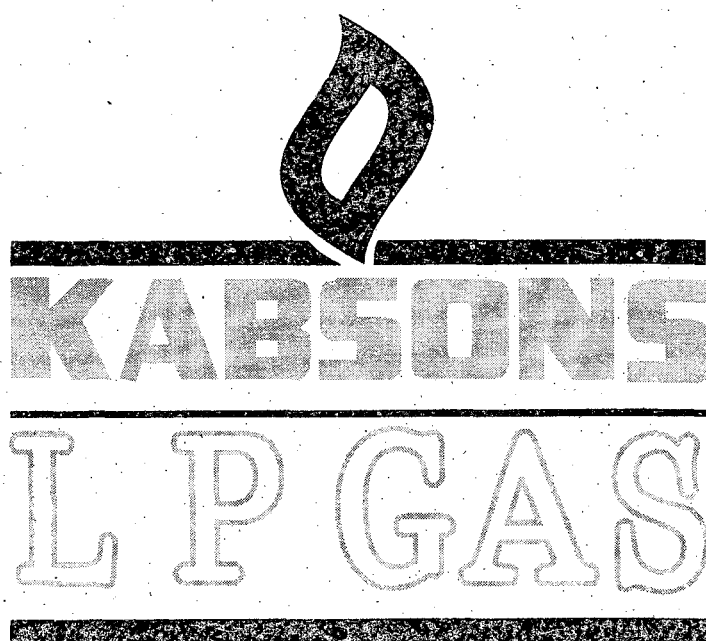


17th Annual Report 2008 - 2009



Kabsons Industries Limited

KABSONS INDUSTRIES LIMITED

BOARD OF DIRECTORS	:	Mr.G.K.KABRA	CHAIRMAN
	:	Mr.P.V SUBBA RAO	DIRECTOR
	:	Mr. M. SRIKRISHNA	DIRECTOR
	:	Mr. P. SARVAIAH	DIRECTOR
	:	Mr. RAJIV KABRA	EXECUTIVE DIRECTOR
AUDITORS	:	M/s. BRAHMAYYA & CO., Chartered Accountants, Flat No.403 & 404, Golden Green Appts, Erramanzil Colony, Somajiguda, Hyderabad - 500 082.	
AUDIT COMMITTEE	:	P.V SUBBA RAO	CHAIRMAN
		G.K.KABRA	
		RAJIV KABRA	
		P. SARVAIAH	
BANKERS	:	HDFC BANK, Banjara Hills, HYDERABAD - 500 034.	
	:	STATE BANK OF INDIA Yellareddyguda, HYDERABAD - 500 073.	
REGISTERED OFFICE	:	Plot No.48, 8-3-1087, Srinagar Colony, HYDERABAD - 500 073.	
SHARE TRANSFER AGENTS	:	M/S.XL SOFTECH SYSTEMS LTD	
DEMAT AGENTS		3, Sagar Society, Road No.2, Banjara Hills, HYDERABAD - 500 034.	
FACTORY	:	Plot No.B-3, Phase I, MIDC, Waluj, AURANGABAD - 431 133.	
BOTTLING PLANTS	:	Aurangabad, Dharwad, Jaipur, Jalpaiguri, Nagpur, Rohtak, Baroda, Bhubaneswar, Ranchi.	

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the members of the Company will be held on 29th, September 2009 at 8-3-1087, Plot No.48, Opp. Ratnadeep Super Market; Srinagar Colony, Hyderabad - 500 073, at 4 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and Profit & Loss Account for the year ended on that date together with report of Directors and Auditors thereon.
2. To appoint, M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, Auditors who retires and being eligible offer for reappointment, to hold office from the conclusion of this meeting until conclusion of next Annual General Meeting and authorise Board of Directors of the Company to fix their remuneration.

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass the following Resolution with or without modification as an ordinary Resolution.
"RESOLVED THAT Mr. P. Sarvaiah who was appointed as Additional Director of the Company by the Board of Directors with effect from 29/09/08 and who vacates his office under section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company".
4. To consider and if thought fit, to pass the following Resolution with or without modifications as ordinary Resolution:
"RESOLVED THAT consent of the members of the Company be and are hereby accorded for reappointment of Shri.Rajiv Kabra as Executive Director of the Company pursuant to Sections 198, 269 & 309 read with Schedule XIII of the Companies Act, 1956 for a period of 5 years effective from 1st August, 2009".

"FURTHER RESOLVED THAT Shri.Rajiv Kabra, in his capacity as a Executive Director be provided the following".

- Perquisites : 1) Provision for use of chauffeur Driven Car
2) Company shall provide Telephone or reimburse telephone expense at residence for local and long distance official calls.

By Order of the Board
For **KABSONS INDUSTRIES LIMITED**

Sd/-

RAJIV KABRA
Executive Director

Place : Hyderabad
Date : 20.07.2009

Notes:

- a) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. Proxies in order to be effective, the duly completed, stamped and signed proxy form shall be deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.
- b) The Members are requested to notify immediately any change of address to the registered office quoting their Registered Folio No.
- c) The Members are requested to bring the Annual Report along with them at the time of Annual General Meeting and are also requested to send their queries, if any, on the adoption of accounts well in advance, so as to enable the company to place relevant records and information at the Annual General Meeting.

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

Item no.3: Sri P. Sarvaiah was appointed as a additional director under section 260 of the Companies Act, 1956 read with Articles of Association of the Company with effect from 29/09/08 and he hold office upto the date of Annual General Meeting, under subject. He expressed his willingness to be appointed as Director in the Annual General Meeting. The Company was received a notice in writing from Share holder signifying and recommending the candidature of Sri P. Sarvaiah for the office of Director and the said Share holder has also deposited the requisite amount along with this notice as contemplated under section 257 of Companies Act, 1956. Non of the Directors other than the proposed appointee are interested in the passing of this resolution. In this circumstances it is decided to appoint and regularise Sri P. Sarvaiah as a Director of the Company, subject to retirement by rotation. Hence members are requested to pass appropriate resolution under special business.

Item no.4: The Board of Directors of the Company had appointed Shri.Rajiv Kabra, as Executive Director effective from 1st August 2009. Pursuant to Sections 198, 269 & 309 read with Schedule XIII of the Companies Act, 1956, the reappointment of Executive Director of the Company is to be approved by the members of the company by way of ordinary resolution.

Mr.Rajiv Kabra has not drawn any salary w.e.f 01.10.2006 @ Rs.25,000/- PM in the absence of approval of Central Government even though approved by Annual General Meeting held on 27th September, 2005.

In view of the above the Company is not proposing any remuneration and only perquisites as mentioned above are proposed.

DIRECTORS' REPORT

To The Members of **KABSONS INDUSTRIES LIMITED,**

Your Directors hereby present the 17th Annual Report and Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS:

(Rs.in Lakhs)

	Year Ended 31.03.2009	Year Ended 31.03.2008
1) Sales & other Income	281.25	208.09
2) Profit before Interest, Financial Charges and Depreciation	57.04	29.46
3) Interest and Financial Charges	0.24	0.01
4) Profit /Loss Before Depreciation	56.80	29.45
5) Depreciation	37.29	41.28
6) Profit/(Loss) after, Financial Charges Depreciation	19.51	(11.83)

DISCUSSION ON FINANCIAL PERFORMANCE:

During the year under consideration the Company got a profit of Rs.57.04 Lakhs before interest and depreciation as against profit of Rs.29.46 Lakhs during the previous year, which includes Profit on Sale of Assets at Rs.36.01 lakhs and lease income is the major source of revenue to the Company.

OUT LOOK:

Your Company is concentrating on leasing out the bottling plants wherever opportunities are available, In some markets supply of Industrial Gas has been started with the support of local Distributors.

DIRECTOR :

During year under report Sri M. Srikrishna and Sri P. Sarvaiah were appointed as Additional Directors with effect from 29/09/2008.

