

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIY	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AG	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SST	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

Haldyn™ Glass Gujarat Limited





Haldyn Glass Gujarat Limited

Haldyn Glass Gujarat Limited

ANNUAL ACCOUNTS

1997-98

SEVENTH ANNUAL GENERAL MEETING

Date : 10th September, 1998

Day : Thursday

Time : 11.00 a.m.

Place: Village Gavasad,
Taluka Padra,
District Baroda - 391 430

CONTENTS

Page Nos.

Notice	1 - 3
Directors' Report	4 - 6
Auditors' Report	7
Balance Sheet	8
Profit and Loss Account	9
Schedules forming part of Balance Sheet	10 - 12
Schedules forming part of Profit & Loss Account	12 - 13
Significant Accounting Policies	14
Notes on Accounts	15 - 17
Balance Sheet Abstract and General Business Profile	18 - 19
Cash Flow Statement	20

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

Mr. A.P. Sarwan

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

COMPANY SECRETARY

Ms. Pooja Gaonkar

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

NOTICE

NOTICE is hereby given that the **7th Annual General Meeting** of the Members of **HALDYN GLASS GUJARAT LIMITED** will be held on Thursday, 10th September, 1998 at 11.00 A.M. at the Registered Office of the Company at Village Gavasad, Taluka Padra, District Baroda - 391430 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998, Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. N. Ganga Ram who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Vikram Tannan who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General 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 a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 80, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and 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 Board") to issue, offer and allot upto 1,00,000 14% Cumulative Redeemable Preference Shares of Rs. 100 each (hereinafter referred to as "CRPS") aggregating to 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 shareholders 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 on pro-rata basis 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."

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

"RESOLVED THAT pursuant to Section 61 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, to alter, change or vary the terms of the contracts referred to as 'MATERIAL CONTRACTS' in the Prospectus

b

Haldyn Glass Gujarat Limited

of the Company dated 22.12.1994, provided that any such change, alteration, or variation to the terms of contracts will be approved or ratified at a meeting of the Board of Directors of the Company by way of a resolution passed unanimously, by all the directors present at that Board Meeting."

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

"RESOLVED THAT consent of the company under the provisions of Section 293(1) (d) and other applicable provisions of the Companies Act, 1956, be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, as it may consider fit, any sum or sums of money not exceeding Rs.75 crores (Rupees Seventy Five Crores only) on such terms and conditions as the Board may deem fit, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose."

By Order of the Board of Directors

Pooja Gaonkar
Company Secretary

Dated : 27th June, 1998

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 pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item Nos. 5,6 and 7 as set out above, is annexed hereto.
3. The register of Members and the Share Transfer Books of the Company will remain closed from 1st September, 1998 to 10th September, 1998 (both days inclusive).
4. All documents referred to in this Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and Bank Holidays, between 3.00 p.m. and 5.00 p.m. upto the date of the Annual General Meeting.
5. Members desiring any information with regard to Accounts are requested to write to the Company at least 10 days before the date of the meeting, so as to enable the management to keep the information ready.

ANNEXURE TO THE NOTICE :

Explanatory Statement under Section 173 (2) of the Companies Act, 1956

Item No. 5

With a view towards meeting its increased working capital requirements, the Company proposes an issue upto Rs. 100 lacs of 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 21,58,840 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 stand increased to the extent of the Preference Shares allotted to HGL in terms of the resolution. There will be no change in the Company's Board of Directors or voting rights consequent to the proposed issue of preference shares and, further, allotment of the preference shares will not result in change of control over the Company.

The proposed issue and allotment of the Preference Shares will be subject to the approval of the Central Government for which an application under Section 372 of the Companies Act, 1956, 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.

Members may recall passing the resolution at item 5 at the Company's Annual General Meeting held on 21st August 1997. However, due to an inadvertent printing error, the resolution was passed as an ordinary resolution, instead of a special resolution. In the premises, the proposed special resolution at item 5 of the Notice is again commended to the Members for their approval.

Mr. N.D. Shetty and Mr. F.S. Broacha, 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.

Item No. 6

Section 61 of the Companies Act prohibits variation in the terms of Contract mentioned in the Prospectus of the Company, except subject to approval of, or except on authority given by the Company in general meeting.

The Company in its Prospectus dated 22.12.1994 mentioned a list of contracts referred to as 'MATERIAL CONTRACTS'. The contracts mentioned therein are purely commercial contracts, which requires change, alterations, variations or modifications with the passage of time or for the purpose of better administration of the terms of the contract or as agreed between the parties. In the premises, the Company can not approach its members each time any alterations is proposed in these contracts. It is therefore, that the Directors recommend this resolution for your approval, which will enable the Board of Directors of the Company to alter, change, vary or modify the terms of these contracts, subject to the condition that any such change, alteration, variation or modification to the terms of contract will be approved or ratified at a meeting of Board of Directors of the Company by way of a resolution unanimously passed by all the Directors present at that Board Meeting.

None of the Directors of the Company is, in any way, concerned or interested in the resolution except that in case of following contracts between Haldyn Glass Ltd. ("HGL") and our company, which are also mentioned in the Prospectus, Mr. N.D. Shetty and Mr. F.S. Broacha, Directors of the Company who are also Directors of HGL may be deemed interested.

1. Indenture of Lease dated 26.10.1994 between HGL and our Company.
2. Gas Supply Contract dated 26.5.1993 between Gas Authority of India Ltd. (GAIL) and HGL
3. Tripartite Agreement dated 26.5.1994 between GAIL, HGL and our Company.

