

NIKHIL ADHESIVES LIMITED

A.501/502, Mathuria Apt., Sir M.V. Road, Andheri (E), Mumbai – 400069

**FORM DPT-1 - CIRCULAR OR CIRCULAR IN THE FORM OF ADVERTISEMENT INVITING DEPOSITS
[Pursuant to section 73 (2) (a) and section 76 and rule 4(1) and 4(2) of the Companies (Acceptance of Deposits)
Rules, 2014]**

1. General Information:

a.	Name of Company	:	Nikhil Adhesives Limited
	Address, website and other contact details	:	Shreeji Industrial Estate, Vadkun, College Road, Dahanu, Dist. Thane – 401602. www.nikhiladhesives.com Telephone No: 022 26835864/32917973
b.	Date of Incorporation of the Company	:	29 th September 1986
c.	Business carried on by the Company and its subsidiaries with the details of branches or units, if any ;	:	The Company is carrying on the business of manufacturing and selling Polymers Emulsions & Adhesives and trading of Chemicals. The factories of the Company are located at: Dahanu (Maharashtra), Silvassa (D & NH), and Silvassa (Gujarat). Branches of the Company located at Ghaziabad , Jharkhand, Kolkata Jaipur, Vapi& Chennai. On 24 th December 2009, the Company formed a wholly owned subsidiary company viz: Sanghavi Logistics Pvt. Ltd. which has not yet commenced it's business activities.
d.	Brief particulars of Management of the Company ;	:	The Company is managed by the Managing Director subject to the superintendence, control and direction of the Board of Directors.

e. Names, Addresses, DIN and occupations of the Directors:

Sr.no.	Name	Address	Occupation	DIN
1.	Rajendra Jayantilal Sanghavi (Chairman)	Heritage House, Gundavali, Cross Lane -2, Andheri (East), Mumbai - 400069, Maharashtra, India	Business	00245637
2.	Umesh Jayantilal Sanghavi (Managing Director)	1, Ground Floor, Heritage House, Gundavali, Andheri (East), Mumbai - 400069, Maharashtra, India	Business	00491220
3.	Tarak Jayantilal Sanghavi (Executive Director)	Flat A/202, 79-B Heritage House, Gundavali, Andheri (East), Mumbai, 400069, Maharashtra, India	Business	00519403
4.	M.M.Vora (Independent Director)	Neelkanth Par Naka, Dahanu - 401602, Maharashtra, India	Business	00245427
5.	S.R.Sanghavi (Independent Director)	Ranchod Bhavan, Satya Narayan Mandir, Malsar, Vadodara 391115, Gujarat	Business	03400650
6.	H.S.Kamath (Independent Director)	21, Deonar House, Deonar Village Road, Deonar, Mumbai - 400088, Maharashtra, India	Consultant (Technical & Expertise in production/process control & Quality management)	02628018

f: Management's perception of risk factors:

The deposits are accepted by the Company are unsecured and rank pari passu with other unsecured liabilities of the Company.

The Ministry of Corporate Affairs, Govt. of India has vide its notification no. G.S.R.386 (E) dated 6th June, 2014 allowed companies to accept the deposits from Shareholders without insurance contract till 31st March, 2015. Accordingly, the

Company has not entered into any insurance contract for deposits but as and when such insurance becomes mandatory, the Company would obtain such applicable insurance.

g: Details of default, including the amount involved, duration of default and present status, in repayment of –

The Company has not defaulted in re-payment of:

- i. statutory dues;
- ii. debentures and interest thereon;
- iii. loan from any bank or financial institution and interest thereon.

Note: The Company has not issued any debentures.

