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

18.08.2022

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

BSE script: 526159

Subject: Submission of Notice along with Annual Report of Nikhil Adhesives Limited for the Financial Year 2021-22

Dear Sir,

The 36th Annual General Meeting ("AGM") of the Members of Nikhil Adhesives Limited ("the Company") is scheduled to be held on Monday, 12th September, 2022, at 12:00 p.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

In terms of the requirements of Regulations 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report along with Notice of AGM for the financial year 2021-22. The Company has sent the same today through electronic mode to Members who have registered their email id with the Company's RTA/Depository Participants.

The Notice along with the Annual Report for the financial year 2021-22 is also available on the website of the Company www.nikhiladhesives.com.

You are requested to kindly take the above information record.

Thanking You,

Yours Faithfully,
For, Nikhil Adhesives Limited

Umesh J. Sanghavi
Managing Director
DIN: 00491220

NIKHIL ADHESIVES LIMITED MUMBAI

NIKHIL ADHESIVES LTD.

An ISO 9001 : 2015 Certified Company



36th ANNUAL REPORT 2021-2022

36th ANNUAL REPORT 2021-2022

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Umesh J. Sanghavi	Chairman and Managing Director (CMD)
Mr. R. R. Mishra	Wholetime Director and Chief Executive Officer (WTD & CEO)
Mr. Rajendra J. Sanghavi	Whole Time Director (Executive Director)
Mr. Tarak J. Sanghavi	Whole Time Directors (Executive Director)
Mr. Pravin K. Laheri	Non-Executive Independent Director
Mr. Naresh D. Bhuta	Non-Executive Independent Director
Mrs. Ishita T. Gandhi	Non-Executive Independent Director
Ms. Gauri S. Trivedi	Non-Executive Independent Director
Mr. Anil P. Gupta	Chief Financial Officer
Ms. Rachana Baria	Company Secretary & Compliance Officer (till 11th August, 2022)

STATUTORY AUDITORS

PPV & Co
Chartered Accountants

REGISTRAR AND TRANSFER AGENTS

Link Intime India Private Limited
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 India Limited

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

CONTENTS	Page No.
NOTICE	1
MANAGEMENT DISCUSSION AND ANALYSIS REPORT	21
DIRECTORS REPORT	27
REPORT ON CORPORATE GOVERNANCE	47
AUDITORS REPORT	53
BALANCE SHEET	75
STATEMENT OF PROFIT AND LOSS	76
CASH FLOW STATEMENT	79
NOTES FORMING PART OF FINANCIAL STATEMENT	80

NOTICE

Notice is hereby given that the **Thirty Sixth Annual General Meeting** of Nikhil Adhesives Limited will be held on **Monday, 12th September, 2022 at 12:00 PM through Video Conferencing ('VC')/Other Audio Visual Means ('OVAM')** to transact the following business:

The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM.

ORDINARY BUSINESS

1. **To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2022 together with the reports of the Board of Directors and Auditors thereon.**
2. **To declare dividend of Re. 2 per equity shares of face value of Rs. 10 each for the financial year ended 31st March, 2022.**
3. **To appoint a Director in place of Mr. Tarak J. Sanghavi, Whole Time Director (DIN:00519403), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.**

SPECIAL BUSINESS

4. **Ratification of Remuneration of Cost Auditor M/s. B. F. Modi & Associates, Cost Accountants (Firm Registration No. 100604).**

   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 148(3) and other applicable provisions, if any, of the Companies Act, 2013(including any statutory modification(s) or re-enactment(s)thereof, for the time being in force), and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of Rs. 50,000/- per annum (Rupees Fifty Thousand Only) plus applicable taxes and reimbursement of out-of-pocket expenses payable to M/s. B. F. Modi & Associates, Cost Accountants (Firm Registration No. 100604), who have been appointed by the Board of Directors, as the Cost Auditors of the Company, to conduct the audit of the cost records maintained by the Company for the Financial Year ending March 31, 2023.

   Resolved Further That any of the Directors or Company Secretary or Chief Financial Officer 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."

5. **Approval for the Related Party Transactions;**

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

   "**Resolved That** pursuant to recommendation of the Nomination and Remuneration Committee, Audit Committee and the Board of Director and pursuant to the provisions of Section 188 (1)(f) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 ("Act") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), approval of the Shareholders be and is hereby accorded for Mr. Nikhil U.

Sanghavi, to head the Consumer Division of the Company with designation of a "President" or any other designation in future as may be approved by the Board at remuneration of Rs. 600,000 per month with effect from April 01, 2022, with liberty to the Board of Directors or any Committee thereof to vary, amend or revise the remuneration and the terms and conditions of the appointment in accordance with the provisions of the Act within the limits specified herein, as may be decided by the Board of Directors of the Company.

Resolved Further That any of the Directors or Chief Financial Officer or Company Secretary of the Company be and is hereby authorised to do such acts, things, and matters and take all such steps as may be necessary, proper, expedient or desirable for the purpose of giving the effect to this resolution."

6. Sub –division of Equity Shares from the face value of Rs. 10 per Share to Re. 1 each per Share;

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 13, 61(d), 64 and other applicable provisions of the Companies Act, 2013, if any and rules made there under (including statutory modification(s) or re-enactment(s) thereof, for the time being in force), applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Article of Association of the Company and such other approvals, consent, permissions and sanctions, as may be required from the Competent Authority, the approval of the Members be and is hereby accorded for sub-dividing Equity Shares of the face value of Rs. 10 (Rupees Ten Only) each to Equity Shares of the face value of Re. 1 (Rupee One Only) each, fully paid up.

Resolved Further That pursuant to the sub-division of the Equity Shares of the Company, all the issued, subscribed and paid up Equity Shares of the face value of Rs.10/- (Rupees Ten only) each of the Company existing on the Record date to be fixed by the Company shall stand sub-divided into Equity Shares of face value of Re. 1/- (Rupees One only) each fully paid up.

Resolved Further That upon sub-division of the Ordinary (equity) Shares as aforesaid and with effect from the Record Date:

(a) for the Equity Shares held in physical form, the existing Share Certificate(s) in relation to the said Shares, shall be deemed to have been automatically cancelled and shall be of no effect and the Board, without requiring the Members to surrender their existing Share Certificate(s), shall issue new Share Certificate(s) of the Company; and

(b) for the Equity Shares held in dematerialized form, the sub-divided Equity Shares shall be credited proportionately into the respective beneficiary demat accounts of the Members held with Depository Participants, in lieu of the existing credits present in their respective beneficiary demat accounts.

(c) no letter of allotment shall be issued to the allottees of the new Equity Shares of Re. 1/- (Rupee One only) each on sub-division and the Company without requiring the surrender of the old/existing share certificate(s), directly issue and dispatch the new share certificates of the Company, in lieu of such old/existing share certificates within the period prescribed or that may be prescribed in this behalf, from time to time.

Resolved Further That the Board of Directors and/or the Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds, matters and things including to fix and announce the Record Date, to make appropriate adjustments on account of sub-division of Equity Shares, to accept and make any alteration(s), modification(s) to the terms and conditions as they may deemed necessary,

concerning any aspect of the sub-division of Ordinary(Equity) Shares, in accordance with the statutory requirements as well as to delegate all or any of its/their powers herein conferred to any other Officer(s)/Authorised Representative(s)of the Company, to give such directions as may be necessary or desirable, to apply for necessary approvals, to settle any questions, difficulties or doubts that may arise and generally, to do all acts, deeds, matters and things as they may, in their absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters in relation or consequential to the sub-division of Equity Shares including execution and filing of all the relevant documents with the Registrar of Companies, Stock Exchanges, Depositories and other appropriate authorities, in due compliance of the applicable rules and regulations, without seeking any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

7. Alteration of Memorandum of Association of the Company;

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution:**

Resolved That pursuant to Section 13 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V with the following new Clause V:

V. The Authorised Share Capital of the Company is Rs. 5,00,00,000 (Rupees Five Crore Only) divided into Rs. 4,95,00,000 (Four Crores Ninety Five Lakh only) Equity Shares of Rs. 10 (Rupee Ten Only) each, and Rs. 50,000 (Fifty Thousand) 8% Non-Cumulative Redeemable Preference Shares of Rs. 10 (Rupees Ten Only) each, with power to increase or reduce or modify the said capital and to divide the shares for the time being of the Company into several classes and attach thereto preferential, deferred, qualified or special rights or conditions as may be determined by or in accordance with the Article of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided for by the Article of Association of the Company.

Resolved Further That the Board of Directors of the Company (the "Board", which expression shall also include a duly authorized Committee thereof) be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things and to give, from time to time, such directions as may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution and to delegate all or any of the powers herein vested in the Board, to any Director(s) or Chief Financial Officer or Company Secretary of the Company as may be required to give effect to the above resolution."

8. Change in Designation of Mr. Rabi R. Mishra (DIN: 02888975) from Wholetime Director and Chief Executive Officer to Managing Director and Chief Executive Officer;

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

"**Resolved That** in partial modification of the earlier resolution approved by the Shareholders on 27th March, 2022 as being the last date of the Postal Ballot, Pursuant to Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-

enactment(s) thereof, for the time being in force), Mr. R. R. Mishra (DIN: 02888975), who was appointed as Wholetime Director and Chief Executive Officer of the Company for a period of 5 years with effect from 01st January, 2022, be and is hereby re-designated as Managing Director and Chief Executive Officer, effective from 01st September, 2022 till 31st December 2026.

Resolved Further That except for the change in designation mentioned above, all other terms and conditions of his appointment as approved by the Shareholders through Postal Ballot on 27th March, 2022 remain unchanged.

Resolved Further That any of the Directors or Chief Financial Officer or Company Secretary of the Company be and is hereby authorised to do such acts, things, and matters and take all such steps as may be necessary, proper, expedient or desirable for the purpose of giving the effect to this resolution."

9. Change in Designation in Mr. Umesh J. Sanghavi (DIN: 00491220) from Chairman and Managing Director to Chairman and Wholetime Director;

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

"Resolved That in partial modification of the earlier resolution approved by the Shareholders on 30th December, 2020 vide 34th Annual General Meeting of the Company, Mr. Umesh J. Sanghavi (DIN: 00491220), who was re-appointed as a Managing Director of the Company for a period of 3 years effective from 01st January, 2021 to 31st December, 2023 and who was appointed as Chairman of the Company by the Board of Directors in its meeting held on 17th December, 2021 designated as "Chairman and Managing Director" be and hereby re-designated as Chairman and Wholetime Director of the Company, designated as "Executive Chairman" with effect from 01st September, 2022 till 31st December, 2023.

Resolved Further That except for the change in designation mentioned above, all other terms and conditions of his appointment as approved by the Shareholders at the 34thAGM held on 30th December, 2020.

Resolved Further That any of the Directors or Chief Financial Officer or Company Secretary of the Company be and is hereby authorised to do such acts, things, and matters and take all such steps as may be necessary, proper, expedient or desirable for the purpose of giving the effect to this resolution."

10. Ratification of the appointment of Ms. Gauri S. Trivedi (DIN:06502788) as an Independent Director for a period 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 in partial modification of the earlier resolution passed as an Ordinary Resolution through Postal Ballot on 27th March, 2022 being the last date of the Postal Ballot for appointment of Ms. Gauri S. Trivedi (DIN: 06502788) as an Independent Director for the period of 5 years with effect from 01st January, 2022 to 31st December, 2026 the said resolution be and is hereby ratified as Special Resolution in accordance with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Resolved Further That except that the said resolution be passing as a Special Resolution, all other terms and conditions of her appointment as approved by the Shareholders through Postal Ballot on 27th March, 2022 remain unchanged.

Resolved Further That any of the Directors or Chief Financial Officer or Company Secretary of the Company be and is hereby authorised to do such acts, things, and matters and take all such steps as may be necessary, proper, expedient or desirable for the purpose of giving the effect to this resolution."

NOTES:

1. In view of the continuing COVID 19 pandemic, the Ministry of Corporate Affairs vide its Circular dated 05th May, 2022 read with the circulars dated 14th December, 2021, 13th January, 2021, 5th May, 2020, 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) 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, 2022 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 Participant(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. 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.
3. The Statement, pursuant to Section 102(1) of the Act in respect of Special Business of Item No. 4, 5, 6, 7, 8, 9 and 10 forms part of this notice. The 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.
4. 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.
5. 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.
6. Non-Resident Indian Members are requested to inform the Registrar and Share Transfer Agent ('RTA) immediately about the change in residential status on their return to India, if any.
7. 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.
8. As per the SEBI circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 03rd November, 2021, has mandated furnishing of PAN, Address with PINCODE, email address, mobile number, bank account details and nomination by holders of physical securities. Folios wherein any one of the cited documents / details are not available on or after April 01, 2023, shall be frozen by the Registrars and Transfer Agent of the Company (RTA).

9. Nomination Facility: Those 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., Monday, 05th September, 2022 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. The Register of Members and the Share Transfer Books of the Company will remain closed from 06th September, 2022 to 12th September, 2022 (both days inclusive).
11. 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 05th September, 2022. If 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, contact no., mandates, Bank Details and consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names;
    i. To their Depository Participants (DPs) in respect of their electronic shares account, and
    ii. To the Company's Registrar - M/s Link Intime India Private Limited. in respect of their physical shares, if any, quoting their folio numbers.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. The 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. The Members holding shares in physical form can submit their PAN to the Company/Link Intime India Private Limited.
14. Any Shareholders desiring any information relating to the accounts are requested to write to the Company at investors@nikhiladhesives.com at an early date so as to enable the management to keep the information ready.
15. All unclaimed dividends up to and including the year 2012-13 have been transferred to the credit of Investor Education and Protection Fund (the Fund) established by the Central Government. The 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.

    Those Shareholders who have not claim dividend of FY 2017-18, 2018-19, 2019-20 & 2021-21 are being requested to apply before the Company's Registrar to Share Transfer Agent Link Intime India Pvt. Ltd. via email id to rnt.helpdesk@linkintime.co.in or send a letter for your claim to the RTA Registered Office address.

    Pursuant to the provisions of Sections 124 and 125 of the Act and the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, ("the Rules") as amended, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs. The voting rights on shares transferred to IEPF remains frozen until the rightful owner claims the shares. The Shareholders whose dividend/shares have been/will be transferred to the IEPF Authority, can claim the same from the IEPF Authority by following the procedure as detailed on the website of IEPF Authority http://www.iepf.gov.in/IEPF/refund.html.

16. Pursuant to amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 had 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.
17. Shareholders may note that the Income Tax Act, 1961, as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company after 1st April, 2020 shall be taxable in the hands of the Shareholders. The Company shall therefore be required to deduct Tax at Source (TDS) at the time of making the final dividend. In order to enable us to determine the appropriate TDS rate as applicable, Members are requested to submit the documents in accordance with the provisions of the Income Tax Act, 1961.
    i. For Resident Shareholders, TDS shall be made under Section 194 of the Income Tax Act, 1961 at 10% (Ten percent) on the amount of Dividend declared and paid by the Company during financial year 2022-23 provided PAN is registered by the Shareholder. If PAN is not registered, TDS would be deducted @ 20% (Twenty percent) as per Section 206AA of the Income Tax Act, 1961. However, no tax shall be deducted on the Dividend payable to a Resident Individual if the total dividend to be received by them during financial year 2022-23 does not exceed Rs. 5,000/-. In cases where the Shareholder provides Form 15G (applicable to any person other than a Company or a Firm or HUF)/Form 15H (applicable to an Individual above the age of 60 years), provided that the eligibility conditions are being met, no TDS shall be deducted.
    ii. For Non-resident Shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 of the Income Tax Act, 1961 at the rates in force. As per the relevant provisions of the Income Tax Act, 1961, the withholding tax shall be at the rate of 20% (Twenty percent) (plus applicable surcharge and cess) on the amount of Dividend payable to them. However, as per Section 90 of the Income Tax Act, 1961, the non-resident Shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the Shareholder, if they are more beneficial to them. For this purpose, i.e. to avail the Tax Treaty benefits, the non-resident shareholder will have to provide the following:
        - Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the Shareholder is resident.
        - Self-declaration in Form 10F if all the details required in this form are not mentioned in the TRC.
        - Self-attested copy of the PAN Card allotted by the Indian Income Tax authorities.
        - Self-declaration certifying the following points:
            - Member is and will continue to remain a tax resident of the country of its residence during the financial year 2022-23;
            - Member is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
            - Member has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
            - Member is the ultimate beneficial owner of its shareholding in the Company and Dividend receivable from the Company; and
            - Member does not have a taxable presence or a permanent establishment in India during the financial year 2022-23.
    iii. Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by Non-Resident Shareholder.
    iv. Accordingly, in order to enable us to determine the appropriate TDS/withholding tax rate applicable, we request you to provide these details and documents as mentioned above before 31st August, 2022.
    v. Kindly note that the aforementioned documents are required to be submitted via email to investors@nikhiladhesives.com on or before 31st August, 2022 in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate. No communication on the tax determination/deduction shall be entertained post 31st August, 2022. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned

details/ documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.

vi. The soft copy of TDS certificate shall be emailed to you at your registered e-mail ID in accordance with the provisions of the Income Tax Act, 1961 after filing of the quarterly TDS Returns of the Company, post payment of the said Dividend.

18. 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 Sixth 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 voting period begins on Friday, 09th September, 2022 (9:00 AM) and ends on the Sunday, 11th September, 2022 (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 Monday, 05th September, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Those Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

The procedure to login to e-Voting website consists of two steps as detailed hereunder:

In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual & Non-Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. The Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

A. Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual Shareholders holding securities in Demat mode is given below:

Type of Shareholders	**Login Method**
Individual Shareholders holding securities in Demat mode with CDSL	a) Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest is http://web.cdslindia.com/myeasi/home/loginor visit www.cdslindia.com and click on login icon and select new system Myeasi. b) After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible Companies where the evoting is in progress as per the information provided by Company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. c) If the user is not registered for Easi/Easiest, option to register is available at

	http://web.cdslindia.com/myeasi/Registration/EasiRegistration. d) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL	e) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. The Select "Register online for IDeASportal or click athttp://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp" f) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e., your sixteen-digitdemat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	g) You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 224 430

B. Login method for e-Voting for Shareholders other than Individual Shareholders holding in Demat form and Shareholders holding securities in physical mode:

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

	For Shareholders holding shares in Demat Form other than Individual and Physical Form
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy 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.

vii. After entering these details appropriately, click on "SUBMIT" tab.
viii. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, Shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts

for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

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

xi. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the 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.

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

xiii. After selecting the resolution, 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.

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

xv. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

xvi. If a demat account holder has forgotten the 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.

Facility for Non – Individual Shareholders and Custodians –Remote Voting

- 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 a Corporate.
- A scanned copy of the registration form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com/investors@nikhiladhesives.com.
- 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.
- 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.
- 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.
- 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; shivharijalancs@gmail.com and investors@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.
- 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.

Process for those Shareholders whose Email/Mobile No. are not registered with the Company/Depositories.

a. For Physical Shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investors@nikhiladhesive.com.

b. For Demat Shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP), which is mandatory while e-Voting through Depository.

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, 25thFloor, 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.

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. The 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 investors@nikhiladhesives.com. 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 investors@nikhiladhesives.com. These queries will be replied to you 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 (Venue Voting) 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.

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 Monday, 05th September, 2022.
3. Mr. Shiv Hari Jalan, Practicing Company Secretary & Proprietor of M/s Shiv Hari Jalan & Co, Company Secretaries 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 Scrutinizer shall submit a consolidated Scrutinizer's report of the total votes cast in favour of or against the resolutions, within 2 working days of conclusion of the AGM to the Chairman of the Company, who shall counter sign the same. The Chairman will declare the result of voting forthwith on receiving of the Scrutinizer's Report.
4. The result declared along with the Scrutinizer 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 votes, the resolutions shall be deemed to have been passed on the date of AGM.
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.
   iii. Register of Charges;
   iv. Register of Deposits; and other Statutory Register under the Companies Act, 2013.

