redemption	-	-	-	-	-	-	-	-	29	-
Repayment of Loans	341	8	19	-	-	57	-	-	-	1366
Capital Expenditure (Net)	238	523 [§]	384 [#]	413	669 [†]	613 [‡]	768	2484 [~]	1734	680
Investments in										
- Overseas Subsidiaries	-	-	-	-	30	195	528	841	603	251
- Others	-	-	-	2	4	-	5	-	181	2,448
Dividend	125	177	214	228	288	360	443	518	519	885
Increase in Working Capital	10	109	218	370	81	-	624	2444 ^μ	-	-
Increase in Miscellaneous Expenditure	-	-	-	10	-	-	-	-	-	-
Total	714	817	835	1023	1072	1225	2368	6287	3066	5630
Ratios										
Return on Average Net Worth % (RONW) (PAT divided by Average Net Worth)	24.1	24.0	23.5	21.2	23.0	23.6	26.7	33.4 [*]	21.3 [*]	34.6
Return on Average Capital Employed % (ROCE) (PBIT divided by Average Funds Employed**)	28.0	30.0	31.6	27.6	27.6	30.0	29.3	27.2 [*]	16.0 [*]	27.0
Long Term Debt/Cash Flow	0.1	0.1	0.3	0.2	0.2	0.2	0.4	1.2	2.4	1.2
Gross Gearing % (Debt as a percentage of Debt plus Equity)	17.1	16.0	13.3	15.4	14.6	11.8	22.1	44.0	43.2	31.0
Current Ratio (Current Assets divided by Current Liabilities)	2.6	2.3	2.6	3.0	2.5	2.2	2.3	3.1	2.5	1.5
Assets Turnover (times) (Gross Sales divided by Total Assets)	2.0	1.9	1.9	1.9	2.0	2.1	2.0	1.4	1.4	1.4

§ Includes Cost of Brand Acquired Rs 87.3 million

Includes Cost of Brands Acquired Rs 90.8 million

† Includes Cost of Brand Acquired Rs 133.7 million

‡ Includes Cost of Brands Acquired Rs 17.8 million

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

[^] Includes Proceeds of FCCB bonds Rs 1594.4 million

^μ Includes unutilised proceeds of FCCB bonds Rs 1102.4 million

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

** Excluding Deferred Tax Liability (Net)

To

The Members

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

Financial Results

	(Rupees in million)	
	2009-10	2008-09
Gross Turnover	20215	19074
Turnover, Net of Excise	19297	17611
Profit Before Tax	3289	1632
Less: Current Year's Tax	423	150
Profit After Current Year's Tax	2866	1482
(Add)/Less: Deferred Tax	(25)	18
Profit After Current and Deferred Tax	2891	1464
Add: Prior Year Tax Provision written back	44	-
Profit After Tax	2935	1464
Profit Brought Forward	779	720
Profit available for appropriation	3714	2184
Appropriations		
Proposed Dividend on Equity Shares	759	443
Dividend on Preference Shares	-	1
Tax on Dividend	126	75
Transfer to Capital Redemption Reserve	-	29
Transfer to Debenture Redemption Reserve	323	257
Transfer to General Reserve	1500	600
Total	2708	1405
Balance Carried to Balance Sheet	1006	779
	3714	2184

Financial Performance

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

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

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

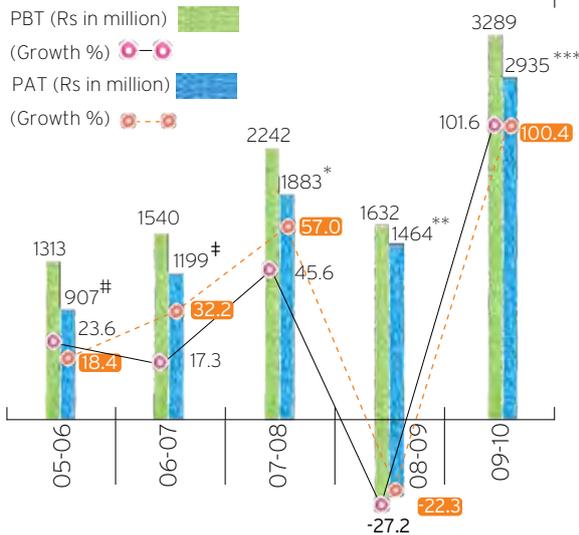
However, there was substantial reduction in the input costs due to softening of prices of commodity chemicals and this together with the strengthening of the Indian Rupee, lower duties and cost control measures taken by the Company have helped in improving the year's performance.

During the year, foreign exchange gain attributable to loans taken for depreciable assets was Rs 123.6 million and the same has been credited to the value of fixed assets. Out of total unamortized foreign exchange loss of Rs 164 million as on 31st March 2009, an amount of Rs 145 million has been reversed during the year due to foreign exchange gains. Further an amount of Rs 10 million has been amortized in the current year. The balance unamortized foreign exchange loss as on 31st March 2010 is Rs 9 million.

NET SALES & GROWTH %



PBT, PAT & GROWTH (YOY)



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

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

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

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

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

Golden Jubilee Year

The year 2009-10 is the Golden Jubilee year of the Company and recognizing its significance, the Company has issued bonus equity shares in the ratio of 1:1 in March 2010. The Board has also recommended a Golden Jubilee Special Dividend of Re 0.50 per equity share on the enhanced share capital after bonus Issue.

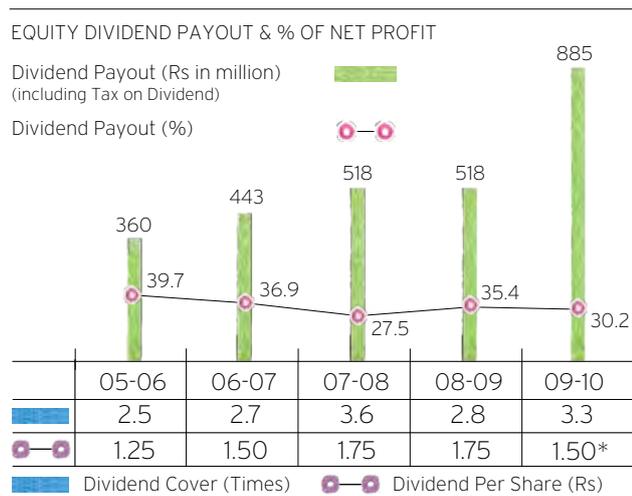
The Company has reached its present position with the support of its valued customers and all stakeholders. The Company places on record its deep appreciation for their support.

Dividend

The Directors recommend a dividend of Rs 1.50 per equity share of Re 1 each including Golden Jubilee Special Dividend of Re 0.50 per share, out of the current year's profit, on 506.1 million equity shares of Re 1 each (enhanced on account of bonus equity shares issued during the year) (previous year @ Rs 1.75 per equity share on 253.1 million equity shares of Re 1 each), amounting to Rs 759.2 million (previous year Rs 442.9 million). The dividend for the current year will be free of tax in the hands of shareholders. The dividend payout amount has grown at a CAGR of 24.7% during the last 5 years.

Term Finances

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



* Dividend for 2009-10 is on the enhanced capital base on account of bonus equity shares issued during the year.

Capital Expenditure

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

Investment in Subsidiaries

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

Synthetic Elastomer Project

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

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

Manufacturing Plants

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

A drive for TPM, aimed at improving performance through greater involvement and participation of employees, was initiated during the year at the manufacturing units.

80% of the manufacturing units are now certified under ISO 14000/OHSAS 18000 and the balance units are likely to undergo the certification process during the next year.

Foreign Currency Convertible Bonds (FCCB)

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

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

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

Subsidiaries - Overseas Subsidiaries

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Consolidated Accounts

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

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

Directors

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

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

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

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

Directors' Responsibility Statement

Your Directors confirm that:

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

Corporate Governance

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

Auditors

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

Cost Auditor

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

Conservation of Energy, Technology Absorption, etc.

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

Industry Structure and Development

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

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

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

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

In both the above business segments, there are a few medium to large companies with national presence and a large number of small sized companies that are active regionally. There is a growing presence of multinationals in

many of the segments in which the Company operates. The share of imports is less than 10% of domestic volumes in most of the product segments.

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

Current Year Outlook

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

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

Outlook on Opportunities, Threats, Risks and Concerns

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

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

Internal Control Systems and their adequacy

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

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

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

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

Human Resources

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

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

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

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

A statement of particulars pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report as Annexure II.

As per the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Report, together with Accounts, is being sent to the Members of the Company, excluding statement of particulars of employees under Section 217(2A) of the Act. Members desiring to have a copy of the same may write to the Company Secretary at the Registered Office of the Company and they will be provided with the same upon such a request.

Appreciation

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

FOR AND ON BEHALF OF THE BOARD

Mumbai
Date: 16th June, 2010

B K PAREKH
CHAIRMAN

Corporate Social Responsibility Report

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

Rural Development

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

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

Education

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

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

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

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

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

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

Vision behind this Centre is to facilitate a process for spreading the awareness of the benefits of general semantics among the people in India, which will lessen their social and personal anxieties and stress and enable them to achieve harmony in relationship.



Water Resources Management Scheme



Gram Nirman Samaj - Gram Vikas Yojana



Science City at Bhavnagar



Workshop on Semantics

The Centre works in tandem with the Forum on Contemporary Theory. Knowledge and methodology from diverse academic fields such as language and communication studies, humanities, sciences, sociology and anthropology are incorporated into the academic endeavors of the Centre.

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

Healthcare

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

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

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

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



Hanumant Hospital - Medical camp



Hanumant Hospital Medical seminar



Science City inauguration

Annexure I to the Directors' Report

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

A CONSERVATION OF ENERGY

a) Energy Conservation Measures taken

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

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

1. Installation of renewable energy source for process water heating and emergency lighting.
2. Continuing with energy conservation measures on above lines.

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

2.5 lakh kwh electricity and 300 MT of fuel oil are expected to be saved annually by above measures.

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

As per Form A

FORM A

Disclosure of particulars with respect to Conservation of Energy

A. Power and Fuel consumption / Generation

		Year ended 31 st March 2010	Year ended 31 st March 2009
1. Electricity			
a. Purchased			
Units	'000 kwh	1,76,63	1,62,38
Total amount	Rs in million	96.42	89.66
Rate / Unit (Average)	Rs	5.46	5.52
b. Own Generation			
(i) Through Diesel Generator			
Units	'000 kwh	2,75	5,02
Units per litre of diesel oil	Kwh	2.59	2.65
Cost / Unit	Rs / kwh	13.49	14.23
(ii) Windmill Generation			
Units	'000 kwh	86,12	84,39
2. Coal			
Quantity	MT	2,419	7,562
Total Amount	Rs in million	10,52	26.94
Average Rate	Rs '000 /MT	4.35	3.56

A. Power and Fuel Consumption / Generation

		Year ended 31 st March 2010	Year ended 31 st March 2009
3. Natural Gas			
Quantity	'000 SCM	23,52	21,93
Total Amount	Rs in million	38.19	29.77
Average Rate	Rs /SCM	16.23	13.58
4. Fuel Oil			
Quantity	MT	16,94	20,54
Total Amount	Rs in million	41.14	49.77
Average Rate	Rs '000 /MT	24.29	24.23
5. Brickquittes			
Quantity	MT	920	819
Total Amount	Rs in million	36.92	28.26
Average Rate	Rs '000 /MT	4.01	3.45

B. Consumption per unit of production

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

B] TECHNOLOGY ABSORPTION

Efforts made in technology absorption:

(as per Form B)

FORM B

Disclosure of particulars with respect to Technology Absorption

RESEARCH & DEVELOPMENT (R&D)

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

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

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

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

3. Future Plan of Action

Future R&D efforts will continue along present lines.

4. Expenditure on R & D

(Rs in million)

	Year ended 31 st March 2010	Year ended 31 st March 2009
i) Capital	5.35	5.23
ii) Recurring	87.60	77.81
Total	92.95	83.04
iii) Total R&D Expenditure as a Percentage of total turnover	0.45	0.43

5. Technology Absorption, Adaptation and Innovation

- i) Technologies and processes developed by the R&D Department are being continuously absorbed and adopted on a commercial scale.
- ii) Benefits derived as a result of the above efforts :
Improvement in products and processes.
- iii) Information regarding Technology imported during the last 5 years :
No technology imported during last 5 years.

C] FOREIGN EXCHANGE EARNINGS & OUTGO

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

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

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

g) Total foreign exchange used and earned

(Rs in million)

	Year ended 31 st March 2010	Year ended 31 st March 2009
Foreign exchange earned	1,842	1,823
Foreign exchanged used *	2,678	2,882

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

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

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

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

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

Auditors' Report

To the Members of Pidilite Industries Limited

1. We have audited the attached Balance Sheet of **Pidilite Industries Limited** ('the Company') as at 31st March 2010 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For HARIBHAKTI & CO
Chartered Accountants

CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Date: 19th May 2010

Annexure to Auditors' Report

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

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies 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 management has physically verified the stocks of stores, spares, raw materials, packing materials and finished goods. In our opinion, the frequency of verification is reasonable. In respect of inventories lying with third parties, these have been confirmed by them.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- iii. (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence clauses 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
 - (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence clauses 4(iii)(f) and 4(iii)(g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of production of Synthetic Resins where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- ix. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

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

- x. The Company has neither accumulated losses as at 31st March 2010, nor it has incurred any cash losses either in the financial year under audit and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xvi. In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the balance

sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

- xviii. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, the Company has not issued debentures during the year.
- xx. The Company has not raised any money by public issue during the year.
- xxi. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For HARIBHAKTI & CO
Chartered Accountants

CHE TAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Date: 19th May 2010

Balance Sheet

As at 31st March 2010

(Rs in million)

	Schedule	As at 31 st March 2010	As at 31 st March 2009
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a. Share Capital	1	506.13	253.07
b. Reserves and Surplus	2	8879.66	7083.08
		9385.79	7336.15
2. Loan Funds			
a. Secured Loans	3	2184.50	2593.09
b. Unsecured Loans	4	2029.80	2987.05
		4214.30	5580.14
3. Deferred Tax Liability (Net)		415.36	440.87
TOTAL		14015.45	13357.16
II. APPLICATION OF FUNDS			
1. Fixed Assets	5		
a. Gross Block		8063.91	7778.35
b. Less : Accumulated Depreciation		3889.19	3432.81
c. Net Block		4174.72	4345.54
d. Capital work in progress		2774.02	2387.47
		6948.74	6733.01
2. Investments	6	5106.64	2407.10
3. Current Assets, Loans and Advances	7		
a. Inventories		2506.31	2288.93
b. Sundry Debtors		2387.59	2413.03
c. Cash and Bank Balances		331.16	1270.76
d. Other Current Assets		51.51	211.15
e. Loans and Advances		962.19	868.93
		6238.76	7052.80
Less : Current Liabilities and Provisions	8		
a. Liabilities		3301.93	2241.16
b. Provisions		976.76	594.59
		4278.69	2835.75
Net Current Assets		1960.07	4217.05
TOTAL		14015.45	13357.16
Notes forming part of the Accounts	12		

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For HARIBHAKTI & CO.
Chartered Accountants

B K PAREKH
Chairman

CHETAN DESAI
Partner
Membership No. 17000

S K PAREKH
Vice Chairman

Mumbai
Date : 19th May 2010

P C PATEL
President & Secretary

M B PAREKH
Managing Director

Profit and Loss Account

For The Year Ended 31st March 2010

(Rs in million)

