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55th ANNUAL REPORT 2000



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	
ROLAND GOLDMANN	
A. VAN DER ZWALMEN	(Alternate: D.K. WADIA)
M.C. PAYNE	
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 - fifth Annual General Meeting of the Shareholders of **CAPRIHANS INDIA LIMITED** will be held on **THURSDAY, the 31ST MAY, 2001** 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, 2000 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 a Director in place of Mr. M. Uberti 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 resolution as an Ordinary Resolution.

"RESOLVED that Mr. Roland Goldmann 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 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) After the existing Article 117 the following may be inserted as new Article 117(A):

Resolution by postal ballot 117(A) Notwithstanding anything contained in these Articles, pursuant to Section 192(A) of the Companies Act, 1956 the Company may, and in the case of resolution relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot (including voting by electronic mode), shall, get any resolution passed by means of a postal ballot (including voting by electronic mode), instead of transacting the business in the General Meeting of the Company. Where the Company decides to pass any resolution by postal ballot, it shall send a notice by registered post acknowledgment due, or by any other method as may be prescribed by the Central Government in this behalf to all the shareholders, along with draft resolution explaining the reasons therefor, and requesting them to send their assent or dissent in writing on a postal ballot, in postage prepaid envelope to be provided by the Company, within a period of 30 days from the date of posting of the letter.



If a resolution is assented to by a requisite majority of the shareholders by means of postal ballot (including voting by electronic mode), it shall be deemed to have been duly passed at a General Meeting in that behalf.

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: 17th March, 2001.

NOTES

- (a) An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Item Nos. 6 and 7 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 THURSDAY, 10TH MAY, 2001 to THURSDAY, 31ST MAY, 2001 (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 for 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) The equity shares of the Company are available for trading in dematerialised form (scripless trading in electronic form) through Depository Participants. The ISIN code is INE 479A01018.
- (h) 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 17TH MARCH, 2001

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

Item No. 6

Mr. Roland Goldmann was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 3rd November 2000 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. Roland Goldmann as a Director of the Company liable to retire by rotation.

Mr. Roland Goldmann 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. Roland Goldmann is concerned or interested in this Resolution.

Item No. 7 Amendment to Articles of Association – Resolution by postal ballot

Consequent to the enactment of the Companies (Amendment) Act, 2000, it is proposed to amend the Articles of Association, by inserting Article 117 (A) relating to the passing of Resolution by postal ballot (including voting by electronic mode). This is in line with the provisions of Section 192 (A) of the Companies Act, 1956.

Section 31 of the Companies Act, 1956 inter alia provides that a Company may by a Special Resolution alter its Articles of Association.

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

None of the Directors are concerned or interested in this amendment.

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. to 12.00 noon on any working day until the date of the Annual General Meeting or any adjournment/s thereof.

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: 17th March, 2001.



Directors' Report

TO THE MEMBERS

Your Directors present their Fifty-fifth Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31st December, 2000.

1. FINANCIAL RESULTS:

	Year ended 31st December 2000 (Rs. in Lakhs)	Year ended 31st December 1999
Profit/(Loss) before extraordinary items, interest and finance charges, depreciation and provision for taxation	528.43	201.92
Extraordinary Items	222.87	230.57
Interest and Finance Charges	240.01	346.18
Depreciation	390.00	422.90
Profit/(Loss) before Tax	(324.45)	(797.73)
Balance from last year	(2157.18)	(1359.45)
Transfer from Investment Allowance Reserve	33.00	—
Transfer from Debenture Redemption Reserve	152.00	—
Balance carried to Balance Sheet	(2296.63)	(2157.18)

2. DIVIDEND:

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

3. PERFORMANCE:

The turnover of the Company increased to Rs. 99.6 crores as compared to Rs. 93.8 crores in the previous year. Exports during the year improved to Rs. 12.3 crores against Rs. 9.3 crores in the previous year.

The loss for the year was Rs. 3.24 crores showing a significant reduction from the previous year's loss of Rs. 7.98 crores. Increase in the turnover and the beneficial effect of various measures initiated to reduce costs have reduced the loss.

The domestic and international markets for the Company's products continue to be highly competitive. The Company has, however, been successful in increasing its market share in Rigid Films during the year and also realised better prices. Export efforts have also started yielding good results.

