



# NIKHIL

ADHESIVES LTD.

An ISO 9001 : 2015 Certified Company



37th Annual Report  
2022-2023



**Mahacol**  
SINCE 1971



## 37<sup>th</sup> ANNUAL REPORT 2022-2023

### BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Umesh J. Sanghavi	Chairman and Managing Director (CMD)
Mr. R. R. Mishra	Managing Director and Chief Executive Officer (MD & CEO) (ceased to be Managing Director and CEO w.e.f 04 <sup>th</sup> July, 2023)
Mr. Rajendra J. Sanghavi	Whole Time Director (Executive Director)
Mr. Tarak J. Sanghavi	Whole Time Director (Executive Director)
Mr. Pravin K. Laheri	Non-Executive Independent Director
Mr. Naresh Bhuta	Non-Executive Independent Director
Mrs. Ishita T. Gandhi	Non-Executive Independent Director
Ms. Gauri S. Trivedi	Non-Executive Independent Director
Mr. V. Subramanian	Non-Executive Independent Director (appointed w.e.f 01 <sup>st</sup> July, 2023)
Mr. Anil Gupta	Chief Financial Officer (ceased to be CFO w.e.f 11 <sup>th</sup> November, 2022)
Mr. Umesh T. Shah	Chief Financial Officer (from 12 <sup>th</sup> November, 2022 till 07 <sup>th</sup> July, 2023)
Ms. Rachana Baria	Company Secretary & Compliance Officer (from 26 <sup>th</sup> August, 2019 till 12 <sup>th</sup> August, 2022)
Ms. Khushboo Gulati	Company Secretary & Compliance Officer (from 10 <sup>th</sup> November, 2022 till 31 <sup>st</sup> January, 2023)
Ms. Kinjal Rathod	Company Secretary & Compliance Officer (appointed w.e.f 16 <sup>th</sup> May, 2023)

#### 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

902, 9th Floor, A-Wing, Kaledonia HDIL Building,  
Sahar Road, Opp. D-Mart  
Andheri (East), Mumbai – 400069.

#### COMPANY IDENTIFICATION NUMBER (CIN):

**L51900MH1986PLC041062**

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## NOTICE

Notice is hereby given that the **Thirty Seventh Annual General Meeting** of Nikhil Adhesives Limited will be held on **Thursday, 21<sup>st</sup> September, 2023 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 31<sup>st</sup> March, 2023 together with the reports of the Board of Directors and Statutory Auditors thereon.
2. To declare dividend of Re. 0.2 per equity shares of face value of Re. 1 each for the financial year ended 31<sup>st</sup> March, 2023.
3. To appoint a Director in place of Mr. Rajendra J. Sanghavi, Whole Time Director (DIN: 00245637), 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. Appointment of Mr. V. Subramanian (DIN: 10162796) as an Independent Director (Non-Executive) of the Company.

To consider and, if thought fit, to give assent or dissent to the following resolution proposed to be passed as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and Section 161(1) read with Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable provisions, sections, rules of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the Articles of Association of the Company, Mr. V. Subramanian (DIN:10162796), who was appointed by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee, as an Additional Director (Non-Executive Independent Director) of the Company with effect from 01<sup>st</sup> July, 2023 and who is eligible for appointment and has consented to act as a Director of the Company with a declaration that he meets criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) of SEBI (LODR) Regulations, 2015 and in the respect of whom the Company has received the notice under the provisions of Section 160 of the Companies Act, 2013, proposing candidature



for the office of the Director and is being eligible for the appointment, be and is hereby appointed as an Independent Director of the Company with effect from 01<sup>st</sup> July, 2023 to 30<sup>th</sup> June, 2028 and whose office shall not be liable to retire by rotation.

**RESOLVED FURTHER THAT** any of the Directors of the Board and/or Company Secretary of the Company be and are hereby authorised either severally or jointly to do all such acts, deeds and things as may be deemed proper and expedient to give effect to this resolution.”

**6. To approve payment of remuneration by way of profit related commission to Mr. V. Subramanian.**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 197, 198, Schedule V and other applicable provisions of the Companies Act, 2013 (“the Act”) read with Rules framed thereunder, Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force), the relevant provisions of the Articles of Association of the Company, such other approval(s), permission(s) and sanction(s) as may be necessary, in addition to the sitting fees and re-imburement of expenses for attending the Meetings of the Board of Directors and Committees thereof, and pursuant to the recommendation and approval of the Nomination and Remuneration Committee and the Board of Directors of the Company, approval of the Members of the Company be and is hereby accorded for payment of remuneration including profit related commission pursuant to Section 149(9) of Companies Act 2013 to Mr. V. Subramanian, Non-Executive Independent Director of the Company, of such amount up to a maximum limit of Rs. 25,00,000/- (Rupees Twenty-five Lakhs only), per annum, effective from 01<sup>st</sup> October, 2023, subject to the total managerial remuneration payable to all directors of the Company in any financial year not exceeding the limits prescribed from time to time under Section 197 and other applicable provisions of the Companies Act, 2013 or any statutory amendments thereof and the said remuneration be paid in such amount, proportion and manner as may be decided by the Board of Directors of the Company from time to time.

**RESOLVED FURTHER THAT** where in any financial year, the Company has no profits or its profits are inadequate, the Company may pay the above remuneration to Independent Director as minimum remuneration, for a period not exceeding three years or such other period as may be statutorily permitted subject to receipt of the requisite approvals.

**RESOLVED FURTHER THAT** any Director or Company Secretary be and is hereby authorised to do all such acts, deeds, matters and things as it may deem fit and to take all such steps as may be required in this connection including to seek all necessary approvals to give effect to this Resolution, to sign and execute all deeds, applications, documents, papers, forms and writings that may be required, for and on behalf of the Company, to settle all such issues, questions, difficulties or doubts whatsoever that may arise and to take all such steps and decisions in this regard to give effect to this Resolution and for the matters connected therewith or incidental thereto.”

**7. Re-appointment of Mr. Rajendra J. Sanghavi (DIN: 00245637) as a Whole Time Director for a period of 3 years.**

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

“**RESOLVED THAT** subject to the provisions of sections 196, 197, 198 and 203 and other applicable provisions of the Companies Act, 2013 (“the Act”), if any, read with Schedule V to the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other Rules framed there under (including any statutory modification(s) or re-enactment or amendments thereof for the time being in force), and subject to the provisions of Articles of Associations of the Company, and such other approvals as may be necessary, the consent of the members be and is hereby accorded to re-appoint Mr. Rajendra J. Sanghavi (DIN: 00245637) as a Whole Time Director of the Company, with effect from 01<sup>st</sup> January, 2024 to hold office for a period of three years (i.e. for the period 01<sup>st</sup> January, 2024 to 31<sup>st</sup> December, 2026) and who shall be liable to retire by rotation. He was appointed for 3 years as a Whole time Director from 01<sup>st</sup> January, 2021 to 31<sup>st</sup> December, 2023 and whose term of office expires on 31<sup>st</sup> December, 2023.



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

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

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

**8. Re-appointment of Mr. Tarak J. Sanghavi (DIN: 00519403) as a Whole Time Director for a period of 3 years.**

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

“**RESOLVED THAT** subject to the provisions of sections 196, 197, 198 and 203 and other applicable provisions of the Companies Act, 2013 (“the Act”), if any, read with Schedule V to the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other Rules framed there under (including any statutory modification(s) or re-enactment or amendments thereof for the time being in force), and subject to the provisions of Articles of Associations of the Company, and such other approvals as may be necessary, the consent of the members be and is hereby accorded to re-appoint Mr. Tarak J. Sanghavi (DIN: 00519403) as the Whole Time Director of the Company with effect from 1<sup>st</sup> January, 2024 to hold office for a period of three years (i.e. for the period 1<sup>st</sup> January, 2024 to 31<sup>st</sup> December, 2026) and who shall be liable to retire by rotation. He was appointed as a Whole time Director from 01<sup>st</sup> January, 2021 to 31<sup>st</sup> December, 2023, and whose term of office expires in 31<sup>st</sup> December, 2023.

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

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

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



**9. Change in Designation of Mr. Umesh J. Sanghavi (DIN: 00491220) from Chairman and Wholetime Director to Chairman and Managing Director for a period of 3 years w.e.f. 10th July, 2023.**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and any other such sanction(s) as may be necessary, the consent of Members be and is hereby accorded for re-designation of Mr. Umesh J. Sanghavi (DIN: 00491220) as Chairman and Managing Director of the Company, designated as "Chairman-MD" for a period of 3 years with effect from 10<sup>th</sup> July, 2023 till 09<sup>th</sup> July, 2026 at such remuneration and other perquisites as detailed below:

- i. The remuneration shall be of Rs. 22,00,000/- per annum subject to maximum remuneration to the Director shall not exceed a sum of Rs. 50,00,000/- per annum., including dearness allowance, perquisites and other allowances which may be reviewed by the Board. The perquisites may include reimbursement of medical expenses, leave travel allowance for self and family, rent free or concessional rent furnished/unfurnished residential accommodation, reimbursement of residential electricity and gas, personals accident insurance premium or other perquisites, as may be decided by the Board in consultation with the Appointee.
- ii. A motor car with chauffeur shall be provided to the Managing Director for discharge of duties as Managing Director; alternatively, the Company shall bear all running, maintenance and repair expenses plus the remuneration of a chauffeur for his own car. The use of car for personal purposes may be treated as perquisites, to be computed as per Income Tax Rules.
- iii. Telephone(s) at the residence and cellular phone(s) shall be provided subject to the recovery of long distance personal calls, if any.
- iv. The perquisites shall be evaluated as per Income Tax Rules where so prescribed, and in other cases, on the basis of cost to the Company.
- v. The following perquisites, shall not be included in computation of the ceiling on remuneration specified above:
  - a. contribution to provident fund, superannuation fund or- annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - b. gratuity payable at a rate not exceeding half a month' salary for each completed year of service, and
  - c. encashment of leave at the end of the tenure as per Company's Rules.
- vi. He shall be entitled to claim reimbursement of all expenses incurred/paid by him in the course of and/or for the purposes of Company's business and/or discharging his functions as a Managing Director.
- vii. The nature of appointment shall be contractual, terminable by either party giving notice of three months.

**RESOLVED FURTHER THAT** the Board has been empowered to increase, augment, vary and modify the remuneration including perquisites provided/ to be provided to him subject to the limits prescribed in that behalf under or pursuant to the Companies Act, 2013 or any statutory amendment, modification or re-enactment thereof from time to time in force and/or the guidelines for managerial remuneration issued by the Central Government from time to time, from the date the statutory amendment, modification, re-enactment and/or the guidelines coming into force.

**RESOLVED FURTHER THAT** notwithstanding anything to the contrary herein, wherein any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay to the Managing Director remuneration, perquisites, benefits and amenities not exceeding the ceiling for the time being laid down in Section II of Part II to Schedule V (as amended) of the Companies Act, 2013 and as maybe decided by the Board of Directors of the Company and subject to such sanctions and approvals as may be necessary.”



## NOTES:

1. The Ministry of Corporate Affairs (“MCA”) has vide its General Circular Nos. 14/2020 dated April 8, 2020 and 17/2020 dated April 13, 2020, in relation to “Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by COVID-19”, General Circular Nos. 20/2020 dated May 5, 2020, and subsequent circulars issued in this regard, the latest being 10/2022 dated December 28, 2022 in relation to “Clarification on holding of annual general meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM)”, (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars, the AGM of the Company is being held through VC /OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.
2. In accordance with the aforesaid MCA Circulars and Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 issued by Securities Exchange Board of India (collectively referred to as “SEBI Circulars”), the Notice of the AGM along with the Integrated Annual Report for FY 2022-23 is being sent only to those Members whose e-mail addresses are registered with the Company or Registrar and Share Transfer Agent or the Depositories 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](http://www.nikhiladhesives.com)), BSE website ([www.bseindia.com](http://www.bseindia.com)) and on the website of the NSDL ([www.evoting.nsdl.com](http://www.evoting.nsdl.com)).
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this e-AGM is being held pursuant to the MCA Circulars through VC/OAVM facility, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. The Statement, pursuant to Section 102(1) of the Act in respect of Special Business of Item No. 4, 5, 6, 7, 8 and 9 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.
5. Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the meeting by following the procedure mentioned in the Notice. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
6. In case of joint holder attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Non-Resident Indian Members are requested to inform the Registrar and Share Transfer Agent (‘RTA’) immediately about the change in residential status on their return to India, if any.
8. Members who hold shares in dematerialised form are requested to quote their Client ID and DP ID numbers for easy identification for attendance at the meeting.
9. As per the SEBI circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated 03<sup>rd</sup> 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).
10. 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 there under, 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.



11. 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., Thursday, 14<sup>th</sup> September, 2023 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 15<sup>th</sup> September, 2023 to 21<sup>st</sup> September, 2023 (both days inclusive).
12. 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 14<sup>th</sup> September, 2023. If shares are held in the electronic form, the dividend will be payable to the beneficial owners as per details furnished by the Depositories for this purpose.
13. 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.
14. 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.
15. Any Shareholders desiring any information relating to the accounts are requested to write to the Company at [investors@nikhiladhesives.com](mailto:investors@nikhiladhesives.com) at an early date so as to enable the management to keep the information ready.
16. All unclaimed dividends up to and including the year 2014-15 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](http://www.nikhiladhesives.com) and on the website of the Ministry of Corporate Affairs.

Those Shareholders who have not claimed dividend of FY 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 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](mailto:rnt.helpdesk@linkintime.co.in) or are requested to 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>.
17. Pursuant to amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from 01<sup>st</sup> 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.
18. 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 1<sup>st</sup> 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 08<sup>th</sup> September, 2023.
- v. Kindly note that the aforementioned documents are required to be submitted via email to [investors@nikhiladhesives.com](mailto:investors@nikhiladhesives.com) on or before 08<sup>th</sup> September, 2023 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 08<sup>th</sup> September, 2023. 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.

19. Voting through Electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as



the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL:

The voting period begins on Monday, 18<sup>th</sup> September, 2023 (9:00 AM) and ends on the Wednesday, 20<sup>th</sup> September, 2023 (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 Thursday, 14<sup>th</sup> September, 2023 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

### **How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

#### **Step 1: Access to NSDL e-Voting system**





##### **A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1. Existing <b>IDEAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDEAS</b>’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If you are not registered for IDEAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDEAS Portal</b>” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “<b>Login</b>” which is available under ‘<b>Shareholder/Member</b>’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat 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 <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>



	<p>4. Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>App Store</p> </div> <div style="text-align: center;">  <p>Google Play</p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;">   </div>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> <li>1. Existing users who have opted for Easi / Easiest, they can login through their 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 are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>
<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. 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 i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

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

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

<b>Login type</b>	<b>Helpdesk details</b>
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 <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30



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](mailto:helpdesk.evoting@cdslindia.com) or contact at 022-23058738 or 022-23058542-43

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. 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.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.  
*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID  For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company  For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.



(ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
  - a) Click on “**Forgot User Details/Password?**”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?**” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

### **Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

#### **How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [shivharijalancs@gmail.com](mailto:shivharijalancs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Prajakta Pawle at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

### **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide 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@nikhiladhesives.com](mailto:investors@nikhiladhesives.com)



2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [investors@nikhiladhesives.com](mailto:investors@nikhiladhesives.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

#### **THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be 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 in the AGM.
3. 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.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

#### **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. 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.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (company email id). The same will be replied by the company suitably.
6. 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](mailto: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](mailto:investors@nikhiladhesives.com). These queries will be replied to you by the Company suitably by email.
7. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

#### **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 Thursday, 14th September, 2023.
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

Scrutiniser 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](http://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 14<sup>th</sup> September, 2023 (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](mailto:rnt.helpdesk@linkintime.co.in)/[investors@nikhiladhesives.com](mailto: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: A-902, Kaledonia Building, Sahar Road, Opp. Vijay Nagar, Andheri (East) Mumbai-400069. Tel: 022-2683 6564/58/59 Fax: 022-26840854 Email ID: <a href="mailto:investors@nikhiladhesives.com">investors@nikhiladhesives.com</a> 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: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>

**Date: 14<sup>th</sup> August, 2023**

**Place: Mumbai**

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

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



## 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**

Pursuant to 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 31<sup>st</sup> March, 2024 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 2023-24.

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 31<sup>st</sup> March, 2024.

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**

The members of the Nomination and Remuneration Committee at their meeting held on 16th May, 2023 recommended to the Board for the appointment of Mr. V. Subramanian (DIN:10162796), as an Additional Director (Non-Executive Independent) and also approved to appoint him as an Independent Director for a period of 5 years with effect from 01<sup>st</sup> July, 2023. The Board Meeting held on the same day, considered and approved the appointment of Mr. V. Subramanian as an Additional Director of the Company and have also given their consent to appoint him as an Independent Director from 01<sup>st</sup> July, 2023 for a period of 5 years, subject to the approval of Members of the Company in accordance with the Regulation 17(1C) and other Regulation of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of the Companies Act, 2015.

Mr. V. Subramanian is a Mechanical engineer from VJTI Mumbai University and Diploma in Business Management from SIBM. He is currently also associated with wood and allied industry as a Principal consultant. Mr. V. Subramanian has more than 3 decades of experience with Paint Industry. During his tenure with Asian Paints he has handled Decorative, Industrial, International and Chemical business lines. He was the country head of Asian Paints Muscat and Bahrain unit. During his tenure with Asian Paints he has handled manufacturing, sales, supply chain, human resources and sales commercial. He was also a key member in many of the key projects and has delivered these projects successfully. Prior to Asian Paints, he also had a brief stint with Philips Pune Considering his knowledge, experience in the areas of leadership, governance, general management and amongst others, the Board is of the opinion that it would be in the interest of the Company to appoint him as an Independent Director of the Company.

Mr. V. Subramanian does not hold any shares of the Company. None of the Directors / Key Managerial Personnel of the Company / their relatives is in any way, concerned or interested, financially or otherwise, in the this resolution.

The Board recommends the Special Resolutions set out at Item No. 5 of the Notice for approval by the Shareholders.





## Item No. 6

Section 197 of the Companies Act, 2013 (“Act”), as amended, permits payment of remuneration to Directors who are neither Managing Director nor Whole-time Directors by way of commission, in excess of 1% or 3% of the net profits of a company as computed in accordance with the provisions of Section 198 subject to the approval of the shareholders in general meeting by special resolution.

The directors have been assigned various roles, responsibilities and duties. The Companies Act, 2013 envisages that even non-executive directors devote adequate attention and time for the effective and good governance of the Company of which they are directors. Corresponding to their increased responsibilities, the Companies Act also envisages that they should be compensated adequately for their services.

Mr. V Subramanian, Non-Executive Independent Director of your Company bring significant professional expertise and rich experience across a wide spectrum of functional areas such as marketing, technology, business strategy, mergers & acquisitions, finance and corporate governance. He make immense contribution and devote his substantial time in providing effective guidance to the management of the Company. In order to avail the services it is necessary to remunerate him adequately and in accordance with the trending Industry norm.

In order to facilitate payment of adequate remuneration to him in the circumstance explained above, the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, have proposed to seek approval of the shareholders for payment of remuneration (excluding the fees payable to him for attending meetings of the Board/Committee thereon) not exceeding the maximum limit of Rs. 25,00,000/- (Rupees Twenty-Five Lakhs Only), per annum.

The Board recommends the Special Resolution for approval of the shareholders.

No other director/ key managerial personnel and their relatives are concerned or interested in the resolution.

## Item No. 7 and 8

In view of the years of industry experience in various fields, and considering the progress made by the Company during the tenure of their Directorship, the Board, pursuant to the Corporate Governance guidelines of the Company and pursuant to the recommendation of the Board, Nomination and Remuneration Committee and subject to the approval of Members, re-appointed Mr. Rajendra J. Sanghavi as a Whole Time Director and Mr. Tarak J. Sanghavi as a Whole Time Director of the Company for a term of 3 years effective from 01<sup>st</sup> January, 2024 to 31<sup>st</sup> December, 2026.

Mr. Rajendra J. Sanghavi and Mr. Tarak J. Sanghavi were appointed in their respective positions in the Annual General Meeting held on 30<sup>th</sup> December, 2020 for the tenure of 3 years effected from 01<sup>st</sup> January, 2021 to 31<sup>st</sup> December, 2023, on the terms and conditions including the terms of remuneration payable to them as set out in the respective resolutions approved in the meeting.

The terms and conditions of their appointment and remuneration payable to them will be as set out in this resolution. Accordingly, the consent of members is sought by this resolution and to re-appoint these appointees and fix their remuneration including perquisites, subject to the limits fixed, with liberty to the Board to determine the remuneration including perquisites, from time to time, during respective Appointees tenure, as may be agreed to by and between the Board and the respective Appointees.

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

1. The remuneration payable to each Appointees shall be of Rs. 22,00,000/-per annum, subject to maximum remuneration of Rs. 50,00,000/- per annum to each Appointee., including dearness allowance, perquisites and other allowances. The perquisites may include reimbursement of medical expenses, leave travel allowance for self and family, rent free or concessional rent furnished/unfurnished residential accommodation, reimbursement of residential electricity and gas, personals accident insurance premium or other perquisites, as may be decided by the Board in consultation with the Appointees.



