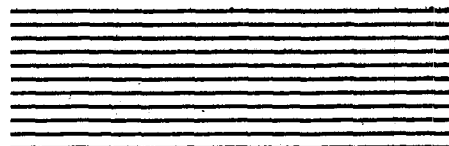




The **BAGLA** Group



20th
ANNUAL REPORT
2007 - 2008



HINDUSTAN ADHESIVES LIMITED



HINDUSTAN ADHESIVES LIMITED

20th ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH 2008

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

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NOTICE

Notice is hereby given that the 20th Annual General Meeting of the members of Hindustan Adhesives Limited will be held on Monday, the **29th September, 2008 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, 2008 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. K.C.Gupta & Sh. Pawan Sharma who retire by rotation and being eligible offers themselves 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 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 be 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.01.11.2007 on the following terms and conditions

- 1 Salary will be Rs.25000/- per month.
- 2 He will be entitled to following perquisites.
Medical Reimbursement :-2083/- Per month or one Month Salary in one Year.
Education Allowance-Rs.200/- per month.
Transport Allowance -Rs.6350/-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.
Special Allowance Rs. 12,500/- Per Month.
Contribution to Provident Fund: As per Company rules
Gratuity: As per Company rules subject to maximum of half month's salary for each completed year of service.
Encashment of leaves-As per rules of the Company at the end of tenure.
Field Expenses: Reimbursement of field expenses as per rules of Company
Bonus: As per rule of the Company

"**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."



HINDUSTAN ADHESIVES LIMITED

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

"Resolved that approval be and is hereby accorded to get the Shares of the Company De-Listed from Kolkata Stock Exchange."

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 subject to the approval of Board of Directors and 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.01.07.2008 on the following terms and conditions

- 1 Salary will be Rs.2,50,000/- per month.
- 2 He will be entitled to the following perquisites subject to a maximum of Rs.30,00,000/- per annum.

Medical Reimbursement: Expenses incurred for the appointee and his family subject to a ceiling of one 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 month's 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.

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.

" **Resolved Further that** in the absence or inadequacy of profits in any financial year, remuneration payable to the Managing 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 deemed fit."

By order of the Board of Directors of
Hindustan Adhesives Limited

PLACE : DELHI
DATE : 30-07-2008

(L.K.BAGLA)
CHAIRMAN

**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 26.09.2008 to 29.09.2008 (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 of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO.4**

Mr. K.C. Dwivedi is Whole-Time Director-Marketing looking after the marketing of the Company. Considering the market forces and his contribution towards the Company Board has revised his remuneration w.e.f. 01.11.2007. The same require approval of Shareholder. 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.

ITEM NO.5

The Management is working hard to improve the profitability of the Company. Company is Listed with Bombay Stock Exchange and Delhi Stock Exchange. Listing with Calcutta Stock Exchange neither benefit the Shareholders nor the Company. Moreover, Annual Listing fees and regular Compliance is Cost to the Company. Board proposes to get the Shares of the Company De-listed from The Calcutta Stock Exchange. The same require approval of Shareholder by way of Special Resolution. Board recommend the resolution for your approval.

None of the other Directors of the company except to the extent of their Shareholding, in any way, concerned or interested in the said resolution,

**HINDUSTAN ADHESIVES LIMITED****ITEM NO.6**

Mr. M.S.Bagla is Managing Director of the Company looking after day today affairs of the Company. Considering the market forces and his contribution towards the Company Board has revised his remuneration w.e.f. 01.07.2008. The same require approval of Shareholder. Mr. M.S.Bagla and Sh.L.K.Bagla being relatives are 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

PLACE: DELHI
DATE : 30-07-2008

(L.K.BAGLA)
CHAIRMAN

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DIRECTOR'S REPORT

Dear Members,

Your Board of Directors presents this 20th Annual Report along with audited accounts for the accounting period ended on 31st March 2008.