Sri M. Srikrishna has resigned with effect from 30/09/2008 and accordingly, he ceased to be Director.

AUDITORS: Messers Brahmayya & Co., Chartered Accountants, Auditors of the company, retire at the conclusion of the Annual General Meeting and being eligible, offers themselves for re-appointment. The Company has received a certificate from them to the effect that the appointment, if made, would be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SEC 217 (2AA) OF COMPANIES ACT 1956:

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

- That in the preparation of the accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have 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 and the profit of the Company for the year under review;
- That the Directors have 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;
- That the Directors have prepared the accounts for the financial year ended 31st March, 2009 on a going concern basis despite continues losses, erosion of net worth, excess of current liabilities over current assets and uncertainty associated with the operations of the Company.

CONSERVATION OF ENERGY/TECHNOLOGY ABSORPTION/FOREIGN EXCHANGE EARNINGS AND OUTGO:

As required under section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Directors) Rules, 1988 information relating to conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo is given in Annexure to the extent applicable and forms part of this report.

DISCLOSURES AS PER LISTING AGREEMENT:

Cash Flow Statement: In compliance of clause 32 of the Listing Agreement, the Cash Flow Statement prepared in accordance with the requirements prescribed by SEBI is appended to this Annual Report.

CORPORATE GOVERNANCE:

Pursuant to clause 49 to the Listing Agreement with Stock Exchanges, a separate section titled "CORPORATE GOVERNANCE" has been attached to this Annual Report. A Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance stipulated in the Listing Agreement with Stock Exchanges, are annexed to and form part of the Annual Report.

PARTICULARS OF EMPLOYEES:

There are no employees who attract Section 217(2A) of the Companies Act, 1956 and therefore the particulars were not given.

INFORMATION & EXPLANATION IN RESPECT OF QUALIFICATION / RESERVATION OR ADVERSE REMARKS CONTAINED IN AUDITORS REPORT UNDER CLAUSE NO.5:

- A) Interest for the year Rs.6,50,357/- on deposits of distributors/dealers has not been provided in view of company's adverse financial position and will be negotiated for waiver resulting to overstatement of profit by that amount.
- B) In spite of continues erosion of network, position of excess of current liabilities over current assets and uncertainty associated with operations of the company the Accounts of the Company are prepared on going concern basis.
- C) In view of very limited strength of employees, presently working with the Company, the requirements of AS-15 Employee Benefits in respect of gratuity could not be complied with. However provision for gratuity as required under Payment of Gratuity Act has been provided for.

PERSONNEL:

Your Directors would like to place on record their deep sense of appreciation of the services of executives, staff and workers of the Company. Industrial Relations continued to be cordial throughout the year at all locations.

ACKNOWLEDGMENT:

Your Directors Express their thanks for the guidance and assistance received from State Bank of India, Department of Explosives and their Officials, Central Excise, Pollution Control Boards and Commercial Tax Departments of respective States, host of other State and Central Government Departments, Securities Exchange Board of India, and Stock Exchanges at Mumbai, Ahmedabad, Delhi, Kolkata and Chennai and others.

Your Directors would like to express their gratitude to all Corporate, Institutional and Individual Shareholders for the confidence reposed by them, in the Company.

for and on behalf of the Board

G.K. KABRA

Chairman

Place: Hyderabad

Date : 20.07.2009

ANNEXURE - A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009:

Information under Section 217(1)(c) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

FORM - B
PARTICULARS WITH RESPECT TO ABSORPTION RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R&D carried out by the Company	NIL	NIL
2. Benefit derived as a result of the above R & D	—	—
3. Future plan of action	—	—
4. Expenditure on R&D	Current Year (Rs.)	Previous Year (Rs.)
a) Capital	NIL	NIL
b) Recurring	NIL	NIL
TOTAL		
c) Total R&D expenditure as % turnover	NIL	NIL

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts in brief made towards technology, absorption, adaptation	NIL	NIL
2. Benefits derived as a result of the above efforts i.e., product improvement, cost reduction, product development, import substitution etc.	NIL	NIL
3. Import of technology	NIL	NIL

FORM C
FOREIGN EXCHANGE EARNINGS & OUT GO

	Current Year (Rs.)	Previous Year (Rs.)
FOREIGN EXCHANGE EARNINGS:	NIL	NIL
FOREIGN EXCHANGE OUTGO:	NIL	NIL

REPORT ON CORPORATE GOVERNANCE: - Annexure - B.**1) COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE:**

The Company's philosophy of Corporate Governance is aimed at attainment of highest levels of transparency and accountability in all facets of operations and in all its interactions with State Bank of India, Government Departments, Distributors, Dealers, Suppliers, Shareholders, Employees and the Lenders.

The Statutory auditors of the company have examined the company's compliance, and have certified the same, as required under the SEBI Guidelines. Such Certificate is reproduced as Annexure - C

A Separate Management discussion and analysis report covering a wide range of issues is given to this report as Annexure - D.

2) BOARD OF DIRECTORS:

The Board of Directors comprises four members including alternate Directors. The Board's role, functions, responsibility and accountability are clearly defined.

At the Board Meeting of the Company apart from all important matters affecting the business affairs of the Company the directors are being provided information, stipulated in clause 49 of the Listing Agreement.

a) BOARD MEETINGS:

Meeting of the Board of Directors are held at Company's Registered Office at Hyderabad, and are scheduled well in advance. The Board meets at least once in a quarter to review performance and financial results. The agenda for the meeting is prepared in consultation with Executive Director and the papers are circulated to the directors in advance. The Board Members have access to all information pertaining to the Company and are free to recommend inclusion of any matter in the agenda for discussion.

b) THE COMPOSITION OF THE BOARD IS AS FOLLOWS:

Sl.No.	Name of the Directors	Status	Category
1.	Sri.G.K.Kabra	Chairman	Promoter/Director
2.	Sri. P V Subba Rao	Director	Non-Executive/ Independent Director
3.	Sri P. Sarvaiah	Director	Non-Executive/ Non-Independent Director
4.	Sri. Rajiv Kabra	Executive Director	Promoter / Executive Director

c) DETAILS OF BOARD MEETINGS HELD AND ATTENDANCE OF DIRECTORS:

Name of the Director	No. of Board Meetings		Attendance at Last AGM
	Held	Attended	
Sri. G.K.Kabra	6	6	Attended
Sri. B. Shankar	1	1	Attended
Sri. P V Subba Rao	6	6	Attended
Sri. M. Srikrishna	1	1	Attended
Sri. P. Sarvaiah	4	4	Attended
Sri. Rajiv Kabra	6	6	Attended

d) Number of Board Meetings held and the dates on which held

Five Board Meetings were held during the year. The dates on which the meetings were held on 10/06/2008, 19/08/2008, 29/09/2008, 30/09/2008, 12/11/2008 and 31/01/2009.

3) AUDIT COMMITTEE:**a) Brief Description of terms of reference:**

The terms of reference of the Audit Committee are comprehensive and covers the matters specified for Audit Committee under Listing Agreement with Stock Exchanges.

b) Composition names of members and Chairperson:

According to the Resolution passed in the Board of Directors meeting held on 28th June, 2001 the Board has constituted the Audit Committee comprising of Mr.G.K.Kabra, Mr.B.Shankar and Mr.Rajiv Kabra as members of the committee. Mr.P.V.Subba Rao, Cost Accountant having knowledge of Finance and Accounts is being appointed as Audit Committee Chairman from 10.06.2008 in place of Mr.B.Shankar. The Quorum for the Audit Committee is two members. Mr.P.V.Subba Rao, continues to be the Chairman of the Committee.

c) Meetings and attendance during the year:

Meetings are scheduled in advance and the committee, has met on 19th August, 2008, 30th September, 2008, 12th November, 2008, and 31st January, 2009.