   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 Members during the continuance of the meeting.
8. Persons who have acquired the shares of the Company after the dispatch of the Annual Report and are Members as on 05th September, 2022 (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/investors@nikhiladhesives.com 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, AndheriKurla Road, Andheri (East), Mumbai – 400093. Tel: 022-2683 6564/58/59 Fax: 022-26840854 Email ID: investors@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 49186000/6270 Fax: 022-4098 6060 Email ID: rnt.helpdesk@linkintime.co.in

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

Sd/-
Umesh J. Sanghavi
Chairman and Managing Director
DIN: 00491220

Date: 09th August, 2022
Place: Mumbai

ANNEXURE TO NOTICE

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

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

Item No. 4

In terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company is required to undertake the audit of its cost records for products covered under the Companies (Cost Records and Audit) Rules, 2014 to be conducted by a Cost Accountant in practice.

In compliance with the above, M/s B. F. Modi & Associates, Cost Accountants, (Firm Registration No. 100604) were re-appointed as Cost Auditors for the year ending 31st March, 2023 by the Board of Directors on the recommendation of the Audit Committee at a remuneration of Rs. 50,000/- p.a. (plus applicable taxes and reimbursement of out-of-pocket expenses) payable to the Cost Auditors for FY 2022-23.

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. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2023.

The Board recommends the Resolution No. 4 for the approval of the Members.

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. 4 of the Notice except to the extent of their Shareholding, if any.

Item No. 5

Mr. Nikhil U. Sanghavi has done Master in Computer Science from Stevens Institute of Technology in New Jersey thereafter he found his passion in the business of software development, he started working as a Director of Zeki Software Solutions Pvt. Ltd. since 2008. Beside this he ventured into the Marketing skill and started working with the Company since one and half years in the Consumer Division.

Mr. Nikhil U. Sanghavi is a related party within the definition of Section 2(76) of the Companies Act 2013 ("Act"), as he is relative of Director(s) of the Company. Pursuant to the provisions of Section 188 of the Act, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended), appointment of any related party to any office or place of profit in the Company, its Subsidiary Company or Associate Company at a monthly remuneration exceeding Rs. 250,000/- requires prior approval by way of Ordinary Resolution of the Company. In view of the aforementioned provisions of the Act and rules made thereunder and that monthly remuneration of Mr. Nikhil U. Sanghavi would be in excess of Rs. 2,50,000/- per month, approval of Members is sought for his appointment in and payment of remuneration to him by the Company as proposed in the resolution under this item of business.

Pursuant to recommendation of the Nomination and Remuneration Committee, Audit Committee, provisions of Section 188 (1)(f) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 ("Act") (including any statutory modification(s) or re-enactments thereof for the time being in force) and in order to adequately compensate Mr. Nikhil U. Sanghavi and taking into account the size and operations of the business of the Company, The Board of Directors of the Company at its meeting held on 21st May, 2022 recognised the excellent leadership, management capabilities, marketing skills, and day to day efforts and time devotion by Mr. Nikhil U. Sanghavi to broaden and achieve goals

of the Consumer Divisions, approved his appointment in the Company as an Executive- President of the Consumer Division of the Company at the monthly remuneration of Rs.6,00,000 effective from April 01, 2022.

The following particular disclosures are as under as required under the Companies (Meeting of Board and its Power) Rules, 2014:

a) Name of the Related Party – Mr. Nikhil U. Sanghavi
b) Name of the Director & Key Managerial Personnel who is related, if any- Mr. Umesh J. Sanghavi, Chairman and Managing Director.
c) Nature of Relationships – Son of Mr. Umesh J. Sanghavi, Chairman and Managing Director. In addition Mr. Rajendra Jayantilal Sanghavi and Mr. Tarak Jayatilal Sanghavi, Wholetime Directors of the Company are related to Mr.Umesh J. Sanghavi, Chairman and Managing Director of the Company.
d) Material terms of the contract / arrangement / transactions: As mentioned in Explanatory Statement No. 5
e) Monetary value and period of approval: As mentioned in Explanatory Statement No. 5

None of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in the resolution, except as mentioned above.

No Member of the Company shall vote on the Resolution of the Item No. 5 to approve the contract or arrangement, if such members are Related Party to this resolution.

The Board of Directors recommends the resolution set out at Item No. 5 of the Notice for the approval of Members.

Item No. 6 and 7

The Equity Shares of the Company are listed and traded on the BSE Limited. The Company's strong performance and faith of the investors has led to significant increase in the market price of its Equity Shares. In order to provide enhanced liquidity in the capital market through widening Shareholders base and to make it more affordable for small investors, it is proposed to sub-divide, 10 fully paid-up Equity Shares of, face value Rs. 10/- each into 10 (Ten) fully paid-up Equity Shares respectively, of face value of Re. 1 each pursuant to the provisions of Section 61(1)(d) of the Act, the rules made thereunder and other applicable provisions.

The Record Date for the aforesaid sub-division of Equity Shares shall be fixed by the Board (including any Committee thereof) after the approval of the Members is obtained for the proposed sub-division. In the opinion of the Board, proposed sub-division of the Ordinary (Equity) Shares is in the best interest of the Company and the investors and therefore the Board at its meeting held on August 09, 2022 approved the aforesaid sub-division subject to requisite approval of the Shareholders. The proposed sub-division of fully paid-up Equity Shares will not result in any change in the amount of Authorized, Issued, Subscribed and Paid-up Equity Shares Capital of the Company.

Upon sub-division of Equity Shares as aforesaid, the existing Share Certificates of the Equity Shares of the face value of Rs. 10/- (Rupees Ten Only) each in the physical form shall be deemed to have been automatically cancelled and be of no effect from the Record date, and no letter of allotment shall be issued to the allottees of the new Equity Shares of Re 1 (Rupee One only) each on sub-division and the Company without requiring the surrender of the old/existing share certificate(s), directly issue and dispatch the new share certificates of the Company, in lieu of such old/existing share certificates within the period prescribed or that may be prescribed in this behalf, from time to time and in the case of shares held in dematerialized form, the number of sub-divided Equity Shares be credited to the respective beneficiary accounts of the Shareholders with the Depository Participants, in lieu of the existing credits representing the Equity Shares before sub-division.

The sub-division of Equity Shares proposed under Item No. 6 of this Notice shall also require consequential amendments to the existing Clause V (Capital Clause) of the Memorandum of Association of the Company as set out in Item no. 7, of this Notice to reflect change in the face value of Equity Shares of the Company.

A draft copy of the modified Memorandum is available for inspection by the Members of the Company electronically during the normal business hours on any working day of the Company, up to the date of the General Meeting.

Accordingly, the consent of the Members is sought for passing of: (a) Ordinary Resolution for sub-division of Equity Shares as mentioned at Item No.6 and (b) Special Resolution for carrying out amendments to the Memorandum of Association of the Company as mentioned at Item No. 7;

The Board of Directors of the Company recommends the Resolution as set out at Item No. 6 for approval of the Members.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested financially or otherwise in the Resolution of Item No. 6&7 of this Notice except to the extent of their Shareholding, if any.

Item No. 8

The Shareholders vide the Ordinary Resolution passed through Postal Ballot on 27th March, 2022 being the last date of the Postal Ballot, approved the appointment of Mr. Rabi R. Mishra as Wholetime Director and Chief Executive Officer of the Company for a period of 5 years with effect from 01st January, 2022.

As Mr. R. R. Mishra looking after day-to-day operation and shouldering the managerial responsibility of the Company. Based on the recommendation of Nomination & Remuneration Committee and Board of Directors approved the re-designation of Mr. R. R. Mishra at their meetings held on 09th August, 2022 from Wholetime Director and Chief Executive Officer to Managing Director and Chief Executive Officer of the Company with effect from 01st September, 2022 till 31st December, 2026.

Except for the change in designation mentioned above, all other terms and conditions including remuneration of his appointment as approved by the Shareholders though Postal Ballot is remained unchanged.

Mr. R. R. Mishra does not hold any Shares of the Company. None of the Directors, Key Managerial Personnel of the Company and their relatives concerned or interested, financially or otherwise in this resolution.

The Board of Directors recommends the resolution set out at Item No. 8 of the Notice for the approval of Members as a Special Resolution.

Item No. 9

The Shareholders vide Special Resolution passed on 34th Annual General Meeting approved the re-appointment of Mr. Umesh J. Sanghavi as a Managing Director of the Company for a period of 3 years with effective from 01st January, 2021, including the terms and conditions of his appointment and remuneration. Further, the Board of Directors in its meeting held on 17th December, 2021 approved the appointment of Mr. Umesh J. Sanghavi as Chairman of the Company effected from the subsequent meetings.

In consequent to the change in designation of Mr. R. R. Mishra to Managing Director and CEO, pursuant to the recommendation of the Nomination & Remuneration Committee and approval of the Board of Directors at their meetings held on 09th August, 2022, Mr. Umesh J. Sanghavi was re-designated as Chairman and Wholetime Director, will be designated as “Executive Chairman” of the Company effective from 01st September, 2022.

Except for the change in designation mentioned above, all other terms and conditions including remuneration of his appointment as approved by the Shareholders in its 34th Annual General Meeting is remained unchanged.

Except Mr. Umesh J. Sanghavi, Mr. Rajendra J. Sanghavi and Mr. Tarak J. Sanghavi and their relatives none of the Directors, Key Managerial Personnel and their relatives are concerned or interested financially or otherwise in the Resolution No. 9of this Notice.

The Board of Directors recommends the resolution set out at Item No. 9of the Notice for the approval of Members as a Special Resolution.

Item No. 10

The Shareholders vide Ordinary Resolution passed through Postal Ballot conducted on 27th March, 2022 approved, the appointment of Ms. Gauri S. Trivedi as an Independent Director of the Company for a period of 5 years with effect from 01st January, 2022. The 99.9977% shareholders who have voted for said resolution have voted in favour of the said resolution.

As per Regulations 25(2A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment, re-appointment or removal of an Independent Director of a listed entity shall be subject to approval of Shareholders by way of a Special Resolution.

The resolution passed for appointment of Ms. Gauri S. Trivedi as an Independent Director of the Company through Postal Ballot as an Ordinary Resolution thus it is proposed to ratify the said resolution as a Special Resolution in compliance with Regulations 25(2A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Except that the said resolution be passing as a Special Resolution, all other terms and conditions of her appointment as approved by the Shareholders through Postal Ballot on 27th March, 2022 is remain unchanged.

Except Ms. Gauri S. Trivedi and her relatives none of the Directors, Key Managerial Personnel and their relatives are concerned or interested financially or otherwise in the Resolution No. 10 of this Notice.

The Board of Directors recommends the resolution set out at Item No. 10 of the Notice for the approval of Members as a Special Resolution.

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 Directors	**Mr. Tarak J. Sanghavi**	**Mr. R. R. Mishra**	**Mr. Umesh J. Sanghavi**	**Ms. Gauri S. Trivedi**
Director Identification Number	00519403	02888975	00491220	06502788
Date of Birth	02-10-1962	01.04.1956	27.06.1957	18-05-1960
Date of Appointment	Since inception	01.01.2022	Since Inception	01.01.2022
Status	Whole Time Director & Chairman	Wholetime Director and CEO	Chairman and Managing Director	Non-Executive Independent Director
Qualification	B.com	B.Tech in Chemical Engineering and M.Tech in Industrial Engineering	B.com	M.A (Political Science) from JNU, Delhi, M.Phil (Soviet Studies) from JNU, Delhi, Doctorate in Philosophy from Institute of Social & Economic Change, Bangalore, Institute of Development Studies, Mysore, and PGPPM from Indian Institute of Management (IIM), Bangalore
Expertise in specific functional type	Businessman	Service	Businessman	Service
Terms and Conditions of Appointment/Re-appointment	Re-appointment on retiring by rotation	Change in designation	Change in designation	Ratification of the appointment approved by Shareholders through Postal Ballot conducted on 27.03.2022,
Directorship of Other Companies	None	None	None	The Sandesh Limited Denis Chem Lab Limited Adani Power Limited Adani Total Gas Limited

				Private and Unlisted Public Companies: Udupi Power Corporation Ltd. Bajaj Energy Limited Adani Power (Mudra)Limited Cue Strategic Inputs Private Limited
Chairman/Member in the Committees of the Boards of Companies	Member of the Corporate Social Responsibility Committee	Member of the Audit Committee	Member of the Corporate Social Responsibility Committee and Audit Committee	Member of the Nomination and Remuneration, Audit Committee, and Stakeholders Relationship Committee
Shareholding (No. of Shares)	1,12,490 Shares	-	95,340 Shares	-
Disclosure of relationships between Directors inter se	Mr. Umesh J. Sanghavi & Mr. Rajendra J. Sanghavi are brothers of Mr. Tarak J. Sanghavi	-	Mr. Tarak J. Sanghavi & Mr. Rajendra. J. Sanghavi are brothers of Mr. Umesh J. Sanghavi	-

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

Sd/-
Umesh J. Sanghavi
Chairman & Managing Director
DIN: 00491220

Date: 09th August, 2022
Place: Mumbai

Management Discussion & Analysis

About Nikhil Adhesives Limited

With more than three decades of industry experience, Nikhil Adhesives Limited (Nikhil) is one of the recognised players in Speciality Chemicals and Industrial emulsions and adhesives, with a strong domestic presence catering PAN India with an excellent distribution network. Leveraging its well-equipped manufacturing infrastructure, result–oriented Research & Development team.

Nikhil major thrust will be to create space in consumer products.

Key Highlights for 2021-22

- Opened Warehouses/Godowns in Gujarat, Maharashtra, Punjab, Madhya Pradesh, other places to reach to its Customers faster.
- Expansion Units of Tumkur, Mehatpur & Dahej factories.
- Appointment of Professionally Qualified & Rich Experienced CEO.

Global Economic Overview

The global economy grew an estimated 5.9% in 2021 compared to a de-growth of 3.3% in 2020. This improvement was largely due to increased vaccination rollout the world over and a revival in economic activity based on catch-up consumption.

The global economic recovery is attributed to accelerated vaccine rollout across 4.4 Bn people, around 56% of the global population (single dose). The spot price of Brent crude oil increased 53.34% from USD 50.37 per barrel at the beginning of 2021 to USD 77.24 per barrel at the end of the calendar year, strengthening the performance of oil exporting countries and moderating growth in importing nations. Global FDI reported an increase from USD 929 Bn in 2020 to an estimated USD 1.65 trn in 2021. The global economy was affected by prohibitive shipping freight rates, a shortage of shipping containers and semiconductor chips in 2021, affecting the global economic recovery. Inflation was at its highest since 2011, especially in the advanced economies, catalyzed by a run up in commodity prices. Some emerging and developing economies were positioned to withdraw policy support to contain inflation even as the economic recovery was still incomplete.

The prominent feature of the global economic activity during the year under review was a sharp revival in commodity prices to record levels following the drop at the time of pandemic outbreak. The commodities that reported a sharp increase in prices comprised steel, coal, oil, copper, food grains, fertilizers and gold.

The global economy is projected to grow at a modest 2.6% in 2022 following the Russia-Ukraine crisis. A higher interest rate environment could affect emerging markets and developing economies with large foreign currency borrowings and external financing needs in 2022.

Regional growth (%)	2021	2020
World output	5.9	(3.3)
Advanced economies	5.0	(4.9)
Emerging and developing economies	6.3	(2.4)

(Source: IMF, World Bank, UNCTAD)

Performance of Major Economies

United States: The country reported a GDP growth of 5.7% in 2021 compared to a de-growth of 3.4% in 2020, following the government's investment of trillions of dollars in COVID relief.
China: The country's GDP grew 8.1% in 2021 compared to 2.3% in 2020 despite it being the novel coronavirus epicentre.
United Kingdom: The country's GDP grew 7.5% in 2021 compared to a 9.9% de-growth in 2020.
Japan: The country reported a growth of 1.7% in 2021 following a contraction in the previous year.
Germany: The country reported a GDP growth of 2.9% in 2021 compared to a decline of 4.9% in 2020.
(Source: World Bank, IMF, Business Standard, Times of India)

Indian Economic Overview

The Indian economy reported an attractive recovery in FY 2021-22, its GDP rebounding from a de-growth of 7.3% in FY 2020-21 to a growth of 8.7% in FY 2021-22. By the close of FY 2021- 22, India was among the six largest global economies; its economic

growth rate was the fastest among major economies (save China); its market size at around 1.40 Bn making India the second most populous in the world and its rural under-consumed population arguably the largest in the world.

The Indian economy was affected by the second wave of the pandemic that affected economic growth towards February-end of the previous financial year and across the first quarter of the financial year under review. The result is that after a growth of 1.6% in the last quarter of FY 2020-21, the Indian economy grew 20.1% in the first quarter of FY 2021-22 due to the relatively small economic base during the corresponding period of the previous year.

India's monsoon was abundant in 2021 as the country received 99.32% of a normal monsoon, lower though than in the previous year. The estimated production of rice and pulses recorded volumes of 127.93 Mn Tons and 26.96 Mn Tons respectively. The total oilseeds production of the country recorded a volume of 371.47 Mn Tons. Moreover, based on the spatial and temporal distribution of the 2021 monsoon rainfall, the agricultural gross value added (GVA) growth in FY 2021-22 is anticipated to be 3-3.5%. The country's manufacturing sector grew an estimated 12.5%, the agriculture sector 3.9%, mining and quarrying by 14.3%, construction by 10.7% and electricity, gas and water supply by 8.5% in FY 2021-22.

There were positive features of the Indian economy during the year under review.

Foreign direct investments (FDI) in India was the highest at USD 83.57 in FY 2021-22, a validation of global investing confidence in India's growth story. The government approved 100% FDI for insurance intermediaries and increased FDI limit in the insurance sector from 49% to 74% in Union Budget 2021-22.

India surpassed the Rs. 88,000 Cr target set for asset monetization in FY 2021- 22, raising over Rs.97,000 Cr with roads, power, coal, mining and minerals accounting for a large chunk of the transactions.

The Indian government launched a four-year long and H6 Lakh Cr asset monetization plan (roads and highways, pipelines, power transmission lines, telecom towers, railways station re-development, private trains, tracks, goods sheds, dedicated freight corridor, railways stadiums, airports, projects in major ports, coal mining projects, mineral mining blocks, national stadia, redevelopment of colonies and hospitality assets).

In 2021, India was the largest recipient of global remittances. The country received USD 87 Bn during 2021, with the US being the largest source (20%). India's foreign exchange reserves stood at an all-time high of USD 642.45 Bn as on September 3rd, 2021, crossing USD 600 Bn in FOREX reserves for the first time.

India's currency weakened 3.59% from Rs.73.28 to Rs. 75.91 to a US dollar through FY 22. The consumer price index (CPI) of India stood at an estimated 5.3% in FY 2021-22. India reported improving Goods and Services Tax (GST) collections month-on-month in the second half of FY 2021-22 following the relaxation of the lockdown, validating the consumption-driven improvement in the economy. The country recorded its all-time highest GST collections in March 2022 standing at Rs. 1.42 Lakh Cr, which is 15% higher than the corresponding period in 2021.

India ranked 62 in the 2020 World Bank's Ease of Doing Business ranking. The country received positive FPI's worth Rs. 51,000 Cr in 2021 as the country ranked fifth among the world's top leading stock markets with a market capitalization of USD 3.21 trn in March 2022.

The fiscal deficit was estimated at Rs.15.91 trn for the year ending March 31st, 2022 on account of a higher government expenditure during the year under review. India's per capita income was estimated to have increased 16.28% from Rs. 1.29 Lakh in FY 2020-21 to Rs.1.50 Lakh in FY 2021-22 following a relaxation in lockdowns and increased vaccine rollout.

India's tax collections increased to a record Rs. 27.07 Lakh Cr in FY 2021-22 compared with a budget estimate of Rs. 22.17 Lakh Cr. While direct taxes increased 49%, indirect tax collections increased 30%. The tax-to-GDP ratio jumped from 10.3% in FY 2020-21 to 11.7% in FY 2021-22, the highest since 1999.

Retail inflation in March at 6.95% was above the RBI's tolerance level of 6% but fuel prices played no part in this surge. Retail inflation spiked to a 17-month high

in March 2022, above the upper limit of the RBI's tolerance band for the third straight month.

(Source: Economic Times, IMF, World Bank, EIU, Business Standard, McKinsey, SANDRP, Times of India, Livemint, InvestIndia.org, Indian Express, NDTV, Asian Development Bank)

Indian Economic Reforms & Budget 2022-23 Provisions

The Budget 2022-23 seeks to lay the foundation of the Indian economy over the 'Amrit Kaal' period of the next 25 years leading to 100 years of independence in 2047. The government is emphasizing the role of PM GatiShakti, Inclusive Development, Productivity Enhancement and Investment, Sunrise Opportunities, Energy Transition and Climate Action, as well as Financing of Investments.

