

SOLID CONTAINERS LIMITED



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**ANNUAL
REPORT
1998-99**

SOLID CONTAINERS LIMITED

BOARD OF DIRECTORS :

Shri Subhash Chandra - Chairman

Shri Ashok Kumar Goel

Shri Cyrus Bagwadia - Executive Director

Shri Alope Sengupta - Nominee - IDBI

Shri Motisingh Chauhan

Shri R. Chandrasekhar

REGISTERED OFFICE :

Tiecicon House,
Dr. E. Moses Road,
Mumbai - 400 011.

WORKS :

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

AUDITORS :

M/s. M.G. Bhandari & Co.
Chartered Accountants

BANKERS :

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

SOLID CONTAINERS LIMITED

NOTICE

NOTICE is hereby given that the thirty fourth Annual General Meeting of **SOLID CONTAINERS LIMITED** will be held at Tiecicon House, Dr. E. Moses Road, Mumbai-400 011, the Registered Office of the company on Thursday 16th September, 1999 at 4.00 p.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, 1999, and Balance Sheet as on that date, and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Motisingh Chauhan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

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

Place : Mumbai.
Date : 30th June, 1999.

**CYRUS BAGWADIA
EXECUTIVE 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.



DIRECTORS' REPORT

To,

THE MEMBERS,

Your Directors have pleasure in presenting the thirty-fourth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS :

	(Rs. in Lacs)	
	Year ended 31.03.1999	Year ended 31.03.1998
Sales	411	1,425
Loss before Depreciation & Extra-ordinary Items	332	347
Depreciation	98	100
Extra-ordinary Items	80	0
Loss for the year	510	447
Share Capital	1070	270

During the year, the company has issued 80,00,000 12% Redeemable Cumulative Preference Share of Rs.10/- aggregating to Rs. 8,00,00,000/- (rupees eight crore only) to the promoters.

The financial institutions have restructured the repayment of the term loans.

The company has downsized the workforce and paid Rs. 80 lakh as Separation Compensation during the year ended 31st March, 1999. The compensation has been treated as an Extra-ordinary Item and debited to the Profit And Loss Account.

The company has changed the accounting policy from cash basis to accrual basis in respect of retirement benefits. Consequently, Rs. 102.00 lakh have been debited to the Prior Period Adjustment Account.

DIVIDEND :

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

OPERATIONS REVIEW :

In the year 1998-99, the Paper Market in India was depressed due to the world wide recession in the paper market combined with the currencies crisis in the East Asian countries and reduction in import tariff have led the heavy dumping of imported finished goods into India. And domestic production capacity has also increased during the year. These factors have further lowered prices realisation by 15% to 20% where as manufacturing cost increased substantially due to increase in power tariff, water charges and labour. It was difficult to sell the product even after lowering the prices. The company was incurring loss for every tonne of paper made and sold.

This is the third consecutive year of recession in the Paper Industry. The recession in the Paper Industry was expected to be over within two years but currencies crisis in the East Asian countries has not only extended it but also made it more painful. The paper industry is still reeling in trough of business cycle.

Many varieties of finished paper continues to be imported into the country. The mega paper plants had a cost advantages which was not possible to match by units of our size. Your Company foresaw the trend and decided to add capacity in 1995. Unfortunately, the new plant supplied, had deficiencies which took us over two years to correct. Meanwhile, the decline in the paper industry cycle set in.

The recession in the Paper Industry has affected the operations of the Company severely and this is the third consecutive year of loss. Even the variable expenses were not recovered fully. To avoid further operating losses, the Board of Directors has decided to suspend the operations with effect from 25th September, 1998. Consequent to the suspension of the operations, the Company has surrendered its power and water allocations.

The company has assessed the optimum workforce requirement for running the both plants. Amicable agreement has been reached with the workers and their union for rationalisation of the workforce. The surplus labour has been whittled down with the concurrence of the recognised labour union. The company has also retrenched some workers who were not fit for the job.

The company has petitioned for various relief to the Government of Maharashtra under the Bombay Relief Undertaking Act, 1958. The petition is pending with the Government of Maharashtra as on the date of the report.

DIRECTORS :

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Shri. Motisingh Chauhan, Director retires by rotation and being eligible, offers himself for reappointment.

AUDITORS :

M/s. M.G. Bhandari & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment as Auditors. The reappointment shall be in accordance of section 224A of the Companies Act, 1956.

