

HOTLINE GLASS LIMITED



Annual
REPORT
2006

15th

Annual



HOTLINE

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15th Annual Report 2006

BOARD OF DIRECTORS

Shri Anil Gupta – Chairman & Managing Director
Shri.D.C. Mathur
Shri Anuj Gupta
Shri Rajneesh Malhotra

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

52 A, Okhla Industrial Estate,
Phase – III,
New Delhi – 110 020
Phone No.: 26311601
Fax: 26916386

REGISTRAR

MCS Limited
Sri Venkatesh Bhavan,
W-40, Okhla Industrial Area, Phase - II
New Delhi – 110 020
Phone No. 41406149

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NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of Hotline Glass Limited will be held on Wednesday, 28th March, 2007 at 11:30 A.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 December 2006 and Report of the Directors and Auditors thereof.
2. To appoint a Director in place of Mr. D.C Mathur who retires by rotation and being eligible, offers himself for reappointment. Mr. D.C. Mathur holds 310 shares of the company.
3. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS

4. 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, Mr. Anuj Gupta, 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."
5. 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, 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."

For and on Behalf of Board of Directors

Sd/-
ANIL GUPTA
CHAIRMAN

PLACE : NEW DELHI
DATE : 16TH FEBRUARY, 2007

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 TO ITEM NO. 4 & 5

1. The Board of Directors of the Company at its meeting held on 13th January, 2007 appointed Mr. Anuj Gupta as an Additional Director, pursuant to Section 260 of the Companies Act, 1956 read with Article 92 of the Articles of Association of the Company, Mr. Anuj Gupta holds office only upto the date of this Annual General Meeting. Mr. Anuj Gupta is the Managing Director of Hotline Electronics Ltd. and is director J.D. Exim Pvt. Ltd, Hotline Teletube & Components Ltd. and Hotline CPT Limited. He is 29 years old and is associated with the Company for last four years. He is the son of the promoter director Mr. Anil Gupta. The Board considers it desirable to have the expertise of Mr. Anuj Gupta on the Board and recommends his appointment. 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. Anuj Gupta as Director of the Company. Except Mr. Anuj Gupta, none of the Directors of the Company is concerned or interested in the Resolution. Mr. Anuj Gupta holds 37,39,291 shares of the company.
2. The Board of Directors of the Company at its meeting held on 13th January, 2007 appointed Mr. Rajneesh Malhotra as an Additional Director, pursuant to Section 260 of the Companies Act, 1956 read with Article 92 of the Articles of Association of the Company, Mr. Rajneesh Malhotra holds office only upto the date of this Annual General Meeting. The Board considers it desirable to have the expertise of Mr. Rajneesh Malhotra on the Board and recommends his appointment. 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. Except Mr. Rajneesh Malhotra, none of the Directors of the Company is concerned or interested in the Resolution. Mr. Rajneesh Malhotra holds 200 shares of the company.

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 14th March 2007 to 28th March 2007 (both days inclusive).
3. 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.
4. The Company is maintaining its office in Delhi at 52A, 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.
5. 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.
5. 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 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 Fifteenth Annual Report together with the Audited Statement of Accounts of the company for the year ended 31st December 2006.

FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	Year ended 31 st December 2006	Year ended 31 st March 2006
Sales and Other Income	843	6420
Profit/(Loss) before Depreciation & Financial Expenses	(10196)	571
Financial Expenses	1052	291
Cash Profit/(Cash Loss)	(11248)	280
Depreciation & Misc. Exp. w. off	808	495
Net Profit/(Loss) before tax	(12056)	(215)
Income Tax:		
Tax Including FBT:	2	13
Deferred Tax:	(1241)	(57)
Net Profit/(Loss) After Tax	(10817)	(171)

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:

- (i) In the preparation of Annual Accounts for the year ended 31st December 2006, the applicable accounting standards have been followed.
(ii) The financial statements do give a true and fair view of the state of affairs of the company for the financial year ended 31st December 2006 and your directors have selected and applied the consistent accounting policies and the judgment and estimates made therein are reasonable and prudent.
(iii) Proper and sufficient care 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 have been ensured.
(iv) The Annual Accounts for the year ended 31st December 2006 have been prepared on a going concern basis.

OPERATIONS

As you are aware, Company has been facing problems and incurring losses due to faulty Government policy of allowing import of Colour picture tubes under Free Trade Agreement (FTA) with Thailand, at concessional rate of duty since September 2004 and at zero duty since September 2006. Due to this policy Hotline CPT Limited, the only buyer, has incurred huge losses. Hotline CPT Limited was not able to arrange for funds also which resulted in total stoppage of production and their demand for funnels.

During the current period Company also received letter from Stressed Asset Stabilization Fund revoking One Time Settlement scheme. Due to this, the Company had to provide entire amount of simple interest on IDBI loan.

Your company was initially producing Black and White tube Glass Parts. However, due to shift in demand from Black & white to Colour TV, for survival of the company, it had to convert the plant from Black & white Glass Parts to Colour Funnel Plant. This entailed an expenditure of approx. Rs. 20 crores. Despite requesting Banks and Institutions, no funding was provided by them and the conversion had to be done through internal resources. As the funnels were supplied to Hotline CPT Limited, a company promoted by your company, the company could survive. CPT manufacturers prefer to buy both Panel & Funnel for tube from one source. It is pertinent to note that in whole value chain from colour glass to colour picture tubes to Colour TV the maximum value addition is in Colour Glass (Panel & Funnel). Because of the competitive nature of the TV industry, on account of emerging new technologies, government policy of allowing imports of Colour Picture Tubes at zero duty, it became imperative for the company to venture into Colour Panel Project. By implementing this project your company could have emerged as profit making and customer centric company. Although the technology for manufacturing Glass Panels was scarce, your company could tie up with LG Philips U.K. for plant and technology.

Your company appointed SREJ Capital Market for arranging funds for panel project who could arrange only a small part of the total loan requirement. Despite best efforts funds for the project could not be arranged and the company had to make necessary provision for impairment of assets.

Company had invested Rs. 27 crores in promoting Hotline CPT Limited. Due to adverse government policy Hotline CPT Limited lost its entire net worth. The Company is also registered with BIFR. In view of this a provision of 50% is made in the investment.

Further a sum of Rs.46.84 crores are recoverable from Hotline CPT Limited. Considering the fact that Hotline CPT Limited has made continuous losses and is unable to pay its debts a provision of 40% is considered necessary by the Board.

As a result of continuous losses, the entire net worth of the Company has been eroded and Company has become a Sick Industrial Company with in the meaning of Section 3(1)(a) of Sick Industrial Companies Act, 1985. The Board of Directors have made an opinion that a reference should be filed at the earliest before Hon' able BIFR for the purpose of revival of the Company.

DIVIDEND

In view of losses in the current year your directors are not recommending any dividend.

FUTURE PROSPECTS

The CPT Industry witnessed sharp decline in the prices as a result of Government's policy to include Colour TV and Colour Picture Tubes in Early Harvest Scheme of Free Trade Agreement (FTA) with Thailand. Under the FTA, TV and tubes can now be imported at Zero duty. As your company is manufacturing glass parts for Colour Picture Tubes and there is good demand for Colour Picture Tubes in India, once the Government policy is corrected, the Company operations can revive.

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.

LISTING

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 2006-2007. The company has completed all the formalities for de-listing from Calcutta and Madhya Pradesh Stock Exchange.

DIRECTORS

Mr. D. C. Mathur retires by rotation and being eligible; offer himself for reappointment at the ensuing Annual General Meeting. During the year ended 31.12.2006 Mr. Sanjiv Narayan, Mr. Anuj Gupta, Mr. M.P. Rajan, Mr. G.L. Modi & Mr. Ram K. Gupta resigned from the Board. On 13th January 2007 Mr. Anuj Gupta and Mr. Rajneesh Malhotra were appointed as additional Director and Mr. V.N. Masaldan resigned w.e.f. 14th January 2007.

Brief resume of the Directors appointed/reappointed, as stipulated under 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 continuing 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.

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

OUTFLOW.

As per annexure.

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

PLACE : NEW DELHI

DATE: 16TH FEBRUARY, 2007

Sd/-

ANIL GUPTA

CHAIRMAN & MANAGING DIRECTOR

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

POWER & FUEL CONSUMPTION

		<u>CURRENT YEAR</u>	<u>PREV. YEAR</u>
1.	ELECTRICITY		
a.	Purchased		
	Units (KWH)	1023750	4741650
	Total Amount (Rs. in lacs)	68.82	222.68
	Rate / Unit (Rs.)	6.72	4.70
b.	Own Generation		
	(Through Diesel Generator)		
	Units (KWH)	18700	1274860
	Units per Ltr. of Diesel Oil	4.88	3.69
	Cost \ Unit (Rs.)	7.68	8.14
2.	H.S.D. FOR FURNACE		
	Quantity (K.L.)	9.300	157.037
	Total Cost (Rs. in lacs)	2.55	43.12
	Rate / Unit (Rs. per K.L.)	27453.62	27458.42
3.	F.O. / L.D.O. FOR FURNACE		
	Quantity (K.L.)	162.578	1850.051
	Total Cost (Rs. in lacs)	29.36	326.82
	Rate / Unit (Rs. per K.L.)	18059.49	17665.52
4.	PROPANE		
	Quantity (M.T.)	112.82	433.658
	Total Cost (Rs. in lacs)	34.21	133.94
	Rate / Unit (Rs. per M.T.)	30323.68	30887.22

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

	<u>STANDARDS</u> <u>(IF ANY)</u>	<u>THIS</u> <u>YEAR</u>	<u>PREVIOUS</u> <u>YEAR</u>
- ELECTRICITY	N.A.	0.00 KWH	5.81 KWH
- H.S.D. & L.D.O.	N.A.	0.00 LTR	2.09 LTR
- PROPANE	N.A.	0.00 KG	0.42 KG

B. RESEARCH & DEVELOPMENT

The company has strong Research & Development base. However due to very limited operations during the year there has been no significant change in the production techniques

C. FOREIGN EXCHANGE EARNING / OUTFLOW

Total foreign exchange outflow by Company during the period is Rs. 26.09. lacs for import of Raw Materials

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

(Clause 49 of the Listing Agreement as amended up to date)

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.

I BOARD OF DIRECTORS

A. Composition of Board

As on 31st December 2006, the Board of Directors consists of three directors, out of which two are non-executive directors. 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	5	2
Mr. V. N. Masaldan	Independent NonExecutive Director	Director	4	8	NIL
Mr. D. C. Mathur	Independent Non Executive Director	Director	3	8	4

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 as defined in clause 49 of the listing agreement.

