

44th
Annual Report
For the year ended 31st March
2007



Kaira Can Company Limited

Board of Directors : Shri Premal N. Kapadia, *Chairman*
: Shri Ashok B. Kulkarni, *Managing Director*
: Shri K. Jagannathan, *Executive Director*
: Shri Utsav R. Kapadia
: Shri Bharatkumar M. Vyas (*nominee of GCMMF*)
: Shri Jayen Mehta (*nominee of GCMMF*)

: Shri Nanak G. Sheth

Company Secretary : Shri Hiten Vanjara

Bankers : Bank of Baroda, Mumbai

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

Registered Office : Tiecicon House,
Dr. E. Moses Road,
Mumbai – 400 011.
E-mail : kairacan@vsnl.com
Website : <http://www.kairacan.com>



FIVE YEAR REVIEW

PARTICULARS		YEAR ENDING MARCH				
		2003	2004	2005	2006	2007
EARNINGS AND DIVIDENDS						
SALES	Rs.in lakhs	11450.80	13304.59	14176.12	16524.32	18274.13
CHANGE IN SALES		1%	16%	7%	17%	11%
PROFIT SUBJECT TO	Rs.in lakhs	176.82	170.29	184.06	195.80	225.32
(A) DEPRECIATION	"	74.01	82.97	89.12	95.52	107.45
(B) TAXATION	"	34.76	33.82	32.55	41.00	35.00
NET PROFIT	"	68.05	53.50	62.39	59.28	82.87
EARNINGS TO NET WORTH	Percent	6.13	4.69	5.06	4.69	6.27
EARNINGS PER EQUITY SHARE	Rupees	7.79	6.12	6.77	6.43	8.99
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	92.20	92.20	92.20
RESERVE AND SURPLUS	"	1022.40	1053.60	1139.80	1172.70	1229.70
SHAREHOLDERS' FUNDS (NET WORTH)	"	1109.80	1141.00	1232.00	1264.90	1321.90
SECURED LOANS	"	1329.90	1327.60	1462.60	1512.00	1133.10
UNSECURED LOANS	"	164.30	301.20	386.90	445.70	310.80
DEFERRED TAX LIABILITY	"	124.70	144.50	147.80	137.50	115.00
FUNDSEMPLOYED	"	2728.70	2914.30	3229.30	3360.10	2880.80
FIXED ASSETS (NET BLOCK)	"	988.50	1089.10	1052.00	1026.10	961.40
INVESTMENTS	"	3.30	3.40	3.40	3.40	3.40
CURRENT ASSETS LOANS AND ADVANCES	"	3742.50	4219.80	4655.00	5231.50	5036.00
LESS: CURRENT LIABILITIES AND PROVISIONS	"	2005.60	2398.00	2481.10	2900.90	3120.00
NET CURRENT ASSETS	"	1736.90	1821.80	2173.90	2330.60	1916.00
APPLICATION OF FUNDS	"	2728.70	2914.30	3229.30	3360.10	2880.80
BOOK VALUE PER SHARE	Rupees	127.00	130.60	133.60	137.20	143.40
DEBT/EQUITY RATIO		—	—	—	—	—
CAPITAL EXPENSES	Rs.in Lakhs	91.30	179.70	49.90	93.10	57.80
NET CASH FLOW	Rs.in Lakhs	73.10	54.98	98.76	81.89	69.06

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

NOTICE

Notice is hereby given that the forty-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 at 11.00 a.m. on Saturday, 29th September, 2007 to transact the following business:

1. To consider and adopt the Balance Sheet as at 31st March, 2007, 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 B.M.Vyas, 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 appoint Shri Ashok B. Kulkarni as a Director, who was appointed as an Additional Director of the Company on 15th June, 2007 and whose term of office expires on the date of this Annual General Meeting and being eligible offers himself for reappointment. The Company has received a notice from a Member intimating his intention to propose Shri Ashok B. Kulkarni as a Director of the Company.

6. 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 appointment of Shri Ashok B. Kulkarni, as the Managing Director of the Company for a period of three years with effect from 1st July, 2007, who shall not be liable to retire by rotation, on the remuneration and upon the terms contained herein with liberty to the Board of Directors to alter and vary the terms and conditions of the appointment 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 Ashok B. Kulkarni.

- a) Salary: Rs. 70,000/- per month.
- b) Perquisites:

In addition to the above, the Managing Director shall be entitled to House Rent Allowance (HRA) as per the 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.

- (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 the 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)."

"RESOLVED further 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".

"RESOLVED further 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".

7. To appoint Shri K. Jagannathan as a Director, who was appointed as an Additional Director of the Company on 15th June, 2007 and whose term of office expires on the date of this Annual General Meeting and being eligible offers himself for reappointment. The Company has received a notice from a Member intimating his intention to propose Shri K. Jagannathan as a Director of the Company.
8. 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 appointment of Shri K. Jagannathan, as the Executive Director of the Company for a period of three years with effect from 1st July, 2007, who shall not be liable to retire by rotation, on the remuneration and upon the terms contained herein with liberty to the Board of Directors to alter and vary the terms and conditions of the appointment 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 K. Jagannathan.

