



HP ADHESIVES LIMITED

Our Company was originally formed as a partnership firm under the name and style of "M/s. H.P. International" pursuant to a deed of partnership dated January 01, 1987. M/s. HP International was thereafter converted into a private limited company "HP Adhesives Private Limited" on May 07, 2019, pursuant to the provisions of Chapter XXI of the Companies Act, 2013. Subsequently, our Company has been converted into a public limited company and the name of our Company changed to "HP Adhesives Limited" pursuant to a special resolution passed at the Extra-Ordinary General Meeting of our Company held on June 23, 2021 and a fresh Certificate of Incorporation dated July 01, 2021 issued by the RoC. For details in relation to the change in our Registered and Corporate Office of our Company, see "History and Certain Corporate Matters" beginning on page 160 of the Draft Red Herring Prospectus.

Registered Office: 11, Unique House, Chakala Cross Road, Andheri East, Mumbai – 400 099, Maharashtra, India, **Telephone:** 022 68196300; +91-8097520674;

Contact Person: Jyoti Nikunj Chawda, Company Secretary and Compliance Officer; **E-mail:** info@hpadhesives.com; **Website:** www.hpadhesives.com

Corporate Identity Number: U24304MH2019PLC325019

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED JULY 18, 2021: NOTICE TO INVESTORS (THE "ADDENDUM")

INITIAL PUBLIC OFFER OF UP TO 45,97,200 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF HP ADHESIVES LIMITED ("COMPANY") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [●] LAKHS COMPRISING A FRESH ISSUANCE OF UP TO 41,40,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] LAKHS BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 4,57,200 EQUITY SHARES AGGREGATING UP TO ₹ [●] LAKHS BY ANJANA HARESH MOTWANI ("SELLING SHAREHOLDER") AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDER, THE "OFFERED SHARES") (SUCH OFFER BY THE SELLING SHAREHOLDER, THE "OFFER FOR SALE" AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER"). THE OFFER SHALL CONSTITUTE [●]% OF THE POST- OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

Potential Bidders may note the following:

- The section titled "Financial Information" on page 186 of Draft Red Herring Prospectus currently includes details of the restated financial statements as at and for the financial year ended March 31, 2021 and period ended March 31, 2020. The said section has been updated to include the restated financial information of the Company as of and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019.
- In light of the updated restated financial information of the Company, the section titled "Basis for Offer Price" on page 112 of the Draft Red Herring Prospectus, has been updated to reflect the updates to the disclosures being made in the section as on date of this Addendum.
- In light of the updated restated financial information of the Company, the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 239 of the Draft Red Herring Prospectus, has been updated to reflect the updates to the disclosures being made in the section as on date of this Addendum.
- The relevant portion of the section titled "Outstanding Litigations and Material Developments" of the Draft Red Herring Prospectus has also been updated to reflect an additional matter which forms part of this Addendum.

The above changes are to be read in conjunction with the Draft Red Herring Prospectus and accordingly their references in the Draft Red Herring Prospectus stand updated pursuant to this Addendum. The information in this Addendum supplements the Draft Red Herring Prospectus and updates the information in the Draft Red Herring Prospectus, as applicable. Please note that the information included in the Draft Red Herring Prospectus will be suitably updated, including to the extent stated in this Addendum, as may be applicable in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC, SEBI and the Stock Exchanges. Investors should read the Red Herring Prospectus as and when filed with the RoC, SEBI and the Stock Exchanges before making an investment decision in the Issue. All capitalised terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.

For and on behalf of HP Adhesives Limited

Place: Mumbai

Date: August 28, 2021

Sd/-

Jyoti Nikunj Chawda

Company Secretary and Compliance Officer

BOOK RUNNING LEAD MANAGERS



UNISTONE

UNISTONE CAPITAL PRIVATE LIMITED

305, A Wing, Dynasty Business Park,
Andheri Kurla Road, Andheri East,
Mumbai- 400059.

Telephone: +91 9820057533

Email: mb@unistonecapital.com

Investor grievance email: compliance@unistonecapital.com

Contact Person: Mr. Brijesh Parekh

Website: www.unistonecapital.com

SEBI registration number: INM000012449

REGISTRAR TO THE OFFER



BIGSHARE SERVICES PRIVATE LIMITED

1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis,
Makwana Road, Marol, Andheri (East), Mumbai 400 059, India

Telephone: 022-62638200,

Facsimile: 022-63638280

Email: ipo@bigshareonline.com;

Investor grievance email: investor@bigshareonline.com

Contact Person: Mr. Ashish Bhope

Website: www.bigshareonline.com

SEBI Registration Number: INR000001385

BID/OFFER PROGRAMME

BID/OFFER OPENS ON*

[●]

BID/OFFER CLOSES ON

[●]

*Our Company and the Selling Shareholder shall, in consultation with the Book Running Lead Manager, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.

*Our Company and the Selling Shareholder, in consultation with the Book Running Lead Manager, may consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.

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FINANCIAL INFORMATION

RESTATED FINANCIALS STATEMENTS

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, March 31, 2020 and March 31, 2019; 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, March 31, 2020 and March 31, 2019 and ; 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") for the purpose of inclusion in the Addendum Draft Red Herring Prospectus ("ADRHP"), RHP & Prospectus & any other document of the Company in connection with its proposed Initial Public Offer of equity shares ("IPO").

Dear Sirs / Madam,

1. We have been engaged to provide Examination report on Restated Ind AS Financials covering the period's ended as at March 31, 2021, March 31, 2020 & March 31, 2019 as addendum in lieu of our earlier report submitted on Restated Ind AS Financials for the period's ended as at March 31, 2021, March 31, 2020 wide our report dated July 14, 2021.
2. We have examined the attached Restated Ind AS Financial Information of HP Adhesive Limited (the "Company") and erstwhile Partnership Firm -M/s HP International which comprises of the Restated Ind AS Summary Statement of Assets and Liabilities as at March 31, 2021, Indian GAAP March 31, 2020 and March,31, 2019 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, 2020 & March 31, 2019 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 Aug 27 ,2021 for the purpose of inclusion in the Addendum Draft Red Herring Prospectus ("ADRHP"), RHP & Prospectus & any other document of the Company in connection with its proposed Initial Public Offer of equity shares ("IPO"), 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").

Management's Responsibility for the Restated Ind AS Summary Statements

3. 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 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.
4. The Restated Summary Statements of the Company have been extracted by the management from :
 - a. the Audited Financial Statements of the Company for the financial years ended on March 31, 2021 which includes the comparative Ind AS financial statements as at and for the year ended March 31, 2020 prepared in accordance with Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on July 14, 2021. The Comparative Ind AS financial statements as at and for the year ended March 31, 2020 have been prepared by making Ind AS adjustments to the audited consolidated financial statements of the Group as at and for the year ended March 31, 2020, prepared

in accordance with the accounting standards notified under the section 133 of the Companies Act, 2013, which was approved by the Board of directors at their meeting held on December 31, 2020.

- b. The Audited Ind AS Financial Statements for the period ended March 31, 2021 prepared in accordance with Indian Accounting Standard (Ind AS) 101 "First Time Adoption" specified under section 133 of the Act and other accounting principles generally accepted in India which have been approved by the Board of Directors at their meeting held on July 14, 2021 considering the adoption date as May 7, 2019.
 - c. The Restated Financial Information also contains the Proforma Ind AS financial information as at and for the year ended March 31, 2019. These Proforma Ind AS financial information have been prepared by making Ind AS adjustments to the special purpose Indian GAAP Financial statements of Erstwhile Partnership of Converted Company as at and for the year ended March 31, 2019 and period for April 01, 2019 to May 07, 2019 as described in Note 2 to the Restated Consolidated Financial Information.
5. We have examined such Restated Ind Financial Information taking into consideration:
- a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated August 23, 2021 for the purpose of inclusion in the Addendum Draft Red Herring Prospectus ("ADRHP"), RHP & Prospectus & any other document of the Company in connection with its proposed Initial Public Offer of equity shares ("IPO");
 - b. The Guidance Note. The Guidance Note also requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI;
 - c. Concepts of test checks and materiality to obtain reasonable assurance based on the verification of evidence supporting the Restated Ind AS Financial Information; and
 - d. The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, ICDR Regulations in connection with the IPO.
6. For the purpose of our examination, we have relied on:
Auditor's Report issued by us on the Ind AS Financial Statements as at and for each of the year ended March 31, 2021, March 31, 2020 (Restated under IND AS) and March 31, 2019 as referred in Paragraph 3 above.
7. Our Audit Report on the Financial statements period ended March 31, 2021, March 31, 2020 & March 31, 2019 includes an Emphasis of matter that has been reproduced as follows:
- A. For the Year ended March 31, 2021 which includes the comparative Ind AS financial statements as at and for the year ended March 31, 2020 prepared in accordance with Ind AS:
- a) "Effect of Transition to Ind AS Accounting framework: The Company has adopted Ind AS from 1st April 2020 with an effective date of 7th May 2019 for such transition. For periods upto and including the year ended 31 March 2020, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind AS, these financial statements for the year ended 31 March 2021, together with the comparative financial information for the previous year ended 31 March 2020 and the transition date Balance Sheet as at 7th May 2019 have been prepared under IND AS.
 - b) Impairment of Financial Assets (Expected Credit loss) framework: Ind AS 109 requires company to recognise impairment loss allowance towards its financial assets (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss approach considering the guiding principles of IND AS 109
 - c) Defined Benefit Plans: Company has first time Estimated Defined Benefit Plan. The Estimation of retirement benefit obligation is based on significant assumptions and judgments as disclosed in notes, small changes in assumptions can have material impact on the valuation of benefit obligation.
 - d) "We draw attention to the Ind AS Financial Statements which describes the management's assessment of the COVID-19 pandemic on the results and the extent to which it will impact the Company's operations is dependent upon future developments, which remain uncertain.
Our opinion is not modified in respect of this matter."
- B. For the Year ended March 31, 2020 :
- "We draw attention to the Ind AS Financial Statements which describes the management's assessment of the COVID-19 pandemic on the results and the extent to which it will impact the Company's operations is dependent upon future developments, which remain uncertain.
Our opinion is not modified in respect of this matter."
8. Based on our examination and according to the information and explanations given to us, we report that the Restated Ind AS Financial Information:
- a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended 31 March 2020 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at March 31, 2021;

- b) have been prepared after incorporating Proforma Ind AS adjustments to the audited Audited financial statements of Partnership Firm as at and for the year ended March 31, 2019 and period for April 01, 2019 to May 07, 2019 as described in Note IV(A) to the Restated Consolidated Financial Information;
 - c) does not contain any qualifications requiring adjustments; and
 - d) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
9. In accordance with the requirements of Part I of Chapter III of Act including rules madetherein, ICDR Regulations, Guidance Note and Engagement Letter, we report that:
- a) The “Restated Summary Statement of Assets and Liabilities” as set out in Annexure I to this report, of the Company As at March 31, 2021, March 31, 2020 & March 31, 2019 are prepared by the Company and approved by the Board of Directors. These Restated Summary Statement of Assets and Liabilities, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes on Adjustment made for Rested Financial Statements & Other Notes on Restated Accounts are set out in Annexure IV (A) to this report.
 - b) The “Restated Summary Statement of Profit and Loss” as set out in Annexure II to this report, of the Company for the years ended on March 31, 2021, March 31, 2020 & March 31, 2019 are prepared by the Company and approved by the Board of Directors. These Restated Summary Statement of Profit and Loss, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes on Adjustment made for Rested Financial Statements & Other Notes on Restated Accounts are set out in Annexure IV (A) to this report.
 - c) The “Restated Summary Statement of Cash Flow” as set out in Annexure III to this report, of the Company for the years ended on March 31, 2021, March 31, 2020 & March 31, 2019 are prepared by the Company and approved by the Board of Directors. These Restated Summary Statement of Cash Flow, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies , Notes on Adjustment made for Rested Financial Statements & Other Notes on Restated Accounts are set out in Annexure IV (A) to this report.
10. 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, March 31, 2020 & March 31, 2019 we are of opinion that:
- 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 error if any , 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 ,March 31, 2020 & March 31, 2019 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 Significant Accounting Policies , Notes on Adjustment made for Rested Financial Statements & Other Notes on Restated Accounts are 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 subject to as mentioned in notes on adjustments made for restated financial statements set our in Annexure IV(A) to the report, 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.
11. 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, March 31, 2020 & March 31, 2019 proposed to be included in the Addendum Draft Red Herring Prospectus (“ADRHP”), RHP & Prospectus & any other document of the Company in connection with its proposed Initial Public Offer of equity shares (“IPO”).

