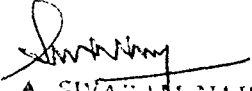


CERTIFIED TRUE COPY

For KAIRA CAN CO. LTD.


A. SIVARAM NAIR
Company Secretary

MD	☒		BKC	☒
CS	☒		DPY	☒
RO	☒		DIV	☒
TRA	☒		AC	☒
AGM	☒	☒	SHI	☒
YE	☒	☒		☒

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Annual Report

For the year ended 31st March

1997

Kaira Can Company Limited

Board of Directors	: Shri Premal N. Kapadia, <i>Chairman</i> Shri Utsav R. Kapadia, <i>Managing Director</i> Shri Harshad N. Kapadia Shri Bharat kumar M. Vyas (<i>nominee of GCMMF</i>) Shri Vivek J. Matthai (<i>nominee of GCMMF</i>) Smt. Lalita S. Dhoptkar (<i>Nominee of ICICI</i>)
Company Secretary	: Shri A. Sivaram Nair
Bankers	: Bank of Baroda, Mumbai Times Bank Ltd. Mumbai
Auditors	: Messrs C.C. Chokshi & Co., <i>Chartered Accountants</i>
Registered Office	: Tiecicon House Dr. E. Mosses Road Mumbai - 400 011

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

NOTICE

Notice is hereby given that the Thirty fourth Annual General Meeting of the shareholders of Kaira Can Company Limited will be held at the Registered Office of the Company, Tiecicon House, Dr. E. Moses Road. Mumbai 400 011, on Monday, 29th September, 1997 at 11.00 a. m to transact the following business :

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheets as at that date.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri H.N. Kapadia who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors for the current year and to fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED that pursuant to the provisions of sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent to the re-appointment of Shri U.R. Kapadia as the Managing Director of the Company, for a period of four years from 1st July, 1997, on the following remuneration, terms and conditions with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Directors and Shri U.R. Kapadia within the limits prescribed by Schedule XIII to the Companies Act, 1956, or any statutory re-enactment and amendment or modification made therein hereafter :

1. Salary : Rs. 30000/- per month in the scale of Rs. 30000- 1000-33000. The annual increment will be effective 1st July each year.
2. Perquisites : In addition to the above, the Managing Director shall be entitled to the following perquisites. Unless the context otherwise requires, perquisites are classified into three categories 'A' 'B' and 'C' as follows:

Category 'A'

This will comprise house rent allowance, medical reimbursement, leave travel concession, fees of clubs and personal accident insurance. These will be provided as under :

- (i) Housing I : The expenditure by the Company on hiring unfurnished accommodation for the Managing Director will be subject to the ceiling of sixty percent of the salary.

Housing II: The Company may provide the Managing Director with unfurnished accommodation owned by the Company.

Housing III: In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Managing Director,

- (ii) Medical reimbursement : Expenses incurred for the Managing Director and his family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- (iii) Leave Travel Concession : For the Managing Director and his family once in a year subject to a ceiling of one month's salary in a year or two months salary over a period of two years.
- (iv) Club Fees : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- (v) Personal accident insurance : Premium not to exceed Rs. 5,000/- per annum.

Explanation : For the purpose of Category 'A' "Family means the spouse, the dependent children and dependent parents of the Managing Director.

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Category 'B'

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the Computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act. Gratuity payable will not exceed 15 days salary for each completed year of service.
2. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category 'C'

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the Managing Director.

3. Commission : At the discretion of the Board of Directors, remuneration by way of commission, in addition to the above salary and perquisites, calculated at 1% of the net profits of the company computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to a ceiling of Rs. 1,80,000/- per annum.
4. Minimum Remuneration : Notwithstanding anything to the contrary herein contained wherein any financial year during the currency of the tenure of the Managing Director, the company has no profits or its profits are inadequate, the company will pay the salary and perquisites as specified above as minimum remuneration subject to the limit of Section II of Part II of Schedule XIII to the Companies Act, 1956.
5. The Managing Director shall be entitled to reimbursement of actual expenses reasonably incurred by him in or about the business of the Company (including those for travelling and entertainment).

