September 02, 2022

To,
National Stock Exchange of India Ltd
Listing Department
Exchange Plaza, C/1, G block,
Bandra-Kurla Complex, Bandra (E)
Mumbai 400051.
Scrip ID – HPAL

To,
BSE Limited
Listing Department
1st Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001.
Scrip Code – 543433

Sub: Notice of 3rd Annual General Meeting ('AGM') and Annual Report for the FY 2021-22.

Dear Sir/Madam,

Please be informed that the 3rd AGM of the Company is scheduled to be held on Tuesday, September 27, 2022 at 03:00 P.M. IST through Video Conference (VC)/Other Audio Visual Means (OAVM), in accordance with the relevant circulars issued by the Ministry of Corporate Affairs, Government of India and Securities and Exchange Board of India.

In compliance with relevant circulars, the Annual Report for the FY 2021-22 comprising of notice of 3rd AGM is sent today i.e. September 02, 2022 to all the members of the Company whose email addresses are registered with their Depository Participant (DP)/ Registrar and Share Transfer Agent (RTA).

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Notice convening the 3rd AGM and the Annual Report for the financial year 2021-22.

The same can also be accessed on the website of the Company at: https://www.hpadhesives.com/for-investors/#1658904542515-074002e9-cc7f

This is for your information and appropriate dissemination.

Thanking you,
For **HP Adhesives Limited**

Jyoti Chawda
Company Secretary

HP ADHESIVES LTD.

HP ADHESIVES LIMITED

EXPANDING CAPABILITIES ENSURING GROWTH

Annual Report 2021-22

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Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward- looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes. Some of the images used in this report are purely for illustrative purposes only and hence they are not the photos/ images of our facilities, products or of any such nature/kind.

EXPANDING CAPABILITIES ENSURING GROWTH

Having a clear strategic intent and readiness in capabilities with a focus on quality and customer service is essential to ensure year-on-year growth. At HP adhesives, we are expanding our capabilities through a combination of widening product portfolio, growing distribution capabilities, enhancing manufacturing infrastructure and strengthening our human talent.

EXPANDING CAPABILITIES ENSURING GROWTH

Increasing product Capabilities

The company from its existing unit manufactures a wide range of consumer adhesives and sealants such as PVC, cPVC, and uPVC solvent cement, synthetic rubber adhesive, PVA adhesives, silicone sealant. Over the years the company has consistently increased the number of products as well as SKUs.

Identifying and developing new products and product categories is a continuous exercise that the management engages in as we believe that the market opportunity is immense for high-quality, competitively priced products in India and abroad. The new manufacturing facility being developed will help the company to further expand manufacturing of the existing product volumes as well as introduce new products from time to time with the help of the company's R&D.

Solvent Cement

Silicone Sealant

Contact Adhesive

PVA / White Glue

More details on page 12

Strengthening Distribution/ Market Capabilities

Our distribution network and infrastructure comprise of 4 depots located strategically across India catering to more than 1100 distributors across India as well as to several plastic pipe companies. Company also exports to distributors and customers in more than 20 countries. Team of sales coordinators and sales managers work in-tune to cater to our customers efficiently on daily basis. We increase our distributor base year-on-year to enhance region-wise penetration in all markets. Going forward, Company sees good potential in the exports market also for which necessary plans are being formulated.

States and UTs

25+

Number of Customers

1100+

More details on page 13

Enhancing Manufacturing Capabilities

The company's state-of-the-art manufacturing facility is located at Narangi, Raigad (Maharashtra) is a multi-product manufacturing facility with an import /export advantage through its proximity to JNPT Port. Further, the company is increasing its production capacity. company's expansion project is under construction at the same location, adjacent to the current manufacturing plant. New manufacturing unit will house Silicone sealant, PVA adhesives and Rubber adhesives manufacturing and packing lines. Existing unit will then house the solvent cement production lines.

More details on page 14 & 15

Enhancing Brand Presence

Company has over the years established strong brand presence for its solvent cement business under two brands – HP and Strongweld. This brand presence has been strengthened by way of consistently supplying high quality products to meet customers' demands. Building on that, Company has launched new product categories in the last few years viz. silicone sealants, PVA adhesives and Rubber adhesives under a 'Strong' prefix – 'Strongseal' for Silicone sealants, 'Strongfix' for PVA adhesives and Rubber adhesives.

This has helped the customer community to connect instantly with HP Adhesives and that further establishes brand comfort in the minds of the customers. Following the same philosophy of supplying high quality products to its customers even in these new categories, Company's image is further enhanced in the market.

Strengthening Human Capital

At HP we put our people before everything else and we are what we are today because of our people and their efforts over the years.

Our biggest investment over the years have been on our Human Capital and it has been a relationship that has been built on the foundations of strong values, transparency, trust and sincerity.

HP's workforce has grown over 5x in the last decade and almost 5x increase in sales team in last 4 years. This increase in sales team has started delivering results which is reflecting in our sales growth.

Company's performance during and post the pandemic has only reinforced our faith in our people culture and we intend to continue doing the best for them in terms of work environment, facilities, compensation, health and safety, training, rewards and recognition. We at HP know and believe that this is the only way we can get closer and go beyond our vision and mission.

The next few quarters will see further addition to our team so we are well resourced across all departments to service the forecasted growth and the new product launches.

No. of employees as on 31 March, 2022

384

HP ADHESIVES AT A GLANCE

We are one of the fast growing, multi-product category adhesives and sealants company. We have a wide product portfolio of solvent cement adhesives, silicone sealants, PVA adhesives, synthetic rubber adhesives and other ancillary products catering to distributors and customers across India and in exports market. State of the art manufacturing facility in western India with strategically located sales depots across India enables us to consistently provide high quality products to our customers.

Total Income

₹ **16,743** Lakhs

+35% YoY

Product categories

6

Installed capacity

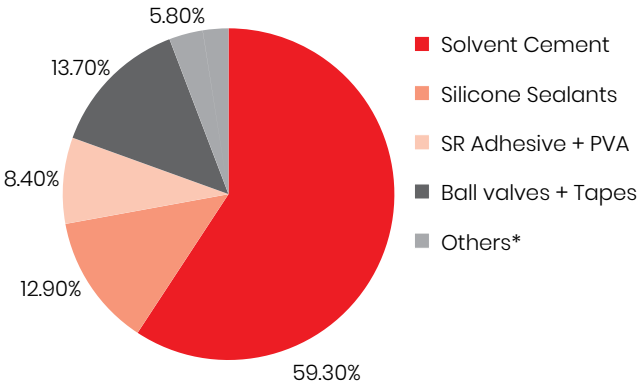
~9,000

MTPA equivalent

Domestic distributors

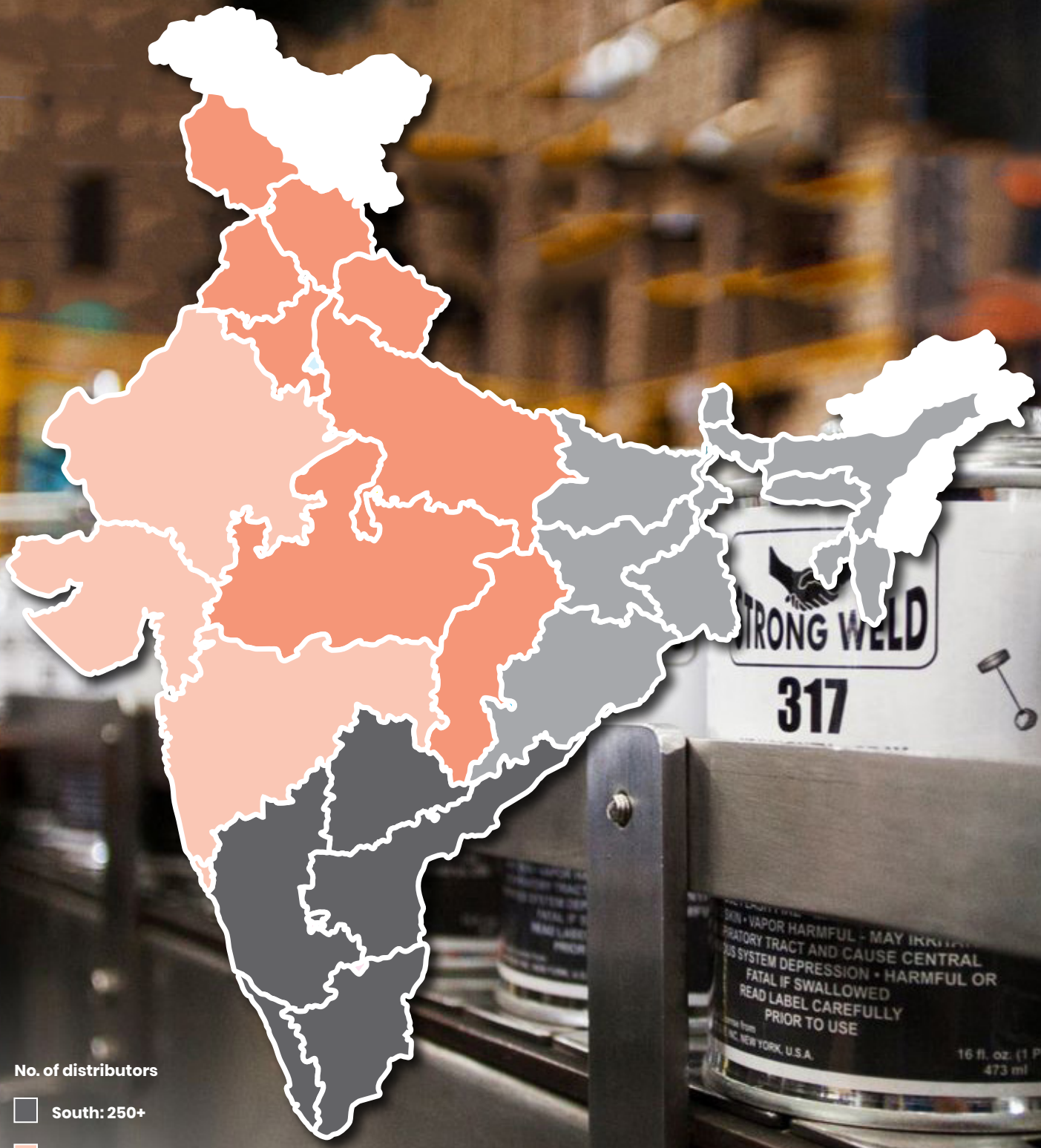
1100+

Product Wise Revenue Break-Up FY22 (%)



**Others includes Contribution from Discontinued FRP Segment*

GEOGRAPHICAL FOOTPRINT



Domestic Sales States & UTs (FY22)

FINANCIAL HIGHLIGHTS

Revenue

(₹ in lakhs)

FY22	**16,459.89**
FY21	11,816.16
FY20	9,547.93
FY19	8,741.75

EBITDA

(₹ in lakhs)

FY22	**1,412.66**
FY21	1,768.67
FY20	691.95
FY20	870.09

PAT

(₹ in lakhs)

FY22	**600.65**
FY21	1,005.97
FY20	-467.05*
FY19	400.07

Networth

(₹ in lakhs)

FY22	**13,733.93**
FY21	1,265.90
FY20	248.43
FY19	1,466.23

Debt-equity ratio

FY22	**0.10**
FY21	3.33
FY20	13.93
FY19	1.61

Net working capital^

(As % of sales)

FY22	**25.2**
FY21	24.9
FY20	24.1
FY19	25.6

*Loss in FY20 on account of exceptional item
^Net working capital = Inventory + Trade receivables - Trade payables

STRATEGIC MILESTONES

1987
Partnership Firm in the name and style of H.P. International founded

1988
Established manufacturing plant in Andheri East, Mumbai

2004
Shifted our manufacturing facility to Village Padghavalli, Raigad, Maharashtra for manufacturing of solvent cements

2007
Mr. Karan Haresh Motwani, our MD, admitted as a Partner to the partnership firm, M/s. H.P. International

2011
Received NSF International Certification for manufacturing solvent cements

2012
Shifted our manufacturing facility to Village Narangi, Raigad, Maharashtra (existing unit)

2016
Crossed INR 50 crore annual revenue for the first time

2018
Commenced manufacturing synthetic rubber adhesives and PVA adhesives

2019
Commenced manufacturing of silicone sealants

2019
Commenced construction work in full swing for the new unit at adjacent plot

2021
Crossed INR 100 cr annual Revenue for the first time

2021
Successfully raised INR 125.96 crores by way of IPO in Dec-21

MESSAGE FROM THE CHAIRPERSON

We would continue to be customer-centric by supplying consistent high-quality products and fairness & integrity will continue to be embedded in all our business functions.

Mrs. Anjana Motwani
Chairperson and Executive Director

Dear Shareholders,

As Chairperson of the board of directors and in personal capacity, I am extremely delighted to deliver my first address to the shareholders after our listing in December 2021. The ceremonial bell which rang during our listing ceremony on 27th December 2021 was indeed a confirmation of our resolute to expand our capabilities and ensure growth. Let me begin by sharing how this journey started. My husband Mr Haresh Motwani, used to often travel abroad. During one of his trips, a customer wanted solvent cement, a product not known to many in India those days. Haresh and I had no previous exposure to the chemical industry. But as destiny would have it, a friend promised to provide the know-how to manufacture the same. We started in a 300 sq. ft garage, and today we manufacture out of a large manufacturing facility spread over 40,000+ sq. ft. of built up area in Khopoli and adding more than the equivalent area which is nearing completion. We started with 3 employees and today have close to 400 employees. We manufactured 400 litres per month initially but now with several lakh litres of monthly production, I believe these achievements are outcomes of sticking to our strategies and relentlessly persuing our plans as well as the support we received. Our family stood by us while persuing our dreams. Our employees shared our values and vision and delivered results, vendors and suppliers helped us to co-create value, and last but not least our customers accepted our products.

We would continue to be customer-centric by supplying consistent high-quality products and fairness & integrity will continue to be embedded in all our business functions. Our values to be transparent with stakeholders and our mission to give quality products to our customers are the key ingredients for sustaining our growth. Going ahead, I am very positive about the endless opportunities that we can tap due to the capabilities that we are developing and the business model we are perusing,

I take this opportunity to thank our investors, customers, employees, banks and regulatory bodies for their support and guidance.

We would keep updating you on all our operational initiatives and outcomes – stay connected.

Regards

Anjana Motwani
Chairperson and Executive Director

OUR VISION AND VALUES

Vision

To be a leading Interior and Exterior solutions Company

Mission

Keep providing innovative and high quality products, encouraging environment and sustainable returns to our internal as well as external stakeholders

Values

Integrity - We follow our ingrained moral principles of honesty and Integrity at every step.

Frugal - We follow a frugal mindset during our decision-making process.

Customer Centric - We give utmost priority to our customers across the globe by delivering value for money and best quality

REVIEW BY THE MANAGING DIRECTOR

Construction work of our new factory unit which is nearing completion is enabling us to be future ready

Karan Motwani
Managing Director

Dear Shareholders,

I am pleased to present the Annual Report for 2021-22. At the outset, I would like to thank all the shareholders for the trust in us and our business which will motivate us to work harder to achieve our long-term strategic objectives and in the process create value for all our shareholders.

FY22 was one of the toughest years as the initial months witnessed the second wave of covid-19 which impacted innumerable lives and subsequently triggered unabated inflation and supply chain disruptions. These external disruptions did impact our business operations. However, our team has done well to navigate the company through this uncertain environment with a clear focus on sustaining our growth.

We are expanding our capabilities by working towards

Increasing our distribution network by penetrating deeper into existing cities and towns as well as identifying and appointing distributors in areas where we are not present is one of our strategic priority. This has been an ongoing focus area for the last several years which has enabled us to reach where we are today and I can see further scope to expand our network for many years to come.

Construction work of our new factory unit which is nearing completion is enabling us to be future ready. Manufacturing equipments along with filling lines and packaging lines are modular and hence we will be able to ramp up production capacity regularly to meet the increasing demand. Along with increasing our manufacturing capacities, storage capacity and material flow will be further streamlined leading to increased operational efficiencies.

We are strengthening our product portfolio by continuing to invest in categories like silicone sealants which are showing excellent traction in just 3 years. We are also working on developing new product category viz. epoxy adhesives which we will be launching soon. Offering a wide product portfolio to our distributor network has multiple benefits like widening the size of our addressable market opportunity, improving the productivity of our sales person and increasing revenue from distributors

Capital raised by way of IPO has strengthened our balance sheet and given us complete visibility to fund our growth plans for the foreseeable future. And with that increased scale of operations, I can

see the Company in a vantage position to tap the opportunities.

On Financial Performance

Our financial performance in the last year has been a mixed bag – though our revenues have grown as per expectation, profitability was impacted significantly due to covid-19 pandemic and the unprecedented inflation and supply chain disruptions which led to spiraling raw material prices, for eg: some of the key RMs have seen an increase in prices from anywhere between 100% to more than 300% in last 12 months.

And as your Company's products are sold in the retail market through a distributor network, pass-through of prices is not immediate and of course not possible to pass through the entire quantum of input price rise. However, to mitigate this impact, your Company has taken several steps including calibrated price increases across the product portfolio (which were effective Jun-22), improving efficiencies internally by re-looking at the entire procurement and manufacturing processes, and strengthening budgetary controls. I am sure that in the coming months, these steps will start showing results and I am confident about the long-term growth prospects of the business with sustained profitability while we continue to invest in our future.

Looking forward, I am confident that the base that we have built over the last many years along with the plans that we have for the coming years will ensure that we can tap the opportunities that are unfolding in front of us which would lead to continuous value creation for all our stakeholders. I am very optimistic about the prospects of India, the adhesives and sealants industry and our Company in particular.

I would like to thank my entire team for the commitment shown and the hard work they have put in during the last 12 challenging months. Also, to respected Board members for constant guidance and support. And once again, thank all the shareholders who have chosen to join us in this growth journey.

With best wishes,

Karan Motwani
Managing Director

Increasing our distribution network by penetrating deeper into existing cities and towns as well as identifying and appointing distributors in areas where we are not present is one of our strategic priority.

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EXPANDING PRODUCT PORTFOLIO

The company commenced its business with one product i.e. PVC, cPVC and uPVC, solvent cement and over the years has been expanding the product portfolio which includes silicone sealants, synthetic rubber adhesives, PVA adhesives and other sealants. Multiple product portfolio and each product with various Stock Keeping Units (SKUs) from 10 ml tubes to 200 litre drums is a key competitive advantage which enables the company to address application across many industries and cross sell to a large number of distributors and through them to retailers and end users.

Solvent Cements	
Number of SKUs >	275+
Applications/ user Industries	PVC pipes and fittings for irrigation, sewage and drainage; cPVC pipes and fittings for hot and cold plumbing system; uPVC pipes and fittings for high pressure plumbing system; Electrical piping system

Sales growth (₹ in lakhs)

FY22	**9,975**
FY21	8,444
FY20	7,012

Silicone Sealants	
Number of SKUs >	15+
Applications/user Industries	Glass and glazing, external weather sealing, general interior sealing, bathroom and sanitary, uPVC door and windows, automobiles, electronic devices, ACP industry

Sales growth (₹ in lakhs)

FY22	**2,171**
FY21	957
FY20	563

PVA Adhesives & Synthetic Rubber Adhesives	
Number of SKUs >	50+
Applications/user Industries	Wood working, furniture, footwear, handicrafts, automotive, PVC flooring, AC ducting, upholstery, foam-mattresses, non-woven and thermal insulation leather

Sales growth (₹ in lakhs)

FY22	**1,405**
FY21	639
FY20	344

Ball Valves & Tapes	
Number of SKUs >	35+
Applications/user Industries	Used in plumbing to seal pipe threads; Masking tapes – painting, carpentry and interior project work to protect expensive materials and surfaces like glass, laminates and others from getting stained.

Sales growth (₹ in lakhs)

FY22	**2,298**
FY21	909
FY20	674

EXPANDING OUR DISTRIBUTION CAPABILITIES

Distribution network

Company has 4 strategically located Depots across India to service more than 1100 distributors across India as well as several domestic pipe companies. Company also caters to distributors and customers in more than 20 countries. Expanding distribution reach is a constant focus area for the Company and it strives to add 150+ distributors every year by increasing penetration across India. Company is also evaluating the need to increase its depot presence in growing regions within the country.

Company is seeing good traction in exports markets - emerging as well as developed markets and will increase its team size to cater to the same.

HP Adhesives

4
depots

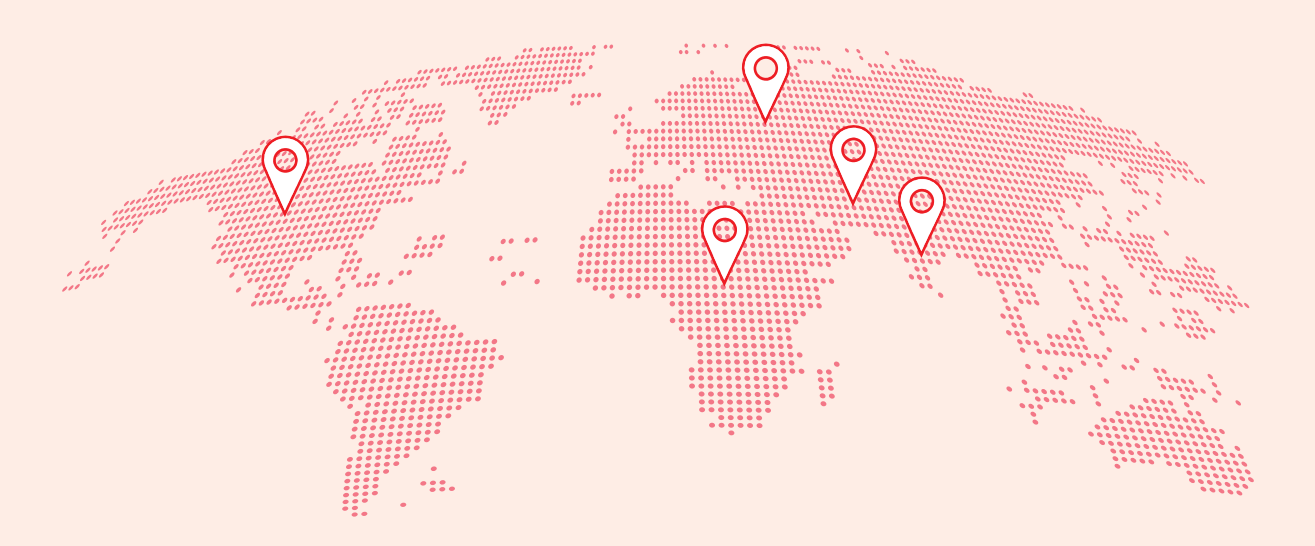
Distributors and OEMs

1100+
In 25+ States & UTs

Export

20
Countries

Global Footprints



MANUFACTURING CAPABILITIES

The company's manufacturing facility is at Raigad near Mumbai that has automated process and scalable infrastructure. The company is in the process of setting up an additional unit adjacent to the existing facility. The facility is just about 110 KMs from JNPT port.

Research & Development

The company has a state-of-the-art R&D facility with an experienced R&D team. The objective of the company R&D is to ensure constant product improvement, cost-effective manufacturing and new and development.

New Manufacturing Unit Under Construction

Certifications

Certificate of Registration

This is to certify that
The Environmental Management System of

HP ADHESIVES LIMITED

Registered Office : G-11, Unique House, Chakala Road, Andheri (E), Mumbai - 400099. Maharashtra, India.
Factory Address : SR No. 7-14, B-II, Narangi Village, Taluka-Khalapur, District-Raigad - 410203. Maharashtra, India.

has been assessed and found to be in accordance with the requirements of the management system standard

ISO 14001:2015

for the following scope :

Manufacturer, Supplier, Trader & Exporter of Solvent Cement, Manhole Covers, Sealants, Adhesives, Glue, Ball Valve and Tapes.

CERTIFICATE NO. : IZQCM2407E

ISSUED DATE : 27/09/2021 | 1ST SURVEILLANCE : 26/08/2022
EXPIRY DATE : 26/09/2024 | 2ND SURVEILLANCE : 26/08/2023

UAF IS MEMBER OF IAF

Managing Director

Certificate of Registration

This is to certify that
Occupational Health & Safety Management System of

HP ADHESIVES LIMITED

Registered Office : G-11, Unique House, Chakala Road, Andheri (E), Mumbai - 400099. Maharashtra, India.
Factory Address : SR No. 7-14, B-II, Narangi Village, Taluka-Khalapur, District-Raigad - 410203. Maharashtra, India.

has been assessed and found to be in accordance with the requirements of the management system standard

ISO 45001:2018

for the following scope :

Manufacturer, Supplier, Trader & Exporter of Solvent Cement, Manhole Covers, Sealants, Adhesives, Glue, Ball Valve and Tapes.

CERTIFICATE NO. : 21ZQCM2408O

ISSUED DATE : 27/09/2021 | 1ST SURVEILLANCE : 26/08/2022
EXPIRY DATE : 26/09/2024 | 2ND SURVEILLANCE : 26/08/2023

UAF IS MEMBER OF IAF

Managing Director

Certificate of Registration

This is to certify that
The Quality Management System of

HP ADHESIVES LIMITED

Registered Office : G-11, Unique House, Chakala Road, Andheri (E), Mumbai - 400099. Maharashtra, India.
Factory Address : SR No. 7-14, B-II, Narangi Village, Taluka-Khalapur, District-Raigad - 410203. Maharashtra, India.

has been assessed and found to be in accordance with the requirements of the management system standard

ISO 9001:2015

for the following scope :

Manufacturer, Supplier, Trader & Exporter of Solvent Cement, Manhole Covers, Sealants, Adhesives, Glue, Ball Valve and Tapes.

CERTIFICATE NO. : 21ZQCM2406Q

ISSUED DATE : 27/09/2021 | 1ST SURVEILLANCE : 26/08/2022
EXPIRY DATE : 26/09/2024 | 2ND SURVEILLANCE : 26/08/2023

UAF IS MEMBER OF IAF

Managing Director

Certificate of Compliance

We hereby declare that the technical file of product compiled with the requirement of directives
Construction Directive 89/106/EEC

Applicants
Name : HP ADHESIVES LIMITED
Address : 11, UNIQUE HOUSE, CHAKALA ROAD, ANDHERI EAST, MUMBAI SUBURBAN, MAHARASHTRA, 400099, INDIA

Product : CONSTRUCTION SEALANTS, SILICONE SEALANTS, ADHESIVES.

Complies with the requirements applicable to it

The Certification Body has performed an audit of the above product quality system covering the design, manufacture and final inspection of the certified product. The quality system has been assessed, approved and is subject to continuous surveillance according to the directives Construction Directive 89/106/EEC

This certificate is issued under the following conditions:

It applies only to the quality system maintained in the manufacture of above referenced models and it does not substitute the design or type-examination procedures, if required.

1. The certificate remains valid until the manufacturing conditions or the quality systems are changed.
2. The certificate validity is conditioned by positive results or surveillance audits.
3. After fulfilling the relevant EU legislation, the manufacturer shall affix to each device, of the above referenced models.
4. The CE mark as shown above can be used, under the responsibility of the manufacturer, after completion of an EC Declaration of conformity and compliance with all relevant EC Directives. The statement is based on a single evaluation of one sample of above mentioned product. It does not imply an assessment of the whole production.

Certificate No. QVA-SLHV-22-2714017

Certificate can be verified at www.gaafs.us

Date of Certification	27TH JULY 2022
1st Surveillance Due	26TH JULY 2023
2nd Surveillance Due	26TH JULY 2024
Certificate Expiry (Subject to the company maintaining its system To the required standard)	26TH JULY 2025

Registered

Authorized Signatory

CE

QVA Certification
CAB Address : Maryland Avenue, SW Washington, D.C. 20202
Validity of this certificate is subject to annual surveillance audits to be done successfully
This certificate is the property of QVA Certification and shall be returned immediately on request
QVA Certification is an Independent Systems Products and Personal assessment Body, QVA Certification is a accredited by GAAFS.US

NSF International
789 N. Dixboro Road, Ann Arbor, MI 48105 USA

RECOGNIZES

HP Adhesives Ltd.
Facility: Maharashtra, India

AS COMPLYING WITH NSF/ANSI 14 AND ALL APPLICABLE REQUIREMENTS.
PRODUCTS APPEARING IN THE NSF OFFICIAL LISTING ARE
AUTHORIZED TO BEAR THE NSF MARK.

NSF

August 17, 2021
Certificate# C0052209 - 03

David Purkiss
Vice President, Global Water Division

Certificate of Compliance

RoHS Directive (2011/65/EU) of the European Parliament and of the Council on the restriction of use of certain Hazardous Substances in Electrical and Electronic Equipments

Certificate No. QVA-SLHV-22-2714016

Name : HP ADHESIVES LIMITED
Address : 11, UNIQUE HOUSE, CHAKALA ROAD, ANDHERI EAST, MUMBAI SUBURBAN, MAHARASHTRA, 400099, INDIA
Product : CONSTRUCTION SEALANTS, SILICONE SEALANTS, ADHESIVES

This is to state that the above mentioned products is in compliance with RoHS Directive (2011/65/EC) of the European Parliament and Commission Directive 2005/618/EC on the restriction of use of certain Hazardous Substances (Lead (Pb), Mercury (Hg), Cadmium (Cd), Hexavalent Chromium (Cr6+), Polybrominated biphenyls (PBBs) and Polybrominated diphenyl ethers (PBDEs)) in Electrical and Electronic Equipments. Statement.

This certificate declares that the product type/model described above complies with the mentioned above European standard(s).

Remarks:

This certificate of complies is based on the evaluation of a sample of the above mentioned products. It does not imply assessment of the mass-production of the product. This certificate holder may use this certificate in connection with the test certification body should be informed by notion of technical file for any modification or alterations made to the aforementioned product type(s), including design and manufacture and/or extension to the existing scope of application.

The certificate is valid for three years if the company applies the technical construction file which has been stored QVA office. This certificate includes declaration of manufacturer.

Certificate remains property of QVA to whom it must be returned upon request. The certificate validity is conditioned by positive results or surveillance audits.

Validity of this certificate can be verified at www.gaafs.us

Date of Certification	27TH JULY 2022
1st Surveillance Due	26TH JULY 2023
2nd Surveillance Due	26TH JULY 2024
Certificate Expiry (Subject to the company maintaining its system To the required standard)	26TH JULY 2025

Registered

Authorized Signatory

RoHS compliant

QVA Certification
CAB Address : Maryland Avenue, SW Washington, D.C. 20202
Validity of this certificate is subject to annual surveillance audits to be done successfully
This certificate is the property of QVA Certification and shall be returned immediately on request
QVA Certification is an Independent Systems Products and Personal assessment Body, QVA Certification is a accredited by GAAFS.US

BOARD OF DIRECTORS

Mrs. Anjana Motwani
Executive Director / Chairperson

Anjana Haresh Motwani, with over 40 years of experience in the adhesive industry, currently designated as the Executive Director and Chairperson of our Company. She holds a bachelors' degree in Arts (Special) and diploma in Administrative Management from University of Bombay and a diploma in Export Business Management from Indian International Trade Center, Bombay. In 1979, she founded M/s. Hindustan Plastics, sole proprietorship concern, for manufacturing solvent cement. Subsequently, she was admitted as a partner to M/s. HP International in 2001. Post 2007, she has been leading the operations of M/s. HP International. She has been instrumental in the growth and development of our Company.

Mr. Karan Haresh Motwani
Managing Director

Karan Haresh Motwani currently holds the position of Managing Director of our Company. He has completed Bachelor of Management Studies from Narsee Monjee Institute of Management Studies, Mumbai and the Post Graduate Programme in Management from S.P. Jain Institute of Management & Research, Mumbai. He was admitted to the partnership M/s. HP International in 2007 and has since played a key role in growing the business including introducing new products and expansion of distribution network. He plays a crucial role in devising our growth strategy and executing our vision.

Ms. Nidhi Haresh Motwani
Executive Director

Ms. Nidhi Motwani currently holds the position of Executive Director of our Company and she is associated with HP Adhesives since 2016. She has completed Bachelor of Business Administration from Narsee Monjee Institute of Management Studies, Mumbai, and Masters of Global Business from S P Jain School of Global Management. At HP Adhesives Limited, Nidhi leads the complete execution of the organisational strategy across levels primarily focusing on operations, new projects, and growth of new product categories. In the last five years, under her leadership, the organisation has experienced a significant increase in output capacity as well as consistent efficiency in production. She has been instrumental in launching and showing manifold growth of new products – Silicone sealants, PVA adhesives and Rubber adhesives.