Annexure of Restated Financial Statements of the Company :-

Sr. No	Particulars	Annexure
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

12. 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.
13. 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.
14. 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.
15. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
16. 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.
17. Our report is intended solely for use of the Board of Directors for inclusion in the Addendum Draft Red Herring Prospectus ("ADRHP"), RHP & Prospectus & any other document of the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") 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/C400307)

Vaibhav Choudhary (Partner)

(M.No. 407543)

Place : Mumbai (Mah)

Date: 27/08/2021

UDIN No: 21407543AAAAFA5613

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**	As at 31st March, 2019 (Proforma Ind AS)
ASSETS				
Non-current assets				
Property, plant and equipment	XIII	1,865.82	950.41	874.82
Capital work-in-progress		652.03	119.91	-
Right of Use Assets	XIII	38.26	114.93	3.13
Goodwill				
Other intangible assets	XIII	17.18	14.76	0.51
Financial assets				
Other financial assets	XIV	39.71	88.53	33.24
Deferred tax asset (net)		171.98	242.69	165.81
Other non-current assets	XIV	15.88	15.88	150.44
Total non-current assets		2,800.85	1,547.09	1,227.94
Current assets				
Inventories	XV	3,239.69	1,852.03	1,452.38
Financial assets				
Investments				
Trade receivables	XVI	2,286.61	1,979.85	2,240.84
Cash and cash equivalents	XVII	83.10	75.65	190.95
Loans	XVIII	116.65	122.51	82.29
Current tax assets (net)	XVIII	-	15.30	292.66
Other current assets	XVIII	450.97	88.69	184.67
Assets classified as held for sale				
Total current assets		6,177.03	4,134.03	4,443.79
TOTAL ASSETS		8,977.89	5,681.12	5,671.74
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	V	1,300.00	1,300.00	1,300.00
Other equity	VI	(34.10)	(1,051.56)	166.23
Total equity		1,265.90	248.44	1,466.23
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	VII	854.69	77.72	104.98
Lease Liabilities	IX (C)	14.52	73.61	5.08
Other non current liabilities		-	-	-
Provisions	IX (B)	119.18	101.26	55.38
Total non-current liabilities		988.39	252.59	165.44
Current liabilities				
Financial liabilities				
Borrowings	XI	2,283.83	3,328.26	2,253.35
Lease Liabilities	XI	24.24	38.75	5.49
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	1,457.36
Other financial liabilities	XI	1,422.48	277.97	71.60
Other current liabilities	XI	127.30	8.32	245.37
Provisions	XII	141.66	-	6.90
Current tax liabilities (net)	XII	135.07	-	-
Liabilities directly associated with assets classified as held for sale				
Total current liabilities		6,723.61	5,180.09	4,040.07
TOTAL LIABILITIES		7,712.00	5,432.69	4,205.51
TOTAL EQUITY AND LIABILITIES		8,977.89	5,681.12	5,671.74

Significant accounting policies and Key accounting estimates and judgements

IV (A)

See accompanying notes to the financial statements

IV(B) - XXXI(H)

** Restated period includes period of Partnership Firm period from 01/04/2019 to 07/05/2019

As per our report of even date attached
For :
Priya Choudhary & Associates LLP
Chartered Accountants
Firm's Registration No : 011506C/C400307
Vaibhav Choudhary
Partner
Membership No: 407543

Place: Mumbai
Date: 27/08/2021

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: 27/08/2021

KARAN HARESH MOTWANI
(Managing Director)
DIN: 02650089

JYOTINIKUNJ 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 **	For the Year Ended 31st March, 2019 (Proforma IND AS)
INCOME				
Revenue from operations	XIX	11,816.16	9,547.93	8,741.75
Other income	XX	571.80	242.82	55.89
Total		12,387.96	9,790.75	8,797.64
EXPENSES				
Cost of Material Consumed	XXI	9,708.36	6,588.30	6,063.06
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	XXI	(1,586.07)	(369.78)	(350.90)
Employee benefits expenses	XXII	1,473.58	1,269.33	938.04
Other expenses	XXIV	1,023.41	1,610.95	1,277.35
Total		10,619.29	9,098.80	7,927.55
Earning before Interest, Tax, Depreciation and Amortisation (EBITDA)		1,768.67	691.95	870.09
Finance costs	XXIII	255.31	294.68	390.64
Depreciation and amortisation expense	XIII	190.33	189.62	73.54
Total		445.64	484.30	464.18
Profit / (Loss) before exceptional items and tax		1,323.03	207.66	405.91
Exceptional items		-	743.71	-
Profit / (Loss) before tax		1,323.03	(536.06)	405.91
Tax expense				
Current tax	XXVII	(250.22)	-	-
Deferred tax (expense) / income	IX (A)	(66.84)	69.00	(5.84)
Total		(317.06)	69.00	(5.84)
Profit / (Loss) for the year		1,005.97	(467.05)	400.07
Other comprehensive income				
(A) Items that will not be reclassified to profit or loss				
(i) Re-measurement gains / (losses) on defined benefit plans		15.35	(21.39)	10.13
(ii) Income tax relating to items that will not be reclassified to profit or loss		(3.86)	5.38	(3.13)
(B) Items that will not be reclassified to profit or loss				
		11.49	(16.00)	7.00
Other comprehensive income for the year, net of tax		11.49	(16.00)	7.00
Total comprehensive income for the year	VI	1,017.46	(483.06)	407.07
Earnings per Equity Share				
Basic Earnings / (loss) per Equity Share		7.74	(3.59)	3.08
Diluted Earnings / (loss) per Equity Share		7.74	(3.59)	3.08

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

** Restated period includes period of Partnership Firm period from 01/04/2019 to 07/05/2019

As per our report of even date attached
For :
Priya Choudhary & Associates LLP
Chartered Accountants
Firm's Registration No : 011506C/C400307
Vaibhav Choudhary
Partner
Membership No: 407543

Place: Mumbai
Date: 27/08/2021

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: 27/08/2021

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**	For the Period Ended 31st March, 2019 (Proforma Ind AS)
Cash flow from operating activities			
Net profit / (loss) before taxation	1,323.03	(536.07)	405.91
Adjustments for:			
Depreciation and amortization expenses	190.33	189.62	73.54
Finance cost	255.31	294.68	390.64
Operating Profit / (Loss) before working capital changes	1,768.67	(51.77)	870.09
Changes in working capital			
(Decrease)/ increase in trade payables	1,062.24	69.43	126.49
Decrease/ (increase) in inventories	(1,387.66)	(399.65)	(653.05)
Decrease/ (increase) in trade receivables	(306.76)	260.99	50.35
(Decrease)/ increase in other current financial liabilities	1,129.99	206.37	25.53
(Decrease)/ increase in other current and non financial liabilities	118.97	(237.05)	177.89
(Decrease)/ increase in provisions	310.00	22.97	11.90
Decrease/ (increase) in loans	5.86	(40.22)	(27.24)
Decrease/ (increase) in other current and non current financial assets	48.82	(55.29)	(25.69)
Decrease/ (increase) in other current and non current non financial assets	(362.29)	230.54	(192.36)
Cash generated from operating activities	2,387.84	6.34	363.91
Income tax paid	(234.92)	277.36	(134.96)
Net cash generated from operating activities (A)	2,152.92	283.70	228.95
Cash flow from Investing activities			
Payment for property, plant and equipment and intangible assets	(1,640.28)	(399.37)	(354.26)
Interest received	17.58	(9.99)	(4.64)
Net cash used in Investing activities (B)	(1,622.70)	(409.36)	(358.90)
Cash flow from Financing activities			
Proceeds from long-term borrowings	776.97	(27.26)	(44.46)
Proceeds from Contribution to Partners (Net) *	-	(742.61)	167.49
Proceeds / (Repayment) of borrowings from related parties	(874.40)	532.13	342.27
Movement in short-term borrowings from banks (net)	(170.03)	542.78	68.03
Finance Cost	(255.31)	(294.68)	(390.64)
Net Cash used in Financing Activities (C)	(522.77)	10.37	142.69
Net increase in cash and cash equivalents (A+B+C)	7.46	(115.30)	12.74
Cash and cash equivalents at the beginning of the year	75.65	190.95	178.21
Cash and cash equivalents at the end of the year	83.10	75.65	190.95
Cash and cash equivalents comprise			
Balances with banks			
On current accounts	58.40	49.55	123.57
Fixed deposits with maturity of less than 3 months	10.39	6.11	49.64
Cash on hand	14.30	19.99	17.74
Bank balances other than Cash and cash equivalent			
In Fixed deposit with maturity for more than 3 months but less than 12 months from	-	-	-
Book Overdraft with Scheduled Banks	-	-	-
Total cash and cash equivalents at end of the year	83.10	75.65	190.95

** Restated period includes period of Partnership Firm period from 01/04/2019 to 07/05/2019

As per our report of even date attached

For :

Priya Choudhary & Associates LLP

Chartered Accountants

Firm's Registration No : 011506C/C400307

Vaibhav Choudhary

Partner

Membership No: 407543

For and on behalf of the Board of Directors

HP ADHESIVES LIMITED

ANJANA HARESH MOTWANI

(Chairman)

DIN: 02650184

MIHIR SURESH SHAH

(Chief Financial Officer)

KARAN HARESH MOTWANI

(Managing Director)

DIN: 02650089

JYOTINIKUNJ CHAWDA

Company Secretary (Mem No.: 40074)

Place: Mumbai

Date: 27/08/2021

Place: Mumbai

Date: 27/08/2021

ANNEXURE-IV (A)

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.

The Company was formed by conversion of a partnership firm, under the provisions of Chapter XXI of Companies Act, 2013. The Firm was formed and registered as a partnership firm under the provisions of Indian Partnership Act, 1932, pursuant to a deed of partnership, as amended and supplemented from time to time. The Firm was converted to a private limited company on May 7, 2019 and subsequently converted to public limited company.

Company is engaged in Manufacturing and distribution of adhesives and sealants alongwith 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) Company's Financial statements for the financial period ended 2018-19 & 2019-20 were as per Indian GAAP while Financial statements for the Financial year 2020-21 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, as at March 31, 2020, and as at March 31, 2019; 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; March 31, 2020 and March 31, 2019, 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 for the purpose of inclusion in the Addendum Draft Red Herring Prospectus ("ADRHP") 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").

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except as otherwise stated.

(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
Office Equipments

3/6 years
5 years

Based on Management's assessment of Useful life relied upon the technical advice of expert on the same, on event of conversion of Partnership firm to Private limited, depreciation has been provided on SLM Basis on WDV as on date of conversion to be depreciated on remaining useful life of the assets. 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.

Refer Para No 3 on Adjustments related to Restated Financial Year 2018-19 below.

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
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Trade Mark	5 years
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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. Provision for current tax is made after taken into consideration benefits admissible under the provisions of Section 115BAA of the Income Tax Act, 1961.

Deferred tax

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

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

become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

2.14 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 or newly purchased financial assets going forward.

The Solely payments of Principal and Interest test

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies 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 minimise 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. NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS

3.1 The Company is formed Chapter XXI of Companies Act, 2013 by conversion of erstwhile firm “H P International” on May 7, 2019 whereby all assets and liabilities of the said firm are termed as assets and liabilities of the Company at book value from the conversion date

3.2 For Incorporation of Financial Information of FY 2018-19 and period from 01.04.2019 to 07.05.2019 of erstwhile firm M/s HP International, Proforma IND AS financials have been prepared by making adjustments to existing final accounts of Partnership firm. We have made following adjustment to adhere to requirements of Sec 26 of Part I of Chapter III of

Companies Act, 2013 along with SEBI ICDR Regulation and Guidance Note on Report of Company Prospectus (Revised 2019) issued by ICAI.

Accounts head appearing in erstwhile firm

1. Partner's Capital Account
2. Remuneration to Partners
3. Interest to Partners

Accounts head appearing in Restated Financial Statement

- Share Capital
- Director's Remuneration
- Finance Cost

4. Considering the Opening WDV as on 01.04.2018, depreciation has been charged on balance remaining useful life of assets as per Companies Act, 2013 for consistency in presentation & comparison in Restated Financial Statements for FY 2018-19. As previously charged as per Income Tax Act provisions erstwhile Partnership firm.

5. Effects of changes in method & rates of depreciation has been adjusted under Partner's Capital Reserves incorporated under Other Equity in Restated Financial Statements.

6. Effects of Change in WDV of Assets due to change in depreciation as per Companies Act in Restated Financial Statements of FY 2018-19 has been adjusted under Other Equity and carry forward effects of the same are not considered in further periods for FY 07th May, 2019 to 31.03.2020 & FY 2020-21 onwards, which are already been adjusted as per IND AS provisions on First Time Adoption of IND AS with an effective date of 7th May 2019 for such transition, after incorporating all adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended 31 March 2020 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at March, 31, 2021 as in our opinion were appropriate and comparable.

7. Closing WDV appearing in books of erstwhile firm as on 01.04.2019 was taken as the Opening Gross Block of assets as on 07.05.2019.

4. 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 revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

4.1 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. In the restated financials, there is change in the method of depreciation, which was previously followed under WDV method of Income Tax Act, now it has been changed to SLM method as per Companies Act 2013.

(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 depends 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

Vaibhav Choudhary

Partner

Membership No: 407543

Place: Mumbai

Date: 27/08/2021

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: 27/08/2021

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	As at March 31, 2019
Net profit/(loss) after tax as per audited statement of profit and loss	1,017.46	(205.14)	447.06
Adjustments for:			
Impact on account of application of Ind AS 116 (net) (Note 1)	-	(3.01)	1.50
Impact of Expected loss provisioning as per Ind AS 109 (Note 2)	-	(145.38)	(74.46)
Impact on account of application of Ind AS 109 on Security deposits given (Note 3)	-	(0.18)	(0.04)
Impact of recognition of Gratuity expense as per Ind AS 19 (Note 4)	-	(38.97)	(4.74)
Impact of above adjustments on deferred taxes	-	42.73	(5.84)
Impact of Other Adjustments on Partner's Capital A/c (Net) (Note 5)	-		43.59
Prior period adjustment	-	(133.11)	-
Total Comprehensive income as restated	1,017.46	(483.06)	407.07

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

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.

Note 5

As the restated financials are made as per Ind AS after incorporating all adjustments for the changes in accounting policies, material errors and regrouping/reclassifications in the retrospectively in period from 01.04.2019 to 07.05.2019 and Financial year ended as on 31 March 2019 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed subsequently which in our opinion were appropriate and comparable.

Effects of changes in method & rates of depreciation has been adjusted under Partner's Capital Reserves incorporated under Other Equity in Restated Financial Statements.

