

# **TWENTY FIRST ANNUAL REPORT**

**2012-2013**



**GUJARAT  
CONTAINERS  
LIMITED**

**GUJARAT CONTAINERS LIMITED**  
**TWENTY FIRST ANNUAL REPORT 2012-2013**

**BOARD OF DIRECTORS**

Chairman & Managing Director	: Shri Kiran Shah
Whole-Time Director	: Shri Pravin Shah Shri Abjee Patel
Independent Director	: Shri Nitin J. Thakkar Shri Dinesh S. Kamdar Shri Udaybhai P.Madhwani

**AUDITORS**

: V. K. Shastri & Co.  
Gayatri Krupa,  
9, Manisha Society,  
Old Padra Road, BARODA.

**BANKERS**

: State Bank of India  
Specialised Commercial Branch  
2nd Floor, Trident Complex,  
Race Course,  
BARODA-390 023.

**CORPORATE OFFICE**

: 201-202, Alkapuri Arcede,  
'B' Wing,  
R. C. Dutt Road,  
Opp. Welcom Hotel,  
BARODA-390 007:

**REGISTERED OFFICE AND WORKS**

: Plot No. 488 / 489-P,  
Baroda-Savli Highway,  
Village : Tundav, Tal. Savli  
Dist. Vadodara-391 775.

**GUJARAT CONTAINERS LIMITED****NOTICE**

NOTICE is hereby given that the 21st ANNUAL GENERAL MEETING OF GUJARAT CONTAINERS LIMITED will be held on Friday, September 20, 2013 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, 2013 and the Profit and Loss Account for the year ended on that date alongwith the Reports of Auditors' and Directors' thereon.
2. To appoint a Director in place of Shri. Dinesh S. Kamdar who retires by rotation and being eligible offers himself for reappointment.
3. To pass the following resolution, with or without modification, as an Ordinary Resolution relating to appointment of the Auditors of the Company:

"RESOLVED THAT M/s V.K.Shatri & Co, Chartered Accountants, the retiring Auditors, be and they are hereby re-appointed as Auditors of the Company under Section 224 read with Section 224A and other applicable provisions, if any, of the Companies Act, 1956 to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration (plus reimbursement of pocket expenses at actual) as may be mutually agreed upon between the Auditors and the Chairman of the Company".

By Order of the Board of Directors  
For Gujarat Containers Limited

Date: 12th August, 2013  
Place: Vadodara

(Kiran Shah)  
Chairman

**Special Business**

4. To pass the following resolution, with or without modification, as an Special Resolution:

RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (the 'Act'), and subject to the approval of the shareholders in the General Meeting, Shri Kiran Shah be and is hereby re-appointed as a Managing Director of the Company effective from August 10, 2013 for a period of 5 (five) years and that the following remuneration be paid to Shri Kiran Shah with effect from August 10, 2013, until otherwise modified by the Board/ Committee of Directors :

Remuneration: Consolidated salary up to Rs. 24 Lacs per annum which includes all allowance and perquisites with an annual increment of 20% over the previous year.

The following perquisites, perks and benefit shall be given:

- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent they are not taxable under the Income Tax Act, 1961.
- b. Gratuity as per the rules of the Company.
- c. Leave as per the rules of the Company including encashment of leave at the end of the tenure.
- d. Medical Expenses actually and properly incurred for him and his family.
- e. Entertainment expenses actually and properly incurred by him in the course of legitimate business of the company.
- f. Gas, electricity, water, municipal and property taxes etc. at actual
- g. Club Membership fees subject to a maximum of two clubs.
- h. Personal Accident Insurance Policy
- i. Provision for use of car and telephone for both official and personal use,
- j. Telephone expenses as per the rules of the company.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits during the tenure of service of the Whole Time Director, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified above, to the extent the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provision under the Companies Act, 1956 or Schedules appended thereto, for the time being in force or any statutory modification or re-enactment thereof and/or any rules or regulations thereunder."

5. To pass the following resolution, with or without modification, as an Special Resolution

RESOLVED THAT, pursuant to section 314 of the Companies Act, 1956, the remuneration payable to Mr. Neil Shah, CEO in operation, be and is hereby increased from Rs 50000 p.m. to Rs. 100000 p.m. together with other perquisites as are applicable to officers of the Company.

6. To pass the following resolution, with or without modification, as an Special Resolution

RESOLVED THAT, pursuant to section 314 of the Companies Act, 1956, the remuneration payable to Ms. Neha Vora, CEO in Marketing, be and is hereby increased from Rs 50000 p.m. to Rs. 100000 p.m. together with other perquisites as are applicable to officers 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 INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.



