



*The* **BAGLA** *Group*

# **21st Annual Report 2008-2009**



## **HINDUSTAN ADHESIVES LIMITED**

## 21<sup>ST</sup> ANNUAL REPORT

### 2008 - 2009

**BOARD OF DIRECTORS:**

Mr. L. K. Bagla  
Mr. M. S. Bagla  
Mr. K.C. Dwivedi  
Mr. M. M. Haque  
Mr. K. C. Gupta  
Mr. Pawan Sharma

**COMPANY SECRETARY:**

Mr. S. S. Dua

**AUDITORS:**

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

**BANKERS:**

IDBI, New Delhi  
Allahabad Bank, Parliament Street, New Delhi

**SHARE TRANSFER & DEMAT AGENT:**

Link Intime India Pvt. Ltd.  
A-40 2nd Floor, Naraina Ind. 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.)  
Ghaziabad - 203 207

**SHARES LISTED AT:**

Delhi, Mumbai, Calcutta & Jaipur  
Stock Exchanges

<b>Contents</b>	<b>Page No.</b>
Notice .....	3
Directors' Report, Management Discussion & Analysis Report .....	5
Report on Corporate Governance .....	10
Auditors' Report .....	15
Balance Sheet .....	18
Profit & Loss Account .....	19
Schedule Forming Part of Balance Sheet .....	20
Balance Sheet Abstract .....	35
Cash Flow Statement .....	36

## NOTICE

Notice is hereby given that the 21st Annual General Meeting of the members of Hindustan Adhesives Limited will be held on Tuesday, the **29th September, 2009 at 10.00 A.M. 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, 2009 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 Sh. K.C.Dwivedi, and Sh. M.M.Haque, who retire by rotation and being eligible offers them selves 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 resolution as an ORDINARY RESOLUTION.

**"RESOLVED THAT** subject to the approval of Board of Directors and 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 Mr.M.S.Bagla, Managing Director of the Company be and is hereby re-appointed for a period of three year w.e.f. 01.04.2009 on following terms and conditions

1 Salary will be Rs.2, 50,000/- per month.

2 He will be entitled to following perquisites subject to a maximum of Rs.30, 00,000/- per annum.

**Medical Reimbursement:** Expenses incurred for the appointee and his family subject to a ceiling of one month salary in one year.

**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.

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."

5. To consider and if thought fit to pass with or without modification(s) if any, the following resolution as SPECIAL RESOLUTION.  
**"RESOLVED THAT** pursuant to the provisions of the Section 314 of the Companies Act, 1956 approval be and is hereby accorded to increase the salary of Mrs Anju Bagla to Rs.25000/-P.M w.e.f. 01.10.2009."

**By order of the Board of Directors of  
Hindustan Adhesives Limited**

PLACE : DELHI  
DATE : 04.09.2009

(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.
3. The registers of members and shares transfer books of the company will remain closed from 26.09.2009 to 29.09.2009 (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.
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.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 4**

Mr. M.S.Bagla is Managing Director- of the Company looking after day today affairs of the Company. His term of appointment expires on 01.04.2009 and he has been re-appointed as Managing Director for Three years. As per the provisions of Section 269 of the Companies Act, 1956 reappointment of Managing Director requires the approval by way of an ordinary Resolution Mr. M.S.Bagla and Sh L.K.Bagla being relatives are 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.

**ITEM NO. 5**

Board of Director Proposes to increase the Salary of Mrs. Anju Bagla to Rs.25000/-pm. w.e.f. 01.10.2009. As per the provisions of Section 314 of the Companies Act, 1956 the approval of the same require the Consent of Shareholders by way of Special Resolution. Mr.M.S.Bagla and Mr. L.K. Bagla being relatives are 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 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 : 04.09.2009**

**(L.K.BAGLA)  
Chairman**

## DIRECTOR'S REPORT

Dear Members,

Your Board of Directors presents this 21st Annual Report along with audited accounts for the accounting period ended on 31st March 2009.

### FINANCIAL RESULTS

Key Financial figures are as follows:

(Amount in lakhs)

Particulars	31.03.09	31.03.08
Total Income	4878.22	4256.10
Profit Before Interest, Depreciation & tax	664.90	480.09
Interest & Financial Charges	180.90	175.13
Depreciation	130.56	163.60
Profit / (Loss) before tax and extraordinary items	353.45	141.37
Extraordinary items	54.33	223.79
<b>Less: Provisions for Tax</b>		
Income Tax	50.00	42.00
Fringe Benefit	6.40	6.16
Wealth Tax	0.35	0.04
<b>Add: Excess Provision W/off</b>	0.18	NIL
<b>Less: Income Tax for earlier year</b>	2.69	NIL
<b>Less: Deferred tax Assets/ (liabilities)</b>	(108.87)	(57.70)
Net profit after tax & Extra Ordinary Items	239.65	259.25
Equity	511.63	511.63
<b>Net worth</b>	<b>621.34</b>	<b>381.69</b>

### DIVIDEND

Yours directors regret to inform you that on account off insufficient profit in the company no dividend is recommended for the year ended 31st March 2009.

### OPERATIONS

During the year under review:

The Company continues to increase the sales of its primary finished product namely Carton Sealing Tapes and other specialty Adhesive Coated products by using the latest technology in the manufacturing process and continuously innovating the product. In the current year the Company has introduced a revolutionary 'MysticGold' Brand carton sealing tape where it has reinforced the existing tape with four strips of high tensile filament yarn and thus giving the product an excellent strength and as well a security feature. These innovations have given a superior exclusivity to the end product of the Company, and have thus resulted in higher sales and as well better contribution to the profits of the company in the current year and the new finished product has been well appreciated by leading multinational companies now operating in India.

Prices for all raw materials for producing BOPP film continued to be very volatile this year and also the excess production capacity in the Indian market continued, and prevented the Company from being able to sell any surplus capacity of BOPP film in the market. With the global economic slowdown in the world the prices of raw materials came down sharply and the demand of these products were poor. In the long term the company has decided to concentrate and focus on increasing the coating capacities and better the capacity utilization by introducing new innovative adhesive coated products, so as to use maximum capacity of its BOPP film for forward integration by converting the film produced into packaging tapes and have no need at all to sell any surplus capacity of BOPP film in the market.

In the last financial year the company has substantially improved the total sales of the Company and it is further buoyant for

the current year sales as the Indian economy is performing better than most of the global economies and despite negative sentiments in the world most of the Indian companies are flourishing and having impressive growth in sales thus increasing the demand for the product manufactured by the Company.

The Company is also exploring options to exit the BOPP film business and enhance the Adhesive Tape business further in the long term so as to maximize the earnings of the Company.

### **CURRENT SCENARIO**

The growing sales of Carton Sealing Tapes and the acceptance of the new products developed by Company for the Indian market and as well growth in the fast moving consumer goods 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 in the near future, if it can manage its financial requirements well enough and be able to focus on building its Brand and Image as a quality supplier of Adhesive Coated Products in India.

The Company appreciates the initiatives of the Government of India for reduction in CST to 2% and its further phase wise reduction and eventual elimination, and also the implementation of VAT and as well eventual conversion to an uniformed and combined tax regime of GST which will help the company to be more competitive and reduce the burdens of double taxations to the customers.

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.

The Company has also purchased land at Uttarakhand for larger expansion of the Coating facilities, for which the production has to commence latest by March 2012 so as to enable it to take advantage of the 5 years income tax holiday and other benefits available in the State.

The Company has now been able to repay all its long term debts to financial institutions and has settled all disputed liabilities with Banks thus improving the financial health of the Company. This now enables the company to expand and explore more opportunities in the adhesive coating business in the future and it would be able to take 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 adhesive coated products.

### **FINANCIAL RESULTS**

The total income of the Company has increased substantially by about 15%, whereas the PBITD has increased by 38.50%. The Secured Loans of the Company have substantially reduced by more than 25.36% in the current year and the Company has also written off all the dead and unusable fixed assets which were non-performing and has thus reflected the true and current value of plant and machinery, all of which are now in operations.

The Company is confident of further improving the performance in the Current financial year and is hopeful of wiping out all the accumulated losses by the accounting year ending March 2010.

### **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 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 profit of the Company for the Financial year ended March 31, 2009.
- 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**

Sh. K.C.Dwivedi and Sh. M.M.Haque 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.

**AUDIT COMMITTEE:**

Audit Committee of the Company is duly constituted.

**SHAREHOLDERS GRIEVANCE COMMITTEE:**

Shareholders Grievances 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 are given in the Annexure forming part of this report.

**LISTING**

The Shares of the Company are listed with Bombay, Delhi, Kolkata and Jaipur Stock Exchanges. The Company is pursuing with Kolkata and Jaipur Stock Exchanges for delisting of its Shares.

**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 behalf of the Board of Directors of  
Hindustan Adhesives Limited

PLACE : Delhi  
DATE : 04.09.2009

L.K.BAGLA  
Chairman

## **ANNEXURE-1 TO THE DIRECTORS REPORT**

**INFORMATION AS PER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTOR) RULES 1988 FOR THE YEAR ENDED 31ST MARCH 2009.**

### **A. CONSERVATION OF ENERGY**

The Company is extremely thankful to the UP Government State electricity board for providing good quality and reasonably consistent power supplies which have been effectively used by the Company with the help of required transformers, voltage stabilizers and UPS systems so as to now run most of the operations with the help of state electricity as against usage of Diesel Generator sets. This has helped in conservation of high cost diesel fuels and also minimize the unit cost of power required for operations. The Company has also been able to increase the speed of the machines whereby reducing the consumption of fuel per unit of production and hence has contributed to saving energy.

