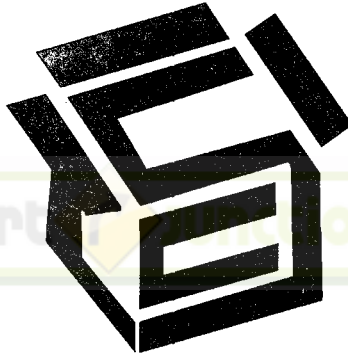


SOLID CONTAINERS LIMITED



**ANNUAL
REPORT
2006 - 2007**

SOLID CONTAINERS LIMITED

BOARD OF DIRECTORS :

Ashok Kumar Goel

R. Chandrasekhar

J. M. Fernandes

COMPANY SECRETARY :

Sanjay Basantani

REGISTERED OFFICE :

2006, Fossberry Road,
Near ICI Ltd., Reay Road (E),
Mumbai-400 033.

WORKS :

Vadavali, P.O. Mohone,
Dist. : Thane-421 102.

AUDITORS :

M/s. MGB & Co.
Chartered Accountants

BANKERS :

Canara Bank
Dr. A. B. Road, Worli,
Mumbai-400 018.

REGISTRAR & SHARE TRANSFER AGENTS :

M/s. Sharepro Services
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracius Road, Chakala,
Andheri (E), Mumbai-400 099.
Tel. : 022-2821 5168, 2820 2108

SOLID CONTAINERS LIMITED**NOTICE**

NOTICE is hereby given that the Forty-second Annual General Meeting of SOLID CONTAINERS LIMITED will be held at 2006, Fossberry Road, Near ICI Ltd., Reay Road, Mumbai – 400 033, the Registered Office of the Company on Friday, 21st September, 2007 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended on 31st March, 2007 and Balance Sheet as on that date, and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. R. Chandrasekhar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and fix their remuneration.

**BY ORDER OF THE BOARD
FOR SOLID CONTAINERS LIMITED**

Place : Mumbai.

ASHOK KUMAR GOEL

Date : 13th August, 2007

DIRECTOR

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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
3. Shareholders are requested to kindly bring their copies of Annual Report to the Meeting.

ADDITIONAL INFORMATION ON DIRECTOR BEING RE-APPOINTED AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES.

➤ MR. R. CHANDRASEKHAR

Mr. Chandrasekhar is a Commerce Graduate and an Associate Member of Institute of Chartered Accountants of India, Institute of Company Secretaries of India and Institute of Cost and Works Accountants of India. He has a vast and varied experience of over 25 years in the manufacturing industry. The shareholding of Mr. Chandrasekhar in the Company is Nil.

Annual Report 2006-2007**DIRECTORS' REPORT**

To,

THE MEMBERS,

Your Directors have pleasure in presenting the Forty-second Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS :

(Rs. in Lacs)

| | Year ended 31.03.2007 | Year ended 31.03.2006 |
|-------------------------------------------------|--------------------------|--------------------------|
| Sales | Nil | Nil |
| Loss before Depreciation & Extra-ordinary Items | 198 | 202 |
| Depreciation | 88 | 88 |
| Extra-ordinary Items | (233) | Nil |
| Loss for the year | 53 | 290 |

DIVIDEND :

Your Directors regret their inability to recommend dividend in view of loss incurred during the year.

OPERATIONS REVIEW :

There has been no change in the status of the Company's operations. The operations continued to be suspended and unviable. There has been no positive development which warrants the Company to commence its operations.

SALE OF MACHINERY

The machinery of Plant no. 2 was lying idle for more than eight years as the production in your Company has been suspended since September 1998. The line was damaged in the floods which took place in July 2005. Therefore, the Management decided to dispose off the machinery of Paper Plant no.2 lying at the factory premises of your Company.

DIRECTORS:

Mr. R. Chandrasekhar, Director, retires by rotation and being eligible, offers himself for re-appointment.

The brief resume of Mr. R. Chandrasekhar, Director, as required by Clause 49 of the Listing Agreement with the Stock Exchanges, is provided in the notice convening the Forty-second Annual General Meeting of the Company.

AUDITORS:

M/s. MGB & Co., Chartered Accountants, the retiring Auditors being eligible, offer themselves for reappointment as Statutory Auditors of the Company. The reappointment is in accordance of Section 224(IB) of the Companies Act, 1956.

AUDITORS' REPORT:

The qualification and observations made by the Auditors in their report are self-explanatory.

