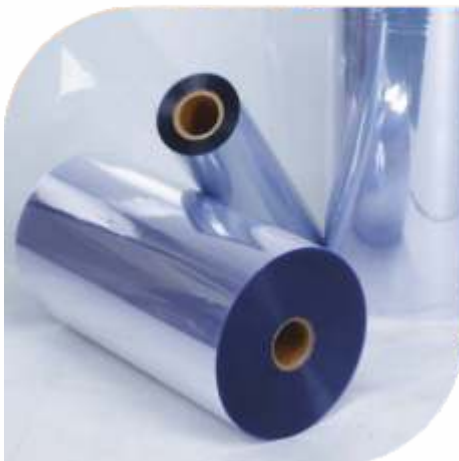
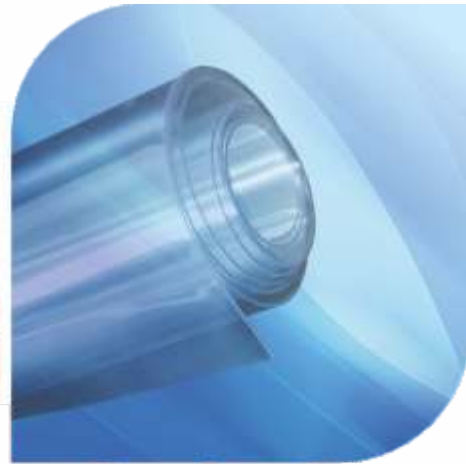


**72<sup>nd</sup>** ANNUAL  
REPORT | 2017-2018



## Certification



Nashik



Thane



**BOARD OF DIRECTORS**

MR. MOFATRAJ P. MUNOT	Chairman
MR. ROBIN BANERJEE	Managing Director
MR. MOHAN H. BHANDARI	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
MR. NARENDRA LODHA	Director

**CFO & COMPANY SECRETARY**

K. R. VISWANATHAN

**BANKERS**

BANK OF MAHARASHTRA  
HDFC BANK LTD  
STATE BANK OF INDIA

**STATUTORY AUDITORS**

S R B C & CO LLP  
Chartered Accountants

**REGISTERED OFFICE**

BLOCK-D, SHIVSAGAR ESTATE,  
DR. ANNIE BESANT ROAD,  
WORLI, MUMBAI - 400 018.  
Tel. : 2497 8660, 2497 8661  
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 Seventy Second Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31st March, 2018.

### 1. FINANCIAL RESULTS:

	Year ended 31st March, 2018 (Rs. in Lakhs)	Year ended 31st March, 2017 (Rs. in Lakhs)
Profit before finance cost, depreciation and tax	972.60	1,644.41
Finance cost	50.21	52.24
Depreciation	338.01	342.88
<b>Profit before exceptional items and tax</b>	<b>584.38</b>	<b>1,249.29</b>
Exceptional items - Income/(Expense)	–	223.06
Profit before tax	584.38	1,472.35
Tax expense	170.33	507.10
Profit after tax	414.05	965.25
Other Comprehensive Income/(Expense) - Net of tax	10.56	14.18
Total Comprehensive Income - Net of tax	424.61	979.43
Balance from last year	4,172.48	3,480.17
<b>P&amp;L Balance available for appropriation</b>	<b>4,597.09</b>	<b>4,459.60</b>
<b>Appropriations</b> (In F.Y. 2018-19 and 2017-18 – As per Ind AS)		
Proposed Dividend	197.01	197.01
Tax on Dividend	40.50	40.11
Transfer to General Reserve	30.00	50.00
Carried forward to Balance sheet	4,329.58	4,172.48
<b>Total</b>	<b>4,597.09</b>	<b>4,459.60</b>

### 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, 2018.

### 3. PERFORMANCE:

- The Company's turnover (net of excise duty, as applicable) for the year amounted to Rs. 249 crores as compared to Rs. 233 crores in the previous year. The Company earned a profit (before tax and extraordinary income) of Rs. 5.8 crores as compared to Rs. 12.5 crores in the previous year.
- Due to demonetization and GST implementation, volume growth was lower in first half of the financial year. The volume gradually picked up in the second half of the financial year after stabilization of GST.
- Raw material costs volatility keeps wreaking havoc on the industry. The ability to pass on costs increase to customers is sub-optimal due to enhanced competition, surplus capacity in the industry and entry level pricing strategy by the new entrants. All these factors have resulted in increased pressure on margins.

### 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, 2018 and of the Profit of the Company for the year ended 31st March, 2018.

- (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. Mofatraj P. Munot, Director is liable to retire by rotation at the ensuing Annual General Meeting and offer 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.

### **Re-appointment of Managing Director**

The Board of Directors at its meeting held on 9th February, 2018, based on recommendation of the Nomination and Remuneration Committee, has re-appointed Mr. Robin Banerjee as Managing Director of the Company for a period of three years starting from 29th April, 2018 till 28th April, 2021, subject to approval of shareholders at the ensuing Annual General Meeting

### **Appointment of Director:**

Mr. Narendra S. Lodha was appointed as Non-Executive, Non-Independent Director of the Company at the 71st Annual General Meeting of the Company held on 22nd September, 2017

### **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 9th February, 2018 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 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):**

In line with Company's CSR policy, the Company is helping in educating the under-privileged and economically challenged children. Keeping this in mind, the Company is attempting to upgrade facilities and enhance the quality of

education / training of identified educational institutions. Accordingly, the Company is involved with 3 educational institutions through direct participation in their upliftment as under:

- (i) Municipal School in Nasik (co-education municipal school for economically backward children);
- (ii) Dharmveer Anand Dighe Jidd Special School at Thane (special school for physically handicapped and mentally challenged children), and
- (iii) Daang Seva Mandal Ashram School at Nasik (boarding and day-scholar school for adivasis and the under-privileged children).