2. Particulars of the Deposit Scheme:

a.	Date of passing of Board Resolution;	:	14 th February 2015
b.	Date of passing of resolution in the general meeting authorising invitation of such deposits;	:	27 th September 2014
c.	Type of Deposits, i.e. whether secured or unsecured	:	Unsecured
d.	Amount which the Company can raise by way of deposits as per the Act and the rules made thereunder	:	Upto ` 315.51 Lacs, being 25% of aggregate of Paid up Share Capital and Free Reserves of the Company on the basis of audited annual accounts for the year ended 31st March, 2014.

e. The aggregate of deposits actually held on the last date of immediately preceding Financial Year i.e. 31st March, 2014.

Particulars	` in Lacs
From Shareholders	42.41
From Public	152.86
Total	195.27

& date of issue of the circular or advertisement as on 14.02.2015

Particulars	` in Lacs
From Shareholders	40.50
From Public	86.84
Total	127.34

The deposits accepted upto 31st March, 2014 and interest thereon will be repaid to the depositors on or before 31st March, 2015.

The amount of deposits proposed to be raised under the Companies Act, 2013 and Companies (Acceptance of Deposit) Rules, 2014	From Shareholders only – 315.51 Lakhs
Amount of deposit repayable in the current financial year. (i.e. Financial Year 2014-15)	Rs.127.34 Lakhs

f. Terms of Raising of Deposits: Duration, Rate of Interest, mode of payment and repayment

Duration	Rate of Interest	Fixed Deposits will be repaid on Maturity and interest payments will be made as and when due by A/c payee cheques payable at par drawn On Company's Banker.
For 1Yr.	11.25%	
2 Yr.	11.75%	
3 Yr.	12.25%	

The Company will accept unsecured Fixed Deposits from its Shareholders only. The Company will accept Cumulative deposits as well as Non-Cumulative deposits. The company will pay quarterly interest on Non-cumulative deposits.

- a) Any deposit in excess of the minimum acceptable amount covered under the said category shall be in multiples of Rs.5000/- only.
- b) Detailed terms and conditions for acceptance/renewal of deposits can be received from the Registered Office of the Company or from its approved brokers.

c) Deposits shall be treated as deposit from the shareholders if the first holder of the deposit is a shareholder or a joint shareholder of the Company.

PRINCIPAL TERMS AND CONDITIONS GOVERNING UNSECURED FIXED DEPOSIT SCHEME OF THE COMPANY:

APPLICATION:

Deposits will be accepted subject to the terms and conditions specified in the prescribed application form which is available at the Registered Office of the Company or from its approved brokers.

The Company's prescribed application form duly filled in, along with necessary remittance should be sent to the Company's Head Office situated at A/501-502 Mathuria Apartment, 49 M.V.Road, Andheri East, Mumbai 400069.

The amount of the deposit should be remitted by an "Account Payee" cheque/draft payable at Mumbai and drawn in favour of "Nikhil Adhesives Limited Fixed Deposit A/c". No outstation cheques/drafts will be accepted.

The minimum amount of deposit acceptable under the non cumulative and cumulative schemes is Rs.10,000/- and for one year, two years and three years. Any deposit in excess of the minimum acceptable amount covered under the above categories shall be in multiple of Rs.5000/- only.

The Company will not entertain any request for change of scheme once selected. Where the scheme choice is not indicated in the application form (cumulative/non-cumulative), the deposit will be treated as placed under the non-cumulative scheme. Deposits will not be accepted from non-resident Indians and foreign nationals, un-registered trusts, partnership firms etc. Applications from minors are acceptable, provided the application forms are signed by their natural guardians on their behalf.

Depositors should mention their share ledger folio number or DPID/CLID on the application forms.

In the event of death of the first named depositor, all payments on account of principal and/or interest will be made to the first of the joint holders in order of the survivors on production of the death certificate, without reference to the heirs and/or legal representatives of the deceased depositor. In any other case, it will be necessary for the legal representative of the deceased depositor to produce Succession Certificate/Letters of Administration/Probate of the Will etc. to the satisfaction of the Company.

