

SOLID CONTAINERS LIMITED



**ANNUAL
REPORT
2007-2008**

SOLID CONTAINERS LIMITED

BOARD OF DIRECTORS :

Ashok Kumar Goel

R. Chandrasekhar

J. M. Fernandes

Mohender Garg (appointed w.e.f. 29th April, 2008)

MANAGER (under section 269 of the Companies Act, 1956) :

Suresh Kumar Suri (appointed w.e.f. 29th April, 2008)

COMPANY SECRETARY :

Sanjay Basantani

REGISTERED OFFICE :

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

WORKS :

Vadavali, PO 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 (India) Pvt. Ltd.
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracius Road, Chakala,
Andheri (E), Mumbai - 400 099.
Tel.: 022 - 2821 5168, 6772 0300

SOLID CONTAINERS LIMITED

NOTICE

NOTICE is hereby given that the forty-third Annual General Meeting of SOLID CONTAINERS LIMITED will be held at 2006, Fossberry Road, near ICI Ltd., Reay Road (E), Mumbai-400 033, the Registered Office of the Company on Monday, 29th September, 2008 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, 2008 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. Ashok Kumar Goel, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution :

Appointment of Mr. Mohender Garg as a Director on the Company's Board of Directors.

"RESOLVED THAT Mr. Mohender Garg, who was appointed as an Additional Director on the Company's Board of Directors, and who holds office under Section 260 of the Companies Act, 1956 until the date of the Annual General Meeting and in respect of whom the Company has received a notice in writing under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the post of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. To consider and if thought fit to pass, with or without modification, the following resolution as a Special Resolution :

Appointment of Mr. Suresh Kumar Suri, General Manager-Works, as Manager under section 269 of the Companies Act, 1956.

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 387, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956('the Act'), the Company hereby accords its consent to the appointment of Mr. Suresh Kumar Suri, General Manager – Works of the Company, as Manager of the Company under Section 269 of the Act for a period of 3 Years w.e.f. 29th April, 2008 on the terms and conditions including remuneration and minimum remuneration as set out in the Explanatory Statement annexed herewith, with power to the Board of Directors or any Committee thereof to alter and vary the terms and conditions so as not to exceed the limits specified in Schedule XIII to the Act or any amendments thereto or otherwise as may be permissible by law for the time being in force.

RESOLVED THAT Mr. S. K. Suri be and is hereby granted substantial powers of management and shall be responsible for the overall management and control of the whole of the affairs of the Company under the supervision, superintendence, control and direction of the Board of Directors and that he shall continue to handle the responsibility as General Manager - Works.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to take such steps as it may, in its discretion, deem necessary, proper or expedient to give effect to this Resolution."

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

Place : Mumbai
Date : 21st July, 2008

**ASHOK KUMAR GOEL
DIRECTOR**

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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.

EXPLANATORY STATEMENT OF MATERIAL FACTS PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956 :-

Item No. 4

Mr. Mohender Garg was appointed as an Additional Director on the Company's Board of Directors with effect from 29th April, 2008. He holds office under Section 260 of the Companies Act, 1956, until the date of the forty-third Annual General Meeting. The Company has received a notice in writing under the provisions of Section 257 of the Companies Act, 1956, proposing his candidature for the post of a Director. The Board considers it desirable that the Company should continue to avail the services of Mr. Mohender Garg as a Non-executive Independent Director.

The Board recommends the resolution for your approval. None of the Directors of the Company, except Mr. Mohender Garg, is interested in this Resolution.

Item No. 5

Mr. S. K. Suri has been associated with the Company since May 1984 and was appointed as General Manager - Works during 1997-98. He has hands on experience in managing the operations of the Company. The Board of Directors of the Company ("the Board"), at its Meeting held on 29th April, 2008, have appointed Mr. S K Suri, subject to your and other necessary approvals, if any, as Manager under section 269 of the Companies Act, 1956 for a period of 3 years with effect from 29th April, 2008. Your Company would therefore require to pass Special Resolution in this regard.

The material terms and conditions (including remuneration and minimum remuneration) of Mr. S.K. Suri's appointment are as follows :

1. Salary :

- (a) A Basic Salary of Rs.14,784/- per month with merit based annual increments as may be decided by the Board or any Committee thereof.
- (b) Dearness Allowance of Rs.2,464/- per month with merit based annual increments as may be decided by the Board or any Committee thereof.
- (c) Personal Allowance of Rs.3,000/- per month with merit based annual increments as may be decided by the Board or any Committee thereof.

2. Ex Gratia not exceeding Rs. 30,000/- per annum or as may be revised from time to time by Board or any Committee thereof.

3. Perquisites :

- i. House Rent allowance not exceeding 20% of his Basic Salary.
- ii. Reimbursement of electricity bills.
- iii. Reimbursement of actual Medical Expenses incurred for self and family (i.e. wife, dependent children and dependent parents);
- iv. Leave Travel concession: Once in a year, subject to a ceiling of Rs. 30,000 or as may be revised by the Board or Committee thereof.
- v. Benefit of sick leave in accordance with the Rules of the Company.

