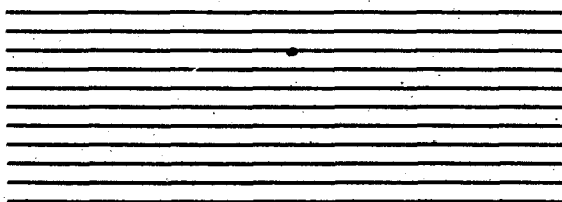


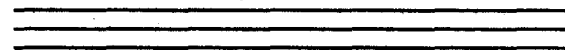
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The **BAGLA** Group



15th
ANNUAL REPORT
2002 - 2003



LIMITED

HINDUSTAN ADHESIVES LIMITED

**HINDUSTAN ADHESIVES LIMITED****15TH ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH, 2003**

BOARD OF DIRECTORS	:	Mr. L.K. Bagla Mr. M.S. Bagla Mr. Purshotam Agarwal Mr. N.K. Jain Mrs. Urmila Goenka Mr. O.P. Tiwari Mr. Kailash Chand Dwivedi
COMPANY SECRETARY	:	Mr. S.S. Dua
AUDITORS	:	M/S Salarpuria & Partners Chartered Accountant, 7/16, Kalkaji Extension New Delhi - 110 019
BANKERS	:	The United Western Bank Ltd., New Delhi Bank of Baroda, New Delhi Allahabad Bank, Ghaziabad
SHARE TRANSFER & DEMAT AGENT	:	Intime Spectrum Registry Ltd. A-31, Third Floor, Naraina Industrial Area, Phase-I Near PVR Cinema, New Delhi - 110 028
REGISTERED OFFICE	:	340/2-A, G.T. Road, Shahdara, Delhi-110 095
FACTORY	:	29th Mile Stone, Village Achheja, Tehsil Dadri Distt. Gautam Budh Nagar (U.P.)
SHARE LISTED AT	:	Delhi, Mumbai, Calcutta, Jaipur & Ahmedabad Stock Exchanges

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HINDUSTAN ADHESIVES LIMITED

NOTICE

Notice is hereby given that the 15th Annual General Meeting of the members of Hindustan Adhesives Limited will be held on Monday, the 29th September 2003 at 10.00 A.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, 2003 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 Sh. O.P. Tiwari & Sh. L.K. Bagla, 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 Sh. Kailash Chand Dwivedi who was appointed as an Additional Director of the Company in accordance with Section 260 of the Companies Act, 1956 w.e.f. 30 April 2003 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 by rotation."

By order of the Board of Directors of
Hindustan Adhesives Limited

Place : New Delhi

Dated : 5th September, 2003

(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 26.09.2003 to 29.09.2003 (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 Intime Spectrem Registry Ltd., A-31, 3rd Floor, Naraina Industrial Area, Phase-I, Near PVR Cinema, 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.

Mr. Kailash Chand Dwivedi 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 by rotation.

Mr. Kailash Chand Dwivedi 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 : 5th September, 2003

(MADHUSUDAN BAGLA)
Managing Director

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

Dear Members,

Your Board of Directors presents this 15th Annual Report along with audited accounts for the accounting period ended 31st March, 2003.

FINANCIAL RESULTS

Key Financial figures are as follows :

(Amount. In lacs)

Particulars	31.03.2003	31.03.2002
Total Income	3599.32	2893.83
Profit before interest, depreciation & tax	359.02	233.17
Interest & Financial charges	256.50	262.13
Depreciation	154.03	153.43
Profit (Loss) before tax	(51.51)	(182.40)
Provision for tax	Nil	0.11
Net profit (Loss) after tax before extra ordinary items	(51.51)	(182.51)
Add : Deferred Tax Assets	36.91	-
Add : Extra Ordinary Items	Nil	406.08
Net profit after tax & Extra Ordinary Items	(14.60)	223.57
Equity	511.63	511.63
Net worth	393.31	403.30

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 2003.

OPERATIONS

During the year under review :

The company has shown a significant increase in the sales turnover in the current year, which is attributed to the increased operations of the BOPP film plant of the company. This plant was previously being run at very low capacities due to the poor market conditions and also unavailability of sufficient adhesive coating facilities to convert the BOPP film into finished product of the company. The company has in the current year successfully explored markets to sell the BOPP film to other users and in the process stabilize the operations of the BOPP film plant. It now intends to enhance the production facilities to convert the film into packaging tapes by installing balancing equipments.

The sales of Adhesive coated products of the company have also shown a significant increase and the company has developed niche markets for its various products and is constantly innovating products to meet the needs of the customers.

Current Scenario

The consolidation of the company in terms of product mix and market expanse gives the company a good opportunity in the current year to enhance its operations further. The company is hopeful of a good domestic and as well exports growth in the current year and improved capacity utilization of all its manufacturing facilities. The efforts for cost controls and production efficiencies will also improve the profitability of the company and help it improve the financial position.