FINANCIAL RESULTS

Key Financial figures are as follows :

(Amount in lakh)

Particulars	31.03.08	31.03.07
Total Income	4256.10	3447.48
Profit Before Interest, Depreciation & tax	480.09	390.56
Interest & Financial Charges	175.13	136.63
Depreciation	163.60	170.84
Profit /(Loss) before tax and extraordinary items	141.37	83.09
Extraordinary items	223.79	NIL
Less:- Provisions for Tax		
Income Tax	42.00	NIL
Fringe Benefit	6.16	6.28
Wealth Tax	0.04	NIL
Fringe Benefit Tax Paid for earlier Year	NIL	(0.10)
Income Tax for earlier year	NIL	(0.07)
Deferred tax Assets/ (liabilities)	(57.70)	(24.03)
Net profit after tax & Extra Ordinary Items	259.25	52.62
Equity	511.63	511.63
Net worth	381.69	122.44

DIVIDEND

Yours directors regret to inform you that on account off insufficient profit in the company no dividend is recommended for the year ended 31st March 2008.

OPERATIONS

During the year under review :

The Company has now been able to reap the reward in its primary finished product namely Carton Sealing Tape by using the BOPP film produced by them in-house, through the unique Double Bubble process with regard to the distinctive properties namely higher tensile strength, balanced orientation in both sides and lower elongation in the film. These qualities in their film have given a superior exclusivity to the end product of the Company, and have thus resulted in higher sales to the extent of about 25% in value terms in the current year and the finished product has been well appreciated by leading multinational companies now operating in India.

Prices for all raw materials for producing BOPP film continued to be very high this year and also the excess production capacity in the Indian market continued, and prevented the Company from being able to sell its surplus capacity of BOPP film in the market. However the company has now further increased the coarier capacities in the current year, so as to use maximum capacity of its BOPP film for forward integration by converting the film produced into packaging tapes and have no need at all to sell any surplus capacity of BOPP film in the market.



In the last financial year the company has substantially improved the total sales of the Company and it is further buoyant for the current year sales as the Indian economy is performing very well and most of the companies are flourishing and having impressive growth in sales thus increasing the demand for the product manufactured by the Company.

All around efficiencies of the Company have further improved with the improvement in the BOPP film plant where one existing plant of 1250MT capacity per year has been upgraded to 1750MT per year with nominal costs whilst the older plant has been discarded due to obsolescence, and these changes have been duly reflected in the financial results of the Company for the year. Also now with the increased production efficiencies and as well sales of some new innovative products developed by the Company, the future looks very bright.

CURRENT SCENARIO

The growing sales of Carton Sealing 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 Self Adhesive Tapes in the near future, if it can manage its financial requirements well enough and be able to create sufficient capacities for converting the 100% BOPP film capacities into finished products.

The Company appreciates the initiatives of the Government of India for reduction in CST to 2% and its further phase wise reduction and eventual elimination, and also the implementation of VAT, which has helped the company to be more competitive and reduce the burdens of double taxations to the customers.

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

The Company has also purchased land at Uttarakhand for larger expansion of the Coating facilities, for which the production has to commence latest by March 2010 so as to enable it to take advantage of the 100% excise concessions, 5 year income tax holiday and other benefits available in the State.

The Company has now been able to repay all its long term debts to financial institutions and has settled all disputed liabilities with Banks thus improving the financial health of the Company. This now enables 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 for different types of adhesive coated products.

FINANCIAL RESULTS

The total income of the Company has increased substantially by about 25%, whereas the PBIDT has increased by 23.00 % and the PAT has increased by 390 %!

The Secured Loans of the Company have substantially reduced by more than 25% in the current year and the Company has also written off all the dead and unusable fixed assets which were non-performing and has thus reflected the true and current value of plant and machinery, all of which are now in operations.

The Company is confident of further improving the performance in the Current financial year and is hopeful of wiping out all the accumulated losses by the accounting year ending March 2009.

RESPONSIBILITY STATEMENT

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

- a) 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.
- b) 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, 2008.

- 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

Sh. K.C.Gupta and Sh. Pawan Sharma are the directors that retire by rotation at the conclusion of forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Mr.P. K. Agarwal resigned from Directorship w.e.f.31.01.2008.

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.

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) Rule, 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 trading of the Shares of the Company has resumed in Bombay Stock Exchange. The Company is pursuing with Ahmedabad and Jaipur Stock Exchanges for delisting of its Shares.

**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.

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

**PLACE: DELHI
DATE : 30-07-2008**

**(L.K.BAGLA)
CHAIRMAN**

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