### **B. TECHNOLOGY ABSORPTION:**

#### **1. R&D:**

The Company continues to develop exciting new products based on customer feedback and requirements of safety, security and protection. It is also now developing products for enhancement of the visual aspect of the finished product and thus making the same more attractive. The Company has recently also designed special dispensing equipment for application of the newly invented MysticGold branded product. It has also applied for patent rights of the Mysticgold product and the basic advantage of the same are for providing additional safety and security to customers using Carton Sealing Tapes, from the time the product is manufactured and during transit till it finally reaches the consumer.

#### **2. Benefits derived:**

The Company has been able to offer its valued customers with additional products that are innovative, developed with the expertise and experience of the Company and are based on the needs of the customer, and this has helped improve the image of the company, and retain the confidence of the customers thus enhancing the profitability of the Company.

#### **3. FUTURE PLANS OF ACTION**

The company plans to expand the capacities at Uttarakhand and hence reduce the cost of production of the existing products whilst continuing to introduce more innovative products for the growing retail segment in the country.

The Company would further like to continue to understand the imagination and needs of its customers and develop products which would be able to comply with their specific requests and give the packaging industry in India new inventions and opportunities.

#### **Efforts made:**

- a. Existing equipments were calibrated and latest testing equipments installed.
- b. Company is doing a lot of R&D efforts to introduce new products for the packaging industry and is hopeful of increasing its revenues from the same in the current year.
- c. ISO-9001 and ISO-14001 systems were further strengthened and this has helped the Company to produce consistent quality product of International standards.
- d. Clean room conditions were created in the production areas to meet the needs of the customers and to maintain the highest standards of qualities.



4. Expenditure on R&D:	Amount in Rs.
Capital	NIL
Recurring	4,07,945.00
<b>Total</b>	<b>4,07,945.00</b>

Total R&D expenditure is 0.084% of the total turnover.

Technology absorption, adoption and innovation:

**1. Efforts Made:**

- Existing equipments were calibrated and new testing equipments installed.
- Company is doing a lot of R&D efforts to introduce new products for the packaging industry and is hopeful of increasing its revenues from the same in the current year.

**2. Benefits derived:**

Company has been able to improve its profitability in the last financial year because of efforts to reduce costs and as well introduce some specialty products with higher value addition. Also, the confidence of the customers in the Company has increased and opened new opportunities for the future. With the implementation of both ISO-9001 and ISO-14001 systems in the Company the confidence of the customers in the Company has been maintained and allows the Company to be the preferred vendor for most companies in the Country.

**C. FOREIGN EXCHANGE EARNING AND OUTGO:**

1. Total Foreign exchange earned and used:	Rs. In Lakhs	
<b>Earnings:</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
Export value of FOB basis	527.64	606.89
<b>Expenditure:</b>		
Capital Goods (CIF)	10.37	38.22
Raw Material (CIF)	310.14	244.80
Others	18.26	9.82

For and on behalf on Board of  
Hindustan Adhesives Limited

PLACE : New Delhi  
DATE : 04.09.2009

L.K.BAGLA  
Chairman

## Annexure 'A' to Director 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 expediently 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, 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 Six Directors. The Composition of Board of Directors is as under:-

Executive Directors	2 Nos.
Non-Executive Directors	1 Nos.
Independent	3 Nos.
	<b>6 Nos.</b>

During the year 2008-09, the board met 8 (Eight) times (as against the minimum requirement of four meetings) on the following dates, namely:-

23rd April, 2008, 2nd June, 2008, 30th July 2008, 27th Oct. 2008, 20th November, 2008, 18th December, 2008, 23rd January, 2009 and 31st March. 2009.

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
01.	Sh. Lalit Kumar Bagla	Chairman (Non-Executive Director)	8	No
02.	Sh. M. S. Bagla	Managing Director (Executive-Director)	8	Yes
03.	Sh. K.C. Dwivedi	Director-(Executive Director)	8	Yes
04.	Sh. M.M.Haque	Director (Independent)	4	No
05.	Sh Pawan Sharma	Director (Independent)	5	Yes
06.	Sh K.C.Gupta	Director (Independent)	4	No

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

Particulars	Mr. M.S.Bagla Managing Director	Sh K.C.Dwivedi Executive Director
Salary and Allowance	27,30,000	5,53,596
Contribution to Superannuation Fund (Rs.)	—	72,025
Bonus and performance linked Incentive (Rs.)	—	60,000

The Details of remuneration paid to Non-Executive Director and number of Shares held are given below.

S.No.	Name	Commission Payable (Rs.)	Sitting Fees	Shares held
1	Sh.L.K.Bagla	NIL	NIL	NIL
2	Sh. M.M.Haque	NIL	4000.00	NIL
3	Sh.Pawan Sharma	NIL	5500.00	NIL
4	Sh.K.C.Gupta	NIL	4000.00	NIL

### 3. Audit Committee

The working of the Audit Committee of your Company and its composition and other details are given below:

During the financial year 2008-09, meetings of the Audit Committee were held 4 times i.e. on 23rd April 2008, 30th July 2008, 27th Oct. 2008, and 23rd January. 2009.

Name of Chairman/ Member	Meetings held	Meeting Attended
Sh. Pawan Sharma	4	4
Sh. M.M.Haque	4	4
Sh.K.C.Gupta	4	4

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 in accordance with clause 49 of the listing Agreement. They are as follow:

- Oversight of the company's financial reporting process and disclosure of its financial information.
- Reviewing with the management, external and internal auditors, and 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. Shareholders Grievance Committee

The working of the Shareholder Grievance Committee of your Company and its composition and other details are given below:

During the financial year 2008-09, meetings of the Shareholder Grievance Committee were held 4 times i.e. 23rd April 2008, 30th July 2008, 27th Oct. 2008, and 23rd January. 2009.

Name of Chairman/ Member	Meetings held	Meeting Attended
Sh. M.S. Bagla	4	4
Sh. Kailash Chand Dwivedi	4	4
Sh. Pawan Sharma	4	4

**5. Remuneration Committee**

The working of the Remuneration Committee of your Company and its composition and other details are given below:

During the financial year 2008-09, meetings of the Remuneration Committee were held 1 times i.e. 30th July, 2008

Name of Chairman/ Member	Meetings-held	Meeting Attended
Sh.M.M.Haque	1	1
Sh. Pawan Sharma	1	1
Sh.K.C.Gupta	1	1

**6. General Body Meeting**

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

Financial year	Date	Time	Place
2005-2006	30.09.2006	10.00 A.M.	LTG Auditorium, Copernicus Marg, New Delhi-110 001
2006-2007	29.09.2007	10.00 A.M.	Ashok Avenue, Main Chhatarpur Road, Asola Fatehpur Beri, New Delhi-110 074
2007-2008	29.09.2008	10.00 A.M.	Same as Above

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

Financial year	Items
2005-2006	NONE
2006-2007	NONE
2007-2008	Delisting of Shares from Kolkata Stock Exchange

**Note:** No Postal ballots were used/invited for voting at these meetings in respect of special resolutions passed as there were no requirements for compliance at that time.

**7. 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.

**8. GENERAL SHAREHOLDER INFORMATION****8.1 Annual General Meeting**

Date and Time	: 29th Sep. 2009 at 10.00 A.M.
Venue	: Ashok Avenue, Main Chhatarpur Road, Asola Fatehpur Beri, New Delhi-110074

**8.2 Financial Calendar (2009-10)**

Annual General Meeting For the next year ending 31st March 2010	: Before 30th Sept., 2010
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**8.3 Book Closure date** : 26.09.09 to 29.09.09

**8.4 Dividend Payment date** : not applicable

- 8.5 Listing of Equity Shares on** : DELHI, CALCUTTA  
**Stock Exchange at** : MUMBAI AND JAIPUR
- 8.6 Stock Code**
- (i) **ISIN Numbers** : Equity Shares INE 074 C01013
- 8.7 Registrar and Share Transfer Agent** : Link Intime India Pvt. Ltd.  
A-40 2ND Floor, Naraina Ind. Area  
Phase-II, Near Batra Banquet, New Delhi-110028

**8.8 Share Transfer Systems:**

Share transfers are presently registered within a maximum period of 30(thirty) days from the date of receipt provided the documents are complete in all respects. Board of Directors has authorised Registrar to approve all share transfers. Now, since the requirement of issuing option letter no more exist. The Registrar on receipt of Share transfer request, after confirming all details transfer the shares as per law and directly dispatches the same to the transferee.

