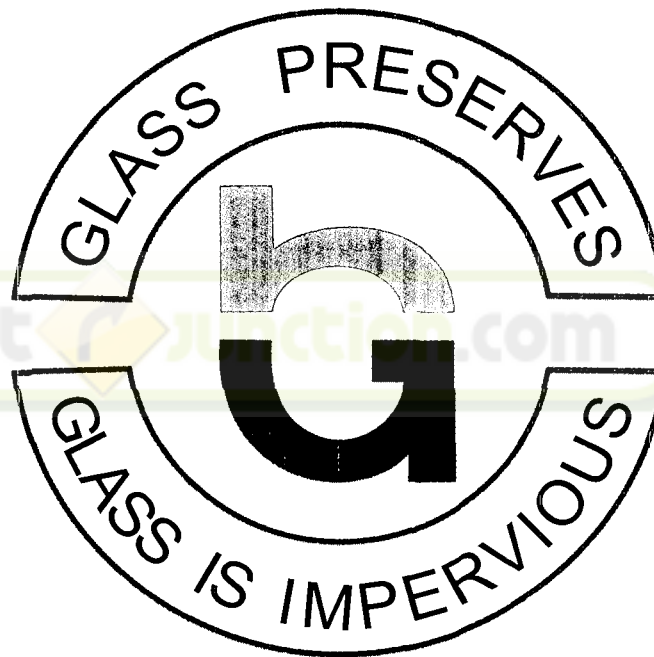


17th Annual Report - 2008

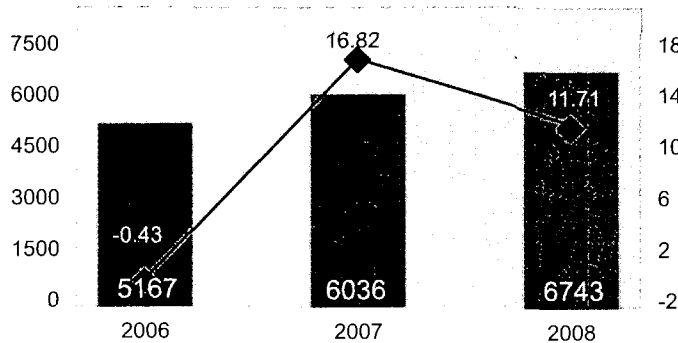
Haldyn[®] Glass Gujarat Limited



Glass ^{made} **with care**

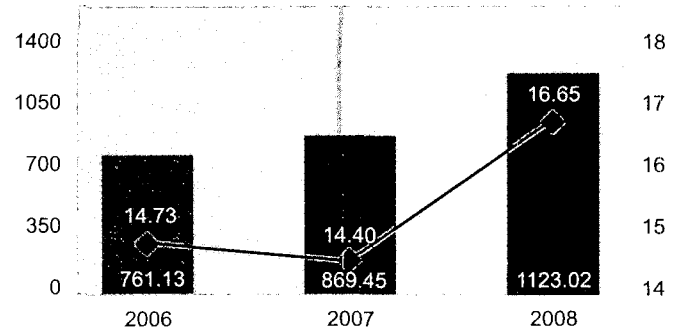
FINANCIAL HIGHLIGHTS OF HALDYN GLASS GUJARAT LIMITED

TOTAL INCOME
[Rs. in Lacs]



■ Total Income Growth [%] YOY

PROFIT BEFORE TAX
[Rs. in Lacs]