2. A motor car with chauffeur shall be provided to the Whole Time Director; alternatively, the Company shall bear all running, maintenance and repair expenses plus the remuneration of a chauffeur for his own car. The use of car for personal purposes may be treated as perquisites, to be computed as per Income Tax Rules.
3. Telephone(s) at the residence and cellular phone(s) shall be provided subject to the recovery of long distance personal calls, if any.
4. The perquisites shall be evaluated as per Income Tax Rules where so prescribed, and in other cases, on the basis of cost to the Company.
5. The Appointees shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration as specified above:
  - a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - b) gratuity payable at a rate not exceeding half a month' salary for each completed year of service, and
  - c) encashment of leave at the end of the tenure as per Company's Rules.
6. The Appointees shall be entitled to claim reimbursement of all expenses incurred/paid by him in the course of and/or for the purposes of Company's business and/or discharging his functions as a Whole Time Directors.
7. The nature of appointment shall be contractual, terminable by either party giving notice of three months.

Further, the Board has been empowered to increase, augment, vary and modify the remuneration including perquisites provided/ to be provided to the respective Appointees subject to the limits prescribed in that behalf under or pursuant to the Companies Act, 2013 or any statutory amendment, modification or re-enactment thereof from time to time in force and/or the guidelines for managerial remuneration issued by the Central Government from time to time, from the date the statutory amendment, modification, re-enactment and/or the guidelines coming into force.

Notwithstanding anything to the contrary herein, wherein any financial year during the currency of the tenure of the Whole Time Directors, the Company has no profits or its profits are inadequate, the Company will pay to the Whole Time Directors, remuneration, perquisites, benefits and amenities not exceeding the ceiling for the time being laid down in Section II of Part II to Schedule V (as amended) of the Companies Act, 2013 and as maybe decided by the Board of Directors of the Company and subject to such sanctions and approvals as maybe necessary. The resolution set out in the notice is intended for this purpose.

In the interest of the Company, the Board recommends the resolutions for approval by the members. Mr. Umesh J. Sanghavi, Mr. Rajendra J. Sanghavi and Mr. Tarak J. Sanghavi are related to each other.

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

#### **Item No. 9**

In view of the years of industry experience in various fields, and considering the progress made by the Company during the tenure of his Directorship, the Board, pursuant to the Corporate Governance guidelines of the Company and pursuant to the recommendation of the Board, Nomination and Remuneration Committee and subject to the approval of Members, re-designated Mr. Umesh J. Sanghavi as a Chairman and Managing Director of the Company for a term of 3 years effective from 10<sup>th</sup> July, 2023 to 09<sup>th</sup> July, 2026.

Mr. Umesh J. Sanghavi was appointed as a Chairman and Managing Director in the Board Meeting held on 10<sup>th</sup> July, 2023 for the tenure of 3 years effected from 10<sup>th</sup> July, 2023 till 09<sup>th</sup> July, 2026 on the terms and conditions including the terms of remuneration payable to them as set out in the respective resolution approved in the meeting.

The terms and conditions of the appointment and remuneration payable to him will be as set out in this resolution. Accordingly, the consent of members is sought by this resolution and re-designate him and fix his remuneration including perquisites, subject to the limits fixed, with liberty to the Board to determine the remuneration including perquisites, from time to time, during his tenure, as may be agreed to by and between the Board and the him.



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

1. The remuneration shall be of Rs. 22,00,000/-per annum subject to maximum remuneration of Rs. 50,00,000/- per annum., including dearness allowance, perquisites and other allowances which may be reviewed by the Board. The perquisites may include reimbursement of medical expenses, leave travel allowance for self and family, rent free or concessional rent furnished/unfurnished residential accommodation, reimbursement of residential electricity and gas, personals accident insurance premium or other perquisites, as may be decided by the Board in consultation with the Appointee.
2. A motor car with chauffeur shall be provided to the Managing Director for discharge of duties as Managing Director; alternatively, the Company shall bear all running, maintenance and repair expenses plus the remuneration of a chauffeur for his own car. The use of car for personal purposes may be treated as perquisites, to be computed as per Income Tax Rules.
3. Telephone(s) at the residence and cellular phone(s) shall be provided subject to the recovery of long distance personal calls, if any.
4. The perquisites shall be evaluated as per Income Tax Rules where so prescribed, and in other cases, on the basis of cost to the Company.
5. The following perquisites, shall not be included in computation of the ceiling on remuneration specified above:
  - a. contribution to provident fund, superannuation fund or- annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - b. gratuity payable at a rate not exceeding half a month' salary for each completed year of service, and
  - c. encashment of leave at the end of the tenure as per Company's Rules.
6. He shall be entitled to claim reimbursement of all expenses incurred/paid by him in the course of and/or for the purposes of Company's business and/or discharging his functions as a Managing Director.
7. The nature of appointment shall be contractual, terminable by either party giving notice of three months.

Further, the Board has been empowered to increase, augment, vary and modify the remuneration including perquisites provided/ to be provided to the respective Appointees subject to the limits prescribed in that behalf under or pursuant to the Companies Act, 2013 or any statutory amendment, modification or re-enactment thereof from time to time in force and/or the guidelines for managerial remuneration issued by the Central Government from time to time, from the date the statutory amendment, modification, re-enactment and/or the guidelines coming into force.

Notwithstanding anything to the contrary herein, wherein any financial year during the currency of the tenure of the Whole Time Directors, the Company has no profits or its profits are inadequate, the Company will pay to the Whole Time Directors, remuneration, perquisites, benefits and amenities not exceeding the ceiling for the time being laid down in Section II of Part II to Schedule V (as amended) of the Companies Act, 2013 and as maybe decided by the Board of Directors of the Company and subject to such sanctions and approvals as maybe necessary. The resolution set out in the notice is intended for this purpose.

In the interest of the Company, the Board recommends the resolutions for approval by the members. Mr. Umesh J. Sanghavi, Mr. Rajendra J. Sanghavi and Mr. Tarak J. Sanghavi are related to each other.

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



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

<b>Name of the Directors</b>	<b>Mr. Rajendra J. Sanghavi</b>	<b>Mr. Umesh J. Sanghavi</b>	<b>Mr. Tarak. J. Sanghavi</b>	<b>Mr. Subramanian V</b>
Director Identification Number	00245637	00491220	00519403	10162796
Date of Birth & Age	11.12.1955 (67 years)	27.06.1957 (66 years)	02.10.1962 (60 years)	12.09.1959 (64 years)
Date of Appointment	Since inception	Since inception	Since inception	16-05-2023
Status	Whole Time Director	Chairman and Managing Director	Whole Time Director	Non-Executive Independent Director
Qualification	Diploma in Engineering	B.com	B.com	Mechanical engineer from VJTI Mumbai university and Diploma in Business Management from SIBM
Expertise in specific functional type	Businessman	Businessman	Market Analysis and Commercial Management	Self-employed Consultant
Terms and Conditions of Appointment/Re-appointment	Re-appointment on retiring by rotation & expiry of his prior term of 3 years.	Change in designation from Chairman and Wholetime Director to Chairman and Managing Director for a term of 3 years	Re-appointment on basis of expiry of his prior term of 3 years	Pursuant to the recommendation of the members of the Nomination and Remuneration Committee and the Board of Directors in their respective meetings held on 16th May, 2023, approval of the Shareholders of the Company is sought for appointment of Mr. Subramanian V (DIN: 10162796), as an Independent Director on the Board of the Company to hold office for a term of five consecutive years effective from July 01, 2023. As per the provisions of Section 152 of the Act, he is not liable to retire by rotation.  The reappointment will be subject to the prior approval of the Shareholders by passing the Special Resolution.
Directorship of Other Companies	None	None	None	None



Chairman/Member in the Committees of the Boards of Companies	Member of the Corporate Social Responsibility Committee	Chairman of the Board of Director of the Company and Member of Corporate Social Responsibility Committee	Member of Corporate Social Responsibility Committee and Stakeholders Relationship Committee	Member of the Nomination and Remuneration, and Stakeholders Relationship Committee
Shareholding (No. of Shares)	11,97,000 Shares	9,53,400 shares	11,24,900 shares	-
Disclosure of relationships between Directors inter se	Mr. Umesh J. Sanghavi & Mr. Tarak J. Sanghavi are brothers of Mr. Rajendra J. Sanghavi	Mr. Tarak J. Sanghavi & Mr. Rajendra. J. Sanghavi are brothers of Mr. Umesh J. Sanghavi	Mr. Umesh J. Sanghavi & Mr. Rajendra J. Sanghavi are brothers of Mr. Tarak J. Sanghavi	Not Related

**Date: 14<sup>th</sup>August, 2023**  
**Place: Mumbai**

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

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



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### 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's major thrust will be to build space in consumer products.

### KEY HIGHLIGHTS FOR 2022-23

- Opened warehouses/godowns in Gujarat, Maharashtra, Punjab, Madhya Pradesh, other places for quicker logistics and wider customer reach.
- Expansion at manufacturing units viz Tumkur, Mehatpur & Dahej factories.
- Appointment of professionally qualified & highly experienced CEO.
- Development of Proprietary technology of Re-dispensible Polymer (RDP) used on wall putty, a 100% import substitute. The RDP project is under implementation at Dahej with a manufacturing capacity of 12,000 tonnes per annum.

### GLOBAL ECONOMIC OVERVIEW

The world economy is now projected to grow by 2.3 per cent in 2023 (+0.4 percentage points from the January forecast) and 2.5 per cent in 2024 (-0.2 percentage points), a slight uptick in the global growth forecast for 2023. In the United States, resilient household spending has prompted upward revision of growth forecast to 1.1 per cent in 2023. The European Union's economy—driven by lower gas prices and robust consumer spending—is now projected to grow by 0.9 per cent. China's growth this year is now forecast at 5.3 per cent as a result of COVID-19 related restrictions being lifted.

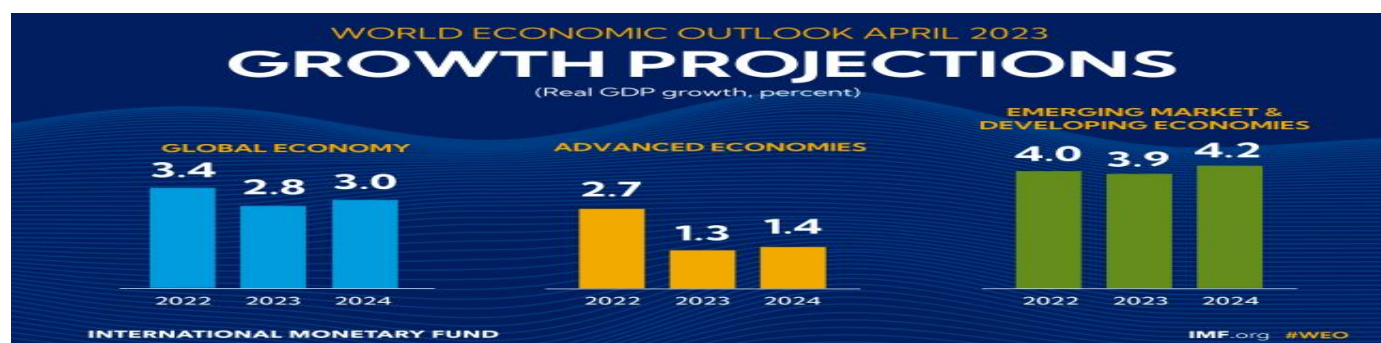
But a sombre picture still remains. Despite this uptick, the growth rate is still well below the average growth rate in the two decades before the pandemic of 3.1 per cent. For many developing countries, growth prospects have deteriorated amid tightening credit conditions and rising costs of external financing. In Africa and Latin

America and the Caribbean, GDP per capita is projected to increase only marginally this year, reinforcing a longer-term trend of stagnating economic performance. The least developed countries are forecast to grow by 4.1 per cent in 2023 and 5.2 per cent in 2024, far below the 7 per cent growth target set in the 2030 Agenda for Sustainable Development.

Global trade remains under pressure due to geopolitical tensions, weakening global demand and tighter monetary and fiscal policies. The volume of global trade in goods and services is forecast to grow by 2.3 per cent in 2023, well below the pre-pandemic trend.

The global economy is heading for its weakest medium-term growth in more than 30 years as the world grapples with geopolitical fragmentation, slower labour force growth and weaker prospects for previously fast-growing economies such as China, the International Monetary Fund (IMF) warns in its latest World Economic Outlook.

It expects global growth to be around 3% in 2028 – the lowest medium-term forecast in an IMF report since 1990.





(Source: <https://www.weforum.org/agenda/2023/04/imf-global-growth-weakest-in-30-years-top-economics-news-2023/>)

### Global trade

Global trade growth decelerated in the second half of 2022, in tandem with deteriorating activity in major economies. Weakening trade mirrored the slowdown in global industrial production, as demand shifted toward its pre-pandemic composition and away from goods. Despite this moderation, goods trade surpassed pre-pandemic levels last year; meanwhile, services trade continued to recover, supported by the gradual shift in demand toward services. Tourism flows rebounded many countries eased travel restrictions but remained well below pre-pandemic levels and uneven across regions (WTO 2022).

Although global supply chain pressures are still above pre-pandemic levels, they have eased since mid-2022. Weakening demand for goods is expected to reduce these pressures further in 2023. After softening to 4 percent in 2022, global trade growth is expected to decelerate further to 1.6 percent in 2023, largely reflecting weakening global demand

(Source: <https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-as-of-mid-2023/>)

(<https://openknowledge.worldbank.org/server/api/core/bitstreams/254aba87-dfeb-5b5c-b00a-727d04ade275/content>)

## **PERFORMANCE OF MAJOR ECONOMIES**

The January 2023 World Economic Outlook Update projects that global growth will fall to 2.9 percent in 2023 but rise to 3.1 percent in 2024. The 2023 forecast is 0.2 percentage point higher than predicted in the October 2022 World Economic Outlook but below the historical average of 3.8 percent. Rising interest rates and the war in Ukraine continue to weigh on economic activity. China's recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic levels.

The baseline forecast is for growth to fall from 3.4 percent in 2022 to 2.8 percent in 2023, before settling at 3.0 percent in 2024. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023. In a plausible alternative scenario with further financial sector stress, global growth declines to about 2.5 percent in 2023 with advanced economy growth falling below 1 percent. Global headline inflation in the baseline is set to fall from 8.7 percent in 2022 to 7.0 percent in 2023 on the back of lower commodity prices but underlying (core) inflation is likely to decline more slowly. Inflation's return to target is unlikely before 2025 in most cases.

(Source: IMF: <https://www.imf.org/en/Publications/WEO?page=1>)

## **INDIAN ECONOMIC OVERVIEW**

India was one of the fastest growing economies in the world. The overall growth remains robust and is estimated to be 6.9 percent for the full year with real GDP growing 7.7 percent year-on-year during the first three quarters of fiscal year 2022/23. There were some signs of moderation in the second half of FY 22/23. Growth was underpinned by strong investment activity bolstered by the government's capex push and buoyant private consumption, particularly among higher income earners. Inflation remained high, averaging around 6.7 percent in FY22/23 but the current-account deficit narrowed in Q3 on the back of strong growth in service exports and easing global commodity prices. Growth is expected to be constrained by slower consumption growth and challenging external conditions. Rising borrowing costs and slower income growth will weigh on private consumption growth, and government consumption is projected to grow at a slower pace due to the withdrawal of pandemic-related fiscal support measures. The central government is likely to meet its fiscal deficit target of 5.9 percent of GDP in FY23/24 and combined with consolidation in state government deficits, the general government deficit is also projected to decline. As a result, the debt-to-GDP ratio is projected to stabilize. On the external front, the current account deficit is projected to narrow to 2.1 percent of GDP from an estimated 3 percent in FY22/23 on the back of robust service exports and a narrowing merchandise trade deficit.



(Source: World Bank: <https://www.worldbank.org/en/news/press-release/2023/04/04/indian-economy-continues-to-show-resilience-amid-global-uncertainties>)

### GDP revisions point to India's resilience in the past

India recently released GDP estimates for the October–December quarter of FY 2022–23 (Q3) along with revisions of the past three years' data. GDP data suggests that India emerged stronger from the pandemic than initially assumed, with growth gathering steady momentum since FY 2022–23 (figure 1). GDP growth for FY 2020–21 was revised up by 0.77 percentage points, implying the recession was not as deep as previously thought. For FY 2021–22, meanwhile, growth was revised up from 8.7% to 9.1%, suggesting stronger rebound. This upward revision was primarily because of the stronger-than-anticipated growth in manufacturing and construction.

FIGURE 1

### The revision in growth numbers—then and now

		GVA			GDP		
		Old	New	Change in bps	Old	New	Change in bps
FY20	Annual	3.7	3.9	28	3.7	3.9	14
	Q1	-21.4	-21.0	35	-23.8	-23.4	43
	Q2	-5.9	-5.1	78	-6.6	-5.7	88
	Q3	2.1	2.8	68	0.7	1.6	89
	Q4	5.7	6.3	62	2.5	3.4	87
FY21	Annual	-4.8	-4.2	61	-6.7	-5.8	83
	Q1	18.1	20.2	215	20.1	21.6	145
	Q2	8.3	9.3	103	8.4	9.1	71
	Q3	4.7	4.7	4.5	5.4	5.2	-20
	Q4	3.9	3.9	1.2	4.1	4.0	-14
FY22	Annual	8.1	8.8	70	8.8	9.1	29
	Q1	12.7	12.1	-64	13.5	13.2	-31
	Q2	5.6	5.5	-12	6.3	6.3	-2
	Q3	-	4.6	-	-	4.4	-
	Q4	-	-	-	-	-	-
FY23	Annual	6.7	6.6	-8.4	7.0	7.0	5

Source: Press Information Bureau, Government of India; Centre for Monitoring Indian Economy (CMIE); Deloitte research.

Deloitte Insights | [deloitte.com/insights](https://deloitte.com/insights)

Data for the latest quarter (Q3) points to 4.4% year-over-year (YoY) growth in Q3, which is close to what we had estimated (4.5% YoY) in January (figure 2). Although it appears to be the weakest quarter of this fiscal, the significant upward revision of last year's data increased the base for this year's growth estimates.

Despite the global slowdown, exports performed well, probably because of the depreciated currency against the dollar. While goods exports remained modest, India's services exports skyrocketed by 30% between April and February. A strong digitization drive the world over, cost-cutting measures by businesses to deal with the impending slowdown, and the growing trend of remote working increased demand for exports of services in technology, where India has a comparative advantage. Interestingly, the share of business and professional services in total services exports also increased as companies globally now prefer outsourcing a wide range of professions, such as accounting, audit, R&D, quality assurance, and after-sales service.

(Source: <https://www2.deloitte.com/us/en/insights/economy/asia-pacific/india-economic-outlook.html>)

## INDIAN ECONOMIC REFORMS & BUDGET 2022-23 PROVISIONS

A key theme of Union Budget 2023-24 is the focus on inclusive development - Sabka Sath, Sabka Vikas which specifically covers;

Farmers, Women, Youth, Scheduled Castes, Scheduled Tribes, Other Backward Classes (OBCs), Divyangjan (PwDs) and Economically Weaker Sections (EWS),





Overall priority for the underprivileged (vanchiton ko varyata),

There has also been a sustained focus on UTs of J&K and Ladakh and the Northeast Region (NER).

### Infrastructure and Investment

*Increase in Capex for Infra:* Capital investment outlay increased for the third consecutive year - by 33% to Rs 10 lakh crore making it 3.3% of GDP. The 'Effective Capital Expenditure' is budgeted at Rs 13.7 lakh crore - 4.5% of GDP.



(Source: <https://www.drishtiiias.com/daily-updates/daily-news-analysis/union-budget-2023-24>)

### **OUTLOOK**

India is projected to grow at an average 6.7% for the next three years, retaining the fastest-growing major economy tag, said S&P Global Ratings in its latest report. The economic outlook released Monday by the global rating agency kept India's growth forecast unchanged at 6% for this fiscal year, projecting a sharp bounce back to 6.9% in FY25 and FY26. The Indian economy grew at 7.2% in FY23. The agency noted that in India, growth in the March quarter outperformed its expectations with the upward revision of "whole-year GDP growth in fiscal 2023 (year ending March 30) to 7.2% from the earlier 7.0% confirming a strong recovery from Covid-19". The inflation and rate-hike cycles have peaked, in our opinion. But we expect the Reserve Bank of India to cut rates only in early 2024, as it wants to see consumer inflation moving to 4% — the centre of its target range. The rates are not expected to fall below 5% in the medium term.

It projected 5% inflation in FY24, on the assumption of a normal monsoon, further declining to 4.5% over the next two years

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.

**Paint Emulsions:** Nikhil Adhesives Limited's (NAL) main customers are Akzo Nobel, Asian Paints & Dow. Due to flat demand in paint industry, our business was impacted. However, current year was promising. Moreover, NAL & JSW will have relationship in coming years.



