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42nd Annual Report

For the year ended 31st March

2005

Kaira Can Company Limited

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Board of Directors	:	Shri Premal N. Kapadia, *Chairman*
	:	Shri Utsav R. Kapadia, *Managing Director*
	:	Shri Bharatkumar M. Vyas, (*nominee of GCMMF*)
	:	Shri Vivek J. Matthai, (*nominee of GCMMF*)
	:	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., *Chartered Accountants*
Registered Office	:	Tiecicon House, Dr. E. Moses Road, Mumbai – 400 011. E-mail : kairacan@vsnl.com Website : http://www.kairacan.com

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

NOTICE

Notice is hereby given that the forty-second 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 Friday, 30th September, 2005, to transact the following business:

1. To consider and adopt the Balance Sheet as at 31st March, 2005, 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.V.J.Matthai, who retires by rotation and being eligible, offers himself for reappointment.

4. To appoint Auditors for the current year and to fix their remuneration.

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, 29th September, 2005 to Friday, 30th September, 2005, both days inclusive.

c) The dividend on Equity Shares as recommended by the Directors for the year ended 31st March, 2005, 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, 2005 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 / DP Id numbers in all of their communications with the Company or the Registrar.

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

Place : Mumbai
Dated : 2nd September, 2005.

DEVANG R. MEHTA
COMPANY SECRETARY

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FIVE YEAR REVIEW

PARTICULARS		YEAR ENDING MARCH				
		2001	2002	2003	2004	2005
EARNINGS AND DIVIDENDS						
SALES	Rs. in lakhs	9499.14	11311.78	11450.80	13304.59	14176.12
CHANGE IN SALES		7%	19%	1%	16%	7%
PROFIT SUBJECT TO :	Rs. in lakhs	192.82	206.16	176.82	170.29	184.06
(A) DEPRECIATION	,,	45.81	65.76	74.01	82.97	89.12
(B) TAXATION	,,	51.00	48.44	34.76	33.82	32.55
NET PROFIT	,,	96.01	91.96	68.05	53.50	62.39
EARNINGS TO NET WORTH	Percent	9.19	8.94	6.13	4.69	5.06
EARNINGS PER EQUITY SHARE	Rupees	11.05	10.49	7.79	6.12	6.77
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	92.20
RESERVE AND SURPLUS	,,	957.80	940.90	1022.40	1053.60	1139.80
SHAREHOLDERS' FUNDS (NET WORTH)	,,	1045.20	1028.30	1109.80	1141.00	1232.00
SECURED LOANS	,,	908.10	1119.20	1329.90	1327.60	1462.60
UNSECURED LOANS	,,	92.30	132.10	164.30	301.20	386.90
DEFERRED TAX LIABILITY	,,	—	110.10	124.70	144.50	147.80
FUNDS EMPLOYED	,,	2045.60	2389.70	2728.70	2914.30	3229.30
FIXED ASSETS (NET BLOCK)	,,	873.60	1004.30	988.50	1089.10	1052.00
INVESTMENTS	,,	3.40	2.80	3.30	3.40	3.40
CURRENT ASSETS LOANS AND ADVANCES	,,	3304.90	3706.00	3742.50	4219.80	4655.00
LESS : CURRENT LIABILITIES AND PROVISIONS	,,	2136.30	2323.40	2005.60	2398.00	2481.10
NET CURRENT ASSETS	,,	1168.60	1382.60	1736.90	1821.80	2173.90
APPLICATION OF FUNDS	,,	2045.60	2389.70	2728.70	2914.30	3229.30
BOOK VALUE PER SHARE	Rupees	119.60	117.70	127.00	130.60	133.60
DEBT/EQUITY RATIO		—	—	—	—	—
CAPITAL EXPENSES	Rs. in Lakhs	222.90	211.20	91.30	179.70	49.90
NET CASH FLOW	Rs. in Lakhs	133.40	102.70	73.10	54.98	98.76

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DIRECTORS' REPORT

TO THE MEMBERS,

The Directors present the forty-second Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2005.