All the members of the Audit Committee attended the meetings.

4) INVESTORS GRIEVANCE COMMITTEE / SHARE TRANSFER COMMITTEE:

The Board of Directors designated an "Investor Grievance Committee" as a measure of good corporate governance and to strengthen the investor relations. Mr.Rajiv Kabra, Executive Director who personally looks after the investor grievances and heads the Committee. The Committee also looks into redressing the shareholders' complaints.

The Following are the status of Complaints which were received during the year:

S.No	Date of Receipt	Nature of the Complaint	No. of Complaints Received	No. of Complaints Cleared	Date of Clearing	Remarks
I.	-	Non-receipt of Annual Reports	3	3	-	Nil

5) GENERAL BODY MEETINGS: Location and time of last 3 Annual General Meetings:

Sl.No	Year	Meeting	Venue	Date	Time
1)	2005 - 2006	A.G.M	Nagarjuna Nagar Welfare Association, Hyderabad	25.09.2006	11.00 AM
2)	2006 - 2007	A.G.M	Nagarjuna Nagar Welfare Association, Hyderabad	27.09.2007	11.30 AM
3)	2007 - 2008	A.G.M	At Registered Office 8-3-1087, Plot No.48 Srinagar Colony, Hyderabad	27.09.2008	4.00 PM

6) DISCLOSURES:

- None of the transactions with any of the related parties were in conflict with the interest of the company.
- There have been no instances of non-Compliance by the company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

7) MEANS OF COMMUNICATION:

The Board takes on record the Un-Audited Financial Results (with limited reviews by the auditors) and the financial results are in the prescribed format of the Stock Exchanges where the Company is listed. Further quarterly Un-audited financial results are also published at least in two newspapers within 48 hours of the conclusion of the meeting of the Board in which they are taken on record. The Quarterly Financial results will be published in Business Standard/The Financial Express and Andhra Prabha/ Andhra Bhoomi in regional language of the region i.e., Andhra Pradesh, since the place of the Registered office of the Company is situated at Hyderabad (A.P).

8) GENERAL SHAREHOLDERS INFORMATION:

- As indicated in the notice to our shareholders, the Annual General Meeting of the company will be held on 29th September, 2009 at Registered Office at 8-3-1087, Plot No.48, Opp.Ratnadeep Super Market, Srinagar Colony, Hyderabad – 500 073, at 4.00 P.M.
- Financial Calendar:

Annual General Meeting	29th September, 2009
Unaudited results for the quarter ending June 30th, 2009	Last week of August, 2009
Unaudited results for the quarter/Half year ending September 30th, 2009	Last week of October, 2009
Unaudited results for the quarter ending December 31st, 2009	Last Week of January, 2010
Audited Results for the year ending March, 31, 2010	Last week of June, 2010
- Date of Book Closure: from 22nd September, 2009 to 29th September, 2009 both days inclusive for the purpose of Annual General Meeting.
- The Shares of the Company are listed on the following Exchanges with the following stock codes.

Name & Address of the Stock Exchange	Stock Code:	Name & Address of the Stock Exchange	Stock Code
The Stock Exchange Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400 001	K0266	Delhi Stock Exch Ass Ltd, DSE House 3/1, Asaf Ali Road, NEW DELHI - 110 002.	7306
Madras Stock Exchange Ltd, Exchange Building, Post Box No.183, 11, Second Line Beach, CHENNAI - 600 001.	NIL	The Calcutta Stock Ass Ltd, 7, Lyons Range, CALCUTTA - 700 001.	NIL
The Stock Exch Ahmedabad, Kamdheni Complex, Opp:Sahajanand College, Panjara Pole, AHMEDABAD - 380 015.	29075/ KABSONS IND		

There is an outstanding Listing Fee of Rs.2,10,000, Rs.1,82,167, Rs.91,236, Rs.88,448 to Hyderabad Stock Exchange, Delhi Stock Exchange, Ahmedabad Stock Exchange, KolKata Stock Exchange respectively and Rs.1,83,250 to Mumbai Stock Exchange, where, they have suspended company shares for trading from 3rd February, 2003 due to non- payment of re-instatement fee.

e) Monthly High and Low Stock Quotations for preceding six months of the accounting year under review:

Month & Year	Bombay Stock Exchange Price (Rs)	Price (Rs)
	High	Low
	Nil trading during the year	

Note: Shares of the company are not regularly traded in the Stock Exchanges.

f) NAME AND ADDRESS OF SHARE TRANSFER AGENTS / DEMAT AGENTS:

M/S.XL SOFTECH SYSTEMS LTD
3, Sagar Society, Road No.2, Banjara Hills, HYDERABAD - 500 034
PHONE NO(S):040-23545913, 040-23545914

g) Share Transfer System:

Shareholders are advised to contact the Registrar and Share Transfer Agents. for effecting transfers of shares both in physical and electronic form.

h) a) DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2009.

Share holdings of nominal value of	Share holders		No. of Shares	
	Number	% Total	Number	% Total
(1)	(2)	(3)	(4)	(5)
Upto - 5000	17,500	94.27	2,21,76,180	12.70
5,001 - 10,000	361	1.95	30,00,000	1.72
10,001 - 20,000	164	0.88	24,92,000	1.43
20,001 - 30,000	387	2.09	97,48,100	5.58
30,001 - 40,000	21	0.11	7,38,990	0.42
40,001 - 50,000	45	0.24	21,89,240	1.25
50,001 - 1,00,000	39	0.21	31,40,500	1.80
1,00,001 and above	46	0.25	13,11,44,990	75.10
Total :	18,563	100.00	17,46,30,000	100.00

KABSONS INDUSTRIES LIMITED**b) DISTRIBUTION OF SHAREHOLDING PATTERN AS ON 31ST MARCH, 2009 :**

Sl.No.	Category	No.of Shares Held	% of Share Holding
A	PROMOTER'S HOLDING:		
1.	PROMOTERS:		
	- Indian Promoters	1,18,78,050	68.02
B	NON-PROMOTERS HOLDING:		
2.	Banks,(OBC)	100	0.00
	Non-Govt Institutions - (ICICI)	5,00,000	2.86
	- (UTI)	1,000	0.01
C	OTHERS:		
3.	Private Corporate Bodies	1,53,400	0.88
4.	Indian Public	47,18,950	27.11
5.	NRIs/OCBs	2,11,200	1.21
6.	Others (Clearing Members)	300	0.00
TOTAL:		1,74,63,000	100.00

Please Note that Foreign Shareholding is the sum of:

Particulars	No.of Shares	%
a) Foreign Promoters	Nil	
b) FIIs	Nil	
c) NRIs/OCBs	211300	1.21%
d) Foreign Banks	Nil	
e) Foreign Nationals	Nil	
f) GDRs/ADRs	Nil	

i) Dematerialization of shares:

Trading of Equity shares of the company are compulsory in dematerialised form with effect from 28th December, 2000. The ISIN of Dematerialised shares of the company allotted by the NSDL is "INE645C01010".

j) ADDRESS FOR CORRESPONDENCE:

Shareholders can send in their correspondence to the Companies Registered office address as under:

REGISTERED OFFICE : M/s.Kabsons Industries Limited,
Plot No.48, 8-3-1087,
Srinagar Colony,
HYDERABAD - 500 073.
Ph.No.040-66630001,02,06

ANNEXURE - C

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE
AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES:

To

The Members of
KABSONS INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by KABSONS INDUSTRIES LIMITED, for the year ended on March 31, 2009, as stipulated in clause 49 of the listing agreement of the said company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, subject to the following:

- i) The Board consists of only four directors, out of this, three are non-independent directors.
- ii) Audit Committee comprises majority non-independent Directors as against the stipulation that the audit committee shall have majority independent Directors.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned listing agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For BRAHMAYYA & CO.,
Chartered Accountants
(D.SEETHARAMAIAH)
Partner