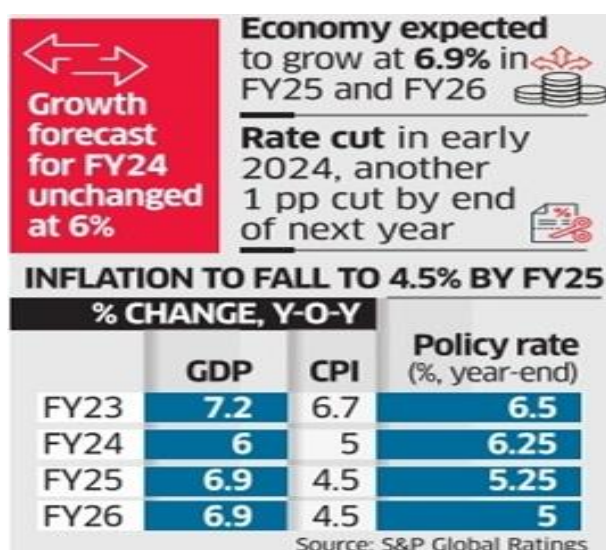
**Textile Business:** Textile business has attended new heights due to introduction of few products mainly printing binders, improvement in performance of existing products, on time delivery and increase in distributor network due to which the volume has gone up by 2600 MT.

**Export:** Export business remains stable in current financial year. NAL will expand its business in Asia specific.

Overall NAL has achieved volume growth of 6% in spite of adverse market situation. In view of recession in FY 23-24, NAL is expanding its horizon by adding new products/territories.

## GLOBAL OUTLOOK

S&P Global projected China's growth to slow to 5.2% from the 5.5% projected earlier. It also reduced the growth estimate for Asia Pacific by 0.1 percentage point. The rating agency also raised its growth forecast for the US and the Eurozone on account of a "better-than-expected outcome in the first quarter."



## 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".

**Mahacol RDP – Re-dispensible Polymer, a 100% import substitute, will be launched in Q2 (23-24).**

## 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 & limited retail reach in Consumer Segment

### Opportunities

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

### Threats

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

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

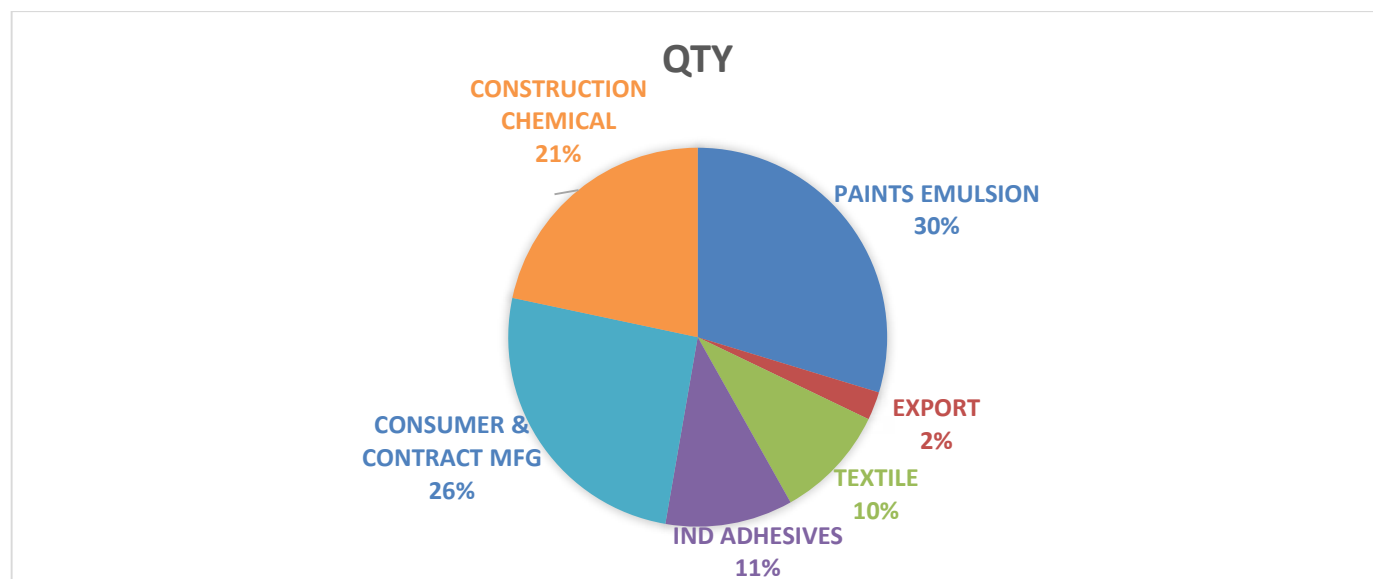
The Company has strong internal control procedures in place that are commensurate with its size and operations. The Board of Directors, responsible for the internal control system, sets the guidelines and verifies its adequacy, effectiveness and application. The Company's internal control system is designed 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 26% 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 of the Company.

### (iii) Construction Chemicals

Company has achieved 21% of total volume sales of the Company.

### (iv) Export

Company export's adhesives and emulsions to Nepal, Taiwan, Bangladesh, Philippines and Kenya which contributes to 2% of the total volume sales of the Company.

### (v) Speciality Emulsions

The Company's speciality emulsions contribute 40% of the total sales volumes

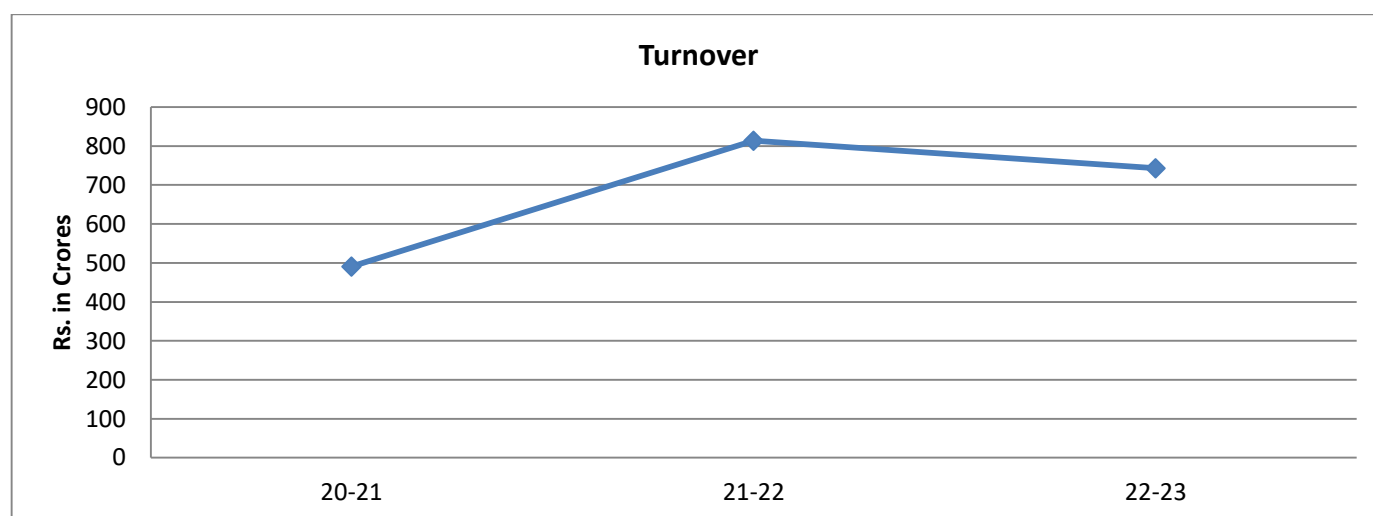
**a) Paint Emulsions (EMDILITH, EMDICRYL)–Majority of the paint emulsions sales is supplied to large corporate paint manufacturers & the balance through distribution channels.**

Out of the total sales volume of the Company, paint emulsions contribute 30%.

**b) Textile Emulsions (EMDITEX, EMDIBIND) –**

The Company has a network for textile emulsions and binders through distributors PAN India, textile emulsions contribute 10% of the company's total sales volume.

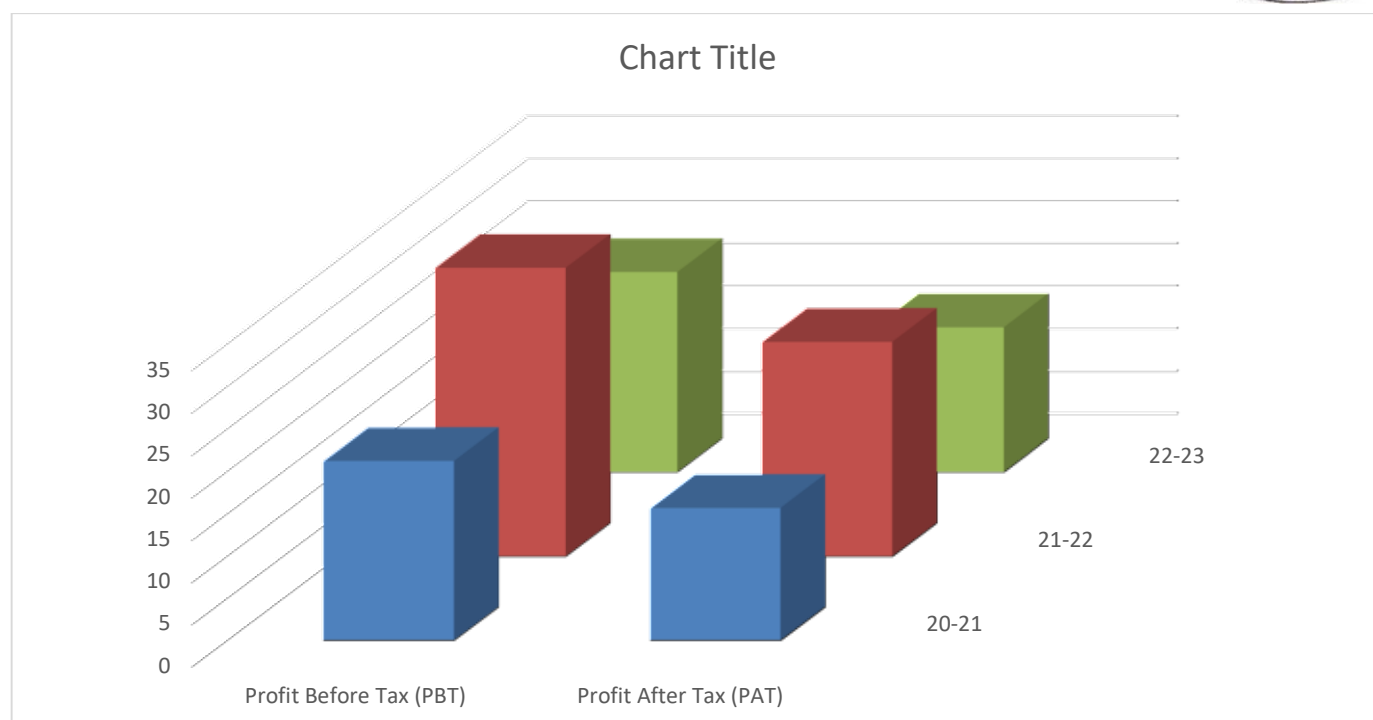
## TURNOVER



For the year ended 31<sup>st</sup> March, 2023 turnover is ₹. 743 cr. as compared to ₹. 814 cr. in the previous year.

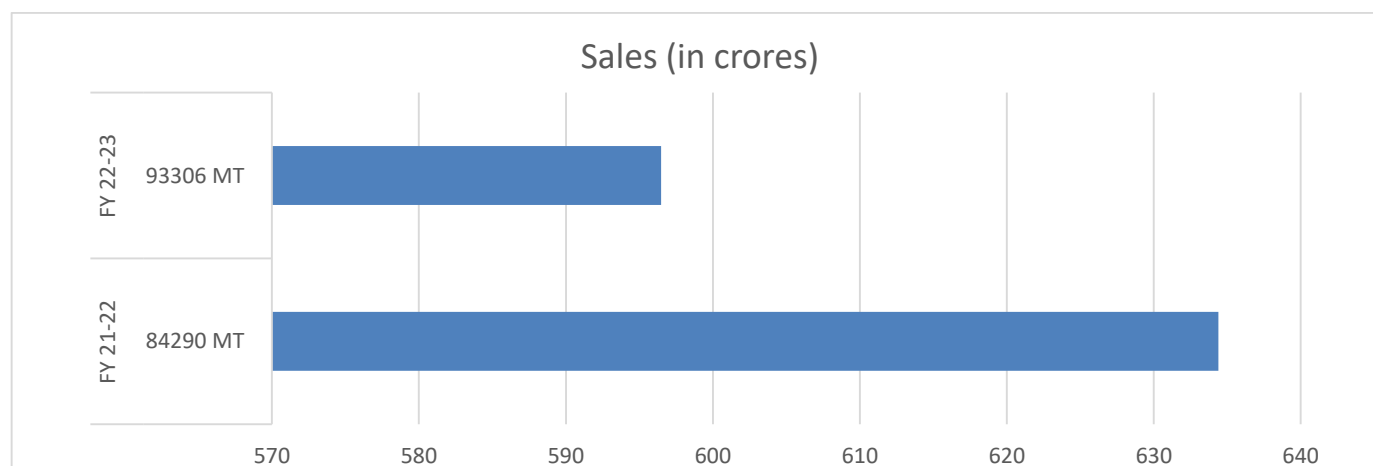


## PROFITS



**Profit Before Tax (PBT)** has decreased from ₹ 33.99 cr. (FY 2021-22) to ₹ 23.54 cr. (FY 2022-23) and **Profit After Tax (PAT)** has decreased from ₹ 25.26 cr. (FY 2021-22) to ₹ 17.03 cr. (FY 2022-23).

## MANUFACTURING



During the year, volume wise production has increased Current Year: 93,306 MT (Previous Year : 84,290 MT). However, in terms of value, the manufacturing sales has decreased from ₹ 634.41 Crore to ₹ 596.48 Crore.

## TRADING

Revenue from trading segment has decreased from ₹ 167.41 Crore to ₹ 133.83 Crore during the year ended 31<sup>st</sup> March 2023 as there was a huge fluctuation in international market for the entire chemical segment, therefore the company has decided to reduce its activities.



## FOREIGN EXCHANGE FLUCTUATIONS

During the current year ended 31<sup>st</sup> March 2023, loss arising from forex fluctuation is of ₹ 356.17 Lakh as compared to forex gain ₹ 110.77 Lakh (FY 2021-22). This is mainly because of the international political instability leading to depreciation in Indian rupee.

**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. No	Particulars	Current Year	Previous Year	% Change
1.	Debtors Turnover Ratio (in days)	54.11	64.90	-16.63
2.	Interest Coverage Ratio	3.72	5.28	-29.59
3.	Net Profit margin (%)	2.29	3.10	-26.18
4.	Return on NetWorth (%)	18.21	34.53	-47.25

1. Debtors Turnover Ratio: Improved realisation from customers during the year resulting in decreased corresponding debtors & average credit period
2. Interest Coverage Ratio: The Company has availed a new term loan during the year for its capex and availed bill discounting facilities to benefit from better interest rate. Further, net profits were affected due to crash in international prices of the products dealt by the Company, including loss arising out of forex fluctuation.
3. Net Profit margin: Net profits have been affected predominantly due to crash in international prices of the products dealt by the Company, including loss arising out of forex fluctuation.
4. Return on NetWorth: Net profits have been affected predominantly due to crash in international prices of the products dealt by the Company, including loss arising out of forex fluctuation. However sales volume has increased and remained unaffected.



## DIRECTOR'S REPORT

### To The Members of Nikhil Adhesives Limited

The Board of Directors are pleased to present the thirty seventh Annual Report together with the Audited Accounts for the Financial Year ended 31<sup>st</sup> March, 2023.

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	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Profit Before Depreciation and Tax	2,875.03	3,810.50
Less: Depreciation	520.57	411.22
<b>Profit Before Tax</b>	<b>2,354.46</b>	<b>3,399.28</b>
Less: Provision for Tax		
Current Tax	550.26	832.00
Tax adjustment of earlier years	33.44	-
Deferred Tax	66.78	40.87
<b>Profit After Tax</b>	<b>1,703.97</b>	<b>2,526.41</b>

### DIVIDEND

The Board of Directors has recommended a dividend of Re. 0.2/- (Rupee Zero point Two only) per equity share of face value of Re. 1/- (Rupee One only) each for the Financial Year ended March 31, 2023 subject to approval of Shareholders.

### RESULT OF OPERATIONS

(Rs. In Lakh)

Particulars	2022-23	2021-22	%
Sales Turnover	74,346.26	81,374.43	-8.63%
Other Income	47.53	57.37	-17.15%
Operating Profit	2,985.09	3,989.56	-25.17%
Total Comprehensive Income(Net Profit)	1,713.42	2,525.78	-32.16%

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

The Company had accepted the deposits amounting to Rs. 186.05 Lakh from its members during the financial year 2022-23. 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

During the year, pursuant to the approval of the shareholders in its 36<sup>th</sup> AGM held on 12<sup>th</sup> September, 2022, the Company effected sub-division of 1 equity share (Face Value Rs. 10/- each, fully paid up), into 10 equity shares (Face Value of Re. 1/- each fully



paid up) was approved. The Board of Directors approved the record date as 13<sup>th</sup> October, 2022 vide circular resolution effected on 22.09.2022.

The Authorized and Paid-up Share Capital of the Company after considering the above sub-division is as follows.

The Authorised Share Capital of the Company is Rs. 5,00,00,000/- (Rupees Five Crore only) divided into 4,95,00,000 (Four Crores Ninety Five Lakh only) Equity Shares of Re. 1 (Rupee One Only) each and 50,000 (Fifty Thousand) 8% Non-Cumulative Redeemable Preference Shares of Rs. 10 (Rupees Ten Only) 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 4,59,43,000 (Four crore Fifty-Nine Lakh Forty-Three Thousand Only) Equity Shares of Re. 1/- (Rupee One) each and 2,13,200 forfeited shares of Rs. 1,06,603/- (One Lakh Six Thousand Six Hundred and Three Only).

## CORPORATE GOVERNANCE

Your Company strives to maintain the high 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

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the details of contribution to CSR activities are as follows:

Amount statutorily required to contribute during the year F.Y. 2022-23	Rs. 40,23,783
Actual amount spent as on 31.03.2023	Rs. 38,66,800
Amount unspent as on 31.03.2023	Rs. 1,56,983
Amount spent towards PM CARES Fund within the prescribed time limit of six months of end of financial year as per Companies Act, 2013	Rs. 160,000
Excess amount available for set off in the succeeding financial years	Rs. 3,017

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](http://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:

- That in the preparation of the annual financial statements for the year ended 31<sup>st</sup> March, 2023, 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;
- 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;
- 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;
- That the annual financial statements have been prepared on a going concern basis;
- That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- That the systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## RISK MANAGEMENT AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company's system of financial and compliance controls with reference to the financial statements and risk management is embedded in the business process by which the Company pursues its objectives. The Company uses foreign exchange forward





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

The Company's system and process relating to internal control and procedures for financial reporting have been designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Company's assets that could have a material effect on the financial statements and for preventing and detecting fraud and other irregularities or deliberate mis-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. Rajendra J. Sanghavi (DIN:00245637), 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.

The Board of Directors in its meeting held on 09<sup>th</sup> August, 2022 accepted 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 12<sup>th</sup> August, 2022 and appointed Ms. Khushboo Gulati as Company Secretary and Compliance Officer, Key Managerial Personnel of the Company with effect from 10<sup>th</sup> November, 2022 in their Board Meeting held on same day.

During the year, Mr. Anil Gupta resigned as a Chief Financial Officer, Key Managerial Personnel of the Company with effect from 11<sup>th</sup> November, 2022 and Mr. Umesh T. Shah was appointed as Chief Financial Officer, Key Managerial Personnel with effect from 10<sup>th</sup> November, 2022 in accordance with Section 203 and other applicable provisions of the Companies Act, 2013.

The Board of Directors in its meeting held on 07<sup>th</sup> February, 2023 accepted the resignation of Ms. Khushboo Gulati from the position of a Company Secretary and Compliance Officer, Key Managerial Personnel of the Company with effect from 31<sup>st</sup> January, 2023.

The Board of Directors in its meeting held on 16<sup>th</sup> May, 2023 appointed Ms. Kinjal Rathod as Company Secretary and Compliance Officer, Key Managerial Personnel of the Company with effect from 16<sup>th</sup> May, 2023.

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. Subramanian V (DIN: 10162796) was appointed as Independent Directors (Non-Executive) with effect from 01<sup>st</sup> July, 2023, by the Board of Directors in their meeting held on 16.05.2023 subject to the approval of Shareholders in this forthcoming Annual General Meeting of the Company pursuant to Regulation 17(1C) of the SEBI (LODR) Regulations, 2015.



During the year, Mr. Rabi R. Mishra resigned as Managing Director and Chief Executive Officer with effect from 04<sup>th</sup> July, 2023. Mr. Umesh T. Shah resigned as a Chief Financial Officer, Key Managerial Personnel of the Company with effect from 07<sup>th</sup> July, 2023.

The Board of Directors at its meeting held on 10<sup>th</sup> of July, 2023 accepted the re-designation of Mr. Umesh J. Sanghavi as Chairman and Managing Director of the Company with effect from 10<sup>th</sup> July, 2023 pursuant to the provisions of Sections 196, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and any other such sanction(s) as may be necessary and subject to the approval of Shareholders in this forthcoming Annual General Meeting of the Company.

