

Board of Directors

S. S. Kapashi
I. S. Kapashi
P. S. Kapashi
N. I. Kapashi
M. P. Shah
A. V. Vora

Registered Office:

'Nishuvi', 4th Floor, 75 Dr. Annie Besant Road, Worli, Mumbai 400018.

Auditors:

D. V. Vora & Co.

Bankers:

Oriental Bank of Commerce
Axis Bank Ltd.

Registrar & Transfer Agents:

Purva Shareregistry (India) Pvt. Ltd.,
9, Shiv Shakti Industrial Estate,
J. R. Boricha Marg,
Opp. Kasturba Hospital,
Lower Parel (East),
Mumbai – 400 011.

NOTICE

NOTICE is hereby given that the Twenty-Seventh Annual General Meeting of the Members of KAPASHI COMMERCIAL LIMITED will be held on Wednesday, 5th day of September, 2012 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, 2012, 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. Nimish I. Kapashi, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Indukumar 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

S. S. KAPASHI

Dated: 30th MAY, 2012

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, 28th day of August, 2012 to Wednesday, 5th day of September, 2012 (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.

BOARD'S REPORT

To,
The Shareholders,

The Board of Directors has pleasure to submit the report and audited Balance Sheet and Statement of Profit and Loss Account of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS AND DIVIDEND

(i) Financial Results:

	(Rs. In lakhs)	
	As at 31.03.2012	As at 31.03.2011
Sales	2807.53	2938.34
Other Income	431.51	481.15
Total	3239.04	3419.49
Profit / (Loss) Subject to Depreciation & Tax	366.87	402.02
Less: Depreciation	4.14	4.32
Profit / (Loss) before Tax	362.73	397.70
Add: Share of Profit / (Loss) from Partnership firm	0	(14.43)
Excess Provision of Taxation	0	7.26
	362.73	390.52
	362.73	390.52
Provision for Taxation	80.00	82.00
	282.73	308.52
Profit / (Loss) after Tax	282.73	308.52
Less: Special Reserve	56.55	65.75
	226.18	242.77
Profit / (Loss) brought forward from previous year	2311.32	2068.54
Profit / (Loss) carried to Balance Sheet	2537.50	2311.32

The developments over the last year in major economies of the world have not been encouraging though the concerns about a crisis have abated somewhat since dawn of 2012. There is an apprehension that the process of global economic recovery that began after the financial crisis of 2008 is beginning to stall and the sovereign debt crisis in the euro zone area may persist for a while. The US economy has shown some improvement but economic growth remains sluggish, despite extensive use of both fiscal and monetary tools. Unemployment situation in advanced economies in general, and the peripheral economies of the euro zone in particular, which had deteriorated in the wake of global crisis has not improved. At this juncture, in the short run, the global economy is being buffeted by multiple shocks emanating from various sources, economic, social and geopolitical. A worsening of the conditions in the Middle-East and North Africa could derail global growth. The lower global growth forecast by IMF for most countries in 2012 perhaps reflects the repeated bouts of uncertainty arising from these diverse sets of factors. However, the global financial crisis is no longer the major force dictating the pace of economic activity in the developing countries. The BRICS nations with China in the lead role are gaining decisive force in the global economic arena. The global growth for 2012 and 2013 is expected to be lower than earlier anticipated since the emerging and developing economies are also showing signs of slowdown in growth.

In line with this, growth in India is slowing down. The Indian economy was 5.3% in 2011-12 in terms of gross domestic product as compared to 8.4% in 2010-11, which shows weakening of the growth. Due to the crisis in the euro-zone area has lead to the slowdown and the global economic and financial conditions are likely to remain under pressure during the current fiscal 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 also started its trading activities in Aluminium and posted sales of Rs.16,749,530/- compared to Rs. Nil in the previous year. However, sales of Zinc has reduced to Rs.264,003,592/- compared to Rs. 293,834,313/- in previous year. For the year ended 31st March, 2012 the company has posted net profit after tax of Rs.25,324,804/- compared to net Profit of Rs. 30,852,554/- in the previous year. The profit has been lower as compared to the previous year due to reduced sales and all other expenses have led to reduction in profit by 17.92%..

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, 2012, 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, 2012 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.

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. Nimish I. Kapashi and Mr. Indukumar 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: 30th May, 2012

S. S. KAPASHI
Chairman

AUDITOR'S REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of KAPASHI COMMERCIAL LIMITED as at 31st March, 2012, also the Statement of 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, Statement of 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, Statement of 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 31st March, 2012 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, 2012 from being appointed as a Director, in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant Accounting Policies and notes thereon 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 31st March, 2012
2. In the case of the Statement 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
(FRN 111624W)**

**(D.V.VORA)
PARTNER
Membership No. 30013**

**Place: Mumbai:
Date : 30th May, 2012**

ANNEXURE TO AUDITOR'S 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 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 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 223.14 lacs and the year-end balance of loans taken from such parties was Rs. 14.21 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.
- [b] In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees Five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- [VI] In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board.
- [VII] In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- [VIII] The Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 does not apply in respect of Company's business.
- [IX] [a] The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise-duty, cess and other statutory dues applicable to it.
- [b] According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March 2012 for a period of more than six months from the date they became payable.
- [c] According to the information and explanation given to us, there are no dues of sale tax, income-tax, customs duty, wealth-tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- [X] The company does not have accumulated losses as at 31st March, 2012, The company has not incurred any cash losses during the financial year covered by the audit and the immediately preceding financial year.
- [XI] During the year, the company has not taken any loan from any financial institution or bank and has not issued any debenture.
- [XII] The company has not granted any loans and advances on the basis of security byway of pledge of shares, debentures and other securities.
- [XIII] In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the said order are not applicable to the company.
- [XIV] In our opinion, the company has maintained proper records of the transactions and contracts of the investments dealt in by the company and timely entries have been made there in. The investments made by the company are held in its own name except to the extent of the exemption under section 4a of the act.
- [XV] The company has not given any guarantee for loans taken by others from Bank or financial institutions.
- [XVI] The provision of clause 4(XVI) of the order is not presently applicable to the company since it has not taken any term loan during the financial year.
- [XVII] According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.

- [XVIII] According to the information and explanations given to us, during the year the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- [XIX] The company has not issued any debentures during the year.
- [XX] The company has not raised any money through Public Issue during the year.
- [XXI] In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For D. V. VORA & CO.
Chartered Accountants
(FRN 111624W)**

**(D.V.VORA)
PARTNER
Membership No. 30013**

**Place: Mumbai.
Dated: 30th May, 2012**