24th
Annual Report
2011-2012

HINDUSTAN ADHESIVES LIMITED

24TH ANNUAL REPORT
2011 - 2012

BOARD OF DIRECTORS:	Mr. L. K. Bagla Mr. M. S. Bagla Mr. D.P. Gupta 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, Indian Red Cross Society, 1 Red Cross Road, New Delhi Allahabad Bank, Internation 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 Stock Exchanges

Contents ***Page No.***

Notice 3
Directors' Report, Management Discussion & Analysis Report 8
Report on Corporate Governance 13
Auditors' Report 18
Balance Sheet 21
Profit & Loss Account 22
Schedule Forming Part of Balance Sheet 23
Cash Flow Statement 41

NOTICE

Notice is hereby given that the 24th Annual General Meeting of the members of Hindustan Adhesives Limited will be held on Saturday, the 29th September, 2012 at 10.00 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, 2012 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 Mrs. Urmila Goenka, who retire by rotation and being eligible offers themselves for re-appointment.
3. To appoint a Director in place of Mr. Suresh Shridhar Ajila, who retire by rotation and being eligible offers themselves for re-appointment.
4. To appoint the statutory auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. **Confirmation of Mr. D.P.Gupta as Director of the Company**

   To consider and if thought fit, to pass with or without modification if any the following resolution as an ordinary resolution:

   "**RESOLVED THAT** Mr. D.P. Gupta, who was appointed as an Additional Director, pursuant to Section 260 of the Companies Act, 1956 at the meeting of the Board of Directors of the Company held on 31st October, 2011 whose term expires at the Annual General Meeting of the Company scheduled to be held on 29th September, 2012, be and is hereby appointed as a Director of the Company ".

6. **To Consider and Approve Revise the Managerial Remuneration of Mr. Suresh Shridhar Ajila**

   To consider and, if thought fit, to pass with or without modification, the following resolution as a Special 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. Suresh Shridhar Ajila be and hereby revised for the remaining tenure w.e.f.01.04.2012 on following terms and conditions:

   Salary will be Basic Salary Rs.35000/- per month.

   He will be entitled to following perquisites.

   HRA - Rs. 7500/- per month.
   Education Allowance - Rs. 5000/- per month.
   Transport Allowance - Rs.2500/-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.
   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."

7. **To Consider and Approve Revise the Managerial Remuneration of Mrs. Urmila Goenka**

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special 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 Mrs. Urmila Goenka be paid monthly remuneration of Rs.20000/-per month w.e.f.01.10.2011 .

"**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 : 04.09.2012

(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 and hand over the same at the entrance of the Meeting Hall. The members who hold shares in dematerialized form are requested to bring their Client Master List/ Depository Participant Statement/ Delivery Instruction Slip, reflecting their Client ID and DP ID Nos. for easier identification of attendance at the meeting.
3. The registers of members and shares transfer books of the company will remain closed from 26.09.2012 to 29.09.2012 (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.***

11. In case of joint holders attending the meeting, only such joint holder whose name appears at the top in the hierarchy of names shall be entitled to vote.

12. Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.

13. For security reasons, no article/baggage will be allowed at the venue of the meeting. The members/attendees are strictly requested not to bring any article/baggage etc. at the venue of the meeting.

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

ITEM NO. 5

Mr. D.P. Gupta was appointed as Additional Director of the company with effect from 31st October, 2011 and as per the provisions of the Section 260 of the Companies Act, 1956. His term of office expires at the ensuing Annual General Meeting.

Your Directors recommend the ordinary resolution for the approval of members.

None of the directors are interested in the resolution.

ITEM NO.6

The Board of Director in their meeting held on 30/04/2012 has increased remuneration of Mr. Suresh Shridhar Ajila w.e.f. 1st, April 2012 to Rs 35000 p m subject to approval by shareholder

However, all other terms and conditions of the appointment will remain unchanged. The increased remuneration will be subject to the overall limits as provided under Section 269 and in terms of Section I of Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

Your Directors recommend the resolution for approval by the members of the Company.

None of the Director of the Company are concerned or interested in this resolution.

The following additional information as required by Schedule XIII to the Companies Act, 1956 is given below:

I. General Information:

(i) Nature of Industry: Sale of Carton Sealing Tapes and 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 a many new and existing multinational companies setting up facilities in India.

(ii) Date of Commencement of Activity: 08th June 1988

II. Information about the appointee:

(i) Background details: He has been working with the Company for almost 20years and has been elevated as the Sales Director, with the responsibility of promoting the sales of the Company and exploring new markets and products. He has vast experience in sales and the management thinks that with this additional responsibility he would be contributing further to enhance the performance of the Company.

(ii) Past remuneration drawn: Rs.30000/-

(iii) Recognition and Awards/Achievements: NIL

(iv) Job profile and suitability: Marketing

(v) Remuneration proposed: 35000/-P.M

(vi) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

The proposed Renumeration of Mr. Suresh Shridhar Ajila, who is a thorough Professional, possessing invaluable and rich knowledge, experience and insights complemented with the vast business experience, is comparable with Executive Directors of other Companies and is in parity with the Industry Standards for such a responsible position.

