



The **BAGLA** Group

# 25th Annual Report 2012-2013



**HINDUSTAN ADHESIVES LIMITED**

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

## 2012 - 2013

### BOARD OF DIRECTORS:

Mr. L. K. Bagla  
Mr. M. S. Bagla  
Mr. D. P. Gupta  
Mr. K. C. Gupta  
Mr. Pawan Sharma  
Mr. Suresh Sridhar Ajila  
Mrs. Urmila Goenka

### COMPANY SECRETARY:

Mr. S. S. Dua

### AUDITORS:

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

### BANKERS:

IDBI Bank, Indian Red Cross Society Building  
1 Red Cross Road, New Delhi - 110001  
Allahabad Bank, International Branch,  
17, Parliament Street, New Delhi - 110 001

### SHARE TRANSFER & DEMAT AGENT:

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

### REGISTERED OFFICE:

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

### FACTORY:

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

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

### SHARES LISTED AT:

Delhi, Mumbai, Kolkata  
Stock Exchanges

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## **NOTICE**

Notice is hereby given that the 25th Annual General Meeting of the members of Hindustan Adhesives Limited will be held on Monday, the 30th September, 2013 at 10.00 A.M at Ashok Avenue, Main Chattarpur Road, Asola Fatehpur Beri, New Delhi-110074 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at March 31, 2013 and the Profit & Loss Account for the year ended on that date together with Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Dev Prakash Gupta, who retire by rotation and being eligible offers themselves for re-appointment.
3. To appoint a Director in place of Mr. Lalit Kumar Bagla, who retire by rotation and being eligible offers themselves for re-appointment.
4. To appoint the statutory auditors and to fix their remuneration.

### **SPECIAL BUSINESS**

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

“**RESOLVED THAT** subject to the approval of Shareholders and pursuant to the provisions of the Section 198, 269, 309, 310 and Schedule XIII of the Companies Act,1956 and subject to the approval of Shareholders at the ensuing Annual General Meeting of the Company and approval of Financial Institution and other statutory Authority as may required Mr. M.S.Bagla, Managing Director of the Company be and is hereby re-appointed for a period of three year w.e.f. 01.04.2013 on following terms and conditions

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

The Managing Director shall be entitled to have reimbursement of car expenses. Further, that the company will arrange to deposit the Margin Money, if required to obtain finance for the vehicle for the use of Managing Director.

The Margin Money as aforesaid shall be adjusted / recovered from the director after the full and final settlement of the vehicle loan taken by the director.

“**RESOLVED FURTHER THAT** in the absence or inadequacy of profits in any financial year, remuneration payable to the Managing Director shall be governed by Section II of part II of schedule XIII to the Companies Act,1956 as in force from time to time.”

“**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to alter and vary the aforesaid terms as to the remuneration (including perquisites) within the ceiling Limits in that behalf laid down in Schedule XIII to the Companies Act, 1956 as in force from time to time.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be deemed necessary or desirable or to settle any question or difficulty that may arise in such manner as it may deem fit.”

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

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

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

Place : Delhi  
Date : 04.09.2013

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

#### **NOTES**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE ANNUAL GENERAL MEETING.**
2. Members/proxy should bring the attendance slip duly filled in for attending the meeting and hand over the same at the entrance of the Meeting Hall. The members who hold shares in dematerialized form are requested to bring their Client Master List/ Depository Participant Statement/ Delivery Instruction Slip, reflecting their Client ID and DP ID Nos. for easier identification of attendance at the meeting.
3. The registers of members and shares transfer books of the company will remain closed from 26.09.2013 to 30.09.2013 (all inclusive).
4. The Explanatory Statement pursuant to section 173(2) of The Companies Act, 1956 is annexed and forms part of this Notice.
5. Members are requested to bring their copy of Annual Report at the meeting.
6. Members seeking any further information about the accounts are requested to write to the company at least 10 days before the date of Annual General Meeting so as to enable the Management to keep the information ready at the meeting.
7. Copies of relevant Director's Report, Auditor's Report, Balance Sheet and Profit & Loss Account of the Company are enclosed herewith.  
  
Shareholders are requested to address all communications regarding transfer/transmission of share, change of Address etc. to Link Intime India Pvt. Ltd., 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase - I, PVR Naraina, New Delhi -110028
8. Members are requested to quote their Folio number in all their correspondence with the Company Share transfer agent.
9. **As per Draft Circular No- F. no. 17/218/2011 CL. V, Government of India, Ministry of Corporate Affairs, no gifts will be provided to the shareholders during the Annual General Meeting of the Company.**

10. In case of joint holders attending the meeting, only such joint holder whose name appears at the top in the hierarchy of names shall be entitled to vote.
11. Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
12. For security reasons, no article/baggage will be allowed at the venue of the meeting. The members/attendees are strictly requested not to bring any article/baggage etc. at the venue of the meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 5**

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

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

**ITEM NO. 6**

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

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

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

Place : Delhi  
Date : 04.09.2013

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

**RE-APPOINTMENT OF DIRECTORS**

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

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

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

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

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

4. Export Performance and Net foreign Exchange collaboration- Company has no foreign collaboration however the foreign exchange earning and outgo during F.Y. 2012-2013 is as hereunder
 

Foreign Currency Earnings	– Rs 883.58 Lacs
Foreign Currency Expenditure	– Rs 37.68 Lacs
5. Foreign Investment or collaboration- Company has no Foreign Collaboration.

**(II) INFORMATION OF THE APPOINTEE**

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

**(III) OTHER INFORMATION**

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

**(IV) DISCLOSURE**

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

**INSPECTION**

**Copy of the Memorandum and Articles of Association of the Company together with the proposed alteration shall be open for inspection of Shareholders at the Company's Registered Office on any working day up to and inclusive of the date of Annual General Meeting between 10.00 A. M. to 1.00 P.M.**

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

Place : Delhi  
Date : 04.09.2013

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



## DIRECTOR'S REPORT

Dear Members,

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

### I. FINANCIAL RESULTS

Key Financial figures are as follows:

*(Amount in lakhs)*

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

### II DIVIDEND

Yours directors regret to inform you that on account of insufficient profit in the company no dividend is recommended for the year ended 31st March 2013.

### III OPERATIONS

During the year under review:

The Company continues to increase the sales of Carton Sealing Tapes and other Specialty Adhesive Coated products by providing the customers an excellent quality product backed by dedicated customer services. The Company continues to add value to the product and has focus towards using self adhesive tapes as both a security feature and as well as a product branding tool which have resulted in higher sales and as well better contribution to the profits of the company in the current year.

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

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

### IV CURRENT SCENARIO

The growing sales of Carton Sealing Tapes and the acceptance of the new products developed by the Company for the Indian market and as well growth in the FMCG sector in India for all manufactured products and services provides ample opportunity for the Company to utilize full capacities for production of Self Adhesive Tapes and be able to focus on building its Brand and Image as a quality supplier of Adhesive Coated Products in India.

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

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

## **V FINANCIAL RESULTS**

The total income of the Company has increased by about 14.30% despite the slowdown in the global economy, whereas the PAT has increased marginally by about 0.39%, due to the volatility in raw material prices during the year and the higher rates of interest charged by the lenders.

The Company is confident of further improving the performance in the Current financial year and is pleased to inform you that it is moving towards greater success and prosperity and would keep looking for new opportunities to expand the business in the packaging industry.

## **VI RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2A) of the Companies (Amendment) Act, 2000, the Director's confirm that:

- a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- b) Appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent has been made so as to give a true and fair view of the State of Affairs at the end of the Financial year and the profit of the Company for the Financial year ended March 31, 2012.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing the detecting fraud and other irregularities; and
- d) The annual accounts have been prepared on a going concern basis.

