



**22000** WOODWORKERS  
**1 DAY LABOUR** 149 CITIES  
**362 INSTITUTIONS**  
**4 LAKH** HAPPY CHILDREN

**ANNUAL REPORT 2013-14**





## Shramdaan Diwas

Fevicol Champions' Club (FCC) is a platform for wood-working contractors to come together as a community for their personal & professional growth. It undertakes several activities every year. One such activity is Shramdaan Diwas, which was implemented for the third successive year in 2013.

On Shramdaan Diwas, FCC members along with Pidilite helped repair furniture and fixtures in municipal schools, schools in tribal areas, government schools, schools for the blind and disabled, orphanages and government hospitals across the country.

This year saw participation from 22,000 contractors who volunteered a day of their labour. Together, they fixed and repaired furniture in 362 institutions, including schools for the under privileged, across the country. This initiative was covered by the press and electronic news media.



*Shramdaan Diwas entered*



*and the hearts of 4,00,000 grateful school children.*



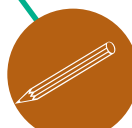


22000 Wood Workers

01 Day Labour

149 Cities

362 Institutions





Mumbai



Chandigarh



Nagpur



Chennai

## The Building of Bonds

December 20, 2013 – ‘Shramdaan Diwas’, is a day that will forever be remembered at Pidilite. Preparation for the event started early when the institutions that required assistance were identified. Apart from help with planning the activity, the required materials like Fevicol and hardware equipment were also donated by Pidilite Industries Limited.

The FCC members who participated in the event were mainly daily wage earners like carpenters and

contractors. They worked from 11 a.m. to 4 p.m. and contributed their day’s wage for a good social cause.

In just 3 years, this initiative has grown by leaps and bounds, and has helped lakhs of people across the country. This will further the cause of building bonds, thus setting into motion a chain of goodness, laying the foundation for a better future.

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## Company Information

### Board of Directors

**M B Parekh**

Chairman & Managing Director

**S K Parekh**

Vice Chairman (up to 03.04.2014)

**N K Parekh**

Joint Managing Director

**R M Gandhi**

Director (up to 23.07.2013)

**N J Jhaveri**

Director

**B S Mehta**

Director

**Ranjan Kapur**

Director

**Yash Mahajan**

Director

**Bharat Puri**

Director

**D Bhattacharya**

Director (up to 20.05.2014)

**Sanjeev Aga**

Director

**A B Parekh**

Whole Time Director

**A N Parekh**

Whole Time Director

**R Sreeram**

Whole Time Director

**Uday Khanna**

Director (wef 03.04.2014)

**Meera Shankar**

Director (wef 30.07.2014)

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#### **Corporate Office**

Ramkrishna Mandir Road  
Off Mathuradas Vasanji Road  
Andheri (E), Mumbai 400059

#### **Registered Office**

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

#### **Registrar & Transfer Agent**

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

#### **Company Secretary**

Savithri Parekh

#### **Solicitors & Advocates**

Wadia Ghandy & Co

#### **Auditors**

Deloitte Haskins & Sells

#### **Internal Auditors**

Mahajan & Aibara  
Ernst & Young

#### **Bankers**

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

# Management Discussion & Analysis

## Standalone Financials

Net sales of the Company grew by 16.4%, lower than the growth in the previous year and below the last 5 year CAGR of 18.9%.

Sales of Consumer & Bazaar products grew by 16.3% while growth in Industrial Products was 15.2%. Growth of Industrial Products improved due to higher exports which grew by 22.6%

Margins were impacted in the second half of the year owing to depreciation in the Rupee and higher costs of key raw materials such as VAM. Actions are on hand to mitigate these cost increases through commensurate price increases.

Expenses for brand building and capability building in select functions were stepped up resulting in Advertising and Sales promotion as well as manpower costs increasing faster than the sales growth, thereby impacting profitability.

Consequently “EBIDTA” (earnings before interest, taxes, exceptional items, foreign exchange differences) excluding non-operating income grew by 11.2%.

In the previous year, non-operating income included one-off gains from the sale of assets and sale of catalyst. In the absence of such one-off gains this year, non-operating income declined by 35% resulting in growth in EBIDTA, including non operating income, by 6.8%

During the year, the Company offered voluntary retirement to its workmen in its units in Panvel, Kamothe and Taloja for which a charge of ₹ 65 million was taken.

In the previous year, due to conversion of Foreign Currency Convertible Bonds “FCCB”, there were write backs on account of interest and exchange gains. As a result Profit Before Tax “PBT” and Profit After Tax “PAT” are not strictly comparable with the previous year.

PBT increased by 1.8% whereas PAT grew by 1.7%.

## Consolidated Financials

On a consolidated basis, net sales grew by 16.5% over last year.

During the year, the Company invested ₹ 24 million in Building Envelope Systems India Limited. This company is a partner in Hybrid Coatings which manufactures specialised waterproofing products.

The Company also invested ₹ 48 million in Percept Waterproofing Services Limited. This company acquired the business of Percept Engineers Private Limited which is into waterproofing application services.

The results of the current year include the performance of these subsidiaries.

The performance of overseas subsidiaries shows improvement as compared to the previous year.

While aggregate sales of overseas subsidiaries grew by 16.8%, aggregate losses (PBT) declined from ₹ 441.7 million last year to ₹ 180.1 million this year.



## Performance by industry segment

### BUSINESS SEGMENTS %



### Consumer & Bazaar Products

Branded Consumer & Bazaar Products Segment contributed 81% of the total net sales of the Company and grew by 16.3%.

Net sales of branded Adhesives and Sealants grew by 14.6% and contributed 50% of the total sales of the Company. Construction and Paint Chemicals grew by 12.8% and Art Materials and other products grew by 32.9%.

Consumer & Bazaar Product sales have grown at a CAGR of 19% over the last 5 years.

Profit before interest and tax for the Consumer & Bazaar segment increased by 10.7%.

### Industrial Products

Industrial Products contributed 19% of the total sales of the Company and grew by 15.2%.

Profit before interest and tax for the segment was at the same level as last year.

### Others

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

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

The speciality acetates manufactured by the Company have found good market acceptance. The Company is working to expand the range of speciality acetates and the manufacturing facility is being modified to make the expanded range of products.

# Marketing Initiatives



## Dr. Fixit 'Leak Free Homes'

The Dr. Fixit 'Leak Free Homes' campaign was launched in cinemas, at special trade screenings, in Indore and Gurgaon in December 2013. The storyline humorously highlighted the problems associated with homes that have not been waterproofed and reinforced preventive waterproofing. The concept was also promoted through van activations by engaging prospective home owners and contractors at construction sites and explaining the 4 easy steps for a leak free home.



## Dr. Fixit=Waterproofing

The new TV advertising campaign of Dr. Fixit reinforced Dr. Fixit=Waterproofing with the core message "Waterproof your home whilst building it." It was aptly explained by a young boy to his father who had not paid heed to the advice of waterproofing at the time of construction.

The TV advertisement was also launched online via social media and recorded over 6.5 lakh views on Youtube.



## Dr. Fixit - Social Media

Dr. Fixit launched a new social media initiative to engage home owners through its Facebook page which has over 1.2 lakh fans, as well as a presence on Twitter and Youtube.

Dr. Fixit Newcoat along with Red FM 93.5, implemented the 'Chhatri Nahin Chhat' initiative in the monsoon of 2013. Listeners were invited to call in and share their terrace leakage experiences with the popular RJ Malishka. Select winners were awarded free terrace waterproofing for their homes by Dr. Fixit.



### Kisan Mela

A range of brands of the Company including Fevicol, Terminator, M-Seal, Holdtite and Fevikwik participated in Kisan Mela, India's largest agriculture show, which was held in Pune. They exhibited and demonstrated the applications relevant for farmers and professionals involved in agriculture.



### M-Seal

M-Seal in association with the Indian Plumbing Association (IPA) organised a series of events on World Plumbing Day, which included expert talks in best practices on plumbing, occupational hygiene and safety in plumbing. It has also tied up with the Indian Plumbing Skill Council to organise skill development programmes for plumbers.



### Rangeela Tempera

Rangeela Tempera Colours launched an on-pack promotion & TV campaign with popular cartoon character 'Chhota Bheem'. The winners of the slogan contest got an opportunity to meet & interact with Chhota Bheem at live events in 6 cities across India.



### ACETECH

Dr. Fixit and Roff participated in ACETECH, a construction and building material trade event, in 5 cities. This generated awareness for the latest sustainable waterproofing solutions through state-of-the-art product solutions and applications.



### Fevicol Science Project Challenge

The third year of the Fevicol Science Project Challenge continued to inspire young minds to challenge their own creativity and convert classroom learning into workable concepts and models. The participation grew threefold to over 7 lakh students from nearly 2,000 schools across India this year.



### Fevikwik Music Programme

Fevikwik partnered with North East Media as the title sponsor for 'Fevikwik Just Music', a talent hunt featuring independent musicians and artists. The event was aired on TV, radio as well as outdoor media. On-ground events with live performances were held in Guwahati, Shillong & Aizawl.

### Dr. Fixit Services

Dr. Fixit offers a unique portfolio of services which enlightens construction professionals and applicators about the latest technologies, challenges and solutions. They also conduct training programs in waterproofing and have a technical helpdesk that provides advisory services.



### M-Seal Sanitary Launched

M-Seal Sanitary is an epoxy sealing agent with 4 applications - sealing, joining, fixing and repairing. This is easy to use and can be mixed with bare hands. M-Seal Sanitary sets faster and provides longer life to sanitary wares.

# awards

*Dr. Fixit Extensa* was awarded the **Silver Winner** by **ACETECH Design Wall** for the brand's consistent commitment to excellence and extraordinary innovation.

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The Brand Trust Report India Study 2013 ranked **Fevicol 1<sup>st</sup> in Consumer Products Adhesives in India**, followed by **Fevikwik** and **Fevistik** in 2<sup>nd</sup> and 3<sup>rd</sup> place.

**Fevicol** was also ranked as India's **62<sup>nd</sup> Most Trusted Brand** in 2013, in Brand Equity's Most Trusted brands survey. **Fevicol** is also the **4<sup>th</sup> Most Trusted Brand** in the Household Care Category.

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**Fevicol** was ranked 2<sup>nd</sup> in the **Buzziest Brand 2014**, an annual poll conducted by India's largest marketing and advertising portal afaqs.com.

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The **Holdtite Stall** won 3<sup>rd</sup> prize for **Best Stall Design** at **PlumbexIndia**, the country's only international trade show for plumbing and other allied products, organised in Mumbai.

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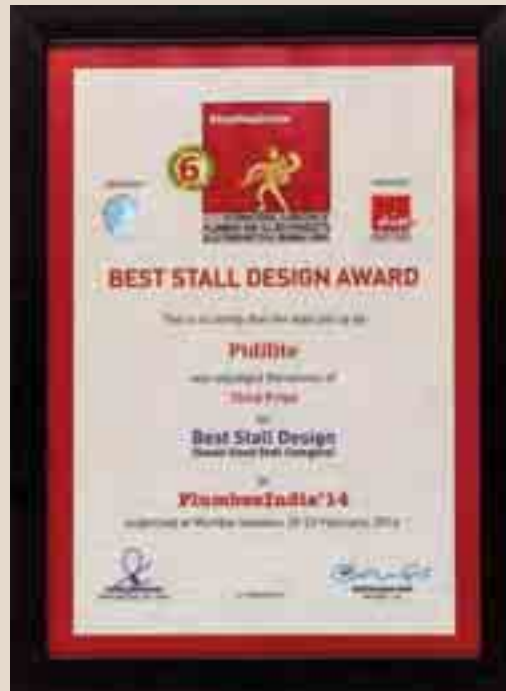
**Fevikwik.in** website won a **Bronze** for the **Best Digital Brand Website** in the **Abby Awards 2013**.

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**Fevicol** won the **Silver EMVIE** in the **Best Ambient Media** category for an innovative 'free store' activation at a city mall in Mumbai wherein 87 wooden items of all shapes and sizes were on display. Visitors were offered the opportunity to pull off any of these items and walk away with it. However, none of the wooden items could be removed, thereby reinforcing **Fevicol** as the ultimate and most reliable glue.

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The creative campaigns of **Fevicol Marine 'Ferry'**, **Fevikwik 'Hassi Brothers'** and **Fevicol 'Free Store'** activation won an **ENVIE** award each.

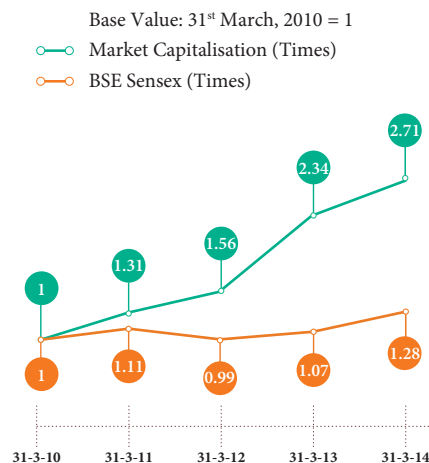


## Book Value Per Share & EPS



EPS excludes exceptional items

## Growth in Market Capitalisation of the Company and BSE Sensex since 31<sup>st</sup> March, 2010



## Miscellaneous

The Company's net worth (Equity Capital + Reserves) has grown from ₹ 9386 million in 2009-10 to ₹ 20396 million at the end of 2013 -14, giving a Compounded Annual Growth Rate (CAGR) of 21.4%.

The market capitalisation of the Company on 31<sup>st</sup> March, 2014 was ₹ 156561 million and has grown at a CAGR of 31.02% 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 Adequacy of Internal Controls
- Human Resources

## Cautionary Statement

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

# Economic Value Added (EVA)

## Computation of EVA

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

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

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

**Cost of equity** = Risk-free return equivalent to yield on long term Government of India (GOI) securities (taken @ 8%) + market risk premium (assumed @ 7.5%) x beta variant for the Company (taken at 0.8), where the beta is a relative measure of risk associated with the Company's shares as against the stock market as a whole.

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

## Economic Value Added Analysis

Item	2009-10	2010-11	2011-12	2012-13	2013-14
1. Risk Free Return on Long Term GOI Securities	7.0%	7.0%	8.0%	7.5%	8.0%
2. Cost of Equity	13.8%	13.8%	14.0%	13.5%	12.4%
3. Cost of Debt (Post Tax)	5.9%	5.9%	5.9%	8.0%	0.0%
4. Effective Weighted Average Cost of Capital	11.2%	11.8%	12.5%	13.0%	12.2%
<b>Economic Value Added (₹ in million)</b>					
5. Average Debt	4897	3541	2754	1622	340
6. Average Equity (Shareholder Funds)	8360	10390	12584	15521	18860
7. Average Capital Employed (Debt + Equity)	13257	13931	15338	17143	19200
8. Profit After Tax (as per P&L account)	2935	3289 #	3471 #	4548 #	4751 #
9. Interest (as per P&L account, net of Income Tax)	189	177	143	54	64
10. Net Operating Profit After Tax (NOPAT)	3124	3466	3614	4602	4815
11. Weighted Average Cost of Capital (4 x 7)	1489	1642	1919	2226	2339
12. Economic Value Added (10 - 11)	1635	1824	1695	2376	2476
13. EVA as a % of Average Capital Employed (12÷7)	12.3%	13.1%	11.1%	13.9%	12.9%

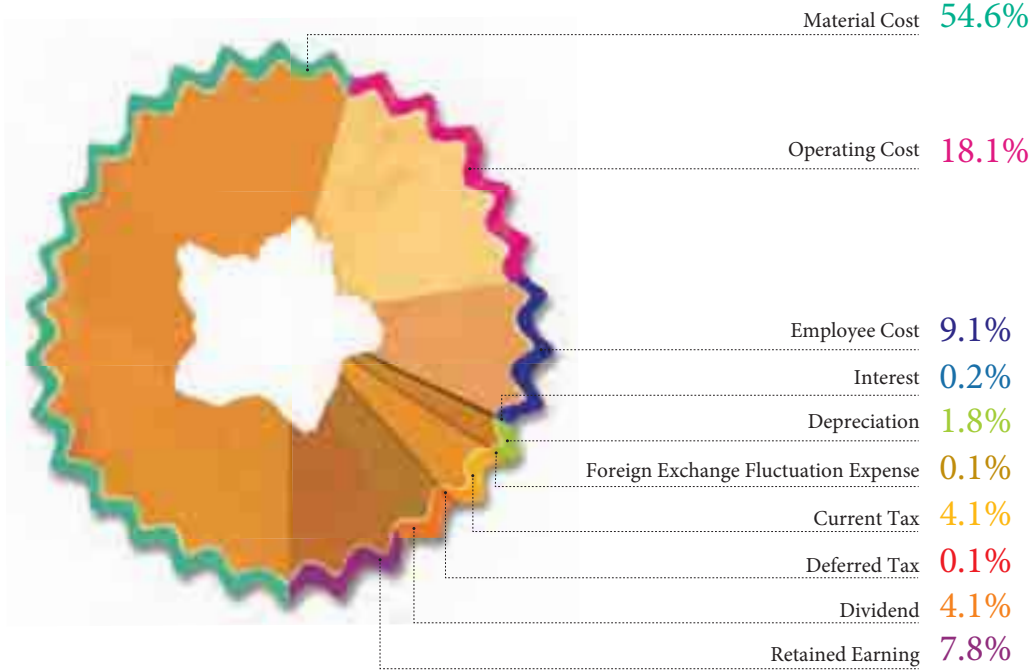
# Profit after tax excludes exceptional items.

## Notes

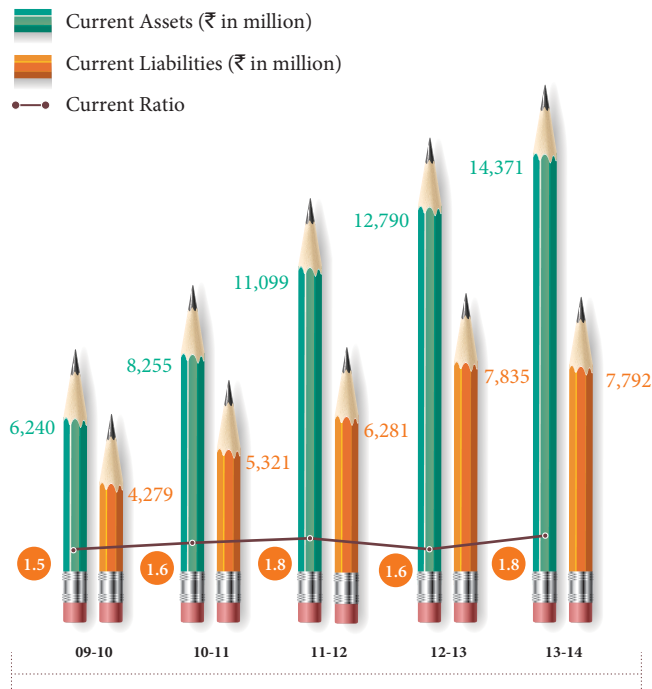
- 1 Profit After Tax includes Prior Years' Tax Provision written back.
- 2 Effects have been given in 10 Years' Financial Performance for above note.
- 3 Figures in Financial Charts, 10 Years' Financial Performance and EVA are as per the Annual Report of respective years, except where stated otherwise.

# Financial Charts

## Distribution of Revenue (2013-14)



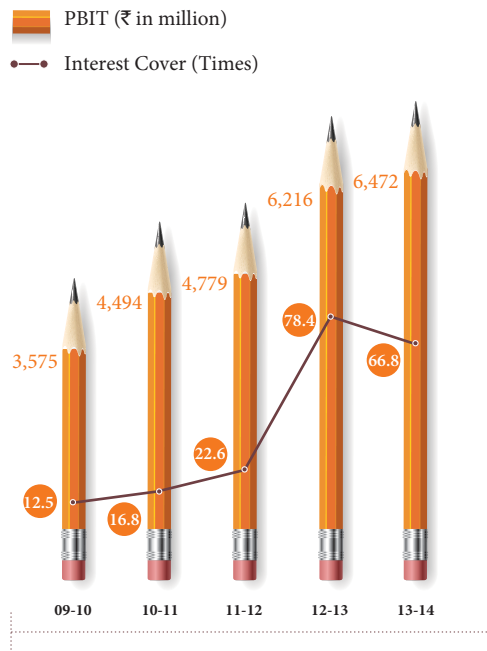
## Current Ratio



Note : Figures for F/Y 13-14 & F/Y 12-13 are as per Revised Schedule VI and earlier years are as per Old Schedule VI



## PBIT & Interest Cover



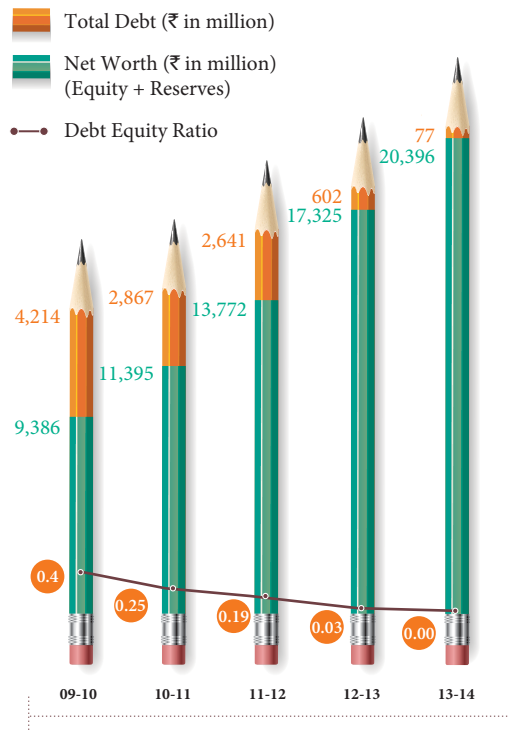
PBIT excludes exceptional items.

## PBT & PBT as % on Net Sales

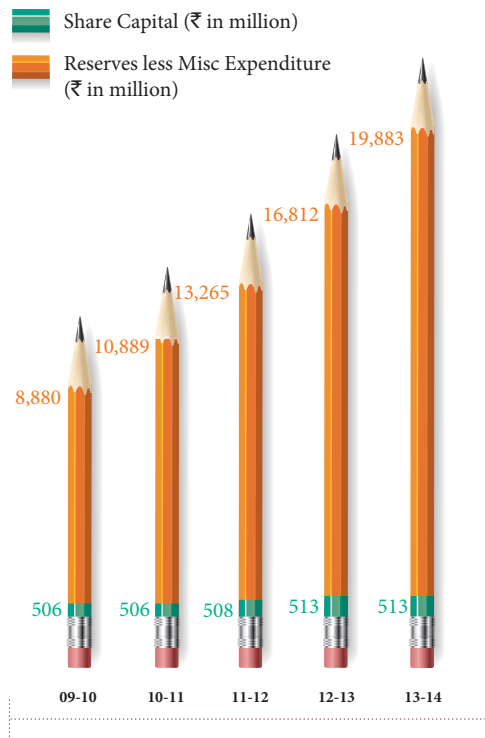


PBT excludes exceptional items.

## Debt Equity Ratio



## Value Addition to Business through Reserves



# 10 Years Financial Performance

(₹ in million)

Highlights	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	CAGR %
<b>Operating Results</b>											
Sales and Other Income	8998	10617	13081	17248	19313	20512	25302	30174	36145	41688	18.57%
Manufacturing & Other Expenses	7649	9005	11186	14489	16730	16380	20357	24831	29393	34479	18.21%
Operating Profit	1349	1612	1895	2759	2583	4132	4945	5343	6752	7209	20.47%
Interest (Net)	17	15	63	161	318	286	268	212	79	97	21.58%
Depreciation	270	274	302	385	472	464	444	479	532	686	10.93%
Profit from Ordinary Activities	1062	1323	1530	2213	1793	3382	4233	4652	6141	6426	22.14%
Exceptional Item	-	-	-	-	-	-	250	126	(59)	65	-
Foreign Exchange Difference - Expense/(Income) !!	-	10	(10)	(29)	161	93	8	85	5	51	-
Profit before Tax	1062	1313	1540	2242	1632	3289	3974	4441	6196	6310	21.90%
Current Tax	345	409	309	223	150	423	941	1052	1559	1599	18.58%
Deferred Tax	(13)	17	34	140	18	(25)	(6)	45	29	25	
Profit after Tax for the year	730	887	1197	1879	1464	2891	3039	3345	4608	4686	22.95%
Add: Prior Year's Tax Provision written back	36	20	2	4	-	44	-	-	-	-	-
Profit after Tax	766	907	1199	1883	1464	2935	3039	3345	4608	4686	22.29%
Dividend on Equity Shares	288 *	360 *	443 *	518 *	518 *	885 *	1029 *	1122 *	1559 *	1619 *	21.13%
Dividend on Preference Shares	-	-	-	- ~	1 !!	-	-	-	-	-	-
<b>Retained Earning</b>	<b>478</b>	<b>547</b>	<b>756</b>	<b>1365</b>	<b>945</b>	<b>2050</b>	<b>2010</b>	<b>2223</b>	<b>3049</b>	<b>3067</b>	<b>22.95%</b>
<b>Financial Position</b>											
Capital-Equity	252	252	252	253	253	506	506	508	513	513	8.20%
Capital-Preference	-	-	-	29	-	-	-	-	-	-	-
	252	252	252	282	253	506	506	508	513	513	8.20%
Reserve (Less Revaluation Reserve & Misc. Expenditure)	3315	3866	4625	6143	7083	8880	10889	13265	16812	19883	22.02%
Net Worth	3567	4118	4877	6425	7336	9386	11395	13772	17325	20396	21.38%
Borrowings	610	553	1383	5026	5580	4214	2867	2641	602	77	(20.56%)
Deferred Tax Liability (Net)	288	305	339	423	441	415	410	454	484	508	-
<b>Funds Employed</b>	<b>4465</b>	<b>4976</b>	<b>6599</b>	<b>11874</b>	<b>13357</b>	<b>14015</b>	<b>14672</b>	<b>16868</b>	<b>18411</b>	<b>20981</b>	<b>18.76%</b>
<b>Fixed Assets</b>											
Gross Block	4203	4811	5554	8444	10166	10838	12051	13437	14694	16366	16.30%
Depreciation	1635	1905	2182	2973	3433	3889	4310	4764	5270	5942	15.41%
Net Block	2568	2906	3372	5471	6733	6949	7741	8673	9424	10424	16.85%
<b>Investments in</b>											
- Overseas Subsidiaries	30 #	225 #	753 #	1594 #	2197 #	2446 #	2328 #	2391 #	2603 #	3152 #	-
- Others	154	134	139	30	210	2659	1669	937	2867	2586	36.81%
Net Current Assets	1713	1711	2335	4779	4217	1961	2934	4867	3517	4819	12.18%
<b>Total Assets</b>	<b>4465</b>	<b>4976</b>	<b>6599</b>	<b>11874</b>	<b>13357</b>	<b>14015</b>	<b>14672</b>	<b>16868</b>	<b>18411</b>	<b>20981</b>	<b>18.76%</b>

Figures for 2011-12, 2012-13 and 2013-14 are regrouped as per old Schedule VI for comparable purposes.

\* Includes Tax on Dividend

# After deducting provision for diminution.

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

~ Less than 1 million

(₹ in million)

Highlights	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Funds Flow</b>										
<b>Sources</b>										
Internal Generation	1023	1201	1536	2335	1949	3373	3727	3995 <	5109 <	5462
Increase in Capital & Reserve on Amalgamation and Conversion of FCCB	-	-	-	197	-	-	-	154	504	-
Increase in Loans	47	-	830	3643 ^	554	-	-	-	-	77
Decrease in Investment										
- Other than Subsidiaries	-	21	-	109	-	-	990	732	-	355
Decrease in Working Capital	-	1	-	-	563	2257	-	-	1410	-
Decrease in Miscellaneous Expenditure	2	2	2	3	-	-	-	-	-	-
<b>Total</b>	<b>1072</b>	<b>1225</b>	<b>2368</b>	<b>6287</b>	<b>3066</b>	<b>5630</b>	<b>4717</b>	<b>4881</b>	<b>7023</b>	<b>5819</b>
<b>Applications</b>										
Decrease in Preference Capital on redemption	-	-	-	-	29	-	-	-	-	-
Repayment of Loans	-	57	-	-	-	1366	1347	226	2039	602
Capital Expenditure (Net)	669 †	613 !	768	2484 >	1734	680	1236	1411	1284	1686
Investments in										
- Overseas Subsidiaries	30	195	528	841	603	251	132	189	265	549
- Domestic Subsidiaries	-	-	-	-	-	-	-	-	-	74
- Others	4	-	5	-	181	2448	-	-	1877	-
Dividend*	288	360	443	518	519	885	1029	1122	1559	1619
Increase in Working Capital	81	-	624	2444 @	-	-	973	1933	-	1363
<b>Total</b>	<b>1072</b>	<b>1225</b>	<b>2368</b>	<b>6287</b>	<b>3066</b>	<b>5630</b>	<b>4717</b>	<b>4881</b>	<b>7023</b>	<b>5819</b>
<b>Ratios</b>										
Return on Average Net Worth % (RONW) ##(PAT divided by Average Net Worth)	23.0	23.6	26.7	33.4 ≅	21.3 ≅	34.6	31.7	27.6	29.3	25.2
Return on Average Capital Employed % (ROCE) ##(PBIT divided by Average Funds Employed**)	27.6	30.0	29.3	27.1 ≅	16.0 ≅	27.0	32.3	31.2	36.2	33.7
Long Term Debt/Cash Flow	0.2	0.2	0.4	1.2	2.4	1.0	0.8	0.6	0.1	-
Gross Gearing % (Debt as a percentage of Debt plus Equity)	14.6	11.8	22.1	43.9	43.2	31.0	20.1	16.1	3.4	0.4
Current Ratio (Current Assets divided by Current Liabilities)	2.5	2.2	2.3	3.1	2.5	1.5	1.6	1.8	1.6	1.8
Assets Turnover (times) (Gross Sales divided by Total Assets)	2.0	2.1	2.0	1.4	1.4	1.4	1.7	1.8	1.9	2.0

† Includes Cost of Brand Acquired ₹ 133.7 million

&gt; Includes Cost of Brands, Patents and trademarks Acquired ₹ 517.1 million

^ Includes Proceeds of FCCB bonds ₹ 1594.4 million

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

! Includes Cost of Brands Acquired ₹ 17.8 million

@ Includes unutilised proceeds of FCCB bonds ₹ 1102.4 million

\*\* Excluding Deferred Tax Liability (net)

&lt; Includes security premium received on FCCB conversion

## PAT &amp; PBIT are excluding exceptional items

# Directors' Report

To

The Members

Your Directors take pleasure in presenting the Forty Fifth Annual Report together with Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2014.

