



## 61st ANNUAL REPORT 2006-2007

**INEOS Films**  
A member of the INEOS Films Group

**DIRECTORS**

M.P. MUNOT	Chairman
R. BALASUBRAMANIAN	Managing Director
D. THOMPSON	(Alternate: D.K. WADIA) <sup>@</sup>
S.J. REYNOLDS <sup>@</sup>	
G. MANCUSO*	(Alternate: D.K. WADIA)*
S.A. GANDHI	
S.K. DALMIA	
R.K. KULKARNI	
S.B. ZAVERI	
D.N. MUNGAL	

<sup>@</sup> Effective 1st June 2007

\* Upto 1st June 2007

**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  
Web: www.caprihansindia.com

**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 Sixty-first Annual General Meeting of the Shareholders of **CAPRIHANS INDIA LIMITED** will be held on **WEDNESDAY, the 26TH SEPTEMBER, 2007** 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, 2007 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. D. Thompson who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. R.K. Kulkarni who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. S.B. Zaveri 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.J. Reynolds be and is hereby appointed as a Director of the Company liable to retire by rotation."
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:  
**"RESOLVED** that pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII thereto, consent of the Company be and is hereby accorded to the re-appointment of Mr. R. Balasubramanian as the Managing Director of the Company for a further period of five years with effect from 29th April, 2008 and payment of remuneration to him for a period of three years with effect from 29th April, 2008 upon and subject to the terms and conditions as set out in the Explanatory Statement attached to this Notice."  
**"RESOLVED FURTHER** that the Board of Directors be and is hereby authorised to vary the said terms and conditions and/or remuneration payable to Mr. R. Balasubramanian in such manner as the Board of Directors considers appropriate, provided, however, the terms of such appointment and/or remuneration are subject to the conditions/limits set out in Schedule XIII to the Act, or any amendments thereto."  
**"RESOLVED FURTHER** that the Board of Directors be and is hereby authorised to do all acts, deeds, matters and things as may be considered desirable or expedient to give effect to this Resolution."

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: 27th July, 2007.

### NOTES:

- (a) An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Item Nos. 7 and 8 is annexed herewith (Annexure I). Pursuant to Clause 49 of the Listing Agreement, the relevant details in respect of Item Nos. 3, 4, 5, 7 and 8 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 WEDNESDAY, 12th SEPTEMBER, 2007 to WEDNESDAY, 26th SEPTEMBER, 2007 (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 26th September, 2007.
- (f) Pursuant to Section 205A and 205C of the Companies Act, 1956, dividend which remains unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, is required to be transferred to the Investor Education and Protection Fund established by the Central Government. According to the relevant provisions of the Act, no claim shall lie against the said Fund or the Company for the amount of dividend so transferred to the said Fund. Members who have not encashed the dividend warrant(s) so far for the year ended 31st March, 2006 are requested to send their claims directly to the Company or to Intime Spectrum Registry Ltd, the Company's Registrar and Transfer Agents ( the R & T Agents).
- (g) 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.
- (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. The Company will not entertain any direct request from such Members for deletion of/change in their bank account details. Further, instructions given by Members for shares held in physical mode would not be automatically applicable to dividend paid on shares held in demat form.
- (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) 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 July, 2007**

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

#### **Item No. 7**

Mr. S.J. Reynolds was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 1st June, 2007 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. S.J. Reynolds as a Director of the Company liable to retire by rotation.

Mr. S.J. Reynolds 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. His qualifications, experience and other particulars are hereby mentioned in the Annexure II to this notice.

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. S.J. Reynolds is concerned or interested in this Resolution.

The Board recommends the above Resolution for your approval.

#### **Item No. 8**

Mr. R. Balasubramanian was appointed as the Managing Director of the Company for a period of five years with effect from 29th April, 2003.

The Board of Directors of the Company (the Board) at its meeting held on 27th July 2007 has re-appointed Mr. R. Balasubramanian as the Managing Director of the Company for a further period of five years with effect from 29th April, 2008 and payment of remuneration to him for a period of three years with effect from 29th April, 2008.

His qualifications, experience and other particulars are mentioned below and in the Annexure II to this notice.

The information required in terms of Part II, Section II-1(B) of Schedule XIII to the Act is given below.

## I. General Information

The Company is engaged in the business of manufacture of Rigid and Flexible PVC film by Calendering process and Plastic Extruded products. It has manufacturing facilities at Thane and Nasik and sales offices in 8 cities. The Company started commercial production in the year 1957.

