HP ADHESIVES LIMITED

Stronger through Challenge. Poised for Growth.

HP ADHESIVES LIMITED
Annual Report 2025-26

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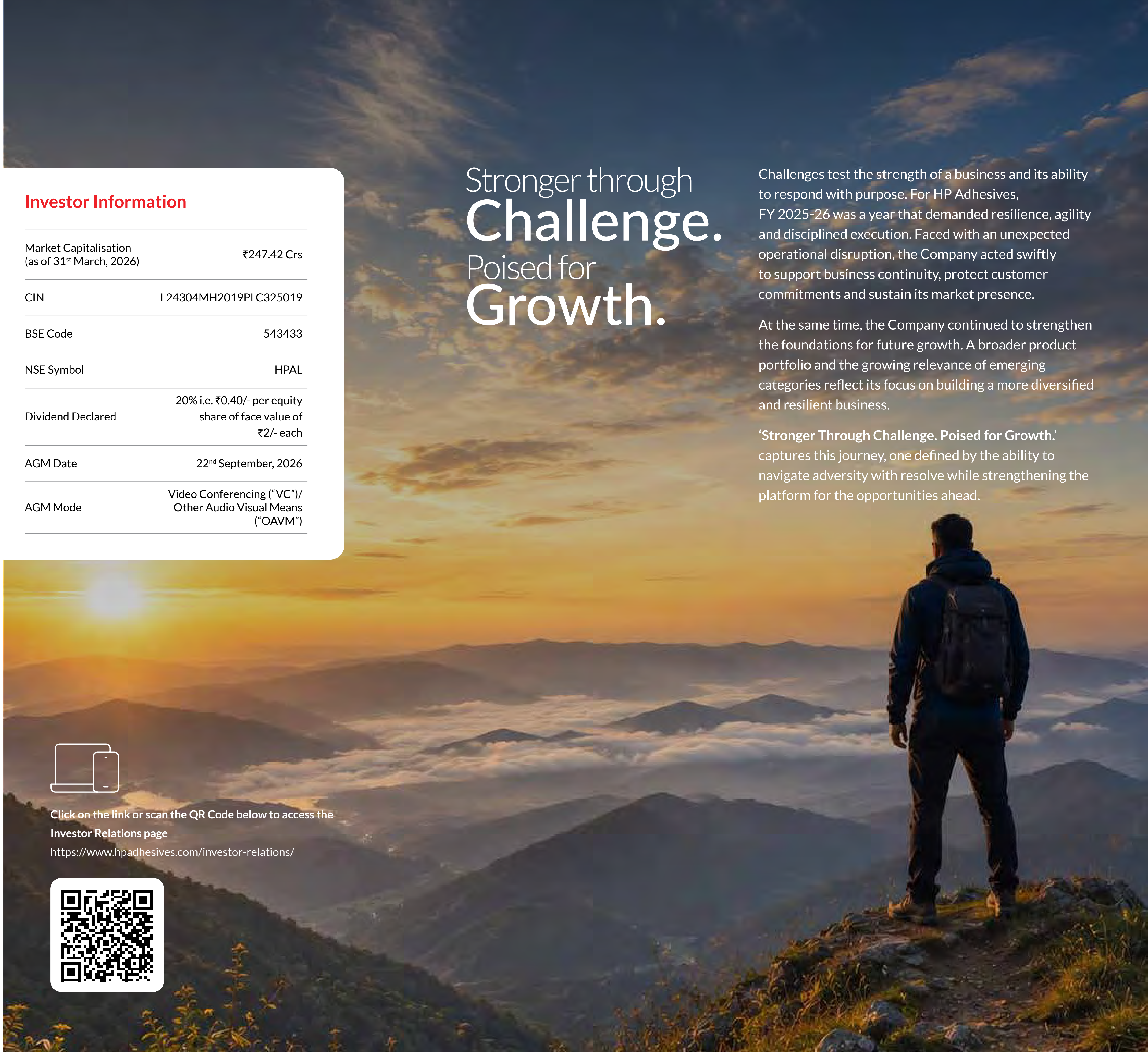


Investor Information

Market Capitalisation (as of 31st March, 2026)	₹247.42 Crs
CIN	L24304MH2019PLC325019
BSE Code	543433
NSE Symbol	HPAL
Dividend Declared	20% i.e. ₹0.40/- per equity share of face value of ₹2/- each
AGM Date	22nd September, 2026
AGM Mode	Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")

Click on the link or scan the QR Code below to access the Investor Relations page

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

Stronger through Challenge. Poised for Growth.

Challenges test the strength of a business and its ability to respond with purpose. For HP Adhesives, FY 2025-26 was a year that demanded resilience, agility and disciplined execution. Faced with an unexpected operational disruption, the Company acted swiftly to support business continuity, protect customer commitments and sustain its market presence.

At the same time, the Company continued to strengthen the foundations for future growth. A broader product portfolio and the growing relevance of emerging categories reflect its focus on building a more diversified and resilient business.

'Stronger Through Challenge. Poised for Growth.' captures this journey, one defined by the ability to navigate adversity with resolve while strengthening the platform for the opportunities ahead.

Corporate Snapshot

Built on Experience.
Strengthened by Diversity.

From its beginnings as a single-product business in the 1980s, HP Adhesives Limited has developed into a diversified manufacturer and distributor of adhesives, sealants and allied solutions. Over the years, the Company has steadily broadened its portfolio to serve varied applications across consumer and industrial segments, while building enduring relationships with applicators, channel partners and customers.

The Company's manufacturing operations are anchored in Khalapur, Raigad district, Maharashtra, and supported by established quality control systems and process discipline. This operating foundation enables the Company to maintain product consistency while responding to evolving customer and market requirements.

Today, HP Adhesives serves a wide range of applications through an established product portfolio, manufacturing capabilities and a multi-channel market presence. Alongside its core categories, newer solutions are progressively broadening the Company's relevance across end-use segments.

Vision

To be a leading interior and exterior solutions Company.

Mission

Keep providing innovative and high-quality products, an 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.

Industries Served

- Plumbing
- Water Supply and Drainage
- Footwear
- Automotive
- Woodworking and Carpentry
- Agriculture
- Glass Glazing and Building Façade
- Home Improvement
- Foam and Furnishing
- Infrastructure

Key Highlights – FY 2025-26

₹249 Crs
Revenue from Operations

1,750+
Total Customers

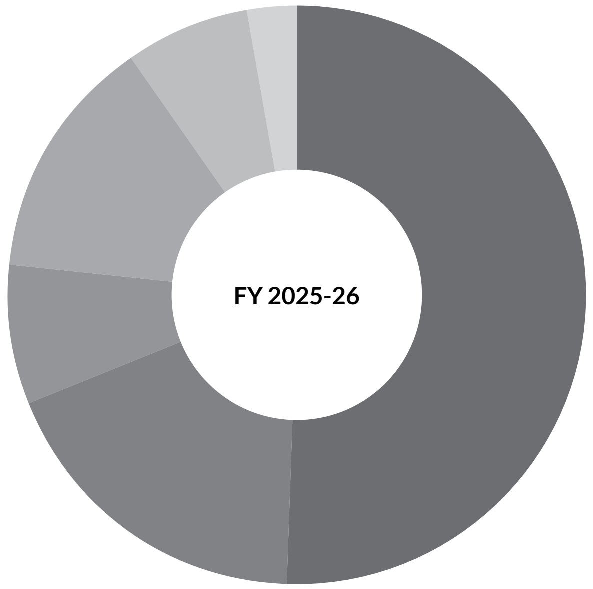
30 States and UTs
National Presence

22 Countries
International Customers

705
Employee Workforce

Product-wise Gross Sales Break-Up of FY 2025-26*

Product Category	Gross Sales (₹ in Lakhs)	% of Total
Solvent Cement	13,544	50.79%
Silicone Sealants	4,872	18.27%
SR Adhesive & PVA	2,027	7.60%
Ball Valves & Tapes	3,658	13.72%
New Products**	1,827	6.85%
Others	737	2.77%
Total	26,665	100.00%



*Figures are before credit notes, annual discounts, schemes and goods returns, but net of taxes and direct discounts, among others.
**New Products comprise MS Polymer sealants, Epoxy products, Spray Paints, Cyanoacrylates and Tile Cleaner.

Product Suite

A Wider Portfolio. More Applications.

HP Adhesives' product portfolio is built around the varied requirements of bonding, sealing, joining, repair and maintenance. Its solutions find application across plumbing, construction, furniture, automotive, footwear and home improvement, among other areas.

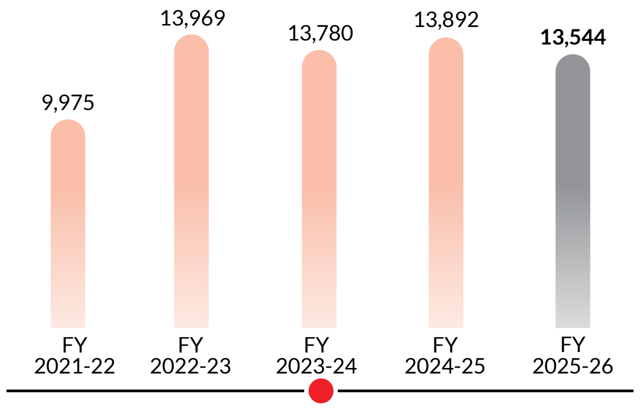
During FY 2025-26, established categories continued to form the core of the business, while emerging products gained greater commercial traction, widening the range of applications addressed by the Company.

Solvent Cement

A fast-setting, durable and leak-proof bonding solution designed for reliable plumbing and piping connections.

- Suitable for PVC, CPVC and uPVC pipes and fittings
- Delivers strong, durable bonds
- Designed for professional and DIY applications

Gross Sales (₹ in Lakhs)



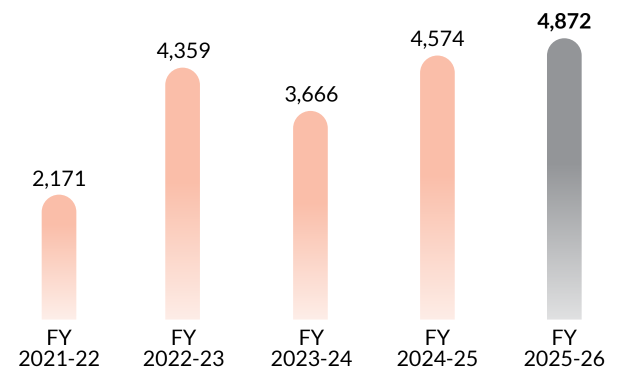
50.79%
Share in FY 2025-26 Product-Wise Gross Sales

Silicone Sealants

The Strong Seal range offers specialised sealing solutions for diverse applications.

- **General Purpose:** Versatile solutions for routine sealing
- **7,890 Weather Sealant:** Protection against outdoor elements
- **Glass & Aquarium:** For glass installations and aquarium assembly
- **Acrylic Sealant:** Paintable for interior and exterior applications
- **7,400 Neutral Silicone:** Adhesion and flexibility across substrates

Gross Sales (₹ in Lakhs)



18.27%
Share in FY 2025-26 Product-Wise Gross Sales

Contact Adhesives

Brushable and sprayable adhesives designed for versatile bonding across a range of substrates.

- Applications across furniture, foam & furnishings, automotive and footwear

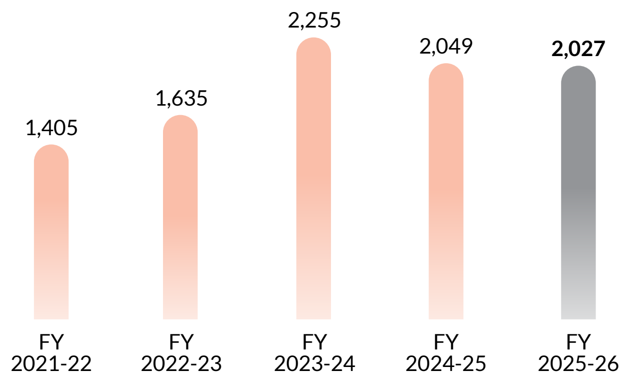
7.60%
Share in FY 2025-26 Product-Wise Gross Sales

White Glue / PVA

Water-based Polyvinyl Acetate (PVA) adhesives, commonly used as white glue or furniture glue.

- Primarily used in woodworking, carpentry and furniture manufacturing
- Designed for dependable bonding and easy application

Contact Adhesive & PVA   Gross Sales (₹ in Lakhs)



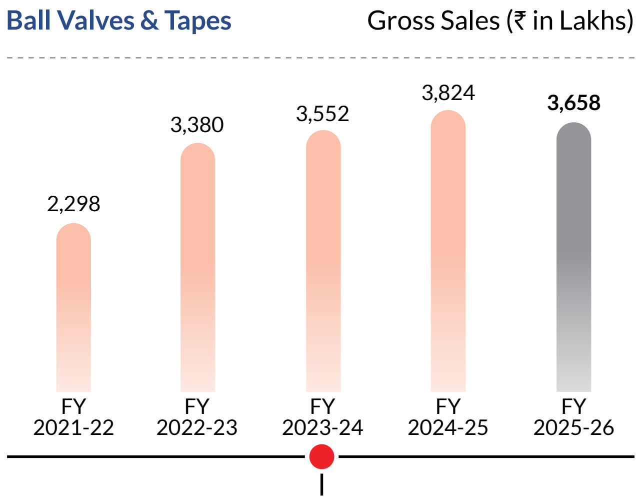
Ball Valves

High-quality valves engineered for PVC and CPVC plumbing systems, providing accurate and dependable fluid flow control.

- Multiple variants for different pressure ratings and pipe dimensions
- Suitable for a broad range of plumbing applications

PTFE Tapes

PTFE tapes, also known as Teflon tapes, designed for efficient use in plumbing systems.



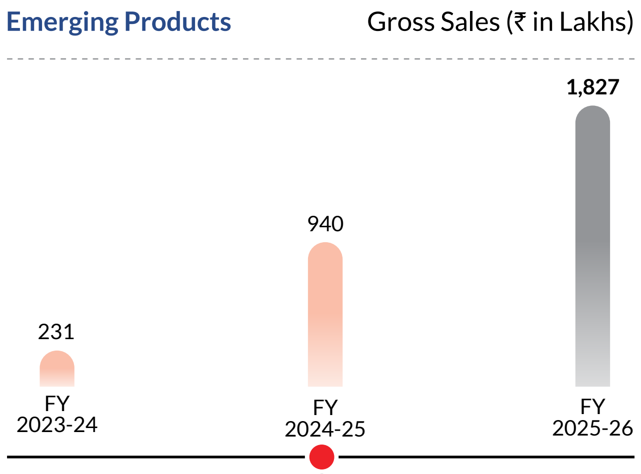
13.72%

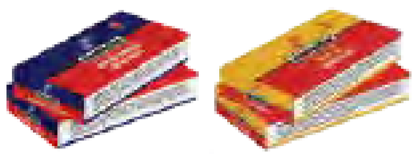
Share in FY 2025-26 Product-Wise Gross Sales

Emerging Product Portfolio

Emerging products gained significant traction during FY 2025-26. The basket comprising MS Polymer sealants, Epoxy products (Putty as well as epoxy adhesives), Spray Paints, Cyanoacrylates and Tile Cleaner recorded gross sales of ₹1,827 Lakhs, compared with ₹940 Lakhs in FY 2024-25.

This represented growth of 94.38%, with the category's share in product-wise gross sales increasing from 3.61% to 6.85%.





Spray Paints

Fast-drying, multi-purpose spray paint for interior and exterior applications.

- Provides an even, high-quality finish
- Suitable for decorative and protective applications

Epoxy Putty

Under the **StrongTite** brand, the range caters to diverse repair and maintenance requirements.

- **General Purpose:** Versatile solution for general repairs and maintenance
- **Sanitary:** Specially formulated for plumbing repairs and sanitary installations
- **Fast:** Rapid-setting solution for quick, time-sensitive repairs

Epoxy Adhesive

StrongTite Zatpat

Fast-setting, two-component transparent epoxy adhesive for quick, strong and clear bonding.

- **Versatile:** Bonds metal, ceramic, wood, marble, granite, concrete and fibreglass
- **Quick-Setting:** Initial setting in approximately 5 minutes, with resistance to water and mild acids

StrongTite Ultimate

High-performance, two-component epoxy adhesive for heavy-duty and structural bonding applications.

- **Strong & Durable:** Bonds metal, marble, granite, wood, glass, ceramics, leather, rubber and concrete
- **Reliable Performance:** Sets in approximately 8 hours, with full cure in 24 hours; waterproof and resistant to mild acids

Cyanoacrylates

Under the **STRONG 'n' QUIK** brand, the range includes **Regular and Industrial grades.**

- **Regular:** High-strength, fast-setting adhesive for bonding and repair applications
- **Industrial:** Fast-setting, high-flow adhesive with strong penetration for **rubber, metals and plastics**
- **One-component, solvent-free** system requiring no catalyst, heat or clamps

MS Polymer Products

MS polymer-based sealants developed for high-end sealing and bonding applications.

- **Nail Free:** Sealing and bonding for the **building & construction industry**
- **Multipurpose:** Sealing and **bonding for bus body applications**

Tile Cleaner

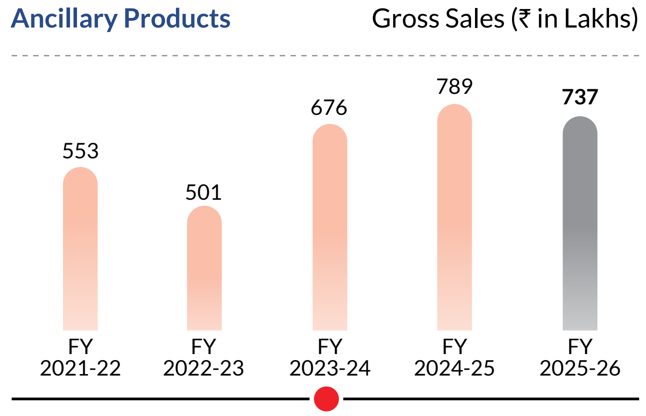
The Company has initiated production and sales of tile cleaner typically used by applicators like mason and carpenter after their job is done.

- For internal and external floor & wall tiles.
- Removes difficult stains

Ancillary Products

A selection of ancillary solutions enables the Company to address additional application requirements alongside its principal product categories.

- **PU Foam**
  For insulation and gap-filling applications.
- **Liquid Sealants**
  For selected sealing requirements.
- **Rubber Lubricants**
  For lubrication and fitting-related applications.
- **Shellac**
  Part of the Company's longstanding ancillary portfolio.



2.76%

Share in FY 2025-26 Product-Wise Gross Sales

Chairperson's Message

Resilience in Action.
Confidence in the Future.

Dear Shareholders,

It is my privilege to present the Annual Report of HP Adhesives Limited for the financial year ended 31st March, 2026.

FY 2025-26 was among the most challenging and defining periods in the Company's journey. While the Indian economy continued to demonstrate resilience amid global uncertainties, supply chain disruptions and inflationary pressures, the Company also faced an unforeseen and deeply difficult operational challenge arising from the unfortunate fire incident at one of its manufacturing facilities.

This was a moment that tested us not only as an organisation, but also as a collective team bound by responsibility, discipline and trust. Despite these adversities, the unwavering commitment of our employees, the confidence of our customers and the continued support of all stakeholders enabled us to navigate the year with resilience, resolve and dignity.

Financial Performance amid Challenges

During the year, the Company recorded consolidated revenue from operations of ₹24,927.52 Lakhs, which remained broadly in line with the previous year's performance despite the operational disruptions experienced during the year.

The Company reported a Profit After Tax of ₹697.70 Lakhs on a consolidated basis, reflecting the impact of the exceptional circumstances faced during the year while continuing to maintain a healthy financial position.

Responding with Responsibility

The unfortunate fire incident at our manufacturing facility was undoubtedly one of the most significant events of the year. It caused disruption to certain manufacturing operations and impacted our financial performance. However, what matters most is that there was no loss of human life.

The safety and well-being of our employees have always been, and will continue to remain, our highest priority. I place on record my sincere appreciation for the courage, alertness and coordinated efforts of our employees, emergency services and local authorities, whose prompt response helped contain the situation and minimise its impact.

Such events remind us that resilience is not measured only by the ability to withstand adversity, but also by the responsibility with which we respond to it. I am proud of the manner in which our entire team acted with dedication, discipline and professionalism during an exceptionally difficult period.

Immediate actions were taken to ensure continuity of customer supplies, assess the extent of damage, initiate restoration activities and strengthen our business continuity plans. The Board and management have also undertaken a comprehensive review of our safety systems, fire-prevention mechanisms and operational risk management framework. We are firm in our commitment to further enhancing preparedness, strengthening safeguards and ensuring that safety remains deeply embedded in every aspect of our operations.

Strengthening Preparedness for the Future

Difficult moments also bring clarity of purpose. This experience has strengthened our determination to invest further in operational resilience, technology, safety infrastructure and robust risk management practices. We will continue to act with prudence, accountability and urgency to reinforce the Company's long-term growth, sustainability and preparedness for the future.

HP Adhesives has built its reputation over several decades by consistently delivering quality products, reliable service and innovative solutions to customers across industries. Our extensive distribution network, strong brand equity and customer-centric approach continue to be key competitive strengths.

Advancing Environmental Responsibility

Sustainability remains an integral part of our business philosophy. As part of our commitment towards creating a greener future, we undertook the plantation of approximately 400 trees at our premises. This initiative reflects our belief that economic growth and environmental stewardship must go hand in hand.

Governance and Stakeholder Trust

Strong corporate governance remains the foundation of HP Adhesives' long-term success. The Board continues to uphold high standards of ethics, transparency, accountability and regulatory compliance, while ensuring that stakeholder interests remain paramount in every decision.

I also extend my heartfelt gratitude to our customers, distributors, suppliers, bankers, investors, business partners and regulatory authorities for their continued trust, encouragement and support throughout the year.

Looking Ahead

We remain optimistic about the long-term prospects of both the Indian economy and the adhesives industry. Government initiatives focused on infrastructure development, manufacturing growth, housing and industrial expansion are expected to create significant opportunities for the sector.

With our established brand, diversified product portfolio, widespread distribution network and committed workforce, HP Adhesives is well positioned to capitalise on these opportunities.

The year has reinforced an important lesson: resilience, adaptability and unity are the true foundations of sustainable growth. We enter the new financial year with renewed confidence, stronger systems and an unwavering commitment to creating long-term value for all our stakeholders, while remaining steadfast in our responsibility to operate safely and responsibly.

On behalf of the Board of Directors, I thank each one of you for your continued faith in HP Adhesives Limited. We have emerged from this difficult year with deeper resolve, greater focus and stronger conviction. Together, we shall continue to build a stronger, safer and more resilient organisation.

Warm regards,

Ms. Anjana Haresh Motwani
Chairperson
HP Adhesives Limited

Managing Director's Message

Stronger through Challenge.
Focused on the Future.

Dear Shareholders,

I am pleased to present the Annual Report of HP Adhesives Limited for the financial year ended 31st March, 2026.

The year under review was significant for the Company. It tested our resilience, reinforced our commitment to operational excellence and strengthened our confidence in the long-term growth potential of India's adhesives industry. Despite a challenging business environment and unforeseen operational disruptions, HP Adhesives remained focused on customer service, product quality, capacity optimisation and sustainable growth.

Navigating Challenges with Resilience

During the year, the Company experienced a fire incident at one of its factory premises. While the incident was unfortunate, employee safety remained our foremost priority, and immediate response measures were activated to contain the situation.

I place on record my sincere appreciation for the swift action taken by our factory teams and emergency responders, and for the support extended by our suppliers of key raw materials and packaging materials, logistics partners, customers and other stakeholders who supported us during this period.

Although the incident affected operations, our teams worked with dedication to minimise customer disruption and restore normality in a phased manner. The experience has reinforced our focus on risk management, safety systems, process controls and business continuity planning. We are implementing corrective and preventive measures to strengthen our manufacturing infrastructure and enhance operational resilience.

Business Performance and Strategic Focus

The Indian economy continued to demonstrate strong structural growth, supported by infrastructure development, housing demand, urbanisation and government-led capital expenditure. These macroeconomic drivers continue to create significant opportunities for the adhesives, sealants and construction chemicals sector.

At HP Adhesives, our strategy remains centred on:

- Expanding our distribution reach across India
- Strengthening relationships with dealers, contractors and institutional customers
- Enhancing our product portfolio
- Improving manufacturing efficiencies
- Maintaining a prudent financial approach

Our brands continue to enjoy strong recognition across several markets, and we remain committed to delivering products that combine quality, reliability and value. The trust placed in us by customers over the years remains one of our greatest strengths.

A key objective is to accelerate the growth of new products launched in the previous financial year, while increasing efforts to further deepen the penetration of core product categories such as Solvent Cement and Silicone Sealants.

People: Our Greatest Strength

No organisation can succeed without the dedication of its people. I express my sincere gratitude to all employees of HP Adhesives for their hard work, commitment and perseverance, particularly during the challenging periods of the year. Their ownership and determination enabled the Company to continue serving customers and advancing its strategic priorities.

We remain committed to creating a safe, inclusive and growth-oriented workplace that encourages learning, collaboration and innovation.

Governance and Stakeholder Trust

As a listed entity, we recognise our responsibility towards all stakeholders. The Board and the management team remain committed to the highest standards of corporate governance, transparency, ethical conduct and compliance. We believe that sustainable value creation is built on trust, accountability and disciplined execution.

I also thank our Board of Directors for their guidance and support, and our shareholders, customers, suppliers, bankers, business partners, regulatory authorities and other stakeholders for their continued confidence in the Company.

In closing, I extend my sincere gratitude to all stakeholders. Your continued support motivates us to uphold high standards and create enduring value.

The year reaffirmed that challenges may be temporary, but an organisation's strength is defined by its response. With resilience, responsibility and a clear strategic direction, we move forward with confidence and renewed determination.

Warm regards,

Mr. Karan Haresh Motwani

Managing Director

HP Adhesives Limited

Manufacturing Footprint

Building Reliability at the Source

HP Adhesives' manufacturing operations are based at Village Narangi, Taluka Khalapur, near Khopoli, in the Raigad district of Maharashtra. The adjoining facilities bring together production and quality control capabilities, supporting the manufacturing of the Company's diversified adhesives, sealants and allied product portfolio.

The location provides access to important supply and distribution routes. Its proximity to Jawaharlal Nehru Port also supports connectivity with international markets and facilitates the movement of products for exports.

Quality Built into the Process

Quality control is integrated across the manufacturing cycle, beginning with the inspection of incoming raw materials and continuing through in-process and final product testing.

The Company's quality systems are aligned with recognised standards, including ASTM, NSF, UPC, ISO, DIN, CE and BS, supporting consistency and reliability across its product portfolio.

Certifications and Compliance

The Company's manufacturing and quality framework is supported by certifications and compliance credentials including:


AEO


CERTIFICATE
CERTIFICATE of Compliance


ICL Certificate
HP ADHESIVES LIMITED
ISO 9001:2015


ICL Certificate
HP ADHESIVES LIMITED
ISO 14001:2015


ICL Certificate
HP ADHESIVES LIMITED
ISO 45001:2018


MQA Certification
Certificate of Compliance
HP ADHESIVES LIMITED
IATF 16949:2016


NSF International


QUALITY CERTIFICATE
Certificate of Compliance
Name: HP ADHESIVES LIMITED

Distribution Network

Taking Products Closer to Markets

HP Adhesives has developed a multi-channel distribution presence that supports product availability across a broad domestic market while extending access to customers overseas. The network connects the Company with distributors, dealers, OEM customers and export markets, helping it address demand across different regions and application segments.

During 2025-26, the Company continued to add depth to this network, reaching more cities and districts while expanding its distributor and export customer base.

Nationwide Coverage

As of 31st March, 2026, the Company's domestic network comprised more than 1,625 distributors. Its presence extended across 30 states and UTs, reaching more than 450 cities.

The Company also served several OEM customers during FY 2025-26, complementing its distributor-led presence and providing access to application-specific customer requirements.

Domestic Global Footprint

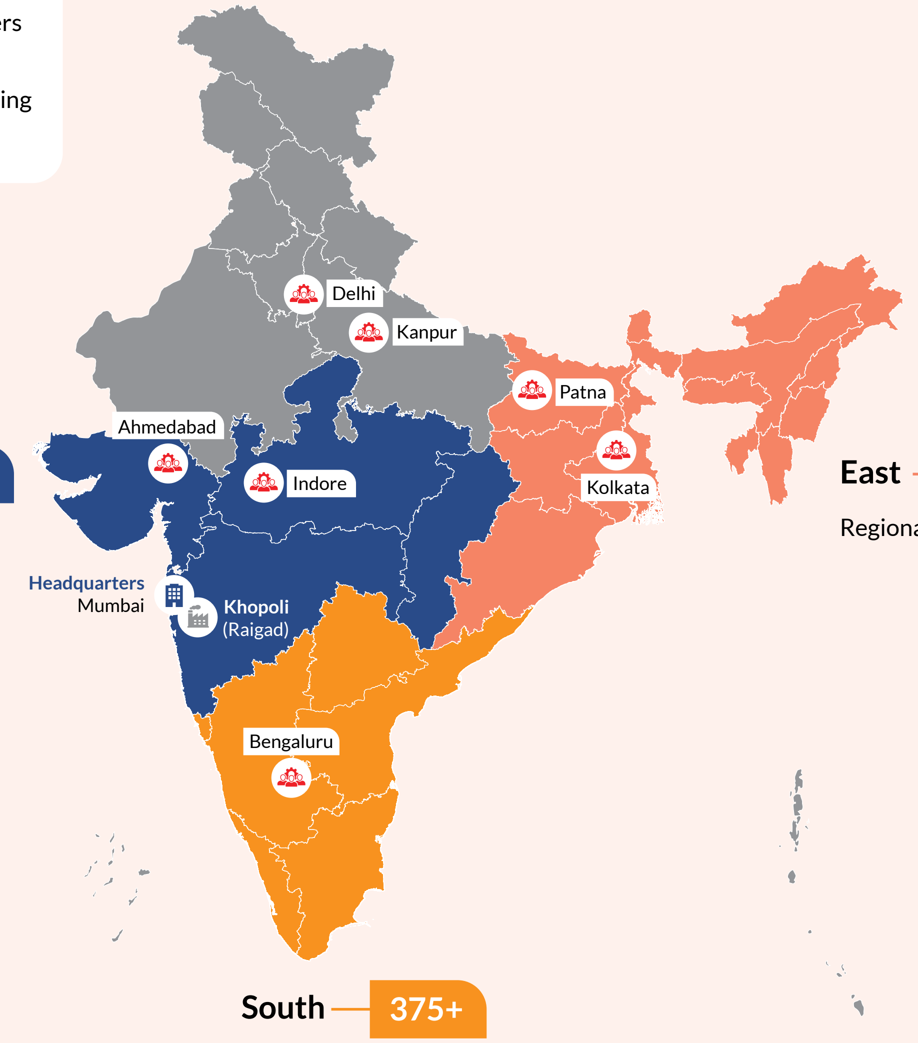
Sales Depot
Headquarters
Manufacturing Facility

North 500+
Regional Network

West 500+
Regional Network

East 325+
Regional Network

South 375+
Regional Network



Domestic Distributor Network - Consistent Growth

925+
FY 2019-20

1,625+
FY 2025-26

Expanding International Presence

The Company continued to widen its international customer base during FY 2025-26, serving 49 export customers across 22 countries. Its growing presence across overseas markets reflects a focused approach to identifying new opportunities, developing customer relationships and extending the reach of its product portfolio. Going forward, the Company will continue to evaluate new international markets while strengthening its presence in existing geographies.

Disclaimer

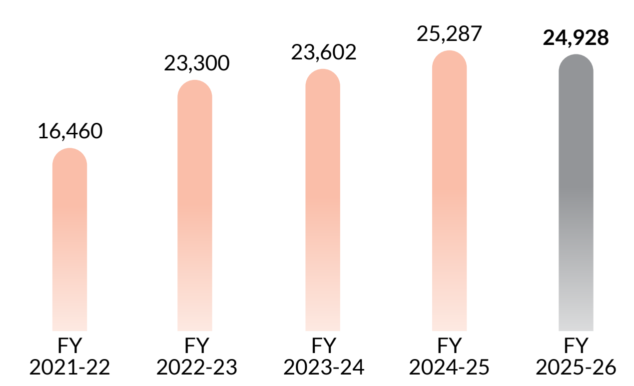
This map is a generalised illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company 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.

Financials

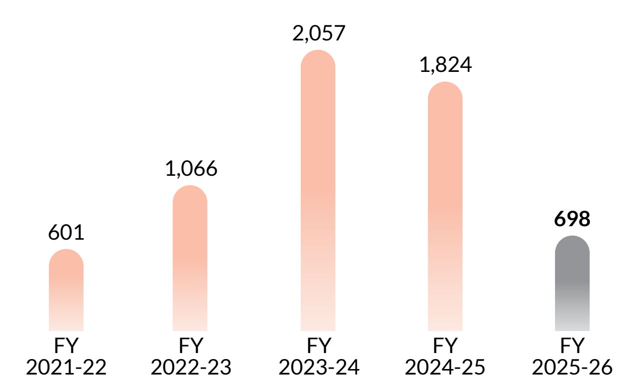
Performance in Focus

FY 2025-26 reflects contrasting trends across the financial profile of HP Adhesives. Revenue from operations remained broadly stable, while profitability was affected during the year. At the same time, the Company strengthened its net worth and recorded lower working capital intensity.

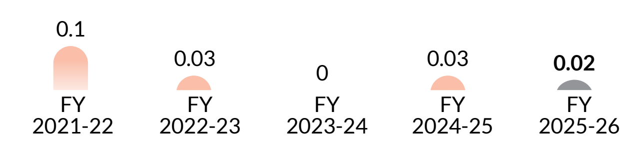
Revenue from Operations (₹ in Lakhs)



PAT (₹ in Lakhs)

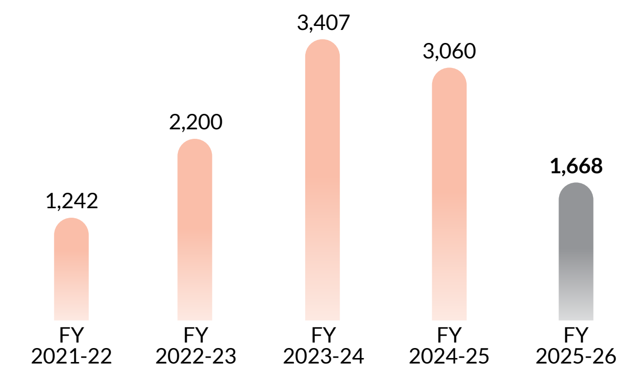


Debt-to-Equity Ratio (in times)



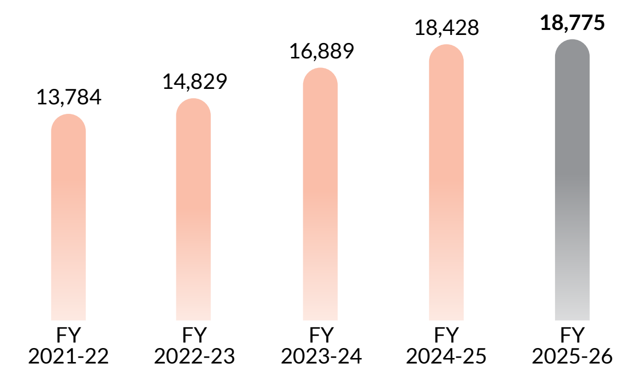
Debt to equity ratio does not consider surplus cash and investments on books.

EBITDA (₹ in Lakhs)

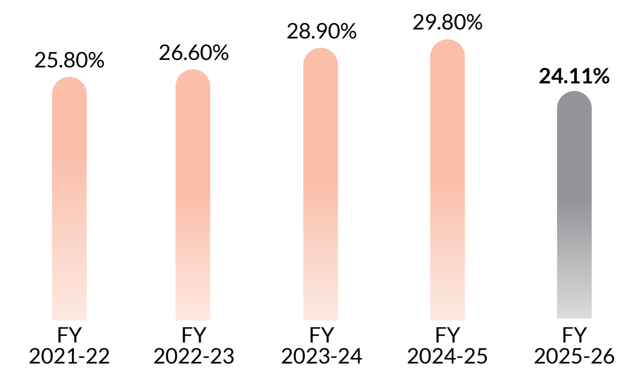


EBITDA = Profit Before Exceptional Items and Tax + Finance Costs + Depreciation and Amortisation.

Net Worth (₹ in Lakhs)



Net Working Capital (% of Sales)

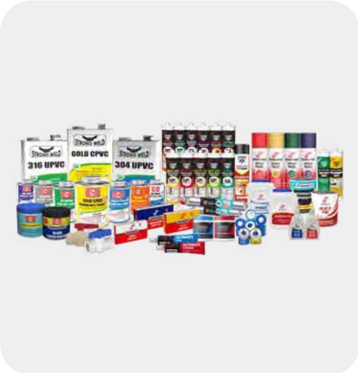


Net Working Capital = Inventory + Trade Receivables – Trade Payables.

Growth Strategies

Building Multiple Levers for Growth

HP Adhesives' growth approach is centred on building a broader and more scalable business by deepening its presence in existing markets while expanding into new applications, strengthening channel capabilities, enhancing brand visibility, improving manufacturing readiness and leveraging technology-led execution.



Broadening the Product Opportunity

The Company continues to extend its presence beyond established categories by developing products that address adjacent applications and customer requirements. The objective is to leverage existing technical capabilities and channel relationships while increasing the relevance of the portfolio across a wider set of end-use segments.

The growing acceptance of emerging categories during FY 2025-26 reinforces the potential of this approach and provides the Company with additional avenues to develop over time.

Deepening Market Access

Expanding distribution is not only about increasing the size of the network, but also about improving reach within existing and underserved markets. The Company seeks to strengthen its presence across regions by developing capable channel partners, improving product accessibility and addressing opportunities across urban, semi-urban and emerging consumption centres.

Greater geographic depth also provides a stronger platform for introducing a wider range of products through the existing channel ecosystem.

Creating Stronger Brand Pull

The Company's brand-building efforts are aimed at strengthening recognition across its principal and category-specific brands. Engagement with dealers, applicators and other influencers forms an important part of creating awareness at the point where product choices are often made.

Going forward, focused communication and market activation can support stronger recall for both established offerings and developing categories.

Strengthening Manufacturing Readiness

Manufacturing capability remains an important enabler of future growth. The Company's approach has historically included capacity enhancement through plant and equipment additions, process improvements and better utilisation of available infrastructure.

For 2025-26, the manufacturing strategy should reflect the current operating position, restoration initiatives and measures being undertaken to ensure adequate capacity and continuity as demand develops.

Building Frontline Capability

A capable sales organisation enables the Company to translate market opportunity into stronger customer and channel engagement. The sales structure is intended to provide local market coverage, develop distributor relationships, support product adoption and improve responsiveness across territories.

As the portfolio expands into newer applications, strengthening product knowledge and sales capabilities becomes increasingly important to effective market development.

Stimulating Demand across the Channel

Applicators, plumbers, carpenters, masons, glazing contractors, dealers and distributors play an important role in influencing product selection across several of the Company's categories.

The Company therefore uses channel and end-user engagement programmes to encourage product trials, support repeat usage and strengthen relationships across the ecosystem. Incentive and promotional programmes also help align channel activity with market-development objectives.

Using Technology to Improve Execution

Technology and automation can strengthen execution across manufacturing as well as business processes. The Company's approach includes using automated systems to improve productivity and consistency, alongside digital tools that support information flow, coordination and process efficiency.

As operations scale, further integration of technology can help improve visibility, accuracy and responsiveness across functions.

Operating Environment

Reading the Market. Responding with Focus.

