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HP ADHESIVES LIMITED

ANNUAL REPORT FY 2020-21

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CERTIFIED TRUE COPY

For HP ADHESIVES LIMITED

[Signature]
MANAGING DIRECTOR

DIRECTORS' REPORT

To,

The Members of

HP ADHESIVES LIMITED

(Formerly known as HP ADHESIVES PRIVATE LIMITED)

Your Directors have pleasure in presenting the 2nd Annual Report on the business and operations of the Company and the Audited Financial Statement for the Financial Year ended 31st March, 2021.

FINANCIAL RESULTS:

(Rs in Lakhs)

	2020-2021	2019-2020#
Revenue from operations and other Income	12,387.96	8683.30
Profit/(Loss) Before Exceptional Items & Taxes	1323.03	201.86
Less: Exceptional Items	--	743.71
Profit/Loss Before Tax	1323.03	(541.85)
Less: Current Tax	250.22	--
Less: Deferred Tax	66.84	(69.00)
Less: (Short)/Excess provision for earlier years	--	--
Profit/Loss after Taxes	1005.97	(472.85)

#Figures have been reinstated in accordance with implementation of Ind AS. For the year 2019-2020, the reporting period is from 7-May-2019 to 31-Mar-2020 (i.e. from the day partnership firm got converted into Pvt. Ltd. till the end of the fiscal year)

COMPANY PERFORMANCE:

The Revenue from operation increased during the year to Rs. 11,816.16 Lakhs as compared to last year's Rs. 8451.23 Lakhs. The Company earned a Profit after tax of Rs. 1005.97 Lakhs as against Loss after tax of Rs. 472.85 Lakhs in previous year.

CERTIFIED TRUE COPY

For HP ADHESIVES LIMITED

[Signature]
MANAGING DIRECTOR

The Company continues to sustain its commitment to the highest levels of quality and superior service management. Our Objective is to build a sustainable organisation that remains relevant to the agenda of our customers, while creating growth opportunities for our employees and generating profitable returns.

OUTBREAK OF COVID-19 PANDEMIC:

The outbreak of COVID 19 pandemic globally and in India has severely impacted businesses and economies. There has been disruption to regular business operations due to the measures taken to curb the impact of the pandemic. The Company's plants, warehouses and offices were shut post announcement of nationwide lockdown. The Company has considered external and internal information in assessing the impact of COVID 19 on various elements of its financial statements, including recoverability of its assets as at the Balance Sheet date.

AMOUNT TRANSFER TO RESERVE:

Your Directors do not propose to transfer any amount to the General Reserve.

DIVIDEND:

Your Board of Directors has not recommended any dividend for the year ended March 31, 2021.

HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

The Company does not have any Holding, Subsidiary and Associate Companies during the year.

DEPOSITS

Your Company has not accepted any deposits from the public and as such, no amount of principal or interest was outstanding as on the balance sheet date.

PARTICULARS OF EMPLOYEES:

There are no employees whose remuneration is in excess of the limits prescribed under Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of our knowledge and belief and according to the confirmation and explanations obtained by us, your Directors make the following statement in terms of Section 134 (5) of the Companies Act, 2013:

- (i) in the preparation of the annual accounts for the year ended 31st March, 2021, the applicable accounting standards have been followed along with proper explanations in case of material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgment and estimate that are reasonable and prudent so as to give a true and fair View of the state of affairs of the company as at March 31, 2021 and of the profit and loss of the company for the year ended on that date;
- (iii) the proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities;

- (iv) the annual accounts for the year ended 31st March, 2021 has been prepared on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively; and
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY:

The provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility is not applicable to the Company.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in ordinary course of business and on arm's length basis. During the year, the Company has not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the company on materiality of related party transactions.

EXTRACT OF THE ANNUAL RETURN:

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in Annexure "A" (MGT - 9) and is attached to this Report.

CONSERVATION OF ENERGY TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGES EARNINGS AND OUTGO:

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo: As per Annexure-B

Foreign Exchange Earnings and Outgo:

Foreign exchange earnings – Rs. 23,26,46,270 (P.Y. Rs. 14,60,54,268)

Foreign exchange outgo – Rs. 17,21,90,141 (P.Y. Rs. 8,11,82,078)

INCREASE OF SHARE CAPITAL:

During the year, there was no increase in Authorised Share Capital and Paid up Share capital of the Company.

MEETINGS OF BOARD OF DIRECTORS:

During the year 8 (Eight) Board Meetings were held i.e. 23rd June, 2020; 03rd September, 2020; 20th October, 2020; 26th December, 2020; 30th January, 2021 and 01st February, 2021. The gap between two Board Meetings was not more than one hundred and twenty days, thereby complying with applicable statutory requirements.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

Detailed report about internal financial controls system over financial reporting is provided in Auditors' Report.

PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS:

Particulars of Loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the financial statement.

RISK MANAGEMENT POLICY:

The Company has a robust Risk Management framework to identify, measure and mitigate business risks and opportunities. This Framework seeks to create transparency, minimize adverse impact on the business objective and enhance the Company's Competitive advantage. This risk framework thus helps in managing market, credit and operations risks.

PREVENTION OF SEXUAL HARASSMENT IN THE COMPANY:

The Company values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees. The Company is committed to providing an environment, which is free of discrimination, intimidation and abuse. All employees are covered under this policy.

The Company has complied with the applicable provisions of the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013. During the year under review, there were no cases reported under the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

During the financial year, there was no change in the Directors and Key Managerial Personnel of the Company.

However, below mentioned changes took place in the Directors and Key Managerial Personnel of the Company from 01st April, 2021 till the date of this report:

1. on 7th May, 2021 Mr. Karan Haresh Motwani, (DIN: 02650089) Director of the Company was re-designated as Managing Director of the Company;
2. on 23rd June, 2021 Mr. Surendra Kumar Mehta (DIN: 09211358) was appointed as Independent Director of the Company;
3. on 30th June, 2021 Ms. Kirti Agarwal, resigned from the post of Company Secretary on the Company;

4. on 05th July, 2021:

- i. Mr. Rajendra Kumar Jain (DIN: 00144095) and Mr. Ajeet Anant Walavalkar (DIN: 09226644) were appointed as Independent Directors of the Company;
- ii. Mr. Mihir Suresh Shah, appointed as Chief Financial Officer of the Company; and
- iii. Mrs. Jyoti Nikunj Chawda, appointed as Company Secretary of the Company.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mrs. Anjana Haresh Motwani (DIN: 02650184), Director of the Company, retires at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

BORROWINGS FROM DIRECTORS:

The Company has borrowed unsecured Loans from the Directors of the Company during the financial year.

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE, NOMINATION AND REMUNERATION COMMITTEE AND STAKEHOLDERS' RELATIONSHIP COMMITTEE AND PROVIDING VIGIL MECHANISM:

The provisions related to Composition of Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee and Providing Vigil Mechanism was not applicable to the Company during the financial year.

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

There was increase in Authorised Share Capital of the Company from Rs. 13 Crores to Rs. 20 Crores on 13th April, 2021. The Company has issued and allotted 11,77,642 Equity shares of Rs. 10/- each at premium of Rs. 164.50/- on 7th May, 2021 and 57,305 Equity shares of Rs. 10/- each at premium of Rs. 164.50/- on 10th June, 2021.

The Company has passed Special resolution at the Extra-ordinary General Meeting held on 23rd June, 2021 for conversion of the Company from Private Limited Company to Public Limited Company and Fresh Certificate of Incorporation Consequent upon Conversion to Public Company was received from the Registrar of the Companies, Mumbai on 1st July, 2021. The Company has obtained approval of the shareholders at its Extra-ordinary General Meeting held on 5th July, 2021 for the fresh issue of Equity Shares through Initial Public Offering (the "Offer" or "IPO") and listing of shares on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

STATUTORY AUDITORS:

M/s. Priya Choudhary & Associates LLP, Chartered Accountants (FRN: 011506C/C400307), Auditors of the Company were appointed as Statutory Auditor at the Annual General Meeting held on 31st December, 2020 to hold office till conclusion of 6th Annual General Meeting to be held in the financial year 2025.

Further, in terms of the provisions related to Statutory Auditors forming part of the Companies Amendment Act, 2017, notified on May 7, 2018, ratification of appointment of Statutory Auditors at every Annual General Meeting is no more a legal requirement.

AUDITORS' REPORT:

The Notes on financial statement referred to in the Auditors' Report are self explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

DETAILS OF FRAUD REPORT BY AUDITOR:

As per Auditors' Report, no fraud U/s 143 (12) reported by the Auditor.

COST AUDITOR:

The requirement of Central Government and pursuant to Section 148 of Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, are not applicable on the company. Therefore, requirement of Cost Auditor is not applicable.

SECRETARIAL AUDIT:

The requirement of obtaining a Secretarial Audit Report from the practicing company secretary is not applicable to the company.

ACKNOWLEDGEMENT:

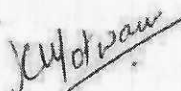
Your Directors wish to place on record their appreciation of the continued support and assistance provided to your company by the Employees, Executives, Shareholders, Banks, the Central and State Government offices and all the commercial organization connected with the business of the Company.



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

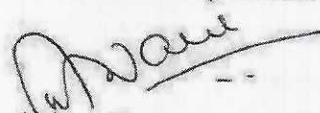
Place: Mumbai

Date: 14/07/2021


Karan Haresh Motwani

Managing Director

DIN: 02650089


Anjana Haresh Motwani

Director

DIN: 02650184

ANNEXURE A

FORM NO. MGT-9

Extract of the Annual Report as on the Financial Year ended on 31st March, 2021

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Company

(Management & Administration) Rules, 2014.

