

ANNUAL REPORT
2012-2013

B K PAREKH
1924-2013

fistfuls of gulaal

Makarand Dave

Should you chance upon what you cherish so,
my friend,
Don't keep it, rather share it!
Like fine *Gulaal*, flung fistfuls up,
in Spring's festive air!

Wretched is the finger that draws up boundaries,
Love, if locked up, is, verily, floundering.

Puddles and pools, constrained, could be found;
But the surf of the sea surging forth in waves,
Could it ever be bolted and bound?

This grace, my friend, that pours from the skies
in torrents of His love and care;
Don't keep it, rather share it!

Stockpiled treasures don't bring Life's bounties,
Your fine-grained stashing spills out, how long would you guard it?
Give it away, quick, whatever has reached you,
Choosing it fast and right.

Clutched in closed fist, a leaf turns to dust,
Released, it spreads like perfume in the air.
Don't keep it, rather share it!

What has come to me, I would offer to others,
Washing it once in my tears;
That which I've guarded, I would lose it in love,
When soul is awakened, I have no fears.

In tune with the Gopika who hawked Lord Krishna,
I clap my hands in joy,
No longer do I fear or care!

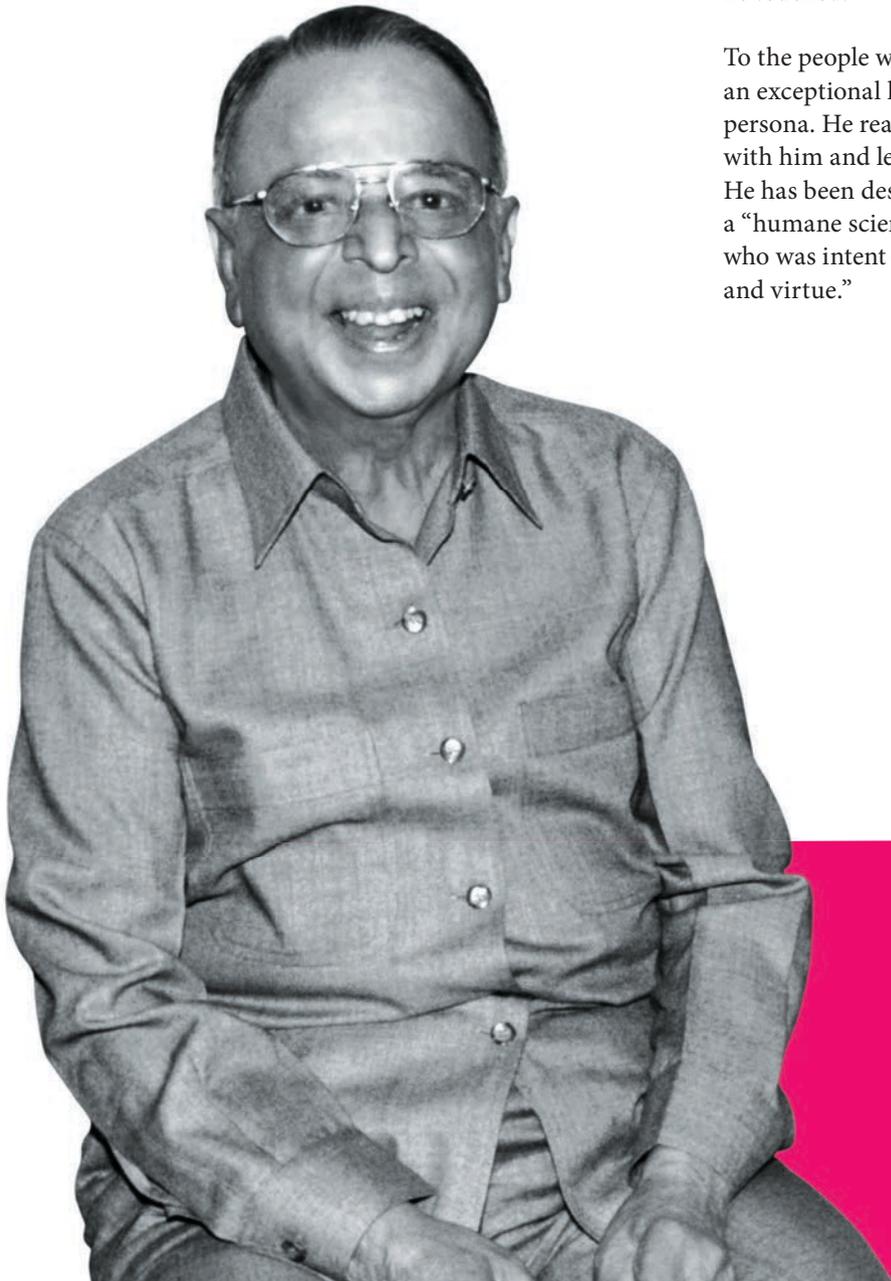
Should you chance upon what you cherish so,
my friend,
Don't keep it, rather share it!



