



23RD ANNUAL REPORT 2010 - 2011

BOARD OF DIRECTORS:

Mr. L. K. Bagla
Mr. M. S. Bagla
Mr. K.C. Dwivedi
Mr. K. C. Gupta
Mr. Pawan Sharma
Mr. Suresh Ajila
Mrs. Urmila Goenka

COMPANY SECRETARY:

Mr. S. S. Dua

AUDITORS:

M/s. Salarpuria & Partners
Chartered Accountants,
1008 Chiranjiv Tower, 43, Nehru Place,
New Delhi-110019

BANKERS:

IDBI Bank, Videocon Tower, Jhandewalan, New Delhi
Allahabad Bank, International Branch, Parliament Street,
New Delhi

SHARE TRANSFER & DEMAT AGENT:

Link Intime India Pvt. Ltd.
A-40 2nd Floor, Naraina Industrial Area
Phase-II, Near Batra Banquet, New Delhi-110028

REGISTERED OFFICE:

340/2-A, G. T. Road,
Shahdara, Delhi-110095

FACTORY:

29th Mile Stone, Village Achheja,
Tehsil-Dadri Distt.- Gautam Budh Nagar
(U.P.) PIN - 203 207

SHARES LISTED AT:

Delhi, Mumbai, Calcutta & Jaipur
Stock Exchanges

Contents	Page No.
Notice	3
Directors' Report, Management Discussion & Analysis Report	5
Report on Corporate Governance	10
Auditors' Report	15
Balance Sheet	18
Profit & Loss Account	19
Schedule Forming Part of Balance Sheet	20
Balance Sheet Abstract	35
Cash Flow Statement	36



NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the members of Hindustan Adhesives Limited will be held on Friday, the 30th September, 2011 at 11.30 A.M. at Parkash Place- 13, Wazirpur Press Area, Wazirpur, Delhi -110035 to transact the following business.

ORDINARY BUSINESS:

- 1 To receive, consider and adopt the audited Balance Sheet of the Company as at March 31, 2011 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. Pawan Sharma, who retire by rotation and being eligible offers them selves for re-appointment.
- 3 To appoint a Director in place of Sh. K.C. Dwivedi, who retire by rotation and being eligible offers them selves for re-appointment.
- 4 To appoint the statutory auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of the Section 314 and other applicable provisions of the Companies Act, 1956 approval be and is hereby accorded to pay sales commission upto the extent of 5% to the selling agent Mrs Gayathri Ajila."

By order of the Board of Directors of
Hindustan Adhesives Limited

Place : Delhi
Date : 03.09.2011

(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 27.09.2011 to 30.09.2011 (all inclusive).
4. Members are requested to bring their copy of Annual Report at the meeting.
5. The Explanatory Statement pursuant to section 173(2) of The Companies Act, 1956 is annexed and forms part of this Notice
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 Link Intime India Pvt. Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase-II, Near Batra Banquet, New Delhi-110028.
9. Members are requested to quote their Folio number in all their correspondence with the Company Share transfer agent.
10. As per Draft Circular No- F. no. 17/218/2011 CL. V, Government of India, Ministry of Corporate Affairs, no gifts will be provided to the shareholders during the Annual General Meeting of the Company.

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

ITEM NO.5

Mrs Gayatri Ajila was appointed as selling Agent of the company and will be paid commission upto 5% of sales. She being wife of one of the Director of the Company falls under the ambit of place of Profit under Section 314 of the Companies Act, 1956 and the same requires approval of Shareholder by way of Special Resolution. Hence Board recommend the above resolution for your approval.

Mr Suresh Ajila being relative is interested in the resolution. 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

(L.K.BAGLA)
Chairman

Place : Delhi
Date : 03.09.2011



DIRECTOR'S REPORT

Dear Members,

Your Board of Directors presents this 23rd Annual Report along with audited accounts for the accounting period ended on 31st March 2011.

