

27TH ANNUAL REPORT

2014 - 2015

BOARD OF DIRECTORS:

Mr. L. K. Bagla
 Mr. M. S. Bagla
 Mr. K. C. Gupta
 Mr. Pawan Geetaram Sharma
 Mr. Suresh Sridhar Ajila
 Mrs. Urmila Goenka
 Mr. Amit Kumar
 Mr. Nakul Bagla (CFO)

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

COMPANY SECRETARY:

Mr. S. S. Dua

AUDITORS:

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

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)

BANKERS:

IDBI Bank, Indian Red Cross Society Building
 1 Red Cross Road, New Delhi - 110001

Allahabad Bank, International Branch,
 3rd Floor, 17, Parliament Street, New Delhi - 110 001

SHARES LISTED AT:

Delhi, Mumbai, Kolkata
 Stock Exchanges

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DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2014-15

To,
The Members,

The Directors have pleasure in presenting the 27th Annual Report of the Company, together with the financial statements, for the year ended on 31st March 2015.

FINANCIAL PERFORMANCE OF THE COMPANY:

During Financial year 2014-15, performance of the Company is as under:

Key Financial figures are as follows:

(Amount in lakhs)

PARTICULARS	Year Ended 31st March 2015	Year Ended 31st March 2014
Turnover	7629.66	7776.21
Profit Before Interest, Depreciation & tax	953.32	861.73
Interest & Financial Charges	340.32	333.15
Depreciation	357.36	207.21
Profit before Taxation	255.64	321.37
Less: - Provisions for Income Tax	71.00	64.29
Add/(Less): - Mat Credit adjustments	13.27	4.51
Add/(Less): - Deferred tax Assets/ (liabilities)	10.22	13.19
Net profit after tax	161.15	239.38
Equity	511.63	511.63
Earnings Per Share	3.08	4.68

DIVIDEND:

To conserve the funds for the business of the Company including the funding for the expansion plans, your directors regret their inability to recommend any dividend for the financial period 2014-15.

TRANSFER TO RESERVES:

Taking into account overall financial performances of the Company Your Directors do not transfer any amount to General Reserve Account.

STATE OF COMPANY'S AFFAIR:

The Company continues to make efforts 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 sales of Carton Sealing Tapes and the acceptance of the new products developed by the Company for the Indian market and as well expected growth in the FMCG sector in India for all manufactured products and services have been stagnant during the year and the company has been unable to utilize full capacities for production of Self Adhesive Tapes. The Company continues to focus on building its Brand and Image as a quality supplier of Adhesive Coated Products in India.

The Company has also been developing high value added POF shrink films during the current year which will enhance the turnover and bring good profits to the Company during the next year.

The Company has also strategically invested in a subsidiary company named Bagla Wellness Private Limited for promoting wellness and fitness by setting up fitness centres in New Delhi and expects this business to also grow in the coming years.

MATERIAL CHANGES BETWEEN THE END OF FINANCIAL YEAR AND DATE OF THE DIRECTOR REPORT:

The material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and date of the director report of the Company to which the financial statements relate is the Company named Bagla Wellness Private Limited became the Subsidiary Company of Hindustan Adhesives Limited.

STATEMENT IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENT:

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2014-15.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS PROVIDED UNDER SUB-SECTION (3) OF SECTION 178:

The Board has on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report and also available on the Company website www.bagla-group.com

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES:

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, the statement containing salient features of the financial statements of the Company's Associates' in **Form AOC-1** is attached as **"Annexure A"**.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to the Financial Statements.

DEPOSITS:

During the year under review, your Company did not accept any deposits within the meaning of provisions of Chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

AUDITORS AND AUDITORS' REPORT**(1) STATUTORY AUDITORS:**

Pursuant to Section 139 of the Act and Rules made thereunder, M/s. Salarpuria & Partners, Chartered Accountants were appointed as statutory auditors of the Company at the last annual general meeting held on 12th September, 2014 for a period of 3 years commencing from the closure of the 26th Annual general Meeting till the closure of the 29th Annual General Meeting, subject to ratification by the members at every AGM. Accordingly, your directors recommend the ratification of the appointment of M/s. Salarpuria & Partners as statutory auditors of the Company from the conclusion of the 27th Annual General Meeting till the conclusion of the 28th Annual General Meeting.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

(2) SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed **Mr. Puneet Kumar Pandey**, a Company Secretary in Practice to undertake the Secretarial Audit of the Company for the year ended 31st March, 2015. The Secretarial Audit Report is annexed as **"Annexure B"**.