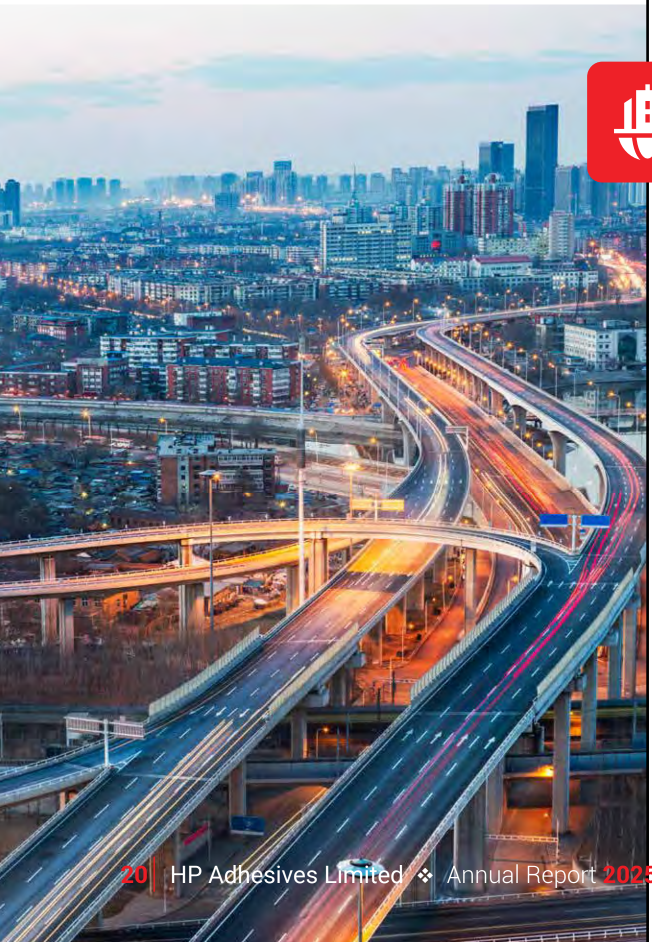
HP Adhesives operates at the intersection of several demand-generating sectors, including construction, plumbing, housing, automotive, woodworking and home improvement. During FY 2025-26, India's resilient economic growth and continued infrastructure development provided a supportive underlying environment, even as global trade uncertainty, geopolitical developments and fluctuations in input costs remained important considerations for businesses.

Strong Market Growth and Sectoral Drivers

The Indian adhesives market continues to benefit from expanding applications across construction, automotive, furniture, packaging and other consumer and industrial segments.

A 2025 industry study valued the Indian adhesives market at approximately ₹245.67 bn in 2024 and projects it to reach around ₹360.86 bn by 2030, representing a CAGR of 6.98% during FY 2025-30[1].

Infrastructure development, industrial activity and increasing demand for specialised and high-performance bonding solutions are expected to support the market's medium-term growth trajectory.



India's Infrastructure and Urbanisation Momentum

Infrastructure continued to remain an important pillar of India's development agenda. Public capital expenditure was budgeted at ₹11.20 Lakh Crs for 2025-26, while the Union Budget FY 2026-27 subsequently proposed an increase to ₹12.20 Lakh Crs[2].

Urban housing also continued to receive policy support. As of February 2026, more than 13.61 Lakhs houses had been sanctioned under PMAY-Urban 2.0, reinforcing the ongoing focus on affordable housing and urban development[3].

Continued investments across housing, transport and urban infrastructure can support demand for plumbing, construction, sealing, repair and maintenance products over the longer term.

[1] Indian Adhesives Market: Research and Markets, Adhesives Market in India (2025-2030), March 2025

[2] Public Capital Expenditure: Press Information Bureau, Ministry of Finance

[3] Urban Housing: Press Information Bureau, Ministry of Housing & Urban Affairs

India's End-User Sector Growth and Raw Material Dynamics

India's real GDP grew by an estimated 7.70% in 2025-26, compared with 7.10% in FY 2024-25. Indicators relevant to several end-use markets also remained healthy during the year, with cement production increasing by 8.70%, finished steel consumption by 8.00% and commercial vehicle sales by 12.60%[4].

These trends support opportunities across construction, plumbing, automotive, woodworking, furniture and other applications relevant to the adhesives and sealants industry.

At the same time, international geopolitical developments and fluctuations in energy and commodity markets can influence input-cost conditions and supply chains. The IMF's July 2026 outlook continued to highlight elevated geopolitical uncertainty and the risk of renewed commodity-price volatility[5].

HP Adhesives' Strategic Position

The external environment presents HP Adhesives Limited with a combination of structural opportunities and near-term uncertainties. Continued infrastructure creation, urban housing development and sustained activity across key end-use industries are expanding the addressable market for bonding, sealing, repair and allied solutions. The Company's diversified presence across applications enables it to participate in these demand drivers without dependence on any single end-use segment.

At the same time, its established product categories provide a stable base, while newer solutions enhance relevance across evolving customer requirements and emerging applications. However, competitive intensity, fluctuations in input costs and broader macroeconomic uncertainties continue to necessitate disciplined procurement, pricing, product development and execution. Within this evolving environment, the Company remains focused on responding to market needs while strengthening capabilities that support its long-term participation in India's growth trajectory.

[4] GDP and Sector Indicators: Press Information Bureau / Ministry of Statistics & Programme Implementation

[5] Global Outlook: International Monetary Fund, World Economic Outlook Update, July 2026

Board of Directors

Leadership with Perspective and Purpose

The Board of Directors of HP Adhesives brings together professionals with diverse experience, domain expertise and strategic perspective. Through effective oversight and informed decision-making, the Board guides the Company in pursuing its long-term objectives while maintaining a strong focus on governance, accountability and responsible business conduct.

Ms. Anjana Haresh Motwani

Executive Director & Chairperson

With over 41 years of invaluable experience in the adhesives industry, Ms. Anjana Haresh Motwani is the driving force behind HP Adhesives' exceptional growth and success. As the Chairperson and Executive Director, she has been instrumental in shaping the Company's vision and strategies. Her journey began in 1979 when she founded Hindustan Plastics, a sole proprietorship for manufacturing solvent cement, which later evolved into HP International. Ms. Motwani's leadership and foresight have paved the way for the Company's transformation, making her a cornerstone of HP Adhesives' success. Her expertise in business management and export trade further solidifies her role as a key architect of the Company's continuous evolution.

Mr. Karan Haresh Motwani

Managing Director

A catalyst for growth and innovation, Mr. Karan Haresh Motwani serves as the Managing Director of HP Adhesives. With a Bachelor's degree in Management Studies from the prestigious Narsee Monjee Institute of Management Studies and a Postgraduate Programme from S.P. Jain Institute of Management and Research, Mr. Motwani's academic foundation is complemented by his visionary approach to business. Since joining the Company in 2007, he has been at the forefront of expanding its product portfolio and distribution network. His strategic leadership and commitment to execution have significantly contributed to HP Adhesives' impressive market positioning and robust growth trajectory.

Ms. Nidhi Haresh Motwani

Executive Director

An integral part of HP Adhesives' leadership team, Ms. Nidhi Haresh Motwani brings a wealth of knowledge and innovation to her role as Executive Director. With a Bachelor's degree in Business Administration from Narsee Monjee Institute of Management Studies and a Master's degree in Global Business from S.P. Jain School of Global Management, Ms. Motwani's expertise spans operations, new projects, and product innovation. Since joining the Company in 2016, she has been pivotal in driving operational efficiencies and scaling production capacities as well as new product development. Her leadership in launching and growing product categories like Silicone Sealants, PVA Adhesives, and Rubber Adhesives has played a vital role in HP Adhesives' success.

Mr. Rajendra Kumar Jain

Non-Executive and Independent Director

With a distinguished career in business administration, Mr. Rajendra Kumar Jain brings a wealth of governance and legal expertise to the HP Adhesives Board. A fellow member of The Institute of Company Secretaries of India and a law graduate, Mr. Jain's experience spans over 18 years as a practising Company Secretary. His role as the Secretary General of the Mewar Chamber of Commerce & Industry further underscores his leadership in the business community. Since joining the Board in 2021, Mr. Jain's expertise has contributed to strengthening corporate governance practices at HP Adhesives, ensuring transparency and accountability at all levels.

Mr. Surendra Kumar Mehta

Non-Executive and Independent Director

Mr. Surendra Kumar Mehta, a Chartered Accountant and Company Secretary, brings over three decades of cross-functional experience to the HP Adhesives Board. His expertise spans manufacturing, service, and IT industries, having held notable roles as Head of Business Excellence at ACC Limited, Vice President of Finance at iGATE, and Chief Financial Officer at IGE (India) Limited. Mr. Mehta's broad experience in corporate strategy and finance adds invaluable depth to the Company's decision-making processes. Since 2021, he has played an instrumental role in refining HP Adhesives' financial strategies, ensuring sustainable growth and financial health.

Mr. Ajeet Anant Walavalkar

Non-Executive and Independent Director

With a career spanning 37 years, Mr. Ajeet Anant Walavalkar brings a wealth of experience in international trade and corporate development to HP Adhesives. Holding a Bachelor's degree in Electrical Engineering, Mr. Walavalkar has held significant leadership positions, including Executive Director at Morris Line Engineering and Chief Operating Officer at Bahwan Engineering Group, Oman. His extensive expertise in global operations and market development has been key in steering HP Adhesives towards greater international expansion. Since joining the Board in 2021, Mr. Walavalkar has played a pivotal role in shaping the Company's global growth strategy.

Dr. Chandra Sekhar Nettem

Non-Executive and Independent Director

Dr. Chandra Sekhar Nettem brings extensive experience in corporate strategy, business development, innovation and technology-led growth. He currently works as a Business Architect and Advisor, mentoring senior executives and supporting sustainable and profitable growth across enterprises. His previous leadership roles include Chief Operating Officer at Sentini FloPipes India Private Limited and Director, Business Development at Aliaxis-Ashirvad in India. He has also worked across the UK and Belgium in technical and business-development roles.

Dr. Nettem holds a Ph.D. in Materials Science and Metallurgy from the University of Cambridge and an MBA from the University of Chicago Booth School of Business. He is also a Chartered Engineer and Chartered Scientist, with professional experience spanning more than 14 countries.

Note: Mr. Ajeet Anant Walavalkar resigned as Non-Executive and Independent Director with effect from 12th February, 2026. Dr. Chandra Sekhar Nettem was appointed as Non-Executive and Independent Director with effect from 12th February, 2026.

Management Discussion and Analysis

Economic Review

Global Economic Review

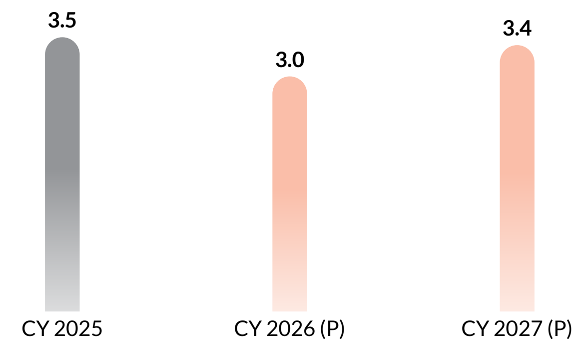
Global growth held steady in 2025, matching the pace recorded in 2024. That momentum broke in the first quarter of calendar 2026, when conflict in the Middle East delivered a negative supply shock. Pulling the other way, the accelerating global technology cycle, driven by artificial intelligence (AI) adoption, held demand up. The global economy has, so far, weathered the conflict better than anticipated, though transmission effects remain at an early stage. On this basis, the IMF projects global growth to moderate in 2026, before recovering in 2027, leaving the cumulative outlook broadly unchanged from its April 2026 forecast. Global headline inflation, which stood at 4.1% in 2025, is expected to rise to 4.7% in 2026 before easing to 3.9% in 2027, so the disinflationary trend running since early 2024 has stalled[1].

The forecast assumes the Strait of Hormuz volatility to continue with conditions normalising only by March 2027. On that basis, oil prices average USD 89 per barrel in 2026, approximately 9% above the April 2026 forecast and 32% above 2025 levels. Advanced economies are projected to grow only modestly across both years, while emerging market and developing economies moderate in 2026 before recovering the following year. Within that group, China is projected at 4.6% and India, on a fiscal year basis, at 6.4%.

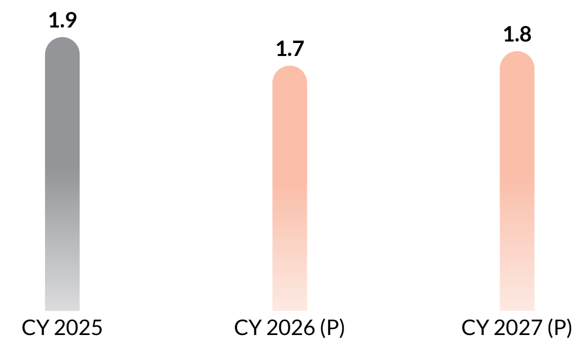
On a purchasing power parity weighted basis, the World Bank's Global Economic Prospects of June 2026, cited in the Reserve Bank of India's June 2026 Bulletin, puts world growth at 2.9% in 2026 and 3.4% in 2027, revised down from the 3.2% projected in January 2026 to reflect the conflict[2].

GDP Growth Projections (%)

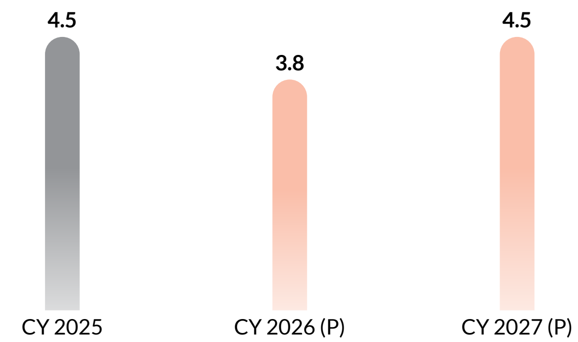
World Output



Advanced Economies



Emerging Markets and Developing Economies



P: Projected

[1] IMF, World Economic Outlook Update, July 2026: Global Economy in Crosscurrents of War and Technology

[2] World Bank, Global Economic Prospects, June 2026, as cited in RBI, Bulletin, June 2026, Table II.1

Outlook

The IMF describes the path ahead as a 'V-shaped' recovery. The weaker 2026 now expected, set against the pre-war forecast, is followed by a rebound in 2027, as the quickening global technology investment cycle offsets part of the drag from the conflict and the energy shock that came with it. Countries will not travel that path together. Energy exporters outside the conflict zone are better placed, as are economies wired into the AI-driven technology value chain, while energy importers with little part in that cycle carry the heavier burden[1].

Policy priorities centre on restoring price stability, supported by central bank independence and clear communication, and on rebuilding fiscal buffers through durable revenue measures rather than broad-based subsidies or price controls. Risks to the outlook are more balanced than they were in April 2026 but remain tilted to the downside. A re-escalation of the conflict in the Middle East is the most immediate of them, while a durable peace agreement, or a faster-than-assumed reopening of the Strait of Hormuz, represents the principal upside[1].

Indian Economy

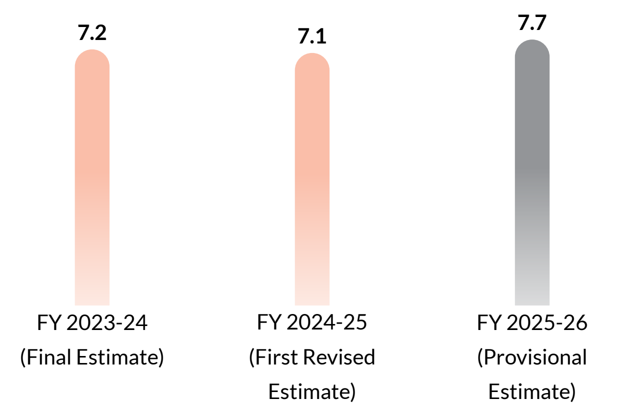
India's economy maintained strong growth momentum during FY 2025-26, sustaining its position among the world's fastest-growing major economies even as global conditions turned more uncertain towards the close of the fiscal year. Real GDP growth quickened over the previous year, led by private consumption, which grew 7.7% against 5.8% the previous year, and fixed investment, which grew 8.2% against 6.4%[3].

Government capital spending is a direct driver of the construction and infrastructure activity that underpins demand for the Company's plumbing and construction adhesive products, which puts the Union Budget 2026-27 squarely in view. Total capital expenditure is budgeted at ₹12,21,821 Crs for FY 2026-27, up 11.5% over the FY 2025-26 revised estimate, while effective capital expenditure, which takes in grants-in-aid to states for the creation of capital assets, is budgeted to grow 22.1% to ₹17,14,523 Crs. Of particular relevance to the Company, the allocation for the Jal Jeevan Mission, the Government's flagship rural piped water supply scheme, has been raised sharply to ₹67,670 Crs for FY 2026-27, from a revised estimate of ₹17,000 Crs for FY 2025-26, while the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), which funds urban water and sewerage infrastructure, has been allocated ₹8,000 Crs for the year[4].

The south-west monsoon remains a key factor for the Company, given the link between agricultural income, rural construction and plumbing activity. Cumulatively, from 1st June to 5th August, 2026, rainfall across the country was 11% below the Long Period Average (LPA). However, rainfall during the week ended 5th August, 2026 was 7% above LPA. Moderate El Niño conditions were prevailing and were expected to strengthen during the remainder of the south-west monsoon season[5].

GDP Growth Trajectory (%)

Real GDP Growth



Outlook

The RBI has projected real GDP growth of 6.6% and CPI inflation of 5.1% for FY 2026-27, having kept the policy repo rate unchanged at 5.25% with a neutral stance at its June 2026 review. It cited the need for greater clarity on the West Asia conflict and the risk of a sub-normal monsoon compounded by El Niño conditions. Sustained government capital expenditure, particularly under the Jal Jeevan Mission and AMRUT, is expected to support construction and plumbing-related demand through the year. The uncertainty of the US-Iran war and the corresponding geo-political shocks and the progress of the south-west monsoon remain the principal swing factors for growth and rural demand[6].

[3] RBI, Bulletin, June 2026, State of the Economy article and Governor's Statement

[4] Government of India, Ministry of Finance, Budget at a Glance 2026-2027

[5] India Meteorological Department (IMD), Current Weather Status and Extended Range Forecast

[6] RBI, Bulletin, June 2026, Monetary Policy Statement 2026-27

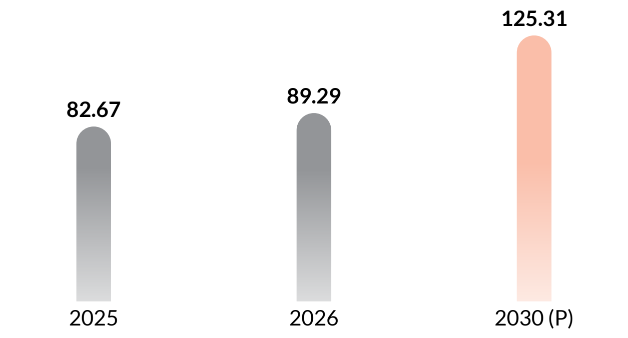
Global Adhesives Market

The global adhesives market forms the broader competitive and demand backdrop against which the Company's plumbing, sealant, and construction adhesive categories operate. The market is estimated at approximately USD 82.67 bn in 2025, rising to approximately USD 89.29 bn in 2026, and is projected to reach USD 125.31 bn by 2030, at a CAGR of approximately 8.8% over the 2026 to 2030 forecast period. Automotive is the principal driver of that growth, with construction and infrastructure projects expanding alongside it. The second of these is the segment that matters most to the Company. Asia-Pacific remains the largest and fastest-growing regional market, which works in the Company's favour given its India-based manufacturing and distribution footprint[7].

[7] The Business Research Company, Adhesives Market Report 2026

Global Adhesives Market Size (USD bn)

Market Size



P: Projected

Indian Adhesives Market

The Indian adhesives market spans a range of end-use segments. Packaging is the largest, accounting for 46.58% of demand by revenue in 2025, while aerospace, though from a small base, is the fastest growing at a 7.22% CAGR through 2031. In absolute terms, construction is the largest source of growth. National Infrastructure Pipeline projects across metro rail, highways, and smart city development are gathering pace, and each of them calls for structural, tile, and waterproofing formulations. Within construction, the solvent cement segment tracks the plastic pipes and fittings industry, which draws on continued public investment in water supply and urban infrastructure as well as housing growth.

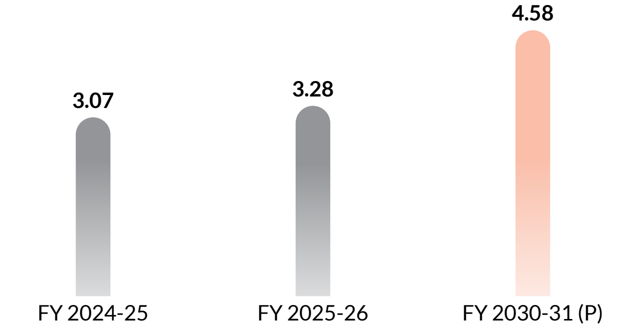
Woodworking demand is tracking affordable housing and the growth of ready-to-assemble furniture, with a shift towards formaldehyde-free polyurethane dispersions. The automotive segment is moving away from mechanical fasteners towards adhesive-based bonding, with demand shifting to battery and lightweight vehicle assemblies. Demand overall clusters in Maharashtra, Gujarat, and Karnataka, reflecting concentrated industrial corridor activity in these states.

Against this backdrop, the market is estimated to grow from approximately USD 3.07 bn in 2025 to USD 3.28 bn in 2026 and is projected to reach around USD 4.58 bn by 2031, a CAGR of approximately 6.88% over the 2026 to 2031 forecast period[8].

[8] Mordor Intelligence, India Adhesives Market

Indian Adhesives Market Size (USD bn)

Market Size



P: Projected

Opportunities

Strong Growth Outlook for India's Plastic Pipes Market

- Rapid urbanisation, infrastructure development, and modernisation in agriculture are expanding India's plastic pipes market.
- Government initiatives, including the Smart Cities Mission, AMRUT, and the Pradhan Mantri Krishi Sinchayee Yojana, are stimulating demand across urban utilities and irrigation systems.
- The market, valued at approximately USD 7.40 bn in 2025, is projected to more than double to approximately USD 16.54 bn by 2031, a CAGR of approximately 14.18%[9].

Booming Construction and Infrastructure

- The Indian construction market has expanded at a CAGR of approximately 14.2% between 2021 and 2025, and is expected to hold that trajectory.
- Rapid urbanisation, ongoing infrastructure development, and Government-backed initiatives, including affordable housing schemes and large-scale urban infrastructure programmes, are supporting that growth.
- The market reached approximately ₹25.31 tn in 2026, growing approximately 11.2% over the year, and is projected to grow at a CAGR of approximately 8.8% through 2030, reaching close to ₹39.10 tn[10].

Technological Advancements and Product Innovation

- Continuous research and development is broadening the scope of adhesive applications across industries, with rising demand for high-performance adhesives in specialised applications.
- Hot-melt and reactive adhesive technologies are gaining adoption for their ease of use and superior performance[11].

Growth in End-User Industries

- Demand is rising from specialised applications in aerospace and healthcare, beyond the plastic piping, construction, and automotive sectors.
- Packaging continues to grow alongside them[10].

How Woodworking and Furnishing are Shaping India's Adhesive Market

- Rapid urbanisation, rising demand for modular and ready-to-assemble furniture, and continued growth in residential and commercial construction are shaping India's wood adhesives market.
- Government housing initiatives such as the Pradhan Mantri Awas Yojana, and a growing consumer preference for eco-friendly, low-emission adhesives, are supporting demand.
- The market reached approximately USD 249.6 mn in 2024 and is projected to grow at a CAGR of approximately 8.3% to approximately USD 510.5 mn by 2033[12].

Automotive and Transportation Growth

- India's automotive market continues to expand, supported by rising household incomes, policy-backed electrification, and a broadening manufacturing base.
- That expansion sustains demand for adhesives in vehicle assembly and interior applications.
- The market is projected to grow by approximately USD 51.76 bn between 2026 and 2030, a CAGR of approximately 6.5%[13].

Home Improvement Boom

- Rising DIY culture and rapid urbanisation across Asia Pacific, including India, continue to sustain demand for bonding and sealing products used in interior renovation and repair.
- Sealing and gasketing applications address bathroom, kitchen, window, and door tasks in particular [Market.us, DIY and Household Adhesives and Sealants Market].
- India's modular kitchen segment is growing strongly on rising renovation activity, greater adoption of built-in appliances, and increasing organised retail presence, which supports demand for speciality adhesives used in furniture assembly and fitting[15].

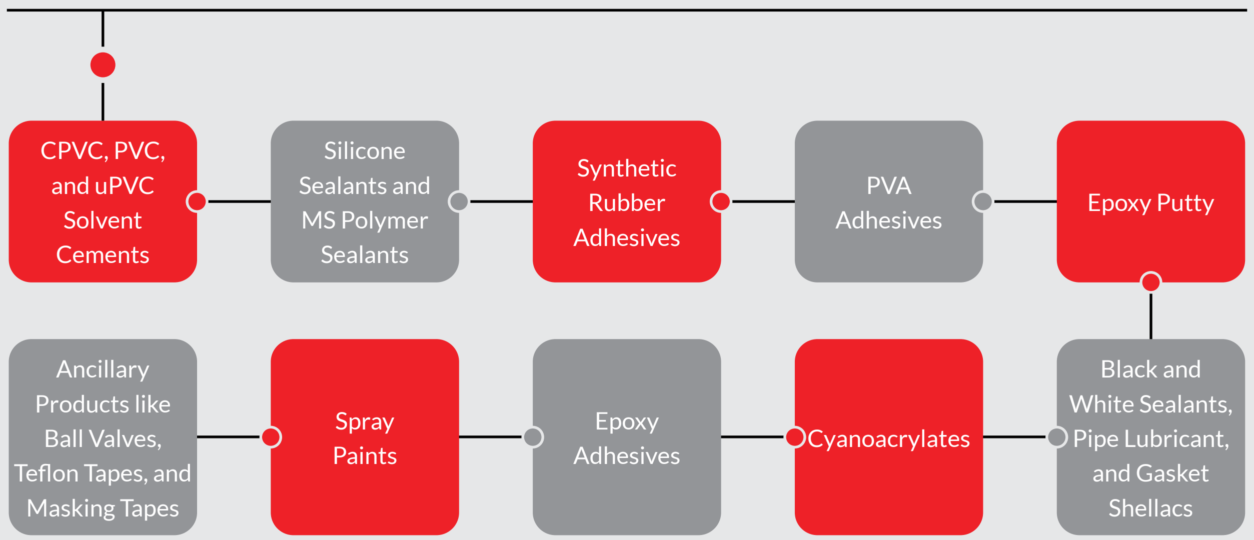
[9] TechSci Research, India Plastic Pipes Market
[10] ResearchAndMarkets/Business Wire, India Construction Industry Databook, Q1 2026 Update
[11] Market Report Analytics, India Adhesives Market
[12] IMARC Group, India Wood Adhesives Market
[13] Technavio, India Automotive Market
[14] Market.us, DIY and Household Adhesives and Sealants Market
[15] IMARC Group, India Modular Kitchen Market

Company Overview

HP Adhesives Limited ('HP Adhesives' or 'The Company') manufactures adhesives, sealants, and related bonding products for domestic and export markets. Manufacturing is centred at its facility in Khalapur Taluka, Raigad district, Maharashtra, with installed capacity of approximately 18,600 metric tonnes as at 31st March, 2026. As at that date, its distribution network spanned 25 states and 5 Union Territories within India and 22 export markets.

Operations during the year were affected by a fire at the Company's Unit I facility on 17th January, 2026. Unit I sustained damage to property, plant, equipment and inventory that temporarily halted solvent cement production. No injuries were reported. Standby arrangements at adjoining facilities were activated to keep customer supply running, and the Company is in the process of lodging an insurance claim covering both asset reinstatement and business interruption, with final settlement outstanding as at year-end. Further detail is provided under Financial Performance and Risk and Mitigation below[16].

The Company's priorities for the year ahead centre on restoring Unit I to full production, maintaining product quality standards across its portfolio, and ensuring customers are catered to in an uninterrupted manner.



Summary of Product Categories During FY 2025-26

Solvent Cement

Solvent cement remains the Company's flagship category, spanning PVC, CPVC, and uPVC formulations under a portfolio of over 200 Stock Keeping Units (SKUs). Pack sizes range from 10 ml tubes up to 5,000-litre (5 KL) bulk containers, covering regular-bodied, medium-bodied and heavy-duty variants. Applications span irrigation, sewage and drainage systems for PVC grades, hot and cold-water plumbing for CPVC, and high-pressure piping for uPVC, supported by a companion range of primers and cleaners. Products in this category are primarily sold under the HP and StrongWeld brands.

Silicone Sealants

Marketed under the 'Strong Seal' brand, the Company's silicone sealant range serves glazing, external weatherproofing, interior fitting, bathroom installation, and general construction applications. It is offered across 260 ml, 280 ml and 300 ml cartridges, as well as sausage-pack formats, in a range of finishes. The Company has also gained traction for its MS polymer range of sealants which has applications primarily in the automotive space.

Contact Adhesives and PVA Adhesives

Marketed under the 'Strong Fix' brand, this category covers PVA adhesives used principally as woodworking glue in furniture and interior applications, alongside rubber (contact) adhesives used across woodworking, foam furnishings, automotive interiors, footwear manufacturing, and handicrafts. Products are offered in both sprayable and brushable formats across multiple SKUs to accommodate different application methods.

Ball Valves and Tapes

Ball valves, PTFE tape, and masking tape continue to be sold as complementary products alongside the Company's core solvent cement range. This supports the installation and maintenance of PVC and CPVC pipe fittings, reinforcing the Company's positioning as a single-source supplier for plumbing, construction, repair, and finishing requirements.

Epoxy Putty

Sold under the 'StrongTite' brand, the epoxy putty range comprises three variants. General Purpose Epoxy Putty serves everyday repairs, Sanitary Epoxy Putty is formulated for plumbing and sanitary installations, and Fast Epoxy Putty sets rapidly for time-sensitive repair work.

Spray Paints

The Company's spray paint range covers both indoor and outdoor use, including home decor and automotive refinishing applications, positioned on fast-drying times, surface coverage, and resistance to chipping, fading, and peeling.

Cyanoacrylates

The Company markets two cyanoacrylate (instant-bonding) variants suited to general fastening applications, valued for rapid cure time, bond strength, and ease of use across a range of substrate materials.

Epoxy Adhesives

Sold under the 'StrongTite' brand, suitable for bonding a wide variety of substrates such as glass, metals, stone, wood, ceramic, dry concrete, cement & bison board & fabric.

The epoxy adhesive range comprises two variants. ULTIMATE Epoxy Adhesive with pot life approx. 45 to 50 minutes depending on mix quantity & application conditions; ZATPAT Epoxy Adhesive with Pot life approx. 2 to 3 minutes depending on mix quantity & application conditions.

Distribution Channel

The Company reaches its customers through distributors in India and across international markets. For the year ended 31st March, 2026, Company catered to more than 1,750 customers.

Depth matters as much as spread In the domestic market, the Company works through domestic distributors to engage retailers and end-users directly, on the view that relationships built at that level hold longer than those built on price.

Overseas,the Company's products reached customers across 22 countries during FY 2025-26. The Company continues to evaluate opportunities in new international markets through a focused expansion strategy.

Corporate Social Responsibility (CSR)

The Company continues to recognise its responsibility towards society and communities in which it operates. During the financial year, HP Adhesives Limited undertook CSR initiatives in accordance with the provisions of the Companies Act, 2013 and the Company's CSR Policy, with a focus on areas including education, healthcare, community development and other activities for the benefit of society.

The Company is committed to undertaking CSR initiatives in a responsible and sustainable manner and contributing towards inclusive growth and social well-being. The details of the CSR activities undertaken during the year, including the amount spent and other disclosures as applicable under the Companies Act, 2013, are provided in the Annual Report on CSR Activities forming part of this Report.

Marketing Strategy and Brand Awareness

The Company markets its portfolio primarily through its brands viz. Strong Weld, HP, Strong Seal, Strong Fix and StrongTite. Its marketing reaches dealers and distributors, but also the plumbers, carpenters, and masons who, in practice, decide which product goes on the job. During FY 2025-26, the Company hosted more than 2,600 applicator gatherings for plumbers, carpenters, and masons, introducing new products and variants through live demonstrations and hands-on testing.

Incentive programmes for applicators are designed to turn that familiarity into preference. In export markets, the Company builds visibility through international trade exhibitions. During FY 2025-26, the Company participated in 2 trade exhibitions internationally.

Financial Performance on a Consolidated Basis (₹ in Lakhs)

Particulars	FY 2025-26	FY 2024-25	Change (%)
Revenue from Operations	**24,928**	24,979	(0.21)
Profit Before Tax (PBT) (Before Exceptional Items)	**819**	2,373	(65.50)
Profit After Tax (PAT)	**698**	1,824	(61.76)
Cost of Materials	**15,390**	15,595	(1.31)
Employee Benefits Expenses	**3,995**	3,404	17.37
Depreciation and Amortisation	**583**	472	23.54
Tax Expense	**40**	548	(92.71)
Other Expenses	**4,234**	3,379	25.32

> Revenue held broadly flat over the year, and the cost of materials moved with it, easing marginally. The pressure on profit came from below the gross margin line. Employee benefits expenses rose 17.38%, depreciation and amortisation 23.53%, and other expenses 25.33%, together adding more than ₹1,500.00 Lakhs to the cost base against a revenue line that was flat. PBT, before exceptional items, fell 65.50% as a result, and PAT by 61.76%. The tax expense fell 92.71%, broadly in line with the lower profit before it. The primary reason for the flat revenue was a fire incident which disrupted operations post 17th January, 2026. The company responded swiftly to re-initiate production and packaging of solvent cement at the earliest and was successful to quite an extent by the end of the financial year.

> Profit before tax after exceptional items was ₹737.70 Lakhs, after a net exceptional charge of ₹80.98 Lakhs for the year. Three items make up that charge in full: a GST audit demand of ₹32.34 Lakhs, a payment of ₹6.58 Lakhs under a CESTAT order, and one-time gratuity impact of ₹42.06 Lakhs arising from the new Labour Codes. Separately, the Company recognised a preliminary loss of ₹2,498.50 Lakhs from the fire at its Unit I facility on 17th January, 2026, offset in full by a corresponding insurance claim receivable, with no net impact on this year's exceptional items. The auditor has noted that the insurance claim remains unsettled, and the final recovery may differ from the amount currently recognised.

Risk and Mitigation

Risk Category	Description	Mitigation Measures
Economic, Political, and Market Risk	Shifts in the geopolitical and macroeconomic landscape can disrupt regular operations and affect financial stability.	HP Adhesives monitors global economic trends and developments, and its profitable growth allows it to absorb unforeseen external shocks. Management holds the flexibility to respond as conditions change.
Supply Chain Risk	Dependence on suppliers for raw materials, packaging materials, and capex components could leave the Company vulnerable to disruptions in production and delivery.	The Company diversifies its supplier base for key inputs, maintains strong relationships with multiple vendors, regularly assesses supplier reliability, and optimises inventory to minimise the impact of any disruption.
Quality Control Risk	Product quality is critical to the Company's reputation and any lapse could lead to customer dissatisfaction and brand damage.	The Company applies stringent quality control protocols, conducts regular audits, deploys advanced manufacturing technology, trains staff comprehensively, and resolves issues promptly to maintain product integrity.
Product Concentration Risk	Over-dependence on a single product category could leave the Company vulnerable to competition or obsolescence.	The Company broadens its product range across multiple adhesive and sealant categories to reduce dependency and mitigate category-specific demand fluctuations.
Revenue Concentration Risk	Heavy reliance on a few key customers could expose the Company to client attrition or defaults.	With a network of 1,750 customers as on 31st March, 2026, the Company holds a broad revenue base, reducing reliance on any single client and safeguarding against the impact of bad debts.
Competition Risk	Intense competition from domestic and global players could affect the Company's market share and pricing power.	HP Adhesives focuses on innovation, operational efficiency, competitive pricing, strong customer engagement, and continuous market analysis to remain responsive and differentiated.
Compliance and Legal Risk	Non-compliance with applicable laws and regulations could lead to penalties and reputational harm.	The Company maintains a strong governance framework, monitors compliance regularly, and upholds transparency in all communications with regulatory bodies and stakeholders.

Internal Control Systems and Their Adequacy

The Company maintains an internal control framework matched to the scale and complexity of its operations. It is designed to safeguard assets, maintain operational efficiency, and maintain compliance with applicable laws and regulations. The framework rests on well-documented policies and procedures, including clearly defined authorisation and approval hierarchies. These are reviewed regularly against evolving business needs and regulatory requirements.

The Internal Auditor conducts periodic audits to identify gaps or risks across the organisation. Findings and recommendations from both internal and statutory audits are evaluated by the Audit Committee, which reviews audit plans, tracks outcomes, and oversees the implementation of corrective measures. That oversight is what keeps the control environment adequate as the business changes.

Human Resources

Developing its people remains central to the Company's growth, and the workplace it seeks to build is one rooted in safety, collaboration, fairness, and inclusivity. The Company is committed to career progression and continuous upskilling across all functional areas, including R&D, manufacturing, supply chain, sales, administration, and business development.

Employee health and safety, particularly within manufacturing operations, remains a top priority. Rigorous safety protocols are in place to ensure a secure and compliant working environment. As of 31st March, 2026, the Company employed 705 individuals, comprising men and women, maintaining harmonious industrial relations throughout the year.

HP Adhesives continues to promote gender diversity and equal opportunity, and is committed to empowering women across all levels, from factory operations to the boardroom, as part of building a supportive, progressive, and inclusive work environment.

Our Stature

499 Men

206 Women

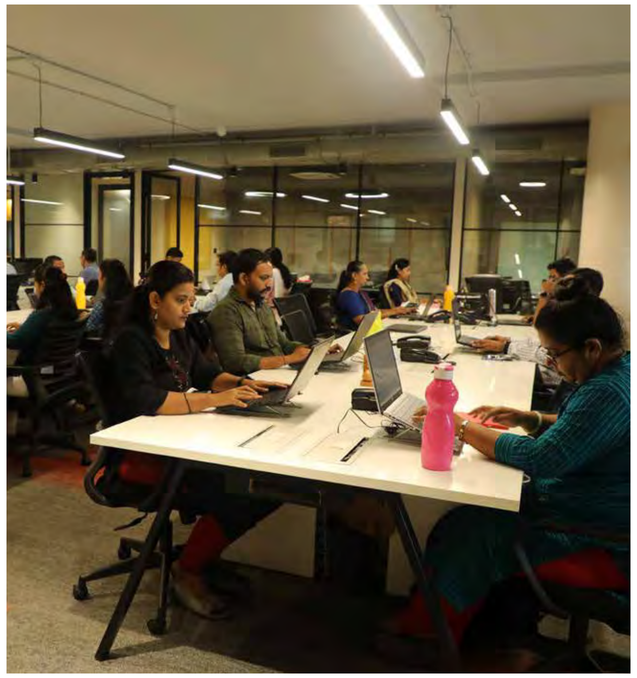
705 Total

Cautionary Statement

This Management Discussion and Analysis may contain certain forward-looking statements relating to HP Adhesives Limited's objectives, expectations, estimates, strategies, plans and future performance. Such statements are based on current assumptions and expectations and are subject to risks, uncertainties and other factors that may cause actual results or developments to differ materially from those expressed or implied.

HP Adhesives Limited may, from time to time, make additional written or oral forward-looking statements, including those contained in its filings with BSE Limited and the National Stock Exchange of India Limited and in communications to shareholders. The Company does not undertake any obligation to update or revise such forward-looking statements, except as may be required under applicable laws and regulations.

The Company accepts no liability for any loss arising from the use of, or reliance on, this Annual Report or its contents.



