

# Price Waterhouse & Co Chartered Accountants LLP

## Independent Practitioner's (Predecessor Auditor of the Amalgamating Company) Report on Special Purpose Financial Information of Pidilite Adhesives Private Limited (Amalgamating Company) prepared for consolidation purposes

From: Price Waterhouse & Co Chartered Accountants LLP, Mumbai, India

Date: May 18, 2022

To: N.K. Jain, Partner

Deloitte Haskins & Sells LLP  
One International Center, Tower 3,  
27th-32nd Floor Senapati Bapat Marg,  
Elphinstone Road (West) Mumbai, 400013

1. As requested in your instructions dated December 23, 2021 and subsequent clarification obtained via email dated May 16, 2022 (together referred to as "Instructions"), we have audited the accompanying special purpose financial information comprising of Statement of Profit and Loss, Balance Sheet, Statement of Cash Flows and Notes to the financial information (the "special purpose financial information") of Pidilite Adhesives Private Limited (Formerly known as Huntsman Advanced Materials Solutions Private Limited) (the "Amalgamating Company / Company") as of March 31, 2022 and for the year then ended.
2. This special purpose financial information has been prepared solely to enable Pidilite Industries Limited (the "Holding Company / Amalgamated Company") to prepare its consolidated financial statements and not to report on the Company as a separate entity. This special purpose financial information is the responsibility of the Amalgamated Company's Management. Our responsibility is to express an opinion on this special purpose financial information based on our audit. Also refer Annexure A for our separate Report on the Internal Financial Controls with reference to special purpose financial information under the Guidance Note on Internal Financial Controls Over Financial Reporting.

### Management's Responsibility

3. The Board of Directors of Amalgamated Company (Management) is responsible for the preparation and presentation of the special purpose financial information to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Group's accounting policies. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose financial information that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Price Waterhouse & Co Chartered Accountants LLP, Nesco IT Building III, 8th Floor, Nesco IT Park  
Nesco Complex, Gate No. 3 Western Express Highway, Goregaon East, Mumbai – 400 063  
T: +91 (22) 61198000, F: +91 (22) 61198799

Registered office and Head office: Plot No. Y-14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata 700 091

Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)

# Price Waterhouse & Co Chartered Accountants LLP

## Practitioner's Responsibility

4. Our responsibility is to express an opinion on the special purpose financial information based on our audit. We have taken into account the policies contained in Appendix T of your referral instructions dated December 23, 2021. We conducted our audit in accordance with the Standards of Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial information are free from material misstatement. As requested by you, we planned and performed our audit using the component materiality and component performance materiality specified in your Instructions, which is different than the materiality and performance materiality that we would have used had we been designing the audit to express an opinion on the financial information of the component alone.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial information. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the Practitioner considers internal control relevant to the entity's preparation of the special purpose financial information in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, made by management, as well as evaluating the overall presentation of the special purpose financial information.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. The conclusions reached in forming our opinion are based on the component materiality and component performance materiality specified by you, in the context of the audit of the consolidated financial statements of the Group.

## Opinion

7. In our opinion, the accompanying special purpose financial information of the Company as of March 31, 2022 and for the year then ended has been prepared, in all material respects, to give the information required to be shown in accordance with your instructions.

## Emphasis of Matter

8. We draw attention to the following matters:
  - (a) The accompanying special purpose financial information has been prepared solely to enable Pidilite Industries Limited (Holding Company) to prepare its consolidated financial statements. (Refer Note 1 of the special purpose financial information).
  - (b) Note 40 to the special purpose financial information with respect to the merger of the Company with Pidilite Industries Limited (Amalgamated Company), pursuant to Scheme of Amalgamation approved by National Company Law Tribunal (NCLT) order dated March 07, 2022, with appointed date as April 1, 2022.

Our opinion is not modified in respect of the above matters.



# Price Waterhouse & Co Chartered Accountants LLP

## Restriction on Use and Distribution

9. This report is intended solely for the use of Deloitte Haskins & Sells LLP – Pidilite Industries Limited group Audit Team in connection with the audit of the consolidated financial statements of Pidilite Industries Limited and should not be used by any other person or for any other purpose. We do not accept or assume any liability or 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 save where expressly agreed by our prior consent in writing.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009



Sachin Parekh  
Partner  
Membership Number: 107038  
UDIN: 22107038AJEJFM9078

Place: Mumbai  
Date: May 18, 2022

# Price Waterhouse & Co Chartered Accountants LLP

## Annexure A

**From: Price Waterhouse & Co Chartered Accountants LLP, Mumbai, India**

**Date: May 18, 2022**

**To: Mr. N. K. Jain, Partner, Deloitte Haskins and Sells LLP, Mumbai, India**

### **Report on the Internal Financial Controls with reference to special purpose financial information under the Guidance Note on Internal Financial Controls Over Financial Reporting**

1. We have audited the internal financial controls with reference to special purpose financial information of Pidilite Adhesives Private Limited (Formerly known as Huntsman Advanced Materials Solutions Private Limited) (the "Amalgamating Company / Company") as of March 31, 2022 in conjunction with our audit of the special purpose financial information of the Company as of March 31, 2022 and for the year then ended.

#### **Management's Responsibility for Internal Financial Controls**

2. The management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable special purpose financial information, under the Guidance Note on Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **Practitioner's Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to special purpose financial information based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to special purpose financial information was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to special purpose financial information and their operating effectiveness. Our audit of internal financial controls with reference to special purpose financial information included obtaining an understanding of internal financial controls with reference to special purpose financial information, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Practitioner's judgement, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error.





## **Price Waterhouse & Co Chartered Accountants LLP**

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to special purpose financial information.

### **Meaning of Internal Financial Controls with Reference to Special Purpose Financial Information**

6. A company's internal financial control with reference to special purpose financial information is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of special purpose financial information in accordance with generally accepted accounting principles. A company's internal financial control with reference to special purpose financial information includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of special purpose financial information in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the special purpose financial information.

### **Inherent Limitations of Internal Financial Controls With Reference to Special Purpose Financial Information**

7. Because of the inherent limitations of internal financial controls with reference to special purpose financial information, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to special purpose financial information to future periods are subject to the risk that the internal financial control with reference to special purpose financial information may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to special purpose financial information and such internal financial controls with reference to special purpose financial information were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer Emphasis of Matter paragraph in our main audit report

### **Other Matter**

9. Our aforesaid report on the adequacy and operating effectiveness of the internal financial controls with reference to special purpose financial information has been issued under the Guidance Note on Audit of Internal Financial Controls over Financial Reporting, solely at the request of Deloitte Haskins & Sells LLP – Pidilite Industries Limited group Audit Team in connection with their audit of the consolidated financial statements of Pidilite Industries Limited for the year ended March 31, 2022. Our opinion is not modified in respect of the above matter.



# Price Waterhouse & Co Chartered Accountants LLP

## Restriction of use

10. This report is intended solely for the use of Deloitte Haskins & Sells LLP – Pidilite Industries Limited group Audit Team in connection with the audit of the consolidated financial statements of Pidilite Industries Limited and should not be used by any other person or for any other purpose. We do not accept or assume any liability or 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 save where expressly agreed by our prior consent in writing.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009



Sachin Parekh  
Partner  
Membership Number: 107038  
UDIN: 22107038AJEJFM9078

Place: Mumbai  
Date: May 18, 2022

**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED) (AMALGAMATING COMPANY)**

**Balance Sheet as at March 31, 2022**

**(Rs. in crores)**

Particulars	Note No.	As at	
		March 31, 2022	March 31, 2021
<b>ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Property, plant and equipment	4	8.15	3.96
(b) Right-of-use assets	5A	3.64	2.12
(c) Other intangible assets	6	130.48	130.11
(d) Income tax assets (Net)	7	3.38	3.37
(e) Other Non-Current Assets	8	0.08	-
<b>Total Non-Current Assets</b>		<b>145.73</b>	<b>139.56</b>
<b>2 Current Assets</b>			
(a) Inventories	11	45.28	27.43
(b) Financial assets			
(i) Trade receivables	9	41.52	48.02
(ii) Cash and cash equivalents	10	28.08	151.21
(c) Other current assets	12	9.58	21.87
<b>Total Current Assets</b>		<b>124.46</b>	<b>248.53</b>
<b>TOTAL ASSETS</b>		<b>270.19</b>	<b>388.09</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	13	27.49	27.49
(b) Other equity	14	172.26	246.79
<b>Total Equity</b>		<b>199.75</b>	<b>274.28</b>
<b>LIABILITIES</b>			
<b>1 Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Lease liabilities	5B	2.89	-
(b) Provisions	17	0.56	0.57
(c) Deferred tax liabilities (net)	19	13.68	7.27
<b>Total Non-Current Liabilities</b>		<b>17.13</b>	<b>7.84</b>
<b>2 Current Liabilities</b>			
(a) Financial Liabilities			
(i) Lease liabilities	5B	0.83	2.09
(ii) Trade payables	15		
(a) total outstanding dues of micro and small enterprises		8.16	2.23
(b) total outstanding dues other than (ii)(a) above		39.84	88.39
(ii) Other financial liabilities	16	2.63	6.64
(b) Other current liabilities	20	0.58	6.01
(c) Provisions	18	0.13	0.03
(d) Current tax liabilities (net)	21	1.14	0.59
<b>Total Current Liabilities</b>		<b>53.31</b>	<b>105.98</b>
<b>TOTAL LIABILITIES</b>		<b>70.44</b>	<b>113.81</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>270.19</b>	<b>388.09</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.



