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Haldyn® Glass Gujarat Limited

15th ANNUAL REPORT
2005 - 2006

TÜV MANAGEMENT SERVICE
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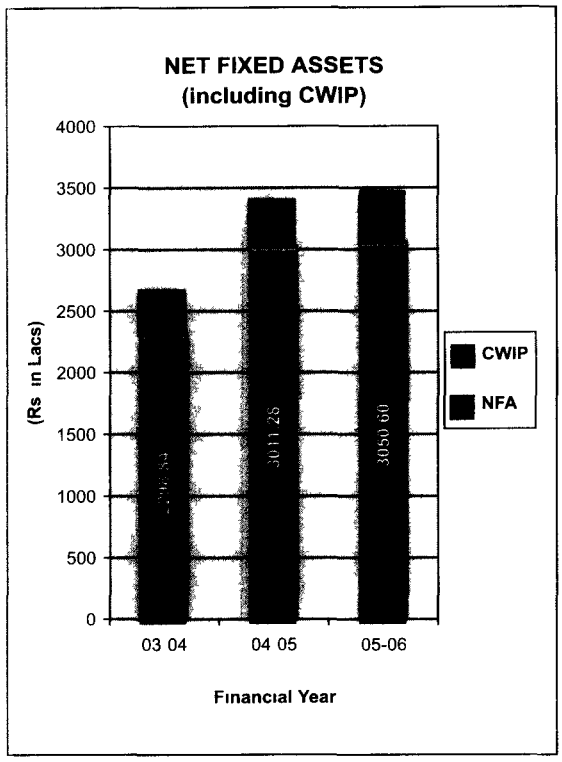
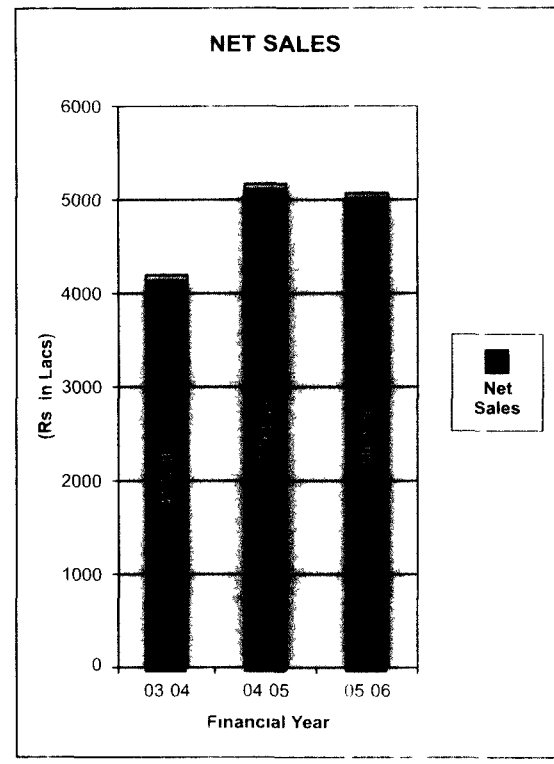
THREE YEARS' COMPARATIVE FINANCIAL HIGHLIGHTS