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

Dr. Chandra Sekhar Nettem#
Independent Director

CHIEF FINANCIAL OFFICER

Mr. Mihir Suresh Shah

COMPANY SECRETARY

Mrs. Jyoti Nikunj Chawda
(till 9th August, 2025)

Ms. Swati Sunil Talgaonkar
(w.e.f. 24th September, 2025)

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
Email: investors@hpadhesives.com

PLANT

1. Survey No. 7, Village Narangi, Tal. Khalapur, Dist. Raigad - 402107, Maharashtra.
2. Plot No. 21A, Aditya Industrial Estate, Village Kumbhivali, 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
Dr. Chandra Sekhar Nettem# – Member

NOMINATION & REMUNERATION COMMITTEE

Mr. Surendra Kumar Mehta – Chairman
Mr. Rajendra Kumar Jain – Member
Mr. Ajeet Anant Walavalkar* – Member
Dr. Chandra Sekhar Nettem# – Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mrs. Anjana Haresh Motwani – Chairperson
Mr. Ajeet Anant Walavalkar* – Member
Dr. Chandra Sekhar Nettem# – Member
Ms. Nidhi Haresh Motwani – Member

REGISTRAR AND SHARE TRANSFER AGENT

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

*Resigned w.e.f. 12th February, 2026

#Appointed w.e.f 12th February, 2026

DIRECTORS' REPORT

Dear Members,

The Board of Directors are delighted to present the 7th Annual Report on the business and operations of HP Adhesives Limited ('the Company') along with the summary of consolidated and standalone financial statements for the year ended 31st March, 2026.

In compliance with the applicable provisions of the Companies Act, 2013, ('the Act'), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), this Board's Report is prepared based on the Standalone financial statements of the Company for the year under review and also presents the key highlights of performance of Subsidiary and its contribution to the overall performance of the Company for the year under review.

OVERVIEW OF FINANCIAL PERFORMANCE

Key highlights of consolidated and standalone financial performance for the year ended 31st March, 2026, are summarised as under:

(₹ in Lakhs)

Particulars	Consolidated		Standalone	
	2025-26	2024-25	2025-26	2024-25
Revenue from operations	24,927.52	24,979.33	24,866.85	24,819.63
Other income	359.72	457.62	343.60	448.22
Total Revenue	**25,287.24**	**25,436.95**	**25,210.46**	**25,267.86**
Total Expenditure	**24,468.56**	**23,064.11**	**24,404.12**	**22,949.36**
Profit before Exceptional items and tax	**818.68**	**2,372.84**	**806.33**	**2,318.50**
Less: Exceptional items	(80.98)	-	(80.98)	-
Profit Before Tax	**737.70**	**2,372.84**	**725.36**	**2,318.50**
Tax expenses	(40.00)	(548.48)	(37.14)	(534.47)
Profit after Tax	**697.70**	**1,824.36**	**688.22**	**1,784.03**
Other Comprehensive Income for the year	16.37	(9.69)	16.37	(9.69)
Total Comprehensive Income for the year	**714.07**	**1,814.67**	**704.58**	**1,774.34**

FINANCIAL HIGHLIGHTS:

Consolidated Performance

On a consolidated basis, revenue from operations stood at ₹ 24,927.52 Lakhs as compared to ₹ 24,979.33 Lakhs in FY 2024-25. Total income was ₹ 25,287.24 Lakhs against ₹ 25,436.95 Lakhs in the previous year.

The Group reported a Profit Before Tax of ₹ 737.70 Lakhs as against ₹ 2,372.84 Lakhs in FY 2024-25. Profit After Tax for FY 2025-26 stood at ₹ 697.70 Lakhs compared to ₹ 1,824.36 Lakhs in the previous year. Earnings per Share decreased from ₹ 1.99 to ₹ 0.76 per equity share.

Primary reason for lower profitability and flat growth in revenues was due to lost sales and higher operating expenses on account of fire incident that occurred at Company's Unit I located at Survey no. 7, Hissa 14 at Narangi Village, Taluka Khalapur, District Raigad, Maharashtra. Details about this incident have been covered subsequently.

The financial results have been discussed in detail in the Management Discussion and Analysis Report which forms part of this Annual report.

Standalone Performance

During FY 2025-26, the Company's standalone revenue from operations increased marginally to ₹ 24,866.85 Lakhs as compared to ₹ 24,819.63 Lakhs in the previous financial year. Total income stood at ₹ 25,210.46 Lakhs against ₹ 25,267.86 Lakhs in FY 2024-25.

Profit Before Tax (PBT) for the year was ₹ 725.36 Lakhs as against ₹ 2,318.50 Lakhs in the previous year, while Profit After Tax (PAT) stood at ₹ 688.22 Lakhs compared to ₹ 1,784.03 Lakhs in FY 2024-25. The decline in profitability was primarily attributable to the fire incident. Earnings per Share (EPS) decreased from ₹ 1.94 to ₹ 0.75 per equity share.

FIRE INCIDENT AT THE COMPANY'S FACTORY PREMISES:

A fire incident occurred at Company's manufacturing unit - Unit I - situated at Survey No.7, Village Narangi, Tal. Khalapur, Dist. Raigad - 402107, Maharashtra, at approximately 7:30 P.M. on Saturday, 17th January, 2026.

- Fire occurred in the main packaging building undertaking Solvent cement packaging and filling activity in Unit I. This building also housed the packaging inventory as well as work in process goods alongwith most recent packed finished goods.
- Production got halted at Unit I and Unit II along all product categories for few days post fire; However, Unit II production was re-initiated immediately thereafter upon receipt of necessary approvals from relevant government authorities related to Fire.
- The key action that the management undertook to re-initiate Solvent cement production was to immediately order packaging lines and all other related machinery and equipments along with utilities. Necessary provisions were made in the Unit II building to set up the solvent cement production and packaging lines there (as space was available) to the extent possible and also to outsource production and packaging to select vendors to support the demand in the market.
- Operating Margins got reduced as sales were lost due to fire;
- Several unforeseen expenses were incurred for fire like production outsourcing, repair works, rented storage places for storing packaging material, labour expenses, etc.
- Not only finished goods and raw material, but also packaging inventory was affected alongwith Building and plant and machinery;

The Company, however, has adequate cover under the Industrial All Risk (IAR) policy which is with New India Assurance Co. ltd. and co-insured with ICICI Lombard. As on 31st March, 2026, the loss assessment is under process covering inventory, plant and machinery and equipments and Land & building (P&M and Land & building loss estimate will be on re-instatement basis). Company also has Loss of Profit cover in the IAR policy. Assessment of loss of profit will commence once production and sales will reach pre-fire levels and necessary re-instatement of affected building and plant and machinery will happen. Claim submission by Company is currently under process as on 31st March, 2026.

DIVIDEND & RESERVES

Declaration and payment of dividend

The Board is pleased to recommend a final dividend amounting to ₹ 0.40 (20%) per fully paid-up equity share of ₹ 2/- each for the financial year 2025-26.

The said dividend, if approved by the Members at the ensuing Annual General Meeting ('AGM") will be paid to those Members whose names appear on the register of Members (including Beneficial Owners) of the Company as at the end of Tuesday, 15th September, 2026 and, would involve cash outflow of ₹ 3.67 Crs, resulting in a payout of 52.67% of the consolidated net profits (profit after tax) of the Company for FY 2025-26.

Record date

The record date fixed for determining the entitlement of Members for payment of dividend is Tuesday, 15th September, 2026. Pursuant to the Finance Act, 2020, as amended from time to time, dividend income is taxable in the hands of the Members and the Company is required to deduct tax at source from dividend paid to the Members at prescribed rates as per the Income Tax Act, 2025.

Transfer of Unpaid / Unclaimed dividend and shares to IEPF

Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend declared by the Company which remains unpaid or unclaimed for a period of 30 days from the date of declaration is transferred to the Unpaid Dividend Account of the Company. Members who have not encashed or claimed their dividend are requested to approach the Company's Registrar and Share Transfer Agent / the Company for obtaining payment thereof.

The details of unpaid and unclaimed dividends are available on the website of the Company. The dividend amount remaining unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, together with the corresponding shares on which dividends remain unclaimed for seven consecutive years.

The provisions of Section 125 of the Act is not applicable, as seven years have not elapsed since first dividend declaration in FY 2023-24.

TRANSFER TO RESERVES

The Board does not propose to transfer any amount to general reserves and has decided to retain the entire amount of profit for FY 2025-26 in the retained earnings.

CHANGES IN THE NATURE OF BUSINESS

During the year under review, there has been no change in the nature of business of the Company.

MATERIAL CHANGES AFFECTING THE COMPANY (AFTER CLOSURE OF FINANCIAL YEAR)

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the close of the Financial Year as on 31st March, 2026, to which the Financial Statement relate and the date of this Report.

DIRECTORS' REPORT (CONTD.)

SHARE CAPITAL

Authorised, Issued, Subscribed and Paid-Up Equity Share Capital

As on 31st March, 2026 the Authorised, Issued, Subscribed and Paid-up Equity Share Capital of the Company is as follows:

Particulars	No. of Shares	Face Value (₹)	Total Share Capital (₹)
Authorised	10,00,00,000	2.00	20,00,00,000.00
Issued, Subscribed and Paid-up	9,18,74,735	2.00	18,37,49,470.00

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 31st March, 2026 are as follows:

(₹ in Lakhs)

Sr. No.	Object	Original Amount proposed to be utilised as per the offer document	Revised Amount proposed to be utilised	Amount utilised*	Amount Unutilised
1.	Funding capital expenditure for the Proposed Expansion	#2,550.90	2,550.90	2,550.90	0.00
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
	Total	**9,674.40**	**9,669.10**	**9,669.10**	**0.00**

**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.

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

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

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.

DIRECTORS' REPORT (CONTD.)

HOLDING, SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

The Company has only one subsidiary - Unitybond Solutions Private Limited; there are no Associate Companies or Joint Ventures.

A statement providing details of performance and salient features of the financial statement of subsidiary, associate, joint venture companies, as per Section 129(3) of the Act, is provided as Annexure A to the consolidated audited financial statement and therefore not repeated in this Report to avoid duplication.

The audited financial statements including the consolidated financial statement of the Company and all other documents required to be attached thereto are available on the Company's website and can be accessed at https://www.hpadhesives.com/investor-relations/. The financial statements of the subsidiaries, are available on the Company's website and can be accessed at https://www.hpadhesives.com/investor-relations/. The Policy for determining Material Subsidiaries is available on the Company's website and can be accessed at https://www.hpadhesives.com/wp-content/uploads/2026/08/Policy-for-Determining-Material-Subsidiary.pdf.

During the year under review, the Company had no material subsidiary as per the Listing Regulations.

Consolidated Financial Statements

According to Section 129(3) of the Act, the consolidated financial statements of the Company and its Subsidiary is prepared in accordance with the relevant Indian Accounting Standard specified under the Act, and the rules thereunder form part of this Annual Report. A statement containing the salient features of the financial statements of the Company's subsidiary in Form No. AOC-1 as "**Annexure I**" is provided in this Annual Report.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements along with other relevant documents, in respect of subsidiaries, are available on the Company's website at www.hpadhesives.com.

The details of the business of operating subsidiary during FY 2025-26 are given in the Management Discussion and Analysis Report, which forms part of this Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The constitution of the Board of the Company is in accordance with Section 149(6) of the Act and Regulation 17 of the SEBI Listing Regulations. The detailed composition of the Board as of 31st March, 2026 is as follows:

Sr. No.	Name of the Director	Designation
1	Mrs. Anjana Haresh Motwani	Chairperson & 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 Ananta Walavalkar	Independent Director (Till 12th February, 2026)
7	Dr. Chandra Sekhar Nettem	Independent Director (W.e.f. 12th February, 2026)

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

In terms of the requirement of the SEBI Listing Regulations, the Board has identified core skills, expertise, and competencies of the Directors in the context of the Company's businesses for effective functioning. The list of key skills, expertise and core competencies of the Board of Directors is detailed in the Corporate Governance Report.

In the opinion of the Board, all the Directors, including the Directors re-appointed during the year under review possess the requisite qualifications, experience & expertise and hold high standards of integrity.

RETIREMENT BY ROTATION

Ms. Nidhi Haresh Motwani, Executive Director of the Company, 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

In terms of Section 149 of the Act and the SEBI Listing Regulations, Mr. Surendra Kumar Mehta, Mr. Rajendra Kumar Jain, Mr. Ajeet Anant Walavalkar (till 12th February, 2026) and Dr. Chandra Sekhar Nettem (w.e.f. 12th February, 2026) are the Independent Directors of the Company as on date of this Report.

During the financial year 2025-26, Mr. Ajeet Anant Walavkar (DIN: 09226644) ceased to be an Indpendent Director of the Company pursuant to his resignation from the Board with effect from 12th February, 2026 due to his health conditions. Necessary filings were done with the Stock Exchanges as required under Regulation 30 of SEBI (LODR) alongwith a confirmation from Mr. Walavalkar that there were no other material reasons other than those provided.

Consequent to the above resignation, Dr. Chandra Sekhar Nettem (DIN: 10646814) was appointed as Non-Executive - Independent Director of the Company with effect from 12th February, 2026, subject to the approval of the members, through Postal Ballot.

The Board places on record its appreciation for the valuable contribution and guidance provided by Mr. Ajeet Anant Walavkar during his tenure on the Board and welcomes Dr. Chandra Sekhar Nettem to the Board.

All the Independent Directors of the Company have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and they continue to comply with the Code of Conduct laid down under Schedule IV to the Act. In terms of Regulation 25(8) of SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation that exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. The Directors have further confirmed that they are not debarred from holding the office of the director under any SEBI Order or any other such authority.

Further, in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

In the opinion of the Board, the Independent Directors possess the requisite expertise and experience and are persons of high integrity and repute. They fulfill the conditions specified in the Act as well as the Rules made thereunder and are independent of the Management.

KEY MANAGERIAL PERSONNEL

In terms of Section 203 of the Act, the Key Managerial Personnel ('KMP') of the Company as on 31st March, 2026 are as follows:

- Mr. Karan Haresh Motwani, Managing Director
- Mr. Mihir Suresh Shah, Chief Financial Officer
- Ms. Swati Talgaonkar, Company Secretary and Compliance Officer (w.e.f. 24th September, 2025).

Mrs. Jyoti Nikunj Chawda has resigned from the post of Company Secretary & Compliance Officer w.e.f. 9th August, 2025.

BOARD AND COMMITTEE MEETINGS

The Board meetings are convened regularly to review and determine the Company's business policies and strategies, alongside other key governance matters. It maintains robust operational oversight with quarterly meetings featuring comprehensive presentations. Board and Committee meetings are re-scheduled in advance and informed to Directors, enabling them to plan their schedules effectively and participate meaningfully in discussions. Only in case of special and urgent business matters, if the need arises, Board's or Committee's approval is taken by passing resolutions through circulation or by calling the Board / Committee meetings at a shorter notice, in accordance with the applicable law.

The agenda for the Board and Committee meetings includes detailed notes on the items to be discussed to enable the Directors to make an informed decision.

Your Board of Directors met 6 (Six) times during the FY 2025-26. The details of the meetings and the attendance of the Directors are mentioned in the Corporate Governance Report. The intervening gap between meetings were not more than 120 days as required under the Act and SEBI Listing Regulations.

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

a) Audit Committee;

b) Nomination and Remuneration Committee;

c) Stakeholders Relationship Committee; and

d) Corporate Social Responsibility Committee.

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

POLICY ON DIRECTORS' APPOINTMENT, REMUNERATION AND OTHER DETAILS

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

BOARD EVALUATION AND ASSESSMENT

The annual evaluation process of the Board, Individual Directors and Committees was conducted in accordance with the provision of the Act and the SEBI Listing Regulations. The Board evaluated its performance after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc.

The Board and the NRC reviewed the performance of individual Directors on the basis of criteria such as the contribution of the individual Director to the Board and Committee Meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of independent directors, performance of Non-Independent Directors and the Board as a whole was evaluated. Additionally, they also evaluated the performance of Chairman of the Board, taking into account the views of Executive and Non-Executive Directors in the aforesaid Meeting. The Board also assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The above evaluations were then discussed in the Board Meeting and performance evaluation of Independent directors was done by the entire Board, excluding the Independent Directors being evaluated.

FAMILIARISATION PROGRAMME

In compliance with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has in place a Familiarisation Programme for its Independent Directors to familiarise them with the Company, their roles, rights and responsibilities, the nature of the industry in which the Company operates, business model, strategic plans, operations, regulatory environment and risk management framework.

The Independent Directors are provided with relevant documents, reports, internal policies, business and financial updates, presentations and regulatory developments from time to time to enable them to understand the Company's business and operations. The Directors are also updated on changes in applicable laws, regulations and governance practices through presentations and discussions at Board and Committee Meetings.

During the financial year, the Independent Directors were apprised of the Company's operational performance, financial performance, business strategies, industry developments, risk management practices, internal control systems and statutory and regulatory updates.

The details of Familiarisation Program imparted to the Independent Directors for the FY 2025-26 are available on the website of the Company at https://www.hpadhesives.com/wp-content/uploads/2026/05/Details-of-familiarization-programme-FY-2025-26.pdf.

DIRECTORS' RESPONSIBILITY STATEMENT

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

i. in preparation of the annual accounts for the year ended 31st March, 2026, the applicable accounting standards have been followed and there are no material departures from the same;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the Company as at 31st March, 2026 and of the profit of the Company for the year ended on that day;

DIRECTORS' REPORT (CONTD.)

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

iv. the Annual Accounts for the year ended 31st March, 2026 have been prepared on a "going concern" basis;

v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively throughout the financial year ended 31st March, 2026; and

vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively throughout the financial year ended 31st March, 2026.

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

Pursuant to Regulation 34 of the SEBI Listing Regulations, a separate section on Management Discussion and Analysis Report which also covers the consolidated operations reflecting the global nature of our business forms an integral part of the Integrated Annual Report.

CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 34 read with Schedule V of the SEBI Listing Regulations, a separate section on the Corporate Governance Report, forms an integral part of the Annual Report. A certificate from Practicing Company Secretary confirming compliance with corporate governance norms, as stipulated under the SEBI Listing Regulations, is annexed to the Corporate Governance Report.

AUDITORS AND AUDITORS' REPORT:

Statutory Auditor:

M/s. Priya Choudhary & Associates LLP, Chartered Accountant (Firm Registration No. 011506C/C400307), were re-appointed as the Statutory Auditors of the Company for a tenure of 5 years commencing from the conclusion of the 6th AGM of the Company until the conclusion of the 11th AGM of the Company to be held in the year 2030-31.

The Auditor's Report on the financial statements of the Company for the financial year ended 31st March, 2026 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. Auditors' Report are self-explanatory and do not call for any further comments.

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 Auditor:

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI Listing Regulations, M/s. Shivam Sharma & Associates, Practicing Company Secretaries (Certificate of Practice No. 16558), a peer reviewed firm of Company Secretaries in Practice, were appointed as Secretarial auditors of the Company for audit period of five consecutive years commencing from FY 2025-26 to FY 2029-30.

The Secretarial Audit Report in form MR-3 for FY 2025-26 is enclosed as "**Annexure II**" to this report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks. During the year under review, the Secretarial Auditor has not reported any fraud under Section 143(12) of the Act and therefore disclosure of details under Section 134(3)(ca) of the Act is not applicable.

ACCOUNTING TREATMENT

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

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 loans by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts/ arrangements/ transactions entered by the Company during FY 2025-26 with related parties were valued on an arm's length basis and in the ordinary course of business and approved by the Audit Committee consisting of Independent Directors. Certain transactions, which were repetitive in nature, were approved through omnibus route.

Any Related Party Transaction ('RPT') exceeding the thresholds prescribed under the SEBI Listing Regulations shall be considered material and would require prior approval of the Members. There were no material transactions of the Company with any of its related parties during the year in terms of Section 134 read with Section 188 of the Act. Therefore, the disclosure of the Related Party Transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company for FY 2025-26 and, hence, the same is not required to be provided.

The details of RPTs during FY 2025-26, including transaction with person or entity belonging to the promoter/ promoter group which hold(s) 10% or more shareholding in the Company are provided in the accompanying financial statements. During FY 2025-26, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company other than sitting fees and reimbursement of expenses, as applicable. Pursuant to the requirements of the Act and the SEBI Listing Regulations, the Company has formulated a policy on RPTs and is available on Company's website URL at: https://www.hpadhesives.com/wp-content/uploads/2026/08/Related-party-Transactions-policy-and-dealing-with-related-party-transactions_amended_13.08.2026.pdf.

The attention of the members is drawn to note no. 41 of the financial statements setting out the disclosures on related party transactions for FY 2025-26.

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 III**" to this report.

RISK MANAGEMENT

The provision of Regulation 21(4) of SEBI Listing Regulations is not applicable to the Company. The Company, however, has adopted Risk Management policy, which can be accessed at https://www.hpadhesives.com/wp-content/uploads/2014/08/Risk-Assessment-and-Management-Policy.pdf

ANNUAL RETURN

Pursuant to Section 134(3)(a) of the Act, the Annual Return of the Company prepared as per Section 92(3) of the Act for the financial year ended 31st March, 2026, is uploaded on the website of the Company and the same is available on https://www.hpadhesives.com/investor-relations/.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

During the year under review, there were no significant and material orders passed by the Regulators / Courts that would impact the going concern status of the Company and its future operations.

DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

During the year under review and till date of this Report, the Company has neither made any application against anyone nor any proceedings were pending against the Company under the Insolvency and Bankruptcy Code, 2016.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

The brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company during the financial year ended 31st March, 2026, in accordance with Section 135 of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out in "**Annexure IV**" to this report.

INTERNAL FINANCIAL CONTROL

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

DIRECTORS' REPORT (CONTD.)

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 / guarantees or investments which come under the provisions of Section 186 of the Companies Act, 2013.

SHARE REGISTRAR & TRANSFER AGENT (R&T)

Bigshare Services Private Limited is the Registrar and Transfer Agent of the Company. They were appointed as the Registrar and Share Transfer Agent of the Company with effect from 7th July, 2021.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE POLICY

The Company has zero tolerance for sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The Company has duly constituted an Internal Complaints Committee (ICC) as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review no complaint pertaining to sexual harassment at work place has been received by the Company.

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 V**" to this Report.

A Statement containing Particulars of Top 10 Employees and Particulars of Employees under Section 197(12) of the Act read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report. The circulation of this Statement to the shareholders has been excluded in terms of proviso to Section 136(1) of the Act. None of the employees listed in the said Annexure are related to any Director of the Company.

EMPLOYEES STOCK OPTION SCHEME

The Company has adopted the HP ADHESIVES EMPLOYEES STOCK OPTION SCHEME - 2024 (the "ESOP 2024 Scheme") for a pool of 15,00,000 options. Further, the Company has not made any grants under the ESOP 2024 Scheme. A certificate pursuant to Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 has been obtained from Shivam Sharma & Associates, Secretarial Auditors of the Company, and is annexed to this Report.

HUMAN RESOURCES

The Company considers its Human Resource (HR) as the key to achieve its objectives. HR Department create 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.

COMPLIANCE WITH THE MATERNITY BENEFIT ACT, 1961

The Company has complied with the provisions of the Maternity Benefit Act, 1961, including all applicable amendments and rules framed thereunder. The Company is committed to ensuring a safe, inclusive, and supportive workplace for women employees. All eligible women employees are provided with maternity benefits as prescribed under the Maternity Benefit Act, 1961, including paid maternity leave, nursing breaks, and protection from dismissal during maternity leave.

DIRECTORS' REPORT (CONTD.)

GENERAL

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

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

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

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

d. 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.

e. There are no proceedings pending under the Insolvency and Bankruptcy Code, 2016.

f. There are no instances of one-time settlement with any Bank or Financial Institution.

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: 13th August, 2026

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

Mr. Karan Haresh Motwani
Managing Director
DIN: 02650089

ANNEXURE I

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

(₹ in Lakhs)

Sl. No.	Particulars	Name of the Subsidiary
1.	Name of the Subsidiary	Unitybond Solutions Private Limited
2.	The date since when subsidiary was acquired	11th April, 2024 (Date of Incorporation of Wholly-owned subsidiary)
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	11th April, 2025 to 31st March, 2026
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	₹
5.	Share capital	5.00
6.	Reserves and surplus	246.68
7.	Total assets	268.30
8.	Total Liabilities (Incl. Share capital, Reserves and Surplus)	268.30
9.	Investments	186.76
10.	Turnover	187.33
11.	Profit before taxation	13.21
12.	Provision for taxation	2.86
13.	Profit after taxation	10.35
14.	Proposed Dividend	--
15.	Extent of shareholding (inpercentage)	100.00%

Names of subsidiaries which are yet to commence operations: **None**

Names of subsidiaries which have been liquidated or sold during the year: **None**

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

Anjana Haresh Motwani **Chairperson & Executive Director** **DIN: 02650184**	**Karan Haresh Motwani** **(Managing Director)** **DIN: 02650089**	**Mihir Suresh Shah** **(Chief Financial Officer)** **(PAN: AZBPS0681B)**	**Swati Sunil Talgaonkar** **(Company Secretary)** **(Mem No.: 30463)**

Place: Mumbai
Date: 12th May, 2026

ANNEXURE II

FORM NO MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2026

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HP Adhesives Limited (CIN: L24304MH2019PLC325019)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit. I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2026 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2026 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

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

(d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the Audit Period)

(e) 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);

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

(g) 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;

(h) Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018 to the extent applicable to the Company;

ANNEXURE II (Contd.)

(i) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - (Not applicable to the Company during the Audit Period);

(j) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - (Not applicable to the Company during the Audit Period);

(k) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - (Not applicable to the Company during the Audit Period);

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

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

(i) Secretarial Standards with respect to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and

(ii) Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India 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: A035727H001088306

Date: 12th August, 2026
Place: Mumbai

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

ANNEXURE II (Contd.)

"Annexure-A" 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: 12th August, 2026
Place: Mumbai

ANNEXURE III

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 remains committed to conserving energy and improving energy efficiency across its manufacturing operations. During the year, emphasis was placed on the optimum utilisation of electrical energy through regular preventive maintenance of plant and machinery, efficient operation of production equipment, and continuous monitoring of energy consumption. The Company also promotes energy-conscious practices among employees and periodically reviews its processes to identify opportunities for reducing energy usage. These initiatives have contributed to improved operational efficiency while supporting the Company's commitment to sustainable and environmentally responsible manufacturing practices.

i. Steps taken for conservation of energy:

The Company continues to focus on improving energy efficiency across its manufacturing facilities through effective monitoring and optimisation of production processes. During the year, emphasis was placed on reducing energy consumption by adopting efficient operating practices, preventive maintenance of equipment and continuous process improvements. Energy-efficient machinery and utilities are preferred while undertaking capacity expansion and replacement of existing equipment.

ii. Steps taken for utilising alternate energy sources:

The rooftop solar power plant installed at the manufacturing facility continued to contribute towards the Company's energy requirements during the year, thereby reducing dependence on conventional energy sources and supporting the Company's sustainability objectives.

As part of its commitment to environmental sustainability, the Company also undertook a plantation drive during the year and planted approximately **400 saplings** within its premises to enhance green cover and contribute towards ecological conservation. These initiatives help to keep the area cooler, thus requiring less energy.

iii. Capital investment in energy conservation equipment:

The Company continues to invest in energy-efficient technologies and infrastructure based on operational requirements. No significant capital expenditure on additional energy conservation equipment was incurred during the year other than routine improvements and maintenance of existing facilities.

2. TECHNOLOGY ABSORPTION:

The Company continues to focus on improving manufacturing efficiency, product quality, and operational excellence through the adoption of appropriate technologies and process improvements. Efforts during the year included optimisation of manufacturing processes, quality enhancement initiatives, and continuous improvement in production practices. The Company also undertakes regular training and skill development programmes for employees to ensure effective adoption of technology and operational best practices. No major technology was imported during the financial year.

i. Efforts made towards technology absorption:

The Company continues to strengthen its research and development capabilities with a focus on developing innovative adhesive, sealant and construction chemical products. Continuous efforts were made towards improving manufacturing processes, enhancing product quality, increasing automation and adopting advanced technologies for operational excellence.

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

The initiatives undertaken resulted in improved product quality and consistency, enhanced manufacturing efficiency, optimisation of production costs, introduction of value-added products, increased customer satisfaction and compliance with applicable environmental and quality standards.

ANNEXURE III (Contd.)

iii. Imported technology:

The Company has not imported any technology during the financial year. It continues to upgrade its manufacturing processes through in-house improvements, automation and process optimisation.

iv. Expenditure incurred on Research and Development

During the financial year ended 31st March 2026, the Company did not incur any expenditure towards Research & Development activities.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO-

The details of foreign exchange earnings and outgo during the financial year are as under:

(₹ in Lakhs)

Particulars	As on 31st March, 2026	As on 31st March, 2025
Total foreign exchange used	3,932.03	4,910.70
Total foreign exchange earned	1,968.73	2,538.27

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

Place: Mumbai
Dates: 13th August, 2026

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

Mr. Karan Haresh Motwani
Managing Director
DIN: 02650089

ANNEXURE IV

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

Pursuant to the requirements of the Companies Act, 2013 and the rules made thereunder (as amended from time to time), your Company has framed a CSR Policy. The CSR policy of the Company encompasses its philosophy as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large.

Our Vision is to improve the quality of life for communities and create a positive impact on the Environment through interventions in the areas of socio-economic development, education, health, and sustainability. Our mission envisions working with communities through an inclusive and integrated approach, enabling everyone to realise their full potential for development and growth, as an individual, group, community, or society. Our mission therefore is to help create a healthy and caring society capable of contributing towards greater good for everyone.

The focus areas for CSR are Education and Healthcare, supported by CSR Activities in the areas of Women Empowerment, Water and Sanitation and Rural Development. Going forward, the Company will continue to focus on Education, Healthcare and Environment.

2. Composition of CSR Committee

Sr. No.	Name of the Director	Designation/ Nature of Directorship	Number of CSR Meeting held during the year	Number of meetings attended by Committee members
1.	Mrs. Anjana Haresh Motwani	Chairman (Executive Director)	1	1
2.	Mr. Ajeet Ananta Walavalkar*	Member (Non-executive - Independent Director)	1	0
3.	Ms. Nidhi Haresh Motwani	Member (Executive Director)	1	1
4.	Dr. Chandra Sekhar Nettem#	Member (Non-executive - Independent Director)	NA	NA

#Appointed as Member of the Committee w.e.f. 12th February, 2026.

**Resigned as Member of the Committee w.e.f 12th February, 2026*

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.hpadhesives.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. Average Net Profit of the Company as per Section 135(5)

a. Average Net Profit of the Company for last three (3) financial years: ₹ 2211.17 Lakhs

b. Two percent of average net profit of the Company as per Section 135(5): ₹ 44.22 Lakhs

c. Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

d. Amount required to be set off for the Financial Year, if any: ₹ 7.26 Lakhs

e. Total CSR obligation for the Financial Year [(b)+(c)-(d)]: ₹ 36.96 Lakhs

6. a. Amount spent on CSR Projects (both Ongoing Projects and other than Ongoing Projects): ₹ 39.26 Lakhs

b. Amount spent in Administrative Overheads: NIL

c. Amount spent on Impact Assessment, if applicable: NIL

d. Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 39.26 Lakhs

ANNEXURE IV (Contd.)

e. 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
39.26	N.A.				

f. 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) (₹ 7.26 Lakhs of excess amount set off during the year)	44.22
ii.	Total amount spent for the Financial Year	*46.52
iii.	Excess amount spent for the financial year [(ii)-(i)]	2.30
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)]	2.30

*Note: * Includes excess CSR spends of ₹ 7.26 Lakhs spent in the previous financial year 2024-25, set-off in the financial year 2025-26.*

7. Details of Unspent CSR amount for the preceding three (3) financial years:

(₹ in Lakhs)

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6)	Balance Amount in Unspent CSR Account under Section 135 (6)	Amount Spent in the financial year	Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(6), if any		Amount remaining to be spent in succeeding financial years	Deficiency, if any
					Amount	Date of transfer		
1.		--				--	--	--
2.		--		NA		--		
3.		--				--		

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

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

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

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

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

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5).

- Not Applicable

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

Mrs. Anjana Haresh Motwani
Chairperson (CSR Committee)
DIN: 02650184

Mr. Karan Haresh Motwani
Managing Director
DIN: 02650089

Place: Mumbai
Date: 13th August, 2026

ANNEXURE V

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 2025-26 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	17.72	--
2.	Mr. Karan Haresh Motwani	Managing Director	25.45	--
3.	Ms. Nidhi Haresh Motwani	Executive Director	11.50	--
4.	Mr. Surendra Kumar Mehta	Independent Director	1.03	--
5.	Mr. Rajendra Kumar Jain	Independent Director	1.03	--
6.	Mr. Ajeet Ananta Walavalkar	Independent Director	0.49	--

Note: Independent Directors are paid with sitting fees during the financial year 2025-26 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 2025-26 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 (till 9th August, 2025)	Company Secretary	-
3.	Ms. Swati Sunil Talgaonkar (w.e.f. 24th September, 2025)	Company Secretary	-

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 2025-26 has increased by 1.96% as compared to the previous year.

iv. **Number of permanent employees on the rolls of the Company as of 31st March, 2026:** 705 (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 2025-26, the average increase in salaries other than managerial personnel was 6.86%, whereas managerial personnel average remuneration increased by 2.5%.

vi. **Affirmation:** It is hereby affirmed that the remuneration paid during the financial year 2025-26 is as per the Company's Remuneration Policy.

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

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

Mr. Karan Haresh Motwani
Managing Director
DIN: 02650089

Place: Mumbai
Date: 13th August, 2026

CORPORATE GOVERNANCE REPORT

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Board of Directors of HP Adhesives Limited ("the Company") have pleasure in presenting the Company's Report on Corporate Governance for the Financial Year ended 31st March, 2026.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's, Corporate Governance is not merely a set of obligations, but a strong business enabler that underpins our core values of business ethics, customer centricity, pride, quality, respect and teamwork. We believe that good governance is essential for sustainable value creation and long-term business success.

Your Company takes utmost care to safeguard the interests of all its stakeholders. Your Company's governance structure comprises of the Board of Directors and their 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 of the Company reflects a balanced mix of experience, expertise and independence, aligned with the requirements of the Companies Act, 2013 ("Act") and the SEBI Listing Regulations.

As of 31st March, 2026, 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 was change in the Board Composition during FY 2025-26 as mentioned below:

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 16 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 41 years)	1	--	--
Nidhi Haresh Motwani	06655834	Executive Director	1,00,00,000	Bachelor of Business Administration and Masters of Global Business Management (more than 10 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 19 years)	1	--	1
Surendra Kumar Mehta	09211358	Independent Director	--	Bachelor of Commerce, Qualified Chartered Accountant and Company Secretary (more than 31 years)	--	--	--
Ajeet Anant Walavalkar (till 12th February, 2026)	09226644	Independent Director	--	Bachelor of Electrical Engineering (more than 40 years)	--	--	--

CORPORATE GOVERNANCE REPORT (CONTD.)

Name of the Director	DIN	Category	No. of Equity Shares Held	Qualification/ Experience	No. of other Directorship*	Membership in Committee*#	
						As member	As Chairperson
Chandra Sekhar Nettem (w.e.f. 12th February, 2026)	10646814	Independent Director	--	PhD (UCam), MBA (UChicago) more than 18 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.

The Board structure is in compliance with Regulation 17 of the SEBI Listing Regulations.

During the financial year 2025-26, Mr. Ajeet Anant Walavkar (DIN: 09226644) ceased to be an Indpendent Director of the Company pursuant to his resignation from the Board with effect from 12th February, 2026 due to his health conditions. Necessary filings were done with the Stock Exchanges as required under Regulation 30 of SEBI (LODR) alongwith a confirmation from Mr. Walavalkar that there were no other material reasons other than those provided.

Consequent to the above resignation, Dr. Chandra Sekhar Nettem (DIN: 10646814) was appointed as Non-Executive - Independent Director of the Company with effect from 12th February, 2026, subject to the approval of the members, through Postal Ballot.

The Board places on record its appreciation for the valuable contribution and guidance provided by Mr. Ajeet Anant Walavkar during his tenure on the Board and welcomes Dr. Chandra Sekhar Nettem to the Board.

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 2025-26 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.

CORPORATE GOVERNANCE REPORT (CONTD.)

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

- 13th May, 2025;
- 30th June, 2025;
- 8th August, 2025;
- 23rd September, 2025;
- 12th November, 2025; and
- 12th February, 2026.

C. ATTENDANCE RECORD OF THE DIRECTORS FOR THE FY 2025-26:

Name of the Director	Board Meeting	Last AGM - 30th September, 2025
Karan Haresh Motwani	5 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	No

Note: Dr. Chandra Sekhar Nettem was appointed as an Independent Director of the Company w.e.f. 12th February, 2026.

D. LIST OF DIRECTORSHIP HELD IN OTHER LISTED COMPANIES

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

E. INTER-SE RELATIONSHIP AMONG THE DIRECTORS

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

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

F. RESPONSIBILITIES OF THE BOARD

The Board Members are responsible for the management of the business. Role, functions, responsibilities and accountability of the Board are clearly defined.

In addition to its primary role of monitoring corporate performance, functions of the Board include, but does not restrict to the following:

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

CORPORATE GOVERNANCE REPORT (CONTD.)

G. INDEPENDENT DIRECTORS

Independent Directors are essential in the Board's decision making process, bringing with them a diverse range of experience, expertise, and knowledge to oversee the Company's performance and overall strategy. Their unbiased and focused insights are invaluable. They are committed and devote sufficient time to the Company.

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 Independent Directors have also confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated to impair or impact their ability to discharge their duties with an objective and independent judgment.

The Board of Directors hereby confirms that in their 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 12th February, 2026. 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 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 FOR INDEPENDENT DIRECTORS

The Company conducts familiarisation programmes for Independent Directors to enable them to familiarise themselves with the Company, its business, operations, industry, regulatory environment and the roles and responsibilities of Independent Directors.

The familiarisation programmes include presentations and discussions on the Company's business and operations, financial performance, strategy, risk management framework, regulatory developments and other relevant matters.

Details of the familiarisation programme imparted to Independent Directors are available on the Company's website and is accessible at www.hpadhesives.com.

J. COMPLIANCE FRAMEWORK

The Company has a robust and effective framework for monitoring compliances with applicable laws within the organisation and providing updates to senior management and the Board periodically. The Audit Committee and the Board of Directors periodically review the status of the compliances with the applicable laws.

K. CODE OF CONDUCT

Your Company has a Code of Conduct for Directors and senior management that reflects high standards of integrity and ethics. This Code is available on the Company's website www.hpadhesives.com. The Directors and senior management of the Company have affirmed their adherence to this Code of Conduct for FY 2025-26 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 and forms a part of this Annual Report.

CORPORATE GOVERNANCE REPORT (CONTD.)

L. BOARD EVALUATION AND ASSESSMENT

The Board Evaluation is an essential part of the Company's commitment to good corporate governance. By conducting an annual evaluation of its Board, Committees and individual Directors, the Company demonstrates its commitment to transparency, accountability and effective governance. It enables the Board to identify areas where it can improve its performance and ensures that the Company's governance practices remain in line with best practices.

The Company's governance guidelines require an annual evaluation of all Board Members, the Board as a whole and its mandatory Committees. These mandatory Committees includes the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The purpose of the evaluation is to assess the performance of the Board and its Committees and identify areas for improvement.

During FY 2025-26, the Board, its Committees and Individual Directors, including the Chairperson, underwent a comprehensive performance evaluation process. The feedback received from the Directors were discussed and reviewed by the Independent Directors at their separate Annual Meeting held on 12th February, 2026, and also shared with the Board.

The evaluation covered various aspects including:

- Board composition and structure;
- Effectiveness of Board processes;
- Quality and timeliness of information provided to the Board;
- Participation and contribution of Directors;
- Strategic guidance;
- Risk oversight;
- Performance of Board Committees;
- Contribution of Independent Directors; and
- Overall effectiveness of the Board.

The Board is satisfied with the outcome of the evaluation and considers the existing governance practices to be appropriate for the Company.

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

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

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

CORPORATE GOVERNANCE REPORT (CONTD.)

