



KAPPAC PHARMA LIMITED

23rd ANNUAL REPORT
2003 - 2004



BOARD OF DIRECTORS

SHRI R.S. SODHANI	Managing Director
SHRI GOPALDAS K. MANTRI	Director
SHRI VIJAY LAKHOTIA	Director
SHRI OMPRAKASH LAHOTI	Director

BANKERS

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

AUDITORS

S. G. KABRA & CO.
Chartered Accountants

REGISTERED OFFICE

8A, MOHATTA BHAVAN, 1ST FLOOR,
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 23rd Annual General Meeting of the Members of KAPPAC PHARMA LIMITED will be held on Tuesday 30th November, 2004 at 1.00 p.m. at 8A, Mohatta Bhawan, 1st Floor, Dr. E. Moses Road, Worli, Mumbai-400 018 to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2004. 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.
3. To appoint a Director in place of Shri Gopaldas K. Mantri who retire by rotation and being eligible offer to himself for re-appointment

4. SPECIAL BUSINESS :

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 reappointment of Shri R. S. Sodhani who was reappointed by the Board of Directors as Managing Director with effect from 1st October, 2004 for a period of 3 years i.e. 01-10-2004 to 30-09-2007 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.

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.
3. The register of Members and the Share transfer book of the Company will remain closed from Tuesday 23rd November, 2004 to Tuesday 30th November, 2004 (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 - 400 059.

- (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

Place : Mumbai,
Date : 15th October, 2004

R.S. Sodhani
Managing Director



Kappac Pharma Limited

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business of item No. 4.

Item No. 4

Shri R. S. Sodhani, retired as Managing Director of the Company w.e.f. 30-09-2004. 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. 4 for approval on the following terms and conditions.

- a) Salary : Rs. 18,000/- p.m.
 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. 6,000/- p.m.
 ii) Education : Rs. 1,000/- p.m.
 iii) News paper allowance : Rs. 1,000/- p.m.
 iv) Library : Rs. 1,000/- p.m.
 v) Medical Reimbursement : Rs. 18,000/- p.a.
 vi) Leave Travel Concession : Rs. 18,000/- p.a.
 vii) Personal Accident Insurance: Rs. 18,000/- p.a.

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, 2007 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.

For & on behalf of Board of Directors

Place : Mumbai,
 Date : 15th October, 2004

R.S. Sodhani
 Managing Director



DIRECTOR'S REPORT

To
The Members,

Your Directors are pleased to present the 23rd Annual Report of the Company together with Audited Balance Sheet, Profit & Loss Account for the year ended 31st March, 2004.

FINANCIAL RESULTS : (Rupees in Lacs)

	Current Year	Previous Year
Sales & Other Income	648.64	720.82
Processing charges for Job Work	23.69	31.37
Net Profit (Loss) before depreciation	9.32	(2.23)
Less : Depreciation	8.93	8.78
Profit (Loss) after depreciation	0.39	(11.01)
Add : Extra Ordinary item	0.87	—
(Diminuation in value of Investment)		
Profit (Loss) after Extra ordinary item	1.26	(11.01)
Less : Provision for Tax		
Deferred Tax credit	0.21	10.78
Profit (Loss) after tax	1.47	(0.23)
Add : Balance brought forward from last year	30.50	30.73
Balance carried forward to Balance Sheet	31.97	30.50

WORKING :

It can be seen from the Financial Result of the Company in overall the Company's output is satisfactory as company incurred a profit of Rs. 1.47 Lacs in comparison to previous year loss of Rs. (0.23).

DIVIDEND :

Your Directors regret their inability to recommend a Dividend.

DIRECTORS :

Shri Gopaldas K. Mantri retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

Shri R. S. Sodhani retired as Managing Director of the Company from 30-09-2004. The Board recommend his reappointment as Managing Director for a period of 3 years with effect from 01-10-2004 (i.e. 01-10-2004 to 30-09-2007).

Audit Committee :

Pursuant to Section 292A of the Companies Act, 1956 and Clause 49 of listing agreement your Company has constituted an Audit Committee of the Board Comprising of Mr. Gopaldas K. Mantri and Mr. Vijay Lakhota all being independent Directors

with independent judgement in the deliberation and decisions of the Board as well as the Audit Committee. The terms of reference to this Committee covers all the matters specified under Section 292A of the Companies Act, 1956 and also all the matters listed under the listing agreement with stock exchange.

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 31st March, 2004 and of the Profit of the Company for the year ended 31st March, 2004;
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 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. S. G. KABRA & COMPANY, Chartered Accountants, 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 Managing Director, Senior Executives, Staff and Workers in all respects.

For & on behalf of Board of Directors

Place : Mumbai,
Date : 15th October, 2004

R.S. Sodhani
Managing Director



Kappac Pharma Limited

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 :	2003-2004	2002-2003
A. Purchased Units	225986	265772
B. Total Amount (Rs. in Lacs)	10.79	14.06
C. Others	Nil	Nil

2) Technology absorption —

- Specific Areas in which QC & Assurance carried by the Company
- QC & Assurance were carried out analysis & testing from Raw materials to Finished product Quality improvement.

3) Foreign Exchange used & earned —

	2003-2004	2002-2003
Used for revenue import (Rs. in Lacs)	Nil	Nil
Earned (Rs. in Lacs)	Nil	Nil

- 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 —

For & on behalf of Board of Directors

Place : Mumbai,
Date : 15th October, 2004

R.S. Sodhani
Managing Director