



NIKHIL ADHESIVES LIMITED

An ISO 9001 : 2015 Certified Company

Head Office : 902, 9th Floor, A Wing, Kaledonia HDIL Building,
Sahar Road, Opp. D-Mart, Andheri (E), Mumbai- 400069.

Tel.: 91-22-2683 6564 / 6558 / 59 • E-mail : info@nikhiladhesives.com

Website : www.nikhiladhesives.com • CIN : L51900MH1986PLC041062



01.09.2025

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

BSE script: 526159

Subject: **Integrated Annual report for the FY 2024-25 and Notice convening the 39th Annual General Meeting**

The 39thAnnual General Meeting ("AGM") of the Members of Nikhil Adhesives Limited ("the Company") is scheduled to be held on Tuesday, 23th September, 2025, at 03:00 p.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

In terms of the requirements of Regulations 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report along with Notice of AGM for the financial year 2024-25. The Company has sent the same today through electronic mode to Members who have registered their email id with the Company's RTA/Depository Participants.

The Notice along with the Annual Report for the financial year 2024-25 is also available on the website of the Company www.nikhiladhesives.com

You are requested to kindly take the above information record.

Thanking You,

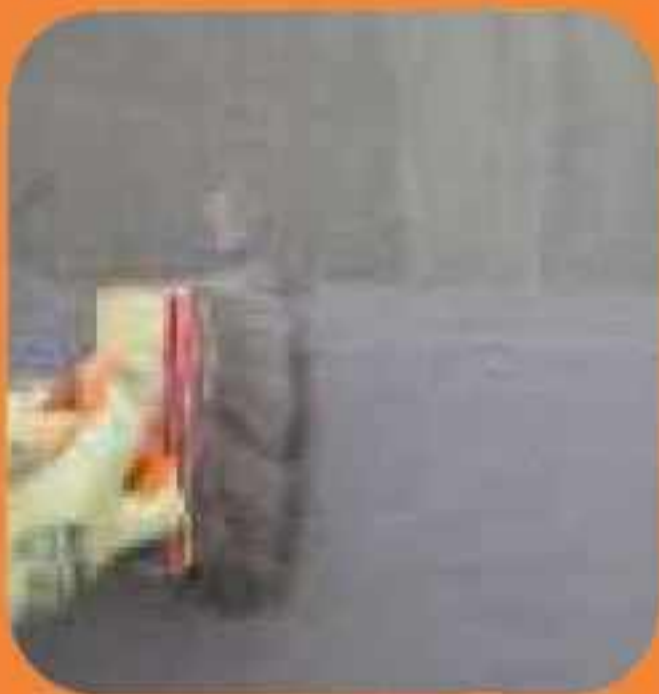
Yours Faithfully,

For, Nikhil Adhesives Limited

Rajendra Sanghavi
Whole-Time Director
DIN: 00245637

NIKHIL ADHESIVES LIMITED.

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Annual Report 39th 2024-2025

ABOUT US

Nikhil Adhesives Ltd, a listed company with the Bombay Stock Exchange is a multi-product company manufacturing, selling and exporting various types products like Emditex, Emdilith, Emdibind, Emdicryl, Mahacol, Mahafix which are well know in Adhesives, Paints, Textile & Construction Chemicals market.

The company had acquired the emulsion business of M/s. Mafatlal Dyes & Chemicals Limited the Erstwhile German Company -Hoechst Dyes and Chemicals Limited in the year 2003.

Nikhil Adhesives Ltd has been in this business since 1986 and has Five manufacturing units located at Dahanu (Maharashtra), Silvassa (Dadra Nagar Haveli), Dahej(Gujarat), Tumkur (Karnataka) and Mehatpur (Himachal Pradesh). A dedicated technology centre at Turbe (Navi Mumbai) and 21+ depot's spread across various states.

With it's presence for more than three decades and current production capacity of 135,000T p.a. Nikhil Adhesives Limited has grown in local market also expanded it's horizon into exports to various countries in Asia, Africa and the Middle East.

All our speciality products are made and delivered using our well automated manufacturing plants, better RM control, substantial production capacity, quality consistency, timely deliveries, excellent technical support, nationwide distribution network and excellent team.

MISSION

"Create customer delight through supply of innovative products and services using world class, lean and sustainable technology through a talented and committed team"

VISION

"To be a leading, speciality & performance chemicals company built on trust, innovation & cutting-edge technology".



Reaching Beyond Expectations with our efforts to develop and improve products and services with help of our highly skilled scientists.



39th ANNUAL REPORT 2024-2025

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr.Umesh J. Sanghavi	Chairman and Managing Director (CMD)
Mr.Rajendra J. Sanghavi	Whole Time Director (Executive Director)
Mr.Tarak J. Sanghavi	Whole Time Director (Executive Director)
Mr.Jagdish B. Mali	Executive Director (appointed w.e.f 08 th August, 2024)
Dr.Satish Gaonkar	Executive Director Director (appointed w.e.f 16 th June, 2025)
Mr.Pravin K. Laheri	Non-Executive Independent Director
Mrs.Ishita T. Gandhi	Non-Executive Independent Director (ceased w.e.f 17 th March, 2025)
Ms.Gauri S. Trivedi	Non-Executive Independent Director
Mr.V. Subramanian	Non-Executive Independent Director
Mr.SethunathanCharlayathLaxmanan	Non-Executive Independent Director (appointed w.e.f 17 th March, 2025)
Mr.Madhu T Ankleshwaria	Non-Executive Independent Director (appointed w.e.f 16 th June, 2025)
Mrs. Anita U. Sanghavi	Chief Financial Officer
Mrs.Beena Khandelwal	Company Secretary & Compliance Officer (appointed w.e.f 22 nd May, 2025)

STATUTORY AUDITORS

Jay Shah & Associates

Chartered Accountants

REGISTRAR AND TRANSFER AGENTS

MUFG Intime India Private Limited(Formerly 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 Ninth Annual General Meeting** of Nikhil Adhesives Limited will be held on **Tuesday, 23th September, 2025 at 3:00 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 31stMarch, 2025 together with the reports of the Board of Directors and Statutory Auditors thereon.**
- 2. To declare dividend of Re.0.22 per equity shares of face value of Re. 1 each for the financial year ended 31stMarch, 2025.**
- 3. To appoint a director in place of Mr. Rajendra Jayantilal Sanghavi, Whole Time Director (DIN:00245637), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.**
- 4. Appointment of M/s PHD & Associates, Chartered accountants (FRN: 111236W) as Statutory Auditors of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactments(s) thereof for the time being in force) and pursuant to recommendations of Audit Committee and Board of Directors of the Company, M/s PHD & Associates, Chartered Accountants (Firm Reg No :111236W) be and are hereby appointed as Statutory Auditors of the Company for a term of 5(Five) years to conduct the Statutory Audit From FY 2025-26 to FY 2029-2030 and to hold office from the conclusion of this Annual General Meeting till the conclusion of Annual General Meeting held for FY 2028-2029, on such remuneration, as may be mutually agreed between the Board/ Audit Committee and the Auditors.

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.

SPECIAL BUSINESS

- 5. 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, 2026.

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."

6. Reappointment of Mr. Pravin Kanubhai Laheri (DIN: 00499080) as an Independent Director for 2nd term of 5 years.

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

"RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of Section 149, 150, 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 based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Mr. Pravin Kanubhai Laheri (DIN: 00499080), who was appointed as a Non- Executive Independent Director of the Company for five consecutive years from 01.04.2021 upto 31.03.2026 and being eligible, be and is hereby re-appointed as a Non-Executive Independent Director of the Company to hold office for a second consecutive term of 5 years effective from 01.04.2026 upto 31.03.2031 and she shall not be liable to retire by rotation."

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."

7. Appointment of M/s. Somani & Associates, Practising Company Secretaries, Mumbai, a Peer Reviewed Firm as the Secretarial Auditors of the Company.

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

"RESOLVED THAT pursuant to the provisions of Regulation 24A & other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") read with Circulars issued thereunder from time to time and Section 204 and other applicable provisions of the Companies Act, 2013, if any read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("the Act"), and based on the recommendation of the Audit Committee and the approval of the Board of Directors of the Company, consent of the Company be and is hereby accorded for appointment of M/s Somani & Associates, Practising Company Secretaries, Mumbai, a Peer Reviewed Firm, as Secretarial Auditors of the Company for a period of 5 consecutive years, from April 1, 2025 to March 31, 2030 ('the Term'), on such terms & conditions, including remuneration as may be determined by the Board of Directors (hereinafter referred to as the 'Board' which expression shall include any Committee thereof or person(s) authorized by the Board).

RESOLVED FURTHER THAT approval of the Members is hereby accorded to the Board to avail or obtain from the Secretarial Auditor, such other services or certificates or reports which the

Secretarial Auditor may be eligible to provide or issue under the applicable laws at a remuneration to be determined by the Board.

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."

8. To Increase the Overall Limit of Maximum Remuneration Payable to all the Directors

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

"RESOLVED THAT, pursuant to the provisions of Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the rules made thereunder, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the consent of the Members of the Company be and is hereby accorded to increase the overall limit of remuneration payable to the Directors, including the Managing Director, Whole-time Director(s), and Manager, if any, of the Company, in respect of any financial year, in excess of 11% of the net profits of the Company computed in accordance with Section 198 of the Act, in the following manner:

- (i) **To the Managing Director, Whole-time Director and Manager:** in excess of 10% of the net profits of the Company (from the limit of 5% or 10% as applicable as per the companies act 2013), as may be decided by the Board from time to time, without any restriction on individual limit(s) on the remuneration payable to any of the Managerial Personnel;
- (ii) **To the other than Managing Director and Whole-time Director:** in excess of 1% of the net profits of the Company as may be decided by the Board from time to time.

RESOLVED FURTHER THAT the Board (which shall be deemed to include any committee constituted/ to be constituted by the Board) be and is hereby authorised to do all such acts, deeds, matters and as may be deemed necessary and settle any question or difficulty that may arise, for giving effect to this resolution without being required to seek any further consent or approval of the Members of the Company."

NOTES:

1. The Ministry of Corporate Affairs, Government of India ('MCA') vide its General Circular No. 14/2020 dated April 08, 2020, the General Circular No. 17/2020 dated April 13, 2020, the General Circular No.22/2020 dated June 15, 2020, the General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, the General Circular No. 10/2021 dated June 23, 2021, General Circular No. 20/2021 dated December 08, 2021, General Circular No. 02/2022 dated May 05, 2022, General Circular No. 11/2022 dated December 28, 2022 and General Circular No. 09/2023 dated September 25, 2023 and September 19, 2024, respectively ("MCA Circulars"), has and other circulars issued in this respect ('MCA Circulars') allowed 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 and SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 October 07, 2023 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated October 3, 2024 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 2024-25 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), BSE website (www.bseindia.com) and on the website of the NSDL (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. 5, 6, 7 & 8 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 holding shares in physical form are requested to submit a self-attested copy of their Permanent Account Number (PAN) card and Original Cancelled Cheque leaf / attested bank passbook showing name of the account holder to the Company / Registrar and Transfer Agent, as mandated by the Securities and Exchange Board of India (SEBI) vide circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/181 dated November 17, 2023.

9. Nomination Facility: Those Members holding Shares in the physical form and desirous of making / changing Nomination in respect of their shareholdings in the Company as permitted under Section 72 of the Companies Act, 2013 and Rules made thereunder, are requested to submit the prescribed Form No. SH-13, as applicable for this purpose to the Company's Registrar and Share Transfer Agents ('RTA') - MUFG Intime India Private Limited (Formerly Link Intime India Private Limited), who will provide the form on request. In respect of shares held in electronic / demat form, the Members may please contact their respective depository participant.
10. A person, whose name is recorded in the register of members or in the register of beneficial owners of the Company, as on the cut-off date i.e., Tuesday, 16th September, 2025 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 17th September, 2025 to 23rd September, 2025 (both days inclusive).
11. The dividend on Equity Shares as recommended by the Board of Directors, if declared, will be payable to those Equity Shareholders whose names stand on the Register of Members of the Company on 16th September, 2025. 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.
12. Members are requested to notify immediately any change of address, contact no., mandates, Bank Details and consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names;
 - i. To their Depository Participants (DPs) in respect of their electronic shares account, and
 - ii. To the Company's Registrar - MUFG Intime India Private Limited (Formerly Link Intime India Private Limited) in respect of their physical shares, if any, quoting their folio numbers.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. The Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. The Members holding shares in physical form can submit their PAN to the Company/ MUFG Intime India Private Limited Link (Formerly Intime India Private Limited)
14. Any Shareholders desiring any information relating to the accounts are requested to write to the Company at investors@nikhiladhesives.com at an early date so as to enable the management to keep the information ready.
15. All unclaimed dividends have been transferred to the credit of Investor Education and Protection Fund (the Fund) established by the Central Government. The Shareholders are hereby informed that pursuant to Section 125 of the Act, the Company will be obliged to transfer to the credit of the said Fund any money lying in the Unpaid Dividend Accounts remaining unclaimed for a period of seven years from the dates they became first due for payment. In accordance with provisions of the said Section, no claims shall lie against the Company or the Fund in respect of individual amounts of dividend. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the website of the Company www.nikhiladhesives.com and on the website of the Ministry of Corporate Affairs. Those Shareholders who have not claimed dividend of FY 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 are being requested to apply before the Company's Registrar to Share Transfer Agent MUFG Intime India Private Limited (Formerly Link Intime India Private Limited) via email id to: rnt.helpdesk@in.mpms.mufig.com 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>.

16. Pursuant to amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from 01st April, 2019, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository. The Company in this regard had sent letters to the Shareholders holding shares in physical form informing them about the above requirement. All Shareholders holding shares in physical form are requested to demat their shares at the earliest.
17. Shareholders may note that the Income Tax Act, 1961, as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company after 1st April, 2020 shall be taxable in the hands of the Shareholders. The Company shall therefore be required to deduct Tax at Source (TDS) at the time of making the final dividend. In order to enable us to determine the appropriate TDS rate as applicable, Members are requested to submit the documents in accordance with the provisions of the Income Tax Act, 1961.
 - i. For Resident Shareholders, TDS shall be made under Section 194 of the Income Tax Act, 1961 at 10% (Ten percent) on the amount of Dividend declared and paid by the Company during financial year 2024-25 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 2024-25 does not exceed Rs.10,000/-. 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 2024-25;
 - 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 2024-25.
 - 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 03rd September, 2025.
- v. Kindly note that the aforementioned documents are required to be submitted via email to investors@nikhiladhesives.com on or before 03rd September, 2025 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 23rd September 2025 . It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/ documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.
- vi. The soft copy of TDS certificate shall be emailed to you at your registered e-mail ID in accordance with the provisions of the Income Tax Act, 1961 after filing of the quarterly TDS Returns of the Company, post payment of the said Dividend.





18. Voting through Electronic means:

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 Saturday, 20th September, 2025 (9:00 AM) and ends on the Monday, 22nd September, 2025(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 Tuesday, 16th September, 2025 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?

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' 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 "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL 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 & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal

	<p>Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen 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 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 & voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> <p>NSDL Mobile App is available on</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>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

Individual Shareholders (holding securities in demat mode) login through their depository participants	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 & voting during the meeting.
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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:

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.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800-21-09911

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.
 - b) [Physical User Reset Password?](#)" (If you are holding shares in physical mode) option available on 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.com 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 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 with a copy marked to 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 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 or call on 022 - 4886 7000 or send a request to Mr.Suketh Shetty 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
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. 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 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 investors@nikhiladhesives.com. 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 at least 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at investors@nikhiladhesives.com. The Shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at investors@nikhiladhesives.com. These queries will be replied to you by the Company suitably by email.
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 Tuesday, 16th September, 2025.
3. Mrs. Poonam Somani, Practicing Company Secretary & Proprietor of M/s Somani & Associates, 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 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 16th September, 2025. (being record date for the purpose of voting), may send a request for obtaining their User ID and Password to rnt.helpdesk@in.mpms.mufig.com/investors@nikhiladhesives.com or contact MUFG Intime India Private Limited (Formerly Link Intime India Pvt. Ltd) on 022-4918 6000/022- 4918 6060.

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: investors@nikhiladhesives.com CIN: L51900MH1986PLC041062
Registrar and Share Transfer Agent	MUFG Intime India Private Limited (Formerly Link Intime India Private Limited) C-101, 247 Park, LBS Marg,Vikhroli (West), Mumbai- 400 083 Tel: 022 49186000/6270 Fax: 022-4098 6060 Email ID: :rnt.helpdesk@in.mpms.mufig.com

Date: 08.08.2025
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

As required by Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item number 5, 6, 7 & 8.

The Explanatory Statement for Item No. 4 is provided pursuant to Regulation 36(5) of the SEBI Listing Regulations. However, the same is strictly not required as per Section 102 of the Act.

Item No. 4

Based on the recommendations of the Audit Committee, the Board of Directors at their meeting held on 8th August 2025, approved the appointment of M/s PHD & Associates as the Statutory Auditors of the Company to hold office for a term of 5 (five) consecutive years from the conclusion of the 39th Annual General Meeting until the conclusion of the 44th Annual General Meeting of the Company to be held for the FY 2029-30. The Board of Directors, in consultation with the Audit Committee, may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors

M/s PHD & Associates have consented to the aforesaid appointment and confirmed that their appointment, if made, will be in accordance with the provisions of section 139, 141 and other relevant provisions of the Companies Act, 2013 and rules made thereunder.

Details as required under regulation 36 (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under:

The fee proposed to be paid to M/s PHD & Associates towards the statutory audit for the FY 2025-26 shall not exceed payment of Rs. 10 lakhs p.a as audit fees and Rs. 90,000/- per quarter for Limited Review Report, plus out of pocket expenses, with the authority of Board of Directors to make revision as it may deem fit for the balance term, based on the recommendation of Audit Committee.

The fee for services in the nature of statutory certifications and other permissible non-audit services will be in addition to the statutory audit fee as above and will be decided by the management in consultation with the Statutory Auditors. The provision of such permissible non-audit services will be reviewed and approved by the Audit Committee.

The Audit Committee and the Board of Directors, while recommending the appointment of M/s PHD & Associates as the statutory auditor, have considered, among other things, the credential of the firm and eligibility criteria prescribed under the act.

Brief Profile of PHD & Associates

In March 2010, PHD & Associates was established with the merger of three independent reputed CA Firms. In October 2021, P. Parmar & Associates, a CA Firm with 30 years of experience merged with PHD. In April 2024, C.C. Dalal & Co, a CA Firm with more than 70 years of experience merged with PHD.

PHD is an integrated, full service CA Firm with vast experience in offering broad range of services as a solution provider to the requirements of the corporate world.

The range of services include Assurance, Direct taxes, Indirect taxes, Risk advisory, Transaction advisory, Total handholding for Start-ups, Corporate laws advisory, FEMA & FDI advisory

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

The Board recommends the Resolution set out in Item No. 4 for approval of members as ordinary resolution.

Item No. 5

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 31st March, 2026 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 2025-26.

As per Rule 14 of the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditors as approved by the Board has to be ratified subsequently by the Members of the Company. Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No.5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2026.

The Board recommends the Resolution No. 5 for the approval of the Members as an Ordinary resolution.

None of the Directors/Key Managerial Personnel of the Company/their relatives is, in any way, concerned or interested, financially or otherwise in the resolution set out at Item No. 5 of the Notice except to the extent of their Shareholding, if any.

Item No. 6

Re-appointment of Mr. Pravin Kanubhai Laheri (DIN: 00499080) as an Independent Director for 2nd term of 5 years.

Mr. Pravin Kanubhai Laheri was appointed as a Non-Executive Independent Director for a first term of 5 years w.e.f 26.03.2021 with the approval of members.

As per Section 149(10) of the Act, an Independent Non-Executive Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Pravin Kanubhai Laheri, being eligible for re-appointment as a Non-Executive Independent Director and offering himself for re-appointment, is proposed to be re-appointed as a Non-Executive Independent Director for second term of five consecutive years from 01.04.2026 upto 31.03.2031

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Pravin Kanubhai Laheri as a Non-Executive Independent Director. Accordingly, the Board recommends passing of the Special Resolution in relation to reappointment of Mr. Pravin Kanubhai Laheri as a Non-Executive Independent Director for another term of five consecutive years for the approval by the shareholders of the Company.

The brief profile Mr. Pravin Kanubhai Laheri is given below

Mr. Pravin K. Laheri is a retired Indian Administrative Service (IAS) officer, with over 35 years of experience in governance, industrial development, and public administration. He holds a degree in Law from Bombay University and an M.Sc. (Eco.) from the University of Wales.

Mr. Laheri has worked in various senior positions in Gujarat's government, including Principal Secretary to five Chief Ministers and Chief Secretary of Gujarat. He initiated key projects like the Special Credit Scheme, benefiting over 200,000 small artisans. His efforts were instrumental in founding the National Institute of Fashion Technology in Gandhinagar.

In addition, Mr. Laheri has held leadership roles in major public-sector companies like Gujarat Narmada Valley Fertiliser Co., Gujarat State Fertiliser Co., and Gujarat State Investments Ltd. After retiring from IAS, he oversaw the completion of the Sardar Sarovar Project as Chairman & Managing Director of Sardar Sarovar Narmada Nigam Ltd.

He continues to serve as a guest faculty member at several institutions, including IIM and AMA.

The Board of Directors accordingly recommends the resolution set out at Item No. 6 of the accompanying Notice for the approval of the Members as the special resolution. None of the Directors, Key Managerial Personnel, and/or their relatives, except Mr. Pravin Kanubhai Laheri, in any way, concerned or interested in the resolution.

