

caprihans
INDIA LIMITED

74TH ANNUAL REPORT
2019-2020

**Quality solutions...
for decades**



**Pioneers in Polymer
Processing — a name
synonymous with
quality and trust**



caprihans
INDIA LIMITED

BOARD OF DIRECTORS

| | | |
|-----|-------------------------|-------------------|
| MRS | ANKITA J. KARIYA | Chairperson |
| MR. | ROBIN BANERJEE | Managing Director |
| MR. | BHOUMICK S. VAIDYA | } Directors |
| MR. | K. V. MANI | |
| MS. | ANJALI SETH | |
| MR. | NITIN K. JOSHI | |
| MR. | SIDDHARTH S. SHETYE | |
| MR. | NARENDRA S. LODHA | |
| MR. | CHANDRASHEKHAR JOGLEKAR | |

CFO & COMPANY SECRETARY

MR. PRITAM PAUL

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 Fourth Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31st March, 2020.

1. FINANCIAL RESULTS:

| | Year ended 31st March, 2020 (Rs. in Lacs) | Year ended 31st March, 2019 (Rs. in Lacs) |
|--|---|---|
| Profit before finance cost, depreciation and tax | 1659.28 | 865.53 |
| Finance cost | 80.06 | 68.84 |
| Depreciation | 379.92 | 335.24 |
| Profit before tax | 1199.30 | 461.44 |
| Tax expense | 279.59 | 95.27 |
| Profit after tax | 919.71 | 366.17 |
| Other Comprehensive Income/(Expense) – Net of tax | (13.41) | (0.54) |
| Total Comprehensive Income – Net of Tax | 906.30 | 365.63 |
| Balance from last year | 4695.21 | 4329.58 |
| P&L Balance available for appropriation | 5601.51 | 4695.21 |
| Appropriations: (In F.Y. 2020-21 and 2019-20 as per Ind AS) | | |
| Proposed Dividend | 0.00 | 98.50 |
| Tax on Dividend | 0.00 | 20.25 |
| Transfer to General Reserve | 0.00 | 15.00 |
| Carried forward to Balance sheet | 5601.51 | 4561.46 |
| Total | 5601.51 | 4695.21 |

2. DIVIDEND:

In order to conserve financial resources owing to ongoing COVID 19 pandemic, the Board has not recommended any dividend for financial year 2019-20.

3. CHANGE IN HOLDING COMPANY:

The Holding Company of the Company has changed from Bilcare Research GmbH to Bilcare Mauritius Limited w.e.f. 7th November 2019 pursuant to acquisition of 66,98,325 (51%) equity shares of Rs. 10 each of the Company by Bilcare Mauritius Limited, from Bilcare Research GmbH on November 07, 2019, by way of inter-se transfer of shares within promoter group.

4. PERFORMANCE:

- a) The Company's turnover for the year amounted to Rs 289 crores as compared to Rs. 269 crores in the previous year. The Company earned a profit before tax of Rs. 12.0 crores as compared to Rs. 4.6 crores in the previous year.

b) **COVID 19**

The COVID-19 pandemic has brought economies, businesses and lives around the world to a standstill, and our country is no exception. Based on the directives and advisories issued by central and state governments and other relevant authorities during the lock down, our operations at Nasik factory was affected partially and Thane factory majorly.

Considering the unprecedented and ever evolving situation, the Company has made assessment of recoverability and carrying value of its assets comprising of tangible assets, inventories and other current assets as at the Balance Sheet date. On the basis of current assessment and estimates, the management foresees risk of recoverability from some of its customers. Accordingly, the Company has made appropriate provisions in the books of accounts arising from COVID-19 pandemic

However, the impact assessment of COVID-19 is a continuous process, given the uncertainties associated with its nature and duration. The Company will continue to closely monitor any material changes to future economic conditions.

5. SHIFTING OF REGISTERED OFFICE AND CORPORATE OFFICE:

The Shareholders of the Company has approved the shifting of Registered Office of the Company from the City of Mumbai to City of Thane w.e.f. 1st April 2020 vide postal ballot on 24th February 2020.

Owing to the nationwide lockdown beginning end of March, 2020 due to COVID-19 pandemic, the shifting of Registered office of the Company could not be completed.

The Company will initiate shifting of the registered office address of the Company from Mumbai to Thane at an appropriate time as and when the situation permits.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, wherever applicable.
- (b) Appropriate accounting policies have been selected and applied consistently. The accounting 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, 2020 and of the Profit of the Company for the year ended 31st March, 2020.
- (c) Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud.
- (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 effective; 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 effective.

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Resignation of Director and Chairman:

Mr. Mofatraj P. Munot resigned from the Board of Directors and as Chairman w.e.f. conclusion of 73rd AGM of the Company held on 20th September 2019. The Board expressed and took on record its sincere appreciation of the services rendered by Mr. Mofatraj P. Munot during his tenure as a Director and Chairman of the Company.

Appointment of Chairperson of the Board:

Mrs. Ankita J. Kariya was appointed as Chairperson of the Board at the Board Meeting of the Company held on November 11, 2019.

Re-appointment of Director liable to retire by rotation:

In terms of Section 152 of the Companies Act, 2013, Mrs. Ankita J. Kariya, Director is liable to retire by rotation at the ensuing Annual General Meeting and offer herself for re-appointment.

Other information pertaining to Mrs. Ankita J. Kariya is provided in Corporate Governance Report annexed as **Annexure IIA** to this Report.

Appointment of Director:

In terms of Section 152 of the Companies Act, 2013, Mr. Chandrashekhar J. Joglekar (DIN: 07265143) was appointed as an Director of the Company effective 20th September, 2019, in the category "Non-Executive and Non-Independent", liable to retire by rotation.

