

Kappac Pharma Limited

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27th



Annual Report

2008-09

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KAPPAC PHARMA LIMITED

BOARD OF DIRECTORS

Shri Radheshyam Sodhani	- Managing Director
Shri Shankar Prasad Bhagat	- Director
Shri Gopal Das Mantri	- Director
Shri Anand Trivedi	- Director

AUDITORS

M/s. Arvind A. Thakkar & Co.
Chartered Accountants

REGISTERED OFFICE

**4, Chandan Niwas Old, 1st Floor,
M. V. Road, Opp.Andheri Kurla Road,
Andheri (E),
Mumbai – 400069.**

ADMINISTRATIVE OFFICE

**304, Saffron Building,
Panchavati Circle,
Panchavati to Ambawadi Road,
Ambawadi,
Ahmedabad – 380 006**

SHARE TRANSFER AGENT

**Adroit Corporate Services Private Limited.,
19/20, Jaferbhoy Industrial Estate,
1st Floor, Makwana Road,
Marol Naka,
Andheri (E),
Mumbai – 400 059.**

ISIN No. : INE601D01011

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Annual General Meeting of the Shareholders of the **KAPPAC PHARMA LIMITED** Will be held on Wednesday, 30th September, 2009 at Ground Floor, 4, Chandan Niwas Old, 1st floor, M. V. Road, Opp. Andheri Kurla Road, Andheri (E), Mumbai – 400 069 at 11.00 a.m. to transact the following business:-

ORDINARY BUSINESS :

1. To receive and adopt Audited profit and Loss Account for the year ended 31st March, 2009 and the balance Sheet as on that date along with Directors' and Auditors' Report thereon.
2. To appoint Arvind A. Thakkar & Co., Chartered Accountant, as Auditors of the company, who retire at the conclusion of this Annual General Meeting, being eligible for reappointment to the next Annual General Meeting and to fix their remuneration.
3. To appoint a Director in place of Shri Shankar Prasad Bhagat, who retires by rotation and, being eligible Offers himself for re-appointment.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution:-**

"RESOLVED THAT pursuant to the provisions of section 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the company with the Stock Exchange where shares of the company are listed, the authorized share capital of the company be and is hereby increased from Rs. 4,00,00,000 (Rupees Four Crores) divided in to 40,00,000 (Forty Lakhs) Equity shares of Rs. 10/- (Rupees Ten) each to Rs. 24,00,00,000 (Rupees Twenty Four Crore) divided in to 2,40,00,000 (Two Crores Forty Lakhs) shares of Rs. 10/- (Rupees Ten) each, ranking pari passu with the existing equity shares."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution:-**

"RESOLVED THAT pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956 the existing clause V of the Memorandum of Association of the Company be and is hereby altered

by substituting the following new clause.

CLAUSE V

"The Authorized share capital of the Company is Rs 24,00,00,000 (Rupees Twenty Four Crores Only) divided into 2,40,00,000 (Two Crores Forty Lakhs) Equity Shares of Rs.10/- (Rupees Ten Only) each. The Company has power from time to time to increase shares of Rs.10/- each or reduce the capital and subject to the provisions of the Act, to issue any of the share in the capital, originally or increased, as equity or preference with or subject to any preferential special, deferred or qualified, rights, privileges or conditions as regards of dividends, distribution of assets, re-payments or reduction of capital, voting or otherwise, or sub-divide them and generally on such terms as the company may from time to time determine and to vary the articles or Regulations of the Company as far as necessary to give effect to the same, subject to the provisions of law.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution:-**

"RESOLVED that, pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment thereto or re-enactment thereof) and in accordance with the existing Preferential Guidelines issued by Securities & Exchange Board of India (Disclosure and Investor Protection Guidelines), 2000 as amended and subject to the provisions of the Memorandum of Association and Articles of Association of the company and the Listing Agreement entered into with the Stock Exchanges where the securities of the company are listed and subject to the approval(s), consent(s), permission(s) and/or sanction(s), as may be necessary of the appropriate authority(ies), institution(s) or body(ies) and subject to such terms, conditions, alterations, corrections, changes, variations and/or modifications, if any, as may be prescribed by any one or more or all of them in granting such approval(s), consent(s), permission(s) and/or sanction(s) and which may be agreed to by the Board of directors of the company, consent of the company be and is hereby accorded to the Board which includes any sub-committee thereof, to issue, offer and allot upto 2,00,00,000 convertible warrants entitling the warrant allottees from time to time in one or more tranches , at their option to convert the warrants into equal number of equity shares of Rs.10/- for cash at par on preferential allotment basis."

“RESOLVED FURTHER THAT

- (i) The ‘Relevant Date’ for the preferential issue as per SEBI (Disclosure and Investor Protection Guidelines, 2000 and every statutory modifications and re-enactments thereof from time to time, for determination of applicable price for the equity shares is 30th August, 2009.
- (ii) Subject to the applicable provisions of law, such equity warrants may, at the option of the warrant allottees, be convertible into equal number of equity shares of the company, within 18 months from the date of their allotment, in one or more tranches and such terms and conditions, in such form and manner as the Board of Directors and the warrant allottees may, in their absolute discretion, think fit. If the entitlement shall lapse and the amount paid on such equity warrants shall be forfeited.
- (iii) The equity shares so issued and allotted as a result of conversion of such warrants shall rank pari passu with the existing equity shares of the company in all respects and be listed on stock exchange where the equity shares of the company are currently listed.

