

KABSONS INDUSTRIES LIMITED

18th Annual Report 2009 – 2010

BOARD OF DIRECTORS	:	Mr.G.K.KABRA	CHAIRMAN
	:	Mr. RAJIV KABRA	EXECUTIVE DIRECTOR
	:	Mr.P.V SUBBA RAO	DIRECTOR
	:	Mr.P SARAVAI AH	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 G.K.KABRA RAJIV KABRA P.SARAVAI AH	CHAIRMAN
BANKERS	:	HDFC BANK LTD, 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/ DEMAT AGENTS	:	M/S.XL SOFTECH SYSTEMS LTD 3, Sagar Society, Road No.2, Banjara Hills, HYDERABAD - 500 034.	
FACTORY	:	Plot No.B-3, Phase I, MIDC, Wahaj, AURANGABAD - 431 133.	
BOTTLING PLANTS	:	Aurangabad, Dharwad, Jaipur, Jalpaiguri, Nagpur, Rohtak, Baroda, Bhubaneswar, Ranchi.	



NOTICE

Notice is hereby given that the 18th Annual General Meeting of the members of the Company will be held on 23rd, September 2010 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 2010 and Profit & Loss Account for the year ended on that date together with report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.P.V.Subba Rao, who retires by rotation and being eligible, offers himself for reappointment.
3. 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.

By Order of the Board
For KABSONS INDUSTRIES LIMITED

RAJIV KABRA
Executive Director



Place : Hyderabad
Date : 13-08-2010

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.

DIRECTORS' REPORT

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

Your Directors hereby present the 18th Annual Report and Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS:

(Rs.in Lakhs)

	Year Ended 31.03.2010	Year Ended 31.03.2009
1) Sales & other Income	165.45	281.25
2) Profit before Interest, Financial Charges and Depreciation	18.97	57.04
3) Interest and Financial Charges	0.23	0.24
4) Profit/(Loss) Before Depreciation	18.74	56.80
5) Depreciation	34.58	37.29
6) Profit/(Loss) after, Financial Charges Depreciation	(15.84)	19.51

DISCUSSION ON FINANCIAL PERFORMANCE:

During the year under consideration the Company got a profit of Rs.18.97 Lakhs before interest and depreciation as against profit of Rs.57.04 Lakhs during the previous year, which includes Profit on Sale of Assets at Rs.7.26 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.

DIRECTORS: Mr.P.V.Subba Rao is retiring at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment as Director, liable to retire by rotation.

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:

i) That in the preparation of the accounts for the financial year ended 31st March 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures:



ii) 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 loss of the Company for the year under review;

iii) 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;

iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2010 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.6,47,679/- 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 understatement of loss by that amount.

B) In spite of continues erosion of networth, 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.

Place: Hyderabad
Date : 13-08-2010

for and on behalf of the Board


C.K.KANNA
Chairman


ANNEXURE - A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010:

Information under Section 217(1)(e) 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	Previous Year
	(Rs.)	(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:

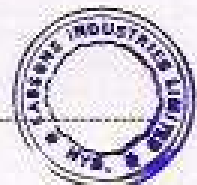
Meeting of the Board of Directors are held at Company's Registered Office at Hyderabad, and are scheduled well in advance. The Board meets at least once in a quarter to review performance and financial results. The agenda for the meeting is prepared in consultation with Executive Director and the papers 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.Saraviah	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 Held	Attended	Attendance at Last AGM
Sri. G.K.Kabra	5	5	Attended
Sri. P V Subba Rao	5	5	Attended
Sri. P.Saraviah	5	5	Attended
Sri. Rajiv Kabra	5	5	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 20/06/2009, 20/07/2009, 09/10/2009, 23/11/2009 and 10/02/2010.

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 10th June, 2008 the Board has constituted the Audit Committee comprising of Mr.G.K.Kabra, Mr.P.V.Subba Rao and Mr.Rajiv Kabra and subsequently Mr.P.Saraviah as members of the committee.

Mr.P.V.Subba Rao, Cost Accountant is Non-Promoter and Independent Director having knowledge.

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 20th July 2009, 9th October 2009, 23rd November, 2009, and 10th February, 2010.

All the members of the Audit Committee attended the meetings.

4) INVESTORS GRIEVANCE COMMITTEE / SHARE TRANSFER COMMITTEE:

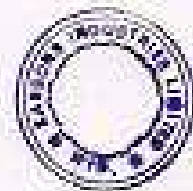
The Board of Directors designated an "Investor Grievance Committee" as a measure of good corporate governance and to strengthen the investor relations. Mr.Rajiv Kabra, Executive Director who personally looks after the investor grievances and heads the Committee. The Committee also looks into redressing 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
1.	-	Non-receipt of Annual Reports	4	4	-	NIL

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

Sl.No.	Year	Meeting	Venue	Date	Time
1)	2006 - 2007	A.G.M	Nagarjuna Nagar Welfare Association Hyderabad	27.09.2007	11.30 AM
2)	2007 - 2008	A.G.M	At Registered Office 8-3-1087, Plot No.48 Srinagar Colony Hyderabad	27.09.2008	4.00 PM
3)	2008 - 2009	A.G.M	At Registered Office 8-3-1087, Plot No.48 Srinagar Colony Hyderabad	29.09.2009	4.00 PM



b) DISTRIBUTION OF SHAREHOLDING PATTERN AS ON 31ST MARCH, 2010:

