



6th September, 2023

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 4th Annual General Meeting ('AGM') and Annual Report for the FY 2022-23.

Dear Sir/Madam,

Please be informed that the 4th AGM of the Company is scheduled to be held on Friday, 29th September, 2023 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 2022-23 comprising of notice of 4th AGM is sent today i.e. 6th September, 2023 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 4th AGM and the Annual Report for the financial year 2022-23.

The same can also be accessed on the website of the Company at:
<https://www.hpadhesives.com/investor-relations/>

This is for your information and appropriate dissemination.

Thanking you,
For **HP Adhesives Limited**

Jyoti Chawda
Company Secretary

HP ADHESIVES LIMITED (Formerly known as HP ADHESIVES PRIVATE LIMITED)

Corporate Office: 501, 5th floor, C Wing, Business Square Bldg., Andheri East, Mumbai 400093, Maharashtra, India
Registered Office: 11, Unique House, Chakala, Andheri (East), Mumbai 400099, India
CIN: L24304MH2019PLC325019

Tel: +91-22-68196300
Email: info@hpadhesives.com
Web: www.hpadhesives.com



POWERING
PROGRESS,

EXPANDING
HORIZONS.

ACROSS THE PAGES

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Investor Information

Market Capitalisation as at 31 st March 2023	₹ 670.13 crs
CIN	L24304MH2019PLC325019
BSE Code	543433
NSE Symbol	HPAL
AGM Date	29 th September 2023
AGM Venue	Through VC / OAVM



For more investor-related information, please visit:
<https://www.hpadhesives.com/investor-relations/>

Disclaimer: This document contains statements about expected future events and financials of HP Adhesives Ltd ('The Company'), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications, and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

POWERING PROGRESS,

EXPANDING HORIZONS.

Fuelled by the driving force of progress and guided by our organisation's visionary commitment, we are propelling positive transformation within the industry while continuously broadening the horizons of our business. This ethos epitomises our dedication to customer satisfaction nurturing innovation, and embracing diversified avenues to ensure enduring expansion.

While traversing past obstacles, we have emerged stronger, reinforcing our operational stability and evolving into a reliable partner. Through substantial investments in sales, product development, infrastructural fortification, and focused research, we stand poised for perpetual advancement and triumph, instilling conviction in our stakeholders and charting a course toward a brighter tomorrow.

Our path forward encompasses a wide product portfolio, bolstering our resilience and reducing dependency on any one specific end-user industry. This approach empowers us to explore new avenues, uncover newer markets, and cater to the ever-evolving needs of our customers.



HP ADHESIVES AT A GLANCE

POWERING PROGRESS SINCE 1987...

HP Adhesives Ltd ('HP Adhesives' or 'We' or 'Our Company' hereafter) commenced the journey back in the 80s with the establishment by Motwani family. That formed the foundation of our Company, which then translated into a consistent vision and leadership that has shaped our identity. Since then, our solvent cement product range (adhesives for plastic pipes and fittings) has been our flagship product category, and in the last several years, we have expanded our product portfolio, bringing various other adhesives and sealants for diverse end-user applications. With our commitment to fostering growth through diversification, we have evolved and transformed from a single-product category organisation into a Company offering a multi-product portfolio of adhesives and sealants.

INDUSTRIES SERVED

Plumbing	Home Improvement	Agriculture
Glass glazing and building façade	Automotive	Water supply and Drainage
Footwear	Foam and Furnishing	Woodworking and Carpentry

Over the past 35+ years, we've constantly offered high-quality adhesives and sealants to our customers across the globe harnessing the collaborative potential of our diverse research and development team, blending the strengths of talents from India and around the globe. By nurturing a culture of continuous improvement and innovation, we've elevated our range of products and garnered cutting-edge capabilities. This has propelled us to stand at the forefront of plumbing adhesive brands today, significantly impacting the market. Through this journey, we've evolved into a flexible, customer-centric entity, committed to delivering top-notch products and services.

At the core of everything we do lie the principles of trust and reliability, encouraging strong relationships with both our customers and employees. The driving force behind our accomplishments emanates from an impeccable amalgamation of expertise, technology, capital, and resources. This synergy empowers us to consistently uphold global standards in our array of products and offerings.

Product-wise Revenue Break-up FY 2022-23

Products	₹ Lakhs	% of Total revenue
Solvent Cement	13,969	58.6%
Silicone Sealants	4,359	18.3%
Contact Adhesive & PVA Adhesives	1,635	6.9%
Ball Valves and Tapes	3,380	14.2%
Others	501	2.1%

The above revenue is net of taxes but before TOD, Credit Notes etc.

35+
Year of Experience

7
Product categories

₹ 235.93 crs
Total Income

30 States and Union Territories
Presence

~13,000 MTPA
Installed capacity

Sold in 20+ countries
Global Network

1,250+
Domestic distributors

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 the best quality.

OUR PRODUCT PORTFOLIO

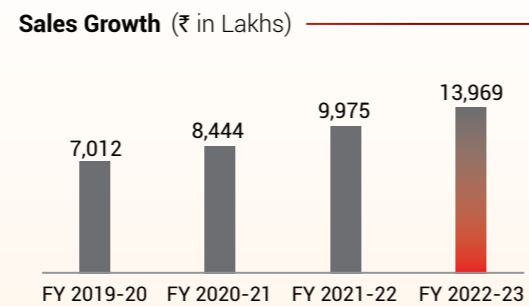
POWERING PROGRESS THROUGH OUR WIDENING PRODUCT PORTFOLIO

HP Adhesives' portfolio encompasses a comprehensive selection of adhesive solutions designed to meet the evolving needs of our customers. From high-strength bonding to precision sealing, our products are engineered to deliver exceptional performance and reliability. With a commitment to quality and innovation, our Company is at the forefront of providing solutions that enhance our product applications' efficiency, durability, and aesthetics.

PRODUCT PORTFOLIO

SOLVENT CEMENT

Solvent cement is a powerful adhesive used in plumbing, and fusing plastic pipes and fittings with a strong, watertight bond. It is efficient, cost-effective, and widely used for plumbing pipes, agri pipes, and SWR / drainage pipes. Its solvent softens surfaces, allowing the resin to create a durable connection upon evaporation. Quick-drying and dependable, Solvent Cement is ideal for PVC, CPVC, and ABS pipes and fittings.



25.8%

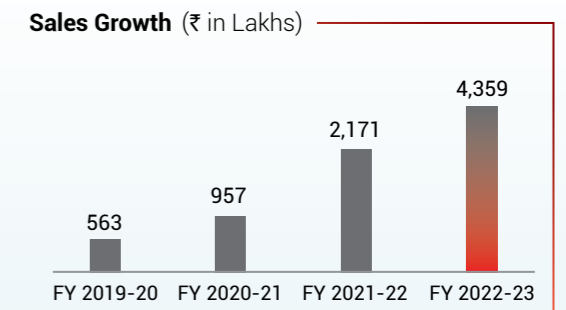
3-yr CAGR

Some of our product variants



SILICONE SEALANTS

Silicone Sealants are versatile adhesives used in home improvement, construction, automotive, households, and many other industries. They offer excellent temperature and weather resistance, creating a durable and flexible seal. Unlike other sealants, Silicone Sealants don't shrink, crack, or yellow over time, making them ideal for high-stress and high-temperature environments. Waterproof and easy to apply, these sealants are perfect for damp areas and can be painted over once cured.



97.8%

3-yr CAGR

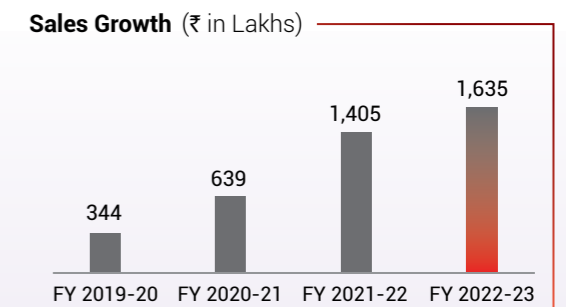
Some of our product variants



CONTACT ADHESIVES AND PVA ADHESIVES

Contact Adhesive is extensively used across diverse industries, including furniture construction, automotive, aerospace, footwear, foam and furnishing, etc.

PVA Adhesives, also known as White Glue or Carpenter's glue, are water-based and widely used in households and industries for carpentry and woodworking. These form effective bonds with absorbent materials such as wood and laminates, for example, providing robust and water-resistant attachments.



68.1%

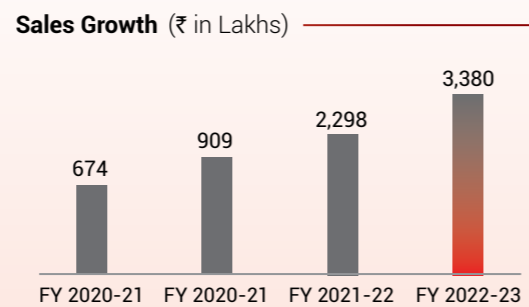
3-yr CAGR

Some of our product variants



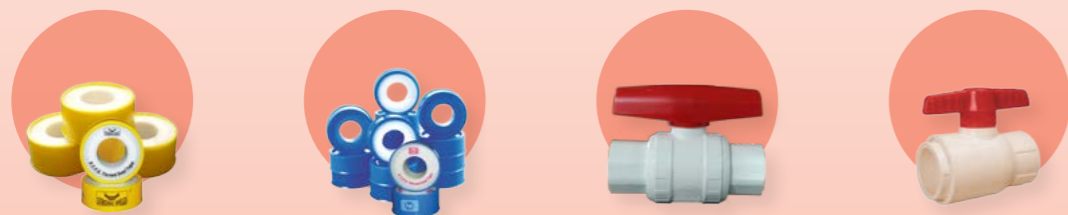
BALL VALVES AND TAPES

A ball valve is a shut off valve that controls the flow of water by means of a rotary ball. They are characterized by a long service life and provide a reliable sealing over the life span, even when the valve is not in use for a long time. They are utilized the most when water needs to be shut off to carry out cleaning or repair and maintenance of the water inlet or outlet lines. We outsource the manufacturing of ball valves as it does not enjoy economies of scale in India. This outsourced as per our specification and we sell them to our customers under our brand.



71.2%
3-yr CAGR

Some of our product variants



EPOXY PUTTY

The StrongTite GP Epoxy compound comprises two components: RESIN and HARDENER. These parts are provided in separate, sealed packages, each containing an equal portion. They are intended to be combined in a 1:1 ratio by either volume or weight. This user-friendly DIY product is a versatile putty suitable for sealing, bonding, attaching, and insulating a wide range of surfaces. These surfaces encompass ferrous and non-ferrous metals and materials like porcelain, ceramic, marble, granite, ivory, asbestos, glass, wood, leather, and select plastics. In line with our longstanding vision and commitment, the product was launched during the first quarter of FY 2023-24.



OUR MANUFACTURING CAPABILITIES

EXPANDING HORIZONS THROUGH OUR MANUFACTURING EXCELLENCE

Situated near Mumbai in Raigad district, our manufacturing infrastructure is state-of-the-art with a high degree of automation and geared to scale up significantly. Such infrastructure empowers us to manufacture our entire range of adhesives and sealants while upholding the highest quality standards.

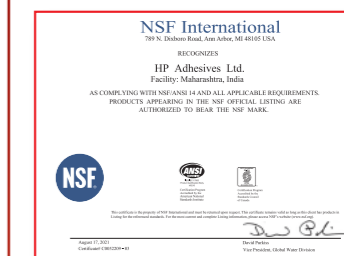
Our manufacturing processes are automated, and the infrastructure is designed for scalability to support future expansion. The facility houses multiple modular manufacturing lines with a combined capacity of over ~13,000 metric tonnes per annum (MTPA).

We have part-commissioned our new manufacturing unit adjacent to the existing facility which is housing our Silicone sealants manufacturing lines. The balance part of the New Unit will be commissioned soon.

Strategically located just 110 km from JNPT port, our Raigad facility allows us to efficiently import some of our key raw materials as well as serve customers in export markets.

Stringent process controls, lean manufacturing practices, and a strong focus on improving manufacturing processes allow us to consistently scale up capacities to meet the growing requirements of our customers across India and globally.

~13,000 MTPA
Combined Capacity



OUR GEOGRAPHICAL FOOTPRINTS

GEOGRAPHICAL FOOTPRINT: PRESENCE ACROSS INDIA AND GLOBAL MARKETS

Headquartered in Mumbai, HP Adhesives has solidified its footprint throughout India with an extensive nationwide distribution network of distributors and retailers.

Our distribution network is supported by strategically located regional depots across India. This continuously expanding supply chain network enables us to efficiently cater to thousands of retail outlets with a reliable and timely supply of our products – ensuring pan-India coverage for our products.

1250+

Distributors in 25+ States & 5 UTs

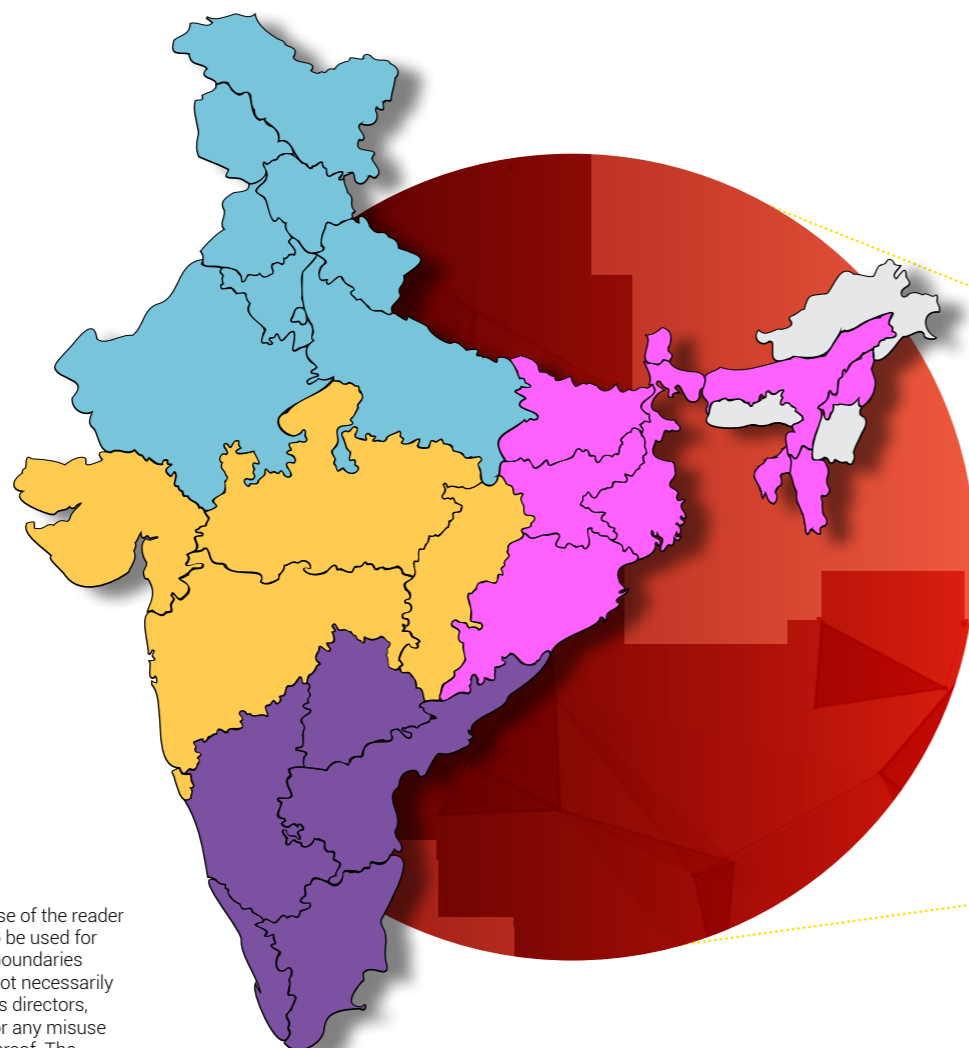
5

Depots across India

No. of distributors

- South 275+
- West 420+
- North 350+
- East 230+

This map is a generalised illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.



OUR DISTRIBUTION CAPABILITIES

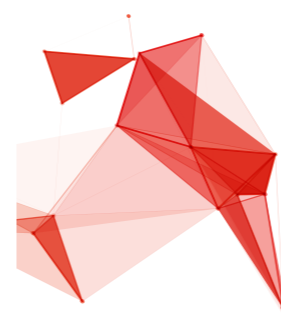
POWERING REACH THROUGH OUR DISTRIBUTION STRENGTH

HP Adhesives has created a robust pan-India distribution network to ensure seamless product availability for customers nationwide. Also, there is a dedicated focus on the export market to tap the global opportunity in the adhesives and sealants space.

20+
Sold in Countries

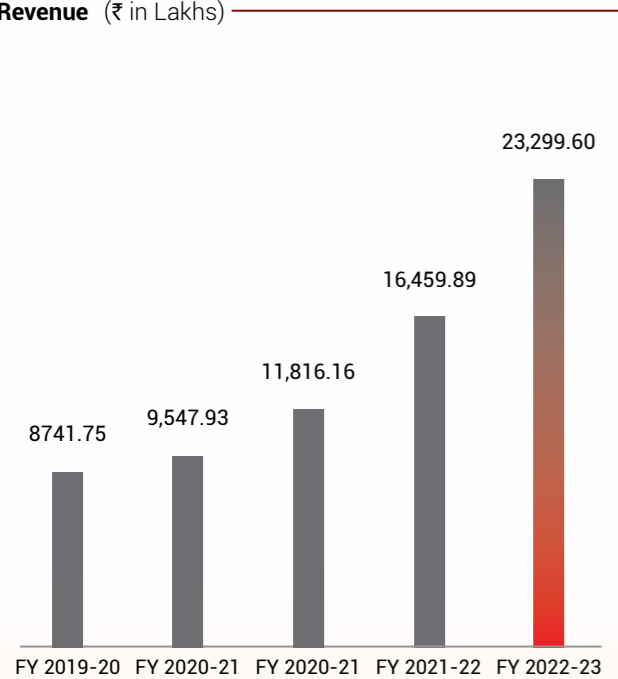
In addition to our widespread coverage in India, we have also broadened our export activities to encompass diverse international regions, including the Middle East, Africa, the US, and SAARC countries. The Company regularly participates in global building materials / adhesives and sealants exhibitions which helps in promoting our brands in these markets.

We possess the agility to swiftly address market demands, bolstered by our robust distributor relationships. Our extensive and continually expanding distribution reach is a significant competitive edge, allowing us to capitalise on growth prospects in urban and rural markets throughout India. Similarly, we are regularly identifying and developing strong customer relationships in overseas markets and serving those markets.

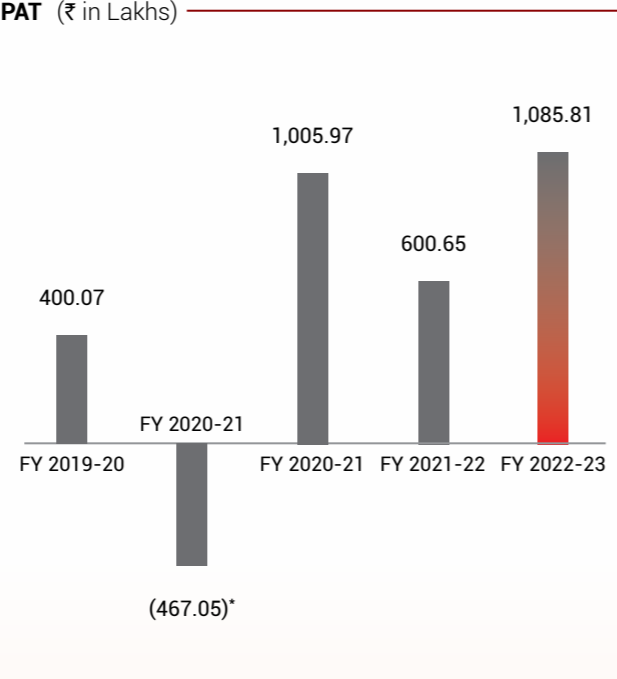


FINANCIAL HIGHLIGHTS

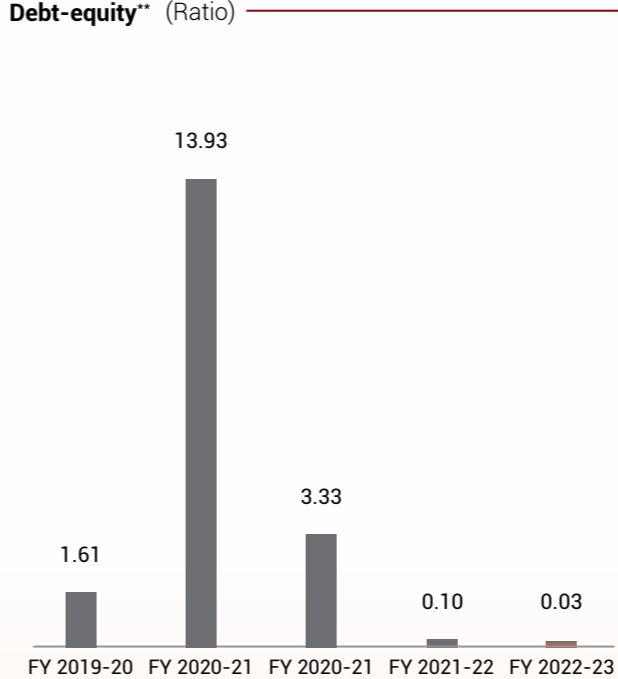
Revenue (₹ in Lakhs)



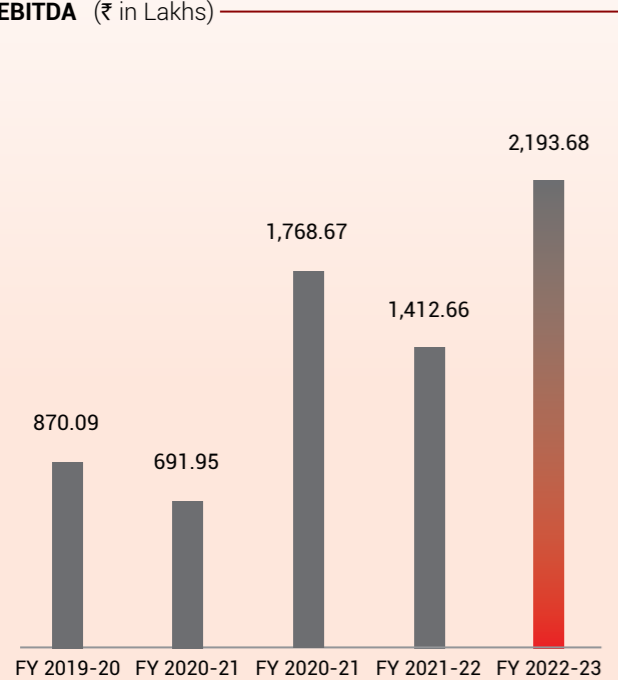
PAT (₹ in Lakhs)



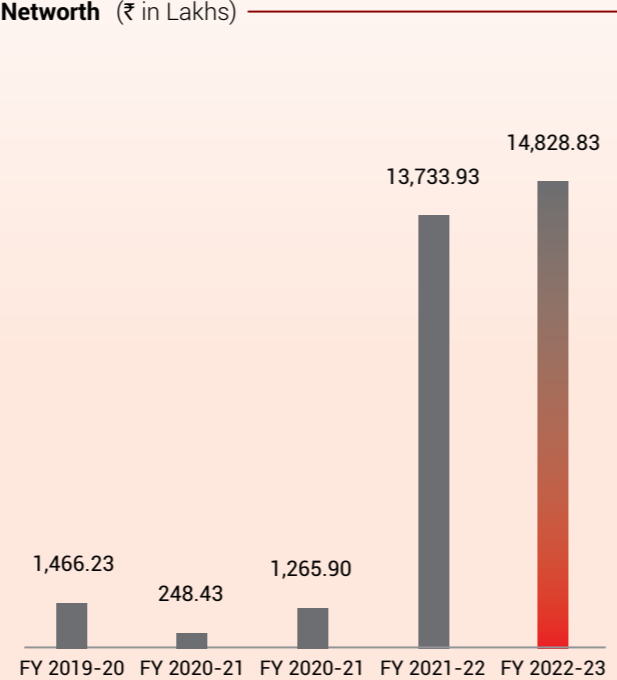
Debt-equity** (Ratio)



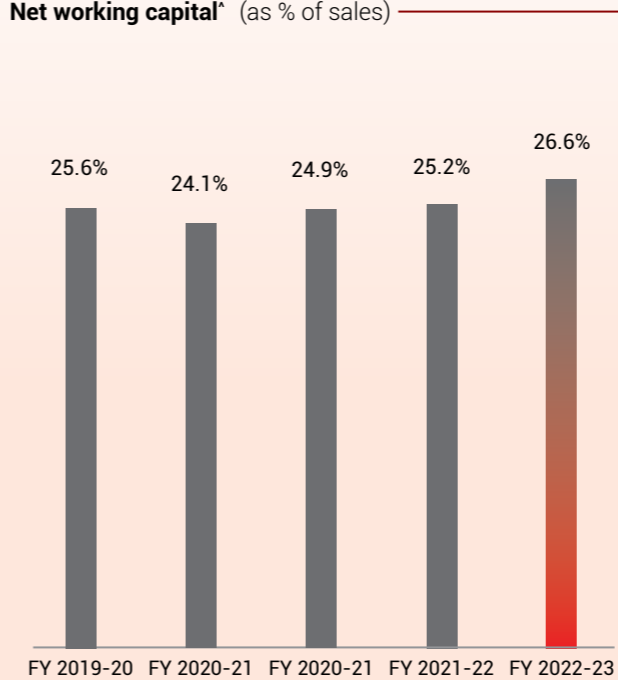
EBITDA (₹ in Lakhs)



Networth (₹ in Lakhs)



Net working capital* (as % of sales)



*Loss in FY20 on account of exceptional item

*Net working capital = Inventory + Trade receivables - Trade payables

**FY22 and FY23 debt-equity is without considering bank FD balances of unutilised IPO proceeds

CHAIRPERSON'S MESSAGE

INSIGHTS AND VISION: AN INTERVIEW WITH OUR CHAIRPERSON



Q HOW HAS HP ADHESIVES EVOLVED FROM ITS EARLY DAYS?

