

Haldyn™ Glass Gujarat Limited

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CS	<input checked="" type="checkbox"/>				DEY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>				DIV	<input checked="" type="checkbox"/>
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6th Annual Report
1996 - 97

Haldyn Glass Gujarat Limited

ANNUAL ACCOUNTS

1996-97

BOARD OF DIRECTORS

Mr. N.D. Shetty - Chairman & Managing Director

Mr. F.S. Broacha

Mr. Vikram Tannan

Mr. Rolf E. v. Bueren

Mr. N. Ganga Ram

Ms. P.S. Prema - Nominee of I.D.B.I.

Mr. M.G. Shah - Nominee of G.I.I.C.

Mr. G. D. Vyas - Nominee of G.I.I.C.

Mr. L. Rajagopalan - Alternate to Mr. Rolf E.v. Bueren

GENERAL MANAGER (ACCOUNTS) & COMPANY SECRETARY

Mr. Sharad A. Rane

AUDITORS

Chaturvedi & Shah

BANKERS

State Bank of India

ICICI Banking Corporation Limited

REGISTERED OFFICE & WORKS

Village Gavasad

Taluka Padra

District Baroda

PIN - 391 430

ADMINISTRATIVE OFFICE

Off Western Express Highway

Goregaon (East)

Mumbai - 400 063

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NOTICE

NOTICE is hereby given that the 6th Annual General Meeting of the Members of **HALDYN GLASS GUJARAT LIMITED** will be held at the Registered Office of the Company at Village Gavasad, Talukà Padra, District Baroda - 391 430 on 21st August, 1997 at 11.00 A.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet and the Profit and Loss Account as at 31st March, 1997 and for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. F.S. Broacha who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. A.P. Sarwan who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that the Authorised Share Capital of the Company be and is hereby increased from Rs. 6,00,00,000 (Rupees six crores only) divided into 60,00,000 (sixty lacs) Equity Shares of Rs. 10 (Rupees ten) each to Rs. 7,00,00,000 (Rupees seven crores only) divided into 60,00,000 (sixty lacs) Equity Shares of Rs. 10 (Rupees ten) each and 1,00,000 (one lac) 14% Redeemable Preference Shares of Rs. 100 (Rupees one hundred) each by the creation of an additional 1,00,000 (one lac) 14% Redeemable Preference Shares of Rs. 100 (Rupees one hundred) each."

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

"RESOLVED that the existing Clause V of the Memorandum of Association of the Company be and it is hereby deleted and the following new Clause V be and is hereby substituted in place and stead thereof :

'The Authorised Share Capital of the Company is Rs. 7,00,00,000 (Rupees seven crores only) divided into 60,00,000 (sixty lacs) Equity Shares of Rs. 10 (Rupees ten) each and 1,00,000 (one lac) 14% Redeemable Preference Shares of Rs. 100 (Rupees one hundred) each.

Any Preference Shares of the increased capital may from time to time be issued with guarantee or any right of preference whether in respect of dividend or of repayment of capital or both or any other special privilege or advantage over any Shares, previously issued or then about to be issued or with deferred or qualified rights as compared with any Shares previously issued or subject to any provisions or conditions and with any special right of voting, and generally on such terms as the Company may from time to time determine.

The rights of the holders of any class of shares, for the time being forming part of the capital of the Company, may be modified, affected, varied, extended or surrendered either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a Special Resolution passed at a separate meeting of the holders of these shares."

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

"RESOLVED that Article 4 of the Articles of Association of the Company be and it is hereby deleted and the following new Article be and is hereby substituted in place and stead thereof :

'The Authorised Share Capital of the Company is Rs. 7,00,00,000 (Rupees seven crores only) divided into 60,00,000 (sixty lacs) Equity Shares of Rs. 10 (Rupees ten) each and 1,00,000 (one lac) 14% Redeemable Preference Shares of Rs. 100 (Rupees one hundred) each."

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

"RESOLVED that pursuant to the provisions of Section 31 of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by inserting the following new Articles 4-A, 4-B and 4-C, alongwith their respective marginal notes, after Article 4 namely :

4-A Redeemable Preference Shares

Subject to the provisions of Section 80 and other applicable provisions of the Act, if any, the Company shall have the power to issue Redeemable Preference Shares which are, or at the option of the Company liable, to be redeemed, and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

4-B 14% Cumulative Redeemable Preference Shares

- (a) The Redeemable Preference Shares shall confer the right to a fixed cumulative preferential dividend at the rate of 14 per cent

Haldyn Glass Gujarat Limited

per annum free of the Company's tax but subject to deduction of tax at source at the prescribed rate for the time being in force on the capital for the time being paid up thereon and shall rank in a winding up as regards return of capital and payment of arrears of dividend upto the date of the commencement of the winding up in priority to the Equity Shares, but shall not confer the right to any further participation in the profits or assets of the Company and, upon any increase of capital, the Company shall be at liberty to issue new shares with any preferential, deferred, qualified or special right, privilege or condition attached thereto;

