36th

Annual Report

For the year ended 31st March

1999

Kaira Can Company Limited

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

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

NOTICE

Notice is hereby given that the Thirty sixth 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 Thursday, 30th September, 1999 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, 1999 and the Balance Sheet as at that date.
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 Auditors for the current year and to fix their remuneration.*

By Order of the Board

Mumbai, Dated : 1st September, 1999

A. SIVARAM NAIR
Company Secretary

NOTES :

(a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. 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 Friday, 24th September, 1999 to Thursday, 30th September, 1999, both days inclusive.

(c) The dividend on Equity Shares as recommended by the Directors for the year ended 31st March, 1999, if declared at the Meeting will be made payable on or after 30th September, 1999 to those members whose names stand on the Register of Members of the Company on 30th September, 1999.

FIVE YEAR REVIEW

		Year Ending March				
		1995	1996	1997	1998	1999
EARNINGS AND DIVIDENDS						
SALES	Rs. in lakhs	7547.37	9077.31	9454.44	9526.62	9195.69
CHANGE IN SALES		5%	20%	4%	1%	(3%)
PROFIT SUBJECT TO	Rs. in lakhs	120.04	158.03	110.54	108.64	115.70
(a) Depreciation	..	37.82	24.84	24.26	24.04	29.04
(b) Taxation	..	37.00	55.00	35.00	33.00	35.00
NET PROFIT	..	45.22	78.19	51.28	51.60	51.66
EARNINGS TO NET WORTH	Percent	5.81	9.34	5.98	5.79	5.62
EARNINGS PER EQUITY SHARE	RUPEES	5.17	8.95	5.87	5.91	5.91
DIVIDEND ON EQUITY SHARES	PER SHARE	2.00	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	..	691.1	749.8	777.0	804.60	832.0
SHAREHOLDERS' FUNDS (Net Worth)	..	778.5	837.2	864.4	892.0	919.4
SECURED LOANS	..	1522.3	1522.2	1410.5	1212.9	1036.9
UNSECURED LOANS	..	102.6	556.2	394.1	332.4	213.9
FUNDS EMPLOYED	..	2403.4	2915.6	2669.0	2437.3	2170.2
FIXED ASSETS (Net Block)	..	341.1	529.2	542.7	553.8	694.3
INVESTMENTS	..	10.9	10.9	10.9	10.9	3.4
CURRENT ASSETS						
LOANS AND ADVANCES	..	3282.5	3999.4	3228.1	3750.2	2764.6
LESS : CURRENT LIABILITIES						
AND PROVISIONS	..	1231.1	1623.9	1112.7	1877.6	1292.1
NET CURRENT ASSETS	..	2051.4	2375.5	2115.4	1872.6	1472.5
APPLICATION OF FUNDS	..	2403.4	2915.6	2669.0	2437.3	2170.2
BOOK VALUE PER SHARE	Rupees	89.1	95.8	98.9	102.0	105.2
DEBT/EQUITY RATIO		0.29	0.28	0.19	0.10	-
CAPITAL EXPENSES	Rs.in Lakhs	73.7	207.7	40.28	69.88	178.53
NET CASH FLOW	Rs. in Lakhs	37.91	63.4	(47.7)	(23.97)	(3.53)

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors present the Thirtysixth Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 1999.

2. **FINANCIAL RESULTS**

	Rupees	Previous Year Rupees
Profit before depreciation and tax.	1,44,72,220	1,08,64,285
Depreciation	29,04,460	24,03,894
Taxation	35,00,000	33,00,000
The profit for the year amounts to	80,67,760	51,60,391
Following Non-recurring items:		
Trade Investments and Doubtful Deposits written-off	17,50,000	--
Provision for Doubtful Debts	11,51,791	--
Net Profit for the year amounts to	51,65,969	51,60,391
Balance brought forward from previous year	49,97,062	47,39,071
Transferred from Debenture Redemption Reserve	75,00,000	--
The Disposable profit for the year amounts to	1,76,63,031	98,99,462
which the Directors have decided to appropriate as follows		
(a) Proposed Dividend	21,84,000	21,84,000
(b) Tax on Proposed Dividend	2,40,240	2,18,400
(c) General Reserve	1,00,00,000	25,00,000
Leaving the surplus in Profit and Loss Account.	52,38,791	49,97,062

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, 1999, which, if approved by the Shareholders at the Annual General Meeting to be held on 30th September, 1999, will be paid to those Shareholders whose names stand on the Register of Members of the Company on 30th September, 1999.

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 3.6% i.e., from Rs.9527 Lakhs for the year ended 31st March, 1998 to Rs.9196 Lakhs for the year ended 31st March, 1999 due to economic slow down,decline in industrial growth, slackness in the OTS business consequent upon the failure of the mango crop and the sudden decrease in demand for coffee from Russia. However, the Company's profit before depreciation and tax during the year under review rose to Rs.145 Lakhs from Rs.109 Lakhs in the previous year. This was achieved due to stringent budgetory control adopted by the Company.

During the year, the Company decided to write off the investments in Containers India Limited to the exent of Rs.17.50 Lakhs as accumulated losses far exceeded the paid up capital of the said Company.

However, despite write off-provisions of non-recurring items, the profit for the year is quite comparable with the previous year.

The sales volume of the Milk and Milk Products Division has shown a reasonable increase from Rs.2620 Lakhs to Rs.3135 Lakhs, thereby registering a growth of 20% which is attributable to guidance and assistance from Gujarat Co-operative Milk Marketing Federation Limited.

