NIKHIL ADHESIVES LIMITED

An ISO 9001 : 2015 Certified Company

Head Office / Regd. Office : 315, The Summit Business Bay, Opp. Cinemax,
Andheri-Kurla Road, Andheri (East), Mumbai - 400 093.
Tel.: (91) 022 - 2683 6564 / 2683 6558 / 2683 6559 • E-mail : bala@nikhiladhesives.com
Website : www.nikhiladhesives.com • CIN : L51900MH1986PLC041062

MAHACOL The Right Adhesive
EMDILITH Binder with a Thousand uses
EMDICRYL Binder & Textile Printing Agent
EMDITEX Textile Finishing Agent

07.12.2020

To,
The Manager- Listing Department
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai- 400 001

BSE script: 526159

Subject: Submission of Annual Report of Nikhil Adhesives Limited for the Financial Year 2019-20

Dear Sir,
The 34th Annual General Meeting ("AGM") of the Members of Nikhil Adhesives Limited ("the Company") is scheduled to be held on Wednesday, 30th December, 2020, at 11:30 a.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

Pursuant to Regulation 34 and Regulation 36 of SEBI (LODR) Regulations, 2015, please find enclosed herewith electronic copy of the Notice of the 34th Annual General Meeting (AGM).

The Annual Report for the financial year 2019-20 ("Annual Report"), will be sent by email to those Members whose email addresses are registered with the Company/Depository Participant(s).

The requirements of sending physical copy of the Notice of the AGM and Annual Report to the Members have been dispensed with vide MCA Circular/s and SEBI Circular. The Notice of the 34th AGM and the Annual Report are also being uploaded on the website of the Company at www.nikhiladhesives.com.

Please take the above on your record and disseminate the same for the information of investors.
Thanking you,

Thanking You,

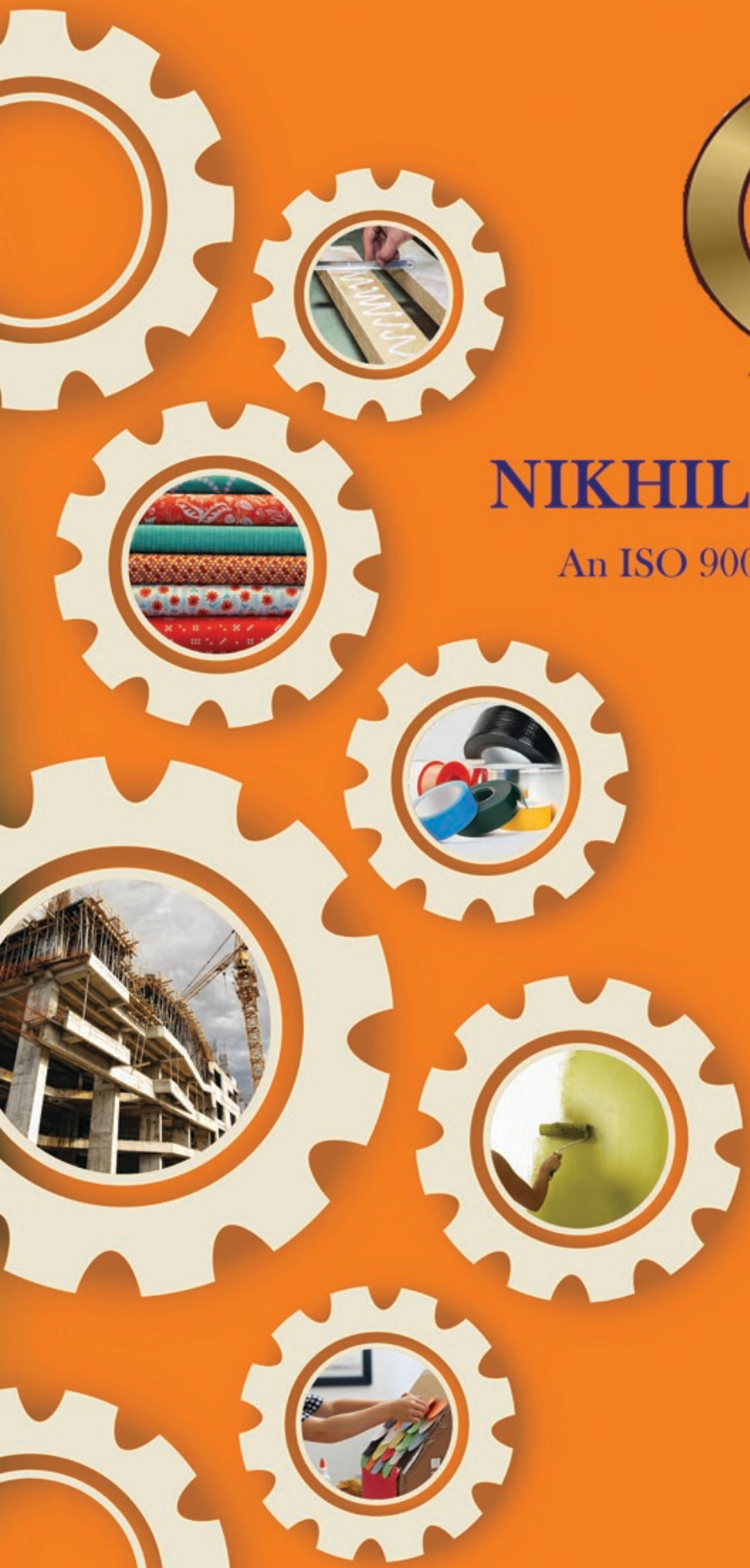
Yours Faithfully,
For, Nikhil Adhesives Limited

Rachana

Rachana Baria
Company Secretary

NIKHIL ADHESIVES LIMITED MUMBAI

Encl: As above



NIKHIL ADHESIVES LTD.

An ISO 9001 : 2015 Certified Company

34th ANNUAL REPORT
2019-2020

34th ANNUAL REPORT 2019-2020

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	Non-Executive Independent Director

AUDITORS

PHD & Associates
Chartered Accountants

REGISTRARS AND TRANSFER AGENTS

Link Intime India Pvt. Ltd.
(Sharex Dynamic (India) Pvt. Ltd. Merged with the Link Intime India Pvt. Ltd.)
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai- 400 083

BANKERS

Bank of India
Standard Chartered Bank
Yes Bank Ltd
DBS Bank

REGISTERED OFFICE

315, The Summit Business Bay, Behind Gurunanak Petrol Pump, Opp. Cinemax, Andheri Kurla Road, Andheri (East), Mumbai – 400093.

COMPANY IDENTIFICATION NUMBER (CIN):
L51900MH1986PLC041062

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NOTICE

Notice is hereby given that the **Thirty Fourth Annual General Meeting** of Nikhil Adhesives Limited will be held on **Wednesday, 30th December, 2020 at 11:30 AM through Video Conferencing ('VC')/Other Audio Visual Means ('OVAM')** 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, 2020 together with the reports of the Board of Directors and Auditors thereon.**
2. **To declare dividend of Re.1 per equity shares of face value of Rs. 10 for the financial year ended 31st March, 2020.**
3. **To appoint a Director in place of Mr. Tarak. J. Sanghavi (DIN:00519403), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.**
4. **Appointment of M/s. PPV & Co., Chartered Accountant (Firm Registration No. 153929W) as a Statutory Auditor in the place of existing auditor M/s. PHD & Associates, Chartered Accountant (Firm Registration No. 111236W).**

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

   "**Resolved That** pursuant to section 139 and other applicable provisions of the Companies Act, 2013 ("the Act"), and the Companies (Audit and Auditors) Rules, 2014 made thereunder and other applicable rules, if any, under the said Act (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. PPV & Co., Chartered Accountant (Firm Registration No. 153929W) be and is hereby appointed as a Statutory Auditor in the place of existing auditor M/s. PHD & Associates, Chartered Accountant (Firm Registration No. 111236W) for a period of 5 years commencing from the conclusion this Annual General Meeting till the conclusion of Annual General Meeting to be held in the year 2025, at a remuneration including the out pocket expenses incurred during the audit process, which will be mutually agreed between the Board of Directors and the Auditor."

   "Resolved Further That the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

SPECIAL BUSINESS

5. **Ratification of Remuneration of Cost Auditor M/s. B. F. Modi & Associates, Cost Accountants (Firm Registration No. 10064).**

   To consider and if thought fit, to pass with or without modification(s), 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 thereunder, as amended from time to time and such other permissions as may be necessary, the payment of remuneration of ₹ 50,000/- per annum (Rupees Fifty Thousand Only) with applicable Goods and Services Tax plus reimbursement of out of pocket expenses at actual to M/s. B. F. Modi & Associates, Cost Accountants (Firm Registration No. 10064) who was appointed by the Board of Directors of the Company as a "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 31st March, 2021, be and is hereby ratified and approved.

"Resolved Further Thatany of the Directors of the Board of the Company be and is hereby authorised 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. **Reappointment of Mrs. Ishita Gandhi (DIN: 07137098) as an Independent Director for 2nd term of 5 years.**

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

"Resolved That pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force) and based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Mrs. Ishita Gandhi (DIN: 07137098), who was appointed as an Non- Executive Independent Director of the Company for five consecutive years from 28th March 2015 up to 27th March 2020 and being eligible, be and is hereby re-appointed as an Non-Executive Independent Director of the Company to hold office for a second consecutive term of 5 years effective from 28th March 2020 up to 27th March 2025 and she shall not be liable to retire by rotation."

"Resolved Further That any of the Directors of the Board of the Company be and is hereby authorised 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. **Reappointment of Mr. Rajendra J. Sanghavi (DIN: 00245637) as a Whole Time Director for a period of 3 years.**

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

"Resolved That subject to the provisions of sections 196, 197, 198 and 203 and other applicable provisions of the Companies Act, 2013 ("the Act"), if any, read with Schedule V to the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other Rules framed there under (including any statutory modification(s) or re-enactment or amendments thereof for the time being in force), and subject to the provisions of Articles of Associations of the Company, and such other approvals as may be necessary, the consent of the members be and is hereby accorded to the re-appointment of Mr. Rajendra J. Sanghavi (DIN: 00245637) as a Whole Time Director of the Company, liable to retire by rotation with effect from 1stJanuary, 2021 to hold office for a period of three years(i.e. for the period 1stJanuary, 2021 to 31stDecember, 2023) who was appointed for 3 years as a Whole time Director from 01stJanuary, 2018 to 31stDecember, 2020, whose term of office expires on 31st December, 2020."

"Resolved Further That approval be and is hereby accorded to the remuneration, perquisites, benefits and amenities payable as per the terms and conditions entered into by Mr. Rajendra J. Sanghavi with the Company for the aforesaid appointment and as per the details provided in the explanatory statement annexed to this notice (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his reappointment), with authority to the Board of Directors of the Company to alter and/ or vary the terms and conditions of the said appointment in accordance with the prescribed provisions of the Act and or schedules thereto applicable, if any."

"Resolved Further That the Board may, subject to the approvals, if any required, increase, augment, vary and modify the remuneration payable and the benefits and amenities provided to the Appointee including the monetary value thereof from time to time during Appointee's tenure, upto the limits prescribed in that behalf under or pursuant to the Companies Act, 2013, or any statutory amendment, modification or re-enactment thereof from time to time enforced and/ or the guidelines for managerial remuneration issued by the Central Government from time to time, from the date the statutory amendment, modification or re-enactment and/ or guidelines coming into force."

"Resolved Further That the aggregate of the remuneration and perquisites payable shall be subject to the overall ceilings laid down in Sections 197 & 198, and other applicable provisions of the Act and rules made there under read with Schedule V of the said Act, or any statutory modification(s) or re-enactment thereof for the time being in force, or otherwise as may be permissible by law."

8. Reappointment of Mr. Umesh J. Sanghavi (DIN: 00491220) as a Managing Director for a period of 3 years.

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

"Resolved That subject to the provisions of sections 196, 197, 198 and 203 and other applicable provisions of the Companies Act, 2013 ("the Act"), if any, read with Schedule V to the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other Rules framed there under (including any statutory modification(s) or re-enactment or amendments thereof for the time being in force), and subject to the provisions of Articles of Associations of the Company, and such other approvals as may be necessary, the consent of the members be and is hereby accorded to the re-appointment of Mr. Umesh J. Sanghavi (DIN: 00491220) as a Managing Director of the Company with effect from 1stJanuary, 2021 to hold office for a period of three years (i.e. for the period 1stJanuary, 2021 to 31stDecember, 2023) who was appointed as a Whole time Director from 01stJanuary, 2018 to 31stDecember, 2020, whose term of office expires in 31stDecember, 2020. Whose office is not liable to retire by rotation.

"Resolved Further That approval be and is hereby accorded to the remuneration, perquisites, benefits and amenities payable as per the terms and conditions entered into by Mr. Umesh J. Sanghavi with the Company for the aforesaid appointment and as per the details provided in the explanatory statement annexed to this notice (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his reappointment), with authority to the Board of Directors of the Company to alter and/ or vary the terms and conditions of the said appointment in accordance with the prescribed provisions of the Act and or schedules thereto applicable, if any."

"Resolved Further That the Board may, subject to the approvals, if any required, increase, augment, vary and modify the remuneration payable and the benefits and amenities provided to the Appointee including the monetary value thereof from time to time during Appointee's tenure, upto the limits prescribed in that behalf under or pursuant to the Companies Act, 2013, or any statutory amendment, modification or re-enactment thereof from time to time enforced and/ or the guidelines for managerial remuneration issued by the Central Government from time to time, from the date the statutory amendment, modification or re-enactment and/ or guidelines coming into force."

"Resolved Further That the aggregate of the remuneration and perquisites payable shall be subject to the overall ceilings laid down in Sections 197 & 198, and other applicable provisions of the Act and rules made

there under read with Schedule V of the said Act, or any statutory modification(s) or re-enactment thereof for the time being in force, or otherwise as may be permissible by law."

9. Reappointment of Mr. Tarak J. Sanghavi (DIN: 00519403) as a Whole Time Director for a period of 3 years.

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

"Resolved That subject to the provisions of sections 196, 197, 198 and 203 and other applicable provisions of the Companies Act, 2013 ("the Act"), if any, read with Schedule V to the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other Rules framed there under (including any statutory modification(s) or re-enactment or amendments thereof for the time being in force), and subject to the provisions of Articles of Associations of the Company, and such other approvals as may be necessary, the consent of the members be and is hereby accorded to the re-appointment of Mr. Tarak J. Sanghavi (DIN: 00519403) as the Whole Time Director of the Company with effect from 1st January, 2021 to hold office for a period of three years (i.e. for the period 1st January, 2021 to 31st December, 2023). He shall be liable to retire by rotation who was appointed as a Whole time Director from 01st January, 2018 to 31st December, 2020, and whose term of office expires in 31st December, 2020.

"Resolved Further That approval be and is hereby accorded to the remuneration, perquisites, benefits and amenities payable as per the terms and conditions entered into by Mr. Tarak J. Sanghavi with the Company for the aforesaid appointment and as per the details provided in the explanatory statement annexed to this notice (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his reappointment), with authority to the Board of Directors of the Company to alter and/ or vary the terms and conditions of the said appointment in accordance with the prescribed provisions of the Act and or schedules thereto, if any."

"Resolved Further That the Board may, subject to the approvals, if any required, increase, augment, vary and modify the remuneration payable and the benefits and amenities provided to the Appointee including the monetary value thereof from time to time during Appointee's tenure, upto the limits prescribed in that behalf under or pursuant to the Companies Act, 2013, or any statutory amendment, modification or re-enactment thereof from time to time enforced and/ or the guidelines for managerial remuneration issued by the Central Government from time to time, from the date the statutory amendment, modification or re-enactment and/ or guidelines coming into force."

"Resolved Further That the aggregate of the remuneration and perquisites payable shall be subject to the overall ceilings laid down in Sections 197 & 198, and other applicable provisions of the Act and rules made there under read with Schedule V of the said Act, or any statutory modification(s) or re-enactment thereof for the time being in force, or otherwise as may be permissible by law."

NOTES:

1. In view of the COVID 19 pandemic, the Ministry of Corporate Affairs vide its Circular dated 5th May, 2020 read with Circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as 'Circulars'), has introduced certain measures enabling Companies to convene their Annual General Meetings (AGM/ Meeting) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and also send notice of the Meeting and other correspondences related thereto, through electronic mode. In compliance with the said requirements of the MCA Circulars, electronic copy of the Notice along with the Annual Report for the financial year ended 31st March, 2020 consisting of financial statements including Board's Report, Auditors' Report and other documents required to be attached therewith (Collectively referred to as Notice) have been sent only to those members whose e- mail ids are registered with the Company or the Registrar and Share Transfer Agent or the Depository Participants(s) through electronic means and no physical copy of the Notice has been sent by the Company to any member. The Notice has also been hosted on the website of the Company (www.nikhiladhesives.com)
2. The deemed venue for Thirty Fourth e-AGM shall be the registered office of the Company.
3. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this e-AGM is being held pursuant to the MCA Circulars through VC/OAVM facility, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. The Statement, pursuant to Section 102(1) of the Act in respect of Ordinary Business & Special Businesses at Item No. 4, 5, 6, 7, 8 and 9 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 Director seeking appointment or re-appointment at the Annual General Meeting is furnished as Annexure to the notice.
5. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
6. In case of joint holder attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Non-Resident Indian Members are requested to inform the R&TA immediately about the change in residential status on their return to India, if any.
8. Members who hold shares in dematerialised form are requested to quote their Client ID and DP ID numbers for easy identification for attendance at the meeting.
9. Nomination Facility: Members holding shares in the physical form and desirous of making/changing Nomination in respect of their shareholdings in the Company, as permitted under Section 72 of the Companies Act, 2013 and Rules made thereunder, are requested to submit the prescribed Form No. SH-13, as applicable for this purpose to the Company's Registrar and Share Transfer Agents (RTA), Link Intime India Private Limited, who will provide the form on request. In respect of shares held in electronic / demat form, the Members may please contact their respective depository participant.
10. A person, whose name is recorded in the register of members or in the register of beneficial owners of the Company, as on the cut-off date i.e. Wednesday, 23rd December, 2020 only shall be entitled to avail the facility of e-voting, either through remote e-voting and voting at the AGM. A person who is not a member as on the cut-off date should treat this notice for information purposes only.

