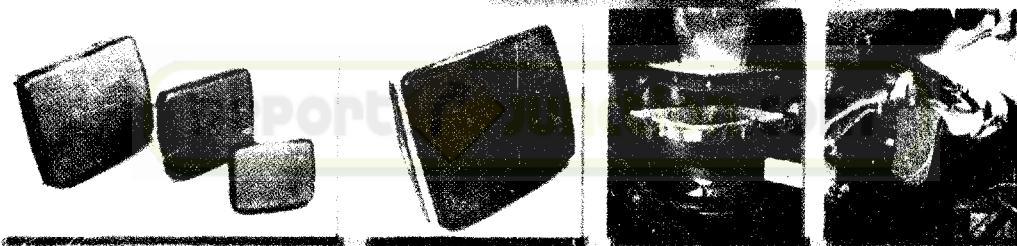


13th Annual Report 2004 - 2005



HOTLINE GLASS LIMITED

HOTLINE GLASS LIMITED

13th Annual Report 2004-2005

BOARD OF DIRECTORS

Shri Anil Gupta – Chairman & Managing Director

Shri. G. L. Modi

Shri. Govind Narain

Shri Sanjiv Narayan

Shri Ram K. Gupta - IDBI – Nominee

Col. B. K. Rai

Shri V. N. Masaldan

Shri D. C. Mathur

Shri Rajneesh Malhotra - Additional Director

BANKERS

Punjab National Bank

Mid Corporate Branch, Barakhamba Road,

New Delhi – 110 001

Bank of Baroda

Defence Colony,

New Delhi - 110 024

STATUTORY AUDITORS

M/s. S. S. Kothari Mehta & Co., Chartered Accountants

Plot No. 146-149, Tribhuvan Complex,

Ishwar Nagar, Mathura Road,

New Delhi – 110 065

REGISTERED OFFICE

CBG 07 - 51, Ghirongi Industrial Area,

Malanpur, Distt. Bhind, Madhya Pradesh

HEAD OFFICE

241, Okhla Industrial Estate,

Phase – III,

New Delhi – 110 020

Phone No. 51612311-18

Fax: 26916386, 26846364

REGISTRAR

MCS Limited

Sri Venkatesh Bhavan,

W-40, Okhla Industrial Area, Phase - II

New Delhi – 110 020

Phone No. 51609386, 26384775

Fax : 26384907

<i>Contents</i>	<i>Page No.</i>
Notice	01
Director's Report	02-03
Corporate Governance Report	04-09
Auditor's Report	10-11
Balance - Sheet	12
Profit and Loss Account	13
Schedules forming part of the Accounts	14-22
Balance Sheet Abstract and General Business Profile	23
Cash Flow Statement	24

HOTLINE GLASS LIMITED

NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of Hotline Glass Limited will be held on Friday, 30th September, 2005 at 12:30 P.M. at GBA 1-3, Ghirongi Industrial Area, Malanpur, Distt Bhind (M. P.).

ORDINARY BUSINESS

1. To receive, consider and adopt the audited statement of accounts of the Company for the year ended 31st March 2005 and Report of the Directors and Auditors thereof.
2. To appoint a Director in place of Mr. G.L.Modi 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. D.C.Mathur who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:
"RESOLVED that in accordance with the provision of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) thereof, Mr. Rajneesh Malhotra, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of company subject to retirement by rotation under the provisions of the Article of Association of the Company."
7. To consider, and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:
"RESOLVED that consent of the Company be and is hereby accorded under section. 293 (1) (d) of the Companies Act, 1956 or any other applicable provisions, to borrow any sum from time to time notwithstanding that the aggregate of borrowings, together with the money already borrowed by the company (apart from the temporary loan obtained from the company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the company and its free reserves. The Board of Directors be and are hereby authorized to borrow such money provided however, that the total amount so borrowed shall not exceed Rs. 400 Crores."
8. To consider, and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:
"RESOLVED that the Company do hereby accord its consent under section 293 (1) (a) of the Companies Act, 1956, to mortgage and/or charge by the Board of Directors of the Company all or any of the movable or immovable properties both present and future of the whole or substantially the whole of the undertaking or the undertakings of the Company for securing any loan obtained or as may be obtained from any Financial Institutions/ Banks or person or persons together with interest, costs, charges expenses and any other money payable by the Company."
"RESOLVED further that the mortgage/charge created/to be created and/or all agreements/documents executed/to be executed and all acts done/to be done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."
9. To consider, and if thought fit, to pass with or without modification(s) the following resolution as a special resolution:
"RESOLVED that the Company do hereby accord its consent under section 372A of the Companies Act, 1956 and any other applicable provisions, to give guarantee from time to time in connection with the loans to be availed by Hotline CPT Limited, notwithstanding that the aggregate of the guarantee may exceed sixty percent of the aggregate of paid up capital and free reserves or hundred percent of its free reserves whichever is more. The Board of Directors be and is hereby authorized to give such guarantee provided however that the total guarantee amount shall not exceed Rs. 350 Crores."

