

# caprihans

INDIA LIMITED

Quality packaging solutions....for decades

## 69th Annual Report 2014-2015

**Sundene**  
PVDC Coated Films



Good health in small packs.



**Sunblis**  
Rigid PVC Films

Premium Packaging Solutions.



**Sunplex**  
MPAC / LAMPAC  
Metallised Films

Packing good health & happiness.



**Sunblis Jewel**  
Metallic Blister Films

Differentiating Packaging Solutions



**Sunpac**  
Flute Board

Uniqueness in Utility.



**Sunflex**  
Flexible PVC films

Weathering wear & tear...  
Protecting always.



**Sunplex Trilam**  
PVC / PE / PVDC

Long lasting Barrier Packaging Solutions.



## Manufacturing Sites



**BOARD OF DIRECTORS**

MR. MOFATRAJ P. MUNOT	Chairman
MR. ROBIN BANERJEE	Managing Director
MR. MOHAN H. BHANDARI	Director
MR. SURESH A. GANDHI	Director
MR. BHOUMICK S. VAIDYA	Director
MR. K. V. MANI	Director
MS. ANJALI SETH	Director
MR. NITIN K. JOSHI	Director
MR. SIDDHARTH S. SHETYE	Director

**CFO & COMPANY SECRETARY**

K. R. VISWANATHAN

**BANKERS**

BANK OF MAHARASHTRA  
HDFC BANK LTD  
STATE BANK OF INDIA

**AUDITORS**

M.P. CHITALE & CO., (Upto 26th August, 2015)  
Chartered Accountants

S R B C & CO LLP (Effective 26th August, 2015)  
Chartered Accountants

**REGISTERED OFFICE**

BLOCK-D, SHIVSAGAR ESTATE,  
DR. ANNIE BESANT ROAD,  
WORLI, MUMBAI - 400 018.  
Tel. : 3047 8664, 3047 8665  
Email : cil@caprihansindia.com  
Web : www.caprihansindia.com  
CIN : L29150MH1946PLC004877

**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.

## Directors' Report

To THE MEMBERS

Your Directors present their Sixty-ninth Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31st March, 2015.

### 1. FINANCIAL RESULTS:

	Year ended 31st March, 2015 (Rs. in Lakhs)	Year ended 31st March, 2014 (Rs. in Lakhs)
Profit before finance cost, depreciation and tax	1432.20	1164.01
Finance cost	0.30	0.34
Depreciation	344.67	353.26
Profit before tax	1087.23	810.41
Provision for tax		
— Current Tax	470.00	317.00
— Deferred Tax	(88.00)	(32.00)
Profit after tax	705.23	525.41
Balance from last year (Net of depreciation adjustment of Rs. 33.30 lakhs, See Note 24(6) on Financial Statements)	2626.57	2414.95
	<u>3331.80</u>	<u>2940.36</u>
Appropriations:		
Proposed Dividend	197.01	197.01
Tax on Dividend	40.11	33.48
Transfer to General Reserve	50.00	50.00
Carried forward to Balance Sheet	3044.68	2659.87
	<u>3331.80</u>	<u>2940.36</u>

### 2. DIVIDEND:

The Directors are pleased to recommend payment of dividend @ 15% on the Equity Share Capital (Rs. 1.50 per share of the value of Rs. 10/- each) for the year ended 31st March, 2015.

### 3. PERFORMANCE:

The Company's gross turnover for the year amounted to Rs. 276 crores as compared to Rs. 266 crores in the previous year. The Company earned a profit (before tax) of Rs. 10.87 crores as compared to Rs. 8.10 crores 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, 2015 and of the Profit of the Company for the year ended 31st March, 2015.
- 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.
- (e) The Company has laid down internal financial controls to be followed and that such financial controls are adequate and operating effectively; and
- (f) The Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## **5. DIRECTORS:**

### **Resignation of Director(s) –**

Mr. Rakesh Khanna resigned from the Board on 26th September, 2014. The Board wishes to place on record its appreciation of the valuable service and guidance rendered by him during his tenure.

### **Re-appointment of Director liable to retire by rotation -**

In terms of Section 152 of the Companies Act, 2013, Mr. Mofatraj P. Munot, Director is liable to retire by rotation at the ensuing Annual General Meeting and offers himself for re-appointment.

Other information pertaining to Mr. Mofatraj P. Munot is provided in Corporate Governance Report annexed as Annexure IIA to this Report.

### **Appointment of Independent Director(s) –**

Pursuant to the provisions of the Section 149 of the Companies Act, 2013, Mr. Bhounick S. Vaidya, Mr. K. V. Mani, Ms. Anjali Seth, Mr. Nitin K. Joshi and Mr. Siddharth S. Shetye were appointed as Independent Directors for a term of 5 years commencing from 26th September, 2014 by the shareholders at the Annual General Meeting held on 26th September, 2014.

The Independent Directors have submitted the declaration of Independence, pursuant to Section 149 of the Companies Act, 2013, stating that they meet the criteria of independence.