I. Registration and Other Details

Sr. No.	Particulars	Details
i.	CIN:	U24304MH2019PLC325019
ii.	Registration Date:	07.05.2019
iii.	Name of the Company:	HP Adhesives Limited
iv.	Category / Sub-Category of the Company:	Company Limited By Shares/ Indian Non- Govt. Company
v.	Address of the Registered office and Contact Details:	11, Unique House, Chakala Cross Road, Andheri (East), Mumbai - 400099, Maharashtra. Tel: 022 6819 6300 Email ID: accounts@hpadhesives.com
vi.	Whether listed company:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any:	NSDL Database Management Limited Kamala Mills Compound, 11th Floor, Trade World, D Wing, Times Tower, Lower Parel, Mumbai 400013. Tel: 022 2499 4200

II Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Glues and other prepared adhesives including adhesives based on rubber or plastics	24295	100

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of the Company	CIN/ GLN	Holding/ associate	Subsidiary/	% of shares held	Applicable Section
1	N.A.	N.A.	N.A.		N.A.	N.A.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

A) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2020]				No. of Shares held at the end of the year [As on 31-March-2021]				% Change during the year
	Demat at	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter(s)									
(1) Indian									
a) Individual/ HUF	0	13000000	13000000	100	13000000	0	13000000	100	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)	0	13000000	13000000	100	13000000	0	13000000	100	0
B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(I):-	0	0	0	0	0	0	0	0	0

2. Non-Institutions									
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
Non Resident Indians	0	0	0	0	0	0	0	0	0
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies - D R	0	0	0	0	0	0	0	0	0
Hindu Undivided Family (HUF)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	13000000	13000000	100	13000000	0	13000000	100	0

B) Shareholding of Promoter-

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in shareholding during the year
		No. of Shares	% of total shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares Pledged/encumbered to total shares	
1	Anjina Hareesh Motwani	6630000	51.00	0.00	6630000	51.00	0.00	0.00
2	Karan Hareesh Motwani	6370000	49.00	0.00	6370000	49.00	0.00	0.00
	TOTAL	13000000	100.00	0.00	13000000	100.00	0.00	0.00

C) Change in Promoters' Shareholding:

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Anjana Haresh Motwani				
	a) At the Beginning of the Year	6630000	51.00		
	b) Changes during the year	0			
	c) At the End of the Year			6630000	51.00
2	Karan Haresh Motwani				
	a) At the Beginning of the Year	6370000	49.00		
	b) Changes during the year	0			
	c) At the End of the Year			6370000	49.00
	TOTAL	13000000	100.00	13000000	100.00

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
NIL					

E) Shareholding of Directors and Key Managerial Personnel:

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	Director				
1	Anjana Hareesh Motwani	6630000	51.00	6630000	51.00
2	Karan Hareesh Motwani	6370000	49.00	6370000	49.00
	TOTAL	13000000	100.00	13000000	100.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs. In Lakhs)

	Secured Loan excluding deposits	Unsecured Loan	*Deposit	Total
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,586.66	874.40	-	3,461.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2,586.66	874.40	-	3,461.06
Change in Indebtedness during the financial year				
Addition	882.49	1,391.42	1.00	2,274.91
Reduction	200.23	1,314.30	-	1,514.53
Net Change	682.26	77.12	1.00	760.38
Indebtedness at the end of the financial year				
i) Principal Amount	3,268.92	951.52	1.00	4,221.44
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.35	-	-	0.35
Total (i+ii+iii)	3,269.27	951.52	1.00	4,221.79

*The amount of deposit mentioned here is Security Deposit received from customer.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. Lakhs)

Sr. no.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mrs. Anjana Motwani Director	Mr. Karan Motwani Director	
	Gross salary	14.60	21.90	36.50
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
	Stock Option	-	-	-
	Sweat Equity	-	-	-

Commission			
- as % of profit			
- others, specify ...			
Others, please specify			
Bonus	4.01	6.01	10.02
Total (A)	18.61	27.91	46.52
Ceiling as per the Act	NA		

B. Remuneration to other directors

SNo.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors	NIL	
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (1)		
2	Other Non-Executive Directors		
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (2)		
	Total (B)=(1+2)		
	Total Managerial Remuneration		
	Overall Ceiling as per the Act	--	--

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs. Lakhs)

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary		2.47		2.47
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
5	Others, please specify				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding*					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NIL		
Compounding					



For and on behalf of the Board of Directors

HP ADHESIVES LIMITED

Place: Mumbai

Date: 14/07/2021

Karan Haresh Motwani

Managing Director

DIN: 02650089

Anjana Haresh Motwani

Director

DIN: 02650184

ANNEXURE-B

CONSERVATION OF ENERGY:

Conservation of energy is very high priority area for the company. The efforts are continuing to examine and implement fresh proposals for conservation of energy and minimize its use by regularly monitoring consumption and improved maintenance of the existing systems.

	Particulars	Current Year 2020-21
A.	POWER AND FUEL CONSUMPTION	
1.	Electricity:	
	a. Purchased	
	Units. (No's) (KWH).	5,12,909
	Total Amount (Rs.)	65,44,420
	Rate/Unit (Rs.)	12.75
	b. Own Generation	
	Through Diesel Generator	
	Units. (KWH)	7640
	Units/Ltrs. In Diesel Oil	0.35
	Total Amount (Rs.)	17,36,140
	Cost/Unit (Rs.)	227.25
2.	Steam Coal & Lignite	
	Qty (In M.Ton)	-
	Total Cost (In Rs.)	-
	Avg. Rate/ per M.Tone (In Rs.)	-
2.	Technology Absorption	-
3a)	Foreign Exchange - Earning	23,26,46,270
b)	Outgo	17,21,90,141



For and on behalf of the Board of Directors

HP ADHESIVES LIMITED

Place: Mumbai

Date: 14/07/2021

Karan Haresh Motwani

Managing Director

DIN: 02650089

Anjana Haresh Motwani

Director

DIN: 02650184



**Independent Auditor's Examination report on the Restated Ind AS Financial Information of
HP Adhesives Limited**

To
The Board of Directors
HP Adhesives Limited
11 Unique house, Chakala cross road,
Andheri East, Mumbai City MH 400099

Independent Auditors examination report on the Restated Ind AS Statement of Assets and Liabilities as at March 31, 2021 and March 31, 2020; the Restated Ind AS Statement of Profit and Loss (including other comprehensive income), the Restated Ind AS Cash Flow Statement for the period ended March 31, 2021 and March 31, 2020; the Summary Statement of Significant Accounting Policies, and other explanatory information of HP Adhesives Limited (formed by conversion of Partnership firm M/s HP International to Private Limited company subsequently converted to Public Limited Company "HP Adhesives Limited")

Dear Sirs / Madam,

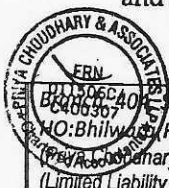
1. We have examined the attached Restated Ind AS Financial Information of HP Adhesive Limited (the "Company") which comprises of the Restated Ind AS Summary Statement of Assets and Liabilities as at March 31, 2021 & Indian GAAP March 31, 2020, the Restated Ind AS Summary Statement of Profit and Loss (including other comprehensive income), the Restated Ind AS Summary Statement of Changes in Equity and the Restated Ind AS Summary Statement of Cash Flows for period ended March 31, 2021 & March 31, and the Significant Accounting Policies and other explanatory Information (collectively referred to as the "Restated Ind AS Financial Information"), as approved by the Board of Directors of the Company at their meeting held on July 14, 2021 for the purpose of inclusion in the Draft Red Herring Prospectus („DRHP“), prepared by the Company in connection with its Initial Public Offer of equity shares, prepared in terms of the requirements of:
 - a) Section 26(1) of Part I of Chapter III of the Companies Act, 2013 (the "Act");
 - b) Relevant provisions of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
 - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), (the "Guidance Note").
2. The Company's Board of Directors is responsible for the preparation of the Restated Ind AS Financial Information for the purpose of inclusion in the offer documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Mumbai in connection with the proposed IPO. The Restated Ind AS Financial Information have been prepared by the management of the Company on the basis of preparation stated in paragraph 2.1 of Annexure IV (A) to the Restated Ind AS Financial Information. The respective Board of Directors of the Company



Branch 14, Sneh Sarovar CHS, Marol Military Road, Andheri(E), Mumbai (Mah.)-59,
HO: Bhilwara(Raj.), Ph: 9829031933, 9619422086(M), E-Mail: caprivachoudhary@gmail.com
(Priya Choudhary & Associates (Partnership firm) converted to Priya Choudhary & Associates LLP
(Limited Liability Partnership with LLP identification No. AAT-8246 wef Sept, 14, 2020)

as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure IV (A) to this report.

9. Based on the above and also as per the reliance placed by us on the Audited Financial Statements of the Company and report thereon for the financial year ended March 31, 2021 and March 31, 2020 we are of opinion that:



Branch 14, Sneh Sarovar CHS, Marol Military Road, Andheri(E), Mumbai (Mah.)-59,
HO: Bhilwara(Raj.), Ph: 9829031933, 9619422086(M), E-Mail: caprivachoudhary@gmail.com
(Priya Choudhary & Associates (Partnership firm) converted to Priya Choudhary & Associates LLP
(Limited Liability Partnership with LLP identification No. AAT-8246 wef Sept, 14, 2020)



included in the Group are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Ind AS Financial Information. The respective Board of Directors are responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

3. The Restated Summary Statements of the Company have been extracted by the management from the Audited Financial Statements of the Company for the financial years ended on March 31, 2021 and March 31, 2020 which have been approved by the Board of Directors at their meetings.



- a) The Restated Summary Statements have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial period/years to reflect the same accounting treatment as per the changed accounting policy for all reporting periods, if any;
- b) The Restated Summary Statements have been made after incorporating adjustments for prior period an other material in the respective financial years/period to which they relate and there are no qualifications which they relate and there are no qualification which require adjustments;
- c) Extra-ordinary items that needs to be disclosed separately in the accounts has been disclosed wherever required;
- d) There were no qualifications in the Audit Reports issued in Statutory Audit Report for the financial year ended on March 31, 2021 and March 31, 2020 which would require adjustments in this Restated Financial Statements of the Company;
- e) Profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regroupings as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Policies and Notes to Accounts as set out in Annexure IV(A) to this report;
- f) Adjustments in Restated Summary Statements have been made in accordance with the correct accounting policies, which includes the impact of provision of gratuity made on actuarial basis in the Restated Summary Statements;
- g) There was no change in accounting policies, which needs to be adjusted in the Restated Financial Statements;
- h) There was no Revaluation Reserves, which need to be disclosed separately in the Restated Financial Statements;
- i) The Company has not paid any dividend on its equity shares till March 31,2021.
10. We have also examined the following other financial information relating to the Company prepared by the Management and as approved by the Board of Directors of the Company and annexed to this report relating to the Company for the financial year ended on March 31, 2021 and March 31, 2020 proposed to be included in the Draft Red Herring Prospectus / Prospectus ("Offer Document") for the proposed IPO.