A JOURNEY well travelled.

It is difficult to capture the essence of a man in a few words, especially if he is Shri Balvantray Kalyanji Parekh, Founder Chairman of Pidilite Industries. Fondly known to all as 'BKP' and 'Balubhai', he was a warm, loving and caring leader who inspired the lives of all those he touched.

To the people who knew BKP closely, he was an exceptional human being with a multifaceted persona. He reached out to all who came in touch with him and left an indelible print on them. He has been described variously as a man with a "humane scientific temperament" and a man who was intent on creating "a legacy of knowledge and virtue."



*An avid reader and a lover of books, he had a keen interest in literature, medicine, psychology, general semantics, science and law that was reflected in his personal library. He has left behind his very own collection of 12 volumes of **Gamtano Kariye Gulal** that comprises of quotes, articles and poems that have inspired him and shaped him as a person.*

A philanthropist who believed that money could enhance social values, he founded two schools, a college and a hospital in Mahuva. He established the Darshak Foundation for studies in cultural history of Gujarat and India and made a significant contribution to Bhavnagar's science city project. He also made endowments and provided valuable guidance to the Gram Nirman Samaj, Gujarati Sahitya Parishad, the Forbes Sabha and the Parichay Trust.

Staying true to his belief in sharing the best of everything with others, he established Balvant Parekh Centre for General Semantics and Other Human Sciences for a better understanding of general semantics in India. On 28th October 2011, The Institute of General Semantics in Texas conferred on BKP the prestigious J Talbot Winchell Award, making him the first Asian to receive this honour.

A quote by Albert Einstein that B.K.P lived by:

“A hundred times every day I remind myself that my inner and outer life are based on the labours of other men, living and dead, and that I must exert myself in order to give in the same measure as I have received and am still receiving.”



His disarming smile and unassuming demeanour will continue to live in the memory of many people whose lives he touched and transformed.

through their eyes



Gandhiji has advised industrialists to become the trustees of their property. Balavantbhai fully tried to carry out the advice in his own life. In his behaviour, one would not find the discrimination between master and servant or poor and rich. For him, no individual is small, no work is insignificant.

Usha Mehta





A great and unfortunately rare human being, a humane and caring industrialist, he cared for people above profits, though his business profited greatly through his good works. He was greatly loved by all of his employees from drivers and cafeteria workers to top-level managers. May B. K. Parekh's legacy of good works live on.

Bruce I. Kodish

With continued conversations, leading questions, and a bit of skillful probing I was able to get to what I believe to be the root of it all. His person knows a great deal about himself. And he keeps this knowledge this awareness, the common failings that all of us share, are not allowed to spoil or pollute the clarity of his generous actions.

Gieve Patel

I, at once, took to this soft-spoken man with a twinkle in his eyes to me. He is the quintessential Indian that I love. Sharp, intelligent, shrewd, and, at the same time, warm and compassionate. I encountered a man who, I felt, knows himself and life and accepts both as they are.

Mini Dastoor

What a rare phenomenon it was: Highly valuable as were the donations running into crores of rupees given by him to institutions of literature, education and science, even more precious was the gift of his fatherly and caring self that Balvantbhai offered to others. He was a luminous part of the great 'Mahajana' tradition of India.

