

# **25th Annual Report 2012-2013**



**HINDUSTAN ADHESIVES LIMITED**

# 25<sup>TH</sup> ANNUAL REPORT

## 2012 - 2013

**BOARD OF DIRECTORS:**

Mr. L. K. Bagla  
Mr. M. S. Bagla  
Mr. D. P. Gupta  
Mr. K. C. Gupta  
Mr. Pawan Sharma  
Mr. Suresh Sridhar 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 Building  
1 Red Cross Road, New Delhi - 110001  
Allahabad Bank, International Branch,  
17, Parliament Street, New Delhi - 110 001

**SHARE TRANSFER & DEMAT AGENT:**

Link Intime India Pvt. Ltd.  
44, Community Centre, 2nd Floor,  
Naraina Industrial Area, Phase-I,  
PVR Naraina, New Delhi-110028

**REGISTERED OFFICE:**

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

**FACTORY:**

**Unit - I :** 29th Mile Stone, G.T. Road  
Village Achheja, Tehsil-Dadri  
Distt. -Gautam Budh Nagar (U.P.) 203207.

**Unit -II :** Plot No. 15, K.I.E Industrial Estate,  
Village - Mundiyaki, Pargana- Manglour,  
Tehsil Roorkee, Dist. Haridwar- 247 667 (Uttarakhand)

**SHARES LISTED AT:**

Delhi, Mumbai, Kolkata  
Stock Exchanges

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## **NOTICE**

Notice is hereby given that the 25th Annual General Meeting of the members of Hindustan Adhesives Limited will be held on Monday, the 30th September, 2013 at 10.00 A.M at 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, 2013 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 Mr. Dev Prakash Gupta, who retire by rotation and being eligible offers themselves for re-appointment.
3. To appoint a Director in place of Mr. Lalit Kumar Bagla, 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. To consider and if thought fit to pass with or without modification(s) if any, the following resolution as a SPECIAL RESOLUTION

**“RESOLVED THAT** subject to the approval of Shareholders and pursuant to the provisions of the Section 198, 269, 309, 310 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 Mr. M.S.Bagla, Managing Director of the Company be and is hereby re-appointed for a period of three year w.e.f. 01.04.2013 on following terms and conditions

- a. Salary will be Rs. 2,50,000/- per month.
- b. He will be entitled to following perquisites subject to a maximum of Rs. 30,00,000/- per annum.
- c. **Medical Reimbursement:** Expenses incurred for the appointee and his family subject to a ceiling of one month salary in one year.
- d. **Leave Travel Concession:** As per rule of the Company.
- e. **Club Fees:** Fees of club subject to maximum of two clubs. This will not include admission and life-membership fees.
- f. **Personal Accident Insurance:** Premium not to exceed Rs.4000/- per month.
- g. **Contribution to Provident Fund:** As per Company rules.
- h. **Gratuity:** As per Company rules subject to maximum of half months salary for each completed year of service.
- i. **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 authorized 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 authorized 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.”

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

**“RESOLVED THAT** subject to the approval of the shareholders pursuant to provision of Section 314(1B) of the Companies Act, 1956, the authority be and hereby accorded to the Board of Directors to appoint Mr. Nakul Bagla, as Vice President Business Development holding office of profit under the Company, at remuneration of Rs 45,000/- per month with effect from 01.10.2013.”

By order of the Board of Directors of  
**HINDUSTAN ADHESIVES LIMITED**

Place : Delhi  
Date : 04.09.2013

**(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 26.09.2013 to 30.09.2013 (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.  
  
Shareholders are requested to address all communications regarding transfer/transmission of share, change of Address etc. to Link Intime India Pvt. Ltd., 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase - I, PVR Naraina, New Delhi -110028
8. Members are requested to quote their Folio number in all their correspondence with the Company Share transfer agent.
9. **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.**

10. 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.
11. 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.
12. 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. M.S. Bagla is Managing Director-of the Company looking after day today affairs of the Company. His term of appointment expires on 31.03.2013 and he has been re-appointed as managing Director for Three Years. As per the provisions of Section 198, 269, 309, 310 of the Companies Act, 1956 reappointment of Managing Director requires the approval by way of Special Resolution.

Mr. M.S. Bagla and Mr. L.K. Bagla being relatives are deemed to be interested in the said resolution.

