

41st
Annual Report
For the year ended 31st March
2004



Kaira Can Company Limited

KAIRA CAN COMPANY LIMITED

Board of Directors	:	Shri Premal N. Kapadia, <i>Chairman</i>
	:	Shri Utsav R. Kapadia, <i>Managing Director</i>
	:	Shri Bharatkumar M. Vyas, (<i>nominee of GCMMF</i>)
	:	Shri Vivek J. Matthai, (<i>nominee of GCMMF</i>)
	:	Shri Nanak G. Sheth
Company Secretary	:	Shri Devang R. Mehta
Bankers	:	Bank of Baroda, Mumbai
	:	HDFC Bank Ltd., Mumbai
Auditors	:	Messrs. C.C.Chokshi & Co., <i>Chartered Accountants</i>
Registered Office	:	Tiecicon House, Dr. E. Moses Road, Mumbai – 400 011. E-mail : kairacan@vsnl.com Website : http://www.kairacan.com

KAIRA CAN COMPANY LIMITED

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

NOTICE

Notice is hereby given that the forty-first Annual General Meeting of the Members of Kaira Can Company Limited will be held at the Registered Office of the Company, Tiecicon House, Dr. E.Moses Road, Mumbai - 400 011 at 11.00 a.m. on Thursday, 30th September, 2004, to transact the following business:

1. To consider and adopt the Balance Sheet as at 31st March, 2004, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Shri N.G.Sheth, who retires by rotation and being eligible, offers himself for reappointment.
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(s), 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 Members hereby accord its consent to the reappointment of Shri U.R.Kapadia as the Managing Director of the Company for a period of three years with effect from 1st July, 2004, on the remuneration and upon the terms contained herein with liberty to the Directors to alter and vary the terms and conditions of the reappointment within the limits prescribed by Schedule XIII to the Companies Act, 1956, (or any statutory re-enactment and/or amendment and/or modifications made therein hereafter) to the extent as may be agreed between the Board and Shri U.R.Kapadia.

a) Salary :

Rs. 65000/- per month in the scale of Rs. 65000-2500-70000. The annual increment will be effective from 1st July, each year.

b) Perquisites :

In addition to the above, the Managing Director shall be entitled to House Rent Allowance (HRA) as per company's rules or an accommodation to be provided by the Company and also to the following perquisites.

Unless the context otherwise requires, perquisites are classified into three Categories, A, B and C as follows:-

Category A

This category comprises of House Rent Allowance or an accommodation to be provided by the Company, Medical Reimbursement, Leave Travel Concession, Club Fees and Personal Accident Insurance Premium provided as under:-

1) An accommodation or House Rent Allowance

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

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.

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(iii) **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.

2) 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.

3) 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.

4) Club Fees :

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

5) Personal Accident Insurance :

Premium not to exceed Rs. 5000/- per annum.

Explanation :-

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

6) 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% on the net profits of the Company computed in the manner laid down in Section 309 (5) of the Companies Act, 1956, subject to the ceiling applicable from time to time as per the provisions of Companies Act, 1956, and Schedule XIII thereto.

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

- 1) 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 purposes shall be billed by the Company to the Managing Director.
- 2) 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).

"FURTHER RESOLVED THAT notwithstanding anything to the contrary contained herein, if in any of the financial year, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid salary and perquisites as "the Minimum Remuneration" subject to the limit of Section II of Part II of Schedule XIII to the Companies Act, 1956".

"FURTHER RESOLVED THAT during the currency of the terms of the tenure of the Managing Director, the Board of Directors at any time, subject to the provisions contained in the Companies Act, 1956 and rules made thereunder be and is hereby authorised to apply to the Central Government and / or appropriate authority(ies) and obtain their approval(s) to pay to the Managing Director, the remuneration in excess of the limits stipulated in Schedule XIII to the Companies Act, 1956, and to do all such acts, deeds and things as may be necessary in this regard".