11. The Register of Members and the Share Transfer Books of the Company will remain closed from 23rd December, 2020 to 30th December, 2020 (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 23rd December, 2020 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.
12. Members are requested to notify immediately any change of address;
    i. To their Depository Participants (DPs) in respect of their electronic shares account, and
    ii. To the Company's Registrars, M/s Link Intime India Pvt. Ltd. in respect of their physical shares, if any, quoting their folio numbers.
13. 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.
14. All unclaimed dividends up to and including the year 2011-12 have been transferred to the credit of Investor Education and Protection Fund (the Fund) established by the Central Government. 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 claims 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 and on the website of the Ministry of Corporate Affairs.
15. The Securities and Exchange Board of India (SEBI) has amended Regulation 40 of SEBI LODR. Pursuant to amended Regulation 40 of SEBI LODR, effective from 01st April, 2019, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository. The Company in this regard has sent letters to the shareholders holding shares in physical form informing them about the above requirement. All shareholders holding shares in physical form are requested to demat their shares at the earliest.
16. 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/Link Intime India Pvt. Ltd.
17. **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 Fourth Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting Services provided by the Central Depository Services (India) Limited (CDSL):

    The instruction for members for voting electronically is as under:

    i. The voting period begins on Sunday, 27th December, 2020 (9:00 AM) and ends on the Tuesday, 29th December, 2020 (5:00 PM). During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of Wednesday, 23rd December, 2020, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
    ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

iii. Log on to the e-voting website www.evotingindia.com

iv. Click on Shareholders/Members.

v. 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.

vi. Next enter the image Verification as displayed and click on Login.

vii. 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 our existing password is to be used.

viii. If you are a first time user, follow the steps given below:

	For Members holding shares in demat form and physical form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholder as well as physical shareholder)
	• 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 mail in PAN field. • 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 Mr. Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field.
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. • 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.

ix. After entering this details appropriately, click on "SUBMIT" tab.

x. 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, where in 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.

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

xii. Select on the EVSN (ELECTRONIC VOTING SEQUENCE NUMBER) of NIKHIL ADHESIVES LIMITED on which you choose to vote.

xiii. 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.

xiv. Click on the "RESOLUTION FILE LINK" if you wish to view the entire Resolution details.

xv. 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.

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

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

xviii. 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.

xix. 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 App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

Instructions for shareholders attending the AGM through VC/OAVM are as under:

i. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholders/members login where the EVSN of Company will be displayed.

ii. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.

iii. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

iv. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

v. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at rachana.baria@nikhiladhesives.com. These queries will be replied to by the company suitably by email.

vi. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

Instructions for shareholders for e-voting during the AGM are as under:-

i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

ii. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

iii. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

iv. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

Note for Non-individual shareholder and custodian:

i. 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.

ii. A scanned copy of the registration form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

iii. 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.

iv. The list of account linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

v. 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 scrutiniser to verify the same.

vi. Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; dmz@dmzaveri.com and rachana.baria@nikhiladhesives.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

vii. 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, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

Other General Information

1. Since the meeting will be conducted through VC/OAVM facility, the Route Map is not annexed in this Notice.
2. The voting rights of shareholders shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date (record date) of the Wednesday, 23rd December, 2020.
3. Mr. Dharmesh Zaveri, Practicing Company Secretary & Proprietor of M/s D. M. Zaveri & Co., has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner. The Scrutinser 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 Scrutiniser shall submit a consolidated Scrutiniser'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.
4. The result declared along with the Scrutinser report shall be placed on the Company's website www.nikhiladhesives.com. The result will also be communicated to the stock exchange where the shares of the Company are listed.
5. 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 30th December, 2020.
6. All documents referred to in the accompanying Notice and 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.
7. The Company has been maintaining, inter alia, the following statutory registers at its registered office at Mumbai;

i) Register of contracts or arrangements in which directors are interested under section 189 of the Act.

ii) Register of Directors and Key Managerial Personnel and their shareholding under section 170 of the Act.

In accordance with the MCA circulars, the said registers shall be made accessible for inspection through electronic mode, which shall remain open and be accessible to any member during the continuance of the meeting.

1. Persons who have acquired the shares of the Company after the dispatch of the Annual Report and are members as on 23rdDecember, 2020 (being record date for the purpose of voting), may send a request for obtaining their User ID and Password to rnt.helpdesk@linkintime.co.in or contact Link Intime India Pvt. Ltd. on 022-4918 6000/022- 4918 6270.

Contact Details

Company	M/s Nikhil Adhesives Limited Registered Office: 315, The Summit Business Bay, Behind Gurunanak Petrol Pump, Opp. Cinemax, Andheri Kurla Road, Andheri (East), Mumbai – 400093. Tel: 022-2683 6564/58/59Fax: 022-26840854 Email ID: ho@nikhiladhesives.com CIN: L51900MH1986PLC041062
Registrar and Share Transfer Agent	M/s. Link Intime India Private Limited C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai-400 083 Tel: 022 49186000/6270Fax: 022-4098 6060 Email ID: rnt.helpdesk@linkintime.co.in
e-Voting Agency	Central Depository Services (India) Limited Email ID: helpdesk.evoting@cdslindia.com
Scrutiniser	CS Dharmesh Zaveri Practicing Company Secretary Office No. 145, 1st Floor, Kesar Residency, Charkop Sector 3, Kandivali (West), Mumbai – 400067 Tel: 022-28679660 Email ID: dmz@dmzaveri.com

By order of the Board of Directors
For, Nikhil Adhesives Limited

Sd/-
Umesh. J. Sanghavi
Managing Director

Date: 13th November, 2020
Place: Mumbai
DIN: 00491220

ANNEXURE TO NOTICE

Item No. 4

This is an Ordinary Business as per the accompanying notice and as such not mandatory to provide a statement thereon. However the same has been provided for reference of shareholders.

Statutory Auditor M/s. PHD & Associates, Chartered Accountants, were appointed as a Statutory Auditor in 23rd Annual General Meeting (AGM) of the members for a period of 10 years, subject to ratification of the appointment after a period of 5 years. Their term would expire in the ensuing AGM according to Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.The Board of Directors of the Company ('the Board') places on record the valuable services provided by them during their tenure as auditors of the Company.

On the approval of the Audit Committee ('the Committee'), the Board has recommended approval by the Members for appointment of M/s. PPV & Co., Chartered Accountants (Registration No. 153929W) as a Statutory Auditors, for a period of 5 consecutive years commencing from the conclusion of this AGM till the conclusion of 39th AGM in the place of the existing Statutory Auditor.

The Company has received consent from M/s. PPV & Co., Chartered Accountants under Sections 139 and 141 of the Companies Act, 2013 confirming their eligibility to be appointed as a Statutory Auditors of the Company.

None of the Directors and/or Key Managerial Personnel of the Company and/or their respective relatives is concerned or interested, financially or otherwise, in this Ordinary Resolution set out at Item No. 4 of the Notice.

Members are requested to consider the same and accord their approval for appointment of M/s. PPV & Co., Chartered Accountants as a Statutory Auditors of the Company for a term of five years.

Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013

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

Item No. 5

Messrs B. F. Modi & Associates, Cost Accountants, (Firm Registration No. 10064) were appointed as a Cost Auditors for the year ending 31st March, 2021 by the Board of Directors on the recommendation of the Audit Committee at a remuneration of ₹ 50,000/- p.a. Goods and Services Tax applicable thereon and reimbursement of travelling and other incidental expenses that may be 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.5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2021.

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. 5 of the Notice.

Item No. 6

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("LODRRegulations") an Independent Director shall hold office for a term up to five

consecutive years on the Board of the Company and shall beeligible for re-appointment on passing of a Special Resolution by the Company and disclosure of such appointment in the Board Report.

Mrs. Ishita T. Gandhi (DIN: 07137098) was appointed as an Independent Directors (Non–Executive) of theCompany for a period of five (5) years commencing from 28.03.2015, and approved by the shareholders in the 29th Annual General Meeting of the members.

The Nomination and Remuneration Committee on the basis of her skills, experience, knowledge and report of her performance evaluation, has recommended re- appointment of Mrs. Ishita T. Gandhi (DIN: 07137098) as Non-Executive IndependentDirector for a second term for 5 years on the Board of the Company.

The Board of Directors of the Company at their meeting held on 30thJuly, 2020, based on the recommendations of the Nomination &Remuneration Committee, subject to the approval of the shareholders, have approved the appointment of Mrs. Ishita T. Gandhi (DIN: 07137098) as Non-Executive Independent Director in terms of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Act read withCompanies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof forthe time being in force), to hold office for a second consecutive term of five years effective from 27.03.2020 and she shall not be liable to retire by rotation.

The Company has received a notice in writing from the Directors under Section 160 of the Companies Act, 2013, proposing her candidature forthe office of Independent Directors of the Company.

Mrs. Ishita T. Gandhi,a Chartered Accountant, would bring immense experience to the Board as she possess with skills and knowledge in the areas of management, administration and corporate governance and she is highly qualified in the field of finance, accountancy and taxation matters.

The Company has received a declaration from Mrs. Ishita Gandhi confirming that she meets the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013, the rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.In the opinion of the Board, she fulfils the conditions specified in the said Act and the rules made thereunder and is independent of the management.

Except for the Directors being appointed and their relatives, none of the Directors / Key Managerial Personnel of the Company / their relativesis, in any manner, concerned or interested, financially or otherwise, in the respective resolution set out at Item No. 6 of the Notice.

The Board recommends the Special resolution set out at the Item No. 6 of the Notice for approval by the shareholders.

Item No. 7, 8 and 9

In pursuance of the Corporate Governance guidelines of the Company and pursuant to the recommendation of the Board, and Nomination and Remuneration Committee. In view of the years of industry experience in various fields, and considering the progress made by the Company during the tenure of their Directorship, the Board, subject to the approval of Members, re-appointed Mr. Umesh J. Sanghavi as a Managing Director, Mr. Rajendra J. Sanghavi as a Whole Time Director, and Mr. Tarak J. Sanghavi as a Whole Time Director of the Company for a term of 3 years effective 01st January, 2021 to 31st December, 2023.

The said Directors were appointed in their respective positions in the Annual General Meeting held on 28th September, 2017 for the tenure of 3 years which were effected from 01st January, 2018 to 31st December, 2020, on the terms and conditions including the terms of remuneration payable to them as set out in the respective resolutions approved in the meeting.

The terms and conditions of their appointment and remuneration payable to them will be as provided in the resolution set out in this resolution. According, the consent of members is sought by this resolution and re-

appoint these appointees and fix their remuneration including perquisites, subject to the limits fixed, with liberty to the Board to determine the remuneration including perquisites, from time to time, during respective Appointees' tenure, as may be agreed to by and between the Board and the respective Appointees.

Details of Remuneration, Perquisites and other Benefits payable to the Appointees are as follows:

I. The remuneration payable to each Appointees shall not exceed a sum of ₹19,20,000/-per annum or ₹1,60,000/-per month, including dearness allowance, perquisites and other allowances. The perquisites may include reimbursement of medical expenses, leave travel allowance for self and family, rent free or concessional rent furnished/unfurnished residential accommodation, reimbursement of residential electricity and gas, personal accident insurance premium or other perquisites, as may be decided by the Board in consultation with the Appointees.

II. A motor car with chauffeur shall be provided to the Managing Director for discharge of duties as Managing Director; alternatively, the Company shall bear all running, maintenance and repair expenses plus the remuneration of a chauffeur for his own car. The use of car for personal purposes may be treated as perquisites, to be computed as per Income Tax Rules.

III. Telephone(s) at the residence and cellular phone(s) shall be provided subject to the recovery of long distance personal calls, if any.

IV. The perquisites shall be evaluated as per Income Tax Rules where so prescribed, and in other cases, on the basis of cost to the Company.

V. The Appointees shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration as specified above:
   a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
   b) gratuity payable at a rate not exceeding half a month' salary for each completed year of service, and
   c) encashment of leave at the end of the tenure as per Company's Rules.

VI. The Appointees shall be entitled to claim reimbursement of all expenses incurred/paid by him in the course of and/or for the purposes of Company's business and/or discharging his functions as a Managing Director/Whole Time Directors.

VII. The nature of appointment shall be contractual, terminable by either party giving notice of three months.
Further, the Board has been empowered to increase, augment, vary and modify the remuneration including perquisites provided/ to be provided to the respective Appointees subject to the limits prescribed in that behalf under or pursuant to the Companies Act, 2013 or any statutory amendment, modification or re-enactment thereof from time to time in force and/or the guidelines for managerial remuneration issued by the Central Government from time to time, from the date the statutory amendment, modification, re-enactment and/or the guidelines coming into force.
Notwithstanding anything to the contrary herein, wherein any financial year during the currency of the tenure of the Managing Director / Whole Time Directors, the Company has no profits or its profits are inadequate, the Company will pay to the Managing Director / Whole Time Directors, remuneration, perquisites, benefits and amenities not exceeding the ceiling for the time being laid down in Section II of Part II to Schedule V (as amended) of the Companies Act, 2013 and as maybe decided by the Board of Directors of the Company and subject to such sanctions and approvals as maybe necessary. The resolution set out in the notice is intended for this purpose.
In the interest of the Company, the Board commend the resolutions for approval by the members. Mr. Umesh J. Sanghavi, Mr. Rajendra J. Sanghavi and Mr. Tarak J. Sanghavi are related to each other.

Save and except Mr. Umesh J. Sanghavi, Mr. Rajendra J. Sanghavi, Mr. Tarak J. Sanghavi and their relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/ Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise.

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

Name of the Director	**Mr. Rajendra J. Sanghavi**	**Mr. Umesh J. Sanghavi**	**Mr. Tarak. J. Sanghavi**	**Mrs. Ishita Gandhi**
Director Identification Number	00245637	00491220	00519403	07137098
Date of Birth	11.12.1955	27.06.1957	02.10.1962	18.12.1966
Date of Appointment	Since inception	Since inception	Since inception	28.03.2015
Status	Whole Time Director	Managing Director	Whole time Director	Non-Executive/Independent Director
Qualification	Diploma in Engineering	B.com	B.com	Chartered Accountant
Expertise in specific functional type	Businessman	Businessman	Market Analysis and Commercial Management	Finance and Accountancy
Terms and Conditions of Appointment/Re-appointment	Re-appointment on basis of expiry of his prior term of 3 years	Re-appointment on basis of expiry of his prior term of 3 years	Re-appointment on retiring by rotation & expiry of his prior term of 3 years.	As per Explanatory Statement
Directorship of Other Companies	None	None	None	None
Chairman/Member in the Committees of the Boards of companies	Chairman of the Board of Director of the Company and Member of Corporate Social Responsibility Committee	Member of Corporate Social Responsibility Committee	Member of Corporate Social Responsibility Committee and Stakeholders Relationship Committee	Chairman of Audit Committee and Stakeholders Relationship Committee and Members of Nomination & Remuneration Committee
Shareholding (No. of Shares)	1,19,700 shares	95, 340 shares	112490 shares	1000 shares
Disclosure of relationships between Directors inter se	Mr. Umesh J. Sanghavi & Mr. Tarak J. Sanghavi are brothers of Mr. Rajendra J. Sanghavi	Mr. Tarak J. Sanghavi & Mr. Rajendra. J. Sanghavi are brothers of Mr. Umesh J. Sanghavi	Mr. Umesh J. Sanghavi & Mr. Rajendra J. Sanghavi are brothers of Mr. Tarak J. Sanghavi	Not Related

By order of the Board of Directors
For, Nikhil Adhesives Limited

Sd/-

Umesh. J. Sanghavi
Managing Director
DIN: 00491220

Date: 13th November, 2020
Place: Mumbai

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

Your Company's major business segments are Branded Consumer products under the brand names **"MAHACOL" "FORMISOL" "EMDILITH" "MAHAQUICK" AND "MAHABOND"** and Industrial products are under various brands names such as **"EMDILITH" "EMDITEX" "EMDICRYL" and "EMDIBIND".**

Your Company had acquired an industrial land at Tumkur near Bengaluru, Karnataka from the Government of Karnataka in which your Company has started manufacturing various grades of Construction Chemicals mainly for Asian Paints having long term agreement with your Company had also started manufacturing various grades of Emulsions and Adhesives in continuation to the existing line of businesses at the same location.

Your Company has acquired a small plant of adhesives at Mehatpur near Nangal Township in Himachal Pradesh and successfully started production mainly Adhesives.

With these two additions, your Company will be in a very strong position to offer better services to our PAN India customers.

Your Company has also started supplying stationery adhesives to Asian Paints along with other adhesives. Our Consumer Products are mainly Woodworking Adhesives, Pressure Sensitive Adhesives for Stickers, Packaging Adhesives. Leather Bonding Adhesives, and a variety of General Purpose Adhesives and are widely used by Carpenters and Furnishers, Packaging and Printing, Plumbers, Mechanics, Household and students for art and craft, offices etc.

The Industrial Products segments cover industries and products for Industrial Adhesive applications, Synthetic Emulsions for Textile Processing and manufacture of Paint and Printing on fabrics and other applications related to Leather and Automobiles.

OUTLOOK

With a strong Government re-elected at the centre ensuring continuity of policies and ease of doing business and with GST implementation, we expect Good Business opportunities.

International instability due to trade wars among the 2 to 3 large economies along with liquidity crisis in the Banking and NBFC sectors for various reasons, the business sentiment on the whole is low. However there is large infrastructure spending by the Government and this is likely to support the industries. With all the above factors we expect that the Country's GDP will remain strong.

Our Consumer products businesses are focused on providing customers with a complete range of consumer adhesives mainly woodworking, packaging adhesives and rubber adhesives and also Construction based adhesives in future. Our Adhesive Brands **"MAHACOL" "FORMISOL" "EMDILITH"** have strong market presence and are known for its product quality among the influencers and consumers. With a nationwide network, our brands **"MAHACOL" "FORMISOL" and "EMDILITH"** enjoy a very respectable position and popularity in the adhesive market. We are working on having a PAN India intricate distribution and networking through our distributor & dealer network and are expecting exponential growth in the coming year, which in the initial stages had created disturbances in the working of country's economy, have now been evolved and adapted by various industries. This followed by a strong Government re-elected at the Centre would ensure continuity of policies and ease of doing business.

STRENGTH, OPPORTUNITIES, THREATS, RISKS, CONCERNS

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

Your Company has been consistently growing in the consumer adhesive segment for the past few years.

Your Company has already laid out plans to introduce more industrial grade adhesives with better returns and larger volumes. More so with a strong technical support additional products in Textile Printing and Processing have been envisaged.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

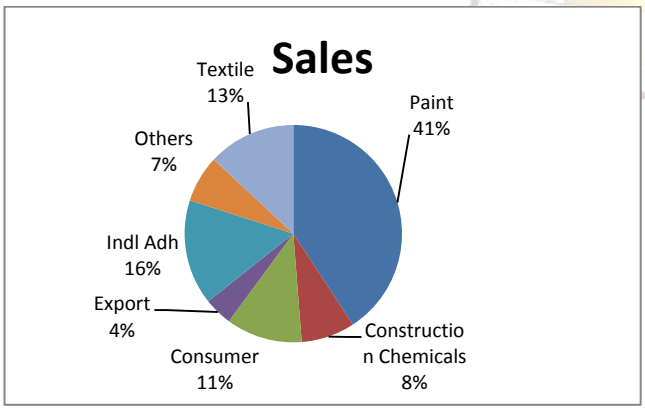
Your Company has in place the control systems based on the use of computer software that generate sufficient management information for internal control purpose. The directors closely monitor the operations of your Company personally. Having regard to the size and nature of the business operations, your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

HUMAN RESOURCES/INDUSTRIAL RELATIONS

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

FINANCIAL HIGHLIGHTS AT A GLANCE

SEGMENTWISE SALES



Consumer Products

Branded consumer products contributed 11% of the total volume sales of the Company Consumer products include Wood adhesives, Packaging and Lamination Adhesives, Sticker Adhesives and Art and Craft Adhesives and Rubber & PU Adhesives.

