

**Board of Directors**

Shri.R.J.Sanghavi  
Shri.U.J.Sanghavi  
Shri.T.J.Sanghavi  
Shri.S.R.Sanghavi  
Shri.H.S.Kamath  
Shri.M.M.Vora  
Dr.A.P.Singh

Executive Chairman  
Managing Director  
Executive Director  
Non Executive, Independent Director  
Non Executive, Independent Director  
Non Executive, Independent Director  
Non Executive, Independent Director

**Auditors**

PHD & Associates  
Chartered Accountants

**Registrars & Transfer Agents**

Sharex Dynamic (I) Pvt Ltd.  
Unit No.1, Luthra Ind. Premises,  
Andheri Kurla Rd., Safed Pool,  
Andheri (E), Mumbai – 400 072

**Bankers**

Bank of India  
Standard Chartered Bank  
Yes Bank

**Registered Office & Plants**

**Registered Office :**  
Shreeji Industrial Estate,  
Vadkun, College Road,  
Dahanu,  
Dist. Thane – 401602.

**Plants:**

- (1) Shreeji Industrial Estate  
Vadkun, College Road,  
Dahanu,  
Dist. Thane – 401602.
- (2) 7, Govt.Ind. Estate, Phase I  
Behind Durafoam Factory,  
Piparia, Silvassa.
- (3) Plot No.D-2/CH/49,  
Dahej – 2 Industrial Estate,  
GIDC, Dahej, Tal.Vagra,  
Dist – Bharuch – 392130  
(Gujarat)

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**NOTICE**

**Notice** is hereby given that the **Twenty Seventh Annual General Meeting** of **Nikhil Adhesives Limited** will be held on Saturday the 28th September, 2013 at 11.00 a.m at the Registered Office of the Company at **Shreeji Industrial Estate, Vadkun, College Road, Dahanu, Dist. Thane – 401 602** to transact the following business:

**ORDINARY BUSINESS**

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013, together with statement of Profit and Loss for the year ended on that date together with the reports of the Directors and the Auditors thereon.
- 2) To declare dividend on Equity Shares.
- 3) To appoint a Director in place of Mr. R.J.Sanghavi, who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Mr.A.P.Singh, who retires by rotation and being eligible, offers himself for reappointment.
- 5) To appoint Auditors and fix their remuneration.

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. The instrument of proxy, in order to be effective, must be deposited at the Registered Office of the Company duly completed and signed not less than 48 hours before the commencement of the meeting.
2. Members who hold shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification for attendance at the meeting.
3. The Register of Members and the Share Transfer Books of the company will remain closed from **24th September, 2013 to 28th September, 2013** (both days inclusive). The dividend as recommended by the Board, if sanctioned at the meeting, will be paid to those members whose names appear on the Company's Register of Members on **28th September, 2013**. In respect of the shares in electronic form, the dividend will be payable to the beneficial owners of the shares as per the details furnished by the Depositories for this purpose.
4. Members are requested to notify immediately any change of address
  - i) To their Depository Participants (DPs) in respect of their electronic share accounts, and
  - ii) To the Company's Registrars, M/s. Sharex Dynamic (India) Pvt. Ltd. in respect of their physical shares, if any, quoting their folio numbers.
5. Shareholders, holding shares in electronic form, may kindly note that their bank account details as furnished by their Depositories to the Company will be used for ECS (wherever available)/ printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of / change in such bank account details. Shareholders who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of the bank account.

6. Members can avail nomination facilities in respect of their shareholding in the company, as permitted under section 109A of the Companies Act, 1956, by filing Form No. 2B as prescribed under the Companies (Central Government's) General Rules and Forms, 1956 with the Company. The Blank Form will be supplied on request.
7. Shareholders desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
8. Pursuant to the provisions of section 205A and 205C of the Companies Act, 1956 as amended, the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF). Shareholders are requested to ensure that they claim the dividend(s) from the Company before transfer of the said amounts to the IEPF.
9. **Disclosure pursuant to Clause 49 of the Listing Agreement relating to Directors retiring by rotation but being eligible for re-appointment at the forthcoming Annual General Meeting:**

| <b>Name of the Director</b>           | <b>Mr. R. J. Sanghavi</b>  | <b>Mr.A.P.Singh</b>                |
|---------------------------------------|----------------------------|------------------------------------|
| Date of Birth                         | 11.12.1955                 | 15.03.1952                         |
| Date of Appointment                   | Since Inception            | 29.05.2010                         |
| Status                                | Executive Chairman         | Non Executive Independent Director |
| Qualification                         | Diploma in Engineering     | MSc, MBA, Ph.D.                    |
| Expertise in specific functional type | Businessman                | Professional                       |
| Directorship of Other Companies       | Sanghavi Logistics Pvt.Ltd | -                                  |
| Shareholding (No. of Shares)          | 1,19,700                   | NIL                                |

**Registered Office:**  
**Shreeji Industrial Estate,**  
**Vadkun, College Road, Dahanu,**  
**Dist. Thane – 401 602**  
**Date : 30th May, 2013**

**By order of the Board of Directors**  
  
**(Umesh J. Sanghavi)**  
**Managing Director**

## DIRECTORS' REPORT

### To The Members of Nikhil Adhesives Limited

The Board of Directors is pleased to present the Twenty Seventh Annual Report together with the Audited Accounts for the financial year ended 31st March 2013.

### FINANCIAL HIGHLIGHTS:

Summary of the Financial Results for the year on Standalone basis is as under: -

|  | (₹ in 000's)                 |                              |
|--|------------------------------|------------------------------|
|  | Financial Year<br>2012- 2013 | Financial Year<br>2011- 2012 |
| Gross Profit Before Depreciation and Tax | 32248                        | 23069                        |
| Less :- Depreciation                     | 17481                        | 11562                        |
|  | -----                        | -----                        |
| Profit Before Tax                        | 14767                        | 11507                        |
| Less :- <u>Provision for Taxation</u>    |                              |                              |
| Current Tax                              | -                            | 5100                         |
| Deferred Tax                             | 9110                         | (1341)                       |
|  | -----                        | -----                        |
| Profit After Tax                         | 5657                         | 7748                         |
| Add :- Balance Brought Forward           | 18313                        | 14961                        |
|  | -----                        | -----                        |
| Profits Available For Distribution       | <b>23970</b>                 | <b>22709</b>                 |
|  | -----                        | -----                        |
| <u>Appropriation</u>                     |                              |                              |
| Proposed Dividend Including Dividend Tax | 3646                         | 3621                         |
| Transfer to General Reserve              | -                            | 775                          |
| Carried Forward to Balance Sheet         | 20324                        | 18313                        |
|  | <b>23970</b>                 | <b>22709</b>                 |
|  | -----                        | -----                        |

### DIVIDEND

The Board has pleasure in recommending a dividend of 8% i.e. ₹ 0.80 per equity share for the financial year ended 31st March 2013. The proposed dividend will absorb a sum of ₹ 36.46 Lacs including tax on dividend.

### RESULT OF OPERATIONS (STANDALONE)

The Financial Year 2012-2013 was yet another challenging year both globally and domestically. Amidst several challenges, your company endeavored to achieve the projected business targets under exceptional global market developments during the reporting period.

The sales turnover of your company has increased from ₹18002 lacs to ₹19987 lacs registering growth of approx 11.03 %. Other income for the year is ₹ 2 lacs as against ₹ 10 lacs for the previous year. The operating profit before depreciation and tax is ₹ 322.48 lacs compared to ₹230.69 lacs in the previous year registering about 40% increase due to contribution from new unit at Dahej. The net profit after depreciation and tax is ₹ 56.57 lacs compared to ₹ 77.48 lacs for the previous year. Net profit of ₹ 56.57 lacs for the current year is after providing for

deferred tax of ₹ 91.10 lacs. Reduction in net profit for the current year is primarily due to foreign currency translation loss.

Detailed analysis of the performance of your Company is presented in the Management Discussion and Analysis Report forming part of this Annual Report.

#### **SUBSIDIARY COMPANY & CONSOLIDATED ACCOUNTS**

In 2009, the company had invested in a wholly owned Subsidiary Company, Sanghavi Logistics Pvt. Ltd. The subsidiary company has not yet commenced its business activities. In accordance with Accounting Standard (AS-21) as well as clause 32 of the Listing Agreement, Consolidated financial statements are provided in the Annual Report. In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary company are not being attached with the Balance Sheet of the Company. The company will make available the Annual Accounts of the subsidiary company to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary company will also be kept open for inspection at the Registered Office of the Company. Summary of the financial statements of the subsidiary company, pursuant to Section 212(8) of the Companies Act, 1956, forms part of the financial statements.

#### **DEPOSITS**

During the year the Company has accepted Public Deposits of ₹ 98.79 lacs within the meaning of Section 58A of the Companies Act 1956. The outstanding Public Deposits as at the Balance Sheet date are ₹ 212.85 lacs.

#### **INSURANCE**

The Company's assets being buildings, plant & machinery and stocks are adequately insured.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars required 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 given in the Annexure to this report.

#### **PARTICULARS OF EMPLOYEES**

None of the employees has been paid remuneration exceeding the amount specified under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975. Hence the disclosure requirement under the above section is not applicable.

#### **AUDITORS**

The Auditors, PHD & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

#### **COST AUDITORS AND COST AUDIT REPORT**

Pursuant to the directives of the Central Government under provisions of Section 233 B of the Companies Act, 1956, the company is in the process of appointing Cost Auditors to conduct cost audit relating to products manufactured by the company. The cost audit report will be filed with the Central Government as per timelines.

#### **COMPLIANCE CERTIFICATE**

As required by Proviso to Section 383A of the Companies Act, 1956, a copy of the Compliance Certificate is attached to this report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required by sub-section (2AA) of section 217 of the Companies Act, 1956, Directors state that:-

in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

they 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 and of the profit of the company for that period;

they 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;

they have prepared the annual accounts on a going concern basis.

**CORPORATE GOVERNANCE**

Your Company continues to comply with the requirements of the Listing Agreement entered into with Bombay Stock Exchange Ltd. where your Company's shares are listed. Pursuant to the Clause 49, your Company has laid down risk minimization procedures pertaining to key areas of your Company's operations and the same shall be reviewed periodically by the Board of Directors. Your Company has also adopted a Code of Conduct for its Board Members and Senior Management Personnel and the same has been posted on your Company's website. All the Directors and the Senior Management Personnel of your Company have affirmed compliance with the said Code of Conduct. The CEO/CFO certification signed by the Managing Director pursuant to clause 49(V) of the Listing Agreement was placed before the Board of Directors at their meeting. The Management Discussion and Analysis and a report on Corporate Governance are included as a part of the Directors' Report. A certificate from the auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to this report.

**EMPLOYEES RELATIONS**

The relations with employees remained very cordial during the year under review. Your Directors appreciate the efficient and devoted services rendered by the executives, staff and the workers.

**ACKNOWLEDGEMENT**

Your Directors place on record their sincere thanks for support and co-operation received from Company's bankers, Bank of India, Standard Chartered Bank and Yes Bank. Your Directors also acknowledge with gratitude the co-operation received from various Government Authorities and other agencies.

**On Behalf of the Board of Directors**

**Place : Mumbai**

**Date : 30th May 2013.**

**R. J. Sanghavi**

**Chairman**

**Annexure to the Directors Report**

Information pursuant to the Companies (Disclosure of particulars in Report of the Board of Directors) Rules, 1988

**1. Conservation of energy**

The plant and machinery of the company include energy efficient machinery/equipments. Wherever necessary, energy conservation measures are being implemented and efforts to conserve and optimize the use of energy through improved operational methods will continue.

The details of energy consumption are given below.

| Particulars  | 2012-2013       | 2011-2012       |
|--|-----------------|-----------------|
| <b>Electricity</b>   |                 |                 |
| a) Purchased Units.  | 1079727         | 971396          |
| Total amount   | 7017886         | 5770407         |
| Rate / Unit  | 6.50            | 5.94            |
| b) Own generation.   |                 |                 |
| <b>Coal</b>  | Nil             | Nil             |
| <b>Furnace Oil</b>   |                 |                 |
| Qty. (Kgs)   | 109383          | 175507          |
| Total Amount   | 4382503         | 7600764         |
| Rate/Unit  | 40.07           | 43.31           |
| <b>Diesel / LDO</b>  |                 |                 |
| Qty. (Ltrs.)   | 158565          | 25491           |
| Total amount   | 7175337         | 1101883         |
| Rate / Unit  | 45.25           | 43.23           |
| <b>Consumption per unit of Production of Adhesives &amp; Emulsions</b> |                 |                 |
| Electricity  | 44.90 Per Tonne | 43.92 Per Tonne |
| Diesel / LDO   | 6.60 Per Tonne  | 7.94 Per Tonne  |
| Furnace Oil.   | 4.55 Per Tonne  | 1.17 Per Tonne  |

**2. Technology absorption**
**(a) Research & Development (R & D)**
**➤ Specific area in which R & D carried out by the Company**

Research efforts are directed towards improvement of yield and new product development, particularly in the area of Paint Emulsions, Consumer and Bazaar products including improvement over packaging of the products.

**➤ Benefits derived as a result of the above R & D**

Improvement in product quality, achieving cost effectiveness and increase in the market share.

**➤ Future Plan of Action**

To continue and enhance the R & D efforts described herein above.

**➤ Expenditure on R & D**

Capital Expenditure – NIL.

The revenue expenditure incurred on R & D is not capable of being segregated accurately.

**(b) Technology absorption, adoption and innovation**

The company has fully absorbed and commercialized the manufacturing process of different emulsion products acquired by it from time to time. The technology for manufacturing of new industrial products is being developed in-house.

**3. Foreign Exchange Earnings and Outgo**

Please Refer Note No. 37 of "Notes forming part of the financial statements" for the details in respect of foreign exchange earnings.

## COMPLIANCE CERTIFICATE

CIN: L51900MH1986PLC041062  
Nominal Capital: 5, 00, 00,000/-.

To,  
The Members,  
Nikhil Adhesives Limited,

We have examined the registers, records, books and papers of NIKHIL ADHESIVES LIMITED (hereinafter referred to as 'the Company') as required to be maintained under the Companies Act, 1956 (hereinafter referred to as 'the Act') and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2013. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed all the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act, and the rules made there under.
3. The Company, being a public limited company, has the prescribed minimum paid up capital.
4. The Board of Directors duly met Seven times respectively on 20<sup>th</sup> April 2012, 30<sup>th</sup> May 2012, 9<sup>th</sup> June 2012, 14<sup>th</sup> August 2012, 12<sup>th</sup> November 2012, 12<sup>th</sup> December 2012 and 14<sup>th</sup> February 2013 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. There were no circular resolutions passed during the financial year.
5. The Company closed its Register of Members during the financial year from 25<sup>th</sup> September 2012 to 29<sup>th</sup> September, 2012.
6. The Annual General Meeting for the financial year ended on 31st March, 2012 was held on 29<sup>th</sup> September, 2012 after giving due notice to the members of the Company and other concerned and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loan to its directors and/or persons or firms or companies referred in the Section 295 of the Act.
9. The Company has duly complied with the provision of Section 297 of the Act in respect of contracts specified in that Section.
10. The company has made necessary entries in the register maintained under section 301 of the act.
11. The Company has obtained necessary approval from the members pursuant to Section 314 of the Act.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company:
  - (i) has delivered all the certificates on allotment of securities and on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
  - (ii) has deposited the amount of dividend declared in a separate Bank Account on **3rd October, 2012** which is five days from the date of declaration of dividend.
  - (iii) Paid/Posted warrants for dividend to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with Standard Chartered Bank.
  - (iv) was not required to transfer any amount to Investor Education and Protection Fund, since there were no amounts in unpaid dividend account and there was no application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years.
  - (v) Has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.



15. The appointment of Managing Director and Whole-time Directors has been made in compliance with the provisions of the Act.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There was no transactions' necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has complied with the provisions of section 58A and 58AA read with Companies (Acceptance of Deposits) Rules, 1975/ the applicable directions issued by the Reserve Bank of India/ any other authority in respect of deposits accepted including unsecured loan taken, amounting to ₹ 9,879,175/- raised by the company during the year and the company has filed the copy of advertisement/necessary particulars as required with the Registrar of Companies Maharashtra on 04.10.2012. The Company has also filed the return of deposits with the Register of Companies.
24. The amounts borrowed by the Company from others during the financial year ending 31st March, 2013 are within the borrowing limits of the Company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed in duly convened Annual General Meeting held on 29<sup>th</sup> September 2012.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial year.
31. As per the information and explanations given by officers of the Company, there was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

For V. A. Vakharia and Associates

Vinodchandra Vakharia  
Proprietor  
(C.P.No.9973)

Place: Mumbai.  
Dated: 30th May,2013.

**ANNEXURE A**

REGISTERS AS MAINTAINED BY THE COMPANY:

STATUTORY REGISTERS:

1. Register of Members u/s 150.
2. Register of Directors u/s 303.
3. Register of Directors Shareholding u/s 307.
4. Minutes Book of meetings of the Board of Directors u/s 193.
5. Minutes Book of General Meetings of the members' u/s 193.
6. Books of Accounts u/s 209.
7. Register of Particulars of Contracts in which Directors are interested u/s 301.

OTHER REGISTERS

1. Register of Transfers
2. Register of Charges

**ANNEXURE B**

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during/for the financial year ending 31st March, 2013.

| Sr.No. | Form No./Return      | Filed Under Section   | Particulars   | Date of Filing            | Whether filed within prescribed time Yes/No | If delay in filing whether requisite additional fee paid |
|--------|----------------------|---|---|---------------------------|---|--|
| 1.     | Form 23AC/ACA (XBRL) | 220   | Filing of annual accounts for the year ended 31.03.2012         | 13/02/2013                | Yes   | N.A.   |
| 2.     | Form No.66           | 383A  | Filing of compliance certificate                                | 30/01/2013                | No  | Yes  |
| 3.     | Form 20B             | 159   | Filing of annual Return.  | 10/12/2012                | No  | Yes  |
| 4      | Form 62              | Rule 4(4) of Companies Acceptance of Deposit Rules, 1975    | Filing of text of advertisement for Public Deposits             | 04/10/2012                | Yes   | N.A.   |
| 5      | Form 62              | Rule 10 of Companies Acceptance of Deposit Rules, 1975      | Filing of Return of Deposits for the year ended 31.03.2012      | 28/06/2012                | Yes   | N.A.   |
| 6      | Form 25C             | Section 269(2) and Schedule XIII of the Companies Act, 1956 | Return of Appointment of Managing Director/ Whole-time Director | 07/01/2013 and 08/01/2013 | Yes   | N.A.   |
| 7      | Form 23              | Section 192 of the Companies Act, 1956                      | Registration of resolutions/ agreements.                        | 08/01/2013                | No  | Yes  |

No forms or returns were filed with Regional Director, Central Government or other authorities during the financial year ended 31st March, 2013.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENT

The industry continues to be dominated by 8 major players having reach throughout the country as against the small scale local manufacturers located at various consuming centres across the country. Further amongst the 8 major manufacturers only one has a similar range of products catered to by your company. The addition of a third manufacturing unit at Dahej in Gujarat has enhanced the Company's production capacity, thereby facilitating better services to its valuable customers. A poor monsoon in the last season, coupled with prevalent political situation affected the country's economy adversely. The various producers had a daunting task and our emulsion industry was no exception. To ensure maximum capacity utilisation, many manufacturers started supplying material at very competitive rates and increased volumes. This however had an adverse impact on the margins. Although the uncertain political scenario is expected to continue through the coming 2014 elections, with better monsoon forecast and the industries having chalked out suitable plans to improve the performance, coming financial year holds much better prospects. Our confidence also stems from the fact that over 80% of our revenues comes from repeat business. This is a testament to the trust our clients place in us and our ability to cater to their business requirements.

### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

#### MANUFACTURING DIVISION

During the year the production has increased from 23380 M. Tonnes to 25795 M. Tonnes in terms of volume, registering growth of approx. 10%. In value terms the sales has increased from ₹.10640 lacs to ₹.12172 Lacs registering a growth of about 14%. It is pertinent to note that the share of industrial adhesives, which is an important product category from your company's perspective, has increased.

#### TRADING DIVISION

In the trading segment, the turnover has increased from ₹ 6003 Lacs to ₹ 6105 Lacs registering a nominal growth due to company's conscious decision to focus on manufactured goods during the year.

#### FOREIGN EXCHANGE FLUCTUATIONS

The Company's business is predominantly import-centric. Due to exceptional volatility in the foreign exchange market during the year under report, your company has incurred a foreign currency translation loss of ₹ 170.06 Lacs as compared to loss of ₹ 376.24 Lacs in the previous year. Your company has reported lower profit of ₹ 56.55 Lacs (after deferred tax of ₹ 91.11 Lacs) primarily due to the said foreign currency translation loss.

#### STRENGTH, OPPORTUNITIES, THREATS, RISKS, CONCERNS

The company's biggest strength has been its brand image, and ever since takeover of the emulsion business of the erstwhile Mafatlal Dyes & Chemicals over 10 years ago, the company has made greater inroads in all segments be it Paints, Textiles or Adhesives. The augmentation of capacity by commencing a third unit at Dahej, primarily due to continuous increase in demand and the company is confident that this trend will continue to grow. The Indian economy being vibrant with a lot of resilience, there exist several opportunities for growth especially for a Company like yours that is seriously trying to adapt to the demand pattern of the market. Efforts on the export front are gradually yielding results and the company which has exported one consignment of adhesives to Middle East, expects that it would expand and several new products would get added. Indian economy being very large and spread in various sectors, your Company has started indentifying those sectors where its products will have growth and keep pace with the healthy target the company has set for itself.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has in place the control systems based on the use of computer software that generate sufficient management information for internal control purpose. The executive directors closely monitor the operations of the Company personally. Having regard to the size and nature of the business, your Company has adequate internal control procedures for managerial control.

#### HUMAN RESOURCES / INDUSTRIAL RELATIONS

The industrial relations are cordial from inception till date. There are in all 200 employees including factory workers as on 31.03.2013.

**OUTLOOK**

Amongst its basket of products, your Company's major sales and focus pertain to the emulsions for the Paint Industry. Most of the major players in this industry have predicted a better growth in the decorative paint sector. Our emulsions are predominantly used for making decorative paints; which would certainly provide a greater fillip to our sales. The results also have been extremely encouraging in the other sectors including adhesives and the area of exports. All this augurs well for the Company in the coming months.

**DISCLAIMER**

*Statements in the Management Discussion and Analysis Report describing the Company's objectives, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/ supply, price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws and other statutes.*

**REPORT ON CORPORATE GOVERNANCE**

**Company's Philosophy on Corporate Governance**

Your Company firmly believes in and continues to practice good Corporate Governance. The Company's essential character is shaped by the ethical practices in the conduct of its business transparency, professionalism and accountability. The Company continuously endeavours to improve on these aspects on an ongoing basis. In order to achieve the objective, the Company is driven by the following guiding principles. :

Improving the effectiveness of the Board of Directors in supervising management; and

Improving the quality of information and communication with stakeholders.