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 (Re-designated as Managing Director w.e.f 10<sup>th</sup> July, 2023)
2. Mr. Rajendra J. Sanghavi – Wholetime Director
3. Mr. Tarak J. Sanghavi – Wholetime Director
4. Mr. Pravin K. Laheri – Independent Director
5. Mr. Naresh D. Bhuta – Independent Director
6. Mrs. Ishita T. Gandhi – Independent Director
7. Ms. Gauri S. Trivedi – Independent Director
8. Mr. V. Subramanian – Independent Director (appointed w.e.f 01<sup>st</sup> July, 2023)
9. Ms. Kinjal Rathod – Company Secretary & Compliance officer (appointed w.e.f 16<sup>th</sup> May, 2023)

The Board of Directors comprises of highly qualified members possessing 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. Stakeholder 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, 4 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 34<sup>th</sup> Annual General Meeting held on 31<sup>st</sup> 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 mutually agreed remuneration including out pocket expenses incurred during the audit process. There are no qualifications or adverse remarks in the Auditors' Report.

## **COST AUDITOR**

The Board of Directors has re-appointed M/s 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.

## **SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s Shiv Hari Jalan & Co., Company Secretaries were appointed to undertake the Secretarial Audit of the Company for the year ended 31<sup>st</sup> March, 2023. There are no adverse remarks or observations made by M/s Shiv Hari Jalan & Co. in the Secretarial Audit Report except three observations as under:

1. Pursuant to regulation 25(2A) of Securities and Exchange Board of India (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 the approval of shareholders by way of a special resolution. However the listed entity has appointed Ms. Gauri S. Trivedi (DIN: 06502788) w.e.f. 01.01.2022 as an Independent Director of the Company for a period of 5 years vide ordinary resolution passed through postal ballot dated 27.03.2022. The listed entity has ratified the appointment of Ms. Gauri S. Trivedi (DIN:06502788) as an Independent Director for a period of 5 years vide special resolution passed at the AGM held on 12.09.2022.

*Reply: 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.*



*Subsequently The appointment of Ms. Gauri S. Trivedi (DIN:06502788) as an Independent Director for a period of 5 years was ratified vide special resolution passed at the Annual General Meeting held on 12.09.2022.*

2. The Company has not given a public notice by way of advertisement before sending the notice of AGM and copies of the financial statements as required under general circular 2/2022 dated 05.05.2022 read with General Circular 20/2020 dated 05.05.2020.

*Reply: The Company has intimated the shareholders with a minor delay of one day post issuance of its Annual Report.*

3. Pursuant to regulation 6 (1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, A listed entity shall appoint a qualified company secretary as the compliance officer. During the period from 13-08-2022 to 09-11-2022 and from 01-02-2023 to 15-05-2023, no qualified company secretary was appointed as the compliance officer of the Company. However, the Company has appointed Company Secretary and Compliance officer within a period of 6 months from the date of such vacancy as provided in Section 203 (4) of the Companies Act, 2013.

We assure to comply all the provisions from time to time. 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.nikhiladhesives.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](http://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 2023-24 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. Accordingly, the unclaimed dividend (final) in respect of the financial year 2015-16 is due for transfer to the IEPF in September, 2023. Shareholders, who have not yet claimed their final dividend for the financial year 2015-16 and/ or for any subsequent financial years, are requested to claim the same from the Company.

During the year under review, no shares on unpaid dividend of last 7 years was due to be transferred to IEPF.



## **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.

### **DISCLOSURE AS REQUIRED UNDER CLAUSE 5A TO PARA A OF PART A OF SCHEDULE III OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:**

No Agreement were entered pursuant to clause 5A of paragraph A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during FY 2022-23 and as on date

**For and On behalf of Board of Directors**

**Sd/-**

**Umesh J. Sanghavi**  
**Chairman and Whole-time Director**  
**DIN: 00491220**

**Place: Mumbai**

**Date: 16<sup>th</sup> May, 2023**



## ANNEXURE- I

### SECRETARIAL AUDIT REPORT

#### FORM NO. MR-3

#### For the Financial year ended 31<sup>st</sup> March, 2023

[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, Shiv Hari Jalan, Proprietor of Shiv Hari Jalan & Co., Company Secretary in practice have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Nikhil Adhesives Limited (herein after 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 books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2023 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, 2023 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 Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;(Not applicable to the company during the review period)
  - (e) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable to the company during the review period)
  - (g) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the company during the period under review)
  - (h) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the company during the review period)
  - (i) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the company during the review period)
  - (j) The Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018;
- (vi) 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 of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the following observations:



1. Pursuant to regulation 25(2A) of Securities and Exchange Board of India (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 the approval of shareholders by way of a special resolution. However the listed entity has appointed Ms. Gauri S. Trivedi (DIN: 06502788) w.e.f. 01.01.2022 as an Independent Director of the Company for a period of 5 years vide ordinary resolution passed through postal ballot dated 27.03.2022. The listed entity has ratified the appointment of Ms. Gauri S. Trivedi (DIN:06502788) as an Independent Director for a period of 5 years vide special resolution passed at the AGM held on 12.09.2022.

2. The Company has not given a public notice by way of advertisement before sending the notice of AGM and copies of the financial statements as required under general circular 2/2022 dated 05.05.2022 read with General Circular 20/2020 dated 05.05.2020.

3. Pursuant to regulation 6 (1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, A listed entity shall appoint a qualified company secretary as the compliance officer. During the period from 13-08-2022 to 09-11-2022 and from 01-02-2023 to 15-05-2023, no qualified company secretary was appointed as the compliance officer of the Company. However, the Company has appointed Company Secretary and Compliance officer within a period of 6 months from the date of such vacancy as provided in Section 203 (4) of the Companies Act, 2013

**I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the period under review there is no changes in the composition of the Board of Directors took place.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance in accordance with the provisions of Companies Act, 2013 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 meeting.

As per the minutes, the decisions at the Board Meetings were taken unanimously.

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

**I further report that** during the audit period the Company has following specific actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines referred to above:

- The shareholders of the Company have approved, through ordinary resolution at the Annual General Meeting held on September 12, 2022 for subdivision of equity shares of the Company from face value of 10/- per share to Rs. 1/- per share and consequential amendments through special resolution to the Memorandum of Association of the Company.

**For Shiv Hari Jalan & Co.  
Company Secretaries  
FRN: S2016MH382700**

**(Shiv Hari Jalan)  
Proprietor  
FCS No: 5703  
C.P. No: 4226  
PR No. 1576/2021**

**Place: Mumbai  
Date: 16.05.2023  
UDIN:F005703E000312988**

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**  
A-902, Kaledonia Building, Sahar Road,  
Opp. Vijay Nagar, Andheri (East),  
Mumbai - 400069.

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of provision of Corporate and other applicable laws, rules, regulations, standard is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The secretarial Audit report is neither an assurance as to the future viability of Company nor of the efficacy of effectiveness with which the management has conducted the affairs of the company.

**For Shiv Hari Jalan & Co.**  
**Company Secretaries**  
**FRN: S2016MH382700**

**(Shiv Hari Jalan)**  
**Proprietor**  
**FCS No: 5703**  
**C.P. No: 4226**  
**PR No. 1576/2021**

**Place: Mumbai**  
**Date: 16.05.2023**  
**UDIN:F005703E000312988**



## 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 2022-23 (In Rs.)	Remuneration paid for FY 2021-22 (In Rs.)	% increase - in remuneration in the FY 2022-23	Ratio/ times per median of employee remuneration
1	Mr. Umesh J. Sanghavi	Chairman and Whole-time Director	21,52,944	22,31,730	-3.53	6.15
2	Mr. Rabi R. Mishra*	Executive-Managing Director and CEO	1,20,00,000	30,00,000	-	30.75
3	Mr. RajendraJ. Sanghavi	Executive-Whole Time Director	21,52,944	22,05,055	2.36	6.15
4	Mr. Tarak J. Sanghavi	Executive-Whole Time Director	21,52,944	22,05,055	2.36	6.15
5	Mr. Anil P. Gupta*	Chief Financial Officer	32,73,147*	6,12,009	-	-
6	Mr. Umesh Shah*	Chief Financial Officer	21,91,091*	-	-	17.93
7	Ms. Rachana Baria*	Company Secretary & Compliance Officer	1,98,311*	4,51,759	-	-
8	Ms. Khushboo Gulati*	Company Secretary & Compliance Officer	1,24,318*	-	-	-

\* Mr. Rabi Mishra was appointed as Wholetime Director and Chief Executive Officer of the Company w.e.f 01.01.2022.

The remuneration of Mr. Anil P. Gupta is covered for a period from 01.04.2022 to 11.11.2022, as he resigned as CFO w.e.f. 11.11.2022. The remuneration of Mr. Umesh Shah is for the period from 12.11.2022 to 31.03.2023, as he was appointed as CFO w.e.f. 12.11.2022.

The remuneration of Ms. Rachana Baria is covered for the period from 01.04.2022 to 12.08.22 as she resigned as CS w.e.f. 12.08.2022. The remuneration of Ms. Khushboo Gulati is for the period from 10.11.2022 to 31.01.2023.

Median remuneration of employees in FY 2022-23	Median remuneration of employees in FY 2021-22	Percentage increase/(decrease)
Rs. 3,90,300	Rs. 3,25,109	20.05

2. No. of permanent employees as on 31st March, 2023: 271 Employees

3. Variation in market capitalisation, PE ratio:

Particulars	As on 31.03.2023	As on 31.03.2022	Percentage Change
Market Capitalisation of the Company	Rs. 4,47,25,51,050	Rs. 3,30,97,33,720	35.13%



PE Ratio	Rs. 26.25	Rs. 13.10	100%
Closing Market share Price (BSE)	Rs. 97.35	Rs. 72.04	35.13%

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

<b>Average percentile increase in salaries of employees other than managerial personnel in FY 2022-23</b>	<b>Percentile increase in managerial personnel remuneration in FY 2022-23</b>	<b>Justification</b>
29.96%	129.62%	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 31<sup>st</sup> March, 2023 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. Amongst various sources of alternate energy like 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 electrical energy.

The solar heating system plays a crucial role in protecting the environment. It is reliable, secure and eco friendly.

Management has recognised the advantages of solar power and solar heating systems, and has initiated installation of solar system in its units as mentioned in the point 1(h) which will not only help reduce chemical emission considerably but also reduce power cost.

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

Rs. 47.32 Lakh was spent on energy conservation equipments.

#### B. Technology absorption:

##### 1. The efforts made towards technology absorption:

Development of proprietary technology for 100% import substitute Re-dispensible Polymer (RDP) & design of plant to manufacture 12,000 TPA.

##### 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. 33.05 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. 412.58 Lakh and foreign exchange outgo in terms of actual outflows is Rs. 19,610.58 Lakh.

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

Sd/-

**Umesh J. Sanghavi**  
**Chairman and Managing Director**  
**DIN: 00491220**

**Place: Mumbai**

**Date: 14<sup>th</sup> August, 2023**



## 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 VII of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (Rules").

### 2. Composition of CSR Committee:

Sr. 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	1	1
2.	Mr. Rajendra J. Sanghavi (Member)	Wholetime Director	1	1
3.	Mr. Umesh J. Sanghavi (Member)	Managing Director	1	1
4.	Mr. Tarak J. Sanghavi (Member)	Whole Time Director	1	1

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](http://www.nikhiladhesives.com)

4. Provide the executive summary along with web-link(s) 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: Not Applicable

5. (a) Average net profit of the Company as per Section 135(5): Rs. 22,09,70,848  
 (b) Two percent of average net profit of the Company as per Section 135(5): Rs. 44,19,417  
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Rs. 3,95,634  
 (d) Amount required to be set off for the financial year, if any: Rs. 3,95,634  
 (e) Total CSR obligation for the financial year [(b)+(c)-(d)]: Rs. 40,23,783/-

6. (a) Amount spent on CSR Projects other than ongoing projects for the financial year: Rs. 40,26,800  
 (b) Amount spent in Administrative Overheads: Nil  
 (c) Amount spent on Impact Assessment, if applicable: Nil  
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: Rs. 40,26,800  
 (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	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
₹ 40,26,800	Not Applicable		PM CARES FUND	1,60,000	13/07/2023

(f) Excess amount for set off, if any: Rs. 3,017

Sr. No. (1)	Particular (2)	Amount (in Rs.) (3)
(i)	Two percent of average net profit of the company as per Section 135(5)	Rs. 44,19,417
(ii)	Total amount spent for the Financial Year	Rs. 40,26,800
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Rs. (3,92,617)
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Rs. 3,95,634
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Rs. 3,017



7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
Sr No	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135(in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135(in Rs.)	Amount Spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amount (in Rs)	Date of Transfer		
1.	FY - 1	NIL						
2.	FY - 2							
3.	FY - 3							

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Nil

If Yes, enter the number of Capital assets created/ acquired: Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sr No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
N.A.							

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. 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**  
 Chairman and Managing Director  
 (Member of CSR Committee)  
 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 07-04-2023.
2. We, M/s 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, 2023, as stipulated in regulations 17 to 27 and clauses (b) to (i) and (t) of regulation 46(2) and para C, D and E 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 (Revised 2016) 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) and (t) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations during the year ended 31st March, 2023.
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: 23181834BGXCSH7651**

**Place: Mumbai**  
**Date: 16-05-2023**



## 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 its 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 31<sup>st</sup> March, 2023:

Name of Directors	Status	No. of Board Meetings attended	Attendance at Annual General Meeting (12.09.2022)	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 Whole-time Director, Promoter	4	Attended	1	-	1
Mr. R. R. Mishra (DIN: 02888975)	Executive Managing Director and CEO	4	Attended	1	-	1
Mr. R. J. Sanghavi (DIN: 00245637)	Executive Whole Time Director, Promoter	4	Attended	1	-	1
Mr. T. J. Sanghavi (DIN: 00519403)	Executive Whole Time Director, Promoter	4	Attended	1	-	1
Mr. Pravin K. Laheri (DIN: 00499080)	Non-Executive Independent Director	4	Attended	1	1	3
Mr. Naresh D. Bhuta (DIN: 01610043)	Non-Executive Independent Director	3	Not Attended	1	-	3
Mrs. Ishita Gandhi (DIN: 07137098)	Non-Executive Independent Director	4	Attended	1	2	1



Ms. Gauri S. Trivedi (DIN: 06502788)	Non-Executive Independent Director	3	Attended	5	0	6
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Mr. Rabi R. Mishra was re-designated from Wholetime Director and Chief Executive Officer to Managing Director and Chief Executive Officer with effect from 01<sup>st</sup> September, 2022 till 31<sup>st</sup> December 2026 with the approval of Shareholders on 12.09.2022.

Mr. Umesh J. Sanghavi was re-designated from Chairman and Managing Director to Chairman and Wholetime Director with effect from 01<sup>st</sup> September, 2022 till 31<sup>st</sup> December, 2023 with the approval of Shareholders on 12.09.22.

\*\*\*\*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 31<sup>st</sup> March, 2023)

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

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

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

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

## **Board Meetings**

During the financial year ended on 31<sup>st</sup> March, 2023, 4 Board Meetings were held on 21<sup>st</sup> May, 2022; 09<sup>th</sup> August, 2022; 10<sup>th</sup> November, 2022 and 07<sup>th</sup> February, 2023.

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 its responsibilities effectively and make an informed decision. The compliance report of all laws applicable to your Company as prepared and compiled and circulated to all the Directors along with the agenda and placed/reviewed in each Board Meeting.

The Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of your Company and the same has been posted on the website of your Company ([www.nikhiladhesives.com](http://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 its functioning.



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

Sr. No.	Name of the Director	Status	No. of Meetings held	No. of Meetings attended	Date of Audit Committee Meetings
1	Mrs. Ishita Gandhi (Chairman)	Non Executive/Independent	4	4	21 <sup>st</sup> May, 2022 09 <sup>th</sup> August, 2022
2	Mr. Pravin K. Laheri (Member)	Non Executive/Independent	4	4	10 <sup>th</sup> November, 2022 07 <sup>th</sup> February, 2023
3	Ms. Gauri S. Trivedi (Member)*	Non Executive/Independent	4	3	
4	Mr. Naresh D. Bhuta (Member)*	Non Executive/Independent	2	1	
5	Mr. Umesh J. Sanghavi (Member)*	Executive Whole-time Director	1	1	
6	Mr. Rabi. R. Mishra (Member)*	Executive Managing Director and CEO	1	1	

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. Gauri S. Trivedi was appointed as a member of Audit Committee in place of Mr. Naresh D. Bhuta with effect from 21.05.2022. Mr. Naresh Bhuta was re-appointed as a Member of the Audit Committee with effect from 01<sup>st</sup> July, 2022 and Mr. Umesh Sanghavi and Mr. Rabi Mishra were appointed as Members of the Audit Committee with effect from 10<sup>th</sup> November, 2022.

Ms. Khushboo Gulati, Company Secretary and Compliance Officer act as a Secretary of the Committee till 31.01.2023.

The Chairman of the Committee was present at the last Annual General Meeting held on 12.09.2022

**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	2	2	21 <sup>st</sup> May, 2022 07 <sup>th</sup> February, 2023
2	Mr. Pravin K. Laheri (Member)	Executive/Non-Independent	2	2	
3	Ms. Gauri S. Trivedi (Member)*	Non Executive/Independent	2	2	

\* Ms. Gauri S. Trivedi was appointed as a member of Stakeholders Relationship Committee in place of Mr. Naresh D. Bhuta with effect from 21.05.2022.



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	21 <sup>st</sup> May, 2022, 09 <sup>th</sup> August, 2022 10 <sup>th</sup> November, 2022
2	Mr. Ishita T. Gandhi (Member)	Non Executive/ Independent	3	3	
3	Ms. Gauri S. Trivedi (Member)*	Non Executive/ Independent	3	2	

\* Ms. Gauri S. Trivedi was appointed as a member of Nomination and Remuneration Committee in place of Mr. Naresh D. Bhuta with effect from 21.05.2022.

#### 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 2022-23 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 Whole-time Director	21,52,944	-	1,58,400	-	-	23,11,344
Mr. R. R. Mishra	Executive Managing Director and CEO	1,20,00,000	-	-	-	-	1,20,00,000
Mr. R. J. Sanghavi	Executive Whole Time Director	21,52,944	-	1,58,400	-	-	23,11,344
Mr. T. J. Sanghavi	Executive Whole Time Director	21,52,944	-	1,58,400	-	-	23,11,344
Mr. Pravin K. Laheri	Non Executive/ Independent Director	-	-	-	-	2,70,000	2,70,000
Mr. Naresh D. Bhuta	Non Executive/ Independent Director	-	-	-	-	1,40,000	1,40,000
Mrs. Ishita T. Gandhi	Non Executive/ Independent Director	-	-	-	-	2,70,000	2,70,000
Ms. Gauri S. Trivedi	Non Executive/ Independent Director	-	-	-	-	2,15,000	2,15,000

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 31<sup>st</sup> March, 2023

Name of the Director	Nature of Directorship	No. of Shares held	Percentage to the paid- up capital
Mrs. Ishita T. Gandhi	Non-Executive Independent	10,000	0.02%
Mr. Pravin K. Laheri	Non-Executive Independent	-	-
Mr. Naresh D. Bhuta	Non-Executive Independent	-	-
Ms. Gauri S. Trivedi	Non-Executive Independent	-	-



Mr. V. Subramanian (appointed w.e.f 01.07.23)	Non-Executive Independent	-	-
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### Independent Directors Meeting:

During the year under review, a separate meeting of Independent Directors was held on 07<sup>th</sup> February, 2023, 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.

### 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	1	1
2	Mr. Rajendra J. Sanghavi	Member	1	1
3	Mr. Umesh J. Sanghavi	Member	1	1
4	Mr. Tarak J. Sanghavi	Member	1	1

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

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

During the year, the Corporate Social Responsibility Committee met on 31.03.2023.

The detailed terms of reference of the Corporate Social Responsibility Committee is available on the website of the Company at [www.nikhiladhesives.com](http://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
2021-22	36th	12th September, 2022	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.	12.00 PM	4



2020-21	35 <sup>th</sup>	29 <sup>th</sup> 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	34 <sup>th</sup>	30 <sup>th</sup> 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

Details of Special Resolutions passed in the previous three AGMs:

Date of AGM	Particulars of Special Resolutions passed there at
12th September, 2022	<ol style="list-style-type: none"> <li>1. Alteration of Memorandum of Association of the Company</li> <li>2. Change in Designation of Mr. Rabi R. Mishra (DIN: 02888975) from Wholetime Director and Chief Executive Officer to Managing Director and Chief Executive Officer</li> <li>3. Change in Designation in Mr. Umesh J. Sanghavi (DIN: 00491220) from Chairman and Managing Director to Chairman and Wholetime Director</li> <li>4. Ratification of the appointment of Ms. Gauri S. Trivedi (DIN:06502788) as an Independent Director for a period of 5 years</li> </ol>
29 <sup>th</sup> September, 2021	No Special Resolutions were passed.
30 <sup>th</sup> December, 2020	<ol style="list-style-type: none"> <li>1. To Re-appoint of Mrs. Ishita Gandhi (DIN: 07137098) as an Independent Director for 2nd term of 5 years.</li> <li>2. To Re-appoint of Mr. Rajendra J. Sanghavi (DIN: 00245637) as a Whole Time Director for a period of 3 years.</li> <li>3. To Re-appoint of Mr. Umesh J. Sanghavi (DIN: 00491220) as a Managing Director for a period of 3 years.</li> <li>4. To Re-appoint of Mr. Tarak J. Sanghavi (DIN: 00519403) as a Whole Time Director for a period of 3 years.</li> </ol>

During the year under review, there were no Resolutions 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 its 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. 37 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.
- 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 2023-24.
- 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 31<sup>st</sup> March, 2023 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. Khushboo Gulati has been designated as the Compliance Officer of the Company from 10<sup>th</sup> November, 2022 till 31<sup>st</sup> January, 2023 and thereafter Ms. Kinjal Rathod has been designated as the Compliance Officer of the Company from 16<sup>th</sup> May, 2023 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](http://www.nikhiladhesives.com)).
- j) Your Company is familiarising the Independent Directors on its Board on a quarterly basis and the detail of familiarisation programme are posted on the website of your Company and is available at the weblink <http://www.nikhiladhesives.com>.
- k) Your Company has compliant with all applicable mandatory requirements of the provisions of the SEBI LODR for the March 31, 2023.
- 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) and (t) 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.
- r) Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount': Not Applicable
- s) Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries: There are no material subsidiaries of the Company.

