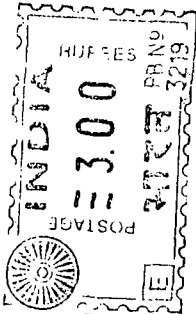


caprihans



MD	✓	BKC	✓
CS	✓	DPY	✓
RO	✓	DIV	✓
TRA	✓	AC	✓
AGM	✓	SH	✓
YE	✓		✓



53rd ANNUAL REPORT 1998



A member of the
EVC Group of Companies

DIRECTORS

M.P. MUNOT	Chairman
N.L. DALMIA	Vice Chairman
P.M. NADIG	Managing Director
M. UBERTI	(Alternate: M. GARAU)
C.P. GASPAR	(Alternate: E. BARTSCH)
A. VAN DER ZWALMEN	(Alternate: D.K. WADIA)
M.C. PAYNE	(Alternate: J. KREUSCH)
S.A. GANDHI	
R.K. KULKARNI	

SECRETARY

R. BALASUBRAMANIAN

BANKERS

BANK OF MAHARASHTRA
STATE BANK OF INDIA

AUDITORS

M.P. CHITALE & CO.,
Chartered Accountants

REGISTERED OFFICE

BLOCK-D, SHIVSAGAR ESTATE,
DR. ANNIE BESANT ROAD,
WORLI, MUMBAI 400 018.
Tel.: 492 1900-05

FACTORIES

PLOT NOS. C-13/16, ROAD NO. 16/T, WAGLE INDUSTRIAL ESTATE, THANE 400 604.
PLOT NOS. 76/77, MIDC INDUSTRIAL ESTATE, TRIMBAK ROAD, SATPUR, DIST. NASIK 422 007.

Notice of Annual General Meeting

NOTICE is hereby given that the Fifty-third Annual General Meeting of the Shareholders of **CAPRIHANS INDIA LIMITED** will be held on **TUESDAY, the 29TH JUNE, 1999** at 3.00 p.m. at the **JAI HIND COLLEGE AUDITORIUM**, Jai Hind College Building, A Road, Churchgate, Mumbai 400 020, to transact the following business:

1. To consider and adopt the Balance Sheet as at 31st December, 1998 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. N.L. Dalmia who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. R.K. Kulkarni who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. Messrs. M.P. Chitale & Company Chartered Accountants, the retiring Auditors are eligible for re-appointment.
5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"**RESOLVED** that Mr. C.P. Gaspar be and is hereby appointed as a Director of the Company liable to retire by rotation".
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"**RESOLVED** that Mr. M. Uberti, be and is hereby appointed as a Director of the Company liable to retire by rotation".
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"**RESOLVED** that Mrs. A. Van der Zwalmen be and is hereby appointed as a Director of the Company liable to retire by rotation".

By Order of the Board of Directors

R. BALASUBRAMANIAN
Secretary

Registered Office:

Block 'D' Shivsagar Estate,
Dr. Annie Besant Road,
Worli, MUMBAI - 400 018.

Dated: 26th February, 1999.



NOTES

- (a) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Item Nos. 5 to 7 are annexed herewith.
- (b) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- (c) The Register of Members and Share Transfer Books of the Company will be closed from **WEDNESDAY, 9TH JUNE, 1999** to **TUESDAY, 29TH JUNE, 1999** (both days inclusive).
- (d) Pursuant to Section 205A of the Companies Act, 1956 Unclaimed Dividends for the financial year ended upto **31ST MARCH, 1995** have been transferred within the prescribed time to the General Revenue Account of the Central Government. Members who have not encashed the Dividend Warrants for the financial year ended upto **31ST MARCH, 1995** are requested to claim the amount from the Registrar of Companies, Maharashtra, Hakoba Compound, 2nd Floor, Dattaram Lad Marg, Kalachowkie, Mumbai-400 033.
- (e) Shareholders are requested to bring their copy of the Annual Report to the meeting as the practice of handing out copies of the Annual Report at the Annual General Meeting has been discontinued in view of the high cost of paper and printing.