Industrial Products

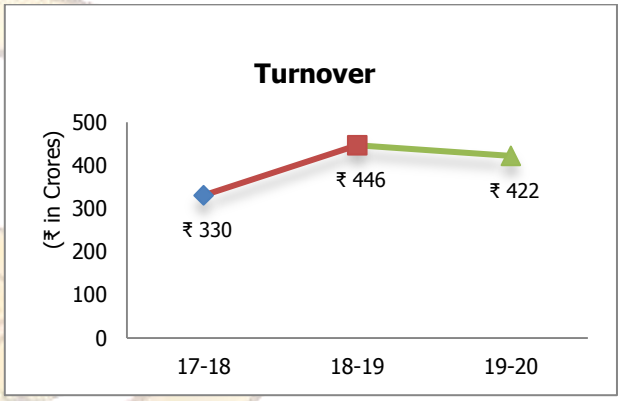
Industrial Products contributed to 70% of the total sales volume of the Company. Industrial products include Industrial Adhesives, Paint Emulsions and Textile Printing and Processing.

Your Company Export contribution is 4% of the total sales volume.

Your Company achieved a major boost from the construction chemical segment with contribution of 8% of the volume from this new division thus creating a new vertical in our portfolio.

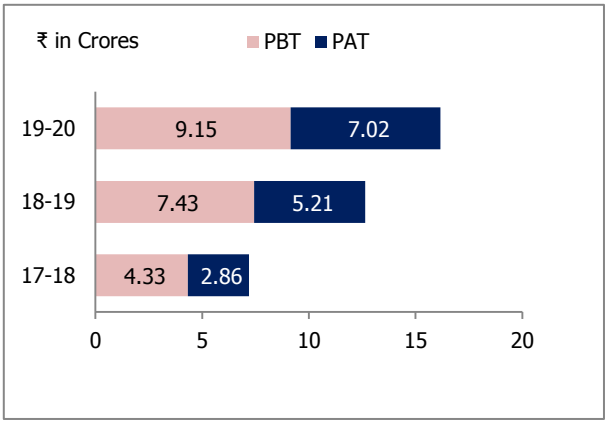
Other mix portfolio mainly manufacturing and packing of various Asian Paints grades of Adhesives which is on Conversion Base contributing 7%.

TURNOVER



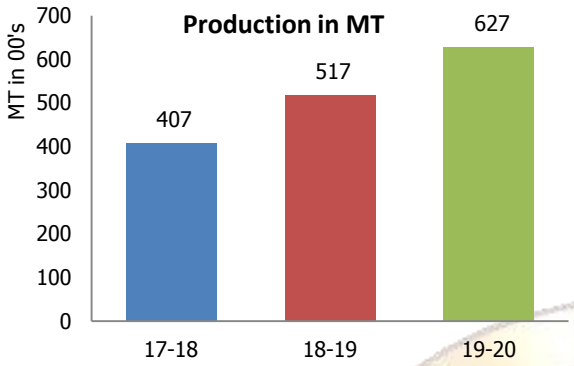
For the year ended 31st March, 2020 turnover is Rs. 422 cr. as compared to Rs.446 cr. in the previous year. The reduction is mainly due to impact of reduction of Raw Material prices and also the effects of Pandemic during the last quarter but still Company could manage higher volumes compared to previous year.

PROFITS



This year has been good with the increase of 23.15% in **Profit Before Tax (PBT)** from ₹ 7.43 cr. in the financial year 2018-19 to ₹ 9.15 cr. in the year ended 31st March, 2020. **Profit After Tax (PAT)** also increased by 33.33 % from ₹ 5.10 cr. in the financial year 2018-19 to ₹ 6.80 cr. for the year ended 31st March, 2020.

MANUFACTURING



During the year the volume wise production has increased by 21.36% from 51668 MT in the financial year 2018-19 to 62702 MT in the year ended 31st March, 2020. However, in terms of value, the manufacturing sale has decreased from ₹ 33,134 Lakhs to ₹ 30,349 Lakhs registering year on year declined of 9.17 %.

TRADING

Trading segment registered the growth of 3.13% from ₹ 11,463 Lakhs in the financial year 2018-19 to ₹ 11,822 Lakhs in the year ended 31st March, 2020.

FOREIGN EXCHANGE FLUCTUATIONS

Your Company's business is predominantly import centric. Your Company had a foreign currency loss of ₹ 248 Lakhs as compared to gain of ₹ 39 Lakhs in the previous year.

Information pursuant to paragraph (i) of Schedule V SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended.

Particulars	Current Year	Previous Year	%Change
Net Profit Margin as % of the turnover	1.61%	1.14%	40.92%
Return on Networth being % of Net Profit over the Networth	15%	13%	15.31%

The reason for the improved performance is explained as under:

Without any increase in the capital base of the Company, net profit as a % to the turnover has increased by 40.92% which has the effect of increase in return on networth by 15.31%. The increase in net profit is mainly due to increase in the gross profit margin as a result of reduction in the cost of raw materials.

The lock down announced by the Government from 22.03.2020 due to COVID 19 pandemic has not materially impacted the financial position of the Company for the year ended 31.03.2020. However, the pandemic has materially affected Company's scale of operations during the period April 20 to June 20. During the month of July 20, the Company's scale of operations have reached near normalcy and barring unforseen circumstances, the Company is hopeful of continuity of the normalcy for the rest of the financial year ended 31.03.2021.

DISCLAIMER

Statements in the Management Discussion and Analysis Report describing your Company's objectives, estimates, expectations may be "forwarding-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 fourth Annual Report together with the Audited Accounts for the financial year ended 31st March, 2020.

In Financial Year 2019-20 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:

(₹ in Lakhs)

Particulars	31st March 2020	31st March 2019
Profit Before Depreciation and Tax	₹ 1,202.47	₹ 950.41
Less: Depreciation	₹ 287.85	₹ 207.22
Profit Before Tax	₹ 914.62	₹ 743.19
Less: Provision for Tax		
Current Tax	₹ 207.00	₹ 166.98
Deferred Tax	₹ 5.34	₹ 54.74
Profit After Tax	₹ 702.28	₹ 521.47

DIVIDEND

The Board of Directors has recommended a dividend of ₹ 1/- (Rupee One only) per equity share of face value of ₹ 10/- (Rupee Ten only) for the Financial Year ended March 31, 2020 subject to approval of shareholders.

RESULT OF OPERATIONS

Particulars	2019-20	2018-19	%
Sales Turnover	421.71	446.36	(5.52)
Other Income	0.75	0.86	(12.79)
Operating Profit	19.86	17.44	13.88
Total Comprehensive Income(Net Profit)	6.80	5.11	33.07%

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

During the year, your Company accepted deposits amounting to ₹ 156.55 Lakhs from its members. There has been no default in repayment of deposits or payment of interest during the year. No deposit has been unclaimed as at the end of the year. All the deposits accepted by the Company are in compliance with the requirements of Chapter V of the Companies Act, 2013.

TRANSFER TO RESERVES

There is no transfer made to reserves during the year.

SHARE CAPITAL

There was no change in the Authorized and Paid-up Share Capital of the Company during the year.

The Authorised Share Capital of the Company is ₹ 5,00,00,000/- (Rupees Five Crores only) divided into 49,50,000 (Forty Nine Lakhs and Fifty Thousand) Equity Shares of ₹ 10/- (Rupees Ten) each and 50,000 (Fifty Thousand) 8% Preference Shares of ₹ 10/- (Rupees Ten).

The Paid-up Share Capital of the Company is ₹ 4,60,49,603 /- (Rupees Four Crores Sixty Lakhs Forty Nine Thousand and Six Hundred Three only) divided into 45,94,300 (Forty Five Lakhs Ninety Four Thousand and Three Hundred) Equity Shares of ₹ 10/- (Rupee Ten) each and 21,320 forfeited shares amounting of ₹ 1,06,603/- (One Lakh Six Thousand Six Hundred and Three Only).

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, 2020 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 required to contribute Rs. 10,52,378 amounts towards CSR for the financial year 2019-20. However the Company has unspent Rs. 5,37,978.The CSR report is forming part of this attachment in Annexure V and CSR policy is placed on the website of the company www.nikhiladhesives.com.

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 31st March, 2020, 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, 2020 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 over sight 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 & KEY MANAGERIAL PERSONNEL

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), Whole Time Director shall retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment as a Whole Time Director of the Company.

Pursuant to Section 149, 152 read with Schedule IV and all other provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force) and based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Mrs. Ishita Gandhi (DIN: 07137098), who was appointed as an Non-Executive Independent Director of the Company for five consecutive years from 28.03.2015 in the 29th Annual General Meeting (AGM),and being eligible for re-appointment, she is being appointed, subject to approval by members, as Non- Executive Independent Director of the Company for a consecutive second term of 5 years commencing from 28.03.2020 and shall not be liable to retire by rotation.

The details of Directors seeking re-appointment 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.

During the year, Ms. Rachana Baria has been appointed as a Company Secretary and Compliance Officer effective from 26.08.2019.

COMMITTEES OF THE BOARD

The Company's Board has following committees. The brief of these Committees are given in section of Corporate Governance Report:

a. Audit Committee;
b. Nomination and Remuneration Committee;
c. Stakeholders Relationship Committee.
d. Corporate Social Responsibility Committee

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, Seven Board Meetings were convened and held. The details thereof 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 / re-appointment of Managing Director& Whole Time Directors based on their qualifications, 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

The Board of Directors has unanimously agreed to the recommendation of the Audit Committee to appoint M/s. PPV & Co., Chartered Accountants (Firm Registration No. 153929W), for period of 5 years commencing from the ensuing Annual General Meeting till 39th Annual General Meeting of the Company in the place of existing auditor M/s. PHD & Associates, Chartered Accountant (Firm Registration No. 111236W), whose term of expire in the ensuing Annual General Meeting. M/s. PPV & Co., Chartered Accountant (Firm Registration No. 153929W) have given consent to the said appointment and confirmed their appointment, if made, would be within the limit specified under section 141(3)(g) of the Act, and also confirmed that they are not disqualified to be appointed as statutory auditor in terms of provisions of the proviso to section 139(1), 141(2) and section 141(3) of the Companies Act, and the Companies (Audit and Auditors) Rules, 2014.

There are no qualifications or adverse remarks in the Auditors Report, except a small delay in transfer of shares to Investor Education & Protection Fund pursuant to section 124 & 125 of the Act

COST AUDITOR

The Board of Directors has appointed Messrs B. F. Modi & Associates, Cost Accountants (Firm Registration No. 100604), as the 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 the Cost Auditors is subject to ratification by the shareholders in this Annual General Meeting of the Company.

SECRETERIAL 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 31stMarch, 2020. There are no adverse remarks or observations made by Messrs D. M. Zaveri & Co. in the Secretarial Audit Report except the small delays in submission of financial result, intimations for closure of trading window, and transfer of shares to Investor Education & Protection Fund pursuant to section 124 & 125 of the Act.

The small delays are due to inadvertent lapses in the circumstances beyond the control. However, the management of the Company shall ensure all timely compliances henceforth.

The Report of the Secretarial Auditor is given in Annexure-I, which is attached hereto and forms a part of the Directors' Report.

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 U/S 186 OF THE COMPANIES ACT, 2013

There are no Loans, Guarantees or Investment made during the year in pursuance to Section 186 of the Companies Act, 2013.

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. The Company has no Subsidiary/JV/Associate Companies during the year.
d. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
e. As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ("POSH Act") and Rules made thereunder, the Company has formed Internal Complaints Committee for various work places to address complaints pertaining to sexual harassment in accordance with the POSH Act.

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 Board of Directors

Rajendra J. Sanghavi
Chairman
DIN: 00245637

Mumbai
Date: 13th November, 2020

ANNEXURE- I

Secretarial Audit Report
(Form No. MR-3)
[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]

For the Financial year ended 31st March, 2020

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 31st March 2020, 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 31st March, 2020, 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 (Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings are not applicable to the Company during the audit period);

(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, 2018;

(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, 2018;(**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 as follows;*

a) *there was a 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 including delay in sending notice send to such shareholders and advertisement published in newspapers..*

b) *there was a delay of 8 min. in filing of outcome of the board meeting held on 14th November 2019 w.r.t. filing of un-audited financial statements of the Company within 45 days from the end of quarter ended on 30-09-2019 which is required to be submitted with Stock Exchange within 30 minutes of the closure of such board meeting the Company.*

c) *there was delay by the Company in respect of intimation given to Stock Exchange for closure of trading window in various instances during the FY-2019-20.*

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.

For D. M. Zaveri & Co
Company Secretaries

Dharmesh Zaveri
(Proprietor)

FCS. No.: 5418 **Place: Mumbai**
CP No.: 4363 **Date: 30th July, 2020**

ICSI UDIN: - F005418B000530261

This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To,
The Members,
Nikhil Adhesives Limited

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For D. M. Zaveri & Co
Company Secretaries

Dharmesh Zaveri
(Proprietor)

FCS. No.: 5418 **Place: Mumbai**
CP No.: 4363 **Date: 30th July, 2020**

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 2019-20	Remuneration paid for FY 2018-19	% increase in remuneration in the FY 2019-20	Ratio/times per median of employee remuneration
1	Mr. Rajendra Sanghavi	Chairman, Whole Time Director	10,08,000	10,08,000	-	2.83
2	Mr. Umesh Sanghavi	Managing Director	13,16,448	13,16,448	-	3.70
3	Mr. Tarak Sanghavi	Whole Time Director	10,08,000	10,08,000	-	2.83
4	Mrs. Anita Sanghavi (appointed on 14.11.2018)	CFO	8,26,866	# 185175	-	2.36
5	Ms. Rachana Baria (From 26.08.2019)	CS	2,62,500	-	-	0.74

For the part of the year.

2. Percentage increase in median remuneration:

Median remuneration of employees in FY 2019-20 (₹)	Median remuneration of employees in FY 2018-19 (₹)	Percentage increase
3,55,716.00	3,25,008.00	9.45

3. No. of permanent employees as on 31st March, 2020: 231 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 Company's 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 capitalisation, PE ratio:

Particulars	As on 31.03.2020	As on 31.03.2019	Percentage Change
Market Capitalisation of the Company	₹ 44,84,03,680.00	₹ 57,88,81,800.00	-22.54
PE Ratio	₹ 6.38	₹ 11.10	-42.52
Closing Market Share Price (BSE)	₹ 97.60	₹ 126.00	-22.54

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 2019-20	Percentile increase in managerial personnel remuneration in FY 2019-20	Justification
18.52%	There is no increase in managerial personnel remuneration for FY 2019-20.	The average percentile increases in the salaries of employees other than managerial personnel in FY 2019-20 is in accordance with parameters specified in serial no. 4 above.

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 12 employees who have received remuneration in excess of the highest paid Director. Their ratios to the highest paid director are 1.03, 1.07, 1.20, 1.28, 1.63, 1.90, 2.14, 2.23, 2.25, 2.25, 2.54, and 3.64.
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 31ST MARCH, 2020

[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	29th September, 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 - 400093, Maharashtra.
Whether listed Company	Listed Company (BSE LTD.)
Name, Address and Contact details of Registrar and Transfer Agent, if any.	Link Intime India Pvt. Ltd. C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai- 400 083

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

A. Category-wise Shareholding

Category of Share Holders	No. of Shares held at the beginning of the year as on 01st April 2019				No. of Shares held at the end of the year as on 31st March, 2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individual/HUF	25,01,010	-	25,01,010	54.44	25,01,010	-	25,01,010	54.44	-
b) Central Government		-	-	-	-	-	-	-	-
c) State Government(s) – through a corporation	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-

SUB TOTAL (A) (1)	25,01,010	-	25,01,010	54.44	25,01,010	-	25,01,010	54.44	-
2. Foreign	-	-	-	-	-	-	-	-	-
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	
e) Any Other	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**25,01,010**	-	**25,01,010**	**54.44**	**25,01,010**	-	**25,01,010**	**54.44**	-
B. Public Shareholding									
1. Institutions									
a) Mutual Fund	-	-	-	-	-	-	-	-	-
b) Bank/FI	-	-	-	-	-	-	-	-	-
c) Central Government	41,670	-	41,670	0.91	56,995	-	56,995	1.24	0.33
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital	-	-	-	-	-	-	-	-	-
f) Insurance	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Other (Specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1)	**41,670**	-	**41,670**	**0.91**	**56,995**	-	**56,995**	**1.24**	**0.33**
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	7,49,476	3,700	7,53,176	16.39	7,21,603	300	7,21,903	15.71	-0.68
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital upto 1 Lakh	3,73,373	92,120	4,65,493	10.13	3,84,602	73,620	4,58,222	9.97	-0.16
ii) Individual Shareholders holding nominal Share Capital in excess of 1 Lakh	7,35,524	-	7,35,524	16.01	7,61,429	-	7,61,429	16.57	0.56
c) Others (specify)									
i) Trusts, Societies etc.	100	-	100	0.002	100	-	100	0.00	-
ii) NRIs/OCBs	7,920	-	7,920	0.172	8,760	-	8,760	0.19	0.01
iii) Clearing Members/Clearing House	677	-	677	0.015	863	-	863	0.02	0.004
iv) HUF	88,730	-	88,730	1.931	85,018	-	85,018	1.85	-0.08
SUB TOTAL (B)(2)	**19,55,800**	**95,820**	**20,51,620**	**44.65**	**19,62,375**	**73,920**	**20,36,295**	**44.32**	-
Total Public Shareholding (B) = (B)(1)+(B)(2)	**19,97,470**	**95,820**	**20,93,290**	**45.56**	**20,19,370**	**73,920**	**20,93,250**	**45.56**	-
C. Shares held by custodian of GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C)	**44,98,480**	**95,820**	**45,94,300**	**100.00**	**45,20,380**	**73,920**	**45,94,300**	**100.00**	-

NIKHIL

Shareholding of Promoters

Sr No.	Name of Promoter	Shareholding at the beginning of the year as on 01st April, 2019			Shareholding at the end of the year as on 31st March, 2020			% Change in Shareholding during the year
		No. of Shares	% of Total Shares of the Company	% Shares Pledged/Emcumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% Shares Pledged/Emcumbered to Total Shares	
1	TARAK. J. SANGHAVI (HUF)	53,550	1.17	-	53,550	1.17	-	-
2	UMESH. J. SANGHAVI (HUF)	54,700	1.19	-	54,700	1.19	-	-
3	ASHOK. J. SANGHAVI	4,55,180	9.91	-	23,180	0.51	-	-9.403
4	UMESH. J. SANGHAVI	95,340	2.08	2.08	95,340	2.08	2.08	-
5	RAJENDRA. J. SANGHAVI	1,19,700	2.61	2.61	1,19,700	2.61	2.61	-
6	ASHOK. J. SANGHAVI (HUF)	300	0.01	-	300	0.01	-	-
7	RAJENDRA. J. SANGHAVI (HUF)	55,100	1.20	-	55,100	1.20	-	-
8	PAYAL. A. SANGHAVI	700	0.02	-	700	0.02	-	-
9	ANITA. U. SANGHAVI	2,39,740	5.22	-	3,02,104	6.58	-	1.3574
10	MRUNALINI. R. SANGHAVI	2,37,080	5.16	-	4,32,673	9.42	-	4.2573
11	VASANTBEN. J. SANGHAVI	2,45,360	5.34	5.34	2,45,360	5.34	5.34	-
12	VASANTBEN. J. SANGHAVI (TRUST)	2,54,900	5.55	-	2,54,900	5.55	-	-
13	NIKHIL. U. SANGHAVI	86,785	1.89	-	86,785	1.89	-	-
14	REKHA. T. SANGHAVI	2,71,440	5.91	-	4,45,483	9.70	-	3.7882
15	TARAK. J. SANGHAVI	1,12,490	2.45	2.45	1,12,490	2.45	2.45	-
16	AVNI. V. BHUVA	36,150	0.79	-	36,150	0.79	-	-
17	HEMAL. U. SANGHAVI	85,785	1.87	-	85,785	1.87	-	-
18	SAGAR. A. SANGHAVI	470	0.01	-	470	0.01	-	-
19	JANKI. T. SANGHAVI	32,000	0.70	-	32,000	0.70	-	-
20	AMI. T. SANGHAVI	32,170	0.70	-	32,170	0.70	-	-
21	TULSI. R. SANGHAVI	32,070	0.70	-	32,070	0.70	-	-

