

KAPASHI COMMERCIAL LIMITED



19TH

ANNUAL REPORT 2003–2004

KAPASHI COMMERCIAL LIMITED

DIRECTORS:

SEVANTILAL SHANTILAL KAPASHI
INDUKUMAR SHANTILAL KAPASHI
PARESH SEVANTILAL KAPASHI
NIMISH INDUKUMAR KAPASHI
MAHASUKHBHAI SHAH
ATUL VORA

REGISTERED OFFICE:

'Nishuvi', 4th Floor
75, Dr. Annie Besant Road
Worli, Mumbai 400 018.

AUDITORS :

D. V. VORA & CO.
Chartered Accountants

BANKERS:

GLOBAL TRUST BANK LTD.
VIJAYA BANK

KAPASHI COMMERCIAL LIMITED

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the members of KAPASHI COMMERCIAL LIMITED will be held on Tuesday, 20th day of July, 2004 at 11.00 a.m. at the Registered Office of the company at 'NISHUVI', 4th Floor, 75, Dr. Annie Besant Road, Worli, Mumbai 400 018 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2004, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mahasukhbhai Shah, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Director in place of Mr. Atul Vora, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

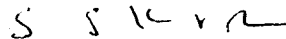
SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s) the following Resolutions as SPECIAL RESOLUTION:

"RESOLVED THAT subject to the provisions of SEBI (Delisting of Securities) Guidelines, 2003, the consent of the shareholders be and is hereby given to the Board of Directors of the Company to delist the shares of the Company from Stock Exchange Mumbai.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to make an application to the respective Stock Exchange and to settle any question or matter that may arise in this regard to the delisting."

By order of the Board of Directors



S. S. KAPASHI
Chairman

Place : MUMBAI

Dated : 25th May, 2004

Regd. Office:

'NISHUVI', 4th Floor

75, Dr. Annie Besant Road

Worli, Mumbai 400 018.

KAPASHI COMMERCIAL LIMITED

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself / here self and the proxy need not be a member of the company.
2. A PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.
3. The Register of Members and the Transfer Books of the company will remain closed from Tuesday, 13th day of July, 2004 to Tuesday, 20th day of July, 2004 (both days inclusive).
4. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to the Special Business is annexed herewith.
5. Members are requested to bring their copies of the Annual Report to the meeting.
6. Members or their proxies, as the case may be, are further requested to fill in the enclosed attendance slip and deposit the same at the time of attending the Annual General Meeting.
7. Members are requested to:
 - (i) Quote their registered folio number in all correspondence with the Company.
 - (ii) Notify the Company immediately of change if any, in their registered address.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Attached to the Notice convening the Annual General Meeting to be held on 20th July, 2004.

Item No. 5

The existing shares of the Company are listed at The Stock Exchange, Mumbai. The promoters vide the Letter of Offer to the Shareholders acquired further 2,93,100 equity shares i.e. 89.99%. Total offer from existing shareholders if accepted would have been 97% of total paid-up capital. Hence, the Board decided to get the shares of the Company delisted. The Board commends this resolution for approval of the Members.

Mr. Sevantilal S. Kapashi, Mr. Indubhai S. Kapashi, Mr. Paresh S. Kapashi and Mr. Nimish I. Kapashi, Directors deemed to be concerned or interested in the proposed resolution.

By order of the Board of Directors

S S Kashi

S. S. KAPASHI
Chairman

Place : MUMBAI

Dated : 25th May, 2004

Regd. Office:

'NISHUVI', 4th Floor

75, Dr. Annie Besant Road

Worli, Mumbai 400 018.

KAPASHI COMMERCIAL LIMITED

DIRECTORS' REPORT

To
The Members
KAPASHI COMMERCIAL LIMITED

Your Directors have pleasure in presenting the 19th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2004.