Item No. 7

At the Fourth Annual General Meeting of the Company held on 21st September, 1995 a resolution was passed authorising the Board of Directors to borrow in the aggregate Rs. 50 crores (Rupees Fifty Crores only) notwithstanding that the same may exceed the aggregate of the paid up capital of the company and its free reserves. In view of the larger operations of the company and prevailing conditions in the industry, it may become necessary for the directors to borrow on behalf of the company moneys in excess of Rs. 50 crores (Rupees Fifty Crores only). It is therefore proposed to authorise the directors to so borrow upto a maximum of Rs. 75 crores (Rupees Seventy Five Crores only) apart from temporary loans obtained from the Company's bankers in the ordinary course of business.

Section 293 (1)(d) of the Companies Act, 1956 provides that unless authorised by the company in general meeting the Board of Directors of a company shall not borrow moneys (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose unless the company in general meeting authorises the Board of Directors to do so. Hence, the resolution at Item No. 7 which is commended for your acceptance.

None of the directors is interested in the passing of this resolution.

By Order of the Board of Directors

Pooja Gaonkar
Company Secretary

Dated : 27th June, 1998

Registered Office :

Village Gavasad,
Taluka Padra
District Baroda- 391 430



Haldyn Glass Gujarat Limited

DIRECTORS' REPORT

To the Members of Haldyn Glass Gujarat Ltd.

Your Directors present their 7th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1998.

FINANCIAL HIGHLIGHTS

	1997-98	(Rs. in Lacs) 1996-97
Profit before Interest and Depreciation	707.07	981.15
Less : Interest	484.77	427.82
Less : Depreciation	457.37	641.06
Profit/ (Loss)	(235.07)	(87.73)
Add: Profit brought forward from previous year	4.21	91.94
Balance Carried to Balance Sheet	(230.86)	4.21

DIVIDEND

In view of the loss incurred by the Company, the Board of Directors are unable to recommend any dividend for the year.

COMPANY PERFORMANCE

The political developments in the country had an unsettling effect on the economy with continued slow down in activities in most of the sectors. The year under review turned out to be a very difficult year for the economy, marked with lower industrial production, slowing down of demand, high interest rates and tight liquidity position. Your Company too passed through one of its most trying times, since its inception. The falling demand due to excess capacity in the Indian Glass Industry coupled with non-availability of funds and slow rate of recovery of sale proceeds continued to plague the Company, thereby adversely affecting its operations. Viewed in this context, Production of 29,440 tonnes and Sales turnover of Rs. 2916.12 lacs as compared to 33,570 tonnes and Rs. 3075.66 lacs respectively, during the previous year should be considered satisfactory, thanks to the Management's continuing efforts to maintain a fair share of a diminishing market.

Gross Profit before Interest and Depreciation of Rs. 707.07 lacs as against Rs. 981.15 lacs for the previous year should be a matter of some satisfaction, though after providing for Depreciation and Interest, there is a net loss of Rs. 235.07 lacs.

In order to provide for rapid technological obsolescence and having regard to the open door policy of the Government of India, the Company is continuing to provide depreciation as per Written Down Value method.

The Company started to overcome the recessionary trend witnessed during the year under review during the first quarter of the current year. The sales turnover in the current quarter from April to June 1998 has gone up considerably, as compared to the same quarter of the year under review. We expect to continue the trend during the succeeding quarters of the current year.

During the year under review, the Company has decided to implement ISO 9002 Quality System for improving quality of product. M/s APTECH was employed as Consultants to help implement the ISO 9002 Quality System. M/s TUV Bayern of Germany was chosen as the Certifying Body. The Certification Audit was carried out and completed by the Indian Outfit of the Certifying Body, M/s TUV Bayern in June 1998. M/s TUV Bayern has recommended our case for ISO 9002 Certificate. The Certificate is expected to receive shortly. After receiving the ISO 9002 Certificate, the Company will be able to use TUV CERT ISO Trademark, which will give an edge to the Company's products in today's competitive market.

PROMISE V/s PERFORMANCE

Following is the comparison between actual results for the year ended 31st March, 1998 and the projections as envisaged in the Prospectus dated 22nd December, 1994, issued at the time of Public Issue of Equity Shares of the Company :

	Projection as per Prospectus	(Rs. in lacs) Actuals
Net Sales	2920	2384
Profit before Depreciation	541	222
Net Profit / (Loss)	319	(235)

Actual Sales are less than the projections due to sluggish market conditions. The Company has made a Gross Profit of Rs. 222 lacs before depreciation. However, due to charging of depreciation on Written Down Value Method, the Company has incurred net loss.

FUTURE OUTLOOK

The downturn in demand appears to have been arrested, and some more States i.e. Haryana and Andhra Pradesh has relaxed prohibition. Demand for glass containers is expected to improve, leading to increased sales volume.

PROJECT FOR VALUE ADDITION

Looking to the current soft drinks market scenario, the Company is actively considering the establishment of a plant for decoration of Glass Bottles at the Gavasad factory. The project is being studied from different angles, and it will be taken up at the appropriate time. The proposed plant will give considerable value addition to the products of the Company and also increase the scope of White Glass Market. The Company is also planning to convert one I.S. Machine from Double Gob to Triple Gob which will have a positive impact on production by way of value addition. The Company has already started catering to other market segments of the Glass Industry like Cosmetics, Ink and Stationery Bottles and it hopes to expand its sales in these segments.

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 year 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. N. Ganga Ram and Mr. Vikram Tannan, Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

AUDITORS

The Auditors of the Company, M/s Chaturvedi & Shah, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible 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 the 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.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation of 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 employees during the year under review.

For and on behalf of the Board

N.D. SHETTY

Chairman & Managing Director

Place : Mumbai

Date : 27th June, 1998