

**28th
Annual
Report
2015-2016**



Bagla Group

HINDUSTAN ADHESIVES LIMITED

28TH ANNUAL REPORT

2015 - 2016

BOARD OF DIRECTORS:

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

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,
 3rd Floor, 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,
 Near PVR Naraina, New Delhi-110028

REGISTERED OFFICE;

340/2-A, G. T. Road,
 Shahdara, Delhi-110095
 CIN: L74899DL1988PLC031191

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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DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2015-2016

To,
The Members,

The Directors have pleasure in presenting the 28th Annual Report of the company together with the financial statements, for the year ended on 31st March 2016.

FINANCIAL PERFORMANCE OF THE COMPANY

During the Financial Year 2015-2016, The Financial position of the Company is as under:

(Amount in lakhs)

| PARTICULARS | UNCONSOLIDATED | | CONSOLIDATED | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Year Ended 31st March 2016 | Year Ended 31st March 2015 | Year Ended 31st March 2016 | Year Ended 31st March 2015 |
| Total Income | 6925.98 | 7675.63 | 7065.97 | - |
| Profit Before Interest, Depreciation & tax | 979.35 | 953.03 | 966.99 | - |
| Interest & Financial Charges | 340.54 | 340.32 | (344.18) | - |
| Depreciation | 313.62 | 357.31 | (333.99) | - |
| Profit before Taxation | 325.19 | 255.36 | 288.82 | - |
| Less: - Provisions for Income Tax | (137.50) | (71.00) | (137.50) | - |
| Add/(Less): - Mat Credit adjustments | | (16.60) | - | - |
| Add/(Less): - Deferred tax Assets/ (liabilities) | 24.40 | (10.28) | 24.40 | - |
| Net profit after tax | 212.09 | 157.50 | 175.72 | - |
| Equity | 511.63 | 511.63 | 511.63 | - |
| Earnings Per Share | 4.15 | 3.08 | 3.43 | - |

DIVIDEND:

To conserve the funds for the business of the Company including the funding for the expansion plans, your directors regret their inability to recommend any dividend for the financial period 2015-16.

RESERVES:

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

STATE OF COMPANY'S AFFAIR:

The Company continues to make efforts to increase the sales of Carton Sealing Tapes and other Specialty Adhesive Coated products by providing the customers an excellent quality product backed by dedicated customer services.

The reduction in the price of Crude Oil resulted in lower raw material prices during the year, as also lower sales realizations and hence the turnover of the company had also reduced. However the company sees a good future in the sales of Carton Sealing Tapes and the acceptance of the new products developed by the Company for the Indian market and as well expected growth in the FMCG sector in India for all manufactured products and services. The Company continues to focus on building its Brand and Image as a quality supplier of Adhesive Coated Products in India.



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

The Company had also strategically invested in a subsidiary company named Bagla Wellness Private Limited for promoting wellness and fitness by setting up fitness centers in New Delhi and the operations of the same have started and the company expects this business to start making profits from the coming years.

CHANGES IN THE NATURE OF BUSINESS

During the financial year under the review, no changes have occurred in the nature of the companies' business.

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

There has been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and date of the director report of the Company to which the financial statements relates.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

There have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations.

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

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2015-16.

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

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

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES:

During the year under Review, Your Company has one Subsidiary named Bagla Wellness Private Limited. Your Company does not have any associate/joint venture company for the year ended March 31, 2016.

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

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

DEPOSITS:

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

AUDITORS AND AUDITORS' REPORT

(1) STATUTORY AUDITORS:

Pursuant to Section 139 of the Act and Rules made thereunder, M/s. Salarpuria & Partners, Chartered Accountants, were appointed as statutory auditors of the Company at the Annual General Meeting held on 12th September, 2014 for a period of 3 years commencing from the closure of the 26th Annual general Meeting till the closure of the 29th Annual

General Meeting, subject to ratification by the members at every AGM. Accordingly, your directors recommend the ratification of the appointment of **M/s. Salarpuria & Partners** as statutory auditors of the Company from the conclusion of the 28th Annual General Meeting till the conclusion of the 29th Annual General Meeting.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory

Management Comments on Note (xi) of Independent Auditor Report:-

The Company has revised the salary of Managing Director after taking opinion from The Company Secretary in whole Time Practice and for the same Company will take approval from the member in the forthcoming Annual General Meeting. If Shareholder's approval could not be obtained, The Managing Director would refund the amount received by him after revision in salary.

(2) SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed **Mr. Puneet Kumar Pandey**, a Company Secretary in Practice to undertake the Secretarial Audit of the Company for the year ended 31st March, 2016. The Secretarial Audit Report is annexed as "**Annexure B**".

The Secretarial Audit Report for the financial year ended 31st March, 2016 do not contain any qualification, reservation, adverse remark or disclaimer.

(3) INTERNAL AUDITOR

As per section 138 of the Companies Act, 2013, the Company is required to have Internal Auditor. In this connection, the Board of Directors of the Company has on the recommendation of the Audit Committee, approved the appointment of M/S Navin Sudhir & associates as the Internal Auditor of the Company.

SHARE CAPITAL:

The paid up Equity Share Capital as on 31st March, 2016 was ' 5.11 Crores. During the year under review, the Company has not issued any shares.

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

EXTRACT OF THE ANNUAL RETURN:

The extracts of Annual Return in Form MGT – 9 pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 for the Financial Year 2015-16 is furnished in "**Annexure C**" and is attached to this report.

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

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

CORPORATE SOCIAL RESPONSIBILITY:

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Pursuant to the provisions of section 149 of the Act, Mr. Amit Kumar, Mr. Pawan Sharma, and Mr. K.C. Gupta were appointed as independent directors at the annual general meeting of the Company held on September 12, 2014. They have submitted a declaration that each of them meets the criteria of independence as provided in section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

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

As per the provisions of Sections 196, 197 of the Companies Act, 2013 read with Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, Mr. Madhusudan Bagla was re-appointed as Managing Director of the Company for a period of 3 years w.e.f 1st April, 2016 subject to approval in this Annual General Meeting.

Pursuant to the provisions of section 203 of the Act, the key managerial personnel of the Company are -Mr. M.S. Bagla, Managing Director, Mr. Nakul Bagla , Chief Financial Officer and Mr. Sarabjeet Singh Dua, Company Secretary. There has been no change in the key managerial personnel during the year

NUMBER OF MEETINGS OF BOARD OF DIRECTORS:

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

BOARD EVALUATION

In line with the requirement of Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a meeting of the Independent Directors of the Company was held on 12th February, 2016, wherein the performance of the non-independent directors including Chairman was evaluated.

The Board, based on the recommendation of the Nomination and Remuneration Committee (“NRC”), evaluated the effectiveness of its functioning and that of the Committees and of individual directors by seeking their inputs on various aspects of Board/Committee Governance.

The aspects covered in the evaluation included the contribution to and monitoring of corporate governance practices, participation in the long-term strategic planning and fulfillment of Directors' obligations and fiduciary responsibilities, including but not limited to active participation at the Board and Committee meetings.

AUDIT COMMITTEE:

The Company being a Listed Company was required to constitute an Audit Committee under Section 177(1) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. The Composition of the Audit Committee is provided in the Corporate Governance Report forming part of this report. All the recommendations made by the Audit Committee were accepted by the Board.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

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

NOMINATION AND REMUNERATION COMMITTEE:

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

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the Financial Year 2015-16 in the prescribed format, **Form AOC 2** has been enclosed with the report as **“ANNEXURE E”**.

**RISK MANAGEMENT POLICY:**

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

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

The Company has in place an Anti Sexual Harassment Policy, in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, the Company did not receive any complaint.

DECLARATION OF INDEPENDENT DIRECTORS:

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, none of the employees drawing remuneration in excess of the limits set out in the said Rules.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been enclosed with the report as **"ANNEXURE F"**.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- a) in the preparation of the annual financial statements for the year ended March 31, 2016, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- b) for the financial year ended March 31, 2016, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit of the Company for the year ended March 31, 2016.
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual financial statements have been prepared on a going concern basis.
- e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) That proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT:

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

By order of the Board of Directors of
HINDUSTAN ADHESIVES LIMITED

Place : Delhi
Date : 13/08/2016

(L.K. BAGLA)
CHAIRMAN
DIN: 01596548

Form AOC-1

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

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

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

| Sl. No. | Particulars | Details |
|---------|---|--------------------------------|
| 1. | Name of the subsidiary | BAGLA WELLNESS PRIVATE LIMITED |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | - |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign Subsidiaries | N.A. |
| 4. | Share capital | 25,00,000 |
| 5. | Reserves & surplus | 46,13,482.60 |
| 6. | Total assets | 109,04,427.60 |
| 7. | Total Liabilities | 37,90,945.00 |
| 8. | Investments | NIL |
| 9. | Turnover | 1,39,78,833.00 |
| 10. | Profit before taxation | (36,36,136.90) |
| 11. | Provision for taxation | - |
| 12. | Profit after taxation | (36,36,136.90) |
| 13. | Proposed Dividend | - |
| 14. | % of shareholding | 64.80 |

Notes:

- Names of subsidiaries which are yet to commence operations: None
- Names of subsidiaries which have been liquidated or sold during the year: None

For **SALARPURIA & PARTNERS**

Firm Registration No.-302113E

Chartered Accountants

(Kamal Kumar Gupta)

Partner

M. No. : 089190

(S.S. DUA)

Company Secretary

(L.K. BAGLA)

Chairman

(DIN : 01596548)

(M.S. BAGLA)

Mg. Director

(DIN : 01425646)

(N.M. BAGLA)

CFO

Place : New Delhi

Date : 30.05.2016

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on my verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (i). The Companies Act, 2013 ('The Act') and the rules made there under;
- (ii). The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii). The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv). Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (ECB);
Not Applicable
- (v). The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
Not Applicable
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
Not Applicable
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
Not Applicable
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

HINDUSTAN ADHESIVES LIMITED

- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. **Not Applicable**
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **Not Applicable**
- (vi) RBI Act, 1934 **Not Applicable**
- (vii) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. **Not Applicable**
- (viii) Industrial and Labour Laws which inter-alia includes **(based on the confirmation received from the Management)**:
- The Minimum Wages Act, 1948
 - The Payment of Bonus Act, 1965
 - The Payment of Gratuity Act, 1972
 - The Employee's Provident Fund & Miscellaneous Provisions Act, 1952
 - The Employee's State Insurance Act, 1948
 - Factory Act, 1948
 - Payment of Wages Act, 1936
 - The Workmen's Compensation Act, 1923
 - Contract Labour (Regulation and Abolition) Act, 1970
- I have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
 - (ii) The Listing Agreement and/or Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with BSE Limited.
- I further report that:
- The Board of Director of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on Agenda were sent to the Directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- I further report that based on the information received and records maintained by the Company, there are adequate Systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Delhi
Date : 13/08/2016

Puneet Kumar Pandey
M No- A29848
C P No.10913

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2016.

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---|---|
| i. | CIN | L74899DL1988PLC031191 |
| ii. | Registration Date | 05/04/1988 |
| iii. | Name of the Company | HINDUSTAN ADHESIVES LIMITED |
| iv. | Category/Sub-Category of the Company | Listed Public Limited Company |
| v. | Address of the Registered office and contact details | 340/2A, G.T. ROAD, SHAHDARA, DELHI – 110095 Phone: 011-41650348 |
| vi. | Whether listed company | Yes |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited 44, Community Centre, 2 nd Floor, Naraina Industrial Area, Phase – 1, Near PVR Naraina, New Delhi - 110028 Phone No.: 011-4141-0592,93,94 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

| Sr. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|---|----------------------------------|------------------------------------|
| 1. | SELF ADHESIVE TAPES | 2429 | 68.55% |
| 3. | POF FILM | 2429 | 31.30% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|---|-----------------------|--------------------------------|------------------|----------------------------------|
| 1. | BAGLA WELLNESS PRIVATE LIMITED Reg Off: 7 Old Post Office St, Kolkata, West Bengal - 700001 | U51109WB2006PTC108394 | Subsidiary | 64.80 | 2(87) of the Companies Act, 2013 |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):
Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|------------|----------------|-------------------|---|------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| 1. Indian | | | | | | | | | |
| a) Individual/ HUF | 2393329 | - | 2393329 | 46.78 | 2393329 | - | 2393329 | 46.78 | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | 640400 | - | 640400 | 12.52 | 640400 | - | 640400 | 12.52 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-Total (A) (1) | 3033729 | - | 3033729 | 59.30 | 3033729 | - | 3033729 | 59.30 | - |
| 2. Foreign | | | | | | | | | |
| a) NRIs-Individuals | - | - | - | - | - | - | - | - | - |
| b) Other-Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-Total (A)(2) | - | - | - | - | - | - | - | - | - |
| Total Shareholding of Promoter (A) = (A) (1) + (A)(2) | 3033729 | - | 3033729 | 59.30 | 3033729 | - | 3033729 | 59.30 | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | 200 | 200 | 0.0039 | - | 200 | 200 | 0.0039 | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt. | | | | | | | | | |
| d) StateGovt(s). | - | - | - | - | - | - | - | - | - |
| Sub-Total(B)(1) | - | 200 | 200 | 0.0039 | - | 200 | 200 | 0.0039 | - |
| 2. Non Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| (i) Indian | 824524 | 39000 | 863524 | 16.88 | 793267 | 39000 | 832267 | 16.26 | -0.61 |
| (ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital up to Rs. 1 lakh | 452895 | 508608 | 961503 | 18.79 | 430210 | 501580 | 931790 | 18.21 | - 0.5807 |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 252234 | - | 252234 | 4.9300 | 290548 | 0 | 290548 | 5.6789 | 0.7489 |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|---------------|----------------|-------------------|---|---------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| c) Others (Specify) | | | | | | | | | |
| (c – i) Trust | - | 100 | 100 | 0.002 | - | 100 | 100 | 0.002 | 0.000 |
| (c – ii) Non Resident Indian (Repat) | 1254 | - | 1254 | 0.0265 | 3100 | - | 3100 | 0.0606 | 0.0361 |
| (c – iii) Non Resident Indian (Non Repat) | 927 | - | 927 | 0.0181 | 1228 | - | 1228 | 0.02 | 0.0059 |
| (c-iv) Hindu Undivided Family | - | - | - | - | 20471 | - | 20471 | 0.401 | 0.401 |
| (c – v) Clearing Member | 2729 | - | 2729 | 0.0533 | 2767 | - | 2767 | 0.0541 | 0.0008 |
| (c- vi) Foreign National | | 100 | 100 | | | 100 | 100 | 0.0020 | 0.0000 |
| Sub-Total(B)(2) | 1529653 | 547808 | 2082371 | 40.70 | 1541591 | 540780 | 2082371 | 40.70 | 0.000 |
| Total Public Shareholding (B)= (B)(1)+ (B)(2) | 1534563 | 548008 | 2082571 | 40.70 | 1541591 | 540980 | 2082571 | 40.70 | 0.000 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total(A+B+C) | 4568292 | 548008 | 5116300 | 100 | 4575320 | 540980 | 5116300 | 100 | 0.000 |

III. Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---------|------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total shares of the Company | % of shares pledged/encumbered to total shares | No. of Shares | % of total shares of the Company | % of shares pledged/encumbered to total shares | |
| 1. | MADHUSUDAN BAGLA | 812419 | 15.88 | N.A | 812419 | 15.88 | N.A | - |
| 2. | ANJU BAGLA | 598630 | 11.70 | N.A | 598630 | 11.70 | N.A | - |
| 3. | SIDHIKA BAGLA | 26350 | 0.52 | N.A | 26350 | 0.52 | N.A | - |
| 4. | DHRUV BAGLA | 314580 | 6.15 | N.A | 314580 | 6.15 | N.A | - |
| 5. | NAKUL BAGLA | 372100 | 7.27 | N.A | 372100 | 7.27 | N.A | - |
| 6. | M.S. BAGLA (HUF) | 269250 | 5.26 | N.A | 269250 | 5.26 | N.A | - |
| 7. | BAGLA POLIFILMS LIMITED | 255400 | 4.99 | N.A | 255400 | 4.99 | N.A | - |
| 8. | SURYA CONSUMER GOODS PVT LTD | 165000 | 3.22 | N.A | 165000 | 3.22 | N.A | - |
| 9. | SYNERGY COMMERCE PVT LTD | 220000 | 4.30 | N.A | 220000 | 4.30 | N.A | - |
| | Total | 3033729 | 59.29 | - | 3033729 | 59.29 | - | - |

IV. Change in Promoters' Shareholding

| Sl. No. | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| | At the beginning of the year | 3033729 | 59.29 | 3033729 | 59.29 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | No Change | | No Change | |
| | At the End of the year | 3033729 | 59.29 | 3033729 | 59.29 |

There is no change in the shareholding of the promoter.

V. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| Sl. No. | Name | Shareholding at the beginning (01/04/2015) | | Date | Increase/ Decrease in shareholding | Reasons | Cumulative Shareholding during the year (01/04/2015) to (31/03/2016) | |
|---------|--|--|----------------------------------|------|------------------------------------|-------------------------|--|----------------------------------|
| | | No. of Shares | % of total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| 1. | Saphire Hospitality Management Pvt Ltd | 255320 | 4.99 | | — | No changeduring theyear | 255320 | 4.99 |
| 2. | Delhi Foils Private Limited | 254966 | 4.98 | | — | No changeduring theyear | 254966 | 4.98 |
| 3. | Hamsafar Vanijya Private Limited | 214800 | 4.19 | | — | No changeduring theyear | 214800 | 4.19 |
| 4. | Deepinder Singh Poonian | 133801 | 2.61 | | — | No changeduring theyear | 133801 | 2.61 |
| 5. | Harsh Hitesh Javeri Hitesh Ramji Javeri Radhabhai Ramji Javeri | 37513 | 0.73 | | 12187 | Increase | 49700 | 0.97 |
| 6. | Hitesh Ramji Javeri Radhabhai Ramji Javeri Harsh Hitesh Javeri | 11600 | 0.22 | | 38100 | Increase | 49700 | 0.97 |
| 7. | Dheeraj Kumar Lohia | 20899 | 0.40 | | 3233 | Increase | 24132 | 0.47 |
| 8. | DSK Nageshwara Rao | — | — | | 20415 | Increase | 20415 | 0.399 |
| 9. | Soyuj Trading co. Ltd | — | — | | 17739 | Increase | 17739 | 0.34 |
| 10. | Bindal Mercantile Private Limited | 17000 | 0.33 | | 1000 | Decrease | 16000 | 0.31 |
| 11. | Value Industries Limited | 14200 | 0.27 | | — | No changeduring theyear | 14200 | 0.27 |
| 12. | Sana Pasricha | 24087 | 0.47 | | 24053 | Decrease | 34 | .00007 |
| 13. | Harit vanijya LL.P | 17739 | 0.34 | | 17739 | Decrease | — | 0.00 |

*The shares of the Company are traded on a daily basis and hence the date wise increase / decrease in shareholding is not indicated

VI. Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--------------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1. | MADHUSUDAN BAGLA (Managing Director) | 812419 | 15.88 | 812419 | 15.88 |
| 2. | NAKUL BAGLA (CFO) | 372100 | 7.27 | 372100 | 7.27 |

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|---------------------|
| Indebtedness at the beginning of the financial year (01.04.2015) | | | | |
| i) Principal Amount | 22,46,87,208 | - | - | 22,46,87,208 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 12,41,313 | - | - | 12,41,313 |
| Total (i + ii + iii) | 22,59,28,521 | - | - | 22,59,28,521 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | | | | |
| • Reduction | -1,82,13,827 | - | - | |
| Net Change | 20,77,14,694 | - | - | 20,77,14,694 |
| Indebtedness at the end of the financial year (31.03.2016) | | | | |
| i) Principal Amount | 20,77,14,694 | - | - | 20,77,14,694 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 14,18,852 | - | - | 14,18,852 |
| Total (i + ii + iii) | 20,91,33,546 | - | - | 20,91,33,546 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager

| Sl. No. | Particulars of Remuneration | MADHUSUDAN LALIT KUMAR BAGLA | URMILA GOENKA | SURESH SHRIDHAR AJILA | Total Amount |
|---------|---|------------------------------|---------------|-----------------------|--------------|
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 46,50,000 | 1,80,000 | 4,20,000 | 52,50,000 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 16,38,111 | - | - | 16,38,111 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | 3,84,400 | 3,84,400 |

| Sl. No. | Particulars of Remuneration | MADHUSUDAN LALIT KUMAR BAGLA | URMILA GOENKA | SURESH SHRIDHAR AJILA | Total Amount |
|---------|--|--|-----------------|-----------------------|------------------|
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as % of profit - Others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| | Total (A) | 62,88,111 | 1,80,000 | 8,04,400 | 72,72,511 |
| | Ceiling as per the Act | the payment are as per schedule and as per section 197 of Company at 2013 and as approved by the ministry of company affairs | | | |

B. Remuneration to other directors:
1. Independent Directors:

| Particulars of Remuneration | KAILASH CHANDRA GUPTA | PAWAN KUMAR GEETARAM SHARMA | AMIT KUMAR | TOTAL |
|--|-----------------------|-----------------------------|------------|-------------|
| • Fee for attending board committee meetings | 38,889.00 | 22,222.00 | 44,445.00 | 1,05,556.00 |
| • Commission | - | - | - | - |
| • Others, please specify | - | - | - | - |
| Total (1) | | - | - | 1,05,556.00 |

2. Non – Executive Directors:

| Particulars of Remuneration | LALIT KUMAR BAGLA | TOTAL AMOUNT (In Rs.) |
|--|--|-----------------------|
| • Fee for attending board committee meetings | - | - |
| • Commission | - | - |
| • Others, please specify | - | - |
| Total (2) | - | - |
| Total (B)=(1+2) | - | - |
| Total Managerial Remuneration | - | |
| Overall Ceiling as per the Act | the payment are as per schedule and as per section 197 of Company at 2013 and as approved by the ministry of company affairs | |

C. Remuneration to Key Managerial Personnel Other Than MD/ Manager /WTD:

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---------|--|--------------------------|---------------------|------------------|
| | | NAKUL BAGLA | SARABJEET SINGH DUA | Total |
| 1. | Gross salary | | | |
| | (a) Salary as per provisions contained in section17(1)of the Income-tax Act,1961 | 9,00,000 | 42,000 | 9,42,000 |
| | (b) Value of perquisites u/s17(2) Income-taxAct,1961 | 11,40,000 | | 11,40,000 |
| | (c) Profits in lieu of salary under section17(3) Income-taxAct,1961 | - | - | - |
| 2. | Stock Option | - | | - |
| 3. | Sweat Equity | - | | - |
| 4. | Commission - as % of profit - Others, specify... | - | | - |
| 5. | Others, please specify | - | | - |
| | Total (C) | 20,40,000 | 42,000 | 20,82,000 |

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/punishments/compounding of offences for the year ended 31 March, 2016.

By order of the Board of Directors of
HINDUSTAN ADHESIVES LIMITED

Date : 13/08/2016
Place : New Delhi

(L. K. BAGLA)
CHAIRMAN
DIN: 01596548

ANNEXURE D

Information under Section 134(3)(m) of the Companies Act, 2013 read with rule 8(3) the Companies (Accounts) Rules, 2014 and forming part of the Report of the Directors

(A) Conservation of energy-

- (i) **The steps taken or impact on conservation of energy:** The manufacturing plant continue their efforts in conserving energy in various forms like energy conservation projects, as also exploration of the costs for installation of LED lamps for lighting purposes in replacement to the conventional lighting.
- (ii) **The steps taken by the company for utilizing alternate sources of energy:** The Company continues to use the latest technologies for improving the productivity and quality of its products.
- (iii) **The capital investment on energy conservation equipments:** NIL

(B) Technology absorption-

- (i) **The efforts made towards technology absorption:** The Company had invited overseas engineers, for the modernisation of the plants & machinery, as also trained its local engineers to carry out the jobs locally in India to give the optimum results.
- (ii) **The benefits derived like product improvement, cost reduction, product development or import substitution:** The benefits accrued have been lower cost of modernisation and subsequently lower maintenance costs in the future.
- (iii) **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):** Imported technology has helped the company to make world class products and build a wider export market.
- (iv) **The expenditure incurred on Research and Development:** NIL

(C) Foreign exchange earnings and Outgo-

The Company's main line of Business is manufacturing Adhesives Tape, BOPP Film and POF Film (Polyolefin Shrink Film). The Company has achieved Export Turnover of Rs. 975.80 lakhs during the year under report 2015-2016, as compared to Rs. '1008.62 lakhs in the previous year, 2014-2015.

(Rs. in Lakhs)

| Particulars | 2015-2016 | 2014-2015 |
|--|-----------|-----------|
| Total Foreign Exchange Received (F.O.B. Value of Export) | 930.76 | 994.56 |
| Total Foreign Exchange used: | | |
| i) Raw Materials | 1440.41 | 1354.45 |
| ii) Consumable Stores | 10.55 | 1.16 |
| iii) Capital Goods | 56.00 | 404.20 |
| iv) Foreign Travels | 30.65 | 15.52 |
| v) Others | 11.14 | 15.75 |

ANNEXURE – E

FORM AOC 2

Related Party Transactions:

Particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the form AOC-2:

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014:

1. **Details of contracts or arrangements or transactions not at arm's length basis:**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

- (a) Name(s) of the related party and nature of relationship: NIL
- (b) Nature of contracts/arrangements/transactions: NIL
- (c) Duration of the contracts / arrangements/transactions: NIL
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NIL
- (e) Date(s) of approval by the Board, if any: NIL
- (f) Amount paid as advances, if any: NIL



ANNEXURE-F

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided hereunder:

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

| Director | Ratio to median remuneration |
|---------------|------------------------------|
| M.S. Bagla | 92.30 |
| Urmila Goenka | 1.97 |
| Suresh Ajila | 6.59 |

2. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year.

| Particular | % increase in remuneration in the financial year |
|-------------------------|--|
| M.S. Bagla (MD) | 115.38% |
| Urmila Goenka (WTD) | -25% |
| Suresh Ajila (WTD) | - |
| Nakul Bagla (CFO) | 140% |
| Sarabjeet Singh Dua(CS) | - |

3. The percentage increase in the median remuneration of employees in the financial year: - 4.006%
4. The number of permanent employees on the rolls of Company: 221
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

There was an increase of around 153.56% in the salaries of the employees in comparison to the last financial year. Percentile increase in the managerial remuneration is 30.12%.

6. Affirmation that the remuneration is as per the remuneration policy of the Company

The Company affirms remuneration is as per the remuneration policy of the Company.

By order of the Board of Directors of
HINDUSTAN ADHESIVES LIMITED

Date : 13/08/2016
Place : New Delhi

(L. K. BAGLA)
CHAIRMAN
DIN: 01596548

MANAGEMENT DISCUSSION AND ANALYSIS

As per Regulation 34 of the SEBI Listing Regulations

INDUSTRY AND OUTLOOK:

The Company is the only integrated producer of Adhesive Tapes having the specialized Double Bubble Film technology for producing specialized BOPP Adhesive Tapes with both Acrylic and Hot-Melt technology. It also has multiple printing equipments, slitting and spooling facilities to make many value added import substitute products for both the domestic and international markets. The Company also produces many types of specialty tapes like Filament Tapes, Carry Handle Tapes, Tear Tapes, Tamper evident Tapes and many more.

OPPORTUNITIES AND THREATS:

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.

Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include economic conditions affecting demand- supply and price conditions in the markets in which the Company's operates, raw material availability and its prices, changes in the Governmental regulations, labour negotiations, tax laws and other statutes and economic development within India.

RISKS & CONCERNS:

The Company is taking proactive steps in implementing management principles well adapted to the demands of the changing environment. The company has the policy of assessing the risk and managing the business. The company is operating on a well defined plan and strategy; hence we are equipped to face any change in regulatory risk.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company has a well placed proper and adequate internal control system commensurate with the size and nature of its business. The Board has appointed Internal Auditors to strengthen the internal control system.

The primary objective of the internal control system is to ensure that all its assets are safeguarded and protected and prevent any revenue leakage and losses to the Company. The Company has proper system of checking and/or review of functioning of the employees. The present reporting structure ensures independence of the internal audit function and embodies best corporate governance practices.

FINANCIAL PERFORMANCE:

Please refer Director's Report for financial performance of the company. Segment/product wise performance is not applicable to the company.

HUMAN RESOURCE DEVELOPMENT:

The company has focus to retain its manpower by providing good working conditions thereby reduce turnover ratio.

CORPORATE GOVERNANCE REPORT**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

i. The Board of Directors comprises of Seven Directors. The Composition of Board of Directors is as under:-

| Category | No. of Directors |
|--|------------------|
| Executive Director(including a women director) | 3 |
| Independent Director | 3 |
| Non Executive Director | 1 |
| Total | 7 |

ii. None of the directors on the Board hold directorships in more than ten public companies. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2016 have been made by the directors.

iii. All the Independent Directors have confirmed that they meet the criteria as mentioned under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The maximum tenure of the independent directors is in compliance with the Companies Act, 2013 (“Act”).

iv. During the year 2015-16, the board met 7 (Seven) times (as against the minimum requirement of four meetings) on the following dates, namely:-

11thMay 2015, 29thMay 2015, 4thJuly 2015, 14thAugust 2015, 14thNovember 2015, 12th February 2016 and 17th March 2016.

The names and categories of the directors on the board, their attendance at board meetings held during the year and the last Annual General Meeting are given below:

| Sl. No. | Name | Category Membership | Attendance Particulars | | Number of directorships | | Number of committee positions held in other public companies | |
|---------|---|---|------------------------|----------|-------------------------|--|--|--------|
| | | | Board Meeting | Last AGM | in all other Companies | Excl. Pvt. Ltd., *foreign & Sec. 8 Companies | Chairman | Member |
| 01. | Mr. Lalit Kumar Bagla DIN: 01596548 | Chairman (Non-Executive Director) | 7 | NO | 3 | 1 | NIL | NIL |
| 02. | Mr. M. S. Bagla DIN: 01425646 | Managing Director (Executive Director) | 7 | YES | 4 | 2 | NIL | NIL |
| 03. | Mr. Pawan Sharma DIN: 01660557 | Director (Independent) | 5 | YES | 2 | NIL | NIL | NIL |
| 04. | Mr. K. C. Gupta DIN: 01649210 | Director (Independent) | 4 | YES | 3 | 2 | NIL | 2 |
| 05. | Mr. Suresh ShridharAjila DIN: 03203748 | Director (Executive Director) | 3 | YES | NIL | NIL | NIL | NIL |
| 06. | Mrs. Urmila Goenka DIN: 01165727 | Director (Executive Director) | 3 | NO | NIL | NIL | NIL | NIL |
| 07. | Mr. Amit Kumar DIN: 06902856 | Director (Independent) | 7 | YES | NIL | NIL | NIL | NIL |

3. AUDIT COMMITTEE

Presently the Audit Committee comprises of 3 non executive Independent Directors of which Mr. K. C. Gupta, Mr. Pawan Sharma and Mr. Amit Kumar are the members of the committee.

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

During the financial year 2015-16, meetings of the Audit Committee were held 6 times i.e. on 11th May 2015, 29th May 2015, 4th July 2015, 14th August 2015, 14th November 2015 and 12th February 2016.

| Name | Category | No. of Meetings during the Financial Year 2015-16 | |
|---------------------------|------------------------------------|---|----------|
| | | Held | Attended |
| Mr. K.C. Gupta (Chairman) | Non Executive Independent Director | 6 | 4 |
| Mr. Pawan Sharma (Member) | Non Executive Independent Director | 6 | 4 |
| Mr. Amit Kumar (Member) | Non Executive Independent Director | 6 | 6 |

The constitution of the Audit committee also meets with the requirements of section 177 of the Companies Act, 2013.

