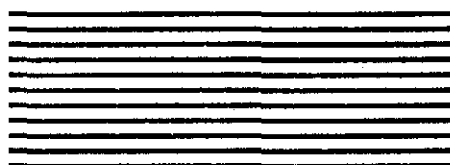




The BAGLA Group



12th ANNUAL REPORT

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HINDUSTAN ADHESIVES LIMITED

12th ANNUAL REPORT FOR THE YEAR ENDED 31st MARCH, 2000

Board of Directors	:	Mr. L.K. Bagla Mr. M.S. Bagla Mr. A.C. Sondhi Mr. N.K. Jain Mrs. Urmilla Goenka
Company Secretary	:	Mr. Anil Sharma
Auditors	:	M/s. Salarpuria & Partners Chartered Accountants, New Delhi.
Bankers	:	The United Western Bank Ltd., New Delhi The Benares State Bank Ltd., New Delhi The Allahabad Bank, Gaziabad
Share Transfer Agent	:	Datanix Computer Services F-11/C, First Floor Okhla Industrial Area New Delhi-110020 Ph. : 6810236, 6816532
Registered Office	:	615, New Delhi House 27 Barakhamba Road New Delhi - 110001. (India)
Factory	:	29th Mile Stone Village Achheja, Tehsil Dadri Distt. Gautam Budh Nagar (U.P.)
Shares listed at	:	Delhi, Mumbai, Calcutta, Jaipur & Ahmedabad Stock Exchanges

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NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the members of Hindustan Adhesives Limited will be held on Saturday the 30th September, 2000 at 10.30 A M at Gandhi Memorial Hall, 2, Bahadur Shah Zafar Marg, New Delhi - 110 002 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt audited Profit & Loss Account for the year ended 31st March 2000, Balance sheet as at that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.N.K. Jain, who retires by rotation and being eligible offers himself 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 resolutions as an ORDINARY RESOLUTION:

RESOLVED THAT Mrs. Urmilla Goenka, a Director who was appointed as an Additional Director in accordance with Section 260 of the Companies Act, 1956 who holds office as such upto the date of 12th Annual General Meeting and in respect of whom notices under section 257 of the Companies Act, 1956 have been received from some members signifying their intention to propose Mrs. Urmilla Goenka as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by the retirement of Directors by rotation.

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

Resolved that pursuant to section 31 and other applicable provisions, if any, of the Companies Act 1956 the articles of Association of the Company be and are hereby to the extent and in the manner as set out hereunder:-

- 1) Notwithstanding anything contained in Articles 10 to 13 , the following new Article 13A be inserted after article 13 under the heading 'DEMATERIALIZATION OF SECURITIES'

"DEMATERIALIZATION OF SECURITIES"

13

13A (1) For the purpose of this Article:

"Beneficial Owner" 'Beneficial Owner' shall have the meaning assigned thereto in section 2 (1)(a) of the Depositories Act, 1995.

"Depositories Act" "Depositories Act" shall mean the Depositories Act, 1996 and includes any statutory modification or re-enactment there of for the time being in force.

"Depository" "Depository" shall mean a Depository as defined in section 2(1)(e) of the Depositories Act 1996.

"Member" "Member" shall mean a duly registered holder, from time to time, of the security of the Company and includes ever person whose name is entered as beneficial owner in the records of the depository.

"Security" "Security" shall mean such security as may be specified by SEBI.

HINDUSTAN ADHESIVES LIMITED

"Dematerialisation of securities" (2) Notwithstanding anything on the contained in this Article, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form and further to dematerialise the securities held in depository pursuant to the Depositories Act 1996.

"Option to hold securities in Physical form or with depository" (3) Every person holding securities of the Company through allotment or otherwise shall have the option to receive and hold the same in the form of security certificates if permitted by law, or to receive and hold the same in the dematerialised form with a depository.

"Beneficial owner may opt out of a depository" (4) Every person holding securities of the Company with a depository, being the beneficial owner thereof, may at any time opt out of the depository in the manner provided under the provisions of the Depositories Act and the Rules, if any, prescribed there under and on fulfillment of the conditions prescribed by the Company from time to time, the Company shall issue the relevant security certificates to the beneficial owner thereof.

"Securities in depository to be in fungible form" (5) All securities held by a depository shall be dematerialized and shall be in fungible form, Nothing contained in section 153, 153A, 153B, 187B, and 187C of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

"Rights of depository and beneficial owners" (6) (a) a depository shall be deemed to be the registered owner for the purposes of affecting the transfer of ownership of securities on behalf of the beneficial owners and shall not have any voting rights or any other rights in respect of the securities held by it.

(b) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall deemed to be a member of the company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his/her securities which are held by a depository.

"Transfer of Securities" (7) Transfer of securities held in a depository will be governed by the provisions of the Depositories Act, 1996. Nothing contained in section 108 of the Companies Act, 1956 or these Articles, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

"Register and index of beneficial owners" (8) The Register and index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and security holders for the purposes of these Articles.

"Other matters" (9) Notwithstanding anything contained in these Articles the provisions of Depositories Act 1996 relating to dematerialisation of securities, including any modification(s) or re-enactment thereof and Rules/Regulations made there under shall prevail and apply accordingly.

2) Resolved further that after the existing Article 9, the following new article 9A be inserted under the heading "NOMINATION".

"NOMINATION"

9A: Notwithstanding anything contained in Articles or in any other law for the time being in force, a holder or joint holders of shares or debentures, may nominate, in accordance with the provisions of Section 109 A of the Companies Act, 1956, and in the manner prescribed there under, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of such holder(s) Any nominations so made shall be dealt with by the Company in accordance with the provisions of Section 109 B of the Companies Act 1956.

