

**32<sup>nd</sup> ANNUAL REPORT  
2017-2018**



**NIKHIL ADHESIVES LTD.**

An ISO 9001 : 2015 Certified Company

# Company Profile

Nikhil adhesives Ltd., a listed company with the Bombay Stock Exchange is a multi product company manufacturing various types of polymer emulsions and adhesives that are used for different applications. The Company has three manufacturing units located at Dahanu ( Maharashtra ), Silvassa ( Dadra Nagar Haveli ) and at Dahej ( Gujarat ). The Company had acquired the emulsion business of M/s. Mafatlal Dyes & Chemicals Ltd. in the year 2003. The products are sold under the brand name Mahacol, Emditex, Emdilith, Emdicryl and others of which Nikhil Adhesives Ltd. is the sole owner.

Nikhil Adhesives Ltd. is an ISO 9001:2015 certified company and the products find use in the Paints, Packaging, Furniture, Textiles and many other industries. The latest plant at Dahej has state of the art laboratory with instruments like FTIR, Headspace GC, HPLC, Partile Size Analyzer, LVT, RVT Viscometer etc. These are used for not only checking the quality of the incoming raw materials but also the end product i .e. the emulsion. Thus before release of any finished goods, the products have to pass through-stringent norms laid down for quality.

The Company has developed a good marketing network over the last 32 years in Domestic as well as Export in all the segments and also maintained long term association with the most of their customers.

The Company has a persence in almost all states and union territories in India and has expanded to other countries such as Bangladesh, Sri Lanka, Nepal, Middle East, Taiwan, Kenya, Ethiopia, Lebanon amongst others.

The Company has been expanding its production capacities along with well maintained quality standards, however great care is taken to ensure the environment related issues are adhered, proper safety procedures followed, effluent discharge systems, pollution control and all other related factors are strictly followed as per local and even international norms. The company is constantly upgrading itself to the ecosystem challenges and has initiated procedures to achieve ISO 14001 certification by this year end.

The Company's philosophy to improve "the quality of life for all", stems from the strong belief and desire to make best use of the available resources, minimize pollution and provide value addition to the products so as to give optimum benefits to its customers and society at large.

### 32<sup>nd</sup> ANNUAL REPORT 2017 – 2018

#### BOARD OF DIRECTORS

Mr. Rajendra J. Sanghavi	Executive Chairman
Mr. Umesh J. Sanghavi	Managing Director
Mr. Tarak J. Sanghavi	Executive Director
Mr. M M. Vora	Non Executive, Independent Director
Mr. H. S. Kamath	Non Executive, Independent Director
Mrs. Ishita Gandhi	Mrs. Ishita Gandhi Non Executive, Independent Director

#### AUDITORS

PHD & Associates  
Chartered Accountants

#### COMPANY SECRETARY

Mr. Nirmal Tiwari

#### BANKERS

Bank of India  
Standard Chartered Bank  
Yes Bank Ltd.

#### REGISTRARS AND TRANSFER AGENTS

Sharex Dynamic (India) Pvt. Ltd.  
Unit No. 1, Luthra Ind. Premises,  
Andheri Kurla Road, Safed Pool,  
Andheri East, Mumbai 400072

#### REGISTERED OFFICE:

315 Summit Business Bay, Behind Gurunank Petrol Pump  
Opp. Cinemax, Andheri- Kurla Road, Andheri (E)  
Mumbai - 400 093.

#### COMPANY IDENTIFICATION NUMBER (CIN):

L51900MH1986PLCO41062

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## NOTICE

**Notice** is hereby given that the **Thirty Second Annual General Meeting** of Nikhil Adhesives Limited will be held on Friday the 28th September, 2018 at 11.00 a.m. at **The Andheri Recreation Club, Dadabhai Road, Opposite Bhavans College Road, Andheri (West) Mumbai -400058** to transact the following business:

### ORDINARY BUSINESS

- 1) To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2018 together with the reports of the Board of Directors and Auditors thereon.
- 2) To declare dividend for the financial year ended 31<sup>st</sup> March 2018.
- 3) To appoint a director in place of Mr. Tarak J. Sanghvi (DIN 00519403), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
- 4) Ratification of Appointment of Auditors:  
To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the appointment of M/s. PHD & Associates, Chartered Accountants, (Firm Registration Number: 111236W) as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Thirty Third AGM of the Company to be held in the year 2019, to examine and audit the accounts of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

### SPECIAL BUSINESS

- 5) **To consider and pass the following Resolution as an Special Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and other applicable provisions if any, consent of members of the Company be and is hereby accorded for continuation of Directorship of Mr. Madhusudan M. Vora who were reappointed as Independent Directors of the Company for a period of 5 years at the 28th Annual General Meeting of the Company held on 27<sup>th</sup> September 2014 till conclusion of 33<sup>rd</sup> Annual General Meeting by way of ordinary resolutions and who have attained the age of 75 years for the remaining period of their existing term of Directorship as Independent Directors of the Company.”

**“RESOLVED FURTHER THAT** any of the Directors of the Board of the Company be and is hereby authorized either severally or jointly to do all such acts, deeds and things as may be deemed proper and expedient to give effect to this Resolution.”

- 6) **To consider and pass the following Resolution as an Special Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and other applicable provisions if any, consent of members of the Company be and is hereby accorded for continuation of Directorship of Mr. H.S. Kamath who were reappointed as Independent Directors of the Company for a period of 5 years at the 28th Annual General Meeting of the Company held on 27<sup>th</sup> September 2014 till conclusion of 33<sup>rd</sup> Annual General Meeting by way of ordinary resolutions and who have attained the age of 75 years for the remaining period of their existing term of Directorship as Independent Directors of the Company.”

**“RESOLVED FURTHER THAT** any of the Directors of the Board of the Company be and is hereby authorized either severally or jointly to do all such acts, deeds and things as may be deemed proper and expedient to give effect to this Resolution.”

7) **To consider and pass the following resolution as an Ordinary Resolution.**

**“RESOLVED THAT** pursuant to provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under, as amended from time to time and such other permissions as may be necessary, the payment of remuneration of ` 50,000/- (Rupees Fifty Thousand) with applicable Goods And Services Tax plus reimbursement of out of pocket expenses at actual to Messrs B. F. Modi & Associates, Cost Accountants(Firm Registration No:10064) who were appointed by the Board of Directors of the Company as “Cost Auditors” to conduct the audit of the cost records maintained by the Company in accordance with the Companies (Cost Records and Audit) Rules, 2014, as amended, for the financial year ending 31stMarch, 2019, be and is hereby ratified and approved.

**“RESOLVED FURTHER THAT** any of the Directors of the Board of the Company be and is hereby authorized either severally or jointly to do all such acts, deeds and things as may be deemed proper and expedient to give effect to this Resolution.”

**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 OF THE COMPANY. 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 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) The statement, pursuant to Section 102(1) of the Act in respect of Special Business at Item No. 5,6 and 7 forms part of this notice. Additional information, pursuant to Regulations 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard - 2 issued by Institute of Company Secretaries of India as notified by the Central Government on general meetings in respect of Directors seeking appointment or reappointment at the Annual General Meeting is furnished as Annexure to the notice.
- 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.
  - a. The Register of Members and the Share Transfer Books of the company will remain closed from 20th September, 2018 to 28th September, 2018 (both days inclusive).
- 4) The Register of Members and the Share Transfer Books of the company will remain closed from 20th September, 2018 to 28th September, 2018 (both days inclusive). The dividend on equity shares as recommended by the Board of Directors, if declared, will be payable to those Equity Shareholders whose names stand on the Register of Members of the Company on 28th September 2018 and in respect of shares held in the electronic form, the dividend will be payable to the beneficial owners as per details furnished by the Depositories for this purpose.
- 5) Members are requested to notify immediately any change of address
  - a) To their Depository Participants (DPs) in respect of their electronic share accounts, and
  - b) 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) All unclaimed dividends upto and including the year 2008-09 have been transferred to the credit of Investor Education and Protection Fund (the Fund) established by the Central Government. In respect of unclaimed dividend for the Year 2009-10 an amount of Rs. 1,13,569 which was required to be transferred to the Investor Education and Protection Fund by the Company in October, 2017, is pending transfer. The management is taking necessary steps to comply with transfer of the said amount to the Fund. Shareholders are hereby informed that pursuant to Section 125 of the Act, the Company will be obliged to transfer to the credit of the said Fund any money lying in the Unpaid Dividend Accounts remaining unclaimed for a period of seven years from the dates they became first due for payment. In accordance with provisions of the said Section, no claim shall lie against the Company or the Fund in respect of individual amounts of dividend. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the website of the Company [www.nikhiladhesives.com](http://www.nikhiladhesives.com) and on the website of the Ministry of Corporate Affairs.
- In respect of unclaimed dividend for the Year 2009-10, an amount of Rs. 1,13,569 which was required to be transferred to the Investor Education and Protection Fund by the Company in October, 2017, is pending transfer. The management is taking necessary steps to comply with transfer of the said amount to the Fund.
- 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) The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices/documents to its members through electronic mode to the registered e- mail addresses of members. Members holding shares in dematerialized form are requested to register their e- mail ID with their Depository Participants and members holding shares in physical form are requested to register their e-mail ID with Registrar and Share Transfer Agents of the Company i.e. Sharex Dynamic (India) Pvt. Ltd.
- 11) Voting through Electronic means :
- In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide members, the facility to exercise their right to vote at the Thirty Second 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 instruction for members for voting electronically is as under:**

- (i) The voting period begins on Tuesday, 25th September, 2018 (09:00 am) and ends on the Thursday, 27th September, 2018 (5:00 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) of Friday the 21st September, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on Shareholders/ Members
- (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:

	<b>For member holding shares in demat form and physical form</b>
PAN	Enter your 10 digit alpha-numeric PAN issued by income tax department (Applicable for both demat shareholder as well as physical shareholder)
	<ul style="list-style-type: none"> <li>• Member who have not updated their PAN with the company/ depository participant are requested to use the first two letter of their name and 8 digit of the sequence number (refer serial no. printed on the name and address sticker/Ballot form/mail) in PAN field</li> <li>• In case the sequence number is less than 8 digit enter the applicable number of 0's before the number after the first two character of the name in CAPITAL letter. E.g. if your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend bank Details OR Date of Birth (DOB)	Enter the dividend Bank Details or Date of Birth (in dd/mm/yy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id/ folio number in the dividend bank details field as mentioned in instruction(iv).</li> </ul>

- (viii) After entering this 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) Select on the EVSN (ELECTRONIC VOTING SEQUENCE NUMBER) of NIKHIL ADHESIVES LIMITED 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 login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m- Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non-individual shareholder and custodian:
  - (a) Non-Individual shareholders (i.e. other than individuals, HUF, NRI, etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as corporate.

- (b) A scanned copy of the registration Form bearing the stamp and sign of the entity should be emailed to [heldesk.evoting@cdslindia.com](mailto:heldesk.evoting@cdslindia.com).
- (c) After receiving the log in details a compliance user should be created using the admin login and password. The compliance user should be able to link the account (s) for which they wish to vote on.
- (d) The list of account linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- (e) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (f) In case you have any queries or issues regarding e-voting you may refer the Frequently Asked Questions ("FAQ") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) , under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

#### **Other General Instructions:**

- 1) The facility for voting through ballot will also be made available at the AGM, and member or their proxies attending the AGM who have NOT cast their vote by remote e-voting, will be able to vote at the AGM.
- 2) 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) of the Friday, 21st September, 2018
- 3) Mr. Dharmesh Zaveri, Practicing Company Secretary & Proprietor M/s D. M. Zaveri & Co., has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner & voting by ballot at the AGM in a fair & transparent manner.
- 4) The scrutinizer shall, immediately after the conclusion of voting at the AGM, count the vote cast at the AGM and thereafter unblock the vote cast through remote e-voting in the presence of at least two witnesses not in the employment of the company. The scrutinizer shall submit a consolidated scrutinizer's report of the total vote cast in favour of or against the resolutions, not later than two days after the conclusion of the AGM to the chairman of the company, who shall counter sign the same. The chairman will declare the result of voting within two days after the conclusion of the AGM.
- 5) The result declared along with the scrutinizer report shall be placed on the company's website [www.nikhiladhesives.com](http://www.nikhiladhesives.com). The result will also be communicated to the stock exchange where the shares of the company are listed.
- 6) Subject to receipt of the requisite number of vote, the resolution shall be deemed to have been passed on the date of AGM i.e. the 28th September, 2018.
- 7) 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.
- 8) Persons who have acquired the shares of the company after the dispatch of Annual Report and are members as on 21st September, 2018 (being record date for the purpose of voting), may send a request for obtaining their User ID and Password to [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com) or contact Sharex Dynamic (India) Private Limited on 022- 28515606/28515644.



## 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. 5 and 6

Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified on May 9, 2018 prescribes that no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect.

Mr. M. M. Vora and Mr. H. S. Kamath who were reappointed as an Independent Directors of the Company at the 28th Annual General Meeting of the Company held on 27th September, 2014 for a period of five years by way of ordinary resolution have attained the age of 75 years.

In view of the said provision of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, NR Committee discussed the matter and recommended the continuation of Directorship of the above Independent Directors for the remaining period of their term.

Mr. M. M. Vora is a Businessman with rich experience of forty five years in the business areas in manufacturing of original spare part for automobile, he possesses rich skill and experience in the field of administration and general business management.

Mr. H. S. Kamath Technical Expertise in production / process control and quality management, he retired from Chairman of heavy water board Govt. of India and he is conversant with the Company's business, industry and other areas relating to the Company.

The above mentioned Independent Directors are experts in their respective fields and their experience and valuable guidance is beneficial to the Company.

The Board based on the recommendation of NR Committee and considering benefits of the expertise of the aforesaid independent Directors, has recommended the resolution for approval of shareholders by way of special resolution.

Except the above Directors, none of the other Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

#### Item No. 7

Messrs B. F. Modi & Associates, Cost Accountants, (Firm Registration No-10064) were appointed as Cost Auditors for the year ending 31st March, 2019 by the Board of Directors on the recommendation of the Audit Committee at a remuneration of ₹50,000/- Goods And Services Tax as applicable thereon and reimbursement of traveling and other incidental expenses that maybe incurred for the purpose to audit the cost records maintained by the Company in accordance with the Companies (Cost Records and Audit) Rules, as amended.

As per Rule 14 of the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditors as approved by the Board has to be ratified subsequently by the Members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

None of the Directors/Key Managerial Personnel of the Company/their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item no. 7 of the Notice.

**Disclosure required pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard -2 of ICSI**

<b>Name of the Director</b>	<b>Mr. Tarak J. Sanghavi</b>	<b>Mr. M. M. Vora</b>	<b>Mr. H. S. Kamath</b>
Director Identification Number	00519403	00245427	02628018
Date of Birth/Age	02.10.1962	22.03.1939	10.06.1942
Date of Appointment	Since Inception	03.02.2003	15.02.2004
Status	Whole time Director	Non Executive, Independent Director	Non Executive, Independent Director
Qualification	B. Com	B.Com	B.E. Mechanical
Expertise in specific functional type	Market Analysis & Commercial Management	Businessman	Technical Expertise in production / process control and quality management
Terms and Conditions of Appointment / Reappointment	Re-appointment on retiring by rotation	As per explanatory statement item No. 5 & 6	As per explanatory statement item No. 5 & 6
Directorship of Other Companies	None	None	None
Chairman/Member in the Committees of the Boards of companies	None	<b>Chairman:</b> Nomination and Remuneration Committee - Nikhil Adhesives Ltd.  <b>Member:</b> Audit Committee- Nikhil Adhesives Ltd.	<b>Chairman:</b> None  <b>Member:</b> Audit Committee- Nikhil Adhesives Ltd.
Shareholding (No. of Shares)	1,12,490	15,371	700
Disclosure of relationships between directors inter se	Mr. Rajendra J. Sanghavi & Mr. Umesh J. Sanghavi are brothers of Mr. Tarak J. Sanghavi	-	-

**Registered Office:**  
315, The Summit Business Bay,  
Behind Gurunank Petrol Pump,  
Opp. Cinemax, Andheri Kurla Road,  
Andheri (E), Mumbai - 400093  
Date: 30<sup>th</sup> May, 2018

**By order of the Board of Directors**

**Umesh J. Sanghavi**  
**Managing Director**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENT

Your Company's major business segments are Branded Consumer product under brand name "MAHACOL" "FORMISOL" and "EMDILITH" and Industrial products are under various brand names such as "EMDILITH" "EMDITEX" and "EMDICRYL". Since last one year your Company has entered into an agreement with 2 large companies name (i) "ASIAN PAINTS" for manufacturing and supplying various grades of adhesives and paint emulsions (ii) "DOW CHEMICAL INTERNATIONAL PVT. LTD." for manufacturing and supplying various grades of paint emulsions. These businesses are long term in nature.

Consumer Products are mainly wood Adhesives, sticker adhesives, leather adhesives and general purpose adhesives these products are widely used by carpenters, printers, plumbers, mechanics, households, students, offices etc.

Industrial Products segment covers products such as Industrial Adhesives, synthetic emulsions resins among others, which caters to various industries like packaging, textiles, paints, leather etc.

### OUTLOOK

During the current year Goods and Service Tax (GST) was implemented due to which our Indirect Taxes have reduced on our Consumer Products which are passed on to the customers with this we are expecting substantial growth of business in this division in the coming years.

The Central Statistics Office and RBI have estimated GDP growth of 7.1% for the Indian economy for 2017-18 and large government spending on infrastructure will help the industry grow. We expect all our divisions growth in double digits.

Our Consumer Products business is focused on providing customers with a complete range of consumer adhesives mainly wood working and packaging adhesive and rubber base adhesive. Our Adhesive Brand "MAHACOL" "FORMISOL" and "EMDILITH" has strong market presence and is known for its product quality among the influencers and consumers. With a nationwide network, our brand "MAHACOL" "FORMISOL" and "EMDILITH" is consider as a respectable player in the adhesive market. We are working on having a PAN India presence with a strong distribution network of dealers and distributors and are expecting to grow by 40% in the coming year.

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

Your company's major strength is their long time business stakeholders and also its brand image. Since 1960's age old days of Hoechst Dyes and Chemicals and Mafatlal Dyes and Chemicals in its vast range of products that find usage in different industries and hence there is no over dependence on any particular industries.

With successful implementation of GST and reduction in taxes on our consumer products along with many other factors with government focusing on ease of doing business and spending huge amount on infrastructure development your company expects great opportunity with corporate and non corporate customers.

It will be difficult to predict global market trend due to conflicts and tensions among the major countries on various commercial issues which can lead to crisis in currencies and oil market which may affect the local markets.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

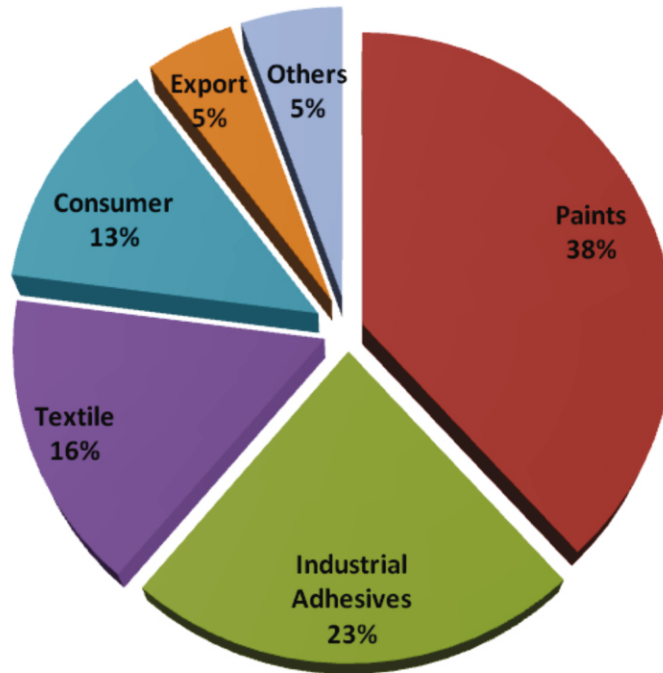
Your Company has in place the control systems based on the use of computer software that generate sufficient management information for internal control purpose. The directors closely monitor the operations of your Company personally. Having regard to the size and nature of the business, your Company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

### HUMAN RESOURCES/INDUSTRIAL RELATIONS

Your companies' staff turnover ratio is very low which shows high satisfaction among employees. The industrial relations are cordial from inception till date.