Annexure of Restated Financial Statements of the Company :-

Sr. No	Particulars	
1.	Restated Ind AS summary statement of Assets and Liabilities	Annexure I
2.	Restated Ind AS summary statement of Profit and Loss	Annexure II
3.	Restated Ind AS Summary statement of Cash flows	Annexure III
4.	Notes to the Restated Ind AS financial information - Significant Accounting policies	Annexure IV (A)
5.	Reconciliation of Restated Profit	Annexure IV (B)
6.	Reconciliation of Restated Equity/Net Worth	Annexure IV (C)
7.	Notes to the Restated Ind AS financial statements	Annexure V - XXXI



11. We, Priya Choudhary & Associates LLP, have been subjected to the peer review process of the Institute of Chartered Accountants of India ("ICAI") and hold a valid peer review certificate issued by the "Peer Review Board" of the ICAI.
12. The preparation and presentation of the Financial Statements referred to above are based on the Audited Financial Statements of the Company and are in accordance with the provisions of the Act and ICDR regulations. The Financial Statements and information referred to above is the responsibility of the management of the Company.
13. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial statements referred to therein.
14. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
15. In our opinion, the above financial information contained in Annexure V to XXVII of this report read with the respective Significant Accounting Policies and Notes to Accounts as set out in Annexure IV(A) are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with the Act, ICDR Regulations, Engagement Letter and Guidance Note.
16. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited and Registrar of Companies, Maharashtra in connection with the proposed IPO of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Priya Choudhary & Associates LLP
Chartered Accountants

(FRN- 011506C/0400307)

Varbhav Choudhary
(Partner)

(M.No. 407543)

Place : Mumbai(Mah)

Date: 14/07/2021

UDIN No: 21407543AAAADY5404

Branch: 404, Sneh Sarovar CHS, Marol Military Road, Andheri(E), Mumbai (Mah.)-59,
HO: Bhilwara(Raj.), Ph: 9829031933, 9619422086(M), E-Mail: capriyachoudhary@gmail.com
(Priya Choudhary & Associates (Partnership firm) converted to Priya Choudhary & Associates LLP
(Limited Liability Partnership with LLP identification No. AAT-8246 wef Sept, 14, 2020)

HP ADHESIVES LIMITED
RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

ANNEXURE I
(₹ in Lakh)

Particulars	Annexure	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	XIII	1,865.82	950.41
Capital work-in-progress		652.03	119.91
Right of Use Assets	XIII	38.26	114.93
Other intangible assets	XIII	17.18	14.76
Intangible asset under development			
Financial assets			
Other financial assets		39.71	88.53
Deferred tax asset (net)		171.98	242.69
Non Current tax assets (net)		-	-
Other non-current assets	XIV	15.88	15.88
Total non-current assets		2,800.86	1,547.10
Current assets			
Inventories	XV	3,239.69	1,852.03
Financial assets			
Trade receivables	XVI	2,286.61	1,979.85
Cash and cash equivalents	XVII	83.10	75.65
Loans	XVIII	116.65	122.51
Current tax assets (net)		-	15.30
Other current assets	XVIII	450.97	88.69
Total current assets		6,177.03	4,134.02
TOTAL ASSETS		8,977.89	5,681.12
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	V	1,300.00	1,300.00
Other equity	VI	(34.11)	(1,051.57)
Total equity		1,265.89	248.43
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	VII	854.69	77.72
Lease Liabilities	IX (C)	14.52	73.61
Other non current liabilities		-	-
Provisions for gratuity	IX (B)	119.18	101.26
Other non-current liabilities		-	-
Total non-current liabilities		988.39	252.59
Current liabilities			
Financial liabilities			
Borrowings	XI	2,283.83	3,328.26
Lease Liabilities	XI	24.25	38.77
Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	X	396.01	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	X	2,193.02	1,526.79
Other financial liabilities	XI	1,422.48	277.97
Other current liabilities	XI	127.30	8.32
Provisions	XII	141.66	-0.00
Current tax liabilities (net)	XII	135.07	-
Total current liabilities		6,723.61	5,180.11
TOTAL LIABILITIES		7,712.00	5,432.70
TOTAL EQUITY AND LIABILITIES		8,977.89	5,681.13

Significant accounting policies and Key accounting estimates and judgements
See accompanying notes to the financial statements

IV (A)
IV (B) - XXXI (i)

As per our report of even date attached
For : Priya Choudhary & Associates LLP
Chartered Accountants
Firm's Registration No : 011106/CA00307

FRN
021506C/
CA00307
Priya Choudhary & Associates LLP
Chartered Accountants

Partner
Membership No: 407543

Place: Mumbai
Date: 14/07/2021



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

ANJANA HARESH MOTWANI
(Chairman)
DIN: 02650184

MIHIR SURESH SHAH
(Chief Financial Officer)

Place: Mumbai
Date: 14/07/2021

KARAN HARESH MOTWANI
(Managing Director)
DIN: 02650089

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

HP ADHESIVES LIMITED
RESTATED SUMMARY STATEMENT OF CASH FLOW

ANNEXURE-III
(₹ In Lakh)

Particulars	For the Year Ended 31st March, 2021	For the Period Ended 31st March, 2020
Cash flow from operating activities		
Net profit / (loss) before taxation		
Adjustments for:	1,323.03	(541.85)
Foreign Currency Exchange Rate Fluctuation (net)	-	-
Depreciation and amortization expenses	190.33	189.62
Finance cost	255.31	259.52
Operating Profit before working capital changes	1,768.67	(92.71)
Changes in working capital		
(Decrease)/ Increase in trade payables		
Decrease/ (Increase) in Inventories	1,062.24	150.81
Decrease/ (Increase) in trade receivables	(1,387.66)	(465.72)
(Decrease)/ Increase in other current and non current financial liabilities	(306.76)	443.99
(Decrease)/ Increase in other current and non current non financial liabilities	1,129.99	76.29
(Decrease)/ Increase in provisions	118.97	(119.71)
Decrease/ (Increase) in loans	310.00	17.59
Decrease/ (Increase) in other current and non current financial assets	5.86	(52.09)
Decrease/ (Increase) in other current and non current non financial assets	48.82	(53.26)
Cash generated from operating activities	(362.29)	174.72
Income tax paid	2,387.84	79.91
Net cash generated from operating activities (A)	(234.92)	(15.30)
	2,152.92	64.61
Cash flow from Investing activities		
Payment for property, plant and equipment and intangible assets	(1,640.28)	(469.61)
Interest received	17.58	(38.19)
Net cash used in Investing activities (B)	(1,622.70)	(507.80)
Cash flow from Financing activities		
Proceeds from long-term borrowings	776.97	63.80
Proceeds / (Repayment) of borrowings from related parties	(874.40)	(27.50)
Movement in short-term borrowings from banks (net)	(170.03)	607.06
Finance Cost	(255.31)	(259.52)
Net Cash used in Financing Activities (C)	(522.77)	383.84
Net increase in cash and cash equivalents (A+B+C)	7.46	(59.35)
Cash and cash equivalents at the beginning of the year	75.65	134.99
Cash and cash equivalents at the end of the year	83.10	75.64
Cash and cash equivalents comprise		
Balances with banks:		
On current accounts		
Fixed deposits with maturity of less than 3 months	58.40	49.54
Cash on hand	10.39	6.11
Bank balances other than Cash and cash equivalent	14.30	19.99
In Fixed deposit with maturity for more than 3 months but less than 12 months from balance sheet date	-	-
Bank Overdraft with Scheduled Banks	-	-
Total cash and cash equivalents at end of the year	83.10	75.64

As per our report of even date attached
For : Priya Choudhary & Associates LLP
Chartered Accountants
Firm's Registration No. 400307

Priya Choudhary & Associates LLP
FRN
011506C/
C400307
Chartered Accountants
Partner
Membership No: 407543

Place: Mumbai
Date: 14/07/2021

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

ANJANA HARESH MOTWANI
(Chairman)
DIN: 02650184

MIHIR SURESH SHAH
(Chief Financial Officer)

Place: Mumbai
Date: 14/07/2021

KARAN HARESH MOTWANI
(Managing Director)
DIN: 02650089

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



HP ADHESIVES LIMITED
RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

ANNEXURE-II
(₹ In Lakh)

Particulars	Annexure	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
INCOME			
Revenue from operations	XIX	11,816.16	8,451.23
Other income	XX	571.80	232.07
Total		12,387.96	8,683.30
EXPENSES			
Cost of Material Consumed	XXI	9,708.36	5,224.98
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	XXI	(1,586.07)	182.83
Employee benefits expenses	XXII	1,473.58	1,114.21
Other expenses	XXIV	1,023.41	1,510.28
Total		10,619.29	8,032.30
Earning before Interest, Tax, Depreciation and Amortisation (EBITDA)		1,768.67	651.00
Finance costs	XXIII	255.31	259.52
Depreciation and amortisation expense	IX (A)	190.33	189.62
Total		445.64	449.14
Profit / (Loss) before exceptional items and tax		1,323.03	201.86
Exceptional Items		-	743.71
Profit / (Loss) before tax		1,323.03	(541.85)
Tax expense			
Current tax	XXVII	(250.22)	-
Deferred tax (expense) / income	IX (A)	(66.84)	69.00
Earlier year tax adjustments		-	-
Total		(317.06)	69.00
Profit / (Loss) for the year		1,005.97	(472.85)
Other comprehensive income			
B. Items that will be reclassified to profit or loss			
(i) Net gain/(loss) on debt instrument measured FVTOCI			-
(ii) Income tax relating to items that will be reclassified to profit or loss			-
Items that will not be reclassified to profit or loss			
(i) Re-measurement gains / (losses) on defined benefit plans		15.35	(21.39)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(3.86)	5.38
Other comprehensive income for the year, net of tax		11.49	(16.00)
Total comprehensive income for the year	VI	1,017.46	(488.85)
Earnings per Equity Share			
Basic (loss) per Equity Share		7.74	(3.64)
Diluted (loss) per Equity Share		7.74	(3.64)

Significant accounting policies and Key accounting estimates and judgements
See accompanying notes to the financial statements

IV (A)
IV(B) - XXVII

As per our report of even date attached
For : Priya Choudhary & Associates LLP
Chartered Accountants
Firm's Registration No. 11506C/600007

FRN
011806C/
C400307
Priya Choudhary & Associates LLP
Chartered Accountants

Valmiki Choudhary
Partner
Membership No: 407543

Place: Mumbai
Date: 14/07/2021



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

ANJANA HARESH MOTWANI
(Chairman)
DIN: 02650184

MHIR SURESH SHAH
(Chief Financial Officer)

Place: Mumbai
Date: 14/07/2021

KARAN HARESH MOTWANI
(Managing Director)
DIN: 02650089

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

1 Company overview

Company was converted from a Private limited company to a Public limited Company, pursuant to a special resolution passed by our Shareholders at the EGM held on June 23, 2021 and the name of our Company was changed to 'HP Adhesive Limited'. Consequently, a fresh certificate of incorporation was issued by the RoC on July 1, 2021.