2. FINANCIAL RESULTS

	2003-2004 Rs.	2002-2003 Rs.
Sales	1,74,53,503	2,75,43,582
Other Income	<u>3,05,18,883</u>	<u>3,36,28,273</u>
	<u>4,79,72,386</u>	<u>6,11,71,855</u>
Profit/(Loss) subject to Depreciation & Tax	77,01,502	86,76,950
Less: Depreciation	<u>2,28,693</u>	<u>1,92,301</u>
Profit /(Loss) before tax	74,72,809	84,84,649
Less: Provision for taxation	<u>-----</u>	<u>-----</u>
Profit/(Loss) after tax	74,72,809	84,84,649
Profit /(Loss) brought forward from previous year	<u>54,29,423</u>	<u>(30,63,030)</u>
	1,29,02,232	54,21,619
Excess/(Short) provision for taxation for earlier year	<u>(4,899)</u>	<u>7,804</u>
Profit /(Loss) carried to Balance Sheet	<u>1,28,97,333</u>	<u>54,29,423</u>
	<u>=====</u>	<u>=====</u>

3. DIVIDEND

No dividend has been recommended for the year under review, so as to conserve the resources of the company.

4. OPERATION

Your company has entered into Partnership with other firms and undertaken large-scale projects of residential complexes. The company also continues to deal in M.S Rebars and plans to expand in trading activities in construction material. For the year ended 31st March 2004 the company has posted a Profit of Rs. 74,72,809/- as against Profit of Rs. 84,84,649/- in the Previous year.

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KAPASHI COMMERCIAL LIMITED

DIRECTORS' REPORT (Contd.)

5. ACQUISITION OF SHARES

Promoters of the Company vide Letter of Offer to Share Holders acquired further 2,93,100 equity shares at a price of Rs.22/- per share in the months of March and April, 2004, against the offer received for 3,63,954 equity shares under SEBI (substantial Acquisition of Shares & Take over) Regulations 1997, and requested the SEBI to permit to acquire the balance of 70,854 shares. Total share holdings of the Promoters and their relatives is now 8,99,946 equity shares i.e. 89.99% of total share capital. It is proposed to delist the shares of the Company from the stock exchange, Mumbai where the shares are listed, if permitted by SEBI.

6. EMPLOYEES

None of the employees has drawn salary as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

7. DIRECTORATE

Mr. Mahasukhbhai Shah and Mr. Atul Vora, Directors, retire by rotation and being eligible offer themselves for re-appointment.

8. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2004, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had 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 of the profit or loss of the Company for the year under review;

(Contd.)

KAPASHI COMMERCIAL LIMITED

DIRECTORS' REPORT (Contd.)

- (iii) that the directors had 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) that the directors had prepared accounts for the financial year ended 31st March, 2004 on a going concern basis.

9. AUDITORS

M/s. D. V. Vora & Co., Chartered Accountants, Mumbai retire and are eligible for re-appointment.

10. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The provisions of Section 217 (1) (e) in respect of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, in respect of Conservation of Energy and Technology Absorption are not applicable in case of your Company. There were no earnings or outgoings of foreign exchange during the year under review.

By Order of the Board of Directors

Place : Mumbai
Date : 25th May, 2004

S S K & Co

S. S. KAPASHI
Chairman

KAPASHI COMMERCIAL LIMITED

AUDITOR'S REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of KAPASHI COMMERCIAL LIMITED as at March 31, 2004 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annexe hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that :
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by Law have been kept by the Company, so far as appears from our examination of the books;
 - (c) the Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet and Profit and Loss account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) on the basis of the written representations received from the Directors, as on March 31, 2004 and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on March 31, 2004 from being appointed as a Director, in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

KAPASHI COMMERCIAL LIMITED

AUDITOR'S REPORT TO THE MEMBERS (Contd.)

(f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

1. in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2004 and
2. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For D. V. VORA & CO.
Chartered Accountants



Mumbai:
Date : 25th May ,2004

KAPASHI COMMERCIAL LIMITED

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date,

- [I] [a] The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- [b] All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- [c] During the year, the Company has not disposed off a major part of the plant and machinery.
- [II] [a] The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- [b] The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- [c] The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- [III] [a] The Company had taken loan from Six other companies covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.183.86 lacs and the year-end balance of loans taken from such parties was Rs.176.32 lacs. There are no parties covered in the register maintained under section 301 of the Companies Act, 1956 to which the company has granted loans.
- [b] In our opinion the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the registers maintained under Section 301 are not, prima facie, prejudicial to the interest of the company.