By Order of the Board

Mumbai, Dated 29th August , 1997

A. SIVARAM NAIR
Company Secretary

NOTES:

- (a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
- (b) The dividend on Equity Shares as recommended by the Director for the year ended 31st March, 1997, if declared at the Meeting will be made payable on or after 29th September, 1997 to those members whose names stand on the Register of Members of the Company on 29th September, 1997.
- (c) The relative Explanatory Statements under Section 173 of the Companies Act, 1956, in respect of Special Business under item No. 5 set out above is annexed.

ANNEXURE TO THE NOTICE

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement set out all material facts relating to the Special Business mentioned in the accompanying Notice dated 29th August, 1997.

Shri. U. R. Kapadia was first appointed as Managing Director of the Company for a period of 3 years with effect from 1st July, 1994. His term of appointment expired on 30th June, 1997.

Shri. U. R. Kapadia is B. Tech. in Metallurgical Engineering from IIT, M. Sc. Industrial Metallurgy and Management Techniques (U. K.) and M. Sc. in Welding Technology (U. K.). Shri. U. R. Kapadia has wide experience at the management level and will be able to successfully discharge the responsibilities of Managing Director. During his tenure of 3 years as Managing Director, the Company has shown constant growth. Hence, the Board of Directors felt it necessary to re-appoint him as Managing Director of the Company for a further period of 4 years. The remuneration payable to Shri U.R. Kapadia is commensurate with the responsibilities shouldered by him and within the limits prescribed under Schedule XIII of the Companies Act, 1956.

None of the Directors other than Shri. U. R. Kapadia is interested or concerned in the Resolution No. 5.

The Directors commend the Ordinary Resolution for acceptance by the Members.

Registered Office :
Tiecicon House,
Dr. E. Moses Road,
Mumbai 400 011.

By Order of the Board,

(A. Sivaram Nair)
Company Secretary

Dated 29th August, 1997

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FIVE YEAR REVIEW

		Year Ending March				
		1993	1994	1995	1996	1997
EARNINGS AND DIVIDENDS						
SALES	Rs. in lakhs	5788.11	7185.49	7547.37	9077.31	9454.44
CHANGE IN SALES	(7%)	24%	5%	20%	4%	
PROFIT SUBJECT TO	Rs. in lakhs	190.81	116.48	120.04	158.03	110.54
(a) Depreciation	..	38.51	41.44	37.82	24.84	24.26
(b) Taxation	..	70.00	39.00	37.00	55.00	35.00
NET PROFIT	..	82.30	36.04	45.22	78.19	51.28
EARNINGS TO NET WORTH	Percent	10.93	4.75	5.81	9.34	5.98
EARNINGS PER EQUITY SHARE	RUPEES	9.42	4.12	5.17	8.95	5.87
DIVIDEND ON EQUITY SHARES	PER SHARE	2.00	2.00	2.00	2.50	2.50
FINANCIAL POSITION						
EQUITY SHARE CAPITAL	Rs. in lakhs	87.4	87.4	87.4	87.4	87.4
RESERVE AND SURPLUS	..	665.9	670.8	691.1	749.8	777.0
SHAREHOLDERS' FUNDS (Net Worth)	..	753.3	758.2	778.5	837.2	864.4
SECURED LOANS	..	1186.1	1307.7	1522.3	1522.2	1410.5
UNSECURED LOANS	..	101.4	126.9	102.6	556.2	394.1
FUNDS EMPLOYED	..	2040.8	2192.8	2403.4	2915.6	2669.0
FIXED ASSETS (Net Block)	..	262.8	305.4	341.1	529.2	542.7
INVESTMENTS	..	10.4	10.7	10.9	10.9	10.9
CURRENT ASSETS						
LOANS AND ADVANCES	..	3072.9	3101.5	3282.5	3999.4	3228.1
LESS : CURRENT LIABILITIES						
AND PROVISIONS	..	1305.3	1224.8	1231.1	1623.9	1112.7
NET CURRENT ASSETS	..	1767.6	1876.7	2051.4	2375.5	2115.4
APPLICATION OF FUNDS	..	2040.8	2192.8	2403.4	2915.6	2669.0
BOOK VALUE PER SHARE	Rupees	86.2	86.8	89.1	95.8	98.9
DEBT/EQUITY RATIO		0.27	0.32	0.29	0.28	0.19
CAPITAL EXPENSES	Rs. in Lakhs	47.6	43.2	73.7	207.7	40.28
NET CASH FLOW	Rs. in Lakhs	53.75	2.95	37.91	63.4	(47.7)