FOR AND ON BEHALF OF BOARD OF DIRECTORS

PLACE : NEW DELHI
DATE : 23.07.2005

ANIL GUPTA
CHAIRMAN & MANAGING DIRECTOR

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 TO ITEM NO. 6

The Board of Directors of the Company at its meeting held on 29th January, 2005 appointed Mr. Rajneesh Malhotra as an Additional Director, pursuant to Section 260 of the Companies Act, 1956 read with Article 106 of the Articles of Association of the Company. Mr. Rajneesh Malhotra holds office only upto the date of this Annual General Meeting. Mr. Rajneesh Malhotra is the Managing Director of Hotline Display Devices Ltd. He is 49 years old and is associated with the Company for many years as Alternate Director. He is also the Director of Fusebase Eltoro Pvt. Ltd.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr Rajneesh Malhotra as Director of the Company. The Board considers it desirable to have the expertise and services of Mr. Rajneesh Malhotra on the Board and recommends his appointment.

Except Mr. Rajneesh Malhotra, none of the Directors of the Company is concerned or interested in the Resolution.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 TO ITEM NO. 7

Pursuant to the provision of Clause (d) of sub-section (1) of section 293 of the Companies Act, 1956 the Board of Directors cannot borrow more than the aggregate amount of paid up capital of the company and its free reserves except with the consent of the shareholders of the company in the general meeting.

The project for setting up of Glass Panel is under installation and it is expected that the ceiling already approved by the members of the Company for borrowing will be exceeded after acceptance of fresh loans from Banks/ Financial Institutions/ NBFC. Therefore your Directors recommend and place before you the resolution for enhancing the borrowing limit to Rs. 400 Crores.

None of the Directors of the company is concerned or interested in the resolution.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 TO ITEM NO. 8

As a security for the loans to be sanctioned by Banks/Financial Institutions to whom the company is approaching for financial assistance for its panel project as well as repayment of high cost debts, the company would be required to give mortgage of all the movable and immovable properties of the company both present and future. Section 293 (1) (a) of the Companies Act, 1956, provides inter-alia, that the Board of Directors of a public company shall not, without the consent of such public company in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company. Hence the consent of members is required.

None of the Directors of the Company is concerned or interested in the resolution.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 TO ITEM NO. 9

Our company has promoted Hotline CPT Limited which is engaged in the manufacturing of Colour Picture Tubes. The existing loans of Hotline CPT Limited are ready guaranteed by your company. Hotline CPT Limited has approached Banks/Financial Institutions/NBFC for fresh loans to fund its expansion program and to repay high cost debts. As your company is a guarantor for existing loans, the lenders will require corporate guarantee of your company for fresh loans also. To enable the Board of Directors to provide such guarantee the consent of members is required.

None of the Directors of the Company is concerned or interested in the resolution.

NOTES

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.

The Register of Members and the share transfer books of the Company shall remain closed from 16th September 2005 to 30th September 2005 (both days inclusive). Shareholders / Proxy Holders 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.

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 fro second class rail/bus fare of Delhi - Malanpur to members who reside in Delhi and attend the meeting at Malanpur.

The instrument of share transfer, completed in all respect should be sent to the Company well in advance, so as to reach to the Company prior to book closure. Shares under any defective transfer (unless defect is removed prior to book closure) and/or instrument of transfer received during the period of book closure shall be considered after reopening of books.

Members are requested to bring their copy of Annual Report, as no copies will be distributed at the Annual General Meeting.

Members desirous of getting any information about the accounts under reference and operations of the Company are advised to address their queries to the Managing 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.

