

caprihans
INDIA LIMITED

Quality packaging solutions....for decades

70th
Annual Report
2015-2016



Some of our wide
range of product
applications...



BOARD OF DIRECTORS

(as on 20th May, 2016)

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

S R B C & CO LLP
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 presents their Seventieth Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31st March, 2016.

1. FINANCIAL RESULTS:

	Year ended 31st March, 2016 (Rs. in Lakhs)	Year ended 31st March, 2015 (Rs. in Lakhs)
Profit before finance cost, depreciation and tax	2159.68	1463.86
Finance cost	75.18	31.96
Depreciation	352.68	344.67
Profit before exceptional items and tax	1731.82	1087.23
Exceptional items	682.03	—
Profit before tax	1049.79	1087.23
Tax expense		
— Current tax	611.00	470.00
— Deferred tax credit	(122.50)	(88.00)
— Deferred tax credit relating to earlier periods	(91.50)	—
	397.00	382.00
Profit after tax	652.79	705.23
Balance from last year	3044.68	2626.57
	3697.47	3331.80
Appropriations:		
Proposed Dividend	197.01	197.01
Tax on Dividend	40.11	40.11
Transfer to General Reserve	50.00	50.00
Carried forward to Balance Sheet	3410.35	3044.68
	3697.47	3331.80

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, 2016.

3. PERFORMANCE:

- The Company's gross turnover for the year amounted to Rs. 262 crores as compared to Rs. 277 crores in the previous year. The Company earned a profit (before exceptional items and tax) of Rs. 17.32 crores as compared to Rs. 10.87 crores in the previous year, mainly due to softening of raw material and other input costs, which in turn affected the sales prices.
- Exceptional items of Rs. 6.82 crores represent, Provision for doubtful debts and advances relating to receivables from M/S. Bilcare Ltd. The Company has made this provision out of abundant precaution. Further, the Company has been informed by Bilcare Ltd, that they are undertaking restructuring of their debts and are hopeful of settling the dues.

4. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- (b) 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, 2016 and of the Profit of the Company for the year ended 31st March, 2016.
- (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.
- (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 AND KEY MANAGERIAL PERSONNEL:

Re-appointment of Director liable to retire by rotation -

In terms of Section 152 of the Companies Act, 2013, Mr. Suresh A. Gandhi, Director is liable to retire by rotation at the ensuing Annual General Meeting and offer himself for re-appointment.

Other information pertaining to Mr. Suresh A. Gandhi is provided in Corporate Governance Report annexed as Annexure IIA to this Report.

Independent Director(s) Declaration:

The Independent Directors have submitted the declaration of Independence, as required pursuant to section 149(7) of the Companies Act, 2013, and Listing Regulations, stating that they meet the criteria of independence as provided therein.

6. EVALUATION OF THE BOARD'S PERFORMANCE:

In compliance with the provisions of Companies Act, 2013, and Regulation 17 of the Listing Regulations. 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 19th March, 2016 without 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 Listing Regulations and Companies Act, 2013, a report on the Corporate Governance along with a certificate from the Secretarial Auditor 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. Bhoumick S. Vaidya as members of the Committee. The CSR committee have formulated and recommended to the Board a Corporate Social

Responsibility Policy (CSR Policy) indicating the list of activities to be undertaken by the Company and the same has been approved by the Board.

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 Risk Management Committee deliberated upon the probable risk areas and took appropriate actions.

12. VIGIL MECHANISM:

Under the vigil mechanism of the Company, by way of a Whistle Blower Policy, 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-ninth Annual General Meeting (AGM) held on 28th September, 2015, M/S. S R B C & Co. LLP, Chartered Accountants (ICAI Firm Reg. No 324982E/E300003), were appointed as the Statutory Auditors of the Company to hold office for five years, from the conclusion of the Sixty-ninth AGM until the conclusion of Seventy-fourth AGM of the Company to be held in the year 2020, subject to ratification of the appointment by the Members at every AGM held after 69th AGM.