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	As at March 31, 2019
Shareholders' equity as per Audited Financials	1,265.89	1,089.07	1,948.48
Adjustments for:			
Lease adjustments as per Ind AS 116	-	(2.25)	(13.69)
Expected credit loss adjustment in trade receivables as per Ind AS 109	-	(814.08)	(668.70)
Adjustment in security deposit given as per Ind AS 109	-	(0.22)	(0.04)
Recognition of DBO (Gratuity provision)	-	(101.25)	(62.28)
Deferred tax on adjustment	-	210.27	168.93
Impact of Other Adjustments on Partner's Capital A/c (Net)			93.53
Prior period error rectified	-	(133.11)	-
Shareholders' equity as restated	1,265.89	248.42	1,466.23

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 and management's judgments.

HP ADHESIVES LIMITED
DETAILS OF SHARE CAPITAL AS RESTATED

ANNEXURE V
(₹ in Lakh)

Statement of Share Capital

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
(a) Authorised			
1,30,00,000 Equity Shares of Rs. 10/- each.	1,300	1,300	1,300
(b) Issued			
1,30,00,000 Equity Shares of Rs. 10/- each.	1,300	1,300	1,300
(c) Subscribed and fully paid up			
1,30,00,000 Equity Shares of Rs. 10/- each.	1,300	1,300	1,300
TOTAL	1,300	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 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	As at March 31, 2019
No. of Share outstanding at the beginning of the year	1,30,00,000	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	1,30,00,000

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

	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Class of shares / Name of shareholder	Number of shares held	Number of shares held	Number of shares held
Anjana Hareesh Motwani	66,30,000	66,30,000	66,30,000
Karan Hareesh Motwani	63,70,000	63,70,000	63,70,000
Total	1,30,00,000	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)

	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Class of shares / Name of shareholder	% Holding	% Holding	% Holding
Anjana Hareesh Motwani	51%	51%	51%
Karan Hareesh Motwani	49%	49%	49%
Total	100%	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	As at 31st March, 2019
(A) Surplus / (Deficit) in the Statement of Profit and Loss			
Opening balance	(1,051.56)	166.23	(408.33)
Add / (Less): Transactions in Capital Accounts **	-	(734.74)	167.49
Add / (Less): transfer on Conversion on LLP to Company ***	-	-	-
Add: Adjustment of Ind AS of previous years	-	-	-
	(1,051.56)	(568.51)	(240.84)
Add: Total Comprehensive Income for the year	1,017.46	(483.06)	407.07
Less: Re-measurement (gain)/loss on post employment benefit obligation (net of tax)	-	-	-
Less: Transfer on Conversion on Firm to Company **	-	-	-
TOTAL	(34.10)	(1,051.56)	166.23

** The transactions in Partners Capital Accounts other than transfer of Profits have been shown in Adjustment in statement of Profit and Loss to make the Ind AS statements comparable.

*** On Conversion of Firm to Company, the Balance in Capital Accounts have been transferred to Loan Accounts of the Directors

(erstwhile Partners)

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	As at 31st March, 2019
Borrowings measured at Amortised Cost			
<u>Secured</u>			
Loan from Bank			
<u>(A) TERM LOANS</u>			
(a) Term Loan from ICICI Bank	334.00	-	-
(b) Term Loan from Indusind Bank	33.26	33.20	90.46
<u>(B) LOANS REPAYABLE ON DEMAND</u>			
(a) ECLGS Loan from ICICI Bank (Repayable in 48 monthly installments)	179.98	-	-
(b) ECLGS Loan from Indusind Bank (Repayable in 48 monthly installments)	214.17	-	-
<u>(C) VEHICLE LOANS</u>			
(a) Vehicle Loan from BMW Financial Services (Repayable on 60 EMI of Rs.92,868/-)	27.15	35.19	-
(b) Vehicle Loan from Daimler Financial Services India Pvt.Ltd. (Repayable on 60 EMI of Rs.108,902/-)	45.48	-	-
(c) Vehicle Loan HDFC Bank (Repayable on 60 EMI of Rs.21,322/-)	0.20	2.15	6.26
(d) Vehicle Loan HDFC Bank (Repayable on 36 EMI of Rs.31,869/-)	-	2.06	8.26
(e) Vehicle Loan ICICI Bank (Repayable on 36 EMI of Rs.37,766/-)	14.13	-	-
(f) Vehicle Loan ICICI Bank (Repayable on 48 EMI of Rs.32,748/-)	6.33	5.13	-
(g) Vehicle Loan ICICI Bank (Repayable on 48 EMI of Rs.32,748/-)	-	-	-
(h) Vehicle Loan ICICI Bank (Repayable on 48 EMI of Rs.32,748/-)	-	-	-
Total	854.69	77.72	104.98

Terms and conditions:

Secured Loan

*** ICICI Bank**

Against Hypothecation of company's entire stock of Raw Material, semi finished & Finished goods, consumable Stores & Spares and such other movable current assets including book debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank.

Personal Guarantee of Directors - Karan Motwani & Anjana Motwani 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.

HP ADHESIVES LIMITED

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

S.no.	Lender	Nature of facility	Sanction Amount	Amount o/s asat March 31, 2021	Rate of Interest	Repayment terms	Principle terms & conditions
1	BMW Financial Services	Vehicle Loans	45,00,000	35,51,702	8.75	60 Months EMI Rs.92,868/-	NA
2	Daimler Financial Services India Pvt.Ltd.	Vehicle Loans	55,00,000	55,00,000	6.99	60 Months EMI Rs.1,08,902/-	NA
3	ECLGS LOAN A/C- ICICI	Term loan	2,39,97,588	2,39,97,588	8.25	48 Months	NA
4	HDFC Bank (Tata Truck Loan)53302196	Vehicle Loans	8,49,703	1,85,267	8.51	60 Months EMI Rs.21,322/-	NA
5	HDFC Loan A/C 60039069 Tata Truck New	Vehicle Loans	10,00,000	1,55,764	9.15	36 Months EMI Rs.31,869/-	NA
6	ICICI BANK NEW Car Loan MG Hector Plus- LAMUM00042267658	Vehicle Loans	18,75,000	17,41,681	7.80	36 Months EMI Rs.37,766/-	MG Hector Car
7	ICICI New Term Loan A/C564751634001001	Term loan	10,00,00,000	3,34,00,000	8.00	6 Years EMI Rs. 4,63,889/-.	Nidhi Motwani: Flat No.201, 2nd Flr, Mahran CHSL, Plot No.16, Juhu Scheme,Mumbai-400049. & Anjana Motwani :S NO. 7/18, Narangi Taluka Khalapur, Raigad.
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	As at 31st March, 2019
Provisions for gratuity	119.18	101.26	55.38
Total	119.18	101.26	55.38

OTHER NON CURRENT LIABILITIES AS RESTATED

ANNEXURE IX (C)
(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Lease Liability	14.52	73.61	5.08
Total	14.52	73.61	5.08

HP ADHESIVES LIMITED
DETAILS OF TRADE PAYABLES AS RESTATED

ANNEXURE X
(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
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	1,457.36
Total	2,589.04	1,526.79	1,457.36

* The disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 have been made in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with the Company.

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	As at 31st March, 2019
Borrowings			
Loan repayable on demand			
<u>Secured</u>			
Cash credit	1,804.58	1,786.42	-
Bank Overdraft	-0.06	16.48	1,698.22
Packing Credit	210.76	234.60	212.86
Letter of Credit	16.14	58.57	-
Working capital Demand Loan	252.41	357.79	-
<u>Unsecured</u>			
Loan from Related Parties	-	874.40	342.27
Total	2,283.83	3,328.26	2,253.35
Lease liabilities			
Lease liability	24.25	38.77	5.49
Total	24.25	38.77	5.49
Other Financial liabilities			
Current maturity of long term loans	1,081.92	55.08	-
Security deposits	1.00	-	-
Payable to Employees	132.21	126.52	66.10
Payable towards services received	10.30	-	-
Payable towards stores, spares and consumables	197.05	96.37	5.50
Total	1,422.48	277.97	71.60
Other Current liabilities			
Statutory dues payable	20.95	8.32	50.69
Advances received from customers	106.35	-	194.68
Total	127.30	8.32	245.37

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	As at 31st March, 2019
Provision for employee benefits	35.02	-	6.90
Provision for expenses	106.64	-	-
Provision of Income Tax (Net of Advance Tax)	135.07	-	-
Total	276.72	-	6.90

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 April 1, 2018	183.64	673.60	41.00	111.32	19.17	37.87	1,066.60
Addition/(Deletion)	25.72	234.08	7.14	77.13	2.00	5.06	351.13
As at March 31, 2019	209.36	907.68	48.14	188.45	21.17	42.93	1,417.73
As at April 1, 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	739.12	192.80	0.33	75.86	2.79	19.50	1,030.39
(Deletion)	-	-	-	-8.30	-	-	-8.30
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 April 1, 2018	64.19	289.36	21.76	54.26	8.83	30.96	469.37
Addition/(Deletion)	5.00	44.87	1.86	17.13	1.59	3.09	73.54
As at March 31, 2019	69.19	334.23	23.62	71.39	10.42	34.05	542.91
As at April 1, 2019	69.19	334.23	23.62	71.39	10.42	34.05	542.91
Addition/(Deletion)	4.99	45.06	4.37	26.38	7.27	4.79	92.85
Adjustments	8.76	81.28	0.45	1.49	0.40	1.15	93.53
As at March 31, 2020	82.95	460.57	28.43	99.26	18.09	39.99	729.29
As at April 1, 2020	82.95	460.55	28.44	99.27	18.09	39.99	729.29
Addition	13.83	54.59	4.41	25.99	2.81	7.94	109.57
(Deletion)	-	-	-	-2.89	-	-	-2.89
As at March 31, 2021	96.78	515.14	32.84	122.37	20.91	47.93	835.97
Net Block							
As at March 31, 2019	140.17	573.45	24.52	117.05	10.75	8.87	874.82
As at March 31, 2020	126.42	634.93	79.25	89.93	4.36	15.52	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 31st March, 2019	3.45
Additions	206.98
Disposals/Adjustments	-
As at 31st March, 2020	210.43
Additions	-
Disposals/Adjustments	-
As at 31st March, 2021	210.43
Amortisation	
As at 31st March, 2019	0.32
Amortisation recognised	95.17
As at 31st March, 2020	95.50
Amortisation recognised	76.67
As at 31st March, 2021	172.16
Net book value	
As at 31st March, 2021	38.26
As at 31st March, 2020	114.93
As at 31st March, 2019	3.13

DETAILS OF INTANGIBLE ASSETS

Particulars	(₹ in Lakh)
Cost	
As on 1st April, 2018	2.14
Additions	-
Disposals/Adjustments	-
As at 31st March, 2019	2.14
Additions	15.85
Disposals/Adjustments	-
As at 31st March, 2020	17.99
Additions	6.51
Disposals/Adjustments	-
As at 31st March, 2021	24.50
Amortisation	
As on 1st April, 2018	1.46
Amortisation recognised	0.17
As at 31st March, 2019	1.63
Amortisation recognised	1.60
As at 31st March, 2020	3.23
Amortisation recognised	4.09
As at 31st March, 2021	7.32
Net book value	
As at 31st March, 2021	17.18
As at 31st March, 2020	14.76
As at 31st March, 2019	0.51

HP ADHESIVES LIMITED

DETAILS OF OTHER NON CURRENT ASSETS

ANNEXURE XIV (₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Financial Assets			
Security deposits	39.71	88.53	33.24
Total	39.71	88.53	33.24
Other non current assets			
Demand paid under Protest*	15.88	15.88	150.44
Total	15.88	15.88	150.44

*For VAT and CST litigation matters

DETAILS OF INVENTORIES AS RESTATED

ANNEXURE XV (₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Raw materials and compnents	1,281.05	836.22	806.35
Work-in-progress	201.79	59.67	-
Finised goods	1,756.85	956.14	646.03
Total	3,239.69	1,852.03	1,452.38

DETAILS OF TRADE RECEIVABLES AS RESTATED
ANNEXURE XVI
(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Receivables considered good - Unsecured	2,286.61	1,979.85	2,240.84
Receivables considered doubtful - Unsecured	703.95	814.08	668.70
Less : Allowance for expected credit loss	(703.95)	(814.08)	(668.70)
Total	2,286.61	1,979.85	2,240.84

Notes:

Trade receivables has been taken as certified by the management of the company.

Provisioning for expected credit loss has been done as per the guidance of Ind AS 109.