1 FINANCIAL RESULTS

	31st March, 2005 (Rupees)	31st March, 2004 (Rupees)
Profit before depreciation and tax	**1,84,05,713**	1,70,29,673
Depreciation	**89,12,148**	82,97,310
Profit before tax	**94,93,565**	87,32,363
Less : Provision for current tax	**29,20,000**	14,00,000
Provision for deferred tax	**3,35,000**	19,82,000
Net profit for the year amounts to	**62,38,565**	53,50,363
Excess/(Short) provision for taxes in respect of earlier years (Net)	**6,33,152**	2,40,680
Balance brought forward from previous year	**53,73,514**	57,52,138
The disposable profit for the year amounts to which the Directors have decided to appropriate as follows:-	**1,22,45,231**	1,13,43,181
(a) Proposed Dividend @ 25%	**23,05,333**	21,84,000
(b) Tax on Proposed Dividend	**3,23,438**	2,85,667
(c) General Reserve	**40,00,000**	35,00,000
Leaving the surplus in Profit and Loss Account	**56,16,460**	53,73,514

2. DIVIDEND

The Directors recommend payment of the following dividend for the year ended 31st March, 2005, which, if approved by the members at the Annual General Meeting to be held on 30th September, 2005, 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, 2005 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/-.

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3. OPERATIONS

Your Company continued to post a better performance by achieving higher sales volume of Rs. 14,640 lakhs for the year under review as compared to Rs. 13,790 lakhs for the previous year ended 31st March, 2004. Despite a steep increase in raw material cost during the year, the net profit after tax has shown a growth of 17%.

The Company has been able to achieve a turnover of Rs.6,661 lakhs of metal containers and its components, etc. as against Rs.6,029 lakhs for the previous year showing a growth of 10% as a result of marginally higher volume of OTS business and substantial increase in export business. The Company executed export orders of metal components, etc. to the tune of Rs.957 lakhs as against Rs.648 lakhs for the previous year - a growth of 48%.

During the current year 2005-06, the prospects for OTS business and exports seem to be reasonably good which may lead to improved performance.

The Company has suffered some damage to the property and tinplate / other materials due to recent cyclone/heavy rains in Gujarat State. We are in the process of ascertaining the damage and submitting the final report and claim to the insurance company. The Company is hopeful of recovering the loss from the insurance company.

The sales volume of the Milk & Milk Products Division has increased from Rs.7,093 lakhs for the previous year 2003-04 to Rs.7,315 lakhs for the year 2004-05. The Company has taken necessary steps to expand the capacity of milk processing to increase the sales volume of the milk during the current year. 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.

The Sugar Cone Division has achieved a sales turnover (inclusive of job-work) of Rs.193 lakhs for the year 2004-05 as compared to Rs.213 lakhs for the year 2003-04.

The Company is operating, at the behest of GCMMF, Amul food outlets at the six Metro railway stations at New Delhi. The operations at two more Amul food outlets will be started shortly. At these outlets, the Company is selling Amul products and their food items such as ice-cream, softy, pizza, Amul milk, flavoured milk, etc. As Delhi Metro Railway Corporation is extending the railway line by adding more stations, the traffic flow is expected to improve which would boost the sales at these stations. The Company appreciates the valuable guidance and the assistance provided by GCMMF in this new line of business.

With the consistent and vigorous efforts being made by the Company in efficient usage of raw material mix and other cost reduction measures, the Company expects to improve the performance during the current year.

4. EXPORTS

During the year under review, the Company has achieved export earnings to the tune of Rs. 957 lakhs from export of metal containers, printed sheets and components.

5. (a) Total Foreign Exchange Earned.

Product exports including deemed exports	Rs. 1570 lakhs

(b) Total Foreign Exchange Used.

Import of tinplate (main raw material), Stores & Spares	Rs. 2232 lakhs

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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 from LDO (Low Density Oil) to FO (Furnace Oil) in boiler operations. Conscious efforts of the employees of the Company in the direction of energy conservation are also yielding results.

