



VIGNARE GOURNEN SERVICE PVT. LTD.  
CHATTOPAR 8147739, 8129933

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## 56th ANNUAL REPORT 2001



A member of the  
EVC Group of Companies

**DIRECTORS**

M.P. MUNOT	Chairman
N.L. DALMIA	Vice Chairman
P.M. NADIG	Managing Director
D. THOMPSON	
G. MANCUSO	(Alternate: D.K. WADIA)
S.A. GANDHI	
R.K. KULKARNI	
S.B. ZAVERI	

**SECRETARY**

R. BALASUBRAMANIAN

**BANKERS**

BANK OF MAHARASHTRA  
STATE BANK OF INDIA

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**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, NASIK 422 007.

## Notice of Annual General Meeting

NOTICE is hereby given that the Fifty-sixth Annual General Meeting of the Shareholders of **CAPRIHANS INDIA LIMITED** will be held on **THURSDAY, the 30TH MAY, 2002** 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, 2001 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 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. D. Thompson 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. G. Mancuso 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 Mr. S.B. Zaveri 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: 27th March, 2002.

### NOTES

- (a) An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Item Nos. 5 to 7 is annexed herewith (Annexure I). Pursuant to Clause 49 of the Listing Agreement, the relevant details in respect of Item Nos. 2, 3, 5, 6 and 7, is annexed herewith (Annexure II).
- (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, 9TH MAY, 2002 to THURSDAY, 30TH MAY, 2002 (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 any 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 on or before 31ST OCTOBER, 2003.
- (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 (I) to the Notice dated 27th March, 2002**

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

### **Item No. 5, 6, & 7**

Mr. D. Thompson and Mr. G. Mancuso were appointed as Additional Directors of the Company by the Board of Directors at its meeting held on 19th November 2001 under Article 152 of the Articles of Association of the Company.

Mr. S.B. Zaveri was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 27th March, 2002 under Article 152 of the Articles of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 the above Directors will hold office upto the date of the forthcoming Annual General Meeting of the Company. The Company has received Notices in writing from Members under Section 257 of the Companies Act, 1956 together with the required deposit signifying their intention to propose the appointment of Mr. D. Thompson, Mr. G. Mancuso and Mr. S.B. Zaveri as a Director of the Company liable to retire by rotation.

Mr. D. Thompson, Mr. G. Mancuso and Mr. S.B. Zaveri filed their consent with the Company to act as a Director of the Company, if appointed as required by Section 264 (1) of the Companies Act, 1956. The qualifications, experience and other particulars of the above Directors are mentioned in Annexure II to this notice.

Mr. D. Thompson, Mr. G. Mancuso and Mr. S.B. Zaveri are interested in the Resolutions relating to their respective appointments. None of the other Directors of the Company is interested in these Resolutions.

The Board recommends these Resolutions for your approval.

## Annexure (II) to the Notice dated 27th March, 2002

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting  
(in pursuance of clause 49 of the Listing Agreement)