DIRECTORS' REPORT**TO THE MEMBERS,**

The Directors present the Thirtyfourth Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 1997.

2. FINANCIAL RESULTS

	Rupees	Previous Year Rupees
Profit before depreciation and tax.	1,10,54,085	1,58,02,245
Depreciation	24,25,651	24,83,568
Taxation	35,00,000	55,00,000
The profit for the year amounts to	51,28,434	78,18,677
Excess/ (Short) provision for taxes in respect of earlier years (Net)	(11,602)	2,35,552
Balance brought forward from previous year	46,99,639	34,99,410
Transferred from Investment Allowance utilised Reserve in respect of the year 1985-86	23,25,000	15,80,000
The Disposable profit for the year amounts to which the Directors have decided to appropriate as follows	1,21,41,471	1,31,33,639
(a) Transfer to Debenture Redemption Reserve.	—	12,50,000
(b) Proposed Dividend	21,84,000	21,84,000
(c) Tax on Proposed Dividend	2,18,400	---
(d) General Reserve	50,00,000	50,00,000
Leaving the surplus in Profit and Loss Account.	47,39,071	46,99,639

With reference to the qualifications made by the Auditors, the relevant notes referred to by them are self explanatory of the position.

3. DIVIDEND

The Directors recommend payment of following dividend for the year ended 31st March, 1997, which, if approved by the Shareholders at the Annual General Meeting to be held on 29th September, 1997, will be paid to those Shareholders whose names stand on the Register of Members of the Company on 29th September, 1997.

A dividend @ 25% on 8, 73,600 Equity Shares of Rs. 10/-each ... Rs. 21,84,000/-.

4. OPERATIONS

Sales turnover during the year increased approx. by 4% from Rs. 9077 lacs to Rs. 9454 lacs. The general recession in the Industry and slackness in the "OTS" business due to failure of mango crop contributed to the lower growth in the container division. However, despite the depressed economic situation, your company could sustain its turnover.

The Sales volume of the Milk & Milk Products Division has shown a remarkable increase from Rs. 1685 to Rs. 2301 lacs thereby registering a growth of 37%. The continued guidance and assistance extended by Gujarat Co-operative Milk Marketing Federation Ltd. has helped the Company in achieving this higher volume.

Your company expects the current year to be comparatively better particularly in view of the Government's thrust on food processing preservation industry and the consequential growth in demand for "Open Top Sanitary (OTS)" cans.

5. EXPORTS

During the year under review, the Company has achieved export earnings to the tune of Rs. 184 lacs from export of metal containers, printed sheets and components to the Middle East.

6	(a)	Total Foreign Exchange earned. Product exports including deemed exports.	Rs. 284 lakhs
	(b)	Total Foreign Exchange used.	
	(i)	Import of tinplate (main raw material), Stores & Spares.	Rs. 2014 lakhs
	(ii)	Commission on exports.	Rs. 7 lakhs
	(iii)	Travel, Technical literature, etc.	Rs. 5 lakhs
			Rs. 2026 lakhs

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7. CONSERVATION OF ENERGY

Conservation of energy has been receiving constant attention and measures are being taken for effective control on electricity and fuel consumption. The Company is regularly upgrading electric motors, driving gears etc which has resulted in savings of fuel and electricity. The employees are also conscious of the Company's efforts in this direction and are extending their full co-operation. The performance of electric motors, driving gears, etc. is regularly monitored and properly maintained.

8. TECHNOLOGY UPGRADATION

The Company is constantly upgrading the can-making technology with a view to increasing productivity, improving quality and minimising the wastage.