Place : Hyderabad
Date : 20.07.2009

ANNEXURE - D MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

- A) LPG Industry: Most of the LPG volume is handled by PSU's for domestic supplies. With such large scale penetration on the part of the PSU's at a substantially lower than market price, effect the prospects of the private sector, operating in the same segment.
- B) Business Review: The Company has been focusing on Lease incomes so as to utilize the existing assets. There exists a mismatch of capacity in terms of availability in certain markets and demand in the other markets. Consequently, there are very few plants where the servicing operations are viable for the operations of the company. This situation is not going to change too much in the near future.
- C) Management of risks: Though the risk of large scale return of connections loom large over the company, the number of Cylinders returns have come down. There is also considerable pressure to keep up the realization from the service's in view of the highly competitive market.
- D) Financial Performance:

The Following is the Financial Performance of your Company:

Rs.in Lakhs

	2008-09	2007-08	Inc/(Dec)%
INCOME :			
Sales	182.68	160.31	13.95
Other Income	98.57	47.79	106.26
Total:	281.25	208.10	35.15
EXPENDITURE :			
Manufacturing Expenses	143.32	111.25	(28.83)
Staff Cost	16.57	15.72	(5.40)
Other Expenses	64.31	51.67	(24.46)
Financial Expenses	0.24	0.01	(23.00)
Depreciation	37.29	41.28	9.67
Total:	261.73	219.93	(19.00)
PROFIT / (LOSS)	19.52	(11.83)	265.00

AUDITORS REPORT

To the Members of KABSONS INDUSTRIES LIMITED

- 1) We have audited the attached Balance Sheet of KABSONS INDUSTRIES LIMITED, HYDERABAD (A.P) as at 31st March, 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the period ended on that date. 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 (Auditors' Report) order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure 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 above we report that:
 - i) 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.
 - ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit & Loss account and Cashflow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit & Loss account and Cashflow 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.
 - v) On the basis of the written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- 5
 - a) Interest for the year and for earlier years Rs.6,50,357/- and Rs.47,20,784/- respectively against Trade Deposits received from Dealers/Distributors are not provided resulting in overstating the Profit for the year by Rs.6,50,357- and understating the current liabilities by Rs.53,71,141/- (Refer Note No.6 of Notes on Accounts).
 - b) We draw attention to note no.2 of Notes on accounts in the financial statements. The company's current liabilities exceeded its current assets by Rs.578.35 Lakhs as on 31.03.2009. This factor along with the other matters as set forth in the note referred to, raise substantial doubt that whether the company will be able to continue as a "Going Concern".
 - c) The Company has not complied with the requirements of AS-15 Employee Benefits in respect of gratuity in view of this, the liability of the Company in this regard could not be ascertained. Consequently, we are unable to comment about the impact of this on the profit for the year.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to our comments in para 5 above, given the information as required by the companies Act, 1956, in the matter so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009;
 - ii) In case of the Profit & Loss account, of the Profit of the company for the year ended on that date; and
 - iii) In the case of Cashflow statement of the cash flows for the year ended on the date.

For **BRAHMAYYA & CO.,**
Chartered Accountants.

(D.SEETHARAMAIAH)

Partner Membership No.2907

Place : Hyderabad

Date : 20.07.2009

Annexure

Statement on the Companies (Auditor's Report) Order 2003

Re : KABSONS INDUSTRIES LIMITED

- 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 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, Board of Directors resolved to cease cylinder manufacture activity and to dispose off machinery of Cylinder Plant. Accordingly, the machinery of Cylinder Plant was disposed off. In our opinion, disposal of this machinery, would not affect 'going concern' assumption, in view of Gas trading carried on by the Company.
- 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 have been properly dealt with in the books of account.
- iii) a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained u/s 301 of the Act.
- b) The Company had taken loan from three companies and from a party covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount involved during the year was Rs.59.07 Lakhs and the year - end balance of loans taken from such parties was Rs.50.0 Lakhs.
- c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, and parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- d) The Company is not regular in repaying principal and interest as stipulated.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems 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 weaknesses in internal control systems.
- v) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintaining under that section and
- 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 register maintained under section 301 of the companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time except in respect of a contract for sale of machinery for which comparable data is not available and for which we are unable to express our opinion.
- vi) The company has not accepted the deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956 and the Rules framed thereunder.
- vii) The company has no internal audit system.
- viii) Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of the section 209(1)(d) of the companies Act, 1956 for the products / items dealt with by the Company.
- ix) a) The company is not regular in depositing with appropriate authorities undisputed statutory dues including investor education protection fund, employee's state insurance, sales tax.



KABSONS INDUSTRIES LIMITED

The extent of the arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they become payable is given below:

Name of statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Due date	Date of payment
1. Maharashtra Sales Tax Act	Deferred Sales Tax repayment	4,24,600	2008-09	01.05.2008}	
		4,24,600	2007-08	01.05.2007}	
		4,24,600	2006-07	01.05.2006}	
2. Companies Act	Investor Education and Protection Fund	22,550	1994-95	19.10.2001}	
3. Karnataka Sales Tax Act	Sales Tax	3,467	1999-00	15.05.1999}	
4. Karnataka Sales Tax Act	Sales Tax	1,209	2004-05	15.03.2005}	
5. Maharashtra Sales Tax Act	Sales Tax	190	2000-01	15.05.2000}	
6. Jharkand Sales Tax Act	Sales Tax	3,271	2001-02	15.03.2002}	
7. AP Sales Tax Act	Sales Tax	7,525	2000-01	15.04.2001}	
8. Maharashtra Sales Tax Act	Sales Tax	5,817	2005-06	15.05.2005}	
9. Maharashtra Sales Tax Act	Sales Tax	9,538	2004-05	15.04.2005}	
10. Maharashtra Sales Tax Act	Sales Tax	800	2003-04	15.01.2004}	
11. Maharashtra Sales Tax Act	Sales Tax	5,535	2004-05	05.11.2004}	Unpaid
12. West Bengal Sales Tax Act	Sales Tax	547	2004-05	15.01.2005}	
13. West Bengal Sales Tax Act	Sales Tax	23	2005-06	15.09.2005}	
14. Gujarat Sales Tax Act	Sales Tax	669	2005-06	15.10.2005}	
15. BST Act	Sales Tax & Penalty	73,735	1997-98	15.08.2004}	
16. BST Act	Sales Tax & Penalty	1,34,780	1998-99	15.08.2004}	
17. CST Act	Sales Tax & Penalty	1,31,000	1997-98	15.08.2004}	
18. CST Act	Sales Tax & Penalty	5,17,000	1998-99	15.08.2004}	
19. CST Act	Sales Tax & Penalty	2,040	1998-99	21.02.2002}	
20. ESI Act	Employees State Insurance	104	2006-07	21.06.2006}	
21. ESI Act	Employees State Insurance	14	2006-07	21.11.2006}	
22. ESI Act	Employees State Insurance	265	1999-00	21.04.2000}	

- b) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax and cess which have not been deposited on account of any dispute.
- x) In our opinion, the accumulated losses of the company are more than fifty percent of its networth. The Company has not incurred cash losses during the financial year covered by our audit and as well as in the immediately preceding financial year.
- xi) During the financial year covered by our audit the Company had not borrowed from financial institutions. Hence, clause (xi) of the above referred order is not applicable.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is neither a chit fund nor a nidhi mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the above referred Order are not applicable to the company.
- xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the above referred order are not applicable to the company.
- xv) The company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) During the year the company has not availed any term loans from banks or financial institutions. Accordingly, the provisions of clause 4(xvi) of the above referred Order are not applicable to the company.
- xvii) According to the information and explanations given to us and on 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) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- xix) The Company has not issued any debentures. Accordingly, the provisions of Clause 4(xix) of the above referred Order are not applicable to the company.
- xx) During the year the company has not raised money by public issue. Accordingly, the provisions of clause 4(xx) of the above referred Order are not applicable to the company.
- xxi) 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 BRAHMAYYA & CO.,
Chartered Accountants
(D.SEETHARAMAIAH)
Partner Membership No.2907

