

**20th ANNUAL
REPORT
2000-2001**



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KAPPAC
PHARMA LIMITED



Kappac Pharma Limited

BOARD OF DIRECTORS

SHRI R.S. SODHANI	Executive Director
SHRI GOPALDAS K. MANTRI	Director
SHRI SANJAY KOTHARI	Director
SHRI VIJAY LAKHOTIA	Director

BANKERS

CENTRAL BANK OF INDIA - WORLI, MUMBAI.
BANK OF MAHARASHTRA - WORLI, MUMBAI.
BANK OF MAHARASHTRA - PALGHAR

AUDITORS

L.C. JAIN & CO.
Chartered Accountants

REGISTERED OFFICE

PARIJAT HOUSE, 2ND FLOOR,
1076, Dr. E. MOSES ROAD,
WORLI, MUMBAI - 400 018.

FACTORY

PLOT NO. 24,
DEWAN & SONS UDYOG NAGAR, PHASE I,
VILLAGE ALIYALI,
PALGHAR,
DIST. THANE - 401 404.



Kappac Pharma Limited

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of KAPPAC PHARMA LIMITED will be held on Saturday 22nd December 2001 at 1.00 p.m. at SHREE S. K. SOMANI MEMORIAL HALL, Hindi Vidya Bhavan, 79, Marine Drive, Mumbai - 400 020 to transact the following business :-

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 2001. Profit & Loss Account for the year ended on that date of the Company and the report of the Directors and Auditors thereon.
2. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

3. To consider and if thought fit to pass with or without modification. The following resolution as an ordinary resolution.

RESOLVED THAT pursuant to sections 269, 309 and all other applicable provisions if any of the Companies Act, 1956. The approval of the Company be and is hereby accorded to the appointment of Shri R.S. Sodhani who was appointed by the Board of Directors as Managing Director with effect from 1st October, 2001 for a period of 3 years i.e. 01.10.2001 to 30.09.2004 upon the terms & conditions (including the remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the aforesaid period), set out in the explanatory statement annexed to the notice.

3. The register of Members and the Share transfer book of the Company will remain closed from Tuesday 18th December 2001 to Saturday, 22nd December, 2001 (both days inclusive).

4. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.

5. Members are requested to :

(1) Quote Folio Number in all correspondence with the Company.

(2) Notify immediately any change in address with Pin Code Number to the Company or Share Transfer Registrar as address given below :

ADROIT CORPORATE SERVICES PVT. LTD.,
19, JAFERBHOY INDUSTRIAL ESTATE,
1ST FLOOR, MAKWANA ROAD, MAROL
NAKA, ANDHERI (E), MUMBAI - 59.

(3) Write to the Company at least 15 days in advance if they desire further information or accounts at the meeting, so as to enable the Company to keep the information ready.

(4) Bring this copy of the Annual Report and the Attendance slip with them to the Annual General Meeting.

For & on behalf of Board of Directors

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. The instrument appointing Proxy should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

R.S. Sodhani
Executive Director

Place : Mumbai,
Date : 23rd October, 2001.



EXPLANATORY STATEMENT

Pursuant to Section 173 (2) of the Companies Act, 1956
in respect of the business of Item No. 3

Item No. 3

Shri R.S. Sodhani, who was appointed as a Managing Director (Previously as an Executive Director). The Board of Directors are of the opinion that Shri R.S. Sodhani with his vast knowledge, experience and insight will continue to make valuable contributions to the future growth and prosperity of the Company. The Board, therefore, recommends the resolution at Item No. 3 for approval of the following terms and conditions.

- a) Salary : Rs. 15,000/- per month.
b) Perquisites : In addition to the above the Managing Director will be entitled for the following perquisites.

CATEGORY A :

This will comprise House Rent Allowance, Leave Travel Concession, Medical reimbursement and personal accident insurance. These may be provided as under :-

- | | |
|----------------------------------|--------------------------|
| i) Housing | : Rs. 5,000/- per month |
| ii) Education | : Rs. 500/- per month |
| iii) News paper allowance | : Rs. 500/- per month |
| iv) Library | : Rs. 500/- per month |
| v) Medical Reimbursement | : Rs. 15,000/- per annum |
| vi) Leave Travel Concession | : Rs. 15,000/- per annum |
| vii) Personal Accident Insurance | : Rs. 15,000/- per annum |

CATEGORY B :

- | | |
|------------------------------|--------------|
| i) Contribution to PF. @ 12% | |
| ii) Gratuity | As per Rules |
| iii) Bonus | As per Rules |

CATEGORY C :

Provision of car for use of Company's business and telephone at residence will not be considered as

perquisites. Personal long distance calls on telephone and use of car for personal purpose shall be billed by the Company to the Managing Director.

Other terms :

- i) Managing Director shall be entitled to one month's privilege leave on full pay for every eleven months service.
- ii) Managing Director shall be entitled for reimbursement of all or any expenditure actually and properly incurred for Company's business. He shall not be entitled to any sitting fee for attending meeting of the Board of Directors or Committees thereof.
- iii) Subject to the superintendence and control of the Board of Directors of the Company, the Managing Director shall be responsible for the day to day management of the Company and shall carry out such duties as may be entrusted to him by the Board of Directors.
- iv) This appointment may be terminated by either party by giving to the other party three months notice in writing.
- v) Compensation for loss of office in case of any termination before 30th September, 2004 would be payable to him as per the provisions of the Companies Act, 1956.