For and on behalf of the Board of Directors of  
Pidilite Industries Limited (Amalgamated  
Company)



**Bharat Puri**  
Managing Director  
DIN: 02173566



**Apurva Parekh**  
Director  
DIN: 00111366

Place: Mumbai  
Date : May 18, 2022



**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED) (AMALGAMATING COMPANY)**

**Statement of Profit and Loss for the year ended March 31, 2022**

**(Rs. in crores)**

Particulars	Note	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>INCOME</b>			
Revenue from operations	23	<b>495.58</b>	292.91
Other income	24	<b>2.16</b>	2.00
<b>Total Income</b>		<b>497.74</b>	294.91
<b>EXPENSES</b>			
Cost of materials consumed	25	<b>261.37</b>	115.19
Purchases of stock-in-trade		<b>37.81</b>	26.18
Changes in inventories of finished goods, stock-in-trade and work-in-progress	26	<b>(11.97)</b>	7.09
Employee benefits expense	27	<b>4.03</b>	3.28
Finance cost	28	<b>0.77</b>	0.28
Depreciation and amortisation expense	29	<b>3.37</b>	2.95
Other expenses	30	<b>43.64</b>	44.75
<b>Total Expenses</b>		<b>339.02</b>	199.72
<b>Profit before Tax</b>		<b>158.72</b>	95.19
<b>Income Tax expenses</b>			
- Current tax	22	<b>34.53</b>	16.36
- Deferred tax	22	<b>6.39</b>	7.35
<b>Net Tax expense</b>		<b>40.92</b>	23.71
<b>Profit for the year</b>		<b>117.80</b>	71.48
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
(i) Remeasurements of the defined benefit plans - gain / (loss)	33	<b>0.09</b>	(0.01)
(ii) Income tax relating to these items	22	<b>(0.02)</b>	0.00
<b>Total other comprehensive income/(loss), net of tax</b>		<b>0.07</b>	(0.01)
<b>Total Comprehensive Income for the year</b>		<b>117.87</b>	71.47
<b>Earnings Per Equity Share of Rs. 10 each:</b>			
(1) Basic (in Rs.)	31	<b>42.86</b>	26.01
(2) Diluted (in Rs.)		<b>42.86</b>	26.01

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

**For and on behalf of the Board of Directors of  
Pidilite Industries Limited (Amalgamated  
Company)**



**Bharat Puri**  
Managing Director  
DIN: 02173566

**Apurva Parekh**  
Director  
DIN: 00111366

Place: Mumbai  
Date : May 18, 2022



**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED) (AMALGAMATING COMPANY)**

**Statement of Cash Flows for the year ended March 31, 2022**

(Rs. in crores)

	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A] Cash Flows from Operating Activities</b>		
Profit before tax for the year	158.72	95.19
<b>Adjustments for:</b>		
Finance costs	0.77	0.28
Interest income	(1.76)	(1.79)
Depreciation and Amortisation Expense	3.37	2.95
Loss on disposal of Property, Plant and Equipment	-	0.10
Provision for Employee Benefits	0.24	(0.10)
Reversal of allowance for doubtful debts	-	(0.15)
Liabilities no longer required written back	(0.15)	(0.06)
<b>Operating profits before Working Capital changes</b>	<b>161.19</b>	<b>96.41</b>
<b>Movements in Working Capital:</b>		
<b>(Increase)/Decrease in Operating Assets</b>		
Trade Receivables	6.50	12.20
Inventories	(17.85)	(0.29)
Other Current Financial Assets	-	41.07
Other Current Non Financial Assets	12.29	(21.45)
<b>Increase/(Decrease) in Operating Liabilities</b>		
Trade Payables	(42.62)	69.81
Other Current Financial Liabilities	(4.17)	(18.20)
Other Current Non Financial Liabilities	(5.49)	3.54
<b>Cash generated from Operations</b>	<b>109.85</b>	<b>183.11</b>
Taxes paid (net of refunds)	(33.99)	(15.77)
<b>Net Cash generated from Operating Activities [A]</b>	<b>75.86</b>	<b>167.34</b>
<b>B] Cash Flows from Investing Activities</b>		
Payments for purchase of Property, Plant and Equipment (including Capital advances)	(4.51)	-
Payments for purchase of Other Intangible Assets	(0.43)	(130.11)
Interest received	1.76	1.79
<b>Net cash used in Investing Activities [B]</b>	<b>(3.18)</b>	<b>(128.32)</b>
<b>C] Cash Flows from Financing Activities</b>		
Payment of Lease Liabilities (Principal Portion)	(2.80)	(2.70)
Interest paid	(0.61)	(0.26)
Dividend paid on Equity Shares	(192.40)	-
<b>Net cash used in Financing Activities [C]</b>	<b>(195.81)</b>	<b>(2.96)</b>
<b>Net increase in Cash and Cash Equivalents [A+B+C]</b>	<b>(123.14)</b>	<b>36.07</b>
Cash and Cash Equivalents at the beginning of the year	151.21	115.14
<b>Cash and Cash Equivalents at the end of the year (Refer note 10)</b>	<b>28.08</b>	<b>151.21</b>
<b>Non-cash financing and investing activities</b>		
Acquisition of Right-of use assets (Refer note 5A)	4.43	4.04
Deletion of Right-of use assets (Refer note 5A)	-	0.47

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

For and on behalf of the Board of Directors of Pidilite Industries Limited (Amalgamated Company)



*Bharat Puri*

**Bharat Puri**  
Managing Director  
DIN: 02173566

*Apurva Parekh*

**Apurva Parekh**  
Director  
DIN: 00111366

Place: Mumbai  
Date : May 18, 2022

**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED)  
(AMALGAMATING COMPANY)**

**Statement of Changes in Equity for the year ended March 31, 2022**

a. Equity Share Capital	(Rs. in crores)
	Amount
Balance as at March 31, 2020	27.49
Changes in equity share capital during the year	-
<b>Balance as at March 31, 2021</b>	<b>27.49</b>
Changes in equity share capital during the year	-
<b>Balance as at March 31, 2022</b>	<b>27.49</b>

b. Other Equity	(Rs. in crores)		Total
	Reserves and Surplus		
	Capital Reserve	Retained Earnings	
Balance as at March 31, 2020	139.29	36.03	175.32
Profit for the year	-	71.48	71.48
Other Comprehensive Income for the year, net of income tax	-	(0.01)	(0.01)
<b>Balance as at March 31, 2021</b>	<b>139.29</b>	<b>107.50</b>	<b>246.79</b>
Profit for the year	-	117.80	117.80
Other Comprehensive Income for the year, net of income tax	-	0.07	0.07
Dividend Paid during the year	-	(192.40)	(192.40)
<b>Balance as at March 31, 2022</b>	<b>139.29</b>	<b>32.97</b>	<b>172.26</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

For and on behalf of the Board of Directors of Pidilite Industries Limited (Amalgamated Company)




**Bharat Puri**  
Managing Director  
DIN: 02173566



**Apurva Parekh**  
Director  
DIN: 0011366

Place: Mumbai  
Date : May 18, 2022

**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED)  
(AMALGAMATING COMPANY)**

**Notes to the special purpose financial information as at and for the year ended March 31, 2022**

**1 Corporate information**

Pidilite Adhesives Private Limited (Formerly known as Huntsman Advanced Materials Solutions Private Limited) (the "Amalgamating Company / Company") was incorporated on September 27, 2019. It was a demerged unit of Huntsman International (India) Private Limited of its DIY division (Do It Yourself). Subsequently, the entity was acquired by Pidilite Industries Limited w.e.f. November 4, 2020. Pursuant to the Special Resolution in Extraordinary General Meeting dated January 05, 2021, the Company had filed application with the Ministry of Corporate Affairs (MCA) for name change from Huntsman Advanced Materials Solutions Private Limited to Pidilite Adhesives Private Limited, which was approved by MCA w.e.f. January 13, 2021. The operations primarily involve the purchase of epoxy resins and hardeners and to a limited extent repacking of quantities purchased and sale to customers. Pursuant to the Scheme (Refer Note 40), the Company is amalgamated with Pidilite Industries Limited.

**Statement of Compliance**

The special purpose financial information has been prepared for the purposes of preparation of consolidated financial statements of Pidilite Industries Limited (Amalgamated Company) and in accordance with the Pidilite group accounting principles (underlying being Indian Accounting Standards (Ind AS) and Schedule III of the Companies Act, 2013).

**2 Significant accounting policies**

**2.1 Basis of preparation of special purpose financial information:**

The special purpose financial information have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these special purpose financial information is determined on such a basis and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

**2.2 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, value added taxes, goods and service tax (GST) and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The specific recognition criteria described below must also be met before revenue is recognised.

**2.2.1 Sale of goods**

The Company manufactures, trades and sells a range of chemical products in the market. Sales are 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 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, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company considers shipping and handling activities as costs to fulfil the promise to transfer the related products and the customer payments for shipping and handling costs are recorded as a component of revenue.

The product is often sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in other current liabilities) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term in consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

**2.2.2 Rendering of services**

**Service Income**

Service income pertains to services provided by the company to overseas group companies for services rendered till November 03, 2020.

**2.2.3 Interest Income**

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.



**Notes to the special purpose financial information as at and for the year ended March 31, 2022**

**2.3 Leases**

**As a lessee**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable, if any,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs, if any.

They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

**2.4 Foreign currencies**

The functional currency of the company is determined on the basis of the primary economic environment in which it operates. The functional currency of the company is Indian national rupee (INR).