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

	Parameters	Karan Haresh Motwani	Anjana Haresh Motwani	Nidhi Haresh Motwani	Rajendra Kumar Jain	Surendra Kumar Mehta	*Ajeet Anant Walavalkar	#Dr. Chandra Sekhar Nettem
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	√	√	√	--	--	√	√

*Mr. Ajeet Anant Walavalkar (till 12th February, 2026)

#Dr. Chandra Sekhar Nettem (w.e.f. 12th February, 2026)

The Board believes that the existing combination of skills and experience enables it to effectively discharge its responsibilities and provide appropriate strategic guidance to the Company.

3. COMMITTEES OF THE BOARD

As permitted under applicable laws, the Board has delegated certain functions to its various Committees that are established for that purpose. These Committees conduct detailed reviews of the items under their purview before presenting them to the Board for its consideration. The Committees constituted by the Board are dedicated to specific areas and have the delegated authority to make informed decisions within their respective scopes. The Committees operate under the direct supervision of the Board. Generally, Committee meetings are held before the Board Meeting and the Chairperson of each Committee updates to the Board about the deliberations and decisions taken by the Committees. They also provide specific recommendations to the Board on matters within their purview. All decisions and recommendations made by the Committees are presented to the Board for either approval or information. During the year under review, all recommendations made by all the Committees were accepted by the Board.

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 30th September, 2025.

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:

(1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

CORPORATE GOVERNANCE REPORT (CONTD.)

(2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

(3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

(a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

(b) changes, if any, in accounting policies and practices and reasons for the same;

(c) major accounting entries involving estimates based on the exercise of judgment by management;

(d) significant adjustments made in the financial statements arising out of audit findings;

(e) compliance with listing and other legal requirements relating to financial statements;

(f) disclosure of any related party transactions;

(g) modified opinion(s) in the draft audit report;

(5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;

(6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a 660[public issue or rights issue or preferential issue or qualified institutions placement], and making appropriate recommendations to the board to take up steps in this matter;

(7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(8) approval or any subsequent modification of transactions of the listed entity with related parties;

(9) scrutiny of inter-corporate loans and investments;

(10) valuation of undertakings or assets of the listed entity, wherever it is necessary;

(11) evaluation of internal financial controls and risk management systems;

(12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(13) reviewing 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;

(14) discussion with internal auditors of any significant findings and follow up there on;

(15) reviewing 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;

(16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(17) 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;

(18) to review the functioning of the whistle blower mechanism;

(19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

(21) reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

(22) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

There were Five (5) Audit Committee Meetings held during FY 2025-26 as follows:

- 13th May, 2025;
- 30th June, 2025;
- 8th August, 2025;
- 12th November, 2025; and
- 12th February, 2026.

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 Haresh 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 four times in FY 2025-26 on 8th August, 2025, 23rd September, 2025, 12th November, 2025 and 12th February, 2026. 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 30th September, 2025.

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:

(1) 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;

(1A). For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

a. use the services of an external agencies, if required;

b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

c. consider the time commitments of the candidates.

(2) formulation of criteria for evaluation of performance of independent directors and the board of directors;

(3) devising a policy on diversity of board of directors;

(4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

(5) 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.

CORPORATE GOVERNANCE REPORT (CONTD.)

(6) recommend to the board, all remuneration, in whatever form, payable to senior management.

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	4 out of 4
Mr. Rajendra Kumar Jain	Member	4 out of 4
Mr. Ajeet Ananta Walavalkar	Member	1 out of 4

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 https://www.hpadhesives.com/wp-content/uploads/2014/08/Nomination-and-Remuneration-Policy.pdf.

C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

In accordance with the provisions of Section 178 of the Act and Regulation 20 of the SEBI Listing Regulations, the Company has formed Stakeholders' Relationship Committee, composition and terms of reference of which are in conformity with the said provisions.

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:

(1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, nonreceipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

(2) Review of measures taken for effective exercise of voting rights by shareholders.

(3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the 670[Registrar to an Issue and Share Transfer Agent.

(4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

(5) Resolving grievances of debenture holders related to creation of charge, payment of interest/principal, maintenance of security cover and any other covenants.

There was One (1) Stakeholders' Relationship Committee Meeting held during FY 2025-26 on 12th February, 2026.

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

Names of Directors	Designation	No. of meetings attended
Mr. Surendra Kumar Mehta	Chairman	1 out of 1
Mr. Rajendra Kumar Jain	Member	1 out of 1
Mr. Ajeet Ananta Walavalkar	Member	0 out of 1

Ms. Swati Sunil Talgaonkar, 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 31st March, 2026 are as follows:

Complaints Pending as on 1st April, 2025	Complaints Received during the year	Complaints Resolved During the year	Complaints Pending as on 31st March, 2026
0	0	0	0

D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

In accordance with provisions of Section 135 of the Act, the Board has formed the Corporate Social Responsibility (CSR) Committee. The Composition and terms of reference of the Committee are in conformity with the said provisions. The Charter of the Committee can be accessed on the Company's website at https://www.hpadhesives.com/wp-content/uploads/2014/08/Corporate-Social-Responsibility-Policy.pdf.

The terms of reference of the Corporate Social Responsibility Committee 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;
- Performing such other duties and responsibilities as may be consistent with the provisions of the CSR policy of the Committee; and
- Monitor the CSR Policy and its implementation from time to time.

There was One (1) Corporate Social Responsibility Committee Meeting held during FY 2025-26 i.e. on 12th February, 2026.

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	1 out of 1
Mr. Ajeet Ananta Walavalkar	Member	0 out of 1
Ms. Nidhi Haresh Motwani	Member	1 out of 1

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

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

Name	Designation	Changes, if any
Mr. Mihir Suresh Shah	Chief Financial Officer	No change
Ms. Jyoti Nikunj Chawda	Company Secretary	Till 9th August, 2025
Ms. Swati Sunil Talgaonkar	Company Secretary	w.e.f. 24th September, 2025
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 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 https://www.hpadhesives.com/investor-relations/.

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 Ananta Walavalkar
Category	**Independent Director**		
Fees for attending Board and Committee Meeting	4.00	4.00	1.90
Commission, if any (in ₹)	0	0	0
Other	0	0	0
Total	**4.00**	**4.00**	**1.90**

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	9577656	6647268	4328604
2.	Contribution to Provident Fund	21600	21600	21600
3.	Gratuity	184188	127836	83244
4.	Insurance Premium	112941	94970	37791
5.	Commission, if any	0	0	0
	Total	**9896385**	**6891674**	**4471239**

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
4th AGM	2023	Friday, 29th 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 31st 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.

CORPORATE GOVERNANCE REPORT (CONTD.)

AGM	Year	Day, Date & Time	Venue/ Mode	Resolution	Brief description of Resolutions
					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.
5th AGM	2024	Thursday, 19th September, 2024 at 12:00 noon	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	Ordinary	1. Adoption of the Balance Sheet of the Company as on 31st March, 2024 and statement of profit and loss for the year ended along with the reports of the auditors and directors of the Company thereon. 2. To declare a final dividend of ₹ 0.30 per equity share of ₹ 2 each of the Company for the financial year ended 31st 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	4. To approve HP Adhesives Employee Stock Option Scheme - 2024
6th AGM	2025	Tuesday, 30th September, 2025 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 (including audited consolidated financial statements) of the Company for the Financial Year ended 31st March, 2025 and the reports of the Board of Directors thereon. 2. To declare a final dividend of ₹ 20% i.e. 0.40 per equity share of face value of ₹ 2 each for the financial year ended 31st March, 2025. 3. To appoint Mrs. Anjana Motwani (DIN: 02650184) as Director, liable to retire by rotation, and being eligible, offers herself for re-appointment. 4. To re-appoint the Statutory Auditors of the Company, and to fix their remuneration.
				Special	5. To appoint the Secretarial Auditors of the Company, and to fix their remuneration. 6. To re-appoint Mr. Karan Motwani (02650089) as the Managing Director of the Company. 7. Re-appointment of Mr. Surendra Kumar Mehta as an Independent Director. 8. Re-appointment of Mr. Ajeet Anant Walavalkar as an Independent Director. 9. Re-appointment of Mr. Rajendra Kumar Jain as an Independent Director.

CORPORATE GOVERNANCE REPORT (CONTD.)

B. EXTRAORDINARY GENERAL MEETING

No Extraordinary General Meeting was held during the past 3 years.

C. POSTAL BALLOT

During the year under review, your Company carried out one Postal Ballot, seeking approval of the Shareholders on the following matter by way of Special Resolution:

Appointment of Dr Chandra Sekhar Nettem (DIN: 10646814) as a Non-Executive Independent Director for a term of 5 (five) years.

The Notice of Postal Ballot dated 12th February, 2026 ("Postal Ballot Notice") was dispatched to the Members of the Company on Friday, 27th February, 2026, seeking approval of the Shareholders on the above matters. The remote e-voting period commenced on Monday, 2nd March, 2026 at 9:00 a.m. (IST) and concluded on Tuesday, 31st March, 2026 at 5:00 p.m. (IST).

The above Special Resolution passed by the Shareholders of the Company with requisite majority through Postal Ballot during FY 2025-26 are as under:

Sr. No.	Special Resolution passed	Total no. of Shares	No. of Votes polled	% of votes polled on outstanding shares	No. of votes - In favour	No. of votes - Against	% of Votes in favour on votes polled	% of Votes against on votes polled
1.	Appointment of Dr Chandra Sekhar Nettem (DIN: 10646814) as a Non-Executive Independent Director for a term of 5 (five) years.	91874735	65612195	71.41	65610646	1549	99.99%	0%

Procedure adopted for Postal Ballot:

Your Company conducted Postal Ballot in accordance with the provisions of sections 108, 110 and other applicable provisions, if any, of the Act, read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Listing Regulations including any statutory modification(s) or re-enactment(s) thereof for the time being in force, Secretarial Standard on General Meetings ('SS-2'), read with MCA General Circular Nos. 14 & 17/2020 dated 8th April, 2020 and 13th April, 2020, respectively and MCA General Circular No. 03/2025 dated 22nd September, 2025 and subject to other applicable laws, rules and regulations.

In compliance with the aforesaid MCA Circulars, the Postal Ballot notice was sent only through electronic mode to those Members whose names appear in the Register of Members/ List of Beneficial Owners as on cut-off date determined by the Company, received from National Securities Depository Limited and Central Depository Services (India) Limited ('Depositories') and was sent only in electronic mode to those Members whose e-mail addresses were registered with the Company or Registrar & Transfer Agent of the Company or the Depository Participant(s).

Additionally, Members who had not registered their e-mail addresses were requested to register/update their email addresses, in respect of electronic holdings with the Depositories through the concerned Depository Participants and in respect of physical holdings with Registrar & Transfer Agent of the Company by following due procedure.

The Physical copies of this Postal Ballot Notice, postal ballot forms and pre-paid business reply envelopes were not sent to Members for the Postal Ballot. The Members were provided with the facility to cast their vote electronically through the E-Voting services provided by Central Depository Services Limited ("CDSL").

The Board had appointed Mr. Shivam Sharma, Practicing Company Secretary (Membership No. ACS 35727), as Scrutiniser for conducting the Postal Ballot through remote E-Voting process in a fair and transparent manner. The Scrutiniser had submitted his report to the Chairman of the Company after completion of scrutiny of the votes.

Thereafter, the Voting results along with the Scrutiniser's Report were intimated to BSE and NSE, where the equity shares of the Company are listed and were also placed on the website of the Company at www.hpadhesives.com and on the website of CDSL.

Details of the Special Resolution proposed to be conducted through Postal Ballot:

No Special Resolution is proposed to be passed through the Postal Ballot as on the date of this Annual Report. Further, the Company may consider passing Resolutions, including Special Resolutions, through Postal Ballot as and when required.

7. MEANS OF COMMUNICATION

WEBSITE: The Company's website www.hpadhesives.com contains a separate section 'Investor Relations' for the use of shareholders. The Quarterly, Half-yearly and Annual Financial Results are promptly displayed on the website. Notices, Annual Reports, Quarterly Shareholding Pattern, Corporate Announcement and other Communication are also available on the website.

FINANCIAL RESULTS: The Quarterly, Half-yearly and Annual Results are regularly posted by the Company on its website. These are also submitted to the Stock Exchanges i.e. NSE and BSE in accordance with Listing Regulations.

NEWSPAPER RESULTS: The Quarterly, Half-yearly and Annual Results are normally published in Active Times (English) and Pratahkal (Marathi) newspapers, within 48 hours of its approval.

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

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

7. GENERAL SHAREHOLDER INFORMATION

➢	**Incorporation Date**	**7th May, 2019**
➢	Registered Office Address	11 Unique House, Chakala Cross Road, Andheri East, Mumbai 400099.
➢	Corporate Office Address	501, 5th Floor, C Wing, Business Square, Chakala, Andheri East, Mumbai 400093.
➢	CIN	L24304MH2019PLC325019
➢	Date, time and Venue of the Annual General Meeting	Date: 22nd September, 2026 at 3:30 P.M. (IST) Venue: Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") Facility.
➢	Financial year	1st April, 2025 to 31st March, 2026
➢	Dividend Payment Date	The Final Dividend of ₹ 0.40/- per equity share has been recommended by the Board of Directors of the Company for the financial year ended 31st March, 2026, and if approved at the ensuing AGM will be paid to the eligible Members on or after Tuesday, 22nd September, 2026.
➢	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
➢	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.
➢	Dematerialisation of shares and liquidity	As of March 2026, 100% of the total equity capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The Company's shares are regularly traded on BSE and NSE.
➢	Outstanding Global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on liquidity	Not applicable since the Company has not issued any Global Depository Receipts or American Depository Receipts or Warrants or Convertible bonds.
➢	Plant Locations	1. Survey No. 7, Village Narangi, Tal. Khalapur, Dist. Raigad - 402107, Maharashtra. 2. Plot No. 21A, Aditya Industrial Estate, Village Kumbhvali, Tal. Khalapur, Dist. Raigad - 402107, Maharashtra.
➢	Address for correspondence	Bigshare Services Private Limited Office No S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East), Mumbai 400093. Tel. No. : 022-62638200 E-mail : shwetas@bigshareonline.com Company Secretary & Compliance Officer HP Adhesives Limited 501, 5th 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 long -term borrowings and short-term borrowings of the Company are CARE BBB / CARE A3+ (RWN).

STOCK PRICE DATA:

MARKET PRICE DATA FOR THE PERIOD FROM 1ST APRIL, 2025 TO 31ST MARCH, 2026:

Month	BSE		NSE	
	High	Low	High	Low
April, 2025	57.5	47.00	57.55	48.06
May, 2025	54.01	48.36	54.60	48.25
June, 2025	54.65	48.25	54.12	47.65
July, 2025	53.18	48.49	53.11	48.10
August, 2025	50.00	44.00	49.82	43.65
September, 2025	51.70	44.72	51.80	44.95
October, 2025	52.40	45.38	52.45	45.80
November, 2025	52.90	45.12	52.27	45.00
December, 2025	52.00	40.05	45.75	40.25
January, 2026	43.35	36.50	42.98	36.45
February, 2026	44.98	35.01	42.50	36.30
March, 2026	35.94	26.80	35.94	26.52

Distribution of Shareholding as on 31st March, 2026:

Sr. No.	Category (Shares)	Number of Holders	% Holders	Shares	% Equity
1	1 - 500	45,989	83.99	58,43,021	6.36
2	501 - 1000	4,264	7.78	33,10,500	3.60
3	1001 - 2000	2,295	4.19	33,80,905	3.67
4	2001 - 3000	891	1.62	22,45,395	2.44
5	3001 - 4000	374	0.68	13,31,151	1.44
6	4001 - 5000	270	0.49	12,55,542	1.36
7	5001 - 10000	417	0.76	29,93,743	3.25
8	10001 and above	250	0.45	7,15,14,478	77.83
	Total	**54,750**	**100.00**	**9,18,74,735**	**100.00**

Shareholding Pattern as on 31st March, 2026:

Category	No. of Shares held	% of Shares held
Promoters Holding [A]		
Indian promoters	65550675	71.35
Foreign promoters	--	--
Sub-total A	**65550675**	**71.35**
Public Holding [B]		
Institutional Investors B1		
Mutual Funds	--	--
Financial Institutions/ Banks	--	--
Foreign Portfolio Investors	22849	0.02
Insurance Companies	--	--
Central Government/ State Government	--	--
Sub-total B1	**22849**	**0.02**
Non-Institutional Investors B2		
Retail Individuals	22893545	24.92
Bodies Corporate	823566	0.90
Clearing Members	34500	0.04
Non-Resident Indians (NRI)	1734803	1.89
Foreign Companies	28000	0.03
Hindu Undivided Family	786797	0.86
Directors And their relatives (Non-Promoter)	--	--
Trust	--	--
Sub-total B2	**26301211**	**28.64**
Non-Promoter Non-Public Holding [C]	**--**	**--**
Grand total (A+B+C)	**91874735**	**100.00**

CORPORATE GOVERNANCE REPORT (CONTD.)

8. 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.

ii. Strictures and Penalties

The Company has complied with all the requirements of the Stock Exchanges as well as the regulations and guidelines of SEBI and other regulatory authorities. Consequently, no penalties were imposed or strictures passed against the Company by SEBI, Stock Exchanges or any other statutory authorities on any matter relating to capital markets from the date of listing i.e. 1st April, 2025 till 31st March, 2026.

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 under this mechanism.

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

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

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

- The Company's financial statement for the year ended 31st March, 2026 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.

CORPORATE GOVERNANCE REPORT (CONTD.)

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

The Company monitors the performance of its subsidiary, wherever applicable, and the Audit Committee reviews the financial statements and investments of subsidiaries in accordance with applicable law.

Policy for determining 'Material' subsidiary is disclosed on the website of the Company at https://www.hpadhesives.com/wp-content/uploads/2026/08/Policy-for-Determining-Material-Subsidiary.pdf.

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 2025-26 the Company had paid total fees of ₹ 23.60 Lakhs (including GST) to M/s Priya Choudhary & Associates LLP (Firm Registration No.: 011506C), Statutory Auditor for all the services provided by them.

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

a.	Number of complaints pending at the beginning of the FY 2025-26	0
b.	Number of complaints filed during the FY 2025-26	0
c.	Number of complaints disposed off during the FY 2025-26	0
d.	Number of complaints pending as on end of the FY 2025-26	0

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

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

xiii. Statutory and Regulatory Compliance

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

xiv. Equity Shares in the Suspense Account

The Company does not have any shares in the demat suspense account or unclaimed suspense account as on 31st March, 2026.

CORPORATE GOVERNANCE REPORT (CONTD.)

xv. Prevention of Insider Trading

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, the Company has formulated a Code of Conduct for Prevention of Insider Trading in the shares of the Company, which inter alia, prohibits trading in shares of the Company by insiders while in possession of unpublished price sensitive information in relation to the Company and in order to ensure uniform dissemination of unpublished price sensitive information. The Board of Directors has adopted a Code of Fair Disclosure of Unpublished Price Sensitive Information which is available on the website of the Company and can be accessed at https://www.hpadhesives.com/wp-content/uploads/2014/08/Code-of-Fair-Disclosure-of-Unpublished-Price-Sensitive-Information.pdf.

xvi. Unclaimed/ Unpaid Dividend

In terms of Section 125 of the Act, unclaimed dividends are required to be transferred to the Investors Education and Protection Fund. During the year, no dividends or shares were transferred to IEPF as seven years have not elapsed from the declaration of first dividend.

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	**Mrs. Anjana Haresh Motwani**	**Mr. Karan Haresh Motwani**
Date: 13th August, 2026	**Chairperson & Executive Director**	**Managing Director**
	DIN: 02650184	**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 2025-26.

For HP **Adhesives Limited**

Mr. Karan Haresh Motwani
Managing Director
DIN: 02650089

Place: Mumbai
Date: 13th August, 2026

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

[Regulation 17 (8) of the Listing Regulations]

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

A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2026 and that to the best of our knowledge and belief:

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

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

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

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

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

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

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

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

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

Place: Mumbai
Dates: 12th May, 2026

Mr. Karan Haresh Motwani
Managing Director

Mr. Mihir Suresh Shah
Chief Financial Officer

CORPORATE GOVERNANCE REPORT (CONTD.)

CERTIFICATE ON CORPORATE GOVERNANCE BY PRACTICING COMPANY SECRETARY

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

I have examined the compliance of the conditions of Corporate Governance by **HP Adhesives Limited** ('the Company') for the year ended on 31st March, 2026, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para- C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

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

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, as applicable for the year ended on 31st March, 2026.

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: A035727H001088341

Date: 13th August, 2026
Place: Mumbai

CORPORATE GOVERNANCE REPORT (CONTD.)

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **HP Adhesives Limited** having **CIN: L24304MH2019PLC325019** and having registered office: 11 Unique House, Chakala Cross Road, Andheri East, Mumbai 400099 and Corporate office: Business Square, C-501, Sir Mathuradas Vasanji Road, Andheri East, Mumbai 400053 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March, 2026** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment
1.	Karan Haresh Motwani	02650089	07.05.2019
2.	Anjana Haresh Motwani	02650184	07.05.2019
3.	Rajendra Kumar Jain	00144095	05.07.2021
4.	Nidhi Haresh Motwani	06655834	10.02.2022
5.	Surendra Kumar Mehta	09211358	23.06.2021
6.	Chandra Sekhar Nettem	10646814	12.02.2026

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: A035727H000502292

Date: 27th May, 2026
Place: Mumbai

CORPORATE GOVERNANCE REPORT (CONTD.)

COMPLIANCE CERTIFICATE

[Pursuant to Regulation 13 of the Securities Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]

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

I Shivam Sharma, Company Secretary in practice, have been appointed as the Secretarial Auditor vide a resolution passed at meeting held on 13th May, 2025 and on 30th September, 2025 by the Board of Directors and subsequently by the Members of **HP Adhesives Limited** (hereinafter referred to as '**the Company**'), having CIN L24304MH2019PLC325019 and having its Registered Office at 11 Unique House, Chakala Cross Road, Andheri East, Mumbai 400099. This certificate is issued under Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (hereinafter referred to as "the Regulations"), for the Financial Year ended on 31st March, 2026.

Management Responsibility:

It is the responsibility of the Management of the Company to implement the Scheme(s) including designing, maintaining records and devising proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Verification:

The Company has implemented HP Adhesives Employees Stock Option Scheme 2024 viz Employee Stock Option Scheme in accordance with the Regulations and the Special Resolution(s) passed by the members at the 5th Annual General Meeting of the Company held on 19th September, 2024.

For the purpose of verifying the compliance of the Regulations, I have examined the following:

1. Scheme(s) received from/furnished by the Company;
2. Articles of Association of the Company;
3. Resolutions passed at the meeting of the Board of Directors
4. Shareholders resolutions passed at the General Meeting(s);
5. Shareholders resolution passed at General Meetings w.r.t variation in implementing the scheme(s) through a trust(s); Not applicable during the financial year
6. Minutes of the meetings of the Compensation Committee;
7. Trust the scheme (if any);
8. Trust Deed;
9. Details of trades in the securities of the Company executed by the trustthrough which the scheme is implemented; Not applicable during the financial year
10. Relevant Accounting Standards as prescribed by the Central Government;
11. Detailed terms and conditions of the scheme as approved byCompensation Committee;
12. Bank Statements towards Application money received under thescheme(s); Not applicable during the financial year;
13. Valuation Report; Not applicable during the financial year;
14. Exercise Price / Pricing formula;
15. Statement filed with recognised Stock Exchange(s) in accordance with Regulation 10 of these Regulations;

CORPORATE GOVERNANCE REPORT (CONTD.)

16. Disclosure by the Board of Directors;

17. Relevant provisions of the Regulations, Companies Act, 2013 and Rules made thereunder.

Certification:

In my opinion and to the best of my/our knowledge and according to the verifications as considered necessary and explanations furnished to me/us bythe Company and its Officers, I certify that the Company has implemented the Employee Stock Option Scheme/ ~~Employee Stock Purchase Scheme/ Stock Appreciation Rights Scheme/ General Employee Benefits Scheme/ Retirement Benefit Scheme~~ in accordance with the applicable provisions of the Regulations and Resolution(s) of the Company inthe General Meeting(s).

Assumption & Limitation of Scope and Review:

1. Ensuring the authenticity of documents and information furnished is the responsibility of the Board of Directors of the Company.
2. Our responsibility is to give certificate based upon our examination of relevant documents and information. It is neither an audit nor an investigation.
3. This certificate is neither an assurance as to the future viability ofthe Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
4. This certificate is solely for your information and it is not to be used, circulated, quoted, or otherwise referred to for any purpose other thanfor the Regulations.

For Shivam Sharma & Associates
Company Secretaries

Shivam Sharma
Proprietor
M. No.: A35727, CP. No.: 16558
Peer Review Certificate No.: 1811/2022
UDIN: A035727H001089120

Date: 12th August, 2026
Place: Mumbai

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

CORPORATE GOVERNANCE REPORT (CONTD.)

ANNEXURE I

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

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

1. Maintenance of records and compliances pertaining to the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in records. I believe that the processes and practices, we followed provide a reasonable basis for our 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. This compliance 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: A035727H001089120

Date: 12th August, 2026
Place: Mumbai

INDEPENDENT AUDITORS' REPORT

To The Members of HP ADHESIVES LIMITED

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the Standalone financial statements of HP Adhesives Limited ("the Company"), which comprise the Balance sheet as at 31st March 2026, 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 Standalone 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 Standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2026, 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 Standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the 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 Standalone financial statements for the financial year ended 31 March 2026. These matters were addressed in the context of our audit of the Standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For 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 Standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters	How Our Audit Addressed the Key Audit Matter
A. Inventory	
(Refer to Note-2.6 for details of the Accounting Policies of inventories and Note-10 of Notes to Standalone financial statements for relevant disclosures of inventories)	
• The net carrying value of inventory as on 31st March, 2026 is 21.67% of Total Assets of the Company. • Volatility in Price of Raw Material which is dependent upon various domestic & Global market conditions. • Complexity in Calculation of Inventory Consumption & Costing involving methodology. Inventory consumption is calculated using SKU-specific formulas developed by management. These formulas are confidential & business sensitive. The costing formulas are operated outside the integrated accounting environment and are maintained and monitored through consolidated Excel-based spreadsheets, • Valuation of WIP & Finished goods involves auditor's judgment in evaluating the use of manual spreadsheets instead of an automated ERP solution, coupled with SKU-wise traceability and detailed documentation, that limits the audit trail and controls creating risk in cost allocation and valuation Hence, we determined the Valuation of Inventory as a key audit matter.	Our Audit Procedure In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Assessed the design, implementation and operating effectiveness of key internal controls over inventory accounting, costing and physical verification processes of management and assessed its consistency with prior years. • Performed analytical procedures on consumption trends, material yields and gross profit margins across key product categories & evaluated the methodology and assumptions applied by management for determination of inventory consumption and SKU-wise costing. • Performed test checks on a sample basis as part of the inventory verification programme, including verification of inventories from physical stock to supporting records and vice versa. We also conducted sample-based physical verification of inventories at the factory floor and tin plant subsequent to the year end and performed roll-back procedures to reconcile such quantities with the year-end inventory records. • In respect of Stock held at various warehouses/depots, obtained direct confirmation of the inventory held by them at the year end. • Evaluated the adequacy and appropriateness of related disclosures in the standalone financial statements in accordance with the applicable financial reporting framework • Assessed the appropriateness of valuation of work-in-progress and finished goods on a sample basis, the accuracy and mathematical integrity of Excel-based costing workings and reconciled underlying data with accounting records and supporting production documents • We have relied upon the above procedures and management's representation to conclude thereon.
B. Trade Receivables & ECL Provision:	
(Refer to Note-12 of Notes to Standalone financial statements for relevant disclosures of Trade Receivables)	
• Trade receivables and other amounts recoverable comprise a significant portion of the current financial assets. As at March 31, 2026 trade receivables aggregate ₹ 3,727.73 lakhs (net of provision for expected credit losses of ₹ 825.97 lakhs) and represents 16.10% of the Total value of Company's Assets. • In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for re-measurement and recognition of impairment loss for Financial Assets as on each reporting period. • The complexity in calculation of ECL is mainly related to calculations performed for different type of Customer and with different recovery period for different categories of customers along with significant risk due to the pervasive nature of these balances to the financial statements, and the importance of cash collection with reference to the working capital management of the business. • Accordingly, we determined audit of trade receivables & ECL as the key audit matter.	Our Audit Procedure • Assessed the design and implementation of key controls around the monitoring of recoverability. • Discussed with the management regarding the level and ageing of trade receivables, along with the justification for calculation of provisioning for excepted credit loss on receivables it impact on current year profit's with regards to its appropriateness of receivables provisioning by assessing recoverability with reference to amount received in respect of trade receivables. • Analysing the aging schedule of trade receivable, past collection, records, methodology used management, industry boom and concentration of customers' credit risk along with sample balance confirmations. • We evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation. • Audited disclosures included in the Ind AS Standalone financial statements in respect of movement of expected credit losses.

INDEPENDENT AUDITORS' REPORT (CONTD.)

INFORMATION OTHER THAN THE STANDALONE 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 Standalone financial statements and our auditor's report thereon.

Our opinion on the Standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

EMPHASIS OF MATTER

We draw attention to Note 34 to the standalone financial statements, which describes the fire incident that occurred on 17th January 2026 at the at the Company's manufacturing Plant-Unit-I-located at Survey no. 7, Narangi Village, Khalapur, Khopoli, District Raigad (Maharashtra), resulting in damage to certain property, plant and equipment, inventories and other assets. As explained in the said note, the Company has initially recognised an estimated loss for Rs. 2,498.50 lakhs under Exceptional Item and a corresponding insurance claim receivable as other current financial assets based on a preliminary assessment.

The Company is in the process of finalising and lodging the insurance claim, and the survey and loss assessment by the insurance company are ongoing. Accordingly, there is inherent uncertainty in respect of the measurement of the insurance claim receivable, and the final outcome may differ from the amount currently recognised.

Our opinion is not modified in respect of this matter.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone 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 Standalone 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 STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 standalone financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also –

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

INDEPENDENT AUDITORS' REPORT (CONTD.)

  for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls System in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Standalone financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 Standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements 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

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

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

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

  b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in paragraph (i)(vi) below on reporting under Rule 11(g);

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

  d) In our opinion, the aforesaid Ind AS Standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

INDEPENDENT AUDITORS' REPORT (CONTD.)

e) On the basis of the written representations received from the directors as on 31 March, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2026 from being appointed as a director in terms of Section 164(2) of the Act;

f) 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);

g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements 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 with reference to standalone financial statements.

h) 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.

i) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:-

   i) The Company has disclosed the impact of pending litigation on its financial position in its Financial Statements- Refer Note No.39 to the Financial Statements.

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

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

   iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

   v) As stated in note 46 to the accompanying standalone financial statements:

   - No dividend has been proposed/ declared by the company during the year.
   - The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

   vi) 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 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 59 to the financial statements. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

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

Vaibhav Choudhary
(Partner)
M. No.: 407543
Place: Bhilwara (Raj.)
Date: 12/05/2026
UDIN: 26407543UKXOFZ6311

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT

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

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

   (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) Intangible Assets – Company has maintained proper records showing full particulars of Intangible Assets including Trade Mark, the title of these trademarks also includes some trade marks in name of erstwhile Partnership Firm M/s HP International (Partnership firm) subsequently converted to HP Adhesives Limited. Further as explained by management company has 36 registered trademarks and 21 trademarks are under process of registration.

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

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

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

   (f) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2026 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

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

   (b) As disclosed in note 21 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year based on the security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the 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	82.55 Lakhs	46.91 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.

   (b) 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.

   (c) 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 except for loans granted during the year to employees where the schedule of repayment of principal has been stipulated and the repayment or receipts are regular as stated in Para (a) above.

   (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 where repayments/recovery from Employees are irregular:

Particulars	Aggregate amount provided during the year	Balance outstanding as at balance sheet date
Loan to Employees	NIL	13.70 Lakhs

   (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which have been renewed or extended from fresh loans or settled. 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 38.52 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, 2026 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 also includes the pending demands of erstwhile converted partnership firm M/s HP International.

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

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)	FY 2014-15	Proceedings Pending
Customs Act 1962	Demand SCN issued under section 124 read with Sec. 28	28.70		FY 2021-22	Company has filed its response. Awaiting Order.
Goods and Services tax	Demand under SCN	291.75		FY 2019-24	Company is yet to file appeal with Additional/ Joint Commissioner of CGST & Central Excise.
Income Tax Act	Demand u/s 147	241.59	Income Tax Officer/ CIT (Appeals)	FY 2018-19	Rectification u/s 154 filed. Order pending.
Income Tax Act	Demand u/s 270A	2.82	CIT (Appeals)	FY 2018-19	Proceedings Pending

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

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

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

   (c) No Fresh Term loans were availed by the company during the period.

   (d) On an overall examination of standalone financial statements of the Company, 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 subsidiary.

   (f) Company has not raised any loans during the period on the pledge of any securities held in its subsidiary.

10. (a) During the year the Company has not raised any money by way of public issue or term loans during the year. The IPO proceeds raised in earlier years have been fully utilized for the purposes for which they were raised, as disclosed in Note 18(c) to the Standalone Financial Statements. Accordingly, no unutilized IPO proceeds were outstanding as at the year end.

    (b) During the year, the company has not made any allotment of Equity shares through Right issue.

11. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

    (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

    (c) We have taken into consideration the whistle blower complaints received by the Company during the year (and upto the date of this report), while determining the nature, timing and extent of our audit procedures.

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

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

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 covered by our audit 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 standalone financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due

20. During the year, there are no unspent amount towards Corporate Social Responsibility (CSR) which was required to be transferred to specified fund as per the provisions of section 135(5) of Companies Act, 2013. For details, refer Note no. 33(b) of Notes to standalone financial statements.

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

Vaibhav Choudhary
(Partner)
M.No.: 407543
Place: Bhilwara (Raj)
Date: 12/05/2026

ANNEXURE "B" TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 (g) 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 Standalone financial statements of HP Adhesives Limited ("the company") as of 31st March, 2026 in conjunction with our audit of the Ind AS Standalone 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 Standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (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 Standalone 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 Standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone financial statements included obtaining an understanding of internal financial controls with reference to 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 Standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Ind AS Standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Standalone financial statements includes those policies and procedures that - 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 Standalone 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 Standalone financial statements to future periods are subject to the risk that the internal financial control with reference to Standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ANNEXURE "B" TO INDEPENDENT AUDITORS' REPORT (CONTD.)

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to Standalone financial statements and such internal financial controls with reference to Standalone financial statements were operating effectively as at March 31, 2026, based on the internal control with reference to Standalone 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: 12/05/2026

STANDALONE BALANCE SHEET

AS AT 31ST MARCH, 2026

(₹ in Lakhs unless otherwise stated)

Particulars	Notes	As at 31st March, 2026	As at 31st March, 2025
ASSETS			
Non-Current assets			
Property, Plant and Equipment	5	7,135.40	7,073.86
Capital work-in-progress	6	474.66	436.59
Right of Use Assets	7A	91.85	172.42
Other Intangible Assets	7B	13.02	14.72
Investment in Subsidiary	11	201.00	201.00
Financial Assets			
Other Financial Assets	8	-	285.96
Deferred Tax Asset (net)	35	59.71	-
Other Non-Current Assets	9	-	46.33
Total Non-Current Assets		**7,975.64**	**8,230.88**
Current Assets			
Inventories	10	5,017.92	5,614.93
Financial Assets			
Investments	11	2,031.92	2,273.39
Trade Receivables	12	3,727.76	4,177.75
Cash and Bank Balances	13	79.84	305.63
Bank balances other than cash and cash equivalents	13	735.12	1,176.46
Loans	14	110.29	101.69
Other financial assets	15	2,687.22	68.93
Current Tax Assets (net)	16	272.13	112.92
Other Current Assets	17	516.21	689.28
Total Current Assets		**15,178.42**	**14,520.99**
TOTAL ASSETS		**23,154.06**	**22,751.87**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	18	1,837.49	1,837.49
Other Equity	19	16,887.24	16,550.15
Total Equity		**18,724.72**	**18,387.64**
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Lease Liabilities	20	57.41	68.24
Provisions	25	69.02	79.92
Deferred Tax Liabilities (net)		-	95.13
Total Non-Current Liabilities		**126.43**	**243.29**
Current Liabilities			
Financial Liabilities			
Lease Liabilities	20	40.40	133.33
Borrowings	21	325.53	568.78
Trade Payables	22		
(i) Total outstanding dues of Micro and Small Enterprises		771.93	574.51
(ii) Total outstanding dues of creditors other than Micro and Small Enterprises		1,992.85	1,720.62
Other Financial Liabilities	23	684.72	650.92
Other Current Liabilities	24	188.00	176.41
Provisions	25	299.47	296.39
Total Current Liabilities		**4,302.91**	**4,120.95**
TOTAL LIABILITIES		**4,429.33**	**4,364.23**
TOTAL EQUITY AND LIABILITIES		**23,154.06**	**22,751.87**
Material Accounting Policies and Key Accounting Estimates and Judgments	1-4		
See Accompanying Notes to Standalone Financial Statements	5-60		

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

Vaibhav Choudhary
Partner
Membership No: 407543

Place: Bhilwara
Date: 12th May, 2026

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)

SWATI SUNIL TALGAONKAR
(Company Secretary)
(Mem No.: A30463)

Place: Mumbai
Date: 12th May, 2026

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2026

(₹ in Lakhs unless otherwise stated)

Particulars	Notes	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
INCOME			
Revenue from operations	26	24,866.85	24,819.63
Other income	27	343.60	448.22
Total Income		**25,210.46**	**25,267.86**
EXPENSES			
Cost of Material Consumed	28	11,739.58	12,682.37
Purchases of stock-in-trade		3,654.58	3,287.56
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	29	(35.65)	(455.83)
Employee benefits expenses	30	3,991.65	3,401.21
Other expenses	33	4,206.17	3,348.59
Finance costs	31	266.58	214.98
Depreciation and Amortisation expense	32	581.21	470.48
Total		**24,404.12**	**22,949.36**
Profit / (Loss) before Exceptional items and tax		**806.34**	**2,318.50**
Exceptional items	34	(80.98)	-
Profit / (Loss) before tax (PBT)		**725.36**	**2,318.50**
Tax expense			
Current tax		(190.47)	(426.59)
Deferred tax	35	154.84	(107.88)
Income Tax Excess/(Short) Provision of previous year		(1.50)	-
Total Tax Expense		**(37.14)**	**(534.47)**
Profit after Tax (PAT)		**688.21**	**1,784.03**
Other comprehensive income			
A Items that will not be reclassified to profit or loss account			
(i) Re-measurement of defined benefit liability/asset	39 B(e)	21.87	(12.95)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(5.50)	3.26
B Items that will be reclassified to Profit or loss account			
		16.37	(9.69)
Other comprehensive income for the year, net of tax (A+B)		**16.37**	**(9.69)**
Total comprehensive income for the year		**704.59**	**1,774.34**
Earnings per Equity Share (Face Value of ₹ 2/- each)			
Basic in ₹	36	0.75	1.94
Diluted in ₹		0.75	1.94
Material accounting policies and Key accounting estimates and judgments	1-4		
See Accompanying Notes to Standalone Financial Statements	5-60		

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

Vaibhav Choudhary
Partner
Membership No: 407543

Place: Bhilwara
Date: 12th May, 2026

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)

SWATI SUNIL TALGAONKAR
(Company Secretary)
(Mem No.: A30463)

Place: Mumbai
Date: 12th May, 2026

STANDALONE STATEMENT OF AUDITED CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH, 2026

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) before taxation	725.36	2,318.50
Adjustments for:		
Exceptional Items	80.98	-
Foreign Currency Exchange Rate Fluctuation (net)	(52.44)	(86.87)
Depreciation and Amortisation expenses	581.21	470.48
Finance Cost	53.44	8.78
Interest expenses on financial liabilities measured at amortised cost	10.25	17.02
Interest on Fixed deposits with banks	(85.88)	(125.90)
Interest on Debentures	(126.56)	-
Rodtep Subsidy	(12.02)	(21.02)
Duty Drawback Refund	(21.11)	(28.88)
Gain on sale of current investments designated as FVTPL	(18.53)	(67.54)
Fair value gain arising from financial instruments designated as FVTPL	6.43	(44.39)
Sundry Balances written back	(15.37)	(4.56)
Bad Debt	36.32	-
Write-down of obsolete inventories	41.22	-
Loss on Sale of Fixed Asset	-	0.26
Provision for expected credit (reversal)/loss	303.84	(55.69)
Operating profit before working capital changes	**1,507.14**	**2,380.16**
Changes in working capital		
(Decrease)/ increase in trade payables	511.24	735.37
Decrease/ (increase) in inventories	555.79	(845.95)
Decrease/ (increase) in trade receivables	136.05	(430.59)
(Decrease)/ increase in other current financial liabilities	33.80	156.99
(Decrease)/ increase in other current liabilities	11.59	42.25
(Decrease)/ increase in provisions	14.06	182.12
Decrease/ (increase) in loans	(8.60)	4.62
Decrease/ (increase) in other current financial assets	(1,858.44)	(54.96)
Decrease/ (increase) in other current and non current assets	252.52	196.29
Cash generated used in operations	**1,155.15**	**2,366.30**
Taxes Paid (Net)	(356.54)	(677.58)
Net cash flows generated in operating activities	**798.61**	**1,688.72**
Exceptional Items	(80.98)	-
Net Cash Flows from Operating Activities after Exceptional Items (A)	**717.63**	**1,688.72**
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment and intangible assets	(1,283.77)	(1,377.04)
Proceeds from sale of property, plant & equipment	-	25.69
Investments in Bank and fixed deposits (more than three months)	727.30	154.56
Purchase of current investments	(9,611.07)	(12,185.19)
Sale of current investments	9,864.49	11,843.61
Interest on Debentures	36.77	
Investments in Subsidiary	-	(201.00)
Interest received	101.05	125.90
Net cash flow from investing activities (B)	**(165.23)**	**(1,613.47)**

STANDALONE STATEMENT OF AUDITED CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Lease Liabilities	(114.00)	(79.46)
Repayment of non-current borrowings	-	(37.28)
Movement in short-term borrowings from banks (net)	(243.24)	553.62
Dividend Paid	(367.50)	(275.62)
Finance Cost	(53.44)	(8.78)
Net Cash Flows from Financing Activities (C)	**(778.18)**	**152.48**
Net increase in cash and cash equivalents (A+B+C)	**(225.78)**	**227.72**
Cash and cash equivalents at the beginning of the year	305.63	77.91
Cash and cash equivalents at the end of the year	**79.84**	**305.63**
CASH AND CASH EQUIVALENTS COMPRISE		
On Current Accounts	64.83	17.74
Fixed deposits with maturity of less than 3-months	-	267.21
Cash In Hand Foreign Currency	5.03	4.50
Exchange difference on transactions of foreign currency cash and cash equivalents	-	-
Cash on hand	9.98	16.18
Total cash and cash equivalents at end of the year (Note 13)	**79.84**	**305.63**

Notes:

1. 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
2. The accompanying notes are an integral part of the Standalone 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

Place: Bhilwara
Date: 12th May, 2026

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)

SWATI SUNIL TALGAONKAR
(Company Secretary)
(Mem No.: A30463)

Place: Mumbai
Date: 12th May, 2026

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2026

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 1st April, 2024	9,18,74,735	1,837.49
Issue of Share Capital		-
As at 31st March, 2025	**9,18,74,735**	**1,837.49**
Issue of Share Capital		-
As at 31st March, 2026	**9,18,74,735**	**1,837.49**

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 1st April, 2024	11,286.45	-	-	3,764.98	15,051.43
Profit for the year	-	-	-	1,784.03	1,784.03
Utilised for payment of dividend	-	-	-	(275.62)	(275.62)
Remeasurement of the net defined benefit liability/ asset, net of tax effect	-	-	-	(9.69)	(9.69)
Balance as at 31st March, 2025	**11,286.45**	**-**	**-**	**5,263.70**	**16,550.15**
Balance as at 1st April, 2025	**11,286.45**	**-**	**-**	**5,263.70**	**16,550.15**
Profit for the year	-	-	-	688.21	688.21
Utilised for payment of dividend	-			(367.50)	(367.50)
Remeasurement of the net defined benefit liability/ asset, net of tax effect	-	-	-	16.37	16.37
Balance as at 31st March, 2026	**11,286.45**	**-**	**-**	**5,600.79**	**16,887.24**

Material accounting policies and Key accounting estimates and judgments 1-4

See Accompanying Notes to Standalone Financial Statements 5-60

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

Vaibhav Choudhary
Partner
Membership No: 407543

Place: Bhilwara
Date: 12th May, 2026

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)

SWATI SUNIL TALGAONKAR
(Company Secretary)
(Mem No.: A30463)

Place: Mumbai
Date: 12th May, 2026

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2026

1 COMPANY OVERVIEW

HP Adhesives Limited ("the Company") is a public limited company which is domiciled and incorporated in India under the provisions of the Companies Act, 2013 (CIN L24304MH2019PLC325019) formed by conversion of Partnership firm in accordance with provisions of Part I of Company XXI of Companies Act, 2013 subsequently converted to Public Limited company on 1st July, 2021 with registered office situated at G-11, Unique House, Chakala Cross Road, Andheri East, Mumbai (MH) 400 099. The Company is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India since 27th December, 2021.

