

# Focussed **Strategy.** Accelerating **Growth.**



# Across the Pages

## 02 - 23 Corporate Overview

- 02 Transformation
- 04 About Us
- 06 Product Offerings
- 10 Q&A with the Chairperson and Managing Director
- 12 Message from the Executive Director
- 14 Manufacturing Locations
- 16 Distribution Network
- 18 Financial Highlights
- 20 Growth Strategies
- 22 Board of Directors

### Investor Information

Market Capitalisation as at 31 <sup>st</sup> March 2024	₹ 877.86 crs
CIN	L24304MH2019PLC325019
BSE Code	543433
NSE Symbol	HPAL
Dividend Declared	₹ 0.30 per Equity Share
AGM Date	19 <sup>th</sup> September, 2024
AGM Venue	VC/OAVM

## 24 - 70 Statutory Reports

- 24 Management Discussion and Analysis
- 34 Company Synopsis
- 35 Directors' Report
- 51 Corporate Governance Report

## 71 - 131 Financial Statements

## 132 - 145 Notice



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

### Through a focussed strategy, HP Adhesives accelerates growth, turning efforts into performance!

At HP Adhesives, strategic focus has been instrumental in solidifying market presence and enhancing profitability. In FY 2023-24, the Company continued its focus on its core operations to boost production and sales volumes with efficient operations resulting in enhanced profitability. This approach has set a solid foundation for accelerated growth and deeper market penetration.

The commitment to serving diverse industry needs is reflected in the meticulously crafted product portfolio, featuring multiple SKUs tailored for various end-user industries. This not only strengthens market position but also expands the customer base by continuously responding to evolving market demands.

Further fuelling growth is the expanding distribution network across India, which has significantly widened geographical reach and improved service delivery. By integrating advanced technology, HP Adhesives has streamlined operations, elevated product quality, and enhanced efficiency—consistently exceeding customer expectations.

This focused strategy has not only led to notable profitability improvements but has also reinforced industry standing. Through these efforts, HP Adhesives is poised to continue its trajectory of success, ensuring a robust and dynamic presence in the Indian and global adhesives market.

# Focussed Strategy. Accelerating Growth.

#### Disclaimer:

This document contains statements about expected future events and financials of HP Adhesives Limited ("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.

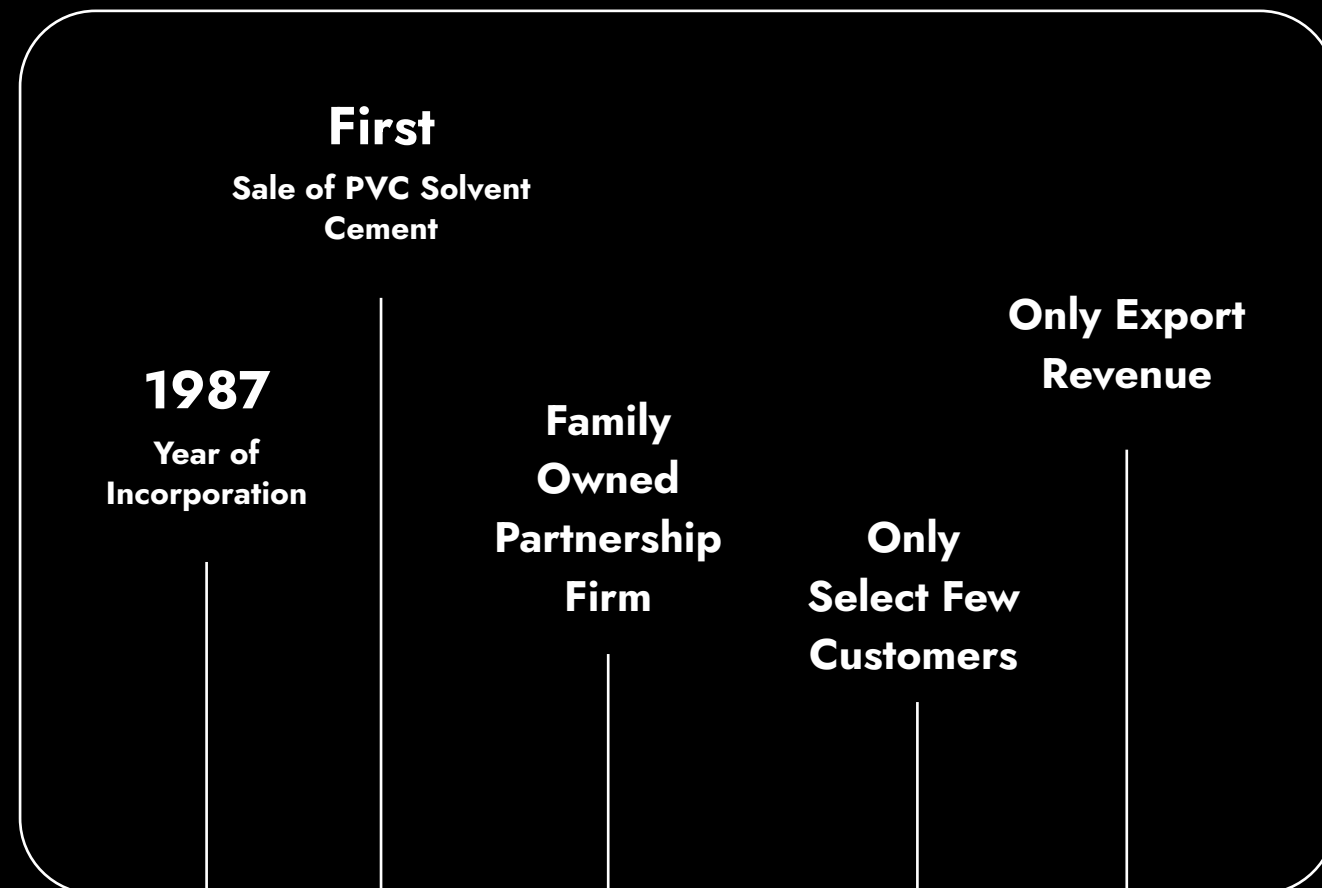


# Transformation

Founded in 1987, HP Adhesives Limited (also referred to as 'HP Adhesives', 'the Company') has built a distinguished reputation through years of industry expertise. The Company began its journey with the introduction of PVC solvent cement, marking the start of a broad and evolving product portfolio. Over the years, HP Adhesives has expanded its offerings to encompass multiple categories, reflecting its commitment to meeting diverse market needs. Achieving international recognition with the NSF Certification, the Company has solidified its dedication to quality and excellence. With a strong foothold in the global market, HP Adhesives now serves customers across numerous countries.

## Then

## Now



About Us

# About the Company

## Who is HP Adhesives Limited?

Incorporated in 1987, HP Adhesives Limited (also referred to as 'HP Adhesives' or 'HPAL' or 'The Company') has positioned itself as a prominent manufacturer and distributor of high-quality adhesives and sealants. The Company has evolved from its initial focus on a singular adhesives category into a multifaceted organisation catering to a wide array of end-user applications.

## Where is the manufacturing facility of HP Adhesives located?

The Company operates a state-of-the-art manufacturing facility located in Khalapur, Raigad district, Maharashtra. This facility boasts an annual production capacity of approx. 13,500 metric tons, allowing HP Adhesives to meet growing customer demands while upholding stringent quality control standards.

## What does the Company do?

HP Adhesives specialises in the manufacturing and distribution of a diverse range of adhesive and sealant solutions. The Company's operations are centred around providing reliable, high-performance products that meet various industry and consumer needs.

## What are the Company's products?

The Company's flagship product category includes solvent cements specially formulated for plastic pipes and fittings, such as PVC, cPVC, and uPVC. In addition to solvent cements, the product portfolio encompasses silicone sealants, synthetic rubber adhesives, PVA adhesives for woods and paper, among others epoxy putty for repairs and leakages, etc., spray paints, ball valves, Teflon tapes, and masking tapes to cater a broad range of market needs. Other ancillary products include sealants, rubber lubricants, PU foam, shellacs, etc.

## Industries Served



Plumbing



Agriculture



Water Supply and Drainage



Glass Glazing and Building Façade



Footwear



Home Improvement



Automotive

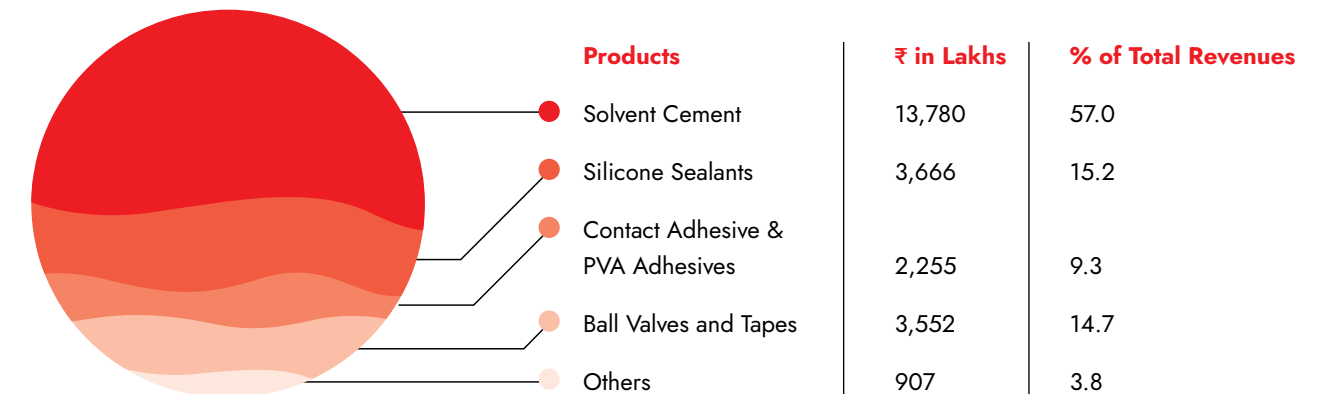


Foam and Furnishing



Woodworking and Carpentry

## Product-Wise Revenue Break-Up of FY 2023-24



Note: Above Revenue is before annual TODs and credit notes but net off taxes and direct discounts, etc

36+

Years of Experience

8+

Product Categories Portfolio

₹ 239.27 Crs

Total Income in FY 2023-24

25

States and

5

Union Territories

Presence

13,500

MTPA  
Installed Capacity

21

Countries

International Presence

1,450+

Domestic Distributors



## 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.



Product Offerings

# Accelerating Growth with Wide Product Portfolio

HP Adhesives offers a comprehensive range of high-quality adhesive and sealant solutions designed to meet the diverse needs of various industries, including construction, plumbing, agri, automotive, and household applications. The Company's products are engineered for superior performance, reliability, and ease of use.

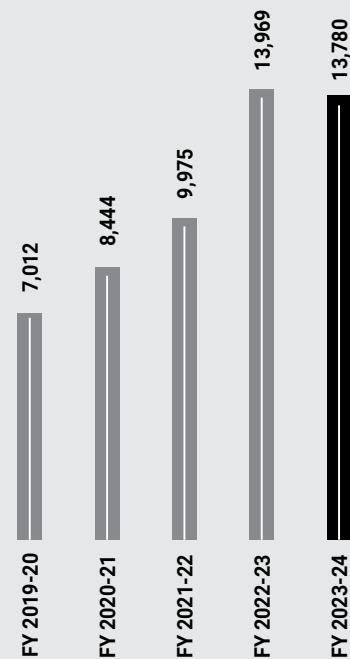
## Solvent Cement

Solvent Cement is a specialised adhesive primarily used in plumbing and piping applications. This type of cement creates strong and durable bonds between PVC and other plastic pipes, ensuring leak-proof and long-lasting connections. Its quick-drying properties and easy application make it an essential product for professional plumbers and DIY enthusiasts alike.



15.7%  
CAGR (5 Years)

### Solvent Cements (Revenue in ₹ Lakhs)



Note: Above Revenue is before annual TODs and credit notes but net off taxes and direct discounts, etc.

## Silicone Sealants

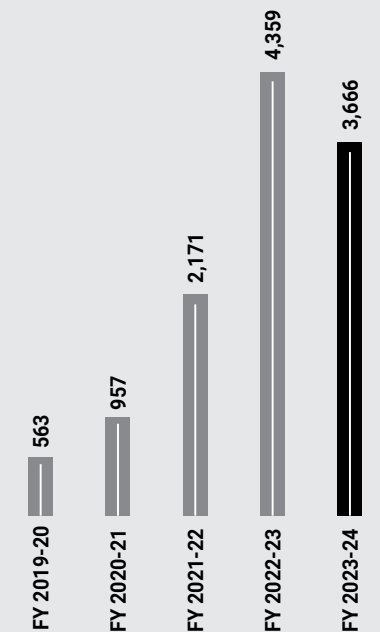
HP Adhesives offers a diverse range of silicone sealants used across various industries, including construction, automotive, and household applications. The product lineup includes:

- **General Purpose:** Available in Silver, Bronze, and Fast variants, suitable for everyday sealing tasks
- **Glass & Aquarium:** Designed specifically for glass installations and aquarium assembly
- **7,400 Neutral Silicone:** Ideal for a wide range of substrates, offering excellent adhesion and flexibility
- **7,890 Weather Sealant:** Designed to provide superior weather resistance, making it perfect for outdoor applications
- **Acrylic Sealant:** Versatile and paintable, suitable for interior and exterior applications

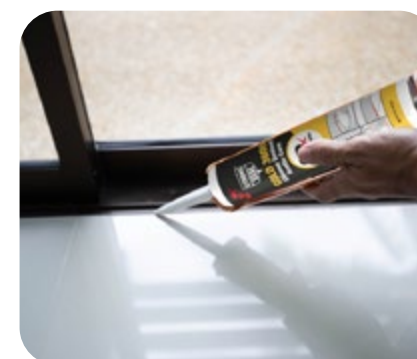


117.9%  
CAGR (5 Years)

### Silicone Sealants (Revenue in ₹ Lakhs)



Note: Above Revenue is before annual TODs and credit notes but net off taxes and direct discounts, etc.



## Contact Adhesive

HP Adhesives Brushable and Sprayable Contact Adhesives are versatile solutions used across several industries like furniture, foam and furnishing, automotive, footwear and leather goods production.



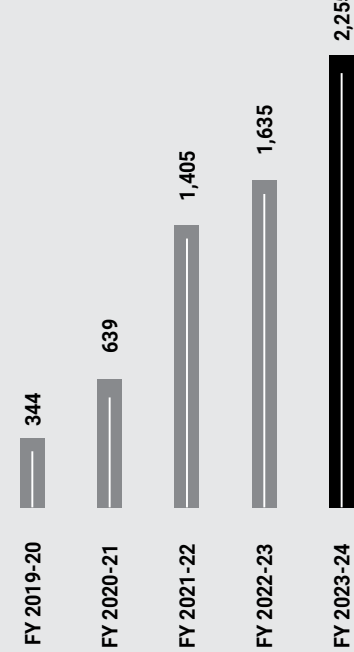
## White Glue/PVA

PVA (Polyvinyl Acetate) adhesives, commonly known as white or furniture glue, are water-based adhesives that find extensive use in households and various industries. They are primarily used in woodworking, carpentry and furniture.



**15.7%**  
CAGR (5 Years)

**Contact Adhesive + PVA**  
(Revenue in ₹ Lakhs)



## Other Include: Spray Paints, Epoxy Putty, PU foam, Rubber Lubricants, Liquid Sealants and Shellac

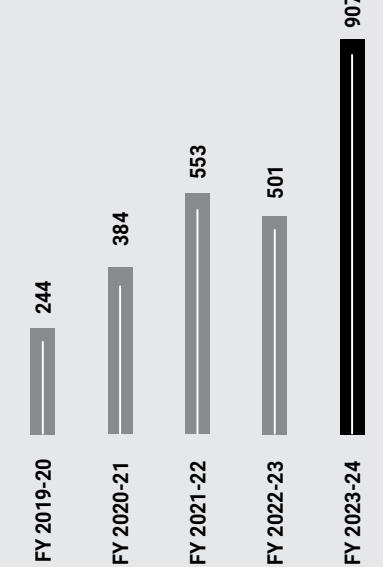
### Spray Paint

HP Adhesives offers a fast-drying, multi-purpose spray paint that provides a quick and premium finish on a variety of surfaces. Suitable for both exterior and interior applications, this spray paint is designed to deliver high-quality results, making it ideal for numerous decorative and protective projects.



**33.8%**  
CAGR (5 Years)

**Other**  
(Revenue in ₹ Lakhs)



### Epoxy Putty

HP Adhesives manufactures a range of Epoxy Putties under the StrongTite brand, including:

- StrongTite General Purpose Epoxy Putty: Suitable for a wide range of repair and maintenance applications
- StrongTite Sanitary Epoxy Putty: Ideal for plumbing repairs and sanitary applications
- StrongTite Fast Epoxy Putty: Offers quick-setting properties for rapid repairs and applications

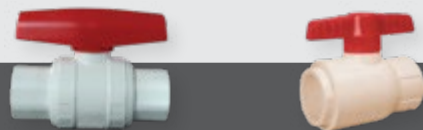


### Rubber Lubricants and Liquid Sealants



## Ball Valves

HP Adhesives offers a range of high-quality ball valves designed for use in PVC and CPVC plumbing systems providing precise control over fluid flow. The product lineup includes options suited for different pressure ratings and pipe sizes, catering to a diverse range of needs.



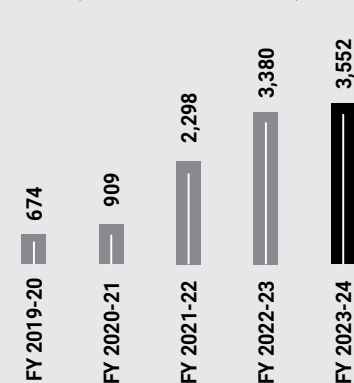
## Tapes

The Company's portfolio includes masking tapes and teflon tapes used for plumbing systems and general surface protection during carpentry and painting applications.



**49.5%**  
CAGR (5 Years)

**Ball Valves + Tapes**  
(Revenue in ₹ Lakhs)



Note: Above Revenue is before annual TODs and credit notes but net off taxes and direct discounts, etc.

Note: Above Revenue is before annual TODs and credit notes but net off taxes and direct discounts, etc.



Q&A with the Chairperson and Managing Director

# Navigating Growth: A Strategic Outlook and Future Vision



The year gone by has been instrumental in our growth trajectory, and we have achieved our highest profit since inception. Our focus on enhancing profitability and leveraging our core strengths has been pivotal in this accomplishment.



## What is your take on the overall macro-environment?

The global economy encountered challenges this year due to various factors, including the ongoing Russia-Ukraine conflict, the Red Sea crisis, tensions in the Middle East, rising inflation, and tightened monetary policies worldwide. These issues have had a significant impact on the global economic landscape. However, despite these hurdles, the resilience and adaptability of businesses and economies have paved the way for a positive outlook, with opportunities for recovery and growth on the horizon.

Despite these global challenges, India has successfully maintained its position as one of the fastest-growing economies. In FY 2023-24, the country reported a growth rate of 8.2%, highlighting its economic resilience and strategic prudence. This growth was driven by robust expansion in key sectors, with manufacturing and construction both seeing a notable increase of 9.9%.



## As Chairperson and Managing Director, how would you evaluate HP Adhesives' performance for the fiscal year 2023-24, given that this year has been a critical period for the Company?

We are pleased to report that we delivered an exceptional performance in FY 2023-24. This year has been instrumental in our growth trajectory, and we achieved our highest profit since

our inception. Our focus on enhancing profitability and leveraging our core strengths has been pivotal in this accomplishment. This was after a highly volatile two-year period post the pandemic, which saw unprecedented supply chain disruptions and runaway inflation impacting business operations significantly.

We successfully expanded our market reach through an increased dealer and distribution network. Additionally, we introduced several new product varieties in our core categories of adhesives and sealants that further solidified our market position and helped us meet evolving customer needs. We also introduced spray paints in our portfolio, which has seen great acceptance from our distribution network. Our strategic initiatives have been centred on driving sustainable growth while maintaining operational excellence.

However, the year was not bereft of its challenges. We navigated volatile raw material prices and inconsistent demand from a variety of customers across the year. But we remained agile and responded to upcoming challenges well and addressed each of those appropriately, allowing us to deliver robust results.

Moving forward, we are committed to sustaining this growth trajectory by continuing to focus on our core strengths and strategies, expanding our market presence, and introducing new products that align with market trends and customer demands. We will remain adaptable to market dynamics, ensuring that we continue to thrive and grow in a proactive and sustainable manner.



## How do you envision the Company's direction and growth moving forward?

Looking to the future, we anticipate a dynamic growth trajectory that reflects our commitment to innovation, sustainability, and market leadership. Our strategic objectives focus on several key areas:

### Expansion of Market Presence

We are committed to broadening our distribution network both domestically and internationally. Currently, we have over 1,450 distributors across India and are expanding our footprint globally. Our extensive distribution network is serviced by six depots across India (and the number is growing as we speak) which ensures timely availability of materials to our customers. Thus, reinforcing our capability to serve a growing and diverse market effectively. This strategic expansion will allow us to reach a more extensive customer base and enhance our market presence.

Our growth strategy includes strengthening relationships with dealers and distributors to ensure our products are always accessible and meet customer needs. As a leading adhesives and sealants manufacturer in India, we are well-positioned to adapt swiftly to market trends and offer a diverse range of products.

### Product Development

Developing new products remains at the core of all our strategies. We will continue to introduce new and improved products that cater to evolving market trends and customer needs. To give you an example, we have a wide range of sealants in our portfolio ranging from GP to neutral to hybrid and currently, PU sealants. Based on the available opportunity and requirement of customer, we are constantly working on a wide variety of chemistries for our adhesives and sealants portfolio to serve multiple end-user applications. Our recent product launches have already established a strong foothold in the market, and we plan to expand our portfolio further, particularly in sustainable and low-VOC product lines that align with global environmental standards.

### Sustainability Commitment

As we grow, our commitment to sustainability will guide our operations. We recognise the importance of environmentally responsible practices and strive to minimise our carbon footprint through sustainable manufacturing processes and product offerings. This approach not only meets regulatory standards but also resonates with our customers' values.

### Adaptability to Market Dynamics

The ability to adapt to changing market conditions will be crucial for our future success. We will remain vigilant in monitoring market trends and customer feedback, allowing us to pivot our strategies as necessary. Our proactive approach will enable us to capitalise on emerging opportunities while mitigating potential risks.



## What message would you like to convey to the stakeholders of the Company, reflecting on the future strategies and overall vision?

I would like to say that we are committed to our long-term strategy of achieving consistently accelerated growth with sustained profitability. Our robust manufacturing capabilities and dedication to product excellence position us well to capitalise on the promising growth opportunities within the industry. By focussing on product development and expanding our market reach, we are confident in our ability to drive continued success and reinforce our leadership in the sector.

Regards,

**Mrs. Anjana  
Haresh Motwani**  
Chairperson

**Mr. Karan  
Haresh Motwani**  
Managing Director



Message from the Executive Director

# Forging Ahead with a Focussed Strategy

## Dear Shareholders,

It is with great pleasure that I address you for the first time in this letter as part of our annual communication to shareholders. This inaugural message marks an important milestone in our journey together, and I am excited to share insights into our progress, achievements, and future direction. This opportunity to connect with you allows me to express gratitude for your continued support and outline the strategic initiatives that will drive our future success.

Aligned with our emphasis on 'Focussed Strategy. Accelerating Growth.', we are dedicated to refining our strategic approach to drive progress. Our targeted efforts in product diversification and market expansion are central to this strategy, positioning us to seize new opportunities and achieve accelerated growth.

## Focussed Strategy: Bonding Progress

In the world of industrial and consumer products, adhesives have evolved from being a mere niche component to an indispensable element across a multitude of applications. Just a few decades ago, adhesives were considered specialised products, often used in specific applications and limited to a few industries. However, as technology advanced and industries grew more complex, the role of adhesives expanded dramatically.

Today, adhesives are integral to a vast array of products and processes, from the construction of high-rise buildings and the manufacturing of automobiles

**In addition to expanding our production capabilities, we have significantly broadened our dealer and distribution network across India. We now have over 1,450 distributors covering total of 25 States and 5 Union Territories, serving more than 1,00,000 dealers.**

to everyday consumer goods such as electronics and packaging. In accordance with this, our strategic initiatives have positioned us well to capitalise on these trends.

## The Accelerating Growth

The growth in the adhesives market is poised to be driven by several key factors, including increased industrial activities, rapid urbanisation, and a thriving construction sector. As a major consumer of adhesives, the construction industry is anticipated to experience substantial expansion due to ongoing infrastructure projects and the development of urban housing across India.

With a proactive approach and a commitment to excellence, HP Adhesives is strategically positioned to capitalise on these growth opportunities and enhance our leadership within the adhesives industry.

## Strategic Expansions

We are continuously expanding our manufacturing facilities, which enhances our production capacity and positions us more competitively in the market. This also supports our commitment to delivering high-quality products with improved service delivery.

In addition to expanding our production capabilities, we have significantly broadened our dealer and distribution network across India. We now have over 1,450 distributors covering total of 25 states and 5 union territories, serving more than 1,00,000 dealers. This extensive Pan-India distribution network ensures that our products are readily available across diverse markets. Furthermore, we have strengthened our presence in international markets, reflecting our growing global footprint and commitment to expanding our reach beyond domestic boundaries.

This year, we also introduced a new line of Spray Paints, aligning with our strategy to diversify our product portfolio and enhance our market position. This addition reflects our ongoing efforts to meet the diverse needs of our customers. Together, these strategic initiatives and operational advancements reinforce our position as a prominent player in the adhesives industry.

## Accelerating Financial Performance

**Our Profit after Tax (PAT) for FY 2023-24 was ₹ 2,056.66 Lakhs, an increase from ₹ 1,085.81 Lakhs in FY 2022-23, showcasing a growth of 89.41%.**

During FY 2023-24, we achieved our highest-ever revenues, reaching ₹ 23,601.78 Lakhs, surpassing the ₹ 23,299.60 Lakhs recorded in FY 2022-23. Though this represents a meager value growth of 1.28% year-over-year due to reduced

selling prices, volume growth was much higher reflecting our strategic efforts. Our PBT also reached a record high of ₹ 2,811.66 Lakhs in 2023-24, compared to ₹ 1,503.36 Lakhs in the previous fiscal year, marking a growth of 87.03%.