	Schedule	2009-10	2008-09
INCOME			
Turnover (Gross)		20215.34	19073.50
Less : Excise Duty		917.89	1462.28
Net Sales		19297.45	17611.22
Other Income	9	271.77	238.92
		19569.22	17850.14
EXPENDITURE			
Materials	10	9958.16	10328.35
Other Expenses	11	5858.47	5417.62
Depreciation		463.86	472.16
		16280.49	16218.13
Profit before Taxation		3288.73	1632.01
Income Tax Expense			
Current Tax		565.29	182.45
Less : MAT Credit Entitlement		142.29	59.90
		423.00	122.55
Deferred Tax		(25.49)	17.96
Fringe Benefit Tax		-	27.71
		397.51	168.22
Profit for the year		2891.22	1463.79
Prior year Tax Provision written back (Net)		43.73	-
Balance brought forward from previous year		779.13	720.27
Profit available for appropriation		3714.08	2184.06
Dividend on Preference Share Capital		-	0.75
Proposed Dividend on Equity Share Capital		759.20	442.87
Corporate Tax on Dividend		126.10	75.38
		885.30	519.00
Transfer to Capital Redemption Reserve		-	28.75
Transfer to Debenture Redemption Reserve		322.46	257.18
Transfer to General Reserve		1500.00	600.00
Balance carried to Balance Sheet		1006.32	779.13
Earnings per share: (Refer note 15 of Schedule 12)			
Basic (Rs)		5.80	2.89
Diluted (Rs)		5.64	2.81
Face Value of Share (Re)		1.00	1.00
Notes forming part of the Accounts	12		

AS PER OUR ATTACHED REPORT OF EVEN DATE

For HARIBHAKTI & CO.
Chartered Accountants

CHETAN DESAI
Partner
Membership No. 17000

Mumbai
Date : 19th May 2010

P C PATEL
President & Secretary

FOR AND ON BEHALF OF THE BOARD

B K PAREKH
Chairman

S K PAREKH
Vice Chairman

M B PAREKH
Managing Director

Schedules

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

(Rs in million)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE 1 SHARE CAPITAL		
Authorised		
70,00,00,000 (39,00,33,999) Equity Shares of Re 1 each	700.00	390.03
Nil (50,00,000) 6% Cumulative Redeemable Preference Shares of Rs 10 each	-	50.00
Nil (2,50,00,000) Unclassified Shares of Re 1 each	-	25.00
TOTAL	700.00	465.03
Issued, Subscribed and Paid up Capital :		
50,61,34,612 (25,30,61,306) Equity Shares of Re 1 each, fully paid-up (Notes 1 to 3)	506.13	253.06
Bonus Shares Issue (Note 4)	-	0.01
TOTAL	506.13	253.07

NOTES: Out of the above

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

SCHEDULE 2 RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	3.37	3.37
Capital Redemption Reserve		
Balance as per last Balance Sheet	28.75	28.75
Less: Capitalised during the year for bonus issue	28.75	-
	-	28.75
Cash Subsidy Reserve		
Balance as per last Balance Sheet	9.47	9.47
Special Reserve		
Balance as per last Balance Sheet	1.19	1.19
Less: Transferred to General reserve	1.19	-
	-	1.19
Debenture Redemption Reserve		
Balance as per last Balance Sheet	327.46	70.28
Add : Transferred from Profit and Loss Account	322.46	257.18
	649.92	327.46
General Reserve		
Balance as per last Balance Sheet	5933.71	5,338.41
Less : Earlier year's Foreign Exchange Fluctuation	-	4.70
Add : Transferred from Special Reserve	1.19	-
Less : Capitalised during the year for bonus issue	224.32	-
Add : Transferred from Profit and Loss Account	1500.00	600.00
	7,210.58	5,933.71
Profit and Loss Account	1,006.32	779.13
TOTAL	8,879.66	7,083.08

(Rs in million)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE 3 SECURED LOANS		
750 (750) 11.9% Secured Redeemable Non Convertible Debentures of Rs 10,00,000 Each (Note.1)	750.00	750.00
750 (750) 10.2% Secured Redeemable Non Convertible Debentures of Rs 10,00,000 Each (Note.1)	750.00	750.00
Term Loans from Banks (Note.2)	466.92	796.23
Working Capital Loans from Banks (including Working Capital Demand Loan) (Note.3)	217.58	296.86
TOTAL	2,184.50	2,593.09

1. Secured Redeemable Non Convertible Debentures are secured by way of mortgage and charge (by First pari passu charge) on the immovable property in Gujarat and all movable properties of the Company.
750 Secured Redeemable Non Convertible Debentures with interest @ 11.9% p.a. will be redeemed at par on 5th December 2013.
750 Secured Redeemable Non Convertible Debentures with interest @ 10.2% p.a. will be redeemed at par on 19th December 2011.
2. Term Loan from Banks is secured by way of hypothecation of all movable Plant and Machinery of the Company.
3. Working Capital Loans from Banks are secured by way of first charge on the stock of Raw Materials, Finished Goods, Packing Material, Stock in Process, Bills Receivable and Book Debts and by way of second charge on the entire Plant and Machinery of the Company including Stores and Spares. Further, these loans are secured by way of an Equitable Mortgage on the Land and Building of the Company's unit at Kondivita, Mumbai.

SCHEDULE 4 UNSECURED LOANS		
Short term		
Commercial Paper & Others	-	650.00
Long Term		
Interest free Sales Tax loan from Government of Maharashtra	350.59	354.32
Foreign Currency Convertible Bonds (US \$ 37.2 million (38.9 million) Zero Coupon Convertible Bonds due in 2012) During the year Company has bought back bonds of US \$1.7 million (\$1.1 million).	1,679.21	1,982.73
TOTAL	2,029.80	2,987.05

Amount due within one year Rs 5.86 million (Rs 653.73 million)

SCHEDULE 5 FIXED ASSETS

(Rs in million)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 14.2009	Additions/ Adjustments	Deductions/ Adjustments	As at 31.3.2010	As at 14.2009	Provided during the year	Deductions/ Adjustments	As at 31.3.2010	As at 31.3.2009
Freehold Land	127.05	0.08	2.16	124.97	-	-	-	124.97	127.05
Leasehold Land	77.03	-	-	77.03	5.80	0.78	-	70.45	71.23
Buildings	1349.40	26.11	-	1375.51	261.47	41.18	-	1072.86	1087.93
Plant and Machinery	4752.19	231.87	6.67	4977.39	2360.25	307.19	(2.00)	2665.44	2391.94
Furniture and Fixtures	359.34	9.87	0.59	368.62	119.38	21.71	(0.24)	227.77	239.96
Vehicles	205.61	10.19	9.61	206.19	70.20	17.26	(5.24)	123.97	135.41
Capital Expenditure on Scientific Research									
- Buildings	1.44	-	-	1.44	0.95	0.05	-	1.00	0.49
- Plant and Machinery	42.30	5.35	-	47.65	25.00	1.36	-	26.36	17.30
- Furniture and Fixtures	3.07	-	-	3.07	1.95	0.19	-	2.14	1.12
Assets given on Lease									
Plant and Machinery	1.82	-	-	1.82	1.82	-	-	1.82	-
Intangible Assets									
- Goodwill	70.40	-	-	70.40	68.36	1.61	-	69.97	2.04
- Copyrights, Trademarks, etc.	788.70	21.12	-	809.82	517.63	72.53	-	590.16	271.07
Total	7778.35	304.59	19.03	8063.91	3432.81	463.86	(7.48)	3889.19	4345.54
Previous Year	6814.83	990.01	26.49	7778.35	2973.48	472.16	(12.83)	3432.81	
Capital work in progress *									
								2774.02	2387.47
TOTAL								6948.74	6733.01

* Capital work in progress includes capital advances of Rs 42.77 million (Rs 127.26 million)

(Rs in million)

		As at 31 st March 2010	As at 31 st March 2009
SCHEDULE 6 INVESTMENTS			
I.	Long Term at Cost		
a. Trade :			
Quoted			
	• 7,451,540 (7,451,540) Equity Shares of Re 1 each of Vinyl Chemicals (India) Ltd.	11.79	11.79
b. Non Trade :			
i) Quoted			
	• 3,594 (3,594) Equity Shares of Rs 10 each of Hindustan Adhesives Ltd.	0.09	0.09
	• 14,400 (14,400) Equity Shares of Rs 10 each of Hindustan Organic Chemicals Ltd.	0.72	0.72
	• 1,674 (837) Equity Shares of Rs 10 each of Reliance Industries Ltd. (earlier : 4,188 Equity Shares of Rs 10 each of Indian Petrochemicals Corporation Ltd. and 837 nos. Bonus Shares received during the year)	0.77	0.77
	• 222,542 (222,542) Equity Shares of Rs 10 each of Indian Overseas Bank Ltd.	2.96	2.96
	• 61,900 (61,900) Equity Shares of Rs 10 each of Menon Pistons Ltd.	4.38	4.38
TOTAL 1 (a) + b (i)		20.71	20.71
[Market Value Rs 87.59 million (Rs 35.34 million)]			
ii) Unquoted			
	• 200,200 (200,200) Equity Shares of Rs 10 each of Enjayes Spices & Chemicals Oil Ltd.	5.29	5.29
	• 121,300 (121,300) Equity Shares of Rs 10 each of Pal Peugeot Ltd.	1.21	1.21
	• 2,275 (2,275) Equity Shares of Re 1 each of Himalaya House Co-op Society Ltd. (Cost Rs 2275)	-	-
	• 628 (628) Equity Shares of Rs 100 each of Jawahar Co-op Industrial Estate Ltd.	0.06	0.06
	• 40 (40) Equity Shares of Rs 50 each of Regent Chambers Premises Co-op Society Ltd. (Cost Rs 2000)	-	-
	• 25 (25) Equity Shares of Rs 10 each of New Usha Nagar Co-op Housing Society Ltd. (Cost Rs 250)	-	-
	• 10 (10) Equity Shares of Rs 100 each of Taloja CETP Co-op Society Ltd. (Cost Rs 1000)	-	-
TOTAL 1 b (ii)		6.56	6.56
c. In Subsidiary Companies :			
	• 50,000 (50,000) Equity Shares of Rs 10 each of Fevicol Company Ltd.	0.50	0.50
	• 15,586,053 (13,637,959) Equity Shares of Pidilite International Pte Ltd.	687.61	599.99
	• 27,431,411 (23,651,213) Equity Shares of Pidilite Middle East Ltd.	331.64	281.02
	• 34,849,000 (29,983,000) Equity Shares of Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda	795.34	682.62
	• 14,380,000 (14,380,000) Equity Shares of Pidilite USA Inc	629.92	629.92
	• 3,000 (2,250) Equity shares of Pidilite Industries Egypt	3.48	3.00
	• 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.	6.42	6.42
	• 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 - I (c)		2455.40	2203.96
TOTAL - I		2482.67	2,231.23

(Rs in million)

	As at 31 st March 2010	As at 31 st March 2009
II. Short Term at cost :		
In Units of Mutual Fund (Unquoted)		
• Nil (400) Units of Rs 70000 each of Infinity Venture India Fund	-	1.89
• 1,969,358 (Nil) Units of Reliance Medium Term Fund-Retail Plan -Growth Option	37.25	-
• 2,655,189 (Nil) Units of HDFC-Cash Management Fund-Treasury Advantage Plan-Wholesale-Growth Option	53.56	-
• 38,055,404 (Nil) Units of Birla Sunlife -Dynamic Fund-Growth option	579.85	-
• 24,810,772 (Nil) Units of HDFC-High Interest Fund -STP -Growth Option	450.00	-
• 44,809,008 (Nil) Units of ICICI Prudential Medium Term Premium Plus -Growth Option	450.00	-
• 23,842,656 (Nil) Units of ICICI Prudential Ultra Short Term Super Premium -Growth Option	245.26	-
• 17,250,897 (Nil) Units of Reliance Short Term Fund-Retail Plan -Growth Option	300.00	-
• 25,520,287 (Nil) Units of IDFC-Money Manager Fund-Investment Plan -Institutional Plan B-Growth	364.75	-
• 15,000,000 (Nil) Units of HDFC FMP 14M March 2010- Growth -Series XII	150.00	-
• Nil (17,268,327) Units of Prudential ICICI Flexible Income Plan -Daily Dividend Option	-	182.59
TOTAL : II	2630.67	184.48
TOTAL : I + II	5113.34	2,415.71
Less Diminution in value of Investments	6.70	8.61
TOTAL	5106.64	2,407.10

Previous year's figures are indicated in brackets.

(Rs in million)

Investments purchased and sold during the year other than shown above :	(No. of Units)	Purchase Value
Units of Reliance Medium Term Fund-Retail Plan -Growth Option	27,853,821	524.21
Units of HDFC-Cash Management Fund-Treasury Advantage Plan-Wholesale-Growth Option	32,461,005	647.71
Units of ICICI Prudential Ultra Short Term Super Premium -Growth Option	2,911,491	29.95
Units of Birla Sunlife Short TF-Institutional -Growth Option	53,557,884	578.33
Units of ICICI Prudential Flex. Inc.Plan-Premium -Growth	3,968,465	669.49
Units of ICICI Prudential Ultra Short Term Plan-Premium Plus -Growth	18,565,571	190.02
Units of ICICI Prudential Insitutional Liquid Plan-Growth	1,509,662	340.00
Units of IDFC-MMF-TP -Super -Institutional Plan C-Growth	33,494,601	360.36
Units of Birla Sunlife Short term Fund-Institutional -Daily Dividend Reinvestment Option	99,777,759	998.33
Units of ICICI Prudential Flexible Income Plan-Premium -Daily Dividend Reinvestment Option	98,439,455.84	1,607.35
Units of Reliance Medium Term Fund-Daily Dividend Reinvestment Option	52,438,351.09	896.46
Units of IDFC-Money Manager Fund-Treasury Plan -Daily Dividend Reinvestment Option	39,902,056.20	401.83
Units of IDFC-MMF-Treasury Plan -Super -Inst.Plan C-Daily Dividend Reinvestment Option	23,032,576.77	230.36
Units of IDFC-MMF-Investment Plan -Inst. Plan B-Daily Dividend Reinvestment Option	5,061,965.48	50.70
Units of HDFC-CMF-Treasury Advantage Plan-Wholesale-Daily Dividend Reinvestment Option	40,940,376.45	410.69

(Rs in million)

		As at 31 st March 2010	As at 31 st March 2009
SCHEDULE 7 CURRENT ASSETS, LOANS AND ADVANCES			
A. Current Assets			
a. Inventories			
(As valued and certified by the Management)			
Consumable Stores and Spares	21.41		20.19
Raw Materials	694.30		848.35
Goods in Process	162.94		140.75
Finished Goods	1334.00		987.81
Traded Goods	165.76		167.21
Packing Materials	127.90		124.62
		2,506.31	2,288.93
b. Sundry Debtors (Unsecured)			
Over six months -			
Considered good	84.54		171.54
Considered doubtful	101.88		73.50
Others, Considered good	2303.05		2,241.49
	2489.47		2,486.53
Less : Provision for doubtful debts	101.88		73.50
		2,387.59	2,413.03
c. Cash and Bank Balances			
Cash on Hand	0.80		0.87
Cheques on Hand	140.66		174.58
Remittances in Transit	-		0.24
Bank Balances :			
With Scheduled Banks :			
In Current Accounts	186.82		1,093.64
In Fixed Deposit Accounts (Against bank guarantees)	2.85		1.40
Others :			
In Fixed Deposit with Municipal Co-op.Bank Ltd. [Maximum outstanding during the year Rs 0.03 million (Rs 0.03 million)]	0.03		0.03
		331.16	1,270.76
d. Other Current Assets			
Interest Receivable	0.14		-
Foreign Currency Monetary item Translation Difference Account (Refer Note 10 of Schedule 12)	9.14		164.43
Claims Receivable	42.23		46.72
		51.51	211.15
B. Loans and Advances			
(Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received	225.19		299.61
Advance Payment of Taxes (Net of Provisions)	137.36		17.99
MAT Credit Entitlement	311.27		120.05
Loans and Advances to Staff	56.48		55.05
Loans and Advances to Subsidiaries	42.40		175.15
Deposits	86.75		85.40
Balances with Central Excise Department	102.74		115.68
		962.19	868.93
TOTAL		6,238.76	7,052.80