Place : Hyderabad
Date : 20.07.2009

KABSONS INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	SCH REF	AS AT 31.03.2009	AS AT 31.03.2008
I. SOURCES OF FUNDS			
1. SHARE HOLDERS FUNDS:			
Share capital	1	17,46,30,000	17,46,30,000
Reserves & Surplus	2	5,02,37,415	5,02,37,415
		<u>22,48,67,415</u>	<u>22,48,67,415</u>
2. LOAN FUNDS:			
Secured Loans	3	20,00,000	20,00,000
Un-secured Loans	4	49,81,698	58,88,698
		<u>69,81,698</u>	<u>78,88,698</u>
TOTAL Rs.		<u>23,18,49,113</u>	<u>23,27,56,113</u>
II. APPLICATION OF FUNDS:			
1. FIXED ASSETS:			
Gross Block	5	14,79,11,996	16,11,06,898
Less : Depreciation		<u>11,27,02,894</u>	<u>12,01,96,191</u>
Net Block		<u>3,52,09,102</u>	<u>4,09,10,707</u>
2. INVESTMENTS:			
	6	<u>15,000</u>	<u>15,000</u>
3. CURRENT ASSETS, LOANS & ADVANCES:			
Inventories	7	6,07,786	22,20,795
Sundry Debtors	8	23,47,112	23,68,478
Cash and Bank Balances	9	16,06,315	11,91,472
Loans and Advances	10	3,52,75,650	3,49,27,921
		<u>3,98,36,863</u>	<u>4,07,08,667</u>
LESS: Current Liabilities and Provisions			
	11	<u>9,76,72,042</u>	<u>10,52,64,730</u>
Net Current Assets		<u>(5,78,35,179)</u>	<u>(6,45,56,063)</u>
4. Profit & Loss Account:			
		<u>25,44,60,190</u>	<u>25,63,86,469</u>
TOTAL Rs.		<u>23,18,49,113</u>	<u>23,27,56,113</u>
Notes on Accounts	19		
Per Our Report on Even Date			
For BRAHMAYYA & CO., Chartered Accountants	(G.K.KABRA) Director	(M.KRISHNA MURTHY) G.M.(Finance)	
D.SEETHARAMAIAH Partner	RAJIV KABRA Executive Director		
Place:Hyderabad			
Date : 20.07.2009			

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

PARTICULARS	SCH REF	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
I. INCOME :			
Sales	12	1,82,67,779	1,60,31,344
Other Income	13	98,56,772	47,77,984
TOTAL Rs.		2,81,24,551	2,08,09,328
II. EXPENDITURE :			
Raw Materials & Components Disposed	18	2,99,664	19,015
Power and fuel		1,30,722	6,47,161
Purchase of Traded goods	14	1,30,56,150	1,23,37,360
Staff Cost	15	16,56,866	15,71,608
Interest : Others		24,078	1,207
Other Expenses	16	64,31,566	45,18,779
Depreciation	5	37,28,940	41,27,929
(Increase)/Decrease in stocks	17	8,45,120	(12,30,597)
TOTAL Rs.		2,61,73,106	2,19,92,462
III. PROFIT / (LOSS) FOR THE YEAR BEFORE TAXES		19,51,445	(11,83,134)
Less : Provision for Fringe Benefit Tax		25,166	34,251
PROFIT / (LOSS) FOR THE YEAR AFTER TAXES		19,26,279	(12,17,385)
Add: Balance brought forward from last year		25,63,86,469	25,51,69,084
IV. BALANCE CARRIED TO BALANCE SHEET		25,44,60,190	25,63,86,469
Earnings per share (in Rs.) (Face value of Rs.10/-)		0.11	0.07
(Refer Note No.13 (c))			
Notes on Accounts	19		

Per Our Report on Even Date

For BRAHMAYYA & CO.,
Chartered Accountants(G.K.KABRA)
Director(M.KRISHNA MURTHY)
G.M.(Finance)D.SEETHARAMAIAH
PartnerRAJIV KABRA
Executive DirectorPlace:Hyderabad
Date : 20.07.2009

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
1. SHARE CAPITAL:		
Authorised 18,000,000 Equity Shares of Rs.10/-each	<u>18,00,00,000</u>	<u>18,00,00,000</u>
Issued, Subscribed and Paid up 17,463,000 Equity Shares of Rs.10/-each fully paid-up	<u>17,46,30,000</u>	<u>17,46,30,000</u>
TOTAL Rs.	<u><u>17,46,30,000</u></u>	<u><u>17,46,30,000</u></u>
2. RESERVES & SURPLUS:		
Capital Reserve - Capital Incentive	30,00,000	30,00,000
Share Premium	4,72,37,415	4,72,37,415
TOTAL Rs.	<u><u>5,02,37,415</u></u>	<u><u>5,02,37,415</u></u>
3. SECURED LOANS:		
Lata Engineering Company Pvt Ltd	20,00,000	20,00,000
TOTAL Rs.	<u><u>20,00,000</u></u>	<u><u>20,00,000</u></u>
4. UNSECURED LOANS		
Maharashtra Sales Tax Deferred Liability	19,81,698	19,81,698
Inter Corporate Deposits	30,00,000	33,87,000
From Directors	0	5,20,000
TOTAL Rs.	<u><u>49,81,698</u></u>	<u><u>58,88,698</u></u>

5. FIXED ASSETS

Sl. No	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON	ADDITI-	DEDUC-	AS AT	UP TO	FOR THE YEAR	DEDUC-	UP TO	AS AT	AS AT
		01.04.2008	ONS.	TIONS	31.03.2009	31.03.2008		TIONS	31.03.2009	31.03.2009	31.03.2008
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Land Lease Hold	59,70,589			59,70,589	17,04,173	79,119		17,83,292	41,87,297	42,66,416
	- Free Hold	12,23,873			12,23,873	-	-		-	12,23,873	12,23,873
2	Buildings - Factory	2,87,58,665	83,327		2,88,41,992	1,39,00,821	9,63,323		1,48,64,144	1,39,77,848	1,48,57,844
	- Non-Factory	30,30,697			30,30,697	7,23,121	48,106		7,71,227	22,59,470	23,07,576
3	Plant and Machinery	4,12,05,538	2,28,326	1,24,01,128	2,90,32,736	2,94,59,024	15,21,664	1,03,89,096	2,05,91,592	84,41,144	1,17,46,514
4	Electrical Equipment	80,86,955		11,70,858	69,16,097	54,10,979	3,39,902	8,07,225	49,43,656	19,72,441	26,75,976
5	Furniture and Fittings	32,69,305			32,69,305	32,32,047	37,258		32,69,305	-	37,258
6	Data Processing Equipment	31,44,571	38,462		31,83,033	31,01,159	9,727		31,10,886	72,147	43,412
7	Office Equipment	14,45,388		8,219	14,37,169	10,47,176	62,598	8,219	11,01,555	3,35,614	3,98,212
8	Vehicles	9,19,913		28,736	8,91,177	5,49,297	76,807	28,737	5,97,367	2,93,810	3,70,616
9	Cycle	1,710			1,710	1,710			1,710	-	-
10	Cylinders	6,40,60,733	52,885		6,41,13,618	6,10,77,724	5,90,438		6,16,68,162	24,45,456	29,83,009
	Total :	# 16,11,17,937	4,03,000	1,36,08,941	14,79,11,996	# 12,02,07,231	37,28,940	1,12,33,277	11,27,02,894	3,52,09,102	4,09,10,707
	Previous Year	15,96,47,985	17,20,675	2,61,762	16,11,06,898	11,63,29,490	41,27,929	2,61,228	12,01,96,191	4,09,10,707	4,33,18,495

Note: Includes Rs.11,039/- added back in the current year which represents the excess cost deducted from Gross Cost in respect of 198 Nos. Cylinders which were scrapped in the year 2006-2007. Similar addition is made to depreciation upto 31.03.2008.