“FURTHER RESOLVED THAT the Board be and is hereby authorized to decide and approve other terms and conditions of the issue of Convertible Warrants as above, and also shall be entitled to vary, modify or alter any of the terms and conditions, including the size of the issue, as it may deem expedient.

“RESOLVED FURTHER THAT the Board, be and is hereby authorized to accept any modifications in the proposal as may be required by the agencies involved in such issues but subject to such conditions as the Reserve Bank of India (RBI)/Securities Exchange Board of India (SEBI)/Stock Exchange and/or such other appropriate authority may impose at the time of their approval as may be agreed by the Board.

“RESOLVED FURTHER THAT that for the purpose of creation, issue and allotment of the convertible warrants/equity shares and listing thereof with the Stock Exchange, the Board of Directors, be and is hereby authorized to do and perform all such acts, deeds and

things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing, allotting and utilizing the issue proceeds of the above stated Convertible Warrants of the Company.

“RESOLVED FURTHER THAT The Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee(s) of directors or any other officer or officers of the Company or to any other person or persons as it may deem fit, for the purpose of giving effect to the aforesaid resolution.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF MEETING.**
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out material facts is annexed hereto
3. Pursuant to section 154 of the Companies Act, 1956, Register of Members and Shares Transfer Books of the Company will remain closed from **Wednesday, 23th September to Saturday, 26th September, 2009** (both days are inclusive)
4. Members intending to require information about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
5. Members are requested to:
 - (a) Intimate, if Shares are held in the same name or in the order and names, but in more than one account to enable the Company to club the said accounts in to one account.
 - (b) Notify immediately the Change if any, in the registered address, to the Company.

Date :25.08.2009

Registered Office:

4, Chandan Niwas Old,
1st Floor, M. V. Road,
Opp. Andheri Kurla Road,
Andheri (E), Mumbai – 400 069

**By order of the Board
For Kapapac Pharma Limited**

**SD/-
Director**

EXPLANATORY STATEMENT**Under Section 173(2) of the Companies Act, 1956
Item No. 4 & 5**

The Company, in order to meet its growth objectives and to strengthen its financial position, may be required to generate long term resources by issuing securities. It is therefore deemed appropriate to increase the Authorised Shares Capital of the Company from Rs. 4 Crores to Rs. 24 Crores and for that purpose, the Memorandum of Association of the Company are proposed to be suitably altered as set out at Item Nos. 4& 5 of the accompanying Notice.

The provision of the Companies Act, 1956 required the Company to seek the approval of the Members of increase in the authorized share capital and for the alteration of capital clause of the Memorandum of Association of the Company.

The Board of Directors accordingly recommends the resolutions set out at Item Nos. 4&5, of the accompanying Notice for the approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolutions.

Item No. 6

The resolution at item no. 6 relates to the proposal to issue and allot 2,00,00,000 (Two Crore Only) convertible warrants to be converted into equal number of equity shares of Rs. 10/- each at par within 18 months from the date of allotment at a price of Rs. 10/-per equity share on preferential allotment basis to the investors. The provisions of the SEBI (Disclosure & Investors Protection) Guidelines, 2000, (SEBI Guidelines) shall govern such issue and allotment of equity shares to investors.

The issue price has been calculated as per the SEBI Guidelines. The equity shares proposed to be issued would not be more than 15% of the expanded capital, individually or collectively and therefore it will not attract the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Section 81 of the Companies Act, 1956 and listing

agreement provide, inter alia that when it is proposed to increase the issued capital of a Company by allotment of further shares the same be offered in the manner laid down in Section 81, unless the shareholders in General Meeting decide otherwise.

The aforesaid issue and allotment of Securities will be governed by the provisions of the SEBI (Disclosure & Investor Protection) Guidelines, 2000 ("The SEBI Guidelines").

The disclosure as required to be given in Explanatory Statement to the Special Resolution to be passed u/s 81 (1A) of the Companies Act, 1956 in terms of Chapter XIII of the SEBI Guidelines on Preferential issues, as in force on the date of this Notice:

1. Objects of the issue

Your Directors see opportunities in the expansion of the business of the Company in all over India.

The company requires the long term funds for its growth. In order to expand the business of the company in research and development activities and to fulfill the requirement of the normal working capital, it is proposed to offer, issue and allot 2,00,00,000 Convertible Warrants on preferential basis to be converted into equity shares within 18 months from the date of issue.

The proceeds of the proposed preferential allotment of Equity Warrants will help to strengthen the financial position of the company.

2. Relevant date and pricing of the issue

'Relevant Date' here refers to 30th August, 2009 i.e 30 days prior to the date on which the Annual General Meeting of the shareholders to be held i.e. 30th September, 2009 in terms of provisions of SEBI (DIP) Guidelines, 2000 and section 81 (1A) of the Companies Act, 1956 to consider the proposed issue.

3. Intention of the promoters/ directors/ key management persons to subscribe to this offer:

None of the promoters/ directors/ key management persons intends to subscribe to this offer.