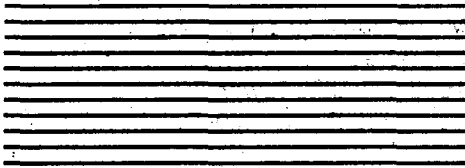
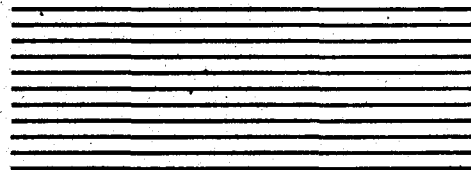




*The BAGLA Group*



19th  
**ANNUAL REPORT**  
**2006-2007**



**HINDUSTAN ADHESIVES LIMITED**



## HINDUSTAN ADHESIVES LIMITED

### 19th ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH 2007

<b>BOARD OF DIRECTORS</b>	:	Mr. L. K. Bagla Mr. M. S. Bagla Mr. K.C Dwivedi Mr. P.K. Agarwal Mr. M.M.Haque Mr. K.C.Gupta Mr. Pawan Sharma
<b>COMPANY SECRETARY</b>	:	Mr. S.S.Dua
<b>AUDITORS</b>	:	M/s. Salarpuria & Partners Chartered Accountants, 1008 Chiranjiv Tower 43, Nehru Place, New Delhi-110019
<b>BANKERS</b>	:	IDBI, New Delhi Bank of Baroda, New Delhi Allahabad Bank, Ghaziabad.
<b>SHARE TRANSFER &amp; DEMAT AGENT</b>	:	Intime Spectrum Registry Ltd. A-40, 2nd Floor, Naraina Indl. Area, Phase-II, New Delhi-110028
<b>REGISTERED OFFICE</b>	:	340/2-A, G. T. Road, Shahdara, Delhi-110095
<b>FACTORY</b>	:	29 <sup>th</sup> Mile Stone, Village Achheja, Tehsil-Dadri Distt. -Gautam Budh Nagar (U.P.)
<b>SHARE LISTED AT</b>	:	Delhi, Mumbai, Calcutta, Jaipur & Ahmedabad Stock Exchanges

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## HINDUSTAN ADHESIVES LIMITED

### NOTICE

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of the members of Hindustan Adhesives Limited will be held on Saturday, the 29<sup>th</sup> September, 2007 at 10.00 A.M. Ashok Avenue, Main Chattarpur Road, Asola Fatehpur Beri, New Delhi-110074 to transact the following business.

#### **ORDINARY BUSINESS:**

- 1 To receive, consider and adopt the audited Balance Sheet of the Company as at March 31, 2007 and the Profit & Loss Account for the year ended on that date together with Report of Directors and Auditors thereon.
- 2 To appoint a Director in place of Sh. L.K. Bagla, and Sh. M.M.Haque, who retire by rotation and being eligible offers them selves for re-appointment.
- 3 To appoint the statutory auditors and to fix their remuneration.

#### **SPECIAL BUSINESS:**

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

**"RESOLVED THAT** Sh. K.C.Gupta who was appointed as an Additional Director of the Company in accordance with Section 260 of the Companies Act, 1956 w.e.f. 30.07.07 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".

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

**"RESOLVED THAT** Sh. Pawan Sharma who was appointed as an Additional Director of the Company in accordance with Section 260 of the Companies Act, 1956 w.e.f. 30.07.07 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".

6. To consider and if thought fit to pass with or without modification(s) if any, the following resolution as an ORDINARY RESOLUTION.

**"RESOLVED THAT** pursuant to the provisions of the Section 269 and Schedule XIII of the Companies Act, 1956 and subject to the approval of Shareholders at the ensuing Annual General Meeting of the Company and approval of Financial Institution and other statutory Authority as may required remuneration of Mr.M.S.Bagla, Managing Director of the Company be and is hereby revised for remaining period of his tenure w.e.f.01.11.2006 on following terms and conditions

- 1 Salary will be Rs.1,60,000/- per month.
- 2 He will be entitled to following perquisites subject to a maximum of Rs.19,20,000/- per annum.