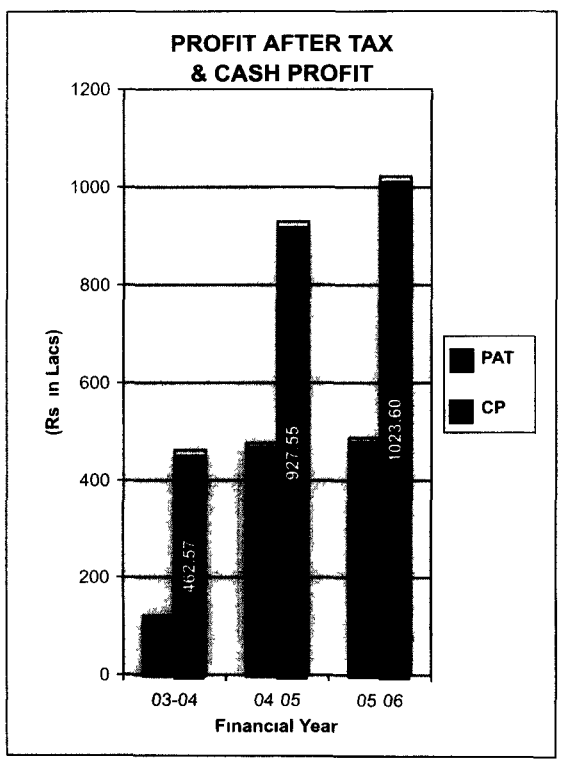


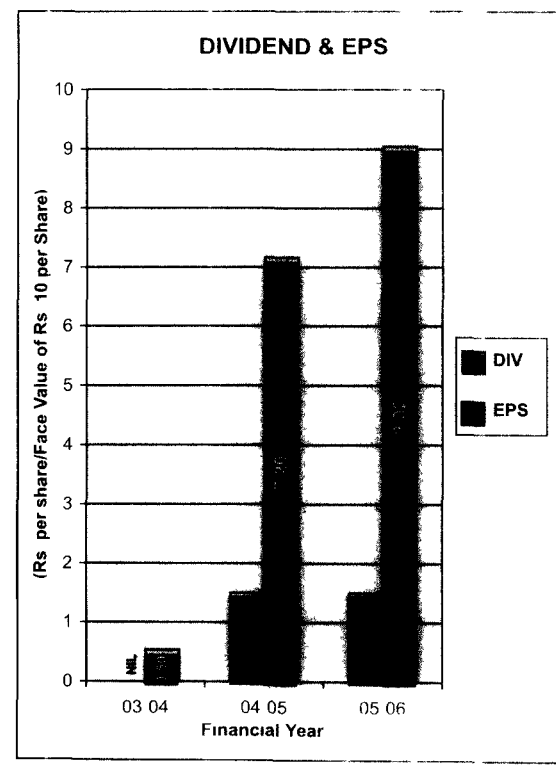


QUALITY POLICY WE SHALL SATISFY OUR CUSTOMERS BY CONSISTENTLY MEETING THEIR REQUIREMENTS ON TIME AND RENDERING SUPPORT THEY EXPECT FROM US

To achieve the above we shall

- Manufacture products to laid down specifications
- Provide reliable products at cost efficient prices
- Deliver Goods on time





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Haldyn® Glass Gujarat Limited

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

15th ANNUAL GENERAL MEETING – NOTICE

NOTICE is hereby given that the Fifteenth 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 Saturday 26th day of August 2006 at 11.00 a.m. to transact the following 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 2006, and the Reports of the Directors' and the Auditors' thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. Rolf E. von Bueren, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. F. S. Broacha, 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 Mr. N. K. Seshadri who was appointed as an Additional Director of the Company with effect from 15th April 2006, 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 him 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 a Special 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 Agreement read with Supplemental Agreement both dated 1st April 2006 executed between the Company and the said Mr. Shetty, being modified and varied with effect from 1st September 2006 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".

8. 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 81(1A), and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the Compensation Committee which the Board may constitute to exercise its powers, including the powers, conferred by this Resolution), to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, including any Director, whether whole time or otherwise (except any Director who is a promoter or belongs to the promoter group or otherwise, who holds, either by himself or through his relative, or through any body corporate, directly or indirectly, more than 10% of the outstanding Equity Shares of the Company), of the Company, whether in India or abroad, options exercisable into shares or securities convertible into Equity Shares not exceeding 5% of the paid-up capital of the Company at any point in time, under one or more employee stock option schemes ("the Schemes"), in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority; each option would be exercisable for one Equity Share of a face value of Rs.10 each fully paid-up on payment of the requisite exercise price to the Company.

   RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot Equity Shares upon exercise of options from time to time in accordance with the employee stock option scheme and such Equity Shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

   RESOLVED FURTHER that in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition of the shares by the aforesaid option grantees under the Schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs.10 per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

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RESOLVED FURTHER that the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the said Schemes as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and any other applicable laws "

9 To consider and, if thought fit, to pass the following Resolution, with or without modifications, as a Special Resolution

"RESOLVED that pursuant to the provisions 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 of Rs 200 lacs in the share capital of a company which shall be a wholly-owned (100%) subsidiary of the Company, incorporated in Mumbai or elsewhere in India as the Board may, in its sole and absolute discretion, deem fit, notwithstanding that such investment when made together with the Company's existing loans, investments, guarantees and securities provided may exceed the limits prescribed in Section 372A of the Act ,