DIRECTOR'S REPORT

To,

The Members

Hotline Glass Limited

Your Directors are pleased to present the Thirteenth Annual Report together with the Audited Statement of Accounts of the company for the year ended 31st March 2005.

FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	Year ended 31 st March 2005	Year ended 31 st March 2004
Sales and Other Income	10496	11689
Profit/(Loss) before Depreciation & Financial Expenses	2750	2477
Financial Expenses	668	696
Cash Profit/(Cash Loss)	2082	1781
Depreciation & Misc. Exp. w. off	1050	1081
Net Profit/(Loss) before tax	1032	700
Income Tax:		
Current Tax:	81	54
Deferred Tax:	272	277
Net Profit After Tax	679	369

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to sub section (2AA) of section 217 of the Companies Act, 1956 the Board of Directors of the company hereby state and confirm that:

- in the preparation of Annual Accounts for the year ended 31st March 2005, the applicable accounting standards have been followed.
- the financial statements do give a true and fair view of the state of affairs of the company for the financial year ended 31st March 2005 and your directors have selected and applied the consistent accounting policies and the judgment and estimates made therein are reasonable and prudent.
- proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities have been ensured.
- the Annual Accounts for the year ended 31st March 2005 have been prepared on a going concern basis.

OPERATIONS

During this year, the company has achieved a net profit before tax of Rs.10.32 Crores as against net profit before tax of Rs.7 Crores in the year 2003-2004. During the year sale of colour funnel increased from 2.7 million to 3.5 million. However the sale of Black & White Glass Parts came down from 2.1 million to 0.7 million, as a result of decline in Black & White TV market. Your company is increasing its existing capacity to produce 10 million colour funnels, which will be completed by August 2005. This would result in further improvement in sales and profitability of your company.

DIVIDEND

Your Directors are not recommending any dividend this year, as the profits have to be ploughed back.

FUTURE PROSPECTS

Colour Glass being the most valuable product in the entire value chain of Colour T.Vs accounts for 25% of total cost of Colour T.V. Considering the increasing demand for Colour T.Vs company has focused more on the Colour Glass. It is expected that demand for Colour Glass will grow from 10 million p.a. to 25 million p.a. by 2010.

Keeping in view the above factors your company has recently entered into a collaboration agreement with world renowned LG Phillips for manufacture of 10 million Glass Panels of all sizes of Colour Picture Tubes. Imported plant and machinery has already arrived from LG Phillips, UK and is under installation at the factory site. The company is confident of starting production of panels by June, 2006. Once fully operational your company will be producing 10-Million panels and funnels of all sizes of Colour Glass. This will significantly improve the performance of the Company

CORPORATE GOVERNANCE

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual Report.

FIXED DEPOSIT

The company has not accepted any fixed deposit from the public during the year.

DELISTING

At present the shares of company are listed on The Stock Exchange, Mumbai. The company has paid the listing fees of The Stock Exchange, Mumbai for the year 2005-2006.

During the year under review company has applied for delisting of its securities under the new SEBI Guidelines on delisting from Delhi Stock Exchange, Madhya Pradesh Stock Exchange and Calcutta Stock Exchange. The securities of the company were delisted w.e.f. 20.01.2005 from the Delhi Stock Exchange Association Ltd.

The company has already complied with all the formalities for getting the shares delisted from Calcutta Stock Exchange and Madhya Pradesh Stock Exchange.

DIRECTORS

The Directors place on record their heart felt condolences on the sad and sudden demise of Dr. S. Krishnamurthy on 22.04.2005. Dr. S. Krishnamurthy an eminent Director on the Board of the Company was associated right since beginning of the project and the Board place on record their appreciation for the valuable contribution, guidance and advice provided by Dr. S. Krishnamurthy during his association with the company. Mr. G. L. Modi, Mr. V. N. Masaldan and Mr. D. C. Mathur, retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Rajneesh Malhotra was appointed as an Additional Director. Mr. Rajneesh Malhotra would hold office upto the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member proposing the candidature of Mr. Rajneesh Malhotra for the office of Director. Brief resume of the above Directors, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, are given in Corporate Governance Report forming part of the Annual Report.