B. None of the non-executive directors has any pecuniary relationship with the company.

C. 1. During the year, the Board of Directors of your company has met 6 times. The dates on which the meetings were held are 22.4.2006, 28.7.2006, 23.8.2006, 30.09.2006, 28.10.2006 and 17.11.2006 and the gap requirement of four months 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	5	No
Mr. V. N. Masaldan	6	6	Yes
Mr. D. C. Mathur	6	6	Yes
Mr. Sanjiv Narayan*	6	6	Yes
Mr. G. L. Modi*	6	NIL	No
Mr. Anuj Gupta*	6	6	Yes
Mr. Ram K. Gupta*	6	5	No
Mr. M. P. Rajan*	6	5	Yes

* Mr. Sanjiv Narayan, Mr. G.L. Modi, Mr. M.P. Rajan, Mr. Ram K. Gupta and Mr. Anuj Gupta, resigned from Directorship and approved 17.11.2006.

2. 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.

D. Code Of Conduct

The board had laid down a code of conduct for all the board members and senior management personnel of the company, which is also available on the website of the company. All Board Members and Senior Management Personnel to whom the code of conduct is applicable have affirmed compliance with the code. The Declaration to this effect by C.E.O. is enclosed

II 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 initially comprised of Mr. Sanjiv Narayan, Mr. M.P. Rajan and Mr. D. C. Mathur. Subsequent to the resignation of Mr. Sanjiv Narayan and Mr. M.P. Rajan, Mr. Anil Gupta and Mr. V.N. Masaldan were appointed as Audit committee members and Mr. D.C. Mathur became the chairman of the Audit Committee as on 31.12.2006

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.

Mr. Anil Gupta is the main promoter of Hotline Group of Companies and has more than 35 years of business experience. He has been awarded with "Electronic Man of the Year" award in the year 2001 by CETMA and also a similar award by 'Electronics for You' magazine in the year 2005. He has also been honoured with "Udyog Ratna" award by Government of Madhya Pradesh in April 2005.

Mr. V. N. Masaldan is a law graduate. He possesses 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 is also member of Shareholder Grievance Committee of your company and Hotline Teletube & Components Ltd.

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

B. During the year, the Audit Committee has met 5 times and the gap between two meetings was less than four months. The dates on which the meetings were held are 22.04.2006, 28.07.2006, 23.08.2006, 28.10.2006, and 17.11.2006.

Name	Number of meetings held during the year	Number of meetings attended during the year
Mr. Sanjiv Narayan	5	5
Mr. M.P. Rajan	5	5
Mr. D.C. Mathur	5	5
Mr. Anil Gupta*	5	1
Mr. V.N. Masaldan*	5	1

(*appointed on 17.11.2006 only)

The Internal Auditor was present in the Audit Committee meetings as stipulated in the code but the Finance head was granted leave for attendance.

The representative of External Auditor participated in Audit Committee Meeting held for review of Annual Accounts.

The Chairman of the Audit Committee is present in the AGM to answer shareholders queries.

C. Power Of Audit Committee

The Audit Committee inter alia, has following powers

1. To investigate any activity within terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure the attendance of outsiders with relevant expertise, if considers necessary.

D. Role of Audit Committee

The role of audit committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, the reappointment and, if required, replacement or removal of statutory auditors and the fixation of audit fee.
3. Approval of payment to statutory auditors for any other services rendered by statutory auditors
4. Reviewing, with the management, the annual financial statements before submission to the Board, with particular reference to :
 - a. Matters required to be included in the Directors Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit finding.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing with the management, performance of statutory and internal auditors, and the adequacy of internal control system.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit..
8. Discussion with the internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors in to matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the board.
10. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look in to reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism.
13. Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

E. Review of Information By Audit Committee

The Audit Committee reviews the following information:

1. Management discussion and analysis of the financial condition and results of the operation;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
3. Management letters / letters of internal control weaknesses issued by Statutory Auditors;
4. Internal Audit reports relating to internal control weaknesses ; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor are subject to review by the Audit Committee.

III The Company does not have any subsidiary Company.

IV DISCLOSURES

A. Related party transactions and its details as given in Clause 49 are placed before Audit Committee.

B. While preparing the financial statements, the company has followed prescribed accounting standards..

C. Your Company has established the adequate procedures for the purpose of ensuring that identified risk is effectively managed through properly defined framework.

D. During the year the Company has not raised any funds by way of Public Issues, Right Issues Preferential Issues etc.

E. Remuneration of Directors

The company does not have any pecuniary relationship with any Non-Executive Directors. The sitting fees paid for the year ended 31st December 2006 to the Directors are as follows:

Name of the Director	Sitting Fees(Rs.)	No. of Shares
Mr. Anil Gupta	NIL	2,58,74,840
Mr. V. N. Masaldan	5000/-	10
Mr. D. C. Mathur	10000/-	310
Mr. G. L. Modi	NIL	NIL
Mr. Sanjiv Narayan	10000/-	8710
Mr. Ram K. Gupta	5000/-	NIL
Mr. Anuj Gupta	5000/-	37,39,291
Mr. M. P. Rajan	10000/-	NIL
Total	45000/-	

The Company has paid sitting fees to all Directors except to Managing Director at the rate of Rs. 5000/- up to 23-04-2006 only. Due to the current financial problem it was mutually decided not to continue with the payment of sitting fees.

F. MANAGEMENT

Management discussion and Analysis Report

Industry Structure and Development – The business of the company is directly related to the business of TV Industry. The company is producing Glass parts for Colour Picture Tubes. The business of the company is dependant upon the working of Hotline CPT Ltd to whom it has been supplying Glass Parts.

Opportunities and Threats – Lower penetration level in domestic market creates good opportunity for the company as demand for TV is expected to go up with the rural electrification. The expected increase in demand, especially in rural area, is an opportunity for the company to manufacture Glass Parts for Colour TV.

The company is facing threat due to lowering of duties on Colour Picture Tubes under Free Trade Agreement with Thailand. As per the Free Trade Agreement the rate of Import duty has gone down to 0% w.e.f. September 2006. This has seriously affected the working of Hotline CPT Ltd, which in turns has adversely affected the business of our company. Further non availability of funds to Hotline CPT Ltd has hampered the production of Hotline CPT and its operations have come to a grinding halt. Due to this there is no demand from Hotline CPT Limited.

Segment wise or Product wise performance – 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 – Though the outlook of TV Industry appears to be a good in long run, non availability of funds to Hotline CPT Ltd and government policy of allowing Import for Colour Picture Tube at zero duty under Free Trade Agreement from Thailand has seriously affected the business of the Company.

Despite best efforts from the Company, funds are not provided by Banks, Institutions for Panel Project. The company has also tried for financing from private funds. However till date the financial closure could not be done. In the absence of funding it is doubtful if the panel project could be started. Accordingly necessary provision is made in accounts for impairment of plant, as per accounting standards

Risks and Concerns – The biggest risk for the company is stoppage of production of Hotline CPT Ltd., which has been caused by lowering of prices of Colour Picture Tubes due the Free Trade Agreement with Thailand. It has been informed that Hotline CPT Ltd. tried for funds to run its operation. However even after making detail study, no bank provided need base funds to Hotline CPT Ltd. This resulted in stoppage of the production of Hotline CPT Ltd. As there is no demand of Hotline CPT Ltd., the production of Hotline Glass Ltd. is also stopped.

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 internally. 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.

The Internal Audit Reports of the Internal Auditors are discussed at the Audit Committee Meetings and appropriate corrective steps have been taken.

Discussions on financial performance with respect to operational performance – During the year under review, the company have incurred a net loss before tax of Rs.120.56 Crores as against net loss before tax of Rs. 2.15 Crores in the year 2005-2006. The losses are high due to low volume of production caused by low demand. Further the company has made provisions for impairment of Glass Panel Equipments, investment in Hotline CPT Limited and for the amount recoverable from Hotline CPT Limited as explained in the notes to accounts.

Material developments in Human Resources/Industrial Relations front, including number of people employed – Your Company believes in employee's involvement in achieving the organizational objectives and focused its efforts to upgrade the skills of its workforce to take up the challenges in present cutthroat competition.

Your company is conscious and committed in providing equal opportunities to the employees to excel in their work and advance themselves in their career depending on their abilities.

The company provides in-house training to its employees and maintaining safety and healthy environment for workers working within the factory premises.

The company employs 346 workers. As a result of sound Human Resources policies the industrial as well as labour relations have been good and cordial.

G SHAREHOLDERS

1. Appointment of Directors

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:-

- a. 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. He holds 310 shares of the company.
- b. Mr. Rajneesh Malhotra has to his credit vast experience especially in the field of TV manufacturing and Electronics industry. He is 51 years old and is currently the Managing Director of Hotline Display Devices Limited and is director of Fusebase Eltoro (P) Limited.
- c. Mr. Anuj Gupta is the Managing Director of Hotline Electronics Ltd. and is director J.D. Exim Pvt. Ltd, Fusebase Eltoro Private Limited, Hotline Teletube & Components Limited and Hotline CPT Limited. He is 29 years old and is associated with the Company for last four years. He is the son of the promoter director Mr. Anil Gupta and he holds 37,39,291 shares.

2. Quarterly results and presentation made by the company to the analyst has been sent in such form so as to enable the stock exchange on which the company is listed to put its own web site.

3. The Board has constituted Shareholder's Grievance Committee of Directors in order to meet the requirement of Clause 49 of the Listing Agreement of the Stock Exchanges.

a. Composition of Committee

Shareholders' Grievance Committee initially comprised of Mr. D. C. Mathur, Chairman, a Non-Executive Director, Mr. Sanjiv Narayan and Mr. V. N. Masaldan, subsequently Mr. Anil Gupta has been appointed to this committee. However, the Board has delegated the power of redressal of Investor Grievances to registrar and share transfer agent who processes the investor grievance within the year of 10 days from the date of receipt. The committee oversees the performance of the Registrar and Transfer Agent, and recommends measures for overall improvement in the quality of Investor services.

b. Meetings and Attendance during the year

During the year Shareholders Grievance Committee met twice. The dates on which the meetings were held are 22.04.2006 and 28.10.2006. All the members were present in both the meetings.

c. Details of queries/complaints received and resolved during the year 2006

Name of Compliance Officer : Prateek Katiyar

Designation of Compliance Officer : Asst. Company Secretary

This committee monitors complaints of shareholders relating to transfer of shares, non-receipt of balance sheet, dividend, interest etc. The details of Shareholders Grievance are as follows:-

No. of Complaints received during the year	22
No. of Complaints resolved during the year	22
Pending Complaints at the end of the financial year	NIL

4. The Board has constituted Share Transfer Committee in order to meet the requirements of Clause 49 of the Listing Agreement of the Stock Exchanges.

The Share Transfer Committee initially comprised of Mr. Anil Gupta, Chairman, an Executive Director, Mr. Sanjiv Narayan and Mr. D. C. Mathur subsequent to the resignation of Mr. Sanjiv Narayan, Mr. V.N. Masaldan was taken on the committee. The Board has designated the Asst. Company Secretary as the compliance officer of the Company. The Board has delegated the power of Share Transfer to Registrar and Share Transfer Agent who processes and approves the shares sent for transfer, transmission etc. and normally meets twice in a month. The Committee oversees the performance of the Registrar and Transfer Agent, and recommends measures for overall improvement in the quality of share transfer.