**Medical Reimbursement:** Expenses incurred for the appointee and his family subject to a ceiling of one



## HINDUSTAN ADHESIVES LIMITED

month salary in one year.

**Leave Travel Concession:** As per rule of the Company.

**Club Fees:** Fees of club subject to maximum of two clubs. This will not include admission and life-membership fees.

**Personal Accident Insurance:** Premium not to exceed Rs.4000/per month.

**Contribution to Provident Fund:** As per Company rules

**Gratuity:** As per Company rules subject to maximum of half months salary for each completed year of service.

**Encashment of leaves-**As per rules of the Company at the end of tenure.

The Managing Director shall be entitled to have reimbursement of car expenses. Further, that the company will arrange to deposit the Margin Money, if required to obtain finance for the vehicle for the use of Managing Director.

a) The Margin Money as aforesaid shall be adjusted/recovered from the director after the full and final settlement of the vehicle loan taken by the director.

- 7 To consider and if thought fit to pass with or without modification(s) if any, the following resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT pursuant to the provisions of the Section 269 and Schedule XIII of the Companies Act, 1956 and subject to the approval of Shareholders at the ensuing Annual General Meeting of the Company and approval of Financial Institution and other statutory Authority as may required, remuneration of Mr.Praveen Agarwal, Director of the Company is Appointed as Whole-time Director-Finance of the Company for the period of 5 years w.e.f.01.10.2007 on following terms and conditions

- 1 Salary will be Rs.21,500/- per month.
- 2 He will be entitled to following perquisites subject to a maximum of Rs.2,58,000/- per annum.

**Medical allowance :-1791/- Per month or one Month Salary in one Year.**

**Education Allowance-Rs.900/- per month..**

**Leave Travel Concession:** As per rule of the Company.

**Club Fees:** Fees of club subject to maximum of two clubs. This will not include admission and life-membership fees.

**Personal Accident Insurance:** Premium not to exceed Rs.4000/per month.

**Contribution to Provident Fund:** As per Company rules

**Gratuity:** As per Company rules subject to maximum of half months salary for each completed year of service.

**Encashment of leaves-**As per rules of the Company at the end of tenure.

" Resolved Further that in the absence or inadequacy of profits in any financial year, remuneration payable to the Whole-Time Director shall be governed by Section II of part II of schedule XIII to the Companies Act,1956 as in force from time to time."

" Resolved Further that the Board of Directors be and is hereby authorised to alter and vary the aforesaid



## HINDUSTAN ADHESIVES LIMITED

terms as to the remuneration (including perquisites) within the ceiling Limits in that behalf laid down in Schedule XIII to the Companies Act, 1956 as in force from time to time."

**Resolved Further that** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be deemed necessary or desirable or to settle any question or difficulty that may arise in such manner as it may deem fit."

8 To consider and if thought fit to pass with or without modification(s) if any, the following resolution as an ORDINARY RESOLUTION.

**"RESOLVED THAT** pursuant to the provisions of the Section 269 and Schedule XIII of the Companies Act, 1956 and subject to the approval of Shareholders at the ensuing Annual General Meeting of the Company and approval of Financial Institution and other statutory Authority as may required, remuneration of Mr.K.C.Dwivedi, Director of the Company is Appointed as Whole-time Director-Marketing of the Company for the period of 5 years w.e.f.01.10.2007 on following terms and conditions

- 1 Salary will be Rs.13950/- per month.
- 2 He will be entitled to following perquisites.

**Medical Reimbursement :-**1162/- Per month or one Month Salary in one Year.

**Education Allowance-**Rs.200/- per month.

**Leave Travel Concession:** As per rule of the Company.

**Club Fees:** Fees of club subject to maximum of two clubs. This will not include admission and life-membership fees.

**Special Allowance-** Rs. 4500/- per month.

**Personal Accident Insurance:** Premium not to exceed Rs.4000/per month.

**Contribution to Provident Fund:** As per Company rules

**Gratuity:** As per Company rules subject to maximum of half months salary for each completed year of service.

**Encashment of leaves-**As per rules of the Company at the end of tenure.

**" Resolved Further that** in the absence or inadequacy of profits in any financial year, remuneration payable to the Whole-Time Director shall be governed by Section II of part II of schedule XIII to the Companies Act, 1956 as in force from time to time."