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4. Mr. S. K. Suri shall also be eligible to the following :-
 - i. Benefit of the Company's Provident Fund Scheme, and the Superannuation/Annuity Fund Scheme together with the benefit of any Retirement Fund or Scheme, which the Company may introduce in future.
 - ii. Gratuity in accordance with the Rules of the Company.
 - iii. Earned or Privilege Leave – In accordance with the Rules of the Company.
 - iv. Use of telephone and/or mobile for the Company's business at Mr. Suri's residence, provided that the cost of personal long distance calls, if any, shall be reimbursed by him to the Company;
 - v. Use of a Motor Car with driver for the Company's business (as also for his personal use) or, alternately, the Company shall bear and pay all running operation and maintenance expenses plus the remuneration of a driver for use of his own car.

Apart from the aforesaid remuneration, Mr. S.K. Suri will be entitled to the reimbursement of entertainment, traveling, hotel and other expenses actually incurred for the Company.

For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rule, perquisites and allowances shall be evaluated at actual cost incurred by the Company in providing such perquisites and allowances.

Minimum Remuneration :

Where in any financial year during the tenure of Mr. S.K. Suri, the Company incurs a loss or its profits are inadequate, the Company shall continue to pay Mr. S.K. Suri the above remuneration as Minimum Remuneration within the limits as specified under Section II of Part II of Schedule XIII to the Act, (including any statutory modifications or re-enactments thereof) as minimum remuneration with the approval of Central Government, if required. Since the Company has incurred loss during the financial year, the Company shall pay Mr. S.K. Suri the above remuneration as Minimum Remuneration.

Other Terms :

1. The Manager shall not, without the prior approval of the Board, directly or indirectly engage in any other business, occupation or employment similar to or competing with, the Company's business.
2. The Manager shall not divulge or disclose to any person, or make use whatever, of any confidential information or knowledge as to the Company's business affairs or trade secrets.
3. The appointment may be terminated by either party giving to the other one month notice in writing.

The Board of Directors recommends the resolution for your approval. None of the Directors is concerned or interested in the said resolution.

Additional information for the Shareholders as required under Schedule XIII of the Companies Act, 1956 and to the extent applicable to the Company is given as under : (Re : Item No. 5 of the Notice) :

I. General Information :

- (1) **Nature of industry:** Paper Industry.
- (2) **Date or expected date of commencement of commercial production :** Already commenced the commercial production but the production operations have been suspended since September 1998. Date of Incorporation of the Company is 21st November, 1964.

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- (3) ***In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :*** Not Applicable.
- (4) ***Financial performance based on given indicators :*** Operations of the Company has been suspended since September 1998 and the Company has been suffering losses. The Company has suffered a Net loss of Rs.6,25,44,507/- for the year ended 31st March, 2008 as against Rs.53,59,038/- for the year ended 31st March, 2007.
- (5) ***Export performance and net foreign exchange collaborations :*** Not Applicable.
- (6) ***Foreign investments or collaborators, if any :*** NIL

II. Information about the appointee :

(1) ***Background details :***

Name :	Mr. Suresh Kumar Suri
Father's Name	: Late Shri Parmanand N. Suri
Nationality	: Indian
Date of Birth	: 14th August, 1946
Date of Appointment	: 29th April, 2008 (As Manager under section 269 of the Companies Act, 1956)
Expertise in specific Functional Area	: 37 years experience in the Pulp and Paper Industry
Directorships held in other Company	: Nil

- (2) ***Past remuneration :*** Mr. S.K. Suri as General Manager – Works of the Company was drawing a remuneration of Rs. 5,72,884/- per annum w.e.f. 1st April, 2008. Prior to this, he was drawing remuneration of Rs. 4,89,657/-.

- (3) ***Recognition or awards :*** Not Applicable.

(4) ***Job profile and his suitability :***

Job profile : Responsible for the overall management and control of the whole of the affairs of the Company with substantial powers of Management under the supervision, superintendence, control and direction of the Board of Directors. He will also continue to handle the responsibility as General Manager – Works.

Suitability : Mr. Suri has been associated with the Company since 1984. Subsequently, during 1997 - 98, he was given responsibility as General Manager - Works of the Company. He has around 37 years of experience in Pulp and Paper Industry.

- (5) ***Remuneration proposed :*** As per the resolution and Explanatory Statement to Item No. 5 annexed to this notice.
- (6) ***Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) :*** Considering that the operations of the Company are suspended and that Mr. Suri would be handling responsibility as General Manager – Works and Manager under section 269 of the Companies Act, 1956 ("the Act"), the remuneration seems to be justified.
- (7) ***Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any :*** There is no such pecuniary relationship except that Mr. Suri has been working with the Company since May 1984.