■ PBT as % to Total Income

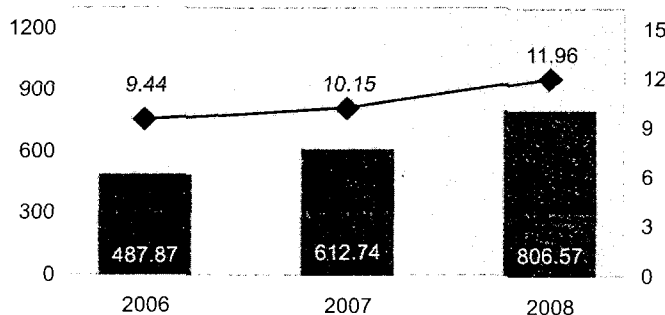
QUALITY POLICY

"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

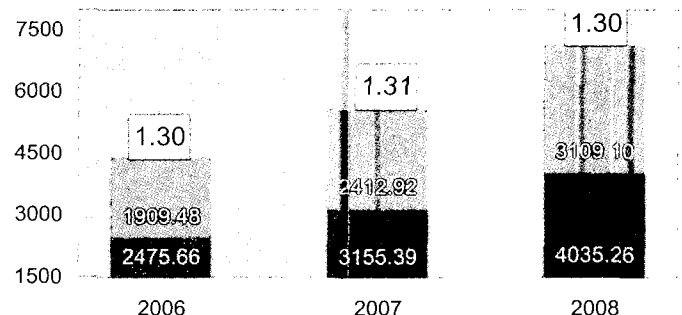
- Manufacture products to laid down specifications
- Provide reliable products at cost efficient prices
- Deliver Goods on time.

PROFIT AFTER TAX
[Rs. in Lacs]



■ PAT as % to Total Income

DEBT EQUITY RATIO [TIMES]
[Rs. in Lacs]



■ NET WORTH ■ LOAN FUNDS □ RATIO



HALDYN GLASS GUJARAT LIMITED

BOARD OF DIRECTORS

Mrs. V. R. Ajila
Mr. F. S. Broacha
Mr. Rolf E. von Bueren
Mr. K. George Joseph I.A. S.
 [Nominee of GLIC]
Mr. G. C. Murmu I.A.S.
 [Nominee of GLIC]
Mr. L. Rajagopalan
 [Alternate to Mr. Rolf E. von Bueren]
Mr. T. N. Shetty
Mrs. K. J. Udeshi [w.e.f. 30.07.08]
Mr. N. D. Shetty
 Chairman & Managing Director

COMPANY SECRETARY

Mr. A. A. Lambay

AUDITORS

Chaturvedi Sohan & Co.
 Chartered Accountants
 320, Tulsiani Chambers,
 Nariman Point,
 Mumbai 400 021.

BANKERS

State Bank of India
 HDFC Bank Limited

REGISTRAR AND SHARE TRANSFER AGENTS

Mondkar Computers Pvt.Ltd,
 21, Shakil Niwas, Mahakali Caves Road,
 Andheri [East] Mumbai 400 093
 E-mail : info@mondkarcomputers.com

AUDIT COMMITTEE

Mr. L. Rajagopalan [Chairman]
Mr. F. S. Broacha
Mr. G. C. Murmu

REMUNERATION COMMITTEE

Mr. F. S. Broacha [Chairman]
Mr. L. Rajagopalan
Mr. K. George Joseph

SHAREHOLDERS GRIEVANCE COMMITTEE

Mr. F. S. Broacha [Chairman]
Mr. L. Rajagopalan

SHARE TRANSFER COMMITTEE

Mr. N. D. Shetty [Chairman]
Mr. F. S. Broacha
Mr. L. Rajagopalan

REGISTERED OFFICE AND WORKS

Village Gavasad, Taluka Padra
 Dist. Vadodara - 391 430
 E-mail : baroda@haldyn.com

ADMINISTRATIVE OFFICE

9, Gayatri Commercial Complex,
 Marol Naka, Andheri Kurla Road,
 Andheri [East] Mumbai 400 059.
 E-mail : bombay@haldyn.com

WEBSITE

www.haldynglass.com

HALDYN GLASS GUJARAT LIMITED**C o n t e n t s**

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17th Annual General Meeting

Day : Friday

Date : September 26, 2008

Time : 11 A.M.

