



60th ANNUAL REPORT 2005-2006

INEOS Films
A member of the INEOS Films Group

DIRECTORS

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

SECRETARY

K.R. VISWANATHAN

BANKERS

BANK OF MAHARASHTRA
HDFC BANK LTD
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.: 4000 1800, 4000 1818

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 Sixtieth Annual General Meeting of the Shareholders of **CAPRIHANS INDIA LIMITED** will be held on **THURSDAY, the 28TH SEPTEMBER, 2006** 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 March, 2006 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 declare a dividend.
3. To appoint a Director in place of Mr. M.P. Munot who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. S.A. Gandhi who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. D.N. Mungale who retires by rotation and is eligible for re-appointment.
6. 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.
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.K. Dalmia be and is hereby appointed as a Director of the Company liable to retire by rotation".

By Order of the Board of Directors

K. R. VISWANATHAN
Secretary

Registered Office:

Block D, Shivsagar Estate
Dr. Annie Besant Road
Worli, Mumbai 400 018.

Dated: 28th July, 2006.

NOTES:

- (a) An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Item No. 7 is annexed herewith (Annexure I). Pursuant to Clause 49 of the Listing Agreement, the relevant details in respect of Item Nos. 3, 4, 5 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, 14TH SEPTEMBER, 2006 to THURSDAY, 28TH SEPTEMBER, 2006 (both days inclusive).
- (e) Dividend on shares, if declared at the meeting will be paid to those members whose names appear on the Company's Register of Members as on 28th September, 2006.

- (f) 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.
- (g) Consequent to amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, the unclaimed dividend for the year 1995-96, which remained unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company was transferred to the Investor Education and Protection fund of the Central Government before the due date.
- (h) Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and to the R & T Agents in respect of their holdings in physical form.
- (i) Members holding shares in demat form may please note that the Company will be mandatorily printing on the dividend warrants, the Members' bank account details as furnished by their respective DPs. Members holding shares in demat form must therefore, give instructions regarding their bank account details directly to their DPs. The Company will not entertain any direct request from such Members for deletion of/change in their bank account details.
- (j) In respect of Members who have given mandate for payment of dividend through Electronic Clearing services (ECS), the dividend will be paid through ECS.
- (k) The equity shares of the Company are available for trading in dematerialised form (scrip less trading in electronic form) through Depository Participants. The ISIN code is INE 479A01018.
- (l) 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 28th July, 2006

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

Item No. 7

Mr. S.K. Dalmia was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 30th June, 2006 under Article 152 of the Articles of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 Mr. S.K. Dalmia will hold office upto the date of the forthcoming Annual General Meeting of the Company. The Company has received Notice in writing from a Member under Section 257 of the Companies Act, 1956 together with the required deposit signifying the intention to propose the appointment of Mr. S.K. Dalmia as a Director of the Company liable to retire by rotation.

Mr. S.K. Dalmia filed his 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. His qualifications, experience and other particulars are hereby mentioned in the Annexure II to this notice.

Mr. S.K. Dalmia is interested in the Resolution relating to his appointment. None of the other Directors of the Company is concerned or interested in this Resolution.

The Board commends this Resolution for your approval.

