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54th ANNUAL REPORT 1999



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
KBC BANK N.V.
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
Email: capriact@bom7.vsnl.net.in

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 - fourth Annual General Meeting of the Shareholders of **CAPRIHANS INDIA LIMITED** will be held on **WEDNESDAY, the 3RD MAY, 2000** at 3.00 p.m. at **PATKAR HALL, S.N.D.T. WOMEN'S UNIVERSITY, 1, Nathibai Thackersey Road, New Marine Lines, Mumbai - 400 020**, to transact the following business:

1. To consider and adopt the Balance Sheet as at 31st December, 1999 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. M.P. Munot who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. S. A. Gandhi who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. M. C. Payne who retires by rotation and is eligible for re-appointment.
5. 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.
6. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as a **Special Resolution**:

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of the other statutes as applicable, and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and hereby amended as follows :

(A) In Article 2 being the Article dealing with Interpretation the following new Interpretation clauses be inserted Viz:

- i. After the existing interpretation of "Auditors" the following shall be inserted Viz.
"Beneficial Owner"

"Beneficial Owner" means a person or persons as defined in Section 2 of the Depositories Act or hereinafter defined and whose name is recorded as such with a depository.

- ii. After the existing interpretation of "Debenture" the following shall be inserted Viz.
"Depositories Act"

"Depositories Act" shall mean the Depositories Act, 1996 and includes where the context so admits, any re-enactment or statutory modification thereof for the time being in force.

"Depository"

"Depository" shall have the meaning assigned thereto by clause (e) of Sub-section (1) of Section 2 of the Depositories Act.

- iii. The interpretation of "Member" as appearing after the interpretation of "Marginal notes" shall be replaced by the following:

"Member(s)"

"Member(s)" — unless otherwise provided, means the duly registered holder, from time to time, of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also one whose name is entered as the Beneficial Owner of the shares in the records of the Depository.

- iv. After the existing interpretation of "Seal" the following shall be inserted Viz. **"SEBI"**

"SEBI" means the Securities and Exchange Board of India.

- v. After the existing interpretation of "Secretary" the following shall be inserted Viz. **"Security"**

"Security" means such security as may be specified by SEBI or any other statutory body, from time to time.



- (B) The existing Article 16(a) be deleted and in place thereof, the following Article 16(a) be substituted:

16 (a) “Buy-back of shares”

The Company shall have powers, subject to and in accordance with all applicable provisions of the Act and other applicable provisions of any law for the time being in force and subject to such approvals, permissions and sanctions as may be necessary, to buy back/purchase or acquire any of its own fully paid shares whether or not they are redeemable and may make a payment therefor out of its free reserves or out of the share premium account of the Company or out of the proceeds of any issue of shares or other specified securities, made by the Company specifically for the purpose or from such other sources as may permitted by Law for the time being in force on such terms and conditions and in such proportion and in such manner as may be prescribed by Law for the time being in force from time to time, *provided nothing herein contained shall be deemed to affect the provisions of Sections 100 to 104 and Section 402 of the Act in so far as and to the extent they are applicable.*

- (C) After the existing Article 33, the following may be inserted as new Article 33(a):

33(a) “Nomination of shares/debentures/fixed deposits”

- (1) Notwithstanding anything contained in this Articles, every holder(s) of shares in or holder(s) of debentures in or holder(s) of fixed deposits in the Company, holding singly or jointly, may at any time, nominate a person in the prescribed manner to whom the shares and/or the interest of the member in the capital of the Company or debentures or fixed deposits of the Company shall vest in the event of his/her death. Such member may revoke or vary his/her nomination, at any time, by notifying the same to the Company to that effect. Such nomination shall be governed by the provisions of Section 109A and 109B of the Act or such other regulations governing the matter from time to time.
- (2) Where the nominee is a minor, the holder of the shares or debentures or fixed deposits of the Company can make the nomination in the manner prescribed under the Act, to appoint any person to become entitled to the shares or debentures or fixed deposits concerned in the event of death of the holders of the shares/debentures/fixed deposits during the minority of the nominee.

- (D) After the existing Article 83, the following may be inserted as new Article 83(A) :

“DEMATERIALISATION OF SECURITIES”

83 (A) Option to Dematerialise Securities.

- (1) Notwithstanding anything contained in this Articles, the Company shall in accordance with the provisions of the Depositories Act, be entitled to dematerialise its securities and to offer the same for subscription in dematerialised form and on the same being done, the Company shall maintain a Register of Members/Debentureholders holding shares/debentures both in material and dematerialised form in any media as permitted by the law including any form of electronic media, either in respect of existing securities or any future issue.

If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of security, and on receipt of information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the security.

Option for Investors.