Venue : Registered Office situated at,
Village Gavasad, Taluka Padra,
District: Vadodara - 391 430



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the **Seventeenth Annual Report** on the business and operations together with the Audited Statement of Accounts of the Company for the year ended on March 31, 2008.

I FINANCIAL RESULTS

[Rs in Lacs]

[For the year ended March 31]

Particulars	2008	2007
EARNINGS BEFORE INTEREST, DEPRECIATION AND TAX	1858.93	1550.62
Interest and Finance Charges	262.59	320.91
Depreciation	473.32	360.26
PROFIT BEFORE TAXATION	1123.02	869.45
Provision for Current Tax including Fringe Benefit Tax	204.57	229.47
Provision for Deferred Tax	111.65	75.11
Income tax 2004-2005	0.23	—
[Add] : Excess Tax Provision pertaining to earlier years	—	[47.87]
PROFIT AFTER TAX	806.57	612.74
Surplus brought forward from previous year	393.37	18.82
Profit available for appropriation TOTAL	1199.94	631.56
APPROPRIATIONS		
Debenture Redemption Reserve	—	50.00
General Reserve	75.00	75.00
Proposed Dividend on Equity Shares	96.75	96.75
Tax on Proposed Dividend	16.44	16.44
Surplus carried forward to next year	1011.75	393.37
TOTAL	1199.94	631.56

II DIVIDEND

To make your Company financially stronger for sustainable growth and Planned Expansion, the Board of Directors have recommended dividend of 18% [Rs.1.80 per equity share of Rs.10 each] for the year ended March 31, 2008. The dividend payment on equity shares will amount to Rs.113.19 lacs inclusive of tax on dividend of Rs. 16.44 lacs which will be borne by the Company. The dividend would be Tax-free in the hands of the shareholders.

III APPROPRIATIONS

Your Company has transferred Rs.75.00 lacs to General Reserve during the year under review. An amount of Rs. 1011.75 lacs is proposed to be retained in the Profit and Loss Account.

IV BUSINESS REVIEW

The year 2007-08 has been one of consistent performance and reasonable growth compared to the previous year. Sales/Income from operations [Net] increased to Rs. 6662.73 lacs compared to Rs. 5934.41 lacs in the previous year registering a growth of 12.27%. The profit after tax increased by 31.63% to Rs. 806.57 lacs against Rs. 612.74 lacs in the previous year.

HALDYN GLASS GUJARAT LIMITED**V MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Pursuant to clause 49 [V] of the Listing Agreement with the stock exchange, Management Discussion and Analysis Report is given below and a report on Corporate Governance is annexed to this Report. A declaration in regard to compliance with the Code of Conduct by the Directors and Senior Management personnel signed by the Managing Director forms part of the Annual Report.

A certificate from the statutory auditors of the Company regarding compliance of conditions of Corporate Governance is also annexed.

Macro Economic – Industry Structure and Developments

The events of the last quarter of FY 2007-08 and the first quarter of FY 2008-2009 have ruffled the economic progress plans of the country. The main reasons for the turbulence are the inflationary pressures arising from the global shortage of food grains and the opportunistic escalations in oil prices, unexpected turmoil in world financial markets, galloping commodity prices and rising interest cost. Despite the challenges, India continues on the growth trajectory. Since the year 2003-04, our country's GDP growth has exceeded 8% year-on-year. Expectation is that growth rate will not be more than 8% in the current year. Of course, an 8% growth rate is not insignificant. India will still be in the top quartile worldwide. Psychologically a slower GDP growth rate is a dampener, but once we have a more benign outlook, this vicious cycle will/ can actually turn into a more virtuous cycle. The rising crude oil prices are expected to stabilise at lower levels, commodity prices will come down, inflation will moderate and is expected to be controlled and therefore interest rates will come down. There will be margin expansion and the Indian economy will grow faster. Your Company's efforts are directed towards Planned Expansion making full use of the emerging opportunities and repositioning its business with the ultimate objective of Sustainable Growth and maximisation of shareholders value.