V CEO/CFO CERIFICATION

Certificate as required by clause 49 of the Listing Agreement is enclosed.

VI GENERAL BODY MEETINGS

The details of last three Annual General Meetings (AGM) of shareholders held are as under:

Year	Date	Location	Time	Whether Special Resolution Passed
2003-2004	30 th September, 2004	139, Malanpur Industrial Area, Distt. Bhind, (M.P.)	12:30P.M.	Yes
2004-2005	30 th September, 2005	GBA 1-3, Ghironghi Indl. Area, Malanpur, Distt. Bhind. M.P.	12:30P.M.	Yes
2005-2006	30 th September, 2006	GBA 1-3, Ghironghi Indl. Area, Malanpur, Distt. Bhind. M.P.	12:30P.M	No

There was no item which required approval through postal ballot during the year.

VII DISCLOSURES

A. Transactions of material nature has been entered into by the company with promoters, directors or the management, their subsidiaries or relatives etc. form part of the Notes to the Accounts

B. The Company has complied with all the requirements of the Listing Agreement with Stock Exchanges, SEBI and other Statutory and Regulatory Authorities on capital market. No penalties or strictures have been imposed on your company by the Stock Exchanges, SEBI and other Statutory and Regulatory Authorities in connection with violation of capital market norms, rules, regulations etc. in the last three years.

C. During 2006, no transactions of material nature had been entered into by the company with the management or their relatives that may have a potential conflict with interests of the company.

D. The company has complied with all mandatory requirements of the Clause 49 and out of non mandatory requirements has adopted only Whistle Blower Policy.

L.	Dematerialisation of Shares	As at 31 st December, 2006, approx.72.72% of total Equity Share capital is held in electronic form with NSDL and CDSL. These shares are frequently traded on Mumbai Stock Exchange
M.	Registered Office and Works	CBG 7 – 51, Ghirongi Industrial Area, Malanpur, Distt. Bhand (M.P.)
N.	Plant Location	CBG 7- 51, Ghirongi Industrial Area, Malanpur, Distt. Bhand (M.P.)
O.	Corporate Office	52 A, Okhla Industrial Estate, Phase -III, New Delhi – 110020.
P.	Address for communication	Shareholders correspondence should be addressed to the company at the Regd. Office of the Company or at Corporate Office of the Company.

We, Anil Gupta, Chief Executive Officer and Dinesh Tiwari, Chief Financial Officer, responsible for the finance function and the compliance of the Code of Conduct of the company certify that

- a) We have review Financial statements and the cash flow statement for the year and that to the best of his knowledge and belief that :
- These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading ;
 - These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief no transaction entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal controls systems of the company pertaining to the financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we were aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) During the year there were no -
- Changes in internal control.
 - Changes in accounting policies; and
 - Instances of fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Date
21.01.07

sd/-
Anil Gupta
Chief Executive Officer

sd/-
Dinesh Tiwari
Chief Financial Officer

Declaration as required under Clause 49 of the Listing Agreement

All Directors and senior management of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st December, 2006.

Date
21.01.07

sd/-
Anil Gupta
Chief Executive Officer

Auditors' Certificate on Compliance of Corporate Governance Under Clause 49 of the Listing Agreement

To,
The Members of
Hotline Glass Ltd.

We have examined the compliance of the conditions of Corporate Governance by **Hotline Glass Ltd.** for the year ended on 31st December 2006 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange with the relevant records and documents maintained by the Company furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of our review and according to the information and explanations given to us, we state that in respect of investor grievances received during the year ended 31st December 2006 no investor grievances are pending against the Company for a period exceeding one month as certified by the Registrar & Share Transfer Agent of the Company which has also been taken on record by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S.S. KOTHARI MEHTA & CO.**
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI
DATE : 16th February 2007

Sd/-
YOGESH K.GUPTA
PARTNER
MEMBERSHIP NO.: 93214

AUDITORS' REPORT

To,

**The Members,
Hotline Glass Limited,
Malanpur, M.P.**

1. We have audited the attached balance sheet of **Hotline Glass Limited** as at 31st December 2006, the Profit and Loss Account and the Cash Flow Statement for the period ended as on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standard generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 [as amended by the Companies (Auditors Report) (Amendment) Order, 2004] issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give our comments in the annexure on the matters specified in the order to the extent applicable to the Company.
4. *The amount of Rs.92,47,39,633/- shown under extra ordinary items in Schedule - XIV and explained in Note No. B-3, B-6 & B-7 of Schedule - XV of above stated financial statements have been provided for based on management's assessment of its operations. This being a technical matter and in the absence of independent assessment/confirmation, we are unable to form an opinion on the adequacy of the same. The impact for the same on the loss for the current financial period, if any, is unascertained.*
5. Subject to the comment at point no. 4 above and further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (v) On the basis of written representation received from the directors as on 31st Dec 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st December 2006 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) Subject to the observation in para no. 4 above in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st December, 2006; and
 - (b) in the case of Profit and Loss Account, of the loss for the period ended on that date.
 - (c) in the case of Cash Flow statement, of the cash flows for the period ended on that date.

For **S.S.KOTHARI MEHTA & CO.**
Chartered Accountants

Place: **New Delhi**
Date: **16th February 2007**

Sd/-
YOGESH K. GUPTA
Partner
Membership No. 93214

ANNEXURE TO THE AUDITORS' REPORT

(As referred in paragraph 3 of our report to The Members of **HOTLINE GLASS LIMITED** on the accounts for the period ended 31st December 2006)

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the period and no material discrepancies between the book records and the physical inventory have been noticed.
- c) The company has not disposed off any substantial part of its fixed assets, which has any effect on its going concern during the period in the case of existing operating unit. However, the company has impaired its Panel Project, which was in installation stage. Accordingly, the company has impaired the Plant & Machinery and written off of related Pre-Operative Expenditure pending allocation. (Refer Note No. B-3 of Schedule XV)
- (ii) a) The inventory, except lying with the outside parties, has been physically verified by the management during the period. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory as far as we could ascertain and no material discrepancies have been noticed between the physical stock and the book records.
- (iii) a) During the period, as per the information and explanations provided to us, the company has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act 1956, therefore provisions of Clause (iii) (a), (b), (c) & (d) of Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- b) During the period, as per the information and explanations provided to us, the company has not taken any loan secured or unsecured from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act 1956, therefore provisions of Clause (iii) (e), (f) & (g) of Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system of the company.

HOTLINE GLASS LIMITED

- (v) a) As per information and explanations given to us by the management, we are of the opinion that all the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 and need to be entered in to the register maintained under that section have been so entered.
- b) As far as we could ascertain on the basis of our selective checking and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees 5 lacs in respect of any party during the period have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits during the period under report from the public under Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956. Therefore, the provisions of Clause 4(vi) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (vii) In our opinion, the Company has a reasonable internal audit system commensurate with the size and nature of its business.
- (viii) We have been informed that the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the period under review.
- (ix) a) *The company is not regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth Tax, Service Tax, Custom Duty. In case of Excise Duty, the dues have been paid within the extended period with interest as prescribed in the relevant Central Excise Rules.*
- b) *According to the information and explanations given to us, the company has not deposited the Electricity Duty amounting to Rs. 27,53,067/- (including Rs. 27,47,445/- pending for more than six months from the date it become payable). In addition to this, the Company has also not deposited the VAT amount to Rs. 71,56,641/- (including Rs. 28,46,955/- pending for more than six months from the date it become payable).*
- c) The details of sales tax/income tax/custom duty/wealth tax/service Tax/excise duty/cess, which have not been deposited on account of dispute are given hereunder:

S.No.	Name of Statute	Nature of Dues	Amount (in Rs.)	Period	Forum at Which dispute is pending
1.	The Central Excise Act, 1944	Excise Duty	3,03,329	2002-03	Assintant Commissioner
2.	The Central Excise Act, 1944	Excise Duty \$	7,79,130	2002-03 & 2004-05	CESTAT
3.	MP Commercial Tax Act, 1994	Entry Tax*	15,96,252	2000-01	Commercial Tax Appellate Board (MP)
			750,609	2001-02	Commissioner (Appeals)
4.	MP Commercial Tax Act, 1994	Commercial Tax^	3,26,739	1997-98	Commercial Tax Appellate Board (MP)
			1,48,553	2000-01 & 2001-02	Commissioner (Appeals)
5.	Central Sales Tax Act, 1956	Sales Tax#	54,11,648	2003-04	Additional Commissioner

\$ Excluding Rs. 25,000 deposited under protest.

* Excluding Rs. 2,21,702 and Rs. 3,99,064 for 2000-01 and Rs. 83,401/- for 2001-02 deposited under protest.

^ Excluding Rs. 1,27,071 for 1997-98, Rs. 3,264 for 2000-01 and Rs. 13,243 for 2001-02 deposited under protest

Excluding Rs. 50,000 deposited under protest

- (x) Keeping in the view the provisions considered by the management as also referred in para no. 4 of the main audit report above, the accumulated losses of the company are more than net worth as at 31st December 2006. Further, the company has incurred cash losses during the current period while it has not incurred cash losses in previous financial year ended 31st March 2006.
- (xi) According to the information and explanations given to us, the company has defaulted in repayment of dues of Financial Institution and banks as per the details given below:

Particulars	Nature of Dues	Total amount due as on date (in Rs.)	Commencement of Default
Debentures	Principal	30,11,22,262	Nov 2003
	Funded Interest	3,88,47,984	
	Interest	10,92,25,917	
Devolved Letter of Credits	Principal	7,50,34,663	Dec 2005
	Interest & Other Charges	1,31,77,456	
Cash Credit Limits	Principal	2,48,83,043	Dec 2006
	Interest	77,79,057	Mar 2006
Working Capital Demand Loan	Principal	7,95,00,000	Dec 2006
	Interest	92,97,810	Mar 2006

- (xii) The company has not granted any loans on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (xv) According to the information & explanations given to us, the Company has given Corporate Guarantee for loans taken by its related parties from Bank / Financial Institutions. In our opinion, the terms and conditions of such guarantee are not prejudicial to the interest of the Company.
- (xvi) To the best of our information and knowledge and as per records verified by us, the company has applied its term loans for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The company has not made any allotment of shares during the period under report.
- (xix) During the period the company has not issued any fresh debentures therefore the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (xx) The company has not raised its share capital during the period under report, therefore, the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit for the period ended 31st December 2006.

