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KAPASHI COMMERCIAL LIMITED



22nd

ANNUAL REPORT 2006-2007

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

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REGISTRAR & TRANSFER AGENTS

PURVA SHAREGISTRY (INDIA) PVT. LTD.
33, PRINTING HOUSE
28-D POLICE COURT LANE
BEHIND OLD HANDLOOM HOUSE
FORT, MUMBAI 400 001.

BANKERS:

ORIENTAL BANK OF COMMERCE
UTI BANK LTD.

KAPASHI COMMERCIAL LIMITED

NOTICE

NOTICE is hereby given that the Twenty-second Annual General Meeting of the Members of KAPASHI COMMERCIAL LIMITED will be held on Friday, 31st day of August, 2007 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, 2007, 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. Atul V. Vora, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Mahasukhlal P. Shah, 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.

By Order of the Board of Directors

Place: Mumbai
Dated: 29th June, 2007.

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, 17th day of August, 2007 to Friday, 31st day of August, 2007 (both days inclusive).

KAPASHI COMMERCIAL LIMITED

4. Members are requested to bring their copies of the Annual Report to the Meeting.
5. 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.
6. 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.



KAPASHI COMMERCIAL LIMITED

DIRECTORS' REPORT

To
The Members
KAPASHI COMMERCIAL LIMITED

Your Directors have pleasure in presenting the 22nd Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2007.

2. FINANCIAL RESULTS

	2006-2007 Rs.	2005-2006 Rs.
Sales	3,99,89,981	2,61,86,062
Other Income	1,32,79,853	2,23,96,122
	<u>5,32,69,834</u>	<u>4,85,82,184</u>
Profit/(Loss) subject to Depreciation & Tax	1,09,64,432	1,99,59,323
Less: Depreciation	2,52,884	3,24,554
Profit/(Loss) before tax	1,07,11,548	1,96,34,769
Add: Share of Profit from Partnership firm	2,98,97,389	-
Add: Provision for Diminution of shares reversed	-	36,46,194
Excess firm loss of previous year	-	105
	<u>4,06,08,937</u>	<u>2,32,81,068</u>
Less: Share of Firm Tax	8,229	-
Provision for taxation	13,00,000	22,00,000
	<u>3,93,00,708</u>	<u>2,10,81,068</u>
Less Provision for Fringe benefit Tax	55,000	55,000
Profit/(Loss) after tax	3,92,45,708	2,10,26,068
Profit/(Loss) brought forward from previous year	4,16,24,995	2,05,98,927
Profit/(Loss) carried to Balance Sheet	<u>8,08,70,703</u>	<u>4,16,24,995</u>

3. DIVIDEND

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

4. OPERATION

The company expanded its trading activities especially in non-Ferrous materials and posted sales of Rs.39,989,981/- compared to Rs.26,186,062/- in previous year. For the year ended 31st March, 2007 the company has posted net profit after tax of Rs.39,220,389/- compared to net Profit of Rs.21,026,068/- in the previous year.

The construction in Ratna Shree where the Company is a major partner is completed and the Company earned Rs.29,897,389/- by way of its shares of profit. There are still some unsold flats.

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5. 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, 2007, 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, 2007 on a going concern basis.

6. AUDITORS

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

7. SECRETARIAL COMPLIANCE CERTIFICATE

M/S. R. N. Shah & Associates, Company Secretaries have furnished certificate as required under Sub-section (1) of Section 383A of the Companies Act, 1956 and which is annexed to this report.

8. DIRECTORATE

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

9. DEMATERIALIZATION OF SHARES

The shares of the Company have been allowed to be traded in demat form by NSDL and CDSL. The allotted number is INE017101019.

10. 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.

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11. **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: 29th June, 2007

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, 2007, 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, 2007 and taken on record by the Board of Directors, we report that one of the Directors of the Company are disqualified as on March 31, 2007 from being appointed as a Director, in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;

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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, 2007
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

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PARTNER
(D.V.VORA)

Membership No. 30013

Mumbai:
Date : 29th June, 2007.

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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] The company has a regular program 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 any major part of the Fixed Assets.
- [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 parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 420.27 lacs and the year-end balance of loans taken from such parties was Rs. 420.27 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.
- [c] The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest. The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.
- [IV] In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.