Annexure (II) to the Notice dated 28th July, 2006

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. M.P. Munot	Mr. S.A. Gandhi	Mr. D.N. Mungale	Mr. S.K. Dalmia
Date of Birth	4th October, 1944	25th September, 1950	1st June, 1953	19th October, 1943
Date of first appointment	28th May, 1986	1st August, 1983	2nd August, 2002	30th June, 2006
Qualifications	Higher Secondary	Chartered Accountant	B.Com., LL.B., ACA.	B.Com
Expertise in specific functional areas and experience	Mr. Munot, Chairman of the Company became a Director in 1986 and was Managing Director from 1992 to 1997. An eminent industrialist with 40 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. Gandhi became a Director in 1983 and was Managing/Jt. Managing Director from 1984-1997. Mr. Gandhi has vast experience and knowledge in the field of plastics. He is an active member of various committees related to plastic industry. He is also involved in construction activity, export and trading.	Mr. Mungale is a Chartered Accountant having an experience of 30 years in financial services and investment banking.	Mr. Dalmia was a Director of the Company from 1992 to 1997. Mr. Dalmia is an industrialist involved in business like containers, garments, real estate and construction.
Directorships held in other Companies (Excluding Private Companies)	Kalpataru Homes Ltd. Sharyans Resources Ltd. Rajratan Global Wire Ltd. Kalpataru Power Transmission Ltd. Associated Luggage Co. Ltd.	Nil	Chowgule Steamships Ltd. Camlin Ltd. Indoco Remedies Ltd. Indo Count Industries Ltd. L I C Housing Finance Ltd. Mahindra & Mahindra Financial Services Ltd. Sical Logistics Ltd. Tamilnadu Petroproducts Ltd.	Trans Freight Containers Ltd. Morteo Transfreight Reefer Containers Ltd.
Committee positions held in other companies	Audit Committee Kalpataru Power Transmission Ltd. — Member Remuneration Committee Sharyans Resources Ltd. — Chairman Rajratan Global Wire Ltd. — Member Shareholders/Investor Grievance Committee Sharyans Resources Ltd. — Member	Nil	Audit Committee Indoco Remedies Ltd. — Chairman Camlin Ltd. — Chairman Sical Logistics Ltd. — Chairman Chowgule Steamships Ltd. — Chairman L I C Housing Finance Ltd. — Member Indo Count Industries Ltd. — Member Mahindra & Mahindra Financial Services Ltd. — Member Tamilnadu Petroproducts Ltd. — Member Remuneration Committee Chowgule Steamships Ltd. — Member	Nil

By Order of the Board of Directors

K.R. VISWANATHAN
Secretary

Registered Office:
Block D, Shivsagar Estate
Dr. Annie Besant Road
Worli, Mumbai 400 018.
Dated: 28th July, 2006.

Directors' Report

To THE MEMBERS

Your Directors presents their Sixtieth Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31st March, 2006.

1. FINANCIAL RESULTS:

	Year ended 31st March, 2006	Year ended 31st March, 2005
	(Rs. in Lakhs)	
Profit before extraordinary items, Interest and finance charges, depreciation and provision for tax	981.28	874.70
Extraordinary Income/(Expenses)	(6.30)	361.55
Interest and Finance charges	0.36	0.87
Depreciation	266.14	302.69
Profit before tax	708.48	932.69
Provision for tax		
— Current Tax	125.00	28.10
— Fringe benefit tax	15.00	—
— Deferred Tax	108.00	—
Profit after tax	460.48	904.59
Tax provision written back	100.00	—
Balance from last year	116.16	(788.43)
	<u>676.64</u>	<u>116.16</u>
Appropriations:		
Proposed Dividend	131.34	—
Corporate Tax on Dividend	18.42	—
Transfer to General Reserve	50.00	—
Carried forward to Balance Sheet	476.88	116.16
	<u>676.64</u>	<u>116.16</u>

2. DIVIDEND:

The Directors are pleased to recommend payment of dividend @10% on the Equity Share Capital for the year ended 31st March, 2006.

3. PERFORMANCE:

The Company's turnover for the year amounted to Rs. 137.18 crores as compared to Rs. 138.89 crores in the previous year. The Company earned a profit (before extraordinary items and tax) of Rs. 715 lakhs as compared to Rs. 571 lakhs in the previous year.

4. 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 March, 2006 and of the Profit of the Company for the year ended 31st March, 2006.

- (c) 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.
- (d) the annual accounts have been prepared on a going concern basis.

5. DIRECTORS:

Mr. N.L. Dalmia, Vice Chairman & Director of the Company expired on 26th September, 2005. Mr. N.L. Dalmia joined the Board of Caprihans on 16th June, 1989 and was associated with the Company for more than 16 years. The Board wishes to place on record its appreciation of the services rendered by Mr. N.L. Dalmia during his tenure.