- a) Salary: Rs. 70,000/- per month.
- b) Perquisites:

In addition to the above, the Executive Director shall be entitled to House Rent Allowance (HRA) as per the 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: -

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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 Executive Director will be subject to the ceiling of sixty percent of the salary.
- (ii) **Housing II** : The Company may provide the Executive 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 Executive Director.

- (iii) **Housing III** : In case no accommodation is provided by the Company, the Executive Director shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I.

2) Medical Reimbursement:

Expenses incurred for the Executive 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 Executive 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 Executive 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 the 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.



Kaira Can Company Limited

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 Executive Director.
- 2) The Executive 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)."

"RESOLVED further 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".

"RESOLVED further that during the currency of the terms of the tenure of the Executive 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 Executive 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".

9. To appoint Shri Jayen Mehta as a Director, who was appointed as an Additional Director of the Company on 1st September, 2007, to fill in the vacancy caused by the resignation of Shri Vivek J. Matthai, and whose term of office expires on the date of this Annual General Meeting and being eligible offers himself for reappointment. The Company has received a notice from a Member intimating his intention to propose Shri Jayen Mehta as a Director of the Company.
10. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution :

"RESOLVED that the Articles of Association of the Company be altered pursuant to Section 31 of the Companies Act, 1956, in the following manner :

For Article 115, the following Article shall be substituted :

Number of Directors 115 Until otherwise determined by a General Meeting and subject to Section 252 of the Act, the number of Directors shall not be less than two and not more than twelve excluding any Debenture Directors or Alternate Directors.

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 Tuesday, 25th September, 2007 to Saturday, 29th September, 2007, both days inclusive.
- c) The dividend on Equity Shares as recommended by the Directors for the year ended 31st March, 2007, 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 29th September, 2007 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 addresses, 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 ledger folio/DP ID numbers 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 : 1st September, 2007

HITEN VANJARA
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 Nos. 5 and 6

The Board of Directors have made some structural changes at the management level in order to make it more professional by rearranging the portfolios within the Company. Accordingly, the term of office of Shri U.R. Kapadia, as the Managing Director of the Company has ended on 30th June, 2007 and he has ceased to be a Managing Director from 1st July, 2007.

The Board appointed Shri Ashok B. Kulkarni, who held the position as General Manager – Planning, as an Additional Director on 15th June, 2007. Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company, he holds office upto the date of this Annual General Meeting. The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a Member intimating his intention to propose Shri Ashok B. Kulkarni as a Director of the Company.

Shri Ashok B. Kulkarni is closely associated with the Company and the advice and guidance given by him has been very valuable. It is in the interest of the Company, therefore, that he be reappointed as a Director.

None of the Directors other than Shri Ashok B. Kulkarni is interested or concerned in the Resolution No.5. The Directors commend the Ordinary Resolution No.5 for acceptance by the Members.

The Board of Directors further appointed Shri Ashok B. Kulkarni as the Managing Director of the Company for a period of three years with effect from 1st July, 2007, upon the terms of remuneration contained in the Resolution No.6. Pursuant to the provisions of Schedule XIII read with Section 269 of the Companies Act, 1956, the appointment of Shri Ashok B. Kulkarni as the Managing Director of the Company shall be subject to the approval by a Resolution of the Shareholders in General Meeting.

Shri Ashok B. Kulkarni was holding the post of General Manager –Planning. He is in the employment of the Company since March, 1991. He has a good educational background having passed B.E. (Industrial Production Engineering) and postgraduate degree in Management (MMS – Master of Management Studies). He has considerable and wide experience at the management level and is successfully discharging his responsibilities. His assignments include planning and purchase of raw-material, operations of Can Division and Ice-cream Cone Division. He has a rich industrial background, vision and foresight. During his employment with the Company, he was involved in vital decisions at the management level and played an important role in the implementation of projects.

Our Company is one of the leading can manufacturers in the container industry having three manufacturing units in Gujarat State. Besides can manufacturing, the Company is also in the business of processing, packing and distribution of Amul Milk having a packing station in Navi Mumbai. The Company is also in the business of manufacturing ice-cream cones at its plant in Gujarat State. Our Company has achieved a milestone in the field of packaging and for continuing the said success, it is felt that a young and energetic person like Shri Ashok B. Kulkarni would play a very important role.

Shri Ashok B. Kulkarni with his wide experience at the management level will be fully suitable to discharge successfully the responsibilities of Managing Director. Shri Ashok B. Kulkarni having extensive experience in engineering technology will be in a better position to shoulder responsibilities of Managing Director of the Company without any difficulty.

The Board of Directors considered the varied experience and business acumen of Shri Ashok B. Kulkarni and resolved to appoint Shri Ashok B. Kulkarni as the Managing Director of the Company for a period of three years with effect from 1st July, 2007, upon the terms of remuneration contained in the Resolution No.6, which may also be considered as an abstract as required by Section 302 of the Companies Act, 1956. The remuneration payable to Shri Ashok B. Kulkarni is commensurate with the responsibilities to be shouldered by him and within the limits prescribed under Schedule XIII of the Companies Act, 1956.