RESOLVED FURTHER that the Board be and is hereby authorised to determine the actual sum to be invested (but not exceeding Rs 200 lacs) and to do all such acts, deeds, matters and things as the Board may deem necessary, proper or expedient in order to give effect to this Resolution "

By Order of the Board of Directors

Ms. Manita Carmen A. Gonsalves
Company Secretary

Place . Mumbai
Date 28th July, 2006
Registered Office
Village – Gavasad, Taluka – Padra,
District Vadodara – 391 430

NOTES:

1 **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.**

2 Relative Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under Item Nos. 6 to 9 set out above and the relevant details pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges are annexed hereto

3 The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday 12th August 2006 to Saturday 26th August 2006 (both days inclusive).

4 Members/Proxies should bring the Attendance Slips sent herewith duly filled in, for attending the Meeting

5 Members desiring any information on accounts or operations of the Company are requested to forward his/her 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

6 As members are aware, equity shares of the Company are traded in electronic form for all shareholders, members who hold shares in physical form may dematerialise the same. ISIN allotted to the Company for this purpose is **INE506DO1012**

7 Members are requested to immediately notify any change in their address to Registrar and Transfer Agents namely, M/s Mondkar Computers Pvt. Ltd., 21, Shakil Niwas, Mahakali Caves Road, Andheri (E), Mumbai- 400 093

8 Payment of Dividend as recommended by the Directors, if approved at the Meeting, will be made on or after 26th August 2006, to those Members, whose names are on the Register of Members as on Saturday 26th August 2006

By Order of the Board of Directors

Manita Carmen A. Gonsalves
Company Secretary

Place . Mumbai
Date : 28th July, 2006
Registered Office:
Village - Gavasad, Taluka- Padra,
District Vadodara - 391 430

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EXPLANATORY STATEMENTS PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 6.:

Mr N K Seshadri was appointed an Additional Director of the Company by a resolution passed by the Board of Directors at its Meeting held on 15th April 2006 Under Section 260 of the Companies Act, 1956 ("the Act"), Mr Seshadri holds office as a 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 Mr Seshadri as a candidate for the office of Director

Mr N K Seshadri is a Graduate from the University of Bangalore and qualified as a Chartered Accountant in 1983 In 1987, Mr Seshadri joined KPMG, London, and worked largely in the Financial Services and Property sectors After 8 years of global experience he joined Arthur Andersen, India in 1991 and later became a global partner and part of India leadership team He was the only partner from India to be on the Global Advisory Board of Andersen He was the Country Head of Andersen Business Consulting and also the founder of Business Consulting practice in India Mr Seshadri was Managing Director and Head of KPMG Consulting & Business Advisory Services. Presently, Mr. Seshadri is the Chairman & CEO of Halcyon Group which is primarily involved in the turnaround of distressed companies. He served as a member of key Reserve Bank of India committee formed to address the introduction of derivatives etc He has participated in many seminars and has also written several papers on Risk Management Aspects of financial products in India Your Directors are of the view that Mr Seshadri'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

Item No. 7:

As you know, at the 14th Annual General Meeting of the Company, held on 29th September 2005 members granted their approval to the re-appointment of Mr N D Shetty as Managing Director of the Company for a term of 5 years from 1st March 2005 The terms and conditions (including remuneration and minimum remuneration) of Mr Shetty's re-appointment are set out in Agreement read with Supplementary Agreement both dated 1st April 2006 executed by the Company and Mr Shetty

Your Company has continued its steady performance during the year ended 31st March 2006 and has posted a net profit (after depreciation and tax) of Rs 487 87 lacs which is marginally higher than that of the previous year The Company has also proposed a dividend of 15% to its members The significant improvement shown by the Company over the past years is mainly due to the acumen and diligent efforts expended by Mr Shetty Keeping in mind, inter alia, the meritorious services rendered by Mr Shetty during the year (Mr T N Shetty having resigned as Whole time Director with effect from 27th October 2005), and the steadily improving performance of the Company resulting in an adequacy of profits, the Remuneration Committee at its Meeting held on 28th July 2006, recommended an increase, by way of monthly salary, in the remuneration payable to Mr Shetty with effect from 1st September 2006 for the remainder of his tenure of service

