

caprihans

INDIA LIMITED

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63rd ANNUAL REPORT 2008-2009

INEOS Films
A member of the INEOS Films Group

DIRECTORS

M.P. MUNOT	Chairman
R. BALASUBRAMANIAN	Managing Director
D. THOMPSON	
S.J. REYNOLDS	
S.A. GANDHI	
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.: 3047 8664, 3047 8665
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-third Annual General Meeting of the Shareholders of **CAPRIHANS INDIA LIMITED** will be held on **MONDAY, the 17TH AUGUST, 2009** 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, 2009 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. S.J.Reynolds 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.

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: 29th May, 2009.

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 WEDNESDAY, 5TH AUGUST, 2009 to MONDAY, 17TH AUGUST, 2009 (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 17th August, 2009.
- (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, 2008 are requested to send their claims directly to the Company or to Link Intime India Pvt 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 29th May, 2009

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. S.J. Reynolds	Mr. R.K. Kulkarni	Mr. S.B. Zaveri
Date of Birth	7th August, 1958	23rd May, 1945	25th April, 1938
Date of first appointment	1st June, 2007	7th August, 1997	27th March, 2002
Qualifications	AS Engineering Science BS Chemical Engineering	B.Sc., LL.B., LL.M	B.Sc., B.Sc.Hons.Chem.Eng (London)
Expertise in specific functional areas and experience	Mr. S.J. Reynolds is presently Commercial Director of Ineos Group Companies. He joined Ineos Technologies during 1991 and worked with Ineos Group in various capacities. He has over 28 years of experience in the field.	Mr. Kulkarni is associated with the Company as a Director since 1997. He has 39 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 44 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.
Directorships held in other Companies (Excluding Private Companies)	Nil	Ineos ABS (India) Ltd Mahindra & Mahindra Ltd Mahindra & Mahindra Contech Ltd Elantas Beck India Ltd Entertainment Network (India) Ltd Alternate Brand Solutions (India) Ltd Tech Mahindra Ltd Shamrao Vithal Co-op Bank Ltd	Chemiesynth (Vapi) Ltd Vapi Waste & Effluent Management Co. Ltd
Committee positions held in other companies	Nil	Audit Committee Elantas Beck India Ltd - Chairman Mahindra & Mahindra Ltd - Member Entertainment Network (India) Ltd - Member Shareholders/Investor Grievance Committee Mahindra & Mahindra Ltd - Member Elantas Beck India Ltd - Member Remuneration committee Entertainment Network (India) Ltd - Member	Nil

By Order of the Board of Directors

K. R. VISWANATHAN
Secretary

Registered Office:

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

Dated: 29th May, 2009



Directors' Report

To THE MEMBERS

Your Directors presents their Sixty-third Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31st March, 2009.

1. FINANCIAL RESULTS:

	Year ended 31st March, 2009	Year ended 31st March, 2008
	(Rs. in Lakhs)	
Profit before interest, depreciation and tax	920.47	708.38
Interest	1.58	0.31
Depreciation	406.95	406.27
Profit before tax	511.94	301.80
Provision for tax		
— Current Tax	210.00	140.00
— Fringe benefit tax	14.00	13.00
— Deferred Tax	(47.00)	(31.00)
Profit after tax	334.94	179.80
Balance from last year	974.75	948.62
	<u>1309.69</u>	<u>1128.42</u>
Appropriations:		
Proposed Dividend	197.01	131.34
Corporate Tax on Dividend	33.48	22.33
Transfer to General Reserve	25.00	—
Carried forward to Balance Sheet	1054.20	974.75
	<u>1309.69</u>	<u>1128.42</u>

2. DIVIDEND:

The Directors are pleased to recommend payment of dividend @ 15% on the Equity Share Capital for the year ended 31st March, 2009.

3. PERFORMANCE:

The Company's turnover for the year amounted to Rs. 174 crores as compared to Rs. 141 crores in the previous year. The Company earned a Profit (before tax) of Rs. 512 lakhs as compared to Rs. 302 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, 2009 and of the Profit of the Company for the year ended 31st March, 2009.

(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. S.K. Dalmia resigned from the Board w.e.f. 17th April, 2009. Ms. D.K. Wadia who was Alternate Director to Mr. D. Thompson, resigned from the Board w.e.f. 12th March, 2009.

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

Mr. S.J. Reynolds, Mr. R.K. Kulkarni and Mr. S.B. Zaveri 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. 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. ACKNOWLEDGEMENT:

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 : 29th May, 2009

R. BALASUBRAMANIAN Managing Director
S. J. REYNOLDS 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 costs of the 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) Improved better and timely technical services to the customers.
(c) Development of Triplex film.
(d) 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 various applications.
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, 2009	Year ended 31st March, 2008
	(Rs. in Lakhs)	
(a) Capital	15.90	20.50
(b) Recurring	24.00	19.00
(c) Total	39.90	39.50
(d) Total R&D Expenditure as a percentage of total turnover	0.23	0.28

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 : No technology has been imported during the last 10 years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Activities relating to Exports : The exports of goods and services during the year amounted to Rs. 2560 lakhs.
2. Total foreign exchange
 - (a) Used
 - (i) CIF Value of Imports – Rs. 2710 lakhs
 - (ii) Expenditure in foreign currency (for details refer Schedule 5 to the Profit and Loss Account) – Rs. 37 lakhs
 - (b) Earned : FOB value of exports and marketing services – Rs. 2560 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) 57 (b) Managing Director (c) 47,48,263 (d) 33 (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 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 (B)	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	8	5	1
Mr. S. B. Zaveri	Independent Non-Executive	2	–	–
Mr. D.N. Mungale	Independent Non-Executive	8	9	4
Alternate Director Ms. D.K. Wadia (A)	Independent	–	–	–

(A) – Ceased to be Alternate Director w.e.f. 12th March, 2009

(B) – Ceased to be Director w.e.f. 17th April, 2009

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

The present strength of the Board of Directors is eight out of which three are independent directors. As stipulated in Clause 49 of the Listing Agreement the number of independent directors should be at least fifty percent of the composition of the Board of Directors. The Company is taking necessary steps to comply with the requirement.

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

Mr. S.J. Reynolds, Mr. R.K. Kulkarni and Mr. S.B. Zaveri 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, 2009 six Board Meetings were held on 18/04/2008, 30/05/2008, 31/07/2008, 05/09/2008, 17/10/2008 and 30/01/2009.

Attendance at Board Meetings and at last Annual General Meeting (AGM) held on 5th September, 2008:

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

Share holding of Non-Executive Directors as on 31/03/2009 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	—