In preparing the special purpose financial information, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**2.5 Borrowing costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

**2.6 Employee benefits**

Defined contribution plan

**i) Short term obligation**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Termination benefits are recognised as an expense as and when incurred. These benefits include performance linked incentives.





**ii) Compensated Absences**

The liabilities for earned leave and sick leave which are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The classification between current and non-current liability is as per the actuarial valuation report.

**iii) Post employment obligations**

**a) Defined contribution plans**

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions and will have no legal or constructive obligation to pay further amounts.

The Company contributes to Provident Fund, Employee's State Insurance Fund and Employees Deposit Linked Insurance scheme and has no further obligation beyond making its contribution. The Company's contributions to the above funds are charged to the Statement of Profit and Loss.

**b) Defined benefit plans**

**Gratuity**

The Company provide for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Company makes contributions to a trust administered and managed by insurance companies to fund the gratuity liabilities. The Gratuity Plan provides a lump sum payment of vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year.

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**2.7 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**2.7.1 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 that have been enacted or substantively enacted by the end of the reporting period.

**2.7.2 Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the special purpose financial information 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 the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**2.7.3 Current and deferred tax for the year**

Current and deferred tax are recognised in profit or 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.





**Notes to the special purpose financial information as at and for the year ended March 31, 2022**

**2.8 Property, plant and equipment**

Property, plant and equipment are stated at their cost of acquisition or construction less accumulated depreciation and impairment losses. Costs of acquisition comprise all costs incurred to bring the assets to their location and working condition up to the date the assets are put to use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets	Estimated Useful life (years)
Plant and Machinery	3-20 years
Furniture , Fixtures and Equipments	3-15 years
Computers	3 years

Depreciation on assets acquired /purchased during the year is provided on pro-rata basis from the date of each addition.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**2.9 Other intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**Useful lives of intangible assets**

**Estimated useful lives of the intangible assets are as follows:**

Assets	Estimated Useful life (years)
Software	6-10 years

Intangible assets are amortised so as to reflect the pattern in which the asset's economic benefits are consumed over a period not exceeding five years. The estimated period of benefit is determined based on a technical evaluation thereof by the management

Trade Marks/Intellectual Property represent purchase of "Araldite" Trade Marks/Intellectual Property. The Company has estimated the useful life for its Trade Marks/Intellectual Property as indefinite on the basis of legal rights and that there is no foreseeable limit to the period over which it is expected to generate cash inflow. The Trade Marks/Intellectual Property with indefinite useful lives are acquired separately are carried at cost less accumulated impairment losses.

**2.10 Impairment of tangible and intangible assets other than goodwill**

At the end of each reporting period, 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). When 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. When 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. Intangible assets with indefinite useful lives are tested for impairment annually at the cash-generating unit-level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of the 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 in Statement of Profit and Loss.

**2.11 Inventories**

Inventories are valued at lower of cost and net realizable value. Cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is generally arrived at on the following basis:

Raw Material - Weighted average cost of material procured

Work in Process - Materials at weighted average cost and an appropriate absorption of factory overheads

Finished Product - Materials at weighted average cost and an appropriate absorption of factory overheads.

Trading goods - Weighted average cost

Packing materials and stores and spares - Weighted average cost



**Notes to the special purpose financial information as at and for the year ended March 31, 2022**

**2.12 Provisions and contingencies**

Provision is recognized in the accounts when there is a present obligation as a result of past event/s and it is probable that an outflow of resources will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**2.12.1 Onerous contracts**

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

**2.12.2 Contingent Liabilities**

Contingent liabilities, if any, are disclosed in the notes to the special purpose financial information.

**2.13 Financial instruments**

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

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

The company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, which includes foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit and loss depends on the nature of the hedging relationship and the nature of hedged item.

**2.14 Financial Assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

**2.14.1 Classification of financial assets**

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for fair value through other comprehensive income (FVTOCI) debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.



**Notes to the special purpose financial information as at and for the year ended March 31, 2022**

**2.14.2 Financial assets at fair value through profit or loss (FVTPL)**

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**2.14.3 Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss 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 Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

**2.14.4 Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.





**Notes to the special purpose financial information as at and for the year ended March 31, 2022**

**2.15 Financial Liabilities**

**2.15.1 Classification as debt or equity**

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

**2.15.2 Equity instruments**

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**2.15.3 Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

**2.15.4 Financial liabilities subsequently measured at amortised cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**2.15.5 Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**2.15.6 Derivative financial instruments**

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

**2.16 Rounding of amounts**

All amounts disclosed in the special purpose financial information and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.

**3 Key sources of estimation uncertainty and critical accounting judgements**

In the course of applying the policies outlined in all notes under section 2 above, the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

**3.1 Taxes**

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the special purpose financial information. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

**3.2 Impairment of Other Intangible Assets**

Other Intangible Assets (i.e. trademarks / Intellectual Property) are tested for impairment on an annual basis. Recoverable amount of cash-generating units is determined based on higher of value-in-use and fair value less cost to sell. The impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which the intangibles are monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins.

Cash flow projections take into account past experience and represent management's best estimate



**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED) (AMALGAMATING COMPANY)**

Notes to the special purpose financial information as at and for the year ended March 31, 2022

**4. Property, Plant and Equipment**

	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
<b>Carrying amounts</b>		
Plant & Machinery	8.02	3.96
Furniture , Fixtures and Equipments*	0.01	0.00
Computers	0.12	-
<b>TOTAL</b>	<b>8.15</b>	<b>3.96</b>

\* Since the amounts are less than denominations disclosed, the amount do not appear.

	(Rs. in crores)			
Gross Carrying Amount	Plant & Machinery	Furniture , Fixtures and Equipments	Computers	TOTAL
Balance as at April 1, 2020	5.60	0.02	0.24	5.86
Additions	-	-	-	-
Disposals	-	-	(0.24)	(0.24)
<b>Balance as at March 31, 2021</b>	<b>5.60</b>	<b>0.02</b>	<b>-</b>	<b>5.62</b>
Additions	4.45	0.01	0.13	4.59
Disposals	-	-	-	-
<b>Balance as at March 31, 2022</b>	<b>10.05</b>	<b>0.03</b>	<b>0.13</b>	<b>10.21</b>

	(Rs. in crores)			
Accumulated Depreciation	Plant & Machinery	Furniture , Fixtures and Equipments	Computers	TOTAL
Balance as at April 1, 2020	1.30	0.02	0.24	1.56
Depreciation expense *	0.34	0.00	-	0.34
Eliminated on disposal of assets	-	-	(0.24)	(0.24)
<b>Balance as at March 31, 2021</b>	<b>1.64</b>	<b>0.02</b>	<b>-</b>	<b>1.66</b>
Depreciation expense*	0.39	0.00	0.01	0.40
Eliminated on disposal of assets	-	-	-	-
<b>Balance as at March 31, 2022</b>	<b>2.03</b>	<b>0.02</b>	<b>0.01</b>	<b>2.06</b>

\* Since the amounts are less than denominations disclosed, the amount do not appear.

	(Rs. in crores)			
Net Carrying Amount	Plant & Machinery	Furniture , Fixtures and Equipments	Computers	TOTAL
Balance as at March 31, 2021	3.96	0.00	-	3.96
<b>Balance as at March 31, 2022</b>	<b>8.02</b>	<b>0.01</b>	<b>0.12</b>	<b>8.15</b>

Note : There is no capital work-in-progress at the beginning or at the end of the year.





**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED) (AMALGAMATING COMPANY)**

Notes to the special purpose financial information as at and for the year ended March 31, 2022

**5A. Right-of-use assets**

Carrying Amounts	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
Buildings	3.64	2.12
<b>TOTAL</b>	<b>3.64</b>	<b>2.12</b>

Gross Carrying Amount	(Rs. in crores)	
	Buildings	TOTAL
<b>Balance as at April 1, 2020</b>	2.01	2.01
Additions	4.04	4.04
Disposals	(0.82)	(0.82)
<b>Balance as at March 31, 2021</b>	<b>5.23</b>	<b>5.23</b>
Additions	4.43	4.43
Disposals	(5.23)	(5.23)
<b>Balance as at March 31, 2022</b>	<b>4.43</b>	<b>4.43</b>

Accumulated Depreciation	(Rs. in crores)	
	Buildings	TOTAL
<b>Balance as at April 1, 2020</b>	0.85	0.85
Depreciation expense	2.61	2.61
Eliminated on disposal of assets	(0.35)	(0.35)
<b>Balance as at March 31, 2021</b>	<b>3.11</b>	<b>3.11</b>
Depreciation expense	2.91	2.91
Eliminated on disposal of assets	(5.23)	(5.23)
<b>Balance as at March 31, 2022</b>	<b>0.79</b>	<b>0.79</b>

Net Carrying Amount	(Rs. in crores)	
	Buildings	TOTAL
<b>Balance as at March 31, 2021</b>	2.12	2.12
<b>Balance as at March 31, 2022</b>	<b>3.64</b>	<b>3.64</b>

**5B. Lease Liabilities**

	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
Current	0.83	2.09
Non-current	2.89	-
<b>TOTAL</b>	<b>3.72</b>	<b>2.09</b>

**Net debt reconciliation**

Particulars	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
<b>Opening Net Debts</b>	<b>2.09</b>	1.22
Additions	4.43	4.04
Deletion	-	(0.47)
Payment of lease liabilities (Principal portion)	(2.80)	(2.70)
Interest expenses during the year	0.32	0.26
Interest paid	(0.32)	(0.26)
<b>Closing Net Debts</b>	<b>3.72</b>	<b>2.09</b>

