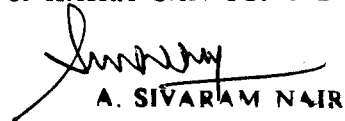


CERTIFIED TRUE COPY

For KAIRA CAN CO. LTD


A. SIVARAM NAIR
Company Secretary

37th

Annual Report

For the year ended 31st March

2000

Kaira Can Company Limited

KAIRA CAN COMPANY LIMITED

Tribute to a Visionary



Shri H. N. Kapadia

(23rd February, 1918 to 20th January, 2000)

The Board of Directors pay tribute to Late Shri H.N. Kapadia, Director of the Company, who was associated with Kaira Can Co. Ltd. right from its inception as a major promoter. Shri Kapadia was a pioneer and a leader in the packaging industry in India and was instrumental in making our Company as one of the leading can manufacturers in the metal container industry.

KAIRA CAN COMPANY LIMITED

Board of Directors : Shri Premal N.Kapadia, Chairman
: Shri Utsav R. Kapadia, Managing Director
: Shri Bharat Kumar M. Vyas (nominee of GCMMF)
: Shri Vivek J. Matthai (nominee of GCMMF)
: Shri Nanak G. Sheth

Company Secretary : Shri A. Sivaram Nair

Bankers : Bank of Baroda, Mumbai.
HDFC Bank Ltd., Mumbai.

Auditors : Messrs C.C. Chokshi & Co.,
Chartered Accountants

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

KAIRA CAN COMPANY LIMITED

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

NOTICE

Notice is hereby given that the Thirty seventh 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 Friday, 29th September, 2000 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, 2000 and the Balance Sheet as at that date.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri.B.M.Vyas 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 modifications, the following resolution as a Ordinary Resolution:
To appoint Shri Nanak G.Sheth as a Director, who was appointed as an additional Director on 27th April, 2000 and whose term expires on the date of this Annual General Meeting and being eligible offers himself for re-appointment. The Company has received a notice from a Share holder intimating his intention to propose Shri Nanak G.Sheth as Director of the Company.
6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:
To approve commencement of a new business of manufacturing sugar cones for ice-cream.

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. The proxy form should be lodged with the Company at its Registered Office atleast 48 hours before the meeting.
- b) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 25th September, 2000 to Friday, 29th September, 2000, both days inclusive.
- c) The dividend on Equity Shares as recommended by the Director for the year ended 31st March, 2000, if declared at the Meeting will be made payable on or after 29th September, 2000 to those members whose names stand on the Register of Members of the Company on 29th September, 2000.
- d) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.

By Order of the Board,

Place : Mumbai

Dated : 25th August, 2000

A.SIVARAM NAIR
COMPANY SECRETARY

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ANNEXURE TO THE NOTICE

Explanatory statement u/s 173(2) of the Companies Act, 1956 in respect of the Special Business.

Item No. 5.

At the Meeting of the Board of Directors held on 27th April, 2000, Shri Nanak G. Sheth was appointed as an additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Article 118 of the Articles of Association of the Company. Mr. Nanak G. Sheth holds office upto the date of forthcoming Annual General Meeting.

Notice in writing has been received from a shareholder of the company, pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose Shri Nanak G. Sheth as candidate for the office of Director. As required by the said section 257, the shareholder giving notice has deposited a sum of Rs. 500/- with the company which shall be refunded to him if Mr. Nanak G. Sheth is elected as Director.

Mr. Nanak G. Sheth holds an Electrical Engineering Degree from Germany and has 35 years of experience in India and abroad. His association will be beneficial to the Company, and hence, your Directors recommend his reappointment.

None of the Directors, except Shri Nanak G. Sheth, is concerned or interested in the Resolution.

Item No. 6.

The Company is engaged in the manufacture of open top sanitary cans, lithographed and plain metal containers and their metal components at its manufacturing units in Gujarat State. The Company largely caters to the requirements of the member dairies of Gujarat Co-operative Milk Marketing Federation Limited for the packing of baby food, ghee and other dairy products. The Company is also engaged in the business of processing, packing and marketing of Amul Milk in Mumbai and its suburbs.

As a diversification programme, the Company proposes to embark on the new business of manufacturing of sugar cones for ice-cream. For this purpose, a new unit is set up in Vithal Udyognagar for manufacturing of sugar cones for ice-cream upto 1 Lac Nos. per day.

Clause 30 of the object clause of the Memorandum of Association of the Company enables the Company to carry on the aforesaid business. This may be considered as a business not germane to the existing activity of the Company. It is, therefore, proposed to obtain the approval of the shareholders by way of special resolution pursuant to the provisions of Section 149 (2-A) of the Companies Act, 1956 which is now placed before the members for their approval, to enable the Company to commence the aforesaid business.

None of the directors is concerned or interested in the resolution. The Directors commend the Special Resolution for the approval of the members.