The Company believes that these two principles will result in a better shareholders value.

**Board of Directors**

The Board of Directors of the Company comprises of Executive Chairman, Managing Director, Executive Director and Independent Non Executive Directors. The Managing Director of the Company is responsible for day to day operations and the overall business of the Company.

During the year under review, the composition of the Board was as under: -

| Sr. No. | Name of the Director | Status                       | No. of other Director ships | No. of other Committee Memberships |        |
|---------|----------------------|------------------------------|-----------------------------|------------------------------------|--------|
|         |                      |                              |                             | Chairman                           | Member |
| 1)      | Mr. R. J. Sanghavi   | Executive Chairman, Promoter | One                         | Nil                                | Nil    |
| 2)      | Mr. U. J. Sanghavi   | Managing Director, Promoter  | One                         | Nil                                | Nil    |
| 3)      | Mr. T. J. Sanghavi   | Executive Director, Promoter | Nil                         | Nil                                | Nil    |
| 4)      | Mr. M. M. Vora       | Non - Executive, Independent | Nil                         | One                                | Two    |
| 5)      | Mr. S. R. Sanghavi   | Non - Executive, Independent | Nil                         | One                                | Two    |
| 6)      | Mr. H. S. Kamath     | Non - Executive, Independent | Nil                         | Nil                                | One    |
| 7)      | Mr. A. P. Singh      | Non - Executive, Independent | Nil                         | One                                | Nil    |

**Inter - se relationship between the Directors**

Mr. Umesh Sanghavi, Mr. Tarak Sanghavi and Mr. Rajendra Sanghavi are brothers. There is no relationship between any of the Non Executive Independent Directors.

**Board Meetings**

During the year under review, seven Board Meetings were held. Details of attendance at the Board Meetings and Annual General Meeting for each of the Directors are given below:

| Sr. No. | Name of the Director | No. of Board Meetings attended | Attendance At Annual General Meeting | Dates of Meetings  |
|---------|----------------------|--------------------------------|--------------------------------------|--|
| 1.      | Mr. R. J. Sanghavi   | Seven                          | Attended                             | <b>Annual General Meeting:</b><br>29 <sup>th</sup> September,2012<br><br><b>Board Meetings held on:</b><br>20 <sup>th</sup> April,2012<br>30 <sup>th</sup> May,2012<br>9 <sup>th</sup> June,2012<br>14 <sup>th</sup> August,2012<br>12 <sup>th</sup> November,2012<br>12 <sup>th</sup> December,2012<br>14 <sup>th</sup> February,2013 |
| 2.      | Mr. U. J. Sanghavi   | Seven                          | Attended                             |  |
| 3.      | Mr. T. J. Sanghavi   | Seven                          | Attended                             |  |
| 4.      | Mr. M. M. Vora       | Four                           | Attended                             |  |
| 5.      | Mr. S. R. Sanghavi   | One                            | Not Attended                         |  |
| 6.      | Mr. H. S. Kamath     | Four                           | Not Attended                         |  |
| 7.      | Mr. A. P. Singh      | Four                           | Attended                             |  |

**Audit Committee**

Terms of reference

The powers and terms of reference of the committee are as mentioned in clause 49 of Listing Agreement with the Bombay Stock Exchange Ltd.

| Sr. No. | Name of the Director.       | Status.                     | No. of Meetings held. | No. of Meetings attended. | Dates of Audit Committee Meetings.  |
|---------|-----------------------------|-----------------------------|-----------------------|---------------------------|---|
| 1.      | Mr. M. M. Vora (Chairman)   | Non Executive / Independent | Four                  | Four                      | 30 <sup>th</sup> May, 2012<br>14 <sup>th</sup> August, 2012<br>12 <sup>th</sup> November, 2012<br>14 <sup>th</sup> February, 2013 |
| 2.      | Mr. S. R. Sanghavi (Member) | Non Executive / Independent | Four                  | One                       |   |
| 3.      | Mr. H. S. Kamath (Member)   | Non Executive / Independent | Four                  | Four                      |   |

**Shareholders / Investors Grievance Committee**

|   |                    |
|---|--------------------|
| Non-Executive Director heading the Committee                        | Mr. S. R. Sanghavi |
| Compliance Officer  | Mr. Y. Nakre       |
| Number of shareholders complaints received so far                   | NIL                |
| Number of complaints not solved to the satisfaction of Shareholders | NIL                |
| Number of pending Complaints  | NIL                |

**Remuneration Committee**

Terms of reference

The terms of reference of the committee are as mentioned in clause 49 of Listing Agreement with the Bombay Stock Exchange Ltd that inter alia include determination of the Company's policy on specific remuneration packages for Directors.

| Sr. No. | Name of the Director.       | Status.                     | No. of Meetings held. | No. of Meetings attended. | Date of Remuneration Committee Meetings. |
|---------|-----------------------------|-----------------------------|-----------------------|---------------------------|--|
| 1.      | Mr. A. P. Singh (Chairman)  | Non Executive / Independent | One                   | One                       | 30 <sup>th</sup> May, 2012               |
| 2.      | Mr. S. R. Sanghavi (Member) | Non Executive / Independent | One                   | One                       |  |
| 3.      | Mr. M. M. Vora (Member)     | Non Executive / Independent | One                   | One                       |  |

**Remuneration Policy**

The remuneration policy of the Company is to ensure that executive directors of the Company are rewarded in a fair and responsible manner, for their individual contributions to the success of the Company. The remuneration paid to the Executive Directors is recommended by the Remuneration Committee in accordance with Schedule XIII of the Companies Act, 1956 and approved by the Board of Directors in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities as and when required.

Non - Executive Independent Directors are paid sitting fees pursuant to Section 309(2) of the Companies Act, 1956 for attending Board meetings and the Audit Committee meetings.

**Remuneration to Directors**

The remuneration details for the financial year 2012 -13 is as follows

| Name of the Directors | Status             | Salary (₹) | Contribution to Provident Fund (₹) | Comm- Ission | Sitting Fees (₹) | Total (₹) | Contract Period (No. of years) |
|-----------------------|--------------------|------------|------------------------------------|--------------|------------------|-----------|--------------------------------|
| Mr. R. J. Sanghavi    | Executive Chairman | 9,00,000   | 1,08,000                           | ----         | ----             | 10,08,000 | 5 years                        |
| Mr. U. J. Sanghavi    | Managing Director  | 11,75,400  | 1,41,080                           | ----         | ----             | 13,16,448 | 5 years                        |
| Mr. T. J. Sanghavi    | Executive Director | 9,00,000   | 1,08,000                           | ----         | ----             | 10,08,000 | 5 years                        |

| Name of the Directors | Status                        | Salary (₹) | Contribution to Provident Fund (₹) | Comm- ISSION | Sitting Fees (₹) | Total (₹) | Contract Period (No. of years) |
|-----------------------|-------------------------------|------------|------------------------------------|--------------|------------------|-----------|--------------------------------|
| Mr. M. M. Vora        | Non – Executive / Independent | N.A        | ----                               | ----         | 37,500           | 37,500    | N.A.                           |
| Mr. H. S. Kamath      | Non – Executive/ Independent  | N.A        | ----                               | ----         | 22,500           | 22,500    | N.A.                           |
| Mr. A. P. Singh       | Non – Executive/ Independent  | N.A        | ----                               | ----         | 30,000           | 30,000    | N.A.                           |

Notice period for the Directors is as applicable to the senior employees of the Company. No severance fee is payable to the Directors on termination of employment. The Company does not have a scheme for stock options for the Directors or the employees.

#### Shareholding of the Non Executive Directors.

| Name of the Director. | Nature of Directorship | No of Shares held | Percentage to the paid-up capital |
|-----------------------|------------------------|-------------------|-----------------------------------|
| Mr. M. M. Vora        | Independent            | 34318             | 0.88                              |
| Mr. S. R. Sanghavi    | Independent            | NIL               | NIL                               |
| Mr. H. S. Kamath      | Independent            | 1,000             | 0.03                              |
| Mr. A. P. Singh       | Independent            | NIL               | NIL                               |

#### General Body Meetings

The last three Annual General Meetings of the Company were held at the Registered Office of the Company on 25th September 2010, 2nd July 2011 and 29th September 2012, respectively. No special resolution was passed at any of the above Annual General Meetings.

#### Disclosures

There were no transactions of material nature with its promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large. Related party disclosures as required under Accounting Standards 18 issued by the Institute of Chartered Accountants of India are made vide Note No.43 to the Annual Accounts.

The Company has not granted any loans or advances in the nature of loans to its Subsidiary Company. There were no instances of non-compliance nor have any penalties, strictures been imposed by Stock Exchange or SEBI or any other statutory authority during the last three years on any matter related to the capital markets.

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The Board would review implementation of the non-mandatory requirements of the Corporate Governance Code in due course of time.

The Managing Director CEO/CFO has certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification for the Financial Year ended 31<sup>st</sup> March, 2013.

The Company has a detailed Business Risk Management Process which is periodically reviewed by the Board of Directors for determining its effectiveness.

The Company follows Accounting Standards prescribed by the Companies Accounting Standard Rules, 2006 and relevant provisions of the Companies Act, 1956 and in preparation of financial statements, the Company has not adopted a treatment different from that prescribed in the Accounting Standard(s).

#### DECLARATION BY THE CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERANCE TO THE CODE OF CONDUCT.

In accordance with Clause 49 sub – clause I(D) of the Listing Agreement with the Stock Exchange, I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2013.

**For Nikhil Adhesives Limited**  
**(Umesh. J. Sanghavi)**  
**Managing Director**  
**Date: 30th May, 2013.**

**CEO/CFO CERTIFICATION**

The Board of Directors,  
Nikhil Adhesives Limited,  
Mumbai.

**Re: Financial Statements for the year 2012 - 2013 Certification by CEO/CFO.**

I, Umesh. J. Sanghavi, Managing Director of (CEO/CFO) Nikhil Adhesives Limited, on the basis of the review of the financial statements and the cash flow statement for the financial year ended March 31, 2013 and to the best of my knowledge and belief, hereby certify that:-

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2013 which are fraudulent, illegal or violative of the Company's code of conduct.
4. I accept responsibility for establishing and maintaining internal controls; I have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the auditors and the Audit Committee those deficiencies, of which I am aware, in the design or operation of the internal control systems and that I have taken the required steps to rectify these deficiencies.
5. I further certify that:-
  - a. there have been no significant changes in internal control during this year;
  - b. there have been no significant changes in accounting policies during this year;
  - c. there have been no instances of significant fraud of which I have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems.

**(Umesh J Sanghavi)**  
**Managing Director**

**30th May, 2013**



**Means of Communications**

Quarterly / Half-yearly financial results of the Company are forwarded to the BSE Ltd., published in Free Press Journal (English Daily) and Navshakti (Marathi Daily) and uploaded on the Company's website ([www.nikhiladhesives.com](http://www.nikhiladhesives.com)).

**General Shareholder Information**

- i) Annual General Meeting Date, Time and Venue : 28<sup>th</sup> September, 2013, 11.00a.m. at Shreeji Industrial Estate Vadkun, College Road, Dahanu, Dist. Thane – 401 602.
- ii) Date of Book closure : 24<sup>th</sup> September, 2013 to 28<sup>th</sup> September, 2013 (both days inclusive)
- iii) Date of Payment of Dividend : On or before 27<sup>th</sup> October, 2013
- iv) Financial Calendar (Tentative) :
  - Unaudited financial results for the quarter ending 30<sup>th</sup> June, 2013 : 2<sup>nd</sup> Week of August, 2013
  - Unaudited financial results for the quarter ending 30<sup>th</sup> September, 2013 : 2<sup>nd</sup> Week of November, 2013
  - Unaudited financial results for the quarter ending 31<sup>st</sup> December, 2013 : 2<sup>nd</sup> Week of February, 2014
  - Audited financial results for the year ending 31<sup>st</sup> March, 2014 : 4<sup>th</sup> Week of May, 2014
  - Annual General Meeting for the year ending 31<sup>st</sup> March, 2014 : September 2014
- v) Listing on Stock Exchange : BSE Ltd
- vi) Demat ISIN Number for NSDL & CDSL : INE 926C01014
- vii) Stock Code on Mumbai Stock Exchange : 526159
- viii) Grievance Redressal Division Email ID : [ynakre@nikhiladhesives.com](mailto:ynakre@nikhiladhesives.com)

ix) High / Low share price during last financial year (month wise)

| Month          | BSE (₹.) |       | SENSEX    |           |
|----------------|----------|-------|-----------|-----------|
|                | High     | Low   | High      | Low       |
| April 2012     | 33.50    | 31.00 | 17,664.10 | 17,010.16 |
| May 2012       | 35.75    | 29.50 | 17,432.33 | 15,809.71 |
| June 2012      | 34.50    | 25.90 | 17,448.48 | 15,748.98 |
| July 2012      | 32.90    | 27.15 | 17,631.19 | 16,598.48 |
| August 2012    | 37.20    | 30.60 | 17,972.54 | 17,026.97 |
| September 2012 | 36.00    | 29.90 | 18,869.94 | 17,250.80 |
| October 2012   | 33.60    | 30.60 | 19,137.29 | 18,393.42 |
| November 2012  | 32.00    | 29.25 | 19,372.70 | 18,255.69 |
| December 2012  | 34.75    | 29.40 | 19,612.18 | 19,149.03 |
| January 2013   | 38.70    | 31.00 | 20,203.66 | 19,508.93 |
| February 2013  | 35.00    | 27.60 | 19,966.69 | 18,793.97 |
| March 2013     | 36.15    | 27.20 | 19,754.66 | 18,568.43 |

**x) Distribution Schedule of Number of Shares as on 31.03.2013**

|                  | No. of Holders | %          | No. of Shares  | %          |
|------------------|----------------|------------|----------------|------------|
| UP to 100        | 728            | 48.79      | 59626          | 1.53       |
| 101 to 200       | 296            | 19.84      | 57482          | 1.48       |
| 201 to 500       | 2455           | 16.42      | 102387         | 2.63       |
| 501 to 1000      | 110            | 7.37       | 97942          | 2.52       |
| 1001 to 5000     | 63             | 4.22       | 145886         | 3.75       |
| 5001 to 10000    | 13             | 0.87       | 92041          | 2.36       |
| 10001 to 100000  | 28             | 1.88       | 1306946        | 33.56      |
| 100001 and above | 9              | 0.60       | 2031990        | 52.18      |
| <b>TOTAL</b>     | <b>1492</b>    | <b>100</b> | <b>3894300</b> | <b>100</b> |

**xi) DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2013**

| Category   | Number of Shares. | Percentage of Shareholding. |
|--|-------------------|-----------------------------|
| A. Promoter's holding  |                   |                             |
| 1. Promoters   |                   |                             |
| - Indian promoters   | 23,95,010         | 61.500                      |
| - Foreign promoters  |                   |                             |
| 2. Persons acting in concert   |                   |                             |
| <b>Sub - total</b>   | <b>23,95,010</b>  | <b>61.500</b>               |
| B. Non-Promoters holding   |                   |                             |
| 3. Institutional investors   |                   |                             |
| a. Mutual funds and UTI  | 900               | 0.02                        |
| b. Banks, Financial Institutions, Insurance Companies<br>(Central/ State Government Institutions/ Non-Government Institutions) |                   |                             |
| c. FII(s)  |                   |                             |
| <b>Sub - total</b>   | <b>900</b>        | <b>0.02</b>                 |
| 4. Others  |                   |                             |
| a. Bodies Corporate  | 4,86,248          | 12.486                      |
| b. Indian public   | 10,11,717         | 25.980                      |
| c. NRI's / OCBs  | 425               | 0.011                       |
| d. Clearing Members  | -                 | -                           |
| <b>Sub Total</b>   | <b>14,98,390</b>  | <b>38.476</b>               |
| <b>Grand Total</b>   | <b>38,94,300</b>  | <b>100.00</b>               |

- xii) Registrars & Transfer Agents : M/s. Sharex Dynamic (India) Pvt. Ltd.  
**Regd. Office :**  
17/B, Dena Bank Building, 2<sup>nd</sup> Floor,  
Horniman Circle, Fort,  
Mumbai – 400 001  
**Branch Office :**  
Unit No. 1, Luthra Ind. Premises,  
Andheri Kurla Road, Safed Pool,  
Andheri (East),  
Mumbai – 400 072.
- xiii) Share Transfer Systems : Since the Company's shares are compulsorily traded in the demat segment on the BSE, bulk of the transfers take place in the electronic form. Share transfers in physical form are registered and returned within the stipulated time, if documents are clear in all respect. The Committee of Directors for Share Transfer meets frequently to approve transfer of shares.
- xiv) Dematerialization of shares and liquidity : Trading in equity shares of the Company is permitted only in dematerialized form.  
Total No. of Shares dematerialized up to 31.03.2012 is 33,58,170 i.e. 86.23% of the total equity share capital of the Company.
- xv) Issue of any GDRs, ADRs etc. : The Company has not issued any GDRs, ADRs, Warrants or any Convertible Instruments.
- xvi) Plant locations : 1) Vadkun, College Road, Dahanu, Dist. Thane – 401 602.  
2) Plot No.7, Govt Ind. Estate Phase- I, Piparia, Silvassa.  
3) Plot No.D-2/CH/49, GIDC Estate, Dahej, Tal – Vagra. Dist. Bharush, Gujrat – 392130.
- xvii) Registered Office Address : Shreeji Industrial Estate, Vadkun, College Road, Dahanu, Dist. Thane – 401 602, Maharashtra.
- xviii) Address for Shareholder 's correspondence : M/s. Sharex Dynamic(India) Pvt. Ltd. Unit No. 1, Luthra Ind. Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai – 400 072.

**STATEMENT PURSUANT TO GENERAL EXEPTION UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

| (Amount in ₹) |                                    |                    |         |          |              |                   |          |                                |                                |                   |
|---------------|------------------------------------|--------------------|---------|----------|--------------|-------------------|----------|--------------------------------|--------------------------------|-------------------|
| Sr. No        | Name of Subsidiary Company         | Reporting Currency | Capital | Reserves | Total Assets | Total Liabilities | Turnover | Profit/ (Loss) before Taxation | Profit/ (Loss) before Taxation | Proposed Dividend |
| 1             | Sanghavi Logistics Private Limited | INR                | 100,000 | (13,150) | 99,850       | 13,150            | -        | (5,000)                        | (5,000)                        | -                 |

**COMPLIANCE CERTIFICATE FROM AUDITORS OF THE COMPANY**

**To,**  
**The Members of**  
**Nikhil Adhesives Limited**

We have examined the compliance of conditions of the Corporate Governance by **Nikhil Adhesives Limited** for the year ended on **31<sup>st</sup> March, 2013** as stipulated in Clause 49 of the Listing Agreement of the said Company with the Mumbai stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For PHD & Associates**  
**Chartered Accountants**  
**(Firm Registration No.111236W)**

**(D. V. Vakharia)**  
**Partner**  
**Membership No.: 46115**  
**Place: Mumbai**  
**Date: 30th May, 2013**

## Independent Auditor's Report to the Members of Nikhil Adhesives Limited.

We have audited the accompanying financial statements of **Nikhil Adhesives Limited** ("the Company"), which comprise the Balance Sheet as at **31 March 2013** and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of 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 referred to in section 211(3C) of the Companies Act, 1956 ("the Act"). 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.

### Auditor's 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 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 March 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows 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"), as amended, issued by the Central Government of India 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 purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
  - e) on the basis of written representations received from the directors as on 31 March 2013 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31 March 2013 from being appointed as a director in terms of section 274(1)(g) of the Act.

**For PHD & Associates**  
**Chartered Accountants**  
**Firm Registration No. 111236W**  
**D. V. Vakharia**  
**Partner**  
**Membership No. : 46115**  
**Place : Mumbai**  
**Date : 30 May 2013**

**Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements'  
section of our report of even date to the members of Nikhil Adhesives Limited  
on the accounts for the year ended 31 March 2013**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets in respect of major items of fixed assets.
- (b) During the year under consideration, physical verification of major items of fixed assets was carried out as per regular program of verification followed by the company which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed in respect of the assets physically verified during the year.
- (c) The Company has not disposed off substantial part of its fixed assets.
- (ii) (a) The inventory (except the bonded stocks) has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of account.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) The Company has taken interest free unsecured loans from 1 (one) party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 3,70,33,954/- and the year-end balance of the aforesaid loan was ` Nil/-
- (c) Other terms and conditions of the loan are *prima facie*, not prejudicial to the interest of the Company.
- (d) The loan is repayable on demand and as such does not carry any specific time schedule for repayment.
- (iii) 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 with regard to the purchase of inventory, fixed assets and with regard to the sale of goods and services. In the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (iv) (a) According to the information and explanations given to us, we are of the opinion that the contracts and arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (v) The Company has accepted deposits from the public during the year under review. The directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Act and the rules framed there under have been complied with.
- (vi) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of business.