**Amount recognised in the statement of profit and loss**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Depreciation charge of Right-of-use assets</b>		
Buildings	2.91	2.61
<b>Total</b>	<b>2.91</b>	<b>2.61</b>

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Finance Cost and Other Expenses</b>		
Interest expenses (Included in finance cost)	0.32	0.26
Expense relating to variable lease payments not included in lease liabilities (included in other expenses)	0.31	0.00
<b>Total</b>	<b>0.63</b>	<b>0.26</b>



**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED) (AMALGAMATING COMPANY)**

Notes to the special purpose financial information as at and for the year ended March 31, 2022

**6. Other intangible assets**

	(Rs. in crores)	
Carrying amounts	As at March 31, 2022	As at March 31, 2021
Trademark/ Intellectual Property	129.88	129.88
Computer Software	0.60	0.23
<b>TOTAL</b>	<b>130.48</b>	<b>130.11</b>

(Rs. in crores)

	Trademark/ Intellectual Property	Computer Software	TOTAL
Gross Carrying Amount			
<b>Balance as at April 1, 2020</b>	-	0.24	0.24
Additions	129.88	0.23	130.11
Disposals	-	(0.24)	(0.24)
<b>Balance as at March 31, 2021</b>	<b>129.88</b>	<b>0.23</b>	<b>130.11</b>
Additions	-	0.43	0.43
Disposals	-	-	-
<b>Balance as at March 31, 2022</b>	<b>129.88</b>	<b>0.66</b>	<b>130.54</b>

(Rs. in crores)

	Trademark/ Intellectual Property	Computer Software	TOTAL
Accumulated Amortisation			
<b>Balance as at April 1, 2020</b>	-	0.13	0.13
Amortisation expense*	-	0.00	0.00
Eliminated on disposal of assets	-	(0.13)	(0.13)
<b>Balance as at March 31, 2021</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Amortisation expense	-	0.06	0.06
Eliminated on disposal of assets	-	-	-
<b>Balance as at March 31, 2022</b>	<b>0.00</b>	<b>0.06</b>	<b>0.06</b>

\* Since the amounts are less than denominations disclosed, the amount do not appear.

(Rs. in crores)

	Trademark/ Intellectual Property	Computer Software	TOTAL
Net Carrying Amount			
<b>Balance as at March 31, 2021</b>	<b>129.88</b>	<b>0.23</b>	<b>130.11</b>
Additions	-	0.23	0.23
Disposals/ Adjustments	-	-	-
Amortisation expense	-	(0.00)	(0.00)
Amortisation Eliminated on disposal of assets	-	-	-
<b>Balance as at March 31, 2022</b>	<b>129.88</b>	<b>0.60</b>	<b>130.48</b>

**Note:**

The Company has estimated the useful life for its trademark/Intellectual Property as indefinite on the basis of legal rights and that there is no foreseeable limit to the period over which it is expected to generate cash inflow.

**Trademark/Intellectual Property**

Trademark/Intellectual Property in the books of the Company pertain to the main product "Araldite" of the Company.

At the end of each reporting period, the Company reviews carrying amount of trademark/Intellectual Property to determine whether there is any indication that trademark/Intellectual Property has suffered any impairment loss. Accordingly, recoverable amount of trademark/Intellectual Property is arrived basis projected cash flows of the Company.

Recoverable amount of trademark/Intellectual Property exceeds the carrying amount of trademark/Intellectual Property in the books as on March 31, 2021. Further there are no external indications of impairment of trademark/Intellectual Property. As a result, no impairment loss on trademark/Intellectual Property is required to be recognised.

Pursuant to Section 45 of the Trademarks Act, 1999, the Company has filed the application for registration of assignment (Transfer) of Trademarks to its own name.

**Valuation**

The valuation of the Trademark / Intellectual Property is determined based on Relief from Royalty Method ('RFR method') which uses royalty savings based on revenue attributable to Trademark / Intellectual Property. Revenue is based on financial budgets approved by the management for next year, estimates prepared for the next 4 years thereafter. The revenue beyond that five-year period have been extrapolated using a steady 5% per annum growth rate. Royalty rate of 2.5% on sales value and a discount rate of 14.4% per annum (post tax rate) is used for valuation. The management believes that any reasonably possible change in the key assumptions on which valuation is based would not cause the aggregate carrying amount to exceed the valuation.





**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED) (AMALGAMATING COMPANY)**

Notes to the special purpose financial information as at and for the year ended March 31, 2022

	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
<b>7. Income Tax Asset (net) - Non-Current</b>		
Advance Payment of Taxes (net of provisions Rs. 29.74 crores) (net of provisions Rs. 12.59 crores as at 31st March 2021)	3.38	3.37
<b>TOTAL</b>	<b>3.38</b>	<b>3.37</b>

	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
<b>8. Other Non-Current Assets</b>		
Unsecured, Considered good Capital Advances	0.08	-
<b>TOTAL</b>	<b>0.08</b>	<b>-</b>

	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
<b>9. Trade Receivables</b>		
Trade receivables	32.23	47.52
Receivables from related parties (Refer note 32)	9.29	0.50
Less: Loss allowance	-	-
<b>Total receivables</b>	<b>41.52</b>	<b>48.02</b>
Current	41.52	48.02
Non-current	-	-
	As at March 31, 2022	As at March 31, 2021
- Secured, Considered good	-	-
- Unsecured, Considered good	41.52	48.02
- Unsecured which have Significant Increase in Credit Risk	-	-
- Unsecured, Credit Impaired	-	-
<b>TOTAL</b>	<b>41.52</b>	<b>48.02</b>

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due. To measure the expected credit losses, trade receivable have been group based on shared credit risk characteristics and the days past dues. Specific provision is also recognized in case of following scenarios:

- Bankruptcy
- Potential default risk in specific scenario
- Legal case

Before accepting any new customer, the Company adheres to credit policy to assess the potential customer's credit quality and defines credit limits by customer. The credit limits are considered on a net basis after taking into consideration credit protection for 1) cash in advance, 2) letters of credit issued by a bank which maintains investment grade credit ratings, 3) bank acceptance drafts, 4) credit insurance, or 5) non recourse factoring arrangements.

The Company has used a practical expedient by computing the expected credit loss for trade receivables based on its credit policy and considering life time expected credit loss.

<b>Movement in allowance for trade receivables</b>	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
Opening balance	-	0.15
Less: Reversal of Loss allowance	-	(0.15)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Refer Note: 38A for ageing of Trade Receivables.



**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED) (AMALGAMATING COMPANY)**

Notes to the special purpose financial information as at and for the year ended March 31, 2022

10. Cash and Cash Equivalents	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
<b>Balance with banks</b>		
In Current Accounts	9.08	8.71
In Fixed Deposit Accounts with original maturity of 3 months or less	19.00	142.50
<b>TOTAL</b>	<b>28.08</b>	<b>151.21</b>

11. Inventories	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
<b>Inventories (at lower of cost and net realisable value)</b>		
Raw Material and Packing Material	21.97	16.09
Finished Goods	15.65	6.21
Stock-in-Trade (acquired for trading)	7.66	5.13
<b>TOTAL</b>	<b>45.28</b>	<b>27.43</b>

The Company has written down inventories by Rs. 4.77 crores as on March 31, 2022 (March 31, 2021 : Rs. 6.35 Crores) in respect provision for slow moving and obsolete items. The difference of opening and closing provision is charged/(credited) to the statement of profit and loss.

12. Other Current Assets	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
Balances with Government Authorities	8.86	1.78
Advance to suppliers	0.57	19.94
Prepaid Expenses	0.10	0.15
Advances to employees	0.05	-
<b>TOTAL</b>	<b>9.58</b>	<b>21.87</b>



**PIDLITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED) (AMALGAMATING COMPANY)**  
Notes to the special purpose financial information as at and for the year ended March 31, 2022

**13. Equity Share Capital**

	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
<b>Authorised Capital:</b>		
2,80,00,000 Equity Shares of Rs. 10 each	28.00	28.00
(2,80,00,000 Equity Shares of Rs. 10 each as at March 31, 2021)		
<b>Issued, Subscribed and Paid up Capital:</b>		
27,485,798 Equity Shares of Rs 10 each, fully paid-up	27.49	27.49
(27,485,798 Equity Shares of Rs 10 each as at March 31, 2021)		
<b>TOTAL</b>	<b>27.49</b>	<b>27.49</b>

Note: During the year ended March 31, 2020, the authorised share capital was increased pursuant to the scheme of demerger. The Company had made relevant filings to Ministry of Corporate Affairs (MCA) to make changes in the authorised share capital. Subsequent to year end, the Company has amalgamated with Pidlite Industries Limited as per the Scheme filed (Refer Note 40).