FINANCIAL RESULTS

Key Financial figures are as follows:

(Amount in lakhs)

Particulars	31.03.11	31.03.10
Total Income	6293.85	5280.89
Profit Before Interest, Depreciation & tax	602.99	661.49
Interest & Financial Charges	182.66	173.10
Depreciation	156.47	141.71
Profit / (Loss) before tax and extraordinary items	263.85	326.68
Depreciation due to change in Accounting Policy	Nil	97.08
Extraordinary items	Nil	Nil
Profit before Taxation	263.85	229.60
Less: - Provisions for Tax		
Income Tax	52.59	45.00
Wealth Tax	Nil	0.41
Add: - Excess Provision W/off	0.06	1.12
Add: - Mat Credit for Current Year for Earlier Year	(63.71)	74.35
Less: - Deferred tax Assets/ (liabilities)	29.60	(35.83)
Net profit after tax & Extra Ordinary items	177.20	223.83
Equity	511.63	511.63
Net worth	1022.38	845.17

DIVIDEND

Yours directors regret to inform you that on account of insufficient profit in the company no dividend is recommended for the year ended 31st March 2011.

OPERATIONS

During the year under review:

The Company continues to increase the sales of its primary finished product namely Carton Sealing Tapes and other specialty Adhesive Coated products by providing the customers an excellent quality product backed by dedicated customer services. The Company continues to add value to the product and has focus towards using self adhesive tapes as both a security feature and as well as a product branding tool which have resulted in higher sales and as well better contribution to the profits of the company in the current year and the same has been well appreciated by leading multinational companies now operating in India.

The Company has now the focus on converting 100% of the BOPP film production into adhesive tapes. To achieve this objective the company is installing one new adhesive coating machine which will become operational by September 2011. It has taken part in many International Trade shows in the current year and is hopeful of increasing the exports and thus increases the capacity utilization of its plant and machinery.

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 better than most of the global economies in the world and most Indian companies are flourishing and having impressive growth in sales thus increasing the demand for the product manufactured by the Company.

**CURRENT SCENARIO**

The growing sales of Carton Sealing Tapes and the acceptance of the new products developed by the Company for the Indian market and as well growth in the fast moving consumer goods sector in India for all manufactured products and services provides ample opportunity for the Company to utilize full capacities for production of Self Adhesive Tapes and be able to focus on building its Brand and Image as a quality supplier of Adhesive Coated Products in India.

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 decided to further leverage the goodwill that it commands from leading customers in India and is under the process of setting up a "Display Packaging" film commonly called Polyolefin shrink films. The total cost of the new investment being implemented at Roorkee in Uttarakhand is approximately RS 12.00 crores and has been financed by the Allahabad Bank to the extent of Rs 662 lakhs and the balance is being invested by internal accruals and unsecured loans being arranged by the promoters. The production of the new product will commence by October 2011, and will enable the company to take advantage of the 5 years income tax holiday and other benefits available in the State.

The good results of the company has been encouraging the management to expand and explore more opportunities in the terminal and packaging sector and in the future it would be able to take more 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 packaging materials.

FINANCIAL RESULTS

The total income of the Company has increased substantially by about 19 %, whereas the PBIDT has decrease by 9% do to the steep rise in raw materials price during the year and the delay in getting the price increase from its customers.

The Company is confident of further improving the performance in the Current financial year and is pleased to inform you that it is moving towards greater success and prosperity and would keep looking for new opportunities to expand the business in the packaging industry.

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 profit of the Company for the Financial year ended March 31, 2011.
- 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

Sh. Pawan Sharma and Sh. K.C. Dwivedi 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 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 REPORT**

During the year company has given unsecured loan of Rs. 20 Lacs to one of its director, which was repaid by the director during the year its self to the extent of Rs. 17,53,979/- and the balance outstanding of Rs. 2,46,021/- on 31.03.2011 in the current financial year i.e. 2011-2012. The Board of Directors has decided to compound the offence under section 295 of the Companies Act, 1956.

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 is given in the Annexure forming part of this report.