Individual depositors, singly or jointly, can nominate any person (major or minor through FNG) under the nomination facility. In the event of the death of all the Depositor/s, the deposits shall vest in the nominee. Power of Attorney holder or a guardian applying on behalf of a minor cannot nominate and in that case, proper indemnity must accompany such requests for repayment of Fixed Deposits

FIXED DEPOSIT RECEIPTS:

Fixed Deposit Receipts will be issued to the depositors from the Company's Head Office situated at A/501-502 Mathuria Apartment, 49 M.V.Road, Andheri East, Mumbai 400069 within a period of 21 days from the date of deposit.

The Fixed Deposit Receipt is non-transferable.

The Company will not accept or recognise any lien or assignment of the deposit and/or interest thereon.

In the event of loss or destruction or mutilation of a Fixed Deposit Receipt, the Company may, in its sole discretion, issue a duplicate receipt on such reasonable terms as to indemnity or otherwise as it may think fit. All expenses incurred in this connection will be borne by the depositor/s.

INTEREST:

Interest will be calculated from the date of realization of the cheque/draft in the Company's Bank Account. Interest under non cumulative deposit scheme shall be payable on quarterly basis on 31st March, 30th June, 30th September and 31st December for 3 years categories of deposits and on half yearly basis on 31st March and 30th September for 1 and 2 years categories or on the date of maturity of deposits.

In the case of cumulative deposit scheme, compounding of interest will be done 'quarterly' and on the date of maturity after taking into consideration the deduction of applicable income tax at source, wherever applicable.

Payment of interest will be made by an account payee Interest Warrant drawn on the Company's bank and payable at par at all the branches of the concerned bank in India. The Interest warrants will be sent by Regd. Post/speed post/courier at the registered address of the depositor/s.

Change of address and instruction regarding interest remittance would be given effect in the next payment of interest, if the y are received atleast 30 days in advance of the date of payment duly quoting the Fixed Deposit Receipt Number.

Interest will cease to accrue after the date of maturity of the deposits.

Excess interest, if any, paid under any circumstances, will be recovered from the subsequent payment of interest or from the principal amount.

INCOME TAX:

Tax at the applicable rates and in accordance with the provisions of Income-tax Act, 1961, will be deducted at source from the amount of interest paid and/or credited to a depositor. At present, tax is deductible if the aggregate amount of interest paid or payable during the financial year exceeds Rs.5000/-. However, tax will not be deducted if the necessary statement/declaration in Form 15G/15H as required under the Income Tax Act is furnished to the Company in respect of each financial year along with Photocopy of PAN. If the PAN is not received, tax will be deducted at the applicable rate. Tax deducted due to non compliance with this condition will not be refunded under any circumstances.

RENEWAL/REPAYMENT OF DEPOSITS:

The Company reserves the right not to repay a deposit before the date of maturity. In case of premature withdrawals, repayment of deposit amount and interest will be governed by the Companies (Acceptance of Deposit) Rules, 2014 and amendments thereto.

The Deposit Receipt duly discharged on a revenue stamp should be sent to the Company 30 days before the date of maturity to enable the Company to renew or refund the deposits as the case may be on the due date. For renewals, a fresh application form duly filled in should accompany the discharged Fixed Deposit Receipt.

Repayment of principal amounts will be made by an "Account Payee" cheque/draft/warrant drawn on any bank.

It is not obligatory on the part of the Company to give notice or advance intimation about the due date of the Renewal or Repayment of the deposit.

Where the due date for any payment falls on a day on which the Registered Office of the Company is closed or on a Bank holiday, the payment will be made on the next working day.

JOINT DEPOSITS:

Deposits will be accepted in joint names not exceeding THREE. The first named depositor will be regarded as the beneficial owner of the deposits and will be treated as the payee for the purpose of deducting tax u/s. 194A of the Income-tax Act, 1961.

In the case of deposits in joint names, all correspondence, payment of interest and repayment of the fixed deposit will be made to the person whose name appears first on the Deposit Receipt.

GENERAL:

The Company reserves the right(s)

- To accept deposit only for such periods as it may decide from time to time.

- To reject any application for a fresh deposit or for renewal without assigning any reason.