Graphical Presentation relating to the business operations

**BUSINESS SEGMENTS %**



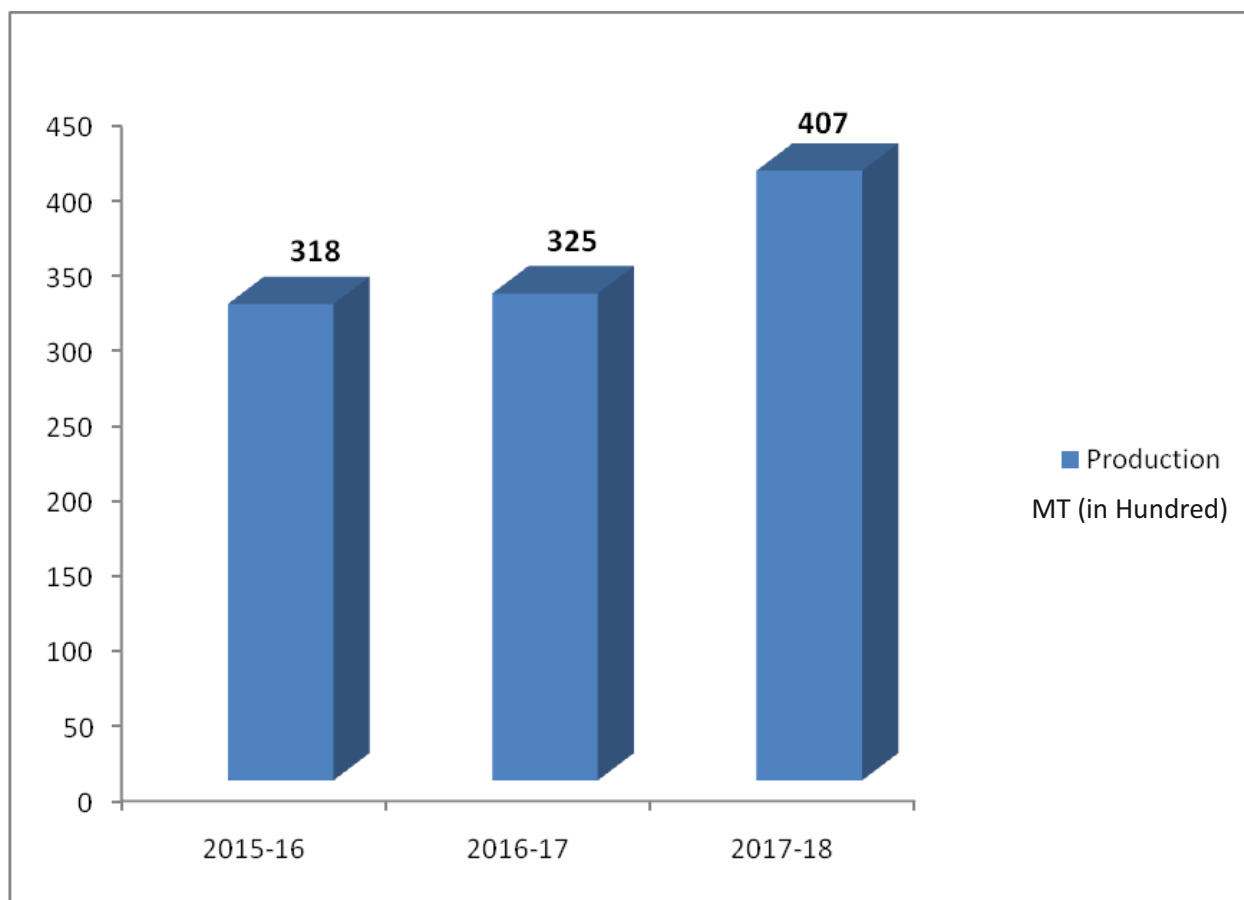
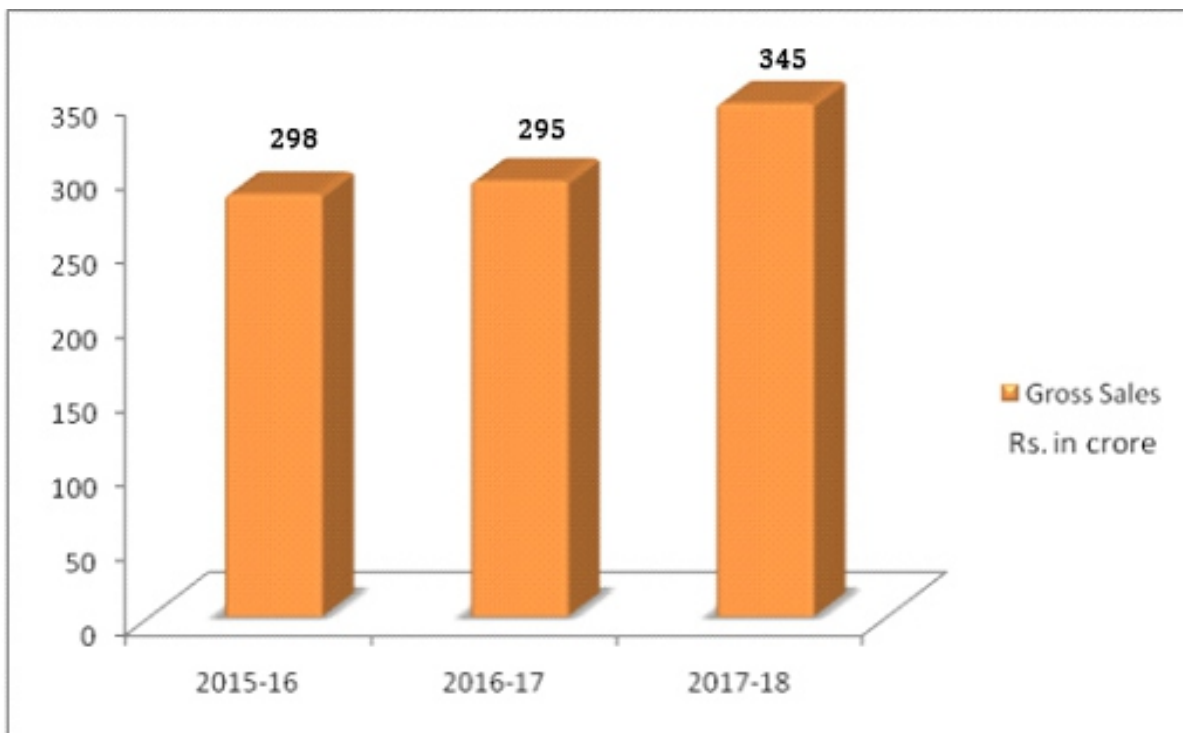
**Consumer Products**

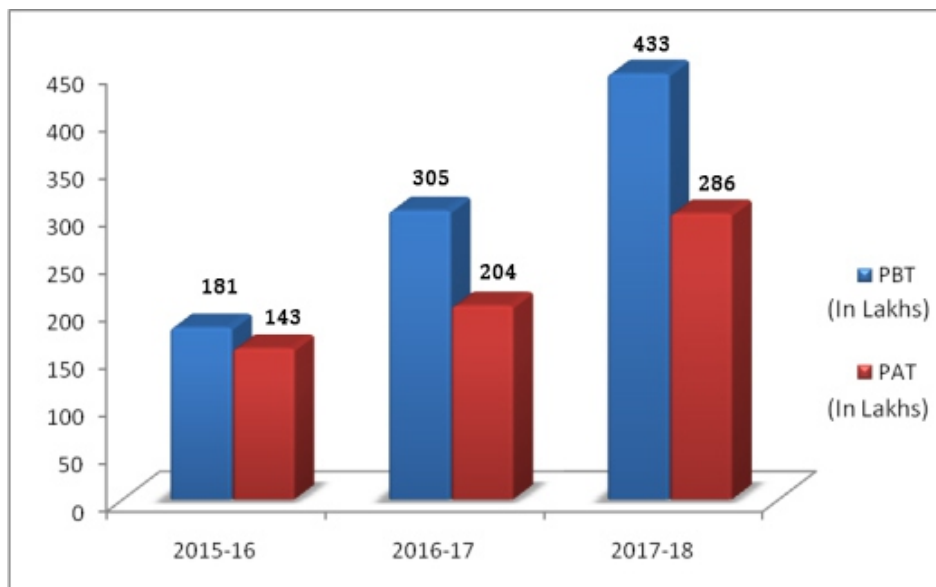
Branded Consumer Products Segment contributed 13% of the volume sales of the Company and had a significant growth. This category includes Wood Adhesives, Lamination Adhesives, Sticker Adhesives, Packaging Adhesives, Art and Craft, Construction Chemicals & Footwear.

**Industrial Products**

Industrial Products contributed 77% of the volume sales of the company. Industrial Products includes Industrial Adhesives, Paint Emulsions, textile Emulsions. Industrial Adhesives are used in packaging, Cigarette and Automotive Industry. This category contributed 23% of sales. Paint Emulsions & Textile Emulsions contributed to 54% in the overall volume sales of the company.

During the year company has entered into a long term agreement with Dow Chemicals International Pvt. Ltd. for supplying of Paint Emulsions and other products as per their requirement this will help the company to optimum utilization of the capacity and increase the company profitability.





**FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE  
MANUFACTURING DIVISION**

During the year the volume wise production has increased from 32549 MT to 40700 MT registering growth of 25.04 %. However in terms of value the manufacturing sales has increased from Rs. 18194 Lakhs to Rs. 24180 Lakhs registering growth of 32.90%. This figures is not including Discount Allowed as per Ind AS.

**TRADING DIVISION**

In the trading segment, the turnover has increased from Rs. 8318 Lakhs to Rs. 9381 Lakhs registering growth of 12.78%.

**FOREIGN EXCHANGE FLUCTUATIONS**

Your Company's business is predominantly import- centric. In spite of volatility in the foreign exchange markets during the year under report, your company had a foreign currency gain of Rs. 161 Lakhs as compared to Rs. 80 Lakhs in the previous year.

**DISCLAIMER**

*Statements in the Management Discussion and Analysis Report describing your 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 your Company's operations include economic conditions affecting demand/supply, price conditions in the domestic and overseas markets in which your company operates, changes in government regulations, tax laws and other statutes.*

## DIRECTOR'S REPORT

### To The Members of Nikhil Adhesives Limited

The Board of Directors are pleased to present the Thirty Second Annual Report together with the audited Accounts for the financial year ended 31<sup>st</sup> March 2018.

In Financial Year 2017-18 your company has continued the phase of positive outlook and optimism in the country due to government policies which had resulted in an overall improvement in the economic outlook. Even though the global economy remained lukewarm due to several factors your company has nevertheless improved its profitability.

### FINANCIAL HIGHLIGHTS :

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

Particulars	Financial Year 2017-18	Financial Year 2016-17
Gross Profit Before Depreciation and Tax	609.36	454.18
Less:- Depreciation	176.04	148.75
Profit Before Tax	433.32	305.43
Less:- <u>Provision for Taxation</u>		
Current Tax	130.00	77.00
Deferred Tax	17.68	24.33
Profit After Tax	285.64	204.10

### DIVIDEND

The Board of Directors has recommended prorata dividend of Rs. 1/- (Rupee One only) per equity share of face value of Rs. 10/- (Rupee Ten only) for the Financial Year ended March 31, 2018 subject to the approval of share holders.

### RESULT OF OPERATIONS

Particulars	2017-18	2016-17	%
Gross Sales Turnover	34508	29489	17.02
Net Sales Turnover	33561	26512	26.59
Other Income	69	8	762.50
Operating Profit	610	454	34.36
Net Profit	286	205	39.51

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

### PUBLIC DEPOSITS

The deposits at the beginning of the financial year were 231.50 Lakhs.

During the year, your Company accepted deposits amounting to 225.50 Lakhs from its members .As at 31 March, 2018, the amount of deposits stood at Rs. 438.35 Lakhs. There has been no default in repayment of deposits or payment of interest during the year. All the deposits accepted by the Company are in compliance with the requirements of Chapter V of the Companies Act, 2013.

### CORPORATE GOVERNANCE

The Management Discussion and Analysis, Report on Corporate Governance and a Certificate by the Managing Director conforming compliance by all the Board Members and Senior Management Personnel with Company's Code of Conduct, Joint Certification by the Managing Director and CFO to the Board and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

### **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The Board at meeting held on 14th February 2018 noted that accordance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Company is statutorily not required to contribute any amount towards CSR for the financial year 2017-18. Accordingly the company has not undertaken any CSR activities during the year under review.

### **DIRECTORS RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

- a. That in the preparation of the annual Financial statements for the year ended March 31, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013, have been followed and there are no material departures from the same;
- b. That such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and the profit of the Company for the year ended on that date;
- c. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. That the annual Financial statements have been prepared on a going concern basis;
- e. That proper internal Financial controls were in place and that the Financial controls were adequate and were operating effectively;
- f. That the systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively

### **RISK MANAGEMENT AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Company's system of financial and compliance controls with reference to the financial statements and risk management is embedded in the business process by which the Company pursues its objectives. The company uses foreign exchange forward contracts to hedge its exposure for movements in foreign exchange rate. The use of this foreign exchange forward contract reduces the risk to the company. The company does not use these for trading or speculative purpose. Additionally, the Audit Committee and the Board of Directors provide risk oversight through their review of potential risks which could negatively impact the operations, the proposed budget and plan, the Company's strategic framework and any risks that may negatively impact it. The management is committed to ensure an effective internal control environment commensurate with the size, scale and complexity of the operations, which provides assurance on the efficiency of the Company's operations and safety/security of its assets besides orderly and legitimate conduct of Company's business in the circumstances, which may reasonably be foreseen. The Company has defined organization structure authority levels delegated powers, internal procedures, rules and guidelines for conducting business transactions.

The Company's system and process relating to internal control and procedures for financial reporting have been designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Company's assets that could have a material effect on the financial statements and for preventing and detecting fraud and other irregularities or deliberate miss-statements. Management is responsible for establishing and maintaining adequate disclosure controls and procedures and adequate internal controls over financial reporting with respect to financial statements besides its effectiveness in the context of applicable regulations. The Internal Auditor, the Audit Committee as well as the Board of Directors conduct from time to time an evaluation of the adequacy and effectiveness of the system of internal controls for financial reporting with respect to financial statements.



**INDUSTRIAL RELATIONS**

Industrial relations remained cordial throughout the year. Your Directors recognize and appreciate the sincere and hard work, loyalty, dedicated efforts and contribution of all the employees in the growth and performance of the Company during the year.

**DIRECTORS**

In terms of Section(s) 149,152 and all other applicable provisions of the Companies Act, 2013, for the purpose of determining the directors liable to retire by rotation, the Independent Directors are not included in the total number of directors of the Company. Accordingly, Mr. Tarak J. Sanghavi(DIN:00519403), Director shall retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment as a Director of the Company.

The details of Directors seeking re-appointment Mr. Tarak J. Sanghavi as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given in the notice of the ensuing Annual General Meeting, which is being sent to the shareholders along with Annual Report.

**DECLARATION BY INDEPENDENT DIRECTORS**

The Independent Directors of the company have furnished the declaration that they meet the criteria of Independence as provided in Section 149 (6) of the Companies Act, 2013.

**MEETINGS OF BOARD AND COMMITTEES**

During the year under review, six Board Meetings were convened and held. The details of which are given in the Report on Corporate Governance.

**PERFORMANCE EVALUATION OF BOARD, COMMITTEES & DIRECTORS**

The Listing Agreement, the Board of Directors of the Company carried out the formal annual performance evaluation of all the Directors and also its self-evaluation process, internally, to assess the skills set and contribution that are desired, recognizing that competencies and experiences evolves over time. The process was conducted by allowing the Board to engage in candid discussions with each Director with the underlying objective of taking best possible decisions in the interest of the Company and its stakeholders. The Directors were individually evaluated based on structured self-assessment and personal interaction to ascertain feedback on well defined parameters which, internally, comprised of level of engagement and their contribution to strategic planning and other criteria based on performance and personal attributes of the Directors. During the process of evaluation, the Board of Directors also reviewed and discussed the annual performance evaluation of Directors carried out by the Nomination and Remuneration Committee. A statement in detail indicating the manner, in which formal annual evaluation has been made by the Board of Directors, is given in the Report on Corporate Governance which forms a part of the Annual Report.

**SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

The Board of Directors in consonance with the recommendation of Nomination and Remuneration Committee(NRC)has adopted a terms of reference which internally deals with the manner of selection of Directors and the Key Managerial Personnel of the Company. The NRC recommends appointment of Director /appointment to re-appointment of Managing Director based on their quali cations, expertise, positive attributes and independence in accordance with prescribed provisions of the Companies Act, 2013 and rules framed there under. The NRC, in addition to ensuring diversity of race and gender, also considers the impact the appointee would have on Board's balance of professional experience, background, viewpoints, skills and areas of expertise.

The Board of Directors in consonance with the recommendation of Nomination and Remuneration Committee has also adopted the Remuneration Policy for the members of the Board and Executive Management. The said policy earmarks the principles of remuneration and ensures a well balanced and performance related compensation package taking into account shareholders' interest, industry practices and relevant corporate regulations in India.

### **VIGIL MECHANISM /WHISTLE BLOWER POLICY**

The Company has a Vigil Mechanism and Whistle-Blower Policy to deal with instances of fraud and mismanagement, if any, and conducting business with integrity including in accordance with all applicable laws and regulations. The details of the Vigil Mechanism and Whistle-Blower Policy are explained in the Report on Corporate Governance and also posted on the website of the Company.

### **STATUTORY AUDITORS**

M/s.PHD & Associates, Chartered Accountants (Firm Registration-No.111236W), were appointed as Statutory Auditors to hold office until the conclusion of the ensuing Annual General Meeting of the Company. In the 29th AGM, Messrs PHD & Associates who were functioning as Auditors of the Company for five consecutive years, the Board of Directors unanimously had agreed to the recommendation of the Audit Committee and had appointed Messrs PHD & Associates as Statutory Auditors of the Company for another term of 5 (five) years from the conclusion of that Annual General Meeting (29th AGM) till the conclusion of fifth consecutive Annual General Meeting. In accordance with the first proviso of Section 139(1) of the Companies Act, 2013 the appointment of the Auditors is to be ratified by members at every Annual General Meeting. The Auditors have confirmed their eligibility to the effect that the ratification of their appointment, if made, would be within the prescribed limits of the Companies Act,2013 and that they are not disqualified for such appointment.

### **SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Messrs D. M. Zaveri & Co., Company Secretaries were appointed to undertake the Secretarial Audit of the Company for the year ended 31 March, 2018. The Report of the Secretarial Auditor is given in Annexure-I, which is attached hereto and forms a part of the Directors' Report.

There are no qualifications or adverse remarks by the Statutory Auditors or the Secretarial Auditors, save and except the observation that a sum of ₹ 1,13,569 which was required to be transferred to the Investor Education and Protection Fund (Fund) by the Company in the month of October, 2017, is pending transfer. The management is taking necessary steps to comply with the transfer of the said amount to the Fund.

### **COST AUDITORS**

The Board of Directors has appointed Messrs B. F. Modi & Associates, Cost Accountants, as Cost Auditors for conducting audit of the cost accounts maintained by the Company in respect of the products of the Company covered under The Companies (Cost Records and Audit) Amendment Rules,2014 and fixed their remuneration based on the recommendation of the Audit Committee. The remuneration payable to Cost Auditors is subject to ratification by the shareholders in the ensuing Annual General Meeting of the Company.

### **MATERIAL CHANGES AND COMMITMENTS**

There were no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statement relate and the date of the report.

### **REGULATORY/COURT ORDERS**

During the year under report no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

### **RELATED PARTY TRANSACTIONS**

All related party transactions entered into during the financial year under review by the Company were on an arm's length basis and in the ordinary course of business. There are no material significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All related party transactions are placed before the meeting(s) of Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the financial year for the transactions which are of a foreseen and repetitive in nature.

The statement giving details of all related party transactions entered into pursuant to the omnibus approval together with relevant documents/information are placed before the Audit Committee for review and approval on quarterly basis. The company has developed a Policy on materiality of Related Party Transactions and dealing with Related Party Transactions. The Policy on materiality of Related Party Transactions and dealing with Related Party Transactions as approved by the Board is uploaded on the company's website and the same is available at the web link <http://www.nikhiadhesives.com>

#### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The particulars of Loans, Guarantees and Investment in pursuance to Section 186 of the Companies Act, 2013 are given in the Notes to the Financial Statements.

#### **DISCLOSURE OF RATIO OF REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL, ETC.**

As required under Section 197(12) read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of the ratio of the remuneration of each Director to the median employee's remuneration and such other details as prescribed therein are given in Annexure-II, which is attached here to and forms a part of the Directors' Report.

#### **EXTRACT OF ANNUAL RETURN**

An Extract of Annual Return as per Section 92(3) of the Companies Act, 2013 is given in Annexure- III, which is attached here to and forms a part of the Directors' Report.

#### **PARTICULARS OF EMPLOYEES**

The particulars required pursuant to Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the company as there was no employee drawing remuneration to the extent mentioned therein.

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

As required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules 2014, the information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in Annexure-IV which is attached hereto and forms a part of the Directors' Report.

#### **GENERAL**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a. Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- c. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
- d. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- e. During the year under review, there were no cases filed or reported pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**HUMAN RESOURCES**

Your Directors believe that the key to success of any company are its employees. Your company has a team of able and experienced professionals, whose dedicated efforts and enthusiasm has been an integral part of your Company's growth. Your Directors would like to place on record their deep appreciation of their continuous effort and contribution to the company.

**ACKNOWLEDGEMENT**

The Board desires to place on record its grateful appreciation for the excellent assistance and co-operation received from the Government Authorities and continued support extended to the Company by the bankers, investors, suppliers and esteemed customers and other business associates. Your Directors also wish to place on record their deep sense of appreciation to all the employees of the Company for their unstinted commitment and continued contribution in the performance of the Company.