KAIRA CAN COMPANY LIMITED**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, 27th September, 2004 to Thursday, 30th September, 2004, both days inclusive.
- c) The dividend on Equity Shares as recommended by the Directors for the year ended 31st March, 2004, if approved and declared at the Annual General Meeting will be payable to those members who hold Equity Shares in physical form and whose names stand on the Register of Members of the Company as on 30th September, 2004 and also to those members who hold Equity Shares in Demat form and whose names appear on the list of members provided by NSDL and / or CDSL for that purpose.
- d) Members are requested to inform change in their address, if any, immediately to the Company's Registrar and Transfer Agents, M/s. Computech Sharecap Ltd., 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Fort, Mumbai – 400 023 so as to enable the Company to send communications to members at their correct addresses. Members are also requested to quote their ledger folio number in all of their communications with the Company or the Registrar.
- e) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.

By Order of the Board of Directors,
For **KAIRA CAN COMPANY LIMITED**

Place : Mumbai
Dated : 6th September, 2004.

DEVANG R. MEHTA
COMPANY SECRETARY

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956, in respect of the Special Business:-

ITEM NO.5

Shri U.R.Kapadia was reappointed as the Managing Director of the Company for a period of 3 years with effect from 1st July, 2001. His term of appointment expired on 30th June, 2004.

Shri U.R.Kapadia is B.Tech. in Metallurgical Engineering from IIT, M.Sc. in 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 is successfully discharging the responsibilities of the Managing Director. During his tenure of ten years as the Managing Director, the Company has shown constant growth. Hence, at their meeting held on 29th April, 2004, the Board of Directors, subject to the approval of the Members, resolved to reappoint Shri U.R.Kapadia as the Managing Director of the Company for a further period of three years with effect from 1st July, 2004, upon the terms of remuneration contained in the item No. 5 which may also be considered as an abstract as required by Section 302 of the Companies Act, 1956. The remuneration payable to Shri U.R.Kapadia commensurate with the responsibilities shouldered by him. The Directors recommend the Ordinary Resolution for acceptance by the Members.

None of the Directors other than Shri U.R. Kapadia is interested or concerned in the Resolution.

By Order of the Board of Directors,
for **KAIRA CAN COMPANY LIMITED**

Place : Mumbai
Dated : 6th September, 2004.

DEVANG R. MEHTA
COMPANY SECRETARY

Registered Office :

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

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FIVE YEAR REVIEW

PARTICULARS		YEAR ENDING MARCH				
		2000	2001	2002	2003	2004
EARNINGS AND DIVIDENDS						
SALES	Rs. in lakhs	8903.91	9499.14	11311.78	11450.80	13304.59
CHANGE IN SALES		(3%)	7%	19%	1%	16%
PROFIT SUBJECT TO :	Rs. in lakhs	157.37	192.82	206.16	176.82	170.29
(A) DEPRECIATION	..	37.27	45.81	65.76	74.01	82.97
(B) TAXATION	..	40.00	51.00	48.44	34.76	33.82
NET PROFIT	..	80.10	96.01	91.96	68.05	53.50
EARNINGS TO NET WORTH	Percent	8.23	9.19	8.94	6.13	4.69
EARNINGS PER EQUITY SHARE	Rupees	9.17	11.05	10.49	7.79	6.12
DIVIDEND ON EQUITY SHARES	Per Share	2.50	2.50	2.50	2.50	2.50
FINANCIAL POSITION						
EQUITY SHARE CAPITAL	Rs. in lakhs	87.40	87.40	87.40	87.40	87.40
RESERVE AND SURPLUS	..	885.40	957.80	940.90	1022.40	1053.60
SHAREHOLDERS' FUNDS (NET WORTH)	..	972.80	1045.20	1028.30	1109.80	1141.00
SECURED LOANS	..	835.40	908.10	1119.20	1329.90	1327.60
UNSECURED LOANS	..	79.30	92.30	132.10	164.30	301.20
DEFERRED TAX LIABILITY	..	—	—	110.10	124.70	144.50
FUNDS EMPLOYED	..	1887.50	2045.60	2389.70	2728.70	2914.30
FIXED ASSETS (NET BLOCK)	..	701.90	873.60	1004.30	988.50	1089.10
INVESTMENTS	..	3.40	3.40	2.80	3.30	3.40
CURRENT ASSETS LOANS AND ADVANCES	..	2856.60	3304.90	3706.00	3742.50	4219.80
LESS : CURRENT LIABILITIES AND PROVISIONS	..	1674.40	2136.30	2323.40	2005.60	2398.00
NET CURRENT ASSETS	..	1182.20	1168.60	1382.60	1736.90	1821.80
APPLICATION OF FUNDS	..	1887.50	2045.60	2389.70	2728.70	2914.30
BOOK VALUE PER SHARE	Rupees	111.30	119.60	117.70	127.00	130.60
DEBT/EQUITY RATIO		—	—	—	—	—
CAPITAL EXPENSES	Rs. in Lakhs	137.78	222.90	211.20	91.30	179.70
NET CASH FLOW	Rs. in Lakhs	94.47	133.40	102.70	73.10	54.98