Mr. Rajendra Kumar Jain
Independent Director

Rajendra Kumar Jain is a Non-executive and Independent Director of our Company. He holds a bachelor's degree in commerce from Rajasthan University and a master's degree in commerce (specializing in business administration) from Maharshi Dayanand Saraswati University, Ajmer. He is a fellow member of The Institute of Company Secretaries of India. He also holds law degree from University of Ajmer. Presently, he is acting as the Secretary General of Mewar Chamber of Commerce & Industry since 2017 (a recognized divisional chamber of south Rajasthan). He has over 17 years of experience as a practicing company secretary. He is a director on our Board since July 05, 2021.

Mr. Surendra Kumar Mehta
Independent Director

Surendra Kumar Mehta is a Non-executive and Independent Director of our Company. He is a qualified chartered accountant and company secretary. He has over three decades of cross-functional experience in manufacturing, service and IT industry. He has served as an Arbitrator on the Arbitration Panel of BSE Limited. He has worked with ACC Limited as Head – Business Excellence, iGATE as Vice President – Finance, IGE (India) Limited as Chief Financial Officer and Company Secretary, Gontermann Peipers India Limited as General Manager – Projects. He has been a director on our Board since June 23, 2021.

Mr. Ajeet Anant Walavalkar
Independent Director

Ajeet Anant Walavalkar is a Non-executive and Independent Director of our Company. He holds a bachelor's degree in engineering of electrical from University of Poona. Previously he was an Executive Director with Morris Line Engineering and before that was COO of Bahwan Engineering Group, Oman. He spent 36 years with USD 5 bn Bahwan Group in various positions. He has got rich experience in International Trade and Corporate development. He has been a director on our Board since July 05, 2021.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mrs. Anjana Haresh Motwani
Chairman & Executive Director

Mr. Karan Haresh Motwani
Managing Director

Mrs. Nidhi Haresh Motwani
Executive Director

Mr. Surendra Kumar Mehta
Independent Director

Mr. Rajendra Kumar Jain
Independent Director

Mr. Ajeet Anant Walavalkar
Independent Director

CHIEF FINANCIAL OFFICER

Mr. Mihir Suresh Shah

COMPANY SECRETARY

Mrs. Jyoti Nikunj Chawda

STATUTORY AUDITORS

M/s. Priya Choudhary & Associates, LLP
Chartered Accountants
Branch Office: Andheri East, Mumbai 400059.
Registered Office: Bhilwara, Rajasthan 311001.

BANKERS

IndusInd Bank Limited
ICICI Bank

REGISTERED OFFICE

11, Unique House, Chakala Cross Road,
Andheri East, Mumbai 400 099.

CORPORATE OFFICE

Business Square, C-501,
Sir Mathuradas Vasanji Road,
Andheri East, Mumbai 400053.
Phone : 022 – 6819 6300
Website : www.hpadhesives.com
Email : investors@hpadhesives.com

PLANT

Survey No. 7, Village Narangi,
Tal. Khalapur, Dist. Raigad, Maharashtra.

AUDIT COMMITTEE

Mr. Surendra Kumar Mehta	Chairman
Mr. Rajendra Kumar Jain	Member
Mr. Karan Haresh Motwani	Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Surendra Kumar Mehta	Chairman
Mr. Rajendra Kumar Jain	Member
Mr. Ajeet Anant Walavalkar	Member

NOMINATION & REMUNERATION COMMITTEE

Mr. Surendra Kumar Mehta	Chairman
Mr. Rajendra Kumar Jain	Member
Mr. Ajeet Anant Walavalkar	Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mrs. Anjana Haresh Motwani	Chairman
Mr. Ajeet Anant Walavalkar	Member
Mr. Karan Haresh Motwani	Member

INITIAL PUBLIC OFFER COMMITTEE

Mr. Rajendra Kumar Jain	Chairman
Mrs. Anjana Haresh Motwani	Member
Mr. Karan Haresh Motwani	Member

REGISTRAR AND SHARE TRANSFER AGENT

M/s. Bigshare Services Private Limited
Office No. S6-2, 6th Floor, Pinnacle Business Park,
Next to Ahura Centre, Mahakali Caves Road,
Andheri (East) Mumbai 400093.
Phone : 022 – 6263 8200
Email : investor@bigshareonline.com
Website: www.bigshareonline.com

MANAGEMENT DISCUSSION & ANALYSIS

World economy

The world economy faced multiple challenges in the calendar year 2021 and the six months of 2022 so far. The year 2020 was dotted with the news of COVID-19 break-out, its spread, then lock-outs and safety distances to contain the infection. The following year 2021 was filled with positive news about the development of vaccines and administering them to people across the countries. In the second half of 2021, the new variant, Omicron, became the cause of concern and re-imposition of travel restrictions and other safety measures. In August 2021, the International Monetary Fund approved the allocation of Special Drawing Rights (SDR) worth USD 650 billion to combat the Covid-19 crisis. This provided a lifeline to many low-income countries and relief or comfort to developing and developed countries.

Given these concerns and uncertainties, the IMF added the tagline 'War Sets Back the Global Recovery' to its April 2022 report on World Economic Outlook. The report summarised that the Russia-Ukraine war has triggered a costly humanitarian crisis and a slowdown in global growth in 2022. The slowdown is expected to creep into 2023 as well. Considering the ongoing headwinds against the development prospects, IMF has been repeatedly trimming the projected global growth for 2022 - from 4.9% in October 2021 to 4.4% in January 2022 and then to a paltry 3.6% in April 2022. The latest projected global growth rate of 3.6% is well below 6.1% achieved in 2021, but a shade better than 3.1% in 2020.

Economists have been hoping for an end to the conflict between the two neighbour countries and that more oil will be produced in the Middle East to stabilise the fuel prices so that the global economy returns to normalcy.

Indian economy

Growth

Signalling the full recovery from the pandemic impact, the Indian economy recorded real GDP growth of 8.7% in FY22. Earlier, during FY21, GDP contracted 6.6% due to the impact of COVID-19. Given the low base of FY21, the high growth of 8.7% may be optical. However, we can take comfort that real GDP growth is 1.5% higher than that in FY20, the pre-pandemic year.

Year	Real GDP (Rs. in lakh crores)	Real GDP growth
FY20 Pre-pandemic	145.18	3.7%
FY21 Pandemic	135.58	-6.6%
FY22 Rebound from pandemic	147.36	8.7%

Source: Ministry of Statistics and Policy Implementation

Like many countries around the world, India faces near-term challenges in managing its fiscal deficit, sustaining economic growth, reining in inflation and containing the current account deficit and maintaining a fair value of the Indian currency. However, India is relatively better placed to weather these challenges because of its financial sector stability, robust agricultural output even during the pandemic period and successful vaccination drives. This optimism is also based on the expected normal monsoon in 2022 and policy measures like the Production Linked Incentives (PLI) for green energy, semiconductor, and electric vehicle industries, push for domestic defence supplies, digitization of financial systems, priority given to the creation of infrastructure, etc.

That India is in a sweet spot has been recognised by all global agencies can be seen from the table below:

India's Real GDP growth in 2022-23 as projected by various agencies

Agency	Projected growth in India's Real GDP for FY23
International Monetary Fund	8.2%
World Bank	7.5%
Asia Development Bank	7.5%
Fitch Ratings	8.5%
Reserve Bank of India	7.2%

RBI raising the interest rates to contain inflation

In June 2022, the Reserve Bank of India projected the CPI inflation at 6.7% for 2022-23. This is a bit lower than the inflation of 7.04% in May 2022 and 7.8% in April 2022. India's overall inflation is significantly driven by the imported prices of crude oil and edible oil accounting for 80% and 60% of the consumption respectively. India's ability to import crude oil from Russia despite its conflict with Ukraine and relaxation

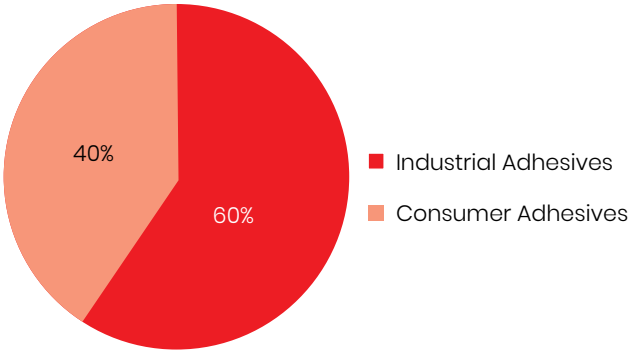
of export controls over palm oil by Indonesia have helped to rein in the inflation to some extent.

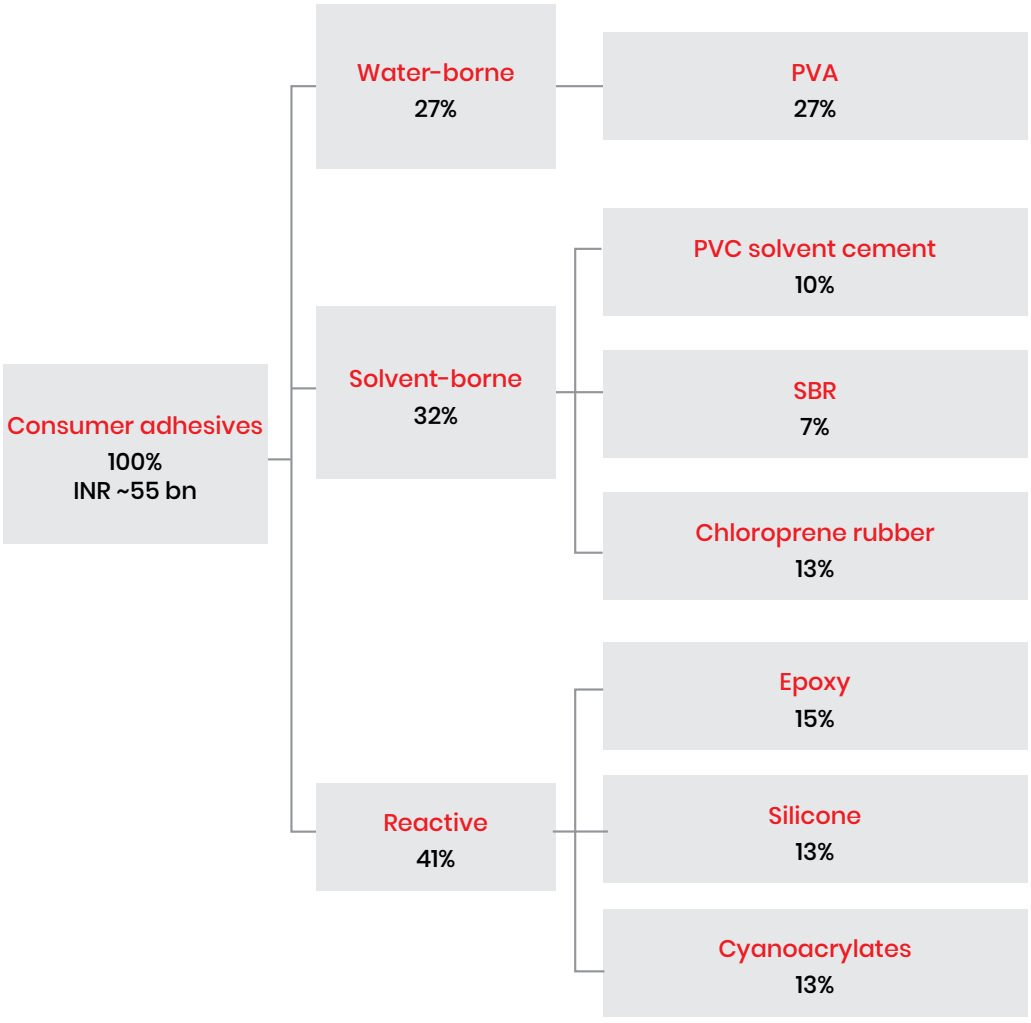
For containing inflation, RBI raised the interest rate by 0.4% in March 2022 and 0.5% in June 2022. A few more rises are not ruled out later.

As stated in the Monthly Economic Review May 2022 of the Department of Economic Affairs, the tightening of interest rates can address inflation only from the demand side; from the supply side, trade disruptions, export bans and the resulting surge in global commodity prices will continue to stoke inflation as long as Russia-Ukraine conflict persists, and global supply chains remain un-repaired.

Overview of India's Adhesives and Sealants Market

Adhesives and sealants, having a market of about ₹ 134 – 136 billion in FY21, can be broadly categorised as Industrial and Consumer & Bazaar. The industrial segment caters to B2B industries such as packaging, footwear, paints, automotive, etc. The Consumer segment caters to industries such as furniture/ woodwork, building construction, arts and craft, electrical fittings, etc. The industrial segment accounts for about 60% of total consumption and the consumer segment the balance 40%.





Key demand drivers

Increasing spending on building construction and home improvement to drive demand for various adhesives categories

Indian economy is witnessing rising disposable incomes, growing urbanisation, rise in building construction, both commercial and residential, and the population's desire for a better standard of living is going up. As a result, demand for key adhesive categories such as silicone sealants, PVA adhesives and contact adhesives, epoxy adhesives, etc. would continue to increase. Silicone sealants (having applications in glass façade buildings, interior sealing, etc.), PVA adhesives and Rubber adhesives (applications like wooden furniture, foam and furnishing, etc.) and Epoxy adhesives (having varied applications across various substrates like stone, wood, metal, glass and also in lot of cases, amongst these two substrates together) have tremendous demand potential in the years to come.

Increased demand for PVC and CPVC pipes to drive demand for solvent cement adhesives

PVC pipes are primarily used in irrigation and WSS projects. CPVC pipes are used in plumbing. Major demand sources are public-sector projects undertaken by the Central, state and municipal bodies and growth in building construction to drive demand for CPVC plumbing pipes.

There is increased spending by state governments and municipal corporations to improve accessibility of water for a burgeoning population. Also, there is increasing government thrust on irrigation, urban infrastructure and real estate for which Central government has launched various schemes like PMKSY in the irrigation sector, Jawaharlal Nehru National Urban Renewal Mission (JNNURM), AMRUT, Swachh Bharat Mission and Smart Cities Mission in the urban infrastructure sector, Housing for All scheme in the real estate sector

Additionally, increase in real estate sector investment with construction picking up pace in metros and tier-II and -III cities will boost demand for plumbing pipes and fittings to grow which in-turn will lead to demand for solvent cement adhesives.

Consumer adhesives market growth projected by 2026

CRISIL Research estimated that India's consumer adhesives industry would clock an 8-10% CAGR between fiscals 2022 and 2026 driven by economic recovery and growth in end-user industries.

Segment	CAGR (FY22-26)	Key demand drivers
PVA adhesives	7-9%	Rising wooden furniture market
PVC solvent cement/adhesive	9-11%	Growth in construction, irrigation spending, replacement of metal pipes with PVC pipes
SBR	11-13%	Growth in foams and mattress demand, due to rising demand for furniture
Chloroprene rubber	8-10%	Rising preference in woodworking and foam application
Epoxy adhesives	8-10%	Rising demand due to strong adhesion and a wide range of applications on various surfaces
Cyanoacrylates	7-9%	A wide range of applications in wood, plastic, metal, fabric and ceramics
Silicone	10-12%	Rising construction usage and increasing applications in sanitary fittings repairs
Overall adhesives	**8-10%**	

Our Business

Your Company was originally formed as a partnership firm under the name and style of "H.P. International" on January 01, 1987. It started initially as a trading house which subsequently focussed on manufacturing of PVC solvent cements. The firm was converted into HP Adhesives Private Limited on May 07, 2019 and then converted into a public limited company with the name of our Company changed to HP Adhesives Limited on July 01, 2021.

Your Company manufactures and distributes wide variety of adhesives and sealants for varied applications. These fall under consumer adhesives as its sold through a network of distributors and retailers to applicators like plumbers, carpenters, masons, etc.

Our product portfolio comprises of:

- CPVC, PVC and uPVC solvent cements
- Silicone sealants
- Synthetic rubber adhesives
- PVA adhesives
- Black and white sealants, Pipe lubricant and gasket shellacs
- Ancillary products like ball valves, Teflon tapes and masking tapes

Our depot infrastructure at strategic locations across India supports our sales team in effective distribution of our products. These depots ensure availability as well as timely delivery of products to Company's distributors. Our sales team strength of more than 190 people is located across India.

Review of product categories during FY22

Solvent cement:

Company manufactures and sells range of PVC, cPVC and uPVC solvent cements. Company has a range of almost 300 SKUs – covering various viscosity levels (regular bodied, medium bodied, heavy duty) as well as packaging (from 10 ml tubes to 5 kl cans – highest selling SKUs are 118 ml and 237 ml tins). End-use of these solvent cement also varies viz. PVC solvent cement for irrigation, sewage and drainage, cPVC solvent cements for hot and cold plumbing pipes and fittings and uPVC solvent cements for high pressure pipes and fitting systems. Primer and Cleaner is for all applications of PVC and cPVC pipes and fittings. Company has two brands HP and Strongweld for solvent cements.

Gross Revenues (net of taxes but before ToD and credit notes) from solvent cement has grown to INR 9975 lakhs in FY22 from INR 8444 lakhs in FY21 registering a growth of 18.1%.

PVA adhesives and Rubber adhesives

Company manufactures and sells range of PVA adhesives and Rubber adhesives. PVA adhesives have primary application as woodworking glue whereas Rubber (also known as contact adhesives) have varied applications like woodworking, foam furnishing (for mattresses), automotive, footwear, handicrafts, etc. Company manufactures sprayable as well as brushable rubber adhesives in a wide range of SKUs. In PVA adhesives, Company has a limited range of products currently which will expand in the coming months. PVA adhesives and Rubber adhesives are sold under Strong Fix brand.

PVA adhesives and Rubber adhesives together generated gross revenues of INR 1405 lakhs in FY22 compared to INR 639 lakhs in FY21 which is a growth of 119.9%.

Silicone sealants

Silicone sealants are commonly used to bind or seal surfaces such as plastic, metal and glass together. Being resistant to high temperatures they are commonly used in doors and windows, automobiles,

electronic devices, solar panels, etc. These are widely used in glazing, external weather sealing general interior sealing, bathroom and sanitary, and exterior applications in relation to construction. These sealants have seen rapid growth in terms of applications. Company manufactures and sells these sealants in 260 ml, 280 ml and 300 ml cartridges in various colours. Silicone sealants are sold under Strong Seal brand.

Silicone sealants have registered a growth of 126.8% in FY22 having achieved gross revenues of INR 2171 lakhs in FY22 compared to INR 957 lakhs in FY21.

Ball valves and Tapes (PTFE, Masking)

Company sells Ball valves, PTFE tapes and Masking tapes through its distribution network. Manufacturing of these products is outsourced by Company currently as per Company's specification and its sold to our customers under our brand name. In terms of applications, ball valves and PTFE tapes are sold alongwith solvent cement adhesives at the PVC / cPVC pipes and fittings' counters. Masking tape has application during painting, carpentry and other interior project work to protect expensive materials and surfaces like glass, laminates and others from getting stained.

This achieved gross revenues of INR 2298 lakhs in FY22 compared to INR 909 lakhs in FY21 i.e. growth of 153%.

Others

These include black & white sealants, gasket shellacs, rubber lubricants as well as FRP manhole covers. Company has discontinued the job work and sales of FRP products with effect from September 2021.

Sales of B&W sealants and gasket shellacs have grown by 43.9% in FY22 compared to FY21 however due to discontinuation of FRP products, combined revenue was INR 969 lakhs in FY22 compared to INR 1039 lakhs in FY21.

Break-down of Distribution channels

Distribution network : For the financial year ended on March 31, 2022, our sales to distributors (domestic and exports combined) was INR 12631.98 Lakhs resulting in a share of 75.1% in total revenues compared to INR 8499.60 lakhs in FY21. We have more than 1100 distributors in India which are spread across 23 states and 4 union territories and around 30+ customers in exports market. In the exports market, your Company sold to 20 countries including UAE, Bahrain, Kuwait, Oman, Saudi Arabia, UK, Greece, Nepal, Nigeria, Uganda, Angola, etc. Exports revenues witnessed disruption in FY22 on account of covid challenges as well as irregular availability of container vessels.

Domestic revenue through distribution network has grown on account of increase in number of distributors as well as increasing average revenue per distributor.

Institutional sales to pipe companies : Sales to select PVC and cPVC pipe companies is under a private label strategy which helps us to achieve economies of scale in our production as well as validates our high quality product as these products are sold in the trade market with details of manufacturing under HP Adhesives' label. Company generated gross revenues of INR 4186.96 lakhs in FY22 from sales to pipe companies compared to INR 3488.03 lakhs in FY21.

Going ahead, Company will continue to grow the domestic as well as exports market as there is tremendous potential and at the same time, focus on the institutional sales channel.

Brand building & Marketing

Over last several years, our Company has made consistent efforts to strengthen the brands "Strong Weld", "HP" and now in newer product categories like "Strong Seal" (for silicone sealant) and "Strong Fix" (for PVA and synthetic rubber adhesives) by undertaking several marketing and brand building initiatives. Our Company organises dealer and distributor meets, plumber meets in order to promote the brand. Now with the economy fully opened up, Company will also participate in relevant national and international exhibitions apart from scaling up the intensity of distributor meets as well as plumber meets. Also, incentivising the applicators i.e. plumbers, carpenters, etc. form an integral part of our brand building and marketing activities which Company will continue to do.

Distribution network

As on March 31, 2022, our distribution network and infrastructure comprise 4 depots strategically located across India viz. Delhi, Indore, Bangalore and Kolkatta and distributors located in 23 states and 4 union territories. Finished products are dispatched from our manufacturing facilities to our depots and are subsequently dispatched from our depots to individual distributors.

We have more than 30 international distributors in 20+ countries who take the responsibility of promoting, selling, distributing our products and payment collection

Manufacturing facilities of HP Adhesives

Currently, we operate a single manufacturing facility at Survey no. 7/14, Village Narangi, Taluka Khalapur, District Raigad in Maharashtra which is at a distance of about 80 kms from Mumbai. A new manufacturing facility is under construction at the adjoining plot. Company has already obtained Consent to Operate for the new unit. Company is in the process of commissioning silicone sealants manufacturing section at the new unit very soon and in the coming months, it will also house the rubber adhesives and PVA adhesives manufacturing lines. Once the new manufacturing facility is commissioned fully for all the above mentioned products, existing unit will house the solvent cement manufacturing section.

Quality Control

Company places significant emphasis on quality control. Our quality management system with respect to our manufacturing facility has been certified to conform to ISO 9001:2015 and NSF/ANSI 14 requirements (Company got this certification in 2011 – first Company outside of America to receive this), subject to periodic audits conducted by ISO and NSF.

Initial Public Offer

The Company has completed the Initial Public Offering (IPO) of 45,97,200 Equity Shares of Face Value of ₹ 10 each for cash at a price of ₹ 274/- per Equity Share aggregating to ₹ 12,596.32 Lakhs comprising a Fresh Issue of 41,40,000 Equity Shares aggregating to ₹ 11,343.46 Lakhs and an offer for sale (OFS) of 4,57,200 Equity shares by Mrs. Anjana Haresh Motwani, Promoter aggregating to ₹ 1,252.73 Lakhs. Pursuant to the IPO, the Equity Shares of the Company got listed on National Stock Exchange (NSE) and BSE Limited on December 27, 2021.

The amount of ₹ 9,669.12 lakhs, raised through fresh issue of equity shares net of issue expenses, has been utilized toward funding the working capital ₹ 1,590.12 lakhs, capital expenditure ₹ 194.90 lakhs and general corporate expenses ₹ 1,718.26 lakhs, aggregating to ₹ 3,503.28 lakhs. Balance ₹ 6,165.84 lakhs has been kept in bank deposits which were classified as current and non-current assets depending upon the maturity of the deposits.

Analysis of financial performance

The analysis in this section relates to the financial results of the year ended March 31, 2022.

The financial statements of the company are prepared as per the Indian Accounting Standards (referred to as 'Ind AS') prescribed under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, as amended from time to time. Significant accounting policies used in the preparation of the financial statements are disclosed in the notes to the consolidated financial statements.

Revenue

During the year under review, Revenue of the Company increased to INR 16459.89 lakhs from INR 11816.16 lakhs the previous year, registering a growth of 39.3%. This growth was on account of increase in revenue from all product categories.

Other income reduced to INR 282.80 lakhs compared to 571.80 lakhs in previous year, largely due to discontinuation of FRP products job work.

Cost of materials

Cost of materials (incl. purchase of stock-in-trade and inc./dec. in FG, WIP and stock-in-trade) increased to INR 12085.62 lakhs from INR 8122.29 lakhs in FY21. Primary reason for increase was due to increase in scale of the business as well as unprecedented increase in raw material costs across product categories. As a % of Revenue, it has increased from 68.7% in FY21 to 73.4% in FY22.

Employee benefits

Employee costs increased from INR 1473.58 lakhs to INR 1733.43 lakhs in FY22. The increase in employee costs during FY22 is because of increase in number of employees (including contractual) on account of increased scale of operations as well as annual

increments. However, as a % of sales, it has reduced to 10.5% in FY22 compared to 12.5% in FY21.

Finance costs

Finance costs increased from INR 255.31 lakhs in FY21 to INR 313.40 lakhs due to utilisation of higher working capital borrowings on account of increasing business operations as well as rising raw material prices. Another reason for increase in finance costs was due to interest expenses on financial liabilities measured at amortised cost i.e. Right-of-use assets which in this case were lease payments for the factory land apart from rentals for sales depots located across India

Depreciation and Amortisation

The increase in Depreciation and Amortisation is due to increase in amortisation of leased assets as well as increase in gross block of fixed assets.

Other expenses

The increase in other expenses from INR 1023.41 lakhs in FY21 to INR 1510.98 lakhs in FY22 is largely driven by growth in business operations – key ones being production expenses, rising conveyance and travelling expenses as the impact of covid-19 reduced and resumption of travel by sales team increased, lease rent, insurance charges, business promotion expenses and selling and distribution expenses.

Profit before tax and Profit after tax

Company's profit before tax reduced to INR 815.24 lakhs in FY22 from INR 1323.03 lakhs in FY21 on account of higher raw material costs, increased employee and other expenses as well as higher interest cost and depreciation expenses. Profit after tax reduced to INR 600.65 lakhs in FY22 compared to INR 1005.97 lakhs in FY21.

Key Balance sheet items

- Net Increase in PPE from ₹ 1865.82 lakhs to ₹ 2063.68 lakhs primarily due to addition of plant & machinery.
- Increase in CWIP to ₹ 1,754.49 lakhs from ₹ 652.03 lakhs on account of significant progress in construction of new manufacturing unit
- Increase in Right of Use assets from ₹ 488.80 lakhs to ₹ 38.26 lakhs primarily due to factory premises lease
- Other non-current financial assets increased from NIL to ₹ 1432.00 lakhs which is unutilised IPO proceeds invested in fixed deposits with original maturity of more than 12 months with scheduled commercial banks as per SEBI regulation.
- Inventories increased from ₹ 4,116.88 lakhs to ₹ 3,239.69 lakhs in tandem with the increase in sales during the year as well as the rising cost of raw materials over the last 12 months.
- Receivables increased from ₹ 2286.61 lakhs to ₹ 3205.16 lakhs in FY22 on account of increase in sales during the year.
- Cash and cash equivalents increased substantially from ₹ 83.10 lakhs to ₹ 4,768.00 lakhs primarily representing the unutilised IPO proceeds temporarily parked in fixed deposits with the banks with a maturity of less than 12 months.
- Increase in Other current financial assets from ₹ 450.98 lakhs to ₹ 1,224.42 lakhs is on account of increase in capital advances, advance to suppliers, GST credit and other recievables.

Balance sheet items (Liabilities)

- Equity share capital increased from ₹ 1,300 lakhs to ₹ 1,837.49 lakhs upon the issue of 41,40,000 equity shares through the Initial Public Offer and 12,34,947 equity shares through Rights issue.
- The increase in Other equity from negative ₹ 34.11 lakhs to ₹ 11,896.44 lakhs was primarily due to share premium collected on the issue of shares through IPO and Rights Issue.
- Lease liabilities increased to ₹ 390.25 lakhs from ₹ 14.52 lakhs primarily due to factory premises lease
- Current borrowings (including current portion of long term) decreased to ₹ 921.31 lakhs from ₹ 3365.75 lakhs as the company has paid unsecured loans from promoters from Rights Issue as well as the utilisation of cash credit from banks has reduced due to working capital

funds available from IPO proceeds.

- Trade payables increased from ₹ 2,589.03 lakhs to ₹ 3,166.13 lakhs which is in line with higher procurement of materials to cater to higher production.

Credit rating

During the year, Care Ratings Limited has assigned the following credit rating to the company:

Facility	Rating assigned on November 12, 2021
Long-term Bank Facilities	CARE BBB-; Stable
Short-term Bank Facilities	CARE A3

Segment-wise or product-wise performance

The Company operates in only one reportable business segment viz. "Adhesives & Sealants Products".

Risks and their mitigation

Product concentration risk

Complete dependence on one product category poses risk to Company's revenue and sustainability incase an alternate to the product is developed by competition.

Mitigation

In the last few years, Company has developed and focused on growing other adhesive categories as well which reduces the dependence on single category. Hence, volatility or decreasing demand of one category does not pose existential threat to Company's operations.

Revenue concentration risk

Dependence on few large customers for generating revenue poses risk incase of those customers switching to competition for their requirements.

Mitigation

Company has consistently increased the customer count by focusing on growing the distribution network across India as well as exports. In FY22, your Company has catered to more than 1200 unique customers (domestic distributors, exports and pipe companies combined) with no single customer having more than 10% revenue share.

Supply risk

Company uses hundreds of different raw materials sourced from multiple suppliers. Any supply chain disruption resulting into delay in supply or inadequate availability can lead to production disruption.

Mitigation

Company has been working on developing multiple vendors for all the key raw materials and have developed robust relationship with all the suppliers. Also, strong inventory management system ensures supply chain risk does not pose material threat to the Company

Receivables risk

Company supplies to hundreds of small distributors across India providing them reasonable credit period which is a market practice. Any delay or non-payment can affect Company's cash flow position and profitability

Mitigation

Company has a strong receivables tracking system in place. Credit period offered to each customer is system-driven and any overdue in that would automatically stop the billing for that customer. Also, regular reviews of overdue payments ensures the sales team is on the job to pursue collections from those customers.

Macro risk

Company's operations is inter-linked with global economy (sourcing as well as sales) and any negative macro-economic development will impact the business operations

Mitigation

Company's top management is constantly monitoring key developments in countries with which it deals with, to identify any material economic implications on the business and formulate action plans in response to any event which can impact the business.

Internal control systems and their adequacy

The Company has a well-designed internal control system keeping with its size and nature of business. It ensures appropriate safeguarding of the assets

and interests of the Company. It also ensure strict adherence to applicable laws and regulations. The internal control processes are documented with authorisations and approval procedures in place. These policies and procedures are periodically updated, and the Internal Auditor oversees the process. Periodic audit is conducted by the internal auditor and remedial measures are taken wherever necessary. Observations and recommendations of statutory auditor is also undertaken and implemented as necessary. Audit Committee reviews the Audit plans as well as observations and monitors the progress in implementation of remedial measures so as to strengthen the internal control systems.

Human resources/ industrial relations

Human resources play an integral part in the growth of the Company. The Company provides a safe, collaborative, fair and progressive work environment. It facilitates career growth of employees and encourages them to enhance their knowledge and skills. Company has growing teams across domains viz. R&D, manufacturing, supply chain, sales, administration and business development. Health and safety of employees, particularly at the manufacturing location, is of prime concern and Company takes all necessary steps to ensure the same. As of 31st March, 2022, Company has 384 employees on its payrolls. Labour relations at the manufacturing unit remained cordial throughout the year.

Our Company places significant emphasis on the health and safety of its employees, particularly at the manufacturing unit.

Outlook

The overall outlook for Adhesives and Sealants is expected to be bright due to various growth drivers like rise in disposable incomes enabling people to spend on renovating their homes as well as growth of nuclear families driving the demand for new residential units, private as well as government spending on construction, infrastructure, building, etc., leading to demand for plumbing adhesives, silicone sealants, woodworking adhesives, rubber adhesives, etc.; Government's thrust on specific areas like Agriculture leading to rising demand for agri pipes, providing housing to all (PMAY) and providing water to all (Har ghar Jal Yojana) ensuring indirect demand for solvent cement adhesives due to demand for plumbing, sewage and drainage as well as water transport pipes. Company is continuously expanding its capabilities to tap this opportunity which it believes is long term in nature and in the process create value for all its stakeholders.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting to you the 3rd Board Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended 31st March 2022.

