

48th

Annual Report

For the year ended 31st March

2011



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 R. S. Sodhi (nominee of GCMMF)
	:	Shri Jayen Mehta (nominee of GCMMF)
	:	Shri Nanak G. Sheth
Company Secretary	:	Shri Hiten Vanjara
Bankers	:	Bank of Baroda, Mumbai
Auditors	:	Kalyaniwalla & Mistry <i>Chartered Accountants</i>
Registered Office	:	Ion House, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011. Telephone : +91-22-66608711 Fax : +91-22-66635401 E-mail : companysecretary@kairacan.com Website : www.kairacan.com

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FIVE YEARS REVIEW

PARTICULARS		YEAR ENDING MARCH				
		2007	2008	2009	2010	2011
EARNINGS AND DIVIDENDS						
SALES	Rs.in lakhs	18274.13	17311.27	11732.63	10261.75	11850.15
CHANGE IN SALES		11%	-6%	-32%	-13%	15%
PROFIT SUBJECT TO :	Rs.in lakhs	225.32	237.20	118.69	618.60	447.26
(A) DEPRECIATION	“	107.45	107.53	95.24	126.24	64.53
(B) TAXATION	“	35.00	45.09	12.36	88.05	215.26
NET PROFIT		82.87	84.58	11.09	404.31	167.47
EARNINGS TO NET WORTH	Percent	6.27	6.23	0.82	23.29	8.92
EARNINGS PER EQUITY SHARE	Rupees	8.99	9.17	1.20	43.85	18.16
DIVIDEND ON EQUITY SHARES	Per Share	2.50	2.50	1.00	2.50	2.50
FINANCIAL POSITION						
EQUITY SHARE CAPITAL	Rs.in lakhs	92.20	92.20	92.20	92.20	92.20
RESERVES & SURPLUS	“	1229.70	1265.80	1266.10	1643.60	1784.25
SHAREHOLDERS' FUNDS (NET WORTH)	“	1321.90	1358.00	1358.30	1735.80	1876.45
SECURED LOANS	“	1133.10	1132.20	749.50	792.20	664.70
UNSECURED LOANS	“	310.80	666.15	713.50	274.20	240.00
DEFERRED TAX LIABILITY / (ASSET)	“	115.00	84.80	74.20	22.20	(32.55)
FUNDS EMPLOYED	“	2880.80	3241.15	2895.50	2824.40	2748.60
FIXED ASSETS (NET BLOCK)	“	961.40	924.30	865.05	600.70	806.20
INVESTMENTS	“	3.40	3.40	7.10	17.15	27.20
CURRENT ASSETS						
LOANS AND ADVANCES	“	5036.00	4827.50	3551.50	3899.80	4274.65
LESS : CURRENT LIABILITIES AND PROVISIONS	“	3120.00	2514.05	1528.15	1693.25	2359.45
NET CURRENT ASSETS	“	1916.00	2313.45	2023.35	2206.55	1915.20
APPLICATION OF FUNDS	“	2880.80	3241.15	2895.50	2824.40	2748.60
BOOK VALUE PER SHARE	Rupees	143.40	147.30	146.50	188.30	203.50
DEBT / EQUITY RATIO		—	—	—	—	—
CAPITAL EXPENSES	Rs.in Lakhs	57.80	102.00	47.50	211.40	395.20
NET CASHFLOW	Rs.in Lakhs	69.06	32.90	15.93	86.60	359.68

KAIRA CAN COMPANY LIMITED

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

NOTICE

Notice is hereby given that the forty-eighth Annual General Meeting of the Shareholders of Kaira Can Company Limited will be held at the Registered Office of the Company, ION House, Dr. E. Moses Road, Mumbai - 400 011 at 11.00 a.m. on Wednesday, the 13th July, 2011 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2011, 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 P.N. Kapadia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri U. R. Kapadia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors for the current year and to fix their remuneration.

SPECIAL BUSINESS

- 6 To appoint Shri R. S. Sodhi as a Director, who was appointed as an Additional Director of the Company on 10th February, 2011, to fill in the vacancy caused by the resignation of Shri B. M. Vyas, and whose term of office 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 Member intimating his intention to propose Shri R. S. Sodhi as a Director of the Company.

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

Place : Mumbai
Date : 30th May, 2011

Hiten Vanjara
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. 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 Thursday 7th July, 2011, to Wednesday, 13th July, 2011, both days inclusive.
- c) The dividend on Equity Shares as recommended by the Directors for the year ended 31st March, 2011, 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 Wednesday the 13th July, 2011 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.



