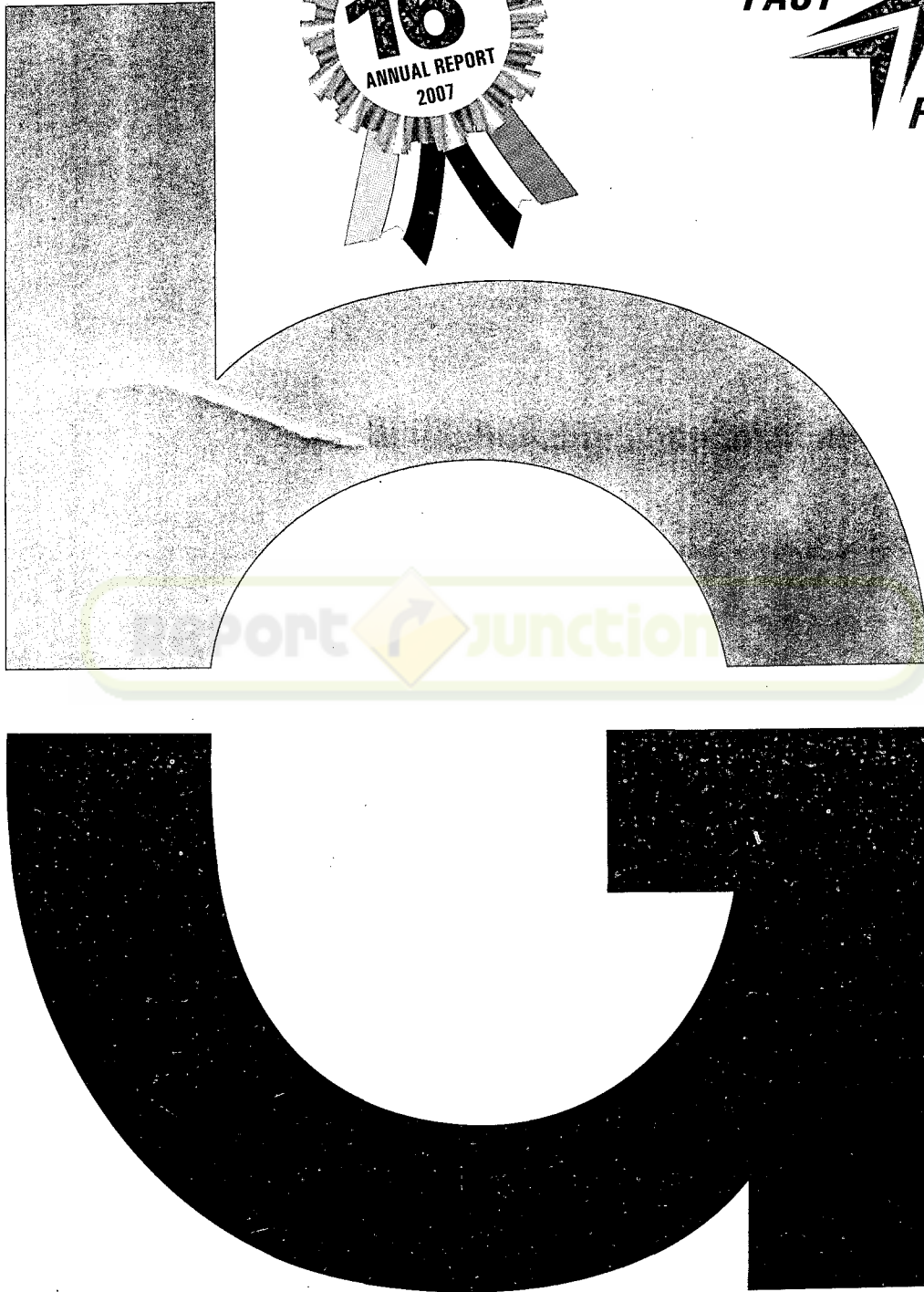


Haldyn[®] Glass Gujarat Limited



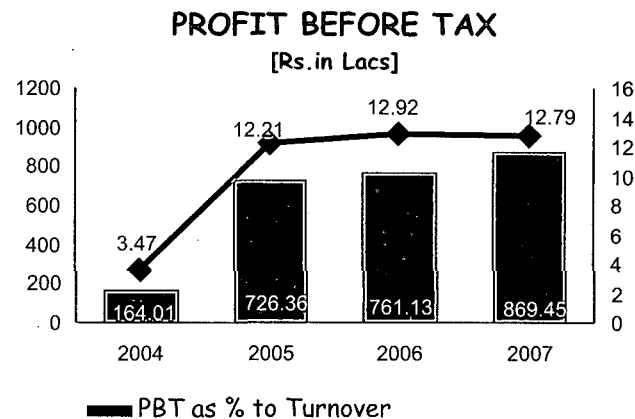
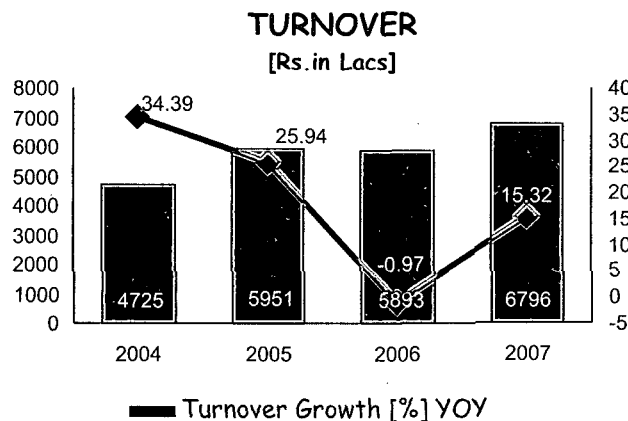
FAST  **FORWARD**



made
Glass with care



FINANCIAL HIGHLIGHTS OF HALDYN GLASS GUJARAT LIMITED

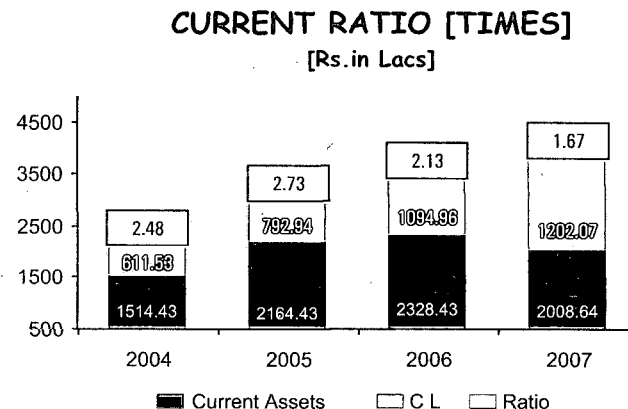
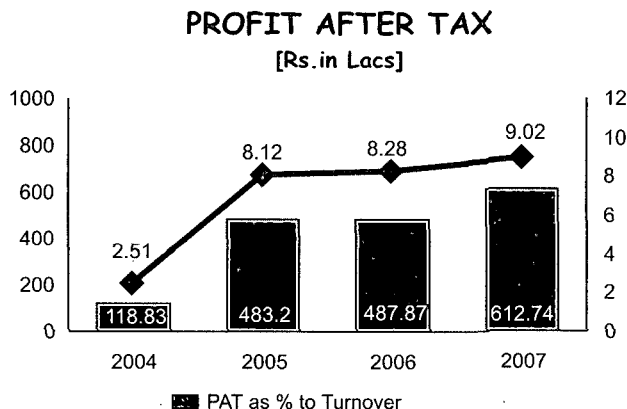


QUALITY POLICY

"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.





HALDYN® GLASS GUJARAT LIMITED

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16TH Annual General Meeting

Day : Friday
 Date : September 21, 2007
 Time : 11.00 A.M.
 Venue : Registered Office situated at
 Village Gasavad, Taluka Padra,
 Vadodara -391 430

Members are requested to bring their copy
 of the Annual Report with them to the Annual General Meeting.