The terms of reference of the audit committee are broadly as under:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommend the appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

- Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section 3 of section 134 of the Act
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Modified opinion(s) in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- Review and monitor the auditors' independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of Whistle Blower mechanism.
- Approval of appointment of CFO;
- Carrying out any other function as is mentioned in the terms of reference of the audit committee;

To mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the chief internal auditor.

4 NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is re-constituted in accordance with Section 178 (1) of the Companies Act, 2013 of which Mr. Amit Kumar (Independent Director), Mr. Pawan Sharma (Independent Director) and Mr. K.C. Gupta (Independent Director) are the members.

During the financial year 2015-16, two meeting of the Nomination and Remuneration Committee was held on 14th November 2015 and 12th February, 2016.

| Name | Category | No. of Meetings during the Financial Year 2015-16 | |
|----------------------------|------------------------------------|---|----------|
| | | Held | Attended |
| Mr. Pawan Sharma(Chairman) | Non Executive Independent Director | 2 | 1 |
| Mr. Amit Kumar(Member) | Non Executive Independent Director | 2 | 2 |
| Mr. K.C. Gupta(Member) | Non Executive Independent Director | 2 | 2 |

The broad terms of reference of the nomination and Remuneration Committee are as under:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

The Details of remuneration paid to Executive Directors are given below:

| Particulars | Mr. M.S. Bagla (Managing Director) | Mr. Suresh Shridhar Ajila (Executive Director) | Mrs.Urmila Goenka (Executive Director) |
|---|---------------------------------------|--|---|
| Salary and Allowance | Rs. 61,50,000/- | Rs. 7,54,000/- | Rs. 1,80,000/- |
| Contribution to Superannuation Fund(Rs.) | 1,38,111/- | Rs. 50,400/- | Nil |
| Bonus and performance linked Incentive(Rs.) | Nil | Nil | Nil |

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. K. C. Gupta | NIL | 33,889.00 | NIL |
| 3 | Mr. Pawan Sharma | NIL | 22,222.00 | NIL |
| 4 | Mr. Amit Kumar | NIL | 44,445.00 | NIL |

5. (i) Stakeholders Relationship Committee

During the financial year 2015-16, meetings of the Stakeholder Relationship Committee were held on 29th May, 2015, 14th August, 2015, 14th November, 2015 and 12th February, 2016.

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

| Name | Category | No. of Meetings during the Financial Year 2015-16 | |
|---------------------------|------------------------|---|----------|
| | | Held | Attended |
| Mr. L.k. Bagla (Chairman) | Non Executive Director | 4 | 4 |
| Mr. M. S. Bagla(Member) | Executive Director | 4 | 4 |

Details of investor complaints received and redressed during the year 2015-16 are as follows

| Received during the year | Resolved during the year | Closing balance |
|--------------------------|--------------------------|-----------------|
| One | One | NIL |

ii) Independent Directors' Meeting

During the year under review, One meeting of Independent Directors was held on 12th February, 2016 and independent Directors reviewed the all the matters as per schedule IV of the Companies Act, 2013.

All the Independent Directors were present at the meeting, except Mr. Pawan Sharma who could not attend due to factors beyond control.

6 GENERAL BODY MEETING

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

| Financial year | Date | Time | Place |
|----------------|------------|-----------|--|
| 2012-2013 | 30.09.2013 | 10.00 A.M | Ashok Avenue, Main Chattarpur Road, Asola Fatepur Beri, New Delhi-110074 |
| 2013-2014 | 12.09.2014 | 10.00 A.M | Ashok Avenue, Main Chattarpur Road, Asola Fatepur Beri, New Delhi-110074 |
| 2014-2015 | 18.09.2015 | 10.00 A.M | Orchid Palace, Main Chattarpur Road, Asola Fatehpur Beri, New Delhi-110074 |

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

| Financial year | Items |
|----------------|---|
| 2012-2013 | Resolution under Section 198, 269, 309 and Schedule XIII of the Companies Act, 1956 |
| 2013-2014 | (a) Resolution under Section 180(1) (a) of the Companies Act, 2013. (b) Resolution under Section 180 (1) (c) of the Companies Act, 2013. (c) Resolution under Section 196 and 197 and any other applicable provisions of the Companies Act, 2013. |
| 2014-2015 | - |

7. DISCLOSURES

i. Related Party transactions

There are no materially significant related party transactions that may have potential conflict with the interest of the Company at large.

The board has approved a policy for related party transactions which has been uploaded on the company's website at the following link www.bagla-group.com.

- ii. Details of non-compliance by the Company, penalties, structures imposed on the Company by the stock exchanges or the securities and exchange board of India or any statutory authority, on any matter related to capital markets, during the last three years 2013-14, 2014-15 and 2015-16 respectively: **NIL**
- iii. The Company has adopted a whistle blower policy and has established the necessary vigil mechanism for employees and directors to report concerns about unethical behaviour. No person has been denied access to the chairman of the audit committee. The said policy has been also put up on the website of the Company at the following link www.bagla-group.com

iv. Reconciliation of share capital audit:

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the national securities depository limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

v. Code of Conduct

The members of the board and senior management personnel have affirmed the compliance with the Code applicable to them during the year ended March 31, 2016. The Annual Report of the Company contains a Certificate by the Managing Director in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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. MEANS OF COMMUNICATION:

The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India which include Money Makers (English) and Dainik Mahalakshmi Bhagyoday(Hindi). The results are also displayed on the Company's website "www.bagla-group.com". The company is also providing regular information to the Stock Exchanges as per the requirements of the Listing Agreements/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A management discussion and analysis report is a part of the Company's annual report.

9. GENERAL SHAREHOLDER INFORMATION

9.1 Annual General Meeting

| | |
|---------------|--|
| Date and Time | 30 th September, 2016 at 10.00 A.M. Venue Orchid Palace, Main Chattarpur, Road, Asola Fatehpur Beri, New Delhi-110074 |
|---------------|--|

9.2 Financial Calendar (2016-17)

| | |
|--|-------------------------------------|
| Annual General Meeting For the next year ending 31 st March 2017 | before 30 th Sept., 2017 |
|--|-------------------------------------|

9.3 Book Closure date

23.09.16 to 30.09.16

9.4 Dividend Payment date

Not Applicable

9.5 Listing of Equity Shares on Stock Exchange at

Delhi, Kolkata & Mumbai

9.6 Stock Code

| | |
|------------------|-----------------------------|
| (i) ISIN Numbers | Equity Shares INE 074C01013 |
|------------------|-----------------------------|

9.7 Registrar and Share Transfer Agent

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

9.8 Share Transfer Systems:

Share transfers are presently registered within a maximum period of fifteen days from the date of receipt provided the documents are complete in all respects. Board of Directors has authorized 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. Categories of equity shareholders as on March 31, 2016:

| Category | No. of Shares | % of Shares |
|--|----------------|-------------|
| Promoter's Holding (including foreign Promoters if any) | 3033729 | 59.29% |
| Non Promoter's Holding | 2082571 | 40.71% |
| TOTAL | 5116300 | 100% |

9.10. Distribution of Share holding as on 31st March 2016

| No of Equity Shares Held | No of Shareholder | % of Shareholder | Number of Shares | % of Shareholding |
|--------------------------|-------------------|------------------|------------------|-------------------|
| 1-500 | 6460 | 96.7645 | 684281 | 13.3745 |
| 501-1000 | 107 | 1.6028 | 87500 | 1.7102 |
| 1001-2000 | 49 | 0.7340 | 76214 | 1.4896 |
| 2001-3000 | 13 | 0.1947 | 31443 | 0.6146 |
| 3001-4000 | 12 | 0.1797 | 41279 | 0.8068 |
| 4001-5000 | 2 | 0.0300 | 9700 | 0.1896 |
| 5001-10000 | 12 | 0.1797 | 88581 | 1.7313 |
| 10001 and above | 21 | 0.3146 | 4097302 | 80.0833 |
| Total | 6676 | 100 | 5116300 | 100 |

9.11 Market price data: High, low (based on daily closing prices) and number of equity shares traded during each month in the year 2015-16 on BSE

| Month | High | Low | No. of shares traded |
|-----------------|-------|-------|----------------------|
| April 2015 | 40.9 | 24.5 | 24886 |
| May, 2015 | 40 | 26 | 32896 |
| June, 2015 | 33.8 | 24.7 | 67359 |
| July, 2015 | 33.3 | 26 | 33118 |
| August, 2015 | 34.65 | 25 | 18531 |
| September, 2015 | 32.7 | 24 | 10243 |
| October, 2015 | 29.7 | 26.4 | 8152 |
| November, 2015 | 34 | 26.8 | 16755 |
| December, 2015 | 39.65 | 30.95 | 35385 |
| January, 2016 | 51.9 | 39.5 | 47755 |
| February, 2016 | 52 | 38.85 | 3875 |
| March, 2016 | 49 | 32.1 | 49044 |

9.12 Top ten equity shareholders of the Company as on March 31, 2016

| S. No. | Name of the shareholder | No. of shares held | Percentage of shares held |
|--------|--|--------------------|---------------------------|
| 1. | Saphire Hospitality Management Pvt Ltd | 255320 | 4.99 |
| 2. | Delhi Foils Private Limited | 254966 | 4.98 |
| 3. | Hamsafar Vanijya Private Limited | 214800 | 4.19 |
| 4. | Deepinder Singh Poonian | 133801 | 2.61 |
| 5. | Harsh Hitesh JaveriHitesh Ramji JaveriRadhabhai Ramji Javeri | 49700 | 0.97 |
| 6. | Hitesh Ramji JaveriRadhabhai Ramji JaveriHarsh Hitesh Javeri | 49700 | 0.97 |
| 7. | Dheeraj Kumar Lohia | 24132 | 0.47 |
| 8. | DSK Nageshwara Rao | 20415 | 0.399 |
| 9. | Soyuj Trading co. Ltd | 17739 | 0.34 |
| 10. | Bindal Mercantile Private Limited | 16000 | 0.31 |

9.13 Dematerialisation of shares and liquidity

The Company's shares are compulsorily traded in dematerialised form. Equity shares of the Company representing 89.426% of the Company's equity share capital are dematerialised as on March 31, 2016. The Company's equity shares are regularly traded on BSE IN dematerialised form. Under the depository system, the international securities identification number (ISIN) allotted to the Company's shares is INE 074C01013.

9.14 Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2016, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.

9.15 Plant Location:

- 1) 29th Mile Stone,
G.T. Road, Village Achheja
Tehsil- Dadri, Distt.- Gautambudh Nagar U.P
- 2) Plot No-15, KIE Industrial Estate,
Opposite Uttam Sugar Mill, Village Mundiayaki,
Pargana Manglore Tehsil - Roorkee, Distt. - Haridwar - 247667

9.16 Address for Correspondence:

Share Transfer and Demat

Link Intime India Pvt. Ltd.
44, Community Centre, 2nd Floor, Naraina Industrial Area,
Phase-I, Near 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

For and on Behalf of the Board of Directors
Hindustan Adhesives Limited

(L.K. BAGLA)
CHAIRMAN
DIN: 01596548

Place : New Delhi
Date : 13/08/2016

DECLARATION BY THE MANAGING DIRECTOR UNDER THE LISTING REGULATIONS REGARDING COMPLIANCE WITH CODE OF CONDUCT

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby certified that all Board Members and Senior Management personnel have affirmed compliance with the Company's Code of Conduct for the financial year ended March 31, 2016.

Madhusudan Bagla
(Managing Director)

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To the members of Hindustan Adhesives Limited

We have examined the compliance of the conditions of corporate governance by Hindustan Adhesives Limited for the year ended 31st March, 2016 as stipulated in clause 49 of the Listing Agreement ("Listing Agreement") of the Company with the Stock Exchanges for the period 1st April 2015 to 30th November 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December 2015 to 31st March 2016.

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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and/or Listing Regulations as may have been applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company

M/s SALARPURIA & PARTNERS

Firm Registration No.-302113E

Chartered Accountants

(Kamal Kumar Gupta)

Partner

M. No. : 089190

Place : New Delhi

Dated : 13/08/2016

CEO/CFO CERTIFICATION

We, Mr. Madhusudan Bagla, Managing Director and Mr. Nakul Bagla, Chief Financial Officer hereby certify for the Financial year ended 31st March, 2016 that:

- a) We have reviewed the Financial Statements and Cash Flow Statement for the year ended 31st March, 2016 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) We are to the best of our knowledge and belief; no transactions entered into by the Company during the year ended 31st March, 2016 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit committee
 - (1) that there was no significant changes in internal control over financial reporting during the year;
 - (2) that there was no significant changes in accounting policies during the year; and
 - (3) that there was no instances of significant fraud of which we have become aware.

Place : New Delhi

Date : 13/08/2016

Sd/-

Managing Director

Sd/-

Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Statutory Auditor of Hindustan Adhesives Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **HINDUSTAN ADHESIVES LIMITED**, which comprise the Balance Sheet as at 31st March, 2016 the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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, we consider internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2016, and its Profit and its cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- I. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section(11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- II. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) on the basis of written representations received from the directors as on 31 March, 2016 taken on record by the board of directors none of the director is disqualified as on 31 March 2016 for being appointment as a director in terms of the section 164(2) of the Companies Act,2013.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in " Annexure B".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements(Refer Note No. Y (B) (1)
 - ii) Except as referred in Note No. Y (B) (2), the Company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund.

For SALARPURIA & PARTNERS

Firm Registration No. 302113E

Chartered Accountants

(KAMAL KUMAR GUPTA)

Partner

M. No. : 089190

Place : chiranjiv tower, 43 Nehru Place New Delhi-110019

Date : 30.05.2016

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to Paragraph 1 of Report on Other Legal and Regulatory Requirements of our Report of even date)

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

- i.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets namely Land and Building, held has Investments.
 - b) As explained to us, fixed assets are physically verified by the management at reasonable intervals, in a phased verification programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us and on the basis of our examination of records of the company, the title deed of immovable property is held in the name of company.
- ii.
 - (a) As explained to us physical verification of inventories has been conducted by the management at reasonable intervals by the management.
 - (b) procedures of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of the business.
 - (c) Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii. According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under section 189 of the Companies Act, 2013. However the company has advanced Rs. 17 Lac and received back from one such party and no formal stipulation has been made. Therefore we are not in position to comment upon sub clauses (a),(b) and (c) of this clause.
- iv. According to the information and explanations given to us the Company has complied with applicable provisions specified in section 185 and 186 of Company's Act, 2013 in relation to Loans , Investments, Guarantees, and Security given, if any.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- vi. We have broadly reviewed the books of accounts maintained by the company in respect of the products where, pursuant to Rules made by the Central Govt. of India, the maintenance of cost records has been prescribed under sub-section (1) of section 148 of the Company Act, 2013 and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the records with a view to determine whether they are accurate and complete.
- vii.
 - a) According to the records of the company and as per the information and explanations given to us, it has been generally regular in depositing undisputed statutory dues like Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and Other Statutory Dues with the appropriate authorities.
 - b) On the basis of information and explanations given to us, there are no disputed Statutory Dues which have not been deposited with the appropriate authorities, except the following:

| Sl. No. | Name of the Statute/ Nature of Dues | Amount (Rs.) | Period to which Amount Relates | Authority where dispute is pending |
|---------|---|--------------|--------------------------------|------------------------------------|
| 1. | The Central Excise Act, 1944 (Penalty for wrong MODVAT Credit) | 1.95 Lacs | March, 1998 | High Court. |

- viii. The Company has no defaulted in repayment of any loan or borrowing from any financial institution, bank, government or debenture holders during the year.
- ix. The Company did not raise any money by way of initial public offer or further public offer(including debt instrument) and term loans during the year. Thus paragraph 3(ix) of the order is not applicable.
- x. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted audit practices in India, and according to the information and explanation given to us, we have neither come across instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
- xi. According to the information and explanations given to us managerial remuneration has been paid by the Company is in compliance with requisite approvals mandated by provisions of Section 197 of Companies Act, 2013, except increase in remuneration to the managing director, which is subject to approval the members in refer note no. Y(8)
- xii. Paragraph 3(xii) regarding the Nidhi Company, is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with section 177 and 188 of Companies Act 2013 where applicable and details of such transactions is disclosed in notes to accounts as required by the applicable Accounting Standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, thus, Paragraph 3(xiv) regarding the preferential allotment or private placement of shares or fully or partly convertible debentures is not applicable to the company.
- xv. To the best of our knowledge and belief and as per the information and explanations given to us, the Company has not entered into any non-cash transaction with directors or persons connected with him.
- xvi. Company is not in NBFC activities and therefore Registration under section 45-IA of the Reserve Bank of India Act, 1934 is not required.

