

ANNUAL REPORT 2010-11



BUILDING LASTING BONDS



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Pidilite with its products has enjoyed over 50 years of partnering communities in India to build loyal bonds and enrich lives. Our country's artisans and craftsmen have not only benefitted from our company but, more essentially, contributed to it. Their insightful feedback has inspired us to improve our products and raise the bar we set for ourselves.

Together we continue on this journey ...





Company Information

Board of Directors

B K Parekh	Chairman
S K Parekh	Vice Chairman
M B Parekh	Managing Director
N K Parekh	Joint Managing Director
R M Gandhi	Director
N J Jhaveri	Director
Bansi S Mehta	Director
Ranjan Kapur	Director
Yash Mahajan	Director
Bharat Puri	Director
D Bhattacharya	Director
A B Parekh	Wholetime Director
A N Parekh	Wholetime Director
J L Shah	Wholetime Director

Corporate Office

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

Registered Office

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

Registrar & Transfer Agent

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

Company Secretary

Savithri Parekh

Solicitors & Advocates

Wadia Ghandy & Co

Auditors

Haribhakti & Co

Internal Auditors

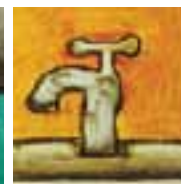
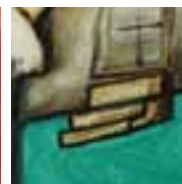
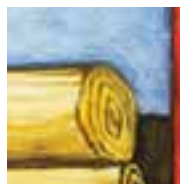
Mahajan & Aibara

Bankers

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

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Management Discussion & Analysis

Standalone Financials

The Company achieved 21.8% growth in net sales.

Due to steady domestic demand and a pick-up in exports in the second half of the year, sales growth was higher than the last few years.

While profitability of the Company was comparable with the last year, input costs have increased in the last quarter.

During the year, a provision of ₹ 250 million was made for diminution in value of investments in Pidilite Middle East Ltd “PMEL” (a 100% subsidiary). PMEL’s subsidiary, Jupiter Chemicals LLC “Jupiter”, has been making losses due to adverse economic conditions and during the year PMEL impaired its investment in Jupiter. Consequently the Company reviewed the carrying value of its investments in PMEL and as a matter of prudence, made a provision of ₹ 250 million towards diminution in the value of investments. This provision has no impact on the consolidated results of the Company.

Earnings before interest, taxes, exceptional items and foreign exchange differences increased by 22.7%, profit before tax and exceptional items (PBT) increased by 28.5% and profit after tax (PAT) increased by 5.1%.

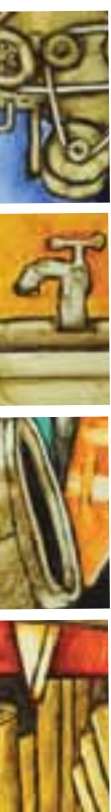
The Company’s sales have grown at a CAGR of 17.85% over the last five years.

Consolidated Financials

On a consolidated basis, net sales grew by 20.5% over the last year.

Earnings before interest, taxes, exceptional items and foreign exchange differences, grew by 23.9% over the last year.

Profit after tax grew by 14.1% over the last year. Overseas Subsidiaries, in the aggregate, reported higher losses due to adverse geo-political conditions in some of the markets.



Performance by Industry Segment

Consumer and Bazaar Products

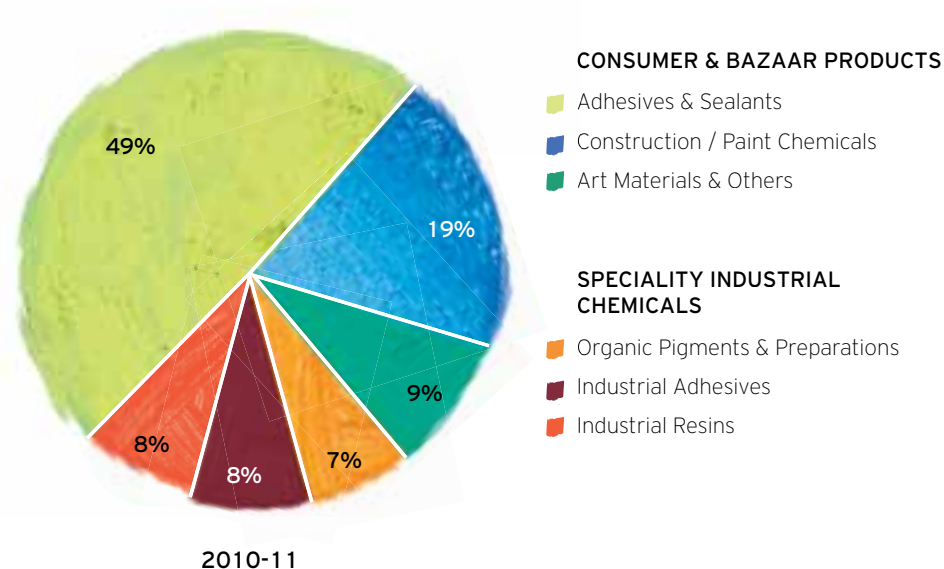
Branded Consumer and Bazaar Products Segment contributed 77% of the total net sales of the Company and grew by 21.8%.