Our Profit after Tax (PAT) for FY 2023-24 was ₹ 2,056.66 Lakhs, an increase from ₹ 1,085.81 Lakhs in FY 2022-23, showcasing a growth of 89.41%. This rise in PAT highlights our successful efforts to drive profitability and deliver value to our shareholders.

Additionally, we declared our first-ever dividend of ₹ 0.30 per equity share (15% on FV of ₹ 2 per share) to shareholders. This decision not only reflects our robust financial health but also our commitment to sharing the fruits of our success with our valued investors. The dividend payment reflects our dedication to rewarding our shareholders and reinforcing their trust in our long-term growth and sustainability.

## Pioneering Sustainability

As part of our commitment to sustainability, we are in the process of installing a captive solar power plant, which will significantly reduce our carbon footprint and reliance on non-renewable energy sources. Additionally, we have implemented processes to reuse materials, which helps minimise waste and lowers our environmental impact. These initiatives reflect our dedication to integrating sustainable practices into our operations and contribute to our overall goal of fostering environmental stewardship.

## Moving Forward

As we look ahead, our focus remains on sustaining our growth momentum and capitalising on emerging opportunities within the adhesives industry. We are committed to continuous innovation, expanding our product portfolio, and enhancing our operational efficiencies to meet evolving market demands. By leveraging our strengthened manufacturing capabilities and broadening our market presence, we aim to reinforce our leadership position and deliver exceptional value to our shareholders.

## Concluding Note

In closing, I would like to extend my heartfelt thanks to all our stakeholders—shareholders, employees, customers, and partners. As we embark on the next chapter of our journey, we remain focussed on our mission to deliver excellence and create value for all our stakeholders.

Warm Regards,

**Ms. Nidhi Haresh Motwani**  
Executive Director



# Growing Strategically

**HP Adhesives operates state-of-the-art manufacturing facilities in Khalapur, Raigad district, Maharashtra (near Khopoli), which are strategically positioned to optimise raw material imports, serve the entire country and enhance export efficiency. These facilities comply with stringent quality standards, holding certifications in ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 as well as CE, ROHS OVA and GMP.**

The Company's infrastructure includes dedicated areas for raw material storage, adhesive production, and finished goods storage, as well as a laboratory for quality control and research & development.

**13,500 MTPA**  
Combined Capacity



# Certifications



ISO 9001:2015



ISO 14001:2015



ISO 45001:2018



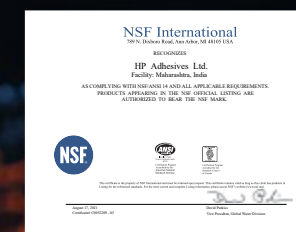
Good Manufacturing Practicing



ROHS OVA



CE OVA



NSF International



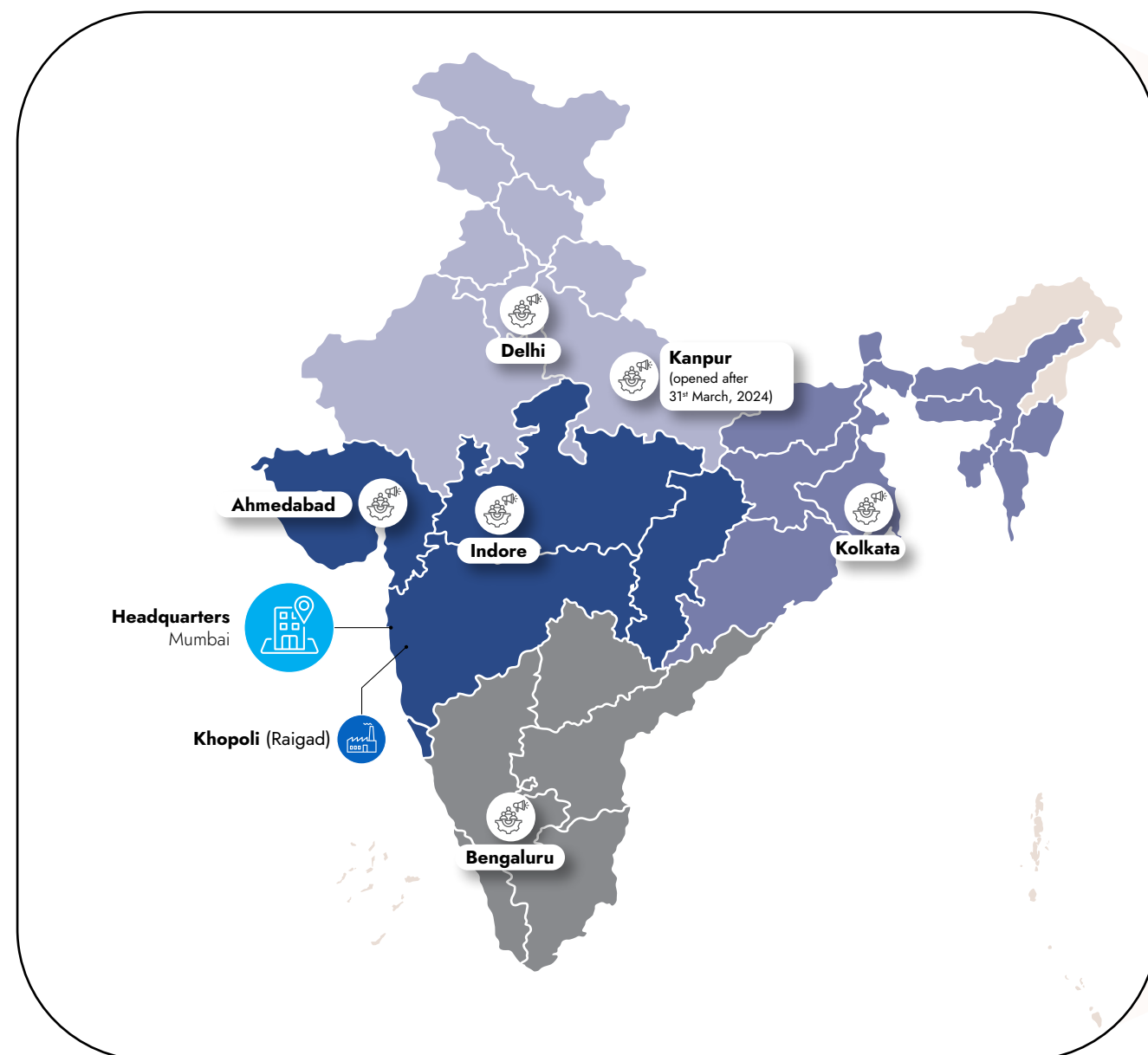
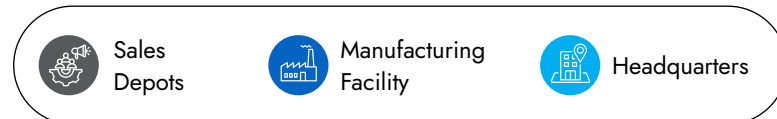
Distribution Network

# Excellence in Distribution

HP Adhesives holds a robust distributor network and an expanding global footprint, highlighting successful strategies in both domestic and international markets.

## Region-Wise Customers in FY 2023-24 (absolute numbers)

South	360+
West	470+
North	410+
East	275+



## Distribution Strength over the Last 5 Financial Years



Company has added distributors across India every year, and will continue to do so in coming years. These distributors cater to more than 1,00,000 dealers across the length and breadth of the country.

## 2023-24 Presence in countries



**Disclaimer:** 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 of connection with its accuracy or completeness.

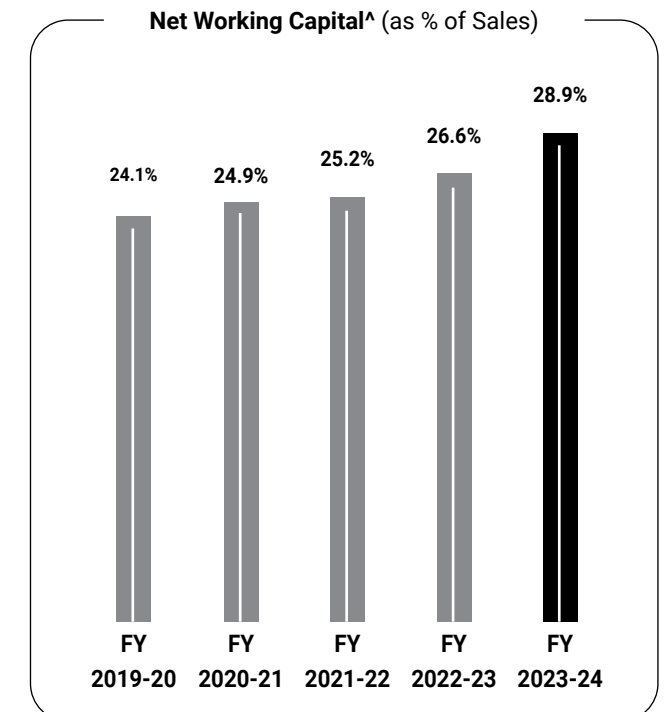
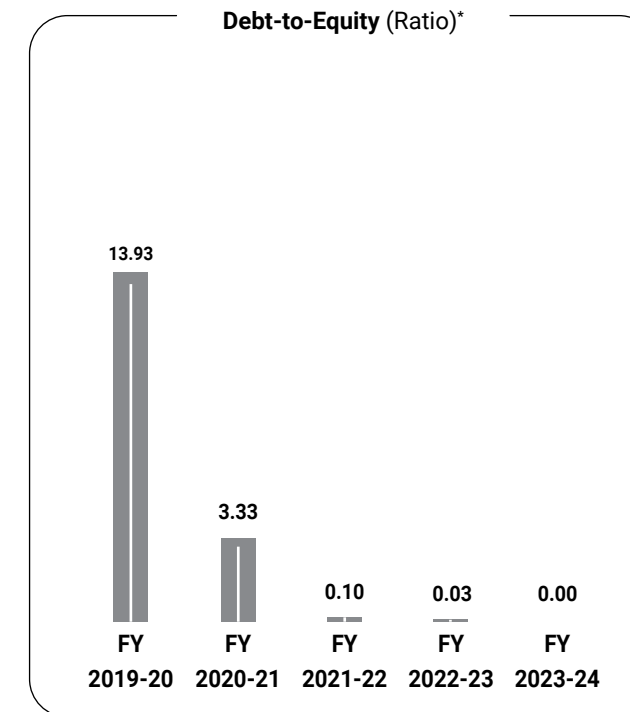
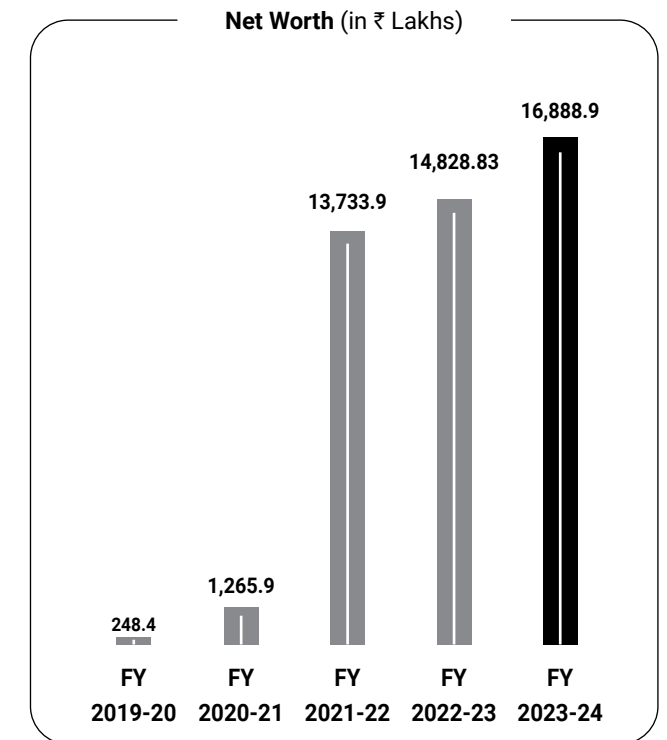
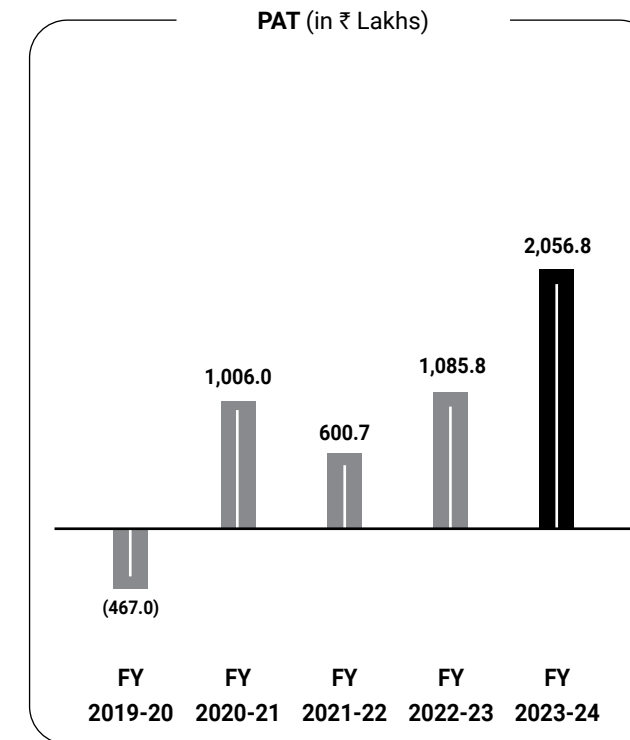
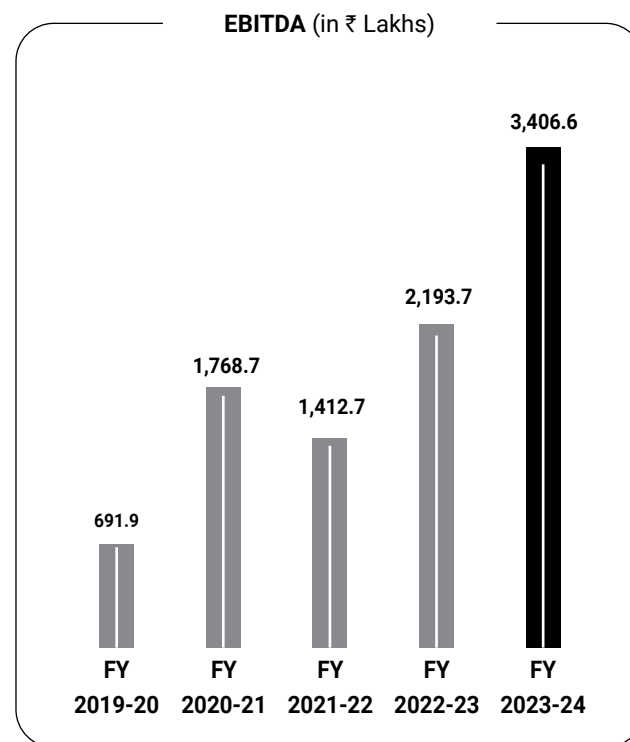
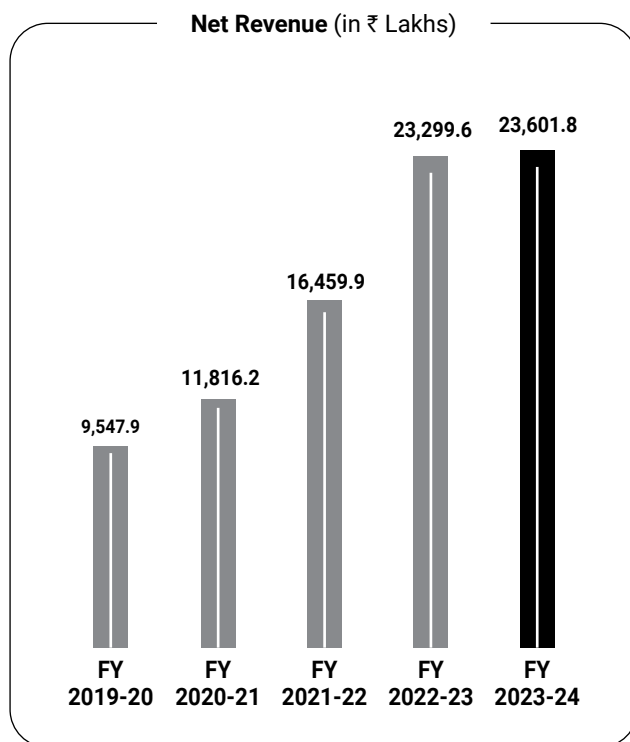


Financial Highlights

# Achieving Excellence: Our Performance Highlights of FY 2023-24

Achieving a significant milestone in its history, HP Adhesives has reported its highest profit to date, reflecting a strong growth trajectory in its financial performance. This success can be attributed to the Company's strategic focus on widening its product offerings and expanding its market presence.

Over the past five years, HP Adhesives has demonstrated significant growth metrics, including a revenue increase of approximately 22% CAGR and a profit growth of 38.7% CAGR, reflecting robust operational performance and strategic direction. The Company's operational efficiency is further highlighted by a favourable operating margin and a net-debt negative balance sheet (cash surplus), indicating a solid financial structure with no debt reliance. HP Adhesives is committed to sustaining this profit growth in the coming years while enhancing shareholder value. Additionally, the recommendation of its first dividend of ₹ 0.30/- per equity share (15% on FV of ₹ 2 per share) highlights the Company's appreciation for shareholder support.



\*Debt to equity for FY 2023-24, does not consider surplus cash ₹ 2,217.88 Lakhs lying as liquid investments and fixed deposits with Banks (without considering unutilised ipo proceeds).

\*FY 2021-22 and FY 2022-23 debt-equity is without considering bank FD balances of unutilised IPO proceeds

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

Growth Strategies

# Propelling Forward: Our Growth Strategies

**HP Adhesives has implemented a series of strategic initiatives to fuel growth and strengthen the Company's market position. By focussing on new product introductions, expanding the distribution network, growing the sales force, investing in plant automation, and leveraging demand-driven incentives, the Company has positioned itself for sustained success and industry recognition. These efforts have not only broadened HP Adhesives' market reach but also ensured superior product quality and customer satisfaction.**



## Distribution Network Expansion

With a pan-India distribution network of over 1,450 distributors across 25 states and 5 union territories, HP Adhesives serves more than hundred thousand dealers across India. The Company is committed to expanding its distribution presence across India to drive continued growth.



## Sales Team Growth

To support its expansion plans, HP Adhesives continues to grow its sales team. A larger and more effective sales force will enable the Company to serve its expanding distribution network better and reach more customers with its growing product portfolio.



## New Product Categories and Market Positioning

In FY 2023-24, as part of the growth strategy, HP Adhesives continued to introduce new product categories, including Epoxy Putty and Spray Paint. These new products were well-received, driving increased market share and customer satisfaction. Introducing newer variants in existing product categories of silicone sealants and solvent cement enabled more precise product application from customer's point of view.



## Investment in Plant Automation

To improve its efficiency and productivity, HP Adhesives regularly invests in automating its manufacturing facility in Maharashtra. This automation has helped the Company meet the increasing demand for its products while maintaining high quality standards.



## Enhancing Demand through Incentives

Leveraging its various incentive schemes as well as engaging with the applicator community, HP Adhesives is driving the demand for its products. These include undertaking plumber meets, carpenter meets, carrying put product demonstrations, offering competitive pricing, providing hassle-free operations, and delivering a diverse range of products that cater to the unique needs of customers across industries.



Board of Directors

# Pioneering Accelerated Growth: Board of Directors

**Mrs. Anjana Haresh Motwani**

Chairperson & Executive Director

Ms. Anjana Haresh Motwani, with over 40 years of experience in the adhesives industry, is currently designated as the Executive Director & Chairperson of the 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. Since 2007, she has been leading the operations of M/s. HP International. Ms. Motwani has been instrumental in the growth and development of the Company.



**Mr. Karan Haresh Motwani**

Managing Director

Mr. Karan Haresh Motwani is currently the Managing Director of the Company. He holds a Bachelor's degree in Management Studies from Narsee Monjee Institute of Management Studies, Mumbai. He has completed a Post-Graduate Programme in Management from S.P. Jain Institute of Management & Research, Mumbai. Admitted to the partnership of M/S. HP International in 2007, Mr. Motwani has been pivotal in growing the business, including the introduction of new products and expansion of the distribution network. He plays a crucial role in devising the Company's growth strategy and executing its vision.



**Ms. Nidhi Haresh Motwani**

Executive Director

Ms. Nidhi Haresh Motwani has been associated with HP Adhesives since 2016 and currently serves as the Executive Director of the 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, Ms. Motwani leads the execution of the organisational strategy across all levels, with a focus on operations, new projects, and the growth of new product categories. Under her leadership, the Company has seen a significant increase in output capacity and consistent production efficiency. She has been instrumental in the successful launch and growth of new products, including Silicone Sealants, PVA Adhesives, and Rubber Adhesives.



**Mr. Rajendra Kumar Jain**

Non-Executive & Independent Director

Mr. Rajendra Kumar Jain serves as a Non-Executive & Independent Director of the 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. Additionally, he is a fellow member of The Institute of Company Secretaries of India and holds a Law Degree from the University of Ajmer. Since 2017, Mr. Jain has been the Secretary General of the Mewar Chamber of Commerce & Industry, a recognised divisional chamber of South Rajasthan. With over 18 years of experience as a practising Company Secretary, he has been a Director on the Company's Board since 5<sup>th</sup> July, 2021.



**Mr. Surendra Kumar Mehta**

Non-Executive & Independent Director

Mr. Surendra Kumar Mehta serves as a Non-Executive & Independent Director of the Company. He is a qualified Chartered Accountant and Company Secretary with over three decades of cross-functional experience in the manufacturing, service, and IT industries. His notable roles include serving as Head of Business Excellence at ACC Limited, Vice President of Finance at iGATE, Chief Financial Officer & Company Secretary at IGE (India) Limited, and General Manager of Projects at Gontermann Peipers India Limited. Additionally, he has served as an Arbitrator on the Arbitration Panel of BSE Ltd. Mr. Mehta has been a Director on the Company's Board since 23<sup>rd</sup> June, 2021.



**Mr. Ajeet Anant Walavalkar**

Non-Executive & Independent Director

Mr. Ajeet Anant Walavalkar serves as a Non-Executive & Independent director of the Company. He holds a Bachelor's Degree in Electrical Engineering from the University of Poona. His extensive career includes roles as Executive Director at Morris Line Engineering and Chief Operating Officer at Bahwan Engineering Group, Oman. With 37 years of experience at the Bahwan Group, Mr. Walavalkar has garnered significant expertise in international trade and corporate development. He has been a Director on the Company's Board since 5<sup>th</sup> July, 2021.





# Management Discussion and Analysis

## Global Economy

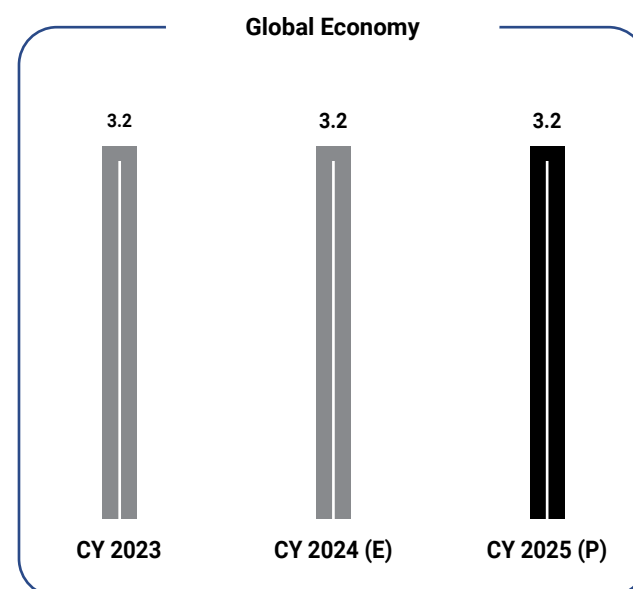
The global economy has shown resilience in the face of significant headwinds in CY 2023 and the current year to date (CY 2024). While tight monetary policies aimed at curbing high inflation have weighed on economic activity, several key factors have helped sustain growth. Early resilience in CY 2023, before the full impact of policy tightening was felt, and decisive action by authorities to contain financial turbulence have balanced the risks to the outlook. A notable bright spot has been the robust expansion in India, the fastest-growing large economy.

Global economic growth is expected to moderate from CY 2022 levels, but the overall outlook remains positive. According to the IMF, the global economy grew by 3.2% in CY 2023, with forecasts for CY 2024 and CY 2025 remaining steady at 3.2%.



Inflation is anticipated to gradually ease, supporting a more balanced recovery across regions. Inflation is projected to decline from 6.9% in CY 2023 to 5.0% in CY 2024 and 3.4% in CY 2025, supported by tight monetary policy and fading pressures on goods and energy prices. This gradual easing, alongside resilient growth and rapid disinflation, points to favourable supply developments, including the fading of energy price shocks and a rebound in labour supply.

### Growth Projections (%)



E - Estimate  
P - Projection

(Source: <https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024#:~:text=Global%20recovery%20is%20steady%20but,same%20pace%20as%20in%202023.>)

## Outlook

Global growth in CY 2024 continues to gather momentum and is expected to remain resilient, driven by a rebound in global trade. Although inflationary pressures are easing, navigating the final phase of disinflation poses potential challenges. Central banks maintain a firm approach, guided by data, in their efforts to combat inflation. Market expectations regarding the timing and pace of interest rate cuts are evolving in response to new economic data and central bank communications. The USD and sovereign bond yields remain stable within a narrow range. In contrast, gold prices have surged due to increased safe-haven demand, and equity markets have seen gains across both advanced and emerging economies following the last Monetary Policy Committee meeting.