- (vii) We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.
- (viii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales tax/Value added tax, Custom duty, Excise duty, Service Tax, Cess and other material statutory dues with appropriate authorities.
- (b) According to information and explanations given to us, there are no dues of Income Tax, Sales tax/Value added tax, Custom duty, Excise duty, Service Tax, Cess which have not been deposited on account of any dispute.
- (ix) The Company does not have accumulated losses as at the end of the financial year and 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 explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank during the year.
- (xi) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and as such the requirement for maintenance of records in respect thereof does not arise.
- (xii) The Company is neither a chit fund nor a nidhi/mutual benefit fund/society. Hence, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiii) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xv) The Company has applied the term loans for the purposes for which the loans were obtained.
- (xvi) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xvii) According to the information and explanation given to us, the Company has not made preferential allotment of shares to parties and / or companies covered in the register maintained under section 301 of the Act.
- (xviii) The Company has not issued any debentures. As such, the question of creation of security in respect thereof does not arise.
- (xix) The Company has not raised any money by public issues during the year.
- (xx) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For PHD & Associates**

**Chartered Accountants**

**Firm Registration No.111236W**

**D. V. Vakharia**

**Partner**

**Membership No.: 46115**

**Place: Mumbai**

**Date: 30 May 2013**

Balance Sheet as at 31 March 2013

| Particulars  | Note No. | As at 31 March 2013<br>₹ | As at 31 March 2012<br>₹ |
|--|----------|--------------------------|--------------------------|
| <b>EQUITY AND LIABILITIES</b>  |          |                          |                          |
| <b>Shareholders' Funds</b>   |          |                          |                          |
| (a) Share Capital  | 2        | 39,049,603               | 39,049,603               |
| (b) Reserves and Surplus   | 3        | 97,811,509               | 95,800,108               |
|  |          | <b>136,861,112</b>       | <b>134,849,711</b>       |
| <b>Non-Current Liabilities</b>   |          |                          |                          |
| (a) Long-Term Borrowings   | 4        | 90,856,708               | 108,428,593              |
| (b) Deferred Tax Liabilities (Net)   | 5        | 17,825,105               | 8,714,253                |
| (c) Other Long-Term Liabilities  | 6        | 427,023                  | 558,484                  |
| (d) Long-Term Provisions   | 7        | 1,835,083                | 1,510,738                |
|  |          | <b>110,943,919</b>       | <b>119,212,068</b>       |
| <b>Current Liabilities</b>   |          |                          |                          |
| (a) Short-Term Borrowings  | 8        | 198,856,727              | 146,080,283              |
| (b) Trade Payables   | 9        | 385,609,620              | 338,100,014              |
| (c) Other Current Liabilities  | 10       | 67,262,056               | 59,043,731               |
| (d) Short-Term Provisions  | 11       | 4,472,095                | 7,801,222                |
|  |          | <b>656,200,498</b>       | <b>551,025,250</b>       |
| <b>Total</b>   |          | <b>904,005,529</b>       | <b>805,087,029</b>       |
| <b>ASSETS</b>  |          |                          |                          |
| <b>Non-Current Assets</b>  |          |                          |                          |
| (a) Fixed Assets   | 12       |                          |                          |
| (i) Tangible Assets  |          | 222,632,333              | 86,302,775               |
| (ii) Capital Work-in-Progress  |          | 26,790,138               | 110,094,556              |
|  |          | 249,422,471              | 196,397,331              |
| (b) Non-Current Investments  | 13       | 136,000                  | 136,000                  |
| (c) Long-Term Loans and Advances   | 14       | 11,678,609               | 12,519,965               |
| (d) Other Non-Current Assets   | 15       | -                        | 17,869,462               |
|  |          | <b>261,237,080</b>       | <b>226,922,758</b>       |
| <b>Current Assets</b>  |          |                          |                          |
| (a) Inventories  | 16       | 183,540,898              | 151,326,617              |
| (b) Trade Receivables  | 17       | 317,655,344              | 344,024,645              |
| (c) Cash and Bank Balances   | 18       | 57,834,722               | 17,977,034               |
| (d) Short-Term Loans and Advances  | 19       | 81,255,225               | 64,423,348               |
| (e) Other Current Assets   | 20       | 2,482,260                | 412,627                  |
|  |          | <b>642,768,449</b>       | <b>578,164,271</b>       |
| <b>Total</b>   |          | <b>904,005,529</b>       | <b>805,087,029</b>       |
| <b>Significant Accounting Policies</b>   | 1        |                          |                          |
| <b>The accompanying notes are an intergral part of the financial statements.</b> |          |                          |                          |

As per our attached report of even date

For PHD & Associates

Chartered Accountants

Firm Registration No. 111236W

D V Vakharia

Partner

Membership No. 46115

Place : Mumbai

Date : 30 May 2013

For and on behalf of the Board of Directors

U. J. Sanghavi  
Managing Director

R. J. Sanghavi  
Chairman

T. J. Sanghavi  
Executive Director

M. M. Vora  
Director



Statement of Profit and Loss for the year ended 31 March 2013

| Particulars   | Note No. | For the Year Ended 31 March 2013<br>₹              | For the Year Ended 31 March 2012<br>₹ |
|---|----------|--|---------------------------------------|
| Revenue from Operations   | 21       | 2,013,311,932                                      | 1,815,504,820                         |
| Less: Excise Duty   | 21       | 185,625,560  | 151,156,384                           |
|   |          | 1,827,686,372                                      | 1,664,348,436                         |
| Other Income  | 22       | 196,436  | 973,387                               |
| <b>Total Revenue</b>  |          | <b>1,827,882,808</b>                               | <b>1,665,321,823</b>                  |
| <b>Expenses :</b>   |          |  |                                       |
| (a) Cost of Materials Consumed  | 23       | 1,027,750,583                                      | 881,943,604                           |
| (b) Purchases of Stock-in-Trade   | 24       | 588,676,056  | 538,754,842                           |
| (c) Changes in Inventories of Finished goods and Stock-in-Trade                 | 25       | (23,173,417)                                       | 32,246,793                            |
| (d) Employee Benefit Expenses   | 26       | 43,745,274   | 38,300,363                            |
| (e) Finance Costs   | 27       | 37,907,291   | 22,326,593                            |
| (f) Depreciation and Amortization Expense                                       | 12       | 17,481,290   | 11,561,651                            |
| (g) Other Expenses  | 28       | 103,722,614  | 91,057,592                            |
| <b>Total Expenses</b>   |          | <b>1,796,109,691</b>                               | <b>1,616,191,438</b>                  |
| <b>Profit Before Exceptional Items and Tax</b>                                  |          | <b>31,773,117</b>                                  | <b>49,130,385</b>                     |
| Exceptional Items   | 30       | 17,005,955   | 37,623,920                            |
| <b>Profit Before Tax</b>  |          | <b>14,767,162</b>                                  | <b>11,506,465</b>                     |
| <b>Tax Expense:</b>   |          |  |                                       |
| (a) Current Tax (Refer Note 39)   |          | -  | 5,100,000                             |
| (b) Deferred Tax  |          | 9,110,852  | (1,340,595)                           |
|   |          | 9,110,852  | 3,759,405                             |
| <b>Profit for the Year</b>  |          | <b>5,656,310</b>                                   | <b>7,747,060</b>                      |
| <b>Earnings per equity share of Nominal Value of ` 10/- each</b>                |          |  |                                       |
| (a) Basic   | 38       | 1.45   | 1.99                                  |
| (b) Diluted   | 38       | 1.45   | 1.99                                  |
| <b>Significant Accounting Policies</b>  | 1        |  |                                       |
| <b>The accompanying notes are an intergral part of the financial statements</b> |          |  |                                       |
| <b>As per our attached report of even date</b>                                  |          | <b>For and on behalf of the Board of Directors</b> |                                       |
| <b>For PHD &amp; Associates</b>   |          |  |                                       |
| <b>Chartered Accountants</b>  |          |  |                                       |
| <b>Firm Registration No. 111236W</b>  |          |  |                                       |
|   |          | <b>U. J. Sanghavi</b>                              | <b>T. J. Sanghavi</b>                 |
|   |          | <b>Managing Director</b>                           | <b>Executive Director</b>             |
|   |          | <b>R. J. Sanghavi</b>                              | <b>M. M. Vora</b>                     |
|   |          | <b>Chairman</b>                                    | <b>Director</b>                       |
| <b>D V Vakharia</b>   |          |  |                                       |
| <b>Partner</b>  |          |  |                                       |
| <b>Membership No. 46115</b>   |          |  |                                       |
| <b>Place : Mumbai</b>   |          |  |                                       |
| <b>Date : 30 May 2013</b>   |          |  |                                       |

**Notes forming part of the financial statements**
**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**
**(a) Basis of accounting and preparation of financial statements**

The financial statements have been prepared on a going concern and on accrual basis, under the historical cost convention and in accordance with the generally accepted accounting principles, the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government and relevant provisions of the Companies Act 1956, to the extent applicable.

**(b) Use of Estimates**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumption that affect the reported amount of assets, liabilities, revenues & expenses and disclosure of contingent assets & liabilities. The estimates & assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements. Actual results may defer from the estimates & assumptions used in preparing the accompanying Financial Statements. Any differences of actual results to such estimates are recognised in the year in which the results are known / materialised.

**(c) Revenue Recognition**

- (i) Sales are accounted Net of excise duty and VAT/Sales tax collected from customers
- (ii) Sales include goods sold on High Seas / Bond Transfer basis.
- (iii) Income from services are accounted Net of service tax collected from customers.
- (iv) Interest income is recognised on accrual basis.
- (v) Dividend income is recognised when the right to receive payment is established.
- (vi) In respect of other heads of income, the Company accounts the same on accrual basis.

**(d) Excise Duty and Indirect Taxes**

Excise Duty, VAT/Sales Tax and Service Tax collected from customers are credited to respective collection accounts. The Cenvat/VAT/Service Tax set off available is reduced from the cost of related materials or the expenses, and is adjusted against the Excise Duty or the Service Tax or the VAT liability, as per set off rules under the relevant statutes.

**(e) Fixed Assets and Depreciation**

- (i) Fixed Assets are stated at cost less depreciation. The cost of fixed assets include purchase price, transportation, duties, taxes and other attributable expenses, but excludes Cenvat/VAT/Service Tax Credits, if any, available.
- (ii) Depreciation is provided as per rates prescribed in schedule XIV of the Companies Act, 1956 on Straight Line Method. In respect of assets acquired/ disposed off during the year, prorata depreciation is provided from/till the date of acquisition/ disposal. Cost of the leasehold land is amortised over the primary period of the lease

**(f) Intangible Assets and Amortisation**

Intangible assets are recognized and stated in financial statements in accordance with AS – 26 "Intangible Assets" and are amortised on a straight line basis over a period of useful economic life or a period of ten years whichever is less, except when it is clearly established that the useful economic life of the asset is exceeding the period of ten years in which case it is amortised over its useful economic life with adequate disclosure in accordance with AS – 26 "Intangible Assets". The assets acquired during the year are amortised on pro-rata basis.

**(g) Capital Work-in-progress**

Projects under Commissioning are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**(h) Inventories**

Inventories are valued at lower of cost (Net of VAT Credits) or Net realisable value. The Cost is ascertained on First in First out (FIFO) basis. Finished goods include appropriate portion of overheads.

**(i) Investments**

Non-Current Investments are carried at cost. Provision for diminution in the value of Non - Current Investments is made only if such a decline is other than temporary in the opinion of the management.

Current Investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

**(j) Borrowing Costs**

Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are included to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are charged to revenue.

**(k) Sales Tax Deferment**

Deferred sales tax liability under the Incentive Scheme of the Government is accounted for at its discounted present value as at the Balance Sheet date, calculated by applying the appropriate discount factor. The difference between the face value and the discounted value is credited to the Statement of Profit and Loss in the year/(s) in which the deferment benefit is availed. In the subsequent years the Statement of Profit and Loss is debited by an appropriate amount such that the accumulation in Sales Tax Deferral Account is equal to the amount of deferred sales tax liability falling due from time to time.

**(l) Research and Development expenditure**

Capital expenditure incurred for acquiring tangible fixed assets for the purpose of research & development is capitalised as fixed asset. Revenue expenditure on research and development is charged as expense in the year in which it is incurred under the respective heads of account.

**(m) Foreign Currency Transactions**

- (i) Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss of the year.
- (ii) Foreign currency monetary items of the Company are restated in the accounts on the basis of the exchange rates prevailing at the close of the year.
- (iii) As per the notification dt. 29-12-2011 on "Accounting Standard (AS) 11" relating to "The Effects of Changes in Foreign Exchange Rates" the Company has exercised the option of adding the exchange difference, arising out of fluctuation in exchange rates on period end, to the cost of the Fixed asset and shall be amortised over the balance life of the asset.

**(n) Employees Retirement Benefits****(i) Provident Fund**

The Company contributes to a recognised provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognised in the Statement of Profit and Loss.

**(ii) Gratuity**

The employees of the Company are eligible for Gratuity in accordance with the Payment of Gratuity Act, and is a Defined Employee Benefit. The above benefit is not funded but provision is made in the accounts.

The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value.

The present value of the obligation under such benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to built up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

**(iii) Compensated Leave**

Unutilised leave of staff lapses as at the year end and is not encashable. Accordingly, no provision is made for compensated absences.

**(o) Taxation**

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law), deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

**Deferred Taxation**

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

**(p) Impairment of Assets**

The Carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

**(q) Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Financial Statements. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

## Notes forming part of the Financial Statements

## NOTE 2 SHARE CAPITAL

| Particulars  | As at<br>31 March 2013 | As at<br>31 March 2012 |
|--|------------------------|------------------------|
|  | ₹                      | ₹                      |
| <b>Authorised</b>  |                        |                        |
| 4,950,000 (4,950,000) Equity shares of ₹ 10/- each               | 49,500,000             | 49,500,000             |
| 50,000 (50,000) 8% Preference shares of ₹ 10/- each              | 500,000                | 500,000                |
| <b>Issued</b>  |                        |                        |
| 3,894,300 (3,894,300) Equity shares of ₹ 10/- each               | 38,943,000             | 38,943,000             |
| <b>Subscribed and fully paid up</b>                              |                        |                        |
| 3,894,300 (3,894,300) Equity shares of ₹ 10/- each fully paid up | 38,943,000             | 38,943,000             |
| Add : Forfeited Shares account                                   | 106,603                | 106,603                |
| <b>Total</b>   | <b>39,049,603</b>      | <b>39,049,603</b>      |

(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

| Particulars                        | As at 31 March 2013 |            | As at 31 March 2012 |            |
|------------------------------------|---------------------|------------|---------------------|------------|
|                                    | No. of Shares       | ₹          | No. of Shares       | ₹          |
| At the beginning of the year       | 3,894,300           | 38,943,000 | 3,894,300           | 38,943,000 |
| Outstanding at the end of the year | 3,894,300           | 38,943,000 | 3,894,300           | 38,943,000 |

(b) The company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. 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 proportion to their shareholding.

(c) Details of shareholders holding more than 5% shares in the company :

| Name of Shareholder                              | As at 31 March 2013 |           | As at 31 March 2012 |           |
|--|---------------------|-----------|---------------------|-----------|
|  | No. of Shares       | % holding | No. of Shares       | % holding |
| <b>Equity shares of ₹ 10/- each fully paid :</b> |                     |           |                     |           |
| Ashok J. Sanghavi                                | 455,180             | 11.69     | 455,180             | 11.69     |
| Vasantben J. Sanghavi                            | 246,960             | 6.34      | 246,960             | 6.34      |
| Mrunalini R. Sanghavi                            | 236,780             | 6.08      | 216,780             | 5.57      |
| Rekha T. Sanghavi                                | 271,440             | 6.97      | 226,440             | 5.82      |
| Vasant Polymers & Chemicals Private Limited      | 302,000             | 7.76      | 302,000             | 7.76      |

(d) Details of forfeited shares :

| Class of shares | As at 31 March 2013 |         | As at 31 March 2012 |         |
|-----------------|---------------------|---------|---------------------|---------|
|                 | Number              | ₹       | Number              | ₹       |
| Equity Shares   | 21,320              | 106,603 | 21,320              | 106,603 |

## Notes forming part of the Financial Statements

## NOTE 3 RESERVES AND SURPLUS

| Particulars  | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|--|-----------------------------|-----------------------------|
| <b>Capital Reserve</b>                                 |                             |                             |
| Opening Balance  | 400,000                     | 400,000                     |
| Closing Balance  | <b>400,000</b>              | <b>400,000</b>              |
| <b>Securities Premium Account</b>                      |                             |                             |
| Opening Balance  | 12,800,000                  | 12,800,000                  |
| Closing Balance  | <b>12,800,000</b>           | <b>12,800,000</b>           |
| <b>General Reserve</b>                                 |                             |                             |
| Opening Balance  | 64,287,415                  | 63,512,415                  |
| Add: Transferred during the year                       | -                           | 775,000                     |
| Closing Balance  | <b>64,287,415</b>           | <b>64,287,415</b>           |
| <b>Surplus balance in Statement of Profit and Loss</b> |                             |                             |
| Opening balance  | 18,312,693                  | 14,961,000                  |
| Add: Profit for the year                               | 5,656,310                   | 7,747,536                   |
| Less: <u>Appropriations</u>                            |                             |                             |
| Proposed dividend (Refer Note 32)                      | 3,115,440                   | 3,115,440                   |
| Dividend tax   | 529,469                     | 505,403                     |
| Transfer to General Reserve                            | -                           | 775,000                     |
| Closing Balance  | <b>20,324,094</b>           | <b>18,312,693</b>           |
| <b>Total</b>   | <b>97,811,509</b>           | <b>95,800,108</b>           |

Notes forming part of the Financial Statements

NOTE 4 LONG-TERM BORROWINGS

| Particulars                                      | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|--|-----------------------------|-----------------------------|
| <b>Secured (Refer (a), (c) and (d) below):</b>   |                             |                             |
| <b>Term loans</b>                                |                             |                             |
| From banks                                       | 76,222,817                  | 94,061,120                  |
| <b>Vehicle Finance</b>                           |                             |                             |
| From banks                                       | 202,517                     | 426,717                     |
|  | <b>76,425,334</b>           | <b>94,487,837</b>           |
| <b>Unsecured (Refer (b), (c) and (d) below):</b> |                             |                             |
| <b>Deferred payment liabilities</b>              |                             |                             |
| Sales Tax Deferral                               | 3,565,331                   | 2,910,888                   |
| <b>Deposits</b>                                  |                             |                             |
| From Public                                      | 10,866,043                  | 11,029,868                  |
|  | 14,431,374                  | 13,940,756                  |
|  |                             |                             |
| <b>Total</b>                                     | <b>90,856,708</b>           | <b>108,428,593</b>          |

(a) Details of security and terms of repayment for secured long term borrowings:

| Particulars                         | Security and terms of repayment as at<br>31 March 2013  | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|-------------------------------------|---|-----------------------------|-----------------------------|
| <u>Term loans from Banks:</u>       |   |                             |                             |
| Bank of India                       |   |                             |                             |
| 1) Term Loan III                    | (a) Secured against hypothecation of the plant & machineries & equitable mortgage of factory blocks at Dahanu and Silvassa.<br><br>(b) Principle amount to be repayable in 24 monthly installments, last installment being due in March 2015.<br>(c) The range of rate of Interest is 13.50%p.a to 14.50% p.a | 2,003,200                   | 4,002,400                   |
| Standard Chartered Bank :           |   |                             |                             |
| External Commercial Borrowing (ECB) | (a) Secured against first charge on present and future movable and immovable fixed assets of the plant at Dahej<br><br>(b) Principle amount to be repayable in 16 quarterly installments, last installment falling due in January 2017<br>(c) Rate of Interest is LIBOR (including premium) + 350 bppa        | 74,219,617                  | 90,058,720                  |
| <b>Total</b>                        |   | <b>76,222,817</b>           | <b>94,061,120</b>           |
| <u>Vehicle Finance</u>              |   |                             |                             |
| HDFC Bank                           | (a) Secured against hypothecation of the vehicle financed.<br>(b) Repayable in 22 monthly installments, last installment being due in January 2015.<br><br>(c) Rate of Interest is 8.83%.   | 202,517                     | 426,717                     |
| <b>Total</b>                        |   | <b>202,517</b>              | <b>426,717</b>              |

(b) Terms of repayment for the unsecured long term borrowings:

| Particulars                       | Security and terms of repayment  | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|-----------------------------------|--|-----------------------------|-----------------------------|
| <u>Sales Tax Deferral</u>         | Sales tax collected under Package scheme of Incentives are payable in 5 to 6 yearly installments after 10 to 12 years from the year of collection. | 3,565,331                   | 2,910,888                   |
| <b>Total</b>                      |  | <b>3,565,331</b>            | <b>2,910,888</b>            |
| <u>Fixed Deposits from Public</u> | (a) Range of rate of interest is 11% to 12% p.a.<br>b) Repayment tenure varies from 1-3 years  | 10,866,043                  | 11,029,868                  |
| <b>Total</b>                      |  | <b>10,866,043</b>           | <b>11,029,868</b>           |

(c) Secured long term borrowings of ₹ 76,222,817/- (Previous year ₹ 94,061,120/-) are personally guaranteed by some of the directors of the Company

(d) Current maturities of Term Loans, Vehicle Finance from Bank, Sales Tax Deferral and Public Deposits amounting to ₹ 3,39,57,016/- (Previous Year ₹ 1,10,85,438/-) is disclosed under 'Other Current Liabilities' (Refer Note 10 )

#### NOTE 5 DEFERRED TAX LIABILITIES

| Particulars  | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|--|-----------------------------|-----------------------------|
| <b>Tax effect of items constituting deferred tax liability :</b>   |                             |                             |
| On difference between book balance and tax balance of Fixed Assets   | 16,769,491                  | 7,369,818                   |
| Deferred Sales Tax liability accounted in Books of Accounts on discounted present value basis which is considered for taxation purpose for tax value | 1,919,387                   | 2,049,232                   |
|  | 18,688,878                  | 9,419,050                   |
| <b>Tax effect of items constituting deferred tax assets :</b>  |                             |                             |
| Expenses incurred during the year allowable as deduction in income tax in subsequent years   | (863,773)                   | (704,797)                   |
|  | (863,773)                   | (704,797)                   |
| <b>Total</b>   | <b>17,825,105</b>           | <b>8,714,253</b>            |



**Notes forming part of the Financial Statements**  
**NOTE 6 OTHER LONG TERM LIABILITIES**

| Particulars                                     | As at          | As at          |
|---|----------------|----------------|
|   | 31 March 2013  | 31 March 2012  |
|   | ₹              | ₹              |
| Interest accrued but not due on Public Deposits | 427,023        | 558,484        |
| <b>Total</b>                                    | <b>427,023</b> | <b>558,484</b> |

**NOTE 7 LONG- TERM PROVISIONS**

| Particulars   | As at            | As at            |
|---|------------------|------------------|
|   | 31 March 2013    | 31 March 2012    |
|   | ₹                | ₹                |
| <b>Provision for employee benefits (Refer Note 41)</b><br>Gratuity (Non funded) | 1,835,083        | 1,510,738        |
| <b>Total</b>  | <b>1,835,083</b> | <b>1,510,738</b> |

**NOTE 8 SHORT-TERM BORROWINGS**

| Particulars                                    | As at              | As at              |
|--|--------------------|--------------------|
|  | 31 March 2013      | 31 March 2012      |
|  | ₹                  | ₹                  |
| <b>Secured (Refer (a) and (b) below) :</b>     |                    |                    |
| <b>Loans repayable on demand</b>               |                    |                    |
| Cash Credit from Banks                         | 158,956,727        | 84,889,760         |
|  | <b>158,956,727</b> | <b>84,889,760</b>  |
| <b>Unsecured</b>                               |                    |                    |
| <b>Loans repayable on demand</b>               |                    |                    |
| From Bank                                      | -                  | 13,646,569         |
| From other parties                             | 39,900,000         | 39,900,000         |
| <b>Loans and advances from a related party</b> | -                  | 7,643,954          |
|  | <b>39,900,000</b>  | <b>61,190,523</b>  |
| <b>Total</b>                                   | <b>198,856,727</b> | <b>146,080,283</b> |

(a) Particulars of security for the secured short-term borrowings:

| Particulars                      | Nature of security  | As at              | As at             |
|----------------------------------|---|--------------------|-------------------|
|                                  |   | 31 March 2013      | 31 March 2012     |
|                                  |   | ₹                  | ₹                 |
| <b>Loans repayable on demand</b> |   |                    |                   |
| <u>Cash Credit from Banks</u>    |   |                    |                   |
| 1) Bank of India                 | The facilities from the consortium banks viz. Bank of India and Standard Chartered Bank are secured against hypothecation of stock of raw & packing materials, finished goods, book debts and plant & machineries of the company on pari passu basis. Further they are collaterally secured against equitable mortgage of factory blocks at Dahanu. | 148,355,714        | 64,516,764        |
| 2) Standard Chartered Bank       |   | 10,601,013         | 20,372,996        |
| <b>Total</b>                     |   | <b>158,956,727</b> | <b>84,889,760</b> |

(b) Secured short term borrowings of ₹ 15,89,56,727/- (Previous year ₹ 8,48,89,760/-) are personally guaranteed by some of the promoter directors and others and are collaterally secured against equitable mortgage of certain residential flats of the promoter directors in favour of the said banks on pari passu basis.

