



6 2 n d A N N U A L R E P O R T 2 0 0 7 - 2 0 0 8

INEOS Films
A member of the INEOS Films Group

DIRECTORS

M.P. MUNOT	Chairman
R. BALASUBRAMANIAN	Managing Director
D. THOMPSON	(Alternate: D.K. WADIA)
S.J. REYNOLDS	
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
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-second Annual General Meeting of the Shareholders of **CAPRIHANS INDIA LIMITED** will be held on **FRIDAY, the 5TH SEPTEMBER, 2008** 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, 2008 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.

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: 30th May, 2008.

NOTES:

- (a) Pursuant to Clause 49 of the Listing Agreement, the relevant details in respect of Item Nos. 3, 4, and 5 is annexed herewith (Annexure I).
- (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 FRIDAY, 22ND AUGUST, 2008 to FRIDAY, 5TH SEPTEMBER, 2008 (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 5th September, 2008.
- (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) upto the year ended 31st March, 2007 are requested to send their claims directly to the Company or to Intime Spectrum Registry Ltd, the Company's Registrars 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 30th May, 2008

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
Date of Birth	4th October, 1944	25th September, 1950	1st June, 1953
Date of first appointment	28th May, 1986	1st August, 1983	2nd August, 2002
Qualifications	Higher Secondary	Chartered Accountant	B.Com., LL.B., ACA.
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 42 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 and real estate. He is an active member of various committees related to plastic industry.	Mr. Mungale is a Chartered Accountant having an experience of 32 years in financial services and investment banking.
Directorships held in other Companies (Excluding Private Companies)	Kalpataru Ltd. Rajratan Global Wire Ltd. Kalpataru Power Transmission Ltd.	Nil	Chowgule Steamships Ltd. Camlin Ltd. Indoco Remedies Ltd. L I C Housing Finance Ltd. Mahindra & Mahindra Financial Services Ltd. Sical Logistics Ltd. Tamilnadu Petroproducts Ltd. National Organic Chemical Ltd.
Committee positions held in other companies	Audit Committee Kalpataru Power Transmission 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 National Organic Chemical Ltd. - Member Mahindra & Mahindra Financial Services Ltd. - Member Tamilnadu Petroproducts Ltd. - Member Shareholders/Investor Grievance Committee Sical Logistics Ltd. - Chairman L I C Housing Finance Ltd. - Member Mahindra & Mahindra Financial Services Ltd. - Member

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: 30th May, 2008.



Directors' Report

To THE MEMBERS

Your Directors presents their Sixty-second Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31st March, 2008.

1. FINANCIAL RESULTS:

	Year ended 31st March, 2008	Year ended 31st March, 2007
	(Rs. in Lakhs)	
Profit before extraordinary items, interest, depreciation and provision for tax	708.38	1121.37
Extraordinary Income/(Expenses)	—	197.03
Interest	0.31	0.32
Depreciation	406.27	289.67
Profit before tax	301.80	1028.41
Provision for tax		
— Current Tax	140.00	310.00
— Fringe benefit tax	13.00	16.00
— Deferred Tax	(31.00)	27.00
Profit after tax	179.80	675.41
Balance from last year	948.62	476.88
	1128.42	1152.29
Appropriations:		
Proposed Dividend	131.34	131.34
Corporate Tax on Dividend	22.33	22.33
Transfer to General Reserve	—	50.00
Carried forward to Balance Sheet	974.75	948.62
	1128.42	1152.29

2. DIVIDEND:

The Directors are pleased to recommend payment of dividend @ 10% on the Equity Share Capital for the year ended 31st March, 2008.

3. PERFORMANCE:

The Company's turnover for the year amounted to Rs. 141 crores as compared to Rs. 142 crores in the previous year. The Company earned a profit (before extraordinary items and tax) of Rs. 302 lakhs as compared to Rs. 831 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, 2008 and of the Profit of the Company for the year ended 31st March, 2008.