FINANCIAL HIGHLIGHTS / RESULTS

(₹. in Lacs)

Particulars	For the financial year 2021-22	For the financial year 2020-21
Revenue from operations	16,459.89	11,816.16
Other income	282.80	571.80
Total income from operations	**16,742.69**	**12,387.96**
Total Expenditure	**15,927.45**	**11,064.92**
Profit before tax	**815.24**	**1,323.03**
Tax expenses	214.59	317.06
Profit after Tax	**600.65**	**1,005.97**
Other Comprehensive Income for the year	43.45	11.49
Total Comprehensive Income for the year	**644.10**	**1,017.46**

OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

In FY2021-22, your Company reported Revenue from operations of INR 16,459.89 lakhs compared to INR 11,816.16 lakhs in the previous financial year resulting in a growth of 39.3% year-on-year. Further, your Company reported Profit before tax of INR 815.24 lakhs in financial year ended March 2022 compared to Profit before tax of INR 1,323.03 lakhs in financial year ended March 2021. The profitability was impacted due to 2nd wave of Covid-19 pandemic in the initial part of the financial year and subsequently due to rising raw material prices and supply chain disruptions. The financial results have been discussed in detail in the Management Discussion and Analysis Report which forms part of this Annual report.

IMPACT OF COVID-19 PANDEMIC AND MEASURES TAKEN

During the year 2021-22, Covid-19 pandemic continued with India witnessing a 2nd wave of covid cases resulting into localized lockdowns and restrictions by various state governments in the first quarter of this financial year. This affected majority of economic and social activities during this phase resulting into business disruption. Your Company's primary objective during this period was safeguarding the health and well-being of its employees, customers and all other stakeholders at large. Subsequently, as the cases moderated and restrictions were released, economic activity picked up and business continued to gather momentum. The Company ensured its employees were vaccinated, the manufacturing plant and office were regularly sanitized. The Company also had put in place a hybrid policy which allowed team members to partly work from home during the year. Health and safety of our employees are of utmost importance, hence all required precautionary measures were taken at the workplace. The Company has assessed the likely impact of the pandemic on the business. It has impacted the business in the short term but the long-term drivers of the business are intact for a multi-fold growth in business in a profitable and sustainable manner.

DIVIDEND

Keeping in view the future growth plans, your Board of Directors do not recommend any dividend for Financial Year 2021-2022.

RESERVES

There is no amount proposed to be transferred to the General Reserves.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provision of Section 125 of the Companies Act, 2013 is not applicable as the Company did not declare any dividend.

DEPOSITS

During the year under review, the Company has not accepted any fixed deposits within the meaning of Section 73 of the Companies Act, 2013 and the rules made there under.

CONVERSION OF COMPANY FROM PRIVATE LIMITED TO PUBLIC LIMITED

During the year under review, the Members at the Extra-Ordinary General Meeting dated June 23, 2021 approved the resolution for conversion of the company from Private Limited to Public Limited and thereafter, on approval from the Central Government on July 01, 2021, a fresh certificate of incorporation was issued by the Registrar of Companies, Mumbai.

ALTERATION OF MEMORANDUM OF ASSOCIATION (MOA)

During the year under review, your Company has altered its Memorandum of Association twice. Details of the alterations made are as below:

1. in order to convert the Company from Private Limited to Public Limited, the Company altered its Memorandum of Association vide members'

DIRECTORS' REPORT (Contd.)

approval at Extra-Ordinary General Meeting dated June 23, 2021; and

2. The Company modified the Object Clause of the Memorandum of Association vide members' approval at Extra-Ordinary General Meeting dated July 06, 2021.

ALTERATION OF ARTICLES OF ASSOCIATION (AOA)

In order to convert the Company from Private Limited to Public Limited, the Company adopted a new set of Article of Association vide members' approval at Extra-Ordinary General Meeting dated June 23, 2021.

SHIFTING TO CORPORATE OFFICE

During the year under review, the company started its operations from the new Corporate Office at C-501, Business Square, Sir Mathuradas Vasanji Road, Andheri East, Mumbai 400053, while the Registered Office continues to be at 11, Unique House, Chakala, Chakala Cross Road, Andheri East, Mumbai 400099.

SHARE CAPITAL

AUTHORIZED SHARE CAPITAL

The members' of the Company, in Extra-Ordinary General Meeting dated April 13, 2021 had approved the increase in Authorized Share Capital of the Company from Rs. 13,00,00,000/- (Rupees Thirteen Crores only) divided into 1,30,00,000 (One Crores Thirty Lakh) Equity Shares of Rs. 10/- (Rupees Ten only) to Rs. 20,00,00,000/- (Rupees Twenty Crores only) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs. 10/- (Rupees Ten only).

ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL

During the year under review, the Issued, Subscribed and Paid-up Equity Share Capital was increased from Rs. 13,00,00,000/- (Rupees Thirteen Crores only) divided into 1,30,00,000 (One Crore Thirty Lakhs) Equity Shares of the face value of Rs. 10/- (Rupees Ten) each to Rs. 18,37,49,470/- (Rupees Eighteen Crore Thirty-seven Lakhs Forty-nine Thousand Four Hundred and Seventy Only) divided into 1,83,74,947 (One Crore Eighty-three Lakhs Seventy-four Thousand Nine Hundred and Forty-seven) of Rs. 10/- (Rupees Ten Only) each pursuant to allotment of Equity Shares under Rights Issue and Initial Public Offer, as detailed hereunder:

Sr. No.	Date of Allottment	No. of Equity Shares	Details of Allottment
1.	07.05.2021	11,77,642	Rights Issue of Equity Shares
2.	10.06.2021	57,305	Rights Issue of Equity Shares
3.	22.12.2021	45,97,200	Initial Public Office of 45,97,200 (Forty-five Lakhs Ninety-seven Thousand Two Hundred) Equity Shares, out of which 41,40,000 (Forty-one Lakhs Forty Thousand) Equity Shares were fresh issue and the balance 4,57,200 (Four Lakh Fifty-seven Thousand Two Hundred) Equity Shares was an offer for sale by Mrs. Anjana Haresh Motwani, Promoter of the Company

INITIAL PUBLIC OFFER OF EQUITY SHARES

Pursuant to provisions of Companies Act, 2013, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and other rules and regulations as applicable and upon receipt of regulatory approvals, the Company has allotted 45,97,200 (Forty-five Lakhs Ninety-seven Thousand Two Hundred) Equity Shares through Initial Public Officer (IPO) out of which 41,40,000 (Forty-one Lakhs Forty Thousand) Equity Shares was a fresh issue and the balance 4,57,200 (Four Lacs Fifty-seven Thousand Two Hundred) Equity Shares was an offer for sale by Mrs. Anjana Haresh Motwani, Promoter of the Company.

The securities of the Company are listed on the BSE Limited and National Stock Exchange of India Limited on December 27, 2021. Further, the Company has no equity shares carrying differential voting rights.

As per the object of the offer, the net proceeds of the fresh issue will be utilised towards:

1. Funding the working capital requirements of the Company.
2. Funding capital expenditure for expansion of production capacity as well as adding new products to our existing product portfolio at the existing manufacturing facility as well as at the new manufacturing unit on the adjacent plot.
3. General corporate purposes.

Post the IPO, 71.35% of the Equity Share Capital of your Company is held by the Promoters.

UTILISATION OF IPO PROCEEDS

Your company has appointed ICICI Bank Limited as the monitoring agency in terms of Regulation 41(2) of the SEBI (Issue of Capital and Disclosures Requirements)

DIRECTORS' REPORT (Contd.)

Regulations, 2018 as amended, to monitor utilisation of IPO proceeds. The Company has obtained monitoring report from monitoring agency and filed the same with both the stock exchanges where equity shares of the Company are listed. The proceeds realized by the Company from the IPO is utilised as per objects of the offer as disclosed in the prospectus of the Company.

Out of the IPO Proceeds of Rs. 12,596.33 Lakhs, proceeds to the Company through fresh issue of shares was RS. 11,343.60 Lakhs and Net proceeds after IPO expenses was Rs. 9,669.12 Lakhs. Your Company has utilised the Net proceeds as per the below mentioned table as of March 31, 2022:

(₹. in Lacs)

Sr. No.	Item Head	Amount to be utilised	Amount utilised as on March 31, 2022	Amount unutilized as on March 31, 2022
1	Working Capital	5400.00	1590.12	3809.88
2	Capex	2550.86	194.90	2355.96
3	General Corporate purposes	1718.26	1718.26	00.00
	Total	**9669.12**	**3503.28**	**6165.84**

Note: The unutilized amount as of March 31, 2022 has been invested in Fixed Deposits with Scheduled commercial banks as per SEBI regulation (Details provided in Monitoring Agency Report submitted to stock exchanges).

There has been no deviation in the utilisation of the IPO proceeds of the Company. The Monitoring Agency Reports are available on the Company website www.hpadhesives.com as well as submitted to stock exchanges.

MATERIAL CHANGES AFFECTING THE COMPANY

(AFTER CLOSURE OF FINANCIAL YEAR)

There are no material changes that happened after the closure of the financial year which has any significant influence on the financial statements of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The constitution of the Board of the Company is in accordance with Section 149(6) of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. The detailed composition of the Board as of March 31, 2022 is as follows:

Sr. No.	Name of the Director	Designation
1	Mrs. Anjana Haresh Motwani	Chairman & Executive Director
2	Mr. Karan Haresh Motwani	Managing Director
3	Mrs. Nidhi Haresh Motwani	Executive Director
4	Mr. Surendra Kumar Mehta	Independent Director
5	Mr. Rajendra Kumar Jain	Independent Director
6	Mr. Ajeet Anant Walavalkar	Independent Director

and the key managerial personnel of the Company apart from the Managing Director consist of:

Sr. No.	Key Managerial Personnel	Designation
1	Mr. Mihir Suresh Shah	Chief Financial Officer
2	Mrs. Jyoti Nikunj Chawda	Company Secretary & Compliance Officer

None of the Director on the Board are disqualified under the provisions of the Companies Act, 2013.

The details relating to the appointment of directors and key managerial personnel are as under:

- The Board of Directors at its meeting held on May 07, 2021 re-designated Mr. Karan Haresh Motwani (DIN: 02650089) as Managing Director w.e.f. May 01, 2021 for a term of five consecutive years.
- The Board of Directors at its meeting held on July 07, 2021 appointed Mrs. Anjana Haresh Motwani (DIN: 02650184) as the Chairman of the Board w.e.f. July 07, 2021.
- Mr. Surendra Kumar Mehta (DIN: 09211358), was appointed as an Additional Director (Non-executive, Independent Director) of the Company by the Board w.e.f. June 23, 2021 for a term of five consecutive years, further his appointment was approved by the Shareholders in the Extra-Ordinary General Meeting held on June 23, 2021.
- Mr. Rajendra Kumar Jain (DIN: 00144095) and Mr. Ajeet Anant Walavalkar (DIN: 09226644) were appointed as an Additional Directors (Non-executive, Independent Director) of the Company by the Board w.e.f. July 05, 2021 for a term of five consecutive years, further their appointments were approved by the Shareholders in the Extra-Ordinary General Meeting held on July 06, 2021.
- Mr. Mihir Suresh Shah (PAN: AZBPS0681B) and Ms. Jyoti Nikunj Chawda (PAN: ANBPG4245K)

DIRECTORS' REPORT (Contd.)

were appointed as Chief Financial Officer and Company Secretary respectively by the Board at its meeting held on July 05, 2021.

- Ms. Nidhi Haresh Motwani (DIN: 06655834) was appointed as an Additional Director (Executive Director) of the Company w.e.f. February 10, 2022 for the term of 5 years, further her appointment was approved by the shareholders through postal ballot (remote e-voting) on April 28, 2022.

RETIREMENT BY ROTATION

Ms. Nidhi Haresh Motwani, Executive Director, is liable to retire by rotation and being eligible for re-appointment at the ensuing Annual General Meeting ("AGM") of your Company, has offered herself for re-appointment. Her details as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are contained in the accompanying Notice convening the ensuing AGM of your Company.

An appropriate resolution seeking your approval for her re-appointment as Director is included in the Notice.

INDEPENDENT DIRECTORS' DECLARATION

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

KEY MANAGERIAL PERSONNEL

Mr. Karan Haresh Motwani, Managing Director, Mr. Mihir Suresh Shah, Chief Financial Officer and Ms. Jyoti Nikunj Chawda, Company Secretary and Compliance Officer are Key Managerial Personnel of the Company in accordance with the provisions of Section(s) 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managing Personnel) Rules, 2014.

BOARD AND COMMITTEE MEETINGS

Your Board of Directors met 18 (Eighteen) times during the financial year 2021-2022. The details of the meetings and the attendance of the Directors are mentioned in the Corporate Governance Report.

The Board of Directors of your Company have formed various Committees, as per the provisions of the Companies Act, 2013 and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as a part of the best corporate governance practices, the terms of reference and the constitution of these Committees is in compliance with the applicable laws and to ensure focused attention on business and for better governance and accountability. The constituted Committees are as below:

a) Audit Committee;

b) Nomination and Remuneration Committee;

c) Stakeholders Relationship Committee;

d) Corporate Social Responsibility Committee; and

e) Initial Public Offer (IPO) Committee.

The details with respect to the composition, terms of reference, number of meetings held and business transacted by the aforesaid Committees are given in the "Corporate Governance Report" of the Company which is presented in a separate section and forms a part of the Annual Report of the Company.

POLICY ON DIRECTORS' APPOINTMENT, REMUNERATION AND OTHER DETAILS

Based on the recommendation of the Nomination and Remuneration Committee (NRC), the Board has adopted the Remuneration Policy for Directors, KMPs and the Senior Management Personnel. NRC has formulated the criteria for determining the qualifications, positive attributes and independence of an Independent Director. The Company's Policy on Directors' appointment and remuneration, and other matters provided in Section 178(3) of the Act is available on https://www.hpadhesives.com/wp-content/uploads/2014/08/Nomination-and-Remuneration-Policy.pdf.

BOARD EVALUATION AND ASSESSMENT

Pursuant to the provision of the Companies Act, 2013 read with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Board carried out a performance evaluation of the Board of Directors as a whole, Committees of the Board and Individual Directors. The performance of the Board as a whole, Committees and Individual Directors was evaluated by seeking inputs from all Directors based on certain parameters as per the Guidance Note on Board Evaluation issued by SEBI. The feedback received from the Directors was discussed and reviewed by the Independent Directors at their separate Annual Meeting held on March 25, 2022, and also shared with the Board. The Independent Directors in the said meeting also evaluated the quality, quantity and timeliness of the flow of information between the Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties. They expressed their satisfaction in respect thereof.

FAMILIARISATION PROGRAMME

Pursuant to the SEBI Regulations, the Company has worked out a Familiarisation Programme for the

DIRECTORS' REPORT (Contd.)

Independent Directors, with a view to familiarise them with their role, rights and responsibilities in the Company, nature of Industry in which the Company operates, business model of the Company etc. Details of the Familiarisation Programme of Independent Directors with the Company are available on the website of the Company www.hpadhesives.com.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

i. In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii. They have selected such accounting policies and applied them consistently and made judgments 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 2021-22 and of the profit and loss of the company for that period;

iii. Proper and sufficient care has been taken and adequate accounting records have been maintained in accordance with the provisions of the Act for safeguarding the assets of the Company; and for prevention and detection of fraud and other irregularities;

iv. The annual accounts have been prepared on a going concern basis;

v. The internal financial controls laid down by the Company were adequate and operating effectively; and

vi. The systems devised to ensure compliance with the provisions of all applicable laws were adequate and operating effectively.

Further, there are no qualifications, reservations or adverse remarks made by the statutory auditor/ secretarial auditor in their respective reports.

BUSINESS RESPONSIBILITY REPORT

The provision of Regulation 34(2)(f) of the SEBI (LODR) Regulations, 2015 regarding the Business Responsibility Report is not applicable to the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under the review as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section forming part of the annual report.

CORPORATE GOVERNANCE

Report on Corporate Governance and Certificate by the Practicing Company Secretary regarding compliance with the conditions of Corporate Governance as stipulated in Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided in a separate section and forms a part of the Annual Report of the Company.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors:

M/s. Priya Choudhary & Associates, LLP are appointed as the Statutory Auditor's of the Company with effect from December 31, 2020, till the conclusion of 6th Annual General Meeting of the Company. They have confirmed their eligibility for the financial year 2021-22 under Section 141 of the Companies Act, 2013 and the Rules framed thereunder.

Secretarial Auditors:

In accordance with the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors have appointed M/s. Shivam Sharma & Associates, Company Secretaries as Secretarial Auditor of the Company for the financial year 2021-22. The Secretarial Audit Report for the financial year ended March 31, 2022 is set out in Annexure I to this Report.

QUALIFICATIONS IN AUDITOR'S REPORT

COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMERS:

Statutory Auditors:

As there is no qualification, reservation or adverse remark in the reports given by the Internal Auditors and Statutory Auditors, your directors need not provide any clarification on the same.

Secretarial Audit Report:

There are no qualifications or adverse observations in the Secretarial Audit Report issued by the Secretarial Auditors for the financial year ended March 31, 2022.

ACCOUNTING TREATMENT

The accounting treatment is in line with the applicable Indian Accounting Standards (IND-AS) as recommended by the Institute of Chartered Accountants of India (ICAI) and prescribed by the Central Government.

HOLDING, SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

During the period under review, Company has no subsidiaries or Associate Companies or Joint ventures.

DIRECTORS' REPORT (Contd.)

SECRETARIAL STANDARDS

The Company confirms compliance with the requirements of Secretarial Standard I and Secretarial Standard II.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

In accordance with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) 2015, your Company has a Policy on Related-Party Transactions which can be viewed at https://www.hpadhesives.com/wp-content/uploads/2014/08/Policy-on-Dealing-with-Related-Party-Transactions.pdf. There were no material transactions with related parties during the year under review.

Accordingly, the disclosure of transactions entered into with related parties pursuant to the provisions of Section 188(1) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts), Rules 2014 in Form AOC-2 is not applicable.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is given in Annexure II to this report.

RISK MANAGEMENT

The provision of Regulation 21(4) of SEBI (LODR) Regulations, 2015 is not applicable to the Company.

ANNUAL RETURN

Pursuant to Sections 92(3) and 134(3)(a) of the Act, the Annual Return (Form MGT-7) is available on the Company's website at the link: www.hpadhesives.com.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board of Directors constituted Corporate Social Responsibility (CSR) Committee in accordance with the provisions of Section 135 of the Companies Act, 2013. The Board on the recommendation of CSR Committee and in compliance with the policy on Corporate Social Responsibility invested the CSR Fund by contributing to activities related to the promotion of education, sports, providing healthcare facilities, rural development and other activities as specified in Schedule VII of the Companies Act, 2013. The Annual Report on CSR activities is enclosed as Annexure III to this Annual Report.

The Composition of CSR Committee and meetings of the CSR Committee held during the year has been disclosed in the "Corporate Governance Report".

INTERNAL FINANCIAL CONTROL

The Company has laid down internal financial control through Entity level control inter-alia to ensure orderly and efficient conduct of business, including adherence to Company's policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/information, safeguarding of assets, prevention and detection of frauds and errors.

The Board of Directors of the Company have adopted various policies like Related Party Transactions Policy, Whistle Blower Policy, Code of Conduct for regulating, monitoring and reporting Insider Trading and such other procedures for ensuring the orderly and efficient conduct of its business, prevention and detection of frauds and errors, accuracy and completeness of the accounting and timely preparation of financial information.

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board has approved the Code of Conduct for Prohibition of Insider Trading and the same is being implemented by the Company.

VIGIL MECHANISM

In pursuance of the provisions of Section 177(9) & (10) of the Companies Act, 2013, and Regulation 22 of SEBI (LODR) Regulations, 2015, a vigil mechanism named "HP Adhesives Limited Whistle Blower Policy" for Directors and employees to report genuine concerns has been established. The policy on whistle mechanism can be accessed at website of the Company www.hpadhesives.com.

The policy lays down a framework and process, which provides a platform to disclose information, confidentially and without fear of reprisal or victimization, where there is reason to believe that there has been serious malpractice, fraud, impropriety, abuse or wrongdoing, grievances about leakage of unpublished price sensitive information (UPSI), illegal and unethical behaviour within the Company to the Human Resource Manager.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the period under review, the Company has not provided any loans/ investments which come under the provisions of Section 186 of the Companies Act, 2013.

SHARE REGISTRAR & TRANSFER AGENT (R&T)

Bigshare Services Private Limited is the Registrar and Transfer Agent of the Company.

They were appointed as the Registrar and Share Transfer Agent of the Company with effect from July 07, 2021.

DIRECTORS' REPORT (Contd.)

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE POLICY

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The Company has duly constituted an Internal Complaints Committee (ICC) as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company did not receive any complaint during 2021-22.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including amendments thereto), is attached as Annexure IV to this Report.

HUMAN RESOURCES

The Company considers its Human Resource (HR) as the key to achieve its objectives. HR and Functional Department creates all strategies along with Senior Management and Board of Directors to attract talent and build capabilities. The employees are sufficiently empowered and enabled to work in an environment that inspires them to achieve higher levels of performance. The unflinching commitment of the employees is the driving force behind fulfilling the Company's vision. Your Company appreciates the contribution of its dedicated employees.

GENERAL

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

a. Issue of equity shares with differential voting rights as to dividend, voting or otherwise.

b. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.

c. No significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

d. No frauds were reported by the Auditors during the year under review.

e. Maintenance of Cost Records as specified by the Central Government under Section 148(1) of the Companies Act, 2013 is not required by the Company.

CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion & Analysis Report describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable laws and regulations. Actual results may differ from those expressed in the statements.

ACKNOWLEDGEMENTS

Your Company's Directors express their gratitude to the members, bankers, customers, regulatory and statutory authorities, and other business stakeholders for their valuable support and co-operation.

Your directors also thank the employees of the Company for their continued contribution, commitment and dedication.

For and on behalf of the Board of Directors
For HP Adhesives Limited
(formerly known as HP Adhesives Private Limited)

Place: Mumbai
Date: August 10, 2022

Mrs. Anjana Haresh Motwani
Chairperson & Executive Director
DIN: 02650184

Mr. Karan Haresh Motwani
Managing Director
DIN: 02650089

DIRECTORS' REPORT (Contd.)

Annexure I

FORM NO MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2022

[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,
HP Adhesives Limited
Reg. Office: 11 Unique House,
Chakala Cross Road,
Andheri East, Mumbai 400099.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HP Adhesives Limited** (CIN: U24304MH2019PLC325019) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit. I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 ('FEMA') 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) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; - **Not applicable to the company for the financial year ended March 31, 2022**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **Not applicable to the company for the financial year ended March 31, 2022**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; - **Not applicable to the company for the financial year ended March 31, 2022 and**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018**;** - **Not applicable to the company for the financial year ended March 31, 2022.**

I have relied on the representation made by the Company, its Officers and on the reports given by designated professionals for systems and processes formed by the Company to monitor and ensure compliances under other applicable Acts, Laws and Regulations to the Company.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Stock Exchanges read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

DIRECTORS' REPORT (Contd.)

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:

During the year under review, the Issued, Subscribed and Paid-up Equity Share Capital was increased from Rs. 13,00,00,000/- (Rupees Thirteen Crores only) divided into 1,30,00,000 (One Crore Thirty Lakhs) Equity Shares of the face value of Rs. 10/- (Rupees Ten) each to Rs. 18,37,49,470/- (Rupees Eighteen Crore Thirty-seven Lakh Forty-nine Thousand Four Hundred and Seventy Only) divided into 1,83,74,947 (One Crore Eighty-three Lakh Seventy-four Thousand Nine Hundred and Forty-seven) of Rs. 10/- (Rupees Ten Only) each pursuant to allotment of Equity Shares under Rights Issue and Initial Public Offer, as detailed hereunder:

Sr. No.	Date of Allottment	No. of Equity Shares	Details of Allottment
1.	07.05.2021	11,77,642	Rights Issue of Equity Shares
2.	10.06.2021	57,305	Rights Issue of Equity Shares
3.	22.12.2021	45,97,200	Initial Public Officer of 45,97,200 (Forty-five Lakh Ninety-seven Thousand Two Hundred) Equity Shares, out of it 41,40,000 (Forty-one Lakh Forty Thousand) Equity Shares was a fresh issue and the rest 4,57,200 (Four Lakhs Fifty-seven Thousand Two Hundred) was an offer for sale by Mrs. Anjana Haresh Motwani, Promoter of the Company

I further report that:

During FY 2021-22, Company got listed on BSE Limited and National Stock Exchange of India Limited on December 27, 2021. Pursuant to the Initial Public Offering, the Company issued 45,97,200 Equity Shares of Rs. 10/- each at Price of Rs. 274/- Per Share, comprising Fresh Issue of 41,40,000 (Forty-one Lakh Forty Thousand) Equity Shares and Offer for Sale of 4,57,200 (Four Lakhs Fifty-seven Thousand Two Hundred) Equity Shares by Mrs. Anjana Haresh Motwani, Promoter of the Company. The company has complied with all the requirements under the Companies Act, 2013, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. Company has also complied with all requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and listing agreements signed with BSE Limited and National Stock Exchange of India Limited.

I further report that:

During the year under review, the Company has altered the MOA and AOA in EGM June 23, 2021 and MOA again altered in EGM July 06, 2021 with the compliance of applicable provisions.

I further report that:

i. The Board of Directors of the Company is duly constituted with proper balance of Executive, 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.

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

iii. All the decisions of the Board and Committees thereof were carried out with requisite majority.

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

I further report that the compliance by the Company for the applicable Financial Laws like Direct Taxes, Indirect Taxes and the compliance of the Accounting Standards, quarterly financial results under Regulation 33 of SEBI (LODR) Regulations, 2015 and the annual financial statements, Cost Records has not been reviewed in this audit report, since the same have been subject to the statutory financial audit/cost audit by other designated professionals..

For Shivam Sharma & Associates
Company Secretaries

Shivam Sharma
Proprietor
M.No.: A35727, CP. No.: 16558
Peer Review Certificate No.: 1811/2022
UDIN: A035727D000763663

Date: August 08, 2022
Place: Mumbai

*This report is to be read with our letter of even date which is annexed as **Annexure I** and forms an integral part of this report*

DIRECTORS' REPORT (Contd.)

'Annexure I'

To,
The Members,
HP Adhesives Limited
Reg. Office: 11 Unique House,
Chakala Cross Road,
Andheri East, Mumbai 400099.

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

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

For Shivam Sharma & Associates
Company Secretaries

Shivam Sharma
Proprietor
M.No.: A35727, CP. No.: 16558
Peer Review Certificate No.: 1811/2022

Date: August 08, 2022
Place: Mumbai

DIRECTORS' REPORT (Contd.)

Annexure II

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

1. Conservation of energy-

i. The steps taken or impact on conservation of energy

- Installation of stabilisers and VFD on most of the machines.
- Installation of energy efficient LED lights for internal & external lighting.
- Dust extraction systems installed.
- Cooling tower fan automation on temperature set point.
- Improved pumping efficiency by providing high efficiency pumps changes in electrical supply mode.
- Changed pumps for chemical tanks to reduce power consumption.
- Split DG's for units to efficiently use diesel.
- Installation of STP plant at factory Unit.
- Boilers shifted to LDO instead of diesel.
- The company had installed green glass in the new factory unit in order to save light during daytime and it also helps in keeping the plant cool.
- We take necessary activities to educate and encourage employees to establish energy efficient practices.

ii. The steps taken by the company for utilizing alternate sources of energy

The Company is evaluating the use of solar energy for utilizing it as an alternate source of energy.

iii. The capital investment on energy conservation equipment's –The Company has invested Rs. 47 lacs on green glass installation.

2. Technology absorption-

i. The efforts made towards technology absorption

The Company is continuously endeavouring to upgrade its technology from time to time in all aspects through in-house R&D primarily aiming at reducing cost of production and improving the quality of the product.

The nature of activities carried out:

- Upgrading our current products to meet the needs of the consumers.
- Value generation via efficient sourcing, evaluating use of alternate raw materials and improving process efficiency by automisation of production process.
- More and more emphasis has been given to the automisation of process and the company has selected packing operation as an area of immediate automisation. The Company has invested a significant amount of resources in the automisation of filling and packing.

ii. The benefits derived like product improvement, cost reduction, product development or import substitution

The above efforts have resulted in an improvement in quality, increase in yield and increase in output.

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Nil

iv. The expenditure incurred on Research and Development - Nil

3. Foreign exchange earnings and Outgo-

(₹. in Lacs)

Particulars	As on 31.03.2022	As on 31.03.2021
Total foreign exchange used	3949.82	1819.71
Total foreign exchange earned	1498.01	2065.50

For and on behalf of the Board of Directors
For HP Adhesives Limited
(formerly known as HP Adhesives Private Limited)

Place: Mumbai
Dates: August 10, 2022

Mrs. Anjana Haresh Motwani
Chairperson & Executive Director
DIN: 02650184

Mr. Karan Haresh Motwani
Managing Director
DIN: 02650089

DIRECTORS' REPORT (Contd.)

Annexure III

ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.]

1. A brief outline of the company's CSR policy

The Company has been focusing on sustainable business practices encompassing economic, environmental and social imperatives that not only cover business, but also the communities around us. Our Corporate Social Responsibility Policy ("CSR") policy aims to provide a dedicated approach to the development of the community around our factory unit, in the areas of health care, promotion of education, sports and rural areas development.

2. Composition of CSR Committee

Sr. No.	Name of the Director	Designation/ Nature of Directorship	Number of CSR Meeting held during the year	Number of meetings attended by Committee members
1.	Mrs. Anjana Haresh Motwani	Chairman (Executive Director)	1	1
2.	Mr. Karan Haresh Motwani	Member (Managing Director)	1	0
3.	Mr. Ajeet Anant Walavalkar	Member (Non-executive Independent Director)	1	1

4. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

The CSR activities undertaken are within the broad framework of Schedule VII of the Companies Act, 2013. Details of the CSR Committee composition, CSR Policy and CSR projects/ programs undertaken by the Company are available on links given below:

a. CSR Committee composition:

https://www.hpadhesives.com/board-and-committee/

b. CSR Policy:

https://www.hpadhesives.com/wp-content/uploads/2014/08/Corporate-Social-Responsibility-Policy.pdf

c. CSR Projects programs undertaken by the Company:

https://www.hpadhesives.com/investor-relation/

5. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: Not applicable

6. 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:

Sr. 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	2018-19	-	-
2	2019-20	-	-
3	2020-21	-	-

8. Average Net Profit of the Company as per Section 135(5) of the Act: Rs. 393.48 lacs

9. a. Two percent of average net profit of the Company as per Section 135(5) of the Act for the Financial Year 2021-22: Rs. 7.87 lacs

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: Not applicable

d. Total CSR obligation for the Financial Year (a+b-c): Rs. 7.87 lacs

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

Total Amount Spent for the Financial Year	Amount Unspent				
	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
7.91 lacs	Nil	NA	NA	Nil	NA

DIRECTORS' REPORT (Contd.)

b. Details of CSR amount spent against ongoing projects for the financial year: Not applicable

Sr. 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		Project Duration	Amount allocated for the Project (Rs. Lacs)	Amount spent in the current financial year (Rs. Lacs)	Amount transferred to Unspent CSR account as per Section 135(6) (Rs. Lacs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District						Name	CSR Registration Number
Nil												

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

(₹. in Lacs)

Sr. 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 (Rs. in Lacs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing Agency	
				State	District			Name	CSR Registration Number
1.	Promoting Education	Education	Yes	Maharashtra	Raigad	1.00	Yes	Direct	Not applicable
2.	RO Plant and Water supply to Narangi Village	Health	Yes	Maharashtra	Raigad	6.62	Yes	Direct	Not applicable
3.	Promoting Rural Sports	Sports	Yes	Maharashtra	Raigad	0.29	Yes	Direct	Not applicable

d. Amount spent in Administrative Overheads: Nil

e. Total Amount spent on Impact Assessment, if applicable: Not applicable

f. Total amount spent for the Financial Year: Rs. 7.91 Lacs

g. Excess Amount for set off, if any: Rs. 0.04 lacs

(₹. in Lacs)

Sr. No.	Particulars	Amount
i.	Two percent of average net profit of the Company as per Section 135(5)	7.87
ii.	Total amount spent for the Financial Year	7.91
iii.	Excess amount spent for the financial year [(ii)-(i)]	0.04
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.00
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.04

DIRECTORS' REPORT (Contd.)