(Source: <https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/ORBIBULLETINJUNE202404EC73E247C64EFB960FBCF565370E76.PDF>)

## Indian Economy

India's economy demonstrated remarkable strength in the face of global challenges, emerging as the fastest-growing major economy in the world. According to provisional estimates from the National Statistical Office (NSO), India's real gross domestic product (GDP) grew by 8.2% in FY 2023-24. This growth was driven by robust domestic demand, reflecting the Indian economy's resilience and strength amid evolving global dynamics.

The manufacturing sector was a key driver of this growth, witnessing a significant growth of 9.9% in FY 2023-24, a stark improvement from the 2.2% contraction observed in the preceding year. This highlights the success of the government initiatives aimed at boosting the manufacturing sector. Additionally, the 8 core industries, including sectors like electricity, coal, steel, and cement, achieved a robust growth of 7.2% in FY 2023-24. This strong performance in the core sector, which serves as a vital gauge of overall industrial and economic vitality, further propelled India's economic advancement.

India has also asserted itself as a global frontrunner in service exports, ranking seventh globally and second among developing countries. According to UNCTAD, the country exceeded the global average in service exports in CY 2023.

This robust economic growth, coupled with the nation's rising prominence in the global services trade, solidifies its position as an emerging superpower and the fastest-growing major economy globally.

(Source: <https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/ORBIBULLETINJUNE202404EC73E247C64EFB960FBCF565370E76.PDF>  
<https://www.thestatesman.com/business/eight-core-industries-grow-by-6-2-yoy-in-april-1503305641.html>

<https://economictimes.indiatimes.com/news/economy/indicators/india-to-emerge-as-an-economic-superpower-amid-impending-global-economic-landscape/articleshow/110418764.cms?from=mdr>)



## Outlook

The domestic economic outlook remains robust, supported by strong domestic demand and improved macroeconomic fundamentals. However, volatile food prices pose challenges to achieving disinflation and cloud the inflation forecast. Geopolitical hostilities, fluctuating global financial markets, and climate-related shocks are significant risks to the outlook. Monetary policy continues to prioritise aligning inflation with targets to lay the groundwork for sustained growth in the medium term.

(Source: <https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/04MPR2304202400440D1FBD4244B998A004AB73028DAC.PDF>)

## Global Adhesives Market

The global adhesives market is poised for significant growth, with estimates indicating expansion from approximately USD 68.88 bn in CY 2024 to around USD 87.04 bn by CY 2028. This growth represents a robust compound annual growth rate (CAGR) of 6.03% during the forecast period spanning CY 2024 to CY 2028. Geographically, the Asia-Pacific, Europe, and North America collectively dominate the global adhesives market, accounting for a substantial 87.5% share.

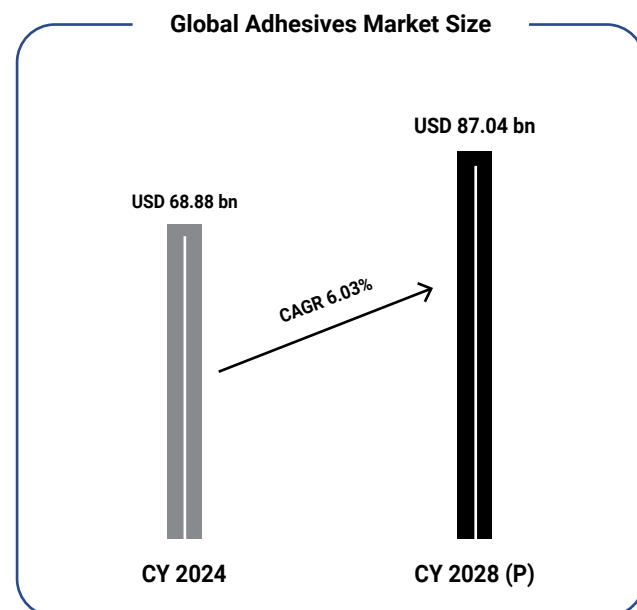
(Source: <https://www.mordorintelligence.com/industry-reports/global-adhesives-market>)



These regions capitalise on vigorous industrialisation, technological advancements, and strong manufacturing facilities, all of which contribute to the widespread adoption of adhesives across various applications.

A major catalyst for this growth is the increasing demand across multiple end-user industries, particularly the packaging sector, which is emerging as the fastest-growing segment globally. Alongside packaging, the construction industry continues to be a significant consumer of adhesives, employing them extensively for a wide range of applications, including structural bonding, insulation, and finishing.

The global growth trends in the adhesives market present a favourable landscape for Indian manufacturers to expand their market presence, drive innovation, and establish themselves as key players in the global supply chain. Through targeted focus on specialised applications, technological advancements, strategic partnerships, and a firm commitment to high-quality standards, Indian adhesive manufacturers can effectively capitalise on opportunities across a wide spectrum of global industries.



P - Projection

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

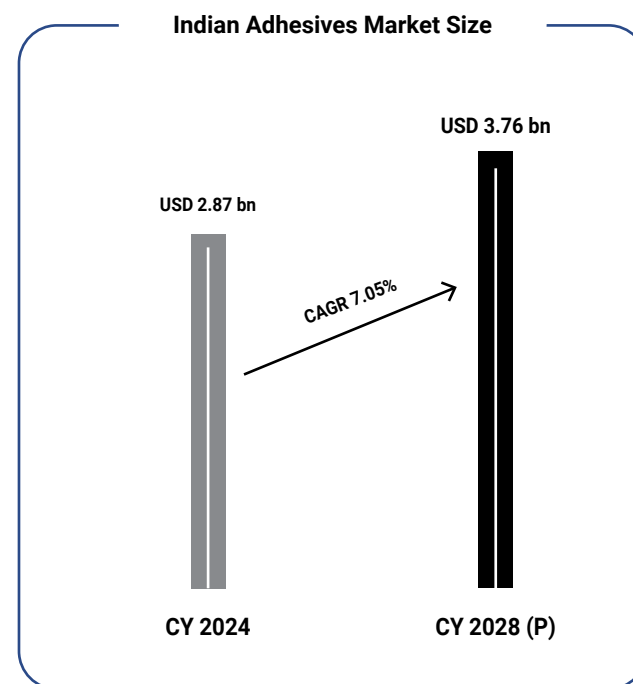
## Indian Adhesives Market

The Indian adhesives market, valued at approximately USD 2.87 bn in CY 2024, is set for significant growth, with projections indicating it will reach around USD 3.76 bn by CY 2028. This represents a Compound Annual Growth Rate (CAGR) of approximately 7.05%.

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

This growth will be driven by several factors, including increasing industrial activities, rapid urbanisation, and a thriving construction sector. The construction industry, a major consumer of adhesives, is anticipated to grow significantly, driven by infrastructure projects and urban housing developments across India. Additionally, the automotive sector's expansion and the growing demand for lightweight materials are further fuelling the need for advanced adhesive technologies.

Indian adhesive manufacturers have a robust growth trajectory ahead, provided they adapt to emerging trends, innovate continuously, and align their product offerings with evolving customer preferences and regulatory standards.



P - Projection

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

## Key Growth Drivers

### Construction and Home Improvement Industry

According to a research study by TechSci, the Indian construction industry is primed for substantial growth, with a projected rate of nearly 15% over the forecast period, reaching an estimated value of around USD 800 bn. Currently, there are about 20,000 active construction projects across India. Furthermore, as per the United Nations, India's urban population is expected to rise from 377 mn in CY 2011 to 594 mn in CY 2036, marking a remarkable growth of around 57%.

(Source: <https://www.linkedin.com/pulse/india-adhesives-market-value-trends-2029-economy-expansion-kapoor-odqzc/>)

This urbanisation, coupled with improved living standards, is driving steady growth in construction activities. Adhesives are essential in the building and construction industry, providing benefits such as high cohesive strength, excellent adhesion, elasticity, and resistance to environmental factors like UV light and corrosion.

The demand for adhesives is further amplified by the growing focus on home improvement and the need for robust housing structures, as both residential and non-residential sectors are significant end-users.

HP Adhesives intends to leverage this trend by providing relevant adhesive chemistries tailored to the requirements of various construction and home improvement applications.

### Smart Cities Mission and Housing for All

The Smart Cities Mission and Housing for All initiatives have driven large-scale construction and infrastructure development, significantly boosting the demand for the building materials industry, including high-quality adhesives used in various building materials, fixtures, and fittings. The focus on modern, sustainable construction practices promoted by these initiatives has accelerated the adoption of advanced adhesive technologies.

In alignment with these initiatives, the PM Awas Yojna aims to provide affordable housing to urban poor populations. Under the PM Awas Yojana Urban 2.0, the government has committed an investment of ₹ 10 Lakh Crs to address the housing needs of 1 Cr urban poor and middle-class families. The plan also includes constructing an additional 3 Cr houses in both rural and urban areas, with allocations currently in progress. This substantial investment highlights the government's dedication to enhancing housing accessibility, which in turn stimulates the demand for construction materials and adhesives. This is an ongoing significant opportunity.

### Growing Woodworking, Foam and Furnishing Industry

The woodworking industry plays a crucial role in driving adhesive demand in India, especially in the consumer adhesives segment. This sector holds a significant share of consumption, driven by the rising demand for furniture, wooden flooring, cabinets, and other wood-based products. Polyvinyl Acetate (PVA) adhesives are widely used in woodworking as well as art & craft applications, making them the predominant choice in the consumer adhesives market in India.

The foam and furnishing industry is also contributing to the growth in demand, as adhesives are crucial for bonding and sealing applications in furniture manufacturing. The rising demand for furniture, driven by factors like growing urbanisation, increasing disposable incomes, and the shift towards nuclear families, is boosting adhesive consumption in this segment.

### Irrigation and Agriculture

The Irrigation and Agriculture sector is set to drive demand for water transportation systems like plastic piping systems which in turn results in demand for solvent cement category. The continued focus of the Government on supporting Agri industry provides necessary impetus to irrigation infrastructure.

### Automobiles – End-User Products

The growth of the automobile industry in India is driving increased adoption of contact adhesives and specialised silicone sealants, which are essential for automotive manufacturing and repair. HP Adhesives stands to benefit significantly by capitalising on this trend. As the demand for advanced adhesives in the automotive sector rises—due to their critical roles in bonding, sealing, and enhancing vehicle performance—HP Adhesives can tap into new market opportunities, expand its product offerings, and strengthen its market position. This involvement will not only boost revenue but also enhance HP Adhesives' reputation as a key player in automotive innovation and quality.

(Source: <https://www.transparencymarketresearch.com/adhesive-market.html>, <https://www.marketsanddata.com/industry-reports/india-adhesives-market>, [https://www.indiabudget.gov.in/doc/budget\\_speech.pdf](https://www.indiabudget.gov.in/doc/budget_speech.pdf))

## Company Overview

Established in 1987 as a partnership named 'H.P. International', HP Adhesives Limited (referred to as 'HP Adhesives' or 'the Company') specialises in the manufacturing and distribution of adhesives and sealants for various applications. Operating from a state-of-the-art manufacturing facility in Khopoli, Maharashtra, the Company has an annual production capacity of approximately 13,500 metric tonnes.

With a broad customer base across India and globally, HP Adhesives has a growing distribution network across 25 states & 5 Union Territories in India and 21 countries globally, catering to almost 1,600 customers.

Positioned for continued growth, HP Adhesives remains committed to innovation, upholds uncompromising quality standards, and adeptly addresses the dynamic needs of its diverse global and local customer base.

### Product Portfolio

- CPVC, PVC, and uPVC Solvent Cements
- Silicone Sealants
- Synthetic Rubber Adhesives
- PVA Adhesives
- Epoxy Putty
- Ancillary Products like Ball Valves, Teflon Tapes, and Masking Tapes
- Spray Paints
- Black and White Sealants, Pipe Lubricant, and Gasket Shellacs



## Summary of Product Categories during FY 2023-24

### Solvent Cement

HP Adhesives is a leading player manufacturing and distributing a complete range of solvent cements (plumbing adhesive), including PVC, CPVC, and uPVC solvent cement. Boasting a product portfolio of 200+ Stock Keeping Units (SKUs), the Company offers a comprehensive range of products with different viscosity requirements (regular-bodied, medium-bodied, and heavy-duty) and an extensive range of packaging options (from 10 ml tubes to 5 kl cans). These solvent cements find applications across various sectors—PVC solvent cement for irrigation, sewage, and drainage systems; CPVC solvent cement for hot and cold plumbing pipes and fittings; and uPVC solvent cements intended for high-pressure pipes and fitting systems. In addition, HP Adhesives provides primer and cleaner products suitable for all PVC and CPVC applications. Solvent cement is marketed under two distinct brands—HP and StrongWeld in the Indian and export market.



### Contact Adhesives and PVA Adhesives

HP Adhesives is expanding its range of PVA and rubber adhesives. Branded as 'Strong Fix', PVA adhesives serve as woodworking glue, while rubber adhesives, renowned as contact adhesives, find extensive use in woodworking, foam furnishing (like mattresses), automotive, footwear, and handicrafts. The Company offers an extensive range of SKUs for both sprayable and brushable rubber adhesives, meticulously crafted to meet various customer requirements. While the current range and presence of PVA adhesives is limited, HP Adhesives plans to expand this product line in the coming period.



### Silicone Sealants

HP Adhesives manufactures and sells silicone sealants under the esteemed 'Strong Seal' brand. These sealants are ideal for sealing gaps in doors, windows, automobiles, as well as crack-filling for home interior solutions. Used widely in glazing, external weather sealing, interior applications, bathroom fittings, and diverse construction projects, 'Strong Seal' silicone sealants meet a spectrum of versatile needs. Available in 260 ml, 280 ml, and 300 ml cartridges as well as sausage packing, and offered in various colours, these dynamic sealants have witnessed rapid uptake across multiple industries, cementing their reputation as a go-to solution for robust and reliable sealable applications. The Company has a growing portfolio of silicone sealants including sealants for new and intense bonding applications which we believe will position HP Adhesives as a renowned player in this industry with world-class quality and variety.



### Ball Valves and Tapes

HP Adhesives extends its reach with a robust distribution network offering ball valves, PTFE tapes, and masking tapes to its existing set of customers. Ball valves and PTFE tapes complement HP Adhesives' solvent cement adhesives at PVC and CPVC pipe and fitting counters, pivotal in ensuring seamless installation and maintenance. Meanwhile, masking tape serves a crucial role in painting, carpentry, and interior projects by safeguarding delicate surfaces like glass and laminates, shielding them from stains and damage.



### Spray Paints

HP Adhesives offers high-performance, fast-drying spray paints designed for versatile use in both indoor and outdoor settings. Engineered to provide a swift and premium finish across diverse surfaces, our spray paint ensures exceptional versatility and efficiency. Whether elevating home interiors, refinishing automotive surfaces, or engaging in creative endeavours, the Company's product stands out with its superior coverage, vivid colours, and enduring resilience. Crafted to withstand chipping, fading, and peeling, it remains the preferred choice among professionals and DIY enthusiasts alike for its reliability and enduring quality.



### Distribution Channel

HP Adhesives employs a multifaceted distribution strategy that spans continents, ensuring its premium products are readily accessible to a global clientele. By on boarding distributors who are crucial in the resale of their offerings, HP Adhesives penetrates Indian market as well as select export markets with unparalleled efficiency.

Focus of the Company is to continuously increase its direct engagement with retailers (through distributors), and end-users underpins their approach, fostering enduring partnerships that strengthen their position. The Company had a network of 1450+ distributors across India and has been growing consistently over last several years. Going forward, the network will continue to expand as that's the bedrock of the Company's distribution strategy.



Internationally, HP Adhesives commands a formidable presence, with its products reaching over 21 countries. This expansive reach not only underscores the Company's global footprint but also highlights their commitment to delivering excellence across borders. We are actively working on opening up newer markets globally and the impact of the same will be seen in the coming years which the Company is very optimistic about.

### Marketing Strategy and Brand Awareness

HP Adhesives has strategically focused on strengthening its brands—'Strong Weld', 'HP', 'Strong Seal', and 'Strong Fix'—through directed promotional and brand-building initiatives. The Company actively engages dealers, distributors, and key applicators like plumbers, carpenters, and masons



through exclusive gatherings. These events serve as platforms for unveiling new products and variants, featuring live demonstrations and testing to showcase product excellence. Incentive schemes aimed particularly at applicators, who wield significant influence in purchasing decisions, further enhance brand loyalty. Moreover, the Company maximises brand exposure through active participation in international exhibitions, solidifying its global presence. These integrated efforts play a crucial role in promoting the Company's product offerings and will remain central to its strategic focus going forward.



## Corporate Social Responsibility (CSR)

During FY 2023-24, HP Adhesives made significant contributions to the well-being of the communities in and around Narangi Village, Khalapur Raigad. As part of its CSR initiatives, the Company allocated ₹ 14 Lakhs for the purchase of an ambulance, ensuring that villagers have access to timely and essential medical services.

In addition to healthcare support, HP Adhesives extended educational assistance by awarding scholarships to deserving students of Narangi School, empowering the next generation with opportunities for a brighter future. Furthermore, the Company addressed the critical need for clean drinking water by providing RO purified water to the residents of Narangi Village, promoting better health and hygiene within the community.



## Product portfolio..expanding every year



## Financial Performance and Overview

Particulars	FY 2023-24	FY 2022-23	Change (%)
Revenue from Operations	₹ 23,601.78 Lakhs	₹ 23,299.60 Lakhs	1.29
Profit before Tax	₹ 2,789.26 Lakhs	₹ 1,640.90 Lakhs	69.98
Profit after Tax	₹ 2,056.81 Lakhs	₹ 1,085.81 Lakhs	87.02
Cost of Materials	₹ 14,812.83 Lakhs	₹ 16,285.50 Lakhs	(9.04)
Employee Benefits Expenses	₹ 2,854.83 Lakhs	₹ 2,194.14 Lakhs	30.11
Depreciation and Amortisation	₹ 429.35 Lakhs	₹ 323.50 Lakhs	32.72
Tax Expense	₹ 754.84 Lakhs	₹ 417.55 Lakhs	80.77
Other Expenses	₹ 2,853.48 Lakhs	₹ 2,379.74 Lakhs	19.90

- Revenue from Operations for the current period was ₹ 23,601.78 Lakhs, compared to ₹ 23,299.60 Lakhs in the previous period, reflecting a growth of 1.29%.
- Profit Before Tax increased to ₹ 2,789.26 Lakhs, up from ₹ 1,640.90 Lakhs, marking a significant rise of 69.98%.
- Profit After Tax rose to ₹ 2,056.81 Lakhs, compared to ₹ 1,085.81 Lakhs in the previous period, an increase of 87.02%.
- The Cost of Materials decreased to ₹ 14,812.83 Lakhs from ₹ 16,285.50 Lakhs, a reduction of 9.04%.
- Employee Benefits Expenses amounted to ₹ 2,854.83 Lakhs, up from ₹ 2,194.14 Lakhs, an increase of 30.11%.
- Depreciation and Amortisation expenses rose to ₹ 429.35 Lakhs from ₹ 323.50 Lakhs, a growth of 32.72%.
- Tax Expense increased to ₹ 754.84 Lakhs, up from ₹ 417.55 Lakhs, reflecting an increase of 80.77%.
- Other Expenses were ₹ 2,853.48 Lakhs, compared to ₹ 2,379.74 Lakhs previously, showing an increase of 19.90%.

## Risk and Mitigation



### Economic, Political and Market Risk

#### Key Risks

Shifts in the geopolitical and macroeconomic landscape can pose significant disruptions to the Company's regular operations and potentially undermine its financial stability.

#### Mitigation

HP Adhesives proactively manages these risks by closely monitoring global economic trends. Top management stays tuned to the key developments on these fronts to ensure right decision-making. Company has been growing its size in a profitable manner which helps in absorbing any unprecedented shocks in a material way.



### Supply Chain

#### Description

The Company relies on suppliers for essential raw materials and packing materials, along with capex components, and parts necessary for manufacturing its products. Any disruption in the supply chain can severely affect HP Adhesives' production and delivery timelines, resulting in revenue losses and dissatisfaction among customers.

#### Mitigation

To mitigate risks within its supply chain, the Company has strategically widened its supplier base for most of the key raw materials and packing materials. The Company focusses on constant nurturing of its relationships with multiple suppliers for alternative sourcing, regularly assessing supplier reliability, and optimising inventory levels to safeguard against disruptions.





## Quality Control Issues

### Description

The Company's reputation and customer satisfaction hinge closely on the quality of its products. Nevertheless, there exists a potential risk that issues related to quality control may jeopardise the Company's standing by resulting in product defects.

### Mitigation

The Company enforces rigorous quality control processes, conducts regular inspections and audits, invests in advanced manufacturing technologies, trains staff extensively, and promptly addresses any quality concerns to uphold product integrity and ensure customer satisfaction.



## Product Concentration Risk

### Description

Specialising solely in one product category exposes the Company to potential risks associated with competition and product obsolescence.

### Mitigation

The Company has expanded its scope by emphasising the development of multiple adhesive and sealants categories, reducing its dependence on a single category/applications. Consequently, the Company is less susceptible to market fluctuations or declines in demand within specific categories, leveraging its diversified portfolio of adhesives and sealants.



## Revenue Concentration Risk

### Description

Relying heavily on a few major customers for revenue exposes the Company to risk if these clients decide to switch to competitors for their requirements.

### Mitigation

By strategically expanding its distribution network in both India and internationally, the Company has successfully expanded its customer base. In FY 2023-24, HP Adhesives served almost 1,600 customers, including domestic distributors, customers in export markets, and other companies. As the revenue base is significantly diversified, in case of any bad debts from single or few customers, the Company's operations are not materially affected.



## Competition Risk

### Description

The competitive pressures in the adhesives market, emanating from both domestic and international players, pose potential impacts on the Company's operations and market position.

### Mitigation

The Company prioritises product innovation and differentiation, operational efficiency enhancements, competitive pricing strategies, fostering strong customer relationships through exceptional service and support, and staying vigilant in monitoring market trends to swiftly adapt to the changing dynamics.



## Compliance and Legal Risk

### Description

Failure to comply with any regulations may result in penalties and damage the Company's reputation.

### Mitigation

Company focusses on maintaining a strong governance culture to ensure compliance with existing applicable laws and regulations. Regular communication and reporting to regulatory organisations and all stakeholders encourage transparency.

## 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. Periodic audits are conducted by the internal auditor, and appropriate remedial measures are implemented whenever necessary. 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 Resources

Human resource management is integral to the Company's growth strategy, fostering a workplace culture that champions safety, collaboration, fairness, and progressiveness. The Company is committed to nurturing career advancement and continuous skill enhancement across the Company's R&D, manufacturing, supply chain, sales, administration, and business development teams. At HP Adhesives, employee health and safety, particularly in manufacturing, is of paramount importance, supported by rigorous safety protocols. As of 31<sup>st</sup> March, 2024, HP Adhesives employed 614 individuals, maintaining harmonious labour relations throughout the year. The Company actively promotes gender diversity at all levels, ensuring equitable opportunities for women across factory operations and strategic boardroom decisions. This commitment reinforces HP Adhesives' dedication to creating a supportive work environment that harmonises professional growth with personal aspirations for every member of the Company's team.



## Employee Breakup

Men	Women	Total
454	160	614

## Outlook

The Indian adhesives and sealants market is well-positioned to grow consistently in the coming years, driven by robust expansion in the construction and real estate sector, including the home improvement and home interiors segment. Focus of the Government on Infrastructure as well as the growth in agriculture industry drives the demand for several categories of adhesives and sealants as well.

HP Adhesives is primed to leverage the booming Indian market with its diversified product portfolio and emphasis on innovation with a focus on expanding distribution network and customer base. The commitment to high-quality products with efficient manufacturing capabilities will ensure sustained profitable operations for the coming years. Furthermore, by capitalising on the growth in end-user industries, HP Adhesives is poised to strengthen its market position and drive substantial growth.



COMPANY SYNOPSIS

BOARD OF DIRECTORS

Mrs. Anjana Haresh Motwani  
Chairperson & Executive Director

Mr. Karan Haresh Motwani  
Managing Director

Ms. Nidhi Haresh Motwani  
Executive Director

Mr. Surendra Kumar Mehta  
Independent Director

Mr. Rajendra Kumar Jain  
Independent Director

Mr. Ajeet Anant Walavalkar  
Independent Director

CHIEF FINANCIAL OFFICER

Mr. Mihir Suresh Shah

COMPANY SECRETARY

Mrs. Jyoti Nikunj Chawda

STATUTORY AUDITORS

M/s. Priya Choudhary & Associates, LLP

SECRETARIAL AUDITOR

M/s. Shivam Sharma & Associates

BANKERS

Indusind Bank Limited  
ICICI Bank

REGISTERED OFFICE

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

CORPORATE OFFICE

Business Square, C-501,  
Sir Mathuradas Vasanji Road,  
Andheri East, Mumbai 400053.  
Tel. No.: 022 – 6819 6300  
Website: [www.hpadhesives.com](http://www.hpadhesives.com)  
Email: [investors@hpadhesives.com](mailto:investors@hpadhesives.com)

PLANT

- Survey No. 7, Village Narangi,  
Tal. Khalapur, Dist. Raigad - 402107, Maharashtra.
- 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 Anant Walavalkar      Member

NOMINATION & REMUNERATION COMMITTEE

Mr. Surendra Kumar Mehta      Chairman

Mr. Rajendra Kumar Jain      Member

Mr. Ajeet Anant Walavalkar      Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mrs. Anjana Haresh Motwani      Chairman

Mr. Ajeet Anant Walavalkar      Member

Ms. Nidhi Haresh Motwani      Member

REGISTRAR AND SHARE TRANSFER AGENT

M/s. Bigshare Services Private Limited

Office No. S6-2, 6<sup>th</sup> Floor, Pinnacle Business Park,

Next to Ahura Centre, Mahakali Caves Road,

Andheri (East) Mumbai 400093.

Tel. No.: 022 – 6263 8200

Email: [investor@bigshareonline.com](mailto:investor@bigshareonline.com)

Website: [www.bigshareonline.com](http://www.bigshareonline.com)

DIRECTORS' REPORT

Dear Members,

Your Board of Directors ("the Board") is pleased to present the 5<sup>th</sup> Annual Report of HP Adhesives Limited ("the Company") for the financial year ended 31<sup>st</sup> March, 2024.