For S.S.KOTHARI MEHTA & CO.
Chartered Accountants

sd/-
Yogesh K. Gupta
Partner

Place: New Delhi
Date: 16th February 2007

Membership No.: 93214

HOTLINE GLASS LIMITED

BALANCE SHEET AS AT 31st DECEMBER, 2006

		(IN RUPEES)	
<u>SCHEDULE</u>		AS AT <u>31.12.06</u>	AS AT <u>31.03.06</u>
I. SOURCES OF FUNDS			
1) SHAREHOLDERS' FUNDS			
a) Share Capital	I	79,95,92,600	79,95,92,100
b) Reserves & Surplus	II	11,38,44,000	18,62,37,751
2) LOAN FUNDS			
a) Secured Loans	III	94,70,18,192	83,12,45,629
b) Unsecured Loans	IV	47,60,63,234	47,54,21,629
3) DEFERED TAX (Net)		<u>-</u>	<u>12,40,57,831</u>
	TOTAL	<u>2,33,65,18,026</u>	<u>2,41,65,54,940</u>
II. APPLICATION OF FUNDS			
1) FIXED ASSETS			
a) Gross Block	V	1,57,09,24,568	1,57,00,35,805
b) Less : Depreciation		<u>87,38,86,069</u>	<u>79,37,13,578</u>
c) Net Block		69,70,38,499	77,63,22,227
d) Capital Work in Progress		<u>25,23,92,015</u>	<u>73,71,50,327</u>
		94,94,30,514	1,51,34,72,554
2) PROJECT & PRE-OPERATIVE EXPENDITURES PENDING ALLOCATION TO FIXED ASSETS	VI		7,74,84,549
3) INVESTMENTS	VII	13,50,00,000	27,00,00,000
4) CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories		8,38,44,612	17,87,02,105
b) Sundry Debtors		28,49,87,790	44,50,71,435
c) Cash & Bank Balances		4,25,636	12,94,792
d) Other Current Assets		13,70,108	8,72,148
e) Loans & Advances		<u>4,37,23,909</u>	<u>86,208,813</u>
		41,43,52,055	71,21,49,293
Less :			
CURRENT LIABILITIES & PROVISIONS	IX		
a) Current Liabilities		16,44,80,389	14,93,27,221
b) Provisions		<u>70,78,449</u>	<u>72,24,235</u>
Net Current Assets		17,15,58,838	15,65,51,456
		24,27,93,217	55,55,97,837
5) PROFIT & LOSS ACCOUNT		1,00,92,94,295	-
	TOTAL	<u>2,33,65,18,026</u>	<u>2,41,65,54,940</u>



Accounting Policies & Practices and Notes to Accounts

The Schedules referred above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our Report of even date.

**For S. S. KOTHARI MEHTA & CO,
CHARTERED ACCOUNTANTS**

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
**YOGESH K.GUPTA
PARTNER**

Sd/-
**D.C. MATHUR
DIRECTOR**

Sd/-
**ANIL GUPTA
CHAIRMAN & MANAGING DIRECTOR**

PLACE : NEW DELHI
DATE : 16th February 2007

HOTLINE GLASS LIMITED

PROFIT & LOSS ACCOUNT FOR 9 MONTHS ENDED 31st DECEMBER, 2006

(IN RUPEES)

	<u>SCHEDULE</u>	<u>THIS YEAR</u>	<u>PREVIOUS YEAR</u>
INCOME			
Sales		8,17,78,452	62,64,59,761
Less: Excise Duty Recovered on Sales		<u>95,75,876</u>	<u>7,81,24,629</u>
Net Sales		7,22,02,576	54,83,35,132
Job Work (Including TDS of Rs. 10,441/- & Previous year Rs. 95,885/-)		4,66,890	1,06,51,924
Other Income	X	20,14,044	46,23,889
Increase/(-) Decrease in Stocks	XI	<u>(7,08,48,124)</u>	<u>13,83,82,820</u>
		<u>38,35,386</u>	<u>42,52,28,125</u>
EXPENDITURE			
Raw Material Consumption and Other Manufacturing Expenses	XII	6,20,62,446	32,75,53,266
Other Expenses	XIII	14,18,22,891	6,96,73,752
Depreciation	V	<u>8,07,71,417</u>	<u>4,94,76,231</u>
		<u>28,46,56,754</u>	<u>44,67,03,249</u>
Net Profit/(-)Loss for the year before Extra Ordinary Items & Tax		(28,08,21,368)	(2,14,75,124)
Extra Ordinary Items	XIV	<u>92,47,39,633</u>	-
Net Profit/(-)Loss for the year after Extra Ordinary Items & before Tax		(1,20,55,61,001)	(2,14,75,124)
Provision for Wealth Tax		-	-
Provision for Income Tax		-	-
- Current Tax		-	-
- Fringe Benefit Tax		1,84,876	3,48,718
- Deferred Tax		<u>(12,40,57,831)</u>	<u>(56,45,148)</u>
Net Profit/(-)Loss for the year after Tax		(1,08,16,88,046)	(1,61,78,694)
- Tax for Earlier Years		-	9,33,784
Profit/(-)Loss brought forward from previous year		<u>7,23,93,751</u>	<u>8,95,06,229</u>
Balance carried to Balance Sheet		<u>(1,00,92,94,295)</u>	<u>7,23,93,751</u>
Earning per Share (Refer Note B-17 of Sch-XV)			
- Basic Extraordinary Items - Basic & Diluted		(1.96)	(0.21)
- After Extraordinary Items - Basic & Diluted		(13.53)	(0.21)
- Face value per Equity share		10.00	10.00

Accounting Policies & Practices and Notes to Accounts XV

The Schedule referred above form an integral part of the Profit & Loss Account. This is the Profit & Loss Account referred to in our Report of even date.

For S. S. KOTHARI MEHTA & CO,
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
YOGESH K. GUPTA
PARTNER

Sd/-
D. C. MATHUR
DIRECTOR

Sd/-
ANIL GUPTA
CHAIRMAN & MANAGING DIRECTOR

PLACE : NEW DELHI
DATE : 16th February 2007

HOTLINE GLASS LIMITED

	(IN RUPEES)	AS AT
SCHEDULE - I	31.12.06	31.03.06
SHARE CAPITAL		
Authorised		
8,00,00,000 Equity Shares of Rs. 10/- each	80,00,00,000	80,00,00,000
Issued & Subscribed		
8,00,00,000 Equity Shares of Rs. 10/- each	80,00,00,000	80,00,00,000
Paid Up		
8,00,00,000 Equity Shares of Rs. 10/- each fully called up	80,00,00,000	80,00,00,000
Less : Calls in Arrears from other than Directors	4,07,400	4,07,900
	79,95,92,600	79,95,92,100

Out of above 1,15,48,000 Equity Shares have been allotted as fully paid up pursuant to a Contract for the supply of Plant without payment being received in Cash.

SCHEDULE - II RESERVES & SURPLUS

- Debenture Redemption Reserve			
Opening Balance	11,23,44,000		11,23,44,000
Addition / Adjustments	-		-
	11,23,44,000		11,23,44,000
- Capital Subsidy			
Opening Balance	15,00,000		15,00,000
Addition / Adjustments	-		-
	15,00,000		15,00,000
- Profit & Loss Account			7,23,93,751
		11,38,44,000	18,62,37,751

SCHEDULE - III SECURED LOANS

A) Debentures			
i) 12.5% Redeemable Non Convertible * Debentures issued on a Private Placement basis to Industrial Development Bank of India	30,11,22,262		30,11,22,262
ii) Funded Interest*	3,88,47,984		3,88,47,984
iii) Interest accrued & due thereon	10,92,25,917		3,47,11,891
B) Term Loan - From Others \$	25,50,00,000		25,50,00,000
Interest accrued & due thereon	3,31,50,000		1,02,00,000
C) Working Capital Loans - From Banks#			
i) Working Capital Demand Loan	7,95,00,000		7,95,00,000
Interest Accrued & Due thereon	92,97,810		9,39,935
ii) Working Capital Limits@	12,08,74,219		11,09,23,557
	94,70,18,192		83,12,45,629

- *- Secured by charge by way of first mortgage created on the Company's immovable properties, both present & future, and by way of hypothecation of all the Company's moveable properties (save & except Book Debts), both present & future, subject to prior charge created and/or to be created in favour of the bankers for working capital requirement. Also secured by personal guarantee of a Director.
- They are further secured by first charge created on 15th September, 1999 by way of creation of Debenture Trust Deed in favour of the Trustees of all the Company's immovable properties situated at Gujrat.
- Debentures which were redeemable in 20 equal monthly installments commencing from 10th November, 2003 in terms of the earlier negotiated settlement, with IDBI.
- These are further secured by pledge of 1,53,34,432 Shares of Hotline Glass Limited held by promoters as Collateral security.
- In case of default in redemption of debentures or payments of three consecutive installments of interest thereon, the financial institution has an option to convert at its option the whole of the outstanding debentures or a part not exceeding 20% of the debentures which ever is lower into fully paid up equity shares of the company at par.
- \$- Secured by way of first & exclusive charge / mortgage over the lease hold land of one of the Group Companies.
- Charge over the equipments of the company purchased from M/s L G Philips Display.
- Pledge of 1190000 shares of the Company held by promoters.
- Further secured by corporate guarantee of one of the group companies and personal guarantee of one of the promoters, which shall be further secured by a charge over 8100000 shares of held by him.
- In case of default in payment or repayment of two consecutive installment of principal amounts of the loan(s) or interest thereon or any combination thereof, then the lender has the right to convert at its options the whole of the outstanding amount of the loans into fully paid-up equity shares of the company.
- #- Secured by way of hypothecation of all present & future stocks, book debts, documentary bills and by way of second charge on Fixed Assets. However it is to be further extended on the enhanced working capital limit. Further secured by personal guarantee of Director and Corporate guarantee of one of the promoting Companies.
- @- Includes Rs. 8,82,12,119/- (Prev. year Rs.8,01,84,819/-)-on account of Devolved Letter of Credits.

	(IN RUPEES)	AS AT
SCHEDULE - IV	31.12.06	31.03.06
UNSECURED LOANS		
From Director	1,00,000	1,00,000
From Deferred Creditors for Capital Goods*	47,59,63,234	47,53,21,629
	47,60,63,234	47,54,21,629

* Secured by personal guarantee of a Director of the company

SCHEDULE - V
FIXED ASSETS

(IN RUPEES)

PARTICULARS	GROSS BLOCK			DEPRECIATION			IMPAIRMENT LOSS	NET BLOCK			
	AS AT 01.04.06	ADDITION/ ADJUSTMENT**	SALES/ ADJUSTMENT	AS AT 31.12.06	AS AT 01.04.06	FOR THE PERIOD		ON SALE/ TRANSFER	AS AT 31.12.06	FOR THE PERIOD	AS AT 31.12.06
Freehold Land	176800	-	-	176800	-	-	-	-	-	178000	176800
Leasehold Land	5431602	-	-	5431602	701369	41336	-	742705	-	4688897	4730233
Factory Building	81210721	-	-	81210721	28378920	2043618	-	30422538	-	50788183	52831801
Other Building	24363961	-	-	24363961	3394690	29920	-	3693899	-	20670062	20969271
Plant & Machinery	1376656644	1806855	-	1378463499	713055768	75145318	-	788201086	-	590262413	63600876
Electric Installation	67593056	-	-	67593056	38322860	2688907	-	41011761	-	26581289	29270196
Furniture & Fixture	4135290	-	-	4135290	3087168	105245	-	3192413	-	942877	1048122
Vehicles	3880692	-	918092	2962600	2773477	236113	602638	2406952	-	555648	1107215
Other Assets	6587039	-	-	6587039	3999326	215383	-	4214709	-	2372330	2587713
Sub Total	1570035805	1806855	918092	1570924568	793713578	80775129	@ 602638	873886069	-	697038499	776322227
Capital Work in Progress	737150327	9756511	7355762	739551076	\$ -	-	-	-	487159061	252392015	737150327
Total	2307186132	11563366	8273854	2310475644	793713578	80775129	602638	873886069	487159061	949430514	1513472554
Previous year	2173289744	141725208	7828820	2307186132	744844440	49481158	@ 612020	793713578	-	1513472554	1428445304

* Leasehold Land premium written off.