HINDUSTAN ADHESIVES LIMITED

The Secretarial Audit Report for the financial year ended 31st March, 2015 do not contain any qualification, reservation, adverse remark or disclaimer.

SHARE CAPITAL:

The paid up Equity Share Capital as on 31st March, 2015 was ' 5.11 Crores. During the year under review, the Company has not issued any shares.

The Company has not issued shares with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.

EXTRACT OF THE ANNUAL RETURN:

The extracts of Annual Return in Form MGT – 9 pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 for the Financial Year 2014-15 is furnished in “**Annexure C**” and is attached to this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as “**ANNEXURE D**”.

CORPORATE SOCIAL RESPONSIBILITY:

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The Board of Directors of the Company at present has Seven members.

Pursuant to provisions of Section 152 of Companies Act, 2013 and the Articles of Association of the Company Mr. Lalit Kumar Bagla Director of the Company is liable to retire by rotation and being eligible, offer himself for re-appointment.

As per the provisions of Sections 196, 197 of the Companies Act, 2013 read with Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, Mr. Suresh Shridhar Ajila and Mrs. Urmila Goenka were appointed as whole-time Director of the Company for a period of 3 years w.e.f 30th September, 2014 and simultaneously the approval was taken in previous Annual General Meeting.

Pursuant to the provisions of Section 149 of the Act, which came into effect from April 1, 2014, Mr. Pawan Sharma, Mr. Amit Kumar and Mr. K. C. Gupta were appointed as independent directors at the annual general meeting of the Company held on September 12, 2014 up to September 11, 2019. The terms and conditions of appointment of independent directors are as per Schedule IV of the Act.

Mr. D. P. Gupta non-executive independent director resign from the board of director effective August 13, 2014. The board recommends appropriation of the valuable contribution made by Mr. D. P. Gupta during his tenure as director.

Mr. Nakul Bagla was appointed as Chief Financial Officer i.e, Key Managerial Person of the Company pursuant to Section 2(51) and 203 read with Rule 8 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 w.e.f 12th July 2014.

NUMBER OF MEETINGS OF BOARD OF DIRECTORS:

Five meetings of the board were held during the year. For details of the meetings of the board, please refer to the corporate governance report, which forms part of this report.

AUDIT COMMITTEE:

The Company being a Listed Company was required to constitute an Audit Committee under Section 177(1) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. The Composition of the Audit

HINDUSTAN ADHESIVES LIMITED

Committee is provided in the Corporate Governance Report forming part of this report. All the recommendations made by the Audit Committee were accepted by the Board.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Company was required to constitute a Stakeholders Relationship Committee under Section 178(5) of the Companies Act, 2013. The Composition of the Stakeholders Relationship Committee is provided in the Corporate Governance Report forming part of this report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

Pursuant to the provisions of Section 177 (9) & (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement, the Company has adopted a Whistle Blower Policy, which provides for a vigil mechanism that encourages and supports its Directors and employees to report instances of unethical behaviour, actual or suspected, fraud or violation of the Company's Code of Conduct or Ethics Policy. It also provides for adequate safeguards against victimisation of persons who use this mechanism. The policy adopted by the company is also posted on the website of the company. www.bagla-group.com

NOMINATION AND REMUNERATION COMMITTEE:

The Company being a Listed Company was required to constitute a Nomination and Remuneration Committee under Section 178(1) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. The Composition of the and Remuneration Committee is provided in the Corporate Governance Report forming part of this report.

Remuneration of the Key Managerial Personnel and Employees of the Company is based on the performance of the company. Remuneration of the employees are revised on timely basis and based on their performances. The company generally see the ability and review the performance of the candidate before the appointment of the Director.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the Financial Year 2014-15 in the prescribed format, **Form AOC 2** has been enclosed with the report as **"ANNEXURE E"**.

RISK MANAGEMENT POLICY:

The Company does not have any Risk Management Policy as the element of risk threatening the Company's existence is very minimal.

MANAGEMENT DISCUSSION AND ANALYSIS:

Management's Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

BOARD EVALUATION:

The board of directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by the Securities and Exchange Board of India ("SEBI") under Clause 49 of the Listing Agreements ("Clause 49").