By order of the Board of Directors of
Hindustan Adhesives Ltd.

Place: New Delhi
Date: 18th August, 2000

Anil Sharma
Company Secretary

**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 register of members and share transfer books of the company will remain closed from 28.09.00 to 30.09.00 (both days 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 Directors 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 shares/ 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.**ITEM NO. 4.**

Mrs. Urmilla Goenka, was appointed as an additional Director of the Company to strengthen the marketing team of the company in Eastern Region of India. After her induction into the board sales of the company has consolidated its position in the Eastern region. Your Directors feels that her continuance as a Director on the Board will further boost the sales. She holds her office as such till the date of ensuing annual general meeting. The company has received necessary notice under section 257 of the Companies Act 1956. Hence this resolution is for her appointment as the Director of the company whose period of office shall be liable to determination by the retirement of Directors by rotation.

Mrs. Urmilla Goenka, is to be considered as interested director in the said resolution. None of the other directors of the company is, in any way, concerned or interested in the said resolution.

ITEM NO. 5

With the introduction of the Depositories Act 1996 and Depository system, some of the provisions of the Companies Act, 1956 in relation to the issue, holding transfer and transmission of shares, debentures and other securities have been amended to facilitate the implementation of the new systems. The depository system is safe and convenient method to hold and trade in the securities of the company. The system eliminates several problems experienced in the script based system such as bad deliveries, fraudulent transfer and transmission, theft in postal transit, time taken in registration of transfer, maintenance of share certificate etc. The system also offers several cost advantages such as no postage expenses, exemption from stamp duty on transfers etc.

The Companies Act 1956 as amended by the Companies (Amendment) Act 1999, has provided to every holder of shares or debentures or other securities an option to nominate a person to whom his/her shares or debentures of the Company shall vest in the event of his/her death.

Further it is proposed to amend the Articles of Association of the Company suitably incorporating therein necessary provisions relating to the implementation of the depository system and for providing nomination facility in conformity with the Depositories Act 1996 and the Companies Act, 1956 as amended by the Companies (Amendment) Act 1999 respectively.

The Resolution is accordingly recommended for the approval of the Members by means of Special Resolution as required under Section 31 of the Companies Act 1956.

None of the Directors of the Company is deemed to be concerned or interested in the said Resolution.

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

DIRECTORS REPORT

Dear members,

Your Board of Directors presents this **12th Annual Report** along with audited accounts for the accounting period ended on **31st March 2000**.

FINANCIAL RESULTS

Key Financial figures are as follows:

Particulars	(Rs in lacs)	
	31.03.2000	31.03.1999
Total Income	2654.61	2405.82
Profit before interest, depreciation & tax	530.17	350.23
Interest & financial charges	473.08	453.08
Depreciation	142.79	137.41
Profit (Loss) before tax	(85.70)	(240.26)
Provision for tax	Nil	1.25
Net profit (Loss) after tax	(85.70)	(241.50)
Proposed dividend (Paid for the previous year)	Nil	Nil
Equity	511.63	511.63
Net worth	442.22	523.30

DIVIDEND

Your directors regret to inform you that on account of losses in the company no dividend is recommended for the year ended 31st March 2000

OPERATIONS

During the year under report:

The performance of the Company has shown an improvement over the previous year. The market for BOPP film has improved and the Company was able to improve its capacity utilization for the same. Besides using its BOPP film for self-consumption it has also explored markets for the same both in India and overseas. The performance of the self adhesive tape division remained consistent and by improving the quality of the customers and providing better services the Company has improved its performance in the current year. The market for tear tape has also been expanded both in the local and overseas market successfully. In general all the three divisions of the Company have shown improved performance.

Current Scenario.

With the improvement in the performance of all the three divisions of the Company, it is hopeful of better results in the current year. The export performance is also likely to improve in the current year, as the Company has been able to build a distribution network overseas. The general outlook of the Indian industry is also positive and should improve with every passing month making the Company buoyant for better utilization of both the BOPP film capacity and as well the packaging tape capacities.

DOMESTIC MARKET

The local market in India is showing healthy recovery and the demand from the end user industry is improving. The Company has also reorganized its sales efforts throughout India and has appointed Directors in every region for effectively increasing the sales of the Company. The Company expects the sales of its products to improve in the current year and also the quality of sales to be much better. The Company had participated in domestic packaging related trade fairs during the year, which have given encouraging results.

INTERNATIONAL MARKET

The Company has been awarded ASIASTAR 99 award from the Asian Packaging Federation for developing self-adhesive tear tapes of world-class quality. The Company has been able to increase the sales of this product globally. It also intends to participate in some renowned International trade fairs in the current year to expand its markets. The Company



had also increased the capacity of producing this product for the world market in the current year with the support of the foreign suppliers and their encouragement has greatly enhanced our confidence.

The Plastics Exports Promotion Council has awarded the Highest Exporters Award to your company for the year 1998-99.

FINANCIAL RESULTS

Although the losses of the Company have reduced in the current year, the high interest burden has impacted the bottom line of the Company. Despite all round improvement in the performance of the Company, it is still in the red. The company has been requesting the financial Institutions to reduce the documented rates of interest on earlier loans in line with the current rates. With the liberalization of the economy foreign companies with much lower interest costs are able to sell their finished products in India at very competitive prices and are putting considerable pressure on the Indian companies.

DIRECTOR

Sh. N.K. Jain, Director, shall retire by rotation at the ensuing annual general meeting and being eligible offers himself 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.

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 Employees) 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.

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.

ACKNOWLEDGMENT

The Board of Directors wish to thank the financial institutions, bankers and various government departments for their support and cooperation 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
Date : 18th August, 2000

L.K.Bagla
Chairman