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.6

Under Article 118 of the Articles of Association of the Company, your Board of Directors have appointed Shri R.S. Sodhi, Managing Director of the Gujarat Co-operative Milk Marketing Federation Limited (GCMMF), as an Additional Director on 10th February, 2011 to fill in the vacancy caused by the resignation of Shri B.M. Vyas. Shri Sodhi has more than 29 years of rich experience in Marketing and Sales function with GCMMF. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Shri R.S. Sodhi will hold office upto the date of the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a Member intimating his intention to propose Shri R.S. Sodhi as a Director of the Company.

The advise and guidance given by Shri R.S. Sodhi has been valuable. It is in the interest of the Company, therefore, that he be re-appointed as a Director.

None of the Directors other than Shri R.S. Sodhi, is interested or concerned in the Resolution No.6. The Directors commend the Ordinary Resolution No.6 for approval of the Members.

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

Place : Mumbai
Date : 30th May, 2011

Hiten Vanjara
Company Secretary

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors present the forty-eighth Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2011.

1. FINANCIAL RESULTS

	31 st March, 2011 (Rupees)	31 st March, 2010 (Rupees)
Profit from Manufacturing Operations & Job work	3,82,73,221	1,96,58,051
Profit from transfer of Asset to Subsidiary	—	2,95,78,482
Profit before tax	3,82,73,221	4,92,36,533
Less : Provision for current tax	2,70,00,000	1,40,01,000
Provision for deferred tax	(54,73,570)	(51,97,309)
Net profit for the year amounts to	1,67,46,791	4,04,32,842
Excess/(Short) provision for taxes in respect of previous years	—	(1,340)
Balance brought forward from previous year	3,36,07,997	58,64,718
The disposable profit for the year amounts to which the Directors have decided to appropriate as follows:-	5,03,54,788	4,62,96,220
(a) Proposed Dividend	23,05,333	23,05,333
(b) Tax on Proposed Dividend	3,73,983	3,82,890
(c) General Reserve	1,00,00,000	1,00,00,000
Leaving the surplus in Profit and Loss Account	3,76,75,472	3,36,07,997

2. DIVIDEND

The Directors recommend payment of the following dividend for the year ended 31st March, 2011, which, if approved by the members at the Annual General Meeting to be held on 13th July, 2011, 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 13th July, 2011 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 9,22,133 Equity Shares of Rs. 10 /- each Rs. 23,05,333/-.

3. REVIEW OF OPERATIONS

Your Company continued to post a better performance by achieving higher sales volume of Rs.11,850 lakhs for the year under review as compared to Rs.10,602 lakhs in the previous year – a growth of 12%. The profitability has also shown an improved trend as compared to previous year.

During the year under review, the Company has achieved a turnover of Rs.10,791 lakhs of metal cans and its components as compared to Rs.9,326 lakhs in the previous year, thereby registering a growth of 16%, consequent upon improved volume of sales to GCMMF as well as export business. The Company executed export orders worth Rs.1,517 lakhs of metal cans and components as against Rs.1,207 lakhs in the previous year – a growth of 26%.

The prospects for OTS business and exports seem to be reasonably favourable which would lead to an improved contribution during the current year.

The Milk and Milk Products Division has achieved job-work earnings to the tune of Rs.603 lakhs during the year ended 31st March, 2011 as compared to Rs.511 lakhs for the previous year – a growth of 18%.

Sugar Cone Division has achieved a sales turnover of Rs.456 lakhs as compared to Rs.425 lakhs for the previous year.



Your Company has undertaken the consolidation and modernization of Kanjari Plant, which is under progress. Consequently, the Company has closed its operations at Mehsana Unit, which was in rented premises and shifted the machinery and installed it in our own premises at Kanjari Unit. The Company will be installing very shortly new imported Printing and Coating Line at Kanjari Unit. The work of installing the Oven is already under progress and will be completed by early June, 2011. The Printing and Coating Machinery will be installed by early August, 2011 and is expected to be commissioned by end August, 2011. This would enable the Company to compete more effectively in the OTS market and aggressively tap the export market.

The Company is hopeful of further improving the performance during the current year through economical usage of raw material mix and budgetary control as cost reduction measures together with efficient monitoring of working capital.

4. EXPORTS

During the year under review, the Company has achieved export earnings to the tune of Rs. 1,517 lakhs from export of metal containers and components.

5. (a) Total Foreign Exchange Earned.

Product exports including deemed exports Rs. 1,610 lakhs

(b) Total Foreign Exchange Used.