A copy of the Memorandum and Articles of Association of the Company is open for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day.

Registered Office :

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

By Order of the Board,

Place : Mumbai

Dated : 25th August, 2000

A. SIVARAM NAIR
COMPANY SECRETARY

KAIRA CAN COMPANY LIMITED

FIVE YEAR REVIEW

		Year Ending March				
		1996	1997	1998	1999	2000
EARNINGS AND DIVIDENDS						
SALES	Rs. in lakhs	9077.31	9454.44	9526.62	9195.69	8903.91
CHANGE IN SALES		20%	4%	1%	(3%)	(3%)
PROFIT SUBJECT TO	Rs. in lakhs	158.03	110.54	108.64	115.70	157.37
(a) Depreciation	..	24.84	24.26	24.04	29.04	37.27
(b) Taxation	..	55.00	35.00	33.00	35.00	40.00
NET PROFIT	..	78.19	51.28	51.60	51.66	80.10
EARNINGS TO NET WORTH	Percent	9.34	5.98	5.79	5.62	8.23
EARNINGS PER EQUITY SHARE	RUPEES	8.95	5.87	5.91	5.91	9.17
DIVIDEND ON EQUITY SHARES	PER SHARE	2.50	2.50	2.50	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	..	749.8	777.0	804.6	832.0	885.4
SHAREHOLDERS' FUNDS (Net Worth)	..	837.2	864.4	892.0	919.4	972.8
SECURED LOANS	..	1522.2	1410.5	1212.9	1036.9	835.4
UNSECURED LOANS	..	556.2	394.1	332.4	213.9	79.3
FUNDS EMPLOYED	..	2915.6	2669.0	2437.3	2170.2	1887.5
FIXED ASSETS (Net Block)	..	529.2	542.7	553.8	694.3	701.9
INVESTMENTS	..	10.9	10.9	10.9	3.4	3.4
CURRENT ASSETS						
LOANS AND ADVANCES	..	3999.4	3228.1	3750.2	2764.6	2856.6
LESS : CURRENT LIABILITIES						
AND PROVISIONS	..	1623.9	1112.7	1877.6	1292.1	1674.4
NET CURRENT ASSETS	..	2375.5	2115.4	1872.6	1472.5	1182.2
APPLICATION OF FUNDS	..	2915.6	2669.0	2437.3	2170.2	1887.5
BOOK VALUE PER SHARE	Rupees	95.8	98.9	102.0	105.2	111.3
DEBT/EQUITY RATIO		0.28	0.19	0.10	-	-
CAPITAL EXPENSES	Rs.in Lakhs	207.7	40.28	69.88	178.53	137.78
NET CASH FLOW	Rs. in Lakhs	63.4	(47.7)	(23.97)	(3.53)	94.47

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DIRECTORS' REPORT**TO THE MEMBERS,**

The Directors present the Thirtyseventh Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2000.

2. FINANCIAL RESULTS

	Rupees	Previous Year Rupees
Profit before depreciation and tax.	1,68,06,551	1,44,72,220
Depreciation	37,26,922	29,04,460
Taxation	40,00,000	35,00,000
The profit for the year amounts to	90,79,629	80,67,760
Following Non-recurring items:		
Trade investments and Doubtful		
Deposits written-off	—	17,50,000
Provision for Doubtful Debts	10,69,173	11,51,791
Net Profit for the year amounts to	80,10,456	51,65,969
Short provision for taxes in respect of earlier year	(6,173)	—
Balance brought forward from previous year	52,38,791	49,97,062
Transferred from Debenture Redemption Reserve	—	75,00,000
The Disposable profit for the year amounts to	1,32,43,074	1,76,63,031
which the Directors have decided to appropriate as follows		
(a) Proposed Dividend	21,84,000	21,84,000
(b) Tax on Proposed Dividend	4,80,480	2,40,240
(c) General Reserve	52,00,000	1,00,00,000
Leaving the surplus in Profit and Loss Account.	53,78,594	52,38,791

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 the following dividend for the year ended 31st March, 2000, which, if approved by the Shareholders at the Annual General Meeting to be held on 29th September, 2000, will be paid to those Shareholders whose names stand on the Register of Members of the Company on 29th September, 2000.

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

4. OPERATIONS

The sales turnover of the Company declined by 3% i.e. from Rs. 9196 lakhs for the year ended 31st March, 1999 to Rs. 8904 lakhs for the year ended 31st March, 2000. The sale of metal containers remained stagnant at Rs. 5572 lakhs as compared to Rs. 5576 lakhs during the previous year due to sluggish demand situation arising out of general recession in the metal container industry and slackness in OTS business. However, the Company's profit before depreciation and tax during the year under review rose to Rs. 157 lakhs from Rs. 116 lakhs in the previous year. This was achieved due to stringent budgetary control, tight monitoring of working capital and the export benefits / incentives earned by the Company.