A We started in 1987 as a Solvent Cement manufacturer along with trading various plastic items. What started as a small family-run business operating out of a 200 sq. ft. gala (unit), today we have transformed into an organisation with global acceptance of our product offerings in the adhesives and sealants industry. From a single product category of Solvent Cements 20 years back, we are now manufacturing and selling world-class Silicone Sealants, Synthetic Rubber adhesives, PVA Adhesives, and other allied products. Guided by our vision and commitment, we were the first Non-American NSF-certified solvent cement manufacturer in the world. Our agility and customer-centricity have helped us to continuously enhance our product mix. We are also constantly evaluating new product categories in the overall building materials' space which will allow us to tap newer avenues of growth.

Q AS CHAIRPERSON, WHAT ARE YOUR THOUGHTS ON HP ADHESIVES' PERFORMANCE THIS PAST YEAR?

A This past year has been pivotal for HP Adhesives. I am pleased to reflect on the remarkable performance that our Company has demonstrated over the past year coming out of the Pandemic which was

unprecedented in all aspects of life – personal as well as professional. It has been a year of triumph over challenges and I am proud to say that our team has risen to the occasion and delivered on the expectations of various stakeholders.

Our dedication to quality, customer satisfaction, and continuous improvement has translated into tangible results. Despite the global uncertainties, we have maintained our position in the market and achieved significant growth milestones. Our commitment to staying ahead of industry trends and investing in research and development has allowed us to introduce various product solutions that have resonated with our clients.

Despite the turbulence and the volatility in the first half of the year and the move towards stability during the second half, we made significant strides across key strategic priorities like part-operationalising our new manufacturing facility, geared to launch new products across categories, and expanding our distribution reach.

Q WHAT ARE YOUR THOUGHTS ON THE EXTERNAL OPERATING ENVIRONMENT?

A With the worst of the Covid-19 pandemic behind us, India's economic resurgence is on a firm footing. The demographic profile of India and the consistent growth in the per capita income of Indians, the Urbanisation trend, and Structural reforms by the Government along with the infrastructure push, are together anticipated to spur growth. This unlocks immense potential across our key addressable markets. We are very well-positioned to tap this demand uptick through our strategic efforts that have been made in the last year along with the investments – monetary as well as non-monetary ones made over the last several years.

Q WHAT MAKES YOU CONFIDENT ABOUT FUTURE ASPIRATIONS AND GROWTH?

A Aspirations without any planning can lead to failure. We are well prepared, and over the years, we have reinforced our strengths to benefit from the same in the long run:

Strong retail presence

We have a strong presence in India's consumer adhesives and sealants segment. This has been enabled by our large and dedicated sales team, who drive the retail presence of our Company through strong distributor relationships across India. Their on-ground connectivity helps us understand the product expectations from the applicators who are the real consumers of our products, and take market feedback which allows us to introduce desired products rapidly and deepen our market reach. We will constantly endeavour to increase our distribution reach in the coming years as well.

Commitment to innovation

With our strong in-house R&D capabilities and a steady focus on introducing new products, we have pioneered various category firsts in India, including Silicone Sealants and Synthetic Rubber Adhesives. We have a solid new product pipeline to expand our portfolio with solutions catering to evolving customer needs.

Global footprint

Our products are exported to over 20 countries including the US, Middle East, Africa, UK, SAARC nations and more. International sales contribute about 10% of revenues, as we continue deepening our presence in existing geographies and entering new overseas markets.

Proficient and Experienced Management

Our Company is led by an experienced professional management team with proven expertise across domains like sales, marketing, manufacturing, R&D, exports, and finance. The core team has an average experience of over 15+ years in managing adhesives/chemical businesses, underscoring our commitment to excellence and sound leadership.

Modern Manufacturing Infrastructure

We operate a state-of-the-art manufacturing facility in Raigad district near Mumbai. This facility is equipped with advanced infrastructure. It houses multiple automated production lines with modular designs that allow swift capacity expansion. Stringent quality control procedures and process automation enable us to maintain global quality benchmarks. The strategic location of this facility near raw material sources and the JNPT port offers logistics efficiencies. The infrastructure provides the capabilities to meet growing demand through a scalable, efficient, and world-class manufacturing setup.

Strong Financial Track Record

We have delivered consistent revenue growth of ~39% CAGR over the last 4 years through our consistent focus on volume expansion and new product category

introduction. Prudent cost management and operational efficiency have led to steady profitability metrics improvement despite the pandemic-induced volatility and the geo-political upheavals in the last couple of years. Our relatively asset-light model enables efficient capital deployment with a strict focus on ensuring tight working capital management. The IPO in FY22 has significantly strengthened the balance sheet and provided growth capital. This is reflected in our FY23 financials and also allows us to further deliver very healthy growth in revenue and profitability in the coming years.

Q WHAT ROLE DO PEOPLE PLAY IN HP ADHESIVES' FUTURE?

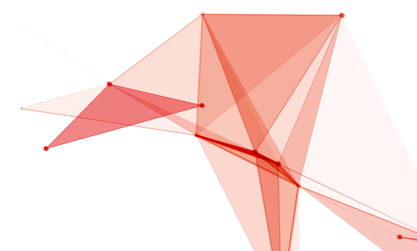
A Our people are our greatest asset and competitive edge. Their commitment, skills, and passion enable us to deliver excellence and scale new heights. I want to build an empowering, caring workplace that allows teams to realise their full potential and drive sustainable growth. My heartfelt appreciation to the HP Adhesives family for their continual dedication.

Q WHAT ARE THE KEY FOCUS AREAS GOING FORWARD?

A Product and portfolio innovation remain our priorities, alongside boosting distribution and manufacturing capabilities. We aim to leverage growth opportunities across India as well as globally.

Q WHAT IS YOUR MESSAGE TO SHAREHOLDERS?

A I am confident that HP Adhesives is well-positioned for continued growth and success. Our commitment to innovation, operational excellence, and customer-centricity will remain steadfast as we embrace new opportunities and tackle future challenges. I extend my gratitude to each member of the HP Adhesives team for their dedication and hard work, and to our valued customers and partners for their trust in our products and services. Together, we will continue to build on this success and drive HP Adhesives to even greater heights. The trust and goodwill built over decades provide a strong foundation as we expand offerings to cater to diverse customer needs. I believe the best is yet to come at HP Adhesives and I seek your continued partnership.



MANAGING DIRECTOR'S MESSAGE

STEERING PROGRESS MESSAGE FROM OUR MD



“ I extend my heartfelt appreciation to our dedicated team, whose unwavering commitment and hard work have been instrumental in delivering these exceptional results ”

Dear Shareholders,

I am delighted to extend my warm greetings and present the Annual Report for the FY 2022-23. As we navigate the ever-evolving business landscape, I want to express my heartfelt gratitude to all our esteemed shareholders for placing your undying trust in HP Adhesives. Your enduring faith in our Company is a driving force that motivates us to work tirelessly toward achieving our strategic goals and generating sustained value for each of you.

OPTIMISING PERFORMANCE THROUGH STRATEGIC INITIATIVES

FY 2022-23 was not without its fair share of challenges, as we faced significant external headwinds arising from the COVID-19 pandemic's lingering impact, unprecedented inflationary pressures, and disruptions in global supply chains. These challenges created turbulence in our

business operations, but I am immensely proud of the agility and resilience demonstrated by our team. They skilfully steered the ship, effectively navigating through uncertainty while staying committed to delivering steady and sustainable growth through unwavering effort and hard work.

One of our core strategic priorities has been to expand our distribution network. Over the years, our perseverant efforts have significantly widened our addressable market, spanning urban and rural regions. However, we recognise that there is still immense potential for further enhancing our footprint. To this end, we have intensified our engagement with customers to drive short-term growth and foster long-term brand loyalty. Establishing a loyal customer base is vital for securing enduring market leadership.

At HP Adhesives, we have consciously moved away from relying on a single product category and instead diversified into multiple product categories of adhesives and sealants. This calculated move has distributed business more evenly, effectively reducing risk and strengthening our resilience in facing challenges. While this strategy may entail some short-term investments, we firmly believe it will lead to superior long-term performance, ultimately benefitting our valued shareholders.

Our investments in bolstering our manufacturing capabilities have borne fruit, as evidenced by the successful part-commercialisation of our new manufacturing facility in Raigad. The world-class modular lines for manufacturing silicone sealants at this facility have ensured effective scale-up as well as delivering high-quality products to our customers, empowering us to meet the rising demand with greater efficiency. Furthermore, enhanced storage and optimised material flow have been instrumental in streamlining our operations and enhancing overall efficiency.

A pivotal aspect of our growth strategy is a relentless pursuit of innovation and a customer-centric approach. We have consistently strengthened our product portfolio by venturing into new categories that align with the evolving needs of our customers. The successful adoption of our Silicone Sealants range is a testament to this strategy's effectiveness. We are now poised to introduce Epoxy Adhesives, further broadening our product basket and expanding our addressable market. This strategic diversification drives sales productivity and enables us to increase revenue per distributor, positioning us for sustainable growth.

SHAPING THE FUTURE

Fundamentally, HP Adhesives is an effort-based business, and our unwavering dedication and hard work are reflected in the positive results we have achieved. Yet, our ultimate goal lies in penetrating the market and gaining consumer acceptance. This pursuit has led us to increase our efforts in customer engagement, a crucial driver for both short-term growth and long-term brand loyalty. Once established, brand loyalty becomes an invaluable asset, cementing our market standing and making it difficult for competitors to dislodge us from our position.

In our quest for innovation, we constantly strive to fill the market with revolutionary products. In doing so, we often adopt international technologies while manufacturing locally in India. Sub-category launches within our major product lines provide valuable insights, enabling us to refine our offerings and solidify our position as trailblazers in the industry.

ROBUST FINANCIAL PERFORMANCE DRIVING US FORWARD

Financially, HP Adhesives has delivered another year of robust performance, with a remarkable 41.6% increase in revenue to ₹ 232.99 crs and a commendable 80.8% rise in net profit to ₹ 10.86 crs. These achievements have been driven by rising demand, our unyielding focus on optimising business mix and processes, innovation, and the strength of our 35+ year brand reputation. Furthermore, we have improved our profitability metrics which will continue to improve year-on-year going ahead as well, and a debt-free balance sheet.

As we continue to grow and evolve, we remain mindful of potential risks arising from input cost fluctuations, market changes, and intensified competition. To mitigate these risks effectively, we aim to continue adding new categories to our product portfolio and expanding our geographical reach, ensuring our stability and resilience.

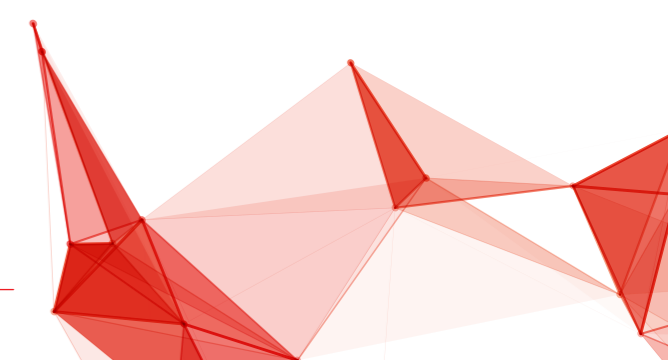
EXPRESSION OF GRATITUDE

I extend my heartfelt appreciation to our dedicated team, whose unwavering commitment and hard work have been instrumental in delivering these exceptional results. It is through their dedication to excellence that HP Adhesives has achieved its growth trajectory.

With our solid performance record and well-defined strategies for future growth, HP Adhesives is poised to continue creating substantial value for all our stakeholders. I firmly believe that our best days are yet to come, and the journey ahead is filled with immense potential and endless possibilities.

Let us march ahead with optimism, united in our pursuit of excellence, innovation, and sustainable growth. As we embrace the challenges and opportunities that lie ahead, I have complete confidence that we will achieve greater heights of success and bring prosperity to all our shareholders.

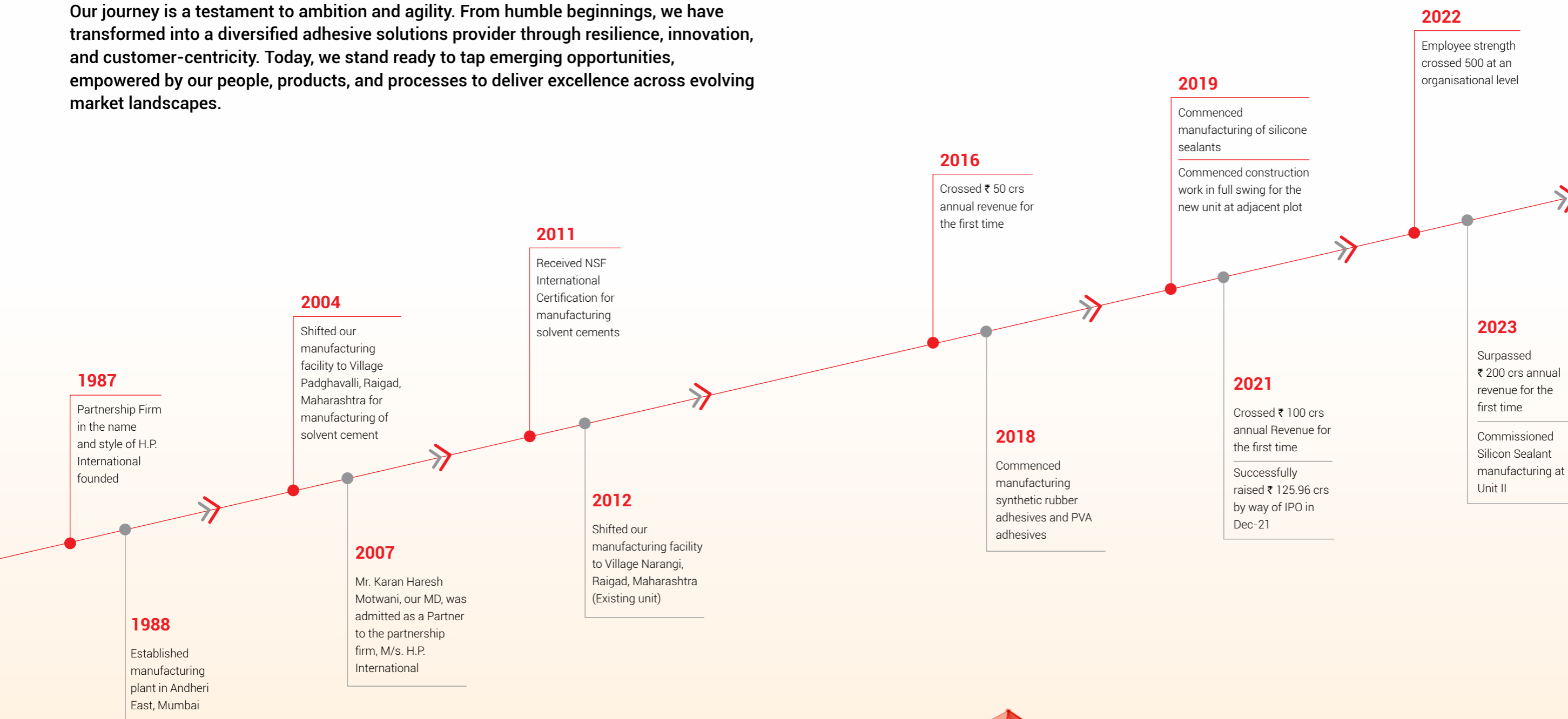
With warm regards,
Karan Motwani
Managing Director, HP Adhesives



OUR JOURNEY

POWERING THE JOURNEY THROUGH SIGNIFICANT MILESTONES

Our journey is a testament to ambition and agility. From humble beginnings, we have transformed into a diversified adhesive solutions provider through resilience, innovation, and customer-centricity. Today, we stand ready to tap emerging opportunities, empowered by our people, products, and processes to deliver excellence across evolving market landscapes.



OUR TRANSFORMATIVE JOURNEY

EMPOWERING TRANSFORMATION THROUGH OUR REMARKABLE JOURNEY

Across an impressive span of over thirty five years, HP Adhesives has evolved into a prominent player in India's adhesives and sealants sector. This journey of our Company has been marked by ambition, adaptability, and a series of notable achievements.



THEN



EVOLUTION FROM A SINGLE-PRODUCT CATEGORY PLAYER TO A DIVERSIFIED PORTFOLIO

Laying the Foundation (1987 - Early 2010s)

HP Adhesives commenced operations in 1987 in a small Mumbai manufacturing facility with just one product – solvent cement. In the initial years, we focussed on providing quality solutions primarily to the plumbing industry along with trading miscellaneous plastic items.

NOW



An Expansive Portfolio Powerhouse (Present)

In the last couple of decades, we have transformed from a single-product category company into a diversified portfolio powerhouse. Our range today spans various product categories within adhesives and sealants space, and other allied products.

Our Company's flexibility and focus on customer needs continue to steer our endeavours in expanding our product range. We consistently introduce new categories to tap the available opportunities as well as address the ever-changing demands of the market effectively.

TRANSITIONING INTO A PROFESSIONALLY MANAGED ENTERPRISE

Scaling as a Family Business (1987 - 2000s)

HP Adhesives started as a traditional family-managed enterprise with key functions like sales, marketing, logistics, and finance, closely controlled by promoters. However, the limitations of this centralised model became increasingly apparent as we scaled rapidly.

Institutionalising for the Future (2010s - Present)

Recognising this need for change, in the late 2010s, we systematically onboarded external senior professionals from leading companies in respective domains. The aim was to standardise processes, systems, and global best practices across critical functions.

Today, HP Adhesives is led by a professional management team empowering key functions through proven expertise in adhesives industry/chemicals/FMCG and providing strategic direction. The family continues anchoring core values, but institutionalisation has been critical to building a meritocratic future-ready organisation.

This equips us with the foundation to capture emerging opportunities in a planned, and scalable manner.

EXPANDING OUR SALES FORCE MULTI-FOLD

Regional Sales Operations (1987 - 2000s)

Our sales operations largely catered to a select few large customers which were serviced by a handful of team members.

Pan-India Distribution Network (2010s - Present)

Recognising the need for a wider distribution footprint to fuel growth, we made focussed investments since the early 2010s on exponentially growing our sales team and geographic coverage.

Starting from a single-digit sales team, in the last 5 years, we have scaled up our sales team to more than 200 members.

Alongside team expansion, we strengthened processes around sales planning, performance management, and order-to-cash to scale up operations seamlessly.

Their on-ground connectivity provides an unmatched ability to expand distribution reach and launch products.

TRANSITIONING FROM A B2B TO A RETAIL ADHESIVES COMPANY

Primarily Selling Solvent Cement To Plastic Pipes Companies (1987 - 2010s)

In the initial years, our focus remained on solvent cement sales to plastic pipe companies and, a few regional and national piping companies, while being heavily dependent on them.

Retail Model (2010 onwards - Present)

In the last 10 years, we pivoted to retail distribution-led branded sales. Widening our portfolio and exponentially expanding our distribution footprint across India and globally helped establish HP, Strong Weld, Strong Fix, and Strong Seal as leading adhesives brands.

BOARD OF DIRECTORS

POWERING GROWTH WITH OUR ACCOMPLISHED BOARD



Mrs. Anjana Haresh Motwani
Executive Director & Chairperson

Mrs. Anjana Motwani, with over 40 years of experience in the adhesives industry, is currently designated as the Executive Director and Chairperson of our Company. She holds a bachelor's degree in arts (special), a diploma in administrative management from the University of Bombay, and a diploma in export business management from the Indian International Trade Centre, Bombay. In 1979, she founded M/s. Hindustan Plastics, a 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

Mr. Karan Haresh Motwani is currently the Managing Director of our Company. He holds a bachelor's degree in management studies from Narsee Monjee Institute of Management Studies, Mumbai, and has also completed 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 Company's growth strategy and executing our vision.



Mrs. Nidhi Haresh Motwani
Executive Director

Ms. Nidhi Haresh Motwani has been associated with HP Adhesives since 2016. She currently holds the position of Executive Director of our Company. She holds a bachelor's degree in business administration from Narsee Monjee Institute of Management Studies, Mumbai, and a master's degree in global business from S. P. Jain School of Global Management. At HP Adhesives Limited, she leads the complete execution of the organisational strategy across levels, primarily focussing on operations, new projects, and the growth of new product categories. In the last five years, under her leadership, the organisation has experienced a significant increase in output capacity and consistent production efficiency. 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

Mr. 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 (specialising 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 a law degree from the University of Ajmer. Presently, he has been the Secretary General of Mewar Chamber of Commerce & Industry since 2017 (a recognised divisional chamber of south Rajasthan). He has over 17 years of experience as a practicing Company secretary. He has been a Director on our Board since 5th July, 2021.



Mr. Surendra Kumar Mehta
Independent Director

Mr. 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 the 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 of Business Excellence, iGATE as Vice President of Finance, IGE (India) Limited as Chief Financial Officer and Company Secretary, and Gontermann Peipers India Limited as General Manager of projects. He has been a Director on our Board since 23rd June, 2021.



Mr. Ajeet Anant Walavalkar
Independent Director

Mr. Ajeet Anant Walavalkar is a Non-Executive and Independent Director of our Company. He holds a bachelor's degree in electrical engineering from the University of Poona. Previously he was an Executive Director with Morris Line Engineering and before that, he was the COO of Bahwan Engineering Group, Oman. Apart from spending 36 years with USD 5 bn Bahwan Group in various positions, Mr. Walavalkar also has rich experience in international trade and corporate development. He has been a Director on our Board since 5th July, 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Global Economy

In the year 2022, the global economy demonstrated remarkable resilience, achieving a growth rate of 3.4% despite uncertainties stemming from geopolitical factors in the post-pandemic recovery period. The escalation of inflation, observed in various commodities following Russia Ukraine conflict, compounded existing concerns about rising prices in economies, dealing with disrupted supply chains in the aftermath of Covid-19 pandemic. Consequently, a synchronised and unprecedented elevation of policy rates occurred across major economies. This not only led to the tightening of monetary policies in emerging economies, but also posed significant challenges to forex reserves in various nations, ultimately influencing business conditions across multiple markets. To address these obstacles, central banks worldwide adopted coordinated measures to tighten monetary policies, aiming to rein in inflation. These concerted efforts played a crucial role in not just stabilising global inflation but also curving its upward trajectory.

According to the World Economic Outlook published by the International Monetary Fund (IMF) in April 2023, the global economy notably faced the challenge of inflation which was analysed to be at 8.7% in CY 2022. The Advanced economies experienced a slower growth rate of 2.7% during the same period due to inflationary woes. Notably, the European Union grew by 3.5% and the United States by 2.1% in CY 2022. The emerging markets and developing economies too faced inflationary challenges which reduced their growth from 6.5% in CY 2021 to 4% in CY 2022.