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

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

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

Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (Rs. in Lacs)	Amount spent on the project in the reporting Financial Year (Rs. in Lacs)	Cumulative amount spent at the end of reporting Financial Year (Rs. in Lacs)	Status of the project Completed / Ongoing
Nil								

13. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

a. Date of creation or acquisition of the capital asset(s): None

b. Amount of CSR spent for creation or acquisition of capital asset: Nil

c. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not applicable

d. Details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

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

For and on behalf of the Board of Directors
For HP Adhesives Limited
(formerly known as HP Adhesives Private Limited

Place: Mumbai
Date: August 10, 2022

Mr. Karan Haresh Motwani
Managing Director
DIN: 02650089

Mrs. Anjana Haresh Motwani
Chairperson, CSR Committee
DIN: 02650184

DIRECTORS' REPORT (Contd.)

Annexure IV

Statement of Disclosure of Remuneration pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

i. **Ratio of the remuneration of each Director to the median remuneration of employees of the Company for the Financial Year 2021-22, percentage increase in remuneration of the Managing Director, Executive Directors, Chief Financial Officer and Company Secretary during the Financial Year 2021-22:**

Sr. No	Name	Designation	Ratio of the remuneration to the median remuneration of the employees	% increase/ (decrease) in remuneration
1.	Mrs. Anjana Haresh Motwani	Chairperson & Executive Director	12.01:1	30%
2.	Mr. Karan Haresh Motwani	Managing Director	26.70:1	103%
3.	Ms. Nidhi Haresh Motwani*	Executive Director	10.50:1	--
4.	Mr. Surendra Kumar Mehta	Independent Director**	--	--
5.	Mr. Rajendra Kumar Jain	Independent Director**	--	--
6.	Mr. Ajeet Anant Walavalkar	Independent Director**	--	--
7.	Mr. Mihir Suresh Shah***	Chief Financial Officer	N.A.	--
8.	Ms. Jyoti Nikunj Chawda***	Company Secretary	N.A.	--

** Ms. Nidhi Haresh Motwani was appointed as Executive Director w.e.f. February 10, 2022 and hence her remuneration is for the period from February 10, 2022 to March 31, 2022.*

***Independent Directors are paid only sitting fees during the financial year 2021-22.*

**** Mr. Mihir Suresh Shah and Ms. Jyoti Nikunj Chawda were appointed as Chief Financial Officer and Company Secretary respectively w.e.f. July 05, 2021 and hence their remuneration is for the period from July 05, 2021 to March 31, 2022.*

ii. The percentage increase in the median remuneration of employees in the financial year:

The median remuneration of employees in the financial year 2021-22 has increased by 20.13% as compared to the previous year.

iii. The number of permanent employees on the rolls of Company:

As of March 31, 2022, 384 permanent employees were on the rolls of the Company.

iv. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

During the financial year 2021-22, the average increase in salaries other than managerial personnel was 10%, whereas managerial personnel average remuneration increased by 60%.

v. Affirmation that the remuneration is as per the remuneration policy of the Company:

It is hereby affirmed that the remuneration paid during the financial year 2021-22 is as per the Company's Remuneration Policy.

For and on behalf of the Board of Directors
For HP Adhesives Limited
(formerly known as HP Adhesives Private Limited)

Place: Mumbai
Date: August 10, 2022

Mrs. Anjana Haresh Motwani
Chairperson & Executive Director
DIN: 02650184

Mr. Karan Haresh Motwani
Managing Director
DIN: 02650089

DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT

In accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board of Directors of HP Adhesives Limited ("the Company") have pleasure in presenting the Company's Report on Corporate Governance for the Financial Year ended March 31, 2022.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company believes that good Corporate Governance is essential to achieve long-term corporate goals and enhance stakeholders' value. The Philosophy on Corporate Governance is aimed at attainment of highest level of transparency, accountability and compliance with laws in all facets of operations, leading to best standards of Corporate Governance.

Your Company takes utmost care to safeguard the interests of all its stakeholders. Your Company's governance structure comprises the Board of Directors and the Committees of the Board at the apex level and the management structure at the operational level.

The Board decides significant policies and business matters with full participation of non-executive directors, who impart the benefit of their vast experience and skills to bring qualitative improvement to the decision-making process.

2. BOARD OF DIRECTORS

A. COMPOSITION AND CATEGORY OF THE BOARD

The composition of the Board of Directors is in conformity with the SEBI (Listing Regulations and Disclosure Requirements) Regulations 2015 ("Listing Regulation") and the Companies Act, 2013 ("Act").

As of March 31, 2022, the Board of Directors comprised of 6 Directors, of whom 3 were Non-Executive Independent Directors, 3 were Executive Directors (including Chairperson and Managing Director):

Name of the Director	DIN	Category	No. of Equity Shares Held	Qualification/ Experience	No. of other Directorship*	Membership in Committee*#	
						As member	As Chairperson
Karan Haresh Motwani	02650089	Managing Director, Promoter	63,70,000	Bachelor of Management Studies and the Post Graduate Programme in Management (more than 15 years)	1	--	--
Anjana Haresh Motwani	02650184	Chairperson & Executive Director, Promoter	67,40,135	Bachelors' degree in Arts (Special), Diploma in Administrative Management and Diploma in Export Business Management (more than 40 years)	1	--	--
Nidhi Haresh Motwani	06655834	Executive Director	--	Bachelor of Business Administration and Masters of Global Business Management (more than 6 years)	--	--	--
Rajendra Kumar Jain	00144095	Independent Director	--	Bachelor of Commerce, Master's degree in commerce (specializing in business administration) Qualified Company Secretaries and Law graduate (more than 17 years)	1	1	--
Surendra Kumar Mehta	09211358	Independent Director	--	Bachelor of Commerce, Qualified Chartered Accountant and Company Secretary (more than 30 years)	--	--	--
Ajeet Anant Walavalkar	09226644	Independent Director	--	Bachelor of Electrical Engineering (more than 40 years)	--	--	--

**Excludes directorships and membership in our Company. Also excludes directorship in private limited companies, foreign companies and companies registered under Section 8 of the Act and Government Bodies.*

#For the purpose of calculating membership, only Audit and Stakeholders' Relationship Committee of public limited companies, whether listed or not, are considered – Regulation 26(1) of Listing Regulations.

DIRECTORS' REPORT (Contd.)

B. CHANGES IN BOARD COMPOSITION

The changes in the Board Composition for the FY22 under review are here as under:

Sr. No.	Name	Nature of Change	Effective Date
1	Karan Haresh Motwani	Change of Designation from Executive Director to Managing Director	May 07, 2021
2	Nidhi Haresh Motwani	Appointed as Executive Director	February 20, 2022
3	Surendra Kumar Mehta	Appointed as Non-Executive Independent Director	June 23, 2021
4	Rajendra Kumar Jain	Appointed as Non-Executive Independent Director	July 05, 2021
5	Ajeet Anant Walavalkar	Appointed as Non-Executive Independent Director	July 05, 2021

None of the Directors hold directorship in more than ten public companies and do not serve as a Director in more than seven listed companies, across all their directorships held, including that in the Company. Further, none of the Directors of the Company is a member of more than ten committees or chairperson of more than five committees across all the public companies in which he/she is a Director.

The Company has an Executive Director as a Chairperson. The roles of the Chairperson and the Managing Director are distinct and separate.

All the directors of the Company have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations.

C. BOARD MEETINGS

Board Procedure

The Board meets at regular intervals to discuss and decide on business policies and review the financial performance of the Company. Board meetings are communicated by giving appropriate notice to the Directors. The Board of Directors met Eighteen (18) times during the FY 2021-22 and the gap between two board meetings did not exceed the period of one hundred and twenty days (120). The necessary quorum was present for all the meetings.

The dates on which the Board Meetings were held are as follows:

- April 16, 2021;
- May 07, 2021;
- June 09, 2021;
- June 10, 2021;
- June 23, 2021;
- June 30, 2021;
- July 05, 2021;
- July 07, 2021 (2 Board meetings);
- July 14, 2021;
- July 16, 2021;
- August 27, 2021;
- November 15, 2021;
- November 27, 2021;
- December 03, 2021;
- December 22, 2021;
- February 10, 2022; and
- March 25, 2022.

D. ATTENDANCE RECORD OF THE DIRECTORS FOR THE FY 2021-22

Name of the Director	Board Meeting	Last AGM – July 14, 2021
Karan Haresh Motwani	18 out of 18	Yes
Anjana Haresh Motwani	18 out of 18	Yes
Nidhi Haresh Motwani	1 out of 18	N.A.
Rajendra Kumar Jain	11 out of 18	No
Surendra Kumar Mehta	10 out of 18	No
Ajeet Anant Walavalkar	9 out of 18	No

E. LIST OF DIRECTORSHIP HELD IN OTHER LISTED COMPANIES

Name of the Director	Name of Listed Entity	Category of Directorship
Karan Haresh Motwani	--	--
Anjana Haresh Motwani	--	--
Nidhi Haresh Motwani	--	--
Rajendra Kumar Jain	G R Infraprojects Limited	Non-Executive Independent Director
Surendra Kumar Mehta	--	--
Ajeet Anant Walavalkar	--	--

DIRECTORS' REPORT (Contd.)

F. INTER-SE RELATIONSHIP AMONGST THE DIRECTORS

Except as stated below, none of our Directors are related to each other.

Name of the Director	Name of Director	Relationship
Anjana Haresh Motwani	Karan Haresh Motwani	Mother and Son
	Nidhi Haresh Motwani	Mother and Daughter

G. RESPONSIBILITIES OF THE BOARD

The Board Members are responsible for the management of the business. Role, functions, responsibilities and accountability of the Board are clearly defined. In addition to its primary role of monitoring corporate performance, functions of the Board include, but does not restrict to the following:

- formulation of strategic and business plans;
- reviewing and approving financial plans and budgets;
- monitoring corporate performance against strategic and business plans, including overseeing operations;
- ensuring ethical behavior and compliance with laws and regulations; and
- keeping shareholders informed regarding plans, strategies and performance.

H. INDEPENDENT DIRECTORS

Independent Directors are Non-executive Directors as defined under SEBI Regulations read with Section 149(6) of the Companies Act, 2013. All Independent Directors have confirmed that they met the criteria as mentioned under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013. Further, they have declared that they do not fall under any disqualifications specified under the Act.

The Board of Directors hereby confirms that in its opinion, the Independent Directors of the Company fulfill the conditions as specified in the SEBI Regulations and are independent of the management.

I. FAMILIARISATION PROGRAMME

The Familiarization Program for Independent Directors is uploaded on the website of the Company and is accessible at www.hpadhesives.com.

J. CODE OF CONDUCT

Your Company has a Code of Conduct for Directors and senior management that reflects high standards of integrity and ethics. This Code is available on the Company's website www.hpadhesives.com. The Directors and senior management of the Company have affirmed their adherence to this Code of Conduct for FY 2021-22 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 a declaration to that effect signed by Mr. Karan Haresh Motwani, Managing Director has been obtained.

K. BOARD EVALUATION AND ASSESSMENT

Pursuant to the provision of the Companies Act, 2013 read with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Board carried out a performance evaluation of the Board of Directors as a whole, Committees of the Board and Individual Directors. The performance of the Board as a whole, Committees and Individual Directors was evaluated by seeking inputs from all Directors based on certain parameters as per the Guidance Note on Board Evaluation issued by SEBI. The feedback received from the Directors was discussed and reviewed by the Independent Directors at their separate Annual Meeting held on March 25, 2022, and also shared with the Board. The Independent Directors in the said meeting also evaluated the quality, quantity and timeliness of the flow of information between the Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

L. CHART SETTING OUT SKILLS/ EXPERTISE/ COMPETENCE OF THE BOARD

The Board comprises qualified members who bring in the required skills, competence and expertise to enable them to effectively contribute in deliberations at Board and Committee meetings. As required under Schedule V of the Listing Regulations, the below matrix summarizes a mix of skills, expertise and competencies possessed by our individual Directors, which are key to corporate governance and Board effectiveness:

DIRECTORS' REPORT (Contd.)

Skills Identified	Definition
Experience and Industry Knowledge	Industry experience through detailed knowledge of the Company or the sector in which it operates, as well as those who understand the broader industry environment.
Financial & Accounts	Management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation and financial reporting processes.
Corporate Governance	Service on a public listed company board to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing best governance practices.
General Management and Leadership	Extended leadership experience resulting in a practical understanding of organisations, processes, strategic planning. General know how of business management, talent management & development, compliance with applicable regulations, workplace health & safety.
Technology and Development	A significant background in technology, resulting in knowledge as to how to anticipate technological trends, generate innovation and extend or create new business models.
Sales & Marketing	Experience in developing strategies to grow sales and market share, build brand competitiveness, awareness and equity, and build a strong corporate reputation.
Business Development	Suggesting innovative new ideas and formulation of new strategies for the business, keeping in mind the changing requirements of the industry and customers.

In the table below, the key skills, expertise and competence of the Board of Directors in the context of the Company's business for effective functioning and as available with the Board have been highlighted.

Sr. No.	Parameters	Karan Haresh Motwani	Anjana Haresh Motwani	Nidhi Haresh Motwani	Rajendra Kumar Jain	Surendra Kumar Mehta	Ajeet Anant Walavalkar
1.	Experience and Industry Knowledge	✓	✓	✓	✓	✓	✓
2.	Financial & Accounts	✓	✓	--	✓	✓	--
3.	Corporate Governance	✓	✓	✓	✓	✓	✓
4.	General Management and Leadership	✓	✓	✓	✓	✓	✓
5.	Technology and Development	✓	--	✓	--	--	--
6.	Sales & Marketing	✓	✓	✓	--	--	✓
7.	Business Development	✓	✓	✓	--	--	✓

3. COMMITTEES OF THE BOARD

A. AUDIT COMMITTEE

The Audit Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors. It assists the Board in fulfilling its responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities. The majority of the Members on the Committee, including the Chairman are Independent Directors.

The Audit Committee was constituted by a resolution of the Board dated July 07, 2021 in compliance with Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI Listing Regulations.

Terms of reference of Audit Committee are:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

DIRECTORS' REPORT (Contd.)

- Recommendation for appointment, replacement, reappointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditor's for any other services rendered by the statutory auditor's;
- Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    a. matters required to be included in the Director's Responsibility Statement to be included in the Board's report, in terms of the Companies Act 2013;
    b. changes, if any, in accounting policies and practices and reasons for the same;
    c. major accounting entries involving estimates based on the exercise of judgment by management;
    d. significant adjustments made in the financial statements arising out of audit findings;
    e. compliance with listing and other legal requirements relating to financial statements;
    f. disclosure of any related party transactions; and
    g. modified opinion(s) in the draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Subject to and conditional upon approval of our Board, approval of related party transactions or subsequent modifications thereto. Such approval can be in the form of omnibus approval of related party transactions, subject to conditions not inconsistent with the conditions specified in Regulation 23(2) and Regulation 23(3) of the SEBI LODR Regulations;
- Subject to review by our Board, review on quarterly basis, of related party transactions entered into by our Company pursuant to omnibus approval given;

  Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI LODR Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.
- Scrutinize inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the whistle blower mechanism;

DIRECTORS' REPORT (Contd.)

- Oversee the procedures and processes established to attend to issues relating to the maintenance of books of accounts, administrations procedures, transactions and other matters having a bearing on the financial position of our company, whether raised by the auditors or by any other person;
- Act as a compliance committee to discuss the level of compliance in our Company and any associated risks and to monitor and report to the Board on any significant compliance breaches;
- Approve the appointment of Chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- Oversee the vigil mechanism established by our Company and the chairman of audit committee shall directly hear grievances of victimization of employees and directors, who use vigil mechanism to report genuine concerns; and
- Carrying out any other function as is mentioned in the terms of reference of the audit committee and any other terms of references as may be decided by the board of directors of our company or specified/ provided under the Companies Act, 2013 or by the SEBI LODR Regulations or by any other regulatory authority.

There were Six (6) Audit Committee Meetings held during FY 2021-22 as follows:

- July 14, 2021;
- August 27, 2021;
- November 15, 2021;
- November 27, 2021;
- February 10, 2022; and
- March 25, 2022.

The details of committee composition and attendance for the said meetings are given below:

Names of Directors	Designation	No. of meetings attended
Mr. Surendra Kumar Mehta	Chairman	6 out of 6
Mr. Rajendra Kumar Jain	Member	6 out of 6
Mr. Karan Haresh Motwani	Member	6 out of 6

The Company Secretary of the Company acts as Secretary to the Committee.

B. NOMINATION AND REMUNERATION (NRC) COMMITTEE

The Nomination and Remuneration Committee was constituted pursuant to the resolution passed by our Board in its meeting held on July 07, 2021. The term of reference of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations.

Terms of reference of Nomination and Remuneration Committee are:

- Formulating and recommending to the Board of Directors for its approval and also to review from time to time, a nomination and remuneration policy or processes, as may be required pursuant to the provisions of the Companies Act;
- 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;
- Identifying persons who are qualified to become directors and persons who may be appointed in senior management position in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- Determining 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;
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- Recommending to the board, all remuneration, in whatever form, payable to senior management.
- Recommending to the Board, qualifications, appointment, remuneration and removal of Directors, key management personnel and persons in senior management positions in accordance with the nomination and remuneration policy;
- Devising a policy on diversity of board of directors;
- Carrying out performance evaluation of every Director in accordance with the nomination and remuneration policy;

DIRECTORS' REPORT (Contd.)

- Considering grant of stock options to the eligible Directors, formulating detailed terms and conditions of employee stock option scheme and administering and exercising superintendence over employee stock option schemes;
- Engaging the services of any consultant/ professional or other agency for the purpose of recommending compensation structure/ policy;
- Performing such other activities as may be delegated by the Board or specified or provided under the Companies Act, 2013 or the SEBI LODR Regulations, and the rules and regulations made thereunder or other applicable law, including any amendments thereto as may be made from time to time.

There was One (1) Nomination & Remuneration Committee Meeting held during FY 2021-22 on February 10, 2022.

The details of committee composition and attendance for the said meeting is given below:

Names of Directors	Designation	No. of meetings attended
Mr. Surendra Kumar Mehta	Chairman	1 out of 1
Mr. Rajendra Kumar Jain	Member	1 out of 1
Mr. Ajeet Anant Walavalkar	Member	1 out of 1

The Company Secretary of the Company acts as Secretary to the Committee.

Nomination and Remuneration Policy:

Your Company has a well-defined Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees. The Nomination and Remuneration Policy has been formulated to provide a framework for the nomination, evaluation and remuneration of members of the board of directors of the Company (the "Board"), key managerial personnel ("KMPs"), and other employees of the Company. This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, as amended (the "Act") and Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "SEBI Listing Regulations"). The policy has been placed on the website of the Company at www.hpadhesives.com.

Performance Evaluation:

The criteria for performance evaluation cover the areas relevant to the performance, participation, conduct, effectiveness etc. The performance evaluation of Independent Directors was done by the entire Board of Directors and the Directors subject to evaluation had not participated in the same. The Independent Directors evaluated the performance of Non-Independent Directors and Board as a whole.

C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee was constituted pursuant to a resolution passed by the Board in its meeting held on July 07, 2021. The scope and functions of the Stakeholder Relationship Committee are in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations.

Terms of reference for the Stakeholders' Relationship Committee are:

- Consider and resolve the grievances of security holders of the Company including Investors' Complaints;
- Allotment, transfer of shares including transmission, splitting of shares, changing joint holding into single holding and vice versa;
- Redressing of shareholders and investors complaints such as non-receipt of declared dividend, annual report, transfer of Equity shares;
- Monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares;
- Reference to statutory and regulatory authorities regarding investor grievances;
- To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
- Any other power specifically assigned by the Board of Directors of the Company from time to time by way of a resolution passed by it in a duly conducted meeting; and
- To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

DIRECTORS' REPORT (Contd.)

There was One (1) Stakeholders' Relationship Committee Meeting held during FY 2021-22 on February 10, 2022.

The details of committee composition and attendance for the said meeting is given below:

Names of Directors	Designation	No. of meetings attended
Mr. Surendra Kumar Mehta	Chairman	1 out of 1
Mr. Rajendra Kumar Jain	Member	1 out of 1
Mr. Ajeet Anant Walavalkar	Member	1 out of 1

The Company Secretary of the Company acts as Secretary to the Committee.

Details of Shareholders' Complaints

Details of investor complaints received and resolved during the year ended 31st March, 2022 are as follows:

Complaints Pending as on April 1, 2021	Complaints Received during the year	Complaints Resolved During the year	Complaints Pending as on March 31, 2022
0	4	4	0

D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Corporate Social Responsibility Committee was constituted pursuant to resolution passed by the Board in its meeting held on December 03, 2021. The scope and functions of the Corporate Social Responsibility Committee are in accordance with Section 135 of the Companies Act, 2013.

Terms of reference of CSR Committee are:

- Formulation of a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Company in areas specified in the Companies Act, 2013. The activities should be within the list of permitted activities specified in the Companies Act, 2013 and the rules there under, as amended;
- Recommending the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Company in the three immediately preceding financial years or where the Company has not completed the period of three financial years since its incorporation during such immediately preceding financial years;
- Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Company;
- Monitoring the corporate social responsibility policy from time to time and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and
- Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes.

There was One (1) Corporate Social Responsibility Committee Meeting held during FY 2021-22 on March 25, 2022.

The details of committee composition and attendance for the said meeting is given below:

Names of Directors	Designation	No. of meetings attended
Mrs. Anjana Haresh Motwani	Chairman	1 out of 1
Mr. Karan Haresh Motwani	Member	0 out of 1
Mr. Ajeet Anant Walavalkar	Member	1 out of 1

The Company Secretary of the Company acts as Secretary to the Committee.

E. INITIAL PUBLIC OFFER (IPO) COMMITTEE:

The Board in order to take quick decisions, carry out effective execution of decisions and easy approval of various documents and applications relating to Initial Public Offer (IPO), has constituted IPO Committee on July 16, 2021.

There were Four (4) IPO Committee Meetings held during FY 2021-22 as follows:

- July 18, 2021;
- August 28, 2021;
- December 14, 2021; and
- December 20, 2021.

The details of committee composition and attendance for the said meetings are given below:

Names of Directors	Designation	No. of meetings attended
Mr. Rajendra Kumar Jain	Chairman	4 out of 4
Mrs. Anjana Motwani	Member	3 out of 4
Mr. Karan Haresh Motwani	Member	4 out of 4

The Company Secretary of the Company acts as Secretary to the Committee.

DIRECTORS' REPORT (Contd.)

The Board of Directors at its meeting held on February 10, 2022 dissolved the IPO Committee.

4. REMUNERATION OF DIRECTORS

The remuneration paid to the Directors of the Company is in accordance with the applicable provisions of the Companies Act, the SEBI Listing Regulations and in line with the remuneration policy of the Company. The remuneration policy is available on the website of Company www.hpadhesives.com.

The details of remuneration of Directors are provided in Form MGT-7 (annual return) which is hosted on the website of the Company and can be accessed at www.hpadhesives.com.

A. PECUNIARY RELATIONSHIP AND/OR TRANSACTIONS OF THE NON-EXECUTIVE DIRECTORS WITH THE LISTED ENTITY

During the year under review, there were no pecuniary relationships or transactions between the Non-Executive Directors and the Company, apart from remuneration paid by way of sitting fees to the Independent Directors.

B. CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS

The Independent Directors are not paid any remuneration other than the sitting fee for attending meetings of the Board and the Committees thereof as approved by the Board.

C. REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS

(₹ in Lacs)

Particulars of Remuneration	Name of the Director		
	Mr. Surendra Kumar Mehta	Mr. Rajendra Kumar Jain	Mr. Ajeet Anant Walavalkar
Fees for attending Board and Committee Meeting	3.35	3.95	2.25
Commission, if any (in Rs.)	0	0	0
Other	0	0	0
Total	**3.35**	**3.95**	**2.25**

D. REMUNERATION PAID TO EXECUTIVE DIRECTORS

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Name of the Director		
		Mr. Karan Haresh Motwani	Mrs. Anjana Haresh Motwani	*Ms. Nidhi Haresh Motwani
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income - tax Act, 1961	76.90	34.60	4.14
	(b) Value of perquisites u/s 17(2) Income - tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income -tax Act, 1961	--	--	--
2.	Stock Option	--	--	--
3.	Sweat Equity	--	--	--
4.	Commission, if any	--	--	--
5.	Others, please specify	--	--	--
	Total	**76.90**	**34.60**	**4.14**

**Remuneration mentioned above is from 10.02.2022 till 31.03.2022.*

DIRECTORS' REPORT (Contd.)

5. DETAILS OF GENERAL BODY MEETINGS

A. ANNUAL GENERAL MEETING:

The details of the Annual General Meeting held during the last two years:

AGM	Financial Year	Day, Date & Time	Venue/ Mode	Resolution	Brief description of Resolutions
1st AGM	FY 2019-20	Thursday, December 31, 2020 at 4:00 p.m.	Registered Office: 11 Unique House, Chakala Cross Road, Andheri (East), Mumbai 400099.	Ordinary	1. Adoption of the Balance Sheet of the Company as on March 31, 2020 and statement of profit and loss for the year ended along with the reports of the auditors and directors of the company thereon. 2. Appointment of Statutory Auditor.
2nd AGM	FY 2020-21	Wednesday, July 14, 2021 at 4:30 p.m.	Registered Office: 11 Unique House, Chakala Cross Road, Andheri (East), Mumbai 400099.	Ordinary	1. Adoption of the Balance Sheet of the Company as on March 31, 2021 and statement of profit and loss for the year ended along with the reports of the auditors and directors of the company thereon. 2. Adoption of Restated Financial Statements for the year ended March 31, 2020 and March 31, 2021.
				Special	3. To grant loans, providing guarantees, securities and making of investment in securities under Section 186. 4. Approval for giving loan or guarantee or providing security in connection with loan availed by any other person specified under Section 185 of the Companies Act, 2013.

Note: As the Company was incorporated on May 07, 2019 details of last 2 AGM held is provided above.

B. EXTRA-ORDINARY GENERAL MEETING:

Apart from the Annual General Meeting, the Extra Ordinary General Meeting of the Company was held during the Financial Year 2021-22.

EGM	Day, Date & Time	Venue/ Mode	Resolution	Brief description of Resolutions
1st EGM FY 2021-22	Tuesday, April 13, 2021 at 3:00 p.m.	Registered Office: 11 Unique House, Chakala Cross Road, Andheri (East), Mumbai 400099.	Ordinary	1. Increase of Authorised Capital of the Company.
2nd EGM FY 2021-22	Monday, April 19, 2021 at 11:30 a.m.	Registered Office: 11 Unique House, Chakala Cross Road, Andheri (East), Mumbai 400099.	Special	1. Issue of Shares on Rights Basis to the existing Shareholders.
3rd EGM FY 2021-22	Monday, May 31, 2021 at 11:30 a.m.	Registered Office: 11 Unique House, Chakala Cross Road, Andheri (East), Mumbai 400099.	Special	1. Offer of Shares on Rights Basis to the existing Shareholders.

DIRECTORS' REPORT (Contd.)

EGM	Day, Date & Time	Venue/ Mode	Resolution	Brief description of Resolutions
4th EGM FY 2021-22	Wednesday June 23, 2021 at 02:00 p.m.	Registered Office: 11 Unique House, Chakala Cross Road, Andheri (East), Mumbai 400099.	Ordinary	1. Appoint Mr. Surendra Kumar Mehta (DIN: 09211358) as Non-executive Independent Director of the company.
			Special	2. Conversion of company into Public Limited Company. 3. Modify the Memorandum of Association as per the Companies Act, 2013.
5th EGM FY 2021-22	Tuesday, July 06, 2021 at 11:00 a.m.	Registered Office: 11 Unique House, Chakala Cross Road, Andheri (East), Mumbai 400099.	Ordinary	1. Appoint of Mr. Rajendra Kumar Jain (DIN: 00144095) as Non-executive Independent Director of the company. 2. Appoint of Mr. Ajeet Anant Walavalkar (DIN: 09226644) as Non-executive Independent Director of the company.
			Special	3. Modify the Object clause Memorandum of Association of the Company. 4. Adopt new set of Article of Association for the company. 5. Issue and Allotment of Equity Shares to the Public (Initial Public Offer).

C. POSTAL BALLOT

During the year under review, the Company sought approval of the Members by means of Postal Ballot conducted through Remote E-voting which was duly passed with the requisite majority on April 28, 2022. The businesses along with the details of voting pattern is as follows:

Business:

Appointment of Ms. Nidhi Haresh Motwani (DIN: 06655834) as an Executive Director of the Company.

Voting Pattern:

Sr. No.	Particulars	No of folios who voted	Number of votes cast	% of total votes
1	Votes in favour of the resolution	55	96,172	99.86%
2	Votes against the resolution	5	136	0.14%
3	**Total**	**60**	**96,308**	**100%**
4	**Result**	The Resolution has been passed with the requisite majority.		

Mr. Shivam Sharma, Practicing Company Secretary (Membership No: A35727, COP No: 16558), Proprietor of Shivam Sharma & Associates was appointed as the Scrutinizer for conducting the postal ballot only through the e-voting process in a fair and transparent manner. No Special Resolution is proposed to be conducted through Postal Ballot as on the date of this Report.

Procedure of Postal Ballot:

In view of the COVID-19 pandemic and the circulars issued by MCA, postal ballot notice was sent through e-mail only, to all those members who had registered their e-mail ids with the Company/depositories. The Company also publishes notice in the newspapers for the information of the members.

A scrutinizer is appointed for conducting the postal ballot process in a fair and transparent manner. Voting rights are reckoned on the equity shares held by the members as on the cut-off date. The scrutinizer submits his report on the postal ballot to the Chairman, and the voting results are announced by placing the report on the website of the Company and by communicating to the Stock Exchanges.

DIRECTORS' REPORT (Contd.)

6. MEANS OF COMMUNICATION

WEBSITE: The Company's website www.hpadhesives.com contains a separate section 'Shareholders' for use of investors. The Quarterly, half yearly and Annual Financial Results are promptly displayed on website. Notices, Annual Report, Quarterly Shareholding Pattern, Corporate Announcement and other Communication are also available on the website.

FINANCIAL RESULTS: The Quarterly, Half yearly and Annual Results are regularly posted by the Company on its website. These are also submitted to the Stock Exchanges i.e. NSE and BSE in accordance with Listing Regulations. The Quarterly, Half Yearly and Annual Results are normally published in Free Press Journal (English) and Navshakti (Marathi) newspapers, within 48 hours of approval.

ANNUAL REPORT: Annual Report containing interalia, salient features of the Audited Financial Statements, Director's Report (Including Management Discussion and Analysis), Corporate Governance Report and other important information is circulated to members and others entitled thereof.

There were no presentations made to the institutional investor analysts during the year.

7. GENERAL SHAREHOLDER INFORMATION

➢	Incorporation Date	07/05/2019
➢	Registered Office Address	11 Unique House, Chakala Cross Road, Andheri East, Mumbai 400099.
➢	Corporate Office Address	501, 5th Floor, C Wing, Business Square, Chakala, Andheri East, Mumbai 400093
➢	CIN	U24304MH2019PLC325019
➢	Date, time and Venue of the Annual General Meeting	Date: September 27, 2022; Time: 03:00 P.M., Venue: Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") Facility.
➢	Financial year	April 1, 2021 to March 31, 2022
➢	Dividend Payment Date	No dividend has been proposed
➢	Name and Address of Stock Exchange	The equity shares of the Company are listed on National Stock Exchange of India Ltd. (NSE) and BSE Limited (BSE). NSE: Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. BSE: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.
➢	Stock Code	NSE: HPAL BSE: 543433
➢	ISIN	INE0GSL01016
➢	Payment of Listing Fees	The Company has paid the annual listing fees for the relevant periods to NSE and BSE where its equity shares are listed.
➢	Registrar & Share Transfer Agent	Bigshare Services Private Limited **Corporate Office:** Office No S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East), Mumbai – 400093. Tel : 022-62638200 Fax : 022-62638299 E-mail : shwetas@bigshareonline.com Website: www.bigshareonline.com
➢	In Case securities are suspended from Trading	Not applicable

DIRECTORS' REPORT (Contd.)

➢	Share Transfer System	The Company's shares are traded under compulsory dematerialized mode. The Board of Directors have delegated the power to attend all the formalities relating to transfer of securities to the Registrar and Share Transfer Agent of the Company. An annual certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI LODR Regulations is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges within the prescribed time.
➢	Dematerialization of shares and liquidity	As of March 2022, 100% of the total equity capital was held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited. The Company's shares are regularly traded on BSE and NSE.
➢	Outstanding Global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on liquidity	Not applicable since the Company has not issued any Global Depository Receipts or American Depository Receipts or Warrants or Convertible bonds.
➢	Plant Locations	Survey No. 7, Village Narangi, Tal. Khalapur, Dist. Raigad, Maharashtra.
➢	Address for correspondence	Bigshare Services Private Limited Office No S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East), Mumbai 400093. Tel : 022-62638200 E-mail : shwetas@bigshareonline.com The Company Secretary & Compliance Officer HP Adhesives Limited 501, 5th Floor, C Wing, Business Square, Chakala, Andheri East, Mumbai 400093. Email: investors@hpadhesives.com
➢	Commodity price risk or foreign exchange risk and commodity hedging activities	During the year 2021-22, the Company has managed the foreign exchange risk and hedged to the extent considered necessary.
➢	Credit Ratings and any revisions thereto for debt instruments or any fixed deposit programme or any scheme or proposal involving mobilization of funds, whether in India or abroad	The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds in India or abroad during the financial year ended 31st March, 2022. The ratings given by CARE for short-term borrowings and long-term borrowings of the Company are A3 and BBB-/Stable respectively. There was no revision in the said ratings during the year under review.

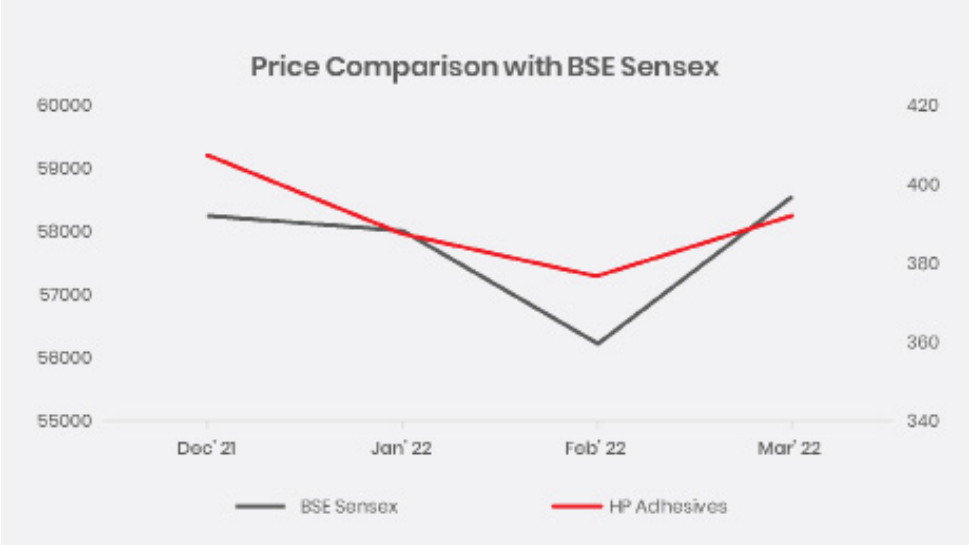
Stock Price Data:

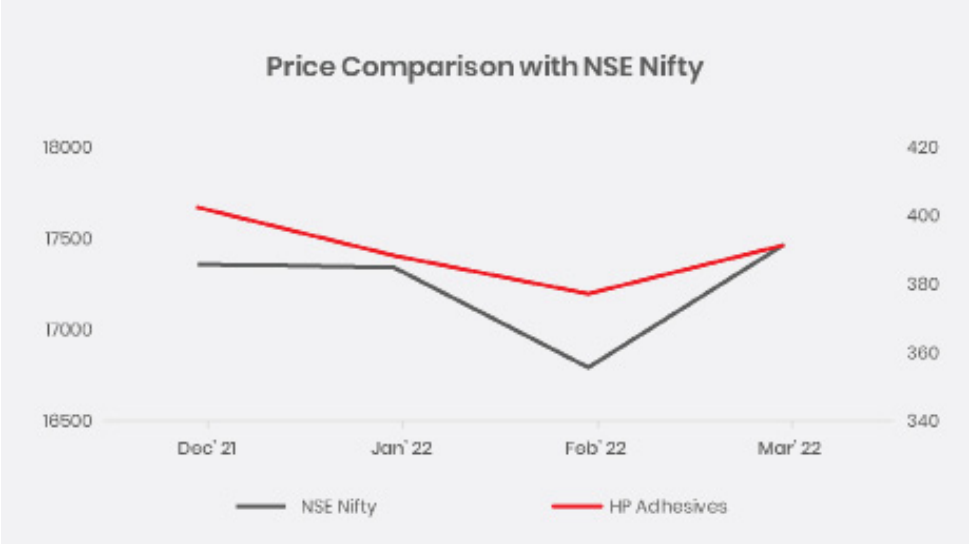
Market Price Data for the period from December 27, 2021 to March 31, 2022:

Month	BSE		NSE	
	High	Low	High	Low
December, 2021	407.00	319.00	401.90	315.00
January, 2022	505.00	383.55	505.00	382.55
February, 2022	423.95	335.25	423.70	335.00
March, 2022	403.25	355.00	403.10	354.25

DIRECTORS' REPORT (Contd.)

Performance in comparison to broad-based indices such as BSE Sensex and NSE Nifty:





Distribution of Shareholding as on March'22:

Sr. No.	Category (Shares)	Number of Holders	% Holders	Shares	% Equity
1	1 - 500	25476	97.95	1126930	6.13
2	501 - 1000	268	1.03	211000	1.15
3	1001 - 2000	140	0.54	207379	1.13
4	2001 - 3000	33	0.13	85094	0.46
5	3001 - 4000	14	0.05	48440	0.26
6	4001 - 5000	12	0.05	57899	0.32
7	5001 - 10000	20	0.08	141830	0.77
8	10001 and above	45	0.17	16496375	89.78
	Total	**26008**	**100.00**	**18374947**	**100.00**

DIRECTORS' REPORT (Contd.)

Shareholding Pattern as on March'22:

Category	No. of Shares held	% of Shares held
Promoters Holding [A]		
Indian promoters	13110135	71.35
Foreign promoters	--	--
Sub-total A	**13110135**	**71.35**
Public Holding [B]		
Institutional Investors B1		
Mutual Funds	--	--
Financial Institutions/ Banks	--	--
Foreign Portfolio Investors	997373	5.43
Insurance Companies	--	--
Central Government/ State Government	--	--
Sub-total B1	**997373**	**5.43**
Non-Institutional Investors B2	--	--
Retail Individuals	3397999	18.49
Bodies Corporate	480517	2.62
Clearing Members	55578	0.30
Non-Resident Indians (NRI)	24771	0.13
Hindu Undivided Family	307574	1.67
Overseas Corporate Bodies	0	0.00
Trust	1000	0.01
Sub-total B2	**4267439**	**23.22**
Non-Promoter Non-Public Holding [C]	0	0.00
Grand total (A+B+C)	**18374947**	**100.00**

8. DISCLOSURES:

A. Related Party Transactions

The related party transactions entered into with the related parties are as defined under the Companies Act, 2013 and the Listing Regulations. The transactions were in the ordinary course of business and the same have been approved by the Audit Committee/ Board of Directors. Further, the Company did not enter into any materially significant related party transactions, which had a potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed under Schedule 41 to the financial statements in the Annual Report. The Board of Directors has approved a policy of related party transactions which has been uploaded on the website of the Company www.hpadhesives.com.

B. Strictures and Penalties

The Company has complied with all the requirements of the Stock Exchanges as well as the regulations and guidelines of SEBI and other regulatory authorities. Consequently, no penalties were imposed or strictures passed against the Company by SEBI, Stock Exchanges or any other statutory authorities on any matter relating to capital markets from the date of listing i.e. December 27, 2021 till March 31, 2022.

C. Vigil Mechanism (Whistle Blower Policy)

The Company has a vigil mechanism called 'Whistle Blower Policy' with a view to provide a mechanism for Directors and employees of the Company to raise concerns of any violations of a legal or regulatory requirements, incorrect or misrepresentation of any financial statement and reports etc. The policy also includes reporting of instances relating to leak of Unpublished Price Sensitive Information. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. No person has been denied access to the Audit Committee.

D. Details of compliance with mandatory requirements and adoption of non-mandatory requirements

During the period under review, your Company has complied with all the mandatory requirements of SEBI Listing Regulations. In terms of Corporate Governance, the Company has complied with the applicable requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and has obtained a certificate from Mr. Shivam Sharam, our Secretarial Auditor regarding the compliance of conditions of Corporate Governance. The Certificate is also annexed to this report as Annexure I.

The provisions of Schedule V Part C, of the SEBI Listing Regulations further states that the non-mandatory requirements adopted by the Company be specifically highlighted in the Corporate Governance Report. Accordingly, Company has complied with the following non-mandatory requirements:

- The Company's financial statement for the year ended 31st March, 2022 does not contain any modified Audit opinion; and
- The Internal auditors of the Company directly report to the Audit Committee of the Board of Directors.

DIRECTORS' REPORT (Contd.)

E. Weblink where policy for determining 'Material' subsidiary is disclosed

The Company does not have any subsidiary and hence policy for determining the material subsidiary is not applicable.

F. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

Your company actively monitors the foreign exchange movements and takes appropriate steps to reduce the risks associated with transactions in foreign currencies.

G. Details of Utilization of Funds Raised through Initial Public Offer

A detailed table showing the utilization of funds raised through IPO forms part of the Board's report.

H. Certificate from Practicing Company Secretary

Certificate as required under Part C of Schedule V of the Listing Regulations has been obtained from Mr. Shivam Sharma, Practicing Company Secretary, stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority(ies). The Certificate is also annexed to this report as Annexure II.

I. Non-acceptance of any recommendation of the Committees by the Board

During the year under review, there were no instances of non-acceptance of any recommendation of any statutory committee of the Board.

J. Total fees paid to Statutory Auditors

Please refer to the notes to accounts, for the total fees paid by the Company to the Statutory Auditors for the financial year 2021-22.

K. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

a.	Number of complaints pending at the beginning of the financial year 2021-2022	0
b.	Number of complaints filed during the financial year 2021-2022	0
c.	Number of complaints disposed off during the financial year 2021-2022	0
d.	Number of complaints pending as on end of the financial year 2021-2022	0

L. Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount

There are no loans and advances in the nature of loans to firms/companies in which directors are interested.

M. Statutory and Regulatory Compliance

The Company also has been following directions / guidelines / circulars issued by Income Tax Act, 1961, Securities and Exchange Board of India and Ministry of Corporate Affairs from time to time, as applicable to the company.

N. Equity Shares in the Suspense Account

The Company does not have any shares in the demat suspense account or unclaimed suspense account as on March 31, 2022.

O. Prevention of Insider Trading

In compliance with the SEBI PIT Regulations, as amended from time to time, the Company has formulated a Code of Conduct for Prevention of Insider Trading in the shares of the Company, which inter alia, prohibits trading in shares of the Company by insiders while in possession of unpublished price sensitive information in relation to the Company and in order to ensure uniform dissemination of unpublished price sensitive information. The Board of Directors has adopted a Code of Fair Disclosure of Unpublished Price Sensitive Information' which is available on the website of the Company and can be accessed at https://www.hpadhesives.com/wp-content/uploads/2014/08/Code-of-Fair-Disclosure-of-Unpublished-Price-Sensitive-Information.pdf.

DIRECTORS' REPORT (Contd.)

P. Unclaimed/ Unpaid Dividend

In terms of Section 125 of the Act, unclaimed dividends are required to be transferred to the Investors Education and Protection Fund. There was no dividend declared by the Company since the date of incorporation and for the year under review hence, there was no requirement of transferring the same to the Investors Education and Protection Fund.

Q. Reconciliation of Share Capital Audit

As directed by the Securities and Exchange Board of India (SEBI), Reconciliation of Share Capital Audit has been carried out at the specified period, by a Practicing Company Secretary.

R. Managing Director/ Chief Executive Officer and Chief Financial Officer certification

As required under Regulation 17(8) read with Part B of Schedule II of the SEBI Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have made a certification to the Board of Directors, in the prescribed format for the year under review. The same has been reviewed and taken on record by the Board of Directors.

For and on behalf of the Board of Directors

For HP Adhesives Limited

(formerly known as HP Adhesives Private Limited

Place: Mumbai
Date: August 10, 2022

Mrs. Anjana Haresh Motwani
Chairperson & Executive Director
DIN: 02650184

Mr. Karan Haresh Motwani
Managing Director
DIN: 02650089

DECLARATION ON COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT

I, Karan Haresh Motwani, Managing Director, hereby confirm and declare that in terms of Regulation 26 (3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Board Members and Senior Managerial Personnel of the Company have affirmed compliance with the Code of Conduct for Board of Directors and Senior Management Personnel for the FY22.

For HP Adhesives Limited

(formerly known as HP Adhesives Private Limited)

Place: Mumbai
Dates: August 10, 2022

Mr. Karan Haresh Motwani
Managing Director
DIN: 02650089

DIRECTORS' REPORT (Contd.)

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

[Regulation 17 (8) of the Listing Regulations]

We, Karan Haresh Motwani, Managing Director and Mihir Suresh Shah, Chief Financial Officer of HP Adhesives Limited, to the best of our knowledge and belief hereby certify that:

A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2022 and that to the best of our knowledge and belief:

   1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have not come across any reportable deficiencies in the design or operation of such internal controls.

D. We have indicated to the Auditors and the Audit Committee that:

   1. there are no significant changes in internal controls over financial reporting during the year;

   2. there are no significant changes in accounting policies during the year; and

   3. there are no instances of significant fraud of which we have become aware.

For and on behalf of the Board of Directors
For HP Adhesives Limited
(formerly known as HP Adhesives Private Limited)

Place: Mumbai
Dates: May 12, 2022

Mr. Karan Haresh Motwani
Managing Director

Mr. Mihir Suresh Shah
Chief Financial Officer

DIRECTORS' REPORT (Contd.)

Annexure I

CERTIFICATE ON CORPORATE GOVERNANCE BY PRACTICING COMPANY SECRETARY

To,
The Members,
HP Adhesives Limited
Reg. Office: 11 Unique House,
Chakala Cross Road,
Andheri East, Mumbai 400099**.**

I have examined the compliance of the conditions of Corporate Governance by **HP Adhesives Limited** ('the Company') for the year ended on March 31, 2022, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para- C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance.

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, as applicable for the year ended on March 31, 2022.

I further state that this certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For Shivam Sharma & Associates
Company Secretaries

Shivam Sharma
Proprietor
M.No.: A35727, CP. No.: 16558
Peer Review Certificate No.: 1811/2022
UDIN: A035727D000763652

Date: August 08, 2022
Place: Mumbai

DIRECTORS' REPORT (Contd.)

Annexure II

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,
HP Adhesives Limited
Reg. Office: 11 Unique House,
Chakala Cross Road,
Andheri East, Mumbai 400099**.**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **HP Adhesives Limited** having CIN: U24304MH2019PLC325019 and having registered office: 11 Unique House, Chakala Cross Road, Andheri East, Mumbai 400099 and Corporate office: Business Square, C-501, Sir Mathuradas Vasanji Road, Andheri East, Mumbai – 400053 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment
1.	Karan Haresh Motwani	02650089	07.05.2019
2.	Anjana Haresh Motwani	02650184	07.05.2019
3.	Rajendra Kumar Jain	00144095	05.07.2021
4.	Nidhi Haresh Motwani	06655834	10.02.2022
5.	Surendra Kumar Mehta	09211358	23.06.2021
6.	Ajeet Anant Walavalkar	09226644	05.07.2021

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

For Shivam Sharma & Associates
Company Secretaries

Shivam Sharma
Proprietor
M.No.: A35727, CP. No.: 16558
Peer Review Certificate No.: 1811/2022
UDIN: A035727D000763685

Date: August 08, 2022
Place: Mumbai

Independent Auditor's Report

To The Members of HP ADHESIVES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HP Adhesives Limited ("the Company"), which comprise the Balance sheet as at 31st March 2022, and the statement of profit and loss (including other comprehensive income), statement of Changes in Equity and statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant 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 financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2022, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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 obtained by us is sufficient and appropriate to provide a basis for our opinion on the 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 financial statements for the financial year ended 31 March 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters	How Our Audit Addressed the Key Audit Matter
A. Valuation of Inventory : • The net carrying value of inventory as on 31st March, 2022 is 21.07 % of Total Assets of the Company • Volatility in Price of imported raw which is dependent upon various global market conditions and supply chain disruptions resulting in high value of inventory holding to maintain numerous Finished SKUs.. • Valuation of WIP & Finished goods involves significant management's judgment and estimates. Hence we determined the valuation of Inventory as a key audit matter. Related Disclosures : Please refer to Note-2.5 for details of the accounting policies of inventories and Note-10 of Notes to Financial Statements for relevant disclosures of inventories.	Our Audit Procedure In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls relating to physical verification of inventories by the management. • Evaluation of the inventory costing methodology and valuation policy established by management, including compliance with the applicable accounting standard. • Verification of the determination of net realisable value of inventories at end on a representative sample basis involving high degree of reliance on management's estimate. • In respect of stocks lying at depots at the year-end, written confirmations have been obtained. • Observed a sample of inventory count procedures to assess compliance with Company's policy along with comparison of the sample quantities, we counted to the quantities recorded.

Independent Auditor's Report (Contd.)

Key Audit Matters	How Our Audit Addressed the Key Audit Matter
B. Trade Receivables & ECL Provision: • The recoverability of trade receivables and level of provisions for excepted credit loss are considered to be a significant risk due to the pervasive nature of these balances to the financial statements, and the importance of cash collection with reference to the working capital management of the business. • As at 31st March, 2022 the trade receivables balances (Net of provisions) consists of 16.40% of the total amount of assets. Accordingly, we determined audit of trade receivables as the key audit matter. <u>Related Disclosures</u>: Please refer to Note-11 of Notes to Financial Statements for relevant disclosures of Trade Receivables.	<u>Our Audit Procedure</u> • Assessed the design and implementation of key controls around the monitoring of recoverability. • Discussed with the management regarding the level and ageing of trade receivables, along with the consistency and appropriateness of receivables provisioning by assessing recoverability with reference to amount received in respect of trade receivables. • Analysing the aging schedule of trade receivable, past collection, records, industry boom and concentration of customers' credit risk along with sample balance confirmations. • We evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation. • Tested the ECL model, including assumptions and underlying computation. • Audited disclosures included in the Ind AS financial statements in respect of movement of expected credit losses.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon. The other information as identified above is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the 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.

When we read the other information as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with relevant rules issued thereunder.

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 the 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, Management 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 Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report (Contd.)

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors '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 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 Act, 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 auditors' report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 AS financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 financial statements for the financial year ended 31 March 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

(2) As required by section 143(3) of the Act, we report that:

  a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit,

  b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books,

Independent Auditor's Report (Contd.)

c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid 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 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) 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/period is in accordance with the provisions of section 197 read with Schedule V to the Act to extent applicable.

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 Auditor's) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:-

i. The Company has disclosed the impact of pending litigation on its financial position in its Financial Statements- Refer Note No.37 to the Financial Statements.

ii. The Company did not have any material foreseeable losses on long term contracts including derivative contracts.

iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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 or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, 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 on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, 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;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. No dividend has been proposed/ declared or paid by the company during the year.

For Priya Choudhary & Associates LLP
Chartered Accountants
(FRN- 011506C/C400307)

Vaibhav Choudhary
(Partner)
M.No.: 407543
UDIN: 22407543AJFUZX5612

Place: Mumbai (Mah)
Date: May 12, 2022

Annexure "A" to Independent Auditor's Report

Companies (Auditor's Report) Order, 2020 (Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirement' section of our Report of even date)

1. In respect of its Company's Property, Plant and Equipment and Intangible Assets:

   (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information except for in some assets where Company is in the process of tagging the assets.

   (b) Intangible Assets – Company is only having Trade Mark as intangible assets, wherein separate records have been maintained by the company, the title of these trademarks are in name of erstwhile Partnership Firm M/s HP International (Partnership firm) subsequently converted to HP Adhesives Limited. Further as explained by management company has 20 registered trade marks and 8 trade marks are under process of registration.

   (c) The Company has a its own program of physical verification of Property, Plant and Equipment and right-of-use assets so to cover all the assets in phased periodical manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

   (d) Based on our examination of the property tax receipts and lease agreement for land on which building is constructed, registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title in respect of self constructed buildings and title deeds of all other immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date

   (e) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

   (f) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

2. (a) The inventory, except goods-in-transit and stocks lying with third parties/depots, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties/depots at the year end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.

   (b) As disclosed in note 21 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year based on the security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

3. (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

   (b) During the year the Company has not provided guarantees and security and not granted advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. The investments made and the terms and conditions of the loans granted are not prejudicial to the Company's interest.

   (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

   (d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.

Independent Auditor's Report (Contd.)

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties subject to as disclosed in note 13 to the financial statements, the Company has granted loans repayable on demand to a company. Of these following are the details:

Amount of loans or advances in the nature of loans repayable on demand without specifying any terms or period of repayment as below:

Advances given to impersonal accounts related to erstwhile partnership firm M/s HP International made during per-incorporation period of the company other than staff and trade advances.	Rs 42.65 Lakhs
Loans to Promoters/related parties as defined in clause (76) of section 2 of Companies Act,2013	NIL

4. According to information and explanation given to us, there are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

5. The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

6. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company

7. In respect of Statutory dues:

a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

b) Subject to below according to the information and explanations given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax or any other Taxes which have not been deposited by the Company on account of disputes. Demand noted below includes the pending demands of erstwhile converted partnership firm M/s HP International.

Name of the Statue	Nature of Dues	Amount in Lakh	Forum where Dispute is Pending	Period	Remarks
MVAT	Order passed by DY Commissioner ST, Mumbai	111.31	JC Appeals	2014-15	Paid under Protest Rs.4.44 Lac. Stay Granted
CST		54.23	JC Appeals	2014-15	Paid under Protest Rs.2.19 Lac. Stay Granted
MVAT	Order passed by DY Commissioner ST, Mumbai	34.92	JC Appeals	2015-16	Paid under Protest Rs.1.46 Lac. Stay Granted
CST		11.11	JC Appeals	2015-16	Paid under Protest Rs.7.79 Lac. Stay Granted
Income Tax Act	Penalty U/s 271(1)(c)	2.70	CIT (Appeals)	2014-15	Proceedings Pending

Independent Auditor's Report (Contd.)

8. As explained there are no such transactions needs to be recorded in the books of account on account of any income surrendered or disclosed as income during the year in the tax assessments under the Income tax act , 1961 (43 of 1961).

9. a. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of banks or financial institutions. Further as per explanations given by management and sample review of accounts, loans borrowed from bank have been applied for the purposes for which loans were obtained.

   b. Company has never been declared as willful defaulter by any bank or financial institution or other lender.

   c. Term loans availed by company were duly applied for the purpose for which the loans were obtained, no such deviation observed.

   d. No funds raised for short term basis were utilised for long term purposes.

   e. Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

   f. Company has not raised any loans during the period on the pledge of any securities held in its subsidiaries, joint ventures or associate companies.

10. (a) During the year company has raised money by way of public issue and utilisation of IPO proceeds upto March, 2022 is as per the purpose for which it was raise, Refer Note 16 (b), (c), (d) for details and the unutilized portion of proceeds are kept in bank and fixed deposits.

    (b) During the year company has made allotment of Equity shares through Right issue as per provisions of Companies Act, 2013. (Refer Note 16 (a))

11. (a) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit, nor have we been informed of any such case by the management.

    (b) No such whistle blower complainants were received by the company during the year.

12. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

13. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

14. Company has commenced its in-house internal audit system since Feb, 2022 only, hence report for the Month of March, 2022 is made available to us verification, we have considered the same.

15. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

16. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

    (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

17. In our opinion company has not incurred any cash losses in the financial year and the immediate preceding financial year.

18. There has been no resignation of the statutory auditors of the Company during the year.

19. 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 and 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 the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a

Independent Auditor's Report (Contd.)

period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all 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

20. During the year company has expended ₹ 7.91 lakh on CSR activities which exceeds the amount required to be expended, hence no fund is remaining unspent during the period needs to transfer to specified fund as per provisions of section 135(5) of Companies Act.2013.

21. Company is not covered under CFS reporting requirements hence said Para is not applicable on the company.

For Priya Choudhary & Associates LLP
Chartered Accountants
(FRN- 011506C/C400307)

Vaibhav Choudhary
(Partner)
M.No.: 407543

Place: Mumbai (Mah)
Date: May 12, 2022

Annexure "B" to Independent Auditors' Report

(Referred to in paragraph 2 (f) under "Report on Other Legal and Regulatory Requirements" of our

report of even date)

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 Control with reference to financial statements of HP Adhesives Limited ("the company") as of 31st March, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year then ended.

Management Responsibility for the Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India. 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 Ind AS 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 system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that -

pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Independent Auditor's Report (Contd.)

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For Priya Choudhary & Associates LLP
Chartered Accountants
(FRN- 011506C/C400307)

Vaibhav Choudhary
(Partner)
M.No.: 407543

Place: Mumbai (Mah)
Date: May 12, 2022

BALANCE SHEET

as at 31st March, 2022

(₹ in Lakhs)

Particulars	Notes	As at 31st March, 2022	As at 31st March, 2021
ASSETS			
Non-current assets			
Property, Plant and Equipment	**5**	2,063.68	1,865.82
Capital work-in-progress	**6**	1,754.49	652.03
Right of Use Assets	**7A**	488.80	38.26
Other Intangible Assets	**7B**	16.66	17.18
Financial Assets			
Other Financial Assets	**8**	1,432.00	-
Deferred Tax Asset (net)	**27**	128.83	171.98
Other Non-Current Assets	**9**	223.93	55.58
Total Non-Current Assets		**6,108.40**	**2,800.85**
Current Assets			
Inventories	**10**	4,116.88	3,239.69
Financial Assets			
Trade Receivables	**11**	3,205.16	2,286.61
Cash and Bank Balances	**12**	4,768.00	83.10
Loans	**13**	119.04	116.65
Current Tax Assets (net)	**14**	-	-
Other Current Assets	**15**	1,224.42	450.97
Total Current Assets		**13,433.50**	**6,177.03**
TOTAL ASSETS		**19,541.90**	**8,977.89**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	**16**	1,837.49	1,300.00
Other Equity	**17**	11,896.44	(34.11)
Total Equity		**13,733.93**	**1,265.89**
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Lease Liabilities	**18**	390.25	14.52
Borrowings	**19**	429.08	854.69
Other Non Current Liabilities		-	-
Provisions		91.61	119.18
Total Non-Current Liabilities		**910.95**	**988.39**
Current Liabilities			
Financial Liabilities			
Lease Liabilities	**20**	115.29	24.25
Borrowings	**21**	921.31	3,365.75
Trade Payables	**22**		
(i) Total outstanding dues of Micro and Small Enterprises		704.61	396.01
(ii) Total outstanding dues of creditors other than Micro and Small Enterprises		2,461.52	2,193.02
Other Financial Liabilities	**23**	293.39	340.56
Other Current Liabilities	**24**	264.97	127.30
Provisions	**25**	96.08	141.66
Current Tax Liabilities (Net)	**26**	39.86	135.07
Total Current Liabilities		**4,897.02**	**6,723.61**
TOTAL LIABILITIES		**5,807.97**	**7,712.00**
TOTAL EQUITY AND LIABILITIES		**19,541.90**	**8,977.89**
Significant Accounting Policies and Key Accounting Estimates and Judgments	**1-4**		
See Accompanying Notes to Financial Statements	**5-58**		

As per our report of even date attached
For Priya Choudhary & Associates LLP
Chartered Accountants
Firm's Registration No : 011506C/C400307

Vaibhav Choudhary
Partner
Membership No: 407543
Place: Mumbai
Date: May 12, 2022

For and on behalf of the Board of Directors
HP ADHESIVES LIMITED

ANJANA HARESH MOTWANI
(Chairman)
DIN: 02650184

KARAN HARESH MOTWANI
(Managing Director)
DIN: 02650089

MIHIR SURESH SHAH
(Chief Financial Officer)
(Pan : AZBPS0681B)

JYOTI NIKUNJ CHAWDA
(Company Secretary)
(Mem No.: 40074)

STATEMENT OF PROFIT AND LOSS

for the year period ended 31st March, 2022

(₹ in Lakhs)

Particulars	Notes	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
INCOME			
Revenue from operations	**28**	16,459.89	11,816.16
Other income	**29**	282.80	571.80
Total Income		**16,742.69**	**12,387.96**
EXPENSES			
Cost of Material Consumed	**30**	9,495.96	8,868.71
Purchases of stock-in-trade		2,237.80	839.65
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	**31**	351.85	(1,586.07)
Employee benefits expenses	**32**	1,733.43	1,473.58
Other expenses	**35**	1,510.98	1,023.41
Finance costs	**33**	313.40	255.31
Depreciation and Amortisation expense	**34**	284.02	190.33
Total		**15,927.45**	**11,064.92**
Profit / (Loss) before Exceptional items and tax		**815.24**	**1,323.03**
Exceptional items		-	-
Profit / (Loss) before tax (PBT)		**815.24**	**1,323.03**
Tax expense			
Current tax		(177.74)	(250.22)
Deferred tax	**27**	(43.15)	(66.84)
Income Tax Excess/(Short) Provision of previous year	**27**	6.29	-
Total Tax Expense	**27**	**(214.59)**	**(317.06)**
Profit after Tax (PAT)		**600.65**	**1,005.97**
Other comprehensive income			
A Items that will not be reclassified to profit or loss account			
(i) Re-measurement gains / (losses) on defined benefit plans		58.07	15.35
(ii) Income tax relating to items that will not be reclassified to profit or loss		(14.61)	(3.86)
B Items that will be reclassified to Profit or loss account		-	-
		43.45	11.49
Other comprehensive income for the year, net of tax (A+B)		**43.45**	**11.49**
Total comprehensive income for the year		**644.10**	**1,017.46**
Earnings per Equity Share (Face Value of Rs. 10/- each)			
Basic in Rs.	**36**	3.95	7.74
Diluted in Rs.		3.95	7.74
Significant accounting policies and Key accounting estimates and judgments	**1-4**		
See Accompanying Notes to Financial Statements	**5-58**		

As per our report of even date attached
For Priya Choudhary & Associates LLP
Chartered Accountants
Firm's Registration No : 011506C/C400307

Vaibhav Choudhary
Partner
Membership No: 407543
Place: Mumbai
Date: May 12, 2022

For and on behalf of the Board of Directors
HP ADHESIVES LIMITED

ANJANA HARESH MOTWANI
(Chairman)
DIN: 02650184

KARAN HARESH MOTWANI
(Managing Director)
DIN: 02650089

MIHIR SURESH SHAH
(Chief Financial Officer)
(Pan : AZBPS0681B)

JYOTI NIKUNJ CHAWDA
(Company Secretary)
(Mem No.: 40074)

STATEMENT OF CASH FLOWS

for the year period ended 31st March, 2022

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Cash flow from Operating activities		
Net profit / (loss) before taxation	815.24	1,323.03
Adjustments for:		
Exceptional Items	-	-
Foreign Currency Exchange Rate Fluctuation (net)	(64.87)	(0.00)
Depreciation and amortization expenses	284.02	190.33
Finance cost	313.40	255.31
Interest income	(65.22)	-
Operating profit before working capital changes	**1,282.57**	**1,768.67**
Changes in working capital		
(Decrease)/ increase in trade payables	609.52	1,062.24
Decrease/ (increase) in inventories	(877.19)	(1,387.66)
Decrease/ (increase) in trade receivables (Net of ECL)	(886.11)	(306.76)
(Decrease)/ increase in other current financial liabilities	(47.17)	103.15
(Decrease)/ increase in other current liabilities	137.67	118.97
(Decrease)/ increase in provisions	(73.14)	310.00
Decrease/ (increase) in loans	(2.39)	5.86
Decrease/ (increase) in other current and non current non financial assets	(941.80)	(313.46)
Cash generated used in operations	**(798.04)**	**1,361.00**
Taxes Paid (Net)	(223.18)	(234.92)
Net cash flows generated in operating activities (A)	**(1,021.22)**	**1,126.08**
Net Cash Flows from Operating Activities after Exceptional Items	(1,021.22)	1,126.08
Cash flow from Investing activities		
Payment for property, plant and equipment and intangible assets	(1,739.70)	(1,640.28)
Proceeds from sale/ disposal of property, plant and equipment	155.87	-
Investments in bank deposits (having original maturity of more than three months)	(1,432.00)	-
Interest received	81.44	17.58
Net cash flow from investing activities (B)	**(2,934.39)**	**(1,622.70)**
Cash flow from Financing activities		
Proceeds from issue of equity shares on Rights basis	2,154.98	-
Proceeds from issue of equity shares through initial public offering	11,343.60	-
IPO expenses	(1,674.64)	-
Proceeds from long-term borrowings	(425.61)	1,803.81
Movement in short-term borrowings from banks (net)	(2,444.43)	(1,044.43)
Finance Cost	(313.40)	(255.31)
Net Cash Flows from Financing Activities	**8,640.50**	**504.07**

STATEMENT OF CASH FLOWS (Contd.)

for the year period ended 31st March, 2022

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Net increase in cash and cash equivalents (A+B+C)	4,684.90	7.46
Cash and cash equivalents at the beginning of the year	83.10	75.65
Cash and cash equivalents at the end of the year	**4,768.00**	**83.10**
Cash and cash equivalents comprise		
Balances with banks (including other Bank Balances)	1,054.04	-
On current accounts	3.88	58.40
Fixed deposits with maturity of less than 3-months	3,695.59	10.39
Cash on hand	14.48	14.30
Total cash and cash equivalents at end of the year	**4,768.00**	**83.10**

1. Cash Flows are reported using the indirect method, whereby profit for the year 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 and financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be used equivalents.
2. The accompanying notes are an integral part of the financial statements.
3. The above Cash flow has been prepared under the Indirect method set out in Indian Accounting Standard Ind AS-7 on statement of Cash Flow.
4. During the year, the Company paid in cash ₹ 7.91 Lakhs (previous year: NIL) towards corporate social responsibility (CSR) expenditure (included in Corporate social responsibility expenditure - Refer note 35(b)).
5. Fixed Deposits originally denominated for less than 12 months period made out of IPO Proceeds is held for immediate withdrawal & use for specified puropses as per IPO Prospectus as estimated by management, hence same is considered under under other bank balances comprising the part of Cash & Cash Equivalents as above.

