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11th ANNUAL REPORT 2001 - 2002

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Haldyn™ Glass Gujarat Limited

CONTENTS

	PAGE NOS.
Notice	1
Directors' Report	2-3
Annex. to the Directors' Report	4
Corporate Governance Report	5-7
Auditors' Report	8
Annex. to the Auditors' Report	8-9
Balance Sheet	10
Profit and Loss Account	11
Schedules 1 to 12 forming part of balance Sheet	12-15
Schedules 13 to 19 forming part of Profit & Loss Account	15-16
Schedule 20 Significant Accounting Policies	17-18
Schedule 21 Notes on Accounts	18-21
Balance Sheet Abstract and General Business Profile	22
Cash Flow Statement	23
Attendance Slip and Proxy Form	

11th ANNUAL GENERAL MEETING
at the registered office of the Company, Village Gavasad, Taluka Padra, District Vadodara - 391 430 on **Saturday, 21st September, 2002 at 11.00 a.m.**

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
Mr. M. G. Shah, Nominee of G.I.I.C.
Dr. Nayan R. Desai, Nominee of G.I.I.C.
Mr. L. Rajagopalan (Alternate to Mr. Rolf E. v. Bueren)
Mr. Tarun N. Shetty, Executive Director
Mr. N.A. Bhandarkar, Director – Finance

ASST. COMPANY SECRETARY
Ravindra B. More

AUDITORS
Chaturvedi Sohan & Co.
Chartered Accountants

BANKERS
State Bank of India
ICICI Bank Limited

REGISTERED OFFICE & WORKS
Village Gavasad, Taluka Padra, District Vadodara,
Pin – 391 430.

ADMINISTRATIVE OFFICE
Off Western Express Highway,
Goregaon (East),
Mumbai – 400 063.

REGISTRAR & SHARE TRANSFER AGENTS
M/s. Mondkar Computers Pvt. Ltd.
21, Shakil Niwas,
Mahakali Caves Road,
Andheri (E),
Mumbai- 400 093.

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

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NOTICE

NOTICE is hereby given that the **11th Annual General Meeting** of the Members of **HALDYN GLASS GUJARAT LIMITED** will be held on Saturday, the 21st day of September, 2002 at 11.00 A.M. at the Registered Office of the Company at Village Gavasad, Taluka Padra, District Vadodara - 391 430 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002, Profit and Loss Account for the year ended on that date and the Reports of the Directors' and the 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. N. Ganga Ram, 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.

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. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 14th September 2002 to Saturday, 21st September 2002 (both days inclusive).
3. Members/Proxies should bring the Attendance Slips sent herewith duly filled in, for attending the Meeting.
4. 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.
5. 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.
6. 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.

By Order of the Board of Directors

Place : Mumbai
Date : June 29, 2002

Ravindra B. More
Asst. Company Secretary

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

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Haldyn™ Glass Gujarat Limited

DIRECTORS' REPORT

Your Directors present the 11th Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2002.

FINANCIAL HIGHLIGHTS:

	(Rs. in Lacs)	
	2001-2002	2000-2001
Profit before Interest and Depreciation	**513.47**	731.12
Less : Interest	**396.18**	414.27
Less : Depreciation	**183.62**	266.73
Profit / (Loss) before Tax	**(66.33)**	50.12
Less : Provision for Taxation	**-**	4.35
Add : Deferred Tax Asset	**69.41**	-
Net Profit	**3.08**	45.77
Less : Income Tax for earlier years	**-**	-
Balance carried forward to Balance Sheet	**3.08**	45.77

DIVIDEND :
In view of inadequacy of profit, your Directors are unable to recommend dividend for the year ended March 31, 2002.

COMPANY'S PERFORMANCE :
Your Company registered a turnover of Rs. 39.13 crores during the year under review against Rs. 40.30 crores in the previous year. Net profit fell to Rs. 3.08 lacs from Rs. 45.77 lacs in 2001-02 on account of various factors. The demand for new glass bottles remained sluggish, largely due to the rampant use of second-hand bottles by well established manufacturing companies including Liquor Companies. In addition, rising cost of power and declining sales realisation due to fierce competition seriously impacted the Company's profitability. Gujarat riots further accentuated the Company's problems during February and March 2002. In these two months, the transport system was paralysed, affecting the inward movement of raw materials to the plant and outward dispatches of finished goods to different sales centres.