### 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](http://www.nikhiladhesives.com)).

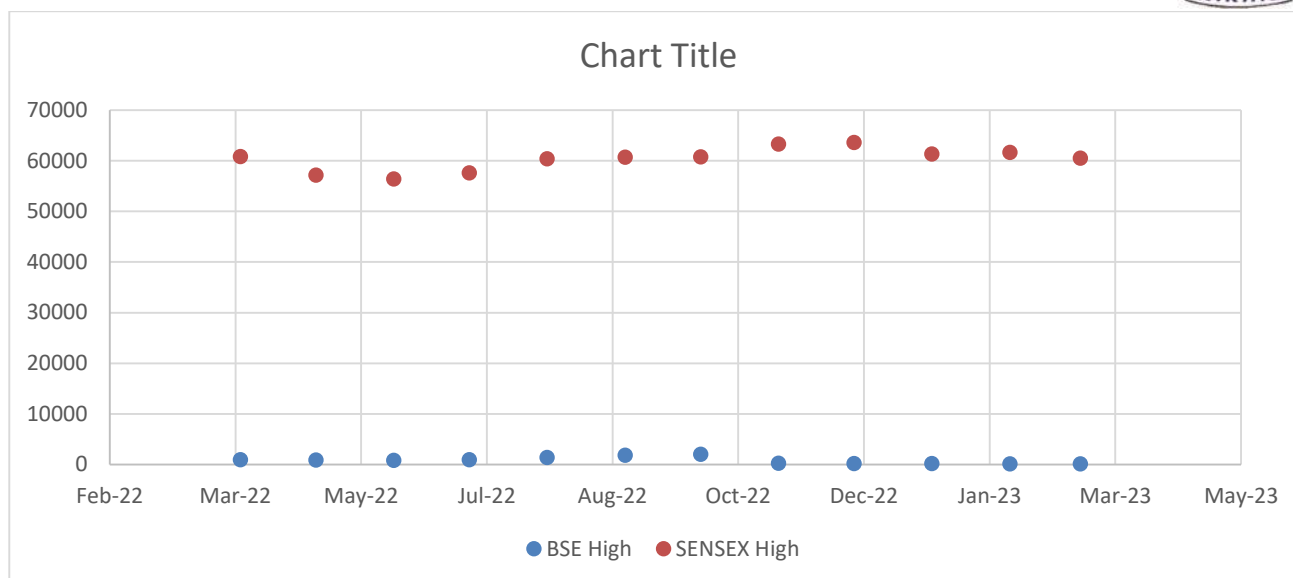


## General Shareholder Information

1. Annual General Meeting Date, Time and Deemed Venue : Thursday, 21<sup>st</sup> September, 2023, 12:00 PM. (through VC/OVAM facility)  
(The Registered Address is deemed venue)  
902, 9th Floor, A-Wing, Kaledonia HDIL Building  
Sahar Road, Opp. D-Mart  
Andheri (East), Mumbai – 400069.
2. Financial Year : 2022-2023
3. Date of Book Closure/Cut-off date of e-voting : Book closure start date: 15<sup>th</sup> September, 2023  
Book closure end date: 21<sup>st</sup> September, 2023  
Cut-off date of e-voting: 14<sup>th</sup> September, 2023
4. Date of Payment of Dividend : within 30 days of 37<sup>th</sup> AGM
5. Financial Calendar (Tentative)
  - Unaudited financial result for the quarter ended 30th June, 2023 : by August 14, 2022
  - Unaudited financial result for the quarter ended 30<sup>th</sup> September, 2023 : 2<sup>nd</sup> Week of November, 2023
  - Unaudited financial result for the quarter ended 30th December, 2023 : 2<sup>nd</sup> Week of February, 2023
  - Audited financial result for the year ending 31st March, 2024 : 4<sup>th</sup> Week of May, 2024
  - Annual General Meeting for the year ending 31st March, 2024 : 30<sup>th</sup> September, 2024
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 : INE926C01022
9. Grievance Redressal division email : [investors@nikhiladhesives.com](mailto:investors@nikhiladhesives.com)
10. High/Low Share Price during last financial year (Month wise) :

Month	BSE		SENSEX	
	High	Low	High	Low
April- 2022	956.00	701.10	60,845.10	56,009.07
May- 2022	905.00	710.00	57,184.21	52,632.48
June-2022	807.90	667.40	56,432.65	50,921.22
July- 2022	959.00	708.15	57,619.27	52,094.25
August- 2022	1,389.95	841.00	60,411.20	57,367.47
September- 2022	1,847.95	1,360.00	60,676.12	56,147.23
October- 2022	1,998.00	143.30	60,786.70	56,683.40
November-2022	225.30	159.05	63,303.01	60,425.47
December- 2022	167.90	126.10	63,583.07	59,754.10
January- 2023	155.00	122.00	61,343.96	58,699.20
February- 2023	143.45	98.75	61,682.25	58,795.97
March- 2023	113.00	91.55	60,498.48	57,084.91

**Note:** The Company has sub-divided its Equity Shares of face value of Rs. 10 each to Equity Shares of the face value of Re. 1 each, fully paid up with effective from October 13, 2022.



11. Distribution Schedule of number of shares as on 31st March, 2023:

Shares	No. of Holders	%	No. of Shares	%
Upto 500	16205	89.24	1429261	3.11
501 to 1000	999	5.502	828152	1.802
1001 to 5000	721	3.97	1722822	37.48
5001 to 10000	114	0.62	912197	1.98
10001 to above	118	0.64	41050568	89.35

Category of Shareholding as on 31<sup>st</sup> March, 2023:

Category	No. of Shares	% of Shareholding
<b>A. Promoter's Holding</b>		
12. Promoters		
a. Indian Promoters	2,50,10,100	54.43
b. Foreign Promoters	-	-
1. Persons acting in concert	-	-
<b>SUB TOTAL (A)</b>	<b>2,50,10,100</b>	<b>54.43</b>
<b>B. Non-Promoter's Holding</b>		
2. 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	8,30,350	1.80
b. Indian Public	1,88,53,686	41.03
c. NRI's and OCB's	1,53,437	0.33
d. Clearing Members	9,153	0.019
e. Trusts	-	-
f. HUF	4,48,824	0.97
g. IEPF MCA Account	6,37,450	1.38
<b>SUB TOTAL (B)</b>		
<b>GRAND TOTAL (A+B)</b>	<b>4,59,43,000</b>	<b>100.00</b>



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 take place 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 31<sup>st</sup> March, 2023 is 45423300 i.e. 98.86% 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 : 902, 9th Floor, A-Wing, Kaledonia HDIL Building, Sahar Road, Opp. D-Mart, Andheri(East), Mumbai – 400069, 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](http://www.linkintime.co.in)  
Email id- [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)
19. Credit Rating : N.A.



## 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, 2023.

**For Nikhil Adhesives Limited**

**Sd/-  
R. R. Mishra  
Managing Director and Chief Executive Officer**

**Place: Mumbai  
Date: 16<sup>th</sup> May, 2023**

## CEO AND CFO CERTIFICATION

To,  
The Members  
Nikhil Adhesives Limited,  
Mumbai.

**Re: Financial Statements for the year 2022-23 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 31<sup>st</sup> March, 2023 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 31<sup>st</sup> March, 2023 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  
Managing Director and Chief Executive Officer  
16<sup>th</sup> May, 2023**

**Sd/-  
Umesh T. Shah  
Chief Financial Officer  
16<sup>th</sup> May, 2023**



**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,**  
A-902, Kaledonia Building, Sahar Road,  
Opp. Vijay Nagar, Andheri (East),  
Mumbai - 400069.

I, Shiv Hari Jalan, Proprietor of Shiv Hari Jalan & Co., Company Secretary in practice 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 A-902, Kaledonia Building, Sahar Road, Opp. Vijay Nagar, Andheri (East), Mumbai - 400069 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 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](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & 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, 2023 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 or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in Company *
1	Mr. Rajendra Jayantilal Sanghavi	00245637	29/09/1986
2	Mr. Umesh Jayantilal Sanghavi	00491220	29/09/1986
3	Mr. Pravin Kanubhai Laheri	00499080	01/04/2021
4	Mr. Tarak Jayantilal Sanghavi	00519403	01/10/1987
5	Mr. Naresh Damodardas Bhuta	01610043	01/04/2021
6	Mr. Rabi Ramnath Mishra	02888975	01/01/2022
7	Ms. Gauri Trivedi	06502788	01/01/2022
8	Ms. Ishita Tushar Gandhi	07137098	28/03/2015

\*The date of appointment is as per the MCA Portal

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my 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.

Place: Mumbai  
Date: 16.05.2023  
UDIN: F005703E000313043

For Shiv Hari Jalan & Co.  
Company Secretaries  
FRN: S2016MH382700

(Shiv Hari Jalan)  
Proprietor  
FCS No: 5703  
C.P.NO: 4226  
PR No. 1576/2021



## 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 2023, 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, 2023, its profit, other comprehensive income, 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, 2023. 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
-------------------	---



<p><u>Inventory Existence and Valuation</u></p> <p>As at March 31, 2023 the Company held Inventory amounting to ₹ 8,420.36 lakhs.</p> <p>Inventories are valued at lower of cost and Net realizable value. The Company's major part of inventory comprises raw materials and work-in-progress which are spread across multiple factories. These inventories are physically counted by Management on a periodical basis.</p> <p>There is significant management judgement involved in estimating the overhead costs allocation on inventories, assessing provision towards non-moving or obsolete inventories, as well as net realizable value of items held.</p> <p>The Management's estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. The Management also provides for non-moving or obsolete stock on the basis of age of inventory. Such methodology relies upon certain assumptions made in determining appropriate provisioning for such inventories.</p> <p>Based on above, existence and valuation of inventories have been identified as a key audit matters. Refer Notes 1.6 and 8 to the financial Statement.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>- assessing the Company's accounting policy for inventory valuation.</li> <li>- assessing the inventory valuation processes and testing the key controls around inventory existence and valuation assertions.</li> <li>- verifying the existence and condition of inventory by attending inventory physical counts across various locations.</li> <li>- assessing management judgements regarding estimates of net realizable value, the methodology used for overhead costs allocation on inventory and treatment for non-moving or obsolete stock.</li> </ul>
<p><u>Revenue recognition</u></p> <p>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.</p>	<p>Our audit procedures with regard to revenue recognition included testing controls for cut-offs and performing analytical review procedures.</p>

### 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 2023 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 31<sup>st</sup> March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2023 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 43 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 42B(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 42B(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.
- (f) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. 01 April, 2023, hence reporting under this clause is not 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: 23181834BGXCSG3084**

**Place: Mumbai**  
**Date: 16 May 2023**



## 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, 2023:**

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.  
(B) The Company has maintained proper records showing full particulars of intangible assets.
- (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) and intangible assets during the year 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 except goods-in-transit and stocks lying with third parties, 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 on such physical verification of inventories. For stocks held with third parties at the year end, written confirmations have been obtained.  
(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, 2023, 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.
- (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 2023. 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 2023. 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) (a) In our opinion and according to the information and explanations given to us, the Company has not transferred the amount remaining unspent to a Fund specified in Schedule VII to the Companies Act, 2013 till the date of our report. However, the time period for such transfer i.e. six months of the expiry of the financial year as permitted under the second proviso to sub-section (5) of section 135 of the Act, has not elapsed till the date of our report. (Refer Note 40 to financial statements)

<b>Financial year</b>	<b>Amount unspent on Corporate Social Responsibility activities "other than Ongoing Projects"</b>	<b>Amount Transferred to Fund specified in Schedule VII within 6 months from the end of the Financial Year</b>	<b>Amount Transferred after the due date</b>
(a)	(b)	(c)	(d)
2022-23	1.57	-	-

- (b) 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 ongoing project, to be transferred to special account in compliance with provision of sub section (6) of section 135. Hence, clause 3(xx)(b) of the Order is not applicable.

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

**Priyanshi Vakharia**  
**Proprietor**  
**Membership No.: 181834**  
**UDIN: 23181834BGXCSG3084**

**Place: Mumbai**  
**Date: 16 May 2023**



## **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, 2023, 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, 2023, 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: 23181834BGXCSG3084**

**Place: Mumbai**

**Date: 16 May 2023**



**NIKHIL ADHESIVES LTD**  
**BALANCE SHEET AS AT 31ST MARCH 2023**

(Amount in lakhs)

Particular	Note No.	As at 31st March 2023	As at 31st March 2022
<b>ASSETS:</b>			
<b>1. Non-Current Assets:</b>			
(a) Property, Plant and Equipment	2 a	7,159.64	6,211.00
(b) Right of Use assets	2 b	476.23	225.59
(c) Capital Work-in-Progress	3	361.46	119.84
(d) Other Intangible Assets	4	-	-
(e) Financial Assets			
(i) Investments	5	0.60	0.37
(ii) Other Non-Current Financial Assets	6	47.28	48.19
(f) Other Non-Current Assets	7	307.34	65.25
<b>Total Non Current Assets</b>		<b>8,352.55</b>	<b>6,670.24</b>
<b>2. Current Assets:</b>			
(a) Inventories	8	8,420.35	7,571.42
(b) Financial Assets			
(i) Trade Receivables	9	11,022.25	14,469.83
(ii) Cash and Cash Equivalents	10	359.26	488.77
(iii) Bank Balances other than above	11	122.88	116.45
(c) Current Tax Assets (Net)		749.88	1,516.19
(d) Other Current Assets	12	498.86	767.72
<b>Total Current Assets</b>		<b>21,173.48</b>	<b>24,930.38</b>
<b>TOTAL ASSETS</b>		<b>29,526.03</b>	<b>31,600.62</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>I. Equity</b>			
(a) Equity Share Capital	13	460.50	460.50
(b) Other Equity	14	9,706.28	8,084.76
<b>Total Equity</b>		<b>10,166.78</b>	<b>8,545.26</b>
<b>II. LIABILITIES</b>			
<b>1. Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15	1,591.03	1,788.79
(ia) Lease Liabilities	15 a	250.75	31.38
(ii) Other Non-Current Financial Liabilities	16	144.32	147.79
(b) Provisions	17	135.43	68.51
(c) Deferred Tax Liabilities (Net)	18	445.75	375.89
<b>Total Non-Current Liabilities</b>		<b>2,567.28</b>	<b>2,412.38</b>
<b>2. Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	19	1,576.53	941.76
(ia) Lease Liabilities	15 a	56.67	20.48
(ii) Trade Payables	20		
(A) total outstanding dues to micro enterprises and small		578.05	295.05
(B) total outstanding dues to creditors other than micro			
enterprises and small enterprises		11,521.63	15,749.48
(iii) Other Current Financial Liabilities	21	1,045.47	955.49
(b) Other Current Liabilities	22	1,269.25	1,101.06
(c) Provisions	23	7.38	71.89
(d) Current Tax Liabilities (Net)		736.99	1,507.77
<b>Total Current Liabilities</b>		<b>16,791.97</b>	<b>20,642.98</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,526.03</b>	<b>31,600.62</b>

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements

**As per our attached report of even date**

**For PPV & Co.**

Chartered Accountants  
Firm Registration No. 153929W

**Priyanshi Vakharia**

(Proprietor)  
Membership No. 181834

Place : Mumbai  
Date : 16th May 2023

**For and on behalf of the Board of Directors**

**Rabi Mishra**                      **Umesh J. Sanghavi**  
(Chief Executive Officer)      (Chairman and Whole-  
Time Director)

DIN : 02888975                      DIN : 00491220

**Rajendra J. Sanghavi**              **Ishita T. Gandhi**  
(Executive Director)              (Independent Director)

DIN : 00245637                      DIN : 07137098

**Tarak J. Sanghavi**                      **Umesh Shah**  
(Executive Director)              (Chief Financial Officer)

DIN : 00519403

**Kinjal Rathod**  
(Company Secretary)  
M. No. A64403

**NIKHIL ADESIVES LTD**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2023**

(Amount in lakhs)

Particulars	Note No.	Year Ended 31st March 2023	Year Ended 31st March 2022
Revenue from operations	24	74,346.26	81,374.43
Other income	25	47.53	57.37
<b>Total income</b>		<b>74,393.79</b>	<b>81,431.80</b>
<b>EXPENSE</b>			
Cost of materials consumed	26	50,228.16	55,963.67
Purchases of stock in trade	27	12,824.37	16,506.52
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	125.22	(1,419.34)
Employee benefits expense	29	1,906.91	1,361.07
Finance costs	30	630.63	590.28
Depreciation and amortization expense	31	520.57	411.22
Other expenses	32	5,803.47	4,619.11
<b>Total expenses</b>		<b>72,039.33</b>	<b>78,032.53</b>
<b>Profit before exceptional items and tax</b>		<b>2,354.46</b>	<b>3,399.28</b>
<b>Exceptional items</b>		<b>-</b>	<b>-</b>
<b>Profit before tax</b>		<b>2,354.46</b>	<b>3,399.28</b>
<b>Tax expense</b>			
Current tax		550.26	832.00
Tax adjustment of earlier years		33.45	-
Deferred tax		66.78	40.87
<b>Total tax expenses</b>		<b>650.49</b>	<b>872.87</b>
<b>Profit for the year</b>		<b>1,703.97</b>	<b>2,526.41</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit &amp; loss</b>			
Change in fair value of financial assets		0.23	1.18
Remeasurements of net defined benefit plans		12.31	(2.16)
Tax effect of above		(3.10)	0.35
<b>Total other comprehensive income /(loss)</b>		<b>9.44</b>	<b>(0.63)</b>
<b>Total comprehensive income for the year</b>		<b>1,713.41</b>	<b>2,525.78</b>
Earnings per equity share (Face value of Re.1/- per share)			
Basic		3.71	5.50
Diluted		3.71	5.50

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 : 16th May 2023

For and on behalf of the Board of Directors

**Rabi Mishra**

(Chief Executive Officer)

DIN : 02888975

**Umesh J. Sanghavi**

(Chairman and Whole-Time Director)

DIN : 00491220

**Rajendra J. Sanghavi**

(Executive Director)

DIN : 00245637

**Ishita T. Gandhi**

(Independent Director)

DIN : 07137098

**Tarak J. Sanghavi**

(Executive Director)

DIN : 00519403

**Umesh Shah**

(Chief Financial Officer)

**Kinjal Rathod**

(Company Secretary)

M. No. A64403

NIKHIL ADHESIVES LIMITED  
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2023

(Amount in lakhs)

Particulars	For the year ended March 31 2023		For the year ended March 31 2022	
<b>A. Cash flows from Operating Activities</b>				
<b>Profit before income tax</b>		<b>2,354.46</b>		<b>3,399.28</b>
<b>Non-cash and not operating adjustment to profit before tax:</b>				
Depreciation and amortisation expense	520.57		411.22	
Allowance for expected credit loss	(12.86)		(6.53)	
Provision for gratuity	14.71		13.54	
Finance costs	630.63		590.28	
Loss on sale of property plant & equipment	12.82		-	
Bad debts written off	1.15		50.74	
Unrealised exchange differences (gain)/loss	356.17	1,523.19	(110.78)	948.47
		3,877.65		4,347.75
<b>Change in operating assets and liabilities :</b>				
Decrease/(increase) in trade receivables	3,468.08		642.28	
Decrease/(increase) in inventories	(848.93)		(390.07)	
Increase/(decrease) in trade payables	(4,309.80)		95.42	
Decrease/(Increase) in other non-current financial assets	0.91		(7.54)	
Increase/(decrease) in other non-current financial Liabilities	16.42		23.10	
Decrease/(increase) in other non-current assets	(11.31)		5.59	
Decrease/(increase) in other current assets	268.86		(327.59)	
Increase/(decrease) in other current financial liabilities	33.41		(112.65)	
Increase/(decrease) in other current liabilities	150.20	(1,232.16)	(746.73)	(820.19)
<b>Cash generated from operations</b>		2,645.49		3,527.56
Direct taxes paid (net of refunds)		(587.26)		(1,056.31)
<b>Net cash flows from/(used in) Operating Activities (A)</b>		2,058.23		2,471.25
<b>B. Cash flows from Investing Activities</b>				
Payments for acquisition of property, plant and equipment (net)	(1,913.48)		(1,518.20)	
Proceeds from sale of Property, Plant and Equipment	11.01		-	
Proceeds from sale of investments	-		7.97	
Term deposits with banks (placed)/ matured(Net)	(6.43)		(6.21)	
<b>Net Cash Flows from/(used in) Investing Activities (B)</b>		(1,908.91)		(1,516.43)
<b>C. Cash flows from Financing Activities</b>				
Dividend paid	(91.88)		(68.91)	
Proceeds / (Repayment) of long term borrowings (Net)	(197.75)		(190.40)	
Proceeds / (Repayment) of short term borrowings (Net)	634.76		205.23	
Finance costs	(623.96)		(590.42)	
<b>Net Cash Flows from/(used in) Financing Activities (C)</b>		(278.83)		(642.50)
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		(129.49)		312.32
Cash and cash equivalents at the beginning of the year		488.77		176.45
<b>Cash and cash equivalents at the end of the year</b>		<b>359.26</b>		<b>488.77</b>