Also, the Auditors have pointed out non-compliance of Accounting Standard (AS)-10 "Accounting for Fixed Assets" and Accounting Standard-28 "Impairment of Assets". The said non-compliance with the Accounting Standards primarily arise from the fact that the Company's operations are suspended and consequently, the Auditors have to qualify the company as a going concern. As

SOLID CONTAINERS LIMITED

and when, the operations can commence, your Board will be in a position to ensure the compliances of the above mentioned Accounting Standards. The members would be accordingly informed.

Also the Auditors have pointed in the Notes on Accounts that the Company has not complied with certain provisions of section 292A of the Companies Act, 1956 pertaining to Audit Committee and that the Company does not have Managing Director as per section 269 of the Companies Act, 1956 during the financial year 2006-07. In this regard, it may be noted that the Company has suspended its operations since September 1998 and has been suffering losses. As and when Company can commence its operations, it will be in a position to comply with all the provisions of the Section 292A and Section 269 of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES:

None of the Employees were in receipt of remuneration in excess of the limit specified under Section 217 (2A) of the Companies Act, 1956, and Companies (Particulars of Employees) Rules, 1975.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000, Director's confirm that:

- 1) In the preparation of the annual accounts, the applicable Accounting Standards have been followed except non compliance of Accounting Standards 10 & 18 as pointed by Auditors in their report.
- 2) Appropriate Accounting Policies have been selected and applied consistently and have made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007.
- 3) 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.
- 4) The annual accounts have been prepared on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO:

In accordance with the requirement of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 were not applicable since there was no operation during the year.

CORPORATE GOVERNANCE:

A separate report on Corporate Governance alongwith the Auditors' statement on its compliance forms a part of this Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report is provided in a separate section and forms a part of this Report.

ACKNOWLEDGEMENTS:

The Board of Directors expresses their gratitude to Shareholders of the Company for their continuous support.

**BY ORDER OF THE BOARD
FOR SOLID CONTAINERS LIMITED**

Place : Mumbai.

Date : 13th August, 2007

**ASHOK KUMAR GOEL
DIRECTOR**

Annual Report 2006-2007**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

(FOR THE YEAR ENDED 31ST MARCH, 2007)

The operations of your Company have been suspended since September 1998 and there have been no positive development to enable your Company to commence its operations. Therefore your Directors are not able to communicate anything substantive through this report.

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Paper Industry is highly fragmented. India's paper consumption of 6 kg per capita is a matter of concern.

2. OPPORTUNITIES AND THRE

Inadequate availability of raw materials, ever increasing costs of raw materials, fragmented industry structure, high energy consumption and costs, unattractive investment scenario are the major issues, the Indian Paper Industry has to content with. Another un-favourable factor is the low per capita consumption of paper in India.

3. The operations of the Company have been suspended since September 1998 and hence discussion on Segment wise or Product wise performance, Outlook, Risk & concerns, Financial performance with respect to operational performance is not provided.

4. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED

Since the operations of the Company have been suspended and there are only two persons employed, there was no material development in Human resources / Industrial relations.

SOLID CONTAINERS LIMITED**CORPORATE GOVERNANCE REPORT****BOARD'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Your Company believes in following the principles of full transparency, disclosure of material facts and accountability in dealing with its stakeholders.

BOARD OF DIRECTORS

The Board has three Non-Executive Directors. Out of these, one member is an Independent Director. The Board of Directors of the Company have approved and laid down a Code of Conduct applicable for all the Board Members and the Employees of the Company. The declaration of Mr. Ashok Kumar Goel, Director, to this effect forms part of this report.

BOARD PROCEDURES

During the year under review, the Board of Directors met five times on 29th May, 2006, 27th July, 2006, 16th August, 2006, 31st October, 2006 and 30th January, 2007.

The attendance record of the Directors at each Board meeting, and the last Annual General Meeting held on 22nd September, 2006 and no. of outside Directorships and Committee membership held by each Director as on 31st March, 2007, is given below :-

| Name of the Director | Type of Director | Board Mtgs. Attended | Last AGM Attended | No. of Committee Memberships held (excl. private Cos.) @ | | No. of outside Directorships held (excl. private Cos.) \$ |
|----------------------|------------------|----------------------|-------------------|----------------------------------------------------------|--------|-----------------------------------------------------------|
| | | | | Chairman | Member | |
| Ashok Kumar Goel | NED | 5 | Yes | Nil | 2 | 2 |
| R. Chandrasekhar | NED | 5 | Yes | Nil | 2 | NIL |
| J. M. Fernandes | NED, ID | 5 | Yes | 2 | 1* | 2* |

NED : Non-Executive Director

ID : Independent Director

* Committee Member and on the Board of one Private Company which is a subsidiary of Public Limited Company.

\$ Excludes foreign directorships.