Annexure to the Notice dated 26th February, 1999

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 5

Mr. C. P. Gaspar was appointed as a Director of the Company by the Board of Directors at its meeting held on 7th August, 1997 to fill the casual vacancy caused by the resignation of Mr. P. M. Munot. Pursuant to Section 262 of the Companies Act, 1956 he will hold office upto the date of the forthcoming Annual General Meeting of the Company. The Company has received a Notice in writing from a member under Section 257 of the Companies Act, 1956 together with the required deposit, signifying his intention to propose the appointment of Mr. C. P. Gaspar as a Director of the Company liable to retire by rotation.

Mr. C. P. Gaspar has filed his consent with the Company under Section 264(1) of the Companies Act, 1956 to act as a Director of the Company, if appointed.

Hence approval is sought from the Members of the Company for his appointment by an Ordinary Resolution. None of the Directors of the Company except Mr. C. P. Gaspar is concerned or interested in this Resolution.

Item No. 6

Mr. M. Uberti was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 26th February 1999 under Article 152 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956 he will hold office upto the date of the forthcoming Annual General Meeting of the Company. The Company has received a Notice in writing from a Member under Section 257 of the Companies Act, 1956 together with the required deposit signifying his intention to propose the appointment of Mr. M. Uberti as a Director of the Company liable to retire by rotation.

Mr. M. Uberti has filed his consent with the Company under Section 264(1) of the Companies Act, 1956 to act as a Director of the Company, if appointed.

Hence approval is sought from the Members of the Company for his appointment by an Ordinary Resolution.

None of the Directors of the Company except Mr. M. Uberti is concerned or interested in this Resolution.

Item No. 7

Mrs. A. Van der Zwalmen was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 26th February 1999 under Article 152 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956 she will hold office upto the date of the forthcoming Annual General Meeting of the Company. The Company has received a Notice in writing from a Member under Section 257 of the Companies Act, 1956 together with the required deposit signifying his intention to propose the appointment of Mrs. A. Van der Zwalmen as a Director of the Company liable to retire by rotation.

Mrs. A. Van der Zwalmen has filed her consent with the Company under Section 264(1) of the Companies Act, 1956 to act as a Director of the Company, if appointed.

Hence approval is sought from the Members of the Company for her appointment by an Ordinary Resolution.

None of the Directors of the Company except Mrs. A. Van der Zwalmen is concerned or interested in this Resolution.

By Order of the Board of Directors

R. BALASUBRAMANIAN
Secretary

Registered Office:
Block 'D' Shivsagar Estate,
Dr. Annie Besant Road,
Worli, MUMBAI - 400 018.
Dated: 26th February, 1999.



Directors' Report

TO THE MEMBERS

Your Directors have pleasure in presenting to you the Fifty-third Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31st December, 1998.

1. FINANCIAL RESULTS

	Year ended 31st December 1998	9 months ended 31st December 1997
	(Rs. in lakhs)	
Profit/(Loss) before extraordinary items, interest and finance charges, depreciation and provision for taxation	211.97	(43.41)
Extraordinary Items	356.54	393.86
Interest and Finance Charges	228.44	459.65
Depreciation	423.28	299.59
Profit/(Loss) before Tax	(796.29)	(1196.51)
Tax provision written back	100.00	—
	(696.29)	(1196.51)
Balance from last year	(663.16)	(626.72)
	(1359.45)	(1823.23)
Adjusted against General Reserve	—	1160.07
Balance carried to Balance Sheet	(1359.45)	(663.16)

2. DIVIDEND

The Directors do not recommend any dividend for the year in view of loss.

3. PERFORMANCE

The turnover of the Company for the year amounted to Rs. 103 crores as compared to Rs. 84 crores for the 9 months period. Exports during the year were Rs. 9 crores against Rs. 11 crores for the 9 months period. The loss for the year (before considering extraordinary items) amounted to Rs. 440 lakhs as compared to Rs. 803 Lakhs for the 9 months period. The reduction in loss is the result of various steps taken by the Company to reduce cost and improve profitability.