**Include Loss Rs. 6,41,605/- (Previous year net loss of Rs. 37,84,010/-) on account of change in liability due to foreign exchange fluctuation

@Capitalised through Pre-operative Expenditure amounting to Rs. 3,712/- (Previous year Rs. 4,927/-)

\$ Including Machinery warehoused under Custom Controlled Warehouse amounting to Rs. 64,95,45,414/-

SCHEDULE - VI
**PROJECT & PRE-OPERATIVE EXPENDITURE
PENDING ALLOCATION TO FIXED ASSETS**

 AS AT
31.12.06

(IN RUPEES)

 AS AT
31.03.06

Salaries, Wages & Other benefits	35,64,935	1,22,07,660
Contribution to Provident & Other Funds	3,17,109	10,42,581
Staff Welfare Expenses	-	78,960
Depreciation	3,712	56,221
Rates, Taxes & Fees	-	2,01,868
Traveling & Conveyance	2,66,323	33,51,790
Communication Expenses	25,706	1,24,450
Printing & Stationery	-	50,109
Insurance Expense	1,30,611	85,353
Legal & Professional Expenses	31,100	7,63,860
Repair & Maintenance Vehicles	95,371	4,42,513
Repair & Maintenance Other	202	28,537
Fringe Benefit Tax	17,139	80,528
Miscellaneous Expenses	4,53,901	10,54,386
Interest	3,63,65,354	5,79,70,625
Bank Charges	1,580	79,394
Total Pre Operative Expenditure	4,12,73,043	7,76,18,835
Less: Pre Operative Income	-	-
Miscellaneous Income	-	1,34,286
Total Pre Operative Expenditure for the period	4,12,73,043	7,74,84,549
Add: Expenses brought forward from previous year	7,74,84,549	0
Total Pre Operative Expenditure	1,18,75,592	7,74,84,549
Less: Allocated to Capital work in Progress - Building	35,45,633	-
Less: Pre-Operative Expenses Written off	11,52,11,959	-
Net Pre Operating Expenditure pending allocation to Fixed Assets	-	7,74,84,549

SCHEDULE - VII
INVESTMENTS

(Long Term, at cost)

UNQUOTED - Trade

Equity Shares*		
2,70,00,000 Shares of Rs. 10/- each for cash at par of Hotline CPT Limited	27,00,00,000	27,00,00,000
Less: Provision for Diminution in Investments	13,50,00,000	-
	<u>13,50,00,000</u>	<u>27,00,00,000</u>

* Pledged with Industrial Development Bank of India as an additional security for securing loans advanced to Hotline CPT Limited, under the terms of Project Transfer Agreement to transfer assets and liabilities of Hotline Teletube & Components Limited (Colour Picture Tubes Division) to the former.

SCHEDULE - VIII
CURRENT ASSETS, LOANS & ADVANCES
A. CURRENT ASSETS
INVENTORIES

(As taken, valued and certified by the Management)

- Raw Material (including in transit of Rs. 40,79,580/- previous year Rs. 21,80,093)	1,56,71,981	1,63,22,828
- Glass Cullet	47,75,578	2,72,27,352
- Packing Material	86,456	3,59,017
- Stores & Spares (including in transit of Rs.15,43,922/- previous year Rs.15,43,922/-)	2,56,78,385	2,88,81,152
- Loose Tools		
- Scrap	14,59,350	17,64,126
- Work in Progress	57,75,000	-
- Finished Goods	2,72,80,050	8,19,48,109
	<u>31,17,812</u>	<u>2,21,99,521</u>
	<u>8,38,44,612</u>	<u>17,87,02,105</u>

HOTLINE GLASS LIMITED

	AS AT <u>31.12.06</u>	(IN RUPEES) AS AT <u>31.03.06</u>
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for the period exceeding six months		
- Considered Good	26,02,00,090	18,27,41,064
- Considered Doubtful	<u>17,08,88,974</u>	-
Other Debts		
- Considered Good	2,47,87,700	26,23,30,371
- Considered Doubtful	<u>1,64,79,639</u>	-
	4,12,67,339	26,23,30,371
	47,23,56,403	44,50,71,435
Less: Provision for Doubtful Debts	<u>18,73,68,613</u>	-
	<u>28,49,87,790</u>	<u>44,50,71,435</u>
CASH & BANK BALANCES		
Cash in Hand	1,92,760	2,13,193
Balance with Scheduled Banks :		
- In Current Account	2,17,876	62,599
- In Fixed Deposits	15,000	15,000
(under lien with Sales Tax Deptt.)		
- In Cash Margin Account	-	10,04,000
(for issuing Bank Guarantees & LC)		
	<u>4,25,636</u>	<u>12,94,792</u>
OTHER CURRENT ASSETS		
Interest Receivable on Fixed Deposits	1,600	1,600
Claims Receivable	40,460	2,97,012
Other Recoverable	<u>13,28,048</u>	<u>5,73,536</u>
	<u>13,70,108</u>	<u>8,72,148</u>
B. LOANS & ADVANCES		
(Unsecured, Considered good)		
Loans to Staff & Others	98,550	1,78,750
Security Deposit	23,03,809	3,33,91,938
(with Government Authorities & Others)		
Balance with Excise Department	32,01,760	1,01,31,768
Advance recoverable in cash or in kind or for value to be received	3,79,22,529	4,23,49,181
Less: Provision for Doubtful Advances	<u>1,42,335</u>	(1,42,335)
TDS/TCS & Advance Tax	1,52,45,884	1,52,05,799
Less : Provision for Income Tax	<u>1,49,06,288</u>	(1,49,06,288)
	<u>4,37,23,909</u>	<u>8,62,08,813</u>
SCHEDULE - IX		
CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors		
- Due to Small Scale Industries	22,94,154	19,16,430
- Others	14,81,73,094	13,42,86,158
Book Overdraft	-	78,82,370
Security Deposit	3,69,675	2,95,325
Advances from others	1,60,713	2,19,863
Other Liabilities	98,73,480	47,27,075
Interest accrued but not due	<u>36,09,273</u>	-
	<u>16,44,80,389</u>	<u>14,93,27,221</u>
B. PROVISIONS		
Provision for Employee's Retirement Benefits	68,74,959	71,85,807
Provision for Wealth Tax	1,475	1,475
Provision for Fringe Benefit Tax	<u>2,02,015</u>	<u>36,953</u>
	<u>70,78,449</u>	<u>72,24,235</u>
SCHEDULE - X		
OTHER INCOME		
Sale of Scrap	1793303	33,59,846
Interest (Including Income Tax deducted Rs. 28,931/- previous year Rs.32,460/-)	1,32,724	3,00,027
Liabilities no longer required Written Back	-	9,45,087
Miscellaneous Income	<u>88,017</u>	<u>18,929</u>
	<u>20,14,044</u>	<u>46,23,889</u>

HOTLINE GLASS LIMITED

	AS AT <u>31.12.06</u>	(IN RUPEES) AS AT <u>31.03.06</u>
SCHEDULE - XI	(IN RUPEES)	PREVIOUS YEAR
INCREASE/(-)DECREASE IN STOCKS	THIS YEAR	PREVIOUS YEAR
Closing Stocks :		
-Work in Progress		
- Colour Glass	2,72,80,050	8,19,48,109
-Finished Goods		
- Black & White Glass	6,19,974	92,70,466
- Colour Glass	<u>24,97,838</u>	1,29,29,055
Sub Total	31,17,812	
-Less : Excise Duty on FG	<u>4,37,437</u>	<u>33,39,081</u>
	2,99,60,425	10,08,08,549
Less : Opening Stocks :		
-Work in Progress		
- Colour Glass	8,19,48,109	22,27,27,445
-Finished Goods		
- Black & White Glass	92,70,466	1,13,38,992
- Colour Glass	<u>1,29,29,055</u>	84,63,062
-Sub Total	2,21,99,521	
-Less : Excise Duty on FG	<u>33,39,081</u>	<u>33,38,130</u>
	1,88,60,440	23,91,91,369
	10,08,08,549	-
	<u>(7,08,48,124)</u>	<u>(13,83,82,820)</u>
SCHEDULE - XII		
RAW MATERIAL CONSUMPTION AND OTHER MANUFACTURING EXPENSES		
Raw Material Consumed	2,98,38,857	15,53,30,477
Cost of Goods Traded in	1,29,82,458	7,32,07,559
Packing Material Consumed	6,23,714	25,22,103
Stores & Spares Consumed	11,00,874	1,37,66,463
(including loose tools written off amounting to Rs.3,64,837/-)		
Power, Fuel & Water	1,54,03,071	7,73,39,052
Cartage, Detention & Material Handling	2,22,578	36,93,135
Repair & Maintenance		
- Plant & Machinery	16,22,403	9,92,697
- Building	-	74,608
- Others	<u>2,68,491</u>	<u>6,27,172</u>
	18,90,894	32,75,53,266
	<u>6,20,62,446</u>	<u>6,27,172</u>
	6,20,62,446	32,75,53,266
SCHEDULE - XIII		
OTHER EXPENSES		
SALARIES, WAGES, ALLOWANCES AND OTHER BENEFITS		
Salaries, Wages & Other benefits	2,18,86,192	1,95,96,869
Contribution to Provident & Other Funds	22,09,815	14,74,743
Staff Welfare Expenses	2,14,958	11,14,515
ADMINISTRATIVE EXPENSES		
Rent	2,79,349	31,01,250
Insurance	5,67,777	24,59,231
Rates, Taxes & Fees	5,05,152	4,44,375
Travelling & Conveyance	22,56,799	36,37,179
Communication Expenses	5,48,084	12,16,712
Printing & Stationery	2,47,497	6,00,332
Legal & Professional Expenses	2,47,576	6,64,628
Director's Sitting Fee	45,000	1,53,000
Annual General Meeting Expenses	82,111	1,18,792
Lease Rent & Development Expenses	1,88,616	2,51,488
Advertisement	1,21,900	3,30,316
Repair & Maintenance Vehicles	4,06,779	6,64,012
Miscellaneous Expenses	14,86,541	45,15,924
Foreign Exchange Fluctuation (Net)	35,491	(1,89,838)
Loss on sale of Fixed Assets (Net)	5,983	(41,403)
Bad Debts Written off	50,00,000	-
Payment to Auditors		
- Audit Fee	2,29,997	2,29,997
- Tax Audit Fee	-	66,840
- Certification & Other Matters	49,250	65,750
- Reimbursement of Expenses	-	26,063
	2,79,247	-
SELLING & DISTRIBUTION EXPENSES		
Sales Promotion	-	4,836
FINANCIAL EXPENSES		
Interest on Term Loans	7,81,23,300	-
Interest Others and Discounting Charges	2,70,02,383	2,44,33,223
Bank Charges	<u>82,341</u>	<u>47,34,918</u>
	10,52,08,024	6,96,73,752
	<u>14,18,22,891</u>	<u>6,96,73,752</u>
SCHEDULE - XIV		
EXTRA ORDINARY ITEMS		
Provision for Diminution in Investment	13,50,00,000	-
Provision for Doubtful Debts	18,73,68,613	-
Provision for Impairment Loss	48,71,59,061	-
Pre-Operative Expenditure Written off	<u>11,52,11,959</u>	-
	92,47,39,633	-