## **6. EVALUATION OF THE BOARD'S PERFORMANCE:**

In compliance with the provisions of Companies Act, 2013, and Clause 49 of the Listing Agreement, it is necessary to evaluate the performance of the Board and its members by the independent Directors of the Company. Pursuant to Schedule IV of the Companies Act, 2013 and the Rules made thereunder, a separate meeting of the Independent Directors was held on 22nd May, 2015 with out the attendance of non-independent Directors and company executives. The Independent Directors discussed matters pertaining to the Company's affairs and functioning of the Board and presented their views.

## **7. CONSERVATION OF ENERGY:**

Details relating to the Conservation of Energy and Technology absorption and foreign exchange earnings and outgoings as required under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given in Annexure I forming part of the Directors' Report.

## **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 II and III respectively, to this report.

## **9. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

The CSR committee comprises Mr. Robin Banerjee, Mr. Suresh A. Gandhi and Mr. Bhounick S. Vaidya as members of the Committee. The CSR committee formulate and recommends to the Board a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at the link: <http://www.caprihansindia.com/corporatepolicy>



During the year the Company has adopted a Municipal School in Nasik for carrying out the CSR activities and the same is in progress.

The Annual Report on CSR activities is given in Annexure IV to this report.

**10. INTERNAL FINANCIAL CONTROL:**

The Company has in place adequate internal financial controls with reference to financial statements. During the year, no reportable material weakness in the design or operation were observed.

**11. RISK MANAGEMENT:**

During the year the Board constituted a Risk Management Committee. The Committee met during the year, deliberated upon the probable risk areas and took appropriate actions.

**12. VIGIL MECHANISM:**

The vigil mechanism of the Company, which incorporates a whistle blower policy is in terms of the Listing Agreement. Protected disclosure can be made by a whistle blower to the Managing Director. The Whistle Blower Policy may be accessed on the Company's website at the link: <http://www.caprihansindia.com/corporatepolicy>

**13. AUDITORS AND AUDITORS REPORT:**

**STATUTORY AUDITOR:**

At the Sixty-eighth Annual General Meeting (AGM) held on 26th September, 2014, Messrs M. P. Chitale & Company, Chartered Accountants (Reg. No.: 101851 W), were re-appointed as the Statutory Auditor of the Company to hold office from the conclusion of the Sixty-eighth AGM till the conclusion of Seventy-first AGM of the Company to be held in the year 2017, subject to ratification of the appointment by the Members at every AGM held after Sixty-eighth AGM. Observations in the Auditors' report regarding Note Nos. 24(2) and 24(4) of the financial statements are non-qualificatory in nature.

**SECRETARIAL AUDITOR:**

The Board had appointed M/s. Jagdish Patel & Co., Company Secretaries in wholetime practice, to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2014-15.

The Report of the Secretarial Auditor pursuant to Section 204(1) of the Companies Act, 2013 and the rules made there under is given in Annexure V to this report.

**14. DISCLOSURES:**

**(a) AUDIT COMMITTEE:**

The Audit Committee comprises of Mr. Suresh A. Gandhi (Chairman) and Mr. Bhounick S. Vaidya and Mr. Siddharth S. Shetye, Independent Directors as members. All the recommendations made by the Audit Committee were accepted by the Board.

**(b) PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:**

In terms of the provisions of Section 197(12) of the Companies Act 2013, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of the Annual Report.

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act, read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 also forms part of the Annual Report.

However, as per the provisions of Section 136(1) of the Companies Act, 2013 the Report and Accounts are being sent to the members, excluding the aforesaid information. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company.

**(c) EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the annual return is given in Annexure VI to this report.

**(d) NUMBER OF BOARD MEETINGS:**

The Board of Directors met 5 (five) times during the financial year 2014-15. The details of the board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

**(e) RELATED PARTY TRANSACTIONS:**

All the related party transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis and are in compliance with the applicable provisions of the Act and the Listing Agreement. All the related party transactions are presented to the Audit Committee for their recommendations to the Board.

The disclosures relating to the transaction with related parties are mentioned in Note 24(7) of Notes on Financial Statement.

**(f) PARTICULARS OF LOAN GIVEN, INVESTMENT MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED:**

Particulars of loan given are provided in the Note No. 9 and 15 to the notes on financial statements.

**15. INDUSTRIAL RELATIONS:**

The industrial relations remained cordial during the year.

**16. 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: 22nd May, 2015

MOFATRAJ P. MUNOT  
Chairman

## Annexure I to the Directors' Report

### A. CONSERVATION OF ENERGY:

#### (i) Steps taken for conservation of energy:

- Improved Production planning.
- Installation of Steam Traps and Steam Meters in steam-conveying lines.
- Maintaining the improved power factor.
- Optimum usage of plant.
- Installation of sequence controller in Boiler to save consumption of Furnace Oil.

#### (ii) Steps taken by the Company for utilizing alternate source of energy:

- Possibilities of using alternate source of energy at reasonable capex could not be found.

#### (iii) The Capital investment on energy conservation equipment:

- Replacement of DC motor by AC motor for certain equipments.

