



HaldynTM Glass Gujarat Limited

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14th
ANNUAL REPORT
2004 - 2005



BIRD'S EYE VIEW OF THE PLANT



WASTE HEAT RECOVERY UNIT



HaldynTM Glass Gujarat Limited

Registered Office: Village Gavasad, Taluka Padra Dist Baroda 391430.



14th ANNUAL GENERAL MEETING — NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of **HALDYN GLASS GUJARAT LIMITED** will be held at the Registered Office of the Company at Village Gavasad, Taluka Padra, District Vadodara – 391 430 on Thursday, the 29th day of September 2005 at 12.00 p.m. to transact the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account as at and for the year ended 31st March 2005, and the Reports of the Directors' and the Auditors' thereon.
2. To declare Dividend on Preference Shares for the year ended 31st March 2005.
3. To declare Dividend on Equity Shares for the year ended 31st March 2005.
4. To appoint a Director in place of Mr. A. P. Sarwan who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an Ordinary Resolution:
 "RESOLVED that Mrs. V. R. Ajila who was appointed as an Additional Director of the Company with effect from 22nd January 2005, and who in terms of Section 260 of the Companies Act, 1956 ("the Act") holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member under Section 257 of the Act signifying his intention to propose her as a candidate for the office of Director, be and is hereby appointed a Director of the Company."
7. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act, the Company hereby accords its consent to the re-appointment of Mr. N.D. Shetty, as Managing Director of the Company for a period of five years from 1st March 2005 on the terms and conditions (including remuneration and minimum remuneration in case of absence or inadequacy of profits) set out in the draft Agreement between the Company and Mr. N.D. Shetty placed before the Meeting and, for the purpose of identification initialed by the Chairman hereof, which Agreement is hereby specifically sanctioned with power to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Act or any amendments thereto that the Central Government may make from time to time;

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to take such steps as it may, in its discretion, deem necessary proper or expedient to give effect to this Resolution."

8. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an Ordinary Resolution:
 "RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act, the Company hereby accords its consent to the re-appointment of Mr. T. N. Shetty, as Whole-time Director of the Company, for a period of 5 (five) years from 1st September 2005 on the terms and conditions (including remuneration and minimum remuneration and in case of absence or inadequacy of profits) set out in the draft Agreement between the Company and Mr. T.N. Shetty placed before the Meeting and, for the purpose of identification initialed by the Chairman hereof, which Agreement is hereby specifically sanctioned with power to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Act or any amendments thereto that the Central Government may make from time to time;

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to take such steps as it may, in its discretion, deem necessary proper or expedient to give effect to this Resolution."

9. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an Ordinary Resolution:
 "RESOLVED that consent of the Company under Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act be and is hereby accorded to the remuneration payable to Mr. N.D. Shetty, Managing Director, as set out in the draft Agreement at Item 7 of the Notice (and Explanatory Statement) hereinabove stated, being modified and varied with effect from 1st August 2005 in terms of the draft Supplemental Agreement placed before the Meeting and, for the purpose of identification, initialed by the Chairman hereof;

RESOLVED FURTHER that the remuneration, modified and varied as aforesaid, shall be paid to Mr. N.D. Shetty as minimum remuneration in case of absence or inadequacy of profits in any financial year;

AND RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to execute the Supplemental Agreement in terms of the said draft and to do all such acts, deeds, matters and things as it may, in its discretion, deem necessary proper or expedient to give effect to this Resolution."

10. To consider and, if thought fit, to pass the following Resolution, with or without modification, as a Special Resolution:-

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered in the manner following :

(i) The definition of the word Dividend appearing in Article 2 shall be altered as follows:

"Dividend" Dividend includes interim Dividend

(ii) The following definitions shall be added after the definition of the word "Office" in Article 2

"Paid-up" Paid up includes credited as paid-up

"Postal Ballot" "Postal Ballot" has the same meaning as defined in Section 192A of the Act.

(iii) The following new Article together with its marginal note shall be inserted after the existing Article 109 and numbered as Article 109A:

Postal Ballot Members shall be entitled to Postal Ballot for only those resolutions as may be notified by the Central Government from time to time in this behalf and the procedures for such postal ballots shall be the same as prescribed by the Central Government from time to time.