AUDITORS

M/s. S. S. Kothari Mehta & Co., Chartered Accountants, Delhi, Statutory Auditors of the Company retire as Auditors of the Company at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. The Audit Committee of directors at its meeting held has recommended to continue the appointment of M/s. S. S. Kothari Mehta & Co. as statutory auditors of the Company.

OBSERVATION OF AUDITORS

The observations of Auditors are self explanatory and/or have been suitably explained in the notes to the Accounts.

PARTICULAR OF EMPLOYEES

None of the employees is covered under section 217 (2A) of the Companies Act, 1956 and rules framed there under.

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

As given below.

ACKNOWLEDGEMENT

Your directors wish to place on record their sincere appreciation for continuous co-operation, support and assistance provided by shareholders, banks, government bodies, customers, dealers and suppliers of the company. Your directors also wish to place on record their appreciation for the dedicated services rendered by the employees of the Company.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

ANIL GUPTA

CHAIRMAN & MANAGING DIRECTOR

PLACE : NEW DELHI

DATE : 23.07.2005

**INFORMATION ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND
FOREIGN EXCHANGE EARNINGS & OUTFLOW**

A. ENERGY CONSERVATION

The Company is continuously adopting energy conservation measures to improve energy efficiency of the processes and reduce wastages. During the year 2004-05, the company completed the following up-gradation/ modifications for Energy Conservation:-

- Use of single and fuel efficient Lehr for two Neck Sealing Machines. There is a saving of fuel to the extent of 40% by using the above system.
- Conversion of motor connection from Delta to Star in unloaded motors.
- Replacement of conventional chokes by energy efficient electrical chokes.
- Replaced star delta starter with frequency drive in air former blower. There is a saving of fuel to the extent of 44%.

TECHNOLOGY ABSORPTION

During the year, company absorbed technology in the following areas:-

- Use of short neck for 21" Funnel from scrap of neck tubing.
- Indigenisation of Lug grinding diamond wheels for finishing operations.
- Capacity increment of Colour cold Forming from 4.5mm ~ 6.00mm
- Colour cold Finishing yield has been enhanced from 85 to 90%
- Increasing Plunger life in Colour Funnel Forming operation from 8 days to 12 days by making modification in cooling system.

In the coming years, company has taken-up following projects to improve its operation.

- Use of CNG in place of liquid fuel to reduce fuel cost.
- Finishing operation yields will be increased to 95% from the existing 90% level.
- Up gradation of Furnace to increase pull capacity.
- Enhancement of Batch Weighing capacity by making modification in weighing system.
- Yield improvement in forming operations.

POWER & FUEL CONSUMPTION**1. ELECTRICITY**

	THIS YEAR	PREV. YEAR
a. Purchased		
Units (KWH)	6833734	7104742
Total Amount (Rs. in lacs)	333.80	338.55
Rate / Unit (Rs.)	4.88	4.77

b. Own Generation

(Through Diesel Generator)		
Units (KWH)	4957570	5744960
Units per Ltr. of Diesel Oil	3.65	3.78
Cost \ Unit (Rs.)	6.55	5.16

2. H.S.D. FOR FURNACE

Quantity (K.L.)	1109.998	412.905
Total Cost (Rs. in lacs)	238.74	72.78
Rate / Unit (Rs. per K.L.)	21507.90	17626.75

3. L.D.O. FOR FURNACE

Quantity (K.L.)	3975.051	5320.954
Total Cost (Rs. in lacs)	786.80	911.42
Rate / Unit (Rs. per K.L.)	19793.45	17128.83

4. PROPANE

Quantity (M.T.)	1123.952	1321.12
Total Cost (Rs. in lacs)	250.42	240.17
Rate / Unit (Rs. per M.T.)	22279.99	18178.95

**CONSUMPTION PER UNIT OF PRODUCTION
PRODUCT - GLASS PARTS PANEL/FUNNEL**

	STANDARDS (IF ANY)	THIS YEAR	PREVIOUS YEAR
- ELECTRICITY	N.A.	2.53 KWH	3.05 KWH
- H.S.D. & L.D.O.	N.A.	1.39 LTR	1.73 LTR
- PROPANE	N.A.	0.24 KG	0.31 KG

B. RESEARCH & DEVELOPMENT

The company has strong Research & Development base. In its Furnace operation Sodium Nitrate used earlier was changed over to Potassium Nitrate after extensive study & trials. This has resulted in improvement in forming productivity due to the enhanced homogeneity in the glass composition.

