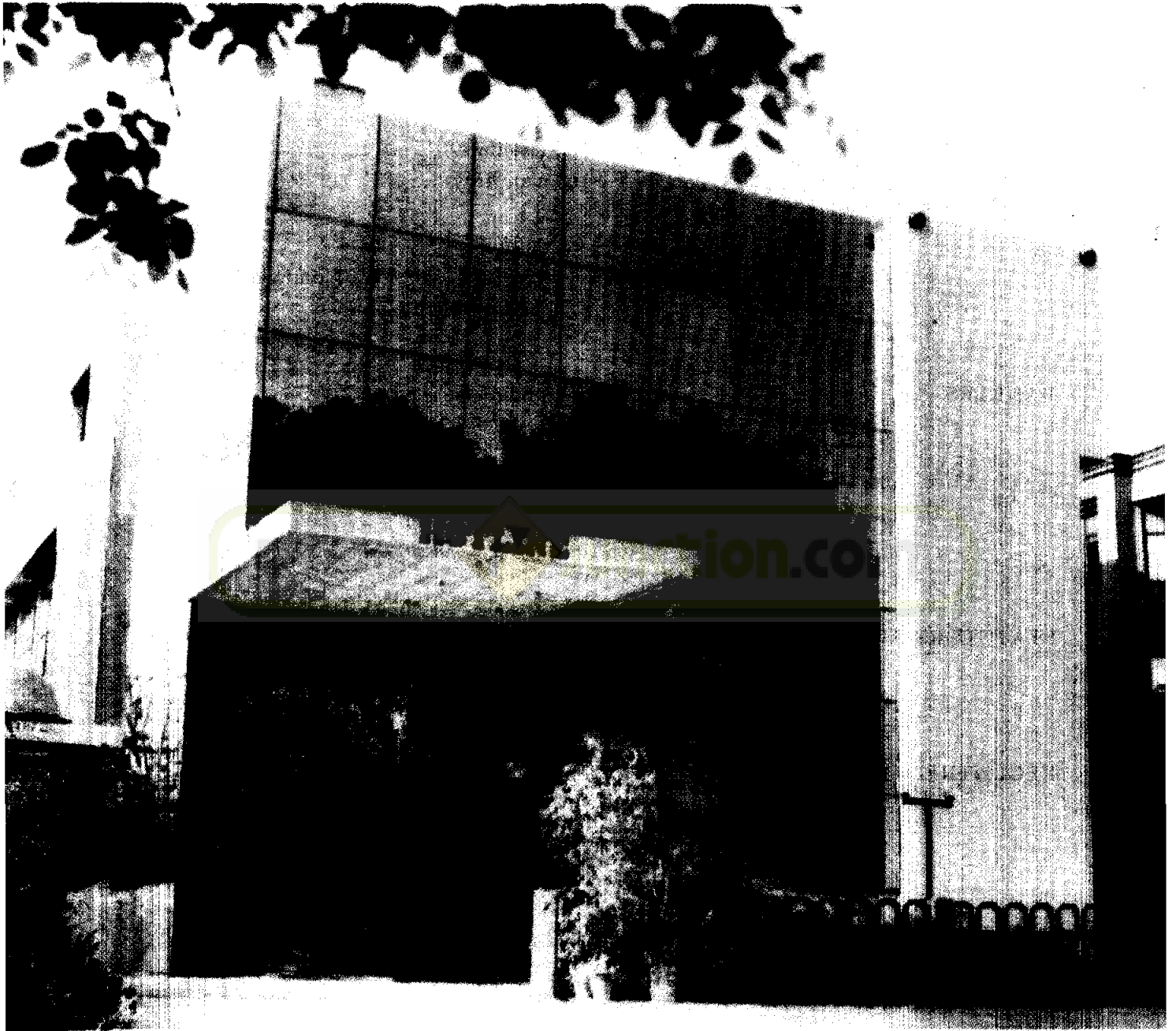


HOTLINE GLASS LIMITED



9th
Annual Report 2000-2001

HOTLINE GLASS LIMITED

BOARD OF DIRECTORS

Shri Anil Gupta - Chairman
Shri G. Sankara Narayan - Whole Time Director
Shri G.L. Modi
Shri H. B. Huang
Shri Rajneesh Malhotra
(Alternate Director to Shri H. B. Huang)
Shri Govind Narain
Shri Sanjiv Narayan
Shri V.N. Masaldan
Dr. S. Krishnamurthy
Col. B. K. Rai
Shri D. C. Mathur
Shri Anil Srivastava - MPSEDC Nominee
Shri S. S. Bhandari - IDBI Nominee