**Notes forming part of the Financial Statements**  
**NOTE 9 TRADE PAYABLES**

| Particulars                    | As at              | As at              |
|--------------------------------|--------------------|--------------------|
|                                | 31 March 2013      | 31 March 2012      |
|                                | ₹                  | ₹                  |
| Trade Payables (Refer Note 44) | 385,609,620        | 338,100,014        |
| <b>Total</b>                   | <b>385,609,620</b> | <b>338,100,014</b> |

**NOTE 10 OTHER CURRENT LIABILITIES**

| Particulars   | As at             | As at             |
|---|-------------------|-------------------|
|   | 31 March 2013     | 31 March 2012     |
|   | ₹                 | ₹                 |
| Current maturities of Long term debt (Refer Note 4) | 33,957,016        | 11,085,438        |
| Interest accrued but not due on Public Deposits     | 892,357           | 135,500           |
| Unclaimed dividend                                  | 730,009           | 650,301           |
| Liabilities for expenses                            | 22,064,768        | 32,854,460        |
| Advances from customers                             | 2,455,167         | 4,585,056         |
| Security deposits                                   | 1,693,708         | 1,943,617         |
| Statutory dues                                      | 1,930,492         | 4,066,046         |
| Other payables                                      | 3,538,539         | 3,723,313         |
| <b>Total</b>  | <b>67,262,056</b> | <b>59,043,731</b> |

There are no amounts due and outstanding to be paid to the "Investor Education and Protection Fund" as at 31 March 2013.

**NOTE 11 SHORT TERM PROVISIONS**

| Particulars  | As at            | As at            |
|--|------------------|------------------|
|  | 31 March 2013    | 31 March 2012    |
|  | ₹                | ₹                |
| <b>Provision for employee benefits (Refer Note 41)</b> |                  |                  |
| Gratuity (Non funded)                                  | 827,186          | 661,545          |
| Proposed dividend (Refer Note 32)                      | 3,115,440        | 3,115,440        |
| Distribution Tax on dividend                           | 529,469          | 499,801          |
| Provision for Taxation (Net of Advance tax)            | -                | 3,524,436        |
| <b>Total</b>   | <b>4,472,095</b> | <b>7,801,222</b> |

Notes forming part of the financial statements

**NOTE 12 FIXED ASSETS**

| Fixed Assets                    | Gross Block           |                    |             |                        |                       |                   | Accumulated Depreciation/Amortisation |                        | Net Block              |  |
|---------------------------------|-----------------------|--------------------|-------------|------------------------|-----------------------|-------------------|---------------------------------------|------------------------|------------------------|--|
|                                 | As at<br>1 April 2012 | Additions          | Deductions  | As at<br>31 March 2013 | As at<br>1 April 2012 | For the year      | As at<br>31 March 2013                | As at<br>31 March 2013 | As at<br>31 March 2012 |  |
| <b>Tangible Assets</b>          |                       |                    |             |                        |                       |                   |                                       |                        |                        |  |
| <b>Own Assets:</b>              |                       |                    |             |                        |                       |                   |                                       |                        |                        |  |
| Land                            | 2,130,744             | -                  | -           | 2,130,744              | -                     | -                 | -                                     | 2,130,744              | 2,130,744              |  |
| Buildings                       | 22,498,642            | 39,462,920         | -           | 61,961,562             | 5,979,566             | 1,360,787         | 7,340,353                             | 54,621,209             | 16,519,076             |  |
| Plant & Equipment               | 110,644,024           | 108,180,863        | -           | 218,824,887            | 60,024,669            | 14,647,385        | 74,672,054                            | 144,152,833            | 50,619,355             |  |
| Furniture and Fixtures          | 3,898,561             | 718,392            | -           | 4,616,953              | 1,308,691             | 264,299           | 1,572,990                             | 3,043,963              | 2,589,870              |  |
| Vehicles                        | 4,495,269             | 67,901             | -           | 4,563,170              | 1,756,798             | 426,052           | 2,182,850                             | 2,380,320              | 2,738,471              |  |
| Computers                       | 5,462,856             | 474,857            | -           | 5,937,713              | 4,271,028             | 674,379           | 4,945,407                             | 992,306                | 1,191,828              |  |
| <b>Assets under Lease:</b>      |                       |                    |             |                        |                       |                   |                                       |                        |                        |  |
| Land                            | 10,730,204            | 4,905,915          | -           | 15,636,119             | 216,773               | 108,388           | 325,161                               | 15,310,958             | 10,513,431             |  |
| <b>Total</b>                    | <b>159,860,300</b>    | <b>153,810,848</b> | <b>-</b>    | <b>313,671,148</b>     | <b>73,557,525</b>     | <b>17,481,290</b> | <b>91,038,815</b>                     | <b>222,632,333</b>     | <b>86,302,775</b>      |  |
| Previous year                   | 158,062,179           | 1,798,121          | -           | 159,860,300            | 61,995,885            | 11,561,640        | 73,557,525                            | 86,302,775             | 96,066,294             |  |
| <b>Intangible Assets</b>        |                       |                    |             |                        |                       |                   |                                       |                        |                        |  |
| <b>Own Assets:</b>              |                       |                    |             |                        |                       |                   |                                       |                        |                        |  |
| Goodwill                        | 650,000               | -                  | -           | 650,000                | 650,000               | -                 | 650,000                               | -                      | -                      |  |
| Trademarks                      | 1,098,500             | -                  | -           | 1,098,500              | 1,098,500             | -                 | 1,098,500                             | -                      | -                      |  |
| Technical Know How              | 3,075,000             | -                  | -           | 3,075,000              | 3,075,000             | -                 | 3,075,000                             | -                      | -                      |  |
| IMDC Logo                       | 3,500,000             | -                  | -           | 3,500,000              | 3,500,000             | -                 | 3,500,000                             | -                      | -                      |  |
| No Compete Agreement            | 1,000,000             | -                  | -           | 1,000,000              | 1,000,000             | -                 | 1,000,000                             | -                      | -                      |  |
| <b>Total</b>                    | <b>9,323,500</b>      | <b>-</b>           | <b>-</b>    | <b>9,323,500</b>       | <b>9,323,500</b>      | <b>-</b>          | <b>9,323,500</b>                      | <b>-</b>               | <b>-</b>               |  |
| Previous year                   | 9,323,500             | -                  | -           | 9,323,500              | 9,323,500             | -                 | 9,323,500                             | -                      | -                      |  |
| <b>Capital Work In Progress</b> |                       |                    |             |                        |                       |                   |                                       |                        |                        |  |
| Total                           | 110,094,556           | 26,790,138         | 110,094,556 | 26,790,138             | -                     | -                 | -                                     | 26,790,138             | 110,094,556            |  |
| Previous year                   | 1,530,000             | 108,564,556        | -           | 110,094,556            | -                     | -                 | -                                     | 110,094,556            | 1,530,000              |  |

## Notes forming part of the Financial Statements

## NOTE 13 NON-CURRENT INVESTMENTS

| Particulars   | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|---|-----------------------------|-----------------------------|
| (At cost less provision for other than temporary diminution, if any):   |                             |                             |
| <b>Trade (unquoted)</b>   |                             |                             |
| <b>Investment in equity shares, fully paid up :</b>   |                             |                             |
| Investment in Subsidiaries :<br>10,000 (10,000) Equity Shares of Sanghavi Logistics Private Limited of ₹10/- each | 100,000                     | 100,000                     |
| <b>Trade (quoted)</b>   |                             |                             |
| <b>Investment in equity shares, fully paid up :</b>   |                             |                             |
| 800 (800) Equity Shares of Bank of India of ₹ 10/- each   | 36,000                      | 36,000                      |
| <b>Total</b>  | <b>136,000</b>              | <b>136,000</b>              |
| Aggregate amount of quoted investments  | 36,000                      | 36,000                      |
| Aggregate market value of quoted investments  | 242,000                     | 288,800                     |
| Aggregate amount of unquoted investments  | 100,000                     | 100,000                     |

## NOTE 14 LONG TERM LOANS AND ADVANCES

| Particulars                            | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|--|-----------------------------|-----------------------------|
| <b>Unsecured, considered good :</b>    |                             |                             |
| Capital Advances                       | 1,094,416                   | 4,792,470                   |
| Security Deposits                      | 6,605,591                   | 4,994,990                   |
| Advance Income tax (Net of Provisions) | 1,743,457                   | 846,760                     |
| Other loans and advances               | 2,235,145                   | 1,885,745                   |
| <b>Total</b>                           | <b>11,678,609</b>           | <b>12,519,965</b>           |

## NOTE 15 OTHER NON CURRENT ASSETS

| Particulars   | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|---|-----------------------------|-----------------------------|
| <b>Balances with banks :</b>                        |                             |                             |
| Term deposits with more than twelve months maturity | -                           | 17,696,787                  |
| Interest accrued on Term deposits with banks        | -                           | 172,675                     |
| <b>Total</b>  | <b>-</b>                    | <b>17,869,462</b>           |

The above Term deposits are pledged with banks against Loans, Letter of Credit facilities and Bank Guarantees.

## Notes forming part of the Financial Statements

## NOTE 16 INVENTORIES

| Particulars                                 | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|---|-----------------------------|-----------------------------|
| (At lower of cost and Net realisable value) |                             |                             |
| Raw Materials and components                | 103,767,960                 | 97,703,927                  |
| Packing Materials                           | 7,054,879                   | 5,018,165                   |
| Finished goods                              | 42,302,596                  | 22,102,651                  |
| Trading Goods                               | 29,211,832                  | 26,220,340                  |
| Unused Promotional Material                 | 300,000                     | 150,000                     |
| Fuels                                       | 903,631                     | 131,534                     |
| <b>Total</b>                                | <b>183,540,898</b>          | <b>151,326,617</b>          |

## NOTE 17 TRADE RECEIVABLES

| Particulars   | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|---|-----------------------------|-----------------------------|
| <b>Unsecured, considered good :</b>   |                             |                             |
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment | 5,189,462                   | 5,094,003                   |
| Other Trade receivables   | 312,465,882                 | 338,930,642                 |
| <b>Total</b>  | <b>317,655,344</b>          | <b>344,024,645</b>          |

## Notes forming part of the Financial Statements

## NOTE 18 CASH AND BANK BALANCES

| Particulars  | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|--|-----------------------------|-----------------------------|
| <b>Cash and cash equivalents</b>   |                             |                             |
| Balances with banks in current accounts  | 5,648,417                   | 1,512,478                   |
| Term deposits with less than three months maturity   | 87,103                      | 6,105,641                   |
| Cash on hand   | 665,185                     | 134,347                     |
| <b>Total</b>   | <b>6,400,705</b>            | <b>7,752,466</b>            |
| <b>Other bank balances</b>   |                             |                             |
| Term deposits with more than three months maturity but due within one year from the reporting date             | 47,626,108                  | 8,874,267                   |
| In Earmarked accounts :  |                             |                             |
| unpaid dividend account  | 730,009                     | 650,301                     |
| balances held as margin money  | 2,377,900                   | -                           |
| on account of public deposits  | 700,000                     | 700,000                     |
| <b>Total</b>   | <b>51,434,017</b>           | <b>10,224,568</b>           |
| The above Term deposits are pledged with banks against Loans, Letter of Credit facilities and Bank Guarantees. |                             |                             |

## NOTE 19 SHORT-TERM LOANS AND ADVANCES

| Particulars                             | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|---|-----------------------------|-----------------------------|
| <b>Unsecured, considered good :</b>     |                             |                             |
| Advance to Suppliers                    | 7,494,452                   | 5,543,081                   |
| Central Excise Balance                  | 61,770,283                  | 51,621,477                  |
| Prepaid Expenses                        | 4,881,198                   | 4,494,686                   |
| Advances recoverable in cash or in kind | 7,109,292                   | 2,764,104                   |
| <b>Total</b>                            | <b>81,255,225</b>           | <b>64,423,348</b>           |

## NOTE 20 OTHER CURRENT ASSETS

| Particulars                                  | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|--|-----------------------------|-----------------------------|
| Interest accrued on Term deposits with banks | 2,482,260                   | 412,627                     |
| <b>Total</b>                                 | <b>2,482,260</b>            | <b>412,627</b>              |

## Notes forming part of the Financial Statements

## NOTE 21 REVENUE FROM OPERATIONS

| Particulars                            | For the year ended<br>31 March 2013<br>₹ | For the year ended<br>31 March 2012<br>₹ |
|--|--|--|
| <b>Sale of products :</b>              |  |  |
| (a) <u>Manufactured goods</u>          |  |  |
| Adhesives and Emulsions                | 1,388,199,691                            | 1,200,084,883                            |
| (b) <u>Traded goods</u>                |  |  |
| Chemicals                              | 610,538,067                              | 600,088,538                              |
|  | <b>1,998,737,758</b>                     | <b>1,800,173,421</b>                     |
| <b>Other operating revenues :</b>      |  |  |
| (a) Labour Charges Income              | 14,507,420                               | 14,904,700                               |
| (b) Bad debts recovered                | -  | 266,699                                  |
| (c) Miscellaneous income               | 66,754                                   | 160,000                                  |
|  | <b>14,574,174</b>                        | <b>15,331,399</b>                        |
| <b>Revenue from operations (Gross)</b> | <b>2,013,311,932</b>                     | <b>1,815,504,820</b>                     |
| Less : Excise duty                     | 185,625,560                              | 151,156,384                              |
| <b>Revenue from operations (Net)</b>   | <b>1,827,686,372</b>                     | <b>1,664,348,436</b>                     |

## NOTE 22 OTHER INCOME

| Particulars                      | For the year ended<br>31 March 2013<br>₹ | For the year ended<br>31 March 2012<br>₹ |
|----------------------------------|--|--|
| Dividend income :                |  |  |
| from non-current investments     | 5,600                                    | 5,600                                    |
| Other non-operating income :     |  |  |
| (a) Sundry balances written back | -  | 788,173                                  |
| (b) Sundry income                | 190,836                                  | 179,614                                  |
| <b>Total</b>                     | <b>196,436</b>                           | <b>973,387</b>                           |

Notes forming part of the financial statements

**NOTE 23 COST OF MATERIALS CONSUMED**

| Particulars   | For the year ended<br>31 March 2013<br>₹ | For the year ended<br>31 March 2012<br>₹ |
|---|--|--|
| <b>Raw Materials consumed (Refer details given below)</b> |  |  |
| Opening stock   | 97,703,927                               | 106,499,668                              |
| Add : Purchases   | 967,209,378                              | 817,674,044                              |
|   | 1,064,913,305                            | 924,173,712                              |
| Less : Closing stock                                      | 103,767,960                              | 97,703,927                               |
|   | <b>961,145,345</b>                       | <b>826,469,785</b>                       |
| <b>Packing Materials consumed</b>                         |  |  |
| Opening stock   | 5,018,165                                | 3,827,019                                |
| Add : Purchases   | 68,641,952                               | 56,664,965                               |
|   | 73,660,117                               | 60,491,984                               |
| Less : Closing stock                                      | 7,054,879                                | 5,018,165                                |
|   | 66,605,238                               | 55,473,819                               |
| <b>Total</b>  | <b>1,027,750,583</b>                     | <b>881,943,604</b>                       |

Details of Raw Materials consumed :

| Particulars           | For the year ended<br>31 March 2013<br>₹ | For the year ended<br>31 March 2012<br>₹ |
|-----------------------|--|--|
| Vinyl Acetate Monomer | 208,389,467                              | 159,352,319                              |
| Butyl Acetate Monomer | 339,432,562                              | 292,998,540                              |
| Other chemicals       | 413,323,316                              | 388,703,051                              |
| <b>Total</b>          | <b>961,145,345</b>                       | <b>841,053,910</b>                       |

**NOTE 24 PURCHASE OF TRADED GOODS**

| Particulars           | For the year ended<br>31 March 2013<br>₹ | For the year ended<br>31 March 2012<br>₹ |
|-----------------------|--|--|
| <b>Traded Goods</b>   |  |  |
| Vinyl Acetate Monomer | 95,581,448                               | 95,569,020                               |
| Styrene Monomer       | 65,625,510                               | 18,076,349                               |
| Other chemicals       | 427,469,098                              | 425,109,473                              |
| <b>Total</b>          | <b>588,676,056</b>                       | <b>538,754,842</b>                       |

**NOTE 25 CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE**

| Particulars  | For the year ended<br>31 March 2013<br>₹ | For the year ended<br>31 March 2012<br>₹ |
|--|--|--|
| <b>Opening Stock</b>                                 |  |  |
| (a) <u>Finished goods</u>                            |  |  |
| Adhesives & Emulsions                                | 22,102,651                               | 21,951,007                               |
| (b) <u>Stock-in-trade</u>                            |  |  |
| Chemicals  | 26,220,340                               | 58,802,527                               |
|  | <b>48,322,991</b>                        | <b>80,753,534</b>                        |
| <b>Less : Closing Stock</b>                          |  |  |
| (a) <u>Finished goods</u>                            |  |  |
| Adhesives & Emulsions                                | 42,199,652                               | 22,102,651                               |
| (b) <u>Stock-in-trade</u>                            |  |  |
| Chemicals  | 29,314,776                               | 26,220,340                               |
|  | <b>71,514,428</b>                        | <b>48,322,991</b>                        |
| Changes in Inventories                               | (23,191,437)                             | 32,430,543                               |
| Increase/(Decrease) in Excise duty on Finished goods | 18,020                                   | (183,750)                                |
| <b>Total</b>   | <b>(23,173,417)</b>                      | <b>32,246,793</b>                        |



## Notes forming part of the financial statements

## NOTE 26 EMPLOYEE BENEFIT EXPENSES

| Particulars                                | For the year ended<br>31 March 2013 | For the year ended<br>31 March 2012 |
|--|-------------------------------------|-------------------------------------|
|  | ₹                                   | ₹                                   |
| Salaries and wages                         | 39,898,810                          | 34,727,332                          |
| Contributions to Provident and other funds | 2,803,051                           | 2,572,606                           |
| Staff welfare expenses                     | 1,043,413                           | 1,000,425                           |
| <b>Total</b>                               | <b>43,745,274</b>                   | <b>38,300,363</b>                   |

## NOTE 27 FINANCE COSTS

| Particulars               | For the year ended<br>31 March 2013 | For the year ended<br>31 March 2012 |
|---------------------------|-------------------------------------|-------------------------------------|
|                           | ₹                                   | ₹                                   |
| Interest expense          | 25,702,209                          | 13,461,798                          |
| Other borrowing costs     | 15,940,689                          | 11,117,675                          |
| Less :                    | 41,642,898                          | 24,579,473                          |
| Interest received (Gross) | 3,735,607                           | 2,252,880                           |
| <b>Total</b>              | <b>37,907,291</b>                   | <b>22,326,593</b>                   |

## Notes forming part of the Financial Statements

## NOTE 28 OTHER EXPENSES

| Particulars  | For the year ended<br>31 March 2013 | For the year ended<br>31 March 2012 |
|--|-------------------------------------|-------------------------------------|
|  | ₹                                   | ₹                                   |
| Stores and spares consumed                           | 2,912,179                           | 2,508,629                           |
| Power and fuel                                       | 18,798,396                          | 15,635,410                          |
| Labour charges                                       | 1,999,322                           | 1,619,195                           |
| Rent   | 4,166,079                           | 3,310,848                           |
| Repairs and Maintenance :                            |                                     |                                     |
| Plant & Machinery                                    | 1,360,933                           | 904,062                             |
| Building   | 124,685                             | 81,485                              |
| Others   | 524,247                             | 395,763                             |
| Printing and Stationery                              | 585,630                             | 839,833                             |
| Insurance  | 1,126,489                           | 737,388                             |
| Storage charges expenses (Net)                       | 4,263,919                           | 2,694,941                           |
| Telephone expenses                                   | 2,497,207                           | 2,162,940                           |
| Travelling and Conveyance expenses                   | 6,967,907                           | 6,961,514                           |
| Service charges                                      | 116,800                             | 117,483                             |
| Legal and Professional charges (Refer Note 29 below) | 3,177,158                           | 2,479,914                           |
| Sales promotion expenses                             | 2,669,440                           | 3,520,177                           |
| Transportation and Octroi charges                    | 30,257,223                          | 27,870,359                          |
| Brokerage and Commission                             | 2,262,441                           | 2,969,319                           |
| Bad debts  | 141,056                             | 496,427                             |
| Discounts/Rebates (Net)                              | 15,808,593                          | 12,675,529                          |
| Directors sitting fees                               | 82,500                              | 97,500                              |
| Miscellaneous expenses                               | 3,880,410                           | 2,978,400                           |
| <b>Total</b>   | <b>103,722,614</b>                  | <b>91,057,116</b>                   |

## NOTE 29 REMUNERATION TO AUDITORS

| Particulars  | For the year ended<br>31 March 2013 | For the year ended<br>31 March 2012 |
|--|-------------------------------------|-------------------------------------|
|  | ₹                                   | ₹                                   |
| Legal and Professional charges includes payments to the auditors towards : |                                     |                                     |
| Audit fees*  | 300,000                             | 275,000                             |
| Tax Matters*   | 30,000                              | -                                   |
| Other services*  | 72,500                              | 50,000                              |
| <b>Total</b>   | <b>402,500</b>                      | <b>325,000</b>                      |

\* Excluding Service Tax

## NOTE 30 EXCEPTIONAL ITEMS

| Particulars  | For the year ended<br>31 March 2013 | For the year ended<br>31 March 2012 |
|--|-------------------------------------|-------------------------------------|
|  | ₹                                   | ₹                                   |
| Net Foreign currency translation loss/(Gain) (Refer Note 33) | 17,005,955                          | 37,623,920                          |
| <b>Total</b>   | <b>17,005,955</b>                   | <b>37,623,920</b>                   |

Notes forming part of the financial statements

**NOTE 31 : CONTINGENT LIABILITIES AND COMMITMENTS**

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
|   | ₹                      | ₹                      |
| <b>Contingent Liabilities :</b>                                   |                        |                        |
| Claims against the Company not acknowledged as debts              | NIL                    | NIL                    |
| Guarantees given by the Company's Banker on behalf of the Company | 34,994,857             | 1,552,950              |

**NOTE 32 :** Dividend proposed to be distributed to equity shareholders is ₹ 0. 80 per share (Previous Year ₹ 0.80 per share).

