



64th ANNUAL REPORT 2009-2010

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

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, 3RD 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 28th 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 31st 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 in to 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	Audit Committee Kalpataru Power Transmission Ltd - Member	Nil	Audit Committee 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 Shareholders/Investor Grievance Committee 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.

(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.

5. DIRECTORS:

Mr. David Thompson resigned from the Board w.e.f. 27th January, 2010.

The Board wishes to place on record its appreciation of the services rendered by Mr. David Thompson during his tenure.

Mr. N. Panchal was appointed as an Additional Director of the Company on 29th March, 2010 and he holds office upto the forthcoming Annual General Meeting. Necessary resolution seeking your approval for his appointment will be set out in the Notice convening the forthcoming Annual General Meeting.

Mr. M.P. Munot, Mr. S.A. Gandhi and Mr. D.N. Mungale retire by rotation and being eligible, offer themselves for re-appointment.

6. CONSERVATION OF ENERGY:

Details relating to the Conservation of Energy and Technology absorption and foreign exchange earnings and outgoings are given in Annexure-I forming part of the Directors' Report as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

7. INDUSTRIAL RELATIONS:

The industrial relations remained cordial during the year.

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 III and IV respectively, to this report.

9. AUDITORS:

Messrs. M.P. Chitale and Company, Chartered Accountants, retire at the forthcoming Annual General Meeting in accordance with the provisions of the Companies Act, 1956 and being eligible, offer themselves for re-appointment. Observations in the Auditors' report regarding Note Nos. 4(a), 4(b) and 7 of Schedule 6 to the Accounts are non-qualificatory in nature.

10. PARTICULARS OF EMPLOYEES:

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 are given under Annexure II to this Report.

11. ACKNOWLEDGMENT:

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: 28th May, 2010

M.P. MUNOT
Chairman

Annexure I to the Directors' Report

A. CONSERVATION OF ENERGY

- (a) Energy conservation measures : 1. Maintaining the improved power factor.
2. Installation of energy efficient chiller plant.
- (b) Impact of measures at (a) above for reduction of energy consumption and the consequent cost impact on the costs of the production : Energy conservation measures have resulted in savings in energy costs of the Company.

B. TECHNOLOGY ABSORPTION

Form B for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D):

1. Specific areas in which R&D carried out by the Company : (a) Efforts to reduce/substitute the costly Raw Materials and introduction of new improved versions are continued during the year.
(b) Improved better and timely technical services to the customers.
(c) Introduction of PVDC film with improved properties/structured pattern for both domestic & export market.
(d) Installation of three roll mill for pigment paste making for better quality.
2. Benefits derived as a result of the above R&D : (a) Reduction in customer complaints.
(b) Saving in raw material cost.
(c) Improvement in film characteristics for various applications.
3. Future Plan of Action : Continuation of the above mentioned actions to reduce costs and improve quality and productivity.
4. Expenditure on R&D

	Year ended 31st March, 2010	Year ended 31st March, 2009
	(Rs. in Lakhs)	
(a) Capital	12.50	15.90
(b) Recurring	23.50	24.00
(c) Total	36.00	39.90
(d) Total R&D Expenditure as a percentage of total turnover	0.20	0.23

Technology Absorption, Adaptation and Innovation:

1. Efforts in brief, made towards technology adaptation and innovation. : Establishing ISO 9001 and Q 9001-2000, bringing higher quality situation in all production lines which is in agreement with customer's requirements especially in the area of GMP.
2. Benefits derived as a result of the above efforts : The result out of the improvements are better quality and higher line efficiency. Also a reduction in the areas of raw material cost and energy cost.
3. In case of imported technology following information may be furnished : No technology has been imported during the last 10 years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Activities relating to Exports : The exports of goods and services during the year amounted to Rs. 2396 lakhs.
2. Total foreign exchange
 - (a) Used
 - (i) CIF Value of Imports – Rs. 3297 lakhs
 - (ii) Expenditure in foreign currency (for details refer Schedule 5 to the Profit and Loss Account) – Rs. 74 lakhs
 - (b) Earned : FOB value of exports and marketing services – Rs. 2396 lakhs

Annexure II to the Directors' Report

Particulars of Employees of the Company who were in receipt of remuneration of not less than Rs. 24,00,000 per annum or Rs. 2,00,000 per month and forming part of Director's Report.

(a) Age (Years) (b) Designation/nature of duties (c) Gross Remuneration (Rs.) (d) Experience (Years) (e) Qualification (f) Date of commencement of employment (g) Last employment held and Designation

EMPLOYED THROUGHOUT THE YEAR:

(1) R. BALASUBRAMANIAN (a) 58 (b) Managing Director (c) 50,94,514 (d) 34 (e) B.Com., A.I.C.W.A., A.C.A., A.C.S. (f) 23/11/83 (g) W.G. Forge & Allied Industries Ltd.– Chief Accountant.

Notes:

1. Nature of Employment of Mr. R. Balasubramanian is on contractual basis.
2. Mr. R. Balasubramanian is not a relative of any Director of the Company.
3. Remuneration includes Salary, House Rent Allowance, Bonus, Leave Travel Allowance, Medical, Value of perquisites and Company's contribution to Provident & other Funds.

Annexure III 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 is as follows:

Name and Designation of the Director	Category	*No. of Directorships and Committee Membership/Chairmanship (other than Caprihans India Limited)		
		Other Directorships	Committee Membership	Committee Chairmanship
Mr. M.P. Munot (Chairman)	Promoter Non-Executive	3	1	–
Mr. R.Balasubramanian (Managing Director)	Executive	–	–	–
Mr. D. Thompson (A)	Promoter Non-Executive	–	–	–
Mr. S.J. Reynolds	Promoter Non-Executive	–	–	–
Mr. S.A. Gandhi (C)	Non-Promoter Non-Executive	–	–	–
Mr. R.K. Kulkarni	Independent Non-Executive	7	4	2
Mr.S. B. Zaveri	Independent Non-Executive	2	–	–
Mr. D.N. Mungale	Independent Non-Executive	8	5	4
Ms. N. Panchal (B)	Independent Non-Executive	1	–	–

(A) – Ceased to be Director w.e.f. 27th January, 2010

(B) – Appointed as an Additional Director on 29th March, 2010

(C) – Due to changes in the structure of the Indian Promoters group, Mr. S.A. Gandhi became Non-Promoter/Non-executive Director and the change was taken on record at the Board Meeting held on 31st July, 2009 and Stock Exchange have been intimated accordingly.

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

Out of eight Directors, four are independent which complies with the requirements of the Listing Agreement relating to the composition of the Board.

Except the Managing Director, the other Directors are liable to retire by rotation.

Mr. N. Panchal was appointed as an Additional Director of the Company on 29th March, 2010 and he holds office up to the forthcoming Annual General Meeting. Necessary resolution seeking your approval for his appointment will be set out in the Notice convening the forthcoming Annual General Meeting.

Mr. M.P.Munot, Mr. S.A.Gandhi and Mr. D.N.Mungale retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The information prescribed under the Listing Agreement to be sent to the shareholders will be set out in the Notice convening the forth coming Annual General Meeting.

(b) Number of Board Meetings, attendance at Board Meetings and Previous Annual General Meeting

During the year ended 31st March, 2010 five Board Meetings were held on 29/05/2009, 31/07/2009, 23/10/2009, 27/01/2010 and 29/03/2010.