DETAILS OF CASH & CASH EQUIVALENTS AS RESTATED
ANNEXURE XVII
(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Balances with banks:			
On current accounts	58.40	49.55	123.57
Fixed deposits with maturity of less than 3 months	10.39	6.11	49.64
Cash on hand	14.30	19.99	17.74
Total	83.10	75.65	190.95

DETAILS OF SHORT TERM LOANS & ADVANCES AS RESTATED
ANNEXURE XVIII
(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Loan			
Loan to staff	116.65	122.51	82.29
Total	116.65	122.51	82.29
Current Tax assets (Net)			
Advance Income Tax (Net of Provisions)	-	15.30	292.66
Total	-	15.30	292.66
Other Current Assets			
(a) Capital Advances	23.19	-	-
(b) In Fixed Deposit Accounts with maturity 3-12 months*	40.15	42.00	-
(c) Advances other than capital Advances			
Prepaid expenses	24.87	10.93	-
GST Receivable / Refund	79.84	21.34	5.44
VAT Receivable / Refund	3.42	6.20	6.20
TDS Receivable	9.24	6.28	-
TCS Receivable	3.43	-	-
Advances to vendors	223.54	1.94	163.13
Other advances	2.23	-	9.90
Share Issue Expenses	15.00	-	-
Insurance Claim Receivable	26.06	-	-
Total	450.97	88.69	184.67

DETAILS OF REVENUE FROM OPERATIONS AS RESTATED

ANNEXURE XIX
(₹ in Lakh)

Particulars	For the year ended 2021	For the year ended 2020			For the year ended 2019
		1st Apr 2019 to 7th May 2019	8th May 2019 to 31st Mar 2020	Total	
Revenue from Operations (Net)	11,816.16	1,096.70	8,451.23	9,547.93	8,741.75
Total	11,816.16	1,096.70	8,451.23	9,547.93	8,741.75

DETAILS OF OTHER INCOME AS RESTATED

ANNEXURE XX
(₹ in Lakh)

Particulars	For the year ended 2021	For the year ended 2020			For the year ended 2019
		1st Apr 2019 to 7th May 2019	8th May 2019 to 31st Mar 2020	Total	
(a) Interest Income					
Interest Income on Fixed deposits with banks	0.71	2.97	4.91	7.88	8.18
Interest on Staff Loan	0.11	-	0.12	0.12	-
Interest on MSME	4.09	-	-	-	-
Other interest income	3.37	0.18	5.12	5.30	0.52
(b) Other Non-operating Income					
Rental income on Non -Residential Property	13.00	-	11.00	11.00	-
Renting Machinery And Equipments	-	-	84.00	84.00	-
Jobwork Charges	346.76	-	70.00	70.00	3.57
(c) Other Gains and Losses					
Net Foreign exchange gain	36.11	5.96	33.24	39.20	22.91
Excise Excess Duty Refund	0.09	-	3.35	3.35	-
Duty Drawback Refund	21.75	1.64	19.42	21.06	19.51
Freight/Transportation Charges Recovered	1.42	-	0.91	0.91	0.75
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	-	-	-	0.40
Miscellaneous income	26.06	-	-	-	0.05
Total	571.80	10.75	232.07	242.82	55.89

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

ANNEXURE XXI
(₹ in Lakh)

Particulars	For the year ended 2021	For the year ended 2020			For the year ended 2019
		1st Apr 2019 to 7th May 2019	8th May 2019 to 31st Mar 2020	Total	
Cost of material consumed					
Raw materials at the beginning of the period	836.22	-	-	806.35	504.21
Add : Purchases of Raw material	9,509.96	744.64	5,873.53	6,618.17	6,365.20
Less : Raw materials at the end of the period	637.81	-	-	836.22	806.35
Total	9,708.36			6,588.30	6,063.06

Particulars	For the year ended 2021	For the year ended 2020			For the year ended 2019
		1st Apr 2019 to 7th May 2019	8th May 2019 to 31st Mar 2020	Total	
Change in inventories					
Inventories at the beginning of the year	1,015.81			646.03	295.13
Less: Inventories at the end of the year	2,601.89			1,015.81	646.03
Net (increase) / decrease in inventories	(1,586.07)			(369.78)	(350.90)

DETAILS OF EMPLOYEE BENEFIT EXPENSES AS RESTATED

ANNEXURE XXII (₹ in Lakh)

Particulars	For the year ended 2021	For the year ended 2020			For the year ended 2019
		1st Apr 2019 to 7th May 2019	8th May 2019 to 31st Mar 2020	Total	
Salaries and wages	1,376.38	155.12	1,012.23	1,167.35	873.07
Directors Remuneration/ Partners's Salary	46.53		50.00	50.00	50.10
Gratuity expense	33.27	-	17.59	17.59	14.87
Bonus	17.41	-	34.39	34.39	-
Total	1,473.58	155.12	1,114.21	1,269.33	938.04

DETAILS OF FINANCE COSTS AS RESTATED

ANNEXURE XXIII (₹ in Lakh)

Particulars	For the year ended 2021	For the year ended 2020			For the year ended 2019
		1st Apr 2019 to 7th May 2019	8th May 2019 to 31st Mar 2020	Total	
Interest on secured borrowing	209.47	15.66	44.80	60.46	147.98
Interest on un-secured borrowing	3.83	-	18.14	18.14	41.14
Loan Processing Charges	-	0.84	10.85	11.69	25.45
Interest to Partners	-	18.66	-	18.66	174.89
Interest on OD	0.61	-	152.21	152.21	-
LC Charges	2.56	-	2.96	2.96	-
Interest expenses on financial liabilities measured at amortised cost	6.26	-	7.16	7.16	1.18
Interest on Delay of MSME Creditors payment	7.21	-	-	-	-
Bank Charges & Commission	25.37	-	23.41	23.41	-
Total	255.31	35.16	259.52	294.68	390.64

DETAILS OF OTHER EXPENSES AS RESTATED

ANNEXURE XXIV (₹ in Lakh)

Particulars	For the year ended 2021	For the year ended 2020			For the year ended 2019
		1st Apr 2019 to 7th May 2019	8th May 2019 to 31st Mar 2020	Total	
Production expenses	269.69	16.73	233.52	250.25	164.85
Telephone and communication charges	18.54	1.02	26.95	27.97	13.05
Printing & Stationery	8.33	0.75	22.63	23.38	13.65
<u>Repairs & Maintenance expenses</u>					

Particulars	For the year ended 2021	For the year ended 2020			For the year ended 2019
		1st Apr 2019 to 7th May 2019	8th May 2019 to 31st Mar 2020	Total	
Machinery	45.06	6.35	45.37	51.72	39.14
Conveyance and travelling expenses	128.33	18.93	279.82	298.75	213.12
Net impairment loss (ECL)	-	-	145.38	145.38	74.46
Insurance charges	28.99	6.57	13.99	20.56	23.48
Business promotion expenses	11.75	1.17	313.28	314.45	42.44
Legal & professional charges	61.73	11.22	56.75	67.97	159.40
Lease Rent & License Fees	2.25	5.06	26.18	31.24	28.33
Rates & Taxes	5.86	-	12.80	12.80	1.04
Inspection and testing expenses	16.90	-	19.70	19.70	-
Membership & subscription	2.37	0.12	0.70	0.82	3.30
Auditor's Remuneration*	21.28	-	18.68	18.68	-
Computer consumables, software & maintenance charges	3.90	0.22	5.10	5.32	5.19
Marketing & selling expenses	380.60	28.49	252.56	281.05	333.78
Bad-Debts	2.05	-	1.88	1.88	101.29
Discount Allowed	-	-	-	-	-
Donation	-	-	3.00	3.00	-
Miscellaneous expenses	15.78	4.05	32.00	36.05	60.83
Total	1,023.41	100.68	1,510.28	1,610.96	1,277.35

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

Particulars	For the year ended 2021	For the year ended 2020			For the year ended 2019
		1st Apr 2019 to 7th May 2019	8th May 2019 to 31st Mar 2020	Total	
Statutory Audit Fee	15.00	-	4.60	4.60	-
Taxation Matters/Tax Audit	2.00	-	1.98	1.98	-
Certification Fees	2.00	-	2.31	2.31	-
For reimburesment of Expenses	2.28	-	-	-	-
Other Professional Services*	-	-	9.79	9.79	-
Total	21.28	-	18.68	18.68	-

* Reclassified from Legal Charges

DETAILS OF RELATED PARTY TRASANCTIONS AS RESTATED

Name	Relationship	Nature of Transaction	Transactions For the Period Ended 31st March, 2021	Amount Receivable / (payable) as at 31st March 2021	Transactions For the Period Ended 31st March, 2020	Amount Receivable / (payable) as at 31st March 2020	Transactions For the Period Ended 31st March, 2019	Amount Receivable / (payable) as at 31st March 2019
HP COMPOSITES LLP	Director is Partner	Business Transactions - Sale	109.52	62.13	449.16	154.05	-	-
		Business Transactions - Purchase	612.19		154.07		-	
		Rental Services Given	13.00		165.00		-	
		Job-Work Services Given	346.76		-		-	
ANJANA MOTWANI	Director	Loan Taken	938.84	(786.41)	1,338.46	(523.54)	100.22	(1,307.92)
		Loan Repaid	675.77		814.92		114.23	
		Interest On Partners Capital	-		-		117.62	
		Share of Profits	-		-		125.31	
		Remuneration Paid	14.60		20.00		10.10	
		Bonus Paid	4.01		-		-	
KARAN MOTWANI	Director	Loan Taken	166.58	(164.91)	807.11	(167.10)	47.40	(640.57)
		Loan Repaid	168.76		640.01		51.97	
		Interest On Partners Capital	-		-		57.27	
		Share of Profits	-		-		41.77	
		Remuneration Paid	21.90		30.00		40.00	
		Bonus Paid	6.02		-		-	
NIDHI MOTWANI	Director Daughter	Interest Paid on Unsecured Loans	-	-	18.14	(183.74)	41.14	(342.27)
		Loan Taken	286.00		756.41		1,106.50	
		Loan Repaid	469.74		572.68		805.36	
		Salary Paid	21.60		4.00		-	
HP TRADING	Director Prop. Firm	Business Transactions - Sale	-	47.72	63.20	75.27	-	142.14
		Business Transactions - Purchase	-		132.50		17.54	
HP SALES CORPORATION	Director Prop. Firm	Business Transactions - Sale	-	-	21.97	-	-	28.40
		Business Transactions - Purchase	-		21.97		-	
HP MARKETING	Director Daughter Prop. Firm	Business Transactions - Sale	-	-	-	-	-	21.40
		Business Transactions - Purchase	-		-		71.30	
HP PLASTIC HUF	Director HUF	Business Transactions - Rent Paid	-	-	-	-	1.80	(3.60)

Name	Relationship	Nature of Transaction	Transactions For the Period Ended 31st March, 2021	Amount Receivable / (payable) as at 31st March 2021	Transactions For the Period Ended 31st March, 2020	Amount Receivable / (payable) as at 31st March 2020	Transactions For the Period Ended 31st March, 2019	Amount Receivable / (payable) as at 31st March 2019
HP PLASTIC KHM	Director HUF	Loan Taken	-	-	-	-	5.50	-
		Loan Repaid	-		-		5.50	
ADVANCE SOLVENT ADHESIVES	Director Prop. Firm	Business Transactions - Sale	3.14	15.52	-	-	5.27	8.97
		Business Transactions - Purchase	-		-		9.51	

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 Related parties taken as identified by management.

CAPITALIZATION STATEMENT AS RESTATED AS AT MARCH 31, 2021

ANNEXURE XXVI

(₹ in Lakh)

Particulars	Pre-issue	Post-issue
Borrowings		
Short term debt (A)	3,365.75	[•]
Long term debt (B)	854.69	[•]
Total debts (C)	4,220.44	[•]
Shareholders' funds		
Share capital	1,300.00	[•]
Other equity	(34.10)	[•]
Total shareholders' funds (D)	1,265.90	[•]

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

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
Disallowance due to Sec 43B (Bonus)	35.02
Interest on late payment on TDS	0.31
Non Deduction of TDS on expenses - Hotel Expenses	1.46
MSME Interest	7.21
Non Deduction of TDS on expenses - Car Loan Interest	1.04
Gratuity	33.27
Increase in the profit or decrease in loss	-
	1,591.68
<u>Less</u>	
Allowable Expenditure	350.59
Expenses Allowed u/s 43B	32.33
Reversal of Expected Credit Loss	110.13
Preliminary	3.00
Depreciation as per Chart u/s 32	205.13
	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	As at 31st March, 2019
Restated PAT as per statement of profit & loss (Rs. In lacs) (For Basic EPS purpose) (A)	1,005.97	-467.05	400.07
Restated Earnings before Interest Tax Depreciation and Amortisation (Rs. In lacs)	1,768.67	691.95	870.09
Weighted average number of equity shares at the end of the year/period (B)	1,30,00,000	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	1,30,00,000
Net Worth as restated (D) (Rs. In lacs)	1,265.90	248.44	1,466.23
Earnings per Share			
Basic or Diluted earnings per share (A)/(B)*10 ⁵	7.74	-3.59	3.08
Return on Net Worth (%) (A)/(D)	79%	-188%	27%
Net Asset Value per Equity share (D)/(C)*10 ⁵	9.74	1.91	11.28
Nominal value per equity share (in Rs.)	10	10	10

Notes -

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

- 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

- 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

- Net Asset Value per Equity Share :

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

- 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	As at 31st March, 2019
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	144.30
(ii) Income Tax matter dispute under appeal (AY 14-15)	2.70	2.70	2.70
(iii) Demand raised under Central Excise "OIO cum Show Cause Notice".#	-	-	2,822.86
(iv) Others- Uncrystallized effect of Bank Guarantee's given by company to DC, Central Excise Anti Evasion Wing, Mumbai #	51.25	51.25	-
Total	198.25	198.25	2,969.86

* 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

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
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	-

INCOME TAXES

ANNEXURE XXX

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
(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			22.38
On Expected credit loss on trade receivable	177.17	204.89	174.91
On prior period errors	0.00	44.77	-
On Leases	0.69	0.76	-
	188.05	250.41	197.29
Deferred tax liabilities			
On Depreciation	13.11	13.11	0.00
On OCI - actuarial gain / loss	-1.52	-5.38	3.13
On revaluation of Investment at amortised cost to fair value	-	-	-
On amortisation of goodwill for tax purposes	-	-	-
Interest expenses on financial liabilities measured at amortised cost	-	-	-
On amortisation of transaction cost on borrowings	-	-	-
On others	4.48	-	1.43
Financial Guarantee			
	16.07	7.73	4.56
Deferred tax asset, net	171.98	242.69	192.73

(B) Income tax expense

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
- Current tax taxes	-250.22	-	-
- Adjustments in respect of current income tax of previous year	-	-	-
- Deferred tax charge / (income)	-66.84	69.00	-5.84
Income tax expense reported in the statement of profit or loss	-317.06	69.00	-5.84

(C) Income tax expense charged to OCI

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Net loss/(gain) on remeasurements of defined benefit plans	(3.86)	5.38	(5.84)
Income tax charged to OCI	(3.86)	5.38	(5.84)

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

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Profit before tax	1,323.03	(536.07)	405.91
Tax Rate	25.17%	25.17%	30.90%
Income tax expense at tax rates applicable	332.98	(134.92)	125.43
Tax effects on non deductible expenditure	46.22	203.92	-
Effect of change in Tax rate	-	-	-
Earlier year adjustment	-	-	-
Others (Tax effect of brought forward Losses/unabsorbed depreciation of current year on which no deferred tax asset is recognised)	(62.14)	-	(125.43)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Income tax (expense) / income	317.06	69.00	-

(E) Unrecognised Deferred tax assets (₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
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	-	-	-

OTHER ADDITIONAL ANNEXURES

ANNEXURE XXXI(A) - XXXI(H)

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:

(₹ in Lakh)

Particulars	For the Year Ended 31st March, 2021	For the Period Ended 31st March, 2020	For the Year Ended 31st March, 2019
Ordinary equity shareholders			
Profit/(Loss) attributable to ordinary equity holders	1,005.97	(467.05)	400.07
Weighted average number of equity shares for basic EPS	1,30,00,000	1,30,00,000	1,30,00,000
Face Value per share*	10	10	10
Basic Earnings / (Loss) per share (INR)	7.74	(3.59)	3.08
Diluted Earnings / (Loss) per share (INR)	7.74	(3.59)	3.08

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	As at 31st March, 2020	As at 31st March, 2019
(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* Interest due on above**	391.21 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

For the FY 2018-19 & 2019-20, company has not received any information from the Suppliers regarding their status under MSME Act. Thus in absence of relevant information, trade payables are classified as other than MSME Trade Payables.