Item No. 7

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Regulation 24A of SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015 as amended from time to time and based on the recommendations of the Audit Committee, the Board of Directors at their meeting held on August 08, 2025, approved the appointment of M/s Somani & Associates, Company Secretaries, as the Secretarial Auditors of the Company for the first term of 5(Five) consecutive years to conduct the Secretarial Audit of the Company from F.Y. 2025-26 to F.Y. 2029-30. The Board of Directors, in consultation with the Audit Committee, may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Secretarial Auditors. Further, the Company has received the consent letter as well as eligibility letter from the audit firm for their proposed appointment as secretarial auditors for the first term of 5(Five) consecutive years commencing from F.Y. 2025-26. Details as required under regulation 36 (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under:

The brief profile of the Secretarial Auditor

M/s Somani & Associates, Company Secretaries, Mumbai will be appointed for the first term of 5(Five) consecutive years to conduct the Secretarial Audit of the Company from F.Y. 2025-26 to F.Y. 2029-30.

The Audit Committee and the Board of Directors, while recommending the appointment of M/s Somani & Associates, Company Secretaries, as the Secretarial Auditor, have considered, among other things, the credential of the firm and eligibility criteria prescribed under the act.

M/s. Somani & Associates is an eminent Practicing Company Secretaries firm based in Mumbai. This firm is founded by Poonam Somani having 15 plus years of experience in practice.

Ms. Poonam Somani, a Fellow Member of the ICSI (Year 2009) and LLB from Rajasthan University (Year 2010). The firm has advised several listed companies, unlisted companies and start-ups. The firm has been empanelled with four large Scheduled Commercial Banks and three Security Trustees towards conducting due diligence and carrying out other activities. The Board recommends the ordinary resolution set forth in this notice for the approval of Members.

Item No. 8

Pursuant to Section 197 of the Companies Act, 2013 (the Act), the total managerial remuneration payable by a public company, to Its Directors, including Managing Director and Whole-time Director, and its Manager in respect of any financial year, shall not exceed 11% of net profits of that Company for that financial year computed as per provisions of Section 198 of the Act, as detailed hereunder:

A. To Managing Director / Whole-time Director / Manager: -

Condition	Maximum Remuneration in any financial year
Company with one Managing Director (MD)/Whole-time Director (WTD)/Manager	5% of the net profits of the company.
Company with more than one MD/WTD/Manager	10% of the net profits of the company.

B. To other Directors who are neither Managing Directors nor Whole-time Directors: -

Condition	Maximum Remuneration in any financial year
If there is a MD/WTD/Manager	1% of the net profits of the company.
If there is no MD/WTD/Manager	3% of the net profits of the company.

As per the Companies Act, 2013 amended over the time, companies may pay remuneration exceeding the aforesaid limit of 11%, subject to the provisions of Schedule V to *the Act*, as well as other above limits, with the approval of the members of the Company in general meeting by way of Special Resolution.

The Board of Directors recognizes the need in the current business environment. While our company has been successful in maintaining stability and fostering growth, the individual remuneration paid to the directors and managerial personal may cross the limit as specified in the section 197 of the Companies act, 2013

Accordingly, the Board of Directors, pursuant to the provisions of the Act as aforesaid, subject to approval of the Members of the Company, approved the proposal to increase the overall limit of maximum remuneration payable to the Directors, including Managing Director and Whole-time Director of the Company as set out In the Notice.

The Company has not default in payment of dues to any bank or public financial institution or non-convertible debenture holders or other secured creditor, if any.

Except the change in overall limit of maximum remuneration as proposed in the relevant resolution(s), all other terms and conditions of the appointment/re-appointment of Managing Director, Whole-time Director and other Directors, approved by the Members shall remain unchanged.

In view of the above and in terms of section 197, Schedule V and other applicable provisions of the Companies Act, 2013 and the rules and regulations made there under, as amended, *the* approval of *the* members of the Company is required by way of a special resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the resolution except to the extent of their remuneration and/or their shareholding in the Company, if any.

Therefore, the Board recommends the proposed resolution as set out in the accompany notice for the consideration and approval of the members by way of passing of Special resolution.

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

Name of the Directors	Mr. Rajendra. J. Sanghavi	Mr. Pravin K Lehri
Director Identification Number	00245637	00499080
Date of Birth& Age	11.12.1955 (69 years)	28.03.1945 (80 years)
Date of First Appointment	Since inception	01.04.2021
Status	Whole Time Director	Non- Executive Non Independent
Qualification	Diploma in Engineering	IAS Graduate, Law Graduate & M.Sc. (Eco.)
Expertise in specific functional type	Businessman	Finance, Accounts, Legal and Industrial Development, Socio-economic Development, Administration, etc.
Terms and Conditions of Appointment/Re-appointment	Re-appointment on retiring by rotation	Re- appointment as an Non-Executive Independent director
Directorship of Other Companies	None	None
Chairman/Member in the Committees of the Boards of Companies	Member of Corporate Social Responsibility Committee	Chairman of Audit , Nomination & Remuneration, Stakeholders Relationship and Corporate Social Responsibility Committees
Shareholding (No. of Shares)	11,97,000 shares	-
Disclosure of relationships between Directors inter se	Mr. Umesh J. Sanghavi & Mr.Tarak J. Sanghavi are brothers of Mr. Rajendra J. Sanghavi	-

Date: 08.08.2025

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 over three decades of industry experience, Nikhil Adhesives Limited (Nikhil) continues to be among the leading players in Specialty Chemicals, Industrial Emulsions, Adhesives (Mahacol), and Construction Chemicals (Mahafix). With a strong domestic presence across PAN India supported by a robust distribution network, the Company leverages its state-of-the-art R&D, modern manufacturing infrastructure, and committed team to deliver customer-centric solutions.

The major thrust continues to be the **expansion of consumer products and value-added import substitutes**, strengthening Nikhil’s position as a trusted solutions provider.

KEY HIGHLIGHTS FOR 2024-25

- Commissioning and stabilising of **RDP capacity** at Dahej.
- Further automation and digitalisation across Tumkur and Dahej plants.
- R&D centre at Navi Mumbai upgraded with **application testing facilities** for construction chemical and wood adhesives products.
- Entry into **new export markets**.

GLOBAL ECONOMIC OVERVIEW

- IMF projects global GDP growth at **3.1% in 2025**, down from 3.2% in 2024, with moderation in advanced economies.
- **Commodity volatility** persists: crude oil expected in the \$75–85/bbl range; non-fuel commodities to remain firm.
- Inflationary pressures have eased, though **higher-for-longer interest rates** in the US and Europe continue to weigh on investment.
- Trade flows show improvement, with WTO estimating **3% global trade growth in 2025**, though geopolitical risks remain elevated.

PERFORMANCE OF MAJOR ECONOMIES

United States: Real GDP growth projected at 1.9% in 2025 (IMF WEO Update, July 2025).

Euro area: Growth expected to accelerate to 1.0% in 2025 and 1.2% in 2026 (IMF WEO Update, July 2025).

Japan: Growth projected at 0.7% in 2025 (IMF WEO Update, July 2025).

China: Growth projected at 4.8% in 2025 (IMF WEO Update, July 2025).

Middle East & Central Asia: Regional growth projected at 3.4% in 2025, 3.5% in 2026 (IMF WEO Update, July 2025).

INDIAN ECONOMIC OVERVIEW

India remained the fastest-growing major economy in FY 2024–25.

- Real GDP growth (NSO Provisional Estimates, May 30, 2025): 6.5% for FY 2024–25; Q4 FY25 at 7.4%.
- Private Final Consumption Expenditure (PFCE): up 7.2% YoY in FY 2024–25; Gross Fixed Capital Formation (GFCF): up 7.1%.
- Sectoral performance: Construction +9.4%; Public Administration, Defence & Other Services +8.9%; Financial, Real Estate & Professional Services +7.2%.

- Trade (Commerce Ministry/PIB): Overall exports (merchandise + services) rose 5.5% to US\$ 820.93 bn in 2024–25; merchandise exports were US\$ 437.42 bn (+0.08% YoY).
- Inflation: CPI average eased to ~4.6% in FY 2024–25 (lowest in six years), within RBI’s tolerance band.
- Monsoon 2025: India received **above-average rains (106% of LPA)**, arriving early and aiding timely sowing. This boosted kharif crop output, strengthened rural consumption, stabilized food prices, and supported overall GDP growth.

UNION BUDGET 2025 – KEY PRIORITIES

- ₹12 lakh crore capex outlay (10% higher YoY).
- Expanded **PLI schemes** covering chemicals and specialty intermediates.
- Focus on **green energy, solarisation, and energy security** to lower industrial costs.
- Stronger support to MSMEs through **credit guarantees and skilling initiatives**.
- Enhanced allocations for **agriculture, employment, and social inclusion**.

Paints & Construction Chemicals

- Organised paints capacity projected to double to ~15 blpa by FY 2028.
- Construction chemical market expected to grow at **7% CAGR**, crossing USD 5.5 billion by 2030.
- Rising housing and infra projects to benefit adhesive & polymer demand.

Adhesives & Specialty Chemicals

- Adhesives market to grow at ~7% CAGR till 2028, reaching USD 3.9 billion.
- Growth driven by **woodworking, packaging, automotive, and consumer repair segments**.

Consumer Sector

- India expected to become the **third-largest consumer market globally by 2027**.
- Premiumisation trend continues, with affluent segments expected to expand to ~88 million individuals by 2028.

SWOT ANALYSIS

Strengths

- Over 40 years of promoter experience in specialty chemicals.
- Diversified product portfolio across industrial and consumer adhesives.
- Strong nationwide distribution with 5 plants and 22 warehouses and R & D center.
- Partnerships with leading corporates (Asian Paints, Berger, Akzo Nobel, JK Cement, Indigo, DOW, BASF, JSW).
- Ongoing R&D investments for import substitution and new products.

Weaknesses

- Consumer brand awareness still developing compared to established peers.
- Margins vulnerable to raw material volatility.
- Export business in early stages of scale.

Opportunities

- **Make in India** initiatives to drive import substitution.
- Expansion into **untapped packaging adhesives and construction solutions**.
- Growing demand in both domestic and overseas consumer markets.
- Export potential to South-East Asia, Middle East, and Africa.

Threats

- Raw material price fluctuations (linked to crude oil).
- Government policy changes on imports, duties, and quality standards.
- High competition in adhesives and construction chemicals.
- Currency volatility impacting exports.

OUTLOOK FOR FY 2025–26

- Nikhil Adhesives will **deepen its consumer business (Wood Adhesives (Mahacol) and Construction Chemical (Mahafix)) footprint** through brand-building, retail expansion and influencer engagement.
- Strong focus on **cost-effective RDP for Putty and Tile Adhesive products**.
- Cost efficiencies from automation and higher capacity utilisation to support margins.
- Cautiously optimistic stance, with growth driven by **construction sector recovery, rising consumer demand, and product innovations**.
- Development of **specialized emulsion for paint industry**.

Sources: IMF World Economic Outlook Update, July 2025; NSO/MOSPI Provisional Estimates (May 30, 2025); PIB/Commerce Ministry (Trade Data, 2025); RBI/PIB (Inflation Data, 2025).

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

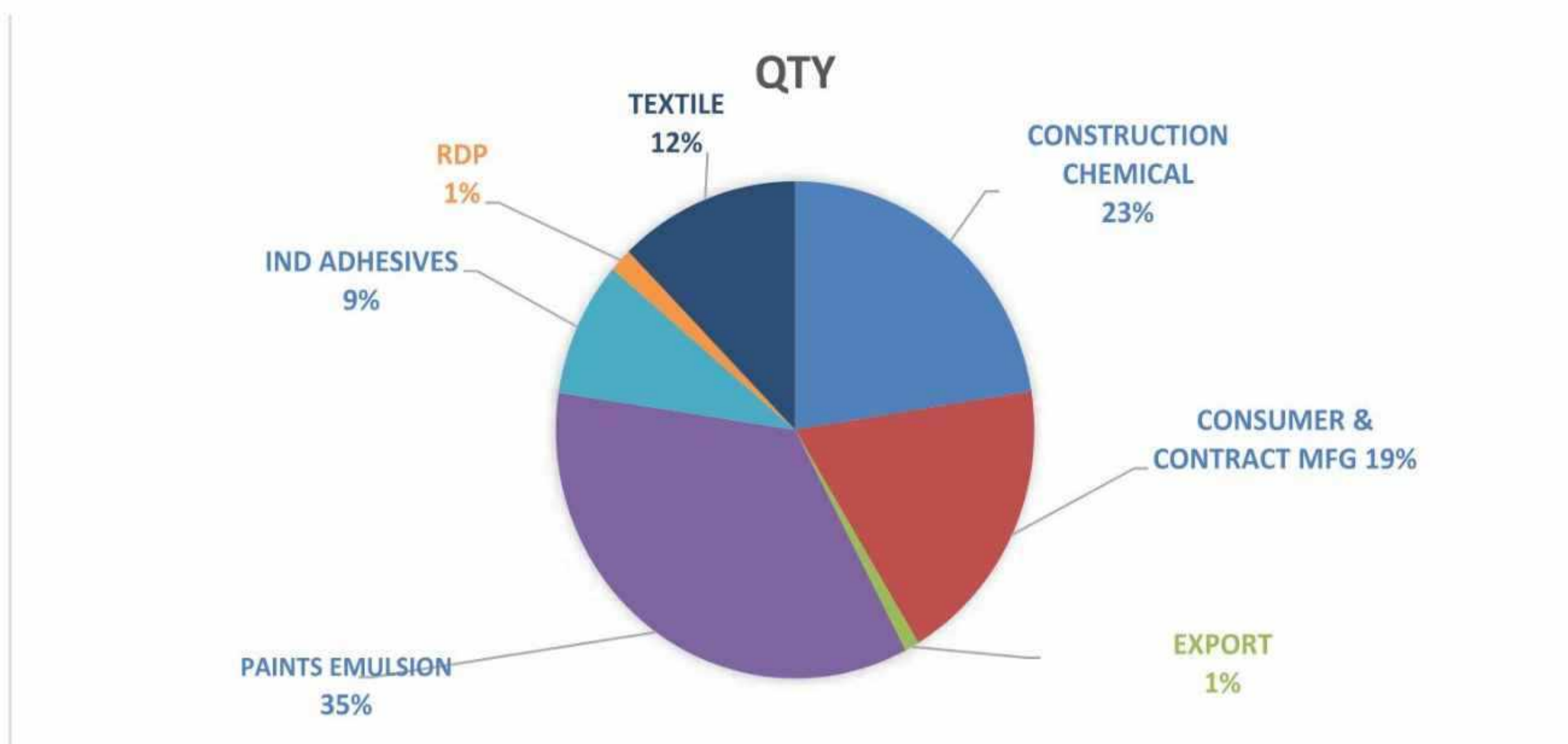
The Company has strong internal control procedures in place that are commensurate with its size and operations. The Board of Directors, responsible for the internal control system, sets the guidelines and verifies its adequacy, effectiveness and application. The Company's internal control system is designed 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 & Construction Chemicals contribution 51% of the total sales volume

(i) Consumer & Contract Manufacturing Adhesives (MAHACOL/ EMDILITH)

Branded consumer & Contract manufacturing adhesives products contributed 19% 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. Contract Manufacturing is mainly for Asian Paints Ltd.

(ii) Industrial Adhesives

Industrial Adhesives contributes 9% of the total volume sales of the Company. Adhesives for Packaging Industries.

(iii) Construction Chemicals

Company has achieved 23% of total volume sales of the Company.

(iv) Speciality Emulsions

The Company's speciality emulsions contribute 48% 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 35%.

b) Textile (EMDITEX, EMDIBIND) :-

The Company has a network for textile emulsions and binders through distributors PAN India, textile emulsions contribute 12% of the company's total sales volume.

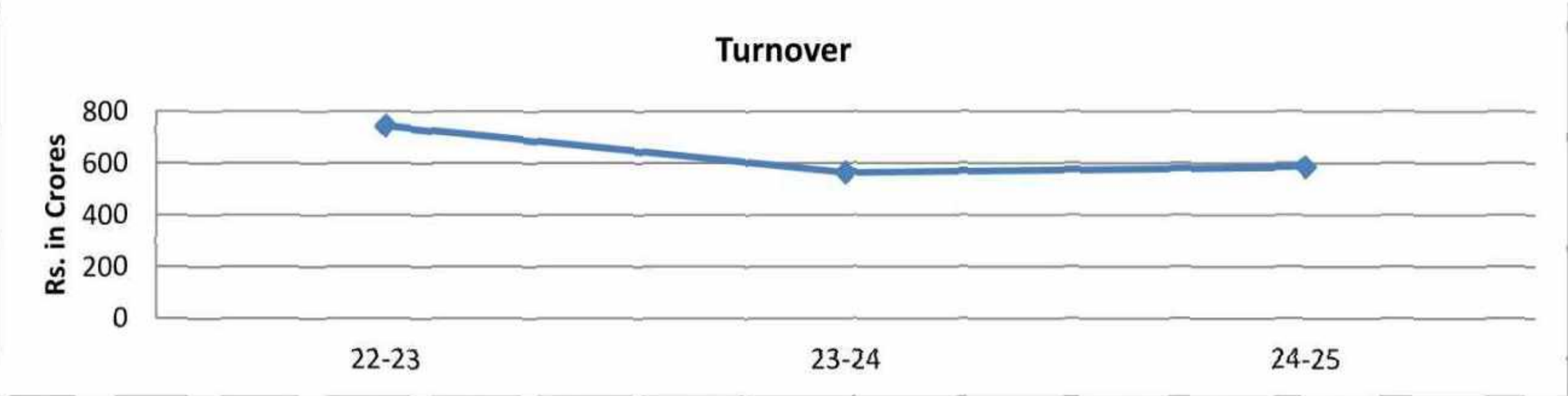
(v) Export:-

Company export’s adhesives and emulsions to Nepal, Taiwan, Bangladesh, Shri Lanka, Philippines and Kenya which contributes to 1% of the total volume sales of the Company.

vi) Mahacol RDP: - Re-dispensable Polymer

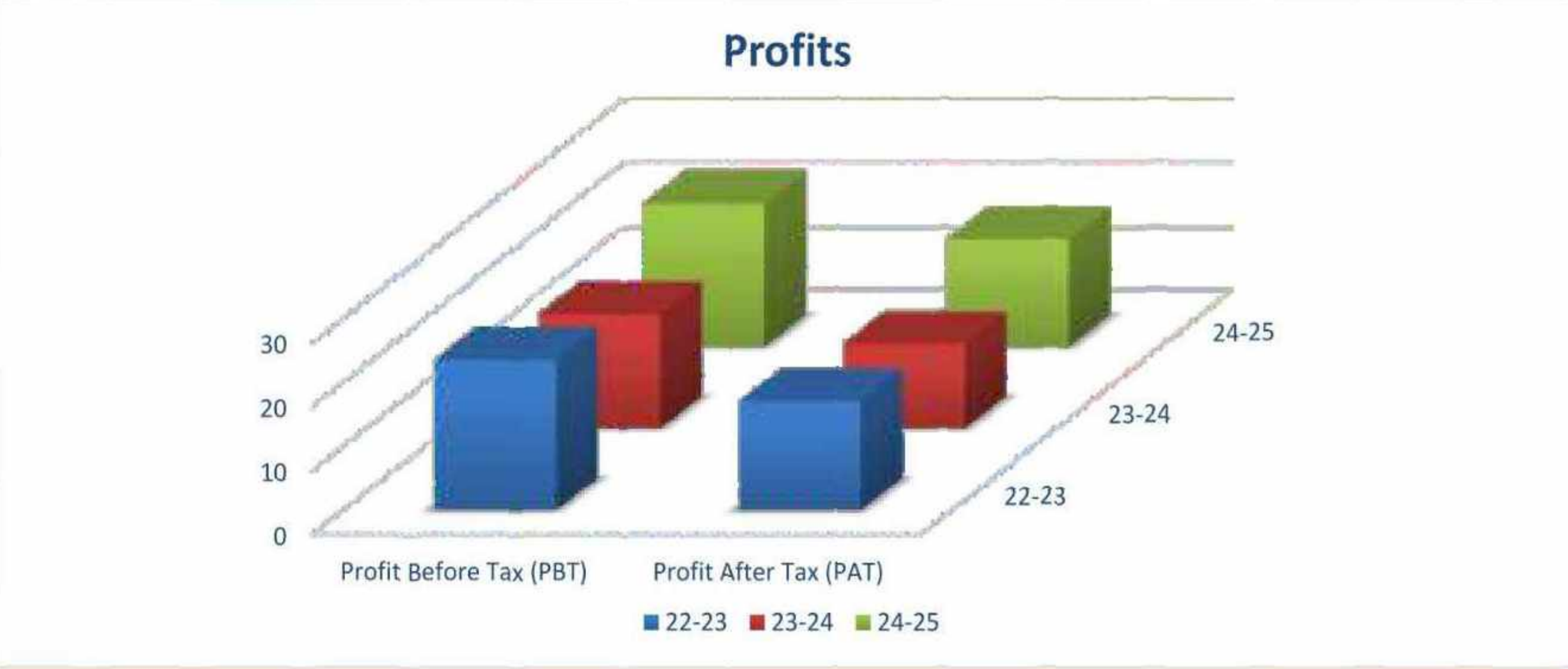
We have launched new business in this financial year which is contributing 1% of the total sales volume, is expected to grow in future.

TURNOVER



For the year ended 31st March, 2025 turnover is ₹. 585 cr. as compared to ₹. 564 cr. in the previous year.