(iv) Existing Article 129 shall be deleted and the following Article shall be substituted therefor :

129. (a) Subject to the provisions of the Act, a Managing Director, or a Director who is in the whole-time employment of the Company, may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

(b) Subject to the provisions of the Act, a Director who is neither in the whole-time employment nor a Managing Director may be paid remuneration either:

(i) by way of monthly, quarterly or annual payment with approval of the Central Government; or

(ii) by way of commission if the Company by a Special Resolution authorizes such payment.

(c) the fee payable to a Director for attending a Meeting of the Board or Committee thereof shall be such amount as the Directors may fix but not exceeding the sum prescribed therefor, from time to time, by the Central Government pursuant to the proviso to Section 310 of the Act.

(d) If any Director be called upon to perform extra services or make any special exertion or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors) the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts, either by a fixed sum or percentage of profits or otherwise as may be determined by the Board, and such remuneration may be either in addition to or in substitution for his remuneration above provided.

(e) The Board may allow and pay to any Director, who is not a bonafide resident of the place where the Meetings of the Board are ordinarily held and who shall come to such place for the purpose of attending any Meeting, such sum as the Board may consider fair compensation or for traveling, boarding lodging, and other expenses, in addition to his fee for attending such Meeting as above specified; and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any traveling or other expenses incurred in connection with the business of the Company.

(v) The figure "42" appearing in existing Article 179 shall be substituted by the figure "30".

(vi) Existing Article 186 shall be deleted and the following Article shall be substituted therefor:

186 (a) If the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of the declaration to any shareholder entitled to the payment of the dividend, the Company shall, within 7 days from the date of the expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called 'the unpaid dividend account of Haldyn Glass Gujarat Limited.'

(b) Any money transferred to the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the "Investor Education and Protection Fund."

11. To consider and, if thought fit, to pass the following Resolution, with or without modification, as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), a sum not exceeding 1% of the net profits of the Company per annum, computed in the manner prescribed in Section 309(5) of the Act, in respect of the profits for the period 1st April 2004 to 31st March 2005 and for each of the four financial years commencing from 1st April 2005, be determined and distributed as commission amongst the Non-Executive Independent Directors of the Company or some or any of them in such amounts or proportions as may be decided by the Chairman of the Board of Directors of the Company."

12. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai, and subject to such ceiling as may from time to time be prescribed under the Companies Act, 1956 (including any statutory modifications or re-enactment thereof and/or any rules or regulations framed there under and/or by the Central Government), consent of the members of the Company be and is hereby accorded for payment of Rs. 3000 (Rupees Three thousand) or such other amount as may from time to time be approved by the Board of Directors ("the Board") as sitting fees for each Meeting of the Board and or Committee thereof attended by the Non-Executive Directors (i.e. except the Managing Director and the Whole-time Director) of the Company;

RESOLVED FURTHER that consent and approval of the members of the Company be and is hereby also accorded for payment to the Non-Executive Directors of the Company of such sum or sums (other than sitting fees) as may from time to time be authorized by a Special Resolution passed in that behalf by the Company under Section 309(4) of the Companies Act, 1956, provided that payment of such sum or sums does not result in any material pecuniary relationship with the Company as prescribed in the Listing Agreement."

13. To consider and, if thought fit, to pass the following Resolution with or without modification, as a Special Resolution:

"RESOLVED that pursuant to the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 dated 17th February, 2003, and other approvals and procedures, if any, which may become applicable hereafter, the Company be and is hereby authorized to voluntarily apply for delisting of its Equity Shares from the Vadodara Stock Exchange at such time as the Board of Directors ("the Board") may, in its sole and absolute discretion deem fit, without giving an exit opportunity to the Shareholders of the region where the Vadodara Stock Exchange is situate;

RESOLVED FURTHER that the Board be and is hereby authorized to take such steps and to do all acts, deeds, matters and things as it may, in its sole and absolute discretion deem necessary, proper or expedient to give effect to this Resolution."