OVERVIEW

In turbulent times, an enterprise has to manage **BOTH** – to withstand sudden blows and to avail itself of unexpected opportunities. We at Haldyn have been preparing to face such eventualities for the last couple of years. Not with total precision, but definitely within a reasonable range of probability, we have been successful in predicting the trend for FY 2007-2008 and beyond for our Company, based on demand supply dynamics of organised and unorganised manufacturers within the industry.

Planned Expansion has been undertaken by leveraging our present and future strengths and capabilities. In the near term future, there may be some economic vulnerability / tightness experienced but our Planned Expansion strategy will guide us in scaling up our topline and bottomline significantly for the next couple of years. The present furnace of 160 TPD, which has outlived its life, is still in good working condition, but will need relining and we also plan to increase its capacity to 200 TPD. This initiative is expected to be undertaken during the beginning of the next financial year at a cost of about Rs.1500 lacs to be funded mainly from internal accruals and borrowings, if needed. The furnace then will be technologically superior with increased automation, greater capacity and better efficiencies. Also our production machines are being converted for electronic timing.

To capture the increasing demand of the user industry, as a part of Planned Expansion on March 25, 2008 commercial production commenced from the new furnace of 100 TPD. The Machines have been modified for electronic controls to achieve higher production and better quality of bottles. Thus, the Company has laid a good foundation for Sustainable Growth for the future.

Your Company has the most coveted and excellent list of customers from liquor, pharmaceuticals, beverages, processed foods and cosmetics industries. These industries have shown a compounded growth of 30% plus in the last 4 years. Your Company's Brand "HALDYN" enjoys a very good reputation for top quality, competitive prices with timely deliveries in the country's glass bottle and container industry. We continue to be the preferred supplier to the major customers across various industries.

Your Company has full-fledged in-house design facilities and also a mould shop which cater to the customers' varied requirements which is being further upgraded with the installation of CNC milling machines.

The Captive Power Plants and Waste Heat Recovery System installed during the earlier year/s have resulted in substantially increased efficiency, reduction of costs and improvement in the quality of finished products.



The Company has also fully integrated the Enterprise Resource Planning [ERP] system. This business initiative has improved the quality of information, efficiency levels and agility of decision making throughout the organization.

CERTIFICATIONS

Your Company is accredited with

ISO 9001: 2000 certification for Quality Management System.

ISO 14001: 2004 certification for Environment Management System.

RISKS AND CONCERNS

Quality is the hallmark of your Company's products and it will continue to be so. Presently, the Company's products are mainly sold in the domestic market. Due to limited exposure to foreign exchange, the forex risk is minimal. Apart from normal risks, spiralling prices of raw materials, disruption in the availability of key inputs, delay in expansion plans of key customers, non-availability of skilled manpower, increased power and fuel costs, volatility in global economy having its impacts on India are some of the major risks and concerns as applicable to an industry. Your Company is working on areas like process improvements, increased productivity, continuous product re-engineering and cost reduction at various levels to counter the above risks. The Company has adequate insurance coverage for all its assets. Your Company complies with safety requirements and norms fixed by different Government Authorities.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, your Company has been and continues to be extremely sensitive to societal needs. In our own way, we try to bring some relief and make a difference to the lives of the weaker sections of the society who live close to our Unit. We provide health care reliefs, medical camps and food when in distress. Training in self help is also imparted by the employees to them.

These relief measures are spearheaded by Mr. N. D. Shetty, your Company's Chairman and Managing Director.

The Board of Directors, management and all of our employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterised by a willingness to build a society that works for everyone.

SEGMENT-WISE/PRODUCT-WISE PERFORMANCE

Your Company's business activity falls within a single primary business segment viz. bottles/containers. As such there are no separate reportable segments as per Accounting Standard – 17 (AS -17) issued by the Institute of Chartered Accountants of India.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems, which enable the management to achieve efficiency in operations, protection of resources, accuracy and promptness of financial reporting and compliance with statutes and regulations. The internal control system is designed to ensure that financial and other records are reliable for preparing financial information and other related data and for maintaining accountability of assets.