KABSONS INDUSTRIES LIMITED


PARTICULARS.	AS AT	AS AT
	31.03.2009	31.03.2008
6. INVESTMENTS:		
(Non-Trade, Unquoted)(Long Term)		
National Savings Certificates and		
Indira Vikas Pathras	15,000	15,000
TOTAL Rs.	<u>15,000</u>	<u>15,000</u>
7. INVENTORIES:		
(As Valued and Certified by the Executive Director)		
(At cost otherwise stated)		
Rawmaterials & Components	0	2,99,664
Stores & Packing Materials	78,004	4,62,052
Semi-Finished Goods (At realisable value)	42,504	1,56,885
Traded items	4,87,278	13,02,194
TOTAL Rs.	<u>6,07,786</u>	<u>22,20,795</u>
8. SUNDRY DEBTORS:		
(Unsecured)		
Debts due over six months		
: Considered good	11,38,004	3,28,972
: Considered doubtful	2,18,412	2,18,412
	<u>13,56,416</u>	<u>5,47,383</u>
Less : Provision for doubtful debts	<u>2,18,412</u>	<u>2,18,412</u>
	11,38,004	3,28,971
Other debts (considered good)	12,09,108	20,39,507
TOTAL Rs.	<u>23,47,112</u>	<u>23,68,478</u>
9. CASH AND BANK BALANCES:		
Cash in Hand	91,074	58,360
Balances with Scheduled Banks		
in Current Accounts	9,04,511	9,36,145
in Margin Deposits	5,88,653	1,74,890
in Share Application Money Refund A/c.	22,077	22,077
TOTAL Rs.	<u>16,06,315</u>	<u>11,91,472</u>
10. LOANS AND ADVANCES:		
(Unsecured, recoverable in cash or		
in kind or for value to be received)		
Advances for : Capital items:		
Considered doubtful	5,01,000	5,01,000
Less: Provision made	<u>5,01,000</u>	<u>5,01,000</u>
: Expenses	286	1,29,231
: Purchases	5,44,290	2,39,998
: Amounts recoverable from staff	3,000	20,120
: Others	1,62,890	1,62,890
Deposits recoverable	8,02,918	9,78,049
Cylinder Deposit	3,33,73,900	3,32,32,200
Bills of exchange (Doubtful)	24,50,000	24,50,000
Less: Provision made	<u>24,50,000</u>	<u>24,50,000</u>
Interest accrued	12,474	5,908
Prepaid Expenses	1,20,789	130,811
Excise duty deposit	421	421
Tax deducted at source	2,54,682	28,293
TOTAL Rs	<u>3,52,75,650</u>	<u>3,49,27,921</u>

KABSONS INDUSTRIES LIMITED


PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008
11. CURRENT LIABILITIES AND PROVISIONS:		
a) Current Liabilities:		
Creditors for : Capital Items (other than Micro, Small,	2,36,869	2,36,869
: Purchases and Medium Enterprises)	19,29,448	24,91,138
: Expenses	55,26,295	98,44,629
: Other finances	2,24,959	13,22,931
Due to Staff	3,93,774	3,97,155
Security deposit	32,96,000	32,96,000
Other deposit	5,85,000	5,85,000
Advance received against sale of plants	2,15,000	7,15,000
Dues to dealers and consumers	4,530,067	55,44,490
Cylinder Deposits from consumers	7,18,89,404	7,17,43,283
Distributor/ Dealer Deposit	88,17,633	90,55,633
Investor Education and protection fund		
shall be created by the following amounts namely -		
Unpaid application money received for allotment of shares		
and due for refund	22,550	22,550
TOTAL	9,76,66,999	10,52,54,678
b) Provision - Fringe Benefit Tax	5,043	10,052
TOTAL (a+b)	9,76,72,042	10,52,64,730
12. SALES:		
Gas (Trading)	1,60,78,768	1,29,62,146
Gas Filling Charges	-	1,07,930
Regulators and appliances	67,272	44,462
Sale of Raw Materials & Components	2,94,200	49,447
Rent/Hire charges	18,27,540	28,67,359
TOTAL Rs.	1,82,67,779	1,60,31,344
13. OTHER INCOME:		
Interest earned (others) (TDS Rs.2,190/-)	28,722	16,302
Plants lease amounts	27,95,400	32,31,500
Rent earned	13,12,161	2,02,000
Miscellaneous receipts	10,30,137	7,33,061
Marketing Fees	96,661	55,500
Credit Balances written back	1,20,165	2,80,910
Excess Provision written back	2,860	1,94,245
Profit on sale of assets	44,70,666	64,466
TOTAL Rs.	98,56,772	47,77,984
14. PURCHASE OF TRADED GOODS :		
(Gas, Regulators and appliances)		
Gas	1,30,03,974	1,23,37,360
Regulators	52,176	-
TOTAL Rs.	1,30,56,150	1,23,37,360
15. STAFF COST		
Salaries, Wages, LTA, Exgratia, MRI & Bonus	14,92,176	14,37,358
Contribution to Provident and other funds	95,288	85,324
Workers and Staff Welfare	46,618	39,211
Leave encashment	5,355	3,715
Gratuity	17,429	6,000
TOTAL Rs.	16,56,866	15,71,608

KABSONS INDUSTRIES LIMITED


PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	31.03.2009	31.03.2008
16. OTHER EXPENSES:		
Rental / Hire charges paid for Cylinders	16,59,598	10,06,469
Gas Filling charges	2,10,182	3,34,677
Stores consumed	15,837	23,715
Rent & Water charges	5,75,391	5,43,253
Rates & Taxes	1,86,681	2,85,565
Insurance	1,09,799	93,962
Printing & Stationary	19,041	41,036
Postage, Telegrams & Telephones	93,919	99,156
Travelling & Conveyance	2,17,320	2,69,338
Transport Charges	3,40,112	2,58,715
Repairs & Maintenance		
: Plant & Machinery	90,003	59,871
: Buildings	1,68,121	9,343
: Other Assets	19,565	13,643
Service Charges	4,98,798	4,67,861
Auditor's Remuneration		
: As Auditors	24,818	25,281
: for Tax Audit	5,515	5,618
: for Certification of LRR	11,236	11,230
: for Tax Representation	2,842	-
Legal & Professional Charges	2,74,633	3,15,176
General Charges	2,72,528	3,70,969
Prior period expenses	2,95,704	39,489
Damages/Penalty Charges	2,287	26,000
Provision for Bad & Doubtful Debts	-	2,18,412
Loss on sale of Assets	8,69,413	-
Stocks written off	4,68,224	-
TOTAL Rs.	64,31,566	45,18,779
17. INCREASE / DECREASE IN STOCKS:		
a) Opening Stocks		
Semi -finished Goods	1,56,885	1,56,885
Traded Items	13,02,194	71,597
	14,59,079	2,28,482
b) Less : Stocks written off (Semi finished)	67,527	-
: Stocks written off (Traded Items)	16,649	-
	84,176	-
TOTAL Rs.	13,74,903	2,28,482
c) Closing Stocks		
Semi Finished Goods	42,504	1,56,885
Traded Items	4,87,279	13,02,194
TOTAL Rs.	5,29,783	14,59,079
(Increase) / Decrease (c-b) Rs.	8,45,120	(12,30,597)
18. RAW MATERIALS & COMPONENTS DISPOSED OFF :		
a) Opening Stocks	2,99,664	3,18,679
b) Less : Closing Stocks	-	2,99,664
	2,99,664	19,015

19. NOTES ON ACCOUNTS:

1. The following are the significant accounting policies adopted by the Company in the preparation and presentation of financial statements.