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. 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>

#### **12. SEXUAL HARASSMENT MECHANISM:**

The Company has adopted a policy on Prevention of Sexual Harassment at Workplace and formed a committee to address the complaints in this regard in a time bound manner.

During the financial year 2017-18, no complaints were received in this regard.

#### **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 (Firm Reg. No. 324982E), 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. At the 71st AGM held on 22nd September 2017, the Statutory Auditors appointment was ratified.

Pursuant to Section 40 of Companies Amendment Act 2017, the requirement of ratification of the appointment of the Auditors by the Members at every AGM is not required and hence in the ensuing AGM, ratification of appointment of Statutory Auditors is not sought.

The amounts mentioned in the observations of the Statutory Auditors' in **Annexure I** to their report dated 18th May, 2018 [Refer Serial Nos. 3(c) and 13] regarding related party transactions are adequately provided in the books of accounts.

##### **COST AUDITOR:**

At the Seventy First Annual General Meeting (AGM) held on 22nd September, 2017, 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 2017-18.

##### **SECRETARIAL AUDITOR:**

The Board had appointed M/s DVD & Associates, Practising Company Secretaries, to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2017-18.

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.



#### 14. DISCLOSURES:

**(a) AUDIT COMMITTEE:**

The Audit Committee comprises of Mr. Siddharth S Shetye (Chairman), Mr. K.V. Mani 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 (hereinafter 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 is 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) 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 4 (four) times in the year 2017-18. 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. 34 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. 6 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

SIDDHARTH S. SHETYE  
Director

Place : Pune

Dated : 18th May, 2018

## Annexure I to the Directors' Report

### A. CONSERVATION OF ENERGY:

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

- Maintaining the improved power factor.
- Optimum usage of plant.
- Replacement of HMPV lights by LED lights.
- Replacement of old pumps by energy efficient pumps.
- Replacement of Belt driven exhaust fan with Direct Driven Exhaust fan for power saving.
- Installation of transparent Roof sheets in Raw Material Stores and Finished goods stores. This has helped in saving power, as no electrical lamp needs to be switched ON during daytime.

#### (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 15378, 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
- Six Sigma projects on various production activities.

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

- Imported during last three years: **NIL**

#### (iv) Expenditure incurred on Research and Development (R&D):

The Company received from Ministry of Science & Technology, Government of India recognition for In House R&D Unit at its Nashik Factory and at its Thane Factory during the financial year ended 31st March, 2018 and 31st March, 2017 respectively. The R&D laboratory is manned by qualified and experienced personnel, having variety of instruments for testing and development work. Following are the details of expenditure incurred on R&D for the financial year ended 31st March, 2018.

	<b>Year ended 31st March, 2018 (Rs. in Lakhs)</b>
(a) Capital	11.29
(b) Recurring	66.15
<b>(c) Total</b>	<b>77.44</b>

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- Activities relating to Exports : The exports of goods during the year amounted to Rs. 3,951 lakhs.
- Total foreign exchange
  - Used : (i) CIF Value of Imports : Rs. 11,858 lakhs.  
(ii) Expenditure in foreign currency : Rs. 77 lakhs.
  - Earned : FOB value of exports : Rs. 3,818 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, 2018 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	3	—
Mr. Mohan H. Bhandari	Promoter Non-Executive	1	2	—
Mr. Robin Banerjee (Managing Director)	Executive	2	4	1
Mr. Bhounick S. Vaidya	Independent Non-Executive	—	—	—
Mr. K. V. Mani	Independent Non-Executive	1	—	1
Ms. Anjali Seth	Independent Non-Executive	7	5	3
Mr. Siddharth S. Shetye	Independent Non-Executive	—	—	—
Mr. Nitin K. Joshi	Independent Non-Executive	—	—	—
Mr. Narendra Lodha***	Non-Executive	3	—	—

#### Notes:

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

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

\*\*\* Appointed w.e.f. 22.09.2017

Out of total strength of Nine (9) Directors as on 31st March, 2018, 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, 2018, 4 (four) Board Meetings were held on 19/05/2017, 04/08/2017, 10/11/2017 and 09/02/2018.

Attendance at above Board Meetings and at last Annual General Meeting (AGM) held on 22nd September, 2017 is as under:

Name of the Director	No. of Board Meetings attended	Attendance at the last AGM
Mr. Mofatraj P. Munot	2	YES
Mr. Mohan H. Bhandari	4	NO
Mr. Robin Banerjee	4	YES
Mr. Bhounick S. Vaidya	2	NO
Mr. K. V. Mani	4	NO
Ms. Anjali Seth	4	YES
Mr. Siddharth S. Shetye	4	YES
Mr. Nitin K. Joshi	4	NO
Mr. Narendra Lodha*	2	NA

\* Appointed w.e.f. 22.09.2017

**Shareholding of Non-Executive Directors as on 31/03/2018 is as under:**

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

\* Appointed w.e.f. 22.09.2017

**(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 9th February, 2018 without the attendance of Non-Independent Directors and Company Executives. The meeting was attended by Mr. K.V. Mani, Mr. Bhounick S. Vaidya, Ms. Anjali Seth, 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.