The capital expenditure target of the Indian government expanded by 35.4% from Rs.5.54 Lakh Cr to Rs.7.50 Lakh Cr. The effective capital expenditure for FY 2022-23 is seen at Rs.10.7 Lakh Cr. An outlay of Rs.5.25 Lakh Cr was made to the Ministry of Defence, which is 13.31% of the total budget outlay. A boost was provided to India's electric vehicle policy 'Scheme for Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicle in India'. An announcement of nearly Rs.20,000 Cr was made for the PM Gati Shakti National Master Plan to catalyze the infrastructure sector. An expansion of 25,000 Km was initiated for 2022-23 for the national highways network. To boost the agricultural sector, an allocation of Rs.2.37 Lakh Cr was made towards the procurement of wheat and paddy under MSP operations. An outlay of Rs.1.97 Lakh Cr was announce for the Production Linked Incentive (PLI) schemes across 13 sectors.

Outlook

India's medium-term optimism is derived from the fact that three down cycles – long-term, medium-term and short-term – could well be reversing at the same time. The long-term downtrend, as a result of non-performing assets, scams and overcapacity could be over; the medium-term downtrend that was caused by the ILFS crisis, select banks, collapse and weakening NBFCs could well be over; the short-term downtrend on account of the pandemic has weakened following the acceleration of the vaccine rollout.

There is a possibility of each of these downtrends having played out, which could well lead to a multi-year revival in capital investments. Some USD 500 Bn worth of investments are expected to be made in the wind and solar infrastructure, energy storage and grid expansion.

The Indian economy is projected to grow by 8% in FY 2022-23 (World Bank estimate), buoyed by tailwinds of consistent agricultural performance, flattening of the COVID-19 infection curve, increase in government spending, favourable reforms and an efficient roll-out of the vaccine leading to a revival in economic activity.

Across the next three years, capital expenditure in core sectors - cement, metal, oil refining and power should be about Rs.5 trn. Besides, the government's production linked incentives (PLI)–led capex should generate an incremental Rs.1.4 trn in sectors like consumer durables, pharmaceuticals and automobiles.

Our Consumer products businesses is providing customers with a complete range of consumer adhesives mainly woodworking, packaging adhesives, rubber adhesives, Construction based adhesives. Our Adhesive Brands **"MAHACOL" "FORMISOL" "EMDILITH" "EMBRO"** 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.

Speciality Chemicals Industry

The Specialty chemicals manufacturing is entrepreneurial, innovative and customer driven. Specialty chemicals are manufactured and sold based on their performance or function, unlike commodity chemicals which are strictly based on their chemical composition.

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

Key market trends

Paints and coatings segment to dominate the market demand – Demand for specialty chemicals is extensively driven by the robust performance of the construction industry, across the world. The paints and coatings segment is expected to dominate the overall specialty chemicals market

Growth in automotive industry - Automotive industry is one of the most lucrative spaces for the specialty chemicals market share. It is expected to increase significantly in the coming years with an increase in disposable income and growing urban population. Speciality chemicals are used for polymers & plastic additives, paints & coatings and adhesives & sealants in the automotive market.

Growth in Textile Industry - The post-Covid era has provided a big opportunity for the online textile industry. The sales in the online textile industry witnessed a jump in various cities and states of India due to the lockdown that was imposed to curb the spread of corona virus caused Covid-19 pandemic. The textile industry is showing an increasing trend in sales with Govt. stimulus package.

Growth in Adhesives & Construction chemicals Industry

Adhesives- Solvent and Water based adhesives has high demand and is expected to grow in double digit. Its various applications like Woodworking Adhesives, Pressure Sensitive Adhesives for Stickers, Packaging Adhesives. Leather Adhesives, and many other Adhesives.

Construction chemicals –The industry is growing in double digit since couple of years and the trend is likely to continue for next few years due to the benefits and awareness of products.

SWOT ANALYSIS

Strengths

- Well equipped manufacturing infrastructure
- Rich history of more than 30 yrs.
- Strong domestic network (PAN India distribution)
- Mfg. units in North, West and South of India

Weakness

- Low brand awareness in Consumer Segment

Opportunities

- New opportunity areas with huge potential for growth, such as Construction Chemicals and Consumer Products.

Threats

- Exchange & Interest Rate
- Fluctuation in Raw Material Prices
- Looming threat of global recession
- Competition from domestic and foreign players

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

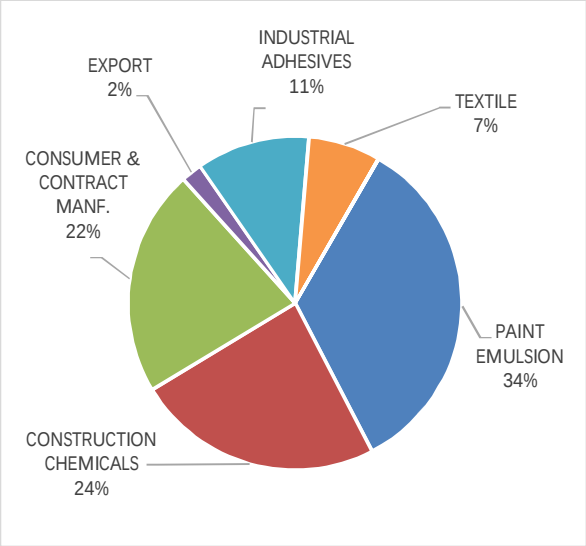
The Company has strong internal control procedures in place that are commensurate with its size and operations. The Board of Directors, responsible for the internal control system, sets the guidelines and verifies its adequacy, effectiveness and application. The Company's internal control system is designed to ensure management efficiency, measurability and verifiability, reliability of accounting and management information, compliance with all applicable laws and regulations, and the protection of the Company's assets. This will help identify and manage the Company's risks (operational, compliance-related, economic and financial).

HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company believes that employees are the foundation for the superstructure of any corporate organisation. The Company considers its employees as its most significant asset and provides them with a healthy and competitive work environment to excel and set new standards of quality, productivity, efficiency and customer satisfaction. The Company's consistent HR policies aid in attracting and retaining the best talent pool.

FINANCIAL HIGHLIGHTS AT A GLANCE

SEGMENTWISE MANUFACTURING SALES IN VOLUMES in TONS



Adhesives

(i) Consumer &Contract Manufacturing Adhesives (MAHACOL)

Branded consumer & Contract manufacturing adhesives products contributed 22% of the total volume sales of the Company. Consumer products include Wood adhesives, Packaging and Lamination Adhesives, Sticker Adhesives and Art and Craft Adhesives, Rubber & PU Adhesives and Tape Adhesives.

(ii) Industrial Adhesives

Industrial Adhesives contributes 11% of the total volume sales.

Construction Chemicals

Company has achieved 24% of total sales volumes from this segment.

Export

Company export's adhesives and emulsions to Nigeria, Kenya, Tanzania, Uganda, Nepal, Sri Lanka, Malaysia, Thailand, Bangladesh, UAE, Ethiopia, Indonesia which contributes to 2% of the total sales volume.

Speciality Emulsions

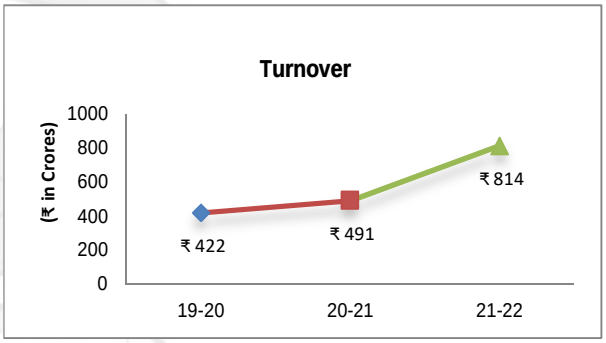
The Company's speciality emulsions contribute 41% of the total sales volumes

A) Paint Emulsions (EMDILITH, EMDICRYL)– 78% of the paint emulsions sales is supplied to large corporate paint manufacturers & the balance through distribution channels.

Out of the total sales volume of the Company, paint emulsions contribute 34%.

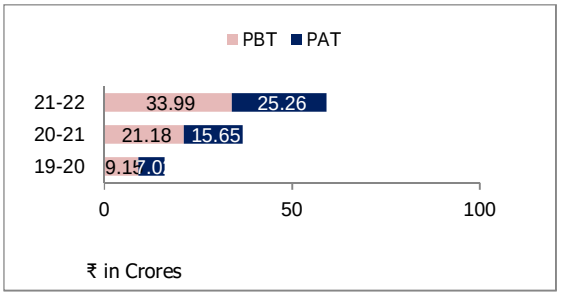
B) Textile Emulsions (EMDITEX, EMDIBIND)– The Company has a network for textile emulsions and binders through distributors PAN India, textile emulsions contribute 7% of the company's total sales volume.

TURNOVER



For the year ended 31st March, 2022 turnover is ₹. 814 cr. as compared to ₹. 491 cr. in the previous year. The increase is mainly due to better utilisation of plant capacity and increase in raw material prices.

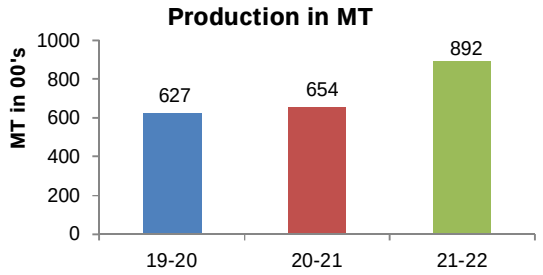
PROFITS



This year was a good year, company could increase margins on their products. **Profit Before Tax (PBT)** has been increased substantially from ₹ 21.18 cr. for the financial year 20-21 to ₹ 33.99 cr. for the financial

year 21-22 and **Profit After Tax (PAT)** also increased by 61.95 % from ₹ 15.65 cr. for the financial year 2021-22 to ₹ 25.26 cr. for the year ended 31st March, 2022.

MANUFACTURING



During the year the volume wise production has increased by 36.57% from 65377 MT in the financial year 2020-21 to 89290 MT in the year ended 31st March, 2022. However, in terms of value, the manufacturing sales has increased from ₹ 341.85 Crore to ₹ 634.41 Crore registering year on rise of 85.58 %.

TRADING

Trading segment registered growth in terms of value of 17.51% from ₹ 142.46 Crore in the financial year 2020-21 to ₹ 167.41 Crore in the year ended 31st March, 2022.

FOREIGN EXCHANGE FLUCTUATIONS

Your Company had a foreign currency gain of ₹ 210.96 Lakh in the financial year 2020-21 to ₹ 110.77 Lakh in the year ended 31st March, 2022.

Information pursuant to part B1(i) of Schedule V SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended.

Details of Significant changes in key financial ratios along with detail explanation:

Sr.	Particulars	Current Year	Previous Year	%Change
1.	Debtors Turnover (in days)	64.90	112.38	-42.25
2.	Inventory Turnover (%)	9.63	7.63	26.18
3.	Interest Coverage Ratio (%)	5.39	3.35	60.90
4a.	Operating Profit Margin (%)	5.41	6.38	-15.17
4b.	Net Profit Margin (%)	3.10%	3.19%	-2.62
4c.	Return on Networth (%)	29.56%	25.74%	14.82

1. Debtors Turnover: Timely & fast realisation from customers during the year resulting in decreased corresponding debtors & average credit period
2. Inventory Turnover: The increase in ratio is due to efficient inventory management.
3. Interest Coverage Ratio: Increased benefit of competitive finance rates from bank and increased profit as compared to previous year.
4. (a) Operating Profit Margin, (b) Net Profit Margin, (c) Return on Networth:
   Decrease in Operating Profit Margin & Net Profit Margin is due to increase in imported raw material cost but PBT & PAT has been substantially increased during the year resulting the increase in return on networth by 14.82%. The increase in the net profit is mainly due to high volume & value of sales

The Covid-19 Pandemic

We are still in the verge of the Covid-19 pandemic. The Covid-19 also has shattered many established beliefs, shaken up the value chains, prompted governments into actions and upended many consumer behaviours. All the businesses and governments focused on protecting the people and identifying the steps to recover from a deep health, economic and social work.

During the year 2021-22, Your Company had paid the attentions on the stock and flows and demand of the Customers, thereby put the efforts to maintain the availability of goods to its Customers. The COVID-19 pandemic also affected the chemical industry. The pandemic affected to your Company in the first quarter of f.y 2021-22 and after that it came into the normalacy as the relaxation was provided by the Government on movement of people and vaccination drive was started.

DIRECTOR'S REPORT

To The Members of Nikhil Adhesives Limited

The Board of Directors are pleased to present the thirty sixth Annual Report together with the Audited Accounts for the Financial Year ended 31st March, 2022.

In Financial Year 2022-23 your Company has continued the phase of positive outlook and witnessed the drastic growth and development both in operational as well as in financial segments.

FINANCIAL HIGHLIGHTS:

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

(Rs. In Lakh)

Particulars	**31st March, 2022**	**31st March, 2021**
Profit Before Depreciation and Tax	Rs. 3810.50	Rs. 2463.60
Less: Depreciation	Rs. 411.22	Rs. 345.99
Profit Before Tax	**Rs. 3399.28**	**Rs. 2117.61**
Less: Provision for Tax		
Current Tax	Rs. 832.00	Rs. 525.00
Deferred Tax	Rs. 40.87	Rs. 27.20
Profit After Tax	**Rs. 2526.41**	**Rs. 1565.41**

DIVIDEND

The Board of Directors has recommended a dividend of Re. 2/- (Rupee Two only) per equity share of face value of Rs. 10/- (Rupee Ten only) each for the Financial Year ended March 31, 2022 subject to approval of Shareholders.

RESULT OF OPERATIONS

(Rs. In Lakh)

Particulars	**2021-22**	**2020-21**	**%**
Sales Turnover	Rs.81373.69	Rs.49100.55	65.73%
Other Income	Rs.58.11	Rs. 28.94	00.82%
Operating Profit	Rs. 3989.56	Rs. 2784.31	3.29%
Total Comprehensive Income (Net Profit)	Rs.2525.78	Rs.1567.27	61.16%

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 Rs. 474.15 Lakh from its members. There has been no default in repayment of deposits or payment of interest during the year. No deposits have 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 Rs. 5,00,00,000/- (Rupees Five Crore only) divided into Rs. 49,50,000 (Forty-Nine Lakh and Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each and Rs. 50,000 (Fifty Thousand) 8% Preference Shares of Rs. 10/- (Rupees Ten) each.

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

CORPORATE GOVERNANCE

Your Company accepting the strong Corporate Governance and strives to maintain the highest Corporate Governance practice and standards. The detail report on the Corporate Governance is given in this Annual Report. The Certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under Regulation 34 of SEBI (LODR) Regulations, 2015 is also forms part of the report.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Board 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. 24,17,166 amounts towards CSR for the financial year 2021-22 after set off of excess amount of Rs. 99,774 spent in the financial year 2020-21, Out of the said amount the Company spent Rs.28,12,800 during the financial year ended 31st March, 2022. The Company has spent an excess of Rs.3,95,634 during the 2021-22. The CSR report is forming part of this attachment in Annexure IV 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, 2022, 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 had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
c. That had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the 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 Sections 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. 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.

Pursuant to Section 149, 152 read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014, and Regulation 17(1A) and other applicable regulation of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 Mr. Pravin K. Laheri (DIN: 00499080) and Mr. Naresh D. Bhuta (DIN: 01610043) were appointed as Independent Directors (Non-Executive) with effect from 01st April, 2021, by passing the Special Resolutions through Postal Ballot conducted on 26.03.2021, being the last of the Meeting.

Pursuant to 196, 197, 198 and 203 and other applicable provisions of the Companies Act, 2013, if any read with Schedule V to the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17 (1C) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company appointed Mr. Rabi R. Mishra (DIN: 02888975) as Wholetime Director and Chief Executive Officer of the Company with effect from 01st January, 2022, which is approved by the Shareholders by passing an Ordinary Resolution through Postal Ballot was conducted on 27.03.2022 as being the last of the Meeting.

The Board of Director in its meeting held on 17th December, 2021 appointed Ms. Gauri S. Trivedi (DIN: 06502788) as an Additional Director with effect from 01st January, 2022 and also approved her appointment as an Independent Director from the same date, which was subject to the approval of the Shareholders. The Shareholders given their approval for the appointment of Ms. Gauri S. Trivedi as an Independent Director through Postal Ballot conducted on 27.03.2022, being the last of the meeting.

The Board of Directors in its meeting held on 17th December, 2021 appointed Mr. Umesh J. Sanghavi, Managing Director as a Chairman of the Company designated as Chairman and Managing Director from the subsequent meetings.

During the year, Mrs. Anita U. Sanghavi resigned as a Chief Financial Officer, Key Managerial Personnel of the Company with effect from 18th February, 2022 and Mr. Anil P. Gupta was appointed as Chief Financial Officer, Key Managerial Personnel with effect from 18th February, 2022 in accordance with Section 203 and other applicable provisions of the Companies Act, 2013.

Further as on date of this report, the Board of Directors in its meeting held on 09th August, 2022 approved the change in designation of Mr. R. R. Mishra from Wholetime Director and Chief Executive Officer to Managing Director and Chief Executive Officer of the Company with effect from 01st September, 2022. In consequent to the change in designation of Mr. R. R. Mishra as above, the Board of Directors approved the Change in designation of Mr. Umesh J. Sanghavi from Chairman and Managing Director to Chairman and Wholetime Director designated as 'Executive Chairman' with effect from 01st September, 2022, the change in designation of the said Directors is subject to the approval of the Shareholders of the Company in this forthcoming Annual General Meeting of the Company.

The Board of Directors in its meeting held on 09th August, 2022 accept the resignation of Ms. Rachana Baria from the position of a Company Secretary and Compliance Officer, Key Managerial Personnel of the Company with effect from 12th August, 2022.

As on date of this report, the details of the Board of Directors and Key Managerial Personnel are as under;

1. Mr. Umesh J. Sanghavi – Chairman and Managing Director
2. Mr. R. R. Mishra – Wholetime Director and Chief Executive Officer
3. Mr. Rajendra J. Sanghavi – Wholetime Director
4. Mr. Tarak J. Sanghavi – Wholetime Director
5. Mr. Pravin K. Laheri – Independent Director
6. Mr. Naresh D. Bhuta – Independent Director
7. Mrs. Ishita T. Gandhi – Independent Director
8. Ms. Gauri S. Trivedi – Independent Director
9. Ms. Rachana Baria – Company Secretary & Compliance officer (till 11th August, 2022)
10. Mr. Anil P. Gupta – Chief Financial Officer

The Board of Directors comprises of highly qualified members who are possessed with the essential qualifications, skills, expertise and competencies in the areas of Sales & Marketing, Finance and Accounts, Leadership and Governance, Industry Knowledge, General Management and Governance, Relevant Technology which can enable them to take effective decisions in the conduct of the affairs of the Company and enhance the Stakeholders values.

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 and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015.

MEETINGS OF BOARD AND COMMITTEES

During the year under review, 6 Board Meetings were convened and held. The details thereof are given in the Report on Corporate Governance.

PERFORMANCE EVALUATION OF BOARD, COMMITTEES & DIRECTORS

As per the Listing Regulations, 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 Directors 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 term of reference which internally deals with the manner of selection of the Directors and the Key Managerial Personnel of the Company. The NRC recommends appointment of Director/re-appointment of Managing Director, Whole Time Directors and Independent 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, view points, 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 Shareholders of the Company at the 34th Annual General Meeting held on 31st December, 2020, appointed M/s. PPV & CO., Chartered Accountants (Firm Registration No. 153929W) as Statutory Auditors of the Company for a period of 5 years until the conclusion of Annual General Meeting to be held in the year 2025, at such remuneration including the out pocket expenses incurred during the audit process, which will be mutually agreed between the Board of Directors and the Auditor.

There are no qualifications or adverse remarks in the Auditors Report.

COST AUDITOR

The Board of Directors has re-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.

As per Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the accounts and records are made and maintained.