- To repay the deposit prematurely before the due date.

Fixed Deposit will be subject to Companies (Acceptance of Deposits) Rules, 2014, as amended from time to time and any other rules or regulations prescribed by the Central Government or the Reserve Bank of India or any other statutory body.

The brokerage will be paid only to the approved brokers of the Company.

Disputes arising out of acceptance of deposits are subject to Mumbai jurisdiction only.

The forms having incomplete information will not be accepted and the remittance will be returned to the prospective depositors, within reasonable time.

In the case of deposits made under Power of Attorney; the relevant Notarised Power of Attorney must be lodged with the Company at the time of application.

All the correspondence for change of name, address, loss of Fixed Deposit Receipt/Interest Warrant etc., should be addressed to:

NIKHIL ADHESIVES LIMITED

A/501-502 Mathuria Apartment,

49 M.V.Road,

Andheri East, Mumbai 400069

The Company has constituted the Stakeholders Relationship Committee of Directors authorised by the Board of the Directors of the Company for taking actions to redress the stakeholders' grievances. All complaints/grievances may be sent to the Compliance Officer, Mr. Yogendra Nakre.

f. Proposed time schedule mentioning the date of opening of the scheme and the time period for which the circular or advertisement is valid:

This scheme is applicable on the date on which the shareholders of the Company will approve the same. The circular issued under the scheme is valid until the expiry of six months from the date of closure of the financial year in which it is issued or until the date on which the financial statement is laid before the Company in annual general meeting or, where the annual general meeting for any year has not been held, the latest day on which that meeting should have been held in accordance with the provisions of the Companies Act, 2013 whichever is earlier.

This circular for acceptance of Fixed Deposits from the members of the Company is on the basis of audited annual accounts for the year ended 31st March, 2014, which are laid before the Shareholders at their Annual General Meeting held on 27th September, 2014 and is valid upto the date of the next Annual General Meeting to be held on or before 30th September, 2015.

g. Reasons or objects of raising the deposit:

The object of raising the deposit is to augment the working capital base of the Company for running its business activities.

h. Credit Rating obtained; name of the credit rating agencies, rating obtained, meaning of the rating obtained, date on which rating was obtained:

The Company has availed credit rating from ICRA dated 05.02.2015 for Fixed Deposit Programme. The rating is M A – (pronounced as M A minus). The rating indicates adequate credit quality. The rated deposit programme carries average credit risk.

i. Extent of Deposit Insurance; Name of the Insurance Company, terms of the Insurance coverage, duration of coverage, extent of coverage, procedure for claim in case of default etc:

The Ministry of Corporate Affairs has vide its notification no. G.S.R.386 (E) dated 6th June, 2014 allowed companies to accept deposits from Shareholders without insurance contract till 31st March, 2015. Accordingly, the Company has not entered into any insurance contract for deposits but as and when such insurance becomes mandatory, the Company would obtain such applicable Deposit Insurance.

j. Short particulars of the charge created or to be created for securing such deposits, if any;

The Company will be accepting "UNSECURED DEPOSITS" from the shareholders of the Company and hence creation of charge on deposits is not applicable to the Company.

k. Any financial or other material interest of the directors, promoters or key managerial personnel in such deposits and the effect of such interest in so far as it is different from the interest of other persons.

The terms and conditions including rate of interest decided by the Company for the acceptance of deposits, applicable to all other depositors are also applicable to Directors, Promoters and Key Managerial Personnel. No specific financial or other material benefits are provided to them.