KAIRA CAN COMPANY LIMITED

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors present the forty-first Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2004.

1. FINANCIAL RESULTS

	31 st March, 2004 (Rupees)	31 st March, 2003 (Rupees)
Profit before depreciation and tax	1,70,29,673	1,76,82,484
Depreciation	82,97,310	74,01,223
Profit before tax	87,32,363	1,02,81,261
Less : Provision for current tax	14,00,000	20,18,000
Provision for deferred tax	19,82,000	14,58,500
Net profit for the year amounts to	53,50,363	68,04,761
Excess/(Short) provision for taxes in respect of earlier years (Net)	2,40,680	38,04,607
Balance brought forward from previous year	57,52,138	51,06,540
The disposable profit for the year amounts to which the Directors have decided to appropriate as follows:-	1,13,43,181	1,57,15,908
(a) Proposed Dividend	21,84,000	21,84,000
(b) Tax on Proposed Dividend	2,85,667	2,79,770
(c) General Reserve	35,00,000	75,00,000
Leaving the surplus in Profit and Loss Account	53,73,514	57,52,138

2. DIVIDEND

The Directors recommend payment of the following dividend for the year ended 31st March, 2004, which, if approved by the members at the Annual General Meeting to be held on 30th September, 2004, will be paid to those members of the Company who hold equity shares in physical form and whose names stand on the Register of Members of the Company as on 30th September, 2004 and to those members who hold their equity shares in Demat form and whose names appear on the list of members provided by NSDL/CDSL for that purpose.

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

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3. OPERATIONS

The overall sales volume of the Company during the year ended 31st March, 2004, has increased approx. by 15% from Rs. 11928 lakhs for the previous year to Rs. 13790 lakhs for the current year.

The Company has been able to achieve a turnover of Rs. 6029 lakhs of metal containers and its components, etc. during the year 2003-04 as compared to Rs. 6085 lakhs for the previous year despite severe competition in a depressed demand environment during the year. The Company has executed export orders of metal components, etc. to the extent of Rs.648 lakhs to the Middle East.

During the year, the sales volume of aerosol cans was Rs. 103 lakhs as against Rs. 98 lakhs in the previous year. The Company expects to achieve higher sales volume of aerosol cans during the current year by focusing more on quality cans for wider customer base.

The Milk & Milk Products Division (MMPD) has achieved a better performance by attaining an increased sales turnover from Rs. 5239 lakhs for the previous year to Rs.7093 lakhs during the year 2003-04 - a growth of 35%. In order to widen the net of operation of milk distribution and to increase further the sales volume, the Company has expanded the milk processing and packing capacity upto 2,50,000 litres per day. With the valuable guidance and assistance extended by the Gujarat Co-operative Milk Marketing Federation Limited (GCMMF), the Milk Division is expected to achieve even better performance during the current year.

Sugar Cone Division has shown a steady progress for the year 2003-04 by achieving marginally higher volume of turnover (inclusive of job-work) of Rs. 213 lakhs as compared to Rs. 210 lakhs for the year 2002-03.