Net sales of branded Adhesives and Sealants grew by 22.2% and contributed 49% of the total sales of the Company. Construction and Paint Chemicals grew by 25.9% and Art Materials and other products grew by 13%.

Consumer and Bazaar Product sales have grown at a CAGR of 17.85% over the last 5 years. Exports of Consumer and Bazaar products grew by 15% to ₹ 1086 million and have grown at a CAGR of 20.84% over the last 5 years.

Profit before interest and tax for the Consumer and Bazaar segment increased by 20%.

BUSINESS SEGMENTS %



Speciality Industrial Chemicals

Speciality Industrial Chemicals contributed 23% of the total sales of the Company and grew by 24 %.

Exports of Speciality Industrial Chemicals grew by 58% to ₹ 1355 million.

Profit before interest and tax for the Speciality Industrial Chemicals segment grew by 9.5%.

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 import price of VAM continues to be more favourable.

Consequently the revenue in this segment was only ₹ 21 million as compared to ₹ 157 million in the previous year.

The Company is evaluating options to manufacture other products in the VAM plant.

Marketing - New initiatives & products



Fevicol Marine, a waterproof adhesive, was relaunched successfully this year with a new look and an integrated campaign including radio, outdoor and below the line activation.



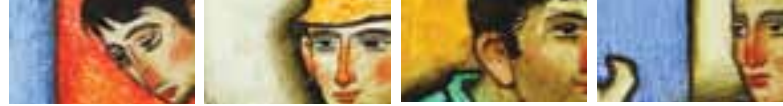
The Company expanded its product range for HVAC (Heating, Ventilation and Air conditioning system) applications.



The year also saw the introduction of DDL XT Booster, an innovative formula to give exterior durability to distemper paint and Wudfin Ezeestain, a water based wood stainer.



Extending the range of offering in waterproofing, Dr. Fixit launched a few more products. Enhanced version of Dr. Fixit LW, was re-launched as Dr. Fixit LW+ with better corrosion resistance.



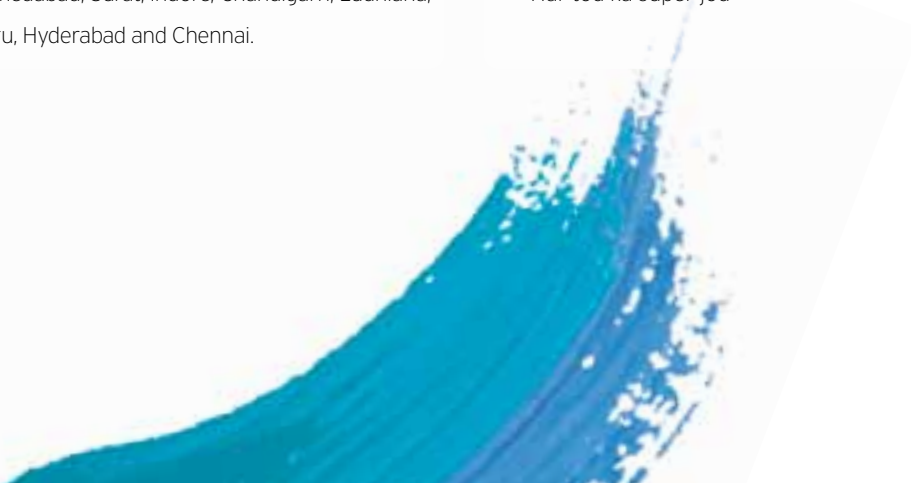
Building on the successful legacy of Fevicol advertising, the new “Cyclist” advertisement was aired during the Cricket World Cup.



Dr. Fixit No Breaking News (NBN) campaign was built upon, with the “free health checkup” of the terraces in Mumbai, Goa, Pune, Ahmedabad, Surat, Indore, Chandigarh, Ludhiana, Delhi, Bengaluru, Hyderabad and Chennai.



“Breaking” - a new humorous television communication for M Seal Super, was released with the proposition of “Har tod ka super jod”





Two TV commercials, one for Fevikwik and one for M Seal, were released in the infomercial format. The objective was to convey the multiple usages of M Seal and Fevikwik in the household segment.



A new TV commercial for Steelgrip, electrical insulating tape, was released during Cricket World Cup.



Two TV commercials were also released for Fevistik. The positioning of 'No Chip Chip, No Jhik Jhik' was enhanced and built upon in these humorous commercials.



"Saathi Offer", a loyalty program for Fevicol users, was launched during the year. This program will reinforce and further strengthen the relationship Fevicol shares with the carpenter community and enhance brand loyalty.



A toll free helpline "Dr. Fikit Advice Centre" was launched in Kerala to provide guidance and help to applicators and customers on products, availability and application. It is planned to extend this service pan India, in a phased manner.



During the year, a polyester putty brand, Metaplast, was acquired. This product is used mainly for repairing dents on cars.