9. PUBLIC DEPOSITS

At the end of the financial year, there were fourteen depositors whose deposits were not claimed by them or for which disposal instructions had also not been received though the repayments had fallen due and the amount involved in such deposits is Rs. 76,000/-. Since then, two deposits amounting to Rs 20,000/- have been refunded and two deposits amounting to Rs. 11,000/- have been renewed. The remaining ten deposits amounting to Rs. 45, 000/- still remain unclaimed.

10. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri H.N. Kapadia retires by rotation and, being eligible, offers himself for re-election.

11. PERSONNEL

During the year under review, relation between employees and management remained cordial at all the Units of the Company.

Your Directors wish to place on record, their appreciation for the dedicated and sincere services rendered by the employees of the company.

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are given in the enclosed annexure and the same may be taken as forming part of this Report.

12. AUDITORS

The Auditors Messrs. C.C.Chokshi & Co., Chartered Accountants, retire at the Meeting and it is proposed that they be re-appointed.

On behalf of the Board of Directors.

Mumbai, Dated: 29th August, 1997.

U.R.KAPADIA
Managing Director

ANNEXURE TO THE DIRECTOR'S REPORT

Statement to section 217 (2A) of the Companies Act, 1956 and The Companies (Particulars of Employees) Rules, 1975

Sr. No.	Name	Age	Designation and Nature of Duties	Remuneration received Rupees	Qualifications	Experience (Years)	Date of commencement of Employment	Last Employer	Designation
1)	Kapadia U.R.	45	Managing Director	5, 82,468	B. Tech. (Met. Engg.) M.Sc. (Indl. Met. & Management Techniques U.K., M. Sc. (Welding Technology) U.K.	17	01/07/1994	General Electrodes and Equipment Ltd.	Managing Director
2)	Vishwanathan N.	64	Chief Executive	3, 54, 538	B.E. (Mech.)	39	15/07/1973	Baroda Electric Meters Ltd.	Chief Engineer

NOTES:

- 1) Nature of employment is contractual.
- 2) Other terms and conditions as per rules and regulations of the Company.
- 3) Remuneration includes salary, house rent allowance, health insurance premium, leave travel assistance and other facilities and Company's Contribution to Provident, Superannuation and Gratuity Funds and also provision for commission in the case of Managing Director.
- 4) The above employees are not relatives of any Director of the Company.

KAIRA CAN COMPANY LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Kaira Can Company Limited as at 31st March, 1997 and also the Profit and Loss Account of the company 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 Central Government in term of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure 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 purposes 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 the books;
 - (c) The Balance Sheet and the Profit and Loss Account dealt with by this Report are in agreement with the above books of account;
 - (d) Attention is invited to the following notes in Schedule No.18 :
 - (i) Note No.8 regarding estimated import duty benefit of Rs.1,05,58,282/- against exports effected during the year taken into account as incentive accruing in respect of duty free imports of raw materials, yet to be made.
 - (ii) Note No.9 regarding non-provision in accounts in respect of :
 - (a) diminution in the value of investment in 75,000 equity shares of Rs.10/- each in Containers India Limited (CIL)(cost Rs.7,50,000).
 - (b) probable loss on account of non-recovery or partial recovery of deposit of Rs.10,00,000/- towards subscription to further issue of equity capital of CIL. We are unable to comment on the recoverability or otherwise of the said amount of Rs.10,00,000/- due from CIL.
 - (iii) Note No.11 regarding pending insurance claims amounting to Rs.43,43,683/-. We are unable to comment on the recoverability or otherwise of the said amount of Rs.43,43,683/- due from Insurance Company.
 - (iv) Note No.12 regarding non-provision in accounts for debts considered doubtful of recovery of Rs.11,91,791/-.

Subject to foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon give 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 affairs of the Company as at 31st March, 1997; and
- (ii) in the case of Profit & Loss Account, of the profit for the year ended on that date.

For C.C. CHOKSHI & CO.
Chartered Accountants

R. LAXMINARAYAN
Partner

Mumbai, Dated : 29th August, 1997