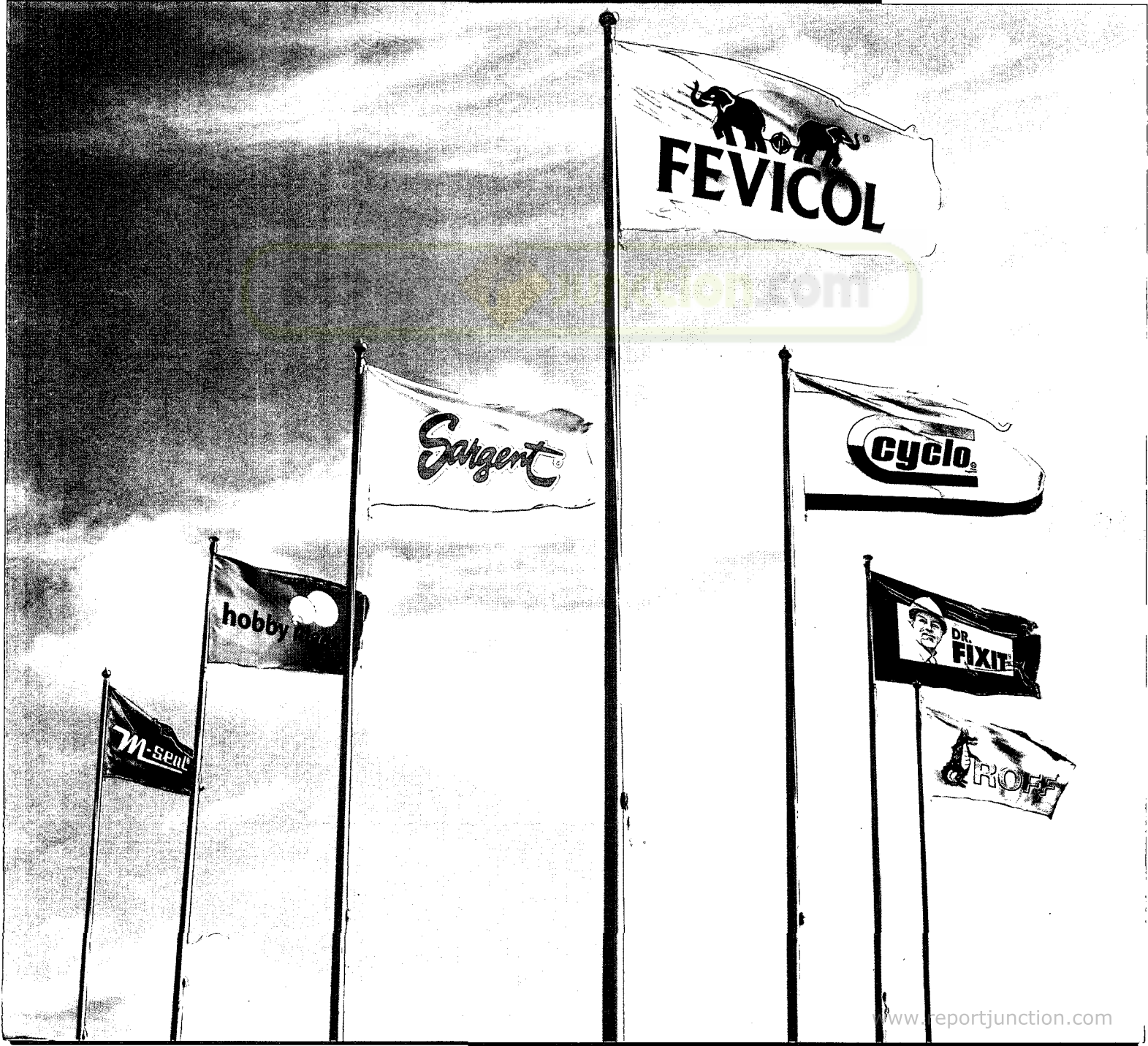


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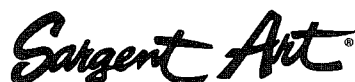




Fevicol is synonymous with adhesives in India. Pidilite offers an extensive range of consumer, craftsmen, engineering and industrial adhesives under Fevicol brand name. Excellent quality, extensive product range, close relations with customers and award winning advertisements have made Fevicol one of the most trusted brands in India and the largest selling adhesives brand in Asia.