**Notes:**

Cash and cash equivalents are as under:

(Amount in lakhs)

Particulars	As at	As at
	31st March 2023	31st March 2022
Cash in hand	358.30	483.68
Balances with banks in current accounts	0.96	5.09
<b>Total</b>	<b>359.26</b>	<b>488.77</b>

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

For Disclosure requirements as per amendment to Ind AS 7 (Refer Note 41)

As per our attached report of even date

For and on behalf of the Board of Directors

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

**Rabi Mishra**  
(Chief Executive Officer)  
DIN : 02888975

**Umesh .J. Sanghavi**  
(Chairman and Whole-Time Director)  
DIN : 00491220

**Priyanshi Vakharia**  
(Proprietor)  
Membership No. 181834

**Rajendra . J. Sanghavi**  
(Executive Director)  
DIN : 00245637

**Ishita T. Gandhi**  
(Independent Director)  
DIN : 07137098

Place : Mumbai  
Date : 16th May 2023

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

**Umesh Shah**  
(Chief Financial Officer)

**Kinjal Rathod**  
(Company Secretary)  
M. No. A64403

**NIKHIL ADHESIVES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

**A. Equity Share Capital**

(Amount in lakhs)

Particulars	Balance as at 1st April 2022	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1st April 2022	Changes in equity share capital during the year	Balance as at 31st March 2023
<b>Authorised</b>					
4,95,00,000 Equity shares of Re. 1/- each (Previous Year: 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
<b>Issued</b>					
4,59,43,000 Equity shares of Re. 1/- each (Previous Year: 45,94,300 Equity shares of Rs. 10/- each)	459.43	-	459.43	-	459.43
<b>Subscribed and fully paid up</b>					
4,59,43,000 Equity shares of Re. 1/- each (Previous Year: 45,94,300 Equity shares of Rs. 10/- each)	459.43	-	459.43	-	459.43
Add : Forfeited shares account	1.07	-	1.07	-	1.07
<b>Total</b>	<b>460.50</b>		<b>460.50</b>		<b>460.50</b>

**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			
<b>Balance as at 1st April 2022 (A)</b>	-	4.00	1,500.00	642.87	5,969.44	2.37	(33.93)	8,084.76
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
<b>Restated balance as at 1st April 2022 (B)</b>	-	4.00	1,500.00	642.87	5,969.44	2.37	(33.93)	8,084.75
Profit for the year (C)	-	-	-	-	1,703.97	-	-	1,703.97
Other Comprehensive Income/(Loss) for the year, net of tax (D)	-	-	-	-	-	0.23	9.21	9.44
<b>Total Comprehensive Income/(Loss) for the year, net of tax (C+ D) = E</b>	-	-	-	-	1,703.97	0.23	9.21	1,713.41
Dividend paid (F)	-	-	-	-	(91.88)	-	-	(91.88)
Transfer to retained earnings	-	-	-	-	-	-	-	-
<b>Balance as at 31st March 2023 (B+E-F) = G</b>	-	4.00	1,500.00	642.87	7,581.53	2.60	(24.72)	9,706.28

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For and on behalf of the Board of Directors

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

**Rabi Mishra**  
(Chief Executive Officer)  
DIN : 02888975

**Umesh J. Sanghavi**  
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(Independent Director)  
DIN : 07137098

**Kinjal Rathod**  
(Company Secretary)  
M. No. A64403

Place : Mumbai  
Date : 16th May 2023

**NIKHIL ADHESIVES LIMITED**  
**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
<b>Authorised</b>					
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
<b>Issued</b>					
45,94,300 (45,94,300) Equity shares of Rs. 10/- each	459.43	-	459.43	-	459.43
<b>Subscribed and fully paid up</b>					
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
<b>Total</b>	<b>460.50</b>		<b>460.50</b>		<b>460.50</b>

**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			
<b>Balance as at 1st April 2021 (A)</b>	-	4.00	1,500.00	642.87	3,511.94	1.38	(32.31)	5,627.89
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
<b>Restated balance as at 1st April 2021 (B)</b>	-	4.00	1,500.00	642.87	3,511.94	1.38	(32.31)	5,627.89
Profit for the year (C)					2,526.41			2,526.41
Other Comprehensive Income/(Loss) for the year, net of tax (D)						0.99	(1.62)	(0.63)
<b>Total Comprehensive Income/(Loss) for the year, net of tax (C+ D) = E</b>	-	-	-	-	2,526.41	0.99	(1.62)	2,525.77
Dividend paid (F)	-	-	-	-	(68.91)	-	-	(68.91)
Transfer to retained earnings	-	-	-	-	-	-	-	-
<b>Balance as at 31st March 2022 (B+E-F) = G</b>	-	4.00	1,500.00	642.87	5,969.44	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 and on behalf of the Board of Directors

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

**Rabi Mishra**  
(Chief Executive Officer)  
DIN : 02888975

**Umesh .J. Sanghavi**  
(Chairman and Whole-Time Director)  
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(Independent Director)  
DIN : 07137098

**Kinjal Rathod**  
(Company Secretary)  
M. No. A64403

Place : Mumbai  
Date : 16th May 2023

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

e) Defined benefit plans:

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

f) Provisions:

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

g) Contingencies:

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

### 1.3 Property, Plant and Equipment

#### Recognition and Measurement

Items of property, plant and equipment, other than freehold land that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses. Freehold land is carried at cost and is not depreciated.

The cost of an item of property, plant and equipment comprises of its purchase price including taxes (other than those subsequently recoverable from tax authorities), duties, freight and other directly attributable costs of bringing the asset to its working condition. Any

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. 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. Expenses directly attributable to new manufacturing facility during its construction period are capitalized.

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.

#### Depreciation

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. The estimated useful lives of the assets are as follows:

Asset Block	Useful life
Buildings	30 - 60 years
Office equipments	5 years
Plant & Machinery	10 years-20 years
Furniture & Fixtures	10 years
Lease Improvements	Over the lease term
Vehicles	8 years
Computers	3 years

Based on technical evaluation of useful life by the Management, it believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013. The residual value of Property, Plant & Equipment is considered at ₹ Nil as the realisable value at the end of useful life is not expected to be significant.

#### Derecognition

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 and Advances

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

### 1.4 Intangible Assets

#### Recognition and Measurement

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.

#### Amortisation

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. 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.

#### Derecognition

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

#### 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.

## NIKHIL ADHESIVES LTD

Notes forming part of the Financial Statements

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 derecognised only when:

- i. the rights to receive cash flows from the financial asset have expired contract is discharged, cancelled or expires.
- ii. Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.
- iii. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### Equity Instruments

All equity investments within the scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to profit and loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.



## NIKHIL ADHESIVES LTD

Notes forming part of the Financial Statements

### 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.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL allowance recognised (or reversed) during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other

### C. Financial Liabilities

#### (i) Classification :

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

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

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

#### (iii) Subsequent measurement :

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

#### (iv) Loans and borrowings :

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

#### (v) Derecognition of financial liabilities :

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

#### (vi) Derivative financial instruments :

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

### 1.9 Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

### 1.10 Borrowing cost

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

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

### 1.11 Provisions, Contingent liabilities, Contingent Assets

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

Contingent liabilities are disclosed in the case of :

- (a) a present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- (b) a present obligation arising from the past events, when no reliable estimate is possible;
- (c) a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefit is probable.

### 1.12 Employee Benefits

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

#### (i) Provident Fund :

The Company contributes to a recognised provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognised in the Statement of Profit and Loss.

#### (ii) Gratuity :

The employees of the Company are eligible for gratuity in accordance with the Payment of Gratuity Act, and is a Defined Employee Benefit. The above benefit is not funded but provision is made in the accounts. The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value. The present value of the obligation under such benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

#### (iii) Compensated Leave :

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

### 1.13 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 Income Taxes

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 :

Current tax is the amount of income taxes payable in respect of taxable profit for a period.

Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretations and establishes provisions where appropriate.

#### 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.

**Presentation of current and deferred tax:**

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/ expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

As per the Appendix to Ind AS 12, the Company needs to assess whether it is probable that a tax authority will accept an uncertain tax treatment used or a treatment which is being proposed to be used in its income tax filings.

**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.

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- Weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**1.16 Segment Reporting**

The operating segments have been identified on the basis of nature of products and same are accordingly evaluated by the Management of the Company. 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.

Effective 1st April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1st April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application.

**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

### **1.20 Derivative Financial instruments and hedge accounting**

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of item being hedged and the type of hedge relationship designated.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### **Forward exchange contracts**

The Company enters into forward exchange contracts in nature of currency swaps and interest rate swaps 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.

Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. Any Profit or Loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period

### **1.21 Exceptional items**

Exceptional items refer to items of income or expense within the income statement from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company and to assist users of financial statements in making projections of future financial performance.

### **1.22 Events after Reporting date**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

### **1.23 Dividend**

The Company recognises a liability for any dividend declared but not distributed at the end of the reporting period, when the distribution is authorised and the distribution is no longer at the discretion of the Company on or before the end of the reporting period. As per Corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

**NIKHIL ADHESIVES LIMITED**  
Notes forming part of the financial statements

**Note: 2 a Property, Plant and Equipment**

As at 31st March, 2023

(Amount in lakhs)

Particulars	Gross Block			Accumulated Depreciation/Amortisation				Net Block		
	As at 1st April 2022	Additions	Deductions / Adjustments	As at 31st March 2023	As at 1st April 2022	For the year	Deductions / Adjustments	As at 31st March 2023	As at 31st March 2022	
Land	432.02	-	-	432.02	-	-	-	-	432.02	432.01
Buildings	1,808.83	88.43	-	1,897.26	354.01	62.03	-	416.04	1,481.22	1,455.82
Plant & Machinery	6,433.99	1,241.88	25.91	7,649.96	2,287.53	364.30	(14.36)	2,637.47	5,012.49	4,147.51
Furniture and Fixtures	149.73	90.77	-	240.50	69.79	14.53	-	84.31	156.18	79.94
Lease improvement	36.30	-	-	36.30	31.32	4.66	-	35.98	0.32	4.97
Computers	105.72	8.61	-	114.33	86.10	10.87	(0.23)	96.75	17.58	19.63
Phone	14.35	0.73	1.06	14.02	11.64	0.55	-	12.19	1.82	1.64
Vehicles	132.71	-	-	132.71	63.23	11.47	0.00	74.70	58.01	69.48
<b>Total</b>	<b>9,113.64</b>	<b>1,430.41</b>	<b>26.97</b>	<b>10,517.08</b>	<b>2,903.62</b>	<b>468.41</b>	<b>(14.59)</b>	<b>3,357.44</b>	<b>7,159.64</b>	<b>6,211.00</b>

As at 31st March, 2022

(Amount in lakhs)

Particulars	Gross Block			Accumulated Depreciation/Amortisation				Net Block		
	As at 1st April 2021	Additions	Deductions / Adjustments	As at 31st March 2022	As at 1st April 2021	For the year	Deductions / Adjustments	As at 31st March 2022	As at 31st March 2021	
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 & Machinery	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
Lease Improvement	36.30	-	-	36.30	24.07	7.26	-	31.33	4.97	12.23
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
Vehicles	77.22	55.49	-	132.71	55.45	7.78	-	63.23	69.48	21.77
<b>Total</b>	<b>7,692.21</b>	<b>1,421.42</b>	<b>-</b>	<b>9,113.62</b>	<b>2,537.83</b>	<b>365.78</b>	<b>-</b>	<b>2,902.62</b>	<b>6,211.00</b>	<b>5,154.39</b>

Part of above assets are collateral towards borrowings (refer note 15)

**Note: 2 b Right of Use assets**

Following are the changes in the carrying value of Right of Use (ROU) assets for the year ended March 31, 2023:

Particulars	Category of ROU assets		
	Leasehold Land	Premises	Total
Balance as at 1st April 2022	182.86	42.75	225.61
Additions during the year	-	347.03	347.03
Deletion during the year	-	(29.66)	(29.66)
Depreciation / Amortisation for the year	(1.61)	(65.15)	(66.75)
<b>Balance as at 31st March 2023</b>	<b>181.25</b>	<b>294.98</b>	<b>476.23</b>

Following are the changes in the carrying value of Right of Use (ROU) assets for the year ended March 31, 2022:

Particulars	Category of ROU assets		
	Leasehold Land	Premises	Total
Balance as at 1st April 2021	184.45	86.58	271.03
Additions during the year	-	-	-
Deletion during the year	-	-	-
Depreciation / Amortisation for the year	(1.61)	(43.83)	(45.44)
<b>Balance as at 31st March 2022</b>	<b>182.84</b>	<b>42.75</b>	<b>225.59</b>

The aggregate depreciation expenses on ROU assets is included under depreciation and amortization expenses in the Statement of Profit and Loss. (Refer Note 31)

**NIKHIL ADHESIVES LIMITED**  
Notes forming part of the Financial Statements

**Note: 3 Capital Work-In-Progress**

**As at 31st March 2023** (Amount in lakhs)

Particulars	As at 1st April 2022	Additions	Transfer to Property Plant and Equipment	As at 31st March 2023
Capital work-in-progress	119.84	361.46	(119.84)	361.46
<b>Total</b>	<b>119.84</b>	<b>361.46</b>	<b>(119.84)</b>	<b>361.46</b>

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

Particulars	As at 1st April 2021	Additions	Transfer to Property Plant and Equipment	As at 31st March 2022
Capital work-in-progress	14.16	119.84	(14.16)	119.84
<b>Total</b>	<b>14.16</b>	<b>119.84</b>	<b>(14.16)</b>	<b>119.84</b>

**Capital Work In Progress ageing as on 31st March 2023** (Amount in lakhs)

Particulars	Amount of CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	361.46	-	-	-	361.46
Projects temporarily suspended	-	-	-	-	-

**Capital Work In Progress ageing as on 31st March 2022** (Amount in lakhs)

Particulars	Amount of CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	119.84	-	-	-	119.84
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 2023 and 31st March 2022

**Note: 4 Intangible assets**

**As at 31st March 2023**

(Amount in lakhs)

Particulars	Gross Block			Accumulated Depreciation/Amortisation				Net Block		
	As at 1st April 2022	Additions	Sale/Disposal	As at 31st March 2023	As at 1st April 2022	For the year	Sale /Disposal	As at 31st March 2023	As at 31st March 2023	As at 31st March 2022
<b>Own Assets :</b>										
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	-	-
<b>Total</b>	<b>93.24</b>	<b>-</b>	<b>-</b>	<b>93.24</b>	<b>93.24</b>	<b>-</b>	<b>-</b>	<b>93.24</b>	<b>-</b>	<b>-</b>

**As at 31st March 2022**

(Amount in lakhs)

Particulars	Gross Block			Accumulated Depreciation/Amortisation				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
<b>Own Assets :</b>										
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	-	-
<b>Total</b>	<b>93.24</b>	<b>-</b>	<b>-</b>	<b>93.24</b>	<b>93.24</b>	<b>-</b>	<b>-</b>	<b>93.24</b>	<b>-</b>	<b>-</b>

There are no Intangible Assets under development

**NIKHIL ADHESIVES LIMITED**  
**Notes forming part of the Financial Statements**

**Note: 5 Investments**

(Amount in lakhs)

<b>Particulars</b>	<b>As at 31st March 2023</b>	<b>As at 31st March 2022</b>
(At Fair Value through Other Comprehensive Income)		
<b>Trade (quoted)</b>		
Investment in Equity shares fully paid up : 800 (PY 800) equity shares of Bank of India of Rs.10/- each	0.60	0.37
<b>Total</b>	<b>0.60</b>	<b>0.37</b>

**Note: 6 Other Non-Current Financial Assets**

(Amount in lakhs)

<b>Particulars</b>	<b>As at 31st March 2023</b>	<b>As at 31st March 2022</b>
Security deposits (other than utility deposits)	47.28	48.19
<b>Total</b>	<b>47.28</b>	<b>48.19</b>

**Note: 7 Other Non-Current Assets**

(Amount in lakhs)

<b>Particulars</b>	<b>As at 31st March 2023</b>	<b>As at 31st March 2022</b>
Capital Advances	252.21	21.42
Security deposits - utility	41.67	41.33
Prepaid rent	13.46	2.50
<b>Total</b>	<b>307.34</b>	<b>65.25</b>

**Note: 8 Inventories**

(Amount in lakhs)

<b>Particulars</b>	<b>As at 31st March 2023</b>	<b>As at 31st March 2022</b>
(At lower of cost or net realisable value)		
Finished goods in transit	7.34	156.89
Finished goods	2,405.67	2,095.23
Fuels	4.83	6.32
Packing materials	290.33	333.31
Raw material and components	5,086.43	4,067.80
Stock in trade	625.75	911.87
<b>Total</b>	<b>8,420.35</b>	<b>7,571.42</b>

Inventories are hypothecated against secured borrowings (Refer Note 19)



**NIKHIL ADHESIVES LIMITED**  
**Notes forming part of the Financial Statements**

**Note: 9 Trade receivables**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, considered good	11,090.20	14,550.64
Less: Expected credit loss allowance	(67.95)	(80.81)
<b>Total</b>	<b>11,022.25</b>	<b>14,469.83</b>

(a) Movement in Allowance for doubtful receivables

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Balance at the beginning of the year	80.81	87.34
Movement in expected credit loss allowance	(12.86)	(6.53)
<b>Balance at the end of the year</b>	<b>67.95</b>	<b>80.81</b>

(b) There are no unbilled receivables as at 31st March 2023 and 31st March 2022

**Trade Receivables ageing schedule**

(Amount in lakhs)

Particulars	Outstanding for following periods from due date of payment					As at 31st March 2023
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	11,019.92	70.28	-	-	-	11,090.20
(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	-	-	-	-	-	-
<b>SUB-TOTAL</b>	<b>11,019.92</b>	<b>70.28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,090.20</b>
Less: Expected credit loss allowance						(67.95)
<b>TOTAL</b>						<b>11,022.25</b>

**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	-	-	-	-	-	-
<b>SUB-TOTAL</b>	<b>14,517.27</b>	<b>32.79</b>	<b>0.58</b>	<b>-</b>	<b>-</b>	<b>14,550.64</b>
Less: Expected credit loss allowance						(80.81)
<b>TOTAL</b>						<b>14,469.83</b>

**Note: 10 Cash and Cash Equivalents**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Balance with banks in current accounts	358.30	483.68
Cash on hand	0.96	5.09
<b>Total</b>	<b>359.26</b>	<b>488.77</b>

**Note: 11 Bank balances other than above**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Term deposits with more than three months maturity but due within one year from reporting date	120.86	114.99
In earmarked accounts Unpaid Dividend Account (Refer Note (a))	2.02	1.46
<b>Total</b>	<b>122.88</b>	<b>116.45</b>

(a) The Company can utilise these balances only towards settlement of unclaimed dividend

**NIKHIL ADHESIVES LIMITED**  
**Notes forming part of the Financial Statements**

**Note: 12 Other Current Assets**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, considered good :		
Advance to suppliers	118.18	281.55
Balance with government authorities	320.06	370.50
Prepaid expenses	60.08	54.82
Advances recoverable in cash or in kind	0.54	60.85
<b>Total</b>	<b>498.86</b>	<b>767.72</b>

**Note: 13 Equity share capital**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>Authorised</b>		
4,95,00,000 Equity shares of Re. 1/- each (Previous Year: 49,50,000 Equity shares of Rs. 10/- each) (Refer note 13A)	495.00	495.00
50,000 (50,000) 8% Preference shares of Rs. 10/- each	5.00	5.00
<b>Issued</b>		
4,59,43,000 Equity shares of Re. 1/- each (Previous Year: 45,94,300 Equity shares of Rs. 10/- each) (Refer note 13A)	459.43	459.43
<b>Subscribed and fully paid up</b>		
4,59,43,000 Equity shares of Re. 1/- each (Previous Year: 45,94,300 Equity shares of Rs. 10/- each) (Refer note 13A)	459.43	459.43
Add : Forfeited shares account	1.07	1.07
<b>Total</b>	<b>460.50</b>	<b>460.50</b>

13(A) In the AGM dated 12th September 2022 the sub-division of 1 equity share [Face Value Rs.10/- each, fully paid up], into 10 equity shares [Face Value of Re.1/- each fully paid up] was approved. The Board of Directors approved the record date as 13th October 2022 vide circular resolution effected on 22.09.2022. The number of Equity Shares of Authorised Share Capital, Issued Equity Share Capital and Paid up Equity Share Capital have been restated for previous year (Refer note 13) . Further, Earning per share has been restated in accordance with Ind As 33 "Earning per share" for previous year (Refer Note 33).