PROFITS



Profit Before Tax (PBT) has increased from ₹ 17.93 cr. (FY 2023-24) to ₹ 22.42 cr. (FY 2024-25) and **Profit After Tax (PAT)** has increased from ₹ 13.25 cr. (FY 2023-24) to ₹ 16.86 cr. (FY 2024-25).

TRADING

Revenue from trading segment has decreased from ₹ 42.95Crore to ₹ 35.96 Crore during the year ended 31st March 2025 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

Your Company had a foreign currency loss of ₹ 22.65 Lakh in current year (FY 2024-25) as compared to forex gain of ₹ 58.09 Lakh in the previous year (FY 2023-24).

DIRECTOR'S REPORT

To The Members of Nikhil Adhesives Limited

The Board of Directors are pleased to present the thirty Ninth Annual Report together with the Audited Accounts for the Financial Year ended 31st March, 2025.

In Financial Year 2024-25 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 st March, 2025	31 st March, 2024
Profit Before Depreciation and Tax	2949.46	2415.37
Less: Depreciation and amortization expense	707.65	622.66
Profit Before Tax	2241.81	1792.71
Less: Provision for Tax		
Current Tax	515.00	382.35
Tax adjustment of earlier years	-	-
Deferred Tax	40.87	85.29
Profit After Tax	1685.94	1325.07

DIVIDEND

The Board of Directors has recommended a dividend of Re.0.22/- (Rupee Zero point Twenty-two only) per equity share of face value of Re. 1/- (Rupee One only) each for the Financial Year ended March 31, 2025 subject to approval of Shareholders.

RESULT OF OPERATIONS

(Rs. In Lakh)			
Particulars	2024-25	2023-24	%
Sales Turnover	58458.75	56419.32	3.61 %
Other Income	56.62	34.88	62.33 %
Operating Profit	3,053.72	2,489.11	22.68 %
Total Comprehensive Income (Net Profit)	1670.87	1,323.87	26.22 %

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. 1258.70 Lakh from its members during the financial year 2024-25. There has been no default in repayment of deposits or payment of interest during the year. No deposits have been unclaimed as at the end of the year. All the deposits accepted by the Company are in compliance with the requirements of Chapter V of the Companies Act, 2013.

TRANSFER TO RESERVES

There is no transfer made to reserves during the year.

SHARE CAPITAL

There was no change in the Authorized and Paid-up Share Capital of the Company during the year. The Authorised Share Capital of the Company is Rs. 5,00,00,000/- (Rupees Five Crore only) divided into 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:

Particular	Amount (In Rupees)
Amount statutorily required to contribute during the year F.Y. 2024-25	Rs. 50,24,744
Actual amount spent as on 31.03.2025	Rs. 50,00,000
Amount unspent as on 31.03.2025	Rs. 24,744
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. 50,000
Excess amount available for set off in the succeeding financial years	Rs.25,256

Ongoing Projects - Actual payment made in FY 2024-25	Total Project	Amount spent in FY 23-24	Amount spent in FY 24-25	Amount spent in FY 25-26	Pending
Project Bachpan	Rs. 5,50,000	1,70,000	3,80,000	-	Nil
Project Shakti	Rs. 5,80,000	4,984	-	5,75,016	Nil
Umang School	Rs. 12,15,000	1,46,800	9,14,744	-	1,53,456
Jan Jan Ne Bhojan, Sadvichar	Rs. 10,85,000	95,500	6,32,610	-	3,56,890

The CSR report is forming part of this attachment in Annexure IV and CSR policy is placed on the website of the Company www.nikhiladhesives.com

DIRECTORS RESPONSIBILITY STATEMENT

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

- a. That in the preparation of the annual financial statements for the year ended 31st March, 2025, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013, have been followed and there are no material departures from the same;
- b. That had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c. That had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. That the annual financial statements have been prepared on a going concern basis;
- e. That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- f. That the systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

RISK MANAGEMENT AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

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

INDUSTRIAL RELATIONS

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

DIRECTORS & KEY MANAGERIAL PERSONNEL

In terms of Sections 149,152 and all other applicable provisions of the Companies Act, 2013, for the purpose of determining the Directors liable to retire by rotation, the Independent Directors are not included in the total number of Directors of the Company. Accordingly, Mr. Rajendra Jayantilal 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.

During the year the Board of Directors in its meeting held on 22nd May, 2024 appointed Mrs. Beena Khandelwal as Company Secretary and Compliance Officer, Key Managerial Personnel of the Company with effect from the same date i.e 22nd May 2024.

The members at its Annual General Meeting held on 26th of September, 2024 appointed of Mr. Jagdish Mali as Executive Director of the company with effect from 08th August, 2024 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.

Mr. Sethunathan Charlayath Laxmanan (DIN: 10535064), 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 17th March, 2025

Second term of Mrs. Ishita Gandhi from the position of Non-Executive Independent director with the company ended on 28th March, 2025 and board took note of the same.

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

1. Mr. Umesh J. Sanghavi – Chairman and Managing Director
2. Mr. Rajendra J. Sanghavi – Wholetime Director
3. Mr. Tarak J. Sanghavi – Wholetime Director
4. Mr. Pravin K. Laheri – Independent Director
5. Ms. Gauri S. Trivedi – Independent Director
6. Mr. V. Subramanian – Independent Director
7. Mrs. Anita U. Sanghavi – Chief Financial Officer
8. Ms. Beena Khandelwal – Company Secretary & Compliance officer
9. Mr. Jagdish Mali – Executive Director (w.e.f. 08.08.2024)
10. Mr. Sethunathan Charlayath Laxmanan – Independent Director (w.e.f. 17.03.2025)
11. Dr. Satish Gaonkar – Executive Director (w.e.f. 16.06.2025)
12. Mr. Madhu T Ankleshwaria – Independent Director (w.e.f. 16.06.2025)

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

PERFORMANCE EVALUATION OF BOARD, COMMITTEES & DIRECTORS

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

SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

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

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

VIGIL MECHANISM /WHISTLE BLOWER POLICY

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

STATUTORY AUDITORS

On recommendations of Audit Committee and Board of directors, the Company has decided to appoint M/s PHD & Associates, Chartered Accountants (Firm Reg. No. 111236W) as the Statutory Auditors of the Company for a further period of 5 (Five) years, subject to the approval of members in the ensuing AGM, to conduct the Statutory Audit from Financial year 2025-26 and to hold office till the conclusion of 44th AGM held for the Financial Year 2028-29.

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 Somani & Associates., Company Secretaries were appointed to undertake the Secretarial Audit of the Company for the year ended 31st March, 2025. The Secretarial audit report is self-explanatory in the nature as annexed to the part of board report.

MATERIAL CHANGES AND COMMITMENTS

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

REGULATORY/COURT ORDERS

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

RELATED PARTY TRANSACTIONS

All related party transactions entered into during the financial year under review by the Company are on arm's length basis and in the ordinary course of business. There are no material significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All related party transactions are placed before the meeting(s) of the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the financial year for the transactions which are of a foreseen and repetitive in nature. The statement giving details of all related party transactions entered into pursuant to the omnibus approval together with relevant documents/information are placed before the Audit Committee for review and approval on quarterly basis. The Company has developed a Policy on materiality of Related Party Transactions and dealing with Related Party Transactions including the modifications thereof. The Policy on materiality of Related Party Transactions and dealing with Related Party Transactions as approved by the Board is uploaded on the Company's website and the same is available at the web link <http://www.nikhiadhesives.com>

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

There are no loans or guarantees made during the year in pursuance of Sections 185 and 186 of the Companies Act, 2013.

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

As required under Section 197(12) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of the ratio of the remuneration of each Director to the

median employee's remuneration and such other details as prescribed therein are given in Annexure-II, which is attached here to and forms a part of the Directors' Report.

EXTRACT OF ANNUAL RETURN

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

PARTICULARS OF EMPLOYEES

The particulars required pursuant to Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure-II, which is attached here to and forms a part of the Directors' Report.

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. Company does not have any subsidiaries hence 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. 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.
- g. 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.
- h. 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.
- i. The Board of Directors have complied with applicable Secretarial Standards as specified u/s. 118 of Companies Act, 2013.
- j. The Company confirms that it has paid the Annual Listing Fees for the year 2025-26 to BSE Ltd where the Company's Shares are listed.
- k. During the Financial year no application has been made and no proceeding is pending under the Insolvency and Bankruptcy Code, 2016.
- l. During the year under review, there were no instance of one-time settlement with banks or financial institutions and hence the differences in valuation as enumerated under Rule 8(5)(xii) of Companies (Accounts) Rules, 2014, as amended, do not arise.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

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

During the year under review, no shares or 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.

CASH FLOW STATEMENT

In conformity with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and requirements of companies Act, 2013 the cash flow statement for the financial year ended 31.03.2025 is annexed here to as a part of the Financial Statements.

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 2024-25 and as on date.

For and On behalf of Board of Directors

Sd/-

Umesh J. Sanghavi

Chairman and Managing Director

DIN: 00491220

Place: Mumbai

Date: 08.08.202

ANNEXURE- I

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2025
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule
No. 9 of the Companies (Appointment and Remuneration Personnel)
Rules, 2014]

To,
The Members,
Nikhil Adhesives Limited
A-902, Kaledonia Building, Sahar Road,
Opp. Vijay Nagar, Andheri (East),
Mumbai - 400069.

We 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"). The secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our 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 31st March 2025 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Nikhil Adhesives Limited ("the Company") for the financial year ended on 31st March 2025, 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; (Not applicable to the company during the review period)

- 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) The compliance by the Company of the applicable direct tax laws, indirect tax laws and other financial laws has not been reviewed in this Audit, since the same have been subject to review by the other designated professionals

We have relied on the representation made by the company and its officers for the systems and mechanisms formed by the company for compliances under the other applicable Acts, Laws and Regulations as mentioned by the company in its Management Representation letter. During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

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

We have also examined compliance with the applicable clauses:

- a) Secretarial Standards issued by the Institute of Company Secretaries of India.
- b) SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and its amendments.

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

1. The Company delayed the submission of the proceedings of the Annual General Meeting held on 26.09.2025. The proceedings were submitted within 24 hours instead of the stipulated 12 hours as required as required under Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. The Company filed Forms IEPF-1 and IEPF-2 under Section 125 of the Companies Act, 2013 with the additional fees.

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

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.

We 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.

We further report that during the audit period the company had no specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

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

Place: Mumbai

Date: 08/08/2025

**For Somani & Associates
(Practicing Company Secretaries)**

**Sd/-
Poonam Somani
FCS No. F9364
C P No. 8642
UDIN - F009364G000962514**

This report is to be read with my letter of even date which is annexed as A

ANNEXURE A

To,
The Members,
Nikhil Adhesives Limited
A-902, Kaledonia Building, Sahar Road,
Opp. Vijay Nagar, Andheri (East),
Mumbai - 400069.

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on my audit.
2. We have followed the 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. We believe that the process and practices, we followed provide a reasonable basis for our opinion
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. The compliance by the Company of the applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit, since the same have been subject to review by the other designated professionals.
4. Where ever we required, we 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.

Place: Mumbai
Date: 08.08.2025

For Somani & Associates
(Practising Company Secretaries)

Sd/-
Poonam Somani
FCS No. F9364
C P No. 8642
UDIN: F009364G000962514

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 2024-25 (In Rs.)	Remuneration- on paid for FY 2023-24 (In Rs.)	% increase - in remuneration in the FY 2024-25	Ratio/ times per median of employee remuneration
1	Mr.Umesh J. Sanghavi	Chairman and Whole-time Director	45,52,944	21,52,944	111.47	11.52
2	Mr.Rajendra J. Sanghavi	Executive-Whole Time Director	45,52,944	21,52,944	111.47	11.52
3	Mr.Tarak J. Sanghavi	Executive-Whole Time Director	45,52,944	21,52,944	111.47	11.52
4	Mr. Jagdish Mali**	Executive Director	26,02,139	-	-	-
5	Dr. Satish R. Gaonkar **	Chief Operating Officer	7,60,107	-	-	-
6	Mrs.Beena Khandelwal**	Company Secretary& Compliance Officer	1,84,082**	-	-	-
7	Mrs. Anita Umesh Sanghavi*****	Chief Financial Officer	14,08,500	7,21,704	-	-

*The remuneration of Mr. Jagdish B. Mali is covered for the period from 08.08.2024 to 31.03.2025 as he appointed as Executive Director w.e.f. 22.05.2024.

**The remuneration of Mrs. Beena Khandelwal is covered for the period from 22.05.2024 to 31.03.2025 as she appointed as CS w.e.f. 22.05.2024.

**The remuneration of Dr Satish R Gaonkar is covered for the period from 01.02.2025 to 31.03.2025 as she appointed as Chief Operating Officer w.e.f. 01.02.2025.

Median remuneration of employees in FY 2024-25	Median remuneration of employees in FY 2023-24	Percentage increase/(decrease)
Rs. 3,95,158	Rs. 4,14,403	-4.52

- No. of permanent employees as on 31st March, 2025: 334 Employees
- Comparison between average percentile increase and salaries of employees (excluding managerial personnel) and percentile increase in managerial remuneration:

Average percentile increases in salaries of employees other than managerial personnel in FY 2024-25	Percentile increase in managerial personnel remuneration in FY 2024-25	Justification
60.69	98.03	The increase in salaries of managerial personnel remuneration is commensurate with their individual performance attributable to the growth of the Company.

- The key parameters for any variable component of remuneration availed by Directors: The KMP Remuneration is not wholly related to the Company's performance. They are paid as per their terms of employment.
- There are 3 employees who have received remuneration in excess of the highest paid Director. Their ratios to the highest paid director are 1.09, 1.41, and 1.68.
- This is to affirm that the above remuneration is paid as per the Remuneration Policy of the Company.

Note:

- The Non-Executive Independent Directors of the Company are entitled to sitting fee and commission as per the statutory provisions and within the limits approved by the Shareholders. The remuneration of Non-Executive Directors, details of which are provided in the Corporate Governance Report and is governed by the Differential Remuneration Policy, as detailed in the said Report.

ANNEXURE- III

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

The Information under Section 134(3) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2024 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 up gradation 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 atomisation 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. 10.77 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-dispensable 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. 62.59 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.561.79 Lakh and foreign exchange outgo in terms of actual outflows is Rs. 7,750.44 Lakh.

For and Behalf of the Board of Directors

Sd/-

Umesh J. Sanghavi
Chairman and Managing Director
DIN: 00491220

Place: Mumbai
Date: 08.08.2025

ANNEXURE- IV

CORPORATE SOCIAL RESPONSIBILITY REPORT

1. Brief outline on CSR Policy of the Company-

The objective of the CSR Policy ("Policy") is to lay down the guiding principles in undertaking various programs and projects by or on behalf of the Company in accordance with the Corporate Social Responsibility ("CSR") within the meaning of Section 135 of the Companies Act, 2013 read with Schedule 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 of CSR Committee attended during the year
1.	Mr.Pravin K. Laheri (Chairman)	Non-Executive Director	2	2
2.	Mr.Rajendra J. Sanghavi (Member)	Executive Director	2	2
3.	Mr.Umesh J. Sanghavi (Member)	Managing Director	2	2
4.	Mr.Tarak J. Sanghavi (Member)	Executive Director	2	2

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

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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1	2024-25	-	-
	Total		

6. Average net profit of the company as per section 135(5): Rs. 25,12,37,219

7. a) Two percent of average net profit of the company as per section 135(5): Rs. 50,24,744

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs.50,24,744

8. (a) CSR amount spent or unspent for the financial year 2024-2025:

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
50,00,000	-		PM CARES FUND	50,000	29/08/2025

(b) Details of CSR amount spent against ongoing projects for the financial year 2024-2025:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project	Item from the list of activiti es in Schedul e VII to the Act.	Local area (Yes/N o).	Location of the project.		Project duratio n.	Amount t allocat ed for the project (in Rs.).	Amount nt spent in the curren t financi al Year (in Rs.).	Amount transferr ed to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implemen tation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				Stat e.	District.						Name	CSR Registratio n number.
1.	-	-	-	-		-	-	-	-	-	-	-
	Total											

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	Kapol Yuvak Sangh	(ii) promoting education	Yes	Maharashtra, Mumbai		5,00,000	Direct	-	-
2.	Sanghavi Jagmohandas Bhagwandas Trust	(i)"promoting health care including preventinve health car	Yes	Maharashtra, Mumbai		45,00,000	Indirect	Sanghavi Jagmohandas Bhagwandas Trust	CSR00087825
	Total					50,00,000			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs.50,24,744

(g) Excess amount for set off, if any: Nil

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	50,24,744
(ii)	Total amount spent for the Financial Year	50,50,000

(iii)	Excess amount spent for the financial year [(ii)-(i)]	25,256
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	25,256

9. (a) Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

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

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

(1) Sl. No.	(2) Project ID.	(3) Name of the Project.	(4) Financial Year in which the project was commenced.	(5) Project duration.	(6) Total amount allocated for the project (in Rs.).	(7) Amount spent on the project in the reporting Financial Year (in Rs.).	(8) Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	(9) Status of the project - Completed /Ongoing.
1	NA	Project Bachpan	2023-24	-	5,50,000	3,80,000	5,50,000	Completed
2	NA	Project Shakti	2023-24	-	5,80,000	-	5,80,000	Completed
3	NA	Umang School	2023-24	1 year	12,15,000	9,14,744	10,61,564	Ongoing
4	NA	Jan Jan Ne Bhojan, Sadvichar	2023-24	1 year	10,85,000	6,32,610	3,56,890	Ongoing
	Total				34,30,000	19,273,54	19,73,438	

10. 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)

- Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): For FY 2024-25, the Company has contributed before 31-03-2025 its CSR obligation to an intermediary agent (IA). However, the IA has not utilised such contribution before 31-03-2025.

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

We have examined the compliance of conditions of Corporate Governance by Nikhil Adhesives Limited for the year ended on 31st March, 2025, as stipulated in Para E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

As per the information and explanation provided by the management, there was no investor grievances remaining unattended/ pending as on 31st March 2025.

We further 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 Somani & Associates
(Practising Company Secretaries)**

**Sd/-
Poonam Somani
FCS No. F9364
C P No. 8642
UDIN No: F009364G000962712**

**Place: Mumbai
Date: 08.08.2025**

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

Your Company firmly believes in and continues to practice good Corporate Governance and believes that good Corporate Governance is essential for achieving the long term goals and to enhance the Stakeholders' value. Your Company's essential character is shaped by ethical practices in the conduct of it's business transparency, professionalism and accountability. Your Company continuously endeavours to improve on these aspects on an ongoing basis. In order to achieve the objective, your Company is driven by the following guiding principles:

- By improving the effectiveness of the Board of Directors in supervising management; and
- Improving the quality of information and communication with stakeholders.

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

Board of Directors

The composition of our Board is well aligned with the relevant provisions of the Companies Act, 2013 ("Companies Act"), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Board consists of 08 directors out of which, 4 are Independent Directors. The Board of Directors of your Company comprises of Executive-Chairman& Managing Director, Executive-Whole Time Directors and Non-Executive Independent Directors. The Board of Directors comprises of highly qualified members and with considerable professional experiences, expertise, leadership, and guidance to the management.

Composition of our Board, Status, No. of Board Meeting and Last AGM attended, Details of Directorship and Committees Membership and name of the Listed Companies as on 31st March, 2025:

Name of Directors	Status	No. of Board Meetings attended	Attendance at Annual General Meeting (26.09.2024)	No. of Directorship in the Listed Companies including this Company and Name of the Company**	No. of Committees Membership in the Public Including Company, Listed or not		Other in the Companies whether this
					Chairperson	Member	
Mr. Umesh Sanghavi (DIN: 00491220)	Chairman and Managing Director, Promoter	6	Attended	1	-	2	
Mr. Rajendra Sanghavi (DIN: 00245637)	Executive Whole Time Director, Promoter	6	Attended	1	-	1	
Mr. Tarak Sanghavi (DIN: 00519403)	Executive Whole Time Director, Promoter	6	Attended	1	-	1	
Mr. Jagdish Balvant Mali (DIN:1073698)	Executive Director	3	Attended	1	-	-	
Mr.Pravin K. Laheri (DIN: 00499080)	Non-Executive Independent Director	6	Attended	1	2	4	

Ms.Gauri S. Trivedi (DIN: 06502788)	Non-Executive Independent Director	4	Not Attended	3	3	8
Mr. Subramanian V (DIN:1016279)	Non-Executive Independent Director	6	Attended	1	-	3
Mr.Sethunathan Charlayath Laxmanan (DIN:1053506)*	Non-Executive Independent Director	-	-	1	-	-

*Mr. Sethunathan Charlayath Laxmanan Appointed as Additional (Non-Executive Independent) Director by Circular Resolution passed by the company dated 17.03.2025 & subsequently regularise in the EGM dated 16.06.2025

**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.	Mrs. Gauri S. Trivedi	Sandesh Limited Adani Total Gas Limited	Non-Executive Independent Director

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.

Web Link of details of familiarisation programmes imparted to independent directors

<https://drive.google.com/file/d/1qq8dcHRAMdhbeHpGacX8c83bqT8VYA5K/view>

Skills/Expertise/Competence of the Board of Directors (as on 31st March, 2025)

Name of the Directors	Mr. Umesh J. Sanghavi	Mr. Rajendra J. Sanghavi	Mr. Tarak J. Sanghavi	Mr. Pravin K. Laheri	Mr. Jagdish B. Mali	Ms. Gauri S. Trivedi	Mr. V. Subramanian	Mr. Sethunathan C Laxmanan
Sales & Marketing	✓		✓		✓	✓	✓	✓
General Management and Governance	✓	✓	✓	✓	✓	✓	✓	✓
Finance and Accounts	✓	✓	✓	✓		✓	✓	✓
Leadership and Governance	✓	✓	✓	✓	✓	✓	✓	✓
Industry Knowledge	✓	✓	✓	✓	✓	✓	✓	✓
Relevant Technology	✓	✓	✓	✓	✓	✓	✓	✓

Business & Senior Management	✓	✓	✓	✓	✓	✓	✓	✓
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Performance Evaluation of Board, Committee and Directors

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

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

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

Officer and his level of engagement in the affairs of your Company was an important component of the Board evaluation.