The Company expects to do better during the current year particularly in view of the increased demand for OTS cans due to a favourable mango crop, a higher demand for metal components from the Middle East and improvement in the general economic situation of the country. The Company is also contemplating the manufacture of aerosol containers to widen its area of operations.

5. **EXPORTS**

During the year under review, the Company has achieved export earnings to the tune of Rs. 70 lakhs from export of metal containers, printed sheets and components to the Middle East.

6 (a) **Total Foreign Exchange earned.**

Product exports including deemed exports. Rs. 204 lakhs

(b) **Total Foreign Exchange used.**

(i)	Import of tinplate (main raw material), Stores & Spares.	Rs.1136	lakhs
(ii)	Commission on exports.	Rs. 1	lakhs
(iii)	Import of Capital Goods.	Rs. 40	lakhs
		Rs. 1177	lakhs

7. **YEAR 2000 (Y2K) COMPLIANCE**

The Company has taken adequate measures for Y2K Compliance in respect of manufacturing and process control equipments, information system hardware and operating system and application software. The Company hopes to be totally Y2K compliant by 30th September, 1999. None of the processes/operations/functions of the Company are expected to be adversely affected due to Y2K problem. The expenditure to ensure Y2K compliance is not expected to have any material financial impact.

8. **CONSERVATION OF ENERGY**

Your Company continues to give priority to the conservation of energy by regularly reviewing all aspects of generation and usage of electricity and fuel oil. The Company has undertaken various measures in rationalisation of electric power and fuel consumption such as (a) periodic checking and monitoring of electrical loading (b) repairing / replacing of defective motors (c) shutting down of power during interruption in productive hours and non-productive hour (d) control system to avoid wastage of electricity energy (e) regular inspection and maintenance of power generating equipment for achieving maximum efficiency (f) introduction of fuel-efficient logic control (g) plugging of oil leakages for improving capacity utilisation.

9. **TECHNOLOGY ABSORPTION**

The Company has been engaged in constantly upgrading the can-making technology. The efforts are made towards technology absorption, adoption and innovation. The benefits derived as a result of these efforts are (a) improvement in quality of product (b) value added product mix for customer satisfaction (c) cost reduction in terms of better productivity (d) customer satisfaction through better product performance.

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. 1,15,000/-. Since then, four deposits amounting to Rs 16,000/- have been refunded and four deposits amounting to Rs. 57,000/- has been renewed. The remaining ten deposits amounting to Rs. 42, 000/- still remain unclaimed.

11. **DIRECTORS**

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

Shri N.N. Kapadia, one of the main promotors of the Company passed away peacefully on 14th June, 1999. He had contributed to the formation and development of the Company. The Board placed on record their appreciation for the dedicated services rendered by him.

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.

On behalf of the Board of Directors,

U.R. KAPADIA

Mumbai, Dated: 1st September, 1999. Managing Director

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 Employment Employer	Designation
1)	Kapadia U.R.	47	Managing Director	7,85,110	B.Tech.(Met.Engg) M.Sc.(Indl.Met. & Management Techniques U.K.,M.Sc.(Welding Technology) U.K.	19	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 and also provision for commission.

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

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Kaira Can Company Limited as at 31st March, 1999 and also the Profit and Loss Account of the company for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to our comments in the annexure referred to in paragraph 1 above we report that :

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;

   (c) The Balance Sheet and the Profit and Loss Account dealt with by this Report are in agreement with the above books of account;

   (d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

   (e) Attention is invited to the following notes in Schedule No 18:

      (i) Note No.8 regarding estimated import duty benefit of Rs.44,08,664/- against exports effected during the year taken into account as incentive accruing in respect of duty free imports of raw materials, yet to be made.

      (ii) Note No.10 regarding pending insurance claims amounting to Rs. 43,43,683/-. We are unable to comment on the recoverability or otherwise of the said amount of Rs. 43,43,683/- due from Insurance Company.

      (iii) Note No.11 regarding non-provision in accounts for debts considered doubtful of recovery of Rs.33,69,859/-.

Subject to foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view;

(i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1999; and

(ii) in the case of Profit & Loss Account, of the profit for the year ended on that date.

For C.C. CHOKSHI & CO.
Chartered Accountants

R. LAXMINARAYAN
partner

Mumbai, Dated : 1st September, 1999

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date on the accounts for the year ended 31st March, 1999 of Kaira Can Company Limited.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the Management during the year. We are informed that no material discrepancies were noticed by the Management on such verification.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, stores, spare-parts and raw materials have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
4. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stores, spare parts, raw materials and finished goods is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year. Finished goods (containers) are valued consistently at market price since the inception of the Company irrespective of whether the market value is higher or lower than cost.
7. In our opinion, the rate of interest and other terms and conditions on which loans have been taken during the year from a Company listed in the Register maintained under Section 301 of the Companies Act, 1956 is not, prima facie, prejudicial to the interest of the Company. The Company has not taken any loan from a Company under the same management as this Company within the meaning of section 370 (1B) of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or to Companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
9. The employees to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in payment of interest.
10. 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 nature of its business with regard to purchases of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties or as available with the Company.
12. According to the information and explanations given to us the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Rules framed thereunder, with regard to the deposits accepted from the public.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap.
15. The Company did not have an internal audit system during the year.
16. 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.
17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at 31-3-1999 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (o) of Sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In relation to trading activity of the Company, we are informed that there were no damaged goods.

For C.C. CHOKSHI & CO.
Chartered Accountants

R. LAXMINARAYAN
Partner

Mumbai, Dated : 1st September, 1999