HP Adhesives Limited ("Company") is a public limited company domiciled and incorporated in India under the Companies Act, 2013. The registered office of Company is located at 11, Unique House, Chakala Cross Road, Andheri East, Mumbai (MH) 400099 bearing CIN No : U24304MH2019PLC325019.

Company is formed by conversion of Partnership firm in accordance with provisions of Part I of Company XXI of Companies Act, 2013. Wherein all the existing Tangible & Intangible Assets & all Current & Contingent liabilities as on date of conversion will form part / taken over by the Company.

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

2 SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the Company are as under:

2.1 Basis of Preparation of Financial Statements

- (a) Restated Statement of Profit & loss account along with the notes for the period ending as on 31st March 2020 pertains to the period from 07th May, 2019 to 31st March, 2020 being first year of conversion of partnership firm to company. Company's Financial statements for the financial period ended 2019-20 were as per Indian GAAP while for the Financial year 2021-21 are prepared in accordance with IND AS. Hence the figures are restated pursuant to Retrospective Adoption of Ind AS 101 First Time Adoption.

The Restated Financial Information of the Company comprises the Restated Statement of Assets and Liabilities as at March 31, 2021 and as at March 31, 2020, the Restated Statement of Profit and Loss (including other comprehensive income), the Restated Statement of Changes in Equity, the Restated Consolidated Cash Flow Statement for the years ended March 31, 2021, and 2020, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on July 11, 2021 for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:

- a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
- c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) Issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

(b) Basis of measurement

The restated 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

Classification into current and non-current:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is classified as current when it satisfies any of the following criteria:

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

The Restated Financial Statements have been presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded off to the nearest two decimals of Lakh, unless otherwise stated.

2.2 Property, plant and equipment

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



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

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

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

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

Depreciation methods, estimated useful lives.

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

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

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

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

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

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

2.3 Intangible Assets

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

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

Intangible assets	Estimated Useful Life
Trade Mark	5 years

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

2.4 Capital work in progress

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

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

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases.

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

Costs of inventories are determined on First In First out (FIFO) basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

2.7 Revenue recognition

Sale of goods

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

Company has 3 main streams of revenue:

I. Sale of goods to distributors – Company recognize revenue when the goods are delivered to its customer since the customer does not have right to return material unless it has confirmation from the Company.

II. Sale of goods to OEM

III. Export sales – Company recognize revenue when the goods are delivered on FOB basis; since the customer does not have right to return material unless it has confirmation from the Company.

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

Dividend & Interest Income

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

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

2.8 Leases

As a lessee

The company recognises a Right-of-use (ROU) Asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method.

2.9 Foreign exchange translation

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

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



Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

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

2.10 Income taxes

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

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

Minimum Alternate Tax (MAT)

Provisions of MAT are not applicable as company has opted to pay tax under section 115 BAA of Income Tax Act, 1961.

Current and deferred tax expense is recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.11 Borrowing costs

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

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

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

2.12 Provisions & Contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions for restructuring are recognised by the Company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Company will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.



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.

2.13 Employee Benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

(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.

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

(ii) Defined benefit plans

The Company provides for retirement benefits in the form of Gratuity. Benefits payable to eligible employees of the Company with respect to gratuity is accounted for on the basis of an actuarial valuation as at the Balance Sheet date. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the balance sheet date through which the obligations are to be settled.

Remeasurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest) is reflected immediately in the balance sheet with a charge/credit recognised in Other Comprehensive Income ("OCI") in the period in which they occur.

Remeasurements recognised in OCI is reflected immediately in retained earnings and is not reclassified to profit or loss in subsequent periods.

(iii) Other employee benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected 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 avallment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

2.14 Financial Instruments

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

(a) Financial assets

(i) Initial recognition and measurement

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

(ii) Subsequent measurement

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

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss.

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

Business model assessment

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

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

- (i) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- (ii) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- (iii) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- (iv) The expected frequency, value and timing of sales are also important aspects of the Company's assessment

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



The Solely payments of Principal and interest test

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

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

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

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

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

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

Equity instruments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

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

(iii) **Impairment of financial assets**

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

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

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

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

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

Company measures the loss allowance at an amount equal to lifetime expected credit losses for Trade receivables (i.e. 'simplified approach').

(iv) **Derecognition of financial assets**

A financial asset is derecognized only when

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

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



- (b) **Financial liabilities**
- (i) **Initial recognition and measurement**
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.
All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.
- (ii) **Subsequent measurement**
The measurement of financial liabilities depends on their classification, as described below:
- Financial liabilities at fair value through profit or loss*
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.
- Loans and borrowings*
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss. Presently company has not included transaction costs based on materiality.
- (iii) **Derecognition**
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.
- 2.15 **Cash & cash equivalents**
Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.
- 2.16 **Share capital**
Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options and buyback of ordinary shares, if any are recognized as a deduction from equity, net of any tax effects.
- 2.17 **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.
- 2.18 **Segments reporting**
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Chief Financial Officer assesses the financial performance and position of the Company and makes strategic decisions. Chief Financial Officer has been identified as Chief Operating Decision Maker.
- 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 is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).
- Diluted earnings per share**
Diluted earnings per share is computed by dividing the profit after tax after considering the effect of interest and other financing costs or income (net of attributable taxes) associated with dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.
- 2.20 **Measurement of EBITDA**
The Company has opted 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. The company measures EBITDA based on profit/(loss) from continuing operations.
- 2.21 **Uncertainty relating to the global health pandemic on COVID-19 -**
In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs, goodwill, intangible assets, certain investments, the Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. The company has performed sensitivity analysis on the assumption used herein. Based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets



3. Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end 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. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) **Useful lives of property, plant and equipment and intangible assets**

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.

(b) **Fair value measurements and valuation processes**

Some of the Company's assets and liabilities are measured at fair value at each balance sheet date or at the time they are assessed for impairment. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities require estimates to be made by the management and are disclosed in the notes to the financial statements.

(c) **Actuarial Valuation**

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in Other Comprehensive Income. Such valuation depend upon assumptions determined after taking into account discount rate, salary growth rate, expected rate of return, mortality and attrition rate. Information about such valuation is provided in notes to the financial statements.

(d) **Impairment of trade receivables**

As per Ind AS 109 Impairment allowance has been determined based on expected credit loss method.

(e) **Revenue from Contracts with Customers**

The Company has applied judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers

(f) **Effective Interest rate**

For the requirement of Ind AS 109 and Ind AS 116, company has used incremental borrowing rate as the rate for discounting and amortising. This incremental borrowing rate reflects the rate of interest that the company would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

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



Place: Mumbai
Date: 14/07/2021



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

ANJANA HARESH MOTWANI
(Chairman)
DIN: 02650184

MIHIR SURESH SHAH
(Chief Financial Officer)

Place: Mumbai
Date: 14/07/2021

KARAN HARESH MOTWANI
(Managing director)
DIN: 02650089

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

HP ADHESIVES LIMITED
RECONCILIATION OF RESTATED INCOME

ANNEXURE-IV (B)
(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Net profit/(loss) after tax as per audited statement of profit and loss	1,017.46	(210.93)
Adjustments for:		
Finance charge on lease liability (Note 1)	-	(7.16)
Depreciation on ROU asset (Note 1)	-	(89.87)
Lease rent reversed (Note 1)	-	94.02
DBO (Gratuity Expense) (Note 4)	-	(17.59)
Deferred tax on Lease rent adjustment (Note 1)	+	0.76
ECL on receivables (Note 2)	-	(145.38)
Deferred tax on ECL adjustment (Note 2)	-	36.59
Finance income on security deposit given (Note 3)	-	5.12
Remeasurement of defined benefit (Note 4)	-	(16.00)
Amortisation of prepaid expense on security deposit given (Note 3)	-	(5.30)
Prior period adjustment	-	(133.11)
Total Comprehensive income as restated	1,017.46	(488.85)

Explanatory Notes to the above restatements made in Audited Financial Statements of Company for the respective

Adjustments having impact on Profit:

Note 1

As the restated financials are made as per Ind AS, hence following the guidance of Ind AS 116, finance charge and depreciation on ROU asset has been recognised and lease rent has been reversed, corresponding adjustments in the deferred tax have been made.

Note 2

As the restated financials are made as per Ind AS, hence following the guidance of Ind AS 109, provision has been made for Expected credit loss on trade receivables and impairment loss on the same is provided, further corresponding adjustments in the deferred tax have been made.

Note 3

As the restated financials are made as per Ind AS, hence following the guidance of Ind AS 109, finance income and amortization of prepaid expenses has been recognised for security deposits given.

Note 4

As the restated financials are made as per Ind AS, hence following the guidance of Ind AS 19 Employee benefits, DBO expense (Gratuity) has been recognised in P&L and remeasurement gain/loss has been recognised in OCI



HP ADHESIVES LIMITED

RECONCILIATION OF RESTATED EQUITY/NET WORTH

ANNEXURE IV (C)

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Shareholders' equity as per Audited Financials	1,265.89	1,089.07
Adjustments for:		
Lease adjustments as per Ind AS 116	-	(2.25)
Expected credit loss adjustment in trade receivables as per Ind AS 109	-	(814.08)
Adjustment in security deposit given as per Ind AS 109	-	(0.22)
Recognition of DBO (Gratuity provision)	-	(101.25)
Deferred tax on adjustment	-	210.27
Prior period error rectified	-	(133.11)
Shareholders' equity as restated	1,265.89	248.42

Explanatory Notes to the above restatements made in Audited Financial Statements of Company for the respective years/period.

To give Explanatory Notes regarding adjustments

Appropriate adjustments have been made in the restated financial statements, wherever required by classification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Audited financials of the Company for all the years and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosures) Regulations 2018.



HP ADHESIVES LIMITED
DETAILS OF SHARE CAPITAL AS RESTATED

ANNEXURE V
(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Authorised 1,30,00,000 Equity Shares of Rs. 10/- each.		
(b) Issued 1,30,00,000 Equity Shares of Rs. 10/- each.	1,300	1,300
(c) Subscribed and fully paid up 1,30,00,000 Equity Shares of Rs. 10/- each.	1,300	1,300
TOTAL	1,300	1,300

Rights, Preferences and Restrictions attached to equity shares :

Equity Shares are issued consequent to conversion of Partnership firm to Company formed as per provisions of Part I of Company XXI of Companies Act, 2013. Wherein Partners of firm has subscribed to Equity Shares of the Company.