As per our report of even date attached
For Priya Choudhary & Associates LLP
Chartered Accountants
Firm's Registration No : 011506C/C400307

Vaibhav Choudhary
Partner
Membership No: 407543
Place: Mumbai
Date: May 12, 2022

For and on behalf of the Board of Directors
HP ADHESIVES LIMITED

ANJANA HARESH MOTWANI
(Chairman)
DIN: 02650184

KARAN HARESH MOTWANI
(Managing Director)
DIN: 02650089

MIHIR SURESH SHAH
(Chief Financial Officer)
(Pan : AZBPS0681B)

JYOTI NIKUNJ CHAWDA
(Company Secretary)
(Mem No.: 40074)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022

1 Company overview

HP Adhesives Limited ("the Company) is a public limited company which is domiciled and incorporated in India under the provisions of the Companies Act, 2013 (CIN U24304MH2019PLC325019.) formed by conversion of Partnership firm in accordance with provisions of Part I of Company XXI of Companies Act,2013 subsequently converted to Public Limited company on July 01, 2021 with registered office situated at G-11, Unique House, Chakala Cross Road, Andheri East, Mumbai(MH) 400099. The Company got listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India on December 27, 2021.

Company is engaged in Manufacturing and distribution of adhesives and sealants along with other ancillary products.

The Annual Financial Statements were authorised for issue in accordance with the resolution passed by Board of Directors on May 12, 2022.

2 SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Significant accounting policies adopted by the Company are as under:

2.1 Basis of Preparation

These standalone Ind AS financial statements ("Ind AS financial statements") have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Act, to the extent applicable.

The Company's financial statements upto and for the year ended 31 March 2020 were prepared in accordance with the accounting standards notified under the section 133 of the Act ("Indian GAAP"). Financial statements ending as on 31st March, 2021 were the First set of Ind AS financial statements prepared by the Company.

The Company has followed the same accounting policies in preparation of the financial statements as those followed in preparation of the annual financial statements as at and for the year ended 31 March 2021. These financial statements should be read in conjunction with the audited financial statements and the related notes as at and for the year ended 31 March 2022.

The significant exception & judgments made by management in applying the company's accounting policies and key sources of estimation and uncertainties were the same as those described in the last audited financial statements for the year ended 31st March,2021.

(a) Functional and presentation currency

Items included in these Standalone Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The standalone Ind AS financial statements are presented in Indian rupee (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakh, up to two places of decimal, unless otherwise indicated.

(b) Basis of measurement

The separate financial statements of the company are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis as per the provisions of the Companies Act, 2013 ("the Act"), except for:

- Financial instruments – measured at fair value;
- Plan assets under defined benefit plans – measured at fair value;
- Asset & liabilities recognised under Ind AS 116

(c) Pursuant to amendment to schedule III of the Companies Act, 2013 issued by MCA ; Balance Sheet items in previous year have been regrouped in these standalone financial statements including figures of previous year wherein

Current maturities of long term debts has be regrouped from "Other Financial liabilities" in financial statements for FY 2020-2021 to "Current Borrowings" in these financial statements.

Other new disclosures are given together with related notes.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022

(c) Classification into current and non-current:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realised within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.
- All other assets are classified as non-current.

An liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the Company's normal operating cycle;
- It is held primarily for the purpose of being traded
- It is due to be settled within 12 months after the reporting date; or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
- All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current only

2.2 Property, plant and equipment

Property, plant and equipment, are stated at cost of acquisition or construction less accumulated depreciation and impairment losses, if any. Cost of property, plant and equipment comprises its purchase price net of any discounts and rebates, any import duties and other taxes (other than those subsequently recovered from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses, decommissioning costs, if any, and interest on borrowings attributable to acquisition of qualifying asset up to the date the asset is ready for its intended use.

It includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy based on Ind AS 23 – Borrowing costs. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use.

Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised where the asset is available for use but incapable of operating at normal levels until a year of commissioning has been completed. Revenue generated from production during the trial period is capitalised.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

Depreciation methods, estimated useful lives

The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset. expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Based on management's evaluation, the Company uses straight-line method and has used following useful lives to provide depreciation of different class of its property, plant and equipment:

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Assets Category - Estimated Useful Life

Assets Category -	Estimated Useful Life
Building	30 years
Plant & Machinery	15 years
Furniture & Fixtures	10 years
Vehicles	10 years
Computer & Software	3-6 years
Office Equipments	5 years

Based on the management's assessment of useful life, certain items of property plant and equipment are being depreciated over useful lives different from the prescribed useful lives under Schedule II to the Companies Act, 2013. Management believes that such estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/ deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

Residual value of Plant & Machinery is considered as 5% of the cost and for other assets as Rs.100.

Gain and losses on disposal of Assets are determine by comparing net disposal proceeds with carrying amount of the asset. These are included in Profit and loss under other Income.

Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization.

The Company amortize intangible assets over their estimated useful lives using the straight line method. The estimated useful lives of intangible assets are as follows:

Intangible assets	Estimated Useful Life
Trade Mark	5 years

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2.3 Capital work in progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses.

2.4 Impairment

At the end of each reporting year, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

2.5 Inventories

Raw materials, work in progress, traded and finished goods, packing materials, store, spares,

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components, consumables and stores, are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases.

Cost of work-in-progress and finished goods comprises direct materials, packing material, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Fixed overheads are allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material if any. Costs are assigned to the individual item basis in a group of inventories on Weighted Average Cost basis. Comparison of cost and net realisable value is made on item-by item basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Costs of Raw Materials are determined on First in First out (FIFO) basis. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

2.6 Revenue recognition

Sale of goods

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenues on sale of products, net of discounts, sales incentives, rebates granted, returns, sales taxes/GST and duties when the products are delivered to customer or when delivered to a carrier for export sale, which is when title and risk and rewards of ownership pass to the customer. Export incentives are recognised as income as per the terms of the scheme in respect of the exports made and included as part of other Income. Revenue from sales is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell / consume the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the acceptance provisions have lapsed.

Revenue is measured net of discounts, incentives, rebates etc. given to the customers on the Company's sales. The Company's presence across different marketing regions within the country and the competitive business makes the assessment of various type of discounts, incentives and rebates as complex and judgmental.

Dividend & Interest income

Dividend income, if any from investments if any to be recognised only when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.7 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right to use of assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost

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of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the Statement of Profit and Loss.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in financial liabilities.

iii) Short term lease and leases of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases contracts including lease of residential premises and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

iv) Single discount rate

The Company has applied the available practical expedient with respect to single discount rate wherein single discount rate is used for portfolio of leases with reasonably similar characteristics.

The Company has given adjustments for lease accounting in accordance with Ind AS 116 from 1 April 2019, and all the related figures have been reclassified/ regrouped to give effect to the requirements of Ind AS 116. The application of Ind AS 116 has resulted into recognition of 'Right-of-Use' asset with a corresponding Lease Liability in the Statement of Balance Sheet.

The Company has adopted Ind AS 116 by applying exemption provided under Ind AS 101.

2.8 Foreign exchange translation

The functional currency of the Company is Indian Rupees which represents the currency of the primary economic environment in which it operates.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are generally recognised in profit or loss. Monetary balances arising from the transactions denominated in foreign currency are translated to functional currency using the

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exchange rate as on the reporting date. Any gains or loss on such translation, are generally recognised in profit or loss.

Foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.9 Taxes

Income tax comprises current and deferred tax. It is recognised in the Standalone Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income. Section 115 BAA of the Income Tax Act 1961, introduced by Taxation Laws (Amendment) Ordinance, 2019 gives a one-time irreversible option to Domestic Companies for payment of corporate tax at reduced rates. The Company has opted to recognize tax expense at the new income tax rate as applicable to the Company.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with relevant tax regulations. Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current tax is recognized in Statement of Profit and Loss except to the extent it relates to items recognized outside profit or loss in which case it is recognized outside profit or loss (either in other comprehensive income ('OCI') or in equity). Current tax items are recognized in relation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes current tax payable where appropriate.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Provision for Current Tax for the period comprises of:

a) estimated tax expense which has accrued on the profit for the year (April 1, 2021 to March 31, 2022).

b) the residual tax expense for the period April 1, 2020 to March 31, 2021 arising out of finalisation of fiscal accounts (assessment year 2021-2022), under the provisions of the Income tax Act, 1961.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 asset 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 the liability is settled, based on tax rates

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(and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.10 Borrowing costs

Borrowing costs, if any, general or specific, that are directly attributable to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

The Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the year less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on that asset.

Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the finance cost.

2.11 Provisions, contingent assets and contingent liabilities

(a) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risk and uncertainties surrounding the obligation.

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 increase in the provision due to the passage of time is recognized as a finance cost.

(b) Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

These are reviewed at each financial reporting date and adjusted to reflect the current best estimates

(c) Contingent assets

Contingent assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

2.12 Employee Benefits

(a) Short-term obligations

Employee benefits such as salaries, short term compensated absences, including non-monetary benefits and other benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and undiscounted amount of such benefits are expensed in the Statement of Profit and Loss in in the period in which the employee renders the related services.

(b) Other long-term employee benefit obligations : Post Employment Benefits

(i) Defined contribution plan

Provident Fund: The Company's contributions to statutory provident fund in accordance with the Employees Provident Fund and Miscellaneous

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Provisions Act, 1952 which is a defined contribution plan, are charged to the Statement of Profit and Loss in the period of accrual. The Company has no obligation, other than the contribution payable to the provident fund.

Superannuation Fund: Employees of the Company above a prescribed grade are entitled to receive retirement benefits under the Company's superannuation fund scheme. The contributions made by the Company to the approved Employees' Superannuation Fund Scheme under the scheme administered and managed by a trust, towards defined contribution plan for eligible employees are charged to Profit and Loss in the period of accrual.

(ii) Defined benefit plans

Defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under such plan, the obligation for any benefits remains with the Company. The Company's liability towards gratuity is in the nature of defined benefit plan.

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service.

The liability in respect of gratuity is accrued in the books of accounts on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method.

The Company's net obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at each reporting date.

Re-measurement, comprising actuarial gains and losses, is recognized in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to Statement of Profit and Loss.

Defined benefit costs comprising current service cost, past service cost, interest cost and gains or losses on settlements are recognized in the Statement of Profit and Loss as employee benefits expense. Gains or losses on settlement of any defined benefit plan are recognized when the settlement occurs. Past service cost is recognized as expense at the earlier of the plan amendment or curtailment and when the Company recognizes related restructuring costs or termination benefits.

(iii) Other employee benefits

Compensated absences if any which accrue to employees and which can be carried to future periods but are excepted to be encashed/ availed within twelve months immediately following the year end are reported as expenses during the year in which employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits. Where the availment or encashment is otherwise not excepted to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

2.13 Financial instruments

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

(a) Financial assets

(i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

a) at amortized cost; or

b) at fair value through other comprehensive income; or

c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Business model assessment

The company determines its business model at the level that best reflects how it manages Company's of financial assets to achieve its business objective.

The company business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

(i) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel

(ii) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed

(iii) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

(iv) The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solely payments of Principal and Interest test

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimize exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain

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or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity instruments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. 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 OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

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

(iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

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 entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount. Company measures the loss allowance at an amount equal to lifetime expected credit losses for Trade receivables (i.e. 'simplified approach').

Further, historical information or historical loss data is an important anchor or base to measure expected credit losses. However, the company has adjusted the historical information

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for current observable data and also for the forecasts of future conditions that did not affect the historical data or remove those that are not relevant for the future cash flows. Accordingly, the onset of COVID-19 outbreak would have an effect on the current and future economic environment of the entity and hence the past data and assumptions may not be fully relevant in the future. Therefore, it is imperative to reassess and re-evaluate the original provision matrix employed by the entity for any changes and considerations required to be made in regard to the changes in the current economic environment and forward looking information (including macro-economic information) for the entity in light of COVID-19 outbreak.

(iv) Derecognition of financial assets

A financial asset is derecognized only when

a) the rights to receive cash flows from the financial asset is transferred or

b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

(b) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

(iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled 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 recognized in the Statement of Profit and Loss as finance costs.

(c) Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets.

Offsetting financial instrument

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle financial asset and liability on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

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2.14 Fair value measurement

The Company measures financial instruments at fair value at each reporting period.

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 .The principal or the most advantageous market must be accessible by the Company.

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 economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs

All assets and liabilities for which fair value is measured or disclosed in the Ind AS Financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted (unadjusted) prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the Ind AS Financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets and liabilities, if any. At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Above is the summary of accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

2.15 Cash & cash equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short term fixed Deposits made from IPO Proceeds for immediate use upto period of 12 months considered under other bank balances comprising part of Cash & Cash Equivalents, which are subject to insignificant risk of changes in value.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of unrestricted cash and short-term deposits, as defined above as they are considered an integral part of the Company's cash management.

Segment reporting

The business of the Company falls within a single line of business i.e. business of Adhesives & Solvent products. All other activities of the Company revolve around its main business. Hence no separate reportable primary segment

Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management assesses the financial performance and position of the Company and makes strategic decisions.

Statement of cash flows

Statement of cash flows is made using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferral accruals of past or future cash receipts or payments and item of income or expense associated with investing or financing of cash flows. The cash flows from operating, financing and investing activities of the Company are segregated.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022

Corporate Social Responsibility ("CSR") expenditure

CSR expenditure incurred by the Company is charged to the Statement of the Profit and Loss.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options and buyback of ordinary shares, if any are recognized as a deduction from equity, net of any tax effects.

Share issue expense

The share issue expenses incurred by the Company on account of new shares issued are netted off from securities premium account.

2.17 Earnings per share

Basic earnings per share

Basic earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share

Diluted earnings per share is computed by dividing the profit after tax after considering the effect of interest and other financing costs or income (net of attributable taxes) associated with dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

2.18 Measurement of EBITDA

During the year under review company has opted NOT to present earnings before interest (finance cost), tax, depreciation and Amortisation (EBITDA) as a separate line item on the face of the Statement of Profit and Loss for the period, same has been applied for presentation of pervious year's figures.

2.18 Uncertainty relating to the global health pandemic on COVID-19 -

In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs, goodwill, intangible assets, certain investments, the Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. The company has performed sensitivity analysis on the assumption used herein. Based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets

3 Significant accounting judgments, estimates and assumptions

The estimates used in the preparation of the Standalone Financial Statements of each year presented are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events), that the Company believes to be reasonable under the existing circumstances. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date. Although the Company regularly assesses these estimates, actual results could differ materially from these estimates - even if the assumptions underlying such estimates were reasonable when made, if these results differ from historical experience or other assumptions do not turn out to be substantially accurate. The changes in estimates are recognized in the Standalone Financial Statements in the period in which they become known.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Actual results could differ from these estimates.

3.1 Significant judgments

Impairment of trade receivables

As per Ind AS 109 impairment allowance has been determined based on expected credit loss method. Trade receivables do not carry interest and are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amount are based on ageing of the

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022

receivable balances and historical experiences. Individual trade receivables are written off when management deems not be collectible.

Impairment of other financial assets

The impairment provision for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation., based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. There are certain obligations which management have concluded based on all available facts and circumstances are not probable of payment or difficult to quantify reliably and such obligations are treated as contingent liabilities and disclosed in notes Although there can be no assurance of the final outcome of legal proceedings in which the Company is involved. it is not expected that such contingencies will have material effect on its financial position of probability.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the nature of business differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes current tax payable, based on reasonable estimates. The amount of such current tax payable is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

Recoverability of deferred taxes

In assessing the recoverability of deferred tax assets, management considers whether it is probable that taxable profit will be available against which the losses can be utilized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of 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 from binding sales transactions, conducted at arm's length, 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 Cash Flow ('DCF') model.

3.2 Significant estimates

(a) Defined benefit plans

The costs of post-retirement benefit 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 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.

(b) Useful lives of property, plant and equipment

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. Company has determined useful life assets based on expert opinion. Useful lives of intangible assets is determined on the basis of estimated benefits to be derived from use of such intangible assets. These reassessments may result in change in the depreciation /amortisation expense in future periods.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022

(c) Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

(d) Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

(e) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Standalone Statement of Assets and Liabilities Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF 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.

(f) Effective interest rate

For the requirement of Ind AS 109 and Ind AS 116, company has used incremental borrowing rate as the rate for discounting and amortising. This incremental borrowing rate reflects the rate of interest that the company would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

4 RECENT PRONOUNCEMENTS : Standards / Amendments issued:

The Ministry of Corporate Affairs (MCA) vide Notification dated 18 June 2021 notified the new Companies (Indian Accounting Standard) Amendment Rules, 2021. The notification has made amendments to various Ind AS. Some of the key amendments applicable on company and impact of Financials are as below :

(a) Interest Rate Benchmark Reform – Phase 2

This amendment relates to 'Interest Rate Benchmark Reform — Phase 2 (Amendments to Ind AS 104, Ind AS 107, Ind AS 109 and Ind AS 116)' which addresses issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. Some of the key amendments arising from the interest rate benchmark are:

i. Ind AS 109: Financial Instruments – The amendment provides a practical expedient for assessment of contractual cash flow test, which is one of the criteria for being eligible to measure a financial asset at amortized cost, for the changes in the financial assets that may arise as a result of Interest Rate Benchmark Reform along. An additional temporary exception from applying hedge accounting is also added for Interest Rate Benchmark Reform- *Company has adopted its incremental borrowing rate as the discount rate. Managements expects that the amendments did not have any material impact on its financial statements.*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022

ii. Ind AS 107: Additional disclosures related to nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform and how the entity manages these risks.

iii. An entity should apply the amendments when it applies amendments to Ind AS 109, Ind AS 104 or Ind AS 116.

Company has adopted its incremental borrowing rate as the discount rate. Managements expects that the amendments did not have any material impact on its financial statements.

(b) Ind AS 116 – Leases

The amendments extend the benefits of the COVID 19 related rent concession that were introduced last year (which allowed lessees to recognize COVID 19 related rent concessions as income rather than as lease modification) from 30 June 2021 to 30 June 2022. *No such concessions accrued to the company and managements expects that the adoption of the amendments did not have any material impact on its financial statements.*

(c) Ind AS 102 - Share-Based Payment

The amendments to this standard are made in reference to the Conceptual Framework of Financial Reporting under Ind AS in terms of defining the term 'Equity Instrument' which shall be applicable for the annual reporting periods beginning on or after 1 April 2021. (Transactions entered with selling shareholder under OFS during IPO are not covered under the said Accounting Standard) *Hence this amendment has No impact on the financial statements for the period.*

(d) Ind AS 103 – Business Combination

The amendment states that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards issued by the Institute of Chartered Accountants of India at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, the acquirer recognises those costs in its post combination financial statements in accordance with other Ind AS. *This amendment has no impact on the financial Statements.*

(e) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of "Recoverable amount" is amended such that the words "the higher of an asset's fair value less costs to sell and its value in use" are replaced with "higher of an asset's fair value less costs of disposal and its value in use". The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28. *This amendment has no impact on the financial Statements.*

(f) Amendments to Ind AS consequential to Conceptual Framework under Ind AS

The amendments relating to Ind AS 102, Share-based Payment; Ind AS 103, Business Combinations; Ind AS 106, Exploration for and Evaluation of Mineral Resources; Ind AS 114, Regulatory Deferral Accounts; Ind AS 1, Presentation of Financial Statements; Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors; Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets; Ind AS 38, Intangible Assets, are consequential due to changes in the Conceptual Framework under Ind AS, made in August 2020. The revised Conceptual Framework introduced some new concepts and clarifications along with revision in definitions and changes in recognition criteria of assets and liabilities under Ind AS. *The Company does not expect the consequential amendments to have any significant impact in its financial statements.*

(g) The Ministry of Corporate Affairs (MCA) vide Notification dated 24 March 2021 notified the changes in Schedule III of Companies Act which have been duly incorporated in relevant applicable notes and disclosures in financial statements.

(h) The Ministry of Corporate Affairs (MCA) vide Notification dated 23 March 2022 has issued new Companies (Indian Accounting Standard) Amendment Rules, 2022. These rules shall come into force from April 01, 2022 hence not related to financial year under review.

5 PROPERTY, PLANT AND EQUIPMENT

Particulars	Changes in Gross Carrying Value					Changes in Depreciation					Net block	
	Gross Carrying Value As at 1st April, 2021	Additions/ Adjustments	Deductions/ Disposals	Assets classified as held for sale	Gross Carrying Value As at 31st March, 2022	Accumulated Amortisation as at 1st April, 2021	For the year	Deductions/ Adjustments/ Disposals	Assets classified as held for sale	Accumulated Amortisation as at 31st March, 2022	Carrying Value As at 31st March, 2022	Carrying Value As at 31st March, 2021
Owned Assets												
Building												
Office Premises	739.12	-	-	-	739.12	9.17	23.41	-	-	32.58	706.55	729.95
Factory Building	209.36				209.36	87.61	4.63	-	-	92.23	117.13	121.76
Plant and equipment	1,288.30	368.83	(195.00)	-	1,462.14	515.16	63.83	(36.01)	-	542.99	919.14	773.14
Furniture and fixture	108.02	81.50	-	-	189.52	32.84	5.14	-	-	37.98	151.54	75.17
Vehicles	256.74	20.18	-	-	276.92	122.36	26.15	-	-	148.52	128.41	134.38
Office equipment	25.23	1.38	-	-	26.61	20.90	2.00	-	-	22.90	3.71	4.33
Computers	75.01	26.10	-	-	101.11	47.93	15.98	-	-	63.91	37.19	27.08
Total	**2,701.79**	**498.00**	**(195.00)**	**-**	**3,004.78**	**835.97**	**141.13**	**(36.01)**	**-**	**941.10**	**2,063.68**	**1,865.82**

Reconciliation effect on gross and net carrying of amounts PPE, due to acquisitions & revaluations-Nil

6 CAPITAL WORK IN PROGRESS

Particulars	Gross block					Depreciation					Net block	
	As at 1st April, 2021	Additions/ Adjustments	Deductions/ Disposals	Assets classified as held for sale	As at 31st March, 2022	As at 1st April, 2021	For the year	Deductions/ Adjustments/ Disposals	Assets classified as held for sale	As at 31st March, 2022	As at 31st March, 2022	As at 31st March, 2021
Building WIP	652.03	813.82	-	-	1,465.85	-	-	-	-	-	1,465.85	652.03
Machinery WIP	-	288.64	-	-	288.64	-	-	-	-	-	288.64	-
Total	**652.03**	**1,102.46**	**-**	**-**	**1,754.49**	**-**	**-**	**-**	**-**	**-**	**1,754.49**	**652.03**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

Ageing Schedule of CWIP :

CWIP	Amount in CWIP for a period ended March 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
A. Project in Progress					
Construction of New Factory building	813.82	532.12	119.91	-	1,465.85
Installations of New Machineries under progress	288.64	-	-	-	288.64
B. Projects temporarily suspended	Nil	Nil	Nil	Nil	Nil

7A Right of Use Assets

The changes in the carrying value of ROU assets for the year ended March 31, 2022 are as follows:

Particulars	Category of ROU asset		Total
	Land	Building	
Balance as at 31st March, 2021	-	210.44	210.44
Additions*	302.81	285.80	588.61
Disposals/Adjustments	-	-	-
Balance as at 31st March, 2022	**302.81**	**496.24**	**799.04**
Accumulated Depreciation as at 31st March, 2021	-	172.18	172.18
Additions	17.81	120.25	138.06
Disposals/Adjustments	-	-	-
Accumulated Depreciation as at 31st March, 2022	**17.81**	**292.43**	**310.24**
Carrying value as at 31st March, 2022	**284.99**	**203.81**	**488.80**
Carrying value as at 31st March, 2021	**-**	**38.26**	**38.26**

** Net of adjustments on account of modifications and lease incentives.*

7B OTHER INTANGIBLE ASSETS

The changes in the carrying value of acquired intangible assets for the year ended March 31, 2022 are as follows:

Particulars	Trade Name Related	Total
Gross carrying value as at 31st March, 2021	24.50	24.50
Additions	4.30	4.30
Disposals/Adjustments	-	-
Gross carrying value as at 31st March, 2022	**28.80**	**28.80**
Accumulated Depreciation as at 31st March, 2021	7.32	7.32
Additions	4.82	4.82
Disposals/Adjustments	-	-
Accumulated Depreciation as at 31st March, 2022	**12.15**	**12.15**
Carrying value as at 31st March, 2022	**16.66**	**16.66**
Carrying value as at 31st March, 2021	**17.18**	**17.18**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 **(₹ in Lakhs, *if otherwise stated*)**

8 OTHER FINANCIAL ASSETS (NON CURRENT)

Particulars	As at 31st March, 2022	As at 31st March, 2021
In Fixed deposit accounts with maturity for more than 12 months from balance sheet date (From IPO Proceeds)	1,432.00	-
Total	**1,432.00**	**-**

9 OTHER NON-CURRENT ASSETS

Particulars	As at 31st March, 2022	As at 31st March, 2021
Security Deposits	208.06	39.71
Demand paid under Protest*	15.88	15.88
Total	**223.93**	**55.58**

**For VAT and CST litigation matters*

10 INVENTORIES (At lower of Cost and Net Realisable Value)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Raw materials and components	1,866.85	1,281.05
Work-in-progress	471.75	201.79
Finished goods	1,778.28	1,756.85
Total	**4,116.88**	**3,239.69**

**Valued as certified by management.*

11 TRADE RECEIVABLES

Particulars	As at 31st March, 2022	As at 31st March, 2021
Current		
Secured, considered good	-	-
Unsecured		
Unsecured, considered good	3,205.16	2,286.61
Unsecured, considered doubtful	517.30	703.95
Less : Expected credit loss allowance	(517.30)	(703.95)
	3,205.16	2,286.61
Credit Impaired	69.45	-
Less: Excepted Credit Loss allowance for doubtful Trade Receivable	(69.45)	-
Total	**3,205.16**	**2,286.61**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

Notes:

1. Trade receivables has been taken as certified by the management of the company.
2. Provisioning for expected credit loss has been done as per the guidance of Ind AS 109.
3. For details of Trade Receivables with related party, refer note no. 41 Related Party disclosure.
4. For Ageing Schedule of Trade Receivables refer note 47.
5. Trade receivables are generally non interest bearing.
6. Movement in Expected Credit Loss Allowance of Trade Receivable

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance at the beginning of the period/year	703.95	814.08
Additions during the year	-	-
Amount recovered/ Reversed during the period/year	(186.65)	(110.13)
Effect of Foreign Exchange	-	-
	517.30	**703.95**

12 *CASH AND BANK BALANCES*

Particulars	As at 31st March, 2022	As at 31st March, 2021
Cash and Cash equivalents		
Balances with banks		
On Current Accounts	3.88	58.40
Deposits with maturity of less than 3 months (including Short Term Fixed Deposits (from IPO Proceeds))	3,695.59	10.39
Cash on hand	14.48	14.30
Total Cash and Cash Equivalents	**3,713.96**	**83.10**
Bank Balances other than Cash and Cash Equivalents		
Other Bank balances		
Deposits with original maturity of more than three months but remaining maturity of less than twelve months-Fixed Deposits (from IPO Proceeds)	748.00	-
Balance in Bank- With Monitoring Agency (IPO Proceeds)	306.04	-
Deposits with remaining maturity of more than twelve months-Fixed Deposits (from IPO Proceeds)	1,432.00	-
Less: Amount disclosed under other Financial assets	(1,432.00)	-
Total bank balances other than cash and cash equivalents	**1,054.04**	**-**
Total	**4,768.00**	**83.10**

Bank deposits earns interest or fixed rates. Short term deposits are generally made for varying periods between seven days to twelve months, depending on the cash requirements of the company, and earn interest at the respective deposit rates.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

13 LOANS (CURRENT FINANCIAL ASSETS)

Particulars	As at 31st March, 2022	As at 31st March, 2021
# Advance to Employees & Others	119.04	116.65
Total	**119.04**	**116.65**

- Includes non business advances of ₹ 42.65 Lakh related to pre-conversion period of company from partnership Firm M/s HP International.

14 CURRENT TAX ASSETS (NET)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Advance income tax (Net)	-	-
Total	**-**	**-**

15 OTHER CURRENT ASSETS

Particulars	As at 31st March, 2022	As at 31st March, 2021
(a) Capital Advances	164.28	23.19
(b) In Fixed Deposit Accounts with maturity 3-12 months*	139.90	40.15
(c) Advances other than Capital Advances		
Prepaid Expenses	34.76	24.87
Accrued Interest on FD	52.10	-
GST Credit Receivable	288.79	79.84
VAT Receivable / Refund	3.42	3.42
TDS & TCS Receivable	9.95	12.67
Advances to Suppliers	347.70	223.54
Other Receivables #	183.53	2.23
Share Issue Expenses	-	15.00
Insurance Claim Receivable	-	26.06
Total	**1,224.42**	**450.97**

** ₹ 115.14 Lakh earmarked for non fund based working capital limits.*

 # Includes receivable due on sale of FRP assets (183.22 Lakh)

16 EQUITY SHARE CAPITAL

Particulars	As at 31st March, 2022	As at 31st March, 2021
Authorized Share Capital		
2,00,00,000 Equity Shares of Rs. 10/-each	2,000.00	1,300.00
(P.Y. 1,30,00,000 Equity Shares of Rs. 10/-each)		
	2,000.00	**1,300.00**
Equity shares		
Issued, Subscribed and fully paid up		
1,83,74,947 Equity Shares of Rs. 10/-each fully paid up	1,837.49	1,300.00
(P.Y. 1,30,00,000 Equity shares of Rs. 10/- each fully paid up)		
Total	**1,837.49**	**1,300.00**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Number of shares	Amount (in Lakhs)	Number of shares	Amount (in Lakhs)
Opening balance (face value ₹ 10/- each)	1,30,00,000	1,300.00	1,30,00,000	1,300.00
Add: Right Issue of shares	12,34,947	123.49	-	-
Add: Fresh Public Issue through IPO	41,40,000	414.00		
Less: Buy back during the year	-	-	-	-
Closing balance (face value ₹ 10/- each)	**1,83,74,947**	**1,837.49**	**1,30,00,000**	**1,300.00**

(b) Fresh Issue of Equity Shares

The company made an Initial Public offer (IPO) of 45,97,200 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ 274 per Equity share (including share premium of ₹ 264/- per equity share) aggregating to ₹ 12,596.33 Lacs comprising of fresh issue of 41,40,000 equity share aggregating ₹ 11,343.60 Lacs and an offer for sale (OFS) of 4,57,200 Equity shares Mrs. Anjana Haresh Motwani, Promoter.