### B. TECHNOLOGY ABSORPTION:

#### (i) Major efforts made towards technology absorption:

- Establishing ISO 9001:2008 bringing better systems and processes, improved quality in all production lines which is in line with customer expectations.
- Working on different formulations including cost effective ones.

#### (ii) The benefit derived like product improvement, cost reduction, product development or import substitution:

- Achieved better quality and higher line efficiency.
- Cost effective finished products.
- Different variants depending upon customer specific requirements.

#### (iii) Information regarding imported technology:

**NIL**

(Imported during last three years)

#### (iv) Expenditure incurred on Research and Development:

	<b>Year ended 31st March, 2015 (Rs. in Lakhs)</b>
(a) Capital	5.60
(b) Recurring	58.43
(c) Total	64.03

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- Activities relating to Exports : The exports of goods and services during the year amounted to Rs. 3696 Lakhs.
- Total foreign exchange
  - Used : (i) CIF Value of Imports - Rs. 4086 lakhs.  
(ii) Expenditure in foreign currency - Rs. 78 lakhs.  
(For details refer Note 23 of Notes on Financial Statement)
  - Earned : FOB value of exports and marketing services - Rs. 3696 lakhs.



## Annexure II 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 as on 31st March, 2015 is as follows:

Name and Designation of the Director	Category	*No. of Directorships and Committee Membership/Chairmanship (Other than Caprihans India Limited)		
		Other Directorship	**Other Committee Membership	**Committee Chairmanship
Mr. Mofatraj P. Munot (Chairman)	Promoter Non-Executive	2	1	—
Mr. Mohan H. Bhandari	Promoter Non-Executive	2	2	—
Mr. Robin Banerjee (Managing Director)	Executive	1	—	—
Mr. Suresh A. Gandhi	Non-Promoter Non-Executive	—	—	—
Mr. Bhoumick S. Vaidya	Independent Non-Executive	—	—	—
Mr. K. V. Mani	Independent Non-Executive	1	—	1
Ms. Anjali Seth	Independent Non-Executive	5	—	—
Mr. Siddharth S. Shetye	Independent Non-Executive	—	—	—
Mr. Nitin K. Joshi	Independent Non-Executive	—	—	—

Notes:

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

\*\* Represent Membership/Chairmanship of Audit Committee and Stakeholders' Relationship Committee only.

Out of total strength of Nine (9) Directors as on 31st March, 2015, five are independent which complies with the requirements of the Listing Agreement relating to the composition of the Board.

(b) A brief profile of Directors seeking re-appointment is given in Annexure II A to this report.

#### (c) Number of Board Meetings, attendance at Board Meetings and previous Annual General Meeting:

During the year ended 31st March, 2015, Five (5) Board Meetings were held on 23/05/2014, 08/08/2014, 19/08/2014, 10/11/2014, and 11/02/2015.

Attendance at above Board Meetings and at last Annual General Meeting (AGM) held on 26th September, 2014 is as under:

Name of the Director	No. of Board Meetings attended	Attendance at the last AGM
Mr. Mofatraj P. Munot	5	YES
Mr. Mohan H. Bhandari	2	NO
Mr. Robin Banerjee	5	YES
Mr. Suresh A. Gandhi	4	NO
Mr. Rakesh Khanna	3	NA
Mr. Krishnava S. Dutt	1	NA
Mr. Bhounick S. Vaidya	5	YES
Mr. K. V. Mani	3	YES
Ms. Anjali Seth	3	NO
Mr. Siddharth S. Shetye	3	NO
Mr. Nitin K. Joshi	3	YES

**NA – Not a member of the Board as on AGM date**

**Shareholding of Non-Executive Directors as on 31/03/2015 is as under:**

Name of the Director	No. of Shares
Mr. Mofatraj P. Munot	664371
Mr. Suresh A. Gandhi	65436
Mr. Mohan H. Bhandari	—
Mr. Bhounick S. Vaidya	—
Mr. K. V. Mani	—
Ms. Anjali Seth	—
Mr. Siddharth S. Shetye	—
Mr. Nitin K. Joshi	—

**(d) Code of Conduct:**

The Board of Directors has laid down a Code of Conduct for Business and Ethics for all the Board Members, and all the employees in the management Grade of the Company. The Code gives guidance and support needed for ethical conduct of business and compliance of law.

A copy of the Code has been put on the Company's website at the link:

<http://www.caprihansindia.com/corporatepolicy>

A declaration regarding compliance, signed by Managing Director is published in this report.

**(e) Meeting of Independent Directors:**

Pursuant to Schedule IV of the Companies Act, 2013 and the Rules made thereunder, a separate meeting of the Independent Directors was held on 22nd May, 2015 without the attendance of non-independent Directors and company executives. The meeting was attended by Ms. Anjali Seth, Mr. Bhounick S. Vaidya, Mr. Nitin K. Joshi and Mr. Siddharth S. Shetye. The Independent Directors discussed matters pertaining to the Company's affairs and functioning of the Board and presented their views.