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, 2022. There are no adverse remarks or observations made by Messrs D. M. Zaveri & Co. in the Secretarial Audit Report except one observation i.e. there was a delay of 1 day in Publication of financial results in newspaper for the quarter ended 30thJune, 2021, which is required to be publish within 48 hours of Conclusion of Board Meeting as per Regulation 47 (1) and (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Due to outbreak of COVID 19 pandemic and consequential lockdown, there has been a nominal delay in the aforesaid compliance by the Company.

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 are on 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 the 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 including the modifications thereof. The Policy on materiality of Related Party Transactions and dealing with Related Party Transactions as approved by the Board is uploaded on the Company's website and the same is available at the web link http://www.nikhiadhesives.com.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTIONS 185 and 186 OF THE COMPANIES ACT, 2013

There are no Loans, Guarantees or Investment made during the year in pursuance to Sections 185 and 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

Extract of Annual Return of the Company is available on the website of the Company viz. www.nikhiladhesives.com.

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-III which is attached hereto and forms a part of the Director's 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.

f. During the year under review there are no shares in the demat suspense account or unclaimed suspense account of the Company.
g. The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.
h. The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.
i. During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 is furnished.
j. The Board of Directors have complied with applicable Secretarial Standards as specified u/s. 118 of Companies Act, 2013.
k. The Company confirms that it has paid the Annual Listing Fees for the year 2022-23 to BSE Ltd where the Company's Shares are listed.
l. During the Financial year no application has been made and no proceeding is pending under the Insolvency and Bankruptcy Code, 2016.
m. During the year under review, there were no instance of one-time settlement with banks or financial institutions and hence the differences in valuation as enumerated under Rule 8(5)(xii) of Companies (Accounts) Rules, 2014, as amended, do not arise.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

Pursuant to the provisions of Section 124 of the Companies Act, 2013 read with the Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and all the applicable amendments and re-enactments made thereunder, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company in the name of Investor Education and Protection Fund.

During the year under review, there is no unpaid dividend is required to be transferred to the Investor Education and Protection Fund Authority, the Company transferred the Dividend on Shares of Rs. 95,482.5 of f.y. 2020-21 to IEPF as per Section 124(6) of the Companies Act, 2013.

HUMAN RESOURCES

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

For and On behalf of Board of Directors

Sd/-
Umesh J. Sanghavi
Chairman and Managing Director
DIN: 00491220

Place: Mumbai
Date: 09th August, 2022

ANNEXURE- I

Secretarial Audit Report
Form No. MR-3
For the Financial year ended 31st March, 2022

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

To,
The Members,
Nikhil Adhesives Limited

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

Based on my verification of the Nikhil Adhesives Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial year ended on 31st March 2022, 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, 2022, 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
    b) India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
    e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not relevant / applicable during the year under review)
    f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not relevant/applicable during the year under review)
    g) 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;
    h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not relevant / applicable during the year under review)
    i) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; (Not relevant / applicable during the year under review)
    j) 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:

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;

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 there was a delay of 1 day in Publication of financial results in newspaper for the quarter ended 30 June, 2021, which is required to be publish within 48 hours of Conclusion of Board Meeting as per Regulation 47 (1) and (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in accordance with the provisions of the Act.

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
CP No.: 4363

Place: Mumbai
Date: 09th August, 2022

ICSI UDIN: F005418D000743078
Peer Review Certificate No.: 1187/2021

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

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes 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. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we 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 management. Our examination was limited to the verification of procedures 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.
7. Due to the pandemic caused by Covid–19 and prevailing lockdowns/restrictions on movement of people imposed by the Government, for the purpose of issuing this report, we have conducted our audit remotely based on the records and information made available to us by the Company electronically.

For D. M. Zaveri & Co
Company Secretaries

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

Place: Mumbai
Date: 09th August, 2022

ICSI UDIN: F005418D000743078

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 Directors, CFO and CS:

Sr. No	Name	Designation	Remuneration in paid for FY 2021-22 (In Rs.)	Remuneration paid for FY 2020-21 (In Rs.)	% increase in remuneration in the FY 2021-22	Ratio/ times per median of employee remuneration
1	Mr. Umesh J. Sanghavi	Chairman and Managing Director	22,31,730	17,19,678	29.78	6.86
2	Mr. Rabi R. Mishra	Executive-Wholetime Director and CEO	30,00,000	-	-	9.23
3	Mr. RajendraJ. Sanghavi	Executive-Whole Time Director	22,05,055	17,77,685	24.04	6.78
4	Mr. Tarak J. Sanghavi	Executive-Whole Time Director	22,05,055	17,77,685	24.04	6.78
5	Mrs. Anita U. Sanghavi	Chief Financial Officer	7,04,717*	7,97,756	-11.66	2.17
6	Mr. Anil P. Gupta	Chief Financial Officer	6,12,009*	-	-	1.88
7	Ms. Rachana Baria	Company Secretary& Compliance Officer	4,51,759	3,78,078	19.49	1.39

* The remuneration of Mrs. Anita U. Sanghavi is covered for a period from 01.04.2021 to 17.02.2022, as she resigned as CFO w.e.f. 18.02.2022. The remuneration of Mr. Anil P. Gupta is for the period from 18.02.2022 to 31.03.2022, as he was appointed as CFO w.e.f. 18.02.2022

Median remuneration of employees in FY 2021-22	Median remuneration of employees in FY 2020-21	Percentage increase/(decrease)
Rs. 3, 25, 109	Rs. 3, 60, 000	(9.69%)

2. No. of permanent employees as on 31st March, 2022: 281 Employees
3. Variation in market capitalisation, PE ratio:

Particulars	As on 31.03.2022	As on 31.03.2021	Percentage Change
Market Capitalisation of the Company	Rs. 330,97,33,720	Rs. 173,77,93,975	90.46%
PE Ratio	Rs. 13.10	Rs. 11.10	18.02%
Closing Market share Price (BSE)	Rs.720.40	Rs. 378.25	90.46%

4. 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 2021-22	Percentile increase in managerial personnel remuneration in FY 2021-22	Justification
0.08%	76.62%	The increase in salaries of managerial personnel remuneration is commensurate with their individual performance attributable to the growth of the Company.

5. The key parameters for any variable component of remuneration availed by Directors: There is no variable component in the remuneration paid to Directors.
6. There is no employees who have received remuneration in excess of the highest paid Director.
7. This is to affirm that the above remuneration is paid as per the Remuneration Policy of the Company.

ANNEXURE- III

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, 2022 is given herein 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. Replacement and Rewound of Motors, which 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. Gardening and plantation to help reducing pollution.
   f. Upgradation of effluent treatment plant is continued. Treated water is used for washing & cleaning.
   g. Better utilization of energy and water.
   h. The Company has installed the solar energy system in its plant at Silvassa. And it has installed the solar water heating system in its plant at Dahej and Dahanu which provides 12KL water in a day with 70 degree Celsius in Dahej Plant and 1KL water in a with 70 degree Celsius at its Dahanu plant. The Company is trying best to expand the capacity from the above limit and also the installation of solar energy and water heating system in other plants of the Company is in process.

2. **The Steps taken by the Company for utilising alternate sources of energy:**
   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.

   In meantime the solar heating system is also plays crucial roles in protecting the environment, it is reliable and secure energy source, and eco friendly product which lead to fewer chemicals is being emitting in the environment.

   Management has understood the advantages of solar power and solar heating systems, has initiated the process and installed the min its units as mentioned in the point 1(h) which will help considerably to reduce power bill and fewer chemical emission as well as conserving energy and in turn helping to reduce pollution and protect the environment.

3. **The capital investment on energy conservation equipments:**
   Rs. 12.8 Lakh was 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.**

   Rs. 18.83 Lakh was 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.1,900.90 Lakh and foreign exchange outgo in terms of actual outflows is Rs. 24,658.81 Lakh.

For and Behalf of the Board of Directors

Sd/-
Umesh J. Sanghavi
Chairman and Managing Director
DIN: 00491220

Place: Mumbai
Date: 09th August, 2022

ANNEXURE- IV

CORPORATE SOCIAL RESPONSIBILITY REPORT

1) Brief outline on CSR Policy of the Company-

The objective of the CSR Policy ("Policy") is to lay down the guiding principles in undertaking various programs and projects by or on behalf of the Company in accordance with the Corporate Social Responsibility ("CSR') within the meaning of Section 135 of the Companies Act, 2013 read with Schedule Vll of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (Rules").

2) Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings CSR Committee attended during the year
1.	Mr. Pravin K. Laheri (Chairman)	Non-Executive Director	2	2
2.	Mr. Rajendra J. Sanghavi (Member)	Wholetime Director	2	2
3.	Mr. Umesh J. Sanghavi (Member)	Managing Director	2	2
4.	Mr. Tarak J. Sanghavi (Member)	Whole Time Director	2	2

*****Mr. Pravin K. Laheri was appointed as Non-Executive Independent Director of the Company w.e.f. 01st April, 2021, Board approved the appointment of him as a Chairman of the CSR Committee w.e.f. 01st April, 2021.

3) Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: www.nikhiladhesives.com

4) Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

5) Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

SI. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be setoff for the financial year, if any (in Rs.)
1	2020-21	99,774	99,774
	Total	99,774	99,774

6) Average net profit of the Company as per Section 135(5): Rs. 12,58,47,015

7) a) Two percent of average net profit of the Company as per Section 135(5):Rs. 25,16,940
b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
c) Amount required to be set off for the financial year, if any: Rs. 99,774
d) Total CSR obligation for the financial year (7a+7b-7c): Rs.24,17,166

8. a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (inRs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer

₹ 28,12,800	Not Applicable	Not Applicable

b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)	
SL. No.	**Name of the Project**	**Item from the list of activities in Schedule VII to the Act.**	**Local area (Yes/No).**		**Project duration.**	**Amount allocated for the project (inRs.)**	**Amount spent in the current financial Year (in Rs.)**	**Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)**	**Mode of Implementation - Direct (Yes/No)**	**Mode of Implementation - Through Implementing Agency**	
			State.	**District.**						**Name**	**CSR Registration Number**
Not Applicable											

Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)		(6)	(7)	(8)	(9)
SL. No.	**Name of the Project**	**Item from the list of activities in Schedule VII to the Act.**	**Local area (Yes/No).**		**Amount allocated for the project (in ₹)**	**Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)**	**Mode of Implementation Direct (Yes/No)**	**Mode of Implementation Through Implementing Agency**
			State.	**District**				**Name** / **CSR Registration No.**
1	Eradicating hunger, promoting health care	(i)	Yes Gujarat	Dahanu	Rs.3,16,800	Nil	No	Jeevan Jyot Charitable Trust CSR00014284
2	Promoting health care and preventing health care	(i)	Yes Maharashtra	Mumbai	Rs.9,00,000	Nil	No	Kapol Yuvak Mandal CSR00014329
3	Research Project	(ix)(a)	Yes Maharashtra	Mumbai	Rs.15,96,000	Nil	No	The Institute of Chemical Technology CSR00006632
Total		**Rs. 28,12,800**						

d) Amount spent in Administrative Overheads: Nil

e) Amount spent on Impact Assessment, if applicable: Nil

f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 28,12,800

g) Excess amount for set off, if any: Rs. 3,95,634

Sl. No.	Particular	Amount
1.	Two percent of average net profit of the company as per Section 135(5)	Rs.25,16,940
Less:	Set off of excess expenditure of FY 2020-21	Rs. 99,774
	Net amount required to be spent(i)	Rs. 24,17,166
2.	Total amount spent for the Financial Year (ii)	Rs. 28,12,800
3.	Excess amount spent for the financial year [(ii)-(i)]=(iii)	Rs.3,95,634
4.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any(iv)	Nil
5.	Amount available for set off in succeeding financial years [(iii)-(iv)]	Rs. 3,95,634

9. a) Details of Unspent CSR amount for the preceding three financial years:

SI. No.	**Preceding Financial Year**	**Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)**	**Amount spent in the reporting Financial Year (in ₹)**	**Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any.**			**Amount remaining to be spent in succeeding financial years (in ₹)**
				Name of the Fund	**Amount (in ₹)**	**Date of transfer**	
1	Nil	Nil	Nil	Nil			Nil
	Total		**Nil**				

b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

1.	2.	3.	4.	5.	6.	7.	8.	9.
SI. No	**Project ID**	**Name of the Project.**	**Financial Year in which the project was commenced.**	**Project duration.**	**Total amount allocated for the project (in ₹)**	**Amount spent on the project in the reporting Financial Year (in ₹)**	**Cumulative amount spent at the end of reporting Financial Year (in ₹)**	**Status of the project - Completed /Ongoing**
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Nil

(asset-wise details)

a) Date of creation or acquisition of the capital asset(s): Nil
b) Amount of CSR spent for creation or acquisition of capital asset: Nil
c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Nil
d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).: Nil

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

Sd/-
Mr. Umesh Sanghavi
Executive Chairman
DIN: 00491220

Sd/-
Mr. Pravin K. Laheri
Non-Executive- Independent Director
(Chairman of CSR Committee)
DIN: 00499080

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 19-05-2022.
2. We, PPV & CO, 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, 2022, 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, 2022.

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 PPV & CO
Chartered Accountants
(Firm Registration No.153929W)

Priyanshi Vakharia
Proprietor
Membership No.: 181834
UDIN: 22181834AKDKTO7718

Place: Mumbai
Date: 21-05-2022

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

Your Company firmly believes in and continues to practice good Corporate Governance and believes that good Corporate Governance is essential for achieving the long term goals and to enhance the Stakeholders' value. 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 composition of our Board is well aligned with the relevant provisions of the Companies Act, 2013 ("Companies Act"), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Board currently consists of 8 directors out of which, 4 are Independent Directors. The Board of Directors of your Company comprises of Executive-Chairman, Executive-CEO, Executive-Managing Director, Executive-Whole Time Directors and Non-Executive Independent Directors. The Board of Directors comprises of highly qualified members and with considerable professional experiences, expertise, leadership, and guidance to the management.

Composition of our Board, Status, No. of Board Meeting and Last AGM attended, Details of Directorship and Committees Membership and name of the Listed Companies as on 31st March, 2022:

Name of Directors	Status	No. of Board Meetings attended	Attendance at Annual General Meeting (29.09.2021)	No. of Directorship in the Listed Companies including this Company and Name of the Company****	No. of Other Committees Membership in the Public Companies Including this Company, whether Listed or not**	
					Chairman	Member
Mr. U. J. Sanghavi (DIN: 00491220)**	Chairman and Executive Managing Director, Promoter	6	Attended	1	-	-
Mr. R. R. Mishra (DIN: 02888975)*	Executive Wholetime Director and CEO	1	Not Applicable	1	-	-
Mr. R. J. Sanghavi (DIN: 00245637)	Executive Whole Time Director, Promoter	6	Attended	1	-	-
Mr. T. J. Sanghavi (DIN: 00519403)	Executive Whole Time Director, Promoter	6	Attended	1	-	-
Mr. Pravin K. Laheri (DIN: 00499080)	Non-Executive Independent Director	5	Attended	2	2	3
Mr. Naresh D. Bhuta (DIN: 01610043)	Non-Executive Independent Director	4	Not Attended	1	-	3
Mrs. Ishita Gandhi	Non-Executive Independent	6	Attended	1	2	1

(DIN: 07137098)	Director					
Ms.Gauri S. Trivedi (DIN: 06502788)***	Non-Executive Independent Director	1	Not Applicable	5	2	6

***** Mr. R. R. Mishra was appointed as Wholetime Director and Chief Executive Officer of the Company w.e.f. 01st January, 2022.

****** The Board of Directors in its meeting held on 17th December, 2021 appointed Mr. Umesh J. Sanghavi, Managing Director as a Chairman of the Company designated as Chairman and Managing Director from the subsequent meetings.

***Ms. Gauari S. Trivedi was appointed as an Additional Director w.e.f. 01st January, 2022, and with the approval of the Shareholders appointed as an Independent Director w.e.f. 01st January, 2022.

********As per in Schedule V C(2)(C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of name of other Listed Companies in which the following Directors holds Directorship, and other Directors are only associated with the Company as provided in the above table.

Sr. No.	Name of the Directors	Name of the Listed Companies in which concerned Director is a Director	Category of Directorship
1.	Mr. Pravin K. Laheri	PI Industries Limited	Non-Executive Independent Director
2.	Ms. Gauri S. Trivedi	Denis Chem Lab limited The Sandesh Limited Adani Power Limited Adani Total Gas Limited	Non-Executive Independent Director

*****The details of the Committees chairmanship and membership include the Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee but does not the Corporate Social Responsibility Committee as per Regulation 26 of the SEBI (LODR) Regulations, 2015.

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 Executive Directors and Non Executive Independent Directors.

Skills/Expertise/Competence of the Board of Directors (as on 31st March, 2022)

Name of the Directors	Mr. Umesh J. Sanghavi	Mr. R. R. Mishra	Mr. Rajendra J. Sanghavi	Mr. Tarak J. Sanghavi	Mr. Pravin K. Laheri	Mr. Naresh D. Bhuta	Mrs. Ishita D. Gandhi	Ms. Gauri S. Trivedi
Sales & Marketing	✓	✓		✓				
General Management and Governance	✓	✓	✓	✓	✓	✓	✓	✓
Finance and Accounts	✓	✓	✓	✓	✓	✓	✓	✓
Leadership and Governance	✓	✓	✓	✓	✓	✓	✓	✓
Industry Knowledge	✓	✓	✓	✓	✓	✓	✓	✓
Relevant Technology	✓	✓	✓	✓	✓	✓	✓	✓
Business & Senior Management	✓	✓	✓	✓	✓	✓	✓	✓

Performance Evaluation of Board, Committee and Directors

A formal annual evaluation was carried out by the Board of it's own performance and that of it's 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 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, interalia, by ensuring compliance with the requirements of the Companies Act, 2013 and code of corporate governance.

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

Board Meetings

During the financial year ended on 31st March, 2022, 6 Board Meetings were held on 29th May, 2021; 30th June, 2021; 07th August, 2021; 11th November, 2021; 17th December, 2021; and 11th February, 2022.

All material information are circulated to the Directors before the meeting or placed at the meeting including minimum information as required under the Listing Regulations. Owing to COVID-19 pandemic, the Directors were given the facility to attend the meeting through Video Conferencing (VC) or Other Audio-Visual Means (OAVM). 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 of all laws applicable to your Company as prepared and compiled and circulated to all the Directors along with the agenda and placed/reviewed in each Board Meeting.

The Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of your Company and the same has been posted on the website of your Company (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	6	6	11th June, 2021, 30th June, 2021, 07th August, 2021, 11th November, 2021, 17th December, 2021, 11th February, 2022
2	Mr. Pravin K. Laheri (Member)*	Non Executive/ Independent	6	6	
3	Mr. Naresh D. Bhuta (Member)*	Non Executive/ Independent	6	5	

*Mr. Pravin K. Laheri and Mr. Naresh D. Bhuta are appointed as Members of this Committee from 01st April, 2021, who are appointed as Non-Executive Independent Directors of the Company w.e.f. 01st April, 2021.

All the Members of the Audit Committee have accounting and financial management knowledge and expertise/exposure. The representative of Statutory Auditor is invited to the meeting.

Ms. Rachana Baria, Company Secretary and Compliance Officer act as a Secretary of the Committee.

The Chairman of the Committee was present at the last Annual General Meeting held on 29.09.2021

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;
- 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;
- changes, if any, in accounting policies and practices and reasons for the same;
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions;
- 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	1	1	30.06.2021
2	Mr. Pravin K. Laheri (Member)*	Executive/Non-Independent	1	1	
3	Mr. Naresh D. Bhuta (Member)*	Non Executive/ Independent	1	1	

*Mr. Pravin K. Laheri and Mr. Naresh D. Bhuta are appointed as Members of this Committee from 01st April, 2021, who are appointed as Non-Executive Independent Directors of the Company w.e.f. 01st April, 2021.

The details of the Shareholders' complaints received during the financial year:

Number of shareholders complaints received so far	1
Number of shareholders complaint resolved	1
Number of shareholders complaint pending	Nil

Number of shareholders complaint pending	Nil

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 appointment and remuneration packages for Directors and senior management personnel.