**8.9 Distribution of Share holding Pattern as on 31st March 2009.**

Category	No. of Shares	% of Shares
Promoter's Holding (including foreign Promoters if any)	2648729	52%
Non Promoter's Holding	2467571	48%
<b>TOTAL</b>	<b>5116300</b>	<b>100%</b>

**Distribution of Share holding as on 31st March 2009**

No of Equity Shares Held	No of Shareholder	% of Shareholder	Number of Shares	% of Shareholding
1-250	6470	91.281	669699	13.090
251-500	370	5.220	149090	2.914
501-1000	131	1.843	107157	2.094
1001-2000	56	.790	81498	1.593
2001-3000	12	.169	29456	.576
3001-4000	9	.127	32614	.637
4001-5000	11	.155	51210	1.001
5001-10000	8	.113	54911	1.073
10001 and above	21	.296	3940665	77.022
<b>Total</b>	<b>7088</b>	<b>100</b>	<b>5116300</b>	<b>100</b>

- 8.10 Plant Location** : 29th Mile Stone, Village-Achheja,  
Tehsil-Dadri, Distt.- Gautambudh Nagar (U.P.), Ghaziabad
- 8.11 Address for Correspondence**
- Share Transfer and Demat** : Link Intime India Pvt. Ltd.  
A-40 2ND Floor, Naraina Ind. Area  
Phase-II, Near Batra Banquet, New Delhi-110028

**Note:** Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

Any query on Annual Report : Secretarial Department  
Hindustan Adhesives Ltd.  
340/2-A, G. T. Road, Shahdara, Delhi-110095

## **AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To the members of **Hindustan Adhesives Ltd.**

We have examined the compliance of the conditions of corporate governance by Hindustan Adhesives Limited for the year ended 31st March, 2009 as stipulated in clause 49 of the listing Agreement of the said company with stock exchange in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance.

It is neither an audit nor an expression of the opinion on the financial statements of company.

On the basis of our review and according to the information and explanations given to us and the representations made to us by the management, we state that to the best of our knowledge and belief, the company has complied in all material respects with the conditions of Corporate Governance stipulated in clause 49 of the mentioned listed agreements.

**M/s Salarpuria & Partners**  
**Chartered Accountant**

**Place : New Delhi**  
**Dated : 04.09.2009**

**(Kamal Kumar Gupta)**  
**Partner**  
**M.No. 89190**

## AUDITOR'S REPORT

To The Members of **HINDUSTAN ADHESIVES LIMITED.**

1. We have audited the attached Balance Sheet of M/s Hindustan Adhesives Limited as on 31st March, 2009, the Profit and Loss Account for the year ended on that date and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India under sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph (4) & (5) of the said Order.  
Attention of members is drawn on following:
  - (a) **Settlement with Benaras State Bank Limited ( merged with Bank of Baroda ) (Refer Note No.2 of Notes on Accounts appearing in Schedule 'U')**
  - (b) **Non identification of dues to Micro/ Small Scale Industrial Undertakings (Refer Note No.9 of Notes on Accounts appearing in Schedule 'U')**
4. Further to our comments in Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) Subject to our comments above, in our opinion and to the best of our information and according to the explanations given to us, the said statements of accounts read together with the Notes appearing in Schedule 'V' give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
    - (b) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
    - (c) in case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For SALARPURIA & PARTNERS**  
Chartered Accountants

**(KAMAL KUMAR GUPTA)**  
Partner  
M. No. 89190

Place : 1008, Chiranjiv Tower,  
43, Nehru Place, New Delhi-110 019  
Date : 04.09.2009

**ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in paragraph 3 of our Report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The management at reasonable intervals has physically verified the fixed assets, no material discrepancies were noticed on such verification.
- (ii) (a) The physical verification of inventory has been conducted by the management at reasonable intervals. -
- (b) In our opinion the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion the Company is maintaining proper records of inventory and the discrepancies noticed on physical verification were not material and have been properly dealt with in the books of accounts;
- (iii) In respect of loans, secured or unsecured, granted or taken by the company to or from companies, firms or other parties covered under the register maintained U/s. 301 of the Companies Act, 1956, according to the information and explanations given to us:
  - (a) The Company has taken unsecured loans from 6 (Six) parties covered under the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved in such loans during the year aggregates to Rs.541.06 Lacs and the closing balance outstanding as on 31st March 2008 is Rs. 372.72 Lacs.
  - (b) In our opinion the terms and conditions of such loans taken by the company are prima facie not prejudicial to the interests of the company.
  - (c) There is no pre-determined schedule for repayment of unsecured loans.
  - (d) As there is no schedule for repayment of unsecured loans taken by the company, therefore, we are not in a position to comment on steps, if any, taken by the company for repayment of the same.
  - (e) The company has not granted any loans to companies, firms or other parties covered under the register maintained U/s. 301 of the Companies Act, 1956, except temporary advances which are recovered as stipulated.
- (iv) In our opinion and according to the information and explanations given to us the company has an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchases of inventory and fixed assets and for the sale of goods. There is no continuing failure or weakness in internal control system.
- (v) According to the information and explanation given to us, the transactions that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956 has been so entered.  
In our opinion and according to the information & explanation given to us, there were no transactions made in pursuance of contracts or arrangements entered in the register mentioned under section 301 of the Companies Act exceeding the value of Rs. Five lacs in respect of any party during the year.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any public deposits for which the provisions for compliance U/s.58 and 58AA or any other relevant provisions of the Companies Act, 1956 applies.
- (vii) The Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records for the company U/s.209 (1)(d) of the Companies Act, 1956.
- (ix) (a) The Company is generally regular in depositing undisputed applicable statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and any other statutory dues with the appropriate authorities.



(b) Following disputed dues of Sales Tax and Excise Duty/cess have not been deposited: -

Sl. No.	Name of the Statute/ Nature of Dues	Amount (Rs.)	Period to which Amount Relates	Authority where dispute is pending
1.	The Central Sales Tax Act, 1956 (Central Sales Tax)	2,14,012/- 18,916/- 14,885/- 28,06,049/- 480/-	2003-04 2004-05 2005-06 2006-07 1999-00	High Court at Allahabad Assessing Officer Deputy Commissioner, Trade Tax Noida _____ do _____ _____ do _____ (Sales Tax Assessment) V T O - Delhi
2.	The Uttar Pradesh Trade Tax Act (Local Sales Tax) Sales Tax Officer- Delhi	12,054/- 3,337/-	2004-05 2003-04	Assessing Officer Deputy Commissioner, Noida Sales Tax Officer, VAT - Delhi
3.	The Central Excise Act, 1944 (Penalty for wrong MODVAT Credit)	1,95,000/-	March, 1998	High Court.

- (x) The Company has been registered for a period of more than five years; however, its accumulated losses at the end of the financial year are not more than fifty percent of its net worth and the Company has not incurred cash loss during the year under report and also in the financial year immediately preceding the financial year under report.
- (xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institutions and banks during.
- (xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to Chit Fund, Nidhi /Mutual Benefit Fund/Societies are not applicable to this company.
- (xiv) The company is not dealing or trading in business of securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the company has not given any guarantees for loan taken by other from banks and financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans obtained in earlier years and continued to remain outstanding during the financial year under report are applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of financial statements of the company and after placing reliance on the reasonable assumption made by the company for the classification of long term and short term use of funds we are of the opinion that, prima-facie, long term funds have not been utilised for short term purposes and vice-versa.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained U/s.301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures since inception.
- (xx) The company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us no fraud on or by the company has been noticed or reported during the year under report.

**For SALARPURIA & PARTNERS**  
Chartered Accountants

Place : 1008, Chiranjiv Tower,  
43, Nehru Place, New Delhi-110 019  
Date : 04.09.2009

**(KAMAL KUMAR GUPTA)**  
Partner  
M. No. 89190

**BALANCE SHEET AS ON 31st MARCH, 2009**

	SCHEDULES	AS AT 31st March, 2009 (Rs.)	AS AT 31st March, 2008 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	A	51,163,000	51,163,000
Reserves and Surplus	B	23,759,500	23,759,500
		<u>74,922,500</u>	<u>74,922,500</u>
<b>LOAN FUNDS</b>			
Secured Loans	C	117,547,901	157,476,239
Unsecured Loans	D	39,225,301	10,954,584
		<u>156,773,202</u>	<u>168,430,823</u>
<b>DEFERRED TAX LIABILITIES</b>			
		<u>12,777,575</u>	<u>1,890,962</u>
		<u>244,473,277</u>	<u>245,244,285</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	E	277,521,782	271,642,523
Less Depreciation		153,305,206	143,330,021
Net Block		<u>124,216,576</u>	<u>128,312,502</u>
<b>INVESTMENTS</b>			
	F	—	—
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	G	52,869,891	43,978,694
Sundry Debtors	H	70,718,899	70,853,814
Cash and Bank Balances	I	4,026,027	2,993,261
Loans and Advances	J	25,938,474	11,560,333
Other Current Assets	K	6,904,207	6,904,207
		<u>160,457,498</u>	<u>136,290,309</u>
Less: Current Liabilities and Provisions	L	52,989,325	56,112,213
<b>NET CURRENT ASSETS</b>		<u>107,468,173</u>	<u>80,178,096</u>
<b>PROFIT AND LOSS ACCOUNT</b>		<u>12,788,528</u>	<u>36,753,687</u>
(Balance Dr. as per account annexed)		<u>244,473,277</u>	<u>245,244,285</u>
<b>Accounting Policies &amp; Notes on Account</b>			
The schedules referred here-in above form an integral part of Balance Sheet			