COST OF POWER :
In the financial year 1995-96, when the Company was in its early phase of commercial production, the cost of power from the Gujarat Electricity Board (GEB) was Rs. 2.44 per unit. Since then, GEB has steadily increased the price of power to as much as Rs. 5.26 per unit in 2001-02, a rise of more than 115% over a period of seven years. In monetary terms, the power cost amounted to Rs. 6.32 crores during the year (Rs. 5.99 crores in the previous year).

With a view to bringing down the power cost, the Company had taken steps to set up a Captive Power Plant (CPP). CPP has not commissioned on time, due to difficulties in raising funds for the project. The Company has not given up the project and will make efforts to complete the project at the earliest.

RECEIVABLES :
During the year under review, Sundry Debtors have grown to Rs. 1481 lacs against Rs. 1213 lacs in the previous year. As at March 31, 2002, Sundry Debtors constituted as much as 38 % of Sales.

DEFERRED TAX ASSET :
In terms of Accounting Standard AS–22 issued by The Institute of Chartered Accountants of India, the Company has provided Deferred Tax Asset of Rs. 69.41 lacs, which resulted in net profit of Rs. 3.08 lacs during the year.

PROSPECTS :
The Company's plant continues to be good and efficient. There are no production bottlenecks as such. However, there are at least three main factors which hinder the Company's growth and profitability. The operational costs are high principally due to the rising cost of power, underlying the need to switch over to captive power generation. But, the establishment of captive power facility involves large capital outlay and the Company finds it difficult to raise the requisite funds from the normal and traditional sources. This apart, the use of second-hand bottles by the established industry poses a serious threat to the normal growth in the Company's sales volume. Above all, the relatively high level of Receivables and the considerable time taken to realise these Receivables has had its serious impact on the level of working capital available for operations and interest costs. The Management is alive to these serious issues adversely impacting the prospects and profitability of the Company and is evolving ways and means of surmounting these problems over time. The Company is in regular touch with the Association of Glass Container Industry in an effort to find solutions to the common industry problem of recycling of bottles, by appropriate interaction with Government authorities.

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In fact, the Association of Glass Container Industry has taken several steps to boost up the industry. By using information media, the Association is creating widespread awareness about the bad effects of use of second-hand bottles. It has represented to the Central Government for enactment of new legislation banning recycle of bottles and bringing Glass Container Industry under Essential Commodities Act. These efforts of the Association have started giving results by way of improvement in sales of the Company during the current fiscal year. The Company is looking for new avenues of export to neighbouring countries.

Your Directors expect that the various measures already initiated and proposed to be taken by them will lead to reasonably good prospects for the Company in the coming years.

DEMATERIALISATION OF SHARES :
The Company has entered into separate agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for the trading of its equity shares in dematerialised mode, effective from June 6, 2001. Your Directors recommend that all shareholders should avail of this facility.

LISTING :
The Equity Shares of the Company are listed on the Vadodara, Mumbai and Ahmedabad Stock Exchanges and all the applicable listing fees have been paid up-to-date.

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.

PERSONNEL :
During the year, none of the employees was in receipt of remuneration exceeding Rs. 24,00,000 per annum or Rs. 2,00,000 per month and accordingly, the Company has no information to report to the Members under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

DIRECTORS :
In accordance with the provisions of the Companies Act, 1956, Mr. F.S. Broacha and Mr. N. Ganga Ram, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT :
Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that -

- in the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanations *relating to material departure;*
- the Directors have selected standard accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for detecting and preventing frauds and other irregularities; and
- the Directors have prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE :
The Company has constituted an Audit Committee comprising Mr. L. Rajagopalan, Mr. N. Ganga Ram and Mr. F.S. Broacha, Directors of the Company, as its members as required by section 292A of the Companies Act, 1956.

The Committee has met thrice during the period. The Board of Directors have accepted all the recommendations of the Audit Committee.

