

KAPASHI COMMERCIAL LIMITED

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20TH

ANNUAL REPORT 2004-2005

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:

ORIENTAL BANK OF COMMERCE
UTI BANK LTD.

KAPASHI COMMERCIAL LIMITED

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of KAPASHI COMMERCIAL LIMITED will be held on Thursday, 29th day of September, 2005 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, 2005, 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. Paresh S. Kapashi, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sevantilal S. Kapashi, 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 Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED pursuant to the provisions of Section 198, 269, 310, 311, Schedule XIII and other applicable provisions of the Companies Act, 1956 that consent of the Company be and is hereby accorded to the re-appointment of Mr. Sevantilal S. Kapashi as Whole-Time Director for a period of Five Years, with effect from 1st February, 2005 and he be paid remuneration as detailed hereunder:

PART A

1. Basic Salary: Rs.15,000/- per month.

PART B

1. House Rent Allowance: 60% of the Salary.
2. Electricity Charges: Actual Reimbursement.
3. Medical Reimbursement: Reimbursement of expenses actually incurred subject to a ceiling of one month salary in a year or three months salary over a period of three years.
4. Leave Travel Concessions: Leave Travel Concessions for Mr. Sevantilal S. Kapashi and his family once in a year incurred in accordance with the rules of the Company for the time being in force.
5. Club Fees: Fees of Two Clubs.

6. **Personal Accident Insurance:** Premium not exceeding Rs.1,000/- per annum.
7. **Car with Driver for Office use.**
8. **Telephone at Residence,** subject to personal long distance calls to be reimbursed to the Company.

FURTHER RESOLVED THAT the entitlement of Mr. Sevantilal S. Kapashi to usual benefits such as provident fund, bonus, gratuity (subject to a ceiling of Rs.2,50,000/-), privilege leave, etc., as available to other executives of the Company is also approved.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profit in any year, the Salary Payable to Mr. Sevantilal S. Kapashi, Whole-Time Director, shall be the minimum remuneration.

FURTHER RESOLVED THAT the remuneration of Mr. Sevantilal S. Kapashi can be increased by the Board of Directors from time to time, subject to ceiling fixed Schedule XIII of the Companies Act, 1956."

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

"**RESOLVED** pursuant to the provisions of Section 198, 269, 310, 311, Schedule XIII and other applicable provisions of the Companies Act, 1956 that consent of the Company be and is hereby accorded to the re-appointment of Mr. Indukumar S. Kapashi as Whole-Time Director, for a period of Five Years, with effect from 1st February, 2005 and he be paid remuneration as detailed hereunder:

PART A

1. **Basic Salary:** Rs.15,000/- per month.

PART B

1. **House Rent Allowance:** 60% of the Salary.
2. **Electricity Charges:** Actual Reimbursement.
3. **Medical Reimbursement:** Reimbursement of expenses actually incurred subject to a ceiling of one month salary in a year or three months salary over a period of three years.
4. **Leave Travel Concessions:** Leave Travel Concessions for Mr. Indukumar S. Kapashi and his family once in a year incurred in accordance with the rules of the Company for the time being in force.
5. **Club Fees:** Fees of Two Clubs.
6. **Personal Accident Insurance:** Premium not exceeding Rs.1,000/- per annum.
7. **Car with Driver for Office use.**
8. **Telephone at Residence,** subject to personal long distance calls to be reimbursed to the Company.

FURTHER RESOLVED THAT the entitlement of Mr. Indukumar S. Kapashi to usual benefits such as provident fund, bonus, gratuity (subject to a ceiling of Rs.2,50,000/-), privilege leave, etc., as available to other executives of the Company is also approved.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profit in any year, the Salary Payable to Mr. Indukumar S. Kapashi, Whole-Time Director shall be the minimum remuneration.

FURTHER RESOLVED THAT the remuneration of Mr. Indukumar S. Kapashi can be increased by the Board of Directors from time to time subject to ceiling fixed Schedule XIII of the Companies Act, 1956."

By Order of the Board of Directors

Place: Mumbai

Dated: 30th June, 2005.

**S. S. KAPASHI
CHAIRMAN.**

Regd. Office :

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

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a Member of the Company.
2. A PROXY IN ORDER TO BE EFFECTIVE, THE PROXY FORM 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 Friday, 16th day of September, 2005 to Thursday, 29th day of September, 2005 (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 AND FORMING PART OF THE NOTICE DATED 30TH JUNE, 2005.

Attached to the Notice convening the Annual General Meeting to be held on 29th September, 2005.

