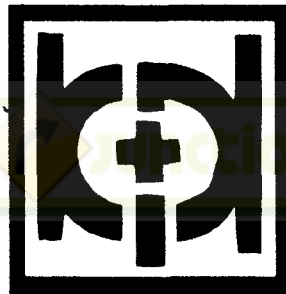


KAPPAC PHARMA LIMITED



24th ANNUAL REPORT
2004-2005



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.



NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the Members of KAPPAC PHARMA LIMITED will be held on Tuesday 27th September, 2005 at 2.30 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 consider and adopt the audited Balance Sheet as at 31st March, 2005, the 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 a Director in place of Shri Vijay Lakhota who retires by rotation and being eligible offer himself for re-appointment.
3. To appoint M/s. S.G. Kabra & Co., Chartered Accountants, the retiring Auditors of the Company, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

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 Wednesday 21st September, 2005 to Tuesday 27th September, 2005 (both days inclusive)
4. 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 : 22nd August, 2005

R.S. Sodhani
Managing Director



DIRECTOR'S REPORT

To
The Members,

Your Directors are pleased to present the 24th Annual Report of the Company together with Audited Balance Sheet, Profit & Loss Account for the year ended 31st March, 2005.

FINANCIAL RESULTS : (Rupees in Lacs)

	Current Year	Previous Year
Sales & Other Income	320.81	648.64
Processing Charges for Job Work	27.50	23.69
Profit / (Loss) before depreciation	(7.42)	9.32
Less : Depreciation	11.22	8.93
Profit / (Loss) after depreciation	(18.64)	0.39
Add : Extra Ordinary item (Increase in value of investment)	0.92	0.87
Profit / (Loss) after Extra ordinary items	(17.72)	1.26
Less : Provision for Tax		
Deferred Tax Credit	2.68	0.21
Profit / (Loss) after tax	(15.04)	1.47
Add : Balance brought forward from the last year	31.97	30.50
Balance carried forward to Balance Sheet	16.93	31.97

WORKING :

The turnover & other income of the Company has gone down by 50% in comparison to previous year of Rs. 648.64 Lacs and also incurred a loss of Rs. 15.04 Lacs (Previous Year profit Rs. 1.47 Lacs) due to increase in cost of production because of Manpower & other expenses did not reduce in comparison to working ratio of previous year and also the selling prices for the finished products did not go up correspondingly by which has resulted to incurred of loss as well as effected to the sales during the year.

DIVIDEND :

The Directors regret their inability to recommend any Dividend in view of loss for the year.

DIRECTORS ;

Shri Vijay Lakhota retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

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, 2005 and of the Loss of the Company for the year ended 31st March, 2005;
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 :

M/s. S. G. KABRA & COMPANY, Chartered Accountants, the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received requisite letter under Section 224 (1B) of the Companies Act, 1956 from the Auditors regarding their eligibility for re-appointment as the Auditors of the Company.

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 : 22nd August, 2005

R.S. Sodhani
Managing 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 :	2004-2005	2003-2004
A. Purchased Units	197738	225986
B. Total Amount (Rs. in Lacs)	9.51	10.79
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 —

	2004-2005	2003-2004
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 : 22nd August, 2005

R.S. Sodhani
Managing Director

NOTE : Demat ISIN number in CDSL is INE601D01011