The Board recommends the resolution for your approval.

This may be treated as an abstract of the appointment of Shri R.S. Sodhani, as Managing Director. None of the Directors except Shri R.S. Sodhani is concerned or interested in the Resolution.



Kappac Pharma Limited

DIRECTOR'S REPORT

To
The Members,

Your Directors are pleased to present the 20th Annual Report of the Company together with Audited Balance Sheet, Profit & Loss Account for the year ended 30th June, 2001.

FINANCIAL RESULTS :

Rupees in Lacs

	Current Year	Previous Year
Sales & Other Income	746.53	603.64
Processing charges for Job Work	27.56	23.56
Net Profit before depreciation	8.95	35.73
Less : Depreciation	8.07	6.82
Net Profit before Tax	0.88	28.91
Less : Provision for Taxation	2.56	13.70
Net Profit (Loss) for the year	(1.68)	15.21
Add : Profit brought forward from last year	83.20	77.35
Less : Proposed Dividend & Tax on Profit (Loss) carried forward to Balance Sheet	—	9.36
	81.52	83.20

WORKING :

Turnover increased by 19% from 603.64 Lacs to 746.53 Lacs and processing charges for Job Work is also increased by 14% from 23.56 Lacs to 27.56 Lacs. Despite the increase in Turnover, the tight competition in the market the Company has not maintained the rate of its products and reduced the prices for stand in the market in comparison to last year. Therefore, the profit margin came down. In overall the Company's output is satisfactory.

DIVIDEND :

In view of loss after provision for Taxation, your Directors regret their inability to recommend a Dividend.

DIRECTORS :

The term of office of SHRI R.S. SODHANI as an Executive Director, expires on 25th September, 2001. The Board of Directors appointed them as a Managing Director on such salary and other perquisites as has been set out in the explanatory statement annexed to the notice in the meeting held on 31st October, 2001 with effect from 1st October, 2001. The Company has also received the

necessary notice under section 257 of the Companies' Act, 1956 from a member signifying his intention to propose Shri R.S. Sodhani as a candidate for the office of the Director.

Dematerialisation of Equity Shares :

The Company has been entered into an agreement with Central Depository Services (India) Ltd. to facilitate the holding and transfer of shares (securities) in dematerialised form in CDS with effect from 16th May, 2001.

Appointment of Share transfer Agent :

The Company appointed M/s. Adroit Corporate Services Pvt. Ltd. as a share transfer agent of the Company with effect from 01.06.2001.

All the Shareholders are requested to send their Share transfers and changes in address and any correspondence regarding shares to M/s. Adroit Corporate Services Pvt. Ltd. as per address given below :-

19, Jaferbhoy Industrial Estate,
1st Floor, Makwana Road,
Marol Naka,
Andheri (East),
MUMBAI - 400 059.

Directors' Responsibility Statement :

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors' confirm that :

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation related to material departures;
2. Appropriate Accounting policies have been selected and applied consistently, and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2001 and of the Loss of the Company for the year ended 30th June, 2001;
3. Proper and sufficient care has been taken, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the



Kappac Pharma Limited

Companies Act, 1956, for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;

4. The annual accounts have been prepared on a going concern basis.

AUDITORS :

The Auditors, M/s. L.C. Jain & Company, Chartered Accounts, retire at the ensuing annual General Meeting and being eligible offer themselves for re-appointment.

ACKNOWLEDGEMENT :

Your Directors' acknowledge with gratitude the support and assistance extended by its Banks. The Directors also wish to acknowledge the sincere work or services rendered by the Executive Director, Senior Executives, Staff and Workers in all respects.

For & On behalf of Board of Directors

Place : Mumbai
Date : 23rd October, 2001

(R.S. SODHANI)
Executive Director

ANNEXURE TO THE DIRECTORS' REPORT

Information as per section 217 (1) (E) of the Companies Act, 1956 read with Companies (Disclosure of particulars) in the meeting of Board of Directors Rules 1988.

1) Energy Conservation Measures Taken —

The Company's Technical Department continuously monitors energy consumption in the plant and takes the corrective measures for conserving energy.

Disclosure of particulars with respect to conservation of energy.

i) Power & Fuel Consumption :

Electricity :	2000-2001	1999-2000
A. Purchased Units	240826	216681
B. Total Amount (Rs. in Lacs)	11.55	10.28
C. Others	Nil	Nil

2) Technology absorption —**i) Research & Development (R&D) —**

- A. Specific Areas in which QC carried by the Company

Development activities of the Company are directed towards energy conservation pollution Control and quality improvement. Research & Development efforts were carried out on several Areas extending from Raw Materials to product Quality improvement.

3) Foreign Exchange used & earned —

	2000-2001	1999-2000
Used for revenue import (Rs. in Lacs)	27.62	56.20
Earned (Rs. in Lacs)	Nil	Nil

- 4) Particulars of employees as required under Sub-Section (2A) of Section 217 of Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975.

Nil

Place : Mumbai
Date : 23rd October, 2001

For & On behalf of Board of Directors
(R.S. SODHANI)
Executive Director