As per our report of even date attached

For **SALARPURIA & PARTNERS**  
Chartered Accountants(Kamal Kumar Gupta)  
Partner  
M. No.- 89190(S.S.DUA)  
Co.Secretary(L.K.BAGLA)  
Chairman(M.S.BAGLA)  
Mg. DirectorPlace : New Delhi  
Date : 04.09.2009

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009**

	SCHEDULES	YEAR ENDED 31st March, 2009 (Rs.)	YEAR ENDED 31st March, 2008 (Rs.)
<b>INCOME</b>			
Gross Sales (Refer Note No.4 in Schedule U)	M	530,259,705	470,732,533
Excise Duty		42,850,727	45,144,492
Net Sales		487,408,978	425,588,041
Other Income	N	413,000	22,011
Increase / (Decrease) in Stocks	O	2,026,526	(5,163,700)
		<u>489,848,504</u>	<u>420,446,352</u>
<b>EXPENDITURE</b>			
Materials Consumed & Manufacturing Expenses	P	366,185,338	317,905,749
Employees Remuneration and Benefits	Q	23,209,510	21,373,683
Administrative and Other Expenses	R	19,396,552	18,297,284
Sales and Distribution Expenses	S	14,566,627	14,860,606
		<u>423,358,027</u>	<u>372,437,322</u>
<b>OPERATING PROFIT</b>		<u>66,490,477</u>	<u>48,009,030</u>
Interest and Financial Overheads	T	18,089,703	17,512,627
Depreciation	E	13,056,052	16,359,847
		<u>31,145,755</u>	<u>33,872,474</u>
<b>PROFIT BEFORE TAXATION</b>		<u>35,344,722</u>	<u>14,136,556</u>
Extraordinary items - ( Refer Note.4)		5,433,412	22,378,593
Less : Fringe Benefit Tax		(640,000)	(616,412)
Less : Excess Provision w/off - FBT		18,088	—
Less : Provision for Wealth Tax		(35,000)	(4,000)
Less : Provision for Income Tax		(5,000,000)	(4,200,000)
Less : Income Tax for Earlier Years		(269,450)	—
Less : Adjustment for Deferred Tax		(10,886,613)	(5,769,704)
<b>PROFIT AFTER TAXATION</b>		<u>23,965,159</u>	<u>25,925,033</u>
Balance B/F From Previous Year		(36,753,687)	(62,678,720)
<b>Balance Carried to Balance Sheet</b>		<u>(12,788,528)</u>	<u>(36,753,687)</u>

Accounting Policies &amp; Notes on Account

U

The schedules referred here-in above form an integral part of Profit &amp; Loss Account

As per our report of even date attached

For **SALARPURIA & PARTNERS**

Chartered Accountants

(Kamal Kumar Gupta)

Partner

M. No.- 89190

Place : New Delhi

Date : 04.09.2009

(S.S.DUA)

Co.Secretary

(L.K.BAGLA)

Chairman

(M.S.BAGLA)

Mg. Director

**SCHEDULE FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2009 AND  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

PARTICULARS	AS AT 31st March, 2009 (Rs.)	AS AT 31st March, 2008 (Rs.)
<b><u>SCHEDULE 'A' - SHARE CAPITAL</u></b>		
<b>AUTHORISED</b>		
70,00,000 ( 70,00,000 ) Equity Share of Rs. 10/- each	<u>70,00,000</u>	<u>70,00,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
51,16,300 Equity share of Rs.10/- each (Out of Which: 1,029,000 Equity share of Rs.10/- each Fully paid up, issued as Bonus Share by Capitalisation of General Reserve)	<u>51,163,000</u>	<u>51,163,000</u>
	<u><u>51,163,000</u></u>	<u><u>51,163,000</u></u>
<b><u>SCHEDULE 'B' - RESERVES AND SURPLUS</u></b>		
Share Premium	21,259,500	21,259,500
Investment Allowance Utilization Reserve	<u>2,500,000</u>	<u>2,500,000</u>
	<u><u>23,759,500</u></u>	<u><u>23,759,500</u></u>

PARTICULARS	AS AT 31st March, 2009 (Rs.)	AS AT 31st March, 2008 (Rs.)
<b><u>SCHEDULE 'C' - SECURED LOANS</u></b>		
<b>Working Capital Term Loans from Banks</b>		
IDBI (United Western Bank Limited)	23,856,381	30,399,211
Allahabad Bank	15,156,835	18,569,258
Bank of Baroda	—	20,172,806
	<u>39,013,216</u>	<u>69,141,275</u>
<b>Cash Credits from Banks</b>		
Allahabad Bank	18,811,612	14,670,858
IDBI (United Western Bank Limited)	57,514,226	39,030,540
	<u>76,325,838</u>	<u>53,701,398</u>
<b>From a Body Corporate</b>		
Principal	—	33,336,000
	<u>—</u>	<u>33,336,000</u>
<b>Auto Loans</b>		
HDFC Bank Ltd.	626,363	925,405
ICICI Bank Ltd.	1,582,484	372,161
	<u>2,208,847</u>	<u>1,297,566</u>
<b>Grand Total</b>	<u>117,547,901</u>	<u>157,476,239</u>

**NOTES :**

- (1) Working Capital Term Loans and Cash Credit Loans are secured against hypothecation of entire stocks of Raw Materials, Work in Progress, Finished Goods, Stores & Spares, Book-Debts & First Charge on Fixed Assets of the Company and is further guaranteed by the Directors and Member of Bagla Family.
- (2) Loans from a body corporate M/s. Rani Sati Enterprises Private Limited (RSPL) was secured by way of first charge on entire fixed assets of the Company last year, the said charge has been, vacated during the year, charge vacated during the year.
- (3) Auto Loans are secured by way of hypothecation of vehicles financed by the Banks.

**SCHEDULE 'D' - UNSECURED LOAN**

From Bodies Corporate	28,776,000	2,859,271
From Others (Including Deferred Credit)	1,953,705	6,263,567
From Directors	8,495,596	1,831,746
	<u>39,225,301</u>	<u>10,954,584</u>

**SCHEDULE - E : FIXED ASSETS**

(Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31.03.2008	Addition	Deletions	As on 31.03.2009	As on 31.03.2008	For the Year	Adjustment on sale of assets	Up to 31.03.2009	As on 31.3.2009	As on 31.3.2008
LAND (FREE HOLD)	2,664,804	—	—	2,664,804	—	—	—	—	2,664,804	2,664,804
BUILDING	28,137,380	—	—	28,137,380	12,558,744	939,788	—	13,498,532	14,638,848	15,578,636
PLANT & MACHINERY	217,513,434	4,565,503	—	222,078,937	119,878,731	10,765,921	—	130,644,652	91,434,285	97,634,703
ELECTRIC INSTALLATION	9,042,314	1,563,407	—	10,605,721	2,873,935	457,308	—	3,331,243	7,274,478	6,168,379
FURNITURE & FIXTURE	1,481,474	361,057	—	1,842,531	1,184,036	101,998	—	1,286,034	556,497	297,438
AIR CONDITIONER	1,693,995	—	—	1,693,995	385,244	80,465	—	465,709	1,228,286	1,308,751
OFFICE EQUIPMENT	805,431	42,302	—	847,733	392,946	39,632	—	432,578	415,155	412,485
VEHICLES										
CAR'S	5,190,118	2,517,224	222,740	7,484,602	2,000,187	449,999	58,503	2,391,683	5,092,919	3,189,931
DELIVERY TRUCKS	899,067	—	—	899,067	583,487	64,361	—	647,848	251,219	315,580
SCOOTERS	139,887	—	—	139,887	100,331	10,208	—	110,539	29,348	39,556
CYCLE'S	54,090	—	—	54,090	26,769	3,824	—	30,593	23,497	27,321
COMPUTERS	4,020,529	135,156	3,082,650	1,073,035	3,345,611	142,548	3,022,364	465,795	607,240	674,918
<b>TOTAL</b>	271,642,523	9,184,649	3,305,390	277,521,782	143,330,021	13,056,052	3,080,867	153,305,206	124,216,576	128,312,502
	(343,447,680)	(11,563,150)	(83,368,307)	(271,642,523)	(180,525,543)	(16,359,847)	(53,555,369)	(143,330,021)	(128,312,502)	(162,922,137)