BANKERS

Punjab National Bank
ECE House, Kasturba Gandhi Marg,
New Delhi - 110 001

Bank of Baroda
Defence Colony,
New Delhi -110 024

STATUTORY AUDITORS

M/s S.S. Kothari & Co., Chartered Accountants
8-D, Atma Ram House, 1, Tolstoy Marg,
New Delhi - 110 001

REGISTERED OFFICE

CBG 07 to 51, Ghirongi Industrial Area,
Malanpur,
Distt. Bhind,
Madhya Pradesh.

HEAD OFFICE

241, Okhla Indl. Eastate,
Phase - III,
New Delhi - 110 020

REGISTRAR

MCS Limited
Sri Venketesh Bhavan,
212-A, Shahpurjat,
New Delhi - 110 049
Phone No. 6494830, 6494831, 6490051
Fax : 6494152

HOTLINE GLASS LIMITED**NOTICE**

NOTICE is hereby given that the Ninth Annual General Meeting of Hotline Glass Limited will be held on Thursday, 20th December 2001 at 12:00 Noon at 139, Malanpur Industrial Area, Distt. Bhind (M. P.), to discuss the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited statement of accounts of the Company for the year ended 30th June 2001 and Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Govind Narain, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. V. N. Masaldan, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. G. L. Modi, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint auditors & to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that subject to such consents, permission or sanctions as may be required from any authority and pursuant to all other provisions of the Companies Act, 1956, guidelines, rules etc. framed by SEBI in this regard, the security of the company be got delisted from Ahmedabad Stock Exchange, Madras Stock Exchange and Calcutta Stock Exchange.

Further resolved that the Board of Directors of the company be and are hereby authorised to apply to such stock exchanges/SEBI/and to take all the required steps in terms of guidelines laid down by SEBI for voluntary delisting of the equity shares of the company from the above said stock exchanges and also to do all such acts, deeds and things as may be required by the relevant competent authority for and on behalf of the board."

By Order of the Board
for **HOTLINE GLASS LIMITED**

PLACE : NEW DELHI
DATE : 29.10.2001

(ANIL GUPTA)
CHAIRMAN

EXPLANATORY STATEMENT TO ITEM N O. 6 PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Equity shares of your company are presently listed on Delhi Stock Exchange, Mumbai Stock Exchange, Madhya Pradesh Stock Exchange (Regional), Calcutta Stock Exchange, Ahmedabad Stock Exchange and Madras Stock Exchange. The board have considered that the equity shares of the company are generally traded at Delhi, Mumbai and Madhya Pradesh Stock Exchanges. It has been observed that since dematerialisation of shares, trading at Calcutta, Ahmedabad and Madras Stock Exchanges is very thin and of very low volume. Considering these facts your board has proposed delisting of equity shares of the company from Calcutta, Ahmedabad and Madras Stock Exchanges in terms of the guidelines laid down by SEBI and has therefore put before you the special resolution under item no. 6 of the notice of the AGM for your approval.

None of the directors is concerned or interested in the above resolution

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote, on the Poll only, instead of himself and the proxy so appointed need not be a member of the Company. Proxies in order to be effective must reach at the Registered Office of the Company not less than 48 hours before the time fixed for meeting.
2. The Register of Members and the share transfer books of the Company shall remain closed from 17th December 2001 to 20th December 2001 (both days inclusive)
3. Shareholder / Proxy Holder are requested to produce at the entrance the admission slip forwarded to them, duly completed and signed in accordance with the specimen signature registered with the Company.
4. The Company is maintaining its office in Delhi at 241, Okhla Industrial Estate, Phase III, New Delhi - 110020, where the shareholders can lodge any papers including shares for transfer. The Company would reimburse the to and from second class rail/bus fare of Delhi - Malanpur to Members who reside in Delhi and attend the meeting at Malanpur.
5. The instrument of share transfer, completed in all respects should be sent to the Company well in advance, so as to reach to the Company prior to book closing. Shares under any defective transfer (unless defect is removed prior to book closing) and/or instrument of transfer received during the period of book closing shall be considered after reopening of books.
6. Members are requested to bring their copy of Annual Report, as no copies will be distributed at the Annual General Meeting.
7. Members desirous of getting any information about the accounts under reference and operations of the Company are advised to address their queries to the Whole Time Director of the Company well in advance, so that the same may reach him at least seven days before the date of the meeting to enable the management to keep the required information readily available at the meeting.