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

Board Meetings

During the financial year ended on 31st March, 2025, 6 Board Meetings were held on 10thApril, 2024; 22nd May, 2024; 08th August, 2024, 26th August, 2024, 12th November, 2025 & 10th February 2025.

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. 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). 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	22 th May, 2024, 08 th August, 2024, 12 th November, 2024, 10 th February, 2025.
2	Mr. Pravin K. Laheri (Chairman)**	Non-Executive/ Independent	4	4	
3	Ms.Gauri S. Trivedi (Member)	Non-Executive/ Independent	4	2	
4	Mr. Umesh J. Sanghavi (Member)	Executive Whole-time Director	4	4	
5	Mr. Subramanian Venketakrishnan (Member)***	Non-Executive/ Independent	-	-	

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.

*Mrs.Ishita Gandhi's tenure as Non-Executive/ Independent director completed on 27.03.2025

**Mr.Pravin K. Laheri Appointed as Chairperson in Audit Committee by Circular Resolution passed by the company dated 17.03.2025.

*** Mr. Subramanian Venketakrishnan Appointed as Member in Audit Committee by Circular Resolution passed by the company dated 17.03.2025

Mrs. Beena Khandelwal, Company Secretary and Compliance Officer act as a Secretary of the Committee.

The Chairman of the Committee was present at the last Annual General Meeting held on 26.09.2024

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 quarterly 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;
 - changes, if any, in accounting policies and practices and reasons for the same
 - 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;
 - modified opinion(s) in the draft audit report.
- Carrying out any other function as is mentioned in the terms of reference of the audit committee.

Stakeholders Relationship Committee

Sr. No.	Name of the Director	Status	No. of Meetings held	No. of Meetings attended	Date of Stakeholders Relationship Committee Meetings
1	Mrs. Ishita Gandhi (Chairman)*	Non-Executive/Independent	1	0	10 th April, 2024
2	Mr. Pravin K. Laheri (Chairman)**	Non-Executive /Non-Independent	1	1	
3	Ms. Gauri S. Trivedi (Member)	Non-Executive/Independent	1	1	
4	Mr. Subramanian Venketakrishnan (Member)***	Non-Executive/Independent	-	-	

*Mrs. Ishita Gandhi's tenure as Non-Executive/ Independent director completed on 27.03.2025.

** Mr. Pravin K. Laheri Appointed as Chairperson in Stakeholders Relationship Committee by Circular Resolution passed by the company dated 17.03.2025.

*** Mr. Subramanian Venketakrishnan Appointed as Member in Stakeholders Relationship Committee by Circular Resolution passed by the company dated 17.03.2025.

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

Number of shareholders complaints received so far	Nil
Number of shareholders complaint resolved	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	4	4	10 th April, 2024, 22 nd May, 2024, 08 th August, 2024, 10 th February, 2025.
2	Mr.Ishita T. Gandhi (Member)	Non-Executive/ Independent	4	3	
3	Ms.Gauri S. Trivedi(Member)	Non-Executive/ Independent	4	2	
4	Mr. Subramanian Venketakrishnan (Member)***	Non-Executive/ Independent	-	-	

**Mrs. Ishita Gandhi's tenure as Non-Executive/ Independent director completed on 27.03.2025.

***Mr. Subramanian Venketakrishnan Appointed as Member in Stakeholders Relationship Committee by Circular Resolution passed by the company dated 17.03.2025.

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.

<https://drive.google.com/file/d/1zCA1lwaJ0zkFX8bq-j-sSDKg5XXPJgKE/view>

Remuneration to Directors

The remunerations for the financial year 2024-25 are as follows:

Name of the Directors	Status	Salary	Bonuses	Contribution to Provident Fund	Commission	Sitting Fees	Total
Mr.Umesh J. Sanghavi	Executive Chairman & Managing Director	45,52,944	-	1,58,400	-	-	47,11,344
Mr.Rajendra. J. Sanghavi	Executive Whole Time Director	45,52,944	-	1,58,400	-	-	47,11,344
Mr.Tarak. J. Sanghavi	Executive Whole Time Director	45,52,944	-	1,58,400	-	-	47,11,344
Mr.Jagdish B. Mali*	Executive Director	26,02,139	-	13,994	-	-	26,91,714
Mr.V Subramaniam	Non-Executive/ Independent Director	-	-	-	-	1,95,000	1,95,000
Mr. Pravin K. Laheri	Non-Executive/ Independent Director	-	-	-	-	2,20,000	2,20,000
Mrs. Ishita T. Gandhi	Non-Executive/ Independent Director	-	-	-	-	2,25,000	2,25,000
Mrs. Gauri S. Trivedi	Non-Executive/ Independent Director	-	-	-	-	2,05,000	2,05,000
Mr. Sethunathan Charlayath Laxmanan	Non-Executive/ Independent Director	-	-	-	-	-	-

*Remuneration of Mr.Jagdish Mali is w.e.f 08.08.2024

**Mr. Sethunathan Charlayath Laxmanan appointed as Additional (Non-Executive Independent) Director by Circular Resolution passed by the company dated 17.03.2025

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

Shareholding of the Non-Executive Directors as on 31st March, 2025

Name of the Director	Nature of Directorship	No. of Shares held	Percentage to the paid-up capital
Mrs.Ishita T. Gandhi (Ceased to be director w.e.f 27.03.2025)	Non-Executive Independent	10,000	0.02%
Mr.Pravin K. Laheri	Non-Executive Independent	-	-
Ms.Gauri S. Trivedi	Non-Executive Independent	-	-

Mr. V. Subramanian	Non-Executive Independent	-	-
Mr.Sethunathan C Laxmanan (appointed w.e.f 17.03.2025)	Non-Executive Independent	-	-

Independent Directors Meeting:

During the year under review, a separate meeting of Independent Directors was held on 10th February, 2025, 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 its 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.PravinK.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 12.11.2024.

The detailed terms of reference of the Corporate Social Responsibility Committee is available on the website of the Company at www.nikhiladhesives.com

General Body Meetings

Details of the last three Annual General Meetings of the Company are given below:

Financial Year	AGM	Date	Locations	Time	No. of Special Resolutions passed
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2023-24	38 th	26 th September, 2024	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.	03.00 PM	1
2022-23	37 th	21 st September, 2023	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	5
2021-22	36 th	12 th 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

Details of Special Resolutions passed in the previous three AGMs:

Date of AGM	Particulars of Special Resolutions passed there at
26 th September, 2024	1. Regularisation of Additional Director Mr.Jagdish Mali (DIN: 10736986) appointinghim as Executive Director of the Company.
21 st September, 2023	1. Appointment of Mr. V. Subramanian (DIN: 10162796) as an Independent Director (Non-Executive) of the company. 2. To approve payment of remuneration by way of profit related commission to Mr. V. Subramanian 3. Re-appointment of Mr.Rajendra J. Sanghavi (DIN: 00245637) as a Whole Time Director for a period of 3 years. 4. Re-appointment of Mr.Tarak J. Sanghavi (DIN: 00519403) as a Whole Time Director for a period of 3 years 5. 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.
12 th September, 2022	1. Alteration of Memorandum of Association of the Company 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 3. Change in Designation in Mr.Umesh J. Sanghavi (DIN: 00491220) from Chairman and Managing Director to Chairman and Wholetime Director 4. Ratification of the appointment of Ms.Gauri S. Trivedi (DIN:06502788) as an Independent Director for a period of 5 years

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

- There are no materially significant party transactions entered into by your Company with it's Promoters, Directors or Management or relatives etc. that may have potential conflict with the interests of your Company at large. A statement in summary form of transactions with the related parties during the year in the ordinary course of business and at Arm's Length basis is disclosed in Note No. 42 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>
- 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 2025-26.
- e) Your Company has laid down procedures to inform the Board Members about the risk assessment and minimisation procedures covering the entire gamut of business operations of your Company. These procedures are periodically reviewed to ensure that executive management controls risks by means of a properly defined framework.
- f) The designated senior management personnel of your Company have disclosed to the Board that no material, financial and commercial transactions have been entered into during the year under review in which they have personal interest, which may have a potential conflict with the interest of your Company at large.
- g) The Chief Executive Officer and Chief Financial Officer have furnished a duly signed Certificate to the Board for the year ended 31st March, 2025 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 Mrs. Beena Khandelwal has been designated as the Compliance Officer of the Company from 22nd May, 2024 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
- j) No personnel have 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).
- k) 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 web link <http://www.nikhiladhesives.com>
- l) Your Company has compliant with all applicable mandatory requirements of the provisions of the SEBI LODR for the March 31, 2025.
- 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).

General Shareholder Information

1. Annual General Meeting Date, Time and Deemed Venue : Tuesday, 23rd September, 2025, 3:00 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 : 2024-2025
3. Date of Book Closure/Cut-off date of e-voting : Book closure start date: 17th September, 2025
Book closure end date: 23rd September, 2025
Cut-off date of e-voting: 16th September, 2025
4. Date of Payment of Dividend : within 30 days of 39th AGM
5. Financial Calendar (Tentative) : August 8th, 2025
- Unaudited financial result for the quarter ended 30th June, 2025 : on or before 14th November, 2025
- Unaudited financial result for the quarter ended 30th September, 2025 : on or before 14th February, 2026
- Unaudited financial result for the quarter ended 30th December, 2025 : on or before 30th May, 2026
- Audited financial result for the year ending 31st March, 2026 : on or before 30th September, 2025
- Annual General Meeting for the year ending 31st March, 2026
6. Listing of Stock Exchange and its address : BSE Ltd.
PhirozeJeejeebhoy Towers, Dalal Street, Mumbai-400001
7. Stock Code on BSE Ltd : 526159
8. Demat ISIN number NSDL & CDSL : INE926C01022
9. Grievance Redressal division email : investors@nikhiladhesives.com

10. Distribution Schedule of number of shares as on 31st March, 2025:

Shares	No. of Holders	%	No. of Shares	%
Upto 500	11904	86.8905	1027594.00	2.2367
501 to 1000	730	5.3285	617621.00	1.3443
1001 to 5000	806	5.8832	1978032	4.3054
5001 to 10000	119	0.8686	934046	2.0331
10001 to above	141	1.0292	41385707	90.0805

11. Dematerialization of Shares and Liquidity as at 31st March, 2025:

Total No. of Fully paid up shares	Shares in demat form	Percentage (%)	Shares in physical form	Percentage (%)
4,59,43,000	4,55,43,600	99.13	3,99,400	0.87

12. Category of Shareholding as on 31st March, 2025:

Category	No. of Shares	% of Shareholding
A. Promoter's Holding		
Promoters		
a. Indian Promoters	2,50,10,100	54.44
b. Foreign Promoters	-	-
1. Persons acting in concert	-	-
SUB TOTAL (A)	2,50,10,100	54.44
B. Non-Promoter's Holding		
2. Institutional Investors		
a. Mutual Funds and UTI	-	-
b. Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-Government Institutions)	-	-
c. FII(s)	18577	0.04
4. Others		
a. Bodies Corporate	6160969	13.41
b. Indian Public	12484418	27.17
c. NRI's and OCB's	307013	0.67
d. Clearing Members	869013	1.89
e. Trusts	-	-
f. HUF	455460	0.99
g. IEPF MCA Account	637450	1.39
SUB TOTAL (B)	20932900	45.56
GRAND TOTAL (A+B)	4,59,43,000	100.00

13. Registrars and Transfer Agents

: M/s. MUFG Intime India Private Limited,
(Formerly Link Intime India Private Limited)
: C-201, 247 Park, LBS Marg, Vikhroli (West),
Mumbai- 400 083.

14. Share Transfer Systems

: Trading in equity shares of the Company is permitted only in dematerialized form. In terms of the requirements of Regulation 40 of the SEBI Listing Regulations w.e.f. April 1, 2019, transfer of securities in physical form, except in case of request received for transmission or transposition of securities, shall not be processed. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized to be able to freely transfer them and participate in various corporate actions.

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, Vasanthanarasapura 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. MUFG Intime India Private Limited,
(Formerly Link Intime India Private Limited)
C-101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai- 400 083
Website: www.in.mpms.mufig.com
Email id- rnt.helpdesk@in.mpms.mufig.com

19. Credit Rating

: BBB

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, 2025.

For Nikhil Adhesives Limited

Sd/-
Umesh Sanghavi
Managing Director and Chief Executive Officer

Place: Mumbai
Date: 08.08.2025

CEO AND CFO CERTIFICATION

To,
The Members
Nikhil Adhesives Limited,
Mumbai.

Re: Financial Statements for the year 2024-25 Certification by the CEO and CFO.

We the undersigned, on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31st March, 2025 and to the best of our knowledge and belief, hereby certify that:

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with the Indian Accounting Standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2025 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/-
Umesh Sanghavi
Managing Director and Chief Executive Officer

Sd/-
Anita Sanghavi
Chief Financial Officer

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, Poonam Somani, Proprietor of Somani& Associates., 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) 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, 2025 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. Subramanian Venketakrishnan	10162796	01/07/2023
6	Ms.Gauri Trivedi	06502788	01/01/2022
7	Mr. Jagdish Balvant Mali	10736989	08/08/2024
8	Mr. Sethunathan C Laxmanan	10535064	17/03/2025

*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.

For Somani& Associates
(Practising Company Secretaries)

Poonam Somani
FCS No. F9364
C P No. 8642
UDIN No. F009364G000962789

Place: Mumbai
Date: 08.08.2025

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 accompanying Standalone Financial Statements of **Nikhil Adhesives Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2025, 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 material accounting policies and other explanatory information.

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, 2025, its profit, other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those SAs 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 Standalone 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, 2025. 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	Auditor's Response
<u>Inventory Existence and Valuation</u> (Refer Note 1.6 and 9 of the Standalone Financial Statements)	
<p>As at March 31, 2025 the Company held Inventory amounting to ₹ 8,809.74 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.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> - assessing the Company's accounting policy for inventory valuation. - assessing the inventory valuation processes and testing the key controls around inventory existence and valuation assertions. - verifying the existence and condition of inventory by attending inventory physical counts across various locations. - 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.

Information Other than the Financial Statements and Auditor's Report Thereon ("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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 the Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, cash flows and changes in equity 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.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in the aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

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 March 31, 2025 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.

Other Matter

The Standalone Financial Statements of the Company for the year ended March 31, 2024, were prepared 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 has been audited by the predecessor auditor. The report of the predecessor auditor dated May 22, 2024, expressed an unmodified opinion.

Our opinion is not modified in respect of these matter.

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 Loss, 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 Indian 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 March 31, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 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;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company does not have any pending litigations except for as disclosed in Note 36 to the said financial statements which would impact its financial position.
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - d. (i) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Standalone 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 the Standalone 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.

v. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act as applicable.

As stated in Note 48 to the Standalone Financial Statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

vi. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account for the financial year ended March 31, 2025 which have the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting software and the audit trail has been preserved by the Company as per statutory requirements for record retention.

For Jay Shah & Associates

Chartered Accountants

Firm Registration No. 135424W

**CA Jay A. Shah
(Proprietor)**

Membership No.: 134334

UDIN: 25134334BMIHTP1328

Place: Dahej

Date: May 21, 2025

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, 2025.

In terms of the information and explanantions sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and capital work-in-progress and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets and intangible assets under development.
- (b) According to the information and explanation given to us, the Company has a regular program of physical verification of its property, plant and equipment under which these property, plant and equipment are verified in a phase manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. In accordance with this program, certain property, plant and equipment were verified during the year and 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 Company) disclosed in Standalone Financial Statements included in Property, plant and equipment are held in the name of the Company as at the balance sheet date.
- (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 inventories, except goods-in-transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories.
- (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. The differences between quarterly returns filed with banks and the books of account are set out as below:

(Amount in Lakhs)						
Quarter ended	Name of the Bank	Nature of Current Assets offered as Security	Amount disclosed as per Quarterly Statements	As per books of account	Difference	Reasons for difference
Q1 June 30, 2024	Bank Of India & Consortium of Banks	A. Inventory B. Trade Receivables (Outstanding upto 90 days)	19,084.49	19,103.20	(18.71)	Refer Reasons 1 & 2
Q2 Sept 30, 2024			17,416.61	18,223.66	(807.05)	
Q3 Dec 31, 2024			15,653.24	16,214.06	(560.82)	
Q4 March 31, 2025			19,245.36	18,965.07	280.29	

Reason 1

Certain sale invoices that were already discounted, were not included in the statements of trade receivables submitted to the bank as such invoices were ineligible to be again offered as security. However, such invoices continued to be reflected in the books of account (unaudited for Q1, Q2 and Q3) in accordance with the applicable Indian accounting standards. This has resulted in the value of trade receivables appearing higher in the books as compared to the quarterly returns.

Reason 2

Due to transactions of sale and purchase with the same party, these reflect both with debit and credit balances. In the quarterly statement submitted to the bank, these have been reflected on gross basis (i.e. without deducting credit balances). However, in the books of account (unaudited for Q1, Q2 and Q3) such balances have been netted off.

- (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 except loan to employees in respect of which requisite information is as below:

- a. During the year, the Company has granted unsecured loan to its employee.
 - A. According to the information and explanation given to us, the Company does not have any subsidiary, joint ventures & associate. Accordingly, this clause is not applicable to the Company.
 - B. Based on the audit procedures carried on by us and as per the information and explanation given to us, the Company has granted unsecured loan to other party as follows :

(Amount in Lakhs)

Particulars	Loan given during the year	Balance Outstanding as at March 31, 2025
Other Party - Employees	7.57	3.48

- b. According to the information and explanation given to us and based on the audit procedure performed by us, we are of the opinion that the terms and conditions of the loan granted are, prima facie not prejudicial to the interest of the Company.
 - c. According to the information and explanation given to us and based on the audit procedures performed by us, in the case of loan given, the repayment of principal has been stipulated and the repayment or receipt has been regular.
 - d. According to the information and explanation given to us and based on the audit procedures performed by us, there is no overdue amount for more than ninety days in respect of loan given, consequently reporting for steps taken for recovery of the principal and interest does not arise.
 - e. According to the information and explanation given to us and based on the audit procedures performed by us, no loan or advance in the nature of loan granted which has fallen due during the year, or have been renewed or extended or fresh loan granted to settle the overdue of existing loan given to the same party.
 - f. According to information and explanation given to us and based on the audit procedures performed, the Company has not granted any loan either repayable on demand or without specifying any terms or period repayment during the year. Hence, reporting under clause (iii)(f) of the Order is not applicable.
- (iv) 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 given any loans, provided any guarantee or given any security as specified under Section 185 and Section 186 of the Companies Act, 2013 ("the Act"). In respect of the investment made, in our opinion the provisions of Section 186 of the Act have been complied with.
- (v) In our opinion and according to the information and explanations given to us, the Company has accepted deposits during the year and complied 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.
- (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, 2025, there were few undisputed dues payable for a period of more than six months from the date of becoming payable which are as follows:

(Amount in lakhs)

Name of the Statute	Nature of dues	Amount	Period to which the amount relates	Remarks
Income-tax Act, 1961	Income tax	10.17	Prior years	The Company is in the process of going through the intimations received and to take appropriate corrective measures in the matter.
Income-tax Act, 1961	Income tax	3.90	FY 2021-22	
Income-tax Act, 1961	Income tax	1.52	FY 2022-23	
Income-tax Act, 1961	Income tax	0.38	FY 2023-24	
Income-tax Act, 1961	Income tax	0.87	FY 2024-25	

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 March 31, 2025. 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 March 31, 2025. 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) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the provisions stated under clause 3(xi)(b) of the Order is not applicable to the Company.
- (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 resignation of the statutory auditors during the year, there were no issues, objections or concerns raised by the outgoing auditors.
- (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.
- (b) In our opinion and according to the information and explanations given to us in respect of ongoing projects, the Company has transferred unspent amount to a special account, within a period of thirty days from the end of the financial year in compliance with section 135(6) of the Act.

For Jay Shah & Associates

Chartered Accountants

Firm Registration No. 135424W

CA Jay A. Shah

(Proprietor)

Membership No.: 134334

UDIN: 25134334BMIHTP1328

Place: Dahej

Date: May 21, 2025

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, 2025.