The Company has one class of equity shares having a par value of Rs.10/- each. The Shareholders are entitled to receive dividend in proportion to the amount of paid up equity shares held by them. The Company has not declared any dividend during the year. Each shareholder is entitled to vote in proportion to his share of paid up equity share capital of the Company, except in case of voting by show of hands where each shareholder present in person shall have one vote only. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion of the number of shares held by the shareholders.

Shares held by Holding/Ultimate Holding/Subsidiaries and Associates of Holding & Ultimate Holding Companies : The Company does not have any holding or ultimate holding Company as at 31 March, 2021.

Reconciliation of Shares outstanding at the beginning and at the end of the period

Particulars	As at March 31, 2021	As at March 31, 2020
No. of Share outstanding at the beginning of the year	1,30,00,000	1,30,00,000
No. of Share issued	-	-
No. of Share forfeited/ Buy back	-	-
No of Share outstanding at the end of the year	1,30,00,000	1,30,00,000

Details of shareholders holding more than 5% of aggregate shares capital (In terms of number of shares)

Class of shares / Name of shareholder	As at 31st March, 2021	As at 31st March, 2020
	Number of shares held	Number of shares held
Anjana Haresh Motwani	66,30,000	66,30,000
Karan Haresh Motwani	63,70,000	63,70,000
Total	1,30,00,000	1,30,00,000

Details of shareholders holding more than 5% of aggregate shares capital (In terms of number of % holding)

Class of shares / Name of shareholder	As at 31st March, 2021	As at 31st March, 2020
	% Holding	% Holding
Anjana Haresh Motwani	51%	51%
Karan Haresh Motwani	49%	49%
Total	100%	100%



HP ADHESIVES LIMITED
DETAILS OF OTHER EQUITY AS RESTATED

ANNEXURE VI
(₹ In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(A) Surplus / (Deficit) in the Statement of Profit and Loss		
Opening balance	(1,051.57)	(562.72)
Add: Total Comprehensive Income for the year	1,017.46	(488.85)
Less: Re-measurement (gain)/loss on post employment benefit obligation (net of tax)	-	-
Closing balance	(34.11)	(1,051.57)
TOTAL	(34.11)	(1,051.57)

Notes :

1. The figures disclosed above are based on the restated summary of assets and liabilities of the company.
2. The above statement should be read with the notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure I, II and III.



HP ADHESIVES LIMITED
DETAILS OF LONG TERM BORROWINGS AS RESTATED

ANNEXURE VII
(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Borrowings measured at Amortised Cost		
Secured		
Loan from Bank		
Vechile Loans		
Term Loans	93.28	44.52
	761.41	33.20
Unsecured		
Loan from Related parties (refer note 38)		
	-	-
	854.69	77.72

Terms and conditions:

Secured Loan

* ICICI Bank

Against Hypothecation of company's entire stock of Raw Material, semi finished & Finished goods, consumable Stores
Personal Gurantee of Directors - Karan Motwani & Anjana Motwani and Relative - Nidhi Motwani
Collateral Charge of Residential Property of Karan Motwani (Director).

Indusind Bank

Against Hypothecation of company's entire current Assets.
Personal Gurantee of Directors - Karan Motwani & Anjana Motwani
Collateral Charge of Industrial Land & Building (owners Karan Motwani & Anjana Motwani)

Unsecured Loan

Interest free loan taken from Directors - Karan Motwani & Anjana Motwani which is repayable on demand
Lease liability recognised to comply with the requirements of Ind AS 116



ANNEXURE VIII

HP ADHESIVES LIMITED

NATURE OF SECURITY AND TERMS OF REPAYMENT OF LONG TERM BORROWINGS INCLUDING CURRENT MATURITIES

Sr No.	Lender	Nature of facility	Sanction Amount	Amount o/s as at March 31, 2021	Rate of Interest	Repayment terms	Principal terms & conditions
1	BMW Financial Services	Vehicle Loans	45,00,000	35,51,702	8.75	60 Months EMI Rs. 92,868/-	NA
	Daimler Financial Services	Vehicle Loans	55,00,000	55,00,000	6.99	60 Months EMI Rs. 1,08,902/-	NA
2	India Pvt. Ltd.	Vehicle Loans	2,39,97,588	2,39,97,588	8.25	48 Months	NA
3	ECLGS LOAN A/C- ICICI	Term loan					NA
	HDFC Bank (Tata Truck Loan)	Vehicle Loans	8,49,703	1,85,267	8.51	60 Months EMI Rs. 21,322/-	NA
4	HDFC Loan A/C 60039069	Vehicle Loans	10,00,000	1,55,764	9.15	36 Months EMI Rs. 31,869/-	NA
5	Tata Truck New	Vehicle Loans					MG Hector Car
	ICICI BANK NEW Car Loan MG Hector Plus-	Vehicle Loans	18,75,000	17,41,581	7.80	36 Months EMI Rs. 37,766/-	Nidhi Motwani: Flat No. 201, 2nd Flr, Mahran CHSL, Plot No. 16, Juhu Scheme, Mumbai-400049. &
6	LAMUM00042267658	Vehicle Loans	10,00,00,000	3,34,00,000	8.00	6 Years EMI Rs. 4,63,889/-	Anjana Motwani : S.NO. 7/18, Narang Taluka Khalapur, Raigad.
7	ICICI New Term Loan A/C 564751634001001	Term loan					
8	ICICI Tempo Loan Lvmum00041112728	Vehicle Loans	12,99,500	9,50,832	9.26	48 Months EMI Rs. 32,748/-	NA
9	Term Loan - FRP Project 506000451618-Indusind Bank	Term loan	33,25,714	33,25,714	8.70%	7.5 Years EMI Rs. 3,11,937/-	Factory Land
10	IND - 570000009911 ECLGS LOAN	Loans repayable on demand	2,57,00,000	2,57,00,000	9.25%	48 Months	NA



HP ADHESIVES LIMITED
DETAILS OF DEFERRED TAX LIABILITIES AS RESTATED

ANNEXURE IX (A)
(₹ In Lakh)

Particulars	As at March 31, 2021
Depreciation as per Companies Act	190.33
Depreciation as per Income Tax Act	205.13
Difference in Depreciation	(14.80)
Reversal of Expected Credit Loss	(110.13)
Prior Period Items	(177.88)
Difference due to Ind-AS 116	(0.25)
Gratuity Provision	33.27
MSME Interest Provision	7.21
Preliminary Expense allowed as per IT Act	(3.00)
Total Timing Difference	(265.58)
Tax Rate as per Income Tax Act	25.17%
Net DTL/(DTA) for the year	(66.84)

OTHER NON CURRENT PROVISIONS AS RESTATED

ANNEXURE IX (B)
(₹ In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provisions for gratuity	119.18	101.26
Total	119.18	101.26

OTHER NON CURRENT LIABILITIES AS RESTATED

ANNEXURE IX (C)
(₹ In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Lease Liability	14.52	73.61
Total	14.52	73.61



HP ADHESIVES LIMITED
DETAILS OF TRADE PAYABLES AS RESTATED

ANNEXURE X
(₹ In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Total outstanding dues of micro, small and medium enterprises*	396.01	-
Total outstanding dues of creditors other than micro, small and medium enterprises	2,193.02	1,526.79
Total	2,589.04	1,526.79



HP ADHESIVES LIMITED
DETAILS OF OTHER CURRENT LIABILITIES AS RESTATED

ANNEXURE XI
(₹ In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Borrowings		
Loan repayable on demand		
Secured		
Cash credit		
Bank Overdraft	1,804.58	1,786.42
Packing Credit	(0.06)	16.48
Letter of Credit	210.76	234.60
Working capital Demand Loan	16.14	58.57
Unsecured	252.41	357.79
Loan from Related Parties (refer note 38)		
Lease liability		874.40
Total	24.25	38.77
	2,308.08	3,367.03
Other Financial liabilities		
Current maturity of long term loans		
Security deposits	1,081.92	55.08
Payable to Employees	1.00	-
Payable towards services received	132.21	126.52
Payable towards stores, spares and consumables	10.30	-
	197.05	96.37
Total	1,422.48	277.97
Other Current liabilities		
Statutory dues payable		
Advances received from customers	20.95	8.32
Total	106.35	
	127.30	8.32



HP ADHESIVES LIMITED
DETAILS OF SHORT TERM PROVISIONS AS RESTATED

ANNEXURE XII
(₹ In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for gratuity	-	-
Provision for Provision for employee benefits	35.02	-
Provision of Income Tax (Net of Advance Tax)	135.07	-
Provision for expenses	106.64	-
Total	276.72	-



HP ADHESIVES LIMITED
DETAILS OF FIXED ASSETS AS RESTATED

ANNEXURE XIII

(₹ in Lakh)

Particulars	Building	Plant & equipment	Furniture & Fixture	Vehicles	Office equipment	Computers	Total
Gross block :							
As at May 7, 2019	209.36	907.68	48.14	188.45	21.17	42.93	1,417.73
Addition/(Deletion)	-	187.82	59.55	0.74	1.28	12.58	261.97
As at March 31, 2020	209.36	1,095.50	107.69	189.19	22.44	55.51	1,679.70
As at April 1, 2020	209.36	1,095.50	107.69	189.19	22.44	55.51	1,679.70
Addition/(Deletion)	739.12	192.80	0.33	67.56	2.79	19.50	1,022.09
As at March 31, 2021	948.49	1,288.30	108.02	256.74	25.23	75.01	2,701.79
Accumulated depreciation							
As at May 7, 2019	77.96	415.49	24.07	72.89	10.83	35.20	636.43
Addition/(Deletion)	4.99	45.06	4.37	26.38	7.27	4.79	92.85
As at March 31, 2020	82.95	460.55	28.44	99.27	18.09	39.98	729.28
As at April 1, 2020	82.95	460.55	28.44	99.27	18.09	39.98	729.28
Addition/(Deletion)	13.83	54.59	4.41	23.10	2.81	7.94	106.68
As at March 31, 2021	96.78	515.14	32.84	122.37	20.91	47.92	835.96
Net Block							
As at March 31, 2020	126.41	634.95	79.25	89.92	4.35	15.53	950.41
As at March 31, 2021	851.70	773.16	75.17	134.38	4.32	27.08	1,865.82

DETAILS OF ROU ASSETS

Particulars	(₹ in Lakh)
Cost	
As at 7th May, 2019	
Additions	3.45
Disposals/Adjustments	206.98
As at 31st March, 2020	-
Additions	210.43
Disposals/Adjustments	-
As at 31st March, 2021	-
	210.43
Amortisation	
As at 7th May, 2019	
Amortisation recognised	0.32
As at 31st March, 2020	95.17
Amortisation recognised	95.50
As at 31st March, 2021	76.67
	172.16
Net book value	
As at 31st March, 2021	
As at 31st March, 2020	38.26
As at 7th May, 2019	114.93
	3.13