**For and On Behalf of the Board of Directors**

**Place: Mumbai**  
**Date: 30th May 2018**

**Rajendra J. Sanghavi**  
**Chairman**

## ANNEXTURE I

## Form No. MR-3

For the Financial year ended 31<sup>st</sup> March, 2018

*[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
Nikhil Adhesives Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Nikhil Adhesives Limited** (hereinafter called '**the Company**'). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Nikhil Adhesives Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial year ended on 31<sup>st</sup> March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter: I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2018, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and the Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('The SEBI'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not relevant / applicable during the year under review)**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not relevant / applicable during the year under review)**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not relevant / applicable during the year under review)**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not relevant / applicable during the year under review)**
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

I further report that based on the explanation given by the management of the Company, there are no other laws that are specifically applicable to the Company.

I have also examined compliance with the applicable clauses to the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Government of India, as applicable under the Companies Act 2013;
- (ii) The Listing Agreements entered into by the Company with BSE Limited in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Secretarial Standards, etc. mentioned above except that *certain e-forms that were delayed in filing within the due date which are in process of filing. Further there is delay in transferring/crediting those shares in respect of which dividend has not been paid or claimed for seven consecutive years or more to the demat account of Investor Education and Protection Fund authority which were due for transfer during the year.*

I further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all the directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meetings.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the period under review:

1. The Company has passed special resolution through postal ballot for change of its registered office outside the local limits of the city, i.e. from Shreeji Estate, College Road, Vadkun College, Dahanu – 401 602 to 315, The Summit Business Bay, Behind Gurunank Petrol Pump, Opp. Cinemax, Andheri Kurla Road, Andheri East, Mumbai – 400 093.
2. The Company has passed special resolution through postal ballot for Issue of 7,00,000 Equity Shares of the face value of Rs.10/- (Rupees Ten Only) fully paid up for cash at issue price of Rs. 206/- (including premium of Rs.196/-) per share on Preferential Basis to the Non-Promoters in accordance with the provisions of Companies Act, 2013 and Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

For D. M. Zaveri & Co  
Company Secretaries

Dharmesh Zaveri  
(Proprietor)

FCS.No.: 5418  
CP No.: 4363  
Place: Mumbai  
Date: 30<sup>th</sup> May 2018.

## ANNEXURE II

### DISCLOSURE UNDER RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014

1. The ratio remuneration of each director to the median remuneration of the employee and percentage increase in remuneration of Director, CFO and CS:

Sr. No.	Name	Designation	Remuneration Paid for FY 2017-18 (₹)	Remuneration Paid for FY 2016-17 (₹)	% increase in remuneration In the F Y 2017-18	Ratio/Times Per median of employee Remuneration
1.	Mr. Rajendra Sanghavi	Chairman	10,08,000/-	10,08,000/-	-	3.60
2.	Mr. Umesh Sanghavi.	Managing Director	13,16,448/-	13,16,448/-	-	4.70
3.	Mr. Tarak Sanghavi.	Director	10,08,000/-	10,08,000/-	-	3.60
4.	Ms. Ami Parikh	CFO	1,20,150/-	60,000/-	-	0.43
5.	Mr. Nirmal Tiwari	CFOCS	3,50,216/-	1,31,250/-	-	1.25

2. Percentage increase in median remuneration:

Median remuneration of employees in FY 2017-18 (₹)	Median remuneration of employees in FY 2016-17 (₹)	Percentage increase
2,79,996/-	2,64,000/-	6.06

3. No. of permanent employees as on 31.3.2018: 202 employees.
4. Relationship between average increase in remuneration and company performance:  
The increase in remuneration is based on the company's performance and also includes various other factors like individual performance, experience, academic background and future growth prospects.
5. The KMP Remuneration is not wholly related to the Companies Performance. They are paid as per their terms of employment. As such there is no increase in the remuneration of the KMP.

## 6. Variation in market capitalization, PE ratio:

Particulars	As on 31.03.2018	As on 31.03.2017	Percentage increase
Market Capitalization of the Company	₹ 11,024,02,205/-	₹ 29,57,72,085/-	272.72
PE Ratio	33.56	14.52	131.13
Closing Market Share Price (BSE)	239.95	75.95	215.93

## 7. Comparison between average percentile increase and salaries of employees (excluding managerial personnel) and percentile increase in managerial remuneration:

Average percentile increase in salaries of employees other than managerial personnel in FY 2017-18	Percentile increase in managerial personnel remuneration in FY 2017-18	Justification
34.75%	There is no increase in managerial personnel remuneration for FY 2017-18	The average percentile increases in the salaries of employees others than managerial personnel in FY 2017-18 is in accordance

## 8. The key parameters for any variable component of remuneration availed by Directors:

There is no variable component in the remuneration paid to Directors.

## 9. There are 8 employees who have received remuneration in excess of the highest paid Director. Their ratios to the highest paid director are 1.15, 1.23, 1.63, 1.63, 1.67, 1.87, 1.90, 3.57.

## 10. This is to affirm that the above remuneration is paid as per the Remuneration Policy of the Company.



**ANNEXURE III****FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31STMARCH, 2018**

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

CIN:	L51900MH1986PLC041062
Registration Date	29.09.1986
Name of the Company	Nikhil Adhesives Limited
Category/Sub-Category of the Company	Public Limited Company
Address of the Registered Office and contact details	315, The Summit Business Bay, Behind Gurunanak Petrol Pump, Opp. Cinemax, Andheri Kurla Road, Andheri (East), Mumbai, Maharashtra PIN Code-400093
Whether listed Company	Listed Company (BSE LTD.)
Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharex Dynamic (India) Pvt. Ltd. Unit No.1 Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri (East) Mumbai-400077

**II. BUSINESS ACTIVITIES OF THE COMPANY**

Sr. No.	Name and Description of main Products/ Services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Polymeric Emulsions Adhesives, Plasticizers & solvent based Adhesives	24295	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sr. No.	Name & address of the company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held
N.A.				

**IV. SHAREHOLDING PATTERN**
**(i)Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year as on 01.04.2017				No. of Shares held at the end of the year as on 31.03.2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>(1)Indian</b>									
(a)Individual/HUF	2,501,010	-	2,501,010	54.437	2,501,010	-	2,501,010	54.437	-9.785
(b)Central Government	-	-	-	-	-	-	-	-	-
(c)State Government(s) through a Corporation	-	-	-	-	-	-	-	-	-
(d)Bodies Corporate	-	-	-	-	-	-	-	-	-
(e)Bank/FI	-	-	-	-	-	-	-	-	-
(f)Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total(A)(1)</b>	2,501,010	-	2,501,010	54.437	2,501,010	-	2,501,010	54.437	-9.785
<b>(2)Foreign</b>									
(a)NRIs-Individuals	-	-	-	-	-	-	-	-	-
(b)Other-Individuals	-	-	-	-	-	-	-	-	-
(c)Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)Bank/FI	-	-	-	-	-	-	-	-	-
(f)Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total(A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	2,501,010	-	2,501,010	54.437	2,501,010	-	2,501,010	54.437	-9.785
<b>B. Public Shareholding</b>									

<b>(1) Institutions</b>									
(a) Mutual Fund	-	900	900	0.020	-	900	900	0.020	-0.003
(b) Bank/FI	-	-	-	-	-	-	-	-	-
(c) Central Government	-	-	-	-	-	-	-	-	-
(d) State Government(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital	-	-	-	-	-	-	-	-	-
(f) Insurance	-	-	-	-	-	-	-	-	-
(g) FIIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Other (Specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total(B)(1)</b>	-	900	900	0.020	-	900	900	0.020	-0.003
<b>(2) Non-Institutions</b>									
(a) Bodies Corporate									
(i) Indian	5,22,800	4,200	5,27,000	13.533	8,13,308	4,200	8,17,508	17.794	4.261
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals	-	-	-	-	-	-	-	-	-
(i) Individual Shareholders holding nominal Share Capital up to Rs.1 lac	3,55,107	1,41,930	4,97,037	12.763	3,68,522	1,38,130	5,06,652	12.996	-1.735
(ii) Individual Shareholders holding nominal Share Capital in excess of Rs.1 lac	3,33,975	19,000	3,52,975	9.064	7,35,033	19,000	7,54,033	16.412	7.348
(c) Others (Specify) -	-	-	-	-	-	-	-	-	-
(i) Trusts, Societies, etc.	100	-	100	0.003	100	-	100	0.002	-0.001
(ii) NRIs/OCBs	2,050	-	2,050	0.053	3,360	-	3,360	0.073	0.02
(iii) Clearing Members/Clearing House	13,228	-	13,228	0.339	10,737	-	10,737	0.234	-0.106
<b>Sub-Total(B)(2)</b>	12,27,260	1,65,130	1,39,2390	35.756	19,31,060	1,61,330	20,92,390	35.543	9.787
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	12,27,260	1,66,130	13,93,290	35.779	19,31,060	1,62,230	20,93,290	45.563	9.784
<b>C. Shares held by Custodian for GDRS &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A+B+C)</b>	<b>3,728,270</b>	<b>1,66,030</b>	<b>3,894,300</b>	<b>100.00</b>	<b>44,320,70</b>	<b>1,62,230</b>	<b>4,594,300</b>	<b>100.00</b>	<b>0.001</b>

**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2017			Shareholding at the end of the year as on 31.03.2018			% change in Share holding during the year
		No. of Shares	% of total Shares of the	% of Shares Pledged/encumbered to total Shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total Shares	
1.	TARAK J.SANGHAVI (HUF)	53,550	1.375	-	53,550	1.166	-	-0.209
2.	UMESH J. SANGHAVI (HUF)	54,700	1.405	-	54,700	1.191	-	-0.214
3.	ASHOK J. SANGHAVI	4,55,180	11.688	-	4,55,180	9.907	-	-1.781
4.	UMESH J. SANGHAVI	95,340	2.448	2.448	95,340	2.075	2.075	-0.373
5.	RAJENDRA J.SANGHAVI	1,19,700	3.074	3.074	1,19,700	2.605	2.605	-0.469
6.	ASHOK J. SANGHAVI (HUF)	300	0.008	-	300	0.007	-	-0.001
7.	RAJENDRAJ.SANGHAVI (HUF)	55,100	1.415	-	55,100	1.199	-	-0.216
8.	PAYAL A. SANGHAVI	700	0.018	-	700	0.015	-	-0.003
9.	ANITA U. SANGHAVI	2,39,740	6.156	-	2,39,740	5.218	-	-0.938
10.	MRUNALINI R.SANGHAVI	2,37,080	6.08	-	2,37,080	5.160	-	-0.928
11.	VASANTBEN J.SANGHAVI	2,45,360	6.300	6.300	2,45,360	5.340	5.340	-0.960
12.	VASANTBEN J. SANGHAVI (TRUST)	2,54,900	6.545	-	2,54,900	5.548	-	-0.997
13.	NIKHIL U.SANGHAVI	86,785	2.22	-	86,785	1.889	-	-0.340
14.	REKHA T.SANGHAVI	2,71,440	6.97	-	2,71,440	5.908	-	-1.062
15.	TARAK J. SANGHAVI	1,12,490	1 2.889	2.889	1,12,490	2.448	2.448	-0.441
16.	AVNI R. SANGHAVI	36,150	0.928	-	36,150	0.787	-	-0.141
17.	HEMAL U. SANGHAVI	85,785	2.203	-	85,785	1.867	-	-0.336
18.	SAGAR A.SANGHAVI	470	0.012	-	470	0.01	-	-0.002
19.	JANKI T. SANGHAVI	32,000	0.822	-	32,000	0.697	-	-0.125
20.	AMI T.SANGHAVI	32,170	0.826	-	32,170	0.700	-	-0.126
21.	TULSI R. SANGHAVI	32,070	0.824	-	32,070	0.698	-	-0.126

**(iii) Change in Promoter's Shareholding**

Promoter s Shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the year	No change during the year			
Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	No change during the year			
At the end of the year	No change during the year			

(iv) Shareholding Pattern of top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name	Shareholding at the beginning		Date	Increasing/ Decreasing in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1.	VASANT POLYMERS & CHEMICALS PVT LTD.	3,09,000	7.935	01/04/2017				
				19/01/2018	6,000	Buy	3,15,000	8.098
	-Closing Balance	3,15,000	6.856	31/03/2018			3,15,000	6.856
2.	KARAN MANOMERS PVT. LTD.	2,25,600	4.910	01/04/2017				
	-Closing Balance	2,25,600	4.91	31/03/2018		No Change	2,25,600	4.91
3.	AJAY DILKUSH SARUPRIA	2,00,000	4.353	01/04/2017				
	-Closing Balance	2,00,000	4.353	31/03/2018		No Change	2,00,000	4.353
3.	VARUN DAGA	1,00,000	2.177	01/04/2017				
	-Closing Balance	1,00,000	2.177	31/03/2018		No Change	1,00,000	2.177
4.	CHANRANDEEP SINGH	1,00,000	2.177	01/04/2017				
	-Closing Balance	1,00,000	2.177	31/03/2018		No Change	1,00,000	2.177
5.	DIVYAM TIE UP LLP	1,160	0.029	14/04/2017				
				21/04/2017	12,135	Buy	13,295	0.341
				28/04/2017	16,055	Buy	29,350	0.754
				05/05/2017	6,800	Buy	36,150	0.928
				12/05/2017	769	Buy	36,919	0.948
				26/05/2017	19,627	Buy	56,546	1.452
				02/06/2017	4,303	Buy	60,849	1.563
				16/06/2017	15,956	Buy	76,805	1.972
				21/07/2017	550	Buy	77,355	1.986
				27/10/2017	1	Buy	77,356	1.986
				15/12/2017	5,500	Buy	82,856	2.128
	-Closing Balance	82,856	1.803	31/03/2018			82,856	1.803
6.	UMESH MORARJI THAKKAR	91,872	2.359	01/04/2017				
				07/04/2017	-1000	Sold	90,872	2.333
				21/04/2017	2000	Buy	92,872	2.385
				28/04/2017	155	Buy	93,027	2.389
				05/05/2017	500	Buy	93,527	2.402
				19/05/2017	-2000	Sold	91,527	2.35
				26/05/2017	-1151	Sold	90,376	2.321
				16/06/2017	-971	Sold	89,405	2.296
				12/01/2018	-10476	Sold	78,929	2.027
				09/02/2018	-200	Sold	78,729	2.022
				09/03/2018	1000	Buy	79,729	2.047
	-Closing Balance	79,729	1.735	31/03/2018			79,729	1.735
7.	DHEERAJ KUMAR LOHIA	67,303	1.728	01/04/2017				

				24/11/2017	2,244	Buy	69,547	1.786
				01/12/2017	609	Buy	70,156	1.802
	-Closing Balance	70,156	1.527	31/03/2018			70,156	1.527
8.	VISEN INDUSTRIES LTD	93,463	2.399	01/04/2017				
				06/10/2017	-1000	Sold	92,463	2.374
				13/10/2017	-3000	Sold	89,463	2.297
				20/10/2017	-3000	Sold	86,463	2.220
				27/10/2017	-2000	Sold	84,463	2.169
				03/11/2017	-3000	Sold	81,463	2.092
				10/11/2017	-1000	Sold	80,463	2.066
				22/12/2017	-1000	Sold	79,463	2.040
				29/12/2017	-1000	Sold	78,463	2.015
				05/01/2018	-1384	Sold	77,079	1.979
				12/01/2018	-1000	Sold	76,079	1.954
				19/01/2018	-5000	Sold	71,079	1.825
				26/01/2018	-1060	Sold	70,019	1.798
				02/02/2018	-1056	Sold	68,963	1.771
				09/02/2018	-245	Sold	68,718	1.765
				16/02/2018	-2058	Sold	66,660	1.712
				23/02/2018	-1781	Sold	64,879	1.666
				02/03/2018	-657	Sold	64,222	1.649
				16/03/2018	-1000	Sold	63,222	1.623
	-Closing Balance	63,222	1.376	31/03/2018			63,222	1.376
9.	SANGEETHA S	56,590	1.453	01/04/2017				
				14/04/2017	-1590	Sold	55,000	1.412
				21/04/2017	-1000	Sold	54,000	1.387
				19/05/2017	-1100	Sold	52,900	1.358
				26/05/2017	-900	Sold	52,000	1.335
				09/06/2017	-1700	Sold	50,300	1.292
				30/06/2017	-235	Sold	50,065	1.286
				07/07/2017	-675	Sold	49,390	1.268
				01/12/2017	-1800	Sold	47,590	1.222
				15/12/2017	-1800	Sold	45,790	1.176
				29/12/2017	-450	Sold	45,340	1.164
				05/01/2018	-900	Sold	44,440	1.141
				12/01/2018	-1890	Sold	42,550	1.093
				19/01/2018	-2160	Sold	40,390	1.037
				02/02/2018	-270	Sold	40,120	1.03
				09/02/2018	-1530	Sold	38,590	0.991
	-Closing Balance	38,590	0.84	31/03/2018			38,590	0.84
10.	BRIGHTLIGHT AGENCY PRIVATE LIMITED	70,000	1.797	01/04/2017				
				28/04/2017	-12950	Sold	57,050	1.465
				05/05/2017	-10050	Sold	47,000	1.207
				12/05/2017	-2000	Sold	45,000	1.156
	-Closing Balance	45,000	0.979	31/03/2018			45,000	0.979

**(v) Shareholding of directors and Key Managerial Personnel:**

Sr No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mr. Rajendra J. Sanghavi				
	At the beginning of the year	1,19,700	3.074	1,19,700	3.074
	At the End of the year	1,19,700	2.605	1,19,700	2.605
2.	Mr. Umesh J. Sanghavi				
	At the beginning of the year	95,340	2.445	95,340	2.445
	At the End of the year	95,340	2.075	95,340	2.075
3.	Mr. Tarak J. Sanghavi				
	At the beginning of the year	1,12,490	2.889	1,12,490	2.889
	At the End of the year	1,12,490	2.448	1,12,490	2.448
4.	Mr. M. M .Vora				
	At the beginning of the year	33,871	0.869	33,871	0.869
	At the End of the year	15,371	0.395	15,371	0.395
5.	Ms. Ishita T. Gandhi				
	At the beginning of the year	1,000	0.026	1,000	0.026
	At the End of the year	1,000	0.022	1,000	0.022
6.	Mr. H. S. Kamath				
	At the beginning of the year	400	0.010	400	0.010
	At the End of the year	700	0.018	100	0.018
7.	Ms. Ami Parikh				
	At the beginning of the year	32,170	0.826	32,170	0.826
	At the End of the year	32,170	0.700	32,170	0.700

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment  
(Amount in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedne
<b>Indebtedness at the beginning of the financial year</b>				
(i) PrincipalAmount	1874.65	1226.00	231.50	3332.15
(ii) Interest due but not paid	-	-	-	-
(iii)Interest accrued but not due	-	-	20.73	20.73
<b>Total(i+ii+iii)</b>	1874.65	1226.00	252.23	3352.88
<b>Change in Indebtedness during the financial year</b>				
•Addition	0.00	-	225.50	225.50
•Reduction	86.58	1226.00	18.65	1331.23
<b>NetChange</b>	86.58	1226.00	206.85	1106.03
<b>Indebtedness at the end of the financial year</b>				
(i) PrincipalAmount	1788.07	0.00	438.35	2226.42
(ii) Interest due but not paid	-	-	-	-
(iii)Interest accrued but not due	-	-	43.35	43.35
<b>Total(i+ii+iii)</b>	1788.07	0.00	481.70	2269.77

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A.Remuneration to Managing Director

(Amount in Rs. ₹)

Sr. No.	Particulars of Remuneration	Umesh J. Sanghavi (Managing Director)	Rajendra J. Sanghavi (Chairman)	Tarak J. Sanghavi (Director)
1.	Gross salary (a)Salary as per provisions contained in section 17(1)	13,16,448	10,08,000	10,08,000
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission-as % of profit-others, specify	-	-	-
5.	Others (Company's contribution to Provident and Superannuation Fund(s) to the extent not taxable)	-	-	-
<b>Total(A)</b>		13,16,448	10,08,000	10,08,000
Ceiling as per the Act		46 Lakhs as per Schedule of the Companies Act, 2013.		