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 2023-24.

FINANCIAL HIGHLIGHTS / RESULTS

Particulars	(₹ in Lakhs)	
	For the financial year 2023-24	For the financial year 2022-23
Revenue from operations	23,601.78	23,299.60
Other income	325.91	293.47
<b>Total income from operations</b>	<b>23,927.69</b>	<b>23,593.06</b>
<b>Total Expenditure</b>	<b>21,138.44</b>	<b>21,952.16</b>
<b>Profit before Exceptional items and tax</b>	<b>2,789.26</b>	<b>1,640.90</b>
Add/(Less): Exceptional items	22.40	(137.54)
<b>Profit Before Tax</b>	<b>2,811.66</b>	<b>1,503.36</b>
Tax expenses	(754.84)	(417.55)
<b>Profit after Tax</b>	<b>2,056.81</b>	<b>1,085.81</b>
Other Comprehensive Income for the year	3.29	9.08
<b>Total Comprehensive Income for the year</b>	<b>2,060.10</b>	<b>1,094.89</b>

OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

In FY 2023-24, your Company reported Revenue from operations of ₹ 23,601.78 Lakhs compared to ₹ 23,299.60 Lakhs in the previous financial year resulting in a growth of 1.30% year-on-year. Profit before tax (after exceptional items) increased to ₹ 2,811.66 Lakhs in financial year ended March 2024 compared to Profit before tax (after exceptional items) of ₹ 1,503.36 Lakhs in the previous year, registering a growth of 87.02%. Profitability has significantly improved in FY 2023-24 due to key factors like volume-led growth in several product categories, stable raw material pricing environment and dedicated focus of the management on profitability by ensuring continuous improvement in manufacturing processes and raw material sourcing. The financial results have been discussed in detail in the Management Discussion and Analysis Report which forms part of this Annual report.

DIVIDEND

The Board of Directors at their meeting held on 14<sup>th</sup> May, 2024, has recommended payment of ₹ 0.30 (15%) per equity share of ₹ 2/- each fully paid-up as final dividend for the financial year 2023-24. The final dividend, subject to the approval of the shareholders at the ensuing Annual General Meeting ("AGM") of the Company.

In terms of Ind AS 10, events after the reporting period as notified by the Ministry of Corporate Affairs, the proposed

dividend of ₹ 275.62 Lakhs is not recognised as a liability as of 31<sup>st</sup> March, 2024.

The dividend, if approved at the ensuing AGM, would be paid to those Members whose names appear in the Register of Members/Beneficial Owners maintained by the depositories as stated in notice of the ensuing AGM.

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 before final dividend of financial year 2023-24.

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) AUTHORIZED, ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL

During the year under review, pursuant to Shareholders' approval dated 29<sup>th</sup> September, 2023 the Company

**DIRECTORS' REPORT (CONTD.)**

sub-divided 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. Details of the same are as follows:

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

As of 31<sup>st</sup> March, 2024 the Authorised Share Capital of the Company is 10,00,00,000 Equity Shares of ₹ 2 each amounting to ₹ 20,00,00,000/- (Rupees Twenty Crores) and Issued, Subscribed and Paid-up Share Capital of the Company is 9,18,74,735 Equity Shares of ₹ 2/- each amounting to ₹ 18,37,49,470/- (Rupees Eighteen Crores Thirty-seven Lakh Forty-nine Thousand Four Hundred and Seventy).

**b) 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 Haresh 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 31<sup>st</sup> March, 2024 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 utilized*	Amount Unutilised
1.	Funding capital expenditure for the Proposed Expansion	#2,550.86	2,550.86	1,606.30	943.70
2.	Funding the incremental working capital requirements of our Company	5,400.00	5,400.00	5,400.00	0.00
3.	General corporate purposes	1,723.50	1,718.20	1,718.20	0.00
	<b>Total</b>	<b>9,674.36</b>	<b>9,669.06</b>	<b>8,724.50</b>	<b>943.70</b>

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

#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 revised timeline.

**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
Capex	Q4FY24	Q4FY25	12 months	As there was a delay in spending in FY22 allocated amount, the amount proposed to be spent on capex in FY23 has spilled over to FY24. However, capex for capacity additions have not been impacted and the same has been carried out as per expected production forecast to meet estimated demand.	This is a continuing Object as per Prospectus with final date of completion being FY2024. As mentioned in the Prospectus that incase of estimated utilisation being not undertaken in entirely in a scheduled fiscal, remaining Net proceeds shall be utilised in subsequent Fiscals. Management has already incurred INR 65.42 mn and additionally upto INR 18 mn capex estimated is already committed in FY24. Balance will be incurred in FY25 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](http://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 31<sup>st</sup> March, 2024, 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 31<sup>st</sup> March, 2024 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	Ms. Nidhi Haresh Motwani	Executive Director
4	Mr. Surendra Kumar Mehta	Independent Director
5	Mr. Rajendra Kumar Jain	Independent Director
6	Mr. Ajeet Anant Walavalkar	Independent Director

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

Sr. No.	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

Ms. Nidhi Haresh Motwani, Executive Director, is liable to retire by rotation and being eligible for re-appointment at the ensuing Annual General Meeting ("AGM") of your Company, has offered herself for re-appointment. Her details as required under the SEBI Listing 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 6 (Six) times during the FY 2023-24. 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:

- Audit Committee;
- Nomination and Remuneration Committee;
- Stakeholders Relationship Committee; and
- 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 7<sup>th</sup> February, 2024, 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 2023-24 are available on the website of the Company at [www.hpadhesives.com](http://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:

- in preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2024, the applicable accounting standards have been followed and there are no material departures from the same;
- 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 31<sup>st</sup> March, 2024 and of the profit of the Company for the year ended on that day;
- 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;
- the Annual Accounts for the year ended 31<sup>st</sup> March, 2024 have been prepared on a "going concern" basis;
- 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 31<sup>st</sup> March, 2024; and
- 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 31<sup>st</sup> March, 2024.

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 1<sup>st</sup> Annual General Meeting up to the conclusion of 6<sup>th</sup> Annual General Meeting of the Company.

#### Secretarial Auditor:

Further, the Board of Directors at their meeting held on 10<sup>th</sup> May, 2024 has appointed M/s. Shivam Sharma & Associates, Practicing Company Secretaries (Certificate of Practice No. 16558) as the Secretarial Auditor for FY2024-25.

Pursuant to Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed 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 31<sup>st</sup> March, 2024 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 2023-24 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.

Pursuant to Regulation 24A of Listing Regulations read with SEBI Master Circular No. SEBI/HO/ CFD/PoD2/ CIR/P/2023/120 dated 11<sup>th</sup> July, 2023, the Annual Secretarial Compliance Report of the Company is uploaded on the website of the Company i.e. <https://www.hpadhesives.com/investor-relations/>.

## DIRECTORS' REPORT (CONTD.)

### ACCOUNTING TREATMENT

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

### HOLDING, SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

During the period under review, Company has no subsidiaries or Associate Companies or Joint ventures. However post end of FY2024, on 11<sup>th</sup> April, 2024, the Company formed Unitybond Solutions Private Limited, a wholly owned subsidiary involved in manufacturing, distribution and trading of adhesives and sealants.

### 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

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](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 2023-24 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. 43 of the financial statements setting out the disclosures on related party transactions for FY 2023-24.

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 <https://www.hpadhesives.com/investor-relations/>.

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

## DIRECTORS' REPORT (CONTD.)

### INTERNAL FINANCIAL CONTROL

The Company has laid down internal financial control through entity level control inter-alia to ensure orderly and efficient conduct of business, including adherence to 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 7<sup>th</sup> 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 2023-24.

### 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
- 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.



DIRECTORS' REPORT (CONTD.)

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**

Place: Mumbai  
Date: 12<sup>th</sup> August, 2024

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, 2024

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

ANNEXURE I (CONTD.)

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 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: A035727F000852048

Date: 30<sup>th</sup> July, 2024  
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: 30<sup>th</sup> July, 2024  
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:

The company has a well-structured energy management system in place, and regular efforts are made to optimise process parameters and reduce energy consumption. Additionally, when modernizing and upgrading production facilities, special attention is given to the selection of plant and equipment that meets best-in-class energy saving requirements. The other recognized significant activities for energy conservation this year were:

##### i. Steps taken for conservation of energy:

- Company is in the process of installing solar power plant at factory unit II;
- 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;
- Raised machine elevation to transfer material using gravitational pressure rather than pumps;
- Created reusing of cleaning water technique for water based products;
- Installed capacity improves electricity distribution and power factor;
- STP Plant setup and water has been use for gardening and plantation.

##### ii. Steps taken for utilising alternate energy sources:

The company is in the process of installing solar panels at factory unity II to provide alternative energy.

##### iii. Capital investment in energy conservation equipment:

The company will invest in solar power in the coming financial year.

#### 2. Technology absorption:

##### i. Efforts made towards technology absorption:

The company is continually working to improve its technology in all aspects through in-house R&D, with the primary goal of cutting production costs and increasing 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 expenses incurred on Research and Development have been included in the financial statement forming part of this report.

#### 3. Foreign exchange earnings and Outgo-

(₹ in Lakhs)		
Particulars	As on 31 <sup>st</sup> March, 2024	As on 31 <sup>st</sup> March, 2023
Total foreign exchange used	4,340.68	5,186.48
Total foreign exchange earned	1,984.26	2,252.79

For and on behalf of the Board of Directors  
For HP Adhesives Limited

Place: Mumbai  
Date: 12<sup>th</sup> August, 2024

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)	2	2
2.	*Mr. Karan Haresh Motwani	Member (Managing Director)	2	1
3.	Mr. Ajeet Anant Walavalkar	Member (Non-executive - Independent Director)	2	2
4.	**Ms. Nidhi Haresh Motwani	Member (Executive Director)	2	1

\*Ceased to be the Member w.e.f. 7<sup>th</sup> February, 2024.

\*\*Appointed as a Member w.e.f. 7<sup>th</sup> February, 2024.

#### 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.hp adhesives.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	2022-23	0.40094	0.40094

- Average Net Profit of the Company as per Section 135(5): ₹ 1213.88 Lakhs
  - Two percent of average net profit of the Company as per Section 135(5): ₹ 24.28 Lakhs
  - Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
  - Amount required to be set off for the Financial Year, if any: ₹ 0.40094 Lakhs
  - Total CSR obligation for the Financial Year [(b)+(c)-(d)]: ₹ 23.88 Lakhs
- Amount spent on CSR Projects (both Ongoing Projects and other than Ongoing Projects): ₹ 24.42 Lakhs
  - Amount spent in Administrative Overheads: Nil
  - Amount spent on Impact Assessment, if applicable: Nil
  - Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 24.42 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
24.42	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
1.	Turf for Narangi Village	Promotion of rural sports	Yes	Maharashtra	Raigad	1 year	10	4.50	--	Yes	NA	NA

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.	Education	Promoting Education	Yes	Maharashtra	Raigad	0.38	Yes	Direct	Not applicable
2.	Rajarambapu Institute of Technology	Promoting Education	Yes	Maharashtra	Sangli	0.43	Yes	Direct	Not applicable
3.	Education	Promoting Education	Yes	Maharashtra	Raigad	0.14	Yes	Direct	Not applicable
4.	Water supply to Narangi Village	Promoting Health care	Yes	Maharashtra	Raigad	2.78	Yes	Direct	Not applicable
5.	Milaap Foundation	Promoting Health care	Yes	Maharashtra	Mumbai	0.25	Yes	Direct	Not applicable
6.	Kokilaben Dhirubhai Ambani Hospital	Promoting Health care	Yes	Maharashtra	Mumbai	0.20	Yes	Direct	Not applicable
7.	Umbrella Distribution	Promoting Health care	Yes	Maharashtra	Raigad	0.52	Yes	Direct	Not applicable
8.	Purchase of Ambulance and other ancillary items	Promoting Health care	Yes	Maharashtra	Raigad	14.46	Yes	Direct	Not applicable
9.	Upliftment of Rural area	Rural Development	Yes	Maharashtra	Raigad	0.25	Yes	Direct	Not applicable
10.	Raigad Jilha Krida Spardha	Promotion of Sports	Yes	Maharashtra	Raigad	0.50	Yes	Direct	Not applicable

ANNEXURE III (CONTD.)

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)	24.28
ii.	Total amount spent for the Financial Year	24.83*
iii.	Excess amount spent for the financial year [(ii)-(i)]	0.55
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)]	0.55

\* Includes excess CSR spends of ₹ 0.40094 Lakhs spent in the previous financial year 2022-23, set-off in the financial year 2023-24.

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

Place: Mumbai  
Date: 12<sup>th</sup> August, 2024

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 financial year 2023-24 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	14.81	62%
2.	Mr. Karan Haresh Motwani	Managing Director	25.28	--
3.	Ms. Nidhi Haresh Motwani	Executive Director	10.50	25%
4.	Mr. Surendra Kumar Mehta	Independent Director	1.13	--
5.	Mr. Rajendra Kumar Jain	Independent Director	1.13	--
6.	Mr. Ajeet Anant Walavalkar	Independent Director	0.74	--

*\*Independent Directors are paid with sitting fees during the financial year 2023-24 as per the statutory provision and are within the prescribed limits.*

**ii. Details of percentage increase in the remuneration of Chief Financial Officer and Company Secretary in the financial year 2023-24 are as follows:**

Sr. No.	Name of KMP	Designation	% Increase/ (Decrease) in Remuneration
1.	Mr. Mihir Suresh Shah	Chief Financial Officer	12.5%
2.	Ms. Jyoti Nikunj Chawda	Company Secretary	7.5%

**iii. The percentage increase in the median remuneration of all employees in the financial year:** The median remuneration of all employees in the financial year 2023-24 has increased by 16.55% as compared to the previous year.

**iv. Number of permanent employees on the rolls of the Company as of 31<sup>st</sup> March, 2024:** 614 (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 financial year 2023-24, the average increase in salaries other than managerial personnel was 7.5%, whereas managerial personnel average remuneration increased by 21.44%

**vi. Affirmation:** It is hereby affirmed that the remuneration paid during the financial year 2023-24 is as per the Company's Remuneration Policy.

For and on behalf of the Board of Directors

For **HP Adhesives Limited**

**Place:** Mumbai  
**Date:** 12<sup>th</sup> August, 2024

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

### 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 31<sup>st</sup> March, 2024, 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 were no changes in the Board Composition during FY 2023-24:

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	2,68,50,000	Bachelor of Management Studies and the Post Graduate Programme in Management (more than 15 years)	1	--	--
Anjana Haresh Motwani	02650184	Chairperson & Executive Director, Promoter	2,87,00,675	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, Member of Promoter Group	1,00,00,000	Bachelor of Business Administration and Masters of Global Business Management (more than 8 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 18 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 Six (6) times during the FY 2023-24 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:

- 14<sup>th</sup> April, 2023;
- 12<sup>th</sup> May, 2023;
- 10<sup>th</sup> August, 2023;
- 4<sup>th</sup> September, 2023;
- 9<sup>th</sup> November, 2023; and
- 7<sup>th</sup> February, 2024.

**C. ATTENDANCE RECORD OF THE DIRECTORS FOR THE FY 2023-24**

Name of the Director	Board Meeting	Last AGM – 29 <sup>th</sup> September, 2023
Karan Haresh Motwani	6 out of 6	Yes
Anjana Haresh Motwani	6 out of 6	Yes
Nidhi Haresh Motwani	6 out of 6	Yes
Rajendra Kumar Jain	6 out of 6	Yes
Surendra Kumar Mehta	6 out of 6	Yes
Ajeet Anant Walavalkar	5 out of 6	Yes

**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	--	--

**CORPORATE GOVERNANCE REPORT (CONTD.)**
**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 07<sup>th</sup> February, 2024. 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

**I. FAMILIARISATION PROGRAMME**

The Familiarisation Program for Independent Directors is uploaded on the website of the Company and is accessible at [www.hpadhesives.com](http://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](http://www.hpadhesives.com). The Directors and senior management of the Company have affirmed their adherence to this Code of Conduct for FY 2023-24 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.



## CORPORATE GOVERNANCE REPORT (CONTD.)

### 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 7<sup>th</sup> February, 2024, 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.

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	√	√	√	--	--	√

## CORPORATE GOVERNANCE REPORT (CONTD.)

### 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 29<sup>th</sup> September, 2023.

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;
- 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:
  - matters required to be included in the Director's Responsibility Statement to be included in the Board's report, in terms of the Act;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions; and
  - 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

## CORPORATE GOVERNANCE REPORT (CONTD.)

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;
- 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.

## CORPORATE GOVERNANCE REPORT (CONTD.)

There were Five (5) Audit Committee Meetings held during FY 2023-24 as follows:

- 14<sup>th</sup> April, 2023;
- 12<sup>th</sup> May, 2023;
- 10<sup>th</sup> August, 2023;
- 9<sup>th</sup> November, 2023; and
- 7<sup>th</sup> February, 2024.

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	5 out of 5
Mr. Rajendra Kumar Jain	Member	5 out of 5
Mr. Karan Hareesh Motwani	Member	5 out of 5

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 once in FY 2023-24 on 9<sup>th</sup> November, 2023. 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 29<sup>th</sup> September, 2023.

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;
- 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.



**CORPORATE GOVERNANCE REPORT (CONTD.)**

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	1 out of 1
Mr. Rajendra Kumar Jain	Member	1 out of 1
Mr. Ajeet Anant Walavalkar	Member	1 out of 1

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

**Nomination and Remuneration Policy:**

Your Company has a well-defined Policy for 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](http://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 2023-24 on 7<sup>th</sup> February, 2024.

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

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

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

**CORPORATE GOVERNANCE REPORT (CONTD.)**

Investor Grievances / Complaints:

The details of the Investor Complaints received and resolved during the Financial Year ended 31<sup>st</sup> March, 2024 are as follows:

Complaints Pending as on 1 <sup>st</sup> April, 2023	Complaints Received during the year	Complaints Resolved During the year	Complaints Pending as on 31 <sup>st</sup> March, 2024
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; and
- Monitor the CSR Policy and its implementation from time to time.

There were Two (2) Corporate Social Responsibility Committee meetings held during FY 2023-24 i.e. on 10<sup>th</sup> October, 2023 and 7<sup>th</sup> February, 2024.

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

Names of Directors	Designation	No. of meetings attended
Mrs. Anjana Haresh Motwani	Chairman	2 out of 2
*Mr. Karan Haresh Motwani	Member	1 out of 2
Mr. Ajeet Anant Walavalkar	Member	2 out of 2
**Ms. Nidhi Haresh Motwani	Member	1 out of 1

\*Ceased to be the Member w.e.f. 07<sup>th</sup> February, 2024.

\*\*Appointed as a Member w.e.f. 07<sup>th</sup> February, 2024.

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

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

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

**CORPORATE GOVERNANCE REPORT (CONTD.)**
**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 Anant Walavalkar
Category	Independent Director		
Fees for attending Board and Committee Meeting	3.85	3.85	2.50
Commission, if any (in ₹)	0	0	0
Other	0	0	0
<b>Total</b>	<b>3.85</b>	<b>3.85</b>	<b>2.50</b>

**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	84.00	49.20	34.79
2.	Contribution to Provident Fund	0.21	0.22	0.22
3.	Gratuity	1.62	0.87	0.64
4.	Insurance Premium	0.03	0.03	0.03
5.	Commission, if any	--	--	--
	<b>Total</b>	<b>85.86</b>	<b>50.32</b>	<b>35.68</b>

**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
2 <sup>nd</sup> AGM	2021	Wednesday, 14 <sup>th</sup> 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 <sup>st</sup> 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 <sup>st</sup> March, 2020 and 31 <sup>st</sup> 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.

**CORPORATE GOVERNANCE REPORT (CONTD.)**

AGM	Year	Day, Date & Time	Venue/ Mode	Resolution	Brief description of Resolutions
3 <sup>rd</sup> AGM	2022	Tuesday, 27 <sup>th</sup> 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 <sup>st</sup> March, 2022 and the Reports of the Directors and Auditors thereon. 2. To appoint a Director in place of Ms. Nidhi Haresh Motwani (DIN: 06655834), who retires by rotation and being eligible offers herself for 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.
4 <sup>th</sup> AGM	2023	Friday, 29 <sup>th</sup> September, 2023 at 03:00 p.m.	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	Ordinary	1. To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended 31 <sup>st</sup> March, 2023 together with the reports of the Board of Directors and Statutory Auditors thereon. 2. To 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	3. 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. 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.

**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](http://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.



**CORPORATE GOVERNANCE REPORT (CONTD.)**

**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.

The presentations made to the Institutional Investors or analysts are uploaded on the Company website.

**8. GENERAL SHAREHOLDER INFORMATION**

➤	Incorporation Date	7 <sup>th</sup> May, 2019
➤	Registered Office Address	11 Unique House, Chakala Cross Road, Andheri East, Mumbai 400099.
➤	Corporate Office Address	501, 5 <sup>th</sup> Floor, C Wing, Business Square, Chakala, Andheri East, Mumbai 400093.
➤	CIN	L24304MH2019PLC325019
➤	Date, time and Venue of the Annual General Meeting	Date: 19 <sup>th</sup> September, 2024 Time: 12:00 noon IST Venue: Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") Facility.
➤	Financial year	1 <sup>st</sup> April, 2023 to 31 <sup>st</sup> March, 2024
➤	Dividend Payment Date	The Final Dividend of ₹ 0.30/- per equity share has been recommended by the Board of Directors of the Company for the financial year ended 31 <sup>st</sup> March, 2024, and if approved at the ensuing AGM will be paid to the eligible Members on and after 24 <sup>th</sup> September, 2024.
➤	Record Date	13 <sup>th</sup> September, 2024
➤	Name and Address of Stock Exchange	The equity shares of the Company are listed on National Stock Exchange of India Ltd. (NSE) and BSE Limited (BSE). NSE: Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. BSE: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.
➤	Stock Code	NSE: HPAL BSE: 543433
➤	ISIN	INE0GSL01024
➤	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

**CORPORATE GOVERNANCE REPORT (CONTD.)**

➤	In case securities are suspended from Trading	Not applicable
➤	Share Transfer System	The Company's shares are traded under compulsory dematerialised 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.
➤	Dematerialisation of shares and liquidity	As of March 2024, 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.
➤	Address for correspondence	Bigshare Services Private Limited Office No. S6-2, 6 <sup>th</sup> Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East), Mumbai 400093. Tel. No. : 022-62638200 E-mail : shwetash@bigshareonline.com Company Secretary & Compliance Officer HP Adhesives Limited 501, 5 <sup>th</sup> Floor, C Wing, Business Square, Chakala, Andheri East, Mumbai 400093. Tel. No.: 022- 6819 6300 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 mobilisation 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.

## CORPORATE GOVERNANCE REPORT (CONTD.)

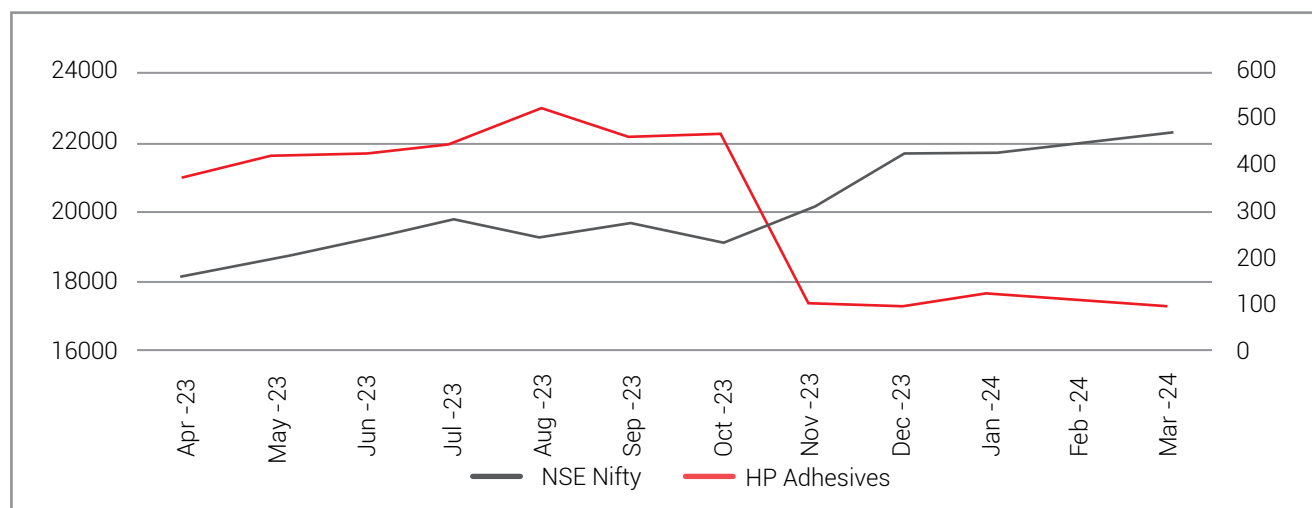
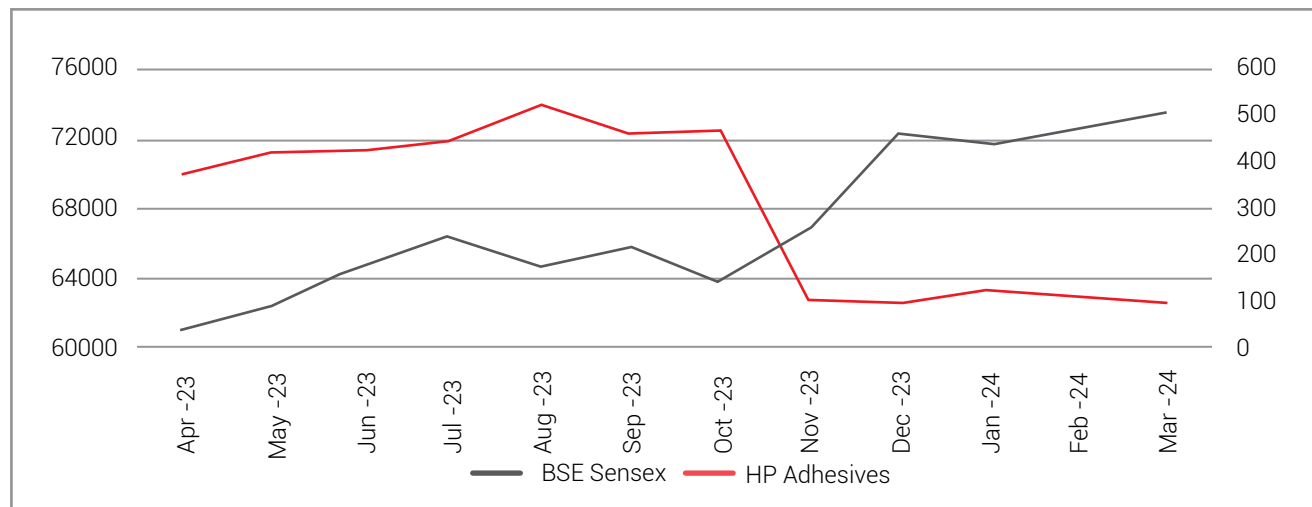
### STOCK PRICE DATA:

#### MARKET PRICE DATA FOR THE PERIOD FROM 01ST APRIL, 2023 TO 31<sup>ST</sup> MARCH, 2024:

Month	BSE		NSE	
	High	Low	High	Low
April, 2023	387.55	344.95	386.65	372.20
May, 2023	436.00	369.95	430.00	421.05
June, 2023	459.00	411.65	440.60	425.15
July, 2023	463.35	423.95	451.55	440.30
August, 2023	539.95	444.40	523.90	511.85
September, 2023	546.35	444.35	465.95	449.15
October, 2023	487.80	426.20	479.05	464.00
*November, 2023	489.00	93.50	105.90	94.65
December, 2023	108.20	90.95	102.40	99.00
January, 2024	128.70	95.90	127.50	120.00
February, 2024	131.00	106.55	112.05	107.15
March, 2024	123.00	93.00	97.70	95.05

\*Pursuant to Shareholders approval dated 29<sup>th</sup> September, 2023 on 9<sup>th</sup> November, 2023 (Record date) the Company sub-divided 1 Equity share of ₹ 10 each into 5 Equity Shares of ₹ 2 each.