14. To consider and, if thought fit, to pass the following Resolution, with or without modification, as a Special Resolution;

"RESOLVED that pursuant to the provision of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), consent of the members be and is hereby accorded to the Board of Directors of the Company ("the Board") for investing a sum not exceeding Rs.25 lacs in the share capital of a new company which shall be a wholly-owned (100%) subsidiary of the Company, to be incorporated in Mumbai or Vadodara as the Board may, in its sole discretion, deem fit, notwithstanding that such investment when made together with the Company's existing loans, investments, guarantees and securities provided shall exceed the limits prescribed in Section 372A of the Act;

RESOLVED FURTHER that the Board be and is hereby authorized to determined the actual sum to be invested (but not exceeding Rs.25 lacs) and to do all such acts, deeds, matters and things as may be deemed necessary, proper or expedient in order to give effect to this Resolution."

By Order of the Board

Sd/-

(Ms. Manita C. A. Gonsalves)
Company Secretary

Place : Mumbai
Date : 29th July 2005

Registered Office

Village – Gavasad,
Taluka – Padra,
District Vadodara – 391 430

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NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
- Relative Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under Item. Nos. 6 to 14 set out above and the relevant details pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges are annexed hereto.
- The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 15th September, 2005, to Thursday, 29th September, 2005 (both days inclusive).
- Members/Proxies should bring the Attendance Slips sent herewith duly filled in, for attending the Meeting.
- Members desiring any information on accounts or operations of the Company are requested to forward their queries to the Company at least 10 days prior to the date of the Meeting, so that the required information is made available at the Meeting.
- As members are aware, equity shares of the Company are traded in electronic form. Members who hold shares in physical form may dematerialise the same. ISIN allotted to the Company for this purpose is INE506D01012.
- Members are requested to immediately notify any change in their address to the Registrar and Transfer Agents namely, M/s Mondkar Computers Pvt. Ltd., 21, Shakil Niwas, Mahakali Caves Road, Andheri (E), Mumbai- 400 093.
- Payment of Dividend as recommended by the Directors, if approved at the Meeting, will be made to those Members, whose names are on the Register of Members as on Thursday, 29th September 2005.

By Order of the Board of Directors

Sd/-

(Ms. Manita C. A. Gonsalves)
Company Secretary

Place : Mumbai
Date : 29th July 2005

Registered Office

Village – Gavasad,
Taluka – Padra,
District Vadodara – 391 430

Explanatory Statements pursuant to Section 173 of the Companies Act, 1956**Item No. 6.:**

Mrs. V. R. Ajila was appointed an Additional Director of the Company by a resolution passed by the Board of Directors at its Meeting held on 22nd January 2005. Under Section 260 of the Companies Act, 1956 ("the Act"), Mrs. V. R. Ajila holds office as Director upto the date of this Annual General Meeting. A Notice in writing under Section 257 of the Act has been received from a member signifying his intention to propose Mrs. V. R. Ajila as a candidate for the office of Director.

Mrs. V. R. Ajila holds a Bachelors Degree (Hons.) in Economics and has varied business experience of over three years. Your Directors are of the view that Mrs. V. R. Ajila's knowledge and experience will be of benefit to the Board and in the Company's interest and, accordingly, commend the acceptance of the Resolution at Item 6 of the Notice.

Mrs. V. R. Ajila is interested in the passing of the resolution. Mr. N.D. Shetty and Mr. T.N. Shetty are related to Mrs. V. R. Ajila and may therefore be deemed interested in the passing of this Resolution. None of the other Directors is concerned or interested in the passing of the Resolution.

Item No. 7:

Mr. N.D. Shetty's previous term of appointment was upto 28th February 2005 and the Board of Directors ("the Board") at its Meeting held on 22nd January 2005 re-appointed him (subject to the approval of shareholders) as Managing Director of the Company for a further period of 5 years with effect from 1st March 2005 on the terms and conditions (including remuneration and minimum remuneration payable in case of absence or inadequacy of profits in any year) set out in the draft Agreement mentioned in the Resolution.

The terms and conditions (including remuneration) of Mr. Shetty's re-appointment, as approved by the Board and set out in the draft Agreement are the same as those which applied to his previous term of office as Managing Director.