- (b) The Preference Shares shall be redeemed at par at any time after the expiry of five years from the date of issue thereof or earlier if so determined by the Company in General Meeting, but not later than twenty years from the date of issue and the Company may for that purpose apply any profits or moneys of the Company which may be lawfully applied for the purpose in the redemption of the Preference Shares at par, together with a sum equal to arrears of the fixed dividend thereon upto the date of the date of redemption irrespective of whether or not such dividend has been declared or earned; less a sum equal to income-tax thereon at the prescribed rate for the time being in force;
- (c) The holder of Preference Shares shall have a right to vote only on resolutions placed before the Company which directly affect the rights attached to his Preference Shares. The Preference Shareholders shall also be entitled to vote on every resolution placed before the Company at any meeting until and then only for so long as their dividends are more than two years in arrears preceding the date of commencement of the meeting.

4-C Provisions to apply on issue of Redeemable Preference Shares

On the issue of Redeemable Preference Shares, under the provisions of Article 4-A hereof, the following provisions shall take effect :

- (a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption.
- (b) no such shares shall be redeemed unless they are fully paid.
- (c) the premium, if any, payable on redemption must have been provided for out of the profits

of the Company or the Company's Share Premium Account before the shares are redeemed.

- (d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company."

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

"RESOLVED that pursuant to the provisions of the Company's Articles of Association, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Directors") to issue, offer and allot upto 1,00,000 14% Cumulative Redeemable Preference Shares (hereinafter referred to as "CRPS") of Rs. 100 each aggregating Rs. 1,00,00,000 for cash at par to Haldyn Glass Limited (hereinafter referred to as "HGL") subject, inter alia, to the following terms and conditions;

- (i) The entire money i.e. Rs. 100 per CRPS will be payable on application;
- (ii) The dividend payable on the said CRPS shall be on a preferential basis and shall be at the rate of 14% per annum.
- (iii) The dividend shall be cumulative and arrears, if any, shall be payable to the registered shareholder on the date fixed for determining to whom the dividend then declared is paid;
- (iv) The CRPS shall be redeemed at par any time after the expiry of five years from the date of issue thereof, or earlier if so determined by the Company in general meeting, but not later than twenty years from the date of issue and such redemption shall be governed by the provisions of Section 80 of the Companies Act, 1956 for the time being and from time to time in force;
- (v) The holder of the CRPS shall have a right to vote only on resolutions placed before the Company which directly affect the rights attached to his CRPS. Subject as aforesaid, every holder of CRPS shall also be entitled to vote on every resolution placed before the Company at any meeting, if the dividend due

thereon or any part of the dividend due thereon has remained unpaid for a period of not less than two years preceding the date of commencement of the meeting; and

- (vi) The CRPS so issued and allotted shall be subject to the Memorandum and Articles of Association of the Company and they will be entitled to dividend pro-rata from the date of allotment."

RESOLVED FURTHER that towards fully effectuating this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for the purpose including settling of any questions, difficulties or doubts that may arise in connection therewith."

By Order of the Board

N.D. SHETTY

Chairman & Managing Director

Dated : 25th June, 1997

Registered Office :

Village Gavasad

Taluka Padra

District Baroda - 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.
2. The relevant Explanatory Statement in respect of Item Nos. 5 to 9 as required by Section 173 of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 12th August, 1997 to 21st August, 1997 (both days inclusive).

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956.

ITEM NOS. 5, 6 and 7

The present authorised share capital of the Company is Rs. 6 Crores divided into 60 lacs Equity Shares of Rs. 10 each and the subscribed and paid-up capital is Rs. 5,37,51,700 divided into 53,75,170 Equity Shares of Rs. 10 each.

Upon issue of Redeemable Cumulative Preference Shares in terms of the enabling powers set out in the resolution at Item No. 8 of the Notice, the issued, subscribed and paid-up capital will exceed Rs. 6 Crores. With a view to facilitating the proposed issue of

Preference Shares, it has become necessary to increase the Authorised Share Capital beyond Rs. 6 Crores by creation of 1,00,000 14% Redeemable Cumulative Preference Shares of Rs. 100 each; hence the resolution at Item No. 5 of the Notice. The resolutions at Item Nos. 6 and 7 are consequential resolutions to record the increase in the Authorised Share Capital in Clause V of the Company's Memorandum of Association and Article 4 of the Company's Articles of Association, respectively.

None of the Directors is concerned or interested in the passing of the resolutions at these items.

ITEM NO. 8

Section 80(1) of the Companies Act, 1956 enables a Company to, inter alia, issue Redeemable Cumulative Preference Shares only if so authorised by its Articles of Association. The present Articles of Association of the Company do not contain such enabling powers. Accordingly, with a view to empowering the Company to issue Redeemable Cumulative Preference Shares in terms of the Resolution at Item No. 9 of the Notice, it is sought to include the necessary powers in the Articles by inserting new Articles 4-A, 4-B and 4-C after Article 4.