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	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Employers' Contribution to Recognised Provident Fund	21.01	14.71	-

A) Defined benefit plans

a) Gratuity payable to employees

i. Actuarial assumptions

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Discount rate (per annum)	6.80%	6.90%	6.90%
Rate of increase in Salary	7.00%	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	As at 31st March, 2019
Present value of obligation at the beginning of the year	101.26	62.28	57.54
Interest cost	6.70	4.50	3.85
Past service cost			
Current service cost	26.58	13.09	11.02
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	(0.70)
Actuarial (gain)/ loss on obligations - Due to experience	(16.73)	12.98	(9.43)
Present value of obligation at the end of the year*	119.18	101.26	62.28

*Included in provision for employee benefits (Refer note XX)

iii. Change in the fair value of plan assets:

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
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 Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Current service cost	26.58	13.09	11.02
Interest cost	6.70	4.50	3.85
Total expenses recognized in the Statement Profit and Loss*	33.27	17.59	14.87

v. Expense recognized in Other comprehensive income

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Actuarial (gain) / loss on Obligation for the period			
changes in financial assumptions	1.38	8.40	(0.69)
changes in demographic assumptions			(0.01)
experience adjustment	(16.73)	12.98	(9.43)
Net actuarial (gains) / losses recognised in OCI	(15.35)	21.39	(10.13)

vi. Assets and liabilities recognized in the Balance Sheet:

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Present value of unfunded obligation as at the end of the year	119.18	101.26	62.28
Fair Value of Plan Assets at the end of			

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
the year	119.18	101.26	62.28
Funded Status (Surplus / (Deficit))			
Net asset / (liability) recognized in Balance Sheet*			

*Included in provision for employee benefits (Refer note XX)

vii. A quantitative sensitivity analysis for significant assumption as at 31st March, 2018 is as shown below:

Impact on defined benefit obligation	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Discount rate			
0.5% increase	112.53	-	59.01
0.5% decrease	126.47	-	65.85
Rate of increase in salary			
0.5% increase	126.42	-	65.86
0.5% decrease	112.51	-	58.98

viii. Maturity profile of defined benefit obligation

Year	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Expected Outgo First	9.36	-	6.90
Expected Outgo Second	7.30	-	2.57
Expected Outgo Third	5.29	-	3.16
Expected Outgo Fourth	9.94	-	4.26
Expected Outgo Fifth	5.55	-	3.21
Expected Outgo Six to Ten years	30.92	-	18.80

LEASES

XXXI(D)

A) Operating leases where Company is a lessee:

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Within one year	26.57	79.87	16.20
After one year but not more than five years	15.46	42.03	33.75
More than five years			

Future minimum rentals receivables under non-cancellable operating leases are, as follows: NA

SEGMENT REPORTING

XXXI(E)

The Company operates primarily in adhesives & sealants segment. Considering the nature of Company's business and operations, as well as based on review of operating results by the chief operating decision maker to make decision about resource allocation and performance measurement, there is only one reportable business segment viz. "Adhesives & Sealants Products". Company's sales are done in domestic & export market viz. "Operating Segments". Accordingly no separate disclosures has been made for segment reporting under Ind AS 108.

FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

XXXI(F)

The fair value of other current financial assets, cash and cash equivalents, trade receivables, trade payables, commission payable and other financial liabilities (including creditors for expense etc.) approximate the carrying amounts because of the short term nature of these financial instruments.

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

The amortized cost using effective interest rate (EIR) of Borrowing (non current and current) is not significantly different from the carrying amount, based on management Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

The impact of fair value on such portion is not material and therefore not considered for above disclosure. Similarly, carrying values of non-current security deposits and non- current term deposits are not significant and therefore the impact of fair value is not considered for above disclosure.

Fair value measurement of assets and liabilities

Particulars	As at 31st March 2021		As at 31st March 2020		As at 31st March 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
FINANCIAL ASSETS						
Trade receivables	2,286.61	2,286.61	1,979.85	1,979.85	2,240.84	2,240.84
Cash and cash equivalents	83.10	83.10	75.65	75.65	190.95	190.95
Loans	116.65	116.65	122.51	122.51	82.29	82.29
Security Deposits	39.71	39.71	88.53	88.53	33.24	33.24
FINANCIAL LIABILITIES						
Borrowings	4,220.44	4,220.44	3,461.06	3,461.06	2,358.33	2,358.33
Trade payables	2,589.04	2,589.04	1,526.79	1,526.79	1,457.36	1,457.36
Employee benefit payable	132.21	132.21	126.52	126.52	66.10	66.10

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			
(a) Financial assets measured at fair value through profit or loss			
Investments in equity shares	-	-	-
Financial assets measured at amortized cost			
Trade receivables		1,979.85	
Cash and cash equivalents	75.65		
Loans		116.65	
Security Deposits	-	39.71	
FINANCIAL LIABILITIES			
Financial liabilities measured at amortized cost			
Borrowings and Lease Liabilities	-	4,220.44	
Trade payables		1,527	
Employee benefit payable		127	

Particulars	Level 1	Level 2	Level 3
As at 31st March, 2020			
FINANCIAL ASSETS			
Financial assets measured at amortized cost			
Trade receivables			2,240.84
Cash and cash equivalents			190.95
Loans		122.51	
Security Deposits	-	88.53	
Others			-
FINANCIAL LIABILITIES			
Financial liabilities measured at amortized cost			
Borrowings	-	3,461.06	
Trade payables	-	-	1,457
Others	-	-	66
Advance received against sale of Property	-	-	-

Particulars	Level 1	Level 2	Level 3
As at 31st March, 2019			
FINANCIAL ASSETS			
Financial assets measured at amortized cost			
Trade receivables			
Cash and cash equivalents			
Bank balances other than cash and cash equivalent			
Loans		82.29	
Security Deposits		33.24	
Investment in debentures			
Investment in preference shares			
Other assets			
FINANCIAL LIABILITIES			
Financial liabilities measured at amortized cost			
Borrowings		2,358.33	
Trade payables Others			
Advance received against sale of Property			

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:

(₹ in Lakh)				
Years		Outstanding Borrowing Amount	Increase/ decrease in basis points	Impact on profit before tax
<u>2021</u>				
INR	Variable Interest Rate Borrowings	2,582.07 (₹ in Lakh)	+100	25.82
			-100	(25.82)
USD	Variable Interest Rate Borrowings	210.76 (\$ in '000)	+100	2.11
			-100	(2.11)
<u>2020</u>				
INR	Variable Interest Rate Borrowings	1,894.67 (₹ in Lakh)	+100	18.95
			-100	(18.95)
USD	Variable Interest Rate Borrowings	234.60 (\$ in '000)	+100	2.35
			-100	(2.35)
<u>2019</u>				
INR	Variable Interest Rate Borrowings	1,675.45 (₹ in Lakh)	+100	16.75
			-100	(16.75)
USD	Variable Interest Rate Borrowings	302.78 (\$ in '000)	+100	3.03
			-100	(3.03)

(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.

Amt in \$			
Years	Outstanding Foreign currency Amount	Increase/ decrease in basis points	Impact on profit before tax
2021	4,27,175	+5% -5%	21,358.75 (21,358.75)
2020	2,00,255	+5% -5%	10,012.75 (10,012.75)
2019	5,00,954	+5% -5%	25,047.70 (25,047.70)

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 drawdown's 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.

Receivables Ageing	Gross Carrying amount (as on 31 March 2021)	Expected loss rate	Expected losses allowance provision)	credit (loss	Carrying amount of trade receivables (net of impairment)
Not due	1,354.24	5%		65.24	1,289.00
0-30 days	618.67	10%		60.02	558.65
30-60 days	263.11	17%		43.55	219.56
60-90 days	97.24	28%		26.98	70.25
90-120 days	46.37	28%		12.87	33.50
120-150 days	55	44%		24	31
150-180 days	11	60%		6	4
More than 180 days	545	85%		465	80
Carrying amount of trade	2,445.33	1.91		239.16	2,286.61
				Total	2,286.61

Receivables Ageing	Gross Carrying amount (as on 31 March 2020)	Expected loss rate	Expected losses allowance provision)	credit (loss	Carrying amount of trade receivables (net of impairment)
Not due	980.62	6%		58.28	922.34
0-30 days	590.89	12%		69.73	521.16
30-60 days	310.87	20%		61.91	248.96
60-90 days	105.13	33%		34.57	70.56
90-120 days	114.39	33%		37.61	76.78
120-150 days	50.28	50%		25.14	25.14
150-180 days	18.84	64%		11.96	6.88
More than 180 days	622.94	83%		514.86	108.08
Carrying amount of trade	2,793.97	2.99		814.08	1,979.89
				Total	1,980

Receivables Ageing	Gross Carrying amount (as on 31st March 2019)*	Expected loss rate	Expected losses allowance provision)	credit (loss	Carrying amount of trade receivables (net of impairment)
Not due	1,616.18	5%		82.98	1,533.21
0-30 days	436.00	13%		56.11	379.89
30-60 days	118.17	21%		25.28	92.90
60-90 days	65.90	35%		23.14	42.76
90-120 days	56.36	35%		19.79	36.57
120-150 days	68.85	51%		34.93	33.92
150-180 days	49.53	61%		30.39	19.15
More than 180 days	498.54	79%		396.09	102.45
Carrying amount of trade	2,909.54	3.01		668.70	2,240.84
				Total	2,240.84

* Gross figures considered above are without effects of On-Account Receipts and Discounts.

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

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st Mar, 2019
Opening Provision	814.07	668.69	594.24
Add: Adjustments during the year	(110.13)	145.38	74.45
Closing provision	703.94	814.07	668.69

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				
Term Loans (Including Vehicle Loans)	238.50	994.36	4.64	1,237.50
Short term borrowings (Incl. Promoter Loan)	2,982.94	-	-	2,982.94
Lease liabilities (Undiscounted)	26.57	15.46	-	42.03
Trade payables	2,589.04			2,589.04
	5,837.05	1,009.81	4.64	6,851.50
As at 31st March, 2020				
Borrowings				
Term Loans (Including Vehicle Loans & Related Party)	141.52	334.10		475.63
Short term borrowings	2,970.47	-	-	2,970.47
Lease liabilities (Undiscounted)	79.87	42.03	-	121.90
Trade payables	1,526.79	-	-	1,526.79
	4,718.65	376.13	-	5,094.78
As at 31st March, 2019				
Borrowings				
Term Loans (Including Vehicle Loans & Related Party Loans)	43.82	61.16		104.98
Short term borrowings	2,233.54	-	-	2,233.54
Lease liabilities (Undiscounted)	6.15	121.90	-	128.05
Trade payables	1,457.36	-	-	1,457.36
	3,740.87	183.06	-	3,923.93

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

XXXI(H)

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 31st March, 2019
Equity	(i)	1,265.90	248.44	1,466.23
Borrowings		4,220.44	3,461.06	2,358.33
Less: cash and cash equivalents		(83.10)	(75.65)	(190.95)
Net debt	(ii)	4,137.34	3,385.41	2,167.38
Net Debt to equity ratio	(ii)/ (i)	327%	1363%	148%

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

The restated financial statements of the company were authorised and issued in accordance with a resolution of the directors on August 27, 2021.

As per our report of even date attached

For :

Priya Choudhary & Associates LLP

Chartered Accountants

Firm's Registration No : 011506C/C400307

Vaibhav Choudhary

Partner

Membership No: 407543

Place: Mumbai

Date : 27/08/2021

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 : 27/08/2021

KARAN HARESH MOTWANI

(Managing Director)

DIN: 02650089

JYOTI NIKUNJ CHAWDA

Company Secretary (Mem No.: 40074)

BASIS FOR OFFER PRICE

The Price Band, Floor Price and Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of the quantitative and qualitative factors described below. Investors should also refer to “Our Business”, “Risk Factors”, “Restated Financial Statements” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” on pages 138, 29,186 and 239, respectively, of the DRHP to have an informed view before making an investment decision.

Qualitative factors

Some of the qualitative factors which form the basis for computing the Offer Price are:

- Wide product portfolio addressing the needs of varied customers across the industry.
- Experienced Promoters with strong management team having domain knowledge;
- Extensive Sales and distribution network
- Strategically located manufacturing facilities
- Improving operational efficiency

For further details, see “Our Business –Competitive Strengths” on page 138 of the DRHP.