## Financial Results

	₹ in million	
	2013-14	2012-13
Gross Turnover	41037	35287
Turnover, Net of Excise	38561	33118
Profit Before Tax	6310	6196
Current Year's Tax	1599	1559
Profit After Current Year's Tax	4711	4637
Deferred Tax	25	29
Profit After Tax	4686	4608
Profit Brought Forward	1792	1303
Profit available for appropriation	6478	5911
<b>Appropriations</b>		
Proposed Dividend on Equity Shares	1384	1333
Tax on Dividend	235	226
Transfer to Debenture Redemption Reserve	41	60
Transfer to General Reserve	2500	2500
Total	4160	4119
Balance Carried to Balance Sheet	2318	1792
	6478	5911

## Financial Performance

The Operating Profit for the year at ₹ 7209 million increased by 6.8% and Net Profit at ₹ 4686 million increased by 1.7%. Income tax for the current year at ₹ 1599 million is higher by 2.6% due to increase in the surcharge on income tax from 5% to 10%.

GDP growth and in particular industrial growth in India declined over last year and was the lowest in comparison to the growth in the last 5 years. This affected sales of Company's products.

Sales of Consumer & Bazaar products grew by 16.3%, below the historical trends.

Sales of Industrial products grew by 15.2%, on account of higher exports, faster than the 10.6% growth recorded in the previous year.

The Indian Rupee was at ₹ 60.05 to a US \$ as on 31<sup>st</sup> March, 2014 as compared to ₹ 54.28 to a US \$ as on

31<sup>st</sup> March, 2013. However the exchange rate was very volatile with the ₹ touching 68.75 to a dollar during the year. This impacted margins especially in the fourth quarter.

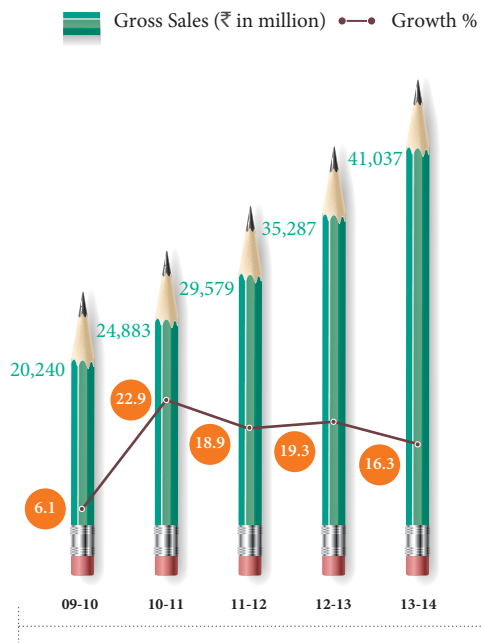
## Dividend

The Directors recommend a dividend of ₹ 2.70 per equity share of ₹ 1 each, out of the current year's profit, on 512.64 million equity shares of ₹ 1 each (previous year ₹ 2.60 per equity share) amounting to ₹ 1384 million (previous year ₹ 1333 million). 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 16.3% during the last 5 years.

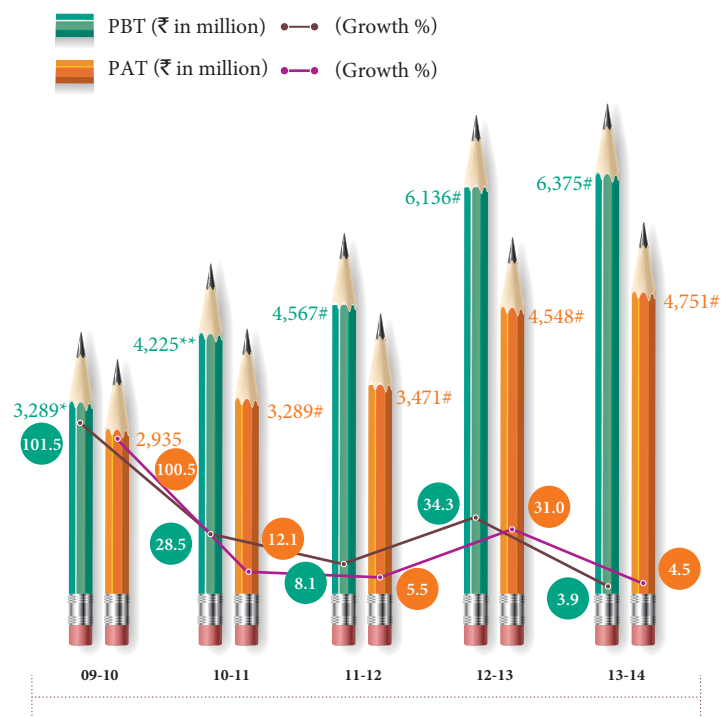
## Term Finance

The Company has no outstanding term loans.

## Gross Sales & Growth %



## PBT, PAT & Growth (YOY)



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

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

# Excludes exceptional items.

## Capital Expenditure

The total expenditure during the year was ₹ 1686 million, of which approximately ₹ 1608.7 million was spent on fixed assets for various manufacturing units, offices, laboratories, warehouses and on information technology. This also includes the amount spent for acquiring the business of Suparshva Adhesives Limited.

## Synthetic Elastomer Project

As mentioned in last year's report, the Company has decided to explore induction of a strategic partner in the project. While discussions were held with several interested parties, the Company is yet to finalize a partner for the project.

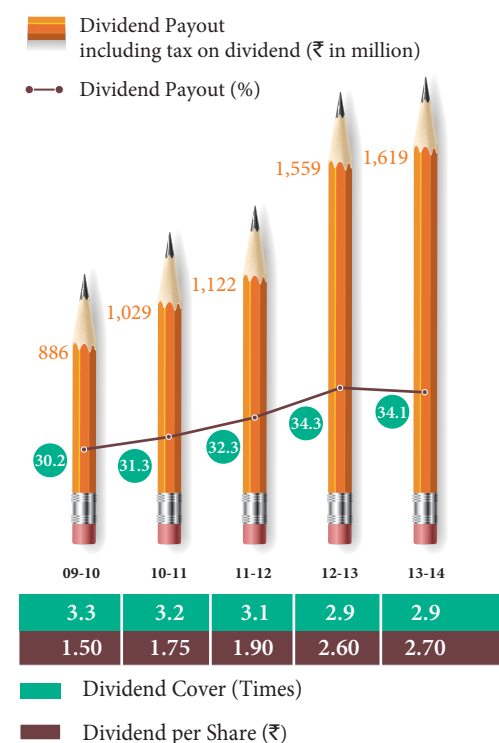
The total amount spent on the project during the year is ₹ 70.6 million and the total investment in the project stands at ₹ 3696.5 million.

## Manufacturing Plants

Environment Management System( EMS ) / Occupational Health & Safety Assessment System (OHSAS) certification process is being extended to the manufacturing units at Secundrabad and Mahad. This is in continuation of the implementation done last year at 17 manufacturing units and the Research & Development facility at Kondivita, Mumbai.

Pidilite Safety, Health & Environment Excellence Model has been deployed at all the manufacturing locations

## Equity Dividend Payout & % of Net Profit (excluding exceptional items)



of the Company. This model includes self audit by the units on defined parameters and is followed up by periodical peer audits. This has enabled benchmarking of performance amongst manufacturing units.

Installation of process waste heat recovery system and solar thermal system helped reduce fuel consumption. This together with utilization of power generated from wind farms reduced carbon footprint and manufacturing cost.

Implementation of water conservation initiatives across plants resulted in reduction of water consumption by 3500 kl/month

## Non - Convertible Debentures

During the year, the Company redeemed the outstanding 600 Non-Convertible Debentures aggregating to ₹ 600 million.

## Fixed Deposits

The Company has not accepted any fixed deposits during the year 2013-14.

## Subsidiaries

### Investment in Subsidiaries

During the year, investment of ₹ 623.8 million was made in subsidiaries, of which ₹ 549.8 million was in overseas subsidiaries.

### Domestic

As on 31<sup>st</sup> March, 2014, the Company has invested ₹ 24 million in Building Envelope Systems India Limited (BESI), a company engaged in manufacturing of construction chemicals in which the Company holds 60% of the share capital.

During the year, Percept Waterproofing Services Limited (PWSL), was incorporated, as a 100% subsidiary of the Company, for the purpose of carrying on business of services relating to waterproofing including consultancy and project based services. The Company has invested ₹ 48 million in PWSL (as on 31<sup>st</sup> March, 2014). The present shareholding of the Company in PWSL is 80%.

### Overseas Subsidiaries

Total revenue grew by 11.7% in constant currency terms. However, due to a favourable translation impact, the reported growth is 16.8%.

The subsidiary in US reported sales growth of 2.5%. EBITDA for the year improved by 195% mainly due to improvement in margins by 200 bps. It may be recalled that last year an exceptional provision of ₹ 25 million had been made on account of receivables from a customer who had filed for bankruptcy. Excluding this one time provision the growth in EBITDA is 58.7%.

The subsidiary in Brazil reported improvement in performance. Sales grew by 18.4% and margins improved

by 790 bps over last year. Despite healthy growth in sales and improvement in margin, the decline in losses at EBITDA level was only 7.3% due to cost related to restructuring of manufacturing operations and higher legal and tax provisions.

The subsidiary in Bangladesh reported sales growth of 36.4% inspite of political unrest and market disturbance for 5 months (September, 2013-January, 2014). Business reported a 68.6% growth in EBITDA. During the year, the subsidiary declared an interim dividend of ₹ 35 million.

The subsidiary in Egypt reported sales growth of 19.6% despite political disturbances in the country. The business improved margins and controlled costs resulting in a positive EBITDA as compared to marginal loss last year.

Sales of the subsidiaries in Thailand grew by 14.2%. EBITDA grew by 38.2%.

The subsidiary in Dubai reported sales de-growth of 7.1%. Losses increased over last year due to lower sales and higher staff cost.

Sales of the subsidiary in Singapore more than doubled due to higher sales from traded products. Losses however, were marginally higher than last year due to provision for slow moving inventory.

Full year losses (PBT) incurred by overseas subsidiaries were ₹ 180.1 million as compared to losses of ₹ 441.7 million last year.

## Consolidated Accounts

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

In terms of the General Circular No. 2/2011 dated 8<sup>th</sup> February, 2011, issued by the Government of India, Ministry of Corporate Affairs, the Annual Reports of the subsidiary companies are not annexed to this Report. Members desiring to have a copy of audited Annual Accounts and the related detailed information of the above subsidiaries may write to the Company Secretary at the Registered Office of the Company and they will be provided with the same upon request. Annual Accounts of these subsidiary companies will also be kept for inspection of the members at the Registered Office of the Company as well as at the Registered Office of the subsidiary companies.

## Directors

Shri S K Parekh had been associated with the Group for the last 5 decades and was the Vice Chairman and member of the Board of Directors of the Company. He resigned with effect from 3<sup>rd</sup> April, 2014 on health grounds.

The Directors place on record their sincere appreciation of the valuable services rendered by him to the Company during his long tenure as a Promoter / Director of the Company.

Shri D Bhattacharya, Director of the Company resigned with effect from 20<sup>th</sup> May, 2014 on account of his inability to devote quality time to the Board owing to increased work load in his current engagements. The Directors place on record their sincere appreciation of the valuable services rendered by him during his tenure as a Director of the Company.

The tenure of Shri R Sreeram, Director (Factories Operations) will expire on 7<sup>th</sup> November, 2014. The Directors at their meeting held on 28<sup>th</sup> May, 2014 have re-appointed him for a further period of 3 years.

Shri Uday Khanna and Smt. Meera Shankar have been appointed as Additional Directors by the Board of Directors with effect from 3<sup>rd</sup> April, 2014 and 30<sup>th</sup> July, 2014, respectively. In terms of Section 161 of the Companies Act, 2013, they hold office only upto the date of the ensuing Annual General Meeting. Notice in writing with requisite deposit has been received from members proposing their candidature for the office of Independent Director.

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

Shri B S Mehta, Shri Ranjan Kapur and Shri Bharat Puri are Non-Executive Independent Directors of the Company, who are liable to retire by rotation. In terms of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, they are proposed to be appointed as Independent Directors for a term of 5 years from the date of this Annual General Meeting upto the conclusion of the Fiftieth Annual General Meeting of the Company to be held in respect of financial year ending 31<sup>st</sup> March, 2019.

The Company has received requisite notices in writing from members, proposing Shri B S Mehta, Shri Ranjan Kapur and Shri Bharat Puri for appointment as Independent Directors.

These Independent Directors shall not be liable to retire by rotation. All the Independent Directors have given the declaration of independence as per Section 149 (6) of the Companies Act, 2013.

The members' approval is being sought at the ensuing Annual General Meeting for the above appointments.

## Directors' Responsibility Statement

Your Directors confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed;

- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2014 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 Agreement 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

In accordance with the provisions of Companies Act, 2013 it is proposed to appoint M/s Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of the Company, for a period of 4 years i.e. upto the conclusion of Annual General Meeting to be held for the adoption of accounts for the year ending 31<sup>st</sup> March, 2018.

M/s Deloitte Haskins & Sells, Chartered Accountants, have consented to be the Auditors of the Company, if appointed by the members at the Annual General Meeting and have also confirmed that their appointment is as per the provisions of Section 141 of the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rule, 2014.

### Corporate Social Responsibility Committee

During the year, Directors have constituted the Corporate Social Responsibility Committee (CSR Committee) comprising Shri N K Parekh, Shri Sanjeev Aga and Shri A B Parekh as members.

The said committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the CSR policy and recommending the amount to be spent on CSR activities. The Board has approved the CSR Policy in its meeting held on 28<sup>th</sup> May, 2014.

### Cost Auditor

As per the Companies (Cost Records and Audit) Rules, 2014, the Company is not required to conduct cost audit for the financial year 2014-15.

The Cost Audit Report for the year ended March 2014 will be submitted in due course.

The Company has filed the Cost Audit Report for the year ended March 2013 with the Central Government.

### 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.

### Employees Stock Option Scheme

Nomination and Remuneration Committee of the Board of Directors of the Company inter alia administers and monitors the Employees Stock Option Scheme of the Company, in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines).

The applicable disclosures as stipulated under the SEBI Guidelines as on 31<sup>st</sup> March, 2014 with regard to Employee Stock Option Scheme are provided in Annexure II to this report.

The Company has received a certificate from the auditors of the Company as required under the SEBI guidelines and it would be placed at the Annual General Meeting of the Company for inspection by the members.

### Particulars of Employees

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

### Industry Structure and Development

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

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

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.



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

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

The “Other” segment largely consists of the VAM manufacturing unit.

## VAM

As mentioned earlier, due to the global demand supply situation it was viable to import VAM rather than manufacture in-house. Going forward, import of VAM is likely to remain more viable. Manufacture of speciality acetates in this plant is continuing and is likely to be scaled up based on the response from customers.

## Current Year Outlook

The demand for the Company’s products is linked to the market demand both in India and worldwide. The current year’s outlook is uncertain. However, economic scenario is likely to improve towards the year end.

Prices of VAM, a key input for the Company’s products have sharply increased in the last few months owing to demand supply imbalance in the global market. The Company is taking suitable steps for price increases to offset the cost increase but due to a time lag between increase in costs and pricing action, margins could be impacted in the short term.

The Company’s major subsidiaries are in USA, Brazil, Thailand, Egypt and Bangladesh.

The overseas subsidiaries in aggregate, are expected to show improved performance. However, the economic environment in Brazil and Egypt is uncertain and may have an adverse impact on the performance of subsidiaries in these countries.

## Outlook on Opportunities, Threats, Risks and Concerns

The Indian economy provides a large opportunity to the Company to market its differentiated products. Higher growth in select global economies could provide a boost to exports.

Slower growth of the Indian economy could impact the performance of the Company.

Overseas subsidiaries by virtue of their relatively smaller size remain vulnerable to the political and economic uncertainties of their respective countries.

## 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 the internal controls laid down by the management and suggest improvements.

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

## Human Resources

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

The ‘Young Talent Management (YTM)’ program instituted a few years back has been made more robust. A structured ‘Talent Management process’ has been initiated across the Company to provide a talent pipeline to fulfill the future managerial needs.

The Company also enhanced the Capability Building process at all levels through various learning initiatives.

The total number of employees as on 31<sup>st</sup> March, 2014 was 4,651.

## Appreciation

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

FOR AND ON BEHALF OF THE BOARD

Mumbai

Date : 30<sup>th</sup> July, 2014

**M B Parekh**

Chairman & Managing Director

# Social & Community Initiatives

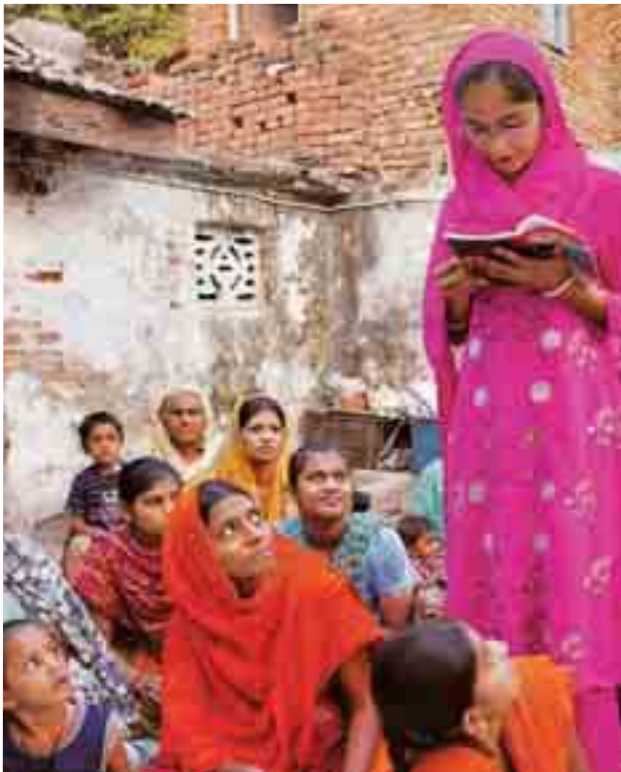


Check Dam

The Company continued to provide aid to Gram Nirman Samaj, Hanumant Hospital (managed by Shree Hanumant Seva Medicare Trust), Mahuva Education Trust, Triveni Kalyan Education Trust, The Balvant Parekh Centre for General Semantics and other Human Sciences, Parkinson's Disease and Movement Disorder Society, Triveni Kalyan Foundation, Lokbharti Gram Vidyapeeth Trust and Shri Balvant Parekh Science City (Science City).

## Rural Development

The projects implemented by Gram Nirman Samaj are mainly aimed at water resource management, basic education, infrastructure development and empowering women.



Empowering Women



Project of Gram Nirman Samaj

Gram Nirman Samaj completed 85 water conservation projects in Gujarat. Construction of a bio-gas plant with a capacity of 35 cubic metres, was completed during the year. This was set up with the help of Gujarat Energy Development Agency (GEDA).

Gram Nirman Samaj provided assistance to 35 persons living below the poverty line, in construction of houses. In addition, activities relating to self help groups, adult literacy and vocational training continued during the year.

Triveni Kalyan Foundation has set up 'Matushree Agri Resource Centre' at Kalsar, to provide assistance to farmers in adopting improved farming techniques.

Excess drawal of groundwater by the farmers has led to high salinity levels on farm lands resulting in diminishing farm productivity. Triveni Kalyan Foundation is creating awareness among farmers for efficient management of water, in irrigation, to increase crop yield. The Foundation has also been demonstrating low-cost recharge structure techniques to the farmers whereby at minimal cost, soil erosion and rapid run-off of water can be prevented. 102 hectares of land in 16 villages in Gujarat and 67 farmers have been covered under the drip irrigation project. 65 well recharge projects in 12 villages and covering 65 farmers were also completed during the year.

## Education

Science City published 5,500 copies of a set of 5 books which were distributed to municipal schools in Gujarat. These books titled 'Vigyan Samput' are mainly aimed at creating awareness on science.

Various initiatives like Vigyan Sagar, Mobile Van (for explaining concepts relating to science) and Indian Science Olympiad, conducted by Shri Balvant Parekh Science City have become popular and continue to engage the attention of students.

During the year, Indian Cyber Olympiad, a new initiative, aimed at improving Computer knowledge for students, was launched.



Mobile Van - a Lokbharti initiative

## Healthcare

During the year Hanumant Hospital added a well equipped ophthalmic mobile van and an air conditioned ambulance to provide better services to patients.

Equipments were upgraded in the Radiology department, Orthopedic department, Neonatal Intensive Care Unit and Surgery department.

Construction of a new building for Hanumant School of Nursing was completed. A dormitory for relatives of patients has also been provided.

The hospital conducted free eye check-up camps in 26 schools of Mahuva and surrounding areas and screened 18,900 students. Camps for free eye check-up were also held in 30 villages and 260 free cataract surgeries with intra-ocular lens were performed.

A multispecialty medical camp was held in October, 2013 at Talaja, Gujarat where 537 persons were examined and free medicines, ECG and RBS tests were provided.

Rubella Vaccination Centre, managed by the hospital organised 10 vaccination camps and awareness campaigns at different places. More than 350 girls were vaccinated.



Ambulance Facility - Hanumant Hospital

The Company continues to support The Lata Mangeshkar Medical Foundation, Pune to provide better health care facilities particularly in Obstetrics & Neonatal Intensive Care Units. A training program for the Pediatric Department of the Hanumant Hospital was conducted by Dr. Rajan Joshi of Deenanath Mangeshkar Hospital in October, 2013.

Parkinson's Disease and Movement Disorder Society (PDMDS) is an all India 'Registered Charity Society' whose main objective is to improve care and treatment of people living with Parkinson's and its spectrum disorders. The Company supports activities of PDMDS. Further, PNR society of Bhavnagar in association with PDMDS, Mumbai conducted support group sessions adopting a multidisciplinary approach for the management of Parkinson's disease. There were 22 such sessions conducted during the year.

## General Semantics

A certificate course on Peace, Forgiveness and Non-Violence: Perspective from Gandhi, Martin Luther King and Alfred Korzybski was conducted by Balvant Parekh Centre for General Semantics and other Human Sciences in collaboration with the Veer Narmada South Gujarat University, Surat.

The Balvant Parekh Memorial Lecture and Symposium was arranged in October, 2013. Dr. Sheldon Pollock and Mr. Arvind Raghunathan, Professors of South Asian & African Studies at Colombia University delivered the lecture on the title "What is Indian Knowledge Good For".

Professor Gad Horowitz, a political scientist, Professor Emeritus at University of Toronto and Professor Shanon Bell of the Department of Political Science, York University Canada were the keynote speakers at the National workshop on "The Spirit of Democratic Citizenship".



Inauguration of new building of Hanumant School of Nursing



### Other Initiatives

The Company and Cancer Patients Aid Association came together to host the 8<sup>th</sup> 'Caring with Style' fashion show & music event on 2<sup>nd</sup> June, 2013. The fashion show was presented by famous designers with celebrities walking the ramp accompanied by live music performances by renowned musicians.



Fashion Show



# {artisan} connect}

A PIDILITE INITIATIVE

Artisan Connect is a pro-bono initiative by the Company aimed to further the cause of folk & tribal art and craft by bringing the work of these grass root level artists to the mainstream and raising the respect and visibility of their products.

Artisan Connect was launched with an art exhibition showcasing different forms of art in India like Chitrakathi, Gond, Patachitra, Kalighat to name a few and a panel discussion was held with the art and craft fraternity at Coomarswamy Hall in Mumbai.



Artisan Connect Panel

# 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. Reduction in consumption of fuel (Fuel Oil and Pipeline Natural Gas) by adopting following changes in the thermal system -
  - i. Installation of Waste Heat Recovery System (WHRS) to utilise heat liberated from exothermic process to heat process water.
  - ii. Migration to green and clean fuel Bio-mass and Pipeline Natural Gas (PNG) to reduce carbon foot print for operation of boiler and thermic fluid heaters.
  - iii. Implementation of triple coated evacuated tube technology (Solar Thermal System) to preheat process water and reduce fuel consumption.
2. Increasing utilisation of power generated through Windmill.
3. Change in process of dissolution, cooling cycle and replacing energy efficient equipment for mixing to reduce batch cycle time.
4. Reduction in Iron and core losses in idle distribution transformer by charging from secondary side instead of from primary winding side.
5. Installation of Biometric sensor to reduce power wastage from lighting system.

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

1. Installation of Solar PV roof top project to reduce purchase of costly power from SEB.
2. Rationalisation of HVAC system to optimise power consumption.
3. Exploring feasibility of Solar PV MW scale and new wind farm projects.

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

26.19 Lac kwh Electricity, 95.49 MT of Fuel Oil and 3.44 Lacs SCM PNG are expected to be saved annually by the above measures. This saving shall contribute to reduction of Electricity consumption by 13.4 % and Fuel consumption (Furnace Oil by 7.6% and Pipeline Natural Gas by 7.5 % as compared to financial year 2012-13).

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

(As per Form A)

## FORM A

### Disclosure of particulars with respect to Conservation of Energy

#### A. Power and Fuel consumption / Generation

		Year ended 31 <sup>st</sup> March 2014	Year ended 31 <sup>st</sup> March 2013
1. Electricity			
a. Purchased			
Units	'000 kwh	2,28,51	2,21,43
Total amount	₹ in million	160.55	146.82
Rate / Unit (Average)	₹	7.03	6.63
b. Own Generation			
(i) Through Diesel Generator			
Units	'000 kwh	6,40	5,80
Units per litre of diesel oil	kwh	2.92	2.86
Cost / Unit	₹ / kwh	17.61	16.66
(ii) Windmill Generation			
Units	'000 kwh	89,11	91,76

		Year ended 31 <sup>st</sup> March 2014	Year ended 31 <sup>st</sup> March 2013
2. Coal			
Quantity	MT	2,564	2,414
Total Amount	₹ in million	15.46	14.33
Average Rate	₹ '000 /MT	6.03	5.94
3. Natural Gas			
Quantity	'000 SCM	40,76	45,69
Total Amount	₹ in million	155.61	141.31
Average Rate	₹ /SCM	38.18	30.93
4. Fuel Oil			
Quantity	MT	11,46	12,47
Total Amount	₹ in million	60.63	58.37
Average Rate	₹ '000 /MT	52.89	46.82
5. Briquette			
Quantity	MT	47,57	9,13
Total Amount	₹ in million	25.99	4.78
Average Rate	₹ '000 /MT	5.46	5.24

#### Notes:

- Electricity consumption was higher as compared to previous financial year due to start of new manufacturing set up and trial based productions.
- Coal consumption has increased by 6.23% due to start of new manufacturing unit and trial productions.
- Pipeline Natural Gas consumption reduced by 10.8% due to migration of furnaces to Biomass based solid fuel.
- Conversion of boiler and thermal fluid heaters of few units to PNG and implementation of “Waste Heat Recovery System” in one of the units resulted in reduction of Furnace Oil consumption by 7.6%.
- The briquette consumption is higher as compared to the last year, due to conversion of boiler of one unit to briquette from PNG.

#### B. Consumption per unit of production

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

#### B] TECHNOLOGY ABSORPTION

##### e) Efforts made in technology absorption

(As per Form B)

#### FORM B

#### Disclosure of particulars with respect to Technology Absorption RESEARCH & DEVELOPMENT (R&D)

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

R&D activities are continued for development of new products, improvement of existing products in the category of Adhesives, Art Materials, Construction Chemicals for water proofing, flooring and surface coating solutions, Synthetic Resins, Sealants, Pigments and Pigment Dispersions, Intermediates, Surfactants, Coatings, Fabric Care Products, Maintenance Chemicals, Emulsions Polymers 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, optimisation, process improvements and cycle time reduction.

##### 3. Future Plan of Action

Future R&D efforts will continue along present lines.

#### 4. Expenditure on R&D

	(₹ in million)	
	Year ended 31 <sup>st</sup> March 2014	Year ended 31 <sup>st</sup> March 2013
i) Capital	28.82	9.44
ii) Recurring	199.95	164.17
Total	228.77	173.61
iii) Total R&D Expenditure as a Percentage of total turnover	0.56	0.49

#### 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.  
Isopropyl acetate process is further improved by establishing recycle of lightends at plant scale, resulting in improved specific consumptions.
- ii) Benefits derived as a result of the above effort:  
Improvements in products and processes.
- iii) Information regarding technology imported during the last 5 years:  
No technology imported during the 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 2013-14 have shown an increase of ₹ 767 million over 2012-2013.

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

	(₹ in million)	
	Year ended 31 <sup>st</sup> March 2014	Year ended 31 <sup>st</sup> March 2013
Foreign exchange earned	3,974	3,207
Foreign exchanged used	5,848	5,117

#### Disclosure of particulars in the report of Board of Directors under Health, Safety & Environment for the year 2013-2014

1. Process started for implementation and certification on Environment Management System (EMS) & Occupational Health Safety Management System (OHSAS) at new unit located at Secunderabad.
2. Major Key Performance Indicators (KPIs) for Environment Health and Safety (EHS) are -
  - 30% increase in man days in Safety Training.
  - 20% increase in conduct of mock drills.
  - Extending fire safety audit process to residential colonies/office buildings.
  - The process of monitoring incidents/accidents extended to sales force/offices/warehouses.
  - EHS audits of international manufacturing units at Brazil, Bangladesh & Egypt conducted.
3. In order to comply to the global EHS regulation product Isopropyl acetate registered for export under Registration Evaluation Authorisation of Chemicals (REACH).
4. To eliminate electrostatic hazard HDPE bags of raw materials replaced by jute bags.
5. In order to minimise the environmental emissions, wet scrubber provided at boiler in Kalamb unit as a secondary air pollution control device.
6. Implementation of water conservation initiatives at manufacturing units resulted in saving of water to the tune of 3500kl/month.