Pidilite USA, wholly owned subsidiary of Pidilite, acquired Cyclo brand in June 2006. The product range includes maintenance, performance and appearance products for DIY (Do-it-Yourself) and professional car care segment. Cyclo products are sold in USA and over 50 other countries.



Pidilite USA, wholly owned subsidiary of Pidilite, acquired Sargent Art brand in June 2006. Sargent Art has been selling world-class art materials in USA for over 50 years. The products range includes crayons, tempera colours, acrylic colours, markers, modeling clay and many other products.



Pidilite offers a range of hobby & craft products under the Hobby Ideas brand name. The products are complemented with books, videos and training workshops to make hobby fun and easy for hobby enthusiasts. Pidilite has also opened India's first chain of hobby & craft retail stores under the Hobby Ideas brand name. The shops offer a large variety of hobby & craft products sourced from around the world.



Pidilite offers a wide range of construction chemicals under the Dr. Fixit brand name. The extensive product range is used for waterproofing and repair for both new & old constructions. Dr. Fixit is market leader in retail market of construction chemicals and the products are available in all leading cement, hardware, tile and paint shops.



Pidilite acquired Roff brand in 2004. Roff is a pioneer in construction chemicals in India and is well known for modern tile fixing solutions like tile-on-tile and waterproof tile joints. Pidilite also sells several construction chemicals under Roff name for application in waterproofing, sealing, flooring, concrete treatment & plastering.



M-Seal is India's leading sealant brand. Pidilite offers a range of sealants for sealing, joining & repairing applications for both consumer & craftsmen market under M-Seal brand name. M-Seal is also gaining acceptance in international market.


PIDILITE INDUSTRIES LIMITED

Registered Office: Regent Chambers, 7th floor, Jamnalal Bajaj Marg, 208, Nariman Point, Mumbai 400 021.

Notice

NOTICE is hereby given that the THIRTY-EIGHTH ANNUAL GENERAL MEETING of the members of the Company will be held on Wednesday, the 29th August 2007 at 11.00 a.m. at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021 to transact the following business

ORDINARY BUSINESS

1. To receive and adopt the Profit and Loss Account for the year ended on 31st March 2007 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Shri B K Parekh, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri S K Parekh, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri A B Parekh, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Shri Yash Mahajan, who retires by rotation and being eligible offers himself for re-appointment.
7. To appoint Auditors for the current year to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

8. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri V S Vasan who was appointed as Additional Director of the Company by the Board of

Directors and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing with necessary deposit proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

9. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (Act) the Company hereby approves appointment of Shri V S Vasan as a Whole-Time Director of the Company for a period of 2 years with effect from 2nd December 2006 upon terms and conditions and payment of remuneration as set out in the Explanatory Statement attached to this Notice".

"RESOLVED FURTHER THAT Shri V S Vasan, Whole-Time Director shall work under the superintendence, control and direction of the Board of Directors".

"RESOLVED FURTHER THAT total remuneration by way of salary, perquisites and allowances payable to Shri V S Vasan, Whole-Time Director, in any Financial Year shall not exceed 5% of the Net Profit of that Financial Year as per Section I of Part II of Schedule XIII of the Act".

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the Board) be and is hereby authorised to vary and/or modify the terms and conditions of appointment including remuneration and perquisites payable to Shri V S Vasan in such manner as may be agreed to between the Board and Shri V S Vasan within and in accordance with the limits prescribed in Schedule XIII to the Act or in accordance with the changes that may be effected in Schedule XIII of the Act and/or any amendments and/or modifications that may be made by the Central Government in that behalf from time to time or any amendments or re-enactment of the relevant provisions of the Act".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors".