#### PERFORMANCE IN COMPARISON- BSE SENSEX & NIFTY 50:



Note: The downward movement in the price is due to split of 1 equity share into 5 equity shares.

## CORPORATE GOVERNANCE REPORT (CONTD.)

### Distribution of Shareholding as on 31<sup>st</sup> March, 2024:

Sr. No.	Category (Shares)	Number of Holders	% Holders	Shares	% Equity
1	1 - 500	45215	89.17	5286764	5.75
2	501 - 1000	2801	5.52	2235299	2.43
3	1001 - 2000	1284	2.53	1917332	2.09
4	2001 - 3000	558	1.10	1423632	1.55
5	3001 - 4000	216	0.43	775854	0.84
6	4001 - 5000	229	0.45	1088795	1.19
7	5001 - 10000	233	0.46	1743306	1.90
8	10001 and above	169	0.33	77403753	84.25
	<b>Total</b>	<b>50705</b>	<b>100.00</b>	<b>91874735</b>	<b>100.00</b>

### Shareholding Pattern as on 31<sup>st</sup> March, 2024:

Category	No. of Shares held	% of Shares held
<b>Promoters Holding [A]</b>		
Indian promoters	65550675	71.35
Foreign promoters	--	--
<b>Sub-total A</b>	<b>65550675</b>	<b>71.35</b>
<b>Public Holding [B]</b>		
<b>Institutional Investors B1</b>		
Mutual Funds	3415685	3.72
Financial Institutions/ Banks	--	--
Foreign Portfolio Investors	234112	0.25
Insurance Companies	--	--
Central Government/ State Government	--	--
<b>Sub-total B1</b>	<b>3649797</b>	<b>3.97</b>
<b>Non-Institutional Investors B2</b>		
Retail Individuals	19569197	21.30
Bodies Corporate	598796	0.65
Clearing Members	625381	0.68
Non-Resident Indians (NRI)	1148492	1.25
Hindu Undivided Family	732397	0.80
Directors And their relatives (Non-Promoter)	--	--
Trust	--	--
<b>Sub-total B2</b>	<b>22674263</b>	<b>24.68</b>
<b>Non-Promoter Non-Public Holding [C]</b>	<b>--</b>	<b>--</b>
<b>Grand total (A+B+C)</b>	<b>91874735</b>	<b>100.00</b>

### 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 41 to the financial statements in the Annual Report. The Board of Directors has approved a policy of related party transactions which has been uploaded on the website of the Company [www.hpadhesives.com](http://www.hpadhesives.com).



CORPORATE GOVERNANCE REPORT (CONTD.)

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. 1<sup>st</sup> April, 2023 till 31<sup>st</sup> March, 2024.

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 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 Sharma, 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 31<sup>st</sup> March, 2024 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 Utilisation of Funds Raised through Initial Public Offer

A detailed table showing the utilisation 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.

x. Total fees paid to Statutory Auditors

During the FY 2023-24 the Company had paid total fees of ₹ 24.00 Lakhs to M/s Priya Choudhary & Associates LLP (Firm Registration No.: 011506C), Statutory Auditor for all the services provided by them.

CORPORATE GOVERNANCE REPORT (CONTD.)

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 2023-24	0
b.	Number of complaints filed during the FY 2023-24	0
c.	Number of complaints disposed off during the FY 2023-24	0
d.	Number of complaints pending as on end of the FY 2023-24	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 31<sup>st</sup> March, 2024.

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.hp adhesives.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/ paid 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

Place: Mumbai

Date: 12<sup>th</sup> August, 2024

Mrs. Anjana Hareesh Motwani

Chairperson & Executive Director

DIN: 02650184

Mr. Karan Hareesh 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 2023-24.

For **HP Adhesives Limited**

**Mr. Karan Haresh Motwani**  
**Managing Director**  
**DIN: 02650089**

**Place: Mumbai****Date: 12<sup>th</sup> August, 2024****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 Mehta, 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 31<sup>st</sup> March, 2024 and that to the best of our knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - 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:
- there are no significant changes in internal controls over financial reporting during the year;
  - there are no significant changes in accounting policies during the year; and
  - 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**

**Mr. Karan Haresh Motwani**  
**Managing Director**

**Mr. Mihir Suresh Shah**  
**Chief Financial Officer**

**Place: Mumbai****Date: 14<sup>th</sup> May, 2024****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 31<sup>st</sup> March, 2024, 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 31<sup>st</sup> March, 2024.

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: A035727F000852061**

**Date: July 30, 2024**  
**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 31<sup>st</sup> March, 2024 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 <sup>th</sup> May, 2019
2.	Anjana Haresh Motwani	02650184	7 <sup>th</sup> May, 2019
3.	Rajendra Kumar Jain	00144095	5 <sup>th</sup> July, 2021
4.	Nidhi Haresh Motwani	06655834	10 <sup>th</sup> February, 2022
5.	Surendra Kumar Mehta	09211358	23 <sup>th</sup> June, 2021
6.	Ajeet Anant Walavalkar	09226644	5 <sup>th</sup> 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: A035727F000852070**

**Date: July 30, 2024**  
**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 31<sup>st</sup> March 2024, 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 material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31<sup>st</sup> March 2024, 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 2024. 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
<b>A. Inventory</b> <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> <ul style="list-style-type: none"><li>The net carrying value of inventory as on 31<sup>st</sup> March, 2024 is 24.11 % of Total Assets of the Company.</li><li>Volatility in Price of Raw Material which is dependent upon various domestic &amp; Global market conditions.</li><li>Complexity in Calculation of Inventory Consumption &amp; Costing due to numerous Finished grades SKUs and partial integration of Inventory &amp; Finance Module.</li><li>Valuation of WIP &amp; Finished goods involves significant management's judgment and estimates.</li></ul> Hence, we determined the Valuation of Inventory as a key audit matter.	<u>Our Audit Procedure</u>  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: <ul style="list-style-type: none"><li>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.</li><li>Evaluation of the Inventory Consumption &amp; Costing methodology involving high degree of reliance on management's estimate as complexity &amp; confidentiality of manufacturing formulas &amp; numerous SKU's.</li></ul>

INDEPENDENT AUDITORS' REPORT (CONTD.)

	<ul style="list-style-type: none"><li>Performance of test of details through sample selection of Stores as part of the inventory verification program, including verification of inventory from floor to documentary evidence and vice versa, followed by physical verification of Inventory lying on Factory Floor &amp; Tin Plant on sample basis subsequent to year end and performed the roll back procedure.</li><li>In respect of Stock held at various warehouses/depots, obtained direct confirmation of the inventory held by them at the year end.</li><li>Evaluating the Valuation policy established by management, including compliance with the applicable accounting standard along with the appropriateness of the disclosure in the standalone financial statements is in accordance with the applicable financial reporting framework.</li><li>For Valuation, we have test checked samples of the cost of the finished goods with the estimated net realisable value and checked if the finished goods were recorded at net realisable value where the cost was higher than the net realisable value.</li></ul>
--	---

B. Trade Receivables & ECL Provision:

(Refer to Note-12 of Notes to Financial Statements for relevant disclosures of Trade Receivables)

<ul style="list-style-type: none"><li>Trade receivables and other amounts recoverable comprise a significant portion of the current financial assets of the Group. As at March 31, 2024 trade receivables aggregate ₹ 3,648.02 lakhs (net of provision for expected credit losses of ₹ 626.13 lakhs) and represents 18.44% of the Total value of Company's Assets.</li><li>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.</li><li>During the year company has re-estimated ECL provisions considering the trend of trade receivables under different ageing bracket and different customer segment. The effect of such accounting estimate is applied prospectively and is expected to have an effect in future periods also for which estimation is impracticable.</li><li>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.</li><li>Accordingly, we determined audit of trade receivables &amp; ECL as the key audit matter.</li></ul>	<p>Our Audit Procedure</p> <ul style="list-style-type: none"><li>Assessed the design and implementation of key controls around the monitoring of recoverability.</li><li>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.</li><li>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.</li><li>We evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation.</li><li>Tested the Revised ECL model, including assumptions and underlying computation.</li><li>Audited disclosures included in the Ind AS financial statements in respect of movement of expected credit losses.</li></ul>
---	---

INDEPENDENT AUDITORS' REPORT (CONTD.)

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 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.



## INDEPENDENT AUDITORS' REPORT (CONTD.)

## INDEPENDENT AUDITORS' REPORT (CONTD.)

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.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 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.

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

- 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,
- 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 except for the matters stated in paragraph (i)(vi) below on reporting under Rule 11(g);
- 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.
- 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;
- On the basis of the written representations received from the directors as on 31 March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2024 from being appointed as a director in terms of Section 164(2) of the Act;
- The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i)(vi) below on reporting under Rule 11(g);
- 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.
- 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.

- 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:-

- The Company has disclosed the impact of pending litigation on its financial position in its Financial Statements- Refer Note No.39 to the Financial Statements.
- The Company did not have any material foreseeable losses on long term contracts including derivative contracts.
- There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.
- 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;
  - 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;

- 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.

- As stated in note 48 to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2024 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- Based on our examination which includes test checks, the company has accounting software for maintaining its Books of Accounts which has a feature of recording summarized Audit trail (Edit log) facility and the same has been operated throughout the year for the relevant transactions recorded in the software except for other software used by company to maintain payroll and inventory records as described in Note 61 to the financial statements. Wherever Audit trail is enabled, no instances of Audit trail feature being tampered with was noted in respect of above software. Further as per proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 as applicable from April 1, 2024, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

### For Priya Choudhary & Associates LLP

Chartered Accountants  
(FRN- 011506C/C400307)

**Vaibhav Choudhary**  
(Partner)

M. No.: 407543

Place: Bhilwara (Raj.)

Date: 14/05/2024

UDIN: 24407543BKBLXA4095

## 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:

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 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 also includes some trade marks in name of erstwhile M/s HP International (Partnership firm) subsequently converted to HP Adhesives Limited. Further as explained by management company has 33 registered trademarks and 19 trademarks are under process of registration.
- 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.
- 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.

- The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
  - No proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 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 22 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 unaudited books of accounts of the Company.

3. (a) The Company has provided loans to employees during the year as per details given below:

Particulars	Aggregate amount provided during the year	Balance outstanding as at balance sheet date in respect of these cases
Loan to Employees	38.46 Lakhs	28.28 Lakhs

Apart from above, 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.

- During the year the terms and conditions of the grant of all loans to employees, are not prejudicial to the Company's interest. During the year the Company has not made investment, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties.
- The Company has granted loans during the year to employees where the schedule of repayment of principal has been stipulated and the repayment or receipts are regular. During the year the Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties.

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

- (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 except for the below:

Particulars	Aggregate amount provided during the year	Balance outstanding as at balance sheet date
Loan to Employees	NIL	23.04 Lakhs

- (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 14 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, 2024 for a period of more than six months from the date they became payable.

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

Name of the Statue	Nature of Dues	Amount in Lakh	Forum where Dispute is Pending	Period	Remarks
Income Tax Act	Penalty U/s 271(1)(c)	2.70	CIT (Appeals)	2014-15	Proceedings Pending



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

8. As explained there are no such transactions needs to be recorded in the books of account on account of any income surrendered or disclosed as income during the year in the tax assessments under the Income tax act, 1961 (43 of 1961).
9. (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of banks or financial institutions. Further as per explanations given by management and sample review of accounts, loans borrowed from bank have been applied for the purposes for which loans were obtained.
- (b) Company has never been declared as willful defaulter by any bank or financial institution or other lender.
- (c) Term loans availed by company were duly applied for the purpose for which the loans were obtained, no such deviation observed.
- (d) No funds raised for short term basis were utilised for long term purposes.
- (e) Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) Company has not raised any loans during the period on the pledge of any securities held in its subsidiaries, joint ventures or associate companies.
10. (a) During the year company has not raised any money by way of public issue and related to utilization of IPO proceeds of public issue of past year is as per the purpose for which it was raise, refer Note 17(c) of financial statements 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. The Company has an internal audit system commensurate with the size and nature of its business, 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

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

- 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 spent ₹ 24.83 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: 14/05/2024  
UDIN: 24407543BKBLXA4095

## 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 31<sup>st</sup> March, 2024 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 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, 2024, 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: 14/05/2024

UDIN: 24407543BKBLXA4095



BALANCE SHEET  
AS AT 31<sup>ST</sup> MARCH, 2024

(₹ in Lakhs unless otherwise stated)			
Particulars	Notes	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	5	4,951.94	3,509.73
Capital work-in-progress	6	1,620.70	1,725.54
Right of Use Assets	7A	224.62	353.94
Other Intangible Assets	7B	19.47	11.59
Financial Assets			
Other Financial Assets	8	486.83	2,941.10
Deferred Tax Asset (net)	28A	12.75	51.49
Other Non-Current Assets	9	208.88	204.24
<b>Total Non-Current Assets</b>		<b>7,525.19</b>	<b>8,797.62</b>
<b>Current Assets</b>			
Inventories	10	4,768.99	4,486.05
Financial Assets			
Investments	11	1,819.90	-
Trade Receivables	12	3,648.02	3,725.44
Cash and Bank Balances	13	77.91	38.23
Bank balances other than cash and cash equivalents	13	831.98	101.32
Loans	14	106.31	114.60
Current Tax Assets (net)	15	-	6.81
Other Current Assets	16	1,002.31	1,195.20
<b>Total Current Assets</b>		<b>12,255.42</b>	<b>9,667.66</b>
<b>TOTAL ASSETS</b>		<b>19,780.61</b>	<b>18,465.28</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	17	1,837.49	1,837.49
Other Equity	18	15,051.43	12,991.33
<b>Total Equity</b>		<b>16,888.93</b>	<b>14,828.82</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Lease Liabilities	19	147.23	264.00
Borrowings	20	15.16	265.84
Other Non Current Liabilities		-	-
Provisions	26	69.04	91.72
<b>Total Non-Current Liabilities</b>		<b>231.43</b>	<b>621.56</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Lease Liabilities	21	116.77	126.25
Borrowings	22	37.28	196.72
Trade Payables	23		
(i) Total outstanding dues of Micro and Small Enterprises		393.75	761.56
(ii) Total outstanding dues of creditors other than Micro and Small Enterprises		1,209.44	1,262.71
Other Financial Liabilities	24	493.93	356.30
Other Current Liabilities	25	138.71	152.70
Provisions	26	125.15	45.75
Current Tax Liabilities (Net)	27	145.21	112.91
<b>Total Current Liabilities</b>		<b>2,660.25</b>	<b>3,014.90</b>
<b>TOTAL LIABILITIES</b>		<b>2,891.69</b>	<b>3,636.46</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,780.61</b>	<b>18,465.28</b>
<b>Significant Accounting Policies and Key Accounting Estimates and Judgments</b>	1-4		
<b>See Accompanying Notes to Financial Statements</b>	5-61		

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)

Place: Mumbai  
Date: 14<sup>th</sup> May, 2024

KARAN HARESH MOTWANI  
(Managing Director)  
DIN: 02650089

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

Place: Bhilwara  
Date: 14<sup>th</sup> May, 2024

STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024

(₹ in Lakhs unless otherwise stated)			
Particulars	Notes	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
<b>INCOME</b>			
Revenue from operations	29	23,601.78	23,299.60
Other income	30	325.91	293.47
<b>Total Income</b>		<b>23,927.69</b>	<b>23,593.06</b>
<b>EXPENSES</b>			
Cost of Material Consumed	31	11,766.00	14,209.46
Purchases of stock-in-trade		3,231.54	2,901.74
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	32	(184.71)	(285.70)
Employee benefits expenses	33	2,854.83	2,194.14
Other expenses	36	2,853.48	2,379.74
Finance costs	34	187.95	229.28
Depreciation and Amortisation expense	35	429.35	323.50
<b>Total</b>		<b>21,138.44</b>	<b>21,952.17</b>
<b>Profit / (Loss) before Exceptional items and tax</b>		<b>2,789.26</b>	<b>1,640.90</b>
Exceptional items	37	22.40	(137.54)
<b>Profit / (Loss) before tax (PBT)</b>		<b>2,811.66</b>	<b>1,503.36</b>
Tax expense			
Current tax		(716.10)	(359.94)
Deferred tax	28	(38.74)	(77.34)
Income Tax Excess/(Short) Provision of previous year		-	19.73
<b>Total Tax Expense</b>		<b>(754.84)</b>	<b>(417.55)</b>
<b>Profit after Tax (PAT)</b>		<b>2,056.81</b>	<b>1,085.81</b>
<b>Other comprehensive income</b>			
<b>A Items that will not be reclassified to profit or loss account</b>			
(i) Re-measurement of defined benefit liability/asset	41 B(e)	4.40	12.14
(ii) Income tax relating to items that will not be reclassified to profit or loss		(1.11)	(3.05)
<b>B Items that will be reclassified to Profit or loss account</b>		<b>-</b>	<b>-</b>
		3.29	9.08
<b>Other comprehensive income for the year, net of tax (A+B)</b>		<b>3.29</b>	<b>9.08</b>
<b>Total comprehensive income for the year</b>		<b>2,060.10</b>	<b>1,094.89</b>
<b>Earnings per Equity Share (Face Value of ₹ 2/- each)</b>			
Basic in ₹	38	2.24	1.18
Diluted in ₹		2.24	1.18
<b>Significant accounting policies and Key accounting estimates and judgments</b>	1-4		
<b>See Accompanying Notes to Financial Statements</b>	5-61		

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: 14<sup>th</sup> May, 2024

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: 14<sup>th</sup> May, 2024

KARAN HARESH MOTWANI  
(Managing Director)  
DIN: 02650089

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

## STATEMENT OF AUDITED CASH FLOWS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit / (loss) before taxation	2,811.66	1,503.36
<b>Adjustments for:</b>		
Exceptional Items	(22.40)	137.54
Foreign Currency Exchange Rate Fluctuation (net)	(70.88)	(35.13)
Depreciation and Amortisation expenses	300.04	188.64
Amortisation of Lease Deposit	129.31	134.86
Finance cost	187.95	229.28
Interest income	(163.06)	(218.43)
Provision for expected credit loss	102.86	50.16
Fair Value (gain)/loss on Investment in Mutual Funds	(64.09)	-
<b>Operating profit before working capital changes</b>	<b>3,211.38</b>	<b>1,990.28</b>
<b>CHANGES IN WORKING CAPITAL</b>		
(Decrease)/ increase in trade payables	(385.64)	(1,101.71)
Decrease/ (increase) in inventories	(282.94)	(369.17)
Decrease/ (increase) in trade receivables	10.00	(552.88)
(Decrease)/ increase in other current financial liabilities	137.63	40.34
(Decrease)/ increase in other current liabilities	(13.98)	(112.27)
(Decrease)/ increase in provisions	89.02	22.83
Decrease/ (increase) in loans	8.30	4.44
Decrease/ (increase) in other current and non current non financial assets	195.06	42.11
<b>Cash generated used in operations</b>	<b>2,968.83</b>	<b>(36.03)</b>
Taxes Paid (Net)	(712.81)	(331.13)
<b>Net cash flows generated in operating activities</b>	<b>2,256.01</b>	<b>(367.17)</b>
Exceptional Items	22.40	(137.54)
<b>Net Cash Flows from Operating Activities after Exceptional Items (A)</b>	<b>2,278.41</b>	<b>(504.70)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for property, plant and equipment and intangible assets	(1,645.28)	(1,600.66)
Investments in Bank and fixed deposits (more than three months)	1,723.61	2,136.62
Investments in Liquid Mutual Funds	(1,755.81)	-
Interest received	163.06	218.43
<b>Net cash flow from investing activities (B)</b>	<b>(1,514.42)</b>	<b>754.39</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares on Rights basis	-	-
Proceeds from issue of equity shares through initial public offering	-	-
Repayment of Lease Liabilities	(126.25)	(115.29)

## STATEMENT OF AUDITED CASH FLOWS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Proceeds from long-term borrowings	(376.63)	(388.42)
Movement in short-term borrowings from banks (net)	(33.48)	(499.41)
Finance Cost	(187.95)	(229.28)
<b>Net Cash Flows from Financing Activities (C )</b>	<b>(724.31)</b>	<b>(1,232.41)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>39.68</b>	<b>(982.73)</b>
Cash and cash equivalents at the beginning of the year	38.23	1,020.96
<b>Cash and cash equivalents at the end of the year</b>	<b>77.91</b>	<b>38.23</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
On current accounts	60.12	24.85
Fixed deposits with maturity of less than 3-months	-	-
Cash on hand	17.79	13.38
<b>Total cash and cash equivalents at end of the year (Note 5)</b>	<b>77.91</b>	<b>38.23</b>

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows
- The accompanying notes are an integral part of the financial statements.

**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: 14<sup>th</sup> May, 2024

Place: Mumbai

 Date: 14<sup>th</sup> May, 2024



## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024

### A. EQUITY SHARE CAPITAL

Equity shares of ₹ 2 each issued, subscribed and fully paid

(₹ in Lakhs unless otherwise stated)		
Particulars	No. of Shares	Amount
As at 1 <sup>st</sup> April, 2022	1,83,74,947	1,837.49
Issue of Share Capital	-	-
<b>As at 31<sup>st</sup> March, 2023</b>	<b>1,83,74,947</b>	<b>1,837.49</b>
Equity Share subdivided into 5 (Five) Equity shares of face value of ₹ 2/- Per Share	9,18,74,735	-
<b>As at 31<sup>st</sup> March, 2024</b>	<b>9,18,74,735</b>	<b>1,837.49</b>

### B. OTHER EQUITY (ALSO REFER NOTE NO. 18)

(₹ 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 <sup>st</sup> 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
Premium on Issue of Shares	-	-	-	-	-
Transaction Costs	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>11,286.45</b>	<b>-</b>	<b>-</b>	<b>1,704.88</b>	<b>12,991.33</b>
<b>Balance as at 1<sup>st</sup> April, 2023</b>	<b>11,286.45</b>	<b>-</b>	<b>-</b>	<b>1,704.88</b>	<b>12,991.33</b>
Profit for the year	-	-	-	2,056.81	2,056.81
Remeasurement of the net defined benefit liability/ asset, net of tax effect	-	-	-	3.29	3.29
<b>Balance as at 31<sup>st</sup> March, 2024</b>	<b>11,286.45</b>	<b>-</b>	<b>-</b>	<b>3,764.99</b>	<b>15,051.44</b>

See Accompanying Notes to Financial Statements

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: 14<sup>th</sup> May, 2024

Place: Mumbai

Date: 14<sup>th</sup> May, 2024

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024

### 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 1<sup>st</sup> July, 2021 with registered office situated at G-11, Unique House, Chakala Cross Road, Andheri East, Mumbai(MH) 400099. The Company is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India since 27<sup>th</sup> 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 14<sup>th</sup> May, 2024.

### 2 SUMMARY OF MATERIAL 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.

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 (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakh, up to two places of decimal, unless otherwise indicated.

### (b) Basis of measurement

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

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

### (c) Classification into current and non-current:

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

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

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

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.

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

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

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

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

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

## 2.6 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.

Consumable Stores & Spares are expensed off at the time of Purchase itself.

### 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 practice; 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 :

Revenue from sale of products is recognised when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

Revenue from sales is measured net of taxes/ duties, 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 judgemental.

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

### Other Income :

Other income is comprised primarily of interest income - Interest income is recognised using the effective interest rate method, other Export benefits - recognised in the statement of profit and loss when the right to receive credit as per terms of the scheme is established in respect of sale and when there is no significant uncertainty regarding the ultimate collection, dividend if any, Gain/loss on short term investments and Exchange gain/loss on forward and on translation of foreign currency assets and liabilities. Dividend income is recognised when the right to receive payment is established.

## 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

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 estimated tax expense which has accrued on the profit for the year (1<sup>st</sup> April, 2023 to 31<sup>st</sup> March, 2024).