**a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period**

<b>Balance as at March 31, 2020</b>	Number of Shares	Rs. In crores
Add/ Less: Movement during the year	27,485,798	27.49
<b>Balance as at March 31, 2021</b>		
Add/ Less: Movement during the year	27,485,798	27.49
<b>Balance as at March 31, 2022</b>	<b>27,485,798</b>	<b>27.49</b>

**b. Terms/ Rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion of their shareholding.

**c. Details of shares held by the holding company, its subsidiaries and associates**

	As at March 31, 2022		As at March 31, 2021	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Pidlite Industries Limited and their nominees (Holding Company - Refer note below)	27,485,798	100.00%	27,485,798	100.00%
<b>TOTAL</b>	<b>27,485,798</b>	<b>100.00%</b>	<b>27,485,798</b>	<b>100.00%</b>

**d. Details of shareholders holding more than 5% shares in the Company:**

	As at March 31, 2022		As at March 31, 2021	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Pidlite Industries Limited and their nominees (Holding Company - Refer note below)	27,485,798	100.00%	27,485,798	100.00%

**e. Details of shareholding of promoters**

	As at March 31, 2022		As at March 31, 2021	
	No. of Shares held	% of Change during the year	No. of Shares held	% of Change during the year
<b>Name of the promoter</b>				
Pidlite Industries Limited and their nominees (Holding Company - Refer note below)	27,485,798	0%	27,485,798	100.00%

**Note:**

(i) Pursuant with the scheme of demerger approved by the National Company Law Tribunal (NCLT), Mumbai Bench, DIY unit of HAM Division of Huntsman International (India) Private Limited (HIPL) has been demerged into the Company as per the NCLT order received on February 27, 2020. As per the Scheme approved by NCLT, the Company issued 27,485,798 equity shares of Rs. 10 each in the ratio of 1 equity share of the Company of INR 10/- each fully paid up for every 10 equity share held in HIPL of INR 10/- each fully paid up, to the shareholders of HIPL vide its Board Resolution dated March 24, 2020.

(ii) Pursuant to share purchase agreement, equity shares held by Huntsman Investments (Netherlands) B.V., Vantico International S.a.r.l., Huntsman Netherlands B.V., Huntsman International (India) Private Limited and Huntsman Textile Effects (Belgium) BVBA has been transferred to Pidlite Industries Limited w.e.f. November 4, 2020 and accordingly Pidlite Industries Limited has become holding company w.e.f. November 04, 2020.



**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED)  
(AMALGAMATING COMPANY)**

Notes to the special purpose financial information as at and for the year ended March 31, 2022

<b>14. Other Equity</b>		<b>(Rs. in crores)</b>	
	As at March 31, 2022	As at March 31, 2021	
Capital Reserve	139.29	139.29	
Retained Earnings	32.97	107.50	
<b>TOTAL</b>	<b>172.26</b>	<b>246.79</b>	

  

<b>14.1 Capital Reserve</b>		<b>(Rs. in crores)</b>	
	As at March 31, 2022	As at March 31, 2021	
<b>Balance at the beginning of the year</b>	<b>139.29</b>	<b>139.29</b>	
Add/ Less: Movement during the year	-	-	
<b>Closing Balance</b>	<b>139.29</b>	<b>139.29</b>	

Note : Capital Reserve was created pursuant to Scheme of demerger (Refer Note 13(i)).

  

<b>14.2 Retained Earnings</b>		<b>(Rs. in crores)</b>	
	As at March 31, 2022	As at March 31, 2021	
<b>Balance at the beginning of the year</b>	<b>107.50</b>	<b>36.03</b>	
<b>Add:</b>			
Net Profit for the year	117.80	71.48	
Other Comprehensive Income for the year, net of income tax	0.07	(0.01)	
Dividend paid during the year (Refer note (ii) below)	(192.40)	-	
<b>Closing Balance</b>	<b>32.97</b>	<b>107.50</b>	

**Notes:**

(i) This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(ii) During the year ended March 31, 2022, the Company has declared and paid the final dividend of Rs. 35 per equity share in the month of June 2021 for the year ended March 31, 2021 and Interim dividend of Rs. 35 per equity share in the month of January 2022.

  

<b>15. Trade Payables</b>		<b>(Rs. in crores)</b>	
	As at March 31, 2022	As at March 31, 2021	
<b>Trade Payables</b>			
Trade payables: micro enterprises and small enterprises (refer Note 34)	8.16	2.23	
Trade payables: other than micro enterprises and small enterprises			
-Others	35.37	47.42	
-Acceptances	-	40.20	
-Related parties (Refer Note 32)	4.47	0.77	
<b>TOTAL</b>	<b>48.00</b>	<b>90.62</b>	

Refer Note: 38B for ageing of trade payables.

  

<b>16. Other Financial Liabilities- Current</b>		<b>(Rs. in crores)</b>	
	As at March 31, 2022	As at March 31, 2021	
Employee related liabilities	0.03	-	
Payable on purchase of property, plant & equipment	0.16	-	
Other Liabilities (Refund Liabilities)*	2.44	6.64	
<b>TOTAL</b>	<b>2.63</b>	<b>6.64</b>	

\*Refund liabilities represents liabilities relating to expected volume discounts.

  

<b>17. Provisions - Non-Current</b>		<b>(Rs. in crores)</b>	
	As at March 31, 2022	As at March 31, 2021	
<b>Provision for Employee Benefits</b>			
Gratuity (refer Note 33)	0.36	0.40	
Compensated Absences	0.20	0.17	
<b>TOTAL</b>	<b>0.56</b>	<b>0.57</b>	

  

<b>18. Provisions - Current</b>		<b>(Rs. in crores)</b>	
	As at March 31, 2022	As at March 31, 2021	
<b>Provision for Employee Benefits</b>			
Gratuity (refer Note 33)	0.03	0.02	
Compensated Absences	0.10	0.01	
<b>TOTAL</b>	<b>0.13</b>	<b>0.03</b>	

  

<b>19. Deferred Tax Liabilities (net)</b>		<b>(Rs. in crores)</b>	
	As at March 31, 2022	As at March 31, 2021	
Tax effect of items constituting Deferred Tax Assets (refer Note 22)	(0.29)	(0.21)	
Tax effect of items constituting Deferred Tax Liabilities (refer Note 22)	13.97	7.48	
<b>TOTAL</b>	<b>13.68</b>	<b>7.27</b>	

  

<b>20. Other Current Liabilities</b>		<b>(Rs. in crores)</b>	
	As at March 31, 2022	As at March 31, 2021	
Statutory liabilities	0.32	5.78	
Advance from customers (Contract Liabilities)	0.26	0.23	
<b>TOTAL</b>	<b>0.58</b>	<b>6.01</b>	

  

<b>21. Current Tax Liabilities (net)</b>		<b>(Rs. in crores)</b>	
	As at March 31, 2022	As at March 31, 2021	
Provision for Tax (net of Advance Tax Rs. 32.86 crores) (net of Advance Tax Rs. 15.77 crores as at March 31, 2021)	1.14	0.59	
<b>TOTAL</b>	<b>1.14</b>	<b>0.59</b>	



**22. Taxes**

**1. Deferred Tax**

	(Rs. in crores)	
	As at March 31, 2022	As at March 31, 2021
Deferred Tax Assets (Net)	-	-
Deferred Tax Liabilities (Net)	13.68	7.27

**a. 2021-2022**

Deferred Tax Assets / (Liabilities) in relation to:

	(Rs. in crores)			
	Opening Balance	Recognised in Profit or loss	Recognised in Other Comprehensive Income	Closing balance
Property, Plant and Equipment	(0.20)	(0.04)	-	(0.24)
Intangible Assets	(7.27)	(6.46)	-	(13.73)
Provision for Employee Benefits	0.21	0.08	(0.02)	0.27
Lease liability (Net of Right-of-use assets)	(0.01)	0.03	-	0.02
<b>Total</b>	<b>(7.27)</b>	<b>(6.39)</b>	<b>(0.02)</b>	<b>(13.68)</b>

**b. 2020-2021**

Deferred Tax Assets / (Liabilities) in relation to:

	(Rs. in crores)			
Particulars	Opening Balance	Recognised in Profit or loss	Recognised in Other Comprehensive Income	Closing balance
Property, Plant and Equipment*	(0.20)	0.00	-	(0.20)
Intangible Assets	(0.02)	(7.25)	-	(7.27)
Allowance for doubtful debts	0.04	(0.04)	-	-
Provision for Employee Benefits*	0.25	(0.04)	0.00	0.21
Lease liability (Net of Right-of-use assets)	0.01	(0.02)	-	(0.01)
<b>Total</b>	<b>0.08</b>	<b>(7.35)</b>	<b>0.00</b>	<b>(7.27)</b>

\* Since the amounts are less than denominations disclosed, the amount do not appear.

**2. Income Taxes**

**a. Income Tax recognised in profit or loss**

	(Rs. in crores)	
	Year ended March 31, 2022	Year ended March 31, 2021
<b>Current Tax</b>		
In respect of the current year	34.00	16.36
In respect of prior years	0.53	-
	34.53	16.36
<b>Deferred Tax</b>		
In respect of the current year	6.39	7.35
	6.39	7.35
<b>Total Income Tax expense recognised in the current year</b>	<b>40.92</b>	<b>23.71</b>

**b. The Income Tax expense for the year can be reconciled to the accounting profit as follows:**

	(Rs. in crores)	
	Year ended March 31, 2022	Year ended March 31, 2021
<b>Profit Before Tax</b>	158.72	95.19
Income Tax Rate (%)	25.17	25.17
Income Tax expense	39.95	23.96
Others	0.97	(0.25)
<b>Income tax expense recognised in profit or loss</b>	<b>40.92</b>	<b>23.71</b>

\* The Tax rate used for the above reconciliation is the corporate tax rate of 25.168% (25.168% for the year ended March 31, 2021) payable by corporate entities in India on taxable profits under Indian Tax Law.