2. In accordance with the provisions of Section 173 of the companies Act, 1956 and the Listing Agreement an Explanatory Statement in respect of item nos. 2 being items of ordinary business
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday September 18, 2013, Friday September 20, 2013 (both days inclusive).
4. Members/ Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
5. Members holding shares in physical form are requested to kindly notify the Company of any change in their addresses so as to enable the Company to address future communication to their correct addresses. Members holding shares in demat form are requested to notify their respective Depository Participant of any change in their addresses.
6. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking re-appointment at the Meeting are annexed.
7. Members desiring any information as regards the Accounts are requested to write to the Company Secretary at an early date so as to enable the Management to reply at the Meeting.
8. Members are requested to kindly bring their copies of the Annual Report to the Meeting.
9. The Ministry of Corporate Affairs has undertaken a 'Green Initiative in Corporate Governance' by allowing paperless compliances by companies through electronic mode, vide its Circular Nos. 17/2011 & 18/2011 dated April 21, 2011 and April 29, 2011, respectively. A recent amendment to the Listing Agreement with Stock Exchanges permits Companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiative by registering/ updating their e-mail address for receiving electronic communication.

#### **EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**

The following Explanatory Statements relating to Special Business of the accompanying Notice set out all material facts as required under Section 173 of the Companies Act, 1956 :

##### **Item No.4**

The term of the Shri Kiran Shah as Managing Director of the Company has expired and is eligible being eligible, offer himself for reappointment. Therefore Shri Kiran Shah is proposed to be appointed as Managing Director for a period of five year with effect from August 10, 2013. He is fellow Member of the Institute of Chartered Accountants of India and also a Fellow member of Institute of Company Secretaries of India. He has over 20 years of rich experience in the container industry. He is very well versed in all aspects of production, cost and technical administration. Shri Kiran Shah has never been imprisoned or fined under any of the Acts specified in Part I of Schedule XIII to the Act, nor has he ever been detained for any period under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974. He is neither a Managing Director nor a Whole Time Director nor a manager in any other company. He is also not in employment elsewhere. He is citizen of India and is also resident of India. Shri Kiran Shah is, therefore, entitled to be appointed by a resolution to be passed by you and without the approval of Central Government. His salary commission and perquisites has been determined and which

has placed at the meeting are strictly conformity with Part II of Schedule XIII, keeping in mind the fact that the effective capital of the company as defined Explanation thereto is Rs. 24 Lacs Briefly the terms and condition of the appointment are as follows:

1. He shall carry out such duties as may be entrusted to him subject to the supervision of the Board of Directors and he shall also perform such other duties and services as shall from time-to-time be entrusted to him by the Board of Directors.
2. The appointment is for a period of five year from August 12, 2013
3. He shall draw a remuneration by way of salary, dearness allowance, perquisite, commission and other allowances which shall not exceed 5% of the net profits of the Company.
4. Notwithstanding anything to the contrary herein contained, wherein in any financial year, during the currency of the tenure of his tenure, the company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above within the limit of Schedule XIII of the Companies Act, 1956.

Copy of terms and conditions governing the appointment is available for inspection by members during business hours on any working day before the date of annual general meeting.

Expect Shri Kiran Shah, the proposed appointee and Shri Pravin Shah, relative of Shri Kiran Shah no other Director is interested in or concerned with this resolution.

**Item No.5**

As the members are aware, Mr Neil Shah, a relative of Mr. Kiran Shah, Managing Director & Mr Pravin Shah, Director of the Company is working as a CEO of the Company .Considering his experience and his contribution to the Company, it is proposed to revise his remuneration to Rs. 100000 per month. The Board feels that the increase in remuneration is reasonable and in line with the salary offered to other senior executives and will be in the best interests of the Company. As required under section 314 of the Companies Act, 1956 this proposal is placed for the approval of shareholders. No Director, except Mr. Kiran Shah & Mr Pravin Shah is interested in or concerned with this resolution. Copies of the terms and conditions of his appointment are available for inspection during working hours at the Registered office of the Company.

**Item No.6**

As the members are aware, Mr Neha Vora, a relative of Mr. Kiran Shah, Managing Director & Mr Pravin Shah, Director of the Company is working as a CEO in Marketing of the Company .Considering his experience and his contribution to the Company, it is proposed to revise his remuneration to Rs. 100000 per month. The Board feels that the increase in remuneration is reasonable and in line with the salary offered to other senior executives and will be in the best interests of the Company. As required under section 314 of the Companies Act, 1956 this proposal is placed for the approval of shareholders. No Director, except Mr. Kiran Shah & Mr Pravin Shah is interested in or concerned with this resolution. Copies of the terms and conditions of his appointment are available for inspection during working hours at the Registered office of the Company.