"RESOLVED FURTHER THAT Shri V S Vasan, the Whole-Time Director is hereby designated as Director (Factories Operations) wef 14th December 2006 and apart from other duties that are entrusted to him from time to time, he shall be in overall charge of all the factories of the Company situated in the States of Maharashtra, Gujarat, Himachal Pradesh, Union Territory of Daman or any other State or Union Territory in India".

10. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in supersession of the resolutions passed earlier, the consent of the Company be and is hereby accorded pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the borrowing by the Board of Directors of the Company from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that money to be borrowed together with money already borrowed by the Company (apart from the temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say Reserves not set apart for any specific purpose, provided that the total amount of money so borrowed by the Company shall not exceed Rs 10,000 million (Rupees Ten Thousand million) outstanding at any time".

11. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in supersession of resolution passed earlier, the consent of the Company be and is hereby accorded pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for creating charge, and/or mortgage and/or hypothecation of all or any of the immovable and movable properties of the Company, wherever situate, both present and future or the whole or substantially

the whole of the undertaking or undertakings of the Company in such form and in such manner as the Board of Directors may think fit, for securing any loans and/or advances already obtained or that may be obtained from any financial institutions / banks / insurance companies or person or persons and / or to secure any debentures that may be issued and all interests, compound / additional interest, commitment charge, costs, charges, expenses and all other money payable by the Company to the concerned lenders within the overall limits of Rs 10,000 million (Rupees Ten Thousand million)".

12. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 314 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to the appointment by the Company's wholly-owned subsidiary, Pidilite USA Inc. of Ms. Ishita R Amersey as Business Development Manager (UK/Europe), based in the U.K. wef 1st September 2006, upon the terms and conditions and payment of remuneration as set out in the explanatory statement attached to the notice".

13. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) ("**the Act**") and the enabling provisions of the Memorandum and the Articles of Association of the Company, the Foreign Exchange Management Act, 1999 (FEMA) Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 and Issue of Foreign Currency Convertible Bonds (through Depository Receipt Mechanism) Scheme, 1993 (as amended from time to time), guidelines prescribed by the Securities and Exchange Board of India and the Listing Agreements with the Stock Exchanges and subject to the provisions of the applicable rules, regulations, guidelines or laws and/or any approval, consent, permission or sanction of the Central Government, Reserve Bank of India and any other

appropriate authorities, institutions or Bodies (hereinafter collectively referred to as the **"appropriate authorities"**), and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission, and / or sanction (hereinafter referred to as the **"requisite approvals"**), which may be agreed to by the Board of Directors of the Company (hereinafter called the **"Board"** which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this Resolution), the Board be and is hereby authorised to issue, offer and allot, for cash, in the course of public or private offerings, in one or more international market(s), with or without green shoe option, equity shares or any securities including Global Depositary Receipts and / or American Depositary Receipts convertible into equity shares, Foreign Currency Convertible Bonds, Euro-Convertible Bonds, debentures, preference shares whether Cumulative / Redeemable / Convertible at the option of the Company and / or the option of the holders of the security and / or securities linked to equity shares / preference shares and / or any instrument or securities representing convertible securities such as convertible debentures, bonds or warrants convertible into depositary receipts underlying equity shares / preference shares, and /or any instruments or securities with or without detachable warrants, secured or unsecured, or such other types of securities representing either equity shares or convertible Securities (hereinafter referred to as the **"Securities"**) to foreign /domestic investors, non-residents, foreign institutional investors /foreign companies /foreign banks, NRIs, foreign nationals, companies, and / or corporate bodies/entities including mutual funds, banks, insurance companies and/or individuals or otherwise whether or not such persons/entities/investors are members of the Company, whether in one or more currency, such issue and allotment to be made at such time or times through prospectus, offering letter, circular, memorandum to the general public and/or through any other mode or on private placement basis as the case may be from time to time, in one or more tranches, as may be deemed appropriate by the Board on such terms and conditions as the Board may in its absolute discretion deem fit for an amount not exceeding US \$. 50 Million (US\$ Fifty Million Only) or its equivalent in any currency, on such terms and conditions including pricing and conversion or any other matter connected therewith, as the Board may in its

sole discretion decide including the form and the persons to whom such securities may be issued".

"RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of Securities may have all or any terms or combination of terms including as to conditions in relation to payment of interest, additional interest, premia on redemption, prepayment and any other debt service payments whatsoever, and all such other terms as are provided in Securities offerings of this nature including terms for issue of such Securities or variation of the conversion price of the Security during the duration of the Securities and the Company is also entitled to enter into and execute all such arrangements as the case may be with any lead managers, managers, underwriters, bankers, financial institutions, solicitors, advisors, guarantors, depositories, custodians and other intermediaries in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or payment of their remuneration for their services or the like, and also to seek the listing of such Securities on one or more stock exchanges including international stock exchanges, wherever permissible".

"RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body for the issue of Securities in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the domestic and / or international practice and regulations, and under the norms and practices prevalent in securities markets".

"RESOLVED FURTHER THAT the Board and/or an agency or body authorised by the Board may issue Depositary Receipt(s) or Certificate(s) or Shares, representing the underlying securities issued by the Company in registered or bearer form with such features and attributes as are prevalent in Indian and/ or International capital markets for the instruments of this nature and to provide for the tradability or free transferability thereof, as per the Indian/international practices and regulations and under the norms and practices prevalent in the Indian/international markets".

"RESOLVED FURTHER THAT the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue of the Securities in the international market and may be governed by the applicable laws".

"RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of underlying equity shares as may be required to be issued and allotted upon conversion of any such Securities referred to above or as may be in accordance with the terms of the offering(s) and that the said equity shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank in all respects pari passu with the then existing equity shares of the Company".

"RESOLVED FURTHER THAT such of these Securities to be issued as are not subscribed may be disposed off by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in the best interest of the Company and as is permissible at law".

"RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, the Board be and is hereby authorised to determine the form, terms and timing of the offering(s), including the class of investors to whom the Securities are to be offered and allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount on issue / conversion of Securities/redemption of Securities, rate of interest, redemption period, listings on one or more stock exchanges abroad and in India as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues to do all such acts, deeds, matters and things on behalf of the Company as the Board may, at its discretion, deem necessary or desirable for such purpose, including without limitation appointment of Registrar, Book-runner, Lead-managers, Trustees / Agents, Bankers, Global Co-ordinators, Custodians / Depositories, Consultants, Solicitors, Accountants, or such other Agencies, entering into arrangements for underwriting, marketing, listing, trading, depository and such other arrangements and agreements, as may be necessary and to issue any offer document(s) and sign all deeds, documents and to pay and remunerate all agencies/ intermediaries by way of commission, brokerage, fees, charges, out of pocket expenses and the like as may be involved or connected in such offerings of securities, and also to seek listing of the securities or securities representing the same in any Indian and / or in one or more international stock exchanges with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any

such issue, offer or allotment of securities and in complying with any regulations, as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution".

"RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage / charge under Section 125 and 293(1)(a) of the Act in respect of the aforesaid Securities either on pari passu basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or the Chairman or the Managing Director or any Whole Time Director or any other Officers /Authorised Representatives of the Company to give effect to the aforesaid resolution".

14. To consider and if thought fit to pass with or without modifications the following resolution as a Special Resolution:

"RESOLVED THAT the Authorised Share Capital of the Company be increased from Rs 30,00,00,000 (Rupees Thirty Crore only) [presently comprising of 27,50,00,000 (Twenty Seven Crore Fifty Lac) equity shares of Re 1 (Rupee One only) each and 2,50,00,000 (Two Crore Fifty Lac) Unclassified Shares of Re 1 (Rupee One only) each] to Rs 46,50,33,999 (Rupees Forty Six Crore Fifty Lac Thirty Three Thousand Nine Hundred Ninety Nine only), by transferring an amount in the sum of Rs 16,50,33,999 (Rupees Sixteen Crore Fifty Lac Thirty Three Thousand Nine Hundred Ninety Nine only) from the Authorised Share Capital of Vinyl Chemicals (India) Limited ("VCIL") to the Authorised Share Capital of the Company pursuant to the Scheme of Arrangement for demerger of the Vinyl Acetate Monomer Manufacturing Unit of VCIL into the Company ("Scheme") under Sections 391 and 394 of the Companies Act, 1956 and in order to enable the