HOTLINE GLASS LIMITED

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

Our company is committed to the system of good Corporate Governance. Over the years the company has been disclosing information concerning the performance and future prospects of the company. Your company believes in working in a transparent manner and strives for enhancing shareholders value and has always endeavoured to be an accountable corporate citizen. The company is required to implement the code of Corporate Governance latest by 31st March 2002. However the company has already started following the practices as set out in the code well within time. Following disclosures are set out towards achievements of good Corporate Governance.

Size and Composition of Board of Directors

- * The present strength of board is 12 members out of which 10 are Non-Executive Directors including 2 Nominee Directors (one of M/s MPSEDC and one of M/s IDBI). Mr. Anil Gupta, Promoter Director and Mr. G. Sankaranaryan, Whole Time Director are the only Executive Directors
- * The company does not have any pecuniary relationship with any of the Non-Executive Directors.

Management discussion and analysis report.

The Black & White glass industry is dependent upon Black & White TV scenario. The demand for Black & White TV is largely in India and some developing countries. The present demand for Black & White TV glass parts is around 4.5 million sets. The total installed capacity for Black & White Glass parts in the industry is around 10 million sets. Due to this, there is stiff competition in this industry.

Lack of demand in Black & White TV Industry presents an opportunity for the company to convert the facilities for manufacturing colour glass. The company would explore all the possibilities of either increasing its share in Black & White Glass industry or produce colour glass. However, the production of colour glass is subject to availability of financial resources.

During the year under review, the company had to close down its furnace for relining work and there was no forming from March 2001. Despite this, the production during the year went up from 48.83 lac nos. of glass parts to 49.63 nos. of glass parts. However, the sales went down from 52.71 lac parts to 39.69 lac parts. Due to lower sales and stoppage of furnace, the company suffered a loss of Rs. 5 crores for the first time since inception.

The outlook in the short run is dependent upon the government policy relating to rationalisation of tax structure for Black & White TV and rural electrification. The long term policy will be decided by the company after reviewing the demand position for the next 2 - 3 years. Lack of demand is the risk presented before the company and to minimize this risk, the company is taking necessary steps including the possibility of making different size of glass parts as well as colour glass parts.

Considering the size of the operation, the company has sound Internal Control Systems backed up by efficient internal audit. The working of internal auditors as well as the internal control systems are reviewed by the Audit Committee regularly.

The company suffered losses during this year primarily due to stoppage of furnace. It is expected that once the production is in full swing, the company would once again start making profits.

The company employees 240 workers. As a result of sound Human Resource Policy the industrial relations are cordial.

The company has not entered into any material, financial or commercial transaction in which management may be interested, and which may have a potential conflict with the interest of the company.

Audit Committee**Composition**

- * The Audit Committee of the company comprises of Mr. Sanjiv Narayan, Dr. S. Krishnamurthy and Mr. D. C. Mathur all being Non-Executive and Independent directors. Mr. D. C. Mathur has proficient knowledge and experience in the field of finance and accounts.

Chairman

- * Mr. Sanjiv Narayan is the Chairman of the Committee and is a Non-Executive and independent director.
- * The presence of the Chairman of the Committee shall be ensured in the Annual General Meeting.

Attendance

- * The DGM-Finance, internal auditor and statutory auditor were present in the audit committee meetings held as stipulated in the code.

Company Secretary

- * The company secretary has already been nominated as secretary of the audit committee.

Formation and Meeting dates

- * The Audit Committee was formed on 20th January 2001 to comply with the code of Corporate Governance and one meeting dated 20/01/2001 was held during the financial year 2000-2001. However for the financial year 2001-2002 three meetings dated 20/04/2001, 20/07/2001 and 29/10/2001 including one before finalisation of accounts have already been held.
- * The stipulated condition of quorum of the Audit Committee Meeting was duly complied.