#### (b) Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

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

#### (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.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

### (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

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees of HP Adhesives Limited. The Gratuity plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment with the Company. The Company contributes gratuity liabilities directly to HDFC Trust Group through HP Adhesives Limited Employees Group Gratuity Trust. Trustees administer contributions made to the Trusts and contributions are invested in a scheme with the HDFC Group as permitted by Indian Law.

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.

#### Initial Recognition

Financial assets and financial liabilities are initially measured at fair value, plus in the case of Financial assets not recorded at fair value through Profit or Loss (FVTPL), 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. However, those financial

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

assets & liabilities that do not contain significant financial component are measured at transaction price.

### 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 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

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 recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

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 (Accounting Estimates):

During the year company has Re-estimated ECL provisions considering the trend due to portfolio composition of trade receivables under different ageing bracket and different customer segment. The effect of such change is applied prospectively and change in estimate is recognised in current period 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 and

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

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.

### (d) 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.

### 2.15 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.

### 2.16 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.

### 2.17 Corporate Social Responsibility ("CSR") expenditure

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

### 2.18 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.

### 2.19 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.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods for any share split and bonus share issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

### 2.2 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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

for the period, same has been applied for presentation of previous 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 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 year company has re-estimated ECL provisions considering the trend of trade receivables under different ageing bracket and different customer segment. 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.

##### 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 utilized. 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 utilized. Significant management judgment is required

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

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 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) 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.

##### (e) 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 NEW AND AMENDED STANDARDS

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules, 2023 dated 31<sup>st</sup> March, 2023, to amend the following Ind AS which are effective for annual beginning on or after April 01, 2023. The Company applied for the first time these amendments.

#### (i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. It has also been clarified how entities use

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

measurement techniques and inputs to develop accounting estimates.

Change in Accounting Estimates during the period has been recognised in line with the amendments.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or

presentation of any items in the Company's financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The Company was recognising separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12, there is no impact in the balance sheet. There was also no impact on the opening retained earnings.

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: 14<sup>th</sup> May, 2024

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: 14<sup>th</sup> May, 2024

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 31<sup>ST</sup> MARCH, 2024 (CONTD.)

Particulars	Changes in Gross Carrying Value				Changes in Depreciation				Net block	
	Gross Carrying Value As at 1 <sup>st</sup> April, 2023	Additions/ Adjustments	Deductions/ Disposals	Assets classified as held for sale	Gross Carrying Value As at 31 <sup>st</sup> March, 2024	Accumulated Amortisation as at 1 <sup>st</sup> April, 2023	For the year Adjustments/ Disposals	Assets classified as held for sale	Accumulated Amortisation as at 31 <sup>st</sup> March, 2024	Carrying Value As at 31 <sup>st</sup> March, 2024
Owned Assets										
Building										
Office Premises	739.12	-	-	-	739.12	55.98	23.41	-	79.39	659.73
Factory Building	858.47	1,233.98	-	-	2,092.46	100.31	45.81	-	146.12	1,946.34
Plant and equipment	2,408.31	405.02	-	-	2,813.33	633.79	155.01	-	788.80	2,024.53
Furniture and fixture	198.00	-	-	-	198.00	50.50	12.95	-	63.46	134.55
Vehicles	276.92	76.48	-	-	353.40	173.62	31.25	-	204.87	148.53
Office equipment	28.38	7.26	-	-	35.64	24.86	2.21	-	27.07	8.57
Computers	125.19	12.91	0.21	-	137.90	85.60	22.75	-	108.22	29.67
Total	4,634.40	1,735.66	0.21	-	6,369.86	1,124.67	293.38	0.13	1,417.92	4,951.94
Reconciliation effect on gross and net carrying of amounts PPE, due to acquisitions & revaluations- Nil										

5 PROPERTY, PLANT AND EQUIPMENT

6CAPITAL WORK IN PROGRESS

(₹ in Lakhs unless otherwise stated)

Particulars	Gross block			As at 31 <sup>st</sup> March, 2024	Depreciation			Net block		
	As at 1 <sup>st</sup> April, 2023	Additions/ Adjustments	Deductions/ Disposals *		Assets classified as held for sale	As at 1 <sup>st</sup> April, 2023	For the year	Deductions/ Adjustments/ Disposals	Assets classified as held for sale	As at 31 <sup>st</sup> March, 2024
Tangibles										
Building WIP *	1,444.79	688.62	1,233.98	-	899.42	-	-	-	899.42	1,444.79
Machinery WIP #	280.75	440.53	-	-	721.28	-	-	-	721.28	280.75
Total	1,725.54	1,129.15	1,233.98	-	1,620.70	-	-	-	1,620.70	1,725.54

\*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.

# Machinery WIP represents machines/ equipments received pending for installation.

Ageing Schedule of CWIP :

CWIP	Amount in CWIP for a period ended March 31 <sup>st</sup> , 2024				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
A. Project in Progress					
Proportionate Factory building under construction	891.11	8.31	-	-	899.42
Installation of New Machineries under process	440.53	280.75	-	-	721.28
B. Projects temporarily suspended	Nil	Nil	Nil	Nil	Nil

There is time overrun of Building construction as per Original plan while there is no cost overrun as compared to its original plan during the financial year 2023-24.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)**
**7A RIGHT OF USE ASSETS**

The changes in the carrying value of ROU assets for the year ended 31<sup>st</sup> March, 2024 are as follows:

(₹ in Lakhs unless otherwise stated)

Particulars	Category of ROU asset		Total
	Land	Building	
<b>Balance as at 31<sup>st</sup> March, 2023</b>	302.81	496.24	799.04
Additions*	-	-	-
Disposals/Adjustments	-	-	-
<b>Balance as at 31<sup>st</sup> March, 2024</b>	<b>302.81</b>	<b>496.24</b>	<b>799.04</b>
<b>Accumulated Depreciation as at 31<sup>st</sup> March, 2023</b>	89.06	356.05	445.11
Additions	-	129.31	129.31
Disposals/Adjustments	-	-	-
<b>Accumulated Depreciation as at 31<sup>st</sup> March, 2024</b>	<b>89.06</b>	<b>485.36</b>	<b>574.42</b>
<b>Carrying value as at 31<sup>st</sup> March, 2024</b>	<b>213.75</b>	<b>10.88</b>	<b>224.62</b>
<b>Carrying value as at 31<sup>st</sup> March, 2023</b>	<b>213.75</b>	<b>140.19</b>	<b>353.94</b>

\* 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 31<sup>st</sup> March, 2024 are as follows:

(₹ in Lakhs unless otherwise stated)

Particulars	Trade Name Related	Total
<b>Gross carrying value as at 31<sup>st</sup> March, 2023</b>	28.80	28.80
Additions	14.53	14.53
Disposals/Adjustments	-	-
<b>Gross carrying value as at 31<sup>st</sup> March, 2024</b>	<b>43.34</b>	<b>43.34</b>
<b>Accumulated Depreciation as at 31<sup>st</sup> March, 2023</b>	<b>17.21</b>	<b>17.21</b>
Additions	6.66	6.66
Disposals/Adjustments	-	-
<b>Accumulated Depreciation as at 31<sup>st</sup> March, 2024</b>	<b>23.87</b>	<b>23.87</b>
<b>Carrying value as at 31<sup>st</sup> March, 2024</b>	<b>19.47</b>	<b>19.47</b>
<b>Carrying value as at 31<sup>st</sup> March, 2023</b>	<b>11.59</b>	<b>11.59</b>

**8 OTHER FINANCIAL ASSETS (NON CURRENT)**

(₹ in Lakhs unless otherwise stated)

Particulars	As at	As at
	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
In Fixed Deposit accounts with original maturity above 12 months (IPO Proceeds)	486.83	2,941.10
<b>Total</b>	<b>486.83</b>	<b>2,941.10</b>

**9 OTHER NON-CURRENT ASSETS**

(₹ in Lakhs unless otherwise stated)

Particulars	As at	As at
	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
Security Deposits	208.88	204.24
Demand paid under Protest	-	-
<b>Total</b>	<b>208.88</b>	<b>204.24</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)**
**10 INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)**

(₹ in Lakhs unless otherwise stated)

Particulars	As at	As at
	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
Raw materials and Components	2,048.55	1,950.32
Work-in-progress	419.71	471.75
Finished Goods	2,300.73	2,063.98
<b>Total</b>	<b>4,768.99</b>	<b>4,486.05</b>

**11 INVESTMENT**

(₹ in Lakhs unless otherwise stated)

Particulars	As at	As at
	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
HDFC Liquid Fund	920.01	-
Nippon India Liquid Fund	899.89	-
<b>Total</b>	<b>1,819.90</b>	<b>-</b>

\*Considered at Market Value as on 31.03.2024

**12 TRADE RECEIVABLES**

(₹ in Lakhs unless otherwise stated)

Particulars	As at	As at
	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
Current		
Secured, considered good	-	-
Unsecured		
Unsecured, considered good	3,648.02	3,725.44
Unsecured, considered doubtful	626.13	523.50
Less : Expected credit loss allowance	(626.13)	(523.50)
	<b>3,648.02</b>	<b>3,725.44</b>
Credit Impaired	0.23	43.96
Less: Expected Credit Loss allowance for doubtful Trade Receivable	(0.23)	(43.96)
<b>Total</b>	<b>3,648.02</b>	<b>3,725.44</b>

**Notes:**

- Trade receivables has been taken as certified by the management of the Company.
- Provisioning for expected credit loss has been done as per the guidance of Ind AS 109.
- For details of Trade Receivables with related party, refer note no. 43 Related Party disclosure.
- For Ageing Schedule of Trade Receivables refer note 49.
- Trade receivables are generally non interest bearing.
- Movement in Expected Credit Loss Allowance of Trade Receivable is shown below

(₹ in Lakhs unless otherwise stated)

Particulars	As at	As at
	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
Balance at the beginning of the period/year	523.50	517.30
Less: Credit Impaired	(0.23)	(43.96)
Amount added/ Reversed during the period/year	102.86	50.16
Effect of Foreign Exchange	-	-
	<b>626.13</b>	<b>523.50</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)**
**13 CASH AND BANK BALANCES**

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Cash and Cash equivalents</b>		
<b>Balances with banks</b>		
On Current Accounts	60.12	24.85
Deposits with original maturity of less than 3 months (including Short Term Fixed Deposits (from IPO Proceeds))	-	-
Cash on hand	17.79	13.38
<b>Total Cash and Cash Equivalents</b>	<b>77.91</b>	<b>38.23</b>
<b>Bank Balances other than Cash and Cash Equivalents</b>		
<b>Other Bank balances</b>		
Deposits with original maturity of more than three months but remaining maturity of less than twelve months-Fixed Deposits (from IPO Proceeds)	829.90	100.85
Balance in Bank- With Monitoring Agency (IPO Proceeds)	2.08	0.47
Deposits with original maturity of more than twelve months- Fixed Deposits (from IPO Proceeds)	486.83	2,941.10
Less: Amount disclosed under other Financial assets	(486.83)	(2,941.10)
<b>Total bank balances other than cash and cash equivalents</b>	<b>831.98</b>	<b>101.32</b>
<b>Total</b>	<b>909.89</b>	<b>139.55</b>

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

**14 LOANS (CURRENT FINANCIAL ASSETS)**

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
# Advance to Employees & Others	106.31	114.60
<b>Total</b>	<b>106.31</b>	<b>114.60</b>

# - Includes non business advances of ₹ 42.65 Lakh related to pre-conversion period of company from partnership Firm M/s HP International.

No Loans are due from directors or other officers of the Company either severally or jointly with any other person.

**15 CURRENT TAX ASSETS (NET)**

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Advance income tax (Net)	-	6.81
<b>Total</b>	<b>-</b>	<b>6.81</b>

**16 OTHER CURRENT ASSETS**

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Capital Advances</b>	231.96	309.29
<b>(b) In Fixed Deposit Accounts with maturity &lt; 12 months</b>	298.16	154.41
<b>(c) Advances other than Capital Advances</b>		
Prepaid Expenses	45.70	36.06
Accrued Interest on FD	13.97	156.08

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)**

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Withholding Taxes & Others*	5.92	51.80
TDS & TCS Receivable	17.07	18.65
Advances to Suppliers	361.09	298.14
Other Receivables	28.45	170.76
<b>Total</b>	<b>1,002.31</b>	<b>1,195.20</b>

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

**17 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 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Authorised Share Capital</b>		
10,00,00,000 Equity Shares of ₹ 2/-each	2,000.00	2,000.00
(P.Y. 2,00,00,000 Equity Shares of ₹ 10/-each )		
	2,000.00	2,000.00
<b>Equity shares</b>		
<b>Issued, Subscribed and fully paid up</b>		
9,18,74,735 Equity Shares of ₹ 2/- each fully paid up	1,837.49	1,837.49
(P.Y. 1,83,74,947 Equity shares of ₹ 10/- each fully paid up)		
<b>Total</b>	<b>1,837.49</b>	<b>1,837.49</b>

 At the Annual General Meeting of the Company held on 29<sup>th</sup> September, 2023, for the sub-division of equity shares of the Company from existing face value of 10 each into face value of 2 each and from existing no. of shares 1,83,74,947 into 9,18,74,735 (i.e. split of 1 equity share of ₹ 10 each into 5 equity shares of ₹ 2 each), Accordingly, face value of the equity shares of the Company now stand at ₹ 2 each w.e.f. the record date - 9<sup>th</sup> November, 2023.

**(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 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	Number of shares	Amount	Number of shares	Amount
Opening balance (face value ₹ 10/- each)	18,374,947	1,837.49	18,374,947	1,837.49
Right Issue of shares	-	-	-	-
Equity Share subdivided into 5 (Five) Equity shares of face value of ₹ 2/- Per Share	91,874,735	-	-	-
Bought back during the year	-	-	-	-
<b>Closing balance (face value ₹ 2/- each)</b>	<b>91,874,735</b>	<b>1,837.49</b>	<b>18,374,947</b>	<b>1,837.49</b>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

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

(₹ in Lakhs unless otherwise stated)

	Planned as per Prospectus	Utilisation upto 31 <sup>st</sup> March, 2024	Un-utilised as of 31 <sup>st</sup> March, 2024 (*)
<b>Funding working capital requirements of the Company</b>	5,400.00	5,400.00	-
Funding Capital expenditure(CAPEX)	2,550.86	1,606.30	944.56
General corporate Purposes (As revised upon finalisation of IPO Expenses)	1,718.26	1,718.26	-
<b>Total</b>	<b>9,669.12</b>	<b>8,724.56</b>	<b>944.56</b>

(\*) Unutilised IPO proceeds as of 31<sup>st</sup> March, 2024 are kept in fixed deposits with banks and shown under Other bank balances (Refer note 13)

Advances made to Capex Vendors of out of IPO proceeds for supply of Machinery/equipment amounts to ₹ 51.90 Lac (Inc. GST) as on 31.03.2024 for which deliveries/installation is pending as on 31<sup>st</sup> March, 2024, same are included Capital Advance note no.16

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

The Company has one class of equity shares having a par value of ₹ 2 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

Particulars	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Name of the shareholder				
Equity shares of ₹ 2 each fully paid (P.Y. ₹ 10/-each)				
Anjana Haresh Motwani	28,700,675	31.24%	6,740,135	36.68%
Karan Haresh Motwani	26,850,000	29.22%	6,370,000	34.67%
Nidhi Haresh Motwani	10,000,000	10.88%	-	0.00%
	<b>65,550,675</b>	<b>71.35%</b>	<b>13,110,135</b>	<b>71.35%</b>

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.

(f) Shareholding of promoters/Promoter Group

The details of the shares held by promoters as at 31<sup>st</sup> March, 2024 are as follows:

Shares held by promoters at the end of the year	Class of Shares	No. of Shares	% of total shares at beginning	No. of Shares	% of total shares at end	% Change during the year
1. Anjana Haresh Motwani	Equity	6,740,135	36.68%	28,700,675	31.24%	-5.44%
2. Karan Haresh Motwani	Equity	6,370,000	34.67%	26,850,000	29.22%	-5.44%
3. Nidhi Haresh Motwani*	Equity	-	0.00%	10,000,000	10.88%	10.88%

\*Ms. Nidhi Haresh Motwani on March 21, 2024, being part of the Promoter Group of the Company, has acquired 10.88% (1,00,00,0000) equity of the Company by way of inter-se transfer of shares from Mrs. Anjana Haresh Motwani and Mr. Karan Haresh Motwani by way of gift.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

18 OTHER EQUITY

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Retained Earnings	3,764.98	1,704.88
Securities Premium	11,286.45	11,286.45
<b>Total</b>	<b>15,051.43</b>	<b>12,991.33</b>

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(A) Securities Premium</b>		
Opening balance	11,286.45	11,286.45
Add: Premium received on issue of shares	-	-
Less: Premium utilised for IPO related expenditure	-	-
<b>Closing balance</b>	<b>11,286.45</b>	<b>11,286.45</b>
<b>(B) Retained Earnings</b>		
Opening balance	1,704.88	609.99
Add: Adjustment of Ind AS of previous years	-	-
	<b>1,704.88</b>	<b>609.99</b>
Add: Total Comprehensive Income for the year	2,060.10	1,094.89
Add: Other Adjustments	-	-
<b>Closing balance</b>	<b>3,764.98</b>	<b>1,704.88</b>
<b>Total</b>	<b>15,051.43</b>	<b>12,991.33</b>

19 LEASE LIABILITIES (NON-CURRENT)

(₹ in Lakhs unless otherwise stated)

	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Lease Liability	147.23	264.00
<b>Total</b>	<b>147.23</b>	<b>264.00</b>

(Movement of Lease Liabilities, refer Note No. 21(a))

20 BORROWINGS (NON CURRENT)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Borrowings measured at Amortised Cost Secured (Refer Note "Sanction Terms")</b>		
<b>(A) TERM LOANS</b>		
(a) Term Loan from ICICI Bank (Repayable in 84 monthly installments ending Jan'28)	-	213.39
<b>(B) LOANS REPAYABLE ON DEMAND</b>		
(a) ECLGS Loan from ICICI Bank (Repayable in 48 monthly installments ending June'24)	-	13.33
<b>(C) VEHICLE LOANS</b>		
(a) Vehicle Loan from BMW Financial Services (Repayable on 60 EMI of ₹ 92,868/- ending Dec'24)	-	8.06
(b) Vehicle Loan from Daimler Financial Services India Pvt. Ltd. (Repayable on 60 EMI of ₹ 108,902/- ending March'26)	12.59	24.32
(c) Vehicle Loan ICICI Bank (Repayable on 36 EMI of ₹ 37,766/- ending Oct'25)	2.58	6.73
<b>Total</b>	<b>15.16</b>	<b>265.84</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)**
**21 LEASE LIABILITIES (CURRENT)**

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Lease Liability	116.77	126.25
<b>Total</b>	<b>116.77</b>	<b>126.25</b>

**21(a) The Movement of lease liabilities during the years ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023 is as follows:**

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Balance at the beginning	390.25	505.55
Additions	-	-
Finance cost accrued during the year	-	-
Deletions	-	-
Payment of Lease Liabilities	(126.25)	(115.29)
<b>Total</b>	<b>264.00</b>	<b>390.25</b>

**22 BORROWINGS (CURRENT)**

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Loan repayable on demand		
Secured (Refer Note "Sanction Terms")		
Cash credit	-	(98.20)
Bank Overdraft	-	(0.06)
Working Capital Term Loan	-	131.73
Current maturity of long term loans	37.28	163.25
<b>Total</b>	<b>37.28</b>	<b>196.72</b>

**Sanction Terms :-**

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

**ICICI Bank**

Against Hypothecation of company's entire stock of Raw Material, semi finished &amp; Finished goods, consumable Stores &amp; 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 &amp; Anjana Motwani

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

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)**
**23 TRADE PAYABLES**

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Total outstanding dues of micro and small enterprises*	393.75	761.56
Total outstanding dues of creditors other than micro and small enterprises #	1,209.44	1,262.71
<b>Total</b>	<b>1,603.19</b>	<b>2,024.27</b>

\*Refer Note No.40 - 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 50 for Trade Payables ageing schedule

**24 OTHER FINANCIAL LIABILITIES - CURRENT**

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Others</b>		
Security deposits	1.00	1.00
Payable to Employees	260.93	204.07
Payable towards services received	7.89	7.81
Payable towards stores, spares and consumables	104.60	140.77
Capital Creditors	119.50	2.66
<b>Total</b>	<b>493.93</b>	<b>356.30</b>

**25 OTHER CURRENT LIABILITIES**

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Withholding taxes and others	20.18	18.14
Other Statutory Dues	22.57	20.34
Advances received from customers	95.97	114.22
<b>Total</b>	<b>138.71</b>	<b>152.70</b>

**26 PROVISIONS**

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Non Current</b>		
Provision for Gratuity	69.04	91.72
<b>Total</b>	<b>69.04</b>	<b>91.72</b>
<b>Current</b>		
Provision for Employee benefits	30.00	29.68
Provision for Expenses	95.15	16.07
<b>Total</b>	<b>125.15</b>	<b>45.75</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)**
**27 CURRENT TAX LIABILITIES (NET)**

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Current Tax Payable (Net of Advance tax)	145.21	112.91
<b>Total current tax liabilities</b>	<b>145.21</b>	<b>112.91</b>

Income tax expense for the year ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 includes reversal (net of provisions). These reversals pertaining to prior periods are primarily on account of filing of tax return, intimations and completion of processing.

**28 TAX ASSET (NET) / TAX EXPENSE**
**(A) Deferred tax expense**

(₹ in Lakhs unless otherwise stated)

	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
(DTL)/DTA for the year	(37.63)	(74.28)
(DTL)/DTA on OCI for the year	(1.11)	(3.05)
Net (DTL)/DTA for the year	(38.74)	(77.34)
Balance of Deferred Tax Asset /(Liability) as at 31.03.2023	51.49	128.83
<b>Balance of Deferred Tax Asset /(Liability) as at 31.03.2024</b>	<b>12.75</b>	<b>51.49</b>

Movement of Deferred Tax assets and liabilities:

Movement during the period ended 31 <sup>st</sup> March, 2024	March 31, 2023	Recognised in Statement of Profit & Loss	Recognised under OCI	March 31, 2024
Deferred Tax Liability in relation to:				
Property, Plant and Equipments	(108.90)	(61.02)		(169.92)
ROU Assets	(89.08)	32.55		(56.53)
Intangible Assets	(0.10)	0.28		0.17
Expected Credit Loss	120.69	36.89		157.58
Remeasurement (loss)/gain on defined benefit plan	23.08	(4.60)	(1.11)	17.38
Lease Liability	98.22	(41.69)		56.53
Items allowed on payment basis (Prepaid/PPI)	7.60	(0.04)		7.55
<b>Net deferred Tax Liability</b>	<b>51.49</b>	<b>(37.63)</b>	<b>(1.11)</b>	<b>12.76</b>

Movement of Deferred Tax assets and liabilities:

Movement during the period ended 31 <sup>st</sup> March, 2023	March 31, 2022	Recognised in Statement of Profit & Loss	Recognised under OCI	March 31, 2023
Deferred Tax Liability in relation to:				
Property, Plant and equipments	(60.67)	(48.23)		(108.90)
Disposal of PPE (Temporary Difference)	25.27	(25.27)		-
ROU Assets	(123.02)	33.94		(89.08)
Intangible Assets	(0.44)	0.34		(0.10)
Expected Credit Loss	130.19	(9.50)		120.69
Remeasurement (loss)/gain on defined benefit plan	23.06	3.08	(3.05)	23.08
Lease Liability	127.24	(29.02)		98.22
Items allowed on payment basis (Prepaid/PPI)	7.22	0.38		7.60
<b>Net deferred Tax Liability</b>	<b>128.83</b>	<b>(74.28)</b>	<b>(3.05)</b>	<b>51.49</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)**
**(B) Income tax expense**

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
- Current tax taxes	(716.10)	(359.94)
- Adjustments in respect of current income tax of previous year	-	19.73
- Deferred tax charge / (income)	(38.74)	(77.34)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>(754.84)</b>	<b>(417.55)</b>

**(C) Income tax expense charged to OCI**

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Net loss/(gain) on remeasurements of defined benefit plans	(1.11)	(3.05)
<b>Income tax charged to OCI</b>	<b>(1.11)</b>	<b>(3.05)</b>

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

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Profit before tax	2,811.66	1,503.36
Tax Rate	25.17%	25.17%
Income tax expense at tax rates applicable	707.64	378.37
Tax effects on Depreciation & non deductible expenditure	47.20	58.91
Adjustments in respect of current income tax of previous year	-	(19.73)
<b>Income tax (expense) / income</b>	<b>754.84</b>	<b>417.55</b>

**(E) Unrecognised Deferred tax assets**

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Deferred tax asset</b>		
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	-	-
<b>Deferred tax liability</b>		
On Fair valuation of interest free borrowings from related parties	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**29 REVENUE FROM OPERATIONS**

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Revenue from Operations (Net)	23,601.78	23,299.60
<b>Total</b>	<b>23,601.78</b>	<b>23,299.60</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)**

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

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Contracted Price	24,154.46	23,774.81
Reduction towards variable consideration components <sup>^</sup>	(552.68)	(475.21)
	<b>23,601.78</b>	<b>23,299.60</b>

<sup>^</sup> The reduction towards estimated variable consideration includes discounts, rebates and schemes.