The material terms and conditions (including remuneration) of the draft Agreement are as follows:

A Period: 5 years from 1st March 2005.

B Remuneration:

- (i) A salary of Rs. 1,00,000 per month (inclusive of dearness allowance);
- (ii) Commission at the rate of 1 (one) percent of the Net Profits of the Company subject to the condition that the commission payable to him in any year shall not exceed 50% of his salary for that year;
- (iii) Use of fully furnished residential accommodation (with furniture, fixtures and fittings) owned/leased or licensed by the Company (including repairs and maintenance thereof) or, in lieu thereof, a house rent allowance at the rate of 50% of his monthly salary;
- (iv) Reimbursement of gas, electricity and water as also furnishings;
- (v) Use of a motor car with driver for the Company's business (as also for his personal use) all running operation and maintenance expenses thereof to be borne and paid by the Company;
- (vi) Benefit of the Company's Provident Fund Scheme, and the Superannuation or Annuity Fund Scheme together with the benefit of any Retirement Fund or Scheme which the Company may introduce in future;
- (vii) **Gratuity in accordance with the Rules of the Company;**
- (viii) Reimbursement of actual medical expenses incurred by the Managing Director for self and family (i.e. wife, dependent children and dependent parents);
- (ix) Benefit of sick leave in accordance with the Rules of the Company;
- (x) 30(thirty) days' privilege leave with full pay and allowances for each completed year of service, the said leave being accumulatable and encashable in accordance with the Rules of the Company;
- (xi) Benefit of 1st class air/air-conditioned train and/or such other mode of conveyance as the Managing Director may opt for, for self and family, while proceeding on privilege leave, together with hotel/boarding and lodging expenses incurred at actuals;
- (xii) Personal accident insurance cover the actual premium whereof shall not exceed Rs. 4000 per year;
- (xiii) Use of telephone for the Company's business at the Managing Director's residence, provided that the cost of personal long distance calls, if any, shall be reimbursed by him to the Company;
- (xiv) Fees (including entrance and subscription) of Clubs of which the Managing Director is, or may become, a member of (subject to a maximum of 2 clubs) together with the benefit of reimbursement of all expenses incurred thereat in or towards the business of the Company;

C MINIMUM REMUNERATION:

The above remuneration including perquisites aforesaid, but save and except commission, shall nevertheless be paid as minimum remuneration for any financial year in case of absence or inadequacy of profits for such year.

D OTHER TERMS:

1. The Managing Director shall not be entitled to sitting fees for attending Meetings of the Board and or Committees thereof.
2. The Managing Director shall not be liable to retire by rotation.
3. The Managing Director shall not, without the prior approval of the Board, directly or indirectly engage in any business, occupation or employment similar to, or competing with, the Company's business.

4. The Managing Director shall not divulge or disclose to any person or make use whatever, of any confidential information or knowledge as to the Company's business affairs or trade secrets of the Company.
5. In case the Managing Director shall die during the course of his employment hereunder, the Company shall pay to his legal personal heirs, the salary and other emoluments payable hereunder for the then current month and for three months thereafter.
6. The appointment may be terminated by either party giving to the other ninety days' notice in writing.

The Board of Directors shall have authority to modify and or vary the terms and conditions (including remuneration) of Mr. Shetty's reappointment as Managing Director without further reference to members subject to the condition that the terms and conditions so modified or varied shall always be within the limits prescribed therefor under Schedule XIII of the Companies Act, 1956 for the time being and from time to time in force.

Your Directors are of the view that the re-appointment of Mr. N.D. Shetty, made on the same terms and conditions as those for his previous tenure as Managing Director, is in the interest of the Company and its members and, accordingly, commend the Resolution at Item 7 of the Notice for your approval.

The draft Agreement between the Company and Mr. N.D. Shetty is available for inspection of members at the Registered Office of the Company between 10.30 a.m. to 12.30 p.m. on all working days (except Saturdays).

Mr. N.D. Shetty is concerned or interested in the passing of this Resolution as it relates to his re-appointment and the remuneration payable to him. Mr. T.N. Shetty and Mrs. V. R. Ajila, Directors of the Company, are relatives of Mr. N.D. Shetty and may therefore be deemed interested in the passing of this Resolution. None of the other Directors is interested in the passing of the Resolution at Item 7 of the Notice.