# Annexure II to the Directors' Report

Statement as at 31<sup>st</sup> March, 2014, pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, in respect of Options granted under the Company's Employee Stock Option Scheme:

Sr. No.	Particulars	Employee Stock Option Scheme – 2012	
(A)	Number of Options granted:	49,000	
(B)	Pricing Formula:	As approved by the Shareholders in the Annual General Meeting held on 24 <sup>th</sup> July, 2012, the exercise price shall be ₹ 1/- per option.	
(C)	Total number of Options vested:	Nil	
(D)	Total number of Options exercised:	Nil	
(E)	Total number of Shares arising as a result of exercise of Options:	Nil	
(F)	Total number of Options lapsed:	Nil	
(G)	Variation of terms of Options:	Nil	
(H)	Money realised by exercise of Options:	Nil	
(I)	Total number of Options in force:	49,000	
(J)	Details of Options granted to:	As provided below -	
	(i) Senior managerial personnel*		
	<b>Sr. No.</b>	<b>Name of the Employee</b>	<b>No. of Options granted during financial year 2013-14</b>
	1.	P C Patel	2000
	2.	B O Mehta	2000
	3.	Amol D Ubhayakar	2000
	4.	R N Mohanty	2000
	5.	Manish Modi	3000
	6.	R Sreeram	3000
	7.	Anil Jayaraj	3000
	8.	Kavinder Singh	4000
	9.	Sanjay Bahadur	4000
	10.	Prabhakar Jain	4000
	11.	Sandeep Batra	4000
	*The above senior managerial personnel comprise of members of management one level below the Board of Directors.		
(ii)	Any other employee who received grant in any one year of Options amounting to 5% or more of the Options granted during that year:	None	

Sr. No.	Particulars	Employee Stock Option Scheme – 2012	
	(iii) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant:	None	
(K)	Diluted Earnings Per Share pursuant to issue of Ordinary Shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share':	₹ 9.14	
(L)	(i) Method of calculation of employee compensation cost:	The employee compensation cost has been calculated with the intrinsic value method of accounting for options issued under the Employee Stock Option Scheme.	
	(ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options:	₹ 0.16 million	
	(iii) The impact of this difference on profits and on Earnings Per Share of the Company:	The effect on the profits and earnings per share, had the fair value method been adopted is presented below:	
		(₹ in million)	
		Profit (as reported):	4,686.08
		Add: Stock based employee compensation (Intrinsic value)	4.06
		Less: Stock based compensation expenses determined under fair value method to the grants issued	3.90
		Net profit / loss (proforma)	4,686.24
		<b>Earnings Per Share</b>	<b>Basic</b>
			<b>Diluted</b>
		As reported	9.14
		As adjusted	9.14
(M)	Weighted - average exercise prices and Weighted - average fair values of options granted whose exercise price either equals or exceeds or is less than the market price of the stock:	Weighted - average exercise price per option	₹ 1/-
		Weighted - average fair value per option	₹ 251.76
(N)	A description of the method and significant assumptions used during the year to estimate the fair values of Options:	The fair value of the option has been determined using the Black Scholes Model. The assumption used in this model for calculating fair value are as below:	
		a. Risk - Free interest rate	8.76%
		b. Expected Life	3.5 years
		c. Expected annual Volatility of shares	26.15%
		d. Expected Dividends yield	1.14%

# Independent Auditors' Report

To the Members of Pidilite Industries Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of **PIDILITE INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 117364W)

**B. P. SHROFF**  
Partner  
(Membership No. 034382)

Place: Mumbai  
Date: 28<sup>th</sup> May, 2014

# Annexure to Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date).

Having regard to the nature of the Company's business / activities / results during the year, clauses (vi), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company

- (i) In respect of its fixed assets:
  - (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the

purchase of inventory and fixed assets and for the sale of goods and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system.

- (v) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the register maintained under the said Section have been so entered.
  - (b) Where each of such transaction (excluding loans reported under paragraph (iii) above) is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are, prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (vii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (viii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing 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 with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of 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 in arrears as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, and Excise Duty which have not been deposited as on 31<sup>st</sup> March, 2014 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in million)
Sales Tax Act	Sales Tax in Various States	Deputy Joint Commissioner of Sales Tax	1994-95, 1998-99 & 2001-02 to 2002-03 & 2004-05 to 2012-13	146.14
	Sales Tax in Various States	Sales Tax Tribunal	1994-95, 1995-96, 1999-2000, 2000-01, 2002-03, 2004 to 2007	35.27
	Sales Tax in Various States	High Court	2003-04 & 2005-06 to 2009-10	5.90
Central Excise Act	Excise Duty in Various States	Commissioner of Central Excise (Appeals)	2007-08	2.09
	Excise Duty in Various States	The Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	1982-83 & 1997-98 to 2009-10	1.03
Income-tax Act	Income-tax	Commissioner (Appeals)	AY 2010 -2011	2.79

There are no dues of Wealth Tax, Service Tax, Customs Duty and Cess which have not been deposited as on March 31, 2014 on account of disputes.

- (ix) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and debenture holders.
- (xi) 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 and financial institutions are not, *prima facie*, prejudicial to the interests of the Company.
- (xii) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xiii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.

- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 117364W)

**B. P. SHROFF**  
Partner  
(Membership No. 034382)

Place: Mumbai  
Date: 28<sup>th</sup> May, 2014

# Balance Sheet

As at 31<sup>st</sup> March, 2014

(₹ in million)

Particulars	Note No.	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	512.64	512.64
Reserves and Surplus	4	19,882.51	16,811.73
		20,395.15	17,324.37
<b>Non-Current liabilities</b>			
Deferred Tax Liabilities (net)	5	508.27	483.62
Long-Term Provisions	6	196.65	142.87
		704.92	626.49
<b>Current liabilities</b>			
Short-Term Borrowings	7	76.84	-
Trade Payables	8	3,011.38	2,071.37
Other Current Liabilities	9	2,859.59	3,727.73
Short-Term Provisions	10	1,844.23	2,035.72
		7,792.04	7,834.82
<b>TOTAL</b>		<b>28,892.11</b>	<b>25,785.68</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	5,351.31	5,120.01
Intangible Assets	12	761.67	217.13
Capital Work-In-Progress		4,310.89	4,087.09
		10,423.87	9,424.23
<b>Non-Current Investments</b>	13	3,396.62	2,773.22
<b>Long-Term Loans and Advances</b>	14	641.05	750.84
<b>Other Non-Current Assets</b>	15	59.29	47.54
		14,520.83	12,995.83
<b>Current Assets</b>			
Current Investments	16	2,341.34	2,696.18
Inventories	17	5,082.01	4,511.64
Trade Receivables	18	4,536.00	3,667.63
Cash and Bank Balances	19	1,451.81	1,368.24
Short-Term Loans and Advances	20	851.50	477.39
Other Current Assets	21	108.62	68.77
		14,371.28	12,789.85
<b>TOTAL</b>		<b>28,892.11</b>	<b>25,785.68</b>
Significant Accounting Policies	2		
See accompanying notes forming part of the financial statements	3 to 54		

In terms of our Report attached

For DELOITTE HASKINS & SELLS  
Chartered Accountants

**B. P. SHROFF**  
Partner

Place: Mumbai  
Date: 28<sup>th</sup> May, 2014

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**M B PAREKH**  
Chairman & Managing Director

**SAVITHRI PAREKH**  
Company Secretary

**N K PAREKH**  
Joint Managing Director

Place: Mumbai  
Date: 28<sup>th</sup> May, 2014

# Statement of Profit and Loss

For The Year Ended 31<sup>st</sup> March, 2014

(₹ in million)

Particulars	Note No.	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
<b>INCOME</b>			
Revenue from Operations (gross)	22	41,258.68	35,485.99
Less: Excise Duty		2,476.28	2,169.08
Revenue from Operations (net)		38,782.40	33,316.91
Other Income	23	429.42	658.97
<b>Total Income</b>		<b>39,211.82</b>	<b>33,975.88</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	24	20,022.84	16,966.67
Purchases of Stock-in-Trade (Traded goods)	25	1,800.49	1,561.21
Change in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26	(422.63)	(321.82)
Employee Benefits Expense	27	3,582.58	3,010.29
Finance Costs	28	96.90	80.17
Depreciation and Amortisation Expense	29	686.25	532.41
Other Expenses	30	7,070.42	6,010.70
<b>Total Expenses</b>		<b>32,836.85</b>	<b>27,839.63</b>
<b>Profit before Exceptional Items and Tax</b>		<b>6,374.97</b>	<b>6,136.25</b>
(Add)/Less: Exceptional Items (net)	31	64.96	(59.44)
<b>Profit before Tax</b>		<b>6,310.01</b>	<b>6,195.69</b>
<b>Tax Expense</b>			
Current Tax		1,599.29	1,558.75
Deferred Tax		24.64	29.34
<b>Net Tax expense</b>		<b>1,623.93</b>	<b>1,588.09</b>
<b>Profit for the year</b>		<b>4,686.08</b>	<b>4,607.60</b>
<b>Earnings Per Share:</b>			
	41		
Basic (₹)		9.14	9.04
Diluted (₹)		9.14	9.04
Face Value of Share (₹)		1.00	1.00
<b>Significant Accounting Policies</b>			
See accompanying notes forming part of the financial statements	2 3 to 54		

In terms of our Report attached

For DELOITTE HASKINS & SELLS  
Chartered Accountants

B. P. SHROFF  
Partner

Place: Mumbai  
Date: 28<sup>th</sup> May, 2014

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

M B PAREKH  
Chairman & Managing Director

SAVITHRI PAREKH  
Company Secretary

N K PAREKH  
Joint Managing Director

Place: Mumbai  
Date: 28<sup>th</sup> May, 2014

# Notes

## 1 Corporate information

Since its inception in 1959, Pidilite Industries Limited has been a pioneer in consumer and industrial specialty chemicals in India. The equity shares of the Company are listed on BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

## 2 Significant Accounting Policies

### 2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (“the 1956 Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act /the 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention on a going concern basis.

### 2.2 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management’s best knowledge of current events and actions, future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialised.

### 2.3 Fixed Assets (Tangible/ Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprise its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. The Company has adopted the provisions of para 46A of AS 11 “The Effects of Changes in Foreign Exchange Rates”, accordingly, exchange differences arising on restatement/ settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure on fixed assets after its purchase/ completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

#### Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

### 2.4 Depreciation and amortisation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

- Leasehold land is amortised over the duration of the lease.
- Assets costing less than ₹ 5,000 each are depreciated at the rate of 100%.

Intangible assets are amortised over their estimated useful life on the straight-line method as follows:

- a) Goodwill (acquired) – 5 years
- b) Other intangibles (Copyrights, Trademarks, Technical Knowhow etc. acquired by the Company) – 10 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.



## 2.5 Research and development expenses

Revenue expenditure pertaining to research is charged to respective heads in the Statement of Profit and Loss in the year it is incurred. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

## 2.6 Investments

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

## 2.7 Inventories

Raw Materials and Packing Materials are valued at the lower of weighted average cost and net realisable value.

Finished goods, Stock-in-Trade and Work-in-Progress are valued at lower of weighted average cost and net realisable value. Cost for this purpose includes direct materials, direct labour, excise duty and appropriate overheads.

Consumable stores and spares are valued at the lower of weighted average cost and net realisable value, as estimated by the management. Obsolete, defective, unserviceable and slow / non-moving stocks are duly provided for.

## 2.8 Revenue recognition

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 dispatch of goods to customer. Sales are net of - Sales Tax/ VAT, returns, rebates and discounts. Interest income is recognised on accrual basis. Claims which are not of material nature/ Insurance Claim etc. are accounted for when no significant uncertainties are attached to their eventual receipt. Dividend is accounted for when right to receive dividend is established.

## 2.9 Foreign currency transactions and translations

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items (other than forward contracts) of the Company, outstanding at the Balance Sheet date are restated at the year end rates. Non-monetary items of the Company are carried at historical cost.

The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. The unamortised exchange difference is carried under Reserves and Surplus as "Foreign currency monetary item translation difference account" net of the tax effect thereon, where applicable.

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

In respect of the foreign offices / branches, which are integral foreign operations, all revenues and expenses during the month are reported at monthly average rates. Outstanding balances in respect of monetary assets and liabilities are restated at the year end exchange rates. Outstanding balances in respect of non-monetary assets and liabilities are stated at the rates prevailing on the date of the transaction. Net gain / loss on foreign currency translation is recognised in the Statement of Profit and Loss.

## 2.10 Accounting for forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

## **2.11 Employee benefits**

Employee benefits include Provident Fund, Superannuation Fund, Employee State Insurance Scheme, Gratuity Fund, Compensated Absences, Anniversary Awards, Premature Death Pension Scheme and Total Disability Pension Scheme.

### **Defined contribution plans**

The Company's contribution to Provident Fund, Superannuation Fund and Employee State Insurance Scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

### **Defined benefit plans**

For defined benefit plans in the form of Gratuity Fund the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Financial Statement represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

### **Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- b) in case of non-accumulating compensated absences, when the absences occur.

### **Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date. Anniversary awards, premature death pension scheme and total disability pension scheme are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

## **2.12 Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

### **2.13 Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised nor disclosed in the Financial Statements.

### **2.14 Cash and cash equivalents (for purposes of Cash Flow Statement)**

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

#### **Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / loss before extraordinary items and tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated based on available information.

### **2.15 Impairment of assets**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

### **2.16 Segment reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter-segment revenue is accounted on the basis of cost plus margins. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

### **2.17 Employee share based payments**

The Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. The compensation cost of stock options granted to employees is measured by the intrinsic value method, i.e., the difference between the closing market price on the day prior to the grant of the options under ESOS over the exercise price to be paid by the option holder. In accordance with the SEBI Guidelines; the excess, if any, is amortised on a straight-line basis over the vesting period of the options.

### **2.18 Operating cycle**

Based on the varied nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has considered its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(₹ in million)

		As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>3</b>	<b>Share Capital</b>		
<b>Authorised Capital:</b>			
<b>700,000,000</b>	(700,000,000) Equity Shares of ₹ 1 each	<b>700.00</b>	700.00
<b>TOTAL</b>		<b>700.00</b>	<b>700.00</b>
<b>Issued, Subscribed and Paid up Capital:</b>			
<b>512,642,330</b>	(512,642,330) Equity Shares of ₹ 1 each, fully paid-up	<b>512.64</b>	512.64
<b>TOTAL</b>		<b>512.64</b>	<b>512.64</b>

**a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period**

	As at 31 <sup>st</sup> March 2014		As at 31 <sup>st</sup> March 2013	
	Number of Shares	₹ in million	Number of Shares	₹ in million
Equity Shares				
Shares outstanding at the beginning of the year	<b>512,642,330</b>	<b>512.64</b>	507,648,626	507.65
Shares issued during the year upon conversion of Foreign Currency Convertible Bonds	-	-	4,993,704	4.99
Shares outstanding at the end of the year	<b>512,642,330</b>	<b>512.64</b>	512,642,330	512.64

**b. Terms/ Rights attached to equity shares**

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

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion of their shareholding.

During the year ended 31<sup>st</sup> March, 2014, the amount of per share dividend recognised as distribution to equity shareholders is ₹ 2.70 (₹ 2.60).

**c. Details of shareholders holding more than 5% shares in the Company:**

	As at 31 <sup>st</sup> March 2014		As at 31 <sup>st</sup> March 2013	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Shri Madhukar Balvantray Parekh	<b>56,977,568</b>	<b>11.11</b>	56,958,614	11.11
Shri Narendrakumar Kalyanji Parekh	<b>54,332,178</b>	<b>10.59</b>	54,332,178	10.59
Shri Ajay Balvantray Parekh	<b>49,148,590</b>	<b>9.58</b>	49,134,386	9.58
Shri Sushilkumar Kalyanji Parekh	<b>45,969,560</b>	<b>8.97</b>	45,969,560	8.97
Genesis Indian Investment Co. Ltd. - General Sub fund	<b>39,863,145</b>	<b>7.78</b>	40,675,686	7.93
Devkalyan Sales Pvt. Ltd.	<b>26,074,280</b>	<b>5.09</b>	26,074,280	5.09

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

	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
	Number of Shares	Number of Shares
<b>Equity Shares</b>		
Allotted as fully paid bonus shares (in 2009-10)	253,067,306	253,067,306
Allotted on Conversion of FCCB (in 2011-12 and 2012-13)	6,507,718	6,507,718

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

e. The Company had issued on 6<sup>th</sup> December, 2007, 400 Foreign Currency Convertible Bonds (FCCB) of US\$100,000 each, which were convertible into Equity shares at any time upto 1<sup>st</sup> December, 2012. The due date for redemption of FCCBs was 7<sup>th</sup> December, 2012. As on 7<sup>th</sup> December, 2012, the balance outstanding FCCBs aggregating 205 Bonds were redeemed by the Company.

f. **Equity Shares reserved for issuance under Employee Stock Option Scheme, 2012:**

	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
	Number of Shares	Number of Shares
Equity Shares of ₹ 1 each	300,000	-

(₹ in million)

4 Reserves and Surplus	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Capital Reserve</b>	3.37	3.37
<b>Securities Premium Account</b>		
Balance as per last financial statements	650.97	152.03
Add: Credited on conversion of Foreign Currency Convertible Bonds	-	498.94
<b>Closing Balance</b>	650.97	650.97
<b>Debenture Redemption Reserve</b>		
Balance as per last financial statements	259.11	935.62
Add: Transferred from Statement of Profit and Loss	40.89	59.93
Less: Transferred to General Reserve*	300.00	736.44
<b>Closing Balance</b>	-	259.11
<b>Cash Subsidy Reserve</b>	9.47	9.47
<b>Employee Stock Options Outstanding</b>		
<b>Employee Stock Options Outstanding</b>		
Balance as per last financial statements	-	-
Add: Options granted during the year	12.85	-
Less: Exercised during the year	-	-
<b>Closing Balance (A)</b>	12.85	-
Deferred Employees Stock Options Cost		
Balance as per last financial statements	-	-
Add: Options granted during the year	(12.85)	-
Less: Amortisation during the year	4.06	-
<b>Closing Balance (B)</b>	(8.79)	-
<b>Closing Balance (A-B)</b>	4.06	-
<b>General Reserve</b>		
Balance as per last financial statements	14,097.02	10,860.58
Add: Transferred from Statement of Profit and Loss	2,500.00	2,500.00
Add: Transferred from Debenture Redemption Reserve*	300.00	736.44
<b>Closing Balance</b>	16,897.02	14,097.02
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last financial statements	1,791.79	1,303.44
Add: Profit for the year	4,686.08	4,607.60
Less: Proposed final equity dividend [Amount per share ₹ 2.70 (₹ 2.60)]	1,384.13	1,332.87
Tax on proposed equity dividend	235.23	226.45
<b>Transferred to:</b>		
• Debenture Redemption Reserve	40.89	59.93
• General Reserve	2,500.00	2,500.00
<b>Total</b>	4,160.25	4,119.25
<b>Closing Balance</b>	2,317.62	1,791.79
<b>TOTAL</b>	<b>19,882.51</b>	<b>16,811.73</b>

\* The transfer of Debenture Redemption Reserve to General Reserve is on account of redemption/ conversion of Foreign Currency Convertible Bonds and 11.9% Redeemable Non Convertible Debentures.

(₹ in million)

5 Deferred Tax Liabilities (net)		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Tax effect of items constituting Deferred Tax Liabilities</b>		
On difference between book and tax depreciation	654.47	588.94
<b>Tax effect of items constituting Deferred Tax Liabilities</b>	<b>654.47</b>	<b>588.94</b>
<b>Tax effect of items constituting Deferred Tax Assets</b>		
Provision for Employee Benefits	80.12	50.17
Provision for Doubtful Debts	44.72	55.03
Disallowance under Section 35DDA and 43B of Income Tax Act, 1961	19.97	-
Others	1.39	0.12
<b>Tax effect of items constituting Deferred Tax Assets</b>	<b>146.20</b>	<b>105.32</b>
<b>TOTAL</b>	<b>508.27</b>	<b>483.62</b>

6 Long-Term Provisions		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Provision for Employee Benefits:</b>		
Compensated Absences	185.48	134.24
Anniversary Awards	6.58	3.89
Premature Death Pension Scheme	3.57	3.76
Total Disability Pension Scheme	1.02	0.98
<b>TOTAL</b>	<b>196.65</b>	<b>142.87</b>

7 Short-Term Borrowings		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Loans repayable on demand from banks:</b>		
Secured Working Capital Loan (Cash Credit accounts)	76.84	-
<b>TOTAL</b>	<b>76.84</b>	<b>-</b>

Working Capital Loan from Banks (Cash Credit Accounts) are secured by way of first charge on the stock of Raw Material, 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.

8 Trade Payables		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Trade Payables</b>		
Other than acceptances	3,011.38	2,071.37
<b>TOTAL</b>	<b>3,011.38</b>	<b>2,071.37</b>

(₹ in million)

9	Other Current Liabilities		
		As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
	<b>Current maturities of Long-Term borrowings</b>		
	Nil (600) 11.9% Redeemable Non Convertible Debentures of ₹ 1,000,000 each #	-	600.00
	Interest free Sales Tax loan from Government of Maharashtra@	-	2.43
	<b>Other Liabilities</b>		
	Interest accrued but not due on borrowings	-	22.89
	Unclaimed Dividend	7.27	6.62
	<b>Other Payables</b>		
	Statutory remittances	365.07	234.58
	Payables on purchase of fixed assets	20.10	59.10
	Employee related liabilities	231.53	287.27
	Contractually reimbursible expenses	12.64	12.14
	Trade/ Security Deposit received	635.28	558.88
	Advance from customers	70.71	79.99
	Other accrued liabilities	1,516.99	1,863.83
	<b>TOTAL</b>	<b>2,859.59</b>	<b>3,727.73</b>

# 600 redeemable Non Convertible Debentures were secured by way of mortgage & by first pari passu charge on the immovable property in Gujarat & all movable properties of the Company. These debentures have been redeemed at par on 5<sup>th</sup> December, 2013.

@ Sales Tax loan was interest free and payable in 16 yearly installments, starting from 30<sup>th</sup> April, 2007. The same has been prepaid.

10	Short-term Provisions		
		As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
	<b>Provision for Employee Benefits</b>		
	Gratuity (net)	36.43	32.94
	Compensated Absences	55.93	40.66
	Anniversary Awards	0.85	0.61
	Premature Death Pension Scheme	0.72	0.63
	Total Disability Pension Scheme	0.15	0.14
	Provision for Tax (net of Advance Tax ₹ 863.29 million (₹ 4142.98 million))	130.79	401.42
	Provision for proposed equity dividend	1,384.13	1,332.87
	Provision for tax on proposed equity dividend	235.23	226.45
	<b>TOTAL</b>	<b>1,844.23</b>	<b>2,035.72</b>



PIDILITE INDUSTRIES LIMITED FIXED ASSET SCHEDULE AS AT 31-03-2014

(₹ in million)

Particulars	GROSS BLOCK			As at 31.03.2014	ACCUMULATED DEPRECIATION			NET BLOCK As at 31.3.2014
	As at 1.4.2013	Additions	Deductions/ Adjustments		As at 1.4.2013	Provided during the year	Deductions/ Adjustments	
<b>11 Tangible Assets</b>								
Freehold Land	361.96 (135.35)	56.45 (226.61)	-	418.41 (361.96)	-	-	-	418.41 (361.96)
Leasehold Land	196.15 (196.15)	18.28	-	214.43 (196.15)	11.04 (9.06)	2.08 (1.98)	-	201.31 (185.11)
Buildings	1,570.41 (1,482.14)	83.72 (88.27)	-	1,654.13 (1,570.41)	422.25 (379.99)	45.39 (42.26)	-	1,186.49 (1,148.16)
Plant & Machinery	6,048.51 (5,605.51)	480.15 (491.45)	14.36 (48.45)	6,514.30 (6,048.51)	3,234.93 (2,931.45)	470.56 (325.60)	9.64 (22.12)	2,818.45 (2,813.58)
Vehicles	173.15 (167.20)	17.56 (10.59)	5.05 (4.64)	185.66 (173.15)	93.56 (81.92)	13.54 (14.54)	3.64 (2.90)	82.20 (79.59)
Furniture	480.18 (439.29)	32.17 (41.06)	1.79 (0.17)	510.56 (480.18)	217.06 (190.36)	26.27 (26.77)	0.90 (0.07)	268.13 (263.12)
Office Equipments	634.37 (613.43)	127.47 (46.02)	(2.23) (25.08)	764.07 (634.37)	365.88 (329.09)	21.66 (59.61)	(0.21) (22.82)	376.32 (268.49)
<b>TOTAL</b>	<b>9,464.73</b> (8,639.07)	<b>815.80</b> (904.00)	<b>18.97</b> (78.34)	<b>10,261.56</b> (9,464.73)	<b>4,344.72</b> (3,921.87)	<b>579.50</b> (470.76)	<b>13.97</b> (47.91)	<b>5,351.31</b> (5,120.01)
<b>12 Intangible Assets</b>								
Goodwill	73.61 (73.61)	21.68	-	95.29 (73.61)	72.09 (71.37)	2.09 (0.72)	-	21.11 (1.52)
Trademarks	665.00 (665.00)	314.25	-	979.25 (665.00)	594.65 (568.96)	37.27 (25.69)	-	347.33 (70.35)
Computer Software	194.01 (136.61)	167.07 (11.26)	-	361.08 (194.01)	128.57 (86.67)	42.37 (20.69)	-	190.14 (65.44)
Copyrights	59.80 (59.80)	22.05	-	81.85 (59.80)	31.05 (26.06)	6.27 (4.99)	-	44.53 (28.75)
Technical Knowhow Fees	138.67 (138.17)	91.84 (0.50)	-	230.51 (138.67)	89.38 (80.94)	15.62 (8.44)	-	125.51 (49.29)
Non Compete Fees	11.22 (11.22)	34.40	-	45.62 (11.22)	9.44 (8.32)	3.13 (1.12)	-	33.05 (1.78)
<b>TOTAL</b>	<b>1,142.31</b> (1,084.41)	<b>651.29</b> (11.76)	-	<b>1,793.60</b> (1,142.31)	<b>925.18</b> (842.32)	<b>106.75</b> (61.65)	-	<b>761.67</b> (217.13)
<b>GRAND TOTAL</b>	<b>10,607.04</b> (9,723.48)	<b>1,467.08</b> (915.76)	<b>18.97</b> (32.20)	<b>12,055.15</b> (10,607.04)	<b>5,269.90</b> (4,764.19)	<b>686.25</b> (532.41)	<b>13.98</b> (26.70)	<b>6,112.98</b> (5,337.14)

Assets given under Operating lease and assets taken under Finance lease included in note 11 above are as under:

(₹ in million)

Particulars	GROSS BLOCK		As at 31.03.2014	ACCUMULATED DEPRECIATION			NET BLOCK As at 31.3.2014
	As at 1.4.2013	Additions		Deductions/ Adjustments	As at 1.4.2013	Provided during the year	
Freehold Land							
- Given under Operating lease	16.33 (16.33)	- -	16.33 (16.33)	- -	- -	- -	16.33 (16.33)
Leasehold Land							
- Given under Operating lease	21.17 (21.17)	- -	21.17 (21.17)	1.14 (0.91)	0.20 (0.21)	- -	1.34 (1.12)
Buildings							
- Given under Operating lease	108.83 (105.49)	3.25 (3.16)	112.08 (108.65)	30.36 (16.65)	3.36 (2.65)	- -	33.72 (19.30)
							78.36 (89.35)

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

\* Buildings includes shares of cooperative societies of ₹ 0.07 million (₹ 0.07 million).