Attendance at Board Meetings and at last Annual General Meeting (AGM) held on 17th August, 2009:

Name of the Director	No. of Board Meetings attended	Attendance at last AGM
Mr. M.P. Munot	3	Yes
Mr. S.A. Gandhi	3	Yes
Mr. R. Balasubramanian	5	Yes
Mr. R.K. Kulkarni	5	Yes
Mr. D. Thompson	–	–
Mr. S. J. Reynolds	2	Yes
Mr. S.B. Zaveri	5	–
Mr. D.N.Mungale	1	Yes
Mr. N. Panchal	1	–

Share holding of Non-Executive Directors as on 31/03/2010 is as under:

1.	Mr. M.P. Munot	56957 Equity shares
2.	Mr. D. Thompson	–
3.	Mr. S.J. Reynolds	–
4.	Mr. S.A. Gandhi	118447 Equity shares
5.	Mr. R.K. Kulkarni	–
6.	Mr. S.B. Zaveri	9300 Equity shares
7.	Mr. D.N. Mungale	–
8.	Mr. N. Panchal	–

3. Committees of the Board

A. Audit Committee:

During the year ended 31st March, 2010 five Audit Committee Meetings were held on 29/05/2009, 31/07/2009, 23/10/2009, 27/01/2010 and 29/03/2010. The details of the Committee are as under:

Name of the Director	Designation	Category	No. of meetings attended
Mr. R. K. Kulkarni	Chairman	Independent Non-Executive	5
Mr. D. Thompson (A)	Member	Promoter Non-Executive	–
Mr. S. B. Zaveri	Member	Independent Non-Executive	5
Mr. S.J. Reynolds (B)	Member	Promoter Non-Executive	–
Mr. N. Panchal (C)	Member	Independent Non-Executive	–

(A) – Ceased to be Member w.e.f. 27th January, 2010

(B) – Appointed as Member on 27th January, 2010

(C) – Appointed as Member on 29th March, 2010

The terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreement with Stock Exchange and Section 292(A) of the Companies Act, 1956.

Mr.K.R.Viswanathan, the Company Secretary, acts as the Secretary to the Committee.

B. Remuneration Committee :

During the year ended 31st March, 2010 one meetings was held on 29/03/2010. The details of the Committee are as under:

Name of the Director	Designation	Category	No. of meetings attended
Mr. S. B. Zaveri	Chairman	Independent Non-Executive	1
Mr. R. K. Kulkarni (A)	Member	Independent Non-Executive	1
Mr. D. N. Mungale	Member	Independent Non-Executive	–
Mr. N. Panchal (B)	Member	Independent Non-Executive	–

(A) – Ceased to be Member on 29th March, 2010

(B) – Appointed as Member on 29th March, 2010

The terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreement with Stock Exchanges.

Remuneration to Directors

The details of remuneration paid to Mr. R. Balasubramanian, Managing Director for the period 01/04/2009 to 31/03/2010 is as under:

(i) Gross Salary including perquisites	:	Rs. 41.74 lakhs
(ii) Company's contribution to Provident & other funds	:	Rs. 9.20 lakhs
Total	:	Rs. 50.94 lakhs

The above figures exclude provision for gratuity and leave encashment which are actuarially determined on an overall Company basis.

The details of payments to Non-Executive Directors during the period 01/04/2009 to 31/03/2010 are given below:

Name	Sitting Fees for attending Board Meeting & Committee Meeting Rs.
Mr. M. P. Munot	3000
Mr. D. Thompson	NIL
Mr. S. J. Reynolds	NIL
Mr. S. A. Gandhi	3000
Mr. R. K. Kulkarni	12000
Mr. S. B. Zaveri	12000
Mr. D. N. Mungale	1000
Mr. N. Panchal	1000

C. Shareholders/Investors Grievance Committee :

During the year ended 31st March, 2010 one meeting was held on 27/01/2010. The details of the Committee are as under:

Name of the Director	Designation	Category	No of meetings attended
Mr. D. Thompson (A)	Chairman	Promoter Non-Executive	–
Mr. R. K. Kulkarni (B)	Member	Independent Non-Executive	1
Mr. S. B. Zaveri	Member	Independent Non-Executive	1
Mr. S. J. Reynolds (C)	Member	Promoter Non-Executive	–
Mr. N. Panchal (D)	Member	Independent Non-Executive	–

(A) – Ceased to be Member w.e.f. 27th January, 2010

(B) – Ceased to be Member on 29th March, 2010

(C) – Appointed as Member on 27th January, 2010

(D) – Appointed as Member on 29th March, 2010

The Committee oversees redressal of shareholders and Investor grievances/complaints. Mr. P.N.Srinivasan, Asst. Secretary is the Compliance Officer of the Company.

The Company is prompt in attending to complaints/queries from Shareholders/Investors. The total number of complaints received and attended during the period 01/04/2009 to 31/03/2010 are 16. The number of complaints received from SEBI is nil. No transfers were pending as on 31st March, 2010.

General Body Meetings

The last three Annual General Meetings (AGM) were held as under:

Financial Year ended	Venue	Day and Date	Time
31-03-2009	Jai Hind College Mumbai – 400 020	Monday, 17th August 2009	3 p.m.
31-03-2008	Jai Hind College Mumbai – 400 020	Friday, 5th September 2008	3 p.m.
31-03-2007	Jai Hind College Mumbai – 400 020	Wednesday, 26th September 2007	3 p.m.
Year ended 31-03-2009		– No Special Resolution were passed	
Year ended 31-03-2008		– No Special Resolution were passed	
Year ended 31-03-2007		– Special Resolution for re-appointment and Payment of Remuneration to Managing Director effective 29th April, 2008	

No Postal ballots were used for voting during the year.

4. Disclosures

- Disclosure on materially significant related party transactions, i.e., transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large.

The Company has an agreement with Kalpataru Ltd (KL) (formerly known as Kalpataru Homes Limited) whereby KL has underwritten the amount to be realized by the Company from the disposal of its non-core assets. Mr. M.P.Munot is a Director of KL. The performance of KL under this agreement has been guaranteed amongst others by Mr. M.P.Munot, Mr. S.A.Gandhi and Klassik Garments Private Limited in which Mr. S.K. Dalmia is a Director. Any enforcement action that the Company might be required to adopt in respect of the aforesaid agreement or the performance guarantee will potentially result in a conflict of interest between the Company and Mr. M.P.Munot, Mr. S.A. Gandhi and Mr. S.K. Dalmia who are the Directors/Promoters of the Company.

- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to Capital markets, during the last three years.—**NONE.**

5. Means of Communication

Half-yearly report sent to each household of shareholders	:	No, the results of the Company are published in Newspapers.
Quarterly results	:	– do –
Any website, where displayed	:	Yes on Company's website www.caprihansindia.com
Presentations made to institutional Investors or to the analysts	:	No
Newspapers in which results are Normally published in	:	– The Free Press Journal (English) – Navashakti (Marathi)
Whether MD&A is a part of Annual Report or not	:	Yes, forms part of the Director's Report

6. General Shareholder Information

Annual General Meeting

– Date and Time	:	Monday, 27th September, 2010 at 4 p.m.
– Venue	:	Ravindra Natya Mandir, Deshpande Auditorium, 3 rd Floor, Sayani Marg, Prabhadevi, Mumbai – 26.

Financial calendar

- | | |
|---|--|
| : | (a) 1st April to 31st March |
| : | (b) First quarter results by end July 2010 |
| : | (c) Second quarter results by end October 2010 |
| : | (d) Third quarter results by end January 2011 |
| : | (e) Results for the year ending 31st March, 2011 by end May, 2011. |

Date of Book Closure	:	Wednesday 15th September, 2010 to Monday 27th September, 2010 (both days inclusive).
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Dividend payment Date	:	On or after 27th September, 2010
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Listing on Stock Exchanges	:	– Bombay Stock Exchange Ltd.
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The Company has paid the listing fees as applicable for the year 2010-2011. During the year 2009-2010, the Company's shares have been delisted from trading in Delhi Stock Exchange in terms of the SEBI guidelines.

Stock Code

BSE (Physical form) : 9486
 BSE (Demat form) : 509486
 ISIN number for NSDL/CDSL : INE479A01018

Market Price Data: High/Low during each month in the last 12 months (i.e. from 01/04/2009 to 31/03/2010) and performance in comparison to broad based indices such as BSE Sensex.

Paid up value – Rs. 10/ – per share

Month	Share Price of Caprihans India Ltd.		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
2009 — Apr	31.65	21.70	11492	9546
May	38.00	22.25	14930	11621
Jun	43.00	30.25	15600	14016
Jul	37.40	30.65	15732	13219
Aug	40.50	33.15	16002	14684
Sep	52.00	37.35	17142	15356
Oct	51.00	40.05	17493	15805
Nov	53.00	39.25	17290	15330
Dec	57.10	44.05	17530	16577
2010 — Jan	53.00	40.00	17790	15982
Feb	49.25	39.00	16669	15651
Mar	69.45	45.45	17793	16438

Name and Address of the Registrar & Transfer Agents:

Link Intime India Pvt Ltd.,

City Office :

203,Daver House,
 Next to Central Camera,
 197/199, D N Road, Fort,
 Mumbai – 400 001
 Phone : 2269 4127

Suburban Office:

C – 13, Pannalal Silk Mills Compound,
 LBS Marg,
 Bhandup (West),
 Mumbai – 400 078
 Phone : 2596 3838
 Fax : 2594 6969

Share Transfer System

Messrs. Link Intime India Pvt Ltd is the Common agency (Registrar & Transfer Agents) for both physical and electronic mode of transfer of shares. The share held in physical mode can be lodged at the above mentioned address for transfer. The Share Transfer Committee of the Company approves the transfer of shares and share certificates are dispatched within a period of 30 days from the date of receipt, if the documents are complete in all respects.