## **VII BOARD OF DIRECTORS**

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

## **VIII AUDITORS**

M/S Salarpuria & Partners, Chartered Accountants, the retiring auditors of the Company have shown their willingness to be re-appointed as statutory auditors from conclusion of this annual general meeting till the conclusion of next annual general meeting. They have furnished a certificate to the effect that the appointment, if made, will be in accordance with sub-section (1B) of section 224 of the Companies Act, 1956.

## **IX AUDITORS REPORT**

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

## **X COST AUDITOR**

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

## **XI AUDIT COMMITTEE**

Audit Committee of the Company is duly constituted.

## **XII SHAREHOLDERS GRIEVANCE COMMITTEE**

Shareholders Grievances Committee of the Company is duly constituted.

**XIII REMUNERATION COMMITTEE**

Remuneration Committee of the Company is duly constituted.

**XIV REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.**

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given at Annexure-I to this report.

**XV REPORT ON CORPORATE GOVERNANCE**

A detailed report on Corporate Governance is provided in the Annual Report.

**XVI MANAGEMENT DISCUSSION AND ANALYSIS**

A detailed Management Discussion and Analysis is provided in the Annual Report

**XVII 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 their under in this behalf.

**XVIII STATUTORY STATEMENTS**

There is no employee in the company drawing salary more than that prescribed under section 217(2A) of the Companies Act, 1956 read with The Companies (particulars of Employee) Rule, 1975.

Information as required under Section 217(1) (e) read with Companies Disclosure of Particulars in the Report of Board of Directors Rules 1988 is given in the Annexure forming part of this report.

**XIX LISTING**

The Shares of the Company are listed with Bombay, Delhi and Kolkata Stock Exchanges.

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

**XX 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.

**XXI ACKNOWLEDGEMENT**

The Board of Directors wish to thank their Bankers and various Government Departments for their support and co-operation extended to the company. The Directors deeply acknowledge the continued trust and confidence reposed by all the shareholders, investors, suppliers and customers of the company.

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

Place : Delhi

Date : 04.09.2013

**(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 31<sup>ST</sup> MARCH 2013.****A. CONSERVATION OF ENERGY**

The Company is extremely thankful to both the UP Government and Uttarakhand State electricity boards 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.

**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. With the available testing facilities the Company is also able to explore new raw materials for making the finished products and thus provide more options to the Company.

**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 utilize fully the additional available capacities of Polyolefin shrink films, Adhesive Tapes and BOPP film from both its manufacturing locations and hence leverage the market goodwill and reach of the company and provide the customers quality products.

The Company would 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

**Efforts made:**

Existing equipments were calibrated and latest testing equipments installed.

- a. 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.
- b. ISO-9001 and ISO-14001 systems were further strengthened and this has helped the Company to produce consistent quality product of International standards. The Company is looking to getting Accreditation to the BRC-IOP norms for meeting the requirements of its overseas customers.
- c. 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	522,610
<b>Total</b>	<b>522,610</b>

Total R&D expenditure is 0.07% of the total turnover.

**Technology absorption, adoption and innovation:****1. Efforts Made:**

- (a) Existing equipments were calibrated and new 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.

**2. Benefits derived:**

Company has been able to survive and grow despite global slow down and negative sentiments in the market by introducing some specialty products with higher value addition. 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**

	31.03.2013	31.03.2012
<b>Earnings:</b>		
Export value of FOB basis	<b>883.58</b>	664.16
<b>Expenditure:</b>		
Capital Goods (CIF)	<b>60.14</b>	823.70
Raw Material (CIF)	<b>1478.90</b>	834.45
Others	<b>37.68</b>	28.81

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

Place : Delhi  
Date : 04.09.2013

**(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 Seven Directors. The Composition of Board of Directors is as under:-

Executive Directors	3 Nos.
Non-Executive Directors	1 Nos.
Independent	3 Nos.
	7 Nos.

During the year 2012-13, the board met 8 (Eight) times (as against the minimum requirement of four meetings) on the following dates, namely:-

30th April 2012, 16th July 2012, 31st July 2012, 4th September 2012, 3rd October 2012, 22 October 2012, 31st October 2012, 31st January 2013.

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.	Mr. Lalit Kumar Bagla	Chairman (Non-Executive Director)	7	No
02.	Mr. M. S. Bagla	Managing Director (Executive-Director)	8	Yes
03.	Mr. Pawan Sharma	Director (Independent)	3	No
04.	Mr. K.C.Gupta	Director (Independent)	5	Yes
05.	Mr. Suresh Sridhar Ajila	Director-(Executive Director)	5	No
06.	Mrs. Urmila Goenka	Director-(Executive Director)	3	No
07	Mr. D.P. Gupta	Director (Independent)	8	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	Mr. Suresh Sridhar Ajila Executive Director	Mrs.Urmila Goenka Executive Director
Salary and Allowance	3,000,000/-	6,00,000/-	2,40,000
Contribution to Superannuation Fund (Rs.)	-	50,400/-	-
Bonus and performance linked Incentive & perquisites (Rs.)	1,54,255/-	1,53,600/-	-

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

Sl.No.	Name	Commission Payable (Rs.)	Sitting Fees	Shares held
1	Mr. L.K.Bagla	NIL	NIL	NIL
2	Mr. D.P.Gupta	NIL	NIL	NIL
3	Mr. Pawan Sharma	NIL	NIL	NIL
4	Mr. K.C.Gupta	NIL	5,000	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 2012-13, meetings of the Audit Committee were held 5 times i.e. on 30th April 2012, 31st July 2012, 4th September 2012, 31st October 2012 and 31st January 2013.

Name of Chairman/ Member	Meetings held	Meeting Attended
Mr. K.C.Gupta	5	5
Mr. D.P.Gupta	5	5
Mr. Pawan Sharma	5	Nil

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 2012-13, meetings of the Shareholder Grievance Committee were held 5 times i.e. 30th April 2012, 31st July 2012, 4th September 2012, 31st October 2012 and 31st January 2013.

Name of Chairman/Member	Meetings held	Meeting Attended
Mr. M.S.Bagla	5	5
Mr. Lalit Kumar Bagla	5	5

## 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 2012-13, no meeting of the Remuneration Committee was held.

## 6 GENERAL BODY MEETING

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

Financial year	Date	Time	Place
2009-2010	30.09.2010	10.00 A.M.	Prakash Place, 13, Wazirpur Press Area, Wazirpur, Delhi - 110 035
2010-2011	30.09.2011	11.30 A.M.	Prakash Place, 13, Wazirpur Press Area, Wazirpur, Delhi - 110 035
2011-2012	29.09.2012	10.00 A.M.	Prakash Place, 13, Wazirpur Press Area, Wazirpur, Delhi - 110 035

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

Financial year	Items
2009-2010	NONE
2010-2011	Resolution under section 314 of Companies Act,1956
2011-2012	Resolution under section 269 and Schedule XIII of Companies Act,1956

## 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. Postal Ballot :

During the financial year under review, no postal ballot was conducted by the company and no special resolution is proposed to be conducted through postal ballot by the Company.