The variation in the remuneration, by way of increase in monthly salary payable to Mr. Shetty, is set out in the draft Supplemental Agreement proposed to be entered into between the Company and Mr Shetty The draft Supplemental Agreement provides that from 1st September 2006 Mr. Shetty be paid a salary of Rs.200,000 per month (inclusive of dearness allowance) with yearly increments as may be decided by the Board based on merit and taking into account relevant criteria including the Company's performance and the overall remuneration (including commission) of Mr Shetty for the year Except as varied hereinabove, all other terms and conditions of Mr Shetty's appointment and remuneration remain unchanged, and Mr Shetty's aggregate remuneration will remain subject to the limits prescribed under Sections 198, 309 and other applicable provisions, if any, of the Companies Act 1956, read with Schedule XIII of the Act as amended from time to time

The draft Supplemental Agreement referred to in the Resolution at item 7 of the Notice is available for inspection of members at the Registered Office of the Company between 10 30 am and 12 30 pm on all working days (except Saturdays)

Mr. N D Shetty is concerned or interested in the passing of this Resolution, Mrs. V R. Ajila, Director of the Company, is a relative of Mr Shetty and may be deemed concerned or interested in the passing of this Resolution None of the other Directors is concerned or interested in this Resolution.

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:

'People are the greatest assets of any business/company'- however cliched, this statement will never lose its relevance or its meaning The growth and development of any enterprise becomes a reality thanks to the contribution of its people Employees are 'business partners' in the true sense of the word. With the objectives of securing greater employee participation, motivating the employees to contribute to the growth and profitability of the Company; enabling them to participate in the long-term growth and financial success of the organisation, and with a common objective of maximizing the shareholder value, it is proposed to grant employee stock options to

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employees through one or more employee stock option schemes. This would enable the Company to reward past loyalty and performance and to develop a greater sense of ownership with the organisation.

The main features of the employee stock option Schemes are as under:

1. **Total number of options to be granted**:
   Options convertible into such number of equity shares not exceeding 5 % of the paid-up capital of the Company at any point in time (including those options granted to the employees of the Company's subsidiaries) will be available for being granted to eligible employees of the Company under one or more employee stock option Schemes. Each option (after it is vested) will be exercisable for one Equity share of Rs. 10 each fully paid-up.

   Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise would be available for being re-granted at a future date.

2. **Identification of classes of employees entitled to participate in the employee stock option schemes**:
   All permanent employees of the company including Directors (excluding promoters and any Director who holds either by himself or through his relative, or through any body corporate, directly or indirectly, more than 10% of the outstanding Equity shares of the Company), whether working in India or abroad, as may be decided by the Board, from time to time, would be entitled to participate in the employee stock option Schemes.

   Employees may be granted Stock Options based on performance and such other criteria as the Board may, in its absolute discretion decide. The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

3. **Requirements of vesting and period of vesting**:
   The Options granted shall vest so long as the employee continues to be in the employment of the Company. Vesting of the options shall take place over a maximum period of 5 years with a minimum vesting period of 1 year from the date of grant. The Board would determine the exact proportion and period in which the options would vest.

   The Board may, in its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted under the Schemes would vest (subject to the minimum vesting period as specified above).

4. **Exercise Price:**
   The exercise price shall not be less than the face value per share per option.

5. **Exercise Period and the process of Exercise**:
   The Exercise period would commence from the date of vesting and will expire on completion of five years from the date of vesting of options.

   The options will be exercisable by the Employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Board from time to time. The options will lapse if not exercised within the specified exercise period.

6. **Appraisal Process for determining the eligibility of the employees to ESOP**:
   The appraisal process for determining the eligibility of the employee will be specified by the Board, and will be based on criteria such as seniority of employee, length of service, performance record, merit of the employee, future potential contribution by the employee and/or such other criteria that may be determined by the Board at its sole discretion.

7. **Maximum number of options to be issued per employee and in aggregate:**
   The number of options that may be granted to employees under the Scheme shall be determined by the Compensation Committee from time to time. However, grant of options to identified employees, during any one year shall not be equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options.

8. **Disclosure and Accounting Policies**:
   The Company shall comply with the disclosure and the accounting policies prescribed by concerned Authorities.

9. **Method of option valuation**
   To calculate the stock-based compensation, the Company shall use the Fair Value method for valuation of the options granted.

   If the Company calculates the employee compensation cost using intrinsic value of the stock options, the difference between the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

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As the employee stock option Schemes provide for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is sought pursuant to Section 81(1A) of the Companies Act, 1956

None of the Directors of the Company are in any way, concerned or interested in the Resolution, except to the extent of the securities that may be offered to them under the Scheme.