The framework of the system comprises of a well-defined organisation structure, authority levels, documented policy guidelines/procedures, management reviews and use of Information Technology.

Internal control is supplemented by an extensive programme of internal audits and review by management. The reviews by Internal Audit cover the manufacturing unit as well as the administrative office of your Company. The areas covered include internal controls, accounting procedures and policies, efficiencies and economy of operations.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company recognises the vital role played by Human Resources in the growth and development of the Company. The management values its people as your Company's most valuable asset. The Company lays stress on talent recognition and retention. The environment and ambience at Haldyn provides stimulus

HALDYN GLASS GUJARAT LIMITED

for individual growth and aspirations at the same time ensuring that all work with utmost harmony and with a fine team spirit. Also with the added emphasis placed on safe operations, the various training programmes conducted not only cover the knowledge and technical skills, but also lay stress on behavioral areas like creating a "Safety mind set and attitude building". The Company also seeks the views of its employees for improving relations through employee satisfaction surveys. Industrial relations continue to be cordial and harmonious.

CAUTIONARY STATEMENT

Certain statements in the Directors' Report describing the Company's operations, objectives, projections and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either express or implied, depending on the economic conditions, Government policies and other incidental factors and developments.

VI PARTICULARS OF EMPLOYEES

The information required under Section 217[2A] of the Companies Act, 1956 read with the Companies [Particulars of Employees] Rules 1975, as amended is given below :-

Name/Designation	Date of Joining	Age	Experience [in years]	Remuneration [Rs. Lacs]	Particulars of previous Employment
Mr. N. D. Shetty Chairman & Managing Director	April 25, 1991	68 Years	44 years	39.22	Director Haldyn Glass Limited
Mr. T. N. Shetty * Director	October 31, 2006	34 Years	11 years	17.92	Executive Director Haldyn Glass Gujarat Limited

* Employed for part of the year as Executive Director.

Notes:

1. Remuneration includes Salary, HRA, Reimbursement of Medical Expenses, Company's Contribution to Provident Fund and other perquisites evaluated as per the Income-tax Rules, 1962.
2. Appointment is on contractual basis. Other terms and conditions are as per the Company's Rules.
3. Mr. N.D. Shetty and Mr. T.N. Shetty are related to each other and both are related to Mrs. V.R.Ajila, Director of the Company

VII CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNING AND OUTGO

In accordance with the provisions of Section 217[1] [e] of the Companies Act, 1956, read with the Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988, the information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, is furnished in the Annexure forming part of this Report.

VIII DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217[2AA] of the Companies Act, 1956, the Directors confirm that:

- [1] In the preparation of the annual accounts, the applicable accounting standards have been followed with explanatory notes relating to material departures;
- [2] Appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and the Profit and Loss Account of the Company for that year;
- [3] Proper and sufficient care have been taken for maintaining adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- [4] The annual accounts have been prepared on a going concern basis.



IX DIRECTORATE

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Rolf E. von Bueren and Mr. F. S. Broacha retire by rotation at the ensuing Annual General meeting and being eligible, offer themselves for reappointment.

The Board has approved the reappointment of Mr. N. D. Shetty as the Managing Director of the Company for a period of 5 years effective October 1, 2008 and the approval of the Shareholders is sought to the same in the ensuing Annual General Meeting.

Mrs. K. J. Udeshi has been appointed as a Director of the Company with effect from July 30, 2008 in the casual vacancy caused by the resignation of Mr. N.K. Seshadri. The Directors welcome her appointment on the Board.

Mr. T. N. Shetty resigned as an Executive Director, but continues as a Director with effect from December 1, 2007.