## 9. GENERAL SHAREHOLDER INFORMATION

### 9.1 Annual General Meeting

Date and Time 30th Sept., 2013 at 10.00 A.M.  
Venue Ashok Avenue, Main Chattarpur Road, Asola Fatehpur beri, New Delhi-110074

### 9.2 Financial Calendar (2012-13)

Annual General Meeting  
For the next year ending 31st March 2013 Before 30th Sept., 2014

9.3 Book Closure date 26.09.13 to 30.09.13

9.4 Dividend Payment date not applicable

9.5 Listing of Equity Shares on Stock Exchange at DELHI, KOLKATA AND MUMBAI

9.6 Stock Code  
(i) ISIN Numbers Equity Shares INE 074 C01013

9.7 Registrar and Share Transfer Agent Link Intime India Pvt. Ltd.  
44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-I, PVR Naraina, New Delhi -110028



**9.8 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.

**9.9 Distribution of Share holding Pattern as on 31st March 2013.**

Category	No. of Shares	% of Shares
Promoter's Holding (including foreign Promoters if any)	2813729	59.29%
Non Promoter's Holding	2302571	40.71%
<b>TOTAL</b>	<b>5116300</b>	<b>100%</b>

**Distribution of Share holding as on 31st March 2013**

No of Equity Shares Held	No of Shareholder	% of Shareholder	Number of Shares	% of Shareholding
1-500	6569	96.2632	732231	14.3317
501-1000	129	1,8904	105083	2.0539
1001-2000	61	0.8939	94509	1.8472
2001-3000	12	0.1758	29202	0.5708
3001-4000	11	0.1612	38360	0.7498
4001-5000	8	0.1172	37767	0.7382
5001-10000	14	0.2052	104840	2.0491
10001 and above	20	0.2953	3974308	77.6793
<b>Total</b>	<b>6824</b>	<b>100.00</b>	<b>5116300</b>	<b>100.00</b>

- 9.10 Plant Location** :
- (i) 29th Mile Stone, G.T. Road, Village-Achheja, Tehsil-Dadri, Distt.-Gautambudh Nagar, U.P.
  - (ii) Plot No.15, KIE Industrial Estate, Opposite Uttam Sugar Mill, Village Mundiayaki, Pargana Manglour, Tehsil-Roorkee, Distt.-Haridwar-247667

**9.11 Address for Correspondence**

Share Transfer and Demat : Link Intime India Pvt. Ltd  
44 Community Centre, 2nd Floor,  
Naraina Industrial Area, Phase-I,  
PVR Naraina, 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, 2013 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**

Firm Registration No.-302113E

Chartered Accountants

**(Kamal Kumar Gupta)**

Partner

M. No. - 89190

**Place : New Delhi**

**Dated : 04.09.2013**

## **CEO/CFO CERTIFICATION**

Sh. MS Bagla Managing Director have certify to the Board that :

- a) They have reviewed the Financial Statements and Cash Flow Statement for the year ended 31st March, 2013 and to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable Laws and Regulations.
- b) They are to the best of their knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2013 are fraudulent, illegal or vocative of the Company's code of conduct.
- c) They accept responsibility for establishing and maintaining internal controls for financial reporting and they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which they are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - iii) They are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control systems over financial reporting.

**Place : New Delhi**

**Dated : 04.09.2013**

Managing Director

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HINDUSTAN ADHESIVES LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **HINDUSTAN ADHESIVES LIMITED** ("the company") which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. ("the act") This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Matter of Emphasis

Attention is drawn to the Note No. Y(B)(3) regarding the inclusions of inter unit transfer in sale and purchases.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
- (ii) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. 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;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and

- e. on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For SALARPURIA & PARTNERS**

Firm Registration No. 302113E

Chartered Accountants

**(KAMAL KUMAR GUPTA)**

Partner

M. No. 89190

Place : 1008, Chiranjiv Tower,  
43, Nehru Place, New Delhi-110 019  
Date : 04.09.2013

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT**

(Ref. to point 1 of paragraph "Report on Other Legal and Regulatory Requirements" 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 8 (Eight) 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.146.88 Lacs and the closing balance outstanding as on 31st March 2013 is Rs.214.00 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 given to 1 (Oner) such parties which has been recovered in stipulated time. The maximum amount involved in such loans during the year aggregates to Rs.69.21 Lacs and the closing balance outstanding as on 31st March 2013 is Rs. Nil Lacs.
- (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) Prima-facie it appears that the company has maintained the cost records as prescribed for maintenance of cost records for the company U/s.209 (1)(d) of the Companies Act, 1956, however we not examined the same in detail.
- (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. Except for certain cases of delays in deposits.
- (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)	4,62,997/- 1,32,163/- 1,000/- 480/-	2007-08 2007-08 2008-09 1999-00	Deputy Commissioner, Trade Tax Noida. Dy Com. Trade Tax, Noida Dy. Com. Trade Tax, Noida Sales Tax V T O - Delhi
2.	Sales Tax Officer- Delhi	3,373/-	2003-04	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, and the Company does not have any accumulated losses during the 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 given a corporate guarantee of Rs.14.63 crore to bank against loan taken by M/s Bagla Polifilms Ltd., for which approval from Central Government under section 295 of Companies Act,1956 dated 19-03-2010 has been obtained by the Company.
- (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**

Firm Registration No. 302113E

Chartered Accountants

**(KAMAL KUMAR GUPTA)**

Partner

M. No. 89190

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

Date : 04.09.2013

## BALANCE SHEET AS AT 31st MARCH, 2013

PARTICULARS	Notes	As At 31st Mar, 2013 (Rs.)	As At 31st Mar, 2012 (Rs.)
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	A	51,163,000	51,163,000
Reserves and Surplus	B	83,540,903	67,224,686
		<u>134,703,903</u>	<u>118,387,686</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term Borrowings	C	94,037,623	115,927,559
Deferred Tax Liabilities (Net)	D	19,996,390	17,440,845
Long-term Provisions	E	6,684,357	5,562,269
		<u>120,718,370</u>	<u>138,930,673</u>
<b>CURRENT LIABILITIES</b>			
Short term Borrowings	F	134,356,066	120,913,517
Trade Payables	G	58,284,818	50,504,162
Other Current Liabilities	H	14,283,219	12,575,192
Short term Provisions	I	343,277	347,718
		<u>207,267,380</u>	<u>184,340,588</u>
		<u>462,689,653</u>	<u>441,658,948</u>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>Fixed assets</b>			
(i) Tangible Assets	J		
Gross Block		451,455,072	432,485,674
Less Depreciation		224,882,456	204,976,278
Net Block		226,572,616	227,509,396
(i) Capital work-in-progress		-	11,636,489
Non-Current Investments	K	-	-
Other Non-Current Assets	L	5,047,990	5,393,413
		<u>231,620,606</u>	<u>244,539,298</u>
<b>CURRENT ASSETS</b>			
Inventories	M	87,858,545	80,723,714
Trade receivables	N	114,529,619	90,459,355
Cash and Cash Equivalents	O	8,475,451	4,819,459
Short-term loans and advances	P	13,301,225	14,212,914
Other Current Assets	Q	6,904,207	6,904,207
		<u>231,069,047</u>	<u>197,119,649</u>
		<u>462,689,653</u>	<u>441,658,948</u>

Significant Accounting Policies & Other Notes to Financial statements Y  
The notes referred here-in above form an integral part of Balance Sheet