Company to effect allotment of shares of the Company to the shareholders of VCIL, upon the coming into operation of the Scheme and consequent to the aforesaid transfer, the Share Capital of the Company be classified as follows:-

- (a) 39,00,33,999 (Thirty Nine Crore Thirty Three Thousand Nine Hundred Ninety Nine) equity shares of Re 1 (Rupee One only) each;
- (b) 50,00,000 (Fifty Lac) 6% Cumulative Redeemable Preference Share of Rs 10 (Rupees Ten only) each, redeemable by the Company not later than the expiry of a period of 18 (eighteen) months from the date on which such Preference Shares are allotted; and
- (c) 2,50,00,000 (Two Crores Fifty Lac) Unclassified Shares of Re 1 (Rupee One only) each".

"RESOLVED FURTHER that for the purpose of giving effect to the above, the Directors be and are hereby

authorised to give such directions as they may think fit and proper, including directions for settling any question or difficulty that may arise and to do all acts, deeds, matters and things of whatsoever nature as the Directors in their absolute discretion consider necessary, expedient and proper".

"RESOLVED FURTHER that such consequential amendments as may be necessary be made in the Capital Clause in the Memorandum and Articles of Association of the Company after such increase becomes effective and operative".

BY ORDER OF THE BOARD OF DIRECTORS

Mumbai

Date: 3rd August 2007

B K PAREKH

Chairman



Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies, to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. An Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Friday the 17th August 2007 to Wednesday the 29th August 2007 (both days inclusive).
4. The dividend on equity shares as recommended by the Directors when declared at the Annual General Meeting will be paid to those Shareholders whose names appear on the Register of Members of the Company on 29th August 2007. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. for this purpose.
5. Members may note that SEBI has made it mandatory for all companies to distribute dividends through Electronic Clearing Service (ECS) to the investors wherever this facility is available. In all other cases, companies shall despatch dividend warrants for payment of dividends.

In view of the above, members holding shares in Physical Form are requested to furnish their Bank Account details (or any changes in the same) along with photocopy of a blank cancelled cheque to the Registrar & Transfer (R & T) Agents and members holding shares in Electronic Form are requested to furnish the said details (or any changes thereof) to their Depository Participants (DPs) immediately in order to receive prompt credit of dividend.
6. Members are requested to inform R & T Agents (in case of shares held in Physical Form) or Depository Participants (in case of shares held in Electronic Form) any change in their addresses immediately.
7. The members can avail facility of nomination in terms of extant legal provisions in this regard. On request, the necessary form can be obtained from the R & T Agents.
8. For the convenience of members and for proper conduct of the meeting, entry to the place of meeting will be regulated by an Attendance Slip, which is annexed to the Proxy Form. Members are requested to append their signatures at the place provided on the Attendance Slip and hand it over at the entrance.
9. Members are requested to bring their copy of the Annual Report with them at the meeting as additional copies of the same will not be made available at the meeting.
- 10. Members are requested to send their queries, if any, at least ten days in advance at the Registered Office address, so that the information can be made available at the meeting, subject to permission of the Chairman.**
11. A. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year ended 31st March 1994 have been transferred to the General Revenue Account of the Central Government. Those members who have so far not claimed their dividends for the said periods may claim the same by submitting an application in the prescribed Form No.11 to the Registrar of Companies, Maharashtra, C.G.O. Bldg., A-Wing, 2nd floor, C.B.D. Belapur, Opp. Police Commissioner's Office, Belapur 400 614.

B. Consequent upon amendment in Section 205A of the Companies Act, 1956, and introduction of Section 205C, by the Companies (Amendment) Act, 1999, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund (Fund).