(vii) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any/ No Relationship with the Company:None

ITEM NO.7

The Board of Director in their meeting held on 31/10/2011 has fixed remuneration of Mrs. Urmila Goenka w.e.f. 31st, October 2011 to Rs 20000/- p m subject to approval by shareholder

However, all other terms and conditions of the appointment will remain unchanged. The increased remuneration will be subject to the overall limits as provided under Section 269 and in terms of Section I of Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

Your Directors recommend the resolution for approval by the members of the Company.

None of the Director of the Company are concerned or interested in this resolution.

The following additional information as required by Schedule XIII to the Companies Act, 1956 is given below:

I. General Information:

(i) Nature of Industry: Sale of Carton Sealing Tapes and 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 a many new and existing multinational companies setting up facilities in India.

(ii) Date of Commencement of Activity: 08th June 1988

II. Information about the appointee:

(i) Background details: She is an independent Director of the Company and brings with her good management expertise with responsibility to overlook the Corporate Governance and enhance human relations within the organization.

(ii) Past remuneration drawn: NIL

(iii) Recognition and Awards/Achievements: NONE

(iv) Job profile and suitability: Marketing

(v) Remuneration proposed:20000/PM

(vi) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): The proposed Renumeration of Mrs. Urmila Goenka, who is a thorough Professional, possessing invaluable and rich knowledge, experience and insights complemented with the vast business experience, is comparable with Executive Directors of other Companies and is in parity with the Industry Standards for such a responsible position.

(vii) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any/ No Relationship with the Company:None

RE-APPOINTMENT OF DIRECTORS

A Brief resume of Directors proposed to be re-appointed is given in terms of Clause 49 of the Listing Agreement

1.	Name	: Urmila Goenka
	Date of Birth & Age	: 06/11/1948 & 63years
	Date of Appointment	: 30/04/2010
	Qualification	: B.A
	Experience : 26 years	
	Other Directorships	: 1) SYNERGY COMMERCE PRIVATE LIMITED 2) SAPHIRE HOSPITALTY MANAGEMENT PRIVATE LIMITED 3) SURYA CONSUMER GOODS PRIVATE LIMITED
	No. of Equity Shares held	: NIL
	Member of Committees	: None
	Relationship with other Directors	: N.A
2.	Name	: Suresh Shridhar Ajila
	Date of Birth & Age	: 05/10/1960 & 51years
	Date of Appointment	: 30/04/2010
	Qualification	: Graduate
	Experience	: 30years
	Other Directorships	: No
	No. Of Equity Shares held	: NIL
	Member of Committees	: None
	Relationship with other Directors	: N.A

INSPECTION

Copy of the Memorandum and Articles of Association of the Company together with the proposed alteration shall be open for inspection of Sharehoiders 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 : 04.09.2012

(L.K. BAGLA)
CHAIRMAN

DIRECTOR'S REPORT

Dear Members,

Your Board of Directors presents this 24th Annual Report along with audited accounts for the accounting period ended on 31st March 2012.

FINANCIAL RESULTS

Key Financial figures are as follows: ***(Amount in lakhs)***

Particulars	31.03.12	31.03.11
Total Revenue	**6,692.37**	6300.16
Profit Before Interest, Depreciation & tax	**590.44**	602.99
Interest & Financial Charges	**210.45**	182.66
Depreciation	**153.13**	156.47
Profit before Taxation	**226.86**	263.85
Less: - Provisions for Income Tax	**45.39**	52.59
Add/(Loss): - Mat Credit Adjustments	**15.96**	(63.71)
Add/(Loss): - Deferred tax Assets/ (liabilities)	**(40.41)**	29.60
Net profit after tax & Extra Ordinary Items	**157.03**	177.20
Equity	**511.63**	511.63
Net worth	**1,183.91**	1,022.38

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 2012.

OPERATIONS

During the year under review:

The Company continues to increase the sales of 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.

The Company has now the focus on converting 100% of the BOPP film production into adhesive tapes and has undertaken an initiative to upgrade the quality of the film by some major changes in the critical components of the film plant which will become operational by June 2012. The installation of the new adhesive coating machine initiated last year is still under process and it will become operational by April 2012 helping to further covert more of the BOPP film into adhesive tapes.

The Company has commenced production of POF shrink films from 16th March, 2012 in the new location at Roorkee in Uttarakhand and this new product will also help significantly in improving the sales turnover of the company and enhancing its profits in the current financial year.

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 FMCG 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 and POF shrink films.

The good results of the company has been encouraging the management to expand and explore more opportunities in the terminal end 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 marginally by about 6.3% despite the slowdown in the global economy, whereas the PAT has decreased by about 11.59%, due to the volatility in raw material prices during the year and the higher rates of interest charged by the lenders.

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:

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 profit of the Company for the Financial year ended March 31, 2012.

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

Mrs. Urmila Goenka and Mr. Suresh Shridhar Ajila are the Whole time directors that retire by rotation at the conclusion of forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. D.P. Gupta was appointed as Additional Director w.e.f 31/10/2011 and being eligible offer himself for appointment as Director at the ensuing Annual General Meeting.

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

All the relevant notes an accounts are self-explanatory & 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.

REMUNERATION COMMITTEE

Remuneration 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 and Kolkata Stock Exchanges.

The Company has already delisted it's shares from the Jaipur 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 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.

By order of the Board of Directors of
HINDUSTAN ADHESIVES LIMITED

Place : Delhi
Date : 04.09.2012

(L.K.BAGLA)
CHAIRMAN