

28th ANNUAL REPORT 2013 – 2014

BOARD OF DIRECTORS

Shri.R.J.Sanghavi	Executive Chairman
Shri.U.J.Sanghavi	Managing Director
Shri.T.J.Sanghavi	Executive Director
Shri.S.R.Sanghavi	Non Executive, Independent Director
Shri.H.S.Kamath	Non Executive, Independent Director
Shri.M.M.Vora	Non Executive, Independent Director

AUDITORS

PHD & Associates
Chartered Accountants

BANKERS

Bank of India
Standard Chartered Bank
Yes Bank Ltd

Company Identification Number:

L51900MH1986PLCO41062

REGISTRARS AND TRANSFER AGENTS

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

REGISTERED OFFICE

Shreeji Industrial Estate,
Vadkun, College Road,
Dahanu,
Dist. Thane – 401602.

CONTENTS

Notice	2
Directors' Report	12
Compliance Certificate	18
Management Discussion & Analysis Report	21
Report on Corporate Governance	23
CEO/CFO Certification	27
Statement pursuant to Section 212	30
Compliance Certificate from Auditors	31
STANDALONE ACCOUNTS	
Auditor's Report	32
Balance Sheet	36
Statement of Profit and Loss	37
Notes forming part of Financial Statements	38
Cash Flow Statement	59
CONSOLIDATED ACCOUNTS	
Auditor's Report	60
Cobsolidated Balance Sheet	61
Consolidated Statement of Profit and Loss	62
Notes forming part of Consolidated Financial Statements	63
Consolidated Cash Flow Statement	86
Attendance Slip & Proxy Form	87

N O T I C E

Notice is hereby given that the **Twenty Eighth Annual General Meeting** of **Nikhil Adhesives Limited** will be held on Saturday the **27th September, 2014 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 2014, together with the 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 appoint a Director in place of Mr.Tarak Sanghavi, who retires by rotation and being eligible, offers himself for reappointment.
- 3) To appoint M/s. PHD & Associates, Chartered Accountants, (Firm Registration Number: 111236W), the retiring auditors, as the Statutory Auditors of the Company for the Financial Year 2014 – 15 to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the next AGM of the Company at such remuneration and other terms and conditions as shall be fixed by the Board of Directors of the Company in consultation with the Auditors.

SPECIAL BUSINESS

- 4) **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

" **RESOLVED THAT** pursuant to the provisions of sections 149,152 read with Schedule IV and any other applicable provisions of the Companies Act,2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. M.M.Vora (DIN: 00245427), Director of the Company whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under the Section 149(6) of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation to hold office for a term of 5 consecutive years upto 31st March 2019."

- 5) **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

"**RESOLVED THAT** pursuant to the provisions of sections 149,152 read with Schedule IV and any other applicable provisions of the Companies Act,2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. H.S.Kamath (DIN: 02628018), Director of the Company whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under the Section 149(6) of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation to hold office for a term of 5 consecutive years upto 31st March 2019."

6) To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of sections 149,152 read with Schedule IV and any other applicable provisions of the Companies Act,2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. S.R.Sanghavi (DIN: 03400650), Director of the Company whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under the Section 149(6) of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation to hold office for a term of 5 consecutive years upto 31st March 2019."

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

"RESOLVED THAT pursuant to provisions of Sections 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and any other applicable provisions of the Companies Act, 2013 or such other applicable Laws, Rules and Regulations, approval be and is hereby accorded to accept the deposits whether secured or unsecured from the Members of the Company and/or from the persons other than members upto and within the limits prescribed and in compliance with the Companies Act, 2013, the Companies (Acceptance of Deposits) Rules, 2014 as amended from time to time and such other Notifications, Rules and Regulations issued in this regard."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take necessary steps, including providing the deposit insurance, creation of security and appointment of trustees for the deposits, obtaining the rating from a credit rating agency, if required and/or to delegate the powers to such persons as they deem fit and to do all other acts, deeds, matters and things as may be required to give effect to this resolution."

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

"RESOLVED THAT in supersession of the Resolution No.9 passed at the Annual General Meeting of the Company held on 29th September, 2012 and pursuant to the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, and the Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company ('the Board') to borrow any sum or sums of money (including non fund based activities), from time to time, at their discretion, for the purpose of the business of the Company, from any one or more Banks, Financial Institutions and other persons, firms, bodies corporate, notwithstanding that the monies to be borrowed which, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) may exceed, at any time, the aggregate of the paid-up share capital of the Company and its free reserves, provided that the total amount so borrowed by the Board shall not at any time exceed ₹100 Crores (Rupees hundred crores only)."

"RESOLVED FURTHER THAT the Board be and is hereby authorized and empowered to arrange or fix the terms and conditions on which all such moneys are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit. "

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable, or expedient to give effect to this resolution."

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

"RESOLVED THAT in supersession of the Resolution No.10 passed at the Annual General Meeting of the Company held on 29th September, 2012 and pursuant to the provisions of Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee which the Board may constitute for this purpose)) to mortgage and/or charge, in addition to the mortgages/ charges created/ to be created by the Company in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and/or immovable properties of the Company, both present and future and/or the whole any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowings availed/to be availed by the Company by way of loan(s) (in foreign currency and/or Indian rupees) and securities comprising fully/partly convertible Debentures and/or Non Convertible Debentures with or without detachable or non-detachable Warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instruments), issued/to be issued by the Company, from time to time, subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on repayment, remuneration of the Agent(s), Trustees, premium if (any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/ revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s), Head(s) of Agreement(s), debenture Trust Deed(s) or any other document, entered into/ to be entered into between the Company and the Lender(s)/Agent(s) and Trustee(s), in respect of the said loans/borrowings/debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or committee thereof and the Lender(s)/Agent(s) and Trustee(s)."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and/ or its duly constituted committee be and is hereby authorized to finalize, settle and execute such documents/deeds/writings/papers/ agreements as may be required and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in regard to creating mortgages/ charges as aforesaid."

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES 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. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. 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.
4. The Register of Members and the Share Transfer Books of the company will remain closed from **23rd September, 2014 to 27th September, 2014** (both days inclusive).
5. 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.
6. Members may avail the facility of nomination by nominating a person to whom their shares in the Company shall vest in the event of death. The prescribed form can be obtained from the Company's Registrar and Share Transfer Agent.
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. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Sharex Dynamic (India) Pvt. Ltd.
- 10. IN KEEPING WITH MINISTRY OF CORPORATE AFFAIRS' GREEN INITIATIVE MEASURES, THE COMPANY HEREBY REQUESTS THE MEMBERS WHO HAVE NOT REGISTERED THEIR EMAIL ADDRESSES SO FAR, TO REGISTER THEIR EMAIL ADDRESSES FOR RECEIVING ALL**

COMMUNICATIONS INCLUDING ANNUAL REPORT, NOTICES, CIRCULARS ETC. FROM THE COMPANY ELECTRONICALLY.

11. Voting through Electronic means

I In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members, the facility to exercise their right to vote at the Twenty Eighth Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now, enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu

wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution, if you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The e-voting period commences on Friday, the **19th September, 2014 (10:00 am)** and ends on Sunday, the **21st September, 2014 (6:00 pm)**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) which is Tuesday, the **29th August, 2014** may cast their vote electronically.
- (C) I In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- II The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) which is Tuesday, the **29th August, 2014**.
- III Mr. Dhiren Vakharia Partner M/s. PHD and Associates, Chartered Accountants has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- IV The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- V The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.simplex-group.com and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.
- VI All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 6.00 pm) on all working days, up to and including the date of the AGM of the Company.

ANNEXURE TO NOTICE**Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013**

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No. 4, 5 and 6

Mr.M.M.Vora, Mr. H.S.Kamath and Mr.S.R.Sanghavi are Independent Directors of the Company and have held the positions as such for more than 5 (five) years.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Mr.M.M.Vora, Mr. H.S.Kamath and Mr. S.R.Sanghavi as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to 31st March, 2019. Mr.M.M.Vora, Mr. H.S.Kamath and Mr.S.R.Sanghavi are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr.M.M.Vora, Mr. H.S.Kamath and Mr.S.R.Sanghavi for the office of Directors of the Company.

The Company has also received declarations from Mr.M.M.Vora, Mr. H.S.Kamath and Mr.S.R.Sanghavi that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr.M.M.Vora, Mr. H.S.Kamath and Mr.S.R.Sanghavi fulfil the conditions for appointment as Independent Directors as specified in the Act and the Rules made thereunder and the Listing Agreement. Mr.M.M.Vora, Mr. H.S.Kamath and Mr.S.R.Sanghavi are independent of the management.

Brief resume of Mr.M.M.Vora, Mr. H.S.Kamath and Mr.S.R.Sanghavi, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letters for respective appointments of Mr.M.M.Vora, Mr. H.S.Kamath and Mr.S.R.Sanghavi as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr.M.M.Vora, Mr. H.S.Kamath and Mr.S.R.Sanghavi are interested in the resolutions set out respectively at Item Nos. 4,5 and 6 of the Notice with regard to their respective appointments.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolutions set out at Item Nos. 4,5 and 6 of the Notice for approval by the shareholders.

Item No. 7

The Company has been accepting the Deposits to meet its financial requirements as per the rules and regulations prevailing at the relevant period. With the coming into effect of the sections 73 and 76 under Chapter V of the Companies Act, 2013, with effect from 1st April, 2014, the Company has to obtain the consent of the Members for accepting the deposits from its Members and from persons other than its

Members subject to compliance with the provisions of the relevant sections of the Companies Act, 2013, the Companies (Acceptance of Deposits) Rules, 2014 and such other Notifications, Rules and Regulations issued by the Central Government and other concerned authorities in this regard.

As the Company desires to continue to accept the Deposits, the consent of the Members is being sought by way of the proposed resolution.

The Board of Directors recommend for passing the proposed resolution as a Special Resolution.

None of the Directors, Key Management Persons and/or their relatives are concerned or interested in the proposed resolution except to the extent of the Deposits held by them in the Company or which they may apply in pursuant to Circular to be issued by the Company.

Item No. 8

Under the erstwhile Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of a Company could, with the consent of the shareholders obtained by an Ordinary Resolution, borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.

Under the provisions of Section 180 (1) (c) of the Companies Act, 2013, the above powers can be exercised by the Board only with the consent of the shareholders obtained by a Special Resolution. Further, as per a clarification issued by the Ministry of Corporate Affairs, the Ordinary Resolution earlier passed under Section 293 (1) (d) of the Companies Act, 1956 will remain valid for a period of one year from the date of notification of Section 180 of the Companies Act, 2013, i.e. upto 11th September, 2014. As such, it is necessary to obtain fresh approval of the shareholders by means of a Special

Resolution, to enable the Board of Directors of the Company to borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of paid-up share capital and free reserves of the Company. The borrowing limit of ₹100 Crores under the earlier resolution passed by the shareholders at the Annual General Meeting of the Company held on 29th September, 2012 remains unchanged.

The Board commends the Resolution at Item No.8 of the Notice for approval of the shareholders by a Special Resolution.

None of the Directors and key managerial personnel of the Company or their respective relatives are concerned or interested in the Resolution mentioned at Item No.8 of the Notice.

Item No. 9

Under the erstwhile Section 293 (1) (a) of the Companies Act, 1956, the Board of Directors of a Company could, with the consent of the shareholders obtained by an Ordinary Resolution, create charge/ mortgage/ hypothecation on the Company's assets, both present and future, in favour of the lenders/ trustees for the holders of debentures/ bonds, to secure the repayment of moneys borrowed by the Company (including temporary loans obtained from the Company's Bankers in the ordinary course of business).