B. Change in Promoter's Shareholding

Sr No	Name & Type of Transaction	Holding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year – 2020	
		No. of Shares Held	%Shares of the Company	Date of Transaction	No. of Shares	No. of Shares held	% of Total Shares of the Company
1	VASANTBEN JAYANTILAL SANGHAVI	500260	10.8887			500260	10.8887
	AT THE END OF THE YEAR					500260	10.8887
2	REKHA TARAK SANGHAVI	271440	5.9082			271440	5.9082
	Transfer			06 Sep 2019	174043	445483	9.6964
	AT THE END OF THE YEAR					445483	9.6964
3	MRUNALINI RAJENDRA SANGHAVI	237080	5.1603			237080	5.1603
	Transfer			06 Sep 2019	88000	325080	7.0757
	Transfer			13 Sep 2019	107593	432673	9.4176
	AT THE END OF THE YEAR					432673	9.4176
4	ANITA UMESH	239740	5.2182			239740	5.2182

	SANGHAVI						
	Transfer			06 Sep 2019	88000	327740	7.1336
	Transfer			13 Sep 2019	(25636)	302104	6.5756
	AT THE END OF THE YEAR					302104	6.5756
5	RAJENDRA JAYANTILAL SANGHAVI	119700	2.6054			119700	2.6054
	AT THE END OF THE YEAR					119700	2.6054
6	TARAK JAYANTILAL SANGHAVI	112490	2.4485			112490	2.4485
	AT THE END OF THE YEAR					112490	2.4485
7	UMESH JAYANTILAL SHANGHAVI	95340	2.0752			95340	2.0752
	AT THE END OF THE YEAR					95340	2.0752
8	NIKHIL UMESH SANGHAVI	86785	1.8890			86785	1.8890
	AT THE END OF THE YEAR					86785	1.8890
9	HEMAL UMESH SANGHAVI	85785	1.8672			85785	1.8672
	AT THE END OF THE YEAR					85785	1.8672
10	RAJENDRA JAYANTILAL SANGHAVI HUF	55100	1.1993			55100	1.1993
	AT THE END OF THE YEAR					55100	1.1993
11	UMESH JAYANTILAL SANGHAVI HUF	54700	1.1906			54700	1.1906
	AT THE END OF THE YEAR					54700	1.1906
12	TARAK JAYANTILAL SANGHAVI HUF	53550	1.1656			53550	1.1656
	AT THE END OF THE YEAR					53550	1.1656
13	AVNI VINIT BHUVA	36150	0.7868			36150	0.7868
	AT THE END OF THE YEAR					36150	0.7868
14	AMI TARAK SANGHAVI (MINOR)	32170	0.7002			32170	0.7002
	AT THE END OF THE YEAR					32170	0.7002
15	TULSI RAJENDRA SANGHAVI (MINOR)	32070	0.6980			32070	0.6980
	AT THE END OF THE YEAR					32070	0.6980
16	JANAKI TARAK SANGHAVI (MINOR)	32000	0.6965			32000	0.6965
	AT THE END OF THE YEAR					32000	0.6965
17	ASHOK JAYANTILAL SANGHAVI	455180	9.9075			455180	9.9075
	Transfer			06 Sep 2019	(350043)	105137	2.2884

	Transfer			13 Sep 2019	(81957)	23180	0.5045
	AT THE END OF THE YEAR					23180	0.5045
18	PAYAL ASHOK SANGHAVI	700	0.0152			700	0.0152
	AT THE END OF THE YEAR					700	0.0152
19	SAGAR ASHOK SANGHAVI	470	0.0102			470	0.0102
	AT THE END OF THE YEAR					470	0.0102
20	ASHOK JAYANTILAL SANGHAVI (HUF)	300	0.0065			300	0.0065
	AT THE END OF THE YEAR					300	0.0065

C. Shareholding Pattern of top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs).

Sr No	Name	Shareholding at the beginning of the year		Date	Increase/Decrease 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	3,15,000	6.86	01/04/2019				
				13/12/2019	1,88,600	Transfer	5,03,600	10.96
	Closing Balance	5,03,600	10.96	31/03/2020			5,03,600	10.96
2	AJAY DILKHUSH SARUPRIA	2,00,000	4.35	01/04/2019				
	Closing Balance	2,00,000	4.35	31/03/2020		No Change	2,00,000	4.35
3	VARUN DAGA	1,00,000	2.18	01/04/2019				
	Closing Balance	1,00,000	2.18	31/03/2020		No Change	1,00,000	2.18
4	CHARANDEEP SINGH	1,00,000	2.18	01/04/2019				
	Closing Balance	1,00,000	2.18	31/03/2020		No Change	1,00,000	2.18
5	DIVYAM TIE UP LLP	82,856	1.80	01/04/2019				
	Closing Balance	82,856	1.8	31/03/2020		No Change	82,856	1.80
6	UMESH MORARJI THAKKAR	81,118	1.77	01/04/2019				
				14/06/2019	200	BUY	81,318	1.77
				20/09/2019	135	BUY	81,453	1.77
				18/10/2019	593	BUY	82,046	1.79
	Closing Balance	82,046	1.79	31/03/2020			82,046	1.79
7	DHEERAJ KUMAR LOHIA	71,216	1.55	01/04/2019				
	Closing Balance	71,216	1.55	31/03/2020		No Change	71,216	1.55
8	INVESTOR EDUCATION & PROTECTION FUND AUTHORITY	41,670	0.91	01/04/2019				
				13/12/2019	15,325	Transfer	56,995	1.24
	Closing Balance	56,995	1.24	31/03/2020			56,995	1.24
9	PRAVIN KANTILAL VAKIL	50,042	1.09	01/04/2019				
				03/05/2019	199	BUY	50,241	1.09
				14/06/2019	-3012	SOLD	47,229	1.03
				01/11/2019	337	BUY	47,566	1.04
				08/11/2019	145	BUY	47,711	1.04
				06/12/2019	951	BUY	48,662	1.06
				20/12/2019	1979	BUY	50,641	1.10
	Closing Balance	50,641	1.10	31/03/2020			50,641	1.10
10	SAMKIT RAJENDRA SHAH	50,000	1.09	01/04/2019				
	Closing Balance	50,000	1.09	31/03/2020		No Change	50,000	1.09

11	VISEN INDUSTRIES LTD	56,728	1.24	01/04/2019				
				29/11/2019	-2123	SOLD	54,605	1.19
				06/12/2019	-2235	SOLD	52,370	1.14
				20/12/2019	-141	SOLD	52,229	1.14
				03/01/2020	-1000	SOLD	51,229	1.12
				10/01/2020	-1682	SOLD	49,547	1.08
				17/01/2020	-1250	SOLD	48,297	1.05
				24/01/2020	-3947	SOLD	44,350	0.97
				31/01/2020	-2202	SOLD	42,148	0.92
				07/02/2020	-35	SOLD	42,113	0.92
				21/02/2020	-2000	SOLD	40,113	0.87
				28/02/2020	-1428	SOLD	38,685	0.84
	Closing Balance	38,685	0.84	31/03/2020			38,685	0.84
12	KARAN MONOMERS PVT. LTD	2,25,600	4.91	01/04/2019				
				13/12/2019	-1,88,600	Transfer	37,000	0.81
	Closing Balance	37,000	0.81	31/03/2020			37,000	0.81

D. 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	2.605	1,19,700	2.605
	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	2.075	95,340	2.075
	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	2.448	1,12,490	2.448
	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	15,371	0.395	15,371	0.395
	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	0.022	1,000	0.022
	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	700	0.015	700	0.015
	At the End of the year	800	0.017	800	0.017
7	Mrs. Anita. U. Sanghavi				
	At the beginning of the year	2,39,740	5.218	2,39,740	5.218
	At the End of the year	2,39,740	5.218	2,39,740	5.218

V. INDEBTEDNESS

Indebtedness of the Company including interest Outstanding/accrued but not due for payment

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	1,664.04	-	517.79	2,181.83
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	62.24	62.24
Total (i+ii+iii)	**1,664.04**	**-**	**580.03**	**2,244.07**
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	188.39	-	16.76	205.15
Net Change	**188.39**	**-**	**-16.76**	**205.15**
Indebtedness at the end of the financial year				
(i) Principal Amount	1,475.65	-	501.03	1,976.68
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	49.66	49.66
Total (i+ii+iii)	**1,475.65**	**-**	**550.69**	**2,026.34**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director

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) of The Income Tax Act, 1961.	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)	-	-	-
TOTAL (A)		13,16,448	10,08,000	10,08,000

B. Remuneration to other Directors

(Amount in ₹)

Sr No.	Particulars of Remuneration	Name of the Director			Total
1	**Independent Directors**	**M. M. Vora**	**H. S. Kamath**	**Ishita Gmadhi**	
	Fees for attending Board/Committee Meetings	70000	55,500	82000	2,07,500
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	70,000	55,500	82,000	2,07,500
2	**Other Non-Executive Directors**	**NA**	**NA**	**NA**	**NA**
	Fees for attending Board/Committee Meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B) = (1+2)	70,000	55,500	82,000	2,07,500
Ceiling as per Law		NA			

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

Sr No.	Particulars of Remuneration	Key Managerial Personnel		
		Mrs. Anita. U. Sanghavi	Ms. Rachana Baria (CS) (26th August, 2019 to 31st March, 2020)	Total
1	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	8,26,866	# 2,62,500	8,26,866
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify	-	-	-
5	Others, please specify	-	-	-
Total (C)		8,26,866	-	8,26,866

for the part of the year.

VII. PENALTIES/PUNISHMENT/COMPUNDING OF OFFENCE

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

NIKHIL

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 31st March, 2020 is given here below and forms part of the Director's Report.

A. Conservation of Energy:

The Company has a well-structured energy management system in place and regular efforts are made to optimise process parameters and energy conservation. Additionally, while undertaking modernisation 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 automisation of this system, resulting in better control and improving further power factor.
d. Energy also can be saved by better utilisation 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.
i. The Company has installed the solar energy system in its plant at Silvassa.

2. The Steps taken by the company for utilising 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 7.98Lakh 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 sustainability in market. We constantly look for process improvisation at manufacturing level to reduce energy consumption, minimise 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 Six Lakhs were spent on Research and Development.

C. **Foreign Exchange Earnings and Outgo:**
   For the year under consideration, earnings in the foreign exchange in terms of actual inflows is Rs. 901.81 lakhs and foreign exchange outgo in terms of actual outflows is Rs. 10,163.80 lakhs.

For and Behalf of the Board of Directors

Rajendra. J. Sanghavi
Chairman

DIN: 00245637

Place: Mumbai

Date: 13th November, 2020

Annexure- V

Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. ***A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:***

The Company has developed and implemented its Corporate Social Responsibility (CSR) policy. The Company deeply acknowledges that its business operations have wide impact on the regions where it operates, and therefore it is committed to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

As per the CSR policy of the Company, Company can undertake any of the programme or activities as mentioned in the Schedule VII of the Companies Act, 2013, and which will include any modification or amendment thereof. The web-link to the CSR policy is www.nikhiladhesives.com

2. The Composition of the CSR Committee:

The company is having a Corporate Social Committee comprising of the following directors:

Sr. No.	Name of Director	Designation in Committee / Category
1.	Mr. Rajendra J. Sanghavi	Chairman/Promoter-Executive
2.	Mr. Umesh J. Sanghavi	Member / Promoter –Executive
3.	Mr. Tarak J. Sanghavi	Member/ Promoter- Executive
4.	Mr. Madhusudan M. Vora	Member/Independent- Non-Executive

The CSR committee met on 14.02.2020, during the year.

3. **Average net profit of the company for last three financial years: - Rs. 5,26,18,899/-**

4. **Prescribed CSR Expenditure (2% of the amount as in item 3 above): -Rs. 10,52,378/-**

5. **Details of CSR spent during the financial year:**

(a) Total amount to be spent for the financial year: - Rs. **10,52,378/-**

(b) Amount unspent, if any: - **Rs. 5,37,978/-**

(c) Manner in which the amount spent during the financial year 2019-20 is detailed below:

Sl. No.	Name/details of the implementing agency	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent direct/ Overheads during the year	Cumu-lative expen-diture up to the reporting period FY 2019-20
(1)		(2)	(3)	(4)	(5)	(6)	(7)
1	Jeevan Jyot Charitable Trust	Eradicating hunger, promoting health care	Healthcare	Dahanu	314400	-	314400
2	PM Cares Fund	The fund will be used for combating, and containment and relief action against the coronavirus and outbreak and similar pandemic like situation in the future.	Healthcare	Across India Nation	200000	-	200000

6. ***In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report***

The company had planned to spend CSR on eligible projects/ activities, however before it could be implemented, COVID 19 related lock down was announced, due to which the planned spending could not be made. The management shall make all efforts to eliminate the deficiency in the forthcoming financial year.

7. ***Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:*** *Yes, the implementation and monitoring of CSR Policy is in compliance with CSR objectivity and Policy of the Company.*

Mr. Rajendra J. Sanghavi
Chairman of CSR Committee
DIN:00245637
(Chairman of CSR Committee)

Mr. Umesh J. Sanghavi
Managing Director
DIN: 00491220
(Member of CSR)

Independent Auditors' Certificate on Corporate Governance

To the Members of

Nikhil Adhesives Limited

1. This certificate is issued in accordance with the terms of engagement letter dated 31st October 2020.
2. We, PHD & Associates, Chartered Accountants, the Statutory Auditors of Nikhil Adhesives Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2020.

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

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

Paresh Vakharia
Partner
Membership No.: 38220
UDIN:20038220AAAACT9875
Place: Mumbai
Date: 13th November, 2020

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 ethical practices in the conduct of it's business transparency, professionalism and accountability. Your Company continuously endeavours to improve on these aspects on an ongoing basis. In order to achieve the objective, your Company is driven by the following guiding principles:

- By 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 overall business of your Company.

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

Name of Director	Status	No. of Board Meetings attended	Attendance at Annual General Meeting (30.09.2019)	No. of Directorships	No. of other Committee Membership	
					Chairman	Member
Mr. R. J. Sanghavi	Executive Chairman, Promoter	7	Attended	1	1	-
Mr. U. J. Sanghavi	Managing Director, Promoter	7	Attended	1	-	1
Mr. T. J. Sanghavi	Executive Director, Promoter	7	Attended	1	-	2
Mr. M. M. Vora	Non-Executive, Independent Director	4	Not Attended	1	-	4
Mr. H. S. Kamath	Non-Executive, Independent Director	4	Not Attended	1	1	1
Mrs. Ishita Gandhi	Non-Executive, Independent Director	4	Attended	1	2	1

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.

Key Board Qualifications, expertise and attributes

The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's business for it to function effectively and those available with the Board as whole.

i. Sales and Marketing: Experience in sales and marketing management based on understanding of the consumer & consumer goods industry.
ii. General Management/Governance: Strategic thinking, decision making and protect interest of all stakeholders.
iii. Financial skills: Understanding the financial statements, financial controls, risk management etc.
iv. Technical skills and knowledge.

Board Meetings

During the financial year ended on 31st March, 2020, Seven Board Meetings were held on 30th May, 2019, 14th August, 2019, 26th August, 2019, 06th September, 2019, 07th October, 2019, 14th November, 2019 and 14thFebruary, 2020.

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 completed and unrestricted access to any information required by them to understand the transactions and take decisions. This enables the Board to discharge it's responsibilities effectively and make an informed decision. The compliance report ofall 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 (www.nikhiladhesives.com). 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 it's functioning.

Details of the composition and 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	Mrs. Ishita Gandhi (Chairman)	Non Executive/ Independent	4	4	30.05.2019, 14.08.2019, 12.11.2019,
2	Mr. Tarak J. Sanghavi (Membe	Non Executive/ Independent	4	4	and 14.02.2020
3	Mr. M. M. Vora (Member)	Non Executive/ Independent	4	4	

The brief terms of reference of the Audit Committee include: –

- Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible; To seek information from any employee.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
  a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  b. changes, if any, in accounting policies and practices and reasons for the same;
  c. major accounting entries involving estimates based on the exercise of judgment by management;
  d. significant adjustments made in the financial statements arising out of audit findings;
  e. compliance with listing and other legal requirements relating to financial statements;
  f. disclosure of any related party transactions;

g. modified opinion(s) in the draft audit report;

- Carrying out any other function as is mentioned in the terms of reference of the audit committee.

Stakeholders Relationship Committee

Sr No.	Name of the Director	Status	No. of Meetings held	No. of Meetings attended	Date of Stakeholders Relationship Committee Meetings
1	Mrs. Ishita Gandhi (Chairman)	Non-Executive/ Independent	3	3	30th May 2019, 14th August 2019,
2	Mr. Tarak J. Sanghavi (Member)	Executive/Non-Independent	2	2	and 14th Februs.02.2020
3	Mr. M. M. Vora (Member)	Non-Executive/ Independent	3	3	
4	Mr. Umesh J. Sanghavi (Member)	Executive/Non-Independent	1	1	

Pursuant to the amendment dated May 8, 2018, the new proviso 2A inserted in Regulation 20 of SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015, Mr. M. M. Vora and Mr. Umesh J. Sanghavi appointed as a Member of the Stakeholders and Relationship Committee in the meeting held on 30.05.2019 with effect from 01.04.2019. Mr. Umesh J. Sanghavi resigned as a Member and appointed Mr. Tarak J. Sanghavi as a Member of this committee on 14.08.2019.

Company Secretary and Compliance Officer	Ms. Rachana Baria
Number of shareholders complaints received so far	1

The above complaint received from the shareholder was resolved in the 1st quarter of f.y. 2020-21.

Terms of Reference:

The Company has a Stakeholders Relationship Committee, to look into various aspects of interest of shareholders, debentures holders and other security holders.