DETAILS OF INTANGIBLE ASSETS

Particulars	(₹ in Lakh)
Cost	
As at 7th May, 2019	
Additions	2.14
Disposals/Adjustments	15.85
As at 31st March, 2020	-
Additions	17.99
Disposals/Adjustments	6.51
As at 31st March, 2021	-
	24.50
Amortisation	
As at 7th May, 2019	
Amortisation recognised	1.63
As at 31st March, 2020	1.60
Amortisation recognised	3.23
As at 31st March, 2021	4.09
	7.32
Net book value	
As at 31st March, 2021	
As at 31st March, 2020	17.18
As at 7th May, 2019	14.76
	0.51



HP ADHESIVES LIMITED

DETAILS OF OTHER NON CURRENT ASSETS

ANNEXURE XIV

Particulars	As at 31st March, 2021	As at 31st March, 2020
Other Non Current Assets	15.88	15.88
Total	15.88	15.88

DETAILS OF INVENTORIES AS RESTATED

ANNEXURE XV

(₹ In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Raw materials and components	1,281.05	836.22
Work-in-progress	201.79	59.67
Finished goods	1,756.85	956.14
Total	3,239.69	1,852.03

DETAILS OF TRADE RECEIVABLES AS RESTATED

ANNEXURE XVI

(₹ In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Receivables considered good - Unsecured	2,286.61	1,979.85
Receivables considered doubtful - Unsecured	703.95	814.08
Less : Allowance for expected credit loss	(703.95)	(814.08)
Total	2,286.61	1,979.85

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.

DETAILS OF CASH & CASH EQUIVALENTS AS RESTATED

ANNEXURE XVII

(₹ In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balances with banks:		
On current accounts	58.40	49.55
Fixed deposits with maturity of less than 3 months	10.39	6.11
Cash on hand	14.30	19.99
Total	83.10	75.65

DETAILS OF SHORT TERM LOANS & ADVANCES AS RESTATED

ANNEXURE XVIII

(₹ In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Loan		
Loan to staff	116.65	122.51
Total	116.65	122.51
Current Tax assets (Net)		
Advance income tax (net of provisions)	-	15.30
Total	-	15.30
Other Current Assets		
(a) Capital Advances		
(b) In Fixed Deposit Accounts with maturity 3-12 months*	23.19	
(c) Advances other than capital Advances	40.15	42.00
Prepaid expenses	24.87	10.93
GST Receivable / Refund	79.84	21.34
VAT Receivable / Refund	3.42	6.20
TDS Receivable	9.24	6.28
TCS Receivable	3.43	-
Advances to vendors	223.54	1.94
Other advances	2.23	-
Share Issue Expenses	15.00	-
Insurance Claim Receivable	26.06	-
Total	450.97	46.69



DETAILS OF REVENUE FROM OPERATIONS AS RESTATED

ANNEXURE XIX

Particulars	As at 31st March, 2021	As at 31st March, 2020
Revenue from Operations (Net)	11,816.16	8,451.23
Total	11,816.16	8,451.23

DETAILS OF OTHER INCOME AS RESTATED

ANNEXURE XX

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Interest Income		
Interest Income on Fixed deposits with banks	0.71	4.91
Interest on Staff Loan	0.11	0.12
Interest on MSME	4.09	-
Other Interest Income	3.37	5.12
(b) Other Non-operating Income		
Rental Income on Non-Residential Property	13.00	11.00
Renting Machinery And Equipments	-	84.00
Jobwork Charges	346.76	70.00
(c) Other Gains and Losses		
Net Foreign exchange gain	36.11	33.24
Excise Excess Duty Refund	0.09	3.35
Duty Drawback Refund	21.75	19.42
Freight/Transportation Charges Recovered	1.42	0.91
Net Impairment Gain - Reversal of ECL	110.13	-
Scrap sale of Packing material	0.22	-
Discount received	7.98	-
Sundry Balance written off	0.00	-
Miscellaneous income	26.06	-
Total	571.80	232.07

DETAILS OF COST OF MATERIAL CONSUMED AND CHANGE IN INVENTORIES AS RESTATED

ANNEXURE XXI

Particulars	As at 31st March, 2021	As at 31st March, 2020
Purchases of stock-in-trade		
Raw materials at the beginning of the year	836.22	187.67
Raw Material	9,509.96	5,873.53
Raw materials at the end of the year	637.81	836.22
Total	9,708.36	5,224.98
Change in Inventories		
Inventories at the beginning of the year	1,015.81	1,198.65
Less: Inventories at the end of the year	2,601.89	1,015.81
Net (increase) / decrease in Inventories	(1,586.07)	182.83

DETAILS OF EMPLOYEE BENEFIT EXPENSES AS RESTATED

ANNEXURE XXII

Particulars	As at 31st March, 2021	As at 31st March, 2020
Salaries and wages	1,422.90	1,062.23
Gratuity expense	33.27	17.59
Bonus	17.41	34.39
Total	1,473.58	1,096.62



DETAILS OF FINANCE COSTS AS RESTATED

ANNEXURE XXIII

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Interest on secured borrowing	209.47	44.80
Interest on un-secured borrowing	3.83	18.14
Loan Processing Charges	-	10.85
Interest on OD	0.61	152.21
LC Charges	2.56	2.96
Interest expenses on financial liabilities measured at amortised cost	6.26	7.16
Interest on Delay of MSME Creditors payment	7.21	-
Bank Charges & Commission	25.37	23.41
Total	255.31	259.52

DETAILS OF OTHER EXPENSES AS RESTATED

ANNEXURE XXIV

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Production expenses	269.69	233.52
Telephone and communication charges	18.54	26.95
Printing & Stationery	8.33	22.63
Repairs & Maintenance expenses		
Machinery	45.06	45.37
Conveyance and travelling expenses	128.33	279.82
Insurance charges	28.99	13.99
Business promotion expenses	11.75	313.28
Legal & professional charges	61.73	56.75
Lease Rent & License Fees	2.25	26.18
Rates & Taxes	5.86	12.80
Inspection and testing expenses	16.90	19.70
Membership & subscription	2.37	0.70
Auditor's Remuneration*	21.28	18.68
Computer consumables, software & maintenance charges	3.90	5.10
Marketing & selling expenses	380.60	252.56
Bad-Debts	2.05	1.88
Donation	-	3.00
Miscellaneous expenses	15.78	32.00
Total	1,023.41	1,364.90

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Statutory Audit Fee	15.00	4.60
Taxation Matters/Tax Audit	2.00	1.98
Certification Fees	2.00	2.31
For reimbursement of Expenses	2.28	-
Other matters	-	-
Other Professional Services*	-	9.79
Total	21.28	18.68

* Reclassified from Legal Charges



HP ADHESIVES LIMITED
DETAILS OF RELATED PARTY TRANSACTIONS AS RESTATED

ANNEXURE XXV

Key Management Personnel (KMP)
ANJANA MOTWANI
KARAN MOTWANI

Relatives to KMP
NIDHI MOTWANI

Company/ Firm in which KMP/ Relatives of KMP can exercise significant influence
HP COMPOSITES LLP
HP TRADING
HP SALES CORPORATION
ADVANCE SOLVENT ADHESIVES
HP MARKETING

Period - May 7, 2019 to March 31, 2020

Sr. No.	Name of the Party	Nature of transaction	(₹ in Lakh)	
			Transactions For the Period Ended 31st March, 2020	Amount Receivable / (payable) as at 31st March 2020
1	HP COMPOSITES LLP	Business Transactions - Sale of Goods	449.16	154.05
		Business Transactions - Purchase of Goods	154.07	-
		Rental Services Given	165.00	-
2	ANJANA MOTWANI	Loan Taken	1,338.46	(523.54)
		Loan Repaid	814.92	-
		Remuneration Paid	20.00	-
3	KARAN MOTWANI	Loan Taken	807.11	(167.10)
		Loan Repaid	640.01	-
		Remuneration Paid	30.00	-
4	NIDHI MOTWANI	Interest Paid on Unsecured Loans	18.14	-
		Loan Taken	756.41	(183.74)
		Loan Repaid	572.68	-
		Salary Paid	4.00	-
5	HP TRADING	Business Transactions - Sale of Goods	63.20	-
6	HP SALES CORPORATION	Business Transactions - Purchase of Goods	132.50	-
		Business Transactions - Sale of Goods	21.97	-
		Business Transactions - Purchase of Goods	21.97	-

Note -

Loan taken from Directors - Karan Motwani & Anjana Motwani are unsecured repayable on demand and are interest free.

Land on which factory building is constructed is provide by its directors free of costs.

All other transactions with related parties disclosed above are made on terms equivalent to those that prevail in arm's length transactions subject to transactions with HP Composites LLP as being non-comparable.

Related parties taken as identified by mangement.



Period - April 1, 2020 to March 31, 2021

(₹ in Lakh)

Sr. No.	Name of the Party	Nature of transaction	Transactions For the Period Ended 31st March, 2021	Amount Receivable / (payable) as at 31st March 2021
1	HP COMPOSITES LLP	Business Transactions - Sale of Goods	109.52	62.13
		Business Transactions - Purchase of Goods	612.19	-
		Rental Services Given	13.00	-
		Job-Work Services Given	346.76	-
2	ANJANA MOTWANI	Loan Taken	938.84	(786.41)
		Loan Repaid	675.77	-
		Remuneration Paid	14.60	-
		Bonus Paid	4.01	-
3	KARAN MOTWANI	Loan Taken	166.58	(164.91)
		Loan Repaid	168.76	-
		Remuneration Paid	21.90	-
		Bonus Paid	6.02	-
4	NIDHI MOTWANI	Interest Paid on Unsecured Loans	-	-
		Loan Taken	286.00	-
		Loan Repaid	469.74	-
		Salary paid	21.60	-
5	HP TRADING	Business Transactions - Sale of Goods	-	47.72
		Business Transactions - Purchase of Goods	-	-
6	HP SALES CORPORATION	Business Transactions - Sale of Goods	-	-
		Business Transactions - Purchase of Goods	-	-
7	Advance Solvent Adhesives	Business Transactions - Sale of Goods	3.14	15.52

Key Management Personnel (KMP)

Compensation of key management personnel

(₹ in Lakh)

Particulars	Transactions For the Period Ended 31st March, 2021	Amount Receivable / (payable) as at 31st March 2021
Short term employee benefit	-	-
Long term employee benefit	-	-
Post-employment benefits	-	-
Termination benefits	-	-
Salaries including bonuses	46.53	50.00