**Income Tax recognised in Other Comprehensive Income**

	(Rs. in crores)	
	Year ended March 31, 2022	Year ended March 31, 2021
<b>Tax arising on income and expenses recognised in Other Comprehensive Income:</b>		
Re-measurement of Defined Benefit Obligation	0.02	(0.00)
<b>Total Income Tax recognised in Other Comprehensive Income</b>	<b>0.02</b>	<b>(0.00)</b>



**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED) (AMALGAMATING COMPANY)**

Notes to the special purpose financial information as at and for the year ended March 31, 2022

**23. Revenue From Operations**

(Rs. in crores)

	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Revenue From Operations</b>		
Sale of Products - recognised at a point of time	494.56	292.04
Sale of Services:		
Service income - recognised over a period of time	-	0.56
<b>TOTAL (A)</b>	<b>494.56</b>	<b>292.60</b>
<b>Other Operating Revenue</b>		
Scrap Sales	1.02	0.31
<b>TOTAL (B)</b>	<b>1.02</b>	<b>0.31</b>
<b>Revenue from operations (A+B)</b>	<b>495.58</b>	<b>292.91</b>

Reconciliation of revenue recognised with the contracted price is as follows

	For the year ended March 31, 2022	For the year ended March 31, 2021
Contracted Price	554.25	341.67
Reduction towards variable consideration components*	(59.69)	(49.07)
Revenue Recognised	<b>494.56</b>	<b>292.60</b>

\*The reduction towards variable consideration includes discounts, rebates, incentives, promotional couponing and schemes.

**24. Other Income**

(Rs. in crores)

	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Interest on:</b>		
Bank Deposit (at amortised cost)	1.76	1.79
<b>Other Non-Operating Income:</b>		
Liabilities no longer required written back	0.15	0.06
Reversal of allowance for doubtful debts	-	0.15
Cash discount received	0.15	-
Insurance claim received	0.10	-
<b>TOTAL</b>	<b>2.16</b>	<b>2.00</b>

**25. Cost of Materials Consumed**

(Rs. in crores)

	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Inventory at the beginning of the year</b>	<b>16.09</b>	<b>8.71</b>
Add : Purchases	267.25	122.57
	<b>283.34</b>	<b>131.28</b>
Less : Inventory at the end of the year	(21.97)	(16.09)
<b>TOTAL</b>	<b>261.37</b>	<b>115.19</b>

**26. Change in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade**

(Rs. in crores)

	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Inventories at end of the year</b>		
Stock-in-Trade	7.66	5.13
Finished Goods	15.65	6.21
<b>(A)</b>	<b>23.31</b>	<b>11.34</b>
<b>Inventories at beginning of the year</b>		
Stock-in-Trade	5.13	6.28
Finished Goods	6.21	12.15
<b>(B)</b>	<b>11.34</b>	<b>18.43</b>
<b>TOTAL</b>	<b>(11.97)</b>	<b>7.09</b>



**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED) (AMALGAMATING COMPANY)**

**Notes to the special purpose financial information as at and for the year ended March 31, 2022**

	(Rs. in crores)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>27. Employee Benefits Expense</b>		
Salaries and Wages	3.79	3.00
Contribution to Provident and Other Funds (refer Note 33)	0.23	0.23
Staff Welfare Expenses	0.01	0.05
<b>TOTAL</b>	<b>4.03</b>	<b>3.28</b>

	(Rs. in crores)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>28. Finance Costs</b>		
<b>Interest expense on:</b>		
Lease Liability (refer Note 5B)	0.32	0.26
Delayed payment to Micro and Small Enterprises	0.16	0.02
Others	0.29	-
<b>TOTAL</b>	<b>0.77</b>	<b>0.28</b>

	(Rs. in crores)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>29. Depreciation and Amortisation Expense</b>		
Depreciation on Property, Plant and Equipment (refer Note 4)	0.40	0.34
Depreciation on Right of Use of Assets (Refer Note 5A)	2.91	2.61
Amortisation of Intangible Assets*(Refer Note 6)	0.06	0.00
<b>TOTAL</b>	<b>3.37</b>	<b>2.95</b>

\* Since the amounts are less than denominations disclosed, the amount do not appear.

	(Rs. in crores)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>30. Other Expenses</b>		
Clearing and Forwarding Charges	9.23	4.81
Contract Labour	14.66	6.32
Rent	0.31	0.00
Rates & Taxes	-	0.12
Insurance	0.26	0.37
Advertisement and Publicity	2.73	11.01
Legal, Professional and Consultancy fees	3.54	0.90
Communication Expenses	0.14	0.04
Service Charges	-	14.27
Printing and Stationery	-	0.04
Travelling and Conveyance Expenses	3.12	0.94
Bad Debts	0.00	-
Royalty	-	1.54
Processing and Packing Charges	6.31	2.47
Payments to Auditor / Practitioner (Refer Note a)	0.30	0.22
Corporate Social Responsibility Expenses (Refer note b)	1.43	0.96
Loss on scrap of Fixed Assets	-	0.10
Foreign exchange fluctuation (Net)	0.23	0.08
Director's fee	0.02	-
Miscellaneous Expenses	1.36	0.56
<b>TOTAL</b>	<b>43.64</b>	<b>44.75</b>



**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED) (AMALGAMATING COMPANY)**

**Notes to the special purpose financial information as at and for the year ended March 31, 2022**

<b>a. Payments to auditors / practitioner</b>	<b>For the year ended March 31, 2022</b>	<b>For the year ended March 31, 2021</b>
a) As auditors	-	0.15
b) For other services	<b>0.30</b>	0.08
c) Out of Pocket expenses	<b>0.00</b>	-
<b>TOTAL</b>	<b>0.30</b>	<b>0.22</b>

**b. Corporate Social Responsibility (CSR)**

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects.

The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

	<b>For the year ended March 31, 2022</b>	<b>For the year ended March 31, 2021</b>
Contribution to Triveni Kalyan Foundation	<b>1.43</b>	0.96
Amount required to be spent as per Section 135 of the Act	<b>1.43</b>	0.96
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above (other than ongoing projects)	<b>1.43</b>	0.96

There is no unspent amount as on the balance sheet date (i.e. March 31, 2022 and March 31, 2021).

There is no contribution made to related party in relation to CSR expenditure.





**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED) (AMALGAMATING COMPANY)**

Notes to the special purpose financial information as at and for the year ended March 31, 2022

**31. Earnings Per Share (EPS)**

The following reflects the Profit and Share data used in the Basic and Diluted EPS computations:

	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Basic and Diluted earning per share</b>		
Profit for the year (Rs. In crores)	117.80	71.48
Weighted average number of equity shares in calculating basic and diluted EPS	27,485,798	27,485,798
Par value per share (Rs.)	10.00	10.00
Earning per share (Basic / Diluted) (Rs.)	42.86	26.01

**32. Related Party Disclosures**

Related Party Disclosures as required by Ind-AS 24 'Related Party Disclosures' are given below:

**(i) Relationships:**

Related parties with whom transactions have taken place during the year

**Ultimate Holding Company**

Huntsman Corporation (US) (upto November 03, 2020)  
Pidilite Industries Limited (w.e.f. November 04, 2020)

**Holding Company**

Huntsman International (India) Private Limited (upto November 03, 2020)  
Huntsman Investments (Netherlands) BV (From March 24, 2020 to November 03, 2020)  
Pidilite Industries Limited (w.e.f. November 04, 2020)

**Entity under common control**

Huntsman (Europe) BVBA. (upto November 03, 2020)  
Huntsman Advanced Material (Guangdong) Co., Ltd (upto November 03, 2020)  
Huntsman Advanced Materials Licensing (Switzerland) GmBH (upto November 03, 2020)  
Huntsman International (India) Private Limited (upto November 03, 2020)  
Huntsman International LLC (upto November 03, 2020)  
Huntsman Advanced Materials (Singapore) Pte Ltd. (upto November 03, 2020)

**(ii) Key Management Personnel (KMP):**

Rayomand Sabawalla - Director (upto November 04, 2020)  
Sunil Kukreja - Director (upto November 04, 2020)  
Pradip Kumar Menon - Director (w.e.f. November 03, 2020 upto January 6, 2022)  
Puneet Bansal - Director (w.e.f. November 03, 2020 upto November 01, 2021)  
Apurva Parekh - Director (w.e.f. November 03, 2020)  
Punit Mehra - Director (w.e.f. January 25, 2021)  
Gira Jagdeesh Sardesai - Independent Director (w.e.f. May 04, 2021)



### 32. Related Party Disclosures

Details of transactions between the company and the related parties are disclosed below:

#### 32.1 Trading transactions

During the year the company entered into the following trading transactions with related parties:

Particulars	(Rs. in crores)			
	Sales of goods	Purchases of goods	Sales of goods	Purchases of goods
	For the year ended March 31, 2022		For the year ended March 31, 2021	
Pidilite Industries Limited	36.72	20.16	0.43	0.07
Huntsman International (India) Private Limited	-	-	1.34	16.91
Huntsman Advanced Materials (Europe) BVBA	-	-	0.37	-
<b>Total</b>	<b>36.72</b>	<b>20.16</b>	<b>2.14</b>	<b>16.98</b>

The following balances were outstanding at the end of the reporting year:

Particulars	(Rs. in crores)			
	Amounts owed by related parties as at	Amounts owed to related parties as at	Amounts owed by related parties as at	Amounts owed to related parties as at
	March 31, 2022		March 31, 2021	
Pidilite Industries Limited	9.29	2.78	0.50	0.77
<b>Total</b>	<b>9.29</b>	<b>2.78</b>	<b>0.50</b>	<b>0.77</b>

Sales and purchases of goods to related parties were made at arm's length prices.

The amount outstanding are unsecured and will be settled in cash. No guarantee have been given or received. No expense has been recognized in the current period for bad or doubtful debts in respect of the amounts owed by related parties.