Distribution of shareholding as on 31st March, 2010

Range	No. of Shareholders	% of Total	No. of Shares held	% of Total
1 – 250	7522	85.28	586470	4.47
251 – 500	691	7.83	261033	1.99
501 – 1000	291	3.30	234952	1.79
1001 – 2000	127	1.44	196261	1.49
2001 – 3000	50	0.57	127681	0.97
3001 – 4000	23	0.26	81885	0.62
4001 – 5000	26	0.29	121860	0.93
5001 – 10000	35	0.40	250047	1.90
Over 10000	55	0.63	11273782	85.84
TOTAL	8820	100.00	13133971	100.00

Shareholding pattern as on 31st March, 2010

	Type of shareholders	No. of shares held	% of Total
1.	Promoters		
	Foreign	6698325	51.00
	Indian	2297090	17.49
2.	Financial Institutions & Banks	484090	3.69
3.	FII's & OCB's	450	0.00
4.	Mutual Fund/s	5016	0.04
5.	Non Resident Indians	16044	0.12
6.	Domestic Companies	997929	7.59
7.	Individuals	2635027	20.07
	Total	13133971	100.00

Dematerialisation of shares and liquidity

As directed by SEBI, Company's shares are traded compulsorily in dematerialised form from 28th August, 2000. The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Service India Limited (CDSL) for this purpose. As of 31st March, 2010 a total of 6064171 shares of the Company, which forms 46.17% of the share capital of the Company stand dematerialised.

Your Company's shares are liquid and actively traded on BSE.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	:	The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments
Plant Locations	:	1. Plot Nos. C-13/16, Road No 16/T, Wagle Industrial Estate, Thane - 400 604 2. Plot Nos. 76/77, MIDC Industrial Estate, Trimbak Road, Satpur, Nasik - 422 007
Address for correspondence	:	CAPRIHANS INDIA LIMITED Block - D, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai - 400 018 Tel. 3047 8664

7. Non-Mandatory Requirements

The Company at present has not adopted the Non-Mandatory Requirements in regard to maintenance of Non-Executive Chairman's office, and sending half-yearly financial performance to the shareholders to their residence. Postal ballots as required by the Companies Act will be followed by the Company.

Certificate of Compliance with The Code of Conduct

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended 31st March, 2010.

For CAPRIHANS INDIA LIMITED

Place : Mumbai
Dated : 28th May, 2010.

R. BALASUBRAMANIAN
Managing Director

Auditor's Certificate

TO THE MEMBERS OF CAPRIHANS INDIA LIMITED

We have examined the compliance of conditions of Corporate Governance by Caprihans India Limited for the year ended on 31st March 2010 as stipulated by Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures adopted and implementation thereof by the Company for ensuring compliance with the conditions as stipulated in the said clause; it is not an audit or expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us and the representations made by the directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement except that the number of independent directors had been less than fifty percent of the composition of the Board of Directors for a certain period of the year.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders/Investor Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M.P. CHITALE & CO.
Chartered Accountants
ICAI Firm REG No. 101851 W

Place : Mumbai
Dated : 28th May, 2010

MURTUZA VAJIHI
Partner
ICAI Membership No. 112555

Annexure IV to the Directors' Report – Management Discussion and Analysis Report

INDUSTRY

The Company is engaged in the processing of plastic polymers and manufactures Rigid and Flexible PVC films by Calendering process, PVDC coated Rigid PVC film and certain plastic products through extrusion process. Rigid PVC film is largely used for packaging in the Pharmaceutical, Food and FMCG industries. Flexible PVC film and plastic extruded products are used for a variety of industrial and consumer applications. Overall growth rate of the market size is 5% to 10% annually.

The image of the Company, built through decades of quality products and efficient customer service is the major strength of the Company. The Company has a significant share of the Rigid PVC film market and is the Quality Leader in the Flexible PVC film market.

RISKS AND CONCERNS

PVC resin is the most important raw material for the company. Demand for PVC resin in the country has been increasing every year. Additional capacity for manufacture of PVC resin was commissioned in the country in 2009 but the supply is still not adequate to meet the demand. Further, for certain grades of resin, there is only one manufacturer in India. Hence any disruption in the supply from this source can affect the operations of the company.

There is severe competition in the market for the company's products. The overall capacity in the industry is significantly more than the demand and additional capacity was built during the year.

FINANCIAL PERFORMANCE

Sales for the year was Rs. 178 crores compared to Rs. 174 crores during the previous year. Profit margin improved during the year due to lower raw material cost. Profit before tax for the year was Rs. 1304 lacs compared to the previous year's profit of Rs. 512 lacs.

INTERNAL CONTROL SYSTEMS

The Company has proper and adequate internal control systems to ensure that its assets are safeguarded and that transactions are properly authorised, reported and recorded. The Company has also a system of internal audit and management reviews to ensure compliance with the prescribed procedures and authority levels.

HUMAN RESOURCES

The company appreciates the efforts of its dedicated team of employees. Industrial relations were cordial during the year. The number of employees on the roll as on 31st March 2010 was 359. The Company accords very high priority to safety in all aspects of its operations. The employees are trained in various aspects of safety. Regular safety audits are conducted to ensure high safety standards.

Auditors' Report

TO THE MEMBERS OF
CAPRIHANS INDIA LIMITED

1. We have audited the attached Balance Sheet of Caprihans India Ltd., as at 31st March, 2010, the Profit and Loss Account for the financial year ended 31st March, 2010 and also the Cash Flow Statement for the financial year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - (v) On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
 - (b) in the case of the Profit and Loss Account, of the profit for the financial year ended on 31st March, 2010 and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the financial year ended on 31st March, 2010.

Emphasis of Matter

Without qualifying our audit opinion, we invite attention to -

- (a) Note no. 4(a) in Schedule 6 regarding disputed excise duty demands aggregating Rs. 860 lakhs disclosed as contingent liabilities.
- (b) Note no. 7 in Schedule 6 regarding delay in realisation of the assets of non-core activities to the extent of Rs. 245 lakhs.
- (c) Note no. 4(b) in Schedule 6 regarding disputed Income Tax demands aggregating Rs. 2326 lakhs disclosed as contingent liabilities.

Paras (a) and (b) above are matters referred to in our audit report for the previous year 2008-09

For M.P. CHITALE & CO.
Chartered Accountants
ICAI Firm REG No. 101851 W

MURTUZA VAJIHI
Partner

Place : Mumbai
Dated : 28th May, 2010

ICAI Membership No. 112555

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date on the accounts of Caprihans India Ltd for the 12 months period ended 31st March, 2010)

1. (a) The Company has maintained reasonable records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a programme to verify fixed assets physically once in three years which is in our opinion, reasonable. Accordingly, verification of fixed assets has been done during the period under audit. We are informed that discrepancies noticed on verification were not material and the same have been properly dealt with in the books of accounts.
(c) Based on our examination of the records of the company, we find that no substantial part of the fixed assets affecting the going concern have been disposed off during the year.
2. (a) Inventories have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable.
(b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) In our opinion, the Company maintains proper records of inventory. We are informed that no material discrepancies were noticed on physical verification of inventories.
3. The Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and sale of goods. During the course of our audit we did not notice any continuing failure to correct any major weakness in internal controls.
5. In our opinion and according to the information and explanations given to us the contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section and these transactions have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from public attracting the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder or the directives issued by RBI.
7. The Company has an Internal Audit system which, in our opinion, is commensurate with the size and the nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we find that the Company has generally been regular in depositing undisputed statutory dues such as provident fund, investor education & protection fund, employees' state insurance dues, income tax, wealth tax, etc., with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above statutory dues were outstanding as on 31st March, 2010 for a period of more than six months from the date they became payable.