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

The Annual standalone financial statements were authorised for issue in accordance with the resolution passed by Board of Directors on 13th May, 2025.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these standalone 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 (₹), which is also the Company's functional currency. All amounts have been rounded-off to the nearest Lakhs, up to two places of decimal, unless otherwise indicated.

(b) Basis of measurement

The separate standalone 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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(c) Classification into current and non-current:

The Company presents assets and liabilities in the standalone 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;

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

- It is expected to be realised within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.
- All other assets are classified as non-current.

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

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

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

2.2 Property, plant and equipment

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

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 put to use. Depreciation on sale/deduction, from property, plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'. The cost and related accumulated depreciation are eliminated from the standalone financial statements upon sale or retirement of the asset.

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'.

Other 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 estimated useful lives of intangible assets are as follows:

Intangible assets	Estimated Useful Life
Trade Mark	5 years
Software	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 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

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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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified and capitalised to the appropriate categories of Property, Plant and Equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

2.5 Impairment

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

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

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

If the recoverable amount of an asset (or cash-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.

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Raw materials, packing materials, Promotional items 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. Obsolete, defective, unserviceable and slow / non-moving stocks if any are duly provided for and valued at net realisable value.

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. The Company's presence across different marketing regions within the country and the competitive business makes the assessment of various type of turn over discounts, 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.

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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

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 year is the tax payable on the current year'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 year comprises of:

a) estimated tax expense which has accrued on the profit for the year.

(b) Deferred tax

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (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

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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.

(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

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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 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.

Equity Investments in subsidiaries

Equity investments in Subsidiaries are carried at Cost, in accordance with option available in Ind AS 27 "Separate Financial Statements". Investment carried at cost are subject to impairment test as per Ind AS 36 when indication of potential impairment exists.

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. 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.

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 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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

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 if any 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 standalone financial statements by the Board of Directors.

2.20 Measurement of EBITDA

During the year under review company has opted NOT to present earnings before interest (finance cost), tax, depreciation and Amortisation (EBITDA) as a separate line item on the face of the Statement of Profit and Loss for the period, same has been applied for presentation of previous year's figures.

2.21 Dividend

The Company recognises a liability to pay dividend to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

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.

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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

Contingencies

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

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the nature of business differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes current tax payable, based on reasonable estimates. The amount of such current tax payable is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

Recoverability of deferred taxes

In assessing the recoverability of deferred tax assets, management considers whether it is probable that taxable profit will be available against which the losses can be utilised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the year in which the temporary differences become deductible.

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs 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 financial statements 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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

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

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. In May 2025, MCA notified amendments to Ind AS 21

- The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. 1st April, 2015. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

In August 2025, MCA notified the following amendments to:

(i) Ind AS 1, Presentation of Financial Statements, applicable w.e.f. 1st April, 2025

The amendment relates to classification of liabilities as current or non-current and non-current liabilities with covenants. In the context of classifying a liability as current, it removes the requirement of existence of a right to defer settlement for at least 12 months after the reporting date and instead requires that the said right should exist on the reporting date and have substance. The amendment also introduces guidance on classification of liabilities with covenants. The Company has no impact of these amendments in its classification criteria of current and non-current liabilities.

(ii) Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments: Disclosures, applicable w.e.f. 1st April, 2026

The amendment in Ind AS 7 requires to inform users of financial statements of the existence of supplier finance arrangements and explain the nature of the arrangements, the carrying amount of liabilities and the range of payment due dates. Ind AS 107 has been amended to add supplier finance arrangements as a factor that may cause concentration of liquidity risk. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any impact in its financial statements.

(iii) Ind AS 12, International Tax Reform

Pillar Two Model Rules applicable immediately - The amendments provide a temporary mandatory relief from deferred tax accounting for top-up tax and disclose that they have applied the relief. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any impact in its financial statements.

As per our report of even date attached	**For and on behalf of the Board of Directors**	
For Priya Choudhary & Associates LLP	**HP ADHESIVES LIMITED**	
Chartered Accountants		
Firm's Registration No: 011506C/C400307		
	ANJANA HARESH MOTWANI	**KARAN HARESH MOTWANI**
Vaibhav Choudhary	(Chairman)	(Managing Director)
Partner	DIN: 02650184	DIN: 02650089
Membership No: 407543		
	MIHIR SURESH SHAH	**SWATI SUNIL TALGAONKAR**
	(Chief Financial Officer)	(Company Secretary)
	(PAN: AZBPS0681B)	(Mem No.: A30463)
Place: Bhilwara	Place: Mumbai	
Date: 12th May, 2026	Date: 12th May, 2026	

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

5 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs unless otherwise stated)

Particulars	Changes in Gross Carrying Value					Changes in Depreciation					Net block	
	Gross Carrying Value As at 1st April, 2025	Additions/ Adjustments	Deductions/ Disposals*	Assets classified as held for sale	Gross Carrying Value As at 31st March, 2026	Accumulated Amortisation as at 1st April, 2025	For the year	Deductions/ Adjustments/ Disposals*	Assets classified as held for sale	Accumulated Amortisation as at 31st March, 2026	Carrying Value As at 31st March, 2026	Carrying Value As at 31st March, 2025
Owned Assets												
Building												
Office Premises	739.12	-	-	-	739.12	102.79	23.47	-	-	126.26	612.86	636.33
Factory Building	3,459.61	78.21	-	-	3,537.82	231.36	129.96	-	-	361.32	3,176.50	3,228.25
Plant and equipment	3,778.08	998.10	803.35	-	3,972.83	912.60	227.42	183.86	-	956.16	3,016.66	2,865.47
Furniture and fixture	223.72	22.30	1.48	-	244.53	73.56	11.78	0.81	-	84.53	160.00	150.16
Vehicles	387.44	10.56	-	-	398.00	239.89	35.46	-	-	275.35	122.65	147.54
Office equipment	46.43	6.47	3.34	-	49.57	31.23	5.57	2.39	-	34.42	15.15	15.20
Computers	159.06	19.58	15.19	-	163.45	128.14	16.22	12.49	-	131.87	31.58	30.92
Total	**8,793.45**	**1,135.23**	**823.36**	**-**	**9,105.32**	**1,719.59**	**449.88**	**199.55**	**-**	**1,969.92**	**7,135.40**	**7,073.86**

Reconciliation effect on gross and net carrying of amounts PPE, due to acquisitions & revaluations-Nil

*Refer Note no. 34 for disposal on account of fire incident.

Capital assets acquired out of Corporate Social Responsibility (CSR) expenditure are charged to the Statement of Profit & Loss and are not recognised/disclosed separately as CSR assets under Property, Plant & Equipment.

6 CAPITAL WORK IN PROGRESS

(₹ in Lakhs unless otherwise stated)

Particulars	Net block				
	As at 1st April, 2025	Additions/ Adjustments	Deductions/ Disposals	Assets classified as held for sale	As at 31st March, 2026
Tangibles					
Building WIP	37.25	10.16	47.40	-	-
Machinery WIP	399.35	485.50	410.19	-	474.66
Total	**436.59**	**495.66**	**457.59**	**-**	**474.66**

Reconciliation effect on gross and net carrying of amounts PPE, due to acquisitions & revaluations-Nil

Ageing Schedule of CWIP.

(₹ in Lakhs unless otherwise stated)

Particulars	Amount in CWIP for a period ended 31st March, 2026				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
A. Project in Progress					
Proportionate Factory building under construction	-	-	-	-	-
Installation of New Machineries under process	317.14	76.57	80.95	-	474.66
B. Projects temporarily suspended	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

7A RIGHT OF USE ASSETS

The changes in the carrying value of ROU assets for the year ended 31st March, 2026 are as follows:

(₹ in Lakhs unless otherwise stated)

Particulars	Category of ROU asset		Total
	Land	Building	
Balance as at 31st March, 2025	302.81	553.92	856.73
Additions*	-	49.16	49.16
Disposals/Adjustments	-	-	-
Balance as at 31st March, 2026	**302.81**	**603.08**	**905.89**
Accumulated Depreciation as at 31st March, 2025	185.38	498.93	684.31
Additions	104.08	22.83	126.91
Disposals/Adjustments	2.06	0.76	2.82
Accumulated Depreciation as at 31st March, 2026	**291.52**	**522.52**	**814.04**
Carrying value as at 31st March, 2026	**11.29**	**80.56**	**91.85**
Carrying value as at 31st March, 2025	**117.43**	**54.99**	**172.42**

*Net of adjustments on account of modifications and lease incentives.

7B OTHER INTANGIBLE ASSETS

The changes in the carrying value of acquired intangible assets for the year ended 31st March, 2026 are as follows:

(₹ in Lakhs unless otherwise stated)

Particulars	Software	Trade Name Related	Total
Gross carrying value as at 31st March, 2025	4.96	39.12	44.08
Additions	-	2.71	2.71
Disposals/Adjustments	-	-	-
Gross carrying value as at 31st March, 2026	**4.96**	**41.83**	**46.79**
Accumulated Depreciation as at 31st March, 2025	1.39	27.96	29.35
Additions	0.94	3.48	4.42
Disposals/Adjustments	-	-	-
Accumulated Depreciation as at 31st March, 2026	**2.33**	**31.44**	**33.77**
Carrying value as at 31st March, 2026	**2.63**	**10.39**	**13.02**
Carrying value as at 31st March, 2025	**3.56**	**11.16**	**14.72**

8 OTHER FINANCIAL ASSETS (NON CURRENT)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
In Fixed Deposit accounts with original maturity above 12 months (IPO Proceeds)	-	285.96
Total	**-**	**285.96**

9 OTHER NON-CURRENT ASSETS

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Security Deposits	-	46.33
Total	**-**	**46.33**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

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

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Raw materials and Components*	2,233.90	2,438.67
Work-in-progress	188.11	198.29
Finished Goods*	2,595.91	2,977.97
Total	**5,017.92**	**5,614.93**

**Includes goods in transit amounting to ₹ 131.91 Lakhs.*

11 INVESTMENT

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Non - Current Investment		
Investment in Equity share of subsidiary companies (unquoted) (investment valued at cost unless otherwise stated)		
50,000 (2025: 50,000) equity shares of ₹ 10 each fully paid up in Unitybond Solutions Private Limited	201.00	201.00
Total	**201.00**	**201.00**
Current Investment*		
Investments measured at Fair Value Through Profit or Loss (FVTPL)		
In Mutual Fund - Quoted	-	251.37
In Government Securities - Quoted fully paid up	515.85	523.04
In Debentures or Bonds - Quoted, fully paid up	1,516.07	1,498.97
Total	**2,031.92**	**2,273.39**

**Considered at Market Value as on 31st March, 2026.*

Aggregate amount of Quoted Investments	2,031.92	2,273.39
Market Value of Quoted Investments	2,031.92	2,273.39

12 TRADE RECEIVABLES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Current		
Secured, considered good	-	-
Unsecured		
Unsecured, considered good	3,727.76	4,177.75
Unsecured, considered doubtful	825.97	522.13
Less: Expected credit loss allowance	(825.97)	(522.13)
	3,727.76	**4,177.75**
Credit Impaired	-	48.30
Less: Expected Credit Loss allowance for doubtful Trade Receivable	-	(48.30)
Total	**3,727.76**	**4,177.75**

Notes:

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

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Balance at the beginning of the year	522.13	626.13
Less: Credit Impaired	-	(48.30)
Amount added/ Reversed during the year	303.84	(55.69)
	825.97	**522.13**

13 CASH AND BANK BALANCES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Cash and Cash equivalents		
Balances with banks		
On Current Accounts	64.83	17.74
Deposits with original maturity of less than 3 months (including Short Term Fixed Deposits (from IPO Proceeds))	-	267.21
Cash In Hand Foreign Currency	5.03	4.50
Cash on hand	9.98	16.18
Total Cash and Cash Equivalents	**79.84**	**305.63**
Bank Balances other than Cash and Cash Equivalents		
Other Bank balances		
Deposits with original maturity of more than three months but remaining maturity of less than twelve months-Fixed Deposits (from IPO Proceeds)	463.85	100.00
Deposits with original maturity of more than three months but remaining maturity of less than twelve months-Fixed Deposits	7.05	1,017.17
Earmarked balances with Banks for unpaid dividend	5.34	2.08
Balances with banks held as margin money for security against the guarantees	42.95	42.25
Balance in Bank - With Monitoring Agency (IPO Proceeds)	0.18	14.97
Deposits with original maturity of more than twelve months - Fixed Deposits (from IPO Proceeds)	-	285.96
Deposits with original maturity of more than twelve months - Fixed Deposits	215.75	-
Less: Amount disclosed under other Financial assets	-	(285.96)
Total bank balances other than cash and cash equivalents	**735.12**	**1,176.46**
Total	**814.96**	**1,482.10**

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

14 LOANS (CURRENT FINANCIAL ASSETS)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
#Advance to Employees & Others	110.29	101.69
Total	**110.29**	**101.69**

#Includes non business advances of ₹ 38.50 Lakhs 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 OTHER FINANCIAL ASSETS

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Unsecured, Considered good		
Security Deposits	97.59	52.42
Accrued Interest on FD	1.34	16.50
Accrued Interest on NCD	89.79	-
Insurance Claim Receivable*	2,498.50	-
Total	**2,687.22**	**68.93**

**The Company holds insurance coverage for reinstatement value of damaged assets and business interruption losses.*

The Company has recognised an estimated loss of ₹ 2,498.50 Lakhs, which is the carrying value of affected property, plant & equipment, cost of inventory and other expenses related to fire incident under Exceptional Items for the quarter and year ended 31st March, 2026 with a corresponding insurance claim receivable under Other Current Financial Assets. The same is pending final assessment and settlement of the insurance claim.

16 CURRENT TAX ASSETS (NET)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Advance income tax (Net)	272.13	112.92
Total	**272.13**	**112.92**

17 OTHER CURRENT ASSETS

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
(a) Capital Advances	118.59	244.79
(b) Advances other than Capital Advances		
Prepaid Expenses	91.73	70.44
Withholding Taxes & Others*	31.66	54.88
Advances to Suppliers	177.65	305.53
Other Receivables	96.58	13.65
Total	**516.21**	**689.28**

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

18 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 31st March, 2026	As at 31st March, 2025
Authorised Share Capital		
10,00,00,000 Equity Shares of ₹ 2/-each	2,000.00	2,000.00
(P.Y. 10,00,00,000 Equity Shares of ₹ 2/-each)		
	2,000.00	2,000.00
Equity shares		
Issued, Subscribed and fully paid up		
9,18,74,735 Equity Shares of ₹ 2/- each fully paid up	1,837.49	1,837.49
(P.Y. 9,18,74,735 Equity Shares of ₹ 2/- each fully paid up)		
Total	**1,837.49**	**1,837.49**

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026		As at 31st March, 2025	
	Number of shares	Amount	Number of shares	Amount
Opening balance (face value ₹ 2/- each)	9,18,74,735	1,837.49	9,18,74,735	1,837.49
Issued during the year	-	-	-	-
Closing balance (face value ₹ 2/- each)	9,18,74,735	1,837.49	9,18,74,735	1,837.49

(₹ in Lakhs unless otherwise stated)

(c) Utilisation of IPO Proceeds (Net of IPO Expenses) as per Prospectus are as follows:	Planned as per Prospectus	Utilisation upto 31st March, 2026	Un-utilised as of 31st March, 2026 (*)
Funding working capital requirements of the Company	5,400.00	5,400.00	-
Funding Capital expenditure(CAPEX)	2,550.86	2,550.86	-
General corporate Purposes (As revised upon finalisation of IPO Expenses)	1,718.26	1,718.26	-
Total	**9,669.12**	**9,669.12**	**-**

(*) Unutilised IPO proceeds as of 31st March, 2026 are kept in fixed deposits with banks and shown under Other bank balances (Refer note 13).

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

(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 31st March, 2026		As at 31st March, 2025	
	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. ₹ 2/-each)				
Anjana Haresh Motwani	2,87,00,675	31.24%	2,87,00,675	31.24%
Karan Haresh Motwani	2,68,50,000	29.22%	2,68,50,000	29.22%
Nidhi Haresh Motwani	1,00,00,000	10.88%	1,00,00,000	10.88%
	6,55,50,675	**71.35%**	**6,55,50,675**	**71.35%**

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 31st March, 2026 are as follows:

Particulars	Class of Shares	As at 31st March, 2026		As at 31st March, 2025		% Change during the year
		No. of Shares	% of total shares at beginning	No. of Shares	% of total shares at end	
1. Anjana Haresh Motwani	Equity	2,87,00,675	31.24%	2,87,00,675	31.24%	0.00%
2. Karan Haresh Motwani	Equity Shares	2,68,50,000	29.22%	2,68,50,000	29.22%	0.00%
3. Nidhi Haresh Motwani	Equity Shares	1,00,00,000	10.88%	1,00,00,000	10.88%	0.00%

19 OTHER EQUITY

Particulars	As at 31st March, 2026	As at 31st March, 2025
Retained Earnings	5,600.79	5,263.70
Securities Premium	11,286.45	11,286.45
Total	**16,887.24**	**16,550.15**

Particulars	As at 31st March, 2026	As at 31st March, 2025
(A) Securities Premium		
Opening balance	11,286.45	11,286.45
Add: Premium received on issue of shares	-	-
Closing balance	**11,286.45**	**11,286.45**
(B) Retained Earnings		
Opening balance	5,263.70	3,764.98
Add: Adjustment of Ind AS of previous years	-	-
	5,263.70	**3,764.98**
Add: Total Comprehensive Income for the year	704.59	1,774.34
Less: Premium utilised for payment of dividend	(367.50)	(275.62)
Closing balance	**5,600.79**	**5,263.70**
Total	**16,887.24**	**16,550.15**

Other Components of Equity consist of remeasurement of net defined benefit liability/asset, instruments fair valued through other comprehensive income and changes on fair valuation of investment, net of taxes.

20 LEASE LIABILITIES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Non Current		
Lease Liability	57.41	68.24
Total	**57.41**	**68.24**
Current		
Lease Liability	40.40	133.33
Total	**40.40**	**133.33**

(Movement of Lease Liabilities, refer Note No. 20(a)).

20(a) The Movement of lease liabilities during the years ended 31st March, 2026 and 31st March, 2025 is as follows:

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Balance at the beginning	201.57	264.00
Additions	49.16	55.32
Finance cost accrued during the year	13.36	-
Deletions	-	-
Payment of Lease Liabilities	(166.28)	(117.76)
Total	**97.81**	**201.57**

21 BORROWINGS (CURRENT)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Loan repayable on demand		
Secured (Refer Note "Sanction Terms")		
Bank Overdraft	325.53	553.62
Current maturity of long term loans	-	15.16
Total	**325.53**	**568.78**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

Sanction Terms:-

Short term Secured Loans & Working Capital Facilities.

ICICI Bank

Against Hypothecation of company's entire current Assets.

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

IndusInd Bank

Against Hypothecation of company's entire current Assets.

Personal Guarantee of Directors - Karan Motwani & Anjana Motwani.

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

22 TRADE PAYABLES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Total outstanding dues of micro and small enterprises*	771.93	574.51
Total outstanding dues of creditors other than micro and small enterprises	1,992.85	1,720.62
Total	**2,764.78**	**2,295.13**

**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.

23 OTHER FINANCIAL LIABILITIES - CURRENT

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
(a) Others		
Security deposits	1.00	1.00
Payable to Employees	423.30	323.16
Payable towards services received	128.07	6.98
Payable towards stores, spares and consumables	40.36	85.43
Capital Creditors	91.99	234.35
Total	**684.72**	**650.92**

24 OTHER CURRENT LIABILITIES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Withholding taxes and others	15.70	18.12
Other Statutory Dues	22.91	25.06
Advances received from customers	144.05	131.15
Liability towards Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 (IEPF) not due		
- Unpaid/Unclaimed dividends	5.34	2.08
Total	**188.00**	**176.41**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

25 PROVISIONS

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Non Current		
Provision for Gratuity	69.02	79.92
Total	**69.02**	**79.92**
Current		
Provision for Employee benefits	30.00	30.00
Provision for Expenses	269.47	266.39
Total	**299.47**	**296.39**

26 REVENUE FROM OPERATIONS

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Revenue from Operations (Net)	24,866.85	24,819.63
Total	**24,866.85**	**24,819.63**

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

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Contracted Price	25,543.75	25,429.75
Reduction towards variable consideration components^	(676.90)	(610.11)
	24,866.85	**24,819.63**

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

27 OTHER INCOME

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
(a) Interest Income		
Interest on Fixed deposits with banks	85.88	125.90
(b) Other Gains and Losses		
Exchange gain/(losses) on transactions	52.44	86.87
Rodtep Subsidy	12.02	21.02
Duty Drawback Refund	21.11	28.88
Insurance Claim Received	0.46	-
Interest on Debentures	126.56	-
Freight/Transportation Charges Recovered	10.43	9.49
Expected Credit Gain	-	55.69
Gain on sale of current investments designated as FVTPL	18.53	67.54
Fair value gain arising from financial instruments designated as FVTPL	-	44.39
Sundry Balances written back	15.37	4.56
Miscellaneous income	0.80	3.86
Total	**343.60**	**448.22**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

28 COST OF MATERIAL CONSUMED

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Raw materials & Components at the beginning of the year	2,438.67	2,048.55
Add: Purchases		
Raw Material & Components	12,705.41	13,072.48
Less: Raw materials & Components at the end of the year	2,233.90	2,438.67
Less: Loss of Inventory due to fire disclosed separately under exceptional items (Refer Note 34)	1,170.60	-
Total	**11,739.58**	**12,682.37**

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

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Inventories at the beginning of the year	3,176.26	2,720.43
Less: Inventories at the end of the year	2,784.02	3,176.26
Less: Loss of Inventory due to fire disclosed separately under exceptional items (Refer Note 34)	386.67	-
Less: Provision for Obsolence	41.22	-
Net (increase) / decrease in inventories	**(35.65)**	**(455.83)**

30 EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Salaries and wages (including Staff Welfare)	3,500.57	2,958.51
Director's Remuneration	205.54	195.16
Contribution to Provident and other funds	139.38	137.42
Gratuity expense	70.65	49.16
Bonus	75.51	60.96
Total	**3,991.65**	**3,401.21**

31 FINANCE COSTS

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Interest on secured borrowing	53.44	8.78
LC Charges	1.58	1.94
Interest expenses on financial liabilities measured at amortised cost	10.25	17.02
Interest on late Payments of TDS/TCS	0.17	0.52
Interest on late Payments Others	3.01	0.73
Bank Charges & Commission	2.65	33.09
Subvention Charges (Sale Invoice Discounting)	195.48	152.90
Total	**266.58**	**214.98**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

32 DEPRECIATION EXPENSES

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Depreciation on property, plant and equipment (Refer Note 5 & 6)	449.88	353.70
Depreciation on intangible assets (Refer Note 7B)	4.42	6.90
Amortisation of Right to Use Assets (Refer Note 7A)	126.91	109.89
Total	**581.21**	**470.48**

33 OTHER EXPENSES

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Production expenses	1,011.17	940.09
Telephone and communication charges	20.87	18.56
Printing & Stationery	8.94	9.79
Repairs & maintenance expenses		
Building	-	7.94
Machinery	263.47	141.83
Conveyance and travelling expenses	494.83	417.13
Insurance charges	130.43	97.53
Independent Director's Sitting Fees	9.90	9.75
Business promotion expenses	613.33	669.25
Legal & professional charges	217.92	147.55
Office Expenses/Miscellaneous Expenses	62.71	54.15
Donation	7.85	2.10
Lease Rent & License Fees	74.94	46.42
Rates & Taxes	28.84	28.32
Bad Debt	36.32	-
Membership & subscription	13.89	5.26
Payment to Auditors (refer note 33 (a))	20.00	20.00
Computer consumables, software & maintenance charges	45.03	43.24
Selling & Distribution Expenses	187.16	176.56
Carriage & Freight	567.81	471.95
Fair value gain arising from financial instruments designated as FVTPL	6.43	-
Expected Credit Loss	303.84	-
Write-down of obsolete inventories	41.22	
Loss on Sale of Fixed Asset	-	0.26
CSR Expenses (refer note 33 (b))	39.27	40.91
Total	**4,206.17**	**3,348.59**

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

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Statutory Audit Fees	20.00	19.00
Other Services-Limited Reviews, Certifications & Reimb. of Exp.	-	1.00
Total	**20.00**	**20.00**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

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

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
A. Gross amount required to be spent by the Company during the year	44.22	34.20
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	20.01	19.74
(ii) On purpose other than above - in cash	19.26	5.09
C. Disclosure as per section 135(5)-Excess amount spent		
Opening unspent amount	(7.26)	(0.55)
Gross amount to be spent by the Company for the current year	44.22	34.20
	36.96	**33.65**
Gross amount spent by the Company of previous years		
Gross amount spent by the Company for Current year (Allowable)	39.27	40.91
	39.27	**40.91**
Excess amount paid during the year carried forward as prepaid(*)	(2.31)	(7.26)

**Amount of ₹ 2.31 Lakhs (31st March, 2025: 7.26 Lakhs) available to be set off in upcoming financial year.*

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

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Bad Debts written	36.32	48.30
Expected Credit Allowance	-	(48.30)
Bad Debts written off (net of expected credit loss allowance)	**36.32**	**-**

34 EXCEPTIONAL ITEMS

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Statutory Impact of New Labour Code	42.06	-
GST Demand Paid for Previous Period	38.92	-
Loss due to fire (Refer Note below)	-	-
Total	**80.98**	**-**

Note

On 17th January, 2026, a fire incident occurred at the Company's manufacturing facility at Village Narangi, Taluka Khalapur, District Raigad (Unit-1), resulting in damage to certain property, plant and equipment, inventories and other assets. The Company is adequately insured for replacement value of the affected assets as well as for loss of profits due to business interruption.

Based on a preliminary internal assessment, the Company has recognised an estimated loss of ₹685.23 Lakhs in respect of the damaged assets and has correspondingly recognised an insurance claim receivable to the extent considered recoverable. As at 31st March, 2026, the Company is in the process of finalising and lodging the insurance claim with the insurance company. The Company has recognised an insurance claim receivable to the extent it is considered virtually certain of realisation.

Accordingly:

- Inventories amounting to ₹1,803.93 Lakhs (including GST Reversal) have been derecognised.
- The net book value amounting to ₹685.23 Lakhs of assets destroyed has been derecognised by adjusting the gross block and accumulated depreciation.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

- In respect of partially damaged assets, where repair costs are expected to be recoverable, such assets have been retained in the books and the differential amount between their net carrying value and the estimated recoverable amount has been appropriately recognised.
- Incidental expenditure amounting to ₹9.34 Lakhs relating to restoration activities, including fire-fighting and site clean-up costs, has been capitalised under Capital Work-in-Progress (CWIP Restoration), where applicable, in accordance with the Company's accounting policy.

An amount of ₹2,498.50 Lakhs recognised towards insurance claim receivable has been disclosed under "Other Current Financial Assets".

The survey and loss assessment by the insurance company are in progress, and the final insurance claim is yet to be lodged. Accordingly, there is inherent uncertainty in the estimation of the claim amount. Any difference between the estimated and the final settlement will be recognised in the period in which the claim is finalised.

35 TAX ASSET (NET) / TAX EXPENSE

(A) Deferred tax expense

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
(DTL)/DTA for the year	160.35	(111.13)
(DTL)/DTA on OCI for the year	(5.50)	3.26
Net (DTL)/DTA for the year	154.85	(107.88)
Balance of Deferred Tax Asset /(Liability) as at 31st March, 2025	(95.13)	12.75
Balance of Deferred Tax Asset /(Liability) as at 31st March, 2026	**59.71**	**(95.13)**

Movement of Deferred Tax assets and liabilities:

Movement during the period ended 31st March, 2026	31st March, 2025	Recognised in Statement of Profit & Loss	Recognised under OCI	31st March, 2026
Deferred Tax Liability in relation to:				
Property, Plant and Equipments	(256.32)	83.73		(172.59)
ROU Assets	(43.39)	20.28		(23.12)
Intangible Assets	0.55	(3.83)		(3.28)
Expected Credit Loss	131.41	76.47		207.88
Remeasurement (loss)/gain on defined benefit plan	20.11	2.77	(5.50)	17.37
Lease Liability	50.73	(26.11)		24.62
Items allowed on payment basis (Prepaid/PPI)	9.15	(1.60)		7.55
Fair value of financial instruments	(7.36)	8.64		1.28
Net deferred Tax Liability	**(95.12)**	**160.35**	**(5.50)**	**59.71**

Movement of Deferred Tax assets and liabilities:

Movement during the period ended 31st March, 2025	31st March, 2024	Recognised in Statement of Profit & Loss	Recognised under OCI	31st March, 2025
Deferred Tax Liability in relation to:				
Property, Plant and Equipments	(169.92)	(86.40)		(256.32)
ROU Assets	(56.53)	13.14		(43.39)
Intangible Assets	0.17	0.38		0.55
Expected Credit Loss	157.58	(26.17)		131.41
Remeasurement (loss)/gain on defined benefit plan	17.37	(0.52)	3.26	20.11

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

Movement during the period ended 31st March, 2025	31st March, 2024	Recognised in Statement of Profit & Loss	Recognised under OCI	31st March, 2025
Lease Liability	56.53	(5.80)		50.73
Items allowed on payment basis (Prepaid/PPI)	7.55	1.60		9.15
Fair value of financial instruments	-	(7.36)		(7.36)
Net deferred Tax Liability	**12.75**	**(111.13)**	**3.26**	**(95.12)**

(B) Income tax expense

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
- Current tax taxes	(190.47)	(426.59)
- Adjustments in respect of current income tax of previous year	(1.50)	-
- Deferred tax charge / (income)	154.84	(107.88)
Income tax expense reported in the statement of profit or loss	**(37.14)**	**(534.47)**

(C) Income tax expense charged to OCI

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Net loss/(gain) on remeasurements of defined benefit plans	(5.50)	3.26
Income tax charged to OCI	**(5.50)**	**3.26**

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

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Profit before tax	725.36	2,318.50
Tax Rate	25.17%	25.17%
Income tax expense at tax rates applicable	182.56	583.52
Tax effects on Depreciation & non deductible expenditure	(146.92)	(49.05)
Adjustments in respect of current income tax of previous year	1.50	-
Income tax (expense) / income	**37.14**	**534.47**

(E) Unrecognised Deferred tax assets

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Deferred tax asset		
Deferred tax asset on business losses	-	-
Deferred tax asset on unabsorbed depreciation	-	-
Other Unrecognised deferred tax asset	-	-
On unwinding of interest on borrowings from related parties	-	-
On Fair valuation of Security deposits given	-	-
Deferred tax liability		
On Fair valuation of interest free borrowings from related parties	-	-
Total	**-**	**-**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

36 EARNINGS/ LOSS PER SHARE

Basic earnings /(loss) per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

The 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 31st March, 2026	As at 31st March, 2025
Ordinary equity shareholders		
Profit/(Loss) attributable to ordinary equity holders	688.21	1,784.03
Weighted average number of equity shares for calculation of basic EPS	9,18,74,735	9,18,74,735
Face Value per share (₹)	2	2
Basic Earnings per share (₹)	0.75	1.94
Diluted Earnings per share (₹)	0.75	1.94

At the Annual General Meeting of the Company held on 29th 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 9th November, 2023.

Computation of Weighted Average number of shares

Particulars	As at 31st March, 2026	As at 31st March, 2025
Calculation of weighted number of shares of ₹ 2/- each		
Number of shares outstanding as an 1st April	9,18,74,735	9,18,74,735
Weighted number of Shares considered for calculation of Basic EPS	**9,18,74,735**	**9,18,74,735**

37 CONTINGENT LIABILITIES AND COMMITMENTS

A - Contingent Liabilities

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
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) Income Tax Matter - Rectification filed for Demand under section 147 (AY 19-20).	2.82	241.59
(iii) Others- Uncrystallised effect of Bank Guarantee given by company to Deputy Commissioner, Central Excise Anti Evasion Wing, Mumbai#	-	51.25
(iv) Demand raised against short duty paid Under Sec. 11A(10) of Central Excise (iv)Act, 1944 (Appeal Filed In Tribunal, Appeal No. E/86416/2021).	-	2.06
(v) Demand Pertaining To GST Audit U/s 65(6) CGST Act 2017 For The Period From 2019-20 To 2023-24.	291.76	-
Total	**297.28**	**297.60**

#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 2019-20. The same pertains to the redemption fine which is now being waived off, company awaits the order to release the BG.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

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 31st March, 2026	As at 31st March, 2025
1. Estimated amount of Contracts remaining to be executed on Capital account and not provided for		
(i) Towards Property, Plant & Equipment	237.19	61.59
(ii) Towards Intangible Assets	-	-
Total	**237.19**	**61.59**

38 DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
(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*	771.93	574.51
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 whit the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(iv) The amount of Interest accrued and remaining unpaid at the end of each accounting year	-	-
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-
Total	**771.93**	**574.51**

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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

39 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 31st March, 2026	For the Year Ended 31st March, 2025
Employer's Contribution to Recognised Provident Fund	150.57	159.99

(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 31st March, 2026	As at 31st March, 2025
Defined benefit obligation at the beginning of the year	229.98	159.66
Interest cost	15.33	10.50
Past service cost	42.06	-
Current service cost	66.35	44.88
Benefits paid	(12.13)	(1.18)
Actuarial (gain)/ loss on obligations - Due to change in Financial Assumptions	(17.80)	9.95
Actuarial (gain)/ loss on obligations - Due to experience	(3.19)	6.17
Defined benefit obligation at the year end	**320.60**	**229.98**

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

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Fair value of plan assets at the beginning of the year	150.06	90.63
Employer contribution	101.73	50.00
Benefits paid	(12.13)	(1.18)
Interest Income	11.04	6.22
Return on plan assets excluding interest income	0.87	4.39
Fair value of plan assets at the year end	**251.57**	**150.06**

c) Investment details of Plan Assets

Sr. 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 31st March, 2026	For the Year Ended 31st March, 2025
In Income Statement	112.70	49.16
In Other comprehensive Income	(21.87)	12.95
Expense recognised during the year	**90.83**	**62.11**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

e) Expense recognised in Other comprehensive income

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Actuarial (gain) / loss on Obligation for the period		
changes in financial assumptions	(17.80)	11.17
experience adjustment	(3.19)	6.17
Actual Return on Plan Assets less interest on plan assets	(0.87)	(4.39)
Net actuarial (gains) / losses recognised in Other Comprehensive Income	**(21.87)**	**12.95**

f) Reconciliation of fair value of assets and obligations

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Present value of defined benefit obligations	(320.60)	(229.98)
Fair Value of Plan Assets	251.57	150.06
Net asset / (liability)	**(69.02)**	**(79.92)**

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

(₹ in Lakhs unless otherwise stated)

Impact on defined benefit obligation	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Discount rate		
0.5% increase	305.83	218.97
0.5% decrease	336.71	242.03
Rate of increase in salary		
0.5% increase	335.15	241.36
0.5% decrease	306.97	219.46
Rate of employee turnover		
1% increase	-	-
1% decrease	-	-

h) Maturity profile of defined benefit obligation

(₹ in Lakhs unless otherwise stated)

Year	As at 31st March, 2026	As at 31st March, 2025
Expected Outgo First	64.40	45.51
Expected Outgo Second	16.95	9.69
Expected Outgo Third	17.04	12.40
Expected Outgo Fourth	17.30	12.10
Expected Outgo Fifth	20.01	12.53
Expected Outgo Six to Nine years	102.50	62.52
Expected Outgo for Ten years and above	586.12	406.58

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

ii) Actuarial assumptions: Valuations in respect of above have been carried out by independent actuary, as at the balance sheet date, based on the following assumptions

Particulars	As at 31st March, 2026	As at 31st March, 2025
Discount rate (per annum)	7.35%	6.80%
Rate of increase in Salary	7.00%	7.00%

In India, the market for high quality corporate bonds being not developed, the yield of government bonds is considered as the discount rate. The tenure has been considered taking into account the past long-term trend of employees' average remaining service life which reflects the average estimated term of the post-employment benefits obligations.