- (2) Every person subscribing to securities offered by the Company shall have the option to receive securities certificates or to hold the securities with a Depository. Such a person who is the Beneficial Owner of the securities can at any time opt out of the Depository, in respect of any security in the manner provided by the Depositories Act, and the Company shall in the manner and within the time prescribed, issue to the Beneficial Owner the required certificates of securities.

Allotment of Securities dealt with by a Depository.

- (3) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

Securities in Depositories to be in Fungible Form.

- (4) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.

Rights of Depositories and Beneficial Owners.

- (5) (a) A depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.
- (b) Save as otherwise provided in (a) above, the Depository/Depositories as the registered owner(s) of the securities shall not have any voting rights or any other rights in respect of the securities held by it/them.
- (c) The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.
- (d) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the person whose name appears as the Beneficial Owner of the shares in the records of the Depository, as the absolute owner thereof as regards receipt of dividends, or bonus or service of notices and all or any other matters connected with the Company, and accordingly the Company shall not (except as ordered by Court of competent jurisdiction or as required by law) be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

Transfer of Securities.

- (6) Nothing contained in Articles 66, 67, 68 and 69 of these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of the Depository.

Distinctive numbers of securities held in a Depository.

- (7) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.

Register and Index of Beneficial Owners.

- (8) The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index of Members and Register and Index of Debentureholders as provided in Section 152A of the Act.

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: 21st March, 2000.



NOTES

- (a) An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Item No. 6 is annexed herewith.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT A MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- (c) Proxies in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (d) The Register of Members and Share Transfer Books of the Company will be closed from WEDNESDAY, 12TH APRIL, 2000 to WEDNESDAY, 3RD MAY, 2000 (both days inclusive).
- (e) 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, C. G. O. Complex, 2nd Floor, "A" Wing, CBD Belapur, Navi Mumbai-400 614.
- (f) Consequent to amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, the amount of dividend for the year 1995-96 remaining unclaimed over a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund.
- (g) 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.

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ANNEXURE TO THE NOTICE DATED 21ST MARCH, 2000

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 for Item No. 6

Amendment to Articles of Association

The present Articles of Association were amended during 1996. Some of the Articles need change/modifications consequent to amendment to certain provisions of the Companies Act, 1956, as well as enactment of certain laws like Depositories Act, 1996 governing the working of the capital markets in India. It is therefore proposed to modify/add certain Articles as stated in the Notice convening the Annual General Meeting as per the details stated therein. Section 31 of the Companies act, 1956 *inter alia* provides that a Company may by a Special resolution alter its Articles of Association.

The following matters, *inter alia*, are proposed to be incorporated suitably in the Articles of Association.

Item No. 6 (A & D) – Dematerialisation of Securities

With the introduction of Depositories Act, 1996 and the Depository system, the securities issued by a Company are permitted to be held with a depository in dematerialised form at the option of the investor, subject however to the Rules and Regulations prescribed by the Securities and Exchange Board of India (SEBI). Effective June 26, 2000, the shares of the Company are to be traded compulsorily for Institutional Investors in the Demat form on the Stock Exchanges at Mumbai and New Delhi. The depository system of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of the Company. It is therefore proposed to suitably amend the Articles as set out in the Resolution at Item No. 6(D) to give effect to the legal and practical aspects of the Depositories System and are self explanatory.

Item No. 6 (B) – Buy-back of shares

Purchase of its own shares (Buy-back) is permitted only if the Articles of Association of the Company authorise the same. It is therefore proposed to introduce a new Article 16(a) in the Articles of Association as set out in the Resolution at Item No. 6 (B) to enable the Company to purchase any of its own shares or securities, as and when, may be considered fit, by the Board of Directors.

Item No. 6 (C) – Nomination facility for Shareholders/Debentureholders/Fixed Depositholders

As per the recent amendment to the Companies Act, 1956, a facility has been provided to the holders of Shares/ Debentures/Fixed Deposits to nominate any person who will be entitled to his/her Shares/Debentures/Fixed deposits in the event of his/her death.

It is therefore proposed to suitably amend the Articles as set out in the Resolution at Item No. 6(C) in order to bring the provisions of the Articles of Association in consonance with the provisions of the Companies act, 1956.

The Board recommends the Special Resolution for acceptance by the Members.

A copy of the Memorandum and Articles of Association of the Company is open for inspection at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day until the date of the Annual General Meeting or any adjournment/s thereof.

None of the Directors are concerned or interested in the above said amendments.

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: 21st March, 2000.



Directors' Report

TO THE MEMBERS

Your Directors present their Fifty-fourth Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31st December, 1999.