AUDITORS :
The Auditors of the Company, M/s Chaturvedi Sohan & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :
In accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo is furnished in the Annexure forming part of this Report.

ACKNOWLEDGEMENT :
We would like to express our deep appreciation for the continuing co-operation, guidance and support received from our Bankers, Financial Institutions, Government of Gujarat and other Government authorities.
The Directors are grateful to our shareholders, customers, suppliers and dealers for their continued support. Further, the Directors *record their appreciation of the valuable contribution made by employees at all levels.*

For and on behalf of the Board

Place : Mumbai
Date: June 29, 2002

N. D. SHETTY
Chairman & Managing Director

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ANNEXURE TO THE DIRECTORS' REPORT

Information as per 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 and forming part of the Directors' Report for the Financial Year ended 31st March, 2002.

I. CONSERVATION OF ENERGY

1. The Company continues to lay great emphasis on the conservation of energy and has been taking various measures like study, monitoring and modification of all energy consumption centers.

2. **(A) POWER AND FUEL CONSUMPTION**

			2001-2002	2000-2001
i.	Electricity			
	a. Purchased	(Units in lacs)	**120.11**	120.23
	Total Amount	(Rs. in lacs)	**631.72**	598.50
	Average Rate/Unit	(Rs.)	**5.26**	4.98
	b. Own generation	(Units in lacs)	**0.27**	0.24
	Units/litre of HSD	(Units)	**2.99**	3.52
	Average Cost/Unit	(Rs.)	**6.54**	5.37
ii.	Natural Gas			
	a. Quantity	(1000 SCM)	**7756**	7769
	Total Amount	(Rs. in lacs)	**272.04**	257.39
	Average Rate	(Rs./1000 SCM)	**3507**	3313
iii	L.D.O.			
	a. Quantity	(K.Ltr)	**19.82**	6.78
	b. Total Amount	(Rs. in lacs)	**1.81**	0.62
	c. Average Rate	(Rs. Per K.Ltr)	**9132**	9145
	(B) CONSUMPTION PER M.T. OF PRODUCTION			
	i. Electricity	(Units)	**340**	321
	ii. Natural Gas	(1000 SCM)	**0.219**	0.207

II. TECHNOLOGY ABSORPTION

The Company has not acquired any imported or indigenous technology.

III. RESEARCH AND DEVELOPMENT

There was no expenditure under this head nor any benefit accrued thereunder as no Research and Development work was carried out during the year under review. There are no immediate plans for Research and Development as such.

IV FOREIGN EXCHANGE EARNINGS AND OUTGO

		(Rs. in lacs) 2001-2002	2000-2001
1.	Foreign Exchange used:		
	a. Raw Materials	**12.99**	-
	b. Stores & Spares	**5.75**	7.17
	c. Lubricants	**9.06**	8.49
	d. Others (Travelling, Commission, Technical fees, Foreign Bank charges, etc.)	**5.08**	4.37
	Total	**32.88**	20.03
2.	Foreign Exchange earned:		
	F.O.B. Value of Direct Export	**136.46**	177.97

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CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Securities and Exchange Board of India (SEBI) has introduced a comprehensive code on Corporate Governance. The Code is required to be implemented by us on or before March 31, 2003.

The Company's philosophy on corporate governance envisages the attainment of the highest level of transparency, accountability and equity, in all facets of its operations.

The Company is committed to the principles and practice of good corporate governance. Accordingly, the Company's Board is well balanced and broad-based with professionals. Further, there is transparency in its operations and greater involvement of the Board in decision-making.