**NOTE 33 :** Loss/Gain on account of Foreign currency translation (Net) has been treated as an exceptional item, since the same has resulted from exceptionally volatile global market developments during the reporting periods.

**NOTE 34 :** Pursuant to Notification no. G.S.R.(914)E dated 29th December 2011, issued by MCA, the Company has adjusted exchange differences of ₹ 72,58,260/- arising on reporting of long term foreign currency monetary items, in so far as they relate to the acquisition of depreciable assets, against the cost of such assets and depreciate the said adjustment over the balance life of the asset.

**NOTE 35 CIF VALUE OF IMPORTS**

| Particulars                             | For the year ended<br>31 March 2013 | For the year ended<br>31 March 2012 |
|---|-------------------------------------|-------------------------------------|
|   | ₹                                   | ₹                                   |
| Materials (for Manufacturing & Trading) | 597,863,672                         | 620,256,617                         |

**NOTE 36 VALUE OF CONSUMPTION OF IMPORTED AND INDIGENOUS ITEMS**

| Particulars                         | For the year ended 31 March 2013 |            | For the year ended 31 March 2012 |            |
|-------------------------------------|----------------------------------|------------|----------------------------------|------------|
|                                     | ₹                                | %          | ₹                                | %          |
| <b>Raw Materials :</b>              |                                  |            |                                  |            |
| Imported                            | 739,943,663                      | 77         | 719,933,229                      | 87         |
| Indigenous                          | 221,201,683                      | 23         | 106,536,556                      | 13         |
| <b>Total</b>                        | <b>961,145,345</b>               | <b>100</b> | <b>826,469,785</b>               | <b>100</b> |
| <b>Spare parts and components :</b> |                                  |            |                                  |            |
| Indigenous                          | 2,912,179                        | 100        | 2,508,629                        | 100        |

**NOTE 37 EARNINGS IN FOREIGN CURRENCY**

| Particulars          | For the year ended<br>31 March 2013 | For the year ended<br>31 March 2012 |
|----------------------|-------------------------------------|-------------------------------------|
|                      | ₹                                   | ₹                                   |
| FOB value of exports | 6,550,875                           | 2,521,003                           |
| <b>Total</b>         | <b>6,550,875</b>                    | <b>2,521,003</b>                    |

**NOTE 38 EARNINGS PER SHARE**

| Particulars   | For the year<br>ended<br>31 March 2013 | For the year<br>ended<br>31 March 2012 |
|---|--|--|
|   | ₹                                      | ₹                                      |
| Nominal Value of Equity shares                            | 10                                     | 10                                     |
| Net profit after tax available to the Equity shareholders | 5,656,310                              | 7,747,536                              |
| Weighted average number of Equity shares                  | 3,894,300                              | 3,894,300                              |
| Basic and Diluted Earnings per share                      | 1.45                                   | 1.99                                   |

**NOTE 39 :** The company is liable to pay Income Tax as per provisions of section 115JB of the Income Tax Act for the Financial year 2012-13. Since the same can be recouped against future years income, it has not been charged as Tax expense to the extent it can be recouped.

**NOTE 40 DETAILS OF LEASING ARRANGEMENTS**

Operating Lease: As a Lessee

The company has entered into cancellable operating leases. These lease arrangements are normally renewable on expiry. The lease arrangement can be cancelled either at the option of lessor giving notice for the period ranging from two months to three months or lessee giving two months notice.

Lease payments amounting to ₹ 4,166,079/-(Previous year ₹ 3,310,848/-) are included in rental expenditure in the Statement of Profit and Loss during the current year.

**Notes forming part of the financial statements**

**NOTE 41 EMPLOYEE BENEFIT PLANS**

(a) Defined Contribution Plans:

The amount recognised as expense in respect of Defined Contribution Plans (Contribution to Provident Fund) aggregate to ₹ 22,51,219/- (Previous year ₹ 20,17,993/-).

(b) Retirement Benefit - Gratuity:

The employees of the Company are eligible for gratuity in accordance with the Payment of Gratuity Act, and is a Defined Employee Benefit. The above benefit is not funded but provision is made in the accounts for accrued gratuity under Projected Unit Credit Method of actuarial valuation.

The following table summaries the components of the employee benefit expenses recognised in the Statement of Profit and Loss and the amount recognised in the Balance sheet for the gratuity provision made under actuarial method.

**Statement of Profit and Loss**

Net employee benefit expenses recognised in Employee Benefit Expenses (Note No 26)

| Particulars   | (Amount in ₹)                       |                                     |
|---|-------------------------------------|-------------------------------------|
|   | For the year ended<br>31 March 2013 | For the year ended<br>31 March 2012 |
| <b>Components of employer expense</b>                                 |                                     |                                     |
| Current Service cost  | 275,024                             | 299,491                             |
| Interest cost   | 190,075                             | 138,060                             |
| Expected return on plan assets  | -                                   | -                                   |
| Curtailement cost/(credit)  | -                                   | -                                   |
| Settlement cost/(credit)  | -                                   | -                                   |
| Past Service Cost   | -                                   | -                                   |
| Actuarial Losses/(Gains)  | 24,887                              | 249,381                             |
| <b>Total expense recognised in the Statement of Profit &amp; Loss</b> | <b>489,986</b>                      | <b>686,932</b>                      |

**Balance Sheet**

Details of provision for gratuity

| Net asset/(liability) recognised in balance sheet        | (Amount in ₹)          |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2013 | As at<br>31 March 2012 |
| Present value of Defined Benefit Obligation              | 2,662,269              | 2,172,283              |
| Fair value of plan assets                                | -                      | -                      |
| Funded status [Surplus/(Deficit)]                        | (2,662,269)            | (2,172,283)            |
| Unrecognised Past Service Costs                          | -                      | -                      |
| <b>Net asset/(liability) recognised in balance sheet</b> | <b>(2,662,269)</b>     | <b>(2,172,283)</b>     |

| Change in Defined Benefit Obligations (DBO) during the year ended | For the year ended<br>31 March 2013 | For the year ended<br>31 March 2012 |
|---|-------------------------------------|-------------------------------------|
| Present Value of DBO at beginning of period                       | 2,172,283                           | 1,673,449                           |
| Current Service cost  | 275,024                             | 299,491                             |
| Interest cost   | 190,075                             | 138,060                             |
| Curtailement cost/(credit)  | -                                   | -                                   |
| Settlement cost/(credit)  | -                                   | -                                   |
| Plan amendments   | -                                   | -                                   |
| Acquisitions  | -                                   | -                                   |
| Actuarial (gains)/ losses   | 24,887                              | 249,381                             |
| Past Service Cost   | -                                   | -                                   |
| Benefits paid   | -                                   | (188,098)                           |
| <b>Present Value of DBO at the end of period</b>                  | <b>2,662,269</b>                    | <b>2,172,283</b>                    |

**Principal actuarial assumptions as at the balance sheet date :**

| Particulars       | As at<br>31 March 2013 | As at<br>31 March 2012 |
|-------------------|------------------------|------------------------|
| Discount Rate     | 8.25%                  | 8.75%                  |
| Salary escalation | 5%                     | 5%                     |
| Attrition Rate    | 2%                     | 2%                     |

## Notes forming part of the financial statements

## NOTE 42 SEGMENTS REPORTING

## (a) Information about Business Segments for the Year Ended 31 March 2013

(Amount in ₹)

| Particulars                               | Manufacturing<br>of Adhesives &<br>Emulsions | Trading in<br>Chemicals | Total<br>Rupees      |
|---|--|-------------------------|----------------------|
| <b>Revenue</b>                            |  |                         |                      |
| Sales/Income From Operations              | 1,217,148,305                                | 610,538,067             | 1,827,686,372        |
| Inter-Segment Sales                       | -  | -                       | -                    |
| <b>Total Revenue</b>                      | <b>1,217,148,305</b>                         | <b>610,538,067</b>      | <b>1,827,686,372</b> |
| <b>Result</b>                             |  |                         |                      |
| Segment Result                            | 58,237,476                                   | 9,968,499               | 68,205,975           |
| Unallocated Corporate Expenses(Net)       |  |                         | 15,531,522           |
| Operating Profit                          |  |                         | 52,674,453           |
| Interest Expense(Net)                     |  |                         | 37,907,291           |
| Income Taxes(including deferred tax)      |  |                         | 9,110,852            |
| Profit From Ordinary Activities           |  |                         | 5,656,310            |
| Extraordinary Items                       |  |                         | -                    |
| <b>Net Profit</b>                         |  |                         | <b>5,656,310</b>     |
| <b>Other Informations</b>                 |  |                         |                      |
| Segment Assets                            | 748,758,242                                  | 155,111,287             | 903,869,529          |
| Unallocated Corporate Assets              |  |                         | 136,000              |
| <b>Total Assets</b>                       |  |                         | <b>904,005,529</b>   |
| Segment Liabilities                       | 393,942,473                                  | 70,979,029              | 464,921,502          |
| Unallocated Corporate Liabilities         |  |                         | 302,222,915          |
| <b>Total Liabilities</b>                  |  |                         | <b>767,144,417</b>   |
| Add: Share Capital And Reserves           |  |                         | 136,861,112          |
| <b>Total Capital &amp; Liabilities</b>    |  |                         | <b>904,005,529</b>   |
| Capital Expenditure                       | 153,255,861                                  | 554,987                 |                      |
| Work in Progress                          | 26,790,138                                   | -                       |                      |
| Depreciation                              | 16,938,002                                   | 543,288                 |                      |
| Non Cash Expenses Other Than Depreciation | -  | -                       |                      |

Notes :

- 1) The Information stated above is in conformity with Accounting Standard 17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.
- 2) The Business Segment is the Primary Segment of the Company and there is no geographical segment having differing risk and returns.
- 3) For comparison with previous year, refer Note No. 42(b)

## Notes forming part of the financial statements

## NOTE 42 SEGMENTS REPORTING

## (b) Information about Business Segments for the Year Ended 31 March 2012

(Amount in ₹)

| Particulars                               | Manufacturing<br>of Adhesives &<br>Emulsions | Trading in<br>Chemicals | Total<br>Rupees      |
|---|--|-------------------------|----------------------|
| <b>Revenue</b>                            |  |                         |                      |
| Sales/Income From Operations              | 1,064,099,898                                | 600,248,538             | 1,664,348,436        |
| Inter-Segment Sales                       | -  | -                       | -                    |
| <b>Total Revenue</b>                      | <b>1,064,099,898</b>                         | <b>600,248,538</b>      | <b>1,664,348,436</b> |
| <b>Result</b>                             |  |                         |                      |
| Segment Result                            | 30,417,801                                   | 17,512,137              | 47,929,938           |
| Unallocated Corporate Expenses(Net)       |  |                         | 14,096,404           |
| Operating Profit                          |  |                         | 33,833,534           |
| Interest Expense(Net)                     |  |                         | 22,326,593           |
| Income Taxes(including deferred tax)      |  |                         | 3,759,405            |
| Profit From Ordinary Activities           |  |                         | 7,747,536            |
| Extraordinary Items                       |  |                         | -                    |
| <b>Net Profit</b>                         |  |                         | <b>7,747,536</b>     |
| <b>Other Informations</b>                 |  |                         |                      |
| Segment Assets                            | 549,753,009                                  | 255,198,020             | 804,951,029          |
| Unallocated Corporate Assets              |  |                         | 136,000              |
| <b>Total Assets</b>                       |  |                         | <b>805,087,029</b>   |
| Segment Liabilities                       | 338,138,295                                  | 63,121,949              | 401,260,244          |
| Unallocated Corporate Liabilities         |  |                         | 268,977,074          |
| <b>Total Liabilities</b>                  |  |                         | <b>670,237,318</b>   |
| Add: Share Capital And Reserves           |  |                         | 134,849,711          |
| <b>Total Capital &amp; Liabilities</b>    |  |                         | <b>805,087,029</b>   |
| Capital Expenditure                       | 1,469,162                                    | 328,959                 |                      |
| Work in Progress                          | 11,094,556                                   | -                       |                      |
| Depreciation                              | 11,057,313                                   | 504,338                 |                      |
| Non Cash Expenses Other Than Depreciation | -  | -                       |                      |

Notes :

1) The Information stated above is in conformity with Accounting Standard 17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.

2) The Business Segment is the Primary Segment of the Company and there is no geographical segment having differing risk and returns.

## Notes forming part of the financial statements

## NOTE 43 RELATED PARTY DISCLOSURES

The following details give the information pursuant to Accounting Standard - 18 " Related Party Disclosures"

## (a) Name of the Related Parties and Nature of Relationship

| Name                                  | Nature of Relationship                                  |
|---------------------------------------|---|
| Umesh J. Sanghavi                     | Promoter Directors and Key Management Personnel (KMP)   |
| Rajendra J. Sanghavi                  | Promoter Directors and Key Management Personnel (KMP)   |
| Tarak J. Sanghavi                     | Promoter Directors and Key Management Personnel (KMP)   |
| Ashok J. Sanghavi                     | Promoter and Relative of Directors                      |
| Anita U. Sanghavi                     | Relative of Director                                    |
| Mrunalini R. Sanghavi                 | Relative of Director                                    |
| Rekha T. Sanghavi                     | Relative of Director                                    |
| Nikhil U. Sanghavi                    | Relative of Director                                    |
| Vasant Polymers & Chemicals Pvt. Ltd. | A Company Significantly Influenced by relatives of KMP. |
| Zeki Software & Solutions Pvt. Ltd.   | A Company Significantly Influenced by relatives of KMP. |

## (b) Details of Related Party transactions during the year ended 31 March 2013

(Amount in ₹)

| Particulars                        | Directors & Key Management Personnel | Relatives of Directors & Key Management Personnel | Enterprises that are significantly influenced by the Directors and/or their Relatives | Total        |
|------------------------------------|--------------------------------------|---|---|--------------|
| Remuneration paid                  | 3,332,448                            | 2,407,200   | -   | 5,739,648    |
|                                    | (3,024,000)                          | (1,463,400)                                       | (-)   | (4,487,400)  |
| Loans Received                     | -                                    | -   | 49,400,000  | 49,400,000   |
|                                    | (-)                                  | (-)   | (20,498,480)  | (20,498,480) |
| Loans Repaid                       | -                                    | -   | 57,043,954  | 57,043,954   |
|                                    | (-)                                  | (-)   | (12,854,526)  | (12,854,526) |
| Rent Paid                          | -                                    | -   | 240,000   | 240,000      |
|                                    | (-)                                  | (-)   | (240,000)   | (240,000)    |
| Purchases                          | -                                    | -   | 17,856,162  | 17,856,162   |
|                                    | (-)                                  | (-)   | (15,084,350)  | (15,084,350) |
| Outstanding Credit/(Debit) Balance | -                                    | -   | (7,643,954)   | (7,643,954)  |

Figures in brackets relates to the previous year

**Notes forming part of the financial statements**

**NOTE 44 :** There are no amounts payable to any Micro, Small and Medium Enterprises as identified by the Management from the information available with the Company and relied by Auditors.

**NOTE 45 :** The accounts of the Trade Receivables and Trade Payables who have not responded to the Company's request for confirmation of balances, are subject to reconciliation, if any, required.

**NOTE 46 :** Figures have been rounded off to nearest rupees.

**As per our attached report of even date  
For PHD & Associates  
Chartered Accountants  
Firm Registration No. 111236W**

**For and on behalf of the Board of Directors**

**U. J. Sanghavi  
Managing Director**

**T. J. Sanghavi  
Executive Director**

**D. V. Vakharia  
Partner  
Membership No. 46115**

**R. J. Sanghavi  
Chairman**

**M. M. Vora  
Director**

**Place : Mumbai  
Date : 30 May 2013**



Cash Flow Statement for the year ended 31 March 2013

| Particulars  | For the year ended<br>31 March 2013 |                     | For the year ended<br>31 March 2012 |                      |
|--|-------------------------------------|---------------------|-------------------------------------|----------------------|
|  | ₹                                   | ₹                   | ₹                                   | ₹                    |
| <b>A. Cash Flow from Operating Activities</b>                                      |                                     |                     |                                     |                      |
| Net Profit before tax  |                                     | 14,767,162          |                                     | 11,506,941           |
| <b>Adjustment for :</b>  |                                     |                     |                                     |                      |
| Depreciation and Amortisation  | 17,481,290                          |                     | 11,561,651                          |                      |
| Finance costs  | 37,907,291                          |                     | 22,326,593                          |                      |
| Interest income  | (42,500)                            |                     | (54,573)                            |                      |
| Dividend income  | (5600)                              |                     | (5,600)                             |                      |
| Provision for gratuity   | 489,986                             |                     | 498,834                             |                      |
| SalesTax Deferral  | 400,200                             |                     | (454,353)                           |                      |
| Unrealised Foreign currency translation loss (Net)                                 | 457,045                             |                     | 850,526                             |                      |
|  |                                     | 56,687,712          |                                     | 34,723,078           |
| <b>Operating profit before working capital changes</b>                             |                                     | <b>71,454,874</b>   |                                     | <b>46,230,019</b>    |
| <b>Adjustments for :</b>   |                                     |                     |                                     |                      |
| Trade receivables  | 23,991,401                          |                     | (106,604,501)                       |                      |
| Inventories  | (32,214,281)                        |                     | 40,083,818                          |                      |
| Long term Loans and advances   | (1,960,001)                         |                     | (1,999,105)                         |                      |
| Short term Loans and advances  | (16,831,877)                        |                     | (22,782,966)                        |                      |
| Trade payables   | 47,052,561                          |                     | 78,738,844                          |                      |
| Other Current liabilities  | (8,953,572)                         |                     | (5,680,959)                         |                      |
|  |                                     | 11,084,231          |                                     | (18,244,869)         |
| <b>Cash generated from operations</b>  |                                     | <b>82,539,106</b>   |                                     | <b>27,985,150</b>    |
| Direct Taxes paid (Net of refunds)   |                                     | (4,421,133)         |                                     | (7,804,967)          |
| <b>Net cash flow from operating activities (A)</b>                                 |                                     | <b>78,117,973</b>   |                                     | <b>20,180,183</b>    |
| <b>B. Cash Flow from Investing Activities</b>                                      |                                     |                     |                                     |                      |
| Purchase of Fixed assets including Capital Work-in-Progress and Capital Advances   | (69,416,623)                        |                     | (87,848,805)                        |                      |
| Term deposits with banks with original maturity of more than three months - placed | (30,629,321)                        |                     | (27,050,569)                        |                      |
| Term deposits with banks with original maturity of more than 3 months - matured    | 9,574,267                           |                     | 14,005,116                          |                      |
| Dividend income  | 5,600                               |                     | 5,600                               |                      |
| Interest income  | 42,500                              |                     | 54,573                              |                      |
| <b>Net cash flow used in investing activities (B)</b>                              |                                     | <b>(90,423,577)</b> |                                     | <b>(100,834,085)</b> |
| <b>C. Cash Flow from Financing Activities</b>                                      |                                     |                     |                                     |                      |
| Proceeds / (Repayment) of long term borrowings (Net)                               | (418,647)                           |                     | 87,619,363                          |                      |
| Proceeds of short term borrowings (Net)  | 52,776,442                          |                     | 17,178,354                          |                      |
| Finance costs  | (37,797,260)                        |                     | (22,538,211)                        |                      |
| Dividend paid (including distribution tax)   | (3,606,692)                         |                     | (5,520,820)                         |                      |
| <b>Net cash flow from financing activities (C)</b>                                 |                                     | <b>10,953,843</b>   |                                     | <b>76,738,686</b>    |
| <b>Net decrease in cash and cash equivalents (A+B+C)</b>                           |                                     | <b>(1,351,761)</b>  |                                     | <b>(3,915,216)</b>   |
| Cash and cash equivalents at the beginning of the year                             |                                     | 7,752,466           |                                     | 11,667,682           |
| <b>Cash and cash equivalents at the end of the year</b>                            |                                     | <b>6,400,705</b>    |                                     | <b>7,752,466</b>     |

Notes:

1 Cash and Cash Equivalents are as under:

| Particulars  | As at<br>31 March 2013 | As at<br>31 March 2012 |
|--|------------------------|------------------------|
|  | ₹                      | ₹                      |
| Cash in hand                                       | 665,185                | 134,347                |
| Balances with banks in current accounts            | 5,648,417              | 1,512,478              |
| Term deposits with less than three months maturity | 87,103                 | 6,105,641              |
|  | <b>6,400,705</b>       | <b>7,752,466</b>       |

2 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard -3 on "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

3 Previous year's figures have been regrouped/rearranged wherever necessary to conform to the current year's presentation.

As Per Our Attached Report Of Even Date  
For PHD & Associates  
Chartered Accountants  
Firm Registration No. 111236W

D. V. Vakharia  
Partner  
Membership No. 46115

Place : Mumbai  
Date : 30 May 2013

For and on behalf of the Board of Directors

U. J. Sanghavi  
Managing Director

R. J. Sanghavi  
Chairman

**Independent Auditors' Report to the Board of Directors of Nikhil Adhesives Limited**

We have audited the accompanying consolidated financial statements of **Nikhil Adhesives Limited** ('the Company') and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at **31 March 2013**, the consolidated statement of profit and loss and consolidated cash flows statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

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 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.

**Auditor's 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 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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, the 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 at 31 March 2013;
- 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.