1. FINANCIAL RESULTS:

	Year ended 31st December 1999 (Rs. in lakhs)	Year ended 31st December 1998
Profit/(Loss) before extraordinary items, interest and finance charges, depreciation and provision for taxation	201.92	211.97
Extraordinary Items	230.57	356.54
Interest and Finance Charges	346.18	228.44
Depreciation	422.90	423.28
Profit/(Loss) before Tax	(797.73)	(796.29)
Tax provision written back	—	100.00
	(797.73)	(696.29)
Balance from last year	(1359.45)	(663.16)
Balance carried to Balance Sheet	(2157.18)	(1359.45)

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. 94 crores as compared to Rs. 103 crores for the previous year. Exports during the year were Rs. 9 crores against Rs. 9 crores for the previous year.

The reduction in sales is due to reduction in the sale from non-core divisions (paper and construction) which was Rs. 10 crores lower than the previous year. The turnover from core units was maintained at last year's level. The Calendering unit installed at Nasik during 1998 is yielding production of good quality with high productivity.

The Company's profitability was adversely affected due to an unprecedented increase in the price of PVC resin and other polymers in the domestic and international markets during the year, consequent to the steep increase in the crude oil prices. The Company's efforts to increase the prices of the products were successful, but only after a substantial time lag. However, the Company has managed to improve the unit margins in the domestic market by the year end. The international market for the Company's products has also become extremely competitive.

The Company's information and operational systems had been made Y2K compliant and the Company did not face any Y2K related problems.

4. DEMATERIALISATION OF SECURITIES:

Your directors have pleasure in informing you that with effect from June 26, 2000 trading in the shares of your Company in dematerialised form becomes compulsory for Institutional Investors.

5. FIXED DEPOSITS:

Fixed Deposits due but not claimed by 11 depositors as on 31st December 1999 amounted to Rs. 48,000/-.

6. **DIRECTORS:**

Mr. M. P. Munot, Mr. S. A. Gandhi and Mr. M. C. Payne retire by rotation and being eligible, offer themselves for re-appointment.

7. **ASSETS OF NON CORE ACTIVITIES:**

As mentioned in our last report, the disposal of non-core assets and realisation of the proceeds is expected to be completed in 2000.

8. **INDUSTRIAL RELATIONS:**

The industrial relations remained cordial during the year. During the year, the Company has entered into 3 years wage settlements with its employees at Thane and Nasik factories.

9. **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.

10. **AWARDS RECEIVED DURING THE YEAR:**

During the year your Company was presented the **GOLDEN STATUS CERTIFICATE** from the Ministry of Commerce, India, for its continuous performance for last three terms as Export House (i.e. Nine years) and the **Best Export Performance Award** for the year 1997-98 and 1998-99 (1st position) for Rigid PVC films from the Plastics Export Promotion Council (PLEX CONCIL).

11. **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. 7, 10 and 17 to the Accounts as referred in the Auditor's report are self-explanatory. 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.

12. **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.

13. **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

M. P. MUNOT
Chairman

Mumbai:

Dated: 21st March, 2000.



Annexure I to the Directors' Report

A. CONSERVATION OF ENERGY

- (a) Energy conservation measures : 1. Planned modification of steam line.
2. Improvement of boiler efficiency.
3. Rationalisation of Production planning.
4. Preventive maintenance measures to reduce idle running of equipment and breakdown.
- (b) Additional investment : Further investment is expected to be finalised for Nasik.
- (c) Impact of measures at (a) and (b) : Annual saving to the extent of another 2% is expected.
above for reduction of energy consumption
and the consequent cost impact
on the cost of production.

	Year ended 31st December 1999 (See Note below)	Year ended 31st December 1998
A. ROHA		
1. Electricity		
(a) Purchased Units (in '000 kwh)	N/A	1578.00
Total Amount (Rs. in lakhs)	N/A	59.46
Rate per Unit (Rupees)	N/A	3.77
(b) Own Generation	N/A	Nil
2. Coal (used in Boiler)		
Quantity (MT)	N/A	1425.00
Total Amount (Rs. in lakhs)	N/A	35.64
Average rate/MT (Rupees)	N/A	2.50
B. Consumption per MT of production		
Product — Paper		
Electricity	Kwh	N/A
Coal	Kg.	N/A

Note: Manufacturing operations of paper unit at ROHA discontinued in June, 1998 and the unit has been sold.

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 applied to improve/substitute the costly Raw Materials and Chemicals.
(b) Customerwise formulations are being worked out to satisfy end uses of customers.
(c) Optimisation of cost, reduction of varieties of products by value engineering.
2. Benefits derived as a result of the above R&D : (a) Scrap generation has been reduced.
(b) Customers complaints have reduced.
(c) New products such as printed sheeting for luggage, improved UV resistance for outdoor applications and Thermoformable PP sheets have been introduced in the Market.