Outlook

The International Monetary Fund (IMF) has downgraded its forecast for global growth in CY 2023 to 3.0%, down from 3.6% in CY 2022. Several factors are causing this downgrade, including the war in Ukraine, rising interest rates, and persistent supply chain disruptions. Notably, the war in Ukraine has caused energy prices to surge, which is weighing on economic activity in both Europe and

the United States. Rising interest rates are also exerting pressure on growth, as they are making it more expensive for businesses to borrow and invest. Additionally, persistent supply chain disruptions are making it difficult for businesses to get the goods and services they need, which is also holding back growth.

The global headline inflation is projected to decrease from 8.7% in CY 2022 to 7.0% in CY 2023 and further to 4.9% in CY 2024, primarily due to the lowering of commodity prices. However, many businesses have shown resilience in the face of the challenges of the past two years. This is due in part to government support and in part to the fact that many businesses have adapted to the new environment. Moreover, the still relatively stronger labour markets in the United States and Europe with low unemployment rates and rising wages will act as a positive sign for consumer spending, which is a major driver of economic growth.

(Source: IMP World Economic Outlook April 2023)



Indian Economy

The Indian economy grew by 7.2% in FY 2022-23, amidst the geopolitical tensions in Europe and post-pandemic recovery, showcasing resilience. The Indian economy emerged as the 5th largest economy in the world and the 2nd fastest-growing economy in the G20 during FY 2022-23.

While the nation was growing, the economy faced the challenge of rising inflation which was tackled by the RBI through measured increases in interest rates. The RBI began hiking rates from May 2022, playing a crucial role in bringing inflation under the target range, thereby pausing rate hikes in April 2023.

Moreover, the Indian Government's proactive initiatives like the PM Gati Shakti Plan, National Monetisation Plan, and Production Linked Incentive Scheme have aided growth, while bringing the economy back on track. These initiatives have created a more conducive environment for businesses to invest and grow, leading to increased production and employment.

Stronger prospects for manufacturing, services, agriculture, and related industries, along with improved business and consumer confidence, are expected to support domestic consumption and contribute to overall economic growth in the near term.

Outlook

In the Indian context, inflation is expected to fall within the RBI's target range of 2-6%, while economic growth is projected to be 6.5%. These favourable conditions are being supported by ongoing structural reforms and policies aimed at promoting investment and productivity. Additionally, India's expanding and youthful workforce, coupled with the Government's emphasis on fostering entrepreneurship and innovation, creates a favourable environment for sustained growth. Overall, India's economy appears poised for a bright future in 2023 and beyond.

(Source: <https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023> <https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf>)

Indian Adhesives Market

There are several types of adhesives utilised in the varied industries, offering different properties and applications. Water-based adhesives, containing polymers, water, and additives, are ideal for porous and non-porous substrates. Solvent-borne adhesives provide high bond strength and durability but contain regulated VOCs (Volatile Organic Compounds). Their performance properties make them popular in construction despite higher costs. Hot melt adhesives offer a host of benefits, including limited VOC emissions, no curing requirements, and cost-effectiveness compared to solvent-based products. Technological advances have increased their indispensability in construction bonding.

Like adhesives, different types of sealants also serve varied purposes. Silicone sealants offer flexibility and stability across extreme temperatures, making them ideal for sealing sinks, tubs, and showers. Acrylic sealants, derived from acrylic resins, are available in water and solvent-based versions for interior/exterior applications, protecting against water and chloride. Epoxy sealants form a durable protective film on concrete, useful in high-traffic floors and concrete countertops. The growing use of sealants, tapes, and hot melts in green buildings has enhanced the performance of construction technologies.

The adhesives and sealants market is experiencing steady growth and is projected to reach USD 3.8 bn in 2028, up from USD 2.4 bn in 2022, reflecting a compound annual growth rate (CAGR) of 7.54% by 2028.

A key driver fuelling the growth is the booming construction industry in India. The rising urban population is spurring demand for commercial, residential, and institutional construction projects. This is boosting the need for

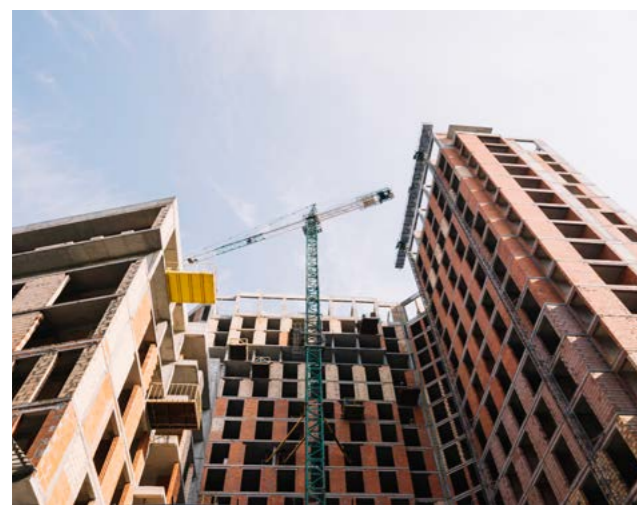
concrete bonding agents, tile adhesives, joint fillers, block adhesives, and other adhesive products used in construction applications. Moreover, the increase in green building projects, coupled with greater emphasis on construction quality, is accelerating the adoption of construction adhesives and sealants. With the robust outlook for construction activity in India, sales and usage of adhesives in this sector are poised to rise.

(Source: <https://www.mordorintelligence.com/industry-reports/india-adhesives-market>)

Key Demand Drivers

Construction and Housing

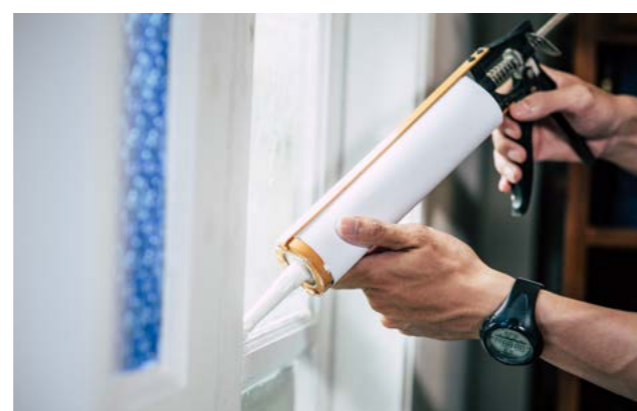
The Indian construction industry has been growing at a rapid pace driven by economic development, rising incomes, urbanisation, and Government infrastructure spending. Total construction spend is projected to reach USD 1.4 tn by 2025. This construction boom is fuelling demand for adhesives and sealants across residential, commercial, and industrial projects.



- Demographic Trends: India's rapidly growing population, currently over 1.3 bn, is expected to surpass China in the next few years. High birth rates and increasing life expectancy are driving demand for new housing. Around 40% of the population is under 25 years old, leading to the formation of new households and demand for starter homes.
- Urbanisation: A major migration towards urban centres for jobs and opportunities exists. The urban population is expected to rise from 34% in 2018 to around 40% by 2030. Cities are facing massive housing shortages, projected at about 10 mn units currently. This is driving high-rise residential projects and densification through remodelling.
- Rising Incomes: India's per capita income has been growing at over 5.6% annually. A rising middle class is driving aspirations for better lifestyles. Higher disposable incomes are being spent on modern, larger homes with amenities. The trend is moving towards more western-style residential interiors.

- Government Initiatives: Schemes like Pradhan Mantri Aawas Yojna and Smart Cities Mission are increasing affordable housing and upgrading urban infrastructure. Other programmes like interest subsidies, and tax incentives are enabling first-time home buyers. The Government is also promoting the use of new materials like cross-laminated timber through building code modifications.
- Growth of Organised Retail: With increasing brand consciousness, modern retail spaces like shopping malls, multiplexes, and hospitality properties are developing. This is boosting commercial construction and creating demand for specialty adhesives.
- Infra Development: Large investments are being made into roads, railways, airports, power plants, and other infrastructure to support economic growth and improve competitiveness. This is further driving construction across both rural and urban regions.
- Home improvement and maintenance: With rising incomes and aspirations for better lifestyles, consumers are spending more on home upgrades and remodelling projects. This growing trend of home improvements and maintenance is fuelling increased demand for adhesives required in interior fittings, modular furniture, flooring replacements, and minor repairs.

The confluence of these factors is creating strong tailwinds for robust, long-term growth in adhesive demand across small DIY applications to large industrial projects. The industry is innovating with new formulations to keep up with rising standards in construction.



PVC and CPVC pipes have become the predominant material for plumbing, irrigation, and industrial piping applications in India due to their durability, chemical resistance, and cost-effectiveness. The Indian plastic pipes market is estimated at US\$ 4,484 Mn and is projected grow at CAGR of 12%-14%.

Key growth drivers include Government programmes like the Jal Jeevan Mission which aims to invest over ₹ 3.60 lakh crs to deliver piped water to every household by 2024. Expanding real estate construction for residential and commercial projects is also boosting demand for PVC and CPVC plumbing pipes and fittings.

As the installation of PVC and CPVC piping systems rises rapidly across various end-use segments, it is creating a corresponding high-growth market for solvent cement adhesives that are critical for jointing pipes. With its dominant position in manufacturing solvent cement for the piping industry, HP Adhesives is ideally positioned to capitalise on the projected rapid growth in adhesive demand arising from the increasing usage of PVC and CPVC pipes across India.

Silicone sealants are used by the construction industry in a variety of applications, including wall covering, pre-finish panels, perimeters of doors, drywall, lamination, fixed window frames, flooring and carpets, tile insulation, garage doors, resilient flooring, and others like general weatherproofing of joints in porous and non-porous substrates, sanitary joints around the bathroom and kitchen fixtures, etc. HP Adhesives in a short span of 4 years have achieved an enviable position in the Indian silicone sealant market and is well-poised to become a leading player in this category in the coming years.

Automotive

The Indian automotive industry has been growing rapidly and is projected to reach USD 300 bn in revenues by 2026, making it the 3rd largest automobile market globally. This high growth has been driven by rising incomes, easier access to credit, and the launch of new models catering to growing consumer aspirations. Contact Adhesives and certain variants of Silicone Sealants are seeing increased adoption in automobile industry. HP Adhesives is looking to participate in this industry's growth in a meaningful way in the coming years.



Wood Working and Foam & Furnishing

The Indian furniture and furnishing industry reached an estimated market size of USD 32 bn in 2020. It is projected to grow at a CAGR of over 15% through 2025, driven by the growth of real estate along with rising demand for customised interiors. PVA adhesives and Contact adhesives are widely used for furniture, carpentry, mattresses, upholstery among others. As one of the rising players in this category HP adhesives is poised to grow through a wide product range and extensive distribution reach.



Company Overview




Established as a partnership firm named 'H.P. International' in 1987, HP Adhesives Limited specialises in the production and distribution of a diverse range of adhesives and sealants for various applications. These products belong to the consumer adhesives category and are primarily distributed through a network of distributors and retailers. They are primarily used by applicators such as plumbers, carpenters, masons, and other tradespeople and DIY.




Company's Offerings

- ↳ 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
- ↳ Epoxy Putty and Epoxy Adhesives (to be launched soon)

The Company benefits from its strategically located depot infrastructure across India (five currently), which facilitates the efficient distribution of products. These depots ensure the availability and timely delivery of the Company's products to its distributors and in-turn retailers. The sales team, comprising more than 230 members as of March 2023, is positioned across different regions of India.

Summary of Product Categories During FY 2022-23

Product	Description	Performance for FY 2022-23
Solvent Cement  	<p>The Company engages in the manufacturing and sale of a diverse range of solvent cements, including PVC, cPVC, and uPVC variants. With a product portfolio encompassing nearly 300 Stock Keeping Units (SKUs), the Company offers a comprehensive selection that caters to different viscosity requirements (regular-bodied, medium-bodied, heavy duty) and packaging options (ranging from 10 ml tubes to 5 kl cans).</p> <p>The applications of these solvent cements vary depending on the type. PVC solvent cement is designed for use in irrigation, sewage, and drainage systems, while cPVC solvent cement are suitable for hot and cold plumbing pipes and fittings. The uPVC solvent cements are intended for high-pressure pipes and fitting systems. Additionally, the Company provides primer and cleaner products that can be used across all applications of PVC and cPVC pipes and fittings. The Company offers two brands, namely 'HP' and 'Strongweld', for its range of solvent cement.</p>	<p>This product category witnessed healthy growth in FY 2022-23 primarily due to volume growth. Most selling SKUs are 118 ml tins and 237 ml tins.</p>
Contact Adhesives and PVA Adhesives 	<p>PVA adhesives are primarily used as woodworking glue, while rubber adhesives, also known as contact adhesives, find application in various fields such as woodworking, foam furnishing (for mattresses), automotive, footwear, and handicrafts, among others.</p> <p>The Company offers a wide range of SKUs for sprayable and brushable rubber adhesives to cater to different customer needs. However, the current range of PVA adhesives is limited, but the Company has plans to expand this range in the upcoming months.</p> <p>Both PVA adhesives and rubber adhesives are marketed under the 'Strong Fix' brand.</p>	<p>The Company is focussed on growing this category of adhesives in the coming years as there is huge demand for these adhesives as well as diversity of applications, particularly in rubber adhesives.</p>

Product	Description	Performance for FY 2022-23
Silicone Sealants 	<p>The Company manufactures and sells silicone sealants under the 'Strong Seal' brand. Silicone sealants are commonly used to seal gaps. They possess high-temperature resistance, making them ideal for applications in doors, windows, automobiles, electronic devices, and solar panels, among others. These sealants are widely employed in glazing, external weather sealing, general interior sealing, bathroom, and sanitary applications, as well as in various exterior construction projects. The Company offers silicone sealants in 260 ml, 280 ml, and 300 ml cartridges, available in a range of colours. The demand for these versatile sealants has experienced rapid growth across different industries.</p>	<p>This product category continues to grow very well as we leverage our manufacturing capabilities with our distribution strength. Primarily having volume-led growth in FY 2022-23, the Company is confident of growing this category at very high rates. Also, the Company is developing products for varied applications in this category.</p>
Ball Valves and Tapes  	<p>The Company distributes ball valves, PTFE tapes, and masking tapes through its extensive distribution network. Currently, the manufacturing of these products is outsourced to meet the Company's specifications, and are sold to customers under the Company's brand name.</p> <p>Regarding their applications, ball valves and PTFE tapes are commonly sold alongside solvent cement adhesives at the PVC/cPVC pipes and fittings' counters. These products serve as essential components in the installation and maintenance of pipes and fittings.</p> <p>On the other hand, masking tape is primarily used during painting, carpentry, and other interior projects. It provides a protective layer for expensive materials and surfaces such as glass, laminates, and others, preventing them from getting stained or damaged.</p>	<p>This category supports the growth in solvent cement. Here also the Company has seen healthy growth in FY 2022-23 and believes that it will continue in the coming years.</p>

Examining Distribution Channels

The Company's sales to its distributors, both domestic and exports, in FY 2022-23 accounted for almost 75% of total revenues from operations. In India, the Company sold to 1,250+ distributors across the country, while in the export market, it served over 40 customers in FY 2022-23. During FY 2022-23, HP Adhesives Limited exported its products to 20 countries across GCC, Africa, USA, South Asia primarily.

HP Adhesives Limited continues to sell its solvent cement adhesives to PVC and cPVC piping companies. This strategic approach not only allows the Company to achieve production efficiencies through economies of scale but also serves as a testament to the high quality of its products. These SKUs are sold in the market by the pipe companies bearing the manufacturing details under the HP Adhesives label. The sales to pipe companies contributed approx. 25% of revenues.



Distributor Meet

Marketing Strategy and Brand Awareness

In recent years, the Company has consistently implemented strategies to strengthen its brands, including 'Strong Weld', 'HP', and newer product categories like 'Strong Seal' for silicone sealants and 'Strong Fix' for PVA and synthetic rubber adhesives. These efforts have been supported by a range of promotional and brand-building initiatives. To promote its brands, the Company organises gatherings for dealers, and distributors, and similarly for applicators like plumbers, carpenters and masons wherein new product and variant launches are publicised as well as product demonstrations and testing is carried out to show the product features/characteristics. Incentive schemes are rolled out particularly for applicators as they are the key decision makers at the time of purchasing the product from the shelf. Additionally, active participation in relevant international exhibitions has been a key driver in enhancing brand visibility. All these efforts will continue to play a key role in promoting the products of the Company moving forward.



Plumber Meet



Exhibition Participation

Financial Overview



Revenue from Operations

The Company's revenue from operations increased to ₹ 23,299.60 Lakhs in FY 2022-23 from ₹ 16,459.89 Lakhs in FY 2021-22, increasing by 41.6%. Growth across product categories, primarily volume-led, was the reason for the growth in revenue.



Cost of Materials

The Company's cost of materials consumed (including inc./dec. in inventory and purchase of stock-in-trade) increased to ₹ 16,285.50 Lakhs in FY 2022-23 from ₹ 12,085.62 Lakhs in FY 2021-22, growing by 39.2%. Increase in business reflected by revenue growth is a factor for this increase in Cost of Materials consumed.



Employee Benefits Expenses

The Company's employee cost increased to ₹ 2,194.14 Lakhs in FY 2022-23 from ₹ 1,733.43 Lakhs in FY 2021-22, registering an increase of 26.6%. This was due to increase in employee strength primarily in production and sales team on account of increased scale of operations. However as a percentage of revenue, it further reduced to 9.4% in FY 2022-23 from 10.5% in FY 2021-22.



Other Expenses

The Company's other expenses increased to ₹ 2,379.74 Lakhs in FY 2022-23 from ₹ 1,510.98 Lakhs in FY 2021-22. This increase was on account of increase in business operations primarily resulting from increase in production expenses, conveyance and travelling expenses of sales team and business promotion expenses.



Depreciation and Amortisation

The Company's depreciation and amortisation increased to ₹ 323.50 Lakhs in FY 2022-23 from ₹ 284.02 Lakhs in FY 2021-22, increasing by 13.90%, primarily due to increase in gross block of fixed assets.



Profit before Tax

The Company's profit before tax before exceptional item increased to ₹ 1,640.90 Lakhs in FY 2022-23 from ₹ 815.24 Lakhs in FY 2021-22, improving by 101.3%. After considering exceptional expense of ₹ 137.54 Lakhs in FY 2022-23, which was on account of settlement of outstanding tax matter under MAHAVAT amnesty scheme introduced by the Government in the year 2022-23 and damage of goods stored at factory due to natural calamity in September 2022, the Company's profit before tax increased to ₹ 1,503.36 Lakhs in FY 2022-23 from ₹ 815.24 Lakhs in FY 2021-22, improving by 84.41%.



Tax Expense

The Company's tax increased to ₹ 417.55 Lakhs in FY 2022-23 from ₹ 214.59 Lakhs in FY 2021-22, increasing by 94.58%.






Profit after Tax

The Company's profit after tax increased to ₹ 1,085.81 Lakhs in FY 2022-23 from ₹ 600.65 Lakhs in FY 2021-22, growing by 80.77%. This increase was on account of increase in revenue as well as improved expenses as a percentage of revenue like cost of material consumed and employee benefits expenses.

Risks and Mitigation

Risk	Description	Mitigation Strategy
Product Concentration Risk 	Relying solely on a single product category exposes the Company to potential risks in terms of competition and replacement.	Over the past few years, the Company has expanded its efforts and prioritised the development of various adhesive categories, effectively reducing reliance on a single category. As a result, the Company's operations are not significantly threatened by potential volatility or declining demand in any one category, as it has developed a portfolio of adhesives and sealants.
Revenue Concentration Risk 	Relying heavily on a small number of large customers to generate revenue presents a risk in the event that these customers choose to switch to competitors for their needs.	By prioritising the expansion of its distribution network both within India and internationally, the Company has successfully and consistently increased its customer base. In FY 2022-23, the Company served over 1400+ customers encompassing domestic distributors, exports, and pipe companies. Notably, no single customer accounted for more than 10% of the Company's total revenue, highlighting a diversified customer portfolio.

Risk	Description	Mitigation Strategy
Supply Risk 	<p>The Company relies on a wide range of raw materials obtained from numerous suppliers. Any disruption in the supply chain, whether it be delays or insufficient availability of these materials, has the potential to cause disruptions in production.</p>	<p>To mitigate the risk of supply chain disruptions, the Company has proactively pursued the development of multiple vendors for all key raw materials. Moreover, the Company has fostered strong relationships with its key suppliers. Additionally, an effective inventory management system is also put in place to ensure that any potential supply chain risks do not pose significant threats to the Company's operations.</p>
Receivables Risk 	<p>As a standard market practice, the Company supplies its products to numerous small distributors across India, offering them reasonable credit periods. However, any delays or non-payment from these distributors can have a direct impact on the Company's cash flow position and overall profitability.</p>	<p>The Company does a thorough check on the background of a potential customer, including credibility check from market. It also takes PDCs from new customers before giving any credit to them. Recently, the Company has started utilising supply chain financing to mitigate the risk of receivables from its distributors and as this programme ramps up, this risk gets mitigated to quite an extent.</p>
Macro Risk 	<p>The Company's operations are closely intertwined with the global economy, encompassing both sourcing and sales activities. Consequently, any unfavourable macroeconomic developments will have a direct impact on the Company's business operations.</p>	<p>The Company's senior management consistently keeps a vigilant eye on significant developments in the countries it engages with. This proactive approach allows them to identify any noteworthy economic implications that may affect the business. In response to such events, the management promptly formulates action plans to address any potential impact on the Company's operations.</p>

Internal Control Systems and their Adequacy

The Company has implemented a comprehensive internal control system that is well-suited to its size and business operations. This system ensures the proper protection of the Company's assets and interests, while strictly adhering to applicable laws and regulations. The internal control processes are documented, with established authorisation and approval procedures in place. These policies and procedures are regularly reviewed and updated, overseen by the internal auditor. Regular audits are conducted by the internal auditor, and appropriate remedial measures are implemented whenever necessary by the Management. The observations and recommendations of the statutory auditor are also carefully considered and acted upon as required. The Audit Committee plays a vital role in reviewing audit plans, observations, and monitoring the progress in implementing remedial measures, aiming to strengthen the internal control systems.




Human Resource

Human resource is vital to the growth of the Company, and the Company is dedicated to fostering a safe, collaborative, fair, and progressive work environment. It actively supports employees' career growth and encourages them to continuously enhance their knowledge and skills. Across various domains such as R&D, manufacturing, supply chain, sales, administration, and business development, the Company has experienced teams that contribute to its business growth.

The Company prioritises the health and safety of its employees, with a particular focus on the manufacturing unit. Stringent measures are taken to ensure a safe working environment. As of 31st March, 2023, the Company had 555 employees on its payroll. Throughout the year, labour relations at the manufacturing unit remained harmonious.



At HP Adhesives, right from our Directors to the blue-collared workers at our factory has a good mix of the two genders across levels. We have our ladies working at our machines packing our finished products out for delivery and in the board room strategising the launch of the next Product. This is a justified example of the care and workplace benefits we provide to ensure that all our employees are able to manage achievement of work and personal life goals.

Category			
Grand Total	148	407	555

Outlook

The overall outlook for adhesives and sealants industry is expected to be healthy on account of various factors like consistent economic growth of country resulting in increased per capita GDP positively affecting spending power on home improvement, favourable demographics as well as urbanisation trend resulting in demand for housing, and strong push by the government on infrastructure development. The Company has performed well in the post-Covid world which witnessed unprecedented supply chain volatility and also post global geo-political events. With business environment moving towards normalisation, the Company is very well placed to further grow the business sustainably with improved profitability in the coming years.



COMPANY SYNOPSIS

BOARD OF DIRECTORS

Mrs. Anjana Haresh Motwani
Chairperson & 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 Ananta Walavalkar
Independent Director

CHIEF FINANCIAL OFFICER

Mr. Mihir Suresh Shah

COMPANY SECRETARY

Mrs. Jyoti Nikunj Chawda

STATUTORY AUDITORS

M/s. Priya Choudhary & Associates, LLP

SECRETARIAL AUDITOR

M/s. Shivam Sharma & Associates

BANKERS

Indusind Bank Limited

ICICI Bank

REGISTERED OFFICE

11, Unique House, Chakala Cross Road,
Andheri East, Mumbai - 400099, Maharashtra.