The Committee deals with various matters relating to:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

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. Nio.	Name of the Directors	Status	No. of Meetings held	No. of Meetings attended	Date of Remuneration Committee Meetings
1	Mr. H. S. Kamath (Chairman)	Non Executive/ Independent	1	1	12.11.2019
2	Mr. M. M. Vora (Member)	Non Executive/ Independent	1	1	
3	Mrs. Ishita Gandhi (Member)	Non Executive/ Independent	1	1	

Terms of Reference:

The broad terms of reference of the committee are to identify persons who are qualified to become directors and senior management personnel, to appraise the performance of Chairman, Managing Director, Whole Time Directors and Key Managerial Personnel and to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees and formulation of criteria for evaluation of performance of independent directors and the board of directors.

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 for the financial year 2019-20are 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
Mr. U. J. Sanghavi	Managing Director	11,75,400	1,41,048	-	-	13,16,448	5
Mr. T. J. Sanghavi	Executive Director	9,00,000	1,08,000	-	-	10,08,000	5
Mr. M. M. Vora	Non Executive/ Independent	-	-	-	70,000	70,000	NA
Mr. H. S. Kamath	Non Executive/ Independent	-	-	-	55,500	55,500	NA
Mrs. Ishita Gandhi	Non Executive/ Independent	-	-	-	82,000	82,000	NA

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 31st March, 2020

Name of the Director	Nature of Directorship	No. of Shares held	Percentage to the paid-up capital
Mr. M. M. Vora	Independent	16,871	0.360
Mr. H. S. Kamath	Independent	825	0.017
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, 2020, inter alia 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 into 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 it's duties.

All the Independent Directors of your Company were presentin the meeting.

Performance Evaluation of Board, Committee 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, it's 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, inter alia, 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 evaluating process itself.

A review of fiduciary duties of the Board, governance policy adopted by your Company and acquaintance and familiarisation 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, it's Committee(s) and individual director's evaluation.

Corporate Social Responsibility Committee

Sr. No.	Name of the Director	Status	No. of the Meeting held	No. of meeting attended
1	Mr. Rajendra J. Sanghavi	Chairman	1	1
2	Mr. Umesh J. Sanghavi	Managing Director/Executive/Non-Independent	1	1
3	Mr. Tarak J. Sanghavi	Executive/Non-Independent Director	1	1
4	Mr. M. M. Vora	Non-Executive/Independent Director	1	1

The Board level Corporate Social Responsibility Committee of the company shall be responsible to;

- formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII;
- recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and;
- monitor the Corporate Social Responsibility Policy of the company from time to time.

During the year, the Corporate Social Responsibility Committee met on 14.02.2020.

The detailed terms of reference of the Corporate Social Responsibility Committee is contained with the 'Corporate Governance Code' which is available on the website of the Company at www.nikhiladhesives.com.

General Body Meetings

Details of the last three Annual General Meetings of the Company is give below:

Financial Year	AGM	Date	Locations	Time	No. of Special Resolutions passed
2018-19	33rd	30th September, 2019	The Andheri Recreation Club, Dadabhai Road, Opposite Bhavans College Road, Andheri (West), Mumbai - 400058	11:00 AM	2
2017-18	32nd	28th September, 2018	The Andheri Recreation Club, Dadabhai Road, Opposite Bhavans College Road, Andheri (West), Mumbai - 400058	11:00 AM	2
2016-17	31st	28th September, 2017	Shreeji Industrial Estate, Vadkun, College Road, Dahanu, Dist. Palghar - 401602	11:00 AM	3

Details of Special Resolutions passed in the previous three AGMs

Date of AGM	Particulars of Special Resolutions passed there at
30th September, 2019	1) To re appoint Mr. M. M. Vora (DIN: 00245427) as an Non-Executive Independent Director for term 2 years
	2) To re appoint Mr. H. S. Kamath (DIN: 002628018) as an Non-Executive Independent Director for term 2 years
28th September, 2018	1) 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.
	2) 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.
28th September, 2017	1) Appointment of Mr. Tarak. J. Sanghavi as a Whole Time Director 2) Appointment of Mr. Rajendra. J. Sanghavi as a Chairman and Whole Time Director 3) Appointment of Mr. Umesh. J. Sanghavi as a Managing Director

No Resolution was put through Postal Ballot during the year under reference.

No Extra Ordinary General Meeting of the Company was held during the year

Disclosures

a) There are no materially significant party transactions entered into by your Company with it's 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.
However, with respect to the submission of Outcome of Board Meeting held on 14.11.2019. There was a delay of 8 mins., therefore, the BSE limited, where equity shares of the Company are listed has imposed the fine of Rs. 5900/- on this non-compliance. There was delay by the Company in respect of intimation given to Stock Exchange for closure of trading window in various instances during the FY-2019-20.

c) 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.

d) The Company has paid the Annual Listing Fees to BSE Ltd. and Annual Custodial Fees to NSDL and CDSL for the Financial Year 2020-21.

e) Your Company has laid down procedures to inform the Board Members about the risk assessment and minimisation 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 31st March, 2020 in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) and the same has been placed in the Board Meeting held on 13th November, 2020.

h) In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended Ms. Rachana Baria has been designated as the Compliance Officer of your Company under your Company's Code of Conduct for Prevention of Insider Trading. She is responsible for

adherence to the Code by your Company and it's 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 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. The same is placed on the website of the Company (www.nikhiladhesives.com).

j) Your Company is familiarising the Independent Directors on it's Board on a quarterly basis and the detail of familiarisation programme are posted on the website of your Company and is available at the weblinkhttp://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 household of shareholders and reporting of internal auditors directly to the Audit Committee.

l) 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.nikhiladhesives.com.

m) 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.

n) there is a delay in transferring/crediting those shares in respect of which dividend has not been paidor claimed for seven consecutive years or more to the demat account of Investor Education andProtection Fund authority which were due for transfer during the year.

Means of Communication

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

General Shareholder Information

1. Annual General Meeting Date, Time and Deemed Venue : 30th December, 2020, 11:30 AM. (through VC/OVAM facility) 315, The Summit Business Bay, Behind Gurunanak Petrol Pump, Opp. Cinemax, Andheri Kurla Road, Andheri (East), Mumbai – 400093.
2. Date of Book Closure/Cut-off date of e-voting : 23rd December, 2020 to 30th December, 2020 (both days inclusive)/23rd December, 2020
3. Date of Payment of Dividend : 04th January, 2020
4. Financial Calendar (Tentative) :

Unaudited financial result for the quarter ended 30th June, 2020	:	by September 15, 2020 (SEBI/HO/CFD/CMD1/CIR/P/2020/140)
Unaudited financial result for the quarter ended 30th September, 2020	:	2nd Week of November, 2020
Unaudited financial result for the quarter ended 30th December, 2020	:	2nd Week of February, 2021
Audited financial result for the year ending 31st March, 2021	:	4th Week of May 2021
Annual General Meeting for the year ending 31st March, 2021	:	September 2021

5. Listing of Stock Exchange : BSE Ltd.
6. Demat ISIN number NSDL & CDSL : INE926C01014
7. Stock Code on BSE Ltd. : 526159
8. Grievance redressal division email : rachana.baria@nikhiladhesives.com umesh.sanghavi@nikhiladhesives.com

9. High/Low Share Price during last financial year (Month wise):

Month	BSE		SENSEX	
	High	Low	High	Low
April 2019	₹ 127.35	₹ 116.10	38487	38460
May 2019	₹ 147.70	₹ 116.00	40125	36956
June 2019	₹ 176.00	₹ 152.00	40312	38871
July 2019	₹ 169.50	₹ 132.00	40032	37128
August 2019	₹ 164.60	₹ 120.00	37807	36102
September 2019	₹ 143.00	₹ 120.00	39441	35988
October 2019	₹ 140.00	₹ 119.00	40392	37416
November 2019	₹ 141.95	₹ 118.05	41164	40014
December 2019	₹ 130.00	₹ 106.60	41810	40135
January 2020	₹ 132.80	₹ 111.00	42274	40476
February 2020	₹ 143.80	₹ 112.05	41709	38220
March 2020	₹ 135.80	₹ 77.60	39083	25639

10. Distribution Schedule of Number of Shares as on 31st March, 2020:

Shares	No. of Holders	%	No. of Shares	%
Upto 500	1286	84.66	175514	3.82
501 to 1000	100	6.58	83786	1.82
1001 to 5000	77	5.07	177909	3.87
5001 to 10000	14	0.92	101976	2.22
10001 to above	42	2.77	4055115	88.27

Category	No. of Shares	% of Shareholding
A. Promoter's Holding		
1. Promoters		
a. India Promoters	2501010	54.44
b. Foreign Promoters	-	-
2. Persons acting in concert	-	-
SUB TOTAL (A)	**2501010**	**54.44**
B. Non-Promoter's Holding		
3. Institutional Investors		
a. Mutual Funds and UTI	-	-
b. Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non Government Institutions)	-	-
c. FII(s)	-	-
SUB TOTAL (B)	**-**	**-**
4. Others		
a. Bodies Corporate	711271	20.40
b. Indian Public	121961	3.50
c. NRI's/OCB's	8800	0.25
d. Clearing Members	863	0.02
e. Trusts	100	0.00
f. HUF	85018	2.44
g. IEPF MCA Account	56995	1.63
SUB TOTAL (C)	**985008**	**28.26**
GRAND TOTAL (A+B+C)	**3486018**	**82.69**

11. Registrars and Transfer Agents : M/s. Link Intime Pvt. Ltd
C-201, 247 Park, LBS Marg, Vikhroli (West), Mumbai- 400 083

12. Share Transfer Systems : 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 stipulated time, if documents are clear in all respect. The Committee of Directors for share transfer meets frequently to approve transfer of shares.

13. Dematerialisation of Shares and Liquidity : Trading in equity shares of your Company is permitted only in dematerialised form

Total No. of Shares dematerialised upto 31st March, 2020 is 4520380 i.e. 98.39% of the total share capital of your Company.

14. Issue of any GDRs, ADRs etc.	:	Your Company has not issued any GDRs, ADRs,Warrants or any Convertible Instruments
15. Plant Locations	:	**Plant 1**: Shreeji Industrial Estate, Vadkun College Road, Dahanu, Dist. Palghar – 401602. **Plant 2**: Plot No. 7, Government Industrial Estate, Phase – I, Piparia, Silvassa – 396230. **Plant 3**: Plot No. D-2/CH/49, GIDC Estate, Dahej, Tal-Vagra,Dist-Bharuch – 392130.Gujarat. **Plant 4**: Plot No. 570A & 570B, Vasanthanaraspura Industrial Area, 2nd Phase, Tumakuru, Dist – Bengaluru. **Plant 5**: Plot No. 73 & 74, Industrial Area, Mehatpur, Dist – Una, Himachal Pradesh – 174315.
16. Registered Office Address	:	315, The Summit Business Bay, Behind Gurunanak Petrol Pump, Opp. Cinemax, Andheri Kurla Road, Andheri (East), Mumbai – 400093, Maharashtra.
17. Address of Shareholders Correspondence	:	M/s. Link Intime India Pvt. Ltd. C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai- 400 083 Website: www.linkintime.co.in

NIKHIL

DECLARATION

As required under Schedule V(D) of the SEBI (Listing Obligation 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 31st March, 2020.

For, Nikhil Adhesives Limited

Place : Mumbai **Umesh. J. Sanghavi**
Date : 13th November, 2020 **Managing Director**

MANAGING DIRECTOR AND CFO CERTIFICATION

The Board of Directors
Nikhil Adhesives Limited,
Mumbai.

Re: Financial Statements for the year 2019-20 Certification by the 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 31st March 2020 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 31st March, 2020 which are 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
13th November, 2020

Anita. U. Sanghavi
Chief Financial Officer
13th November, 2020

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of,
Nikhil Adhesives Limited,
315, the Summit Business Bay,
Behind Gurunanak Petrol Pump, Opp. Cinemax,
Andheri Kurla Road, Andheri (East),
Mumbai – 400093

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Nikhil Adhesives Limited** having CIN L51900MH1986PLC041062 and having registered office at 315, The Summit Business Bay, Behind Gurunanak Petrol Pump, Opp. Cinemax, Andheri Kurla Road, Andheri (East), Mumbai – 400093(hereinafter referred to as 'the Company'),produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3)read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs.

SR. No.	Name of Directors	DIN	Date of appointment in the Company
1.	Umesh Jayantilal Sanghavi	00491220	29/09/1986
2.	Rajendra Jayantilal Sanghavi	00245637	29/09/1986
3.	Tarak Jayantilal Sanghavi	00519403	01/10/1987
4.	Madhusudan Manmohan Vora	00245427	03/02/2007
5.	Hirebettu Sadananda Kamath	02628018	15/02/2004
6.	Ishita Tushar Gandhi	07137098	28/03/2015

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For D M Zaveri & Co.
Company Secretary

Dharmesh Zaveri
(Proprietor)
M. No.: 5418
CP. No.: 4363

Place: Mumbai
Date: 30th July, 2020

ICSI UDIN: F005418B000530844

INDEPENDENT AUDITOR'S REPORT

To the Members of Nikhil Adhesives Limited
Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the standalone financial statements of **Nikhil Adhesives Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind As financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind AS), and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020.

These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. For each key audit matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key Audit Matters

Key audit matters	**How our audit addressed the key audit matters**
Existence and condition of inventories of raw and packing material, finished goods and stock in trade (Refer note 8 to the standalone Ind AS financial statements) The Company has a policy of performing physical verification of inventories, as per plan, for all its locations, throughout the year. Due to the restrictions imposed on account of COVID-19, the planned year end verification of the inventories was carried out subsequent to the year end, which we could not observe physically. The total value of inventory as at 31st March 2020 is Rs.3,668 lakhs.	We performed the following alternate audit procedures to audit the existence and condition of inventories as per the guidance provided in SA 501 "Audit Evidence – Specific Considerations for Selected Items", as at the year-end, since we were not able to physically observe the verification of inventories: • The stocks physically verified by the management were reconciled with the perpetual inventory records maintained by the Company as on the date of the physical verification and in respect of the material items of the inventories, carried out rolled back procedure to arrive at the stock quantities as at the balance sheet date. • For stocks held at third party locations, obtained direct confirmation of the inventory held by them as at the year-end. • Performed additional alternate procedures which included inspection of supporting documentation relating to purchases, sales and production records relating to inventory as at year-end.

Revenue recognition Revenue is one of the key profit drivers. Cut –off is the key assertion in so far as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year. The issue assumed more importance this year due to COVID 19 related transportation constraints towards the end of the year.	The issue was addressed in our audit by audit procedures with regard to revenue recognition that included testing controls around dispatches/deliveries, substantive testing for cut -offs and analytical review procedures.
Increased risk of non recovery of debts in retail segment.	The issue was addressed by performance of more extensive procedures to establish the recoverability of the debts including realizations subsequent to the balance sheet date and considered the market pulse from the sales and marketing team of the Company

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises of the Annual Report but does not include the standalone Ind AS financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read such other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to comply with the relevant applicable requirements of the standard on auditing for auditor's responsibility in relation to other information in documents containing audited financial statements. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for Standalone Ind AS Financial Statements

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 the standalone financial statements that give a true and fair view of the financial position, financial performance, total

comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards 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 of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internalcontrol.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the

Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a goingconcern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended 31st March, 2020 and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, 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 Statement of Changes in Equity and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

(e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 with reference to standalone Ind AS financial statements 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 the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act read with Schedule V to the Act.

(h) 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 has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 41 to the financial statements.

(ii) The Company does not have any long-term contracts including derivative contracts

outstanding as on the balance sheet date. Hence, disclosure of any foreseeable losses in respect thereof is not applicable.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund (IEPF Fund) by the Company. However there has been delay of 10 days in transferring 15,325 equity shares of nominal value Rs 1,53,250/- which were required to be transferred to the IEPF Fund pursuant to Section 124(6) of the Act for Financial Year 2011-12.

For PHD & Associates

Chartered Accountants

Firm Registration No.111236W

Paresh Vakharia

Partner

Membership No.: 38220

UDIN: 20038220AAAABE8868

Place: Mumbai

Date: 30th July, 2020



Annexure A - Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Independent Auditors' Report of even date to the members of Nikhil Adhesives Limited on the standalone Ind AS financial statements for the year ended 31 March 2020:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management 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 of immovable properties are held in the name of the Company. 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.

(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, in respect of unsecured loan granted to a company covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'), in our opinion the terms and conditions of the grant of such loan is not prejudicial to the Company's interest. The loan has been repaid during the year and interest has been received as stipulated.

(iv) In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantees and security, where applicable, the provisions of Section 185 and 186 of the Companies Act 2013 have been complied with by the Company.

(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 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) (a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has been generally regular in depositing with the appropriate authorities undisputed statutory dues including Income Tax, Goods and Service Tax, cess and other statutory dues as applicable, and as at March 31, 2020, there were no undisputed dues payable for a period of more than six months from the date of becoming payable.

(b)According to the information and explanations given to us, there are no dues of Income tax or Sales tax or Value Added Tax or Service Tax or Custom Duty or Excise Duty or Cess or GST which have not been deposited on account of disputes except following:

Statute	Financial Year	Dispute Forum	Amount(Rs)
Income Tax	2016-17	Commissioner of Income Tax Appeals-CIT-(Appeal)	1,71,509
Sales Tax	2003-04	Deputy Commissioner of Sales Tax (Appeal)	1,03,02,746

(viii) According to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to the banks. The Company has not availed any loan or borrowing from financial institutions or government and has not issued debentures.

(ix) According to the information and explanations given to us, the Company has neither raised money by way of initial public offer or further public offer (including debt instruments). The term loans taken by the Company were applied for the purposes for which they were taken.

(x) To the best of our knowledge and belief 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, the Company is not a Nidhi company. Therefore the provisions of clause 3(xii) of the Order are not applicable to the Company and reporting under this clause is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of related party transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards (Ind AS).

(xiv) The Company has not made any preferential allotment or private placement of shares or issued fully or partly convertible debentures during the year under review.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors.

(xvi) According to the information and explanations given to us, the Company is not NBFC and hence the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Therefore, reporting under this clause is not applicable to the Company.

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

Paresh Vakharia
Partner
Membership No.: 38220
UDIN: 20038220AAAABE8868
Place: Mumbai
Date: 30th July, 2020

Annexure B

Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our Independent Auditors' Report of even date to the members of Nikhil Adhesives Limited on the financial statements for the year ended March 31, 2020.

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

We have audited the internal financial controls over financial reporting of **Nikhil Adhesives Limited** ("the Company") as at March 31, 2020, in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

1. 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

2. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to the standalone Ind AS financial statements 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, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. 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 with reference to the standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

3. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to the standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to the standalone Ind AS financial statements 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.