Name of the Director	Mr. D. Thompson	Mr. G. Mancuso	Mr. S.B. Zaveri	Mr. M.P. Munot	Mr. S.A. Gandhi
Date of Birth	24th September, 1958	1st April, 1959	25th April, 1938	4th October, 1944	25th September, 1950
Date of first appointment	19th November, 2001	19th November, 2001	27th March, 2002	28th May, 1986	1st August, 1983
Qualifications	MA I Class Chemistry, MBA, Diploma in Marketing, Chartered Chemist, MRSC and MCIM	Industrial Chemistry	Chemical Engineer	Matriculate	Chartered Accountant
Expertise in specific functional areas and experience	Mr. D. Thompson is Commercial Director, EVC International NV since July, 2001. During 1981 - 1994 he worked in BP Chemicals Ltd. in various capacities. During 1994-2001 he was Managing Director of James Robinson Ltd./James Robinson GmbH/James Robinson India Pvt. Ltd.	Mr. G. Mancuso is Operation Manager EVC Films, since July, 2001. He is associated with EVC since 1977 in various capacities.	Mr. S.B. Zaveri has 35 years of experience in Chemical Industry and presently he is Managing Director of James Robinson India Pvt. Ltd. During 1972 to 1992 he was actively involved with various industry and trade association.	Mr. M.P. Munot, Chairman of the Company became a Director in 1986 and Managing Director from 1992 to 1997. An eminent industrialist with 36 years of business experience, he is the guiding force behind the Kalpataru Group of companies engaged in real estate and construction activities, Power Transmission Towers and Pharmaceuticals.	Mr. S.A. Gandhi became a Director in 1983 and associated with Caprihans as Managing/ Jt. Managing Director from 1984 to 1997. Since 1973 he is a Director in the Kalpataru Group of Companies. Mr. Gandhi has vast experience and knowledge in the field of plastics. He is an active member of various committees related to plastic industry.
Directorships held in other Companies (Excluding Private Companies)	Nil	Nil	Chemiesynth (Vapi) Ltd.	Kalpataru Homes Ltd. Sharyans Resources Ltd. Rajratan Gustav Wolf Ltd. Kalpataru Power Transmission Ltd. Seaview Securities & Trading Ltd. Eurasion Capital Ltd. Associated Luggage Co. Ltd.	Kalpataru Homes Ltd. Sharyans Resources Ltd. Rajastan Pedrini Ltd. Kalpataru Power Transmission Ltd. Seaview Securities & Trading Ltd. Fashion Lifestyles (India) Ltd.
Committee positions held in other companies	Nil	Nil	Nil	Nil	Nil

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: 27th March, 2002.



## Directors' Report

### TO THE MEMBERS

Your Directors present their Fifty-sixth Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31st December, 2001.

#### 1. FINANCIAL RESULTS:

	Year ended 31st December 2001 (Rs. in Lakhs)	Year ended 31st December 2000
Profit before extraordinary items, interest and finance charges (net), depreciation and provision for taxation	623.28	528.43
Extraordinary Items	122.32	222.87
Interest and Finance Charges (net)	45.47	240.01
Depreciation	370.60	390.00
Profit/(Loss) before Tax	84.89	(324.45)
Provision for Tax	—	—
Profit/(Loss) after Tax	84.89	(324.45)
Balance from last year	(2296.63)	(2157.18)
Transfer from Investment Allowance Reserve	—	33.00
Transfer from Debenture Redemption Reserve	513.00	152.00
Balance carried to Balance Sheet	(1698.74)	(2296.63)

#### 2. DIVIDEND:

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

#### 3. PERFORMANCE:

The turnover of the Company is Rs. 95.6 crores as compared to Rs. 99.6 crores in the previous year. The profit for the year amounted to Rs. 85 lakhs showing a significant improvement from the previous year's loss of Rs. 325 lakhs. The other relevant details are mentioned in the Management Discussion and Analysis Report annexed to this report.

#### 4. MANAGEMENT CONTROL :

During the year there was a change in the management control of the Company from EVC International NV to INEOS Vinyls Holdings Limited and its subsidiaries, as a result of acquisition of 68.7% shares of EVC by INEOS. The said change in management control was duly approved by the members at the Extraordinary General Meeting held on 12th November, 2001, pursuant to the order passed by SEBI under Takeover Regulation.

#### 5. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed.
- appropriate accounting policies have been selected and applied consistently and 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 as on 31st December, 2001 and of the Profit of the Company for the year ended 31st December, 2001.
- proper and sufficient care have been taken 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 and detecting fraud and other irregularities.
- the annual accounts have been prepared on a going concern basis.

**6. DIRECTORS:**

During the year Mr. M. Uberti, Mr. M.C. Payne, Mrs. A. Van der Zwalmen and Mr. Roland Goldmann resigned from the Board.

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

Mr. D. Thompson and Mr. G. Mancuso were appointed as Additional Directors of the Company on 19th November, 2001. Mr. S.B. Zaveri was appointed as an Additional Director of the Company on 27th March, 2002. These Directors 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.

Ms. D.K. Wadia who was Alternate Director for Mrs. A Van der Zwalmen vacated office on the resignation of Mrs. A Van der Zwalmen from the Board. Ms. D.K. Wadia has been appointed as an Alternate Director to Mr. G. Mancuso.

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

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

The Company made substantial progress during the year in realisation of assets of non-core activities.