**B. Remuneration to other Directors**

(Amount in Rs. ₹)

Sr No.	Particulars of Remuneration	Name of Director			Total Amount
		M.M.Vora	H.S.Kamath	Ishita Gandhi	
1.	Independent Directors	M.M.Vora	H.S.Kamath	Ishita Gandhi	
	Fees for attending Board/Committee Meetings	46,000	46,000	49,450	1,41,450
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
<b>Total(1)</b>		46,000	46,000	49,450	1,41,450
2.	Other Non-Executive Directors				
	Fee for attending Board/Committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total(2)</b>	-	-	-	-
	<b>Total(B)=(1+2)</b>	-	-	-	1,41,450
	Overall Ceiling as per the Act	NA			

**C) Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole time Director**

Sr.No.	Particulars of Remuneration	Key Managerial Personnel		
		Ms. Ami Parikh (CFO)	Mr.Nirmal Tiwari (CS)	Total Amount ( in Rupees )
1.	Gross salary (a)Salary as per provisions contained in section 17 (1)of the IncomeTaxAct,1961 (b)Value of perquisites u/s17	1,20,150	3,50,216	4,70,366
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission- as % of profit- others, specify	-	-	-
5.	Others, please specify-Retiral/Retirement benefits	-	-	-
<b>Total(C)</b>		1,20,150	3,50,216	4,70,366

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCE**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority	Appeal made, if any
<b>Company / B. Directors / C. Other Officers in Default</b>					
Penalty			NONE		
Punishment			NONE		
Compounding			NONE		

## ANNEXURE IV

### DISCLOSURE OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO

The Information under Section 134(3) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2018 is given here below and Forms part of the Directors Report

#### A) Conservation of Energy:

The Company has a well structured energy management system in place and regular efforts are made to optimize process parameters and energy conservation. Additionally, while undertaking modernization and technological upgradation of production facilities, due consideration is also given in selection of plant and equipments which conforms to the best in class energy conservation parameters. The other identified key initiatives for conservation of energy during the year were-

#### 1) The steps taken or impact on conservation of energy:

- a) Continuous replacement of incandescent bulbs with compact fluorescent (CFLs) and LED bulbs. These are energy efficient modern alternatives which save energy considerably & helps to reduce energy consumption.
- b) Installation of VFD(variable frequency drive), the electronic device on the electrical motors, where the energy consumption is very high, by which considerable amount of energy is saved resulting in conservation of energy.
- c) Capacities are installed for effective distribution of Electricity supply and improve the power factor. The company has carried out Automization of this system, resulting in better control and improving further power factor.
- d) Energy also can be saved by better utilization. Staff is well trained accordingly. Running of equipments unnecessary also results in wastage of energy. Energy is conserved by stopping the wastage.
- e) Undertaken thick plantation to help reducing pollution.
- f) Upgradation of effluent treatment plant is continued. Treated water is used for washing & cleaning.
- g) Water is consumed very efficiently avoiding any losses. Monitoring is done on day to day basis.
- h) Treated efficient water is used.

#### 2) The steps taken by the company for utilizing alternate sources of energy:

- a) Alternative energy is any energy source that is an alternative to Fossil Fuel. There are various sources of alternate energy i.e. solar, wind, geothermal, biomass, bio fuels, hydropower etc. Solar power is the most convenient of all which can be made use of by installing solar panels and converting solar energy into directly electrical energy.

Management has understood the advantages of solar power and initiated the process to install solar panels which will help considerably to reduce power bill as well as conserving energy and in turn helping to reduce pollution.

#### 3) The capital investment on energy conservation equipments:

Rupees Six Lakhs were spent on energy conservation equipments.

**B) Technology absorption:****1) The efforts made towards technology absorption:**

We have a state of the art research and development laboratory to conduct new product developments, new applications development to meet customer needs and business aspirations.

**2) The benefits derived like product improvement, cost reduction, product development or import substitution, etc.:**

Improvisation in products quality helps to retain and increase the market share. Product development too helps to reduce cost and sustain ability in market. We constantly look for process improvisation at manufacturing level to reduce energy consumptions, minimize waste generation and to produce cost effective products in line with environmental policies.

**3) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)**

Not applicable as no technology was imported during the last three years.

**4) The expenditure incurred on Research and Development:**

Rupees 91 Lakhs were spent on Research and Development.

**C) Foreign Exchange Earnings and Outgo:**

Details of Foreign Exchange Earnings and expenditure are contained in Note No.38 in the Notes to the Financial Statements.

**For and On Behalf of the Board of Directors**

**Place: Mumbai**  
**Date: 30th May 2018**

**Rajendra J. Sanghavi**  
**Chairman**

## REPORT ON CORPORATE GOVERNANCE

### Company's Philosophy on Corporate Governance

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

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

### Board of Directors

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

### Composition of our Board and the No. of Directorship held by each Director:

Name of the Director	Status	No. of Board Meetings attended	Attendance At Annual General Meeting	No. of other Director-ships	No. of other Committee Membership	
					Chairman	Member
Mr. R. J. Sanghavi	Executive Chairman, Promoter	5	Attended	1	-	-
Mr. U. J. Sanghavi	Managing Director, Promoter	6	Attended	1	-	-
Mr. T. J. Sanghavi	Executive Director, Promoter	6	Attended	Nil	-	-
Mr. M. M. Vora	Non-Executive, Independent Director	6	Not Attended	Nil	1	2
Mr. H. S. Kamath	Non-Executive, Independent Director	4	Not Attended	Nil	-	2
Mrs. Ishita Gandhi	Non-Executive, Independent Director	6	Attended	Nil	2	2

### 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 financial year ended on March 31, 2018, Six Board Meetings were held on 26<sup>th</sup> May, 2017, 14<sup>th</sup> September, 2017, 14<sup>th</sup> December, 2017, 15<sup>th</sup> January, 2018, 14<sup>th</sup> February 2018 and 07<sup>th</sup> March, 2018.

The 31<sup>st</sup> Annual General Meeting of the company was held on 28<sup>th</sup> September, 2017.

All material information are circulated to the Directors before the meeting or placed at the meeting including minimum information as required under Annexure-X to the Listing Agreement(s). All the directors have complete and unrestricted access to any information required by them to understand the transactions and take decisions. This enables the Board to discharge its responsibilities effectively and make an informed decision. The compliance report of all laws applicable to your Company as prepared and compiled and circulated to all the Directors along with the Agenda and placed/reviewed in each Board Meeting.

The Board has laid down a Code of Conduct for all Board Members and senior management personnel of your Company and the same has been posted on the website of your Company. For the year under review, all Directors and senior management personnel of your Company have affirmed their adherence to the provisions of the said Code.

Brief resume and profile of a Director retiring by rotation and eligible for re-appointment at the ensuing Annual General Meeting (AGM) are given in the Notice of AGM of your Company, annexed to this Annual Report.

### Audit Committee

The terms of reference, role and scope of the Audit Committee are in line with those prescribed by Regulation 18 read with Schedule II ( Part C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Your Company also complies with the provisions of Section 177 of the Companies Act, 2013 pertaining to Audit Committee and its functioning.

### Details of the meetings held by the Audit Committee are as follows:

Sr. No.	Name of the Director.	Status	No. of Meetings held	No. of Meetings attended	Date of Audit Committee Meetings
1.	Mr. M. M. Vora (Member)	Non Executive / Independent	4	4	26 <sup>th</sup> May, 2017
2.	Mr. H. S. Kamath (Member)	Non Executive / Independent	4	4	14 <sup>th</sup> September, 2017 14 <sup>th</sup> December, 2017
3.	Mrs. Ishita Gandhi (Chairman)	Non Executive / Independent	4	4	14 <sup>th</sup> February, 2018

### Stakeholders Relationship Committee

Non-Executive Director heading the Committee	Mrs. Ishita T.Gandhi
Compliance Officer	Mr. Nirmal Tiwari
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

The terms of reference of the Nomination and Remuneration Committee inter alia includes determination of your 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. H. S. Kamath (Member)	Non Executive / Independent	1	1	26 <sup>th</sup> May, 2017
2.	Mr. M. M. Vora (Chairman)	Non Executive / Independent	1	1	14 <sup>th</sup> February, 2018
3.	Mrs. Ishita Gandhi (Member)	Non Executive / Independent	1	1	

### 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 your Company. The remuneration paid to the Executive Directors is recommended by the Nomination and Remuneration Committee in accordance with the Companies Act, 2013 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 for attending Board meetings.

## Remuneration to Directors

The remuneration details for the financial year 2017-18 are as follows:

Name of the Directors	Status	Salary (₹)	Contribution to Provident Fund (₹)	Commission	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	-	-	46,000	46,000	N.A
Mr. H. S. Kamath	Non Executive/ Independent	N.A	-	-	46,000	46,000	N.A
Mrs. Ishita Gandhi	Non Executive/ Independent	N.A	-	-	49,450	49,450	N.A

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

## Shareholding of the Non Executive Directors as on 31<sup>st</sup> March 2018

Name of the Director	Nature of Directorship	No of Shares held	Percentage to the paid-up capital
Mr. M. M. Vora	Independent	15,371	0.334
Mr. H. S. Kamath	Independent	700	0.015
Mrs. Ishita Gandhi	Independent	1,000	0.022

### **Independent Directors Meeting:**

During the year under review, a separate meeting of Independent Directors was held on 14th February, 2018, interalia, to discuss:

- Evaluation of the performance of Non-Independent Directors and Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking in to account the views of the Executive and Non-Executive Directors; and
- Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and necessarily perform its duties.

All the Independent Directors of your Company were present in the meeting.

### **Performance Evaluation of Board, Committees and Directors**

A formal annual evaluation was carried out by the Board of its own performance and that of its committees and individual directors. During the year under review, one meeting of the Independent Directors was held wherein the performance of non-independent directors, Chairman (Non-executive) of your Company and the Board as a whole were reviewed. The performance evaluation of Committees and Independent Directors was carried out by the entire Board, excluding the director being evaluated. The Independent Directors also assessed the quality, quantity and timelines of flow of information between your Company management and the Board that is necessary for the Directors to effectively and necessarily perform their duties. The Board, its Committees and Directors evaluation provided a formal process of communication in raising issues that might not otherwise be vetted by the Board, with the underlying objectives to develop an action plan to improve the Board performance, interalia, by ensuring compliance with the requirements of the Companies Act, 2013 and code of corporate governance.

The structure valuation process was focused on identifying areas of improvement, if any, such as creating balance of power between the Board and management, long term strategy, more effectively fulfilling the Board's oversight responsibilities, the adequacy of committee(s) structures, the assessment of Board culture to ascertain whether the same is conducive to attract right individuals to join the Board and updating the evaluation process itself.

A review of fiduciary duties of the Board, governance policy adopted by your Company and acquaintance and familiarization of Independent Directors with your Company and its business model, their roles, rights, responsibilities in your Company, nature of the industry in which your Company operates, etc. and contribution by each director, committees of the Board was also carried out during the process of evaluation. The appraisal of the Managing Director and Chief Executive Officer and his level of engagement in the affairs of your Company was an important component of the Board evaluation.

The final evaluation was thereafter deliberated and assessed taking into account inputs from the Board about evaluation of independent directors and various Committees of the Board and suggesting action plan for improving Board performance and plan for next Board, its Committee(s) and individual director's evaluation.

### **General Body Meetings**

The last three Annual General Meetings of your Company were held at the Registered Office of the Company on 26th September, 2015, 29th September, 2016 and 28th September, 2017 respectively.



## Disclosures

- (a) There are no materially significant related party transactions entered into by your Company with its Promoters, Directors or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of your Company at large. A statement in summary form of transactions with the related parties during the year in the ordinary course of business and at arm's length basis is disclosed in Note No.43 of Notes to financial statements in the Annual Report.
- (b) Your Company has complied with the requirements of Stock Exchange, Securities and Exchange Board of India and other statutory authorities on matter relating to capital markets during the last three years and consequently no penalties or strictures have been imposed on your Company by these authorities.
- (c) Your Company has generally complied with all the mandatory requirements of the Listing Agreement to the extent applicable to your Company.
- (d) While preparation of the financial statements during the year under review, no accounting treatment which was different from that prescribed in the Indian Accounting Standards was followed. The significant accounting policies applied in preparation and presentation of financial statements have been set out in Note No.1 of Notes to financial statements in the Annual Report.
- (e) Your Company has laid down procedures to inform the Board members about the risk assessment and minimization procedures covering the entire gamut of business operations of your Company. These procedures are periodically reviewed to ensure that executive management controls risks by means of a properly defined framework.
- (f) The designated senior management personnel of your Company have disclosed to the Board that no material, financial and commercial transactions have been entered into during the year under review in which they have personal interest, which may have a potential conflict with the interest of your Company at large.
- (g) The Managing Director and the CFO have furnished a duly signed Certificate to the Board for the year ended March 31, 2018 in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) and the same has been placed in the Board Meeting held on May 30, 2018.
- (h) In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended Mr. Nirmal Tiwari has been designated as the Compliance Officer of your Company under your Company's Code of Conduct for Prevention of Insider Trading. He is responsible for adherence to the Code by your Company and its designated employees. Your Company also adheres to the disclosure practices for Prevention of Insider Trading as specified in the aforesaid SEBI Regulations.
- (i) Your Company has adopted a Vigil Mechanism/ Whistle Blower Policy for developing a culture where it is safe for all directors /employees to raise concerns about any unacceptable practice and any event of misconduct. The Policy allows unrestricted access to all employees and others to approach the Audit Committee and there has been no instance during the year where any personnel has been denied access to the Audit Committee. The quarterly report with number of complaints received under the policy and their outcome is being placed before the Audit Committee.
- (j) Your Company is familiarizing the Independent Directors on its Board on a quarterly basis and the detail of familiarization programme are posted on the website of your Company and is available at the weblink <http://www.nikhiladhesives.com>
- (k) Your Company has presently not adopted certain non-mandatory requirements in regard to maintenance of Non-Executive Chairman's office, sending half-yearly declaration of financial performance to each house hold of shareholders and reporting of internal auditors directly to the Audit Committee.

## Means of Communications

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

**General Shareholder Information**

Sr. no	Particulars	
1	Annual general Meeting date, time, venue	28 <sup>th</sup> September, 2018, 11.00 a.m. at The Andheri Recreation Club, Dadabhai Road, Opposite Bhavans College Road, Andheri (West) , Mumbai – 400058.
2	Date of Book closure	20 <sup>th</sup> September, 2018 to 28 <sup>th</sup> September, 2018 (both days inclusive)
3	Date of Payment of Dividend	On or after 3 <sup>rd</sup> October 2018 ( if declared)
4	<u>Financial Calendar (Tentative)</u> Unaudited financial result for the quarter ending 30 <sup>th</sup> June 2018 Unaudited financial result for the quarter ending 30 <sup>th</sup> September, 2018 Unaudited financial result for the quarter ending 31 <sup>st</sup> December, 2018 Audited financial result for the year ending 31 <sup>st</sup> March, 2019 Annual general meeting for the year ending 31 <sup>st</sup> March, 2019	2 <sup>nd</sup> week of August, 2018 2 <sup>nd</sup> week of November, 2018 2 <sup>nd</sup> week of February, 2018 4 <sup>th</sup> week of May, 2018 September, 2019
5	Listing of stock exchange	BSE Ltd
6	Demat ISIN number of NSDL & CDSL	INE926C01014
7	Stock code on BSE Ltd	526159
8	Grievance redressal division email ID	<a href="mailto:umesh.sanghavi@nikhiladhesives.com">umesh.sanghavi@nikhiladhesives.com</a>

**9.High / Low share price during last financial year (month wise)**

Month	BSE (₹)		SENSEX	
	HIGH	LOW	HIGH	LOW
April 2017	115.90	77.00	30184	29242
May 2017	115.90	83.50	31255	29804
June 2017	160.00	108.00	31523	30681
July 2017	150.00	124.45	32673	31017
August 2017	131.50	107.70	32686	31128
September 2017	155.00	107.45	32524	31082
October 2017	147.90	120.00	33340	31440
November 2017	184.85	125.00	33866	32684
December 2017	237.00	162.60	34138	32565
January 2018	283.40	194.05	36444	33703
February 2018	299.20	211.00	36257	33483
March 2018	282.00	210.10	34279	32484

**10) Distribution Schedule of Numbers of Shares as on 31.03.2018**

Shares	No. of Holders	%	No. of Shares	%
Up to 100	922	55.14	61,845	1.35
101 to 200	273	16.33	52,012	1.13
201 to 500	251	15.01	1,03,163	2.25
501 to 1000	102	6.10	86,494	1.88
1001 to 5000	71	4.25	1,59,974	3.48
5001 to 10000	14	.84	1,02,055	2.22
10001 to 100000	29	1.73	13,52,267	29.43
100001 to above	10	.60	26,76,490	58.26
<b>TOTAL</b>	<b>1672</b>	<b>100.00</b>	<b>4,594,300</b>	<b>100.00</b>

**11) Distribution Schedule of Numbers of Shares as on 31.03.2018**

Category	No. of Share	% of Shareholding
<b>A. Promoter's holding</b>		
1. Promoters		
- Indian Promoters	25,01,010	54.437
- Foreign Promoters		
2. Persons acting in concert		
<b>SUB TOTAL</b>	<b>(A)</b> 25,01,010	54.437
<b>B. Non-Promoters holding</b>		
3. Institutional investors		
a. Mutual funds and UTI	900	0.020
b. Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non Government Institution)		
c. FII(s)		
<b>SUB TOTAL</b>	<b>(B)</b> 900	0.020
4. Others		
a. Bodies Corporate	8,17,508	17.794
b. Indian Public	12,60,685	27.440
c. NRI's / OCB's	3,360	0.073
d. Clearing Members	10,737	0.234
e. Trusts	100	0.002
<b>SUB TOTAL</b>	<b>(C)</b> 2,092,390	45.543
<b>GRAND TOTAL</b>	<b>(A+B+C)</b> 4,594,300	100

Sr.No	Particulars	
12	Registrars & Transfer Agents.	<p>M/s Sharex Dynamic(India )Pvt. Ltd</p> <p><b>Branch office :</b></p> <p>Unit No 1 , Luthra Ind. Premises</p> <p>Andheri Kurla Road, Safed Pool,</p> <p>Andheri East, Mumbai 400 072</p>
13	Share Transfer Systems	<p>Since your 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 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.</p>
14	Dematerialization of Shares and Liquidity	<p>Trading in equity shares of your Company is permitted only in dematerialized form.</p> <p>Total No. of Shares dematerialized up to 31.03.2018 is 44,32,070 i.e. 96.46% of the total equity share capital of your Company.</p>
15	Issue of any GDRs, ADRs etc	<p>Your Company has not issued any GDRs, ADRs, Warrants or any Convertible Instruments.</p>
16	Plant locations	<p><b>PLANT 1:</b> Shreeji Industrial Estate, Vadkun, College Road, Dahanu, Dist. Palghar – 401 602.</p> <p><b>PLANT 2:</b> Plot No.7, Govt Ind. Estate Phase- I, Piparia, Silvassa-396230</p> <p><b>PLANT 3:</b> Plot No.D-2/CH/49, GIDC Estate, Dahej, Tal – Vagra. Dist. Bharuch, Gujarat – 392130.</p>
17	Registered Office Address	<p>315, The Summit Business Bay, Behind Gurunank Petrol Pump, Opp. Cinemax, Andheri Kurla Road, Andheri (E), Mumbai - 400093, Maharashtra.</p>
18	Address for Shareholders Correspondence	<p>M/s. Sharex Dynamic (India) Pvt. Ltd. Unit No. 1, Luthra Ind. Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai – 400 072</p>

## DECLARATION

As required under Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board Members and the Senior Management Personnel have confirmed compliances with the Code of Conduct for the Board of Directors and the Senior Management for the year ended 31 March, 2018.

For Nikhil Adhesives Limited

Place: Mumbai  
Date: 30<sup>th</sup> May 2018

Umesh. J. Sanghavi  
Managing Director

## MANAGING DIRECTOR AND CFO CERTIFICATION

The Board of Directors,  
Nikhil Adhesives Limited,  
Mumbai.

### Re: Financial Statements for the year 2017 - 2018 Certification by Managing Director and CFO.

We the undersigned, on the basis of the review of the financial statements and the cash flow statement for the financial year ended March 31, 2018 and to the best of our 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 Indian accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2018 which is fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls; We have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We 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 we 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**  
**30<sup>th</sup> May, 2018**

**Ami Parikh**  
**Chief Financial Officer**  
**30<sup>th</sup> May, 2018**

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE****CIN: L51900MH1986PLC041062****Nominal Capital : ₹ 5 crores****To,****The Members of****Nikhil Adhesives Limited**

We have examined all the relevant records of Nikhil Adhesives Limited (“the Company”) for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended on 31st March, 2018. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate is neither an assurance as to the future viability of the Company nor efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all the applicable requirements of Corporate Governance of the said Regulations.

For PHD &amp; Associates

Chartered Accountants

(Firm Registration No.111236W)

Paresh Vakharia

Partner

Membership No.: 38220

Place: Mumbai

Date: 30th May, 2018

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF NIKHIL ADHESIVES LIMITED REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying Ind AS financial statements of Nikhil Adhesives Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE Ind AS FINANCIAL STATEMENTS

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements to give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standard (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under provisions of the Act and the rules made thereunder and the order issued under section 143(11) of the Act.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the ICAI. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatements.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

## OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profits, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. As required by 'the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we consider appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, based on our audit, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors of the company, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. An amount of Rs. 1,13,569/- were required to be transferred to the Investor Education and Protection Fund by the Company in October, 2017, is pending transfer. The management is taking necessary steps to comply with transfer of the said amount to the fund.