C. FOREIGN EXCHANGE EARNINGS / OUTFLOW

Total foreign exchange outflow by Company during the period is Rs.1963 lacs for imports, foreign technicians fee, travel & others.

COMPLIANCE REPORT ON CORPORATE GOVERNANCE*(Clause 49 of the Listing Agreement)***I COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Hotline's philosophy on Corporate Governance envisages achieving highest standards of accountability, transparency and equity in all its spheres and in all its dealings with its stakeholders. Hotline Glass Limited is committed to establishing and diligently following the highest standards of Corporate Governance in its pursuit of profitable growth and enhancement of shareholder's value.

Company believes that any business conduct can be ethical only when it rests on the core values of Honesty, Fairness, Trust, Transparency and Responsibility towards not only stakeholders but also to entire society.

Hotline Glass continues to follow procedures and practices in conformity with the Code of Corporate Governance as stipulated by SEBI.

II BOARD OF DIRECTORS**A. Composition of Board**

As on 31st March 2005, the Board of Directors consists of eleven directors, out of which eight are non-executive directors including a nominee director. Mr. Anil Gupta is a Promoter Director and is designated as Chairman-cum-Managing Director.

The composition of Board of Directors is as follows.

Name	Category	Designation	Number of other Directorship held in public/pvt. Companies	Number of Board level committees where member	Number of Board level committees where chair person
Mr. Anil Gupta	Promoter Director	Chairman cum Managing Director	7	NIL	NIL
Mr. V. N. Masaldan	Independent NonExecutive Director	Director	4	4	NIL
Mr. D. C. Mathur	Independent Non Executive Director	Director	3	4	2
Mr. Govind Narain	Independent Non Executive Director	Director	2	NIL	2
Mr. Sanjiv Narayan	Independent Non Executive Director	Director	5	2	3
Col. B. K. Rai	Independent Non Executive Director	Director	3	1	NIL
Mr. G. L. Modi	Independent Non Executive Director	Director	5	1	NIL
Mr. Rajneesh Malhotra*	Independent Non Excutive Director	Additional Director	2	NIL	NIL
Dr.S.Krishnamurthy**	Independent Non Executive Director	Director	3	3	1
Mr. Ram K. Gupta	Independent Director	Nominee Director	4	NIL	1
Mr. T.V. Subramaniam***	Executive Director	Additional Director	NIL	NIL	NIL

* Mr. David Chang, nominee Director of Picvue Electronics Ltd. resigned from Directorship w.e.f 01.12.2004. Mr. Rajneesh Malhotra, Alternate Director to Mr. David Chang vacated his office w.e.f. 01.12.2004. Subsequently, on 29.1.2005 he was appointed as an Additional Director.

** Dr. S. Krishnamurthy passed away on 22.04.2005 and ceased to be a Director w.e.f. that date.

*** Mr. T. V. Subramaniam was appointed as an Additional Director on 06.12.2004 till continuing of ensuing Annual General Meeting. However he vacated the office w.e.f. 09.07.2005.

The Chairman is an Executive Director and the number of Independent Non-Executive Directors on the Board is more than 50% of the Board strength at any point of time. Brief resume of the Directors being re-appointed, nature of their expertise in specific functional areas and names of companies in which they hold Directorship and the membership of the committees of the Board are furnished hereunder:-

- Mr. G. L. Modi is visionary, aggressive and established industrialist. He has been on the Board of Company since inception. He is Managing Director of Modison Metals Ltd. and director of Modison Pvt. Ltd., Modison Contacts Pvt. Ltd., Modison Chemtech Pvt. Ltd. and Metalman Recycling (I) Pvt. Ltd. He is also member of shareholder grievance committee of Modison Metals Ltd.
- Mr. V. N. Masaldan is a law graduate. He possess good knowledge and has rich experience in marketing, legal and finance and has been associated with the company since its inception. He is Managing Director of Hotline Teletube & Components Ltd. and also holding directorship of your company, Fusebase Eltoro Pvt. Ltd., Hotline CPT Limited, Hotline Display Devices Ltd. He is member of Audit Committee of Hotline CPT Limited and Hotline Display Devices Limited and also member of Shareholder Grievance Committee of your company and Hotline Teletube & Components Ltd.