- (b) The disputed statutory dues that have not been deposited on account of appeal matters pending before the appropriate authorities are as under :-

Financial Years	Amount (Rs. in lakhs)	Particulars	Authority
1996-97 to 1997-98	185.63	Excise Duty	CESTAT
1992-93 to 2001-02	251.18	Excise Duty	Hon Supreme Court
1995-96 to 1997-98	25.28	Excise Duty	Hon Supreme Court
1994-95 to 1996-97	242.14	Excise Duty	Hon Supreme Court
2000-01 to 2006-07	2269.92	Income Tax	CIT Appeals.
2006-07 to 2008-09	8.14	Service Tax	Commissioner (appeals)
Total	2982.29		

10. The Company has no accumulated losses as at the financial year end. There were no cash losses incurred in the financial year or the previous financial year.
11. The Company has neither taken any loans from a financial institution and a bank nor issued any debentures.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund, nidhi, mutual benefit fund or a society.
14. The Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not obtained any term loans.
17. The Company has not raised any funds on short-term basis.
18. The Company has not made any preferential allotment of shares during the year.
19. According to the information and explanations given to us, the Company has not issued any debentures.
20. The Company has not raised any money by way of public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For M.P. CHITALE & CO.
Chartered Accountants
ICAI Firm REG No. 101851 W

MURTUZA VAJIHI
Partner
ICAI Membership No. 112555

Place : Mumbai
Dated : 28th May, 2010

Balance Sheet as at 31st March, 2010

	Schedule	Rs. in lakhs	As at 31st March, 2010 Rs. in lakhs	As at 31st March, 2009 Rs. in lakhs
FUNDS EMPLOYED:				
Share Capital	A		1313.40	1313.40
Reserves and Surplus	B		7917.04	7809.67
Total Shareholders' Funds			9230.44	9123.07
Deferred Tax (Net)	C		84.00	57.00
Total			9314.44	9180.07
APPLICATION OF FUNDS:				
Fixed Assets:	D			
(a) Gross Block			6986.12	7287.04
(b) Less: Depreciation			4332.91	4279.87
(c) Net Block			2653.21	3007.17
(d) Capital Work-in-progress			6.14	14.87
Investments	E		-	-
Current Assets:	F			
(a) Inventories		2155.76		2380.61
(b) Sundry Debtors		4747.07		4370.40
(c) Cash and Bank Balances		2375.67		2327.52
(d) Loans and Advances	G	519.47		539.71
		9797.97		9618.24
Less:				
Current Liabilities & Provisions:	H			
(a) Current Liabilities		2606.10		2908.89
(b) Provisions		536.78		551.32
		3142.88		3460.21
Net Current Assets			6655.09	6158.03
Total			9314.44	9180.07

Notes on Accounts

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As per our report attached
for M. P. CHITALE & CO.
Chartered Accountants

M. P. MUNOT
R. BALASUBRAMANIAN

Chairman
Managing Director

R. K. KULKARNI
N. PANCHAL
D. N. MUNGALE

Directors

MURTUZA VAJIHI
Partner

K. R. VISWANATHAN
V. P. (Finance) &
Company Secretary

Mumbai,
Dated : 28th May, 2010

Profit and Loss Account for the year ended 31st March, 2010

	Schedule	For the year ended 31st March, 2010 Rs. in lakhs	For the year ended 31st March, 2009 Rs. in lakhs
INCOME:			
Sales		17783.68	17368.89
Less: Excise Duty		1141.88	1560.20
		<u>16641.80</u>	<u>15808.69</u>
Increase/(Decrease) in Finished Goods, Work-in-Progress & Scrap	1	22.77	(624.04)
Other Income	2	378.52	277.51
Transfer from Revaluation Reserve		12.00	12.00
		<u>17055.09</u>	<u>15474.16</u>
EXPENSES:			
Materials	3	11116.48	10745.76
Expenses	4	4250.22	3795.93
Interest		0.41	1.58
Depreciation		383.73	418.95
		<u>15750.84</u>	<u>14962.22</u>
Profit before taxation		1304.25	511.94
Provision for taxation			
— Current tax		475.00	210.00
— Fringe benefit tax		-	14.00
— Deferred tax		27.00	(47.00)
— For earlier years		300.00	-
Profit after taxation		<u>502.25</u>	<u>334.94</u>
Balance from last year		<u>1054.20</u>	<u>974.75</u>
Amount available for appropriation		<u>1556.45</u>	<u>1309.69</u>
— Proposed dividend		328.35	197.01
— Corporate tax on dividend		54.53	33.48
— Transfer to General Reserve		55.00	25.00
Balance carried to Balance Sheet		<u>1118.57</u>	<u>1054.20</u>
Earning per share (Basic/Diluted) in Rs.		<u>3.82</u>	<u>2.55</u>
Additional information pursuant to paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956	5		
Notes on Accounts	6		

As per our report attached
for M. P. CHITALE & CO.
Chartered Accountants

M. P. MUNOT
R. BALASUBRAMANIAN

Chairman
Managing Director

R. K. KULKARNI
N. PANCHAL
D. N. MUNGALE

Directors

MURTUZA VAJIHI
Partner

K. R. VISWANATHAN
V. P. (Finance) &
Company Secretary

Mumbai,
Dated : 28th May, 2010

**Schedules attached to and forming part of the Balance Sheet
as at 31st March, 2010**

SCHEDULE "A"

SHARE CAPITAL

Authorised:

2,00,00,000 Equity Shares of Rs. 10 each

Issued and Subscribed:

1,31,33,971 Equity Shares of Rs. 10 each fully paid-up

Of the above

- (1) 25,000 Equity Shares are allotted as fully paid-up pursuant to a contract without payment being received in cash
- (2) 35,44,199 Equity Shares are allotted as fully paid-up by way of Bonus Shares by Capitalisation of Share Premium & General Reserve
- (3) 66,98,325 Equity Shares are held by INEOS Films GmbH, the holding Company

SCHEDULE "B"

RESERVES AND SURPLUS

Capital Reserve:

Revaluation Reserve: (See Note 6)

Opening balance

Less: Transfer to Profit and Loss Account

Securities Premium Account:

General Reserve:

Opening balance

Add: Transfer from Profit and Loss Account

Surplus:

As per Profit and Loss Account

SCHEDULE "C"

DEFERRED TAX (Net)

Deferred tax (See Note 13)

Rs. in lakhs	As at 31st March, 2010 Rs. in lakhs	As at 31st March, 2009 Rs. in lakhs
	2000.00	2000.00
	1313.40	1313.40
	1313.40	1313.40
	21.20	21.20
112.00		124.00
12.00		12.00
	100.00	112.00
	6497.27	6497.27
125.00		100.00
55.00		25.00
	180.00	125.00
	1118.57	1054.20
	7917.04	7809.67
	84.00	57.00
	84.00	57.00

Schedules attached to and forming part of the Balance Sheet as at 31st March, 2010

SCHEDULE "D" FIXED ASSETS

(Rs. in lakhs)

	Cost as at 31st March, 2009	Additions	Deductions	Cost as at 31st March, 2010	Depreciation upto 31st March, 2010	Net Book Value as at 31st March, 2010	Net Book Value as at 31st March, 2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Leasehold Land	4.30			4.30	1.81	2.49	2.53
Buildings (a)	1597.14	1.06		1598.20	954.28	643.92	698.17
Plant and Machinery	5201.89	107.73	410.04	4899.58	3023.30	1876.28	2160.93
Furniture, Fixtures & Other Equipments	245.57	9.05	12.15	242.47	200.33	42.14	47.58
Vehicles	63.84	14.90	11.47	67.27	38.66	28.61	23.17
Computer Software	174.30			174.30	114.53	59.77	74.79
	7287.04	132.74	433.66	6986.12	4332.91	2653.21	3007.17
Previous Year	(7288.79)	(72.04)	(73.79)	(7287.04)	(4279.87)	(3007.17)	(3357.80)
Capital Work-in-Progress (b)						6.14	14.87

Notes : (a) Cost of Buildings includes revaluation of Rs. 235.00 lakhs (Previous year Rs. 235.00 lakhs) (See Note 6).

(b) Capital Work-in-progress includes – Advances for Capital Expenditure Rs. 6.14 lakhs (Previous year Rs. 1.52 lakhs).

(c) Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. 37.18 lakhs (Previous year Rs. 9.97 lakhs).