**30 OTHER INCOME**

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
<b>(a) Interest Income</b>		
Interest on Fixed deposits with banks	163.06	218.43
Other interest income	-	-
<b>(b) Other Gains and Losses</b>		
Exchange gain/(losses) on transactions	70.88	35.13
Duty Drawback Refund	23.93	30.94
Freight/Transportation Charges Recovered	0.80	1.29
Profit on Sale of Fixed Asset	0.05	-
Income on Investments carried at fair value through profit or loss		
Gain/(Loss) on liquid mutual funds	64.09	-
Sundry Balances written back	1.80	5.97
Miscellaneous income	1.30	1.72
<b>Total</b>	<b>325.91</b>	<b>293.47</b>

**31 COST OF MATERIAL CONSUMED**

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Raw materials & Components at the beginning of the year	1,950.32	1,866.85
Add: Purchases		
Raw Material & Components	11,864.23	14,292.93
Less: Raw materials & Components at the end of the year	2,048.55	1,950.32
<b>Total</b>	<b>11,766.00</b>	<b>14,209.46</b>

**32 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE**

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Inventories at the beginning of the year	2,535.73	2,250.03
Less: Inventories at the end of the year	2,720.43	2,535.73
<b>Net (increase) / decrease in inventories</b>	<b>(184.71)</b>	<b>(285.70)</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)**
**33 EMPLOYEE BENEFITS EXPENSES**

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Salaries and wages (including Staff Welfare)	2,453.31	1,859.48
Director's Remuneration	167.99	150.24
Contribution to Provident and other funds	120.42	92.48
Gratuity expense	43.62	35.98
Bonus	69.48	55.96
<b>Total</b>	<b>2,854.83</b>	<b>2,194.14</b>

**34 FINANCE COSTS**

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Interest on secured borrowing	45.83	158.83
LC Charges	0.14	0.29
Interest expenses on financial liabilities measured at amortised cost	27.35	38.35
Interest on Self Assessment Tax	-	2.53
Interest on late Payments of TDS/TCS	2.76	0.40
Interest on late Payments Others	-	2.39
Bank Charges & Commission	8.03	23.26
Subvention Charges (Sale Invoice Discounting)	103.84	3.25
<b>Total</b>	<b>187.95</b>	<b>229.28</b>

**35 DEPRECIATION EXPENSES**

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Depreciation on property, plant and equipment (Refer Note 5 & 6)	293.38	183.57
Depreciation on intangible assets (Refer Note 7B)	6.66	5.07
Amortisation of Right to Use Assets (Refer Note 7A)	129.31	134.86
<b>Total</b>	<b>429.35</b>	<b>323.50</b>

**36 OTHER EXPENSES**

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Production expenses	711.48	637.15
Telephone and communication charges	15.79	12.46
Printing & Stationery	13.61	13.16
<b>Repairs &amp; maintenance expenses</b>		
Building	18.27	21.25
Machinery	122.90	75.29
Conveyance and travelling expenses	414.03	390.40
Insurance charges	75.05	48.44



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)**

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Independent Director's Sitting Fees	10.45	7.60
Business promotion expenses	573.80	493.03
Legal & professional charges	76.70	68.86
Office Expenses/Miscellaneous Expenses	61.10	53.36
Donation	1.29	0.39
Lease Rent & License Fees	35.22	26.30
Rates & Taxes	30.83	17.03
Membership & subscription	7.68	4.85
Payment to Auditors (refer note 36 (a))	24.00	23.70
Computer consumables, software & maintenance charges	20.30	12.12
Selling & Distribution Expenses	513.00	413.08
Expected Credit Loss	102.86	50.16
CSR Expenses (refer note 36 (b))	25.12	11.09
<b>Total</b>	<b>2,853.48</b>	<b>2,379.74</b>

**36 (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 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Statutory Audit Fees	19.00	19.00
Other Services-Limited Reviews, Certifications & Reimb. of Exp.	5.00	4.70
<b>Total</b>	<b>24.00</b>	<b>23.70</b>

**36 (b) Details of Corporate Social Responsibility (CSR) Expenditure**

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
A. Gross amount required to be spent by the Company during the year	24.28	10.68
B. Actual amount spent during the year and charged to CSR Expenses (including previous years excess spent) is as follows :		
(i) Construction/Acquisition of any Asset	19.74	-
(ii) On purpose other than above - in cash	5.09	11.09
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	24.28	10.68
	<b>24.28</b>	<b>10.68</b>
Gross amount spent by the Company of previous years		-
Gross amount spent by the Company for Current year (Allowable)	24.83	11.09
	<b>24.83</b>	<b>11.09</b>
Excess amount paid during the year carried forward as prepaid(*)	(0.55)	(0.41)

\* Amount of ₹ .55 Lakhs available to be set off in upcoming financial year.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)**
**36 (c) Bad Debts written off net of expected credit loss allowance**

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Bad Debts written	0.23	43.96
Expected Credit Allowance	(0.23)	(43.96)
Bad Debts written off (net of expected credit loss allowance)	-	-

**37 EXCEPTIONAL ITEMS**

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Goods damaged due to Natural Calamities/ Insurance Claim Received	(22.40)	63.79
Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee Dispute under Amnesty Scheme 2022	-	73.75
<b>Total</b>	<b>(22.40)</b>	<b>137.54</b>

**38 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 number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods for any share split and bonus share issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

The following is a reconciliation of the equity shares used in the computation of basic and diluted EPS:

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Ordinary equity shareholders		
Profit/(Loss) attributable to ordinary equity holders	2,056.81	1,085.81
Weighted average number of equity shares for calculation of basic EPS	91,874,735	91,874,735
Face Value per share (₹)	2	2
Basic Earnings per share (₹)	2.24	1.18
Diluted Earnings per share (₹)	2.24	1.18

At the Annual General Meeting of the Company held on 29<sup>th</sup> September, 2023, approved the sub-division of equity shares of the Company from existing face value of 10 each into face value of 2 each and from existing no. of shares 1,83,74,947 into 9,18,74,735 (i.e. split of 1 equity share of 10 each into 5 equity shares of 2 each), Accordingly, face value of the equity shares of the Company now stand at 2 each w.e.f. the record date namely 9<sup>th</sup> November, 2023.

Computation of Weighted Average number of shares

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Calculation of weighted number of shares of ₹ 2/- each		
Number of shares outstanding as an 1 <sup>st</sup> April	91,874,735	91,874,735
<b>Weighted number of Shares considered for calculation of Basic EPS</b>	<b>91,874,735</b>	<b>91,874,735</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

### 39 CONTINGENT LIABILITIES AND COMMITMENTS

#### A - Contingent Liabilities

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
1. Letter of comfort issued to banks	-	-
2. Claim against the Company not acknowledged as debt		
(i) Income Tax matter dispute under appeal (AY 14-15)	2.70	2.70
(ii) Others- Uncrystallized effect of Bank Guarantee given by company to Deputy Commissioner, Central Excise Anti Evasion Wing, Mumbai #	51.25	51.25
(iii) 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
<b>Total</b>	<b>56.01</b>	<b>56.01</b>

# 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.

#### Trademark Proceedings

The Company is subject to ongoing proceedings on Trademark applications which have arisen in ordinary course of business. The Company's management reasonably expects that such ordinary course legal proceedings, when ultimately concluded and determined, will not have a material and adverse effect on the Company's results of operations or financial condition.

#### B - Commitments

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
1. Estimated amount of Contracts remaining to be executed on Capital account and not provided for		
(i) Towards Property, Plant & Equipment*	232.45	601.65
(ii) Towards Intangible Assets	-	0.50
<b>Total</b>	<b>232.45</b>	<b>602.15</b>

\* includes IPO objects CAPEX Commitments.

### 40 DISCLOSURE UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ARE PROVIDED AS UNDER FOR THE YEAR 2022-2023, 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 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
(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*	393.75	761.56
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		

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
(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		
<b>Total</b>	<b>393.75</b>	<b>761.56</b>

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.

Company has not provided any Interest on outstanding dues to MSME suppliers.

### 41 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 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Employer's Contribution to Recognised Provident Fund	109.99	82.01

#### (B) Defined benefit plans

##### i) The amount recognised in the balance sheet and the movements in the net defined benefit obligation of gratuity over the year as under:

##### a) Reconciliation of opening and closing balances of Defined benefit obligation

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Defined benefit obligation at the beginning of the year	121.67	101.61
Interest cost	8.59	6.92
Current service cost	37.08	29.78
Benefits paid	(1.49)	(3.74)
Actuarial (gain)/ loss on obligations - Due to change in Financial Assumptions	4.02	(4.06)
Actuarial (gain)/ loss on obligations - Due to experience	(10.20)	(8.85)
<b>Defined benefit obligation at the year end</b>	<b>159.66</b>	<b>121.67</b>

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

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Fair value of plan assets at the beginning of the year	29.97	10.00
Employer contribution	61.49	23.74
Benefits paid	(1.49)	(3.74)
Interest Income	2.46	0.72
Return on plan assets excluding interest income	(1.80)	(0.75)
<b>Fair value of plan assets at the year end</b>	<b>90.63</b>	<b>29.97</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)**
**c) Investment details of Plan Assets**

S. No.	Particulars	Name of Trust	Policy No.	Investment With
1)	Gratuity	HP Adhesives Limited Employees Group Gratuity Trust	G0001829	HDFC Group Traditional Plan

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

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
In Income Statement	43.20	35.98
In Other comprehensive Income	(4.38)	(12.15)
<b>Expense recognised during the year</b>	<b>38.82</b>	<b>23.83</b>

**e) Expense recognised in Other comprehensive income**

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Actuarial (gain) / loss on Obligation for the period		
changes in financial assumptions	4.02	(4.06)
experience adjustment	(10.20)	(8.85)
Actual Return on Plan Assets less interest on plan assets	1.80	0.75
<b>Net actuarial (gains) / losses recognised in Other Comprehensive Income</b>	<b>(4.38)</b>	<b>(12.15)</b>

**f) Reconciliation of fair value of assets and obligations**

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Present value of defined benefit obligations	(159.66)	(121.67)
Fair Value of Plan Assets	90.63	29.97
<b>Net asset / (liability)</b>	<b>(69.04)</b>	<b>(91.71)</b>

**g) A quantitative sensitivity analysis for significant assumption is as shown below:**

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Discount rate		
0.5% increase	151.80	115.37
0.5% decrease	168.27	128.57
Rate of increase in salary		
0.5% increase	167.83	128.32
0.5% decrease	152.02	115.54
Rate of employee turnover		
1% increase	-	-
1% decrease	-	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)**
**h) Maturity profile of defined benefit obligation**

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Expected Outgo First	29.64	14.24
Expected Outgo Second	4.99	9.20
Expected Outgo Third	8.34	4.72
Expected Outgo Fourth	10.70	7.41
Expected Outgo Fifth	9.91	9.45
Expected Outgo Six to Nine years	48.91	37.78
Expected Outgo for Ten years and above	315.64	270.31

**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 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Government of India (GOI) bond yield *	7.19%	7.01%
Discount rate (per annum)	7.25%	7.50%
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.

The Company contributes gratuity liabilities directly to HDFC Trust Group through HP Adhesives Limited Employees Group Gratuity Trust. Trustees administer contributes made to the Trusts and contributes are invested in a scheme with the HDFC Trust Group as permitted by Indian Law.

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.

The Company assesses all the above assumptions with its projected long term plans of growth and prevalent industry standards.

**Note on other risks:**

- Investment Risk – The funds are invested by HDFC Bank and they provide returns basis the prevalent bond yields, Bank on an annual basis requests for contributions to the fund.
- Interest Risk –HDFC Bank 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

42 LEASES

(A) Operating leases where Company is a lessee:

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March, 2024 on an undiscounted basis:

(₹ in Lakhs unless otherwise stated)		
Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Within one year	135.78	156.06
After one year but not more than five years	155.55	291.32
More than five years		

(B) Finance lease where Company is a lessor:

Not Applicable

43 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 31<sup>st</sup> March, 2024

Names of related parties and nature of relationship

(A) Key Management Personnel (KMP)

Anjana Haresh Motwani (Chairman)  
Karan Haresh Motwani (Managing Director)  
Nidhi Motwani (Executive Director)  
Rajendra Kumar Jain (Independent Director)  
Surendra Kumar Mehta (Independent Director)  
Ajeet Anant Walavalkar (Independent Director)  
Mihir Shah (Chief Financial Officer)  
Jyoti Nikunj Chawda (Company Secretary)

(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 LTD  
RAIGAD STEEL AND ROLL FORMS PRIVATE LIMITED  
HP Plastics KHM  
HP Plastic HUF

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

(d) Other Related Parties

HP Adhesives Limited Employees Group Gratuity Trust

Particulars	Nature of Relationship	Amount
<b>Remuneration to Key Managerial Person (KMP) of the Company (Inc. all benefits):</b>		
1 Anjana Haresh Motwani	Director	50.32
2 Karan Haresh Motwani	Director	85.86
3 Nidhi Motwani	Director	35.68
<b>Lease Rent to Key Managerial Person (KMP) of the Company:</b>		
1 Anjana Haresh Motwani	Director	43.20
2 Karan Haresh Motwani	Director	43.20
<b>Business Transactions with Entities in which KMP / relatives of KMP have significant influence:</b>		
<b>(A) Sale of Goods*</b>		
1 Raigad Carbides	Director Husband HUF	7.54
<b>(B) Purchase of Assets*</b>		
1 Raigad Steel and Roll Forms Private Limited	Director Husband Director	261.64
<b>(C) Purchase of Goods*</b>		
1 Raigad Carbides	Director Husband HUF	1.51
2 Raigad Oxygen Pvt. Ltd.	Director Husband Director	52.34

\* GST not included

Particulars	Nature of Relationship	Amount
<b>Other Transactions</b>		
1 HP Adhesives Limited Employees Group Gratuity Trust	Gratuity Trust	60.00

Outstanding Balances Receivable/(Payable) as on 31.03.2024

S. No.	Particulars	Nature of Relationship	Amount
1	Raigad Carbides	Director Husband HUF Firm	1.79
2	Raigad Oxygen Pvt. Ltd.	Director Husband Director	(2.02)
3	Raigad Steel and Roll Forms Private Limited	Director Husband Director	(69.20)
4	HP Composites LLP	Directors are Partners	-

Notes :

- Sitting Fees to Non-Executive & Independent Directors paid during the year is ₹ 10.45 Lakhs.
- Remuneration paid to KMPs (Inc. all benefits) (other than directors) during the year is ₹ 59.26 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
- Transactions with Raigad Steel and Roll Form Private Limited related to construction of Mezzanine floor is delayed as per initial contract/approved quotation. Payment made till date is ₹ 239.31 Lakhs, classified under CWIP as final completion pending.
- Related parties taken as identified by management.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

44 FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The management assessed that cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, Investment in Deposits, Loans and advances, Security Deposits, Investment in Gratuity Fund, Borrowings, Trade payables and lease liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

The carrying value and fair value of financial instruments by categories as at 31<sup>st</sup> March, 2024 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			
<b>FINANCIAL ASSETS</b>						
Trade receivables	3,648.02	-	-	-	3,648.02	3,648.02
Liquid Mutual Funds	1,813.17	-	6.73	-	1,819.90	1,819.90
Cash and cash equivalents	77.91	-	-	-	77.91	77.91
Other Bank balances	831.98	-	-	-	831.98	831.98
Investment in Deposits	486.83	-	-	-	486.83	486.83
Loans and advances	106.31	-	-	-	106.31	106.31
Security Deposits	208.88	-	-	-	208.88	208.88
Investment in Gratuity Fund	90.63	-	-	-	90.63	90.63
<b>Total</b>	<b>7,263.72</b>	<b>-</b>	<b>6.73</b>	<b>-</b>	<b>7,270.45</b>	<b>7,270.45</b>
<b>FINANCIAL LIABILITIES</b>						
Borrowings	52.45	-	-	-	52.45	52.45
Trade payables	1,603.19	-	-	-	1,603.19	1,603.19
Lease Liabilities	264.00	-	-	-	264.00	264.00
Employee benefit payable	-	-	256.53	4.40	260.93	260.93
<b>Total</b>	<b>1,919.64</b>	<b>-</b>	<b>256.53</b>	<b>4.40</b>	<b>2,180.57</b>	<b>2,180.57</b>

Collateral: Refer Note No. 22 related to Financial Assets pledged as collateral

The carrying value and fair value of financial instruments by categories as at 31<sup>st</sup> 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			
<b>FINANCIAL ASSETS</b>						
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	29.97	-	-	-	29.97	29.97
<b>Total</b>	<b>7,154.90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,154.90</b>	<b>7,154.90</b>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

(₹ 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			
<b>FINANCIAL LIABILITIES</b>						
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
<b>Total</b>	<b>2,877.08</b>	<b>-</b>	<b>191.93</b>	<b>12.14</b>	<b>3,081.14</b>	<b>3,081.14</b>

45 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
<b>As at 31<sup>st</sup> March, 2024</b>			
<b>FINANCIAL ASSETS</b>			
(a) Financial assets measured at fair value through profit or loss			
Investments in equity shares		-	
Investment in Deposits		486.83	
Financial assets measured at amortised cost			
Trade receivables		3,648.02	
Liquid Mutual Funds	1,819.90	-	
Cash and cash equivalents		77.91	
Other Bank balances		831.98	
Loans and advances		106.31	
Security Deposits		208.88	
Investment in Gratuity Fund		90.63	
<b>FINANCIAL LIABILITIES</b>			
Financial liabilities measured at amortised cost			
Borrowings	-	52.45	
Trade payables		1,603.19	
Employee benefit payable		260.93	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

(₹ in Lakhs unless otherwise stated)

Particulars	Level 1	Level 2	Level 3
<b>As at 31<sup>st</sup> March, 2023</b>			
<b>FINANCIAL ASSETS</b>			
(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		29.97	
<b>FINANCIAL LIABILITIES</b>			
Financial liabilities measured at amortised cost			
Borrowings		462.56	
Trade payables		2,024.27	
Employee benefit payable		204.07	

There have been no transfers between Level 1 and Level 2 during the period

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

**46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

**(A) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include investments, foreign currency receivables and payables, loans and borrowings and deposits. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities.

**(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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

**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
2024				
<b>INR</b>	Variable Interest Rate Borrowings	1.58 (₹ in Lakh)	+100	0.02
		(₹ in Lakh)	-100	(0.02)
<b>USD</b>	Variable Interest Rate Borrowings	- (\$ in '000)	+100	-
		(\$ in '000)	-100	-
2023				
<b>INR</b>	Variable Interest Rate Borrowings	462.56 (₹ in Lakh)	+100	4.63
		(₹ in Lakh)	-100	(4.63)
<b>USD</b>	Variable Interest Rate Borrowings	- (\$ in '000)	+100	-
		(\$ in '000)	-100	-

**(ii) Currency risk**

The functional currency of the Company is Indian Rupee. The Company is exposed to currency risk on account of its trade receivables, trade payables and payables for goods in foreign currency. The Company has not used derivative financial instruments either for hedging purpose or for trading or speculative purposes.

**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)
2024	456,265	+5%	22,813.25
		-5%	(22,813.25)
2023	485,034	+5%	24,251.71
		-5%	(24,251.71)

**(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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

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 <sup>st</sup> March, 2024)	Expected loss rate	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Not due	2,613.61	1%	22.76	2,590.85
0-30 days	667.83	5%	30.23	637.61
30-60 days	182.61	11%	20.73	161.88
60-90 days	270.72	25%	68.66	202.06
90-120 days	31.34	25%	7.95	23.39
120-150 days	16.19	51%	8.28	7.91
150-180 days	10.14	73%	7.37	2.77
More than 180 days	481.71	96%	460.16	21.54
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>4,274.15</b>		<b>626.13</b>	<b>3,648.02</b>
<b>Total</b>				<b>3,648.02</b>

### Change in ECL Allowance during the year

During the year company has Re-estimated ECL provisions considering the trend due to portfolio composition of trade receivables under different ageing bracket and different customer segment. The effect of such change in estimate is recognised in current period and is expected to have an effect in future periods also for which estimation is impracticable.

(₹ in Lakhs unless otherwise stated)

Receivables Ageing	Gross Carrying amount (as on 31 <sup>st</sup> 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
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>4,248.94</b>		<b>523.50</b>	<b>3,725.44</b>
<b>Total</b>				<b>3,725.44</b>

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

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Opening Provision	523.50	517.30
Add: Adjustments during the year	102.63	6.20
<b>Closing provision</b>	<b>626.13</b>	<b>523.50</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

### (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
<b>As at 31<sup>st</sup> March, 2024</b>				
Borrowings				
Term Loans (Including Vehicle Loans)	37.28	15.16	-	52.45
Short term borrowings (Net)	-	-	-	-
Lease liabilities	135.78	155.55	-	291.32
Trade payables	1,603.19	-	-	1,603.19
	<b>1,776.25</b>	<b>170.71</b>	<b>-</b>	<b>1,946.96</b>

(₹ in Lakhs unless otherwise stated)

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

### 47 CONTRACT BALANCES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Trade receivables	-	-
Contract assets	-	-
Contract liabilities	-	-

### Amount of revenue recognised from Contract liabilities

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Amounts included in contract liabilities at the beginning of the year	-	-



NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

48 CAPITAL MANAGEMENT

For the purposes of the Company's capital management, capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximise shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements.

The Company monitors capital using net debt to equity ratio, which is net debt (as reduced by cash and cash equivalent) divided by total equity.

(₹ in Lakhs unless otherwise stated)

Particulars		As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Total Equity	(i)	16,888.93	14,828.82
Total Borrowings		52.45	462.56
Less: Cash and Cash Equivalents (including Banks deposits & Liquid Mutual Funds)		(3,528.75)	(3,391.14)
Net debt	(ii)	(3,476.30)	(2,928.58)
<b>Net Debt to Equity ratio (Net Gearing Ratio)</b>	<b>(ii)/(i)</b>	<b>(20.58%)</b>	<b>(19.75%)</b>

Dividends

Equity Share	For the Year Ended 31 <sup>st</sup> March, 2024	For the Year Ended 31 <sup>st</sup> March, 2023
Interim Dividend of ₹/- each	-	-
Final Dividend of ₹/- each	-	-
	-	-

The Board of Directors of the Company in its meeting held on 14<sup>th</sup> May, 2024 has approved and declared final dividend of ₹ 0.30/- i.e 15% on Face Value of ₹ 2/- per equity share of the Company for the financial year 2023-2024, subject to approval from shareholders.

49 TRADE RECEIVABLES (GROSS) AGEING SCHEDULE FOR THE YEARS ENDED AS ON 31<sup>ST</sup> MARCH, 2024 IS AS FOLLOWS:

(₹ in Lakhs unless otherwise stated)

Particulars	Outstanding for following periods from due date of payment#					Total
	Less than 6 months (inc. not due)	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
<b>A. Undisputed Trade Receivables</b>						
(i) Considered good	3,626.48	3.54	4.17	3.41	10.43	3,648.02
(ii) Having significant increase in credit risk considered doubtful						
(ii) Credit Impaired	165.97	71.21	84.65	68.25	236.05	626.13
<b>B. Disputed Trade Receivables</b>						
(i) Considered good						
(ii) Having significant increase in credit risk considered doubtful						
(ii) Credit Impaired						

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

Trade Receivables(Gross) Ageing Schedule for the years ended as on 31<sup>st</sup> 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 (inc. not due)	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
<b>A. Undisputed Trade Receivables</b>						
(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>B. Disputed Trade Receivables</b>						
(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 ₹ 0.23 Lakhs adjusted with ECL provision.

50 TRADE PAYABLES AGEING SCHEDULE FOR THE YEARS ENDED AS ON 31<sup>ST</sup> MARCH, 2024 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	393.61	0.14			393.75
(ii) Dues to Other than Micro & Small Enterprises	1,208.34	1.10			1,209.44
(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 31<sup>st</sup> 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					

# In case of no due dates specified, date of transaction is considered

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

Relationship with Struck off companies

(₹ in Lakhs unless otherwise stated)

Name of Struck off company	Nature of Transactions	Transaction during the year 31 <sup>st</sup> March, 2024	Balance outstanding as at 31 <sup>st</sup> March, 2024	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 <sup>st</sup> March, 2024	Balance outstanding as at 31 <sup>st</sup> March, 2024	Relationship with the struck off company
Receivables	-	-	-	-
Payables	-	-	-	-

51 Disclosure regarding details of Benami Property held- Nil

52 Disclosure regarding willful Defaulter- Nil

53 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.

54 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.

55 DISCLOSURE OF SIGNIFICANT RATIO :

(₹ in Lakhs unless otherwise stated)

	Particulars	Numerator	Denominator	As at 31 <sup>st</sup> March		Variance (in %)
				2024	2023	
(a)	Current Ratio	Current Assets	Current Liabilities	4.61	3.21	30.39
(b)	Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.00	0.03	(904.49)
(c)	Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	13.22	4.76	63.96
(d)	Return on Equity Ratio,	Net profits after tax	Shareholders Equity	12.2%	7.3%	39.88
(e)	Inventory turnover ratio	Cost of Goods Sold	Average Inventory	3.20	3.91	(22.15)
(f)	Trade Receivables turnover ratio	Revenue	Average Trade Receivables	6.40	6.72	(4.97)
(g)	Trade payables turnover ratio	Purchases of RM and Trading goods	Average Trade Payables	8.32	6.65	20.10
(h)	Net capital turnover ratio	Revenue	Working Capital (excluding cash and current borrowings)	2.71	3.47	(28.33)
(i)	Net profit ratio	Net Profit	Revenue	8.7%	4.7%	46.52
(j)	Return on Capital employed	Earning before Interest & taxes	Capital Employed	22.7%	16.6%	26.97
(k)	Return on investment					
	Unquoted (Fixed Deposits)	Income generated from Investments	Average Investments	6.7%	4.6%	30.57

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024 (CONTD.)

56 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.

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

58 Disclosure regarding trading or inviting in Crypto Currency or Virtual Currency - NIL

59 The financial statements of the Company were authorised for issued in accordance with a resolution of the directors on 14<sup>th</sup> May, 2024.

60 RECLASSIFICATION IN THE STATEMENT OF PROFIT AND LOSS

Based on review of commonly prevailing practices and to align with presentation used by the peer group companies, the management of the Company has reclassified/separated the cost of Subvention Charges from Bank Charges under same head of Finance Cost of ₹ 3.25 Lakhs for the year ended 31<sup>st</sup> March, 2023.

The management believes that the such reclassification does not have any material impact on information presented in the Statement of Profit and loss and in the balance sheet at the beginning of the preceding period. Accordingly, the Group has not presented third balance sheet in the financial statements/results.

61 MANAGEMENT NOTE ON AUDIT TRAIL

The Company has used accounting software for maintaining its Books of Accounts which has a feature of recording summarized Audit trail (Edit log) facility and the same has been operated throughout the year for the relevant transactions recorded in the software except for other software used by company to maintain payroll and inventory records. Wherever Audit trail is enabled no instances of Audit trail feature being tampered with was noted in respect of above software.