(Rs in million)

		As at 31 st March 2010	As at 31 st March 2009
SCHEDULE 8 CURRENT LIABILITIES AND PROVISIONS			
A.	Current Liabilities		
	Acceptances	45.70	27.17
	Sundry Creditors (Refer Note 2 of Schedule 12)		
	Small and Medium Enterprises	166.02	160.84
	Others	948.26	364.87
		1,114.28	525.71
	Dealers' Deposits	333.84	294.23
	Investor Education and Protection Fund shall be credited by the following to the extent required as and when necessary : Unclaimed Dividends & Preference Share Capital	9.84	10.22
	Other Liabilities	1,798.27	1,383.83
		3,301.93	2,241.16
B.	Provisions		
	For Gratuity	0.18	7.63
	For Leave encashment	91.29	68.83
	Dividends:		
	Proposed Dividend	759.20	442.87
	Corporate Tax on Dividend	126.09	75.26
		885.29	518.13
		976.76	594.59
	TOTAL	4,278.69	2,835.75

(Rs in million)

		2009-10	2008-09
SCHEDULE 9 OTHER INCOME			
	Interest received - (Gross) Tax deducted at source Rs 0.79 million (Rs 0.04 million)]	7.19	10.56
	Insurance Claim Received	0.84	0.28
	Dividend received		
	On Trade Investments	1.19	1.06
	On Units of Mutual Fund	28.18	8.16
		29.37	9.22
	Export Incentives	71.96	46.58
	Profit on sale of Investments	18.48	-
	Profit on sale of Fixed Assets	1.43	4.62
	Miscellaneous	142.50	167.66
	TOTAL	271.77	238.92

(Rs in million)

			2009-10	2008-09
SCHEDULE 10 MATERIALS				
A	Raw Materials consumed			
	Opening Stock	848.35		1025.42
	Add : Purchases	6783.42		7084.37
		7631.77		8109.79
	Less : Closing Stock	694.30		848.35
			6,937.47	7261.44
B	Packing Materials consumed			
	Opening Stock	124.62		208.75
	Add : Purchases	2393.23		2072.90
		2517.85		2281.65
	Less : Closing Stock	127.90		124.62
			2,389.95	2157.03
C	Cost of Traded Goods			
	Opening Stock	167.21		136.02
	Add : Purchases	997.67		817.12
		1164.88		953.14
	Less : Closing Stock	165.76		167.21
			999.12	785.93
D	(Increase) / Decrease in Stocks			
	Closing Stock			
	Goods in Process	162.94		140.75
	Finished Goods	1334.00		987.80
		1496.94		1128.55
	Less :			
	Opening Stock			
	Goods in Process	140.75		147.15
	Finished Goods	987.81		1105.35
		1128.56		1252.50
			(368.38)	123.95
TOTAL			9,958.16	10328.35

(Rs in million)

		2009-10	2008-09
SCHEDULE 11 OTHER EXPENSES			
Stores and Spares consumed		89.37	85.20
Clearing, Forwarding and Octroi Duty		823.19	770.45
Power and Fuel		206.14	254.22
Water Charges		15.54	15.23
Employees' Cost :			
[Refer Notes 1 (vii), 6 and 7 of Schedule 12]			
Salaries, Wages, Bonus, Allowances	1816.65		1478.99
Contribution to Provident and Other Funds	108.94		102.52
Welfare Expenses	49.84		48.94
		1,975.43	1630.45
Rent		121.68	117.14
Rates and Taxes		23.25	19.44
Insurance		25.70	30.01
Licence fees		0.87	1.39
Repairs :			
Buildings	20.67		22.63
Machinery	46.76		40.43
Others	24.82		24.76
		92.25	87.82
Directors' Fees		0.35	0.15
Advertisement and Publicity		634.55	492.38
Legal, Professional and Consultancy fees		145.39	244.16
Communication Expenses		59.96	59.08
Printing and Stationery		24.04	27.39
Travelling and Conveyance Expenses		314.10	317.44
Bad Debts		36.13	0.58
Provision for Doubtful Debts		28.38	64.32
Processing and Packing Charges		314.09	313.55
Bank Charges		39.76	69.02
Commission and Brokerage		23.97	37.81
Miscellaneous expenses		430.35	244.76
[Refer Note 19 of Schedule 12]			
Scientific Research and Development Expenditure		20.02	16.62
[Refer Note 1(v) of Schedule 12]			
Audit Fees	2.20		1.69
For Other Services	1.33		0.89
		3.53	2.58
Donations		28.05	31.19
Diminution in value of Investments		-	1.80
[Refer Notes 1(vi) of Schedule 12]			
Foreign Exchange Fluctuation		93.09	160.70
[Refer Note 10 of Schedule 12]			
Loss on Fixed Assets Sold / Discarded		3.26	4.95
Interest			
On Term Loan	89.84		72.91
On Debentures	165.75		50.20
Others	30.44		194.68
		286.03	317.79
TOTAL		5,858.47	5417.62

SCHEDULE 12 NOTES ON ACCOUNTS

1 Significant Accounting Policies:

i. General

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

ii. Revenue Recognition

- i. Income from sale of goods is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.
- ii. Interest income is recognised on accrual basis.
- iii. Claims which are not of material nature / Insurance Claim etc. are accounted for when no significant uncertainties are attached to their eventual receipt.
- iv. Dividend is accounted on cash basis.

iii. Fixed Assets, Depreciation and Impairment Loss

- a. Fixed Assets are stated at cost of acquisition or construction, reduced by accumulated depreciation.
- b. Preoperative expenditure during construction period / trial run : Direct expenses as well as clearly identifiable indirect expenses incurred on the projects during the period of construction are capitalised alongwith the respective assets.
- c. The Company provides depreciation as under :
 1. For assets acquired upto 30th June 1987, on Straight Line Method (SLM) basis.
 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 costing Rs 5000 or less, depreciation is provided fully.
 5. For additions made during the year, depreciation is provided on pro-rata basis
 6. The Goodwill acquired by the Company is amortised over a period of 5 years on SLM basis.
 7. The Copyrights, Trademarks, Technical Knowhow, etc. acquired by the Company are amortised over a period of 10 years on SLM basis.
- d. In case, the recoverable amount of the fixed assets is lower than its carrying amount, provision is made for the impairment loss.

iv. Method of Valuation of Inventories

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

SCHEDULE 12 NOTES ON ACCOUNTS

- v. Research and Development Expenditure
- a. Capital Expenditure is shown separately in Fixed Assets.
 - b. Revenue expenses including depreciation, except expenditure specifically shown, is charged to respective heads of accounts.
- vi. Investments
- a. Long Term Investments are stated at cost. In case there is a diminution of permanent nature in value of Investments (other than long term strategic investment), the same is provided for.
 - b.
 - i. Quoted current investments are stated at the lower of cost and market value.
 - ii. Unquoted current investments are stated at the lower of cost and fair value where available.
 - c. In case of subsidiaries, investments are valued at cost.
- vii. Retirement Benefits
- a. Contribution to Provident, Superannuation and Family Pension funds are funded as a percentage of salary/ wages.
 - b. Gratuity liability is funded as per group gratuity scheme of Life Insurance Corporation of India.
 - c. Leave encashment liability is provided for on the basis of actuarial valuation as at the year end.
- viii. Transactions in foreign currencies
- a. Transactions are recorded at the exchange rates prevailing on the date of transaction.
 - b. Foreign currency designated assets and liabilities are restated at the year end rates and the resultant gain or loss is taken to Profit and Loss Account except in respect of fixed Assets which is being capitalised (Refer Note 10 of Schedule 12)
- ix. Income Tax
- Provision for current tax is made on the basis of relevant provisions of the Income Tax Act,1961. The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is virtual / reasonable certainty that these would be realised in future.
- x. Provisions, Contingent Liabilities and Contingent Assets
- A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent liabilities, if material are disclosed by way of notes to accounts. Contingent assets are neither recognised nor disclosed in the financial statements.
2. The Company did not have any time during the year amount due to small and medium enterprises (SME) which is outstanding for more than 45 days. Further no interest is paid / payable to such SME creditors. The above information and that given in Schedule 8 "Current Liabilities and Provisions" regarding small and medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

(Rs in million)

		As at 31 st March 2010	As at 31 st March 2009
SCHEDULE 12 NOTES ON ACCOUNTS			
3.	Contingent liabilities not provided for:		
i.	Guarantees given by Banks in favour of Government and others	48.98	56.02
ii.	Guarantees given by Company	647.00	565.30
iii.	Disputed liabilities in respect of Income Tax, Sales Tax, Central Excise and Customs (under appeal)	323.80	112.25
iv.	Claims against the company not acknowledged as debts.	81.44	76.07
4.	Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	196.68	101.81
5.	The net amount of exchange differences (credited) / debited to Profit & Loss Account.	93.09	160.70
6.	Remuneration to Directors: (Includes benefits which are debited to respective expenses)		
a.	Remuneration	48.20	41.45
b.	Commission	85.14	42.75
c.	Provident Fund Contribution	2.41	2.24
d.	Other Perquisites	4.04	2.90
	(Excluding Gratuity and Leave encashment which is provided for the Company as a whole)		
7.	Computation of Net Profit for Commission Payable to Directors in accordance with Section 198 of the Companies Act, 1956. Profit as per Profit and Loss Account before provision for taxation and commission to directors.	3373.87	1674.76
	Add: Directors' remuneration	48.20	41.45
	Contribution to Provident Fund	2.41	2.24
	Other Perquisites	4.04	2.90
		54.65	46.59
		3428.52	1721.35
	Less : Profit/(Loss) on sale of investments	18.48	-
	Profit/(Loss) on sale of fixed assets	(1.83)	(0.33)
	Net Profit for the year for the purpose of Directors' Commission	3411.87	1721.68
	Commission payable to Directors		
a.	Managing Director, Joint Managing Director and Wholetime Director	82.44	40.20
b.	Others	2.70	2.55
		85.14	42.75

(Rs in million)

		As at 31 st March 2010	As at 31 st March 2009
8.	Sundry debtors include amount due from :		
	Company as per Section 370 (1B) of the Companies Act, 1956 : Parekh Marketing Limited	119.29	114.97
9.	The borrowing cost on Foreign Currency Convertible Bonds / ECB of Rs 74.51 million (Rs 87.09 million) has been capitalised during the year.		
10.	The Company had in March 2009 exercised the option permitted by the Central Government under Notification No G.S.R 225 (E) to treat foreign exchange difference relating to assets as adjustments in the carrying value of such depreciable assets and amortise other differences of a specified nature over the term of the relative item. Accordingly for the year ended 31 st March 2010, the Company has credited the gain of Rs 123.64 million to the carrying cost of the depreciable assets and credited Rs 145.07 million to Foreign Currency Monetary Item Translation Account. Out of the said Foreign Currency Monetary Item Translation Account Rs 10.20 million has been amortised in the current year ended 31 st March 2010.		
11.	Disclosure as per clause 32 of the listing agreement		
	(a) Loans in the nature of Inter Corporate Deposits (ICD's) given to Subsidiaries:		
	Name of the subsidiary companies	Amount outstanding As on 31 st March 2010	Maximum Balance outstanding during the year
i)	Bhimad Commercial Company Pvt. Ltd.	8.55	16.05
ii)	Madhumala Traders Pvt. Ltd.	8.70	16.20
iii)	Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda	0.25	121.70
iv)	Page1 Concrete Technologies Pvt. Ltd.	3.20	3.34
	Notes:		
a)	Loans and Advances shown above, fall under the category of 'Loans & Advances' in nature of loans where there is no repayment schedule and are re-payable on demand.		
b)	Loans and Advances referred to in point (i), (ii) and (iv) above are not interest bearing.		

SCHEDULE 12 NOTES ON ACCOUNTS

12. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 : Details of licenced capacity, installed capacity, production and sales of the goods manufactured :

i. DETAILS OF THE GOODS MANUFACTURED / SALES / STOCKS

Class of Goods ^A	Licenced Capacity*	Installed Capacity* Approx.	Opening Stock (Qty)	Opening Stock (Rs in million)	Production Meant for Sale (Qty)	Sales ^B (Qty)	Sales ^B (Rs in million)	Closing Stock (Qty)	Closing Stock (Rs in million)
Dyestuffs									
M.T.	3900	3144	2362	184.54	20949 ^C	19631	1834.40	3680	233.47
	(3900)	(3144)	(2349)	(173.04)	(18952)	(18939)	(1682.46)	(2362)	(184.54)
K.L.			595	79.86	6615 ^D	6135	1365.09	1075	140.26
			(662)	(113.65)	(5580)	(5647)	(1135.35)	(595)	(79.86)
Chemicals									
M.T.	335265	244085	9619	453.30	140076 ^E	136566	11044.02	13129	596.11
	(341115)	(239380)	(10373)	(523.34)	(133931)	(134685)	(11108.45)	(9619)	(453.30)
K.L.	37780	28860	2831	227.35	35159 ^F	34028	4085.19	3962	296.18
	(34260)	(28740)	(2781)	(251.86)	(29458)	(29408)	(3460.89)	(2831)	(227.35)
Others Nos. Lac									
			98	42.76	2336 ^G	2291	589.53	143	67.98
			(100)	(43.47)	(2225)	(2227)	(511.47)	(98)	(42.76)
Traded Goods									
				167.21			1086.70		165.76
				(136.02)			(1073.04)		(167.21)
				1155.02			20004.93		1499.76
				(1241.38)			(18971.66)		(1155.02)

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

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

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

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

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

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

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

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

Figures in bracket indicate previous year's figures.