C. Accordingly, the Company has transferred unclaimed/unpaid dividend in respect of Financial Years ended 31st March 1995 to 31st March 1999 and also Interim Dividend paid for Financial year ended 31st March 2000 to the Fund.

Members who have not yet encashed their Dividend Warrants for the years ended 31st March 2000 (Final Dividend) to 31st March 2006 are requested to contact the R & T Agents, M/s. TSR Darashaw Ltd., Unit: Pidilite Industries Ltd., 6-10, Haji Moosa Patrawala Ind. Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai 400 011. It may be noted that once the unclaimed dividend is transferred to the Fund, as above, no claim shall lie in respect thereof against the Company.

Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 8

Shri V S Vasani was appointed as Additional Director of the Company with effect from 2nd December 2006 by the Board of Directors at their meeting held on 2nd December 2006. Under Section 257 of the Companies Act, 1956 Company has received a Notice in writing with deposit of Rs 500 from a member signifying his intention to propose candidature of Shri V S Vasani, as a Director of the Company liable to retire by rotation. Shri V S Vasani has been working with the Company as Chief - Operations, since 14th June 2006. He is a B.Tech (Chemical Engineering), REC, one year of PG Diploma in Management at AIMA having experience of about 26 years. It will be in the interest of the Company to avail of his services. The Board of Directors recommends the appointment of Shri V S Vasani as a Director.

Except Shri V S Vasani, no other Director is interested or concerned in this resolution.

Item No. 9

Subject to approval of the members at the General Meeting, the Board of Directors at their meeting held on 2nd December 2006 have appointed Shri V S Vasani as a Whole-Time Director of the Company for a period of 2 years from 2nd December 2006.

Subject to the limits prescribed under Section I of Part II of Schedule XIII to the Companies Act, 1956, the said Whole-Time Director shall be paid the following remuneration effective from 2nd December 2006:

I. Salary

Salary Rs 80,000 p. m. with first increment due on 1st April 2007. The Board will decide the increment up to a ceiling of 15% of the salary. Subsequent increment will become due on 1st April every year and the Board will decide increment up to 15% of salary drawn in the immediate previous year.

II. City Compensatory Allowance

Rs 1,06,775 p.m. and the Board is authorised to increase the same up to Rs 1,50,000 p.m.

III. Special Allowance

Rs 1,10,993 p.m. and the Board is authorised to increase the same up to Rs 1,50,000 p.m.

IV. Perquisites

i. Housing:

a. Free use of residential accommodation.

b. The Company shall provide such furniture, fixtures and furnishings as approved by the Board of Directors from time to time.

ii. Other Perquisites (including allowances) in such form and to such extent as may be decided by the Board of Directors or a Committee thereof subject to the ceiling of Rs 6,00,000 p.a.

V. Other Benefits

Other Benefits to the appointee shall include use of car (with driver) and telephone for the Company's business at residence (the expenses whereof, excepting personal long distance calls, would be borne and paid by the Company), contribution to Provident and Superannuation Funds and all other benefits as are applicable to senior employees of the Company (including but not limited to gratuity, leave entitlement, encashment of leave, in accordance with the schemes of the Company).

In accordance with the resolution, within the aforesaid limits, the amount of salary and perquisites payable to the appointee (including the types and amount of each type of perquisite) will be decided by the Board of Directors or a Committee from time to time as it may deem fit in its absolute discretion.

The valuation of perquisites will be as per the Income-tax Rules, 1962, in cases where the same is otherwise not possible to be evaluated.

Shri V S Vasani is a fit and proper person for the post of Whole-Time Director. The remuneration payable to him is fair and reasonable.

The proposed remuneration payable is within the limits specified in Schedule XIII of the Companies Act, 1956. Members' approval is required for the same under Schedule XIII and other applicable provisions of the Companies Act, 1956.

It would be in the interest of the Company to avail of the services of Shri V S Vasani as Whole-Time Director, who has been designated as Director (Factories Operations) wef 14th December 2006 in overall charge of all the factories of the Company situated in the States of Maharashtra, Gujarat, Himachal Pradesh, Union Territory of Daman and / or any other State / Union Territory in India.