- i) Financial statements are based on historical cost.
- ii) Special Incentive received is treated as Capital Reserve.
- iii) Fixed Assets are stated at cost net of depreciation provided for and MODVAT credit availed.
- iv) Lease hold land is amortised over the period of lease. Immovable assets on the lease hold lands are amortised in accordance with Schedule -XIV to the Companies Act, 1956 where the estimated life of the assets is less than the lease periods.

Where the estimated life of the immovable assets on lease hold lands is more than the lease periods, they are amortised over the lease periods.

Depreciation on the assets of the Company, other than those mentioned above, is provided on straight line basis / written down value method in accordance with schedule XIV to the Companies Act 1956.

- v) Investments are stated at cost.
- vi) Raw materials are valued at cost. Work-in-progress and stock in trade is valued at lower of cost and realisable value.
- vii) Sales are exclusive of taxes and duties collected.
- viii) Provident Fund is administrated and remittances are made to Provident Fund Commissioner. Liabilities towards gratuity and leave encashment are provided for in accordance with the provision of Payment of Gratuity Act 1972, Factories Act, 1948 and Shops and Establishment Act, 1988 respectively.
- xi) Contingent liabilities are indicated by way of a note and will be provided / paid on crystallisation.

2. The accounts have been prepared on 'going concern basis' despite erosion of net worth and uncertainty associated with the operations of the company.

	As at 31.03.2009	As at 31-03-2008
	Rs.	Rs.
3. Contingent liabilities are not provided for in respect of		
i) Bank guarantees issued by bankers	1,20,000	1,20,000
ii) A claim made by a Civil Contractor at Baroda, as the matter is pending in Civil Court.	1,11,00,000	1,11,00,000
iii) Claims made by dealers/distributors not acknowledged by the company	13,41,056	13,41,056
iv) Entitlement of CENVAT Credit on CRCA Coils as the revenue authorities preferred an appeal before CESTAT	56,852	56,852
v) Excess demand by Maharashtra Sales Tax Department towards deferred sales tax as in the opinion of the company, it is a wrong claim	1,41,301	1,41,301
4. Loan from M/s.Lata Engineering Company Pvt. Ltd. is secured by a charge on the Fixed Assets of the Company located at plot no.124 & 125, Tupudana Industrial Growth Center, Ranchi, Jharkhand and Open plot at Nellimerla Industrial Area, Vizianagaram Dist, Andhra Pradesh.		
5. The Maharashtra State Government has permitted the Cylinder Manufacturing Plant at Aurangabad to defer the Sales Tax Liability upto Rs.399.76 Lacs from 01.06.1995 to 31.05.2005. Consequently Rs.19,81,698 (previous year Rs.19,81,698) collected by the said Plant from 01.06.1995 to 31.03.2005 is shown under Unsecured Loans. Against this, sales tax department demand Rs.21,22,999/- payable in five annual instalments, commencing from 01.05.2006 and ending by 01.05.2010. Excess liability of Rs.1,41,301/- was contested by the company and shown under contingent liability. Annual instalments due by 01.05.09 amounting to Rs.16,98,400/- is not paid.		
6. In view of the Company's adverse financial position interest payable to Distributors and Dealers on their Deposits would be negotiated with them for waiver. Hence, no provision is made for Interest for current year Rs.6,50,357/- (Previous year Rs.6,75,271/-) and interest for earlier years Rs. 47,20,784/- Had the interest provision been made, the profit for the current year would have been less by Rs.6,50,357/- and accumulated losses would have been more by Rs. 53,71,141/-.		

7. National Savings certificates of Rs.15,000/- are pledged with the Government Authorities.
8. Sundry Debtors include:
- i) Rs.17,160/- (Previous year Rs.NIL) receivable from Lata Engineering Co. Pvt. Ltd. in which two of the directors are interested. [Maximum amount outstanding Rs.1,24,875/- (previous year Rs.1,64,186/-)].
 - ii) Rs.56,214/- (Previous year Rs.NIL) receivable from PKL Ltd., a company under the same management. [Maximum amount outstanding Rs.56,214/- (Previous year Rs.NIL)]
- b). Loans and advances includes Rs.3,29,000/- (Previous year Rs.NIL) paid towards Advance for Gas supply to Lata Engineering Co. Pvt. Ltd., in which two of the directors are interested.
9. Director's remuneration as approved in the earlier Annual General Meeting effective from 01.10.2006 @ Rs.25,000/- P.M. amounting to Rs.10,50,000/- (previous year Rs.7,50,000/-) is not provided for, pending approval from Central Government.
10. Other Particulars as required under part II of schedule VI to the Companies Act, 1956 :

	Current Year	Previous Year
a) Licenced capacity:		-- Not Applicable --
b) Installed capacity:		
No. of Cylinders	-----	5,00,000 p.a

(The figures for installed capacity are as certified by the Management and not verified by the Auditors this being a technical matter)

	Current year	Previous year
c) Traded Items:		
i) Opening Stock	Qty	Qty
L.P.Gas (Tonnes)	29,361	--
Regulators (Nos.)	232	332
ii) Purchases:		
L.P.Gas (Tonnes)	306,575	314,445
Regulators	300	107
		(Sales Return)
iii) Closing Stock		
L.P.Gas (Tonnes)	13,734	29,361
Regulators (Nos)	262	232

	Qty	Value Rs.	Qty.	Value Rs.
iv) Sales				
Gas (Tonnes)	322,202	1,60,78,768	285,084	1,29,62,146
Regulators (Nos)	270	62,138	207	44,462
Others	--	5,134	--	---
		<u>1,61,46,040</u>		<u>1,30,06,608</u>

	Current Year		Previous Year	
	Value Rs.	Percentage	Value Rs.	Percentage
d) Analysis of Materials,				
Stores and Spares consumed:				
i) Indigenous	15,837	100%	23,715	100%
ii) Imported	--	--	--	--
i) Indigenous	<u>15,837</u>	<u>100%</u>	<u>23,715</u>	<u>100%</u>
i) Expenditure in foreign currency	Nil		Nil	

11. Previous year's figures are regrouped wherever necessary.
12. Information required pursuant to the Accounting Standards issued by the Institute of Chartered Accountants of India.

A) AS-17 Segment Reporting: Since the Company has only one business segment that is of gas trade, this accounting standard is not applicable.

B) AS-18 Related Party Disclosures:

Related Party disclosures as required by AS-18 are given below:

a) Name of the Related Party	Nature of Relationship
1. PKL Ltd	Common Control
2. Rajiv Kabra	Key Management Personnel
3. Lata Engineering Company P.Ltd	Substantial Shareholder
4. Ideal Engineers Hyderabad P.Ltd	
5. Kabsons Gas Equipment P. Ltd.	
6. Gasolec Appliances P.Ltd	Associates
7. Kabsons Technologies P.Ltd	
8. S.K. Leasing Services	
9. A.P.Leasing Services	
10. Detective Devices Pvt.Ltd.	

b) Transactions with related parties

Nature of related party relationship	Description of the nature of the transactions	Volume during the year Rs.	Amount outstanding as on 31.03.2009.	
			Receivable Rs.	Payable Rs.
i) Common Control	Godown rent received	1,80,000	--	--
	Cylinder deposit paid	1,41,700	67,79,250	--
	Cylinder deposit received	25	(66,37,550)	--
	Rental/Hire charges received	18,005	--	--
	Regulator Sales	6,731	--	--
	Rental/Hire charges paid	15,58,711	--	--
	Plant & Machinery Sales	51,24,990	--	--
	Electrical Equipment Sales	7,65,000	--	--
	Office Equipment Sales	6,120	--	--
	Raw Materials / Components Sales	3,42,194	--	--
	Current Account balance		56,214	--
			(Nil)	(49,90,234)
ii) Substantial Shareholder	Service & Consultancy Charges Received	30,000	--	--
	Gas Sales	8,05,309	--	--
	Gas Purchases	16,54,088	--	--
	Cylinder Deposit		74,93,200	--
			(74,93,200)	--
	Trade Receivables		3,46,460	--
			(Nil)	--
iii) Associates	Secured Loan			20,00,000
				(20,00,000)
	Cylinders rent paid		63,000	(Nil)
				(61,702)
	Inter Corporate Deposit			(Nil)
				(3,87,000)
	Gas Filling charges paid	1,92,694	--	--
	Gas Transportation charges paid	1,52,337	--	--
	Trade Payable			5,34,901
				(5,99,109)