AUDITORS' REPORT :

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

PARTICULARS OF EMPLOYEES :

Particulars of Employees under Section 217 (2A) of the Companies Act, 1956, and Companies (Particulars of Employees) Rules, 1975 :

None of the employees of the company were in receipt of remuneration more than Rs. 6,00,000 if employed throughout the financial year or Rs. 50,000/- per month if employed for a part of the financial year.

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, the details are set out in the Annexure forming part of this Report.

ACKNOWLEDGEMENTS :

The Board of Directors express their gratitude to customers, suppliers, bankers, financial institutions and Shareholders of the Company for their continuous support. The Board wishes to place on record its deep appreciation of the contribution made by the employees in the progress of the company.

BY ORDER OF THE BOARD
FOR SOLID CONTAINERS LTD.
CYRUS BAGWADIA
EXECUTIVE DIRECTOR

Place : Mumbai
Date : 30th June, 1999

SOLID CONTAINERS LIMITED**ANNEXURE TO THE DIRECTORS' REPORT :****INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.****A. CONSERVATION OF ENERGY :**

The Company has been able to improve the energy consumption on a marginal basis. The continuous operation of plants has resulted in a more stable power consumption.

The Company continues its efforts to improve methods of energy conservation and utilisation.

FORM 'A'
(See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy.

Power and Fuel Consumption :	Current Year	Previous year
1. Electricity :		
Purchased Unit	16,87,947	70,25,702
Total amount Rs.	1,02,02,603	2,65,95,723
Average Rate/unit Rs.	6.05	3.79
2. Coal : (Used in Boiler)		
Quantity (tonnes)	849	4,995
Total cost Rs.	17,10,528	1,06,99,654
Average rate per tonne Rs.	2,014	2,142
3. Furnace Oil :		
Quantity (k.Ltrs)	175	197
Total amount Rs.	9,13,986	10,72,236
Average rate Kltr Rs.	5,223	5,443

B. TECHNOLOGY ABSORPTION :**FORM B****Form for disclosure of particulars with respect to Absorption Research & Development (R & D) :**

1. Specific areas in which R & D carried out by the company :
 - a) Reduction in the cost of materials by :
 - i) Evaluating the alternative raw material compositions.
 - ii) Modifying the process parameters keeping the end quality in mind.
2. Benefits derived as a result of R & D :-
 - a) Improved productivity
 - b) Cost reduction
 - c) Improvement in quality
3. Future plan of action.
To improve further on the raw material compositions and the process parameters to get benefits of higher productivity at lower cost of materials.

Technology Absorption, Adaptation and Innovation :

The company has not taken any know how for the manufacturing of product.

C. FOREIGN EXCHANGE EARNING AND OUTGO :

	Current Year	Previous year
	Rs.	Rs.
1. Total foreign exchange earned	Nil	Nil
2. Total foreign exchange used	Nil	25,62,816

BY ORDER OF THE BOARD
FOR SOLID CONTAINERS LTD

CYRUS BAGWADIA
EXECUTIVE DIRECTOR

Place : Mumbai
Date : 30th June, 1999

AUDITORS' REPORT

To,
The Members of
SOLID CONTAINERS LIMITED

We have audited the attached Balance Sheet of **SOLID CONTAINERS LIMITED** as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date, annexed thereto, and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of information and explanations given to us during the course of audit and such checks as we considered appropriate, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in Paragraph 1 above, we report that :-
 - a) 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.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts.
 - d) In our opinion, the Balance-Sheet and Profit and Loss Account comply with the mandatory Accounting Standards referred to in the Section 211 (3C) of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to :
 - i) Note No. 5 relating to going concern, fundamental accounting assumption for preparation and presentation of accounts.
 - ii) Note No. 6 relating to change in accounting policy for gratuity and leave encashment liabilities from cash basis to accrual basis. Had the Company continued to follow the cash basis of accounting in respect of the above mentioned items, the loss for the year and liabilities would have been lower by Rs. 5,42,286/- and Rs. 57,64,477/- respectively.
 - iii) Note No. 11 relating to non provision of doubtful book debts Rs. 19,11,900/- and

Read together with the Significant Accounting Policies and Notes on Accounts as per Schedule 20, gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

- i) In the case of Balance Sheet, of the state of the Company's affairs as at 31st March, 1999; and
- ii) In the case of Profit and Loss Account, of the loss for the year ended on that date.

For **M. G. BHANDARI & CO.**
Chartered Accountants

M.G. BHANDARI
Partner

Place : Mumbai
Date : 30th June, 1999