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:

i. Investment Risk – The funds are invested by HP Adhesives Limited Employees Group Gratuity Trust managed by HDFC and they provide returns basis the prevalent bond yields, Bank on an annual basis requests for contributions to the fund.

ii. Interest Risk – HP Adhesives Limited Employees Group Gratuity Trust managed by HDFC does not provide market value of assets, rather maintains a running statement with interest rates declared annually – The fall in interest rate is not therefore offset by increase in value of Bonds, hence may pose a risk.

iii. Longevity Risk – Since the gratuity payment happens at the retirement age of 60 or on leaving of Job post completion of 5 years whichever is early, longevity impact is very low at this age, hence this is a non-risk.

iv. Salary Risk – The liability is calculated taking into account the salary increase, basis past experience of the Company's actual salary increases with the assumptions used, they are in line, hence this risk is low risk.

40 LEASES

(A) Operating leases where Company is a lessee:

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2026 on an undiscounted basis:

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Within one year	40.40	141.17
After one year but not more than five years	57.41	14.38
More than five years	-	-

(B) Finance lease where Company is a lessor:

Not Applicable

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

41 RELATED PARTY DISCLOSURES:

(a) List of Related Party and related party relationship:

Related Party Relationship	Party	Relation
Key Managerial Personnel (KMP)		
Chairperson & Executive Director	Anjana Haresh Motwani	
Managing Director	Karan Haresh Motwani	Son of Chairperson & Executive Director
Executive Director	Nidhi Haresh Motwani	Daughter of Chairperson& Executive Director
Chief Financial Officer	Mihir Suresh Shah	
Company Secretary	Jyoti Nikunj Chawda (till 9th August, 2025)	
	Swati Sunil Talgaonkar (w.e.f. 24th September, 2025)	
Independent Directors	Surendra Kumar Mehta	
	Rajendra Kumar Jain	
	Ajeet Anant Walavalkar (till 12th February, 2026)	
	Chandra Sekhar Nettem (w.e.f. 12th February, 2026)	
Subsidiary	Unitybond Solutions Private Limited	Wholly Owned Subsidiary Company
Other Companies	Raigad Carbides HUF	Director's spouse is member
	Raigad Oxygen Private Limited	Director's spouse is Director
	HP Composites LLP	Director's are Designated Partners
	Raigad Steel and Roll Forms Private Limited	Director's spouse is Director
	HP Trading	Director is a Proprietor
	HP Sales Corporation	Director is a Proprietor
	Advance Solvent Adhesives	Director is a Proprietor
	HP Marketing	Director is Proprietor
	HP International	Director is Partner
	Hindustan Products	Director is a Proprietor
	HP Plastics	Director is a Proprietor
	HDM Estates Private Limited	Common Director's
	Hindustan Plastics	Director is a Proprietor
	HP International Limited	Common Director's

(b) Related Party Transactions during the year.

Related Party Relationship	2025-26		2024-25	
Key Managerial Personnel (KMP)	Transaction Value	Outstanding Amt	Transaction Value	Outstanding Amt
Remuneration to KMP	276.26	(44.18)	256.76	(20.87)
Rent paid to KMP	91.40		86.40	
Independent Director sitting fees	9.90	0.00	9.75	0.00
Dividend paid to Promoter Group	262.22	0.00	196.65	0.00

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

Related Party Relationship	2025-26		2024-25	
Key Managerial Personnel (KMP)	Transaction Value	Outstanding Amt	Transaction Value	Outstanding Amt
Raigad Carbides HUF				
Sale of Goods	6.23		5.24	
Purchase of Goods	1.81	2.26	1.75	1.40
Purchase of Assets	0.00		0.00	
Raigad Oxygen Private Limited				
Sale of Goods	57.55	(2.67)	50.06	(0.70)
HP Composites LLP				
Sale of Goods	2.17	1.13	1.32	0.17
Purchase of Goods	3.84		0.04	
Raigad Steel and Roll Forms Private Limited				
Purchase of Assets	0.00		19.29	
Unitybond Solutions Private Limited				
Sale of Goods	126.60		252.35	
Purchase of Goods	0.06	9.13	0.00	124.00
Sale of Assets	0.00		25.69	
HP Adhesives Limited Employees Group Gratuity Trust				
Other transaction	100.00	239.66	50.00	150.06

1. *All transaction with related parties are made on terms equivalent to and those applicable to all unrelated parties on arm's length transactions. Outstanding balances payable and receivable at the year-end are unsecured, interest free and will be settled in cash.*
2. *Dividend paid to Close Family Members of Key Managerial Personnel is less than 10% of overall dividend paid to Related parties.*
3. *Does not include post-employment benefit based on actuarial valuation as this is done for the Company as a whole.*

42 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 31st March, 2026 are as follows:

(₹ in Lakhs unless otherwise stated)

Particulars	Amortised Cost	Financial assets/liabilities at FV through profit and loss		Financial assets/ liabilities at FV through OCI (including Equity instruments Designated upon initial recognition)	Total carrying value	Total fair Value
		Designated upon initial recognition	Mandatory			
FINANCIAL ASSETS						
Investment*	2,239.35	-	(6.43)	-	2,232.92	2,232.92
Trade receivables	3,727.76	-	-	-	3,727.76	3,727.76
Cash and cash equivalents	79.84	-	-	-	79.84	79.84
Other Bank balances	735.12	-	-	-	735.12	735.12
Other Financial Asset	2,687.22	-	-	-	2,687.22	2,687.22
Loans and advances	110.29	-	-	-	110.29	110.29
Total	**9,579.59**	**-**	**(6.43)**	**-**	**9,573.16**	**9,573.16**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (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			
FINANCIAL LIABILITIES						
Lease Liabilities	97.81	-	-	-	97.81	97.81
Borrowings	325.53	-	-	-	325.53	325.53
Trade payables	2,764.78	-	-	-	2,764.78	2,764.78
Other Financial Liabilities	684.72				684.72	684.72
Total	**3,872.85**	**-**	**-**	**-**	**3,872.85**	**3,872.85**

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

**Includes bank deposits classified under other current assets.*

The carrying value and fair value of financial instruments by categories as at 31st March, 2025 are as follows:

(₹ in Lakhs unless otherwise stated)

Particulars	Amortised Cost	Financial assets/liabilities at FV through profit and loss		Financial assets/ liabilities at FV through OCI (including Equity instruments Designated upon initial recognition)	Total carrying value	Total fair Value
		Designated upon initial recognition	Mandatory			
FINANCIAL ASSETS						
Investment*	2,430.00	-	44.39	-	2,474.39	2,474.39
Trade receivables	4,177.75	-	-	-	4,177.75	4,177.75
Cash and cash equivalents	305.63	-	-	-	305.63	305.63
Other Bank balances	1,176.46	-	-	-	1,176.46	1,176.46
Other Financial Asset	354.88	-	-	-	354.88	354.88
Loans and advances	101.69	-	-	-	101.69	101.69
Total	**8,546.42**	**-**	**44.39**	**-**	**8,590.81**	**8,590.80**
FINANCIAL LIABILITIES						
Lease Liabilities	201.57	-	-	-	201.57	201.57
Borrowings	568.78	-	-	-	568.78	568.78
Trade payables	2,295.13	-	-	-	2,295.13	2,295.13
Other Financial Liabilities	650.92				650.92	650.92
Total	**3,716.40**	**-**	**-**	**-**	**3,716.40**	**3,716.40**

**Includes bank deposits classified under other current assets.*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

43 FAIR VALUE HIERARCHY

The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents, other bank balances, other financial assets and other financial liabilities (other than those specifically disclosed) are considered to be the same as their fair values, due to their short term nature.

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

(₹ in Lakhs unless otherwise stated)

Particulars	Level 1	Level 2	Level 3
As at 31st March, 2026			
FINANCIAL ASSETS			
(a) Financial assets measured at fair value through profit or loss			
Investment*	2,031.92	-	201.00
Trade receivables		3,727.76	
Cash and cash equivalents		79.84	
Other Bank balances		735.12	
Other Financial Asset		2,687.22	
Loans and advances		110.29	
FINANCIAL LIABILITIES			
Financial liabilities measured at amortised cost			
Lease Liabilities		97.81	
Borrowings		325.53	
Trade payables		2,764.78	
Other Financial Liabilities		684.72	

(₹ in Lakhs unless otherwise stated)

Particulars	Level 1	Level 2	Level 3
As at 31st March, 2025			
FINANCIAL ASSETS			
(a) Financial assets measured at fair value through profit or loss			
Investment*	2,273.39	-	201.00
Trade receivables		4,177.75	
Cash and cash equivalents		305.63	
Other Bank balances		1,176.46	
Other Financial Asset		354.88	
Loans and advances		101.69	
FINANCIAL LIABILITIES			
Financial liabilities measured at amortised cost			
Lease Liabilities		201.57	
Borrowings		568.78	
Trade payables		2,295.13	
Other Financial Liabilities		650.92	

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 standalone 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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include 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.

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
2025-26					
₹	Variable Interest Rate Borrowings	276.73	(₹ in Lakhs)	+100	2.77
			(₹ in Lakhs)	(100)	(2.77)
USD	Variable Interest Rate Borrowings	-	($ in '000)	+100	-
			($ in '000)	(100)	-
2024-25					
₹	Variable Interest Rate Borrowings	561.67	(₹ in Lakhs)	+100	5.62
			(₹ in Lakhs)	(100)	(5.62)
USD	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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

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)
2025-26	5,50,609	+5%	27,530.47
		(5%)	(27,530.47)
2024-25	7,08,593	+5%	35,429.65
		(5%)	(35,429.65)

(B) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The Company does not foresee any credit risks on deposits with regulatory authorities and lease deposits and/or any other financial assets.

ECL on trade receivable is carried out as per the provision matrix below:

(₹ in Lakhs unless otherwise stated)

Receivables Ageing	Gross Carrying amount (as on 31st March, 2026)	Expected loss rate	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Not due	2,435.68	2.01%	48.87	2,386.80
0-30 days	614.71	9.08%	55.80	558.91
30-60 days	337.75	16.93%	57.17	280.58
60-90 days	145.59	25.56%	37.22	108.37
90-120 days	317.16	25.56%	81.08	236.08
120-150 days	151.91	38.14%	57.94	93.98
150-180 days	43.03	58.85%	25.32	17.71
More than 180 days	507.91	91.04%	462.58	45.33
Carrying amount of trade receivables (net of impairment)	**4,553.73**		**825.97**	**3,727.76**
	Total			**3,727.76**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

(₹ in Lakhs unless otherwise stated)

Receivables Ageing	Gross Carrying amount (as on 31st March, 2025)	Expected loss rate	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Not due	2,997.15	1.50%	44.98	2,952.17
0-30 days	839.28	7.34%	61.64	777.63
30-60 days	210.94	15.83%	33.40	177.54
60-90 days	152.97	28.73%	43.95	109.02
90-120 days	137.39	28.73%	39.48	97.91
120-150 days	28.39	45.31%	12.86	15.52
150-180 days	17.52	65.06%	11.40	6.12
More than 180 days	316.24	86.77%	274.41	41.82
Carrying amount of trade receivables (net of impairment)	**4,699.88**		**522.13**	**4,177.75**
	Total			**4,177.75**

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

Particulars	As at 31st March, 2026	As at 31st March, 2025
Opening Provision	522.13	626.13
Add: Adjustments during the year	303.84	(104.00)
Closing provision	**825.97**	**522.13**

(C) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

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

(₹ in Lakhs unless otherwise stated)

Particulars	Less than 1 year	1 year to 5 years	More than 5 years	Total
As at 31st March, 2026				
Borrowings				
Short term borrowings (Net)	325.53	-	-	325.53
Lease liabilities	40.40	57.41	-	97.81
Trade payables	2,764.78	-	-	2,764.78
	3,130.71	**57.41**	**-**	**3,188.12**

(₹ in Lakhs unless otherwise stated)

Particulars	Less than 1 year	1 year to 5 years	More than 5 years	Total
As at 31st March, 2025				
Borrowings				
Term Loans (Including Vehicle Loans)	15.16	-	-	15.16
Short term borrowings	553.62	-	-	553.62
Lease liabilities	141.17	141.17	-	282.34
Trade payables	2,295.13	-	-	2,295.13
	3,005.08	**141.17**	**-**	**3,146.25**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

45 CONTRACT BALANCES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Trade receivables	-	-
Contract assets	-	-
Contract liabilities	-	-

Amount of revenue recognised from Contract liabilities

Particulars	As at 31st March, 2026	As at 31st March, 2025
Amounts included in contract liabilities at the beginning of the year	-	-

45 CONTRACT BALANCES

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.

Particulars		As at 31st March, 2026	As at 31st March, 2025
Total Equity	(i)	18,724.72	18,387.64
Total Borrowings		325.53	568.78
Less: Cash and Cash Equivalents (including Banks deposits & Liquid Mutual Funds)		(2,848.22)	(4,057.95)
Net debt	(ii)	(2,522.69)	(3,489.18)
Net Debt to Equity ratio (Net Gearing Ratio)	**(ii)/ (i)**	**(13.47%)**	**(18.98%)**

Dividends

(₹ in Lakhs unless otherwise stated)

Equity Share	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Interim Dividend of ₹ /- each	-	-
Final Dividend of ₹ 0.30/- each	367.50	275.62
	367.50	275.62

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

47 TRADE RECEIVABLES (GROSS) AGEING SCHEDULE FOR THE YEARS ENDED AS ON 31ST MARCH, 2026 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	
A. Undisputed Trade Receivables						
(i) Considered good	3,682.43	14.87	8.05	4.63	17.78	3,727.76
(ii) Having significant increase in credit risk considered doubtful						
(ii) Credit Impaired	363.39	151.10	81.85	47.09	182.54	825.97
B. Disputed Trade Receivables						
(i) Considered good						
(ii) Having significant increase in credit risk considered doubtful						
(ii) Credit Impaired						

Trade Receivables(Gross) Ageing Schedule for the years ended as on 31st March, 2025 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	
A. Undisputed Trade Receivables						
(i) Considered good	4,135.92	5.52	8.05	9.17	19.09	4,177.75
(ii) Having significant increase in credit risk considered doubtful						
(ii) Credit Impaired	247.71	36.20	52.79	60.19	125.24	522.13
B. Disputed Trade Receivables						
(i) Considered good						
(ii) Having significant increase in credit risk considered doubtful						
(ii) Credit Impaired						

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

#Gross carrying values after deducting the bad debts are considered without considering the effect of provision of ECL are considered.

48 TRADE PAYABLES AGEING SCHEDULE FOR THE YEARS ENDED AS ON 31ST MARCH, 2026 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	741.13		30.80		771.93
(ii) Dues to Other than Micro & Small Enterprises	1,989.40	1.93	0.43	1.09	1,992.85
(iii) Disputed dues to Micro & Small Enterprises	-	-	-	-	-
(iv) Disputed Dues to other than Micro & Small Enterprises	-	-	-	-	-

Trade Payables Ageing Schedule for the years ended as on 31st March, 2025 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	543.70	30.81	-	-	574.51
(ii) Dues to Other than Micro & Small Enterprises	1,717.94	2.68	-	-	1,720.62
(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.

49 The Company does not have material transactions with the struck off companies during the current and previous years.

50 The Company do not have any benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

51 The Company have not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

52 The Company do not have any charges or satisfaction of charges which is yet to be registered with Registrar of Companies beyond the statutory period.

53 The Company have complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

54 DISCLOSURE OF SIGNIFICANT RATIO:

	Particulars	Numerator	Denominator	As at 31st March, 2026	As at 31st March, 2025	Variance (in %)	Reason for Variance
(a)	Current Ratio	Current Assets	Current Liabilities	3.53	3.52	0.11	NA
(b)	Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.02	0.03	(43.80)	Note (a)
(c)	Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	4.02	11.01	(63.44)	Note (b)
(d)	Return on Equity Ratio,	Net profits after tax	Shareholders Equity	3.7%	9.7%	(62.12)	Note (b)
(e)	Inventory turnover ratio	Cost of Goods Sold	Average Inventory	2.89	2.99	(3.32)	NA
(f)	Trade Receivables turnover ratio	Revenue	Average Trade Receivables	6.29	6.34	(0.82)	NA
(g)	Trade payables turnover ratio	Purchases of RM and Trading goods	Average Trade Payables	6.47	8.39	(22.96)	NA
(h)	Net capital turnover ratio	Revenue	Working Capital (excluding cash and current borrowings)	2.39	2.62	(8.49)	NA

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

	Particulars	Numerator	Denominator	As at 31st March, 2026	As at 31st March, 2025	Variance (in %)	Reason for Variance
(i)	Net profit ratio	Net Profit	Revenue	2.8%	7.2%	(61.50)	Note (b)
(j)	Return on Capital employed	Earning before Interest & taxes	Capital Employed	5.6%	14.0%	(59.72)	Note (b)
(k)	Return on investment						
	Unquoted (Fixed Deposits)	Income generated from Investments	Average Investments	4.3%	7.5%	(42.97)	Note (b)

Note:

(a) Ratio has declined due to decrease of borrowings as at 31st March, 2026 as compared to previous year.

(b) Ratio has declined due to reduction in net profit during the year as compared to previous year primarily on account of fire incident.

55 DISCLOSURE REGARDING UTILISATION OF BORROWED FUNDS AND SHARE PREMIUM

(A) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(B) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries regarding amount received on subscription of shares through IPO by FII (Qualified Institutional Investors) for which company as assured due diligence, FEMA Compliance have been duly complied by the Lead Merchant Banker, Registrar and Bankers to IPO.

(c) Utilisation of Share Premium - Refer Note No.19.

56 There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

57 The Company has not traded or invested in crypto currency or virtual currency during the year.

58 The financial statements of the Company were authorised for issued in accordance with a resolution of the directors on 12th May, 2026.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

59 MANAGEMENT NOTE ON AUDIT TRAIL

The Company has used accounting software for maintaining its Books of Accounts which has a feature of recording 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 excel spreadsheets for inventory records. Wherever Audit trail is enabled no instances of Audit trail feature being tampered with was noted in respect of above accounting software and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

60 RECLASSIFICATION IN THE FINANCIAL STATEMENTS OF COMPARATIVE YEAR

Based on review of commonly prevailing practices and to align with presentation used by the peer group companies, the management of the Company has

(1) Reclassified Finished Goods returned of ₹ 305.00 Lakhs from Cost of Goods Sold to Revenue from Operations for the year ended 31st March, 2025.

(2) Reclassified Deposit with maturity of more than 3m but less than 12m of ₹ 1,017.17 Lakhs from other current assets to Bank balances other than cash and cash equivalents for the year ended 31st March, 2025.

(3) Reclassified Security Deposit and Accrued Interest on FD of ₹ 52.40 and 16.50 Lakhs respectively from other current asset to Other financial assets for the year ended 31st March, 2025.

The management believes that the such reclassification does not have any material impact on information presented in the standalone statement of Profit and loss and in the standalone balance sheet at the beginning of the preceding period. Accordingly, the Company has not presented third balance sheet in the standalone 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

Place: Bhilwara
Date: 12th May, 2026

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)

SWATI SUNIL TALGAONKAR
(Company Secretary)
(Mem No.: A30463)

Place: Mumbai
Date: 12th May, 2026

INDEPENDENT AUDITORS' REPORT

To The Members of HP ADHESIVES LIMITED

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the accompanying Consolidated financial statements of HP Adhesives Limited (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as the "Group"), which comprise the Consolidated Balance sheet as at 31st March 2026, and the Consolidated statement of profit and loss (including other comprehensive income), the Consolidated statement of Changes in Equity and Consolidated statement of Cash Flows for the year then ended, and notes to the Consolidated financial statements, including a summary of the material accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated 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 consolidated state of affairs of the Group as at 31st March 2026, and their consolidated profit, their consolidated other comprehensive income, their consolidated changes in equity and their consolidated 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 Consolidated financial statements section of our report. We are independent of the Group 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 Consolidated 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 consolidated 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 Consolidated financial statements for the financial year ended 31st March 2026. These matters were addressed in the context of our audit of the Consolidated 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 Consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters	How Our Audit Addressed the Key Audit Matter
A. Inventory	
(Refer to Note-2.6 for details of the Accounting Policies of inventories and Note-10 of Notes to Consolidated financial statements for relevant disclosures of inventories)	
• The net carrying value of inventory as on 31st March, 2026 is 21.76 % of Total Assets of the Group. • Volatility in Price of Raw Material which is dependent upon various domestic & Global market conditions. • Complexity in Calculation of Inventory Consumption & Costing involving methodology. Inventory consumption is calculated using SKU-specific formulas developed by management. These formulas are confidential & business sensitive. The costing formulas are operated outside the integrated accounting environment and are maintained and monitored through consolidated Excel-based spreadsheets,	<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: • Assessed the design, implementation and operating effectiveness of key internal controls over inventory accounting, costing and physical verification processes of management and assessed its consistency with prior years. • Performed analytical procedures on consumption trends, material yields and gross profit margins across key product categories & evaluated the methodology and assumptions applied by management for determination of inventory consumption and SKU-wise costing.

INDEPENDENT AUDITORS' REPORT (CONTD.)

Key Audit Matters	How Our Audit Addressed the Key Audit Matter
• Valuation of WIP & Finished goods involves auditor's judgment in evaluating the use of manual spreadsheets instead of an automated ERP solution, coupled with SKU-wise traceability and detailed documentation, that limits the audit trail and controls creating risk in cost allocation and valuation Hence, we determined the Valuation of Inventory as a key audit matter.	• Performed test checks on a sample basis as part of the inventory verification programme, including verification of inventories from physical stock to supporting records and vice versa. We also conducted sample-based physical verification of inventories at the factory floor and tin plant subsequent to the year end and performed roll-back procedures to reconcile such quantities with the year-end inventory records. • In respect of Stock held at various warehouses/depots, obtained direct confirmation of the inventory held by them at the year end. • Evaluated the adequacy and appropriateness of related disclosures in the standalone financial statements in accordance with the applicable financial reporting framework • Assessed the appropriateness of valuation of work-in-progress and finished goods on a sample basis, the accuracy and mathematical integrity of Excel-based costing workings and reconciled underlying data with accounting records and supporting production documents • We have relied upon the above procedures and management's representation to conclude thereon.
B. Trade Receivables & ECL Provision:	
(Refer to Note-12 of Notes to Consolidated financial statements for relevant disclosures of Trade Receivables)	
• Trade receivables and other amounts recoverable comprise a significant portion of the current financial assets. As at March 31, 2026 trade receivables aggregate ₹ 3,725.84 lakhs (net of provision for expected credit losses of ₹ 826.23 lakhs) and represents 16.05% of the Total value of Group's Assets. • In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for re-measurement and recognition of impairment loss for Financial Assets as on each reporting period. • The complexity in calculation of ECL is mainly related to calculations performed for different type of Customer and with different recovery period for different categories of customers along with significant risk due to the pervasive nature of these balances to the financial statements, and the importance of cash collection with reference to the working capital management of the business. • Accordingly, we determined audit of trade receivables & ECL as the key audit matter.	<u>Our Audit Procedure</u> • Assessed the design and implementation of key controls around the monitoring of recoverability. • Discussed with the management regarding the level and ageing of trade receivables, along with the justification for calculation of provisioning for excepted credit loss on receivables it impact on group's current year profit's with regards to its appropriateness of receivables provisioning by assessing recoverability with reference to amount received in respect of trade receivables. • Analysing the aging schedule of trade receivable, past collection, records, methodology used management, industry boom and concentration of customers' credit risk along with sample balance confirmations. • We evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation. • Audited disclosures included in the Ind AS Consolidated financial statements in respect of movement of expected credit losses.

INDEPENDENT AUDITORS' REPORT (CONTD.)

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Holding 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 Consolidated financial statements and our auditor's report thereon.

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

EMPHASIS OF MATTER

We draw attention to Note 35 to the consolidated financial statements, which describes the fire incident that occurred on 17th January 2026 at Parent Company's manufacturing Plant-Unit-I-located at Survey no. 7, Narangi Village, Khalapur, Khopoli, District Raigad (Maharashtra), resulting in damage to certain property, plant and equipment, inventories and other assets. As explained in the said note, the group has initially recognised an estimated loss for Rs. 2,498.50 lakhs under Exceptional Item and a corresponding insurance claim receivable as other current financial assets based on a preliminary assessment.

The Group is in the process of finalizing and lodging the insurance claim, and the survey and loss assessment by the insurance company are ongoing. Accordingly, there is inherent uncertainty in respect of the measurement of the insurance claim receivable, and the final outcome may differ from the amount currently recognized.

Our opinion is not modified in respect of this matter.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding 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 Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group 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.

The respective Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of Consolidated financial statements by the Directors of the Holding Company as aforesaid.

In preparing the Consolidated financial statements, the respective Board of Directors of the Entity included in the Group are responsible for assessing the ability of respective Entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective Entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Entity included in the Group are also responsible for overseeing the financial reporting process of the Group.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 consolidated 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 consolidated 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 Group, that are company incorporated in India has adequate internal financial controls System with reference consolidated financial statements 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 ability of the Group to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated 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 consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other Entities included in the Annual Consolidated Financial Results of which we are the independent Auditors regarding of the Holding Company and such other entity included in the consolidated financial statements of which we are independent Auditors 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 consolidated 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

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

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

b) In our opinion, proper books of account as required by law relating to preparation of aforesaid consolidated financial statements have been kept by the Group, including relevant records, 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);

INDEPENDENT AUDITORS' REPORT (CONTD.)

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

d) In our opinion, the aforesaid Consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2026 taken on record by the Board of Directors of the Holding Company and the report of the Statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2026 from being appointed as a director in terms of Section 164(2) of the Act;

f) 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);

g) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operative effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to consolidated financial statements of those Companies.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

i) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:-

i) The Consolidated financial statements has disclosed the impact of pending litigation on its financial position in its Financial Statements- Refer Note No.38 to the Financial Statements.

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

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

iv) (a) The Management of the Holding Company and its subsidiary which are companies incorporated in India 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 Holding Company and its subsidiary 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 Holding Company or any of such subsidiaries ("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 the Holding Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries

INDEPENDENT AUDITORS' REPORT (CONTD.)

shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

v) As stated in note 47 to the accompanying consolidated financial statements:

- No dividend has been proposed/ declared by the company during the year.
- The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

vi) Based on our examination which includes test checks, performed by us on the Holding Company and its subsidiaries incorporated in India, have used accounting software for maintaining its Books of Accounts for the financial year ended March 31, 2026 which has a feature of recording 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 60 to the financial statements. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

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

Vaibhav Choudhary
(Partner)
M. No.: 407543
Place: Bhilwara (Raj.)
Date: 12/05/2026
UDIN: 26407543LMTGPK2759

ANNEXURE "A" TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 (g) 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")

In conjunction with our audit of the Consolidated financial statements of the Company as of and for the year ended 31st March, 2026, we have audited the Internal Financial Control with reference to consolidated financial statements of HP Adhesives Limited (hereinafter referred to as the "Holding company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

MANAGEMENT RESPONSIBILITY FOR THE INTERNAL FINANCIAL CONTROLS

The Holding Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Consolidated 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 Holding Company's internal financial controls with reference to Consolidated 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 Consolidated 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 Consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated 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 Consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Ind AS Consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Consolidated 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 Consolidated 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 Consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to Consolidated 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 Holding Company and its subsidiaries has, in all material respects, an adequate internal financial controls system with reference to Consolidated financial statements and such internal financial controls with reference to Consolidated financial statements were operating effectively as at March 31, 2026, based on the internal control with reference to Consolidated 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: 12/05/2026

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2026

(₹ in Lakhs unless otherwise stated)

Particulars	Notes	As at 31st March, 2026	As at 31st March, 2025
ASSETS			
Non-Current assets			
Property, Plant and Equipment	5	7,158.14	7,098.24
Capital work-in-progress	6	474.66	436.59
Right of Use Assets	7A	91.85	172.42
Other Intangible Assets	7B	13.02	14.72
Financial Assets			
Other Financial Assets	8	-	285.96
Deferred Tax Asset (net)	36	59.71	-
Other Non-Current Assets	9	-	46.43
Total Non-Current Assets		**7,797.38**	**8,054.36**
Current Assets			
Inventories	10	5,050.24	5,649.49
Financial Assets			
Investments	11	2,218.68	2,464.84
Trade Receivables	12	3,725.84	4,174.39
Cash and Bank Balances	13	88.97	313.73
Bank balances other than cash and cash equivalents	13	735.12	1,176.46
Loans	14	111.09	101.69
Other financial assets	15	2,694.13	68.93
Current Tax Assets (net)	16	272.14	112.92
Other Current Assets	17	517.75	690.73
Total Current Assets		**15,413.97**	**14,753.17**
TOTAL ASSETS		**23,211.35**	**22,807.52**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	18	1,837.49	1,837.49
Other Equity	19	16,937.04	16,590.47
Total Equity		**18,774.53**	**18,427.97**
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Lease Liabilities	20	57.41	68.24
Provisions	25	69.02	79.92
Deferred Tax Liabilities (net)		1.83	96.83
Total Non-Current Liabilities		**128.26**	**244.99**
Current Liabilities			
Financial Liabilities			
Lease Liabilities	20	40.40	133.33
Borrowings	21	325.53	568.78
Trade Payables	22		
(i) Total outstanding dues of Micro and Small Enterprises		771.93	578.97
(ii) Total outstanding dues of creditors other than Micro and Small Enterprises		1,992.85	1,720.62
Other Financial Liabilities	23	686.99	654.39
Other Current Liabilities	24	188.01	179.94
Provisions	25	302.78	296.70
Current Tax Liabilities (Net)	26	0.07	1.85
Total Current Liabilities		**4,308.56**	**4,134.57**
TOTAL LIABILITIES		**4,436.82**	**4,379.55**
TOTAL EQUITY AND LIABILITIES		**23,211.35**	**22,807.52**
Material Accounting Policies and Key Accounting Estimates and Judgments	**1-4**		
See Accompanying Notes to Standalone Financial Statements	**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: 12th May, 2026

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)

SWATI SUNIL TALGAONKAR
(Company Secretary)
(Mem No.: A30463)

Place: Mumbai
Date: 12th May, 2026

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2026

(₹ in Lakhs unless otherwise stated)

Particulars	Notes	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
INCOME			
Revenue from operations	27	24,927.52	24,979.33
Other income	28	359.72	457.62
Total Income		**25,287.24**	**25,436.95**
EXPENSES			
Cost of Material Consumed	29	11,767.75	12,770.91
Purchases of stock-in-trade		3,654.58	3,287.56
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	30	(32.46)	(463.63)
Employee benefits expenses	31	3,995.14	3,403.75
Other expenses	34	4,234.13	3,378.59
Finance costs	32	266.58	215.12
Depreciation and Amortisation expense	33	582.84	471.80
Total		**24,468.56**	**23,064.11**
Profit / (Loss) before Exceptional items and tax		**818.68**	**2,372.84**
Exceptional items	35	(80.98)	-
Profit / (Loss) before tax (PBT)		737.70	2,372.84
Tax expense			
Current tax		(193.21)	(438.90)
Deferred tax	36	154.71	(109.58)
Income Tax Excess/(Short) Provision of previous year		(1.50)	-
Total Tax Expense		**(40.00)**	**(548.48)**
Profit after Tax (PAT)		**697.70**	**1,824.36**
Other comprehensive income			
A Items that will not be reclassified to profit or loss account			
(i) Re-measurement of defined benefit liability/asset	40 B(e)	21.87	(12.95)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(5.50)	3.26
B Items that will be reclassified to Profit or loss account			-
		16.37	(9.69)
Other comprehensive income for the year, net of tax (A+B)		**16.37**	**(9.69)**
Total comprehensive income for the year		**714.07**	**1,814.67**
Earnings per Equity Share (Face Value of ₹ 2/- each)			
Basic in ₹	37	0.76	1.99
Diluted in ₹		0.76	1.99
Material accounting policies and Key accounting estimates and judgments	1-4		
See Accompanying Notes to Standalone Financial Statements	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: 12th May, 2026

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)

SWATI SUNIL TALGAONKAR
(Company Secretary)
(Mem No.: A30463)

Place: Mumbai
Date: 12th May, 2026

CONSOLIDATED STATEMENT OF AUDITED CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2026

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) before taxation	737.70	2,372.84
Adjustments for:		
Exceptional Items	80.98	-
Foreign Currency Exchange Rate Fluctuation (net)	(52.44)	(86.87)
Depreciation and Amortisation expenses	582.84	471.80
Finance Cost	53.44	8.78
Interest expenses on financial liabilities measured at amortised cost	10.25	17.02
Interest on Fixed deposits with banks	(85.88)	(125.90)
Interest on Debentures	(134.24)	-
Rodtep Subsidy	(12.02)	(21.02)
Duty Drawback Refund	(21.11)	(28.88)
Gain on sale of current investments designated as FVTPL	(26.97)	(67.54)
Fair value gain arising from financial instruments designated as FVTPL	9.76	(44.39)
Sundry Balances written back	(15.37)	(4.56)
Loss on Sale of Fixed Asset	-	0.26
Write-down of obsolete inventories	41.22	-
Bad Debt	36.32	-
Provision for expected credit (reversal)/loss	302.22	(55.69)
Operating profit before working capital changes	**1,506.70**	**2,435.81**
Changes in working capital		
(Decrease)/ increase in trade payables	506.77	739.84
Decrease/ (increase) in inventories	558.03	(880.51)
Decrease/ (increase) in trade receivables	136.23	(427.23)
(Decrease)/ increase in other current financial liabilities	32.59	160.46
(Decrease)/ increase in other current liabilities	8.07	45.78
(Decrease)/ increase in provisions	17.05	182.43
Decrease/ (increase) in loans	(9.40)	4.62
Decrease/ (increase) in other current financial assets	(1,858.54)	(54.96)
Decrease/ (increase) in other current and non current non financial assets	252.53	194.75
Cash generated used in operations	**1,150.02**	**2,400.99**
Taxes Paid (Net)	(361.08)	(688.04)
Net cash flows generated in operating activities	**788.94**	**1,712.95**
Exceptional Items	(80.98)	-
Net Cash Flows from Operating Activities after Exceptional Items (A)	**707.96**	**1,712.95**
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment and intangible assets	(1,283.76)	(1,402.73)
Proceeds from sale of property, plant & equipment	-	25.69
Investments in Bank and fixed deposits (more than three months)	727.30	154.55
Purchase of current investments	(9,777.97)	(12,376.64)
Sale of current investments	10,042.06	11,843.61
Interest on Debentures	36.77	-
Interest received	101.05	125.90
Net cash flow from investing activities (B)	**(154.55)**	**(1,629.62)**

CONSOLIDATED STATEMENT OF AUDITED CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Lease Liabilities	(114.00)	(79.46)
Repayment of non-current borrowings	-	(37.28)
Movement in short-term borrowings from banks (net)	(243.24)	553.62
Dividend Paid	(367.50)	(275.62)
Finance Cost	(53.44)	(8.78)
Net Cash Flows from Financing Activities (C)	**(778.18)**	**152.48**
Net increase in cash and cash equivalents (A+B+C)	**(224.77)**	**235.83**
Cash and cash equivalents at the beginning of the year	313.73	77.91
Cash and cash equivalents at the end of the year	**88.97**	**313.73**
CASH AND CASH EQUIVALENTS COMPRISE		
On Current Accounts	73.96	25.84
Fixed deposits with maturity of less than 3-months	-	267.21
Cash In Hand Foreign Currency	5.03	4.50
Exchange difference on transactions of foreign currency cash and cash equivalents	0.00	0.00
Cash on hand	9.98	16.18
Total cash and cash equivalents at end of the year (Note 13)	**88.97**	**313.73**

Notes:

1. 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
2. The accompanying notes are an integral part of the Standalone 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

Place: Bhilwara
Date: 12th May, 2026

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)

SWATI SUNIL TALGAONKAR
(Company Secretary)
(Mem No.: A30463)

Place: Mumbai
Date: 12th May, 2026

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2026

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 1st April, 2024	9,18,74,735	1,837.49
Issue of Share Capital		-
As at 31st March, 2025	**9,18,74,735**	**1,837.49**
Issue of Share Capital		-
As at 31st March, 2026	**9,18,74,735**	**1,837.49**

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 1st April, 2024	11,286.45	-	-	3,764.98	15,051.43
Profit for the year	-	-	-	1,824.36	1,824.36
Utilised for payment of dividend	-	-	-	(275.63)	(275.63)
Remeasurement of the net defined benefit liability/ asset, net of tax effect	-	-	-	(9.69)	(9.69)
Premium on Issue of Shares	-	-	-	-	-
Transaction Costs	-	-	-	-	-
Balance as at 31st March, 2025	**11,286.45**	**-**	**-**	**5,304.02**	**16,590.47**
Balance as at 1st April, 2025	**11,286.45**	**-**	**-**	**5,304.02**	**16,590.47**
Profit for the year	-	-	-	697.70	697.70
Utilised for payment of dividend	-			(367.50)	(367.50)
Remeasurement of the net defined benefit liability/ asset, net of tax effect	-	-	-	16.37	16.37
Balance as at 31st March, 2026	**11,286.45**	**-**	**-**	**5,650.59**	**16,937.04**

Material accounting policies and Key accounting estimates and judgments **1-4**

See Accompanying Notes to Standalone Financial Statements **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: 12th May, 2026

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)

SWATI SUNIL TALGAONKAR
(Company Secretary)
(Mem No.: A30463)

Place: Mumbai
Date: 12th May, 2026

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2026

1 COMPANY OVERVIEW

HP Adhesives Limited ("the Company") is a public limited company which is domiciled and incorporated in India under the provisions of the Companies Act, 2013 (CIN L24304MH2019PLC325019) formed by conversion of Partnership firm in accordance with provisions of Part I of Company XXI of Companies Act, 2013 subsequently converted to Public Limited company on 1st July, 2021 with registered office situated at G-11, Unique House, Chakala Cross Road, Andheri East, Mumbai (MH) 400 099. The Company is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India since 27th December, 2021.

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

The Annual standalone financial statements were authorised for issue in accordance with the resolution passed by Board of Directors on 13th May, 2025.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these standalone 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 (₹), which is also the Company's functional currency. All amounts have been rounded-off to the nearest Lakhs, up to two places of decimal, unless otherwise indicated.

(b) Basis of measurement

The separate standalone 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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(c) Classification into current and non-current:

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

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

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

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

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

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

2.2 Property, plant and equipment

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

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 put to use. Depreciation on sale/deduction, from property, plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'. The cost and related accumulated depreciation are eliminated from the standalone financial statements upon sale or retirement of the asset.

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'.