- During the year, the Company installed a Calendering Unit at Nasik with an installed capacity of 7200 MT. This Unit has commenced production from June 1998.
- Consequent to the installation of this Calendering Line, the Company has discontinued the process arrangement in respect of Powai operations, resulting in substantial savings in cost due to reduction in the processing charges.
- The Company introduced a Voluntary Retirement Scheme for its employees at Head Office and Branches. 47 employees availed of the benefits under the Scheme. The Company also successfully offered the Voluntary Retirement Scheme for its employees at Thane Factory after the close of the year. 105 employees availed of this Scheme.
- The transfer of technology for manufacture of PVC Film under the Knowhow Agreement with EVC has been substantially completed during the year. This has led to improvement in the quality, better products to meet specific customer requirements and overall customer satisfaction.
- The Company has also restructured its organisation to provide considerable emphasis on Quality and Customer service, leading to better customer satisfaction.
- The Company has computerised several areas of operations, leading to speed, accuracy and customer satisfaction.
- The Company has substituted expensive imported raw materials with domestic raw materials which are available at lower cost. This has increased the operating margins.

However inspite of all these efforts, the Company could not achieve the profitable level of operations. The Company continued to be affected by low capacity utilisation due to competition in the market and general slow down in the economy. Further, the Company's exports were adversely affected due to the Russian and Asian economic crisis.



The Company is taking necessary steps to increase its sales volumes during 1999. The advantages of improved formulations, quality and customer services are expected to be fully realised during 1999 through increased sales volume and higher market share.

An initiative to overcome the likely problems associated with Year 2000 was started during 1998, to ensure that the Company's information and embedded operational systems are capable of making the transition to the Year 2000. The project has been pursued systematically and is expected to be completed in time to meet the requirements of the passage to the new millennium.

4. **FIXED DEPOSITS**

Fixed Deposits due but not claimed by 14 depositors as on 31st December 1998 amounted to Rs. 71,000/-.

5. **DIRECTORS**

Mr. H. A. Teasdale and Mr. P. R. Monney resigned from the Board on 26th February 1999. The Board wishes to place on record its appreciation of the services rendered by them.

Mr. C. P. Gaspar was appointed as a Director of the Company by the Board of Directors at its meeting held on 7th August, 1997 to fill the casual vacancy caused by the resignation of Mr. P. M. Munot and he will hold the office up to the forthcoming Annual General Meeting. Necessary resolution seeking your approval for his appointment are set out in the Notice convening the forthcoming Annual General Meeting.

Mr. M. Uberti and Mrs. A. Van der Zwalmen were appointed as Additional Directors of the Company on 26th February 1999 and they hold their office upto the forthcoming Annual General Meeting. Necessary resolutions seeking your approval for their appointment are set out in the Notice convening the forthcoming Annual General Meeting. Mr. M. Garau and Ms. D. K. Wadia have been appointed as Alternate Director to Mr. M. Uberti and Mrs. A. Van der Zwalmen respectively.

Mr. N. L. Dalmia and Mr. R. K. Kulkarni retire by rotation and being eligible, offer themselves for re-appointment.

6. **ASSETS OF NON-CORE ACTIVITIES**

As mentioned in our last report, the Company is disposing of the assets of the non core activities. The realisation against disposal of these assets is expected to be completed in 2000.

7. **INDUSTRIAL RELATIONS**

The industrial relations remained cordial during the year.

8. **CONSERVATION OF ENERGY**

Details relating to the Conservation of Energy and Technology absorption and foreign exchange earnings and outgoings are given in Annexure-I forming part of the Directors' Report as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

9. **AUDITORS**

Messrs. M.P. Chitale and Company, Chartered Accountants, retire at the forthcoming Annual General Meeting in accordance with the provisions of the Companies Act, 1956 and being eligible, offer themselves for re-appointment. Note No. 8 and 10 of Schedule 6 to the Accounts are self-explanatory and deal adequately with the qualifications under Paragraph 4 of the Auditor's Report. The Company has taken legal proceedings to recover the Intercompany Deposit of Rs. 100 lacs referred to in Para 5 (9) of the Auditor's Report.