This explanation together with the accompanying notice is and shall be treated as an abstract of the terms of contract and memorandum of interest under Section 302 of the Companies Act, 1956.

Item No. 8:

The existing term of Mr. T.N. Shetty as Whole-time Director of the Company expires on 31st August 2005 and the Board of Directors of the Company ("the Board"), at its Meeting held on 25th June 2005, have re-appointed him, subject to your approval, as Whole-time Director for a further period of 5 years with effect from 1st September 2005.

The material terms and conditions (including remuneration) of Mr. T.N. Shetty's re-appointment are as follows:

A Period: 5 years from 1st September 2005.

B Remuneration:

- (i) A salary of Rs. 75,000 (inclusive of dearness allowance, if any) per month, with yearly increments as may be decided by the Board subject to a ceiling of Rs. 7500 per increment;
- (ii) Commission at the rate of 0.5 (half) percent of the net profits of the Company;
- (iii) Annual Performance Award or Bonus as may be decided by the Board;
- (iv) Use of furnished residential accommodation (with furniture, fixtures and fittings) owned/leased or licensed by the Company (including repairs and maintenance thereof) OR, in lieu of the said accommodation and if so desired by him, the Whole-time Director shall be entitled to, and be paid, a house rent allowance of Rs. 37,500 per month;
- (v) Reimbursement of gas, electricity and water charges as also furnishings;
- (vi) Use of a motor car with driver for the Company's business (as also for his personal use) or, alternately, the Company shall bear and pay all running operation and maintenance expenses plus the remuneration of a driver for his own car;
- (vii) Benefit of the Company's Provident Fund Scheme, and the Superannuation or Annuity Fund Scheme, together with the benefit of any Retirement Fund or Scheme which the Company may introduce in future;
- (viii) Gratuity in accordance with the Rules of the Company;
- (ix) Reimbursement of actual medical expenses incurred by the Whole-time Director for self and family (i.e. wife, dependent children and dependent parents);
- (x) Benefit of sick leave in accordance with the Rules of the Company;
- (xi) 30 (thirty) days' privilege leave with full pay and allowances for each completed year of service, the said leave being accumulatable and encashable in accordance with the Rules of the Company;
- (xii) Benefit of 1st class air/air-conditioned train and or such other mode of conveyance as the Whole-time Director may opt for, for self and family, while proceeding on privilege leave, together with hotel/boarding and lodging expenses incurred at actuals;
- (xiii) Personal accident insurance cover at the cost of the Company provided the actual premium thereof does not exceed Rs. 5,000 per year or such other amount as the Board thinks fit;
- (xiv) Use of a telephone for the Company's business at the Whole-time Director's residence, provided that the cost of personal long distance calls, if any, shall be reimbursed by him to the Company;
- (xv) Fees (including entrance and subscription) of clubs of which the Whole-time Director is, or may become, a member of (subject to a maximum of 2 clubs) together with the benefit of reimbursement of all expenses incurred thereat in or towards the business of the Company.

C. MINIMUM REMUNERATION:

The above remuneration including the perquisites aforesaid, but save and except commission, shall nevertheless be paid as minimum remuneration for any financial year in case of absence or inadequacy of profits for such year.

D. OTHER TERMS:

1. The Whole-time Director shall not be entitled to sitting fees for attending Meetings of the Board and/or Committees thereof.
2. The Whole-time Director shall not be liable to retire by rotation.
3. The Whole-time Director shall not, without the prior approval of the Board, directly or indirectly engage in any other business, occupation or employment similar to, or competing with, the Company's business.
4. The Whole-time Director shall not divulge or disclose to any person, or make use whatever, of any confidential information or knowledge as to the Company's business affairs or trade secrets.
5. In case the Whole-time Director shall die during the course of his employment, the Company shall pay to his legal personal heirs the salary and other emoluments payable hereunder for the then current month and for three months thereafter.
6. The appointment may be terminated by either party giving to the other ninety days' notice in writing.