### For PHD & Associates

Chartered Accountants

Firm Registration No.111236W

### Paresh Vakharia

Partner

Membership No.: 38220

Mumbai

30 May 2018



## Annexure A

### Referred to in paragraph 9 of Independent Auditors' Report of even date to the members of Nikhil Adhesives Limited on the financial statements for the year ended March 31, 2018:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant and Equipment).
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us, we report that the title deeds, comprising all the immovable properties are held in the name of the Company as at the balance sheet date, except in respect of immovable properties that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has not provided any loans, or any guarantees or security to the parties covered under Section 186 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of making investments.
- (v) In our opinion and according to the information and explanations given to us, the Company has accepted deposits during the year and complied with the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and other relevant provisions of the Companies Act, 2013 and the rules framed there under, as applicable.
- (vi) The maintenance of cost records have been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended, prescribed by the Central Government under sub-section (1) of the Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) In respect of statutory dues:
  - (a) According to the records of the Company, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax (including Goods and Service Tax), service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2018, for a period of more than six months from the date of becoming payable.
  - (b) There are no dues of income tax, sales tax (including Goods and Service Tax), service tax, duty of customs, duty of excise, value added tax which have not been deposited as on March 31, 2018, on account of disputes.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The company did not have any outstanding dues to financial institutions or government or debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the managerial - remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has made preferential allotment of shares during the year. Accordingly, Section 42 and 62 of the Companies Act, 2013 and relevant rules have been complied with by the company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence provisions of Section 192 of the Act are not applicable.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

**For PHD & Associates**

Chartered Accountants

Firm Registration No.111236W

**Paresh Vakharia**

Partner

Membership No.: 38220

Mumbai

30 May 2018

## Annexure B

**Referred to in paragraph 10(f) of our report of even date to the members of Nikhil Adhesives Limited on the financial statements for the year ended March 31, 2018.**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("The Act")**

1. We have audited the internal financial controls over financial reporting of Nikhil Adhesives Limited ("the Company") as at March 31, 2018, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, to the extent applicable to an audit of Internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:
- (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
  - (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
  - (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For PHD & Associates**

Chartered Accountants

Firm Registration No.111236W

**Paresh Vakharia**

Partner

Membership No.: 38220

Mumbai

30 May 2018

BALANCE SHEET AS AT MARCH 31, 2018

₹					
	Particulars	Note	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	<b>ASSETS</b>				
<b>I</b>	<b>Non-current assets</b>				
	(a) Property, plant and equipment	2	278,539,754	226,890,019	222,411,564
	(b) Capital work-in-progress	3	1,531,825	8,536,237	3,904,664
	(c) Intangible assets	4	-	-	-
	(d) Financial assets				
	(i) Investments	5	570,731	111,520	78,056
	(ii) Other non-current financial assets	6	11,924,227	3,737,177	13,112,976
	(e) Other non-current assets	7	26,497,545	23,502,738	22,542,972
	<b>Total non current assets</b>		<b>319,064,082</b>	<b>262,777,691</b>	<b>262,050,232</b>
<b>II</b>	<b>Current assets</b>				
	(a) Inventories	8	338,140,658	211,283,066	258,901,898
	(b) Financial assets				
	(i) Trade receivables	9	781,488,110	644,759,517	439,269,565
	(ii) Cash and cash equivalents	10	11,821,284	13,151,295	17,865,922
	(iii) Bank balances other than above	11	20,396,599	32,547,676	42,288,294
	(iv) Other current financial assets	12	115,499	8,932,484	31,603,770
	(c) Current tax assets (Net)		6,726,058	5,103,278	4,640,546
	(d) Other current assets	13	87,997,837	121,345,338	129,391,827
	<b>Total current assets</b>		<b>1,246,686,045</b>	<b>1,037,122,654</b>	<b>923,961,822</b>
	<b>TOTAL ASSETS</b>		<b>1,565,750,127</b>	<b>1,299,900,345</b>	<b>1,186,012,054</b>
	<b>EQUITY AND LIABILITIES</b>				
<b>I</b>	<b>Equity</b>				
	(a) Equity share capital	14	46,049,603	39,049,603	39,049,603
	(b) Other equity	15	304,309,884	138,963,964	118,520,019
	<b>Total equity</b>		<b>350,359,487</b>	<b>178,013,567</b>	<b>157,569,622</b>
<b>II</b>	<b>Liabilities</b>				
<b>1</b>	<b>Non-current liabilities</b>				
	(a) Financial Liabilities				
	(i) Borrowings	16	140,760,174	264,163,045	161,762,715
	(ii) Other non-current financial liabilities	17	3,847,289	1,595,533	557,188
	(b) Provisions	18	3,347,364	3,016,578	2,711,781
	(c) Deferred tax liabilities (Net)	19	19,783,796	16,325,695	16,754,098
	<b>Total non-current liabilities</b>		<b>167,738,623</b>	<b>285,100,851</b>	<b>181,785,782</b>
<b>2</b>	<b>Current liabilities</b>				
	(a) Financial liabilities				
	(i) Borrowings	20	155,167,081	166,470,207	155,690,152
	(ii) Trade payables	21	798,175,103	575,350,371	603,172,297
	(iii) Other current financial liabilities	22	52,814,965	48,180,735	38,809,790
	(b) Other current liabilities	23	28,327,973	39,671,228	45,330,155
	(c) Provisions	24	1,801,467	571,301	470,181
	(d) Current tax liabilities (Net)		11,365,428	6,542,085	3,184,075
	<b>Total current liabilities</b>		<b>1,047,652,017</b>	<b>836,785,927</b>	<b>846,656,650</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,565,750,127</b>	<b>1,299,900,345</b>	<b>1,186,012,054</b>

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  
(Managing Director)  
DIN : 00491220

T. J. Sanghavi  
(Executive Director)  
DIN : 00519403

Paresh Vakharia  
(Partner)  
Membership No.38220

R. J. Sanghavi  
(Chairman)  
DIN : 00245637

M. M. Vora  
(Director)  
DIN : 00245427

Place : Mumbai  
Date : 30th May 2018

Ami Parikh  
Chief Financial Officer

Nirmal Tiwari  
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

₹

Particulars	Note	Year ended March 31, 2018	Year ended March 31, 2017
<b>REVENUE</b>			
Revenue From Operations	25	3,396,959,502	2,893,895,204
Other Income	26	6,891,436	757,562
<b>Total income</b>		<b>3,403,850,938</b>	<b>2,894,652,766</b>
<b>EXPENSES</b>			
Cost of materials consumed	27	1,981,574,632	1,430,853,787
Purchases of Stock-in-Trade	28	924,211,969	760,108,266
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	(28,130,676)	66,455,375
Excise duty on sale of goods	30	94,661,415	297,685,722
Employee benefits expense	31	82,943,680	64,973,807
Finance costs	32	65,323,254	66,667,242
Depreciation and amortization expense	33	17,604,461	14,875,235
Other expenses	34	213,696,106	162,490,069
<b>Total Expenses</b>		<b>3,351,884,841</b>	<b>2,864,109,503</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>51,966,097</b>	<b>30,543,263</b>
Exceptional Items	35	(8,633,879)	-
<b>Profit/(loss) before tax</b>		<b>43,332,218</b>	<b>30,543,263</b>
<b>Tax expenses</b>			
Current tax		13,000,000	7,700,000
Deferred tax	19	1,768,204	2,432,782
<b>Total Tax Expense</b>		<b>14,768,204</b>	<b>10,132,782</b>
<b>Profit after tax</b>		<b>28,564,014</b>	<b>20,410,481</b>
<b>Other Comprehensive Income</b>			
Net change in fair value of investments		(40,289)	33,464
Remeasurement of net defined benefit plans		(377,805)	-
<b>Total Other Comprehensive Income</b>		<b>(418,094)</b>	<b>33,464</b>
<b>Total Comprehensive Income</b>		<b>28,145,920</b>	<b>20,443,945</b>
<b>Earnings per share</b>			
Basic	39	7.26	5.24
Diluted		7.26	5.24
Nominal Value of Share		10.00	10.00

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  
(Managing Director)  
DIN : 00491220

T. J. Sanghavi  
(Executive Director)  
DIN : 00519403

Paresh Vakharia  
(Partner)  
Membership No. 38220

R. J. Sanghavi  
(Chairman)  
DIN : 00245637

M. M. Vora  
(Director)  
DIN : 00245427

Place : Mumbai  
Date : 30th May 2018

Ami Parikh  
Chief Financial Officer

Nirmal Tiwari  
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(A) EQUITY

₹

Changes in equity for the year ended March 31, 2018	Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
Equity Share Capital	39,049,603	70,00,000*	46,049,603
Changes in equity for the year ended March 31, 2017	Balance as at April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
Equity Share Capital	39,049,603	-	39,049,603

\* 7,00,000 equity shares of face value of Rs. 10/- each issued on preferential allotment basis.

(B) OTHER EQUITY

₹

Particulars	Reserves and Surplus				Other Comprehensive Income	Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Net change in fair value of investments	
Balances as on April 1, 2016	400,000	12,800,000	64,287,415	41,032,604	-	118,520,019
Profit for the year	-	-	-	20,410,481	-	20,410,481
Other comprehensive income : Net change in fair value of investments	-	-	-	-	33,464	33,464
Balance as at March 31, 2017	400,000	12,800,000	64,287,415	61,443,085	33,464	138,963,964

Particulars	Reserves and Surplus				Other Comprehensive Income	Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Net change in fair value of investments	
Balances as on April 1, 2017	400,000	12,800,000	64,287,415	61,443,085	33,464	138,963,964
Profit for the year	-	-	-	28,564,014	-	28,564,014
Other comprehensive income : Remeasurement of defined benefit plans Net change in fair value of investments	-	-	-	(377,805)	(40,289)	(377,805) (40,289)
Securities premium received during the year	-	13,72,00,000**	-	-	-	137,200,000
Balance as at March 31, 2018	400,000	150,000,000	64,287,415	89,629,294	(6,825)	304,309,884

\*\* Share premium of Rs. 196 per share on 7,00,000 equity shares issued on preferential allotment basis.

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 (Managing Director) DIN : 00491220	T. J. Sanghavi (Executive Director) DIN : 00519403
Paresh Vakharia (Partner) Membership No. 38220	R. J. Sanghavi (Chairman) DIN : 00245637	M. M. Vora (Director) DIN : 00245427
Place : Mumbai Date : 30th May 2018	Ami Parikh Chief Financial Officer	Nirmal Tiwari Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

₹

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
<b>A. Cash flow from operating activities</b>				
Profit before income tax		43,332,218		30,543,263
<b>Non-cash adjustment to profit before tax:</b>				
Depreciation and amortisation expense	17,604,461		14,875,235	
Loss/(Gain) on disposal of property, plant and equipment	(60,000)			
Allowance for expected credit loss	947,163		872,444	
Provision for Gratuity	1,560,952		405,917	
Finance costs	65,323,254		66,667,242	
Sales tax deferral	520,139		543,426	
Loss on account of fire	8,633,879		-	
Remeasurement of defined benefit plans	(377,805)		-	
Net exchange differences	(4,745,276)	89,406,767	4,555,653	87,919,917
		132,738,985		118,463,180
<b>Change in operating assets and liabilities :</b>				
Decrease/(increase) in trade receivables	(137,689,186)		(206,257,784)	
Decrease/(increase) in inventories	(126,857,592)		47,618,832	
Increase/(decrease) in trade payables	227,570,009		(32,377,579)	
Decrease/(Increase) in other non-current financial assets	(714,104)		36,640	
Decrease/(Increase) in other current financial assets	-		21,859,776	
Decrease/(increase) in other non-current assets	277,447		(700,224)	
Decrease/(increase) in other current assets	33,347,501		8,046,489	
Increase/(decrease) in other non-current financial liability	-		-	
Increase/(decrease) in other current financial liabilities	1,919,298		14,514,029	
Increase/(decrease) in other current liabilities	(11,343,255)	(13,489,883)	(5,658,927)	(152,918,748)
<b>Cash generated from operations</b>		119,249,102		(34,455,568)
Direct taxes paid (net of refunds)		(8,109,540)		(7,665,907)
<b>Net cash flow from/(used in) operating activities (A)</b>		111,139,562		(42,121,474)
<b>B. Cash flow from investing activities</b>				
Payments for acquisition of property, plant and equipment (net)	(65,462,038)		(24,244,806)	
Payment for purchase of investment	(499,500)		-	
Term deposits with banks (placed)/ matured(Net)	4,691,562	(61,269,976)	18,948,528	(5,296,278)
<b>Net Cash Flow from/(used in) Investing Activities (B)</b>		(61,269,976)		(5,296,278)
<b>C. Cash flows from financing activities</b>				
<b>Net Cash Flow from/(used in) financing activities (C)</b>				
Proceeds / (Repayment) of issue of equity share capital	144,200,000		-	
Proceeds / (Repayment) of long term borrowings (Net)	(124,320,166)		101,856,904	
Proceeds / (Repayment) of short term borrowings (Net)	(8,201,418)		5,638,079	
Finance costs	(62,878,012)	(51,199,596)	(64,791,859)	42,703,124
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		(1,330,010)		(4,714,628)
Cash and cash equivalents at the beginning of the year		13,151,294		17,865,922
<b>Cash and cash equivalents at the end of the year</b>		<b>11,821,284</b>		<b>13,151,294</b>

Notes:

Cash and Cash Equivalents are as under:

Particulars	As at 31 March 2018	As at 31 March 2017
	₹	₹
Cash in hand	1,001,893	945,634
Balances with banks in current accounts	10,819,391	12,205,660
	<b>11,821,284</b>	<b>13,151,294</b>

2). The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard 7- Statement of Cash Flow.

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 (Managing Director) DIN : 00491220	T. J. Sanghavi (Executive Director) DIN : 00519403
Paresh Vakharia (Partner) Membership No. 38220	R. J. Sanghavi (Chairman) DIN : 00245637	M. M. Vora (Director) DIN : 00245427
Place : Mumbai Date : 30th May 2018	Ami Parikh Chief Financial Officer	Nirmal Tiwari Company Secretary



DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD 101 FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS (Ind AS)

Reconciliation of balance sheet as at April 1, 2016

₹

Particulars	Notes to first time adoption	As per previous GAAP as at April 1, 2016	Effect of transition to Ind AS	As per Ind AS as at April 1, 2016
<b>ASSETS</b>				
<b>I Non-current assets</b>				
(a) Property, plant and equipment	1	222,411,564		222,411,564
(b) Capital work-in-progress		3,904,664		3,904,664
(c) Intangible assets		-		-
(d) Financial assets				
(i) Investments	8	36,000	42,056	78,056
(ii) Other non-current financial assets		13,112,976		13,112,976
(e) Other non-current assets		22,542,972		22,542,972
<b>Total non current assets</b>		<b>262,008,176</b>	<b>42,056</b>	<b>262,050,232</b>
<b>II Current assets</b>				
(a) Inventories		258,901,898		258,901,898
(b) Financial assets				
(i) Trade receivables	2	441,780,764	(2,511,199)	439,269,565
(ii) Cash and cash equivalents		17,865,922		17,865,922
(iii) Bank balances other than above		42,288,294		42,288,294
(iv) Other current financial assets		31,603,770		31,603,770
(c) Current tax assets (Net)		4,640,546		4,640,546
(d) Other current assets		129,391,827		129,391,827
<b>Total Current Assets</b>		<b>926,473,021</b>	<b>(2,511,199)</b>	<b>923,961,822</b>
<b>TOTAL ASSETS</b>		<b>1,188,481,197</b>	<b>(2,469,143)</b>	<b>1,186,012,054</b>
<b>EQUITY AND LIABILITIES</b>				
<b>I Equity</b>				
(a) Equity share capital		39,049,603		39,049,603
(b) Other equity		120,158,962	(1,638,943)	118,520,019
<b>Total equity</b>		<b>159,208,565</b>	<b>(1,638,943)</b>	<b>157,569,622</b>
<b>II Liabilities</b>				
<b>1 Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		161,762,715		161,762,715
(ii) Other non-current financial liabilities		557,188		557,188
(b) Provisions		2,711,781		2,711,781
(c) Deferred tax liabilities (Net)	10	17,584,298	(830,200)	16,754,098
<b>Total non-current liabilities</b>		<b>182,615,982</b>	<b>(830,200)</b>	<b>181,785,782</b>
<b>2 Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		155,690,152		155,690,152
(ii) Trade payables		603,172,297		603,172,297
(iii) Other current financial liabilities		38,809,790		38,809,790
(b) Other current liabilities		45,330,155		45,330,155
(c) Provisions		470,181		470,181
(d) Current tax liabilities (Net)		3,184,075		3,184,075
<b>Total current liabilities</b>		<b>846,656,650</b>	<b>-</b>	<b>846,656,650</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,188,481,197</b>	<b>(2,469,143)</b>	<b>1,186,012,054</b>

DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD 101 FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS (Ind AS)

Reconciliation of balance sheet as at March 31, 2017

₹

Particulars	Notes to first time adoption	As per previous GAAP as at March 31, 2017	Effect of transition to Ind AS	As per Ind AS as at March 31, 2017
<b>ASSETS</b>				
<b>I Non-current assets</b>				
(a) Property, plant and equipment	1	226,890,019		226,890,019
(b) Capital work-in-progress		8,536,237		8,536,237
(c) Intangible assets		-		-
(d) Financial assets				
(i) Investments	8	36,000	75,520	111,520
(ii) Other non-current financial assets		3,737,177		3,737,177
(e) Other non-current assets		23,502,738		23,502,738
<b>Total non current assets</b>		<b>262,702,171</b>	<b>75,520</b>	<b>262,777,691</b>
<b>II Current assets</b>				
(a) Inventories		211,283,066		211,283,066
(b) Financial assets				
(i) Trade receivables	2	648,143,160	(3,383,643)	644,759,517
(ii) Cash and cash equivalents		13,151,295		13,151,295
(iii) Bank balances other than above		32,547,676		32,547,676
(iv) Other current financial assets		8,932,484		8,932,484
(c) Current Tax Assets (Net)		5,103,278		5,103,278
(d) Other current assets		121,345,338		121,345,338
<b>Total current assets</b>		<b>1,040,506,297</b>	<b>(3,383,643)</b>	<b>1,037,122,654</b>
<b>TOTAL ASSETS</b>		<b>1,303,208,468</b>	<b>(3,308,123)</b>	<b>1,299,900,345</b>
<b>EQUITY AND LIABILITIES</b>				
<b>I Equity</b>				
(a) Equity share capital		39,049,603		39,049,603
(b) Other equity		140,524,925	(1,560,961)	138,963,964
<b>Total equity</b>		<b>179,574,528</b>	<b>(1,560,961)</b>	<b>178,013,567</b>
<b>II Liabilities</b>				
<b>1 Non-current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	7	265,217,187	(1,054,142)	264,163,045
(ii) Other non-current financial liabilities		1,595,533		1,595,533
(b) Provisions		3,016,578		3,016,578
(c) Deferred tax liabilities (Net)	10	17,095,825	(770,130)	16,325,695
<b>Total Non-current liabilities</b>		<b>286,925,123</b>	<b>(1,824,272)</b>	<b>285,100,851</b>
<b>2 Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		166,470,207		166,470,207
(ii) Trade payables	4	575,273,261	77,110	575,350,371
(iii) Other current financial liabilities		48,180,735		48,180,735
(b) Other current liabilities		39,671,228		39,671,228
(c) Provisions		571,301		571,301
(d) Current tax liabilities (Net)		6,542,085		6,542,085
<b>Total current liabilities</b>		<b>836,708,817</b>	<b>77,110</b>	<b>836,785,927</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,303,208,468</b>	<b>(3,308,123)</b>	<b>1,299,900,345</b>

DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD 101 FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS (Ind AS)

Reconciliation of Statement of Profit and Loss for the year ended March 31, 2017

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Particulars	Notes to first time adoption	As per previous GAAP for the year ended March 31, 2017	Effect of transition to Ind AS	As per Ind AS for the year ended March 31, 2017
<b>REVENUE</b>				
Revenue From Operations	5	2,651,176,437	242,718,767	2,893,895,204
Other Income		757,562	-	757,562
<b>Total income</b>		<b>2,651,933,999</b>	<b>242,718,767</b>	<b>2,894,652,766</b>
<b>EXPENDITURE</b>				
Cost of materials consumed		1,457,330,187	-	1,457,330,187
Purchases of stock-in-trade		760,108,266	-	760,108,266
Changes in inventories of finished goods, stock-in-trade and work-in-progress		39,978,975	-	39,978,975
Excise duty on sale of goods	11		297,685,722	297,685,722
Employee benefits expense		64,973,807	-	64,973,807
Finance costs		69,466,660	(2,799,418)	66,667,242
Depreciation and amortization expense		14,875,235	-	14,875,235
Other expenses	5	214,762,194	(52,272,125)	162,490,069
<b>Total Expenses</b>		<b>2,621,495,324</b>	<b>242,614,179</b>	<b>2,864,109,503</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>30,438,675</b>	<b>104,588</b>	<b>30,543,263</b>
Exceptional Items		-		-
<b>Profit/(loss) before tax</b>		<b>30,438,675</b>	<b>104,588</b>	<b>30,543,263</b>
<u>Tax expenses</u>				
Current tax		7,700,000	-	7,700,000
Deferred tax	10	2,372,712	60,070	2,432,782
<b>Profit/(loss) after tax</b>		<b>20,365,963</b>	<b>44,518</b>	<b>20,410,481</b>
<b>Other Comprehensive Income</b>				
Net change in fair value of investments		-		33,464
<b>Profit for the year</b>		<b>20,365,963</b>	<b>77,982</b>	<b>20,443,945</b>

## DISCLOSURES AS REQUIRED BY IND AS 101 - FIRST TIME ADOPTION.

### 1. Property Plant and Equipment:

The Company has availed the exemption available under Ind AS 101 to continue the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition (April 1, 2016).