**Schedules attached to and forming part of the Balance Sheet
as at 31st March, 2010**

SCHEDULE "E"

CURRENT ASSETS:

(A) Inventories: As valued and certified by the Management

(At lower of cost or net realisable value)

	Rs. in lakhs	As at 31st March, 2010 Rs. in lakhs	As at 31st March, 2009 Rs. in lakhs
(i) Raw Materials	1074.02		972.95
(ii) Finished Goods	625.09		613.99
(iii) Work-in-progress	184.90		158.37
(iv) Stores	86.28		88.59
(v) Goods-in-Transit	167.51		513.89
(vi) Scrap	17.96		32.82
		2155.76	2380.61

(B) Sundry Debtors – Unsecured

Outstanding for a period exceeding six months:	542.18		710.42
Others	4404.15		3850.23
	4946.33		4560.65
Less: Debts considered doubtful and provided for	199.26		190.25
Balance – Considered good		4747.07	4370.40

(C) Cash and Bank Balances

(i) Cash in Hand	1.76		2.74
(ii) Balances with Scheduled Banks			
In Current Account	199.50		247.37
In Deposit Account	2128.19		2018.03
(iii) Remittances in Transit	46.22		59.38
		2375.67	2327.52
		9278.50	9078.53

**Schedules attached to and forming part of the Balance Sheet
as at 31st March, 2010**

SCHEDULE “F”

LOANS AND ADVANCES

(Unsecured Considered Good unless otherwise specified)

	As at 31st March, 2010 Rs. in lakhs	As at 31st March, 2009 Rs. in lakhs
Advances recoverable in cash or in kind or for value to be received	190.29	207.64
Amounts receivable	6.48	22.26
Balances with Excise	76.96	65.71
Receivable in respect of non-core activities (Net) (See Note 7)	245.74	245.74
	<u>519.47</u>	<u>541.35</u>
<i>Less: Advances considered doubtful & provided for</i>	-	1.64
Balance – Considered good	<u>519.47</u>	<u>539.71</u>

SCHEDULE “G”

CURRENT LIABILITIES AND PROVISIONS:

(A) Current Liabilities:

Sundry Creditors – Others	2429.31	2764.32
Micro, Small & Medium enterprises (See Note 8)	-	-
Advances received for value to be given	87.10	101.16
Investor Education and Protection Fund shall be credited by the following amounts:		
– Unclaimed/Unpaid dividend	6.09	4.05
Deposits from Customers and others	50.74	22.34
Due to Trustees of Gratuity Fund	32.86	17.02
	<u>2606.10</u>	<u>2908.89</u>

(B) Provisions:

Provision /(Advance) for Taxation (Net)	(21.90)	184.01
Provision for Unencashed Leave	175.80	136.82
Proposed dividend	328.35	197.01
Corporate tax on dividend	54.53	33.48
	<u>536.78</u>	<u>551.32</u>
	<u>3142.88</u>	<u>3460.21</u>

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2010

SCHEDULE "1"

**INCREASE/(DECREASE) IN FINISHED GOODS,
WORK-IN-PROGRESS & SCRAP:**

Stock at Close:

	Rs in lakhs	For the year ended 31st March, 2010 Rs. in lakhs	For the year ended 31st March, 2009 Rs. in lakhs
Finished Goods	625.09		613.99
Work-in-Progress	184.90		158.37
Scrap	17.96		32.82
		827.95	805.18

Stock at Commencement:

Finished Goods	613.99		1104.65
Work-in-Progress	158.37		228.66
Scrap	32.82		95.91
		805.18	1429.22
		22.77	(624.04)

SCHEDULE "2"

OTHER INCOME:

Miscellaneous Income		125.11	163.78
Insurance Claims		1.06	-
Rent		11.87	3.96
Interest from Banks and others (Tax deducted at source Rs. 23.42 lakhs, Previous Year Rs. 21.13 lakhs)		221.31	100.30
Income from Investment		-	6.42
Profit on Fixed Assets sold/scrapped (Net)		19.17	3.05
		378.52	277.51

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2010

SCHEDULE “3”

MATERIALS:

Raw Materials consumed
Purchase of Goods
Stores and Spares consumed

**For the year
ended 31st
March, 2010
Rs. in lakhs**

10967.85
-
148.63
11116.48

For the year
ended 31st
March, 2009
Rs. in lakhs

10556.05
35.45
154.26
10745.76

SCHEDULE “4”

EXPENSES:

Salaries, Wages and Bonus
Contribution to Provident & Other Funds
Staff Welfare
Processing/Fabrication Charges
Non-core related expenses
Power, Fuel and Water Charges
Rent
Rates and Taxes
Insurance
Repairs to Plant and Machinery
Repairs to Building
Packing Materials, Forwarding etc.
Directors’ Remuneration
Commission on Sales
Miscellaneous Expenses
Charges/(Recovery) on realisation of non-core assets
Bad debts written off
Provision for Doubtful Debts

1104.48
74.06
75.21
137.75
-
1170.82
28.10
6.67
14.95
48.04
7.41
922.70
38.72
181.36
372.51
-
58.43
9.01
4250.22

954.31
67.91
68.43
153.98
19.16
969.20
23.94
4.95
17.18
42.95
6.13
906.78
38.75
185.92
319.30
(19.16)
23.12
13.08
3795.93

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2010

SCHEDULE "5"

ADDITIONAL INFORMATION PURSUANT TO PARAGRAPHS 3, 4C AND 4D OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

(A) QUANTITATIVE INFORMATION IN RESPECT OF EACH CLASS OF GOODS MANUFACTURED

(All figures in 000's)

Sr. No.	ITEM	Licensed Capacity M.T. Per Annum	Installed Capacity Per Annum (c) Kgs.	Actual Production (c) Kgs.	OPENING STOCK		PURCHASE		CLOSING STOCK		SALES			Value Rs.
					Qty. Kgs.	Value Rs.	Qty. Kgs.	Value Rs.	Qty. Kgs.	Value Rs.	Nos.	Sq. Mtrs.	Mtrs.	
1	Rigid & Flexible PVC Sheet	21720 (a) (23220)	24360 (25860)	16774 (15420)	851 (1251)	55985 (94310)	- (39)	- (3545)	839 (851)	56543 (55985)	14496 (13359)	13 (7)	8180 (8409)	1670395 (1617077)
2	Plastic Extruded Sheets & Films	420 (b) (420)	420 (b) (420)	51 (223)	52 (122)	2432 (8777)			33 (52)	869 (2432)	28 (71)	1 (6)	24 (103)	7268 (34020)
3	Hollow Plastic Corrugated Boards	1050 (1050)	1050 (1050)	792 (523)	47 (93)	2982 (7378)			64 (47)	5097 (2982)	115 (55)	1289 (1046)	82931 (64087)	
4	Sundry/Scrap sales												17774 (21705)	1778368 (1736889)
													TOTAL	

Notes:

- (a) Includes 20400 (21900) M.T. per annum exempted from the licensing provisions.
- (b) Single Shift basis.
- (c) As certified by Works Manager.
- (d) Figures in brackets denote figures for previous year.

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2010

SCHEDULE "5" (Contd.)

	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
	Quantity M.T.	Value Rs. in lakhs	Quantity M.T.	Value Rs. in lakhs
(B) RAW MATERIALS CONSUMED				
Resins	14805	7442.63	13457	7215.83
Plasticizers	1178	747.32	1093	787.12
Polypropylene	793	554.39	577	381.44
Others		2223.51		2171.66
		10967.85		10556.05
(C) BREAK UP OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED				
	Value Rs. in lakhs	Percentage to total Consumption	Value Rs. in lakhs	Percentage to total Consumption
Raw Materials - Imported	3634.03	33.13	3016.68	28.58
Raw Materials - Indigenous	7333.82	66.87	7539.37	71.42
	10967.85	100.00	10556.05	100.00
Spares Parts - Imported	9.44	6.35	16.20	10.50
Spares Parts - Indigenous	139.19	93.65	138.06	89.50
	148.63	100.00	154.26	100.00
(D) VALUE OF IMPORTS ON C.I.F. BASIS				
Raw Materials		3286.06		2653.97
Spares		5.77		15.09
Capital Goods		5.05		14.49
Goods purchased		-		26.10
(E) EXPENDITURE IN FOREIGN CURRENCY				
Travelling Expenses		8.59		4.46
Commission		63.26		27.36
Others		2.46		5.13
(F) EARNINGS IN FOREIGN EXCHANGE				
Export of Goods on F.O.B. Basis		2344.57		2517.50
Export of Marketing Services		51.89		42.69
(G) AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND				
(a) No. of Shareholders		1		1
(b) No. of shares held		6698325		6698325
(c) Amount remitted		100.47		66.98
(d) Year to which dividend relates		2008-2009		2007-2008