10. **PARTICULARS OF EMPLOYEES**

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 Annexure II to this Report.

11. **ACKNOWLEDGEMENT**

The Board wishes to thank the Bankers for the co-operation and assistance extended by them. The Board also wishes to place on record its appreciation of the services rendered by the employees of the Company.

On behalf of the Board of Directors

Mumbai,
Dated: 26th February, 1999.

M. P. MUNOT
Chairman



Annexure I to the Directors' Report

A. CONSERVATION OF ENERGY

- (a) Energy conservation measures : Energy Conservation Consultancy work has just started and results are awaited.
- (b) Additional investment : Further investment is expected to be finalised for Nasik.
- (c) Impact of measures at (a) and (b) above for reduction of energy consumption and the consequent cost impact on the cost of production. : Annual saving to the extent of another 2% is expected over and above what has been saved in the last Financial Year.
- (d) Form A for disclosure of particulars with respect to Conservation of Energy.

	Year ended 31st December 1998	9 Months ended 31st December 1997
A. ROHA		
1. Electricity		
(a) Purchased Units (in '000 kwh)	1578.00	2504.00
Total Amount (Rs. in lakhs)	59.46	99.70
Rate per Unit (Rupees)	3.77	3.98
(b) Own Generation	Nil	Nil
2. Coal (used in Boiler)		
Quantity (MT)	1425.00	1632.00
Total Amount (Rs. in lakhs)	35.64	37.93
Average rate/MT (Rupees)	2.50	2.32
B. Consumption per MT of production		
Product — Paper		
Electricity	Kwh 807	983
Coal	Kg. 729	641

B. TECHNOLOGY ABSORPTION

Form B for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D):

1. Specific areas in which R&D carried out by the Company :
- (a) A concerted effort is being made to improve/substitute the costly Raw Materials and Chemicals.
 - (b) Customerwise formulations are being worked out to satisfy end uses of customers.
 - (c) A full fledged Technical Service Department has been established.
2. Benefits derived as a result of the above R&D :
- (a) Each major product equipment and material handling system are individually being studied to adapt the latest technology provided by EVC Group of Companies for specific product line.
 - (b) Better understanding of the Calender technology has helped in adapting to customer specific formulation and reduction of scrap generation at source.



3. Future Plan of Action : Factorywise GMP is being chalked out for implementation.

4. Expenditure on R & D	Year ended 31st December 1998	9 Months ended 31st December 1997
	(Rs. in lakhs)	
(a) Capital	8.74	7.60
(b) Recurring	23.27	17.62
(c) Total	32.01	25.22
(d) Total R & D Expenditure as a percentage of total turnover	0.31	0.30

Technology Absorption, Adaptation and Innovation:

1. Efforts in brief, made towards technology absorption, adaptation and innovation : Plants & Equipments are being constantly renovated and in this respect EVC Engineers are helping with drawings, Process manuals and on the job assistance.
2. Benefits derived as a result of the above efforts :
 - (a) For Pharma products, we have achieved better product quality and far less customer complaints.
 - (b) There is an overall containment of costs.
 - (c) Our quality of Soft PVC and printed varieties have improved further to previous year's quality and we are market leader in our product range.
3. In case of imported technology following information may be furnished:
 - (a) Technology imported : EVC has supplied us with their latest Quality Control System and parameters. They have also provided us with details of Engineering Drawings for implementation on Calendar.
 - (b) Year of Import : 1992 for PVC Films.
1997 for PVC Rigid Film Technology from EVC
 - (c) Has technology been fully absorbed : Major areas of technology transfer are in the process of getting implemented.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Activities relating to exports : The export during the year amounted to Rs. 914 Lacs. The Company has started exporting to new markets.
2. Total foreign exchange used and earned : The details are given in Schedule 5 to the Profit & Loss Account.