**ITEM NO. 6**

The Board of Director has proposed Mr. Nakul Bagla as Vice President, Business Development of the Company w.e.f 01.10.2013. He is relative of Mr. M.S Bagla, Managing Director and Mr. L.K Bagla, Director of the Company and hence, Mr. Nakul Bagla is deemed to hold an office or place of profit under Section 314 of the Companies Act, 1956. As per companies act such appointment requires approval of the members of the Company by way of Special Resolution. The Board of Directors recommends the Shareholders to accord their consent on the aforesaid resolution.

Mr. M.S Bagla and Mr. L.K Bagla, being relative, is deemed to be concerned or interested in the said resolution. None of the Directors is concerned or interested in the resolution

By order of the Board of Directors of  
**HINDUSTAN ADHESIVES LIMITED**

Place : Delhi  
Date : 04.09.2013

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

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

- |    |                                   |   |
|----|-----------------------------------|---|
| 1. | Name                              | : Dev Prakash Gupta   |
|    | Date of Birth & Age               | : 12/10/1961 & 52 years   |
|    | Date of Appointment               | : 31/10/2011  |
|    | Qualification                     | : P.H.D. in Chemical  |
|    | Experience                        | : 24 years  |
|    | Other Directorships               | : NIL   |
|    | No. of Equity Shares held         | : NIL   |
|    | Member of Committees              | : Audit Committee   |
|    | Relationship with other Directors | : N.A   |
| 2. | Name                              | : Lalit Kumar Bagla   |
|    | Date of Birth & Age               | : 25/09/1941 & 72 years   |
|    | Date of Appointment               | : 25/04/1988  |
|    | Qualification                     | : Graduate  |
|    | Experience                        | : 50 years  |
|    | Other Directorships               | : 1. Bagla Polifilms Limited<br>2. Agarwal Tracom Private Limited<br>3. Alora Trading Co Ltd  |
|    | No. of Equity Shares held         | : NIL   |
|    | Member of Committees              | : Shareholder's Grievance Committee   |
|    | Relationship with other Directors | : Father of Managing Director   |
| 3. | Name                              | : M.S Bagla   |
|    | Date of Birth & Age               | : 16/03/1963 & 50 years   |
|    | Date of Appointment               | : 5/04/1988   |
|    | Qualification                     | : Graduate  |
|    | Experience                        | : 32 years  |
|    | Other Directorships               | : 1. Hindustan Foils Limited<br>2. BhutnathTradelink Private Limited<br>3. Agarwal Tracom Private Limited<br>4. Bagla Polifilms Limited<br>5. Umesh Commercial Co. Ltd<br>6. Alora Trading Co Ltd |
|    | No. of Equity Shares held         | : 812419  |
|    | Member of Committees              | : Shareholder's Grievance Committee   |
|    | Relationship with other Directors | : Son of Chairman   |

**OTHER INFORMATION AS REQUIRED BY SCHEDULE XIII OF THE COMPANIES ACT, 1956:****(I) GENERAL INFORMATION**

1. Nature of Industry – Manufacturing of Adhesives Tapes, BOPP Film & POF Film
2. Date of Commencement of Business – 05/04/1988
3. Financial Performance -

Particulars	31.03.13	31.03.12
<b>Total Revenue</b>	<b>7649.76</b>	6,692.37
Profit Before Interest, Depreciation & tax	<b>798.53</b>	590.44
Interest & Financial Charges	<b>338.90</b>	210.45
Depreciation	<b>218.83</b>	153.13
Profit before Taxation	<b>240.80</b>	226.86
Less: - Provisions for Income Tax	<b>48.18</b>	45.39
Add/(Less): - Mat Credit adjustments	<b>(09.42)</b>	15.96
Add/(Less): - Deferred tax Assets/ (liabilities)	<b>(25.56)</b>	(40.41)
Net profit after tax	<b>157.64</b>	157.03
Equity	<b>511.63</b>	511.63
<b>Net worth</b>	<b>1347.04</b>	1,183.91

4. Export Performance and Net foreign Exchange collaboration- Company has no foreign collaboration however the foreign exchange earning and outgo during F.Y. 2012-2013 is as hereunder  
 Foreign Currency Earnings – Rs 883.58 Lacs  
 Foreign Currency Expenditure – Rs 37.68 Lacs
5. Foreign Investment or collaboration- Company has no Foreign Collaboration.