The observations of the Statutory Auditors' in Annexure 1 to their report dated 20th May, 2016 (Refer Serial Nos iii and xiii) regarding related party transactions are explained under Note No. 23 of the Financial Statement.

COST AUDITOR:

At the Sixty-ninth Annual General Meeting (AGM) held on 28th September, 2015, M/S. Dhananjay V Joshi & Associates, Cost Accountants (Firm Reg. No 000030), were appointed as Cost Auditors of the Company, for conducting the audit of cost records of the Company for the financial year 2015-16.

SECRETARIAL AUDITOR:

The Board had appointed M/s Rathi & Associates, 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 2015-16.

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

The Secretarial Auditor's observation in their report dated 20th May, 2016, that the Chairman of the Audit Committee is not an independent director, the Board wishes to state that at the Meeting of Board of Directors held on 20th May, 2016, Mr. Siddharth S. Shetye, an independent director, has been appointed as the Chairman of the Audit Committee in place of Mr. Suresh A. Gandhi, a non-executive non-independent director, thereby complying with the Regulation 18(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

14. DISCLOSURES:

(a) AUDIT COMMITTEE:

The Audit Committee comprises of Mr. Siddharth S Shetye (Chairman), Mr. Suresh A Gandhi and Mr. Bhounick S Vaidya 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 (herein referred as Act), 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 Act, 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 7 (Seven) times in the year 2015-16. 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 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 Regulations. All the related party transactions are presented to the Audit Committee for their recommendations to the Board.

The Related Party Transaction Policy is available on the Company's website at the link: <http://www.caprihansindia.com/corporatepolicy>

The disclosure relating to the transaction with related parties are mentioned in Note No. 27 to the 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 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

ROBIN BANERJEE
Managing Director

Place : Pune
Dated : 20th May, 2016

BHOUMICK S. VAIDYA
Director

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.
- Replacement of HMPV lights by LED lights.
- Replacement of old pumps by energy efficient pumps.

(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:

	Year ended 31st March, 2016 (Rs. in Lakhs)
(a) Capital	20.15
(b) Recurring	62.16
(c) Total	82.31

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- Activities relating to Exports : The exports of goods during the year amounted to Rs. 3273 Lakhs.
- Total foreign exchange
 - Used : (i) CIF Value of Imports– Rs. 10964 lakhs.
(ii) Expenditure in foreign currency- Rs. 90 lakhs. (For details refer Note 33 of Notes on Financial statement).
 - Earned : FOB value of exports - Rs. 3273 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, 2016 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	2	—	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	2	—
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, 2016, five are independent which complies with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to the composition of the Board.

(b) Profile of Directors:

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, 2016, Seven (7) Board Meetings were held on 22/05/2015, 07/08/2015, 26/08/2015, 06/11/2015, 05/12/2015, 18/12/2015 and 05/02/2016.

Attendance at above Board Meetings and at last Annual General Meeting (AGM) held on 28th September, 2015 is as under:

Name of the Director	No. of Board Meetings attended	Attendance at the last AGM
Mr. Mofatraj P. Munot	3	YES
Mr. Mohan H. Bhandari	5	YES
Mr. Robin Banerjee	7	YES
Mr. Suresh A. Gandhi	3	YES
Mr. Bhounick S. Vaidya	7	YES
Mr. K. V. Mani	2	YES
Ms. Anjali Seth	2	NO
Mr. Siddharth S. Shetye	5	NO
Mr. Nitin K. Joshi	7	NO

Shareholding of Non-Executive Directors as on 31/03/2016 is as under:

Name of the Director	No. of Shares
Mr. Mofatraj P. Munot	664371
Mr. Mohan H. Bhandari	—
Mr. Suresh A. Gandhi	65436
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 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 19th March, 2016 without the attendance of non-independent Directors and company executives. The meeting was attended by Mr. K.V.Mani, 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.