

**NINETEENTH
ANNUAL
REPORT**

2010-2011



**GUJARAT
CONTAINERS
LIMITED**

GUJARAT CONTAINERS LIMITED**NOTICE**

NOTICE is hereby given that the NINETEENTH ANNUAL GENERAL MEETING OF GUJARAT CONTAINERS LIMITED will be held on Saturday, 17th September, 2011 at 11:30a.m. at the registered office of the Company situated at Plot No.488/489-P, Savli Highway, Village : Tundav, Ta.Savli, Dist.Baroda to transact following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended even date alongwith the Reports of Auditors' and Directors' thereon.
2. To appoint a Director in place of Shri. Abjee V.Patel who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification(s) following resolution, as an ORDINARY RESOLUTION.
"RESOLVED THAT Shri.Nitin J.Thakkar, who was appointed as an Additional Director pursuant to section 260 of the Companies Act, 1956 to hold office up to the ensuing Annual General Meeting, for whom requisite notice u/s 257 of the Companies Act, 1956 is received, be and is, hereby appointed as a Director liable to retire by rotation."
5. To consider and if thought fit, to pass, with or without modification(s) following resolution as an ORDINARY RESOLUTION.
"RESOLVED THAT Shri.Dinesh S.Kamdar, who was appointed as an Additional Director pursuant to section 260 of the Companies Act, 1956 to hold office up to the ensuing Annual General Meeting, for whom requisite notice u/s 257 of the Companies Act, 1956 is received, be and is, hereby appointed as a Director liable to retire by rotation."
6. To consider and if thought fit, to pass, with or without modification(s) following resolution, as an ORDINARY RESOLUTION.
"RESOLVED THAT Shri.Udaybhai P. Madhwani, who was appointed as an Additional Director pursuant to section 260 of the Companies Act, 1956 to hold office up to the ensuing Annual General Meeting, for whom requisite notice u/s 257 of the Companies Act, 1956 is received, be and is, hereby appointed as a Director liable to retire by rotation."

For And On Behalf Of The Board

Date: 31-7-2011
Place: Vadodara

(Kiran Shah)
Chairman

NOTES:-

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY (IES) TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. MEMBERS ARE REQUESTED TO NOTIFY THE COMPANY IMMEDIATELY THE CHANGE, IN THEIR ADDRESS IF ANY, IN FULL QUOTING THEIR FOLIO NUMBER.
4. The Register of members and share transfer book will remain closed on the 17th September, 2011

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No.4, 5 & 6

Your Directors have appointed Shri. Nitin J. Thakkar, Shri Dinesh S. kamdar and Shri. Udaybhai P. Madhwani as an Additional Directors (Non Executive independent) of the Company at their meeting held on 17th January, 2011 pursuant to section 260 of the Companies Act, 1956 to hold office up to ensuing Annual General Meeting. It is proposed to appoint them as Director liable to retire by rotation.

Your Directors seek your approval to the resolution as appearing in item No.4.5 & 6 of the accompanying of notice as ordinary resolution. No Director except and Shri Dinesh S. kamdar and Shri. Nitin J. Thakkar, Shri. Udaybhai P. Madhwani in their respective resolution, shall be deemed to be interested or concerned in the resolutions.

**GUJARAT CONTAINERS LIMITED****DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting their Annual Report together with the Audited Statement of Accounts for the Financial Year ended on 31st March, 2011.

(1) FINANCIAL AND WORKING RESULTS:

PARTICULARS	2010-2011 (Rs.)	2009-2010 (Rs.)
Gross Profit Before Depreciation & Tax :	35,278,460	18,680,351
(less) : Depreciation	(4,191,515)	(3,857,620)
Profit/(Loss) before Taxation :	31,086,945	14,822,731
(less) : Provision For Taxation	(314,000)	373,119
(add) Provision For Deferred Tax	(32,529)	929,457
Provision For FBT	-	-
Profit/(Loss) After Taxation:	31,146,064	15,719,659
(less):Extra ordinary items	(29,842,236)	(19,080,014)
Profit/(loss) after Extra Ordinary Items	1,303,828	(3,360,356)
(Less):profit/(loss) brought forward	(2,704,389)	655,967
Profit/(loss) Carried forward to Balance Sheet	(1,400,561)	(2,704,389)

(2) DEPOSITS:

The Company has not accepted any deposit during the year within the meaning of the provisions of the Companies (Acceptance of Deposits) Rules, 1975.

(3) DIVIDENDS:

By keeping in view, losses, your Directors do not recommend any dividend.