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date

	Year ended/ as on 31st March, 2010 Rs. in lakhs	Year ended/ as on 31st March, 2009 Rs. in lakhs
SCHEDULE "6"		
NOTES ON ACCOUNTS:		
1. Miscellaneous Income (Schedule 2)/ Miscellaneous Expenses (Schedule 4) include:		
– Foreign exchange gains/(loss) (net)	38.51	88.45
2. Other remuneration to Managing Director		
(1) Contribution to Provident & Other Funds	9.20	9.15
(2) Performance bonus	2.00	–
(3) Reimbursement of medical expenses & leave travel expenses	1.32	–
3. Payment to Auditors:		
(1) Audit Fee	8.00	6.00
(2) For Other Services	1.00	0.85
(3) Reimbursement of Expenses	1.50	1.20
4. Contingent Liabilities:		
(a) (i) Demands of Excise authorities which are disputed in appeals by the Company	453.06	458.06
(ii) Appeals filed by Excise authorities in the Supreme Court of India against orders passed by CESTAT in favour of the Company	251.19	251.19
(iii) Other excise demands	154.71	154.71
(b) Demands of income tax authorities which are disputed in appeals by the Company and not provided for	2326.72	–
(c) Claims against the Company not acknowledged as debts - estimated	323.92	307.15
5. Bank of Maharashtra has sanctioned working capital facilities which are secured by hypothecation of stocks and book debts and by a charge by way of an equitable mortgage by deposit of title deeds over the following immovable properties of the Company:		
– Plot No. 76, MIDC Industrial Estate, Satpur, Nasik.		
– Plot Nos. C-13 and C-16, Wagle Industrial Estate, Thane.		
– Office blocks admeasuring 5640 sq.ft. at Block 'D', Shivsagar Estate, Worli, Mumbai.		
6. During the year ended 31st December, 1997 the Company revalued its Head Office premises resulting in net increase in value of buildings by Rs. 448.50 lakhs which was credited to Revaluation Reserve. On a review of the value of the premises on current basis and based on a valuation report, the Company wrote down the revalued amount by Rs. 160 lakhs (net) during the period ended 31st March, 2004.		
Depreciation in respect of the said premises has been computed on the adjusted value after taking into consideration its revised balance life as per the Valuation Report. Proportionate depreciation on revaluation amounting to Rs. 12 lakhs (Previous year Rs. 12 lakhs) has been transferred to the Profit and Loss Account from the Revaluation Reserve.		
7. In terms of the agreement with Kalpataru Ltd (KL) (formerly known as Kalpataru Homes Ltd) for disposal of assets of the activities identified as non-core (referred to as non-core assets) the Company is yet to realise an amount of Rs. 245.74 lakhs. The delay in the realisation is on account of the pendency of arbitration proceedings. As the realisation of this amount is underwritten by KL, the management is confident of full recovery of non-core dues in due course.		

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date

8. Suppliers/Service providers covered under Micro, Small and Medium Enterprises Development Act, 2006 have not furnished the information regarding filing necessary memorandum with the appropriate authority. In view of this, information required to be disclosed under Section 22 of the said Act is not given.

9. Segment Reporting as per AS 17:

The Company is engaged mainly in processing of plastic polymers and after considering the nature of raw materials, class of customers and the methods of sales & distribution of the products, the Board is of the considered view that the Company's products are covered under a single reportable segment as per Accounting Standard on Segment Reporting (AS 17) issued by ICAI.

10. Related Party Disclosure as per AS 18:

(i) List of Related Parties:

(a) Enterprise where control exists

Holding Company:

- INEOS Films GmbH
- INEOS Vinyls Deutschland GmbH
- INEOS Vinyls Deutschland GmbH & Co. KG
- INEOS Films Limited
- INEOS Vinyls Limited
- INEOS Vinyls Holdings Limited
- Hawkslease Finance Company Limited
- INEOS Vinyls Group Limited
- INEOS Holdings Limited
- INEOS Group Holdings Plc
- INEOS Intermediate Holdings Limited
- INEOS Investment Holdings Limited
- INEOS Group Limited

(b) Related parties with whom the Company had transactions including Fellow subsidiaries

- INEOS Films GmbH
- INEOS Vinyls UK Limited
- INEOS Films Limited
- INEOS Films Italia SRL
- INEOS Films Staufen GmbH
- INEOS Vinyls Sales GmbH
- INEOS Melamines

(c) Indian Promoters: Mr. M.P. Munot, Director and Mr. S.K. Dalmia, their relatives and their associate companies.

(ii) Relationship:

- (a) INEOS Films GmbH, which is part of Ineos group, hold 51% of the Share Capital of the Company.
- (b) Indian Promoters hold in aggregate over 17% of the Share Capital of the Company.

(iii) Key Management Personnel

- (a) Mr. R. Balasubramanian - Managing Director
- (b) Mr. David Thompson - Director (Upto 27th January, 2010)
- (c) Mr. Steve Reynolds - Director

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date

	Year ended/ as on 31st March, 2010 Rs. in lakhs	Year ended/ as on 31st March, 2009 Rs. in lakhs
(iv) Transactions during the year with related parties - Nature of transaction		
(a) Purchases of materials and others		
– INEOS Films GmbH*	8.62	12.69
– INEOS Vinyls UK Limited*	4.34	78.81
– INEOS Vinyls Sales GmbH	236.04	294.79
– INEOS Films Staufen GmbH	0.17	0.17
Purchases of machineries		
– INEOS Films SPA	–	9.38
(b) Income from Export of Marketing Services		
– INEOS Melamines	38.89	35.12
– INEOS Films Limited*	2.50	–
– INEOS Films Italia S R L	10.50	–
– INEOS Vinyls UK Limited*	–	7.57
(c) Commission expenses on Export Sales		
– INEOS Films Limited*	38.20	–
– INEOS Vinyls UK Limited*	–	35.97
(d) Reimbursement of expenses		
– INEOS Films GmbH*	0.10	–
– INEOS Films Staufen GmbH	0.14	–
*Enterprise where control exists		
(e) Managerial remuneration of Mr. R. Balasubramanian-Managing Director		
(i) Gross salary including perquisites	41.74	38.33
(ii) Contribution to Provident and Other Funds	9.20	9.15
The above figures exclude provision for gratuity and leave encashment which are actuarially determined on an overall company basis.		
(f) Interest Income - Indian Promoters		
– Kalpataru Limited	14.70	14.70
(g) Sundry Creditors as at year end	27.78	99.46
11. Disclosure of Leases as per AS 19:		
The Company has various operating leases for offices, godowns and residential premises for employees that are renewable on a periodic basis and cancellable at its option. Rental expenses for operating leases recognised in the Profit and Loss Account for the year is Rs. 28.10 lakhs (Previous year Rs. 23.94 lakhs). Company does not have any non-cancellable operating leases as on date.		
12. Earning per Share as per AS 20:		
(i) Net Profit available for equity shareholders	502.25	334.94
(ii) No. of equity shares	13133971	13133971
(iii) Basic & Diluted Earning per share (Face value of Rs. 10 each) in Rs.	3.82	2.55
13. Accounting for Taxes on Income as per AS 22:		
Deferred tax assets/liability(-) is as under:		
(i) Difference between book and tax depreciation	(316.05)	(341.43)
(ii) Deduction allowable on payment basis under the Income Tax Act.	164.32	219.21
(iii) Provision for doubtful debts & advances	67.73	65.22
Total	(84.00)	(57.00)

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date

14. Details of movement in provision in accordance with AS 29:

	Opening balance Rs. in lakhs	Provision for the year Rs. in lakhs	Provision reversed/ paid/adjusted Rs. in lakhs	Closing balance Rs. in lakhs
Provision/(Advance) for taxation (net)	184.01	775.00	980.91	(21.90)
Proposed dividend	197.01	328.35	197.01	328.35
Corporate tax on dividend	33.48	54.53	33.48	54.53
Provision for doubtful debts/advances	191.89	9.01	1.64	199.26
Others	77.95	0.00	0.00	77.95

Outflow in respect of above provisions (other than Proposed dividend & Corporate tax on dividend) both timing and certainty would depend on development or outcome of these events.