Under the provisions of Section 180 (1) (a) of the Companies Act, 2013, the above powers can be exercised by the Board only with the consent of the shareholders obtained by a Special Resolution. Further, as per a clarification issued by the Ministry of Corporate Affairs, the Ordinary Resolution earlier passed under Section 293 (1) (a) of the Companies Act, 1956 will remain valid for a period of one year from the date of notification of Section 180 of the Companies Act, 2013, i.e. upto 11th September, 2014. As such, it is necessary to obtain fresh approval of the shareholders by means of a Special Resolution, to enable the Board of Directors of the Company to create charge/ mortgage/ hypothecation on the Company's assets, both present and future, in favour of the lenders/ trustees for the holders of

debentures/ bonds, to secure the repayment of moneys borrowed by the Company (including temporary loans obtained from the Company's Bankers in the ordinary course of business). As the documents to be executed between the Company and the lenders/ trustees for the holders of debentures/ bonds may contain the power to take over the management of the Company in certain events, it is necessary to obtain Members' approval under Section 180 (1) (a) of the Companies Act, 2013, by way of a Special Resolution.

The existing limit of ₹100 Crores under the earlier resolution passed by the shareholders at the Annual General Meeting of the Company held on 29th September, 2012 remains unchanged.

The Board commends the Resolution at Item No.9 of the Notice for approval of the shareholders by a Special Resolution.

None of the Directors and key managerial personnel of the Company or their respective relatives are concerned or interested in the Resolution mentioned at Item No.9 of the Notice.

Disclosure pursuant to Clause 49 of the Listing Agreement relating to Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting:

Name of the Director	Mr. T. J. Sanghavi	Mr. M. M. Vora	Mr.H.S.Kamath	Mr.S.R.Sanghavi
Date of Birth	02.10.1962	22.06.1939	10.06.1942	04.06.1929
Date of Appointment	Since Inception	03.02.2003	15.02.2004	03.02.2003
Status	Executive Director	Non Executive, Independent Director	Non Executive, Independent Director	Non Executive, Independent Director
Qualification	B. Com	B.Com	B.E. Mechanical	Expertise in Senior Management
Expertise in specific functional type	Commercial Management	Businessman	Technical Expertise in production / process control and quality management	Businessman
Directorship of Other Companies	None	None	None	None
Shareholding (No.of Shares)	1,12,490	24,643	1,000	Nil

Registered Office:
Shreeji Industrial Estate,
Vadkun, College Road, Dahanu,
Dist. Thane – 401 602
Date : 30th May, 2014

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 Eighth Annual Report together with the Audited Accounts for the financial year ended 31st March 2014.

FINANCIAL HIGHLIGHTS:

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

	(₹ in 000's)	
	Financial Year 2013- 2014	Financial Year 2012- 2013
Gross Profit Before Depreciation and Tax	27884	32248
Less :- Depreciation	24176	17481
	-----	-----
Profit Before Tax	3708	14767
Less :- <u>Provision for Taxation</u>		
Current Tax	-	-
Deferred Tax	1059	9110
	-----	-----
Profit After Tax	2649	5657
Add :- Balance Brought Forward	20324	18313
	-----	-----
Profits Available For Distribution	22973	23970
	-----	-----
<u>Appropriation</u>		
Proposed Dividend Including Dividend Tax	-	3646
Transfer to General Reserve	-	-
Carried Forward to Balance Sheet	22973	20324
	-----	-----
	22973	23970
	-----	-----

DIVIDEND

In view of substantially lower profits after tax for the financial year 2013 - 14, your Directors express their inability to declare dividend.

RESULT OF OPERATIONS (STANDALONE)

The Financial Year 2013-2014 was yet another challenging year both domestically, and globally. Amidst challenging business environment, slowdown in economic growth and forex market volatility which continued throughout 2013-14, your company endeavored to achieve the projected business targets during the reporting period.

The sales turnover of your company has increased from ₹19987 lacs to ₹25826 lacs registering growth of approx 29.21 %. Other income for the year is ₹ 18 lacs as against ₹ 2 lacs for the previous year. The operating

profit before depreciation and tax is ₹ 278.84 lacs compared to ₹322.48 lacs in the previous year registering about 13% decrease due to forex losses. The net profit after depreciation and tax is ₹ 26.49 lacs compared to ₹ 56.57 lacs for the previous year. Net profit of ₹ 26.49 lacs for the current year is after providing for deferred tax of ₹ 10.59 lacs. Reduction in net profit for the current year is primarily due to foreign currency fluctuation loss & higher depreciation attributable to the expansion project at Dahej.

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 ₹ 83.26lacs within the meaning of Section 58A of the Companies Act 1956. The outstanding Public Deposits as at the Balance Sheet date are ₹ 195.27 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.

DIRECTORS

Pursuant to section 152 of the Companies Act, 2013, Mr.Tarak J Sanghavi, Director of the Company retires by rotation and being eligible, offers himself for re-appointment.

As per the provisions of the Companies Act,2013, Independent Directors are required to give a declaration that they meet the criteria of Independence in the first Board Meeting in which they participate as Director and thereafter at the first meeting of the Board in each Financial Year. Accordingly, existing Directors of the Company, Mr.M.M.Vora, Mr.H.S.Kamath and Mr.S.R.Sanghavi have declared their status of independence as per the criteria laid down u/s 149(6) of the Companies Act, 2013. The Board of Directors on recommendation of Nomination and Remuneration Committee has perused their declarations and has found them to be meeting

the criteria of independence. Further, in view of the experience and expertise relevant to the Company's operations, your Directors have deemed it prudent to recommend to the Shareholders at the ensuing Annual General Meeting their appointment as Independent Directors, not liable to retirement by rotation pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013.

In compliance with the Clause 49(IV)(G) of the Listing Agreement, brief resume of the Directors, their expertise and other details of Directors proposed to be appointed /re – appointed are provided in the Corporate Governance Report. Appropriate resolutions for appointment / re-appointment of the Directors are being placed for approval of the members at the ensuing Annual General Meeting.

Mr.A.P.Singh ceases to be a Director of the Company w.e.f 28th August, 2013 due to his demise. The Board of Directors sincerely acknowledges his efforts and places on record its deep sense of appreciation of valuable contribution made by him.

AUDITORS

The Auditors of the Company M/s. PHD & Associates, Chartered Accountants, holds office until the conclusion of the ensuing Annual General Meeting. The Company has received a written consent and a certificate from the Auditors to the effect that their re-appointment, if made, would be in accordance with the provision of the Companies Act, 2013.

COST AUDITORS AND COST AUDIT REPORT

The Board of Directors at their meeting held on 30th May 2013, has appointed M/s. B. F. Modi & Associates, as the cost Auditors, to conduct the audit of cost records for the year 2013-2014.

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 Ltd. 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 2014.

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	2013-2014	2012-2013
Electricity		
a) Purchased Units.	1400483	1079727
Total amount	10501275	7017886
Rate / Unit	7.50	6.50
b) Own generation.		
Coal	Nil	Nil
Furnace Oil		
Qty. (Kgs)	223715	109383
Total Amount	9772531	4382503
Rate/Unit	43.68	40.07
Diesel / LDO		
Qty. (Ltrs.)	84966	158565
Total amount	4772957	7175337
Rate / Unit	56.17	45.25
Gold Thermic Oil		
Qty. (Ltrs.)	630	
Total amount	66862	Nil
Rate / Unit	106.13	
Consumption per unit of Production of Adhesives & Emulsions		
Electricity	50.55 Per Tonne	44.90 Per Tonne
Diesel / LDO	3.07 Per Tonne	6.60 Per Tonne
Furnace Oil.	8.07 Per Tonne	4.55 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, 2014. 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 Five times respectively on 30th May 2013, 14th August 2013, 28th September 2013, 13th November 2013 and 14th February 2014 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 24th September 2013 to 28th September, 2013.
6. The Annual General Meeting for the financial year ended on 31st March, 2013 was held on 28th September, 2013 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, 2013** 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 were 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 ₹ 8,325,784/- 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 03.10.2013. 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 29th 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, 2014.

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, 2014.

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 31.03.2013	25/10/2013	Yes	N.A.
2.	Form No.66	383A	Filing of compliance certificate	24/10/2013	Yes	N.A.
3.	Form 20B	159	Filing of annual Return for year ended 31.03.2013	19/11/2013	Yes	N.A.
4	Form 62	Rule 4(4) of Companies Acceptance of Deposit Rules,1975	Filing of text of advertisement for Public Deposits	03/10/2013	Yes	N.A.
5	Form 62	Rule 10 of Companies Acceptance of Deposit Rules,1975	Filing of Return of Deposits for the year ended 31.03.2013	29/06/2013	Yes	N.A.

No forms or returns were filed with Regional Director, Central Government or other authorities during the financial year ended 31st March, 2014.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

• INDUSTRY STRUCTURE AND DEVELOPMENT

Over the last one year there has been a significant change in the major players orientation; which as against 8 has now come down to 7 and the two MNC'S operating in the Industry have become very aggressive. The primary reason behind the reduction is widening of the disparity in the Rupee/ Dollar rates in the last financial year and also the additional crisis created due to huge increase in the cost of Vinyl Acetate Monomer, a major raw material used in the manufacture of emulsions. On account of weak value of Rupee against the Dollar, the import costs increased manifold.

However the silver lining in this difficult period is, formation of a stable government at the Centre that is expected to expedite all the pending project clearances and overcome the "Policy Paralysis" scenario prevailing for quite some time. There is already a feel good factor amongst the various industries and this in itself is a good beginning. The Company has shown positive volume growth and sales despite various difficulties and is confident of giving a better performance in the current financial year.

• FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

MANUFACTURING DIVISION

During the year the production has increased from 25795 M. Tonnes to 29135 M. Tonnes in terms of volume, registering growth of approx. 13%. In value terms the sales has increased from ₹12172 Lacs to ₹16589 Lacs registering a growth of about 36%. 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 ₹6105 Lacs to ₹6829 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 loss of ₹459.10 Lacs as compared to loss of ₹170.06 Lacs in the previous year. Your company has reported lower profit of ₹26.49 Lacs (after deferred tax of ₹10.59 Lacs) primarily due to the said foreign currency fluctuation loss.

STRENGTH, OPPORTUNITIES, THREATS, RISKS, CONCERNS

The efforts put in by the Company to raise the overall level of service to its customers, has resulted in further strengthening its brand image and growth especially in the sales to the adhesives sector. Consequent to the addition of capacity from Dahej Plant, more customers have been added in all segments including Paints, Textiles as well as Packaging. The well planned mix of products that the Company is offering, gives it an advantage to sustain even in adverse conditions, as the Company is not dependent on any one industry alone. The Company has also started manufacturing Plasticizers which is an important ingredient for manufacturing some emulsions. This backward integration has given the Company a fillip not

only to improve its profitability but be better equipped to meet the competitive market. Considering a satisfactory performance in the various sectors be it Paints, Textiles, Packaging or even Furniture industry, the opportunity for growth for emulsions is enormous. Exports continue to increase and more and more countries find acceptance of our products especially in Paints and Adhesives. The export front is expected to show a good growth in the current year considering the feedback and interest being generated amongst the prospective buyers. The concerns of a poor monsoon as per prediction and also the slow pace of growth in the Construction Industry due to the after effects of the earlier uncertain political scenario, are the areas which need to be addressed by the new government and would be keenly watched by the industry as to how well and quickly these issues are resolved. The Company with its inherent strength is fully confident to meet the challenges that would come up in its journey towards progress.

- **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 250 employees including factory workers as on 31.03.2014.

- **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	One (from 29.08.2013)	One
7)	Mr. A. P. Singh*	Non - Executive, Independent	Nil	One (up to 28.08.2013)	Nil

*Due to demise on 28 August, 2013, Mr.A. P. Singh ceased to be the Director of the Company.

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, five 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	Five	Attended	Annual General Meeting: <ul style="list-style-type: none"> • 28th September,2013 Board Meetings held on: <ul style="list-style-type: none"> • 30th May,2013 • 14th August,2013 • 28th September,2013 • 13th November,2013 • 14th February,2014
2.	Mr. U. J. Sanghavi	Five	Attended	
3.	Mr. T. J. Sanghavi	Five	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*	Two	*	

*Due to demise on 28 August, 2013, Mr. A. P. Singh ceased to be the Director of the Company.

Audit Committee

The terms of reference, role and scope of the Audit Committee are in line with those prescribed by Clause 49. The Company also complies with the provisions of Section 177 of the Companies Act, 2013 pertaining to Audit Committee and its functioning.