Mr. S.K. Dalmia was appointed as an Additional Director of the Company on 30th June, 2006 and he holds office upto the forthcoming Annual General Meeting. Necessary resolution seeking your approval for his appointment will be set out in the Notice convening the forthcoming Annual General Meeting.

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

6. 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.

7. INDUSTRIAL RELATIONS:

The industrial relations remained cordial during the year.

8. 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 III and IV respectively, to this report.

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 Nos. 6 & 8 of Schedule 6 to the Accounts as referred in the Auditor's report are self explanatory.

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 under Annexure II to this Report.

11. ACKNOWLEDGMENT:

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

On behalf of the Board of Directors

Mumbai,
Dated : 30th June, 2006

M.P. MUNOT
Chairman



Annexure I to the Directors' Report

A. CONSERVATION OF ENERGY

- (a) Energy conservation measures : 1. Rationalisation of Production planning.
2. Optimum usage of steam and reduction of wastage.
3. Maintaining the improved power factor.
- (b) Impact of measures at (a) above for reduction of energy consumption and the consequent cost impact on the cost of production. : Energy conservation measures have resulted in savings in energy costs of the Company.

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 and introduction of new improved versions are continued during the year.
(b) Upgraded formulations have resulted in reduction in costs and improved performance for certain applications.
(c) Development of Calendered & Extruded products for new applications for Pharma packaging and visual packaging.
(d) Development of thermoformable semi rigid for special applications.
(e) Development of special grade PVC films for packaging industries.
(f) Improved better and timely technical services to the customers.
(g) Development of PVDC film with improved properties.
(h) Upgradation of R&D Labs resulted in better quality products.
2. Benefits derived as a result of the above R&D : (a) Reduction in customer complaints.
(b) Saving in raw material cost.
(c) Substitution of imported film for Pharma grade films.
(d) Improvement in film characteristics for visual packaging .
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 March, 2006	Year ended 31st March, 2005
	(Rs. in Lakhs)	
(a) Capital	14.23	1.15
(b) Recurring	22.50	26.65
(c) Total	36.73	27.80
(d) Total R&D Expenditure as a percentage of total turnover	0.27	0.20

Technology Absorption, Adaptation and Innovation:

1. Efforts in brief, made towards technology adaptation and innovation. : Establishing ISO 9001 and Q 9001-2000, bringing higher quality situation in all production lines which is in agreement with customer's requirements 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 and higher line efficiency. Also a reduction in the areas of raw material cost and energy cost.
3. In case of imported technology following information may be furnished:
 - (a) Technology imported : Technical information relating to manufacture and quality control of PVC film.
 - (b) Year of Import : 1997
 - (c) Has technology been fully absorbed : Yes.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Activities relating to Exports : The exports during the year amounted to Rs. 1504 Lakhs. The Company has started exporting to new markets.
2. Total foreign exchange
 - (a) Used
 - (i) CIF Value of Imports – Rs. 2128 lakhs
 - (ii) Expenditure in foreign currency – Rs. 17 lakhs
(For details refer Schedule 5 to the Profit and Loss Account)
 - (b) Earned : FOB value of exports – Rs. 1504 lakhs

Annexure II to the Directors' Report

Particulars of Employees of the Company who were in receipt of remuneration of not less than Rs. 24,00,000 per annum or Rs. 2,00,000 per month and forming part of Director's Report.

(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

EMPLOYED THROUGHOUT THE YEAR:

(1) R. BALASUBRAMANIAN (a) 54 (b) Managing Director (c) 39,57,549 (d) 30 (e) B.Com., A.I.C.W.A., A.C.A., A.C.S. (f) 23/11/83 (g) W. G. Forge & Allied Industries Ltd. - Chief Accountant

Notes:

1. Nature of Employment of Mr. R. Balasubramanian is on contractual basis.
2. Mr. R. Balasubramanian is not a relative of any Director of the Company.
3. Remuneration includes Salary, House Rent Allowance, Bonus, Leave Travel Allowance, Medical, Value of perquisites and Company's contribution to Provident & Other Funds.