HINDUSTAN ADHESIVES LIMITED



PARTICULARS	AS AT 31st March, 2009 (Rs.)	AS AT 31st March, 2008 (Rs.)
<b><u>SCHEDULE 'F' - INVESTMENTS</u></b>		
(Long Term - Trade)		
<b>Unquoted</b>		
10,000 (10,000) Equity share of Rs 10/-each		
Fully Paid up of Benares State Bank Limited	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Less : Provision for diminution in value	100,000	100,000
	<u>—</u>	<u>—</u>
	<u><u>—</u></u>	<u><u>—</u></u>
<b><u>SCHEDULE 'G' - INVENTORIES</u></b>		
(As taken, valued and certified by the management)		
Raw Materials	21,635,109	15,511,968
Finished Goods	12,071,360	11,184,685
Work in Progress	11,630,948	10,647,445
Stores, Spares, Fuel and Packing Materials	7,376,126	6,634,595
Material in Transit (Finish goods)	156,348	—
	<u>52,869,891</u>	<u>43,978,694</u>
	<u><u>52,869,891</u></u>	<u><u>43,978,694</u></u>
<b><u>SCHEDULE 'H' - SUNDRY DEBTORS</u></b>		
(Unsecured, considered good)		
Debts Due Over Six month	8,664,508	4,984,322
Other Debts	62,054,391	65,869,492
	<u>70,718,899</u>	<u>70,853,814</u>
	<u><u>70,718,899</u></u>	<u><u>70,853,814</u></u>
<b><u>SCHEDULE 'I' - CASH AND BANK BALANCES</u></b>		
Cash in Hand	510,549	230,636
(As per books and certified)		
Cheques/ Drafts in Hand	—	25,000
<b>Balances with Scheduled Banks in:</b>		
Current Accounts	2,901,891	1,519,625
Fixed Deposit Accounts	613,587	1,218,000
(Pledged Against Margin money)		
	<u>4,026,027</u>	<u>2,993,261</u>
	<u><u>4,026,027</u></u>	<u><u>2,993,261</u></u>

PARTICULARS	AS AT	AS AT
	31st March, 2009 (Rs.)	31st March, 2008 (Rs.)
<b><u>SCHEDULE 'J' - LOANS AND ADVANCES</u></b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	11,367,381	2,864,595
Interest Accrued but not due on fixed deposits	22,881	67,544
Balances with Excise Department	1,137,641	1,296,755
Income Tax Payments & Income Tax Deducted at Source	9,948,140	4,623,712
Security Deposits	3,462,431	2,707,727
	<u>25,938,474</u>	<u>11,560,333</u>
<b><u>SCHEDULE 'K' - OTHER CURRENT ASSETS</u></b>		
Discarded Fixed Assets held for Sales	6,904,207	6,904,207
	<u>6,904,207</u>	<u>6,904,207</u>
<b><u>SCHEDULE 'L' - CURRENT LIABILITIES AND PROVISIONS</u></b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note No.8 & 9 in Schedule U)	34,517,104	44,443,522
Due to Customers	1,550,722	783,161
Other Liabilities	3,148,861	3,734,975
	<u>39,216,687</u>	<u>48,961,658</u>
<b>PROVISIONS</b>		
For Gratuity	3,597,357	2,672,775
For Leave Encashment	300,281	247,368
For Fringe Benefit Tax	640,000	26,412
For Wealth Tax	35,000	4,000
For Income Tax	9,200,000	4,200,000
	<u>13,772,638</u>	<u>7,150,555</u>
	<u>52,989,325</u>	<u>56,112,213</u>



PARTICULARS	YEAR ENDED 31st March, 2009 (Rs.)	YEAR ENDED 31st March, 2008 (Rs.)
<b><u>SCHEDULE 'M' - SALES</u></b>		
[Sales including Interdivisional Transfer (Net of Returns)]		
Domestic Sales	471,905,827	405,798,797
Trading Goods	—	436,800
Service Charges	—	4,813
Export Sales	53,828,169	63,113,778
	<u>525,733,996</u>	<u>469,354,188</u>
Scrap Sales	1,781,506	2,186,457
Foreign Exchange Fluctuation for Sales	2,744,203	(808,112)
	<u>530,259,705</u>	<u>470,732,533</u>
<b><u>SCHEDULE 'N' - OTHER INCOME</u></b>		
Claims Received	1,642	2,600
Miscellaneous Receipts	126,343	19,411
Sundry Balances Written back (Net)	285,015	—
	<u>413,000</u>	<u>22,011</u>
<b><u>SCHEDULE 'O' - INCREASE / (DECREASE) IN STOCKS</u></b>		
<b>Opening Stocks:</b>		
Work in Progress	10,647,445	16,600,033
Finished Goods	11,184,685	10,395,797
	<u>21,832,130</u>	<u>26,995,830</u>
<b>Closing Stocks:</b>		
Work in Progress	11,630,948	10,647,445
Finished Goods	12,071,360	11,184,685
Material in Transit	156,348	—
	<u>23,858,656</u>	<u>21,832,130</u>
<b>INCREASE / (DECREASE) IN STOCKS</b>	<u>2,026,526</u>	<u>(5,163,700)</u>

PARTICULARS	YEAR ENDED	YEAR ENDED
	31st March, 2009 (Rs.)	31st March, 2008 (Rs.)

**SCHEDULE 'P' - MATERIALS CONSUMED & MANUFACTURING EXPENSES****Raw Materials Consumed**

Opening Stocks	15,511,968	18,380,733
Add: Purchases	313,702,769	262,437,483
	<u>329,214,737</u>	<u>280,818,216</u>
Less: Closing Stocks	21,635,109	15,511,968
	<u>307,579,628</u>	<u>265,306,248</u>
Cost of Trading Goods	—	308,389
Foreign Exchange Fluctuation for Purchases	1,588,628	(833,678)
Power & Fuel Consumed	29,054,490	27,711,228
Store, Spares & Tools Consumed	6,280,109	5,253,781
Packing Material Expenses	15,257,431	14,692,540
Carriage Inward	140,882	137,031
<b>Repairs and Maintenance:</b>		
Building and Shed	921,330	1,639,689
Plant and Machinery	4,523,928	3,013,262
Others	838,912	677,259
<b>Total</b>	<u><u>366,185,338</u></u>	<u><u>317,905,749</u></u>

**SCHEDULE 'Q' - EMPLOYEE'S REMUNERATION AND BENEFITS**

Salaries, Wages and other Allowances	18,160,762	16,967,637
Contribution to Provident and other Allied Funds	1,532,230	1,411,370
Staff Welfare and Benefits	2,414,193	1,984,361
Gratuity	965,137	861,744
Leave Encashment	137,188	148,571
	<u><u>23,209,510</u></u>	<u><u>21,373,683</u></u>

**SCHEDULE 'R' - ADMINISTRATIVE AND OTHER OVERHEADS**

Rent, Rates and Taxes	869,109	460,844
Printing and Stationery	568,874	474,597
Traveling and Conveyance	5,375,951	3,867,147
Vehicle Running Maintenance	926,964	1,551,055
Postage & Telephone charges	1,805,162	1,897,589
Electricity and Water Overheads	345,372	388,636
Data processing Expenses	260,251	327,204

PARTICULARS	YEAR ENDED	
	31st March, 2009 (Rs.)	31st March, 2008 (Rs.)
<b>SCHEDULE 'R' - ADMINISTRATIVE AND OTHER OVERHEADS (CONTN.....)</b>		
Legal and Professional Charges	1,597,837	1,289,376
Director's Remuneration	3,283,596	2,496,819
Advertisement Expenses	42,178	26,670
Auditor's Remuneration :		
For Audit Fees	35,000	35,000
For Tax Audit Fees	12,500	12,500
For Other Matters	18,850	14,340
	<u>66,350</u>	<u></u>
Fees & Subscription	302,946	812,887
Repairs and Maintenance (others)	355,971	318,252
Insurance Charges	402,774	235,128
General Expenses	3,136,584	3,551,659
Previous year adjustment (Net)	12,109	201,633
Sundry Balances Written off ( Net )	—	283,468
Loss on Sale of Fixed Assets sold / discarded ( Net )	44,524	52,480
	<u>19,396,552</u>	<u>18,297,284</u>
<b>SCHEDULE 'S' - SALES AND DISTRIBUTION OVERHEADS</b>		
Advertisement & Publicity	280,271	181,067
Freight and Carriage Outward	8,888,121	9,569,893
Discount, Rebates and Claims	3,470,802	3,870,378
Business Promotion Expenses	1,617,674	1,069,027
Turnover and Sales Tax	230,339	12,377
Exhibition & Conference Expenses	90,420	157,864
	<u>14,577,627</u>	<u>14,860,606</u>
<b>SCHEDULE 'T' - INTEREST AND FINANCIAL CHARGES</b>		
Interest to Banks	14,285,887	13,131,120
Interest to Financial Institutions	—	802,309
Interest to Others	1,691,928	1,544,074
Bank Commission and Charges	2,252,356	2,186,304
	<u>18,230,171</u>	<u>17,663,807</u>
Less: Interest Received on FDR's	140,468	151,180
	<u>18,089,703</u>	<u>17,512,627</u>

**SCHEDULE 'U' OF ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2009 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**
**A. SIGNIFICANT ACCOUNTING POLICIES**
**I. a) BASIS OF ACCOUNTING**

The financial statements are prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1956, and applicable Accounting Standards except otherwise stated.

**b) USE OF ESTIMATES**

The preparation of financial statements in under generally accepted accounting principal (GAAP) requires management to make estimates and assumptions that effect the reported statements of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses during the year. The actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**II. RECOGNITION OF INCOME AND EXPENDITURE**

- (a) All revenues costs, assets and liabilities are accounted for on accrual basis except excise duty payable on uncleared finished goods, which is accounted as and when they fall due by clearance of goods from factory.
- (b) Sales are inclusive of excise duty; interdivisional transfers and exchange gain/loss on export sales. Interdivisional transfers are recorded at estimated net realizable value. Export sales are accounted for on C&F basis.
- (c) Realization from Scrap of Adhesives Tape Division is accounted for on cash basis.
- (d) With a view to show the value of output (inclusive of captive consumption) of the Company as a whole, interdivisional transfers of BOPP Film consumed in manufacturing of Adhesive Tapes are reflected in the Profit & Loss Account at the value at which the transfer was affected in the accounts.