**BOARD OF DIRECTORS**

Mr. N. D. Shetty
Chairman & Managing Director

Mr. T. N. Shetty
Executive Director

Mr. F. S. Broacha

Mr. Rolf E. von Bueren

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

Mr. A. P. Sarwan I.A.S

Mr. K. George Joseph I.A.S.
Nominee of GIIC

Mrs. V. R. Ajila

Mr. G. C. Murmu I.A.S.
Nominee of GIIC

Mr. Narayan K. Seshadri

AUDITORS

M/s. Chaturvedi Sohan & Co.
Chartered Accountants
320, Tulsiani Chambers,
Nariman Point,
Mumbai - 400021

BANKERS

State Bank of India
HDFC Bank Limited

REGISTRAR & SHARE TRANSFER AGENTS

Mondkar Computer Pvt. Ltd.,
21, Shakil Niwas,
Mahakali Caves Road,
Andheri (East), Mumbai 400 093
E-mail: mcpiirt@bom7.vsnl.net.in

AUDIT COMMITTEE

Mr. L. Rajagopalan (Chairman)
Mr. F. S. Broacha
Mr. G. C. Murmu
Mr. N. K. Seshadri

REMUNERATION COMMITTEE

Mr. F. S. Broacha (Chairman)
Mr. L. Rajagopalan
Mr. A. P. Sarwan
Mr. K. George Joseph

SHAREHOLDERS GRIEVANCE COMMITTEE

Mr. F. S. Broacha (Chairman)
Mr. L. Rajagopalan

REGISTERED OFFICE & WORKS

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

ADMINISTRATIVE OFFICE

Off Western Express Highway
Goregoan (East),
Mumbai 400 063
E-mail: bombay@haldyn.com

W.E.F. 01.09.2007

Office No. 8, 9 & 110
Gayatri Commercial Complex,
Behind Mittal Industrial Estate No.5,
Marol Naka, Andheri-Kurla Road,
Andheri (East), Mumbai - 400 059
E-mail: bombay@haldyn.com

Website : www.haldynglass.com

16TH ANNUAL REPORT 2006-2007**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the **Sixteenth Annual Report** on the business and operations together with the Audited Statement of Accounts of the Company for the year ended **March 31, 2007**.

I. FINANCIAL RESULTS

[For the year ended March 31]

[Rs. in Lacs]

Particulars	2007	2006
EARNINGS BEFORE INTEREST, FINANCE CHARGES, DEPRECIATION AND TAX	1550.62	1347.13
Interest and Finance Charges	320.91	275.48
Depreciation	360.26	310.52
PROFIT BEFORE TAXATION	869.45	761.13
Provision for Current Tax including Fringe Benefit Tax	229.47	54.13
Provision for Deferred Tax	75.11	219.13
Add : Excess Tax Provision pertaining to earlier years	47.87	—
PROFIT AFTER TAXATION	612.74	487.87
Surplus brought forward from previous year	18.82	8.16
Profit available for appropriation Total	631.56	496.03
APPROPRIATIONS :		
Debenture Redemption Reserve	50.00	275.00
Capital Redemption Reserve	—	82.00
General Reserve	75.00	25.00
Preference Dividend	—	2.87
Proposed Dividend on Equity Shares	96.75	80.63
Tax on Proposed Dividend	16.44	11.71
Surplus carried over to next Year	393.37	18.82
Total	631.56	496.03

II. DIVIDEND

The Board of Directors are pleased to recommend for the consideration of the members enhanced dividend of Rs. 1.80 per Equity Share of Rs. 10 each for the year ended March 31, 2007. The Dividend on Equity Shares will amount to Rs. 113.19 lacs inclusive of tax on dividend which will be borne by the Company. The Dividend would be Tax-free in the hands of the shareholders.

III. APPROPRIATION

Your Company has transferred Rs. 75.00 Lacs to General Reserves during the year under review. An amount of Rs 393.37 Lacs is proposed to be retained in the Profit and Loss Account.

IV. UNCLAIMED DIVIDEND

The year under review is the third consecutive year of dividend declared by the Company. Shareholders who have not yet encashed their dividend warrants for the financial year 2005 and 2006 are requested to approach the Company's Registrar and Transfer Agents for revalidation or issue of duplicate dividend warrants quoting their Ledger folio / DP – Client ID Number.



V BUSINESS REVIEW

For the year under review, your Company has achieved a reasonable growth in its performance as compared to the previous year. Sales/Income from operations [Net] increased to Rs. 5934.41 lacs compared to Rs. 5075.50 lacs in the previous year registering a growth of 16.92%, and the Profit After Tax for the year increased by 25.59 % to Rs. 612.74 lacs against Rs. 487.87 lacs in 2005-2006.