CORPORATE OFFICE

Business Square, C-501,
Sir Mathuradas Vasanji Road,
Andheri East, Mumbai 400053, Maharashtra.
Tel. No: 022 – 6819 6300
Website: www.hpadhesives.com
Email: investors@hpadhesives.com

PLANT LOCATIONS

1. Survey No. 7, Village Narangi,
Tal. Khalapur, Dist. Raigad - 402107, Maharashtra.
2. Plot No. 21A, Aditya Industrial Estate, Village Kumbhvali,
Tal. Khalapur, Dist. Raigad - 402107, 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 Ananta Walavalkar Member

NOMINATION & REMUNERATION COMMITTEE

Mr. Surendra Kumar Mehta Chairman

Mr. Rajendra Kumar Jain Member

Mr. Ajeet Ananta Walavalkar Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mrs. Anjana Haresh Motwani Chairman

Mr. Ajeet Ananta Walavalkar 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, Maharashtra.
Tel. No: 022 – 6263 8200
Email: investor@bigshareonline.com
Website: www.bigshareonline.com

DIRECTORS' REPORT

Dear Members,

Your Board of Directors ("the Board") is pleased to present the 4th Annual Report of HP Adhesives Limited ("the Company") for the financial year ended 31st March, 2023.

In compliance with the applicable provisions of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), this report covers the financial results and other developments during the FY 2022-23.

FINANCIAL HIGHLIGHTS / RESULTS

Particulars	For the FY 2022-23	For the FY 2021-22
	(₹ in Lakhs)	
Revenue from operations	23,299.60	16,459.89
Other income	293.47	282.80
Total income from operations	23,593.06	16,742.69
Total Expenditure	21,952.16	15,927.45
Profit before Exceptional items and tax	1,640.90	815.24
Less: Exceptional items	137.54	-
Profit Before Tax	1,503.36	815.24
Tax expenses	417.55	214.59
Profit after Tax	1,085.81	600.65
Other Comprehensive Income for the year	9.08	43.45
Total Comprehensive Income for the year	1,094.89	644.10

OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

- In FY 2022-23, your Company reported Revenue from operations of ₹ 23,299.60 Lakhs compared to ₹ 16,459.89 Lakhs in the previous financial year resulting in a growth of 41.55% year-on-year.
- Profit before tax (after exceptional items) increased to ₹ 1,503.36 Lakhs in financial year ended March 2023 compared to Profit before tax (after exceptional items) of ₹ 815.24 Lakhs in the previous year, registering a growth of 84.4%.
- Profitability has significantly improved in FY 2022-23 due to combination of factors including increase in Revenue largely due to volume-led growth in key product categories, normalisation of raw material pricing environment and improvement in manufacturing processes leading to efficiencies in production. The financial results have been discussed in detail in the Management Discussion and Analysis Report which forms part of this Annual report.

DIVIDEND

Keeping in view the future growth plans, the Board of Directors do not recommend any dividend for FY 2022-23.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

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

RESERVES

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

DEPOSITS

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

SHARE CAPITAL

a) AUTHORISED SHARE CAPITAL

During the year under review, there is no change in the Authorised, Issued, Subscribed and Paid-up Share Capital of the Company.

As of 31st March, 2023 the Authorised Share Capital of the Company is 2,00,00,000 Equity Shares of ₹ 10 each amounting to ₹ 20,00,00,000/- (Rupees Twenty Crs).

DIRECTORS' REPORT (CONTD.)
b) ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL

As of 31st March, 2023 the Issued, Subscribed and Paid-up Share Capital of the Company is 1,83,74,947 Equity Shares of ₹ 10/- each amounting to ₹ 18,37,49,470/- (Rupees Eighteen Crores Thirty-seven Lakhs Forty-nine Thousand Four Hundred and Seventy).

c) UTILISATION OF IPO PROCEEDS

Pursuant to Regulation 32 of the Listing Regulations, a statement/explanation for the deviation(s) or variation(s) in the use of proceeds of IPO is herein given below:

Particulars of Issue	Shares Issued	Amount Raised	Deviation(s) or Variation(s) in the use of proceeds of issue, if any
IPO	45,97,200 Equity Shares, out of which 41,40,000 Equity Shares were fresh issue and the balance 4,57,200 Equity Shares was an offer for sale by Mrs. Anjana Hareesh Motwani, Promoter of the Company.	Out of the IPO Proceeds of ₹ 12,596.33 Lakhs, proceeds to the Company through fresh issue of shares was ₹ 11,343.60 Lakhs and Net proceeds after IPO expenses was ₹ 9,669.12 Lakhs.	*There were no instances of deviation(s) or variation(s) in the utilisation of proceeds as stated in the objects in Prospectus, in respect of the IPO issue of the Company.

*Necessary disclosures have been made to the Stock Exchanges in the Statement of Deviation/Variation Report issued quarterly along with the Financial Statements.

The proceeds of IPO were utilised for the objects as disclosed in the Prospectus. Details as on 31st March, 2023 are as follows:

(₹ in Lakhs)					
Sr. No.	Object	Original Amount proposed to be utilised as per the offer document	Revised Amount proposed to be utilised	Amount utilised*	Amount Unutilised
1.	Funding capital expenditure for the Proposed Expansion	2,550.86	2,550.86	952.10@	1,598.76
2.	Funding the incremental working capital requirements of our Company	5,400.00	5,400.00	4052.20#	1,347.80
3.	General corporate purposes	1,723.50	1,718.20^	1,718.20	0.00
	Total	9,674.36	9,669.06	6,722.50	2,946.56

*The amount utilised represents actual payments made inclusive of taxes.

^GCP Revised to ₹ 1,718.20 Lakhs from ₹ 1,723.50 Lakhs due to finalisation of Issue Expenses.

As per Prospectus, Company had proposed utilising ₹ 2,000 Lakhs towards working capital requirement in the financial year 2023. Keeping in mind the rising interest rate cost on working capital bank borrowings and the comparative lower interest rate earned on FDs with banks of the unutilised amount, Company accelerated the deployment of upto ₹ 800 Lakhs from next year's (FY 2023-24) working capital allocation (of ₹ 1,800 Lakhs) in the FY 2022-23 which has been discussed and noted in the Audit committee meeting and Board Meeting dated 11th November, 2022.

@ The amount has been utilised for the Capex Object as defined in the Prospectus. However, there has been a delay in utilisation of the Capex amount as compared to proposed timeline provided in the Prospectus.

DIRECTORS' REPORT (CONTD.)

Details of delay in implementation of the object(s) are mentioned hereunder:

Object(s) Name	Completion Date		Delay (No. of days/ months)	Comments of Board of Directors	
	As per Offer Document	Actual *		Reason of delay	Proposed Course of Action
Funding capital expenditure for the Proposed Expansion	Q4FY24	Q4 FY2025	12 months	As there was a delay in spending in FY 2021-22 allocated amount, the amount proposed to be spent on capex in FY 2022-23 has spilled over to FY 2023-24. However, capex for capacity additions have not been impacted and the same has been carried out as per the expected production forecast to meet estimated demand.	This is a continuing Object as per Prospectus with final date of completion being FY 2023-24. As mentioned in the Prospectus that incase of estimated utilisation being not undertaken in its entirety in a scheduled fiscal, remaining Net proceeds shall be utilised in subsequent Fiscals. Management is planning to incur upto ₹ 800 Lakhs capex in FY 2023-24 and balance in FY 2024-25 based on current planning which may be revised in case of any change in market scenario, etc.

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 and commitments, affecting the financial position of the Company which has occurred between the close of the Financial Year as on 31st March, 2023, to which the Financial Statement relate and the date of this Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The constitution of the Board of the Company is in accordance with Section 149(6) of the Act and Regulation 17 of the SEBI Listing Regulations. The detailed composition of the Board as of 31st March, 2023 is as follows:

Sr. No.	Name of the Director KMP	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 Ananta Walavalkar	Independent Director

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

Sr. No.	Name of the Director & KMP	Designation
1	Mr. Mihir Suresh Shah	Chief Financial Officer
2	Mrs. Jyoti Nikunj Chawda	Company Secretary & Compliance Officer

None of the Directors on the Board are disqualified under the provisions of the Act.

DIRECTORS' REPORT (CONTD.)

RETIREMENT BY ROTATION

Mrs. Anjana Haresh Motwani, Chairperson & 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 Regulations 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 the necessary declaration from each independent director under Section 149(7) of the Act, that he meets the criteria of independence laid down in Section 149(6) of the Act and Regulation 25 of SEBI Listing Regulations.

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 Act read with the Companies (Appointment and Remuneration of Managing Personnel) Rules, 2014.

BOARD AND COMMITTEE MEETINGS

Your Board of Directors met 4 (Four) times during the FY 2022-23. 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 Act and SEBI Listing Regulations and as a part of the best corporate governance practices, the terms of reference and the constitution of these Committees are 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; and
- d) Corporate Social Responsibility 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 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 disclosed in the Corporate Governance Report, which is a part of the Annual Report and is also 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 Act read with Regulation 17 of the SEBI 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 28th March, 2023, 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

Towards familiarisation of the Independent Directors with the Company, the independent directors of the Company were enlightened about the business affairs of the Company, product portfolio, business strategies, financial performance and industry scenario including those pertaining to Legislations & Economic environment and on matters affecting the Company. Periodic presentations are also made at the Board and Committee meetings on business and performance updates of the Company including Finance, Sales, Marketing, Business strategy and risks involved.

The details of Familiarisation Program imparted to the Independent Directors for the FY 2022-23 are available on the website of the Company at www.hpadhesives.com.

DIRECTORS' REPORT (CONTD.)**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. In preparation of the annual accounts for the year ended 31st March, 2023, the applicable accounting standards have been followed and there are no material departures from the same;
- 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 state of affairs of the Company as at 31st March, 2023 and of the profit of the Company for the year ended on that day;
- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv. The Annual Accounts for the year ended 31st March, 2023 have been prepared on a "going concern" basis;
- v. They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively throughout the financial year ended 31st March, 2023; and
- vi. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively throughout the financial year ended 31st March, 2023.

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 Listing Regulations, 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 Regulations 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 Regulations, are provided in a separate section and forms a part of the Annual Report.

AUDITORS**Statutory Auditors:**

Pursuant to the provisions of Section 139 of the Act, M/s. Priya Choudhary & Associates LLP, Chartered Accountant (Firm Registration No. 011506C/C400307) are appointed as the Statutory Auditor's of the Company from the conclusion of 1st Annual General Meeting up to the conclusion of 6th Annual General Meeting of the Company.

Secretarial Auditor:

Pursuant to Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors at its meeting held on 12th May, 2023 approved the appointment of M/s. Shivam Sharma & Associates, Practicing Company Secretaries (Certificate of Practice No. 16558) as the Secretarial Auditor of the Company for the FY 2023-24. The Company has received consent from M/s. Shivam Sharma & Associates to act as such.

AUDITOR'S REPORT**Statutory Audit Report:**

The Auditor's Report on the financial statements of the Company for the financial year ended 31st March, 2023 forms part of the Annual Report. The said report was issued by the Statutory Auditor with an unmodified opinion and does not contain any qualifications, reservations or adverse remarks. During the year under review, the Auditors have not reported any fraud under Section 143(12) of the Act and therefore disclosure of details under Section 134(3)(ca) of the Act is not applicable.

Secretarial Audit Report:

The Secretarial Audit Report in form MR-3 for FY 2022-23 is enclosed as "Annexure I" to this report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks. During the year under review, the Secretarial Auditor has not reported any fraud under Section 143(12) of the Act and therefore disclosure of details under Section 134(3)(ca) of the Act is not applicable.

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.

DIRECTORS' REPORT (CONTD.)

HOLDING, SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

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

SECRETARIAL STANDARDS

During the year under review, the Company has complied with all the applicable provisions of Secretarial Standard – 1 and Secretarial Standard – 2 issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

Vide amendments to the SEBI Listing Regulations effective 1st April, 2022, substantial changes were introduced in the related party transaction framework, inter alia, by enhancing the purview of definition of related party, and overall coverage of transactions with related parties.

In line with the requirements of the Act, read with the amended SEBI Listing Regulations, the Company revised its Policy on Related Party Transactions and the same is available on its website at https://www.hpadhesives.com/wp-content/uploads/2022/07/Policy-on-Dealing-with-Related-Party-Transactions_amended.pdf. The Policy captures framework for Related Party Transactions and intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions with related parties.

All transactions with related parties are placed before the Audit Committee for its review and approval. An omnibus approval from the Audit Committee is obtained for the related party transactions which are repetitive in nature, based on the criteria approved by the Audit Committee. The Audit Committee reviews all transactions entered into pursuant to the omnibus approvals on a quarterly basis.

All transactions with related parties entered into during FY 2022-23 were at arm's length basis and in the ordinary course of business and in accordance with the provisions of the Act and rules made thereunder, the SEBI Listing Regulations and the Company's Policy on Related Party Transactions.

During the year under review, there were no transactions for which consent of the Board was required to be taken in terms of Section 188(1) of the Act and accordingly, no disclosure is required in respect of the related party transactions in Form AOC-2 under Section 134(3)(h) of the Act and rules framed thereunder. Further, there were no material related party transactions in terms of the SEBI Listing Regulations requiring approval of the Members during the year under review. The attention of the Members is drawn to note no.

42 of the financial statements setting out the disclosures on related party transactions for FY 2022-23.

Pursuant to Regulation 23(9) of the SEBI Listing Regulations, your Company has filed the reports on related party transactions with the Stock Exchanges within statutory timelines.

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 Act read with Rule 8 of The Companies (Accounts) Rules, 2014, is enclosed as "Annexure II" to this report.

RISK MANAGEMENT

The provision of Regulation 21(4) of SEBI Listing Regulations 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 www.hpadhesives.com.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted a Corporate Social Responsibility (CSR) Committee. It is committed to ensure the social well-being of the communities through its CSR initiatives, in alignment with the Company's key priorities. The details of the Committee along with its terms of reference have been provided in the Corporate Governance Report.

The Company has adopted a Corporate Social Responsibility Policy in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 which can be accessed at <https://www.hpadhesives.com/wp-content/uploads/2014/08/Corporate-Social-Responsibility-Policy.pdf>.

The brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company during the financial year ended 31st March, 2023, in accordance with Section 135 of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out in "Annexure III" to this report.

INTERNAL FINANCIAL CONTROL

The Company has laid down internal financial control through entity level control inter-alia to ensure orderly and efficient

DIRECTORS' REPORT (CONTD.)

conduct of business, including adherence to the 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 Act and Regulation 22 of SEBI Listing Regulations, 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 <https://www.hpadhesives.com/wp-content/uploads/2014/08/Vigil-Mechanism-Whistle-Blower-Policy.pdf>.

The policy lays down a framework and process, which provides a platform to disclose information, confidentially and without fear of reprisal or victimisation, 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, illegal and unethical behaviour within the Company to the Vigilance Officer.

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 7th July, 2021.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE POLICY

The Company has zero tolerance for sexual harassment at the 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 complaints during FY 2022-23.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required under Section 197(12) of the Act 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:

- Issue of equity shares with differential voting rights as to dividend, voting or otherwise;
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme;
- 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;
- No frauds were reported by the Auditors during the year under review; and

DIRECTORS' REPORT (CONTD.)

- 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 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: 10th August, 2023

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

Mr. Karan Haresh Motwani
Managing Director
DIN: 02650089

ANNEXURE I

FORM NO MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2023

[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: L24304MH2019PLC325019) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the 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 authorised 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, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

- i. The Companies Act, 2013 ("the Act") and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. The 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:-

- (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 during the Audit Period);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - (Not applicable to the Company during the Audit Period);
- (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 during the Audit Period);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - (Not applicable to the Company during the Audit Period).

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 compliance 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 with respect to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and
- (ii) Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India

ANNEXURE I (CONTD.)

Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report that:

- i. The Board of Directors of the Company is duly constituted with proper balance of Executive, and Independent Directors.
- 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 decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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

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 has not been reviewed in this audit report, since the same have been subject to the statutory financial audit by other designated professionals.

I further report that during the audit period no specific events/actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **Shivam Sharma & Associates**
Company Secretaries

Shivam Sharma
Proprietor
M.No.: A35727, CP. No.: 16558
Peer Review Certificate No.: 1811/2022
UDIN: A035727E000767326

Date: 9th August, 2023
Place: Mumbai

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

ANNEXURE I (CONTD.)

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

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-check 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. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of 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: 9th August, 2023
Place: Mumbai

ANNEXURE II

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

[Pursuant to Section 134 (3) (m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014]

1. Conservation of energy-

i. Steps taken for conservation of energy:

- The factory's external lighting has been upgraded with solar electricity;
- Every machine has been switched to a VFD;
- Quarterly training for staff members on energy-saving techniques;
- A separate panel for each division to save electricity when only a portion of a segment is functioning; and
- Raised machine elevation to transfer material using gravitational pressure rather than pumps.

ii. Steps taken for utilising alternate energy sources:

The Company is researching solar energy as a potential alternative energy source.

iii. Capital investment on energy conservation equipment:

The Company spent ₹ 60.83 Lakhs for LED electricity panels and solar-powered lighting.

2. Technology absorption

i. Efforts made towards technology absorption:

The Company is constantly striving to improve its technology in all aspects through in-house R&D, with the primary goal of lowering production costs and enhancing product quality.

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

The aforementioned efforts have resulted in an increase in yield and productivity, as well as an improvement in quality.

iii. The company has not imported any technology or process know-how, but it is regularly improving its machinery to assure more automation in order to eliminate human interaction and boost product standardisation.

iv. The company has spent ₹ 54.43 Lakhs on Research and Development.

3. Foreign exchange earnings and Outgo-

(₹ in Lakhs)

Particulars	As at	
	31 st March, 2023	31 st March, 2022
Total foreign exchange used	5,186.48	3,949.82
Total foreign exchange earned	2,252.79	1,498.01

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

Place: Mumbai
Date: 10th August, 2023

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

Mr. Karan Haresh Motwani
Managing Director
DIN: 02650089

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 Ananta Walavalkar	Member (Non-executive - Independent Director)	1	1

3. Web-link of the Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company at <https://www.hpadhесives.com/investor-relations/>.

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

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the Financial Year, if any:

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (₹ in Lakhs)	Amount required to be set-off for the Financial Year, if any (₹ in Lakhs)
1	2021-22	0.03457	0.03457

6.
 - a. Average Net Profit of the Company as per Section 135(5): ₹ 534.09 Lakhs
 - b. Two percent of average net profit of the Company as per Section 135(5): ₹ 10.68 Lakhs
 - c. Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
 - d. Amount required to be set off for the Financial Year, if any: ₹ 0.03457 Lakhs
 - e. Total CSR obligation for the Financial Year [(b)+(c)-(d)]: ₹ 10.64 Lakhs
7.
 - a. Amount spent on CSR Projects (both Ongoing Projects and other than Ongoing Projects): ₹ 11.05 Lakhs
 - b. Amount spent in Administrative Overheads: Nil
 - c. Amount spent on Impact Assessment, if applicable: Nil
 - d. Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 11.05 Lakhs

ANNEXURE III (CONTD.)
8. a. CSR amount spent or unspent for the financial year:

(₹ in Lakhs)

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
11.05	N.A.				

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

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 (₹ in Lakhs)	Amount spent in the current financial year (₹ in Lakhs)	Amount transferred to Unspent CSR account as per Section 135(6) (₹ in Lakhs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District						Name	CSR Registration Number
N.A.												

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

(₹ in Lakhs)

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 (₹ in Lakhs)	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	6.00	Yes	Direct	Not applicable
2.	Water supply to Narangi Village	Health	Yes	Maharashtra	Raigad	2.65	Yes	Direct	Not applicable
3.	Hinduja Hospital (Towards Hospitalisation expenses of a cancer patient)	Health	Yes	Maharashtra	Mumbai	1.40	Yes	Direct	Not applicable
4.	Police Welfare fund	Health	Yes	Maharashtra	Raigad	1.00	Yes	Direct	Not applicable

d. Excess amount for set off, if any:

(₹ in Lakhs)

Sr. No.	Particulars	Amount
i.	Two percent of average net profit of the Company as per Section 135(5)	10.68
ii.	Total amount spent for the Financial Year	11.08*
iii.	Excess amount spent for the financial year [(ii)-(i)]	0.40
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)]	0.40

* Includes excess CSR spends of ₹ 0.03457 Lakhs spent in the previous FY 2021-22, set-off in the FY 2022-23.

ANNEXURE III (CONTD.)

9. 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) (₹ in Lakhs)	Amount spent in the reporting Financial Year (₹ in Lakhs)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (₹ in Lakhs)
				Name of the Fund	Amount (₹ in Lakhs)	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 (₹ in Lakhs)	Amount spent on the project in the reporting Financial Year (₹ in Lakhs)	Cumulative amount spent at the end of reporting Financial Year (₹ in Lakhs)	Status of the project Completed / Ongoing
Nil								

10. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

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

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

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner
N.A.					

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

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

Place: Mumbai
Date: 10th August, 2023

Mr. Karan Haresh Motwani
Managing Director
DIN: 02650089

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

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 Remuneration of each Director to the median remuneration of all the employees of your Company and details of percentage increase in the remuneration of each Director for the FY 2022-23 are as follows:**

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	148.22	--
2.	Mr. Karan Haresh Motwani	Managing Director	345.85	--
3.	Ms. Nidhi Haresh Motwani	Executive Director	124.51	--
4.	Mr. Surendra Kumar Mehta	Independent Director	11.94	--
5.	Mr. Rajendra Kumar Jain	Independent Director	11.94	--
6.	Mr. Ajeet Ananta Walavalkar	Independent Director	7.41	--

*Independent Directors are paid only sitting fees during the FY 2022-23.

ii. **Details of percentage increase in the remuneration of Chief Financial Officer and Company Secretary in the FY 2022-23 are as follows:**

Sr. No.	Name of KMP	Designation	% Increase/ (Decrease) in Remuneration
1.	Mr. Mihir Suresh Shah	Chief Financial Officer	15%
2.	Ms. Jyoti Nikunj Chawda	Company Secretary	10%

iii. The percentage increase in the median remuneration of all employees in the financial year: The median remuneration of all employees in the FY 2022-23 has increased by 1.20% as compared to the previous year.

iv. Number of permanent employees on the rolls of the Company as of 31st March, 2023: 555 (Inclusive of workman)

v. 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 FY 2022-23, the average increase in salaries other than managerial personnel was 10%, whereas managerial personnel average remuneration increased by 12.5%.

vi. Affirmation: It is hereby affirmed that the remuneration paid during the FY 2022-23 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: 10th August, 2023

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

Mr. Karan Haresh Motwani
 Managing Director
 DIN: 02650089

CORPORATE GOVERNANCE REPORT

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI 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 31st March, 2023.

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 of Corporate Governance is aimed at attainment of highest level of transparency, accountability and compliance with laws in all facets of operations, leading to the 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 the Companies Act, 2013 ("Act").

As of 31st March, 2023, 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). Further, there are no changes in the Board Composition during FY 2022-23:

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 (specialising 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.

CORPORATE GOVERNANCE REPORT (CONTD.)

The Directors are eminently qualified and experienced professionals in industrial, managerial, business, finance, marketing and corporate management that allow them to make effective contribution to the Board and its Committees. The Directors attend the meetings and actively participate in the deliberations by providing valuable guidance to the Management on various aspects of business, policy direction, governance, compliance etc., which adds value in the decision making process of the Board of Directors. The Board sets out the overall corporate objectives and provides direction and independence to the management to achieve these objectives for value creation through sustainable profitable growth. The Board meets at least once in a quarter to consider amongst other matters, the quarterly operational performance of the Company and financial results.

None of the Directors hold directorship in more than ten public companies and does 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.

B. 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 Four (4) times during the FY 2022-23 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:

- 12th May, 2022;
- 10th August, 2022;
- 11th November, 2022; and
- 11th February, 2023.

C. ATTENDANCE RECORD OF THE DIRECTORS FOR THE FY 2022-23

Name of the Director	Board Meeting	Last AGM – 27 th September, 2022
Karan Haresh Motwani	4 out of 4	Yes
Anjana Haresh Motwani	4 out of 4	Yes
Nidhi Haresh Motwani	3 out of 4	Yes
Rajendra Kumar Jain	4 out of 4	Yes
Surendra Kumar Mehta	4 out of 4	Yes
Ajeet Anant Walavalkar	3 out of 4	Yes

CORPORATE GOVERNANCE REPORT (CONTD.)