The Company was making profits till 1996. Due to various factors as mentioned in III (Other information – Paragraph (1) herein below the Company incurred losses from 1997 to 2000. The Company had taken a number of steps to improve sales and reduce costs as mentioned in III (Other information – Paragraph; (2) herein below as a result of which the Company has started making profits again from the year 2001. The turnover for the year ended 31st March, 2007 was Rs. 14231 lakhs and Profit after tax was Rs. 675 lakhs. Earnings per share for the year ended 31st March, 2007 was Rs. 5.14. Exports amounted to Rs. 1420 lakhs and imports amounted to Rs. 2524 lakhs during the year ended 31st March, 2007. As on 31st March 2007, the paid up capital of the Company is Rs. 1313 lakhs and the Reserves stood at Rs. 7703 lakhs. 51% of the paid up share capital is held by Ineos Films GmbH (formerly known as EVC Rigid Film GmbH and hereinafter referred to as “INEOS”), which is part of the Ineos group.

The Company is currently making profits but does not have profits as required by Section 349 of the Act.

## II. Information about Mr. R. Balasubramanian

Mr. R. Balasubramanian completed his graduation in Commerce from Bombay University in 1972. He is qualified as Chartered Accountant, Cost Accountant and Company Secretary having Associate Membership of the respective Institutes in India. He has over 31 years of experience in industry. He joined the Company in 1983 and has been actively involved in all aspects of the business.

The proposed remuneration to Mr. R. Balasubramanian is mentioned in IV herein below.

The remuneration payable is comparable to the remuneration paid to persons holding similar position in other companies of similar size as that of the Company. Mr. R. Balasubramanian was paid total remuneration of Rs. 42.70 lakhs for the year ended 31st March, 2007.

Mr. R. Balasubramanian holds 300 equity shares of the Company. He does not have any other pecuniary relationship directly or indirectly with the Company. He does not have any relationship with the managerial personnel of the Company.

## III. Other Information

The Company was making profits till 1996. The laminate unit was facing severe competition from the un-organised sector. The Company ceased manufacturing operation of the laminate division from January, 1997. The paper manufacturing unit at Roha was also disposed off in June, 1998 due to adverse market conditions. The profitability of PVC calendering operation was also adversely affected due to weak prices of PVC film manufactured by the Company due to strong competition in an over supplied market, low capacity utilization, low productivity of Company's operations and availability of superior quality products in the market. The Company had made provision for diminution in the value of certain investments. Due to closure of some operations and hiving off of non-core activities, the Company had to offer Voluntary Retirement Scheme to its staff and workers which involved a substantial expenditure. Due to all the above factors the Company incurred losses during 1997 – 2000.

Considering the long term interest of the company, a technical and financial Collaboration Agreement was entered into with INEOS group of Companies (a leading multi-national group) in June, 1997. The Company made a preferential issue to Ineos Films GmbH and allotted 66,98,325 shares of Rs. 10/- each at a premium of Rs. 47/- per share in August, 1997. The Company imported a calendering unit from INEOS which commenced production in June, 1998. Consequent to this installation, the Company discontinued the operation of Powai unit resulting in saving in cost and reduction in processing charges. The Company introduced Voluntary Retirement Scheme for its workers and staff. The transfer of technology for manufacture of PVC Film under knowhow agreement with INEOS was substantially completed which led to improvement in quality, better products and overall customer satisfaction. The interest cost has been reduced due to the increase in equity capital and sale of assets of non-core units. The Company commenced restructuring/re-engineering its organisation to reduce the cost and improve customer services. The Company introduced additional control systems and procedures. The Company has also substituted expensive imported raw materials with domestic raw materials and has computerised several areas of operations. Due to various measures taken above, the Company has been successful in increasing the market share in Rigid Films and realisation of better prices. The export efforts have also started yielding good results.

As a result of the above mentioned steps, the Company has started making profit from 2001. The financial performance for the last 5 years are as under:

Year Ended	Turnover Rs. in lakhs	Profit after tax Rs. in lakhs	FOB value of exports Rs. in lakhs	Earning Per Share Rs.
31.12.02	10450	406	953	3.09
31.03.04*	14888	504	1245	3.84
31.03.05	13889	905	1535	6.89
31.03.06	13719	460	1504	4.27
31.03.07	14231	675	1420	5.14

\* 15 months period

The Company is hopeful of maintaining/improving the productivity and profitability.

#### IV. Remuneration of Mr. R. Balasubramanian :

The remuneration payable to Mr. R. Balasubramanian has been approved by the Remuneration Committee at its meeting held on 27 July 2007. The terms and conditions of appointment are as under:-

*Period of Appointment:* Five years with effect from 29th April 2008

*Remuneration:* Salary of Rs. 2,75,000 per month in the scale of Rs. 2,75,000 –3,25,000 per month, with authority to the Board to increase the salary within this scale. The annual increment will be decided by the Board.

*Performance Bonus:* Not exceeding 25% of the salary, payable annually, as may be decided by the Board.