4. DIRECTORS' RESPONSIBILITY STATEMENT:

In compliance to the Provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors wish to place on record -

- (i) that in preparing the Annual Accounts, all applicable accounting standards have been followed.
- (ii) that the accounting policies adopted are consistently followed and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit and Loss Account of the Company for the Financial Year.

(iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing/detecting fraud and other irregularities.

(iv) that the Directors have prepared the Annual Accounts on going concern basis.

5. **DEMATERIALISATION OF SECURITIES:**

Your directors have pleasure in informing you that with effective from August 28, 2000 trading in the shares of your Company in dematerialised form becomes compulsory for all Investors.

6. **DIRECTORS:**

During the year Mr. C.P. Gaspar resigned from the Board. Mr. M. Garau and Mr. J. Kreusch who were Alternate Directors for Mr. M. Uberti and Mr. M.C. Payne respectively have resigned.

The Board wishes to place on record its appreciation of the services rendered by above Directors during their tenure.

Mr. Roland Goldmann was appointed as an Additional Director of the Company on 3rd November, 2000 and he holds office upto the forthcoming Annual General Meeting. Necessary resolution seeking your approval for his appointment is set out in the Notice convening the forthcoming Annual General Meeting.

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

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

In our last report, we had stated that the realisation of proceeds from disposal of non-core assets is expected to be completed during 2000. However, the major asset consisting of the building " Kalpataru Heights" at Mumbai Central could not be sold due to the sluggish conditions in the real estate market, but negotiations are in progress and we are confident that this will be completed in 2001.

8. **CORPORATE GOVERNANCE:**

The Board of Directors at its meeting held on 17th March, 2001 has constituted Audit Committee in terms of Section 292(A) of the Companies Act, 1956. The Members of Audit Committee are Mr. P.M. Nadig, Mr. M. Uberti and Mr. R.K. Kulkarni.

Corporate Governance in terms of Listing Agreement has to be implemented before March, 2002. The Company is taking necessary steps for implementation of the Corporate Governance during the current year.

9. **INDUSTRIAL RELATIONS:**

The industrial relations remained cordial during the year.

10. **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.

**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 16 to the Accounts as referred in the Auditors' report are self explanatory. In respect of overdue ICD and interest referred to in para 6(9) of the Auditors' Report, the Company is taking necessary steps for recovery of the same.

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

Mumbai:
Dated: 17th March, 2001.

M.P. MUNOT
Chairman



Annexure I to the Directors' Report

A. CONSERVATION OF ENERGY

- (a) Energy conservation measures : 1. Improvement of boiler efficiency.
2. Rationalisation of Production planning.
3. Preventive maintenance measures to reduce idle running of equipment and breakdown.
- (b) Additional investment : It is proposed to install a new fuel efficient boiler at Thane.
- (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 1% is expected.

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 have been 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) High impact variety of rigid film is introduced to cater the non pharma and visual packaging applications.
(d) Foam Board with lesser density is developed and introduced in the market.
3. Future Plan of Action : Factorywise GMP is being chalked out for implementation.

4. Expenditure on R & D

	Year ended 31st December 2000	Year ended 31st December 1999
	(Rs. in lakhs)	
(a) Capital	0.37	3.25
(b) Recurring	25.00	25.00
(c) Total	25.37	28.25
(d) Total R & D Expenditure as a percentage of total turnover	0.25	0.30



Technology Absorption, Adaptation and Innovation:

1. Efforts in brief, made towards technology absorption, adaptation and innovation : All production lines and the surroundings are brought in a higher quality situation and is in agreement with requirements of our customers, especially in the area of GMP.
2. Benefits derived as a result of the above efforts :
 - (a) The result out of the improvements are better quality, less scrap and higher line efficiency. Also a cost reduction in the areas of raw material, energy and sales return because of quality related problems.
 - (b) All formulations and know-how given by EVC is in use and implemented. The result out of this is the quality standards and partwise the output rates of EVC are achieved.
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 Calender.
 - (b) Year of Import : 1992 for PVC Films.
1997 for PVC Rigid Film Technology from EVC
 - (c) Has technology been fully absorbed : Most areas of technology transfer have been implemented.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Activities relating to Exports : The export during the year amounted to Rs. 1234 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.