LISTING

The Shares of the Company are listed with Bombay, Delhi, Kolkata and Jaipur Stock Exchanges. The Company is pursuing with Kolkata and Jaipur Stock Exchanges for voluntary 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 their 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
Hindustan Adhesives Limited

PLACE : New Delhi

DATE : 03.09.2011

L.K. BAGLA
Chairman

**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 DIRECTOR) RULES 1988 FOR THE YEAR ENDED 31ST MARCH 2011.

A. CONSERVATION OF ENERGY

The Company is extremely thankful to the UP Government State electricity board for providing good quality and reasonably consistent power supplies which have been effectively used by the Company with the help of required transformers, voltage stabilizers and UPS systems so as to now run most of the operations with the help of state electricity as against usage of Diesel Generator sets. This has helped in conservation of high cost diesel fuels and also minimize the unit cost of power required for operations.

B. TECHNOLOGY ABSORPTION:**1. R&D:**

The Company continues to develop exciting new products based on customer feedback and requirements of safety, security and protection. It is also now developing products for enhancement of the visual aspect of the finished product and thus making the same more attractive to the consumers.

2. BENEFITS DERIVED:

The Company has been able to offer its valued customers with additional products that are innovative, developed with the expertise and experience of the Company and are based on the needs of the customer, and this has helped improve the image of the company, and retain the confidence of the customers thus enhancing the profitability of the Company.

3. FUTURE PLANS OF ACTION.

The company plans to produce Polyolefin shrink films at Uttarakhand and hence leverage the market goodwill and reach of the company and provide the customers new products, thus also ensuring the growth in the sales of the existing products whilst demonstrating its ability to introduce more innovative products for the growing retail segment in the country.

The Company would further like to continue to understand the imagination and needs of its customers and develop products which would be able to comply with their specific requests and give the packaging industry in India new inventions and opportunities.

Efforts made:

- Existing equipments were calibrated and latest testing equipments installed.
- Company is doing a lot of R&D efforts to introduce new products for the packaging industry and is hopeful of increasing its revenues from the same in the current year.
- ISO-9001 and ISO-14001 systems were further strengthened and this has helped the Company to produce consistent quality product of International standards.
- Clean room conditions were created in the production areas to meet the needs of the customers and to maintain the highest standards of qualities.

4. Expenditure on R&D:

	Amount in Rs.
Capital	15,51,000.00
Recurring	6,08,834.00
Total	21,59,834.00

Total R&D expenditure is 0.35% of the total turnover.

**Technology absorption, adoption and innovation:****1. Efforts Made:**

- Existing equipments were calibrated and new testing equipments installed.
- Company is doing a lot of R&D efforts to introduce new products for the packaging industry and is hopeful of increasing its revenues from the same in the current year.

2 Benefits derived:

Company has been able to improve its profitability in the last financial year because of efforts to reduce costs and as well introduce some specialty products with higher value addition. Also, the confidence of the customers in the Company has increased and opened new opportunities for the future. With the implementation of both ISO-9001 and ISO-14001 systems in the Company the confidence of the customers in the Company has been maintained and allows the Company to be the preferred vendor for most companies in the Country.

C. FOREIGN EXCHANGE EARNING AND OUTGO:**1. Total Foreign exchange earned and used:**

Rs. in Lakhs

	31.03.2011	31.03.2010
Earnings:		
Export value of FOB basis	580.50	530.31
Expenditure:		
Capital Goods (CIF)	7.27	Nil
Raw Material (CIF)	697.70	465.63
Others	30.19	11.09

For and on behalf of Board of Directors
Hindustan Adhesives Limited

PLACE : New Delhi
DATE : 03.09.2011

L.K. BAGLA
Chairman



Annexure 'A' to Director Report

Report on Corporate Governance

(Pursuant to clause 49 of the Listing Agreement)

1. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Fundamental object of Corporate Governance is the enhancement of Shareholder value, keeping in view the interest of other stakeholders. It refers to a blend of law, regulations and voluntary practices, which enable the company to harness financial and human capital, perform efficiently and expediently, and thereby perpetuate it into generating long term association and economic value for its Shareholders, while respecting interests of other stakeholders and the society at large.