As per our report of even date attached

For **SALARPURIA & PARTNERS**

Firm Registration No.-302113E

Chartered Accountants

**(Kamal Kumar Gupta)**

Partner

M. No.- 89190

Place : New Delhi

Date : 04.09.2013

**(S.S. DUA)**

Co. Secretary

**(L.K. BAGLA)**

Chairman

**(M.S. BAGLA)**

Mg. Director

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013**

PARTICULARS	Notes	Year Ended 31st Mar, 2013 (Rs.)	Year Ended 31st Mar, 2012 (Rs.)
<b>REVENUES</b>			
Revenue From Operation	R	762,582,535	667,390,320
Other Income	S	2,393,433	2,299,093
<b>Total Revenue</b>		<b>764,975,968</b>	<b>669,689,413</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	T	497,637,522	434,309,720
Purchase of Stock in Trade		-	10,016,939
Changes in inventories of finished goods, Work in Process and Stock-in-Trade	U	(3,362,244)	(401,053)
Employee Benefits Expenses	V	43,697,764	38,018,519
Finance Cost	W	33,890,203	21,257,833
Depreciation and amortization Expenses	J	21,882,935	15,312,558
Other Expenses	X	147,150,086	128,488,411
<b>Total expenses</b>		<b>740,896,266</b>	<b>647,002,927</b>
Profit Before Tax		24,079,702	22,686,488
<b>PROVISION FOR TAX</b>			
Income Tax for current year		(4,817,806)	(4,539,056)
Adjustment for MAT Credit current year		(941,858)	1,595,706
Adjustment for Deferred Tax		(2,555,545)	(4,040,610)
<b>PROFIT AFTER TAXATION</b>		<b>15,764,493</b>	<b>15,702,528</b>
Earning per shares			
(a) Basic		3.08	3.07
(b) Diluted		3.08	3.07

Significant Accounting Policies & Other Notes to Financial statements Y

The notes referred here-in above form an integral part of Balance Sheet

As per our report of even date attached

For **SALARPURIA & PARTNERS**

Firm Registration No.-302113E

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 : 04.09.2013

**NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2013 AND  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

PARTICULARS	As At 31st Mar, 2013 (Rs.)	As At 31st Mar, 2012 (Rs.)
<b>NOTE 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
70,00,000 (70,00,000) Equity Share of Rs. 10/- each	70,000,000	70,000,000
<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)	51,163,000	51,163,000
	<u>51,163,000</u>	<u>51,163,000</u>

**A-1****DETAILS OF SHAREHOLDER HOLDING 5% OR MORE SHARES:**

Name of Share holder	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
Mr. Madhusudan Bagla	812,419	15.88	812,419	15.88
Mrs. Anju Bagla	598,630	11.70	598,630	11.70
Master Dhruv Bagla	314,580	6.15	314,580	6.15
Mr. Nakul Bagla	372,100	7.27	372,100	7.27
Mr. M S Bagla-karta (M S Bagla - HUF)	269,250	5.26	269,250	5.26

PARTICULARS	As At 31st Mar, 2013 (Rs.)	As At 31st Mar, 2012 (Rs.)
-------------	----------------------------------	----------------------------------

**NOTE 'B'****RESERVES AND SURPLUS**

<b>Share Premium Account</b>		
Balance Brought Forward	21,259,500	21,259,500
<b>Investment Allowance Utilization Reserve</b>		
Balance Brought Forward	2,500,000	2,500,000
<b>Profit &amp; Loss Account</b>		
Balance B/F From Previous Year	43,465,187	27,315,200
Adjustment for income Tax for earlier years	551,723	447,459
Profit/(Loss) for the year	15,764,493	15,702,527
	<u>83,540,903</u>	<u>67,224,686</u>



Term Loan	<u>Non Current</u>	<u>Current</u>	<u>Non Current</u>	<u>Current</u>
<b>NOTE 'C'</b>				
<b>LONG TERM BORROWINGS</b>				
<b>SECURED LOANS</b>				
Allahabad Bank - Loan No. I	-	-	-	746,919
Allahabad Bank- Loan No. II	42,292,575	13,240,000	52,960,000	14,222,868
	<u>42,292,575</u>	<u>13,240,000</u>	<u>52,960,000</u>	<u>14,969,787</u>
<b>AUTO LOANS</b>				
HDFC Bank	-	146,131	146,131	358,641
ICICI Bank Ltd.	1,174,497	803,308	1,977,805	741,743
Indusind Bank Ltd	-	229,500	229,500	258,000
Tata Motors Finance Ltd	-	197,943	197,943	193,824
	<u>1,174,497</u>	<u>1,376,882</u>	<u>2,551,379</u>	<u>1,552,208</u>
<b>UNSECURED LOAN</b>				
<b>FROM BODIES CORPORATE :</b>				
Related Parties	16,400,000	-	16,050,000	-
Others	10,000,000	-	25,347,670	-
From Directors	2,500,000	-	2,567,315	-
From Others (Including Deferred Credit)	21,670,551	-	16,451,195	-
	<u>50,570,551</u>	<u>-</u>	<u>60,416,180</u>	<u>-</u>
	<u>94,037,623</u>	<u>14,616,882</u>	<u>115,927,559</u>	<u>16,521,995</u>

- (1) Term Loans No. I from Allahabad bank has been secured by way of hypothecation of all movable & immovable assets financed by the said bank out of the proceeds from disbursement of the said loans. Loan was repayable in monthly installments of Rs.2,50,000/- each together with the interest due on the balance.
- (2) Term Loans No. II from Allahabad bank is secured by way of hypothecation of all movable & immovable assets financed by the said bank out of the proceeds from disbursement of the said loans and also equitable mortgage of land and building situated at plot no. 15 KIE Industrial Estate, Village Mundiyaiki, Pargana Manglour, Tehsil-Roorkee, Distt. Haridwar. Loan is repayable in 20 Quarterly installments of Rs. 33,10,000/- each and interest is on monthly basis on due amount.
- (3) Auto Loans are secured by way of hypothecation of vehicles financed by the Banks.
- (4) Loans are further guaranteed by Mr. M.S. Bagla and Mr. L.K.Bagla, Directors of the Company.

**NOTE 'D'****DEFERRED TAX LIABILITIES (NET)**

On Timing Difference of Accounting of Depreciation	<b>(22,612,058)</b>	(19,807,463)
On Provision for Gratuity	<b>2,062,318</b>	1,795,078
On Adjustments of Statutory Dues under Section 43B of Income Tax Act, 1961	<b>553,350</b>	571,540
<b>Net Deferred Tax Assets (Liabilities)</b>	<b><u>(19,996,390)</u></b>	<b><u>(17,440,845)</u></b>

PARTICULARS	As At 31st Mar, 2013 (Rs.)	As At 31st Mar, 2012 (Rs.)
<b>NOTE 'E'</b>		
<b><u>LONG TERM PROVISIONS</u></b>		
For Gratuity	6,356,352	5,314,222
For Leave Encashment	328,005	248,047
	<u>6,684,357</u>	<u>5,562,269</u>
<b>NOTE 'F'</b>		
<b><u>SHORT TERM BORROWING</u></b>		
<b>Current Maturities of Long Term Loans</b>		
Refer Note C Above	14,616,882	16,521,995
	<u>14,616,882</u>	<u>16,521,995</u>
<b>Working Capital Term Loans from Banks</b>		
IDBI Bank Ltd	-	4,159,974
Allahabad Bank	-	3,089,369
	-	<u>7,249,343</u>
<b>Cash Credits from Banks</b>		
Allahabad Bank	47,010,333	41,196,368
IDBI Bank Ltd	72,728,851	55,945,811
	<u>119,739,184</u>	<u>97,142,179</u>
	<u>134,356,066</u>	<u>120,913,517</u>

**NOTE**

- (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.