D. 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	--	--

E. INTER-SE RELATIONSHIP AMONG THE DIRECTORS

Except as stated below, none of the other 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
Karan Haresh Motwani	Nidhi Haresh Motwani	Brother and Sister

F. 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 behaviour and compliance with laws and regulations; and
- keeping shareholders informed regarding plans, strategies and performance.

G. INDEPENDENT DIRECTORS

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

The Independent Directors do not have any material pecuniary relationship or transactions with the Company, Promoters or Management, which may affect their judgement in any manner.

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

H. SEPARATE MEETING OF INDEPENDENT DIRECTORS:

In Compliance with the Act and Regulation 25 of SEBI Listing Requirements, the Independent Directors Meeting of the Company was held on 28th March, 2023. The Independent Directors discussed and reviewed the matters specified in Regulation 25(4) of the SEBI Listing Regulations. Mr. Surendra Kumar Mehta Chaired the meeting of Independent Directors.

Attendance of Independent Directors in Independent Directors Meeting:

Directors	Meetings held during Year	Meetings Attended
Mr. Surendra Kumar Mehta	1	1
Mr. Rajendra Kumar Jain	1	1
Mr. Ajeet Anant Walavalkar	1	1

CORPORATE GOVERNANCE REPORT (CONTD.)

I. FAMILIARISATION PROGRAMME

The Familiarisation 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 2022-23 as required under Regulation 34 of the SEBI Listing Regulations 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 Act read with Regulation 17 of the SEBI 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 28th March, 2023, 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 to deliberations at Board and Committee meetings. As required under Schedule V of the Listing Regulations, the below matrix summarises a mix of skills, expertise and competencies possessed by our individual Directors, which are key to corporate governance and Board effectiveness:

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 and 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.

CORPORATE GOVERNANCE REPORT (CONTD.)

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.

	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

The Company is in compliance with the provisions of the Act and the SEBI Listing Regulations with regard to the constitution of the Board Committees. The composition, terms of reference, duties and responsibilities of each of the Board Committee is in accordance with the provisions of the Act and the SEBI Listing Regulations.

The Board Committees play a crucial role in the governance structure of the Company and they deal with specific areas of concern for the Company that need a closer review. The Committees operate under the direct supervision of the Board and Chairpersons of the respective committees report to the Board about the deliberations and decisions taken by the Committees. The recommendations of the Committees are submitted to the Board for approval. Minutes of proceedings of the Committee meetings are circulated to the respective Committee members of the Board and placed before the Board meeting for noting.

The Board has constituted the following Committees to take informed decisions in the best interests of the Company in accordance with the provisions of the Act and the SEBI Listing Regulations:

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 of the Committee, including the Chairman are Independent Directors.

The composition of the Audit Committee and the scope of its activities and powers are in conformity with and include the areas prescribed under Regulation 18 of the SEBI Listing Regulations and Section 177 of the Act and the rules framed thereunder. All Members of the Audit Committee are financially literate. The Audit Committee invites the Statutory Auditor and the Internal Auditor for one-on-one discussions on a quarterly basis. The Chief Financial Officer is also present at the meetings of the Audit Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 27th September, 2022.

The terms of reference of the Audit Committee (AC) cover the areas mentioned in Section 177 of the Act and Regulation 18 read with Part C of Schedule II to the SEBI Listing Regulations. The brief terms of reference of the AC, inter-alia includes the following:

- 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;
- Recommendation for appointment, replacement, reappointment, remuneration and terms of appointment of auditors of the Company;

CORPORATE GOVERNANCE REPORT (CONTD.)

- 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 Act;
 - 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 utilised 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 the effectiveness of the 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 Listing Regulations;
- Subject to review by our Board, review on a 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 Listing Regulations and/or the applicable Accounting Standards and/or the Act.
- Scrutinise 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 the 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;

CORPORATE GOVERNANCE 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 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 the audit committee shall directly hear grievances of victimisation 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 reference as may be decided by the board of directors of our company or specified/provided under the Act or by the SEBI Listing Regulations or by any other regulatory authority.

There were Four (4) Audit Committee Meetings held during FY 2022-23 as follows:

- 12th May, 2022;
- 10th August, 2022;
- 11th November, 2022; and
- 11th February, 2023.

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	4 out of 4
Mr. Rajendra Kumar Jain	Member	4 out of 4
Mr. Karan Haresh Motwani	Member	4 out of 4

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

B. NOMINATION AND REMUNERATION (NRC) COMMITTEE

The Nomination and Remuneration Committee presently consists of three Non-Executive Directors, all being Independent. The Committee met twice in FY 2022-23 on 10th August, 2022 and 11th November, 2022. The necessary quorum was present for the said meeting. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company held on 27th September, 2022.

The terms of reference of the Nomination and Remuneration Committee (NRC) cover the areas mentioned in Section 178 of the Act and Regulation 19 read with Part D (A) of Schedule II to the SEBI Listing Regulations. The terms of reference of the NRC, inter-alia are as follows:

- 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 positions 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;

CORPORATE GOVERNANCE REPORT (CONTD.)

- 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;
- 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; and
- 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.

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	2 out of 2
Mr. Rajendra Kumar Jain	Member	2 out of 2
Mr. Ajeet Ananta Walavalkar	Member	2 out of 2

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

Nomination and Remuneration Policy:

Your Company has a well-defined Policy for the 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 Act and the rules made thereunder, as amended (the "Act") and Regulation 19 read with Part D of Schedule II of the SEBI Listing Regulations, as amended. 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 Company's Stakeholders' Relationship Committee is responsible for the satisfactory redressal of investor complaints. 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.

The terms of reference of the Stakeholders Relationship Committee (SRC) covers the areas mentioned in Section 178 (5) of the Act and Regulation 20 read with Part D (B) of Schedule II to the SEBI Listing Regulations. The terms of reference of the SRC, inter-alia are as follows:

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

There was One (1) Stakeholders' Relationship Committee Meeting held during FY 2022-23 on 28th March, 2023.

CORPORATE GOVERNANCE REPORT (CONTD.)

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 Ananta Walavalkar	Member	1 out of 1

Mrs. Jyoti Nikunj Chawda, Company Secretary is the "Compliance Officer" who oversees the redressal of the investor grievances.

Investor Grievances / Complaints

The details of the Investor Complaints received and resolved during the Financial Year ended 31st March, 2023 are as follows:

Complaints Pending as on 1 st April, 2022	Complaints Received during the year	Complaints Resolved During the year	Complaints Pending as on 31 st March, 2023
0	0	0	0

D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Corporate Social Responsibility Committee is constituted pursuant to Section 135 of the Act. The scope and functions of the Corporate Social Responsibility Committee are in accordance with Section 135 of the Act.

The terms of reference of the Corporate Social Responsibility Committee (CSR) inter-alia are as follows:

- Formulate and recommend to the Board a CSR Policy which shall indicate the activities to be undertaken by the Company in accordance with the provisions of Schedule VII of the Act.
- Formulate and recommend to the Board an Annual action plan in pursuance to the CSR Policy.
- Recommend to the Board the amount of expenditure to be incurred on the activities referred to in the CSR policy.
- Monitor the CSR Policy and its implementation from time to time.

There was One (1) Corporate Social Responsibility Committee Meeting held during FY 2022-23 on 10th March, 2023.

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

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

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

4. PARTICULARS OF SENIOR MANAGEMENT INCLUDING THE CHANGES THEREIN SINCE THE CLOSE OF THE PREVIOUS FINANCIAL YEAR

Name	Designation	Changes, if any
Mr. Mihir Suresh Shah	Chief Financial Officer	No change
Ms. Jyoti Nikunj Chawda	Company Secretary	No change
Mr. Saurabhraj Bhatt	VP – Sales and Marketing	No change

5. REMUNERATION OF DIRECTORS

The remuneration paid to the Directors of the Company is in accordance with the applicable provisions of the Companies Act, and 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.

CORPORATE GOVERNANCE REPORT (CONTD.)
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 Lakhs)

Particulars of Remuneration	Name of the Director		
	Mr. Surendra Kumar Mehta	Mr. Rajendra Kumar Jain	Mr. Ajeet Ananta Walavalkar
Category	Independent Director		
Fees for attending Board and Committee Meeting	2.90	2.90	1.80
Commission, if any (in ₹)	0	0	0
Other	0	0	0
Total	2.90	2.90	1.80

D. REMUNERATION PAID TO EXECUTIVE DIRECTORS

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of the Director		
		Mr. Karan Haresh Motwani	Mrs. Anjana Haresh Motwani	Ms. Nidhi Haresh Motwani
	Category	Managing Director	Chairperson & Executive Director	Executive Director
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income - tax Act, 1961	84.00	36.00	30.24
	(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	84.00	36.00	30.24

6. DETAILS OF GENERAL BODY MEETINGS
A. ANNUAL GENERAL MEETING:

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

AGM	Year	Day, Date & Time	Venue/ Mode	Resolution	Brief description of Resolutions
1 st AGM	2020	Thursday, 31 st December, 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 31 st March, 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.

CORPORATE GOVERNANCE REPORT (CONTD.)

AGM	Year	Day, Date & Time	Venue/ Mode	Resolution	Brief description of Resolutions
2 nd AGM	2021	Wednesday, 14 th July, 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 31 st March, 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 31 st March, 2020 and 31 st March, 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.
3 rd AGM	2022	Tuesday, 27 th September, 2022 at 03:00 p.m.	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	Ordinary	1. To receive, consider and adopt the audited financial statements for the financial year ended 31 st March, 2022 and the Reports of the Directors and Auditors thereon. 2. To appoint a Director in place of Ms. Nidhi Hareesh Motwani (DIN: 06655834), who retires by rotation and being eligible offers herself for reappointment.
				Special	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.

B. POSTAL BALLOT

No resolutions were passed through postal ballot during the last financial year.

7. MEANS OF COMMUNICATION

WEBSITE: The Company's website www.hpadhesives.com contains a separate section 'Shareholders' for the use of investors. The Quarterly, Half-yearly and Annual Financial Results are promptly displayed on the website. Notices, Annual Reports, 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.

NEWSPAPER RESULTS: The Quarterly, Half-yearly and Annual Results are normally published in Free Press Journal (English) and Navshakti (Marathi) newspapers, within 48 hours of its 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 institutional investors or analysts during the year.

CORPORATE GOVERNANCE REPORT (CONTD.)
8. GENERAL SHAREHOLDER INFORMATION

➤	Incorporation Date	7 th May, 2019
➤	Registered Office Address	11 Unique House, Chakala Cross Road, Andheri East, Mumbai 400099.
➤	Corporate Office Address	501, 5 th Floor, C Wing, Business Square, Chakala, Andheri East, Mumbai 400093.
➤	CIN	L24304MH2019PLC325019
➤	Date, time and Venue of the Annual General Meeting	Date: 29 th September, 2023 & Time: 03:00 p.m. Venue: Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") Facility.
➤	Financial year	1 st April, 2022 to 31 st March, 2023
➤	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 Limited (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	INEOGL01016
➤	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 Registered Office: E-3 Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Mumbai 400072. Tel. No.: 022-62638200 Fax. No.: 022-62638299 E-mail: investor@bigshareonline.com Website: www.bigshareonline.com
➤	In case securities are suspended from Trading	Not applicable
➤	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 the 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 Listing 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 2023, 100% of the total equity capital was held in dematerialised 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	1. Survey No. 7, Village Narangi, Tal. Khalapur, Dist. Raigad - 402107, Maharashtra. 2. Plot No. 21A, Aditya Industrial Estate, Village Kumbhvali, Tal. Khalapur, Dist. Raigad - 402107, Maharashtra.

CORPORATE GOVERNANCE REPORT (CONTD.)

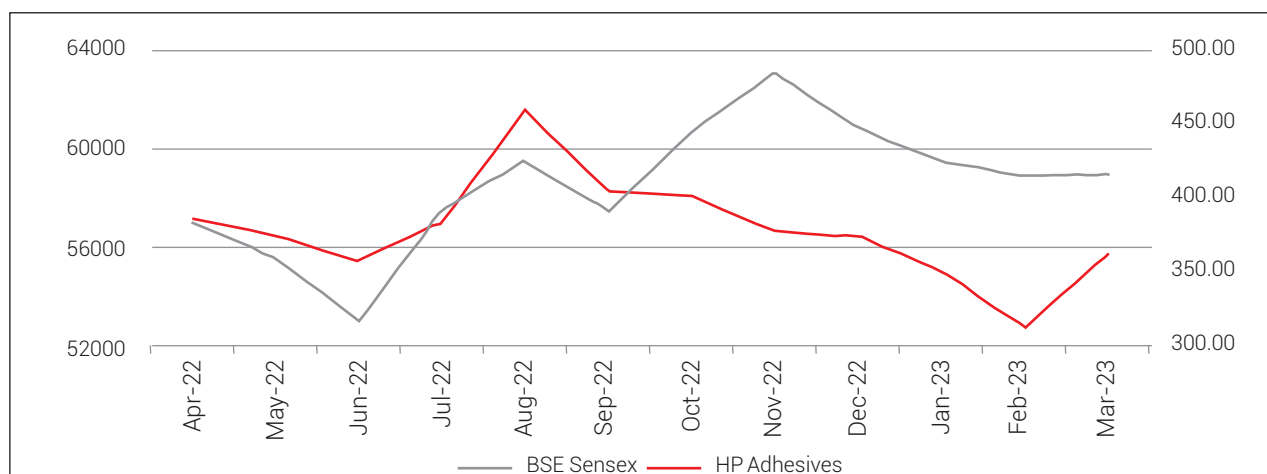
➤	Address for correspondence	Bigshare Services Private Limited Office No S6-2, 6 th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East), Mumbai 400093. Tel. No. : 022-62638200 E-mail : shwetasa@bigshareonline.com Company Secretary & Compliance Officer HP Adhesives Limited 501, 5 th 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	The Company actively monitors foreign exchange movements and takes appropriate steps to reduce the risks associated with transactions in foreign currencies.
➤	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 did not have any debt instruments or any fixed deposit programme or any scheme or proposal during the year under review. The rating given by CARE for short-term borrowings and long-term borrowings of the Company are A3+ and BBB-/ Positive respectively.

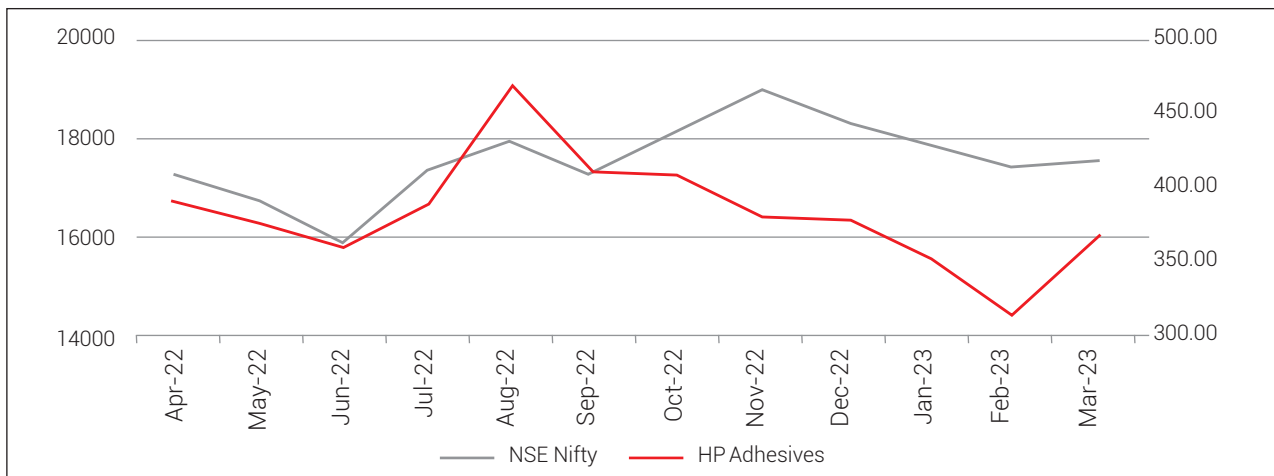
STOCK PRICE DATA:

MARKET PRICE DATA FOR THE PERIOD FROM 01ST APRIL, 2022 TO 31ST MARCH, 2023:

Month	BSE		NSE	
	High	Low	High	Low
April, 2022	457.00	385.00	456.80	386.05
May, 2022	389.55	338.80	390.00	339.50
June, 2022	403.15	342.00	403.95	338.65
July, 2022	408.60	351.00	409.00	350.20
August, 2022	473.95	381.00	474.00	384.35
September, 2022	474.60	400.00	475.00	399.90
October, 2022	416.75	391.15	415.00	387.00
November, 2022	418.00	376.75	413.00	376.10
December, 2022	424.15	357.00	445.00	358.00
January, 2023	420.30	347.10	420.00	346.95
February, 2023	364.95	310.70	360.00	310.10
March, 2023	373.80	309.80	374.45	309.00

PERFORMANCE IN COMPARISON- BSE SENSEX & NIFTY 50:



CORPORATE GOVERNANCE REPORT (CONTD.)

Distribution of Shareholding as on 31st March, 2023:

Sr. No.	Category (Shares)	Number of Holders	% Holders	Shares	% Equity
1	1 - 500	24,828	97.49	11,25,969	6.13
2	501 - 1000	318	1.25	2,52,829	1.38
3	1001 - 2000	143	0.56	2,08,651	1.14
4	2001 - 3000	49	0.19	1,22,487	0.67
5	3001 - 4000	28	0.11	1,01,050	0.55
6	4001 - 5000	12	0.05	55,913	0.30
7	5001 - 10000	30	0.12	2,19,244	1.19
8	10001 and above	58	0.23	1,62,88,804	88.65
	Total	25,466	100.00	1,83,74,947	100.00

Shareholding Pattern as on 31st March, 2023:

Category	No. of Shares held	% of Shares held
Promoters Holding [A]		
Indian promoters	1,31,10,135	71.35
Foreign promoters	--	--
Sub-total A	1,31,10,135	71.35
Public Holding [B]		0
Institutional Investors B1		0
Mutual Funds	1,05,000	0.57
Financial Institutions/ Banks	--	--
Foreign Portfolio Investors	2,238	0.01
Insurance Companies	--	--
Central Government/ State Government	--	--
Sub-total B1	1,07,238	0.58
Non-Institutional Investors B2		0
Retail Individuals	42,14,759	22.94
Bodies Corporate	4,84,531	2.64
Clearing Members	56,996	0.31
Non-Resident Indians (NRI)	44,607	0.24
Hindu Undivided Family	3,55,626	1.94
Directors And their relatives (Non-Promoter)	55	0.00
Trust	1,000	0.01
Sub-total B2	51,57,574	28.07
Non-Promoter Non-Public Holding [C]	0	0
Grand total (A+B+C)	1,83,74,947	100.00

CORPORATE GOVERNANCE REPORT (CONTD.)

9. DISCLOSURES:**i. Related Party Transactions**

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. The related party transactions entered into with the related parties are as defined under the Companies Act, 2013 and the Listing Regulations. Further, the transactions were in the ordinary course of business and the same have been approved by the Audit Committee and Board of Directors. Transactions with the related parties are disclosed under Schedule 42 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.

ii. 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. 1st April, 2022 till 31st March, 2023.

iii. 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.

iv. 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 SEBI 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 state 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, 2023 does not contain any modified Audit opinion; and
- The Internal Auditor of the Company directly report to the Audit Committee of the Board of Directors.

v. 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.

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

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

vii. 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.

viii. 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.

ix. 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.

CORPORATE GOVERNANCE REPORT (CONTD.)
x. Total fees paid to Statutory Auditors

During the FY 2022-23 the Company had paid total fees of ₹ 25.66 Lakhs to M/s Priya Choudhary & Associates LLP (Firm Registration No.: 011506C), Statutory Auditor for all the services provided by them.

xi. 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 FY 2022-23	0
b.	Number of complaints filed during the FY 2022-23	0
c.	Number of complaints disposed off during the FY 2022-23	0
d.	Number of complaints pending as on end of the FY 2022-23	0

xii. 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.

xiii. Statutory and Regulatory Compliance

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

xiv. Equity Shares in the Suspense Account

The Company does not have any shares in the demat suspense account or unclaimed suspense account as on 31st March, 2023.

xv. Prevention of Insider Trading

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 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>.

xvi. 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.

xvii. 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.

xviii. 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: 10th August, 2023

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

Mr. Karan Haresh Motwani
 Managing Director
 DIN: 02650089

CORPORATE GOVERNANCE REPORT (CONTD.)

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 FY 2022-23.

For **HP Adhesives Limited**
(formerly known as HP Adhesives Private Limited)

Place: Mumbai
Date: 10th August, 2023

Mr. Karan Haresh Motwani
Managing Director
DIN: 02650089

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 31st March, 2023 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; and
 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 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: 12th May, 2023

Mr. Karan Haresh Motwani
Managing Director

Mr. Mihir Suresh Shah
Chief Financial Officer

CORPORATE GOVERNANCE REPORT (CONTD.)**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 31st March, 2023, 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 31st March, 2023.

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: A035727E000767370

Date: 9th August, 2023
Place: Mumbai

CORPORATE GOVERNANCE REPORT (CONTD.)

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: L24304MH2019PLC325019 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, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment
1.	Karan Haresh Motwani	02650089	7 th May, 2019
2.	Anjana Haresh Motwani	02650184	7 th May, 2019
3.	Rajendra Kumar Jain	00144095	5 th July, 2021
4.	Nidhi Haresh Motwani	06655834	10 th February, 2022
5.	Surendra Kumar Mehta	09211358	23 rd June, 2021
6.	Ajeet Anant Walavalkar	09226644	5 th July, 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: A035727E000337600

Date: 19th May, 2023
Place: Mumbai

INDEPENDENT AUDITORS' 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 2023, 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 2023, and its profit 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 2023. 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
<p>A. Inventory</p> <p><i>(Refer to Note-2.6 for details of the Accounting Policies of inventories and Note-10 of Notes to Financial Statements for relevant disclosures of inventories)</i></p> <ul style="list-style-type: none"> The net carrying value of inventory as on 31st March, 2023 is 24 % of Total Assets of the Company Volatility in Price of Raw Material which is dependent upon various domestic & Global market conditions. Complexity in Calculation of inventory consumption due to numerous Finished SKUs and partial integration of Inventory & Finance Module. Valuation of WIP & Finished goods involves significant management's judgment and estimates. <p>Hence, we determined the Valuation of Inventory as a key audit matter.</p>	<p><u>Our Audit Procedure</u></p> <p>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:</p> <ul style="list-style-type: none"> Obtaining methodology of management in integration of inventory with finance module 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 consumption & 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.

INDEPENDENT AUDITORS' REPORT (CONTD.)

- Observed a Sample verification of consumption formulas related to different SKU's along with of inventory count procedures to assess compliance with Company's policy along with comparison of the sample quantities, we counted to the quantities recorded.

B. Trade Receivables & ECL Provision:

(Refer to Note-11 of Notes to Financial Statements for relevant disclosures of Trade Receivables)

<ul style="list-style-type: none"> • Trade receivables and other amounts recoverable comprise a significant portion of the current financial assets of the Group. As at March 31, 2023 trade receivables aggregate Rs.3,725.44 lakhs (net of provision for expected credit losses of Rs. 523.50 lakhs) and represents 20.18% of the Total value of Company's Assets. • In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for re-measurement and recognition of impairment loss for Financial Assets as on each reporting period. The Company has analysed the trend of trade receivables under different ageing bracket for last two years (previously 5 years) and re-calculated credit loss rate basis such ageing. • The complexity in calculation of ECL is mainly related to calculations performed for different type of Customer and with different recovery period for different categories of customers along with 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. • Accordingly, we determined audit of trade receivables & ECL as the key audit matter. 	<p>Our Audit Procedure</p> <ul style="list-style-type: none"> • 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 justification for re-calculation of provisioning for excepted credit loss on receivables it impact on current year profit's with regards to its 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, methodology used management, 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 Revised ECL model, including assumptions and underlying computation. • Audited disclosures included in the Ind AS financial statements in respect of movement of expected credit losses.
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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.

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

INDEPENDENT AUDITORS' REPORT (CONTD.)

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.

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 standalone financial statements of the current period 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.

INDEPENDENT AUDITORS' REPORT (CONTD.)

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,
 - 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 Ind AS 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 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls 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.38 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;

INDEPENDENT AUDITORS' REPORT (CONTD.)