The re-appointment and payment of remuneration to Mr. T. N. Shetty as Whole-time Director of the Company was recommended by the Board's Remuneration Committee, at its Meeting held on 25th June 2005, taking into account inter alia the vastly improved financial position of the Company, trend in the industry, and the satisfactory performance of his duties and responsibilities which have in large measure contributed to the Company's satisfactory results for the year ended 31st March 2005.

Your Directors are of the view that the re-appointment of Mr. T. N. Shetty as Whole-time Director is in the interest of the Company and its members and, accordingly, commend the Resolution at Item No. 8 of the Notice for your approval.

The draft Agreement between the Company and Mr. T. N. Shetty is available for inspection of members at the Registered Office of the Company between 10.30 a.m. and 12.30 p.m. on all working days (except Saturdays).

Mr. T. N. Shetty is concerned or interested in the passing of this Resolution as it relates to his re-appointment and the remuneration payable to him. Mr. N. D. Shetty and Mrs. V. R. Ajila, Directors of the Company, are relatives of Mr. T. N. Shetty and may therefore be deemed interested in the passing of this Resolution. None of the other Directors is interested in the passing of the Resolution at Item 8 of the Notice.

This explanation together with the accompanying notice is and shall be treated as an abstract of the terms of contract and memorandum of interest under Section 302 of the Companies Act, 1956.

Item No. 9:

The remuneration set out in the draft Agreement under Item No. 7 of this Notice and Explanatory Statement is presently payable to Mr. N.D. Shetty as the Company's Managing Director; the said remuneration being the same as that payable to him during his previous term of office as Managing Director.

The Company has benefited immensely through the expertise acumen and dedication of Mr. Shetty, and the Company has posted a profit before tax of Rs. 726.36 lacs and a net profit (after depreciation and tax) of Rs. 483.20 lacs for the year ended 31st March 2005. The Company has also proposed a maiden dividend of 15% to its members. Consequently, at its Meeting held on 25th June 2005, the Remuneration Committee recommended an increase in the remuneration payable to Mr. Shetty with effect from 1st August 2005 for the remainder of his term of office.

The variation in the remuneration payable to Mr. Shetty as aforesaid is set out in the draft Supplemental Agreement proposed to be entered into between the Company and Mr. Shetty. The increase in remuneration proposed under the draft Supplemental Agreement is as under:

- (i) A salary of Rs.1,50,000 per month (inclusive of dearness allowance), with yearly increments as may be decided by the Board subject to a ceiling of Rs. 15,000 per increment;
- (ii) Commission at the rate of 1 (one) percent of the net profits;
- (iii) Annual Performance Award or Bonus as may be decided by the Board;
- (iv) A house rent allowance of Rs.75,000 per month (instead of 50% of salary); and
- (v) Personal accident insurance cover of Rs.5000 per year or such other amount as the Board thinks fit.

Except as hereinabove varied, all other terms and conditions contained in the draft Supplemental Agreement at Item 7 of the Notice remain unchanged.

The draft Agreement at Item 7 of the Notice setting out the terms and conditions (including remuneration) of Mr. Shetty's re-appointment as Managing Director, as also a copy of the draft Supplemental Agreement referred to in this Resolution, are available for inspection of members at the registered office of the Company between 10.30 a.m. and 12.30 p.m. on all working days (except Saturdays).

Mr. N. D. Shetty is concerned or interested in the passing of this Resolution. Mr. T. N. Shetty and Mrs. V. R. Ajila, Directors of the Company, are relatives of Mr. N. D. Shetty and may also therefore be deemed interested in the passing of this Resolution. None of the other Directors is concerned or interested in the passing of the Resolution at Item 9 of the Notice.

This Explanation, together with the accompanying Notice, is and shall be treated as an abstract of the terms of contract and memorandum of interest under Section 302 of the Companies Act, 1956

Item No. 10:

It is proposed to amend the Company's Articles of Association, as set out in the Special Resolution, in order to bring them in conformity with the provisions of the Companies Act, 1956 ("the Act") as amended up to date. The amendments of Article 2 are self explanatory while new Article 109A reflects the voting regarding postal ballot provided in Section 192A of the Act. Article 129 sets out the provisions of the Act relating to remuneration of Directors as amended up to date, and the alterations proposed to Articles 179 and 186 are sought to bring the same in consonance with the amendment to Section 205A of the Act and introduction of Section 205C by the Companies (Amendment) Act, 1999 in terms of which dividend remaining unclaimed for 7 years are to be transferred to the Investor Education and Protection Fund. Dividend amounts so transferred cannot be claimed either from the Company or from the Fund.