Item No. 5:

Board of Directors has re-appointed Mr. Sevantilal S. Kapashi as Whole-time Director, with effect from 1st February, 2005 for a period of 5 (Five) years at the remuneration as mentioned in the Resolution.

Mr. Sevantilal S. Kapashi has wide and rich experience in the business and in managing the affairs of the Company. Under his stewardship, the Company has reached new heights. The Board of Directors recommend the approval of the members to the resolution.

None of the Directors except Mr. Sevantilal S. Kapashi, Mr. Indukumar S. Kapashi – his brother, Mr. Paresh S. Kapashi – his son and Mr. Nimish I. Kapashi – his nephew is deemed to be interested in the resolution.

The Explanatory statement together with the accompanying Notice should be treated as an abstract under Section 302 of the Companies Act, 1956.

Item No. 6:

Board of Directors has re-appointed Mr. Indukumar S. Kapashi as Whole-time Director, with effect from 1st February, 2005 for a period of 5 (Five) years at the remuneration as mentioned in the Resolution.

Mr. Indukumar S. Kapashi has wide and rich experience in the business and in managing the affairs of the Company. Under his stewardship, the Company has reached new heights. The Board of Directors recommend the approval of the members to the resolution.

None of the Directors except Mr. Indukumar S. Kapashi, Mr. Sevantilal S. Kapashi – his brother, Mr. Nimish I. Kapashi – his son and Mr. Paresh S. Kapashi – his nephew is deemed to be interested in the resolution.

The Explanatory statement together with the accompanying Notice should be treated as an abstract under Section 302 of the Companies Act, 1956.

By Order of the Board of Directors

**Place : Mumbai
Dated : 30th June, 2005.**

**S. S. KAPASHI
CHAIRMAN.**

**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 20th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2005.

2. FINANCIAL RESULTS

	2004-2005	2003-2004
	Rs.	Rs.
Sales	2,27,92,320	1,74,53,503
Other Income	<u>1,61,12,083</u>	<u>3,05,18,883</u>
	<u>3,89,04,403</u>	<u>4,79,72,386</u>
Profit/(Loss) subject to Depreciation & Tax	91,18,969	77,01,502
Less: Depreciation	<u>3,23,726</u>	<u>2,28,693</u>
Profit /(Loss) before tax	87,95,243	74,72,809
Less: Provision for taxation	<u>11,00,000</u>	<u> </u>
Profit/(Loss) after tax	76,95,243	74,72,809
Profit /(Loss) brought forward from previous year	<u>1,28,97,333</u>	<u>54,29,423</u>
	2,05,92,576	1,29,02,232
Excess/(Short) provision for taxation for earlier year	<u>6,351</u>	<u>(4,899)</u>
Profit /(Loss) carried to Balance Sheet	2,05,98,927	1,28,97,333
	=====	=====

3. DIVIDEND

Your Directors do not recommend dividend for the year under review, so as to conserve the resources of the company.

4. OPERATION

The company expanded its trading activities in construction materials such as Rebars and Paints and posted sales of Rs.22,792,320/- compared to Rs.17,453,503/- in previous year. For the year ended 31st March, 2005 the company has posted net profit after tax of Rs.7,695,243/- compared to net Profit of Rs.7,472,809/- in the previous year.

The project of construction in Ratna Shree where the Company is a major partner is in full swing. Out of the two towers, one tower has been completed in May 2005 and the second tower is nearing completion. 30% of the total project has now been sold. The Company has also increased its trading in stock market and expects 50% appreciation of the value, in the current year.

5. EMPLOYEES

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

KAPASHI COMMERCIAL LIMITED

6. DIRECTORATE

Mr. Sevantilal S. Kapashi and Mr. Paresh s. Kapashi, Directors, retire by rotation and being eligible offer themselves for re-appointment.

Mr. Sevantilal S. Kapshi and Mr. Indubhai S. Kapashi have been re-appointed as Whole-Time Directors w.e.f 1st April, 2005 on the same terms and conditions. The members approval to the same is recommended.

7. 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, 2005, 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;
- (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, 2005 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 : 30th June, 2005

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, 2005, also the Profit and Loss Account and the Cash Flow statement 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 as amended by the Companies (Auditor's Report) Amendment Order 2004, 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, to the extent applicable to the company.

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 those books;

 - (c) the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

 - (d) in our opinion, the Balance Sheet Profit and Loss account and Cash Flow statement 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, 2005 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, 2005 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.)

(a) 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, 2005
2. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date and
3. in the case of Cash Flow statement, of the Cash Flows for the year ended on that date

For D. V. VORA & CO.
Chartered Accountants



PROPRIETOR
(D.V.VORA)

Mumbai:
Date : 30th June ,2005