As mentioned in the previous year's report, at the behest of GCMMF, the Company is operating Amul food outlets from April, 2003, at the four Metro railway stations completed in the first phase of Delhi Metro Railway Corporation (DMRC). At these outlets, the Company is selling Amul products and their food items such as ice-cream, softy, pizza, Amul milk, flavoured milk, etc. DMRC has further completed four more stations in the second phase. GCMMF has already finalised the terms with DMRC for opening new outlets at these stations and has offered an opportunity to the Company for operating these outlets. DMRC has plans to extend the railway line by adding more stations in the next phase/s. With the addition of more stations, the traffic flow is expected to improve which would boost the sales at these outlets.

The operations at the food parlour at Vashi, Navi Mumbai, has been discontinued.

The Company appreciates the valuable guidance and the assistance provided by GCMMF in starting this new line of business.

Viewed in context of steep rise in raw material cost and restraints on containers' price correction due to severe competitive scenario in the can business, the performance of the Company during the year is comparable with the previous year and is satisfactory. However, with the consistent and vigorous efforts being made by the Company for the product mix usage of raw materials, other cost reduction measures coupled with enhancing the operating efficiency and quality improvement, the Company expects improved performance for the current year.

4. EXPORTS

During the year under review, the Company has achieved export earnings to the tune of Rs. 648 lakhs from export of metal containers, printed sheets and components.

KAIRA CAN COMPANY LIMITED**5. (a) Total Foreign Exchange Earned.**

Product exports including deemed exports

Rs. 1259.35 lakhs

(b) Total Foreign Exchange Used.

Import of tinplate (main raw material), Stores & Spares

Rs. 1711.34 lakhs

6. CONSERVATION OF ENERGY

Conservation of energy has been receiving constant attention and measures are being taken on regular basis for effective control on electricity and fuel consumption. Recommendations for energy savings suggested by an agency appointed by the Company have been implemented by the Company and is giving result in savings on the usage of electricity and fuel. Savings have been achieved in switching over from high speed diesel to low density oil in coating / printing oven drying system. In spite of increase in power and fuel cost, expenses are contained to a large extent due to these measures. Employees have developed consciousness for energy conservation efforts being made by the Company and it is yielding results.

7. TECHNOLOGY ABSORPTION

The Company has been actively engaged in upgrading the can-making technology. In order to increase the productivity and as a measure of cost savings, the Company has upgraded the coating/printing line. The benefits derived as a result of these efforts are reduction of cost of production, minimise manufacturing wastages and improvement in the quality of products to meet customer requirements.

8. PUBLIC DEPOSITS

At the end of the financial year, there were two 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 total amount involved in such deposits was Rs. 20,000/-. Since then, one deposit amounting to Rs. 5,000/- has been refunded and one deposit amounting to Rs. 15,000/- still remains unclaimed.

9. DIRECTORS

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

10. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956 :

- (i) that in the preparation of the annual accounts for the year ended on 31st March, 2004, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any.
- (ii) that such accounting policies as mentioned in notes to the financial statements have been selected and applied consistently and judgements and estimates that are reasonable and prudent made so as to give a fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2004 and of the profit of the Company for that year.
- (iii) that 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.

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- (iv) that the annual accounts for the year ended on 31st March, 2004, have been prepared on a going concern basis.

11. 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 not given since the remunerations paid to employees during the financial year 2003-2004 were below the limits prescribed by the amended Companies (Particulars of Employees) Rules, 1975.

12. AUDITORS

The Auditors Messrs. C.C.Chokshi & Co., Chartered Accountants, retire at the end of the ensuing Annual General Meeting and it is proposed that they be reappointed.

13. ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for the assistance and co-operation received from the Gujarat Co-operative Milk Marketing Federation Limited, Banks, Government Authorities and Shareholders 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,

Place : Mumbai

Dated : 6th September, 2004.

PREMAL N. KAPADIA
Chairman