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 th May, 2013 14 th August, 2013 13 th November, 2013 14 th February, 2014
2.	Mr. S. R. Sanghavi (Member)	Non Executive / Independent	Four	One	
3.	Mr. H. S. Kamath (Member)	Non Executive / Independent	Four	Four	

Stakeholders Relationship Committee

In terms of Section 178(5) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has rechristened the Shareholders / Investors' Grievance Committee as Stakeholders Relationship Committee (SRC).

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

Nomination and Remuneration Committee

In terms of Section 178(1) of the the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has rechristened the Remuneration Committee as Nomination and Remuneration Committee (NRC). The terms of reference of the committee are in line with those prescribed by clause 49 of Listing Agreement with the Bombay Stock Exchange Ltd and with the provisions of Section 178(1) of the Companies Act, 2013 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 upto 28.08.2013)	Non Executive / Independent	One	One	30 th May, 2013
2.	Mr. S. R. Sanghavi (Member)	Non Executive / Independent	One	One	
3.	Mr. M. M. Vora (Member)	Non Executive / Independent	One	One	
4.	Mr. H. S. Kamath (Chairman from 29.08.2013)	Non Executive / Independent	Nil	Nil	

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 2013 -14 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
Mr. M. M. Vora	Non – Executive/ Independent	N.A	---	----	30,000	30,000	N.A.
Mr. H. S. Kamath	Non – Executive/ Independent	N.A	---	----	30,000	30,000	N.A.
Mr. A. P. Singh	Non – Executive/ Independent	N.A	---	----	15,000	15,000	N.A.
Mr.S.R.Sanghavi	Non – Executive/ Independent	N.A	---	----	Nil	Nil	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	40318	1.04
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 2nd July 2011 and 29th September 2012 and 28th September, 2013 respectively. Special Resolution for holding office or place of profit pursuant to Section 314 of the Companies Act, 1956 was passed on the meeting held on 29th September 2012.

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 31st March, 2014.

- 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, 2014.

For Nikhil Adhesives Limited

(Umesh. J. Sanghavi)
Managing Director
Date: 30th May, 2014

CEO / CFO CERTIFICATION

The Board of Directors,
Nikhil Adhesives Limited,
Mumbai.

Re: Financial Statements for the year 2013 - 2014 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, 2014 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, 2014 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, 2014

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).

General Shareholder Information

- i) Annual General Meeting Date, Time and Venue : 27th September, 2014, 11.00a.m. at Shreeji Industrial Estate Vadkun, College Road, Dahanu, Dist. Thane – 401 602.
- ii) Date of Book closure : 23rd September, 2014 to 27th September, 2014 (both days inclusive)
- iii) Date of Payment of Dividend : -
- iv) Financial Calendar (Tentative) :
- Unaudited financial results for the quarter ending 30th June, 2014 : 2nd Week of August, 2014
 - Unaudited financial results for the quarter ending 30th September, 2014 : 2nd Week of November, 2014
 - Unaudited financial results for the quarter ending 31st December, 2014 : 2nd Week of February, 2015
 - Audited financial results for the year ending 31st March, 2015 : 4th Week of May, 2015
 - Annual General Meeting for the year ending 31st March, 2015 : September 2015
- 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

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

Month	BSE (₹.)		SENSEX (₹.)	
	High	Low	High	Low
April 2013	29.00	27.10	19,622	18,144
May 2013	27.05	24.80	20,443	19,451
June 2013	25.00	22.50	19,860	18,467
July 2013	22.75	17.55	20,351	19,126
August 2013	17.70	16.25	19,569	17,448
September 2013	25.25	17.00	20,739	18,166
October 2013	27.55	25.10	21,205	19,264
November 2013	27.55	27.55	21,321	20,137
December 2013	26.50	26.50	21,483	20,568
January 2014	25.20	25.20	21,409	20,343
February 2014	26.45	26.00	21,140	19,963
March 2014	25.15	21.65	22,467	20,920

x) Distribution Schedule of Number of Shares as on 31.03.2014

	No. of Holders	%	No. of Shares	%
UP to 100	727	49.76	59450	1.53
101 to 200	292	19.99	56876	1.46
201 to 500	237	16.22	99200	2.55
501 to 1000	96	6.57	84672	2.17
1001 to 5000	61	4.18	141502	3.63
5001 to 10000	16	1.10	111327	2.86
10001 to 100000	23	1.57	1103383	28.33
100001 and above	9	0.61	2237890	57.47
TOTAL	1461	100	3894300	100

xi) DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2014

Category	Number of Shares.	Percentage of Shareholding.
A. Promoter's holding		
1. Promoters		
- Indian promoters	25,01,010	64.222
- Foreign promoters		
2. Persons acting in concert		
Sub - total	25,01,010	64.222
B. Non-Promoters holding		
3. Institutional investors		
a. Mutual funds and UTI	900	0.023
b. Banks, Financial Institutions, Insurance Companies (Central/ State Government Institutions/ Non-Government Institutions)		
c. FII(s)		
Sub - total	900	0.023
4. Others		
a. Bodies Corporate	4,70,648	12.086
b. Indian public	9,21,317	23.658
c. NRI's / OCBs	425	0.011
d. Clearing Members	-	-
Sub Total	13,92,390	35.755
Grand Total	38,94,300	100.00

- xii) Registrars & Transfer Agents : M/s. Sharex Dynamic (India) Pvt. Ltd.
Regd. Office :
17/B, Dena Bank Building, 2nd 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 31.03.2014 is 3718470 i.e. 95.48% 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) Shreeji Industrial Estate,
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. Bharuch, Gujarat – 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 31ST MARCH, 2014

(Amount in ₹)

Sr. No	Name of Subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Turnover	Profit/ (Loss) before Taxation	Profit/ (Loss) after Taxation	Proposed Dividend
1	Sanghavi Logistics Private Limited	INR	100,000	(19,150)	99,850	19,000	-	(6,000)	(6,000)	-

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 **31st March, 2014** 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, 2014

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 2014 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") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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 but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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 2014;
- 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 of the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- e) on the basis of written representations received from the directors as on 31 March 2014 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 2014 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 : 30th May 2014

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 31st March 2014

- (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 ₹ 11,12,85,000/- and the year-end balance of the aforesaid loan was ₹ 10,70,23,786/-
- (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.
- (iv) 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.
- (v) (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.
- (vi) 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.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of business.

- (viii) 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.
- (ix) (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.
- (x) 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.
- (xi) 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.
- (xii) 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.
- (xiii) 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.
- (xiv) 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.
- (xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has applied the term loans for the purposes for which the loans were obtained.
- (xvii) 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.
- (xviii) 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.
- (xix) The Company has not issued any debentures. As such, the question of creation of security in respect thereof does not arise.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) 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: 30th May 2014

Balance Sheet as at 31 March 2014

Particulars	Note No.	As at 31 March 2014 ₹	As at 31 March 2013 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2	39,049,603	39,049,603
(b) Reserves and Surplus	3	100,460,138	97,811,509
		139,509,741	136,861,112
Non-Current Liabilities			
(a) Long-Term Borrowings	4	166,391,740	90,856,708
(b) Deferred Tax Liabilities (Net)	5	18,884,406	17,825,105
(c) Other Long-Term Liabilities	6	-	427,023
(d) Long-Term Provisions	7	1,763,107	1,835,083
		187,039,253	110,943,919
Current Liabilities			
(a) Short-Term Borrowings	8	227,739,250	198,856,727
(b) Trade Payables	9	527,270,588	385,609,620
(c) Other Current Liabilities	10	81,138,114	67,262,056
(d) Short-Term Provisions	11	1,143,144	4,472,095
		837,291,096	656,200,498
Total		1,163,840,090	904,005,529
ASSETS			
Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		251,629,104	222,632,333
(ii) Capital Work-in-Progress		6,931,174	26,790,138
		258,560,278	249,422,471
(b) Non-Current Investments	13	136,000	136,000
(c) Long-Term Loans and Advances	14	12,956,587	11,678,609
(d) Other Non-Current Assets	15	14,033,788	-
		285,686,653	261,237,080
Current Assets			
(a) Inventories	16	250,539,847	183,540,898
(b) Trade Receivables	17	480,291,395	317,655,344
(c) Cash and Bank Balances	18	37,775,841	57,834,722
(d) Short-Term Loans and Advances	19	108,142,490	81,255,225
(e) Other Current Assets	20	1,403,864	2,482,260
		878,153,437	642,768,449
Total		1,163,840,090	904,005,529
Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements.			
As per our attached report of even date		For and on behalf of the Board of Directors	
For PHD & Associates			
Chartered Accountants			
Firm Registration No. 111236W			
	U. J. Sanghavi	T. J. Sanghavi	
	(Managing Director)	(Executive Director)	
D V Vakharia	R. J. Sanghavi	M. M. Vora	
(Partner)	(Chairman)	(Director)	
Membership No. 46115			
Place : Mumbai			
Date : 30th May, 2014			

Statement of Profit and Loss for the Year Ended 31 March, 2014

Particulars	Note No.	For the Year Ended 31 March 2014 ₹	For the Year Ended 31 March 2013 ₹
Revenue from Operations	21	2,595,097,867	2,013,311,932
Less: Excise Duty	21	253,398,367	185,625,560
		2,341,699,500	1,827,686,372
Other Income	22	1,804,693	196,436
Total Revenue		2,343,504,193	1,827,882,808
Expenses :			
(a) Cost of Materials Consumed	23	1,393,588,808	1,027,750,583
(b) Purchases of Stock-in-Trade	24	627,794,068	588,676,056
(c) Changes in Inventories of Finished goods and Stock-in-Trade	25	13,979,219	(23,173,417)
(d) Employee Benefit Expenses	26	48,549,537	43,745,274
(e) Finance Costs	27	54,691,445	37,907,291
(f) Depreciation and Amortization Expense	12	24,175,969	17,481,290
(g) Other Expenses	28	131,107,418	103,722,614
Total Expenses		2,293,886,464	1,796,109,691
Profit Before Exceptional Items and Tax		49,617,729	31,773,117
Exceptional Items	30	45,909,798	17,005,955
Profit Before Tax		3,707,931	14,767,162
Tax Expense:			
(a) Current Tax (Refer Note 39)		-	-
(b) Deferred Tax		1,059,302	9,110,852
		1,059,302	9,110,852
Profit for the Year		2,648,629	5,656,310
Earnings per equity share of Nominal Value of ₹ 10/- each			
(a) Basic	38	0.68	1.45
(b) Diluted	38	0.68	1.45
Significant Accounting Policies	1		
The accompanying notes are an intergral part of the financial statements			
As per our attached report of even date		For and on behalf of the Board of Directors	
For PHD & Associates			
Chartered Accountants			
Firm Registration No. 111236W			
		U. J. Sanghavi	T. J. Sanghavi
		(Managing Director)	(Executive Director)
D V Vakharia		R. J. Sanghavi	M. M. Vora
(Partner)		(Chairman)	(Director)
Membership No. 46115			
Place : Mumbai			
Date : 30th May, 2014			

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 31 March 2014	As at 31 March 2013
	₹	₹
Authorised		
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
Issued		
3,894,300 (3,894,300) Equity shares of ₹ 10/- each	38,943,000	38,943,000
Subscribed and fully paid up		
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
Total	39,049,603	39,049,603

(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 2014		As at 31 March 2013	
	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 2014		As at 31 March 2013	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of ₹ 10/- each fully paid :				
Ashok J. Sanghavi	455,180	11.69	455,180	11.69
Vasantben J. Sanghavi	246,960	6.34	246,960	6.34
V. J. Sanghavi Family Trust (Held by the trustees of the trust)	253,300	6.50	253,300	6.50
Mrunalini R. Sanghavi	237,080	6.08	236,780	6.08
Anita U. Sanghavi	239,740	6.16	-	-
Rekha T. Sanghavi	271,440	6.97	271,440	6.97
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 2014		As at 31 March 2013	
	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 31 March 2014 ₹	As at 31 March 2013 ₹
Capital Reserve		
Opening Balance	400,000	400,000
Closing Balance	400,000	400,000
Securities Premium Account		
Opening Balance	12,800,000	12,800,000
Closing Balance	12,800,000	12,800,000
General Reserve		
Opening Balance	64,287,415	64,287,415
Closing Balance	64,287,415	64,287,415
Surplus balance In Statement of Profit and Loss		
Opening balance	20,324,094	18,312,693
Add: Profit for the year	2,648,629	5,656,310
Less: <u>Appropriations</u>		
Proposed dividend (Refer Note 32)	-	3,115,440
Dividend tax	-	529,469
Closing Balance	22,972,723	20,324,094
Total	100,460,138	97,811,509