**For PHD & Associates**  
**Chartered Accountants**  
**Firm Registration No. 111236W**

**D. V. Vakharia**  
**Partner**  
**Membership No. : 46115**  
**Place : Mumbai**  
**Date : 30 May 2013**

Consolidated Balance Sheet as at 31 March 2013

| Particulars  | Note No.                 | As at 31 March 2013<br>₹                           | As at 31 March 2012<br>₹ |
|--|--------------------------|--|--------------------------|
| <b>EQUITY AND LIABILITIES</b>  |                          |  |                          |
| <b>Shareholders' Funds</b>   |                          |  |                          |
| (a) Share Capital  | 2                        | 39,049,603   | 39,049,603               |
| (b) Reserves and Surplus   | 3                        | 97,798,359   | 95,791,958               |
|  |                          | <b>136,847,962</b>                                 | <b>134,841,561</b>       |
| <b>Non-Current Liabilities</b>   |                          |  |                          |
| (a) Long-Term Borrowings   | 4                        | 90,856,708   | 108,428,593              |
| (b) Deferred Tax Liabilities (Net)   | 5                        | 17,825,105   | 8,714,253                |
| (c) Other Long-Term Liabilities  | 6                        | 427,023  | 558,484                  |
| (d) Long-Term Provisions   | 7                        | 1,835,083  | 1,510,738                |
|  |                          | <b>110,943,919</b>                                 | <b>119,212,068</b>       |
| <b>Current Liabilities</b>   |                          |  |                          |
| (a) Short-Term Borrowings  | 8                        | 198,856,727  | 146,080,283              |
| (b) Trade Payables   | 9                        | 385,609,620  | 338,100,014              |
| (c) Other Current Liabilities  | 10                       | 67,275,056   | 59,051,731               |
| (d) Short-Term Provisions  | 11                       | 4,472,095  | 7,801,222                |
|  |                          | <b>656,213,498</b>                                 | <b>551,033,250</b>       |
| <b>Total</b>   |                          | <b>904,005,379</b>                                 | <b>805,086,879</b>       |
| <b>ASSETS</b>  |                          |  |                          |
| <b>Non-Current Assets</b>  |                          |  |                          |
| (a) Fixed Assets   | 12                       |  |                          |
| (i) Tangible Assets  |                          | 222,632,333  | 86,302,775               |
| (ii) Capital Work-in-Progress  |                          | 26,790,138   | 110,094,556              |
|  |                          | 249,422,471  | 196,397,331              |
| (b) Non-Current Investments  | 13                       | 36,000   | 36,000                   |
| (c) Long-Term Loans and Advances   | 14                       | 11,678,609   | 12,519,965               |
| (d) Other Non-Current Assets   | 15                       | -  | 17,869,462               |
|  |                          | <b>261,137,080</b>                                 | <b>226,822,758</b>       |
| <b>Current Assets</b>  |                          |  |                          |
| (a) Inventories  | 16                       | 183,540,898  | 151,326,617              |
| (b) Trade Receivables  | 17                       | 317,655,344  | 344,024,645              |
| (c) Cash and Bank Balances   | 18                       | 57,934,572   | 18,076,884               |
| (d) Short-Term Loans and Advances  | 19                       | 81,255,225   | 64,423,348               |
| (e) Other Current Assets   | 20                       | 2,482,260  | 412,627                  |
|  |                          | <b>642,868,299</b>                                 | <b>578,264,121</b>       |
| <b>Total</b>   |                          | <b>904,005,379</b>                                 | <b>805,086,879</b>       |
| <b>Significant Accounting Policies</b>   | 1                        |  |                          |
| <b>The accompanying notes are an integral part of the consolidated financial statements.</b> |                          |  |                          |
| <b>As per our attached report of even date</b>   |                          | <b>For and on behalf of the Board of Directors</b> |                          |
| <b>For PHD &amp; Associates</b>  |                          |  |                          |
| <b>Chartered Accountants</b>   |                          |  |                          |
| <b>Firm Registration No. 111236W</b>   |                          |  |                          |
|  | <b>U. J. Sanghavi</b>    | <b>T. J. Sanghavi</b>                              |                          |
|  | <b>Managing Director</b> | <b>Executive Director</b>                          |                          |
| <b>D V Vakharia</b>  | <b>R. J. Sanghavi</b>    | <b>M. M. Vora</b>                                  |                          |
| <b>Partner</b>   | <b>Chairman</b>          | <b>Director</b>                                    |                          |
| <b>Membership No. 46115</b>  |                          |  |                          |
| <b>Place : Mumbai</b>  |                          |  |                          |
| <b>Date : 30 May 2013</b>  |                          |  |                          |

## Consolidated Statement of Profit and Loss for the year ended 31 March 2013

| Particulars  | Note No. | For the Year Ended<br>31 March 2013<br>₹           | For the Year Ended<br>31 March 2012<br>₹ |
|--|----------|--|--|
| Revenue from Operations  | 21       | 2,013,311,932                                      | 1,815,504,820                            |
| Less: Excise Duty  | 21       | 185,625,560  | 151,156,384                              |
|  |          | 1,827,686,372                                      | 1,664,348,436                            |
| Other Income   | 22       | 196,436  | 973,387                                  |
| <b>Total Revenue</b>   |          | <b>1,827,882,808</b>                               | <b>1,665,321,823</b>                     |
| <b>Expenses :</b>  |          |  |  |
| (a) Cost of Materials Consumed   | 23       | 1,027,750,583                                      | 881,943,604                              |
| (b) Purchases of Stock-in-Trade  | 24       | 588,676,056  | 538,754,842                              |
| (c) Changes in Inventories of Finished goods and Stock-in-Trade                              | 25       | (23,173,417)                                       | 32,246,793                               |
| (d) Employee Benefit Expenses  | 26       | 43,745,274   | 38,300,363                               |
| (e) Finance Costs  | 27       | 37,907,291   | 22,326,743                               |
| (f) Depreciation and Amortization Expense  | 12       | 17,481,290   | 11,561,651                               |
| (g) Other Expenses   | 28       | 103,727,614  | 91,060,116                               |
| <b>Total Expenses</b>  |          | <b>1,796,114,691</b>                               | <b>1,616,194,112</b>                     |
| <b>Profit Before Exceptional Items and Tax</b>   |          | <b>31,768,117</b>                                  | <b>49,127,711</b>                        |
| Exceptional Items  | 30       | 17,005,955   | 37,623,920                               |
| <b>Profit Before Tax</b>   |          | <b>14,762,162</b>                                  | <b>11,503,791</b>                        |
| <b>Tax Expense:</b>  |          |  |  |
| (a) Current Tax (Refer Note 39)  |          | -  | 5,100,000                                |
| (b) Deferred Tax   |          | 9,110,852  | (1,340,595)                              |
|  |          | 9,110,852  | 3,759,405                                |
| <b>Profit for the Year</b>   |          | <b>5,651,310</b>                                   | <b>7,744,386</b>                         |
| <b>Earnings per equity share of Nominal Value of ` 10/- each</b>                             |          |  |  |
| (a) Basic  | 38       | 1.45   | 1.99                                     |
| (b) Diluted  | 38       | 1.45   | 1.99                                     |
| <b>Significant Accounting Policies</b>   | 1        |  |  |
| <b>The accompanying notes are an intergral part of the consolidated financial statements</b> |          |  |  |
| <b>As per our attached report of even date</b>   |          |  |  |
| <b>For PHD &amp; Associates</b>  |          | <b>For and on behalf of the Board of Directors</b> |  |
| <b>Chartered Accountants</b>   |          |  |  |
| <b>Firm Registration No. 111236W</b>   |          |  |  |
|  |          | <b>U. J. Sanghavi</b>                              | <b>T. J. Sanghavi</b>                    |
|  |          | <b>Managing Director</b>                           | <b>Executive Director</b>                |
| <b>D V Vakharia</b>  |          | <b>R. J. Sanghavi</b>                              | <b>M. M. Vora</b>                        |
| <b>Partner</b>   |          | <b>Chairman</b>                                    | <b>Director</b>                          |
| <b>Membership No. 46115</b>  |          |  |  |
| <b>Place : Mumbai</b>  |          |  |  |
| <b>Date : 30 May 2013</b>  |          |  |  |

**Notes forming part of the Consolidated Financial Statements**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of accounting and preparation of financial statements**

The financial statements have been prepared on a going concern and on accrual basis, under the historical cost convention and in accordance with the generally accepted accounting principles, the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government and relevant provisions of the Companies Act 1956, to the extent applicable.

**(b) Principles of consolidation**

The consolidated financial statements relate to Nikhil Adhesives Limited (the company) and its subsidiary (together 'the group'). The Consolidated Financial Statements have been prepared on the following basis:

- 1 The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - Consolidated Financial Statements'.
- 2 The Consolidated Financial Statements are based on the audited financial statements of the company & its subsidiary companies for the year ended 31 March 2013.
- 3 The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the holding company's financial statements.
- 4 The Financial Statement of the holding company and its subsidiaries have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. On consolidation all intra company balances and transactions have been eliminated as far as possible.
- 5 The subsidiaries considered in the preparation of these financial statements and the shareholding of the holding company in them are as follows:

| Particulars                                 | Sanghavi Logistics Private Limited |
|---|------------------------------------|
| Country of Incorporation                    | India                              |
| % of ownership interest as at 31 March 2013 | 100%                               |
| Period included in consolidation            | 01/04/2012 to 31/03/2013           |

**(c) Use of Estimates**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumption that affect the reported amount of assets, liabilities, revenues & expenses and disclosure of contingent assets & liabilities. The estimates & assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements. Actual results may defer from the estimates & assumptions used in preparing the accompanying Financial Statements. Any differences of actual results to such estimates are recognised in the year in which the results are known / materialised.

**(d) Revenue Recognition**

- (i) Sales are accounted Net of excise duty and VAT/Sales tax collected from customers
- (ii) Sales include goods sold on High Seas / Bond Transfer basis.
- (iii) Income from services are accounted Net of service tax collected from customers.
- (iv) Interest income is recognised on accrual basis.
- (v) Dividend income is recognised when the right to receive payment is established.
- (vi) In respect of other heads of income, the Company accounts the same on accrual basis.

**(e) Excise Duty and Indirect Taxes**

Excise Duty, VAT/Sales Tax and Service Tax collected from customers are credited to respective collection accounts. The Cenvat/VAT/Service Tax set off available is reduced from the cost of related materials or the expenses, and is adjusted against the Excise Duty or the Service Tax or the VAT liability, as per set off rules under the relevant statutes.

**(f) Fixed Assets and Depreciation**

- (i) Fixed Assets are stated at cost less depreciation. The cost of fixed assets include purchase price, transportation, duties, taxes and other attributable expenses, but excludes Cenvat/VAT/Service Tax Credits, if any, available.
- (ii) Depreciation is provided as per rates prescribed in schedule XIV of the Companies Act, 1956 on Straight Line Method. In respect of assets acquired/ disposed off during the year, prorata depreciation is provided from/till the date of acquisition/ disposal. Cost of the leasehold land is amortised over the primary period of the lease.

**(g) Intangible Assets and Amortisation**

Intangible assets are recognized and stated in financial statements in accordance with AS – 26 "Intangible Assets" and are amortised on a straight line basis over a period of useful economic life or a period of ten years whichever is less, except when it is clearly established that the useful economic life of the asset is exceeding the period of ten years in which case it is amortised over its useful economic life with adequate disclosure in accordance with AS – 26 "Intangible Assets". The assets acquired during the year are amortised on pro-rata basis.

**(h) Capital Work-in-progress**

Projects under Commissioning are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**(i) Inventories**

Inventories are valued at lower of cost (Net of VAT Credits) or Net realisable value. The Cost is ascertained on First in First out (FIFO) basis. Finished goods include appropriate portion of overheads.

**(j) Investments**

Non-Current Investments are carried at cost. Provision for diminution in the value of Non-Current Investments is made only if such a decline is other than temporary in the opinion of the management.

Current Investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

**(k) Borrowing Costs**

Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are included to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are charged to revenue.

**(l) Sales Tax Deferment**

Deferred sales tax liability under the Incentive Scheme of the Government is accounted for at its discounted present value as at the Balance Sheet date, calculated by applying the appropriate discount factor. The difference between the face value and the discounted value is credited to the Statement of Profit and Loss in the year/(s) in which the deferment benefit is availed. In the subsequent years the Statement of Profit and Loss is debited by an appropriate amount such that the accumulation in Sales Tax Deferral Account is equal to the amount of deferred sales tax liability falling due from time to time.

**(m) Research and Development expenditure**

Capital expenditure incurred for acquiring tangible fixed assets for the purpose of research & development is capitalised as fixed asset. Revenue expenditure on research and development is charged as expense in the year in which it is incurred under the respective heads of account.

**(n) Foreign Currency Transactions**

- (i) Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss of the year
- (ii) Foreign currency monetary items of the Company are restated in the accounts on the basis of the exchange rates prevailing at the close of the year.
- (iii) As per the notification dt. 29-12-2011 on "Accounting Standard (AS) 11" relating to "The Effects of Changes in Foreign Exchange Rates" the Company has exercised the option of adding the exchange difference, arising out of fluctuation in exchange rates on period end, to the cost of the Fixed asset and shall be amortised over the balance life of the asset.

**(o) Employees Retirement Benefits****(i) Provident Fund**

The Company contributes to a recognised provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognised in the Statement of Profit and Loss.

**(ii) Gratuity**

The employees of the Company are eligible for Gratuity in accordance with the Payment of Gratuity Act, and is a Defined Employee Benefit. The above benefit is not funded but provision is made in the accounts.

The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value.

The present value of the obligation under such benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to built up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

**(iii) Compensated Leave**

Unutilised leave of staff lapses as at the year end and is not encashable. Accordingly, no provision is made for compensated absences.

**(p) Taxation**

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law), deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

**Deferred Taxation**

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

**(q) Impairment of Assets**

The Carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

**(r) Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Financial Statements. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

## Notes forming part of the Consolidated Financial Statements

## NOTE 2 SHARE CAPITAL

| Particulars  | As at<br>31 March 2013 | As at<br>31 March 2012 |
|--|------------------------|------------------------|
|  | ₹                      | ₹                      |
| <b>Authorised</b>  |                        |                        |
| 4,950,000 (4,950,000) Equity shares of ₹ 10/- each               | 49,500,000             | 49,500,000             |
| 50,000 (50,000) 8% Preference shares of ₹ 10/- each              | 500,000                | 500,000                |
| <b>Issued</b>  |                        |                        |
| 3,894,300 (3,894,300) Equity shares of ₹ 10/- each               | 38,943,000             | 38,943,000             |
| <b>Subscribed and fully paid up</b>                              |                        |                        |
| 3,894,300 (3,894,300) Equity shares of ₹ 10/- each fully paid up | 38,943,000             | 38,943,000             |
| Add : Forfeited Shares account                                   | 106,603                | 106,603                |
| <b>Total</b>   | <b>39,049,603</b>      | <b>39,049,603</b>      |

(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

| Particulars                        | As at 31 March 2013 |            | As at 31 March 2012 |            |
|------------------------------------|---------------------|------------|---------------------|------------|
|                                    | No. of Shares       | ₹          | No. of Shares       | ₹          |
| At the beginning of the year       | 3,894,300           | 38,943,000 | 3,894,300           | 38,943,000 |
| Outstanding at the end of the year | 3,894,300           | 38,943,000 | 3,894,300           | 38,943,000 |

(b) The company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. 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 proportion to their shareholding.

(c) Details of shareholders holding more than 5% shares in the company :

| Name of Shareholder                              | As at 31 March 2013 |           | As at 31 March 2012 |           |
|--|---------------------|-----------|---------------------|-----------|
|  | No. of Shares       | % holding | No. of Shares       | % holding |
| <b>Equity shares of ₹ 10/- each fully paid :</b> |                     |           |                     |           |
| Ashok J. Sanghavi                                | 455,180             | 11.69     | 455,180             | 11.69     |
| Vasantben J. Sanghavi                            | 246,960             | 6.34      | 246,960             | 6.34      |
| Mrunalini R. Sanghavi                            | 236,780             | 6.08      | 216,780             | 5.57      |
| Rekha T. Sanghavi                                | 271,440             | 6.97      | 226,440             | 5.82      |
| Vasant Polymers & Chemicals Private Limited      | 302,000             | 7.76      | 302,000             | 7.76      |

(d) Details of forfeited shares :

| Class of shares | As at 31 March 2013 |         | As at 31 March 2012 |         |
|-----------------|---------------------|---------|---------------------|---------|
|                 | Number              | ₹       | Number              | ₹       |
| Equity Shares   | 21,320              | 106,603 | 21,320              | 106,603 |

## Notes forming part of the Consolidated Financial Statements

## NOTE 3 RESERVES AND SURPLUS

| Particulars  | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|--|-----------------------------|-----------------------------|
| <b>Capital Reserve</b>                                 |                             |                             |
| Opening Balance  | 400,000                     | 400,000                     |
| Closing Balance  | <b>400,000</b>              | <b>400,000</b>              |
| <b>Securities Premium Account</b>                      |                             |                             |
| Opening Balance  | 12,800,000                  | 12,800,000                  |
| Closing Balance  | <b>12,800,000</b>           | <b>12,800,000</b>           |
| <b>General Reserve</b>                                 |                             |                             |
| Opening Balance  | 64,287,415                  | 63,512,415                  |
| Add: Transferred during the year                       | -                           | 775,000                     |
| Closing Balance  | <b>64,287,415</b>           | <b>64,287,415</b>           |
| <b>Surplus balance in Statement of Profit and Loss</b> |                             |                             |
| Opening balance  | 18,304,543                  | 14,956,000                  |
| Add: Profit for the year                               | 5,651,310                   | 7,744,386                   |
| Less: <u>Appropriations</u>                            |                             |                             |
| Proposed dividend (Refer Note 32)                      | 3,115,440                   | 3,115,440                   |
| Dividend tax   | 529,469                     | 505,403                     |
| Transfer to General Reserve                            | -                           | 775,000                     |
| Closing Balance  | <b>20,310,944</b>           | <b>18,304,543</b>           |
| <b>Total</b>   | <b>97,798,359</b>           | <b>95,791,958</b>           |



Notes forming part of the Consolidated Financial Statements

NOTE 4 LONG-TERM BORROWINGS

| Particulars                                      | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|--|-----------------------------|-----------------------------|
| <b>Secured (Refer (a), (c) and (d) below):</b>   |                             |                             |
| <b>Term loans</b>                                |                             |                             |
| From banks                                       | 76,222,817                  | 94,061,120                  |
| <b>Vehicle Finance</b>                           |                             |                             |
| From banks                                       | 202,517                     | 426,717                     |
|  | <b>76,425,334</b>           | <b>94,487,837</b>           |
| <b>Unsecured (Refer (b), (c) and (d) below):</b> |                             |                             |
| <b>Deferred payment liabilities</b>              |                             |                             |
| Sales Tax Deferral                               | 3,565,331                   | 2,910,888                   |
| <b>Deposits</b>                                  |                             |                             |
| From Public                                      | 10,866,043                  | 11,029,868                  |
|  | 14,431,374                  | 13,940,756                  |
|  |                             |                             |
| <b>Total</b>                                     | <b>90,856,708</b>           | <b>108,428,593</b>          |

(a) Details of security and terms of repayment for secured long term borrowings:

| Particulars                         | Security and terms of repayment as at<br>31 March 2013  | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|-------------------------------------|---|-----------------------------|-----------------------------|
| <u>Term loans from Banks:</u>       |   |                             |                             |
| Bank of India                       |   |                             |                             |
| 1) Term Loan III                    | (a) Secured against hypothecation of the plant & machineries & equitable mortgage of factory blocks at Dahanu and Silvassa.<br>(b) Principle amount to be repayable in 24 monthly installments, last installment being due in March 2015.<br>(c) The range of rate of Interest is 13.50%p.a to 14.50% p.a | 2,003,200                   | 4,002,400                   |
| Standard Chartered Bank :           |   |                             |                             |
| External Commercial Borrowing (ECB) | (a) Secured against first charge on present and future movable and immovable fixed assets of the plant at Dahej<br>(b) Principle amount to be repayable in 16 quarterly installments, last installment falling due in January 2017<br>(c) Rate of Interest is LIBOR (including premium) + 350 bppa        | 74,219,617                  | 90,058,720                  |
| <b>Total</b>                        |   | <b>76,222,817</b>           | <b>94,061,120</b>           |
| <u>Vehicle Finance</u>              |   |                             |                             |
| HDFC Bank                           | (a) Secured against hypothecation of the vehicle financed.<br>(b) Repayable in 22 monthly installments, last installment being due in January 2015.<br>(c) Rate of Interest is 8.83%.   | 202,517                     | 426,717                     |
| <b>Total</b>                        |   | <b>202,517</b>              | <b>426,717</b>              |

(b) Terms of repayment for the unsecured long term borrowings:

| Particulars                       | Security and terms of repayment  | As at             | As at             |
|-----------------------------------|--|-------------------|-------------------|
|                                   |  | 31 March 2013     | 31 March 2012     |
|                                   |  | ₹                 | ₹                 |
| <u>Sales Tax Deferral</u>         | Sales tax collected under Package scheme of Incentives are payable in 5 to 6 yearly installments after 10 to 12 years from the year of collection. | 3,565,331         | 2,910,888         |
| <b>Total</b>                      |  | <b>3,565,331</b>  | <b>2,910,888</b>  |
| <u>Fixed Deposits from Public</u> | (a) Range of rate of interest is 11% to 12% p.a.<br>(b) Repayment tenure varies from 1-3 years   | 10,866,043        | 11,029,868        |
| <b>Total</b>                      |  | <b>10,866,043</b> | <b>11,029,868</b> |

(c) Secured long term borrowings of ₹ 76,222,817/- (Previous year ₹ 94,061,120/-) are personally guaranteed by some of the directors of the Company

(d) Current maturities of Term Loans, Vehicle Finance from Bank, Sales Tax Deferral and Public Deposits amounting to ₹ 3,39,57,016/- (Previous Year ₹ 1,10,85,438/-) is disclosed under 'Other Current Liabilities' (Refer Note 10 )

#### NOTE 5 DEFERRED TAX LIABILITIES

| Particulars  | As at             | As at            |
|--|-------------------|------------------|
|  | 31 March 2013     | 31 March 2012    |
|  | ₹                 | ₹                |
| <b>Tax effect of items constituting deferred tax liability :</b>   |                   |                  |
| On difference between book balance and tax balance of Fixed Assets   | 16,769,491        | 7,369,818        |
| Deferred Sales Tax liability accounted in Books of Accounts on discounted present value basis which is considered for taxation purpose for tax value | 1,919,387         | 2,049,232        |
|  | <b>18,688,878</b> | <b>9,419,050</b> |
| <b>Tax effect of items constituting deferred tax assets :</b>  |                   |                  |
| Expenses incurred during the year allowable as deduction in income tax in subsequent years   | (863,773)         | (704,797)        |
|  | <b>(863,773)</b>  | <b>(704,797)</b> |
| <b>Total</b>   | <b>17,825,105</b> | <b>8,714,253</b> |

## Notes forming part of the Consolidated Financial Statements

## NOTE 6 OTHER LONG TERM LIABILITIES

| Particulars                                     | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|---|-----------------------------|-----------------------------|
| Interest accrued but not due on Public Deposits | 427,023                     | 558,484                     |
| <b>Total</b>                                    | <b>427,023</b>              | <b>558,484</b>              |

## NOTE 7 LONG- TERM PROVISIONS

| Particulars   | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|---|-----------------------------|-----------------------------|
| <b>Provision for employee benefits (Refer Note 41)</b><br>Gratuity (Non funded) | 1,835,083                   | 1,510,738                   |
| <b>Total</b>  | <b>1,835,083</b>            | <b>1,510,738</b>            |

## NOTE 8 SHORT-TERM BORROWINGS

| Particulars  | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|--|-----------------------------|-----------------------------|
| <b>Secured (Refer (a) and (b) below) :</b>                 |                             |                             |
| <b>Loans repayable on demand</b><br>Cash Credit from Banks | 158,956,727                 | 84,889,760                  |
|  | <b>158,956,727</b>          | <b>84,889,760</b>           |
| <b>Unsecured</b>   |                             |                             |
| <b>Loans repayable on demand</b><br>From Bank              | -                           | 13,646,569                  |
| From other parties   | 39,900,000                  | 39,900,000                  |
| <b>Loans and advances from a related party</b>             | -                           | 7,643,954                   |
|  | <b>39,900,000</b>           | <b>61,190,523</b>           |
| <b>Total</b>   | <b>198,856,727</b>          | <b>146,080,283</b>          |

(a) Particulars of security for the secured short-term borrowings:

| Particulars  | Nature of security  | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|--|---|-----------------------------|-----------------------------|
| <b>Loans repayable on demand</b><br>Cash Credit from Banks<br>1) Bank of India<br>2) Standard Chartered Bank | The facilities from the consortium banks viz. Bank of India and Standard Chartered Bank are secured against hypothecation of stock of raw & packing materials, finished goods, book debts and plant & machineries of the company on pari passu basis. Further they are collaterally secured against equitable mortgage of factory blocks at Dahanu. | 148,355,714<br>10,601,013   | 64,516,764<br>20,372,996    |
| <b>Total</b>   |   | <b>158,956,727</b>          | <b>84,889,760</b>           |

(b) Secured short term borrowings of ₹ 15,89,56,727/- (Previous year ₹ 8,48,89,760/-) are personally guaranteed by some of the promoter directors and others and are collaterally secured against equitable mortgage of certain residential flats of the promoter directors in favour of the said banks on pari passu basis.