VI MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of Clause 49 [V] of the Listing Agreement with the Stock Exchange, the Management Discussion and Analysis Report is included as part of this Report :

Macro Economic - Industry Structure and Developments

It has been recognised the world over that India is one of the fastest growing economies. The Gross Domestic Product [GDP] registered a growth of 9.2% in 2006-2007 as per the advance estimates of Central Statistical Organization [CSO], as against 9% and 8% growth witnessed during 2005-2006 and 2004-2005 respectively. The overall macro-economic fundamentals appear robust particularly with tangible progress towards fiscal consolidation and a strong balance of payments position. The industry grew at 10.2% as against 8% in the previous year. The manufacturing sector remained the key driver of industrial growth and contributed the maximum with a growth of 11.3% coupled by an impressive growth in the electricity, gas and water supply sectors. The growth in disposable income of the people and progressive evolution of consumer preference towards value added consumer products in hygienic and eco-friendly glass bottles and containers present excellent future growth opportunities to your Company.

Overview

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% in the last 3 years. Your Company's Brand "HALDYN" enjoys very good reputation for top quality at competitive prices with timely deliveries in the country's glass bottle and container industry. We continue to be the preferred supplier [first preference] to all the major customers across various industries. Your Company has registered a steady growth in the recent past and has further plans for improved performance. We have entered into a **fast forward** mode for topline and bottomline growth.

Your Company has installed the state of the art manufacturing facilities which are being constantly upgraded for technological advancement in the manufacturing processes. Your Company has full-fledged in-house design facilities and also a mould shop which cater to the customers' varied requirements.

The Captive Power Plant [CPP] and Waste Heat Recovery System [WHRS] installed during the earlier year/s have resulted in

- [a] substantially increased efficiency,
- [b] reduction of costs and
- [c] improvement in better quality of finished products.

The Company has also successfully implemented Enterprise Resource Planning [ERP] system. This business support initiative has improved the quality of information and agility of decision making throughout the organisation. It has also helped to successfully control costs and achieve process standardisation.

Your Company continues to hold and comply with ISO 9001:2000 Certification and has obtained ISO 14001: 2004 Certification during the year.

Risk 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 as applicable to an industry, the Company at present does not foresee any serious area of concern. The Company has adequate insurance coverage for all its assets. Your Company complies with safety requirements and norms fixed by different Government Authorities.

**Segment-wise / Product-wise Performance**

Your Company's business activity falls within a single primary business segment viz. glass 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 data and for maintaining accountability of assets.

The framework of the system comprises 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, review by management and documented policies, guidelines and procedures. 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 management values its people as your Company's most valuable asset. The Company continues its efforts to enhance competencies of its personnel across the organization. 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 behavioural areas like creating a "safety mind set" and "attitude building". The Company also seeks the views of its employees for improving human relations through employee satisfaction surveys. Industrial relations continue to be cordial and harmonious.

Your Company had staff strength of 262 employees as on March 31, 2007.

FUTURE OUTLOOK

The liquor, FMCG and Pharma industries who are the main user of your Company's products are on an upswing due to strong domestic demand which has resulted in a buoyant demand surge for the Company's products. To capture the increasing demand of the user industry, an organised strategy is being put in place to increase productivity and the range of products. We have formulated plans to enter into new markets. There exists huge export potential due to cost and delivery efficiencies. The new furnace is expected to be put through to the firing stage during the current year. The expansion is planned for completion during the last quarter of the current year. With improvement in overall demand coupled with the implementation of various growth strategies/measures by the management, your Directors are hopeful of moving **fast forward** by achieving better results for the current and future years.

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 expressed or implied, depending on the economic conditions, Government policies and other incidental factors and developments.



HALDYN® GLASS GUJARAT LIMITED

VII. EMPLOYEE'S PARTICULARS:

Particulars of the employees under Section 217 [2A] of the Companies Act, 1956:

Name/Designation	Date of Joining	Age	Experience	Remuneration [Rupees]	Last Employment/ Designation
Mr. N. D. Shetty Chairman & Managing Director	April 25, 1991	66 Years	41 years experience in Glass Industry	3546563	Haldyn Glass Limited / Director
*Mr. T. N. Shetty Executive Director	October 31, 2006	33 Years	10 years experience in glass industry	903890	Haldyn Glass Gujarat Limited / Executive Director

* Employed for part of the year.

