

# **32ND ANNUAL REPORT 2012-2013 OF KAPPAC PHARMA LIMITED**

## **BOARD OF DIRECTOR**

SHANKAR PRASAD BHAGAT	- DIRECTOR
ANAND RAMANLAL TRIVEDI	- DIRECTOR
HARLEEN SINGH KATHURIA	- DIRECTOR
VIRAL GUNVANTBHAI KAPADIA	- DIRECTOR

## **AUDITOR**

M/S. Y. D. & CO.  
Chartered Accountants  
LUDHIANA

## **SHARE TRANSFER AGENT**

### **M/s SATELLITE CORPORATE SERVICES PRIVATE LIMITED**

B-302, Sony Apartment, Opp. St. Judge's High School,  
Off Andheri-Kurla Road, Jarimari, Sakinaka,  
Mumbai-400072 Maharashtra, INDIA  
Ph No: +91-22-2852 0461 / 2852 0462  
Fax No: +91-22-2851 1809  
E mail: [service@satellitecorporate.com](mailto:service@satellitecorporate.com)

## **REGISTERED OFFICE**

22, Pragnya Society, Above Dena Bank,  
Akruli Road, Near ESI Hospital,  
Kandivali East, Mumbai-400101,  
Maharashtra, INDIA

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**NOTICE**

**NOTICE** is hereby given that the **32ND ANNUAL GENERAL MEETING** of the Members of **KAPPAC PHARMA LIMITED** will be held at the Registered Office of the Company at 22, Pragnya Society, Above Dena Bank, Akruli Road, Near ESI Hospital, Kandivali East, Mumbai-400101, Maharashtra, India on **Monday, 30th day of September, 2013 at 2:00 P. M.** to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt Audited Balance Sheet as at **31st March, 2013** and the Profit & Loss Account for the year ended on that date and the reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of **Mr. Shankar Prasad Bhagat**, who retires by rotation and being eligible, offers him-self for re-appointment.
3. To appoint Auditor and to fix their remuneration.

**SPECIAL BUSINESS:**

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

"**RESOLVED THAT MR VIRAL GUNVANTBHAI KAPADIA**, who was appointed as an Additional Director in the category of independent director of the Company w.e.f. 1st April, 2013 being the date of appointment and who holds office as such up to the date of the ensuing Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose **MR VIRAL GUNVANTBHAI KAPADIA** be and is hereby appointed as a Director, subject to retire by rotation.

**By Order of the Board  
For, KAPPAC PHARMA LIMITED**

**PLACE: MUMBAI  
DATE: 30.08.2013**

**Sd/-  
(ANAND RAMANLAL TRIVEDI)  
CHAIRMAN**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME SCHEDULED FOR HOLDING THE MEETING.
2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. The Register of Members and Share Transfer Register of the Company will remain closed from 23rd September, 2013 to 30th September, 2013 (Both Days Inclusive).
4. M/s SATELLITE CORPORATE SERVICES PRIVATE LIMITED having its registered office at B-302, Sony Apartment, Opp. St. Judge's High School, Off. Andheri-Kurla Road, Jarimari, Sakinaka, Mumbai-400072 Maharashtra, INDIA are Registrars and Share Transfer Agents for Company's shares in Demat and Physical Form. The members are requested to please ensure that their shares are converted into Demat Form.
5. The relevant Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 is annexed hereto.
6. Additional information as required in terms of paragraph 3 of the Clause 49 of the Listing Agreement on Director seeking re-appointment at the ensuing Annual General Meeting is as under:

Mr. SHANKAR PRASAD BHAGAT is Non-Executive Independent Director of the Company. He has rich experience in the field of Finance. He has been associated with the Company w.e.f. 11.09.2007. He is Member of the Audit Committee and Share Transfer and Grievances Committee of the Company. Mr. SHANKAR PRASAD BHAGAT retires by rotation and being eligible offers himself for re-appointment.

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**ANNEXURE TO NOTICE:**

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**EXPLANATORY STATEMENT AS REQUIRED PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

The Explanatory Statement sets out all the material facts relating to the Special Business mentioned under are accompanying this notice:

**Item No.4**

In terms of provisions of section 260 of Companies Act 1956 and provisions of Articles of Association of company MR VIRAL GUNVANTBHAI KAPADIA, who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 1st April 2013 Who holds the office of Directors up to the date of the ensuing Annual General Meeting.

In Pursuant to section 257 of the Companies Act 1956 together with requisite deposit fee signifying his intention to propose the name of MR VIRAL GUNVANTBHAI KAPADIA a director subject to retirement by rotation. None of the Directors except MR VIRAL GUNVANTBHAI KAPADIA is concerned or interested in this resolution. Your Directors recommend this resolution for your approval.