## Notes forming part of the Consolidated Financial Statements

**NOTE 9 TRADE PAYABLES**

| Particulars                    | As at              | As at              |
|--------------------------------|--------------------|--------------------|
|                                | 31 March 2013      | 31 March 2012      |
|                                | ₹                  | ₹                  |
| Trade Payables (Refer Note 44) | 385,609,620        | 338,100,014        |
| <b>Total</b>                   | <b>385,609,620</b> | <b>338,100,014</b> |

**NOTE 10 OTHER CURRENT LIABILITIES**

| Particulars   | As at             | As at             |
|---|-------------------|-------------------|
|   | 31 March 2013     | 31 March 2012     |
|   | ₹                 | ₹                 |
| Current maturities of Long term debt (Refer Note 4) | 33,957,016        | 11,085,438        |
| Interest accrued but not due on Public Deposits     | 892,357           | 135,500           |
| Unclaimed dividend                                  | 730,009           | 650,301           |
| Liabilities for expenses                            | 22,077,768        | 32,862,460        |
| Advances from customers                             | 2,455,167         | 4,585,056         |
| Security deposits                                   | 1,693,708         | 1,943,617         |
| Statutory dues                                      | 1,930,492         | 4,066,046         |
| Other payables                                      | 3,538,539         | 3,723,313         |
| <b>Total</b>  | <b>67,275,056</b> | <b>59,051,731</b> |

There are no amounts due and outstanding to be paid to the "Investor Education and Protection Fund" as at 31 March 2013.

**NOTE 11 SHORT TERM PROVISIONS**

| Particulars  | As at            | As at            |
|--|------------------|------------------|
|  | 31 March 2013    | 31 March 2012    |
|  | ₹                | ₹                |
| <b>Provision for employee benefits (Refer Note 41)</b> |                  |                  |
| Gratuity (Non funded)                                  | 827,186          | 661,545          |
| Proposed dividend (Refer Note 32)                      | 3,115,440        | 3,115,440        |
| Distribution Tax on dividend                           | 529,469          | 499,801          |
| Provision for Taxation (Net of Advance tax)            | -                | 3,524,436        |
| <b>Total</b>   | <b>4,472,095</b> | <b>7,801,222</b> |

Notes forming part of the Consolidated Financial Statements

NOTE 12 FIXED ASSETS

| Fixed Assets                    | Gross Block           |                    |                    | Accumulated Depreciation / Amortisation |                   | Net Block              |                        |
|---------------------------------|-----------------------|--------------------|--------------------|---|-------------------|------------------------|------------------------|
|                                 | As at<br>1 April 2012 | Additions          | Deductions         | As at<br>1 April 2012                   | For the Year      | As at<br>31 March 2013 | As at<br>31 March 2012 |
| <b>Tangible Assets</b>          |                       |                    |                    |   |                   |                        |                        |
| <b>Own Assets:</b>              |                       |                    |                    |   |                   |                        |                        |
| Land                            | 2,130,744             | -                  | -                  | -                                       | -                 | 2,130,744              | 2,130,744              |
| Buildings                       | 22,498,642            | 39,462,920         | -                  | 5,979,566                               | 1,360,787         | 54,621,209             | 16,519,076             |
| Plant & Equipment               | 110,644,024           | 108,180,863        | -                  | 60,024,669                              | 14,647,385        | 144,152,833            | 50,619,355             |
| Furniture and Fixtures          | 3,898,561             | 718,392            | -                  | 1,308,691                               | 264,299           | 3,043,963              | 2,589,870              |
| Vehicles                        | 4,495,269             | 67,901             | -                  | 1,756,798                               | 426,052           | 2,380,320              | 2,738,471              |
| Computers                       | 5,462,856             | 474,857            | -                  | 4,271,028                               | 674,379           | 992,306                | 1,191,828              |
| <b>Assets under Lease:</b>      |                       |                    |                    |   |                   |                        |                        |
| Land                            | 10,730,204            | 4,905,915          | -                  | 216,773                                 | 108,388           | 15,310,958             | 10,513,431             |
| <b>Total</b>                    | <b>159,860,300</b>    | <b>153,810,848</b> | <b>-</b>           | <b>73,557,525</b>                       | <b>17,481,290</b> | <b>222,632,333</b>     | <b>86,302,775</b>      |
| Previous year                   | 158,062,179           | 1,798,121          | -                  | 61,995,885                              | 11,561,640        | 86,302,775             | 96,066,294             |
| <b>Intangible Assets</b>        |                       |                    |                    |   |                   |                        |                        |
| <b>Own Assets:</b>              |                       |                    |                    |   |                   |                        |                        |
| Goodwill                        | 650,000               | -                  | -                  | 650,000                                 | -                 | -                      | -                      |
| Trademarks                      | 1,098,500             | -                  | -                  | 1,098,500                               | -                 | -                      | -                      |
| Technical Know How              | 3,075,000             | -                  | -                  | 3,075,000                               | -                 | -                      | -                      |
| MDC Logo                        | 3,500,000             | -                  | -                  | 3,500,000                               | -                 | -                      | -                      |
| No Compete Agreement            | 1,000,000             | -                  | -                  | 1,000,000                               | -                 | -                      | -                      |
| <b>Total</b>                    | <b>9,323,500</b>      | <b>-</b>           | <b>-</b>           | <b>9,323,500</b>                        | <b>-</b>          | <b>9,323,500</b>       | <b>-</b>               |
| Previous year                   | 9,323,500             | -                  | -                  | 9,323,500                               | -                 | -                      | -                      |
| <b>Capital Work In Progress</b> |                       |                    |                    |   |                   |                        |                        |
|                                 | 110,094,556           | 26,790,138         | 110,094,556        | -                                       | -                 | 26,790,138             | 110,094,556            |
| <b>Total</b>                    | <b>110,094,556</b>    | <b>26,790,138</b>  | <b>110,094,556</b> | <b>-</b>                                | <b>-</b>          | <b>26,790,138</b>      | <b>110,094,556</b>     |
| Previous year                   | 1,530,000             | 108,564,556        | -                  | -                                       | -                 | 110,094,556            | 1,530,000              |

## Notes forming part of the Consolidated Financial Statements

## NOTE 13 NON-CURRENT INVESTMENTS

| Particulars   | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|---|-----------------------------|-----------------------------|
| (At cost less provision for other than temporary diminution, if any): |                             |                             |
| <b>Trade (quoted)</b>   |                             |                             |
| <b>Investment in equity shares, fully paid up :</b>                   |                             |                             |
| 800 (800) Equity Shares of Bank of India of ₹ 10/- each               | 36,000                      | 36,000                      |
| <b>Total</b>  | <b>36,000</b>               | <b>36,000</b>               |
| Aggregate amount of quoted investments                                | 36,000                      | 36,000                      |
| Aggregate market value of quoted investments                          | 242,000                     | 288,800                     |

## NOTE 14 LONG TERM LOANS AND ADVANCES

| Particulars                            | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|--|-----------------------------|-----------------------------|
| <b>Unsecured, considered good :</b>    |                             |                             |
| Capital Advances                       | 1,094,416                   | 4,792,470                   |
| Security Deposits                      | 6,605,591                   | 4,994,990                   |
| Advance Income tax (Net of Provisions) | 1,743,457                   | 846,760                     |
| Other loans and advances               | 2,235,145                   | 1,885,745                   |
| <b>Total</b>                           | <b>11,678,609</b>           | <b>12,519,965</b>           |

## NOTE 15 OTHER NON CURRENT ASSETS

| Particulars   | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|---|-----------------------------|-----------------------------|
| <b>Balances with banks :</b>                        |                             |                             |
| Term deposits with more than twelve months maturity | -                           | 17,696,787                  |
| Interest accrued on Term deposits with banks        | -                           | 172,675                     |
| <b>Total</b>  | <b>-</b>                    | <b>17,869,462</b>           |

The above Term deposits are pledged with banks against Loans, Letter of Credit facilities and Bank Guarantees.

## Notes forming part of the Consolidated Financial Statements

## NOTE 16 INVENTORIES

| Particulars                                 | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
|   | ₹                      | ₹                      |
| (At lower of cost and Net realisable value) |                        |                        |
| Raw Materials and components                | 103,767,960            | 97,703,927             |
| Packing Materials                           | 7,054,879              | 5,018,165              |
| Finished goods                              | 42,302,596             | 22,102,651             |
| Trading Goods                               | 29,211,832             | 26,220,340             |
| Unused Promotional Material                 | 300,000                | 150,000                |
| Fuels                                       | 903,631                | 131,534                |
| <b>Total</b>                                | <b>183,540,898</b>     | <b>151,326,617</b>     |

## NOTE 17 TRADE RECEIVABLES

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
|   | ₹                      | ₹                      |
| <b>Unsecured, considered good :</b>   |                        |                        |
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment | 5,189,462              | 5,094,003              |
| Other Trade receivables   | 312,465,882            | 338,930,642            |
| <b>Total</b>  | <b>317,655,344</b>     | <b>344,024,645</b>     |

## Notes forming part of the Consolidated Financial Statements

## NOTE 18 CASH AND BANK BALANCES

| Particulars  | As at             | As at             |
|--|-------------------|-------------------|
|  | 31 March 2013     | 31 March 2012     |
|  | ₹                 | ₹                 |
| <b>Cash and cash equivalents</b>   |                   |                   |
| Balances with banks in current accounts  | 5,748,267         | 1,612,328         |
| Term deposits with less than three months maturity   | 87,103            | 6,105,641         |
| Cash on hand   | 665,185           | 134,347           |
| <b>Total</b>   | <b>6,500,555</b>  | <b>7,852,316</b>  |
| <b>Other bank balances</b>   |                   |                   |
| Term deposits with more than three months maturity but due within on year from the reporting date              | 47,626,108        | 8,874,267         |
| In Earmarked accounts :  |                   |                   |
| unpaid dividend account  | 730,009           | 650,301           |
| balances held as margin money  | 2,377,900         | -                 |
| on account of public deposits  | 700,000           | 700,000           |
| <b>Total</b>   | <b>51,434,017</b> | <b>10,224,568</b> |
| The above Term deposits are pledged with banks against Loans, Letter of Credit facilities and Bank Guarantees. |                   |                   |

## NOTE 19 SHORT-TERM LOANS AND ADVANCES

| Particulars                             | As at             | As at             |
|---|-------------------|-------------------|
|   | 31 March 2013     | 31 March 2012     |
|   | ₹                 | ₹                 |
| <b>Unsecured, considered good :</b>     |                   |                   |
| Advance to Suppliers                    | 7,494,452         | 5,543,081         |
| Central Excise Balance                  | 61,770,283        | 51,621,477        |
| Prepaid Expenses                        | 4,881,198         | 4,494,686         |
| Advances recoverable in cash or in kind | 7,109,292         | 2,764,104         |
| <b>Total</b>                            | <b>81,255,225</b> | <b>64,423,348</b> |

## NOTE 20 OTHER CURRENT ASSETS

| Particulars                                  | As at            | As at          |
|--|------------------|----------------|
|  | 31 March 2013    | 31 March 2012  |
|  | ₹                | ₹              |
| Interest accrued on Term deposits with banks | 2,482,260        | 412,627        |
| <b>Total</b>                                 | <b>2,482,260</b> | <b>412,627</b> |



## Notes forming part of the Consolidated Financial Statements

## NOTE 21 REVENUE FROM OPERATIONS

| Particulars                            | For the year<br>ended<br>31 March 2013<br>₹ | For the year<br>ended<br>31 March 2012<br>₹ |
|--|---|---|
| <b>Sale of products :</b>              |   |   |
| (a) <u>Manufactured goods</u>          |   |   |
| Adhesives and Emulsions                | 1,388,199,691                               | 1,200,084,883                               |
| (b) <u>Traded goods</u>                |   |   |
| Chemicals                              | 610,538,067                                 | 600,088,538                                 |
|  | 1,998,737,758                               | 1,800,173,421                               |
| <b>Other operating revenues :</b>      |   |   |
| (a) Labour Charges Income              | 14,507,420                                  | 14,904,700                                  |
| (b) Bad debts recovered                | -   | 266,699                                     |
| (c) Miscellaneous income               | 66,754                                      | 160,000                                     |
|  | 14,574,174                                  | 15,331,399                                  |
| <b>Revenue from operations (Gross)</b> | <b>2,013,311,932</b>                        | <b>1,815,504,820</b>                        |
| Less : Excise duty                     | 185,625,560                                 | 151,156,384                                 |
| <b>Revenue from operations (Net)</b>   | <b>1,827,686,372</b>                        | <b>1,664,348,436</b>                        |

## NOTE 22 OTHER INCOME

| Particulars                      | For the year<br>ended<br>31 March 2013<br>₹ | For the year<br>ended<br>31 March 2012<br>₹ |
|----------------------------------|---|---|
| Dividend income :                |   |   |
| from non-current investments     | 5,600                                       | 5,600                                       |
| Other non-operating income :     |   |   |
| (a) Sundry balances written back | -   | 788,173                                     |
| (b) Sundry income                | 190,836                                     | 179,614                                     |
| <b>Total</b>                     | <b>196,436</b>                              | <b>973,387</b>                              |

Notes forming part of the Consolidated Financial Statements

NOTE 23 COST OF MATERIALS CONSUMED

| Particulars   | For the year ended<br>31 March 2013<br>₹ | For the year ended<br>31 March 2012<br>₹ |
|---|--|--|
| <b>Raw Materials consumed (Refer details given below)</b> |  |  |
| Opening stock   | 97,703,927                               | 106,499,668                              |
| Add : Purchases   | 967,209,378                              | 817,674,044                              |
|   | 1,064,913,305                            | 924,173,712                              |
| Less : Closing stock                                      | 103,767,960                              | 97,703,927                               |
|   | <b>961,145,345</b>                       | <b>826,469,785</b>                       |
| <b>Packing Materials consumed</b>                         |  |  |
| Opening stock   | 5,018,165                                | 3,827,019                                |
| Add : Purchases   | 68,641,952                               | 56,664,965                               |
|   | 73,660,117                               | 60,491,984                               |
| Less : Closing stock                                      | 7,054,879                                | 5,018,165                                |
|   | 66,605,238                               | 55,473,819                               |
| <b>Total</b>  | <b>1,027,750,583</b>                     | <b>881,943,604</b>                       |

Details of Raw Materials consumed :

| Particulars           | For the year ended<br>31 March 2013<br>₹ | For the year ended<br>31 March 2012<br>₹ |
|-----------------------|--|--|
| Vinyl Acetate Monomer | 208,389,467                              | 159,352,319                              |
| Butyl Acetate Monomer | 339,432,562                              | 290,280,263                              |
| Other chemicals       | 413,323,316                              | 376,837,204                              |
| <b>Total</b>          | <b>961,145,345</b>                       | <b>826,469,785</b>                       |

NOTE 24 PURCHASE OF TRADED GOODS

| Particulars           | For the year ended<br>31 March 2013<br>₹ | For the year ended<br>31 March 2012<br>₹ |
|-----------------------|--|--|
| <b>Traded Goods</b>   |  |  |
| Vinyl Acetate Monomer | 95,581,448                               | 95,569,020                               |
| Styrene Monomer       | 65,625,510                               | 18,076,349                               |
| Other chemicals       | 427,469,098                              | 425,109,473                              |
| <b>Total</b>          | <b>588,676,056</b>                       | <b>538,754,842</b>                       |

NOTE 25 CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE

| Particulars  | For the year ended<br>31 March 2013<br>₹ | For the year ended<br>31 March 2012<br>₹ |
|--|--|--|
| <b>Opening Stock</b>                                 |  |  |
| (a) <u>Finished goods</u>                            |  |  |
| Adhesives & Emulsions                                | 22,102,651                               | 21,951,007                               |
| (b) <u>Stock-in-trade</u>                            |  |  |
| Chemicals  | 26,220,340                               | 58,802,527                               |
|  | <b>48,322,991</b>                        | <b>80,753,534</b>                        |
| <b>Less : Closing Stock</b>                          |  |  |
| (a) <u>Finished goods</u>                            |  |  |
| Adhesives & Emulsions                                | 42,199,652                               | 22,102,651                               |
| (b) <u>Stock-in-trade</u>                            |  |  |
| Chemicals  | 29,314,776                               | 26,220,340                               |
|  | <b>71,514,428</b>                        | <b>48,322,991</b>                        |
| Changes in Inventories                               | (23,191,437)                             | 32,430,543                               |
| Increase/(Decrease) in Excise duty on Finished goods | 18,020                                   | (183,750)                                |
| <b>Total</b>   | <b>(23,173,417)</b>                      | <b>32,246,793</b>                        |

## Notes forming part of the Consolidated Financial Statements

## NOTE 26 EMPLOYEE BENEFIT EXPENSES

| Particulars                                | For the year<br>ended<br>31 March 2013<br>₹ | For the year<br>ended<br>31 March 2012<br>₹ |
|--|---|---|
| Salaries and wages                         | 39,898,810                                  | 34,727,332                                  |
| Contributions to Provident and other funds | 2,803,051                                   | 2,572,606                                   |
| Staff welfare expenses                     | 1,043,413                                   | 1,000,425                                   |
| <b>Total</b>                               | <b>43,745,274</b>                           | <b>38,300,363</b>                           |

## NOTE 27 FINANCE COSTS

| Particulars               | For the year<br>ended<br>31 March 2013<br>₹ | For the year<br>ended<br>31 March 2012<br>₹ |
|---------------------------|---|---|
| Interest expense          | 25,702,209                                  | 13,461,798                                  |
| Other borrowing costs     | 15,940,689                                  | 11,117,825                                  |
|                           | 41,642,898                                  | 24,579,623                                  |
| Less :                    |   |   |
| Interest received (Gross) | 3,735,607                                   | 2,252,880                                   |
| <b>Total</b>              | <b>37,907,291</b>                           | <b>22,326,743</b>                           |

## Notes forming part of the Consolidated Financial Statements

## NOTE 28 OTHER EXPENSES

| Particulars  | For the year ended<br>31 March 2013 | For the year ended<br>31 March 2012 |
|--|-------------------------------------|-------------------------------------|
|  | ₹                                   | ₹                                   |
| Stores and spares consumed                           | 2,912,179                           | 2,508,629                           |
| Power and fuel                                       | 18,798,396                          | 15,635,410                          |
| Labour charges                                       | 1,999,322                           | 1,619,195                           |
| Rent   | 4,166,079                           | 3,310,848                           |
| Repairs and Maintenance :                            |                                     |                                     |
| Plant & Machinery                                    | 1,360,933                           | 904,062                             |
| Building   | 124,685                             | 81,485                              |
| Others   | 524,247                             | 395,763                             |
| Printing and Stationery                              | 585,630                             | 839,833                             |
| Insurance  | 1,126,489                           | 737,388                             |
| Storage charges expenses (Net)                       | 4,263,919                           | 2,694,941                           |
| Telephone expenses                                   | 2,497,207                           | 2,162,940                           |
| Travelling and Conveyance expenses                   | 6,967,907                           | 6,961,514                           |
| Service charges                                      | 116,800                             | 117,483                             |
| Legal and Professional charges (Refer Note 29 below) | 3,182,158                           | 2,482,914                           |
| Sales promotion expenses                             | 2,669,440                           | 3,520,177                           |
| Transportation and Octroi charges                    | 30,257,223                          | 27,870,359                          |
| Brokerage and Commission                             | 2,262,441                           | 2,969,319                           |
| Bad debts  | 141,056                             | 496,427                             |
| Discounts/Rebates (Net)                              | 15,808,593                          | 12,675,529                          |
| Directors sitting fees                               | 82,500                              | 97,500                              |
| Miscellaneous expenses                               | 3,880,410                           | 2,978,400                           |
| <b>Total</b>   | <b>103,727,614</b>                  | <b>91,060,116</b>                   |

## NOTE 29 REMUNERATION TO AUDITORS

| Particulars  | For the year ended<br>31 March 2013 | For the year ended<br>31 March 2012 |
|--|-------------------------------------|-------------------------------------|
|  | ₹                                   | ₹                                   |
| Legal and Professional charges includes payments to the auditors towards : |                                     |                                     |
| Audit fees*  | 305,000                             | 278,000                             |
| Tax Matters*   | 30,000                              | -                                   |
| Other services*  | 72,500                              | 50,000                              |
| <b>Total</b>   | <b>407,500</b>                      | <b>328,000</b>                      |

\* Excluding Service Tax

## NOTE 30 EXCEPTIONAL ITEMS

| Particulars  | For the year ended<br>31 March 2013 | For the year ended<br>31 March 2012 |
|--|-------------------------------------|-------------------------------------|
|  | ₹                                   | ₹                                   |
| Net Foreign currency translation loss/(Gain) (Refer Note 33) | 17,005,955                          | 37,623,920                          |
| <b>Total</b>   | <b>17,005,955</b>                   | <b>37,623,920</b>                   |

Notes forming part of the Consolidated Financial Statements

**NOTE 31 : CONTINGENT LIABILITIES AND COMMITMENTS**

| Particulars   | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|---|-----------------------------|-----------------------------|
| <b>Contingent Liabilities :</b>                                   |                             |                             |
| Claims against the Company not acknowledged as debts              | NIL                         | NIL                         |
| Guarantees given by the Company's Banker on behalf of the Company | 34,994,857                  | 1,552,950                   |

**NOTE 32 :** Dividend proposed to be distributed to equity shareholders is ₹ 0. 80 per share (Previous Year ₹ 0.80 per share).