Year ended/ as on 31st March, 2010 Rs. in lakhs	Year ended/ as on 31st March, 2009 Rs. in lakhs	Year ended/ as on 31st March, 2010 Rs. in lakhs	Year ended/ as on 31st March, 2009 Rs. in lakhs
--	--	--	--

15. EMPLOYEE BENEFITS AS PER AS 15:

(A) Contribution to Defined Contribution Plan recognised in the Profit and Loss Account are as under:

(i) Employer's contribution to Provident/Pension Fund	53.46	49.48
(ii) Employer's contribution to Superannuation Fund	10.48	9.66

(B) The Company operates Defined Benefit Plan for

- (i) Employees gratuity scheme which is funded and
(ii) Employees leave encashment scheme which is not funded

The disclosures in relation thereto are as under:

	Gratuity	Gratuity	Leave encashment	Leave encashment
(a) Reconciliation of opening and closing balances of obligation				
Present value of obligation as at the beginning of the year	288.76	266.24	136.82	109.16
Interest cost	22.67	20.42	10.02	7.88
Current service cost	22.67	21.15	15.81	12.32
Benefits paid	(10.81)	(21.93)	(23.09)	(21.34)
Actuarial (gain)/loss on obligation	44.68	2.88	36.24	28.80
Present value of obligation as at the end of the year	367.97	288.76	175.80	136.82
(b) Reconciliation of opening and closing balances of fair value of plan assets				
Fair value of plan assets as at the beginning of the year	251.98	243.86	-	-
Expected return on plan assets	24.29	20.63	-	-
Contribution	36.78	22.38	-	-
Benefits paid	(10.81)	(21.93)	-	-
Actuarial gain/(loss) on plan assets	33.11	(12.96)	-	-
Fair value of plan assets as at the end of the year	335.35	251.98	-	-
(c) Reconciliation of fair value of assets and obligation				
Present value of obligation as at the end of the year	367.97	288.76	175.80	136.82
Fair value of Plan assets as at the end of the year	(335.35)	(251.98)	-	-
Amount recognised in the Balance sheet	32.62	36.78	175.80	136.82
(d) Expense recognised during the year				
Current service cost	22.67	21.15	15.81	12.32
Interest cost	22.67	20.42	10.02	7.88
Expected return on plan assets	(24.29)	(20.63)	-	-
Actuarial (gain)/loss	11.57	15.84	36.24	28.80
Service cost net of contribution	-	-	-	-
Expenses recognised during the year	32.62	36.78	62.07	49.00
(e) Actuarial assumptions (per annum)				
Discount rate	8%	8%	8%	8%
Expected return on plan assets	8%	8%	-	-
Salary escalation	8%	6%	8%	6%

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date

16. ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

I. Registration details:	
Company Identification No.	L29150MH1946PLC004877
State Code	11
Balance Sheet Date	31-03-2010
II. Capital raised during the year: (Amount in Rs. Thousands)	
Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
III. Position of Mobilisation and Deployment of Funds: (Amount in Rs. Thousands)	
Total Liabilities	931444
Total Assets	931444
Sources of Funds:	
Paid-up Capital	131340
Reserves & Surplus	791704
Secured Loans	0
Unsecured Loans	0
Deferred Tax	8400
Application of Funds:	
Net Fixed Assets	265935
Investments	0
Net Current Assets	665509
Miscellaneous Expenditure	0
Accumulated Losses	0
IV. Performance of Company: (Amount in Rs. Thousands)	
Turnover	1778368
Total Expenditure	1647943
Profit Before Tax	130425
Profit After Tax	50225
Earning Per Share (In Rs.)	3.82
Dividend Rate (In %)	25.00
V. Generic Names of Three Principal Products/Services of Company (As per Monetary terms)	
Item Code Nos. (ITC Code)	Product Description
(i) 392041.00	PVC Films & Sheeting - Rigid
(ii) 392042.00	PVC Films & Sheeting - Flexible
(iii) 391690.27	Polypropylene Boards

Schedules attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date

17. SIGNIFICANT ACCOUNTING POLICIES:

- (a) **System of Accounting:**
The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, mandatory Accounting Standards notified by the Companies (Accounting Standards) Rule, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The management has made certain estimates and assumptions in conformity with the GAAP in the preparation of these financial statements. The difference between actual results and estimates are recognised in the period in which the results are known.
- (b) **Fixed Assets:**
Fixed Assets are stated at cost of acquisition or construction except head office building which is stated at its revalued amount. All costs including financing costs if any, till commencement of commercial production are capitalised. In respect of assets acquired under lease, lease rentals paid are charged to the Profit and Loss Account. Assets under disposal are stated at lower of cost or net realisable value.
Intangible assets comprising of Computer software are amortised over a period of five years.
- (c) **Depreciation:**
Depreciation has been calculated as per Schedule XIV of the Companies Act, 1956. Depreciation on main Plant & Machinery is provided on SLM basis and depreciation on all other assets is provided on WDV basis. Depreciation on revaluation is adjusted against Revaluation Reserve.
- (d) **Inventories:**
Inventories are valued at the lower of cost or net realisable value. Cost is arrived on weighted average basis and includes allocable production/administrative overheads and excise duty, where applicable.
- (e) **Investments:**
Long term investments are carried at cost. Current investments are carried at the lower of cost or quoted/fair value, computed category wise.
- (f) **Transactions in foreign currency:**
Transactions in foreign currency are recognised at the rate ruling on the date of transaction. Foreign Currency assets and liabilities are translated at the rates ruling at the year end. Exchange differences arising from such transactions are dealt with in the Profit & Loss Account.
- (g) **Sales:**
Sale of goods is recognised on shipments or despatches to customers. Gross sales include excise duty, but exclude sales tax and are net of incentives, discounts and rebates.
- (h) **Retirement Benefits:**
Liability for gratuity and unencashed leave are provided based on actuarial valuation.
- (i) **Impairment of assets:**
The carrying amount of assets is reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exist, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating units exceeds its recoverable amount.
- (j) **Taxes on income:**
Tax expense comprises both current and deferred tax at the applicable enacted/substantively enacted rates. Current tax represents the amount of income tax payable in respect of the taxable income and wealth tax for the reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed as at each Balance Sheet date to reassess realisation.
- (k) **Provisions and Contingencies:**
Provisions are recognised when the Company has a legal and constructive present obligation as a result of past event for which it is probable that outflow of resources will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when there is a possible obligation that may result in an outflow of resources. Contingent assets are neither recognised nor disclosed.

18. Previous year figures have been regrouped/recast wherever necessary.

As per our report attached
for M. P. CHITALE & CO.
Chartered Accountants

MURTUZA VAJIHI
Partner

K. R. VISWANATHAN
*V. P. (Finance) &
Company Secretary*

M. P. MUNOT
R. BALASUBRAMANIAN

Chairman
Managing Director

R. K. KULKARNI
N. PANCHAL
D. N. MUNGALÉ

} *Directors*

Mumbai,
Dated : 28th May, 2010

Cash Flow Statement for the year ended 31st March, 2010

	For the year ended 31st March, 2010 Rs. in lakhs	For the year ended 31st March, 2009 Rs. in lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax	1304.25	511.94
Adjustments for:		
Normal depreciation	371.73	406.95
Loss/(Profit) on Fixed Assets sold/scrapped (net)	(19.17)	(3.05)
Interest	0.41	1.58
Operating Profit before working capital changes	1657.22	917.42
Changes in:		
Trade & other receivables	(356.43)	(197.48)
Inventories	224.85	458.24
Trade Payables	(469.72)	380.95
CASH GENERATED FROM OPERATIONS	1055.92	1559.13
Interest	(0.41)	(1.58)
Direct taxes paid	(775.00)	(224.00)
NET CASH FROM OPERATING ACTIVITIES (A)	280.51	1333.55
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(124.01)	(83.75)
Sale of Fixed assets	122.14	6.75
Sale/ (Purchase) of Investments (Net)	0.00	201.37
NET CASH USED IN INVESTING ACTIVITIES (B)	(1.87)	124.37
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(230.49)	(153.67)
NET CASH USED IN FINANCING ACTIVITIES (C)	(230.49)	(153.67)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	48.15	1304.25
CASH & CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR	2327.52	1023.27
CASH & CASH EQUIVALENTS AS AT THE END OF THE YEAR	2375.67	2327.52
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	48.15	1304.25

As per our report attached
for M. P. CHITALE & CO.
Chartered Accountants

M. P. MUNOT
R. BALASUBRAMANIAN

Chairman
Managing Director

R. K. KULKARNI
N. PANCHAL
D. N. MUNGALE

Directors

MURTUZA VAJIHI
Partner

K. R. VISWANATHAN
V. P. (Finance) &
Company Secretary

Mumbai,
Dated : 28th May, 2010

Our Products and their Uses

1. **SUNBLIS:**
PVC Rigid film ideally suited for packaging of pharmaceutical products, food products and other specific products.