HP ADHESIVES LIMITED
CAPITALIZATION STATEMENT AS RESTATED AS AT MARCH 31, 2021

ANNEXURE XXVI
(₹ In Lakh)

Particulars	Pre-issue	Post-issue
Borrowings		
Short term debt (A)		
Long term debt (B)	3,365.75	[•]
Total debts (C)	854.69	[•]
	4,220.44	[•]
Shareholders' funds		
Share capital		
Other equity	1,300.00	[•]
Total shareholders' funds (D)	(34.11)	[•]
	1,265.89	[•]

Note -

1. The figures disclosed are based on Restated statement of Assets and Liabilities of the company as on March 31, 2021.
2. Lease Liability not considered in Long Term & Short Term Debts



HP ADHESIVES LIMITED
DETAILS OF TAX SHELTERS AS RESTATED

ANNEXURE XXVII
(₹ In Lakh)

Particulars	As at 31st March, 2021
Profit before tax as restated	1,323.03
<u>Add</u>	
Depreciation Debited in P&L A/c	190.33
Non deductible expenditure	78.32
	1,591.68
<u>Less</u>	
Allowable Expenditure	350.59
	1,241.09
Brought Forward Business Loss Set off	100.37
Brought Forward Depreciation Set off	146.54
Gross Total Income	994.18
Tax Due @22% (Company has opted for Sec 115 BAA)	218.72
Surcharge @ 10%	21.87
	240.59
Health & Education Cess @ 4.00%	9.62
Current Tax	250.22

Note -

Provisions of MAT are not applicable as company has opted to pay tax under Sec 115 BAA of IT Act, 1961



HP ADHESIVES LIMITED
OTHER FINANCIAL INFORMATION AS RESTATED

ANNEXURE XXVIII

Particulars	As at 31st March, 2021	As at 31st March, 2020
Restated PAT as per statement of profit & loss (in Rs.) (For Basic EPS purpose) (A)	10,05,97,359	-4,72,84,609
Restated Earnings before Interest Tax Depreciation and Amortisation	17,68,67,059	6,51,00,141
Weighted average number of equity shares at the end of the year/period (B)	1,30,00,000	1,30,00,000
No. Of Equity shares at the end of the year/period (Absolute number) (C)	1,30,00,000	1,30,00,000
Net Worth as restated (D) (in Rs.)	12,65,88,807	2,48,42,631
Earnings per Share		
Basic or Diluted earnings per share (A)/(B) (in Rs.)	7.74	-3.64
Return on Net Worth (%) (A)/(D)	79%	-190%
Net Asset Value per Equity share (D)/(C)	9.74	1.91
Nominal value per equity share (in Rs.)	10	10

Notes -

- 1 The ratios have been computed as per the following formulas -

(i) Basic Earning per Share :

Restated Profit after Tax available to equity shareholders
Weighted average number of equity shares at the end of the year/period

(ii) Diluted Earning per Share :

Restated Profit after Tax available to equity shareholders
Weighted average number of equity shares at the end of the year/period + diluted shares at the end of the year/period

(iii) Net Asset Value per Equity Share :

Restated Net worth of equity shareholders
No. Of equity shares outstanding at the end of the year/period

(iv) Return on Net Worth (%) :

Restated Profit after Tax available to equity shareholders
Restated Net worth of equity shareholders



HP ADHESIVES LIMITED

RESTATED CONTINGENT LIABILITIES AND COMMITMENTS

ANNEXURE XXIX

A - Contingent Liabilities

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
1. Letter of comfort issued to banks		
2. Claim against the company not acknowledged as debt		
(i) Tax matter dispute under appeal (MVAT & CST)*	144.30	144.30
(ii) Income Tax matter dispute under appeal (AY 14-15)	2.70	2.70
(ii) Others- Uncrystallized effect of Bank Guarantee's given by company to DC, Central	51.25	51.25
Total	198.25	198.25

* Amount paid under protest Rs. 15.87 Lacs included in Other Non-current Assets

Company has already settled the Excise duty dues under Sab Ka Vishwas Scheme in FY 2019-20.

B - Commitments

Particulars	As at 31st March 2021	As at 31st March 2020
1. Estimated amount of Contracts remaining to be executed on Capital account and not provided for		
(i) Towards Property, Plant & Equipement	424.47	818.41
(ii) Towards Intangible Assets	-	-
Total	424.47	818.41



HP ADHESIVES LIMITED
INCOME TAXES

ANNEXURE XXX

Particulars	As at 31st March, 2021	As at 31st March, 2020
(A) Deferred tax relates to the following:		
Deferred tax assets		
On Unabsorbed depreciation		
On property, plant and equipment		
On provision for employee benefits - OCI		
On Others	10.19	
On fair valuation of financial instruments		
On Expected credit loss on trade receivable	177.17	204.89
On prior period errors	0.00	44.77
On Leases	0.69	0.76
	188.05	250.41
Deferred tax liabilities		
On Depreciation	13.11	13.11
On OCI - actuarial gain / loss	-1.52	-5.38
On revaluation of Investment at amortised cost to fair value	-	-
On amortisation of goodwill for tax purposes	-	-
Interests expenses on financial liabilities measured at amortised cost	-	-
On amortisation of transaction cost on borrowings	-	-
On others	4.48	-
Financial Guarantee		
	16.07	7.73
Deferred tax asset, net	171.98	242.69

(B) Income tax expense

Particulars	As at 31st March, 2021
- Current tax taxes	-250
- Adjustments in respect of current income tax of previous year	-
- Deferred tax charge / (income)	(67)
Income tax expense reported in the statement of profit or loss	-317

(C) Income tax expense charged to OCI

Particulars	As at 31st March, 2021
Net loss/(gain) on remeasurements of defined benefit plans	(4)
Income tax charged to OCI	-4



HP ADHESIVES LIMITED
INCOME TAXES

ANNEXURE XXX

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

Particulars	As at 31st March, 2021
Profit before tax	1,323.03
Tax Rate	25.17%
Income tax expense at tax rates applicable	332.98
Tax effects on non deductible expenditure	46.22
Effect of change in Tax rate	-
Others (Tax effect of brought forward Losses/unabsorbed depreciation of current year on which no deferred tax asset is recognised	(62.14)
Income tax (expense) / Income	317.06

(E) Unrecognised Deferred tax assets

Particulars	As at 31st March, 2021	As at 31st March, 2020
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	-	-



(I) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

Interest rate sensitivity

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

Years		Outstanding Borrowing Amount	Increase/ decrease in basis points	(₹ In Lakh) Impact on profit before tax
2021	INR	Variable Interest Rate Borrowings		
	USD	Variable Interest Rate Borrowings		
		2,582.07 (₹ in Lakh)	+100	25.82
		210.76 (\$ in '000)	-100	(25.82)
2020	INR	Variable Interest Rate Borrowings		
	USD	Variable Interest Rate Borrowings		
		1,894.67 (₹ in Lakh)	+100	18.95
		234.60 (\$ in '000)	-100	(18.95)
			+100	2.35
			-100	(2.35)

(II) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

		Outstanding Borrowing Amount	Increase/ decrease	Amt in \$ Impact on profit before tax
2021		4,27,175	+5%	21,358.75
			-5%	(21,358.75)
2020		2,00,255	+5%	10,012.75
			-5%	(10,012.75)

(B) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The Company does not foresee any credit risks on deposits with regulatory authorities and lease deposits and/or any other financial assets.

(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 summarizes the maturity profile of the Company's financial liabilities:

Particulars	Less than 1 year	1 year to 5 years	More than 5 years	Total
As at 31st March, 2021				
Borrowings	238.50	994.36	4.64	1,237.50
Term Loans (Including Vehicle Loans)	2,982.94	-	-	2,982.94
Short term borrowings (Incl. Promoter Loan)	26.57	15.46	-	42.03
Lease liabilities (Undiscounted)	2,589.04	-	-	2,589.04
Trade payables				
	5,837.05	1,009.82	4.64	6,851.50
As at 31st March, 2020				
Borrowings	141.52	334.10	-	475.63
Term Loans (Including Vehicle Loans & Related Party Loans)	2,970.47	-	-	2,970.47
Short term borrowings	79.87	42.03	-	121.90
Lease liabilities (Undiscounted)	1,526.79	-	-	1,526.79
Trade payables				
	4,718.65	376.13	-	5,094.78

(D) Risk due to outbreak of COVID 19 pandemic

The outbreak of COVID 19 pandemic globally and in India has severely impacted businesses and economies. There has been disruption to regular business operations due to the measures taken to curb the impact of the pandemic. The Company's plants, warehouses and offices were shut post announcement of nationwide lockdown. Most of the operations have resumed post lifting of lockdown. The Company has considered external and internal information in assessing the impact of COVID 19 on various elements of its financial statements, including recoverability of its assets as at the Balance Sheet date:

CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company has not distributed any dividend to its shareholders. The Company monitors net debt i.e. total debt net off cash and cash equivalent. Total debt comprises of non-current and current borrowings. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Particulars		As at 31st March, 2021	As at 31st March, 2020	As at 7th May, 2019
Equity	(i)	1,265.89	248.43	737.28
Borrowings		4,220.44	3,461.05	2,762.62
Less: cash and cash equivalents		(83.10)	(75.65)	(134.99)
Net debt	(ii)	4,137.34	3,385.41	2,627.62
Net Debt to equity ratio	(ii) / (i)	327%	1363%	356%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2021, 31st March, 2020 and 7th May, 2019 subject to conversion of Partnership firm to company.

The financial statements of the company were authorised for issued in accordance with a resolution of the directors on July, 14, 2021.