Terms of Reference

- * Review of the company's financial reporting system and its financial statements.
- * Review of accounting and financial policies and practices.
- * Review of the internal control and internal audit systems.
- * Review of risk management policies and practices.
- * Compliance with Accounting Standards, Stock Exchange and legal requirements.
- * Related party transactions i.e. transactions of the company of material nature, with promoter or the management their subsidiaries.

HOTLINE GLASS LIMITED**Board Procedures**

* The Board met 6 times during the year on 22/04/2000, 29/07/2000, 30/10/2000, 25/11/2000, 23/12/2000 and 31/01/2001 and the gap requirement between two meeting has been complied.

Remuneration of Directors

* Remuneration to Mr. G Sankaranarayan, Whole Time Director is payable within the limit of Schedule XIII of the Companies Act, 1956. No Remuneration is paid to Mr. Anil Gupta, Chairman. Company is not paying any remuneration to the Non-Executive Directors. A Remuneration Committee shall be constituted as and when the need is felt.

No. of Other Board or Committees of Board in which the Director is a member or Chairman

| Name of the Director | Category | No. of Other Directorship Held | Member/ Chairperson of Committees |
|--|------------------------|--------------------------------|-----------------------------------|
| Mr. Anil Gupta | Chairman | 11 | None |
| Mr. G. Sankaranarayan | Whole Time Director | None | None |
| Mr. V. N. Masaldan | Non-Executive Director | 4 | None |
| Mr. D. C. Mathur | Non-Executive Director | 2 | 2 |
| Mr. Govind Narain | Non-Executive Director | 3 | None |
| Mr. Sanjiv Narayan | Non-Executive Director | 8 | 2 |
| Col. B. K. Rai | Non-Executive Director | 7 | 3 |
| Dr. S. Krishnamurthy | Non-Executive Director | 4 | 2 |
| Mr. G. L. Modi | Non-Executive Director | 6 | None |
| Mr. Rajneesh Malhotra (Alternate Director to Mr. H. B. Huang) | Alternate Director | 2 | None |
| Mr. S. S. Bhandari | Nominee Director | 2 | 2 |
| Mr. Anil Srivastava | Nominee Director | 6 | 1 |

Composition, Category of Directors & Attendance at Meetings

| Name | Category of Directors | | | | | Attendance | | |
|---|-----------------------|-----------|---------------|-------------|---------|----------------------------|--------------------------------|------------------------------|
| | Promoter | Executive | Non Executive | Independent | Nominee | No. of Board Meetings held | No. of Board Meetings Attended | Last AGM Attendance (Yes/No) |
| Mr. Anil Gupta (Chairman) | Yes | Yes | -- | -- | -- | 6 | 6 | Yes |
| Mr. G. Sankaranarayan (Whole Time Director) | -- | Yes | -- | -- | -- | 6 | 4 | No |
| Mr. V. N. Masaldan | -- | -- | Yes | Yes | -- | 6 | 6 | Yes |
| Mr. D. C. Mathur | -- | -- | Yes | Yes | -- | 6 | 6 | Yes |
| Mr. Govind Narain | -- | -- | Yes | Yes | -- | 6 | 5 | No |
| Mr. Sanjiv Narayan | -- | -- | Yes | Yes | -- | 6 | 4 | No |
| Col. B. K. Rai | -- | -- | Yes | Yes | -- | 6 | 5 | Yes |
| Dr. S. Krishnamurthy | -- | -- | Yes | Yes | -- | 6 | 6 | Yes |
| Mr. G. L. Modi | -- | -- | Yes | Yes | -- | 6 | 1 | No |
| Mr. Hsiu Bin Huang | -- | -- | Yes | Yes | -- | -- | -- | -- |
| Mr. Rajneesh Malhotra (Alternate Director to Mr. Hsiu Bin Huang) | -- | -- | Yes | Yes | -- | 6 | 5 | Yes |
| Mr. S. S. Bhandari (IDBI Nominee) | -- | -- | -- | Yes | Yes | 6 | 2 | No |
| Mr. M. Gopal Reddy (M/s M.P.S.E.D.C Nominee) (Holding Directorship upto 30.10.00) | -- | -- | -- | Yes | Yes | -- | -- | -- |
| Mr. Anil Srivastava (M/s M.P.S.E.D.C Nominee) (Appointed in place of Mr. M Gopal Reddy) | -- | -- | -- | Yes | Yes | 6 | 1 | Yes |

Shareholder Grievance Committee

The shareholder grievance committee comprises of Mr. D. C. Mathur, Chairman, a Non-Executive Director, Mr. Sanjiv Narayan and Mr. V. N. Masaldan. This committee monitors complaints of shareholders relating to transfer of shares, non receipt of balance sheet etc.