**" Resolved Further that** the Board of Directors be and is hereby authorised to alter and vary the aforesaid terms as to the remuneration (including perquisites) within the ceiling Limits in that behalf laid down in Schedule XIII to the Companies Act, 1956 as in force from time to time."

**" Resolved Further that** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be deemed necessary or desirable or to settle any question or difficulty that may arise in such manner as it may deem fit."

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

PLACE: DELHI  
DATE: 03.09.2007

**(MADHUSUDAN BAGLA)**  
MANAGING DIRECTOR



## HINDUSTAN ADHESIVES LIMITED

### 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 28.09.2007 to 29.09.2007 (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, Auditor's 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 Intime Spectrum Registry Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase-II, New Delhi-110028.
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.

#### ITEM NO.4

Mr. K.C.Gupta was appointed as an additional Director to strengthen the Board of Directors of the Company. He has vast experience in the field of finance. Your Directors feel that his continuance as a Director of the Company 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. K.C.Gupta 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.

#### ITEM NO.5

Mr. Pawan Sharma was appointed as an additional Director to strengthen the Board of Directors of the Company. He has got huge experience in Accounts. Your Directors feel that his continuance as a Director of





## HINDUSTAN ADHESIVES LIMITED

the Company 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. Pawan Sharma 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.

### ITEM NO.6

Remuneration of Sh. M.S.Bagla Managing Director was revised w.e.f. 01.11.2006 vide Board resolution dated 30<sup>th</sup> October 2006. As per the provision of section 269 read with Schedule XIII of the Companies Act, 1956 revised remuneration of Managing Director require approval of Shareholders by way of Ordinary Resolution.

Sh. M.S.Bagla himself and Sh. L.K.Bagla being father are deemed to be interested in the resolution.

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

### ITEM NO-7

Mr. Praveen Agarwal looking after Finance Department of the Company. Your Board of Director recommend his appointment as Whole-Time Director-Finance. The same require approval of Shareholders. Mr. Praveen Agarwal 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.

### ITEM NO-8

Mr. K.C.Dwivedi looking after Marketing Department of the Company. Your Board of Director recommend his appointment as Whole-Time Director-Marketing. The same require approval of Shareholders Mr. K.C.Dwivedi 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 up to 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

(MADHUSUDAN BAGLA)  
MANAGING DIRECTOR

PLACE: DELHI

DATED: 03.09.2007



# HINDUSTAN ADHESIVES LIMITED

## DIRECTOR'S REPORT

Dear Members,

Your Board of Directors presents this 19<sup>th</sup> Annual Report along with audited accounts for the accounting period ended on 31<sup>st</sup> March 2007.

### FINANCIAL RESULTS

Key Financial figures are as follows:

(Amount in lakh)

Particulars	31.03.07	31.03.06
Total Income	3801.80	3745.34
Profit Before Interest, Depreciation & tax	390.56	308.66
Interest & Financial Charges	136.63	129.96
Depreciation	170.84	163.51
Profit (Loss) Before tax	83.09	15.19
Income Tax for earlier year	(.07)	Nil
Less-Wealth Tax	NIL	(0.02)
Add: Deferred tax Assets(liabilities)	(24.03)	(04.53)
Less-Fringe Benefit Tax	(6.27)	(5.43)
Less-Fringe Benefit for earlier Year	(0.10)	Nil
Net profit after tax & Extra Ordinary Items	52.62	05.21
Equity	511.63	511.63
Net worth	122.44	69.83

### DIVIDEND

Yours directors regret to inform you that on account off insufficient profit in the company no dividend is recommended for the year ended 31<sup>st</sup> March 2007.

### OPERATIONS

During the year under review:

The Company has been able to establish the distinctive advantages in its finished product namely Packaging Tapes by using the BOPP film produced by them through the Double Bubble process with regard to the higher tensile strength, balanced orientation in both sides and lower elongation of the film. The qualities of this film give a superior identity to the end product of the Company, and thus give us a preference in the marketing of the finished product and allow our customers to have an internationally recommended product for sealing cartons.