(₹ in million)

13 Non-Current Investments	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Long-Term Investments (at cost less provision for other than temporary diminution)</b>		
<b>A] Trade:</b>		
(a) Investment in Subsidiaries		
<b>In Equity Instruments (unquoted) (fully paid up)</b>		
• 50,000 (50,000) Equity Shares of ₹ 10 each of Fevicol Company Ltd	0.50	0.50
• 19,229,316 (18,554,546) Equity Shares of USD 1 each of Pidilite International Pte Ltd	871.24	830.44
• 51,992,654 (36,202,712) Equity Shares of AED 1 each of Pidilite Middle East Ltd	709.33	444.65
• 55,389,073 (46,132,996) Equity Shares of BRL 1 each of Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda	1,350.63	1,106.34
• 14,780,000 (14,780,000) Equity Shares of USD 1 each of Pidilite USA Inc	647.75	647.75
• 4,600 (4,600) Equity shares of EGP 100 each of Pidilite Industries Egypt S.A.E	3.00	3.00
• 24,000 (24,000) Equity Shares of THB 5 each of Pidilite South East Asia Ltd	0.15	0.15
• 80,000 (75,000) Equity Shares of ₹ 10 each of Pagel Concrete Technologies Pvt Ltd	8.41	6.41
• 10,000 (10,000) Equity Shares of ₹ 10 each of Bhimad Commercial Co Pvt Ltd	0.17	0.17
• 10,000 (10,000) Equity Shares of ₹ 10 each of Madhumala Traders Pvt Ltd	0.17	0.17
• 24,30,000 (30,000) Equity Shares of ₹ 10 each of Building Envelope Systems India Ltd	24.30	0.30
• 48,00,000 (Nil) Equity Shares of ₹ 10 each of Percept Waterproofing Services Ltd	48.00	-
<b>TOTAL (a)</b>	<b>3,663.65</b>	<b>3,039.88</b>
<b>(b) Investment in Associates</b>		
<b>In Equity Instruments (quoted) (fully paid up)</b>		
• 7,451,540 (7,451,540) Equity Shares of ₹ 1 each of Vinyl Chemicals (India) Ltd [Market Value ₹ 124.44 million (₹ 69.60 million)]	11.79	11.79
<b>TOTAL (b)</b>	<b>11.79</b>	<b>11.79</b>
<b>Total (A) (a+b)</b>	<b>3,675.44</b>	<b>3,051.67</b>
<b>B] Other Investments:</b>		
<b>(a)(i) In Equity Instruments (quoted) (fully paid up)</b>		
• 6,848 (9,426) Equity Shares of ₹10 each of Menon Pistons Ltd [Market Value ₹ 0.46 million (₹ 0.57 million)]	0.48	0.67
<b>TOTAL (a)(i)</b>	<b>0.48</b>	<b>0.67</b>
<b>(a)(ii) In Equity Instruments (unquoted) (fully paid up)</b>		
• 121,300 (121,300) Equity Shares of ₹ 10 each of Pal Peugeot Ltd	1.21	1.21
<b>TOTAL (a)(ii)</b>	<b>1.21</b>	<b>1.21</b>
<b>Total a[(i)+(ii)]</b>	<b>1.69</b>	<b>1.88</b>
<b>(b) Investments in Mutual Funds</b>		
• 5,000,000 (Nil) Units of DSP- Black Rock FMP- Series 37-14M-Reg-Growth	50.00	-
• 10,000,000 (Nil) Units of HDFC-FMP 441D Feb 2014 (1)Series 29- Growth	100.00	-
• Nil (5,000,000) Units of Reliance Fixed horizon Fund XXIII Series I -.Growth	-	50.00
• Nil (10,011,163) Units of IDFC -Fixed Term Plan Series 9-Regular Plan -Growth	-	100.11
<b>Total (b)</b>	<b>150.00</b>	<b>150.11</b>
<b>Total (B) (a+b)</b>	<b>151.69</b>	<b>151.99</b>
<b>Total [A+B]</b>	<b>3,827.13</b>	<b>3,203.66</b>
Less: Provision for Diminution in value of Investments	430.51	430.44
<b>TOTAL</b>	<b>3,396.62</b>	<b>2,773.22</b>
Aggregate amount of quoted investments	12.27	12.46
Aggregate amount of unquoted investments	3,814.86	3,191.20
Aggregate market value of quoted investments	124.90	70.17

(₹ in million)

<b>14 Long -Term Loans and Advances</b>		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Unsecured, considered good</b>		
Capital Advances	93.35	113.03
Security Deposit	109.43	101.98
Prepaid Expenses	2.47	2.89
Loans and Advances to Employees	28.30	24.38
Advance Payment of Taxes (Net of Provisions ₹ 5,184.69 million (₹ 4,175.44 million))	196.15	244.79
MAT credit utilised	-	189.10
Balance with Government Authorities	146.29	74.67
Other Loans & Advances	65.06	-
<b>TOTAL</b>	<b>641.05</b>	<b>750.84</b>
<b>15 Other Non-Current Assets</b>		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Unsecured, considered good</b>		
Fixed Deposits (Under Lien)	2.63	-
Export Benefits receivable	39.22	30.10
Other Receivables	17.44	17.44
<b>TOTAL</b>	<b>59.29</b>	<b>47.54</b>

(₹ in million)

16 Current Investments	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>A] Current Portion of Long-Term Investments (at cost)</b>		
<b>a) Investments in Mutual Funds</b>		
• Nil (10,000,000) Units of HDFC-FMP 392D March 2012 (2) G-Growth Option	-	100.00
• 10,000,000 (10,000,000) Units of ICICI Prudential FMP Series 66 420 days Plan A -Regular -Growth	100.00	100.00
• Nil (10,000,000) Units of HDFC-FMP 371D Feb 2013 (2) R-Growth Option	-	100.00
• Nil (10,000,000) Units of DSP- Black Rock FMP-12M Series 84-RegGrowth	-	100.00
• 10,000,000 (10,000,000) Units of ICICI Prudential FMP Series 66 407 days Plan C -Regular -Growth	100.00	100.00
• 10,000,000 (10,000,000) Units of DSP- Black Rock FMP- Series 91-12M-Reg-Growth	100.00	100.00
• 10,000,000 (10,000,000) Units of ICICI Prudential FMP Series 67 371 days Plan E -Regular - Growth	100.00	100.00
• 10,922,740 (Nil) ICICI Prudential FMP Series 68-368 Days-Plan-G -Growth Option	109.23	-
• 10,000,000 (Nil) Units of Birla Sun Life Fixed Term Plan Series KN (366 days) GR Regular	100.00	-
• 10,000,000 (Nil) Units of ICICI Prudential FMP Series 73 366 days Plan A-Regular-Growth	100.00	-
• 10,000,000 (Nil) Units of ICICI Prudential FMP Series 73 368 days Plan D-Regular-Growth	100.00	-
• 10,000,000 (Nil) Units of HDFC-FMP 370D Feb 2014 (1) Series 29-Growth	100.00	-
• 10,000,000 (Nil) Units of HDFC-FMP 369D Feb 2014 (2) Series 29-Growth	100.00	-
• 5,000,000 (Nil) Units of Reliance Fixed Horizon Fund XXIII Series I-Growth	50.00	-
• 10,011,163 (Nil) Units of IDFC-Fixed Term Plan Series 9-Regular Plan-Growth	100.11	-
• 10,000,000 (Nil) Units of DSP-Black Rock FMP- S146-12M-reg	100.00	-
Total (a)	1,259.34	700.00
<b>(b) Investments in Insurance Fund</b>		
• Nil (3,003,690) Units of Aviva Life Insurance-Fixed Term	-	30.19
Total (b)	-	30.19
Total A (a+b)	1,259.34	730.19
<b>B] Other Current Investments (at lower of cost or fair value)</b>		
<b>a) Investments in Mutual Funds</b>		
• Nil (1,000,000) Units of HDFC-Debt Fund for Cancer Cure-100% Dividend-Donation Option	-	10.00
• Nil (10,000,000) Units of ICICI Prudential FMP-Series 63-384 Days Plan A Cumulative	-	100.00
• Nil (8,352,893) Units of ICICI Prudential Long Term Plan-Premium Plus-Cumulative	-	100.00
• 7,885,875 (7,885,875) Units of DWF-Gilt Fund-Regular-Growth	100.00	100.00
• 6,497,383 (12,011,280) Units of ICICI Prudential Blended Plan B-Regular-Growth	115.10	205.99
• Nil (4,369,083) Units of HDFC-High Interest Fund STP-Growth Option	-	100.00
• 7,067,750 (7,223,450) Units of IDFC-Dynamic Bond Fund-Regular Plan-Growth	100.21	100.00
• Nil (10,215,460) Units of Birla Sun Life Dynamic Bond Fund-Retail Growth	-	200.00
• 7,687,522 (7,783,555) Units of ICICI Prudential Dynamic Bond Fund-Regular-Growth	101.14	100.00
• Nil (15,418,720) Units of IDFC-Ultra Short Term Fund-Regular Plan-Growth	-	250.00
• Nil (5,026,464) Units of HDFC-Floating Rate Interest Fund-STP-Wholesale Option-Growth	-	100.00
• 473,144 (Nil) Units of Birla Sun Life Saving Fund Inst. Growth	115.28	-
• 6,096,371 (Nil) Units of ICICI Prudential Short Term Fund-Growth Option	150.00	-
• 19,240 (Nil) Units of Reliance Liquid Fund -Treasury Plan-Growth	60.00	-
• 10,000,000 (Nil) Units of Reliance Fixed Horizon Fund XXV-Series 28-Growth Plan	100.00	-
• 8,037,378 (Nil) Units of HDFC-Liquid Fund-Growth Option	201.41	-
Total (a)	1,043.14	1,365.99
<b>b) Investments in Insurance Fund</b>		
• 3,012,341 (Nil) Units of Aviva Life Insurance	38.86	-
Total (b)	38.86	-
<b>c) Investment in Deposits</b>		
HDFC Limited	-	600.00
Total (c)	-	600.00
Total B (a+b+c)	1,082.00	1,965.99
<b>TOTAL [A+B]</b>	<b>2,341.34</b>	<b>2,696.18</b>
Aggregate amount of unquoted investments	2,341.34	2,696.18

(₹ in million)

17 Inventories (At lower of cost and net realisable value)		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
Raw Material and Packing Material (Including Goods in Transit: ₹ 146.44 million (₹ 114.96 million))	1,578.92	1,439.81
Work-in-Progress (Including Goods in Transit: ₹ 23.30 million (₹ 21.64 million))	561.02	380.81
Finished Goods (Including Goods in Transit: ₹ 296.44 million (₹ 318.91 million))	2,591.30	2,412.80
Stock-in-Trade (acquired for trading) (Including Goods in Transit: ₹ 54.03 million (₹ 30.76 million))	321.26	250.58
Stores and Spares	29.51	27.64
<b>TOTAL</b>	<b>5,082.01</b>	<b>4,511.64</b>

18 Trade Receivables		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Outstanding for period exceeding six months from the date they were due for payment</b>		
• Secured, considered good	15.22	14.27
• Unsecured, considered good	73.79	208.74
• Considered doubtful	131.58	161.90
	<b>220.59</b>	<b>384.91</b>
Less: Provision for doubtful receivables	131.58	161.90
Total (A)	89.01	223.01
<b>Other Trade Receivables - considered good</b>		
• Secured	402.46	368.61
• Unsecured	4,044.53	3,076.01
Total (B)	4,446.99	3,444.62
<b>TOTAL (A+B)</b>	<b>4,536.00</b>	<b>3,667.63</b>

19 Cash and Bank Balances		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Cash and Cash Equivalents</b>		
Cash on Hand	2.15	1.37
Cheques on Hand	396.99	348.60
<b>Balance with Banks</b>		
In Current Account (Refer Note a & b)	76.10	128.94
In EEFC Account	408.11	31.10
	<b>883.35</b>	<b>510.01</b>
<b>Other Bank Balance</b>		
• In Fixed Deposit Accounts with original maturity of more than 12 months	1.70	1.78
• In Fixed Deposit Accounts with original maturity of more than 3 months but less than 12 months (Refer Note c)	554.80	845.14
<b>Earmarked Account</b>		
Dividend Payment Bank Account	11.96	11.31
	<b>568.46</b>	<b>858.23</b>
<b>TOTAL</b>	<b>1,451.81</b>	<b>1,368.24</b>

- Balance with banks in Current Account includes debit balance of Cash Credit Accounts amounting to ₹ 7.16 million (₹ 13.54 million).
- Balance with banks in Current Account includes the balances having restriction on repatriation amounting to ₹ 6.86 million (₹ 2.08 million).
- Of the above, Fixed Deposit amounting to ₹ 26.5 million (₹ 10.41 million) is under lien.

(₹ in million)

20 Short-Term Loans and Advances	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Unsecured, considered good</b>		
Security Deposit	11.15	11.76
Loan and Advances to related parties (Refer Note a)	32.25	50.99
Advances to vendors	302.90	71.63
<b>Other loans and advances</b>		
• Prepaid Expenses	27.28	23.10
• Balances with Government Authorities	375.34	242.57
• Loans and Advances to Employees	68.92	49.16
• Share Application Money	2.38	1.53
• Others	31.28	26.65
<b>TOTAL</b>	<b>851.50</b>	<b>477.39</b>

a. Details of Loan and Advances to related parties are as follows:

Name of Party	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
• Parekh Marketing Ltd	0.11	0.09
• Vinyl Chemicals (India) Ltd	-	0.96
• Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda	10.43	8.32
• Jupiter Chemicals (LLC)	0.41	5.31
• Pidilite USA Inc	4.49	27.57
• Pidilite Speciality Chemicals Bangladesh Pvt Ltd	5.51	2.64
• Pidilite Bamco Ltd	1.37	0.57
• Bamco Supply Services Ltd	0.53	-
• Pidilite Innovation Centre Pte Ltd	0.02	0.49
• Pidilite Industries Egypt - SAE	1.03	1.71
• Pagel Concrete Technologies Pvt Ltd	3.25	3.25
• Building Envelope Systems India Ltd	-	0.08
• Nitin Enterprises	5.10	-
<b>TOTAL</b>	<b>32.25</b>	<b>50.99</b>

21 Other Current Assets	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Unsecured, considered goods</b>		
• Interest Receivable on Bank Deposits	7.21	40.62
• Deferred Premium on Forward Contract	2.61	4.13
• Export Benefits Receivable	91.56	19.25
• Other Receivables	7.24	4.77
<b>TOTAL</b>	<b>108.62</b>	<b>68.77</b>

(₹ in million)

22 Revenue from Operations		
	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
<b>Revenue from Operations (gross)</b>		
<b>Sale of Products</b>		
Finished Goods	38,447.48	33,258.16
Traded Goods	2,589.48	2,028.62
<b>TOTAL (A)</b>	<b>41,036.96</b>	<b>35,286.78</b>
<b>Other Operating Revenue</b>		
Scrap Sales	113.03	117.98
Cash Discount Received	24.29	17.39
Export Incentives	84.40	63.84
<b>TOTAL (B)</b>	<b>221.72</b>	<b>199.21</b>
<b>Revenue from Operations (gross) (A+B)</b>	<b>41,258.68</b>	<b>35,485.99</b>
Less: Excise Duty	2,476.28	2,169.08
<b>TOTAL</b>	<b>38,782.40</b>	<b>33,316.91</b>

Details of Products sold		
	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
<b>Finished Goods</b>		
Chemicals	30,590.95	27,105.09
Dyes	6,073.61	5,131.20
Others	1,782.92	1,021.87
	<b>38,447.48</b>	<b>33,258.16</b>
<b>Traded Goods</b>		
Chemicals	2,280.66	1670.24
Dyes	23.85	18.22
Others	284.97	340.16
<b>TOTAL</b>	<b>2,589.48</b>	<b>2,028.62</b>



(₹ in million)

23	Other Income		
		For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
	<b>Interest on:</b>		
	Bank Deposit	98.37	211.69
	Overdue Trade Receivables	12.31	7.69
	Others	0.51	3.05
	<b>Dividend on:</b>		
	Current Investments - Others	0.79	0.75
	Long-Term Investments - Associates	5.96	5.70
	<b>Net Gain on Sale of:</b>		
	Current Investments	94.85	80.03
	Long-Term Investments	38.19	67.69
	<b>Other Non-Operating Income:</b>		
	Windmill Income	33.79	30.68
	Royalty Income	7.64	1.03
	Insurance claim received	6.47	3.22
	Liabilities/ Provisions no longer required written back*	51.30	19.22
	Rental income from operating leases	9.26	8.93
	Miscellaneous Income	69.98	219.29
	<b>TOTAL</b>	<b>429.42</b>	<b>658.97</b>

\* Includes writeback of Provision for Doubtful Debts ₹ 30.32 million (₹ Nil)

24	Cost of Materials Consumed		
		For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
	Inventory at the beginning of the year	1,439.81	1,283.78
	Add: Purchases	20,161.95	17,122.70
		<b>21,601.76</b>	<b>18,406.48</b>
	Less: Inventory at the end of the year	1,578.92	1,439.81
	<b>TOTAL</b>	<b>20,022.84</b>	<b>16,966.67</b>

Details of Materials Consumed			
		For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
	Vinyl Acetate Monomer	2,536.30	2,106.72
	Other Raw Materials (Gross of resale of Raw Materials)	12,911.69	11,022.25
	Packing Material	4,574.85	3,837.70
	<b>TOTAL</b>	<b>20,022.84</b>	<b>16,966.67</b>

25	Details of Purchases of Stock-in-Trade (Traded goods)		
		For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
	Dyes	1,563.76	1,230.29
	Chemicals	24.35	16.06
	Others	212.38	314.86
	<b>TOTAL</b>	<b>1,800.49</b>	<b>1,561.21</b>

(₹ in million)

26 Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
<b>Inventories at the end of the year</b>		
Stock-in-Trade	321.26	250.58
Work-in-Progress	561.02	380.81
Finished Goods	2,591.30	2,412.80
(A)	3,473.58	3,044.19
<b>Inventories at the beginning of the year</b>		
Stock-in-Trade	250.58	213.07
Work-in-Progress	380.81	331.51
Finished Goods	2,412.80	2,107.16
(B)	3,044.19	2,651.74
<b>TOTAL (B)-(A)</b>	<b>(429.39)</b>	<b>(392.45)</b>
Increase / (Decrease) of Excise Duty on inventory of Finished Goods	6.76	70.63
<b>TOTAL</b>	<b>(422.63)</b>	<b>(321.82)</b>

27 Employee Benefits Expense		
	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
Salaries and Wages	3,311.74	2,761.01
Contribution to Provident and Other Funds	176.78	170.44
Expense on Employee Stock Option (ESOS) Scheme	4.06	-
Staff Welfare Expenses	90.00	78.84
<b>TOTAL</b>	<b>3,582.58</b>	<b>3,010.29</b>

28 Finance Costs		
	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
<b>Interest expense on:</b>		
Borrowings	49.79	41.18
Dealer Deposits & others	47.11	38.99
<b>TOTAL</b>	<b>96.90</b>	<b>80.17</b>

29 Depreciation and Amortisation Expense		
	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
Depreciation on Tangible Assets (Refer Note 11)	579.50	470.76
Amortisation of Intangible Assets (Refer Note 12)	106.75	61.65
<b>TOTAL</b>	<b>686.25</b>	<b>532.41</b>

(₹ in million)

30 Other Expenses		For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
Consumption of Stores and Spares		124.63	120.49
Clearing, Forwarding and Octroi Duty		1,646.41	1,554.72
Power and Fuel		418.52	370.96
Water Charges		21.52	20.65
Rent		205.91	186.30
Rates and Taxes		18.36	41.68
Insurance		29.15	24.22
License Fees		4.43	1.97
Repairs:			
Buildings	31.16		20.44
Machinery	81.71		70.74
Others	31.96		30.66
		144.83	121.84
Directors' Fees		2.44	1.11
Advertisement and Publicity		1,737.56	1,320.02
Legal, Professional and Consultancy Fees		265.99	228.12
Communication Expenses		108.19	95.36
Printing and Stationery		36.32	27.86
Travelling and Conveyance Expenses		613.85	526.28
Bad Debts		52.17	13.29
Provision for Doubtful Debts		-	11.67
Processing and Packing Charges		587.33	530.15
Sales Commission		30.41	28.87
Payments to Auditor (Refer Note 47)		5.38	4.07
Donations		87.12	62.85
Provision for Diminution in the value of Investments		0.07	-
Loss on Fixed Assets Sold / Discarded (net)		3.74	3.71
Net loss on foreign currency transactions and translation		51.26	4.60
Miscellaneous Expenses		874.83	709.91
<b>TOTAL</b>		<b>7,070.42</b>	<b>6,010.70</b>
31 Exceptional Items (net)			
Gain on prepayment of Sales Tax deferral loan		-	(106.82)
Provision for Diminution in the value of Investment in Subsidiary Company		-	47.38
Voluntary Retirement Scheme (Refer Note 52)		64.96	-
<b>TOTAL</b>		<b>64.96</b>	<b>(59.44)</b>

(₹ in million)

32 Contingent Liabilities and Commitments		As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>A) Contingent liabilities not provided for:</b>			
1 Claims against the Company not acknowledged as debts comprise of:			
a)	Income Tax demand against the Company not provided for and relating to issues of deduction and allowances in respect of which the Company is in appeal	43.57	36.94
b)	Excise Duty claims disputed by the Company relating to issues of classifications	5.57	2.64
c)	Sales Tax claims disputed by the Company relating to issues of declaration forms and classifications	238.63	359.95
d)	Other Matters (relating to disputed electricity duty, Gram Panchayat Tax, open access charges, etc.)	25.59	5.26
2 a) Guarantees given by Banks in favour of Government and others			
		221.74	278.52
b) Guarantees given by Company			
		751.26	1,004.21
<b>B) Commitments:</b>			
a)	Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	351.67	374.76
b) Other Commitments - Non Cancellable Operating Leases (Refer Note 49)			
33 The net amount of exchange differences (credited) / debited to Statement of Profit and Loss		51.26	4.60

34 Pursuant to the notification dated 29<sup>th</sup> December, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Company has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of ₹ 55.52 million (without considering future tax benefit of ₹ 18.01 million) was carried forward in the Foreign Exchange Monetary Item Translation Difference Account as on 31<sup>st</sup> March, 2012. This amount has been amortised over the period of the monetary liabilities i.e. up to 7<sup>th</sup> December, 2012. Further it has credited the gain of ₹ 8 million to the carrying cost of the fixed assets for above referred period.

35 Disclosure as per clause 32 of the listing agreements with the Stock Exchanges

a) Loans and Advances in the nature of loans given to subsidiaries, associates, firms/ companies in which directors are interested:

Name of the Companies	Relationship	31 <sup>st</sup> March 2014		31 <sup>st</sup> March 2013	
		Amount Outstanding	Maximum Balance Outstanding during the year	Amount Outstanding	Maximum Balance Outstanding during the year
i) Bhimad Commercial Company Private Limited	Subsidiary	-	-	-	2.05
ii) Madhumala Traders Private Limited	Subsidiary	-	-	-	2.20
iii) Pagel Concrete Technologies Private Limited	Subsidiary	3.25	3.25	3.25	3.25

**Notes:**

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

(₹ in million)

36 Details of consumption of Imported and Indigenous Raw Materials and Packing Materials and percentage thereof:				
	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
	(₹ in million)		%	
Raw Materials				
Imported	6,366.72	4,576.90	41.21	34.86
Indigenous	9,081.27	8,552.07	58.79	65.14
<b>TOTAL</b>	<b>15,447.99</b>	<b>13,128.97</b>	<b>100.00</b>	<b>100.00</b>
Packing Materials				
Imported	1.35	18.49	0.03	0.48
Indigenous	4,573.50	3,819.21	99.97	99.52
<b>TOTAL</b>	<b>4,574.85</b>	<b>3,837.70</b>	<b>100.00</b>	<b>100.00</b>
Consumables and Spares				
Imported	5.39	0.21	4.32	0.17
Indigenous	119.24	120.28	95.68	99.83
<b>TOTAL</b>	<b>124.63</b>	<b>120.49</b>	<b>100.00</b>	<b>100.00</b>

37 Value of imports calculated on CIF basis				
			For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
	Raw Materials and Packing Materials			4,792.54
Capital Goods			55.06	103.50
Traded Goods			622.24	665.74
Stores and Spares			5.39	0.21
<b>TOTAL</b>			<b>5,475.23</b>	<b>4,768.66</b>

38 Expenditure in foreign currency (accrual basis)				
Foreign Travel			39.27	33.45
Professional fees			82.20	73.13
Royalty			28.76	19.63
Others			222.21	222.38
<b>TOTAL</b>			<b>372.44</b>	<b>348.59</b>

39 Earnings in Foreign Exchange				
Export of goods calculated on FOB basis *			3,954.42	3,201.73
Royalty and Technical Know How			10.07	2.60
Others			9.45	2.88
<b>TOTAL</b>			<b>3,973.94</b>	<b>3,207.21</b>

\* This does not include export sales made to Nepal in Indian currency

#### 40 Segment information

**Business Segment:** The Company has identified business segments as its primary segment and geographical segments as its secondary segment. Business segments are primarily: Consumer & Bazaar Products, Industrial Products and Others. This segmentation is based around customers. Consumer & Bazaar Products consist of mainly Adhesives, Sealants, Art Materials and Construction Chemicals. Industrial Products consists of Organic Pigments, Industrial Resins and Industrial Adhesives. Others consist of VAM manufacturing unit of Vinyl Chemicals (India) Ltd demerged into the Company wef 1<sup>st</sup> April, 2007. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment, manpower efforts, etc. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Geographical segments of the Company are India and Other Countries. Segment revenues are allocated based on the location of the customer.

(₹ in million)

Business Segments	Consumer & Bazaar Products	Industrial Products	Others	Total
<b>Revenue</b>				
Segment Revenue	<b>31,108.87</b> (26,743.17)	<b>8,156.66</b> (7,081.89)	<b>341.13</b> (198.44)	<b>39,606.66</b> (34,023.50)
Less: Inter Segment Revenue (at cost plus fixed margin)	<b>19.74</b> (27.93)	<b>1,024.87</b> (877.85)	<b>1.37</b> (0.02)	<b>1,045.98</b> (905.80)
Net Revenue	<b>31,089.13</b> (26,715.24)	<b>7,131.79</b> (6,204.04)	<b>339.76</b> (198.42)	<b>38,560.68</b> (33,117.70)
Segment Result	<b>7,132.30</b> (6,444.94)	<b>802.52</b> (807.09)	<b>(71.63)</b> (97.00)	<b>7,863.19</b> (7,155.03)
Unallocable Expenses				<b>2,107.42</b> (1,737.35)
Unallocable Income				<b>533.20</b> (629.30)
Operating Income				<b>6,288.97</b> (6,046.98)
Interest Expenses				<b>96.90</b> (80.17)
Interest / Dividend Income				<b>117.94</b> (228.88)
Profit Before Tax				<b>6,310.01</b> (6,195.69)
Tax Expense				<b>1,623.93</b> (1,588.09)
<b>Profit for the year</b>				<b>4,686.08</b> (4,607.60)
Segment Assets	<b>10,198.86</b> (8,511.01)	<b>3,921.57</b> (3,341.67)	<b>462.65</b> (451.02)	<b>14,583.08</b> (12,303.70)
Unallocable Assets				<b>14,309.03</b> (13,481.98)
Total Assets				<b>28,892.11</b> (25,785.68)
Segment Liabilities	<b>4,066.09</b> (3,731.45)	<b>1,430.42</b> (1,243.85)	<b>54.46</b> (26.32)	<b>5,550.97</b> (5,001.62)
Unallocable Liabilities				<b>2,946.00</b> (3,459.69)
Total Liabilities				<b>8,496.97</b> (8,461.31)
<b>Other Information</b>				
Capital Employed				<b>20,395.14</b> (17,324.37)
Capital Expenditure (including Capital Work-in-Progress) (allocable)	<b>1,032.42</b> (502.97)	<b>255.16</b> (235.92)	<b>27.85</b> (47.72)	<b>1,315.43</b> (786.61)
Capital Expenditure (unallocable)				<b>375.44</b> (502.91)
Depreciation and Amortisation (allocable)	<b>328.49</b> (282.94)	<b>121.88</b> (95.05)	<b>29.96</b> (25.56)	<b>480.33</b> (403.55)
Depreciation and Amortisation (unallocable)				<b>205.92</b> (128.86)

(₹ in million)

<b>Information about Geographical Segments</b>			
<b>Geographical Segments</b>	<b>India</b>	<b>Other Countries</b>	<b>Total</b>
Revenue for the year	34,342.04	4,218.64	38,560.68
	(29,676.71)	(3,440.99)	(33,117.70)
Segment Assets	27,916.80	975.31	28,892.11
	(25,020.50)	(765.18)	(25,785.68)
Capital Expenditure incurred during the year	1,690.87	-	1,690.87
	(1,289.49)	(0.03)	(1,289.52)

**41 Earnings Per Share (EPS)**

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

	<b>As at 31<sup>st</sup> March 2014</b>	<b>As at 31<sup>st</sup> March 2013</b>
<b>Basic:</b>		
<b>Total Operations for the year</b>		
Profit for the year	4,686.08	4,607.60
Weighted average number of equity shares in calculating basic EPS	512,642,330	509,775,440
Par value per share (₹)	1.00	1.00
Earning per share (Basic) (₹)	9.14	9.04
<b>Diluted:</b>		
<b>Total Operations for the year</b>		
Profit for the year	4,686.08	4,607.60
Weighted average number of equity shares in calculating basic EPS	512,642,330	509,775,440
Add: Effect of ESOS	300,000	-
Weighted average number of equity shares in calculating diluted EPS	512,942,330	509,775,440
Par value per share (₹)	1.00	1.00
Earning per share (Diluted) (₹)	9.14	9.04

**42 Details of Forward Contract and unhedged foreign currency exposure as at the end of year.**

	Foreign Currency		₹ in million	
	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
(a) Forward Contract outstanding				
USD - Buy	4,174,489.82	10,287,256.74	250.68	565.63
EUR - Buy	38,640.00	293,450.00	3.19	20.81
(b) Number of Contracts Outstanding	19		40	
(c) The purpose of taking the forward cover is to hedge the risk arising due to foreign currency exposure.				
(d) Foreign currency exposures as on the Balance Sheet date that have not been hedged by the Company under a forward cover are given below:				

	Foreign Currency		₹ in million	
	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
Amounts recoverable / (advance) in foreign currency on account of the following:				
EUR	983,105.13	1,030,645.97	81.16	71.47
GBP	(3,181.48)	-	(0.32)	-
USD	13,897,959.46	11,667,810.35	834.57	633.03
ZAR	124,113.00	425,960.05	0.70	2.50
Amounts payable / (advance) in foreign currency on account of the following:				
AED	345,891.61	-	5.65	-
AUD	49,724.75	-	2.77	-
BDT	5,718,319.26	-	4.41	-
BRL	249,143.28	-	6.62	-
CHF	3,749.00	-	0.25	-
EGP	(269.00)	-	-	-
EUR	123,449.05	-	10.19	-
GBP	4,097.21	(32,864.00)	0.41	(2.70)
GHC	(22,839.66)	-	(0.51)	-
JPY	(1,727,000.00)	(3,084,600.00)	(101.53)	(1.79)
SGD	(122,756.17)	-	(5.84)	-
USD	(10,021,384.15)	-	(601.78)	-
ZAR	(6,823.29)	-	(0.04)	-



**43 Related Party Disclosures**

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

**(i) Relationships:**

a.	Parekh Marketing Ltd	Significant Influence
b.	Vinyl Chemicals (India) Ltd	Substantial Interest in Voting Power (Associate)
c.	Kalva Marketing and Services Ltd	Significant Influence
d.	Nitin Enterprises	Subsidiary
e.	Fevicol Company Ltd	Subsidiary
f.	Bhimad Commercial Co Pvt Ltd	Subsidiary
g.	Madhumala Traders Pvt Ltd	Subsidiary
h.	Pageel Concrete Technologies Pvt Ltd	Subsidiary
i.	Building Envelope Systems India Ltd	Subsidiary
j.	Percept Waterproofing Services Ltd	Subsidiary
k.	Hybrid Coatings	Subsidiary
l.	Pidilite International Pte Ltd	Subsidiary
m.	Pidilite Middle East Ltd	Subsidiary
n.	Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda	Subsidiary
o.	Pidilite USA Inc	Subsidiary
p.	Jupiter Chemicals (LLC)	Subsidiary
q.	PT Pidilite Indonesia	Subsidiary
r.	Pidilite Speciality Chemicals Bangladesh Pvt Ltd	Subsidiary
s.	Pidilite Innovation Centre Pte Ltd	Subsidiary
t.	Pidilite Industries Egypt - SAE	Subsidiary
u.	Pidilite Bamco Ltd	Subsidiary
v.	Pidilite South East Asia Ltd	Subsidiary
w.	Bamco Supply Services Ltd	Subsidiary
x.	PIL Trading Egypt (LLC)	Subsidiary
y.	Pidilite Industries Trading (Shanghai) Co Ltd	Subsidiary