PARTICULARS	As At 31st Mar, 2013 (Rs.)	As At 31st Mar, 2012 (Rs.)
<b>NOTE 'G'</b>		
<b><u>TRADE PAYABLES</u></b>		
For Goods	50,170,513	45,321,118
For Services	8,114,305	5,183,044
	<u>58,284,818</u>	<u>50,504,162</u>
<b>NOTE 'H'</b>		
<b><u>OTHER CURRENT LIABILITIES</u></b>		
Advance From Customers	3,967,015	2,938,538
Payables For Capital Goods	953,335	1,716,610
Payable For employees	3,387,921	2,782,375
Statutory Dues	1,841,821	1,563,812
Interest accrued but not due on Loan	877,549	
Other Liabilities	3,255,578	3,573,857
	<u>14,283,219</u>	<u>12,575,192</u>
<b>NOTE 'I'</b>		
<b><u>SHORT TERM PROVISIONS</u></b>		
For Leave Encashment	129,973	129,260
For Gratuity	213,304	218,458
	<u>343,277</u>	<u>347,718</u>
	<u>72,911,314</u>	<u>63,427,072</u>

**NOTE 'J'**  
**FIXED ASSETS**  
**TANGIBLE ASSETS**

(Rupees)

Particulars	GROSS BLOCK			DEPRECIATION WRITTEN OFF				NET BLOCK	
	As on 31.03.2012 (Rs.)	Addition (Rs.)	Deduction/ Capitalized (Rs.)	As on 31.03.2013 (Rs.)	For the Year (Rs.)	Adjustment on sale of assets (Rs.)	Up to 31.03.2013 (Rs.)	As on 31.03.2013 (Rs.)	As on 31.03.2012 (Rs.)
LAND (FREE HOLD)	2,664,804	-	-	2,664,804	-	-	-	2,664,804	2,664,804
BUILDING	45,305,045	-	-	45,305,045	2,199,531	-	25,509,331	19,795,714	21,995,245
PLANT & MACHINERY	331,373,157	20,820,651	-	352,193,808	15,740,098	-	178,473,083	173,720,725	168,640,172
ELECTRIC INSTALLATION	27,354,789	-	-	27,354,789	1,183,477	-	5,887,103	21,467,686	22,651,163
FURNITURE & FIXTURE	6,200,200	34,707	-	6,234,907	2,905,889	-	3,493,300	2,741,607	3,294,311
AIR CONDITIONER	1,956,527	-	-	1,956,527	104,323	-	1,283,694	672,833	777,156
OFFICE EQUIPMENT	922,031	-	-	922,031	715,058	-	745,681	176,350	206,973
<b>VEHICLES</b>									
CAR'S / BUS	13,367,461	477,007	2,632,302	11,212,166	1,684,973	1,976,757	6,637,023	4,575,143	6,438,654
DELIVERY TRUCKS	1,327,005	-	-	1,327,005	97,753	-	1,096,334	230,671	328,424
SCOOTERS	273,965	-	-	273,965	207,973	-	223,648	50,317	65,992
CYCLE'S	7,967	-	-	7,967	5,803	-	6,008	1,959	2,164
COMPUTERS	1,732,723	269,335	-	2,002,058	238,866	-	1,527,251	474,807	444,338
<b>TOTAL</b>	<b>432,485,674</b> <b>(294,246,317)</b>	<b>21,601,700</b> <b>(13,823,957)</b>	<b>2,632,302</b>	<b>451,455,072</b> <b>(432,485,674)</b>	<b>21,882,935</b> <b>(15,312,588)</b>	<b>1,976,757</b>	<b>224,882,456</b> <b>(204,976,278)</b>	<b>226,572,616</b> <b>(227,509,396)</b>	<b>227,509,396</b> <b>(104,582,597)</b>
<b>Capital Work in Progress</b>									
Plant and Machinery	11,636,489	-	11,636,489	-	-	-	-	-	11,636,489
Building under construction	-	-	-	-	-	-	-	-	-
Advances for Capital Goods	-	-	-	-	-	-	-	-	-
Pre operative Expenses (Pending allocation)	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>11,636,489</b> <b>(48,219,956)</b>	<b>-</b>	<b>11,636,489</b> <b>(48,219,956)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,636,489)</b>	<b>11,636,489</b> <b>(48,219,956)</b>
<b>TOTAL</b>	<b>444,122,163</b>	<b>21,601,700</b>	<b>14,268,791</b>	<b>451,455,072</b>	<b>21,882,935</b>	<b>1,976,757</b>	<b>224,882,456</b>	<b>226,572,616</b>	<b>239,145,885</b>

PARTICULARS	As At 31st Mar, 2013 (Rs.)	As At 31st Mar, 2012 (Rs.)
<b>NOTE 'K'</b>		
<b>NON CURRENT INVESTMENTS</b>		
<b>INVESTMENTS (LONG TERM - TRADE)</b>		
<b>Unquoted</b>		
10,000 (10,000) Equity share of Rs 10/- each Fully Paid up of Banaras 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>NOTE 'L'</b>		
<b>OTHER NON CURRENT ASSETS</b>		
Security Deposits	4,738,439	4,749,582
VAT on Capital Goods	309,551	643,831
	<u>5,047,990</u>	<u>5,393,413</u>
	<u><u>5,047,990</u></u>	<u><u>5,393,413</u></u>
<b>NOTE 'M'</b>		
<b>INVENTORIES</b>		
(As taken, valued and certified by the management)		
Raw Materials	37,666,727	34,127,873
Traded Goods	-	17,605
Finished Goods	11,965,258	12,525,304
Work in Progress	24,204,643	20,172,841
Stores, Spares, Fuel and Packing Materials	13,970,065	13,736,332
Material in Transit	-	143,759
Scrap for Sales	51,852	
	<u>87,858,545</u>	<u>80,723,714</u>
	<u><u>87,858,545</u></u>	<u><u>80,723,714</u></u>
<b>NOTE 'N'</b>		
<b>TRADE RECEIVABLES</b>		
(Unsecured, considered good unless otherwise stated)		
<b>Debts Due Over Six month</b>		
Considered good	3,037,309	4,337,938
Considered doubtful	743,696	727,456
Less: Provision for doubtful debts	(743,696)	-
<b>Other Debts</b>		
Considered good	111,492,310	85,393,961
	<u>114,529,619</u>	<u>90,459,355</u>
	<u><u>114,529,619</u></u>	<u><u>90,459,355</u></u>

PARTICULARS	As At 31st Mar, 2013 (Rs.)	As At 31st Mar, 2012 (Rs.)
<b>NOTE 'O'</b>		
<b><u>CASH AND CASH EQUIVALENTS</u></b>		
Cash in Hand (As per books and certified)	160,060	88,927
<b><u>Balances with Scheduled Banks in:</u></b>		
Current Accounts	3,779,188	3,639,551
Fixed Deposit Accounts	4,492,554	1,049,214
Interest Accrued but not due on fixed deposits	43,649	41,767
(Pledged as Margin money and having maturity within 12 months)	<u>8,475,451</u>	<u>4,819,459</u>
<b>NOTE 'P'</b>		
<b><u>SHORT TERM LOANS &amp; ADVANCES</u></b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	4,678,573	5,731,158
VAT Receivable	808,978	610,567
Balances with Excise Department	5,952,998	5,570,333
Income Tax Payment Income Tax Deducted at Source	16,476,157	16,598,531
Less Provision for Income Tax	<u>(14,615,481)</u>	<u>(14,297,675)</u>
	<u>13,301,225</u>	<u>14,212,914</u>
<b>NOTE 'Q'</b>		
<b><u>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>NOTE 'R'</b>		
<b><u>REVENUE FROM OPERATIONS</u></b>		
[Sales including Interdivisional Transfer and (Net of Returns)]		
Domestic Sales	735,985,336	634,170,511
Trading Goods	-	12,230,890
Export Sales	89,416,629	68,502,474
Scrap Sales	3,361,115	2,110,532
Total Sales	<u>828,763,080</u>	<u>717,014,407</u>
Less Excise Duty	67,176,755	49,756,529
	761,586,325	667,257,878
Job Work Receipts	996,210	132,442
	<u>762,582,535</u>	<u>667,390,320</u>