The Company with sustained efforts has developed a substantial export market for supply of metal components to the Middle East and during the year under review, has achieved export worth Rs. 190 lakhs as compared to Rs. 70 lakhs in the previous year. The Company has also enlarged its customer base by catering to the needs of aerosol container industry.

The sales of the Milk and Milk Products Division (MMPD) has also declined for the first time by 11% from Rs. 3135 lakhs to Rs. 2800 lakhs, which is attributable to the depressed market conditions created due to 'duty-free' import of subsidised milk powder to the country leading to fall in milk prices. The Company is in the process of shifting its Milk & Milk Product Division to a new bigger premises with enhanced capacity in Vashi, Navi Mumbai. With the continued valuable guidance and assistance extended by the Gujarat Co-operative Milk Marketing Federation Limited (GCMMF), our milk division is expected to achieve improved performance in sales growth during the current year.

As a diversification programme, the Company is embarking on to a new business of manufacturing rolled 'sugar' cones for filling ice-cream in Vithal Udyog Nagar Unit, Kheda District, Gujarat. The production is expected to commence in January, 2001 and this business is mainly to cater to the demands of Gujarat Co-operative Milk Marketing Federation Limited. At the ensuing Annual General Meeting, the requisite Special Resolution pursuant to the provisions of Section 149(2-A) of the Companies Act, 1956, is being placed before the Members for their approval.

The reform process initiated by the Central Government is showing positive results in the growth of the Country's economy. With the consistent and vigorous efforts being made by the Company in efficient usage of raw material and other cost reduction measures, the Company expects to improve its performance during the current year.

5. EXPORTS

During the year under review, the Company has achieved export earnings to the tune of Rs.189.88 lakhs from export of metal containers, printed sheets and components to the Middle East.

KAIRA CAN COMPANY LIMITED

6.	(a) Total Foreign Exchange earned. Product exports including deemed exports.	Rs.311.00 lakhs
	(b) Total Foreign Exchange used.	
	(i) Import of tinplate (main raw material), Stores & Spares.	Rs.349.16 lakhs
	(ii) Commission on exports.	Rs. 4.88 lakhs
	(iii) Import of Capital Goods	Rs. 8.15 lakhs
		Rs.362.19 lakhs

7. **CONSERVATION OF ENERGY**

The process initiated by the Company for conservation of energy has been further intensified during the year under review. The Company had appointed Petroleum Conservation Research Association to conduct an electrical and thermal energy audit at the Anand factory. The report has been submitted by the Association, giving recommendations for energy savings, which are being implemented by the Company. The Company expects to make substantial savings on the usage of electricity and fuel oil after the recommendations are fully implemented.

8. **TECHNOLOGY ABSORPTION**

The Company is constantly upgrading the technology in can making with an objective to increase productivity, improve quality, minimise manufacturing wastage and reduce manufacturing costs.

9. **Y2K COMPLIANCE**

The Company did not encounter any Y2K related problems and the transition to the year 2000 was smooth.

10. **PUBLIC DEPOSITS**

At the end of the financial year, there were eighteen 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.3,81,000/-. Since then, five deposits amounting to Rs.19,000/- have been refunded and four deposits amounting to Rs.3,25,000/- has been renewed. The remaining nine deposits amounting to Rs.37,000/- still remain unclaimed.

11. **DIRECTORS**

We regret the sad demise of Shri Harshad N.Kapadia, Director of the Company on 20th January, 2000. Shri. Harshad Kapadia was a pioneer in the packaging industry in India. He was associated with the Company as a major promoter and was instrumental in the formation and development of your Company as one of the leading can manufacturers in the metal container industry. On his death, the Company has been deprived of the valuable services, guidance and affectionate association. The Board place on record their appreciation of the valuable services rendered by him to the Company during his tenure.

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

12. **PERSONNEL**

During the year under review, relations between the employees and the management remained satisfactory at all the Units 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.

13. **AUDITORS**

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

14. **ACKNOWLEDGEMENT**

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Gujarat Co-operative Milk Marketing Federation Limited, Banks, Government Authorities and share holders during the year under review. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, staff and workers of the Company for its success.

On behalf of the Board of Directors,

U. R. KAPADIA
Managing Director

Mumbai, Dated : 25th August, 2000

ANNEXURE TO THE DIRECTORS' REPORT

Statement as per 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	Employment Designation
1)	Kapadia U.R.	48	Managing Director	7,91,882	B.Tech.(Met.Engg) M.Sc.(Indl.Met. & Management Techniques J.K.,M.Sc (Welding Technology) U.K.	20	01/07/1994	General Electrodes and Equipment Ltd.	Managing Director

NOTES:

Nature of employment is contractual.

Other terms and conditions as per rules and regulations of the Company.

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.

The above employee is not a relative of any Director of the Company.