SCHEDULE 12 NOTES ON ACCOUNTS

ii. a. Value of Imported and Indigenous Raw Materials consumed and percentage thereof :				
	2009-10 Rs in million	2008-09 Rs in million	2009-10 %	2008-09 %
Imported	2418.28	2550.69	35.95	35.56
Indigenous	4308.78	4621.47	64.05	64.44
	6727.06 *	7172.16 *	100.00	100.00
ii. b. Consumption of Raw Materials				
	2009-10		2008-09	
	Quantity MT	Value Rs in million	Quantity MT	Value Rs in million
Vinyl Acetate Monomer	21321	990.91	10354	723.19
Miscellaneous		5736.15		6448.97
(None of which individually account for more than 10% of total consumption)				
		6727.06 *		7172.16 *

Notes:

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

(Rs in million)

		2009-10	2008-09
iii. C.I.F. Value of Imports:			
Raw Materials		1888.76	2181.09
Capital Goods		6.59	36.50
Others		448.53	311.93
		2343.88	2529.52
iv. Expenditure in Foreign Currency :			
Foreign Travel		35.53	27.18
Professional Fees		33.13	113.96
Interest		72.19	66.40
Others		193.05	144.77
		333.90	352.31
iv. Earnings in Foreign Exchange:			
FOB Value of Exports		1838.46	1819.53
Others		4.01	3.60
		1842.47	1823.13

SCHEDULE 12 NOTES ON ACCOUNTS
13. Segment reporting:

INFORMATION ABOUT BUSINESS SEGMENTS

(Rs in million)

Business Segments	Consumer & Bazaar Products	Industrial Products	Others	Total
REVENUE				
External Sales	14797.15 (12877.62)	4343.30 (3801.70)	157.00 (931.90)	19297.45 (17611.22)
Inter Segment Revenue (at cost plus 10%)	19.55 (16.78)	309.60 (306.40)	19.30 (535.50)	348.45 (858.68)
Total Revenue	14816.70 (12894.40)	4652.90 (4108.10)	176.30 (1467.40)	19645.90 (18469.90)
RESULTS				
Segment Results	3848.89 (2546.09)	914.63 (531.15)	(125.74) (92.78)	4637.78 (3170.02)
Unallocated Corporate Expenses				1263.85 (1412.86)
Unallocated Corporate Income				164.27 (172.86)
Operating Profit				3538.20 (1930.02)
Interest Expenses				286.03 (317.79)
Interest / Dividend Income				36.56 (19.78)
Income Tax (Provision for Taxation and Deferred Taxation)				397.51 (168.22)
Net Profit				2891.22 (1463.79)
OTHER INFORMATION				
Segment Assets	5497.55 (5153.63)	2053.81 (1898.45)	380.47 (499.46)	7931.83 (7551.54)
Unallocated Corporate Assets				10362.31 (8641.37)
Total assets				18294.14 (16192.91)
Segment Liabilities	2221.47 (1244.70)	736.78 (477.54)	- (187.29)	2958.25 (1909.53)
Unallocated Corporate Liabilities				5950.10 (6947.23)
Total liabilities				8908.35 (8856.76)
Capital Expenditure	143.73 (517.15)	40.92 (101.89)	15.39 (10.21)	200.04 (629.25)
Unallocated Corporate Capital Expenditure				491.10 (1118.91)
Depreciation	227.45 (247.23)	69.27 (73.34)	38.57 (41.02)	335.29 (361.59)

SCHEDULE 12 NOTES ON ACCOUNTS

INFORMATION ABOUT GEOGRAPHICAL SEGMENTS

(Rs in million)

GEOGRAPHICAL SEGMENTS	India		Other Countries		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Sales Revenue	17395.11	15695.62	1902.34	1915.60	19297.45	17611.22
Carrying amount of Segment Assets	17821.53	15574.65	472.61	618.26	18294.14	16192.91
Additions to Fixed Assets and Intangible Assets	689.27	1746.17	1.87	1.99	691.14	1748.16

Notes:

SEGMENT INFORMATION

Business Segment

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

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

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

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

Geographical Segment

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

14. Deferred Taxation:

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

(Rs in million)

	Upto 31 st March 2009	During the year 2009-10	Carried as at 31 st March 2010
Deferred Tax Liability			
i) Difference between Accounting and Tax Depreciation (Cumulative)	506.10	(5.38)	500.72
Deferred Tax Assets			
i) Leave Salary & Others	65.25	20.11	85.36
B. Net Deferred Tax Liability	440.85	(25.49)	415.36

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

SCHEDULE 12 NOTES ON ACCOUNTS

15. Earnings Per Share

	As at 31 st March 2010	As at 31 st March 2009
Weighted Average no of shares used in computing Basic Earnings per share	506134612	**506134612
Add Weighted average Potential no of equity shares that could arise on exercise of option on Zero Coupon Convertible Bonds from 16 th Jan 2008 to 1 st December 2012	14300428	14953942
Weighted Average no of shares used in computing Diluted Earnings per share	520435040	521088554
Net Profit after tax and Preference dividend and Tax on it (Rs in million)	2934.95	1463.79
Basic Earnings Per Share * (Rs)	5.80	2.89
Diluted Earnings Per Share * (Rs)	5.64	2.81
* Equity shares of face value of Re 1 each.		
** Adjusted for bonus shares issued during the year.		

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

Particulars	Amount
Export Debtors	Rs 432.81 million (USD 8.78 million, Euro 0.54 million, SPD 0.1 million, THB 1.03 million, Zar 0.31 million) Previous Year Rs 593.5 million (USD 10.68 million, Euro 0.6 million, GBP 0.1 million, THB 1.1 million, Zar 0.05 million)
Creditors	Rs 56.5 million (USD 1.14 million, Euro 0.5 million) Previous Year Rs 104.10 million (USD 2.05 million, Euro 0.09 million)
Loans	Rs 2146.13 million (USD 48.55 million) Previous Year Rs 2515.8 million (USD 50.2 million)

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

Currency	No. of Contracts	Buy Amount	Purpose
USD	19	Rs 132.66 million	Import of Raw Materials.
EURO	1	Rs 4.83 million	Import of Raw Materials.

SCHEDULE 12 NOTES ON ACCOUNTS**17. Related Party Disclosures**

Related Party Disclosures as required by AS-18, "Related Party Disclosures", 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	Controlling Interest
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 subsidiary
o.	Pidilite Speciality Chemicals Bangladesh Pvt. Ltd.	100% Subsidiary of wholly owned subsidiary
p.	Pidilite Innovation Centre Pte Ltd.	100% Subsidiary of wholly owned subsidiary
q.	Pidilite Industries Egypt - SAE	100% Subsidiary of wholly owned subsidiary
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 subsidiary and having significant influence
u.	PIL Trading Egypt (LLC)	100% Subsidiary of wholly owned subsidiary

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

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

SCHEDULE 12 NOTES ON ACCOUNTS

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

Nature of Transaction	(Rs in million)										
	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.	Pageel Concrete Technology Pvt Ltd.	Pidilite International Pte Ltd.	Pidilite Middle East Ltd.	Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda
a. Sales and Related Income		427.65 (505.90)	-	-	1.68 (1.06)	-	-	-	-	-	-
b. Other Income (including Electricity Generation)		0.50	-	-	-	-	-	-	-	-	0.39 (0.10)
c. Purchases and Other Related Services		-	1026.35 (707.12)	-	87.18 (83.70)	-	-	-	-	-	-
d. Remuneration to Directors:											
- Sitting Fees	0.35 (0.15)										
- Managing Director/Jt Managing Director	95.28 (66.44)										
- Wholetime Directors	41.80 (20.36)										
- Commission to Non Executive Directors	2.70 (2.40)										
e. Investment in Share Capital											
f. Loans Given / (repayment of loan received)		-	-	-	-	-	-	87.62 (192.45)	50.62 (122.99)		112.72 (128.71)
g. Purchase of Fixed Assets		-	-	-	0.01	-	-	-	-	-	-
h. Sale of Fixed Assets		-	(0.53)	(0.72)	-	-	-	-	-	-	-
i. Interest Paid / (Received)		-	-	-	0.07	-	-	-	-	-	0.12 (1.46)
j. Reimbursement of expenses made		0.79 (1.45)	0.07 (7.13)	-	-	-	-	-	-	-	(1.47) (3.60)
k. Reimbursement of expenses received		-	0.62 (0.75)	-	-	-	-	-	-	-	-
l. Provision For Doubtful Debts Made		-	-	-	-	-	-	-	-	-	-
m. Bad Debts Written Off		-	-	-	-	-	-	-	-	-	-
n. Outstanding Balances :											
- Debtors		119.29 (114.97)	-	-	0.58 (0.12)	-	-	-	-	-	5.94 (19.34)
- Creditors		0.28 (1.61)	99.37 (64.02)	-	7.94 (3.93)	-	-	-	-	-	-
- Outstanding Payable (Net of receivable)		(119.01) (113.36)	99.37 (28.42)	-	7.36 (3.81)	-	-	-	(0.54)	-	(5.94) (19.34)

During the year, loan given to Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda of Rs 112.72 million. Converted in to Equity Shares.

SCHEDULE 12 NOTES ON ACCOUNTS

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

Nature of Transaction	(Rs in million)												
	Pidilite USA Ltd.	Jupiter Chemicals (L.L.C.)	Nebula Trading FZE	PT Pidilite Indonesia	Pidilite Speciality Chemicals Bangladesh Pvt. Ltd.	Pidilite Innovation Centre Pte Ltd.	Pidilite Industries Egypt SAE	Chem-son Asia Pte Ltd.	Pidilite Bamco Ltd.	Pidilite South East Asia	Bamco Supply Services Limited	PIL Trading Company Egypt	Total
a. Sales and Related Income	16.23 (-)	0.31 (4.53)	- (23.57)	- (2.64)	14.98 (1.68)	- (-)	9.73 (6.62)	- (0.07)	- (0.60)	- (-)	0.34 (0.56)	6.86 (-)	477.78 (561.25)
b. Other Income (Including Electricity Generation)	2.15 (-)	0.56 (0.56)	- (-)	- (-)	0.09 (0.09)	- (-)	0.09 (0.09)	0.27 (0.27)	0.80 (0.80)	- (-)	- (-)	- (-)	4.85 (1.91)
c. Purchases and Other Related Services	12.17 (11.91)	- (37.35)	- (25.79)	- (12.06)	- (0.34)	20.49 (15.50)	- (-)	3.87 (4.50)	- (0.16)	- (13.88)	- (-)	- (-)	1156.27 (912.31)
d. Remuneration to Directors: - Sitting Fees													0.35 (0.15)
- Managing Director/Jt Managing Director													95.28 (66.44)
- Wholetime Directors													41.80 (20.36)
- Commission to Non Executive Directors													2.70 (2.40)
e. Investment in Share Capital	- (155.33)	- (-)	- (-)	- (-)	- (-)	- (-)	0.48 (3.00)	- (-)	- (-)	- (0.15)	- (-)	- (-)	251.44 (602.63)
f. Loans Given/(Taken)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	(127.86) (54.31)
g. Purchase of Fixed Assets	- (-)	- (0.19)	- (-)	- (-)	- (0.52)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	0.01 (1.96)
h. Sale of Fixed Assets	- (-)	- (-)	- (-)	- (-)	- (2.47)	- (-)	- (2.78)	- (-)	- (-)	- (-)	- (-)	- (-)	0.19 (6.71)
i. Interest Paid / (Received)	(4.25) (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	(5.72) (3.600)
j. Reimbursement of expenses made	3.51 (0.44)	35.47 (0.40)	- (0.01)	8.84 (-)	- (0.17)	- (-)	- (0.01)	- (-)	0.16 (2.33)	- (-)	- (-)	- (-)	48.84 (13.21)
k. Reimbursement of expenses received	- (-)	(2.21) (0.71)	- (0.17)	- (-)	0.64 (-)	- (-)	0.49 (-)	0.63 (0.20)	1.41 (0.56)	- (0.75)	0.12 (0.04)	- (-)	1.70 (3.79)
l. Provision For Doubtful Debts Made	- (-)	- (-)	- (-)	2.98 (10.00)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	2.98 (10.00)
m. Bad Debts Written Off	- (-)	- (-)	- (-)	13.08 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	13.08 (-)
n. Outstanding Balances :													
- Debtors	37.70 (3.90)	5.69 (30.81)	- (-)	3.37 (27.68)	5.68 (0.09)	0.26 (-)	9.59 (6.19)	- (-)	3.49 (1.57)	1.05 (-)	0.48 (0.12)	6.61 (-)	199.73 (240.39)
- Creditors	7.96 (0.38)	0.95 (20.14)	- (-)	2.58 (6.75)	- (-)	4.67 (3.48)	- (-)	- (3.57)	0.16 (0.22)	- (4.56)	- (-)	- (-)	123.91 (109.20)
- Outstanding Payable (Net of receivable)	(29.74) (3.52)	(4.74) (10.67)	(-) (-)	(0.79) (20.93)	(5.68) (0.09)	(17.99) (-)	(9.59) (-)	(3.57) (-)	(3.33) (1.35)	(1.05) (4.56)	(0.48) (0.12)	(6.61) (-)	(75.82) (131.19)

SCHEDULE 12 NOTES ON ACCOUNTS

18. The Company has classified various employee benefits as under :

(A) Defined Contribution Plans

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

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

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

		(Rs in million)
		2009-10
(i)	Contribution to Provident Fund	53.76
(ii)	Contribution to Employees' Superannuation Fund	11.55
(iii)	Contribution to Employees' State Insurance Scheme	1.73
(iv)	Contribution to Employees' Pension Scheme 1995	25.69
(B) Defined Benefit Plans		
(a)	Gratuity	
(b)	Leave Encashment	
Applicable to certain employees		
Valuations in respect of Gratuity and Leave Encashment have been carried out by Life Insurance Corporation of India & independent actuary respectively, as at the balance sheet date, based on the following assumptions :		
(i)	Discount Rate (per annum)	8%
(ii)	Rate of increase in Compensation levels	4%

		(Rs in million)			
		2009-10		2008-09	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
i.	Changes in Present value of Obligation				
a.	Opening Present value of Obligation	158.57	68.83	136.56	60.19
b.	Interest Cost	12.69	5.26	10.93	4.88
c.	Past Service Cost	-	-	-	-
d.	Current Service Cost	13.59	10.41	11.28	8.78
e.	Contributions by Plan participants	-	-	-	-
f.	Curtailment Cost/(Credit)	-	-	-	-
g.	Settlement Cost/(Credit)	-	-	-	-
h.	Benefits Paid	9.86	18.11	8.07	15.83
i.	Actuarial (Gains)/Loss	3.04	24.90	7.87	10.80
j.	Amalgamation/ Scheme	-	-	-	-
k.	Closing Present value of Obligation	178.03	91.29	158.58	68.83

SCHEDULE 12 NOTES ON ACCOUNTS

(Rs in million)

	2009-10		2008-09	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
a. Opening Present value of Plan Assets	150.95	-	117.08	-
b. Expected Return on Plan Assets	15.26	-	11.17	-
c. Actuarial (Gain) / Loss	-	-	-	-
d. Employer's Contributions	21.50	-	30.76	-
e. Employees' Contributions (incl. Rs Nil transferred from previous employers)	-	-	-	-
f. Benefits Paid	9.86	-	8.07	-
g. Amalgamation / Scheme	-	-	-	-
h. Closing Fair value of Assets	177.85	-	150.95	-
iii. Percentage of each category of Plan Assets to total closing fair value	-	-	-	-
a. Bank Deposits (Sp. Dep. Scheme, 1975)	-	-	-	-
b. Debt Instruments	-	-	-	-
c. Administered by Life Insurance Corporation of India	177.85	-	150.95	-
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	178.03	91.29	158.58	68.83
b. Closing Fair value of Plan Assets	177.85	-	150.95	-
c. Funded (Asset) / Liability recognised in the Balance Sheet	0.18	91.29	7.63	68.83
d. Closing Present value of Unfunded Obligation	-	-	-	-
e. Unrecognised Past Service Cost	-	-	-	-
f. Unrecognised Actuarial (Gain) / Loss	-	-	-	-
g. Unfunded Net Liability recognised in the Balance Sheet	-	-	-	-
v. Amounts recognised in the Balance Sheet				
a. Closing Present value of Obligation	178.03	91.29	158.58	68.83
b. Closing Fair value of Plan Assets	177.85	-	150.95	-
c. (Asset) / Liability recognised in the Balance Sheet	0.18	91.29	7.63	68.83
vi. Expenses recognised in the Profit and Loss Account				
a. Current Service Cost	13.59	10.41	11.28	8.78
b. Past Service Cost	-	-	-	-
c. Interest Cost	12.69	5.26	10.93	4.88
d. Expected Return on Plan Assets	15.26	-	11.17	-
e. Curtailment cost / (Credit)	-	-	-	-
f. Settlement Cost / (credit)	-	-	-	-
g. Net Actuarial (Gain) / Loss	3.04	24.90	7.87	10.80
h. Employees' Contribution	-	-	-	-
i. Total Expenses recognised in the Profit and Loss Account	14.06	40.57	18.91	24.47

19. Miscellaneous expenses includes excise duty on

	2009-10	2008-09
Closing Stock	145.96	82.45
Less: Opening Stock	82.45	160.01
Excise duty on stock included in Miscellaneous Expenses	63.51	(77.56)

20. Figures in bracket indicate previous year's figures.
21. Previous year's figures have been regrouped / rearranged wherever necessary.