## 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, 2013.

#### (1) FINANCIAL AND WORKING RESULTS:

PARTICULARS	2012-2013 (Rs.)	2011-2012 (Rs.)
Income from Operation	503,206,251	410,556,737
Other Income	9,88,269	7,93,951
<b>Total Income</b>	<b>504,194,520</b>	<b>411,350,688</b>
Operating & Administrative Expenses	465,836,598	379,006,001
<b>Operating Profit before Interest, Depreciation and Tax</b>	<b>383,57,922</b>	<b>323,44,687</b>
Interest and Financial Charges	194,40,707	46,58,369
Depreciation and Amortisation	49,88,620	178,13,755
<b>Profit Before Extraordinary items Tax</b>	<b>139,28,595</b>	<b>98,72,563</b>
<b>Extraordinary items</b>	<b>63,497</b>	<b>(44,91,671)</b>
<b>Profit Before tax</b>	<b>139,92,092</b>	<b>53,80,892</b>
Tax	3,36,851	10,96,725
Deferred Tax	3,60,122	(3,74,681)
<b>Profit After Tax</b>	<b>102,63,458</b>	<b>46,58,848</b>

#### DIVIDEND

The company's is in expansion process because of that the company capex requirement is presently higher than the cash. Therefore, your directors do not recommend any dividend for the year ended March 31, 2013.

#### PREDERENTIAL SHARES

During the year the Company has allotted 8 lacs convertible equity warrants and 2 lacs equity shares of Rs. 14.20 each to the promoter and promoter group on preferential allotment basis. These 8 lacs warrants of Rs. 14.20 each are convertible into one Equity Shares of the Company of Rs. 10 per equity warrant at a price of Rs. 14.20 per Equity Share( i.e premium of Rs. 4.20 per Equity Share).

#### (2) INVESTORS' RELATIONS AND GRIEVANCES

The details regarding the investor complaints received and resolved during the year are mentioned in the Report on Corporate Governance annexed to this report.



**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 proposal, if any, being implemented for reduction and consumption of energy:
3. Impact of measure 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.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

A detailed analysis of the Company's performance is mentioned in the Management Discussion and Analysis Report, which form part of this Annual Report.

**REPORT ON CORPORATE GOVERNANCE**

Your company is committed to follow corporate governance practice in accordance with Clause 49 of the Listing Agreement and follows the same while conducting affairs of the Company. A Report on Corporate Governance along with a certificate from the Practicing Company Secretary of the Company regarding the compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement forms part of the Annual Report.

**FIXED DEPOSITS**

Your Directors report that the company has not accepted any deposits during the current financial year.

**INSURANCE**

Your directors confirm that all the properties and insurable interests of the Company, including buildings, plant & machinery and stocks have been adequately insured.

**DIRECTORS**

In accordance with the provision of the Companies Act, 1956 and the Article of Association of the Company, Shri Pravin Shah, Director retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offer themselves for reappointment.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, your Directors confirm that:

- (i) in the preparation of the accounts for the financial year ended March 31, 2013; the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;



- (ii) the accounting policies selected have been applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and;
- (iv) the annual accounts have been prepared on a going concern basis.

**AUDITORS AND THEIR REPORT:**

Comments of the auditors in their report and the notes forming part of the accounts are self explanatory and need no comments.

M/s V.K Shastri & Co., Chartered Accountants, Vadodara, the Company's auditors will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The company has received a certificate from the auditors to the effect that their re-appointment if made, would be in accordance with the provisions of section 224(1B) of the Companies Act, 1956.

The directors recommend the re-appointment of M/s V.K Shastri & Co., Chartered Accountants and shall seek the approval of the members at the Annual General Meeting to authorize the Board to Directors to fix their remuneration.

**HUMAN RESOURCES**

The strength of your Company lies in its team of its competent and motivated personnel. This has made possible for your Company to make significant improvements and progress in all areas of its working. The Company has continued its endeavor to impart appropriate and relevant training to its employees at various levels with a view to equip them to take up the challenges ahead and to enhance their performance in the overall interest of the Company. The industrial relations remained cordial during the year.

**PARTICULARS OF EMPLOYEES UNDER SECTION 217**

There were no employees coming within the purview of the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

**ACKNOWLEDGEMENT**

Your Directors express their grateful appreciation for the assistance and cooperation received from the Banks, employees, shareholders and all concerned towards performance of the Company during the year under review.

**FOR AND ON BEHALF OF THE BOARD**

Sd/-

Kiran Shah  
Chairman

Place : Vadodara

Date : August 12, 2013

## **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**

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 2011-12, Nine Board meeting on May 30, 2012, June 29, 2012, July 31, 2012, September 21, 2012, November 5, 2012, November 12, 2012, January 10, 2013, February 14, 2013 & February 25, 2013 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 28.9.2012
Executive Directors :			
-Managing Director	Shri Kiran A.Shah	9	YES
-Whole-Time Director	Shri Pravin H. Shah	9	YES