### 2. Expected Credit Loss:

Under the Ind AS, impairment allowance has been determined based on expected credit loss (ECL) model. Applying this model, the Company impaired its trade receivables by ₹ 25,11,199 as on the transition date which has been recognised in retained earnings. The impairment of ₹ 8,72,444 for the year ended March 31, 2017 has been recognised in the Trade Receivables and in the Statement of Profit and Loss.

### 3. Lease hold land:

Under Previous GAAP, leasehold land was disclosed as part of property, plant & equipment and amortised by way of depreciation. Under Ind AS, the leasehold land is treated as an operating lease and consequently the unamortised portion of upfront payment for the leasehold land has been shown under the head 'Other non-current assets'.

### 4. Forward Contracts:

Under Previous GAAP, the difference between spot rate and forward rate is amortised over the tenure of the forward contract and premium paid on options were expensed out. Under Ind AS, forward/option contract is required to be accounted at fair value. Accordingly, the company has provided for loss of ₹ 77,110 in the Statement of Profit and Loss for the year ended March 31, 2017.

### 5. Discount

Cash discounts and Trade discounts have been reduced from revenue as per Ind AS, amounting to ₹ 17,45,276 & ₹ 5,32,21,679 respectively for the year ended March 31, 2017, and corresponding expenses have been reduced. This does not affect profit or equity.

### 6. Security Deposit Paid:

Under Previous GAAP, interest free lease security deposits (that are refundable on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent.

### 7. Borrowings:

Under Previous GAAP, transaction cost on borrowings were charged off to expense during avilment of loan. Under Ind AS, the transaction cost is to be required to be deducted from the carrying amount of the borrowings on the initial recognition. These costs are recognised in the statement of profit and loss over the tenure of the borrowing as part of the interest expense by applying the Effective Interest Rate method.

### 8. Investments:

Under Previous GAAP, investment made in equity instruments and mutual funds were classified as long term investments and carried at cost. Under Ind AS these instruments are required to be measured at fair value. Equity instruments are fair valued through other comprehensive income.

### 9. Other Comprehensive Income:

Under Previous GAAP, the Company has not presented Other Comprehensive Income(OCI) separately. Hence, the Statement of Profit and Loss under previous GAAP has been reconciled with statement of profit and loss and other comprehensive income as per Ind AS.

### 10. Deferred Tax:

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. As per Ind AS, MAT credit entitlement is to be reduced from the deferred tax liabilities, which under the previous GAAP was shown as advances receivable.

### 11. Excise duty:

Under the previous GAAP, revenue from sale of products was presented net of excise duty under the head revenue from operations, whereas under Ind AS, revenue from sale of products includes excise duty and the corresponding excise duty expense is presented separately on the face of the statement of profit and loss. However, the change does not affect total

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### Corporate Information

Nikhil Adhesives Ltd (“the Company”) a Public Limited Company incorporated under the Companies Act, 1956, is listed on the Bombay Stock Exchange. The Company is mainly engaged in the business of manufacturing various types of polymer emulsions and adhesives that are used for different applications. The Company has three manufacturing units located at Dahanu (Maharashtra), Silvassa (Dadra Nagar Haveli) and at Dahej (Gujarat). The company is also engaged in the business of trading in chemicals.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted with effect from April 1, 2016, Indian Accounting Standards (referred to as “Ind AS”) notified under the Companies (Indian Accounting Standards) Rules 2015 and complied with the requirement under Para 3 of Ind AS 101. These financial statements are the first financial statements of the Company under Ind AS. The date of transition to Ind AS is April 1, 2016.

#### 1.2 Basis of Preparation

1.2.1 The financial statements of the Company are consistently prepared and presented under historical cost convention on an accrual basis in accordance with Ind AS except for certain financial assets and liabilities that are measured at fair values. 1.2.2 The Company’s functional currency and presentation currency is Indian Rupees (INR). 1.2.3 Classification of Assets and Liabilities into Current and Non-Current The Company presents its assets and liabilities in the Balance Sheet based on current / non-current classification. An asset is treated as current when it is:

- a) expected to be realised or intended to be sold or consumed in normal operating cycle;
- b) held primarily for the purpose of trading;
- c) expected to be realised within twelve months after the reporting period; or d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current. A liability is treated as current when :
  - a) it is expected to be settled in normal operating cycle;
  - b) it is held primarily for the purpose of trading;
  - c) it is due to be settled within twelve months after the reporting period; or d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as noncurrent.

#### 1.3 Use of judgements, estimates and assumptions

The preparation of the Company’s financial statements required management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment in the future periods in the carrying amount of assets or liabilities affected. The Company’s accounting policies, management has made judgements in respect of evaluation of recoverability of deferred tax assets, which has the most significant effect on the amounts recognised in the financial statements.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within:

**a) Useful life of property, plant and equipment and intangible assets:** The Company has estimated useful life of the Property Plant and Equipment as specified in Schedule II to the Companies Act, 2013. However the actual useful life for individual equipments could turn out to be different, there could be technology changes, breakdown, unexpected failure leading to impairment or complete discard. Alternately the equipment may continue to provide useful service well beyond the useful life assumed.

**b) Fair value measurement of financial instruments:** When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active market, the fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not possible, a degree of judgement is required in establishing fair values.

**c) Impairment of financial and non-financial assets:** The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the input for the impairment calculations, based on Company’s past history, existing market conditions, technology, economic developments as well as forward looking estimates at the end of each reporting period.

**d) Taxes:**

Taxes have been paid / provided, exemptions availed, allowances considered etc. are based on the extant laws and the Company's interpretation of the same based on the legal advice received wherever required. These could differ in the view taken by the authorities, clarifications issued subsequently by the government and courts, amendments to statutes by the government etc.

**e) Defined benefit plans:**

The cost of defined benefit plans and other post –employment benefits plans and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.

**f) Provisions:**

The Company makes provision for gratuity based on report received from the independent actuary. These valuation reports use complex valuation models using not only the inputs provided by the Company but also various other economic variables. Considerable judgement is involved in the process.

**g) Contingencies:**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligations at the end of the reporting period. However the actual liability could be considerably different.

**1.4 Property, Plant and Equipment:**

Freehold land is carried at historical cost. All other property, plant and equipment are stated at cost, net of recoverable taxes, trade discounts and rebates less accumulated depreciation and impairment loss, if any. The cost of tangible assets comprises of its purchase price, borrowing cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, initial estimation of any decommissioning obligations and finance cost.

Stores and spares which meet the definition of Property, Plant and Equipment and satisfy recognition criteria of Ind AS 16 are capitalised as Property, Plant and Equipment. An item of Property, Plant and Equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised.

Capital work-in-progress includes cost of Property, Plant and Equipment which are not ready for their intended use.

The residual values and useful lives of Property, Plant and Equipment are reviewed at each financial year end, and changes, if any, are accounted prospectively.

Depreciation on the Property, Plant and Equipment is provided over the useful life of assets as specified in Schedule II to the Companies Act, 2013 using straight line method. Property, Plant and Equipment which are added / disposed off during the year, depreciation is provided on pro rata basis with reference to the month of addition / deletion.

In line with the provisions of Schedule II of the Companies Act 2013, the Company depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components has been assessed based on the historical experience and internal technical inputs.

**1.5 Intangible Assets**

Intangible Assets are recognised only if they are separately identifiable and the Company expects to receive future economic benefits arising out of them. Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/ depletion and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use.

Intangible assets with finite lives are amortised on straight line basis over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each year end. The amortised expense on intangible assets with finite lives and impairment loss is recognised in the Statement of Profit and Loss. (The useful lives of intangible assets are assessed as either finite or indefinite. Gains or losses arising from derecognition of an intangible asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets with indefinite useful lives, are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not the change in useful life from indefinite to finite is made on a prospective basis. The impairment loss on intangible assets with indefinite life is recognised in the Statement of Profit and Loss.

### **1.6 Impairment of non – financial assets**

At each Balance Sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

### **1.7 Inventories**

#### **Inventories are valued as under :**

Raw materials, packing material, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above manufacturing cost.

Stock in process is valued at lower of cost and net realisable value.

Finished goods (including in transit) are valued at cost or net realisable value whichever is lower. Cost for this purpose includes direct materials, direct labour utilities, other variable direct costs and manufacturing overheads, based on the normal operating capacity and depreciation.

### **1.8 Cash and cash Equivalents**

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

For the purpose of statement of cashflows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered as an integral part of the Company's cash management.

#### **Bank Balances other than above**

Dividend escrow account balances, deposits with banks as margin money for guarantees issued by the banks, deposits kept as security deposits for statutory authorities are accounted as bank balances other than Cash and Cash equivalents.

## **Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### **1.9 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **A. Financial Assets:**

##### (i) Classification:

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit and loss on the basis of its business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

##### (ii) Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recognised at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset.

##### (iii) Financial assets measured at amortised cost:

Financial assets are subsequently measured at amortised cost using effective interest rate method (EIR), if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The losses arising from the impairment are recognised in the Statement of Profit and Loss.

##### (iv) Financial assets at fair value through other comprehensive income:

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

##### (v) Financial assets measured at fair value through profit and loss:

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in profit and loss.

##### (vi) Derecognition of financial assets:

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

#### **B. Impairment of Financial Assets:**

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

#### **C. Financial Liabilities**

##### (i) Classification:

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit and loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

##### (ii) Initial recognition and measurement:

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.



(iii) Subsequent measurement :

All financial liabilities are re-measured at fair value through statement of profit and loss and include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

(iv) Loans and borrowings :

Interest bearing loans and borrowings are subsequently measured at amortised cost using Effective Interest Rate (EIR) method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through EIR amortisation process. The EIR amortisation is included as finance cost in the Statement of Profit and Loss.

(v) Derecognition of financial liabilities :

A financial liability is derecognised when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(vi) Derivative financial instruments :

The Company uses derivative financial instruments such as forward currency contracts and options to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. The gain or loss in the fair values is taken to Statement of Profit and Loss at the end of every financial year. Profit or loss on cancellations / renewals of forward contracts and options are recognised as income or expense of the financial year.

### 1.10 Fair value measurement

The Company measures certain financial assets and financial liabilities including derivatives and defined benefit plans at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability; or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

### 1.11 Borrowing cost

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### 1.12 Provisions, Contingent liabilities, Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligations at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the changes in the provision due to the passage of time are recognised as a finance cost. Contingent liabilities are disclosed in the case of:

- (a) a present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- (b) a present obligation arising from the past events, when no reliable estimate is possible;
- (c) a possible obligation arising from past events, unless the probability of outflow of resources is remote. Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefit is probable.

### 1.13 Employee Benefits

Employee benefits include Provident Fund, Gratuity Fund, and Compensated Leave.

#### (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 build 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.

### 1.14 Revenue Recognition

The Company recognizes revenue when the amount of revenue can be reliably measured and it is fairly certain that it will be realised.

#### Sale of Goods:

Sales are accounted on passing of risks, rewards and control of ownership attached to the goods to external customers. Gross sales measured at the fair value of the consideration received or receivable include excise duty and are net of returns and discounts.

**Dividend Income:**

Dividend income is recognised when the right to receive is established and there is a reasonable certainty of its collection.

**Contract Revenue:**

Revenue from goods manufactured under contractual arrangement is recognised on completion of the contractual performance.

**Interest Income:**

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit loss.

**Insurance compensation:**

Compensation in respect of insurance claims is recognised on acceptance basis or when there is reasonable certainty that the ultimate collection will be made.

**Others:**

Income in respect of other claims and commissions are measured at fair value and recognised when there is reasonable certainty that the ultimate collection will be made.

**1.15 Taxes on Income**

Income tax expenses comprise current tax expenses and the net change in the deferred tax asset or liabilities during the year. Current and Deferred tax are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively.

**Current Tax:**

The Company provides for current tax based on the provisions of the Income Tax Act, 1961 applicable to the Company.

**Deferred Tax:**

Deferred tax is recognised using the balance sheet approach. Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**1.16 Earnings per Share**

Basic earnings per share are calculated by dividing the profit after tax or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. In case there are any dilutive securities during the period presented, the impact of the same is given to arrive at diluted earnings per share.

**1.17 Segment Reporting**

The operating segments have been identified on the basis of nature of products and same are accordingly evaluated by the Manager and Board of Directors. Company's operating segments are Manufacturing of Adhesives & Emulsions and Trading in Chemicals & Others. Company accordingly reports its financials under two segments i.e. Manufacturing of Adhesives & Emulsions and Trading in Chemicals & Others.

### 1.18 Leases

Determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether the arrangement qualifies as lease is dependent on the use of a specific asset(s) or where the arrangement conveys right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases where the lessor effectively retains substantially all the rights and benefits of ownership of the leased assets are classified as operating leases. Lease payments under operating leases are recognised as an expense in the Statement of Profit and Loss on a straight line basis.

### 1.19 Foreign exchange transactions

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing at the reporting date. All exchange differences arising on translation of monetary items are dealt within the Statement of Profit and Loss.

### 1.20 First-time adoption - mandatory exceptions, optional exemptions

The Company has prepared the opening Balance Sheet as per Ind AS as of the transition date which is 1st April 2016, by

- (a) recognising all assets and liabilities whose recognition is required by Ind AS;
- (b) not recognising items of assets or liabilities which are not permitted by Ind AS;
- (c) reclassifying items from Previous GAAP to Ind AS as required under Ind AS; and
- (d) applying Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

(a) Derecognition of financial assets and liabilities

The Company has applied the derecognition requirements of financial assets and liabilities prospectively for transactions occurring on or after April 1, 2016 (date of transition).

(b) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

(c) Deemed cost for property, plant and equipment, investment property and intangible assets.

The Company has elected to continue with the carrying value of all of its plant and equipment, investment property and intangible assets recognised as of April 1, 2016 measured as per Previous GAAP and use that carrying value as its deemed cost as of the aforesaid transition date.

**Note 2 : Property, plant & equipment**

Particulars	Gross Block			Accumulated Depreciation/Amortisation			Net Block	
	As at April 1, 2017	Additions	As at March 31, 2018	As at April 1, 2017	For the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
<b>Tangible Assets</b>								
<b>Own Assets :</b>								
Land	2,130,744	-	2,130,744	-	-	-	2,130,744	2,130,744
Buildings	77,486,567	8,460,211	85,946,778	15,973,902	2,638,509	18,612,411	67,334,367	61,512,674
Plant & Equipment	289,287,329	54,548,919	343,836,248	130,886,415	13,276,445	144,162,860	199,673,388	158,400,906
Furniture and Fixtures	6,575,890	143,167	6,719,057	3,939,996	509,983	4,449,979	2,269,078	2,635,896
Lease Improvement	-	3,065,428	3,065,428	-	258,502	258,502	2,806,926	-
Vehicles	6,167,441	2,249,392	7,651,833	4,012,327	558,774	3,806,101	3,845,732	2,155,112
Computers	6,678,958	626,505	7,305,463	6,624,271	201,673	6,825,944	479,519	54,687
<b>Total</b>	<b>388,326,929</b>	<b>69,093,622</b>	<b>456,655,551</b>	<b>161,436,911</b>	<b>17,443,886</b>	<b>178,115,797</b>	<b>276,539,754</b>	<b>226,890,019</b>

Note:

The Company has elected to value its Property, Plant and Equipment at historical cost as per previous GAAP.

Particulars	Gross Block			Accumulated Depreciation/Amortisation			Net Block	
	As at April 1, 2016	Additions	As at March 31, 2017	As at April 1, 2016	For the year	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
<b>Own Assets :</b>								
Land	2,130,744	-	2,130,744	-	-	-	2,130,744	2,130,744
Buildings	71,842,212	5,644,355	77,486,567	13,580,664	2,393,229	15,973,893	61,512,674	58,261,548
Plant & Equipment	277,238,831	12,048,498	289,287,329	119,589,977	11,296,446	130,886,423	158,400,906	157,648,855
Furniture and Fixtures	6,346,302	229,588	6,575,890	3,338,568	601,426	3,939,994	2,635,896	3,007,734
Vehicles	5,364,845	1,285,885	6,167,441	4,025,569	410,110	4,012,329	2,155,112	1,339,276
Computers	6,634,230	44,728	6,678,958	6,610,823	13,448	6,624,271	54,687	23,407
<b>Total</b>	<b>369,557,164</b>	<b>19,253,054</b>	<b>388,326,929</b>	<b>147,145,601</b>	<b>14,714,659</b>	<b>161,436,910</b>	<b>226,890,019</b>	<b>222,411,564</b>

Note:

The Company has elected to value its Property, Plant and Equipment at historical cost as per previous GAAP.

Note: 3 Capital work-in-progress  
As at March 31, 2018

Particulars	Gross Block			Accumulated Depreciation/Amortisation			Net Block	
	As at April 1, 2017	Additions	Adjustments	As at March 31, 2018	As at April 1, 2017	For the year	As at March 31, 2018	As at March 31, 2017
	₹	₹	₹	₹	₹	₹	₹	₹
Capital work-in-progress	8,536,237	1,531,825	(8,536,237)	1,531,825	-	-	-	8,536,237
<b>As at March 31, 2017</b>								
Particulars	Gross Block			Accumulated Depreciation/Amortisation			Net Block	
	As at April 1, 2016	Additions	Adjustments	As at March 31, 2017	As at April 1, 2016	For the year	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹	₹	₹	₹	₹	₹
Capital work-in-progress	3,904,664	8,536,237	(3904664)	8,536,237	-	-	-	3,904,664

Note : 4 Intangible assets  
As at March 31, 2018

Particulars	Gross Block			Accumulated Depreciation/Amortisation			Net Block	
	As at April 1, 2017	Additions	Adjustments	As at March 31, 2018	As at April 1, 2017	For the year	As at March 31, 2018	As at March 31, 2017
	₹	₹	₹	₹	₹	₹	₹	₹
Intangible assets								
<u>Own Assets :</u>								
Goodwill	650,000	-	-	650,000	650,000	-	-	-
Trademarks	1,098,500	-	-	1,098,500	1,098,500	-	-	-
Technical know how	3,075,000	-	-	3,075,000	3,075,000	-	-	-
MDC logo	3,500,000	-	-	3,500,000	3,500,000	-	-	-
No compete agreement	1,000,000	-	-	1,000,000	1,000,000	-	-	-
<b>Total</b>	<b>9,323,500</b>	<b>-</b>	<b>-</b>	<b>9,323,500</b>	<b>9,323,500</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at March 31, 2017

Particulars	Gross Block			Accumulated Depreciation/Amortisation			Net Block	
	As at April 1, 2016	Additions	Adjustments	As at March 31, 2017	As at April 1, 2016	For the year	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹	₹	₹	₹	₹	₹
Intangible assets								
<u>Own Assets :</u>								
Goodwill	650,000	-	-	650,000	650,000	-	-	-
Trademarks	1,098,500	-	-	1,098,500	1,098,500	-	-	-
Technical know how	3,075,000	-	-	3,075,000	3,075,000	-	-	-
MDC logo	3,500,000	-	-	3,500,000	3,500,000	-	-	-
No compete agreement	1,000,000	-	-	1,000,000	1,000,000	-	-	-
<b>Total</b>	<b>9,323,500</b>	<b>-</b>	<b>-</b>	<b>9,323,500</b>	<b>9,323,500</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note 5 : Non-current financial investments

Particulars	₹		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(At fair value as per Ind As)			
<b>Trade (quoted)</b>			
<b>Investment in Equity Shares , fully paid up :</b>			
800 (800) Equity Shares of Bank of India of Rs.10/- each	82,720	111,520	78,056
BOI AXA MIDCAP TAX FUND	488,011	-	-
<b>Total</b>	<b>570,731</b>	<b>111,520</b>	<b>78,056</b>

Note 6 : Other non-current financial assets

Particulars	₹		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Security deposits other than utility deposits	4,415,104	3,701,000	3,737,640
Term deposits with more than twelve months maturity	7,509,123	36,177	9,348,699
Interest accrued on term deposits with banks	-	-	26,637
<b>Total</b>	<b>11,924,227</b>	<b>3,737,177</b>	<b>13,112,976</b>

Note 7 : Other non-current assets

Particulars	₹		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital advances	3,531,796	259,542	-
Other than capital advance			
Security deposits-Utility	3,221,880	3,447,848	2,587,048
Prepaid Rent	463,399	-	-
Leasehold right (to the extent unamortised)	18,927,830	19,088,406	19,248,982
<b>Indirect taxes refund receivable</b>	<b>352,640</b>	<b>706,942</b>	<b>706,942</b>
<b>Total</b>	<b>26,497,545</b>	<b>23,502,738</b>	<b>22,542,972</b>

**Note 8 : Inventories**

Particulars	₹		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(At lower of cost and net realisable value)			
Raw materials and components	238,154,548	143,666,098	125,576,803
Packing materials	11,943,673	8,075,567	7,050,518
Finished goods	65,869,374	37,344,723	39,319,310
Trading goods	21,461,255	21,901,781	86,645,227
Fuels	711,808	294,897	310,040
<b>Total</b>	<b>338,140,658</b>	<b>211,283,066</b>	<b>258,901,898</b>