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 with reference to the Standalone Financial Statements of **Nikhil Adhesives Limited** ("the Company") as at March 31, 2025, 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 financial control with reference to Standalone Financial Statements 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 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 with reference to the Standalone Financial Statements 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 with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to the Standalone Financial Statements, 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 with reference to the Standalone Financial Statements

A Company's internal financial control with reference to 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 with reference to 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 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 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 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, 2025, based on the criteria for internal financial control with reference to Standalone Financial Statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Jay Shah & Associates

Chartered Accountants

Firm Registration No. 135424W

CA Jay A. Shah

(Proprietor)

Membership No.: 134334

UDIN: 25134334BMIHTP1328

Place: Dahej

Date: May 21, 2025

NIKHIL ADHESIVES LIMITED
CIN : L51900MH1986PLC041062
Balance Sheet as at 31 March, 2025

(Amount in Lakhs)

Particular	Note No.	As at March 31, 2025	As at March 31, 2024
ASSETS			
1. Non-current assets			
(a) Property, Plant and Equipment	2A	9,133.01	8,892.65
(b) Right-of-Use Assets	2B	421.74	480.53
(c) Capital work-in-progress	3	-	1.44
(d) Intangible assets	4	-	-
(e) Intangible assets under development	5	64.50	-
(f) Financial Assets			
(i) Investments	6	0.86	1.10
(ii) Other non-current financial assets	7	43.49	51.72
(g) Other non-current assets	8	90.46	127.38
Total Non-current Assets		9,754.06	9,554.82
2. Current assets			
(a) Inventories	9	8,809.74	7,596.08
(b) Financial Assets			
(i) Trade receivables	10	11,326.51	10,072.25
(ii) Cash and cash equivalents	11	431.87	1,102.90
(iii) Bank balances other than (ii) above	12	143.81	108.48
(c) Current Tax Assets (net)	13	1,245.14	750.74
(d) Other current assets	14	586.61	363.32
Total Current Assets		22,543.68	19,993.77
TOTAL ASSETS		32,297.74	29,548.59
EQUITY AND LIABILITIES			
I. Equity			
(a) Equity Share Capital	15	460.50	460.50
(b) Other Equity	16	12,517.09	10,938.27
TOTAL EQUITY		12,977.59	11,398.77
II. Liabilities			
1. Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	2,483.49	2,528.48
(ii) Lease Liabilities	18	174.61	247.69
(iii) Other Non-Current Financial Liabilities	19	263.16	155.03
(b) Provisions	20	191.97	146.24
(c) Deferred Tax Liabilities (Net)	21	566.35	530.47
Total Non-Current Liabilities		3,679.58	3,607.90
2. Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	22	3,160.88	2,544.19
(ii) Lease Liabilities	18	106.11	74.55
(iii) Trade Payables	23		
enterprises		791.24	914.64
enterprises		7,970.40	8,359.53
and small enterprises			
(iv) Other Current Financial Liabilities	24	1,779.89	1,390.39
(b) Other Current Liabilities	25	569.73	510.25
(c) Provisions	26	10.33	11.40
(d) Current Tax Liabilities (net)	13	1,251.99	736.99
Total Current Liabilities		15,640.57	14,541.92
TOTAL EQUITY AND LIABILITIES		32,297.74	29,548.59

Material Accounting Policies

1

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For and on behalf of the Board of Directors

For Jay Shah & Associates
Chartered Accountants
Firm Registration No. 135424W

Umesh J. Sanghavi
(Managing Director)
DIN : 00491220

Rajendra J. Sanghavi
(Whole-time Director)
DIN : 00245637

CA Jay A. Shah
(Proprietor)
Membership No.: 134334

Tarak J. Sanghavi
(Whole-time Director)
DIN : 00519403

S. Venketakrishnan
(Independent Director)
DIN : 10162796

Place : Dahej
Date : May 21, 2025

Anita U. Sanghavi
(Chief Financial Officer)
Dahej, May 21, 2025

Beena Khandelwal
(Company Secretary)
M. No. A69067

NIKHIL ADHESIVES LIMITED
CIN : L51900MH1986PLC041062
Statement of Profit and Loss for the year ended 31 March, 2025

(Amount in Lakhs)

Particulars	Note No.	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
INCOME			
Revenue from operations	27	58,458.75	56,419.32
Other income	28	56.61	34.88
Total income		58,515.36	56,454.20
EXPENSE			
Cost of materials consumed	29	42,112.64	42,144.52
Purchases of stock-in-trade	30	3,231.32	3,878.20
Changes in inventories of Finished goods, Stock-in-trade and Work-In-Progress	31	716.51	179.42
Employee benefits expense	32	2,404.83	1,905.61
Finance costs	33	811.91	696.40
Depreciation and amortization expense	34	707.65	622.66
Other expenses	35	6,288.69	5,234.68
Total expenses		56,273.55	54,661.49
Profit before exceptional items and tax		2,241.81	1,792.71
Exceptional items		-	-
Profit before tax		2,241.81	1,792.71
Tax expense			
Current tax		515.00	382.35
Deferred tax		40.87	85.29
Total tax expenses		555.87	467.64
Profit for the year		1,685.94	1,325.07
Other comprehensive income			
Items that will not be reclassified to profit & loss			
Change in fair value of financial assets		(0.24)	0.50
Remeasurements of net defined benefit plans		(19.82)	(2.27)
Tax effect of above		4.99	0.57
Total other comprehensive income /(loss)		(15.07)	(1.20)
Total comprehensive income for the year		1,670.87	1,323.87
Earnings per equity share (Face value of Re. 1/- per share)	37		
Basic		3.67	2.88
Diluted		3.67	2.88

Material Accounting Policies

1

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For and on behalf of the Board of Directors

For Jay Shah & Associates
Chartered Accountants
Firm Registration No. 135424W

Umesh J. Sanghavi
(Managing Director)
DIN : 00491220

Rajendra J. Sanghavi
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(Independent Director)
DIN : 10162796

Place : Dahej
Date : May 21, 2025

Anita U. Sanghavi
(Chief Financial Officer)
Dahej, May 21, 2025

Beena Khandelwal
(Company Secretary)
M. No. A69067

NIKHIL ADHESIVES LIMITED
CIN : L51900MH1986PLC041062
Statement of Cash Flows for the year ended 31 March, 2025

(Amount in Lakhs)

Particulars	For the Year Ended March 31, 2025		For the Year Ended March 31, 2024	
A. Cash flows from Operating Activities				
Profit before tax		2,241.81		1,792.71
Non-cash and not operating adjustment to profit before tax:				
Depreciation and amortisation expense	707.65		622.66	
Allowance for expected credit loss	2.29		16.13	
Provision for Gratuity	24.86		12.55	
Finance costs	811.91		696.40	
Bad debts written off	21.33		4.81	
Foreign exchange (gain)/loss	22.65	1,590.69	(58.09)	1,294.45
		3,832.50		3,087.16
Change in operating assets and liabilities :				
Decrease/(Increase) in trade receivables	(1,300.54)		932.27	
Decrease/(Increase) in inventories	(1,213.66)		824.28	
Increase/(Decrease) in trade payables	(512.52)		(2,770.63)	
Decrease/(Increase) in other non-current financial assets	8.23		(4.43)	
Increase/(Decrease) in other non-current financial Liabilities	153.86		(14.31)	
Decrease/(Increase) in other non-current assets	36.92		(21.98)	
Decrease/(Increase) in other current assets	(223.30)		135.54	
Increase/(Decrease) in other current financial liabilities	389.51		398.30	
Increase/(Decrease) in other current liabilities	13.75	(2,647.75)	(759.01)	(1,279.98)
Cash generated from operations		1,184.75		1,807.19
Direct taxes paid (net of refunds)		(494.40)		(383.21)
Net cash flows from/(used in) Operating Activities (A)		690.35		1,423.97
B. Cash flows from Investing Activities				
Payments for acquisition of property, plant and equipment (net)	(1,103.86)		(1,719.15)	
Government Grant Received	110.07		-	
Term deposits with banks (placed)/ matured(Net)	(35.33)		14.41	
Net Cash Flows from/(used in) Investing Activities (B)		(1,029.12)		(1,704.74)
C. Cash flows from Financing Activities				
Dividend paid	(92.05)		(91.89)	
Proceeds / (Repayment) of long term borrowings (Net)	(44.99)		937.45	
Proceeds / (Repayment) of short term borrowings (Net)	616.69		967.66	
Finance costs	(811.91)		(788.81)	
Net Cash Flows from/(used in) Financing Activities (C)		(332.26)		1,024.41
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(671.03)		743.65
Cash and cash equivalents at the beginning of the year		1,102.90		359.26
Cash and cash equivalents at the end of the year		431.87		1,102.90

Notes:

A) Cash and cash equivalents are as under:

Particulars	(Amount in Lakhs)	
	As at March 31, 2025	As at March 31, 2024
(i) Balance with Banks :		
(a) Current Accounts	429.52	602.35
(b) Term Deposits with original maturity of three month or less	-	499.00
(ii) Cash on hand	2.35	1.55
Total	431.87	1,102.90

B) The above statement of cash flow has been prepared under the "Indirect method" as set out in IND AS-7 "Statement of cash flow"

C) For Disclosure requirements as per amendments to IND AS 7 (Refer note 45)

As per our attached report of even date

For Jay Shah & Associates
Chartered Accountants
Firm Registration No. 135424W

CA Jay A. Shah
(Proprietor)
Membership No.: 134334

Place : Dahej
Date : May 21, 2025

For and on behalf of the Board of Directors

Umesh J. Sanghavi
(Managing Director)
DIN : 00491220

Rajendra J. Sanghavi
(Whole-time Director)
DIN : 00245637

Tarak J. Sanghavi
(Whole-time Director)
DIN : 00519403

S. Venketakrishnan
(Independent Director)
DIN : 10162796

Anita U. Sanghavi
(Chief Financial Officer)
Dahej, May 21, 2025

Beena Khandelwal
(Company Secretary)
M. No. A69067



NIKHIL ADHESIVES LIMITED
CIN : L51900MH1986PLC041062
Statement of Changes in Equity

1. Current reporting period

A. EQUITY SHARE CAPITAL

Particulars	(Amount in Lakhs)				
	Balance as at April 01, 2024	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 01, 2024	Changes in equity share capital during the year	Balance as at March 31, 2025
Authorised					
4,95,00,000 Equity shares of Re.1/- each	495.00	-	495.00	-	495.00
50,000 (50,000) 8% Preference shares of Rs. 10/- each	5.00	-	5.00	-	5.00
Issued					
4,59,43,000 Equity shares of Re. 1/- each	459.43	-	459.43	-	459.43
(Previous Year: 4,59,43,000 Equity shares of Re. 1/- each)					
Subscribed and fully paid up					
4,59,43,000 Equity shares of Re. 1/- each	459.43	-	459.43	-	459.43
(Previous Year: 4,59,43,000 Equity shares of Re. 1/- each)					
Add : Forfeited shares account	1.07	-	1.07	-	1.07
Total	460.50	-	460.50	-	460.50

B. OTHER EQUITY

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			
Balance as at April 01, 2024 (A)	-	4.00	1,500.00	642.87	3.10	(26.42)	10,938.27
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance at April 01, 2024 (B)	-	4.00	1,500.00	642.87	3.10	(26.42)	10,938.27
Profit for the year (C)	-	-	-	-	-	-	1,685.94
Other Comprehensive Income/(Loss) for the year, net of tax (D)	-	-	-	-	(0.24)	(14.83)	(15.07)
Total Comprehensive Income for the current year (C+D)=(E)	-	-	-	-	(0.24)	(14.83)	1,670.87
Dividend paid (F)	-	-	-	-	-	-	(92.05)
Transfer to retained earnings	-	-	-	-	-	-	-
Balance as at March 31, 2025 (B+E-F)=(G)	-	4.00	1,500.00	642.87	2.86	(41.25)	12,517.09

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 Jay Shah & Associates
Chartered Accountants
Firm Registration No. 135424W

Umesh J. Sanghavi
(Managing Director)
DIN : 00491220

Rajendra J. Sanghavi
(Whole-time Director)
DIN : 00245637

CA Jay A. Shah
(Proprietor)
Membership No.: 134334

Tarak J. Sanghavi
(Whole-time Director)
DIN : 00519403

S. Venketakrishnan
(Independent Director)
DIN : 10162796

Place : Dahej
Date : May 21, 2025

Anita U. Sanghavi
(Chief Financial Officer)
Dahej, May 21, 2025

Beena Khandelwal
(Company Secretary)
M. No. A69067

NIKHIL ADHESIVES LIMITED
CIN : LS1900MH1986PLC041062
Statement of Changes in Equity

2. Previous reporting period

A. EQUITY SHARE CAPITAL						(Amount in Lakhs)	
Particulars	Balance as at April 01, 2023	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 01, 2023	Changes in equity share capital during the year	Balance as at March 31, 2024		
Authorised							
4,95,00,000 Equity shares of Re. 1/- each	495.00	-	495.00	-	495.00		
50,000 (50,000) 8% Preference shares of Rs. 10/- each	5.00	-	5.00	-	5.00		
Issued							
4,59,43,000 Equity shares of Re. 1/- each	459.43	-	459.43	-	459.43		
(Previous Year: 4,59,43,000 Equity shares of Re. 1/- each)							
Subscribed and fully paid up							
4,59,43,000 Equity shares of Re. 1/- each	459.43	-	459.43	-	459.43		
(Previous Year: 4,59,43,000 Equity shares of Re. 1/- each)							
Add : Forfeited shares account	1.07	-	1.07	-	1.07		
Total	460.50	-	460.50	-	460.50		

B. OTHER EQUITY										(Amount in Lakhs)
Particulars	Share application money pending allotment	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Remeasurements of net defined benefit plans	Total		
		Capital Reserve	Securities Premium	General Reserve	Retained Earnings					
Balances as on April 01, 2023 (A)	-	4.00	1,500.00	642.87	7,581.53	2.60	(24.72)	9,706.28		
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-		
Restated balance at April 01, 2023 (B)	-	4.00	1,500.00	642.87	7,581.53	2.60	(24.72)	9,706.28		
Profit for the year (C)	-	-	-	-	1,325.07	-	-	1,325.07		
Other Comprehensive Income/(Loss) for the year, net of tax (D)	-	-	-	-	-	0.50	(1.70)	(1.20)		
Total Comprehensive Income for the current year (C+D)=(E)	-	-	-	-	1,325.07	0.50	(1.70)	1,323.87		
Dividend paid (F)	-	-	-	-	(91.89)	-	-	(91.89)		
Transfer to retained earnings	-	-	-	-	-	-	-	-		
Balance as at March 31, 2024 (B+E-F)=(G)	-	4.00	1,500.00	642.87	8,814.72	3.10	(26.42)	10,938.27		

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 Jay Shah & Associates
Chartered Accountants
Firm Registration No. 135424W

Umesh J. Sanghavi
(Managing Director)
DIN : 00491220

Rajendra J. Sanghavi
(Whole-time Director)
DIN : 00245637

CA Jay A. Shah
(Proprietor)
Membership No.: 134334

Tarak J. Sanghavi
(Whole-time Director)
DIN : 00519403

S. Venketakrishnan
(Independent Director)
DIN : 10162796

Place : Dahej
Date : May 21, 2025

Anita U. Sanghavi
(Chief Financial Officer)
Dahej, May 21, 2025

Beena Khandelwal
(Company Secretary)
M. No. A69067



NIKHIL ADHESIVES LIMITED
CIN : L51900MH1986PLC041062

Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

CORPORATE INFORMATION

Nikhil Adhesives Ltd ("the Company") a Public Limited Company having CIN: L51900MH1986PLC041062 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), Una (Himachal Pradesh) and at Tumkur (Bangalore). The company is also engaged in the business of trading in chemicals.

1. BASIS OF PREPARATION, MEASUREMENT, KEY ACCOUNTING ESTIMATES AND JUDGEMENTS AND MATERIAL ACCOUNTING POLICIES

1.1 Basis of Preparation

1.1.1 These IND AS financial statements (hereinafter referred to as 'Financial Statements') of the Company are prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (Act) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. 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 at the end of each reporting period, as stated in the accounting policies set out below.

1.1.2 The Company's functional currency and presentation currency is Indian Rupees (INR) and is rounded off to the nearest lakhs unless otherwise indicated.

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.

A) 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.

B) 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 financial statements in conformity with the recognition and measurement principles of Ind AS requires management of the Company 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting judgements, estimates and assumptions in preparation of the financial statements:

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. The Company reviews the useful life of property plant and equipment at the end of each reporting period.

b) Fair value measurement of financial instruments:

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet.

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:

- In the principal market for the asset or liability,
- or

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

In estimating the fair value of financial assets and financial liabilities, the Company uses market observable data to the extent available. Where such Level 1 inputs are not available, the Company establishes appropriate valuation techniques and inputs to the model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

c) Impairment of financial and non-financial assets:

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted future cashflows model. The recoverable amount is sensitive to the discount rate used for the discounted future cashflows model as well as the expected future cash-inflows and the growth rate used.

d) Taxes:

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Significant management judgement is also required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies, including estimates of temporary differences reversing on account of available benefits from the Income Tax Act, 1961.

e) Defined benefit plans:

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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.

h) Leases:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgment in assessing the lease term (including anticipated renewals) and applicable discount rate.

Notes to the Standalone Financial Statements (Contd.)

MATERIAL ACCOUNTING POLICIES

g) Expected credit loss on trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix and forward looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables.

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 trade discounts and rebates are deducted in arriving at the purchase price.

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.

Government Grant

Government grants or subsidies received in respect of the acquisition, construction, or development of fixed assets are accounted for in accordance with Ind AS 20 – Accounting for Government Grants and Disclosure of Government Assistance.

Such grants are deducted from the gross carrying amount of the related asset at the time of initial recognition. The net cost (i.e., cost of the asset less the amount of government grant) is depreciated over the useful life of the asset in accordance with the Company's depreciation policy.

Where the grant is received after the asset has been capitalized, it is adjusted against the carrying amount of the asset in the period in which it becomes receivable or received.

If the grant becomes refundable due to non-compliance with conditions attached, the refund is adjusted to the carrying amount of the asset and future depreciation is revised prospectively.

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. Advances given towards acquisition of Property Plant and Equipment are disclosed as Other Non Current Assets.

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.

Notes to the Standalone Financial Statements (Contd.)

1.5 Impairment of non – financial assets

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

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

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

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and

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. Costs are ascertained on First in First Out (FIFO) basis. Costs includes cost of purchase and other cost incurred in bringing each product to its present location and condition.

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 Equivalents in the Balance Sheet comprise cash at banks, cash on hand, balances in current accounts and short-term deposits with original maturities of three months or less than three

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 a 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) Initial recognition and measurement :

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset, except in the case of financial assets not recognised at fair value through profit and loss. Transaction costs of financial assets carried at fair value through profit or loss are expensed through the Statement of Profit or Loss.

(ii) Subsequent measurement:

For the purpose of subsequent measurement, the Company classifies its financial assets in the following measurement categories:

- (i) The Company's business model for managing the financial asset and
- (ii) The contractual cash flow characteristics of the financial asset

Based on the above criteria, the Company classifies its financial assets into following categories:

- (i) Financial assets measured at amortised cost
- (ii) Financial assets measured at fair value through other comprehensive income (FVTOCI)
- (iii) Financial assets measured at fair through profit & loss (FVTPL)

(iii) Financial assets measured at amortised cost :

Financial assets are 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 measured 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 :

A financial asset is measured at FVTPL unless it is measured at amortised cost or at FVTOCI as explained above. This is a residual category applied to all other Financial assets other than Investments which are measured at FVTOCI. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognised in the Statement of Profit and Loss.

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.

Notes to the Standalone Financial Statements (Contd.)

(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.

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 expenses'.

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

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.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — Inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognised in the Financial Statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

1.10 Borrowing cost

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

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

1.11 Provisions, Contingent liabilities, Contingent Assets

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

Contingent liabilities are disclosed in the case of :

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

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

1.12 Employee Benefits

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

(i) Provident Fund :

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

(ii) Gratuity :

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

Notes to the Standalone Financial Statements (Contd.)

(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.

Notes to the Standalone Financial Statements (Contd.)

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.

The Company recognizes the amount of the re-measurement of lease liability due to reassessment/ modification as an adjustment to the ROU and statement of profit and loss depending upon the nature of reassessment/modification. However, lease modification is accounted as separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount commensurate with stand-alone price for the increase in the scope.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

1.18 Foreign exchange transactions

a) Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (INR), which is entity's functional and presentation currency.

b) Transactions and Balances

Foreign currency transactions are translated into the functional currency, for initial recognition, using the exchange rates at the date of transactions.

All foreign currency denominated monetary assets and liabilities are translated at the exchange rates on the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets which are capitalized as cost of assets. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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.

1.19 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.

1.20 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.

1.21 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.

1.22 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.

NOTE 2 A : PROPERTY, PLANT AND EQUIPMENT

As at March 31, 2025		Gross carrying value			Depreciation/Amortisation			Net carrying value		(Amount in Lakhs)
Particulars	As at April 01, 2024	Additions during the year	(Deductions) / Adjustments #	As at March 31, 2025	As at April 01, 2024	Additions during the year	(Deductions) / Adjustments	As at March 31, 2025	As at March 31, 2024	
Land	432.02	-	-	432.02	-	-	-	-	432.02	432.02
Buildings	2,492.61	72.77	(14.84)	2,550.54	487.96	83.78	-	571.74	1,978.80	2,004.65
Plant & Equipment	9,276.48	852.88	(111.46)	10,017.90	3,064.70	469.14	(0.04)	3,533.81	6,484.09	6,211.78
Furniture and Fixtures	286.49	26.45	-	312.94	105.03	24.22	-	129.25	183.70	181.46
Leasehold Improvements	38.88	-	-	38.88	36.32	0.52	-	36.84	2.04	2.57
Computers	115.67	13.03	-	128.70	104.51	10.94	-	115.45	13.25	11.16
Phone	15.30	2.48	-	17.78	12.81	0.96	-	13.77	4.01	2.49
Vehicles	132.71	-	-	132.71	86.17	11.43	-	97.60	35.10	46.53
Total	12,790.16	967.61	(126.30)	13,631.47	3,897.51	600.99	(0.04)	4,498.46	9,133.01	8,892.65

The Adjustment in Plant & Equipment of Rs. 111.46 lakhs includes the subsidy received of Rs. 110.06 lakhs for Mehatpur Plant which is deducted from the Gross carrying value of the asset. During the year, the Company has received a government grant amounting to Rs. 110.06 lakhs under the Industrial Development Scheme, 2017 in relation to the capital expenditure incurred at Mehatpur plant.