Sr. No.	Name of the Directors	Status	No. of Meetings held	No. of Meetings attended	Date of Remuneration Committee Meetings
1	Mr. Pravin K. Laheri (Chairman)*	Non Executive/ Independent	3	3	30.06.2021, 17.12.2021 & 11.02.2022
2	Mr. Ishita T. Gandhi (Member)	Non Executive/ Independent	3	3	
3	Mr. Naresh D. Bhuta (Member)*	Non Executive/ Independent	3	2	

*Mr. Pravin K. Laheri and Mr. Naresh D. Bhuta are appointed as Members of this Committee from 01st April, 2021, who are appointed as Non-Executive Independent Directors of the Company w.e.f. 01st April, 2021.

Terms of Reference:

- formulation of 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;
- For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates;
- formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- devising a policy on diversity of Board of Directors;
- identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

Remuneration Policy

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel and employees of the Company and to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the Listing Agreement with the Stock Exchange as per the requirements of SEBI (LODR) Regulations, 2015 (earlier old listing agreement) the Company has formulated "Nomination and Remuneration Policy." This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

Remuneration to Directors

The remunerations for the financial year 2021-22 are as follows:

Name of the Directors	Status	Salary	Bonuses	Contribution to Provident Fund	Commission	Sitting Fees	Total
Mr. Umesh J. Sanghavi	Executive Chairman and Managing Director	22,31,730	-	1,58,400	-	-	23,90,130
Mr. R. R. Mishra	Executive Wholetime Director and CEO	30,00,000	-	-	-	-	30,00,000
Mr. R. J. Sanghavi	Executive Chairman, Whole Time Director	22,05,055	-	1,58,400	-	-	23,63,455
Mr. T. J. Sanghavi	Executive Whole Time Director	22,05,055	-	1,58,400	-	-	23,63,455
Mr. Pravin K. Laheri	Non Executive/ Independent Director	-	-	-	-	2,10,000	2,10,000
Mr. Naresh D. Bhuta	Non Executive/ Independent Director	-	-	-	-	1,65,000	1,65,000
Mrs. Ishita T. Gandhi	Non Executive/ Independent Director	-	-	-	-	2,10,000	2,10,000
Ms. Gauri S. Trivedi	Non Executive/ Independent Director	-	-	-	-	15,000	15,000

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, 2022

Name of the Director	Nature of Directorship	No. of Shares held	Percentage to the paid- up capital
Mrs. Ishita T. Gandhi	Non-Executive Independent	1000	0.02
Mr. Pravin K. Laheri	Non-Executive Independent	-	-
Mr. Naresh D. Bhuta	Non-Executive Independent	-	-
Ms. Gauri S. Trivedi	Non-Executive Independent	-	-

Independent Directors Meeting:

During the year under review, a separate meeting of Independent Directors was held on 11th February, 2022, interalia to discuss:

- Evaluation of the performance of Non-Independent Directors and Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking 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 present in the meeting except Mr.Naresh D. Bhuta was granted leave of absences.

Corporate Social Responsibility Committee

As specified in the Section 135 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014,The Constitution of the CSR Committee is not mandatorily applicable to the Company. As a matter of good practice and compliance of law in future aspects, the CSR Committee has been constituted voluntarily by the Board of Directors. The details of which are as follows;

Sr. No.	Name of the Director	Status	No. of the Meeting Held	No. of meeting attended
1	Mr. Pravin K. Laheri	Chairman	2	2
2	Mr. Rajendra J. Sanghavi	Member	2	2
3	Mr. Umesh J. Sanghavi	Member	2	2
4	Mr. Tarak J. Sanghavi	Member	2	2

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 30.06.2021 and 17.03.2022.

The detailed terms of reference of the Corporate Social Responsibility Committee 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 are given below:

Financial Year	AGM	Date	Locations	Time	No. of Special Resolutions passed
2020-21	35th	29th September, 2021	The meeting conducted through Video Conferencing (VC)/other Audio Visual means (OAVM) at the Registered Office of the Company as a deemed venue of the meeting.	11.30 AM	0
2019-20	34th	30th December, 2020	The meeting conducted through Video Conferencing (VC)/other Audio Visual means (OAVM) at the Registered Office of the Company as a deemed venue of the meeting.	11.30 AM	4
2018-19	33rd	30th September, 2019	The Andheri Recreation Club, Dadabhai Road, Opposite Bhavans College Road, Andheri (West), Mumbai - 400058	11.00 AM	2

Details of Special Resolutions passed in the previous three AGMs:

Date of AGM	Particulars of Special Resolutions passed there at
30th December, 2020	1. To Re-appoint of Mrs. Ishita Gandhi (DIN: 07137098) as an Independent Director for 2nd term of 5 years. 2. To Re-appoint of Mr. Rajendra J. Sanghavi (DIN: 00245637) as a Whole Time Director for a period of 3 years. 3. To Re-appoint of Mr. Umesh J. Sanghavi (DIN: 00491220) as a Managing Director for a period of 3 years. 4. To Re-appoint of Mr. Tarak J. Sanghavi (DIN: 00519403) as a Whole Time Director for a period of 3 years.
30th September, 2019	1. To re-appoint Mr. M. M. Vora (DIN: 00245427) as a Non-Executive Independent Director for term 2 years. 2. To re-appoint Mr. H. S. Kamath (DIN: 002628018) as a Non-Executive Independent Director for term 2 years.

Postal Ballots:

During the year under review, there was no Special Resolution passed during the year. However, the Company passed the following Ordinary Resolutions through Postal Ballot vide notice dated 25.02.2022, results of which announced on 28.03.2022. The Voting period commenced from 26.02.2022 to 27.03.2022. Mr. D. M. Zaveri & Co., Company Secretaries (Membership No. 5418) was appointed as the Scrutinizer to scrutinize the Postal Ballot process only by voting through electronic means (remote e-voting) in a fair and transparent manner.

a) Appointment of Mr. R. R. Mishra (DIN:02888975), as Wholetime Director and Chief Executive Officer of the Company for a period of 5 years – Ordinary Resolution
b) Appointment of Ms. Gauri S. Trivedi (DIN: 06502788), as an Independent Director (Non-Executive) of the Company for a period 5 years – Ordinary Resolution

The Postal Ballot Conducted in accordance with the provisions of Sections 108 and 110 of the Companies Act, 2013 ("the Act") read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 ("the Rules") as amended from time to time including any statutory modification(s) or re-enactment(s) thereof for the time being in force and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and other applicable laws and regulations, if any. Considering the outbreak of Covid-19, Ministry of Corporate Affair advised vide its General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, General Circular No. 10/2021 dated 23th June, 2021, and General Circular No. 20/2021 dated 08thDecember, 2021 that the Postal Ballot Notice shall be sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories/RTA. The Members were entitled to exercise their voting rights only trough remote e-voting. The Company authorised the Central Depository Service Limited (CDSL), for providing e-voting facilities to the Shareholders through their e-voting platform www.evotingindia.com.

Particular of Resolutions	Total Valid Votes	Votes in favour of Resolutions			Votes against the Resolutions			Invalid Votes	
		No of ballot / e-voting entry	Nos	% to total valid votes	No of ballot / evoting entry	Nos	% to total valid votes	No of ballot/ evoting Entry	Nos
Appointment of Mr. R. R. Mishra (DIN:02888975), as Wholetime Director and Chief Executive Officer of the Company for a period of 5 years	2204241	41	2204191	99.99	1	50	0.0023	0	0
Appointment of Ms. Gauri S. Trivedi (DIN: 06502788), as an Independent Director (Non-Executive) of the Company for a period 5 years	2204241	41	2204241	99.99	1	50	0.0023	0	0

No Resolution is proposed to be passed through Postal Ballot.

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 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. 36 of Notes to financial statements in the Annual Report.
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.

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.

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 timely paid the Annual Listing Fees to BSE Ltd. and Annual Custodial Fees to NSDL and CDSL for the Financial Year 2022-23.

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 Chief Executive Officer and Chief Financial Officer have furnished a duly signed Certificate to the Board for the year ended 31st March, 2022 in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 the Company till 11th August, 2022 under the Company's Code of Conduct for Prevention of Insider Trading. 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. There was no complaint under this mechanism received during the year. The policy of Vigil Mechanism/Whistle Blower 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 compliant with all applicable mandatory requirements of the provisions of the SEBI LODR for the March 31, 2022.

l) 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.

m) During the year, the Board has accepted all recommendations made by various Committees of Board of Directors of the Company.

n) The Company has complied with the requirements of Corporate Governance Report of sub paras (2) to (10) mentioned in Para C of Schedule V of SEBI LODR and disclosed necessary information as specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI LODR at the respective places in this report.

o) The total fees paid to M/s. PPV & CO, Statutory Auditor of the Company in relation to the Statutory Audit is given in the financial statements.

p) 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.

q) The Certificate from a Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified by the Board/Ministry of Corporate Affairs or any such Statutory Authority is given under this Report.

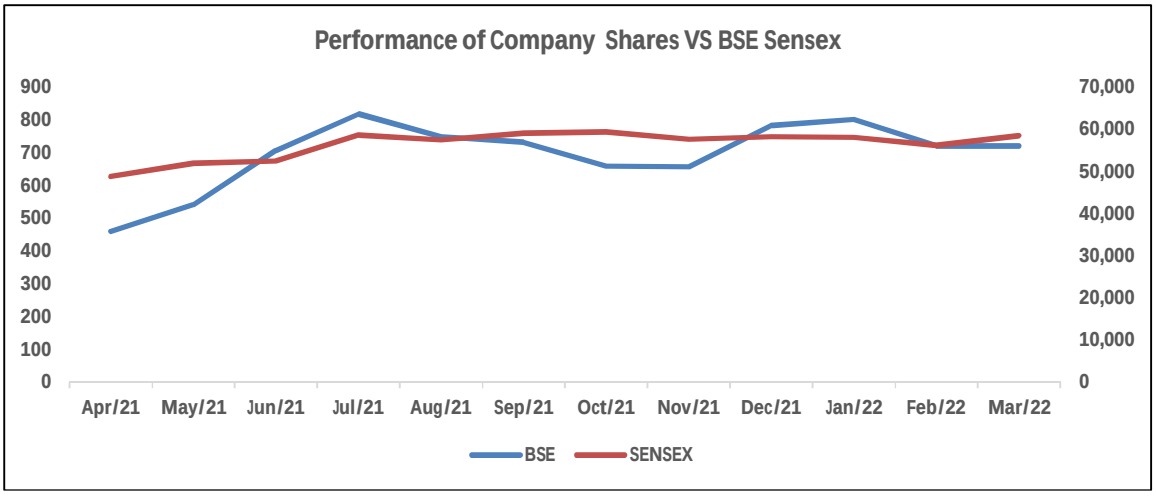
Means of Communication

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 financial results are uploaded on your Company's website (www.nikhiladhesives.com).

General Shareholder Information

1. Annual General Meeting Date, Time and Deemed Venue : Monday, 12th September, 2022, 12:00 PM. (through VC/OVAM facility) (The Registered Address is deemed venue) 315, The Summit Business Bay, Behind Gurunanak Petrol Pump, Opp. Cinemax, Andheri-Kurla Road, Andheri (East), Mumbai – 400093.
2. Financial Year : 2021-2022
3. Date of Book Closure/Cut-off date of e-voting : 06th September, 2022 - 12th September, 2022/ 05th September, 2022
4. Date of Payment of Dividend : within 30 days of 36th AGM
5. Financial Calendar (Tentative) :
   - Unaudited financial result for the quarter ended 30th June, 2022 : by August 14, 2022
   - Unaudited financial result for the quarter ended 30th September, 2022 : 2nd Week of November, 2022
   - Unaudited financial result for the quarter ended 30th December, 2022 : 2nd Week of February, 2023
   - Audited financial result for the year ending 31st March, 2023 : 4th Week of May, 2023
   - Annual General Meeting for the year ending 31st March, 2023 : 30th September, 2023
6. Listing of Stock Exchange and its address : BSE Ltd. Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400 001
7. Stock Code on BSE Ltd. : 526159
8. Demat ISIN number NSDL & CDSL : INE926C01014
9. Grievance redressal division email : investors@nikhiladhesives.com
10. High/Low Share Price during last financial year (Month wise) :

Month	BSE		SENSEX	
	High	Low	High	Low
April- 2021	460.35	351.00	50,375.77	47,204.50
May- 2021	584.00	422.70	52,013.22	48,028.07
June-2021	794.95	530.00	53,126.73	51,450.58
July- 2021	1003.60	724.00	53,290.81	51802.73
August- 2021	892.55	665.95	57,625.26	52,804.08
September- 2021	796.00	705.00	60,412.32	57,263.90
October- 2021	730.00	623.00	62,245.43	58,551.14
November-2021	757.85	620.00	61,036.56	56,382.93
December- 2021	916.00	620.00	59,203.37	55,132.68
January- 2022	1000.00	775.00	61,475.15	56,409.63
February- 2022	879.95	650.00	59,618.51	54,383.20
March- 2022	759.95	603.60	58,890.52	52,260.82



11. Distribution Schedule of number of shares as on 31st March, 2022:

Shares	No. of Holders	%	No. of Shares	%
Upto 500	4611	94.70	261645	5.69
501 to 1000	114	2.34	95538	2.08
1001 to 5000	88	1.81	180777	3.93
5001 to 10000	16	0.33	114894	2.50
10001 to above	40	0.82	3941446	85.79

Category of Shareholding as on 31st March, 2022:

Category	No. of Shares	% of Shareholding
A. Promoter's Holding		
1. Promoters		
a. Indian Promoters	25,01,010	54.44
b. Foreign Promoters	-	-
2. Persons acting in concert	-	-
SUB TOTAL (A)	**25,01,010**	**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)	-	-
4. Others		
a. Bodies Corporate	6,90,765	15.04
b. Indian Public	12,58,689	27.40
c. NRI's and OCB's	11,778	0.26
d. Clearing Members	1523	0.03
e. Trusts	-	-
f. HUF	66,490	1.45
g. IEPF MCA Account	64,045	1.39
SUB TOTAL (B)		
GRAND TOTAL (A+B)	**45,94,300**	**100.00**

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

13.	Share Transfer Systems	: Since your Company's shares are compulsorily traded in the demat segment on the BSE, bulk of the transfers takeplace in the electronic form. The Share Transfer held in stipulated time, if documents are clear in all aspects. The Share Certificate duly endorsed are returned immediately to the Shareholders by RTA. The details of transfers/transmission, are placed before the Stakeholders Relationship Committee for noting/confirmation.
14.	Dematerialisation of Shares and Liquidity	: Trading in Equity Shares of your Company is Permitted only in dematerialised form. The request of dematerialisation are processed and confirmed within the time. Total No. of Shares dematerialised upto 31st March, 2022 is 4532420 i.e. 98.65% of the total share capital of your Company.
15.	Issue of any GDRs, ADRs etc.	: Your Company has not issued any GDRs, ADRs, Warrants or any Convertible Instruments
16.	Plant Locations	: **Plant 1**: Shreeji Industrial Estate, Vadkun College Road, Dahanu, Dist. Palghar – 401602. **Plant 2**: Plot No. 7A & 7B, 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.
17.	Registered Office Address	: 315, The Summit Business Bay, Behind Gurunanak Petrol Pump, Opp. Cinemax, Andheri-Kurla Road, Andheri (East), Mumbai – 400093, Maharashtra.
18.	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 Email id- rnt.helpdesk@linkintime.co.in

DECLARATION

As required under Schedule V(D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board Members and the Senior Management Personnel have confirmed compliances with the Code of Conduct for the Board of Directors and the Senior Management for the year ended 31st March, 2022.

For, **Nikhil Adhesives Limited**

Sd/-
R. R. Mishra
Wholetime Director and Chief Executive Officer

Place: Mumbai
Date: 09.08.2022

CEO AND CFO CERTIFICATION

To,
The Members
Nikhil Adhesives Limited,
Mumbai.

Re: Financial Statements for the year 2021-22 Certification by the CEO 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, 2022 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 the 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, 2022 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.

Sd/-
R. R. Mishra
Wholetime Director and Chief Executive Officer
09th August, 2022

Sd/-
Anil P. Gupta
Chief Financial Officer
09th August, 2022

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 – 400 093

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 – 400 093 (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 2022 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.	Rabi Ramnath Mishra	02888975	01/01/2022
3.	Rajendra Jayantilal Sanghavi	00245637	29/09/1986
4.	Tarak Jayantilal Sanghavi	00519403	01/10/1987
5.	Pravin Kanubhai Laheri	00499080	01/04/2021
6.	Naresh Damodardas Bhuta	01610043	01/04/2021
7.	Ishita Tushar Gandhi	07137098	28/03/2015
8.	Gauri Surendra Trivedi	06502788	01/01/2022

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: 09th August, 2022

ICSI UDIN: F005418D000743067

INDEPENDENT AUDITOR'S REPORT

To the Members of Nikhil Adhesives Limited

Report on the Audit of the Standalone 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 2022, 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 financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 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, and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, 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 Standalone 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 thereunder, 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 on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the key audit matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone 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 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 financial statements.

Key audit matters	How our audit addressed the key audit matters
Capitalization of property plant and equipment. The Company has incurred capital expenditure at their factories in augmenting and enhancing its existing production facilities. The items of property, plant and equipment that were ready for its intended use, as determined by the management, have been capitalized in the current year,meeting the recognition requirement under Ind AS.	Our audit procedures included: • Examining the management's assessment of the assumptions considered in estimation of useful life of the assets capitalized. • Assessing on a test check basis the nature of additions made to property, plant and equipment, to conclude whether the expenditure meets the recognition criteria set out in para 16 to 22 of Ind AS 16, including the intended use of such assets as determined by the management.
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.	Our audit procedures with regard to revenue recognition included testing controls for cut-offs and performing analytical review procedures.
Increased risk of non recovery of debts in retail/consumer segment.	The issue was addressed by performing extensive procedures to establish the recoverability of the debts, including realizations subsequent to the balance sheet date.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the standalone 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 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 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 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 the Standalone 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 these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 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 internal control.
- 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 system 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 standalone 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 going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone 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 financial statements for the financial year ended 31 March 2022 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, 2020 ("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. A] 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, 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 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 with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in **Annexure B** to this report;

B] 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

(a) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 42 to the said financial statements;

(b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company pertaining to the applicable Financial Year 2013-14 since no dividend was declared for the said financial year.

(d) (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 41B(ix) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in note 41B(x) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies),including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (d) (i) and (d) (ii) above contain any material mis-statement.

(e) The final dividend declared and paid by the Company during the year is in accordance with Section 123 of the Act as applicable.

C] 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 according to the explanations given to us, the managerial remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V to the Act.

For PPV & CO
Chartered Accountants
Firm Registration No.153929W

Priyanshi Vakharia
Proprietor
Membership No.: 181834
UDIN: 22181834AJMZBR1043
Mumbai
21 May 2022

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 financial statements for the year ended March 31, 2022:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company does not have any intangible assets and hence clause 3(i)(a)(B) of the Order is not applicable.

(b) The Property, Plant and Equipment have been 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, the title deeds of all immovable properties (other than properties where the Company is the lessee and lease agreements are duly executed in favour of the lessee) disclosed in standalone financial statements, are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, plant and equipment (including Right-of-use assets) hence clause 3(i)(d) of the Order is not applicable.

(e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder and hence clause 3(i)(e) of the Order is not applicable.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in aggregate for each class of inventory were noticed.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. According to the information and explanation given and reviewed by us,the quarterly statements filed by the Company with such banks are generally in agreement with the unaudited books of account and the differences between the quarterly returns and books of account are explainable and not material in nature.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year hence clause (iii) is not applicable.

(iv) In our opinion and according to the information and explanation given to us, the Company has not granted loans, not made investments, not given guarantees and securities during the year to parties covered under section 185 and 186 of the Act. Accordingly, compliance under section 185 and 186 of the Act is not applicable to 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, duty of custom, Goods and Service Tax (GST), provident fund, employees' state insurance, cess and other statutory dues as applicable, and as at March 31, 2022, 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 GST, provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, value added tax, cess or other statutory dues which have not been deposited by the Company on account of disputes, except for the following:

Statute	Financial Year	Dispute Forum	Amount (Rs in Lakhs)
Income Tax	2016-17	Commissioner of Income Tax Appeals-CIT- Appeal)	1.36
Sales Tax	2003-04	Deputy Commissioner of Sales Tax (Appeal)	68.79

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the term loans taken by the Company were applied for the purpose for which the loans were taken.

(d) According to the information and explanations given to us, we report that funds raised on short-term basis have not been utilised for long term purposes by the Company.