NOTE 4 LONG-TERM BORROWINGS

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Secured (Refer (a), (c) and (d) below):		
Term loans		
From banks	54,756,120	76,222,817
Vehicle Finance		
From banks	602,199	202,517
	55,358,319	76,425,334
Unsecured (Refer (b), (c) and (d) below):		
Deferred payment liabilities		
Sales Tax Deferral	4,009,635	3,565,331
Deposits		
From Public	-	10,866,043
Others		
Loan from a Related Party	107,023,786	-
	111,033,421	14,431,374
Total	166,391,740	90,856,708

Notes forming part of the Financial Statements

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

Particulars	Security and terms of repayment as at 31 March 2014	As at 31 March 2014 ₹	As at 31 March 2013 ₹
<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. (b) Principle amount to be repayable in 12 monthly installments, last installment being due in March 2015. (c) The range of rate of Interest is 13.95% p.a	-	2,003,200
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 (b) Principle amount to be repayable in 12 quarterly installments, last installment falling due in January 2017 (c) Rate of Interest is LIBOR (including premium) + 350 bppa	54,756,120	74,219,617
Total		54,756,120	76,222,817
<u>Vehicle Finance</u>			
HDFC Bank	(a) Secured against hypothecation of the vehicle financed. (b) Repayable in 10 monthly installments, last installment being due in January 2015. (c) Rate of Interest is 8.83%.	-	202,517
HDFC Bank	(a) Secured against hypothecation of the vehicle financed. (b) Repayable in 57 monthly installments, last installment being due in December 2018. (c) Rate of Interest is 8.83%.	602,199	-
Total		602,199	202,517

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

Particulars	Security and terms of repayment	As at 31 March 2014 ₹	As at 31 March 2013 ₹
<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.	4,009,635	3,565,331
Total		4,009,635	3,565,331
<u>Fixed Deposits from Public</u>	(a) Range of rate of interest is 11% to 12% p.a. (b) Repayment tenure varies from 1-3 years	-	10,866,043
Total		-	10,866,043

(c) Secured long term borrowings of ₹ 54,756,120/- (Previous year ₹ 76,222,817/-) 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 ₹ 4,92,98,288/- (Previous Year ₹ 3,39,57,016/-) is disclosed under 'Other Current Liabilities' (Refer Note 10)

NOTE 5 DEFERRED TAX LIABILITIES

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Tax effect of items constituting deferred tax liability :		
On difference between book balance and tax balance of Fixed Assets	18,019,655	16,769,491
Deferred Sales Tax liability accounted in Books of Accounts on discounted present value basis which is considered for taxation purpose for tax value	1,807,684	1,919,387
	19,827,339	18,688,878
Tax effect of items constituting deferred tax assets :		
Expenses incurred during the year allowable as deduction in income tax in subsequent years	(942,933)	(863,773)
	(942,933)	(863,773)
Total	18,884,406	17,825,105

NOTE 6 OTHER LONG TERM LIABILITIES

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Interest accrued but not due on Public Deposits	-	427,023
Total	-	427,023

NOTE 7 LONG- TERM PROVISIONS

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Provision for employee benefits (Refer Note 41)		
Gratuity (Non funded)	1,763,107	1,835,083
Total	1,763,107	1,835,083

NOTE 8 SHORT-TERM BORROWINGS

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Secured (Refer (a) and (b) below) :		
Loans repayable on demand		
Cash Credit from Banks	227,739,250	158,956,727
	227,739,250	158,956,727
Unsecured		
Loans repayable on demand		
From other parties	-	39,900,000
	-	39,900,000
Total	227,739,250	198,856,727

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

Particulars	Nature of security	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Loans repayable on demand			
Cash Credit from Banks			
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.	179,433,746	148,355,714
2) Standard Chartered Bank		48,305,504	10,601,013
Total		227,739,250	158,956,727

(b) Secured short term borrowings of 227,739,250/- (Previous year 158,956,727/-) 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.

NOTE 9 TRADE PAYABLES

Particulars	As at	As at
	31 March 2014	31 March 2013
	₹	₹
Trade Payables (Refer Note 44)	527,270,589	385,609,620
Total	527,270,589	385,609,620

NOTE 10 OTHER CURRENT LIABILITIES

Particulars	As at	As at
	31 March 2014	31 March 2013
	₹	₹
Current maturities of Long term debt (Refer Note 4)	49,298,288	33,957,016
Interest accrued but not due on Public Deposits	1,169,937	892,357
Unclaimed dividend	703,511	730,009
Liabilities for expenses	20,498,959	22,064,768
Advances from customers	1,500,559	2,455,167
Security deposits	1,849,163	1,693,708
Statutory dues	2,959,283	1,930,492
Other payables	3,158,414	3,538,539
Total	81,138,114	67,262,056

There are no amounts due and outstanding to be paid to the "Investor Education and Protection Fund" as at 31 March 2014.

NOTE 11 SHORT TERM PROVISIONS

Particulars	As at	As at
	31 March 2014	31 March 2013
	₹	₹
Provision for employee benefits (Refer Note 41)		
Gratuity (Non funded)	1,143,144	827,186
Proposed dividend (Refer Note 32)	-	3,115,440
Distribution Tax on dividend	-	529,469
Total	1,143,144	4,472,095

Notes forming part of the financial statements

NOTE 12 FIXED ASSETS

Fixed Assets	Gross Block		Accumulated Depreciation/Amortisation		Net Block	
	As at 1 April 2013	As at 31 March 2014	As at 1 April 2013	For the year 31 March 2014	As at 31 March 2014	As at 31 March 2013
Tangible Assets						
Own Assets :						
Land	2,130,744	2,130,744	-	-	2,130,744	2,130,744
Buildings	61,961,562	69,570,212	7,340,353	2,112,727	60,117,132	54,621,209
Plant & Equipment	218,824,887	43,291,569	74,672,054	20,521,138	166,923,264	144,152,833
Furniture and Fixtures	4,616,953	1,011,828	5,628,781	275,979	3,779,812	3,043,963
Vehicles	4,563,170	862,167	2,182,850	408,953	2,833,534	2,380,320
Computers	5,937,713	398,526	4,945,407	748,784	642,048	992,306
Assets under Lease :						
Land	15,636,119	15,636,119	325,161	108,388	15,202,570	15,310,958
Total	313,671,148	53,172,740	91,038,815	24,175,969	251,629,104	222,632,333
Previous Year	159,860,300	153,810,848	73,557,525	17,481,290	222,632,333	86,302,775
Intangible Assets						
Own Assets :						
Goodwill	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	-
MDC 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	-
Total	9,323,500	9,323,500	9,323,500	-	9,323,500	-
Previous Year	9,323,500	9,323,500	9,323,500	-	9,323,500	-
Capital Work In Progress						
Total	26,790,138	6,931,174	-	-	6,931,174	26,790,138
Previous Year	110,094,556	26,790,138	-	-	26,790,138	110,094,556

Notes forming part of the Financial Statements

NOTE 13 NON-CURRENT INVESTMENTS

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
(At cost less provision for other than temporary diminution, if any):		
Trade (unquoted)		
Investment in equity shares, fully paid up :		
Investment in Subsidiaries : 10,000 (10,000) Equity Shares of Sanghavi Logistics Private Limited of ₹10/- each	100,000	100,000
Trade (quoted)		
Investment in equity shares, fully paid up :		
800 (800) Equity Shares of Bank of India of ₹ 10/- each	36,000	36,000
Total	136,000	136,000
Aggregate amount of quoted investments	36,000	36,000
Aggregate market value of quoted investments	183,120	242,000
Aggregate amount of unquoted investments	100,000	100,000

NOTE 14 LONG TERM LOANS AND ADVANCES

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Unsecured, considered good :		
Capital Advances	845,790	1,094,416
Security Deposits	6,279,771	6,605,591
Advance Income tax (Net of Provisions)	5,124,084	1,743,457
Other loans and advances	706,942	2,235,145
Total	12,956,587	11,678,609

NOTE 15 OTHER NON CURRENT ASSETS

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Balances with banks :		
Term deposits with more than twelve months maturity	13,918,289	-
Interest accrued on Term deposits with banks	115,499	-
Total	14,033,788	-

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 31 March 2014 ₹	As at 31 March 2013 ₹
(At lower of cost and Net realisable value)		
Raw Materials and components	184,361,686	103,767,960
Packing Materials	7,651,191	7,054,879
Finished goods	56,815,878	42,302,596
Trading Goods	683,914	29,211,832
Unused Promotional Material	300,000	300,000
Fuels	727,178	903,631
Total	250,539,847	183,540,898

NOTE 17 TRADE RECEIVABLES

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Unsecured, considered good :		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	5,560,389	5,189,462
Other Trade receivables	474,731,006	312,465,882
Total	480,291,395	317,655,344

Notes forming part of the Financial Statements

NOTE 18 CASH AND BANK BALANCES

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Cash and cash equivalents		
Balances with banks in current accounts	1,943,181	5,648,417
Term deposits with less than three months maturity	80,945	87,103
Cash on hand	592,503	665,185
Total	2,616,629	6,400,705
Other bank balances		
Term deposits with more than three months maturity but due within one year from the reporting date	33,636,317	47,626,108
In Earmarked accounts :		
unpaid dividend account	711,959	730,009
balances held as margin money	110,936	2,377,900
on account of public deposits	700,000	700,000
Total	35,159,212	51,434,017
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 31 March 2014 ₹	As at 31 March 2013 ₹
Unsecured, considered good :		
Advance to Suppliers	11,076,344	7,494,452
Central Excise Balance	80,470,130	61,770,283
Prepaid Expenses	7,101,645	4,881,198
Advances recoverable in cash or in kind	9,494,371	7,109,292
Total	108,142,490	81,255,225

NOTE 20 OTHER CURRENT ASSETS

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Interest accrued on Term deposits with banks	1,403,864	2,482,260
Total	1,403,864	2,482,260

Notes forming part of the Financial Statements

NOTE 21 REVENUE FROM OPERATIONS

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Sale of products :		
(a) <u>Manufactured goods</u>		
Adhesives and Emulsions	1,899,755,476	1,388,199,691
(b) <u>Traded goods</u>		
Chemicals	682,810,954	610,538,067
	2,582,566,430	1,998,737,758
Other operating revenues :		
(a) Labour Charges Income	12,531,437	14,507,420
(b) Miscellaneous income	-	66,754
	12,531,437	14,574,174
Revenue from operations (Gross)	2,595,097,867	2,013,311,932
Less : Excise duty	253,398,367	185,625,560
Revenue from operations (Net)	2,341,699,500	1,827,686,372

NOTE 22 OTHER INCOME

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Dividend income :		
from non-current investments	4,000	5,600
Other non-operating income :		
(a) Sundry balances written back	1,025,200	-
(b) Sundry income	775,493	190,836
Total	1,804,693	196,436

Notes forming part of the financial statements

NOTE 23 COST OF MATERIALS CONSUMED

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Raw Materials consumed (Refer details given below)		
Opening stock	103,767,960	97,703,927
Add : Purchases	1,372,700,561	967,209,378
	1,476,468,521	1,064,913,305
Less : Closing stock	184,361,686	103,767,960
	1,292,106,835	961,145,345
Packing Materials consumed		
Opening stock	7,054,879	5,018,165
Add : Purchases	102,078,285	68,641,952
	109,133,164	73,660,117
Less : Closing stock	7,651,191	7,054,879
	101,481,973	66,605,238
Total	1,393,588,808	1,027,750,583

