

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
AXIS BANK LTD.

KAPASHI COMMERCIAL LIMITED

NOTICE

NOTICE is hereby given that the Twenty-Sixth Annual General Meeting of the Members of KAPASHI COMMERCIAL LIMITED will be held on Wednesday, 7th day of September, 2011 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, 2011, 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.

By Order of the Board of Directors

Place: Mumbai
Dated: 25th MAY, 2011

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 Tuesday, 30th day of August, 2011 to Wednesday, 7th day of September, 2011 (both days inclusive).
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

The Board of Directors have pleasure in presenting the 26th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2011.

1. FINANCIAL RESULTS

Particulars	2010-2011	2009-2010
	Rs.	Rs.
Sales	293,834,313	248,603,773
Other Income	48,115,170	56,165,466
Total	341,949,483	304,769,239
Profit / (Loss) subject to Depreciation & Tax	40,202,101	51,179,615
Less: Depreciation	432,075	349,146
Profit / (Loss) before tax	39,770,026	50,830,469
Add: Share of Profit / (Loss) from Partnership firm	(1,443,542)	(379,289)
Excess Provision of Taxation	726,070	20,505
	39,052,554	50,471,685
Less: Short Provision of Taxation	-	769,196
	39,052,554	49,702,489
Provision for Taxation	8,200,000	12,100,000
	30,852,554	37,602,489
Less: Provision for Fringe Benefit Tax	-	-
Profit / (Loss) after Tax	30,852,554	37,602,489
Less: Special Reserve	6,575,000	7,525,000
	24,277,554	30,077,489
Profit / (Loss) brought forward from previous year	206,854,653	176,777,164
Profit / (Loss) carried to Balance Sheet	231,132,207	206,854,653

The fiscal year 2010-11 began on a buoyant note for the Indian economy despite the financial meltdown universally. Continuous reforms are on towards improvement of productive and efficient economy and India has displayed its stability in the global market. India has become a window for global markets looking for investment and we will not miss an opportunity to cash on it and the Board of Directors are confident that the company will be able to achieve better results in the coming financial year.

2. DIVIDEND

To conserve the resources of the Company for further expansion of its activities including development of real estate, the Board of Directors have decided not to recommend dividend for the year under review.

3. OPERATION

The Company expanded its trading activities especially in non-Ferrous materials and posted sales of Rs.293,834,313/- compared to Rs. 248,603,773/- in previous

KAPASHI COMMERCIAL LIMITED

DIRECTORS' REPORT (Contd.)

year. For the year ended 31st March, 2011 the company has posted net profit after tax of Rs.30,852,554/- compared to net Profit of Rs.37,602,489/- in the previous year. The profit has been lower as compared to the previous year due to increase in cost of material and all other expenses has led to reduction in profit by 17.95%.

4. **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, 2011, 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, 2011 on a going concern basis.

5. **AUDITORS**

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

6. **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.

7. **DIRECTORATE**

The Board of Directors of the Company consists of highly qualified persons.

Mr. Sevantilal S. Kapashi, Whole-Time Director is B. Sc., B. Sc. (Tech) and M.S. (U.S.A.).

Mr. Indukumar S. Kapashi, Whole-Time Director is Matriculate and having diversified experience of more than 45 years in the area of Automobile, Steel, Construction, Investment, etc.

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DIRECTORS' REPORT (Contd.)

Mr. Paresh S. Kapashi, Director is B.E., M.B.A. (U.S.A.).

Mr. Nimish I. Kapashi, Director is B.B.A. (U.S.A.)

Mr. Atul Vora is an Independent Director and is B. Com., LL.B.

Mr. Mahasukhlal Shah is an Independent Director and is B. Sc. (Chem) (U.S.A).

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

8. **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.

9. **CORPORATE SOCIAL RESPONSIBILITY**

Our Company's commitment towards changing the socio-economic development of the weaker sections of women, continues its support for the project undertaken by it for their upliftment and social sustainability.

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, 2011

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, 2011, 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, 2011 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, 2011 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, 2011
 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

(D.V.VORA)
PARTNER

Membership No. 30013

Place: Mumbai:
Date : 25th May, 2011

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] 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 four parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.538.48 lacs and the year-end balance of loans taken from such parties was Rs. 60.06 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.
- [V] [a] According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.