@ Excludes Remuneration Committee.

COMMITTEES OF THE BOARD**1) Audit Committee**

Following is the composition of the Audit Committee –

Members : J.M. Fernandes (Chairman),
Ashok Kumar Goel
R. Chandrasekhar

All the Members of the Committee are Non-Executive Directors and Mr. J.M. Fernandes is a Non-Executive Independent Director. As per clause 49 of the Listing Agreement, Audit Committee shall have minimum three directors and all the members shall be Non-Executive Directors with majority of them being Independent Directors.

As per the Auditors Certificate to Report on Corporate Governance, the Company did not have appropriate composition of the independent directors and compliance of other provisions as per

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Clause 49 of the Listing Agreement pertaining to the role of Audit Committee. In this regard, it may be noted that the Company has been suffering operating losses and the operations have been suspended since September 1998 and the Board is exploring all options for its revival. Under such circumstances and the fact that Mr. Ashok Kumar Goel and Mr. R. Chandrasekhar are not drawing any remuneration / sitting fees and do not receive any material pecuniary benefit from the Company, they are nominated on the Audit Committee of the Board on an adhoc basis pending further action in the matter. Further due to losses and suspension of operations, the Company has not carried out Internal Audit, Internal Control and hence the Committee was not able to perform its role fully such as review of Internal Control, Internal Audit.

The Company Secretary to act as a Secretary of the Committee. Mr. R. Chandrasekhar has expert knowledge of Finance & Accounts. The role, powers and functions of the Audit Committee are as per Section 292A of the Companies Act, 1956 and guidelines stated in the revised Clause 49 of the Listing Agreement.

During the year under review, the Committee Meeting was held on 27th July, 2006, 16th August, 2006, 31st October, 2006 and 30th January, 2007

The attendance record of the Members of the Audit Committee is as under:-

| Members | Meetings attended |
|------------------|-------------------|
| J.M. Fernandes | 4 |
| Ashok Kumar Goel | 4 |
| R. Chandrasekhar | 4 |

2) Investors' Grievance Committee

Following is the composition of the Investors' Grievance Committee -

Members : J.M. Fernandes (Chairman),
R. Chandrasekhar

The Committee deals in matters relating to :

1. Approve Share transfers/transmissions/transpositions and deletion of name from the Share Certificates.
2. Issue of duplicate Share Certificates.
3. Redressal of the grievances of the shareholders.

During the year under review, Investor Committee Meeting was held on 1st November, 2006 and 5th March, 2007.

The attendance record of the Members of the Investors' Grievance Committee is given below:-

| Members | Meetings attended |
|------------------|-------------------|
| J.M. Fernandes | 2 |
| R. Chandrasekhar | 2 |

During the year, no complaints were received and hence there were no complaints pending as on 31st March, 2007.

SOLID CONTAINERS LIMITED

Disclosures

- 1) Materially significant Related Party transactions.

The transactions between the Related Parties are disclosed in the Note No.9 of the Annual Accounts in compliance with the Accounting Standard relating to "Related Party Disclosures". There is no materially significant related party transaction that may have potential conflict with the interest of the Company at large.

- 2) The Company has complied with all the applicable Accounting Standards except AS 10 "Accounting for fixed assets" and AS 28 "Impairment of assets" as pointed out by the Auditors in their report.

The above mentioned non-compliances with the Accounting Standards primarily arise from the fact, that the Company's operations are suspended. As and when, the operations can commence, your Board will be in a position to ensure the compliances of the above mentioned Accounting Standards.

- 3) A brief statement about Risk management pertaining to identification and mitigation of Risks as required under the amended Clause 49 of the Listing Agreement concerning Corporate Governance was placed before the Board of Directors.
- 4) As there are only two employees in the Company and operations have been suspended, the Company has not adopted Whistle Blower Policy – a non mandatory requirement as per clause 49 of the Listing Agreement.
- 5) There were no cases of penalties or strictures imposed by any Stock Exchange or SEBI or any other statutory authority for any violation related to the capital market during the last three years. Except that the trading of the Company has been suspended by the Bombay Stock Exchange Limited w.e.f. 13th May, 2002.
- 6) Shareholding of all the Directors in the Company is NIL. Further, no remuneration is being paid to the Directors of the Company and hence Remuneration Committee is not constituted.

MEANS OF COMMUNICATION

The quarterly and annual results are published in Free Press Journal (English) and Navshakti (Marathi).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report forms part of the Annual Report.

CERTIFICATION

As per clause 49 of the Listing Agreement, a certificate duly signed by two Directors was placed at the Board meeting of the Company held on 13th August, 2007.