As at March 31, 2024		Gross carrying value			Depreciation/Amortisation			Net carrying value		(Amount in Lakhs)
Particulars	As at April 01, 2023	Additions during the year	(Deductions) / Adjustments	As at March 31, 2024	As at April 01, 2023	Additions during the year	(Deductions) / Adjustments	As at March 31, 2024	As at March 31, 2023	
Land	432.02	-	-	432.02	-	-	-	-	432.02	432.02
Buildings	1,897.26	586.20	9.15	2,492.61	416.04	72.00	(0.07)	487.96	2,004.65	1,481.22
Plant & Machinery	7,649.96	1,622.30	4.22	9,276.48	2,637.47	434.20	(6.97)	3,064.70	6,211.78	5,012.49
Furniture and Fixtures	240.50	46.00	-	286.49	84.31	20.81	(0.09)	105.03	181.46	156.18
Lease Improvement	36.30	2.60	(0.01)	38.88	35.98	0.34	-	36.32	2.57	0.32
Computers	114.33	3.33	(1.99)	115.67	96.75	11.04	(3.28)	104.51	11.16	17.58
Phone	14.02	1.28	-	15.30	12.19	0.61	-	12.81	2.49	1.82
Vehicles	132.71	-	-	132.71	74.70	11.47	-	86.17	46.53	58.01
Total	10,517.08	2,261.71	11.36	12,790.16	3,357.44	550.47	(10.41)	3,897.51	8,892.65	7,159.64

Part of above assets are collateral towards borrowings (refer note 17)

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, 2025:

Particulars	Category of ROU assets		Total
	Leasehold Land	Premises	
Balance as at April 01, 2024	179.64	300.88	480.53
Additions during the year	-	58.31	58.31
Deletion during the year	-	(10.40)	(10.40)
Depreciation / Amortisation for the year	(1.61)	(105.09)	(106.70)
Balance as at March 31, 2025	178.04	243.70	421.74

Following are the changes in the carrying value of Right-of-Use (ROU) assets for the year ended March 31, 2024:

Particulars	Category of ROU assets		Total
	Leasehold Land	Premises	
Balance as at April 01, 2023	181.25	294.98	476.23
Additions during the year	-	86.90	86.90
Deletion during the year	-	-	-
Depreciation / Amortisation for the year	(1.61)	(80.99)	(82.60)
Balance as at March 31, 2024	179.64	300.88	480.53

The aggregate depreciation expenses on ROU assets is included under depreciation and amortization expenses in the Statement of Profit and Loss. (Refer Note 34)

NOTE 3 : CAPITAL WORK-IN-PROGRESS

As at March 31, 2024		(Amount in Lakhs)		
Particulars	As at April 01, 2023	Additions during the year	Transfer to Property Plant and Equipment	As at March 31, 2024
Capital work-in-progress	361.46	1.44	(361.46)	1.44
Total	361.46	1.44	(361.46)	1.44

(Amount in Lakhs)

Particulars	(Amount in Lakhs)			
	Amount in CWIP for a period of			As at
	Less than 1 year	1-2 years	2-3 years	March 31, 2024
Projects in progress	1.44	-	-	1.44

NOTE 4 : INTANGIBLE ASSETS

As at March 31, 2024		Gross Carrying Value				Amortisation			Net Carrying Value		(Amount in Lakhs)
Particulars	As at April 01, 2023	Additions during the year	Deductions/ Adjustments	As at March 31, 2024	As at April 01, 2023	Additions during the year	Deductions/ Adjustments	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023	
Intangible assets											
Own Assets :											
Goodwill	6.50	-	-	6.50	6.50	-	-	6.50	-	-	-
Trademarks	10.99	-	-	10.99	10.99	-	-	10.99	-	-	-
Technical know how	30.75	-	-	30.75	30.75	-	-	30.75	-	-	-
MDC logo	35.00	-	-	35.00	35.00	-	-	35.00	-	-	-
Non complete agreement	10.00	-	-	10.00	10.00	-	-	10.00	-	-	-
Total	93.24			93.24	93.24			93.24			

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 5: INTANGIBLE ASSETS UNDER DEVELOPMENT

(Amount in Lakhs)

Particular	As at March 31, 2025	As at March 31, 2024
Balance at the beginning of the year	-	-
Additions during the year	64.50	-
Capitalized during the year	-	-
Balance at the end of the year	64.50	-

(i) Ageing schedule of Intangible assets under development is as under:

(Amount in Lakhs)

Particular	Amount in Intangible assets under development for a period of				As at March 31, 2025
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
SAP Modules under acquisition / development / Implementation	64.50	-	-	-	64.50

NOTE 6 : INVESTMENTS

(Amount in Lakhs)

Particular	As at March 31, 2025	As at March 31, 2024
At Fair value through Other Comprehensive Income		
In quoted equity instruments		
800 (Previous Year : 800) Equity Shares of Bank of India of Rs. 10/- each	0.86	1.10
Total	0.86	1.10

NOTE 7 : OTHER NON-CURRENT FINANCIAL ASSETS

(Amount in Lakhs)

Particular	As at March 31, 2025	As at March 31, 2024
Security deposits (other than utility deposits)	43.49	51.72
Total	43.49	51.72

NOTE 8 : OTHER NON-CURRENT ASSETS

(Amount in Lakhs)

Particular	As at March 31, 2025	As at March 31, 2024
Capital Advances	17.05	50.27
Security deposits - utility	63.37	63.37
Prepaid rent	10.05	13.75
Total	90.46	127.38

NOTE 9 : INVENTORIES (AT LOWER OF COST OR NET REALISABLE VALUE)

(Amount in Lakhs)

Particular	As at March 31, 2025	As at March 31, 2024
Raw material and components	6,309.81	4,398.53
Fuels	3.74	1.63
Packing materials	353.36	336.58
Finished goods	2,031.82	2,381.64
Stock-in-trade (acquired for trading)	111.01	477.70
Total	8,809.74	7,596.08

Inventories are hypothecated against secured borrowings (Refer Note 17)

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 10 : TRADE RECEIVABLES

Particulars	(Amount in Lakhs)	
	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good	11,412.89	10,156.33
Unsecured, credit impaired	264.51	229.15
Less: Expected credit loss allowance	(350.88)	(313.23)
Total	11,326.51	10,072.25

(a) Movement in Allowance for doubtful receivables

Particulars	(Amount in Lakhs)	
	As at March 31, 2025	As at March 31, 2024
Balance at the beginning of the year	313.23	67.95
Movement in expected credit loss allowance	37.65	245.28
Balance at the end of the year	350.88	313.23

(b) The accounts of trade receivables who have not responded to the Company's request for confirmation of balances, are subject to reconciliation, if any, required.

(c) There are no unbilled receivables as at March 31, 2025 and March 31, 2024.

Trade Receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment					As at March 31, 2025
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	11,269.23	143.66	-	-	-	11,412.89
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	39.51	35.05	-	-	74.56
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	44.97	31.74	40.06	73.18	189.95
SUB-TOTAL	11,269.23	228.14	66.79	40.06	73.18	11,677.39
Less: Expected credit loss allowance	(79.21)	(91.65)	(66.79)	(40.06)	(73.18)	(350.88)
TOTAL	11,190.02	136.49	-	-	-	11,326.51

Trade Receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment					As at March 31, 2024
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	10,090.69	65.65	-	-	-	10,156.33
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	12.63	0.26	-	-	12.89
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	61.73	61.72	45.90	46.90	216.25
SUB-TOTAL	10,090.69	140.01	61.98	45.90	46.90	10,385.48
Less: Expected credit loss allowance	(70.28)	(88.16)	(61.98)	(45.90)	(46.90)	(313.23)
TOTAL	10,020.41	51.85	-	-	-	10,072.25

NOTE 11 : CASH AND CASH EQUIVALENTS

Particulars	(Amount in Lakhs)	
	As at March 31, 2025	As at March 31, 2024
(i) Balance with Banks :		
(a) Current Accounts	429.52	602.35
(b) Term Deposits with original maturity of three month or less	-	499.00
(ii) Cash on hand	2.35	1.55
Total	431.87	1,102.90

NOTE 12 : BANK BALANCES OTHER THAN ABOVE

Particulars	(Amount in Lakhs)	
	As at March 31, 2025	As at March 31, 2024
Term deposits with more than three months maturity	117.93	73.76
In earmarked accounts		
- Deposit repayment reserve account	20.35	31.25
- Unpaid Dividend Account #	5.53	3.46
Total	143.81	108.48

The Company can utilise there balance only towards settlement of unclaimed dividend

NIKHIL ADHESIVES LIMITED					
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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025					
NOTE 13 : CURRENT TAX ASSETS / (LIABILITIES)					
(Amount in Lakhs)					
Particulars	As at March 31, 2025	As at March 31, 2024			
Current tax Assets	1,245.14	750.74			
Current tax Liabilities	(1,251.99)	(736.99)			
Total	(6.85)	13.75			
NOTE 14 : OTHER CURRENT ASSETS					
(Amount in Lakhs)					
Particulars	As at March 31, 2025	As at March 31, 2024			
Unsecured, considered good :					
Advance to suppliers	435.44	92.19			
Balances with government authorities	15.05	185.85			
Prepaid expenses	114.11	61.91			
Advances recoverable in cash or in kind	22.01	23.37			
Total	586.61	363.32			
NOTE 15 : EQUITY SHARE CAPITAL					
(Amount in Lakhs)					
Particulars	As at March 31, 2025	As at March 31, 2024			
Authorised					
4,95,00,000 Equity shares of Re. 1/- each (Previous Year: 4,95,00,000 Equity shares of Re. 1/- each)	495.00	495.00			
50,000 (50,000) 8% Preference shares of Rs. 10/- each	5.00	5.00			
Issued					
4,59,43,000 Equity shares of Re. 1/- each (Previous Year: 4,59,43,000 Equity shares of Re. 1/- each)	459.43	459.43			
Subscribed and fully paid up					
4,59,43,000 Equity shares of Re. 1/- each (Previous Year: 4,59,43,000 Equity shares of Re. 1/- each)	459.43	459.43			
Add : Forfeited shares account	1.07	1.07			
Total	460.50	460.50			
(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:					
(Amount in Lakh)					
Particulars	As at March 31, 2025		As at March 31, 2024		
	No. of Shares	Amount	No. of Shares	Amount	
At the beginning of the year	4,59,43,000	459.43	4,59,43,000	459.43	
Outstanding at the end of the year	4,59,43,000	459.43	4,59,43,000	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 March 31, 2025, the Company has paid final dividend of Rs. 0.2/- per Equity Share of face value of Rs. 1/- each aggregating to Rs 92.05 Lakhs.					
NIKHIL ADHESIVES LIMITED					
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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025					
(c) Details of shareholders holding more than 5% shares in the company :					
(Amount in Lakh)					
Name of Shareholder	As at March 31, 2025		As at March 31, 2024		
	No. of Shares	% holding	No. of Shares	% holding	
Equity shares of Rs. 1/- each fully paid :					
Vasantben J. Sanghavi	-	0.00%	25,33,000	5.51%	
Mrunalini R. Sanghavi	47,61,130	10.36%	47,61,130	10.36%	
Rekha T. Sanghavi	48,46,730	10.55%	48,46,730	10.55%	
Vasant Polymers & Chemicals Private Limited	50,36,000	10.96%	50,36,000	10.96%	
Anita Umesh Sanghavi	39,21,240	8.54%	39,21,240	8.54%	
(d) Disclosure of Shareholding of Promoters					
(Amount in Lakh)					
Promoter Name	Shares held by promoters at the end of the current year				% Change during the year
	As at March 31, 2025		As at March 31, 2024		
	No. of shares	% of total shares	No. of shares	% of total shares	
Vasantben Jayantilal Sanghavi	-	0.00%	25,33,000	5.51%	(0.06)
Rekha Tarak Sanghavi	48,46,730	10.55%	48,46,730	10.55%	-
Mrunalini Rajendra Sanghavi	47,61,130	10.36%	47,61,130	10.36%	-
Anita Umesh Sanghavi	39,21,240	8.54%	39,21,240	8.54%	-
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	13,74,450	2.99%	8,67,850	1.89%	0.01
Hemal Umesh Sanghavi	13,64,450	2.97%	8,57,850	1.87%	0.01
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	8,27,300	1.80%	8,27,300	1.80%	-
Ami Tarak Sanghavi	8,28,300	1.80%	3,21,700	0.70%	0.01
Tulsi Rajendra Sanghavi	8,27,300	1.80%	3,20,700	0.70%	0.01
Janaki Tarak Sanghavi	8,28,300	1.80%	8,28,300	1.80%	-
Ashok Jayantilal Sanghavi	800	0.00%	800	0.00%	-
Payal Ashok Sanghavi	7,000	0.02%	7,000	0.02%	-
Sagar Ashok Sanghavi	5,11,300	1.11%	4,700	0.01%	0.01
Ashok Jayantilal Sanghavi HUF	3,000	0.01%	3,000	0.01%	-
Total	2,50,10,100	54.44%	2,50,10,100	54.44%	-
(e) Details of forfeited shares :					
(Amount in Lakhs)					
Class of shares	As at March 31, 2025		As at March 31, 2024		
	No. of Shares	Amount	No. of Shares	Amount	
Equity shares	2,13,200	1.07	2,13,200	1.07	

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 16 : OTHER EQUITY

(Amount in Lakhs)		
Particulars	As at March 31, 2025	As at March 31, 2024
Capital Reserve		
Balance at the beginning of the year	4.00	4.00
Addition during the year	-	-
Deductions during the year	-	-
Balance at the end of the year	4.00	4.00
Securities premium		
Balance at the beginning of the year	1,500.00	1,500.00
Addition during the year	-	-
Deductions during the year	-	-
Balance at the end of the year	1,500.00	1,500.00
Retained Earnings		
Balance at the beginning of the year	8,814.72	7,581.53
Profit/(Loss) for the year	1,685.94	1,325.07
Dividend paid to equity shareholders	(92.05)	(91.89)
Balance at the end of the year	10,408.61	8,814.72
General Reserve		
Balance at the beginning of the year	642.87	642.87
Addition during the year	-	-
Deductions during the year	-	-
Balance at the end of the year	642.87	642.87
Other Comprehensive Income		
Balance at the beginning of the year	(23.33)	(22.12)
Movement in other comprehensive income (net)	(15.06)	(1.20)
Balance at the end of the year	(38.39)	(23.33)
Total Other Equity	12,517.09	10,938.27

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 loss of Rs. 15.07 lakhs consists of :

- Remeasurement loss on employees defined benefit expenses of Rs. 19.81 lakhs and deferred tax charge thereon of Rs. 4.99 Lakhs
- Fair value loss arising out of change in fair value of investment in equity shares of Rs. 0.24 lakhs

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 17 : NON CURRENT BORROWINGS

(Amount in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Secured :		
From banks :		
Vehicle finance	4.30	9.70
Term loans	1,169.29	1,651.25
Total	1,173.59	1,660.95
Unsecured :		
Deferred payment liabilities		
Sales tax deferral	5.53	5.53
Deposits		
From shareholders	1,304.37	862.00
Total	1,309.90	867.53
Grand total	2,483.49	2,528.48

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

(Amount in Lakhs)

Particulars	Security and terms of repayment as at March 31, 2025	As at March 31, 2025	As at March 31, 2024
HDFC Bank Ltd			
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 20 monthly installments, last installment being due in Nov 2026.	68.65	139.48
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 27 monthly installments, last installment being due in June 2027.	103.80	170.95

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

(Amount in Lakhs)

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 30 monthly installments, last installment being due in September 2027.	300.00	500.00
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 36 monthly installments, last installment being due in June 2028.	696.84	840.81
Total		1,169.28	1,651.25
HDFC Bank Vehicle - Term Loan	(a) Secured against hypothecation of the vehicle financed. (b) Repayable in 21 monthly installments, last installment being due in December 2026. (c) Rate of Interest is 7.00%.	4.30	9.70
Total		4.30	9.70

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

(Amount in Lakhs)

Particulars	Security and terms of repayment as at March 31, 2025	As at 31st March 2025	As at 31st March 2024
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.	1,304.37	862.00
Total		1,309.90	867.53

(c) Secured long term borrowings of Rs. 1,169.29 lakhs (Rs. 1,651.25 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. 867.59 lakhs (Previous Year Rs. 820.55 lakhs) is disclosed under 'Other Current Liabilities' (Refer Note 22)

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 18 (A) : LEASE LIABILITIES

(Amount in Lakhs)

Particulars	Non-Current		Current	
	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Lease Liabilities	174.61	247.69	106.11	74.55
Total	174.61	247.69	106.11	74.55

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

(Amount in Lakhs)

Particulars	Less than 1 year	Between 1 - 5 years	More than 5 years	Total	Carrying value
As at March 31, 2025					
Lease Liabilities	130.92	190.10	-	321.02	280.73
As at March 31, 2024					
Lease Liabilities	100.64	278.38	-	379.01	322.24

(b) Movement in Lease Liabilities

(Amount in Lakhs)

Particulars	FY 2024-25	FY 2023-24
Opening Balance	322.24	307.42
Additions	59.19	78.87
Deletions / Adjustments	8.78	-
Finance cost	20.94	29.98
Repayment	70.99	94.04
Lease rent waived	-	-
Closing Balance	280.73	322.24

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

(Amount in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Cash out flow of Lease expenses -		
Expense relating to short term leases and low value assets	58.32	78.54
Expenses relating to long term leases	125.52	94.04
Expenses relating to lease renewed on short term basis	-	-
Total cash outflow for leases	183.84	172.58

(d) Movement in Right-of-Use (ROU) Assets

(Amount in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Right-of-use assets recognized at the beginning of the year	480.53	476.23
Additions to Right-of-use assets during the year	58.31	86.90
Deletions to Right-of-use assets during the year	(10.40)	-
Depreciation on Right-of-use of assets	(106.70)	(82.60)
Total Right-of-Use Assets as at the year end	421.74	480.53

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

(Amount in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Interest on lease liabilities	33.11	29.98
Depreciation of Right-of-use assets	106.70	82.60
Deferred tax (credit)/charge	(4.13)	(4.26)
Impact on the Statement of Profit and Loss	135.68	108.32

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 19 : OTHER NON-CURRENT FINANCIAL LIABILITIES

(Amount in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Interest accrued but not due on public deposits	59.89	36.99
Other Payables	90.88	-
Security Deposits (customers)	112.38	118.04
Total	263.16	155.03

NOTE 20 : PROVISIONS

(Amount in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for employee benefits		
Provision for gratuity	191.97	146.24
Total	191.97	146.24

NOTE 21 : DEFERRED TAX (ASSETS) / LIABILITIES (NET)

Movement in Deferred Tax Balances during the Year ended March 31, 2025

(Amount in Lakhs)

Components of Deferred Tax	Deferred Tax (Asset) / Liability Balance as on April 01, 2024	Deferred Tax charge/(credit) on Profit & Loss	Deferred Tax charge/(credit) on Other Comprehensive Income	Deferred Tax (Asset) / Liability Balance as on March 31, 2025
Deferred Tax Liabilities/(Assets) -				
- Difference between written down value of fixed assets as per the books of accounts and Income Tax Act, 1961	616.79	54.87	-	671.66
- Borrowing Cost Adjustments for Term Loans	0.35	1.95	-	2.30
- Provision for gratuity expense allowable in income tax when actually paid	(45.36)	(11.24)	-	(56.60)
- Expected Credit Loss	(21.16)	(0.58)	-	(21.74)
- Difference in Right-of-use asset and lease liabilities	(9.62)	(4.13)	-	(13.75)
- Remeasurement of the defined benefit plans through OCI	(10.54)	-	(4.99)	(15.53)
Net Deferred Tax Liabilities / (Assets)	530.47	40.87	(4.99)	566.35

Movement in Deferred Tax Balances during the Year ended March 31, 2024

(Amount in Lakhs)

Components of Deferred Tax	Deferred Tax (Asset) / Liability Balance as on April 01, 2023	Deferred Tax charge/(credit) on Profit & Loss	Deferred Tax charge/(credit) on Other Comprehensive Income	Deferred Tax (Asset) / Liability Balance as on March 31, 2024
Deferred Tax Liabilities/(Assets)				
- Difference between written down value of fixed assets as per the books of accounts and Income Tax Act, 1961	519.21	97.59	-	616.79
- Borrowing Cost Adjustments for Term Loans	0.60	(0.25)	-	0.35
- Provision for gratuity expense allowable in income tax when actually paid	(41.63)	(3.73)	-	(45.36)
- Expected Credit Loss	(17.10)	(4.06)	-	(21.16)
- Difference in Right-of-use asset and lease liabilities	(5.35)	(4.26)	-	(9.62)
- Remeasurement of the defined benefit plans through OCI	(9.97)	-	(0.57)	(10.54)
Net Deferred Tax Liabilities / (Assets)	445.75	85.29	(0.57)	530.47

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 22 : CURRENT BORROWINGS

(Amount in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Secured (Refer (a) and (b) below) :		
Cash credit from banks	2,293.29	1,723.63
Current maturities of Long term debt (secured)*	867.59	820.56
Total	3,160.88	2,544.19

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

(Amount in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Cash Credit from Banks		
1) Bank of India	5.36	-
2) DBS Bank (Purchase Bill Discounting)	1,771.25	1,186.61
3) Yes Bank	483.12	527.61
4) DBS Bank	-	9.41
5) SCB Bank	33.56	-
Total	2,293.29	1,723.63

(b) Particulars of security for the secured borrowings

Nature of Security

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

Secured borrowings are personally guaranteed by some of the promoters 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 and

(ii) Equitable mortgage of certain residential flats of the promoter directors in favour of the said banks on pari passu basis.