(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

Place: Bhilwara(Raj)

Date: May 12, 2023

UDIN: 23407543BGXISK4140

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 24 registered trade marks and 5 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 favor 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, 2023 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.

ANNEXURE "A" TO 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 Lakh
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, 2023 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 Statute	Nature of Dues	Amount in Lakh	Forum where Dispute is Pending	Period	Remarks
Income Tax Act	Penalty U/s 271(1)(c)	2.70	CIT (Appeals)	2014-15	Proceedings Pending

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.

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT (CONTD.)

- 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 not raised any money by way of public issue and related to utilization of IPO proceeds of public issue of previous year is as per the purpose for which it was raise, refer Note 16(c) for details and the unutilized portion of proceeds are kept in bank and fixed deposits.
- (b) During the year company has not made any allotment of Equity shares through Right issue.
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. We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
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 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 11.09 lakh on CSR activities which was 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: Bhilwara(Raj)

Date: May 12, 2023

UDIN: 23407543BGXISK4140

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, 2023 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.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all

ANNEXURE "B" TO INDEPENDENT AUDITOR'S REPORT (CONTD.)

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, 2023,

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: Bhilwara(Raj)

Date: May 12, 2023

UDIN: 23407543BGXISK4140

BALANCE SHEET

AS AT 31ST MARCH, 2023

(₹ in Lakhs unless otherwise stated)

Particulars	Notes	As at 31 st March, 2023	As at 31 st March, 2022
ASSETS			
Non-current assets			
Property, Plant and Equipment	5	3,509.73	2,063.68
Capital work-in-progress	6	1,725.54	1,754.49
Right of Use Assets	7A	353.94	488.80
Other Intangible Assets	7B	11.59	16.66
Financial Assets			
Other Financial Assets	8	2,941.10	1,432.00
Deferred Tax Asset (net)	27A	51.49	128.83
Other Non-Current Assets	9	204.24	223.93
Total Non-Current Assets		8,797.62	6,108.40
Current Assets			
Inventories	10	4,486.05	4,116.88
Financial Assets			
Trade Receivables	11	3,725.44	3,205.16
Cash and Bank Balances	12	38.23	1,020.96
Bank balances other than cash and cash equivalents	12	101.32	3,747.04
Loans	13	114.60	119.04
Current Tax Assets (net)	14	6.81	-
Other Current Assets	15	1,195.20	1,224.42
Total Current Assets		9,667.66	13,433.50
TOTAL ASSETS		18,465.28	19,541.90
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	16	1,837.49	1,837.49
Other Equity	17	12,991.33	11,896.44
Total Equity		14,828.83	13,733.93
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Lease Liabilities	18	264.00	390.25
Borrowings	19	265.84	429.08
Other Non Current Liabilities		-	-
Provisions		91.72	91.61
Total Non-Current Liabilities		621.56	910.95
Current Liabilities			
Financial Liabilities			
Lease Liabilities	20	126.25	115.29
Borrowings	21	196.72	921.31
Trade Payables	22		
(i) Total outstanding dues of Micro and Small Enterprises		761.56	704.61
(ii) Total outstanding dues of creditors other than Micro and Small Enterprises		1,262.71	2,438.94
Other Financial Liabilities	23	356.30	315.97
Other Current Liabilities	24	152.70	264.97
Provisions	25	45.75	96.08
Current Tax Liabilities (Net)	26	112.91	39.86
Total Current Liabilities		3,014.90	4,897.02
TOTAL LIABILITIES		3,636.46	5,807.97
TOTAL EQUITY AND LIABILITIES		18,465.28	19,541.90
Significant Accounting Policies and Key Accounting Estimates and Judgments	1-4		
See Accompanying Notes to Financial Statements	5-59		

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

For and on behalf of the Board of Directors

HP ADHESIVES LIMITED

ANJANA HARESH MOTWANI

(Chairman)

DIN: 02650184

MIHIR SURESH SHAH

(Chief Financial Officer)

(PAN : AZBPS0681B)

KARAN HARESH MOTWANI

(Managing Director)

DIN: 02650089

JYOTI NIKUNJ CHAWDA

(Company Secretary)

(Mem No.: 40074)

Place: Bhilwara

Date: 12th May, 2023

Place: Mumbai

Date: 12th May, 2023

STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs unless otherwise stated)

Particulars	Notes	For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
INCOME			
Revenue from operations	28	23,299.60	16,459.89
Other income	29	293.47	282.80
Total Income		23,593.06	16,742.69
EXPENSES			
Cost of Material Consumed	30	14,209.46	9,495.96
PURCHASES OF STOCK-IN-TRADE		2,901.74	2,237.80
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	31	(285.70)	351.85
Employee benefits expenses	32	2,194.14	1,733.43
Other expenses	35	2,379.74	1,510.98
Finance costs	33	229.28	313.40
Depreciation and Amortisation expense	34	323.50	284.02
Total		21,952.16	15,927.45
Profit / (Loss) before Exceptional items and tax		1,640.90	815.24
Exceptional items	36	137.54	-
Profit / (Loss) before tax (PBT)		1,503.36	815.24
Tax expense			
Current tax		(359.94)	(177.74)
Deferred tax	27	(77.34)	(43.15)
Income Tax Excess/(Short) Provision of previous year		19.73	6.29
Total Tax Expense		(417.55)	(214.59)
Profit after Tax (PAT)		1,085.81	600.65
Other comprehensive income			
A Items that will not be reclassified to profit or loss account			
(i) Re-measurement of defined benefit liability/asset	40 B(d)	12.14	58.07
(ii) Income tax relating to items that will not be reclassified to profit or loss		(3.05)	(14.61)
B Items that will be reclassified to Profit or loss account			
		-	-
		9.08	43.45
Other comprehensive income for the year, net of tax (A+B)		9.08	43.45
Total comprehensive income for the year		1,094.89	644.10
Earnings per Equity Share (Face Value of ₹ 10/- each)			
Basic in ₹	36	5.91	3.95
Diluted in ₹		5.91	3.95
Significant accounting policies and Key accounting estimates and judgments			
See Accompanying Notes to Financial Statements	5-59		

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

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)

Place: Bhilwara
Date: 12th May, 2023

Place: Mumbai
Date: 12th May, 2023

STATEMENT OF AUDITED CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) before taxation	1,503.36	815.24
Adjustments for:		
Exceptional Items	137.54	-
Foreign Currency Exchange Rate Fluctuation (net)	(35.13)	(64.87)
Depreciation and amortisation expenses	323.50	284.02
Finance cost	229.28	313.40
Interest income	(218.43)	(65.22)
Provision for expected credit loss	50.16	(117.20)
Operating profit before working capital changes	1,990.28	1,165.37
CHANGES IN WORKING CAPITAL		
(Decrease)/ increase in trade payables	(1,101.71)	586.95
Decrease/ (increase) in inventories	(369.17)	(877.19)
Decrease/ (increase) in trade receivables	(552.88)	(768.91)
(Decrease)/ increase in other current financial liabilities	40.34	(24.59)
(Decrease)/ increase in other current liabilities	(112.27)	137.67
(Decrease)/ increase in provisions	22.83	(73.14)
Decrease/ (increase) in loans	4.44	(2.39)
Decrease/ (increase) in other current and non current non financial assets	42.11	(941.80)
Cash generated used in operations	(36.04)	(798.04)
Taxes Paid (Net)	(331.13)	(223.18)
Net cash flows generated in operating activities	(367.17)	(1,021.22)
Exceptional Items	(137.54)	-
Net Cash Flows from Operating Activities after Exceptional Items (A)	(504.70)	(1,021.22)
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment and intangible assets	(1,600.66)	(1,739.70)
Proceeds from sale/ disposal of property, plant and equipment	-	155.87
Investments in Bank and fixed deposits (more than three months)	2,136.62	(5,179.04)
Interest received	218.43	81.44
Net cash flow from investing activities (B)	754.39	(6,681.43)
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)
Repayment of Lease Liabilities	(115.29)	-
Proceeds from long-term borrowings	(388.42)	(1,119.10)
Movement in short-term borrowings from banks (net)	(499.41)	(1,750.94)
Finance Cost	(229.28)	(313.40)
Net Cash Flows from Financing Activities (C)	(1,232.41)	8,640.50

STATEMENT OF AUDITED CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
Net increase in cash and cash equivalents (A+B+C)	(982.73)	937.86
Cash and cash equivalents at the beginning of the year	1,020.96	83.10
Cash and cash equivalents at the end of the year	38.23	1,020.96
CASH AND CASH EQUIVALENTS COMPRISE		
On current accounts	24.85	3.88
Fixed deposits with maturity of less than 3-months	0.00	1,002.59
Cash on hand	13.38	14.48
Total cash and cash equivalents at end of the year (Note 5)	38.23	1,020.96

Notes:

- 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.
- The accompanying notes are an integral part of the financial statements.
- 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.
- During the year, the Company paid in cash ₹ 11.09 Lakhs (previous year: ₹ 7.87 Lakhs) towards corporate social responsibility (CSR) expenditure.
- Fixed Deposits originally denominated for more than 3 months out of IPO Proceeds along with balance in Monitoring Account was reclassified under Investing Activities which was previously classified under Cash & Cash Equivalents by management as it was held for immediate withdrawal.

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: Bhilwara

Date: 12th May, 2023

For and on behalf of the Board of Directors

HP ADHESIVES LIMITED

ANJANA HARESH MOTWANI

(Chairman)

DIN: 02650184

MIHIR SURESH SHAH

(Chief Financial Officer)

(PAN : AZBPS0681B)

Place: Mumbai

Date: 12th May, 2023

KARAN HARESH MOTWANI

(Managing Director)

DIN: 02650089

JYOTI NIKUNJ CHAWDA

(Company Secretary)

(Mem No.: 40074)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2023

A. EQUITY SHARE CAPITAL

Equity shares of ₹ 10 each issued, subscribed and fully paid

(₹ in Lakhs unless otherwise stated)

Particulars	No. of Shares	Amount
As at 1 st April, 2021	1,30,00,000	1,300.00
Issue of Share Capital	53,74,947	537.49
As at 31st March, 2022	1,83,74,947	1,837.49
Changes in Share Capital	-	-
As at 31st March, 2023	1,83,74,947	1,837.49

B. OTHER EQUITY (ALSO REFER NOTE NO. 17)

(₹ in Lakhs unless otherwise stated)

Particulars	Attributable to Shareholders				Total Other Equity
	Reserves and Surplus				
	Securities Premium	General Reserve	Employee Stock Option Reserve	Retained Earnings	
Balance as at 1 st April, 2021	-	-	-	(34.11)	(34.11)
Profit for the year	-	-	-	600.65	600.65
Remeasurement of the net defined benefit liability/ asset, net of tax effect	-	-	-	43.45	43.45
Premium on Issue of Shares	12,961.09	-	-	-	12,961.09
Transaction Costs	(1,674.64)	-	-	-	(1,674.64)
Balance as at 31st March, 2022	11,286.45	-	-	609.99	11,896.44
Balance as at 1st April, 2022	11,286.45	-	-	609.99	11,896.44
Profit for the year	-	-	-	1,085.81	1,085.81
Remeasurement of the net defined benefit liability/ asset, net of tax effect	-	-	-	9.08	9.08
Balance as at 31st March, 2023	11,286.45	-	-	1,704.88	12,991.33

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: Bhilwara
 Date: 12th May, 2023

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

ANJANA HARESH MOTWANI
 (Chairman)
 DIN: 02650184

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

Place: Mumbai
 Date: 12th May, 2023

KARAN HARESH MOTWANI
 (Managing Director)
 DIN: 02650089

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2023

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 L24304MH2019PLC325019.) 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 1st July, 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 27th December, 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 12th May, 2023.

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.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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, 2022.

As the year end figures are taken from the source and rounded to the nearest digits, the figures reported for the previous quarters might not always add up to the year end figures reported in this statement.

(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 (₹), 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) 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)

- 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 recognised 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 derecognised 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:

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

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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 ₹ 100.

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset.

Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over the irrespective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortisation methods and useful lives are reviewed periodically including at each financial year end.

The Company amortise 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 amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2.3 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 recognises 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 recognises 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 of right-of-use assets includes the amount of lease liabilities recognised, 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 recognised in the Statement of Profit and Loss.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include

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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 recognised 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 recognised 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.

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

2.4 **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.

During the year management has identified proportionate capitalisation of Building CWIP based on report issued by independent Civil Engineer considering the level of completion which justifies the recognition criteria as per Ind AS 16 - Property, Plant and Equipment, specifically in relation to said operating area of production which is ready for intended use and has started generating revenue, while the balance floors of building is under final stage of completion. Value of capitalisation is based on the above report as per actual expenditure incurred towards the building.

2.5 **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-

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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.

2.6 Inventories

Integration of Inventory and Financial module is carried out by management in accordance with Ind AS 2 standard and same is applied consistently.

Raw materials, stores & spare parts ,consumables , packing materials and Trading Goods :

Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on first-in-first-out (FIFO) basis. The cost of inventory comprises its purchase price, including non-refundable purchase taxes, and any directly attributable costs related to the inventories.

Work-in- progress (WIP) & Finished goods

Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, direct labour, other direct costs and related production overheads up to the relevant stage of completion. 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 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.

2.7 Revenue recognition

The Company recognises revenue from sale of goods, based on the terms of contract and as per the business practise; the Company determines transaction price considering the amount it expects to be entitled in exchange of transferring promised goods to the customer. Revenue is recognised when it is realised or is realisable and has been earned after the deduction of variable components such as discounts, rebates, incentives, promotional couponing and schemes. The Company estimates the amount of variable components based on historical, current and forecast information available and either expected value method or most likely method, as appropriate ; Revenue (net of variable consideration) is recognised only to the extent that it is highly probable that the amount will not be

subject to significant reversal when uncertainty relating to its recognition is resolved.

Sale of Goods :

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 transfer of control, title, risk and rewards of ownership passes 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 at the fair value of the consideration received or receivable.

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 TOD's, discounts, incentives and rebates as complex and judgmental.

Advance from customers is recognised under other Current liabilities and released to revenue on satisfaction of performance obligation.

Other Income :

Revenue from transactions or events that do not arise from a contract with a customer not in the scope of Ind AS 115 are continue to be recognised in accordance with the other standards. Such incomes includes Interest which are dealt with in Ind AS 109 and Rental income to be accounted as per Ind AS 116 if any.

Other income is comprised primarily of interest income, Other Export benefits, dividend if any, Gain/loss on investments and Exchange gain/loss on forward and on translation of foreign currency assets and liabilities.

Other Export Benefits

Export benefits are accounted for in the year of export at net market realisable value.

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Interest Income

Interest income from a financial asset is recognised on a time basis, by reference to the principal outstanding using the effective interest method provided it is probable that the economic benefits associated with the interest will flow to the Company and the amount of interest can be measured reliably. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of that financial asset.

Income other than Interest and Dividend

Other income is recognised in the Statement of Profit and Loss when increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

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

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other 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 recognise 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 recognised in Statement of Profit and Loss except to the extent it relates to items recognised outside profit or loss in which case it is recognised outside profit or loss (either in other comprehensive income ('OCI') or in equity). Current tax items are recognised 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 realise 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 (1st April, 2022 to 31st March, 2023).

(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

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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 (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 capitalised 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 recognised 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 recognised 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 recognised 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

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(c) **Contingent assets**

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

2.12 Employee Benefits

(a) **Short-term obligations**

Employee benefits such as salaries and other benefits along with any other non-monetary 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 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 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.

(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 calculation is performed by a qualified Actuary using the projected unit credit method. When the calculation results in a liability to the Company, the present value

of liability is recognised as provision for employee benefit. Any actuarial gains or losses in respect of gratuity are recognised in OCI in the period in which they arise.

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 recognised 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.

The Company recognises the net obligation of a defined plan in its Balance Sheet. Defined benefit costs comprising current service cost, past service cost, interest cost and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefits expense. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises 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

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

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Initial Recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Profit and Loss.

Classification and Subsequent Measurement: Financial Assets

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

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

Amortised Cost

A financial asset shall be classified and measured at amortised cost if both of the following conditions are met:

- (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In case of financial asset classified and measured at amortised cost, any interest income, foreign exchange gains/losses and impairment are recognised in the Statement of Profit and Loss.

Fair Value through OCI

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:

- (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Where the Company has elected to present the fair value gain on equity instruments in other comprehensive income, there is no subsequent classification of fair value gain or losses to profit and loss account. Dividend from such instruments is recognised in profit and loss account as other income where right to receive is established.

Fair Value through Profit or Loss

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. For financial assets at fair value through profit or loss, net gain or losses, including any interest or dividend income are recognised in the Statement of Profit and Loss.

Classification and Subsequent Measurement: Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL. Gains or Losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Other Financial Liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method. Interest expense (based on effective interest method), foreign exchange gains and losses and any gain or loss on derecognition is recognised in the Statement of Profit and Loss.

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

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whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, no impairment is recognised. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, the credit quality of the instrument improves then the entity reverts to recognising 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.

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.

Re-Estimation of ECL Provision :

During the period company has calculated ECL provisions considering the trend of trade receivables under different ageing bracket for last two years which was previously calculated on 5 years basis. The effect of such change in estimate is applied prospectively and is expected to have an effect in future periods also for which estimation is impracticable.

ECL impairment loss allowance (or reversal) recognised during the year is recognised as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortised 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').

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses on financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment

loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

(iv) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of the asset or if, the Company has neither transferred nor retained substantially all risk and reward of the asset, but has transferred control of the asset to another party.

On derecognition of a financial asset, other than investments classified as FVOCI, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of equity investments classified as FVOCI, accumulated gains or loss recognised in OCI is transferred to retained earnings.

(b) Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received.

(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

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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.

2.14 Cash & cash equivalents

Cash and cash equivalent in the Balance Sheet comprises Cash at Banks, Cash on Hand and Short-Term Deposits with an original maturity of three months or less, which are subject to insignificant risk of change 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.

Corporate Social Responsibility ("CSR") expenditure

CSR expenditure incurred by the Company is charged to the Statement of the Profit and Loss.

2.15 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 recognised 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.

2.16 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, if any, 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.

2.17 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.

**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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)

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 recognised 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 receivable balances and historical experiences. Individual trade receivables are written off when management deems not be collectible.

Change in Estimate : (ECL Model)

During the period company has re-calculated ECL provisions considering the trend of trade receivables under different ageing bracket for last two years which was previously calculated on 5 years basis. The effect of such change in estimate is applied prospectively and is expected to have a effect in future periods also for which estimation is impracticable.

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

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an out flow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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 utilised. The ultimate realisation 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 recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**

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.

(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 customisation 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:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31st March, 2023, MCA amended the Companies (Indian Accounting

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**

Standards) Amendment Rules, 2023, as below:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31st March, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

IndAS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1st April, 2023.

IndAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to IndAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 1st April, 2023.

IndAS 12- Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and off setting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1st April, 2023.

**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: Bhilwara
Date: 12th May, 2023

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

ANJANA HARESH MOTWANI
(Chairman)
DIN: 02650184

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

Place: Mumbai
Date: 12th May, 2023

KARAN HARESH MOTWANI
(Managing Director)
DIN: 02650089

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

NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)

5. PROPERTY, PLANT AND EQUIPMENT

Particulars	Changes in Gross Carrying Value			Changes in Depreciation			Net block		
	Gross Carrying Value As at 1 st April, 2022	Additions/ Adjustments	Deductions/ Disposals	Gross Carrying Value As at 31 st March, 2023	Accumulated Amortisation as at 1 st April, 2022	For the year Adjustments/ Disposals	Assets classified as held for sale	Accumulated Amortisation as at 31 st March, 2023	Carrying Value As at 31 st March, 2022
Owned Assets									
Building									
Office Premises	739.12	-	-	739.12	32.58	23.41	-	55.98	683.14
Factory Building	209.36	649.11	-	858.47	92.23	8.08	-	100.31	758.16
Plant and equipment	1,462.14	950.67	(4.50)	2,408.31	542.99	90.93	(0.13)	633.79	1,774.51
Furniture and fixture	189.52	8.49	-	198.00	37.98	12.53	-	50.50	147.50
Vehicles	276.92	-	-	276.92	148.52	25.10	-	173.62	103.31
Office equipment	26.61	1.77	-	28.38	22.90	1.96	-	24.86	3.52
Computers	101.11	24.09	-	125.19	63.91	21.69	-	85.60	39.59
Total	3,004.78	1,634.12	(4.50)	4,634.40	941.10	183.69	(0.13)	1,124.67	2,063.68

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 1 st April, 2022	Additions/ Adjustments	Deductions/ Disposals *	As at 31 st March, 2023	As at 1 st April, 2022	For the year Adjustments/ Disposals	Assets classified as held for sale	As at 31 st March, 2023	Carrying Value As at 31 st March, 2022
Tangibles									
Building WIP *	1,465.85	628.04	(649.11)	1,444.79	-	-	-	-	1,444.79
Machinery WIP #	288.64	476.20	(484.09)	280.75	-	-	-	-	280.75
Total	1,754.49	1,104.24	(1,133.20)	1,725.54	-	-	-	-	1,754.49

*Deduction from Building CWIP represents capitalisation of proportionate completed part of Building on which commercial production has started in last quarter.Amount is based on report issued by Independent Civil Engineer as per actual expenditure incurred towards building. Deduction from Machinery CWIP represents capitalisation of specific machineries upon commissioning of the same.

Machinery WIP represents machines/ equipments received pending for installation.

Ageing Schedule of CWIP :

CWIP	Amount in CWIP for a period ended 31 st March, 2023			Total
	Less than 1 year	1-2 years	2-3 years	
A. Project in Progress				
Proportionate Factory building under construction	628.03	813.82	2.92	1,444.77
Installation of New Machineries under process	280.75	-	-	280.75
B. Projects temporarily suspended				
	Nil	Nil	Nil	Nil

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**
7A RIGHT OF USE ASSETS

(₹ in Lakhs unless otherwise stated)

Particulars	Category of ROU asset		Total
	Land	Building	
Balance as at 31st March, 2022	302.81	496.24	799.04
Additions*	-	-	-
Disposals/Adjustments	-	-	-
Balance as at 31st March, 2023	302.81	496.24	799.04
Accumulated Depreciation as at 31st March, 2022	17.81	292.43	310.24
Additions	71.25	63.62	134.87
Disposals/Adjustments	-	-	-
Accumulated Depreciation as at 31st March, 2023	89.06	356.05	445.11
Carrying value as at 31st March, 2023	213.75	140.19	353.94
Carrying value as at 31st March, 2022	284.99	203.81	488.80

* 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 31st March, 2023 are as follows:

(₹ in Lakhs unless otherwise stated)

Particulars	Trade Name Related	Total
Gross carrying value as at 31st March, 2022	28.80	28.80
Additions	-	-
Disposals/Adjustments	-	-
Gross carrying value as at 31st March, 2023	28.80	28.80
Accumulated Depreciation as at 31st March, 2022	12.15	12.15
Additions	5.07	5.07
Disposals/Adjustments	-	-
Accumulated Depreciation as at 31st March, 2023	17.21	17.21
Carrying value as at 31st March, 2023	11.59	11.59
Carrying value as at 31st March, 2022	16.66	16.66

8. OTHER FINANCIAL ASSETS (NON CURRENT)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
In Fixed Deposit accounts with original maturity above 12 months (IPO Proceeds)	2,941.10	1,432.00
Total	2,941.10	1,432.00

9. OTHER NON-CURRENT ASSETS

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Security Deposits	204.24	208.06
Demand paid under Protest	-	15.88
Total	204.24	223.93

NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)

10. INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Raw materials and Components	1,950.32	1,866.85
Work-in-progress	364.38	471.75
Finished goods	2,171.35	1,778.28
Total	4,486.05	4,116.88

11. TRADE RECEIVABLES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Current		
Secured, considered good		-
Unsecured		
Unsecured, considered good	3,725.44	3,205.16
Unsecured, considered doubtful	523.50	517.30
Less : Expected credit loss allowance	(523.50)	(517.30)
	3,725.44	3,205.16
Credit Impaired	43.96	69.45
Less: Expected Credit Loss allowance for doubtful Trade Receivable	(43.96)	(69.45)
Total	3,725.44	3,205.16

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. 42 Related Party disclosure.
4. For Ageing Schedule of Trade Receivables refer note 48.
5. Trade receivables are generally non interest bearing.
6. Movement in Expected Credit Loss Allowance of Trade Receivable is shown below

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Balance at the beginning of the period/year	517.30	703.95
Less: Credit Impaired	(43.96)	(69.45)
Amount added/ Reversed during the period/year	50.16	(117.20)
Effect of Foreign Exchange	-	-
	523.50	517.30

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**
12. CASH AND BANK BALANCES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Cash and Cash equivalents		
Balances with banks		
On Current Accounts	24.85	3.88
Deposits with original maturity of less than 3 months (including Short Term Fixed Deposits (from IPO Proceeds))	0.00	1,002.59
Cash on hand	13.38	14.48
Total Cash and Cash Equivalents	38.23	1,020.96
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)	100.85	3,441.00
Balance in Bank- With Monitoring Agency (IPO Proceeds)	0.47	306.04
Deposits with original maturity of more than twelve months- Fixed Deposits (from IPO Proceeds)	2,941.10	1,432.00
Less: Amount disclosed under other Financial assets	(2,941.10)	(1,432.00)
Total bank balances other than cash and cash equivalents	101.32	3,747.04
Total	139.55	4,768.00

Deposits are with scheduled commercial banks and earn interest at fixed rates and are callable.