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.

Retirement and Appointment of Chief Financial Officer and Company Secretary:

Mr. K.R. Viswanathan retired as CFO and Company Secretary of the Company w.e.f. 13th December 2019. The Board expressed and took on record its deep appreciation of the services rendered by Mr. K.R. Viswanathan during his long and fruitful association with the Company.

Mr. Pritam Paul was appointed as the CFO and Company Secretary of the Company w.e.f. 14th December 2019.

8. EVALUATION OF THE BOARD'S PERFORMANCE:

Pursuant to the provisions of Section 134(3), Section 149(8) and Schedule IV of the Act read with Listing Regulations, the performance evaluation of all the Directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. Pursuant to Schedule IV of the Companies Act, 2013 and the Rules made thereunder, a separate meeting of the Independent Directors was held on 7th February 2020 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.

9. 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.

10. 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.

11. CORPORATE SOCIAL RESPONSIBILITY (CSR):

In line with Company's CSR policy, the Company has continued helping in educating the under-privileged and economically challenged children. Keeping this in mind, the Company initiated to upgrade facilities and enhance the quality of education / training of identified educational institutions. Accordingly, the Company is involved with three 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.

12. 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.

13. 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>

14. 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.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year 2019-20, no complaints were received in this regard.

15. 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.

The amounts mentioned in the observations of the Statutory Auditors' in Annexure 1 to their report dated 23rd June, 2020 regarding related party transactions are adequately provided in the books of accounts.

APPOINTMENT/REAPPOINTMENT OF STATUTORY AUDITORS:

The details regarding appointment/reappointment of Statutory Auditors will form part of Notice of the ensuing Seventy Fourth Annual General Meeting of the Company.

COST AUDITOR:

At the Seventy Third Annual General Meeting (AGM) held on 20th September, 2019, 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 2019-20.

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 2019-20.

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.

16. 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 (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 are given in Annexure VI, to this report.

(d) NUMBER OF BOARD MEETINGS:

The Board of Directors met 5 (five) times in the year 2019-20. 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. 33 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.

17. INDUSTRIAL RELATIONS:

The industrial relations remained cordial during the year.

18. 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 their continued co-operation and assistance extended by them.

On behalf of the Board of Directors

ROBIN BANERJEE
Managing Director
Place: Mumbai

SIDDHARTH S. SHETYE
Director
Place: Pune

Dated : 23rd June, 2020

Annexure I to the Directors' Report

A. CONSERVATION OF ENERGY:

(i) Steps taken for conservation of Energy:

- Maintaining the improved power factor as per new rules.
- Insulation of Steam & Hot water pipes to reduce heat loss due to radiation.
- Replacement of old pumps by energy efficient pumps.
- Replacement of belt driven exhaust fan with Direct Driven Exhaust fan for power saving.
- Insulation of Boiler Feed water tank to maintain to reduce heat loss due to radiation.

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

- Feasibility of using Solar Energy is being evaluated.

(iii) The Capital investment on energy conservation equipment:

- Replacement of DC motor by Asynchronous Servo motor for certain equipment's.
- Evaluation of new generation machines for better quality and energy saving.

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.
- Establishing ISO, 14001 bringing better systems and processes, improved utilization of natural resources.
- 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):

Company had received renewal of recognition of In-house R&D unit(s) from Department of Scientific & Industrial Research (DSIR), Government of India for both factories viz. Nashik & Thane up to 31-03-2022.

The Company is actively working on various R&D opportunities in optimizing cost, import substitution, enhancing product deliverables and improving customer satisfaction.

Following are the details of expenditure incurred on R&D for the financial year ended 31st March, 2020

Year ended 31st March, 2020
(Rs. in Lacs)

| | Thane | Nashik | Total |
|------------------|--------------|---------------|--------------|
| (a) Capital | 3.58 | 7.73 | 11.31 |
| (b) Recurring | 37.13 | 34.73 | 71.86 |
| (c) Total | 40.71 | 42.46 | 83.17 |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Activities relating to Exports : The exports of goods during the year amounted to Rs. 3,953 lacs.
2. Total foreign exchange :
 - (a) Used : CIF Value of Imports – Rs. 15,190 lacs.
 - (b) Earned : FOB value of exports – Rs. 3,815 lacs.

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, 2020 is as follows:

| Name and Designation of the Director | Category | *No. of Directorship and Committee Membership / Chairmanship (Other than Caprihans India Limited) | | |
|--|---------------------------------|---|------------------------------|--------------------------|
| | | Other Directorship | **Other Committee Membership | **Committee Chairmanship |
| Mrs. Ankita J. Kariya | Promoter Chairman Non-Executive | — | — | — |
| 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 | 4 | 2 |
| Mr. Siddharth S. Shetye | Independent Non-Executive | — | — | — |
| Mr. Nitin K. Joshi | Independent Non-Executive | 1 | — | — |
| Mr. Narendra S. Lodha | Non-Executive | 3 | — | — |
| Mr. Chandrashekhar Joglekar*** | Non-Executive | — | — | — |

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. 20.09.2019.

Out of total strength of Nine (9) Directors as on 31st March, 2020, 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) Category of Directorship held by the Directors of the Company in other Listed entities:

| Name of the Director | Name of Listed entity(s) where he/she is a Director | Category |
|------------------------|---|----------------------|
| Mrs. Ankita J. Kariya | None | NA |
| Mr. Robin Banerjee | VIP Clothing Limited | Independent Director |
| Mr. Bhounick S. Vaidya | None | NA |