**(II) INFORMATION OF THE APPOINTEE**

1. Background Details - Mr. M.S Bagla is working as Managing Director of the Company since the Incorporation of the Company. As he has spent a long period of about 25 years in the organization looking after the management activities of the Company.
2. Past Remuneration – Mr. M.S Bagla is working as Managing Director of the Company and is drawing a gross remuneration of Rs 2,50,000/- p.m
3. Recognition or award – Nil
4. Job Profile and suitability - Mr. M.S Bagla is Graduate in Commerce working in the Organisation dealing with adhesive tapes industry activities since 25 years
5. Remuneration proposed – No change in the existing remuneration.
6. Comparative Remuneration Profile - Remuneration proposed for Mr. M.S Bagla is the lowest in the Industry keeping in view the responsibility assigned to him.
7. Pecuniary Relationship – Mr. M.S Bagla is related with Mr. L.K Bagla Chairman of the Company as his Son.

**(III) OTHER INFORMATION**

1. Reason of Loss or Inadequate Profits – NIL
2. Expected Increase In Productivity and Profits – The Company is likely to grow in forthcoming period but this cannot be exactly measured in monetary terms for various factors.

**(IV) DISCLOSURE**

1. The Shareholders of the Company are informed that remuneration/benefits as stated in the proposed resolution will be paid to Mr. M.S Bagla in his capacity as the Managing Director of the Company.

**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 : 04.09.2013

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



## DIRECTOR'S REPORT

Dear Members,

Your Board of Directors presents this 25<sup>th</sup> Annual Report along with audited accounts for the accounting period ended on 31<sup>st</sup> March 2013.

### I. FINANCIAL RESULTS

Key Financial figures are as follows:

(Amount in lakhs)

Particulars	31.03.13	31.03.12
<b>Total Revenue</b>	<b>7649.76</b>	6,692.37
Profit Before Interest, Depreciation & tax	<b>798.53</b>	590.44
Interest & Financial Charges	<b>338.90</b>	210.45
Depreciation	<b>218.83</b>	153.13
Profit before Taxation	<b>240.80</b>	226.86
Less: - Provisions for Income Tax	<b>48.18</b>	45.39
Add/(Less):- Mat Credit adjustments	<b>(09.42)</b>	15.96
Add/(Less):- Deferred tax Assets/ (liabilities)	<b>(25.56)</b>	(40.41)
Net profit after tax	<b>157.64</b>	157.03
Equity	<b>511.63</b>	511.63
<b>Net worth</b>	<b>1347.04</b>	1,183.91

### II 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 2013.

### III 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 reduced its BOPP film production for converting into adhesive tapes due to cheaper availability of films in the market from the competitors and has undertaken an initiative to upgrade the quality of the film plant by some major changes in the critical components of the film plant which will become operational by March 2014, and then allow the company to make a variety of films for selling in the market.

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 has been well appreciated in the market and will also help significantly in improving the sales turnover of the company and enhancing its profits in the current financial year.

### IV 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 Company expects to utilize 100% capacity of the POF shrink films plant during the current year which will enhance the turnover and bring good profits to the Company.

The recent fall in the value of the INR against the USD has been beneficial for the company as it has helped in promoting exports of our manufactured products, since it would now be able to take more advantage of the global network created over the last few years with consistent exports to various parts of the world for different types of packaging materials.

## **V FINANCIAL RESULTS**

The total income of the Company has increased by about 14.30% despite the slowdown in the global economy, whereas the PAT has increased marginally by about 0.39%, 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.

## **VI 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, 2012.
- 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.

## **VII BOARD OF DIRECTORS**

Mr. Dev Prakash Gupta and Mr. Lalit Kumar Bagla are the directors that retire by rotation at the conclusion of forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. Mr. M.S. Bagla is the Managing Director whose term expire on 31.03.2013 being eligible offer himself for re-appointment.

## **VIII 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.

## **IX AUDITORS REPORT**

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

## **X COST AUDITOR**

The Ministry of Corporate Affairs (MCA) has introduced, The Companies (Cost Audit Report) Rules, 2011 and, vide its notifications, has made mandatory the appointment of Cost Auditor for certain Companies. The same is applicable to the Company and, in accordance with provision of law, M/s JSN & Co., Cost Accountants Firm, has been appointed to conduct cost audit for the financial year ending 31st March, 2013, and the cost audit report for the said financial year shall be filed with the Central Government within the prescribed time

## **XI AUDIT COMMITTEE**

Audit Committee of the Company is duly constituted.

## **XII SHAREHOLDERS GRIEVANCE COMMITTEE**

Shareholders Grievances Committee of the Company is duly constituted.