Raghuvir Chaudhari

Balvantbhai's whole life was a link between Science and Spirituality.

Dr Kanubhai Kalsaria

Balvantbhai deeply loved, keenly understood, and decisively acted for life in its physical as well as subtler expressions. He was a fearless but skilled explorer into human conditions. The gulf that he shared with so many, so long, so plentifully and in so many ways, is now a part of our lives, personal and collective, cultural and industrial, Gujarati and global.

Sitanshu Yashaschandra

It is said that one single leader is able to fashion an entire organisation into a cohesive mould which is perceived by all those who deal with it. With his sincerity, truthfulness, humility and decisive leadership, Balubhai has been able to impart to the Pidilite organisation a rare personality that modern day corporates do not enjoy in a very great measure.

Bansi S. Mehta

He was born in a common merchant (vanika) family of Mahuva, studied up to B.A. only, but in common sense, modesty, generosity and gentlemanliness he would defeat all.

Manubhai Pancholi "Darshak"



A few people have enriched my life through their integrity and strength. I don't think I can name more than six but, of this I am certain, Balvant is one of them and I shall be grateful for his existence until the end of my life.

Neville Symington

Neville Symington is a senior psycho-analyst in Australia. He dedicated his book "The Blind Man Sees" to B. K. Parekh.

Who knows the truth
Who knows himself
And is faithful to both.

contents

06

Company Information

08

*Management Discussion
and Analysis*

17

*Economic Value Added
(EVA)*

28

*Corporate Social
Responsibility Report*

30

*Annexure I to the Directors'
Report*

33

Auditor's Report

64

*Cash Flow
Statement*

66

*Corporate Governance
Report*

71

*Corporate Governance
Compliance Certificate*

Company Information

Board of Directors

B K Parekh

Chairman
(up to 25.01.2013)

M B Parekh

Chairman & Managing Director
(wef 28.05.2013)

S K Parekh

Vice Chairman

N K Parekh

Joint Managing Director

R M Gandhi

Director

N J Jhaveri

Director

Bansi S Mehta

Director

Ranjan Kapur

Director

Yash Mahajan

Director

Bharat Puri

Director

D Bhattacharya

Director

Sanjeev Aga

Director

A B Parekh

Wholetime Director

A N Parekh

Wholetime Director

R Sreeram

Wholetime Director

18

Financial Charts

20

*10 Years Financial
Performance*

22

Directors' Report

36

Balance Sheet

37

*Profit & Loss
Account*

38

Notes

72

*Information for
Shareholders*

74

*Consolidated Financial
Statements*

Corporate Office

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

Registered Office

Regent Chambers,
7th Floor Jammalal 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

Haribhakti & Co

Internal Auditors

Mahajan & Aibara

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 18.3%, marginally lower than that recorded in the previous year.

Sales of Consumer & Bazaar products grew by 20.7% while growth in Industrial Products was slower at 10.6%.

Increase in commodity costs led by crude oil prices and a depreciating currency impacted margins in the first half of the year and price increases were implemented. With cost inflation easing in the second half, margins were better than the corresponding period of the previous year.

The subsidiary in Brazil continued to incur losses. While the subsidiary has taken a series of measures to improve performance, the continued losses require the Company to review the value of its investments in that subsidiary. Accordingly, a provision for diminution in value of ₹ 53.1 million has been made, which is in addition to ₹ 96.9 million provided last year. This provision has no impact on the consolidated results of the Company.

Earnings before interest, taxes, exceptional items and foreign exchange differences, increased by 28%, profit before tax (PBT) increased by 40% and profit after tax (PAT) increased by 38%.

The Company's sales have grown at a CAGR of 17.1% over the last 5 years.

Consolidated Financials

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

Earnings before interest, taxes, exceptional items and foreign exchange differences, grew by 28% over last year. Profit after tax grew by 31% over the last year.

Aggregate losses in overseas subsidiaries have increased in comparison to last year mainly due to higher losses in Brazil. However, excluding Brazil, losses have halved over the previous year to ₹ 20 million. Losses in Brazil have been higher due to items like impairment of goodwill and provisions made for prior period tax claims and other disputed items.