**(ii) Key Management Personnel:**

a.	Shri M B Parekh	Chairman & Managing Director
b.	Shri N K Parekh	Joint Managing Director
c.	Shri A B Parekh	Whole Time Director
d.	Shri A N Parekh	Whole Time Director
e.	Shri R Sreeram	Whole Time Director

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

a.	Smt Mala M Parekh	Wife of Chairman & Managing Director
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43 (iv) Transactions with Related Parties for the year ended 31<sup>st</sup> March, 2014 are as follows:

	Nature of Transaction	Remuneration to Directors	Parekh Marketing Ltd	Vinyl Chemicals (India) Ltd	Nitin Enterprises	Bhimad Commercial Co Pvt Ltd	Madhumala Traders Pvt Ltd	Pagel Concrete Technology Pvt Ltd	Pidilite International Pte Ltd	Pidilite Middle East Ltd	Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda	Pidilite USA Inc	Jupiter Chemicals (LLC)
a.	Sales and Related Income		772.42 (637.22)	NIL (NIL)	NIL (0.07)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	0.55 (0.47)	55.00 (46.67)	5.52 (8.07)
b.	Other Income		NIL (0.42)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	0.89 (1.62)	3.12 (8.14)	1.38 (0.85)
c.	Purchases and Other Related Services		NIL (NIL)	2321.39 (2048.14)	193.27 (155.22)	NIL (NIL)	NIL (NIL)	NIL (NIL)	2.51 (2.25)	NIL (NIL)	NIL (NIL)	5.72 (8.75)	NIL (NIL)
d.	Remuneration to Directors: - Chairman & Managing Director / It Managing Director	173.09 (168.79)											
	- Whole Time Directors	79.31 (75.62)											
e.	Investment in Share Capital		NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	2.00 (NIL)	40.79 (25.63)	264.68 (39.94)	244.29 (149.24)	NIL (NIL)	NIL (NIL)
f.	Loans Given / (Repayment of Loan Received)		NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (2.05)	NIL (2.20)	NIL (0.03)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
g.	Purchase of Fixed Assets		NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
h.	Sale of Fixed Assets		NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
i.	Salary & Allowances paid		NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
j.	Rent Paid / (Received)		(0.50) (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
k.	Reimbursement of expenses made		0.31 (0.08)	1.49 (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	10.86 (3.41)	26.78 (19.72)
l.	Reimbursement of expenses received		0.29 (0.26)	1.29 (0.88)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	1.69 (NIL)	8.19 (7.54)	0.53 (0.67)
m.	Bad Debts Written Off		NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
o.	Diminution in value of Investment		NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (53.06)	NIL (NIL)	NIL (NIL)
p.	Corporate guarantee given to bank		NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	144.12 (225.00)	360.30 (272.20)	86.33 (153.90)
q.	Outstanding Balances:												
	- Trade Receivables		151.04 (122.88)	NIL (0.96)	4.63 (NIL)	NIL (NIL)	NIL (NIL)	3.25 (3.25)	NIL (NIL)	NIL (NIL)	10.43 (8.32)	28.49 (48.20)	0.50 (9.00)
	- Trade Payables		NIL (NIL)	279.75 (177.82)	NIL (15.04)	NIL (NIL)	NIL (NIL)	NIL (NIL)	0.62 (2.54)	NIL (NIL)	NIL (0.38)	3.55 (5.05)	NIL (1.26)
	- Net Outstanding Receivable/(Payable)		151.04 (122.88)	(176.86) (117.86)	4.63 (15.04)	NIL (NIL)	NIL (NIL)	3.25 (3.25)	(0.62) (2.54)	NIL (NIL)	10.43 (7.94)	24.94 (43.15)	0.50 (7.74)

43 (iv) Transactions with Related Parties for the year ended 31<sup>st</sup> March, 2014 are as follows:

Nature of Transaction	PT Pidilite Indonesia	Pidilite Speciality Chemicals Bangladesh Pvt Ltd	Pidilite Innovation Centre Pte Ltd	Pidilite Industries Egypt SAE	Pidilite Bamco Ltd	Bamco Supply Services Limited	Pidilite industries Trading (Shanghai) Co Ltd	PIL Trading Company Egypt	Building Envelope Systems India Ltd	Percept Water- proofing Services Ltd	Hybrid Coatings	Mala Parekh	Total
a. Sales and Related Income	NIL (NIL)	53.82 (34.87)	6.11 (4.93)	41.53 (45.61)	9.18 (NIL)	NIL (NIL)	NIL (NIL)	34.60 (29.79)	NIL (NIL)	12.11 (NIL)	NIL (NIL)	NIL (NIL)	990.84 (807.70)
b. Other Income	NIL (NIL)	4.62 (0.87)	0.11 (0.27)	3.59 (1.64)	1.04 (0.99)	0.58 (0.07)	NIL (NIL)	0.12 (0.12)	NIL (NIL)	NIL (NIL)	0.54 (NIL)	NIL (NIL)	15.99 (14.99)
c. Purchases and Other Related Services	NIL (NIL)	NIL (NIL)	66.66 (50.82)	NIL (NIL)	6.65 (4.54)	NIL (NIL)	20.37 (16.88)	NIL (NIL)	NIL (NIL)	NIL (NIL)	24.52 (NIL)	NIL (NIL)	2641.09 (2286.60)
d. Remuneration to Directors: - Chairman & Managing Director / It Managing Director													173.09 (168.79)
- Whole Time Directors													79.31 (75.62)
e. Investment in Share Capital	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (1.06)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	24.00 (0.30)	48.00 (NIL)	NIL (NIL)	NIL (NIL)	623.76 (216.17)
f. Loans Given / (Repayment of Loan Received)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (4.28)
g. Purchase of Fixed Assets	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	15.24 (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	15.24 (NIL)
h. Sale of Fixed Assets	NIL (NIL)	NIL (NIL)	NIL (0.05)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	0.05 (NIL)
i. Salary & Allowances paid	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
j. Rent Paid / (Received)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	4.53 (2.28)	3.48 (2.28)
k. Reimbursement of expenses made	3.93 (4.31)	0.62 (NIL)	0.34 (NIL)	0.55 (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	0.30 (27.52)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	45.18 (27.52)
l. Reimbursement of expenses received	NIL (NIL)	0.51 (0.68)	0.13 (0.28)	NIL (0.22)	0.56 (0.85)	0.11 (0.15)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	0.31 (NIL)	NIL (NIL)	13.61 (11.53)
m. Bad Debts Written Off	NIL (3.13)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (3.13)
n. Diminution in value of Investment	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (53.06)
o. Corporate guarantee given to bank	NIL (NIL)	NIL (102.36)	NIL (43.30)	48.04 (43.55)	94.00 (145.50)	18.47 (18.40)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	751.26 (1004.21)
p. Outstanding Balances:													
- Trade Receivables	NIL (0.08)	18.44 (9.06)	0.67 (1.85)	43.40 (31.05)	5.17 (0.57)	0.53 (0.07)	NIL (NIL)	24.86 (20.81)	NIL (0.08)	12.11 (NIL)	0.47 (NIL)	NIL (NIL)	303.99 (256.18)
- Trade Payables	NIL (0.88)	NIL (NIL)	5.77 (2.65)	NIL (0.79)	NIL (0.01)	NIL (NIL)	1.76 (1.65)	0.12 (1.47)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	291.57 (209.54)
- Net Outstanding Receivable/(Payable)	NIL (0.80)	18.44 (9.06)	5.10 (0.80)	43.40 (30.26)	5.17 (0.56)	0.53 (0.07)	1.76 (1.65)	24.74 (19.34)	NIL (0.08)	12.11 (NIL)	0.47 (NIL)	NIL (NIL)	12.42 (46.64)

## 44 Employee Benefits

The Company has classified various employee benefits as under:

### (A) Defined Contribution Plans

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

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

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

		(₹ in million)	
		For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
(i)	Contribution to Provident Fund	96.98	82.60
(ii)	Contribution to Employees' Superannuation Fund	7.06	8.11
(iii)	Contribution to Employees' State Insurance Scheme	4.42	5.68
(iv)	Contribution to Employees' Pension Scheme 1995	29.12	27.34
(v)	Contribution to National Pension Scheme	4.13	3.65
<b>TOTAL</b>		<b>141.71</b>	<b>127.38</b>
<b>(B) Defined Benefit Plans</b>			
(a)	Gratuity		
(b)	Compensated Absences		
(c)	Anniversary Awards		
(d)	Premature Death Pension Scheme		
(e)	Total Disability Pension Scheme		
Valuations in respect of above have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:			
(i)	Discount Rate (per annum)	9.00%	8.15%
(ii)	Rate of increase in Compensation levels (per annum)	6.50%	6.50%
(iii)	Expected Rate of Return on Assets	9.00%	9.40%
(iv)	Attrition Rate	upto 5 yrs - 18%, 5 - 10 yrs -9%, Above 10 yrs - 6%	upto 5 yrs - 25%, 5 - 10 yrs -9%, Above 10 yrs - 5%
(v)	Retirement Age	60 years	60 years
(vi)	The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.. In order to protect the capital and optimise returns within acceptable risk parameter, the plan assets are well diversified.		
(vii)	The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.		
(viii)	The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.		

(₹ in million)

		31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013		
		Gratuity Funded	Gratuity Funded		
<b>(i)</b>	<b>Changes in Present value of Obligation</b>				
a.	Opening Present value of Obligation	348.53	305.62		
b.	Interest Cost	29.22	27.76		
c.	Current Service Cost	24.54	20.94		
d.	Benefits Paid	(28.98)	(21.21)		
e.	Actuarial (Gain)/Loss	13.68	15.42		
f.	Closing Present value of Obligation	386.99	348.53		
<b>(ii)</b>	<b>Changes in Fair value of Plan Assets</b>				
a.	Opening Present value of Plan Assets	315.59	278.46		
b.	Expected Return on Plan Assets	28.71	26.49		
c.	Actuarial Gain/(Loss)	(0.48)	3.92		
d.	Employer's Contributions	35.72	27.93		
e.	Benefits Paid	(28.98)	(21.21)		
f.	Closing Fair value of Assets	350.56	315.59		
<b>(iii)</b>	<b>Actual Return on Plan Assets</b>				
a.	Expected Return on Plan Assets	28.71	26.49		
b.	Actuarial Gain/(Loss) on Plan Assets	(0.48)	3.92		
c.	Actual Return on Plan Assets	28.23	30.41		
<b>(iv)</b>	<b>Percentage of each category of Plan Assets to total closing fair value</b>				
a.	Administered by Life Insurance Corporation of India	350.56	315.59		
<b>(v)</b>	<b>Reconciliation of the Present Value of Defined Present Obligations and Fair Value of Assets</b>				
a.	Closing Present value of Funded Obligation	386.99	348.53		
b.	Closing Fair value of Plan Assets	350.56	315.59		
c.	Funded (Asset)/Liability recognised in the Balance Sheet	36.43	32.94		
<b>(vi)</b>	<b>Amounts recognised in the Balance Sheet</b>				
a.	Closing Present value of Obligation	386.99	348.53		
b.	Closing Fair value of Plan Assets	350.56	315.59		
c.	(Asset)/Liability recognised in the Balance Sheet	36.43	32.94		
<b>(vii)</b>	<b>Expenses recognised in the Statement of Profit and Loss</b>				
a.	Current Service Cost	24.54	20.94		
b.	Interest Cost	29.22	27.76		
c.	Expected Return on Plan Assets	(28.71)	(26.49)		
d.	Net Actuarial (Gain)/Loss	14.16	11.50		
e.	Total Expenses recognised in the Statement of Profit and Loss	39.21	33.71		
<b>(viii)</b>	<b>Experience adjustments</b>				
	<b>Particulars</b>	<b>31<sup>st</sup> March 2014</b>	<b>31<sup>st</sup> March 2013</b>	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2011</b>
	Fair value of Plan Assets, End of Period	350.56	315.59	278.46	196.02
	Projected Benefit Obligation, End of Period	386.99	348.53	305.63	264.10
	(Surplus)/Deficit in the Plan	36.43	32.94	27.16	68.09
	Experience Adjustments on Plan Assets	(0.48)	3.92	-	-
	(Gains)/Loss due to change in Assumptions	(13.14)	2.88	11.27	(12.88)
	Experience (Gain)/Loss on PBO	26.81	12.54	2.11	95.77
	Total (Gain)/Loss	13.67	15.42	13.37	82.90
<b>(ix)</b>	<b>Expected Company contribution for the next year</b>	<b>84.65</b>	<b>63.64</b>		

(₹ in million)

45 Research & Development Expenditure		
	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
Capital expenditure included in fixed assets	28.82	9.44
Revenue expenditure charged to Statement of Profit and Loss	199.95	164.17
<b>TOTAL</b>	<b>228.77</b>	<b>173.61</b>

46 Disclosures required under Section 22 of Micro, Small and Medium Enterprise Development Act, 2006		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
(i) Principal amount remaining unpaid to any SME supplier as at the end of the accounting year	171.21	155.26
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
<b>TOTAL</b>	<b>171.21</b>	<b>155.26</b>

The above information regarding dues to Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information collected with the Company. This has been relied upon by the auditors.

47 Details of Payments to Auditor (net of Service Tax)		
	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
Audit fees	3.00	2.50
<b>Other Services:</b>		
Limited Review	1.50	0.90
Certification Fees	0.84*	0.65
Reimbursement of expenses	0.04	0.02
<b>TOTAL</b>	<b>5.38</b>	<b>4.07</b>

\* Certification fees includes the fees paid to previous auditors ₹ 0.16 million

## 48 Employee Stock Option Scheme

- a) In the Annual General Meeting of the Company held on 24<sup>th</sup> July, 2012, the shareholders approved the issue of 5,076,486 equity shares under the Scheme titled "Employee Stock Option Scheme-2012" (ESOS 2012). At the meeting of the Board of Directors of the Company held on 28<sup>th</sup> May, 2013, the Board approved Employees Stock Option Scheme covering 300,000 stock options, in terms of the regulations of the Securities and Exchange Board of India.

The ESOS-2012 allows the issue of options to employees of the Company. Each option comprise one underlying equity share. The HR & Remuneration Committee of the Company at its meeting held on 29<sup>th</sup> October, 2013 has granted 49,000 Stock Options pursuant to ESOS-2012 to the eligible employees of the Company. The exercise price of each option shall be ₹ 1/- per equity share. The options granted vesting in two equal installments over a period of two years from the date of the grant in a manner as specified in the Scheme. Options may be exercised within 5 years from the date of vesting.

The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense is expensed over the vesting period.

- b) Employee Stock options details as on the Balance Sheet date are as follows:

Particulars	For the year ended 31 <sup>st</sup> March 2014		For the year ended 31 <sup>st</sup> March 2013	
	Options (Nos)	Weighted average exer- cise price per option (₹)	Options (Nos)	Weighted average exer- cise price per option (₹)
Option outstanding at the beginning of the year:				
- ESOS 2012				
Granted during the year:	49,000	₹ 1	NA	NA
Vested during the year:	Nil	₹ 1	NA	NA
Exercised during the year:	Nil	₹ 1	NA	NA
Lapsed during the year:	Nil	₹ 1	NA	NA
Options outstanding at the end of the year:	49,000	₹ 1	NA	NA
Options available for grant:	251,000	₹ 1	NA	NA
The weighted average share price at the date of exercise for stock options exercised during the year	NA	NA		
Range of exercise price for options outstanding at the end of the year	₹ 1	₹ 1		

- c) The impact on Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:

Particulars	(₹ in million)	
	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
Profit (as reported)	4,686.08	4,607.60
Add: stock based employee compensation (intrinsic value)	4.06	-
Less: stock based compensation expenses determined under fair value method for the grants issued (See note (f) below)	3.90	-
Net Profit / (Loss) (proforma)	4,686.24	4,607.60
Basic earnings per share (as reported) (₹)	9.14	9.04
Basic earnings per share (proforma) (₹)	-	-
Diluted earnings per share (as reported) (₹)	9.14	9.04
Diluted earnings per share (proforma) (₹)	-	-

- d) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Assumptions	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
Risk Free Interest Rate	8.76%	NA
Expected Life	3.5 yrs	NA
Expected Annual Volatility of Shares	26.15%	NA
Expected Dividend Yield	1.14%	NA

#### 49 Operating Lease

- a) Operating lease payment recognised in Statement of Profit and Loss amounting to ₹ 205.91 million (₹ 186.30 million)

- b) General description of the leasing arrangement:

- i) Leased Assets: Godowns, Company Flat, Office Space, etc.
- ii) Future lease rentals are determined on the basis of agreed terms.
- iii) At the expiry of the lease term, the Company has an option either to return the asset or extend the term by giving notice in writing.

The Company has entered into operating lease arrangements for certain facilities. The lease is non-cancellable for a period of 11 months to 5 years and may be renewed for a further period based on mutual agreement of the parties.

(₹ in million)

Future minimum lease payments	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
not later than one year	29.38	2.11
later than one year and not later than five years	89.64	0.44
later than five years	-	-

- 50 In the opinion of the Management, all assets other than Fixed Assets and Non- Current investments have a realisable value in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.

- 51 During the year, the Company has incorporated a Subsidiary Company named “Percept Waterproofing Services Limited” for the purpose of carrying on business of waterproofing application and consultancy services.

- 52 During the year the Company has declared Voluntary Retirement Scheme for its employees at Panvel, Kamothe & Taloja units.

- 53 Figures in brackets indicate previous year’s figures.

- 54 *Previous year’s figures have been regrouped / reclassified wherever necessary to correspond with the current year’s classification/ disclosure.*



# Cash Flow Statement

For The Year Ended 31<sup>st</sup> March, 2014

(₹ in million)

	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
<b>A</b>		
<b>Cash Flows From Operating Activities</b>		
Profit before tax	6,310.01	6,195.69
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation / amortisation	686.25	532.41
Provision for Diminution in value of investment	0.07	47.38
Finance Costs	96.90	80.17
Dividend income	(6.75)	(6.45)
Interest income	(111.19)	(222.43)
(Profit) / Loss on Sale of Investment	(133.04)	(147.72)
(Profit) / Loss on Sale of Assets	3.74	3.71
Unrealised Foreign Exchange Loss / (Gain)	0.52	63.77
Provision for long term employee benefits	72.87	58.02
Deferred Employee compensation expense	4.06	0.00
Bad Debts w/off / Provision for Doubtful Debts	(30.32)	11.68
	583.11	420.54
Operating Profit before Working Capital changes	6,893.12	6,616.23
<b>Movements in working capital:</b>		
Increase/ (decrease) in trade payables	923.45	396.88
Increase/ (decrease) in other current liabilities	(203.17)	415.52
Decrease/ (increase) in inventories	(570.37)	(548.60)
Decrease/ (increase) in trade receivables	(823.52)	(418.13)
Decrease/ (increase) in long-term loans and advances	(147.63)	101.81
Decrease/ (increase) in short-term loans and advances	(373.26)	101.36
Decrease/ (increase) in other current assets	(73.26)	(10.39)
Decrease/ (increase) in other non-current assets	(11.75)	5.98
	(1,279.51)	44.43
Cash generated from/ (used in) operations	5,613.61	6,660.66
Direct taxes paid (net of refunds)	(1,632.18)	(1,548.09)
<b>Net Cash flows from/ (used in) Operating Activities (A)</b>	<b>3,981.43</b>	<b>5,112.57</b>
<b>B</b>		
<b>Cash Flows From Investing Activities</b>		
Purchase of Fixed Assets including intangible assets, CWIP	(1,710.34)	(1,241.80)
Proceeds from sale of Fixed Assets	1.39	1.80
Purchase of investments (current & non-current)	(11,770.00)	(17,346.66)
Proceeds from sale/ maturity of current Investments	11,634.41	15,305.53
(Increase)/decrease in share application money	(0.85)	49.12
(Increase)/decrease in bank deposits (having maturity of more than three months)	289.77	1,110.29
Interest received	144.60	208.03
Dividend received	6.75	6.45
<b>Net Cash flows from/(used in) Investing Activities (B)</b>	<b>(1,404.27)</b>	<b>(1,907.25)</b>

# Cash Flow Statement

For The Year Ended 31<sup>st</sup> March, 2014

(₹ in million)

	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
<b>C</b>		
<b>Cash Flows From Financing Activities</b>		
Repayment of Long-Term Borrowings	(602.43)	(1,534.97)
Net Increase in Short-Term Borrowings	76.84	-
Finance Costs	(119.79)	(647.20)
Dividend paid (Including Dividend Tax, where applicable)	(1,559.97)	(1,121.75)
Net Cash Flows from/ (used in) Financing Activities (C)	(2,205.35)	(3,303.92)
Net Increase in Cash and Cash Equivalents (A+B+C)	371.82	(98.60)
Cash and Cash Equivalents at the beginning of the year	510.07	608.67
Cash and Cash Equivalents at the end of the year	881.89	510.07
	371.82	(98.60)
<b>Reconciliation of Cash and Cash equivalents with the Balance Sheet:</b>		
Cash and Bank Balances as per Balance Sheet (Refer note 19)	883.35	510.01
Unrealised gain on foreign currency cash and cash equivalents	(1.46)	0.06
<b>Cash and Cash equivalents as restated as at the year end</b>	<b>881.89</b>	<b>510.07</b>

**Notes:**

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), "Cash Flow Statement".
- Cash and Cash Equivalents comprise cash on hand, cheques on hand, Current Accounts, EEFC Accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
- Balance with banks in Current Account includes the balances having restriction on repatriation amounting to ₹ 6.86 million (₹ 2.08 million).
- Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosure.

"See accompanying notes forming part of the financial statements"

In terms of our Report attached

For DELOITTE HASKINS & SELLS  
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**B. P. SHROFF**  
Partner

**SAVITHRI PAREKH**  
Company Secretary

**M B PAREKH**  
Chairman & Managing Director

Place: Mumbai  
Date: 28<sup>th</sup> May, 2014

**N K PAREKH**  
Joint Managing Director

Place: Mumbai  
Date: 28<sup>th</sup> May, 2014

# 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 2013-14, 6 Board Meetings (including 1 adjourned meeting) were held on 28<sup>th</sup> May, 2013 (adjourned to 10<sup>th</sup> June, 2013), 23<sup>rd</sup> July, 2013, 13<sup>th</sup> August, 2013, 29<sup>th</sup> October, 2013 and 28<sup>th</sup> January, 2014.

Details of composition of the Board, category, attendance of Directors at the Board Meetings and last Annual General Meeting (AGM), number of other Directorships and Committee Memberships as on 31<sup>st</sup> March, 2014 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 S K Parekh (Vice Chairman)	NED(P)	2	No	6	–	–
2.	Shri M B Parekh# (Chairman & Managing Director)	ED(P)	6	Yes	9	1	–
3.	Shri N K Parekh (Jt. Managing Director)	ED(P)	5	Yes	10	1	–
4.	Shri A B Parekh (Whole Time Director)	ED(P)	5	Yes	13	–	–
5.	Shri A N Parekh (Whole Time Director)	ED(P)	5	Yes	13	–	–
6.	Shri R M Gandhi**	NED (I)	3	No	NA	NA	NA
7.	Shri N J Jhaveri	NED (I)	4	Yes	8	3	3
8.	Shri B S Mehta	NED (I)	6	Yes	15	6	3
9.	Shri Ranjan Kapur	NED (I)	6	Yes	10	2	1
10.	Shri Yash Mahajan	NED (I)	3	No	1	–	–
11.	Shri Bharat Puri	NED (I)	4	Yes	–	–	–
12.	Shri D Bhattacharya	NED (I)	0	No	6	1	–
13.	Shri Sanjeev Aga	NED (I)	6	Yes	5	4	2
14.	Shri R Sreeram (Whole Time Director)	ED	5	Yes	–	–	–

\* Including Directorships held in Private Limited Companies, Section 25 Companies (as per Companies Act, 1956), Alternate Directorships and Directorships in entities incorporated outside India.

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

# Shri M B Parekh is also Chairman & Managing Director of Vinyl Chemicals (India) Limited.

\*\* Shri R M Gandhi retired at the Annual General Meeting held on 23<sup>rd</sup> July, 2013 and did not seek re-appointment.

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

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. Shri A N Parekh is related to Shri N K Parekh.

### 3. Audit Committee

During the financial year 2013-14, 5 meetings of the Committee were held on 22<sup>nd</sup> April, 2013, 27<sup>th</sup> May, 2013, 12<sup>th</sup> August, 2013, 28<sup>th</sup> October, 2013 and 27<sup>th</sup> January, 2014.

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 B S Mehta	Chairman	NED (I)	5
2	Shri N J Jhaveri	Member	NED (I)	4
3	Shri Ranjan Kapur	Member	NED (I)	4
4	Shri M B Parekh	Member	ED(P)	5

The Board of Directors appointed Shri M B Parekh, Chairman & Managing Director as a member of the Committee wef 20<sup>th</sup> April, 2013, in place of late Shri B K Parekh. The Company Secretary is the Secretary of the Committee. Director-Finance, Chief Finance - Domestic, Statutory Auditors and Internal Auditors are invited to attend the meetings. The Cost Auditor is invited when required.

The powers and terms of reference of the Committee are as specified in Clause 49 of the Listing Agreement with the Stock Exchanges and Section 177 of the Companies Act, 2013 (Corresponding to Section 292A of the Companies Act, 1956). The remuneration of Chief Internal Auditor, is reviewed by the management.

### 4. HR & Remuneration Committee

A. During the financial year 2013-14, 2 meetings of the Committee were held on 28<sup>th</sup> May, 2013 and 29<sup>th</sup> October, 2013.

HR & Remuneration Committee also functions as Compensation Committee as per Securities and Exchange Board of India (SEBI) guidelines on Employees Stock Option Scheme.

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

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

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

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

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

In terms of the provisions of Section 178 of the Companies Act, 2013, the Committee has been renamed as Nomination and Remuneration Committee and its terms of reference have been suitably amended. Committee's constitution and terms of reference are in compliance with the provisions of the Companies Act, 2013, Clause 49 of the Listing Agreement and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, as amended from time to time.

## B. Remuneration of Directors

Executive Directors' remuneration details for the financial year 2013-14 are given below:

Sr. No.	Name	Salary * (₹)	Commission Payable (₹)	Perquisites (₹)	Total (₹)	Tenure (No. of years)	Stock option details
1	Shri M B Parekh (Chairman & Managing Director)	1,38,54,373	11,02,07,540	1,68,44,533	14,09,06,446	5 years from 01/08/2013	NIL
2	Shri N K Parekh (Jt. Managing Director)	69,27,180	1,62,06,991	61,14,523	2,92,48,694	5 years from 01/08/2013	NIL
3	Shri A B Parekh (Whole Time Director)	59,37,589	2,26,89,788	71,03,855	3,57,31,232	5 years from 01/08/2013	NIL
4	Shri A N Parekh (Whole Time Director)	51,74,976	1,62,06,991	49,90,035	2,63,72,001	5 years from 01/07/2010	NIL
5	Shri R Sreeram (Whole Time Director)	46,24,800	-	90,52,547	1,36,77,347	3 years from 08/11/2011	3,000

\* Includes House Rent Allowance

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

Notice period for the Executive Directors is as applicable to the senior employees of the Company. No severance fee is payable to the Executive Directors on termination of employment.

The details of sitting fees paid for attending the Board/ Committee meetings and commission due to the Non-Executive Directors for the year ended 31<sup>st</sup> March, 2014 are as under:

Sr. No.	Name	Sitting fees (₹)	Commission Payable (₹)	Total (₹)
1	Shri S K Parekh	-	9,00,000	9,00,000
2	Shri R M Gandhi	40,000	2,81,096	3,21,096
3	Shri N J Jhaveri	1,60,000	9,00,000	10,60,000
4	Shri B S Mehta	2,40,000	9,00,000	11,40,000
5	Shri Ranjan Kapur	2,20,000	9,00,000	11,20,000
6	Shri Yash Mahajan	60,000	9,00,000	9,60,000
7	Shri Bharat Puri	1,20,000	9,00,000	10,20,000
8	Shri D Bhattacharya	NIL	9,00,000	9,00,000
9	Shri Sanjeev Aga	1,06,000	9,00,000	10,06,000

The Non-Executive Directors did not have pecuniary relationships or transactions vis-à-vis the Company. The Company has not granted any Stock option to any of its Non-Executive Directors.

In terms of Special Resolution passed by the Members at Annual General Meeting held on 23<sup>rd</sup> July, 2013, Non-Executive Directors have been paid aggregate commission at a rate not exceeding 1% per annum of the net profit of the Company computed in accordance with Section 309(5) of the Companies Act, 1956 as determined by the Board of Directors, based on consideration of time spent in attending Board meetings, Committee meetings and advice given to the Company as experienced/expert persons, whenever approached.

The number of shares held by Non-Executive Directors as on 31<sup>st</sup> March, 2014: Shri N J Jhaveri - 10,000; Shri Ranjan Kapur - Nil; Shri B S Mehta - 24,716; Shri Yash Mahajan - 15,000; Shri S K Parekh - 4,59,69,560; Shri Bharat Puri - Nil; Shri D Bhattacharya - Nil; Shri Sanjeev Aga - Nil.

## 5. Shareholders'/Investors' Grievance Committee

During the year 12 meetings of the Share Transfer Committee were held and 1 meeting of Shareholders'/Investors' Grievance Committee (SIG Committee) was held on 10<sup>th</sup> January, 2014 which was attended by Shri Sanjeev Aga, Shri S K Parekh and Shri N K Parekh.

Details of composition of the SIG Committee is given below:

Sr. No.	Name	Designation	Category
1	Shri Sanjeev Aga*	Chairman	NED (I)
2	Shri S K Parekh	Member	NED (P)
3	Shri N K Parekh	Member	NED(P)

\* At the Board Meeting held on 29<sup>th</sup> October, 2013, Shri Sanjeev Aga was appointed as the Member of SIGC to fill the vacancy caused by the retirement of Shri R M Gandhi, a member of the Committee.

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.

Smt. Savithri Parekh, Company Secretary, is the compliance officer for complying with the requirements of the Securities Laws and the Listing Agreement with the Stock Exchanges.

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 Private 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 817 of which only 28 were in the nature of complaints. All the complaints were resolved to the satisfaction of shareholders. No requests for transfer and dematerialization of shares were pending as on 31<sup>st</sup> March, 2014.