**III. INVENTORIES**

Raw Materials, stores and spares are valued at cost. Work-in-progress and finished goods are valued at lower of cost or net realizable value.

The basis of determining cost for various categories of Inventories are as follows:

Stores & Spares, Raw Material & Packing Materials	Weighted average Cost
Work-in-progress & Finished Goods	Material Cost plus appropriate Attributable Production overheads, Duties as Applicable
Scrap / Rejected Materials	At estimated realizable Value

**IV. INVESTMENTS**

Long Term Investments are stated at cost. Diminution of permanent nature in the value of investments has been provided for.

**V. FIXED ASSETS & DEPRECIATION**

Fixed assets are stated at cost less depreciation. Cost of acquisition or construction is inclusive of freight, duties and other incidental expenses, till the assets are put to use.

Depreciation has been provided on straight-line method at the rates and basis prescribed in schedule XIV to the Companies Act, 1956.

**VI. RESEARCH & DEVELOPMENT EXPENSES**

Research & Development expenses of revenue nature are charged to revenue when incurred. Expenditure of capital nature is capitalized and depreciation is charged thereon as per the company's policy.

**VII. FOREIGN CURRENCY TRANSACTIONS**

Foreign currency loans/deferred credit availed to acquire fixed assets are accounted for at the exchange rates prevailing on the dates of disbursement. Transactions in foreign currency are recorded at the exchange rate prevailing on the transaction date. The assets & liabilities outstanding at the close of the year are translated into Indian Currency at the exchange rate prevailing on the Balance Sheet date and/or forward cover rate.

The differences arising out of conversion of loans for fixed assets are adjusted in the value of respective fixed assets and in respect of other liabilities and assets the foreign exchange fluctuation is debited / credited to the Profit & Loss Account.

**VIII. EXCISE DUTY**

Liability for excise Duty in respect of finished goods and scrap not cleared from factory premises for sale is accounted for at the time of clearance from the factory premises. The policy has however, no impact on operating results and net current assets of the Company.

**IX. EXPENDITURE DURING CONSTRUCTION PERIOD**

All expenses including interest incurred up to the date of installation are capitalized together with the other direct costs.

**X. EMPLOYEE BENEFITS:****(i) Defined Contribution Plans**

The Group's Contributions to the Provident Fund and Superannuation Fund are charged to the profit and loss accounts

**(ii) Defined Benefit plan/ long term Compensated Absences:**

The Group's liability towards gratuity and compensated absences is determined on the basis of the year end actuarial valuation done by an independent actuary. The actuarial gains or losses determined by the actuary are recognized in the profit and loss account as income or expense.

**XI. CONTINGENT LIABILITIES**

Contingent Liabilities are disclosed by way of notes and are not recognized as an item of expense in the profit and loss account. Contingent gains are recognized. Provision are recognized as liability only when they can be measured by using a substantial of which is expected to result in as outflow of resources embodying economic benefits. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimated.

**XII. TAXES ON INCOME**

Tax expenses for the year comprises of current tax, deferred tax and fringe benefit tax.

- Current tax is determined on the amount of tax payable in respect of taxable income for the period using the applicable tax rates and tax laws in accordance with the provisions of Indian income Tax Act, 1961.
- Deferred tax is recognized, subject to consideration of prudence, on timing differences, being difference between taxable and accounting income / expenditure that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date.
- Fringe Benefit tax is provided in accordance with the provisions of Income Tax Act, 1961.

**XIII. IMPAIRMENT OF ASSETS**

Impairment of assets is assessed at Balance Sheet date and if any indicators of impairment exist, the same is assessed and provided for.

**B. NOTES ON ACCOUNTS**

- Contingent liabilities not provided for in respect of:
  - Bank Guarantees given by the company Rs 0.90 Lacs (Previous year Rs. 1.95).
  - Foreign Letter of Credit opened with IDBI Bank for import of raw material etc. worth Rs. 59.91 Lacs ( Previous year Nil )and procurement of raw material from domestic suppliers NIL (Previous year Rs. 98.82 Lacs).
  - Sales Tax demand pending appeals Rs. 30.70 Lacs (Previous year Rs. 25.28 Lacs).
  - Excise Duty demand pending appeals at High Court Rs 1.95 Lacs.(Previous year at Rs. 1.95 Lacs).
- The amount outstanding on loans of Benaras State Bank (Merged with Bank of Baroda) was settled and repaid in full as per negotiation with them during the previous financial year. As a result Rs. 54.33 Lacs being gain on settlement had been carried as extra ordinary item to Profit & Loss Account.

Extra ordinary item:

(i) Gain on one time settlement with SASF / BOB	Rs.54.33	Rs.451.31
(ii) Loss on Fixed Assets discarded	Nil	Rs.227.52
<b>Net</b>	<b>Rs.54.33</b>	<b>Rs.223.79</b>

3. In accordance with company's consistent practice, no provision has been made for excise duty aggregating Rs. 4.86 Lacs (Previous year Rs. 7.54 Lacs) on finished goods lying at the factory premises, which are accounted for on clearance thereof. However, this will neither effect the profit and loss account or not in current assets.
4. Sales of finished goods and raw material consumed include Rs.94,806,037 on account of interdivisional Transfer (Previous year Rs. 80,221,496).
5. Accrued benefits of duty free imports available to the Company in form of transferable advance import licences for completed export obligations amounting to Rs. 1.85 Lacs, which has been utilized/availed in subsequent financial year, have not been accounted for.
6. In the opinion of the Board and to the best of their knowledge and belief, the value on realization of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet. The debit/credit balances of parties are however, subject to confirmations and adjustments, if any. The management is hopeful of recovering the debit balances, which are outstanding since long.
7. Term loans due (Principal Amount) within one year are NIL (Previous year Rs. 123.00 Lacs).
8. Dues to Small Scale Industrial Undertaking could not be identified because necessary information from the suppliers are yet to be received, in absence of which amount outstanding as on Balance Sheet date and names of parties could not be given.
9. Additionally, the company is in the process of identifying Micro, Small and Medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Therefore, it is not possible for the company to ascertain whether payment to such enterprises has been done within 45 days from date of acceptance of supply of goods or services rendered by such enterprise and to make requisite disclosure.
10. Loans & Advances include due from officers Rs. NIL (Previous year Rs. 86,459) Maximum amount outstanding at any time during the year Rs. NIL (Previous year Rs. 86,459).
11. Amount paid to Directors as remuneration:

A. Managing Director	Full Time			
	2008-2009		2007-2008	
a) No. of Persons	One		(One)	
b) Salary & Allowances	27,30,000/-		(19,20,000)	
c) Perquisites	NIL		NIL	
B. Whole Time Director	Full Time		Part Time	
	One	(One)	NIL	(NIL)
a) No. of Persons	One	(One)	NIL	(NIL)
b) Salary & Allowances	5,53,594	(3,51,297)	NIL	(2,25,522)
c) Contribution to P.F & other funds & Perquisites	1,32,025	(80,691)	NIL	(1,10,444)

The above remuneration is subject to approval of member in the Annual General Meeting.

12. Earnings per share (EPS):	2008-2009	2007-2008
Profit/(Loss) after Tax (Rs. in Lacs)	239.65	259.25
Average number of Equity Shares (Face Value of Rs.10/-)	51,16,300	51,16,300
Basic and Diluted EPS (in Rupees per Share)	4.68	5.07

## 13. Deferred Tax Assets/Liabilities has been created on following:

Sl.No.	Particulars	2008-09	For the year	2007-08
1	Depreciation	(2,35,29,904)	10,22,432	(2,45,52,336)
2	On Provision for Gratuity	12,22,742	3,14,226	9,08,476
3	Unabsorbed Losses	91,28,435	(1,22,71,221)	2,13,99,646
4	On Adjustments of Sec. 43B	4,01,160	47,910	3,53,250
	Net Deferred Tax Assets (Liabilities )	(1,27,77,575)	(1,08,86,613)	(18,90,962)

## 14. Details of Employee Benefits as required by the Accounting Standard -15 "Employee Benefits" are as follows:

## 1. Defined contribution Plans

The Group has recognized the following amounts in the profit and loss account:

— Contribution to Provident Fund and Family Pension Fund 10, 52,368

## 2. Defined Benefit Plan (Funded)

## (a) A General description of the employees Benefit Plan:

The Company has obligation towards gratuity, a funded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

## (b) Details of defined benefit plan as per Actuarial Valuation are as follows:

Particulars	Amounts
<b>I Components of employer expenses</b>	
1 Current Service Cost	3,25,082
2 Interest Cost	1,86,582
3 Actuarial Losses/(Gains)	4,53,473
4 Total Expenses recognized in the P & L A/c	9,65,137
<b>II Net Asset/( Liability) recognized in the Balance sheet</b>	
1 Present Value of Defined Benefit Obligation	3,59,357
2 Net Asset / (Liability ) recognized in the Balance Sheet	3,59,357
<b>III Charge in Defined Benefit Obligation during the year.</b>	
1 Present value of defined Benefit obligation as at the beginning of year	26,72,775
2 Current Service Cost	3,25,082
3 Interest Cost	1,86,582
4 Actuarial Losses(Gains)	4,53,473
5 Benefits paid	(40,555)
6 Present value of Defined Benefit obligation as the end of the year	35,97,357
<b>IV Actuarial Assumptions</b>	
1 Discount Rate	7%
2 Salary escalation Rate	5%
V the assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factor.	