SCHEDULE - XV

ACCOUNTING POLICIES & PRACTICES AND NOTES TO ACCOUNTS

A. Significant Accounting Policies & Practices

The Company follows mercantile basis of accounting and recognises income and expenses on accrual basis except to the extent mentioned in Policy No. 15 below. The accounts are prepared on historical cost basis, on going concern and are consistent with generally accepted accounting principles and materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies followed by the Company are as stated below :

1. Use of Estimates

The presentations of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that effect the reportable amount of assets and liabilities on the date of financial statement and the reportable amount of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognised in the year in which the results are known/ materialised.

2. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

3. Fixed Assets

(a) Fixed assets are carried at cost less depreciation. The cost of fixed assets includes interest on specific borrowings obtained for the purpose of acquiring fixed assets upto the date of commissioning of the assets and other incidental expenses incurred upto that date, but excludes the amount of Cenvat credit thereon.

(b) Intangible assets are recognised as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India, and are amortised over the useful life of the assets or ten years whichever is earlier.

(c) Fixed Assets acquired and put to use for Project purpose are capitalised and depreciation thereon has been treated as project expenditure.

(d) Capital work in progress is carried at cost and also includes stock at site, material in transit and insurance premium on capital goods, but excludes advances on capital account, which have been shown under Loan and Advances.

4. Depreciation

(a) Depreciation of Fixed Assets has been provided on Straight Line Method at the rates and manner specified under the Schedule XIV (as amended) to the Companies Act, 1956. The plant is a continuous process plant and the depreciation is charged accordingly, except in case of Furnace & Moulds, whose useful life have been estimated to be 5 years and the depreciation is charged at the higher rate.

Depreciation on adjustment to fixed assets due to fluctuation in foreign currency is amortised over the residual life of the assets.

Fixed Assets costing upto Rs. 5,000/- are being fully depreciated in the year of acquisition.

Depreciation on the amount of capital subsidy is apportioned only if it relates to the specific asset.

(b) Lease Value of Land is written off over the period of lease.

5. Impairment of Assets

An asset is impaired if there are sufficient indication that the carrying cost would exceed the recoverable amount of cash generating asset. In that event an impairment loss so computed would be recognised in the accounts in the relevant year.

6. Foreign Currency Transactions

All the monetary assets and liabilities remaining unsettled at the year end are translated at the closing exchange rate. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the relevant head of Profit & Loss account except in cases where they relate to acquisition or construction of fixed assets in which case they are adjusted to the carrying cost of such assets/ capital work in progress and the relevant loan or liability account. Non monetary items are carried at cost.

7. Investments

Long term investments are stated at cost. Provision for diminution in the value of long term investment is made only if such a decline is other than temporary.

8. Inventories

Valuation of stock is done as follows :

(a) Raw Material, Stores & Spares, Packing Material, Loose

At Lower of Cost and Net Realisable Value

Tools and Finished Goods

(b) Work in Progress and Glass Cullet

At Lower of Estimated Cost and Net Realisable Value

(c) Scrap & Discarded Assets

At Estimated realisable Value

Notes :

i) Cost of inventories is determined on the basis of weighted average method.

ii) Inventory of finished goods is inclusive of excise duty.

iii) Loose Tools are written off over their estimated useful life.

9. Miscellaneous Expenditure

(a) Preliminary Expenses and Capital Issue Expenses are written off from the date of commercial production over a period of 10 years.

(b) Deferred Revenue Expenses are written off over a period of 5 years.

10. Revenue Recognition

Gross Turnover is inclusive of excise duty recovered from customers but net of rejections and rebates.

11. Employees Retirement Benefits

Gratuity and Leave Encashment liability is accounted for on accrual basis computed as per actuarial valuation made at the end of each financial year.

12. Taxation

Income tax expense is accounted for in accordance with AS-22 "Accounting for Taxes on Income" for both Current Tax and Deferred Tax as stated below :

(a) Current Tax

Provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of Income Tax Act, 1961. However, where the tax is computed in accordance with the provisions of Section 115 JB of the Income Tax Act, 1961 as the Minimum Alternate Tax (MAT), it is charged off to the Profit and Loss Account of the relevant year.

(b) Deferred Tax

Deferred Income Tax is recognised for the current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years.

Deferred Tax Assets in respect of carry forward of unabsorbed depreciation and tax losses are recognised to the extent there is virtual certainty of their realisation against future taxable profits. However, in case of other items, recognition is done on the basis of reasonable certainty.

13. Debentures

Debenture Redemption Reserve is created pursuant to the guidelines issued by the Securities and Exchange Board of India, to the extent of adequacy of profits for the year.

14. Provision Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

15. Others

(a) Interest, if any, on allotment money receivable and on advances recoverable are accounted for on cash basis, in view of the uncertainty of receipt of amount.

(b) Capital Subsidies, Insurance and other claims, being unascertained, are accounted for on cash basis.

B. Notes to Accounts

	(IN RUPEES)	AS AT
	31.12.06	31.03.06
1(a) Contingent liability not provided for in respect of :		
- Corporate Guarantee of Rs. 59,50,93,000 for loans availed by Hotline CPT Ltd.	32,27,97,208	32,31,38,220
- Penal interest and Liquidated damages	3,49,25,959	-
- Labour Cases pending with Labour Court	3,32,409	6,23,218
- Custom matters	16,40,00,000	16,40,00,000
- Excise & Services Tax Matters	12,93,480	11,07,459
- Sales Tax Matters	54,61,648	54,61,648
- Others	41,79,897	41,79,897
(b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	14,97,96,500

2 During the period, the Company has received a letter from Stressed Assets Stabilization fund on 6th November 2006 revoking the One Time Settlement of IDBI loans due to the non fulfillment of conditions. Accordingly, full liability has been provided in respect of simple interest from the cut off date as per said One Time Settlement i.e. from 1st March, 2005.

Penal interest and liquidated damages related to aforesaid loans to the extent not provided are treated as contingent liability.

3 The Company had imported equipments for manufacturing Glass Panel Project in year 2004-05. Despite trying its best for 2 years, funds for the project could not be tied up. Company had approached various banks and private funds for financing the project. It also appointed SREI Capital Market Limited as the arranger of funds. SREI Infrastructure Finance Limited, an associate concern of SREI Capital Market Limited advanced Rs. 25,50,00,000/- as against the total loan requirement of Rs. 1,50,00,00,000/-. The company also approached other Global and Domestic Glass manufacturers for disposing off the equipments already imported. However, none of these companies evinced any interest in buying these equipments. Board had earlier informed that Panel Project can be completed within one year of financial closure of the project. Considering these uncertainties, the company has provided for 75% of cost of equipments towards impairment of assets. This provision is in line with mandatory Accounting Standard - 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India.

Further, the pre operative expenditure including, upto date borrowing cost, allocable to these equipments has also been written off.

4 In accordance with AS-16 "Borrowing Cost", the company has capitalised borrowing cost amounting to Rs. 2,29,50,000/- (Previous year Rs. 4,25,83,745/-) through Pre-operative expenditures pending allocation to fixed assets. As explained in Note No. 3 hereinabove, the company has written off upto date borrowing cost allocable to Glass Panel Project equipments.

5 Deferred Creditors for capital goods Rs. 47,59,63,234/- (Previous year Rs. 47,53,21,629/-) pertain to the amount due to LG Philips Displays Netherlands B.V from whom the capital equipments for panel project has been procured on deferred credit basis.

6 The company had invested a sum of Rs. 27,00,00,000/- in Hotline CPT Limited as promoter's contribution. The net worth of Hotline CPT Limited has been totally eroded as on 31.12.2006. Hotline CPT Limited has been registered with Board for Industrial and Financial Reconstruction on 23.01.2007. Considering the total erosion of net worth of Hotline CPT Limited, a provision of 50% has been made in the value of Investment in Hotline CPT Limited. This provision will be reviewed by the Board on regular basis, depending upon the position of Hotline CPT Limited.

7 The company has to take a sum of Rs. 46,84,21,532/- from Hotline CPT Limited. Hotline CPT Limited has stopped its production w.e.f. November 2006 in the absence of need based funds. Its net worth has been wiped out and the company is registered with Board of Industrial & Financial Reconstruction on 23.01.2007. Under these circumstances, it is considered prudent to make a provision of 40% of total amount recoverable from Hotline CPT Limited. The adequacy of provision will be reviewed by the Board on regular basis, depending upon the position of Hotline CPT Limited.

8 The company had applied for extension of Sales Tax Exemption period due to stoppage of production due to relining of furnace. Pending receipt of exemption, VAT credit has been treated as a liability.

9 Pursuant to request made by the company for the allotment of free land under the Mega Project Scheme of the Government of Madhya Pradesh for its Panel Project, the Industrial Infrastructure Development Corporation (Gwalior) M.P. vide their letter dated 12.08.04 has informed the company that the same is being considered for allotment of 20 acres land and has allowed the company to commence the construction on the aforesaid land.

10 Electricity duty amounting to Rs. 27,53,067/- (Previous year Rs. 27,47,445/-) shall be settled after the similar matter pending before the Hon'ble High Court, in respect of Hotline CPT Limited located in the same State is decided.

11 Debtors include Rs.39,33,071/- (Previous year Rs.68,73,482/-) and Rs. 46,84,21,532/- (Previous year Rs.43,81,97,953/-) recoverable from Hotline Teletube & Components Ltd. and Hotline CPT Ltd. respectively, companies under the same management (as defined in the erstwhile Sec.370(1B) of the Companies Act,1956).

Loans & Advances includes Rs.3,54,62,547/- (Previous year Rs.3,54,62,547/-), maximum amount outstanding during the year was Rs. 3,54,62,547/- from Hotline Teletube & Components Ltd.

12 In the opinion of Management and to the best of their knowledge & belief the value on realisation of Current Assets and other Loans and advances will not be less than the amount except otherwise stated in the Balance Sheet.