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

In terms of the provisions of Section 178 of the Companies Act, 2013, the Committee has been renamed as Stakeholders Relationship Committee.

## 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
2012-13	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai-400 021.	23 <sup>rd</sup> July, 2013 at 3.00 p.m.
2011-12	Rangaswar Hall, 4th floor, Y.B.Chavan Centre, Gen.Jagannath Bhosale Marg, Next to Shachivalaya Gymkhana (Opp. Mantralaya), Mumbai-400 021.	24 <sup>th</sup> July, 2012 at 3.00 p.m.
2010-11	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai-400 021.	26 <sup>th</sup> July, 2011 at 3.00 p.m.

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

### 2012-13

- Re-appointment of Shri N K Parekh as Joint Managing Director of the Company for a further period of 5 years wef 1<sup>st</sup> August, 2013.
- Payment of commission at a rate not exceeding 1% per annum of the net profit of the Company computed in accordance with Section 309 of the Companies Act, 1956 to be distributed amongst the Directors of the Company (other than Managing Director, Joint Managing Director and Whole-Time Directors of the Company).

## 2011-12

- Approval for increase in remuneration of Shri Sanket S Parekh, relative of a Director of the Company, to hold Office/ Place of Profit as Head-Field Marketing (ADH.I) under Section 314 of the Companies Act, 1956.
- Approval for offer, issue & allotment of equity shares under Employee Stock Option Scheme under Section 81 of the Companies Act, 1956.

## 2010-11

No Special Resolutions were passed.

No Special Resolution was passed through postal ballot during the last year.

None of the items to be transacted at the ensuing Annual General Meeting is required to be passed by 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 Agreement 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:

The Company has constituted HR & Remuneration Committee to recommend/review remuneration of Directors and Senior Management. Please see Para 4 for details.

## 8. Means of Communication

- The quarterly results of the Company are normally published in the following newspapers: Financial Express (English) & Loksatta (Marathi) and are displayed on the Company's website (www.pidilite.com). The abridged results are also published in The Economic Times and Maharashtra Times.
- Presentation made to Institutional Investors or to Analysts and transcripts of meeting with the Analysts are posted on the Company's website.

## 9. General Information for Shareholders

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

## 10. 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.

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

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

"Pursuant to Clause 49(1)(D)(ii) of the Listing Agreement with Stock Exchanges, I hereby declare that all the Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2014."

# Corporate Governance Compliance Certificate

To

The Members of  
M/s Pidilite Industries Limited

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

We have examined relevant records of M/s Pidilite Industries Ltd. (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with BSE Ltd. and National Stock Exchange of India Ltd. for the financial year ended 31<sup>st</sup> March, 2014. 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: 30<sup>th</sup> July, 2014  
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:

Thursday, 25<sup>th</sup> September, 2014 at 11:00 a.m.

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

**Financial Year:** 1<sup>st</sup> April to 31<sup>st</sup> March.

### Date of Book Closure:

11<sup>th</sup> September, 2014 to 25<sup>th</sup> September, 2014  
(both days inclusive)

### Dividend Payment:

Credit/dispatch of dividend warrants will commence from 26<sup>th</sup> September, 2014, 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 BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The Annual Listing fee for the financial year 2014-15 has been paid to BSE & NSE.

### Stock Codes

Name of the Stock Exchange	Stock Code
BSE	500331
NSE	PIDILITIND

### Market Price Data

Share prices during the financial year 2013-14 at NSE for one equity share of ₹ 1/- each were as under:

Month	Share Price (₹)	
	High	Low
April, 2013	276.90	247.00
May, 2013	296.90	247.00
June, 2013	287.15	259.20
July, 2013	302.85	262.50
August, 2013	278.95	219.75
September, 2013	260.00	219.40
October, 2013	290.50	250.25
November, 2013	304.80	273.45
December, 2013	314.70	283.25
January, 2014	293.70	269.60
February, 2014	289.00	271.10
March, 2014	310.00	278.00

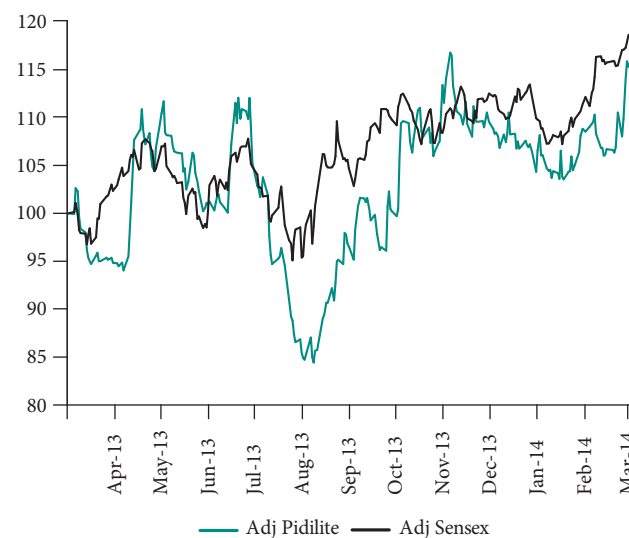
Share prices during the financial year 2013-14 at BSE for one equity share of ₹ 1/- each were as under:

Month	Share Price (₹)	
	High	Low
April, 2013	276.80	247.00
May, 2013	296.90	246.05
June, 2013	286.75	260.15
July, 2013	302.75	262.35

Month	Share Price (₹)	
	High	Low
August, 2013	278.30	219.70
September, 2013	260.25	220.00
October, 2013	290.40	251.15
November, 2013	304.15	273.95
December, 2013	314.00	283.65
January, 2014	294.00	268.95
February, 2014	289.40	272.00
March, 2014	310.00	278.00

### Stock Performance

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



### Registrar & Transfer Agent

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

### Share Transfer System

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

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

\* Revised wef 28<sup>th</sup> May, 2014

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 31<sup>st</sup> March, 2014:

No. of Equity Shares held	No. of folios	%	No. of Shares	%
Up to 5000	40,443	94.16	1,62,06,608	3.16
5001 – 10000	1,756	4.09	1,33,24,101	2.60
10001– 20000	339	0.79	50,16,302	0.98
20001 – 30000	96	0.22	23,58,457	0.46
30001 – 40000	53	0.12	18,88,502	0.37
40001 – 50000	32	0.07	14,81,355	0.29
50001 – 100000	71	0.17	51,70,510	1.01
100001 and above	161	0.38	46,71,96,495	91.13
<b>Total</b>	<b>42,951</b>	<b>100.00</b>	<b>51,26,42,330</b>	<b>100.00</b>
No. of Shareholders & shares in physical mode	1,807	4.21	37,82,129	0.74
No. of beneficial owners & shares in electronic mode	41,144	95.79	50,88,60,201	99.26
<b>Total</b>	<b>42,951</b>	<b>100.00</b>	<b>51,26,42,330</b>	<b>100.00</b>

#### Dematerialisation of shares & liquidity

As on 31<sup>st</sup> March, 2014, 99.26% of total equity shares of the Company were held in dematerialised form with National Securities Depository Limited 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.

#### Plant Locations in India

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

#### Address for Correspondence

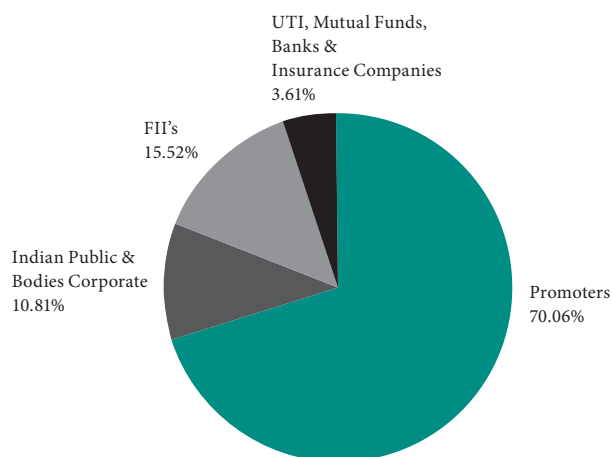
##### Registered Office:

Regent Chambers, 7<sup>th</sup> Floor, Jamnalal Bajaj Marg, 208, Nariman Point, Mumbai - 400 021  
Tel No: 022-2282 2708  
CIN: L24100MH1969PLC014336

##### Corporate Office:

Ramkrishna Mandir Road, Off. Mathuradas Vasanji Road, Andheri (E), Mumbai - 400059  
Tel No : 022-28357000/7949  
Fax No : 022-28216007  
Email : investor.relations@pidilite.co.in  
Website : www.pidilite.com

#### Shareholding Pattern as on 31<sup>st</sup> March, 2014:



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

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

#### Outstanding GDRs/ADRs/Warrants

The Company has no outstanding GDRs/ADRs/Warrants as on 31<sup>st</sup> March, 2014.

#### Employee Stock Options:

The information on options granted by the Company during the financial year 2013-14 and other particulars with regard to Employee Stock Options are set out under Annexure II to Directors' Report.

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

Details of Equity shares in Unclaimed Suspense Account under Clause 5A(II) are as follows:

Description	No. of Records	No. of Equity Shares of ₹ 1/- each
No. of Records & shares at the beginning of the year	255	2,24,719
Response received for transfer of shares during the year	6	4,250
No. of records and shares transferred during the year	6	4,250
No. of Records & outstanding shares at the end of the year	249	2,20,469

**Consolidated  
Financial  
Statements**



# Independent Auditors' Report to the Board of Directors of Pidilite Industries Limited

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **PIDILITE INDUSTRIES LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries and associate referred to below in the Other Matter paragraph, the aforesaid 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 31<sup>st</sup> March, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

## Other Matter

We did not audit the financial statements / financial information of 21 subsidiaries, whose financial statements / financial information reflect total assets (net) of ₹ 4,612.73 million as at 31<sup>st</sup> March, 2014, total revenues of ₹ 4,292.72 million and net cash flows amounting to ₹ 175.97 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 30.41 million for the year ended 31<sup>st</sup> March, 2014, as considered in the consolidated financial statements, in respect of an associate, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 117364W)

**B. P. SHROFF**  
Partner  
(Membership No. 034382)

Place: Mumbai  
Date: 28<sup>th</sup> May, 2014

# Consolidated Balance Sheet

As at 31<sup>st</sup> March, 2014

(₹ in million)

Particulars	Note No.	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	512.64	512.64
Reserves and Surplus	4	19,013.59	16,002.70
		19,526.23	16,515.34
<b>Minority Interest</b>			
		41.63	9.55
<b>Non-Current liabilities</b>			
Deferred Tax Liabilities (net)	5	537.33	498.67
Long-Term Provisions	6	319.22	169.92
		856.55	668.59
<b>Current liabilities</b>			
Short-Term Borrowings	7	459.34	509.92
Trade Payables	8	3,474.11	2,501.08
Other Current Liabilities	9	3,035.84	3,886.07
Short-Term Provisions	10	1,889.86	2,069.34
		8,859.15	8,966.41
<b>TOTAL</b>		<b>29,283.56</b>	<b>26,159.89</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	5,906.65	5,655.63
Intangible Assets	12	1,154.86	597.24
Capital Work-In-Progress		4,580.46	4,280.15
		11,641.97	10,533.02
<b>Goodwill on Consolidation</b>			
		229.81	204.93
<b>Non-Current Investments</b>			
	13	261.59	244.37
<b>Long-Term Loans and Advances</b>			
	14	674.87	770.15
<b>Other Non-Current Assets</b>			
	15	59.29	47.70
		12,867.53	11,800.17
<b>Current Assets</b>			
Current Investments	16	2,341.34	2,696.18
Inventories	17	5,996.81	5,235.71
Trade Receivables	18	5,244.01	4,304.94
Cash and Bank balances	19	1,771.72	1,506.15
Short-Term Loans and Advances	20	937.18	540.75
Other Current Assets	21	124.97	75.99
		16,416.03	14,359.72
<b>TOTAL</b>		<b>29,283.56</b>	<b>26,159.89</b>
Significant Accounting Policies	1 to 2		
See accompanying notes forming part of the consolidated financial statements	3 to 47		

In terms of our Report attached

For DELOITTE HASKINS & SELLS  
Chartered Accountants

**B. P. SHROFF**  
Partner

Place: Mumbai  
Date: 28<sup>th</sup> May, 2014

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**M B PAREKH**  
Chairman & Managing Director

**SAVITHRI PAREKH**  
Company Secretary

**N K PAREKH**  
Joint Managing Director

Place: Mumbai  
Date: 28<sup>th</sup> May, 2014

# Consolidated Statement of Profit and Loss

For The Year Ended 31<sup>st</sup> March, 2014

(₹ in million)

Particulars	Note No.	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
<b>INCOME</b>			
Revenue from Operations (gross)	22	45,345.28	38,979.00
Less: Excise Duty		2,513.24	2,197.90
Revenue from Operations (net)		42,832.04	36,781.10
Other Income	23	448.63	704.65
<b>Total Income</b>		<b>43,280.67</b>	<b>37,485.75</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	24	21,814.30	18,364.50
Purchases of Stock-in-Trade (Traded goods)		2,384.79	2,234.77
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	(586.01)	(447.53)
Employee Benefits Expense	26	4,419.96	3,745.79
Finance Costs	27	163.34	155.05
Depreciation and Amortisation Expense	28	811.60	685.81
Other Expenses	29	8,084.41	6,952.49
<b>Total Expenses</b>		<b>37,092.39</b>	<b>31,690.88</b>
<b>Profit before Exceptional Items and Tax</b>		<b>6,188.28</b>	<b>5,794.87</b>
(Add) / Less: Exceptional Items (net)	30	64.96	(18.30)
<b>Profit before Tax</b>		<b>6,123.32</b>	<b>5,813.17</b>
<b>Tax Expense</b>			
Current Tax		1,625.15	1,564.75
Deferred Tax		27.56	30.36
<b>Net Tax expense</b>		<b>1,652.71</b>	<b>1,595.11</b>
<b>Profit after tax before share of profit of Associate and Minority Interest</b>		<b>4,470.61</b>	<b>4,218.06</b>
Add: Share of Profit in Associate		30.41	24.12
Less: Minority Interest		2.88	2.43
<b>Profit for the year</b>		<b>4,498.14</b>	<b>4,239.75</b>
<b>Earnings Per Share</b>	33		
Basic (₹)		8.77	8.32
Diluted (₹)		8.77	8.32
Face Value of Share (₹)		1.00	1.00

Significant Accounting Policies 1 to 2  
See accompanying notes forming part of the consolidated financial statements 3 to 47

In terms of our Report attached

For DELOITTE HASKINS & SELLS  
Chartered Accountants

**B. P. SHROFF**  
Partner

Place: Mumbai  
Date: 28<sup>th</sup> May, 2014

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**M B PAREKH**  
Chairman & Managing Director

**SAVITHRI PAREKH**  
Company Secretary

**N K PAREKH**  
Joint Managing Director

Place: Mumbai  
Date: 28<sup>th</sup> May, 2014

# Notes

## 1 Corporate information

Since its inception in 1959, Pidilite Industries Limited has been a pioneer in consumer and industrial speciality chemicals in India. The equity shares of the Company are listed on BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

## 2 Basis of Consolidation and significant accounting policies

### 2.1 Basis of accounting and preparation of Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its Subsidiaries (together the “Group”) have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (“the 1956 Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / the 2013 Act, as applicable. The Consolidated Financial Statements have been prepared on accrual basis under the historical cost convention on a going concern basis.

### 2.2 Principles of consolidation

The Consolidated Financial Statements relate to Pidilite Industries Limited (‘the Company’), its subsidiary companies and the Group’s share of profit in its associate. The Consolidated Financial Statements have been prepared on the following basis:

- a) The financial statements of the subsidiary companies and an associate used in the consolidation are drawn upto the same reporting date as that of the Company i.e. March 31, 2014.
- b) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses in accordance with Accounting Standard (AS) 21 - “Consolidated Financial Statements.”
- c) The Consolidated Financial Statements include the share of profit / loss of the associate companies which have been accounted for using equity method as per AS 23 Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit/ loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.
- d) The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as ‘Goodwill’ being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Group, it is recognised as ‘Capital Reserve’ and shown under the head ‘Reserves & Surplus’, in the Consolidated Financial Statement.
- e) Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.
- f) The difference between the cost of investments in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the Consolidated Financial Statements as Goodwill or Capital Reserve as the case may be.
- g) Goodwill arising on consolidation is not amortised but tested for impairment.



h) Following subsidiary companies and associate have been considered in the preparation of the Consolidated Financial Statements:

Name of the entity	Relationship	Country of Incorporation	% of Holding and voting power either directly or indirectly through subsidiary	
			31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
i) Fevicol Company Ltd (Fevicol)	Subsidiary	India	100%	100%
ii) Bhimad Commercial Co Pvt Ltd (Bhimad)	Subsidiary	India	100%	100%
iii) Madhumala Traders Pvt Ltd (Madhumala)	Subsidiary	India	100%	100%
iv) Pagel Concrete Technologies Ltd (PCTL)	Subsidiary	India	80%	75%
v) Nitin Enterprises (Nitin)	Subsidiary	India	99.99%	99.99%
vi) Building Envelope Systems India Ltd (BESI)	Subsidiary	India	60%	60%
vii) Percept Waterproofing Services Ltd (PWSL)	Subsidiary	India	80%	NA
viii) Hybrid Coatings (Hybrid)	Subsidiary	India	99%	NA
ix) Pidilite International Pte Ltd (PIPL)	Subsidiary	Singapore	100%	100%
x) Pidilite Middle East Ltd (PMEL)	Subsidiary	Dubai	100%	100%
xi) Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda (Pulvitec)	Subsidiary	Brazil	100%	100%
xii) Pidilite USA Inc (PUSA)	Subsidiary	USA	100%	100%
xiii) Jupiter Chemicals (LLC) (Jupiter)	Subsidiary	Dubai	100%	100%
xiv) PT Pidilite Indonesia (PTPI)	Subsidiary	Indonesia	100%	100%
xv) Pidilite Speciality Chemicals Bangladesh Pvt Ltd (PSCB)	Subsidiary	Bangladesh	100%	100%
xvi) Pidilite Innovation Centre Pte Ltd (PICPL)	Subsidiary	Singapore	100%	100%
xvii) Pidilite Industries Egypt - SAE (PIE)	Subsidiary	Egypt	100%	100%
xviii) Pidilite Bamco Ltd (Bamco)	Subsidiary	Thailand	100%	100%
xix) Pidilite South East Asia Ltd* (PSEAL)	Subsidiary	Thailand	100%	100%
xx) PIL Trading Egypt (LLC) (PTC)	Subsidiary	Egypt	100%	100%
xxi) Pidilite Industries Trading (Shanghai) Co Ltd (Pidilite Shanghai)	Subsidiary	China	100%	100%
xxii) Bamco Supply Services Ltd (BSSL)	Subsidiary	Thailand	49%	49%
xxiii) Vinyl Chemicals (India) Ltd (VCIL)	Associate	India	40.62%	40.62%

\*Pidilite South East Asia Ltd has not been considered for consolidation in the current year as the company is under liquidation.

The Consolidated Financial Statement have been prepared using uniform accounting policies for like transactions and other events in similar circumstances with certain exceptions as mentioned in 2.5, 2.12 and 2.13 below and are presented to the extent possible, in the same manner as the Company's separate financial statements.

### 2.3 Use of estimates

The preparation of Consolidated Financial Statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialised.

## 2.4 Fixed assets (Tangible/ Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprise its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets retired from active use and held for sale, if any, are stated at the lower of their net book value and net realisable value and are disclosed separately.

### Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

## 2.5 Depreciation and amortisation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956, except in respect of the following categories of assets, in whose case, the life of assets has been assessed as under:

Class of Assets	Estimated Useful Life for the purpose of Depreciation									
	Pulvitec	PSCB	Bamco	PIE	PUSA	PTC	BSSL	Jupiter	PICPL	PTPI
Tangibles										
Buildings		20	30	20						
Plant & Machinery	10	10	10	10	7			5	5	
Vehicles		5	5	4	5			5	5	8
Furniture				5		5				
Office Equipments	5 - 10	3 - 10	5	3 - 10	5	5	5	5	3 - 5	4

- Leasehold land and Leasehold improvements are amortised over the duration of the lease

- Assets costing less than ₹ 5,000 each are depreciated at the rate of 100%.

Intangible assets are amortised over their estimated useful life on the straight-line method as follows:

- Goodwill (acquired) – 5 years
- Computer Software - 5 to 10 years
- Non Compete Fees - 5 years
- Other intangibles (Copyrights, Trademarks, Technical Knowhow etc. acquired by the Group) – 10 to 15 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

## 2.6 Research and development expenses

Revenue expenditure pertaining to research is charged to respective heads in the Consolidated Statement of Profit and Loss in the year it is incurred. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

## 2.7 Investments

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

## 2.8 Inventories

Raw Materials and Packing Materials are valued at the lower of weighted average cost and net realisable value.

Finished goods, Stock-in-Trade and Work-in-Progress are valued at lower of weighted average cost and net realisable value. Cost for this purpose includes direct materials, direct labour, excise duty and appropriate overheads.

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

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

## 2.9 Revenue recognition

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 dispatch of goods to customer. Sales are net of - Sales Tax/ VAT, returns, rebates and discounts.

Interest income is recognised on accrual basis.

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

Dividend is accounted for when right to receive dividend is established.

## 2.10 Foreign currency transactions and translations

Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items (other than forward contracts) of the Group, outstanding at the Balance Sheet date are restated at the year end rates. Non-monetary items of the Group are carried at historical cost.

The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. The unamortised exchange difference is carried under Reserves and Surplus as "Foreign currency monetary item translation difference account" net of the tax effect thereon, where applicable.

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Group are recognised as income or expense in the Consolidated Statement of Profit and Loss.

In respect of the foreign offices / branches, which are integral foreign operations, all revenues and expenses during the month are reported at monthly average rates. Foreign currency monetary items, outstanding at the balance sheet date are restated at the year end rates. Non-monetary items are carried at historical cost. Net gain / loss on foreign currency translation is recognised in the Statement of Profit and Loss.

In respect of Non-integral foreign operations, all assets and liabilities are translated at year end rates and all revenues and expenses are translated at average rates for the year. The exchange differences relating to non-integral foreign operations are accumulated in a "Foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "Foreign currency translation reserve" is recognised as income / expense in the same period in which the gain or loss on disposal is recognised.

## 2.11 Accounting for forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

## 2.12 Employee benefits

Employee benefits include Provident Fund, Superannuation Fund, Employee State Insurance Scheme, Gratuity Fund, Compensated Absences, Anniversary Awards, Premature Death Pension Scheme and Total Disability Pension Scheme.

### Defined contribution plans

The Group's contribution to Provident Fund, Superannuation Fund and Employee State Insurance Scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

### **Defined benefit plans**

For defined benefit plans in the form of Gratuity Fund the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Consolidated Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

### **Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- b) in case of non-accumulating compensated absences, when the absences occur.

### **Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date. Anniversary awards, premature death pension scheme and total disability pension scheme are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

Employee Benefits for the employees in foreign subsidiary companies are governed under applicable local laws.

## **2.13 Taxes on Income**

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the provisions of applicable tax laws of the respective jurisdictions where the entities are located. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

The Group offsets Direct Tax Assets and Direct Tax Liabilities and Advance Income Tax and provision for tax, if it has a legally enforceable right and these relates to taxes on income levied by the same governing taxation laws.

## **2.14 Provisions and contingencies**

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised nor disclosed in the Consolidated Financial Statements.

### **2.15 Cash and cash equivalents (for purposes of Cash Flow Statement)**

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

### **2.16 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / loss before extraordinary items and tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Comapny are segregated based on available information.

### **2.17 Impairment of assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss.

### **2.18 Segment reporting**

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of cost plus margins. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

### **2.19 Employee share based payments**

The Group has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees of the Group to acquire equity shares of the Group that vest in a graded manner and that are to be exercised within a specified period. The compensation cost of stock options granted to employees is measured by the intrinsic value method, i.e., the difference between the closing market price on the day prior to the grant of the options under ESOS over the exercise price to be paid by the option holder. In accordance with the SEBI Guidelines; the excess, if any, is amortised on a straight-line basis over the vesting period of the options.

### **2.20 Operating cycle**

Based on the varied nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has considered its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(₹ in million)

		As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>3</b>	<b>Share Capital</b>		
<b>Authorised Capital:</b>			
	700,000,000 (700,000,000) Equity Shares of ₹ 1 each	700.00	700.00
	<b>TOTAL</b>	<b>700.00</b>	<b>700.00</b>
<b>Issued, Subscribed and Paid up Capital:</b>			
	512,642,330 (512,642,330) Equity Shares of ₹ 1 each, fully paid-up	512.64	512.64
	<b>TOTAL</b>	<b>512.64</b>	<b>512.64</b>

**a. Reconciliation of the no. of shares and amount outstanding at the beginning and at the end of the reporting period**

	As at 31 <sup>st</sup> March 2014		As at 31 <sup>st</sup> March 2013	
	Number of Shares	₹ in million	Number of Shares	₹ in million
Equity Shares				
Shares outstanding at the beginning of the year	512,642,330	512.64	507,648,626	507.65
Shares issued during the year upon conversion of Foreign Currency Convertible Bonds	-	-	4,993,704	4.99
Shares outstanding at the end of the year	512,642,330	512.64	512,642,330	512.64

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

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

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion of their shareholding.

During the year ended 31<sup>st</sup> March, 2014, the amount of per share dividend recognised as distribution to equity shareholders is ₹ 2.70 (₹ 2.60).

**c. Details of shareholders holding more than 5% shares in the Company:**

	As at 31 <sup>st</sup> March 2014		As at 31 <sup>st</sup> March 2013	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Shri Madhukar Balvantray Parekh	56,977,568	11.11	56,958,614	11.11
Shri Narendrakumar Kalyanji Parekh	54,332,178	10.59	54,332,178	10.59
Shri Ajay Balvantray Parekh	49,148,590	9.58	49,134,386	9.58
Shri Sushilkumar Kalyanji Parekh	45,969,560	8.97	45,969,560	8.97
Genesis Indian Investment Co. Ltd. - General Sub fund	39,863,145	7.78	40,675,686	7.93
Devkalyan Sales Pvt. Ltd.	26,074,280	5.09	26,074,280	5.09

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

	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
	(Number of shares)	(Number of shares)
<b>Equity Shares</b>		
Allotted as fully paid bonus shares (in 2009-10)	<b>253,067,306</b>	253,067,306
Allotted on Conversion of FCCB (in 2011-12 and 2012-13)	<b>6,507,718</b>	6,507,718

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

e. The Company had issued on 6<sup>th</sup> December, 2007, 400 Foreign Currency Convertible Bonds (FCCB) of US\$100,000 each, which were convertible into Equity shares at any time upto 1<sup>st</sup> December 2012. The due date for redemption of FCCBs was 7<sup>th</sup> December, 2012. As on 7<sup>th</sup> December, 2012, the balance outstanding FCCBs aggregating 205 Bonds were redeemed by the Company.

f. Equity Shares reserved for issuance under Employee Stock Option Scheme, 2012:

	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
	(Number of shares)	(Number of shares)
Equity Shares of ₹ 1 each	300,000	-

(₹ in million)

4 Reserves and Surplus	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Capital Reserve</b>	3.37	3.37
<b>Securities Premium Account</b>		
Balance as per last financial statements	650.97	152.03
Add: Credited on conversion of Foreign Currency Convertible Bonds	-	498.94
<b>Closing Balance</b>	650.97	650.97
<b>Debenture Redemption Reserve</b>		
Balance as per last financial statements	259.11	935.62
Add: Transferred from Statement of Profit and Loss	40.89	59.93
Less: Transferred to General Reserve*	300.00	736.44
<b>Closing Balance</b>	-	259.11
Cash Subsidy Reserve	9.47	9.47
Legal Reserve	2.31	2.31
<b>Employee Stock Options Outstanding</b>		
- Employees Stock Options Outstanding		
Balance as per last financial statements	-	-
Add: Options granted during the year	12.85	-
Less: Exercised during the year	-	-
Closing Balance (A)	12.85	-
- Deferred Employees Stock Options Cost		
Balance as per last financial statements	-	-
Add: Options granted during the year	(12.85)	-
Less: Amortisation during the year	4.06	-
Closing Balance (B)	(8.79)	-
Closing Balance (A-B)	4.06	-
<b>General Reserve</b>		
Balance as per last financial statements	14,097.02	10,860.58
Add: Transferred from surplus in Consolidated Statement of Profit and Loss	2,500.00	2,500.00
Add: Transferred from Debenture Redemption Reserve*	300.00	736.44
Closing Balance	16,897.02	14,097.02
<b>Foreign Currency Translation reserve</b>		
Opening Balance	331.84	262.38
Add: Addition during the year	128.05	69.46
Closing Balance	459.89	331.84
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last financial statements	648.61	528.11
Add: Profit for the year	4,498.14	4,239.75
Less: Proposed final Equity Dividend [Amount per share ₹ 2.70 (₹ 2.60)]	1,384.13	1,332.87
• Tax on proposed equity dividend	235.23	226.45
<b>Transferred to:</b>		
• Debenture Redemption Reserve	40.89	59.93
• General Reserve	2,500.00	2,500.00
<b>TOTAL</b>	4,160.25	4,119.25
<b>Closing Balance</b>	986.50	648.61
<b>TOTAL</b>	19,013.59	16,002.70

\* The transfer of Debenture Redemption Reserve to General Reserve is on account of redemption/ conversion of Foreign Currency Convertible Bonds and 11.9% Redeemable Non Convertible Debentures.