PARTICULARS	As At 31st Mar, 2013 (Rs.)	As At 31st Mar, 2012 (Rs.)
<b>NOTE 'S'</b>		
<b><u>OTHER INCOME</u></b>		
Claims Received	-	51,057
Miscellaneous Receipts	1,904	30,000
Duty Draw back	33,781	4,001
Interest received on Security Deposit	146,598	-
Interest received on Bank deposits	189,735	213,311
Foreign Exchange Fluctuation (Net)	1,667,685	2,000,724
Excess Provision for Bonus Written Back	34,275	-
Profit of Sale of Fixed Assets	319,455	-
	<u>2,393,433</u>	<u>2,299,093</u>
<b>NOTE 'T'</b>		
<b><u>MATERIALS CONSUMED</u></b>		
<b>Raw Materials Consumed</b>		
Opening Stocks	34,127,873	29,360,849
Add: Purchases	501,176,376	439,076,744
	<u>535,304,249</u>	468,437,593
Less :Closing Stocks	37,666,727	34,127,873
	<u>497,637,522</u>	<u>434,309,720</u>
<b><u>CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROCESS AND STOCK-IN-TRADE</u></b>		
<b>OPENING STOCK</b>		
Work in Process	20,172,841	17,605,926
Finished Goods Manufactured	12,525,304	14,756,091
Finished Goods Traded	17,605	17,605
Material in Transit	143,759	78,834
Scrap Stock	-	-
	<u>32,859,509</u>	<u>32,458,456</u>
<b>CLOSING STOCK</b>		
Work in Process	24,204,643	20,172,841
Finished Goods Manufactured	11,965,258	12,525,304
Finished Goods Traded	-	17,605
Material in Transit	-	143,759
Scrap Stock	51,852	-
	<u>36,221,753</u>	<u>32,859,509</u>
	<u>3,362,244</u>	<u>401,053</u>

PARTICULARS	As At 31st Mar, 2013 (Rs.)	As At 31st Mar, 2012 (Rs.)
<b>NOTE 'V'</b>		
<b><u>EMPLOYEE BENEFITS EXPENSES</u></b>		
Salaries, Wages and other Allowances	30,874,475	27,482,963
Contribution to Provident and other Allied Funds	2,578,689	2,363,654
Director's Remuneration	4,064,255	4,184,134
Staff Welfare and Benefits	4,190,792	3,478,233
Gratuity	1,726,947	356,729
Leave Encashment	262,606	152,805
	<b>43,697,764</b>	<b>38,018,518</b>

**NOTE 'W'**  
**FINANCE COST**

Interest to Banks	16,797,640	16,268,073
Interest to Term Loan	9,957,008	234,335
Interest on inter cooperate Deposit	3,335,000	2,990,208
Bank Commission and Charges	3,800,555	1,765,217
	<b>33,890,203</b>	<b>21,257,833</b>

**NOTE 'X'**  
**OTHER EXPENSES**

**1. MANUFACTURING EXPENSES**

Power & Fuel Consumed	53,507,294	41,450,270
Store, Spares & Tools Consumed	9,053,541	9,260,088
Packing Expenses	23,832,332	20,606,677
Job work Charges	1,295,981	6,283,566
Carriage Inward	313,289	369,509
<b><u>Repairs and Maintenance:</u></b>		
Building and Shed	447,606	425,992
Plant and Machinery	8,185,543	6,563,558
Others	1,458,020	957,105

**98,093,606**

**85,916,765**



PARTICULARS	As At 31st Mar, 2013 (Rs.)	As At 31st Mar, 2012 (Rs.)
<b>2. ADMINISTRATIVE AND OTHER OVERHEADS</b>		
Rent, Rates and Taxes	592,224	519,414
Printing and Stationery	518,301	686,559
Traveling and Conveyance	8,430,149	9,252,919
Vehicle Running Maintenance	1,890,245	1,984,995
Postage & Telephone charges	2,332,273	2,586,345
Electricity and Water Overheads	678,949	527,715
Data processing Expenses	475,323	442,674
Legal and Professional Charges	1,135,924	769,774
Advertisement Expenses	30,350	25,836
<b><u>Auditor's Remuneration :</u></b>		
For Audit Fees	50,000	50,000
For Tax Audit Fees	15,000	15,000
For Other Matters	34,600	18,100
Fees & Subscription	313,275	742,203
Repairs and Maintenance Others	331,579	564,872
Insurance Charges	891,501	619,001
General Expenses	4,426,285	2,516,550
Provision for doubtful debts	743,696	-
Sundry Balances Written off (Net)	140,531	1,469
Previous year adjustment (Net)	-	28,803
	<b>23,030,205</b>	<b>21,352,229</b>
<b>3. SALES AND DISTRIBUTION OVERHEADS</b>		
Advertisement & Publicity	165,633	191,380
Freight and Carriage Outward	18,367,398	13,608,855
Discount, Rebates and Claims	1,195,900	1,612,304
Brokerage & Commission	2,990,221	2,674,758
Business Promotion Expenses	2,534,778	2,387,560
Turnover and Sales Tax	156,923	112,393
Exhibition & Conference Expenses	615,421	632,169
	<b>26,026,274</b>	<b>21,219,419</b>
<b>Total (1+2+3)</b>	<b>147,150,085</b>	<b>128,488,413</b>

## **NOTE : Y SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO THE FINANCIAL STATEMENTS AS AT 31st MARCH, 2013**

### **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.
- (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.
- (e) Drawbacks are accounted for on receipt basis.

### **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 bases of determining cost for various categories of Inventories are as follows:

Stores & Spares, Raw Material & Packing Materials	First in first out lower of cost or market value
Work-in-progress & Finished Goods	Material Cost plus appropriate Attributable Production overheads, Duties as Applicable.
Rejected Materials/Scrap	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 computers at the rates and basis prescribed in schedule XIV to the Companies Act, 1956 as under:

- a) On Plant & Machinery and Electric Installations, on straight-line method
- b) On Building, Office Equipments, Air conditioners, furniture & fixtures and vehicles on written down value method

### **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 incurred up to the date of installation are capitalized together with the other direct costs.

**X BORROWING COST**

Borrowing costs that are directly attributable to the acquisition or construction of fixed assets, which take substantial period of the time to get ready for its intended use, are capitalize until the time all substantial activities necessary to prepare such assets for their intended use are complete. Other borrowing cost are recognized as an expense in the year in which they are incurred.

**XI 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.

**XII CONTINGENT LIABILITES**

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.

**XIII TAXES ON INCOME**

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

- a) 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.
- b) 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.