Particulars	Proceeds from OFS	Proceeds from Fresh Issue	Total
Equity Share of face value of 10 each for cash at a price of ₹ 274 per Equity Share (including share premium of ₹ 264 per equity share)	1,252.73	11,343.60	12,596.33
Less: Share issue Expenses *	(185.56)	(1,674.48)	(1,860.03)
Net Proceeds	**1,067.17**	**9,669.12**	**10,736.29**

**Excluding excess proceeds recovered from Selling shareholders to the tune or ₹ 0.16 Lakhs.*

(c) The difference in planned proceeds as per prospectus and actual proceeds is due to escalation of IPO expenses incurred as detailed below.

Particulars	Planned as per Prospectus	Expended upto March 31, 2022	Increase in expenses
Estimated Offer Expenses	1,853.68	1,860.19	(6.51)

** Above expenses includes expenses made directly to third parties (affiliated to BRLM) as per merchant banker authorisation from IPO Escrow account & IPO Monitoring Account.*

(d)

Utilisation of IPO Proceeds (Net of IPO Expenses) as per Prospectus are as follows:	Planned as per Prospectus	Utilisation upto March 31, 2022	Balance upto March 31, 2022 (*)
Funding working capital requirements of the Company	**5,400.00**	1,590.12	3,809.88
Funding Capital expenditure(CAPEX)	**2,550.86**	194.90	2,355.96
General corporate Purposes (As revised upon finalisation of ipo Expenses)	**1,718.26**	1,718.26	-
Total	**9,669.12**	**3,503.28**	**6,165.84**

(*) Balance of IPO proceeds as at March 31, 2022 which are kept in fixed deposits and bank balances are shown under Other bank balances (Refer note 12)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

(e) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs.10 each. The Shareholders are entitled to receive dividend in proportion to the amount of paid up equity shares held by them. The Company has not declared any dividend during the year. Each shareholder is entitled to vote in proportion to his share of paid up equity share capital of the Company, except in case of voting by show of hands where each shareholder present in person shall have one vote only. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion of the number of shares held by the shareholders.

(f) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Name of the shareholder				
Equity shares of Rs. 10 each fully paid				
Anjana Haresh Motwani	67,40,135	36.68%	66,30,000	51.00%
Karan Haresh Motwani	63,70,000	34.67%	63,70,000	49.00%
3 Sigma Global Fund	9,66,000	5.26%	-	-
	1,40,76,135	**76.61%**	**1,30,00,000**	**100.00%**

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

As per Companies Act, 2013 the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the event of liquidation of the Company. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(g) Shareholding of promoters

The details of the shares held by promoters as at March 31, 2022 are as follows:

Shares held by promoters at the end of the year	Class of Shares	No. of Shares	% of total shares at beginning	% Change during the year
1. Anjana Haresh Motwani	Equity Shares	67,40,135	51.00%	-14.32%
2. Karan Haresh Motwani	Equity Shares	63,70,000	49.00%	-14.33%

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

(1) Current reporting period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
13,00,00,000	-	-	5,37,49,470	18,37,49,470

(2) Previous reporting period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
13,00,00,000	-	-	-	13,00,00,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 **(₹ in Lakhs, *if otherwise stated*)**

B. Other Equity

(i) Current reporting period

	Reserves and Surplus							Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)	Money received against share warrants	Total
	Share application money pending allotment	Equity component of compound financial instruments	Capital Reserve	Securities Premium	Other Reserves (specify nature)	Retained Earnings									
Balance at the beginning of the current reporting period	-	-	-	-	-	(34.11)		-	-	-	-	-	-	-	(34.11)
Changes in accounting policy or prior period errors	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Total Comprehensive Income for the current year	-	-	-	12,961.09	-	644.10		-	-	-	-	-	-	-	13,605.19
Dividends	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Any other change (IPO Expenses)	-	-	-	(1,674.64)	-	-		-	-	-	-	-	-	-	(1,674.64)
Balance at the end of the current reporting period	-	-	-	11,286.45	-	609.99		-	-	-	-	-	-	-	11,896.44

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 **(₹ in Lakhs, *if otherwise stated*)**

(2) Previous reporting period

	Reserves and Surplus															Money received against share warrants	Total
	Share application money pending allotment	Equity component of compound financial instruments	Capital Reserve	Securities Premium	Other Reserves (specify nature)	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)					
Balance at the beginning of the current reporting period *	-	-	-	-	-	(1,051.57)	-	-	-	-	-	-				-	(1,051.57)
Changes in accounting policy or prior period errors	-	-	-	-	-		-	-	-	-	-	-				-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-		-	-	-	-	-	-				-	-
Total Comprehensive Income for the current year	-	-	-	-	-	1,017.46	-	-	-	-	-	-				-	1,017.46
Dividends	-	-	-	-	-	-	-	-	-	-	-	-				-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-				-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-	-	-	-	-				-	-
Balance at the end of the current reporting period	-	-	-	-	-	(34.11)	-	-	-	-	-	-				-	(34.11)

** Opening balance of Other Equity includes effects of Restatements due to First time adoption of Ind AS.*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

17 OTHER EQUITY

Particulars	As at 31st March, 2022	As at 31st March, 2021
Surplus/(Deficit) in the Statement of Profit and Loss	609.99	(34.11)
Securities Premium received	11,286.45	-
Total	**11,896.44**	**(34.11)**

Particulars	As at 31st March, 2022	As at 31st March, 2021
(A) Securities Premium		
Opening balance	-	-
Add: Premium received on issue of shares	12,961.09	
Less: Premium utilised for IPO related expenditure	(1,674.64)	-
Closing balance	**11,286.45**	**-**
(B) Retained Earnings		
Opening balance	(34.11)	(1,051.57)
Add: Adjustment of Ind AS of previous years		
	(34.11)	**(1,051.57)**
Add: Total Comprehensive Income for the year	644.10	1,017.46
Add: Other Adjustments	-	
Closing balance	**609.99**	**(34.11)**
Total	**11,896.44**	**(34.11)**

Security Premium Account represents premium received on issue of shares through right issue and IPO . This reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Retained Earnings represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

18 LEASE LIABILITIES (NON-CURRENT)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Lease Liability	390.25	14.52
Total	**390.25**	**14.52**

(Movement of Lease Liabilities , refer Note No. 20(a))

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

19 *BORROWINGS (NON CURRENT)*

Particulars	As at 31st March, 2022	As at 31st March, 2021
Borrowings measured at Amortised Cost		
Secured		
(A) TERM LOANS		
(a) Term Loan from ICICI Bank	269.06	334.00
(b) Term Loan from IndusInd Bank	-	33.26
(c) Machinery Loan from IndusInd Bank	-	-
(B) LOANS REPAYABLE ON DEMAND		
(a) ECLGS Loan from ICICI Bank	93.32	179.98
(Repayable in 48 monthly installments)		
(b) ECLGS Loan from IndusInd Bank	-	214.17
(Repayable in 48 monthly installments)		
(C) VEHICLE LOANS		
(a) Vehicle Loan from BMW Financial Services	18.02	27.15
(Repayable on 60 EMI of Rs.92,868/-)		
(b) Vehicle Loan from Daimler Financial Services India Pvt. Ltd.	35.27	45.48
(Repayable on 60 EMI of Rs.108,902/-)		
(c) Vehicle Loan HDFC Bank	-	0.20
(Repayable on 60 EMI of Rs.21,322/-)		
(d) Vehicle Loan ICICI Bank	10.57	14.13
(Repayable on 36 EMI of Rs.37,766/-)		
(e) Vehicle Loan ICICI Bank	2.84	6.33
(Repayable on 48 EMI of Rs.32,748/-)		
Total	**429.08**	**854.69**

Terms and conditions:

Secured Loan

**** ICICI Bank***

Against Hypothecation of company's entire stock of Raw Material, semi finished & Finished goods, consumable Stores & Spares and such other movable current assets including book debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank.

Personal Guarantee of Directors - Karan Motwani , Anjana Motwani & Nidhi Motwani and Neha Motwani (Wife of Karan Motwani)

Collateral Charge of Residential Property of Neha Motwani (Wife of Karan Motwani)

 # IndusInd Bank

Against Hypothecation of company's entire current Assets.

Personal Guarantee of Directors - Karan Motwani & Anjana Motwani

Collateral Charge of Industrial Land & Building (owners Karan Motwani & Anjana Motwani)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

20 *LEASE LIABILITIES (CURRENT)*

Particulars	As at 31st March, 2022	As at 31st March, 2021
Lease Liability	115.29	24.25
Total	**115.29**	**24.25**

20(a) *The Movement of lease liabilities during the years ended March 31, 2022 and March 31, 2021 is as follows:*

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance at the beginning	38.77	112.38
Additions	496.59	41.32
Finance cost accrued during the year	-	-
Deletions	-	-
Payment of Lease Liabilities	(29.82)	(114.93)
	505.55	**38.77**

21 *BORROWINGS (CURRENT)*

Particulars	As at 31st March, 2022	As at 31st March, 2021
Loan repayable on demand		
Secured*		
Cash credit	123.44	1,804.58
Bank Overdraft	(0.06)	(0.06)
Packing Credit	217.44	210.76
Letter of Credit	-	16.14
Working Capital Term Loan	192.07	252.41
Current maturity of long term loans*	388.42	1,081.92
Total	**921.31**	**3,365.75**

** Management estimates to repay Machinery Term Loan of IndusInd Bank hence classified under current maturities.*

22 *TRADE PAYABLES*

Particulars	As at 31st March, 2022	As at 31st March, 2021
Total outstanding dues of micro and small enterprises*	704.61	396.01
Total outstanding dues of creditors other than micro and small enterprises	2,461.52	2,193.02
Total	**3,166.12**	**2,589.04**

Refer Note No.38 - The disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 have been made in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with the Company.

Refer Note No 48 for Trade Payables ageing schedule

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

23 OTHER FINANCIAL LIABILITIES

Particulars	As at 31st March, 2022	As at 31st March, 2021
(a) Other Liabilities		
Security deposits	1.00	1.00
Payable to Employees	129.67	132.21
Payable towards services received	8.14	10.30
Payable towards stores, spares and consumables	154.58	197.05
Total	**293.39**	**340.56**

24 OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2022	As at 31st March, 2021
Statutory dues payable	30.33	20.95
Advances received from customers	234.64	106.35
Total	**264.97**	**127.30**

25 PROVISION (CURRENT)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Provision for Employee benefits	29.25	35.02
Provision for Expenses	66.83	106.64
Total	**96.08**	**141.66**

The Company's gratuity liability is partially funded which amounts to ₹ 10 Lacs as on 31.03.2022 and the balance is non-funded.

26 CURRENT TAX LIABILITIES (NET)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Current Tax Payable (Net of Advance tax)	39.86	135.07
Total current tax liabilities	**39.86**	**135.07**

27 TAX ASSET (NET) / TAX EXPENSE

(A) Deferred tax expense

Particulars	As at March 31st, 2022	As at March 31st, 2021
Net (DTL)/DTA for the year	(43.15)	(70.70)
Opening Balance of Deferred Tax Asset /(Liability)	171.98	242.69
Closing Balance of Deferred Tax Asset /(Liability)	**128.83**	**171.98**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

(B) Income tax expense

Particulars	As at 31st March, 2022	As at 31st March, 2021
- Current tax taxes	(177.74)	(250.22)
- Adjustments in respect of current income tax of previous year	-	-
- Deferred tax charge / (income)	(43.15)	(66.84)
Income tax expense reported in the statement of profit or loss	**(220.89)**	**(317.06)**

(C) Income tax expense charged to OCI

Particulars	As at 31st March, 2022	As at 31st March, 2021
Net loss/(gain) on remeasurements of defined benefit plans	(14.61)	(3.86)
Income tax charged to OCI	**(14.61)**	**(3.86)**

(D) Reconciliation of tax Expense and the Accounting profit for the year as under

Particulars	As at 31st March, 2022	As at 31st March, 2021
Profit before tax	815.24	1,323.03
Tax Rate	25.17%	25.17%
Income tax expense at tax rates applicable	205.18	332.98
Tax effects on Depreciation & non deductible expenditure	(22.18)	46.22
Others (Tax effect of brought forward Losses/unabsorbed depreciation of current year on which no deferred tax asset is recognised	-	(62.14)
Income tax (expense) / income	**183.00**	**317.06**

(E) Unrecognised Deferred tax assets

Particulars	As at 31st March, 2022	As at 31st March, 2021
Deferred tax asset		
Deferred tax asset on business losses	-	-
Deferred tax asset on unabsorbed depreciation	-	-
Other Unrecognised deferred tax asset		
On unwinding of interest on borrowings from related parties		
On Fair valuation of Security deposits given	-	-
Deferred tax liability		
On Fair valuation of interest free borrowings from related parties		
Total	**-**	**-**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

28 REVENUE FROM OPERATIONS

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Revenue from Operations (Net)	16,459.89	11,816.16
Total	**16,459.89**	**11,816.16**

29 OTHER INCOME

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
(a) Interest Income		
Interest on Fixed deposits with banks	60.09	0.71
Other interest income	5.12	7.57
(b) Other Non-operating Income		
Rental income on Non -Residential Property	6.00	13.00
Jobwork Charges	-	346.76
(c) Other Gains and Losses		
Net Foreign exchange gain	64.87	36.11
Excise Excess Duty Refund	-	0.09
Duty Drawback Refund	17.55	21.75
Freight/Transportation Charges Recovered	1.12	1.42
Net impairment Gain - Reversal of ECL	117.20	110.13
Scrap sale of Packing material	-	0.22
Discount received	-	7.98
Miscellaneous income	10.84	26.06
Total	**282.80**	**571.80**

30 Cost of Material Consumed

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Raw materials at the beginning of the year	637.81	836.22
Add: Purchases		
Raw Material	10,725.01	8,670.31
Less: Raw materials at the end of the year	1,866.85	637.81
Total	**9,495.96**	**8,868.71**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

31 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Inventories at the beginning of the year	2,601.89	1,015.81
Less: Inventories at the end of the year	2,250.03	2,601.89
Net (increase) / decrease in inventories	**351.85**	**(1,586.07)**

32 EMPLOYEE BENEFITS EXPENSES

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Salaries and wages (including Staff Welfare)	1,486.92	1,355.37
Director's Remuneration	115.75	46.53
Contribution to Provident and other funds	42.75	21.01
Gratuity expense	40.50	33.27
Bonus	47.51	17.41
Total	**1,733.43**	**1,473.58**

33 FINANCE COSTS

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Interest on secured borrowing	240.93	210.08
Interest on un-secured borrowing	-	3.83
LC Charges	0.74	2.56
Interest expenses on financial liabilities measured at amortised cost	37.92	6.26
Interest on Delay of MSME Creditors payment	-	7.21
Bank Charges & Commission	33.81	25.37
Total	**313.40**	**255.31**

34 DEPRECIATION EXPENSES

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Depreciation on property, plant and equipment (Refer Note 5 & 6)	141.13	109.57
Depreciation on intangible assets (Refer Note 7B)	4.82	4.08
Amortisation of Right to Use Assets (Refer Note 7A)	138.06	76.68
Total	**284.02**	**190.33**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 **(₹ in Lakhs, *if otherwise stated*)**

35 OTHER EXPENSES

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Production expenses	376.61	269.69
Telephone and communication charges	13.01	18.54
Printing & Stationery	7.11	8.33
Repairs & maintenance expenses		
Building		
Machinery	61.71	45.06
Conveyance and travelling expenses	271.27	128.33
Insurance charges	50.17	28.99
Independent Director's Sitting Fees	9.80	-
Business promotion expenses	74.05	11.75
Legal & professional charges	61.47	61.73
Office Expenses/Miscellaneous Expenses	49.93	15.78
Lease Rent & License Fees	37.17	2.25
Rates & Taxes	25.63	5.86
Inspection and testing expenses	0.59	16.90
Membership & subscription	1.96	2.37
Payment to Auditors (refer note 35(a))	25.66	21.28
Computer consumables, software & maintenance charges	14.44	3.90
Marketing & selling expenses	422.53	380.60
Sundry Balances written off	-	2.05
Bad Debts written off (net of expected credit loss allowance) (refer Note 35(c))	-	-
CSR Expenses (refer note 35 (b))	7.87	-
Total	**1,510.98**	**1,023.41**

35 (a) *Note : The following is the break-up of Auditor's remuneration (excluding input credit of service tax / GST availed, if any)

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
For Audit (incl Tax Audit)	19.00	17.00
For Certification, Limited Review and other services	3.00	2.00
For Reimbursement of Expenses	3.66	2.28
Total	**25.66**	**21.28**

**The amount excludes ₹ 7.95 Lacs pertaining to payment to auditors towards fee for Initial Public Offer (Share issue expenses). Of this, Company's share of IPO expenses stands adjusted against securities premium.*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

35 (b) Details of Corporate Social Responsibility (CSR) Expenditure

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
A. Gross amount required to be spent by the Company during the year	**7.87**	-
B. Actual amount spent during the year and charged to CSR Expenses (including previous years unspent) is as follows :		
(i) Construction/Acquisition of any Asset	-	-
(ii) On purpose other than above - in cash	7.91	-
C. Disclosure as per section 135(5)-Excess amount spent		
Opening unspent amount	-	-
Gross amount to be spent by the company for the current year	7.87	-
	7.87	
Gross amount spent by the company of previous years	-	-
Gross amount spent by the company for Current year	7.91	-
	7.91	
Excess amount paid during the year carried forward as prepaid(*)	**-0.04**	

** During the year the company has spend excess amount of ₹ 0.04 lakh which in terms of the boards decision is to be adjusted against future years CSR Liability and hence the same is shown as Current Prepaid Expenses.*

35 (c) Bad Debts written off net of expected credit loss allowance

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Bad Debts written	69.45	-
Expected Credit Allowance	69.45	-
Bad Debts written off (net of expected credit loss allowance)	-	-

36 *EARNINGS/LOSS PER SHARE*

Basic earnings /(loss) per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	As at 31st March 2022	As at 31st March 2021
Ordinary equity shareholders		
Profit/(Loss) attributable to ordinary equity holders	600.65	1,005.97
Weighted average number of equity shares for basic EPS	1,52,02,021	1,30,00,000
Face Value per share	10	10
Basic Earnings per share (₹)	3.95	7.74
Diluted Earnings per share (₹)	3.95	7.74

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

Computation of Weighted Average number of shares

Particulars	As at 31st March 2022	As at 31st March 2021
Calculation of weighted number of shares of ₹ 10 each		
Weighted Number of shares outstanding for 365 days (i.e. since April 01 2021)	1,30,00,000	1,30,00,000
Weighted Number of shares outstanding for 329 days	11,13,144	-
Weighted Number of shares outstanding for 96 days	10,88,877	-
Weighted number of Shares considered for calculation of Basic EPS	**1,52,02,021**	**1,30,00,000**

37 *CONTINGENT LIABILITIES AND COMMITMENTS*

A - Contingent Liabilities

Particulars	As at 31st March, 2022	As at 31st March, 2021
1. Letter of credit issued by banks on behalf of Company	991.64	199.07
2. Claim against the company not acknowledged as debt		
(i) Tax matter dispute under appeal (MVAT & CST)*	211.57	144.30
(ii) Income Tax matter dispute under appeal (AY 14-15)	2.70	2.70
(iii) Others- Uncrystallized effect of Bank Guarantee's given by company to Deputy Commissioner, Central Excise Anti Evasion Wing, Mumbai #	51.25	51.25
(iv)Demand raised against short duty paid Under Sec. 11A(10) of Central Excise (iv)Act, 1944 (Appeal Filed In Tribunal , Appeal No. E/86416/2021)	2.06	2.06
Total	**1,259.23**	**399.38**

** Amount paid under protest ₹ 15.87 Lakhs included in Other Non-current Assets*

 # Relates to guarantee still on hold with department related to Excise duty demand already settled under Sab Ka Vishwas Legacy Dispute Resolution Scheme in FY 2019-20.

B - Commitments

Particulars	As at 31st March, 2022	As at 31st March, 2021
1. Estimated amount of Contracts remaining to be executed on Capital account and not provided for		
(i) Towards Property, Plant & Equipment	266.75	424.47
(ii) Towards Intangible Assets	-	-
Total	**266.75**	**424.47**

** includes IPO objects CAPEX Commitments.*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

38 *DISCLOSURE UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ARE PROVIDED AS UNDER FOR THE YEAR 2020-2022, TO THE EXTENT THE COMPANY HAS RECEIVED INTIMATION FROM THE "SUPPLIERS" REGARDING THEIR STATUS UNDER THE ACT.*

Particulars	As at 31st March, 2022	As at 31st March, 2021
(i) Principal amount and the Interest due thereon remaining unpaid to each supplier at the end of each accounting year.		
Principal amount due to micro and small enterprise*	704.61	391.21
Interest due on above	-	7.21
(ii) Interest paid by the company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along whit the amount of the payment made to the supplier beyond the appointed day during the period		
(iii) 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		
(iv) The amount of Interest accrued and remaining unpaid at the end of each accounting year		
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises		
Total	**704.61**	**398.43**

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

39 *EMPLOYEE BENEFITS*

(A) Defined Contribution Plans

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss –

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Employers' Contribution to Recognised Provident Fund	40.80	21.01

(B) Defined benefit plans

i) The amount recognised in the balance sheet and the movements in the net defined benefit obligation of gratuity over the year as under:

a) Reconciliation of opening and closing balances of Defined benefit obligation

Particulars	As at 31st March, 2022	As at 31st March, 2021
Defined benefit obligation at the beginning of the year	119.18	101.26
Interest cost	7.79	6.70
Current service cost	32.72	26.58
Benefits paid	-	-
Actuarial (gain)/ loss on obligations - Due to change in Financial Assumptions	(4.75)	1.38
Actuarial (gain)/ loss on obligations - Due to experience	(53.32)	(16.73)
Defined benefit obligation at the year end	**101.61**	**119.18**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

b) Reconciliation of Opening and closing balances of fair/ value of plan assets

Particulars	As at 31st March, 2022	As at 31st March, 2021
Fair value of plan assets at the beginning of the year	-	-
Investment income	-	-
Employer contribution	10.00	-
Benefits paid	-	-
Fair value of plan assets at the year end	**10.00**	**-**

Company has made investment in HDFC Gratuity Trust on 29.03.2022 same have been valued at cost.

c) Investment details of Plan Assets

S. No.	Particulars	Name of Trust	Policy No.	Investment With
1)	Gratuity	HP Adhesives Limited Employees Group Gratuity Assurance Scheme	-	HDFC Life Group

d) Expense recognized during the year (Under the head "Employees benefit expenses")

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
In Income Statement	40.50	33.27
In Other comprehensive Income	(58.07)	(15.35)
Expense recognized during the year	**(17.56)**	**17.92**

e) Expense recognized in Other comprehensive income

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Net actuarial (gains) / losses recognised in Other Comprehensive Income	**(58.07)**	**(15.35)**

f) Reconciliation of fair value of assets and obligations

Particulars	As at 31st March, 2022	As at 31st March, 2021
Present value of defined benefit obligations	(101.61)	(119.18)
Fair Value of Plan Assets	10.00	-
Net asset / (liability)	**(91.61)**	**(119.18)**

g) A quantitative sensitivity analysis for significant assumption as at 31st March, 2022 is as shown below:

Impact on defined benefit obligation	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Discount rate		
0.5% increase	96.14	112.53
0.5% decrease	107.60	126.47
Rate of increase in salary		
0.5% increase	107.36	126.42
0.5% decrease	96.30	112.51
Rate of employee turnover		
1% increase	-	-
1% decrease	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

h) Maturity profile of defined benefit obligation

Year	As at 31st March, 2022	As at 31st March, 2021
Expected Outgo First	10.89	9.36
Expected Outgo Second	3.56	7.30
Expected Outgo Third	8.57	5.29
Expected Outgo Fourth	4.36	9.94
Expected Outgo Fifth	7.61	5.55
Expected Outgo Six to Nine years	27.40	30.92
Expected Outgo for Ten years and above	224.16	

ii) Actuarial assumptions : Valuations in respect of above have been carried out by independent actuary, as at the balance sheet date, based on the following assumptions

Particulars	As at 31st March, 2022	As at 31st March, 2021
Government of India (GOI) bond yield *	6.50%	6.10%
Discount rate (per annum)	6.80%	6.80%
Rate of increase in Salary	7.00%	7.00%

In India, the market for high quality corporate bonds being not developed, the yield of government bonds is considered as the discount rate. The tenure has been considered taking into account the past long-term trend of employees' average remaining service life which reflects the average estimated term of the post-employment benefits obligations.

Gratuity fund asset is managed by HDFC Life Group, there is no material risk that the Company would be unable to meet its gratuity liability. Also as the fund is set up as a trust, the monies as a part of the trust will not flow back into the Company until the last employee of the trust is paid.

Note on other risks:

i. Investment Risk – The funds are invested by HDFC Life and they provide returns basis the prevalent bond yields, Bank on an annual basis requests for contributions to the fund.

ii. Interest Risk – HDFC Life does not provide market value of assets, rather maintains a running statement with interest rates declared annually – The fall in interest rate is not therefore offset by increase in value of Bonds, hence may pose a risk.

iii. Longevity Risk – Since the gratuity payment happens at the retirement age of 60 or on leaving of Job post completion of 5 years whichever is early, longevity impact is very low at this age, hence this is a non-risk.

iv. Salary Risk – The liability is calculated taking into account the salary increase, basis past experience of the Company's actual salary increases with the assumptions used, they are in line, hence this risk is low risk.

Note : Fair Value of Assets- Investment made with HDFC Life Group on March 29, 2022 generating NIL returns for the period, hence fair Value is considered same for amount invested in the funds. Fair value taken on Principal amount only.

40 LEASES

(A) Operating leases where Company is a lessee:

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2022 on an undiscounted basis:

Particulars	As at 31st March, 2022	As at 31st March, 2021
Within one year	156.06	26.57
After one year but not more than five years	447.44	15.46
More than five years		

(B) Finance lease where Company is a lessor:

Not Applicable

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 **(₹ in Lakhs, *if otherwise stated*)**

41 *RELATED PARTY DISCLOSURES:*

Disclosures under Accounting Standards Ind As 24 -"Related Party Disclosure" of the companies (Indian Accounting Standards)Rules, 2015

DETAILS OF RELATED PARTY TRANSACTIONS for period ended March 31, 2022

Names of related parties and nature of relationship

(A) Key Management Personnel (KMP)

Anjana Haresh Motwani (Chairman)

Karan Haresh Motwani (Managing Director)

Nidhi Motwani (Appointed on Feburary 10, 2022)

Rajendra Kumar Jain (Independent Director) (Appointed on July 05,2021)

Surendra Kumar Mehta (Independent Director) (Appointed on June 23,2021)

Ajeet Anant Walavalkar (Independent Director) (Appointed on July 05,2021)

Mihir Shah (Chief Financial Officer) (Appointed on July 05, 2021)

Jyoti Nikunj Chawda (Company Secretary) (Appointed on July 05, 2021)

(B) Relatives of KMP

Aditya Gupta (Husband of Director-Nidhi Motwani)

Suresh Shah (Father of CFO)

(C) Entities/Company in which KMP / Relatives of KMP can exercise significant influence :

HP COMPOSITES LLP

HP TRADING

HP SALES CORPORATION

ADVANCE SOLVENT ADHESIVES

HP MARKETING

HP INTERNATIONAL

RAIGAD CARBIDES

RAIGAD OXYGEN PRIVATE LTD

HP Plastics KHM

HP Plastic HUF

(d) Other Related Parties

HP Adhesives Limited Employees Group Gratuity Assurance Scheme

Particulars		Nature of Relationship	Amount
Remuneration to Key Managerial Person (KMP) of the company:			
1	Anjana Haresh Motwani	Director	34.60
2	Karan Haresh Motwani	Director	76.90
3	Nidhi Motwani	Director	28.04
Lease Rent to Key Managerial Person (KMP) of the company:			
1	Anjana Haresh Motwani	Director	58.20
2	Karan Haresh Motwani	Director	58.20

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

Particulars		Nature of Relationship	Amount
Rental Services given to Entities in KMP / relatives of KMP have significant influence:			
1	HP Composites LLP	Director is Partner	6.00
Share Allotted during the year (Right Issue)			
1	Suresh Shah	CFO's Father	10.00
Business Transactions with Entities in which KMP / relatives of KMP have significant influence:			
(A) Sale of Goods*			
1	HP Composites LLP	Director is Partner	357.20
2	HP Sales Corporation	Director Proprietor Firm	17.85
3	Advance Solvent Adhesives	Director Proprietor Firm	3.01
4	Raigad Carbides	Director Husband Proprietor Firm	4.00
5	Raigad Oxygen Pvt. Ltd.	Director Husband Proprietor Firm	0.21
(B) Sale of Fixed Assets*			
1	HP Composites LLP	Director is Partner	155.27
(C) Purchase of Goods*			
1	HP Composites LLP	Director is Partner	75.91
2	Raigad Carbides	Director Husband Proprietor Firm	6.82
3	Raigad Oxygen Pvt. Ltd.	Director Husband Proprietor Firm	43.85
** GST not included*			
Financial Transactions with KMP			
(A) Loan Taken			
1	Anjana Haresh Motwani	Director	163.39
2	Karan Haresh Motwani	Director	0.09
3	Nidhi Motwani	Director	0.58
(B) Loan Repaid			
1	Anjana Haresh Motwani	Director	950.00
2	Karan Haresh Motwani	Director	165.00
3	Nidhi Motwani	Director	0.58
Other Transactions			
1	HP Adhesives Limited Employees Group Gratuity Assurance Scheme	Gratuity Trust	10.00

Outstanding Balances Receivable/(Payable) as on 31.03.2022

S. No.	Particulars	Nature of Relationship	Amount
1	HP Composites LLP	Director is Partner	263.32
2	Raigad Carbides	Director Husband Proprietor Firm	(1.30)
3	Raigad Oxygen Pvt. Ltd.	Director Husband Proprietor Firm	(1.39)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 **(₹ in Lakhs, *if otherwise stated*)**

Notes :

1 *Sitting Fees to Non-Executive & Independent Directors paid during the year is ₹ 9.80 Lakhs.*

2 *Remuneration paid to KMP's (other the directors) during the year is ₹ 36.65 Lakhs.*

3 *Incomparable Arms Length Transaction includes Transactions with M/s HP Composite LLP includes profit on Sale of FRP goods to the tune of ₹ 113.21 Lakh, along with transfer of FRP Assets on WDV Values along with transaction with Raigad Carbides.*

4 *Transactions not covered above by virtue of Section 188 of the Companies Act, 2013:*

Particulars	Amount
Proceeds from Offer for Sales (OFS) to Selling Shareholder	
(A) Anjana Motwani	
Sale Proceeds Received	1,252.59
Less: Amount remitted to selling shareholder	1,067.04
Less: Amount adjusted against IPO Expenditure	185.55
Balance Due	-

5 *Related parties taken as identified by management.*

42 FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair value of other current financial assets, cash and cash equivalents, trade receivables, trade payables, commission payable and other financial liabilities (including creditors for expense etc.) approximate the carrying amounts because of the short term nature of these financial instruments.

The amortized cost using effective interest rate (EIR) of non-current financial- term deposits is not significantly different from the carrying amount.

The amortized cost using effective interest rate (EIR) of Borrowing (non current and current) is not significantly different from the carrying amount, based on management estimate that interest rates has not changed materially.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

The impact of fair value on such portion is not material and therefore not considered for above disclosure. Similarly, carrying values of non-current security deposits and non-current term deposits are not significant and therefore the impact of fair value is not considered for above disclosure.