Section 31 of the Act requires a Special Resolution for amendment of the Articles of Association. Hence the Special Resolution contained in the Notice.

A copy of the Company's Memorandum and Articles of Association together with a draft of the Articles for amendment are available for inspection of members at the Registered Office of the Company between 10.30 a.m. and 12.30 p.m. on all working days (except Saturdays). All the Directors of the Company may be deemed interested in the amendment to Article 129 since it relates to payment of fees/remuneration to them.

Item No. 11:

The Company's Board presently has three Indian resident Non-Executive Independent Directors, namely, Mr. F.S. Broacha, Mr. A.P. Sarwan, and Mr. L. Rajagopalan who are only being paid normal sitting fees for attending Meetings of the Board and or Committee thereof.

With the changes in corporate governance norms and bearing in mind the size scale and complexity of the Company's operations and the level of involvement and responsibility of Non-Executive Independent Directors in the supervision and control of the Company as members of its Board and also as members of relevant Committees of the Board, the role of Non-Executive Directors on the Board has undergone significant qualitative changes. It is therefore proposed to remunerate them so that their remuneration is commensurate with their enhanced role and involvement in the corporate governance of the Company.

The Special Resolution at Item 11 of the Notice is an enabling Resolution and the same will be effective for a period of five years as stated therein.

Mr. F. S. Broacha, Mr. A. P. Sarwan and Mr. L. Rajagopalan, the Company's Non-Executive Independent Directors, may be deemed to be concerned or interested in the passing of the Resolution.

Item No. 12:

The Securities and Exchange Board of India ("SEBI") has revised Clause 49 of the Listing Agreement relating to Corporate Governance. Compliance of the revised Clause 49 was earlier due from 1st April 2005 but the same has now been deferred to 1st January 2006. One of the requirements of revised Clause 49 provides that all fees/compensation payable to Non-Executive Directors, including the Independent Directors, shall be fixed by the Board of Directors and that the same shall also require previous approval of the members in General Meeting.

At present the Company is paying, to its Non-Executive Directors, sitting fees of Rs. 3000 for each Meeting of the Board and or Committee thereof attended by them. Presently no sitting fees are being paid to the members of the Share transfer Committee or the Shareholders'/Investors' Grievance Committee.

The Company has been advised that SEBI's requirements in the above regard are without legal sanctity in that Clause 49 cannot supercede or override the provisions of Sections 309 and 310 of the Companies Act, 1956. However, as a matter of abundant caution, approval of members is being sought for:

- (i) the payment of the above mentioned sum or such other sum at Board Meetings or at Committee Meetings as may be approved by the Board of Directors, which is within the limits stipulated under the Companies Act, 1956 or rules framed thereunder; and
- (ii) payment to Non-Executive Independent Directors of such amount, in addition to sitting fees for attending Board and Committee Meetings, as may be authorized by Special Resolutions passed in that behalf under Section 309(4) of the Companies Act, 1956, so long as the same does not result in any material pecuniary relationship with the Company as prescribed under the Listing Agreement.

The Directors recommend passing of the above Resolution as an Ordinary Resolution.

All the Directors of the Company, except Mr. N.D. Shetty and Mr. T.N. Shetty, are interested in the passing of the Resolution at Item 12 of the Notice.

Item No. 13:

The Company's shares are presently listed on the Vadodara Stock Exchange and the Stock Exchange, Mumbai. The Securities and Exchange Board of India ("SEBI"), vide its Guidelines called "The Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003" dated 17th February, 2003, has permitted companies to voluntarily delist its shares from any stock exchange where the shares have been listed for a minimum period of 3 years provided, inter alia, the Company is authorized to make an application for delisting through a Special Resolution passed by its members in General Meeting.

