

**TWENTIETH  
ANNUAL  
REPORT**

**2011-2012**



**GUJARAT  
CONTAINERS  
LIMITED**

## GUJARAT CONTAINERS LIMITED NINETEENTH ANNUAL REPORT 2011-2012

### 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. Madhwal

### 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 Arcade,  
'B' Wing,  
R. C. Dutt Road,  
Opp. Welcom Hotel,  
BARODA-390 007.

### REGISTERED OFFICE

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

**GUJARAT CONTAINERS LIMITED**

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**NOTICE**

NOTICE is hereby given that the TWENTIETH ANNUAL GENERAL MEETING OF GUJARAT CONTAINERS LIMITED will be held on Friday 28, September, 2012 at 11:30 a.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, 2012 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. Pravin H. Shah 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: 31st July, 2012  
Place: Vadodara

(Kiran Shah)  
Chairman

**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 Monday, the 10th September 2012 to Wednesday, the 12th September 2012(both days inclusive).
4. Members/ Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.

## GUJARAT CONTAINERS LIMITED

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.2 Brief resume of Shri. Pravin H. Shah

Shri Pravin H. Shah, was appointed as as Whole Time Director on 2nd November 1992. He has over 19 year experience in the container business. He is responsible for implementing the overall business strategy of the Company.

Your Directors recommend the passing of the resolution as item no.2 appointing Shri Pravin H Shah as Director of the Company. None of the Directors except Shri Pravin H Shah is in any manner interested or concerned in the said resolutions.

#### Details of Directors seeking re-appointment at the forthcoming Annual General Meeting of the Company

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

Name of Director	Mr. Pravin H Shah
Date of Birth	02/06/1952
Date of Appointment	02/11/1992
Expertise in specific functional areas	Overall business strategy
Qualification	Graduate
Details of shares held in the Company	49400
List of the companies in which outside directorships held as on March 31, 2012 (excluding private & foreign companies)	Nil
Chairman/ Member of the Committees of other Companies on which he is a Director as on March 31, 2012:	Nil

\* The Committees include the Audit Committee and the Shareholders'/Investors' Grievance Committee.

**GUJARAT CONTAINERS LIMITED**

**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, 2012.

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

<b>PARTICULARS</b>	<b>2011-2012 (Rs.)</b>	<b>2010-2011 (Rs.)</b>
Income from Operation	410556737	410772571
Other Income	793951	614127
<b>Total Income</b>	<b>411350688</b>	<b>411386698</b>
Operating & Administrative Expenses	379006001	360842157
<b>Operating Profit before Interest, Depreciation &amp; Tax</b>	<b>32344687</b>	<b>50744541</b>
Interest and Financial Charges	4658369	4464848
Depreciation and Amortisation	17813755	15271986
<b>Profit Before Extraordinary items Tax</b>	<b>9872563</b>	<b>31007707</b>
<b>Extraordinary items</b>	<b>(4491671)</b>	<b>(29762999)</b>
<b>Profit Before tax</b>	<b>5380892</b>	<b>1244708</b>
Tax	1096725	314000
Deferred Tax	(374681)	(373119)
<b>Profit After Tax</b>	<b>4658848</b>	<b>1303827</b>
Surplus Brought Forward from Previous Year	(1400562)	(2704389)
<b>Balance Carried to Balance Sheet</b>	<b>3258286</b>	<b>(1400562)</b>

**DIVIDEND**

The company's is expanding its business 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, 2012.

**(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, 2012; 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;

## GUJARAT CONTAINERS LIMITED

- (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 : 31st July, 2012

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### OVERALL

Global Economy is going on a very difficult phase which would have shown in the fiscal year 2011-12. It was one of the most challenging years for the global economy. Global Economy is passing through volatile phase with great uncertainty. Even emerging economics witnessed reduction in growth. Naturally, the Indian economy has also slowed down. After achieving consistently high growth over the past 8 years, the Indian economy has also run into turbulent weather. It was one of the worst year in term of growth we have seen since 1991. All sectors including containers business didn't perform as per the expectation during the year. It was mainly due to the Eurozone Financial crisis which exacerbating the uncertain economic growth outlook globally. The global economic uncertainty coupled with the lack of political consensus in India for implementation of major economic reforms has contributed in compounding the problem. The challenges are many, yet, the Indian economy has inherent strengths to rise above these challenges and move towards accelerated growth in the medium to long term.