(4) PARTICULARS OF EMPLOYEES:

There was no employee drawing remuneration of Rs.60, 00,000 per annum or Rs.5, 00,000 per month for any part of the year or more and hence no particulars have been furnished as specified under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rule, 1975.

(5) PARTICULARS RELATING TO CONSERVATION OF ENERGY:**A. CONSERVATION OF ENERGY:**

1. Energy Conservation Measure taken :
i) Maintained high power factor through the year.
2. Additional investment and proposals, if any, being implemented for reduction and consumption of energy :

-NIL-

3. Impact of measures at (1) and (2) above for reduction of Energy Consumption and consequent impact on production of goods.
 - i) Reduction in power consumption

B. FOREIGN EXCHANGE EARNING & OUTGO:

During the year, the Company has neither earned nor spent any foreign exchange.

(6) CORPORATE GOVERNANCE REPORT

Corporate Governance Report as per Clause 49 of Listing Agreement with Stock-Exchange is annexed herewith

(7) DIRECTORATE:

Your Directors have appointed Mr. Nitin J. Thakkar, Mr. Dinesh S. Kamdar and Mr. Udaybhai P. Madhwani as Additional (Non executive Independent) Directors of the Company pursuant to Section 260 of the Companies Acts, 1956 to hold office upto next Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 for their appointment have been received.

Mr. Abjee V. Patel retire at the ensuing Annual General meeting and being eligible offer themselves for reappointment.

(8) DIRECTORS' RESPONSIBILITY STATEMENT:

- (i) Your Directors have followed the applicable accounting standards along with proper explanation relating to material departure while preparing the annual accounts;
- (ii) Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and of the loss of the Company for the period;
- (iii) Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) Your Directors have prepared the annual accounts on a going concern basis.

(9) NOTE ON WRITE OFF:

During the year end company has valued certain old inventories at the net realized value in accordance and conformity with AS 2 as prescribed by ICAI and also the qualification made by the auditors in their audit report of earlier years from Financial Year 2003-04. Your company has taken utmost care to use the old inventory ; however to conform the quality standard of products manufactured by your company; management decided to dispose off all the non-useable inventory; accordingly the inventories are valued at lower of cost or net realizable value to avoid all qualifications by auditors of the company and to conform to applicable mandatory Accounting Standard 2; the difference between the cost and netrealisable value has been charged to Profit and Loss account during the year and is considered as extraordinary items.

(10) AUDITORS:

M/s V.K. Shastri & Co., Chartered Accountants, Vadodara, retire at the conclusion of this Annual General Meeting. You are requested to appoint the Auditors and fix their remuneration

(11) COMPLIANCE CERTIFICATE

M/S DEVESH VIMAL & CO. Practising Company Secretaries, Secretarial Auditors of the Company have submitted the Compliance Certificate under Rule 3(1) of the Companies (Compliance Certificate) Rule, 2001 read with Section 383A (1) of the Companies Act, 1956.

(12) ACKNOWLEDGEMENTS:

Your Directors acknowledge with gratitude the co-operation and assistance given by the Government, and Banks at all levels during the year under review. Your Directors deeply acknowledge the trust and confidence you have placed in your Company. Your Directors also wish to place on record their deep appreciation for the services rendered by the officers, staffs and workers of the Company at all level for their dedication and loyalty

Place : Vadodara

Date : 31-7-2011

FOR AND ON BEHALF OF THE BOARD

Sd/-

**Kiran Shah
Chairman**

CORPORATE GOVERNANCE REPORT

I VISION AND PHILOSOPHY

Corporate Governance to Gujarat Containers Limited means to carry on the business in a manner conducive to all its stakeholders i.e. shareholders, suppliers, customers, service providers and society at large with an aim to enhance their stake value and retain their trust within the legal framework of various regulations, procedures, implicit rules and voluntary practices and law of land .

II BOARD OF DIRECTORS

The Board is at the core of the Company's Corporate Governance. It oversees the management and ensures the achievement of long-term objectives of the Company. The Company has an active, independent and participative Board to achieve and maintain the desired level of Corporate Governance. The Board is provided with all relevant operational information to maintain a transparent decision making process.

Composition as at 30th September, 2011

The Board of the Company consists of optimal blend of Executive and independent Directors having in depth knowledge of the business. At present there are six directors on the Board including three executive directors. The Company has an Executive Chairman and one half Board comprises of independent Directors. Specialization in respective fields, experience and leadership skills are some of the attributes of Board members and are competent enough to provide strategic guidance, objective judgment and control over the Company, while remaining accountable to shareholders.

Meeting and Attendance

The Board functions as full Board and through Committee and meets at regular intervals. The notice of the meeting specifying the day, time and full address of the venue of the meeting along with agenda is given well in advance before the meeting to all directors at the address provided by them. The Board also deliberates and approves the budget for each financial year and review the same at each subsequent meeting of the Board. During the financial year 2010-11, six On 14.05.2010, 22.07.2010, 31.07.2010, 23.10.2010, 17.01.2011 and 28.01.2011 Board meeting were held and the time gap between any two Board meetings was not more than four months. The minimum quorum requirements for Boards Meetings were met for all meetings during the year.

Category	Name of Directors	No. of Board Meeting attended	Attendance at last AGM held on 31.9.2011
Executive Directors :			
-Managing Director	Shri Kiran A.Shah	6	YES
-Whole-Time Director	Shri Pravin H. Shah	6	YES

-Whole-Time Director	Shri Abjee V.Patel	6	YES
-Independent Director	Shri Nitin J.Thakkar	1	NO*
-Independent Director	Shri Dinesh S.Kamdar	1	NO*
-Independent Director	Shri Udaybjai P. Madhwani	1	NO*

* appointed w.e.f 17th January,2011

Information placed before the Board of Directors

The Board has direct access to any information within the Company and to any employee of the Company. The Board also invites the presence of departmental heads who can provide the insight into the items being considered. The following information is placed before the Board alongwith the specific items of agenda :

1. Quarterly results of the Company and its operating result per business segments;
2. Minutes of meetings of Audit Committee, Investors' Grievance Committee as well as abstracts of circular resolution passed;
3. General notice of disclosure of interest from Directors;
4. Materially Important show cause ,demand, prosecution and penalty and /or litigation notices including, compliance with pollution control norms, non-compliance of regulatory, statutory nature or listing requirements, etc;
5. Any materially relevant default in financial obligation to and by the Company or substantial non-payment for goods sold by the Company;
6. Any issue which involves possible public or product liability claims of a substantial nature;
7. Transaction/developments, if any which is materially significant and /or not in the normal course of business,

Committees of Board

The Board of Directors has constituted three committees in compliance of the Corporate Governance Norms, viz.-the Audit Committee, the Share holders'/Investors' Grievance Committee and Remuneration Committee. Gist of the proceedings of these committee meeting is circulated with the Agenda papers and subsequently approved / noted by the Board.

III Audit Committee

Composition as at 31th March,2011

The Audit Committee has been constituted with an objective of monitoring and maintaining the Standard of financial accuracy, adequate transparency and full disclosure of facts to various stakeholders. The Committee also oversees the effectiveness of the audit and internal audit systems and assists the Board in providing supervision of the overall financial process. During the year, the Committee met four times i.e. on 14/05/2010, 22/07/2010, 23/10/2010, and 28/01/2011. The Audit Committee is comprising of three Non-Executive Independent Directors with Shri. Nitin J. Thakkar as a Chairman of the committee as detailed below :

Members :	No. of Meetings attended
* Shri Nitin J. Thakkar-	1
* Shri Dinesh S. Kamdar-	1
* Shri Udaybhai J. Madhwani-	1
Whether the Chairman attended AGM to answer shareholders queries (YES/NO)	Yes
Details of the invitees who were invited to attend the Audit Committee meetings and attended	Representative of Statutory Auditors and internal Auditors
<p>* appointed w.e.f 17th January, 2011</p> <p>All the members of the Audit Committee possess financial and accounting knowledge .The Audit Committee invites such of the executives as it considers appropriate to be present at meetings. The Audit Committee meetings are also attended by Managing Director (Finance). The Compliance Officer acts as the Secretary to the Audit Committee.</p> <p>Terms of reference of Audit Committee</p> <ol style="list-style-type: none"> Review of quarterly and annual financial statements and Auditors' Report with the management before submission to the Board. To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that financial statement is correct, sufficient and reliable. Recommendation to the Board regarding the appointment and re-appointment of the Statutory Auditors/Internal Auditors. Review of performance of the Statutory and Internal Auditors and assess the adequacy of the internal control systems with the management. Discussion with Internal Auditors about significant findings and follow-up action thereon. Review of Financial and Risk Management policies. Review of status of repayment of dues of Banks, FI's, and other creditors and to looking up the reasons for substantial defaults, if any. <p>IV Remuneration Committee</p> <p>The remuneration committee of the Company is aims at rewarding based on performance, systematic and periodical review of achievements. The remuneration policy is in consonance with the prevailing industrial practices and laws. The overall philosophy is to keep employees motivated to exhibit better performance within the overall targets. During the year, no meeting of committee was held. The Remuneration Committee is comprised of three independent directors under the Chairmanship of Shri. Udaybhai J. Madhwani as detailed below :</p>	