4. 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 with reference to the Standalone Ind AS Financial Statements

5. 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 with reference to the financial statements 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 with reference to the Standalone Ind AS Financial Statements

6. 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 with reference to the standalone Ind AS financial statements 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

7. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting with reference to the standalone Ind AS financial statements were operating effectively as at March 31, 2020, 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
UDIN : 20038220AAAABE8868
Mumbai
Date: 30th July, 2020



NIKHIL ADHESIVES LTD
BALANCE SHEET AS AT 31ST MARCH, 2020

(Amount in rupees)

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	2	44,36,51,743	36,98,68,055
(b) Capital work-in-progress	3	5,65,04,442	47,05,159
(c) Intangible assets	4	-	-
(d) Financial assets			
(i) Investments	5	3,97,428	5,13,469
(ii) Other non-current financial assets	6	50,37,101	45,09,161
(e) Other non-current assets	7	1,23,48,831	1,52,82,546
Total non-current assets		**51,79,39,545**	**39,48,78,390**
2 Current assets			
(a) Inventories	8	36,68,13,558	40,04,43,692
(b) Financial assets			
(i) Trade receivables	9	94,63,16,154	96,58,06,727
(ii) Cash and cash equivalents	10	50,60,908	1,12,44,805
(iii) Bank balances other than above	11	94,40,207	2,24,70,828
(c) Current tax assets (net)		1,35,00,000	1,55,14,174
(d) Other current assets	12	4,91,14,148	5,33,18,061
Total current assets		**1,39,02,44,975**	**1,46,87,98,287**
TOTAL ASSETS		**1,90,81,84,520**	**1,86,36,76,677**
EQUITY AND LIABILITIES			
A Equity			
(a) Equity share capital	13	4,60,49,603	4,60,49,603
(b) Other equity	14	41,06,55,133	34,94,79,119
Total equity		**45,67,04,736**	**39,55,28,722**
B Liabilities			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	15,54,49,549	15,27,63,645
(ii) Other non-current financial liabilities	16	1,17,16,654	48,11,296
(b) Provisions	17	68,26,554	35,39,272
(c) Deferred tax liabilities (net)	18	3,08,79,765	3,10,50,850
Total non-current liabilities		**20,48,72,522**	**19,21,65,063**
2 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	11,07,79,022	13,70,64,912
(ii) Trade payables	20	86,63,76,371	97,86,51,104
(iii) Other current financial liabilities	21	15,56,88,896	9,65,99,593
(b) Other current liabilities	22	9,44,28,707	3,96,42,006
(c) Provisions	23	42,53,322	38,39,543
(d) Current tax liabilities (net)		1,50,80,942	2,01,85,734
Total current liabilities		**1,24,66,07,260**	**1,27,59,82,892**
TOTAL EQUITY AND LIABILITIES:		**1,90,81,84,518**	**1,86,36,76,677**
Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

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

Paresh Vakharia
(Partner)
Membership No. 38220

Place : Mumbai
Date : 30th July 2020

For and on behalf of the Board of Directors

U. J. Sanghavi
(Managing Director)
DIN : 00491220

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

R. J. Sanghavi
(Executive Chairman)
DIN : 00245637

M. M. Vora
(Director)
DIN : 00245427

A. U. Sanghavi
(Chief Financial Officer)

Rachana Baria
(Company Secretary)
M. No. A53336

NIKHIL ADHESIVES LTD

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in rupees)

Particulars	Note No.	Year Ended 31st March 2020	Year Ended 31st March 2019
INCOME			
Revenue from operations	24	4,21,70,91,683	4,46,36,18,089
Other income	25	75,19,399	86,46,670
Total income		**4,22,46,11,082**	**4,47,22,64,759**
EXPENSE			
Cost of materials consumed	26	2,42,27,56,677	2,80,56,62,492
Purchases of stock in trade	27	1,16,18,23,486	1,12,05,38,145
Changes in inventories of finished goods work-in-progress and stock-in-trade	28	(3,77,45,772)	(51,88,439)
Employee benefits expense	29	11,77,50,597	9,76,95,219
Finance costs	30	7,83,03,576	7,93,84,118
Depreciation and amortization expense	31	2,87,85,408	2,07,22,392
Other expenses	32	36,14,74,713	27,91,32,164
Total expenses		**4,13,31,48,685**	**4,39,79,46,091**
Profit before exceptional items and tax		9,14,62,397	7,43,18,668
Exceptional items		-	-
Profit before tax		**9,14,62,397**	**7,43,18,668**
Tax expense			
Current tax		2,07,00,000	1,97,00,000
Deferred tax		5,33,922	54,74,168
Tax Adjustment for earlier years		-	(30,02,371)
Total tax expenses		**2,12,33,922**	**2,21,71,797**
Profit for the year		**7,02,28,475**	**5,21,46,871**
Other comprehensive income			
Change in fair value of financial assets		(1,16,041)	(57,262)
Remeasurements of net defined benefit plans		(28,01,207)	(15,06,688)
Tax effect of above		7,05,008	5,02,993
Remeasurement of defined benefit plans (Net of Tax)		(20,96,199)	(10,03,695)
Total other comprehensive income/(loss)		**(22,12,240)**	**(10,60,957)**
Total comprehensive income for the year		**6,80,16,235**	**5,10,85,914**
Earnings per equity share (Face value of ₹ 10/- per share)			
Basic		15.29	11.35
Diluted		15.29	11.35

Significant Accounting Policies 1

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

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

Paresh Vakharia
(Partner)
Membership No. 38220

Place : Mumbai
Date : 30th July 2020

For and on behalf of the Board of Directors

U. J. Sanghavi
(Managing Director)
DIN : 00491220

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

R. J. Sanghavi
(Executive Chairman)
DIN : 00245637

M. M. Vora
(Director)
DIN : 00245427

A. U. Sanghavi
(Chief Financial Officer)

Rachana Baria
(Company Secretary)
M. No. A53336

NIKHIL ADHESIVES LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

(A) Equity share capital

(Amount in rupees)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the reporting year	4,60,49,603	4,60,49,603
Change in equity share capital during the year	-	-
Balance at the end of the reporting year	4,60,49,603	4,60,49,603

(B) Other equity

(Amount in rupees)

Particulars	Reserves and Surplus				Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings		
Balances as on April 1, 2018 (A)	**4,00,000**	**15,00,00,000**	**6,42,87,415**	**8,92,51,284**	**(6,825)**	**30,39,31,874**
Addition during the year:						
Profit for the year	-	-	-	5,21,46,871	-	5,21,46,871
Other comprehensive income :						
Remeasurement of defined benefit plans	-	-	-	-	(10,03,695)	(10,03,695)
Net change in fair value of investments	-	-	-	-	(57,262)	(57,262)
Total Comprehensive Income for the year 2018-19 (B)	**-**	**-**	**-**	**5,21,46,871**	**(10,60,957)**	**5,10,85,914**
Reductions during the year:						
Dividend	-	-	-	(45,94,300)	-	(45,94,300)
Dividend distribution tax	-	-	-	(9,44,369)	-	(9,44,369)
Total (C)	-	**-**	**-**	**(55,38,669)**	**-**	**(55,38,669)**
Balance as at March 31, 2019 (D) = (A+B+C)	**4,00,000**	**15,00,00,000**	**6,42,87,415**	**13,58,59,486**	**(10,67,782)**	**34,94,79,119**
Addition during the year:						
Adjustment for lease properties under IND AS 116 **(E)**	-	-	-	(13,01,551)	-	(13,01,551)
Profit for the year	-	-	-	7,02,28,475	-	7,02,28,475
Other comprehensive income :						
Remeasurement of defined benefit plans	-	-	-	-	(20,96,199)	(20,96,199)
Net change in fair value of investments	-	-	-	-	(1,16,041)	(1,16,041)
Total Comprehensive Income for the year 2019-2020 (F)	**-**	**-**	**-**	**7,02,28,475**	**(22,12,240)**	**6,80,16,235**
Reductions during the year:						
Dividend	-	-	-	(45,94,300)	-	(45,94,300)
Dividend distribution tax	-	-	-	(9,44,369)	-	(9,44,369)
Total (G)	-	**-**	**-**	**(55,38,669)**	**-**	**(55,38,669)**
Balance as at March 31, 2020 (D+E+F+G)	**4,00,000**	**15,00,00,000**	**6,42,87,415**	**19,92,47,741**	**(32,80,022)**	**41,06,55,133**

Significant Accounting Policies
The accompanying notes are an integral part of the financial statements

As per our attached report of even date

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

Paresh Vakharia
(Partner)
Membership No. 38220

Place : Mumbai
Date : 30th July 2020

For and on behalf of the Board of Directors

U. J. Sanghavi
(Managing Director)
DIN : 00491220

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

R. J. Sanghavi
(Executive Chairman)
DIN : 00245637

M. M. Vora
(Director)
DIN : 00245427

A. U. Sanghavi
(Chief Financial Officer)

Rachana Baria
(Company Secretary)
M. No. A53336

NIKHIL ADHESIVES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in rupees)

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
A. Cash flow from operating activities				
Profit before income tax		9,14,62,397		7,43,18,668
Non-cash and not operating adjustment to profit before tax:				
Depreciation and amortisation expense	2,87,85,408		2,07,22,392	
Allowance for expected credit loss	2,97,993		22,34,642	
Provision for Gratuity	8,99,854		12,26,289	
Finance costs	7,83,03,576		7,93,84,118	
Sales tax defferal adjustment	5,76,162		4,24,861	
Bad debts written off	1,72,57,554			
Unrealised exchange differences (gain)/loss	1,86,90,545	14,48,11,091	(2,19,71,398)	8,20,20,904
		23,62,73,488		15,63,39,572
Change in operating assets and liabilities :				
Decrease/(increase) in trade receivables	27,75,878		(18,74,88,200)	
Decrease/(increase) in inventories	3,36,30,134		(6,23,03,034)	
Increase/(decrease) in trade payables	(13,18,06,127)		20,30,31,244	
Decrease/(Increase) in other non-current financial assets	3,17,913		1,81,059	
Decrease/(Increase) in other current financial assets	-		-	
Decrease/(increase) in other non-current assets	(2,17,131)		(2,68,209)	
Decrease/(increase) in other current assets	42,03,913		3,46,79,776	
Increase/(decrease) in other current financial liabilities	3,31,36,329		1,93,73,174	
Increase/(decrease) in other current liabilities	5,41,86,699	(37,72,392)	1,13,14,033	1,85,19,843
Cash generated from operations		23,25,01,096		17,48,59,415
Direct taxes paid (net of refunds)		(2,37,90,618)		(1,08,72,643)
Net cash flow from/(used in) operating activities (A)		20,87,10,478		16,39,86,772
B. Cash flow from investing activities				
Payments for acquisition of property, plant and equipment (net)	(13,57,41,461)		(10,37,40,818)	
Payment for purchase of investment	-		-	
Term deposits with banks (placed)/ matured(Net)	1,33,23,738		51,32,953	
Net Cash Flow from/(used in) Investing Activities (B)		(12,24,17,723)		(9,86,07,865)
C. Cash flows from financing activities				
Net Cash Flow from/(used in) in financing activities (C)				
Proceeds / (Repayment) of issue of equity share capital	-		-	
Dividend paid	(55,38,669)		(55,38,669)	
Proceeds / (Repayment) of long term borrowings (Net)	35,34,630		1,15,78,610	
Proceeds / (Repayment) of short term borrowings (Net)	(82,92,672)		53,84,489	
Finance costs	(8,21,79,941)		(7,73,79,816)	
Net Cash Flow from/(used in) Financing Activities (C)		(9,24,76,652)		(6,59,55,386)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(61,83,897)		(5,76,479)
Cash and cash equivalents at the beginning of the year		1,12,44,805		1,18,21,284
Cash and cash equivalents at the end of the year		**50,60,908**		**1,12,44,805**

Notes:

Cash and cash equivalents are as under:

(Amount in rupees)

Particulars	As at 31 March 2020	As at 31 March 2019
Cash in hand	18,11,800	7,12,610
Balances with banks in current accounts	32,49,108	1,05,32,195
Total	**50,60,908**	**1,12,44,805**

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard 7- Statement of Cash Flows as prescribed by the Central Government in the Companies (Accounting Standards) Rules, 2015 , as amended

As per our attached report of even date

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

Paresh Vakharia
(Partner)
Membership No. 38220

Place : Mumbai
Date : 30th July 2020

For and on behalf of the Board of Directors

U. J. Sanghavi
(Managing Director)
DIN : 00491220

T. J. Sanghavi
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R. J. Sanghavi
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(Director)
DIN : 00245427

A. U. Sanghavi
(Chief Financial Officer)

Rachana Baria
(Company Secretary)
M. No. A53336

NIKHIL ADHESIVES LIMITED
Notes forming part of the Financial Statements

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 five manufacturing units located at Dahanu (Maharashtra), Silvassa (Dadra Nagar Haveli), Dahej (Gujarat), Unna (Himachal Pradesh) and at Tumkur (Banglore). The company is also engaged in the business of trading in chemicals.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

1.1.1 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.

1.1.2 The Company's functional currency and presentation currency is Indian Rupees (INR)

1.1.3 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 non-current.

1.2 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.

1.3 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.

When significant parts of the Property, Plant and Equipment are required to be replaced at intervals, the Company derecognises the replaced part, and recognises the new part with its own associated useful life and depreciated accordingly. Likewise when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

Cost of Software directly identified with hardware is recognised along with the cost of hardware.

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.

1.4 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.

1.5 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.

1.6 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.

1.7 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.

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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 built up the final obligation. The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

(iii) Compensated Leave :

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

1.13 Revenue Recognition

Sale of Goods :

Revenue from sale of products is recognised when the control on the goods transferred to the customer. The performance bifurcation in case of sale of product is satisfied at a point of time i.e. when the material is shipped to the customer or on delivery to the customer,as may be specified in the contract. Gross sales measured at the fair value of the consideration received or receivable 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.

1.14 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.

1.15 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.

1.16 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.

1.17 Leases

The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1st April 2019.

The Company's lease asset classes primarily consist of leases for office units in a building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cashflows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition

Effective 1st April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1st April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31st March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31st March 2019.

1.18 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.

1.19 Capital Work-in-Progress

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified and capitalised to the appropriate categories of Property, Plant and Equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

NIKHIL ADHESIVES LIMITED

Notes forming part of the Financial Statements

Note 2 Property, plant and equipment

As at 31st March, 2020

(Amount in rupees)

Particulars	Gross Block				Accumulated Depreciation/Amortisation				Net Block	
	As at 1 April 2019	Additions	Adjustments	As at 31 March 2020	As at 1 April 2019	For the year	Adjustments	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Own Assets :										
Land	3,25,78,787	44,76,631	-	3,70,55,418	-	-	-	-	3,70,55,418	3,25,78,787
Land under lease	1,99,51,495			1,99,51,495	11,84,241	1,60,576		13,44,817	1,86,06,678	1,87,67,254
Buildings	9,48,36,157	3,28,90,916	-	12,77,27,073	2,15,20,643	37,28,747	-	2,52,49,390	10,24,77,683	7,33,15,514
Right of use of lease hold premises	-	1,93,79,948	-	1,93,79,948	-	63,38,805	-	63,38,805	1,30,41,143	-
Plant & equipment	39,64,50,402	4,58,59,318	-	44,23,09,720	16,00,34,317	1,87,28,846	-	17,87,63,163	26,35,46,557	23,64,16,085
Furniture and fixtures	70,30,356	20,49,970	-	90,80,326	49,39,612	6,04,830	-	55,44,442	35,35,884	20,90,744
Lease improvement	36,29,828	-	-	36,29,828	9,53,322	7,27,514	-	16,80,836	19,48,992	26,76,506
Vehicles	76,51,833	70,205	-	77,22,038	41,35,484	8,43,673	-	49,79,157	27,42,881	35,16,349
Computers	75,66,052	5,64,624	-	81,30,676	70,90,975	4,08,452	-	74,99,427	6,31,249	4,75,077
Phone	34,999	42,391	-	77,390	3,260	8,872	-	12,132	65,258	31,739
Total	**56,97,29,909**	**10,53,34,003**	**-**	**67,50,63,912**	**19,98,61,854**	**3,15,50,315**	**-**	**23,14,12,169**	**44,36,51,743**	**36,98,68,055**

As at 31st March, 2019

(Amount in rupees)

Particulars	Gross Block				Accumulated Depreciation/Amortisation				Net Block	
	As at 1 April 2018	Additions	Adjustments	As at 31 March 2019	As at 1 April 2018	For the year	Adjustments	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Own Assets :										
Land	21,30,744	3,04,48,043	-	3,25,78,787	-	-	-	-	3,25,78,787	21,30,744
Land	1,99,51,495	-	-	1,99,51,495	10,23,665	1,60,576	-	11,84,241	1,87,67,254	1,89,27,830
Buildings	8,59,46,778	88,89,379	-	9,48,36,157	1,86,12,411	29,08,232	-	2,15,20,643	7,33,15,514	6,73,34,367
Plant & equipment	34,38,36,248	5,26,14,154	-	39,64,50,402	14,41,62,860	1,58,71,457	-	16,00,34,317	23,64,16,085	19,96,73,388
Furniture and fixtures	67,19,057	3,11,299	-	70,30,356	44,49,979	4,89,633	-	49,39,612	20,90,744	22,69,078
Lease improvement	30,65,428	5,64,400	-	36,29,828	2,58,502	6,94,820	-	9,53,322	26,76,506	28,06,926
Vehicles	76,51,833	-	-	76,51,833	38,06,101	3,29,383	-	41,35,484	35,16,349	38,45,732
Computers	73,05,463	2,60,589	-	75,66,052	68,25,944	2,65,031	-	70,90,975	4,75,077	4,79,519
Phone	-	34,999	-	34,999	-	3,260	-	3,260	31,739	-
Total	**47,66,07,046**	**9,31,22,863**	**-**	**56,97,29,909**	**17,91,39,462**	**2,07,22,392**	**-**	**19,98,61,854**	**36,98,68,055**	**29,74,67,584**

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NIKHIL ADHESIVES LIMITED

Notes forming part of the Financial Statements

Note 3: Capital work in progress

As at March 31, 2020

(Amount in rupees)

Particulars	Gross Block				Accumulated Depreciation/Amortisation				Net Block	
	As at 1 April, 2019	Additions	Transfer to Property Plant and Equipment	As at 31 March, 2020	As at 1 April, 2019	For the year	Transfer to Property Plant and Equipment	As at 31 March, 2020	As at 31 March, 2020	As at 31 March, 2019
Capital work-in-progress	47,05,159	5,59,57,411	(41,58,128)	5,65,04,442	-	-	-	-	5,65,04,442	47,05,159
Total	**47,05,159**	**5,59,57,411**	**(41,58,128)**	**5,65,04,442**	**-**	**-**	**-**	**-**	**5,65,04,442**	**47,05,159**

As at March 31, 2019

(Amount in rupees)

Particulars	Gross Block				Accumulated Depreciation/Amortisation				Net Block	
	As at 1 April, 2018	Additions	Transfer to Property Plant and Equipment	As at 31 March, 2019	As at 1 April, 2018	For the year	Transfer to Property Plant and Equipment	As at 31 March, 2019	As at 31 March, 2019	As at 31 March, 2018
Capital work-in-progress	15,31,825	47,05,159	(15,31,825)	47,05,159	-	-	-	-	47,05,159	15,31,825
Total	**15,31,825**	**47,05,159**	**(15,31,825)**	**47,05,159**	**-**	**-**	**-**	**-**	**47,05,159**	**15,31,825**

Note 4 : Intangible assets

As at March 31, 2020

(Amount in rupees)