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.

VIII 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 of the Companies [Disclosure of Particulars in the Report of 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.

IX DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (a) In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departure;
- (b) Appropriate accounting policies have been selected and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year;
- (c) Proper and sufficient care has been taken for the maintenance of 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; and
- (d) The annual accounts have been on a going concern basis.

X CORPORATE GOVERNANCE:

As per the Listing Agreement with The Bombay Stock Exchange, the Company has complied with the requirements of Corporate Governance. A Report on Corporate Governance is annexed to this Report. A declaration in regard to compliance with the Code of Conduct by the Board Members and Senior management personnel signed by the Managing Director forms part of the Annual Report.

**XI DIRECTORATE:**

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr. K. George Joseph and Mrs. V. R. Ajila retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment, which Your Board recommends.

At the Board Meeting held on October 31, 2006, Mr. T. N. Shetty was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and he holds office upto the date of the ensuing Annual General Meeting of the Company. Your Directors, subject to your approval, propose to appoint Mr. T. N. Shetty as a Director at the ensuing Annual General Meeting of the Company. In this connection, a Notice in writing has been received from a member under Section 257 of the Act, signifying his intention to propose Mr. T. N. Shetty for the office of Director.

At the aforesaid Board Meeting held on October 31, 2006, Mr. T. N. Shetty was also appointed as a Whole-time Director [designated as Executive Director] for a period of three years effective December 1, 2006 on the terms and conditions and remuneration payable to him as set out under item no. 7 of the Notice and Explanatory Statement relating thereto.

XII EMPLOYEES STOCK OPTION PLAN [ESOP]:

With a view to attract, retain, motivate and reward the employees, the shareholders had, at the Fifteenth 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, so far the Company has not proceeded with the above approved Resolution.

XIII AUDITORS:

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

XIV ACKNOWLEDGEMENT:

The Directors take this opportunity to place on record their sincere gratitude for the continued support, guidance and co-operation extended to the Company by the Government of Gujarat, all Regulatory Authorities, Banks, Financial Institutions, Business Associates, Shareholders and its valued Customers.

The Directors specially acknowledge the commitment, dedication and contribution of all the employees of the Company, for their sustained efforts to improve the operations of the Company.

For and on behalf of the Board

Place : Mumbai
Date : May 29, 2007

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 Particulars in the Report of Board of Directors] Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2007.

I. CONSERVATION OF ENERGY

A. Power And Fuel Consumption:

		Units	2006- 2007	2005- 2006
i.	Electricity			
a.	Purchased	Units in lacs	18.96	2.43
	Total Amount	Rs. in lacs	124.42	21.18
	Average Rate/Unit	Rs.	6.56	8.72
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	10498	11050
	Total Amount	Rs. in lacs	562.60	494.84
	Average Rate	Rs./1000 SCM	5359	4478
iii.	Consumption per M.T. of Production			
a.	Electricity	Units	234	287
b.	Natural Gas	1000 SCM	0.229	0.246

B. Energy Conservation Measures

1. Installation of Waste Heat Recovery System to reduce Gas consumption.
2. Installation of inverters in Mould Cooling System to save Electricity consumption and improve productivity.
3. Installation of On & Off Timers on Cold End and Raw Material Handling System to save Electricity consumption and reduce Conveyor costs.
4. Installation of one Frequency Inverter in secondary blower of Regenerator to save Electricity consumption and achieve consistent Air Pressure in Furnace.
5. Installation of Common Header to reduce the number of Blowers and to save Electricity consumption.

II. TECHNOLOGY ABSORPTION

Your Company has not acquired any imported or indigenous technology.

III. RESEARCH AND DEVELOPMENT

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

IV. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Foreign Exchange used:

[Rs. in lacs]

- a. Raw Materials
- b. Stores & Spares
- c. Lubricants
- d. Capital Goods
- e. Others [Traveling, Commission, Technical fees, Foreign Bank charges, etc.]

Total

2. Foreign Exchange earned:

F.O.B. Value of Direct Export

2006 - 2007	2005 - 2006
Nil	67.85
17.22	91.83
4.66	6.96
456.74	Nil
31.74	7.46
510.36	174.10
139.29	5.67