Other 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 estimated useful lives of intangible assets are as follows:

Intangible assets	Estimated Useful Life
Trade Mark	5 years
Software	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 fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified and capitalised to the appropriate categories of Property, Plant and Equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

2.6 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, packing materials, Promotional items 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. Obsolete, defective, unserviceable and slow / non-moving stocks if any are duly provided for and valued at net realisable value.

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. The Company's presence across different marketing regions within the country and the competitive business makes the assessment of various type of turn over discounts, 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.

Foreign currency transactions are translated into the functional currency using the exchange rates at the

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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 year is the tax payable on the current year'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 year comprises of:

a) estimated tax expense which has accrued on the profit for the year.

(b) Deferred tax

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been

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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.

(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

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

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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.

Equity Investments in subsidiaries

Equity investments in Subsidiaries are carried at Cost, in accordance with option available in Ind AS 27 "Separate Financial Statements". Investment carried at cost are subject to impairment test as per Ind AS 36 when indication of potential impairment exists.

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. However, if credit risk has increased significantly,

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lifetime ECL is used. If in subsequent period, the credit quality of the instrument improves then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

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

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

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 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

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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 if any 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 standalone financial statements by the Board of Directors.

2.20 Measurement of EBITDA

During the year under review company has opted NOT to present earnings before interest (finance cost), tax, depreciation and Amortisation (EBITDA) as a separate line item on the face of the Statement of Profit and Loss for the period, same has been applied for presentation of previous year's figures.

2.21 Dividend

The Company recognises a liability to pay dividend to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

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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.

Impairment of other financial assets

The impairment provision for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation., based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Contingencies

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

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the nature of business differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes current tax payable, based on reasonable estimates. The amount of such current tax payable is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

Recoverability of deferred taxes

In assessing the recoverability of deferred tax assets, management considers whether it is probable that taxable profit will be available against which the losses can be utilised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the year in which the temporary differences become deductible.

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs 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 financial statements 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

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

In May 2025, MCA notified amendments to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. 1st April, 2015. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

In August 2025, MCA notified the following amendments to:

(i) Ind AS 1, Presentation of Financial Statements, applicable w.e.f. 1st April, 2025

The amendment relates to classification of liabilities as current or non-current and non-current liabilities with covenants. In the context of classifying a liability as current, it removes the requirement of existence of a right to defer settlement for at least 12 months after the reporting date and instead requires that the said right should exist on the reporting date and have substance. The amendment also introduces guidance on classification of liabilities with covenants. The Company has no impact of these amendments in its classification criteria of current and non-current liabilities.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

(ii) Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments: Disclosures, applicable w.e.f. 1st April, 2026

The amendment in Ind AS 7 requires to inform users of financial statements of the existence of supplier finance arrangements and explain the nature of the arrangements, the carrying amount of liabilities and the range of payment due dates. Ind AS 107 has been amended to add supplier finance arrangements as a factor that may cause concentration of liquidity risk. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any impact in its financial statements.

(iii) Ind AS 12, International Tax Reform

Pillar Two Model Rules applicable immediately - The amendments provide a temporary mandatory relief from deferred tax accounting for top-up tax and disclose that they have applied the relief. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any impact in its 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

Place: Bhilwara
Date: 12th May, 2026

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)

SWATI SUNIL TALGAONKAR
(Company Secretary)
(Mem No.: A30463)

Place: Mumbai
Date: 12th May, 2026

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

5 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs unless otherwise stated)

Particulars	Changes in Gross Carrying Value					Changes in Depreciation					Net block	
	Gross Carrying Value As at 1st April, 2025	Additions/ Adjustments	Deductions/ Disposals*	Assets classified as held for sale	Gross Carrying Value As at 31st March, 2026	Accumulated Amortisation as at 1st April, 2025	For the year	Deductions/ Adjustments/ Disposals*	Assets classified as held for sale	Accumulated Amortisation as at 31st March, 2026	Carrying Value As at 31st March, 2026	Carrying Value As at 31st March, 2025
Owned Assets												
Building												
Office Premises	739.12	-	-	-	739.12	102.79	23.47	-	-	126.26	612.86	636.33
Factory Building	3,459.61	78.21	-	-	3,537.82	231.36	129.96	-	-	361.32	3,176.50	3,228.25
Plant and equipment	3,854.37	998.10	803.35	-	4,049.12	964.52	229.05	183.86	-	1,009.71	3,039.41	2,889.85
Furniture and fixture	223.72	22.30	1.48	-	244.52	73.56	11.78	0.81	-	84.53	159.99	150.16
Vehicles	387.44	10.56	-	-	398.00	239.89	35.46	-	-	275.35	122.65	147.54
Office equipment	46.43	6.47	3.34	-	49.56	31.23	5.57	2.39	-	34.41	15.15	15.20
Computers	159.06	19.58	15.19	-	163.45	128.14	16.22	12.49	-	131.87	31.58	30.92
Total	**8,869.74**	**1,135.23**	**823.36**	**-**	**9,181.59**	**1,771.50**	**451.51**	**199.55**	**-**	**2,023.45**	**7,158.14**	**7,098.24**

Reconciliation effect on gross and net carrying of amounts PPE, due to acquisitions & revaluations-Nil

*Refer Note no. 34 for disposal on account of fire incident

Capital assets acquired out of Corporate Social Responsibility (CSR) expenditure are charged to the Statement of Profit & Loss and are not recognised/disclosed separately as CSR assets under Property, Plant & Equipment.

6 CAPITAL WORK IN PROGRESS

(₹ in Lakhs unless otherwise stated)

Particulars	Net block				
	As at 1st April, 2025	Additions/ Adjustments	Deductions/ Disposals	Assets classified as held for sale	As at 31st March, 2026
Tangibles					
Building WIP	37.25	10.16	47.40	-	-
Machinery WIP#	399.35	485.50	410.19	-	474.66
Total	**436.59**	**495.66**	**457.59**	**-**	**474.66**

Reconciliation effect on gross and net carrying of amounts PPE, due to acquisitions & revaluations-Nil

Ageing Schedule of CWIP.

(₹ in Lakhs unless otherwise stated)

CWIP	Amount in CWIP for a period ended 31st March, 2025				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
A. Project in Progress					
Proportionate Factory building under construction	-	-	-	-	-
Installation of New Machineries under process	317.14	76.57	80.95	-	474.66
B. Projects temporarily suspended	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

7A RIGHT OF USE ASSETS

The changes in the carrying value of ROU assets for the year ended 31st March, 2026 are as follows:

(₹ in Lakhs unless otherwise stated)

Particulars	Category of ROU asset		Total
	Land	Building	
Balance as at 31st March, 2025	302.81	553.92	856.72
Additions*	-	49.16	49.16
Disposals/Adjustments	-	-	-
Balance as at 31st March, 2026	**302.81**	**603.08**	**905.89**
Accumulated Depreciation as at 31st March, 2025	185.38	498.93	684.31
Additions	104.08	22.83	126.91
Disposals/Adjustments	2.06	0.76	2.82
Accumulated Depreciation as at 31st March, 2026	**291.52**	**522.52**	**814.04**
Carrying value as at 31st March, 2026	**11.29**	**80.56**	**91.85**
Carrying value as at 31st March, 2025	**117.43**	**54.99**	**172.42**

*Net of adjustments on account of modifications and lease incentives.

7B OTHER INTANGIBLE ASSETS

The changes in the carrying value of acquired intangible assets for the year ended 31st March, 2026 are as follows:

(₹ in Lakhs unless otherwise stated)

Particulars	Software	Trade Name Related	Total
Gross carrying value as at 31st March, 2025	4.96	39.12	44.08
Additions	-	2.71	2.71
Disposals/Adjustments	-	-	-
Gross carrying value as at 31st March, 2026	**4.96**	**41.83**	**46.79**
Accumulated Depreciation as at 31st March, 2025	1.39	27.96	29.35
Additions	0.94	3.48	4.42
Disposals/Adjustments	-	-	-
Accumulated Depreciation as at 31st March, 2026	**2.33**	**31.44**	**33.77**
Carrying value as at 31st March, 2026	**2.63**	**10.39**	**13.02**
Carrying value as at 31st March, 2025	**3.56**	**11.16**	**14.72**

8 OTHER FINANCIAL ASSETS (NON CURRENT)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
In Fixed Deposit accounts with original maturity above 12 months (IPO Proceeds)	-	285.96
Total	**-**	**285.96**

9 OTHER NON-CURRENT ASSETS

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Security Deposits	-	46.43
Total	**-**	**46.43**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

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

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Raw materials and Components*	2,261.59	2,465.43
Work-in-progress	188.11	198.29
Finished Goods*	2,600.53	2,985.77
Total	**5,050.23**	**5,649.49**

Includes goods in transit amounting to ₹ 131.91 Lakhs.

11 INVESTMENT

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Current Investment*		
Investments measured at Fair Value Through Profit or Loss (FVTPL)		
In Mutual Fund - Quoted	84.60	442.82
In Government Securities - Quoted fully paid up	515.85	523.04
In Debentures or Bonds - Quoted, fully paid up	1,618.22	1,498.97
Total	**2,218.68**	**2,464.84**

Considered at Market Value as on 31st March, 2026.

Aggregate amount of Quoted Investments	2,218.68	2,464.84
Market Value of Quoted Investments	2,218.68	2,464.84

12 TRADE RECEIVABLES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Current		
Secured, considered good		
Unsecured		
Unsecured, considered good	3,725.84	4,174.39
Unsecured, considered doubtful	826.24	524.02
Less: Expected credit loss allowance	(826.24)	(524.02)
	3,725.84	**4,174.39**
Credit Impaired	-	48.30
Less: Expected Credit Loss allowance for doubtful Trade Receivable	-	(48.30)
Total	**3,725.84**	**4,174.39**

Notes:

1. Trade receivables has been taken as certified by the management of the Company.
2. Provisioning for expected credit loss has been done as per the guidance of Ind AS 109.
3. For details of Trade Receivables with related party, refer note no. 42 Related Party disclosure.
4. For Ageing Schedule of Trade Receivables refer note 48.
5. Trade receivables are generally non interest bearing.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

6. Movement in Expected Credit Loss Allowance of Trade Receivable is shown below

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Balance at the beginning of the year	524.02	626.13
Less: Credit Impaired	-	(48.30)
Amount added/ Reversed during the year	302.22	(53.81)
	826.24	**524.02**

13 CASH AND BANK BALANCES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Cash and Cash equivalents		
Balances with banks		
On Current Accounts	73.96	25.84
Deposits with original maturity of less than 3 months (including Short Term Fixed Deposits (from IPO Proceeds))	-	267.21
Cash In Hand Foreign Currency	5.03	4.50
Cash on hand	9.98	16.18
Total Cash and Cash Equivalents	**88.97**	**313.73**
Bank Balances other than Cash and Cash Equivalents		
Other Bank balances		
Deposits with original maturity of more than three months but remaining maturity of less than twelve months-Fixed Deposits (from IPO Proceeds)	463.85	100.00
Deposits with original maturity of more than three months but remaining maturity of less than twelve months - Fixed Deposits	7.05	1,017.17
Earmarked balances with Banks for unpaid dividend	5.34	2.08
Balances with banks held as margin money for security against the guarantees	42.95	42.25
Balance in Bank - With Monitoring Agency (IPO Proceeds)	0.18	14.97
Deposits with original maturity of more than twelve months - Fixed Deposits (from IPO Proceeds)	-	285.96
Deposits with original maturity of more than twelve months - Fixed Deposits	215.75	-
Less: Amount disclosed under other Financial assets	-	(285.96)
Total bank balances other than cash and cash equivalents	**735.12**	**1,176.46**
Total	**824.09**	**1,490.19**

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

14 LOANS (CURRENT FINANCIAL ASSETS)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
#Advance to Employees & Others	111.09	101.69
Total	**111.09**	**101.69**

#Includes non business advances of ₹ 38.50 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 OTHER FINANCIAL ASSETS

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Unsecured, Considered good		
Security Deposits	97.69	52.42
Accrued Interest on FD	1.34	16.50
Accrued Interest on NCD	96.60	-
Insurance Claim Receivable*	2,498.50	-
Total	**2,694.13**	**68.93**

*"*The Company holds insurance coverage for reinstatement value of damaged assets and business interruption losses.*

The Company has recognised an estimated loss of ₹ 2,498.50 Lakhs, which is the carrying value of affected property, plant & equipment, cost of inventory and other expenses related to fire incident under Exceptional Items for the quarter and year ended 31st March, 2026 with a corresponding insurance claim receivable under Other Current Financial Assets. The same is pending final assessment and settlement of the insurance claim.

16 CURRENT TAX ASSETS (NET)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Advance income tax (Net)	272.14	112.92
Total	**272.14**	**112.92**

17 OTHER CURRENT ASSETS

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
(a) Capital Advances	118.59	244.79
(b) Advances other than Capital Advances		
Prepaid Expenses	91.73	70.44
Withholding Taxes & Others*	33.15	56.32
Advances to Suppliers	177.70	305.53
Other Receivables	96.58	13.65
Total	**517.75**	**690.73**

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

18 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 31st March, 2026	As at 31st March, 2025
Authorised Share Capital		
10,00,00,000 Equity Shares of ₹ 2/-each	2,000.00	2,000.00
(P.Y. 10,00,00,000 Equity Shares of ₹ 2/-each)		
	2,000.00	2,000.00
Equity shares		
Issued, Subscribed and fully paid up		
9,18,74,735 Equity Shares of ₹ 2/- each fully paid up	1,837.49	1,837.49
(P.Y. 9,18,74,735 Equity Shares of ₹ 2/- each fully paid up)		
Total	**1,837.49**	**1,837.49**

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026		As at 31st March, 2025	
	Number of shares	Amount	Number of shares	Amount
Opening balance (face value ₹ 2/- each)	9,18,74,735	1,837.49	9,18,74,735	1,837.49
Issued during the year	-	-	-	-
Closing balance (face value ₹ 2/- each)	9,18,74,735	1,837.49	9,18,74,735	1,837.49

(₹ in Lakhs unless otherwise stated)

(c)

Utilisation of IPO Proceeds (Net of IPO Expenses) as per Prospectus are as follows:	Planned as per Prospectus	Utilisation upto 31st March, 2026	Un-utilised as of 31st March, 2026 (*)
Funding working capital requirements of the Company	5,400.00	5,400.00	-
Funding Capital expenditure(CAPEX)	2,550.86	2,550.86	-
General corporate Purposes (As revised upon finalisation of IPO Expenses)	1,718.26	1,718.26	-
Total	**9,669.12**	**9,669.12**	**-**

(*) Unutilised IPO proceeds as of 31st March, 2026 are kept in fixed deposits with banks and shown under Other bank balances (Refer note 13).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

(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 31st March, 2026		As at 31st March, 2025	
	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. ₹ 2/-each)				
Anjana Haresh Motwani	2,87,00,675	31.24%	2,87,00,675	31.24%
Karan Haresh Motwani	2,68,50,000	29.22%	2,68,50,000	29.22%
Nidhi Haresh Motwani	1,00,00,000	10.88%	1,00,00,000	10.88%
	6,55,50,675	**71.35%**	**6,55,50,675**	**71.35%**

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 31st March, 2026 are as follows:

Shares held by promoters at the end of the year	Class of Shares	As at 31st March, 2026		As at 31st March, 2025		% Change during the year
		No. of Shares	% of total shares at beginning	No. of Shares	% of total shares at end	
1. Anjana Haresh Motwani	Equity	2,87,00,675	31.24%	2,87,00,675	31.24%	0.00%
2. Karan Haresh Motwani	Equity Shares	2,68,50,000	29.22%	2,68,50,000	29.22%	0.00%
3. Nidhi Haresh Motwani	Equity Shares	1,00,00,000	10.88%	1,00,00,000	10.88%	0.00%

19 OTHER EQUITY

Particulars	As at 31st March, 2026	As at 31st March, 2025
Retained Earnings	5,650.59	5,304.02
Securities Premium	11,286.45	11,286.45
Total	**16,937.04**	**16,590.47**

Particulars	As at 31st March, 2026	As at 31st March, 2025
(A) Securities Premium		
Opening balance	11,286.45	11,286.45
Add: Premium received on issue of shares	-	-
Closing balance	**11,286.45**	**11,286.45**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

Particulars	As at 31st March, 2026	As at 31st March, 2025
(B) Retained Earnings		
Opening balance	5,304.02	3,764.98
	5,304.02	**3,764.98**
Add: Total Comprehensive Income for the year	714.07	1,814.67
Less: Premium utilised for payment of dividend	(367.50)	(275.63)
Closing balance	**5,650.59**	**5,304.02**
Total	**16,937.04**	**16,590.47**

20 LEASE LIABILITIES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Non-Current		
Lease Liability	57.41	68.24
Total	**57.41**	**68.24**
Current		
Lease Liability	40.40	133.33
Total	**40.40**	**133.33**

(Movement of Lease Liabilities, refer Note No. 20(a)).

20(a) The Movement of lease liabilities during the years ended 31st March, 2026 and 31st March, 2025 is as follows:

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Balance at the beginning	201.57	264.00
Additions	49.16	55.32
Finance cost accrued during the year	13.36	-
Deletions	-	-
Payment of Lease Liabilities	(166.28)	(117.76)
Total	**97.81**	**201.57**

21 BORROWINGS (CURRENT)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Loan repayable on demand		
Secured (Refer Note "Sanction Terms")		
Bank Overdraft	325.53	553.62
Current maturity of long term loans	-	15.16
Total	**325.53**	**568.78**

Sanction Terms:-

Short term Secured Loans & Working Capital Facilities:-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

ICICI Bank

Against Hypothecation of company's entire current Assets.

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

IndusInd Bank

Against Hypothecation of company's entire current Assets.

Personal Guarantee of Directors - Karan Motwani & Anjana Motwani

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

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

22 TRADE PAYABLES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Total outstanding dues of micro and small enterprises*	771.93	578.97
Total outstanding dues of creditors other than micro and small enterprises	1,992.85	1,720.62
Total	**2,764.78**	**2,299.60**

**Refer Note No.39 - The disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 have been made in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with the Company.*

Refer Note No 49 for Trade Payables ageing schedule.

23 OTHER FINANCIAL LIABILITIES - CURRENT

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
(a) Others		
Security deposits	1.00	1.00
Payable to Employees	423.30	323.16
Payable towards expenses	2.27	3.47
Payable towards services received	128.07	6.98
Payable towards stores, spares and consumables	40.36	85.43
Capital Creditors	91.99	234.35
Total	**686.99**	**654.39**

24 OTHER CURRENT LIABILITIES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Withholding taxes and others	15.71	18.26
Other Statutory Dues	22.91	25.06
Advances received from customers	144.05	134.54
Liability towards Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 (IEPF) not due		
- Unpaid/Unclaimed dividends	5.34	2.08
Total	**188.01**	**179.94**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

25 PROVISIONS

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Non Current		
Provision for Gratuity	69.02	79.92
Total	**69.02**	**79.92**
Current		
Provision for Employee benefits	30.00	30.00
Provision for Expenses	272.78	266.70
Total	**302.78**	**296.70**

26 CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Current Tax Payable (Net of Advance tax)	0.07	1.85
Total current tax liabilities	**0.07**	**1.85**

26 REVENUE FROM OPERATIONS

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Revenue from Operations (Net)	24,927.52	24,979.33
Total	**24,927.52**	**24,979.33**

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

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Contracted Price	25,604.42	25,589.44
Reduction towards variable consideration components^	(676.90)	(610.11)
	24,927.52	**24,979.33**

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

28 OTHER INCOME

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
(a) Interest Income		
Interest on Fixed deposits with banks	85.88	125.90
(b) Other Gains and Losses		
Exchange gain/(losses) on transactions	52.44	86.87
Rodtep Subsidy	12.02	21.02
Duty Drawback Refund	21.11	28.88
Insurance Claim Received	0.46	-
Interest on Debentures	134.24	-
Freight/Transportation Charges Recovered	10.43	9.49
Expected Credit Gain	-	55.69
Gain on sale of current investments designated as FVTPL	26.97	67.54
Fair value gain arising from financial instruments designated as FVTPL	-	44.39
Sundry Balances written back	15.37	4.56
Miscellaneous income	0.80	13.26
Total	**359.72**	**457.62**

29 COST OF MATERIAL CONSUMED

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Raw materials & Components at the beginning of the year	2,465.43	2,048.55
Add: Purchases		
Raw Material & Components	12,734.51	13,187.79
Less: Raw materials & Components at the end of the year	2,261.59	2,465.43
Less: Loss of Inventory due to fire disclosed seperately under exceptional items (Refer Note 35)	1,170.60	-
Total	**11,767.75**	**12,770.91**

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

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Inventories at the beginning of the year	3,184.07	2,720.43
Less: Inventories at the end of the year	2,788.64	3,184.07
Less: Loss of Inventory due to fire disclosed seperately under exceptional items (Refer Note 35)	386.67	-
Less: Provision for Obsolence	41.22	-
Net (increase) / decrease in inventories	**(32.46)**	**(463.63)**

31 EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Salaries and wages (including Staff Welfare)	3,503.64	2,960.88
Director's Remuneration	205.54	195.16
Contribution to Provident and other funds	139.38	137.42
Gratuity expense	70.65	49.16
Bonus	75.93	61.14
Total	**3,995.14**	**3,403.75**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

32 FINANCE COSTS

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Interest on secured borrowing	53.44	8.78
LC Charges	1.58	1.94
Interest expenses on financial liabilities measured at amortised cost	10.25	17.02
Interest on late Payments of TDS/TCS	0.17	0.52
Interest on late Payments Others	3.01	0.87
Bank Charges & Commission	2.65	33.09
Subvention Charges (Sale Invoice Discounting)	195.48	152.90
Total	**266.58**	**215.12**

33 DEPRECIATION EXPENSES

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Depreciation on property, plant and equipment (Refer Note 5 & 6)	451.51	355.02
Depreciation on intangible assets (Refer Note 7B)	4.42	6.90
Amortisation of Right to Use Assets (Refer Note 7A)	126.91	109.89
Total	**582.84**	**471.80**

34 OTHER EXPENSES

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Production expenses	1,021.80	953.12
Telephone and communication charges	20.87	18.56
Printing & Stationery	8.94	9.79
Repairs & maintenance expenses		
Building	-	7.94
Machinery	263.47	141.83
Conveyance and travelling expenses	494.83	417.13
Insurance charges	130.43	97.53
Independent Director's Sitting Fees	9.90	9.75
Business promotion expenses	613.33	669.25
Legal & professional charges	218.62	149.14
Office Expenses/Miscellaneous Expenses	62.71	54.33
Donation	7.85	2.10
Lease Rent & License Fees	89.72	59.47
Rates & Taxes	28.95	28.32
Bad Debt	36.32	-
Membership & subscription	13.89	5.26
Payment to Auditors (refer note 36 (a))	20.00	20.00
Computer consumables, software & maintenance charges	45.07	43.24

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Selling & Distribution Expenses	187.16	176.82
Carriage & Freight	567.81	471.95
Fair value gain arising from financial instruments designated as FVTPL	9.76	-
Expected Credit Loss	302.22	1.89
Loss on Sale of Fixed Asset	-	0.26
Write-down of obsolete inventories	41.22	-
CSR Expenses (refer note 36 (b))	39.27	40.91
Total	**4,234.13**	**3,378.59**

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

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Statutory Audit Fees	20.00	19.00
Other Services-Limited Reviews, Certifications & Reimb. of Exp.	-	1.00
Total	**20.00**	**20.00**

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

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
A. Gross amount required to be spent by the Group during the year	44.22	34.20
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	20.01	19.74
(ii) On purpose other than above - in cash	19.26	5.09
C. Disclosure as per section 135(5)-Excess amount spent		
Opening unspent amount	(7.26)	(0.55)
Gross amount to be spent by the Company for the current year	44.22	34.20
	36.96	**33.65**
Gross amount spent by the Company of previous years		
Gross amount spent by the Company for Current year (Allowable)	39.27	40.91
	39.27	**40.91**
Excess amount paid during the year carried forward as prepaid(*)	(2.31)	(7.26)

** Amount of ₹ 2.31 Lakhs (31st March, 2025: 7.26 Lakhs) available to be set off in upcoming financial year.*

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

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Bad Debts written	36.32	48.30
Expected Credit Allowance	-	(48.30)
Bad Debts written off (net of expected credit loss allowance)	**36.32**	**-**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

34 EXCEPTIONAL ITEMS

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Statutory Impact of New Labour Code	42.06	-
GST Demand Paid for Previous Period	38.92	-
Loss due to fire (Refer Note below)	-	-
Total	**80.98**	**-**

Note

On 17th January, 2026, a fire incident occurred at the Company's manufacturing facility at Village Narangi, Taluka Khalapur, District Raigad (Unit-1), resulting in damage to certain property, plant and equipment, inventories and other assets. The Company is adequately insured for replacement value of the affected assets as well as for loss of profits due to business interruption. Based on a preliminary internal assessment, the Company has recognised an estimated loss of ₹ 685.23 Lakhs in respect of the damaged assets and has correspondingly recognised an insurance claim receivable to the extent considered recoverable. As at 31st March, 2026, the Company is in the process of finalising and lodging the insurance claim with the insurance company. The Company has recognised an insurance claim receivable to the extent it is considered virtually certain of realisation Accordingly:

- Inventories amounting to ₹ 1,803.93 Lakhs (including GST Reversal) have been derecognised.
- The net book value amounting to ₹ 685.23 Lakhs of assets destroyed has been derecognised by adjusting the gross block and accumulated depreciation.
- In respect of partially damaged assets, where repair costs are expected to be recoverable, such assets have been retained in the books and the differential amount between their net carrying value and the estimated recoverable amount has been appropriately recognised.
- Incidental expenditure amounting to ₹ 9.34 Lakhs relating to restoration activities, including fire-fighting and site clean-up costs, has been capitalised under Capital Work-in-Progress (CWIP Restoration), where applicable, in accordance with the Company's accounting policy.

An amount of ₹ 2,498.50 Lakhs recognised towards insurance claim receivable has been disclosed under "Other Current Financial Assets".

The survey and loss assessment by the insurance company are in progress, and the final insurance claim is yet to be lodged. Accordingly, there is inherent uncertainty in the estimation of the claim amount. Any difference between the estimated and the final settlement will be recognised in the period in which the claim is finalised.

36 TAX ASSET (NET) / TAX EXPENSE

(A) Deferred tax expense

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
(DTL)/DTA for the year	160.22	(112.83)
(DTL)/DTA on OCI for the year	(5.50)	3.26
Net (DTL)/DTA for the year	154.71	(109.57)
Balance of Deferred Tax Asset /(Liability) as at 31st March, 2025	(96.83)	12.75
Balance of Deferred Tax Asset /(Liability) as at 31st March, 2026	**57.89**	**(96.83)**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

Movement of Deferred Tax assets and liabilities:

Movement during the period ended 31st March, 2026	31st March, 2025	Recognised in Statement of Profit & Loss	Recognised under OCI	31st March, 2026
Deferred Tax Liability in relation to:				
Property, Plant and Equipments	(256.96)	83.31		(173.65)
ROU Assets	(43.39)	20.28		(23.12)
Intangible Assets	0.55	(3.83)		(3.28)
Expected Credit Loss	131.88	76.06		207.95
Remeasurement (loss)/gain on defined benefit plan	20.11	2.77	(5.50)	17.37
Lease Liability	50.73	(26.11)		24.62
Items allowed on payment basis (Prepaid/PPI)	9.15	(1.60)		7.55
Fair value of financial instruments	(8.90)	9.34		0.44
Net deferred Tax Liability	**(96.83)**	**160.22**	**(5.50)**	**57.89**
Disclosed as:				
Deferred tax assets	**-**			**59.72**
Deferred tax liabilities	**(96.83)**			**(1.83)**
	(96.83)			**57.89**

Movement of Deferred Tax assets and liabilities:

Movement during the period ended 31st March, 2025	31st March, 2024	Recognised in Statement of Profit & Loss	Recognised under OCI	31st March, 2025
Deferred Tax Liability in relation to:				
Property, Plant and Equipments	(169.92)	(87.04)		(256.96)
ROU Assets	(56.53)	13.14		(43.39)
Intangible Assets	0.17	0.38		0.55
Expected Credit Loss	157.58	(25.70)		131.88
Remeasurement (loss)/gain on defined benefit plan	17.37	(0.52)	3.26	20.11
Lease Liability	56.53	(5.80)		50.73
Items allowed on payment basis (Prepaid/PPI)	7.55	1.60		9.15
Fair value of financial instruments		(8.90)		(8.90)
Net deferred Tax Liability	**12.75**	**(112.83)**	**3.26**	**(96.83)**

(B) Income tax expense

Particulars	As at 31st March, 2026	As at 31st March, 2025
- Current tax taxes	(193.21)	(438.90)
- Adjustments in respect of current income tax of previous year	(1.50)	-
- Deferred tax charge / (income)	154.71	(109.58)
Income tax expense reported in the statement of profit or loss	**(40.00)**	**(548.48)**

(C) Income tax expense charged to OCI

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Net loss/(gain) on remeasurements of defined benefit plans	(5.50)	3.26
Income tax charged to OCI	**(5.50)**	**3.26**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

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

Particulars	As at 31st March, 2026	As at 31st March, 2025
Profit before tax	737.70	2,372.84
Tax Rate	25.17%	25.17%
Income tax expense at tax rates applicable	185.66	597.20
Tax effects on Depreciation & non deductible expenditure	(147.16)	(48.72)
Adjustments in respect of current income tax of previous year	1.50	-
Income tax (expense) / income	**40.00**	**548.48**

(E) Unrecognised Deferred tax assets

Particulars	As at 31st March, 2026	As at 31st March, 2025
Deferred tax asset		
Deferred tax asset on business losses	-	-
Deferred tax asset on unabsorbed depreciation	-	-
Other Unrecognised deferred tax asset	-	-
On unwinding of interest on borrowings from related parties	-	-
On Fair valuation of Security deposits given	-	-
Deferred tax liability		
On Fair valuation of interest free borrowings from related parties	-	-
Total	**-**	**-**

37 EARNINGS/ LOSS PER SHARE

Basic earnings /(loss) per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

The 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 31st March, 2026	As at 31st March, 2025
Ordinary equity shareholders		
Profit/(Loss) attributable to ordinary equity holders	697.70	1,824.36
Weighted average number of equity shares for calculation of basic EPS	9,18,74,735	9,18,74,735
Face Value per share (₹)	2	2
Basic Earnings per share (₹)	0.76	1.99
Diluted Earnings per share (₹)	0.76	1.99

Computation of Weighted Average number of shares

Particulars	As at 31st March, 2026	As at 31st March, 2025
Calculation of weighted number of shares of ₹ 2/- each		
Number of shares outstanding as an 1st April	9,18,74,735	9,18,74,735
Weighted number of Shares considered for calculation of Basic EPS	**9,18,74,735**	**9,18,74,735**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

38 CONTINGENT LIABILITIES AND COMMITMENTS

A - Contingent Liabilities

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
1. Letter of comfort issued to banks	-	-
2. Claim against the Group not acknowledged as debt		
(i) Income Tax matter dispute under appeal (AY 14-15)	2.70	2.70
(ii) Income Tax Matter - Rectification filed for Demand under section 147 (AY 19-20)	2.82	241.59
(iii) Others- Uncrystallised effect of Bank Guarantee given by Group to Deputy Commissioner, Central Excise Anti Evasion Wing, Mumbai#	-	51.25
(iv) Demand raised against short duty paid Under Sec. 11A(10) of Central Excise (iv)Act, 1944 (Appeal Filed In Tribunal, Appeal No. E/86416/2021)	-	2.06
(v) Demand Pertaining To GST Audit U/s 65(6) CGST Act 2017 For The Period From 2019-20 To 2023-24.	291.76	
Total	**297.28**	**297.60**

#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 2019-20. The same pertains to the redemption fine which is now being waived off, Group awaits the order to release the BG.

The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Group's financial position and results of operations.

Trademark Proceedings

The Group is subject to ongoing proceedings on Trademark applications which have arisen in ordinary course of business. The Group'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 Group's results of operations or financial condition.

B - Commitments

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
1. Estimated amount of Contracts remaining to be executed on Capital account and not provided for		
(i) Towards Property, Plant & Equipment	237.19	61.59
(ii) Towards Intangible Assets	-	-
Total	**237.19**	**61.59**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

39 DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

(₹ in Lakhs unless otherwise stated)

	Particulars	As at 31st March, 2026	As at 31st March, 2025
(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*	771.93	578.97
	Interest due on above	-	-
(ii)	Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along whit the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iii)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(iv)	The amount of Interest accrued and remaining unpaid at the end of each accounting year	-	-
(v)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-
Total		**771.93**	**578.97**

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.

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

40 EMPLOYEE BENEFITS

(A) Defined Contribution Plans

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

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Employer's Contribution to Recognised Provident Fund	150.57	159.99

(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 31st March, 2026	As at 31st March, 2025
Defined benefit obligation at the beginning of the year	229.98	159.66
Interest cost	15.33	10.50
Past service cost	42.06	-
Current service cost	66.35	44.88
Benefits paid	(12.13)	(1.18)
Actuarial (gain)/ loss on obligations - Due to change in Financial Assumptions	(17.80)	9.95

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Actuarial (gain)/ loss on obligations - Due to experience	(3.19)	6.17
Defined benefit obligation at the year end	**320.60**	**229.98**

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

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Fair value of plan assets at the beginning of the year	150.06	90.63
Employer contribution	101.73	50.00
Benefits paid	(12.13)	(1.18)
Interest Income	11.04	6.22
Return on plan assets excluding interest income	0.87	4.39
Fair value of plan assets at the year end	**251.57**	**150.06**

c) Investment details of Plan Assets

Sr. 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 31st March, 2026	For the Year Ended 31st March, 2025
In Income Statement	112.70	49.16
In Other comprehensive Income	(21.87)	12.95
Expense recognised during the year	**90.83**	**62.11**

e) Expense recognised in Other comprehensive income

(₹ in Lakhs unless otherwise stated)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Actuarial (gain) / loss on Obligation for the period		
changes in financial assumptions	(17.80)	11.17
experience adjustment	(3.19)	6.17
Actual Return on Plan Assets less interest on plan assets	(0.87)	(4.39)
Net actuarial (gains) / losses recognised in Other Comprehensive Income	**(21.87)**	**12.95**

f) Reconciliation of fair value of assets and obligations

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March 2025
Present value of defined benefit obligations	(320.60)	(229.98)
Fair Value of Plan Assets	251.57	150.06
Net asset / (liability)	**(69.02)**	**(79.92)**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

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

(₹ in Lakhs unless otherwise stated)

Impact on defined benefit obligation	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Discount rate		
0.5% increase	305.83	218.97
0.5% decrease	336.71	242.03
Rate of increase in salary		
0.5% increase	335.15	241.36
0.5% decrease	306.97	219.46
Rate of employee turnover		
1% increase	-	-
1% decrease	-	-

h) Maturity profile of defined benefit obligation

(₹ in Lakhs unless otherwise stated)

Year	As at 31st March, 2026	As at 31st March, 2025
Expected Outgo First	64.40	45.51
Expected Outgo Second	16.95	9.69
Expected Outgo Third	17.04	12.40
Expected Outgo Fourth	17.30	12.10
Expected Outgo Fifth	20.01	12.53
Expected Outgo Six to Nine years	102.50	62.52
Expected Outgo for Ten years and above	586.12	406.58

ii) Actuarial assumptions: Valuations in respect of above have been carried out by independent actuary, as at the balance sheet date, based on the following assumptions

Particulars	As at 31st March, 2026	As at 31st March, 2025
Discount rate (per annum)	7.35%	6.80%
Rate of increase in Salary	7.00%	7.00%

In India, the market for high quality corporate bonds being not developed, the yield of government bonds is considered as the discount rate. The tenure has been considered taking into account the past long-term trend of employees' average remaining service life which reflects the average estimated term of the post-employment benefits obligations.

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

Note on other risks:

i. **Investment Risk –** The funds are invested by HP Adhesives Limited Employees Group Gratuity Trust managed by HDFC and they provide returns basis the prevalent bond yields, Bank on an annual basis requests for contributions to the fund.

ii. **Interest Risk –** HP Adhesives Limited Employees Group Gratuity Trust managed by HDFC does not provide market value of assets, rather maintains a running statement with interest rates declared annually – The fall in interest rate is not therefore offset by increase in value of Bonds, hence may pose a risk.

iii. **Longevity Risk –** Since the gratuity payment happens at the retirement age of 60 or on leaving of Job post completion of 5 years whichever is early, longevity impact is very low at this age, hence this is a non-risk.

iv. **Salary Risk –** The liability is calculated taking into account the salary increase, basis past experience of the Group's actual salary increases with the assumptions used, they are in line, hence this risk is low risk.

41 LEASES

(A) Operating leases where Group is a lessee:

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2026 on an undiscounted basis:

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Within one year	40.40	141.17
After one year but not more than five years	57.41	14.38
More than five years	-	-

(B) Finance lease where Group is a lessor:

Not Applicable

42 RELATED PARTY DISCLOSURES:

(a) List of Related Party and related party relationship:

Related Party Relationship	Party	Relation
Key Managerial Personnel (KMP)		
Chairperson & Executive Director	Anjana Haresh Motwani	
Managing Director	Karan Haresh Motwani	Son of Chairperson & Executive Director
Executive Director	Nidhi Haresh Motwani	Daughter of Chairperson& Executive Director
Chief Financial Officer	Mihir Suresh Shah	
Company Secretary	Jyoti Nikunj Chawda (till 9th August, 2025)	
	Swati Sunil Talgaonkar (w.e.f. 24th September, 2025)	
Independent Directors	Surendra Kumar Mehta	
	Rajendra Kumar Jain	
	Ajeet Anant Walavalkar (till 12th February, 2026)	
	Chandra Sekhar Nettem (w.e.f. 12th February, 2026)	
Subsidiary	Unitybond Solutions Private Limited	Wholly Owned Subsidiary Company
Other Companies	Raigad Carbides HUF	HUF in which Ms. Nidhi Motwani, Executive Director's spouse is member

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

Related Party Relationship	Party	Relation
	Raigad Oxygen Private Limited	Director's spouse is Director
	HP Composites LLP	Director's are Designated Partners
	Raigad Steel and Roll Forms Private Limited	Director's spouse is Director
	HP Trading	Director is a Proprietor
	HP Sales Corporation	Director is a Proprietor
	Advance Solvent Adhesives	Director is a Proprietor
	HP Marketing	Director is Proprietor
	HP International	Director is Partner
	Hindustan Products	Director is a Proprietor
	HP Plastics	Director is a Proprietor
	HDM Estates Private Limited	Common Director's
	Hindustan Plastics	Director is a Proprietor
	HP International Limited	Common Director's

(b) Related Party Transactions during the year:

Related Party Relationship	2025-26		2024-25	
Key Managerial Personnel (KMP)	**Transaction Value**	**Outstanding Amt**	**Transaction Value**	**Outstanding Amt**
Remuneration to KMP	276.26	(44.18)	256.76	(20.87)
Rent paid to KMP	91.40		86.40	
Independent Director sitting fees	9.90	0.00	9.75	0.00
Dividend paid to Promoter Group	262.22	0.00	196.65	0.00
Raigad Carbides HUF				
Sale of Goods	6.23		5.24	
Purchase of Goods	1.81	2.26	1.75	1.40
Purchase of Assets	0.00		0.00	
Raigad Oxygen Private Limited				
Sale of Goods	57.55	(2.67)	50.06	(0.70)
HP Composites LLP				
Sale of Goods	2.17	1.13	1.32	0.17
Purchase of Goods	3.84		0.04	
Raigad Steel and Roll Forms Private Limited				
Purchase of Assets	0.00		19.29	
Unitybond Solutions Private Limited				
Sale of Goods	126.60		252.35	
Purchase of Goods	0.06	9.13	0.00	124.00
Sale of Assets	0.00		25.69	
HP Adhesives Limited Employees Group Gratuity Trust				
Other transaction	100.00	239.66	50.00	150.06

1. *All transaction with related parties are made on terms equivalent to and those applicable to all unrelated parties on arm's length transactions. Outstanding balances payable and receivable at the year-end are unsecured, interest free and will be settled in cash.*
2. *Dividend paid to Close Family Members of Key Managerial Personnel is less than 10% of overall dividend paid to Related parties.*
3. *Does not include post-employment benefit based on actuarial valuation as this is done for the Company as a whole.*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

43 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 31st March, 2026 are as follows:

(₹ in Lakhs unless otherwise stated)

Particulars	Amortised Cost	Financial assets/liabilities at FV through profit and loss		Financial assets/ liabilities at FV through OCI (including Equity instruments Designated upon initial recognition)	Total carrying value	Total fair Value
		Designated upon initial recognition	Mandatory			
FINANCIAL ASSETS						
Investment	2,228.44	-	(9.76)	-	2,218.68	2,218.68
Trade receivables	3,725.84	-	-	-	3,725.84	3,725.84
Cash and cash equivalents	88.97	-	-	-	88.97	88.97
Other Bank balances	735.12	-	-	-	735.12	735.12
Other Financial Asset	2,694.13	-	-	-	2,694.13	2,694.13
Loans and advances	111.09	-	-	-	111.09	111.09
Total	**9,583.59**	**-**	**(9.76)**	**-**	**9,573.83**	**9,573.83**
FINANCIAL LIABILITIES						
Lease Liabilities	97.81	-	-	-	97.81	97.81
Borrowings	325.53	-	-	-	325.53	325.53
Trade payables	2,764.78	-	-	-	2,764.78	2,764.78
Other Financial Liabilities	686.99				686.99	686.99
Total	**3,875.11**	**-**	**-**	**-**	**3,875.11**	**3,875.11**

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 31st March, 2025 are as follows:

(₹ in Lakhs unless otherwise stated)

Particulars	Amortised Cost	Financial assets/liabilities at FV through profit and loss		Financial assets/ liabilities at FV through OCI (including Equity instruments Designated upon initial recognition)	Total carrying value	Total fair Value
		Designated upon initial recognition	Mandatory			
FINANCIAL ASSETS						
Investment	2,420.45	-	44.39	-	2,464.84	2,464.84
Trade receivables	4,174.39	-	-	-	4,174.39	4,174.39
Cash and cash equivalents	313.73	-	-	-	313.73	313.73
Other Bank balances	1,176.46	-	-	-	1,176.46	1,176.46
Other Financial Asset	285.96	-	-	-	285.96	285.96
Loans and advances	101.69	-	-	-	101.69	101.69
Total	**8,472.67**	**-**	**44.39**	**-**	**8,517.07**	**8,517.07**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (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			
FINANCIAL LIABILITIES						
Lease Liabilities	201.57	-	-	-	201.57	201.57
Borrowings	568.78	-	-	-	568.78	568.78
Trade payables	2,299.60	-	-	-	2,299.60	2,299.60
Other Financial Liabilities	654.39				654.39	654.39
Total	**3,724.34**	**-**	**-**	**-**	**3,724.34**	**3,724.34**

*Includes bank deposits classified under other current assets

44 FAIR VALUE HIERARCHY

The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents, other bank balances, other financial assets and other financial liabilities (other than those specifically disclosed) are considered to be the same as their fair values, due to their short term nature.