BOARD OF DIRECTORS :

Composition :

The Board of Directors consists of three Executive and eight Non-Executive Directors. The Non-Executive Directors are professionals with specialization in their respective fields and bring in a wide range of skills and experience. The composition and attendance at the Board Meetings and the AGM during the year were as under:

Name	Category	No of Board Meetings attended	Last AGM attended (Yes/No)
Mr. N. D. Shetty	Chairman & Managing Director	5	No
Mr. F.S. Broacha	Non-Executive	5	No
Mr. N. Ganga Ram	Non-Executive	5	No
Mr. Rolf E. v. Bueren	Non-Executive	-	No
Mr. L. Rajagopalan (alt. to Mr. Bueren)	Non-Executive	5	Yes
Mr. Vikram Tannan	Non-Executive	1	No
Mr. A.P. Sarwan	Non-Executive	2	No
Mr. M.G. Shah	Nominee of GIIC	-	No
Mr. N.J. Dave	Nominee of GIIC (ceased w.e.f. 31.10.2001	-	No
Dr. Nayan R. Desai	Nominee of GIIC (appoint. w.e.f. 31.10.2001	1	No
Mr. Tarun N. Shetty	Executive	4	Yes
Mr. N. A. Bhandarkar	Executive	5	Yes

Dr. Nayan R. Desai, 57, is Ph.D. in Chemical Engineering and is currently General Manager (Projects), GIIC Ltd.. He has over 30 years of experience in development, evaluation and financing of Industrial and Infrastructure Projects. He has been appointed as a Nominee Director of GIIC at the Board Meeting held on October 31, 2001.

Mr. Tarun N. Shetty, 28, is B.Com from the University of Mumbai. He is presently a Whole-time Director, in charge of Administration of the Company. He is pursuing a course of MBA in the Graduate School of Management in Sydney, Australia for one and a half year. His knowledge of finance, marketing and management is of value to the Company.

MEETINGS OF THE BOARD OF DIRECTORS :

During the year, 5 Board Meetings were held on the following dates:

1. 30/04/2001 2. 26/06/2001 3. 28/07/2001 4. 31/10/2001 5. 30/01/2002

At least one Board Meeting was held during every quarter.

AUDIT COMMITTEE :

The Audit Committee constituted by the Board of Directors consists of three Independent Directors, namely, Mr. L. Rajagopalan, Chairman, Mr. F.S. Broacha and Mr. N. Ganga Ram, Directors. The Committee meets with the requirement of Section 292A of the Companies Act, 1956.

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During the financial year 2001-2002, the Committee met three times. All members of the Committee attended the Meetings. The Meetings were held on June 26, 2001, October 31, 2001 and January 30, 2002.

SHARE TRANSFER COMMITTEE :

The Committee comprises Chairman & Managing Director, two Executive Directors and one Independent Director. During the financial year 2001-2002 the Committee held 12 Meetings. The Share Transfer Committee considers transfers/transmission of shares issued by the Company.

GENERAL BODY MEETINGS :

Financial Year	Date	Time	Place
2001	14/09/2001	11.00 a.m.	Gavasad, Vadodara
2000	09/09/2000	11.00 a.m.	Gavasad, Vadodara
1999	29/09/1999	11.00 a.m.	Gavasad, Vadodara

No special resolutions were passed through postal ballot. At this General Meeting, no special resolution on matters requiring postal balloting as required u/s 192A of the Companies Act, 1956 is placed for shareholders' approval.

DISCLOSURES :

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties was in conflict with the interests of the Company.

Details of non-compliance by the Company, penalties, strictures, imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There were no instances of non-compliance of any matter related to the capital markets during the last three years.

MEANS OF COMMUNICATION :

Quarterly results are published in prominent daily newspapers viz. Asian Age & Loksatta – Jansatta in the State of Gujarat. The Company has its website www.haldynglass.com. Quarterly shareholding pattern is displayed on this website. The Company has not made any presentations to Institutional Investors or Analysts.

GENERAL SHAREHOLDERS INFORMATION :

AGM date: September 21, 2002
Book Closure date: 14.09.2002 to 21.09.2002
R&T Agents Address: M/s. Mondkar Computers Pvt. Ltd.
21, Shakil Niwas,
Mahakali Caves Road,
Andheri (East),
Mumbai – 400 093.

SHARE TRANSFER SYSTEM :

Share Transfers in physical form can be lodged with Mondkar Computers Pvt Ltd. at the above mentioned address. The transfers are normally processed within 30 days from the date of receipt if the documents are complete in all respects. Share Transfer Committee is formed to approve transfers. The Company also offers transfer-cum-demat facility for the convenience of the investors.

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant (DP) regarding change of address, change of Bank Account/Bank, nomination, etc.

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