The Company has already sent to all the members, a circular letter dated 4th December 2006 giving an Abstract and Disclosure u/s 302 of the Companies Act, 1956 in respect of aforesaid appointment of Whole-Time Director.

Directors recommend this resolution for members' approval.

Except Shri V S Vasan, no other Director is interested or concerned in this resolution.

Item No. 10

The consent of the members was earlier obtained at the 27th Annual General Meeting held on 17th September 1996 u/s 293 (1)(d) of the Companies Act, 1956 to enable the Board of Directors to borrow money as and when required up to a limit of Rs 3,000 million for the business of the Company. Now in the context of expansion and growth in the business of the Company, it is proposed to enhance the amount of total borrowings upto Rs 10,000 million.

Directors recommend this resolution for members' approval.

None of the Directors of the Company, is in any way concerned or interested in this resolution.

Item No. 11

The consent of the members was earlier obtained at the 27th Annual General Meeting held on 17th September 1996 u/s 293 (1)(a) of the Companies Act, 1956 (Act) authorising the Board of Directors to create charge and/or mortgage and/or hypothecation by way of security in favour of the Banks, Financial Institutions, Insurance Companies etc. in respect of the funds borrowed / to be borrowed up to Rs 3,000 million which is now proposed to be increased to Rs 10,000 million. Since mortgaging by the Company of its properties in favour of Banks, Financial Institutions can be considered to be disposal of the Company's properties, it is necessary to obtain members approval u/s 293(1)(a) of the Act before creation of the mortgage/charge.

Directors recommend this resolution for members' approval.

None of the Directors of the Company, is in any way concerned or interested in this resolution.

Item No. 12

Pidilite USA, Inc. (PUI) is a wholly owned subsidiary of the Company. The Board of Directors of PUI has appointed Ms. Ishita R Amersey, as Business Development Manager for UK and Europe wef 1st September 2006. The Board of Directors of the Company at its meeting held on 8th August 2006 has subject to approval of the Company, given consent to the said appointment on the following terms and conditions:

Salary, Allowance and benefits aggregating UK £35,000

(approx Rs 27,77,000) per annum at the time of joining, with authority to the President of Pidilite USA, Inc. to give suitable annual increments and to alter and vary terms of appointment as well as remuneration payable to Ms. Ishita R Amersey from time to time subject to and within the framework of any such approval.

Ms. Ishita R Amersey has done her graduation and post graduation in Marketing Management and Business Management and is presently stationed in London.

Since Ms. Ishita R Amersey is a relative of Shri B K Parekh, Chairman and Shri M B Parekh, Managing Director of the Company and her remuneration will exceed the ceiling prescribed under Section 314 of the Companies Act, 1956, (Act) her appointment as Business Development Manager in PUI is required to be approved by a Special Resolution of members of the Company in pursuance of the provisions of said Section of the Act.

The copy of resolution passed by the Board of Directors in its meeting held on 8th August 2006 giving consent to the appointment of Ms. Ishita R Amersey as Business Development Manager in PUI is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on all working days till the date of Annual General Meeting.

Directors recommend this Special Resolution for members' approval.

Shri B K Parekh, Chairman and Shri M B Parekh, Managing Director being relatives of the appointee are concerned or interested in the resolution.

Item No. 13

After establishing its strong presence in the domestic market, the Company has entered into the international market. In order to maintain its competitiveness and strengthen its reach in the domestic markets, the Company would be establishing efficient and cost competitive manufacturing facilities as well as strong marketing setup in India and abroad.

For the purpose, the Company would require access to long term funds. It is therefore, proposed to raise funds through overseas borrowings / capital in a cost effective manner to raise additional funds not exceeding US\$ 50 million (approximately, Rs 202.20 crores at the current rate of 1 US\$ = Rs 40.44).

Pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 any offer or issue of shares in the Company to persons other than the members of the Company, requires prior approval of the members vide a Special Resolution. The Listing Agreement executed by the Company with the Stock Exchanges also provide that the Company shall in the first instance offer all