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

(₹ in Lakhs unless otherwise stated)

Particulars	Level 1	Level 2	Level 3
As at 31st March, 2026			
FINANCIAL ASSETS			
(a) Financial assets measured at fair value through profit or loss			
Investment	2,218.68	-	-
Trade receivables	-	3,725.84	-
Cash and cash equivalents	-	88.97	-
Other Bank balances	-	735.12	-
Other Financial Asset	-	2,694.13	-
Loans and advances	-	111.09	-
FINANCIAL LIABILITIES			
Financial liabilities measured at amortised cost			
Lease Liabilities	-	97.81	-
Borrowings	-	325.53	-
Trade payables	-	2,764.78	-
Other Financial Liabilities	-	686.99	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

(₹ in Lakhs unless otherwise stated)

Particulars	Level 1	Level 2	Level 3
As at 31st March, 2025			
FINANCIAL ASSETS			
(a) Financial assets measured at fair value through profit or loss			
Investment	2,464.84	-	-
Trade receivables	-	4,174.39	-
Cash and cash equivalents	-	313.73	-
Other Bank balances	-	1,176.46	-
Other Financial Asset	-	285.96	-
Loans and advances	-	101.69	-
FINANCIAL LIABILITIES			
Financial liabilities measured at amortised cost			
Lease Liabilities	-	201.57	-
Borrowings	-	568.78	-
Trade payables	-	2,299.60	-
Other Financial Liabilities	-	654.39	-

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 standalone financial Statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to various financial risks. These risks are categorised into market risk, credit risk and liquidity risk. The Group's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Group 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 Group exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (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 Group'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
2025-26					
₹	Variable Interest Rate Borrowings	276.73	(₹ in Lakhs)	+100	2.77
			(₹ in Lakhs)	(100)	(2.77)
USD	Variable Interest Rate Borrowings	-	($ in '000)	+100	-
			($ in '000)	-100	-
2024-25					
₹	Variable Interest Rate Borrowings	561.67	(₹ in Lakhs)	+100	5.62
			(₹ in Lakhs)	(100)	(5.62)
USD	Variable Interest Rate Borrowings	-	($ in '000)	+100	-
			($ in '000)	(100)	-

(ii) Currency risk

The functional currency of the Group is Indian Rupee. The Group is exposed to currency risk on account of its trade receivables, trade payables and payables for goods in foreign currency. The Group 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 Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Group'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)
2025-26	5,50,609	+5%	27,530.47
		(5%)	(27,530.47)
2024-25	7,08,593	+5%	35,429.65
		(5%)	(35,429.65)

(B) **Credit risk**

Credit risk is the risk of financial loss to the Group 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 Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Group 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 Group 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (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 31st March, 2026)	Expected loss rate	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Not due	2,433.99	2.02%	49.14	2,384.86
0-30 days	614.73	9.08%	55.80	558.93
30-60 days	337.75	16.93%	57.17	280.58
60-90 days	145.59	25.56%	37.22	108.37
90-120 days	317.16	25.56%	81.08	236.08
120-150 days	151.91	38.14%	57.94	93.98
150-180 days	43.03	58.85%	25.32	17.71
More than 180 days	507.91	91.06%	462.58	45.33
Carrying amount of trade receivables (net of impairment)	**4,552.09**		**826.24**	**3,725.84**
Total				**3,725.84**

(₹ in Lakhs unless otherwise stated)

Receivables Ageing	Gross Carrying amount (as on 31st March, 2025)	Expected loss rate	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Not due	2,895.59	1.62%	46.87	2,848.72
0-30 days	939.51	6.56%	61.64	877.87
30-60 days	210.92	15.83%	33.40	177.52
60-90 days	152.96	28.74%	43.95	109.01
90-120 days	137.28	28.76%	39.48	97.80
120-150 days	28.39	45.31%	12.86	15.52
150-180 days	17.52	65.06%	11.40	6.12
More than 180 days	316.24	86.77%	274.41	41.83
Carrying amount of trade receivables (net of impairment)	**4,698.40**		**524.02**	**4,174.39**
Total				**4,174.39**

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

Particulars	As at 31st March, 2026	As at 31st March, 2025
Opening Provision	522.13	626.13
Add: Adjustments during the year	304.11	(104.00)
Closing provision	**826.24**	**522.13**

(C) **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

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

(₹ in Lakhs unless otherwise stated)

Particulars	Less than 1 year	1 year to 5 years	More than 5 years	Total
As at 31st March, 2026				
Borrowings				
Short term borrowings (Net)	325.53	-	-	325.53
Lease liabilities	40.40	57.41	-	97.81
Trade payables	2,764.78	-	-	2,764.78
	3,130.71	**57.41**	**-**	**3,188.12**

(₹ in Lakhs unless otherwise stated)

Particulars	Less than 1 year	1 year to 5 years	More than 5 years	Total
As at 31st March, 2025				
Borrowings				
Term Loans (Including Vehicle Loans)	15.16	-	-	15.16
Short term borrowings	553.62	-	-	553.62
Lease liabilities	141.17	14.38	-	155.55
Trade payables	2,299.60	-	-	2,299.60
	3,009.55	**14.38**	**-**	**3,023.93**

46 CONTRACT BALANCES

(₹ in Lakhs unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Trade receivables	-	-
Contract assets	-	-
Contract liabilities	-	-

Amount of revenue recognised from Contract liabilities

Particulars	As at 31st March, 2026	As at 31st March, 2025
Amounts included in contract liabilities at the beginning of the year	-	-

47 CAPITAL MANAGEMENT

For the purposes of the Group's capital management, capital includes equity attributable to the equity holders of the Group and all other equity reserves. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and maximise shareholder value. The Group 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 Group may adjust the dividend payment to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

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

Particulars		As at 31st March, 2026	As at 31st March, 2025
Total Equity	(i)	18,774.53	18,427.97
Total Borrowings		325.53	568.78
Less: Cash and Cash Equivalents (including Banks deposits & Liquid Mutual Funds)		(3,140.71)	(4,257.50)
Net debt	(ii)	(2,815.18)	(3,688.72)
Net Debt to Equity ratio (Net Gearing Ratio)	**(ii)/ (i)**	**(14.99%)**	**(20.02%)**

Dividends

(₹ in Lakhs unless otherwise stated)

Equity Share	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Interim Dividend of ₹ /- each	-	-
Final Dividend of ₹ 0.30/- each	367.50	275.63
	367.50	**275.63**

48 TRADE RECEIVABLES (GROSS) AGEING SCHEDULE FOR THE YEARS ENDED AS ON 31ST MARCH, 2026 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	
A. Undisputed Trade Receivables						
(i) Considered good	3,680.51	14.87	8.05	4.63	17.78	3,725.84
(ii) Having significant increase in credit risk considered doubtful						
(ii) Credit Impaired	363.67	151.10	81.85	47.09	182.55	826.24
B. Disputed Trade Receivables						
(i) Considered good						
(ii) Having significant increase in credit risk considered doubtful						
(ii) Credit Impaired						

Trade Receivables(Gross) Ageing Schedule for the years ended as on 31st March, 2025 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	
A. Undisputed Trade Receivables						
(i) Considered good	4,132.56	5.52	8.05	9.17	19.09	4,174.39
(ii) Having significant increase in credit risk considered doubtful						
(ii) Credit Impaired	249.60	36.20	52.79	60.19	125.25	524.02

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

(₹ 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. Disputed Trade Receivables						
(i) Considered good	-	-	-	-	-	-
(ii) Having significant increase in credit risk considered doubtful	-	-	-	-	-	-
(ii) Credit Impaired	-	-	-	-	-	-

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

#Gross carrying values after deducting the bad debts are considered without considering the effect of provision of ECL are considered.

49 TRADE PAYABLES AGEING SCHEDULE FOR THE YEARS ENDED AS ON 31ST MARCH, 2026 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	741.13		30.80		771.93
(ii) Dues to Other than Micro & Small Enterprises	1,989.40	1.93	0.43	1.09	1,992.85
(iii) Disputed dues to Micro & Small Enterprises	-	-	-	-	-
(iv) Disputed Dues to other than Micro & Small Enterprises	-	-	-	-	-

Trade Payables Ageing Schedule for the years ended as on 31st March, 2025 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	548.17	30.81	-	-	578.97
(ii) Dues to Other than Micro & Small Enterprises	1,717.94	1.58	-	1.10	1,720.62
(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.

50 The Group does not have material transactions with the struck off companies during the current and previous years.

51 The Group do not have any benami property held in its name. No proceedings have been initiated on or are pending against the Parent and subsidiary for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

52 The Group have not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

53 The Group do not have any charges or satisfaction of charges which is yet to be registered with Registrar of Companies beyond the statutory period.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

54 The Group have complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

55 DISCLOSURE OF SIGNIFICANT RATIO:

	Particulars	Numerator	Denominator	As at 31st March, 2026	As at 31st March, 2025	Variance (in %)	Reason for Variance
(a)	Current Ratio	Current Assets	Current Liabilities	3.58	3.57	0.26	NA
(b)	Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.017	0.031	(43.82)	Note (a)
(c)	Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	4.07	11.24	(63.78)	Note (b)
(d)	Return on Equity Ratio,	Net profits after tax	Shareholders Equity	3.7%	9.9%	(62.46)	Note (b)
(e)	Inventory turnover ratio	Cost of Goods Sold	Average Inventory	2.88	2.99	(3.91)	NA
(f)	Trade Receivables turnover ratio	Revenue	Average Trade Receivables	6.31	6.39	(1.19)	NA
(g)	Trade payables turnover ratio	Purchases of RM and Trading goods	Average Trade Payables	6.47	8.44	(23.34)	NA
(h)	Net capital turnover ratio	Revenue	Working Capital (excluding cash and current borrowings)	2.35	2.58	(8.77)	NA
(i)	Net profit ratio	Net Profit	Revenue	2.8%	7.3%	(61.68)	Note (b)
(j)	Return on Capital employed	Earning before Interest & taxes	Capital Employed	5.7%	14.3%	(60.12)	Note (b)
(k)	Return on investment						
	Unquoted (Fixed Deposits)	Income generated from Investments	Average Investments	4.3%	7.3%	(40.68)	Note (b)

Note:

(a) Ratio has declined due to decrease of borrowings as at 31st March, 2026 as compared to previous year.

(b) Ratio has declined due to reduction in net profit during the year as compared to previous year primarily on account of fire incident.

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 Group 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 Group ("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 Group from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether,

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (CONTD.)

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 Group 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.19.

57 There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

58 The Group has not traded or invested in crypto currency or virtual currency during the year.

59 The financial statements of the Group were authorised for issued in accordance with a resolution of the directors on 12th May, 2026.

60 MANAGEMENT NOTE ON AUDIT TRAIL

The Group has used accounting software for maintaining its Books of Accounts which has a feature of recording 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 Group to maintain payroll and excel spreadsheets for inventory records. Wherever Audit trail is enabled no instances of Audit trail feature being tampered with was noted in respect of above accounting software and the audit trail has been preserved by the Group as per the statutory requirements for record retention.

61 RECLASSIFICATION IN THE FINANCIAL STATEMENTS OF COMPARATIVE YEAR

Based on review of commonly prevailing practices and to align with presentation used by the peer group companies, the management of the Group has.

(1) Reclassified Finished Goods returned of ₹ 307.82 Lakhs from Cost of Goods Sold to Revenue from Operations for the year ended 31st March, 2025.

(2) Reclassified Deposit with maturity of more than 3m but less than 12m of ₹ 1,017.17 Lakhs from other current assets to Bank balances other than cash and cash equivalents for the year ended 31st March, 2025.

(3) Reclassified Security Deposit and Accrued Interest on FD of ₹ 52.40 and 16.50 Lakhs respectively from other current asset to Other financial assets for the year ended 31st March, 2025.

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

Place: Bhilwara
Date: 12th May, 2026

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)

SWATI SUNIL TALGAONKAR
(Company Secretary)
(Mem No.: A30463)

Place: Mumbai
Date: 12th May, 2026

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, 5th Floor, C Wing, Business Square, Chakala, Andheri East, Mumbai 400093, Maharashtra, India.

Tel No.: + 91-22-6819 6300; Website: www.hpadhesives.com; Email: investors@hpadhesives.com

NOTICE is hereby given that the 7th Annual General Meeting of the Members of HP Adhesives Limited ("the Company"), will be held on Tuesday, 22nd September, 2026 at 3.30 p.m. 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 Statements (including audited consolidated financial statements) of the Company for the Financial Year ended 31st March, 2026 and the reports of the Board of Directors and Auditors thereon.**

   To consider and if thought fit, to pass the following resolution, as an **Ordinary Resolution:**

   "RESOLVED THAT the audited financial statements (standalone and consolidated) of the Company for the Financial Year ended 31st March, 2026 and the reports of the Board of Directors and Auditors thereon, as circulated to the Members, be and are hereby considered and adopted."

2. **To declare a final dividend of 20% i.e. ₹ 0.40/- per equity share of face value of ₹ 2/- each for the financial year ended 31st March, 2026.**

   To consider and if thought fit, to pass the following resolution, as an **Ordinary Resolution:**

   "RESOLVED THAT the final dividend at the rate of 20% i.e. ₹ 0.40/- per equity share of face value of ₹ 2/- each fully-paid up of the Company, as recommended by the Board of Directors for the Financial Year ended 31st March, 2026, be and is hereby declared and that such dividend be paid to those equity shareholders whose names appear in the Register of Members as on the record date fixed for the purpose."

3. **To appoint Ms. Nidhi Haresh Motwani (DIN: 06655834) as Director, liable to retire by rotation, and being eligible, offers herself for re-appointment.**

   To consider and if thought fit, to pass the following resolution, as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Ms. Nidhi Haresh Motwani (DIN: 06655834), who retires by rotation at this meeting and being eligible has offered herself for re-appointment, be and is hereby re-appointed as a Director of the Company."

SPECIAL BUSINESS

4. **To re-appoint Ms. Nidhi Haresh Motwani (DIN:06655834) as the Executive Director of the Company for a term of 3 (three) consecutive years.**

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

   "RESOLVED THAT in accordance with the provisions of Sections 196, 197, 198 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and relevant provisions of the Articles of Association of the Company, as amended from time to time, and based on the recommendation of the Nomination and Remuneration Committee and Board of Directors of the Company, approval of the Members of the Company be and is hereby accorded for re-appointment of Ms. Nidhi Haresh Motwani (DIN: 06655834) as the Executive Director of the Company (whose directorship is liable to retirement by rotation) for a period of (3) three years from 10th February, 2027 to 9th February, 2030 and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, on the terms and conditions including remuneration as set out in the statement annexed to the Notice convening this Annual General Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Ms. Nidhi Haresh Motwani (DIN:06655834) and the Company subject to the same not exceeding the limits specified under the Companies Act, 2013.

NOTICE OF THE ANNUAL GENERAL MEETING (CONTD.)

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the Executive Director, the payment of remuneration shall be governed by the limits prescribed under Section 197 of the Companies Act 2013 read with Part II of Schedule V to the Act as specifically approved by the Members of the Company.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and things and execute all such documents, instruments, and writings as may be required to give effect to the aforesaid resolution."

5. To approve the remuneration payable to Ms. Nidhi Haresh Motwani (DIN: 06655834) as the Executive Director of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and any other applicable provisions of the Companies Act, 2013 ('the Act') read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V of the Act, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all other rules, regulations, guidelines, statutory notifications made by any statutory authorities (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force) and relevant provisions of the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee and in line with the approval of the Board of Directors of the Company, subject to such approvals as may be required, the approval of the members of the Company is hereby accorded to pay remuneration including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year to Ms. Nidhi Haresh Motwani, Executive Director of the Company from 10th February, 2027 upto 9th February, 2030, as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting.

RESOLVED FURTHER THAT the terms and conditions as set out in the Explanatory Statement annexed hereto be and is hereby approved with liberty to the Board of Directors (which includes Nomination and Remuneration Committee of the Company) to alter and vary the terms and conditions of remuneration in such manner, within the limits as may be agreed to between the Board of Directors and Ms. Nidhi Haresh Motwani.

RESOLVED FURTHER THAT the Board of Directors be and are hereby severally authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company to give full effect to the foregoing resolution."

For **HP Adhesives Limited**

Karan Haresh Motwani
Managing Director
DIN: 02650089

Date: 13th August, 2026
Place: Mumbai

NOTES:

1. The relative Explanatory Statements, pursuant to Section 102 of the Act, in respect of the Special Business set out are annexed hereto.

2. In compliance with General Circular No. 09/2024 dated 19th September, 2024, issued by the Ministry of Corporate Affairs (MCA) and Circular issued by SEBI vide Circular No. SEBI/HO/CFD/CFDPoD-2/P/CIR/2024/133 dated 3rd October, 2024 ("SEBI Circular"), other applicable circulars and notifications issued (including any statutory modifications or re-enactment thereof) for the time being in force and as amended from time to time and the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the **7th Annual General Meeting ("AGM")** of the Company is being held through VC/ OAVM without the physical presence of Members at a common venue. The deemed venue of the AGM shall be the registered office of the Company.

3. The relevant details, pursuant to Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standards-2 issued by ICSI, in respect of Directors seeking appointment/re-appointment at this AGM is annexed to this Notice.

4. 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, 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.

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. 16 below.

6. The Notice of AGM along with the Annual Report is being sent to all the Members/ Beneficiaries electronically, whose names appear on the Register of Members/ Record of Depositories as on **Friday, 28th August, 2026** 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 first 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 Thursday, 13th August, 2026 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 2025-26 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 2025-26 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. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs.

13. If the dividend as recommended by the Board is approved at the AGM, payment of such dividend will be made on or before **Wednesday, 21st October, 2026** 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.

14. **ELECTRONIC CREDIT OF DIVIDEND**: SEBI has made it mandatory for all companies to use the bank account details furnished by the Depositories and the bank account details maintained by the Registrar to an Issue and Share Transfer Agent for payment of dividend to Members electronically. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through the

NOTICE OF THE ANNUAL GENERAL MEETING (CONTD.)

National Electronic Clearing Service (NECS)/ National Electronic Fund Transfer (NEFT)/Real Time Gross Settlement (RTGS)/Direct Credit, etc.

Members are requested to update their bank account details with their respective Depository Participants ("DPs"). The Company or Bigshare cannot act on any request received directly from the Members holding shares in dematerialised form for any change of bank particulars. Such changes are to be intimated only to the DPs of the Members. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode.

Shareholders are requested to ensure that their bank account details in their respective demat accounts are updated to enable the Company to provide timely credit of dividend in their bank accounts.

15. **TDS ON DIVIDEND:** Pursuant to the Income-Tax Act, 2025 ("the IT Act"), as amended by the Finance Act, 2026, dividends paid or distributed by a Company on or after 1st April, 2020 has become taxable in the hands of the shareholders and therefore, the Company shall be required to deduct tax at source ("TDS") from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, shareholders are requested to refer to the Finance Act, 2026 and amendments thereof. Shareholders are requested to update their Permanent Account Number (PAN) with the Depositories.

For Resident Shareholders: Tax shall be deducted at source under section 393(1) [Table Sl. No. 7] of the IT Act at the rate of 10% on the amount of Dividend declared and paid by the Company during the Financial Year ("FY") 2026-27 provided a valid PAN is provided by the shareholder. In case shareholders do not have PAN or have invalid PAN or have not registered their valid PAN details with their DP/ Bigshare or shareholder's PAN is not linked with Aadhaar, TDS at the rate of 20% shall be deducted under section 397(2) of the IT Act.

a) For Resident Individual: No TDS shall be deducted on the Dividend payable to a resident Individual if the total dividend to be received during FY 2026-27 does not exceed ₹ 10,000 as per section 393(4) [Table SI. No.10].

Separately, in cases where the shareholder provides Form 121 (applicable to resident individuals/ including individuals above the age of 60 years), no tax at source shall be deducted provided that the eligibility conditions are being met. It is implicit that, PAN is mandatory. Members are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

b) For Resident Non-Individual: No tax shall be deducted on the dividend payable to the following resident non-individuals where they provide relevant details and documents as per format of Declaration regarding Category and Beneficial Ownership of shares:

- **Insurance Companies:** Self-declaration that it qualifies as 'Insurer' as per section 2(7A) of the Insurance Act, 1938 and has full beneficial interest with respect to the ordinary shares owned by it along with self-attested copy of PAN card and certificate of registration with Insurance Regulatory and Development Authority of India (IRDAI)/LIC/GIC.
- **Mutual Funds:** Self-declaration that it is registered with SEBI and is notified under Schedule VII [Table: Sl. No. 20 or 21] of the IT Act along with self-attested copy of PAN card and certificate of registration with SEBI.
- **Alternative Investment Fund (AIF):** Self declaration that its income is exempt under Schedule V [Table Sl. No. 1] of the Act and they are registered with SEBI as Category I or Category II AIF along with self-attested copy of the PAN card and certificate of AIF registration with SEBI.
- **New Pension System (NPS) Trust:** Self declaration that it qualifies as NPS trust and income is eligible for exemption under Schedule VII [Table SI. No. 41] of the IT Act and is being regulated by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of the PAN card.
- **Recognised Provident Fund:** Self-attested copy of a valid order from Commissioner under Rule 3 of Part A of Eleventh Schedule to the IT Act or self-attested valid documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the provident fund being established under a scheme framed under the Employees' Provident Funds Act, 1952.
- **Approved Superannuation Fund**: Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part B of Eleventh Schedule to the IT Act.
- **Approved Gratuity Fund**: Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part B of Eleventh Schedule to the IT Act.
- **National Pension Scheme**: A declaration that the NPS is exempt under section 393(9) of the IT Act and registration taken under Pension Fund Regulatory and Development Authority Act, 2013.
- **Other non-individual shareholders**: Self attested copy of documentary evidence supporting the exemption along with self-attested copy of PAN card.
- In case a shareholder is Government (Central/ State), no TDS is required to be deducted as per section 393 of the IT Act.

In case shareholders (both individuals and non-individuals) provide certificate under section 197 / 395(1) of the Income-tax Act, 1961 / Income Tax Act, 2025 for lower/Nil withholding of taxes, rate specified in the said certificate shall be considered on submission of self attested copy to the Company.

For Non-resident Shareholders: Taxes are required to be withheld in accordance with the provisions of section 393(2) [Table SI. No. 17] read with section 207 of the IT Act at the rate of 20% (plus applicable surcharge and cess) on the amount of Dividend payable to them. In case of GDRs and Foreign Portfolio Investors ("FPI")/ Foreign Institutional Investors ("FII"), the withholding tax shall be as per the rates specified in sections 393(2) [Table SI. No. 15] of the IT Act respectively (plus applicable surcharge and cess) on the amount of Dividend payable to them.

For non-resident shareholders who are tax residents of Notified Jurisdictional Area as defined under section 176 of the IT Act, tax will be required to be deducted at the rate 30%. For Sovereign Wealth Fund, Pension Funds, Other bodies notified under Schedule V (7) of the IT Act, self-declaration is required to be provided substantiating fulfilment of conditions prescribed under the aforesaid section of the IT Act.

In case non-resident shareholders provide a certificate issued under section 395(1) of the Income-tax Act, 1961/ Income tax Act, 2025 for lower/Nil withholding of taxes, rate specified in the said certificate shall be considered on submission of self-attested copy of the same.

However, as per section 159 of the IT Act, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to them.

For this purpose, i.e. to avail the Tax Treaty benefits, the non-resident shareholder will have to provide the following:

- Self-attested copy of the PAN card allotted by the Indian Income Tax authorities.
- Self-attested copy of Tax Residency Certificate (TRC) for Financial Year 2026-27 obtained from the tax authorities of the country of which the shareholder is a resident.
- Shareholders who have PAN and propose to claim treaty benefit need to mandatorily file the Form 41 online at the link https://eportal.incometax.gov.in/ to avail the benefit of DTAA. Accordingly, furnishing of Form 41 in any other format will not be considered valid.
- Self-declaration by shareholder of satisfying treaty eligibility requirement and beneficial ownership requirement for Financial Year 2026-27.
- Self-declaration by the non-resident shareholder of having no Permanent Establishment in India in accordance with the applicable Tax Treaty.
- In case of FIIs and FPIs, copy of SEBI registration certificate.
- In case of shareholder being tax resident of Singapore, a letter issued by the competent authority or any other evidence demonstrating the non-applicability of Article 24 - India-Singapore DTAA. Limitation of Relief under India-Singapore DTAA.

It is recommended that shareholders should independently satisfy their eligibility to claim DTAA benefit including meeting of all conditions laid down by DTAA.

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 for the purpose of withholding taxes shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by the non-resident shareholder.

Shareholders who are exempted from TDS provisions through any circular or notification may provide documentary evidence in relation to the same to enable the Company in applying the appropriate TDS on Dividend payment to such shareholder.

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TDS to be deducted at higher rate, in case of Aadhaar is not linked with PAN:

As per section 262 of the IT Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar is required to link the PAN with Aadhaar. In case of failure to comply with this, the PAN allotted shall be deemed to be invalid/inoperative and tax shall be deducted at the rate of 20% as per the provisions of section 397(2) of the Act. The Company will be using functionality of the Income-tax Department for determination of status of PAN (operative/ inoperative) for the purpose of section 397(2) of the Act.

Declaration Under Rule 203 of the Income Tax Rules, 2026:

In case the dividend income is assessable to tax in the hands of a person other than the registered shareholder, in terms of Rule 203 of the Income Tax Rules, 2026, the registered shareholder is required to furnish a declaration containing the name, address, PAN of the person to whom TDS credit is to be given on investors@hpadhesives.com and reasons for giving credit to such person. No request in this regard would be accepted by the Company/Bigshare on or after Monday, 14th September, 2026.

For shareholders having multiple accounts under different status/category:

Shareholders holding Ordinary (Equity) shares under multiple accounts under different status/ category and single PAN, may note that, higher of the tax as applicable to the status in which shares are held under a PAN will be considered on their entire holding in different accounts.

Members may submit the aforementioned documents at investors@hpadhesives.com in order to enable the Company to determine and deduct appropriate tax. It may be further noted that in case the tax on said dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/ documents from the shareholders, there would still be an option available with the shareholders to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such higher taxes deducted.

The tax credit can also be viewed in Form 26AS by logging in with your credentials (with valid PAN) at TRACES https://www.tdscpc.gov.in/app/login.xhtml or the e-filing website of the Income Tax department of India https://www.incometax.gov.in/iec/foportal/

For all self-attested documents, shareholders must mention "certified true copy of the original" on the document. For all documents being submitted by the shareholder, the shareholder undertakes to send the original documents on the request by the Company.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the shareholder, such shareholder will be responsible to indemnify the Company and also provide the Company with all information/ documents and co-operation in any appellate proceedings.

The Company shall arrange to email the soft copy of TDS certificate to the shareholders at the registered email ID in due course, post payment of the said Dividend.

An email communication informing the shareholders regarding TDS as well as the relevant procedure to be adopted by them to avail the applicable tax rate is being sent by the Company at the registered email IDs of the Shareholders.

16. THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(i) The voting period begins on Saturday, 19th September, 2026 and ends on Monday, 21st September, 2026. During this period shareholders' of the Company, in dematerialised form, as on the cut-off date (record date) of Tuesday, 15th September, 2026 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

(iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit cdsl website www.cdslindia.com and click on login icon & My Easi New (Token) Tab. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at cdsl website www.cdslindia.com and click on login & My Easi New (Token) Tab and then click on registration option. 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL Depository	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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Type of shareholders	Login Method
	2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider 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. 4) For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID,8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. 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 re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
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 e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. 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 21 09911
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.com or call at: 022 - 4886 7000 and 022 - 2499 7000

Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

1) The shareholders should log on to the e-voting website www.evotingindia.com.

2) Click on "Shareholders" module.

3) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

4) Next enter the Image Verification as displayed and Click on Login.

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5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

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

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.

(viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(x) 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.

(xi) Click on the **"RESOLUTIONS FILE LINK"** if you wish to view the entire Resolution details.

(xii) 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.

(xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutiniser for verification.

(xvii) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, 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 shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the Scrutiniser and to the Company at the email address viz; investors@hpadhesies.com (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutiniser to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
8. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
9. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 21 09911.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, AVP, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 21 09911.

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17. 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, 14th September, 2026 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, 14th September, 2026, 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.

18. 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.

The voting rights of Members shall be proportionate to their share of the paid-up capital of the Company as on the cut- off date i.e. Tuesday, 15th September, 2026. Any person becoming Member of the Company after the dispatch of the Notice convening 7th 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.

19. 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) 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.

c) Subject to the receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting i.e. Tuesday, 22nd September, 2026.

For **HP Adhesives Limited**

Karan Haresh Motwani
Managing Director
DIN: 02650089

Date: 13th August, 2026
Place: Mumbai

NOTICE OF THE ANNUAL GENERAL MEETING (CONTD.)

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4 & 5:

The Members are informed that the present term of office of Ms. Nidhi Haresh Motwani as Executive Director of HP Adhesives Limited ("the Company") is due to expire on 9th February, 2027.

The Board of Directors of the Company ("the Board"), at its meeting held on 13th August, 2026 has subject to approval of shareholders, re-appointed Ms. Nidhi Haresh Motwani (DIN: 06655834) as the Executive Director of the Company, liable to retire by rotation, for a period of 3 (three) years from the completion of her present term, i.e. with effect from 10th February, 2027, on terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee ('NRC') of the Board.

Ms. Nidhi Haresh Motwani has been associated with the Company and has been actively involved in its management and operations. She possesses considerable knowledge and experience of the Company's business and has made valuable contributions to its operations and growth. The Board is of the opinion that her continued association would be beneficial to the Company.

In terms of the provisions of Section 197 (as amended), read with Schedule V of the Act, the Company is required to obtain approval of the members by way of Special Resolution for payment of remuneration to Managerial Personnel in case of no profit/ inadequacy of profit. Further, pursuant to SEBI LODR, the fees or compensation payable to Executive Directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in a general meeting, if the annual remuneration payable to such Executive Director exceeds ₹ 5 Crs or 2.5% of the net profits of the Company, whichever is higher; or where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5% of the net profits of the Company.

In the event of inadequacy of profits or losses in any of the respective financial year, the payment of the aforesaid remuneration shall be made, in terms of the provisions of Schedule V to the Act.

In the preceding financial year 2025-26, the Company had inadequate profits. Nevertheless, the efforts, skills and acumen required for the role of Executive Director coupled with her performance over the last few years which led to significant achievements by the Company would also have to be considered in determining the remuneration. Factoring this and the business requirements, the Company would be required to pay an adequate and commensurately reasonable remuneration in line with industry standards and the provisions of Schedule V of the Companies Act, 2013.

The shareholders' approval is sought for remuneration payable to Ms. Nidhi Haresh Motwani (DIN: 06655834) as Executive Director of the Company, in terms of the applicable provisions of the Companies Act, 2013 ("the Act").

Particulars of the terms of remuneration payable to Ms. Nidhi Haresh Motwani are as under:

Salary, Perquisites and Allowances:

a.	Salary	₹ 49.33 Lakhs p.a.
b.	Incentive	Such amount as may be decided by the Board on recommendation of Nomination & Remuneration Committee, considering performance of Ms. Nidhi Haresh Motwani and of the Company, for each financial year or part thereof.
c.	Perquisites/ Other benefits	Such perquisites and other benefits as may be decided by the Board on recommendation of the Nomination & Remuneration Committee from time to time.
d.	The Company's contribution to Provident Fund, Gratuity and encashment of leave	As per the Company's policy.

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INFORMATION REQUIRED UNDER SCHEDULE V TO THE COMPANIES ACT, 2013:

I. General Information:

1. Nature of industry:

   The Company is engaged in the business of manufacturing and selling adhesives and sealants as well as trading of other related items like ball valves, tapes, etc.

2. Date or expected date of commencement of commercial production:

   The Company is an existing operational company and has been carrying on its business activities since commencement of its commercial operations.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions:

   Not applicable.

4. Financial performance based on given indicators:

   The financial performance of the Company for the financial year ended 31st March, 2026 and the preceding financial year is provided in the Annual Report accompanying the Notice of the Annual General Meeting.

5. Foreign investments or collaborations, if any:

   NIL

II. Information about Ms. Nidhi Haresh Motwani:

1. Background details:

   Ms. Nidhi Haresh Motwani has been associated with the Company and is involved in the management and affairs of the Company. She possesses relevant experience and knowledge of the Company's business, operations and industry and has contributed to the Company's growth and development.

2. Past remuneration:

   During the financial year 2025-26, Ms. Nidhi Haresh Motwani was paid remuneration of ₹44.85 Lakhs p.a.

3. Recognition or awards:

   NIL

4. Job profile and her suitability:

   As Executive Director, Ms. Nidhi Haresh Motwani is responsible for such managerial, operational and strategic functions of the Company as may be entrusted to her by the Board of Directors from time to time.

   Considering her experience, knowledge of the Company's business, responsibilities entrusted to her and her contribution to the Company's operations, the Nomination & Remuneration Committee and the Board consider her suitable for continued appointment as Executive Director of the Company.

5. Remuneration proposed:

   The proposed remuneration is ₹49.33 Lakhs per annum, being an increase of 10% over the existing remuneration of ₹44.85 Lakhs per annum.

   The remuneration shall be subject to the applicable provisions of the Companies Act, 2013, including Schedule V, and the SEBI Listing Regulations.

6. Comparative remuneration profile:

   The proposed remuneration is considered reasonable and commensurate with the size and operations of the Company, the responsibilities entrusted to Ms. Nidhi Haresh Motwani, her experience and contribution, and the remuneration prevailing for managerial personnel having comparable responsibilities.

7. Pecuniary relationship with the Company:

   Ms. Nidhi Haresh Motwani is an Executive Director of the Company and is entitled to receive remuneration in accordance with the terms of her appointment, as approved by the Board of Directors and the shareholders of the Company. Apart from the remuneration payable to her in her capacity as Executive Director, she holds 1,00,00,000 equity shares of the Company representing 10.88% of the paid up equity share capital of the Company.

   Ms. Nidhi Haresh Motwani is a member of the Promoter Group of the Company.

III. Other Information:

1. Reasons of inadequate profits:

   The unfortunate fire incident at the Company's manufacturing facility was undoubtedly one of the most significant events during the year. While the incident caused disruption to certain manufacturing operations and impacted the financial performance, however, there was no loss of human life.

2. Steps taken or proposed to be taken for improvement:

   The Company had successfully taken several steps to revive its business operations by immediately ordering packaging lines and all other related machinery and equipments along with utilities. Necessary provisions were made in the Unit II building to set up the solvent

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cement production and packaging lines there (as space was available) to the extent possible and also to outsource production and packaging to select vendors to support the demand in the market.

This has helped the Company to cater to existing customers as well as focus on growing the business in the coming months.

3. Expected increase in productivity and profits:

The Company expects that the measures undertaken towards operational efficiency, cost optimisation, business expansion, product development and market penetration will contribute to improved productivity and profitability.

The continued involvement of experienced managerial personnel is expected to support the Company in achieving its strategic and operational objectives.

The Board, based on the recommendation of the Nomination and Remuneration Committee, is of the opinion that the proposed re-appointment and remuneration is commensurate with the responsibilities entrusted to Ms. Nidhi Haresh Motwani and is in the interest of the Company.

The proposed remuneration shall be subject to the applicable provisions of the Companies Act, 2013, including Sections 196, 197, 198 and Schedule V thereto, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Except Ms. Nidhi Haresh Motwani, Mrs. Anjana Haresh Motwani and Mr. Karan Haresh Motwani, none of the other Directors, Key Managerial Personnel of the Company or their respective relatives are concerned or interested, financially or otherwise, in the proposed resolution. The Board recommends the resolution set out at Item No. 4 & 5 of the accompanying Notice for approval of the Members by way of Special Resolution.

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE 7TH ANNUAL GENERAL MEETING (PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARDS – 2):

Name of the Director	Ms. Nidhi Haresh Motwani
Brief Profile	Ms. Nidhi Haresh 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. 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	1st January, 1992 (34 years)
Date of First Appointment on the Board	10th 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 10 years
Expertise in specific functional area	General Management of Business and New Product Development
Terms and Conditions of Appointment	Re-appointed for a further period of three years and shall be liable to retire by rotation
No. of Board Meetings attended during FY 2025-26	6 out of 6

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Name of the Director	Ms. Nidhi Haresh Motwani
Number of Shares held in the Equity Capital of the Company	1,00,00,000 Equity Shares
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	₹ 44.85 Lakhs p.a.
Details of remuneration proposed	₹ 49.33 Lakhs p.a.
Disclosure of relationships between Directors/ KMP inter-se	Ms. Nidhi Haresh Motwani is a daughter of Mrs. Anjana Haresh Motwani, Chairperson & Executive Director and Promoter and Sister of Mr. Karan Haresh Motwani, Managing Director and Promoter of the Company.

NOTES

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