(₹ in million)

5	Deferred Tax Liabilities (net)	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
	Tax effect of items constituting Deferred Tax Liabilities		
	On difference between book and tax depreciation	696.35	614.65
	Tax effect of items constituting Deferred Tax Liabilities	696.35	614.65
	Tax effect of items constituting Deferred Tax Assets		
	On difference between book and tax depreciation	1.31	1.35
	Provision for Employee Benefits	80.44	50.13
	Provision for Doubtful Debts	44.72	55.03
	Disallowance under Section 35DDA and 43B of Income Tax Act, 1961	19.97	-
	Net Operating Losses	10.48	9.35
	Others	2.10	0.12
	Tax effect of items constituting Deferred Tax Assets	159.02	115.98
	<b>TOTAL</b>	<b>537.33</b>	<b>498.67</b>

6	Long-Term Provisions	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
	Provision for Employee Benefits:		
	Compensated Absences	195.77	134.24
	Anniversary Awards	6.58	3.89
	Premature Death Pension Scheme	3.57	3.76
	Total Disability Pension Scheme	1.02	0.98
	Other Long-Term Provision (Refer Note 41)	112.28	27.05
	<b>TOTAL</b>	<b>319.22</b>	<b>169.92</b>

7	Short-Term Borrowings	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
	Short -Term Loan from Bank	142.30	252.31
	Loans repayable on demand from banks: Secured Working Capital Loan (Cash Credit / overdraft accounts)	317.04	257.61
	<b>TOTAL</b>	<b>459.34</b>	<b>509.92</b>

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

(₹ in million)

8 Trade Payables	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
Trade Payables		
Other than acceptances	3,474.11	2,501.08
<b>TOTAL</b>	<b>3,474.11</b>	<b>2,501.08</b>

9 Other Current Liabilities	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Current maturities of Long-Term borrowings</b>		
NIL (600) 11.9% Redeemable Non Convertible Debentures of ₹ 1,000,000 each <sup>#</sup>	-	600.00
Interest free Sales Tax loan from Government of Maharashtra <sup>@</sup>	-	2.43
<b>Other Liabilities</b>		
Interest accrued but not due on borrowings	-	40.05
Unclaimed Dividend	7.27	6.62
<b>Other Payables</b>		
Statutory remittances	391.47	265.35
Payables on purchase of fixed assets	20.10	59.10
Employee related liabilities	246.93	300.06
Contractually reimbursable expenses	12.64	12.14
Trade/ Security Deposit received	635.28	558.88
Advance from customers	71.66	79.99
Other accrued liabilities	1,650.49	1,961.45
<b>TOTAL</b>	<b>3,035.84</b>	<b>3,886.07</b>

# 600 redeemable Non Convertible Debentures were secured by way of mortgage & by first pari passu charge on the immovable property in Gujarat & all movable properties of the Company. These debentures have been redeemed at par on 5<sup>th</sup> December, 2013.

@ Sales Tax loan was interest free & payable in 16 yearly installments, starting from 30<sup>th</sup> April, 2007. The same has been prepaid.

10 Short-Term Provisions	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
Provision for Employee Benefits		
• Gratuity (net)	58.74	51.33
• Compensated Absences	74.02	49.71
• Anniversary Awards	0.85	0.61
• Premature Death Pension Scheme	0.72	0.63
• Total Disability Pension Scheme	0.15	0.14
Provision for Tax (net of Advance Tax)	136.02	407.60
Provision for proposed equity dividend	1,384.13	1,332.87
Provision for tax on proposed equity dividend	235.23	226.45
<b>TOTAL</b>	<b>1,889.86</b>	<b>2,069.34</b>

PIDILITE INDUSTRIES LIMITED FIXED ASSET SCHEDULE AS AT 31-03-2014

(₹ in million)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
	As at 1.4.2013	Additions	Deductions/ Adjustments	Effects of Foreign Currency Exchange Differences	As at 31.3.2014	As at 1.4.2013	Provided during the year	Deductions/ Adjustments	Effects of Foreign Currency Exchange Differences	As at 31.3.2014	As at 31.3.2014
<b>11 Tangible Assets</b>											
Freehold Land	418.19 (187.88)	56.45 (227.59)	-	(1.42) (2.72)	476.06 (418.19)	-	-	-	-	-	476.06 (418.19)
Leasehold Land	196.15 (196.15)	18.28	-	-	214.43 (196.15)	11.04 (9.06)	2.08 (1.98)	-	-	13.12 (11.04)	201.31 (185.11)
Buildings	1,774.70 (1,634.40)	85.46 (135.41)	3.03 (4.06)	(14.78) (8.95)	1,871.91 (1,774.70)	482.64 (430.55)	54.97 (51.24)	0.26 (2.79)	(4.34) (3.64)	541.69 (482.64)	1,330.22 (1,292.06)
Plant & Machinery	6,759.58 (6,247.10)	529.07 (588.92)	26.45 (96.98)	(38.21) (20.54)	7,300.41 (6,759.58)	3,644.39 (3,291.98)	521.99 (386.30)	25.16 (1.17)	(17.37) (32.72)	4,158.59 (3,644.39)	3,141.81 (3,115.19)
Vehicles	191.63 (187.66)	18.94 (10.63)	5.89 (8.31)	(1.12) (1.65)	205.80 (191.63)	107.80 (96.26)	15.67 (16.78)	4.33 (0.61)	(0.89) (4.63)	120.03 (107.80)	85.77 (83.83)
Furniture	530.71 (490.25)	33.41 (42.88)	4.78 (1.57)	(2.84) (0.85)	562.18 (530.71)	244.04 (214.79)	30.42 (30.87)	1.21 (1.19)	(1.08) (0.43)	274.33 (244.04)	287.86 (286.67)
Office Equipments	668.24 (643.44)	132.55 (47.92)	0.43 (25.86)	(1.77) (2.74)	802.13 (668.24)	393.66 (351.55)	25.93 (63.20)	2.45 (22.29)	(1.37) (43.38)	418.51 (393.66)	383.62 (274.58)
<b>TOTAL</b>	<b>10,539.20</b> (9,586.88)	<b>874.16</b> (1,053.35)	<b>40.58</b> (136.78)	<b>(60.14)</b> (65.75)	<b>11,432.92</b> (10,539.20)	<b>4,883.57</b> (4,394.19)	<b>651.06</b> (550.37)	<b>33.41</b> (16.53)	<b>(25.05)</b> (77.52)	<b>5,526.27</b> (4,883.57)	<b>5,906.65</b> (5,655.63)
<b>12 Intangible Assets</b>											
Goodwill	771.20 (758.74)	27.18	-	33.12 (12.46)	765.26 (771.20)	531.01 (357.95)	42.57 (63.54)	-	33.20 (15.32)	540.38 (531.01)	224.88 (240.19)
Trademarks	665.00 (665.00)	349.48	-	(23.04)	1,037.52 (665.00)	594.65 (568.96)	49.03 (25.69)	-	-	643.68 (594.65)	393.84 (70.35)
Computer Software	220.79 (161.92)	167.65 (11.98)	-	(1.76) (1.09)	390.20 (220.79)	152.93 (109.36)	43.22 (21.40)	-	(1.73) (43.39)	197.88 (152.93)	192.32 (67.86)
Copyrights	276.56 (270.02)	22.05	-	-	298.61 (276.56)	108.79 (96.05)	6.27 (15.25)	-	(8.83) (4.57)	123.89 (108.79)	174.72 (167.77)
Technical Knowhow Fees	138.67 (138.17)	91.84 (0.50)	-	-	230.51 (138.67)	89.38 (80.94)	15.62 (8.44)	-	-	105.00 (89.38)	125.51 (49.29)
Non Compete Fees	11.22 (11.22)	45.63	-	-	56.85 (11.22)	9.44 (8.32)	3.83 (1.12)	-	-	13.27 (9.44)	43.58 (1.78)
<b>TOTAL</b>	<b>2,083.44</b> (2,005.07)	<b>703.83</b> (12.48)	<b>-</b> (38.49)	<b>8.32</b> (27.40)	<b>2,778.95</b> (2,083.44)	<b>1,486.20</b> (1,221.58)	<b>160.54</b> (135.44)	<b>-</b> (65.90)	<b>22.64</b> (63.28)	<b>1,624.10</b> (1,486.20)	<b>1,154.86</b> (597.24)
<b>GRAND TOTAL</b>	<b>12,622.64</b> (11,591.95)	<b>1,577.99</b> (1,065.83)	<b>40.59</b> (98.29)	<b>(51.82)</b> (63.15)	<b>14,211.86</b> (12,622.64)	<b>6,369.78</b> (5,615.77)	<b>811.60</b> (685.81)	<b>33.41</b> (82.43)	<b>(2.38)</b> (14.24)	<b>7,150.35</b> (6,369.77)	<b>7,061.51</b> (6,252.87)

Assets given under Operating lease and assets taken under Finance lease included in note 11 above are as under:

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK			
	As at 1.4.2013	Additions	Deductions/ Adjustments	Effects of Foreign Currency Exchange Differences	As at 31.3.2014	As at 1.4.2013	Provided during the year	Deductions / Adjustments	Effects of Foreign Currency Exchange Differences	As at 31.3.2014	As at 31.3.2014
Freehold Land											
- Given under Operating lease	16.33 (16.33)	-	-	-	16.33 (16.33)	-	-	-	-	-	16.33 (16.33)
Leasehold Land											
- Given under Operating lease	21.17 (21.17)	-	-	-	21.17 (21.17)	1.14 (0.91)	0.20 (0.21)	-	-	1.34 (1.12)	19.83 (20.05)
Buildings											
- Given under Operating lease	108.83 (105.49)	3.25 (3.16)	-	-	112.08 (108.65)	30.36 (16.65)	3.36 (2.65)	-	-	33.72 (19.30)	78.36 (89.35)
Vehicles											
- Taken under Finance lease	2.79 (2.79)	-	-	-	2.79 (2.79)	1.68 (1.12)	0.61 (0.56)	-	-	2.29 (1.68)	0.50 (1.11)
Office Equipments											
- Taken under Finance lease	0.23 (0.23)	-	-	-	0.23 (0.23)	0.10 (0.07)	0.06 (0.04)	-	-	0.16 (0.10)	0.07 (0.13)

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

\* Buildings includes shares of cooperative societies of ₹ 0.07 million (₹ 0.07 million).

(₹ in million)

13 Non-Current Investments	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Long-Term Investments (at cost less provision for other than temporary diminution)</b>		
<b>A] Trade:</b>		
<b>Investment in Associates</b>		
<b>In Equity Instruments (quoted) (fully paid up)</b>		
7,451,540 (7,451,540) Equity Shares of ₹ 1 each of Vinyl Chemicals (India) Ltd	11.79	11.79
Original cost of acquisition including goodwill ₹ 9.52 million (₹ 9.52 million)		
[Market Value ₹ 124.44 million (₹ 69.60 million)]		
Add: Share in accumulated Profits / Reserves	99.31	81.87
Carrying amount of Investment (Total A)	111.10	93.66
<b>B] Other Investments:</b>		
<b>(a)(i) In Equity Instruments (quoted) (fully paid up)</b>		
6,848 (9,426) Equity Shares of ₹ 10 each of Menon Pistons Ltd	0.48	0.67
[Market Value ₹ 0.46 million (₹ 0.57 million)]		
TOTAL (a)(I)	0.48	0.67
<b>(a)(ii) In Equity Instruments (unquoted) (fully paid up)</b>		
121,300 (121,300) Equity Shares of ₹10 each of Pal Peugeot Ltd	1.21	1.21
2,500 (2,500) Equity Shares of ₹ 10 each of Saraswat Co-operative Bank Ltd.	0.03	0.03
TOTAL (a)(II)	1.24	1.24
TOTAL a[(I)+(II)]	1.72	1.91
<b>(b) Investments in Mutual Funds</b>		
5,000,000 (Nil) Units of DSP- Black Rock FMP- Series 37-14M-Reg-Growth	50.00	-
10,000,000 (Nil) Units of HDFC-FMP 441D Feb 2014(1)Series 29- Growth	100.00	-
Nil (5,000,000) Units of Reliance Fixed horizon Fund XXIII series I -.Growth	-	50.00
Nil (10,011,163) Units of IDFC -fixed Term Plan Series 9-Regular Plan -Growth	-	100.11
TOTAL (b)	150.00	150.11
TOTAL (B) (a+b)	151.72	152.02
TOTAL (A+B)	262.82	245.68
Less: Provision for Diminution in value of Investments	1.23	1.31
<b>TOTAL</b>	<b>261.59</b>	<b>244.37</b>
Aggregate amount of quoted investments	111.58	94.33
Aggregate amount of unquoted investments	151.24	151.35
Aggregate market value of quoted investments	124.90	70.17

(₹ in million)

14 Long -Term Loans and Advances		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Unsecured, considered good</b>		
Capital Advances	93.35	113.03
Security Deposit	116.32	109.46
Prepaid Expenses	2.47	2.89
Loans and Advances to Employees	28.30	24.38
Advance Payment of Taxes (Net of Provisions)	218.39	256.62
MAT credit utilised	-	189.10
Balance with Government Authorities	150.98	74.67
Other Loans & Advances	65.06	-
<b>TOTAL</b>	<b>674.87</b>	<b>770.15</b>

15 Other Non-Current Assets		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Unsecured, considered good</b>		
Fixed Deposits (under lien)	2.63	0.16
Export Benefits Receivable	39.22	30.10
Other Receivables	17.44	17.44
<b>TOTAL</b>	<b>59.29</b>	<b>47.70</b>

16 Current Investments		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>A] Current Portion of Long -Term Investments (at cost)</b>		
<b>a) Investments in Mutual Funds</b>		
• Nil (10,000,000) Units of HDFC-FMP 392D March2012(2)G -Growth Option	-	100.00
• 10,000,000 (10,000,000) Units of ICICI Prudential FMP Series 66 420 days Plan A-Regular-Growth	100.00	100.00
• Nil (10,000,000) Units of HDFC-FMP 371D Feb2013(2)R-Growth Option	-	100.00
• Nil (10,000,000) Units of DSP- Black Rock FMP-12M Series 84-RegGrowth	-	100.00
• 10,000,000 (10,000,000) Units of ICICI Prudential FMP Series 66 407 days Plan C-Regular-Growth	100.00	100.00
• 10,000,000 (10,000,000) Units of DSP- Black Rock FMP- Series 91-12M-Reg-Growth	100.00	100.00
• 10,000,000 (10,000,000) Units of ICICI Prudential FMP Series 67 371 days Plan E-Regular-Growth	100.00	100.00
• 10,922,740 (Nil) ICICI Prudential FMP Series 68-368 Days -Plan-G-Growth Option	109.23	-
• 10,000,000 (Nil) Units of Birla Sun Life Fixed Term Plan Series KN (366 days) GR Regular	100.00	-
• 10,000,000 (Nil) Units of ICICI Prudential FMP Series 73 366 days Plan A-Regular -Growth	100.00	-
• 10,000,000 (Nil) Units of ICICI Prudential FMP Series 73 368 days Plan D-Regular -Growth	100.00	-
• 10,000,000 (Nil) Units of HDFC-FMP 370D Feb 2014 (1) Series 29-Growth	100.00	-
• 10,000,000 (Nil) Units of HDFC-FMP 369D Feb 2014 (2) Series 29-Growth	100.00	-
• 5,000,000 (Nil) Units of Reliance Fixed Horizon Fund XXIII series I - Growth	50.00	-
• 10,011,163 (Nil) Units of IDFC -Fixed Term Plan Series 9-Regular Plan - Growth	100.11	-
• 10,000,000 (Nil) Units of DSP-Black Rock FMP-S146-12M-reg	100.00	-
Total (a)	1,259.34	700.00
<b>(b) Investments in Insurance Fund</b>		
• Nil (3,003,690) Units of Aviva Life Insurance	-	30.19
Total (b)	-	30.19
Total A (a+b)	1,259.34	730.19

(₹ in million)

	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>B] Other Current Investments (at lower of cost or fair value)</b>		
<b>a) Investments in Mutual Funds</b>		
• Nil (1,000,000) Units of HDFC-Debt Fund for Cancer Cure -100% Dividend -Donation Option	-	10.00
• Nil (10,000,000) Units of ICICI Prudential FMP-Series 63 - 384 Days Plan A cumulative	-	100.00
• Nil (8,352,893) Units of ICICI Prudential Long Term Plan -Premium plus -Cumulative	-	100.00
• 7,885,875 (7,885,875) Units of DWF -Gilt Fund -Regular -Growth	100.00	100.00
• 6,497,383 (12,011,280) Units of ICICI Prudential Blended Plan B -Regular -Growth	115.10	205.99
• Nil (4,369,083) Units of HDFC-High Interest Fund STP-Growth Option	-	100.00
• 7,067,750 (7,223,450) Units of IDFC -Dynamic Bond Fund-Regular Plan -Growth	100.21	100.00
• Nil (10,215,460) Units of Birla Sun Life Dynamic Bond Fund-Retail Growth	-	200.00
• 7,687,522 (7,783,555) Units of ICICI Prudential Dynamic Bond Fund -Regular -Growth	101.14	100.00
• Nil (15,418,720) Units of IDFC -Ultra Short Term Fund-Regular Plan -Growth	-	250.00
• Nil (5,026,464) Units of HDFC-Floating Rate Interest Fund-STP -Wholesale Option -Growth	-	100.00
• 473,144 (Nil) Units of Birla Sunlife Saving Fund Inst. Growth	115.28	-
• 6,096,371 (Nil) Units of ICICI Prudential Short Term Fund -Growth Option	150.00	-
• 19,240 (Nil) Units of Reliance Liquid Fund -Treasury Plan-.Growth	60.00	-
• 10,000,000 (Nil) Units of Reliance Fixed Horizon Fund XXV-Series28-Growth Plan	100.00	-
• 8,037,378 (Nil) Units of HDFC-Liquid Fund -Growth Option	201.41	-
Total (a)	1,043.14	1,365.99
<b>b) Investments in Insurance Fund</b>		
3,012,341 (Nil) Units of Aviva Life Insurance	38.86	-
Total (b)	38.86	-
<b>c) Investment in Deposits</b>		
HDFC Limited	-	600.00
Total (c)	-	600.00
Total B (a+b+c)	1,082.00	1,965.99
<b>TOTAL [A+B]</b>	<b>2,341.34</b>	<b>2,696.18</b>
Aggregate amount of unquoted investments	2,341.34	2,696.18

17	<b>Inventories (At lower of cost and net realisable value)</b>	
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
Raw Material and Packing Material [Including Goods in Transit: ₹ 164.73 million (₹ 119.96 million)]	1,829.51	1,663.05
Work-in-Progress [Including Goods in Transit: ₹ 23.30 million (₹ 21.64 million)]	593.37	396.61
Finished Goods [Including Goods in Transit: ₹ 296.44 million (₹ 318.91 million)]	2,882.57	2,539.09
Stock-in-Trade (acquired for trading) [Including Goods in Transit: ₹ 86.55 million (₹ 53.32 million)]	661.85	609.32
Stores and Spares	29.51	27.64
<b>TOTAL</b>	<b>5996.81</b>	<b>5,235.71</b>

(₹ in million)

18 Trade Receivables		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Outstanding for period exceeding six months from the date they were due for payment</b>		
• Secured, considered good	15.22	14.27
• Unsecured, considered good	73.79	208.74
• Considered doubtful	177.02	202.12
	<b>266.03</b>	<b>425.13</b>
Less: Provision for Doubtful Receivables	177.02	202.12
<b>TOTAL (A)</b>	<b>89.01</b>	<b>223.01</b>
<b>Other Trade Receivables - considered good</b>		
• Secured	402.46	368.61
• Unsecured	4,752.54	3,713.32
<b>TOTAL (B)</b>	<b>5,155.00</b>	<b>4,081.93</b>
<b>TOTAL [A+B]</b>	<b>5,244.01</b>	<b>4,304.94</b>

19 Cash and Bank Balances		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Cash and Cash Equivalents</b>		
Cash on Hand	2.67	2.46
Cheques on Hand	396.99	352.95
<b>Balance with Banks</b>		
In Current Account (Refer Note a & b)	360.34	251.79
In EEFC Account	408.11	31.10
In Fixed Deposit Accounts with original maturity of less than 3 months	15.44	6.98
<b>TOTAL</b>	<b>1,183.55</b>	<b>645.28</b>
<b>Other Bank Balance</b>		
• In Fixed Deposit Accounts with original maturity of more than 12 months	1.70	2.79
• In Fixed Deposit Accounts with original maturity of more than 3 months but less than 12 months (Refer Note c)	574.51	846.77
<b>Earmarked Account</b>		
• Dividend Payment Bank Account	11.96	11.31
<b>TOTAL</b>	<b>588.17</b>	<b>860.87</b>
<b>TOTAL</b>	<b>1,771.72</b>	<b>1,506.15</b>

- Balance with banks in Current Account includes debit balance of Cash Credit Accounts amounting to ₹ 7.16 million (₹ 13.54 million)
- Balance with banks in Current Account includes the balances having restriction on repatriation amounting to ₹ 6.86 million (₹ 2.08 million).
- Of the above, Fixed Deposit amounting to ₹ 26.5 million (₹ 10.41 million) is under lien.



(₹ in million)

20 Short Term Loans and Advances		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Unsecured, considered good</b>		
Security Deposit	13.49	11.86
Advances to Vendors	303.32	71.63
<b>Other loans and advances</b>		
• Prepaid Expenses	61.67	62.21
• Balances with Government Authorities	380.74	242.56
• Loans and Advances to Employees	70.88	52.26
• Others	107.08	100.23
<b>TOTAL</b>	<b>937.18</b>	<b>540.75</b>

21 Other Current Assets		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Unsecured, considered good</b>		
• Interest Receivable on Bank Deposits	7.65	39.06
• Deferred Premium on Forward Contract	2.61	4.13
• Export Benefits Receivable	91.56	19.25
• Unbilled Revenue	10.93	-
• Other Receivables	12.22	13.55
<b>TOTAL</b>	<b>124.97</b>	<b>75.99</b>

22 Revenue From Operations		
	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
<b>Revenue from Operations (gross)</b>		
<b>Sale of Products</b>		
• Finished Goods	42,369.42	36,649.41
• Traded Goods	2,732.97	2,126.58
<b>TOTAL</b>	<b>45,102.39</b>	<b>38,775.99</b>
<b>Sale of Services</b>	<b>16.79</b>	<b>-</b>
<b>TOTAL (A)</b>	<b>45,119.18</b>	<b>38,775.99</b>
<b>Other Operating Revenue</b>		
• Scrap Sales	117.41	121.72
• Cash Discount Received	24.29	17.45
• Export Incentives	84.40	63.84
<b>TOTAL (B)</b>	<b>226.10</b>	<b>203.01</b>
<b>Revenue from Operations (gross) (A+B)</b>	<b>45,345.28</b>	<b>38,979.00</b>
Less: Excise Duty	2,513.24	2,197.90
<b>TOTAL</b>	<b>42,832.04</b>	<b>36,781.10</b>

(₹ in million)

23	Other Income		
		For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
	<b>Interest on:</b>		
	Bank Deposit	98.37	211.69
	Overdue Trade Receivables	12.31	7.69
	Others	3.24	5.24
	<b>Dividend on:</b>		
	Current Investments - Others	0.81	0.75
	Long-Term Investments	-	5.72
	<b>Net Gain on Sale of:</b>		
	Current Investments	94.85	80.03
	Long-Term Investments	38.19	72.51
	<b>Other Non-Operating Income:</b>		
	Windmill Income	33.79	30.68
	Insurance claim received	6.47	3.22
	Liabilities / Provisions no longer required written back*	51.30	19.22
	Rental income from operating leases	9.26	8.93
	Miscellaneous Income	100.04	258.97
	<b>TOTAL</b>	<b>448.63</b>	<b>704.65</b>

\* Includes writeback of Provision for Doubtful Debts ₹ 30.32 million (₹ Nil)

24	Cost of Materials Consumed		
		For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
	Inventory at the beginning of the year	1,663.05	1,486.85
	Add: Purchases	21,969.94	18,540.70
		23,632.99	20,027.55
	Less: Inventory at the end of the year	1,829.51	1,663.05
		21,803.48	18,364.50
	Add: Contract - Material and Expenses	10.82	-
	<b>TOTAL</b>	<b>21,814.30</b>	<b>18,364.50</b>

25	Change in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
		For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
	<b>Inventories at the end of the year</b>		
	Stock-in-Trade	661.85	609.32
	Work-in-Progress	593.37	396.61
	Finished Goods	2,882.57	2,539.09
	<b>TOTAL (A)</b>	<b>4,137.79</b>	<b>3,545.02</b>
	<b>Inventories at the beginning of the year</b>		
	Stock-in-Trade	609.32	447.98
	Work-in-Progress	396.61	342.77
	Finished Goods	2,539.09	2,236.11
	<b>TOTAL (B)</b>	<b>3,545.02</b>	<b>3,026.86</b>
	<b>TOTAL (B)-(A)</b>	<b>(592.77)</b>	<b>(518.16)</b>
	Increase/ (Decrease) of Excise Duty on inventory of Finished Goods	6.76	70.63
	<b>TOTAL</b>	<b>(586.01)</b>	<b>(447.53)</b>

(₹ in million)

<b>26 Employee Benefits Expense</b>			
		For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
Salaries and Wages		4,104.57	3,431.13
Contribution to Provident and Other Funds		197.56	207.30
Expense on Employee Stock Option (ESOS) Scheme		4.06	-
Staff Welfare Expenses		113.77	107.36
<b>TOTAL</b>		<b>4,419.96</b>	<b>3,745.79</b>

<b>27 Finance Cost</b>			
		For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
<b>Interest expense on:</b>			
Borrowings		116.23	116.06
Dealer Deposits & others		47.11	38.99
<b>TOTAL</b>		<b>163.34</b>	<b>155.05</b>

<b>28 Depreciation and Amortisation Expense</b>			
		For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
Depreciation on Tangible Assets (Refer Note 11)		651.06	550.37
Amortisation of Intangible Assets (Refer Note 12)		160.54	135.44
<b>TOTAL</b>		<b>811.60</b>	<b>685.81</b>

(₹ in million)

29 Other Expenses		For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
Consumption of Stores and Spares		130.09	130.98
Clearing, Forwarding and Octroi Duty		1,832.54	1,723.56
Power and Fuel		438.42	398.10
Water Charges		25.80	25.05
Rent		281.42	259.12
Rates and Taxes		25.92	52.42
Insurance		43.69	35.36
License Fees		6.16	2.71
Repairs:			
Buildings	34.60		23.39
Machinery	95.37		83.38
Others	38.53		36.70
		168.50	143.47
Directors' Fees		3.50	3.48
Advertisement and Publicity		1,861.26	1,477.48
Legal, Professional and Consultancy Fees		330.73	275.92
Communication Expenses		130.60	112.23
Printing and Stationery		62.59	49.67
Travelling and Conveyance Expenses		691.11	591.02
Bad Debts		61.15	16.02
Provision for Doubtful Debts		7.87	39.53
Processing and Packing Charges		587.33	530.15
Sales commission		156.68	140.21
Payment to Auditors (Refer Note 38)		14.82	12.24
Donations		87.12	62.85
Provision for Diminution in the value of Investments		0.07	-
Loss / Gain on Fixed Assets Sold / Discarded (net)		3.21	3.75
Net loss on foreign currency transactions and translation		55.51	15.37
Miscellaneous expenses		1,078.32	851.80
<b>TOTAL</b>		<b>8,084.41</b>	<b>6,952.49</b>

30 Exceptional Items (net)		For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
Gain on prepayment of sales tax deferral loan		-	(106.82)
Provision for impairment of Goodwill		-	94.20
Provision for Diminution in the value of Investments		-	(5.68)
Voluntary Retirement Scheme (Refer Note 44)		64.96	-
<b>TOTAL</b>		<b>64.96</b>	<b>(18.30)</b>

(₹ in million)

<b>31 Contingent Liabilities and Commitments</b>		
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>A) Contingent liabilities not provided for:</b>		
1 Claims against the Company not acknowledged as debts comprise of:		
a) Income Tax demand against the Company not provided for and relating to issues of deduction and allowances in respect of which the Company is in appeal	43.57	36.94
b) Excise Duty claims disputed by the Company relating to issues of classifications	5.57	2.64
c) Sales Tax claims disputed by the Company relating to issues of declaration forms and classifications	238.63	359.95
d) Other Matters (relating to disputed electricity duty, Gram Panchayat Tax, open access charges, etc.)	175.98	31.88
2 a) Guarantees given by Banks in favour of Government and others	221.94	278.72
<b>B) Commitments:</b>		
a) Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	448.83	374.76
b) Other Commitments - Non Cancellable Operating Leases (Refer Note 40a)		

## 32 Segment information

**Business Segment:** The Group has identified business segments as its primary segment and geographical segments as its secondary segment. Business segments are primarily: 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 Group wef 1<sup>st</sup> April 2007. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment, manpower efforts, etc. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Geographical segments of the Group are India and Other Countries. Segment revenues are allocated based on the location of the customer.