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Independent Directors at their meeting without the participation of the Non independent Directors and Management, considered/evaluated the Boards' performance, Performance of the Chairman and other Non-independent Directors.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

The Company is not required to adopt a policy for prevention of Sexual Harassment of Women at workplace as the Company having less than 10 women Employees at its workplace.

HINDUSTAN ADHESIVES LIMITED**DECLARATION OF INDEPENDENT DIRECTORS:**

The Independent Directors have submitted their disclosures to the Board that they fulfil the criteria of independence as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves for their continuance as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

DIRECTORS' RESPONSIBILITY STATEMENT:

Accordingly, pursuant to Section 134 (3) (c) and 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- a) in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- b) for the financial year ended March 31, 2015, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit of the Company for the year ended March 31, 2015.
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual financial statements have been prepared on a going concern basis.
- e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT:

The Board appreciates and places on record the contribution made by the employees during the year under review. The Board also places on record their appreciation of the support and co-operation of all stakeholders particularly shareholders, bankers, financial institutions, customers, suppliers, medical fraternity and business partners.

By order of the Board of Directors of
HINDUSTAN ADHESIVES LIMITED

(L.K. BAGLA)
CHAIRMAN
DIN: 01596548

Place : Delhi
Date : 14/08/2015

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129
read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of
Subsidiaries/ Associate Companies/ Joint Ventures**

Part "A": Subsidiaries

The Company does not have any Subsidiary.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	BAGLA WELLNESS PRIVATE LIMITED
1. Latest audited Balance Sheet Date	31.03.2015
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	87,000
Amount of Investment in Associates/Joint Venture	Rs. 34,80,000/-
Extend of Holding%	49.71%
3. Description of how there is significant influence	Voting Power
4. Reason why the associate/joint venture is not consolidated	Not Applicable
5. Net worth attributable to shareholding as per latest audited Balance Sheet	80.09 lacs
6. Profit/Loss for the year	
i. Considered in Consolidation	167.57 lacs
ii. Not Considered in Consolidation	10.08 lacs

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
HINDUSTAN ADHESIVES LIMITED
340/2A, G.T. ROAD,
SHAHDRRA, DELHI - 110095

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HINDUSTAN ADHESIVES LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **HINDUSTAN ADHESIVES LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

- (i) Companies Act, 2013 and the rules made thereunder, and The Companies Act, 1956 and rules made there under to the extent applicable.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
- (iii). The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- (iv). Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (ECB).

Not Applicable

- (v). The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Not Applicable

- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Not Applicable

- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

Not Applicable

- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

HINDUSTAN ADHESIVES LIMITED

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

Not Applicable

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

Not Applicable

(vi) RBI Act, 1934

Not Applicable

(vii) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Not Applicable

(viii) Industrial and Labour Laws which inter-alia includes **(based on the confirmation received from the Management)**

The Minimum Wages Act, 1936

The Payment of Bonus Act, 1965

The Payment of Gratuity Act, 1972

The Employee's Provident Fund & Miscellaneous Provisions Act, 1952

The Employee's State Insurance Act, 1948 etc.

Factory Act, 1948

Payment of Wages Act, 1936

The Workmen's Compensation Act, 1923

Contact Labour (Regulation and Abolition) Act, 1970

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

Not Applicable

(ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

We further report that :

The Board of Director of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent to the Directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that based on the information received and records maintained by the Company, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Delhi

Date : 14/08/2015

Puneet Kumar Pandey

M No- A29848

C P No.10913

FORM NO. MGT-9**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31st March, 2015.

*[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]***I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	L74899DL1988PLC031191
ii.	Registration Date	05/04/1988
iii.	Name of the Company	HINDUSTAN ADHESIVES LIMITED
iv.	Category/Sub-Category of the Company	Listed Public Limited Company
v.	Address of the Registered office and contact details	340/2A, G.T. ROAD, SHAHDRA, DELHI – 110095 Phone No.: 011-41650347
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase – 1, Near PVR Naraina, New Delhi - 110028 Phone No.: 011-41410592

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1.	SELF ADHESIVE TAPES	2429	77.41%
2.	POF FILM	2429	21.97%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	BAGLA WELLNESS PRIVATE LIMITED Reg Off: 7 Old Post Office St, Kolkata, West Bengal - 700001	U51109WB2006PTC108394	Associate	49.71	2(6) of the Companies Act, 2013