For SALARPURIA & PARTNERS

Firm Registration No. 302113E

Chartered Accountants

(KAMAL KUMAR GUPTA)

Partner

M. No. : 089190

Place : 1008 chiranjiv tower, 43 Nehru Place, New Delhi-110019

Date : 30.05.2016

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013("the Act")

(Referred to Paragraph 2(f) of Report on Other Legal and Regulatory Requirements of our Report of even date)

We have audited the internal financial controls over financial reporting of **HINDUSTAN ADHESIVES LIMITED** as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For SALARPURIA & PARTNERS

Firm Registration No. 302113E

Chartered Accountants

Place : New Delhi
Date : 30.05.2016**(KAMAL KUMAR GUPTA)**

Partner

M. No. : 089190

**BALANCE SHEET AS AT 31ST MARCH, 2016**

| PARTICULARS | Notes | As At | |
|---------------------------------|-------|----------------------|----------------------|
| | | 31st Mar, 2016 (Rs.) | 31st Mar, 2015 (Rs.) |
| EQUITY & LIABILITIES | | | |
| SHAREHOLDER'S FUNDS | | | |
| Share Capital | A | 51,163,000 | 51,163,000 |
| Reserves and Surplus | B | 144,868,937 | 123,565,261 |
| | | 196,031,937 | 174,728,261 |
| NON-CURRENT LIABILITIES | | | |
| Long-term Borrowings | C | 34,520,749 | 58,382,186 |
| Deferred Tax Liabilities (Net) | D | 19,903,892 | 22,343,880 |
| Long-term Provisions | E | 9,359,427 | 8,277,276 |
| | | 63,784,068 | 89,003,342 |
| CURRENT LIABILITIES | | | |
| Short term Borrowings | F | 173,193,946 | 166,305,022 |
| Trade Payables | G | 71,713,497 | 96,861,786 |
| Other Current Liabilities | H | 16,732,844 | 16,590,656 |
| Short term Provisions | I | 7,316,913 | 1,466,816 |
| | | 268,957,200 | 281,224,280 |
| | | 528,773,204 | 544,955,883 |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Fixed assets | | | |
| (i) Tangible Assets | J | | |
| Gross Block | | 536,010,261 | 523,857,881 |
| Less Depreciation | | 314,489,424 | 283,858,194 |
| Net Block | | 221,520,837 | 239,999,687 |
| Non-Current Investments | K | 21,358,500 | 3,480,000 |
| Other Non-Current Assets | L | 9,907,426 | 6,776,469 |
| | | 252,786,763 | 250,256,156 |
| CURRENT ASSETS | | | |
| Inventories | M | 125,134,648 | 123,387,861 |
| Trade receivables | N | 116,521,564 | 131,749,387 |
| Cash and Cash Equivalents | O | 16,327,435 | 15,976,700 |
| Short-term loans and advances | P | 15,598,587 | 21,181,572 |
| Other Current Assets | Q | 2,404,207 | 2,404,207 |
| | | 275,986,441 | 294,699,727 |
| | | 528,773,204 | 544,955,883 |

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. : 089190

(S.S. DUA)
Company Secretary

(L.K. BAGLA)
Chairman
(DIN : 01596548)

(M.S. BAGLA)
Mg. Director
(DIN : 01425646)

(N.M. BAGLA)
CFO

Place : New Delhi
Date : 30.05.2016

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

| | Notes | Year Ended 31st Mar, 2016 (Rs.) | Year Ended 31st Mar, 2015 (Rs.) |
|--|-------|------------------------------------|------------------------------------|
| REVENUES | | | |
| Revenue From Operation | R | 691,257,482 | 762,966,244 |
| Other Income | S | 1,340,952 | 4,596,348 |
| Total Revenue | | 692,598,434 | 767,562,592 |
| EXPENSES | | | |
| Cost of Materials Consumed | T | 359,967,504 | 467,578,131 |
| Purchase of Stock in Trade | | 1,024,931 | 2,719,334 |
| Changes in inventories of finished goods, Work in Process and Stock-in-Trade | U | 1,210,484 | (15,747,768) |
| Employee Benefits Expenses | V | 62,963,049 | 51,165,535 |
| Finance Cost | W | 34,054,319 | 34,032,640 |
| Depreciation and amortization Expenses | J | 31,362,138 | 35,731,011 |
| Other Expenses | X | 169,497,406 | 166,544,931 |
| Total expenses | | 660,079,831 | 742,023,814 |
| Profit Before Tax | | 32,518,603 | 25,538,778 |
| PROVISION FOR TAX | | | |
| Income Tax for current year | | (13,750,000) | (7,100,000) |
| Adjustment for MAT Credit current year | | - | (1,660,620) |
| MAT Credit available for earlier years | | - | - |
| Adjustment for Deferred Tax | | 2,439,988 | (1,028,307) |
| PROFIT AFTER TAXATION | | 21,208,591 | 15,749,851 |
| Earning per shares | | | |
| (a) Basic | | 4.15 | 3.08 |
| (b) Diluted | | 4.15 | 3.08 |

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. : 089190

(S.S. DUA)

Company Secretary

(L.K. BAGLA)

Chairman

(DIN : 01596548)

(M.S. BAGLA)

Mg. Director

(DIN : 01425646)

(N.M. BAGLA)

CFO

Place: New Delhi

Date : 30.05.2016

**NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2016 AND
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

| PARTICULARS | As At 31st Mar, 2016 (Rs.) | As At 31st Mar, 2015 (Rs.) | | |
|---|----------------------------------|----------------------------------|----------------------|--------------------|
| NOTE 'A' | | | | |
| SHARE CAPITAL | | | | |
| (AUTHORISED) | | | | |
| 70,00,000 (70,00,000)Equity Share of Rs. 10/- each | 70,00,000 | 70,00,000 | | |
| ISSUED, SUBSCRIBED AND PAID UP | | | | |
| 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 | | |
| | 51,163,000 | 51,163,000 | | |
| A-1 | | | | |
| DETAILS OF SHAREHOLDER HOLDING MORE THAN 5% SHARES: | | | | |
| Name of Share holder | No. of Shares | % | No. of Shares | % |
| 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 |
| NOTE 'B' | | | | |
| RESERVES AND SURPLUS | | | | |
| Capital Reserve | | | | |
| (Subsidy received during the year under Central Capital Subsidy Scheme 2003) | | | | - |
| Opening Balance | | 3,000,000 | | - |
| Received during the year | | - | | 3,000,000 |
| Closing Balance | | 3,000,000 | | 3,000,000 |
| Share Premium Account | | | | |
| Balance Brought Forward | | 21,259,500 | | 21,259,500 |
| Investment Allowance Utilization Reserve | | | | |
| Balance Brought Forward | | 2,500,000 | | 2,500,000 |
| Profit & Loss Account | | | | |
| Balance B/F From Previous Year | | 96,805,761 | | 83,621,416 |
| Additional Depreciation in pursuance to Schedule II of Company act 2013 | | - | | (2,523,497) |
| Adjustment for income Tax for earlier years | | 95,084 | | (42,011) |
| Profit for the year | | 21,208,592 | | 15,749,853 |
| | | 144,868,937 | | 123,565,261 |

NOTE 'C'
LONG TERM BORROWINGS
SECURED LOANS

| Term Loan | Non Current | Current | Non Current | Current |
|---------------------------------------|--------------------|-------------------|--------------------|-------------------|
| Allahabad Bank | 3,342,847 | 13,240,000 | 16,382,186 | 13,240,000 |
| IDBI Bank | 30,000,000 | 12,000,000 | 36,000,000 | 12,000,000 |
| | 33,342,847 | 25,240,000 | 52,382,186 | 25,240,000 |
| Capex LC - IDBI | - | - | 6,000,000 | - |
| | - | - | 6,000,000 | - |
| Auto Loans | | | | |
| HDFC Bank Ltd. (Loan No. I) | 617,056 | 293,610 | - | 304,510 |
| HDFC Bank Ltd. (Loan No. II) | 560,845 | 128,624 | - | - |
| | 1,177,901 | 422,234 | - | 304,510 |
| UNSECURED LOAN | | | | |
| <u>From Bodies Corporate :</u> | | | | |
| Others | - | - | - | - |
| | - | - | - | - |
| | 34,520,748 | 25,662,234 | 58,382,186 | 25,544,510 |

- (1) Term Loans from Allahabad bank is secured by way of First pari passu charge on entire movable and immovable fixed assets of the company, both present and future, of the companies plant located a Roorkee to be shared with IDBI bank and also equitable mortgage on first pari passu basis of industrial plot and building thereupon situated at plot no. 15 KIE Industrial Estate, Village Mundiyaiki, Pargana Mangalore, Tehsil- Roorkee, Distt. Hardwar, Collaterally secured by way of second pari passu charge on the entire current assets of the company both present and future and second pari passu charge on the entire movable and immovable fixed assets of the company, including land & construction thereon, both present & future, of the companies plant located at dadri, District, Ghaziabad. Payment Terms: Loan is repayable in 20 Quarterly installments of Rs. 33,10,000/- each and interest is on monthly basis on due amount.
- (2) Term Loan from IDBI bank is secured by way first pari passu charge on entire movable and immovable fixed assets, of the company, both present and future, equitable mortgage on first pari passu basis on land and building situated at Roorkee and second pari-passu charge on the entire movable and immovable assets of the company including land & construction thereon, both present and future of the company plant located at Dadri, district Ghaziabad(excluding land admeasuring 0.0253 hectares part of the existing factory land). Second pari-passu charge on entire current assets of the company both present & future and unconditional & irrecoverable personal guarantee of promoter directors Shri M.S. Bagla & Shri L. K. Bagla. Loan repayable in 20 Quarterly Installment of Rs. 30,00,000/- 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 Sh. L.K. Bagla and Sh. M.S. Bagla, Directors of the company.

| PARTICULARS | As At 31st Mar, 2016 (Rs.) | As At 31st Mar, 2015 (Rs.) |
|--|----------------------------------|----------------------------------|
| NOTE 'D' | | |
| DEFERRED TAX LIABILITIES (NET) | | |
| On Timing Difference of Accounting of Depreciation | 23,902,518 | 25,694,874 |
| On Provision for Gratuity | (3,081,253) | (2,625,720) |
| On Adjustments of Statutory Dues under Section 43B of Income Tax Act, 1961 | (917,373) | (725,273) |
| Net Deferred Tax Assets (Liabilities) | 19,903,892 | 22,343,881 |
| NOTE 'E' | | |
| LONG TERM PROVISIONS | | |
| For Gratuity | 8,847,486 | 7,827,652 |
| For Leave Encashment | 511,941 | 449,624 |
| | 9,359,427 | 8,277,276 |
| NOTE 'F' | | |
| SHORT TERM BORROWING | | |
| Current Maturities of Long Term Loans | | |
| Refer Note C Above | 25,662,234 | 25,544,510 |
| Cash Credits from Banks | | |
| Allahabad Bank | 59,623,456 | 57,223,628 |
| IDBI Bank Ltd | 87,908,256 | 83,536,885 |
| | 173,193,946 | 166,305,022 |

NOTES

- (1) Working Capital Term Loans and Cash Credit Loans are secured against hypothecation of entire stocks of Raw Materials, Work in Progress, Finished Goods, Stores & Spares, Book-Debts & First Charge on Fixed Assets of the Company.
- (2) Loans are further guaranteed by Sh. L.K. Bagla and Sh. M.S. Bagla, Directors of the company.

| PARTICULARS | As At 31st Mar, 2016 (Rs.) | As At 31st Mar, 2015 (Rs.) |
|--|----------------------------------|----------------------------------|
| NOTE 'G' | | |
| TRADE PAYABLES | | |
| For Goods | 54,702,066 | 76,030,857 |
| For Services | 11,579,587 | 10,750,774 |
| For Deferred Credit | 5,431,844 | 10,080,155 |
| | <u>71,713,497</u> | <u>96,861,786</u> |
| NOTE 'H' | | |
| OTHER CURRENT LIABILITIES | | |
| Advance From Customers | 6,341,594 | 3,038,376 |
| Payables For Capital Goods | 1,593,196 | 6,337,690 |
| Payable For employees | 4,546,728 | 3,936,517 |
| Statutory Dues | 2,251,507 | 1,438,119 |
| Interest accrued but not due on Loan | 1,418,852 | 1,241,313 |
| Other Liabilities | 580,967 | 598,641 |
| | <u>16,732,844</u> | <u>16,590,656</u> |
| NOTE 'I' | | |
| SHORT TERM PROVISIONS | | |
| For Leave Encashment | 64,339 | 31,015 |
| For Gratuity | 649,364 | 265,182 |
| For Income Tax | | |
| Provision for Income Tax | 13,750,000 | 13,529,881 |
| Less Income Tax Payment Income Tax Deducted at Source | (7,146,790) | (12,359,262) |
| | <u>7,316,913</u> | <u>1,466,819</u> |

NOTE 'J'
FIXED ASSETS
TANGIBLE ASSETS

(Rupees)

| Particulars | GROSS BLOCK | | | DEPRECIATION WRITTEN OFF | | | | | NET BLOCK | | |
|-----------------------|--|--|------------------------------------|--|--|--|---|---|--|--|--|
| | As on 31.03.2015 (Rs.) | Addition (Rs.) | Deduction/ Capitalized (Rs.) | As on 31.03.2016 (Rs.) | As on 31.03.2015 (Rs.) | For the Year (Rs.) | Additional dep. As per Company act, 2013 (Rs.) | Adjustment on sale of Assets (Rs.) | Up to 31.03.2016 (Rs.) | As on 31.03.2016 (Rs.) | As on 31.03.2015 (Rs.) |
| LAND (FREE HOLD) | 2,664,804 | - | - | 2,664,804 | - | - | - | - | - | 2,664,804 | 2,664,804 |
| BUILDING | 45,305,045 | - | - | 45,305,045 | 29,171,743 | 1,517,235 | - | - | 30,688,978 | 14,616,067 | 16,133,302 |
| PLANT & MACHINERY | 418,600,933 | 5,403,149 | - | 424,004,082 | 223,031,924 | 23,116,122 | - | - | 246,148,046 | 177,856,036 | 195,569,009 |
| ELECTRIC INSTALLATION | 28,287,937 | 1,596,841 | - | 29,884,778 | 11,128,170 | 3,545,365 | - | - | 14,673,535 | 15,211,243 | 17,159,767 |
| FURNITURE & FIXTURE | 9,623,593 | 3,533,080 | - | 13,156,673 | 5,375,551 | 1,411,812 | - | - | 6,787,363 | 6,369,310 | 4,248,042 |
| AIR CONDITIONER | 1,956,527 | - | - | 1,956,527 | 1,702,629 | 223,558 | - | - | 1,926,187 | 30,340 | 253,898 |
| OFFICE EQUIPMENT | 1,265,286 | 122,970 | - | 1,388,256 | 878,480 | 1,308 | - | - | 879,788 | 508,468 | 386,806 |
| VEHICLES | - | - | - | - | - | - | - | - | - | - | - |
| CAR'S / BUS | 11,577,166 | 2,045,297 | 856,202 | 12,766,261 | 9,071,901 | 909,642 | - | 730,908 | 9,250,635 | 3,515,626 | 2,505,265 |
| DELIVERY TRUCKS | 1,327,005 | - | - | 1,327,005 | 1,207,731 | 31,109 | - | - | 1,238,840 | 88,165 | 119,274 |
| SCOOTERS | 273,965 | - | - | 273,965 | 243,905 | 6,047 | - | - | 249,952 | 24,013 | 30,060 |
| CYCLE'S | 7,967 | - | - | 7,967 | 6,213 | - | - | - | 6,213 | 1,754 | 1,754 |
| COMPUTERS | 2,967,653 | 307,245 | - | 3,274,898 | 2,039,947 | 599,940 | - | - | 2,639,887 | 635,011 | 927,706 |
| TOTAL | 523,857,981 (466,712,171) | 13,008,582 57,145,710 | 856,202 - | 536,010,261 (523,857,881) | 283,858,194 (245,603,686) | 31,362,138 (35,731,011) | - (2,523,497) | 730,908 - | 314,483,424 (283,858,194) | 221,520,837 (239,999,687) | 239,999,687 (221,108,485) |