*Perquisites and Allowances:* In addition to the Salary and Performance Bonus, Mr. R. Balasubramanian shall also be entitled to perquisites and allowances including accommodation or house rent allowance in lieu thereof; furniture, house maintenance allowance, reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs; use of car with driver; telephone at residence, mobile phone or reimbursement of expenses in lieu thereof; medical reimbursement and leave travel concession for self and family; leave in accordance with the rules of the Company; medical/accident insurance; club fees and such other perquisites, reimbursements and allowances in accordance with the rules of the Company or as may be approved by the Board. Such perquisites and allowances will be subject to a maximum of 35% of the salary. For the purpose of calculating the said ceiling, perquisites and allowances shall be evaluated as per Income – Tax Rules. Personal long distance calls and use of cars for private purpose shall be billed by the Company to Mr. R. Balasubramanian.

'Family' means the spouse, dependent parents and dependent children.

The Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or taken together are not taxable under the Income-Tax Act, 1961 for the time being in force. Gratuity payable as per rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites and allowances aforesaid.

#### Minimum Remuneration:

Where in any financial year during the currency of the tenure of Mr. R. Balasubramanian the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, performance bonus, perquisites and allowances as mentioned above as minimum remuneration, subject to the provisions of Schedule XIII to the Act.

The terms and conditions of the appointment and / or remuneration may be altered from time to time by the Board as it may, in its absolute discretion, deem fit, within the limits specified by Schedule XIII to the Act or any amendments thereto.

The appointment may be terminated by either party giving the other party six months notice.

Mr. R. Balasubramanian shall, subject to the supervision and control of the Board, be entrusted with such powers and perform such duties as may, from time to time, be delegated/entrusted to him.

So long as Mr. R. Balasubramanian functions as Managing Director of the Company, he shall not be paid any sitting fee for attending the meeting of the Board or any committee thereof.

The above details may be considered as an abstract of the terms of appointment and memorandum of interest in the appointment, as required under Section 302 of the Act.



Though the appointment is for a period of 5 years, approval of the shareholders for the remuneration is presently sought for 3 years in terms of Schedule XIII to the Act.

Hence approval is sought from the Members of the Company for his re-appointment as Managing Director for a further period of five years with effect from 29th April, 2008 and payment of remuneration to him for a period of three years with effect from 29th April, 2008 by Special Resolution.

None of the Directors of the Company, except Mr. R. Balasubramanian is concerned or interested in the above Resolutions.

The Board recommends the above Resolution for your approval.

## Annexure (II) to the Notice Dated 27th July, 2007

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

Name of the Director	Mr. D. Thompson	Mr. R.K.Kulkarni	Mr. S.B.Zaveri	Mr. R.Balasubramanian	Mr. S.J. Reynolds
Date of Birth	24th September, 1958	23rd May, 1945	25th April, 1938	14th August, 1952	7th August, 1958
Date of first appointment	19th November, 2001	7th August, 1997	27th March, 2002	29th April, 2003	1st June, 2007
Qualifications	MA 1st Class Chemistry MBA, Diploma in Marketing, C Chem, MRSC and MCIM	B.Sc., LL.B., LL.M	B.Sc., B.Sc. Hons. Chem. Eng (London)	B.Com, AICWA, ACA, ACS	AS Engineering Science BS Chemical Engineering
Expertise in specific functional areas and experience	Mr. D.Thompson is presently the Chairman of Ineos films & Compounds, Ineos Melamines and Ineos Paraform. He joined Ineos in April, 2001. During 1981-1994 he worked in BP Chemicals Ltd in various capacities. During 1994-2001 he was the Managing Director of James Robinson Ltd/James Robinson India Pvt Ltd.	Mr. Kulkarni is associated with the Company as a Director since 1997. He has 37 years of experience in legal field. He was partner with Little & Co, Solicitor from 1979 to 31st March, 2005. Effective April, 2005 he is associated with Khaitan & Co, Solicitors, as partner.	Mr. Zaveri has 42 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. R.Balasubramanian is a qualified Chartered Accountant, Cost Accountant and Company Secretary. He joined the Company in 1983 and has been actively involved in all aspects of the Company's business. He has over 31 years of experience in the industry.	Mr. S.J. Reynolds is presently Commercial Director of Ineos Films & Compounds. He joined Ineos Technologies Licensing during 1991 and worked with Ineos group companies in various capacities. He has over 26 years of experience in the field.
Directorships held in other Companies (Excluding Private Companies)	Nil	Associated Polymers Ltd Mahindra & Mahindra Ltd Mahindra & Mahindra Contech Ltd Beck India Ltd Entertainment Network India Ltd Shamrao Vital Co-op Bank Ltd	Chemiesynth (Vapi) Ltd Vapi Waste & Effluent Management Co. Ltd	Nil	Nil
Committee positions held in other companies	Nil	<i>Audit Committee:</i> Beck India Ltd – Chairman Mahindra & Mahindra Ltd – Member Entertainment Network India Ltd – Member <i>Shareholders/Investor Grievance Committee:</i> Mahindra & Mahindra Ltd – Member Beck India Ltd – Member <i>Loans &amp; Investment Committee:</i> Mahindra & Mahindra Ltd – Member	Nil	Nil	Nil