3. DETAILS OF ANY OUTSTANDING DEPOSITS:

Details of aggregate amount of unsecured deposits accepted by the Company upto 31st March, 2014 and interest thereon, as per the then scheme of the Company, are as under –

a. Amount Outstanding: (From Public as well as Shareholders)

Deposit: Rs.127.34 Lacs (From Shareholders: Rs.40.50 Lacs and From Public: Rs.86.84 Lacs)

Interest: Rs.5.34 Lacs (From Shareholders: Rs.1.87 Lacs and From Public: Rs3.47Lacs)

b. Date of Acceptance: Upto 31st March, 2014

c. Total Amount accepted: Rs.127.34 Lacs

d. Rate of Interest: range from 11% to 12.25%

e. Total number of Depositors: 134

Shareholders: 28

Public: 106

Default, if any, in repayment of deposits and payment of interest thereon, if any, including number of depositors, amount and duration of default involved and any waiver by the depositors, of interest accrued on deposits:

The Company has not made any default in repayment of deposits and payment of interest thereon. No Depositor has waived any interest accrued on the deposits.

4. FINANCIAL POSITION OF THE COMPANY:

a. Profit of the Company before and after making provision for tax for the three financial years immediately preceding the date of issue of circular or advertisement and

b. Dividends declared by the Company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid /interest paid).

FINANCIAL HIGHLIGHTS	(` in Lacs)		
	2013-2014	2012-2013	2011-2012
Total Income	23,435.04	18278.83	16653.22
Profit Before Tax	37.08	1,47.67	115.06
Profit After Tax	26.49	56.56	77.47
Fixed Assets (Net)	2585.60	2494.23	1963.97
Shareholder's Fund	1395.10	1368.61	1348.50
Dividend on Equity shares	Nil	31.15	31.15
Interest Coverage Ratio	1.49	1.61	1.86

c. A summary of the financial position of the Company as in the three Audited Balance sheets immediately preceding the date of issue of circular or advertisement

EQUITY AND LIABILITIES	2013-2014	2012-2013	2011-2012	ASSETS	(` in Lacs)		
					2013-2014	2012-2013	2011-2012
Share Capital	390.50	390.50	390.50	Fixed Assets – Tangible Assets	2516.29	2226.32	863.03
Reserves and Surplus	1004.60	978.12	958	Capital Work in Progress	69.31	267.90	1100.95
Long-term borrowings	1663.92	908.57	1084.29	Non Current Investments	1.36	1.36	1.36

Deferred tax liabilities (Net)	188.84	178.25	87.14	Long term loans & advances	129.57	116.79	125.20
Other Long-Term Liabilities	-	4.27	5.58	Other Non-Current Assets	140.34	-	178.69
Long-term provisions	17.63	18.35	15.11	Inventories	2505.40	1835.41	1513.27
Short-term borrowings	2277.39	1988.57	1460.80	Trade Receivables	4802.91	3176.55	3440.25
Trade payables	5272.71	3856.10	3381	Cash and Bank Balances	377.76	578.35	179.77
Other current liabilities	811.38	672.62	590.44	Short-term loans and advances	1081.42	812.55	644.23
Short-term provisions	11.43	44.72	78.01	Other current assets	14.04	24.82	4.13
Total	11638.40	9040.06	8050.87	Total	11638.40	9040.06	8050.87

d. Audited Cash Flow Statement for the three years immediately preceding the date of issue of circular or advertisement:

CASH FLOW STATEMENT

(` in lacs)

A.	Cashflow from Operating Activities	Year ended 31 st March 2014	Year ended 31 st March 2013	Year ended 31 st March 2012	
	Net Profit before tax		37.08	147.67	115.07
	Adjustment for:				
	Depreciation and Amortisation	241.76	174.81	115.62	
	Finance costs	546.92	379.07	223.27	
	Interest income			(0.55)	
	Dividend income	(0.04)	(0.056)	(0.056)	
	Provision for gratuity	2.44	4.90	4.99	
	SalesTax Deferral	4	4	(4.55)	
	Unrealised Foreign currency translation (Gain)/Loss(Net)	(105.91)	4.58	8.50	
			689.17	567.30	347.23
	Operating profit before working capital changes		726.25	714.97	462.30
	Adjustment for:				
	Trade Receivables	(1603.69)	239.91	(1066.05)	
	Inventories	(669.99)	(322.14)	400.84	
	Long term Loans and advances	18.54	(19.60)	(19.99)	
	Short term Loans and advances	(268.86)	(168.32)	(227.83)	
	Trade payables	1522.51	470.53	787.39	