Section 31 of the Act requires a special resolution for amendment of the Articles of Association; hence, the special resolution at Item No. 8 of the Notice. A print of the present Articles of Association of the Company is available for Shareholders' inspection at the Registered Office of the Company during normal business hours on all working days (except Saturdays).

None of the Directors is concerned or interested in the passing of this resolution.

ITEM NO. 9

With a view toward meeting its increased working capital requirements, the Company proposes an issue upto Rs. 100 lacs 14% Redeemable Cumulative Preference Shares of Rs. 100 each for cash at par to Haldyn Glass Limited (hereinafter referred to as "HGL") on terms and conditions set out in the resolution. Presently, HGL holds 21,58,750 Equity Shares of Rs. 10 each, fully paid up, of and in the capital of the Company. Upon the proposed issue and allotment of the said Preference Shares to HGL, its holding in the issued, subscribed and paid up Share Capital of the Company will exceed the limits prescribed therefor in Section 372 (2) of the Companies Act, 1956 and, accordingly, the proposed issue and allotment of the Preference Shares will be subject to the approval of the Central Government for which an application will be made in due course by HGL. The Preference Shares will be allotted to HGL only upon receipt of the approval of the Central Government.

Mr. N.D. Shetty and Mr. F.S. Brodina, Directors of the Company, are also Directors of HGL and, accordingly, may be deemed interested in the proposed issue of the Preference Shares to HGL. None of the other Directors is concerned or interested in the resolution.

Haldyn Glass Gujarat Limited

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting their 6th Annual Report and the Audited Accounts of the Company for the Financial Year ended 31st March, 1997.

FINANCIAL HIGHLIGHTS

	(Rs.in lacs)	
	1996-97	1995-96
Profit before Interest and Depreciation	981.15	324.99
Less : Interest (Net of capitalisation)	427.82	141.51
Depreciation	641.06	91.54
Profit / (Loss)	(87.73)	91.94
Profit brought forward from previous year	91.94	
Balance carried to Balance Sheet	4.21	91.94

DIVIDEND

In view of the loss incurred by the Company and small amount available for distribution, the Board is unable to recommend any dividend for the year.

COMPANY PERFORMANCE

The year under review is the first full year of operation in which Sales Turnover of Rs. 3075.66 lacs was achieved as compared to Rs. 1319.08 lacs during the six months of operation in the last year. The higher Sales Turnover was possible due to the commissioning of the fifth production machine during the year. In November 1996, the Company switched over to production of glass containers for the pharmaceutical industry due to the imposition of prohibition in some of the States. The Gross Profit before interest and depreciation amounted to Rs. 981.15 lacs as compared to Rs. 324.99 lacs last year.

In order to provide for rapid technological obsolescence and having regard to the open door policy of the Government of India, the Company has decided to provide depreciation at a higher rate. In view of this, the method of depreciation has been changed from Straight Line method to Written Down Value method.

After absorbing higher charge of depreciation amounting to Rs. 641.06 lacs (including prior year difference of Rs. 135.66 lacs), there is a loss of Rs. 87.73 lacs. After taking into account carried forward profit of Rs. 91.94 lacs, the net balance of Rs. 4.21 lacs is carried to the Balance Sheet.

PROMISE Vs. PERFORMANCE

Following is the comparison between actuals for the year ended 31st March, 1997 and the Projections as envisaged in the Prospectus dated 22nd December, 1994 issued at the time of Public Issue of Share Capital of the Company :

	(Rs.in lacs)	
	Projections as per Prospectus	Actuals
Net Sales	2738	2552
Profit before Depreciation	499	553
Net Profit / (Loss)	282	(88)

The resultant Net Loss is due to change in the method of depreciation from Straight Line method to Written Down Value method.

FUTURE OUTLOOK

With the recent relaxation of prohibition in some States, the demand for glass containers for liquor industry has gone up substantially and this is expected to result in full utilisation of capacity and increase in sales volume.

PROJECT FOR VALUE ADDITION

To cater to the expanding soft drinks market, decorating facilities are being planned for printing on bottles.

FIXED DEPOSITS

The Company has not accepted any deposits from the public within the meaning of Section 58-A of the Companies Act, 1956 in the year under review.

INSURANCE

The Company has made necessary arrangements for adequately insuring its insurable interests in various properties.

PERSONNEL

The Company's relations with its employees were cordial and harmonious during the period under review.

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, is given in the Annexure which forms part of this Report.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 Mr. F.S. Broacha and Mr. A.P. Sarwan, Directors of the Company, are liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

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

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are furnished in the Annexure forming part of this Report.

AUDITORS

You are requested to appoint Auditors for the current financial year. The Auditors of the Company, M/s.

Chaturvedi & Shah, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the assistance and co-operation extended by the Government of Gujarat, Gujarat Industrial Investment Corporation Limited, Industrial Development Bank of India, State Bank of India and ICICI Banking Corporation Limited and the Company's Officers and Staff members during the period under review.

For and on behalf of the Board

N.D. SHETTY

Chairman & Managing Director

Place : Mumbai

Date : 25th June, 1997

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