| PARTICULARS | As At 31st Mar, 2016 (Rs.) | As At 31st Mar, 2015 (Rs.) |
|---|----------------------------------|----------------------------------|
| NOTE 'K' | | |
| <u>NON CURRENT INVESTMENTS</u> | | |
| Unquoted | | |
| 10,000 (10,000) Equity share of Rs 10/-each Fully Paid up of Benares State Bank Limited | 100,000 | 100,000 |
| 600000 (Nil) Equity share of Rs 10/-each Fully Paid up of Bagla Polyfilms Ltd. | 15,000,000 | - |
| Investment in Subsidiary(Associate) Company | | |
| 1,62,000 (87000) Equity share of Rs 10/-each Fully Paid up of Bagla Wellness Pvt. Ltd (Formally Known As Bhutnath Tradelink Pvt. Ltd.) | 6,358,500 | 3,480,000 |
| | - | - |
| | 21,458,500 | 3,580,000 |
| Less : Provision for diminution in value | 100,000 | 100,000 |
| | 21,358,500 | 3,480,000 |
| NOTE 'L' | | |
| <u>OTHER NON CURRENT ASSETS</u> | | |
| Security Deposits | 9,407,105 | 6,508,405 |
| Advance for Capital Goods | 207,199 | - |
| VAT on Capital Goods | 293,122 | 268,064 |
| | 9,907,426 | 6,776,469 |
| NOTE 'M' | | |
| <u>INVENTORIES</u> | | |
| (As taken, valued and certified by the management) | | |
| Raw Materials | 47,221,897 | 45,397,370 |
| Finished Goods | 15,580,881 | 13,501,545 |
| Work in Progress | 47,084,480 | 50,365,864 |
| Stores, Spares, Fuel and Packing Materials | 15,246,382 | 14,113,638 |
| Scrap for Sales | 1,008 | 9,444 |
| | 125,134,648 | 123,387,861 |

| PARTICULARS | As At 31st Mar, 2016 (Rs.) | As At 31st Mar, 2015 (Rs.) |
|--|----------------------------------|----------------------------------|
| NOTE 'N' | | |
| <u>TRADE RECEIVABLES</u> | | |
| (Unsecured, considered good unless otherwise stated) | | |
| Debts Due Over Six month | | |
| Considered good | 4,703,381 | 5,816,690 |
| Considered doubtful | 484,789 | 331,132 |
| Less: Provision for doubtful debts | (484,789) | (331,132) |
| Other Debts | | |
| Considered good | 111,818,183 | 125,932,697 |
| | 116,521,564 | 131,749,387 |
| NOTE 'O' | | |
| <u>CASH AND CASH EQUIVALENTS</u> | | |
| Cash in Hand | | |
| (As per books and certified) | 254,531 | 604,175 |
| Balances with Scheduled Banks in: | | |
| Current Accounts | 9,587,422 | 3,829,057 |
| Fixed Deposit Accounts | 6,324,598 | 11,345,851 |
| Interest Accrued but not due on fixed deposits | 160,884 | 197,617 |
| (Pledged as Margin money and having maturity within 12 months) | 16,327,435 | 15,976,699 |
| NOTE 'P' | | |
| <u>SHORT TERM LOANS & ADVANCES</u> | | |
| Advances recoverable in cash or in kind or for value to be received | | |
| Unsecured, considered good : | 7,814,541 | 11,930,204 |
| Unsecured, considered doubtful : | - | 1,100,000 |
| Less Provision for doubtful Advances | - | (1,100,000) |
| VAT Receivable | 27,218 | 297,556 |
| Balances with Excise Department | 7,756,828 | 8,953,812 |
| | 15,598,587 | 21,181,572 |

| PARTICULARS | As At 31st Mar, 2016 (Rs.) | As At 31st Mar, 2015 (Rs.) |
|---|----------------------------------|----------------------------------|
| NOTE 'Q' | | |
| OTHER CURRENT ASSETS | | |
| Discarded Fixed Assets held for Sales | 2,404,207 | 6,904,207 |
| Less :- Sales During the year | - | (4,500,000) |
| | 2,404,207 | 2,404,207 |
| NOTE 'R' | | |
| REVENUE FROM OPERATIONS | | |
| (Sales Net of Returns) | | |
| Domestic Sales | 663,471,263 | 734,880,461 |
| Export Sales | 97,580,345 | 100,862,490 |
| Scrap Sales | 2,371,159 | 2,486,932 |
| Trading Goods | 1,093,600 | 3,420,768 |
| Total Sales | 764,516,367 | 841,650,651 |
| Less Excise Duty | 73,402,117 | 79,009,120 |
| | 691,114,250 | 762,641,531 |
| Job Work Receipts | 143,232 | 324,713 |
| | 691,257,482 | 762,966,244 |
| NOTE 'S' | | |
| OTHER INCOME | | |
| Miscellaneous Receipts | 2,080 | 80,000 |
| Duty Draw back | 438,035 | 44,029 |
| Interest received on Security Deposit | - | 260,588 |
| Interest received on Bank deposits | 669,055 | 978,625 |
| Foreign Exchange Fluctuation (Net) | - | 2,700,813 |
| Excess Provision for Bonus Written Back | 197,076 | 15,163 |
| Rent on Machine | - | 500,000 |
| Profit on Sales of Fixed Assets | 34,706 | - |
| Sundry Balances Written off (Net) | - | 13,039 |
| Previous year adjustment (Net) | - | 4,091 |
| | 1,340,952 | 4,596,348 |

| PARTICULARS | As At 31st Mar, 2016 (Rs.) | As At 31st Mar, 2015 (Rs.) |
|--|----------------------------------|----------------------------------|
| NOTE 'T' | | |
| <u>MATERIALS CONSUMED</u> | | |
| Raw Materials Consumed | | |
| Opening Stocks | 45,397,370 | 43,759,242 |
| Add: Purchases | 361,792,031 | 469,216,259 |
| | 407,189,401 | 512,975,501 |
| Less : Closing Stocks | 47,221,897 | 45,397,370 |
| | 359,967,504 | 467,578,131 |
| | | |
| NOTE 'U' | | |
| <u>CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROCESS AND STOCK-IN-TRADE</u> | | |
| OPENING STOCK | | |
| Work in Process | 50,365,864 | 31,698,458 |
| Finished Goods Manufactured | 13,501,545 | 16,414,967 |
| Scrap Stock | 9,444 | 15,660 |
| | 63,876,853 | 48,129,085 |
| | | |
| CLOSING STOCK | | |
| Work in Process | 47,084,480 | 50,365,864 |
| Finished Goods Manufactured | 15,580,881 | 13,501,545 |
| Scrap Stock | 1,008 | 9,444 |
| | 62,666,369 | 63,876,853 |
| | (1,210,484) | 15,747,768 |

| PARTICULARS | As At 31st Mar, 2016 (Rs.) | As At 31st Mar, 2015 (Rs.) |
|--|----------------------------------|----------------------------------|
| NOTE 'V' | | |
| EMPLOYEE BENEFITS EXPENSES | | |
| Salaries, Wages and other Allowances | 47,783,097 | 36,207,419 |
| Contribution to Provident and other Allied Funds | 3,133,017 | 2,909,674 |
| Director's Remuneration | 7,068,111 | 4,552,346 |
| Staff Welfare and Benefits | 3,119,963 | 5,120,810 |
| Gratuity | 1,508,373 | 1,982,419 |
| Leave Encashment | 350,488 | 392,867 |
| | 62,963,049 | 51,165,535 |
| NOTE 'W' | | |
| FINANCE COST | | |
| Interest to Banks on Cash/Packing credits | 18,902,606 | 19,238,504 |
| Interest to Bank on Term Loan | 9,018,618 | 8,451,145 |
| Interest on Other | 1,339,940 | 2,122,277 |
| Bank Commission and Charges | 4,793,155 | 4,220,714 |
| | 34,054,319 | 34,032,640 |
| NOTE 'X' | | |
| OTHER EXPENSES | | |
| 1 MANUFACTURING EXPENSES | | |
| Power & Fuel Consumed | 48,891,131 | 52,969,372 |
| Store, Spares & Tools Consumed | 11,099,215 | 8,243,858 |
| Packing Expenses | 27,842,413 | 28,904,665 |
| Carriage Inward | 222,002 | 344,598 |
| Repairs and Maintenance: | | |
| Building and Shed | 2,542,904 | 464,720 |
| Plant and Machinery | 10,834,254 | 10,723,111 |
| Others | 2,509,352 | 3,160,817 |
| | 103,941,271 | 104,811,141 |

| PARTICULARS | As At 31st Mar, 2016 (Rs.) | As At 31st Mar, 2015 (Rs.) |
|---|----------------------------------|----------------------------------|
| 2 ADMINISTRATIVE AND OTHER OVERHEADS | | |
| Rent, Rates and Taxes | 789,240 | 1,234,237 |
| Printing and Stationery | 851,356 | 693,981 |
| Traveling and Conveyance | 11,335,582 | 9,527,168 |
| Vehicle Running Maintenance | 2,229,008 | 2,144,593 |
| Postage & Telephone charges | 3,517,990 | 3,514,764 |
| Electricity and Water Overheads | 880,493 | 812,233 |
| Data processing Expenses | 665,627 | 522,071 |
| Legal and Professional Charges | 2,781,977 | 1,435,521 |
| Advertisement Expenses | 67,660 | 46,303 |
| Auditor's Remuneration : | | |
| For Audit Fees | 80,000 | 60,000 |
| For Tax Audit Fees | 20,000 | 20,000 |
| For Other Matters | 35,700 | 112,440 |
| | <hr/> | <hr/> |
| Fees & Subscription | 309,645 | 439,792 |
| Repairs and Maintenance Others | 2,442,652 | 2,614,820 |
| Insurance Charges | 920,995 | 1,148,894 |
| General Expenses | 5,413,699 | 6,097,895 |
| Provision for doubtful debts/advances | 220,977 | 1,131,358 |
| Sundry Balances Written off (Net) | 3,061,774 | - |
| Previous year adjustment (Net) | 352,626 | - |
| Foreign Exchange Fluctuation (Net) | 95,058 | - |
| | <hr/> | <hr/> |
| | 36,072,059 | 31,476,070 |
| | <hr/> <hr/> | <hr/> <hr/> |
| 3 SALES AND DISTRIBUTION OVERHEADS | | |
| Advertisement & Publicity | 39,480 | 88,953 |
| Freight and Carriage Outward | 18,766,336 | 21,515,022 |
| Discount, Rebates and Claims | 1,625,441 | 1,664,310 |
| Brokerage & Commission | 3,017,346 | 3,251,946 |
| Business Promotion Expenses | 4,751,044 | 2,645,297 |
| Turnover and Sales Tax | 322,632 | 74,348 |
| Statutory Demands | 177,159 | 51,853 |
| Exhibition & Conference Expenses | 784,638 | 965,991 |
| | <hr/> | <hr/> |
| | 29,484,076 | 30,257,720 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Total (1+2+3) | 169,497,406 | 166,544,931 |
| | <hr/> <hr/> | <hr/> <hr/> |

NOTE : Y SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

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, 2013, 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 and exchange gain/loss on export sales.
- (c) Realization from Scrap of Adhesives Tape and POF Division is accounted for on cash basis.
- (d) Duty Drawbacks and other export incentive (income) 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 at the rates derived from useful life of the assets prescribed in schedule II to the Companies Act, 2013 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 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 and deferred 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 applicable tax rates 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.0.60 Lacs(Previous year Rs.0.60Lacs)
 - (b) Foreign letter of credit opened with IDBI Bank & Allahabad bank for import of Raw material etc. worth Rs 96.35 Lacs (Previous year Rs. 75.12 Lacs) and for procurement of for raw material from domestic supplier Rs. 96.87 Lac (Previous year Rs. 78.25 Lac)
 - (c) Sales Tax demand pending appeals Rs. 0.04 (Previous year Rs. 6.04 Lacs)
 - (d) Excise Duty demand pending appeals at High Court Rs 1.95 Lacs. (Previous year at Rs. 1.95 Lacs) against which protest money deposited Rs.1.95 Lacs (Previous year at Rs. 1.95 Lacs).
 - (e) Excise duty demand Rs. 1.30 Lacs (Previous year at Rs. 15.54 Lacs) against which protest money deposited Rs.1.30 Lacs (Previous year at Rs. 1.30 Lacs).
 - (f) Custom duties saved under EPCG schemes, against which export obligations are pending Nil. (Previous year at Rs. 36.68 Lacs).
 - (g) Custom duties saved under Advance license schemes, against which export obligations are pending Nil (Previous year at Rs. 57.43 Lacs).
2. In accordance with company's consistent practice, no provision has been made for excise duty aggregating Rs 10.87 Lacs (Previous year Rs. 10.48 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. Following banks accounts have no transactions during the year and are subject to confirm by the banks:

| | | Book Balance as on 31.03.2016 | Book Balance as on 31.03.2016 |
|--------------------|-----------|--|--|
| a.) Allahabad Bank | Ahmedabad | 15,150.05/- | 15,150.05/- |
| b.) IDBI Bank Ltd. | Mumbai | 1450.39/- | 1,450.39/- |
| c.) IDBI Bank Ltd. | Banglore | 456.66/- | 456.66/- |

4. Accrued benefits of duty free imports available to the company in form of transferable 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.
5. 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.