13. LOANS (CURRENT FINANCIAL ASSETS)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
# Advance to Employees & Others	114.60	119.04
Total	114.60	119.04

- 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)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Advance income tax (Net)	6.81	-
Total	6.81	-

NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)

15. OTHER CURRENT ASSETS

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Capital Advances	309.29	164.28
(b) In Fixed Deposit Accounts with maturity 3-12 months	154.41	139.90
(c) Advances other than Capital Advances		
Prepaid Expenses	36.06	34.76
Accrued Interest on FD	156.08	52.10
Withholding Taxes & Others*	51.80	288.79
VAT Receivable / Refund	-	3.42
TDS & TCS Receivable	18.65	9.95
Advances to Suppliers	298.14	347.70
Other Receivables #	170.76	183.53
	1,195.20	1,224.42

Includes receivable due on sale of FRP assets from related party in FY 2021-22 (receivable as of March 2023 is ₹ 133.22 Lakh compare to ₹ 183.22 lakh as of March 2022)

*Withholding taxes and others primarily consist of GST Input tax credits recoverable from Government.

16. EQUITY SHARE CAPITAL

Ordinary Shares

Ordinary shares are classified as equity share capital. Incremental costs directly attributable to the issuance of new ordinary shares, share options and buy back are recognised as a deduction from equity, net of any tax effects.

Description of reserves

Retained earnings

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.

Securities premium

Security Premium Account represents premium received on issue of shares through Rights issue and IPO. This reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(₹ in Lakhs unless otherwise stated)

(a) Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Authorised Share Capital		
2,00,00,000 Equity Shares of ₹ 10/-each	2,000.00	2,000.00
(P.Y. 2,00,00,000 Equity Shares of ₹ 10/-each)		
	2,000.00	2,000.00
Equity shares		
Issued, Subscribed and fully paid up		
1,83,74,947 Equity Shares of ₹ 10/-each fully paid up	1,837.49	1,837.49
(P.Y. 1,83,74,947 Equity shares of ₹ 10/- each fully paid up)		
Total	1,837.49	1,837.49

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**
(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023		As at 31 st March, 2022	
	Number of shares	Amount	Number of shares	Amount
Opening balance (face value ₹ 10/- each)	1,83,74,947	1,837.49	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	1,83,74,947	1,837.49

(c) Utilisation of IPO Proceeds (Net of IPO Expenses) as per Prospectus are as follows:

(₹ in Lakhs unless otherwise stated)

Particulars	Planned as per Prospectus	Utilisation upto 31 st March, 2023	Un-utilised as of 31 st March, 2023(*)
Funding working capital requirements of the Company	5,400.00	4,052.18	1,347.82
Funding Capital expenditure(CAPEX)	2,550.86	952.05	1,598.81
General corporate Purposes (As revised upon finalisation of ipo Expenses)	1,718.26	1,718.26	-
Total	9,669.12	6,722.49	2,946.63

 (*) Unutilised IPO proceeds as of 31st March, 2023 are kept in fixed deposits with banks and shown under Other bank balances (Refer note 12)

 Advances made to Capex Vendors of out of IPO proceeds for supply of Machinery/equipment amounts to ₹ 130.36 Lac (Inc. GST) as on 31.03.2023 for which deliveries/installation is pending as on 31st March, 2023, same are included Capital Advance note no.15

(d) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of ₹ 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.

(e) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023		As at 31 st March, 2022	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Name of the shareholder				
Equity shares of ₹ 10 each fully paid				
Anjana Haresh Motwani	67,40,135	36.68%	67,40,135	36.68%
Karan Haresh Motwani	63,70,000	34.67%	63,70,000	34.67%
3 Sigma Global Fund	-	-	9,66,000	5.26%
	1,31,10,135	71.35%	1,40,76,135	76.61%

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.

NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)

(f) Shareholding of promoters

The details of the shares held by promoters as at 31st March, 2023 are as follows:

(₹ in Lakhs unless otherwise stated)

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%	0.00%
2. Karan Haresh Motwani	Equity Shares	63,70,000	49.00%	0.00%

17. OTHER EQUITY

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Retained Earnings	1,704.88	609.99
Securities Premium	11,286.45	11,286.45
Total	12,991.33	11,896.44

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(A) Securities Premium		
Opening balance	11,286.45	-
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	11,286.45
(B) Retained Earnings		
Opening balance	609.99	(34.11)
Add: Adjustment of Ind AS of previous years	-	-
	609.99	(34.11)
Add: Total Comprehensive Income for the year	1,094.89	644.10
Add: Other Adjustments	-	-
Closing balance	1,704.88	609.99
Total	12,991.33	11,896.44

18. LEASE LIABILITIES (NON-CURRENT)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Lease Liability	264.00	390.25
Total	264.00	390.25

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**
19. | BORROWINGS (NON CURRENT)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Borrowings measured at Amortised Cost		
Secured* (Refer Note "Sanction Terms")		
(A) TERM LOANS		
(a) Term Loan from ICICI Bank (Repayable in 84 monthly installments ending Jan'28)	213.39	269.06
(B) LOANS REPAYABLE ON DEMAND		
(a) ECLGS Loan from ICICI Bank (Repayable in 48 monthly installments ending June'24)	13.33	93.32
(C) VEHICLE LOANS		
(a) Vehicle Loan from BMW Financial Services (Repayable on 60 EMI of ₹ 92,868/- ending Dec'24)	8.06	18.02
(b) Vehicle Loan from Daimler Financial Services India Private Limited (Repayable on 60 EMI of ₹ 108,902/- ending March'26)	24.32	35.27
(c) Vehicle Loan ICICI Bank (Repayable on 36 EMI of ₹ 37,766/- ending Oct'25)	6.73	10.57
(d) Vehicle Loan ICICI Bank (Repayable on 48 EMI of ₹ 32,748/- ending Dec'23)	-	2.84
Total	265.84	429.08

20. | LEASE LIABILITIES (CURRENT)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Lease Liability	126.25	115.29
Total	126.25	115.29

20(a) The Movement of lease liabilities during the years ended 31st March, 2023 and 31st March, 2022 is as follows:

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Balance at the beginning	505.55	38.77
Additions	-	496.59
Finance cost accrued during the year	-	-
Deletions	-	-
Payment of Lease Liabilities	(115.29)	(29.82)
Total	390.25	505.55

NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)

21. BORROWINGS (CURRENT)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Loan repayable on demand		
Secured* (Refer Note "Sanction Terms")		
Cash credit	(98.20)	123.44
Bank Overdraft	(0.06)	(0.06)
Packing Credit	-	217.44
Letter of Credit	-	-
Working Capital Term Loan	131.73	192.07
Current maturity of long term loans	163.25	388.42
Total	196.72	921.31

Sanction Terms :-

Long term & Short term Secured Loans & Working Capital Facilities:-

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.

Collateral Charge on corporate office of the Company at C-501, Business Square, Chakala, Andheri(East), Mumbai.

IndusInd Bank

Against Hypothecation of company's entire current Assets.

Personal Guarantee of Directors - Karan Motwani & Anjana Motwani

Collateral Charge on Industrial Land & Building owned by the Directors Mr. Karan Motwani & Ms. Anjana Motwani.

22. TRADE PAYABLES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Total outstanding dues of micro and small enterprises*	761.56	704.61
Total outstanding dues of creditors other than micro and small enterprises #	1,262.71	2,438.94
Total	2,024.27	3,143.55

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 49 for Trade Payables ageing schedule

23. OTHER FINANCIAL LIABILITIES - CURRENT

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Others		
Security deposits	1.00	1.00
Payable to Employees	204.07	129.67
Payable towards services received	7.81	8.14
Payable towards stores, spares and consumables	140.77	154.58
Capital Creditors	2.66	22.58
Total	356.30	315.97

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**
24. OTHER CURRENT LIABILITIES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Withholding taxes and others	18.14	19.82
Other Statutory Dues	20.34	10.51
Advances received from customers	114.22	234.64
Total	152.70	264.97

25. PROVISION (CURRENT)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Provision for Employee benefits	29.68	29.25
Provision for Expenses	16.07	66.83
Total	45.75	96.08

26. CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Current Tax Payable (Net of Advance tax)	112.91	39.86
Total current tax liabilities	112.91	39.86

27. TAX ASSET (NET) / TAX EXPENSE
(A) Deferred tax expense

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(DTL)/DTA for the year	(74.28)	(28.54)
(DTL)/DTA on OCI for the year	(3.05)	(14.61)
Net (DTL)/DTA for the year	(77.34)	(43.15)
Balance of Deferred Tax Asset /(Liability) as at 31 st March, 2022	128.83	171.98
Balance of Deferred Tax Asset /(Liability) as at 31st March, 2023	51.49	128.83

(B) Income tax expense

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
- Current tax taxes	(359.94)	(177.74)
- Adjustments in respect of current income tax of previous year	19.73	6.29
- Deferred tax charge / (income)	(77.34)	(43.15)
Income tax expense reported in the statement of profit or loss	(417.55)	(214.59)

(C) Income tax expense charged to OCI

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Net loss/(gain) on remeasurements of defined benefit plans	(3.05)	(14.61)
Income tax charged to OCI	(3.05)	(14.61)

NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)

(D) Reconciliation of tax Expense and the Accounting profit for the year as under

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Profit before tax	1,503.36	815.24
Tax Rate	25.17%	25.17%
Income tax expense at tax rates applicable	378.37	205.18
Tax effects on Depreciation & non deductible expenditure	58.92	15.71
Adjustments in respect of current income tax of previous year	(19.73)	(6.29)
Income tax (expense) / income	417.55	214.59

(E) Unrecognised Deferred tax assets

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
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	-	-

28. REVENUE FROM OPERATIONS

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
Revenue from Operations (Net)	23,299.60	16,459.89
Total	23,299.60	16,459.89

Reconciliation of revenue recognised with the contracted price is as follows:

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
Contracted Price	23,774.81	16,734.14
Reduction towards variable consideration components [^]	475.21	274.25
	23,299.60	16,459.89

[^] The reduction towards estimated variable consideration includes discounts, rebates and schemes.

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**
29. OTHER INCOME

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
(a) Interest Income		
Interest on Fixed deposits with banks	218.43	60.09
Other interest income	-	5.12
(b) Other Non-operating Income		
Rental income on Non -Residential Property	-	6.00
(c) Other Gains and Losses		
Net Foreign exchange gain	35.13	64.87
Duty Drawback Refund	30.94	17.55
Freight/Transportation Charges Recovered	1.29	1.12
Net impairment Gain - Reversal of ECL	-	117.20
Sundry Balance written back	5.97	-
Miscellaneous income	1.72	10.84
Total	293.47	282.80

30. COST OF MATERIAL CONSUMED

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
Raw materials at the beginning of the year	1,866.85	637.81
Add: Purchases		
Raw Material	14,292.93	10,725.01
Less: Raw materials at the end of the year	1,950.32	1,866.85
Total	14,209.46	9,495.96

31. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
Inventories at the beginning of the year	2,250.03	2,601.89
Less: Inventories at the end of the year	2,535.73	2,250.03
Net (increase) / decrease in inventories	(285.70)	351.85

32. EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
Salaries and wages (including Staff Welfare)	1,859.48	1,480.19
Director's Remuneration	150.24	115.75
Contribution to Provident and other funds	92.48	49.48
Gratuity expense	35.98	40.50
Bonus	55.96	47.51
Total	2,194.14	1,733.43

NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)

33. FINANCE COSTS

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
Interest on secured borrowing	158.83	240.93
LC Charges	0.29	0.74
Interest expenses on financial liabilities measured at amortised cost	38.35	37.92
Interest on Self Assessment Tax	2.53	24.14
Interest on late Payments of TDS/TCS	0.40	0.57
Interest on late Payments Others	2.39	1.10
Bank Charges & Commission	26.51	8.01
Total	229.28	313.40

34. DEPRECIATION EXPENSES

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
Depreciation on property, plant and equipment (Refer Note 5 & 6)	183.57	141.13
Depreciation on intangible assets (Refer Note 7B)	5.07	4.82
Amortisation of Right to Use Assets (Refer Note 7A)	134.87	138.06
Total	323.50	284.02

35. OTHER EXPENSES

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
Production expenses	637.15	376.61
Telephone and communication charges	12.46	13.01
Printing & Stationery	13.16	7.11
Repairs & maintenance expenses		
Building	21.25	6.84
Machinery	75.29	54.87
Conveyance and travelling expenses	390.40	271.27
Insurance charges	48.44	50.17
Independent Director's Sitting Fees	7.60	9.80
Business promotion expenses	493.03	74.05
Legal & professional charges	68.86	61.47
Office Expenses/Miscellaneous Expenses	53.36	49.93
Donation	0.39	-
Lease Rent & License Fees	26.30	37.17
Rates & Taxes	17.03	25.63
Inspection and testing expenses	-	0.59
Membership & subscription	4.85	1.96
Payment to Auditors (refer note 35(a))	23.70	25.66
Computer consumables, software & maintenance charges	12.12	14.44
Marketing & selling expenses	413.08	422.53
Expected Credit Loss	50.16	-
Bad Debts written off (net of expected credit loss allowance) (refer Note 35(c))	-	-
CSR Expenses (refer note 35 (b))	11.09	7.87
Total	2,379.74	1,510.98

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**

35 (a) Note : The following is the break-up of Auditor's remuneration (excluding input credit of service tax / GST availed, if any)

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
Statutory Audit Fees	19.00	19.00
Tax Matters	-	3.00
Other Services/Certifications	4.70	3.66
Total	23.70	25.66

*The amount is excluding of payment made towards Initial Public Offer(FY 2021-22)

35 (b) Details of Corporate Social Responsibility (CSR) Expenditure

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
A. Gross amount required to be spent by the Company during the year	10.68	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	11.09	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	10.68	7.87
	10.68	7.87
Gross amount spent by the Company of previous years		-
Gross amount spent by the Company for Current year	11.09	7.91
	11.09	7.91
Excess amount paid during the year carried forward as prepaid(*)	-0.41	-0.04

* Amount of ₹ .41 Lakhs available to be set off in upcoming financial year.

35 (c) Bad Debts written off net of expected credit loss allowance

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
Bad Debts written off	43.96	69.45
Expected Credit Allowance	(43.96)	(69.45)
Bad Debts written off (net of expected credit loss allowance)	-	-

36. EXCEPTIONAL ITEMS

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
Goods damaged due to Natural Calamities (Insurance Claim pending)	63.79	-
Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee Dispute under Amnesty Scheme 2022	73.75	-
Total	137.54	-

NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)

37. 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:

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Ordinary equity shareholders		
Profit/(Loss) attributable to ordinary equity holders	1,085.81	600.65
Weighted average number of equity shares for basic EPS	1,83,74,947	1,52,02,021
Face Value per share	10	10
Basic Earnings per share (₹)	5.91	3.95
Diluted Earnings per share (₹)	5.91	3.95

Computation of Weighted Average number of shares

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Calculation of weighted number of shares of ₹ 10 each		
Number of shares outstanding as an 1 st April	1,83,74,947	1,30,00,000
Number of shares outstanding for 329 days	-	11,13,144
Number of shares outstanding for 96 days	-	10,88,877
Weighted number of Shares considered for calculation of Basic EPS	1,83,74,947	1,52,02,021

38. CONTINGENT LIABILITIES AND COMMITMENTS

A - Contingent Liabilities

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
1. Letter of comfort issued to banks		-
2. Claim against the Company not acknowledged as debt		
(i) Tax matter dispute under appeal (MVAT & CST)*	-	211.57
(ii) Income Tax matter dispute under appeal (AY 14-15)	2.70	2.70
(iii) Others- Uncrystallised 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	56.01	267.58

* Settled under MVAT Amenity Scheme.

Relates to guarantee given still on hold with department related to Excise duty demand already settled under Sab Ka Vishwas Legacy Dispute Resolution Scheme in FY 2019-20. The same pertains to the redemption fine which is now being waived off , company awaits the order to release the BG.

B - Commitments

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
1. Estimated amount of Contracts remaining to be executed on Capital account and not provided for		-
(i) Towards Property, Plant & Equipment	601.65	266.75
(ii) Towards Intangible Assets	0.50	-
	602.15	266.75

* includes IPO objects CAPEX Commitments.

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**
39. DISCLOSURE UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ARE PROVIDED AS UNDER FOR THE FY 2022-23, TO THE EXTENT THE COMPANY HAS RECEIVED INTIMATION FROM THE "SUPPLIERS" REGARDING THEIR STATUS UNDER THE ACT.

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(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*	761.56	704.61
Interest due on above	-	-
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with 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	761.56	704.61

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. There was no overdue amount to Micro and Small enterprise.

40. EMPLOYEE BENEFITS
(A) Defined Contribution Plans

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss –

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
Employers' Contribution to Recognised Provident Fund	82.01	40.80

(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

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Defined benefit obligation at the beginning of the year	101.61	119.18
Interest cost	6.20	7.79
Current service cost	29.78	32.72
Benefits paid	(3.74)	-
Actuarial (gain)/ loss on obligations - Due to change in Financial Assumptions	(4.06)	(4.75)
Actuarial (gain)/ loss on obligations - Due to experience	(8.07)	(53.32)
Defined benefit obligation at the year end	121.72	101.61

NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)

b) Reconciliation of Opening and closing balances of fair/ value of plan assets

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Fair value of plan assets at the beginning of the year	10.00	-
Investment income	-	-
Employer contribution	20.00	10.00
Benefits paid	-	-
Fair value of plan assets at the year end	30.00	10.00

Company has made investment in HDFC Gratuity Trust on March, 2023 and March, 2022 & the same has been valued at cost.

c) Investment details of Plan Assets

(₹ in Lakhs unless otherwise stated)

S. No.	Particulars	Name of Trust	Policy No.	Investment With
1)	Gratuity	HP Adhesives Limited Employees Group Gratuity Assurance Scheme	81099517	HDFC Life Group

d) Expense recognised during the year (Under the head "Employees benefit expenses")

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
In Income Statement	35.98	40.50
In Other comprehensive Income	(12.14)	(58.07)
Expense recognised during the year	23.85	(17.56)

e) Expense recognised in Other comprehensive income

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
Actuarial (gain) / loss on Obligation for the period		
changes in financial assumptions	(4.06)	(4.75)
experience adjustment	(8.07)	(53.32)
Net actuarial (gains) / losses recognised in Other Comprehensive Income	(12.14)	(58.07)

f) Reconciliation of fair value of assets and obligations

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Present value of defined benefit obligations	(121.72)	(101.61)
Fair Value of Plan Assets	30.00	10.00
Net asset / (liability)	(91.72)	(91.61)

g) A quantitative sensitivity analysis for significant assumption as at 31st March, 2023 is as shown below:

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
Discount rate		
0.5% increase	115.37	96.14
0.5% decrease	128.57	107.60
Rate of increase in salary		
0.5% increase	128.32	107.36
0.5% decrease	115.54	96.30
Rate of employee turnover		
1% increase	-	-
1% decrease	-	-

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**
h) Maturity profile of defined benefit obligation

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Expected Outgo First	14.24	10.89
Expected Outgo Second	9.20	3.56
Expected Outgo Third	4.72	8.57
Expected Outgo Fourth	7.41	4.36
Expected Outgo Fifth	9.45	7.61
Expected Outgo Six to Nine years	37.78	27.40
Expected Outgo for Ten years and above	270.31	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 31 st March, 2023	As at 31 st March, 2022
Government of India (GOI) bond yield *	7.01%	6.50%
Discount rate (per annum)	7.50%	7.20%
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.

The present value of the Defined Benefits obligation and the related current service cost is measured using the Projected Unit Credit Actuarial Method at the end of Balance Sheet date by the Actuary.

Note on other risks:

- Investment Risk – The funds are invested by HDFC Life Group and they provide returns basis the prevalent bond yields, Bank on an annual basis requests for contributions to the fund.
- Interest Risk –HDFC Life Group 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.
- 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.
- 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- The Investment made was with HDFC Life Group in March 2022 & March 2023 & the fair value is considered same as the amount invested in the funds since the return statement was awaited from HDFC Life.

41. LEASES
(A) Operating leases where Company is a lessee:

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2023 on an undiscounted basis:

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Within one year	156.06	156.06
After one year but not more than five years	291.32	447.44
More than five years		

(B) Finance lease where Company is a lessor:

Not Applicable

NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)

42. 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 31st March, 2023

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 10th February, 2022)
Rajendra Kumar Jain (Independent Director) (Appointed on 5th July, 2021)
Surendra Kumar Mehta (Independent Director) (Appointed on 23rd June, 2021)
Ajeet Anant Walavalkar (Independent Director) (Appointed on 5th July, 2021)
Mihir Shah (Chief Financial Officer) (Appointed on 5th July, 2021)
Jyoti Nikunj Chawda (Company Secretary) (Appointed on 5th July, 2021)

(B) Relatives of KMP

Aditya Gupta (Husband of Director-Nidhi Motwani)

(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 LIMITED
HP Plastics KHM
HP Plastic HUF

(d) Other Related Parties

HP Adhesives Limited Employees Group Gratuity Assurance Scheme

(₹ in Lakhs unless otherwise stated)

Particulars	Nature of Relationship	Amount
Remuneration to Key Managerial Person (KMP) of the Company:		
1 Anjana Haresh Motwani	Director	36.00
2 Karan Haresh Motwani	Director	84.00
3 Nidhi Motwani	Director	30.24
Lease Rent to Key Managerial Person (KMP) of the Company:		
1 Anjana Haresh Motwani	Director	43.70
2 Karan Haresh Motwani	Director	43.70
Business Transactions with Entities in which KMP / relatives of KMP have significant influence:		
(A) Sale of Goods*		
1 Raigad Carbides	Director Husband Proprietor Firm	5.24
(B) Purchase of Assets		
1 Raigad Oxygen Private Limited	Director Husband Proprietor Firm	6.75
(C) Purchase of Goods*		
1 Raigad Carbides	Director Husband Proprietor Firm	4.74
2 Raigad Oxygen Private Limited	Director Husband Proprietor Firm	12.47

* GST not included

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**

(₹ in Lakhs unless otherwise stated)

Particulars		Nature of Relationship	Amount
Other Transactions			
1	HP Adhesives Limited Employees Group Gratuity Assurance Scheme	Gratuity Trust	20.00
Outstanding Balances Receivable/(Payable) as on 31.03.2023			
S. No.	Particulars	Nature of Relationship	Amount
1	HP Composites LLP (On sale of FRP Assets)	Director is Partner	133.22
2	Raigad Carbides	Director Husband Proprietor Firm	0.89
3	Raigad Oxygen Private Limited	Director Husband Proprietor Firm	(2.74)

Notes :

- Sitting Fees to Non-Executive & Independent Directors paid during the year is ₹ 7.60 Lakhs.
- Remuneration paid to KMPs (other than directors) during the year is ₹ 51.72 Lakhs.
- Transaction with Raigad Carbides HUF- Purchase of Raw materials (Oxygen and nitrogen cylinder, LPG Cylinder) & Sales of Solvents appears to be at arm's length value. Values of transactions are insignificant and occasional in nature.
- Transaction with Raigad Oxygen Private Limited- Payments for purchase of Fuel/Diesel. On sample verification transaction are generally on arm's length values as market comparable rates available.
- Related parties taken as identified by management.

43. 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 amortised cost using effective interest rate (EIR) of non-current financial - term deposits is not significantly different from the carrying amount.