SCHEDULE 12 NOTES ON ACCOUNTS

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

	2009-10	2008-09
I. Registration Details:		
Registration No.	14336	14336
State Code	11	11
Balance Sheet Date	31.03.2010	31.03.2009
	(Rs in million)	(Rs in million)
II. Capital Raised during the year		
Public Issue	Nil	Nil
Rights Issue	Nil	Nil
Bonus Issue	253.07	Nil
Private Placement/ On Amalgamation	Nil	Nil
III. Position of Mobilisation and Deployment of Funds		
Total Liabilities	14015.45	13357.16
Total Assets	14015.45	13357.16
Sources of Funds		
Paid-up Capital	506.13	253.07
Reserves and Surplus	8879.66	7083.08
Secured Loans	2184.50	2593.09
Unsecured Loans	2029.80	2987.05
Deferred Tax Liability (Net)	415.36	440.87
Application of Funds		
Net Fixed Assets	6948.74	6733.01
Investments	5106.64	2407.10
Net Current Assets	1960.07	4217.05
IV. Performance of Company		
Turnover	20215.34	19073.50
Less : Excise duty	917.89	1462.28
Net Turnover	19297.45	17611.22
Other Income	271.77	238.92
Total Expenditure	16280.49	16218.13
Profit Before Tax	3288.73	1632.01
Profit After Tax	2934.95	1463.79
Earning per Share in Rs	5.80	2.89
Dividend rate %	150.00	175.00
V. Generic Names of three Principal Products/Services of the Company (as per monetary terms)		
Item Code No.	Product	
(ITC Code)	Description	
3506	ADHESIVES	
3905 + 3906	SYNTHETIC RESINS	
3204	ORGANIC PIGMENTS AND PREPARATIONS BASED ON ORGANIC PIGMENTS	

Signatures to Schedules 1 to 12

FOR AND ON BEHALF OF THE BOARD

B K PAREKH
Chairman

S K PAREKH
Vice Chairman

M B PAREKH
Managing Director

Mumbai
Date : 19th May 2010

P C PATEL
President & Secretary

Cash Flow Statement

For The Year Ended 31st March 2010

(Rs in million)

		2009-10	2008-09
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before taxation	3288.73	1632.01
	Adjustment for Depreciation	463.86	472.16
	(Reversal)/ Additional Provision for Diminution in value of Investments	(1.91)	1.80
	Interest paid	286.03	317.79
	Dividend received	(29.37)	(9.22)
	Interest received	(7.19)	(10.56)
	(Profit) / Loss on Sale of Investment	(18.48)	-
	(Profit) / Loss on Sale of Assets	1.83	0.33
	Unrealised Foreign exchange losses / (Gain)	(4.12)	149.73
	Bad debts w/off / provision for doubtful debts	64.51	64.90
		755.16	986.93
	Operating Profit before Working Capital changes	4043.89	2618.94
	Working Capital changes :		
	Inventories (Inc) / Dec	(217.38)	366.51
	Debtors (Inc) / Dec	(39.07)	(239.50)
	Loans and Advances, etc. (Inc) / Dec	221.65	(64.58)
	Current Liabilities Inc / Dec	1076.16	336.56
		1041.36	398.99
	Cash generated from operations	5085.25	3017.93
	Interest received	7.19	10.56
	Interest paid	(286.03)	(317.79)
	Income Tax paid (Net)	(689.86)	(108.44)
		(968.70)	(415.67)
	Net Cash flow from Operating Activities	4116.55	2602.26

Cash Flow Statement

For The Year Ended 31st March 2010

(Rs in million)

		2009-10	2008-09
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	(815.94)	(1517.19)
	Sale of Fixed Assets	10.88	13.33
	Purchase of Investments	(1 0817.33)	(2690.78)
	Sale of Investments	8,138.18	1905.57
	Dividend received	29.37	9.22
	Net Cash flow from Investing Activities	(3454.84)	(2279.85)
		661.71	322.41
C	CASH FLOW FROM FINANCING ACTIVITIES		
	(Repayment) / Increase of long term borrowings	(3.73)	(1.20)
	(Repayment) / Increase of long term borrowings - Bank	(263.14)	(250.00)
	(Decrease) / Increase in Short term Borrowings - Bank	(729.28)	(728.82)
	(Repayment) / Increase of Short Term Borrowings - Foreign Currency Loan	-	(471.79)
	(Redemption) / Issue of Foreign Currency Convertible Bonds	(86.64)	(43.85)
	(Redemption) / Issue of Preference Shares	-	(28.75)
	(Redemption) / Issue of secured Redeemable Non Convertible Debentures	-	1,500.00
	Dividend paid (Including Dividend Tax, where applicable)	(518.52)	(512.74)
	Net Cash Flow from Financing Activities	(1601.31)	(537.15)
	Net Increase in Cash and Cash Equivalents	(939.60)	(214.74)
	Cash and Cash Equivalents as at 1 st April 2009	1270.76	1485.50
	Cash and Cash Equivalents as at 31 st March 2010	331.16	1270.76
		(939.60)	(214.74)
	Purchase of Fixed assets excludes Exchange loss capitalised [Refer Note 10 of Schedule 12]	-	

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For HARIBHAKTI & CO.
Chartered Accountants

CHETAN DESAI
Partner
Membership No. 17000

Mumbai
Date : 19th May 2010

P C PATEL
President & Secretary

B K PAREKH
Chairman

S K PAREKH
Vice Chairman

M B PAREKH
Managing Director

Statement pursuant to Section 212 of The Companies Act, 1956 relating to Subsidiary Companies

Currency	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 Center Pte Ltd.	
	Indian Rs	Singapore Dollars	AED	AED	Taka	Baht	IDR	US Dollars	Singapore Dollars	
The financial year of the subsidiary ended on	31 st March 2010	31 st March 2010	31 st March 2010	31 st March 2010	31 st March 2010	31 st March 2010	31 st March 2010	31 st March 2010	31 st March 2010	
Holding company's interest	100%	100%	100%	100%	100%	*100%	100%	100%	100%	
Equity Share Capital Including Share application Money	- 0.50	23325088 749.87	27431411 335.92	300000 3.67	218297435 141.46	25881800 35.92	8696784900 42.61	14380000 646.74	995155 31.99	
Net aggregate Profits or (Losses) for the current financial year since becoming subsidiary, so far as concern the Members of the Holding Company, not dealt with or provided for in the accounts of the Holding Company	- (0.26)	(2064894) (66.38)	(40160) (0.49)	(5142136) (62.97)	659186 0.43	(2932549) (4.07)	700991011 3.43	(1049558) (47.20)	(153931) (4.95)	
Net aggregate Profits or (Losses) for the previous financial years since becoming subsidiary, so far as concern the members of the Holding Company, not dealt with or provided for in the accounts of the Holding Company	0 0.10	(308947) (9.19)	(179126) (1.41)	(7590809) (94.26)	72000 0.04	(13764023) (19.78)	(4086483808) (17.91)	(5002057) (219.36)	(31887) (1.03)	
Additional information u/s 212(5)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	

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

FOR AND ON BEHALF OF THE BOARD

B K Parekh
Chairman

S K Parekh
Vice Chairman

Mumbai
Date : 19th May 2010

P C PATEL
President & Secretary

M B Parekh
Managing Director

Statement pursuant to Section 212 of The Companies Act, 1956 relating to Subsidiary Companies

Currency	Madhumala Traders Pvt Ltd.	Bhimad Commercial Co Pvt Ltd.	Pidlilite Industries Egypt - SAE	Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda	Pidlilite Southeast Asia Ltd.	Bamco Supply and Services Ltd.	PIL trading Egypt (L.L.C.)*	Pageel Concrete Technologies Pvt Ltd.
The financial year of the subsidiary ended on	Indian Rs 31 st March 2010	Indian Rs 31 st March 2010	EGP 31 st March 2010	Brazilian Reals 31 st March 2010	Baht 31 st March 2010	Baht 31 st March 2010	EGP 31 st March 2010	Indian Rs 31 st March 2010
Holding company's interest	100%	100%	100% by Pidilite International Pte Ltd. (97%), Pidilite Industries Ltd. (2%) & Pidilite Middle East Ltd. (1%)	100%	100% by Pidilite International Pte Ltd. (97%), Pidilite Industries Ltd. (3%)	49% by Pidilite International Pte Ltd.	100% by Pidilite Industries Egypt- SAE	75%
Equity Share Capital Including Share application Money	- 0.10	- 0.10	25928495 211.75	34849444 878.53	4000000 5.56	1000000 1.39	51000 0.42	- 1.00
Net aggregate Profits or (Losses) for the current financial year since becoming subsidiary, so far as concern the Members of the Holding Company, not dealt with or provided for in the accounts of the Holding Company	- 4.49	- 4.49	(3331901) (27.21)	(297695) (7.50)	(4005078) (5.56)	368035 0.51	(184166) (1.50)	- -
Net aggregate Profits or (Losses) for the previous financial years since becoming subsidiary, so far as concern the members of the Holding Company, not dealt with or provided for in the accounts of the Holding Company	- 7.65	- 7.65	(406398) (3.38)	(10322898) (229.02)	(61697) (0.09)	231279 0.33	- -	- (1.53)
Additional information u/s 212(5)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

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

FOR AND ON BEHALF OF THE BOARD

B K Parekh
Chairman

S K Parekh
Vice Chairman

M B Parekh
Managing Director

Mumbai
Date : 19th May 2010

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 2009-10, 5 Board Meetings were held on 20th May 2009, 27th July 2009, 21st October 2009, 28th January 2010 and 24th/25th March 2010[#]

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

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)	5	Yes	15	2	-
2	Shri S K Parekh (Vice Chairman)	NED (P)	3	Yes	6	-	-
3	Shri M B Parekh (Managing Director)	ED (P)	5	Yes	9	-	-
4	Shri N K Parekh (Jt.Managing Director)	ED (P)	5	Yes	8	-	-
5	Shri A B Parekh (Wholetime Director)	ED (P)	4	Yes	9	-	-
6	Shri A N Parekh (Wholetime Director)	ED (P)	5	Yes	11	-	-
7	Shri V S Vasan ** (Wholetime Director)	ED	3	Yes	NA	-	-
8	Shri R M Gandhi	NED (I)	5	Yes	4	2	4
9	Shri N J Jhaveri	NED (I)	4	Yes	13	3	4
10	Shri Bansi S Mehta	NED (I)	5	Yes	16	5	4
11	Shri Ranjan Kapur	NED (I)	4	Yes	13	4	-
12	Shri Yash Mahajan	NED (I)	2	No	2	1	-
13	Shri Bharat Puri	NED (I)	3	No	-	-	-
14	Shri D Bhattacharya	NED (I)	3	Yes	15	1	1
15	Shri J L Shah *** (Wholetime Director)	ED	2	NA	-	-	-

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

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

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

** Resigned as a Director wef 21st October 2009.

*** Appointed as an Additional Director and Wholetime Director wef 21st October 2009.

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

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

3. Audit Committee

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

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

Sr. No.	Name	Designation	Category	No. of Meetings attended
1	Shri Bansi S Mehta	Chairman	NED (I)	5
2	Shri N J Jhaveri	Member	NED (I)	3
3	Shri B K Parekh	Member	NED (P)	3
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 and Chief Financial Officer are invited to attend the meetings. The Statutory Auditors and the Cost Auditors are invited when required.

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

4. Remuneration of Directors

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

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

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

* Includes House Rent Allowance

** Resigned as a Director wef 21st October 2009

*** Appointed as an Additional Director and Wholetime Director wef 21st October 2009.

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

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

The details of sitting fees paid for attending to the Board/ Committee meetings and commission due to the Non-executive Directors for the year ended 31st March 2010 are as under:

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

The Company do engage M/s. Bansi S Mehta & Co., Chartered Accountants firm in which Shri Bansi S Mehta is a partner for legal/tax advice. The services provided by them are purely of professional nature and the fees paid for such services do not result in any material pecuniary benefit to them and they do not have any material association with the Company. Other Non-executive Directors did not have pecuniary relationships or transactions vis-à-vis the company.

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

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

5. Shareholders/Investors Grievance Committee

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

Details of composition of the Committee is given below:

Sr. No.	Name	Designation	Category
1	Shri R M Gandhi	Chairman	NED (I)
2	Shri B K Parekh	Member	NED (P)
3	Shri 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 Shri P C Patel, President & Secretary who is also nominated as the "Compliance Officer" as required by SEBI/Listing Agreement and TSR Darashaw Limited, Registrar & Transfer Agent, attend to all shareholders/investors grievances received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs and Registrar of Companies.

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

The total number of letters received from the shareholders were 1,521 of which only 6 were in the nature of complaints. All the complaints were resolved to the satisfaction of shareholders. There were no pending complaints as on 31st March 2010. 1 request for transfer of shares and 4 requests for dematerialization of shares were pending for approval as on 31st March 2010 which were dealt with by 5th April 2010 & 7th April 2010 respectively.

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

6. General Body Meetings

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

Financial Year	Venue	Date & Time
2008-09	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai-400 021.	4 th August 2009 at 11.00 a.m.
2007-08	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai-400 021.	27 th August 2008 at 11.00 a.m.
2006-07	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai-400 021.	29 th August 2007 at 11.00 a.m.

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

2008-2009

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

2007-2008

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

2006-2007

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

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

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

7. Disclosures

- There were no materially significant related party transactions which have potential conflict with the interest of the Company at large.

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

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

8. Means of Communication

- The quarterly results of the Company are normally published in the following newspapers:
The Economic Times (English), Maharashtra Times (Marathi) and displayed on the Company's website.
- Presentation made to Institutional Investors or to Analysts: Yes. Also displayed on Company's website.

9. Information relating to Directors

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

10. Information for Shareholders

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

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

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

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

Corporate Governance Compliance Certificate

To

**The Members of
M/s Pidilite Industries Limited**

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

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

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

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

Date: 16th June 2010
Mumbai

For M M SHETH & CO
Company Secretaries

M M SHETH
Proprietor
FCS.1455, CP.729

Information for Shareholders

Annual General Meeting

Day, Date & Time : Wednesday, 11th August 2010 at 11 a.m.

Venue : Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021.