#### 32.2 Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

Particulars	(Rs. in crores)				
	For the year ended March 31, 2022	For the year ended March 31, 2021			
	Director's Sitting Fees	Short-term benefits	Post-employment benefits	Other long-term benefits	Total
Rayomand Sabawalla	-	0.28	0.03	0.05	0.36
Gira Jagdeesh Sardesai	0.02	-	-	-	-

#### 32.3 Other related party transactions

Transactions with above mentioned related parties

Particulars	(Rs. in crores)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>1. Cross Charge of Expenses (Legal, Professional and Consultancy fees)</b>		
Pidilite Industries Limited	3.55	0.68
<b>2. Service Income</b>		
Huntsman Advanced Materials (Switzerland) Gmbh, Basel	-	0.55
Huntsman International (India) Private Limited	-	0.01
<b>Total</b>	<b>-</b>	<b>0.56</b>
<b>3. Service Charges</b>		
Huntsman International LLC	-	-
Huntsman Advanced Materials (Switzerland) Gmbh, Basel	-	4.94
Huntsman International (India) Private Limited	-	9.33
<b>Total</b>	<b>-</b>	<b>14.27</b>
<b>4. Royalty</b>		
Huntsman Advanced Materials Licensing (Switzerland) GmbH	-	1.54
<b>5. Purchase of Intangible Assets</b>		
Huntsman Advanced Materials (Europe) BVBA	-	9.74
Huntsman Advanced Materials (Singapore) Pte Ltd.	-	19.77
Huntsman Advanced Materials Licensing (Switzerland) GmbH	-	96.19
Pidilite Industries Limited	0.43	-
<b>Total</b>	<b>0.43</b>	<b>125.70</b>
<b>6. Purchase of Property Plant and Equipment</b>		
Pidilite Industries Limited	0.13	-
<b>7. Dividend Paid</b>		
Pidilite Industries Limited (Holding Company and its nominees)	192.40	-
<b>8. GST Balance Transfer</b>		
Huntsman International (India) Private Limited	-	0.08

The following balances were outstanding at the end of the reporting year:

Particulars	(Rs. in crores)			
	Amounts owed by related parties as at	Amounts owed to related parties as at	Amounts owed by related parties as at	Amounts owed to related parties as at
	March 31, 2022		March 31, 2021	
Pidilite Industries Limited	-	1.69	-	-
<b>Total</b>	<b>-</b>	<b>1.69</b>	<b>-</b>	<b>-</b>

The amount outstanding are unsecured and will be settled in cash. No guarantee have been given or received. No expense has been recognized in the current period for bad or doubtful debts in respect of the amounts owed by related parties.

### 33. Employee benefit plans

#### 33.1 Defined contribution plans

The Company makes contributions towards provident fund and superannuation fund to defined contribution retirement benefit plans for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. Both the employees and the Company make monthly contributions to the Provident Fund Plan equal to a specified percentage of the covered employee's salary. The provident fund contributions are made to Government administered Employees Provident Fund. The superannuation fund is administered by the Life Insurance Corporation of India (LIC).

The total expense recognised in Statement of Profit and Loss for the year ended March 31, 2022 is Rs. 0.15 Crores (March 31, 2021 is Rs. 0.14 Crores) represents contributions to these plans by the Company at rates specified in the rules of the plans.

#### 33.2 Defined benefit plans

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at March 31, 2022. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	Valuation as at	
	As at March 31, 2022	As at March 31, 2021
Discount rate(s)	6.91%	6.50%
Expected rate(s) of salary increase	8.5% in year 1 and 6.50% thereafter	8.50%
Withdrawal rate	8.00%	5.00%

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows.

Particulars	(Rs. in Crores)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Service cost:		
Current service cost	0.05	0.05
Past service cost - plan amendments	(0.00)	0.01
Net interest cost	0.03	0.02
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>0.08</b>	<b>0.08</b>
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)		
Actuarial (gains) / losses arising from DBO experience	(0.00)	(0.02)
Actuarial (gains) / losses arising from changes in DBO assumptions	(0.09)	0.03
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(0.09)</b>	<b>0.01</b>
<b>Total</b>	<b>(0.01)</b>	<b>0.09</b>

The current service cost and the net interest expense for the period are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows.

Particulars	(Rs. in Crores)	
	As at March 31, 2022	As at March 31, 2021
Present value of funded defined benefit obligation	(0.39)	(0.42)
Fair value of plan assets	-	-
<b>Funded status (Surplus/(Deficit))</b>	<b>(0.39)</b>	<b>(0.42)</b>



**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED) (AMALGAMATING COMPANY)**

**Notes to the special purpose financial information as at and for the year ended March 31, 2022**

Movements in the present value of the defined benefit obligation are as follows.

**(Rs. in Crores)**

Particulars	As at March 31, 2022	As at March 31, 2021
Opening defined benefit obligation	0.42	0.33
Current service cost	0.05	0.05
Past service cost - plan amendments	(0.00)	0.01
Interest cost	0.03	0.02
Remeasurement (gains)/losses:		
Actuarial (gains) / losses arising from DBO experience	(0.00)	(0.02)
Actuarial (gains) / losses arising from changes in DBO assumptions	(0.09)	0.03
Benefit paid	(0.02)	-
<b>Closing defined benefit obligation</b>	<b>0.39</b>	<b>0.42</b>

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and withdrawal rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

**(Rs. in Crores)**

Particulars	Year ended March 31, 2022 Increase / (decrease)	Year ended March 31, 2021 Increase / (decrease)
<b>Discount Rate:</b>		
Effect on DBO due to 1% increase in Discount rate	(0.03)	(0.02)
Effect on DBO due to 1% Decrease in Discount rate	0.03	0.02
<b>Salary Escalation Rate:</b>		
Effect on DBO due to 1% increase in salary escalation rate	0.03	0.02
Effect on DBO due to 1% decrease in salary escalation rate	(0.03)	(0.02)

Under the PUC method a "projected accrued benefit" is calculated at the beginning of the period and again at the end of the period for each benefit that will accrue for all active members of the Plan. The "projected accrued benefit" is based on the Plan's accrual formula and upon service as of the beginning or end of the period, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The Plan liability is the actuarial present value of the "projected accrued benefits" as of the beginning of the period for active members.

### 33-3 Compensated Absences

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.





**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED)  
(AMALGAMATING COMPANY)**

**Notes to the special purpose financial information as at and for the year ended March 31, 2022**

34. The information required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. The amount of principal and interest outstanding during the year is given below:

Particulars	(Rs. In Crores)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	7.98	2.21
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.01	0.02
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	40.03	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	0.18	0.02

**35. Financial instruments**

**35.1 Categories of financial instruments**

Particulars	(Rs. In Crores)	
	As at March 31, 2022	As at March 31, 2021
<b>Financial assets</b>		
Measured at amortised cost		
(a) Cash and bank balances	28.08	151.21
(b) Trade receivables	41.52	48.02
<b>Financial liabilities</b>		
Measured at amortised cost		
(a) Trade Payables	48.00	90.62
(b) Other financial liabilities at amortised cost	2.63	6.64

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

All financial assets and liabilities measured at amortised cost are classified as level 3 in fair valuation hierarchy.

For all the financial assets and liabilities referred above that are measured at amortised cost, their carrying amounts are reasonable approximations of their fair values. The carrying amounts of trade receivables, trade payables, cash and cash equivalents, other financial assets and other financial liabilities are considered to be the same as their fair values due to their short term nature.

**35.2 Financial risk management objectives**

The Company's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk), credit risk and liquidity risk.

The Corporate Treasury function reports quarterly to the Company's Board, an independent body that monitors risks and policies implemented to mitigate risk exposures.

**35.3 Market risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

**35.4 Foreign currency risk management**

The Company is exposed to Currency Risk arising from its trade exposures and Capital receipt / payments denominated, in other than the Functional Currency. The Company has a detailed policy which includes setting of the recognition parameters, benchmark targets, the boundaries within which the treasury has to perform and also lays down the checks and controls to ensure the continuing success of the treasury function.

The Company has defined strategies for addressing the risks for each category of exposures (e.g. for exports, for imports etc.). The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macro-economic conditions.



**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED)  
(AMALGAMATING COMPANY)**

Notes to the special purpose financial information as at and for the year ended March 31, 2022

**35.4.1 Unhedged foreign currency exposure:**

Foreign Currency Exposures that have not been hedged by a derivative instrument or otherwise are as below :

Particulars	Foreign Currency	As at March 31, 2022		As at March 31, 2021	
		Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
Advance to Vendor	GBP	4,193	418,215	-	-
Payables	USD	290,278	21,976,947	-	-

Of the above, the company is mainly exposed to USD. Hence the following table analyses the company's Sensitivity to a 5% increase and a 5% decrease in the exchange rates of these currencies against INR.

Currencies	Increase/ Decrease	Year ended March 31, 2022			
		Total Assets in FC	Total Liabilities in FC	Change in exchange rate	Impact on Profit or Loss/Other Equity
USD	Increase by 5%	-	290,278	3.79	(1,098,847)
USD	Decrease by 5%	-	290,278	(3.79)	1,098,847

**(i) Valuation processes**

The finance department of the Company includes a team that carries out the valuation of financial assets and liabilities required for financial reporting purposes.

**(ii) Capital Management**

The Company determines the capital requirements based on its financial performance, operating and long term investment plans. The funding requirements are met through operating cash flows generated. For the purpose of Company's Capital Risk Management, "Capital" includes issued equity share capital and all other equity reserves attributable to its shareholders.

The Company's objective in managing its capital is to maximise shareholder's values.