**XIV 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 OTHER NOTES ON ACCOUNTS****1. Contingent liabilities not provided for in respect of:**

- (a) Bank Guarantees given by the company Rs 0.90 Lacs (Previous year Rs. 0.90)
  - (b) Letter of Credit for raw material from domestic supplier Rs. 78.89 Lac (Previous year Rs 8.22 Lac)
  - (c) Sales Tax demand pending appeals Rs. 6.00 Lacs (Previous year Rs. 5.61 Lacs)
  - (d) Excise Duty demand pending appeals at High Court Rs 1.95 Lacs. (Previous year at Rs. 1.95 Lacs)
  - (e) Custom duty saved under EPCG/Advance Licence Scheme, against with export/obligation are pending Rs. 37.60 Lacs.
2. In accordance with company's consistent practice, no provision has been made for excise duty aggregating Rs. 7.13 Lacs (Previous year Rs.7.77 Lacs) on finished goods lying at the factory premises, which are accounted for on clearance thereof. However, this will neither affect the Profit / loss nor net current assets for the year.
  3. Sales of finished goods and raw material consumed include Rs. 10,58,92,070/- on account of interdivisional Transfer (Previous year Rs. 10,86,69,384/-).
  4. Following bank account have no transaction during the year and are subject to confirm by bank.
    - a) Allahabad Bank (Ahmedabad) Rs. 15150.05
    - b) IDBI Bank Ltd. (Bombay) Rs. 1450.39
    - b) IDBI Bank Ltd. (Bangalore) Rs. 456.66
  5. Accrued benefits of duty free imports available to the company in form of transferable advance import licenses for completed export obligations, which are utilized / availed for own imports in subsequent financial year, have not been accounted for as the same has no impact on financial statements of the company.
  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 including amount recoverable from Income Tax, Central Excise, Service Tax, VAT and deferred credit from suppliers all are in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet, all these debit/credit balances are subject to confirmations and adjustments, if any. The management is hopeful of recovering the debit balances, which are outstanding since a long.
  7. 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.
  8. 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.
  9. The Roorkee Unit of Company has been registered under the Central Capital Subsidy Scheme 2003. The Company is eligible for a Capital Subsidy amounting to Rs.30.00 lacs (maximum) under the said scheme which will be accounted for in the year of receipt.

**10. Amount paid to Directors as remuneration:**

A. Managing Director	Full Time	
	2012-2013	2011-2012
a) No. of Persons	One	(One)
b) Salary & Allowances	30,00,000/-	30,00,000/-
c) Perquisites	1,54,255/-	1,84,324/-
B. Whole Time Director	Full Time	
	2012-2013	2011-2012
a) No. of Persons	Two	Three
b) Salary & Allowances	8,40,000/-	10,26,828/-
c) Contribution to P.F & other funds	50,400/-	67,116/-
d) Perquisites	1,54,000/-	3,17,857/-

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

11. Earnings per share (EPS):	2012-2013	2011-2012
Profit/(Loss) after Tax (Rs. in Lacs)	157.64	157.03
Average number of Equity Shares (Face Value of Rs.10/-)	51,16,300	51,16,300
Basic and Diluted EPS (in Rupees per Share)	3.08	3.07

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

1 Defined contribution Plans

PARTICULARS	2012-13	2011-2012
The Group has recognized the following amounts in the profit and loss account:-Contribution to Provident Fund and Family Pension Fund	18,01,137/-	16,54,757/-

2 Defined Benefit Plan (unfunded)

(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:

I Components of employer expenses

Charge in Defined Benefit Obligation during the year.

Particulars	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
Current Service Cost	4,95,783	4,24,490	48,185	39,091
Interest Cost	4,56,446	4,65,488	31,128	32,990
Actuarial Losses (Gains)	7,74,718	(5,33,249)	1,62,264	73,482
Total Expenses recognized in the P& L A/c	17,26,947	3,56,729	2,41,577	1,45,563

II Net Asset/ (Liability) recognized in the Balance sheet

Particulars	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
Present Value of Defined Benefit Obligation	65,69,655	55,32,679	4,57,978	3,77,307
Net Asset / (Liability) recognized in the Balance Sheet	65,69,655	55,32,679	4,57,978	3,77,307

III Charge in Defined Benefit Obligation during the year.

Particulars	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
Present value of defined Benefit obligation as at the beginning of year	55,32,679	53,19,858	3,77,307	3,77,025
Current Service Cost	4,95,783	4,24,490	48,185	39,091
Interest Cost	4,56,446	4,65,488	31,128	32,990

Particulars	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
Actuarial Losses/(Gains)	7,74,718	-5,33,250	1,62,264	73,482
Benefits paid	-6,89,971	-1,43,907	-1,60,906	-1,45,281
Present value of Defined Benefit obligation as the end of the year	65,69,655	55,32,679	4,57,978	3,77,307

#### IV. Actuarial Assumptions

Particulars	Current Year	Previous Year
Discount Rate	8.25%	8.75%
Salary escalation Rate	5.00%	5.00%

- V. The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factor.

13. There are no separately reportable segments in terms of Accounting Standard AS-17.

14. 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:

Hindustan Foils Ltd.  
Agarwal Tracom Pvt. Ltd.  
Bagla Polifilms Ltd.  
Alora Trading Company Ltd

##### 2. Key Management Personal:

Mr. Lalit Kumar Bagla - Chairman  
Mr. Madhu Sudan Bagla - Mg. Director  
Mr. Suresh Sridhar Ajila – Whole time Director  
Mrs. U. Goenka - Whole time Director

##### 3. Relative of Key Management Personal

(With whom transactions taken place during the year)

Mrs. Pushpa Devi Bagla  
Mrs. Anju Bagla  
Mrs. Gayathri Ajila  
Mr. Nakul Bagla

##### 4. Others

Shree Shree Ishwar Satya Narayanjee & Other Deities  
Surya Consumers Goods Pvt. Ltd.

## B). Transactions with Related Parties:

Type of Related Party	Nature of Transaction	Volume of Transactions		Amount Payable / (Recoverable)	
		2012-13	2011-12	2012-13	2011-12
Where Control Exists	Loans & Advances Received	73,27,904	44,00,000	47,50,000	44,00,000
	Loans & Advances Given	2,43,44,661	2,22,63,581	NIL	NIL
	Hire charges Paid	10,80,000	10,80,000	NIL	NIL
	Purchases	NIL	5,32,460	NIL	NIL
	Rent Paid	1,32,000	1,32,000	NIL	NIL
	Technical Know How Purchased	NIL	40,00,000	NIL	NIL
	Job Work payment	8,42,036	64,56,359	NIL	NIL
	Sales	1,70,986	1,19,24,038	NIL	NIL
	Key Management Personal	Managing Director's Remuneration & Perquisites	31,54,255	31,84,324	2,64,000
Loan & Advance Given		NIL	7,58,979	NIL	NIL
Director's Remuneration		10,44,400	14,11,801	1,65,800	44,400
Loans & Advances Received		15,25,000	6,00,000	25,00,000	25,00,000
Interest Paid		3,00,000	3,00,000	NIL	67,315
Relative of Key Management Personal	Salary	3,00,000	3,00,000	NIL	NIL
	Loans given	NIL	2,50,000	NIL	NIL
	Loans Received	6,75,000	30,00,000	NIL	NIL
	Interest Paid	3,00,000	3,00,000	NIL	67,315
	Commission paid	3,91,733	4,80,000	NIL	NIL
	Rent Paid	1,75,000	NIL	22,500	NIL
	Office Maintenance Paid	1,05,000	NIL	13,500	NIL
	Education Sponsorship	7,47,520	NIL	NIL	NIL
	Security Deposit given for office	10,00,000	NIL	(10,00,000)	NIL
Others	Rent Paid	24,000	24,000	NIL	NIL
	Loan Received	NIL	1,81,00,000	NIL	1,16,50,000