Financial Year

1st April 2010 to 31st March 2011

Date of Book Closure

28th July 2010 to 11th August 2010 (both days inclusive)

Dividend Payment

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

Listing of Shares on Stock Exchanges

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

Stock Codes

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

ISIN for NCDs

NCDs (Series I)	INE318A07015
NCDs (Series II)	INE318A07023

Market Price Data

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

Month	Share Price (Rs)	
	High	Low
April, 2009	101.00	83.70
May, 2009	132.60	89.50
June, 2009	141.00	109.25
July, 2009	158.85	101.30
August, 2009	157.40	131.00
September, 2009	157.45	142.20
October, 2009	175.00	144.20
November, 2009	209.40	155.65
December, 2009	201.50	183.00
January, 2010	228.70	191.50
February, 2010	210.80	186.20
March, 2010	245.00*	106.30**

* Cum-Bonus price ** Ex-Bonus price

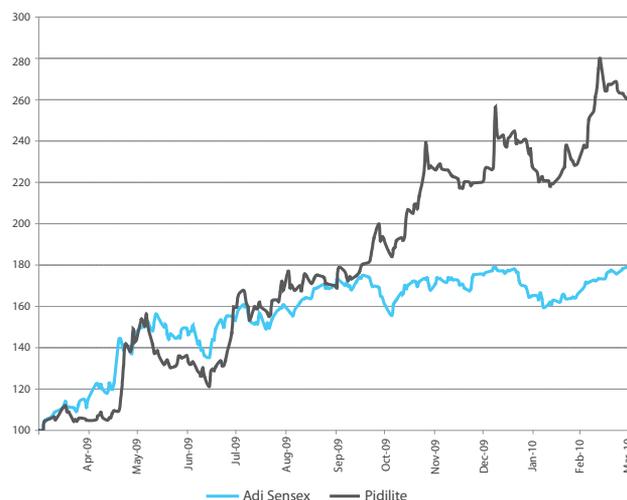
Share prices during the financial year 2009-10 at BSE for one equity share of Re 1 each were as under:

Month	Share Price (Rs)	
	High	Low
April, 2009	101.30	83.50
May, 2009	138.50	89.50
June, 2009	141.50	109.05
July, 2009	146.65	101.25
August, 2009	157.00	131.00
September, 2009	156.50	141.30
October, 2009	175.00	143.75
November, 2009	210.00	156.05
December, 2009	201.00	184.00
January, 2010	229.00	191.30
February, 2010	210.20	185.00
March, 2010	244.75*	106.50**

* Cum-Bonus price ** Ex-Bonus price

Stock Performance

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



Registrar & Transfer Agent

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

Share Transfer System

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

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

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

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

Distribution of Shareholding as on 31st March 2010.

No. of Equity Shares held	No. of folios	%	No of Shares	%
Upto 5000	31,105	92.00	1,58,52,396	3.13
5001 - 10000	2,055	6.08	1,58,11,863	3.12
10001 - 20000	314	0.93	46,96,915	0.93
20001 - 30000	78	0.23	19,57,868	0.39
30001 - 40000	55	0.16	20,02,095	0.40
40001 - 50000	26	0.08	12,02,108	0.24
50001 - 100000	56	0.17	40,21,263	0.79
100001 and above	119	0.35	46,05,90,104	91.00
Total	33,808	100.00	50,61,34,612	100.00
No. of Shareholders & shares in physical mode	2,359	6.98	55,32,839	1.09
No. of beneficial owners & shares in electronic mode	31,449	93.02	50,06,01,773	98.91
Total	33,808	100.00	50,61,34,612	100.00

Dematerialisation of shares & liquidity

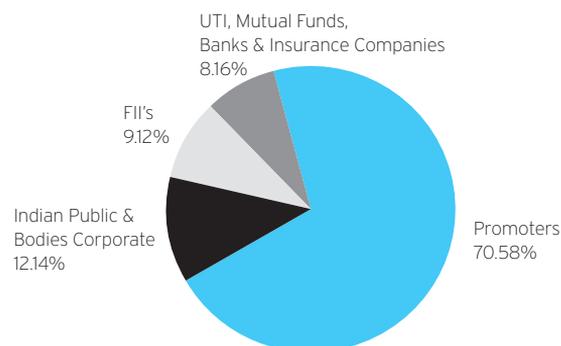
As on 31st March 2010, 98.91% of total equity shares of the Company were held in dematerialised form with National Securities Depository Ltd. and Central Depository Services (India) Ltd. The Company's equity shares are required to be compulsorily traded in the dematerialised form. The shares are available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

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

Outstanding GDRs/ADRs/Warrants/Convertible instruments

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

Shareholding Pattern as on 31st March, 2010:



2012 at the original price of Rs 256.035 per share (now reset in terms of the provision of the offering circular).

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

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

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

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

ISIN for Bonds: XS0330177667

Plant Locations in India

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

Address for Correspondence

Registered Office :

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

Tel No : 022-22822708 • Fax No : 022-22043969

Email : pcpatel@pidilite.com

Website: www.pidilite.com

Corporate Secretarial/Investors' Assistance Department

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

Consolidated
Financial
Statements

Auditors' Report

To the Board of Directors of Pidilite Industries Limited on the Consolidated Financial Statements

We have audited the attached Consolidated Balance Sheet of **Pidilite Industries Limited** ("the Company") and its Subsidiaries (including subsidiaries of subsidiaries) and an associate (collectively referred to as "the group") as at 31st March 2010 and also the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.

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

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

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

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

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

- a) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March 2010;
- b) in the case of the Consolidated Profit and Loss Account, of the Profit for the year ended on that date; and
- c) in the case of the consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For HARIBHAKTI & CO
Chartered Accountants

CHE TAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Date: 19th May 2010

Consolidated Balance Sheet

As at 31st March 2010

(Rs in million)

	Schedule	As at 31 st March 2010	As at 31 st March 2009
I SOURCES OF FUNDS			
1. Shareholders' Funds			
a. Share Capital	1	506.13	253.07
b. Reserves and Surplus	2	8213.31	6687.94
		8719.44	6941.01
2. Loan Funds			
a. Secured Loans	3	2627.36	3000.63
b. Unsecured Loans	4	2058.96	3087.92
		4686.32	6088.55
3. Deferred Tax Liability (Net)		416.66	433.95
4. Minority Interest		1.58	6.71
TOTAL		13824.00	13470.22
II APPLICATION OF FUNDS			
1. Fixed Assets	5		
a. Gross Block		9808.19	9273.25
b. Less : Accumulated Depreciation		4346.22	3761.09
c. Net Block		5461.97	5512.16
d. Capital work in progress		2927.63	2819.13
		8389.60	8331.29
2. Investments	6	2677.69	253.66
3. Current Assets, Loans and Advances	7		
a. Inventories		2978.74	2798.23
b. Sundry Debtors		2959.02	2876.03
c. Cash and Bank Balances		448.52	1600.55
d. Other Current Assets		51.51	223.54
e. Loans and Advances		994.32	787.94
		7432.11	8286.29
Less : Current Liabilities and Provisions	8		
a. Liabilities		3695.75	2804.24
b. Provisions		979.65	596.78
		4675.40	3401.02
Net Current Assets		2756.71	4885.27
TOTAL		13824.00	13470.22
Notes forming part of the Accounts	12		

AS PER OUR ATTACHED REPORT OF EVEN DATE

For HARIBHAKTI & CO.
Chartered Accountants

CHETAN DESAI
Partner
Membership No. 17000

Mumbai
Date : 19th May 2010

FOR AND ON BEHALF OF THE BOARD

B K PAREKH
Chairman

S K PAREKH
Vice Chairman

P C PATEL
President & Secretary

M B PAREKH
Managing Director

Consolidated Profit and Loss Account

For The Year Ended 31st March 2010

(Rs in million)

	Schedule	2009-10	2008-09
INCOME			
Sales		22842.21	21325.52
Less : Excise Duty		926.60	1462.28
Net Sales		21915.61	19863.24
Other Income	9	335.19	287.19
		22250.80	20150.43
EXPENDITURE			
Materials	10	11390.68	11662.64
Other Expenses	11	7083.79	6624.42
Depreciation		665.50	588.24
		19139.97	18875.30
Profit before Taxation		3110.83	1275.13
Income Tax Expense			
Current Tax		566.94	182.92
Less : MAT Credit Entitlement		142.29	59.90
		424.65	123.02
Deferred Tax		(16.52)	16.00
Fringe Benefit Tax		-	27.71
		408.13	166.73
Profit for the year		2702.70	1108.40
Prior year Tax Provision written back (Net)		43.73	-
Share of Profit in Associate Company for the year		23.70	3.53
Minority Interest		(0.54)	6.88
Balance brought forward from previous year		208.95	495.07
Profit available for appropriation		2978.54	1613.88
Dividend on Preference Share Capital		-	0.75
Proposed Dividend on Equity Share Capital		759.20	442.87
Corporate Tax on Dividend		126.10	75.38
		885.30	519.00
Transfer to Capital Redemption Reserve		-	28.75
Transfer to Debenture Redemption Reserve		322.46	257.18
Transfer to General Reserve		1500.00	600.00
Balance carried to Balance Sheet		270.78	208.95
Earnings per share: (Refer note 6 of Schedule 12)			
Basic (Rs)		5.47	2.23
Diluted (Rs)		5.32	2.16
Face Value of Share (Re)		1.00	1.00
Notes forming part of the Accounts	12		

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For HARIBHAKTI & CO.
Chartered Accountants

B K PAREKH
Chairman

CHETAN DESAI
Partner
Membership No. 17000

S K PAREKH
Vice Chairman

Mumbai
Date : 19th May 2010

P C PATEL
President & Secretary

M B PAREKH
Managing Director

Schedule

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

(Rs in million)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE 1 SHARE CAPITAL		
Authorised		
70,00,00,000 (39,00,33,999) Equity Shares of Re 1 each	700.00	390.03
Nil (50,00,000) 6% Cumulative Redeemable Preference Shares of Rs 10 each	-	50.00
Nil (2,50,00,000) Unclassified Shares of Re 1 each	-	25.00
TOTAL	700.00	465.03
Issued, Subscribed and Paid up		
50,61,34,612 (25,30,61,306) Equity Shares of Re 1 each, fully paid-up (Notes 1 to 3)	506.13	253.06
Bonus Shares Issue Suspense Account (Note 4)	-	0.01
TOTAL	506.13	253.07
NOTES		
Out of the above		
1. 74,75,880 Equity Shares of Re 1 each have been issued for consideration other than cash pursuant to various schemes of amalgamation during earlier years.		
2. 47,94,81,646 (22,64,14,340) Equity Shares of Re 1 each have been allotted as fully paid-up Bonus Shares by way of capitalisation of General Reserve, Securities Premium Account and Capital Redemption Reserve.		
3. The Equity Shares of the face value of Rs 10 each were sub-divided into ten Equity Shares of the face value of Re 1 each w.e.f. 27 th September 2005.		
4. Bonus Shares Issue Suspense Account transferred to Equity Share Capital on account of settlement of dispute for title of 6000 fully paid bonus shares.		
SCHEDULE 2 RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	5.11	5.16
Capital Redemption Reserve		
Balance as per last Balance Sheet	28.75	28.75
Less:- Capitalised during the year for bonus issue	28.75	-
	-	28.75
Cash Subsidy Reserve		
Balance as per last Balance Sheet	11.24	9.47
Special Reserve		
Balance as per last Balance Sheet	1.19	1.19
Less: Transferred to General reserve	1.19	-
	-	1.19
Debenture Redemption Reserve		
Balance as per last Balance Sheet	327.46	70.28
Add : Transferred from Profit and Loss Account	322.45	257.18
	649.91	327.46
General Reserve		
Balance as per last Balance Sheet	5933.71	5338.41
Less : Earlier year's Foreign Exchange Fluctuation	-	4.70
Add : Transferred from Special Reserve	1.19	-
Less:- Capitalised during the year for bonus issue	224.32	-
Add : Transferred from Profit and Loss Account	1,500.00	600.00
	7210.58	5933.71
Foreign Currency Translation Reserve	65.69	173.25
Profit and Loss Account	270.78	208.95
TOTAL	8213.31	6687.94

(Rs in million)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE 3 SECURED LOANS		
750 (750) 11.9% Secured Redeemable Non Convertible Debentures of Rs 10,00,000 Each (Note.1)	750.00	750.00
750 (750) 10.2% Secured Redeemable Non Convertible Debentures of Rs 10,00,000 Each (Note.1)	750.00	750.00
Term Loans from Banks (Note.2)	466.92	796.23
Working Capital Loans from Banks (including Working Capital Demand Loan) (Note.3)	660.44	704.40
TOTAL	2627.36	3000.63

1. Secured Redeemable Non Convertible Debentures are secured by way of mortgage and charge (by First pari passu charge) on the immovable property in Gujarat and all movable properties of the Company.
750 Secured Redeemable Non Convertible Debentures with interest @ 11.9% p.a. will be redeemed at par on 5th December 2013.
750 Secured Redeemable Non Convertible Debentures with interest @ 10.2% p.a. will be redeemed at par on 19th December 2011.
2. Term Loan from Banks is secured by way of hypothecation of all movable Plant and Machinery of the Company.
3. Working Capital Loans from Banks are secured by way of first charge on the stock of Raw Materials, Finished Goods, Packing Material, Stock in Process, Bills Receivable and Book Debts and by way of second charge on the entire Plant and Machinery of the Company including Stores and Spares. Further, these loans are secured by way of an Equitable Mortgage on the Land and Building of the Company's unit at Kondivita, Mumbai.