**Note 9 : Trade receivables**

Particulars	₹		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Unsecured, considered good :</b>			
Trade receivables outstanding for a period exceeding six months from due date	6,441,868	4,298,286	3,816,967
Other trade receivables	779,377,047	643,844,874	437,963,797
	785,818,915	648,143,160	441,780,764
Less : Allowance for Expected Credit Loss (ECL)	4,330,805	3,383,643	2,511,199
<b>Total</b>	<b>781,488,110</b>	<b>644,759,517</b>	<b>439,269,565</b>

Particulars	₹		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade receivables considered for ECL	785,818,915	648,143,160	441,780,764
<b>Ageing</b>			
Not due	428,850,874	301,767,495	190,442,353
30-90 days	302,433,320	289,139,442	205,995,911
90-180 days	48,092,853	52,937,937	41,525,533
More than 180 days	6,441,868	4,298,286	3,816,967

Particulars	₹	
	As at March 31, 2018	As at March 31, 2017
Movement in expected credit loss allowance		
Balance at the beginning of the year	3,383,643	2,511,199
Movement in expected credit loss allowance	947,162	872,444
<b>Balance at the end of the year</b>	<b>4,330,805</b>	<b>3,383,643</b>



## Note 10 : Cash &amp; cash equivalent

Particulars	₹		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balances with banks in current accounts	10,819,391	12,205,660	16,288,684
Cash on hand	1,001,893	945,635	1,577,238
<b>Total</b>	<b>11,821,284</b>	<b>13,151,295</b>	<b>17,865,922</b>

## Note 11 : Other balances with banks

Particulars	₹		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Term deposits of maturity period of more than three months but less than one year from the balance sheet date (Of the above, term deposits Rs. 1,30,11,822 are pledged with banks against loans, letter of credit facilities and bank guarantees.)	19,907,814	32,071,522	41,633,178
<b>In earmarked accounts :</b>			
-Unpaid dividend accounts	400,866	401,666	476,016
-Balances held as margin money	87,919	74,488	179,100
<b>Total</b>	<b>20,396,599</b>	<b>32,547,676</b>	<b>42,288,294</b>

## Note 12 : Other current financial assets

Particulars	₹		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Claims receivable	-	8,633,879	30,493,655
Interest accrued on term deposits	115,499	298,605	1,110,115
<b>Total</b>	<b>115,499</b>	<b>8,932,484</b>	<b>31,603,770</b>

## Note 13 : Other current assets

Particulars	₹		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advances to suppliers	14,136,513	9,538,116	9,803,189
Central excise / GST balances	69,811,454	100,292,505	105,990,376
Prepaid expenses	2,472,229	6,792,387	7,267,032
Other advances recoverable in cash or in kind	1,577,641	4,722,330	6,331,230
<b>Total</b>	<b>87,997,837</b>	<b>121,345,338</b>	<b>129,391,827</b>

Note 14 : Share capital

Particulars	As at		As at		As at	
	March 31, 2018	March 31, 2017	March 31, 2017	April 1, 2016	April 1, 2016	April 1, 2016
<b>Authorised</b>						
4,950,000 (4,950,000) Equity shares of ₹ 10/- each	49,500,000	49,500,000	49,500,000	49,500,000	49,500,000	
50,000 (50,000) 8% Preference shares of ₹ 10/- each	500,000	500,000	500,000	500,000	500,000	
<b>Issued</b>						
45,94,300 Equity shares of ₹ 10/- each	45,943,000	38,943,000	38,943,000	38,943,000	38,943,000	
<b>Subscribed and fully paid up</b>						
45,94,300 Equity shares of ₹ 10/- each fully paid up	45,943,000	38,943,000	38,943,000	38,943,000	38,943,000	
Add : Forfeited Shares account	106,603	106,603	106,603	106,603	106,603	
<b>Total</b>	<b>46,049,603</b>	<b>39,049,603</b>	<b>39,049,603</b>	<b>39,049,603</b>	<b>39,049,603</b>	

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

Particulars	As at		As at		As at	
	March 31, 2018	March 31, 2017	March 31, 2017	April 1, 2016	April 1, 2016	April 1, 2016
At the beginning of the year	No. of Shares	₹	No. of Shares	₹	No. of Shares	₹
Add: Issued and allotted during the year	3,894,300	38,943,000	3,894,300	38,943,000	3,894,300	38,943,000
Outstanding at the end of the year	700,000	7,000,000	-	-	-	-
	4,594,300	45,943,000	3,894,300	38,943,000	3,894,300	38,943,000

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

Name of shareholder	As at		As at		As at	
	March 31, 2018	% holding	March 31, 2017	% holding	April 1, 2016	% holding
<b>Equity shares of ₹ 10/- each fully paid :</b>						
Ashok J. Sanghavi	455,180	9.91	455,180	11.69	455,180	11.69
Vasantben J. Sanghavi	246,960	5.37	246,960	6.34	246,960	6.34
V. J. Sanghavi Family Trust (Held by the trustees of the trust)	253,300	5.52	253,300	6.50	253,300	6.50
Mrunalini R. Sanghavi	237,080	5.16	237,080	6.09	237,080	6.09
Anita U. Sanghavi	239,740	5.22	239,740	6.16	239,740	6.16
Rekha T. Sanghavi	271,440	5.91	271,440	6.97	271,440	6.97
Vasant Polymers & Chemicals Private Limited	315,000	6.86	309,000	7.93	302,000	7.76

(c) Details of forfeited shares :

Class of shares	As at		As at		As at	
	March 31, 2018	₹	March 31, 2017	₹	April 1, 2016	₹
Equity shares	Number	106,603	Number	106,603	Number	106,603
		21,320		21,320		21,320

Note 15 : Other equity

₹

Particulars	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Other Comprehensive Income	Total
Balance as on April 1, 2017	400,000	12,800,000	64,287,415	61,443,085	33,464	138,963,964
Profit for the year	-	-	-	28,564,014	-	28,564,014
Securities Premium received during the year	-	137,200,000	-	-	-	137,200,000
<u>Other Comprehensive Income:</u>	-	-	-	(377,805)	(40,289)	(377,805)
Remeasurement of net defined benefit plans	-	-	-	-	-	-
Changes in fair value of investments	-	-	-	-	-	-
<b>Balance as at March 31, 2018</b>	<b>400,000</b>	<b>150,000,000</b>	<b>64,287,415</b>	<b>89,629,294</b>	<b>(6,825)</b>	<b>304,309,884</b>

₹

Particulars	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Other Comprehensive Income	Total
Balance as on April 1, 2016	400,000	12,800,000	64,287,415	41,032,604	-	118,520,019
Profit for the year	-	-	-	20,410,481	-	20,410,481
<u>Other Comprehensive Income:</u>	-	-	-	-	33,464	33,464
Changes in fair value of investments	-	-	-	-	-	-
<b>Balance as at March 31, 2017</b>	<b>400,000</b>	<b>12,800,000</b>	<b>64,287,415</b>	<b>61,443,085</b>	<b>33,464</b>	<b>138,963,964</b>

₹

Particulars	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Other Comprehensive Income	Total
Balance as on April 1, 2015	400,000	12,800,000	64,287,415	26,774,779	-	104,262,194
Profit for the year	-	-	-	14,257,825	-	14,257,825
<u>Other Comprehensive Income</u>	-	-	-	-	-	-
<b>Balance as at March 31, 2016</b>	<b>400,000</b>	<b>12,800,000</b>	<b>64,287,415</b>	<b>41,032,604</b>	<b>-</b>	<b>118,520,019</b>

Note 16 : Non-current financial borrowings

Particulars	₹		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Secured :</b>			
<b>From Banks</b>			
- Vehicle finance	2,150,378	905,629	312,519
<b>From Others</b>			
- Term loans	94,721,035	116,951,694	-
	96,871,413	117,857,323	312,519
<b>Unsecured :</b>			
<b>Deferred payment liabilities</b>			
Sales Tax Deferral	6,048,761	5,528,622	4,985,196
<b>Deposits</b>			
From Shareholders	37,840,000	18,195,000	16,115,000
Loan from Related Party	-	122,582,100	140,350,000
	43,888,761	146,305,722	161,450,196
<b>Total</b>	<b>140,760,174</b>	<b>264,163,045</b>	<b>161,762,715</b>

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

Particulars	Security and terms of repayment as at March 31, 2018	₹		
		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Term loans from others:</b>				
<b>Aditya Birla Finance Ltd</b>				
Term Loans I	(a) Secured against first charge on present and future movable and immovable fixed assets of the plant at Dahej (b) Repayable in 84 monthly installments, last installment being due in Aug 2023. (c) Rate of Interest is 11.75%.	76,652,551	94,183,958	-
Term Loans II	(a) Secured against first charge on present and future movable and immovable fixed assets of the plant at Dahej (b) Repayable in 84 monthly installments, last installment being due in April 2024. (c) Rate of Interest is 11.75%.	18,068,484	22,767,736	-
<b>Total</b>		<b>94,721,035</b>	<b>116,951,694</b>	<b>-</b>
<b>Vehicle Finance</b>				
<b>HDFC Bank</b>				
Vehicle I	(a) Secured against hypothecation of the vehicle financed. (b) Repayable in 33 monthly installments, last installment being due in December 2019. (c) Rate of Interest is 9.06%.	451,385	764,166	-
Vehicle II	(a) Secured against hypothecation of the vehicle financed. (b) Repayable in 21 monthly installments, last installment being due in December 2018. (c) Rate of Interest is 8.83%.	-	141,463	312,519
<b>ICICI Bank</b>				
Vehicle I	(a) Secured against hypothecation of the vehicle financed. (b) Repayable in 33 monthly installments, last installment being due in December 2019. (c) Rate of Interest is 9.06%.	1,698,993	-	-
<b>Total</b>		<b>2,150,378</b>	<b>905,629</b>	<b>312,519</b>

(b) Secured long term borrowings of ₹ 95,542,806/- (Previous year ₹ 118,005,836/-) are personally guaranteed by some of the directors of the Company

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

Particulars	Terms of repayment	₹		
		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Sales Tax Deferral	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 tax collection.	6,048,761	5,528,622	4,985,196
From Share holders	Deposits repayable as per maturity terms not exceeding 3 years	37,840,000	18,195,000	16,115,000
Loan from Related Party	Repayable on demand	-	122,582,100	140,350,000
<b>Total</b>		<b>43,888,761</b>	<b>146,305,722</b>	<b>161,450,196</b>

(d) Current maturities of term loans, vehicle finance from bank ₹ 2,83,05,438/- (Previous Year ₹ 2,56,00,886/-) is disclosed under 'Other Current Liabilities' (Refer Note 22)

Note 17 : Other non-current financial liabilities

₹

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Interest accrued but not due on Public Deposits	3,847,289	1,595,533	557,188
<b>Total</b>	<b>3,847,289</b>	<b>1,595,533</b>	<b>557,188</b>

Note 18 : Provisions - non-current

₹

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for gratuity	3,347,364	3,016,578	2,711,781
<b>Total</b>	<b>3,347,364</b>	<b>3,016,578</b>	<b>2,711,781</b>

Note 19 : Deferred tax liability (Net)

Movement in deferred tax balances during the financial year ended March 31, 2018

₹

Components of Deferred Tax	Deferred Tax liabilities/(assets) as on April 1, 2017	Deferred Tax arising / (reversing) during the year	Deferred Tax liabilities/ assets as on March 31, 2018
<b>Deferred tax liabilities/ (assets)</b>			
Difference between deferred sales tax liability under the Package Scheme of Incentives and dicounted present value of the liability	1,308,536	(171,958)	1,136,578
Depreciation on fixed assets	24,938,173	2,846,166	27,784,339
Borrowing cost amortised in books of account	348,500	(76,821)	271,679
Emplyee benefit-Gratuity	(1,165,108)	(516,051)	(1,681,159)
Expected Credit Loss	(1,118,630)	(313,132)	(1,431,762)
	<b>24,311,471</b>	<b>1,768,204</b>	<b>26,079,675</b>
<b>MAT credit entitlement</b>	<b>(7,985,776)</b>		<b>(6,295,879)</b>
<b>Net deferred tax liabilities / (assets)</b>	<b>16,325,695</b>		<b>19,783,796</b>

Movement in deferred tax balances during the financial year ended March 31, 2017

₹

Components of Deferred Tax	Deferred Tax Balance as on April 1, 2016	Deferred Tax arising / reversing during the year	Deferred Tax Balance as on March 31, 2017
<b>Deferred Tax Liabilities/ (Assets)</b>			
Difference between deferred sales tax liability under the Package Scheme of Incentives and dicounted present value of the liability	1,488,193	(179,657)	1,308,536
Depreciation on fixed assets	22,251,608	2,686,565	24,938,173
Borrowing cost amortised in books of account	-	348,500	348,500
Emplyees benefit-Gratuity	(1,030,912)	(134,196)	(1,165,108)
Expected Credit Loss	(830,200)	(288,430)	(1,118,630)
	<b>21,878,689</b>	<b>2,432,782</b>	<b>24,311,471</b>
<b>MAT credit entitlement</b>	<b>(5,124,591)</b>		<b>(7,985,776)</b>
<b>Net Deferred Tax Liabilities / (Assets)</b>	<b>16,754,098</b>		<b>16,325,695</b>

**Note 20 : Current financial borrowings**

Particulars	₹		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Secured (Refer (a) and (b) below) :</b>			
<b>Loans repayable on demand</b>			
Cash Credit from Banks	155,167,081	166,470,207	155,690,152
<b>Total</b>	<b>155,167,081</b>	<b>166,470,207</b>	<b>155,690,152</b>

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

Particulars	Nature of security	₹		
		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Loans repayable on demand</b>				
Cash Credit from Banks				
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	88,343,503	136,566,006	124,541,563
Standard Chartered Bank		7,020,393	6,216,329	21,987,388
Yes Bank		59,803,185	23,687,872	9,161,201
<b>Total</b>		<b>155,167,081</b>	<b>166,470,207</b>	<b>155,690,152</b>

(b) Secured short term borrowings of ₹ 15,51,67,081/- (Previous year ₹ 16,64,70,207/-) 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 21 : Trade payables**

Particulars	₹		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
i) Total Outstanding dues of Micro & Small Enterprises	-	-	-
ii) Total Outstanding dues of Creditors Other than Micro & Small Enterprises	798,175,103	575,350,371	603,172,297
<b>Total</b>	<b>798,175,103</b>	<b>575,350,371</b>	<b>603,172,297</b>

**Note 22 : Other current financial liabilities**

Particulars	₹		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current maturities of Long term debt (Refer Note 16)	28,305,438	25,600,886	30,742,862
Interest accrued but not due on Deposits	487,702	477,322	478,430
Unclaimed dividends	400,866	401,666	476,016
Security deposits	4,185,853	1,778,699	1,339,060
Other payables	19,435,106	19,922,162	5,773,422
<b>Total</b>	<b>52,814,965</b>	<b>48,180,735</b>	<b>38,809,790</b>

**Note 23 : Other current liabilities**

Particulars	₹		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advances from customers	1,979,974	1,801,107	11,802,184
Statutory dues	1,644,473	6,331,777	4,337,678
Liabilities for expenses	24,703,526	31,538,344	29,190,293
<b>Total</b>	<b>28,327,973</b>	<b>39,671,228</b>	<b>45,330,155</b>

**Note 24 : Current provisions**

Particulars	₹		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for Employee Benefits - Gratuity	1,801,467	571,301	470,181
<b>Total</b>	<b>1,801,467</b>	<b>571,301</b>	<b>470,181</b>

Particulars	₹	
	As at March 31, 2018	As at March 31, 2017
<b>Note 25 : Revenue from operation</b>		
<b>Sale of products :</b>		
(a) Manufactured goods		
- Adhesives and Emulsions	2,425,126,686	2,043,899,042
(b) Traded goods		
- Chemicals	937,076,972	831,754,977
	3,362,203,658	2,875,654,019
<b>Other operating revenues :</b>		
(a) Labour charges income	18,612,026	10,204,464
(b) Foreign currency translation gains	16,143,818	8,036,721
	34,755,844	18,241,185
Total	<b>3,396,959,502</b>	<b>2,893,895,204</b>
<b>Note 26 : Other income</b>		
(a) Sundry balances written back	22,109	-
(b) Miscellaneous income	6,696,727	357,562
(c) Scrap sales	172,600	400,000
	<b>6,891,436</b>	<b>757,562</b>
<b>Note 27 : Cost of materials consumed</b>		
Raw materials consumed		
Opening stock	143,666,098	125,576,803
Add : Purchases	1,940,310,251	1,326,361,033
	2,083,976,349	1,451,937,836
Less : Closing stock	238,154,548	143,666,098
Sub-total (a)	1,845,821,801	1,308,271,738
Packing materials consumed		
Opening stock	8,075,567	7,050,518
Add : Purchases	139,620,937	123,607,098
	147,696,504	130,657,616
Less : Closing stock	11,943,673	8,075,567
Sub-total (b)	135,752,831	122,582,049
<b>Total (a)+(b)</b>	<b>1,981,574,632</b>	<b>1,430,853,787</b>
<b>Note 28 : Purchases of traded goods</b>		
Butyl Acetate Monomer	384,776,869	274,568,433
Vinyl Acetate Monomer	308,385,832	300,951,411
Other chemicals	231,049,268	184,588,422
<b>Total</b>	<b>924,211,969</b>	<b>760,108,266</b>

₹

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Note 29 : Changes in inventories of finished goods and stock-in-trade</b>		
Opening Stock		
(a) Finished goods		
- Adhesives & Emulsions	37,344,724	39,319,310
(b) Stock-in-trade		
- Chemicals	21,901,781	86,645,227
(a)	<b>59,246,505</b>	<b>125,964,537</b>
Less : Closing Stock		
(a) Finished goods		
- Adhesives & Emulsions	65,869,374	37,344,724
(b) Stock-in-trade		
- Chemicals	21,461,255	21,901,781
(b)	<b>87,330,629</b>	<b>59,246,505</b>
Changes in inventories (c)=(a)-(b)	(28,084,124)	66,718,032
Increase/(decrease) in excise duty on finished goods (d)	(46,552)	(262,657)
<b>Total (c)+(d)</b>	<b>(28,130,676)</b>	<b>66,455,375</b>
<b>Note 30 : Excise duty on sale of goods</b>		
Excise duty	94,661,415	297,685,722
(For the year ended March 31, 2018, due to introduction of GST regime from July 1, 2017, the excise duty is only for the period of April to June 2017)		
<b>Total</b>	<b>94,661,415</b>	<b>297,685,722</b>
<b>Note 31 : Employee benefit expenses</b>		
Salaries and wages	74,718,855	59,084,314
Contributions to provident and other funds	5,972,322	4,065,237
Staff welfare expenses	2,252,503	1,824,256
<b>Total</b>	<b>82,943,680</b>	<b>64,973,807</b>
<b>Note 32 : Finance Cost</b>		
Interest expense	36,764,873	36,617,242
Other borrowing costs	30,593,398	33,077,422
	67,358,271	69,694,664
Less :		
Interest received (Gross)	2,035,017	3,027,422
<b>Total</b>	<b>65,323,254</b>	<b>66,667,242</b>
<b>Note 33 : Depreciation and amortization expenses</b>		
Depreciation on fixed assets	17,443,885	14,714,659
Amortisation on leasehold land	160,576	160,576
	<b>17,604,461</b>	<b>14,875,235</b>



Particulars	₹	
	As at March 31, 2018	As at March 31, 2017
<b>Note 34 : Other expenses</b>		
Stores and spares consumed	6,214,134	4,131,743
Power and fuel	25,927,591	22,053,346
Labour charges	20,773,685	12,321,782
Rent	7,878,539	4,275,540
Repairs and maintenance :		
Plant & machinery	2,826,570	2,435,330
Building	65,368	110,757
Others	481,503	447,524
Printing and stationery	763,031	701,645
Insurance	2,602,947	2,331,840
Loss on insurance claim	-	1,133,256
Storage charges expenses (Net)	10,537,099	12,159,322
Telephone expenses	2,500,968	2,384,815
Legal and stamping charges	-	-
Travelling and conveyance expenses	17,207,233	12,767,030
Legal and professional charges	6,011,570	2,965,864
Sales promotion expenses	12,942,978	10,023,460
Transportation and Octroi charges	71,493,341	49,856,870
Foreign exchange Loss	292,373	77,110
Allowance for expected credit loss	947,162	872,444
Brokerage and Commission	5,491,044	8,198,511
Bad debts	9,121,008	6,784,486
Directors sitting fees	203,450	60,000
Miscellaneous expenses	9,414,512	6,397,394
<b>Total</b>	<b>213,696,106</b>	<b>162,490,069</b>
<b>Note 35 : Exceptional items</b>		
Loss on insurance claim	8,633,879	-
<b>Total</b>	<b>8,633,879</b>	<b>-</b>

**Note 36 : CIF value of imports**

Particulars	₹	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Materials (for manufactured/ traded goods)	1,397,017,590	992,784,141

**Note 37 : Value of consumption of imported and indigenous items**

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	₹	%	₹	%
<b>Raw materials :</b>				
Imported	1,332,091,811	72	1,126,114,691	86
Indigenous	513,729,990	28	182,157,047	14
<b>Total</b>	<b>1,845,821,801</b>	<b>100</b>	<b>1,308,271,738</b>	<b>100</b>
<b>Spare parts and components :</b>				
Indigenous	6,214,134	100	4,131,743	100

**Note 38 : Earnings in foreign currency**

Particulars	₹	
	For the year ended March 31, 2018	For the year ended March 31, 2017
FOB value of exports	315,658,220	74,291,136
<b>Total</b>	<b>315,658,220</b>	<b>74,291,136</b>

**Note 39 : Earnings per share**

Particulars	₹	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Nominal Value of Equity shares	10	10
Net profit after tax available to the Equity shareholders	28,564,014	20,410,481
Weighted average number of Equity shares	3,934,574	3,894,300
Basic and Diluted Earnings per share	7.26	5.24

**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 ₹ 77,86,136/- (Previous year ₹ 42,75,540/-) are included in rental expenditure in the Statement of Profit and Loss during the current year.