**DIRECTORS' REPORT**

*Dear Shareholders,*

Your Directors here by present the 32nd Annual Report on business and operations of the Company together with the Audited statements of Accounts for the financial year ended on [31st March 2013](#).

**OPERATIONS REVIEW:**

During the year under review due to sluggish market condition and financial crisis company faces huge set back. So company not in position to generate any revenue from the operation but due to some fixed cost company posted Net Loss of Rs. 832102.

The management has taken measures as part of its continuous improvements to strengthen operations and viability.

**DIVIDEND:**

Your Directors have not declared any dividend during the year under review due to loss incurred.

**FIXED DEPOSIT:**

The Company has not accepted any deposit from the public pursuant to the provisions of Section 58A of the Companies Act, 1956.

**BOARD OF DIRECTORS:**

[Mr. SHANKAR PRASAD BHAGAT](#), Director of the Company is retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

MR VIRAL GUNVANTBHAI KAPADIA was appointed as additional director of the Company with effect from 01.04.2013 and is eligible for re-appointment as director of the Company at the forthcoming Annual General Meeting and whose period of office will be liable to retire by rotation.

**CHANGES IN CAPITAL STRUCTURE:**

- **Authorised Capital:**

During the year under review, Company in Extra Ordinary General Meeting held on 25th March, 2013 has increased the Authorized Share Capital of the Company from Rs. 24 Crore to Rs. 34 Crore. Thus, at present the Authorised share capital of the Company is Rs.34,00,00,000 (Rupees Thirty Four Crores Only) divided into 3,40,00,000 (Three Crore Forty Lacs) Equity Shares of Rs.10/- (Rupee Ten Only) each.

- **Paid up Capital:**

The Company in its Board Meeting held on 17th July, 2013 allotted 6497500 conversions of warrants into equal number of equity shares of Rs.10/- each on preferential basis. Accordingly, after said allotment, the paid-up share Capital of the Company stood at Rs.302586000 comprising of 30258600 equity share of Rs.10/-(Rupees Ten Only) each.

**ISSUE OF CONVERTIBLE WARRANTS ON PREFERENTIAL BASIS:**

During the year under review, Company in Extra Ordinary General Meeting held on 25th March, 2013 to issue, offer and allot 6497500 (Sixty Four Lacs Ninety Seven Thousand Five Hundred) Warrants on preferential basis convertible into 6497500 (Sixty Four Lacs Ninety Seven Thousand Five Hundred) Equity Share of the face value of Rs. 10/- (Rupees Ten Only) each for an aggregate amount upto Rs. 12,99,50,000/- (Rupees Twelve Crore Ninety Nine Lacs Fifty Thousand only) at a price of Rs. 20/- (Rupees Twenty Only) each per Warrant to Non promoters as may be permitted under the applicable Rules and Regulations, in one or more tranches, and upon such terms and conditions as may be deemed appropriate by the Board.

**SHIFTING OF REGISTERED OFFICE OF THE COMPANY:**

During the year under review, company in their Extra Ordinary General Meeting (EOGM) held on 10.05.2013 approved shifting of Registered office from Mumbai in the State of Maharashtra to Ludhiana in the State of Panjab but company failed to obtain Approval regarding change of registered office from Registrar of company (ROC) as well Regional Director (RD) so company do not make any further proceeding for shifting of Registered office of the company.

**AUDITORS AND AUDITORS' REPORT:**

M/s. Y. D. & Co., Chartered Accountants, Ludhiana, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The observations made by the Auditors' in their Auditors' Report and the Notes on Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

Management Discussion and Analysis forms part of the Annual Report to the shareholders and it includes discussion on matters as required under the provisions of Clause 49 of the listing agreement forming part of this report is annexed herewith. The Audit Committee of the Company has regularly reviewed internal Control System of the company.

**CORPORATE GOVERNANCE REPORT:**

Your Company has complied with the requirements of Clause 49 of the Listing Agreement on Corporate Governance. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Report on Corporate Governance along with the Auditors' Certificate on its compliance is annexed separately to this Annual Report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The details of conservation of energy, technology absorption etc. as required to be given under Section 217(1)(e) of the Companies Act 1956, are not applicable to our Company, as our Company has not carried out any manufacturing activities.

The foreign exchange earning on account of the operation of the Company during the year was Rs. Nil.

**PARTICULARS OF EMPLOYEES:**

The statement showing particulars of employees under section 217(2A) of the Companies Act, 1956, read with the companies (Particulars of Employees) Rules, 1975, as amended, is not required to be given as there were no employees coming within the purview of this section.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors of your Company confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) the Directors have taken proper and sufficient care 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;
- iv) Directors have prepared the accounts on a "going concern basis".