6. 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.
7. 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.
8. The Roorkee Unit of Company has been registered under the Central Capital Subsidy Scheme 2003. The Company has received Capital Subsidy amounting to Rs.30.00 lacs during 2014-15 under the said scheme which has been taken credited to capital reserves.
9. **Amount paid to Directors as remuneration:**

| A. Managing Director | | |
|-----------------------------|------------------|------------------|
| Particulars | 2015-2016 | 2014-2015 |
| No. of Persons | One | One |
| Salary & Allowances | 61,50,000/- | 36,00,000/- |
| Perquisites | 1,38,111/- | 42,346/- |

Note. the increase in remuneration during the year is subject to approval of the members in the General Meeting

| B. Whole Time Director | | |
|-----------------------------------|------------|------------|
| No. of Persons | Two | Two |
| Salary & Allowances | 7,80,000/- | 8,40,000/- |
| Contribution to P.F & other funds | 50,400/- | 50,400/- |
| Perquisites | 1,54,000/- | 1,54,000/- |

| 10. Earnings per share (EPS): | 2015-2016 | 2014-2015 |
|---|------------------|------------------|
| Profit/(Loss) after Tax (Rs. in Lacs) | 212.29 | 157.50 |
| Average number of Equity Shares (Face Value of Rs.10/-) | 51,16,300 | 51,16,300 |
| Basic and Diluted EPS (in Rupees per Share) | 4.15 | 3.08 |

11. Sales/purchases includes inter factory transfers which results in inflation of sale figure by Rs. 4.68Lacs (3.55Lacs) Sale from Ghaziabad factory to Roorkee Factory and sale from Roorkee Factory to Ghaziabad Factory Rs.Nil (18.12 Lacs).
- 12 Details of Employee Benefits as required by the Accounting Standard -15 "Employee Benefits" are as follows:

1 Defined contribution Plans

| PARTICULARS | 2015-2016 | 2014-2015 |
|---|------------------|------------------|
| The Group has recognized the following amounts in the profit and loss account:-Contribution to Provident Fund and Family Pension Fund | 21,74,110/- | 19,31,101/- |

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 | |
|---|-----------|------------|------------------|------------|
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| Current Service Cost | 7,32,759 | 6,27,230/- | 77,615 | 54,798/- |
| Interest Cost | 6,47,427 | 5,46,439/- | 38,451 | 38,450/- |
| Actuarial Losses (Gains) | 1,28,187 | 8,08,750/- | 2,28,100 | 2,73,089/- |
| Total Expenses recognized in the P& L A/c | 15,08,373 | 19,82,419 | 3,44,166 | 3,66,337/- |

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

| Particulars | Gratuity | | Leave Encashment | |
|---|-----------|-------------|------------------|------------|
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| Present Value of Defined Benefit Obligation | 94,97,149 | 80,92,833/- | 5,76,280 | 4,80,639/- |
| Net Asset / (Liability) recognized in the Balance Sheet | 94,97,149 | 80,92,833/- | 5,76,280 | 4,80,639/- |

III Charge in Defined Benefit Obligation during the year.

| Particulars | Gratuity | | Leave Encashment | |
|---|------------|-------------|------------------|-------------|
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| Present value of defined Benefit obligation as at the beginning of year | 80,92,833 | 68,30,485/- | 4,80,639 | 4,80,630/- |
| Current Service Cost | 7,32,759 | 6,27,229/- | 77,615 | 54,798/- |
| Interest Cost | 6,47,427 | 5,46,439/- | 38,451 | 38,450/- |
| Actuarial Losses/ (Gains) | 1,28,187 | 8,08,750/- | 2,28,100 | 2,73,089/- |
| Benefits paid | (1,04,057) | -7,20,070/- | (2,48,525) | -3,66,328/- |
| Present value of Defined Benefit obligation as the end of the year | 94,97,149 | 80,92,833/- | 5,76,280 | 4,80,639/- |

IV Actuarial Assumptions

| Particulars | Current Year | Previous Year |
|------------------------|--------------|---------------|
| Discount Rate | 8.00% | 8.00% |
| 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:

Subsidiary Company:

Bagla Wellness Private Limited (Earlier known as Bhutnath Tradelink Private Limited)

Others

Hindustan Foils Ltd.

Agarwal Tracom Pvt. Ltd.

Bagla Polifilms Ltd.

2. Key Management Personal:

Mr. Lalit Kumar Bagla - Director

Mr. Madhu Sudan Bagla - Managing Director

Mr. Suresh Sridhar Ajila - Whole time Director

Mrs. Urmila Goenka - Whole time Director

Mr. Nakul M Bagla - CFO

3. Relative of Key Management Personnel

(With whom transactions taken place during the year)

Mrs. Pushpa Devi Bagla

Mrs. Anju Bagla

Mr. Dhruv Bagla

Mrs. Gayathri Ajila

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) | |
|-----------------------------|--|------------------------|-------------|--------------------------------|------------|
| | | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| Where Control Exists | Loans & Advances Received | NIL | 25,63,852/- | NIL | 2,15,930/- |
| | Loan & advances Repaid | 2,15,930/- | 23,47,922/- | NIL | NIL |
| | Loans & Advances Given & received back | 17,00,000/- | 2,83,008/- | NIL | NIL |
| | Investments made in shares | 1,78,78,500/- | 34,80,000/- | NIL | NIL |
| | Hire charges Paid | 1,30,000/- | 10,80,000/- | NIL | NIL |
| | Statutory Payment on behalf of related party | 16,07,963/- | 8,20,418/- | NIL | NIL |

| Type of Related Party | Nature of Transaction | Volume of Transactions | | Amount Payable / (Recoverable) | |
|--|---|------------------------|-------------|--------------------------------|-------------|
| | | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| | Reimbursement received of payment made on behalf of related party | 17,75,556/- | 6,52,825/- | NIL | NIL |
| | Rent Paid | 1,08,000/- | 1,08,000/- | NIL | NIL |
| | Sales | 95,962/- | 54,894/- | NIL | (54894) |
| | Security Deposit given for office | 15,00,000/- | NIL | (15,00,000) | (1,08,000) |
| | Refund of Security Deposit | 1,08,000/- | NIL | NIL | NIL |
| Key Management Personal | Managing Director's Remuneration & Perks | 62,88,111/- | 36,42,346/- | NIL | NIL |
| | Director's Remuneration | 9,84,400/- | 10,44,400/- | NIL | 1,44,400/- |
| | CFO Remuneration | 20,40,000/- | 9,60,000/- | NIL | NIL |
| | Remuneration in advance | 67,866/- | 8,24,490/- | (67,866) | (4,15,480) |
| | Hire charges Paid | 4,80,000/- | 4,80,000/- | NIL | NIL |
| | Security Deposit | 7,50,000/- | NIL | (7,50,000) | NIL |
| Relative of Key Management Personal | Salary | 17,40,000/- | 5,00,000/- | NIL | NIL |
| | Advance against salary | 4,43,576/- | 4,59,181/- | NIL | (1,09,181) |
| | Reimbursements | 53,912/- | 62,127/- | NIL | NIL |
| | Commission | 7,83,703/- | 7,60,355/- | NIL | NIL |
| | Rent Paid | 3,61,861/- | 3,36,612/- | NIL | NIL |
| | Office Maintenance | 2,15,430/- | 2,00,400/- | NIL | NIL |
| | Security Deposit Given | 7,50,000/- | NIL | (17,50,000) | (10,00,000) |
| Others | Rent Paid | 24,000/- | 24000/- | NIL | NIL |

15. Derivative Instruments and un-hedged Foreign Currency disclosure

| Particulars | 2015-16 | | | 2014-15 | | |
|---------------------------------|------------------|---------------------------|-----------------|-------------|---------------------------|----------|
| | Rs. | Value in Foreign Currency | | Rs. | Value in Foreign Currency | |
| Receivables | | | | | | |
| Export Sales | 76,94,212 | USD | 1,17,531 | 93,68,853 | USD | 1,58,009 |
| | 1,31,158 | Euro | 1,774 | Nil | | Nil |
| For others | 1,23,715 | USD | 2,018 | 9,87,521 | USD | 11,198 |
| | | | | 1,73,712 | Euro | 2,595 |
| Advance for Import-Raw Material | 17,37,759 | USD | 25,800 | NIL | USD | NIL |
| Total | 96,86,844 | USD | 1,45,349 | 1,05,30,086 | USD | 1,69,207 |
| | | Euro | 1,774 | | Euro | 2,595 |

| Particulars | 2015-16 | | | 2014-15 | | |
|----------------------|------------------|---------------------------|---------------|-------------|---------------------------|----------|
| | Rs. | Value in Foreign Currency | | Rs. | Value in Foreign Currency | |
| Payables | | | | | | |
| Capex LC | Nil | USD | Nil | 93,69,120 | USD | 1,49,000 |
| Import- Raw Material | 26,15,458 | USD | 38,880 | 41,60,141 | USD | 65,360 |
| | | | | 59,33,849 | Euro | 86,905 |
| Advance Received | 29,22,226 | USD | 43,740 | 3,88,631 | USD | 6,324 |
| against export sale | 2,28,540 | Euro | 3,000 | 5,13,311 | Euro | 7,581 |
| Total | 57,66,224 | USD | 82,620 | 2,03,65,052 | USD | 2,20,684 |
| | | Euro | 3,000 | | Euro | 94,486 |

16. A. STOCK AND TURNOVER

| Class of Goods | Opening Stock Value (Rs.) | Closing Stock Value (Rs.) | Turnover Value (Rs.) |
|------------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|
| MANUFACTURED FINISHED GOODS | | | |
| SELF ADHESIVE TAPES | 7,194,543 (6,512,912) | 8,156,623 (7,194,543) | 522,481,987 (649,465,768) |
| BOPP FILM | 992,682 (1,438,275) | 373,275 (992,682) | - (1,951,180) |
| POF FILM | 5,314,320 (8,463,780) | 7,050,983 (5,314,320) | 238,569,622 (184,326,004) |
| TRADED FINISHED GOODS | | | |
| Polypropylene | - | - | - |
| Scrap Sales (Old & Used) | - | - | 1,093,600 |
| | 13,501,545 (16,414,967) | 15,580,881 (13,501,545) | 762,145,208 (835,742,952) |

| | Current Year Value (Rs.) | Previous Year Value (Rs.) |
|--|--------------------------|---------------------------|
| A.1 TRADED FINISHED GOODS PURCHASED | | |
| Polypropylene | - | - |
| B WORK IN PROGRESS | | |
| OPENING STOCK | | |
| SELF ADHESIVES TAPES | 17,499,739 | 15,457,538 |
| BOPP FILM | 1,257,697 | 721,535 |
| POF FILM | 31,608,428 | 15,519,385 |
| | 50,365,864 | 31,698,458 |
| CLOSING STOCK | | |
| SELF ADHESIVES TAPES | 17,797,303 | 17,499,739 |
| BOPP FILM | 1,929,498 | 1,257,697 |
| POF FILM | 27,357,679 | 31,608,428 |
| | 47,084,480 | 50,365,864 |

| | Current Year Value (Rs.) | Previous Year Value (Rs.) |
|--------------------------------|--------------------------|---------------------------|
| C RAW MATERIAL CONSUMED | | |
| Bopp & other films | 117,113,393 | 160,272,202 |
| Polypropylene Granules | 125,589,614 | 130,381,884 |
| Adhesives & Chemicals | 116,589,697 | 175,175,678 |
| Paper & Other | 674,800 | 1,748,367 |
| | 359,967,505 | 467,578,131 |

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

| | CURRENT YEAR | | PREVIOUS YEAR | |
|---|--------------|--------------------|---------------|--------------------|
| | % | Value (Rs.) | % | Value (Rs.) |
| RAW MATERIALS | | | | |
| Imported | 39.27 | 141,351,444 | 27.05 | 126,477,731 |
| Indigenous | 60.73 | 218,616,061 | 72.95 | 341,100,400 |
| | 100.00 | 359,967,505 | 100.00 | 467,578,131 |
| STORE & SPARES & LOOSE TOOLS | | | | |
| Imported | 13.41 | 1,042,002 | 1.90 | 76,051 |
| Indigenous | 86.59 | 6,727,467 | 98.10 | 3,920,527 |
| | 100.00 | 7,769,469 | 100.00 | 3,996,578 |

**E CIF VALUE OF IMPORTS**

| | Current Year Value (Rs.) | Previous Year Value (Rs.) |
|------------------------------------|--------------------------|---------------------------|
| Raw Materials | 144,041,497 | 135,444,796 |
| Capital Goods | 3,170,063 | 39,469,347 |
| Capital Goods - Repair & Maintance | 2,429,543 | 951,236 |
| Store & Spare | 1,054,702 | 115,856 |

F EXPENDITURE IN FOREIGN CURRENCY

| | Current Year Value (Rs.) | Previous Year Value (Rs.) |
|--|--------------------------|---------------------------|
| Traveling Expenses | 3,064,778 | 1,551,468 |
| Exhibition, Meeting & Conference, Professional | 784,638 | 965,991 |
| Others (Donation, Commission & Bank Charges) | 329,139 | 608,741 |

G EARNING IN FOREIGN CURRENCY

| | Current Year Value (Rs.) | Previous Year Value (Rs.) |
|----------------------|--------------------------|---------------------------|
| FOB Value of Exports | 93,075,952 | 99,456,145 |

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. : 089190

Place : New Delhi

Date : 30.05.2016

(S.S. DUA)

Co. Secretary

(L.K. BAGLA)

Chairman

(DIN : 01596548)

(M.S. BAGLA)

Mg. Director

(DIN : 01425646)

(N.M. BAGLA)

CFO

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

| | Current Year (Rs.) | Previous Year (Rs.) |
|--|-----------------------|------------------------|
| A Cash Flow From Operating Activities | | |
| Net Profit / (Loss) As per Profit & loss Account | 32,518,603 | 25,538,780 |
| Adjustment For: | | |
| Depreciation | 31,362,138 | 35,731,011 |
| Sales of Fixed Assets Sold | (34,706) | - |
| Interest Paid /Received Net | 34,054,319 | 34,032,641 |
| Provision for Doubt ful reversed | 220,977 | 1,131,358 |
| Provision for Gratuity & Leave | 1,499,657 | 1,262,358 |
| Operating Profit Before Working Capital Change | 99,620,988 | 97,696,148 |
| Adjustment For: | | |
| Trade & Other Receivables | 17,458,875 | 30,951,062 |
| Inventories | (1,746,787) | (17,594,484) |
| Trade Payable | (25,006,101) | (1,789,110) |
| Cash Generated by Operating Activities | 90,326,975 | 109,263,616 |
| Less : Income Tax Payments | (8,222,325) | (8,002,222) |
| Net Cash Generated by Operating Activities | 82,104,650 | 101,261,394 |
| B CASH FLOW FROM INVESTMENT ACTIVITIES | | |
| Purchases of Fixed Assets | (12,848,582) | (54,132,115) |
| Purchased of Investment | (17,878,500) | (3,480,000) |
| Net Cash Flow from investment activities | (30,727,082) | (57,612,115) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Subcidy Received | - | 3,000,000 |
| Proceeds /(Repayment) from Secured Loans | (16,972,514) | (5,948,747) |
| Proceeds /(Repayment) from Unsecured Loans | - | (7,500,000) |
| Interest | (34,054,319) | (34,032,641) |
| Net cash used in Financing Activities | (51,026,833) | (44,481,388) |
| NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENT | 350,735 | (832,109) |
| Cash & Cash equivalents opening Balance | 15,976,700 | 16,808,809 |
| Cash & Cash equivalents Closing Balance | 16,327,435 | 15,976,700 |

As per our report of even date attached

For **SALARPURIA & PARTNERS**

Firm Registration No.-302113E

Chartered Accountants

(Kamal Kumar Gupta)

Partner

M. No.- 089190

Place : New Delhi

Date : 30.05.2016

(S.S. DUA)
Co. Secretary**(L.K. BAGLA)**
Chairman
(DIN : 01596548)**(M.S. BAGLA)**
Mg. Director
(DIN : 01425646)**(N.M. BAGLA)**
CFO

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENT OF HINDUSTAN ADHESIVES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HINDUSTAN ADHESIVES LIMITED and its subsidiary, Which comprise the Consolidated Balance Sheet as at 31st March, 2016 the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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, we consider internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Company as at 31st March, 2016, and their consolidated Profit and their consolidated cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- I. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) on the basis of written representations received from the directors as on 31 March, 2016 taken on record by the board of directors of the company and its subsidiary none of the director is disqualified as on 31 March 2016 for being appointment as a director in terms of the section 164(2) of the Companies Act, 2013.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The consolidated financial statements has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 23(2)(ii) to the consolidated financial statements.
 - ii) Provision has been made in consolidated financial statements, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund.

For SALARPURIA & PARTNERS

Firm Registration No. 302113E

Chartered Accountants

(KAMAL KUMAR GUPTA)

Partner

M. No. 89190

Place : New Delhi

Date : 30.05.2016

ANNEXURE ‘A’ TO THE INDEPENDENT AUDITOR’S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

(Referred to Paragraph 1(f) of Report on Other Legal and Regulatory Requirements of our Report of even date)

In conjunction with our audit of the consolidated financial statements of the company as on 31 March 2016, We have audited the internal financial controls over financial reporting of Hindustan Adhesives Limited and its Subsidiary company.