Registered Office:  
Block D, Shivasagar Estate  
Dr. Annie Besant Raod,  
Worli, Mumbai - 400 018  
Dated: 27th July, 2007

By Order of the Board of Directors

K.R.VISWANATHAN  
Secretary

## Directors' Report

To THE MEMBERS

Your Directors presents their Sixty-first Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31st March, 2007.

### 1. FINANCIAL RESULTS:

	Year ended 31st March, 2007	Year ended 31st March, 2006
	(Rs. in Lakhs)	
Profit before extraordinary items, Interest and finance charges, depreciation and provision for tax	1121.37	981.28
Extraordinary Income/(Expenses)	197.03	(6.30)
Interest and Finance charges	0.32	0.36
Depreciation	289.67	266.14
Profit before tax	1028.41	708.48
Provision for tax		
— Current Tax	310.00	125.00
— Fringe benefit tax	16.00	15.00
— Deferred Tax	27.00	108.00
Profit after tax	675.41	460.48
Tax provision written back	—	100.00
Balance from last year	476.88	116.16
	1152.29	676.64
Appropriations:		
Proposed Dividend	131.34	131.34
Corporate Tax on Dividend	22.33	18.42
Transfer to General Reserve	50.00	50.00
Carried forward to Balance Sheet	948.62	476.88
	1152.29	676.64

### 2. DIVIDEND:

The Directors are pleased to recommend payment of dividend @ 10% on the Equity Share Capital for the year ended 31st March, 2007.

### 3. PERFORMANCE:

The Company's turnover for the year amounted to Rs. 142.31 crores as compared to Rs. 137.18 crores in the previous year. The Company earned a profit (before extraordinary items and tax) of Rs. 831 lakhs as compared to Rs. 715 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, 2007 and of the Profit of the Company for the year ended 31st March, 2007.
- 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.



## 5. DIRECTORS:

Mr. G. Mancuso resigned from the Board on 1st June, 2007. Ms. D. K. Wadia who was Alternate Director for Mr. G. Mancuso vacated office on the resignation of Mr. G. Mancuso.

The Board wishes to place on record its appreciation of the services rendered by Mr. G. Mancuso and Ms. Wadia during their tenure.

Mr. S. J. Reynolds was appointed as an Additional Director of the Company on 1st June, 2007 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.

Ms. D. K. Wadia has been appointed as an Alternate Director to Mr. D. Thompson.

Mr. D. Thompson, Mr. R. K. Kulkarni and Mr. S. B. Zaveri retire by rotation and being eligible, offer themselves for re-appointment.

## 6. NEW PROJECTS:

During the year, the company expanded its capacity for Rigid film by installing a calendering line with a capacity of 9200 MT per annum. The PVDC coating line was also modified to increase the output and lower the operating cost. Both these projects were completed during the last quarter of the year.

## 7. 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.

## 8. INDUSTRIAL RELATIONS:

The industrial relations remained cordial during the year.

## 9. 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 & Management Discussion and Analysis Report are given in Annexure III and IV respectively, to this report.

## 10. 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. Observations in the Auditors' report regarding Note Nos. 4(a) and 7 of Schedule 6 to the Accounts are non-qualificatory in nature.

## 11. 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.

## 12. 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 : 1st June, 2007

R. BALASUBRAMANIAN  
D. THOMPSON

*Managing Director*  
*Director*

## Annexure I to the Directors' Report

### A. CONSERVATION OF ENERGY

- (a) Energy conservation measures : 1. Optimum usage of steam and reduction of wastage.  
2. 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) Development of Calendered & Extruded products for new applications for Pharma packaging and visual packaging.  
(c) Development of special grade PVC films for packaging industries, Heavy metal free dead matt sheeting for export purpose and thick PVC laminated sheeting used as a propellant in Rocket.  
(d) Improved better and timely technical services to the customers.  
(e) Development of PVDC film with improved properties/structured pattern for export pupose.  
(f) Upgradation of R&D Labs and quality inspection systems in the plant 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) 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, 2007	Year ended 31st March, 2006
	(Rs. in Lakhs)	
(a) Capital	12.10	14.23
(b) Recurring	23.30	22.50
(c) Total	35.40	36.73
(d) Total R&D Expenditure as a percentage of total turnover	0.25	0.27