SOLID CONTAINERS LIMITED**III. Other information :**

- (1) **Reasons of loss or inadequate profits** : The operations of the Company have been suspended since September 1998 and hence the Company has been suffering losses.
- (2) **Steps taken or proposed to be taken for improvement** : The Management will explore the opportunities available for revival of the Company and will take suitable and appropriate steps towards the same.
- (3) **Expected increase in productivity and profits in measurable terms** : Not Applicable. Since the operations of the Company have been suspended since September 1998.

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

Place : Mumbai

Date : 21st July, 2008

**ASHOK KUMAR GOEL
DIRECTOR**

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

➤ **MR. ASHOK KUMAR GOEL**

Mr. Ashok Kumar Goel has been associated with the Company as a Director since 1983. Mr. Goel holds a Bachelor of Commerce degree. He is Vice Chairman & Managing Director of Essel Propack Limited and also serves on the Boards of other Companies (as on 31st March, 2008) such as, Essel Infraproject Limited, East India Company (Trading) Limited, Sunflower Solar Systems Pvt. Ltd., Asian Satellite Broadcast Private Limited, Veena Investment Private Limited, Jayneer Capital Private Limited, Essel Packaging (Nepal) Private Limited, Essel Propack de Venezuela, Tacpro Inc., USA, Avalon Medical Services Pte. Ltd., Singapore, P.T. Lamipack Primula Indonesia.

He is also member of Investor Grievance Committee of Essel Propack Limited. The shareholding of Mr. Goel in the Company is Nil.

➤ **MR. MOHENDER GARG**

Mr. Mohender Garg has a rich experience in the Industry and also serves on the Board of other Companies (as on 31st March, 2008) such as Wonder Signs (P) Limited, Vyoma Overseas P. Limited, Intrective Tradex India Pvt. Ltd., Continental Drug Co. P. Ltd., Edison Continental Laboratories P. Ltd. and Aqualand India Limited.

The shareholding of Mr. Mohender Garg in the Company is Nil.

Annual Report 2007-2008**DIRECTORS' REPORT**

To,

THE MEMBERS,

Your Directors have pleasure in presenting the Forty-third Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS:

(Rs. in Lacs)

	Year Ended 31.03.2008	Year Ended 31.03.2007
Sales	NIL	NIL
Loss before depreciation & Extra-ordinary items	186	198
Depreciation	18	88
Extra-ordinary items	421	(233)
Loss for the year	625	53

DIVIDEND:

Your Directors regret their inability to recommend any 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 which was lying idle for more than eight years and damaged in the floods which took place in July 2005 was sold on 'As is where is basis' for a total consideration of Rs.4,28,62,500/- (including VAT @ 12.5%).

DIRECTORS:

Mr. Ashok Kumar Goel, Director, retires by rotation and being eligible, offers himself for re-appointment.

Mr. Mohender Garg has been appointed as an Additional Director with effect from 29th April, 2008 to hold office as a Non-Executive Independent Director upto the conclusion of the ensuing Annual General Meeting. Members are requested to appoint Mr. Mohender Garg as a Director of the Company.

The brief resume of Mr. Ashok Kumar Goel and Mr. Mohender Garg, Directors, as required by Clause 49 of the Listing Agreement with the Stock Exchanges, is provided in the notice convening the forty-third Annual General Meeting of the Company.

Mr. Suresh Kumar Suri has been appointed as Manager under Section 269 of the Companies Act, 1956 with effect from 29th April, 2008. Members are requested to pass Special Resolution as provided in the notice convening this Annual General Meeting.

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(1B) of the Companies Act, 1956.

SOLID CONTAINERS LIMITED**AUDITORS' REPORT:**

The qualification and observations made by the Auditors in their report are self-explanatory. The Auditors have also pointed out non-compliance of Accounting Standard – 15 (AS-15) "Employee Benefits" for Actuarial valuation of Gratuity and Leave encashment. In this regard, it may be noted that your Company has suspended its operations since September 1998 and has been suffering losses. Considering this fact and that there are only two employees on the payroll, the said non-compliance has arisen. Further, Management of the Company will endeavor to comply with the same in the near future.

Also the Auditors have pointed in the Notes on Accounts that certain provisions of section 292A of the Companies Act, 1956 pertaining to Audit Committee have not yet been complied. As and when, the Company can commence its operations, it will be in a position to comply fully with all the provisions of the Section 292A 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 standard 15 "Employee Benefits" for Actuarial valuation of Gratuity and Leave encashment 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, 2008.
- 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 form 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 the Shareholders of the Company for their continuous support.

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

Place : Mumbai
Date : 21st July, 2008

**ASHOK KUMAR GOEL
DIRECTOR**

Annual Report 2007-2008**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****(for the year ended 31st March, 2008)**

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, OPPORTUNITIES AND THREATS

The Indian Paper Industry is highly fragmented. 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.

2. 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.

3. 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.