None of the Directors other than Shri Ashok B. Kulkarni is interested or concerned in the Resolution No.6. The Directors commend the Ordinary Resolution No.6 for acceptance by the Members.

**Item Nos. 7 and 8**

The Board of Directors have made some structural changes at the management level in order to make it more professional by rearranging the portfolios within the Company.

Accordingly, the Board appointed Shri K. Jagannathan, who held the position as General Manager – Commercial, as an Additional Director on 15th June, 2007. Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company, he holds office upto the date of this Annual General Meeting. The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a Member intimating his intention to propose Shri K. Jagannathan as a Director of the Company.

Shri K. Jagannathan is closely associated with the Company and the advise and guidance given by him has been very valuable. It is in the interest of the Company, therefore, that he be reappointed as a Director.

None of the Directors other than Shri K. Jagannathan is interested or concerned in the Resolution No.7. The Directors commend the Ordinary Resolution No.7 for acceptance by the Members.

The Board of Directors further appointed Shri K. Jagannathan as the Executive Director of the Company for a period of three years with effect from 1st July, 2007, upon the terms of remuneration contained in the Resolution No.8. Pursuant to the provisions of Schedule XIII read with Section 269 of the Companies Act, 1956, the appointment of Shri K. Jagannathan as the Executive Director of the Company shall be subject to the approval by a Resolution of the Shareholders in General Meeting.

Shri K. Jagannathan was holding the post of General Manager – Commercial. He is in the employment of the Company since July, 1991. He has a good educational background having passed M.Com. with specialisation in Banking and Finance and Intermediate in ICWA (Costing). He has considerable and wide experience at the management level and is successfully discharging his responsibilities. His assignments include costing, operations of Milk & Milk Products Division and co-ordinate operations of Can Division and Ice-cream Cone Division. He has a rich commercial background, vision and foresight. During his employment with the Company, he was involved in vital decisions at the management level and played an important role in the implementation of projects.

Our Company is one of the leading can manufacturers in the container industry having three manufacturing units in Gujarat State. Besides can manufacturing, the Company is also in the business of processing, packing and distribution of Amul Milk having a packing station in Navi Mumbai. The Company is also in the business of manufacturing ice-cream cones at its plant in Gujarat State. Our Company has achieved a milestone in the field of packaging and for continuing the said success, it is felt that a young and energetic person like Shri K. Jagannathan would play a very important role.

Shri K. Jagannathan with his wide experience at the management level will be fully suitable to discharge successfully the responsibilities of Executive Director. Shri K. Jagannathan having extensive experience in commercial and financial field will be in a better position to shoulder responsibilities of Executive Director of the Company without any difficulty.

The Board of Directors considered the varied experience and business acumen of Shri K. Jagannathan and resolved to appoint Shri K. Jagannathan as the Executive Director of the Company for a period of three years with effect from 1st July, 2007, upon the terms of remuneration contained in the Resolution No.8, which may also be considered as an abstract as required by Section 302 of the Companies Act, 1956. The remuneration payable to Shri K. Jagannathan is commensurate with the responsibilities to be shouldered by him and within the limits prescribed under Schedule XIII of the Companies Act, 1956.

None of the Directors other than Shri K. Jagannathan is interested or concerned in the Resolution No.8. The Directors commend the Ordinary Resolution No.8 for acceptance by the Members.

Item No. 9

The Board appointed Shri Jayen Mehta, Asst. General Manager (Marketing) of the Gujarat Co-Operative Milk Marketing Federation Limited, as an Additional Director on 1st September, 2007 to fill in the vacancy caused by the resignation of Shri Vivek J. Matthai. Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company, he holds office upto the date of this Annual General Meeting. The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a Member intimating his intention to propose Shri Jayen Mehta as a Director of the Company.

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The advise and guidance given by Shri Jayen Mehta has been valuable. It is in the interest of the Company, therefore, that he be reappointed as a Director.

None of the Directors other than Shri Jayen Mehta is interested or concerned in the Resolution No.9. The Directors commend the Ordinary Resolution No.9 for acceptance by the Members.

Item No. 10

Under the existing Article 115 of the Articles of Association of the Company, the number of Directors shall not be less than two and not more than eight excluding any Debenture Directors or Alternate Directors. At present, total number of Directors on the Board of the Company are seven. In order to make provision for appointment of other qualified persons to be Directors on the Board in future, it is advisable to increase the limit from eight to twelve.

None of the Directors of the Company is interested or concerned in the proposed alteration to the Articles of Association.

The Directors commend the Special Resolution No.10 for approval of the Members.

A copy of the Memorandum and Articles of Association of the Company, together with the proposed alteration, 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.

Place : Mumbai

Dated : 1st September, 2007

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

Registered Office :

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

HITEN VANJARA
COMPANY SECRETARY