Annexure II to the Directors' Report

Particulars of Employees of the Company who were in receipt of remuneration of not less than Rs. 3,00,000 (for twelve months) or Rs. 25,000 per month and forming part of Directors' Report for the year ended 31st December, 1998.

(a) Age (Years) (b) Designation/nature of Duties (c) Gross Remuneration (Rs.) (d) Experience (Years) (e) Qualification
(f) Date of commencement of employment (g) Last employment held and Designation

A. Employed throughout the year

(1) ACHARYA D. (a) 36 (b) Manager (Production - calender) (c) 3,51,070 (d) 8 (e) B.Sc Hons, B.Tech, M. Tech (f) 01.11.94 (g) Tipco Industries Ltd., Product Engineer (2) AGARWAL P. (a) 43 (b) General Manager—North (c) 5,86,676 (d) 20 (e) B.Tech., MS (f) 10.1.83 (g) University of Flowell—Teaching Assistant (3) BALASUBRAMANIAN R. (a) 46 (b) Secretary & Exec. Vice President—Finance (c) 12,92,939 (d) 24 (e) B.Com., AICWA, ACA, ACS (f) 23.11.83 (g) WG Forge & Allied Industries Ltd.—Chief Accountant (4) BHAWE S.H. (a) 55 (b) Vice President—Personnel & Administration (c) 5,05,205 (d) 28 (e) M.Com., LL.B., Cert. in Management of Human Resources (f) 16.9.74 (g) Special Steels Ltd.—Senior Assistant (5) CHOUDHARY N. (a) 51 (b) Executive Vice President—Materials (c) 11,21,105 (d) 28 (e) B.E. (Mech), M.B.A. (IIMA) (f) 5.9.88 (g) Saeed Kalpataru Inds. Ltd., North Yemen—Resident Manager (6) DATTARAY M.K. (a) 53 (b) Vice President—Works (c) 6,43,571 (d) 28 (e) B.Sc., LPRI (Plastics) (f) 3.2.89 (g) Flex Laminates Ltd.—Manager (Plastics) (7) EDUARD RUHLAND (a) 54 (b) Commercial Manager (c) 34,02,412 (d) 36 (e) Degree in Business and Administration (f) 1.9.97 (g) Vereinigte Kunststoffwerke GmbH—General Sales Manager (8) JUVARIWALA T.S. (a) 55 (b) Dy. General Manager—Works (c) 3,40,047 (d) 29 (e) B.Tech. (f) 1.7.94 (g) Star Laminates Pvt. Ltd.—General Manager (Production) (9) KADRI D. (a) 55 (b) Executive Vice President—Engineering (c) 12,58,149 (d) 36 (e) Diploma in Electrical Engineering (f) 1.1.73 (g) Eslar Plastic of Kenya Limited—Dept. in-charge (10) KEMMU K.K. (a) 38 (b) General Manager—Mktg. (c) 6,05,281 (d) 16 (e) P.U.C., MMS (f) 24.2.86 (g) Indian Tools Mfg. Co. Ltd.—Marketing Services Manager (11) NADIG P.M. (a) 47 (b) Managing Director (c) 11,46,728 (d) 24 (e) B.Tech, M.E. (f) 17.11.97 (g) Garware Wall Ropes Limited President & C.E.O. (12) PODDAR A.N. (a) 61 (b) Member—Executive Committee (c) 19,68,585 (d) 39 (e) B.E. (Mech.), M.Tech. (Indl. Engg.) (O.R.) (f) 1.2.84 (g) Voltas Limited—General Manager—Operations (13) PEDDADA S.V. (a) 46 (b) General Manager—R&D (c) 4,59,982 (d) 17 (e) Ph.D in Polymers (f) 1.7.95 (g) C.P.C. India Limited—Manager—R&D (14) PEREIRA A.J. (a) 50 (b) General Manager—Production (c) 3,46,892 (d) 27 (e) B.Sc. (f) 1.9.88 (g) Bhor Industries Limited—Jr. Manager—Manufacturing (15) PILLAI S. K. (a) 52 (b) Dy. General Manager (South) (c) 3,02,175 (d) 22 (e) B.A. P.G. Dip. in Mktg. Mgmnt., Dip. in Finance Mgmnt. (f) 17.04.89 (g) Formica India Limited (16) RAY K. (a) 53 (b) Vice President—Works (c) 6,55,775 (d) 31 (e) B.E. (Mechanical) (f) 2.6.93 (g) VIP Industries Ltd.—General Manager—Works (17) SHAH H.J. (a) 46 (b) General Manager—Costing (c) 4,58,801 (d) 24 (e) B.Sc., AICWA (f) 4.2.85 (g) Precision Fasteners Limited—Asst. Accounts Manager (18) SUBRAMANIAN V.N. (a) 48 (b) Dy. General Manager—Mktg. (c) 4,47,933 (d) 24 (e) MMM (f) 28.6.89 (g) Pharmaceutical Capsules Labs.—Sales Manager (19) TIWARI B. (a) 54 (b) General Manager—Engg. (c) 3,48,637 (d) 29 (e) B.Sc. (Engg.), Mech., P.G.D.I.M. (f) 2.6.92 (g) Rajendra Electrical Inds. Ltd.—General Manager (20) VISHWANATHAN A.N. (a) 42 (b) Dy. General Manager—Mktg. (c) 4,24,272 (d) 19 (e) MMM (f) 3.7.95 (g) National Leather Company—Sales Officer—Head of Dept. (21) VISWANATHAN K.R. (a) 38 (b) General Manager—Finance (c) 4,92,227 (d) 16 (e) B.Com, ACA, ACS (f) 19.11.85 (g) S.B. Billimoria & Co.—Audit Manager