**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 ₹43,05,146 /- (Previous year ₹33,42,856 /-).

(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 31)

Particulars	₹	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Components of employer expense</b>		
Current Service cost	566,840	464,782
Interest cost	263,350	257,103
Expected return on plan assets	-	-
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Past Service Cost	1,592,596	-
Actuarial Losses/(Gains)	-	496
<b>Total expense recognised in the Statement of Profit &amp; Loss</b>	<b>2,422,786</b>	<b>722,381</b>

**Balance Sheet**

Details of provision for gratuity

Net asset/(liability) recognised in balance sheet	₹	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Present value of Defined Benefit Obligation	(5,148,831)	(3,587,879)
Fair value of plan assets	-	-
Funded status [Surplus/(Deficit)]	(5,148,831)	(3,587,879)
Unrecognised Past Service Costs	-	-
<b>Net asset/(liability) recognised in balance sheet</b>	<b>(5,148,831)</b>	<b>(3,587,879)</b>

Change in Defined Benefit Obligations (DBO) during the year ended	₹	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Present value of DBO at beginning of period	3,587,879	3,181,962
Current service cost	566,840	464,782
Interest cost	263,350	257,103
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains)/ losses	-	496
Past service cost	1,592,596	-
Benefits paid	(484,029)	(316,464)
Actuarial (Gains)/ Losses on Obligations - Due to change in Financial Assumptions	(212,385)	-
Actuarial (Gains)/ Losses on Obligations - Due to Experience	(165,420)	-
<b>Present value of DBO at the end of period</b>	<b>5,148,831</b>	<b>3,587,879</b>

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Discount rate	7.86%	7.34%
Salary escalation	5%	5%
Attrition rate	2%	2%

Note 42 : Segments Reporting

(a) Information about Business Segments for the Year Ended 31 March, 2018

Particulars	₹		
	Manufacturing of Adhesives & Emulsions	Trading in Chemicals	Total
<b>Revenue</b>			
Sales/ Income from operations	2,458,828,279	938,131,223	3,396,959,502
Inter-segment sales	-	-	-
<b>Total revenue</b>	<b>2,458,828,279</b>	<b>938,131,223</b>	<b>3,396,959,502</b>
<b>Result</b>			
Segment result	124,472,643	9,634,873	134,107,516
Unallocated corporate expenses(Net)			25,452,256
Operating profit			108,655,260
Interest expense(Net)			65,323,246
Income taxes(including deferred tax)			14,768,000
Profit from ordinary activities			28,564,014
Extraordinary items			-
<b>Net profit</b>			<b>28,564,014</b>
<b>Other informations</b>			
Segment assets	1,304,334,220	255,722,236	1,560,056,456
Unallocated corporate assets			535,500
<b>Total assets</b>			<b>1,560,591,956</b>
Segment liabilities	1,012,638,819	198,452,198	1,211,091,017
Unallocated corporate liabilities			299,430,533
<b>Total liabilities</b>			<b>1,207,251,281</b>
Add: Share capital and reserves			353,340,675
<b>Total capital &amp; liabilities</b>			<b>1,560,591,956</b>
Capital expenditure (including capital work in progress)	70,625,447	-	
Depreciation	17,604,461	-	

Notes :

- 1) The information stated above is in conformity with Indian Accounting Standard 108 "Operating Segments".
- 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 42(b)

Note 42 : Segments Reporting

(b) Information about Business Segments for the Year Ended 31 March, 2017

Particulars	₹		
	Manufacturing of Adhesives & Emulsions	Trading in Chemicals	Total ₹
<b>Revenue</b>			
Sales/ Income From Operations	2,061,150,159	832,745,045	2,893,895,204
Inter-Segment Sales	-	-	-
<b>Total Revenue</b>	<b>2,061,150,159</b>	<b>832,745,045</b>	<b>2,893,895,204</b>
<b>Result</b>			
Segment Result	131,857,729	(8,880,722)	122,977,007
Unallocated Corporate Expenses(Net)			25,271,326
Operating Profit			97,705,681
Interest Expense(Net)			67,162,418
Income Taxes(including deferred tax)			10,132,782
Profit From Ordinary Activities			20,410,481
Extraordinary Items			-
<b>Net Profit</b>			<b>20,410,481</b>
<b>Other Informations</b>			
Segment Assets	1,078,982,265	207,440,228	1,286,422,493
Unallocated Corporate Assets			9,933,108
<b>Total Assets</b>			<b>1,296,355,601</b>
Segment Liabilities	622,424,889	23,738,628	646,163,517
Unallocated Corporate Liabilities			453,914,114
<b>Total Liabilities</b>			<b>1,116,782,073</b>
Add: Share Capital And Reserves			179,573,528
<b>Total Capital &amp; Liabilities</b>			<b>1,296,355,601</b>
Capital Expenditure (Including Capital work in Progress)	19,253,054	-	
Depreciation	14,875,235	-	

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.

**Note 43 : Related party disclosures**

Disclosure of transactions with related parties, as required by Ind AS 24 " Related Party Disclosures" is given below:

**(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
Ami U. Parikh	Relative of Director
Vasant Polymers & Chemicals Pvt. Ltd.	A Company Significantly Influenced by relatives of KMP.
Zeki Software & Solutions Pvt. Ltd.	A Company Significantly Influenced by relatives of KMP.

**(b) Details of related party transactions during the year ended 31st March 2018**

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	2,527,350	-	5,859,798
	(3,332,448)	(2,865,000)	(-)	(6,197,448)
Loans Received	-	-	459,970,000	459,970,000
Loans Repaid	(-)	(-)	(588,033,100)	(588,033,100)
Interest Paid	-	-	459,970,000	459,970,000
	(-)	(-)	(465,451,000)	(465,451,000)
Rent Paid	-	-	194,382	194,382
	(-)	(-)	(73,240)	(73,240)
Sales	-	-	240,000	240,000
	(-)	(-)	(240,000)	(240,000)
Purchases	-	-	-	-
	(-)	(-)	(77,859)	(77,859)
Outstanding Credit/(Debit) Balance	-	-	-	-

Figures in brackets relates to the previous year

**NOTE 44 : Unhedged foreign currency exposure**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Foreign Currency US \$	₹	Foreign Currency US \$	₹
Payable against Import of goods	3,074,678	200,530,473	2,060,427	135,912,738

**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 figures for the previous year have been regrouped or rearranged wherever necessary.

**NOTE 47 :** Figures have been rounded off to nearest `.

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 (Managing Director) DIN : 00491220	T. J. Sanghavi (Executive Director) DIN : 00519403
Paresh Vakharia (Partner) Membership No. 38220	R. J. Sanghavi (Chairman) DIN : 00245637	M. M. Vora (Director) DIN : 00245427
Place : Mumbai Date : 30th May 2018	Ami Parikh Chief Financial Officer	Nirmal Tiwari Company Secretary



**NIKHIL ADHESIVES LIMITED**

Corporate Identity Number (CIN) – L51900MH1986PLC041062  
Registered Office: 315, The Summit Business Bay, Behind Gurunank Petrol Pump, Opp. Cinemax,  
Andheri Kurla Road, Andheri (East), Mumbai - 400093  
Tel. No. +91-022 26835864/26836558 Fax No. 26840750.Website: www.nikhiladhesives.com

**ATTENDANCE SLIP**

**32<sup>nd</sup> ANNUAL GENERAL MEETING ON FRIDAY, 28<sup>th</sup> SEPTEMBER, 2018 AT 11.00 A.M.**

At The Andheri Recreation Club, Dadabhai Road, Opposite Bhavans College Road,  
Andheri (W) Mumbai -400058

<b>Folio No. :</b>	<b>DP ID No. :</b>	<b>Client ID No. :</b>
--------------------	--------------------	------------------------

I/We hereby record my/our presence at the 32<sup>nd</sup> Annual General Meeting of the company held on Friday, the 28th September, 2018, at 11.00 a.m. at The Andheri Recreation Club, Dadabhai Road, Opposite Bhavans College Road, Andheri (West), Mumbai -400058.

<b>Name of the Member:</b>	<b>Signature</b>
<b>Name of the Proxy holder:</b>	<b>Signature</b>

- 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: 315, The Summit Business Bay, Behind Gurunank Petrol Pump, Opp. Cinemax,  
Andheri Kurla Road, Andheri (East), Mumbai - 400093  
Tel. No. 91/2226835864/26836558 Fax No. 26840750.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 the Member(s):  Registered Address: Email ID: Folio No./DP-Client ID:
---

I/We being the member(s) of NIKHIL ADHESIVES LTD. holding: \_\_\_\_\_Share, hereby appoint :

- Name : \_\_\_\_\_  
Address: \_\_\_\_\_  
Signature: \_\_\_\_\_ or failing him
- Name : \_\_\_\_\_  
Address: \_\_\_\_\_  
Signature: \_\_\_\_\_ or failing him
- Name : \_\_\_\_\_  
Address: \_\_\_\_\_  
Signature: \_\_\_\_\_

As my/our proxy to attend and vote (on poll) for me/us on my/our behalf at the 32<sup>nd</sup> Annual General Meeting of the Company to be held on Friday, the 28<sup>th</sup> September, 2018, at 11.00 a.m., at The Andheri Recreation Club, Dadabhai Road, Opposite Bhavans College Road, Andheri (West), Mumbai -400058. And at any adjournment thereof in respect of such resolution as are indicated below:

Sr. No	Resolutions
1	Adoption of statement of Profit and Loss, Balance Sheet, Cash Flow Statement, Report of Board of Directors and Auditors for the year ended 31st March 2018
2	Declare dividend for the financial year ended 31st March 2018.
3	Re-appointment of Mr. T. J. Sanghavi (DIN 00519403) who retires by rotation.
4	Ratification of Appointment of Auditors.
5	Approval for continuation of Directorship of Mr. M. M. Vora who have attained the age of 75 years, for the remaining period of their existing term of directorship as Independent Directors of the Company
6	Approval for continuation of Directorship of Mr. H. S. Kamath who have attained the age of 75 years, for the remaining period of their existing term of directorship as Independent Directors of the Company
7	Appointment of Cost Auditors and fixing their remuneration.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signed of the shareholder \_\_\_\_\_

Signature of Proxy Holder \_\_\_\_\_

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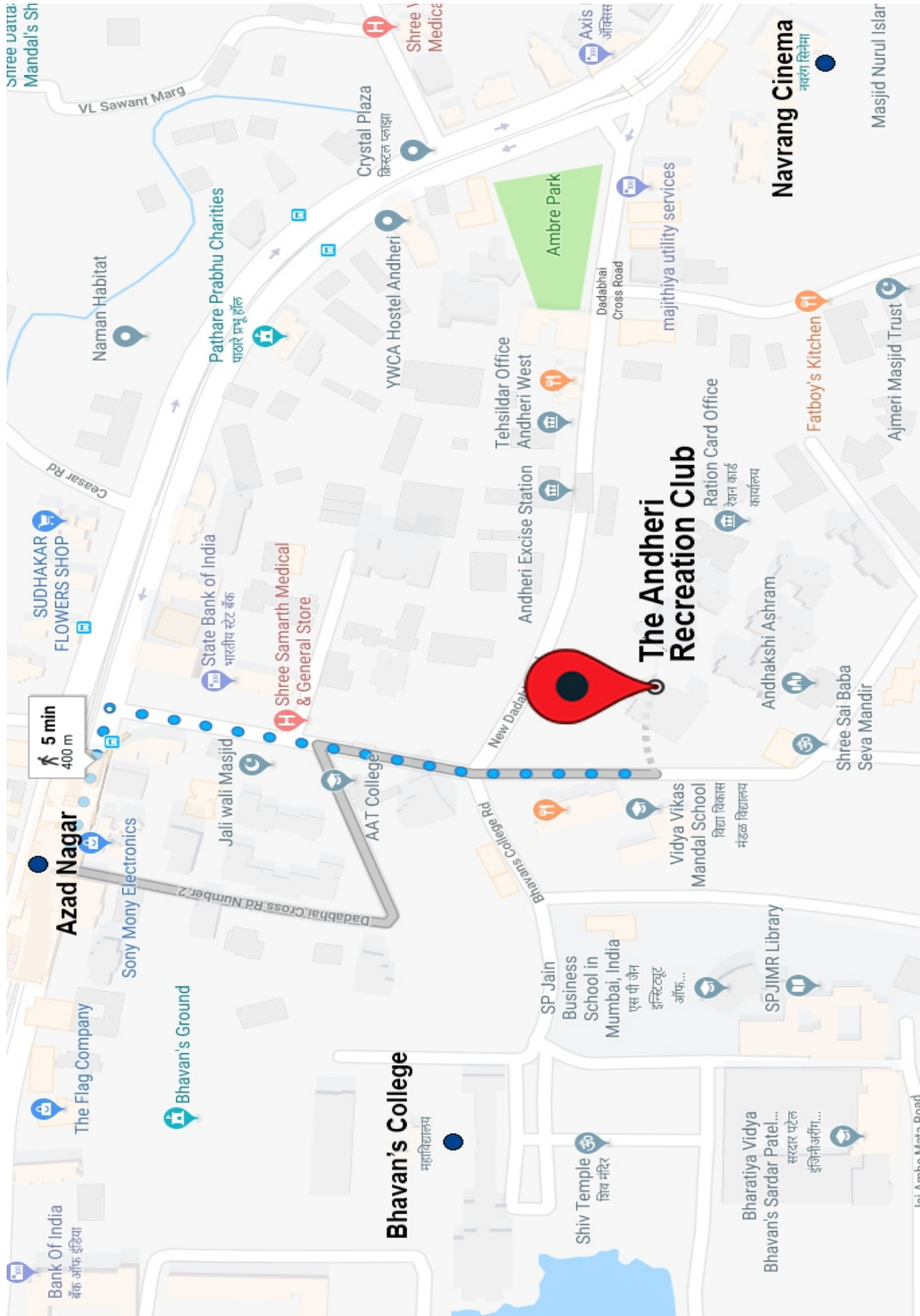
Revenue  
stamp

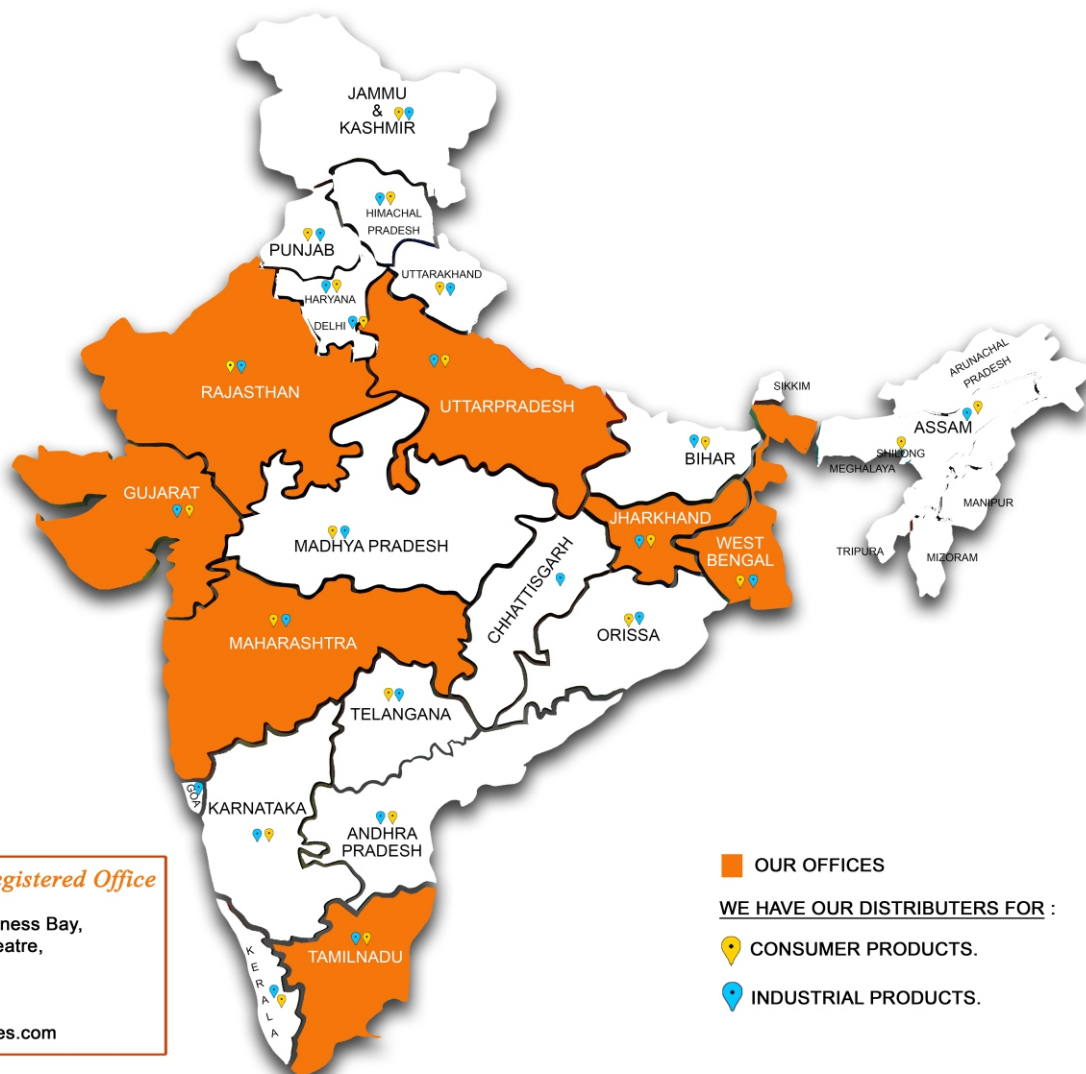
**Note:**

1. This Form in order to be effective should be duly completed and deposited as the Registered office of the company at 315, The Summit Business Bay, Behind Gurunank Petrol Pump, Opp. Cinemax, Andheri Kurla Road, Andheri (East), Mumbai - 400093, 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 Resolution, Explanatory Statement and Notes, Please refer to the Notice of the 32<sup>nd</sup> ANNUAL REPORT of the company.



ROUTE MAP TO VENUE OF THE AGM





**Head Office/Registered Office**  
Office No. 315,  
The Summit Business Bay,  
Opp. Cinemax Theatre,  
Andheri (E),  
Mumbai-93  
Tel-26836558/59.  
ho@nikhiladhesives.com

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N.H. No. 8, Opp. Vrundavan Row House,  
Chharwardapardi, Valsad GJ-396191.  
Tel-07878741746  
Shailesh.bajani@nikhiladhesives.com

**JHARKHAND**  
Suraj Market ,Shop No. 3,Mezzanine Floor,  
Lajji Hirji Road, Ranchi-834001  
Jharkhand.  
Tel No.-09386246584  
Safdar.imam@nikhiladhesives.com

**KOLKATA**  
214, Jodhpur Garden,  
Opp. South City Mall, Mezzanine Floor,  
Kolkata - 700045  
Tel. : 033 - 32921664,  
cksinha@nikhiladhesives.com

**GHAZIABAD**  
C-341, kabir Dham Compound,Krishna Nagar,  
Opposite Regent Motors,Meerut Road,  
Ghaziabad (UP)-201009.  
Tel No.-09368521254  
neeraj.mishra@nikhiladhesives.com

**CHENNAI**  
Flat, No. 9/1, Subhiksha , Athreyapuram,  
1st street, Choolaimedu, Chennai-600094  
Mob. 09381016948  
hameed.azeez@nikhiladhesives.com

**BANGLORE**  
# 53, CVS Nest Mallathalli, Lake Road,  
NGEF Layout, Mallathalli,  
Benguluru - 560056  
Mob. 9900095864  
krishna.patil@nikhiladhesives.com

**LUCKNOW**  
E-65, Transport Nagar  
Lucknow  
Mob. 9839191555

**Factories**

**PLANT - 1**  
Shreeji Estate, Vadhkun, College Road,  
Dahanu, Maharashtra.  
Tel. : 02528 - 224463 , 223107

**PLANT - 2**  
7 - Government Industrial Estate,  
Post - Pipria, Silvasa.  
Tel. : 0260 - 2640 045

**PLANT - 3**  
Plot No. D-2/CH/49, Industrial Phase,  
Dahej - 2, G.I.D.C Industrial Estate - Dahej,  
Taluka - Vagra Dist - Bharuch  
Tel. : 09377824268



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