Import of tinplate (main raw material), Stores & Spares, Capital Goods etc. Rs. 4,191 lakhs

6. CONSERVATION OF ENERGY

Conservation of Energy has been receiving constant attention and measures are being taken for effective control on electricity and fuel consumption at all the Units. During the year, cost savings have been achieved in switching over of LPG with Natural Gas at our Anand Unit. The ventilation has been vastly improved by fixing more Turbo Ventilators in the old shed at our Kanjari Unit. In the new shed being constructed at Kanjari Unit, we have put insulated roofing, which will have the effect of lowering the temperature and improving working environment. We have also installed chiller plant adjacent to the bodymaker, which will improve the energy efficiency.

7. TECHNOLOGY ABSORPTION

The Company continues its efforts in upgradation of systems and equipment with a view to improving the quality of its products, minimizing manufacturing wastages, cost reduction in terms of better productivity and customer satisfaction through better product performance. As mentioned in the last year's report, the Company is under process of installing new printing / coating machine and oven at our Kanjari Unit and is expected to complete the work soon.

8. PUBLIC DEPOSITS

At the end of the financial year, there were eleven depositors whose deposits were not claimed by them or for which disposal instructions had also not been received though the repayment had fallen due and the total amount involved in such deposits was Rs. 4,25,000/-. Since then, eight deposits amounting Rs. 3,50,000/- have been renewed and three deposits amounting to Rs. 75,000/- remain unclaimed.

9. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri P. N. Kapadia and Shri U. R. Kapadia retire by rotation and being eligible, offers themselves for re-election.

Under Article 118 of the Articles of the Association of the company, your Board of Directors have appointed Shri R.S. Sodhi, Managing Director of the Gujarat Co-operative Milk Marketing Federation Limited (GCMMF), as an Additional Director on 10th February, 2011, to fill in the vacancy caused by the resignation of Shri B.M. Vyas. Shri Sodhi has more than 29 years of rich experience in Marketing and Sales function with GCMMF. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Shri R.S. Sodhi, will hold office upto the date of the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Company has received a notice from a Member intimating his intention to propose Shri R.S. Sodhi, as a Director of the Company.

10. SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

The Company has its wholly owned Subsidiary, namely PUMA Properties Limited. The results of PUMA Properties Limited are attached to the Annual Report along with Statement specified in Section 212 of the Companies Act, 1956. The Company is also presenting its Audited Consolidated Financial Statements, which form part of the Annual Report, in compliance with the accounting standards.

11. 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, 2011, 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, 2011 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.
- iv) that the annual accounts for the year ended on 31st March, 2011, have been prepared on a going concern basis.

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 not given since the remunerations paid to employees during the financial year 2010-11 were below the limits prescribed by the amended Companies (Particulars of Employees) Rules, 1975.

13. AUDITORS

The Auditors M/s. Kalyaniwalla and Mistry, Chartered Accountants, retire at the end of the ensuing Annual General Meeting and it is proposed that they be re-appointed. The Company has received a Certificate from them to the effect that their appointment, if made, will be within the prescribed limit under Section 224 (1-B) of the Companies Act, 1956.

14. 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,

ASHOK B. KULKARNI
Managing Director

UTSAV R. KAPADIA
Director

Place : Mumbai

Dated : 30th May, 2011



REPORT OF THE AUDITORS

TO THE MEMBERS OF KAIRA CAN COMPANY LIMITED

1. We have audited the attached Balance Sheet of **Kaira Can Company Limited**, as at March 31, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comment in the annexure referred to in paragraph 3 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 purpose 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 such books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
- 5) On the basis of written representations received from the directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011, from being appointed as director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants
Firm Reg. No. 104607W

Vinayak M Padwal
Partner
M. No. 49639

Mumbai, 30th May 2011

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in Paragraph (3) of our report of even date on the accounts of **Kaira Can Company Limited**, for the year ended March 31, 2011.

- 1) (a) The Company is generally maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and physical inventory were reported for the assets verified during the year.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the company.
- 2) (a) The Management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) The Company has taken loans during the year from parties covered in the register maintained under section 301 of the Act. The Company had taken a loan from one party whose balance at the beginning of the financial year was Rs.85,00,000/-. The Company has repaid the loan amounting to Rs.85,00,000/- during the financial year. The maximum amounts involved during the year were aggregating to Rs.85,00,000/- and the year end outstanding balance of loan taken from the party was Nil.
- (c) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
- (d) The repayments of principal amounts and interest during the year have been regular.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58 AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- 7) *The Company did not have an internal audit system during the year.*
- 8) As informed to us, the maintenance of cost records has not been prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 for the year for any of the products of the Company.
- 9) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities during the year. According to the information and explanations given to us, there were no undisputed amounts as aforesaid statutory dues were outstanding, at the year end for a period of more than six months from the date they became payable.