**(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 2023		As at 31st March 2022	
	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
Add: Adjustment of Sub-Division of Equity shares	4,13,48,700	-	-	-
Outstanding at the end of the year	4,59,43,000	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 Re. 1/- 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 2023, the Company has paid final dividend of Rs. 2/- per Equity Share of face value of Rs. 10/- each.

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

Name of Shareholder	As at 31st March 2023		As at 31st March 2022	
	No. of Shares	% holding	No. of Shares	% holding
<b>Equity shares of Re. 1/- each fully paid :</b>				
Vasantben J. Sanghavi	50,02,600	10.89	50,02,600	10.89
Mrunalini R. Sanghavi	43,26,730	9.42	43,26,730	9.42
Anita U. Sanghavi	30,21,040	6.58	30,21,040	6.58
Rekha T. Sanghavi	44,54,830	9.70	44,54,830	9.70
Vasant Polymers & Chemicals Private Limited	50,36,000	10.96	50,36,000	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 2023		As at 31st March 2022			
	No. of shares	% of total shares	No. of shares	% of total shares		
Vasantben Jayantilal Sanghavi	50,02,600	10.89	50,02,600	10.89	-	
Rekha Tarak Sanghavi	44,54,830	9.70	44,54,830	9.70	-	
Mrunalini Rajendra Sanghavi	43,26,730	9.42	43,26,730	9.42	-	
Anita Umesh Sanghavi	30,21,040	6.58	30,21,040	6.58	-	
Rajendra Jayantilal Sanghavi	11,97,000	2.61	11,97,000	2.61	-	
Tarak Jayantilal Sanghavi	11,24,900	2.45	11,24,900	2.45	-	
Umesh Jayantilal Shanghavi	9,53,400	2.08	9,53,400	2.08	-	
Nikhil Umesh Sanghavi	8,67,850	1.89	8,67,850	1.89	-	
Hemal Umesh Sanghavi	8,57,850	1.87	8,57,850	1.87	-	
Rajendra Jayantilal Sanghavi HUF	5,51,000	1.20	5,51,000	1.20	-	
Umesh Jayantilal Sanghavi HUF	5,47,000	1.19	5,47,000	1.19	-	
Tarak Jayantilal Sanghavi HUF	5,35,500	1.17	5,35,500	1.17	-	
Avni Vinit Bhuva	3,61,500	0.79	3,61,500	0.79	-	
Ami Tarak Sanghavi	3,21,700	0.70	3,21,700	0.70	-	
Tulsi Rajendra Sanghavi	3,20,700	0.70	3,20,700	0.70	-	
Janaki Tarak Sanghavi	3,20,000	0.70	3,20,000	0.70	-	
Ashok Jayantilal Sanghavi	2,31,800	0.50	2,31,800	0.50	-	
Payal Ashok Sanghavi	7,000	0.02	7,000	0.02	-	
Sagar Ashok Sanghavi	4,700	0.01	4,700	0.01	-	
Ashok Jayantilal Sanghavi (HUF)	3,000	0.01	3,000	0.01	-	
	<b>2,50,10,100</b>	<b>54.44</b>	<b>2,50,10,100</b>	<b>54.44</b>		

**(e) Details of forfeited shares :**

Class of shares	As at 31st March 2023		As at 31st March 2022	
	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs
Equity shares	2,13,200	1.07	2,13,200	1.07

**NIKHIL ADHESIVES LIMITED**  
**Notes forming part of the Financial Statements**

**Note: 14 Other equity**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>Reserves and Surplus</b>		
<b>Capital Reserve</b>		
Balance at the beginning of the year	4.00	4.00
Addition during the year	-	-
Deductions during the year	-	-
<b>Balance at the end of the year</b>	<b>4.00</b>	<b>4.00</b>
<b>Securities premium</b>		
Balance at the beginning of the year	1,500.00	1,500.00
Addition during the year	-	-
Deductions during the year	-	-
<b>Balance at the end of the year</b>	<b>1,500.00</b>	<b>1,500.00</b>
<b>Retained Earnings</b>		
Balance at the beginning of the year	5,969.44	3,511.94
Profit/(Loss) for the year	1,703.97	2,526.41
Dividend paid to equity shareholders	(91.88)	(68.91)
<b>Balance at the end of the year</b>	<b>7,581.53</b>	<b>5,969.44</b>
<b>General Reserve</b>		
Balance at the beginning of the year	642.87	642.87
Addition during the year	-	-
Deductions during the year	-	-
<b>Balance at the end of the year</b>	<b>642.87</b>	<b>642.87</b>
<b>Other Comprehensive Income</b>		
Balance at the beginning of the year	(31.56)	(30.93)
Movement in other comprehensive income (net)	9.44	(0.63)
<b>Balance at the end of the year</b>	<b>(22.12)</b>	<b>(31.56)</b>
<b>Total Other Equity</b>	<b>9,706.28</b>	<b>8,084.76</b>

**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. 9.44 lakhs consists of :

- (i) Remeasurement profit/income on employees defined benefit expenses of Rs. 12.31 lakhs and deferred tax credit thereon of Rs. 3.10 lakhs (ii) Fair value gain arising out of change in fair value of investment in equity shares of Rs. 0.23 lakhs

**NIKHIL ADHESIVES LIMITED**  
**Notes forming part of the Financial Statements**

**Note: 15 Borrowings**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>Secured :</b>		
<b>From banks :</b>		
Vehicle finance	14.73	19.43
<b>From others</b>		
Term loans	1404.05	1336.41
<b>Total</b>	<b>1,418.78</b>	<b>1,355.84</b>
<b>Unsecured :</b>		
<b>Deferred payment liabilities</b>		
Sales tax deferral	5.53	5.53
<b>Deposits</b>		
From shareholders	166.72	427.42
<b>Total</b>	<b>172.25</b>	<b>432.95</b>
<b>Grand total</b>	<b>1,591.03</b>	<b>1,788.79</b>

**(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 2023	As at 31st March 2023	As at 31st March 2022
Term loans from others: <b>Aditya Birla Finance Ltd</b>	(a) Secured against first charge on present and future movable and immovable fixed assets of the plant at Tumkur, Bangalore (b) Repayable in 69 monthly installments, last installment being due in Jan 2028. (c) Rate of Interest is 9% p.a	-	468.60
<b>HDFC Bank Ltd</b> Term Loan I	(a) Secured against first charge on present and future movable and immovable fixed assets of the plant at Dahej (b) Repayable in 11 monthly installments, last installment being due in Feb 2024. (c) Rate of Interest is 8.95% p.a	15.15	195.23

**Note: 15 Borrowings**

(Amount in lakhs)

<b>HDFC Bank Ltd</b>			
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 19 monthly installments, last installment being due in Sep 2024. (c) Rate of Interest is 8.95% p.a	28.70	65.36
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 44 monthly installments, last installment being due in Nov 2026. (c) Rate of Interest is 8.95% p.a	210.32	281.16
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 51 monthly installments, last installment being due in June 2027. (c) Rate of Interest is 8.95% p.a	241.41	326.06
Term Loan V	(a) Secured against first charge on present and future movable and immovable fixed assets of the plant at Dahej (b) Repayable in 54 monthly installments, last installment being due in September 2027. (c) Rate of Interest is 8.20% p.a	700.00	-
Term Loan VI	(a) Secured against first charge on present and future movable and immovable fixed assets of the plant at Dahej (b) Repayable in 60 monthly installments, last installment being due in July 2028. (c) Rate of Interest is 8.20% p.a	208.47	-
<b>Total</b>		<b>1,404.05</b>	<b>1,336.41</b>
<b>Vehicle Finance</b>			
HDFC Bank Vehicle II	(a) Secured against hypothecation of the vehicle financed. (b) Repayable in 45 monthly installments, last installment being due in December 2026. (c) Rate of Interest is 8.01%.	14.73	19.43
<b>Total</b>		<b>14.73</b>	<b>19.43</b>

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

(Amount in lakhs)

Particulars	Security and terms of repayment	As at 31st March 2023	As at 31st March 2022
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	166.72	427.42
<b>Total</b>		<b>172.25</b>	<b>432.95</b>

(c) Secured long term borrowings of Rs.1,404.05 lakhs (Rs.1,336.41 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.1,099.48 lakhs (Previous Year Rs.623.48 lakhs) is disclosed under 'Borrowings' (Refer Note 19)

**Note: 15 (a) Lease Liabilities**

(Amount in lakhs)

Particulars	Non-Current		Current	
	As at 31st March 2023	As at 31st March 2022	As at 31st March 2023	As at 31st March 2022
Lease Liabilities	250.75	31.38	56.67	20.48
<b>Total</b>	<b>250.75</b>	<b>31.38</b>	<b>56.67</b>	<b>20.48</b>

The aggregate maturities of long term leases, based on contractual undiscounted cash flows are as follows :

(Amount in lakhs)

	Less than 1 year	Between 1 - 5 years	More than 5 years	Total	Carrying value
<b>As at 31st March 2023</b>					
Lease Liabilities	82.04	291.55	-	373.59	307.42
<b>As at 31st March 2022</b>					
Lease Liabilities	24.71	34.02	-	58.73	51.86

**(b) Movement in Lease Liabilities**

(Amount in lakhs)

Particulars	FY 2022-23	FY 2021-22
Balance as at 1st April	51.86	103.26
Additions	338.20	-
Deletions	(37.50)	-
Finance cost	20.10	8.23
Repayment	(62.88)	(59.63)
Lease rent waived	(2.37)	-
<b>Balance as at 31st March</b>	<b>307.42</b>	<b>51.86</b>

**(c) Impact on Cash flows on account of Lease Payments**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Cash out flow of Lease expenses		
Expense relating to short term leases and low value assets	81.42	61.39
Expenses relating to long term leases	62.88	59.63
Expenses relating to lease renewed on short term basis	18.12	-
<b>Total cash outflow for leases</b>	<b>162.42</b>	<b>121.02</b>

**(d) Movement in Right of Use (ROU) assets**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Right of use of assets recognized at the beginning of the year	225.61	271.04
Additions to Right-of-Use assets during the year	347.03	-
Deletions to Right-of-Use assets during the year	(29.66)	-
Depreciation on right of use of assets	(66.75)	(45.43)
<b>Total Right of Use Assets as at the year end</b>	<b>476.23</b>	<b>225.61</b>

**(e) Impact of Ind AS 116 on the Statement of Profit and Loss:**

(Amount in lakhs)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Interest on lease liabilities	20.10	8.23
Depreciation of Right-of-Use assets	66.75	45.43
Deferred tax (credit)/charge	5.31	(2.29)
<b>Impact on the Statement of Profit and Loss</b>	<b>92.15</b>	<b>51.38</b>

**NIKHIL ADHESIVES LIMITED**  
**Notes forming part of the Financial Statements**

**Note: 16 Other non-current financial liabilities**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Interest accrued but not due on public deposits	11.97	31.86
Security Deposits (customers)	132.35	115.93
<b>Total</b>	<b>144.32</b>	<b>147.79</b>

**Note: 17 Provisions**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>Provision for employee benefits</b>		
Provision for gratuity	135.43	68.51
<b>Total</b>	<b>135.43</b>	<b>68.51</b>

**Note: 18 Deferred Tax Liabilities (net)**

**Movement of Deferred Tax (Assets) and Liabilities**

(Amount in lakhs)

Components of Deferred Tax	Deferred Tax (Asset) / Liability Balance as on 1st April 2022	Deferred Tax charge/(credit) on Profit & Loss	Deferred Tax charge/(credit) on Other Comprehensive Income	Deferred Tax (Asset) / Liability Balance as on 31st March 2023
<b>Deferred Tax Liabilities/(Assets)</b>				
Difference between written down value of fixed assets as per the books of accounts and Income Tax Act, 1961	460.67	58.54	-	519.21
Borrowing Cost FY 2019-20	0.30	(0.11)	-	0.18
Borrowing Cost FY 2022-23	-	0.41	-	0.41
Provision for gratuity expense allowable in income tax when actually paid	(41.02)	(0.60)	-	(41.63)
Expected Credit Loss	(20.34)	3.24	-	(17.10)
Lease expense allowable as deduction in income tax in subsequent years	(10.66)	5.31	-	(5.35)
Tax on remeasurement of defined benefit plans	(13.06)	-	3.10	(9.97)
<b>Net Deferred Tax Liabilities / (Assets)</b>	<b>375.89</b>	<b>66.78</b>	<b>3.10</b>	<b>445.75</b>

**Note: 19 Borrowings**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Secured (Refer (a) and (b) below) :		
Cash credit from banks	477.04	318.28
Current maturities of Long term debt (secured)*	1099.48	623.48
<b>Total</b>	<b>1,576.53</b>	<b>941.76</b>

\* Refer note 15 for the nature of securities.

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

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Loans repayable on demand		
Cash Credit from Banks		
1) Bank of India	6.95	-
2) Yes Bank	164.24	318.28
3) DBS Bank	305.86	-
<b>Total</b>	<b>477.04</b>	<b>318.28</b>

**(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 & Silvassa.

Secured short term borrowings of Rs.477.04 lakhs (Previous year Rs.318.28 lakhs) are personally guaranteed by some of the promoter directors and collaterally secured by way of (i) Pledge of 57,28,900 equity shares of Re. 1 each/- held by some promoters of the Company (ii) Equitable mortgage of certain residential flats of the promoter directors in favour of the said banks on pari passu basis.



**NIKHIL ADHESIVES LIMITED**  
**Notes forming part of the Financial Statements**

**Note: 20 Trade Payables**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Trade payables		
a) Total outstanding dues of micro & small enterprises	578.05	295.05
b) Total outstanding dues of creditors other than micro & small enterprises	11,521.63	15,749.48
<b>Total</b>	<b>12,099.68</b>	<b>16,044.53</b>

**Trade Payable ageing schedule**

(Amount in lakhs)

Particulars	Outstanding for following periods from due date of payment				As at 31st March 2023
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	578.05	-	-	-	578.05
(ii) Others	11,521.63	-	-	-	11,521.63
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>TOTAL</b>	<b>12,099.68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,099.68</b>

**Trade Payable ageing schedule**

(Amount in lakhs)

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

**Note: 21 Other Current Financial Liabilities**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Other Payables	975.25	942.40
Interest accrued but not due on public deposits	68.20	11.63
Unclaimed dividend	2.02	1.46
<b>Total</b>	<b>1,045.47</b>	<b>955.49</b>

**Note: 22 Other Current Liabilities**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Liabilities for expenses	759.62	953.33
Advances from customers	464.54	82.47
Statutory dues	45.09	65.26
<b>Total</b>	<b>1,269.25</b>	<b>1,101.06</b>

**Note: 23 Provisions**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>Provision for employee benefits</b>		
Gratuity	7.38	71.89
<b>Total</b>	<b>7.38</b>	<b>71.89</b>

**NIKHIL ADHESIVES LIMITED**  
**Notes forming part of the Financial Statements**

**Note : 24 Revenue from operations**

(Amount in lakhs)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Sale of products :</b>		
(a) Manufactured goods	59,647.61	63,441.32
(b) Traded goods	13,383.14	16,740.79
	73,030.75	80,182.11
<b>Other operating revenues :</b>		
(a) Service charges	1,264.53	1,067.86
(b) Foreign exchange gain	-	110.78
(c) Interest Income	6.74	6.42
(d) Reversal of expected credit loss	12.86	6.53
(e) Other Income	31.38	0.74
	1,315.51	1,192.33
<b>Revenue from operations</b>	<b>74,346.26</b>	<b>81,374.43</b>

**Note : 25 Other income**

(Amount in lakhs)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Other non-operating income :</b>		
(a) Interest Income received	0.40	1.43
(b) Sundry income	-	0.64
(c) Scrap sales	47.13	55.30
<b>Total</b>	<b>47.53</b>	<b>57.37</b>

**Note : 26 Cost of materials consumed**

(Amount in lakhs)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Raw materials consumed</b>		
Opening stock	4,067.80	5,174.42
Add : Purchases	47,540.20	51,231.16
	51,608.00	56,405.58
Less : Closing stock	5,086.43	4,067.80
<b>Sub total (A)</b>	<b>46,521.57</b>	<b>52,337.78</b>
<b>Packing materials consumed</b>		
Opening stock	333.31	254.41
Add : Purchases	3,663.60	3,704.79
	3,996.92	3,959.20
Less : Closing stock	290.33	333.31
<b>Sub total (B)</b>	<b>3,706.58</b>	<b>3,625.89</b>
<b>Total (A)+(B)</b>	<b>50,228.16</b>	<b>55,963.67</b>

**NIKHIL ADHESIVES LIMITED**

**Notes forming part of the Financial Statements**

**Note : 27 Purchase of traded goods**

(Amount in lakhs)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Purchase of stock in trade	12,824.37	16,506.52
<b>Total</b>	<b>12,824.37</b>	<b>16,506.52</b>

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

(Amount in lakhs)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Opening Stock</b>		
(a) Finished goods	2,095.23	1,524.23
(b) Goods in transit (finished goods)	156.89	-
(c) Stock-in-trade	911.87	220.42
<b>Sub Total (A)</b>	<b>3,163.99</b>	<b>1,744.65</b>
<b>Less : Closing Stock</b>		
Finished goods	2,405.67	2,095.23
Goods in transit (finished goods)	7.34	156.89
Stock-in-trade	625.75	911.87
<b>Sub Total (B)</b>	<b>3,038.76</b>	<b>3,163.99</b>
<b>Total (A)-(B)</b>	<b>125.22</b>	<b>(1,419.34)</b>

**Note : 29 Employee benefit expense**

(Amount in lakhs)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Salaries and wages	1,738.75	1,237.29
Contributions to provident and other funds	100.99	83.88
Staff welfare expenses	67.16	39.90
<b>Total</b>	<b>1,906.91</b>	<b>1,361.07</b>

**Note : 30 Finance costs**

(Amount in lakhs)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Interest expense	201.51	223.21
Other borrowing costs	429.12	367.07
<b>Total</b>	<b>630.63</b>	<b>590.28</b>

**Note : 31 Depreciation and amortization expense**

(Amount in lakhs)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Depreciation on Property, Plant & Equipment	453.82	365.78
Depreciation on Right-of-Use assets	66.75	45.44
<b>Total</b>	<b>520.57</b>	<b>411.22</b>

**NIKHIL ADHESIVES LIMITED**  
**Notes forming part of the Financial Statements**

**Note : 32 Other expenses**

(Amount in lakhs)

<b>Particulars</b>	<b>For the year ended 31st March 2023</b>	<b>For the year ended 31st March 2022</b>
Stores and spares consumed	164.23	140.35
Power and fuel	940.98	680.34
Labour charges	1,104.04	1,085.00
Rent	102.08	61.39
Repairs and maintenance :		
Plant & machinery	128.32	164.29
Building	35.55	44.73
Others	14.95	20.15
Printing and stationery	17.46	15.28
Insurance	79.92	70.79
Storage charges (net)	171.88	193.64
Telephone expenses	41.01	29.75
Travelling and conveyance expenses	323.23	208.26
Legal and professional charges	146.95	152.75
Payment to Auditors (Refer Note (i) below)	14.25	13.03
Sales promotion expenses	516.06	203.19
Transportation and octroi charges	1,432.22	1,313.39
Brokerage and commission	12.82	29.85
Loss on Sale of Assets	12.82	-
Donation	2.00	-
Corporate social responsibility	38.67	28.13
Bad debts	1.15	50.74
Directors sitting fees	8.95	6.00
Miscellaneous expenses	137.74	108.06
Foreign Exchange fluctuation loss	356.17	-
<b>Total</b>	<b>5,803.47</b>	<b>4,619.11</b>

**Note (i) : Payment to Auditors**

(Amount in lakhs)

<b>Particulars</b>	<b>For the year ended 31st March 2023</b>	<b>For the year ended 31st March 2022</b>
As auditor	10.00	8.00
For limited review reports	2.70	2.70
For taxation matters	0.75	1.35
For certifications	0.80	0.98
<b>Total</b>	<b>14.25</b>	<b>13.03</b>

**Note : 33 Earnings per share**

(Amount in lakhs)

<b>Particulars</b>	<b>For the year ended 31st March 2023</b>	<b>For the year ended 31st March 2022</b>
Net profit after tax available to the equity shareholders (Amount in lakhs)	1,704	2,526
Weighted average number of equity shares	4,59,43,000	4,59,43,000
Basic and diluted earnings per share [Face Value of Re. 1/- per share]	3.71	5.50

# Refer note 13A

**NIKHIL ADHESIVES LIMITED**  
**Notes forming part of the Financial Statements**

**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. 73.30 lakhs (previous year Rs. 61.07 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 actuarial valuation. The following table summaries the components of the employee benefit expenses recognised in the Statement of profit and loss and the amount recognised in the balance sheet for the gratuity provision made under actuarial method.