Details of Raw Materials consumed :

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Vinyl Acetate Monomer	310,185,725	208,389,467
Butyl Acetate Monomer	577,651,172	339,432,562
Other chemicals	404,269,938	413,323,316
Total	1,292,106,835	961,145,345

NOTE 24 PURCHASE OF TRADED GOODS

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Traded Goods		
Butyl Acetate Monomer	43,266,397	-
Vinyl Acetate Monomer	-	95,581,448
Styrene Monomer	71,777,990	65,625,510
Other chemicals	512,749,681	427,469,098
Total	627,794,068	588,676,056

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

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Opening Stock		
(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
	71,514,428	48,322,991
Less : Closing Stock		
(a) <u>Finished goods</u>		
Adhesives & Emulsions	56,815,878	42,199,652
(b) <u>Stock-in-trade</u>		
Chemicals	683,914	29,314,776
	57,499,792	71,514,428
Changes in Inventories	14,014,636	(23,191,437)
Increase/(Decrease) in Excise duty on Finished goods	(35,417)	18,020
Total	13,979,219	(23,173,417)

Notes forming part of the financial statements

NOTE 26 EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Salaries and wages	44,651,586	39,898,810
Contributions to Provident and other funds	2,686,694	2,803,051
Staff welfare expenses	1,211,257	1,043,413
Total	48,549,537	43,745,274

NOTE 27 FINANCE COSTS

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Interest expense	33,534,766	25,702,209
Other borrowing costs	25,905,081	15,940,689
	59,439,847	41,642,898
Less :		
Interest received (Gross)	4,748,402	3,735,607
Total	54,691,445	37,907,291

Notes forming part of the Financial Statements

NOTE 28 OTHER EXPENSES

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
	₹	₹
Stores and spares consumed	3,498,452	2,912,179
Power and fuel	25,394,866	18,798,396
Labour charges	2,223,343	1,999,322
Rent	4,396,380	4,166,079
Repairs and Maintenance :		
Plant & Machinery	1,240,186	1,360,933
Building	70,520	124,685
Others	374,875	524,247
Printing and Stationery	642,211	585,630
Insurance	1,420,209	1,126,489
Storage charges expenses (Net)	9,445,133	4,263,919
Telephone expenses	2,425,493	2,497,207
Travelling and Conveyance expenses	7,755,049	6,967,907
Service charges	80,545	116,800
Legal and Professional charges (Refer Note 29 below)	2,897,185	3,177,158
Sales promotion expenses	2,677,486	2,669,440
Transportation and Octroi charges	39,031,870	30,257,223
Brokerage and Commission	3,288,641	2,262,441
Bad debts	38,679	141,056
Discounts/Rebates (Net)	18,882,338	15,808,593
Directors sitting fees	75,000	82,500
Miscellaneous expenses	5,248,957	3,880,410
Total	131,107,418	103,722,614

NOTE 29 REMUNERATION TO AUDITORS

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
	₹	₹
Legal and Professional charges includes payments to the auditors towards :		
Audit fees*	325,000	300,000
Tax Matters*	-	30,000
Other services*	97,000	72,500
Total	422,000	402,500

* Excluding Service Tax

NOTE 30 EXCEPTIONAL ITEMS

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
	₹	₹
Net Foreign Exchange fluctuation loss (Refer Note 33)	45,909,798	17,005,955
Total	45,909,798	17,005,955

Notes forming part of the financial statements

NOTE 31 : CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Contingent Liabilities :		
Claims against the Company not acknowledged as debts	NIL	NIL
Guarantees given by the Company's Banker on behalf of the Company	24,183,857	34,994,857

NOTE 32 : Dividend proposed to be distributed to equity shareholders is Nil per share (Previous Year 0.80 per share).

NOTE 33 : Loss on account of Foreign Exchange Fluctuation (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 : In terms of clause 46A of AS 11 "The Effects of Changes in the Foreign Exchange Rates" as inserted by Notification No. G.S.R. 914(E) dated 29th December, 2011 issued by the Ministry of Corporate Affairs, Government of India, the company has opted to capitalise the foreign exchange differences arising on long term monetary item, in so far as it relates to acquisition of depreciable capital assets, against the cost of such assets and depreciate the said adjustment over the balance life of the asset. Accordingly, the foreign exchange differences of 110,95,903/-, for the year has been added to the cost of the fixed assets relating to the expansion project at Dahej (Gujarat). (Previous year 72,58,260/-)

NOTE 35 CIF VALUE OF IMPORTS

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Materials (for Manufacturing & Trading)	985,212,804	597,863,672

NOTE 36 VALUE OF CONSUMPTION OF IMPORTED AND INDIGENOUS ITEMS

Particulars	For the year ended 31 March 2014		For the year ended 31 March 2013	
	₹	%	₹	%
Raw Materials :				
Imported	1,091,625,846	84	739,943,663	77
Indigenous	200,480,989	16	221,201,683	23
Total	1,292,106,835	100	961,145,346	100
Spare parts and components :				
Indigenous	3,498,452	100	2,912,179	100

NOTE 37 EARNINGS IN FOREIGN CURRENCY

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
FOB value of exports	16,238,365	6,550,875
Total	16,238,365	6,550,875

NOTE 38 EARNINGS PER SHARE

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Nominal Value of Equity shares	10	10
Net profit after tax available to the Equity shareholders	2,648,629	5,656,310
Weighted average number of Equity shares	3,894,300	3,894,300
Basic and Diluted Earnings per share	0.68	1.45

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 2013-14. 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 4,396,380/- (Previous year 4,166,079/-) 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 23,37,020/- (Previous year 22,51,219/-).

(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)

(Amount in ₹)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Components of employer expense		
Current Service cost	299,475	275,024
Interest cost	219,637	190,075
Expected return on plan assets	-	-
Curtailement cost/(credit)	-	-
Settlement cost/(credit)	-	-
Past Service Cost	-	-
Actuarial Losses/(Gains)	(275,130)	24,887
Total expense recognised in the Statement of Profit & Loss	243,982	489,986

Balance Sheet

Details of provision for gratuity

(Amount in ₹)

Net asset/(liability) recognised in balance sheet	As at 31 March 2014	As at 31 March 2013
Present value of Defined Benefit Obligation	2,906,251	2,662,269
Fair value of plan assets	-	-
Funded status [Surplus/(Deficit)]	(2,906,251)	(2,662,269)
Unrecognised Past Service Costs	-	-
Net asset/(liability) recognised in balance sheet	(2,906,251)	(2,662,269)

Change in Defined Benefit Obligations (DBO) during the year ended	For the year ended 31 March 2014	For the year ended 31 March 2013
Present Value of DBO at beginning of period	2,662,269	2,172,283
Current Service cost	219,637	275,024
Interest cost	299,475	190,075
Curtailement cost/(credit)	-	-
Settlement cost/(credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains)/ losses	(275,130)	24,887
Past Service Cost	-	-
Benefits paid	-	-
Present Value of DBO at the end of period	2,906,251	2,662,269

Principal actuarial assumptions as at the balance sheet date :

Particulars	As at 31 March 2014	As at 31 March 2013
Discount Rate	9.31%	8.25%
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, 2014

(Amount in ₹)

Particulars	Manufacturing of Adhesives & Emulsions	Trading in Chemicals	Total Rupees
Revenue			
Sales/Income From Operations	1,658,888,546	682,810,954	2,341,699,500
Inter-Segment Sales	-	-	-
Total Revenue	1,658,888,546	682,810,954	2,341,699,500
Result			
Segment Result	65,529,664	7,604,636	73,134,300
Unallocated Corporate Expenses(Net)			14,734,924
Operating Profit			58,399,376
Interest Expense(Net)			54,691,445
Income Taxes(including deferred tax)			1,059,302
Profit From Ordinary Activities			2,648,629
Extraordinary Items			-
Net Profit			2,648,629
Other Informations			
Segment Assets	992,457,274	171,246,815	1,163,704,090
Unallocated Corporate Assets			136,000
Total Assets			1,163,840,090
Segment Liabilities	506,528,799	58,383,690	564,912,489
Unallocated Corporate Liabilities			459,417,861
Total Liabilities			1,024,330,349
Add: Share Capital And Reserves			139,509,741
Total Capital & Liabilities			1,163,840,090
Capital Expenditure	52,464,116	708,624	
Work in Progress	6,931,174	-	
Depreciation	23,582,272	593,697	
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, 2013

(Amount in ₹)

Particulars	Manufacturing of Adhesives & Emulsions	Trading in Chemicals	Total Rupees
Revenue			
Sales/Income From Operations	1,217,148,305	610,538,067	1,827,686,372
Inter-Segment Sales	-	-	-
Total Revenue	1,217,148,305	610,538,067	1,827,686,372
Result			
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			-
Net Profit			5,656,310
Other Informations			
Segment Assets	748,758,242	155,111,287	903,869,529
Unallocated Corporate Assets			136,000
Total Assets			904,005,529
Segment Liabilities	393,942,473	70,979,029	464,921,502
Unallocated Corporate Liabilities			302,222,915
Total Liabilities			767,144,417
Add: Share Capital And Reserves			136,861,112
Total Capital & Liabilities			904,005,529
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.

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
Vasant Polymers & Chemicals Pvt. Ltd.	A Company Significantly Influenced by relatives of KMP.

(b) Details of Related Party transactions during the year ended 31st March 2014

(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
	(3,332,448)	(2,407,200)	(-)	(5,739,648)
Loans Received	-	-	128,775,000	128,775,000
	(-)	(-)	(49,400,000)	(49,400,000)
Loans Repaid	-	-	21,751,214	21,751,214
	(-)	(-)	(57,043,954)	(57,043,954)
Rent Paid	-	-	240,000	240,000
	(-)	(-)	(240,000)	(240,000)
Sales	-	-	36,169,321	36,169,321
	(-)	(-)	(-)	(-)
Purchases	-	-	30,267,194	30,267,194
	(-)	(-)	(17,856,162)	(17,856,162)
Outstanding Credit/(Debit) Balance	-	-	78,027,832	78,027,832

Figures in brackets relates to the previous year

Notes forming part of the financial statements

NOTE 44 : Unhedged Foreign Currency Exposure.