During the year, Collateral on shares and mortgage on residential property was released by the Banks on August 02, 2024.

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 23 : TRADE PAYABLES

(Amount in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Trade payables		
a) Total outstanding dues of micro & small enterprises	791.24	914.64
b) Total outstanding dues of creditors other than micro & small enterprises	7,970.40	8,359.53
Total	8,761.64	9,274.16

The accounts of trade payables who have not responded to the Company's request for confirmation of balances, are subject to reconciliation, if any, required.

Trade Payable ageing schedule

Current reporting period

(Amount in Lakhs)

Particulars	Outstanding for following periods from due date of payment#				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	791.24	-	-	-	791.24
(ii) Others	7,970.40	-	-	-	7,970.40
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
TOTAL	8,761.64	-	-	-	8,761.64

Previous reporting period

(Amount in Lakhs)

Particulars	Outstanding for following periods from due date of payment#				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	914.64	-	-	-	914.64
(ii) Others	8,359.53	-	-	-	8,359.53
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
TOTAL	9,274.16	-	-	-	9,274.16

NOTE 24 : OTHER CURRENT FINANCIAL LIABILITIES

(Amount in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Other Payables	1,746.77	1,339.90
Provision for CSR Expenditure (Refer Note)		
- Ongoing Project	12.95	30.13
- Other than Ongoing Project	-	2.08
Interest accrued but not due on public deposits	14.64	14.81
Unclaimed dividend	5.53	3.46
Total	1,779.89	1,390.39

NOTE 25 : OTHER CURRENT LIABILITIES

(Amount in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Liabilities for expenses	474.19	429.29
Advances from customers	47.39	48.16
Statutory dues	48.15	32.80
Total	569.73	510.25

NOTE 26 : PROVISIONS

(Amount in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for employee benefits		
Gratuity	10.33	11.40
Total	10.33	11.40

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 27A : REVENUE FROM OPERATIONS

(Amount in Lakhs)		
Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Sale of products :		
(a) Manufactured goods	53,895.60	51,345.93
(b) Traded goods	3,595.92	4,294.66
	57,491.52	55,640.59
Other operating revenues :		
(a) Service charges	893.76	680.67
(b) Foreign exchange gain	-	58.09
(c) Interest Income	9.27	5.98
(d) Insurance Claim received	42.13	-
(e) Indenting Income	22.07	33.98
	967.23	778.73
Revenue from operations	58,458.75	56,419.32

27B. REVENUE FROM CONTRACT WITH CUSTOMERS AS PER DISCLOSURE REQUIREMENTS UNDER IND AS 115

i. Performance obligation

Revenue from sale of goods measured upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

(Amount in Lakhs)		
Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue recognised at point in time	57,564.98	55,738.65
Revenue recognised over time	893.76	680.67
Total	58,458.75	56,419.32

ii. Disaggregation of revenue

The Company primarily derives revenue from sale of products from following major segments:

(Amount in Lakhs)		
Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A. Revenue From Contracts With Customers Disaggregated Based On Nature Of Product Or Services		
<u>i. Revenue from Sale of Products</u>		
- Manufacturing sales	53,895.60	51,345.93
- Trading Sales	3,595.92	4,294.66
a	57,491.52	55,640.59
<u>ii. Other Operating Revenue</u>		
- Service charges income	893.76	680.67
- Other Operating revenue	73.46	98.05
b	967.23	778.73
Total (a+b)	58,458.75	56,419.32
B. Revenue From Contracts With Customers Disaggregated Based On Geography		
- Home market	57,566.78	54,921.63
- Export	891.97	1,497.69
	58,458.75	56,419.32

iii. Contract Liability (advance from customers)

(Amount in Lakhs)		
Particulars	As at March 31, 2025	As at March 31, 2024
Advance from Customers	47.39	48.16

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 28 : OTHER INCOME

(Amount in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Other non-operating income :		
(a) Interest Income received	0.50	0.08
(b) Bad debts recovered	-	3.54
(c) Scrap sales	50.18	31.26
(d) Other Income	0.77	-
(e) Gain on sale of asset	5.16	-
Total	56.61	34.88

NOTE 29 : COST OF MATERIALS CONSUMED

(Amount in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Raw materials consumed		
Opening stock	4,398.53	5,086.43
Add : Purchases	40,871.43	37,879.05
	45,269.96	42,965.48
Less : Closing stock	6,309.81	4,398.53
Sub total (A)	38,960.15	38,566.95
Packing materials consumed		
Opening stock	336.58	290.33
Add : Purchases	3,169.26	3,623.81
	3,505.84	3,914.15
Less : Closing stock	353.35	336.58
Sub total (B)	3,152.49	3,577.57
Total (A)+(B)	42,112.64	42,144.52

NOTE 30 : PURCHASE OF TRADED GOODS

(Amount in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Purchase of stock-in-trade	3,231.32	3,878.20
Total	3,231.32	3,878.20

NOTE 31 : CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE

(Amount in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening Stock		
(a) Finished goods	2,381.64	2,405.67
(b) Goods in transit (finished goods)	-	7.34
(c) Stock-in-trade	477.70	625.75
Sub Total (A)	2,859.34	3,038.76
Less : Closing Stock		
(a) Finished goods	2,031.82	2,381.64
(b) Goods in transit (finished goods)	-	-
(c) Stock-in-trade	111.01	477.70
Sub Total (B)	2,142.83	2,859.34
Total (A)-(B)	716.51	179.42

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 32 : EMPLOYEE BENEFIT EXPENSE

(Amount in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries and wages	2,197.22	1,728.23
Contributions to provident and other funds	120.03	102.75
Staff welfare expenses	87.58	74.63
Total	2,404.83	1,905.61

NOTE 33 : FINANCE COSTS

(Amount in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest on bank borrowings		
- Term Loans	67.24	74.23
- Cash Credits	202.16	184.07
Interest on bill discounting	256.95	228.49
Interest on public deposits	125.76	79.20
Other borrowing costs	159.80	130.41
Total	811.91	696.40

NOTE 34 : DEPRECIATION AND AMORTIZATION EXPENSE

(Amount in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation and amortisation expense	686.51	540.06
Depreciation on Right-of-Use assets	21.14	82.60
Total	707.65	622.66

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 35 : OTHER EXPENSES

(Amount in Lakhs)		
Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Stores and spares consumed	146.99	160.10
Power and fuel	956.45	887.11
Labour charges	1,022.12	1,050.62
Rent	63.58	87.11
Repairs and maintenance :		
- Plant & machinery	104.25	100.73
- Building	14.94	17.14
- Others	10.69	9.50
Printing and stationery	21.64	15.82
Insurance	75.33	69.70
Storage charges (net)	208.05	193.65
Telephone expenses	36.99	35.15
Travelling and conveyance expenses	433.42	304.48
Legal and professional charges	223.97	174.67
Payment to Auditors (Refer Note (i) below)	13.00	13.35
Sales promotion expenses	1,120.05	661.09
Transportation and octroi charges	1,478.73	1,188.41
Brokerage and commission	44.52	27.24
Donation	7.09	3.11
Corporate Social Responsibility (CSR) expenses (Refer Note 46)	45.00	53.99
Bad debts	21.33	4.81
Directors sitting fees	8.45	8.75
Miscellaneous expenses	129.33	100.50
Expected credit loss	2.29	16.13
Information Technology Expenses	77.83	51.52
Foreign Exchange fluctuation loss	22.65	-
Total	6,288.69	5,234.68

Note (i) : Payment to Auditors

(Amount in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
As Auditor	10.00	10.00
For Limited review reports	2.70	2.70
For Taxation matters	-	-
For Certifications	0.30	0.65
Total	13.00	13.35

NOTE 36 : CONTINGENT LIABILITIES

(Amount in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Contingent liabilities not provided for:		
Income Tax demand against the Company not provided for and relating to issues of short deduction of tax	16.84	-
	16.84	-

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 37 : EARNINGS PER SHARE

Particulars	(Amount in Lakhs)	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Net profit after tax available to the equity shareholders	1,685.94	1,325.07
Weighted average number of equity shares	4,59,43,000	4,59,43,000
Basic and diluted earnings per share (FV Re. 1/- each)	3.67	2.88

NOTE 38 : EMPLOYEE BENEFIT EXPENSE

(a) Defined contribution plans:

The amount recognised as expense in respect of defined contribution plans (Contribution to provident fund & Employee state insurance corporation) aggregate to Rs. 83.02 lakhs (previous year Rs. 68.89 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.

Particulars	(Amount in Lakhs)	
	As at 31 March 2025	As at 31 March 2024
(a) Charge to statement of profit and loss		
Net employee benefit expenses (recognized in employee benefit expense)		
Current service cost	25.94	21.58
Interest on defined benefit obligation	11.07	10.47
(Expected returns on plan assets)	-	-
Net actuarial losses / (gains) recognized in the year	-	-
Total included in employee benefit expenses	37.01	32.06
(b) Charge to other comprehensive income		
Net amount recognised in the Other Comprehensive Income for the year	-	-
Actuarial (Gains) / Losses	19.82	2.27
Return on plan assets, excluding amount recognised in net	-	-
Total included in other comprehensive income	19.82	2.27
(c) Balance sheet (Refer note 20 & 26)		
Details of provision on actuarial basis	-	-
Fair value of plan assets at the end of the period	-	-
Discounted present value of accrued liability as at the year end determined as per Actuarial valuation	202.30	157.63
Amount in balance sheet	202.30	157.63
(d) Break - up of amount reflected in the Balance Sheet		
Non-current liability (Refer note 20)	191.97	146.24
Current liability (Refer note 26)	10.33	11.40
Amount of provision in balance sheet	202.30	157.63
(e) Changes in the present value of the defined benefit obligation are as follows:		
Liability at the beginning of the year	157.63	142.81
Interest costs	11.07	10.47
Current Service Cost	25.94	21.58
Expenses recognised in OCI	19.82	2.27
Benefit paid directly by the Company	(12.16)	(19.51)
Contribution made	-	-
Actuarial (gain) / losses	-	-
Liability/(asset) at the end of the year	202.30	157.63
(f) Principal actuarial assumptions as at the balance sheet date:		
Discount rate	7.21%	7.49%
Rate of return on plan assets	NA	NA
Salary Increase	6.50%	6.50%
Employee Turnover	2.00%	2.00%
Mortality	Indian Assured Lives Mortality (2012-14) (Urban)	
(g) Quantitative sensitivity analysis for the principal assumptions are as follows*:		
Discount rate		
Increase by 1.00%	(19.60)	(15.23)
Decrease by 1.00%	23.14	17.98
Salary Increase		
Increase by 1.00%	18.88	14.72
Decrease by 1.00%	(16.04)	(12.51)
Employee Turnover		
Increase by 1.00%	0.92	1.42
Decrease by 1.00%	(1.08)	(1.63)

* The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 39 : SEGMENT REPORTING

(a) Information about Business Segments for the year ended March 31, 2025

(Amount in Lakhs)

Particulars	Manufacturing of Adhesives & Emulsions	Trading in Chemicals	Total
Revenue			
Sales/income from operations	54,840.76	3,617.99	58,458.75
Total revenue	54,840.76	3,617.99	58,458.75
Result			
Segment result (A)	3,764.30	(67.10)	3,697.19
Unallocated corporate expenses(net) (B)			643.47
Operating profit (A-B)=C			3,053.72
Interest expense(net) (D)			811.91
Income taxes(including deferred tax) (E)			555.87
Profit from ordinary activities (C-D-E)=F			1,685.94
Extraordinary items (G)			-
Net profit (F-G) = H			1,685.94
Other Information			
Segment assets (I)	29,278.70	1,138.83	30,417.53
Unallocated corporate assets (J)			1,880.21
Total assets (I+J) = K			32,297.74
Segment liabilities	10,830.82	-	10,830.82
Unallocated corporate liabilities			8,489.33
Total liabilities (L)			19,320.16
Add: Share capital and reserves (M)			12,977.59
Total capital & liabilities (L+M)=N			32,297.74
Capital expenditure (including capital work in progress)	1,376.19	-	1,376.19
Intangible assets under development	64.50	-	64.50
Depreciation	707.65	-	707.65

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.
- 3) To provide more relevant and transparent information to users of the financial statements , certain assets and liabilities have been reclassified from manufacturing segment to unallocated segment, certain expenses have been reclassified from unallocated segment to manufacturing segment. Additionally, the corresponding figures for the previous year have been restated to ensure comparability.

Revenue from individual customer account for more than 10% of the total revenue is as below:

Particulars	As at March 31, 2025	
	Revenue Contribution more than 10% (in Lakhs)	Percentage of Revenue Contribution
Sale of Goods:		
Customer A	8,771.06	15.26%
Customer B	9,285.43	16.15%
Sale of Services:		
Customer A	893.76	100%

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(b) Information about Business Segments for the year ended March 31, 2024

(Amount in Lakhs)

Particulars	Manufacturing of Adhesives & Emulsions (Restated)	Trading in Chemicals (Restated)	Total (Restated)
Revenue			
Sales/income from operations	52,090.68	4,328.64	56,419.32
Total revenue	52,090.68	4,328.64	56,419.32
Result			
Segment result (A)	2,814.08	139.77	2,953.85
Unallocated corporate expenses(net) (B)			464.74
Operating profit (A-B)=C			2,489.11
Interest expense(net) (D)			696.40
Income taxes(including deferred tax) (E)			467.64
Profit from ordinary activities (C-D-E)=F			1,325.07
Extraordinary items (G)			-
Net profit (F-G) = H			1,325.07
Other Information			
Segment assets (I)	26,065.62	1,282.19	27,347.81
Unallocated corporate assets (J)			2,200.78
Total assets (I+J) = K			29,548.59
Segment liabilities	11,168.42	-	11,168.42
Unallocated corporate liabilities			6,981.40
Total liabilities (L)			18,149.82
Add: Share capital and reserves (M)			11,398.76
Total capital & liabilities (L+M)=N			29,548.59
Capital expenditure (including capital work in progress)	119.84	-	119.84
Depreciation	622.66	-	622.66

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.
- 3) To provide more relevant and transparent information to users of the financial statements , certain assets and liabilities have been reclassified from manufacturing segment to unallocated segment, certain expenses have been reclassified from unallocated segment to manufacturing segment. Additionally, the corresponding figures for the previous year have been restated to ensure comparability.

Revenue from individual customer account for more than 10% of the total revenue is as below:

Particulars	As at March 31, 2024	
	Revenue Contribution more than 10% (in Lakhs)	Percentage of Revenue Contribution
<u>Sale of Goods:</u>		
Customer A	10,875.73	19.55%
Customer B	8,627.91	15.51%
<u>Sale of Services:</u>		
Customer A	680.67	100%

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Notes to the Standalone Financial Statements for the Year Ended 31st March, 2025

Note 40 : Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2024-25, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

(Amount in Lakhs)		
Particulars	As at March 31, 2025	As at March 31, 2024
(a) Principal amount remaining unpaid at the end of the	791.24	914.64
(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.	-	-

*The disclosures in respect of the amounts payable to such enterprises as at March 31, 2025 and March 31, 2024 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Note 41 : Disclosure As Per Section 186 of The Companies Act, 2013

The details of investments made under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows :

(Amount in Lakhs)			
Name of the entity	Nature	As at March 31, 2025	As at March 31, 2024
Bank Of India (800 shares)	Investment in equity shares	0.86	1.10

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 42 : 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
A - Directors and Key Managerial Personnel (KMP)		
1	Umesh J. Sanghavi	Managing Director
2	Rajendra J. Sanghavi	Whole-time Director
3	Tarak J. Sanghavi	Whole-time Director
4	Rabi Mishra	Chief Executive Officer & Managing Director (upto June 30, 2023)
5	Umesh Shah	Chief Financial Officer (upto July 07, 2023)
6	Jagdish Balvant Mali	Director (w.e.f. August 08, 2024)
7	Anita U. Sanghavi	Chief Financial Officer
8	Dr. Satish Rama Gaonkar	Chief Operating Officer (w.e.f. February 01, 2025)
9	Kinjal Rathod	Company Secretary & Compliance Officer(Upto 31 Mar 2024)
10	Beena Khandelwal	Company Secretary (w.e.f. May 22, 2024)
B - Relatives of Directors or Key Managerial Personnel (KMP)		
1	Vasantben Jayantilal Sanghavi	Mother of Promoter Director
2	Nikhil Umesh Sanghavi	Son of Promoter Director
3	Ashok J. Sanghavi	Brother of Promoter Director
4	Avni Vinit Bhuvra	Daughter of Promoter Director
5	Ami Tarak Sanghavi	Daughter of Promoter Director
6	Janaki Tarak Sanghavi	Daughter of Promoter Director
7	Mrunalini Rajendra Sanghavi	Wife of Promoter Director
8	Tulsi Rajendra Sanghavi	Daughter of Promoter Director
9	Sagar Ashok Sanghavi	Nephew of Promoter Director
10	Payal Ashok Sanghavi	Sister-in-law of Promoter Director
11	Hemal Umesh Sanghavi	Son of Promoter Director
12	Rekha Tarak Sanghavi	Wife of Promoter Director
13	Vaishali Hemal Sanghavi	daughter-in-law of Promoter Director
C - Entities where Key Managerial Personnel / Close family members of Key Managerial Personnel have control/significant influence		
1	Ashok J. Sanghavi HUF	HUF of Ashok J. Sanghavi
2	Rajendra J. Sanghavi HUF	HUF of Rajendra J. Sanghavi
3	Tarak J. Sanghavi HUF	HUF of Tarak J. Sanghavi
4	Umesh J. Sanghavi HUF	HUF of Umesh J. Sanghavi
5	Zeki Software Solutions Pvt.Ltd	Enterprises significantly influenced by relatives of director
6	Vajiya Enercon LLP	Enterprises significantly influenced by relatives of director
7	Green Tree Lifescapes LLP	Enterprises significantly influenced by relatives of director
8	Green Building LLP	Enterprises significantly influenced by relatives of director
9	IND + Architects	Enterprises significantly influenced by relatives of director
10	Vasant Polymers & Chemicals Pvt Ltd	Enterprises significantly influenced by relatives of director

(b) Transaction with Related Parties are as follows :

Sr.	Particulars	Directors and key managerial personnel		Relatives of Directors and key managerial personnel		Enterprises significantly influenced by the Directors /Relatives /KMP		Total	
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
1	Remuneration paid	185.88	123.72	58.21	58.21	-	-	244.09	181.93
1a	Umesh J. Sanghavi	45.53	21.53	-	-	-	-	45.53	21.53
1b	Rajendra J. Sanghavi	45.53	21.53	-	-	-	-	45.53	21.53
1c	Tarak J. Sanghavi	45.53	21.53	-	-	-	-	45.53	21.53
1d	Rabi Mishra	-	30.00	-	-	-	-	-	30.00
1f	Jagdish Balvant Mali	26.02	-	-	-	-	-	26.02	-
1g	Umesh Shah	-	17.07	-	-	-	-	-	17.07
1h	Anita U. Sanghavi	14.09	7.22	-	-	-	-	14.09	7.22
1i	Nikhil U. Sanghavi	-	-	45.64	45.64	-	-	45.64	45.64
1j	Ashok J. Sanghavi	-	-	12.58	12.58	-	-	12.58	12.58
1k	Dr. Satish Rama Gaonkar	7.60	-	-	-	-	-	7.60	-
1l	Beena Khandelwal	1.58	-	-	-	-	-	1.58	-
1m	Kinjal Rathod	-	4.84	-	-	-	-	-	4.84
2	Professional Fees								
2a	Anita U. Sanghavi	-	-	-	5.87	-	-	-	5.87
3	Annual maintenance and hosting charges								
3a	Zeki Software Solutions Pvt.Ltd	-	-	-	-	49.20	42.61	49.20	42.61
4	Sale of material								
4a	Green Building LLP	-	-	-	-	3.53	24.06	3.53	24.06
4b	Green Tree Lifescapes LLP	-	-	-	-	-	4.53	-	4.53
4c	Vasant Polymers & Chemicals Pvt Ltd	-	-	-	-	-	100.21	-	100.21
5	Purchase of assets								
5a	Vajiya Enercon LLP	-	-	-	-	0.63	26.48	0.63	26.48
6	Service Charges Paid								
6a	Vajiya Enercon LLP	-	-	-	-	1.07	-	1.07	-

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(b) Transaction with Related Parties are as follows :

(Amount in Lakhs)