Particulars	Gross Block				Accumulated Depreciation/Amortisation				Net Block	
	As at 1 April, 2019	Additions	Sale/Disposal	As at 31 March, 2020	As at 1 April, 2019	For the year	Sale/Disposal	As at 31 March, 2020	As at 31 March, 2020	As at 31 March, 2019
Intangible assets										
Own Assets :										
Goodwill	6,50,000	-	-	6,50,000	6,50,000	-	-	6,50,000	-	-
Trademarks	10,98,500	-	-	10,98,500	10,98,500	-	-	10,98,500	-	-
Technical know how	30,75,000	-	-	30,75,000	30,75,000	-	-	30,75,000	-	-
MDC logo	35,00,000	-	-	35,00,000	35,00,000	-	-	35,00,000	-	-
Non compete agreement	10,00,000	-	-	10,00,000	10,00,000	-	-	10,00,000	-	-
Total	**93,23,500**	**-**	**-**	**93,23,500**	**93,23,500**	**-**	**-**	**93,23,500**	**-**	**-**

As at March 31, 2019

(Amount in rupees)

Particulars	Gross Block				Accumulated Depreciation/Amortisation				Net Block	
	As at 1 April, 2018	Additions	Sale/Disposal	As at 31 March, 2019	As at 1 April, 2018	For the year	Sale/Disposal	As at 31 March, 2019	As at 31 March, 2019	As at 31 March, 2018
Intangible assets										
Own Assets :										
Goodwill	6,50,000	-	-	6,50,000	6,50,000	-	-	6,50,000	-	-
Trademarks	10,98,500	-	-	10,98,500	10,98,500	-	-	10,98,500	-	-
Technical know how	30,75,000	-	-	30,75,000	30,75,000	-	-	30,75,000	-	-
MDC logo	35,00,000	-	-	35,00,000	35,00,000	-	-	35,00,000	-	-
Non compete agreement	10,00,000	-	-	10,00,000	10,00,000	-	-	10,00,000	-	-
Total	**93,23,500**	**-**	**-**	**93,23,500**	**93,23,500**	**-**	**-**	**93,23,500**	**-**	**-**

NIKHIL ADHESIVES LIMITED

Notes forming part of the Financial Statements

Note: 5 Investments

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
(At fair value)		
Trade (quoted)		
Investment in equity shares, fully paid up :		
BOI AXA MIDCAP TAX FUND	3,71,628	4,30,069
800 (800) Equity Shares of Bank of India of ₹ 10/- each	25,800	83,400
Total	**3,97,428**	**5,13,469**

Note: 6 Other non-current financial assets

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Security deposits (other than utility deposits)	50,37,101	42,34,045
Term deposits with Bank having more than twelve months maturity	-	2,75,116
Total	**50,37,101**	**45,09,161**

Note: 7 Other non-current assets

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Capital advances	89,64,541	1,09,76,418
Security deposits - utility	24,50,532	35,89,501
Other loans and advances	3,52,640	3,52,640
Prepaid rent	5,81,118	3,63,987
Total	**1,23,48,831**	**1,52,82,546**

Note: 8 Inventories

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
(At lower of cost or net realisable value)		
Finished goods in transit	-	1,75,27,968
Finished goods stock	11,11,65,041	4,92,28,968
Fuels	6,46,650	10,38,393
Packing materials	1,53,91,705	82,24,452
Raw material and components	21,86,19,299	29,86,61,779
Stock in trade	2,09,90,863	2,57,62,132
Total	**36,68,13,558**	**40,04,43,692**

NIKHIL ADHESIVES LIMITED

Notes forming part of the Financial Statements

Note: 9 Trade receivables

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured, considered good :		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	1,13,54,153	98,26,752
Other trade receivables	94,18,25,441	96,25,45,422
	95,31,79,594	97,23,72,174
Less: Expected credit loss allowance	(68,63,440)	(65,65,447)
Total	**94,63,16,154**	**96,58,06,727**

Particulars	As at 31st March 2020	As at 31st March 2019
Trade Receivables considered for ECL	95,31,79,594	97,23,72,174
Ageing		
Not Due	39,22,76,730	44,41,52,864
30-90 days	47,39,03,361	46,95,88,908
90-180 days	7,56,45,350	4,88,03,650
More than 180 days	1,13,54,153	98,26,752

Particulars	As at 31st March 2020	As at 31st March 2019
Movement in expected credit loss allowance		
Balance at the beginning of the year	65,65,447	43,30,805
Movement in expected credit loss allowance	2,97,993	22,34,642
Balance at the end of the year	**68,63,440**	**65,65,447**

Note: 10 Cash and cash equivalents

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Balance with banks in current accounts	32,49,108	1,05,32,195
Cash on hand	18,11,800	7,12,610
Total	**50,60,908**	**1,12,44,805**

Note: 11 Bank balances other than above

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Term deposits with more than three months maturity but due within one year from reporting date	91,74,402	2,21,90,063
In earmarked accounts		
Unpaid Dividend Account	1,86,711	2,19,671
Balances held as margin money	79,094	61,094
Total	**94,40,207**	**2,24,70,828**

NIKHIL ADHESIVES LIMITED
Notes forming part of the Financial Statements

Note 12 Other current assets

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured, considered good :		
Advance to suppliers	44,31,116	24,43,437
GST balance	3,97,96,528	4,59,76,855
Prepaid expenses	35,29,403	32,28,626
Advances recoverable in cash or in kind	13,57,101	16,69,143
Total	**4,91,14,148**	**5,33,18,061**

Note 13 Equity share capital

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Authorised		
49,50,000 (49,50,000) Equity shares of ₹ 10/- each	4,95,00,000	4,95,00,000
50,000 (50,000) 8% Preference shares of ₹ 10/- each	5,00,000	5,00,000
Issued		
45,94,300 (45,94,300) Equity shares of ₹ 10/- each	4,59,43,000	4,59,43,000
Subscribed and fully paid up		
45,94,300 (45,94,300) Equity shares of ₹ 10/- each fully paid up	4,59,43,000	4,59,43,000
Add : Forfeited shares account	1,06,603	1,06,603
Total	**4,60,49,603**	**4,60,49,603**

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

(Amount in rupees)

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	45,94,300	4,59,43,000	45,94,300	4,59,43,000
Outstanding at the end of the year	45,94,300	4,59,43,000	45,94,300	4,59,43,000

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

Name of Shareholder	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of ₹ 10/- each fully paid :				
Ashok J. Sanghavi	-	-	4,55,180	9.91
Vasantben J. Sanghavi	5,00,260	10.89	2,46,960	5.37
V. J. Sanghavi Family Trust(Held by the trustees of the trust)	-	-	2,53,300	5.52
Mrunalini R. Sanghavi	4,32,673	9.42	2,37,080	5.16
Anita U. Sanghavi	3,02,104	6.58	2,39,740	5.22
Rekha T. Sanghavi	4,45,483	9.70	2,71,440	5.91
Vasant Polymers & Chemicals Private Limited	5,03,600	10.96	3,15,000	6.86

(c) Details of forfeited shares : (Amount in rupees)

Class of shares	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares	21,320	1,06,603	21,320	1,06,603

NIKHIL ADHESIVES LIMITED

Notes forming part of the Financial Statements

Note 14 Other equity

(Amount in rupees)

Particulars	As at 31.03.2020	As at 31.03.2019
Reserves and Surplus		
Capital Reserve		
Balance at the beginning of the year	4,00,000	4,00,000
Addition during the year	-	-
Deductions during the year	-	-
Balance at the end of the year	**4,00,000**	**4,00,000**
Securities premium		
Balance at the beginning of the year	15,00,00,000	15,00,00,000
Addition during the year	-	-
Deductions during the year	-	-
Balance at the end of the year	**15,00,00,000**	**15,00,00,000**
Retained Earnings		
Balance at the beginning of the year	13,58,59,486	8,92,51,284
Adjustment for lease properties under IND AS 116	(13,01,551)	-
Profit/(Loss) for the year	7,02,28,475	5,21,46,871
Dividend paid to Equity Shareholders	(45,94,300)	(45,94,300)
Dividend distribution tax	(9,44,369)	(9,44,369)
Balance at the end of the year	**19,92,47,741**	**13,58,59,486**
General Reserve		
Balance at the beginning of the year	6,42,87,415	6,42,87,415
Addition during the year	-	-
Deductions during the year	-	-
Balance at the end of the year	**6,42,87,415**	**6,42,87,415**
Other Comprehensive Income		
Balance at the beginning of the year	(10,67,782)	(6,825)
IND AS Adjustments	-	-
Movement in other comprehensive income (net)	(22,12,240)	(10,60,957)
Balance at the end of the year	**(32,80,022)**	**(10,67,782)**
Total Other Equity	**41,06,55,133**	**34,94,79,119**

Nature and purpose of reserve

(a) Capital Reserve

The Capital reserve represents the amount recognised long back upon takeover of a running manufacturing unit.

(b) Securities premium

Securities Premium reserves is used to record the premium on issue of shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares, writing off the preliminary expenses in accordance with the provisions of the Companies Act, 2013.

(c) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(d) General reserve

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilized only in accordance with the specific requirements of Companies Act, 2013.

(e) Other comprehensive income

Other comprehensive income consist of remeasurement gains/losses on employees defined benefit expenses and change in fair value of investments

NIKHIL ADHESIVES LIMITED

Notes forming part of the Financial Statements

Note 15 Borrowings

(Amount in rupees)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured :		
From banks :		
Vehicle finance	8,71,673	13,01,837
From others		
Term loans	13,22,90,532	11,62,24,514
Total	13,31,62,205	11,75,26,351
Unsecured :		
Deferred payment liabilities		
Sales tax deferral	5,52,707	14,01,433
Deposits		
From shareholders	2,17,34,637	3,38,35,861
Total	2,22,87,344	3,52,37,294
Grand total	**15,54,49,549**	**15,27,63,645**

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

(Amount in rupees)

Particulars	Security and terms of repayment as at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Term loans from others:			
Aditya Birla Finance Ltd			
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 53 monthly installments, last installment being due in Aug 2023. (c) Rate of Interest is 12.35% p.a	-	5,90,55,919
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 60 monthly installments, last installment being due in April 2024. (c) Rate of Interest is 12.35% p.a	-	1,44,66,224
Term Loans III	(a) Secured against first charge on present and future movable and immovable fixed assets of the plant at Dahej (b) Repayable in 85 monthly installments, last installment being due in April 2026. (c) Rate of Interest is 12.35% p.a	-	4,27,02,371

Notes forming part of the Financial Statements

Note 15 Borrowings Contd…

Hdfc Bank Ltd			
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 41 monthly installments, last installment being due in Aug 2023. (c) Rate of Interest is 9.85% p.a	4,35,52,491	-
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 49 monthly installments, last installment being due in April 2024. (c) Rate of Interest is 9.85% p.a	78,85,174	-
Term Loans III	(a) Secured against first charge on present and future movable and immovable fixed assets of the plant at Dahej (b) Repayable in 74 monthly installments, last installment being due in May 2026.	3,65,39,964	-
Term Loans IV	(a) Secured against first charge on present and future movable and immovable fixed assets of the plant at Dahej (b) Repayable in 81 monthly installments, last installment being due in December 2026. (c) Rate of Interest is 9.85% p.a	4,43,12,904	-
Total		**13,22,90,532**	**11,62,24,514**
Vehicle Finance			
ICICI Bank			
Vehicle I	(a) Secured against hypothecation of the vehicle financed. (b) Repayable in 52 monthly installments, last installment being due in January 2023. (c) Rate of Interest is 8.01%.	8,71,673	13,01,837
Total		**8,71,673**	**13,01,837**

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

Particulars	**Security and terms of repayment**	**As at 31 March 2020**	**As at 31 March 2019**
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 collection.	5,52,707	14,01,433
From Shareholders	Deposits repayable as per maturity terms not exceeding 3 years	2,17,34,637	3,38,35,861
Total		**2,22,87,344**	**3,52,37,294**

(c) Secured long term borrowings of ₹13,22,90,532 /- (₹11,62,24,514/-) are personally guaranteed by some of the directors of the Company

(d) Current maturities of Term Loans,Vehicle Finance from Bank and Sales Tax Deferral amounting to ₹ 7,12,10,202/- (Previous Year ₹5,17,92,096/-) is disclosed under 'Other Current Liabilities' (Refer Note 21)

NIKHIL ADHESIVES LIMITED

Notes forming part of the Financial Statements

Note: 16 Other non-current financial liabilities

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Interest accrued but not due on public deposits	13,90,616	48,11,296
Lease hold premises liability (As per IND AS 116)	1,03,26,038	-
Total	**1,17,16,654**	**48,11,296**

Note: 17 Provisions

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Provision for employee benefits		
Provision for gratuity	68,26,554	35,39,272
Total	**68,26,554**	**35,39,272**

NIKHIL ADHESIVES LIMITED

Notes forming part of the Financial Statements

NOTE : 18 Deferred tax liabilities (net)

Movement in deferred tax balances during the financial year ended 31st March, 2020

(Amount in rupees)

Components of Deferred Tax	Deferred Tax (Asset) / Liability Balance as on 31.03.2019	Deferred Tax Adjustment	Deferred Tax (Asset) / Liability Balance as on 31.03.2020
Deferred Tax Liabilities/(Assets)			
Deferred Sales Tax liability accounted in books of account on discounted present value basis which is considered for taxation purpose for tax value	9,94,743	(9,94,743)	-
Depreciation on fixed assets	3,47,26,098	28,03,973	3,75,30,071
Borrowing cost amortised in books of account (01.04.2018)	1,86,014	(1,86,014)	-
Borrowing Cost FY 2018-19	2,50,380	(2,50,380)	-
Borrowing Cost FY 2019-20	-	59,279	59,279
Provision for gratuity expense allowable in income tax when actually paid	(24,25,617)	(9,31,483)	(33,57,100)
Expected Credit Loss	(21,77,775)	4,50,384	(17,27,391)
Lease expense allowable as deduction in income tax in subsequent years	-	(4,17,095)	(4,17,095)
Tax on remeasurement of defined benefit plans	(5,02,993)	(7,05,008)	(12,08,001)
Net Deferred Tax Liabilities / (Assets)	**3,10,50,850**	**(1,71,085)**	**3,08,79,765**

Movement in Deferred Tax Balances during the financial year ended 31st March, 2019

(Amount in rupees)

Components of Deferred Tax	Deferred Tax (Asset) / Liability Balance as on 31.03.2018	Deferred Tax Adjustment	Deferred Tax (Asset) / Liability Balance as on 31.03.2019
Deferred Tax Liabilities/(Assets)			
Deferred Sales Tax liability accounted in books of account on discounted present value basis which is considered for taxation purpose for tax value	11,36,578	(1,41,835)	9,94,743
Depreciation on fixed assets	2,77,84,339	69,41,759	3,47,26,098
Borrowing cost amortised in books of account (01.04.2018)	1,86,014	-	1,86,014
Borrowing Cost FY 2018-19	85,665	1,64,715	2,50,380
Provision for gratuity expense allowable in income tax when actually paid	(16,81,159)	(7,44,458)	(24,25,617)
Expected Credit Loss	(14,31,762)	(7,46,013)	(21,77,775)
Tax on remeasurement of defined benefit plans	-	(5,02,993)	(5,02,993)
Net Deferred Tax Liabilities / (Assets)	**2,60,79,675**	**49,71,175**	**3,10,50,850**

NIKHIL ADHESIVES LIMITED

Notes forming part of the Financial Statements

Note 19 Borrowings

(Amount in rupees)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured (Refer (a) and (b) below) :		
Cash credit from banks	11,07,79,022	13,70,64,912
Total	**11,07,79,022**	**13,70,64,912**

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

(Amount in rupees)

Particulars	As at 31 March 2020	As at 31 March 2019
Loans repayable on demand		
Cash Credit from Banks		
1) Bank of India	(50,50,184)	11,37,21,953
2) Standard Chartered Bank	1,75,97,306	2,23,46,570
3) Yes Bank	8,45,44,718	9,96,389
4) DBS Bank	1,36,87,182	-
Total	**11,07,79,022**	**13,70,64,912**

Nature of security

The facilities from the consortium banks viz.Bank of India,Standard Chartered Bank, Yes Bank and DBS Bank are secured against hypothecation of stock of raw & packing materials, finished goods, book debts and plant & machineries of the company on pari passu basis. Further they are collaterally secured against equitable mortgage of factory blocks at Dahanu.

(b) Secured short term borrowings of ₹ 11,07,79,022 /- (Previous year ₹ 13,70,64,912/-) 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: 20 Trade payables

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Trade payables		
a) Total outstanding dues of micro & small enterprises		
b) Total outstanding dues of creditors other than micro & small enterprises	86,63,76,371	97,86,51,104
Total	**86,63,76,371**	**97,86,51,104**

Note: 21 Other current financial liabilities

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Current maturities of long term debt (secured)*	7,12,10,202	5,17,92,096
Other payables	6,88,42,753	3,72,80,199
Interest accrued but not due on public deposits	35,75,018	14,12,498
Security deposits (customers)	75,01,867	58,95,129
Unclaimed dividend	1,86,707	2,19,671
Lease hold premises liability	43,72,349	-
Total	**15,56,88,896**	**9,65,99,593**

* Refer note 15 for the nature of securities.