Mr N. K. Seshadri and Mr. A. P. Sarwan resigned from the Board of Directors with effect from January 2, 2008 and May 27, 2008, respectively. The Directors wish to place on record their sincere appreciation of the valuable services rendered and guidance given by them during their respective tenure on the Board.

X EMPLOYEES STOCK OPTION PLAN - [ESOP]

With a view to attract, retain, motivate and reward the employees, the shareholders had, at the 15th Annual General Meeting of the Company held on August 26, 2006, approved a Resolution for Employee Stock Options Plan [ESOP] to the Directors/employees under the SEBI [Employee Stock Option Scheme and Employee Stock Purchase Scheme] Guidelines 1999. However, the Company has not yet put the Plan into effect.

XI AUDITORS

The Auditors of the Company, M/s Chaturvedi Sohan & Co., Chartered Accountants, will retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if reappointed.

XII SPECIAL BUSINESS

As regard the items of the notice of the Annual General Meeting relating to the Special Business, the Resolutions incorporated in the Notice and the Explanatory Statements thereto fully indicate the reasons for seeking the approval of the members to those proposals. The members' attention is drawn to the same.

XIII ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their appreciation of the technical, commercial and financial teams of the Company for their untiring efforts. Your Directors also wish to thank the Government of Gujarat, all Regulatory Authorities, Financial Institutions and Banks for their continued support during the year.

The employees of the Company worked with great zeal and enthusiasm and they deserve special appreciation for their efforts towards Sustainable Growth of the Company.

The Board is extremely thankful to all the customers who have been a source of strength in our growth / progress.

We also thank the members / shareholders for their confidence and faith reposed in the Company and its management and for their continued support in the working of the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Date : July 30, 2008

N.D. Shetty
Chairman & Managing Director

HALDYN GLASS GUJARAT LIMITED**ANNEXURE TO THE DIRECTORS' REPORT**

Information as per Section 217[1] [e] of the Companies Act, 1956 read with the Companies [Disclosure of the Particulars in the Report of Board of Directors] Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2008.

CONSERVATION OF ENERGY**A. Energy Conservation Measures**

1. Installation of Common Header to reduce the number of Blowers to save electricity consumption.
2. Installation of Frequency Inverter in Furnace Cooling & Mould Cooling Blowers to save electricity consumption and achieve consistent air pressure.
3. Installation of more efficient pumps in Cooling Tower to save electricity consumption.

A 1. Power and Fuel Consumption:

Sr. No	Particulars	Units	2007-2008	2006-2007
i.	Electricity :			
	a. Purchased	Units in lacs	6.15	18.96
	Total Amount	Rs. In lacs	62.62	124.42
	Average Rate/Unit	Rs.	10.17	6.56
	b. Own generation	Units in lacs	Nil	Nil
	Units/litre of HSD	Units	Nil	Nil
	Average Cost/Unit	Rs	Nil	Nil
ii	Natural Gas			
	a. Quantity	1000 SCM	11509	10498
	Total Amount	Rs. In lacs	616.76	562.60
	Average Rate	Rs./1000 SCM	5359	5359

A 2 . Consumption per Unit of Production

Since the operation of the Company involves a very wide variety of glass bottles and containers of different sizes and volume, consumption figure per unit of production is not measurable.

B. TECHNOLOGY ABSORPTION

Your Company has not acquired any imported or indigenous technology.

C. RESEARCH AND DEVELOPMENT

During the year under review, the Company continued to improve the quality of products through its normal research and development system.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

		[Rs. in Lacs]	
Sr. No	Particulars	2007-2008	2006-2007
1	Foreign Exchange used	—	
	a. Raw materials	NIL	Nil
	b. Stores & Spares	25	17
	c. Lubricants	11	5
	d. Capital Goods	170	457
	e. Others [Travelling, Commission, Technical fees, Foreign Bank charges etc.]	29	32
	Total	235	511
2	Foreign Exchange Earned		
	F.O.B. Value of Direct Export	121	139