**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. INDUSTRIAL RELATIONS:**

The industrial relations remained cordial during the year.

**10. CORPORATE GOVERNANCE:**

In terms of Clause 49 of the Listing Agreement a report on the Corporate Governance along with a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance and Management Discussion and Analysis Report are given in Annexure II and III respectively, to this report.

**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 Nos. 6, 8 and 13 of Schedule 6 and Note No. b(i) of Schedule F to the Accounts as referred in the Auditor's report are self explanatory.

**12. PARTICULARS OF EMPLOYEES:**

The particulars of employees required to be furnished under Section 217(2A) of the Companies Act, 1956 read with the rules thereunder forms part of this report. However as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 the reports and accounts are being sent to all the Shareholders of the Company excluding the statement of particulars of employees. Any Shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

**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: 27th March, 2002.

P.M. NADIG      Managing Director  
D. THOMPSON    Director

## Annexure I to the Directors' Report

### A. CONSERVATION OF ENERGY

- (a) Energy conservation measures : 1. Rationalisation of Production planning.  
2. Preventive maintenance measures to reduce idle running of equipment and breakdown.  
3. Power factor improvement measures.
- (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) Efforts to reduce/substitute the costly Raw Materials are continued during the year.  
(b) Formulations have been reworked to reduce costs and improve performance.  
(c) Development of products for new applications.
2. Benefits derived as a result of the above R&D : (a) Scrap generation has been reduced.  
(b) Saving in raw material cost.  
(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 : Continuation of the above mentioned actions to reduce costs and improve quality and productivity.

#### 4. Expenditure on R & D

	Year ended 31st December 2001	Year ended 31st December 2000
	(Rs. in lakhs)	
(a) Capital	0.47	0.37
(b) Recurring	23.00	25.00
(c) Total	23.47	25.37
(d) Total R & D Expenditure as a percentage of total turnover	0.25	0.25



**Technology Absorption, Adaptation and Innovation:**

1. Efforts in brief, made towards technology adaptation and innovation. : All production lines and the absorption surroundings are brought in a higher quality situation and is in agreement with wish of our customers, especially in the area of GMP.
2. Benefits derived as a result of the above efforts : 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 reduction in quality related problems.
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. 783 lakhs. The Company has started exporting to new markets.
2. Total foreign exchange
  - (a) Used :
    - (i) CIF value of imports — Rs. 1020 lakhs
    - (ii) Expenditure in foreign currency — Rs. 61 lakhs  
(For details refer Schedule 5 to the Profit and Loss Account)
  - (b) Earned : FOB value of exports — Rs. 783 lakhs

## Annexure II to the Directors' Report - Corporate Governance

### 1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance envisages the attainment of high level of transparency and accountability across all facets of its operations and in all its interactions with its stakeholders, including shareholders, employees, customers, suppliers and statutory authorities.

### 2. Board of Directors

#### (a) Composition

The total number of Directors is eight, out of which one is an Executive Director. The composition of the Board is as follows :

Name and Designation of the Director	Category	No. of Directorships* and Committee Membership /Chairmanship (other than Caprihans India Limited)		
		Other Directorships	Committee Membership	Committee Chairmanship
Mr. M.P. Munot (Chairman)	Promoter Non-Executive	7	–	–
Mr. N.L. Dalmia (Vice-Chairman)	Promoter Non-Executive	1	–	–
Mr. S.A. Gandhi	Promoter Non-Executive	6	–	–
Mr. P.M. Nadig (Managing Director)	Executive	–	–	–
Mr. R.K. Kulkarni	Independent Non-Executive	5	4	–
Mr. D. Thompson	Promoter Non-Executive	–	–	–
Mr. G. Mancuso	Promoter Non-Executive	–	–	–
Mr. S.B. Zaveri	Independent Non-Executive	1	–	–
<b>Alternate Director</b> Ms. D.K. Wadia  <b>Alternate to</b> Mr. G. Mancuso	Independent Non-Executive	1	–	–

\* Directorships in private companies, foreign companies and associations are excluded.

Out of eight Directors, two are independent. As per Listing Agreement the number of independent directors should not be less than three. Company is taking necessary action to comply with the Listing Agreement.