The capital structure of the Company is based on management's assessment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company considers the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company maintains a stable and strong capital structure with a focus on total equity so as to maintain shareholders and creditors confidence and to sustain future development and growth of its business. The Company takes appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The management monitors the return on capital as well as the level of dividends to shareholders.

**35.5 Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The credit limits are considered on a net basis after taking into consideration credit protection for 1) cash in advance, 2) letters of credit issued by a bank which maintains investment grade credit ratings, 3) bank acceptance drafts, 4) credit insurance, or 5) non recourse factoring arrangements.

Credit department assigns a customer a rating of very high, high, medium, or low risk using proprietary financial analysis models where applicable to ensure consistency of credit risk.

Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition or qualitative factors of accounts receivable that would cause deterioration in credit quality.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due. Specific provision is also recognized in case of following scenarios:

- Bankruptcy
- Potential default risk in specific scenario
- Legal case

Exceptions are considered when a customer is performing under an agreed and documented payment plan.



**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED)  
(AMALGAMATING COMPANY)**

**Notes to the special purpose financial information as at and for the year ended March 31, 2022**

**36. Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term, and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The company judiciously deploys its periodical surplus funds in short term investments in line with the corporate treasury policy. The company constantly monitors the liquidity levels, economic and capital market conditions and maintains access to the lowest cost of sourcing liquidity through banking lines, trade finance and capital markets.

**36.1 Liquidity and interest risk tables**

The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. Financial liabilities disclosed below are largely trade payables in nature.

Particulars	Less than 1 Year	Between 1 and 5 years	More than 5 years	Total
<b>March, 31, 2022</b>				
Lease liabilities	1.06	3.22	-	4.28
Trade payables	48.00	-	-	48.00
Other financial liabilities	2.63	-	-	2.63
<b>Total</b>	<b>51.69</b>	<b>3.22</b>	<b>-</b>	<b>54.91</b>
<b>March, 31, 2021</b>				
Lease liabilities	2.19	-	-	2.19
Trade payables	90.62	-	-	90.62
Other financial liabilities	6.64	-	-	6.64
<b>Total</b>	<b>99.45</b>	<b>-</b>	<b>-</b>	<b>99.45</b>

**37. Segment Reporting**

In accordance with Indian Accounting Standard - 108, "Operating Segments", the Company has determined its business segment as DIY Do it Yourself) and there are no other primary reportable segments. Accordingly, the segment revenue, segment results, total carrying amount of segment assets and segment liability, total cost incurred to acquire segment assets and total amount of charge for depreciation during the year, is as reflected in the special purpose financial information as at and for the year ended March 31, 2022. The Company is considered to be operating majorly in one geographical segment (i.e. in India). There is one customer which contributes more than 10% of the Company's total revenues.



**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED) (AMALGAMATING COMPANY)**  
**Notes to the special purpose financial information as at and for the year ended March 31, 2022**

**38A. Trade Receivable Ageing\***

As at 31 March 2022								
Particulars	Unbilled	Not Due	Outstanding for following periods*					Total
			< 6 months	6 month - 1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	-	-	41.52	-	-	-	-	41.52
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-

  

As at 31 March 2021								
Particulars	Unbilled	Not Due	Outstanding for following periods*					Total
			< 6 months	6 month - 1 year**	1-2 years	2-3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	-	-	48.02	0.00	-	-	-	48.02
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-

\* Outstanding ageing has been calculated from the date of transactions

\*\* Since the amounts are less than denominations disclosed, the amount do not appear.

**38B. Trade Payables Ageing\***

As at 31 March 2022							
Particulars	Unbilled	Not Due	< 1 year	1-2 years	2-3 years	> 3 years	Total
(i) Undisputed Trade Payables - MSME	-	-	8.16	-	-	-	8.16
(ii) Undisputed Trade Payables - Others	10.40	-	29.38	0.06	-	-	39.84
(iii) Disputed Trade Payables - MSME	-	-	-	-	-	-	-
(iv) Disputed Trade Payables - Others	-	-	-	-	-	-	-

  

As at 31 March 2021							
Particulars	Unbilled	Not Due	< 1 year	1-2 years	2-3 years	> 3 years	Total
(i) Undisputed Trade Payables - MSME	-	-	2.23	-	-	-	2.23
(ii) Undisputed Trade Payables - Others	13.64	-	74.75	-	-	-	88.39
(iii) Disputed Trade Payables - MSME	-	-	-	-	-	-	-
(iv) Disputed Trade Payables - Others	-	-	-	-	-	-	-

\* Outstanding ageing has been calculated from the date of transactions

**39. Analytical Ratios\***

Particulars	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	Variance %	Reason for Variance**
Current Ratio (times)	Current Assets		2.33	2.35	-0.44%	
Debt-Equity Ratio (times)	Lease Liabilities	Total Equity	0.02	0.01	144.07%	a.
Debt Service Coverage ratio (times)	Earnings before Interest, Tax, Depreciation and Amortisation (EBIDTA)	Interest and Lease payments during the year	52.22	33.25	57.04%	b.
Return on Equity Ratio (%)	Profit for the year	Average Total Equity	49.70%	29.96%	65.87%	c.
Inventory turnover ratio (times)	Cost of Goods Sold	Average Inventory	7.90	5.44	45.19%	d.
Trade Receivables turnover ratio (times)	Net Credit Sales	Average Trade Receivable	11.07	5.42	104.24%	e.
Trade payables turnover ratio (times)	Net Credit Purchases	Average Trade Payables	4.40	2.76	59.44%	f.
Net capital turnover ratio (times)	Revenue from operations	Working Capital	6.96	2.05	238.95%	g.
Net profit ratio (%)	Profit for the year	Revenue from operations	23.77%	24.40%	-2.59%	
Return on Capital employed (%)	Earnings before Interest and Tax	Net worth + Lease liabilities + Deferred tax liability	73.45%	33.66%	118.21%	h.

\*Other ratios as defined in schedule III are not applicable to the Company

**\*\*Reasons for Variances**

- Increase in Lease liability on account of new lease contracts entered during the year and Equity has reduced due to dividend paid during the year.
- Increase in EBIDTA on account of increase in revenue from operations.
- Increase in Profit for the year on account of increase in revenue from operations and Equity has reduced due to dividend paid during the year.
- Increase in the production because of increase in operations and post Covid-19 recovery.
- Increase due to Efficient collection of account receivables.
- Timely payment to supplier due to availability of funds being generated from operations.
- Increase in revenue from operations coupled with efficient working capital management.
- Increase in EBIT on account of increase in revenue from operations.
- Increase in EBIT on account of increase in revenue from operations.

**40. Note on Merger**

On September 06, 2021, the Board of Directors of Pidilite Adhesives Private Limited ("Company") approved a Scheme of Amalgamation ("the Scheme") between the Company and Pidilite Industries Limited ("PIL"), their respective shareholders and creditors subject to obtaining requisite regulatory and other approvals.

The National Company Law Tribunal of Mumbai Bench (the 'NCLT Bench') have sanctioned the Scheme of Amalgamation between the Pidilite Industries Limited ('Amalgamated Company') and Pidilite Adhesives Private Limited (the 'Amalgamating Company') and the respective Shareholders vide order dated March 07, 2022 received on March 29, 2022 under the provisions of Sections 230 to 232 of the Companies Act, 2013 (herein after referred to the 'NCLT Order'). According to the Scheme, the Amalgamating Company has been amalgamated with Amalgamated Company with effect from April 01, 2022 (appointed date).

Pursuant to the Scheme, the business of the Amalgamating Company is transferred to and vested as going concern into the Amalgamated Company w.e.f. appointed date.

In view of above, the special purpose financial information have been prepared on a going concern basis.





**PIDILITE ADHESIVES PRIVATE LIMITED (FORMERLY KNOWN AS HUNTSMAN ADVANCED MATERIALS SOLUTIONS PRIVATE LIMITED) (AMALGAMATING COMPANY)**  
**Notes to the special purpose financial information as at and for the year ended March 31, 2022**

**41. Additional regulatory information required by Schedule III**

(i) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Borrowing secured against current assets

The Company does not have borrowings from banks and financial institutions on the basis of security of current assets.

(iii) Wilful defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(iv) Relationship with struck off companies

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(v) Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

(vi) Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:  
a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or  
b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(vii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(viii) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(ix) Valuation of PP&E, intangible asset and investment property

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

(x) Loans or advances to specified persons

The Company has not granted any Loans or Advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013) during the current or previous year.

(xi) Compliance with approved Scheme of Arrangement

As per the approved scheme, the Company has been amalgamated with Pidilite Industries Limited (Amalgamating Company) w.e.f April 01, 2022 (appointed date). Being an Amalgamating company and appointed date being April 01, 2022, no accounting is triggered under the Scheme for the year ended March 31, 2022. Appropriate Disclosure has been made in the special purpose financial information. (refer note 40).

42. The COVID-19 situation continues to evolve. The Company has evaluated the impact of this pandemic on its business operations, liquidity and financial position and based on management's review of current indicators and economic conditions, no additional adjustment is required in the special purpose financial information for the year ended March 31, 2022. Given the uncertainty associated with its nature and duration, the impact may be different from that estimated as at the date of approval of the special purpose financial information. The Company will continue to monitor any material changes to future economic conditions.

43. Previous year's figures have been given for full year and have been regrouped / reclassified, wherever necessary to conform to current year's classification.



For and on behalf of the Board of Directors of  
Pidilite Industries Limited (Amalgamated  
Company)



**Bharat Puri**  
Managing Director  
DIN: 02173566



**Apurva Parekh**  
Director  
DIN: 00111366

Place: Mumbai  
Date: May 18, 2022