The carrying value and fair value of financial instruments by categories as at March 31, 2022 are as follows:

Particulars	Amortised Cost	Financial assets/ liabilities at FV through profit and loss		Financial assets/ liabilities at FV through OCI (including Equity instruments Designated upon initial recognition)	Total carrying value	Total fair Value
		Designated upon initial recognition	Mandatory			
FINANCIAL ASSETS						
Trade receivables	3,205.16	-	-	-	3,205.16	3,205.16
Cash and cash equivalents	4,768.00	-	-	-	4,768.00	4,768.00
Other Bank balances	1,054.04	-	-	-	1,054.04	1,054.04
Loans and advances	119.04	-	-	-	119.04	119.04

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 **(₹ in Lakhs, *if otherwise stated*)**

Particulars	Amortised Cost	Financial assets/ liabilities at FV through profit and loss		Financial assets/ liabilities at FV through OCI (including Equity instruments Designated upon initial recognition)	Total carrying value	Total fair Value
		Designated upon initial recognition	Mandatory			
Security Deposits	208.06	-	-	-	208.06	208.06
Investment in Gratuity Fund	10.00	-	-	-	10.00	10.00
Total	**9,364.29**	**-**	**-**	**-**	**9,364.29**	**9,364.29**
FINANCIAL LIABILITIES						
Borrowings	1,350.39	-	-	-	1,350.39	1,350.39
Trade payables	3,166.12	-	-	-	3,166.12	3,166.12
Employee benefit payable	-	-	71.61	58.07	129.67	129.67
Total	**4,516.51**	**-**	**71.61**	**58.07**	**4,646.19**	**4,646.19**

The carrying value and fair value of financial instruments by categories as at March 31, 2021 are as follows:

Particulars	Amortised Cost	Financial assets/ liabilities at FV through profit and loss		Financial assets/ liabilities at FV through OCI (including Equity instruments Designated upon initial recognition)	Total carrying value	Total fair Value
		Designated upon initial recognition	Mandatory			
FINANCIAL ASSETS						
Trade receivables	2,286.61	-	-	-	2,286.61	2,286.61
Cash and cash equivalents	83.10	-	-	-	83.10	83.10
Other Bank balances	-	-	-	-	-	-
Loans and advances	116.65	-	-	-	116.65	116.65
Security Deposits	39.71	-	-	-	39.71	39.71
Investment in Gratuity Fund	-	-	-	-	-	-
Total	**2,526.06**	**-**	**-**	**-**	**2,526.06**	**2,526.06**
FINANCIAL LIABILITIES						
Borrowings	4,220.44	-	-	-	4,220.44	4,220.44
Trade payables	2,589.04	-	-	-	2,589.04	2,589.04
Employee benefit payable	-	116.86	-	15.35	132.21	132.21
Total	**6,809.47**	**116.86**	**-**	**15.35**	**6,941.68**	**6,941.68**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

43 FAIR VALUE HIERARCHY

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted prices (unadjusted) 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

Particulars	Level 1	Level 2	Level 3
As at 31st March, 2022			
FINANCIAL ASSETS			
(a) Financial assets measured at fair value through profit or loss			
Investments in equity shares	-	-	-
Financial assets measured at amortized cost			
Trade receivables		3,205.16	
Cash and cash equivalents	-	4,768.00	
Loans and advances		119.04	
Security Deposits	-	208.06	
Investment in debentures			
Investment in preference shares	-	-	-
Investment in Gratuity Fund	-	10.00	-
FINANCIAL LIABILITIES			
Financial liabilities measured at amortized cost			
Borrowings	-	1,350.39	
Trade payables		3,166.12	
Employee benefit payable		71.61	

Particulars	Level 1	Level 2	Level 3
As at 31st March, 2021			
FINANCIAL ASSETS			
(a) Financial assets measured at fair value through profit or loss			
Investments in equity shares	-	-	-
Financial assets measured at amortized cost			
Trade receivables		2,286.61	
Cash and cash equivalents		83.10	
Loans and advances		116.65	
Security Deposits	-	39.71	
Investment in debentures			
Investment in preference shares			
FINANCIAL LIABILITIES			
Financial liabilities measured at amortized cost			
Borrowings	-	4,220.44	
Trade payables		2,589.04	
Employee benefit payable		132.21	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

There have been no transfers between Level 1 and Level 2 during the period

The carrying amount of cash and cash equivalents, trade receivables, fixed deposits, trade payables, other payables are considered to be the same as their fair values. The fair values of borrowings and security deposits were calculated based on cash flows discounted using a current lending rate which are similar to the incremental borrowing rate on the date of the deposit discounting initial recognition.

44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

(A) 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 risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

Interest rate sensitivity

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

Years		Outstanding Borrowing Amount		Increase/ decrease in basis points	Impact on profit before tax
2022					
INR	Variable Interest Rate Borrowings	1,147.97	(₹ in Lakh)	+100	11.48
			(₹ in Lakh)	-100	(11.48)
USD	Variable Interest Rate Borrowings	286.45	($ in '000)	+100	2.86
			($ in '000)	-100	(2.86)
2021					
INR	Variable Interest Rate Borrowings	2,582.07	(₹ in Lakh)	+100	25.82
			(₹ in Lakh)	-100	(25.82)
USD	Variable Interest Rate Borrowings	210.76	($ in '000)	+100	2.11
			($ in '000)	-100	(2.11)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

Amt in $ USD

	Outstanding Foreign currency Amount (Outstanding Debtors and Creditors in Foreign currency)	Increase/ decrease in basis points	Impact on profit before tax
2022	7,19,465	+5%	35,973.25
		-5%	(35,973.25)
2021	4,27,175	+5%	21,358.75
		-5%	(21,358.75)

(B) **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The Company does not foresee any credit risks on deposits with regulatory authorities and lease deposits and/or any other financial assets.

ECL on trade receivable is carried out as per the provision matrix below:

Receivables Ageing	Gross Carrying amount (as on 31 March 2022)	Expected loss rate	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Not due	2,627.20	4%	103.49	2,523.71
0-30 days	467.43	8%	38.87	428.56
30-60 days	81.97	15%	12.42	69.55
60-90 days	140.28	26%	36.66	103.62
90-120 days	19.98	26%	5.22	14.76
120-150 days	25	42%	10	14.27
150-180 days	8	59%	5	3.27
More than 180 days	353	87%	306	47.42
Carrying amount of trade receivables (net of impairment)	**3,722.45**		**517.30**	**3,205.16**
	Total			**3,205.16**

Receivables Ageing	Gross Carrying amount (as on 31 March 2021)	Expected loss rate	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Not due	1,354.24	5%	65.24	1,289.00
0-30 days	618.67	10%	60.02	558.65
30-60 days	263.11	17%	43.55	219.56
60-90 days	97.24	28%	26.98	70.25
90-120 days	46.37	28%	12.87	33.50
120-150 days	55	44%	24.12	31.01
150-180 days	11	60%	6.38	4.20
More than 180 days	545	85%	464.78	80.44
Carrying amount of trade receivables (net of impairment)	**2,990.56**		**703.95**	**2,286.61**
	Total			**2,286.61**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

The following table summarizes the changes in loss allowances measured using life time expected credit loss model -

Particulars	As at 31st March, 2022	As at 31st March, 2021
Opening Provision	703.95	814.08
Add: Adjustments during the year	(186.65)	(110.13)
Closing provision	**517.30**	**703.95**

(C) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that Jit will always have sufficient liquidity to meet its liabilities when due.

The table below summarizes the maturity profile of the Company's financial liabilities:

Particulars	Less than 1 year	1 year to 5 years	More than 5 years	Total
As at 31st March, 2022				
Borrowings				
Term Loans (Including Vehicle Loans)	388.42	382.69	46.39	817.51
Short term borrowings	532.89	-	-	532.89
Lease liabilities (Undiscounted)	156.06	447.44	-	603.51
Trade payables	3,166.12	-	-	3,166.12
	4,243.50	**830.14**	**46.39**	**5,120.02**
As at 31st March, 2021				
Borrowings				
Term Loans (Including Vehicle Loans & Related Party Loans)	238.50	994.36	4.64	1,237.50
Short term borrowings	2,982.94	-	-	2,982.94
Lease liabilities (Undiscounted)	26.57	15.46	-	42.03
Trade payables	2,589.04	-	-	2,589.04
	5,837.05	**1,009.81**	**4.64**	**6,851.50**

(D) **Risk due to outbreak of COVID 19 pandemic**

The outbreak of COVID 19 pandemic globally and in India has severely impacted businesses and economies. There has been disruption to regular business operations due to the measures taken to curb the impact of the pandemic. The Company's plants, warehouses and offices were shut post announcement of nationwide lockdown. Most of the operations have resumed post lifting of lockdown. The Company has considered external and internal information in assessing the impact of COVID 19 on various elements of its financial statements, including recoverability of its assets as at the Balance Sheet date.

45 Contract balances

Particulars	As At 31st March 2022	As At 31st March 2021
Trade receivables	-	-
Contract assets	-	-
Contract liabilities	-	-

Amount of revenue recognised from Contract liabilities

Particulars	As At 31st March 2022	As At 31st March 2021
Amounts included in contract liabilities at the beginning of the year	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 **(₹ in Lakhs, *if otherwise stated*)**

46 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company has not distributed any dividend to its shareholders. The Company monitors net debt i.e. total debt net off cash and cash equivalent. Total debt comprises of non-current and current borrowings. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Particulars		As at 31st March, 2022	As at 31st March, 2021
Equity	(i)	13,733.93	1,265.89
Borrowings		1,350.39	4,220.44
Less: Cash and Cash Equivalents		(4,768.00)	(83.10)
Net debt	(ii)	**(3,417.60)**	**4,137.34**
Net Debt to equity ratio	**(ii)/ (i)**	**-25%**	**327%**

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2022.

47 Trade Receivables (Gross) Ageing Schedule for the years ended as on March 31, 2022 is as follows:

Particulars	Outstanding for following periods from due date of payment#					Total
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
A. Undisputed Trade Receivables						
(i) Considered good	3,157.73	47.42	-	-	-	3,205.16
(ii) Having significant increase in credit risk considered doubtful						
(ii) Credit Impaired	211.63	4.70	23.33	68.74	208.89	517.30
B. Disputed Trade Receivables						
(i) Considered good						
(ii) Having significant increase in credit risk considered doubtful						
(ii) Credit Impaired						

Trade Receivables(Gross) Ageing Schedule for the years ended as on March 31, 2021 is as follows:

Particulars	Outstanding for following periods from due date of payment#					Total
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
A. Undisputed Trade Receivables						
(i) Considered good	2,206.19	3.17	26.91	34.14	16.19	2,286.61
(ii) Having significant increase in credit risk considered doubtful						
(ii) Credit Impaired	239.14	18.32	155.55	197.33	93.60	703.95
B. Disputed Trade Receivables						
(i) Considered good						
(ii) Having significant increase in credit risk considered doubtful						
(ii) Credit Impaired						

 # in case of no due dates specified, date of transaction is considered

 # Gross carrying values after deducting the bad debts are considered without considering the effect of provision of ECL are considered.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

48 Trade Payables Ageing Schedule for the years ended as on March 31, 2022 is as follows:

Particulars	Outstanding for following periods from due date of payment#				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Dues to Micro & Small Enterprises	703.94	0.67			704.61
(ii) Dues to Other than Micro & Small Enterprises	2,461.51				2,461.51
(iii) Disputed dues to Micro & Small Enterprises					
(iv) Disputed Dues to other than Micro & Small Enterprises					

Trade Payables Ageing Schedule for the years ended as on March 31, 2021 is as follows:

Particulars	Outstanding for following periods from due date of payment#				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Dues to Micro & Small Enterprises	394.01	1.15	0.69	0.17	396.01
(ii) Dues to Other than Micro & Small Enterprises	2,121.93	57.84	4.17	9.08	2,193.02
(iii) Disputed dues to Micro & Small Enterprises					
(iv) Disputed Dues to other than Micro & Small Enterprises					

In case of no due dates specified, date of transaction is considered

Relationship with Struck off companies

Name of Struck off company	Nature of Transactions	Transaction during the year 31st March 2022	Balance outstanding as at 31st March, 2022	Relationship with the struck off company
Receivables	-	-	-	-
Payables	-	-	-	-

Name of Struck off company	Nature of Transactions	Transaction during the year 31st March 2021	Balance outstanding as at 31st March, 2021	Relationship with the struck off company
Receivables	-	-	-	-
Payables	-	-	-	-

49 Disclosure regarding details of Benami Property held- Nil

50 Disclosure regarding willful Defaulter- Nil

51 Disclosure regarding pending registration of charges or satisfaction with Registrar of Companies : As explained by company and secretarial compliance officer, No such matter are pending.

52 Disclosure regarding compliance with number of layers of companies as prescribed clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is *not applicable on the company as no subsidiaries to the company.*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

53 Disclosure of significant ratio :

Particulars		Numerator	Denominator	As at 31st March		Variance (in %)
				2022	2021	
(a)	Current Ratio [1]	Current Assets	Current Liabilities	2.74	0.92	198.59
(b)	Debt-Equity Ratio [2]	Total Debt	Shareholder's Equity	0.10	3.33	(97.05)
(c)	Debt Service Coverage Ratio [3]	Earnings available for Debt Service	Debt Service	1.61	1.18	36.25
(d)	Return on Equity Ratio [4]	Net profits after tax	Shareholders Equity	4.4%	79.5%	(94.50)
(e)	Inventory turnover ratio	Cost of Goods Sold	Average Inventory	3.29	3.19	2.99
(f)	Trade Receivables turnover ratio	Revenue	Average Trade Receivables	5.99	5.54	8.22
(g)	Trade payables turnover ratio	Purchases of RM and Trading goods	Average Trade Payables	4.50	4.62	(2.52)
(h)	Net capital turnover ratio	Revenue	Working Capital (excluding cash and current borrowings)	3.51	4.32	(18.73)
(i)	Net profit ratio [5]	Net Profit	Revenue	3.6%	8.5%	(57.14)
(j)	Return on Capital employed [6]	Earning before Interest & taxes	Capital Employed (net off cash & CWIP)	14.2%	28.1%	(49.38)
(k)	Return on investment [7]					
	UnQuoted	Income generated from Investments	Time Weighted average investments	5.5%	0.0%	100.00

Variance Note:

1. Unutilised cash from IPO proceeds significantly increased current assets in FY22
2. Raising of capital through Rights issue and IPO led to significant increase in Networth as well as payment of Unsecured loans from Promoters led to reduction in Debt-equity ratio
3. Current maturity of borrowings in FY21 included unsecured loan from promoters which has been paid in this year due to which Debt service coverage ratio was lower than compared to current year
4. Higher networth due to equity capital raising but lower profitability resulted in drop in Return on Equity ratio
5. Higher revenue growth but lower profitability resulted in drop in Net profit margin
6. Higher capital employed due to equity capital raising but lower profitability resulted in drop in Return on Capital employed ratio
7. Unutilised IPO proceeds have been invested in Fixed deposits resulting in interest income from the same

54 Disclosure regarding utilisation of Borrowed funds and share premium

(A) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31st March, 2022 ***(₹ in Lakhs, if otherwise stated)***

any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, 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 on behalf of the Ultimate Beneficiaries;

(B) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, 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 regarding amount received on subscription of shares through IPO by FII (Qualified Institutional Investors) for which company as assured due diligence, FEMA Compliance have been duly complied by the Lead Merchant Banker, Registrar and Bankers to IPO.

(c) Utilisation of Share Premium - Refer Note No.17.

55 Disclosure regarding undisclosed/surrendered Income if any under provisions of Income Tax Act, 1961: *Company has no such events.*

56 Disclosure regarding trading or inviting in Crypto Currency or Virtual Currency - NIL

57 The financial statements of the company were authorised for issued in accordance with a resolution of the directors on May 12, 2022.

58 Previous year figures are regrouped and rearranged wherever required.

As per our report of even date attached
For Priya Choudhary & Associates LLP
Chartered Accountants
Firm's Registration No : 011506C/C400307

Vaibhav Choudhary
Partner
Membership No: 407543
Place: Mumbai
Date: May 12, 2022

For and on behalf of the Board of Directors
HP ADHESIVES LIMITED

ANJANA HARESH MOTWANI
(Chairman)
DIN: 02650184

KARAN HARESH MOTWANI
(Managing Director)
DIN: 02650089

MIHIR SURESH SHAH
(Chief Financial Officer)
(Pan : AZBPS0681B)

JYOTI NIKUNJ CHAWDA
(Company Secretary)
(Mem No.: 40074)

HP ADHESIVES LIMITED

CIN: U24304MH2019PLC325019

Registered Office: 11 Unique House, Chakala Cross Road, Andheri East, Mumbai 400099, Maharashtra, India.

Corporate Office: 501, 5th Floor, C Wing, Business Square, Chakala, Andheri (East), Mumbai 400093, Maharashtra, India.

Tel No.: + 91-22 6819 6300; **Email:** investors@hpadhesives.com; **Website:** www.hpadhesives.com

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 3rd Annual General Meeting of the Members of HP Adhesives Limited ("the Company"), will be held on Tuesday, the September 27, 2022 at 03.00 p.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements for the financial year ended 31st March, 2022 and the Reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Ms. Nidhi Haresh Motwani (DIN: 06655834), who retires by rotation and being eligible offers herself for re-appointment.

SPECIAL BUSINESS:

3. **To approve payment of remuneration to Executive Directors who are members of the Promoter group in excess of 5% of the net profits of the Company in a year as per Regulation 17(6)(e)(ii) of SEBI (LODR) Regulations, 2018.**

   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(6)(e)(ii) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2018 as amended from time to time, the consent of the members of the Company be and is hereby accorded to the payment of remuneration to Mr. Karan Haresh Motwani, Managing Director, Mrs. Anjana Haresh Motwani, Chairperson & Executive Director, and Ms. Nidhi Haresh Motwani, Executive Director and being members of the promoter group of the Company, notwithstanding their aggregate annual remuneration exceeds 5 percent of the net profits of the Company as calculated under the provisions of Section 198 of the Companies Act, 2013 in any financial year during their tenure.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to take all steps as may be necessary, proper and expedient to give effect to this Resolution."

For HP Adhesives Limited
(formerly known as HP Adhesives Private Limited)

Date: August 10, 2022
Place: Mumbai

Karan Motwani
Managing Director
DIN: 02650089

Notes:

1. Pursuant to General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021 and 02/2022 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021, December 14, 2021 and May 5, 2022 respectively issued by the Ministry of Corporate Affairs ('MCA') (collectively referred to as 'MCA Circulars'), and Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2021/11 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 12, 2020, January 15, 2021 and May 13, 2022 respectively (collectively referred to as 'SEBI Circulars') holding of the Annual General Meeting ('AGM') through VC/OAVM, without the physical presence of the Members, is permitted. In compliance with the provisions of the Companies Act, 2013 ('the Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations'), MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC/ OAVM which does not require the physical presence of members at a common venue. The proceedings of the AGM will be deemed to be conducted at the Corporate Office of the Company which shall be the deemed Venue of the AGM.

2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. However, since this AGM is being held through VC/ OAVM, whereby physical attendance of Shareholders has been dispensed with and in line with the said MCA Circulars, THE FACILITY TO APPOINT A PROXY TO ATTEND AND CAST VOTE FOR THE SHAREHOLDER IS NOT MADE AVAILABLE FOR THIS AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

   However, in terms of the provisions of Section 112 and 113 of the Act read with the said MCA Circulars, Corporate Members are entitled to appoint their authorized representatives to attend the AGM through VC/ OAVM on their behalf and participate thereat, including cast votes by electronic means.

   Corporate Members intending to appoint their authorized representatives to attend the Meeting pursuant to Section 113 of the Act are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf.

NOTICE (Contd.)

3. Information required pursuant to Regulation 36(3) of the SEBI Listing Regulations read with Secretarial Standard-2, details in respect of the Directors seeking re-appointment at the Annual General Meeting, is provided at the end of this notice.

4. The Company has availed the services of Central Depository Services (India) Limited ("CDSL") for conducting the AGM through VC/OAVM and enabling participation of members at the meeting and for providing services of remote e-voting and e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained at note no. 18 below.

5. The Notice of AGM along with the Annual Report is being sent to all the Members/ Beneficiaries electronically, whose names appear on the Register of Members/ Record of Depositories as on Friday, August 26, 2022 in accordance with the provisions of the Companies Act, 2013, read with Rules made thereunder and MCA and SEBI Circulars.

6. The attendance of the Shareholders attending the AGM through VC/ OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

7. In case of joint holders participating at the AGM together, only such joint holder whose name appears higher in the order of names will be entitled to vote.

8. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which Directors are interested under Section 189 of the Act and any other documents referred to in the accompanying Notice and Explanatory Statements, shall be made available for inspection in accordance with the applicable statutory requirements based on the requests received by the Company at investors@hpadhesives.com.

9. The Board of Directors of the Company, at its meeting held on Wednesday, August 10, 2022 has appointed Mr. Shivam Sharma, Proprietor of M/s. Shivma Sharma & Associates, Practicing Company Secretary as the Scrutinizer to scrutinize the remote e-Voting process and casting vote through the e-Voting system during the meeting in a fair and transparent manner. Upon completion of the scrutiny of the e-voting, the Scrutinizer will submit his report to the Chairperson of the Company. The results will be declared within 2 working days from the conclusion of AGM. The Voting Result along with the consolidated Scrutinizer's report will be communicated to the Stock Exchanges, Depository, Registrar and Share Transfer Agent and displayed on the Company's website at www.hpadhesives.com.

10. In compliance with aforesaid MCA and SEBI circulars, the Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice calling AGM and Annual Report 2021-22 are available on the website of the Company at www.hpadhesives.com, on the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of Central Depository Services (India) Limited (CDSL) i.e. www.evotingindia.com (the Authorised agency for providing voting through electronic means and AGM through VC/OAVM). Company's web-link on the above will also be provided in the advertisement being published in newspaper having wide circulation in India (English Language) and local newspaper (Marathi Language).

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Accordingly, members holding shares in electronic form are requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts.

12. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs.

Instructions for Members for Remote E-Voting are as under:

13. Pursuant to Section 108 and other applicable provisions, if any, of the Act read with the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI Listing Regulations and the MCA Circulars mentioned above, a facility is provided to the Members to cast their votes using an electronic voting system from any place before the meeting ("remote e-voting") and during the meeting in respect of the resolutions proposed in this Notice using the platform of Central Depository Services (India) Limited ("CDSL").

14. In order to increase the efficiency of the voting process and in terms with SEBI Circular No. SEBI/ HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020, demat account holders are being provided a single login credential, through their demat

NOTICE (Contd.)

accounts/ websites of Depositories/ Depository Participants. Demat account holders would now be able to cast their vote without having to register again with the e-voting service providers, thereby facilitating seamless authentication and convenience of participating in the e-voting process.

15. A facility for e-voting at the AGM will be made available to the Members who have not already cast their votes by remote e-voting prior to the Meeting. Members who have cast their votes by remote e-voting prior to the Meeting may participate in the AGM but shall not be entitled to cast their votes during the meeting.

16. Voting Rights shall be reckoned on the paid-up value of equity shares registered in the name of the Members as on the cut-off date i.e. Tuesday, September 20, 2022. A person, whose name is recorded in the Register of Members or in the Register of beneficial owners (in case of electronic shareholding) maintained by the depositories as on the cut-off date, i.e. Tuesday, September 20, 2022 only shall be entitled to avail the facility of remote e-voting.

17. The remote e-voting period commences on Saturday, September 24, 2022 from 9:00 a.m. IST and ends on Monday, September 26, 2022 at 5:00 p.m. IST. The remote e-voting module shall be disabled by CDSL thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

18. The procedure for remote e-voting and joining the virtual AGM is as under:

A. The details of the process and manner for remote e-voting and joining virtual meetings for Individual shareholders holding securities in Demat mode are explained herein below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	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 URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login; the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-voting page of the e-voting service provider for casting their vote during the remote e-voting period or for joining virtual meeting & voting during the meeting. Additionally, there are links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access the e-Voting page by providing your 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 an OTP to the registered Mobile no. & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and you will also able to access the system of all e-Voting Service Providers.

NOTICE (Contd.)

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see the e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, an 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. 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for utilizing the e-Voting facility. After successful login, you will be able to see the e-Voting option. Once you click on this e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use "Forgot User ID" and "Forgot Password" option available at the abovementioned websites.

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

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free nos.: 1800 1020 990 and 1800 22 44 30.

NOTICE (Contd.)

B. Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding in Demat form & physical shareholders.

(i) The Members should log on to the e-voting website www.evotingindia.com.

(ii) Click on "Shareholders" module.

(iii) Now enter your User ID:

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on "Login".

(v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

(vi) If you are a first-time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form - other than individual members
PAN	• Enter your 10-digit alpha-numeric PAN issued by Income Tax Department. (Applicable for both Demat shareholders as well as physical shareholders). • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	• Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).

(vii) After entering these details appropriately, click on "**SUBMIT**" tab.

(viii) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

(x) Click on the **EVSN** of **HP ADHESIVES LIMITED** to vote.

(xi) On the voting page, you will see "**RESOLUTION DESCRIPTION**" and against the same the option "**YES/NO**" for voting. Select the option **YES** or **NO** as desired. The option **YES** implies that you assent to the Resolution and option **NO** implies that you dissent to the Resolution.

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

(xiii) After selecting the resolution, you have decided to vote on, click on "**SUBMIT**". A confirmation box will be displayed. If you wish to confirm your vote, click on "**OK**", else to change your vote, click on "**CANCEL**" and accordingly modify your vote.

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

(xv) If a Member holding shares in dematerialized form has forgotten the password, the member can retrieve the same by entering the User ID and the image verification code and then by clicking on "**PASSWORD**". Members are requested to enter the details as prompted by the system.

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(xvi) **Note for Non – Individual Members and Custodians - Remote e-voting:**

- Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "CORPORATES" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed at investor@bigshareonline.com with a copy marked to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual Members are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who is authorized to vote, to the Scrutinizer and to the Company at the email address viz; investors@hpadhesives.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

(xvii) Members can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective App Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

19. Instructions for Members for participating in the AGM through VC/OAVM

a) Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at https://www.evotingindia.com under members login by using the remote e-voting credentials. The procedure for attending meeting and e-voting on the day of the AGM is the same as the instructions mentioned above for Remote e-voting in note 18. The link for members to attend the meeting through VC/OAVM or view the webcast of the meeting will be available in the members login where the EVSN of Company will be displayed.

b) The Members can join 15 (fifteen) minutes before the scheduled time of AGM and 15 (fifteen) minutes after the commencement of the AGM.

c) The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (i.e. Shareholders holding 2% or more), Promoters, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Remuneration and Nomination Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of 'first come first serve' basis.

d) Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

e) Members are encouraged to join the Meeting through Laptops/IPads for a better experience.

f) Further Members will be required to use Camera and Internet with a good speed to avoid any disturbance during the meeting.

a. Please note that Participants Connecting from Devices 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.

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g) As per the provisions of the Circulars, Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

20. The instructions for Members for e-voting on the day of the AGM are as under:

a) The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

b) Only those Members, who will participate 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.

c) 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.

d) For details of the person who may be contacted for any assistance connected with the facility for e-voting on the day of the AGM, please refer Note No. 18 above.

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

21. Procedure to raise questions/seek clarifications with respect to Annual Report:

a) As the AGM is being conducted through VC/ OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views/ send their queries in advance mentioning their name Demat account number, email id, mobile number to investors@hpadhesives.com. Questions/ queries received by the Company till 5.00 p.m. IST on Saturday, September 24, 2022 shall only be considered and responded to during the AGM.

b) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending an email to investors@hpadhesives.com any time before 5.00 p.m. IST on Saturday, September 24, 2022, mentioning their name, Demat account number, email id, mobile number. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

c) The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM, depending on availability of time.

22. General Guidelines for Members:

a) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

b) If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.

c) All grievances connected with attending the AGM and facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call at toll free no. 1800 22 55 33.

23. The voting rights of Members shall be proportionate to their share of the paid-up capital of the Company as on the cut- off date i.e. Tuesday, September 20, 2022. Any person becoming Member of the Company after the dispatch of the Notice convening 3rd Annual General Meeting and holding shares as on the cut-off date may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com or investor@bigshareonline.com.

24. Voting Results

a) The Board of Directors of the Company has appointed Mr. Shivam Sharma, Proprietor of M/s. Shivma Sharma & Associates, Practising Company Secretaries, Mumbai, as the Scrutinizer to scrutinize the voting including

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remote e-voting process in a fair and transparent manner.

b) The Scrutinizer shall immediately after the conclusion of voting at the Meeting, will first count the votes cast at the Meeting and thereafter, unblock the votes cast through remote e-voting and shall make a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a Director or Company Secretary authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

c) Once declared, the results along with the consolidated Scrutinizer's report shall be placed on the Company's website www.hpadhesives.com and on the website of CDSL www.evotingindia.com. The Company shall also forward the results to BSE Limited and the National Stock Exchange of India Limited, where the shares of the Company are listed.

d) Subject to the receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting i.e. Tuesday, September 27, 2022.

By order of the Board
For HP Adhesives Limited
(formerly known as HP Adhesives Private Limited)

Date: August 10, 2022
Place: Mumbai

Karan Motwani
Managing Director
DIN: 02650089

Registered Office:

11 Unique House, Chakala Cross Road, Andheri East, Mumbai 400099.

NOTICE (Contd.)

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND SECRETARIAL STANDARD - 2 ON GENERAL MEETING ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA

Item No. 3:

As per Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015, (as amended) the fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

(ii) There is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity.

Mr. Karan Haresh Motwani, Managing Director, Mrs. Anjana Haresh Motwani, Chairperson & Executive Director, and Ms. Nidhi Haresh Motwani, Executive Director being members of promoter group of the Company. The Consent of the Members is required to approve remuneration payable to them which is more than 5% of the net profits of the Company in a year, in aggregate. This has necessitated seeking fresh approval of the Members by way of a special resolution for payment of remuneration as per terms and conditions of the appointment of aforesaid Executive Directors from the date of their reappointment till the expiry of their term, in order to comply with the above mentioned Regulation 17(6)(e)(ii) of SEBI (LODR) Regulations, 2018.

The Special Resolution set out at item no. 3 is for this purpose.

The Board of Directors therefore recommends the resolution as set out in Item No. 3 of the Notice for approval of members of the Company by way of a Special Resolution.

Except Mr. Karan Haresh Motwani, Managing Director, Mrs. Anjana Haresh Motwani, Chairperson & Executive Director, and Ms. Nidhi Haresh Motwani, Executive Director, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolution.

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE 3RD ANNUAL GENERAL MEETING (PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARDS – 2):

Name of the Director	Ms. Nidhi Haresh Motwani
Brief Profile	Ms. Nidhi Motwani is the Executive Director of our Company and she is associated with HP Adhesives since 2016. She has completed Bachelor of Business Administration from Narsee Monjee Institute of Management Studies, Mumbai, and Masters of Global Business from S P Jain School of Global Management. At HP Adhesives Limited, Nidhi leads the complete execution of the organisational strategy across levels primarily focusing on operations, new projects, and growth of new product categories. In the last five years, under her leadership, the organisation has experienced a significant increase in output capacity as well as consistent efficiency in production. She has been instrumental in launching and showing manifold growth of new products - SR/SH and Silicone sealant
Designation	Executive Director
Director Identification Number (DIN)	06655834
Date of Birth and Age	January 01, 1992 (30 years)
Date of First Appointment on the Board	February 10, 2022

NOTICE (Contd.)

Qualifications	Bachelor of Business Administration from Narsee Monjee Institute of Management Studies, Mumbai and Masters of Global Business from S P Jain School of Global Management
Experience	More than 5 years
Expertise in specific functional area	General Management of Business and New Product Development
No. of Board Meetings attended during FY 2021-22	1
Number of Shares held in the Equity Capital of the Company	Nil
Shareholding in the Company as a beneficial owner	Nil
Directorships held in other Public Limited Companies	None
Resignation from the directorship of the listed companies in the past three years	None
Memberships / Chairmanships of Committees of Boards in Companies (Including HP Adhesives Limited)	None
Remuneration last drawn	Details of remuneration for FY 22 has been provided in the Corporate Governance Report forming part of the Annual Report 2021-22.
Terms & Conditions and details of remuneration proposed	Executive Director liable to retire by rotation
Disclosure of relationships between Directors/ KMP inter-se	Ms. Nidhi Haresh Motwani is the Daughter of Mrs. Anjana Haresh Motwani, Chairperson & Executive Director and Promoter and Sister of Mr. Karan Haresh Motwani, Managing Director and Promoter of the Company.

HP ADHESIVES LIMITED

CIN: U24304NH019PLC325019

11, Unique House, Chakala, Andheri East, Mumbai – 400 099
Phone: +91 22 6819 6300
investors@hpadhesives.com