13 As the company had already created adequate Debenture Redemption Reserve as contemplated in Sec. 117C of the Companies act, 1956 read together with General Circular No. 9/2002 issued by the Department of Company Affairs, no further amount has been transferred to the reserve during the period.

14 Foreign Currency transactions are translated as per the accounting policy referred to in item A - 5 of Schedule XV. The net loss of Rs. 35,491/- (previous year net profit Rs. 1,89,838/-) related to revenue heads have been accounted for in relevant head of the Profit & Loss Account.

15 The Company operations predominantly relate to manufacturing and sales of glass parts. The revenue from sale of glass parts and trading of DY Coil comprises the primary basis of segmental information set out in these financial statements as per the requirements and provisions of Accounting Standard - 17 on segmental reporting.

(IN RUPEES)						
Primary Segments	Trading of Picture Tube Parts	Current Year Manufacturing of Glass Parts for Picture Tube	Total	Trading of Picture Tube Parts	Previous Year Manufacturing of Glass Parts for Picture Tube	Total
Revenue						
External Sales	1,35,26,686	58,75,890	7,22,02,576	7,76,06,745	47,07,28,387	54,83,35,132
Job Work	-	4,66,890	4,66,890	-	1,06,51,924	1,06,51,924
Other Income except interest	-	18,81,320	18,81,320	-	45,55,103	45,55,103
Interest Income	-	1,32,724	1,32,724	-	3,00,027	3,00,027
Total Revenue	1,35,26,686	6,11,56,824	7,46,83,510	7,76,06,745	48,62,35,441	56,38,42,186
Segment Result	5,44,558	(17,23,97,429)	(17,18,53,201)	43,99,186	1,16,29,603	1,60,28,789
Unallocated Extra Ordinary Items	-	-	92,47,39,633	-	-	-
Unallocated Corporate Expenses	-	-	37,60,143	-	-	83,35,772

Interest Expenses	-	-	10,51,25,683	-	-	2,44,33,223
Bank Charges	-	-	82,341	-	-	47,34,918
Profit Before Taxation	-	-	(1,20,55,61,001)	-	-	(2,14,75,124)
Provision For Wealth Tax	-	-	-	-	-	-
Provision For FBT	-	-	1,84,876	-	-	3,48,718
Provision for Taxation- Current Tax	-	-	-	-	-	-
- Earlier Tax	-	-	-	-	-	9,33,784
- Deferred Tax	-	-	2,71,72,393	-	-	(56,45,148)
Profit After Taxation	-	-	(1081688046)	-	-	(1,71,12,478)
Other Information	-	-	-	-	-	-
Segment Assets	1,23,55,914	1,35,14,15,466	1,36,37,71,380	71,71,422	2,26,48,63,545	2,27,20,34,967
Unallocated Corporate Assets	-	-	13,50,11,189	-	-	30,10,71,429
Total Assets	-	-	1,49,87,82,569	-	-	2,57,31,06,396
Segment Liabilities	1,28,77,540	1,58,15,59,234	1,59,44,36,774	-	1,46,31,80,286	1,46,31,80,286
Unallocated Corporate Liabilities	-	-	2,03,490	-	-	20,42,81,078
Total Liabilities	-	-	1,59,46,40,264	-	-	1,66,74,61,364
Capital Expenditure	-	42,07,604	42,07,604	-	13,48,40,005	13,48,40,005
Depreciation	-	8,07,71,417	807,71,417	-	4,94,76,231	4,94,76,231
Non Cash Expenses Other than Depreciation	-	-	50,00,000	-	-	-

Notes: -

- (1) Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.
- (2) There is no identifiable geographical segment on the basis of location of assets or customer.
- (3) Unallocated assets includes TDS & Advance Tax.
- (4) Unallocated liability comprises of Deferred Tax, Current Tax (MAT) and Wealth Tax.
- (5) Provision for doubtful debts has been considered as unallocable and shown accordingly.
- 16 "Related Party Disclosures" for the period ended 31st December, 2006 in accordance with Accounting Standard - 18 issued by the Institute of Chartered Accountants of India :
 - (a) Related parties and their relationships
 - i. **Enterprises under common control with the company**
 - Hotline CPT LTD. J.D. Exim (P) Ltd.
 - Hotline Teletube & Components Ltd. Hotline Switchgear & Controls
 - Fuse base Eltoro (P) Ltd. Hotline Display Devices Ltd.
 - Tack Hotline Electronics Components Ltd.
 - ii. **Key Management Personnel**
 - Mr. Anil Gupta
 - iii. **Enterprises over which (ii) are able to exercise significant influence**
 - Anujay Corporation

(b) Transactions with the related parties

Particulars	(IN RUPEES)		
	(i) Enterprises Under common control with the reporting enterprises	(ii) Key Management Personnel	(iii) Enterprises over which (ii) are able to exercise signif- icant influence
i) Purchase of goods	13107307 (76131555)	-	-
ii) Sale of goods	77960331 (566608604)	-	-
iii) Job work done	466890 (10651924)	-	-
iv) Receiving of Services including Job Work	1022702 (14226554)	-	-
v) Rent & office maintenance paid	1248328 (3266177)	-	-
vi) Remuneration to key management personnel	-	(149817)	-
vii) Adv taken / Given (-)	(-)31415110 (416643661)	-	-
viii) Adv Received Back / Paid Back (-)	31415110 (28,77,48,661)	-	-
ix) Loan taken / Given (-)	-	-	-
x) Loan received back / Paid Back (-)	-	(-)(1400000)	-
xi) Interest Received	-	-	-
xii) Interest paid -	-	-	-
xiii) Purchase of Fixed Assets	2527297	-	-
xiv) Sale of Fixed Assets	164471 (218400)	-	-
xv) Other transactions	13221692 (17277499)	-	-
xvi) Outstanding balances	-	-	-
- Amount receivable	507961377* (510638901)	-	-
- Amount payable	18941274 (5612058)	1,00,000 (100000)	30883592 (30883592)
- Guarantees Issued	595093000 (595093000)	-	-
- Security Given	27,00,00,000 (27,00,00,000)	-	-

HOTLINE GLASS LIMITED

Note: Figures in Bracket represents previous year amounts

* Provision for doubtful debts amounting to Rs. 18,73,68,613/- has not been reduced.

17. "Earnings per Share" computed in accordance with Accounting Standard - 20 issued by the Institute of Chartered Accountants of India

	<u>CURRENT PERIOD</u>	<u>(IN RUPEES)</u> <u>CURRENT YEAR</u>
Basic :		
Profit/(-) Loss after tax & before Extraordinary Item	(15,69,48,413)	(1,71,12,478)
Weighted average number of equity shares outstanding during the year	7,99,59,260	7,99,59,210
Basic & Diluted Earning Per Share	(1.96)	(0.21)
Profit/(-) Loss after tax & before Extraordinary Item	(1,08,16,88,046)	(1,71,12,478)
Weighted average number of equity shares outstanding during the year	7,99,59,260	7,99,59,210
Basic & Diluted Earning Per Share	(13.53)	(0.21)

The effect of conversion of potential equity shares, being dilutive, has been ignored in accordance with para 41 of the AS - 20 "Earning per Share". As a result, the diluted earning per share is same as the basic earning per share.

18. In view of the Accounting Standard - 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the deferred tax liability as at 31st December, 2006 comprise of the following:

Major components of deferred tax assets and deferred tax liabilities :

	<u>AS AT</u> <u>31.12.06</u>	<u>(IN RUPEES)</u> <u>AS AT</u> <u>31.03.06</u>
Deferred Tax Liabilities on account of : (A)		
Fixed Assets	13,41,77,367	15,23,80,634
Deferred Tax Assets on account of : (B)		
Expenses to be allowed in Income Tax on payment basis	6,18,69,173	2,82,74,893
Provision for Doubtful Debts	6,18,78,613	47,910
Unabsorbed Depreciation & Losses	<u>1,04,29,581</u>	<u>-</u>
Net Deferred Tax Liability (A-B)	<u>0</u>	<u>12,40,57,831</u>

Keeping in the view the provisions of Accounting Standard - 22 "Accounting of Taxes on Income" issued by Institute of Chartered Accountants of India, in the absence of virtual certainty, no deferred tax assets has been created on unabsorbed business losses and deferred tax assets on Unabsorbed Depreciation and other components has been created to the extent of deferred tax liability.

19. Previous year Expenses and Income aggregating to Rs. Nil and Rs. Nil respectively (previous year expenses Rs. 20,65,154/- and income Rs. 5,386/-) have been charged to Profit & Loss Account in the relevant head of accounts.
20. Stores and Spares consumed includes items used for repair/ replacement Rs. 11,54,582/- (previous year Rs.1,01,59,748/-).
21. Amount due to Small Scale and Ancillary undertakings to the extent such parties have been identified from available information's have been shown in Schedule VIII under the head Current Liabilities. The names of Small Scale and Ancillary undertakings to whom amount is outstanding for more than 30 days, are as follows :
- Agarwal Containers, Automech Engineers, Binni Traders, Cold Steel Corporation, Jurgyan Industries, Kabra Tapes, Kewalsons, Mantissa Engineers, Mukund Enterprises, National Stores, Sardar Steel Industries, Shri Ramdoot Industries and Sonex Industries.
22. Secured loan and unsecured loan include installments repayable within next one year of Rs. 52,54,01,065/- and Rs. 47,59,63,234/- respectively as per agreed terms (previous year Rs. 43,97,44,581/- and Rs.47,54,21,629/-).
23. In case of Debtors, confirmations have been received and no material adjustment remains pending. With regard to Creditors certain major accounts have been reconciled and no material adjustment is foreseen for remaining cases.
24. Salary, Wages & Other benefits and Contribution to Provident & Other Funds shown under Pre-operative Expenditure includes amount paid to technical Director Rs.Nil and Rs. Nil (Previous year Rs.1,39,847/- and Rs.9,970/-) respectively.
25. Quantitative Information pursuant to the provisions of Part - II of Schedule VI to the Companies Act, 1956.

(a) Particulars of Capacity and Production (As certified by the Management)

ITEM	INSTALLED (PER ANNUM)		ACTUAL PRODUCTION	
	<u>CURRENT PERIOD</u>	<u>PREV.YEAR</u>	<u>CURRENT PERIOD</u>	<u>PREV.YEAR</u>
Glass Parts for Picture Tube	11000000	11000000	322101*	2340088

Note: Actual production includes 322101 Nos.(Previous year 23,40,088 Nos.) of Colour Glass Parts.