	Service & Consultancy charges received	36,000	--	
	Inter Corporate deposit		---	30,00,000 (30,00,000)
	Purchase of Valves & regulators	54,263	--	--
	Regulators Testing charges paid	3,371	--	13,16,179 (13,16,179)
	Cylinder deposit	---	1,92,09,450 (1,92,09,450)	--
iv) Key Management personnel	Loan from Executive Director	--	--	(Nil) (5,20,000)

C) Earning Per Share:

	Current Year Rs.	Previous Year Rs.
Profit for the year after taxes	19,51,445	(12,17,385)
Number of shares	1,74,63,000	1,74,63,000
Earning per share (Basic & Diluted)	0.11	(0.07)

D) AS-22 ACCOUNTING FOR TAXES ON INCOME:

In view of substantial unabsorbed losses and the uncertainty associated with operations of the Company, it is considered appropriate not to create deferred tax asset of Rs.6.23 Crores (previous year Rs.7.32 crores) in accordance with Accounting Standard - 22 'Accounting for taxes on income' issued by the Institute of Chartered Accountants of India.

S.No. Deferred Tax items	As at 31.03.2009	As at 31.03.2008
a. Deferred Tax Assets on account of Brought forward losses	20,47,85,614	23,45,56,663
b. Deferred Tax liability relating to Difference in Depreciation	2,14,84,573	1,91,57,662
Deferred Tax Asset	<u>18,33,01,041</u>	<u>21,53,99,001</u>
Tax thereon	<u>6,23,04,024</u>	<u>7,32,14,120</u>

AS-24 DISCONTINUING OPERATIONS:

In view of the poor demand for 5.5 Kg Cylinders and unviable productions, the Board of Directors on 13th February, 2008 decided to discontinue cylinders manufacturing and lease out the Aurangabad Cylinder Plant Factory premises, as the plant was idle for 8 years and to facilitate this, the Plant and Machinery lying in the premises were disposed off and which resulted in a profit on sale of assets of Rs.33.60 lakhs. As on 01.04.2008 the carrying amounts of Plant and Machinery was Rs.21.49 lakhs and its liabilities were Rs.34.55 lakhs.

5.5 Kg Cylinders were manufactured only for company's captive use. Hence, independent cash flows are not available for discontinued operations.

Per our report of even date
for **Brahmayya & Co.**
Chartered Accountants

(D.SEETHARAMAIAH)

Partner

Place :Hyderabad

Date : 20.07.2009

(G.K.KABRA)

Director

(RAJIV KABRA)

Executive Director

(M.KRISHNA MURTHY)

G.M.(Finance)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I. Registration Details

Registration No:	01-14458	State Code:	01
Balance Sheet Date	31-03-2009		

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	2,31,849	Total Assets	2,31,849
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Sources of Funds:

Paid-up Capital	1,74,630	Reserves & Surplus	50,237
Secured Loans	2,000	Unsecured Loans	4,982

Application of Funds:

Net Fixed Assets	35,209	Investments	15
Net Current Assets	(57,835)	Misc. Expenditure	--
Accumulated Losses	2,54,460		

IV. Performance of Company (Amount in Rs.Thousands)

Turnover	28,125	Total Expenditure	26,173
Profit Before Tax	1,951	Profit After Tax	1,926
Earning per Share in Rs.	0.11	Dividend @%	NIL

V. Generic names of Three Principal Products/Services of Company

(as per monetary terms)

1. Item Code	731100.01	
Product Description		Cylinders Manufacturing
2. Item Code		
Service Description		Gas Filling / Distribution
3. Item Code		
Service Description		Gas Transportation

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Year Ended 31.03.2009	Year Ended 31.03.2008
A. CASH FLOW FROM OPERATING ACTIVITIES	Rs.	Rs.
Profit/Loss for the year before extraordinary items	19,51,445	(11,83,134)
Adjustments for:		
Depreciation	37,28,940	41,27,929
Interest Income / earned	(28,722)	(16,302)
Interest expenses	24,078	1,207
Loss on sale of assets	8,69,413	-
Profit on sale of assets	(44,70,666)	(64,966)
Operating Profit before working Capital Changes	20,74,488	28,64,734
Adjustments for:		
Trade and other receivables	(3,19,797)	(1,21,680)
Inventories	16,13,008	(12,11,582)
Trade payables	(75,87,679)	3,02,810
Cash generated from operations	(42,19,980)	18,34,284
Interest paid	(24,078)	(1,207)
Direct Taxes paid	(30,175)	(34,251)
NET CASH FROM OPERATING ACTIVITIES	(42,74,233)	17,98,824
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(4,03,000)	(17,20,675)
Sale of assets	59,76,920	65,500
Interest received	22,156	49,590
NET CASH USED IN INVESTING ACTIVITIES	55,96,076	(16,05,585)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of loans	(9,07,000)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	(9,07,000)	-
Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)	4,14,843	1,93,239
Cash and Cash equivalents as at 01.04.08 (Opening balance)	11,91,472	9,98,233
Cash and Cash equivalents as at 31.03.09 (Closing balance)	16,06,315	11,91,472

KABSONS INDUSTRIES LIMITED

Regd Office: Plot No.48, 8-3-1087, Srinagar Colony, Hyderabad - 500.073.

PROXY FORM

Regd. Folio No. _____

* Client I.D _____

* D.P.I.D _____

I/ We _____ of _____ being a Member/Members of M/s.Kabsons Industries Limited, hereby appoint _____ of _____ or failing him _____ of _____ as my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on 29th September, 2009 at Registered Office at 8-3-1087, Plot No.48, Opp.Ratnadeep Super Market, Srinagar Colony, Hyderabad - 500 073, at 4.00.P.M.

Signed : _____

Date : _____

Re.1.00 Revenue Stamp

Note: 1) Proxy need not be a member.

2) Proxy form, complete in all respects, should reach the company's Registered Office not less than 48 hours before the schedule time of the meeting.

* Applicable only in case of investors holding shares in Electronic form.

-----TEAR HERE-----

KABSONS INDUSTRIES LIMITED

Regd.Office: Plot No.48, 8-3-1087, Srinagar Colony, Hyderabad - 500 073

ATTENDANCE SLIP

Regd. Folio No. _____

* Client I.D _____

* D.P.I.D _____

17th ANNUAL GENERAL MEETING - 29TH SEPTEMBER, 2009

I Certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the Seventeenth Annual General Meeting of the Company to be held on 29th September, 2009 at 4.00 P.M, at Registered Office at 8-3-1087, Plot No.48, Opp.Ratnadeep Super Market, Srinagar Colony, Hyderabad - 500 073.

*Member's / Proxy's name in Block Letters_____
* Member's / Proxy's Signature

Note: 1) Member/ Proxy must bring the Attendance slip to the meeting and hand it over, duly signed, at the registration counter.

2) The Copy of the Notice may please be brought to the meeting hall.

* Strike out whichever is not applicable.



**BOOK-POST
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If undelivered, please return to :
KABSONS INDUSTRIES LIMITED
 Plot No. 48, 8-3-1087,
 Srinagar Colony,
 Hyderabad - 500 073.