Sr.	Particulars	Directors and key managerial personnel		Relatives of Directors and key managerial personnel		Enterprises significantly influenced by the Directors		Total	
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
7	Interest on Public Deposit								
7a	Ami Tarak Sanghavi	-	-	-	1.76	-	-	-	1.76
7b	Janaki Tarak Sanghavi	-	-	4.50	1.30	-	-	4.50	1.30
7c	Nikhil U. Sanghavi	-	-	2.39	0.84	-	-	2.39	0.84
7d	Hemal Umesh Sanghavi	-	-	5.72	1.99	-	-	5.72	1.99
7e	Rajendra J. Sanghavi	3.27	3.77	-	-	-	-	3.27	3.77
7f	Rajendra J Sanghvi HUF	-	-	-	-	0.25	-	0.25	-
7g	Rekha Tarak Sanghavi	0.42	-	-	-	-	-	0.42	-
7h	Tarak J Sanghavi	1.91	-	-	-	-	-	1.91	-
7i	Tarak J Sanghavi HUF	-	-	-	-	0.68	-	0.68	-
7j	Anita Umesh Sanghavi	0.36	-	-	-	-	-	0.36	-
7k	Ind + Architects	-	-	-	-	0.34	-	0.34	-
7l	Umesh Sanghavi	14.82	7.61	-	-	-	-	14.82	7.61
7m	Umesh J Sanghvi HUF	-	-	-	-	2.12	1.21	2.12	1.21
7n	Vaishali Hemal Sanghavi	-	-	0.56	-	-	-	0.56	-
7o	Vasant Polymers & Chemical Pvt Ltd	-	-	-	-	1.12	-	1.12	-
7p	Zeki Software Solutions Pvt Ltd	-	-	-	-	1.17	-	1.17	-
8	Dividend paid								
8a	Ami Tarak Sanghavi	-	-	0.64	0.64	-	-	0.64	0.64
8b	Avni Vinti Bhuvra	-	-	1.65	0.72	-	-	1.65	0.72
8c	Anita U. Sanghavi	7.84	6.04	-	-	-	-	7.84	6.04
8d	Ashok J. Sanghavi	-	-	0.00	0.46	-	-	0.00	0.46
8e	Ashok J. Sanghavi HUF	-	-	-	-	0.01	0.01	0.01	0.01
8f	Hemal Umesh Sanghavi	-	-	1.72	1.72	-	-	1.72	1.72
8g	Janaki Tarak Sanghavi	-	-	1.66	0.64	-	-	1.66	0.64
8h	Mrunalini Rajendra Sanghavi	-	-	9.52	8.65	-	-	9.52	8.65
8i	Nikhil Umesh Sanghavi	-	-	1.74	1.74	-	-	1.74	1.74
8j	Payal Ashok Sanghavi	-	-	0.01	0.01	-	-	0.01	0.01
8k	Rajendra J. Sanghavi	2.39	2.39	-	-	-	-	2.39	2.39
8l	Rajendra J. Sanghavi HUF	-	-	-	-	1.10	1.10	1.10	1.10
8m	Rekha Tarak Sanghavi	-	-	9.69	8.91	-	-	9.69	8.91
8n	Sagar Ashok Sanghavi	-	-	0.01	0.01	-	-	0.01	0.01
8o	Tarak J. Sanghavi	2.25	2.25	-	-	-	-	2.25	2.25
8p	Tarak J. Sanghavi HUF	-	-	-	-	1.07	1.07	1.07	1.07
8q	Tulsi Rajendra Sanghavi	-	-	0.64	0.64	-	-	0.64	0.64
8r	Umesh J. Sanghavi	1.91	1.91	-	-	-	-	1.91	1.91
8s	Umesh J. Sanghavi HUF	-	-	-	-	1.09	1.09	1.09	1.09
8t	Vasantben Jayantilal Sanghavi	-	-	5.07	10.01	-	-	5.07	10.01
8u	Vasant Polymers & Chemicals Pvt. Ltd.	-	-	-	-	10.07	10.07	10.07	10.07
9	Public Deposits Accepted								
9a	Anita Umesh Sanghavi	10.50	-	-	-	-	-	10.50	-
9b	Hemal Sanghavi	-	-	77.50	45.00	-	-	77.50	45.00
9c	Ind + Architects	-	-	-	-	20.00	-	20.00	-
9d	Janki Tarak Sanghavi	-	-	75.50	42.00	-	-	75.50	42.00
9e	Nikhil Sanghavi	-	-	14.00	14.00	-	-	14.00	14.00
9f	Rajendra J Sanghavi	7.00	170.00	-	-	-	-	7.00	170.00
9g	Rajendra J Sanghvi HUF	-	-	-	-	5.00	21.00	5.00	21.00
9h	Rekha Tarak Sanghavi	-	-	42.00	-	-	-	42.00	-
9i	Tarak J Sanghavi	48.00	-	-	-	-	-	48.00	-
9j	Umesh J Sanghavi	274.50	221.90	-	-	-	-	274.50	221.90
9k	Umesh J Sanghvi HUF	-	-	-	-	2.00	22.30	2.00	22.30
9l	Vaishali Hemal Sanghavi	-	-	13.50	-	-	-	13.50	-
9m	Vasant Polymers & Chemical Pvt Ltd	-	-	-	-	107.50	-	107.50	-
9n	Zeki Software Solutions Pvt Ltd	-	-	-	-	20.00	-	20.00	-
9o	Ami Tarak Sanghavi	-	-	-	66.00	-	-	-	66.00
10	Public Deposits Repaid								
10a	Hemal Sanghavi	-	-	113.50	-	-	-	113.50	-
10b	Ind + Architects	-	-	-	-	20.00	-	20.00	-
10c	Janki Tarak Sanghavi	-	-	78.00	41.00	-	-	78.00	41.00
10d	Nikhil Sanghavi	-	-	24.00	-	-	-	24.00	-

10e	Umesh J Sanghavi	231.90	75.00	-	-	-	-	231.90	75.00
10f	Vasant Polymers & Chemical Pvt Ltd	-	-	-	-	102.00	-	102.00	-
10g	Ami Tarak Sanghavi	-	-	-	66.00	-	-	-	66.00
10h	Rajendra J Sanghavi	-	140.00	-	-	-	-	-	140.00
10i	Rajendra J Sanghvi HUF	-	-	-	-	-	21.00	-	21.00

(b) Transaction with Related Parties are as follows :

(Amount in Lakhs)

Sr.	Particulars	Directors and key managerial personnel		Relatives of Directors and key managerial personnel		Enterprises significantly influenced by the Directors /Relatives /KMP		Total	
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
11	Outstanding balances :								
	(A) Advance for purchase of asset								
	- Vajiya Enercon LLP	-	-	-	-	-	0.20	-	0.20
	(B) Trade Receivables								
	- Green Building Lifescapes LLP	-	-	-	-	3.21	21.22	3.21	21.22
	- Vasant Polymers & Chemicals Pvt	-	-	-	-	-	3.73	-	3.73
	(C) Trade Payables								
	- Zeki Software Solutions Pvt.Ltd.	-	-	-	-	12.18	14.63	12.18	14.63
	(D) Public Deposits								
	- Anita Umesh Sanghavi	10.50	-	-	-	-	-	10.50	-
	- Hemal Sanghavi	-	-	9.00	45.00	-	-	9.00	45.00
	- Nikhil Sanghavi	-	-	4.00	14.00	-	-	4.00	14.00
	- Janki Tarak Sanghavi	-	-	-	2.50	-	-	-	2.50
	- Rajendra J Sanghavi	37.00	30.00	-	-	-	-	37.00	30.00
	- Rajendra J Sanghvi HUF	-	-	-	-	5.00	-	5.00	-
	- Rekha Tarak Sanghavi	-	-	42.00	-	-	-	42.00	-
	- Tarak J Sanghavi	18.00	-	-	-	-	-	18.00	-
	- Tarak J Sanghavi HUF	-	-	-	-	30.00	-	30.00	-
	- Umesh J Sanghavi	189.50	146.90	-	-	-	-	189.50	146.90
	- Umesh J Sanghvi HUF	-	-	-	-	24.30	22.30	24.30	22.30
	- Vaishali Hemal Sanghavi	-	-	13.50	-	-	-	13.50	-
	- Vasant Polymers & Chemical Pvt L	-	-	-	-	5.50	-	5.50	-
	- Zeki Software Solutions Pvt Ltd	-	-	-	-	20.00	-	20.00	-

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 43 : FINANCIAL INSTRUMENTS

(A) Categories of financial instruments

	(Amount in Lakhs)	
Particulars	As at March 31, 2025	As at March 31, 2024
Financial Assets		
<u>Measured at fair value through Profit & Loss (FVTPL)</u>		
Trade Receivables	62.80	64.71
<u>Measured at fair value through other comprehensive income (FVOCI)</u>		
Investments	0.86	1.10
<u>Measured at amortised cost</u>		
(a) Trade receivables	11,263.71	10,007.55
(b) Cash and cash equivalents	431.87	1,102.90
(c) Bank balances other than above	143.81	108.48
(d) Other financial assets	43.49	51.72
Total Financial assets	11,946.54	11,336.44
Financial Liabilities		
<u>Measured at fair value through Profit & Loss (FVTPL)</u>		
Trade Payables	1,665.97	2,220.28
<u>Measured at amortised cost</u>		
(a) Trade payables	7,095.68	7,053.88
(b) Borrowing	5,644.36	5,072.67
(c) Lease Liabilities	280.73	322.24
(d) Other financial liabilities	2,043.05	1,545.42
Total Financial liabilities	16,729.78	16,214.49

(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

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks : interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, investments, trade payables, trade receivables and derivative financial instruments.

a) Interest Rate Risk

Interest rate risk arises from movements in interest rates which could have effects on the Company's net income or financial position. Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate long term borrowings, as follows:

	(Amount in Lakhs)			
Particulars	Year Ended March 31, 2025		Year Ended March 31, 2024	
	Finance cost increased by 1%	Finance cost decreased by 1%	Finance cost increased by 1%	Finance cost decreased by 1%
Increase/(Decrease) in Profit before tax	(8.12)	8.12	(6.96)	6.96

(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 March 31, 2025	22	19.15	1,657.29
Forward contract to buy USD- as at March 31, 2024	1	8.81	730.82

NIKHIL ADHESIVES LIMITED
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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

Notes to the Standalone Financial Statements (Contd.)

(ii) Exposure in foreign currency -Unhedged

The foreign currency exposure not hedged As at March 31, 2025 and March 31, 2024 are as under:

Particulars	As at March 31, 2025		As at March 31, 2024	
	Amount in foreign currency	Amount in rupees	Amount in foreign currency	Amount in rupees
Payable in foreign currency exposure (USD)	0.34	29.04	17.81	1,485.58

Particulars	As at March 31, 2025		As at March 31, 2024	
	Amount in foreign currency	Amount in rupees	Amount in foreign currency	Amount in rupees
Receivable in foreign currency exposure (USD)	0.73	62.80	0.78	64.71

Foreign currency sensitivity analysis

The Company is mainly exposed to changes in USD exchange rate.

The following table details the Company's sensitivity to a 5% increase and decrease in the ₹ against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for 5% change in foreign currency rates. This analysis assumes that all other variables, in particular interest rates, remain constant. A positive number below indicates an increase in profit before tax or vice-versa.

Particulars	Year Ended March 31, 2025		Year Ended March 31, 2024	
	₹ strengthens by 5%	₹ weakens by 5%	₹ strengthens by 5%	₹ weakens by 5%
Impact on Profit / (loss)				
- Financial Assets	(3.14)	3.14	(3.24)	3.24
- Financial Liabilities	83.30	(83.30)	111.08	(111.08)

(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. The Company enters in to contracts with terms upto 90 days. The Company's philosophy does not permit any speculative calls on the currency. It is driven by conservatism which guides that we follow conventional wisdom by use of Forward contracts in respect of Trade transactions.

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

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

(F) Credit risk management

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, derivative financial 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

Financial Assets / Financial Liabilities	Fair value		Fair value hierarchy	Valuation techniques(s) and key input(s)
	As at March 31, 2025	As at March 31, 2024		
Trade payables (imports)	1,665.97	2,220.28	Level 1	Rate published by FEDAI
Receivables (exports)	62.80	64.71	Level 1	Rate published by FEDAI
Investments	0.86	1.10	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
CIN : L51900MH1986PLC041062

Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 44 : RECONCILIATION OF INCOME TAX

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

(Amount in Lakhs)		
Particulars	As at March 31, 2025	As at March 31, 2024
Profit Before Tax	2,241.82	1,792.71
Income Tax Rate (%)	25.168%	25.168%
Income Tax expense	564.22	451.19
Effect of expenses that are not deductible in determining taxable profit	16.61	18.80
Effect of expenses that are deductible in determining taxable profit	(67.02)	(86.04)
Income considered separately under other head	(1.30)	-
Income taxable under head Capital Gains	0.64	-
Others	1.85	(1.60)
TOTAL	515.00	382.35
Deferred tax	40.87	85.29
Income tax expense recognised in profit or loss	555.87	467.64

Income Tax recognised in Other Comprehensive Income

(Amount in Lakhs)		
Particulars	As at March 31, 2025	As at March 31, 2024
Tax arising on income and expenses recognised in Other Comprehensive Income:		
- income tax (charge)/credit - gain on re-measurement of defined benefit obligation	4.99	0.57
Total Income Tax recognised in Other Comprehensive Income	4.99	0.57

NOTE 45 : 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 April 1, 2024	Cash Flows	Foreign Exchange (gain)/loss (Non-Cash)	As at March 31, 2025
Long term borrowings	2,528.48	(44.99)	-	2,483.49
Short term borrowings	2,544.19	616.69	-	3,160.88
Total liabilities from financing activities	5,072.67	571.70	-	5,644.36

(Amount in Lakhs)				
Particulars	As at April 1, 2023	Cash Flows	Foreign Exchange (gain)/loss (Non-Cash)	As at March 31, 2024
Long term borrowings	1,591.03	937.45	-	2,528.48
Short term borrowings	1,576.53	967.66	-	2,544.19
Total liabilities from financing activities	3,167.56	1,905.11	-	5,072.67

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 46 : CORPORATE SOCIAL RESPONSIBILITY

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

(Amount in Lakhs)			
Sr No.	Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
1	Gross Amount required to be spent by the company during the year:	50.25	52.42
Less:	Set off of excess expenditure of previous Financial Year	-	-
	Net amount required to be spent by the company during the year	50.25	52.42
2	Amount spent during the year		
	Amount spent on Other than Ongoing Project during the year	45.00	16.03
	Amount spent on ongoing project during the year	-	4.17
	Amount provided for on-going project	-	30.13
	Amount paid against shortfall of previous year	2.08	-
3	Shortfall/(Excess) at the end of the year #	5.25	2.08
4	Reason for shortfall	For FY 2024-25, the Company has contributed before 31-03-2025 its CSR obligation to an intermediary agent (IA). However, the IA has not utilised such contribution before 31-03-2025.	For FY 2023-24, the Company has contributed before 31-03-2024 its CSR obligation to an intermediary agent (IA). However, the IA has not utilised such contribution before 31-03-2024.
5	Nature of CSR activities	Purchase of Machinery and equipments for use in Hospital	Eradicating hunger, promoting health care, Research Project, promoting special education among differently abled children
6	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
7	Amount of expenditure incurred on :		
	(i) Construction/acquisition of any asset	45.00	-
	(ii) On purposes other than (i) above	-	50.33

The Company shall transfer the unspent amount of Rs. 5.25 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 2024-25 as permitted under the second proviso to sub-section (5) of section 135 of the Act.

Details of Unspent amount under Section 135(5) of Companies Act 2013 in respect of other than on-going project for year ended March 31, 2025

(Amount in Lakhs)				
Opening balance as on April 01, 2024	Amount deposited in Specified Fund of Schedule VII within 6 months	Amount required to be spent during the year towards other than on going project	Amount spent during the year	Closing Balance as on March 31, 2025
2.08	2.08	50.25	45.00	5.25

The Company shall transfer the unspent amount of Rs. 5.25 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 2024-25 as permitted under the second proviso to sub-section (5) of section 135 of the Act.

Details of Unspent amount under Section 135(6) of Companies Act 2013 in respect of ongoing project for the year ended March 31, 2025

(Amount in Lakhs)						
Opening balance as on		Amount required to be spent during the year towards ongoing project	Amount spent during the year		Closing Balance as on	
With Company	In separate CSR Unspent A/c		From Company's bank A/c	From separate CSR unspent A/c	With Company	In separate CSR Unspent A/c #
30.13	-	30.13	-	19.27	10.86	-

The Company has transferred an amount of Rs. 10.86 lakhs to a separate Unspent CSR Account within 30 days from the end of the financial year in accordance with provisions of Section 135(6) of the Companies Act 2013

Details of Unspent amount under Section 135(5) of Companies Act 2013 in respect of other than on-going project for year ended March 31, 2024

(Amount in Lakhs)				
Opening balance as on April 01, 2023	Amount deposited in Specified Fund of Schedule VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance as on March 31, 2024
2.08	2.08	18.12	16.03	2.08

The Company has transferred the unspent amount of Rs. 2.08 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 previous financial year i.e FY 2023-24 as permitted under the second proviso to sub-section (5) of section 135 of the Act.

Details of Unspent amount under Section 135(6) of Companies Act 2013 in respect of ongoing project for the year ended March 31, 2024

(Amount in Lakhs)						
Opening balance as on April 1, 2023		Amount required to be spent during the year	Amount spent during the year		Closing Balance as on	
With Company	In separate CSR Unspent A/c		From Company's bank A/c	From separate CSR unspent A/c	With Company	In separate CSR Unspent A/c
-	-	34.30	4.17	-	30.13	-

The Company has transferred an amount of Rs. 30.13 lakhs to a separate Unspent CSR Account within 30 days from the end of the financial year in accordance with provisions of Section 135(6) of the Companies Act 2013

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 47 (A) : ADDITIONAL REGULATORY INFORMATION

Ratios

Sr no	Ratio	Numerator	Denominator	As at March 31, 2025	As at March 31, 2024	% of variance	Reason for variance
1	Current Ratio (in times)	Current Assets	Current Liabilities	1.44	1.37	4.83%	
2	Debt-equity ratio (in times)	Total Debt	Shareholder's Equity	0.44	0.45	(1.98)%	
3	Debt service coverage ratio (in times)	Earnings available for Debt Service	Debt Service	1.44	1.19	20.93%	
4	Return on equity ratio (%)	Net Profit after taxes - Preference Dividend	Average Shareholder's Equity	13.83	12.29	12.56%	
5	Trade receivables turnover ratio (in times)	Net Credit Sales	Average Trade Receivables	5.46	5.35	2.14%	
6	Trade payables turnover ratio (in times)	Net Credit Purchases	Average Trade Payables	5.24	4.25	23.45%	
7	Net capital turnover ratio (in times)	Revenue from Operations	Average Working Capital	9.46	11.48	(17.53)%	
8	Net profit ratio (%)	Profit for the year	Revenue from Operations	2.88	2.35	22.80%	
9	Return on capital employed (%)	Earnings before interest and taxes	Capital Employed	16.34	15.07	8.42%	
10	Inventory turnover ratio (in times)	Cost of Goods Sold	Average Inventory	5.62	5.77	(2.67)%	
11	Return on investment	Income during the year	Time weighted average of investment	NA	NA	NA	

*EBITDA - Earnings before interest tax depreciation and ammortisation

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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

NOTE 47 (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 differences between quarterly returns filed with banks and the books of account are set out as below:

(Amount in Lakhs)

Quarter ended	Name of the Bank	Nature of Current Assets offered as Security	Amount disclosed as per Quarterly Statements	As per books of account	Difference	Reasons for difference
Q1 June 30, 2024	Bank Of India & Consortium of Banks	A. Inventory B. Trade Receivables - (Outstanding upto 90 days)	19,084.49	19,103.20	(18.71)	Refer Reason 1 & 2
Q2 Sept 30, 2024			17,416.61	18,223.66	(807.05)	
Q3 Dec 31, 2024			15,653.24	16,214.06	(560.82)	
Q4 March 31, 2025			19,245.36	18,965.07	280.29	

Reason 1

Certain sale invoices that were already discounted, were not included in the statements of trade receivables submitted to the bank as such invoices were ineligible to be again offered as security. However, such invoices continued to be reflected in the books of account (unaudited for Q1, Q2 and Q3) in accordance with the applicable Indian accounting standards. This has resulted in the value of trade receivables appearing higher in the books as compared to the quarterly returns.

Reason 2

Due to transactions of sale and purchase with the same party, these reflect both with debit and credit balances. In the quarterly statement submitted to the bank, these have been reflected on gross basis (i.e. without deducting credit balances). However, in the books of account (unaudited for Q1, Q2 and Q3) such balances have been netted off.

- (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. However, there has been a delay in filing the modification of charge with the Registrar of Companies beyond the prescribed time limit.
- (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
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Notes to the Standalone Financial Statements for the Year Ended 31 March, 2025

Note 48 : The Board of Directors have recommended a payment of final dividend of Rs. 0.22/- (Twenty two paise only) per equity share of face value of Re.1/- each for the financial year ended March 31, 2025.

Note 49 : The figures for the previous year have been regrouped or rearranged wherever necessary.

Note 50 : Figures have been rounded off to nearest lakhs.

Note 51 : The financial statements of the Company for the year ended March 31, 2025 were approved for issue by the Board of Directors at their meeting held on May 21, 2025.

As per our attached report of even date

For and on behalf of the Board of Directors

For Jay Shah & Associates

Chartered Accountants
Firm Registration No. 135424W

CA Jay A. Shah

(Proprietor)

Membership No.: 134334

Place : Dahej

Date : May 21, 2025

Umesh J. Sanghavi

(Managing Director)
DIN : 00491220

Tarak J. Sanghavi

(Whole-time Director)
DIN : 00519403

Anita U. Sanghavi

(Chief Financial Officer)
Dahej, May 21, 2025

Rajendra J. Sanghavi

(Whole-time Director)
DIN : 00245637

S. Venketakrishnan

(Independent Director)
DIN : 10162796

Beena Khandelwal

(Company Secretary)
M. No. A69067

Note

WAREHOUSES

Depots, Technology Center & Manufacturing Plants all over India

 22+ Depots (Warehouses)

 Technology Center

Turbhe (Navi Mumbai)

 Corporate Office

Andheri (Mumbai)



 05 Manufacturing Plants

Dahanu

Silvassa

Dahej

Mehatpur

Tumkur

Agra

Ahmedabad

Bhubaneshwar

Bangalore

Coimbatore

Deharadun

Delhi

Gaziabad

Hyderabad

Indore

Jaipur

Kolkata

Lucknow

Ludhiana

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