(e) According to the information and explanation given to us, the Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Companies Act, 2013) during the year ended 31 March 2022. Accordingly, clause 3(ix)(e) is not applicable.

(f) According to the information and explanation given to us, the Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Companies Act, 2013) during the year ended 31 March 2022. Accordingly, clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised any moneys by way of initial public offer or further Public offer (including debt instruments) during the year. Accordingly, clause (x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause (x)(b) of the Order is not applicable.

(xi) (a) According to the information and explanation given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) There were no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
(b) Internal auditor's reports for the period under audit have been considered by us.

(xv) In our opinion and 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 and hence, provisions of Section 192 of the Companies Act 2013 are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India, 1934. Accordingly, clause 3(xvi) (a) of the Order is not applicable.
(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India, 1934. Accordingly, clause 3(xvi) (a) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi) (d) are not applicable.

(xvii) The Company has not incurred cash losses in the current and immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditor during the year. Accordingly, clause (xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet, as and when they fall due, within a period of one year from the balance sheet date. We however, state that our reporting is not an assurance on the future viability of the Company. We further state that our reporting is based on the facts upto the date of the audit report and we neither give any guarantee nor any assurance that all the liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us there is no amount unspent under sub section (5) of Section 135 of the Companies Act 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For PPV & CO
Chartered Accountants
Firm Registration No.153929W

Priyanshi Vakharia

Proprietor

Membership No.: 181834

UDIN: 22181834AJMZBR1043

Mumbai

21st May 2022

Annexure B

Referred to in paragraph 2(A)(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 standalone financial statements for the year ended March 31, 2022.

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, 2022, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to the standalone 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to the standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting with reference to the Standalone Financial Statements

A Company's internal financial control over financial reporting with reference to the standalone financial statements 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 standalone 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 Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to the standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to the standalone financial statements and such internal financial controls with reference to the standalone financial statements were operating effectively as at March 31, 2022, 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 issued by the Institute of Chartered Accountants of India.

For PPV & CO
Chartered Accountants
Firm Registration No.153929W

Priyanshi Vakharia
Proprietor
Membership No.: 181834
UDIN: 22181834AJMZBR1043
Mumbai
21 May 2022

NIKHIL ADHESIVES LTD
BALANCE SHEET AS AT 31ST MARCH 2022

(Amount in lakhs)

Particulars	Note No.	As at 31st March 2022	As at 31st March 2021
ASSETS:			
1. Non-current assets:			
(a) Property, Plant and Equipment	2	6,436.59	5,425.42
(b) Capital Work-in-Progress	3	119.84	14.16
(c) Other Intangible assets	4	-	-
(d) Financial Assets			
(i) Investments	5	0.37	7.15
(ii) Other Non-Current Financial Assets	6	48.19	40.66
(e) Other Non-Current Assets	7	65.25	80.71
TOTAL NON CURRENT ASSETS		**6,670.24**	**5,568.10**
2. Current Assets:			
(a) Inventories	8	7,571.42	7,181.35
(b) Financial Assets			
(i) Trade Receivables	9	14,469.83	15,117.76
(ii) Cash and Cash Equivalents	10	488.77	176.45
(iii) Bank Balances other than above	11	116.45	110.25
(iv) Other Current Financial Assets		-	-
(c) Current Tax Assets (net)		1,516.19	476.08
(d) Other Current Assets	12	767.72	440.13
TOTAL CURRENT ASSETS		**24,930.38**	**23,502.02**
TOTAL ASSETS		**31,600.62**	**29,070.12**
EQUITY AND LIABILITIES:			
I. EQUITY			
(a) Equity Share Capital	13	460.50	460.50
(b) Other Equity	14	8,084.76	5,627.88
TOTAL EQUITY		**8,545.26**	**6,088.38**
II. LIABILITIES			
1. NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	15	1,788.79	1,979.19
(ia) Lease liabilities	15a	31.38	51.86
(ii) Other Non-Current Financial Liabilities	16	147.79	113.77
(b) Provisions	17	68.51	77.28
(c) Deferred Tax Liabilities (net)	18	375.89	335.55
TOTAL NON-CURRENT LIABILITIES		**2,412.38**	**2,557.65**
2. CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	19	318.28	167.26
(ia) Lease liabilities	19a	20.48	51.40
(ii) Trade Payables	20		
(A) total outstanding dues to micro enterprises and small enterprises		295.05	-
(B) total outstanding dues to creditors other than micro enterprises and small enterprises		15,749.48	16,021.32
(iii) Other Current Financial Liabilities	21	1,578.97	1,634.20
(b) Other Current Liabilities	22	1,101.06	1,810.68
(c) Provisions	23	71.89	47.43
(d) Current Tax Liabilities (net)		1,507.77	690.80
TOTAL CURRENT LIABILITIES		**20,642.98**	**20,424.09**
TOTAL EQUITY AND LIABILITIES		**31,600.62**	**29,070.12**
Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For PPV & Co.
Chartered Accountants
Firm Registration No. 153929W

Priyanshi Vakharia
(Proprietor)
Membership No. 181834

Place : Mumbai
Date : 21st May 2022

For and on behalf of the Board of Directors

Rabi Mishra
(Chief Executive Officer)
DIN : 02888975

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

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

Ishita T. Gandhi
(Independent Director)
DIN : 07137098

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

Anil Gupta
(Chief Financial Officer)
M. No. 078912

Rachana Baria
(Company Secretary)
M. No. A53336

NIKHIL ADHESIVES LTD
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2022

(Amount in lakhs)

Particulars	Note No.	Year Ended 31st March 2022	Year Ended 31st March 2021
INCOME			
Revenue from operations	24	81,373.69	49,100.55
Other income	25	58.11	28.94
Total income		**81,431.80**	**49,129.49**
EXPENSE			
Cost of materials consumed	26	55,963.67	28,012.71
Purchases of stock in trade	27	16,506.52	13,837.73
Changes in inventories of finished goods work-in-progress and stock-in-trade	28	(1,419.34)	(442.00)
Employee benefits expense	29	1,361.07	1,170.36
Finance costs	30	590.28	666.71
Depreciation and amortization expense	31	411.22	345.99
Other expenses	32	4,619.11	3,420.38
Total expenses		**78,032.52**	**47,011.88**
Profit before exceptional items and tax		3,399.28	2,117.61
Exceptional items		-	-
Profit before tax		**3,399.28**	**2,117.61**
Tax expense			
Current tax		832.00	525.00
Deferred tax		40.87	27.20
Total tax expenses		**872.87**	**552.20**
Profit for the year		**2526.41**	**1565.41**
Other comprehensive income			
Items that will not be reclassified to profit & loss			
Change in fair value of financial assets		1.18	3.18
Remeasurements of net defined benefit plans		(2.16)	(1.75)
Tax effect of above		0.35	0.44
Total other comprehensive income /(loss)		**(0.63)**	**1.87**
Total comprehensive income for the year		**2525.78**	**1567.28**
Earnings per equity share (Face value of Rs.10/- per share)			
Basic		54.99	34.07
Diluted		54.99	34.07

Significant Accounting Policies 1

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For PPV & Co.
Chartered Accountants
Firm Registration No. 153929W

Priyanshi Vakharia
(Proprietor)
Membership No. 181834

Place : Mumbai
Date: 21st May 2022

For and on behalf of the Board of Directors

Rabi Mishra
(Chief Executive Officer)
DIN : 02888975

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(Independent Director)
DIN : 07137098

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

Anil Gupta
(Chief Financial Officer)
M. No. 078912

Rachana Baria
(Company Secretary)
M. No. A53336

NIKHIL ADHESIVES LTD

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital **(Amount in lakhs)**

Particulars	Balance as at 1st April 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1st April 2021	Changes in Equity Share Capital during the year	Balance as at 31st March 2022
Authorised					
49,50,000 (49,50,000) Equity shares of Rs.10/- each	495.00	-	495.00	-	495.00
50,000 (50,000) 8% Preference shares of Rs. 10/- each	5.00	-	5	-	5.00
Issued			-		
45,94,300 (45,94,300) Equity shares of Rs. 10/- each	459.43	-	459.43	-	459.43
Subscribed and fully paid up			-		
45,94,300 (45,94,300) Equity shares of Rs. 10/- each fully paid up	459.43	-	459.43	-	459.43
Add : Forfeited shares account	1.07	-	1.07	-	1.07
Total	**460.50**		**460.50**	**-**	**460.50**

B.Other Equity **(Amount in lakhs)**

Particulars	Share Application Money Pending Allotment	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Remeasurements of Net Defined Benefit Plans	Total
		Capital Reserve	Securities Premium	General Reserve	Retained Earnings			
Balance as at 1st April 2021 (A)	-	**4.00**	**1500.00**	**642.87**	**3511.95**	**1.38**	**(32.31)**	**5627.89**
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
Restated balance as at 1st April 2021 (B)	-	**4.00**	**1,500.00**	**642.87**	**3,511.95**	**1.38**	**(32.31)**	**5,627.89**
Profit for the year (C)					2,526.41			2526.41
Other Comprehensive Income/(Loss) for the year, net of tax (D)						0.99	(1.62)	(0.63)
Total Comprehensive Income/(Loss) for the year, net of tax (C+ D) = E	**-**	**-**	**-**	**-**	**2526.41**	**0.99**	**(1.62)**	**2525.78**
Dividend paid (F)	-	-	-	-	(68.91)	-	-	(68.91)
Transfer to retained earnings	-	-	-	-	-	-	-	-
Balance as at 31st March 2022 (B+E-F) = G	**-**	**4.00**	**1500.00**	**642.87**	**5969.45**	**2.37**	**(33.93)**	**8,084.76**

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For PPV & Co.
Chartered Accountants
Firm Registration No. 153929W

Priyanshi Vakharia
(Proprietor)
Membership No. 181834

Place : Mumbai
Date: 21st May 2022

For and on behalf of the Board of Directors

Rabi Mishra
(Chief Executive Officer)
DIN : 02888975

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

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

Anil Gupta
(Chief Financial Officer)
M. No. 078912

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

Ishita T. Gandhi
(Independent Director)
DIN : 07137098

Rachana Baria
(Company Secretary)
M. No. A53336

NIKHIL ADHESIVES LIMITED

A. Equity Share Capital **(Amount in lakhs)**

Particulars	Balance as at 1st April 2020	Changes in Equity Share Capital due to prior period	Restated balance as at 1st April 2020	Changes in Equity Share Capital during the year	Balance as at 31st March 2021
Authorised					
49,50,000 (49,50,000) Equity shares of Rs.10/- each	495.00	-	495.00	-	495.00
50,000 (50,000) 8% Preference shares of Rs. 10/- each	5.00	-	5.00	-	5.00
Issued			-		
45,94,300 (45,94,300) Equity shares of Rs. 10/- each	459.43	-	459.43	-	459.43
Subscribed and fully paid up			-		
45,94,300 (45,94,300) Equity shares of Rs. 10/- each fully paid up	459.43	-	459.43	-	459.43
Add : Forfeited shares account	1.07	-	1.07	-	1.07
Total	**460.50**		**460.50**	-	**460.50**

B. Other Equity **(Amount in lakhs)**

Particulars	Share Application Money Pending Allotment	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Remeasurements of Net Defined Benefit Plans	Total
		Capital Reserve	Securities Premium	General Reserve	Retained Earnings			
Balance as at 1st April 2020 (A)	-	**4.00**	**1500.00**	**642.87**	**1,992.48**	**(1.80)**	**(31.00)**	**4,105.55**
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
Restated balance as at 1st April 2020 (B)	-	**4.00**	**1,500.00**	**642.87**	**1,992.48**	**(1.80)**	**(31.00)**	**4,105.55**
Profit for the year (C)	-	-	-	-	1,565.41	-	-	1,565.41
Other Comprehensive Income/(Loss) for the year, net of tax (D)	-	-	-	-	-	3.18	(1.31)	1.87
Total Comprehensive Income/(Loss) for the year, net of tax (C+ D) = E	**-**	**-**	**-**	**-**	**1,565.41**	**3.18**	**(1.31)**	**1,567.28**
Dividend paid (F)	-	-	-	-	(45.94)	-	-	(45.94)
Transfer to retained earnings	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Balance as at 31st March 2022 (B+E-F) = G	-	**4.00**	**1500.00**	**642.87**	**3,511.95**	**1.38**	**(32.31)**	**5,627.88**

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For PPV & Co.
Chartered Accountants
Firm Registration No. 153929W

Priyanshi Vakharia
(Proprietor)
Membership No. 181834

Place : Mumbai
Date: 21st May 2022

For and on behalf of the Board of Directors

Rabi Mishra
(Chief Executive Officer)
DIN : 02888975

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

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

Anil Gupta
(Chief Financial Officer)
M. No. 078912

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

Ishita T. Gandhi
(Independent Director)
DIN : 07137098

Rachana Baria
(Company Secretary)
M. No. A53336

NIKHIL ADHESIVES LTD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2022

(Amount in lakhs)

Particulars	For the year ended 31st March 2022		For the year ended 31st March 2021	
A. Cash flows from Operating Activities				
Profit before income tax		**3,399.28**		**2,117.61**
Non-cash and not operating adjustment to profit before tax:				
Depreciation and amortisation expense	411.22		345.99	
Allowance for expected credit loss	(6.53)		18.71	
Provision for gratuity	13.54		12.16	
Finance costs	590.28		666.71	
Bad debts written off	50.74		88.12	
Unrealised exchange differences (gain)/loss	(110.78)	948.47	(28.68)	1,103.01
		4,347.75		3,220.62
Change in operating assets and liabilities :				
Decrease/(increase) in trade receivables	642.28		(5,757.64)	
Decrease/(increase) in inventories	(390.07)		(3,512.21)	
Increase/(decrease) in trade payables	95.42		7,382.44	
Decrease/(Increase) in other non-current financial assets	(7.54)		10.51	
Increase/(decrease) in other non-current financial Liabilities	23.10		17.82	
Decrease/(increase) in other non-current assets	5.59		(15.58)	
Decrease/(increase) in other current assets	(327.59)		51.01	
Increase/(decrease) in other current financial liabilities	(112.65)		366.22	
Increase/(decrease) in other current liabilities	(746.73)	(820.19)	856.66	(600.77)
Cash generated from operations		3,527.56		2,619.85
Direct taxes paid (net of refunds)		(1,055.31)		(326.08)
Net cash flows from/(used in) Operating Activities (A)		2,472.25		2,293.77
B. Cash flows from Investing Activities				
Payments for acquisition of property, plant and equipment (net)	(1,518.20)		(725.67)	
Proceeds from sale of investments	7.97		-	
Term deposits with banks (placed)/ matured(net)	(6.20)		(16.63)	
Net Cash Flows from/(used in) Investing Activities (B)		(1,516.43)		(743.30)
C. Cash flows from Financing Activities				
Net Cash Flows from/(used in) in Financing Activities (C)				
Dividend paid	(68.91)		(45.94)	
Proceeds / (Repayment) of long term borrowings (net)	(190.40)		424.68	
Proceeds / (Repayment) of short term borrowings (net)	205.23		(1,133.86)	
Finance costs	(590.42)		(721.01)	
Net Cash Flows from/(used in) Financing Activities (C)		(643.50)		(1,476.13)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		312.32		75.35
Cash and cash equivalents at the beginning of the year		176.45		101.11
Cash and cash equivalents at the end of the year		**488.77**		**176.46**

Notes:

Cash and cash equivalents are as under:

(Amount in lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Cash in hand	5.09	6.34
Balances with banks in current accounts	483.68	170.11
Total	**488.77**	**176.45**

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 PPV & Co.
Chartered Accountants
Firm Registration No. 153929W

Priyanshi Vakharia
(Proprietor)
Membership No. 181834

Place : Mumbai
Date: 21st May 2022

For and on behalf of the Board of Directors

Rabi Mishra
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DIN : 02888975

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(Executive Director)
DIN : 00519403

Anil Gupta
(Chief Financial Officer)
M. No. 078912

Rachana Baria
(Company Secretary)
M. No. A53336

NIKHIL ADHESIVES LTD
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 considerablv 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.

(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.

C. Financial Liabilities

(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.

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 LTD
Notes forming part of the financial statements

Note : 2 Property, Plant and Equipment

(Amount in lakhs)

As at 31st March, 2022

Particulars	Gross Block				Accumulated Depreciation/Amortization				Net Block	
	As at 1st April 2021	Additions	Adjustments	As at 31st March 2022	As at 1st April 2021	For the year	Adjustments	As at 31st March 2022	As at 31st March 2022	As at 31st March 2021
Own Assets :										
Land	370.55	61.46	-	432.01	-	-	-	-	432.01	370.55
Buildings	1,565.96	242.87		1,808.83	299.56	54.45	-	353.01	1,455.82	1,266.40
Plant & Equipment	5,456.85	989.34	-	6,446.19	2,016.93	281.74	-	2,298.67	4,147.51	3,439.92
Furniture and Fixtures	96.62	53.10	-	149.72	62.28	7.50	-	69.78	79.94	34.34
Vehicles	77.22	55.49	-	132.71	55.45	7.78	-	63.23	69.48	21.77
Computers	87.83	17.90	-	105.73	79.33	6.77	-	86.10	19.63	8.50
Phone	0.88	1.26	-	2.14	0.21	0.29	-	0.50	1.64	0.67
Assets under Lease :										
Land under lease	199.51	-	-	199.51	15.06	1.61	-	16.67	182.84	184.45
Right to use of lease hold premises	166.15	-	-	166.15	79.57	43.83	-	123.40	42.75	86.58
Lease Improvement	36.30	-	-	36.30	24.07	7.26	-	31.33	4.97	12.23
Total	**8,057.87**	**1,421.42**	**-**	**9,479.29**	**2,632.46**	**411.22**	**-**	**3,042.69**	**6,436.59**	**5,425.42**

As at 31st March, 2021

(Amount in lakhs)

Particulars	Gross Block				Accumulated Depreciation/Amortization				Net Block	
	As at 1st April 2020	Additions	Adjustments	As at 31st March 2021	As at 1st April 2020	For the year	Adjustments	As at 31st March 2021	As at 31st March 2021	As at 31st March 2020
Own Assets :										
Land	370.55	-	-	370.55	-	-	-	-	370.55	370.55
Buildings	1,277.27	288.69	-	1,565.96	252.49	47.07	-	299.56	1,266.40	1,024.78
Plant & Equipment	4,423.10	1,033.75	-	5,456.85	1,787.63	229.30	-	2,016.93	3,439.92	2,636.47
Furniture and Fixtures	90.80	5.82	-	96.62	55.44	6.84	-	62.28	34.34	35.36
Vehicles	77.22	-	-	77.22	49.79	5.66	-	55.45	21.77	27.43
Computers	81.31	6.52	-	87.83	74.99	4.34	-	79.33	8.50	6.31
Phone	0.77	0.11	-	0.88	0.12	0.09	-	0.21	0.67	0.65
Assets under Lease :										
Land under lease	199.51	-	-	199.51	13.45	1.61	-	15.06	184.45	186.07
Right to use of lease hold premises	166.15	-	-	166.15	35.74	43.83	-	79.57	86.58	130.41
Lease Improvement	36.30	-	-	36.30	16.81	7.26	-	24.07	12.23	19.49
Total	**6,722.98**	**1,334.89**	**-**	**8,057.87**	**2,286.46**	**345.99**	**-**	**2,632.46**	**5,425.42**	**4,437.52**

NIKHIL ADHESIVES LTD

Notes forming part of the Financial Statements

Note : 3 Capital Work-In-Progress

As at 31st March 2022 **(Amount in lakhs)**

Particulars	Gross Block				Accumulated Depreciation/Amortization				Net Block	
	As at 1st April 2021	Additions	Transfer to Property Plant and Equipment	As at 31st March 2022	As at 1st April 2021	For the year	Transfer to Property Plant and Equipment	As at 31st March 2022	As at 31st March 2022	As at 31st March 2021
Capital work-in-progress	14.16	119.84	(14.16)	119.84	-	-	-	-	119.84	14.16
Total	**14.16**	**119.84**	**(14.16)**	**119.84**	**-**	**-**	**-**	**-**	**119.84**	**14.16**

As at 31st March 2021 **(Amount in lakhs)**

Particulars	Gross Block				Accumulated Depreciation/Amortization				Net Block	
	As at 1st April 2021	Additions	Transfer to Property Plant and Equipment	As at 31st March 2021	As at 1st April 2021	For the year	Transfer to Property Plant and Equipment	As at 31st March 2021	As at 31st March 2021	As at 31st March 2020
Capital work-in-progress	565.04	14.16	(565.04)	14.16	-	-	-	-	14.16	565.04
Total	**565.04**	**14.16**	**(565.04)**	**14.16**	**-**	**-**	**-**	**-**	**14.16**	**565.04**

Capital Work-In-Progress ageing schedule

CWIP	CWIP for a period of				As at 31st March 2022
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	119.84	-	-	-	119.84
Projects temporarily suspended	-	-	-	-	-

CWIP	CWIP for a period of				As at 31st March 2021
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	14.16	-	-	-	14.16
Projects temporarily suspended	-	-	-	-	-

There are no Capital Work-In-Progress where completion is overdue against original planned timelines or where estimated cost exceeds its original placed cost as on 31st March 2022 and 31st March 2021.