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

The Board of Directors at its Meeting held on 27th July, 2007 re-appointed Mr. R.Balasubramanian as the Managing Director for a further period of five years with effective from 29th April, 2008, which was duly approved by the shareholders at the 61st Annual General meeting of the Company held on 26th September, 2007.

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

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 May, 2008

M.P. MUNOT
Chairman

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 High Impact film.
(c) Submersible High elastic insulation tape mainly used under water in Submarines.
(d) Improved better and timely technical services to the customers.
(e) Development of Triplex film.
(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, 2008	Year ended 31st March, 2007
	(Rs. in Lakhs)	
(a) Capital	20.50	12.10
(b) Recurring	19.00	23.30
(c) Total	39.50	35.40
(d) Total R&D Expenditure as a percentage of total turnover	0.28	0.25

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. 1105 lakhs.
2. Total foreign exchange
 - (a) Used
 - (i) CIF Value of Imports – Rs. 2273 lakhs
 - (ii) Expenditure in foreign currency – Rs. 14 lakhs
(For details refer Schedule 5 to the Profit and Loss Account)
 - (b) Earned : FOB value of exports – Rs. 1105 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 Directors' 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) 56 (b) Managing Director (c) 47,75,877 (d) 32 (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.

Annexure III 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 nine and 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	3	1	–
Mr. S.K. Dalmia	Promoter Non-Executive	2	–	–
Mr. S.A. Gandhi	Promoter Non-Executive	–	–	–
Mr. R. Balasubramanian (Managing Director)	Executive	–	–	–
Mr. D. Thompson	Promoter Non-Executive	–	–	–
Mr. S.J. Reynolds	Promoter Non-Executive	–	–	–
Mr. R.K. Kulkarni	Independent Non-Executive	6	4	1
Mr. S. B. Zaveri	Independent Non-Executive	2	–	–
Mr. D.N. Mungale	Independent Non-Executive	8	6	5
Alternate Director				
Ms. D.K. Wadia	Independent	–	–	–

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

Out of nine Directors, three are independent which are in line with the requirements of the Listing Agreement relating to the composition of the Board.

Except the Managing Director, the other Directors are liable to retire by rotation.

Mr. M.P. Munot, Mr. S.A. Gandhi and Mr. D.N. Mungale retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The information prescribed under the Listing Agreement to be sent to the shareholders are stated in the Notice.

(b) Number of Board Meetings, attendance at Board Meetings and Previous Annual General Meeting

During the year ended 31st March, 2008 six Board Meetings were held on 27/04/2007, 01/06/2007, 27/07/2007, 26/09/2007, 29/10/2007 and 28/01/2008.

Attendance at Board Meetings and at last Annual General Meeting (AGM) held on 26th September, 2007:

Name of the Director	No. of Board Meetings attended	Attendance at last AGM
Mr. M.P. Munot	3	Yes
Mr. S.K. Dalmia	–	–
Mr. S.A. Gandhi	4	Yes
Mr. R. Balasubramanian	6	Yes
Mr. R.K. Kulkarni	5	– (*)
Mr. D. Thompson	2	Yes
Mr. S.J. Reynolds	3	Yes
Mr. S.B. Zaveri	5	–
Mr. D.N. Mungale	3	Yes
Alternate Director		
Ms. D.K. Wadia	1	–

(*) Mr. R.K. Kulkarni, Chairman of the Audit Committee, could not attend the AGM of the Company held on 26th September, 2007, as he was out of India on an urgent business commitment.

Share holding of Non-Executive Directors as on 31/03/2008 is as under:

1.	Mr. M.P. Munot	56957 equity shares
2.	Mr. D. Thompson	–
3.	Mr. S.J. Reynolds	–
4.	Mr. S.K. Dalmia	–
5.	Mr. S.A. Gandhi	118447 equity shares
6.	Mr. R.K. Kulkarni	–
7.	Mr. S.B. Zaveri	9300 equity shares
8.	Mr. D.N. Mungale	–