HOTLINE GLASS LIMITED

- (c) Mr. D. C. Mathur who is a well qualified person is a fellow member of Institute of Chartered Accountants of India, Institute of Company Secretaries of India and Institute of Cost & Works Accountants of India, has rich experience in the field of finance and accounts and has been associated with the company since its inception. He is holding directorship of Hotline CPT Limited, Hotline Teletube & Components Ltd. and Hotline Display Devices Ltd. He is an Audit Committee Member of your company as well as all the above said three companies and Chairman of Shareholder Grievance Committee of your company and Hotline Teletube & Components Ltd.
- (d) Mr. Rajneesh Malhotra has to his credit vast experience especially in the field of TV manufacturing and Electronics industry. He is 49 years old and is currently the Managing Director of Hotline Display Devices Limited and is director of Fusebase Eltoro (P) Limited.

B. All pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis, the company should be disclosed in the Annual Report
None of the non-executive directors has any pecuniary relationship with the company.

C. The Board of Directors of a company shall meet at least four times a year, with a maximum time gap of four months between any two meetings
During the year, the Board of Directors of your company has met 6 times. The dates on which the meetings were held are 28.4.2004, 31.7.2004, 30.9.2004, 30.10.2004, 29.01.2005 and 29.3.2005 and the gap requirement between two meetings has been complied.

All relevant information, as per clause 49 of the listing Agreement was placed before the Board from time to time.

Name of Directors	Number of Board Meetings held during the year	Number of Board Meetings attended	Last AGM Attendance (Yes/No)
Mr. Anil Gupta	6	6	Yes
Mr. V. N. Masaldan	6	6	Yes
Mr. D. C. Mathur	6	6	Yes
Mr. Govind Narain	6	5	No
Mr. Sanjiv Narayan	6	6	Yes
Col. B. K. Rai	6	4	Yes
Mr. G. L. Modi	6	1	Yes
Mr. Rajneesh Malhotra	6	6	Yes
Dr.S.Krishnamurthy*	6	6	Yes
Mr. Ram K. Gupta	6	5	No
Mr. T.V. Subramaniam**	6	2	No

* Dr. S. Krishnamurthy passed away on 22.04.2005 and ceased to be a Director w.e.f. that date.

** Mr. T. V. Subramaniam was appointed as an Additional Director on 06.12.2004 and vacated the office on 09.07.2005.

D. Director shall not be a member in more than 10 committees or act as chairman of more than 5 committees across all companies in which they were Directors

None of the Directors of your company were members in more than 10 committees or acted as chairman of more than 5 committees across all companies in which they were Directors. Details of Board Membership positions occupied by the Directors, across all companies, are given at the beginning of the section.

III AUDIT COMMITTEE

The Board has constituted an Audit Committee of Directors in accordance with the requirements of Sec 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement.

A. Composition, name of members and chairperson

The Audit Committee of the company comprised of Mr. Sanjiv Narayan, Dr. S. Krishnamurthy (ceased to be a member w.e.f. 22.04.2005) and Mr. D. C. Mathur. Col. B. K. Rai was appointed w.e.f. 27.04.2005 as member to fill the casual vacancy caused in the Audit Committee on account of death of Dr. S. Krishnamurthy. All Members of Audit Committee are Non-Executive and Independent Directors.

Mr. Sanjiv Narayan is the Chairman of the committee and is a Non-Executive and Independent Director. He is an IIT Graduate and MBA and has vast experience in Electronic Industry. He has held the position of President of ELCINA twice.

Mr. D. C. Mathur is a well qualified professional, fellow-member of Institute of Chartered Accountants of India, Institute of Company Secretaries of India and Institute of Cost and Works Accountants of India. He possesses good knowledge and has rich experience in the field of finance, accountancy and corporate laws. He is Joint Managing Director of Hotline CPT Ltd.

Col. B. K. Rai has over 42 years of experience in Electronics Industry and he has been chairman of Uptron. He is presently holding Directorship of 4 companies including of Hotline Glass Limited.

The Company Secretary acts as the Secretary of the Audit Committee.