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: 14<sup>th</sup> May, 2024

Place: Mumbai  
Date: 14<sup>th</sup> May, 2024

# NOTICE OF THE 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, 5<sup>th</sup> 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 5<sup>th</sup> Annual General Meeting of the Members of HP Adhesives Limited ("the Company"), will be held on Thursday, 19<sup>th</sup> September, 2024 at 12:00 noon IST through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended 31<sup>st</sup> March, 2024 together with the reports of the Board of Directors and Statutory Auditors thereon.
2. To declare a final dividend of ₹ 0.30 per equity share of ₹ 2 each of the Company for the financial year ended 31<sup>st</sup> March, 2024.
3. To appoint a Director in place of Ms. Nidhi Haresh Motwani (DIN: 06655834), who retires by rotation and being eligible offers herself for re-appointment.

### SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following as a **Special Resolution** to approve HP Adhesives Employee Stock Option Scheme - 2024:

**"RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any amendment thereto or re-enactment thereof), Regulation 6(1) and other applicable provisions, if any, of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (**"SEBI (SBEB & SE) Regulations, 2021"**), the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI (LODR) Regulations"**), relevant provisions of Memorandum of Association and Articles of Association of the Company and any other applicable and prevailing statutory Guidelines / Circulars in that behalf and subject further to such other approval(s), consent(s), permission(s) and / or sanction(s) as may be necessary from the appropriate regulatory authority(ies) / institution(s) and such conditions and modifications as may be prescribed / imposed by the appropriate regulatory authority(ies) / institution(s) while granting

such approval(s), consent(s), permission(s) and/ or sanction(s), the consent of the Members of the Company be and is hereby accorded for approval of HP Adhesives Employee Stock Option Scheme - 2024 (**"Scheme"**) and the Board of Directors (hereinafter referred to as the **"Board of Directors"** which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee, which the Board of Directors has constituted to exercise its powers, including the powers, conferred by this resolution) be and is hereby authorised to create, grant, offer, issue and allot under the Scheme, in one or more tranches, not exceeding 15,00,000 (Fifteen Lakh) Employee Stock Options (**"Options"**) (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time as defined in the scheme) to or for the benefit of Employees and Directors of the Company and to such persons as may, from time to time, be allowed to be eligible for the benefits of the Scheme (as permitted under the applicable), exercisable into not more than 15,00,000 (Fifteen Lakh) Equity Shares (**"Shares"**) of face value of Rs. 2/- each (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time as defined in the scheme) on such terms and in such manner as the Board of Directors may decide in accordance with the provisions of the applicable laws and the provisions of the Scheme.

**RESOLVED FURTHER THAT** the Scheme shall be administered by the Nomination and Remuneration Committee of the Company who shall have all necessary powers as defined in the Scheme and is hereby designated as Compensation Committee in pursuance of the SEBI (SBEB & SE) Regulations, 2021.

**RESOLVED FURTHER THAT** the Scheme shall be implemented through Direct route, for extending the benefits to the eligible Employees by the way of fresh allotment from the Company.

**RESOLVED FURTHER THAT** the Equity Shares, to be issued and allotted by the Company under the Scheme

## NOTICE (CONTD.)

shall rank pari passu in all respects with the then existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** the Company shall conform to the applicable Accounting Policies, Guidelines or Accounting Standards as may be applicable from time to time, including the disclosure requirements prescribed therein.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, stock splits, consolidation of shares, the outstanding options to be granted under the Scheme shall be suitably adjusted for the number of options as well as the exercise price in a fair and reasonable manner, in accordance with the Scheme.

**RESOLVED FURTHER THAT** the Board of Directors, subject to compliance with the SEBI (SBEB & SE) Regulations, 2021 and other applicable laws, rules and regulations, be and are hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the Scheme and to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard and further to execute all such documents, writings and to give such directions and/or instructions

### 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. Ministry of Corporate Affairs ("MCA") has vide its various circulars issued from time to time (the latest circular being dated 25<sup>th</sup> September, 2023) ("MCA Circulars") permitted the holding of the AGM through VC/OAVM. In compliance with the provisions of the Act, MCA Circulars and SEBI Listing Regulations, the AGM is being held through VC/OAVM on Thursday, 19<sup>th</sup> September, 2024 at 12:00 noon IST. The deemed venue of the AGM shall be the registered office of the Company.
3. Since the AGM is being held through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM. The route map, proxy form as well as the attendance slip are therefore, 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,

as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the Scheme and do all other things incidental and ancillary thereof.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to do all such acts, deeds, and things, as it may, in its absolute discretion deem necessary including but not limited to appoint Advisors, Merchant Bankers, Consultants or Representatives, being incidental for the effective implementation and administration of the Scheme and to make applications to the appropriate Authorities, for their requisite approvals and take all necessary actions and to settle all such questions, difficulties or doubts whatsoever that may arise while implementing this resolution.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby also authorised to nominate and appoint one or more persons for carrying out any or all of the activities that the Board of Directors are authorized to do for the purpose of giving effect to this resolution."

For **HP Adhesives Limited**

**Date: 12<sup>th</sup> August, 2024**  
**Place: Mumbai**

**Karan Motwani**  
**Managing Director**  
**DIN: 02650089**

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 authorising their representative(s) to attend and vote on their behalf.

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. 21 below.



## NOTICE (CONTD.)

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, 23<sup>rd</sup> August, 2024 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, 12<sup>th</sup> August, 2024 has appointed Mr. Shivam Sharma, Proprietor of M/s. Shivma Sharma & Associates, Practicing Company Secretary as the Scrutiniser 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 Scrutiniser 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 Scrutiniser'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 2023-24 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 2023-24 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.
  14. If the dividend as recommended by the Board is approved at the AGM, payment of such dividend will be made on or before Friday, 18<sup>th</sup> October, 2024 subject to deduction of tax at source, as applicable:
    - to all the Members in respect of shares held in physical form whose names appear in the Company's Register of Members as at the close of business hours on the record date; and
    - to all Beneficial Owners in respect of shares held in dematerialised form whose names appear in the list of Beneficial Owners furnished by Depositories as at the close of business hours on the record date.
  15. Dividend income on equity shares is taxable in the hands of shareholders and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates in accordance with the provisions of the Income Tax Act, 1961 ("IT Act") read with amendments thereof. The shareholders are requested to update their PAN with the Company/ Registrar & Transfer Agents with the Depositories/ Depository Participants ("DPs") (in case of shares held in demat form).
- Resident shareholders:**
- For resident shareholders, who have provided PAN, tax shall be deducted at source under Section 194 of the Income Tax Act, 1961 ("IT Act") at 10% on the amount of dividend.
- Tax shall be deducted at source at 20% wherein:
- a. Shareholders do not have PAN/have not registered their valid PAN details in their demat account/with the Company/RTA.

## NOTICE (CONTD.)

- b. Shareholders are classified as specified persons (i.e. non-filers of Income-tax returns) under Section 206AB.
  - c. Shareholders who have not linked PAN with Aadhaar as per the guidelines issued by Central Board of Direct Taxes ("CBDT").
- No tax shall be deducted on the dividend payable to a resident shareholder:
- If the total dividend paid or likely to be paid to the resident individual shareholders during FY 2024-25 does not exceed ₹ 5,000;
  - Individual shareholder submits Form 15G/ Form 15H/ Nil withholding certificate/Lower withholding certificate and meets all the required eligibility conditions.
  - Shareholders (other than individual) submits Nil withholding certificate/other exemption documents and meets all the required eligibility conditions.
- Apart from cases stated above, following categories of shareholders are exempt from tax deduction at source as per second proviso to Section 194 of the IT Act:
- a. Life Insurance Corporation of India;
  - b. General Insurance Corporation of India/ The New India Assurance Company Limited/ United India Insurance Company Limited/ The Oriental Insurance Company Limited/ National Insurance Company Limited;
  - c. Any other insurer in respect of any shares owned by it or in which it has full beneficial interest; and
  - d. Dividend income credited/paid to a "business trust", as defined in clause (13A) of Section 2, by a special purpose vehicle referred to in the explanation to clause (23FC) of Section 10.
- The following payees are also not subject to tax deducted at source in view of the provisions of Sections 196 and 197A of the IT Act and CBDT notification:
- a. Government [Section 196(i)];
  - b. Reserve Bank of India [Section 196(ii)];
  - c. A corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income-tax on its income [Section 196(iii)];
  - d. Mutual Fund specified under Section 10(23D) [Section 196(iv)];
  - e. any person for, or on behalf of, the New Pension System Trust referred to in Section 10(44) [sub-section 1E to Section 197A];
  - f. Category I or a Category II Alternative Investment Fund (registered with Securities and Exchange Board of

India ("SEBI") as per Section 115UB) as per notification 51/2015.

In case, dividend income is assessed/taxable in the hands of a person other than the shareholder and TDS is applicable on such dividend, then such shareholder should file declaration with the Company in the manner prescribed in Rule 37BA of IT Rules.

### Non-resident shareholders:

For a Foreign Portfolio Investor ("FPI"), taxes shall be deducted at source under Section 196D of the IT Act at 20% (plus applicable surcharge and cess).

For other non-resident shareholders, taxes are required to be deducted in accordance with the provisions of Section 195 of the IT Act, at the rates in force. As per the relevant provisions of the IT Act, the tax shall be deducted at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them.

No tax shall be deducted on the dividend payable to a non-resident shareholder if the shareholder submits Nil withholding certificate and meets all the required eligibility conditions.

FPI and the non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to them.

To avail benefit of rate of deduction of tax at source under DTAA, such FPI/non-resident shareholders will have to provide the following:

- a. Self-attested copy of the PAN allotted by the Indian Income Tax authorities.
- In case of non-availability of PAN, following details and documents to be furnished:
- i. name, e-mail address, contact number;
  - ii. address in the country of which the deductee is a resident;
  - iii. tax residency certificate;
  - iv. Tax Identification Number of the deductee in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

NOTICE (CONTD.)

- b. Tax residency certificate from the jurisdictional tax authorities confirming residential status which covers the period of FY25.
- c. Form 10F by the non-resident shareholder filed electronically on Income Tax Portal.
- d. Self-declaration by the non-resident shareholder as to:
- Eligibility to claim tax treaty benefits based on the tax residential status of the shareholder, including having regard to the Principal Purpose Test (if any), introduced in the applicable tax treaty with India;
  - No Permanent Establishment/fixed base in India in accordance with the applicable tax treaty;
  - Shareholder being the beneficial owner of the dividend income to be received on the equity shares;
  - In case of Foreign Institutional Investor and Foreign Portfolio Investor, copy of SEBI registration certificate.
- In case of non-resident shareholders, having permanent establishment in India and classified as "specified person" as per the provisions of Section 206AB, tax will be deducted at a rate higher of:
- twice the rate as per the provisions of IT Act; or
  - twice the rate in force; or
  - 5%.

General:

In order to enable us to determine the appropriate tax rate at which tax has to be deducted at source under the respective provisions of the IT Act, we request resident shareholders, FPI and non-resident shareholders to upload the details and documents referred to in the Notice in the specified format and as applicable on the link <https://www.bigshareonline.com/ForInvestor.aspx>. No communication on the tax determination/deduction shall be entertained beyond 11:59 p.m. (IST) on Wednesday, 11<sup>th</sup> September, 2024.

Deduction of tax at a rate lower than statutory rate or no deduction of tax shall depend upon the completeness of the documents and the satisfactory review of the forms and the documents, submitted by resident shareholders, to the Company/RTA.

Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/ withholding on dividend amounts. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review of the documents submitted, by FPI/ non-resident shareholders to the Company/RTA.

Tax deducted by the Company is final and the Company shall not refund/adjust the tax so deducted subsequently.

Instructions for Members for Remote E-Voting are as under:

16. 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").
17. 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 9<sup>th</sup> December, 2020, demat account holders are being provided with a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would now be able to cast their vote without having to register again with the e-voting service providers, thereby facilitating seamless authentication and convenience of participating in the e-voting process.
18. 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.
19. 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, 13<sup>th</sup> September, 2024. 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, 13<sup>th</sup> September, 2024 only shall be entitled to avail the facility of remote e-voting.
20. The remote e-voting period commences on Monday, 16<sup>th</sup> September, 2024 from 9:00 a.m. IST and ends on Wednesday, 18<sup>th</sup> September, 2024 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.

NOTICE (CONTD.)

21. 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	<p>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 <a href="https://web.cdslindia.com/myeasitoken/home/login">https://web.cdslindia.com/myeasitoken/home/login</a> or by visiting <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</p> <p>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 &amp; 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.</p> <p>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration">https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration</a>.</p> <p>4) Alternatively, the user can directly access the e-Voting page by providing their Demat Account Number and PAN from an e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending an OTP to the registered Mobile no. &amp; 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.</p>
Individual Shareholders holding securities in demat mode with NSDL	<p>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: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> 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 &amp; vote during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, an option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>.</p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining a virtual meeting &amp; voting during the meeting.</p>

## NOTICE (CONTD.)

Type of shareholders	Login Method
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 utilising 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.

- The Members should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on "Shareholders" module.
- Now enter your User ID:
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on "Login".
- If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 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"> <li>Enter your 10-digit alpha-numeric PAN issued by Income Tax Department. (Applicable for both Demat shareholders as well as physical shareholders).</li> <li>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.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<ul style="list-style-type: none"> <li>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.</li> <li>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).</li> </ul>

## NOTICE (CONTD.)

- After entering these details appropriately, click on **"SUBMIT"** tab.
- 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.
- For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the **EVSN** of **HP ADHESIVES LIMITED** to vote.
- 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.
- Click on the **"RESOLUTIONS FILE LINK"** if you wish to view the entire Resolution details.
- 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.
- Once you **"CONFIRM"** your vote on the resolution, you will not be allowed to modify your vote.
- 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.
- 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](http://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](mailto:investor@bigshareonline.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto: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](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.
- Alternatively, Non-Individual 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 Scrutiniser and to the Company at the email address viz; [investors@hpadhesives.com](mailto:investors@hpadhesives.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutiniser to verify the same.

### 22. Instructions for Members for participating in the AGM through VC /OAVM

- 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 21. 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.
- The Members can join 15 (fifteen) minutes before the scheduled time of AGM and 15 (fifteen) minutes after the commencement of the AGM.
- 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



## NOTICE (CONTD.)

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.

### 23. 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. 21 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.

### 24. 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 Monday, 16<sup>th</sup> September, 2024 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 Monday, 16<sup>th</sup> September, 2024, 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.

### 25. General Guidelines for Members:

- a) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- b) If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.
- c) All grievances connected with attending the AGM and facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> 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.

## NOTICE (CONTD.)

26. 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, 13<sup>th</sup> September, 2024. Any person becoming Member of the Company after the dispatch of the Notice convening 5<sup>th</sup> 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.

### 27. 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 Scrutiniser to scrutinise the voting including remote e-voting process in a fair and transparent manner.
- b) The Scrutiniser 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 Scrutiniser'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 Scrutiniser'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. Thursday, 19<sup>th</sup> September, 2024.

## 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 No. 4 of the accompanying AGM Notice.

#### Item No. 4: To approve HP Adhesives Employee Stock Option Scheme – 2024.

Equity based remuneration includes alignment of personal goals of the Employees with Organisational objectives by participating in the ownership of the Company. The Board of Directors of your Company understands the need to enhance the employee engagement, to reward the employees for their association and performance as well as to motivate them to contribute to the growth and profitability of the Company.

In order to reward and retain the employees and to create a sense of ownership and participation amongst them, the Board of Directors (hereinafter referred to as the "Board of Directors" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee) has in its meeting held on 12<sup>th</sup> August, 2024, approved HP Adhesives Employee Stock Option Scheme - 2024 ("Scheme") to or for the benefit of such Employee as defined in the Scheme and explained in the explanatory statement.

In terms of Regulation 6(1) of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI (SBEB & SE) Regulations") and Section 62 and other applicable provisions of the Companies Act, 2013, issue of Shares under an Employee Stock Options Scheme requires an approval of the existing Members by way of Special Resolution. The Special Resolutions set out at Item No. 4 is seeking your approval for the said purpose.

The salient features and other details of the Scheme as required pursuant to Regulation 6(2) of SEBI (SBEB & SE) Regulations are as under:

#### 1. Brief Description of the Scheme:

The Scheme shall be called HP Adhesives Employee Stock Option Scheme - 2024 ("Scheme").

The Purpose of the Scheme includes the following:

- To attract relevant talent into the Company to drive its growth plans;
- To motivate the Employees to contribute to the growth and profitability of the Company;

- To retain the Employees and reduce the attrition rate of the Company;
- To achieve sustained growth and the creation of shareholder value by aligning the interests of the Employees with the long-term interests of the Company;
- To create a sense of ownership and participation amongst the Employees to share the value they create for the Company in the years to come; and
- To provide additional deferred rewards to Employees.

#### 2. The total number of Options to be offered and granted under the Scheme:

The maximum number of Options that may be granted in one or more tranches, pursuant to this Scheme shall not exceed 15,00,000 (Fifteen Lakh) Options which shall be convertible into equal number of Equity Shares of the Company.

If any Option granted under the Scheme lapses or is forfeited or surrendered under any provision of the Scheme, such Option shall be available for further grant under the Scheme unless otherwise determined by the Committee.

Further, the maximum number of Options that can be granted and the Shares arise upon exercise of these Options shall stand adjusted in case of Corporate Action (as defined in the Scheme).

#### 3. Identification of classes of Employees entitled to participate in the Scheme:

- An Employee as designated by the Company, who is exclusively working in India or outside India; or
- A Director of the Company, whether a Whole Time Director or not, including a non-executive Director who is not a Promoter or member of the Promoter Group, but excluding an Independent Director; or
- An employee as defined in (a) or (b), of a Subsidiary Company, in India or Outside India.

but does not include

- An Employee who is a Promoter or a person belonging to the Promoter Group; or
- A Director who either himself or through his Relative or through any Body Corporate directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company.

## NOTICE (CONTD.)

#### 4. Requirement of Vesting and period of Vesting:

Vesting Period shall commence from a period of 1 (One) year from the Grant Date and shall extend upto a maximum period of 5 (Five) years from the Grant Date, at the discretion of and in the manner prescribed by the Committee and set out in the Grant Letter.

The actual vesting would be subject to the continued employment of the Grantee and may further be linked with certain performance and other criteria, as determined by the Committee and mentioned in the Grant Letter.

#### 5. Maximum period within which the Options shall be vested:

Maximum period within which the Options shall be vested is 5 (Five) years from the Date of Grant.

#### 6. Exercise Price or Pricing Formula:

Under this Scheme, the Exercise Price will be decided by the Committee at the time of grant and shall be linked with Market Price as defined in the Scheme.

The Committee has the power to provide a suitable discount on such price as arrived above. However, in any case the Exercise Price shall not go below the face value of Share of the Company.

#### 7. Exercise period and process of Exercise:

After Vesting, Options can be Exercised either wholly or partly, within a maximum exercise period of 1 (One) year from the date of respective vesting, after submitting the Exercise application along with payment of the Exercise Price, applicable taxes and other charges, if any. The Committee may open a quarterly/monthly Exercise window, during the overall exercise period, as per their own discretion.

The mode and manner of the exercise shall be communicated to the Grantees individually.

#### 8. Appraisal process for determining the eligibility of the Employees to the scheme:

The Committee may on the basis of all or any of the following criteria, decide on the Employees who are eligible for the Grant of Options under the Scheme, the number of Options to be Granted and the terms and conditions thereof.

- Longevity of Service: It will be determined on the basis of tenure of employment of an Employee in the Company.

- Performance of Employee: Employee's performance during the financial year in the Company on the basis of decided parameters.
- Performance of Company: Performance of the Company as per the standards to be set by the Committee/ Board of Directors from time to time.
- Any other criteria as decided by the Committee in consultation with Board of Directors from time to time.

#### 9. The Maximum number of Options to be granted per Employee and in aggregate:

Subject to availability of Options in the pool under the Scheme, the maximum number of Options that can be granted to any eligible Employee during any one year shall not be equal to or exceed 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant. The Committee may decide to Grant such number of Options equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) to any eligible Employee as the case may be, subject to the separate approval of the members in a general meeting.

The maximum number of Options that may be granted, in one or more tranches, pursuant to this Scheme shall not exceed 15,00,000 (Fifteen Lakh) Options which shall be convertible into equal number of Equity Shares of the Company.

#### 10. The Maximum quantum of benefits to be provided per Employee under the scheme:

The maximum quantum of benefits that will be provided to every eligible employee under the Scheme will be the difference between the market value of Company's share on the Recognized Stock Exchanges as on the Date of Exercise of Options and the Exercise Price paid by the Employee.

#### 11. Whether the Scheme(s) is to be implemented and administered directly by the Company or through a Trust:

The Scheme shall be implemented through direct route for extending the benefits to the eligible Employees by the way of fresh allotment from the Company.

The Scheme shall be administered by the Nomination and Remuneration Committee of the Company.

## NOTICE (CONTD.)

### 12. Whether the Scheme involves new issue of shares by the company or secondary acquisition by the Trust or both:

The Scheme involves new issue of Equity Shares by the Company.

### 13. The amount of loan to be provided for implementation of the Scheme by the Company to the Trust, its tenure, utilization, repayment terms, etc.:

Not applicable, since the Scheme is proposed to be implemented by direct route.

### 14. The Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the Trust for the purposes of the Scheme:

Not applicable, since the Scheme is proposed to be implemented by direct route.

### 15. Disclosure and accounting policies:

The Company shall comply with the disclosures requirements and the accounting policies prescribed under Regulation 15 of the SEBI (SBEB & SE) Regulations or as may be prescribed by regulatory authorities from time to time.

### 16. The method which the Company shall use to value its Options:

The Company shall comply with the requirements of IND – AS 102 and shall use Fair value method and the fair value of Options would be calculated as per the prescribed method under the applicable regulations.

### 17. Statement with regard to Disclosure in Director's Report:

As the company is adopting fair value method, presently there is no requirement for disclosure in director's report. However, if in future, the Company opts for expensing of share based employee benefits using the intrinsic value, then the difference between the employee compensation cost so computed and the employee compensation cost that shall have

been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' report.

### 18. Period of lock-in:

The Shares allotted to the Grantees pursuant to Exercise of Options shall be subject to no lock-in period from the date of allotment. The Grantee is free to sell the shares.

### 19. Terms & conditions for buyback, if any, of specified securities:

The Committee has the powers to determine the procedure for buy-back of Options granted under the Scheme, if to be undertaken at any time by the Company, and the applicable terms and conditions, in accordance with the applicable law.

The Board of Directors recommend the resolution as set out at Item no. 4 for your approval as Special Resolution.

None of the Directors, Manager, Key Managerial Personnel of the Company, and any relatives of such Director, Manager, Key Managerial Personnel are in anyway concerned or interested in the resolution except to the extent of Equity Shares held by them in the Company or the options may be granted under the Scheme.

HP Adhesives Employee Stock Option Scheme - 2024 and other documents referred to in the aforesaid resolutions are available for inspection on the website of company at [www.hpadhesives.com](http://www.hpadhesives.com) or at the registered office of the Company.

For HP Adhesives Limited

**Karan Motwani**  
Managing Director  
DIN: 02650089

**Date: 12<sup>th</sup> August, 2024**  
**Place: Mumbai**

## NOTICE (CONTD.)

### DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE 5<sup>TH</sup> ANNUAL GENERAL MEETING (PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARDS – 2):

Name of the Director	Ms. Nidhi Hareesh Motwani
Brief Profile	Ms. Nidhi Motwani is the Executive Director of our Company and she is associated with HP Adhesives since 2016. She has completed Bachelor of Business Administration from Narsee Monjee Institute of Management Studies, Mumbai, and Masters of Global Business from S P Jain School of Global Management. At HP Adhesives Limited, Nidhi leads the complete execution of the organisational strategy across levels primarily focusing on operations, new projects, and growth of new product categories. In the last seven years, under her leadership, the organisation has experienced a significant increase in output capacity as well as consistent efficiency in production. She has been instrumental in launching and showing manifold growth of new products - SR/SH and Silicone sealant
Designation	Executive Director
Director Identification Number (DIN)	06655834
Date of Birth and Age	1 <sup>st</sup> January, 1992 (32 years)
Date of First Appointment on the Board	10 <sup>th</sup> February, 2022
Qualifications	Bachelor of Business Administration from Narsee Monjee Institute of Management Studies, Mumbai and Masters of Global Business from S P Jain School of Global Management
Experience	More than 8 years
Expertise in specific functional area	General Management of Business and New Product Development
No. of Board Meetings attended during FY 2023-24	6
Number of Shares held in the Equity Capital of the Company	1,00,00,000
Shareholding in the Company as a beneficial owner	Nil
Directorships held in other Public Limited Companies	None
Resignation from the directorship of the listed companies in the past three years	None
Memberships / Chairmanships of Committees of Boards in Companies (Including HP Adhesives Limited)	Member of Corporate Social Responsibility Committee
Remuneration last drawn	Details of remuneration for FY 24 has been provided in the Corporate Governance Report forming part of the Annual Report 2023-24.
Terms & Conditions and details of remuneration proposed	Executive Director liable to retire by rotation
Disclosure of relationships between Directors/ KMP inter-se	Ms. Nidhi Hareesh Motwani is the Daughter of Mrs. Anjana Hareesh Motwani, Chairperson & Executive Director and Promoter and Sister of Mr. Karan Hareesh Motwani, Managing Director and Promoter of the Company.



## NOTES

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal grey lines across its entire width, typical of notebook or composition paper. The lines are uniform in thickness and color, providing a guide for handwriting. There are no margins, text, or other markings present on the page.

## NOTES

[illegible]

## This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal grey lines across its entire width, providing a guide for handwriting or typing. The paper itself is a clean, off-white color. There are no margins, text, or other markings present on the page.



## **HP Adhesives Limited**

CIN: L24304MH2019PLC325019

11, Unique House, Chakala, Andheri East,  
Mumbai – 400 099 Phone: +91 22 6819 6300

[investors@hpadhesives.com](mailto:investors@hpadhesives.com)