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

Priya Choudhary & Associates LLP
FRN
011506C/
C400307
Valmiki Choudhary
Partner
Membership No: 407543
Place: Mumbai
Date: 14/07/2021



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

ANJANA HARESH MOTWANI
(Chairman)
DIN: 02650184

MIHIR SURESH SHAH
(Chief Financial Officer)

Place: Mumbai
Date: 14/07/2021

KARAN HARESH MOTWANI
(Managing Director)
DIN: 02650089

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

(B) Defined benefit plans
a) Gratuity payable to employees

i) Actuarial assumptions

Particulars	As at 31st March, 2021	As at 31st March, 2020
Discount rate (per annum)	6.80%	6.90%
Rate of increase in Salary	7.00%	7.00%

ii) Changes in the present value of defined benefit obligation

Particulars	As at 31st March, 2021	As at 31st March, 2020
Present value of obligation at the beginning of the year	101.26	62.28
Interest cost	6.70	4.50
Past service cost		
Current service cost	26.58	13.09
Curtailments		
Settlements		
Benefits paid		
Actuarial (gain)/ loss on obligations - Due to change in Demographic Assumptions		
Actuarial (gain)/ loss on obligations - Due to change in Financial Assumptions	1.38	8.40
Actuarial (gain)/ loss on obligations - Due to experience	(16.73)	12.98
Present value of obligation at the end of the year*	119.18	101.26

iii) Change in the fair value of plan assets:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening fair value of plan assets		
Adjustment to opening fair value of Plan asset	-	-
Expected return on plan assets	-	-
Contributions by employer	-	-
Benefits paid	-	-
Interest income	-	-
Return on plan assets excluding Interest income	-	-
Closing fair value of plan assets	-	-

iv) Expense recognized in the Statement of Profit and Loss

Particulars	For the Year Ended 31st March, 2021	For the Period Ended 31st March, 2020
Current service cost	26.58	13.09
Interest cost	6.70	4.50
Total expenses recognized in the Statement Profit and Loss*	33.27	17.59

v) Expense recognized in Other comprehensive Income

Particulars	For the Year Ended 31st March, 2021	For the Period Ended 31st March, 2020
Actuarial (gain) / loss on Obligation for the period		
changes in financial assumptions		
experience adjustment	1.38	8.40
Net actuarial (gains) / losses recognised in OCI	(16.73)	12.98
	(15.35)	21.39

vi) Assets and liabilities recognized in the Balance Sheet:

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 7th May, 2019
Present value of unfunded obligation as at the end of the year	119.18	101.26	NA
Fair Value of Plan Assets at the end of the year			
Funded Status (Surplus / (Deficit))			
Net asset / (liability) recognized in Balance Sheet*	119.18	101.26	-



EARNINGS/ LOSS PER SHARE

XXXI(A)

Basic earnings /(loss) per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the Year	
	Ended 31st March 2021	Ended 31st March 2020
Ordinary equity shareholders	1,005.97	(472.85)
Profit/(Loss) attributable to ordinary equity holders	1,30,00,000	1,30,00,000
Weighted average number of equity shares for basic EPS	10	10
Face Value per share*	7.74	(3.64)
Basic Loss per share (INR)	7.74	(3.64)
Diluted Loss per share (INR)		

B - Commitments

Particulars	As at	
	31st March 2021	31st March 2020
1. Estimated amount of Contracts remaining to be executed on Capital account and not provided for		
(i) Towards Property, Plant & Equipment	424.47	818.41
(ii) Towards Intangible Assets	-	-
Total	424.47	818.41

DISCLOSURE UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ARE PROVIDED AS UNDER FOR THE YEAR 2020-2021, TO THE EXTENT THE COMPANY HAS RECEIVED INTIMATION FROM THE "SUPPLIERS" REGARDING THEIR STATUS UNDER THE ACT.

XXXI(B)

Particulars	As at	
	31st March 2021	31st March 2020
(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*	391.21	
Interest due on above**	7.21	
(ii) Interest paid by the company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the period		
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006		
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year		
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises		
	398.43	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

* includes Rs. 2.33 Lacs payable towards other financial liabilities

** includes Rs. .08 Lacs payable towards interest on other financial liabilities

EMPLOYEE BENEFITS

XXXI(C)

(A) Defined Contribution Plans

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss -

Particulars	For the Year	
	Ended 31st March 2021	Ended 31st March 2020
Employers' Contribution to Recognised Provident Fund	21.01	14.71



- (B) Defined benefit plans
a) Gratuity payable to employees

i) Actuarial assumptions

Particulars	As at 31st March, 2021	As at 31st March, 2020
Discount rate (per annum)	6.80%	6.90%
Rate of increase in Salary	7.00%	7.00%

ii) Changes in the present value of defined benefit obligation

Particulars	As at 31st March, 2021	As at 31st March, 2020
Present value of obligation at the beginning of the year	101.26	62.28
Interest cost	6.70	4.50
Past service cost		
Current service cost	26.58	13.09
Curtailments		
Settlements		
Benefits paid		
Actuarial (gain)/ loss on obligations - Due to change in Demographic Assumptions		
Actuarial (gain)/ loss on obligations - Due to change in Financial Assumptions		
Actuarial (gain)/ loss on obligations - Due to experience	1.38	8.40
Present value of obligation at the end of the year*	(16.73)	12.98
	119.18	101.26

iii) Change in the fair value of plan assets:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening fair value of plan assets		
Adjustment to opening fair value of Plan asset		
Expected return on plan assets	-	-
Contributions by employer	-	-
Benefits paid	-	-
Interest income	-	-
Return on plan assets excluding Interest income	-	-
Closing fair value of plan assets	-	-

iv) Expense recognized in the Statement of Profit and Loss

Particulars	For the Year Ended 31st March, 2021	For the Period Ended 31st March, 2020
Current service cost		
Interest cost	26.58	13.09
Total expenses recognized in the Statement Profit and Loss*	6.70	4.50
	33.27	17.59

v) Expense recognized in Other comprehensive Income

Particulars	For the Year Ended 31st March, 2021	For the Period Ended 31st March, 2020
Actuarial (gain) / loss on Obligation for the period		
changes in financial assumptions		
experience adjustment	1.38	8.40
Net actuarial (gains) / losses recognised in OCI	(16.73)	12.98
	(15.35)	21.39

vi) Assets and liabilities recognized in the Balance Sheet:

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 7th May, 2019
Present value of unfunded obligation as at the end of the year			
Fair Value of Plan Assets at the end of the year	119.18	101.26	NA
Funded Status (Surplus / (Deficit))			
Net asset / (liability) recognized in Balance Sheet*	119.18	101.26	-



FAIR VALUE HIERARCHY

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

Particulars	Level 1	Level 2	Level 3
As at 31 March, 2021			
FINANCIAL ASSETS			
Financial assets measured at amortized cost		116.65	
Loans		39.71	
Security Deposits			
FINANCIAL LIABILITIES			
Financial liabilities measured at amortized cost		4,220.44	
Borrowings and Lease Liabilities			

Particulars	Level 1	Level 2	Level 3
As at 31st March, 2020			
FINANCIAL ASSETS			
Financial assets measured at amortized cost		122.51	
Loans		88.53	
Security Deposits			
FINANCIAL LIABILITIES			
Financial liabilities measured at amortized cost		3,461.05	
Borrowings			

Particulars	Level 1	Level 2	Level 3
As at 7th May, 2019			
FINANCIAL ASSETS			
Financial assets measured at amortized cost			
Loans		35.27	
Security Deposits			
FINANCIAL LIABILITIES			
Financial liabilities measured at amortized cost		2,762.62	
Borrowings			

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

The carrying amount of cash and cash equivalents, trade receivables, fixed deposits, trade payables, other payables are considered to be the same as their fair values. The fair values of borrowings and security deposits were calculated based on cash flows discounted using a current lending rate which are similar to the incremental borrowing rate on the date of the deposit discounting initial recognition.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

XXXI(G)

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

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings.



(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

Interest rate sensitivity

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

Years		Outstanding Borrowing Amount	Increase/ decrease in basis points	(₹ In Lakh) Impact on profit before tax
2021				
INR	Variable Interest Rate Borrowings	2,582.07 (₹ in Lakh)	+100	25.82
USD	Variable Interest Rate Borrowings	210.76 (\$ in '000)	-100	(25.82)
2020				
INR	Variable Interest Rate Borrowings	1,894.67 (₹ in Lakh)	+100	2.11
USD	Variable Interest Rate Borrowings	234.60 (\$ in '000)	-100	(2.11)
			+100	18.95
			-100	(18.95)
			+100	2.35
			-100	(2.35)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

		Outstanding Borrowing Amount	Increase/ decrease	Amt in \$ Impact on profit before tax
2021		4,27,175	+5%	21,358.75
			-5%	(21,358.75)
2020		2,00,255	+5%	10,012.75
			-5%	(10,012.75)

(B) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The Company does not foresee any credit risks on deposits with regulatory authorities and lease deposits and/or any other financial assets.

(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.



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For HP ADHESIVES LIMITED

[Signature]
MANAGING DIRECTOR

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

Particulars	Less than 1 year	1 year to 5 years	More than 5 years	Total
As at 31st March, 2021				
Borrowings	238.50	994.36	4.64	1,237.50
Term Loans (Including Vehicle Loans)	2,982.94	-	-	2,982.94
Short term borrowings (Incl. Promoter Loan)	26.57	15.46	-	42.03
Lease liabilities (Undiscounted)	2,589.04	-	-	2,589.04
Trade payables	-	-	-	-
	5,837.05	1,009.82	4.64	6,851.50
As at 31st March, 2020				
Borrowings	141.52	334.10	-	475.63
Term Loans (Including Vehicle Loans & Related Party Loans)	2,970.47	-	-	2,970.47
Short term borrowings	79.87	42.03	-	121.90
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Trade payables	-	-	-	-
	4,718.65	376.13	-	5,094.78

(D) Risk due to outbreak of COVID 19 pandemic

The outbreak of COVID 19 pandemic globally and in India has severely impacted businesses and economies. There has been disruption to regular business operations due to the measures taken to curb the impact of the pandemic. The Company's plants, warehouses and offices were shut post announcement of nationwide lockdown. Most of the operations have resumed post lifting of lockdown. The Company has considered external and internal information in assessing the impact of COVID 19 on various elements of its financial statements, including recoverability of its assets as at the Balance Sheet date.

CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company has not distributed any dividend to its shareholders. The Company monitors net debt i.e. total debt net off cash and cash equivalent. Total debt comprises of non-current and current borrowings. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Particulars		As at 31st March, 2021	As at 31st March, 2020	As at 7th May, 2019
Equity	(i)	1,265.89	248.43	737.28
Borrowings		4,220.44	3,461.05	2,762.62
Less: cash and cash equivalents		(83.10)	(75.65)	(134.99)
Net debt	(ii)	4,137.34	3,385.41	2,627.62
Net Debt to equity ratio	(ii) / (i)	327%	1363%	356%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2021, 31st March, 2020 and 7th May, 2019 subject to conversion of Partnership firm to company.

The financial statements of the company were authorised for issued in accordance with a resolution of the directors on July, 14, 2021.

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



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

ANJANA HARESH MOTWANI
(Chairman)
DIN: 02650184

MIHIR SURESH SHAH
(Chief Financial Officer)

Place: Mumbai
Date: 14/07/2021

KARAN HARESH MOTWANI
(Managing Director)
DIN: 02650089

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

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For HP ADHESIVES LIMITED

MANAGING DIRECTOR