*- Includes finishing of Purchased Raw Funnel Nil (Previous year 257530)

(b) Raw Material consumption

ITEM	M.T.	CURRENT PERIOD		CURRENT PERIOD	
		QTY.	VALUE(Rs.)	QTY.	VALUE (Rs.)
Sodium Antimonate	M.T.	0.319	37251	14.810	17,29,425
Soda Ash	M.T.	6.923	83070	350.454	42,05,138
Potassium Carbonate	M.T.	3.389	99940	165.592	45,78,312
Red Lead Oxide	M.T.	17.114	1138261	781.365	5,19,68,998
Potassium Nitrate	M.T.	3.600	89265	168.174	41,70,029
Raw Funnel	Nos.	-	-	300549	4,64,83,049
Neck	Nos.	378713	4813744	2782496	3,38,12,673
Others	M.T.	-	<u>2,35,77,326</u>	-	<u>83,82,853</u>
			<u>2,98,38,857</u>		<u>15,53,30,477</u>

HOTLINE GLASS LIMITED

(c) Particulars of Stock & Sales of Manufacture Goods

	THIS YEAR		PREV. YEAR	
	QTY.	VALUE (Rs.)	QTY.	VALUE (Rs.)
Opening Stock				
Glass Parts for B&W Picture Tube	94,003	92,70,466	1,12,722	1,13,38,992
Glass Parts for Colour Picture Tube	56,865	1,29,29,055	32,507	84,63,062
Total	<u>1,50,868</u>	<u>2,21,99,521</u>	<u>1,45,229</u>	<u>1,98,02,054</u>
Closing Stock				
Glass Parts for B&W Picture Tube	94,003	6,19,974	94,003	92,70,466
Glass Parts for Colour Picture Tube	13,492	24,97,833	56,865	1,29,29,055
Total	<u>1,07,495</u>	<u>31,17,812</u>	<u>1,50,868</u>	<u>2,21,99,521</u>
Sales				
Glass Parts for B&W Picture Tube	-*	!	18,637 *	4,98,895!
Glass Parts for Colour Picture Tube	3,60,597*	6,82,51,766!	22,80,452 *	54,83,54,121!
Total	<u>3,60,597*</u>	<u>6,82,51,766!</u>	<u>22,99,089 *</u>	<u>54,88,53,016</u>

* Excludes Nil B/W glass parts, 19007 Nos. colour glass parts (previous year 446 Nos. B/W glass parts, 35278 colour glass parts) sale return treated as glass cullet.

! Net of trade discount of Rs. Nil (previous year Rs. 79,78,008/-).

(d) Particulars of Stock & Sales of Traded Goods (Deflection Yoke Coil)

	CURRENT PERIOD		PREV. YEAR	
	QTY.	VALUE (Rs.)	QTY.	VALUE (Rs.)
Opening Stock				
Purchase	111826	12982458	464286	73207559
Sales	111826 *	13526686	464286	77606745
Closing Stock	-	-	-	-

* Excludes 8845 Nos. DY Coil (previous year 32679 DY Coil) sale return.

(e) Analysis of Imported & Indigenous Raw Material Consumption

	CURRENT PERIOD		PREV. YEAR	
	VALUE (RS.)	% OF TOTAL	VALUE (RS.)	% OF TOTAL
Imported	6471289	21.69	70325426	45.27
Indigenous	23367568	78.31	85005051	54.73
Total	<u>29838857</u>	<u>100.00</u>	<u>155330477</u>	<u>100.00</u>

(f) Analysis of Imported & Indigenous Spares consumption

	THIS YEAR		PREV. YEAR	
	VALUE (RS.)	% OF TOTAL	VALUE (RS.)	% OF TOTAL
Imported	52123	4.73	2157595	15.67
Indigenous	1048751	95.27	11608868	84.33
Total	<u>1100874</u>	<u>100.00</u>	<u>13766463</u>	<u>100.00</u>

26. CIF Value of Imports

	(IN RUPEES)	
	THIS YEAR	PREV. YEAR
Raw Material	2609686	56872354
Capital items & Consumables	-	7528429

27 All financial figures have been rounded off to nearest Rupee.

28. Previous year figures have been regrouped and re-arranged wherever considered necessary.

29. The Financial Statement are prepared for a period of 9 months ended 31st December, 2006, hence previous year figures are not comparable to that extent.

Signature to Schedules I to XV inclusive
As per our Report of even date

**For S S KOTHARI MEHTA & CO.,
CHARTERED ACCOUNTANTS**

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
**YOGESH K. GUPTA
PARTNER**

Sd/-
**D. C. MATHUR
DIRECTOR**

Sd/-
**ANIL GUPTA
CHAIRMAN & MANAGING DIRECTOR**

PLACE : NEW DELHI

DATE : 16th February 2007

**25. Additional Information Pursuant to Part - IV of Schedule - VI to Companies Act, 1956.
Balance Sheet Abstract and Company's general business profile.**

1. Registration details

Registration No. 1 1 5 6 7

State Code 1 0

Balance Sheet Date 3 1 1 2 2 0 0 6

2. Capital Raised During the Year (Amount in Rs. Thousands)

Public Issue N I L

Right Issue N I L

Bonus Issue N I L

Private Placement N I L

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Sources of Funds

Total Liabilities 2 5 0 8 0 7 7

Total Assets 2 5 0 8 8 7 7

Paid - up Capital 7 9 9 5 9 3

Reserves & Surplus 1 1 3 8 4 4

Secured Loans 9 4 7 0 1 8

Unsecured Loans 4 7 6 0 6 3

Deferred Tax N I L

Application of Funds

Net Fixed Assets 9 4 9 4 3 1

Investments 1 3 5 0 0 0

Net Current Assets 2 4 2 7 9 3

Misc. Expenditure -

Accumulated Losses 1 0 0 9 2 9 4

4. Performance of the Company (Amount in Rs. Thousands)

Turnover* 7 4 6 8 4

Total Expenditure 1 2 8 0 2 4 5

(+) (-)

Profit/Loss Before Tax 1 2 0 5 5 6 1

(+)(-) Profit/Loss After Tax 1 0 8 1 6 8 8

(+) (-)

Earning Per Share in Rs. 1 3 . 5 3

Dividend N 0

(Please tick Appropriate box + for Profit. - for loss)

**v) Generic Names of Three Principal Products/Services of Company
(As per monetary terms)**

Item Code No. (ITC) 7 0 0 8 2 0

Product Description GLASS PARTS FOR TELEVISION PICTURE TUBES

* Turnover includes JobWork and Other Income.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
D. C. MATHUR
DIRECTOR

Sd/-
ANIL GUPTA
CHAIRMAN & MANAGING DIRECTOR

PLACE : NEW DELHI
DATE : 16th February 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER, 2006

	(IN RUPEES)	
	<u>THIS YEAR</u>	<u>PREV. YEAR</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(-)Loss Before Tax & Extraordinary Items	(1205561001)	(21475124)
Adjustment for :		
- Depreciation	80771417	49476231
- Provision for employee's retirement benefits	(310848)	386208
- Bad debts written off	5000000	-
- Loss/(-)Profit on sale/ discard of Fixed Assets (Net)	5983	(41403)
- Interest Expenses	105125683	24433223
- Extra ordinary items	924739633	-
- Liabilities no longer required written back	-	(945087)
- Interest Income	(132724)	(300027)
Operating Profit Before Working Capital Changes	<u>(90361857)</u>	<u>51534021</u>
Adjustment for :		
- Trade & Other receivables	9742061	(220467736)
- Inventories	94857493	128052503
- Trade payables	11543895	(64679872)
Cash Generated from Operations	<u>25781592</u>	<u>(105561084)</u>
- Wealth Tax paid	-	-
- Income Tax paid	(77038)	(8937032)
NET CASH FROM OPERATING ACTIVITIES	<u>25704554</u>	<u>(114498116)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase of Fixed Assets	(4207604)	(134840005)
- Pre Operative Expenditure	(14756559)	(53176227)
- Sale of Fixed Assets	309471	373000
- Interest received	132724	431431
NET CASH USED IN INVESTING ACTIVITIES	<u>(18521968)</u>	<u>(187211801)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
- Increase/ Decrease in paid up Share Capital	500	-
- Proceeds from Short Term Borrowings	641605	255000000
- Repayment of Short Term Borrowings	-	(17899571)
- Proceeds/(-) Repayments of Bank Borrowings	(2120956)	86449592
- Interest paid	(6572891)	(24005774)
NET CASH USED IN FINANCING ACTIVITIES	<u>(8051742)</u>	<u>299544247</u>
Net changes in Cash & Cash equivalents (A+B+C)	(869156)	(2165670)
Cash & Cash equivalents - Opening Balances	1294792	3460462
Cash & Cash equivalents - Closing Balances	425636	1294792

NOTES:

1. Impact of unrealised foreign exchange gain/(-) loss has been considered in the respective heads only.
2. Purchase of fixed assets is shown after considering increase/ decrease in capital work in progress.
3. Previous year figures have been regrouped and rearranged wherever considered necessary.

For S.S.KOTHARI MEHTA & CO.,
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
YOGESH K. GUPTA
PARTNER

Sd/-
D.C.MATHUR
DIRECTOR

Sd/-
ANIL GUPTA
CHAIRMAN & MANAGING DIRECTOR

PLACE : NEW DELHI
DATE : 16th February 2007

HOTLINE GLASS LIMITED

Regd. Office : CBG – 07-51, Ghirongi Industrial Area
Malanpur, Distt. Bhind, (M.P.)

PROXY FORM

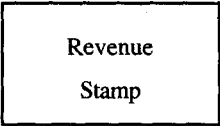
I/Weof.....in the District ofbeing a
member/members of the above named company, hereby appoint.....of.....in
the District.....of.....or failing him/her.....of.....
in the District of as my/our proxy to attend and vote for me/us and on my/our behalf at the **ANNUAL
GENERAL MEETING** of the company to be held at **GBA 1-3, Ghirongi Industrial Area, Malanpur, Distt, Bhind (M.P.)** at
11:30 A.M. on 28th March, 2007 and any adjournment thereof.

Signed this.....day of.....2007.

Signature(s)

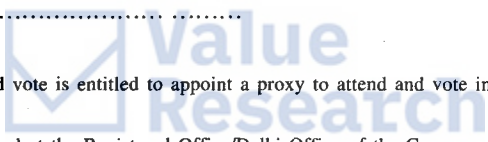
Ledger Folio No.....

No. of Share held



NOTE :

- 1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
- 2) A proxy need not be a member.
- 3) The Proxy form must be deposited at the Registered Office/Delhi Office of the Company not less than 48 hours before the Schedule time for holding the meeting.



CUT HERE

CUT HERE

HOTLINE GLASS LIMITED

Regd. Office : CBG – 07-51, Ghirongi Industrial Area
Malanpur, Distt. Bhind, (M.P.)

ATTENDANCE SLIP

(Please complete the Attendance Slip and hand it over at the entrance of the Meeting Hall. Please also bring your copy of the Annual Report).

I hereby record my presence at the Annual General Meeting of the Company being held on 28th March, 2007.

Member's/Proxy's Name
(In Block Letters)

Signature of Shareholder/ Proxy

Ledger Folio No. :

No. of Share held





If undelivered, please return to:

HOTLINE GLASS LIMITED

241, Okhla Industrial Estate, Phase III,
New Delhi-110 020