15. There are no separately reportable segments in terms of Accounting Standard AS-17.
16. Related Party Disclosure as per Accounting Standard AS-18 (As certified by the Management) is as follows:

**A). List of Related Parties**

- 1. Where Control Exist:**  
Alora Trading Co. Ltd.  
Umesh Commercial Co. Ltd.  
Alok Builders Pvt. Ltd.  
Hindustan Foils Ltd.  
Agarwal Tracom Pvt. Ltd.  
Rani Sati Enterprises Pvt. Ltd.
- 2. Key Management Personal:**  
Mr. Madhu Sudan Bagla – Mg. Director
- 3. Relative of Key Management Personnel**  
(With whom transactions taken place during the year)  
Mrs. Anju Bagla  
Mr. Nakul Bagla  
Ms. Sidhika Bagla  
Mr. Dhruv Bagla (U/G M.S. Bagla)
- 4. Others**  
Shree Shree Ishwar Satya Narayanji & Other trust  
Mr. K.C. Dwivedi - Executive Director

**B). Transactions with Related Parties:**

Type of Related Party	Nature of Transaction	Volume of Transactions		Amount Payable / (Recoverable)	
		2008-09	2007-08	2008-09	2007-08
Where Control Exists	Loans & Advances Received	40,00,000/-	54,90,091/-	2,87,76,000/-*	2,99,835/-
	Loans & Advances Given	69,460/-	NIL	NIL	NIL
	Rent Paid	1,56,000/-	1,08,000/-	—	—
Key Management Personal	Managing Director's Remuneration	27,30,000/-	19,20,000/-	NIL	39,500/-
	Loans & Advances Received	97,70,000/-	26,00,000/-	79,45,596/-	18,31,746/-
	Interest Paid	4,59,698/-	4,39,182/-	NIL	NIL
	Hire Charges	2,50,000/-	3,00,000/-	NIL	NIL
Relative of Key Management Personal	Rent Paid	NIL	NIL	NIL	NIL
	Professional chares	2,40,000/-	2,40,000/-	NIL	NIL
	Car Purchase	NIL	10,00,000/-	NIL	NIL
	Loan Received	79,75,000/-	NIL	NIL	NIL
Others	Director's Remuneration	5,53,594/-	7,26,819/-	NIL	29,100/-
	Loans & Advances Received	NIL	NIL	NIL	NIL
	Rent Paid	24,000/-	24,000/-	NIL	NIL

\* The amount is outstanding from last year from Rani Sati Enterprises Pvt. Ltd. Which was not a related party earlier.



## 17 A. CAPACITY AND PRODUCTION

Class of Goods	Unit	Installed Capacity* (Per Annum)	Production
SELF ADHESIVE TAPES	SQM	62,000,000 (62,000,000)	39,284,862 (38,976,745)
BOPP FILM	MT	1,750 (1,750)	989.69 (926.57)

\* Installed Capacity not verified by Auditor being a technical matter.

## B. STOCK AND TURNOVER

Class of Goods	Unit	Opening Stock		Closing Stock		Turnover	
		(Qty)	Value (Rs.)	(Qty)	Value (Rs.)	(Qty)	Value (Rs.)
FINISHED GOODS							
SELF ADHESIVE TAPES	SQM	1,164,658 (1,002,169)	9,078,548 (8,271,045)	10,043,888 (1,164,658)	8,191,264 (9,278,548)	39,403,782 (38,814,256)	427,961,413 (386,726,621)
BOPP FILM	MT	20.06 (25.81)	1,906,137 (2,124,752)	45.38 (20.06)	3,956,978 (1,906,137)	968.06 (932.32)	97,772,583 (82,627,568)
			10,984,685 (10,395,797)		12,148,242 (11,184,685)		525,733,996 (469,354,189)

## C. WORK IN PROGRESS

		CURRENT YEAR		PREVIOUS YEAR	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
OPENING STOCK					
SELF ADHESIVES TAPES	SQM	1,174,244	10,244,581	1,482,287	16,204,115
BOPP FILM	MT	5.84	402,864	7.63	395,918
			10,647,445		16,600,033
CLOSING STOCK					
SELF ADHESIVES TAPES		1,386,239	11,394,644	1,174,244	10,244,581
BOPP FILM		9.78	236,304	5.84	402,864
			11,630,948		10,647,445

## D. RAW MATERIAL CONSUMED

		CURRENT YEAR		PREVIOUS YEAR	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
Bopp & other films	KGS	#1,044,546	110,474,770	1,025,465	95,980,619
Polypropylene Granules	MT	1,014,820	73,096,231	954,323	64,051,335
Adhesives & Chemicals	KGS/LITERS	1,884,330	123,711,497	1,832,336	105,235,243
Paper	Kgs.	1,105	297,130	344	39,049
			307,579,628		265,306,246

# Including Interdivisional Transfer 945.93 MT equivalent to 40654435 SQM (Previous year 910.64 MT equivalent to 39481741 SQM) valuing Rs. 948.06Lacs (Previous Year Rs.802.21 Lacs).

**E VALUE OF IMPORTED RAW MATERIALS AND STORE & SPARE PARTS CONSUMED**

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	(%)	Value (Rs.)	(%)	Value (Rs.)
RAW MATERIALS				
Imported	9.49	29,202,729	10.86	28,823,166
Indigenous	90.51	278,376,899	89.14	236,483,080
	<b>100.00</b>	<b>307,579,628</b>	<b>100.00</b>	<b>265,306,246</b>
STORE & SPARES & LOOSE TOOLS				
Imported	5.23	254,003	8.75	335,577
Indigenous	94.77	4,600,451	91.25	3,497,618
	<b>100.00</b>	<b>4,854,454</b>	<b>100.00</b>	<b>3,833,195</b>

**F CIF VALUE OF IMPORTS**

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	(%)	Value (Rs.)	(%)	Value (Rs.)
Raw Materials		31,014,053		24,479,594
Capital Goods		1,036,800		3,822,041

**G EXPENDITURE IN FOREIGN CURRENCY**

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	(%)	Value (Rs.)	(%)	Value (Rs.)
Traveling Expenses		1,011,279		598,066
Exhibition, Meeting & Conference		-		50,817
Others (Donation, Commission & Bank Charges)		814,767		333,396

**H EARNING IN FOREIGN CURRENCY**

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	(%)	Value (Rs.)	(%)	Value (Rs.)
FOB Value of Exports		52,763,554		60,689,085

**I TRADING ITEMS**

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	(%)	Value (Rs.)	(%)	Value (Rs.)
Opening	—		—	
Purchases	—	—	30.00	308,389.00
Total	—		30.00	
Sales	—	—	30.00	436,800.00
Closing Balance	—		—	

**19. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

	Current Year Value (Rs.)	Previous year Value (Rs.)
<b>A. REGISTRATION DETAILS</b>		
Registration No.	55-31191	55-31191
State Code	55	55
Date of Balance Sheet	31-03-2009	31-03-2008
<b>B. CAPITAL RAISED DURING THE YEAR</b>		
Public Issue	—	—
Right Issue	—	—
Bonus Issue	—	—
Private Placement	—	—
<b>C. POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS</b>		(Rs. in Thousands)
Total Liabilities	244,473	245,244
Assets	244,473	245,244
<b>SOURCES OF FUNDS</b>		
Paid up Capital	51,163	51,163
Reserves And Surplus	23,760	23,760
Secured Loans	117,548	157,476
Unsecured Loans	39,225	10,955
<b>APPLICATION OF FUNDS</b>		
Net Fixed Assets	124,217	128,313
Investments	—	—
Net Current Assets	107,468	80,178
Deferred Tax Assets	(12,778)	(1,891)
Accumulated Losses	12,789	36,754
<b>D. PERFORMANCE OF COMPANY</b>		
Turnover (including Interdivisional Transfer)	487,409	425,588
Other Income	2,440	(5,142)
Total Income	489,849	420,445
Total Expenditure	454,504	406,310
Profit Before Tax	35,345	14,135
Profit after Tax	23,965	25,925
Earning per share (In Rs)	4.68	5.07
Dividend Rate(%)	NIL	NIL
<b>E. Generic Names of three Principal Products/Services of Company (As per Monetary Terms)</b>		
<b>Product</b>	<b>Items Code</b>	<b>Items Code</b>
Self Adhesives Tapes	3919 10 00	3919 10 00
BOPP Film	3920 20 20	3920 20 20

Signature to schedule A to U as per our report of even date attached

For **SALARPURIA & PARTNERS**

Chartered Accountants

(Kamal Kumar Gupta)

Partner

M. No.- 89190

(S.S.DUA)

Co.Secretary

(L.K.BAGLA)

Chairman

(M.S.BAGLA)