**Statement of Profit and Loss**

Net employee benefit expenses recognised in Employee Benefit Expenses

(Amount in lakhs)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
<b>Components of employer expense</b>		
Current Service cost	15.60	11.40
Interest cost	10.01	8.64
Expected return on plan assets	-	-
Curtailement cost/(credit)	-	-
Settlement cost/(credit)	-	-
Past service cost	-	-
Actuarial losses/(gains)	-	-
<b>Total expense recognised in the Statement of Profit &amp; Loss</b>	<b>25.61</b>	<b>20.04</b>

**Balance Sheet**

Details of provision for gratuity

(Amount in lakhs)

Net asset/(liability) recognised in balance sheet	As at 31st March 2023	As at 31st March 2022
Present value of defined benefit obligation	(142.81)	(140.40)
Fair value of plan assets	-	-
Funded status [surplus/(deficit)]	(142.81)	(140.40)
Unrecognised past service costs	-	-
<b>Net asset/(liability) recognised in balance sheet</b>	<b>(142.81)</b>	<b>(140.40)</b>

(Amount in lakhs)

Change in Defined Benefit Obligations (DBO) during the year ended	For the year ended 31st March 2023	For the year ended 31st March 2022
Present value of DBO at beginning of period	140.40	124.70
Current Service cost	15.60	11.40
Interest cost	10.01	8.64
Curtailement cost/(credit)	-	-
Settlement cost/(credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains)/ losses	-	-
Past Service cost	-	-
Benefit paid Directly by the Employer	(10.90)	(6.50)
Actuarial (gains)/ losses on obligations - due to change in demographic assumptions	-	(0.07)
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	14.31	(3.54)
Actuarial (gains)/ losses on obligations - due to experience	(26.61)	5.77
<b>Present value of DBO at the end of period</b>	<b>142.81</b>	<b>140.40</b>

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

Particulars	As at 31st March 2023	As at 31st March 2022
Discount rate	7.49%	7.33%
Salary escalation	6.50%	5.00%
Attrition rate	2.00%	2.00%

**NIKHIL ADHESIVES LIMITED**  
Notes forming part of the Financial Statements

**Note : 35 Segment Reporting**

**(a) Information about Business Segments for the year ended 31st March 2023**

(Amount in lakhs)

Particulars	Manufacturing of Adhesives & Emulsions	Trading in Chemicals	Total
<b>Revenue</b>			
Sales/income from operations	60,963.12	13,383.14	74,346.26
Inter-segment sales	-	-	-
<b>Total revenue</b>	<b>60,963.12</b>	<b>13,383.14</b>	<b>74,346.26</b>
<b>Result</b>			
Segment result (A)	3,977.18	236.33	4,213.51
Unallocated corporate expenses(net) (B)			1,228.42
Operating profit (A-B)= C			2,985.09
Interest expense(net) (D)			630.63
Income taxes(including deferred tax) (E )			650.49
Profit from ordinary activities (C-D-E)= F			1,703.98
Extraordinary items (G)			-
<b>Net Profit (F-G) = H</b>			<b>1,703.98</b>
<b>Other Information</b>			
Segment assets (I)	27,497.28	2,028.15	29,525.44
Unallocated corporate assets (J)			0.60
<b>Total Assets (I+J)= K</b>			<b>29,526.03</b>
Segment liabilities	16,708.14	1,232.34	17,940.48
Unallocated corporate liabilities			1,418.78
<b>Total Liabilities (L)</b>			<b>19,359.26</b>
Add: Share capital and reserves (M)			10,166.78
<b>Total Capital &amp; Liabilities (L+M)=N</b>			<b>29,526.03</b>
Capital expenditure (including capital work in progress)	361.46	-	361.46
Depreciation	520.57	-	520.57

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 2022**

(Amount in lakhs)

Particulars	Manufacturing of Adhesives & Emulsions	Trading in Chemicals	Total
<b>Revenue</b>			
Sales/income from operations	64,632.90	16,740.79	81,373.69
Inter-segment sales	-	-	-
<b>Total revenue</b>	<b>64,632.90</b>	<b>16,740.79</b>	<b>81,373.69</b>
<b>Result</b>			
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)			-
<b>Net Profit (F-G) = H</b>			<b>2,526.41</b>
<b>Other Information</b>			
Segment assets (I)	28,338.22	3,262.03	31,600.25
Unallocated corporate assets (J)			0.37
<b>Total Assets (I+J)= K</b>			<b>31,600.62</b>
Segment liabilities	2,239.97	19,459.57	21,699.54
Unallocated corporate liabilities			1,355.83
<b>Total Liabilities (L)</b>			<b>23,055.37</b>
Add: Share capital and reserves (M)			8,545.24
<b>Total Capital &amp; Liabilities (L+M)=N</b>			<b>31,600.62</b>
Capital expenditure (including capital work in progress)	119.84	-	119.84
Depreciation	411.22	-	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.

**NIKHIL ADHESIVES LIMITED**  
Notes forming part of the Financial Statements

**Note: 36 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2022- 23, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.**

Particulars	(Amount in lakhs)	
	As at 31st March 2023	As at 31st March 2022
(a) Principal amount remaining unpaid at the end of the financial year	578.05	295.05
(b) Interest due thereon remaining unpaid	-	-
(c) The amount of interest paid u/s 16 of MSMED Act , along with the amounts of payments made to the supplier beyond the appointed day during each accounting year		
Principal paid beyond the appointed date	-	-
Interest paid in terms of section 16 of the Act	-	-
(d) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(e) The amount accrued and remaining unpaid at the end of each accounting period	-	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprise, this is required for the purpose of disallowance as a deductible expenditure u/s 23 of the Act.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**Note : 37 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	Rabi Mishra	Chief Executive Officer & Managing Director
5	Anil Gupta	Chief Financial Officer (upto 11.11.2022)
6	Umesh Shah	Chief Financial Officer (w.e.f. 12.11.2022)
7	Anita U. Sanghavi	Wife of Promoter Director and Key Management Personnel
8	Nikhil U. Sanghavi	Son of Promoter Director
9	Ashok J. Sanghavi	Brother of Director
10	Rachana Baria	Company Secretary & Compliance Officer (upto 12.08.2022)
11	Khushboo Gulati	Company Secretary & Compliance Officer (w.e.f 10.11.2022 upto 31.01.2023)
12	Zeki Software Solutions Pvt.Ltd	Enterprises significantly influenced by relatives of director
13	Vajjiya Enercon LLP	Enterprises significantly influenced by relatives of director
14	Green Tree Lifescapes LLP	Enterprises significantly influenced by relatives of director
15	Ami Tarak Sanghavi	Daughter of Promoter Director
16	Janaki Tarak Sanghavi	Daughter of Promoter Director

(b) Transaction with Related Parties are as follows :

Sr.	Particulars	(Amount in lakhs)							
		Directors and key managerial personnel		Relatives of Directors and key managerial personnel		Enterprises significantly influenced by the Directors/Relatives /KMP		Total	
		31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022
1	Remuneration paid	264.75	114.10	78.00	21.58	-	-	342.75	135.68
2	Annual maintenance & hosting charges	-	-	-	-	16.13	21.17	16.13	21.17
3	Sale of material	-	-	-	-	4.39	7.33	4.39	7.33
4	Purchase of assets	-	-	-	-	47.34	13.63	47.34	13.63
5	Interest paid on Fixed Deposit	-	-	1.32	2.22	-	-	1.32	2.22
6	Closing balance as at 31.03.2023	-	-	-	-	10.87	-	10.87	-
6a	- Advance given for purchase of asset	-	-	-	-	6.48	-	6.48	-
6b	- Trade receivable	-	-	-	-	4.39	-	4.39	-

**NIKHIL ADHESIVES LIMITED**  
**Notes forming part of the Financial Statements**

**Note : 38 Financial Instruments**

**(A) Categories of financial instruments**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>Financial Assets</b>		
<u>Measured at fair value through Profit &amp; Loss (FVTPL)</u>		
Trade Receivables	128.64	65.67
<u>Measured at fair value through other comprehensive income (FVOCI)</u>		
Investments	0.60	0.37
<u>Measured at amortised cost</u>		
(a) Trade receivables	10,893.61	14,404.16
(b) Cash and cash equivalents	359.26	488.76
(c) Bank balances other than above	122.88	116.45
(d) Other financial assets	47.28	48.19
<b>Total financial assets</b>	<b>11,552.27</b>	<b>15,123.61</b>
<b>Financial Liabilities</b>		
<u>Measured at fair value through Profit &amp; Loss (FVTPL)</u>		
Trade Payables	3,573.96	6,567.08
<u>Measured at amortised cost</u>		
(a) Trade payables	8,525.72	9,477.45
(b) Borrowing	3,167.56	2,730.54
(c) Lease Liabilities	307.42	51.86
(d) Other financial liabilities	1,189.79	1,248.85
<b>Total Financial liabilities</b>	<b>16,764.45</b>	<b>20,075.79</b>

**(B) Financial risk management objectives**

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

**(C) Market risk**

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

**(D) Foreign currency risk management**

**(i) Exposure in foreign currency -Hedged**

The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

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 of forward contract liability
Forward contract to buy USD- as at 31-03-2023	5	12.45	1,024.58
Forward contract to buy USD- as at 31-03-2022	10	39.23	2,975.21

**(ii) Exposure in foreign currency -Unhedged**

The foreign currency exposure not hedged as at 31st March, 2023 are as under:

(Amount in lakhs)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Amount in foreign currency	Amount in rupees	Amount in foreign currency	Amount in rupees
Payable in foreign currency exposure (USD)	31.27	2,569.74	35.50	2,690.57

Particulars	As at 31.03.2023		As at 31.03.2022	
	Amount in foreign currency	Amount in rupees	Amount in foreign currency	Amount in rupees
Receivable in foreign currency exposure (USD)	1.57	128.64	0.87	65.67



## NIKHIL ADHESIVES LIMITED

### Notes forming part of the Financial Statements

#### (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 into contracts with terms up to 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 2023	As at 31st March 2022		
Trade payables (imports)	3,573.96	6,567.08	Level 1	Rate published by FEDAI
Receivables (exports)	128.64	65.67	Level 1	Rate published by FEDAI
Investments	0.60	0.37	Level 1	As per quoted price

(ii) *The fair value hierarchy:*

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

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

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

(iii) *Financial instruments measured at amortised cost*

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

**NIKHIL ADHESIVES LIMITED**  
**Notes forming part of the Financial Statements**

**Note: 39 Reconciliation of Income Tax**

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

Particulars	(Amount in lakhs)	
	As at 31st March 2023	As at 31st March 2022
<b>Profit Before Tax</b>	2,354.46	3,399.28
Income Tax Rate (%)	25.168%	25.168%
Income Tax expense	592.57	855.53
Effect of expenses that are not deductible in determining taxable profit	15.54	12.01
Effect of expenses that are deductible in determining taxable profit	(57.86)	(35.39)
Others	-	(0.15)
<b>TOTAL</b>	<b>550.26</b>	<b>832.00</b>
Deferred tax	66.78	40.87
Tax Adjustment of Earlier Year	33.45	-
<b>Income tax expense recognised in profit or loss</b>	<b>650.49</b>	<b>872.87</b>

**Income Tax recognised in Other Comprehensive Income**

Particulars	(Amount in lakhs)	
	As at 31st March 2023	As at 31st March 2022
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	(3.10)	0.54
<b>Total Income Tax recognised in Other Comprehensive Income</b>	<b>(3.10)</b>	<b>0.35</b>

**Note: 40 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:

Sr No.	Particulars	(Amount in lakhs)	
		For the year ended 31st March 2023	For the year ended 31st March 2022
1	Amount required to be spent by the company during the year:	44.19	25.17
	Set off of excess expenditure of previous FY	3.96	1.00
	Net amount required to be spent by the company during the year	40.24	24.17
2	Amount of expenditure incurred on :		
	(i) Construction/acquisition of any asset	-	-
	(ii) On purposes other than (i) above	38.67	28.13
3	Shortfall/(Excess) at the end of the year	1.57	(3.96)
4	Total of previous year's shortfall		
5	Reason for shortfall	For FY 2022-23, the Company has contributed before 31-03-2023 its CSR obligation to an intermediary agent (IA). However, the IA has not utilised such contribution before 31-03-2023.	-
6	Nature of CSR activities	Eradicating hunger, promoting health care, Research Project	Eradicating hunger, promoting health care, Research Project
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 separately.	Not applicable	Not applicable

The Company shall transfer the unspent amount of Rs. 1.57 lakhs to a Fund specified in Schedule VII to the Companies Act, 2013 within the prescribed time of six months from the end of the current financial year i.e FY 2022-23 as permitted under the second proviso to sub-section (5) of section 135 of the Act.

**NIKHIL ADHESIVES LIMITED**

**Notes forming part of the Financial Statements**

**Note : 41 Disclosure under Amendment to Ind AS 7 regarding impact of non- cash transactions on financial liabilities**

Effective April 1, 2017 the Company adopted the amendment to Ind AS 7, which requires the Company to provide disclosure that will enable users of financial statements to evaluate changes in liabilities from financing activities, including changes arising from cash flow and non cash changes. In order to meet this disclosure requirement, the reconciliation between the opening and closing balances for liabilities arising from financing activities in the Balance Sheet, is as stated below:

(Amount in lakhs)

Particulars	As at 1st April 2022	Cash Flows	Foreign Exchange (gain)/loss (Non-Cash)	As at 31st March 2023
Long term borrowings	1,788.78	(197.75)	-	1,591.03
Short term borrowings	941.76	634.76	-	1,576.53
<b>Total liabilities from financing activities</b>	<b>2,730.54</b>	<b>437.01</b>	-	<b>3,167.56</b>

(Amount in lakhs)

Particulars	As at 1st April 2021	Cash Flows	Foreign Exchange (gain)/loss (Non-Cash)	As at 31st March 2022
Long term borrowings	1,979.18	(190.40)	-	1,788.78
Short term borrowings	736.54	205.23	-	941.76
<b>Total liabilities from financing activities</b>	<b>2,715.72</b>	<b>14.83</b>	-	<b>2,730.54</b>

**Note: 42(A) Additional regulatory information**

**Ratios**

Sr no	Ratio	Numerator	Denominator	As at 31st March 2023	As at 31st March 2022	% of variance	Reason for variance
1	Current Ratio (in times)	Current Assets	Current Liabilities	1.26	1.21	4.40	
2	Debt-equity ratio (in times)	Total Debt	Shareholders' Equity	0.32	0.32	1.60	
3	Debt service coverage ratio (in times)	Earnings available for Debt Service	Debt Service	1.81	2.83	-35.89	Term loan taken for expansion in the current year has been partly repaid vis-a- viz EBITDA* remaining constant.
4	Return on equity ratio (%)	Net Profit after taxes - Preference Dividend	Average Shareholder's Equity	18.21	34.53	-47.25	Net profits have been affected predominantly due to crash in international prices of the products dealt by the Company, including loss arising out of forex fluctuation. However sales volume has increased and remained unaffected.
5	Trade receivables turnover ratio (in times)	Net Credit Sales	Average Trade Receivables	5.83	5.50	6.04	
6	Trade payables turnover ratio (in times)	Net Credit Purchases	Average Trade Payables	4.55	4.46	2.11	
7	Net capital turnover ratio (in times)	Revenue from Operations	Average Working Capital	17.15	22.09	-22.37	
8	Net profit ratio (%)	Profit for the year	Revenue from Operations	2.29	3.10	-26.18	Net profits have been affected predominantly due to crash in international prices of the products dealt by the Company, including loss arising out of forex fluctuation.
9	Return on capital employed (%)	Earnings before interest and taxes	Capital Employed	22.26	35.26	-36.87	Reduction earnings is due to crash in international prices of the products dealt by the Company, including loss arising out of forex fluctuation, coupled with increase in capital employed due to capex and retained profits.
10	Inventory turnover ratio (in times)	Cost of Goods Sold	Average Inventory	7.90	9.63	-17.98	

\*EBITDA - Earnings before interest tax depreciation & amortisation

## NIKHIL ADHESIVES LTD

### Notes forming part of the Financial Statements

#### Note: 42 (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 premium 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 LIMITED**  
**Notes forming part of the Financial Statements**

**Note : 43 Contingent Liabilities**

(Amount in lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Sales Tax demand*	-	68.79

\* During the year, the Company has made payment of Rs. 10.38 lakhs for Settlement of Arrears under the Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee Act, 2022, (the Settlement Act) in respect of statutory order dated 18.02.2021 for period 01.04.2003 to 31.03.2004 under BST Act vide application in Form 1 dated 28th September 2022 under section 12 of the Settlement Act. Accordingly, pursuant to the Order of Settlement under Section 13(1) of the said Settlement Act vide Form III, dated 14-10-2022, the balance liability of Rs. 58.41 lakhs is waived.

**Note : 44** There are no amounts payable to any Micro, Small and Medium Enterprises as identified by the Management from the information available with the Company and relied by Auditors.

**Note : 45** The Board of Directors have recommended a payment of final dividend of Rs. 0.20/- (Twenty paise only) per equity share of face value of Re.1 each for the financial year ended 31st March, 2023, aggregating Rs. 91.87 lakhs.

**Note : 46** The figures for the previous year have been regrouped or rearranged wherever necessary.

**Note : 47** Figures have been rounded off to nearest lakhs.

**Note : 48** The financial statements of the Company for the year ended 31st March, 2023 were approved for issue by the Board of Directors at their meeting held on 16 May,2023.

**As per our attached report of even date**

**For and on behalf of the Board of Directors**

**For PPV & Co.**

Chartered Accountants  
Firm Registration No. 153929W

**Priyanshi Vakharia**  
(Proprietor)  
Membership No. 181834  
Place : Mumbai  
Date : 16th May 2023

**Rabi Mishra**

(Chief Executive Officer)  
DIN : 02888975

**Rajendra . J. Sanghavi**  
(Executive Director)  
DIN : 00245637

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

**Kinjal Rathod**  
(Company Secretary)  
M. No. A64403

**Umesh .J. Sanghavi**

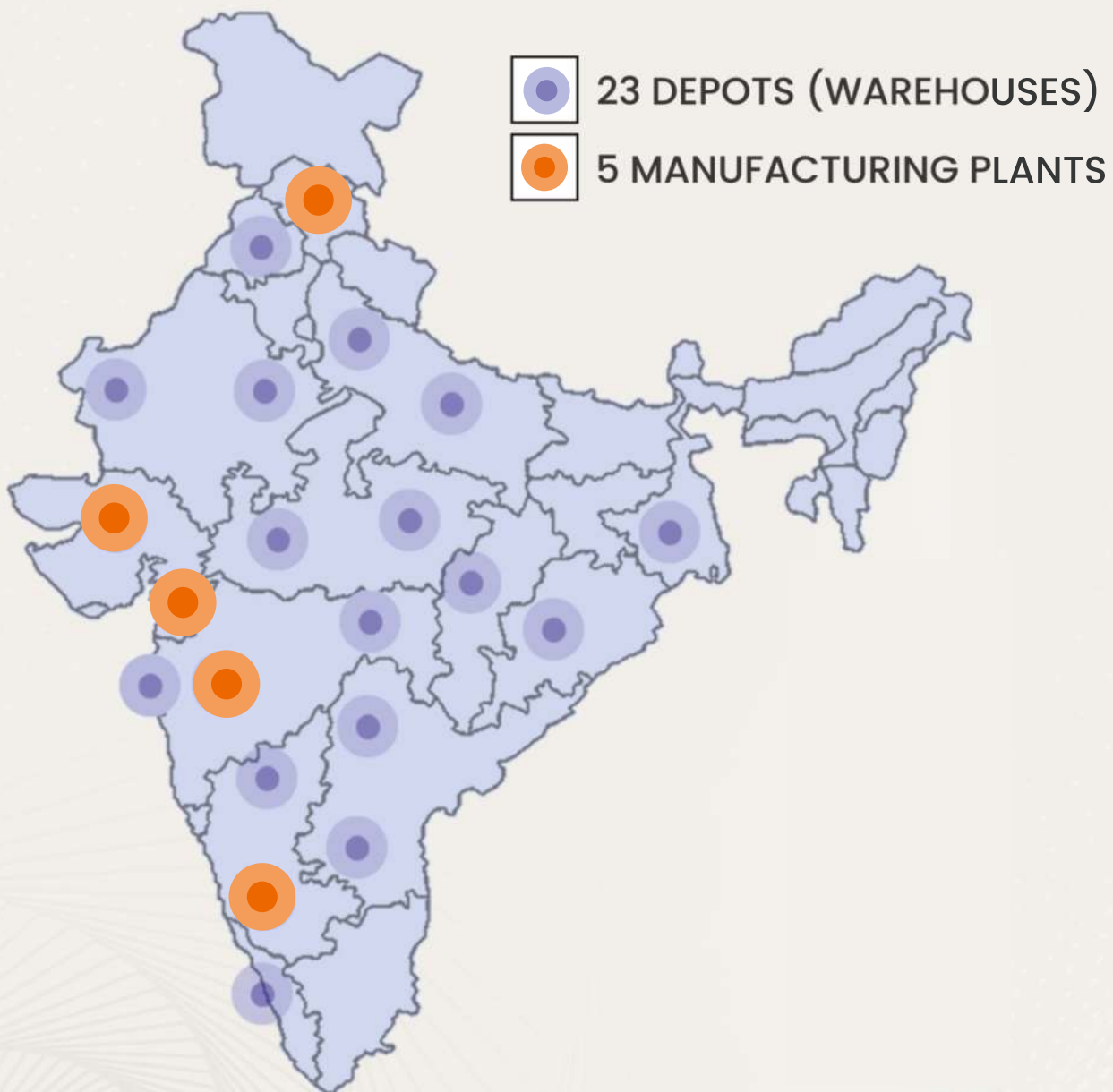
(Chairman and Whole-Time  
Director)  
DIN : 00491220

**Ishita T. Gandhi**  
(Independent Director)  
DIN : 07137098

**Umesh Shah**  
(Chief Financial Officer)



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