



## 64th ANNUAL REPORT 2009-2010

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



**DIRECTORS**

M.P. MUNOT	Chairman
R. BALASUBRAMANIAN	Managing Director
S.J. REYNOLDS	
S.A. GANDHI	
R.K. KULKARNI	
S.B. ZAVERI	
D.N. MUNGALE	
N. PANCHAL	

**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](http://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-fourth Annual General Meeting of the Shareholders of **CAPRIHANS INDIA LIMITED** will be held on **MONDAY, the 27TH SEPTEMBER, 2010** at 4.00 p.m. at the **RAVINDRA NATYA MANDIR, MINI THEATRE, 3<sup>RD</sup> FLOOR**, Near Siddhivinayak Temple, Sayani Road, Prabhadevi Mumbai - 400 025, to transact the following business:

1. To consider and adopt the Balance Sheet as at 31st March 2010 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, (ICAI Firm Reg. No. 101851 W) 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. N. Panchal 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 Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and Resolution No 8 passed at the 61st Annual General Meeting held on 26th September, 2007, consent of the Company be and is hereby accorded to the payment of remuneration to Mr.R.Balasubramanian, Managing Director of the Company for a further period of two years with effect from 29th April, 2011 to 28<sup>th</sup> April, 2013 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 in the event of any statutory amendment(s) or relaxations by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, performance bonus, perquisites and other allowances, etc., within such prescribed limit of ceiling in order to give effect to such modification(s), relaxation(s) or variation(s) without any further reference to the Company in General Meeting.”

“**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: 30th July, 2010.

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 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 WEDNESDAY, 15TH SEPTEMBER, 2010 to MONDAY, 27TH SEPTEMBER, 2010 (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 27th September, 2010.
- (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 31<sup>st</sup> March, 2009 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 30TH JULY, 2010**

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

**Item No. 7**

Mr. N. Panchal was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 29th March, 2010 under Article 152 of the Articles of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 Mr. N. Panchal 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 the intention to propose the appointment of Mr. N. Panchal as a Director of the Company liable to retire by rotation.

Mr. N. Panchal 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. N. Panchal 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.

**Item No. 8**

At the 61st Annual General Meeting of the Company held on 26th September, 2007, the Members approved the re-appointment of Mr. R. Balasubramanian, as Managing Director for a further period of 5 years with effect from 29/04/2008 and in terms of Schedule XIII to the Companies Act, 1956, payment of remuneration for a period of 3 years with effect from 29/04/2008 as per the terms and conditions as set out in the Explanatory Statement attached to that Notice dated 27th July, 2007.

Mr. R. Balasubramanian will be completing three years tenure on 28/04/2011. Payment of remuneration to him for a further period of two years from 29/04/2011 to 28/04/2013, requires the approval of Members on the following terms and conditions:

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. For the year ended 31st March, 2010, the turnover was Rs. 17784 lakhs, Profit after tax was Rs. 502 lakhs, Earnings per share was Rs. 3.82, Exports amounted to Rs. 2345 lakhs and Imports amounted to Rs. 3297 lakhs. As on 31st March 2010, the paid up capital of the Company was Rs. 1313 lakhs and the Reserves stood at Rs. 7817 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.

**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 34 years of experience in industry. He joined the Company in 1983 and has been

actively involved in all aspects of the business. He was re-appointed as Managing Director of the Company for five years effective from 29th April, 2008.

The details of 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 remuneration of Rs. 50.94 lakhs during the year ended 31st March, 2010.

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 EVC group of Companies (a leading multi-national group) in June, 1997. The Company made a preferential issue to EVC Rigid 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 EVC 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 EVC 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 in Rs.
31.03.06	13719	560	1504	4.27
31.03.07	14231	675	1420	5.14
31.03.08	14109	180	1105	1.37
31.03.09	17369	335	2518	2.55
31.03.10	17784	502	2345	3.82

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 30/07/2010. The terms and conditions of appointment are as under:-

Period of appointment: Five years with effect from 29th April, 2008.

Remuneration:

Salary of Rs. 2,85,000 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 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.

‘Family’ mentioned above means the spouse, dependent parents and dependent children.

For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income – Tax Rules wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost to the Company.

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 re-appointment of Mr. R. Balasubramanian as Managing Director for a period of five years effective 29th April, 2008 which was approved by the Members at the 61st AGM held on 26th September, 2007. In terms of Schedule XIII to the Act, remuneration was also approved for a period of three years at the said AGM. Approval of the Members is now sought for the remuneration for the balance period of two years in terms of Schedule XIII to the Act.

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

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

The Board recommends the above Resolutions for your approval.



## Annexure (II) to the Notice dated 30th July, 2010

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. M. P. Munot	Mr. S. A. Gandhi	Mr. D. N. Mungale	Mr. N. Panchal
Date of Birth	4th October, 1944	25th September, 1950	1st June, 1953	21st June, 1967
Date of first appointment	28th May, 1986	1st August, 1983	2nd August, 2002	29th March, 2010
Qualifications	Higher Secondary	Chartered Accountant	B.Com., LL.B., ACA.	Master's Degree in Law
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 to 1997. Mr. Gandhi has vast experience and knowledge in the field of plastics and real estate. He is a 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.	Mr. Panchal is a Solicitor and Advocate by profession. He is a partner of M/S. Khaitan & Co, Advocates & Solicitors. He has been practising as Solicitor and Advocate in India for over 15 years. He has vast legal experience with particular emphasis on corporate law, commercial law and legislation related securities.
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	Mahindra Forgings Ltd
Committee positions held in other companies	<b>Audit Committee</b> Kalpataru Power Transmission Ltd - Member	Nil	<b>Audit Committee</b> Camlin Ltd - Chairman Indoco Remedies Ltd - Chairman Chowgule Steamships Ltd - Chairman Mahindra & Mahindra Financial Services Ltd - Chairman L I C Housing Finance Ltd - Member National Organic Chemical Ltd - Member Sical Logistics Ltd - Member Tamilnadu Petroproducts Ltd - Member <b>Shareholders/Investor Grievance Committee</b> Mahindra & Mahindra Financial Services 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: 30th July, 2010

## Directors' Report

To THE MEMBERS

Your Directors presents their Sixty-fourth Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31st March, 2010.

### 1. FINANCIAL RESULTS:

	Year ended 31st March, 2010	Year ended 31st March, 2009
	(Rs. in Lakhs)	
Profit before interest, depreciation and tax	1676.39	920.47
Interest	0.41	1.58
Depreciation	371.73	406.95
Profit before tax	1304.25	511.94
Provision for tax		
— Current Tax	475.00	210.00
— Fringe benefit tax	-	14.00
— Deferred Tax	27.00	(47.00)
— Earlier Years	300.00	-
Profit after tax	502.25	334.94
Balance from last year	1054.20	974.75
	1556.45	1309.69
Appropriations:		
Proposed Dividend	328.35	197.01
Corporate Tax on Dividend	54.53	33.48
Transfer to General Reserve	55.00	25.00
Carried forward to Balance Sheet	1118.57	1054.20
	1556.45	1309.69

### 2. DIVIDEND:

The Directors are pleased to recommend payment of dividend @ 25% on the Equity Share Capital for the year ended 31st March, 2010.

### 3. PERFORMANCE:

The Company's turnover for the year amounted to Rs. 178 crores as compared to Rs. 174 crores in the previous year. The Company earned a profit (before tax) of Rs. 1304 lakhs as compared to Rs. 512 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, 2010 and of the Profit of the Company for the year ended 31st March, 2010.