Particulars	As at 31st March 2014		As at 31st March 2013	
	Foreign Currency	(₹ in lakhs)	Foreign Currency	(₹ in lakhs)
Payable against Secured Loans (External Commercial Borrowing) :				
US Dollars	1,369,058	82,143,480	1,766,000	95,434,640
Payable against Import of goods				
US Dollars	5,817,295	362,998,648	3,136,594	169,044,495

NOTE 45 : 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 46 : 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 47 : 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 : 30th May 2014

Cash Flow Statement for the year ended 31 March 2014

Particulars	For the year ended 31 March 2014		For the year ended 31 March 2013	
	₹	₹	₹	₹
A. Cash Flow from Operating Activities				
Net Profit before tax		3,207,993		14,17,67,162
Adjustment for :				
Depreciation and Amortisation	24,175,969		17,48,12,900	
Dividend Income	(4,000)		(5,600)	
Provision for gratuity	243,982		48,99,866	
Sales Tax Deferral	400,408		40,02,000	
Net Unrealised Foreign Exchange fluctuation (Gain)/Loss	(10,590,583)		45,70,455	
Operating profit before working capital changes		6,86,97,221		56,57,02,172
Adjustments for :				
Short term Loans and advances	(160,369,087)		23,99,14,011	
Inventories	(66,998,949)		(32,22,42,881)	
Long term Loans and advances	1,854,023		(1,96,00,000)	
Short term Loans and advances	(26,887,265)		(16,83,18,777)	
Trade payables	152,251,552		47,40,52,561	
Other Current liabilities	10,402,430		(8,93,57,221)	
Cash generated from operations		(8,97,47,286)		11,08,42,311
Direct Taxes paid (Net of refunds)		(1,12,27,144)		8,28,81,606
Net cash flow from operating activities (A)		(3,38,88,627)		(4,42,11,835)
B. Cash Flow from Investing Activities				
Purchase of Fixed assets including Capital Work-in-Progress and Capital Advances	(34,141,913)		(6,94,16,623)	
Term deposits with banks with original maturity of more than three months - placed	(48,254,606)		(30,62,93,211)	
Term deposits with banks with original maturity of more than 3 months - matured	48,326,108		9,57,20,677	
Dividend Income	4,000		5,600	
Net cash flow used in investing activities (B)		(38,066,411)		(9,04,66,077)
C. Cash Flow from Financing Activities				
Proceeds / (Repayment) of long term borrowings (Net)	79,380,937		(4,18,64,771)	
Proceeds of short term borrowings (Net)	28,882,521		52,77,64,422	
Finance costs	(53,877,991)		(37,79,72,630)	
Dividend paid (including distribution tax)	(3,600,361)		(3,60,69,221)	
Net cash flow from financing activities (C)		50,788,106		10,99,38,422
Net decrease in cash and cash equivalents (A+B+C)		(3,784,076)		(1,351,768)
Cash and cash equivalents at the beginning of the year		6,40,07,065		7,75,24,666
Cash and cash equivalents at the end of the year		2,616,629		6,40,07,065

Notes:

1 Cash and Cash Equivalents are as under:

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Cash in hand	59,28,093	66,53,895
Balances with banks in current accounts	1,94,33,811	5,64,84,177
Term deposits with less than three months maturity	80,94,955	87,10,933
	2,616,629	6,40,07,065

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
Membership No. 46115
Place : Mumbai
Date : 30th May, 2014
Date : 30th May, 2014

For and on behalf of the Board of Directors

U. J. Sanghavi
(Managing Director)
(Managing Director)

R. J. Sanghavi
(Chairman)
(Chairman)

T. J. Sanghavi
(Executive Director)
(Executive Director)

M. M. Vora
(Director)
(Director)

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 2014, 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 but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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 2014;
- 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 2014

Consolidated Balance Sheet as at 31 March 2014

Particulars	Note No.	As at 31 March 2014 ₹	As at 31 March 2013 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2	39,049,603	39,049,603
(b) Reserves and Surplus	3	100,440,988	97,798,359
		139,490,591	136,847,962
Non-Current Liabilities			
(a) Long-Term Borrowings	4	166,391,740	90,856,708
(b) Deferred Tax Liabilities (Net)	5	18,884,406	17,825,105
(c) Other Long-Term Liabilities	6	-	427,023
(d) Long-Term Provisions	7	1,763,107	1,835,083
		187,039,253	110,943,919
Current Liabilities			
(a) Short-Term Borrowings	8	227,739,250	198,856,727
(b) Trade Payables	9	527,270,588	385,609,620
(c) Other Current Liabilities	10	81,157,114	67,275,056
(d) Short-Term Provisions	11	1,143,144	4,472,095
		837,310,096	656,213,498
Total		1,163,839,940	904,005,379
ASSETS			
Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		251,629,104	222,632,333
(ii) Capital Work-in-Progress		6,931,174	26,790,138
		258,560,278	249,422,471
(b) Non-Current Investments	13	36,000	36,000
(c) Long-Term Loans and Advances	14	12,956,587	11,678,609
(d) Other Non-Current Assets	15	14,033,788	-
		285,586,653	261,137,080
Current Assets			
(a) Inventories	16	250,539,847	183,540,898
(b) Trade Receivables	17	480,291,395	317,655,344
(c) Cash and Bank Balances	18	37,875,691	57,934,572
(d) Short-Term Loans and Advances	19	108,142,490	81,255,225
(e) Other Current Assets	20	1,403,864	2,482,260
		878,253,287	642,868,299
Total		1,163,839,940	904,005,379
Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements.			
As per our attached report of even date		For and on behalf of the Board of Directors	
For PHD & Associates			
Chartered Accountants			
Firm Registration No. 111236W			
	U. J. Sanghavi	T. J. Sanghavi	
	(Managing Director)	(Executive Director)	
D V Vakharia	R. J. Sanghavi	M. M. Vora	
(Partner)	(Chairman)	(Director)	
Membership No. 46115			
Place : Mumbai			
Date : 30th May, 2014			

Consolidated Statement of Profit and Loss for the year ended 31 March 2014

Particulars	Note No.	For the Year Ended 31 March 2014 ₹	For the Year Ended 31 March 2013 ₹
Revenue from Operations	21	2,595,097,867	2,013,311,932
Less: Excise Duty	21	253,398,367	185,625,560
		2,341,699,500	1,827,686,372
Other Income	22	1,804,693	196,436
Total Revenue		2,343,504,193	1,827,882,808
Expenses :			
(a) Cost of Materials Consumed	23	1,393,588,808	1,027,750,583
(b) Purchases of Stock-in-Trade	24	627,794,068	588,676,056
(c) Changes in Inventories of Finished goods and Stock-in-Trade	25	13,979,219	(23,173,417)
(d) Employee Benefit Expenses	26	48,549,537	43,745,274
(e) Finance Costs	27	54,691,445	37,907,291
(f) Depreciation and Amortization Expense	12	24,175,969	17,481,290
(g) Other Expenses	28	131,113,418	103,722,614
Total Expenses		2,293,892,464	1,796,109,691
Profit Before Exceptional Items and Tax		49,611,729	31,773,117
Exceptional Items	30	45,909,798	17,005,955
Profit Before Tax		3,701,931	14,767,162
Tax Expense:			
(a) Current Tax (Refer Note 39)		-	-
(b) Deferred Tax		1,059,302	9,110,852
		1,059,302	9,110,852
Profit for the Year		2,642,629	5,656,310
Earnings per equity share of Nominal Value of ₹ 10/- each			
(a) Basic	38	0.68	1.45
(b) Diluted	38	0.68	1.45
Significant Accounting Policies	1		
The accompanying notes are an intergral part of the financial statements			

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 : 30th May, 2014

For and on behalf of the Board of Directors

U. J. Sanghavi
(Managing Director)

T. J. Sanghavi
(Executive Director)

R. J. Sanghavi
(Chairman)

M. M. Vora
(Director)

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 2014.
- 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 2014	100%
Period included in consolidation	01/04/2013 to 31/03/2014

(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 31 March 2014	As at 31 March 2013
	₹	₹
Authorised		
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
Issued		
3,894,300 (3,894,300) Equity shares of 10/- each	38,943,000	38,943,000
Subscribed and fully paid up		
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
Total	39,049,603	39,049,603

(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 2014		As at 31 March 2013	
	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 2014		As at 31 March 2013	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of ₹ 10/- each fully paid :				
Ashok J. Sanghavi	455,180	11.69	455,180	11.69
Vasantben J. Sanghavi	246,960	6.34	246,960	6.34
V. J. Sanghavi Family Trust (Held by the trustees of the trust)	253,300	6.50	253,300	6.50
Mrunalini R. Sanghavi	237,080	6.08	236,780	6.08
Anita U. Sanghavi	239,740	6.16	-	-
Rekha T. Sanghavi	271,440	6.97	271,440	6.97
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 2014		As at 31 March 2013	
	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 31 March 2014 ₹	As at 31 March 2013 ₹
Capital Reserve	400,000	400,000
Securities Premium Account	12,800,000	12,800,000
General Reserve	64,287,415	64,287,415
Surplus balance in Statement of Profit and Loss	22,953,573	20,310,944
Total	100,440,988	97,798,359

Notes forming part of the Consolidated Financial Statements

NOTE 4 LONG-TERM BORROWINGS

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Secured (Refer (a), (c) and (d) below):		
Term loans		
From banks	54,756,120	76,222,817
Vehicle Finance		
From banks	602,199	202,517
	55,358,319	76,425,334
Unsecured (Refer (b), (c) and (d) below):		
Deferred payment liabilities		
Sales Tax Deferral	4,009,635	3,565,331
Deposits		
From Public	-	10,866,043
Others		
Loan from a Related Party	107,023,786	-
	111,033,421	14,431,374
Total	166,391,740	90,856,708

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

Particulars	Security and terms of repayment as at 31 March 2014	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Term loans from Banks:			
Bank of India			
1) Term Loan III	(a) Secured against hypothecation of the plant & machineries & equitable mortgage of factory blocks at Dahanu and Silvassa. (b) Principle amount to be repayable in 12 monthly installments, last installment being due in March 2015. (c) The range of rate of Interest is 13.95% p.a	-	2,003,200
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 (b) Principle amount to be repayable in 12 quarterly installments, last installment falling due in January 2017 (c) Rate of Interest is LIBOR (including premium) + 350 bppa	54,756,120	74,219,617
Total		54,756,120	76,222,817
Vehicle Finance			
HDFC Bank			
	(a) Secured against hypothecation of the vehicle financed. (b) Repayable in 10 monthly installments, last installment being due in January 2015. (c) Rate of Interest is 8.83%.	-	202,517
HDFC Bank			
	(a) Secured against hypothecation of the vehicle financed. (b) Repayable in 57 monthly installments, last installment being due in December 2018. (c) Rate of Interest is 8.83%.	602,199	-
Total		602,199	202,517

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

Particulars	Security and terms of repayment	As at 31 March 2014 ₹	As at 31 March 2013 ₹
<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.	4,009,635	3,565,331
Total		4,009,635	3,565,331
<u>Fixed Deposits from Public</u>	(a) Range of rate of interest is 11% to 12% p.a. (b) Repayment tenure varies from 1-3 years	-	10,866,043
Total		-	10,866,043

(c) Secured long term borrowings of ₹ 54,756,120/- (Previous year ₹ 76,222,817/-) 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 ₹ 4,92,98,288/- (Previous Year ₹ 3,39,57,016/-) is disclosed under 'Other Current Liabilities' (Refer Note 10)

NOTE 5 DEFERRED TAX LIABILITIES

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Tax effect of items constituting deferred tax liability :		
On difference between book balance and tax balance of Fixed Assets	18,019,655	16,769,491
Deferred Sales Tax liability accounted in Books of Accounts on discounted present value basis which is considered for taxation purpose for tax value	1,807,684	1,919,387
	19,827,339	18,688,878
Tax effect of items constituting deferred tax assets :		
Expenses incurred during the year allowable as deduction in income tax in subsequent years	(942,933)	(863,773)
	(942,933)	(863,773)
Total	18,884,406	17,825,105

NOTE 6 OTHER LONG TERM LIABILITIES

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Interest accrued but not due on Public Deposits	-	427,023
Total	-	427,023

NOTE 7 LONG- TERM PROVISIONS

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Provision for employee benefits (Refer Note 41) Gratuity (Non funded)	1,763,107	1,835,083
Total	1,763,107	1,835,083

Notes forming part of the Consolidated Financial Statements

NOTE 8 SHORT-TERM BORROWINGS

Particulars	As at	As at
	31 March 2014	31 March 2013
	₹	₹
Secured (Refer (a) and (b) below) :		
Loans repayable on demand		
Cash Credit from Banks	227,739,250	158,956,727
	227,739,250	158,956,727
Unsecured		
Loans repayable on demand		
From other parties	-	39,900,000
	-	39,900,000
Total	227,739,250	198,856,727

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

Particulars	Nature of security	As at	As at
		31 March 2014	31 March 2013
		₹	₹
Loans repayable on demand			
<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.	179,433,746	148,355,714
2) Standard Chartered Bank		48,305,504	10,601,013
Total		227,739,250	158,956,727

(b) Secured short term borrowings of 227,739,250/- (Previous year 158,956,727/-) 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.

NOTE 9 TRADE PAYABLES

Particulars	As at	As at
	31 March 2014	31 March 2013
	₹	₹
Trade Payables (Refer Note 44)	527,270,589	385,609,620
Total	527,270,589	385,609,620

NOTE 10 OTHER CURRENT LIABILITIES

Particulars	As at	As at
	31 March 2014	31 March 2013
	₹	₹
Current maturities of Long term debt (Refer Note 4)	49,298,288	33,957,016
Interest accrued but not due on Public Deposits	1,169,937	892,357
Unclaimed dividend	703,511	730,009
Liabilities for expenses	20,517,959	22,077,768
Advances from customers	1,500,559	2,455,167
Security deposits	1,849,163	1,693,708
Statutory dues	2,959,283	1,930,492
Other payables	3,158,414	3,538,539
Total	81,157,114	67,275,056

There are no amounts due and outstanding to be paid to the "Investor Education and Protection Fund" as at 31 March 2014.