It aims to align interests of the company with its Shareholders and other key stakeholders. The principal Characteristics of Corporate Governance are-Transparency, Independence, Accountability, Responsibility, Social Responsibility

To sum, Corporate Governance focuses on equitable treatment of all shareholders and reinforces that it is "Your Company" as it belongs to you, the Shareholders.

The Chairman and Board of Directors are your fiduciaries and trustees pushing the business towards maximizing value for its shareholders.

2. BOARD OF DIRECTORS

The Board of Directors comprises of Seven Directors. The Composition of Board of Directors is as under:-

Executive Directors	3 Nos.
Non-Executive Directors	1 Nos.
Independent	3 Nos.
	7 Nos.

During the year 2010-11, the board met 8 (Eight) times (as against the minimum requirement of four meetings) on the following dates, namely:-

15th April 2010, 30th April 2010, 30th July, 2010, 3rd September 2010, 26th October 2010, 6th December 2010, 13th January 2011 and 31st January 2011.

The following table gives details of Directors, attendance of Directors at the Board meeting and at the last Annual General Meeting:-

Sl. No.	Name	Category Membership	Attendance Particulars	
			Board Meeting	Last AGM
01.	Sh. Lalit Kumar Bagla	Chairman (Non-Executive Director)	8	No
02.	Sh. M. S. Bagla	Managing Director (Executive-Director)	8	Yes
03.	Sh. K.C. Dwivedi	Director-(Executive Director)	8	Yes
04.	Sh. Pawan Sharma	Director (Independent)	4	Yes
05.	Sh. K.C. Gupta	Director (Independent)	3	No
06.	Sh. Suresh Ajila	Director-(Executive Director)	3	No
07.	Smt. Urmila Goenka	Director (Independent)	4	No



None of the directors is a member in more than ten committees across all companies in which he is a director.

Particulars	Mr. M.S. Bagla Managing Director	Sh K.C. Dwivedi Executive Director	Sh. Suresh Ajila Executive Director
Salary and Allowance	30,000,000	613,596	342,720
Contribution to Superannuation Fund (Rs.)	—	36,000	30,038
Bonus and performance linked Incentive (Rs.)	82,485	128,298	113,114

The Details of remuneration paid to Non-Executive Director and number of Shares held are given below.

S.No.	Name	Commission Payable (Rs.)	Sitting Fees	Shares held
1	Sh.L.K.Bagla	NIL	NIL	NIL
2	Smt. Urmila Goenka	NIL	NIL	NIL
3	Sh.Pawan Sharma	NIL	NIL	NIL
4	Sh.K.C.Gupta	NIL	3000.00	NIL

3. AUDIT COMMITTEE

The working of the Audit Committee of your Company and its composition and other details are given below:

During the financial year 2010-11, meetings of the Audit Committee were held 5 times i.e. on 30th April 2010, 30th July 2010, 3rd September 2010, 26th October 2010 and 31st January 2011.

Name of Chairman/ Member	Meetings held	Meeting Attended
Sh. Pawan Sharma	5	5
Smt. Urmila Goenka	5	4
Sh.K.C.Gupta	5	4

The constitution of the Audit committee also meets with the requirements of section 292A of the Companies Act, 1956 as introduced by the companies (Amendment) Act, 2000.

The terms of reference specified by the Board to the Audit Committee are in accordance with clause 49 of the listing Agreement. They are as follow:

- Oversight of the company's financial reporting process and disclosure of its financial information.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of Internal Audit function.
- Discussion with internal auditors any significant findings and follow up thereon.
- Discussions with external auditors before the audit commences, the nature and scope of audit and also to hold post audit discussions to ascertain area of concern.
- Reviewing the Company's various financial and risk management policies.

4. SHAREHOLDERS GRIEVANCE COMMITTEE

The working of the Shareholder Grievance Committee of your Company and its composition and other details are given below: