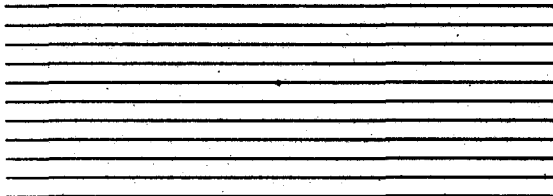




The **BAGLA** Group



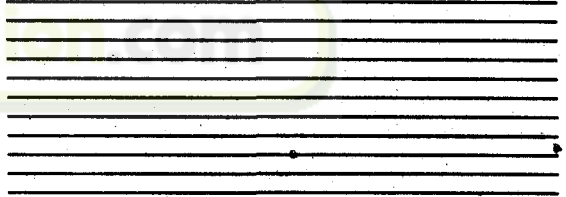
# 14th ANNUAL REPORT 2001 - 2002

Report



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Report



**HINDUSTAN ADHESIVES LIMITED**



## 14TH ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH, 2002

BOARD OF DIRECTORS	:	Mr. L.K. Bagla Mr. M.S. Bagla Mr. Purshotam Agarwal Mr. N.K. Jain Mrs. Urmilla Goenka Mr. U.C. Gaur Mr. O.P. Tiwari
COMPANY SECRETARY	:	Mr. S.S. Dua
AUDITORS	:	M/S Salarpuria & Partners Chartered Accountants, New Delhi 7/16, Kalkaji Extension New Delhi - 110 019
BANKERS	:	The United Western Bank Ltd., New Delhi The Benares State Bank Ltd., New Delhi The Allahabad bank, Ghaziabad
SHARE TRANSFER AGENT	:	Datanix Computer Services F-11/C, First Floor, Okhla Industrial Area, Phase-I New Delhi - 110 020 Phone : 6810236, 6816532
DEMAT AGENT	:	In-House Share Registry 3 Community Centre Naraina Industrial Area, Phase-I New Delhi-110028
REGISTERED OFFICE	:	615, New Delhi House 27, Barakhamba Road, New Delhi - 110 001 (India)
FACTORY	:	29th Mile Stone, Village Achheja, Tehsil Dadri Distt. Gautam Budh Nagar (U.P.)
SHARE LISTED AT	:	Delhi, Mumbai, Calcutta, Jaipur

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**NOTICE**

Notice is hereby given that the 14<sup>th</sup> Annual General Meeting of the members of Hindustan Adhesives Limited will be held on Friday the 27<sup>th</sup> September 2002 at 3.00 P.M. at Gandhi Memorial Hall, 2, Bahadur Shah Zafar Marg, New Delhi-110002 to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at March 31, 2002 and the Profit & loss Account for the year ended on that date together with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. N.K. Jain & Mrs. Urmila Goenka, who retires by rotation and being eligible offers themselves for reappointment.
3. To appoint the statutory auditors and to fix their remuneration.

**SPECIAL BUSINESS**

To consider and if thought fit, to pass with or without modification (s) if any, the following resolutions as an ordinary Resolution.

4. "RESOLVED THAT Mr. Om Prakash Tiwari who was appointed as an Additional Director of the Company in accordance with Section 260 of the Companies Act, 1956 w.e.f. 29<sup>th</sup> June 2002 and in respect of whom the company has received a notice under section 257 of the Companies Act, 1956 together with a deposit of Rs. 500/- as required under the Act, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to retirement of rotation."

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By order of the Board of Directors of  
**Hindustan Adhesives Limited**

Place : New Delhi

Dated : 30th July, 2002

**(MADHUSUDAN BAGLA)**

Managing Director

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE ANNUAL GENERAL MEETING.
2. Members/proxy should bring the attendance slip duly filled in for attending the meeting.
3. The registers of members and shares transfer books of the company will remain closed from 25.09.2002 to 27.09.2002 (all inclusive).
4. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed and forms part of this Notice.
5. Members are requested to bring their copy of annual report at the meeting.
6. Members seeking any further information about the accounts are requested to write to the company at least 10 days before the date of annual general meeting so as to enable the Management to keep the information ready at the meeting.
7. Copies of relevant Director's report, Auditors' Report, Balance Sheet and Profit & Loss Account of the Company are enclosed herewith.
8. Shareholders are requested to address all communications regarding transfer/transmission of share/change of address etc. to M/s Datanix Computers Services, F-11/C, First Floor, Okhla Industrial Area, Phase-1, New Delhi-110020.
9. Members are requested to quote their folio number in all their correspondence with the company/share transfer agent.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

Mr. Om Prakash Tiwari was appointed as an additional Director to strengthen the Board of Directors of the Company. Your director feels that his continuance as a director of the Board will further boost the internal audit system of the company. He holds the office as such till the date ensuing Annual General Meeting. The Company has received necessary notice under section 257 of the companies act, 1956. Hence this resolution is for his appointment as the director of the company whose period of office shall be liable to determination by the retirement of Directors of rotation.

Mr. Om Prakash Tiwari may be deemed to be interested/concerned in the resolution contained as above.

None of the other Directors of the company is, in any way, concerned or interested in the said resolution.

**INSPECTION**

Copy of the Memorandum and Articles of Association of the Company together with the proposed alteration shall be open for inspection of shareholders at the Company's Registered Office on any working day upto and inclusive of the date of Annual General Meeting between 10.00 A.M. to 1.00 P.M.

By order of the Board of Directors of  
**Hindustan Adhesives Limited**

Place : New Delhi  
Dated : 30th July, 2002

**(MADHUSUDAN BAGLA)**  
Managing Director

**HINDUSTAN ADHESIVES LIMITED****DIRECTOR'S REPORT**

(Rs. in lacs)

Particulars	31.03.2002	31.03.2001
Total Income	2893.83	2767.54
Profit before interest, depreciation & tax	233.17	334.75
Interest & Financial charges	262.13	454.98
Depreciation	153.43	151.48
Profit (Loss) before tax	(182.39)	(271.71)
Provision for tax	0.11	Nil
Net profit (Loss) after tax before extra ordinary Items	(182.50)	(271.71)
Add : Extra Ordinary Items	406.08	Nil
Net profit after tax & Extra Ordinary Items	223.58	Nil
Equity	511.63	511.63
Net worth	403.30	175.12

**DIVIDEND**

Your directors regret to inform you that on account of insufficient profit in the company no dividend is recommended for the year ended 31st March 2002.

**OPERATIONS****During the year under review :**

The company has the pleasure to inform you that looking at the growing demand of the company's product, the company has started its second BOPP Film Unit which was previously lying closed since the last 4 years. The Company is now expecting higher growth in the current financial year.

We are also pleased to inform you that the Company's Export turnover in the financial year 2001-02 has increased by 21.06%.

**Current Scenario**

Despite high level of competition, the company is expecting improvement in turnover from both domestic as well as export market. The Market for the Company's products have been well identified and the all round prospects look positive in the current year.

**FINANCIAL RESULTS**

The Company has the pleasure to inform you that in view of the genuine problem faced by the Company in the past and looking at the efforts made by it to survive in the last 4 years, the IDBI has in principle agreed for a negotiated settlement scheme whereby company has been granted various reliefs. The Company is also pursuing with other banks and Financial Institution in line with IDBI, requesting for need based concessions. This will help the company in improving its liquidity and profitability in the coming years.

**RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2A) of the Companies (Amendment) Act, 2000, the Director's confirm that :

- In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- Appropriate accounting policies have been selected and applied consistently and judgements and estimates that are reasonable and prudent has been made so as to give a true and fair view of the state of affairs at the end of the financial year and of the loss of the Company for the financial year ended March 31, 2002.



## HINDUSTAN ADHESIVES LIMITED

- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing the detecting fraud and other irregularities; and
- d) The annual accounts have been prepared on a going concern basis.

### BOARD OF DIRECTORS

The Board is proposing to appoint Mr. Om Prakash Tiwari as an additional director of the company at its meeting to be held on 29th June 2002. Company welcome him on the Board of the Company.

Sh. N.K. Jain and Mrs. Urmila Goenka are the directors that retire by rotation at the conclusion of forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

### AUDITORS

M/s Salarpuria & Partners, Chartered Accountants, the retiring auditors of the company have shown their willingness to be reappointed as statutory auditors from conclusion of this annual general meeting till the conclusion of next annual general meeting. They have furnished a certificate to the effect that the appointment, if made, will be in accordance with sub-section (1B) of section 224 of the Companies Act, 1956.

As regards Auditors observations, the relevant notes on accounts are self-explanatory and therefore, do not call for any further comments.

### AUDIT COMMITTEE :

The Company has constituted Audit Committee as per the requirement of companies Act, Mr. Om Prakash Tiwari, Mr. U.C. Gaur and Mrs. Urmila Goenka are the members of the Audit committee.

### FIXED DEPOSITS

During the year no deposit was accepted or renewed from the public pursuant to provisions of section 58A of the Companies Act, 1956 and rules made there under in this behalf.

### STATUTORY STATEMENTS

There is no employee in the company drawing salary more than that prescribed under section 217(2A) of the Companies Act, 1956 read with The Companies (particulars of Employee) Rules, 1975.

Information as required under Section 217(1)(e) read with Companies Disclosure of Particulars in the Report of Board of Directors Rules 1988 are given in the Annexure forming part of this report.

### LISTING

The company has passed a resolution at the last Annual General Meeting of the Company for delisting of its securities from Ahmedabad and Jaipur Stock Exchanges. The company is in the process of getting it delisted from the above stock exchange.

### INDUSTRIAL RELATIONS

The relations between management and workers continued to be cordial throughout the year. The Directors wish to place on records their sincere appreciation for the sincere efforts of all the workers and executives of the company for improving the performance of the company.

### ACKNOWLEDGEMENT

The Board of Directors wish to thank the financial institutions, bankers and various government departments for their support and co-operation extended to the company. The Directors deeply acknowledge the continued trust and confidence reposed by all the shareholders, investors, suppliers and customers of the company.

For and on behalf of Board of Directors of  
**Hindustan Adhesives Limited**

Place : New Delhi  
Dated : 29th June, 2002

**(MADHUSUDAN BAGLA)**  
Managing Director

**HINDUSTAN ADHESIVES LIMITED****ANNEXURE-1 TO THE DIRECTORS REPORT**

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTOR) RULES, 1988 FOR THE YEAR ENDED 31ST MARCH, 1996.

**A. CONSERVATION OF ENERGY**

## a) Measure taken;

For conservation of energy various energy saving methods were adopted, which are as follows :

**Electric energy :**

1. Up gradation in the high efficiency illumination resulted in energy conservation.
2. Improved heat insulation of thermic fluid line and the repositioning of boilers has led to energy saving.
3. Additional D.G. Sets have been installed for better utilization and distribution of the electric energy generated by the Company.

**Saving in fuel consumption :**

- a) Fuel consumption in the D.G. Set was brought down 3% approximately by using alternative fuels with ultra cleaning equipments installed on site.
- b) For recycling of lubricating oils a centrifugal oil system was installed for all the DG Sets & savings are of 2% on lube oil consumption.
- c) Company is considering various other options for conservation of energy.
- d) The information required under Form A of Annexure to above mentioned rules is not being given, as the company does not fall under the purview of industries specified in schedule.

**B. TECHNOLOGY ABSORPTION :****1. Research and Development**

Company's own R&D laboratory is fully equipped with the testing equipment of latest technology besides employing experienced and specialized personnel for the same. With their hard work, the R & D people have successfully developed various new and innovative products with an eye on the emerging new markets and the requirement of customers.

**2. Benefits derived :**

The company has been able to save considerable cost of pollution control devices and expensive basic raw material, which are being used by other players in the industry. Moreover the quality of the product has also improved significantly.

**3. Expenditure on R&D****Amount in Rs.**

Capital	Nil
Recurring	348,534
Total	348,534

Total R&D expenditure is 0.12% of the total turnover.

Technology absorption, Adoption and innovation :

**1. Efforts made :**

- a) Latest slitting & spooling equipment were added.
- b) Existing equipment were calibrated.
- c) The company has started to export various new types of Self Adhesive Tear Tapes as per the requirement of foreign buyers. This will further increase the earnings of foreign exchange considerably.

**2. Benefits derived :**

Company was able to identify and tap the new areas of international market, where its products were well received. The quality and consistency of the existing product has also improved a lot and has benefited the company in every way.

**C. FOREIGN EXCHANGE EARNING AND OUTGO :****1. Activities relating to exports :**

Communication and interaction with various new foreign buyers in different areas of International markets were initiated for increasing exports and to develop new markets for export. These efforts will give a boost to exports.

**2. Total Foreign exchange earned and used :****Rs. in Lakhs**

	<u>31.3.2002</u>	<u>31.3.2001</u>
<b>Earnings :</b>		
Export value on FOB basis	497.73	411.13
<b>Expenditure :</b>		
Capital Goods (CIF)	Nil	53.04
Raw Material (CIF)	382.39	221.95
Others	26.20	16.39

For and on behalf of Board of  
**Hindustan Adhesives Limited**

Place : New Delhi

Dated : 29th June, 2002

(M.S. BAGLA)  
Managing Director



**HINDUSTAN ADHESIVES LIMITED****AUDITOR'S REPORT**

1. We have audited the attached Balance Sheet of M/s Hindustan Adhesives Limited as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit with a reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures made in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the manufacturing and other Companies (Auditor's Report) Order, 1988, issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure, a statement on the matter specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account, as required by law, have been kept by the Company so far as appears from our examination of the books.
  - (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet and Profit & Loss Account dealt by this report comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2002 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March, 2002 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanation given to us, the said Account, read together with notes appearing in Schedule 'U' give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India : -
    - i) In case of the Balance Sheet of the state of affairs of the company as at 31st March, 2002 and;
    - ii) In case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.

**For SALARPURIA & PARTNERS**

Chartered Accountants

Place : New Delhi  
Dated : 29th June, 2002

**(KAMAL KUMAR GUPTA)**  
PARTNER

**ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in paragraph (2) in our report of even date)

1. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets of the company have been physically verified by the management during the year at reasonable intervals and no material discrepancy between the book records and the physical verification were noticed.
2. The Fixed Assets of the Company have not been revalued during the year.
3. The Stock of finished goods, stores, spare parts and raw materials have been physically verified by the management at the close of the year.
4. The procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.