NOTE 11 SHORT TERM PROVISIONS

Particulars	As at	As at
	31 March 2014	31 March 2013
	₹	₹
Provision for employee benefits (Refer Note 41)		
Gratuity (Non funded)	1,143,144	827,186
Proposed dividend (Refer Note 32)	-	3,115,440
Distribution Tax on dividend	-	529,469
Total	1,143,144	4,472,095

Notes forming part of the Consolidated Financial Statements

NOTE 12 FIXED ASSETS

Fixed Assets	Gross Block		Accumulated Depreciation/Amortisation		Net Block	
	As at 1 April 2013	As at 31 March 2014	As at 1 April 2013	For the year 31 March 2014	As at 31 March 2014	As at 31 March 2013
Tangible Assets						
Own Assets :						
Land	2,130,744	2,130,744	-	-	2,130,744	2,130,744
Buildings	61,961,562	69,570,212	7,340,353	2,112,727	60,117,132	54,621,209
Plant & Equipment	218,824,887	43,291,569	74,672,054	20,521,138	166,923,264	144,152,833
Furniture and Fixtures	4,616,953	1,011,828	1,572,990	275,979	1,848,969	3,043,963
Vehicles	4,563,170	862,167	2,182,850	408,953	2,833,534	2,380,320
Computers	5,937,713	398,526	4,945,407	748,784	642,048	992,306
Assets under Lease :						
Land	15,636,119	15,636,119	325,161	108,388	15,202,570	15,310,958
Total	313,671,148	53,172,740	91,038,815	24,175,969	115,214,784	222,632,333
Previous Year	159,860,300	153,810,848	73,557,525	17,481,290	222,632,333	86,302,775
Intangible Assets						
Own Assets :						
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	-
MDC 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	-
Total	9,323,500	9,323,500	9,323,500	-	9,323,500	-
Previous Year	9,323,500	9,323,500	9,323,500	-	9,323,500	-
Capital Work In Progress						
Total	26,790,138	6,931,174	-	-	6,931,174	26,790,138
Previous Year	110,094,556	26,790,138	-	-	26,790,138	110,094,556

Notes forming part of the Consolidated Financial Statements

NOTE 13 NON-CURRENT INVESTMENTS

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
(At cost less provision for other than temporary diminution, if any):		
Trade (quoted)		
Investment in equity shares, fully paid up :		
800 (800) Equity Shares of Bank of India of ₹ 10/- each	36,000	36,000
Total	36,000	36,000
Aggregate amount of quoted investments	36,000	36,000
Aggregate market value of quoted investments	183,120	242,000

NOTE 14 LONG TERM LOANS AND ADVANCES

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Unsecured, considered good :		
Capital Advances	845,790	1,094,416
Security Deposits	6,279,771	6,605,591
Advance Income tax (Net of Provisions)	5,124,084	1,743,457
Other loans and advances	706,942	2,235,145
Total	12,956,587	11,678,609

NOTE 15 OTHER NON CURRENT ASSETS

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Balances with banks :		
Term deposits with more than twelve months maturity	13,918,289	-
Interest accrued on Term deposits with banks	115,499	-
Total	14,033,788	-
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 31 March 2014 ₹	As at 31 March 2013 ₹
(At lower of cost and Net realisable value)		
Raw Materials and components	184,361,686	103,767,960
Packing Materials	7,651,191	7,054,879
Finished goods	56,815,878	42,302,596
Trading Goods	683,914	29,211,832
Unused Promotional Material	300,000	300,000
Fuels	727,178	903,631
Total	250,539,847	183,540,898

NOTE 17 TRADE RECEIVABLES

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Unsecured, considered good :		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	5,560,389	5,189,462
Other Trade receivables	474,731,006	312,465,882
Total	480,291,395	317,655,344

Notes forming part of the Consolidated Financial Statements

NOTE 18 CASH AND BANK BALANCES

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Cash and cash equivalents		
Balances with banks in current accounts	1,943,181	5,748,267
Term deposits with less than three months maturity	80,945	87,103
Cash on hand	592,503	665,185
Total	2,616,629	6,500,555
Other bank balances		
Term deposits with more than three months maturity but due within one year from the reporting date	33,636,317	47,626,108
In Earmarked accounts :		
unpaid dividend account	811,809	730,009
balances held as margin money	110,936	2,377,900
on account of public deposits	700,000	700,000
Total	35,259,062	51,434,017
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 31 March 2014 ₹	As at 31 March 2013 ₹
Unsecured, considered good :		
Advance to Suppliers	11,076,344	7,494,452
Central Excise Balance	80,470,130	61,770,283
Prepaid Expenses	7,101,645	4,881,198
Advances recoverable in cash or in kind	9,494,371	7,109,292
Total	108,142,490	81,255,225

NOTE 20 OTHER CURRENT ASSETS

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Interest accrued on Term deposits with banks	1,403,864	2,482,260
Total	1,403,864	2,482,260

Notes forming part of the Consolidated Financial Statements

NOTE 21 REVENUE FROM OPERATIONS

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Sale of products :		
(a) <u>Manufactured goods</u>		
Adhesives and Emulsions	1,899,755,476	1,388,199,691
(b) <u>Traded goods</u>		
Chemicals	682,810,954	610,538,067
	2,582,566,430	1,998,737,758
Other operating revenues :		
(a) Labour Charges Income	12,531,437	14,507,420
(b) Miscellaneous income	-	66,754
	12,531,437	14,574,174
Revenue from operations (Gross)	2,595,097,867	2,013,311,932
Less : Excise duty	253,398,367	185,625,560
Revenue from operations (Net)	2,341,699,500	1,827,686,372

NOTE 22 OTHER INCOME

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Dividend income :		
from non-current investments	4,000	5,600
Other non-operating income :		
(a) Sundry balances written back	1,025,200	-
(b) Sundry income	775,493	190,836
Total	1,804,693	196,436

Notes forming part of the Consolidated Financial Statements

NOTE 23 COST OF MATERIALS CONSUMED

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Raw Materials consumed (Refer details given below)		
Opening stock	103,767,960	97,703,927
Add : Purchases	1,372,700,561	967,209,378
	1,476,468,521	1,064,913,305
Less : Closing stock	184,361,686	103,767,960
	1,292,106,835	961,145,345
Packing Materials consumed		
Opening stock	7,054,879	5,018,165
Add : Purchases	102,078,285	68,641,952
	109,133,164	73,660,117
Less : Closing stock	7,651,191	7,054,879
	101,481,973	66,605,238
Total	1,393,588,808	1,027,750,583

Details of Raw Materials consumed :

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Vinyl Acetate Monomer	310,185,725	208,389,467
Butyl Acetate Monomer	577,651,172	339,432,562
Other chemicals	404,269,938	413,323,316
Total	1,292,106,835	961,145,345

NOTE 24 PURCHASE OF TRADED GOODS

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Traded Goods		
Butyl Acetate Monomer	43,266,397	-
Vinyl Acetate Monomer	-	95,581,448
Styrene Monomer	71,777,990	65,625,510
Other chemicals	512,749,681	427,469,098
Total	627,794,068	588,676,056

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

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Opening Stock		
(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
	71,514,428	48,322,991
Less : Closing Stock		
(a) <u>Finished goods</u>		
Adhesives & Emulsions	56,815,878	42,199,652
(b) <u>Stock-in-trade</u>		
Chemicals	683,914	29,314,776
	57,499,792	71,514,428
Changes in Inventories	14,014,636	(23,191,437)
Increase/(Decrease) in Excise duty on Finished goods	(35,417)	18,020
Total	13,979,219	(23,173,417)

Notes forming part of the Consolidated Financial Statements

NOTE 26 EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Salaries and wages	44,651,586	39,898,810
Contributions to Provident and other funds	2,686,694	2,803,051
Staff welfare expenses	1,211,257	1,043,413
Total	48,549,537	43,745,274

NOTE 27 FINANCE COSTS

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Interest expense	33,534,766	25,702,209
Other borrowing costs	25,905,081	15,940,689
	59,439,847	41,642,898
Less :		
Interest received (Gross)	4,748,402	3,735,607
Total	54,691,445	37,907,291

Notes forming part of the Consolidated Financial Statements

NOTE 28 OTHER EXPENSES

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
	₹	₹
Stores and spares consumed	3,498,452	2,912,179
Power and fuel	25,394,866	18,798,396
Labour charges	2,223,343	1,999,322
Rent	4,396,380	4,166,079
Repairs and Maintenance :		
Plant & Machinery	1,240,186	1,360,933
Building	70,520	124,685
Others	374,875	524,247
Printing and Stationery	642,211	585,630
Insurance	1,420,209	1,126,489
Storage charges expenses (Net)	9,445,133	4,263,919
Telephone expenses	2,425,493	2,497,207
Travelling and Conveyance expenses	7,755,049	6,967,907
Service charges	80,545	116,800
Legal and Professional charges (Refer Note 29 below)	2,903,185	3,177,158
Sales promotion expenses	2,677,486	2,669,440
Transportation and Octroi charges	39,031,870	30,257,223
Brokerage and Commission	3,288,641	2,262,441
Bad debts	38,679	141,056
Discounts/Rebates (Net)	18,882,338	15,808,593
Directors sitting fees	75,000	82,500
Miscellaneous expenses	5,248,957	3,880,410
Total	131,113,418	103,722,614

NOTE 29 REMUNERATION TO AUDITORS

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
	₹	₹
Legal and Professional charges includes payments to the auditors towards :		
Audit fees*	331,000	305,000
Tax Matters*	-	30,000
Other services*	97,000	72,500
Total	428,000	407,500

* Excluding Service Tax

NOTE 30 EXCEPTIONAL ITEMS

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
	₹	₹
Net Foreign Exchange fluctuation loss (Refer Note 33)	45,909,798	17,005,955
Total	45,909,798	17,005,955

Notes forming part of the Consolidated Financial Statements

NOTE 31 : CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Contingent Liabilities :		
Claims against the Company not acknowledged as debts	NIL	NIL
Guarantees given by the Company's Banker on behalf of the Company	24,183,857	34,994,857

NOTE 32 : Dividend proposed to be distributed to equity shareholders is Nil per share (Previous Year 0.80 per share).

NOTE 33 : Loss on account of Foreign Exchange Fluctuation (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 : In terms of clause 46A of AS 11 "The Effects of Changes in the Foreign Exchange Rates" as inserted by Notification No. G.S.R. 914(E) dated 29th December, 2011 issued by the Ministry of Corporate Affairs, Government of India, the company has opted to capitalise the foreign exchange differences arising on long term monetary item, in so far as it relates to acquisition of depreciable capital assets, against the cost of such assets and depreciate the said adjustment over the balance life of the asset. Accordingly, the foreign exchange differences of 110,95,903/-, for the year has been added to the cost of the fixed assets relating to the expansion project at Dahej (Gujarat). (Previous year 72,58,260/-)

NOTE 35 CIF VALUE OF IMPORTS

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Materials (for Manufacturing & Trading)	985,212,804	597,863,672

NOTE 36 VALUE OF CONSUMPTION OF IMPORTED AND INDIGENOUS ITEMS

Particulars	For the year ended 31 March 2014		For the year ended 31 March 2013	
	₹	%	₹	%
Raw Materials :				
Imported	1,091,625,846	84	739,943,663	77
Indigenous	200,480,989	16	221,201,683	23
Total	1,292,106,835	100	961,145,346	100
Spare parts and components :				
Indigenous	3,498,452	100	2,912,179	100

NOTE 37 EARNINGS IN FOREIGN CURRENCY

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
FOB value of exports	16,238,365	6,550,875
Total	16,238,365	6,550,875

NOTE 38 EARNINGS PER SHARE

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Nominal Value of Equity shares	10	10
Net profit after tax available to the Equity shareholders	2,642,629	5,656,310
Weighted average number of Equity shares	3,894,300	3,894,300
Basic and Diluted Earnings per share	0.68	1.45

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 2013-14. 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 4,396,380/-(Previous year 4,166,079/-) 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 ₹ 23,37,020/- (Previous year ₹ 22,51,219/-).