SCHEDULE 4 UNSECURED LOANS**Short term**

Commercial Paper & Others	-	650.00
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Long term

Interest free Sales Tax loan from Government of Maharashtra	350.59	354.32
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Foreign Currency Convertible Bonds

(US \$ 37.2 million (38.9 million) Zero Coupon Convertible bonds due in 2012)
(During the year Company has bought back bonds of US \$1.7 million (\$1.1 million))

Others	29.16	100.87
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TOTAL	2058.96	3087.92
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Amount due within one year Rs 5.86 million (Rs 653.73 million)

SCHEDULE 5 FIXED ASSETS

(Rs in million)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 1.4.2009	Additions / Adjustments	Deductions / Adjustments	As at 31.3.2010	As at 1.4.2009	Provided during the year	Deductions / Adjustments	As at 31.3.2010	As at 31.3.2009
Freehold Land	177.40	0.57	3.83	174.14	-	-	-	174.14	177.40
Leasehold Land	77.03	-	-	77.03	5.80	0.78	-	70.45	71.23
Buildings	1393.89	131.71	2.11	1523.49	278.76	49.82	0.61	1195.52	1115.12
Plant and Machinery	5063.20	423.75	32.32	5454.63	2515.90	370.09	35.41	2604.05	2547.30
Furniture and Fixtures	404.07	36.38	4.38	436.07	137.59	31.19	2.58	269.87	266.49
Vehicles	233.03	11.73	14.62	230.14	83.31	21.89	8.32	133.26	149.72
Capital Expenditure on Scientific Research									
- Buildings	1.44	-	-	1.44	0.94	0.05	-	0.45	0.50
- Plant and Machinery	42.30	5.35	-	47.65	25.00	1.36	-	21.29	17.30
- Furniture and Fixtures	3.07	-	-	3.07	1.95	0.19	-	0.93	1.12
Assets given on Lease									
Plant and Machinery	1.82	-	-	1.82	1.82	-	-	-	-
Intangible Assets									
- Goodwill	847.76	-	18.69	829.07	143.26	100.28	29.38	614.91	704.50
- Computer software	36.31	0.15	(0.17)	36.63	20.00	7.06	0.02	9.59	16.31
- Copyrights, Trademarks, etc.	991.93	21.12	20.04	993.01	546.76	82.79	4.05	367.51	445.17
Total	9273.25	630.76	95.82	9808.19	3761.09	665.50	80.37	5461.97	5512.16
Previous Year	8140.68	1092.16	(40.41)	9273.25	3169.99	588.24	(2.86)	3761.09	
Capital work in progress including capital advances									
								2927.63	2819.13
TOTAL								8389.60	8331.29

(Rs in million)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE 6 LONG TERM INVESTMENTS (AT COST)		
I. In Equity Shares (Fully paid)		
a. Trade :		
Quoted :		
• 7,451,540 (7,451,540) Equity Shares of Re 1 each of Vinyl Chemicals (India) Ltd.	11.79	11.79
• Goodwill (Net Arising at the time of acquisition of shares)	(9.52)	(9.52)
• Share of undistributed Profit / losses in previous years	12.24	8.72
• Share of Profit / Losses Current Year	23.70	3.52
Total 1 a)	38.21	14.51
b. Non Trade :		
i) Quoted :		
• 3,594 (3,594) Equity Shares of Rs 10 each of Hindustan Adhesives Ltd.	0.09	0.09
• 14,400 (14,400) Equity Shares of Rs 10 each of Hindustan Organic Chemicals Ltd.	0.72	0.72
• 1,674 (837) Equity Shares of Rs 10 each of Reliance Industries Ltd. (earlier : 4,188 Equity Shares of Rs 10 each of Indian Petrochemicals Corporation Ltd. and 837 nos. Bonus Shares received during the year)	0.77	0.77
• 222,542 (222,542) Equity Shares of Rs 10 each of Indian Overseas Bank Ltd.	2.96	2.96
• 61,900 (61,900) Equity Shares of Rs 10 each of Menon Pistons Ltd.	4.38	4.38
Total 1 b)	8.92	8.92
Total 1 (a) + b (i)	47.13	23.43
[Market Value Rs 87.59 million (Rs 35.34 million)]		
ii) Unquoted		
• 200,200 (200,200) Equity Shares of Rs 10 each of Enjayes Spices & Chemicals Oil Ltd.	5.29	5.29
• 121,300 (121,300) Equity Shares of Rs 10 each of Pal Peugeot Ltd.	1.21	1.21
• 2,275 (2,275) Equity Shares of Re. 1 each of Himalaya House Co-op Society Ltd. (Cost Rs 2275)	-	-
• 628 (628) Equity Shares of Rs 100 each of Jawahar Co-op Industrial Estate Ltd.	0.06	0.06
• 40 (40) Equity Shares of Rs 50 each of Regent Chambers Premises Co-op Society Ltd. (Cost Rs 2000)	-	-
• 25 (25) Equity Shares of Rs 10 each of New Usha Nagar Co-op Housing Society Ltd. (Cost Rs 250)	-	-
• 2,500 (2,500) Equity Shares of Rs 10 Each Of Saraswat Co-Operative Bank Ltd.	0.03	0.03
• 10 (10) Equity Shares of Rs 100 each of Taloja CETP Co-op Society Ltd. (Cost Rs 1000)	-	-
Total	6.59	6.59
In Partnership Firm		
Nitin Enterprise	-	47.77
TOTAL - I	53.72	77.79

(Rs in million)

	As at 31 st March 2010	As at 31 st March 2009
II. Short Term at cost :		
In Units of Mutual Fund (Unquoted)		
• 1,969,358 (Nil) Units of Reliance Medium Term Fund-Retail Plan -Growth Option	37.25	-
• 2,655,189 (Nil) Units of HDFC-Cash Management Fund-Treasury Advantage Plan-Wholesale-Growth Option	53.56	-
• 38,055,404 (Nil) Units of Birla Sunlife -Dynamic Fund-Growth option	579.85	-
• 24,810,772 (Nil) Units of HDFC-High Interest Fund -STP -Growth Option	450.00	-
• 44,809,008 (Nil) Units of ICICI Prudential Medium Term Premium Plus -Growth Option	450.00	-
• 23,842,656 (Nil) Units of ICICI Prudential Ultra Short Term Super Premium -Growth Option	245.26	-
• 17,250,897 (Nil) Units of Reliance Short Term Fund-Retail Plan -Growth Option	300.00	-
• 25,520,287 (Nil) Units of IDFC-Money Manager Fund-Investment Plan -Institutional Plan B-Growth	364.75	-
• 15,000,000 (Nil) Units of HDFC FMP 14M March 2010- Growth -Series XII	150.00	-
• Nil (17,268,327) Units of Prudential ICICI Flexible Income Plan -Daily Dividend Option	-	182.59
• Nil (400) Units of Rs 70000 each of Infinity Venture India Fund	-	1.89
TOTAL - II	2,630.67	184.48
TOTAL : I + II	2,684.39	262.27
Less Diminution in value of Investments	6.70	8.61
TOTAL	2,677.69	253.66
Previous year's figures are indicated in brackets.		

(Rs in million)

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

(Rs in million)

		As at 31 st March 2010	As at 31 st March 2009
SCHEDULE 7 CURRENT ASSETS, LOANS AND ADVANCES			
A	Current Assets		
a.	Inventories (As valued and certified by the Management)		
	Consumable Stores and Spares, etc.	21.41	20.19
	Raw Materials	893.09	984.11
	Goods in Process	167.66	140.75
	Finished Goods	1428.65	1322.37
	Traded Goods	338.09	167.21
	Packing Materials	129.84	163.60
		2978.74	2798.23
b.	Sundry Debtors (Unsecured)		
	Over six months -		
	Considered good	103.91	171.54
	Considered doubtful	109.77	82.90
	Others, Considered good	2855.11	2704.49
		3068.79	2958.93
	Less : Provision for doubtful debts	109.77	82.90
		2959.02	2876.03
c.	Cash and Bank Balances		
	Cash on Hand	1.56	1.64
	Cheques on Hand	140.66	174.58
	Remittances in Transit	-	0.24
	Bank Balances :		
	With Scheduled Banks :		
	In Current Accounts	301.67	1335.70
	In Fixed Deposit Accounts	4.60	88.36
	Others :		
	In Fixed Deposit with Municipal Co-op.Bank Ltd.	0.03	0.03
	[Maximum outstanding during the year Rs 0.03 million (Rs 0.03 million)]		
		448.52	1600.55
d.	Other Current Assets		
	Interest Receivable	0.14	20.68
	Foreign Currency Monetary item Translation Difference Account (Refer Note 7 of Schedule 12)	9.14	164.43
	Other Current Assets	-	3.00
	Claims Receivable	42.23	35.43
		51.51	223.54
B.	Loans and Advances		
	(Unsecured, considered good)		
	Advances recoverable in cash or in kind or for value to be received	276.80	359.35
	Advance Payment of Taxes (Net of Provisions)	140.41	18.00
	MAT Credit Entitlement	311.27	120.05
	Loans and Advances to Staff	59.80	55.89
	Deposits	93.96	97.63
	Balances with Central Excise Department	112.08	137.02
		994.32	787.94
	TOTAL	7432.11	8286.29

(Rs in million)

		As at 31 st March 2010	As at 31 st March 2009
SCHEDULE 8 CURRENT LIABILITIES AND PROVISIONS			
A	Current Liabilities		
	Acceptances	45.70	27.17
	Sundry Creditors		
	Small and Medium Enterprises	166.02	160.84
	Others	1209.29	849.11
		1375.31	1009.95
	Dealers' Deposits	333.84	294.23
	Investor Education and Protection Fund shall be credited by the following to the extent required as and when necessary : Unclaimed Dividends and Preference Share Capital	9.84	10.22
	Other Liabilities	1931.06	1462.67
		3695.75	2804.24
B	Provisions		
	For Gratuity	0.18	7.63
	For Leave encashment	94.18	71.02
	Dividends:		
	Proposed Dividend	759.20	442.87
	Corporate Tax on Dividend	126.09	75.26
		885.29	518.13
		979.65	596.78
	TOTAL	4675.40	3401.02
		2009-10	2008-09
SCHEDULE 9 OTHER INCOME			
	Interest received - (Gross) [Tax deducted at source Rs 0.79 million (Rs 0.04 million)]	6.57	11.09
	Insurance Claim Received	0.84	0.28
	Dividend received		
	On Trade Investments	1.19	1.07
	On Units of Mutual Fund	28.18	8.16
		29.37	9.23
	Export Incentives	71.96	46.58
	Profit on sale of Investments	18.48	-
	Profit on sale of Fixed Assets	1.97	5.86
	Miscellaneous	206.00	214.15
	TOTAL	335.19	287.19

(Rs in million)

			2009-10	2008-09
SCHEDULE 10 MATERIALS				
A	Raw Materials consumed			
	Opening Stock	984.11		1,116.43
	Add : Purchases	7,546.41		8,108.97
		8,530.52		9,225.40
	Less : Closing Stock	893.08		984.11
			7,637.44	8,241.29
B	Packing Materials consumed		2,409.75	2,157.03
C	Cost of Traded Goods			
	Opening Stock	167.21		276.56
	Add : Purchases	1,647.56		1,255.27
		1,814.77		1,531.83
	Less : Closing Stock	338.09		167.21
			1,476.68	1,364.62
D	(Increase) / Decrease in Stocks			
	Closing Stock			
	Goods in Process	167.66		140.75
	Finished Goods	1,428.65		1,322.37
		1,596.31		1,463.12
	Less :			
	Opening Stock			
	Goods in Process	140.75		154.84
	Finished Goods	1,322.37		1,207.98
		1,463.12		1,362.82
			(133.19)	(100.30)
TOTAL			11,390.68	11,662.64

(Rs in million)

		2009-10	2008-09
SCHEDULE 11 OTHER EXPENSES			
Stores and Spares consumed		97.49	93.80
Clearing, Forwarding, Octroi Duty, etc.		933.18	880.61
Power and Fuel		230.67	273.70
Water Charges		19.99	18.56
Employees' Emoluments :			
[Refer Notes 1 (viii) of Schedule 12]			
Salaries, Wages, Bonus, Allowances	2,359.80		2,043.99
Contribution to Provident and Other Funds	111.21		107.20
Welfare Expenses	53.79		53.51
		2,524.80	2,204.70
Rent		182.23	181.37
Rates and Taxes		26.42	23.06
Insurance		34.12	36.31
Licence fees		3.00	2.55
Repairs :			
Buildings	20.93		23.03
Machinery	57.37		50.11
Others	30.39		33.13
		108.69	106.27
Directors' Fees		8.86	4.51
Advertisement and Publicity		717.62	582.33
Legal, Professional and Consultancy fees		178.20	260.69
Communication Expenses		79.68	78.90
Printing and Stationery		30.00	35.44
Travelling and Conveyance Expenses		355.34	368.03
Bad Debts		40.33	5.08
Provision for Doubtful Debts		40.08	70.64
Processing and Packing Charges		314.09	313.55
Bank Charges		54.82	79.70
Commission and Brokerage		106.99	98.34
Miscellaneous expenses		546.09	310.51
Scientific Research and Development Expenditure		2.75	2.86
[Refer Notes 1(vi) of Schedule 12]			
Remuneration to Auditors			
Audit Fees (Including Tax Audit Fees)	9.33		11.78
For Other Services	1.33		0.89
		10.66	12.67
Donations		28.05	31.19
Diminution in value of Investments		-	1.80
[Refer Notes 1(vii) of Schedule 12]			
Foreign Exchange Fluctuation		72.83	181.20
[Refer Note 7 of Schedule 12]			
Loss on Fixed Assets Sold / Discarded		8.27	5.21
Interest			
On Term Loan	89.84		72.91
On Debentures	165.75		50.20
Others	72.95		237.73
		328.54	360.84
TOTAL		7,083.79	6,624.42

SCHEDULE 12 NOTES ON ACCOUNTS

1 Significant Accounting Policies:

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

Name of Subsidiary Company	Country of incorporation	Proportion of Ownership Interest	
Fevicol Company Ltd.	India	100%	Subsidiary
Bhimad Commercial Co Pvt Ltd.	India	100%	Subsidiary
Madhumala Traders Pvt Ltd.	India	100%	Subsidiary
Pagel Concrete Technologies Ltd.	India	75%	Subsidiary
Nitin Enterprises	India		Partnership firm 100% holding of wholly owned Subsidiary
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 Subsidiary
Pidilite Speciality Chemicals Bangladesh Pvt. Ltd.	Bangladesh	100%	Subsidiary of wholly owned Subsidiary
Pidilite Innovation Centre Pte Ltd.	Singapore	100%	Subsidiary of wholly owned Subsidiary
Pidilite Industries Egypt - SAE	Egypt	100%	Subsidiary of wholly owned Subsidiary
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 Subsidiary
Bamco Supply Services Ltd.	Thailand	49%	Subsidiary of wholly owned subsidiary & 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 iv(5), iv(6), iv(e), v(e) and viii(d).

ii. General

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

iii. Revenue Recognition

- i. Income from sale of goods is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.
- ii. Interest income is recognised on accrual basis.
- iii. Claims which are not of material nature / Insurance Claim etc. are accounted for when no significant uncertainties are attached to their eventual receipt.
- vi) Dividend is accounted on cash basis.

iv. Fixed Assets, Depreciation and Impairment Loss

- a. Fixed assets are stated at cost of acquisition or construction less accumulated depreciation.
- b. Preoperative expenditure during construction period/trial run : Direct expenses as well as clearly identifiable indirect expenses, incurred on project during the period of construction are being capitalised 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. For assets costing Rs 5000 or less, depreciation is provided fully.
 5. For additions made during the year, depreciation is provided on pro-rata basis.
 6. The Goodwill acquired by the Company is amortised over a period of 5 years on SLM basis. In Case of Subsidiaries no goodwill is amortised except Pulvitec do Brasil Industria e Commercio de Colas e Adesivos Ltda where goodwill is amortised over a period of 10 years.
 7. The Copyrights, Trademarks, Technical Knowhow, etc. acquired by the Company are amortised over a period of 10 years on SLM basis. In case of subsidiaries, it is not amortised except for Pidiilite USA Inc where it is amortised over a period of 15 years.
- d. In case, the recoverable amount of the fixed assets is lower than its carrying amount, provision is made for the impairment loss.
- e. The depreciation on fixed assets of the subsidiary companies is provided for on SLM over their estimated useful life at rates permissible under applicable local laws.

v. Method of Valuation of Inventories

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

vi. Research and Development Expenditure

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

vii. Investments

- a. Long Term Investments are stated at cost. In case there is a diminution of permanent nature in value of Investments (other than long term strategic investment) the same is provided for.
- b.
 - i) Quoted current investments are stated at the lower of cost and market value.
 - ii) Unquoted current investments are stated at the lower of cost and fair value where available.
- c. Cost of each investment is arrived at on the basis of the average carrying amount of the total holding of that investment.

viii. Retirement Benefits

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

ix. Transactions in foreign currencies

- a. Transactions are recorded at the exchange rates prevailing on the date of transaction.
- b. Foreign currency designated assets, liabilities and capital commitments are restated at the year end rates.
- c. In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets & liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising out of consolidation is transferred to "Foreign Currency Translation Reserve".
- d. Foreign currency designated assets and liabilities are restated at the year end rates and the resultant gain or loss is taken to Profit and Loss Account except in respect of fixed Assets which is being capitalised (Refer Note 7 of Schedule 12)

x. Income Tax

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

SCHEDULE 12 NOTES ON ACCOUNTS

xi. Provisions, Contingent Liabilities and Contingent Assets

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

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

The Associate Company considered in the financial statements is

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

(Rs in million)