## 15. Derivative Instruments and Unhedged Foreign Currency disclosure:

Particulars	2012-2013			2011-2012		
	Rs.	Value in Foreign Currency		Rs.	Value in Foreign Currency	
<b>Receivables</b>						
Export Sales	1,27,29,905	USD	2,34,307	42,76,513	USD	87,269
Advance paid for Raw Material	4,09,097	USD	5,890	20,59,232	USD	41,877
<b>Total</b>	1,31,39,002		2,40,197	63,35,745		129,146
<b>Payables</b>						
import-Raw Material	61,29,621	USD	1,11,290	25,26,064	USD	50,320
import-Machine	NIL	EUR	NIL	3,35,597	EUR	5,167
Mopp Film	NIL	USD	NIL	16,90,150	USD	25,473
Printing Ink	NIL	NIL	NIL	NIL	NIL	NIL
Advance Received	8,04,650	NIL	14,948	NIL	NIL	NIL
<b>Total</b>	69,34,271		1,26,238	45,51,811		

## 16. A. STOCK AND TURNOVER

Class of Goods	Opening Stock Value (Rs.)	Closing Stock Value (Rs.)	Turnover Value (Rs.)
<b>MANUFACTURED FINISHED GOODS</b>			
SELF ADHESIVE TAPES	7,503,596 (11,930,676)	7,513,769 (7,503,596)	587,597,529 (568,872,908)
BOPP FILM	3,870,407 (2,904,249)	2,268,605 (3,870,407)	108,416,881 (131,349,245)
POF FILM	1,295,060 -	2,182,884 (1,295,060)	129,387,556 (2,450,833)
<b>TRADED FINISHED GOODS</b>			
Polypropylene	- -	- -	- (12,230,890)
Others	17,605 (17,605)	- (17,605)	- -
	12,686,668 (14,852,530)	11,965,258 (12,686,668)	825,401,966 (714,903,876)

	Current Year Value (Rs.)	Previous Year Value (Rs.)
<b>A.1 TRADED FINISHED GOODS PURCHASED</b>		
Polypropylene	-	(10,016,939)
<b>B WORK IN PROGRESS</b>		
<b>OPENING STOCK</b>		
SELF ADHESIVES TAPES	18,581,045	15,028,285
BOPP FILM	1,591,796	2,577,641
POF FILM	-	-
	20,172,841	17,605,926
<b>CLOSING STOCK</b>		
SELF ADHESIVES TAPES	12,308,884	18,581,045
BOPP FILM	124,397	1,591,796
POF FILM	11,771,362	-
	24,204,643	20,172,841
<b>C RAW MATERIAL CONSUMED</b>		
Bopp & other films	146,566,950	138,096,526
Polypropylene Granules	161,568,792	110,550,938
Adhesives & Chemicals	188,516,827	190,946,911
Paper	984,953	759,347
	497,637,522	440,353,722

# Including Interdivisional Transfer 882.59 MT equivalent to 37481755.33 SQM (Previous year 1015.31 MT equivalent to 42070729 SQM) valuing Rs 1058.92 Lacs (Previous year Rs.1086.69 Lacs).



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

	CURRENT YEAR		PREVIOUS YEAR	
	%	Value (Rs.)	%	Value (Rs.)
<b>RAW MATERIALS</b>				
Imported	28.07	139,665,930	18.13	79,823,800
Indigenous	71.93	357,971,592	81.87	360,529,921
	100.00	497,637,522	100.00	440,353,721
<b>STORE &amp; SPARES &amp; LOOSE TOOLS</b>				
Imported	4.32	221,455	3.25	162,798
Indigenous	95.68	4,902,683	96.75	4,840,860
	100.00	5,124,138	100.00	5,003,658

**E CIF VALUE OF IMPORTS**

	Current Year Value (Rs.)	Previous Year Value (Rs.)
Raw Materials	147,889,851	83,445,426
Capital Work in Progress	-	4,643,495
Capital Goods	5,792,913	77,563,788
Store & Spare	221,455	162,798

**F EXPENDITURE IN FOREIGN CURRENCY**

	Current Year Value (Rs.)	Previous Year Value (Rs.)
Travelling Expenses	2,919,323	2,444,996
Exhibition, Meeting & Conference, Professional	402,361	121,122
Others (Donation, Commission & Bank Charges)	447,188	315,178

**G EARNING IN FOREIGN CURRENCY**

	Current Year Value (Rs.)	Previous Year Value (Rs.)
FOB Value of Exports	88,357,887	66,416,340

17 Figures of previous year have been re-grouped/re-arranged/re-cast wherever considered necessary.

As per our report of even date attached

For **SALARPURIA & PARTNERS**

Firm Registration No.-302113E

Chartered Accountants

**(Kamal Kumar Gupta)**

Partner

M. No.- 89190

Place : New Delhi

Date : 04.09.2013

**(S.S. DUA)**

Co. Secretary

**(L.K. BAGLA)**

Chairman

**(M.S. BAGLA)**

Mg. Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Current Year (Rs.)	Previous Year (Rs.)
<b>A Cash Flow From Operating Activities</b>		
Net Profit / (Loss) As per Profit & loss Account	24,079,703	22,686,488
<b>Adjustment For:</b>		
Depreciation	21,882,935	15,312,558
Sales of Fixed Assets Sold	(319,455)	-
Interest Paid /Received Net	33,890,203	21,044,521
Provision for Gratuity & Leave	1,117,647	213,104
	80,651,033	59,256,671
<b>Operating Profit Before Working Capital Change</b>		
<b>Adjustment For:</b>		
Trade & Other Receivables	(23,253,331)	9,414,604
Inventories	(7,134,832)	(6,326,336)
Trade Payable	9,488,684	(11,677,051)
	59,751,554	50,667,888
Cash Generated by Operating Activities	59,751,554	50,667,888
Less : Income Tax Payments	(4,767,760)	(5,331,727)
	54,983,794	45,336,161
<b>Net Cash Generated by Operating Activities</b>	54,983,794	45,336,161
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchases of Fixed Assets	(9,965,211)	(101,655,890)
Sales of Fixed Assets	975,000	-
	(8,990,211)	(101,655,890)
<b>Net Cash Flow from investment activities</b>	(8,990,211)	(101,655,890)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds /(Repayment ) from Secured Loans	1,398,242	41,657,592
Proceeds /(Repayment ) from Unsecured Loans	(9,845,629)	29,802,898
Interest	(33,890,203)	(21,044,521)
	(42,337,590)	50,415,968
<b>Net cash used in Financing Activities</b>	(42,337,590)	50,415,968
<b>NET INCREASE /( DECREASE) IN CASH AND CASH EQUIVALENT</b>	3,655,992	(5,903,761)
Cash & Cash equivalents opening Balance	4,819,459	10,723,219
Cash & Cash equivalents Closing Balance	8,475,451	4,819,459

As per our report of even date attached

For **SALARPURIA & PARTNERS**

Firm Registration No.-302113E

Chartered Accountants

**(Kamal Kumar Gupta)**

Partner

M. No.- 89190

Place : New Delhi

Date : 04.09.2013

**(S.S. DUA)**

Co. Secretary

**(L.K. BAGLA)**

Chairman

**(M.S. BAGLA)**

Mg. Director



# HINDUSTAN ADHESIVES LIMITED

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

## 25TH ANNUAL GENERAL MEETING ATTENDANCE SLIP

DPID/Client/ID No. ....

Folio No. ....

No. of Shares held .....

I hereby record my presence at the 25th Annual General Meeting of the Company to be held on Monday 30th September, 2013 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 : .....

Caftiry 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 shared in Dematerialized (D Mat) Form are advised to bring with term their DPID and client ID Number



# 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 at attend and vote for me/us, on my/our behalf on the 25th Annual General Meeting, of the company to be held on Monday, 30th September, 2013 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.....2013

**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.

**BOOK POST**



**If Undelivered please return to :**

**HINDUSTAN ADHESIVES LIMITED**

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