(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 31 March 2014	For the year ended 31 March 2013
Components of employer expense		
Current Service cost	299,475	275,024
Interest cost	219,637	190,075
Expected return on plan assets	-	-
Curtailement cost/(credit)	-	-
Settlement cost/(credit)	-	-
Past Service Cost	-	-
Actuarial Losses/(Gains)	(275,130)	24,887
Total expense recognised in the Statement of Profit & Loss	243,982	489,986

Balance Sheet

Details of provision for gratuity

Net asset/(liability) recognised in balance sheet	(Amount in ₹)	
	As at 31 March 2014	As at 31 March 2013
Present value of Defined Benefit Obligation	2,906,251	2,662,269
Fair value of plan assets	-	-
Funded status [Surplus/(Deficit)]	(2,906,251)	(2,662,269)
Unrecognised Past Service Costs	-	-
Net asset/(liability) recognised in balance sheet	(2,906,251)	(2,662,269)

Change in Defined Benefit Obligations (DBO) during the year ended	For the year ended	
	31 March 2014	31 March 2013
Present Value of DBO at beginning of period	2,662,269	2,172,283
Current Service cost	219,637	275,024
Interest cost	299,475	190,075
Curtailement cost/(credit)	-	-
Settlement cost/(credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains)/ losses	(275,130)	24,887
Past Service Cost	-	-
Benefits paid	-	-
Present Value of DBO at the end of period	2,906,251	2,662,269

Principal actuarial assumptions as at the balance sheet date :

Particulars	As at	
	31 March 2014	31 March 2013
Discount Rate	9.31%	8.25%
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, 2014

(Amount in ₹)

Particulars	Manufacturing of Adhesives & Emulsions	Trading in Chemicals	Total Rupees
Revenue			
Sales/Income From Operations	1,658,888,546	682,810,954	2,341,699,500
Inter-Segment Sales	-	-	-
Total Revenue	1,658,888,546	682,810,954	2,341,699,500
Result			
Segment Result	65,529,664	7,604,636	73,134,300
Unallocated Corporate Expenses(Net)			14,740,924
Operating Profit			58,393,376
Interest Expense(Net)			54,691,445
Income Taxes(including deferred tax)			1,059,302
Profit From Ordinary Activities			2,642,629
Extraordinary Items			-
Net Profit			2,642,629
Other Informations			
Segment Assets	992,457,274	171,346,665	1,163,803,940
Unallocated Corporate Assets			135,850
Total Assets			1,163,939,790
Segment Liabilities	506,528,799	58,402,690	564,931,489
Unallocated Corporate Liabilities			459,417,861
Total Liabilities			1,024,449,199
Add: Share Capital And Reserves			139,490,591
Total Capital & Liabilities			1,163,939,790
Capital Expenditure	52,464,116	708,624	
Work in Progress	6,931,174	-	
Depreciation	23,582,272	593,697	
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, 2013

(Amount in ₹)

Particulars	Manufacturing of Adhesives & Emulsions	Trading in Chemicals	Total Rupees
Revenue			
Sales/Income From Operations	1,217,148,305	610,538,067	1,827,686,372
Inter-Segment Sales	-	-	-
Total Revenue	1,217,148,305	610,538,067	1,827,686,372
Result			
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			5,656,310
Extraordinary Items			-
Net Profit			5,656,310
Other Informations			
Segment Assets	748,758,242	155,111,287	903,869,529
Unallocated Corporate Assets			135,850
Total Assets			904,005,379
Segment Liabilities	393,942,473	70,975,879	464,918,352
Unallocated Corporate Liabilities			302,225,915
Total Liabilities			767,144,267
Add: Share Capital And Reserves			136,861,112
Total Capital & Liabilities			904,005,379
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.

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
Vasant Polymers & Chemicals Pvt. Ltd.	A Company Significantly Influenced by relatives of KMP.

(b) Details of Related Party transactions during the year ended 31st March 2014

(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
	(3,332,448)	(2,407,200)	(-)	(5,739,648)
Loans Received	-	-	128,775,000	128,775,000
	(-)	(-)	(49,400,000)	(49,400,000)
Loans Repaid	-	-	21,751,214	21,751,214
	(-)	(-)	(57,043,954)	(57,043,954)
Rent Paid	-	-	240,000	240,000
	(-)	(-)	(240,000)	(240,000)
Sales	-	-	36,169,321	36,169,321
	(-)	(-)	(-)	(-)
Purchases	-	-	30,267,194	30,267,194
	(-)	(-)	(17,856,162)	(17,856,162)
Outstanding Credit/(Debit) Balance	-	-	78,027,832	78,027,832

Figures in brackets relates to the previous year

Notes forming part of the financial statements
NOTE 44 : Unhedged Foreign Currency Exposure.

Particulars	As at 31st March 2014		As at 31st March 2013	
	Foreign Currency	(₹ in lakhs)	Foreign Currency	(₹ in lakhs)
Payable against Secured Loans (External Commercial Borrowing) :				
US Dollars	1,369,058	82,143,480	1,766,000	95,434,640
Payable against Import of goods				
US Dollars	5,817,295	362,998,648	3,136,594	169,044,495

NOTE 45 : 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 46 : 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 47 : 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 : 30th May 2014

Consolidated Cash Flow Statement for the year ended 31 March 2014

Particulars	For the year ended 31 March 2014		For the year ended 31 March 2013	
	₹	₹	₹	₹
A. Cash Flow from Operating Activities				
Net Profit before tax		3,701,931		14,762,162
Adjustment for :				
Depreciation and Amortisation	24,175,969		17,481,290	
Finance costs	54,691,445		37,907,291	
Dividend income	(4,000)		(5,600)	
Provision for gratuity	243,982		489,986	
Sales Tax Deferral	400,408		400,200	
Net Unrealised Foreign Exchange fluctuation (Gain)/Loss	(10,590,583)		457,045	
		68,917,221		56,730,212
Operating profit before working capital changes		72,619,152		71,492,374
Adjustments for :				
Short term Loans and advances	(160,369,087)		26,369,301	
Inventories	(66,998,949)		(32,214,281)	
Long term Loans and advances	1,854,023		(1,960,001)	
Short term Loans and advances	(26,887,265)		(16,831,877)	
Trade payables	152,251,552		47,052,561	
Other Current liabilities	10,408,430		(8,948,572)	
		(89,741,296)		13,467,131
Cash generated from operations		(17,122,144)		84,959,506
Direct Taxes paid (Net of refunds)		(3,380,627)		(4,421,133)
Net cash flow from operating activities (A)		(20,502,771)		80,538,374
B. Cash Flow from Investing Activities				
Purchase of Fixed assets including Capital Work-in-Progress and Capital Advances	(34,141,913)		(69,416,623)	
Term deposits with banks with original maturity of more than three months - placed	(48,254,606)		(30,629,321)	
Term deposits with banks with original maturity of more than 3 months - matured	48,326,108		9,574,267	
Dividend income	4,000		5,600	
Net cash flow used in investing activities (B)		(34,066,411)		(90,466,077)
C. Cash Flow from Financing Activities				
Proceeds / (Repayment) of long term borrowings (Net)	79,380,937		(418,647)	
Proceeds of short term borrowings (Net)	28,882,522		50,398,542	
Finance costs	(53,877,993)		(37,797,260)	
Dividend paid (including distribution tax)	(3,600,361)		(3,606,692)	
Net cash flow from financing activities (C)		50,785,105		8,575,943
Net decrease in cash and cash equivalents (A+B+C)		(3,784,077)		(1,351,761)
Cash and cash equivalents at the beginning of the year		6,500,555		7,852,316
Cash and cash equivalents at the end of the year		2,716,479		6,500,555

Notes:

1 Cash and Cash Equivalents are as under:

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Cash in hand	592,503	665,185
Balances with banks in current accounts	2,043,031	5,748,267
Term deposits with less than three months maturity	80,945	87,103
	2,716,479	6,500,555

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 : 30th May, 2014

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)

NIKHIL ADHESIVES LIMITED

Corporate Identity Number (CIN) – L51900MH1986PLC041062

Registered Office: Shreeji Industrial Estate, Vadkun, College Road, Dahanu, Dist. Thane – 401 602.
Tel.No: 91 22 2683 5864/2683 6558 Fax No. 2684 0750

Email address: bala@nikhiladhesives.com Website: www.nikhiladhesives.com

ATTENDANCE SLIP

28th ANNUAL GENERAL MEETING ON SATURDAY, 27th SEPTEMBER, 2014 AT 11.00 A.M.

at Shreeji Industrial Estate, Vadkun College Road, Dahanu, Dist.Thane-401 602.

Folio No.:	DP ID No.:	Client ID No.:
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I/We hereby record my/our presence at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company at Shreeji Industrial Estate, Vadkun, College Road, Dahanu, Dist. Thane – 401 602, at 11.00 a.m. on Saturday, 27th September, 2014.

Name of the Member _____	Signature _____
Name of the Proxy holder _____	Signature _____

- Notes:**
1. Only Member/ Proxy holder can attend the Meeting.
 2. Please complete the Folio No./DP ID No., Client ID No. and name of the Member/ Proxy holder, sign this Attendance Slip and hand it over, duly signed, at the entrance of the Meeting hall.
 3. A Member/Proxy holder attending the meeting should bring copy of Annual Report for reference at the meeting.

NIKHIL ADHESIVES LIMITED

Corporate Identity Number (CIN) – L51900MH1986PLC041062

Registered Office: Shreeji Industrial Estate, Vadkun, College Road, Dahanu, Dist. Thane – 401 602.
Tel.No: 91 22 2683 5864/2683 6558 Fax No. 2684 0750

Email address: bala@nikhiladhesives.com Website: www.nikhiladhesives.com

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of Members(s) : _____
Registered address : _____
Email ID : _____
Folio No./Client ID No. : _____ DP ID No. : _____

I/We, being the member(s) of _____ Shares of Nikhil Adhesives Ltd. hereby appoint:

1. Name: _____ Email Id: _____
Address: _____

Signature _____ Or failing him;
2. Name: _____ Email Id: _____
Address: _____

Signature _____ or Failing him;
3. Name: _____ Email Id: _____
Address : _____

Signature _____ or Failing him;

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company to be held on Saturday, 27th September, 2014 at 11.00 a.m. at Shreeji Industrial Estate, Vadkun, College Road, Dahanu, Dist. Thane- 401 602, and at any adjournment thereof in respect of such resolutions as are indicated on backside of the page.

Sr.No.	Resolutions
1.	Adoption of Statement of Profit and Loss, Balance Sheet, Report of Board of Directors and Auditors for the year ended 31st March,2014
2.	Re-appointment of Mr. T. J. Sanghavi, who retires by rotation
3.	Appointment of Auditors and fixing their remuneration
4.	Appointment of Mr. M. M. Vora as an independent Director of the Company
5.	Appointment of Mr. H. S. Kamath as an Independent Director of the Company
6.	Appointment of Mr. S. R. Sanghavi as an Independent Director of the Company
7.	Acceptance of Deposits
8.	Approve Limit for an amount not exceeding Rs 100 Crores for borrowing of Funds.
9.	Approve creation of Charge / Mortgage on Asset / undertaking of the company, subject to the limits approved u/s 180(1) (c) of the Companies Act, 2013.

Signed this _____ day of _____ 2014

Affix
Revenue
Stamp

Signature of the shareholder _____ Signature of Proxy Holder _____

- Note:
1. This Form in order to be effective should be duly completed and deposited as the Registered Office of the Company at Shreeji Industrial Estate, Vadkun, College Road, Dahanu, Dist Thane 401602, not less than 48 hours before the commencement of the Meeting.
 2. A proxy need not be a member of the Company.
 3. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company.