The volume of trading in the Company's shares on the Vadodara Stock Exchange is negligible and infrequent and, therefore, the Board of Directors of the Company has decided to take steps to delist the Company's shares from the Vadodara stock exchange as provided in the Special Resolution at Item No. 13 of the Notice. Shareholders may note that the proposed delisting from the Vadodara Stock exchange will not affect trading in the Company's shares by members since the Company's shares will continue to be listed on the Stock Exchange, Mumbai which has nationwide trading terminals.

None of the Directors of the Company is concerned or interested in the passing of the Resolution at Item No. 13 which is commended for your approval

Item No. 14:

Subject to the Members' approval it is proposed to promote a new company, as the wholly-owned subsidiary of the Company, having its registered office at Mumbai / Vadodara under the name and style of "Haldyn Investments Limited" or such other name as the Registrar of Companies may approve of. The principal business of this 100% subsidiary of the Company will be the acquisition of the shares, stock, debentures and/or other securities.

From time to time the Company has some amount of surplus funds which are temporarily not required for the Company's business. Such funds remain idle and do not fetch a return since the same cannot be invested in the short term or the long term due to restrictions imposed by Section 372A of the Companies Act, 1956 ('the Act') which mandates that the aggregate of a company's loans, investments, guarantees and securities provided shall not exceed 60% of its paid-up share capital and free reserves or 100% of its free reserves, whichever is more, unless the proposal is previously authorized by the members through a Special Resolution passed in a General Meeting. Since the aggregate of the Company's existing loans, investments, guarantees given and securities provided, together with the investment of Rs.25 lacs made under this Resolution, may exceed 60% of its paid-up share capital and free reserves or 100% of its free reserves, whichever is more, it is prudent to pass the Special Resolution at Item No. 14. After the investment of upto Rs.25 lacs has been made in the proposed wholly-owned subsidiary of the Company, the Company will be in a position to grant loans of its surplus fund to its wholly-owned subsidiary and such loans will enjoy the benefit of exemption provided by clause (c) of sub-Section (8) of Section 372A of the Act. As stated earlier, the monies so lent will be prudently invested by the subsidiary company in the acquisition of shares and other securities quoted on the Stock Exchange. India is now globally recognized as a large investment centre and investors abroad to an increasing degree are looking for good scrips to invest into in India. In the result the Indian market in securities is booming with the sensx having leaped the 7000 barrier. Further inflows of foreign funds are also expected to pour into the burgeoning Indian market for securities and your Directors are of the view that the proposed investment will be in the interest of the Company and its members and, accordingly, commend the passing of the Special Resolution at Item No. 14 of the Notice.

None of the Directors of the Company is concerned or interested in the passing of the Resolution at Item No.14 except to the extent that they may also be made Directors of the fully owned subsidiary, when formed.

By Order of the Board

(Sd/-)

Manita C. A. Gonsalves
Company Secretary

Date : 29th July 2005

Place : Mumbai

(ANNEXURE TO THE NOTICE DATED 29TH JULY 2005)
DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT
THE FORTHCOMING ANNUAL GENERAL MEETING
IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT

Name of the Director	Mr. N. D. Shetty	Mr. T. N. Shetty	Mr. A. P. Sarwan	Mrs. Vinita R. Ajila
Date of Birth	12.08.1940	06.05.1974	18.08.1934	21.09.1970
Details of Appointment on the Board	25.04.1991 (Since Incorporation)	29.06.2000	01.11.1993	22.01.2005
Expertise / Qualification	40 years experience in the Glass Industry.	MBA (Australia), Bachelors Degree in Commerce and over 8 years experience in the Glass Industry.	Corporate Advisor	Bachelors Degree (Hons.) in Economics with over 12 years experience in the Glass Industry and varied business experience of over three years.
Directorship held in other public companies	Haldyn Glass Limited	1. Guniea Finance Investment and Trading Ltd	1. Ester Industries 2. Nirma Limited 3. Rubber Products Ltd.	None
Membership / Chairmanship of Committees across other public companies	Member of Audit Committee of Haldyn Glass Ltd.	None	Member of Audit Committee of 1. Ester Industries 2. Rubber Products Ltd.	None