2. **SUNDENE:**
PVDC Coated PVC Film for high barrier requirements. Excellent material for packing hygroscopic pharmaceutical products.

3. **SUNVIC:**
Rigid PVC films are used for a variety of specialised market, like stationery, batteries, cards, etc.

4. **SUNFLEX:**
Flexible PVC Sheeting produced in a wide range of colours, embossing designs and prints.

Uses: Tablecovers, rain coats, windsheaters, marine jackets, curtains, handbags, diary covers, folders and other stationery items, air balloons, anti static covers, cable and other industrial uses.

5. **SUNLAC, SUNSTRENE, SUNTHENE & SUNLENE:**
Extruded sheets in various polymers such as ABS, HIPS, HDPE & PP for industrial applications.

6. **SUNPAC:**
Flute Board.

Uses: For packaging, publicity, temporary shelters, partitions, light diffuser, panelling and advertising purposes.

7. **SUN BOARD:**
Rigid PVC Foam Board used for Building Industry for panelling, partitions and also for advertising purposes.

Our Exports

The following are among the countries, we have been exporting to:

ARGENTINA	EL-SALVADOR	KENYA	PARAGUAY	TANZANIA
AUSTRALIA	ETHIOPIA	KUWAIT	PHILIPPINES	UAE
BAHRAIN	GHANA	MADAGASCAR	SAUDI ARABIA	UGANDA
BANGLADESH	GREECE	MALAYSIA	SOUTH AFRICA	VIETNAM
BRAZIL	GUATEMALA	MAURITIUS	SRI LANKA	YEMEN
COLUMBIA	ITALY	NIGERIA	SUDAN	
EGYPT	JORDAN	PERU	SYRIA	

Financial Position at a Glance

(Rupees in lakhs)

	31.12.2000	31.12.2001	31.12.2002	31.03.2004 (15 Months)	31.03.2005	31.03.2006	31.03.2007	31.03.2008	31.03.2009	31.03.2010
WE OWNED										
Fixed Assets	3317.04	2851.05	2469.34	2156.45	2065.87	2119.61	3466.98	3360.94	3022.04	2659.35
Investments	34.42	23.40	-	-	-	-	200.00	201.37	-	-
Inventories	3033.46	1952.68	2276.62	2054.61	2114.29	2363.88	2761.93	2838.85	2380.61	2155.76
Receivables	2801.31	2804.65	3377.65	3488.35	3854.84	3624.64	3902.23	4118.37	4571.11	4747.07
Liquid Funds	301.13	444.30	572.37	1738.07	1425.34	2448.02	1265.70	1023.27	2324.11	2375.67
Advances	1597.33	1048.23	1002.61	608.97	431.90	371.76	632.43	584.29	332.44	519.47
	11084.69	9124.31	9698.59	10046.45	9892.24	10927.91	12229.27	12127.09	12630.31	12457.32

WE OWNED

Institutional Loans	1865.94	581.37	655.88	695.65	-	-	-	-	-	-
Other Loans	512.45	-	-	-	-	-	-	-	-	-
Payable & Provisions	2416.45	2066.86	2190.48	2160.86	1790.51	2271.40	3059.11	2942.80	3276.75	2844.00
Dividends	-	-	-	-	-	149.76	153.67	153.67	230.49	382.88
	4794.84	2648.23	2846.36	2856.51	1790.51	2421.16	3212.78	3096.47	3507.24	3226.88

NET WORTH

Share Capital	1313.40	1313.40	1313.40	1313.40	1313.40	1313.40	1313.40	1313.40	1313.40	1313.40
Reserves & Surplus	7419.97	6888.97	6870.97	6690.47	6794.63	7193.35	7703.09	7717.22	7809.67	7917.04
Others	(2443.52)	(1726.29)	(1332.14)	(813.93)	(6.30)	-	-	-	-	-
	6289.85	6476.08	6852.23	7189.94	8101.73	8506.75	9016.49	9030.62	9123.07	9230.44
	11084.69	9124.31	9698.59	10046.45	9892.24	10927.91	12229.27	12127.09	12630.31	12457.32

What We Earned and Spent

EARNINGS	10577.00	9926.41	10892.34	15154.79	14191.84	14223.01	14609.73	14642.02	17022.36	18184.97
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OUTGOINGS:

Materials	5491.27	4782.21	5955.05	8333.12	8432.20	8193.98	8466.85	8910.59	10745.76	11116.48
Excise	1319.60	1124.57	1287.64	1828.68	1754.19	1777.74	1746.87	1792.23	1560.20	1141.88
Expenses	3923.45	3441.82	2856.36	3932.09	3131.62	3270.37	3274.96	3231.13	3797.51	4250.63
Depreciation	416.25	388.60	382.54	475.17	314.69	278.14	301.67	418.27	418.95	383.73
Trf. from revaluation reserve	(26.25)	(18.00)	(18.00)	(20.50)	(12.00)	(12.00)	(12.00)	(12.00)	(12.00)	(12.00)
	11124.32	9719.20	10463.59	14548.56	13620.70	13508.23	13778.35	14340.22	16510.42	16880.72

Profit/(Loss) before extraordinary items & tax

Profit/(Loss) before extraordinary items & tax	(547.32)	207.21	428.75	606.23	571.14	714.78	831.38	301.80	511.94	1304.25
Extraordinary income/(expense)	222.87	(122.32)	(20.33)	(99.14)	361.55	(6.30)	197.03	-	-	-
Tax Provision	-	-	2.60	2.60	28.10	148.00	353.00	122.00	177.00	802.00
Net Profit/(Loss)	(324.45)	84.89	405.82	504.49	904.59	560.48	675.41	179.80	334.94	502.25
Dividends	-	-	-	-	-	149.76	153.67	153.67	230.49	382.88
	(324.45)	84.89	405.82	504.49	904.59	410.72	521.74	26.13	104.45	119.37

caprihans

INDIA LIMITED

Regd. Office: Block D, Shivsagar Estate, Dr. Annie Besant Road,
Worli, Mumbai 400 018.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint Shareholders may obtain additional Attendance Slips on request. (Ref. Folio No., DP. Id., Client Id., Name of the Shareholder/Joint holders as given on the mailing slip to be furnished below.)

FOLIO NO.:

DP. Id*:

Client Id*:

NAME OF THE SHAREHOLDER:

I hereby record my presence at the 64th Annual General Meeting of the Company at the Ravindra Natya Mandir, Mini Theatre, 3rd Floor, Near Siddhivinayak Temple, Sayani Road Prabhadevi, Mumbai 400 025 on Monday, the 27th September, 2010.

Signature of the

Shareholder or Proxy

NOTE:

Shareholders/Proxy holders are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after affixing their signatures.

FORM OF PROXY

(Ref. Folio No., DP. Id., Client Id., Name of the Shareholder/Joint holders & address as given on the mailing slip to be furnished below):

FOLIO NO.:

DP. Id*:

Client Id*:

I/We of
being a member/members of CAPRIHANS INDIA LIMITED hereby appoint
..... of
or failing him
of or failing him
of as my/our proxy to vote for me/us and
on my/our behalf at the 64th Annual General Meeting of the Company to be held on Monday, the 27th September, 2010 at
4.00 p.m. or any adjournment or adjournments thereof.

As witness my/our hand(s) this day of 2010.

Affix a
15 Paise
Revenue
Stamp

Signed by the said

* Applicable for investors holding shares in electronic form.

NOTE: The Proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

BOOK POST

If not delivered, please return to:

CAPRIHANS INDIA LIMITED
Block-D, Shivsagar Estate,
Dr. Annie Besant Road,
Worli, Mumbai 400 018.