Note : 4 Other Intangible Assets

As at 31st March 2022 **(Amount in lakhs)**

Particulars	Gross Block				Accumulated Depreciation/Amortization				Net Block	
	As at 1st April 2021	Additions	Sale/Disposal	As at 31st March 2022	As at 1st April 2021	For the year	Sale/Disposal	As at 31st March 2022	As at 31st March 2022	As at 31st March 2021
Other Intangible Assets										
Own Assets :										
Goodwill	6.50	-	-	6.50	6.50	-	-	6.50	-	-
Trademarks	10.99	-	-	10.99	10.99	-	-	10.99	-	-
Technical know how	30.75	-	-	30.75	30.75	-	-	30.75	-	-
MDC logo	35.00	-	-	35.00	35.00	-	-	35.00	-	-
Non compete agreement	10.00	-	-	10.00	10.00	-	-	10.00	-	-
Total	**93.24**	**-**	**-**	**93.24**	**93.24**	**-**	**-**	**93.24**	**-**	**-**

As at 31st March 2021 **(Amount in lakhs)**

Particulars	Gross Block				Accumulated Depreciation/Amortization				Net Block	
	As at 1st April 2020	Additions	Sale/Disposal	As at 31st March 2021	As at 1st April 2020	For the year	Sale/Disposal	As at 31st March 2021	As at 31st March 2021	As at 31st March 2020
Other Intangible Assets										
Own Assets :										
Goodwill	6.50	-	-	6.50	6.50	-	-	6.50	-	-
Trademarks	10.99	-	-	10.99	10.99	-	-	10.99	-	-
Technical know how	30.75	-	-	30.75	30.75	-	-	30.75	-	-
MDC logo	35.00	-	-	35.00	35.00	-	-	35.00	-	-
Non compete agreement	10.00	-	-	10.00	10.00	-	-	10.00	-	-
Total	**93.24**	**-**	**-**	**93.24**	**93.24**	**-**	**-**	**93.24**	**-**	**-**

There are no Intangible assets under development

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NIKHIL ADHESIVES LTD
Notes forming part of the Financial Statements

Note: 5 Investments

(Amount in lakhs)

Particular	As at 31st March 2022	As at 31st March 2021
(At fair value)		
Trade (quoted)		
Investment in:		
Mutual fund units : BOI AXA MIDCAP TAX FUND	-	6.61
Equity shares fully paid up : 800 (PY 800) equity shares of Bank of India of Rs.10/- each	0.37	0.54
Total	**0.37**	**7.15**

Note: 6 Other Non-Current Financial Assets

(Amount in lakhs)

Particular	As at 31st March 2022	As at 31st March 2021
Security deposits (other than utility deposits)	48.19	40.66
Total	**48.19**	**40.66**

Note: 7 Other Non-Current Assets

(Amount in lakhs)

Particular	As at 31st March 2022	As at 31st March 2021
Capital Advances	21.42	31.29
Security deposits - utility	41.33	41.33
Other loans and advances	-	3.53
Prepaid rent	2.50	4.56
Total	**65.25**	**80.71**

Note: 8 Inventories

(Amount in lakhs)

Particular	As at 31st March 2022	As at 31st March 2021
(At lower of cost or net realisable value)		
Finished goods in transit	156.89	-
Finished goods	2,095.23	1,524.23
Fuels	6.32	6.87
Packing materials	333.31	254.41
Raw material and components	4,067.80	5,175.42
Stock in trade	911.87	220.42
Total	**7,571.42**	**7,181.35**

NIKHIL ADHESIVES LTD
Notes forming part of the Financial Statements

Note: 9 Trade Receivables

(Amount in lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Unsecured, considered good	**14,550.64**	**15,205.10**
Less: Expected credit loss allowance	(80.81)	(87.34)
Total	**14,469.83**	**15,117.76**

(Amount in lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Balance at the beginning of the year	87.34	68.63
Movement in expected credit loss allowance	(6.53)	18.71
Balance at the end of the year	**80.81**	**87.34**

Trade Receivables ageing schedule **(Amount in lakhs)**

Particulars	Outstanding for following periods from due date of payment					As at 31st March 2022
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	14,517.27	32.79	0.58	-	-	14,550.64
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
SUB-TOTAL	**14,517.27**	**32.79**	**0.58**	**-**	**-**	**14,550.64**
Less: Expected credit loss allowance						(80.81)
TOTAL						**14,469.83**

Trade Receivables ageing schedule **(Amount in lakhs)**

Particulars	Outstanding for following periods from due date of payment					As at 31st March 2021
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	15,147.36	51.12	6.63	-	-	15,205.11
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
SUB-TOTAL	**15,147.36**	**51.12**	**6.63**	**-**	**-**	**15,205.11**
Less: Expected credit loss allowance						(87.34)
TOTAL						**15,117.77**

Note: 10 Cash and Cash Equivalents

(Amount in lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Balance with banks in current accounts	483.68	170.11
Cash on hand	5.09	6.34
Total	**488.77**	**176.45**

Note: 11 Bank Balances other than above

(Amount in lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Term deposits with more than three months maturity but due within one year from reporting date	114.99	108.38
In earmarked accounts		
Unpaid Dividend Account	1.46	1.87
Total	**116.45**	**110.25**

NIKHIL ADHESIVES LTD
Notes forming part of the Financial Statements

Note : 12 Other Current Assets

(Amount in lakhs)

Particulars	**As at 31st March 2022**	**As at 31st March 2021**
Unsecured, considered good :		
Advance to suppliers	281.55	46.15
GST balance	370.50	260.19
Prepaid expenses	54.82	43.88
Advances recoverable in cash or in kind	60.85	89.91
Total	**767.72**	**440.13**

Note : 13 Equity Share Capital

(Amount in lakhs)

Particulars	**As at 31st March 2022**	**As at 31st March 2021**
Authorised		
49,50,000 (49,50,000) Equity shares of Rs. 10/- each	495.00	495.00
50,000 (50,000) 8% Preference shares of Rs.10/- each	5.00	5.00
Issued		
45,94,300 (45,94,300) Equity shares of Rs.10/- each	459.43	459.43
Subscribed and fully paid up		
45,94,300 (45,94,300) Equity shares of Rs. 10/- each fully paid up	459.43	459.43
Add : Forfeited shares account	1.07	1.07
Total	**460.50**	**460.50**

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

Particulars	**As at 31st March 2022**		**As at 31st March 2021**	
	No. of Shares	**Amount in lakhs**	**No. of Shares**	**Amount in lakhs**
At the beginning of the year	45,94,300	459.43	45,94,300	459.43
Outstanding at the end of the year	45,94,300	459.43	45,94,300	459.43

(b) Terms/rights attached to equity shares:

The Company has one class of Equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for 1 vote per share held. The dividend if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

During the year ended 31st March 2022, the Company had paid final dividend of Rs. 1.5 per Equity Share of face value of Rs 10/-

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

Name of Shareholder	**As at 31st March 2022**		**As at 31st March 2021**	
	No. of Shares	**% holding**	**No. of Shares**	**% holding**
Equity shares of Rs. 10/- each fully paid :				
Vasantben J. Sanghavi	5,00,260	10.89	5,00,260	10.89
Mrunalini R. Sanghavi	4,32,673	9.42	4,32,673	9.42
Anita U. Sanghavi	3,02,104	6.58	3,02,104	6.58
Rekha T. Sanghavi	4,45,483	9.70	4,45,483	9.70
Vasant Polymers & Chemicals Private Limited	5,03,600	10.96	5,03,600	10.96

(d) Disclosure of Shareholding of Promoters

Shares held by promoters at the end of the current year					% Change during the year
Promoter Name	As at 31st March 2022		As at 31st March 2021		
	No. of shares	% of total shares	No. of shares	% of total shares	
Vasantben Jayantilal Sanghavi	5,00,260	10.89	5,00,260	10.89	-
Rekha Tarak Sanghavi	4,45,483	9.70	4,45,483	9.70	-
Mrunalini Rajendra Sanghavi	4,32,673	9.42	4,32,673	9.42	-
Anita Umesh Sanghavi	3,02,104	6.58	3,02,104	6.58	-
Rajendra Jayantilal Sanghavi	1,19,700	2.61	1,19,700	2.61	-
Tarak Jayantilal Sanghavi	1,12,490	2.45	1,12,490	2.45	-
Umesh Jayantilal Shanghavi	95,340	2.08	95,340	2.08	-
Nikhil Umesh Sanghavi	86,785	1.89	86,785	1.89	-
Hemal Umesh Sanghavi	85,785	1.87	85,785	1.87	-
Rajendra Jayantilal Sanghavi HUF	55,100	1.20	55,100	1.20	-
Umesh Jayantilal Sanghavi HUF	54,700	1.19	54,700	1.19	-
Tarak Jayantilal Sanghavi HUF	53,550	1.17	53,550	1.17	-
Avni Vinit Bhuva	36,150	0.79	36,150	0.79	-
Ami Tarak Sanghavi	32,170	0.70	32,170	0.70	-
Tulsi Rajendra Sanghavi	32,070	0.70	32,070	0.70	-
Janaki Tarak Sanghavi	32,000	0.70	32,000	0.70	-
Ashok Jayantilal Sanghavi	23,180	0.50	23,180	0.50	-
Payal Ashok Sanghavi	700	0.02	700	0.02	-
Sagar Ashok Sanghavi	470	0.01	470	0.01	-
Ashok Jayantilal Sanghavi (HUF)	300	0.01	300	0.01	-
	25,01,010	**54.44**	**25,01,010**	**54.44**	

(e) Details of forfeited shares :

Class of shares	As at 31st March 2022		As at 31st March 2021	
	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs
Equity shares	0.21	1.07	0.21	1.07

NIKHIL ADHESIVES LTD
Notes forming part of the Financial Statements

Note 14 Other Equity

(Amount in lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Reserves and Surplus		
Capital Reserve		
Balance at the beginning of the year	4.00	4.00
Addition during the year	-	-
Deductions during the year	-	-
Balance at the end of the year	**4.00**	**4.00**
Securities Premium		
Balance at the beginning of the year	1,500.00	1500.00
Addition during the year	-	-
Deductions during the year	-	-
Balance at the end of the year	**1,500.00**	**1,500.00**
Retained Earnings		
Balance at the beginning of the year	3,511.94	1992.48
Profit/(Loss) for the year	2,526.41	1565.40
Dividend paid to equity shareholders	(68.91)	(45.94)
Balance at the end of the year	**5,969.44**	**3,511.94**
General Reserve		
Balance at the beginning of the year	642.87	642.87
Addition during the year	-	-
Deductions during the year	-	-
Balance at the end of the year	**642.87**	**642.87**
Other Comprehensive Income		
Balance at the beginning of the year	(30.93)	(32.80)
Movement in other comprehensive income (net)	(0.63)	1.87
Balance at the end of the year	(31.56)	(30.93)
Total Other Equity	**8,084.76**	**5,627.88**

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 of Rs. 0.63 lakhs consists of :
(i) Remeasurement loss on employees defined benefit expenses of Rs. 2.16 lakhs and deferred tax asset thereon of Rs. 0.54 lakhs
(ii) Fair value loss arising out of change in fair value of investment in equity shares of Rs. 1.79 lakhs
(iii) Gain on sale of units of mutual fund of Rs. 2.97 lakhs and tax thereon of Rs. 0.19 lakhs

NIKHIL ADHESIVES LTD
Notes forming part of the Financial Statements

Note 15 Borrowings

(Amount in lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Secured :		
From banks :		
Vehicle finance	19.43	4.06
From others		
Term loans	1,336.41	1,740.22
Total	1,355.84	1,744.28
Unsecured :		
Deferred payment liabilities		
Sales tax deferral	5.53	5.53
Deposits		
From shareholders	427.42	229.38
Total	432.95	234.91
Grand total	**1,788.79**	**1,979.19**

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

(Amount in lakhs)

Particulars	Security and terms of repayment as at 31st March 2022	As at 31st March 2022	As at 31st March 2021
Term loans from others: **Aditya Birla Finance Ltd**	(a) Secured against first charge on present and future movable and immovable fixed assets of the plant at Tumkur, Banglore (b) Repayable in 69 monthly installments, last installment being due in Jan 2028. (c) Rate of Interest is 9% p.a	468.60	513.82

Note 15 Borrowings

(Amount in lakhs)

HDFC Bank Ltd			
Term Loan I	(a) Secured against first charge on present and future movable and immovable fixed assets of the plant at Dahei (b) Repayable in 23 monthly installments, last installment being due in Feb 2024. (c) Rate of Interest is 8.95% p.a	195.23	375.44
Term Loan II	(a) Secured against first charge on present and future movable and immovable fixed assets of the plant at Dahej (b) Repayable in 31 monthly installments, last installment being due in Sep 2024. (c) Rate of Interest is 8.95% p.a	65.36	102.02
Term Loan III	(a) Secured against first charge on present and future movable and immovable fixed assets of the plant at Dahej (b) Repayable in 56 monthly installments, last installment being due in Nov 2026. (c) Rate of Interest is 8.95% p.a	281.16	352.00
Term Loan IV	(a) Secured against first charge on present and future movable and immovable fixed assets of the plant at Dahej (b) Repayable in 63 monthly installments, last installment being due in June 2027. (c) Rate of Interest is 8.95% p.a	326.06	396.95
Total		**1,336.41**	**1,740.23**
Vehicle Finance			
ICICI Bank			
Vehicle I	(a) Secured against hypothecation of the vehicle financed. (b) Repayable in 10 monthly installments, last installment being due in January 2023. (c) Rate of Interest is 8.01%.	-	4.06
HDFC Bank			
Vehicle II	(a) Secured against hypothecation of the vehicle financed. (b) Repayable in 48 monthly installments, last installment being due in December 2026. (c) Rate of Interest is 8.01%.	19.43	-
Total		**19.43**	**4.06**

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

Particulars	**Security and terms of repayment**	**As at 31st March 2022**	**As at 31st March 2021**
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.	5.53	5.53
From Shareholders	Deposits repayable as per maturity terms not exceeding 3 years	427.42	229.38
Total		**432.95**	**234.91**

(c) Secured long term borrowings of Rs.1,336.40 lakhs /- (Rs.1,740.22 lakhs /-) 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 Rs.623.48 lakhs /- (Previous Year Rs.569.28 lakhs /-) is disclosed under 'Other Current Liabilities' (Refer Note 21)

NIKHIL ADHESIVES LTD
Notes forming part of the Financial Statements

Note: 15 (a) Lease Liabilities

(Amount in lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Lease hold premises liability	31.38	51.86
Total	**31.38**	**51.86**

Note: 16 Other Non-Current Financial Liabilities

(Amount in lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Interest accrued but not due on public deposits	31.86	20.93
Security Deposits (customers)	115.93	92.84
Total	**147.79**	**113.77**

Note: 17 Provisions

(Amount in lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Provision for employee benefits		
Provision for gratuity	68.51	77.28
Total	**68.51**	**77.28**

Note : 18 Deferred Tax Liabilities (net)

Movement in Deferred Tax Balances during the Year ended 31st March 2022 **(Amount in lakhs)**

Components of Deferred Tax	Deferred Tax (Asset) / Liability Balance as on 31st March 2021	Deferred Tax Adjustment	Deferred Tax (Asset) / Liability Balance as on 31st March 2022
Deferred Tax Liabilities/(Assets)			
Depreciation on Property, Plant and Equipment	415.06	45.60	460.67
Borrowing Cost FY 2019-20	0.43	(0.14)	0.30
Provision for gratuity expense allowable in income tax when actually paid	(37.07)	(3.95)	(41.02)
Expected Credit Loss	(21.98)	1.64	(20.34)
Lease expense allowable as deduction in income tax in subsequent years	(8.37)	(2.29)	(10.66)
Tax on remeasurement of defined benefit plans	(12.52)	(0.54)	(13.06)
Net Deferred Tax Liabilities / (Assets)	**335.55**	**40.33**	**375.89**

NIKHIL ADHESIVES LTD
Notes forming part of the Financial Statements

Note 19 Borrowings

(Amount in lakhs)

Particulars	**As at 31st March 2022**	**As at 31st March 2021**
Secured (Refer (a) and (b) below) :		
Cash credit from banks	318.28	167.26
Total	**318.28**	**167.26**

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

(Amount in lakhs)

Particulars	**As at 31st March 2022**	**As at 31st March 2021**
Loans repayable on demand		
Cash Credit from Banks		
1) Standard Chartered Bank	-	167.26
2) Yes Bank	318.28	-
Total	**318.28**	**167.26**

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

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.

Secured short term borrowings of Rs.318.28 lakhs /- (Previous year Rs.167.26 lakhs /-) are personally guaranteed by some of the promoter directors 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 19 (a) Lease Liabilities

(Amount in lakhs)

Particulars	**As at 31st March 2022**	**As at 31st March 2021**
Lease hold premises liability	20.48	51.40
Total	**20.48**	**51.40**

NIKHIL ADHESIVES LTD
Notes forming part of the Financial Statements

Note: 20 Trade Payables

(Amount in lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Trade payables		
a) Total outstanding dues of micro & small enterprises	295.05	-
b) Total outstanding dues of creditors other than micro & small enterprises	15,749.48	16,021.32
Total	**16,044.53**	**16,021.32**

Trade Payables ageing schedule **(Amount in lakhs)**

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at 31st March 2022
(i) MSME	295.05		-		295.05
(ii) Others	15,737.32	12.16	-	-	15,749.48
(iii) Disputed dues – MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-
TOTAL	**16,032.37**	**12.16**	**-**	**-**	**16,044.53**

Trade Payables ageing schedule **(Amount in lakhs)**

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at 31st March 2021
(i) MSME	-		-		-
(ii) Others	16,017.33	3.85	0.14	-	16,021.32
(iii) Disputed dues – MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-
TOTAL	**16,017.33**	**3.85**	**0.14**	**-**	**16,021.32**

Note: 21 Other Current Financial Liabilities

(Amount in lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Current maturities of Long term debt (secured)*	623.48	569.28
Other Payables	942.40	1,054.64
Interest accrued but not due on public deposits	11.63	8.41
Unclaimed dividend	1.46	1.87
Total	**1,578.97**	**1,634.20**

* Refer note 15 for the nature of securities.