**NOTE 33 :** Loss/Gain on account of Foreign currency translation (Net) has been treated as an exceptional item, since the same has resulted from exceptionally volatile global market developments during the reporting periods.

**NOTE 34 :** Pursuant to Notification no. G.S.R.(914)E dated 29th December 2011, issued by MCA, the Company has adjusted exchange differences of ₹72,58,260/- arising on reporting of long term foreign currency monetary items, in so far as they relate to the acquisition of depreciable assets, against the cost of such assets and depreciate the said adjustment over the balance life of the asset.

**NOTE 35 CIF VALUE OF IMPORTS**

| Particulars                             | For the year ended<br>31 March 2013<br>₹ | For the year ended<br>31 March 2012<br>₹ |
|---|--|--|
| Materials (for Manufacturing & Trading) | 597,863,672                              | 620,256,617                              |

**NOTE 36 VALUE OF CONSUMPTION OF IMPORTED AND INDIGENOUS ITEMS**

| Particulars                         | For the year ended 31 March 2013 |            | For the year ended 31 March 2012 |            |
|-------------------------------------|----------------------------------|------------|----------------------------------|------------|
|                                     | ₹                                | %          | ₹                                | %          |
| <b>Raw Materials :</b>              |                                  |            |                                  |            |
| Imported                            | 739,943,663                      | 77         | 719,933,229                      | 87         |
| Indigenous                          | 221,201,683                      | 23         | 106,536,556                      | 13         |
| <b>Total</b>                        | <b>961,145,345</b>               | <b>100</b> | <b>826,469,785</b>               | <b>100</b> |
| <b>Spare parts and components :</b> |                                  |            |                                  |            |
| Indigenous                          | 2,912,179                        | 100        | 2,508,629                        | 100        |

**NOTE 37 EARNINGS IN FOREIGN CURRENCY**

| Particulars          | For the year ended<br>31 March 2013<br>₹ | For the year ended<br>31 March 2012<br>₹ |
|----------------------|--|--|
| FOB value of exports | 6,550,875                                | 2,521,003                                |
| <b>Total</b>         | <b>6,550,875</b>                         | <b>2,521,003</b>                         |

**NOTE 38 EARNINGS PER SHARE**

| Particulars   | For the year<br>ended<br>31 March 2013<br>₹ | For the year<br>ended<br>31 March 2012<br>₹ |
|---|---|---|
| Nominal Value of Equity shares                            | 10  | 10  |
| Net profit after tax available to the Equity shareholders | 5,651,310                                   | 7,744,386                                   |
| Weighted average number of Equity shares                  | 3,894,300                                   | 3,894,300                                   |
| Basic and Diluted Earnings per share                      | 1.45  | 1.99  |

**NOTE 39 :** The company is liable to pay Income Tax as per provisions of section 115JB of the Income Tax Act for the Financial year 2012-13. Since the same can be recouped against future years income, it has not been charged as Tax expense to the extent it can be recouped.

**NOTE 40 DETAILS OF LEASING ARRANGEMENTS**

Operating Lease: As a Lessee

The company has entered into cancellable operating leases. These lease arrangements are normally renewable on expiry. The lease arrangement can be cancelled either at the option of lessor giving notice for the period ranging from two months to three months or lessee giving two months notice.

Lease payments amounting to ₹ 4,166,079/- (Previous year ₹ 3,310,848/-) are included in rental expenditure in the Statement of Profit and Loss during the current year.

**Notes forming part of the Consolidated Financial Statements**
**NOTE 41 EMPLOYEE BENEFIT PLANS**
**(a) Defined Contribution Plans:**

The amount recognised as expense in respect of Defined Contribution Plans (Contribution to Provident Fund) aggregate to ₹ 22,51,219/- (Previous year ₹ 20,17,993/-).

**(b) Retirement Benefit - Gratuity:**

The employees of the Company are eligible for gratuity in accordance with the Payment of Gratuity Act, and is a Defined Employee Benefit. The above benefit is not funded but provision is made in the accounts for accrued gratuity under Projected Unit Credit Method of actuarial valuation.

The following table summaries the components of the employee benefit expenses recognised in the Statement of Profit and Loss and the amount recognised in the Balance sheet for the gratuity provision made under actuarial method.

**Statement of Profit and Loss**

Net employee benefit expenses recognised in Employee Benefit Expenses (Note No 26)

| Particulars   | (Amount in ₹)                       |                                     |
|---|-------------------------------------|-------------------------------------|
|   | For the year ended<br>31 March 2013 | For the year ended<br>31 March 2012 |
| <b>Components of employer expense</b>                                 |                                     |                                     |
| Current Service cost  | 275,024                             | 299,491                             |
| Interest cost   | 190,075                             | 138,060                             |
| Expected return on plan assets  | -                                   | -                                   |
| Curtailement cost/(credit)  | -                                   | -                                   |
| Settlement cost/(credit)  | -                                   | -                                   |
| Past Service Cost   | -                                   | -                                   |
| Actuarial Losses/(Gains)  | 24,887                              | 249,381                             |
| <b>Total expense recognised in the Statement of Profit &amp; Loss</b> | <b>489,986</b>                      | <b>686,932</b>                      |

**Balance Sheet**

Details of provision for gratuity

| Net asset/(liability) recognised in balance sheet        | (Amount in ₹)          |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2013 | As at<br>31 March 2012 |
| Present value of Defined Benefit Obligation              | 2,662,269              | 2,172,283              |
| Fair value of plan assets                                | -                      | -                      |
| Funded status [Surplus/(Deficit)]                        | (2,662,269)            | (2,172,283)            |
| Unrecognised Past Service Costs                          | -                      | -                      |
| <b>Net asset/(liability) recognised in balance sheet</b> | <b>(2,662,269)</b>     | <b>(2,172,283)</b>     |

| Change in Defined Benefit Obligations (DBO) during the year ended | For the year ended |                  |
|---|--------------------|------------------|
|   | 31 March 2013      | 31 March 2012    |
| Present Value of DBO at beginning of period                       | 2,172,283          | 1,673,449        |
| Current Service cost  | 275,024            | 299,491          |
| Interest cost   | 190,075            | 138,060          |
| Curtailement cost/(credit)  | -                  | -                |
| Settlement cost/(credit)  | -                  | -                |
| Plan amendments   | -                  | -                |
| Acquisitions  | -                  | -                |
| Actuarial (gains)/ losses   | 24,887             | 249,381          |
| Past Service Cost   | -                  | -                |
| Benefits paid   | -                  | (188,098)        |
| <b>Present Value of DBO at the end of period</b>                  | <b>2,662,269</b>   | <b>2,172,283</b> |

**Principal actuarial assumptions as at the balance sheet date :**

| Particulars       | As at         |               |
|-------------------|---------------|---------------|
|                   | 31 March 2013 | 31 March 2012 |
| Discount Rate     | 8.25%         | 8.75%         |
| Salary escalation | 5%            | 5%            |
| Attrition Rate    | 2%            | 2%            |

## Notes forming part of the Consolidated Financial Statements

## NOTE 42 SEGMENTS REPORTING

## (a) Information about Business Segments for the Year Ended 31 March 2013

(Amount in ₹)

| Particulars                               | Manufacturing<br>of Adhesives &<br>Emulsions | Trading in<br>Chemicals | Total<br>Rupees      |
|---|--|-------------------------|----------------------|
| <b>Revenue</b>                            |  |                         |                      |
| Sales/Income From Operations              | 1,217,148,305                                | 610,538,067             | 1,827,686,372        |
| Inter-Segment Sales                       | -  | -                       | -                    |
| <b>Total Revenue</b>                      | <b>1,217,148,305</b>                         | <b>610,538,067</b>      | <b>1,827,686,372</b> |
| <b>Result</b>                             |  |                         |                      |
| Segment Result                            | 58,237,476                                   | 9,968,499               | 68,205,975           |
| Unallocated Corporate Expenses(Net)       |  |                         | 15,534,522           |
| Operating Profit                          |  |                         | 52,671,453           |
| Interest Expense(Net)                     |  |                         | 37,907,291           |
| Income Taxes(including deferred tax)      |  |                         | 9,110,852            |
| Profit From Ordinary Activities           |  |                         | 5,653,310            |
| Extraordinary Items                       |  |                         | -                    |
| <b>Net Profit</b>                         |  |                         | <b>5,653,310</b>     |
| <b>Other Informations</b>                 |  |                         |                      |
| Segment Assets                            | 748,758,242                                  | 155,111,287             | 903,869,529          |
| Unallocated Corporate Assets              |  |                         | 135,850              |
| <b>Total Assets</b>                       |  |                         | <b>904,005,379</b>   |
| Segment Liabilities                       | 393,942,473                                  | 70,975,879              | 464,918,352          |
| Unallocated Corporate Liabilities         |  |                         | 302,225,915          |
| <b>Total Liabilities</b>                  |  |                         | <b>767,144,267</b>   |
| Add: Share Capital And Reserves           |  |                         | 136,861,112          |
| <b>Total Capital &amp; Liabilities</b>    |  |                         | <b>904,005,379</b>   |
| Capital Expenditure                       | 153,255,861                                  | 554,987                 |                      |
| Work in Progress                          | 26,790,138                                   | -                       |                      |
| Depreciation                              | 16,938,002                                   | 543,288                 |                      |
| Non Cash Expenses Other Than Depreciation | -  | -                       |                      |

Notes :

- 1) The Information stated above is in conformity with Accounting Standard 17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.
- 2) The Business Segment is the Primary Segment of the Company and there is no geographical segment having differing risk and returns.
- 3) For comparison with previous year, refer Note No. 42(b)

## Notes forming part of the Consolidated Financial Statements

## NOTE 42 SEGMENTS REPORTING

## (b) Information about Business Segments for the Year Ended 31 March 2012

(Amount in ₹)

| Particulars                               | Manufacturing<br>of Adhesives &<br>Emulsions | Trading in<br>Chemicals | Total<br>Rupees      |
|---|--|-------------------------|----------------------|
| <b>Revenue</b>                            |  |                         |                      |
| Sales/Income From Operations              | 1,064,099,898                                | 600,248,538             | 1,664,348,436        |
| Inter-Segment Sales                       | -  | -                       | -                    |
| <b>Total Revenue</b>                      | <b>1,064,099,898</b>                         | <b>600,248,538</b>      | <b>1,664,348,436</b> |
| <b>Result</b>                             |  |                         |                      |
| Segment Result                            | 30,417,801                                   | 17,512,137              | 47,929,938           |
| Unallocated Corporate Expenses(Net)       |  |                         | 14,099,554           |
| Operating Profit                          |  |                         | 33,830,384           |
| Interest Expense(Net)                     |  |                         | 22,326,593           |
| Income Taxes(including deferred tax)      |  |                         | 3,759,405            |
| Profit From Ordinary Activities           |  |                         | 7,744,386            |
| Extraordinary Items                       |  |                         | -                    |
| <b>Net Profit</b>                         |  |                         | <b>7,744,386</b>     |
| <b>Other Informations</b>                 |  |                         |                      |
| Segment Assets                            | 549,753,009                                  | 255,198,020             | 804,951,029          |
| Unallocated Corporate Assets              |  |                         | 135,850              |
| <b>Total Assets</b>                       |  |                         | <b>805,086,879</b>   |
| Segment Liabilities                       | 338,138,295                                  | 63,121,949              | 401,260,244          |
| Unallocated Corporate Liabilities         |  |                         | 268,985,074          |
| <b>Total Liabilities</b>                  |  |                         | <b>670,245,318</b>   |
| Add: Share Capital And Reserves           |  |                         | 134,841,561          |
| <b>Total Capital &amp; Liabilities</b>    |  |                         | <b>805,086,879</b>   |
| Capital Expenditure                       | 1,469,162                                    | 328,959                 |                      |
| Work in Progress                          | 11,094,556                                   | -                       |                      |
| Depreciation                              | 11,057,313                                   | 504,338                 |                      |
| Non Cash Expenses Other Than Depreciation | -  | -                       |                      |

Notes :

1) The Information stated above is in conformity with Accounting Standard 17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.

2) The Business Segment is the Primary Segment of the Company and there is no geographical segment having differing risk and returns.



## Notes forming part of the Consolidated Financial Statements

## NOTE 43 RELATED PARTY DISCLOSURES

The following details give the information pursuant to Accounting Standard - 18 " Related Party Disclosures"

## (a) Name of the Related Parties and Nature of Relationship

| Name                                  | Nature of Relationship                                  |
|---------------------------------------|---|
| Umesh J. Sanghavi                     | Promoter Directors and Key Management Personnel (KMP)   |
| Rajendra J. Sanghavi                  | Promoter Directors and Key Management Personnel (KMP)   |
| Tarak J. Sanghavi                     | Promoter Directors and Key Management Personnel (KMP)   |
| Ashok J. Sanghavi                     | Promoter and Relative of Directors                      |
| Anita U. Sanghavi                     | Relative of Director                                    |
| Mrunalini R. Sanghavi                 | Relative of Director                                    |
| Rekha T. Sanghavi                     | Relative of Director                                    |
| Nikhil U. Sanghavi                    | Relative of Director                                    |
| Vasant Polymers & Chemicals Pvt. Ltd. | A Company Significantly Influenced by relatives of KMP. |
| Zeki Software & Solutions Pvt. Ltd.   | A Company Significantly Influenced by relatives of KMP. |

## (b) Details of Related Party transactions during the year ended 31 March 2013

(Amount in ₹)

| Particulars                        | Directors & Key Management Personnel | Relatives of Directors & Key Management Personnel | Enterprises that are significantly influenced by the Directors and/or their Relatives | Total        |
|------------------------------------|--------------------------------------|---|---|--------------|
| Remuneration paid                  | 3,332,448                            | 2,407,200   | -   | 5,739,648    |
|                                    | (3,024,000)                          | (1,463,400)                                       | (-)   | (4,487,400)  |
| Loans Received                     | -                                    | -   | 49,400,000  | 49,400,000   |
|                                    | (-)                                  | (-)   | (20,498,480)  | (20,498,480) |
| Loans Repaid                       | -                                    | -   | 57,043,954  | 57,043,954   |
|                                    | (-)                                  | (-)   | (12,854,526)  | (12,854,526) |
| Rent Paid                          | -                                    | -   | 240,000   | 240,000      |
|                                    | (-)                                  | (-)   | (240,000)   | (240,000)    |
| Purchases                          | -                                    | -   | 17,856,162  | 17,856,162   |
|                                    | (-)                                  | (-)   | (15,084,350)  | (15,084,350) |
| Outstanding Credit/(Debit) Balance | -                                    | -   | -   | -            |

Figures in brackets relates to the previous year

**Notes forming part of the Consolidated Financial Statements**

**NOTE 44 :** There are no amounts payable to any Micro, Small and Medium Enterprises as identified by the Management from the information available with the Company and relied by Auditors.

**NOTE 45 :** The accounts of the Trade Receivables and Trade Payables who have not responded to the Company's request for confirmation of balances, are subject to reconciliation, if any, required.

**NOTE 46 :** Figures have been rounded off to nearest rupees.

**As per our attached report of even date  
For PHD & Associates  
Chartered Accountants  
Firm Registration No. 111236W**

**For and on behalf of the Board of Directors**

**U. J. Sanghavi  
Managing Director**

**T. J. Sanghavi  
Executive Director**

**D. V. Vakharia  
Partner  
Membership No. 46115**

**R. J. Sanghavi  
Chairman**

**M. M. Vora  
Director**

**Place : Mumbai  
Date : 30 May 2013**

Consolidated Cash Flow Statement for the year ended 31 March 2013

| Particulars  | For the year ended<br>31 March 2013 |                     | For the year ended<br>31 March 2012 |                      |
|--|-------------------------------------|---------------------|-------------------------------------|----------------------|
|  | ₹                                   | ₹                   | ₹                                   | ₹                    |
| <b>A. Cash Flow from Operating Activities</b>                                      |                                     |                     |                                     |                      |
| Net Profit before tax  |                                     | 14,762,162          |                                     | 11,503,791           |
| <b>Adjustment for :</b>  |                                     |                     |                                     |                      |
| Depreciation and Amortisation  | 17,481,290                          |                     | 11,561,651                          |                      |
| Finance costs  | 37,907,291                          |                     | 22,326,743                          |                      |
| Interest income  | (42,500)                            |                     | (54,573)                            |                      |
| Dividend income  | (5,600)                             |                     | (5,600)                             |                      |
| Provision for gratuity   | 489,986                             |                     | 498,834                             |                      |
| SalesTax Deferral  | 400,200                             |                     | (454,353)                           |                      |
| Unrealised Foreign currency translation loss (Net)                                 | 457,045                             |                     | 850,526                             |                      |
|  |                                     | <b>56,687,712</b>   |                                     | <b>34,723,228</b>    |
| <b>Operating profit before working capital changes</b>                             |                                     | <b>71,449,874</b>   |                                     | <b>46,227,019</b>    |
| <b>Adjustments for :</b>   |                                     |                     |                                     |                      |
| Trade receivables  | 26,369,301                          |                     | (106,604,501)                       |                      |
| Inventories  | (32,214,281)                        |                     | 40,083,818                          |                      |
| Long term Loans and advances   | (1,960,001)                         |                     | (1,999,105)                         |                      |
| Short term Loans and advances  | (16,831,877)                        |                     | (22,782,966)                        |                      |
| Trade payables   | 47,052,561                          |                     | 78,738,844                          |                      |
| Other Current liabilities  | (8,948,572)                         |                     | (5,677,959)                         |                      |
|  |                                     | <b>13,467,131</b>   |                                     | <b>(18,241,869)</b>  |
| <b>Cash generated from operations</b>  |                                     | <b>84,917,006</b>   |                                     | <b>27,985,150</b>    |
| Direct Taxes paid (Net of refunds)   |                                     | (4,421,133)         |                                     | (7,804,967)          |
| <b>Net cash flow from operating activities (A)</b>                                 |                                     | <b>80,495,873</b>   |                                     | <b>20,180,183</b>    |
| <b>B. Cash Flow from Investing Activities</b>                                      |                                     |                     |                                     |                      |
| Purchase of Fixed assets including Capital Work-in-Progress and Capital Advances   | (69,416,623)                        |                     | (87,848,805)                        |                      |
| Term deposits with banks with original maturity of more than three months - placed | (30,629,321)                        |                     | (27,050,569)                        |                      |
| Term deposits with banks with original maturity of more than 3 months - matured    | 9,574,267                           |                     | 14,005,116                          |                      |
| Dividend income  | 5,600                               |                     | 5,600                               |                      |
| Interest income  | 42,500                              |                     | 54,573                              |                      |
| <b>Net cash flow used in investing activities (B)</b>                              |                                     | <b>(90,423,577)</b> |                                     | <b>(100,834,085)</b> |
| <b>C. Cash Flow from Financing Activities</b>                                      |                                     |                     |                                     |                      |
| Proceeds / (Repayment) of long term borrowings (Net)                               | (418,647)                           |                     | 87,619,363                          |                      |
| Proceeds of short term borrowings (Net)  | 50,398,542                          |                     | 17,178,354                          |                      |
| Finance costs  | (37,797,260)                        |                     | (22,538,361)                        |                      |
| Dividend paid (including distribution tax)   | (3,606,692)                         |                     | (5,520,820)                         |                      |
| <b>Net cash flow from financing activities (C)</b>                                 |                                     | <b>8,575,943</b>    |                                     | <b>76,738,536</b>    |
| <b>Net decrease in cash and cash equivalents (A+B+C)</b>                           |                                     | <b>(1,351,761)</b>  |                                     | <b>(3,915,366)</b>   |
| Cash and cash equivalents at the beginning of the year                             |                                     | 7,852,316           |                                     | 11,767,682           |
| <b>Cash and cash equivalents at the end of the year</b>                            |                                     | <b>6,500,555</b>    |                                     | <b>7,852,316</b>     |

Notes:

1. Cash and Cash Equivalents are as under:

| Particulars  | As at<br>31 March 2013<br>₹ | As at<br>31 March 2012<br>₹ |
|--|-----------------------------|-----------------------------|
| Cash in hand                                       | 665,185                     | 134,347                     |
| Balances with banks in current accounts            | 5,748,267                   | 1,612,328                   |
| Term deposits with less than three months maturity | 87,103                      | 6,105,641                   |
|  | <b>6,500,555</b>            | <b>7,852,316</b>            |

2. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard -3 on "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

3. Previous year's figures have been regrouped/rearranged wherever necessary to conform to the current year's presentation.

As Per Our Attached Report Of Even Date  
For PHD & Associates  
Chartered Accountants  
Firm Registration No. 111236W

D. V. Vakharia  
Partner  
Membership No. 46115

Place : Mumbai  
Date : 30 May 2013

For and on behalf of the Board of Directors

U. J. Sanghavi  
Managing Director

R. J. Sanghavi  
Chairman



ATTENDANCE SLIP  
**NIKHIL ADHESIVES LIMITED**  
**Registered Office** :Shreeji Industrial Estate, Vadkun,College Road,  
Dahanu, Dist. Thane – 401 602.

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company

I hereby record my presence at the Twenty Seven Annual General Meeting of the Company at Shreeji Industrial Estate, Vadkun, College Road, Dahanu, Dist. Thane – 401 602. on Saturday 28<sup>th</sup> September 2013 at 11.00 a.m.

Member's / Proxy's Name (in Block Letter) \_\_\_\_\_

Member's Proxy's Signature \_\_\_\_\_

Note :

Please fill in this attendance slip and hand it over at the ENTRANCE.

ATTENDANCE SLIP  
**NIKHIL ADHESIVES LIMITED**  
Registered Office :Shreeji Industrial Estate, Vadkun,College Road,  
Dahanu, Dist. Thane – 401 602.

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a member / members of the above mentioned Company, hereby appoint  
Mr/Mrs/Ms. \_\_\_\_\_ of \_\_\_\_\_

or failing him/her Mr/Mrs/Ms. \_\_\_\_\_  
of \_\_\_\_\_ as my / our proxy to attend and vote for me / us on my/our

behalf at the Twenty Seven Annual General Meeting of the Company at Shreeji Industrial Estate, Vadkun,  
College Road, Dahanu, Dist. Thane – 401 602 on Saturday 28th September, 2013 at 11.00 a.m.

\_\_\_\_\_ day of September, 2013

\_\_\_\_\_  
Signature

Please  
Affix Re.1  
Revenue  
Stamp

**Note:**

1. A Proxy need not be a member of the Company
2. The Proxy form duly stamped with a revenue stamp of Re.1 and executed by the member should reach the Company's Registered Office at least 48 hours before the time of the meeting.