Share Transfer Committee

* The Share Transfer Committee processes and approves the shares sent for transfer, transmission etc. and normally meets two times in a month. The Board has designated Ms. Monika Matai, Company Secretary as the compliance officer of the company.

HOTLINE GLASS LIMITED**Disclosure on material transactions with related parties**

- * No transaction of material nature has been entered into by the company with promoters, directors or the management, their subsidiaries or relatives etc. which has any potential conflict with the interest of the company at large.

Details of Non-Compliance

- * The company has not made any non-compliance of statutory regulations and no penalty has been imposed by the stock exchange or SEBI or any other statutory authority nor any strictures passed by them.

Half yearly and quarterly results

- * The half yearly and quarterly results of the company are generally published in Business Standard and Dainik Bhaskar

Details on last 3 Annual General Meetings

| Year | Date | Location | Time | Whether Special Resolution Passed |
|-----------|----------|---|---------|-----------------------------------|
| 1997-98 | 30/12/98 | 139, Malanpur Industrial Area, Distt. Bhind, (M.P.) | 2:00 PM | Yes |
| 1998-99 | 29/12/99 | 139, Malanpur Industrial Area, Distt. Bhind (M.P.) | 1:00 PM | No |
| 1999-2000 | 23/12/00 | 139, Malanpur Industrial Area, Distt. Bhind (M.P.) | 1:00 PM | No |

Shareholders Information

- * Registered Office & Works : CBG 7-51, Ghirongi Industrial Area, Distt. Bhind (M.P.)
- * Corporate Office : 241, Okhla Industrial Estate, Phase III, New Delhi - 110020
011-6311601, 011-6315474
- * Registrar and Share Transfer Agent : MCS Limited
212 - A, Sri Venketesh Bhawan
Shahpurjat, New Delhi - 110049

Share Transfer System

- * The share transfer committee processes and approves share sent for transfer, transmission etc. Share transfers are registered and returned by the share transfer Agent within a period of 30 days from the date of receipt, if the documents are correct in all respects

Dematerialisation of Shares

- * Effective from 29th Jan 2001, shares of the company were admitted to compulsory demat mode vide circular no. 23/2000 dt. 29th May 2000 issued by SEBI. Accordingly company has established connectivity with both depositories viz. National Securities Depositories Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and presently shares of the company are held in both electronic and physical mode.

Listing Fees

- * The company is presently listed on Madras Stock Exchange, Ahmedabad Stock Exchange, Delhi Stock Exchange, Calcutta Stock Exchange, Madhya Pradesh Stock Exchange and Mumbai Stock Exchange. The listing fees for the year 2001-2002 has been paid to all Stock Exchanges.

Annual General Meeting

- * The Annual General Meeting of the company will be held on Thursday, 20th December 2001 at 12:00 Noon at 139, Malanpur Industrial Area, Distt. Bhind (M.P.)

Dividend

- * In view of loss no dividend declared by the company.

Date of Book Closure

17th December 2001 to 20th December 2001 (both days inclusive)

Distribution of Shareholding as on 30/09/2001

| Class of Investors | No. of Shares Held | % of Holding |
|---|--------------------|--------------|
| Promoters & Associates | 4,45,38,500 | 55.70% |
| Non Resident Indian / Overseas Corporate Bodies | 5,34,600 | 0.70% |
| Mutual Funds and Unit Trust of India | 12,45,100 | 2.18% |
| Banks/Financial Institutions/Ins. Companies | 58,18,599 | 7.27% |
| Private Corporate Bodies | 61,29,615 | 7.67% |
| HUF / Firms | 1,57,205 | 0.20% |
| Top 100 Shareholders | 2,189,942 | 3.74% |
| Indian Public | 1,80,45,649 | 22.57% |
| Total | 7,99,59,210 | 100% |

Note: Most of the non-mandatory disclosure and suggested items have been disclosed except which in the opinion of the board are not considered relevant.