Note: 22 Other current liabilities

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Imprest	13,11,457	-
Liabilities for expenses	8,57,87,064	3,48,65,807
Advances from customers	37,87,740	23,29,826
Statutory dues	35,42,446	24,46,373
Total	**9,44,28,707**	**3,96,42,006**

Note: 23 Provisions

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Provision for employee benefits		
Gratuity	42,53,322	38,39,543
Total	**42,53,322**	**38,39,543**

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NIKHIL ADHESIVES LIMITED

Notes forming part of the Financial Statements

Note 24 Revenue from operations

(Amount in rupees)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products :		
(a) Manufactured goods	3,00,04,42,139	3,28,38,73,182
(b)Traded goods	1,18,22,04,418	1,14,63,67,972
	4,18,26,46,557	4,43,02,41,154
Other operating revenues :		
(a) Service charges	3,44,45,126	2,95,14,586
(b) Foreign exchange gain	-	38,62,349
	3,44,45,126	3,33,76,935
Revenue from operations	**4,21,70,91,683**	**4,46,36,18,089**

Note 25 Other income

(Amount in rupees)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Other non-operating income :		
(a) Interest Income received	62,97,432	80,05,357
(b) Sundry income	10,191	4,75,512
(c) Scrap sales	12,11,776	1,65,801
Total	**75,19,399**	**86,46,670**

NIKHIL ADHESIVES LIMITED
Notes forming part of the Financial Statements

Note 26 Cost of materials consumed

(Amount in rupees)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Raw materials consumed		
Opening stock	29,86,61,779	23,81,54,548
Add : Purchases	2,17,26,46,835	2,69,64,84,966
	2,47,13,08,614	2,93,46,39,514
Less : Closing stock	22,05,10,364	29,86,61,779
Sub total (A)	**2,25,07,98,250**	**2,63,59,77,735**
Packing materials consumed		
Opening stock	82,24,452	1,19,43,673
Add : Purchases	17,91,25,681	16,59,65,536
	18,73,50,133	17,79,09,209
Less : Closing stock	1,53,91,706	82,24,452
Sub total (B)	**17,19,58,427**	**16,96,84,757**
Total (A)+(B)	**2,42,27,56,677**	**2,80,56,62,492**

Note 27 Purchase of traded goods

(Amount in rupees)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Purchase of stock in trade	1,16,18,23,486	1,12,05,38,145
Total	**1,16,18,23,486**	**1,12,05,38,145**

Note 28 Changes in inventories of finished goods and stock in trade

(Amount in rupees)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening Stock		
(a) Finished goods	4,92,28,968	6,58,69,374
(b) Goods in transit (finished goods)	1,75,27,968	-
(c) Stock-in-trade	2,57,62,132	2,14,61,255
Sub Total (A)	**9,25,19,068**	**8,73,30,629**
Less : Closing Stock		
Finished goods	10,92,73,977	4,92,28,968
Goods in transit (finished goods)	-	1,75,27,968
Stock-in-trade	2,09,90,863	2,57,62,132
Sub Total (B)	**13,02,64,840**	**9,25,19,068**
Total (A)-(B)	**(3,77,45,772)**	**(51,88,439)**

NIKHIL ADHESIVES LIMITED
Notes forming part of the Financial Statements

Note 29 Employee benefit expense

(Amount in rupees)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and wages	10,81,31,114	8,91,77,437
Contributions to provident and other funds	74,33,644	61,85,348
Staff welfare expenses	21,85,839	23,32,434
Total	**11,77,50,597**	**9,76,95,219**

Note 30 Finance costs

(Amount in rupees)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense	3,35,25,224	4,01,81,488
Other borrowing costs	4,53,68,261	4,06,23,348
	7,88,93,485	8,08,04,836
Less :		
Interest received (gross)	5,89,909	14,20,718
Total	**7,83,03,576**	**7,93,84,118**

Note 31 Depreciation and amortization expense

(Amount in rupees)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation and amortization expense	2,87,85,408	2,07,22,392
Total	**2,87,85,408**	**2,07,22,392**

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NIKHIL ADHESIVES LIMITED

Notes forming part of the Financial Statements

Note 32 Other expenses

(Amount in rupees)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Stores and spares consumed	1,16,79,141	94,36,433
Power and fuel	4,38,76,725	3,92,59,242
Labour charges	4,71,61,591	3,11,80,183
Rent	62,49,274	78,46,596
Repairs and maintenance :		
Plant & machinery	86,25,868	47,48,751
Building	3,29,874	2,36,130
Others	3,73,169	5,45,240
Printing and stationery	9,17,981	8,27,575
Insurance	31,14,568	29,03,302
Storage charges expenses (net)	1,14,10,503	1,45,16,796
Telephone expenses	17,13,481	17,04,499
Travelling and conveyance expenses	2,58,96,977	2,07,92,048
Legal and professional charges *	1,06,37,141	83,48,984
Sales promotion expenses	1,58,33,307	1,32,34,141
Transporation and octroi charges	11,35,85,362	9,53,18,436
Foreign exchange loss	-	2,53,333
Brokerage and commission	37,99,328	28,32,489
Bad debts	1,72,57,554	1,14,07,377
Directors sitting fees	2,07,500	1,54,500
Miscellaneous expenses	1,36,78,426	1,13,51,468
Expected credit Loss	2,97,993	22,34,642
Foreign Exchange fluctuation loss	2,48,28,950	-
Total	**36,14,74,713**	**27,91,32,164**

*Legal and professional charges includes payment to the auditors as under:

(Amount in rupees)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
As auditor	8,07,500	7,20,000
For taxation matters	2,25,000	2,75,000
For limited review reports	3,60,000	1,07,500
For certifications	50,000	-
For company law matters	2,10,000	-
Total	**16,52,500**	**11,02,500**

NIKHIL ADHESIVES LIMITED

Notes forming part of the Financial Statements

Note 33 Earnings per share

(Amount in rupees)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Nominal value of equity shares	10	10
Net profit after tax available to the equity shareholders	7,02,28,475	5,21,46,871
Weighted average number of equity shares	45,94,300	45,94,300
Basic and diluted earnings per share	15.29	11.35

Note 34 Employee benefit expense

(a) Defined contribution plans:

The amount recognised as expense in respect of defined contribution plans (Contribution to provident fund) aggregate to ₹ 58,48,894/- (previous year ₹45,80,721/-).

(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 acturial 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

(Amount in rupees)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Components of employer expense		
Current Service cost	8,68,514	7,36,162
Interest cost	5,74,810	4,04,698
Expected return on plan assets	-	-
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Past service cost	-	-
Actuarial losses/(Gains)	-	-
Total expense recognised in the Statement of Profit & Loss	**14,43,324**	**11,40,860**

Balance Sheet

Details of provision for gratuity

(Amount in rupees)

Net asset/(liability) recognised in balance sheet	As at 31 March 2020	As at 31 March 2019
Present value of defined benefit obligation	(1,10,79,876)	(73,78,815)
Fair value of plan assets	-	-
Funded status [surplus/(deficit)]	(1,10,79,876)	(73,78,815)
Unrecognised past service costs	-	-
Net asset/(liability) recognised in balance sheet	**(1,10,79,876)**	**(73,78,815)**

(Amount in rupees)

Change in Defined Benefit Obligations (DBO) during the year ended	For the year ended 31 March 2020	For the year ended 31 March 2019
Present value of DBO at beginning of period	73,78,815	51,48,831
Current Service cost	5,74,810	4,04,698
Interest cost	8,68,514	7,36,162
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains)/ losses	-	-
Past Service cost	-	-
Benefits paid	(5,43,470)	(4,17,564)
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	6,15,201	29,594
Actuarial (gains)/ losses on obligations - due to experience	21,86,006	14,77,094
Present value of DBO at the end of period	**1,10,79,876**	**73,78,815**

Principal actuarial assumptions as at the balance sheet date :

(Amount in rupees)

Particulars	As at 31 March 2020	As at 31 March 2019
Discount rate	7.79%	7.86%
Salary escalation	5%	5%
Attrition rate	2%	2%

NIKHIL ADHESIVES LIMITED
Notes forming part of the Financial Statements

Note 35 Segment reporting

(a) Information about Business Segments for the Year Ended 31 March 2020

(Amount in rupees)

Particulars	Manufacturing of Adhesives & Emulsions	Trading in Chemicals	Total
Revenue			
Sales/income from operations	3,03,48,87,262	1,18,22,04,418	4,21,70,91,680
Inter-segment sales	-	-	-
Total revenue	**3,03,48,87,262**	**1,18,22,04,418**	**4,21,70,91,680**
Result			
Segment result	21,62,46,764	41,14,607	22,03,61,371
Unallocated corporate expenses(Net)			5,05,95,397
Operating profit			16,97,65,974
Interest expense(net)			7,83,03,576
Income taxes(including deferred tax)			2,12,33,922
Profit from ordinary activities			7,02,28,476
Extraordinary items			-
Net profit			**7,02,28,475**
Other Information			
Segment assets	1,60,62,11,927	30,15,75,165	1,90,77,87,092
Unallocated corporate assets			3,97,428
Total assets			**1,90,81,84,520**
Segment liabilities	1,10,99,66,742	20,83,50,835	1,31,83,17,577
Unallocated corporate liabilities			13,31,62,205
Total liabilities			**1,45,14,79,782**
Add: Share capital and reserves			45,67,04,736
Total capital & liabilities			**1,90,81,84,519**
Capital expenditure (including capital work in progress)	-	-	
Depreciation	2,87,85,408	-	

Notes :

1) The Information stated above is in conformity with Indian Accounting Standard 108 "Operating Segment "

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

(b) Information about Business Segments for the Year Ended 31 March 2019

(Amount in rupees)

Particulars	Manufacturing of Adhesives & Emulsions	Trading in Chemicals	Total
Revenue			
Sales/income from operations	3,31,72,50,117	1,14,63,67,972	4,46,36,18,089
Inter-segment sales	-	-	-
Total revenue	**3,31,72,50,117**	**1,14,63,67,972**	**4,46,36,18,089**
Result			
Segment result	15,98,94,115	2,02,86,644	18,01,80,759
Unallocated corporate expenses(Net)			2,64,77,972
Operating profit			15,37,02,787
Interest expense(net)			7,93,84,118
Income taxes(including deferred tax)			2,21,71,797
Profit from ordinary activities			5,21,46,871
Extraordinary items			-
Net profit			**5,21,46,871**
Other Informations			
Segment assets	1,52,71,73,757	33,64,92,444	1,86,36,66,201
Unallocated corporate assets			5,13,469
Total assets			**1,86,41,79,670**
Segment liabilities	1,10,73,09,898	24,38,14,699	1,35,11,24,597
Unallocated corporate liabilities			11,75,26,351
Total liabilities			**1,46,86,50,948**
Add: Share capital and reserves			39,55,28,722
Total capital & liabilities			**1,86,41,79,670**
Capital expenditure (including capital work in progress)	9,31,22,862	-	
Depreciation	2,07,22,392	-	

Notes :

1) The Information stated above is in conformity with Indian Accounting Standard 108 "Operating Segment "

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

NIKHIL ADHESIVES LIMITED

Notes forming part of the Financial Statements

Note 36 Related party disclosures

The following details give the information pursuant to Ind AS - 24 " Related Party Disclosures"

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

Name	Nature of Relationship
Umesh J. Sanghavi	Promoter Directors and Key Management Personnel (KMP)
Rajendra J. Sanghavi	Promoter Directors and Key Management Personnel (KMP)
Tarak J. Sanghavi	Promoter Directors and Key Management Personnel (KMP)
Anita U. Sanghavi	Key Management Personnel (KMP)

(b) Details of Related Party transactions during the year ended 31st March 2020

(Amount in rupees)

Particulars	Directors & Key Management Personnel
For the year ended 31.03.2020	
Remuneration paid	41,59,314
Balance outstanding	-
For the year ended 31.03.2019	
Remuneration paid	38,31,648
Balance outstanding	-

NIKHIL ADHESIVES LIMITED

Notes forming part of the Financial Statements

Note 37 Financial Instruments

(A) Categories of financial instruments

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Financial Assets		
Measured at fair value through other comprehensive income (FVOCI)		
Investments	3,97,428	5,13,469
Measured at amortised cost		
(a) Trade receivables	94,63,16,154	96,58,06,727
(b) Cash and cash equivalents	50,60,908	1,12,44,805
(c) Bank balances other than above	94,40,207	2,24,70,828
(d) Derivatives	-	29,82,40,907
(e) Other financial assets	50,37,101	45,09,161
Total financial assets	96,62,51,798	1,30,27,85,897
Financial Liabilities		
Measured at amortised cost		
(a) Trade payables	86,63,76,371	1,27,68,92,011
(b) Borrowing	26,62,28,571	28,98,28,557
(c) Other financial liabilities	16,74,05,550	10,14,10,889
Total Financial liabilities	1,30,00,10,492	1,66,81,31,457

(B) Financial risk management objectives

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk. The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising foreign exchange forward contracts. Compliance with policies and exposure limits is a part of Internal Financial Controls. The Company does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

(C) Market risk

The Company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates (see note E below). The Company enters into foreign exchange forward contracts to manage its exposure to foreign currency risk of net imports.

(D) Foreign currency risk management

(i) Exposure in foreign currency -Hedged

The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. There is no any further contract as on 31st March 2020.

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under :

Currency	Number of contracts	Buy amount	Indian rupee equivalent
Forward contract to buy USD- As 31-03-2020	-	-	-
Forward contract to buy USD- As 31-03-2019	12	41,25,583	29,82,40,907

(ii) Exposure in foreign currency -Unhedged

The foreign currency exposure not hedged as at 31st March 2020 are as under:

Particulars	As at 31.03.2020		As at 31.03.2019	
	Amount in foreign currency	Amount in rupees	Amount in foreign currency	Amount in rupees
Payable in foreign currency exposure (USD)	57,80,892	44,69,44,377	38,21,493	27,41,47,683

Particulars	As at 31.03.2020		As at 31.03.2019	
	Amount in foreign currency	Amount in rupees	Amount in foreign currency	Amount in rupees
Receivable in foreign currency exposure (USD)	1,79,420	1,27,34,932	6,37,022	4,46,37,103

(E) Foreign exchange forward contracts

It is the policy of the Company to enter into foreign exchange forward contracts to cover foreign currency payments (net of receipts) in USD and EUR.The Company enters in to contracts with terms upto 90 days.The Company's philosophy does not permit any speculative calls on the currency. It is driven by conservatism which guides that we follow conventional wisdom by use of Forward contracts in respect of Trade transactions.

Regulatory Requirements: The Company does alter its hedge strategy in relation to the prevailing regulatory framework.and guidelines that may be issued by RBI, FEDAI or ISDA or other regulatory bodies from time to time.

Mode of taking Cover: Based on the outstanding details of import payable and export receivable (in weekly baskets) the net trade import exposure is arrived at i.e imports - exports = net trade exposures.The net trade import exposure arrived at is netted off with the outstanding forward cover as on date. The forward cover deals are all backed by actual trade underlines and settlement of these contracts on maturity by actual delivery of the hedged currency for settling the underline hedged trade transaction.

(F) Credit risk management

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, derivative financial such as trade receivables, investment in mutual funds, derivative financial instruments, other balances with banks, loans and other receivables.The Company has adopted a policy of only dealing with counterparties that have sufficiently high credit rating.The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.Credit risk arising from investment in mutual funds, derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the international credit rating agencies.

(G) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost effective manner.

(H) Fair value measurements

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. This note provides information about those assets and the basis of determination of the fair values in respect thereof.

(i) The following table give details of the financial assets and financial liabilities which are valued at Fair Value

(Amount in rupees)

Financial Assets/ Financial Liabilities	Fair value		Fair value hierarchy	Valuation techniques(s) and key input(s)
	As at 31st March 2020	As at 31st March 2019		
Trade payables (imports)	44,69,44,377	57,23,88,590	Level 1	Rate published by FEDAI
Receivables (exports)	1,27,34,932	4,46,37,103	Level 1	Rate published by FEDAI
Derivative contracts	-	29,82,40,907	Level 1	Rate offered by foreign exchange dealer
Investments	3,97,428	5,13,469	Level 1	As per quoted price/NAV

(ii) The fair value hierarchy:

Level 1: valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.

Level 2: valuation using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3: valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

(iii) Financial instruments measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

NIKHIL ADHESIVES LIMITED
Notes forming part of the Financial Statements

Note 38 Reconciliation of Income Tax

The Income Tax expense for the year can be reconciled to the accounting profit as follows:

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Profit Before Tax	9,14,62,397	7,43,18,668
Income Tax Rate (%)	27.82%	33.38%
Income Tax expense	2,54,44,839	2,48,10,544
Effect of income that is exempt from taxation	-	-
Effect of expenses that are not deductible in determining taxable profit	5,73,079	10,30,077
Effect of expenses that are deductible in determining taxable profit	(51,86,394)	(64,79,043)
Others	1,31,524	(3,38,422)
TOTAL	2,07,00,000	1,97,00,000
Deffered tax	5,33,922	54,74,168
Adjustments recognised in the current year in relation to the current tax	-	(30,02,371)
Income tax expense recognised in profit or loss	2,12,33,922	2,21,71,797

Income Tax recognised in Other Comprehensive Income

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Tax arising on income and expenses recognised in Other Comprehensive Income:		
Re-measurement of Defined Benefit Obligation	7,05,008	5,02,993
Total Income Tax recognised in Other Comprehensive Income	**7,05,008**	**5,02,993**

Note 39 Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR). The details of the CSR expenditure required to be incurred and amount spent during the year on the activities/ contributions specified in Schedule VII of the Companies Act,2013 are given as under:

(Amount in rupees)

Sr No.	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019	Total
	Gross amount required to be spent by the Company	10,52,378	-	**10,52,378**
	Amount spent during the year			
(i)	Construction/acquisition of any asset	-	-	**-**
(ii)	On purposes other than (i) above	5,14,400	-	**5,14,400**
	Total amount spent	5,14,400	-	**5,14,400**
	Amount yet to be spent	**5,37,978**	-	**5,37,978**

NIKHIL ADHESIVES LIMITED

Notes forming part of the Financial Statements

Note 40 Lease

The adoption of the new standard IND AS 116 resulted in recognition of 'Right of use' asset and a corresponding lease liability The effect of this transition is stated as under:

(Amount in rupees)

Particulars	**Amount**
Interest expense on lease liabilities	1,28,345
Depreciation on right of use of assets	35,73,898
Cash out flow of Lease expenses	
Expense relating to short term leases and low value assets	62,49,263
Expenses relating to long term leases	45,05,925
Total cash outflow for leases	**1,07,55,188**
Right of use of assets recognized at the beginning of the year	1,12,90,036
Additions to right of use assets during the year	80,89,912
Total right of use of assets as at the year end	**1,93,79,948**
Lease liabilities as at the year end	**1,46,98,387**

Impact of adoption of Ind AS 116 on the statement of profit and loss:	
Particulars	**For the year ended 31st March 2020**
Interest on lease liabilities (refer note)	1,28,345
Depreciation of Right-of-use assets	35,73,898
Deferred tax (credit)/charge	(4,17,095)
Impact on the statement of profit and loss for the period	**32,85,148**

NIKHIL ADHESIVES LIMITED
Notes forming part of the Financial Statements

Note 41 : Contingent Liabilities (to the extent not provided for)

(Amount in rupees)

Particulars	As at 31st March 2020	As at 31st March 2019
Sales Tax demand*	1,14,02,746	1,14,02,746

* The Company has filed appeal before the First Appellate Authority against the demand and the mangement is of the opinion that considering the merits of the case, the demand is not likely to culminate into cash outflow

Note 42 : 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 43: The Board of Directors have recommended a payment of final dividend of ₹ 1/- (One rupees only) per equity share of face value of ₹10 each for the financial year ended 31st March, 2020, aggregating ₹45.94 lakhs.

Note 44 : The figures for the previous year have been regrouped or rearranged wherever necessary.

Note 45 : Figures have been rounded off to nearest rupees.

Note 46 : The lock down announced by the Government from 22.03.2020 due to COVID 19 pandemic has not materially impacted the financial position of the Company for the year ended 31.03.2020. However, the pandemic has materially affected Company's scale of operations during the period April 20 to June 20. During the month of July 20, the Company's scale of operations have reached near normalcy and barring unforseen circumstances, the Company is hopeful of continuity of the normalcy for the rest of the financial year ended 31.03.2021.

Note 47 : The financial statements of the Company for the year ended 31 March, 2020 were approved for issue by the Board of Directors at their meeting held on 30 July,2020.

As per our attached report of even date

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

Paresh Vakharia
(Partner)
Membership No. 38220

Place : Mumbai
Date : 30th July 2020

For and on behalf of the Board of Directors

U. J. Sanghavi
(Managing Director)
DIN : 00491220

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

R. J. Sanghavi
(Executive Chairman)
DIN : 00245637

M. M. Vora
(Director)
DIN : 00245427

A. U. Sanghavi
Chief Financial Officer

Rachana Baria
Company Secretary
M. No. A53336

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