**ACKNOWLEDGEMENT:**

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the Banks, Government Authorities, Customers, and Shareholders during the year. Your directors also wish to take on record their deep sense of appreciation for the committed services of the employees at all levels, which has made our Company successful in the business.

For and on Behalf of the Board  
For, KAPPAC PHARMA LIMITED

PLACE: MUMBAI  
DATE: 30.08.2013

Sd/-  
(ANAND RAMANLAL TRIVEDI)  
CHAIRMAN

Annexure to Director's Report**MANAGEMENT DISCUSSION ANALYSIS REPORT****Outlook:**

The company is confident in spite of the possible recessionary conditions in the industry it will perform better in view of the strong fundamentals of the Indian companies and hope to improve its Turnover.

**Internal Controls Systems and their adequacy:**

The company has adequate internal control systems to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance of law and regulations. The internal control system is supported by the internal audit process. The Internal Auditor reviews and ensures that the audit observations are acted upon. The Audit Committee of the Board reviews the Internal Audit reports and the adequacy and effectiveness of internal controls.

**Human Resources**

The relationship with the employees continues to be cordial. The Company recognizes the importance and contribution of its employees for its growth and development and constantly endeavors to train nurture and groom its people. The Company puts emphasis on attracting and retaining the right talent. The company places emphasis on training and development of employees at all levels and has introduced methods and practices for Human Resource Development.

**Cautionary Statement:**

Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may be forward looking statement within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

## REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED ON 31.03.2013

**1. THE CORPORATE GOVERNANCE PHILOSOPHY**

Corporate Governance at the Company is by the need to “enhance shareholder value, keeping in view the interests of other stakeholders”. This definition places emphasis on the need to strike a balance at all times between the need to enhance shareholders’ wealth whilst not being detrimental to other stakeholders’ interests. The imperative for Corporate Governance lies not merely in drafting a code of Corporate Governance, but in practicing it to achieve desired results.

**2. BOARD OF DIRECTORS**

The Board of Directors is having non-executive and independent directors as on 31st March, 2013. The Board of Directors is consisting of Three Directors. The Directors manages the day to day affairs of the Company. Non-executive and independent directors did not have any pecuniary relationship of transactions with the company during the period under review. There are no material transactions where they have had personal interests that conflict with that of the Company.

**Numbers of Board Meetings held and the dates on which such meetings were held:**

During the financial year 2012-13 the Board met 6 (Six) times on 23.05.2012, 03.08.2012, 02.11.2012, 28.01.2013, 15.02.2013 and 23.02.2013. The maximum gap between two meetings was not more than 4 months.

**Attendance record of Directors attending the Board meetings and Annual General Meetings**

Name of the Director	Designation/ Category	No. of Board Meetings		Last AGM attendance
		Held	Attended	
Mr. Shankar Prasad Bhagat	Non Executive & Independent	6	6	Yes
Mr. Anand Ramanlal Trivedi	Executive & Non Independent	6	6	Yes
Mr. Harleen Singh Kathuria	Non Executive & Independent	6	6	Yes
*Mr. Viral Kapadia	Non Executive & Independent	6	--	No

\* Appointed as on 01.04.2013

None of the Director is a member in more than 10 Companies and Act as Chairman in more than 5 Companies across all Companies in which he is a Director.

**3. AUDIT COMMITTEE**

The Audit Committee of the Company presently comprises of three Directors being Mr. Shankar Prasad Bhagat, Mr. Anand Ramanlal Trivedi and Mr. Harleen Singh Kathuria. **Presently Mr. Harleen Singh Kathuria is Chairman of the Committee.**

The role, terms of reference, authority and powers of the audit committee are in conformity with the requirement of Companies Act, 1956, and Listing Agreement.

**Role/ Functions of the Committee:**

- Reviewing with management the annual financial statements before submission to the Board.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Review of policies relating to risk management – operational and financial.
- Reviewing with the management, external auditors and the adequacy of the internal control system.

**Powers of the Committee:**

- To investigate any activity within its terms of reference.
- To secure attendance of and seek any information from any employee including representative of the prime shareholders (subject to their internal approvals).
- Compliance with accounting standards.
- To obtain outside legal or other professional advice, if necessary.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Compliance with Stock Exchange and legal requirements concerning financial statements.

**Attendance at the Audit Committee Meetings**

During the year the Audit Committee met 4 times on 23.05.2012, 03.08.2012, 02.11.2012 and 28.01.2013 attendance of the members as under:

Name	No. of Meeting attended	
	Held	Attended
Mr. Shankar Prasad Bhagat	4	4
Mr. Anand Ramanlal Trivedi	4	4
Mr. Harleen Singh Kathuria	4	4