Quantitative factors

Some of the information presented below relating to our Company is derived from the Restated Financial Statements.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

I. Basic and diluted earnings per share (“EPS”)

Fiscal	Basic and Diluted EPS (₹)
Fiscal 2021	7.74
FY 2019-20	(3.59)*
FY 2018-19	3.08
Weighted Average	3.19

*In order to settle disputed excise tax demand of Rs. 1,405.82 Lakhs for the period January 2012 to July 2015 and aggregate disputed sales tax demand of Rs. 116.40 Lakhs for Assessment Years 2012-13 and 2013-14, our Company paid a sum of Rs. 688.17 Lakhs towards Sabka Vishwas Legacies Dispute Resolutions Scheme and Rs. 55.54 Lakhs towards Mahavat Amnesty Scheme, 2019, respectively and thereby has incurred an aggregate expenditure of Rs. 743.71 Lakhs in FY 2019-20. Thus, there was negative EPS for the said period.”

II. Price/Earning (“P/E”) ratio in relation to Price Band of ₹[●] to ₹[●] per Equity Share:

Particulars	P/E at the lower end of the Price Band (number of times)	P/E at the higher end of the Price Band (number of times)
Based on basic EPS for Fiscal 2021	[●]	[●]
Based on diluted EPS for FY 2019-20	[●]	[●]

III. Return on Net Worth (“RoNW”)

Derived from the Restated Financial Statements:

Financial Year ended	RoNW (%)
Fiscal 2021	79.47
FY 2019-20*	(188.00)
FY 2018-19	27.29
Weighted Average	(18.38)

Return on average net worth (%) = Profit/(loss) for the year from operations, divided by Net Worth.

Net Worth means the aggregate value of the paid-up share capital of our Company and all reserves created out of profits and securities premium account, net of pre-offer expenses, derived from the restated statement of assets and liabilities of our Company in the Restated Financial Statements.

IV. Net asset value per Equity Share (face value of ₹ 10 each)

Net Asset Value per Equity Share derived from the Restated Financial Statements:

Particulars*	Amount (in Rs.)
Net Asset Value per Equity Share as of March 31, 2021	9.74
Net Asset Value per Equity Share after the Offer	[●]
Offer Price per equity share	[●]

Net Asset Value per Equity Share has been calculated as net worth divided by number of equity shares at the end of the year. Total no of shares taken to calculate the NAV is after taking into consideration Bonus

Note: Net Asset Value has been calculated as per the following formula:

$$\text{NAV} = \frac{\text{Net worth excluding preference share capital and revaluation reserve}}{\text{Outstanding number of Equity shares outstanding during the year / period}}$$

Offer Price per Equity Share will be determined on conclusion of the Book Building Process.

V. Comparison with listed industry peer:

Following is the comparison with our peer companies listed in India:

Name of the Company	For the year ended March 31, 2021						
	Face value (₹)	Revenue from operations (₹ in Cr) ⁽¹⁾	Basic EPS (₹)	Diluted EPS (₹)	P/E (based on Diluted (EPS)) ⁽²⁾	Return on average net worth (%) ⁽³⁾	NAV per Equity Share (₹) ⁽⁴⁾
HP Adhesives Limited	10	118.16	7.74	7.74	[●]	79.00	9.74
Peer Group							
Pidilite Industries Limited	10	7,293.00	22.26	22.24	81.28	20.22	114.78

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis sourced from the Annual Reports of the respective company for the year ended March 31, 2021.

Notes:

1. Revenue from operations has been sourced from the audited standalone financial results of the respective company for the year ended March 31, 2021.
2. P/E Ratio has been computed based on the closing market price of equity shares on the BSE on March 31, 2021 divided by the Diluted EPS.
3. RoNW is computed as net profit after tax (excluding other comprehensive income) divided by the closing net worth. Net worth has been computed as sum of share capital and reserves and surplus.
4. NAV is computed as the closing net worth divided by the closing outstanding number of equity shares.

Investors should read the above mentioned information along with “Risk Factors”, “Our Business”, Management Discussion and Analysis of Financial Position and Results of Operations” and “Financial Information” on pages 29, 138, 239 and 186, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the “Risk Factors” and you may lose all or part of your investments.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our Restated Financial Statements on page 186 of the Draft Red Herring Prospectus.

The Draft Red Herring Prospectus may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward- looking statements as a result of various factors, including those described below and elsewhere in the Draft Red Herring Prospectus. For further information, see “Forward-Looking Statements” on page 20. Also read “Risk Factors” and “- Qualitative Factors Affecting our Results of Operations and Financial Condition” on pages 29 and 112, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Unless otherwise indicated or the context otherwise requires, the financial information for Fiscal 2021, 2020 and 2019 included herein is derived from the Restated Financial Statements, included in the Draft Red Herring Prospectus, which have been derived from our audited financial statements and restated in accordance with the SEBI ICDR Regulations and ICAI Guidance, which differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. For further information, see “Restated Financial Statements” on page 186 of the Draft Red Herring Prospectus.

Our Company’s Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year. In this section, unless the context otherwise requires, any reference to “our Company”, “we”, “us” or “our” is a reference to HP Adhesives Limited.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled “Assessment of the Adhesives and Sealants market in India” of July 2021 (the “CRISIL Report”), prepared and issued by CRISIL Limited and commissioned by us. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year.

OVERVIEW

We are a fast-growing multi-product, multi-category consumer adhesives and sealants company. We manufacture a wide range of consumer adhesives and sealants such as PVC, cPVC and uPVC solvent cement, synthetic rubber adhesive, PVA adhesives, silicone sealant, acrylic sealant, gasket shellac, other sealants and PVC pipe lubricant which are sold across India, through an extensive distribution network of distributors, and exported also to several countries, through network of distributors and direct customers. We also manufacture these products for select third-parties on order basis. Apart from the above products, we also provide ancillary products like ball valves, thread seal and other tapes and FRP products for drainage and architectural solutions that are distributed along with our products to the end- customers through our distribution network.

PRESENTATION OF FINANCIAL INFORMATION

Our Company was converted into a private limited company on May 07, 2019, pursuant to the provisions of Chapter XXI of the Companies Act. Thus, restated financial information for the financial year 2018-19 and for the period from April 01, 2019 to May 07, 2019 have been restated as per SEBI (ICDR), 2018 only for the purpose of the inclusion in this addendum and in subsequent offer documents of the Company to be filed with SEBI, NSE, BSE, ROC and any other regulatory authority.

Our restated Ind AS summary statements of assets and liabilities as at March, 2021, March 31, 2020 and March 2019, restated Ind AS summary statement of profit and loss (including other comprehensive income), cash flows and changes in equity for the year ended March 31, 2021, March 31, 2020 and March 31, 2019 together with the summary of significant accounting policies and explanatory information thereon (collectively, the “Restated Financial Statements”), have been derived from our audited financial statements as at and prepared in accordance with Ind AS 34, and our audited financial statements as at and for the year ended March 31, 2021, March 31, 2020 and March 31, 2019 each restated in accordance with Ind AS, and restated in accordance with the SEBI ICDR Regulations and the ICAI Guidance Note.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

Except as disclosed in the Draft Red Herring Prospectus, to our knowledge no circumstances have arisen since March 31, 2021, that could materially and adversely affect or are likely to affect, our operations or profitability, or the value or our ability to pay our material liabilities within the next 12 months.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business is subjected to various risks and uncertainties, including those discussed in the section titled “Risk Factors” beginning on page 29 of the Draft Red Herring Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

- i. Cost of raw materials consumed, and outward freight costs;
- ii. Capacity utilization and capacity expansion;
- iii. Employee and sales promotion expenses;
- iv. Entering new markets and growing our network of dealers;
- v. Changes in laws and regulations applicable to our Industry;
- vi. Company’s inability to successfully implement its growth and expansion plans;
- vii. The economic environment, regulatory intervention and impact of COVID-19 outbreak

SIGNIFICANT ACCOUNTING POLICIES

For Significant accounting policies please refer Significant Accounting Policies, under Chapter titled “Restated Financial Statements” beginning on page 186 of the Draft Red Herring Prospectus.

CHANGES IN ACCOUNTING POLICIES

The audited financial statements for the financial year 2018-19 and 2019-20 was prepared as per Indian GAAP and for the Financial year 2020-21 is prepared in accordance with the IND AS. But, in Restated financial statements financials for the reported periods it has been prepared in accordance with the IND AS.

PRINCIPAL COMPONENTS OF INCOME AND EXPENSES

Revenue and Expenses

Our revenue and expenses are reported in the following manner:

Total Revenue

Our Total Revenue comprises of revenue from operations and other income.

Revenue from operations:

Our principal component of revenue from operations is from manufacturing and selling of various adhesive and sealants alongwith few ancillary products which are either manufactured or traded by us. For ancillary products which do not enjoy economies of scale in India, we engage in sourcing the same from third party OEMs predominantly from outside India.

Other Income:

Our other income includes Job work charges, renting of machinery and equipments, rental income on non-residential property, net foreign exchange gain, net impairment gain- reversal of ECL, duty drawback refund, miscellaneous income, etc.

Expenses

Our expenses comprise of cost of material consumed, Changes in inventories of finished goods and work in progress, Employee Benefit Expenses, Finance Cost, Depreciation Expenses, Other Expenses.

Direct Expenditure

Our direct expenditure includes cost of material consumed, Changes in inventories of Raw material and packing material, work in progress and finished goods.

Employee benefit expenses

Our employee benefit expenses which includes Salaries and Wages, Directors Remuneration, gratuity and Bonus.

Finance costs

Our finance costs include interest on secured and unsecured loans, borrowing costs, Interest on delay of MSME creditors payments.

Depreciation and amortization expenses

Our depreciation expenses majorly comprise of depreciation on Equipment, Vehicles and other fixed assets.

Other expenses

Our other expenses mainly include Business promotion expenses, Marketing & selling expenses, production expenses (factory), travelling & conveyance expenses, Bad debts, legal and professional charges, repairs to plant and machinery, insurance charges, telephone and communication charges, inspection and testing charges, etc.

Our Results of Operations

The following table sets forth select financial data from our restated financial statement of profit and loss for the financial year ended March 31, 2021, March 31, 2020 and March 2019 and the components of which are also expressed as a percentage of total income for such periods:

Particulars	Financial Year ended March 31,					
	2021		2020		2019	
	(Rs in Lakhs)	(% of Total Income)	(Rs. in Lakhs)	(% of Total Income)	(Rs. in Lakhs)	(% of Total Income)
INCOME						
Revenue from operations	11,816.16	95.38	9,547.93	97.52	8741.75	99.36
Other income	571.80	4.62	242.82	2.48	55.89	0.64
Total Income	12,387.96	100.00	9,790.75	100.00	8797.64	100.00
EXPENSES						
Cost of material consumed	9,708.36	78.37	6,588.30	67.29	6063.06	68.92
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	(1,586.07)	12.80	(369.78)	3.78	(350.90)	3.99
Employee benefits expenses	1,473.58	11.90	1,269.33	12.96	938.04	10.66
Other expenses*	1,023.41	8.26	1,610.95	16.45	1277.35	14.52
EBIDTA	1,768.67	14.28	691.95	7.07	870.09	9.89

Particulars	Financial Year ended March 31,					
	2021		2020		2019	
	(Rs in Lakhs)	(% of Total Income)	(Rs. in Lakhs)	(% of Total Income)	(Rs. in Lakhs)	(% of Total Income)
Finance costs	255.31	2.06	294.68	3.01	390.64	4.44
Depreciation and amortisation expense	190.33	1.54	189.62	1.94	73.54	0.84
Total	11,064.92	89.32	9,583.10	97.88	8,391.73	95.39
Profit / (Loss) before exceptional items and tax	1,323.03	10.68	207.65	2.12	405.91	4.61
Exceptional items**	-	-	743.71	7.60	-	-
Profit / (Loss) before tax	1,323.03	10.68	-536.06	-5.48	405.91	4.61
Tax expense						
Current tax	(250.22)	2.02	-	-	-	-
Deferred tax (expense) / income	(66.84)	0.54	69	0.70	(5.84)	0.07
Total Tax Expense	(317.06)	2.56	69	0.70	(5.84)	0.07
Profit / (Loss) for the year	1,005.97	8.12	(467.06)	4.77	400.07	4.55

*Other expenses for the financial year 2019-20 include business promotional expenses of Rs. 313.28 Lakhs.

**In financial year 2019-2020, In order to settle disputed excise tax demand of Rs. 1,405.82 Lakhs for the period January 2012 to July 2015 and aggregate disputed sales tax demand of Rs. 116.40 Lakhs for Assessment Years 2012-13 and 2013-14, our Company paid a sum of Rs. 688.17 Lakhs towards Sabka Vishwas Legacies Dispute Resolutions Scheme and Rs. 55.54 Lakhs towards Mahavat Amnesty Scheme, 2019, respectively and thereby has incurred an aggregate expenditure of Rs.743.71 Lakhs in FY 2019-20.

FINANCIAL YEAR 2020-21 COMPARED WITH FINANCIAL YEAR 2019-20

Key Developments in FY2021:

We started construction of new facility spread over 8,000 Sq. Mtrs adjoining our existing manufacturing plot. Expansion of sales and marketing activities has led to substantial increase in revenue from operation overcoming the negative impacts of COVID-19.

Total Revenue

Our total revenue increased by 26.53% to Rs. 12,387.96 lakhs for the financial year 2020-21 from Rs. 9,790.75 lakhs for the financial year 2019-20 due to the factors described below:

Revenue from operations

Our revenue from operations increased to 23.76% to Rs. 11,816.16 lakhs for the financial year 2020-21 from Rs. 9,547.93 lakhs for the financial year 2019-20. Our entire product portfolio has performed well in FY21 including the recently introduced product categories of Silicone Sealants, Rubber adhesives and PVA adhesives. Various factors contributed to this growth – key factors being expansion of our distribution network supported by increased sales force and business promotion expenses like channel partner meets, etc. done in previous year which showed results in FY21.