Note: 22 Other Current Liabilities

(Amount in lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Liabilities for expenses	953.33	1,683.37
Advances from customers	82.47	64.75
Statutory dues	65.26	62.56
Total	**1,101.06**	**1,810.68**

Note: 23 Provisions

(Amount in lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Provision for employee benefits		
Gratuity	71.89	47.43
Total	**71.89**	**47.43**

NIKHIL ADHESIVES LTD

Notes forming part of the Financial Statements

Note : 24 Revenue from operations

(Amount in lakhs)

Particulars	**For the year ended 31 March 2022**	**For the year ended 31 March 2021**
Sale of products :		
(a) Manufactured goods	63,441.32	34,221.28
(b)Traded goods	16,740.79	14,245.67
	80,181.11	48,466.95
Other operating revenues :		
(a) Service charges	1,068.85	418.86
(b) Foreign exchange gain	110.78	210.96
(c) Interest income	6.42	3.78
(d) Reversal of expected credit loss	6.53	-
	1,192.58	633.60
Revenue from operations	**81,373.69**	**49,100.55**

Note : 25 Other income

(Amount in lakhs)

Particulars	**For the year ended 31 March 2022**	**For the year ended 31 March 2021**
Other non-operating income :		
(a) Interest income received	1.43	0.73
(b) Sundry income	1.38	-
(c) Scrap sales	55.30	28.21
Total	**58.11**	**28.94**

NIKHIL ADHESIVES LTD

Notes forming part of the Financial Statements

Note : 26 Cost of materials consumed

(Amount in lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Raw materials consumed		
Opening stock	5,174.42	2,205.10
Add : Purchases	51,231.16	29,070.75
	56,405.58	31,275.86
Less : Closing stock	4,067.80	5,174.42
Sub total (A)	**52,337.78**	**26,101.44**
Packing materials consumed		
Opening stock	254.41	153.92
Add : Purchases	3,704.79	2,011.76
	3,959.20	2,165.68
Less : Closing stock	333.31	254.41
Sub total (B)	**3,625.89**	**1,911.27**
Total (A)+(B)	**55,963.67**	**28,012.71**

Note : 27 Purchase of traded goods

(Amount in lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Purchase of stock-in-trade	16,506.52	13,837.73
Total	**16,506.52**	**13,837.73**

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

(Amount in lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening Stock		
(a) Finished goods	1,524.23	1,092.74
(b) Goods in transit (finished goods)	-	-
(c) Stock-in-trade	220.42	209.91
Sub Total (A)	**1,744.65**	**1,302.65**
Less : Closing Stock		
Finished goods	2,095.23	1,524.23
Goods in transit (finished goods)	156.89	-
Stock-in-trade	911.87	220.42
Sub Total (B)	**3,163.99**	**1,744.65**
Total (A)-(B)	**(1,419.34)**	**(442.00)**

NIKHIL ADHESIVES LTD

Notes forming part of the Financial Statements

Note : 29 Employee benefit expense

(Amount in lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries and wages	1,237.29	1,052.13
Contributions to provident and other funds	83.88	79.00
Staff welfare expenses	39.90	39.23
Total	**1,361.07**	**1,170.36**

Note : 30 Finance costs

(Amount in lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expense	223.21	284.31
Other borrowing costs	367.07	382.40
Total	**590.28**	**666.71**

Note : 31 Depreciation and amortization expense

(Amount in lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation and amortisation expense	411.22	345.99
Total	**411.22**	**345.99**

NIKHIL ADHESIVES LTD
Notes forming part of the Financial Statements

Note : 32 Other expenses

(Amount in lakhs)

Particulars	**For the year ended 31 March 2022**	**For the year ended 31 March 2021**
Stores and spares consumed	140.35	101.87
Power and fuel	680.34	395.67
Labour charges	1,085.00	560.76
Rent	61.39	46.64
Repairs and maintenance :		
Plant & machinery	164.29	90.16
Building	44.73	10.42
Others	20.15	8.01
Printing and stationery	15.28	8.43
Insurance	70.79	50.98
Storage charges (net)	193.64	196.83
Telephone expenses	29.75	21.06
Travelling and conveyance expenses	208.26	191.09
Legal and professional charges *	165.78	95.61
Sales promotion expenses	203.19	67.17
Transporation and octroi charges	1,313.39	1,319.39
Brokerage and commission	29.85	18.00
Corporate social responsibility	28.13	20.89
Bad debts	50.74	88.12
Directors sitting fees	6.00	2.51
Miscellaneous expenses	108.06	108.03
Expected credit loss	-	18.71
Total	**4,619.11**	**3,420.38**

*includes auditors fees towards:

(Amount in lakhs)

Particulars	**For the year ended 31 March 2022**	**For the year ended 31 March 2021**
As auditor	8.00	6.75
For taxation matters	1.35	1.00
For limited review reports	2.70	2.70
For certifications	0.25	0.25
Total	**12.30**	**10.70**

NIKHIL ADHESIVES LTD
Notes forming part of the Financial Statements

Note : 33 Earnings per share

(Amount in lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Nominal value of equity shares (Rs)	10	10
Net profit after tax available to the equity shareholders	2,526.41	1,565.41
Weighted average number of equity shares	45,94,300	45,94,300
Basic and diluted earnings per share (Rs)	54.99	34.07

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 Rs. 61.07 lakhs /- (previous year Rs. 56.51 lakhs /-).

(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 lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Components of employer expense		
Current Service cost	11.40	12.10
Interest cost	8.64	7.58
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	**20.04**	**19.68**

Balance Sheet

Details of provision for gratuity

(Amount in lakhs)

Net asset/(liability) recognised in balance sheet	As at 31 March 2022	As at 31 March 2021
Present value of defined benefit obligation	(140.40)	(124.70)
Fair value of plan assets	-	-
Funded status [surplus/(deficit)]	(140.40)	(124.70)
Unrecognised past service costs	-	-
Net asset/(liability) recognised in balance sheet	**(140.40)**	**(124.70)**

(Amount in lakhs)

Change in Defined Benefit Obligations (DBO) during the year ended	For the year ended 31 March 2022	For the year ended 31 March 2021
Present value of DBO at beginning of period	124.70	110.80
Current Service cost	11.40	12.10
Interest cost	8.64	7.58
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains)/ losses	-	-
Past Service cost	-	-
Benefit paid Directly by the Employer	(6.50)	(7.52)
Actuarial (gains)/ losses on obligations - due to change in demographic assumptions	(0.07)	-
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	(3.54)	(0.66)
Actuarial (gains)/ losses on obligations - due to experience	5.77	2.41
Present value of DBO at the end of period	**140.40**	**124.70**

Principal actuarial assumptions as at the balance sheet date :

Particulars	As at 31 March 2022	As at 31 March 2021
Discount rate	6.93%	6.84%
Salary escalation	5%	5%
Attrition rate	2%	2%

NIKHIL ADHESIVES LTD
Notes forming part of the Financial Statements

Note : 35 Segment Reporting

(a) Information about Business Segments for the year ended 31st March 2022

(Amount in lakhs)

Particulars	Manufacturing of Adhesives & Emulsions	Trading in Chemicals	Total
Revenue			
Sales/income from operations	64,632.90	16,740.79	81,373.69
Inter-segment sales	-	-	-
Total Revenue	**64,632.90**	**16,740.79**	**81,373.69**
Result			
Segment result (A)	3,785.89	726.86	4,512.75
Unallocated corporate expenses(net) (B)			523.19
Operating profit (A-B)= C			3,989.56
Interest expense(net) (D)			590.28
Income taxes(including deferred tax) (E)			872.87
Profit from ordinary activities (C-D-E)= F			2,526.41
Extraordinary items (G)			-
Net Profit (F-G) = H			**2,526.41**
Other Information			
Segment assets (I)	28,338.22	3,262.03	31,600.25
Unallocated corporate assets (J)			0.37
Total Assets (I+J)= K			**31,600.62**
Segment liabilities	7,663.15	882.10	8,545.24
Unallocated corporate liabilities			1,355.83
Total Liabilities (L)			**23,055.36**
Add: Share capital and reserves (M)			8,545.24
Total Capital & Liabilities (L+M)=N			**31,600.62**
Capital expenditure (including capital work in progress)	119.84	-	
Depreciation	411.22	-	

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 31st March 2021

(Amount in lakhs)

Particulars	Manufacturing of Adhesives & Emulsions	Trading in Chemicals	Total
Revenue			
Sales/income from operations	34,854.87	14,245.67	49,100.55
Inter-segment sales	-	-	-
Total Revenue	**34,854.87**	**14,245.67**	**49,100.55**
Result			
Segment result (A)	2,624.43	415.61	3,040.04
Unallocated corporate expenses(net) (B)			255.73
Operating profit (A-B)= C			2,784.31
Interest expense(net) (D)			666.71
Income taxes(including deferred tax) (E)			552.20
Profit from ordinary activities (C-D-E)= F			1,565.40
Extraordinary items (G)			-
Net Profit (F-G) = H			**1,565.40**
Other Information			
Segment assets (I)	23,978.94	5,084.04	29,062.97
Unallocated corporate assets (J)			7.15
Total Assets (I+J)= K			**29,070.12**
Segment liabilities	17,523.05	3,714.41	21,237.46
Unallocated corporate liabilities			1,744.27
Total Liabilities (L)			**22,981.74**
Add: Share capital and reserves (M)			6,088.38
Total Capital & Liabilities (L+M)=N			**29,070.12**
Capital expenditure (including capital work in progress)	14.16	-	
Depreciation	345.99	-	

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 LTD
Notes forming part of the Financial Statements

Note : 36 Related party disclosures

Related Party Disclosures as required by Ind-AS 24 'Related Party Disclosures' are given below

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

Sr	**Name**	**Nature of Relationship**
1	Umesh J. Sanghavi	Promoter Director and Key Management Personnel
2	Rajendra J. Sanghavi	Promoter Director and Key Management Personnel
3	Tarak J. Sanghavi	Promoter Director and Key Management Personnel
4	Rabbi Mishra	Chief Executive Officer & Whole Time Director (w.e.f. 01.01.2022)
5	Anil Gupta	Chief Financial Officer (w.e.f. 18.02.2022)
6	Anita U. Sanghavi	Key Management Personnel/(Wife of Managing Director) and (CFO) upto 17.02.022
7	Nikhil U. Sanghavi	Son of Managing Director
8	Zeki Software Solutions Pvt.Ltd	Enterprises significantly influenced by relatives of director
9	Vajiya Enercon LLP	Enterprises significantly influenced by relatives of director
10	Green Tree Lifescapes LLP	Enterprises significantly influenced by relatives of director

Transactions with Related Parties are as follows : **(Amount in lakhs)**

Sr.	**Particulars**	**Directors and key managerial personnel**		**Relatives of Directors and key managerial personnel**		**Enterprises significantly influenced by the Directors/Relatives/KMP**		**Total**	
		31st March 2022	31st March 2021	31st March 2022	31st March 2021	31st March 2022	31st March 2021	31st March 2022	31st March 2021
1	Remuneration paid	109.59	60.72	21.58	9.80	-	-	131.16	70.52
2	Annual maintenance & hosting charges	-	-	-	-	21.17	20.55	21.17	20.55
3	Sale of material	-	-	-	-	7.33	0.22	7.33	0.22
4	Purchase of assets	-	-	-	-	13.63	-	13.63	-
5	Outstanding balance	-	-	-	-	-	-	-	-

NIKHIL ADHESIVES LIMITED

Notes forming part of the Financial Statements

Note 37 Financial Instruments

(A) Categories of financial instruments

(Amount in lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Financial Assets		
Measured at fair value through other comprehensive income (FVOCI)		
Investments	0.37	7.15
Measured at amortised cost		
(a) Trade receivables	14,469.83	15,117.76
(b) Cash and cash equivalents	488.76	176.45
(c) Bank balances other than above	116.45	110.24
(d) Other financial assets	34.33	40.66
Total financial assets	15,109.74	15,452.26
Financial Liabilities		
Measured at amortised cost		
(a) Trade payables	16,044.53	16,021.32
(b) Borrowing	2,107.06	2,146.44
(c) Other financial liabilities	1,726.77	1,747.97
Total Financial liabilities	19,878.36	19,915.72

(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

(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.

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

(Amount in lakhs)

Currency	Number of contracts	Buy amount in USD	Indian rupee equivalent
Forward contract to buy USD- as at 31-03-2022	10	39.23	2,975.21
Forward contract to buy USD- as at 31-03-2021	-	-	-

(ii) Exposure in foreign currency -Unhedged

The foreign currency exposure not hedged as at 31st March 2022 are as under: **(Amount in lakhs)**

Particulars	As at 31.03.2022		As at 31.03.2021	
	Amount in foreign currency	Amount in rupees	Amount in foreign currency	Amount in rupees
Payable in foreign currency exposure (USD)	35.50	2,713.03	36.10	6,340.86

Particulars	As at 31.03.2022		As at 31.03.2021	
	Amount in foreign currency	Amount in rupees	Amount in foreign currency	Amount in rupees
Receivable in foreign currency exposure (USD)	0.87	64.54	4.07	293.40

(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 lakhs)

Financial Assets/ Financial Liabilities	Fair value		Fair value hierarchy	Valuation techniques(s) and key input(s)
	As at 31st March 2022	As at 31st March 2021		
Trade payables (imports)	2,690.57	2,639.13	Level 1	Rate published by FEDAI
Receivables (exports)	65.67	297.19	Level 1	Rate published by FEDAI
Investments	0.37	7.15	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 LTD
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 lakhs)

Particulars	**As at 31st March 2022**	**As at 31st March 2021**
Profit Before Tax	**3,399.28**	**2,117.61**
Income Tax Rate (%)	25.168%	25.168%
Income Tax expense	**855.53**	**532.96**
Effect of expenses that are not deductible in determining taxable profit	12.01	20.76
Effect of expenses that are deductible in determining taxable profit	(35.39)	(32.19)
Others	(0.15)	3.47
Current Tax	**832.00**	**525.00**
Deffered tax	40.87	27.20
Income tax expense recognised in Profit or Loss	**872.87**	**552.20**

Income Tax recognised in Other Comprehensive Income

(Amount in lakhs)

Particulars	**As at 31st March 2022**	**As at 31st March 2021**
Tax arising on income and expenses recognised in Other Comprehensive Income:		
- income tax (expense)/credit - gain arising out of sale of investment	(0.19)	-
- income tax (charge)/credit - gain on re-measurement of defined benefit obligation	0.54	0.44
Total Income Tax recognised in Other Comprehensive Income	**0.35**	**0.44**

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 lakhs)

Sr No.	**Particulars**	**For the year ended 31 March 2022**	**For the year ended 31 March 2021**
1	Amount required to be spent by the company during the year:	25.17	14.52
	Set off of excess expenditure of FY 2020-21	1.00	-
	Net amount required to be spent by the company during the year	24.17	14.52
2	Amount of expenditure incurred on :		
	(i) Construction/acquisition of any asset	-	-
	(ii) On purposes other than (i) above	28.13	20.89
3	Shortfall/(Excess) at the end of the year	(3.96)	(6.38)
4	Total of previous year's shortfall	-	-
5	Reason for shortfall	-	-
6	Nature of CSR activities	Eradicating hunger, promoting health care, Research Project	Eradicating hunger, promoting health care and Education
7	Details of related party transactions, [e.g., contribution to a trust controlled by the company] in relation to CSR expenditure as per relevant Accounting Standard,	not applicable	not applicable
8	Where a provision is made in respect to a liability incurred by entering into a contractual obligations, the movements in the provision during the year shall be shown seperately.	not applicable	not applicable

NIKHIL ADHESIVES LTD

Notes forming part of the Financial Statements

Note : 40 Lease

The Right to Use of Assets, Lease Liability as at 31st March 2022 and impact on Cash flows on account of lease payments during the year ended 31st March 2022 pursaunt to IND AS 116 is as under :

(Amount in lakhs)

Particulars	**Amount**
Interest expense on lease liabilities	8.23
Depreciation on right of use of assets	43.83
Cash out flow of Lease expenses	
Expense relating to short term leases and low value assets	61.39
Expenses relating to long term leases	54.01
Total cash outflow for leases	**115.40**
Right of use of assets recognized at the beginning of the year	103.26
Additions to right of use assets during the year	-
Depreciation on right of use of assets	43.83
Total right of use of assets as at the year end	**59.43**
Lease Liabilities as at the year end	**51.86**

Impact of adoption of Ind AS 116 on the statement of profit and loss:		
Particulars	**For the year ended 31st March 2022**	**For the year ended 31st March 2021**
Interest on lease liabilities	8.23	13.07
Depreciation of Right-of-use assets	43.83	43.83
Deferred tax (credit)/charge	(2.29)	(4.20)
Impact on the statement of profit and loss for the period	**48.77**	**51.70**

NIKHIL ADHESIVES LTD
Notes forming part of the Financial Statements

Note 41(A) : Additional Regulatory Information

Ratios

Sr no	Ratio	Numerator	Denominator	As at 31st March 2022	As at 31st March 2021	% of variance	Reason for variance
1	Current Ratio (in times)	Current Assets	Current Liabilities	1.21	1.15	4.96	
2	Debt-equity ratio (in times)	Total Debt	Shareholders' Equity	0.32	0.45	28.00	Efficient deployment of funds
3	Debt service coverage ratio (in times)	Earnings available for Debt Service	Debt Service	2.80	1.88	49.22	Improved earnings along with reduction of debt
4	Return on equity ratio (%)	Net Profit after taxes - Preference Dividend	Average Shareholder's Equity	34.53	29.38	17.52	
5	Trade receivables turnover ratio (in times)	Net Credit Sales	Average Trade Receivables	5.50	4.00	37.68	Improved controls on collections
6	Trade payables turnover ratio (in times)	Net Credit Purchases	Average Trade Payables	4.46	3.64	22.44	Weakening Rupee and market constraints
7	Net capital turnover ratio (in times)	Revenue from Operations	Average Working Capital	22.09	21.40	3.25	
8	Net profit ratio (%)	Profit for the year	Revenue from Operations	3.10	3.19	-2.62	
9	Return on capital employed (%)	Earnings before interest and taxes	Capital Employed	34.12	30.38	12.33	
10	Inventory turnover ratio (in times)	Cost of Goods Sold	Average Inventory	9.63	7.63	26.18	Efficient inventory management

NIKHIL ADHESIVES LTD
Notes forming part of the Financial Statements

Note 41 (B) : Additional Regulatory Information required by Schedule III of The Companies Act, 2013

(i) All immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) are held in the name of the Company.

(ii) The Company does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

(iii) The Company has not revalued any of its Property, Plant and Equipment (including Right-of-Use Assets), and Intangible Assets during the year.

(iv) The Company does not hold any investment property during the year and as at the year end.

(v) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. The quarterly statements filed by the Company with such banks are generally in agreement with the unaudited books of account and the differences between the quarterly returns and books of account are explainable and not material in nature.

(vi) The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

(vii) There are no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

(viii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(ix) The Company has not advanced or loaned or invested (either from borrowed funds or share permium or any other sources or kind of funds) to any other persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
• directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
• provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(x) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
• directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
• provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(xi) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(xii) The Company has not traded or invested in crypto currency or virtual currency during the financial year.

(xiii) There are no loans or advances in the nature of loan granted to promoters, directors, KMPs and the related parties, either severally or jointly with any other person.

(xiv) The Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year.

(xv) There are no layers to the Company as prescribed under clause (87) of section 2 of Act read with the Companies (Restriction on number of Layers) Rules.

(xvi) The Company has not entered into scheme of arrangement during the year.

NIKHIL ADHESIVES LTD
Notes forming part of the Financial Statements

Note : 42 Contingent Liabilities (to the extent not provided for)

(Amount in lakhs)

Particulars	**As at 31st March 2022**	**As at 31st March 2021**
# Sales Tax demand net of statutory pre-deposit paid during the year in appeal - Rs. 3.20 lakhs (Previous year Rs. 11.00 lakhs)	68.79	71.99

#The Company had filed appeal before the First Appellate Authority against the demand which was partly allowed during the financial year 2020-21. The Company has filed an appeal to Tribunal and the management is of the opinion that considering the merits of the case, the demand is not likely to culminate into cash outflow.

Note : 43 The Board of Directors have recommended a payment of final dividend of Rs. 2/- (Rupee Two only) per equity share of face value of Rs.10 each for the financial year ended 31st March, 2022.

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

Note : 45 The financial statements are presented in Indian Rupees (Rs.) and all values are rounded to the nearest lakhs.

Note : 46 The outbreak of COVID -19 pandemic and consequential lockdown has materially affected Company's scale of operations during the period April 21 to June 21. However, during the subsequent period, the Company's scale of operations reached near normalcy and barring unforseen circumstances, the Company is hopeful to maintain continuity of the normalcy.

Note : 47 The financial statements of the Company for the year ended 31 March, 2022 were approved for issue by the Board of Directors at their meeting held on 21 May,2022.

As per our attached report of even date

For PPV & Co.
Chartered Accountants
Firm Registration No. 153929W

Priyanshi Vakharia
(Proprietor)
Membership No. 181834
Place : Mumbai
Date: 21st May 2022

For and on behalf of the Board of Directors

Rabi Mishra
(Chief Executive Officer)
DIN : 02888975

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

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

Ishita T. Gandhi
(Independent Director)
DIN : 07137098

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

Anil Gupta
(Chief Financial Officer)
M. No. 078912

Rachana Baria
(Company Secretary)
M. No. A53336

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