	Other Current liabilities	104.02		(89.54)		(56.81)	
			(897.47)		110.84		(182.45)
	Cash generated from operations		(171.22)		825.81		279.85
	Direct Taxes paid (Net of refunds)		(33.81)		(44.21)		(78.05)
	Net cash flow from operating activities (A)		(205.03)		781.60		201.80
B.	Cash Flow from Investing Activities						
	Purchase of Fixed assets including Capital Work-in-Progress and Capital Advances	(341.42)		(694.17)		(878.49)	
	Term deposits with banks with original maturity of more than three months – placed	(482.55)		(306.29)		(270.51)	
	Term deposits with banks with original maturity of more than 3 months – matured	483.26		95.74		140.05	
	Dividend income	0.05		0.056		0.056	
	Interest income					0.55	
	Net cash flow used in investing activities (B)		(340.66)		(904.66)		(1008.34)
C.	Cash Flow from Financing Activities						
	Proceeds / (Repayment) of long term borrowings (Net)	793.80		(4.19)		876.19	
	Proceeds of short term borrowings (Net)	288.83		527.77		171.78	
	Finance costs	(538.78)		(377.97)		(225.38)	
	Dividend paid (including distribution tax)	(36)		(36.07)		(54.31)	
	Net cash flow from financing activities (C)		507.85		109.54		768.28
	Net decrease in cash and cash equivalents (A+B+C)		(37.84)		(13.52)		(38.26)
	Cash and cash equivalents at the beginning of the year		64		77.52		122.28

	Cash and cash equivalents at the end of the year		26.17		64		84.03
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Notes:-

The Cash flow statement has been prepared under the Indirect method as set out in Accounting Standard – 3 on Cash Flow Statements notified under Companies (Accounting Standard) Rules, 2006.

Figures in the brackets represent cash outflow.

Previous year's figures have been regrouped/re-classified, wherever necessary to conform to the current year's classification.

e. Any change in accounting policies during the last three years and their effect on the profits and the reserves of the Company

The Company has not changed its accounting policies during the last three years.

5. DECLARATIONS:

The Directors hereby declare that:

- The Company has not defaulted in the repayment of deposits accepted either before or after the commencement of the Act or payment of interest thereon;
- The board of Directors have satisfied themselves fully with respect to the affairs and prospects of the Company and that they are of the opinion that having regard to the estimated future financial position of the company, the company will be able to meet its liabilities as and when they become due and that the company will not become insolvent within a period of one year from the date of issue of the circular or advertisement;
- The Company has complied with the provisions of the Act and the rules made thereunder;
- The compliance with the Act and the rules does not imply that repayment of deposits is guaranteed by the Central Government;
- The deposits accepted by the Company before the commencement of the Act will be repaid along with interest on or before 31st March, 2015 and until they are repaid, they shall be treated as unsecured and ranking pari passu with other unsecured liabilities;
- In case of any adverse change in credit rating, depositors will be given a chance to withdraw deposits without any penalty.
- The deposits shall be used only for the purposes indicated in the circular or circular in the form of advertisement;
- The deposits accepted by the company are unsecured and rank pari passu with other unsecured liabilities of the Company.

This circular is issued on the authority and in the name of the Board of Directors of the Company, the text hereof has been approved by the Board of Directors at its meeting held on 14th February 2015, and a copy thereof, signed by a majority of the Directors of the Company, has been filed with the Registrar of Companies, Maharashtra.

By Order of the Board

For Nikhil Adhesives Limited

Sd/-
Rajendra J. Sanghavi

Sd/-
Umesh J. Sanghavi

Sd/-
Tarak J. Sanghavi

Sd/-
M. M. Vora

H. S. Kamath

S. R. Sanghavi

Date: 14th February 2015

Place: Mumbai