

Annual Report | 2009 - 2010



creative
building bonds





creative building bonds

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

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

Company Information

Board of Directors

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

Corporate Office

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

Registered Office

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

Registrar & Transfer Agent

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

President

& Company Secretary

P C Patel

Solicitors & Advocates

Wadia Ghandy & Co

Auditors

Haribhakti & Co

Internal Auditors

Mahajan & Aibara

Bankers

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



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Management Discussion & Analysis

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

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

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

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

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



Consumer and Bazaar Products

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

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

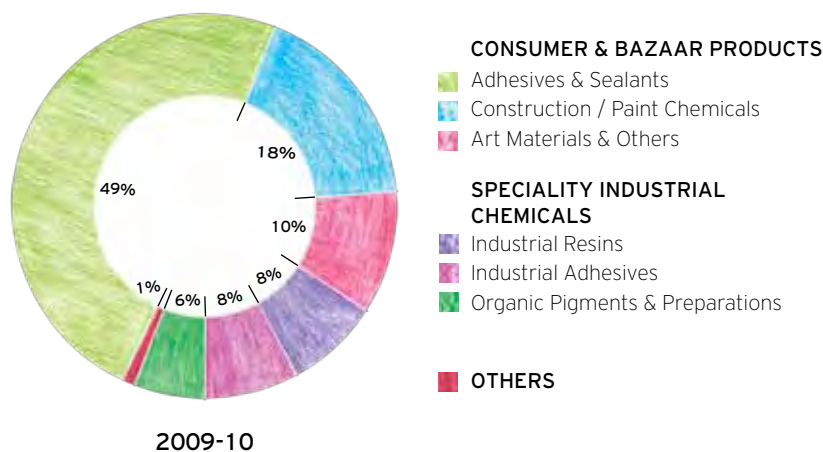
Growth rates improved in the second half of the year.

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

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

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

BUSINESS SEGMENTS %



Speciality Industrial Chemicals

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

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

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

Others

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

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

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

New products



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

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

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

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

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



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

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

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

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

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



Customer relations



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