Other income

Our other income increased by 135.49% to Rs. 571.80 lakhs for the financial year 2020-21 from Rs. 242.82 lakhs for the financial year 2019-20. Primary component of Other income is job work charges in relation to FRP.

Total Expenses

Our total expenses increased by 15.46% to Rs. 11,064.92 lakhs for the financial year 2020-21 from Rs. 9,583.10 lakhs for the financial year 2019-20, due to the factors described below:

Cost of Materials Consumed:

Our Purchase of raw materials and packing material increased by 47.36% to Rs. 9,708.36 lakhs for the financial year 2020-21 from Rs. 6,588.30 lakhs for the financial year 2019-20. It was mainly due to increase in sales and specifically for certain items which had imported raw materials and therefore had to maintain higher inventory levels.

Changes in inventories of finished goods and work in progress:

Our changes in inventories increased by 328.92% to Rs. (1,586.06) lakhs for the financial year 2020-21 from Rs. (369.78) lakhs for the financial year 2019-20.

Employee benefits expenses

Our employee benefit expenses increased by 16.09% to Rs. 1,473.58 lakhs for the financial year 2020-21 from Rs. 1,269.33 lakhs for the financial year 2019-20. The increase was mainly due to increase in the number of employees/ workers.

Finance costs

Our finance costs decreased by 13.36% to Rs. 255.31 lakhs for the financial year 2020-21 from Rs. 294.68 lakhs for the financial year 2019-20. The finance cost decreased inspite of increased sales and expenses due to better monitoring and controlled usage of working capital credit facilities.

Depreciation expense

There was minor increase in our depreciation and amortization expense by 0.37% to Rs. 190.33 lakhs for the financial year 2020-21 from Rs. 189.62 lakhs for the financial year 2019-20.

Other expenses

Our other expenses decreased by 36.47% to Rs. 1,023.41 lakhs for the financial year 2020-21 from Rs. 1,610.95 lakhs for the FY 2019-20. When compared to FY 2019-20, due to effect of Covid-19 the business & promotional expenses reduced drastically by Rs. 302.69 Lakhs, conveyance and travelling expenses came down by Rs. 170.42 Lakhs, Printing & Stationery decreased by 15.06 Lakhs, miscellaneous expenses decreased by 20.27 Lakhs lease rent & license fees by Rs. 28.99 lakhs. Also, there was no net impairment loss (ECL) in the FY 2020-21 as compared to Rs. 145.38 in the FY 2019-20.

Profit before tax

Our profit before tax increased by 537.13% to Rs. 1,323.03 lakhs for the financial year 2020-21 from Rs. 207.65 lakhs for the financial year 2019-20. The substantial increase was primarily due to increase in revenue from operations.

Exceptional Items

In financial year 2019-2020, in order to settle disputed excise tax demand of Rs. 1,405.82 Lakhs for the period January 2012 to July 2015 and aggregate disputed sales tax demand of Rs. 116.40 Lakhs for Assessment Years 2012-13 and 2013-14, our Company paid a sum of Rs. 688.17 Lakhs towards Sabka Vishwas Legacies Dispute Resolutions Scheme and Rs. 55.54 Lakhs towards Mahavat Amnesty Scheme, 2019, respectively and thereby has incurred an aggregate expenditure of Rs.743.71 Lakhs in FY 2019-20.

Tax expenses

Since 2019-2020 was first financial year of the company (earlier it was partnership firm), there was introduction of current tax in FY 2020-21 of Rs. (250.22) and our deferred tax expense for the financial year 2020-21 amounted to Rs. 66.84 lakhs as compared to tax benefit of Rs. 69.00 Lakhs in the FY 2019-20.

Profit after tax

Our profit after tax increased by 315.39% to Rs. 1,005.97 lakhs for the financial year 2020-21 from loss of Rs. (467.06) lakhs in the financial year 2019-20. The substantial increase was primarily due to increased revenue and exceptional items of Rs. 743.71 Lakhs, the company reported losses of Rs. (467.06) in the FY 2019-20.

In order to settle disputed excise tax demand of Rs, 1,405.82 Lakhs for the period January 2012 to July 2015 and aggregate disputed sales tax demand of Rs. 116.40 Lakhs for Assessment Years 2012-13 and 2013-14, our Company paid a sum of Rs. 688.17 Lakhs towards Sabka Vishwas Legacies Dispute Resolutions Scheme and Rs. 55.54 Lakhs towards Mahavat Amnesty Scheme, 2019, respectively and thereby has incurred an aggregate expenditure of Rs.743.71 Lakhs in FY 2019-20. Though, on operational front, Company had performed well during the FY 19-20 as well.

Earning Per Share (“EPS”)

Earning per share increased from Rs. (3.59) in the FY 2020 to Rs. 7.74 in the FY 2021 due to increase in the profit to Rs. 1005.97 lakhs in the FY 2021.

FINANCIAL YEAR 2019-20 COMPARED WITH FINANCIAL YEAR 2018-19

Key Developments in FY2020:

Our Company was converted into a private limited company on May 07, 2019, pursuant to the provisions of Chapter XXI of the Companies Act, 2013.

Total Revenue

Our total revenue increased by 11.29% to Rs. 9,790.75 lakhs for the financial year 2019-20 from Rs. 8,797.64 lakhs for the financial year 2018-19 due to the factors described below:

Revenue from operations

Our revenue from operations increased to 9.22% to Rs. 9,547.93 lakhs for the financial year 2019-20 from Rs. 8,741.75 lakhs for the financial year 2018-19. Our key product category of solvent cement did well alongwith our recently introduced products like Silicone Sealants, Rubber adhesives and PVA adhesives which showed good acceptance in the market. Key factors of growth were distribution network expansion as well as increase in sales force during the year FY20.

Other income

Our other income increased by 334.45% to Rs. 242.82 lakhs for the financial year 2019-20 from Rs. 55.89 lakhs for the financial year 2018-19. Increase is mainly on account of increase in job work charges by Rs. 66.43 Lakhs and introduction of income from renting machinery and equipments of FRP business to HP Composites LLP of Rs. 84.00 Lakhs as post the conversion of partnership firm into Pvt. Ltd., FRP business is being done by HP Composites which earlier in financial year 2018-19 was done in erstwhile partnership firm M/s HP International

Total Expenses

Our total expenses increased by 14.20% to Rs. 9,583.10 lakhs for the financial year 2019-20 from Rs. 8,391.73 lakhs for the financial year 2018-19, due to the factors described below:

Cost of Materials Consumed:

Our Consumption of raw materials and packing material increased by 8.66% to Rs. 6,588.30 lakhs for the financial year 2019-20 from Rs. 6,063.06 lakhs for the financial year 2018-19. It was mainly due to increase in Revenue..

Changes in inventories of finished goods and work in progress:

Our changes in inventories increased by 5.38% to Rs. (369.78) lakhs for the financial year 2019-20 from Rs. (350.90) lakhs for the financial year 2018-19.

Employee benefits expenses

Our employee benefit expenses increased by 35.32% to Rs. 1,269.33 lakhs for the financial year 2019-20 from Rs. 938.04 lakhs for the financial year 2018-19. The increase was mainly due to increase in the number of employees.

Finance costs

Our finance costs decreased by 24.57% to Rs. 294.68 lakhs for the financial year 2019-20 from Rs. 390.64 lakhs for the

financial year 2018-19. The increase was mainly because the finance cost in financial year 2018-19 includes Interest paid on Partners Capital to the tune of Rs. 174.89 lakhs which came down to Rs. 18.66 lakhs in financial year 2019-20 as that was only for the period from 1-Apr-19 to 7-May-19 when the partnership firm was in existence. From the date of conversion of partnership firm into Company, there is no amount paid as Interest on Partners Capital.

Depreciation & Amortization expense

There was major increase in our depreciation and amortization expense by 157.85% to Rs. 189.62 lakhs for the financial year 2019-20 from Rs. 73.58 lakhs for the financial year 2018-19. This increase was mainly because of increase in Amortization of Right of Use Assets for the year FY2019-20 by Rs. 95.17 lakhs.

Other expenses

Our other expenses increased by 26.12% to Rs. 1,610.95 lakhs for the financial year 2019-20 from Rs. 1,277.35 lakhs for the FY 2018-19. Increase was mainly due to increase in business promotion expenses by Rs. 272.01 Lakhs, increase in production expenses by Rs. 85.40 Lakhs, increase in travelling and conveyance expenses by Rs. 85.63 Lakhs and increase in telephone and communication charges by Rs. 14.92 Lakhs. Also, there was decrease in legal & professional charges by Rs. 91.43 Lakhs and bad debts by Rs. 99.41 Lakhs.

Profit before tax

Our profit before tax decreased by 48.84% to Rs. 207.65 lakhs for the financial year 2019-20 from Rs. 405.91 lakhs for the financial year 2018-19. The substantial decrease was primarily due to increase in business promotion expenses by Rs. 272.01 Lakhs in the FY 2019-20.

Exceptional Items

In financial year 2019-2020, in order to settle disputed excise tax demand of Rs. 1405.82 Lakhs for the period January 2012 to July 2015 and aggregate disputed sales tax demand of Rs. 116.40 Lakhs for Assessment Years 2012-13 and 2013-14, our Company paid a sum of Rs. 688.17 Lakhs towards Sabka Vishwas Legacies Dispute Resolutions Scheme and Rs. 55.54 Lakhs towards Mahavat Amnesty Scheme, 2019, respectively and thereby has incurred an aggregate expenditure of Rs.743.71 Lakhs in FY 2019-20.

Tax expenses

Company incorporated on May 07, 2019 and thus there was no current tax in the FY 2019-20. Company had tax benefit of Rs. 69.00 Lakhs in the FY 2019-20 as compared to deferred tax expense of Rs. 5.84 Lakhs in the FY 2018-19.

Profit after tax

Our profit after tax decreased by 216.74% to Rs. (467.06) lakhs for the financial year 2019-20 from profit of Rs. 400.07 lakhs in the financial year 2018-19. The substantial decrease was primarily due to increase in business promotion expense and exceptional items of Rs. 743.71 Lakhs.

Due to exceptional items of Rs. 743.71 Lakhs, the company reported losses of Rs. (467.06) in the FY 2019-20. In order to settle disputed excise tax demand of Rs. 1,405.82 Lakhs for the period January 2012 to July 2015 and aggregate disputed sales tax demand of Rs. 116.40 Lakhs for Assessment Years 2012-13 and 2013-14, our Company paid a sum of Rs. 688.17 Lakhs towards Sabka Vishwas Legacies Dispute Resolutions Scheme and Rs. 55.54 Lakhs towards Mahavat Amnesty Scheme, 2019, respectively and thereby has incurred an aggregate expenditure of Rs.743.71 Lakhs in FY 2019-20. Though, on operational front, Company had performed well during the FY 19-20 as well.

Earning Per Share ("EPS")

Earning per share decreased to Rs. (3.59) in the FY 2020 from Rs. 3.08 in the FY 2019 due to loss of Rs. (467.05) lakhs in the FY 2020.

Cash Flow

The table below summaries our cash flows from our Restated Financial Information for the financial year 2021, 2020 and 2019:

Particulars	(Rs.. In lakhs)		
	For the year ended March 31,		
	2021	2020	2019
Net cash (used in)/ generated from operating activities	2152.92	283.70	228.90
Net cash (used in)/ generated from investing activities	(1,622.70)	(409.36)	(358.90)
Net cash (used in)/ generated from financing activities	(522.77)	10.37	142.69
Net increase/ (decrease) in cash and cash equivalents	7.46	(115.30)	12.74
Cash and Cash Equivalents at the beginning of the period	75.65	190.95	178.21
Cash and Cash Equivalents at the end of the period	83.10	75.65	190.95

Selected Balance Sheet Items:

Total equity (Net worth)

Our total equity increased by 409.56% from Rs. 1,265.89 lakhs for the financial year 2021 from Rs. 248.43 Lakhs for the financial year 2020. The increase is on account of comprehensive income for the financial year 2021 which is Rs. 1,017.46 Lakhs. For the FY 2020 it decreased by 83.06% to Rs. 248.44 Lakhs from Rs. 1,466.23 Lakhs in the FY 2019, decrease was on account of loss of Rs. 467.05 Lakhs in the FY 2020 and impact of Transactions in Capital accounts other than transfer of Profits which have been shown in adjustment in Profit and Loss as part of Other Equity in FY2020 to make the Ind AS statements comparable between FY2018-19 and FY2019-20.

Total Current Assets

Our total current assets increased by 49.42% to Rs. 6,177.03 lakhs for the financial year 2021 from Rs. 4,134.02 Lakhs for the financial year 2020. The increase is primarily on account of increase in inventories from Rs. 1852.03 lakhs in FY 2020 to Rs. 3239.69 in the FY 2021 and other current assets from Rs. 88.69 lakhs in FY 2020 to Rs. 450.97 in the FY 2021. For the Financial year 2020 it decreased by 6.97% to Rs. 4,134.02 Lakhs from Rs. 4,443.79 Lakhs in the FY 2019, decrease was on account of decrease in trade receivables by Rs. 260.99 Lakhs.

Total Non-Current Assets

Our total non-current assets increased by 81.04% to Rs. 2,800.86 lakhs for the financial year 2021 from Rs. 1,547.10 Lakhs for the financial year 2020. The increase is primarily on account of i) increase in property, plant and equipment from Rs. 950.41 lakhs in FY 2020 to Rs. 1865.82 in the FY 2021, this increase was due to the purchase of new corporate office of Rs. 739.12 Lakhs and addition of Rs. 192.80 Lakhs to the plant and equipments. ii) Increase in capital work in progress from Rs. 119.91 Lakhs in the FY 2020 to Rs. 652.03 in the FY 2021. For the Financial year 2020 it increased by 25.99% to Rs. 1,547.10 Lakhs from Rs. 1,227.94 Lakhs in the FY 2019, increase was on account of increase in property, plant and equipment from Rs. 874.82 lakhs in FY 2019 to Rs. 950.41 in the FY 2020 and addition of capital work in progress as of end of FY20 which was Nil as of FY2018-19.