Mg. Director

Place : New Delhi

Date : 04.09.2009

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Current Year (Rs.)	Previous Year (Rs.)
<b>A. Cash Flow From Operating Activities</b>		
Net Profit / (Loss) As per Profit & loss Account	35,344,722	14,136,556
<b>Adjustment For:</b>		
Depreciation	13,056,052	16,359,847
Loss on Sales of Fixed Assets Sold / discarded ( Net )	44,524	52,480
Interest Paid /Received Net	18,089,703	17,512,627
Provision for Gratuity & Leave	977,495	445,926
<b>Operating Profit Before Working Capital Change</b>	<b>67,512,496</b>	<b>48,507,436</b>
<b>Adjustment For:</b>		
Trade & Other Receivables	(8,918,799)	(12,941,939)
Inventories	(8,891,197)	6,893,777
Trade Payable	(9,744,971)	(126,828)
<b>Cash Generated by Operating Activities</b>	<b>39,957,529</b>	<b>42,332,446</b>
Less : Income Tax Payments	(4,908,878)	(3,673,540)
<b>Less : Payment Fringe benefit Tax / Wealth Tax</b>	<b>(697,324)</b>	<b>(590,000)</b>
<b>Net Cash Generated by Operating Activities</b>	<b>34,351,327</b>	<b>38,068,906</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchases of Fixed Assets	(9,184,649)	(10,248,305)
Sales of Fixed Assets	179,999	29,760,458
<b>Net Cash Flow from investment activities</b>	<b>(9,004,650)</b>	<b>19,512,153</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds /(Repayment ) from Secured Loans	(34,494,926)	(30,377,060)
Proceeds /(Repayment ) from Unsecured Loans	28,270,717	(12,347,828)
Interest	(18,089,703)	(17,512,627)
<b>Net cash used in Financing Activities</b>	<b>(24,313,912)</b>	<b>(60,237,515)</b>
<b>NET INCREASE /( DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>1,032,766</b>	<b>(2,656,456)</b>
<b>Cash &amp; Cash equivalents opening Balance</b>	<b>2,993,261</b>	<b>5,649,716</b>
<b>Cash &amp; Cash equivalents Closing Balance</b>	<b>4,026,027</b>	<b>2,993,261</b>

For **SALARPURIA & PARTNERS**

Chartered Accountants

**(Kamal Kumar Gupta)**

Partner

M. No.- 89190

**(S.S.DUA)**

Co.Secretary

**(L.K.BAGLA)**

Chairman

**(M.S.BAGLA)**

Mg. Director

Place : New Delhi

Date : 04.09.2009



# HINDUSTAN ADHESIVES LIMITED

340/2-A, G.T. Road, Shahdara, Delhi - 110 095

## 21ST ANNUAL GENERAL MEETING

### ATTENDANCE SLIP

DPID/Client/ID No. ....

Folio No. ....

No. of Shares held .....

I hereby record my presence at the 21st Annual General Meeting of the Company to be held on Tuesday 29th September, 2009 at 10.00 A.M. Ashok Avenue, Main Chattarpur Road, Asola Fatehpur Beri, New Delhi-110074 and my adjournment thereof.

#### ALL PARTICULARS SHOULD CONFIRM WITH THAT OF COMPANY'S RECORD

Member's Name (Sole Applicant) : .....  
(1st Joint Holder) : .....  
(2nd Joint Holder) : .....

Father's Name : .....

Complete Address : .....

Proxy's Name : .....

Clarify that I am registered shareholder / proxy for the registered shareholder of the company.

**Member's/Proxy's Signature**

#### Note :

1. Attendance slip which is not complete in all respect shall not be accepted.
2. Attendance slip shall be produced at the registration counter for verification.
3. The Registration counter will remain open between 9.00 A.M. to 10.00 A.M.
4. The members holding shares in Dematerialised (D Mat) Form are advised to bring with them their DPID and client ID Numbers.



# HINDUSTAN ADHESIVES LIMITED

340/2-A, G.T. Road, Shahdara, Delhi - 110 095

## PROXY FORM

(To be filled in by the shareholders)

I/We.....

of..... being a

member of Hindustan Adhesives Limited, hereby appoint Mr.....of

.....of failing him .....

as my/our proxy to attend and vote for me/us, on my/our behalf on the 21st Annual General Meeting, of the company to be held on Tuesday, 29th September, 2009 at 10.00 A.M. Ashok Avenue, Main Chattarpur Road, Asola Fatehpur Beri, New Delhi-110074 and at any adjournment thereof.

Signed this.....day of.....2009

**Signature of the Shareholders**

**Affix  
Re. 1/-  
Revenue  
Stamps**

**Note :** The proxy form duly completed may please be deposited at the Company's Registered Office at 340/2-A, G.T. Road, Shahdara, Delhi-110 095, not less than 48 hours before the time fixed for holding the Meeting.



## HINDUSTAN ADHESIVES LIMITED

Regd. Office: B-2/8, Safdarjung Enclave, New Delhi 110 029

Dear Shareholders,

### POSTAL BALLOT NOTICE

[Notice pursuant to Section 192A of the Companies Act, 1956]

Notice is hereby given that the Board of Directors of the Company on September 4, 2009 approved the following business for which the approval of shareholders is sought:

- Providing of Corporate Guaranty in respect of loans granted by any other person to M/s Rani Sati Enterprises Private Limited upto a sum of Rs. 15,00,00,000 (Rupees Fifteen Crore).

As per the Section 192A of the Companies Act, 1956 and Rules made there under approval of shareholders for the above business is required to be taken through Postal ballot.

Accordingly the proposed Draft Resolution and Explanatory Statement thereto are sent to you along with the postal Ballot Form for your consideration. Mr. Mukesh Kumar Agarwal, Practising Company Secretary has been appointed by the Board as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

As per the Provisions of the Companies Act, 1956, Special resolution shall be declared as passed in Postal Ballot if votes cast in favour exceed three times the votes cast against the resolution.

#### DRAFT RESOLUTION

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 Section 372A and 192A of the Companies Act, 1956 hereinafter referred to as 'the Act' read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001 along with any other rules, regulations, guidelines, circulars, notifications (including any statutory modification or re-enactment thereof for the time being in force as may be enacted from time to time) as may be applicable for the time being in force, and/or any other approvals, as may be required and subject to the consent of the members of the company, the consent of the Board of Directors of the company be and is hereby accorded to providing corporate guarantee in respect of loans granted to M/s Rani Sati Enterprises Private Limited upto a sum of Rs. 15,00,00,000 (Rupees Fifteen Crore) notwithstanding that the aggregate of the loans, investments so far made in or to be made in

and the guarantees so far given or to be given to all bodies corporate, exceeds the limit laid down by the Act.

RESOLVED FURTHER THAT Mr. M.S. Bagla, Managing Director of the Company be and is hereby authorised to take from time to time all decisions and steps necessary or expedient or proper in respect of the above guarantee including the amount and other terms and conditions of such transactions and also take all other decisions including varying of any of them through recall, renewal or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate, subject to the limits specified above."

By Order of Board of Directors

M.S. Bagla  
Managing Director

#### Notes:

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out material facts is annexed hereto.
2. Resolution passed by the members through Postal Ballot is deemed to have been passed at a General Meeting of the members.
3. You are requested to read the instructions carefully printed in the accompanying Postal Ballot Form and return the same along with Assent (FOR) or Dissent (AGAINST), in the attached self addressed postage pre-paid envelope so as to reach the Scrutinizer before the close of working hours (6.00 P.M.) on 6th October, 2009.
4. Please note that any postal ballots received after the said date will be treated as not having been received. No other form or photocopy thereof is permitted.
5. The Scrutinizer will submit his report to the Board of Directors of your company after completion of the scrutiny. Results of the Postal Ballot will be announced by the Chairman on 11th October, 2009 at 11.00 A.M. at the Registered Office of the Company.
6. Members of the Company who wish to present at the time of declaration of results, may be present at the above venue. The declaration by the Chairman as stated above shall be treated as declaration of

results by the Chairman at a meeting of the shareholders as per the provisions of the Companies (Passing of Resolution by Postal Ballot) Rules, 2001. After the declaration of result of the postal ballot the same shall be displayed at the

**EXPLANATORY STATEMENT SETTING OUT MATERIAL FACTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

Name & Registered Office of the Company	Investments /Guarantee as on date	Maximum Amount of Guarantee (Rs Crore)	Purpose of giving Guarantee	Source of Funds	Nature of concern /interest of Directors
Rani Sati Enterprises Private Limited	NIL	Rs. 15 Crore	To enable the company to raise loans for its regular operation and for its growth and expansion	Not Applicable	Mr. Madhusudan Bagla and Mr. Lalit Kumar Bagla Directors of the Company may be deemed to be interested in the resolution.  None of the other Directors are interested

Your Board recommends passing of the above resolution.

By Order of the Board of Directors

**M.S.Bagla.**  
Managing Director

Enclosures: 1. Postal Ballot Form  
2. Self Addressed Postage Prepaid Envelop.

**BOOK POST**

**If Undelivered please return to :**

**HINDUSTAN ADHESIVES LIMITED**

340/2-A, G.T. Road, Shahdara,  
Delhi - 110 095