B. The Audit Committee shall meet at least thrice a year. One meeting shall be held before finalization of annual accounts and one every six months

During the year, the Audit Committee has met 4 times. The dates on which the meetings were held are : 28.4.2004, 31.7.2004, 30.10.2004 and 29.1.2005.

Name	Number of meetings held during the year	Number of meetings attended during the year
Mr. Sanjiv Narayan	4	4
Dr. S. Krishnamurthy	4	4
Mr. D.C. Mathur	4	4

HOTLINE GLASS LIMITED

The Finance Head and Internal Auditor were present in the Audit Committee meetings as stipulated in the code. The representative of External Auditor also participated in Audit Committee Meeting held for review of Annual Accounts. Further the Chairman of the committee was also present in the Annual General Meeting.

C. Terms of Reference

The terms of reference stipulated by the Board of Directors to the Audit Committee as contained in Clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956 are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the half yearly and annual financial statements before submission to the Board, focusing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgment by management (iii) qualifications in draft audit report (iv) significant adjustments arising out of audit (v) the going concern assumption (vi) compliance with accounting standards (vii) compliance with stock exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- Reviewing with the management, external and internal auditors, the adequacy and compliance of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture-holder, shareholders (in case of non payment of declared dividends) and creditors.

IV REMUNERATION OF DIRECTORS

The Company has paid Rs. 1,51,041/- as remuneration to Mr. T.V.Subramaniam, an Executive Director.

The company is not paying any remuneration to Non-Executive Directors.

The Company pays sitting fees to all Directors except to Managing Director at the rate of Rs.2000/- for attending meeting of the Board and Audit Committee. The sitting fees paid for the year ended 31st March 2005 to the Directors are as follows:

Name of the Director	Sitting Fees(Rs.)
Mr. V. N. Masaldan	12000/-
Mr. D. C. Mathur	20000/-
Mr. G. L. Modi	2000/-
Mr. Govind Narain	10000/-
Mr. Sanjiv Narayan	20000/-
Mr. Rajneesh Malhotra	12000/-
Col. B. K. Rai	8000/-
Dr. S. Krishnamurthy	20000/-
Mr. Ram K. Gupta	10000/-
Mr. T.V. Subramaniam	4000/-
Total	118000/-

V MANAGEMENT

A. Management discussion and Analysis Report

- Industry Structure and Development** - Considering the fact that the demand for Colour TVs has gone-up and is expected to grow the industry is focusing on production of Glass Parts for Colour TVs. Keeping in view this fact, company has entered into a collaboration agreement with LG Phillips for manufacture of Glass Panels of all sizes for CPT.
- Opportunities and Threats** - As the purchasing power continues to increase steadily the demand for Colour TV is growing. Due to low level of penetration of Colour TVs in urban, semi-urban as well as rural market all these areas will continue to have increased demand in coming years for Colour TVs. Further global increase in demand specially from developing countries is expected. Hence, there is great opportunity for the company to manufacture the Glass Parts for Colour TVs. Lowering of custom duties on TV, Picture Tubes and Glass Parts poses a challenge for the industry. However, as the custom duties on all inputs of Glass is zero, the company can make reasonable profits by building volumes.
- Segment wise or Product wise performance** - During the year under review the company has been engaged in the production of Glass Parts for Television Picture Tube and in trading of Picture Tube Parts. The segment wise results are discussed in detail in notes to accounts.
- Outlook** - In the last couple of year industry has seen the trend that the demand for the pure flat Colour TVs has gone up and is expected to grow further. Considering this Company has already planned to produce Flat Tube Panel and Funnel.
- Risks and Concerns** - Under the Free Trade Agreement with Thailand the rate of duty on Colour TV and Tubes will go down to zero percent. However the TV and Tube industry in India has matured to face zero duty structure especially when the duty on inputs will also be zero. By building volumes, increasing efficiencies and cost reduction, the industry can face the Free Trade Agreement. Hardware industry is following up with Government for providing level playing field to enable it to compete in low duty rate regime.
- Internal Control Systems and their adequacy** - The company has internal control system and procedures commensurate with its size and nature of business. The internal control systems are supported by internal audit carried out by professional audit firms. These firms carry out extensive audit throughout the year covering almost all the areas of operation. The adequacy and effectiveness of the internal control, as well as compliance with the laid down systems and policies are comprehensively monitored by the internal auditors.