B. Employed for part of the year

(1) AHMAD W. (a) 47 (b) Driver (c) 4,10,091 (d) 20 (e) S.S.C. (f) 01.08.78 (g) Laxmi Stores, Driver (2) BANE J. K. (a) 38 (b) Typist cum clerk (c) 3,70,766 (d) 13 (e) F.Y.B.A. (f) 16.08.85 (g) Bombay Dyeing & Mfg. Co. Ltd., Typist (3) BHANDARI V.K. (a) 53 (b) Executive Vice President (Marketing) (c) 6,69,027 (d) 32 (e) B.A. MBA (f) 04.04.94 (g) ICI India Ltd., National Sales & Customer Service Manager (4) CUTINHO B. (a) 48 (b) Telephone-operator-cum-Receptionist (c) 4,49,015 (d) 28 (e) S.S.C. (e) 15.06.72 (f) Western India Oil Distributing Co. Ltd., - Typist-cum-telephone operator. (5) DANTAS V (a) 57 (b) Secretary (c) 296813 (d) 30 (e) S.S.C. (f) 01.07.74 (g) National Education & Information Films Ltd., Stenographer (6) DALAL P. R. (a) 47 (b) Accounts Executive (c) 4,60,834 (d) 26 (e) F.Y. B. Com (f) 29.04.72 (g) Nanubhai & Co., Auditor (7) DAS B. (a) 50 (b) Receptionist (c) 4,46,657 (d) 29 (e) B.Sc (f) 28.08.72 (g) Bombay Marine Traders Receptionist-cum-Typist (8) D'SOUZA E. (a) 46 (b) Secretary (c) 4,51,833 (d) 28 (e) S.S.C. (f) 17.01.74 (g) Graver & Weil (I) Ltd., Stenographer (9) ENGINEER P. K. (a) 47 (b) Secretary (c) 4,24,991 (d) 27 (e) S.S.C. (f) 25.10.77 (g) Gestetner Duplicators Pvt. Ltd., Secretary (10) FERDINAND M. (a) 39 (b) Site Manager (c) 1,48,200 (d) 24 (e) Austrian Industrial Engineer (f) 01.12.98 (g) Renolit Production and Maintenance Engr. (11) FERNANDES C. (a) 36 (b) Secretary (c) 2,92,487