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 31st March, 2023 are as follows:

(₹ in Lakhs unless 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			
FINANCIAL ASSETS						
Trade receivables	3,725.44	-	-	-	3,725.44	3,725.44
Cash and cash equivalents	38.23	-	-	-	38.23	38.23
Other Bank balances	101.32	-	-	-	101.32	101.32
Investment in Deposits	2,941.10	-	-	-	2,941.10	2,941.10
Loans and advances	114.60	-	-	-	114.60	114.60
Security Deposits	204.24	-	-	-	204.24	204.24
Investment in Gratuity Fund	30.00	-	-	-	30.00	30.00
Total	7,154.93	-	-	-	7,154.93	7,154.93
FINANCIAL LIABILITIES						
Borrowings	462.56	-	-	-	462.56	462.56
Trade payables	2,024.27	-	-	-	2,024.27	2,024.27
Lease Liabilities	390.25	-	-	-	390.25	390.25
Employee benefit payable	-	-	191.93	12.14	204.07	204.07
Total	2,877.08	-	191.93	12.14	3,081.14	3,081.14

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**

The carrying value and fair value of financial instruments by categories as at 31st March, 2022 are as follows:

(₹ in Lakhs unless 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			
FINANCIAL ASSETS						
Trade receivables	3,205.16	-	-	-	3,205.16	3,205.16
Cash and cash equivalents	1,020.96	-	-	-	1,020.96	1,020.96
Other Bank balances	3,747.04	-	-	-	3,747.04	3,747.04
Investment in Deposits	1,432.00	-	-	-	1,432.00	1,432.00
Loans and advances	119.04	-	-	-	119.04	119.04
Security Deposits	208.06	-	-	-	208.06	208.06
Investment in Gratuity Fund	10.00	-	-	-	10.00	10.00
Total	9,742.25	-	-	-	9,742.25	9,742.25
FINANCIAL LIABILITIES						
Borrowings	1,350.39	-	-	-	1,350.39	1,350.39
Trade payables	3,143.55	-	-	-	3,143.55	3,143.55
Lease Liabilities	505.55	-	-	-	505.55	505.55
Employee benefit payable	-	-	71.61	58.07	129.67	129.67
Total	4,999.49	-	71.61	58.07	5,129.16	5,129.16

For trade receivables and trade payables and other assets and payables maturing within one year from the Balance Sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

44. 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:

(₹ in Lakhs unless otherwise stated)

Particulars	Level 1	Level 2	Level 3
As at 31st March, 2023			
FINANCIAL ASSETS			
(a) Financial assets measured at fair value through profit or loss			
Investments in equity shares	-	-	-
Investment in Deposits		2,941.10	
Financial assets measured at amortised cost			
Trade receivables		3,725.44	
Cash and cash equivalents	-	38.23	
Other Bank balances		101.32	
Loans and advances		114.60	
Security Deposits	-	204.24	
Investment in Gratuity Fund	-	30.00	
FINANCIAL LIABILITIES			
Financial liabilities measured at amortised cost			
Borrowings	-	462.56	
Trade payables		2,024.27	
Employee benefit payable		204.07	

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**

(₹ in Lakhs unless otherwise stated)

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	-	-	-
Investment in Deposits		1,432.00	
Financial assets measured at amortised cost			
Trade receivables		3,205.16	
Cash and cash equivalents		1,020.96	
Other Bank balances		3,747.04	
Loans and advances		119.04	
Security Deposits	-	208.06	
Investment in Gratuity Fund		10.00	
FINANCIAL LIABILITIES			
Financial liabilities measured at amortised cost			
Borrowings	-	1,350.39	
Trade payables		3,143.55	
Employee benefit payable		129.67	

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.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to various financial risks. These risks are categorised 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:

(₹ in Lakhs unless otherwise stated)

Years		Outstanding Borrowing Amount		Increase/ decrease in basis points	Impact on profit before tax
2023					
₹	Variable Interest Rate Borrowings	462.56	(₹ in Lakh)	+100	4.63
			(₹ in Lakh)	-100	(4.63)
USD	Variable Interest Rate Borrowings	-	(\$ in '000)	+100	-
			(\$ in '000)	-100	-
2022					
₹	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)

NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)

(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.

(₹ in Lakhs unless otherwise stated)

Years	Outstanding Foreign currency Amount (Outstanding Debtors and Creditors in Foreign currency) (Amount in USD)	Increase/ decrease in basis points	Impact on profit before tax (Amount in USD)
2023	4,85,034	+5%	24,251.71
		-5%	(24,251.71)
2022	7,19,465	+5%	35,973.25
		-5%	(35,973.25)

(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:

(₹ in Lakhs unless otherwise stated)

Receivables Ageing	Gross Carrying amount (as on 31 st March, 2023)	Expected loss rate	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Not due	2,719.26	1%	29.45	2,689.82
0-30 days	694.67	4%	30.57	664.10
30-60 days	200.66	12%	24.46	176.19
60-90 days	51.19	25%	12.78	38.42
90-120 days	162.97	25%	40.67	122.30
120-150 days	18.07	43%	7.81	10.25
150-180 days	6.74	63%	4.25	2.49
More than 180 days	395.38	94%	373.51	21.87
Carrying amount of trade receivables (net of impairment)	4,248.94		523.50	3,725.44
	Total			3,725.44

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**

(₹ in Lakhs unless otherwise stated)

Receivables Ageing	Gross Carrying amount (as on 31 st 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%	103.51	2,523.71
0-30 days	467.43	8%	38.89	428.56
30-60 days	81.97	15%	12.43	69.55
60-90 days	140.28	26%	36.68	103.62
90-120 days	19.98	26%	5.22	14.76
120-150 days	24.56	42%	10.29	14.27
150-180 days	7.96	59%	4.69	3.27
More than 180 days	353.09	87%	305.67	47.42
Carrying amount of trade receivables (net of impairment)	3,722.45		517.38	3,205.16
	Total			3,205.16

The following table summarises the changes in loss allowances measured using life time expected credit loss model -

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Opening Provision	517.30	703.95
Add: Adjustments during the year	6.20	(186.65)
Closing provision	523.50	517.30

(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 it will always have sufficient liquidity to meet its liabilities when due.

The table below summarises the maturity profile of the Company's financial liabilities:

(₹ in Lakhs unless otherwise stated)

Particulars	Less than 1 year	1 year to 5 years	More than 5 years	Total
As at 31st March, 2023				
Borrowings				
Term Loans (Including Vehicle Loans)	163.25	265.84	-	429.08
Short term borrowings (Net)	33.48	-	-	33.48
Lease liabilities (Undiscounted)	156.06	291.32	-	447.39
Trade payables	2,024.27	-	-	2,024.27
	2,377.06	557.16	-	2,934.21

(₹ in Lakhs unless otherwise stated)

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 & Related Party 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	3,143.55	-	-	3,143.55
	4,220.92	830.14	46.39	5,097.45

NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)

46. CONTRACT BALANCES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Trade receivables	-	-
Contract assets	-	-
Contract liabilities	-	-

Amount of revenue recognised from Contract liabilities

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Amounts included in contract liabilities at the beginning of the year	-	-

47. 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 maximise 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.

(₹ in Lakhs unless otherwise stated)

Particulars		As at 31 st March, 2023	As at 31 st March, 2022
Equity	(i)	14,828.83	13,733.93
Borrowings		462.56	1,350.39
Less: Cash and Cash Equivalents		(38.23)	(1,020.96)
Net debt	(ii)	424.33	329.44
Net Debt to equity ratio	(ii)/ (i)	2.86%	2.40%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2023.

48. TRADE RECEIVABLES (GROSS) AGEING SCHEDULE FOR THE YEARS ENDED AS ON 31ST MARCH, 2023 IS AS FOLLOWS:

(₹ in Lakhs unless otherwise stated)

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	3,703.57	21.87	-	-	-	3,725.44
(ii) Having significant increase in credit risk considered doubtful						
(ii) Credit Impaired	149.99	58.60	75.90	10.18	228.83	523.50
B. Disputed Trade Receivables						
(i) Considered good						
(ii) Having significant increase in credit risk considered doubtful						
(ii) Credit Impaired						

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**
Trade Receivables(Gross) Ageing Schedule for the years ended as on 31st March, 2022 is as follows:

(₹ in Lakhs unless otherwise stated)

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						

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.

Total Bad debts written off during the year amount of ₹ 43.96 Lakhs out of which provision created in previous year ₹ 43.96 Lakhs. Further provision of ₹ 6.20 Lakhs created in current Financial year.

49. TRADE PAYABLES AGEING SCHEDULE FOR THE YEARS ENDED AS ON 31ST MARCH, 2023 IS AS FOLLOWS:

(₹ in Lakhs unless otherwise stated)

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	761.43	0.12			761.56
(ii) Dues to Other than Micro & Small Enterprises	1,261.21	1.51			1,262.71
(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 31st March, 2022 is as follows:

(₹ in Lakhs unless otherwise stated)

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	2,438.94				2,438.94
(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

NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)

Relationship with Struck off companies

(₹ in Lakhs unless otherwise stated)

Name of Struck off company	Nature of Transactions	Transaction during the year 31 st March, 2023	Balance outstanding as at 31 st March, 2023	Relationship with the struck off company
Receivables	-	-	-	-
Payables	-	-	-	-

(₹ in Lakhs unless otherwise stated)

Name of Struck off company	Nature of Transactions	Transaction during the year 31 st March, 2022	Balance outstanding as at 31 st March, 2022	Relationship with the struck off company
Receivables	-	-	-	-
Payables	-	-	-	-

50. Disclosure regarding details of Benami Property held- Nil

51. Disclosure regarding willful Defaulter- Nil

52. 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.

53. 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.

54. DISCLOSURE OF SIGNIFICANT RATIO :

(₹ in Lakhs unless otherwise stated)

Particulars	Numerator	Denominator	As at 31 st March		Variance (in %)
			2023	2022	
(a) Current Ratio	Current Assets	Current Liabilities	3.21	2.74	14.45
(b) Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.03	0.10	(215.22)
(c) Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	4.76	1.61	66.25
(d) Return on Equity Ratio,	Net profits after tax	Shareholders Equity	7.3%	4.4%	40.27
(e) Inventory turnover ratio	Cost of Goods Sold	Average Inventory	3.91	3.29	16.00
(f) Trade Receivables turnover ratio	Revenue	Average Trade Receivables	6.72	5.99	10.85
(g) Trade payables turnover ratio	Purchases of RM and Trading goods	Average Trade Payables	6.65	4.52	32.04
(h) Net capital turnover ratio	Revenue	Working Capital (excluding cash and current borrowings)	3.47	3.51	(1.07)
(i) Net profit ratio	Net Profit	Revenue	4.7%	3.6%	21.70
(j) Return on Capital employed	Earning before Interest & taxes	Capital Employed	16.6%	14.2%	14.42
(k) Return on investment					
UnQuoted (Fixed Deposits)	Income generated from Investments	Average Investments	4.6%	2.0%	57.64

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023 (CONTD.)**
Variance note:

b	Debt-Equity Ratio	Higher profitability in the current year as well as ongoing utilisation of IPO proceeds led to minimal usage of working capital facilities from banks leading to negligible debt-equity ratio
c	Debt Service Coverage Ratio	Higher profitability in the current year and reducing term loans outstanding resulted in higher DSCR
d	Return on Equity Ratio	Higher profitability in the current year improved the ROE for the current year compared to previous year
g	Trade payables turnover ratio	Availability of improved cash flow ensured early payment of trade payables in certain cases resulting in higher trade payables turnover ratio
k	Return on investment (Unquoted FD deposits)	Increasing interest rate scenario in the Indian economy resulted in FD deposits of unutilised IPO proceeds getting re-invested at higher rates improving the return on investment

55. 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 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.

56. Disclosure regarding undisclosed/surrendered Income if any under provisions of Income Tax Act, 1961: Company has no such events.

57. Disclosure regarding trading or inviting in Crypto Currency or Virtual Currency - NIL

58. The financial statements of the Company were authorised for issued in accordance with a resolution of the directors on 12th May, 2023.

59. 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: Bhilwara
Date: 12th May, 2023

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

ANJANA HARESH MOTWANI
(Chairman)
DIN: 02650184

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

Place: Mumbai
Date: 12th May, 2023

KARAN HARESH MOTWANI
(Managing Director)
DIN: 02650089

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

NOTICE OF THE 4TH ANNUAL GENERAL MEETING

HP ADHESIVES LIMITED

CIN: L24304MH2019PLC325019

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; Website: www.hpadhesives.com; Email: investors@hpadhesives.com

NOTICE is hereby given that the 4th Annual General Meeting of the Members of HP Adhesives Limited ("the Company"), will be held on Friday, 29th September, 2023 at 03:00 p.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended 31st March, 2023 together with the reports of the Board of Directors and Statutory Auditors thereon.
- To appoint a Director in place of Mrs. Anjana Haresh Motwani (DIN: 02650184), who retires by rotation and being eligible offers herself for re-appointment.

SPECIAL BUSINESS

- To consider and if thought fit, to pass with or without modification, the following as an **Ordinary Resolution** for split/ sub-division of 1 (One) Equity Share of the Company of the face value of ₹ 10/- (Rupees Ten Only) each into 5 (Five) Equity Shares of ₹ 2/- (Rupees Two Only) each.

"RESOLVED THAT pursuant to the provisions of Section 61(1)(d), 64 and all other applicable provisions,

if any, of the Companies Act, 2013 and rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and the provisions of Memorandum and Articles of Association of the Company, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other rules, regulations, circulars, notifications etc. issued thereunder, subject to such approvals and consents from appropriate authorities, the consent of the Members of the Company be and is hereby accorded for split/ sub-division of each equity share of face value of ₹ 10/- (Rupees Ten Only) into 5 (Five) equity shares of face value of ₹ 2/- (Rupees Two Only) each fully paid up."

RESOLVED FURTHER THAT pursuant to the split/sub-division of equity shares of the Company, all the issued, subscribed and paid up equity shares of face value of ₹ 10/- (Rupees Ten only) each of the Company existing on the record date to be fixed by the Board of Directors shall stand subdivided into equity shares of face value of ₹ 2/- (Rupees Two only) each fully paid up as given below, without altering the aggregate amount of such capital and shall rank pari passu in all respects with the existing fully paid equity share of ₹ 10/- each of the Company:

Particulars	Pre-Split/ Sub-division			Post-Split/ Sub-division		
	No. of Shares	Face Value (₹)	Total Share Capital (in ₹)	No. of Shares	Face Value (₹)	Total Share Capital (in ₹)
Authorised	2,00,00,000	10.00	20,00,00,000.00	10,00,00,000	2.00	20,00,00,000.00
Paid-up	1,83,74,947	10.00	18,37,49,470.00	9,18,74,735	2.00	18,37,49,470.00
Subscribed	1,83,74,947	10.00	18,37,49,470.00	9,18,74,735	2.00	18,37,49,470.00

RESOLVED FURTHER THAT upon sub-division of the Equity Shares as aforesaid, the Equity Shares held in the dematerialised form, the number of sub-divided Equity Shares be credited to the respective beneficiary accounts of the Members with the Depository Participants, in lieu of the existing credits representing the Equity Shares of the Company, before sub-division.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the Board, which term shall include any Committee constituted by the Board or any person(s) authorised by the Board

to exercise the powers conferred on the Board by this resolution), be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary in relation to the above including the matter incidental thereto and to execute all such documents, instruments and writings as may be required to this connection and, to give effect to the aforesaid resolution including but not limited to fixing of the record date as per the requirement of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and subsequent amendment thereto and such other

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applicable provisions/ enactments and amendments from time to time, execution of all necessary documents with the Stock Exchanges and the Depositories and/or any other relevant statutory authority, if any and to settle any question or difficulty that may arise with regards to the sub-division of the Equity Shares as aforesaid or for any matters connected therewith or incidental thereto."

4. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution for Alteration of Capital Clause of the Memorandum of Association of the Company:

"RESOLVED THAT pursuant to the provisions of Sections 13, 61 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including statutory modification (s) or enactment (s) thereof, for the time being in force), subject to such approvals as may be necessary, consent of the Members of the Company be and is hereby accorded to alter and substitute the existing clause V of the Memorandum of Association of the Company with the following new Clause V:

"The Authorised Share Capital of the Company is ₹ 20,00,00,000 (Rupees Twenty Crores only) divided into 10,00,00,000 (Ten Crores) equity shares of ₹ 2/- (Rupees Two Only) each."

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the Board, which term shall include any Committee constituted by the Board or any person(s) authorised by the Board to exercise the powers conferred on the Board by this resolution), be and is hereby authorised to take such steps as may be necessary and to execute all deeds, applications, documents and writings that may be required and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the above resolution(s), on behalf of the Company."

For **HP Adhesives Limited**
(formerly known as HP Adhesives Private Limited)

Karan Motwani

Managing Director
DIN: 02650089

Date: 4th September, 2023
Place: Mumbai

NOTES:

1. The relative Explanatory Statements, pursuant to Section 102 of the Act, in respect of the Special Business set out are annexed hereto.
2. Pursuant to the General Circulars 10/2022, 2/2022, 21/2021 and other circulars 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 12th May, 2020, 15th January, 2021 and 13th May, 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 Registered Office of the Company which shall be the deemed Venue of the AGM.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. 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 authorised 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 authorised 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.

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4. 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.
 5. The Company has availed the services of Central Depository Services (India) Limited ("CDSL") for conducting the AGM through VC/OAVM and enabling the 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. 19 below.
 6. 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, 1st September, 2023 in accordance with the provisions of the Companies Act, 2013, read with Rules made thereunder and MCA and SEBI Circulars.
 7. 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.
 8. 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.
 9. 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.
 10. The Board of Directors of the Company, at its meeting held on Monday, 4th September, 2023 has appointed Mr. Shivam Sharma, Proprietor of M/s. Shivam Sharma & Associates, Practicing Company Secretary as the Scrutinizer to scrutinise 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.
 11. In compliance with aforesaid MCA and SEBI circulars, the Notice of the AGM along with the Annual Report FY 2022-23 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 FY 2022-23 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). The 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).
 12. 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.
 13. 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:**
14. 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").
 15. In order to increase the efficiency of the voting process and in terms of SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 9th December, 2020, demat account holders are being provided with a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account

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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.

16. 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.
17. Voting Rights shall be reckoned on the paid-up value of equity shares registered in the name of the Members as of the cut-off date i.e. Friday, 22nd September, 2023.

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. Friday, 22nd September, 2023 only shall be entitled to avail the facility of remote e-voting.

18. The remote e-voting period commences on Tuesday, 26th September, 2023 from 9:00 a.m. IST and ends on Thursday, 28th September, 2023 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.

19. **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	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi/ Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/ Easiest are https://web.cdslindia.com/myeasitoken/home/login or by visiting 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/myeasitoken/Registration/EasiRegistration. 4) Alternatively, the user can directly access the e-Voting page by providing their Demat Account Number and PAN No. from an 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, the user will be able to see the e-Voting option where the e-voting is in progress and you will also be able to access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 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 a virtual meeting & vote 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'

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Type of shareholders	Login Method
	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 a virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	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 notes:

- Members are advised to update their mobile number and e-mail ID in their demat account with their Depository Participants to access Remote E-voting facility.
- 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.

B. Login method for Remote e-Voting and joining virtual meeting for non- individual shareholders holding shares in Demat form, shareholders holding shares in physical form and shareholders whose e-mail IDs are not registered with the Company.

- (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.

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- (vi) If you are a first-time user follow the steps given below:

For non-individual Members holding shares in Demat Form and shareholders holding shares in physical Form

PAN	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> 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 dematerialised 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.
- (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 the attested specimen signature of the duly authorised signatory who is authorised 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.

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20. 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 19. 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.
- g) Please note that participants connecting from devices via mobile hotspot may experience Audio/ Video loss due to fluctuations in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- h) As per the provisions of the MCA Circulars, Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

21. 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. 19 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.

22. 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, 23rd September, 2023 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, 23rd September, 2023, 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.

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- 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.

24. 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. Friday, 22nd September, 2023. Any person becoming Member of the Company after the dispatch of the Notice convening 4th 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.

25. 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 scrutinise the voting including 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 authorised 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. Friday, 29th September, 2023.

NOTICE (CONTD.)

EXPLANATORY STATEMENT

[Pursuant to Section 102 of the Companies Act, 2013 ("Act")]

As required by Section 102 of the Act, the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 3 and 4 of the accompanying AGM Notice.

Item No. 3: Sub-division of 1 (One) Equity Share of the Company of the face value of ₹ 10/- (Rupees Ten Only) each into 5 (Five) Equity Shares of ₹ 2/- (Rupees Two Only) each.

The Equity Shares of your Company are listed and traded on BSE Limited and National Stock Exchange of India Limited. With a view to encourage wider participation of small investors and to enhance the liquidity of the Equity Shares at the Stock Market, the Board of Directors at its meeting held on 4th September, 2023 has considered and recommended the split/ sub-division of 1 (One) Equity Share of the Company of the face value of ₹ 10/- (Rupees Ten Only) each into 5 (Five) Equity Shares of the Company of face value of ₹ 2/- (Rupees Two only) each fully paid up subject to approval of the Members and other statutory and regulatory approvals, as applicable.

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

The Board of Directors recommends the Ordinary Resolution for your approval.

Item No. 4: Alteration of Capital Clause of the Memorandum of Association of the Company.

Presently, the Authorised Share Capital of the Company is ₹ 20,00,00,000/- divided into 2,00,00,000 Equity Shares of ₹ 10/- each and the paid-up share capital of the Company is ₹ 18,37,49,470/- divided into 1,83,74,947 Equity Shares of ₹ 10/- each fully paid up.

The proposed sub-division of equity shares will not result in any change in the amount of authorised and paid-up share capital of the Company. However, the sub-division of Shares as aforesaid would also require consequential amendments to the existing Clause V of the Memorandum of Association ("MOA") of the Company to reflect the change in face value of each Equity Share of the Company from existing ₹ 10/- (Rupees Ten only) each to proposed ₹ 2/- (Rupees Two only) each.

As per the provision of the Section 13 and 61 of the Companies Act, 2013, any alteration in the Capital clause of MOA of the Company shall be effected only after the approval of the Members by passing an Ordinary Resolution.

The Board of Directors of the Company in its meeting held on 4th September, 2023 has considered and recommended the alteration of Clause V of the Memorandum of Association ("MOA") of the Company to reflect the change in face value of each Equity Share of the Company from existing ₹ 10/- (Rupees Ten only) each to proposed ₹ 2/- (Rupees Two only) each, subject to approval of the Members and other statutory and regulatory approvals, as applicable.

None of the Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution for your approval.

For **HP Adhesives Limited**
(formerly known as HP Adhesives Private Limited)

Date: 4th September, 2023

Place: Mumbai

Karan Motwani
Managing Director
DIN: 02650089

NOTICE (CONTD.)
DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE 4TH 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	Mrs. Anjana Haresh Motwani
Brief Profile	Mrs. Anjana Haresh Motwani, with over 40 years of experience in the adhesive industry, is currently designated as the Executive Director and Chairperson of our Company. She holds a bachelor's degree in Arts (Special) and a 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, a 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.
Designation	Executive Director & Chairperson
DIN	02650184
Date of Birth and Age	15 th March, 1956 (67 years)
Date of First Appointment on the Board	7 th May, 2019
Qualifications	Bachelor's degree in Arts (Special) and a Diploma in Administrative Management from University of Bombay and a Diploma in Export Business Management from Indian International Trade Center, Bombay.
Experience	More than 40 years
Expertise in specific functional area	Business Management
No. of Board Meetings attended during FY 2022-23	4
Number of Shares held in the Equity Capital of the Company	6740135
Shareholding in the Company as a beneficial owner	Nil
Directorships held in other Public Limited Companies	1
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)	1
Remuneration last drawn	Details of remuneration for FY 2022-23 has been provided in the Corporate Governance Report forming part of the Annual Report FY 2022-23.
Terms & Conditions and details of remuneration proposed	Executive Director liable to retire by rotation
Disclosure of relationships between Directors/ KMP inter-se	Mrs. Anjana Haresh Motwani is the mother to Mr. Karan Haresh Motwani, Managing Director and Promoter & Ms. Nidhi Haresh Motwani, Executive Director of the Company.



HP Adhesives Limited

CIN: L24304MH2019PLC325019

11, Unique House, Chakala Cross Road,
Andheri East, Mumbai - 400099, Maharashtra.

Tel. No: 022 - 6819 6300

Email: investors@hpadhesives.com