FINANCIAL RESULTS

The total income of the company has increased by 24.37% in the current year and also the PBIDT has increased by 54.37%. Although the interest and depreciation costs have kept the company in the Red, it is positive of a turnaround in the current year with better capacity utilizations and enhanced sales turnover. It is expected that the export sales of the company will also increase in the current year with the efforts to expand the market for speciality products of the company.



HINDUSTAN ADHESIVES LIMITED

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 the loss of the Company for the financial year ended March 31, 2003.
- 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 an on going concern basis.

BOARD OF DIRECTORS

Mr. Kailash Chand Dwivedi was appointed as an additional Director at the meeting of Board of Directors held on 30.4.2003. He is re-appointed as Director at the forthcoming Annual General Meeting.

Sh. L.K. Bagla and Sh. O.P. Tiwari 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.

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

AUDIT COMMITTEE :

There was change in the member of Audit Committee. Since Mr. U.C. Gaur resigned from directorship, Sh. K.C. Dwivedi was made member of Audit Committee.

SHAREHOLDER GRIEVANCE COMMITTEE :

Shareholder Grievance Committee was constructed by Board of Directors. Members of the Committee are Sh. M.S. Bagla, Sh. O.P. Tiwari and Sh. K.C. Dwivedi.

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 13th 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 : 5th September, 2003

(MADHUSUDAN BAGLA)
Managing Director

**HINDUSTAN ADHESIVES LIMITED**

ANNEXURE 'A' TO THE DIRECTORS 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 expensively, 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 up, 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	4 Nos.
Non-Executive Directors	2 Nos.
Independent	1 Nos.
	<u>7 Nos.</u>

During the year 2002-03, the board met 4 (Four) times (as against the minimum requirement of four meetings) on the following dates, namely :

29th June 2002, 30th July 2002, 28th Oct. 2002, 30th January 2003.

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
1.	Sh. Lalit Kumar Bagla	Chairman	1	No .
		Non-Executive Director		
2.	Sh. M.S. Bagla	Managing Director	4	Yes
		Executive Director		
3.	Sh. U.C. Gaur	Director Whole Time	2	No
		Director		
4.	Sh. N.K. Jain	Director-Executive	-	No.
5.	Smt. Urmila Devi Goenka	Director-Executive	-	No.
6.	Sh. Purshotam Agarwal	Nominee Director of IDBI (Non Executive)	4	No.
7.	Sh. Omprakash Tiwari	Director (Independent)	3	Yes

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

Mr. U.C. Gaur resigned from Directorship w.e.f. 30-4-2003 and Mr. K.C. Dwivedi was appointed as a Director on 30-4-2003.

3. AUDIT COMMITTEE :

The Board of Directors of your Company by passing a resolution in their meeting held on 20th June 2002 constituted an audit committee whose composition and other details are given below :



HINDUSTAN ADHESIVES LIMITED

During the financial year 2002-03, meetings of the Audit Committee were held at 9.00 A.M. on 30th July 2002, 28th Oct. 2002 and 30th January 2003.

Name of Chairman/Member	Meeting held	Meeting Attended
Sh. U.C. Gaur	3	3
Sh. Om Prakash Tiwari	3	3
Mrs. Urmila Goenka	3	-

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 as contained under clause 49 of the listing Agreement. They are as follows :

- Oversight of the companies financial reporting process and disclosure of its financial informations.
- Reviewing with the management, external and internal auditors, 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 and area of concern.
- Reviewing the company's various financial and risk management policies.

4. REMUNERATION COMMITTEE :

The need for Remuneration Committee has not arisen since managerial remuneration paid is within prescribed limits of net profit.

5. GENERAL BODY MEETING :

Detail of location, time and date of last three AGMs are given below :

Financial year	Date	Time	Place
1999-2000	30-9-2000	10.30 A.M.	Gandhi Memorial Hall, 2, Bahadur Shah Zafar Marg, New Delhi-110002
2000-2001	29-9-2001	10.30 A.M.	Same as above
2001-2002	27-9-2002	3.00 P.M.	Same as above

Special Resolutions passed at the last 3 (three) AGMs :

Financial year	Items
1999-2000	Dematerialisation of Securities
2000-2001	For voluntary de-listing of the Company's securities from the stock exchange at Ahmedabad and Jaipur. Change in Articles of Association. Borrowing power of the Company. Appointment of whole-time Director.
2001-2002	Nil

Note : No Postal ballots were used/invited for voting at these meetings in respect of special resolutions passed as there where no requirements for compliance at that time. The Company shall comply with the requirements relating to postal ballot as and when required.

6. DISCLOSURES :

Disclosures on materially significant related party transaction i.e. transactions of the company of material nature with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential Conflict with the interests of the company at large.

None of the transactions with any of the related parties were in conflict with the interests of company.

7. MEANS OF COMMUNICATION :

A Management Discussion and Analysis Report has been included as a part to the Director's report to the Shareholders for the financial year ended 31st March 2003.