### INDUSTRY STRUCTURES, DEVELOPMENTS, OPPORTUNITIES AND OUTLOOK

India offers a very good opportunity for container operations as it is the second fastest governing economy in the world. Globally the container business historically grows 3-4 times higher than the GDP growth.

The port of logistic infrastructure in the country has reached a saturation point and there is tremendous scope for adding capacity. The opening of the Indian economy has invited in a rapid growth of the container trade in the country. Moreover, the growing demand for natural resources & commodities to sustain the higher levels of growth in china & India has lead to increase in Asian African trade.

The container trade has also increased with improved container rail networks connecting major Indian cities. Creating regional hubs for transshipments will facilitate foreign trade. There has been a strong growth in container movement globally in the last 50 years.

The forecast is that by 2020, the total number of containers handled in sports throughout the world will be one billion TEU. Given this scenario, the container businesses in India remains bullish.

### COMPANY OVERVIEW

GCL is one of the leading and the only manufacturer in India that manufactures all variety of specialized Barrels such as Galvanized, Composite, Epoxy, R-11 and Plain, an important product in the packaging industry, used in the packaging of a plethora of industries like chemicals, dyestuffs, pharmaceuticals, resins, petrochemicals, petroleum and its by products.

GCL also have also diversified into HM-HDPE Carboys of Capacity ranging from 20 to 100 Ltrs. At present, GCL is the only company in India which has all the facilities of manufacturing all specialized MS Barrels in-house.

### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the fiscal year 2011-12, the Company has performed moderately well by considering the factor that company is still in the rehabilitation process and looking at the overall weak market. In spite of no increase in total income, net profit for the year under review has increased to Rs. 4658848 from Rs 1303827 of the previous year, posting a robust increase of 257.32%.



## GUJARAT CONTAINERS LIMITED

### THREATS, RISK AND CONCERN

Timely availability of its main raw materials from Indian sources continues to be a major constraint for the company to improve its capacity utilization as demand of containers is growing faster than the production capacity. To overcome, the company has reduced its dependence on domestic manufactures by continuing import to meet its part of requirement.

Volatility in the price of input & currency coupled with shorter business cycles.

Continues to be a high risk & the same are being managed prudently by experts. The Board of Directors is being informed periodically in repeat of risk assessment & steps are being taken by the company to mitigate the same.

### INTERNAL CONTROL SYSTEM AND THEIR EFFICACY

The internal control systems are commensurate to the size of its operations & nature of its business. Further, on periodic basis audit of major items are carried out. The internal control procedures are periodically reviewed by internal auditors and amendments are made if necessary.

### INTERNAL CONTROL SYSTEM AND THEIR EFFICACY

The Company has adequate internal control system in various operational areas of the Company to ensure that the system is being properly observed for better results.

### QUALITY

The Company has been focusing on up gradation of quality and innovation.

### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

Industrial Relations remained cordial throughout the year under review.

### CAUTIONARY STATEMENT

Statement in this management analysis detailing the Company's objectives, projections, estimates, expectations, or predictions may be "forward looking" statements within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that may influence your Company's operations include Global and domestic supply and demand conditions affecting selling prices, input availability and prices, changes in Government policies, regulations, tax regimes, economic development within and outside the country and other allied factors. The Company assumes no responsibility to publicly amend, modify or revise the forward looking statement on the basis of subsequent developments, information or events.

## 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, seven On 28.04.2011, 28.7.2011, 25.08.2011, 17.09.2011, 31.10.2011, 27.01.2012, and 19.3.2012 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 17.9.2011
Executive Directors :			
-Managing Director	Shri Kiran A.Shah	7	YES
-Whole-Time Director	Shri Pravin H. Shah	7	YES