Management’s Responsibility for Internal Financial Controls

The Company’s management and the management of subsidiary are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of



the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company and its subsidiary have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For SALARPURIA & PARTNERS

Firm Registration No. 302113E

Chartered Accountants

(KAMAL KUMAR GUPTA)

Partner

M. No. 89190

Place : New Delhi
Date : 30.05.2016

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016**

| PARTICULARS | Notes | As At 31st Mar, 2016 (Rs.) |
|---|-------|-------------------------------|
| EQUITY & LIABILITIES | | |
| SHAREHOLDER'S FUNDS | | |
| Share Capital | A | 51,163,000 |
| Reserves and Surplus | B | 143,119,972 |
| Minority Interest | | 2,503,947 |
| | | 196,786,919 |
| NON-CURRENT LIABILITIES | | |
| Long-term Borrowings | C | 35,520,748 |
| Deferred Tax Liabilities (Net) | D | 19,903,892 |
| Long-term Provisions | E | 9,359,427 |
| | | 64,784,067 |
| CURRENT LIABILITIES | | |
| Short term Borrowings | F | 173,193,946 |
| Trade Payables | G | 72,589,484 |
| Other Current Liabilities | H | 18,647,802 |
| Short term Provisions | I | 7,166,350 |
| | | 271,597,582 |
| | | 533,168,568 |
| ASSETS | | |
| NON CURRENT ASSETS | | |
| Fixed assets | | |
| (i) Tangible Assets | J | |
| Gross Block | | 546,923,593 |
| Less Depreciation | | 316,769,074 |
| Net Block | | 230,154,519 |
| (i) Capital work-in-progress | | - |
| Non-Current Investments | K | 15,000,000 |
| Other Non-Current Assets | L | 11,407,426 |
| | | 256,561,945 |
| CURRENT ASSETS | | |
| Inventories | M | 125,134,648 |
| Trade receivables | N | 116,521,564 |
| Cash and Cash Equivalents | O | 16,880,807 |
| Short-term loans and advances | P | 15,665,397 |
| Other Current Assets | Q | 2,404,207 |
| | | 276,606,623 |
| | | 533,168,568 |
| 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. : 089190

Place : New Delhi

Date : 30.05.2016

(S.S. DUA)
Co. Secretary**(L.K. BAGLA)**
Director
(DIN : 01596548)**(M.S. BAGLA)**
Mg. Director
(DIN : 01425646)**(N.M. BAGLA)**
CFO

**CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016**

| | Notes | Year Ended 31st Mar, 2016 (Rs.) |
|--|-------|------------------------------------|
| REVENUES | | |
| Revenue From Operation | R | 691,257,482 |
| Other Income | S | 1,360,378 |
| Member Ship Fee | | 13,978,833 |
| Total Revenue | | 706,596,693 |
| EXPENSES | | |
| Cost of Materials Consumed | T | 360,031,029 |
| Purchase of Stock in Trade | | 1,024,931 |
| Changes in inventories of finished goods, Work in Process and Stock-in-Trade | U | 1,210,484 |
| Employee Benefits Expenses | V | 67,591,945 |
| Finance Cost | W | 34,417,799 |
| Depreciation and amortization Expenses | J | 33,398,870 |
| Other Expenses | X | 180,039,169 |
| Total expenses | | 677,714,227 |
| Profit Before Tax | | 28,882,466 |
| PROVISION FOR TAX | | |
| Income Tax for current year | | (13,750,000) |
| Adjustment for MAT Credit current year | | - |
| MAT Credit available for earlier years | | - |
| Adjustment for Deferred Tax | | 2,439,988 |
| PROFIT AFTER TAXATION | | 17,572,454 |
| Earning per shares | | |
| (a) Basic | | 3.43 |
| (b) Diluted | | 3.43 |

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. : 089190

(S.S. DUA)

Co. Secretary

(L.K. BAGLA)

Director

(DIN : 01596548)

(M.S. BAGLA)

Mg. Director

(DIN : 01425646)

(N.M. BAGLA)

CFO

Place : New Delhi

Date : 30.05.2016

NOTES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2016 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

| | |
|--------------------|---|
| PARTICULARS | As At 31st Mar, 2016 (Rs.) |
|--------------------|---|

NOTE 'A'
SHARE CAPITAL
(AUTHORISED)

70,00,000 (70,00,000) Equity Share of Rs. 10/- each 70,000,000

ISSUED, SUBSCRIBED AND PAID UP

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

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

| Name of Share holder | No. of Shares | % | No. of Shares | % |
|---|---------------|-------|---------------|-------|
| 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 |

NOTE 'B'
RESERVES AND SURPLUS
Capital Reserve

(Capital Subsidy Scheme) -

Balance Brought forward 3,000,000

Capital Reserve(Subsidiary) 187,427

Share Premium Account

Balance Brought Forward 21,259,500

Investment Allowance Utilization Reserve

Balance Brought Forward 2,500,000

Add :- During the year -

Profit & Loss Account

Balance B/F From Previous Year 96,805,761

Adjustment for income Tax for earlier years 95,083

Profit for the year 21,208,592

Profit/(Loss) Subsidiary (1,936,391)

143,119,972

NOTE 'C'
LONG TERM BORROWINGS
SECURED LOANS

| Term Loan | Non Current | Current |
|---------------------------------------|--------------------|-------------------|
| Allahabad Bank- Loan No. II | 3,342,847 | 13,240,000 |
| IDBI Bank - Loan No.I | 30,000,000 | 12,000,000 |
| | 33,342,847 | 25,240,000 |
| Capex LC-IDBI | - | - |
| | - | - |
| Auto Loans | | |
| HDFC Bank Ltd. | 617,056 | 293,610 |
| HDFC Bank Ltd. | 560,845 | 128,624 |
| | 1,177,901 | 422,234 |
| <u>UNSECURED LOAN</u> | | |
| <u>From Bodies Corporate :</u> | | |
| Others | 1,000,000 | - |
| | 1,000,000 | - |
| | 35,520,748 | 25,662,234 |

- (1) Term Loans from Allahabad bank is secured by way of First pari passu charge on entire movable and immovable fixed assets of the company, both present and future, of the companies plant located a Roorkee to be shared with IDBI bank and also equitable mortgage on first pari passu basis of industrial plot and building thereupon situated at plot no. 15 KIE Industrial Estate, Village Mundiayaki, Pargana Mangalore, Tehsil- Roorkee, Distt. Hardwar, Collaterally secured by way of second pari passu charge on the entire current assets of the company both present and future and second pari passu charge on the entire movable and immovable fixed assets of the company, including land & construction thereon, both present & future, of the companies plant located at dadri ,District, Ghaziabad. Payment Terms: Loan is repayable in 20 Quarterly installments of Rs. 33,10,000/- each and interest is on monthly basis on due amount.
- (2) Term Loan from IDBI bank is secured by way first pari passu charge on entire movable and immovable fixed assets, of the company, both present and future, equitable mortgage on first pari passu basis on land and building situated at Roorkee and second pari-passu charge on the entire movable and immovable assets of the company including land & construction thereon , both present and future of the company plant located at Dadri, district Ghaziabad(excluding land admeasuring 0.0253 hectares part of the existing factory land). Second pari-passu charge on entire current assets of the company both present & future and unconditional & irrecoverable personal guarantee of promoter directors Shri M.S. Bagla & Shri L. K. Bagla. Loan repayable in 20 Quarterly Installment of Rs. 30,00,000/- 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 Sh. L.K. Bagla and Sh. M.S.Bagla, Directors of the company.

| PARTICULARS | As At 31st Mar, 2016 (Rs.) |
|--|----------------------------------|
| NOTE 'D' | |
| <u>DEFERRED TAX LIABILITIES (NET)</u> | |
| On Timing Difference of Accounting of Depreciation | 23,902,518 |
| On Provision for Gratuity | (3,081,253) |
| On Adjustments of Statutory Dues under Section 43B of Income Tax Act, 1961 | (917,373) |
| Net Deferred Tax Assets (Liabilities) | <u>19,903,892</u> |
| NOTE 'E' | |
| <u>LONG TERM PROVISIONS</u> | |
| For Gratuity | 8,847,486 |
| For Leave Encashment | 511,941 |
| | <u>9,359,427</u> |
| NOTE 'F' | |
| <u>SHORT TERM BORROWING</u> | |
| Current Maturities of Long Term Loans | |
| Refer Note C Above | 25,662,234 |
| | <u>25,662,234</u> |
| Cash Credits from Banks | |
| Allahabad Bank | 59,623,456 |
| IDBI Bank Ltd | 87,908,256 |
| | <u>147,531,712</u> |
| | <u>173,193,946</u> |

NOTES

- (1) Working Capital Term Loans and Cash Credit Loans are secured against hypothecation of entire stocks of Raw Materials, Work in Progress, Finished Goods, Stores & Spares, Book-Debts & First Charge on Fixed Assets of the Company.
- (2) Loans are further guaranteed by Sh. L.K. Bagla and Sh. M .S.Bagla, Directors of the company.



| PARTICULARS | As At 31st Mar, 2016 (Rs.) |
|--|---|
| NOTE 'G' | |
| TRADE PAYABLES | |
| For Goods | 54,702,066 |
| For Services | 12,455,574 |
| For Deferred Credit | 5,431,844 |
| | 72,589,484 |
| NOTE 'H' | |
| OTHER CURRENT LIABILITIES | |
| Advance From Customers | 6,341,594 |
| Payables For Capital Goods | 1,593,196 |
| Payable For employees | 4,546,728 |
| Statutory Dues | 3,445,478 |
| Interest accrued but not due on Loan | 1,591,023 |
| Other Liabilities | 1,129,783 |
| | 18,647,802 |
| NOTE 'I' | |
| SHORT TERM PROVISIONS | |
| For Leave Encashment | 64,339 |
| For Gratuity | 649,364 |
| For Income Tax | |
| Provision for Income Tax | 13,750,000 |
| Less Income Tax Payment Income Tax Deducted at Source | (7,297,353) |
| | 7,166,350 |

NOTE 'J'
CONSOLIDATED FIXED ASSETS
TANGIBLE ASSETS

(Rupees)

| Particulars | GROSS BLOCK | | | DEPRECIATION WRITTEN OFF | | | | | NET BLOCK | | |
|-----------------------|--|--|------------------------------------|--|--|--|--|---|--|--|--|
| | As on 31.03.2015 (Rs.) | Addition (Rs.) | Deduction/ Capitalized (Rs.) | As on 31.03.2016 (Rs.) | As on 31.03.2015 (Rs.) | For the Year (Rs.) | Additional dep. As per Company act,2013 (Rs.) | Adjustment on sale of Assets (Rs.) | Up to 31.03.2016 (Rs.) | As on 31.03.2016 (Rs.) | As on 31.03.2015 (Rs.) |
| LAND (FREE HOLD) | 2,664,804 | - | - | 2,664,804 | - | - | - | - | - | 2,664,804 | 2,664,804 |
| BUILDING | 45,305,045 | - | - | 45,305,045 | 29,171,743 | 1,517,235 | - | - | 30,688,978 | 14,616,067 | 16,133,302 |
| PLANT & MACHINERY | 418,800,933 | 5,403,149 | - | 424,004,082 | 223,031,924 | 23,116,122 | - | - | 246,148,046 | 177,856,036 | 195,569,009 |
| ELECTRIC INSTALLATION | 28,287,937 | 1,596,841 | - | 29,884,778 | 11,128,170 | 3,545,365 | - | - | 14,673,535 | 15,211,243 | 17,159,767 |
| FURNITURE & FIXTURE | 12,115,442 | 4,397,169 | - | 16,512,611 | 5,479,820 | 2,130,609 | - | - | 7,610,429 | 8,902,182 | 6,635,622 |
| AIR CONDITIONER | 2,002,007 | - | - | 2,002,007 | 1,704,532 | 234,857 | - | - | 1,939,389 | 62,618 | 297,475 |
| OFFICE EQUIPMENT | 1,265,286 | 122,970 | - | 1,388,256 | 878,480 | 1,308 | - | - | 879,788 | 508,468 | 386,806 |
| FITNESS EQUIPMENT | 4,672,940 | 2,601,125 | - | 7,274,065 | 136,746 | 1,217,793 | - | - | 1,354,539 | 5,919,526 | 4,536,194 |
| VEHICLES | - | - | - | - | - | - | - | - | - | - | - |
| CAR'S / BUS | 11,577,166 | 2,045,297 | 856,202 | 12,766,261 | 9,071,901 | 909,642 | - | 730,908 | 9,250,635 | 3,515,626 | 2,505,265 |
| DELIVERY TRUCKS | 1,327,005 | - | - | 1,327,005 | 1,207,731 | 31,109 | - | - | 1,238,840 | 88,165 | 119,274 |
| SCOOTERS | 273,965 | - | - | 273,965 | 243,905 | 6,047 | - | - | 249,952 | 24,013 | 30,060 |
| CYCLE'S | 7,967 | - | - | 7,967 | 6,213 | - | - | - | 6,213 | 1,754 | 1,754 |
| COMPUTERS | 2,967,653 | 545,094 | - | 3,512,747 | 2,039,947 | 688,793 | - | - | 2,728,730 | 784,017 | 927,706 |
| TOTAL | 531,068,150 (466,712,171) | 16,711,645 57,145,710 | 856,202 - | 546,923,593 (523,857,881) | 284,101,112 (245,603,686) | 33,398,870 (95,731,011) | - (2,523,497) | 730,908 - | 316,769,074 (283,858,194) | 230,154,519 (239,999,687) | 246,967,038 (221,108,485) |

| PARTICULARS | As At 31st Mar, 2016 (Rs.) |
|---|----------------------------------|
| NOTE 'K' | |
| NON CURRENT INVESTMENTS | |
| Unquoted | |
| 10,000 (10,000) Equity share of Rs 10/-each Fully Paid up of Benares State Bank Limited | 100,000 |
| 600000 (Nil) Equity share of Rs 10/-each Fully Paid up of Bagla Polyfilms Ltd. | 15,000,000 |
| | 15,100,000 |
| Less : Provision for diminution in value | 100,000 |
| | 15,000,000 |
| NOTE 'L' | |
| OTHER NON CURRENT ASSETS | |
| Security Deposits | 10,907,105 |
| Advance for Capital Goods | 207,199 |
| VAT on Capital Goods | 293,122 |
| | 11,407,426 |
| NOTE 'M' | |
| INVENTORIES | |
| (As taken, valued and certified by the management) | |
| Raw Materials | 47,221,897 |
| Finished Goods | 15,580,881 |
| Work in Progress | 47,084,480 |
| Stores, Spares, Fuel and Packing Materials | 15,246,382 |
| Scrap for Sales | 1,008 |
| | 125,134,648 |

| PARTICULARS | As At 31st Mar, 2016 (Rs.) |
|-------------|----------------------------------|
|-------------|----------------------------------|

NOTE 'N'**TRADE RECEIVABLES**

(Unsecured, considered good unless otherwise stated)

Debts Due Over Six month

| | |
|------------------------------------|-----------|
| Considered good | 4,703,381 |
| Considered doubtful | 484,789 |
| Less: Provision for doubtful debts | (484,789) |

Other Debts

| | |
|-----------------|-------------|
| Considered good | 111,818,183 |
|-----------------|-------------|

116,521,564

NOTE 'O'**CASH AND CASH EQUIVALENTS****Cash in Hand**

| | |
|------------------------------|---------|
| (As per books and certified) | 372,392 |
|------------------------------|---------|

Balances with Scheduled Banks in:

| | |
|--|------------|
| Current Accounts | 10,022,933 |
| Fixed Deposit Accounts | 6,324,598 |
| Interest Accrued but not due on fixed deposits | 160,884 |

16,880,807

(Pledged as Margin money and having maturity within 12 months)

NOTE 'P'**SHORT TERM LOANS & ADVANCES**

Advances recoverable in cash or in kind or for value to be received

| | |
|---------------------------------|-----------|
| VAT Receivable | 7,881,351 |
| Balances with Excise Department | 27,218 |
| | 7,756,828 |