(₹ in million)

Business Segments	Consumer & Bazaar Products	Industrial Products	Others	Total
<b>Revenue</b>				
Segment Revenue	35,154.13 (30,203.56)	8,156.66 (7,081.89)	341.13 (198.44)	43,651.92 (37,483.89)
Less: Inter Segment Revenue (at cost plus fixed margin)	19.74 (27.93)	1,024.87 (877.85)	1.37 (0.02)	1,045.98 (905.80)
<b>Net Revenue</b>	<b>35,134.39</b> (30,175.63)	<b>7,131.79</b> (6,204.04)	<b>339.76</b> (198.42)	<b>42,605.94</b> (36,578.09)
Segment Result	6,986.26 (6,089.30)	802.52 (807.09)	(71.63) (97.00)	7,717.15 (6,799.39)
Unallocable Expenses				2,105.22 (1,738.83)
Unallocable Income				560.00 (676.57)
<b>Operating Income</b>				<b>6,171.93</b> (5,737.13)
Interest Expenses				163.34 (155.05)
Interest / Dividend Income				114.73 (231.09)
Profit before Tax				6,123.32 (5,813.17)
Tax Expense				1,652.71 (1,595.11)
<b>Profit after tax before share of profit of Associate and Minority Interest</b>				<b>4,470.61</b> (4,218.06)
Segment Assets	14,118.97 (11,804.09)	3,921.57 (3,341.67)	462.65 (451.02)	18,503.19 (15,596.78)
Unallocable Assets				10,780.37 (10,563.11)
<b>Total Assets</b>				<b>29,283.56</b> (26,159.89)
Segment Liabilities	5,617.58 (6,942.52)	1,430.42 (1,021.43)	54.46 (10.29)	7,102.46 (7,974.24)
Unallocable Liabilities				2,654.87 (1,670.31)
<b>Total Liabilities</b>				<b>9,757.33</b> (9,644.55)
<b>Other Information</b>				
Capital Employed				19,526.23 (16,515.34)
Capital Expenditure (including Capital Work-in-Progress) (allocable)	1,219.85 (621.24)	255.16 (235.92)	27.85 (47.72)	1,502.86 (904.88)
Capital Expenditure (unallocable)				375.44 (502.91)
Depreciation and Amortisation (allocable)	453.84 (436.34)	121.88 (95.05)	29.96 (25.56)	605.68 (556.95)
Depreciation and Amortisation (unallocable)				205.92 (128.86)

## Information About Geographical Segments

(₹ in million)

Geographical Segments	India	Other Countries	Total
Revenue for the year	34,342.04	8,263.90	42,605.94
	(29,676.71)	(6,901.38)	(36,578.09)
Segment Assets	27,916.80	1,366.76	29,283.56
	(25,020.50)	(1,139.39)	(26,159.89)
Capital expenditure incurred during the year	1,690.86	187.44	1,878.30
	(1,289.50)	(118.29)	(1,407.79)

## 33 Earnings Per Share (EPS)

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

(₹ in million)

	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>Basic:</b>		
<b>Total Operations for the year</b>		
Profit for the year	4,498.14	4,239.75
Weighted average number of equity shares in calculating basic EPS	512,642,330	509,775,440
Par value per share (₹)	1.00	1.00
Earning per share (Basic) (₹)	8.77	8.32
<b>Diluted:</b>		
<b>Total Operations for the year</b>		
Profit for the year	4,498.14	4,239.75
Weighted average number of equity shares in calculating basic EPS	512,642,330	509,775,440
Add: Effect of ESOP	300,000	-
Weighted average number of equity shares in calculating diluted EPS	512,942,330	509,775,440
Par value per share (₹)	1.00	1.00
Earning per share (Diluted) (₹)	8.77	8.32

**34 Details of Forward Contract and Unhedged foreign currency exposure as at the end of year.**

	Foreign Currency		₹ in million	
	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
(a) Forward Contract outstanding				
USD - Buy	4,174,489.82	10,287,256.74	250.68	565.63
EUR - Buy	38,640.00	293,450.00	3.19	20.81
(b) No. of Contracts Outstanding	19	40		
(c) The purpose of taking the forward cover is to hedge the risk arising due to foreign currency exposure.				
(d) Foreign currency exposures as on the balance sheet date that have not been hedged by the Company under a forward cover are given below:				

(₹ in million)

**Amounts recoverable/ (advance) in foreign currency on account of the following:**

	Foreign Currency		₹ in million	
	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
EUR	983,105.13	1,030,645.97	81.16	71.47
GBP	(3,181.48)	-	(0.32)	-
USD	15,268,008.46	12,596,419.35	916.84	688.79
ZAR	124,113.00	425,960.05	0.70	2.50

**Amounts payable/ (advance) in foreign currency on account of the following:**

AED	345,891.61	-	5.65	-
AUD	49,724.75	-	2.77	-
BDT	5,718,319.26	-	4.41	-
BRL	249,143.28	-	6.62	-
CHF	3,749.00	-	0.25	-
EGP	(269.00)	-	-	-
EUR	123,449.05	-	10.19	-
GBP	4,097.21	(32,864.00)	0.41	(2.70)
GHC	(22,839.66)	-	(0.51)	-
JPY	(1,727,000.00)	(3,084,600.00)	(101.53)	(1.79)
SGD	(122,756.17)	-	(5.84)	-
USD	(11,130,647.15)	(274,930.00)	(668.39)	(16.51)
ZAR	(6,823.29)	-	(0.04)	-



**35 Related Party Disclosures**

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

**(i) Relationships:**

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

**(ii) Key Management Personnel:**

a.	Shri M B Parekh	Chairman & Managing Director
b.	Shri N K Parekh	Joint Managing Director
c.	Shri A B Parekh	Whole Time Director
d.	Shri A N Parekh	Whole Time Director
e.	Shri R Sreeram	Whole Time Director

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

a.	Smt Mala M Parekh	Wife of Chairman & Managing Director
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(₹ in million)

**(iv) Transactions with Related Parties for the year ended 31<sup>st</sup> March, 2014 are as follows:**

	Nature of Transaction	Remuneration to Directors	Parekh Marketing Ltd	Vinyl Chemicals (India) Ltd	Mala Parekh	Total
a.	Sales and Related Income		772.42	NIL	NIL	772.42
			(637.22)	(NIL)	(NIL)	(637.22)
b.	Other Income		NIL	NIL	NIL	NIL
			(0.42)	(NIL)	(NIL)	(0.42)
c.	Purchases and Other Related Services		NIL	2321.39	NIL	2321.39
			(NIL)	(2048.14)	(NIL)	(2048.14)
d.	Remuneration to Directors:					
	- Chairman & Managing Director / Jt Managing Director	173.09	NIL	NIL	NIL	173.09
		(168.79)	(NIL)	(NIL)	(NIL)	(168.79)
	- Whole Time Directors	79.31	NIL	NIL	NIL	79.31
		(75.62)	(NIL)	(NIL)	(NIL)	(75.62)
e.	Rent Paid / (Received)		(0.50)	NIL	4.53	4.03
			(NIL)	(NIL)	(2.28)	(2.28)
f.	Reimbursement of expenses made		0.31	1.49	NIL	1.80
			(0.08)	(NIL)	(NIL)	(0.08)
g.	Reimbursement of expenses received		0.29	1.29	NIL	1.58
			(0.26)	(0.88)	(NIL)	(1.14)
h.	Outstanding Balances:					
	- Trade Receivables		151.04	NIL	NIL	151.04
			(122.88)	(0.96)	(NIL)	(123.84)
	- Trade Payables		NIL	279.75	NIL	279.75
			(NIL)	(177.82)	(NIL)	(177.82)
	- Net Outstanding Receivable/(Payable)		151.04	(279.75)	NIL	(128.71)
			(122.88)	((176.86))	(NIL)	((53.98))

## 36 Employee Benefits

The Group has classified various employee benefits as under:

### (A) Defined Contribution Plans

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

The Provident Fund and the State Defined Contribution Plans are operated by the Regional Provident Fund Commissioner and the Superannuation Fund is administered by the LIC of India as applicable for all eligible employees. Under the schemes, the Group 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 Group has recognised the following amounts in the Statement of Profit and Loss:

		(₹ in million)	
		For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
(i)	Contribution to Provident Fund	113.64	82.60
(ii)	Contribution to Employees' Superannuation Fund	7.06	8.11
(iii)	Contribution to Employees' State Insurance Scheme	4.42	5.68
(iv)	Contribution to Employees' Pension Scheme 1995	29.12	27.34
(v)	Contribution to National Pension Scheme	4.13	3.65
<b>TOTAL</b>		<b>158.37</b>	<b>127.38</b>

### (B) Defined Benefit Plans

- (a) Gratuity
- (b) Compensated Absences
- (c) Anniversary Awards
- (d) Premature Death Pension Scheme
- (e) Total Disability Pension Scheme

Valuations in respect of above have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

(i)	Discount Rate (per annum)	9% to 12.4%	8.15% to 12.4%
(ii)	Rate of increase in Compensation levels (per annum)	6.5% to 7.00%	6.5% to 7.00%
(iii)	Expected Rate of Return on Assets	9.00%	9.40%
(iv)	Attrition Rate	upto 5 yrs - 18% 5 - 10 yrs - 9% Above 10 yrs - 6%	upto 5 yrs - 25% 5 - 10 yrs - 9% Above 10 yrs - 5%
(v)	Retirement Age	60 years	60 years
(vi)	The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.		
(vii)	The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.		
(viii)	The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.		

(₹ in million)

		31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
		Gratuity Funded	Gratuity Funded
<b>(i)</b>	<b>Changes in Present value of Obligation</b>		
(a)	Opening Present value of Obligation	350.91	305.62
(b)	Interest Cost	29.53	27.76
(c)	Current Service Cost	24.78	23.32
(d)	Benefits Paid	(28.98)	(21.21)
(e)	Actuarial (Gain)/Loss	13.71	15.42
(f)	Closing Present value of Obligation	389.95	350.91
<b>(ii)</b>	<b>Changes in Fair value of Plan Assets</b>		
(a)	Opening Present value of Plan Assets	315.59	278.46
(b)	Expected Return on Plan Assets	28.71	26.49
(c)	Actuarial Gain/(Loss)	(0.48)	3.92
(d)	Employer's Contributions	35.72	27.93
(e)	Benefits Paid	(28.98)	(21.21)
(f)	Closing Fair value of Assets	350.56	315.59
<b>(iii)</b>	<b>Actual Return on Plan Assets</b>		
(a)	Expected Return on Plan Assets	28.71	26.49
(b)	Actuarial Gain/(Loss) on Plan Assets	(0.48)	3.92
(c)	Actual Return on Plan Assets	28.23	30.41
<b>(iv)</b>	<b>Percentage of each category of Plan Assets to total closing fair value</b>		
(a)	Administered by Life Insurance Corporation of India	350.56	315.59
<b>(v)</b>	<b>Reconciliation of the Present Value of Defined Present Obligations and Fair Value of Assets</b>		
(a)	Closing Present value of Funded Obligation	389.95	350.91
(b)	Closing Fair value of plan Assets	350.56	315.59
(c)	Funded (Asset) / Liability recognised in the Balance Sheet	39.39	35.32
<b>(vi)</b>	<b>Amounts recognised in the Balance Sheet</b>		
(a)	Closing Present value of Obligation	389.95	350.91
(b)	Closing Fair value of Plan Assets	350.56	315.59
(c)	(Asset) / Liability recognised in the Balance Sheet	39.39	35.32
<b>(vii)</b>	<b>Expenses recognised in the Statement of Profit and Loss</b>		
(a)	Current Service Cost	24.78	23.32
(b)	Interest Cost	29.53	27.76
(c)	Expected Return on Plan Assets	(28.71)	(26.49)
(d)	Net Actuarial (Gain) / Loss	14.19	11.50
(e)	Total Expenses recognised in the Statement of Profit and Loss	39.79	36.09

	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>(viii) Experience adjustments</b>				
Fair value of Plan Assets, End of Period	350.56	315.59	278.46	196.02
Projected Benefit Obligation, End of Period	390.27	350.91	305.63	264.10
(Surplus)/Deficit in the Plan	39.71	35.32	27.16	68.09
Experience Adjustments on Plan Assets	(0.48)	3.92	-	-
(Gain)/Loss due to change in Assumptions	(13.14)	2.88	11.27	(12.88)
Experience (Gain)/Loss on PBO	26.84	12.54	2.11	95.77
Total (Gain)/Loss	13.71	15.42	13.37	82.90
<b>(ix) Expected Group contribution for the next year</b>	84.65	63.64		

The Group has not disclosed information related to defined benefits as required under AS-15 on Employee benefits notified under the Companies (Accounting Standards) Rules, 2006 for foreign subsidiaries. However, these companies are not material in relation to the Group.

(₹ in million)

37 Research & Development Expenditure		
	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
Capital expenditure included in fixed assets	28.82	9.44
Revenue expenditure charged to Statement of Profit and Loss	199.95	164.17
<b>TOTAL</b>	<b>228.77</b>	<b>173.61</b>

38 Details of Payments to Auditor (net of Service Tax)		
	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
Audit fees	9.40	7.66
<b>Other Services:</b>		
• Limited Review	1.50	0.90
• Certification Fees	3.88*	3.66
Reimbursement of expenses	0.04	0.02
<b>TOTAL</b>	<b>14.82</b>	<b>12.24</b>

\* Certification fees includes the fees paid to previous auditors ₹ 0.16 million

39 Employee Stock Option Scheme		
<p>a) In the Annual General Meeting of the Company held on 24<sup>th</sup> July, 2012, the shareholders approved the issue of 5,076,486 equity shares under the Scheme titled "Employee Stock Option Scheme - 2012" (ESOS 2012). At the meeting of the Board of Directors of the Company held on 28<sup>th</sup> May, 2013, the Board approved Employees Stock Option Scheme covering 300,000 stock options, in terms of the regulations of the Securities And Exchange Board of India.</p>		
<p>The ESOS-2012 allows the issue of options to employees of the Company. Each option comprise one underlying equity share. The HR &amp; Remuneration Committee of the Company at its meeting held on 29<sup>th</sup> October, 2013 has granted 49,000 Stock Options pursuant to ESOS-2012 to the eligible employees of the Company. The exercise price of each option shall be ₹ 1/- per equity Share. The options granted vesting in two equal installments over a period of two years from the date of the grant in a manner as specified in the Scheme. Options may be exercised within 5 years from the date of vesting.</p>		
<p>The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense is expensed over the vesting period.</p>		

b) Employee stock options details as on the balance sheet date are as follows:

Particulars	For the year ended 31 <sup>st</sup> March 2014		For the year ended 31 <sup>st</sup> March 2013	
	Options (Nos)	Weighted average exercise price per option (₹)	Options (Nos)	Weighted average exercise price per option (₹)
Option outstanding at the beginning of the year:				
- ESOS 2012				
Granted during the year:	49,000	₹ 1	NA	NA
Vested during the year:	Nil	₹ 1	NA	NA
Exercised during the year:	Nil	₹ 1	NA	NA
Lapsed during the year:	Nil	₹ 1	NA	NA
Options outstanding at the end of the year:	49,000	₹ 1	NA	NA
Options available for grant:	251,000	₹ 1	NA	NA
The weighted average share price at the date of exercise for stock options exercised during the year	NA	NA		
Range of exercise price for options outstanding at the end of the year	₹ 1	₹ 1		

c) The impact on Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:

Particulars	(₹ in million)	
	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
Profit (as reported)	4,498.14	4,239.75
Add: stock based employee compensation (intrinsic value)	4.06	-
Less: stock based compensation expenses determined under fair value method for the grants issued (Refer note (d) below)	3.90	-
Net Profit / (Loss) (proforma)	4,498.30	4,239.75
Basic earnings per share (as reported) (₹)	8.77	-
Basic earnings per share (proforma) (₹)	8.77	-
Diluted earnings per share (as reported) (₹)	8.77	-
Diluted earnings per share (proforma) (₹)	8.77	-

d) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Assumptions	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
Risk Free Interest Rate	8.76%	NA
Expected Life	3.5 yrs	NA
Expected Annual Volatility of Shares	26.15%	NA
Expected Dividend Yield	1.14%	NA

(₹ in million)

**40 Disclosure as per AS-19 “Leases” are given below:****40a Operating Lease**

a) Operating lease payment recognised in Statement of Profit and Loss amounting to ₹ **281.42 million** (₹ 259.12 million)

b) General description of the leasing arrangement:

i) Future lease rentals are determined on the basis of agreed terms.

ii) At the expiry of the lease term, the Company has an option either to return the asset or extend the term by giving notice in writing.

The Group has entered into operating lease arrangements for certain facilities. The lease is non-cancellable for a period of 11 months to 5 years and may be renewed for a further period based on mutual agreement of the parties.

Future minimum lease payments	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
not later than one year	75.19	49.46
later than one year and not later than five years	167.86	73.71
later than five years	-	-

**40b Finance Lease**

The Group has entered into finance lease arrangements for certain equipment and vehicles, which provide the Company an option to purchase the assets at the end of the lease period.

Reconciliation of minimum lease payments

Future minimum lease payments	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
not later than one year	0.42	0.47
later than one year and not later than five years	0.84	1.15
later than five years	-	-

**41 Details of provisions**

The Group has made provision for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	As at 1 <sup>st</sup> April 2013	Additions	Utilisation	Reversal (withdrawn as no longer required)	As at 31 <sup>st</sup> March 2014
Provision for Employee related claims	10.29	62.93	-	-	73.22
	(2.67)	(7.62)	-	-	(10.29)
Provision for other contingencies (regulatory tax related claims)	16.76	22.30	-	-	39.06
	-	(16.76)	-	-	(16.76)
<b>TOTAL</b>	<b>27.05</b>	<b>85.66</b>	<b>-</b>	<b>-</b>	<b>112.28</b>
	(2.67)	(24.38)	-	-	(27.05)

Of the above, the following amounts are expected to be incurred within a year:

Particulars	₹ in million	
	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
Provision for Employee related claims	19.63	-
Provision for other contingencies (regulatory tax related claims)	-	-

42 In the opinion of the Management, all assets other than Fixed Assets and Non- Current investments have a realisable value in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.

43 During the year, the Group has incorporated a subsidiary company named “Percept Waterproofing Services Limited” for the purpose of carrying on business of waterproofing application and consultancy services.

44 During the year the Company has declared Voluntary Retirement Scheme for its employees at Panvel, Kamothe and Taloja units.

45 Statement of information relating to subsidiaries including subsidiaries of subsidiaries (In terms of Government of India, Ministry of Corporate Affairs General Circular No: 2/2011, No: 5/12/2007-CL-III dated 8<sup>th</sup> February 2011) in compliance with section 212 of the Companies Act, 1956 – Refer Annexure A.

46 Figures in brackets indicate previous year’s figures.

47 Previous year’s figures have been regrouped / reclassified wherever necessary to correspond with the current year’s classification/ disclosure.

# Consolidated Cash Flow Statement

For The Year Ended 31<sup>st</sup> March, 2014

(₹ in million)

	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
<b>A</b>		
<b>Cash Flows From Operating Activities</b>		
Profit before tax	6,123.32	5,813.17
<b>Adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation/ amortisation	811.60	685.81
Provision for Diminution in value of investment	(0.08)	(5.68)
Finance Cost	163.34	155.05
Dividend income	(0.81)	(6.47)
Dividend from Associate	5.96	5.70
Interest income	(113.92)	(224.62)
(Profit) / Loss on Sale of Investment	(133.04)	(152.54)
(Profit) / Loss on Sale of Assets	3.21	3.75
Unrealised Foreign exchange loss / (Gain) (Including Foreign Currency Translation Reserve)	101.54	(169.34)
Decrease in Legal Reserve	-	(2.31)
Provision for long term employee benefits	96.13	108.92
Provision for other Long Term Provision	85.23	24.30
Deferred Employee compensation expense	4.06	-
Bad debts w/off / provision for doubtful debts	(25.10)	28.75
	998.12	451.32
Operating Profit before Working Capital changes	7,121.44	6,264.49
<b>Movements in working capital:</b>		
Increase/ (decrease) in trade payables	956.47	443.36
Increase/ (decrease) in other current liabilities	(169.40)	359.37
Decrease/ (increase) in inventories	(761.10)	(694.38)
Decrease/ (increase) in trade receivables	(899.44)	(381.83)
Decrease/ (increase) in long-term loans and advances	(151.73)	102.99
Decrease/ (increase) in short-term loans and advances	(396.43)	(6.46)
Decrease/ (increase) in other current assets	(80.39)	29.26
Decrease/ (increase) in other non-current assets	(11.59)	14.11
	(1,513.61)	(133.58)
Cash generated from/ (used in) operations	5,607.83	6,130.91
Direct taxes paid (net of refunds)	(1,669.40)	(1,413.76)
<b>Net Cash flows from/ (used in) Operating Activities (A)</b>	<b>3,938.43</b>	<b>4,717.15</b>
<b>B</b>		
<b>Cash Flows From Investing Activities</b>		
Purchase of Fixed Assets including intangible assets, CWIP	(1,895.03)	(1,080.85)
Proceeds from sale of Fixed Assets	1.39	98.29
Purchase of investments (current & non-current)	(11,146.22)	(17,225.22)
Proceeds from sale/ maturity of current Investments	11,634.41	15,442.46
(Increase)/decrease in bank deposits (having maturity of more than three months)	272.70	1,102.37
Interest received	145.33	211.79
Dividend received	0.81	6.47
<b>Net Cash flows from/(used in) Investing Activities (B)</b>	<b>(986.61)</b>	<b>(1,444.69)</b>



# Consolidated Cash Flow Statement

For The Year Ended 31<sup>st</sup> March, 2014

(₹ in million)

	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
<b>C</b>		
<b>Cash Flows From Financing Activities</b>		
(Repayment) / Increase of long term borrowings	-	(922.97)
(Decrease) / Increase in current maturity of long term borrowings	<b>(602.43)</b>	(623.56)
(Decrease) / Increase in Short term Borrowings	<b>(50.58)</b>	(49.87)
Interest Paid	<b>(203.39)</b>	(677.90)
Dividend paid (Including Dividend Tax, where applicable)	<b>(1,558.67)</b>	(1,120.25)
Net Cash Flows from/ (used in) Financing Activities (C)	<b>(2,415.07)</b>	(3,394.55)
Net Increase in Cash and Cash Equivalents (A+B+C)	<b>536.75</b>	(122.09)
Cash and Cash Equivalents at the beginning of the year	<b>645.34</b>	767.43
Cash and Cash Equivalents at the end of the year	<b>1,182.09</b>	645.34
	<b>536.75</b>	<b>(122.09)</b>
<b>Reconciliation of Cash and Cash equivalents with the Balance Sheet</b>		
Cash and Bank Balances as per Balance Sheet (Refer note 19)	<b>1,183.55</b>	645.28
Unrealised gain on foreign currency cash and cash equivalents	<b>(1.46)</b>	0.06
<b>Cash and Cash equivalents as restated as at the year end</b>	<b>1,182.09</b>	<b>645.34</b>

## Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), "Cash Flow Statement".
- Cash and Cash Equivalents comprise cash on hand, cheques on hand, Current Accounts, EEFC Accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
- Balance with banks in Current Account includes the balances having restriction on repatriation amounting to ₹ **6.86 million** (₹ 2.08 million).
- Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosure.

"See accompanying notes forming part of the financial statements"

In terms of our Report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**B. P. SHROFF**  
Partner

Place: Mumbai  
Date: 28<sup>th</sup> May, 2014

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**SAVITHRI PAREKH**  
Company Secretary

**M B PAREKH**  
Chairman & Managing Director

**N K PAREKH**  
Joint Managing Director

Place: Mumbai  
Date: 28<sup>th</sup> May, 2014

# 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	Pidlite International Pte Ltd*	Pidlite Middle East Ltd*	Jupiter Chemicals (LLC)*	Pidlite Speciality Chemicals Bangladesh Pvt Ltd*	Pidlite Bamco Ltd*	PT Pidilite Indonesia*	Pidlite USA Inc*	Pidlite Innovation Centre Pte Ltd*
1	Currency		Indian ₹	US Dollars	AED	AED	Taka	Baht	IDR	US Dollars	Singapore Dollars
2	Capital	Foreign Currency		20,308,044	51,992,654	300,000	352,694,638	35,000,000	9,250,950,949	14,780,000	995,155
	(includes Share Application Money)	Indian ₹ in million	0.50	1,219.52	849.95	4.90	272.28	64.63	49.03	887.56	47.36
3	Reserves	Foreign Currency		(1,273,099)	(22,449,321)	(29,450,694)	25,418,561	13,578,555	(6,197,777,005)	(4,529,330)	(221,094)
		Indian ₹ in million	(0.17)	(76.45)	(366.99)	(481.45)	19.62	25.07	(32.85)	(271.99)	(10.52)
4	Total Assets	Foreign Currency		19,058,771	51,697,278	24,412,847	474,669,656	88,195,806	3,558,143,399	18,785,097	1,202,904
		Indian ₹ in million	0.33	1,144.50	845.12	399.09	366.44	162.86	18.86	1,128.07	57.25
5	Total Liabilities	Foreign Currency		23,826	22,153,945	53,563,540	96,556,458	39,617,250	504,969,455	8,534,427	428,843
		Indian ₹ in million	-	1.43	362.16	875.63	74.54	73.16	2.68	512.50	20.41
6	Investments	Foreign Currency		-	-	-	-	-	-	-	-
	(except in case of subsidiaries)	Indian ₹ in million	-	-	-	-	-	-	-	-	-
7	Turnover & Other Income	Foreign Currency		936,998	21,360	6,129,283	453,318,172	184,640,215	636,099,446	30,299,288	2,704,495
		Indian ₹ in million	0.02	56.27	0.35	100.20	349.96	340.95	3.37	1,819.51	128.72
8	Profit/(Loss) Before Taxation	Foreign Currency		740,094	(14,956)	(4,020,882)	53,524,478	18,079,722	(356,960,229)	1,089,370	216,217
		Indian ₹ in million	-	44.44	(0.24)	(65.73)	41.32	33.39	(1.89)	65.42	10.29
9	Provision For Tax	Foreign Currency		7,174	-	-	19,787,037	3,632,490	(14,838,155)	53,736	-
	(including Deffered Tax)	Indian ₹ in million	-	0.43	-	-	15.28	6.71	(0.08)	3.23	-
10	Profit/(Loss) After Taxation	Foreign Currency		732,920	(14,956)	(4,020,882)	33,737,441	14,447,231	(342,122,074)	1,035,634	216,217
		Indian ₹ in million	-	44.01	(0.24)	(65.73)	26.05	26.68	(1.81)	62.19	10.29
11	Proposed Dividend	Foreign Currency		-	-	-	-	-	-	-	-
		Indian ₹ in million	-	-	-	-	-	-	-	-	-
12	Exchange Rate as on 31 <sup>st</sup> March, 2014		-	60.05	16.35	16.35	0.77	1.85	0.0053	60.05	47.59

\* Financial statements of these Foreign Subsidiaries have been converted in to Indian Rupees at rates prevailing as on 31<sup>st</sup> March, 2014.

# Information on Subsidiary Companies

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

		Names of the subsidiaries										
		Madhumala Traders Pvt Ltd	Bhimad Commercial Co Pvt Ltd	Pidilite Industries Egypt - SAE*	Pulvitec do Brasil Industria e Comercio de Colas e Adesivos Ltda*	Bamco Supply and Services Ltd*	PIL Trading (Egypt) LLC*	Pidilite Industries Trading (Shanghai) Co Ltd*	Pagel Concrete Technologies Pvt Ltd	Building Envelope Systems India Ltd	Percept Waterproofing Services Ltd	
1	Currency	Indian ₹	Indian ₹	EGP	Brazilian Reais	Baht	EGP	RMB	Indian ₹	Indian ₹	Indian ₹	
2	Capital	Foreign Currency		36,990,346	55,389,074	1,000,000	5,440,000	958,005				
	(includes Share Application Money)	Indian ₹ in million	0.10	0.10	318.78	1,471.59	1.85	46.88	9.26	1.00	40.50	60.00
3	Reserves	Foreign Currency			(14,820,879)	(46,839,638)	11,688,526	(4,648,822)	215,115			
		Indian ₹ in million	26.65	26.66	(127.72)	(1,244.45)	21.58	(40.06)	2.08	(4.22)	(1.06)	(0.02)
4	Total Assets	Foreign Currency			28,909,429	27,169,965	15,975,521	5,122,784	1,250,562			
		Indian ₹ in million	26.75	26.76	249.14	721.86	29.50	44.15	12.08	0.04	39.47	84.77
5	Total Liabilities	Foreign Currency			6,739,961	18,620,529	3,286,995	4,331,607	77,442			
		Indian ₹ in million	-	-	58.08	494.72	6.07	37.33	0.75	3.26	0.03	24.79
6	Investments	Foreign Currency			-	-	-	-	-			
	(except in case of subsidiaries)	Indian ₹ in million	26.72	26.73						0.03	39.26	-
7	Turnover & Other Income	Foreign Currency			22,839,229	54,138,982	41,187,079	6,368,966	3,502,525			
		Indian ₹ in million	3.37	3.37	196.82	1,438.38	76.05	54.89	33.84	-	-	17.60
8	Profit/(Loss) Before Taxation	Foreign Currency			(1,443,926)	(10,073,419)	4,283,548	404,780	180,302			
		Indian ₹ in million	3.35	3.35	(12.44)	(267.63)	7.91	3.49	1.74	(0.02)	(0.87)	1.70
9	Provision For Tax	Foreign Currency			(121,541)	-	854,999		52,856			
	(including Deffered Tax)	Indian ₹ in million	-	-	(1.05)		1.58		0.51	-	-	1.72
10	Profit/(Loss) After Taxation	Foreign Currency			(1,322,385)	(10,073,419)	3,428,549	404,780	127,446			
		Indian ₹ in million	3.35	3.35	(11.40)	(267.63)	6.33	3.49	1.23	(0.02)	(0.87)	(0.02)
11	Proposed Dividend	Foreign Currency			-	-	-	-	-			
		Indian ₹ in million	-	-						-	-	-
12	Exchange Rate as on 31 <sup>st</sup> March, 2014		-	-	8.62	26.57	1.85	8.62	9.66	-	-	-

\*Financial statements of these Foreign Subsidiaries have been converted in to Indian Rupees at rates prevailing as on 31<sup>st</sup> March, 2014.





# People Speak



**Kishor L Gohel**

President, Fevicol Champion's Club (FCC)

“FCC activities are helping contractors earn a good name and get recognised in society and the market. Not only that, they also help build a strong relationship amongst the contractors. It is very good that through this activity, contractors are helping those children and institutions who need their help. Their help is greatly appreciated.”

*“The power that comes from the unity of carpenters can be seen on Shramdaan Diwas.”*

**G Venkatesh Chary**

FCC, Hyderabad



**Chunnilal R Vaja**

FCC, Mumbai

“I have been a contractor for many years, but have never witnessed such a moment... so many carpenters coming together to work.

The association with the company and FCC has been quite fruitful.

I am very happy to be a part of the Shramdaan movement & its success.”



**Bharat R Mistry**

FCC Joint Secretary, Mumbai

“As a responsible FCC member, I felt incredibly proud to be a part of the activities on Shramdaan Diwas. I was able to extend my service to the noble cause of social work! Thank you FCC!”



*“Helping those in need is the best way to earn satisfaction.”*

**Ashok Kumar Sharma**

FCC, Mangalore



**Harshada H Jaikar**

Principal, Mumbai

“We have never seen such an activity in schools before. This is the first of its kind. It benefitted not only the schools, but also the children who gained knowledge. Children who saw the work being done even learned from the carpenters. It was a great new experience.”



**Kavita D More**

School Teacher, Mumbai

“I am happy that Pidilite is helping children in need. Shramdaan is only the start. They can organise more activities to help underprivileged children and institutions. This will add more value to their work.”



**Neeraj Shukla**

Section Head for FCC, Pidilite

Shramdaan Diwas is a day of great pride and happiness for contractors. It is touching to see the dedication of contractors, who with their inner desire and passion, work for the society. This movement has grown from strength to strength. I am proud to be associated with Shramdaan.



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