Total Current Liabilities

Our total current liabilities increased by 29.80% to Rs. 6,723.61 lakhs for the financial year 2021 from Rs. 5,180.11 Lakhs for the financial year 2020. The increase is primarily on account of increase in trade payables from Rs. 1526.79 lakhs in FY 2020 to Rs. 2589.04 in the FY 2021. For the Financial year 2020 it increased by 28.22% to Rs. 5,180.11 Lakhs from Rs. 4,040.07 Lakhs in the FY 2019, increase was on account of increase in current borrowings from Rs. 2253.35 lakhs in FY 2019 to Rs. 3328.26 in the FY 2020.

Borrowings

Our total borrowings which include current borrowings, non-current borrowings and current portion of long term borrowings increased by 21.94% to ₹4,220.44 lakhs for the financial year 2021 from ₹ 3,461.06 Lakhs for the financial year 2020. The increase is primarily on account of increase in current portion of long-term borrowings from Rs. 1081.92

lakhs in FY 2020 to Rs. 55.08 in the FY 2021. For the Financial year 2020 it increased by 46.76% to Rs. 3,461.06 Lakhs from Rs. 2,358.33 Lakhs in the FY 2019, increase was primarily on account of increase in current borrowings from Rs. 2253.35 lakhs in FY 2019 to Rs. 3328.26 in the FY 2020.

Financial Indebtedness

Our Company avails credit facilities in the ordinary course of our business. Pursuant to our Articles of Association, subject to applicable laws, our Board is authorised to borrow sums of money for the purpose of our Company, with or without security, upon such terms and conditions as the Board may think fit which, together with the monies borrowed by the Company (apart from the temporary loans obtained or to be obtained by the Company's banker in the ordinary course of business) shall not exceed upto Rs.100 Crores exceeding the aggregate of paid-up share capital and free reserves of our Company.

As on June 30, 2021, we have outstanding borrowings of Rs. 3783.06 lakhs. Set forth below is a brief summary of our aggregate sanctioned limits and outstanding borrowings as on June 30, 2021.

(Rs. in Lakhs)		
Category of borrowings	Sanctioned amount as at June 30, 2021*	Outstanding amount as at June 30, 2021*
Secured Loans		
Fund based facilities		
Term loans		
- IndusInd Bank	631.86	518.22
- ICICI Bank	1239.97	573.97
Vehicle Loan	150.24	113.42
Working Capital Limits		
- Cash Credit		
- IndusInd Bank	975.00	694.46
- ICICI Bank	1200.00	1095.21
- EPC (IndusInd Bank)	250.00	245.00
- Bank Overdraft (IndusInd Bank)	575.00	532.17
- LC Bill Discounting (IndusInd Bank)	200.00	10.58
Non Fund based facilities	<i>Nil</i>	<i>Nil</i>
Unsecured Loans		<i>Nil</i>
Total	5222.08	3783.06

Related Party Transactions

Related party transactions with certain of our promoters, directors and their entities and relatives primarily relates to remuneration, loans & advances given and taken and Issue of Equity Shares.

Sr. No.	Type of Related Party Transactions	2018-19 (Rs. in Lakhs)	% of Revenue from Operations	2019-20 (Rs. in Lakhs)	% of Revenue from Operations	2020-21 (Rs. in Lakhs)	% of Revenue from Operations
1	Business Transactions (Sales, purchase and job work of goods and rental services)	105.42	1.21	1,007.87	11.93	1,084.61	9.18
2	Financial transactions (loan taken and repaid and interest paid)	2,452.72	28.06	4,947.72	58.54	2,705.70	22.90

Sr. No.	Type of Related Party Transactions	2018-19 (Rs. in Lakhs)	% of Revenue from Operations	2019-20 (Rs. in Lakhs)	% of Revenue from Operations	2020-21 (Rs. in Lakhs)	% of Revenue from Operations
3	Remuneration & Bonus Paid and Share of Profits paid	217.18	2.48	54.00	0.64	68.13	0.58
4	Total	2,775.32	31.75	6,009.59	71.11	3,858.43	32.65

For further details of such related parties under AS-18 (IND AS 24), refer “Annexure- XXV – Details of Related Party Transaction as restated” under the chapter “Restated Financial Statements” beginning on page 222 of the Draft Red Herring Prospectus.

Contingent Liabilities

As on March 31, 2021, our Company have contingent liabilities amounting to Rs. 198.25 lakhs.

Age analysis of Trade receivables, outstanding dues to MSMEs and other creditors for the Financial year ended March 31, 2019, 2020 and 2021:

Trade Receivables' ageing

Receivables Ageing	Gross Carrying amount (as on 31 March 2021)	Expected loss rate	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Not due	1,354.24	5%	65.24	1,289.00
0-30 days	618.67	10%	60.02	558.65
30-60 days	263.11	17%	43.55	219.56
60-90 days	97.24	28%	26.98	70.25
90-120 days	46.37	28%	12.87	33.50
120-150 days	55	44%	24	31
150-180 days	11	60%	6	4
More than 180 days	545	85%	465	80
Carrying amount of trade receivables (net of impairment)	2,445.33	1.91	239.16	2,286.61
Total				2,286.61

Receivables Ageing	Gross Carrying amount (as on 31 March 2020)	Expected loss rate	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Not due	980.62	6%	58.28	922.34
0-30 days	590.89	12%	69.73	521.16
30-60 days	310.87	20%	61.91	248.96
60-90 days	105.13	33%	34.57	70.56
90-120 days	114.39	33%	37.61	76.78
120-150 days	50.28	50%	25.14	25.14

Receivables Ageing	Gross Carrying amount (as on 31 March 2020)	Expected loss rate	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
150-180 days	18.84	64%	11.96	6.88
More than 180 days	622.94	83%	514.86	108.08
Carrying amount of trade receivables (net of impairment)	2,793.97	2.99	814.08	1,979.89
			Total	1,980

Receivables Ageing	Gross Carrying amount (as on 31st March 2019)*	Expected loss rate	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Not due	1,616.18	5%	82.98	1,533.21
0-30 days	436.00	13%	56.11	379.89
30-60 days	118.17	21%	25.28	92.90
60-90 days	65.90	35%	23.14	42.76
90-120 days	56.36	35%	19.79	36.57
120-150 days	68.85	51%	34.93	33.92
150-180 days	49.53	61%	30.39	19.15
More than 180 days	498.54	79%	396.09	102.45
Carrying amount of trade receivables (net of impairment)	2,909.54	3.01	668.70	2,240.84
			Total	2,240.84

* Gross figures considered above are without effects of On-Account Receipts and Discounts.

Creditors' ageing

Ageing Summary	FY 2018-19 (Rs. in Lakhs)	FY 2019-20 (Rs. in Lakhs)	FY 2020-21 (Rs. in Lakhs)
0 to 30	713.5	487.8	1139.1
31 to 60	316.0	422.8	726.6
61 to 90	244.6	221.7	431.5
91 to 120	9.6	269.1	41.7
121 to 180	1.4	99.4	4.2
Above 181 Days	16.5	94.7	159.7
Not Due / Advances	155.7	-68.7	86.2
Grand Total	1457.4	1526.8	2589.0

MSME Creditors' ageing

Ageing Days	Outstanding in FY 2020-21 (Rs. In Lakhs)
0 to 30	13.9
31 to 60	204.4
61 to 90	128.2
91 to 120	41.9

Ageing Days	Outstanding in FY 2020-21 (Rs. In Lakhs)
121 to 180	1.1
Above 181 Days	0.0
Not Due	6.4
Grand Total	396.0

Off-Balance Sheet Items

We do not have any other off-balance sheet arrangements, derivative instruments or other relationships with any entity that have been established for the purposes of facilitating off-balance sheet arrangements.

QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Financial Market Risks

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk. We are exposed to interest rate risk, inflation and credit risk in the normal course of our business.

Interest Rate Risk

Our financial results are subject to changes in interest rates, which may affect our debt service obligations and our access to funds.

Effect of Inflation

We are affected by inflation as it has an impact on the investing and leading to demotivated clients and lessor projects etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

Credit Risk

We are exposed to credit risk on monies owed to us by our clients for services rendered. If our clients do not pay us promptly, or at all, we may have to make provisions for or write-off such amounts.

Reservations, Qualifications and Adverse Remarks

Except as disclosed in chapter titled “Financial Information” beginning on page 186 of the Draft Red Herring Prospectus, there have been no reservations, qualifications and adverse remarks.

Details of Default, if any, Including Therein the Amount Involved, Duration of Default and Present Status, in Repayment of Statutory Dues or Repayment of Debentures or Repayment of Deposits or Repayment of Loans from any Bank or Financial Institution

For the FY 2019-20 and FY 2020-21 there has been default in deducting tax at source by Rs. 3.71 Lakhs and Rs. 0.06 Lakhs respectively.

Material Frauds

There are no material frauds, as reported by our statutory auditor, committed against our Company since incorporation.

Unusual or Infrequent Events or Transactions

During the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

Significant Economic Changes that Materially Affected or are Likely to Affect Income from Continuing Operations

Indian rules and regulations as well as the overall growth of the Indian economy have a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company’s operations or are likely to affect income

from continuing operations except as described in chapter titled “Risk Factors” beginning on page 29 of the Draft Red Herring Prospectus.

Known Trends or Uncertainties that have had or are expected to have a Material Adverse Impact on Revenue or Income from Continuing Operations

Other than as described in the section titled “Risk Factors” beginning on page 29 of the Draft Red Herring Prospectus and in this chapter, to our knowledge there are no known trends or uncertainties that are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future Changes in Relationship between Costs and Revenues, in Case of Events Such as Future Increase in Labour or Material Costs or Prices that will Cause a Material Change are known other than as described in chapter titled “Risk Factors” beginning on page 29 of the Draft Red Herring Prospectus and in this section, to our knowledge there are no known factors that might affect the future relationship between cost and revenue.

Total turnover of each major industry segment in which we operate

Total turnover of the Company relates to single business segment i.e. manufacturing and selling of various adhesive and sealants alongwith other ancillary products.

Competitive Conditions

We operate in a competitive environment. See “Our Business”, “Industry Overview” and “Risk Factors” beginning on pages 138, 118 and 29, respectively, for further details on competitive conditions that we face across our various business segments.

Increase in income

Our entire product portfolio has performed well in FY21 including the recently introduced product categories of Silicone Sealants, Rubber adhesives and PVA adhesives. Various factors contributed to this growth – key factors being expansion of our distribution network supported by increased sales force and business promotion expenses like channel partner meets, etc. done in previous year which showed results in FY21.

Status of any Publicly Announced New Products or Business Segments

Except as disclosed in the Draft Red Herring Prospectus, we have not announced and do not expect to announce in the near future any new products or business segments which may have a material impact on our business prospects, results of operations or financial condition.

Seasonality of Business

Considering the trend of business of the Company for past several years, sale of products will be higher in the second half of the financial year in comparison to first half year caused due to various factors such as rainy season and delay in the approval of budgets of the customers in the first half.

Significant dependence on a single or few suppliers or customers

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers as well as suppliers.

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

On page 254 of the Draft Red Herring Prospectus, point no. '2.1 Civil' under the sub-head "Litigation by our Company" shall be replaced with the following paragraph:

2. Litigation by our Company

2.1. Civil

Our Company has filed an Admiralty Suit no. COMAS/23/2018 on February 23, 2018 before the Hon'ble High Court of Bombay against one Maersk Line India Private Limited, Safmarine Division (the defendant) for seeking relief *inter alia* in the nature of return of the goods handed over to the defendant for export, or in the alternative, the defendant may be directed to pay a sum of Rs. 1095.00 Lakhs to our Company being the value of the said goods as at the time of handing over. The said suit is pending before the Hon'ble High Court.

DECLARATION

We hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all disclosures made in this Addendum to the Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Name & Designation	Signature
Anjana Haresh Motwani <i>Chairperson and Executive director</i>	<i>Sd/-</i>
Karan Haresh Motwani <i>Managing director</i>	<i>Sd/-</i>

SIGNED BY THE KEY MANAGERIAL PERSONNEL OF THE COMPANY

Name & Designation	Signature
Jyoti Nikunj Chawda <i>Company Secretary & Compliance Officer</i>	<i>Sd/-</i>
Mihir Suresh Shah <i>Chief Financial Officer</i>	<i>Sd/-</i>

Place: Mumbai

Date: August 28, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Act or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Addendum to the Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Sd/-

Surendra Kumar Mehta

Non-Executive and Independent Director

Place: Alibaug

Date: August 28, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Act or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Addendum to the Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Sd/-

Rajendra Kumar Jain

Non-Executive and Independent Director

Place: Bhilwara

Date: August 28, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Act or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Addendum to the Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Sd/-

Ajeet Anant Walavalkar

Non-Executive and Independent Director

Place: Pune

Date: August 28, 2021

DECLARATION BY SELLING SHAREHOLDER

I, Anjana Haresh Motwani, acting as Selling Shareholder, hereby certify that all statements, disclosures and undertakings made or confirmed by me in this Addendum to the Draft Red Herring Prospectus about or in relation to myself and the Equity Shares being offered by me in the Offer for Sale are true and correct. I assume no responsibility, as the Selling Shareholder, for any other statements, disclosures and undertakings including any of the statements made or confirmed by or relating to the Company or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

SIGNED BY SELLING SHAREHOLDER

Sd/-

Anjana Haresh Motwani

Place: Mumbai

Date: August 28, 2021