7. TECHNOLOGY ABSORPTION

The Company is making continuous efforts in upgrading its manufacturing processes with a view to improving the quality of its products, value added product mix for customer satisfaction, minimising manufacturing wastages and reducing the manufacturing cost and customer satisfaction through better product performance. The efforts are made towards technology absorption, adoption and innovation.

8. PUBLIC DEPOSITS

At the end of the financial year, there were ten 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.2,05,000/-. Since then, one deposit amounting to Rs.25,000/- has been refunded, one deposit amounting to Rs.50,000/- has been renewed and eight deposits amounting to Rs. 1,30,000/- remain unclaimed.

9. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri V.J.Matthai 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, 2005, 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, 2005 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, 2005, 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.

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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 2004-05 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 : 2nd September, 2005

PREMAL N. KAPADIA
Chairman

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AUDITORS' REPORT

TO THE MEMBERS OF KAIRA CAN COMPANY LIMITED

1. We have audited the attached Balance Sheet of Kaira Can Company Limited as at 31st March, 2005, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. 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 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments 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 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 those books;
   (c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the above books of account;
   (d) In our opinion, the Balance Sheet, Profit and Loss Account and the 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) On the basis of the written representations received from the directors as on 31st March, 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   (f) Attention is invited to the following notes in Schedule No. 18 :
      I) Note No. 5 regarding estimated import duty benefit of Rs.26,18,214/- (Previous Year Rs. 46,70,939/-) 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 in the subsequent year(s).
      II) Note No. 6 regarding pending insurance claims amounting to Rs. 43,43,683/- (Previous Year Rs. 43,43,683/). We are unable to comment on the recoverability or otherwise of the said amount of Rs.43,43,683/- (Previous Year Rs. 43,43,683/) due from Insurance Company.

   We further report that, without considering item mentioned in sub-paragraph II above the effect of which could not be determined, had the observations made by us in sub-paragraph I above been considered, the provision for tax for the year would have been Rs.22,96,930/- (Previous Year Rs.17,06,301/-) as against the reported figure of Rs.32,55,000/- (Previous Year Rs.33,82,000/-) the profit after tax for the year would have been Rs. 52,11,573/- (Previous Year Rs. 25,95,803/-) {as against the reported figure of Rs.68,71,717/- (Previous Year Rs.55,91,043/-)}, Reserves & surplus would have been Rs.11,23,16,177/- (Previous Year Rs. 10,23,70,165/-) {as against the reported figure of Rs. 11,39,76,321/- (Previous Year Rs. 10,53,65,405/-)}, Loans & Advances would have been Rs. 6,24,65,139/- (Previous Year Rs. 5,44,86,323/-) {as against the reported figure of Rs. 6,41,25,283/- (Previous Year Rs. 5,74,81,563/-)}.

   (g) 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 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 31st March, 2005;
      (ii) in the case of Profit and Loss Account, of the profit for the year ended on that date ; and
      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

For **C. C. CHOKSHI & CO.**
Chartered Accountants

R. LAXMINARAYAN
Partner
Membership No. 33023

Mumbai, Dated : 2nd September, 2005

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ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2005 of Kaira Can Company Limited.

(i) The nature of the Company's activities during the year has been such that clauses (xiii) and (xiv) of paragraph 4 of the order are not applicable to the Company for the year.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. We are informed that no material discrepancies were noticed by the management on such verification.

(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.

(iii) In respect of its inventories:

(a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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 and according to the information and explanations given to us, the Company is maintaining proper records of its inventories and no material discrepancies were noticed on verification between the physical stocks and the book records.

(iv) In respect of loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956, according to the information and explanations given to us:

(a) The Company has not granted any loans to any party.

In view of what has been stated above, sub-clauses (b), (c) and (d) of clause (iii) of paragraph 4 of the order are not applicable to the Company for the year.

(b) The company has taken loans from four parties. The maximum amounts involved during the year were Rs. 2,52,00,000/- and the year end outstanding balances of loans taken from such parties were Rs. 2,52,00,000/-.

(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 / as per stipulation.

(v) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. Further on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.

(vi) In respect of contracts or arrangements referred to in Section 301 of the Companies Act, 1956:

(a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vii) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

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