15,665,397

| PARTICULARS | As At 31st Mar, 2016 (Rs.) |
|---|----------------------------------|
| NOTE 'Q' | |
| OTHER CURRENT ASSETS | |
| Discarded Fixed Assets held for Sales | 2,404,207 |
| | 2,404,207 |
| NOTE 'R' | |
| REVENUE FROM OPERATIONS | |
| [Sales (Net of Returns)] | |
| Domestic Sales | 663,471,263 |
| Export Sales | 97,580,345 |
| Scrap Sales | 2,371,159 |
| Trading Goods | 1,093,600 |
| Total Sales | 764,516,367 |
| Less Excise Duty | 73,402,117 |
| | 691,114,250 |
| Job Work Receipts | 143,232 |
| Member Ship Fee | 13,978,833 |
| | 705,236,315 |
| NOTE 'S' | |
| OTHER INCOME | |
| Miscellaneous Receipts | 21,506 |
| Duty Draw back | 438,035 |
| Interest received on Bank deposits | 669,055 |
| Excess Provision for Bonus Written Back | 197,076 |
| Profit on Sales of Fixed Assets | 34,706 |
| | 1,360,378 |

| PARTICULARS | As At 31st Mar, 2016 (Rs.) |
|--|----------------------------------|
| NOTE 'T' | |
| <u>MATERIALS CONSUMED</u> | |
| Raw Materials Consumed | |
| Opening Stocks | 45,397,370 |
| Add: Purchases | 361,855,556 |
| | 407,252,926 |
| Less :Closing Stocks | 47,221,897 |
| | 360,031,029 |
| NOTE 'U' | |
| <u>CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROCESS AND STOCK-IN-TRADE</u> | |
| OPENING STOCK | |
| Work in Process | 50,365,864 |
| Finished Goods Manufactured | 13,501,545 |
| Scrap Stock | 9,444 |
| | 63,876,853 |
| CLOSING STOCK | |
| Work in Process | 47,084,480 |
| Finished Goods Manufactured | 15,580,881 |
| Scrap Stock | 1,008 |
| | 62,666,369 |
| | (1,210,484) |

| PARTICULARS | As At 31st Mar, 2016 (Rs.) |
|-------------|----------------------------------|
|-------------|----------------------------------|

NOTE 'V'**EMPLOYEE BENEFITS EXPENSES**

| | |
|--|-------------------|
| Salaries, Wages and other Allowances | 51,970,996 |
| Contribution to Provident and other Allied Funds | 3,525,969 |
| Director's Remuneration | 7,068,111 |
| Staff Welfare and Benefits | 3,168,008 |
| Gratuity | 1,508,373 |
| Leave Encashment | 350,488 |
| | 67,591,945 |

NOTE 'W'**FINANCE COST**

| | |
|---|-------------------|
| Interest to Banks on Cash/Packing credits | 18,902,606 |
| Interest to Bank on Term Loan | 9,018,618 |
| Interest on Other | 1,574,259 |
| Bank Commission and Charges | 4,922,316 |
| | 34,417,799 |

NOTE 'X'**OTHER EXPENSES****1 MANUFACTURING EXPENSES**

| | |
|---------------------------------|------------|
| Power & Fuel Consumed | 48,891,131 |
| Store, Spares & Tools Consumed | 11,408,432 |
| Packing Expenses | 27,778,888 |
| Carriage Inward | 222,002 |
| Repairs and Maintenance: | |
| Building and Shed | 2,542,904 |
| Plant and Machinery | 10,835,226 |
| Others | 2,509,352 |

| PARTICULARS | As At 31st Mar, 2016 (Rs.) | |
|---------------------------------------|----------------------------------|--------------------|
| Rent, Rates and Taxes | | 6,980,864 |
| Printing and Stationery | | 975,078 |
| Traveling and Conveyance | | 11,799,752 |
| Vehicle Running Maintenance | | 2,229,008 |
| Postage & Telephone charges | | 3,596,267 |
| Electricity and Water Overheads | | 1,879,192 |
| Data processing Expenses | | 665,627 |
| Legal and Professional Charges | | 3,861,023 |
| Advertisement Expenses | | 67,660 |
| Auditor's Remuneration : | | |
| For Audit Fees | 1,05,000 | |
| For Tax Audit Fees | 20,000 | |
| For Other Matters | 35,700 | 160,700 |
| Fees & Subscription | | 312,325 |
| Repairs and Maintenance Others | | 2,514,022 |
| Insurance Charges | | 920,995 |
| General Expenses | | 5,465,114 |
| Provision for doubtful debts/advances | | 220,977 |
| Sundry Balances Written off (Net) | | 3,061,774 |
| Previous year adjustment (Net) | | 505,798 |
| Foreign Exchange Fluctuation (Net) | | 95,058 |
| Advertisement & Publicity | | 805,570 |
| Freight and Carriage Outward | | 18,765,364 |
| Discount, Rebates and Claims | | 1,625,441 |
| Brokerage & Commission | | 3,308,152 |
| Business Promotion Expenses | | 4,751,044 |
| Turnover and Sales Tax | | 322,632 |
| Statutory Demands | | 177,159 |
| Exhibition & Conference Expenses | | 784,638 |
| Total (1+2+3) | | 180,039,169 |

NOTE : Y SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31st MARCH, 2016
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, 2013, 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
In case of parent company:

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, sales are inclusive of excise duty and exchange gain/loss on export sales, realization from Scrap of Adhesives Tape and POF Division is accounted for on cash basis, duty Drawbacks and other export incentive (income) are accounted for on receipt basis.

In case of subsidiary company:

Income from Fees and subscriptions, recorded net of discounts and rebates have been recognised as income for the year irrespective of the period, for which these are received. However, the Fees receivable from existing members as at the end of the year has been recognised as income for the year, the costs relating to rendering of these services being unascertainable are charged off to revenue in the year in which they become legally payable, interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

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.

In case of parent company:

Depreciation has been provided at the rates derived from useful life of the assets prescribed in schedule II to the Companies Act, 2013 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

In case of subsidiary company:

Depreciation on fixed assets is calculated on written down value method using the rates arrived at based on the useful lives estimated by the management with due consideration of the rates prescribed in Schedule II of the Companies Act, 2013.

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

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

In case of parent company:

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.

In case of Subsidiary company:

The Employee Gratuity is the Companies define benefit plan where an employee will get the benefit as per the provision of the Gratuity Act. Being the first year of operations of the company and appointment of the employee's no provision for Gratuity has been made.

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 and deferred 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 applicable tax rates 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.0.60 Lacs(Previous year Rs.0.60Lacs)
 - (b) Foreign letter of credit opened with IDBI Bank & Allahabad bank for import of Raw material etc. worth Rs 96.35 Lacs (Previous year Rs. 75.12 Lacs) and for procurement of for raw material from domestic supplier Rs. 96.87 Lac (Previous year Rs. 78.25 Lac)
 - (c) Sales Tax demand pending appeals Rs. 0.04 (Previous year Rs. 6.04 Lacs)
 - (d) Excise Duty demand pending appeals at High Court Rs 1.95 Lacs. (Previous year at Rs. 1.95 Lacs) against which protest money deposited Rs.1.95 Lacs (Previous year at Rs. 1.95 Lacs).
 - (e) Excise duty demand Rs. 1.30 Lacs (Previous year at Rs. 15.54 Lacs) against which protest money deposited Rs.1.30 Lacs (Previous year at Rs. 1.30 Lacs).
 - (f) Custom duties saved under EPCG schemes, against which export obligations are pending Nil. (Previous year at Rs. 36.68 Lacs).
 - (g) Custom duties saved under Advance license schemes, against which export obligations are pending Nil (Previous year at Rs. 57.43 Lacs).
2. In accordance with company's consistent practice, no provision has been made for excise duty aggregating Rs 10.87 Lacs (Previous year Rs. 10.48 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. Following banks accounts have no transactions during the year and are subject to confirm by the banks:

| | | Book Balance as on 31.03.2016 |
|-------------------|-------------|--|
| a) Allahabad Bank | - Ahmedabad | 15,150.05 |
| b) IDBI Bank Ltd. | - Mumbai | 1,450.39 |
| c) IDBI Bank Ltd. | - Banglore | 456.66 |

4. 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.
5. 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.

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.

6. Amount paid to Directors as remuneration:

A. Managing Director

| Particulars | 2015-2016 |
|---------------------|-----------|
| No. of Persons | One |
| Salary & Allowances | 61,50,000 |
| Perquisites | 1,38,111 |

Note: Increase in the Remuneration during the year is subject to approval of the members in the General Meeting.

B. Whole Time Director

| Particulars | 2015-2016 |
|-----------------------------------|-----------|
| No. of Persons | Two |
| Salary & Allowances | 7,80,000 |
| Contribution to P.F & other funds | 50,400 |
| Perquisites | 1,54,000 |

7. Earnings per share (EPS):

| Particulars | 2015-2016 |
|---|-----------|
| Profit/(Loss) after Tax (Rs. in Lacs) | 175.72 |
| Average number of Equity Shares (Face Value of Rs.10) | 5116300 |
| Basic and Diluted EPS (in Rupees per Share) | 3.43 |

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

1 Defined contribution Plans

| Particulars | 2015-2016 |
|--|-----------|
| Profit/(The Group has recognized the following amounts in the profit and loss account: - Contribution to Provident Fund and Family Pension Fund | 25,67,062 |

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 2015-16 | Leave Encashment 2015-16 |
|---|---------------------|-----------------------------|
| Current Service Cost | 7,32,759 | 77,615 |
| Interest Cost | 6,47,427 | 38,451 |
| Actuarial Losses (Gains) | 1,28,187 | 2,28,100 |
| Total Expenses recognized in the P& L A/c | 15,08,373 | 3,44,166 |

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

| PARTICULARS | Gratuity 2015-16 | Leave Encashment 2015-16 |
|---|---------------------|-----------------------------|
| Present Value of Defined Benefit Obligation | 94,97,149 | 5,76,280 |
| Net Asset/(Liability) recognized in the Balance Sheet | 94,97,149 | 5,76,280 |

III Charge in Defined Benefit Obligation during the year.

| PARTICULARS | Gratuity 2015-16 | Leave Encashment 2015-16 |
|---|---------------------|-----------------------------|
| Present value of defined Benefit obligation as at the beginning of year | 80,92,833 | 4,80,639 |
| Current Service Cost | 7,32,759 | 77,615 |
| Interest Cost | 6,47,427 | 38,451 |
| Actuarial Losses/(Gains) | 1,28,187 | 2,28,100 |
| Benefits paid | (1,04,057) | (2,48,525) |
| Present value of Defined Benefit obligation as the end of the year | 94,97,149 | 5,76,280 |

IV Actuarial Assumptions

| PARTICULARS | Current Year | Previous Year |
|------------------------|-----------------|------------------|
| Discount Rate | 8.00% | 8.00% |
| 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.

9 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.

2. Key Management Personal:

Mr. Lalit Kumar Bagla - Director
 Mr. Madhu Sudan Bagla - Managing Director
 Mr. Suresh Sridhar Ajila - Whole time Director
 Mrs. Urmila Goenka - Whole time Director
 Mr. Nakul M Bagla - CFO

3. Relative of Key Management Personnel

(With whom transactions taken place during the year)

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

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 | 2015-16 | 2015-16 |
|--------------------------------|---|-------------|-------------|
| Where Control Exists | Loans & Advances Received | NIL | NIL |
| | Loan & advances Repaid | 2,15,930 | NIL |
| | Loans & Advances Given received back | 17,00,000 | NIL |
| | Investments made in shares | 1,50,00,000 | NIL |
| | Hire charges Paid | 1,30,000 | NIL |
| | Payment of behalf of related party | 12,07,294 | NIL |
| | Reimbursement received of payment made on behalf of related party | 13,74,887 | NIL |
| | Rent Paid | 1,08,000 | NIL |
| | Sales | 95,962 | NIL |
| | Security Deposit given for office | 15,00,000 | (15,00,000) |
| | Refund of Security Deposit | 1,08,000 | NIL |
| Key Management Personal | Managing Director's Remuneration & Perquisites | 62,88,111 | NIL |
| | Director's Remuneration | 9,84,400 | NIL |
| | CFO Remuneration | 20,40,000 | NIL |

| Type of Related Party | Nature of Transaction | 2015-16 | 2015-16 |
|--|-------------------------|-----------|-------------|
| | Remuneration in advance | 67,866 | (67,866) |
| | Hire charges Paid | 4,80,000 | NIL |
| | Security Deposit | 7,50,000 | (7,50,000) |
| Relative of Key Management Personal | Salary | 17,40,000 | NIL |
| | Advance against salary | 4,43,576 | NIL |
| | Reimbursements | 53,912 | NIL |
| | Commission | 7,83,703 | NIL |
| | Rent Paid | 3,61,861 | NIL |
| | Office Maintenance | 2,15,430 | NIL |
| | Security Deposit Given | 7,50,000 | (17,50,000) |
| Others | Rent Paid | 24,000 | NIL |

10. Derivative Instruments and un-hedged Foreign Currency disclosure

| Particulars | 2015-16 | | |
|--------------------------------------|------------------|---------------------------|-----------------|
| | Rs. | Value in Foreign Currency | |
| Receivables | | | |
| Export Sales | 76,94,212 | USD | 1,17,531 |
| | 1,31,158 | Euro | 1,774 |
| For others | 1,23,715 | USD | 2,018 |
| Advance for Import- Raw Material | 17,37,759 | USD | 25,800 |
| Total | 96,86,844 | USD | 1,45,349 |
| | | Euro | 1,774 |
| Payables | | | |
| Import- Raw Material | 26,15,458 | USD | 38,880 |
| Advance Received against export sale | 29,22,226 | USD | 43,740 |
| | 2,28,540 | Euro | 3,000 |
| Total | 57,66,224 | USD | 82,620 |
| | | Euro | 3,000 |

As per our report of even date attached

For **SALARPURIA & PARTNERS**

Firm Registration No.-302113E

Chartered Accountants

(Kamal Kumar Gupta)

Partner

M. No. : 089190

(S.S. DUA)

Co. Secretary

(L.K. BAGLA)

Chairman

(DIN : 01596548)

(M.S. BAGLA)

Mg. Director

(DIN : 01425646)

(N.M. BAGLA)

CFO

Place : New Delhi

Date : 30.05.2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

| | Current Year (Rs.) |
|--|-------------------------------|
| A Cash Flow From Operating Activities | |
| Net Profit / (Loss) As per Profit & loss Account | 28,882,466 |
| Adjustment For: | |
| Depreciation | 33,398,870 |
| Sales of Fixed Assets Sold | (34,706) |
| Interest Paid /Received Net | 34,417,799 |
| Provision for Doubt ful reversed | 220,977 |
| Provision for Gratuity & Leave | 1,499,657 |
| Operating Profit Before Working Capital Change | 98,385,063 |
| Adjustment For: | |
| Trade & Other Receivables | 15,892,064 |
| Inventories | (1,746,786) |
| Trade Payable | (22,215,155) |
| Cash Generated by Operating Activities | 90,315,186 |
| Less : Income Tax Payments | (8,467,515) |
| Net Cash Generated by Operating Activities | 81,847,671 |
| B CASH FLOW FROM INVESTMENT ACTIVITIES | |
| Purchases of Fixed Assets | (16,551,645) |
| Purchased of Investment | (15,000,000) |
| Net Cash Flow from investment activities | (31,551,645) |
| C CASH FLOW FROM FINANCING ACTIVITIES | |
| Subcidy Received | - |
| Proceeds /(Repayment) from Secured Loans | (16,972,514) |
| Proceeds /(Repayment) from Unsecured Loans | 1,000,000 |
| Net Adjustment for Consolidation | 998,395 |
| Interest | (34,417,799) |
| Net cash used in Financing Activities | (49,391,918) |
| NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENT | 904,108 |
| Cash & Cash equivalents opening Balance | 15,976,699 |
| Cash & Cash equivalents Closing Balance | 16,880,807 |

As per our report of even date attached

For **SALARPURIA & PARTNERS**

Firm Registration No.-302113E

Chartered Accountants

(Kamal Kumar Gupta)

Partner

M. No.- 089190

(S.S. DUA)

Co. Secretary

(L.K. BAGLA)

Chairman

(DIN : 01596548)

(M.S. BAGLA)

Mg. Director

(DIN : 01425646)

(N.M. BAGLA)

CFO

Place : New Delhi

Date : 30.05.2016

BOOK POST



Bagla Group

If Undelivered please return to :

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