	As at 31 st March 2010	As at 31 st March 2009
2. Contingent liabilities not provided for:		
i. Guarantees given by Banks in favour of Government and others	50.25	56.32
ii. Guarantees given by Company	647.00	565.30
iii. Disputed liabilities in respect of Income Tax, Sales Tax, Central Excise and Customs (under appeal)	323.80	112.25
iv. Claims against the company not acknowledged as debts	81.44	76.07

SCHEDULE 12 NOTES ON ACCOUNTS
3 Segment reporting

INFORMATION ABOUT BUSINESS SEGMENTS

(Rs in million)

Business Segments	Consumer & Bazaar Products	Industrial Products	Others	Total
REVENUE				
External Sales	17,415.31 (15,129.64)	4,343.30 (3,801.70)	157.00 (931.90)	21,915.61 (19,863.24)
Inter Segment Revenue (at cost plus 10%)	19.55 (16.78)	309.60 (306.40)	19.30 (535.50)	348.45 (858.68)
Total Revenue	17,434.86 (15,146.42)	4,652.90 (4108.10)	176.30 (1,467.40)	22,264.06 (20,721.92)
RESULTS				
Segment Results	3,712.33 (2,305.62)	914.63 (531.15)	(125.74) (92.78)	4,501.22 (2,929.55)
Unallocated Corporate Expenses				1262.06 (1,412.84)
Unallocated Corporate Income				164.27 (98.94)
Operating Profit				3,403.43 (1,615.65)
Interest Expenses				328.54 (360.84)
Interest / Dividend Income				35.94 (20.32)
Income Tax (Provision for Taxation and Deferred Taxation)				408.13 (166.73)
Net Profit				2,702.70 (1,108.40)
OTHER INFORMATION				
Segment Assets	5702.81 (5,831.96)	2053.81 (1,898.45)	380.47 (499.46)	8,137.09 (8,229.87)
Unallocated Corporate Assets				10362.31 (8,641.37)
Total assets				18,499.40 (16,871.24)
Segment Liabilities	3093.08 (2,419.96)	736.78 (477.54)	- (187.29)	3,829.86 (3,084.79)
Unallocated Corporate Liabilities				5950.10 (6,845.44)
Total liabilities				9,779.96 (9,930.23)
Capital Expenditure	191.85 (982.92)	40.92 (101.89)	15.39 (10.21)	248.16 (1,095.02)
Unallocated Corporate Capital Expenditure				491.10 (1,118.91)
Depreciation	429.09 (363.31)	69.27 (73.34)	38.57 (41.02)	536.93 (477.67)

SCHEDULE 12 NOTES ON ACCOUNTS

INFORMATION ABOUT GEOGRAPHICAL SEGMENTS

(Rs in million)

GEOGRAPHICAL SEGMENTS	India		Other Countries		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Sales Revenue	17,395.11	15,695.62	4,520.50	4,167.62	21,915.61	19,863.24
Carrying amount of Segment Assets	17,821.53	15,574.65	677.87	1,296.59	18,499.40	16,871.24
Additions to Fixed Assets and Intangible Assets	689.27	1,746.17	49.99	467.76	739.26	2,213.93

Notes:

SEGMENT INFORMATION

Business Segment

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

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

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

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

Geographical Segment

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

4. Deferred Taxation

A. In respect of Holding Company:

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

(Rs in million)

	Upto 31 st March 2009	During the year 2009-10	Carried as at 31 st March 2010
Deferred Tax Liability			
i) Difference between Accounting and Tax Depreciation (Cumulative)	506.10	(5.38)	500.72
Deferred Tax Assets			
i) Leave Salary & Others	65.25	20.11	85.36
Net Deferred Tax Liability	440.85	(25.49)	415.36

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

SCHEDULE 12 NOTES ON ACCOUNTS

B. In respect of Subsidiaries:

(Rs in million)

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

SCHEDULE 12 NOTES ON ACCOUNTS

5. Related Party Disclosures

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

i) Relationships

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

ii) Key Management Personnel

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

iii) Other Directors

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

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

(Rs in million)

Nature of Transaction	Remuneration to Directors	Parekh Marketing Ltd.	Vinyl Chemicals (India) Ltd.	Kalva Marketing and Services Ltd.	Total
a. Sales and Related Income		427.65	-	-	427.65
		(505.90)	(-)	(-)	(505.90)
b. Other Income (including Electricity Generation)		0.50	-	-	0.50
		(-)	(-)	(-)	0.00
c. Purchases and Other Related Services		-	1026.35	-	1026.35
d. Remuneration to Directors:					
- Sitting Fees	0.35				0.35
	(0.15)				(0.15)
- Managing Director / Jt. Managing Director	95.28				95.28
	(66.44)				(66.44)
- Wholetime Directors	41.80				41.80
	(20.36)				(20.36)
- Commission to Non Executive Directors	2.70				2.70
	(2.40)				(2.40)
e. Investment in Share Capital		-	-	-	-
		(-)	(-)	(-)	(-)
f. Loans Given / (repayment of loan received)		-	-	-	-
		(-)	(-)	(-)	(-)
g. Purchase of Fixed Assets		-	-	-	-
		(-)	(0.53)	(0.72)	(1.25)
h. Sale of Fixed Assets		-	-	-	-
		(-)	(-)	(-)	(-)
i. Interest Paid / (Received)		-	-	-	-
		(-)	(-)	(-)	(-)
j. Reimbursement of expenses made		0.79	0.07	-	0.86
		(1.45)	(7.13)	(-)	(8.58)

(Rs in million)

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

6. Earnings Per Share

	As at 31 st March 2009	As at 31 st March 2008
Weighted Average no of shares used in computing Basic Earnings per share	506134612	**506134612
Add: Weighted average Potential no of equity shares that could arise on exercise of option on Zero Coupon Convertible Bonds from 16 th Jan 2008 to 1 st December 2012	14300428	14953942
Weighted Average no of shares used in computing Diluted Earnings per share	520435040	521088554
Net Profit after tax including prior year Tax Provision written back (Rs in million)	2,769.59	1,118.06
Basic Earnings Per Share * (Rs)	5.47	2.23
Diluted Earnings Per Share * (Rs)	5.32	2.16

* Equity shares of face value of Re 1 each.

** Adjusted for bonus share issued during the year.

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

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

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

Signatures to Schedules 1 to 12

FOR AND ON BEHALF OF THE BOARD

B K PAREKH
ChairmanS K PAREKH
Vice ChairmanM B PAREKH
Managing DirectorMumbai
Date : 19th May 2010P C PATEL
President & Secretary

Consolidated Cash Flow Statement

For The Year Ended 31st March 2010

(Rs in million)

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

Consolidated Cash Flow Statement

For The Year Ended 31st March 2010

(Rs in million)

	2009-10	2008-09
B		
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(864.63)	(2,025.20)
Sale of Fixed Assets	10.88	13.98
Purchase of Investments	(10,518.12)	(2,125.11)
Sale of Investments	8,138.18	1,905.56
Dividend received	29.37	9.23
Net Cash flow from Investing Activities	(3,204.32)	(2,221.54)
	485.67	148.40
C		
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) / Increase of long term borrowings	(3.73)	(1.20)
(Repayment) / Increase of long term borrowings - Bank	(263.14)	(418.18)
(Decrease) / Increase in Short term Borrowings - Bank	(693.96)	(370.67)
(Repayment) / Increase of Short Term Borrowings - Foreign Currency Loan	-	(471.79)
(Redemption) / Issue of Foreign Currency Convertible Bonds	(86.64)	(43.85)
(Redemption) / Issue of Equity Shares	-	(28.75)
(Redemption) / Issue of secured Redeemable Non Convertible Debentures	-	1,500.00
(Repayment) / Increase of Short Term Borrowings - Others	(71.71)	80.86
Dividend paid (Including Dividend Tax, where applicable)	(518.52)	(512.74)
Net Cash Flow from Financing Activities	(1,637.70)	(266.32)
Net Increase in Cash and Cash Equivalents	(1,152.03)	(117.92)
Cash and Cash Equivalents as at 1 st April 2009	1,600.55	1,718.47
Cash and Cash Equivalents as at 31 st March 2010	448.52	1,600.55
	(1,152.03)	(117.92)

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For HARIBHAKTI & CO.
Chartered Accountants

CHETAN DESAI
Partner
Membership No. 17000

Mumbai
Date : 19th May 2010

P C PATEL
President & Secretary

B K PAREKH
Chairman

S K PAREKH
Vice Chairman

M B PAREKH
Managing Director

Information on Subsidiary Companies

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

			Names of the subsidiaries							
			Fevicol Company Ltd.	Pidlilite International Pte Ltd.*	Pidlilite Middle East Ltd.*	Jupiter Chemicals (L.L.C.)*	Pidlilite Specialty Chemicals Bangladesh Pvt Ltd.*	Pidlilite Bamco Ltd.*	PT Pidilite Indonesia*	Pidlilite USA Inc*
1	Currency		Indian Rs	Singapore Dollars	AED	AED	Taka	Baht	IDR	US Dollars
2	Capital	Foreign Currency	-	23,325,088	27,431,411	300,000	218,297,435	25,881,800	8,696,784,900	14,380,000
	(includes Share application Money)	Indian Rs in Million	0.50	749.87	335.92	3.67	141.46	35.92	42.61	646.74
3	Reserves	Foreign Currency	-	(2,373,841)	(219,286)	(12,732,949)	698,441	(444,384)	(5,078,541,808)	(6,056,049)
		Indian Rs in Million	(0.19)	(76.32)	(2.69)	(155.93)	0.45	(0.62)	(24.88)	(272.37)
4	Total Assets	Foreign Currency	-	21,002,943	27,282,125	21,738,598	260,520,264	83,626,076	4,093,159,080	16,762,654
		Indian Rs in Million	0.31	675.22	334.09	266.21	168.82	116.07	20.06	753.90
5	Total Liabilities	Foreign Currency	-	51,696	70,000	34,171,546	41,524,388	58,188,660	474,915,988	8,438,703
		Indian Rs in Million	-	1.66	0.86	418.46	26.91	80.77	2.33	379.53
6	Investments	Foreign Currency	-	-	-	-	-	-	-	-
	(except in case of subsidiaries)	Indian Rs in Million	-	-	-	-	-	-	-	-
7	Turnover & Other Income	Foreign Currency	-	257,784.00	140.00	15,368,468.44	62,136,621.18	122,736,064.38	6,222,224,956.00	24,758,619.64
		Indian Rs in Million	0.01	8.29	-	188.20	40.26	170.36	30.49	1,113.51
8	Profit/(Loss) Before Taxation	Foreign Currency	-	(2,064,894.13)	(40,160.00)	(5,142,136.46)	659,186.27	(2,932,548.69)	2,608,618,626.00	(1,019,189.12)
		Indian Rs in Million	(0.26)	(66.38)	(0.49)	(62.97)	0.43	(4.07)	12.78	(45.84)
9	Provision For Tax	Foreign Currency	-	-	-	-	-	-	1,907,627,615.26	30,369.00
	(including Deferred Tax)	Indian Rs in Million	-	-	-	-	-	-	9.35	1.37
10	Profit/(Loss) After Taxation	Foreign Currency	-	(2,064,894.13)	(40,160.00)	(5,142,136.46)	659,186.27	(2,932,548.69)	700,991,010.74	(1,049,558.12)
		Indian Rs in Million	(0.26)	(66.38)	(0.49)	(62.97)	0.43	(4.07)	3.43	(47.20)
11	Proposed Dividend	Foreign Currency	-	-	-	-	-	-	-	-
		Indian Rs in Million	-	-	-	-	-	-	-	-
12	Exchange Rate as on 31 st March 2010		-	32.15	12.25	12.25	0.65	1.39	0.00490	44.97

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

Information on Subsidiary Companies

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

			Names of the subsidiaries								
			Pidilite Innovation Centre Pte Ltd.*	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.)*	Pageel Concrete Technologies Pvt Ltd.
1	Currency		Singapore Dollars	Indian Rs	Indian Rs	EGP	Brazilian Reais	Baht	Baht	EGP	Indian Rs
2	Capital	Foreign Currency	995,155	-	-	25,928,495	34,849,444	4,000,000	1,000,000	51,000	-
	(includes Share application Money)	Indian Rs in Million	31.99	0.10	0.10	211.75	878.53	5.56	1.39	0.42	1.00
3	Reserves	Foreign Currency	(185,818)	-	-	(6,247,726)	(10,354,010)	(4,140,775)	1,223,088	(184,166)	-
		Indian Rs in Million	(5.97)	12.16	12.17	(51.02)	(261.02)	(5.75)	1.70	(1.50)	(4.28)
4	Total Assets	Foreign Currency	1,577,875	-	-	21,187,123	35,474,851	537,299	7,267,485	3,665,211	-
		Indian Rs in Million	50.73	20.97	20.82	173.03	894.30	0.75	10.09	29.93	0.08
5	Total Liabilities	Foreign Currency	768,538	-	-	1,506,353	10,979,417	678,073	5,044,397	3,798,377	-
		Indian Rs in Million	24.71	8.70	8.55	12.30	276.78	0.94	7.01	31.02	3.36
6	Investments	Foreign Currency	-	-	-	-	-	-	-	-	-
	(except in case of subsidiaries)	Indian Rs in Million	-	20.94	20.81	-	-	-	-	-	0.03
7	Turnover & Other Income	Foreign Currency	774,501.94	-	-	1,957,322.11	45,258,249.98	88,753.26	11,156,053.34	3,463,461.96	-
		Indian Rs in Million	24.90	4.50	4.50	15.99	1,140.93	0.12	15.49	28.29	0.01
8	Profit/(Loss) Before Taxation	Foreign Currency	(153,930.84)	-	-	(3,331,900.91)	(297,695.46)	(4,005,078.30)	890,452.90	(184,166.31)	-
		Indian Rs in Million	(4.95)	4.49	4.49	(27.21)	(7.50)	(5.56)	1.24	(1.50)	(0.01)
9	Provision For Tax	Foreign Currency	-	-	-	-	-	-	139,361.24	-	-
	(including Deferred Tax)	Indian Rs in Million	-	-	-	-	-	-	0.19	-	-
10	Profit/(Loss) After Taxation	Foreign Currency	(153,930.84)	-	-	(3,331,900.91)	(297,695.46)	(4,005,078.30)	751,091.66	(184,166.31)	-
		Indian Rs in Million	(4.95)	4.49	4.49	(27.21)	(7.50)	(5.56)	1.04	(1.50)	(0.01)
11	Proposed Dividend	Foreign Currency	-	-	-	-	-	-	-	-	-
		Indian Rs in Million	-	-	-	-	-	-	-	-	-
12	Exchange Rate as on 31 st March 2010		32.15	-	-	8.17	25.21	1.39	1.39	8.17	-

* Financial Statements of these Foreign Subsidiaries have been converted in to Indian Rupees at rates prevailing as on 31st March 2010

Pidilite has been conducting an **International Art and Craft Contest** for the last 4 years covering various schools and participation of over 5 million students from India and other countries.

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

The contests provide an excellent platform to the students to explore their creativity and to showcase their talent.



Top, Bottom L & R - IACC contest held in Goa, India





IACC contest held in Egypt



IACC contest held in Egypt



IACC contest held in Egypt



Mega Drawing Competition in Indonesia



Selected contestants of the Sargent Art Online Art Contest



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