## HINDUSTAN ADHESIVES LIMITED

Prices for the main raw materials for producing BOPP film remained very high this year and over capacity in the Indian market continued, thus preventing the Company from being able to sell the BOPP film in the market. However the company has now planned to increase the coating capacities further and use maximum capacity of its BOPP film for forward integration by converting the film into packaging tapes and prevent itself from being effected by the price swings of the commodity market for BOPP films.

In last financial year the company marginally improved the total sales of the Company, but however focused on improving the cost of operations. This has helped it to increase the PBIDT and also the Net Profit from the previous year. The Company has expanded the capacities of the Coating facilities in the current year and expects substantial increases in sales turnover and profitability in the coming years. The Company has also invested in some specialized equipments during the year and that will help improve the quality of the existing products and as well allow the Company to develop some new high value added products during the next year.

Encouraged by the success of power cost savings in the previous year, further investments were also done in installing more UPS systems and Electrical transformers in order to provide good and consistent quality of power for 100% of the operations of the Company and reduce more the energy costs in the coming years, besides allow it to improve the quality of the finished products.

### CURRENT SCENARIO

The growing sales of Packaging Tapes and the current buoyancy in the Indian market for all manufactured products and services provides ample opportunity for the Company to utilize full capacities of both BOPP film and Packaging Tapes in the near future, if it can manage its finances well and be able to create sufficient capacities for converting the BOPP film into packaging tapes.

It is expected that with the reduction in CST to 3% and its further phase wise reduction and eventual elimination, as also the complete implementation of VAT will help the company to be more competitive and reduce the burdens of double taxations.

The goodwill that the Company commands because of superior quality products makes it a preferred choice supplier to many new multinational companies setting up facilities in India and also leading domestic companies prefer to rely on the company for all of their requirements of packaging tapes.

The Company has also purchased land at Uttarkhand for larger expansion of the Coating facilities in the coming years to enable it to take advantage of the 100% excise concessions and income tax benefits available in the State.

The Company has successfully negotiated settlement all its long term debts to financial institutions and would have completely repaid them by the end of the current financial year. This will enable the company to expand and explore more opportunities in the adhesive coating business in the future and it would be able to take advantage of the global network created by it over the last few years with consistent exports to various parts of the world. The strengthening of the rupee has had some negative impact on the profits of the company which is partly compensated with the cost saving in imports of many raw materials.

### FINANCIAL RESULTS

The total income of the Company has increased marginally by 3%, whereas the PBIDT has increased by 26.53% and the PBT has increased by 447%!



## HINDUSTAN ADHESIVES LIMITED

The Company is confident of improving the performance further in the Current financial year and is hopeful of wiping out all accumulated losses within next 2 years, and then would like to expand its operations globally.

### 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 judgments 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 the loss of the Company for the Financial year ended March 31, 2007.
- 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
- The annual accounts have been prepared on a going concern basis.

### BOARD OF DIRECTORS

Mr. K.C.Gupta and Sh. Pawan Sharma was appointed as an additional Director w.e.f. 30.07.2007. They are re-appointed as Director at the forthcoming Annual General Meeting.

Sh. L.K. Bagla and Sh. M.M.Haque are the directors that retire by rotation at the conclusion of forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Mr.Venkateswara Rao Yedlapalli resigned from Directorship w.e.f.30.01.2007.

### AUDITORS

M/S Salarpuria & Partners, Chartered Accountants, the retiring auditors of the Company have shown their willingness to be re-appointed 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.

### AUDITORS OBSERVATION:

As regards Auditors observations in paragraph 5, we would like to clarify that effect of SASF will be taken once the final payment is made and efforts are made to settle with Bank of Baroda. Other relevant notes on accounts are self-explanatory and therefore, do not call for any further comments.

### AUDIT COMMITTEE:

Audit Committee of the Company is duly constituted.

### SHAREHOLDERS GRIEVANCE COMMITTEE:

Shareholders Grievances Committee of the Company is duly constituted.