Item No. 9:

Domestic and international demands for glass containers having increased substantially, your Directors feel there is a need to pay heed to market forces and embark upon a expansion through the vehicle of the proposed 100% subsidiary. The proposed expansion, which will be implemented in stages, consists of:

(i) Decoration of bottles,

(ii) pet bottle manufacture,

(iii) frosting and printing of bottles, and

(iv) low density film extrusion.

This expansion should meet the emerging needs for bottle containers used in the liquor and cosmetics industries, and in due time should fetch a good return on the Company's investment. This would not only benefit the Company but would also provide value addition for the products to the customers of the Company.

Section 372A of the Companies Act, 1956, mandates that the aggregate of the Company's loans and investments, guarantees and securities provided shall not exceed 60% of its paid-up capital and free reserves or 100% of its free reserves, whichever is more, unless it is previously authorised by the members through a Special Resolution, hence the Special Resolution at item 9 of the Notice

The proposed investment will be made after obtaining the approval of members and other approvals, if any, required Your Directors commend the passing of the Resolution which is in the interest of the Company and its members

None of the Directors is concerned or interested in the passing of the Resolution at item 9 except to the extent that they may also be made Directors of the proposed fully owned subsidiary.

By Order of the Board of Directors

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Manita Carmen A. Gonsalves
Company Secretary

Place : Mumbai
Date : 28th July, 2006

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(ANNEXURE TO THE NOTICE DATED 28th JULY 2006)

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE FORTH COMING ANNUAL GENERAL MEETING IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT

Name of the Director	Mr. Rolf E von Bueren	Mr. F. S Broacha	Mr. N. K. Seshadri
Date of Birth	14.08.1940	14 06 1938	13.04 1957
Details of Appointment on the Board	01.11.1993	25 04 1991 (Since Incorporation)	15 04.2006
Expertise / Qualification	Industrialist	Advocate	Chartered Accountant
Directorship held in other public companies, if any.	None	Haldyn Glass Limited The Rubber Products Limited Melwani Finance Limited RAS Propack Lamipack Limited Fouress Engineering India Limited Wall Street Finance Limited	PI Industries Limited Development Credit Bank Limited
Membership / Chairmanship of Committees across other public companies, if any.	None	Chairman of Audit Committee — Haldyn Glass Limited	Member of Audit Committee — Development Credit Bank Ltd
Number of shares held	Nil	10	Nil

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Haldyn® Glass Gujarat Limited

Registered Office: Village Gavasad, Taluka Padra,
District Vadodara, Pin - 391 430

ATTENDANCE SLIP

(To be presented at the entrance of the Meeting Hall)

Name of Shareholder / Proxy .

Folio No.

Client ID* :

DP ID* :

No. of Shares held

I hereby record my presence at the **15th ANNUAL GENERAL MEETING** of the Company held on Saturday, 26th August, 2006 at 11.00 a.m. at the Registered Office of the Company at Village Gavasad, Taluka Padra, District Vadodara - 391 430

_____

Signature of Shareholder/Proxy

- Tear Here -

Haldyn® Glass Gujarat Limited

Registered Office. Village Gavasad, Taluka Padra,
District Vadodara, Pin - 391 430

PROXY FORM

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Folio No._____ Client ID* _____

DP ID* _____ No of Shares _____

I/We _____ of _____

in the district of _____ being a Member(s) of the above named Company, hereby appoint

_____ of _____ in the district of _____ or failing him

_____ of _____ in the district of _____ as my /our Proxy to attend and vote for me/ us and on my/our behalf at the **15th ANNUAL GENERAL MEETING** of the Company to be held on Saturday, 26th August, 2006 at 11.00 a.m. and at any adjournment thereof.

Affix
30 paise
Revenue
Stamp

Signature

Signed this ____ day of _____, 2006

* Applicable for investors holding shares in electronic form.

NOTE :
1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.**
2. The Proxy in order to be effective should be duly stamped completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting

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15TH ANNUAL GENERAL MEETING

Day	:	Saturday
Date	:	26th August, 2006
Time	:	11.00 a.m.
Venue	:	Registered Office: Village Gavasad, Taluka Padra, District Vadodara - 391 430

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