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 - (KICD)	5,00,000	2.86
	- (UTI)	1,000	0.01
C	OTHERS:		
3.	Private Corporate Bodies	1,53,200	0.88
4.	Indian Public	47,19,250	27.02
5.	NRIs/OCBs	2,11,200	1.21
6.	Others (Clearing Members)	200	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) FII's	Nil	
c) NRIs/OCBs	211200	1.21%
d) Foreign Banks	Nil	
e) Foreign Nationals	Nil	
f) GDRs/ADRs	Nil	

D) 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". The modes of holding of the Company's equity shares as on March 31, 2010 is as under:

Description	No. of Shareholders	No. of Shares	% Equity
PHYSICAL	14185	6676886	38.23
NSDL	3496	10517348	60.23
CDSL	879	268766	1.54
Total	18560	17463000	100.00

D) ADDRESS FOR CORRESPONDENCE:

Shareholders can send in their correspondence to the Company's Registered office address as under:

REGISTERED OFFICE: M/s.Kabsons Industries Limited,

Plot No.43, 8-3-1087,

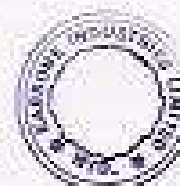
Srinagar Colony,

HYDERABAD - 500 073.

Ph.No. : 040-66630001,02,06

E-mail : operationslpg@rediffmail.com

Grievance redressal division Email : kilshareholders@gmail.com



CERTIFICATE UNDER CLAUSE 49 (v) OF THE LISTING AGREEMENT

We, as required under Clause 49(v) of the Listing Agreement with Stock Exchanges, certify that

- (a) We have reviewed financial statements and the Cash flow statement for the year 2009-10 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations
- (b) to the best of our knowledge and belief, there are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
- (a) significant changes, if any, in internal control over financial reporting during the year;
 - (b) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - (c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad
Date : 13-08-2010


RAJIV KANT
Executive Director

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT BY THE GENERAL MANAGER (FINANCE) UNDER CLAUSE 49(1)(D)(I) OF THE LISTING AGREEMENT TO THE MEMBERS OF KABSONS INDUSTRIES LTD.

I, Rajiv Kabra, Executive Director of Kabsons Industries Limited, to the best of my knowledge and belief, declare that all the members of the Board and Senior Management Personnel have affirmed compliance with the code of conduct of the Company in respect of the financial year ended 31st March, 2010.

Place: Hyderabad
Date : 13-08-2010



RAJIV KABRA
Executive Director

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.

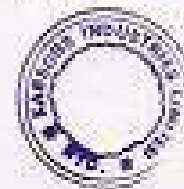
B) Business Review: The Company has been focusing on Lease incomes so as to utilize the existing assets. There exists a mismatch of capacity in terms of availability in certain markets and demand in the other markets. Consequently, there are very few plants where the servicing operations are viable for 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

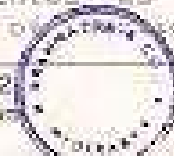
	2009-10	2008-09	Inc/(Dec) %
INCOME :			
Sales	101.27	182.68	(44.56)
Other Income	64.23	98.57	(34.84)
Total:	165.50	281.25	(41.16)
EXPENDITURE :			
Manufacturing Expenses	83.39	143.32	41.82
Staff Cost	16.86	16.57	(1.75)
Other Expenses	46.28	64.31	28.04
Financial Expenses	0.23	0.24	4.17
Depreciation	34.58	37.29	7.27
Total:	181.34	261.73	30.71
PROFIT / (LOSS)	(15.84)	19.52	(181.15)



AUDITORS' REPORT

To the Members of KASSONS INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of KASSONS INDUSTRIES LIMITED, HYDERABAD (A.P) as at 31st March, 2010 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. These 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 account 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 and 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, excepting AS-15 "Employee Benefits".
 - v) On the basis of the written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.



- a) Interest for the year and for earlier years Rs.6,47,679/- and Rs.52,29,554/- respectively against Trade Deposits received from Dealers/Distributors are not provided resulting in understating the loss for the year by Rs.6,47,679/- and understating the current liabilities by Rs.58,77,233/- (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.565.78 Lakhs as on 31.03.2010. 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 could not be ascertained. Consequently, we are unable to comment about the impact of this on the loss for the year.

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, give the information as 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 :

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- ii) In the case of the Profit and Loss Account, of the Loss 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 that date.

Place: Hyderabad
Date : 13.08.2010

for BRAHMAYYA & CO.,
Chartered Accountants,
Firm's Regn.No. 232513S


(D. SEETHARAMIAH)
Partner
Membership No. 2987

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

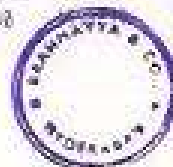
a: KABSONS INDUSTRIES LIMITED

- 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 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 had disposed off some of the fixed assets. In our opinion, the sale of these assets does not affect the going concern assumption in respect of gas trading activity 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 interest free loans from two 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.53.00 Lakhs and the year-end balance of loans taken from such parties was Rs.53.00 Lakhs.
- c) In our opinion, the 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) According to explanations given to us, the lenders have not specified repayment terms. In view of this we cannot comment upon whether the payment of principal is regular.
- 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 and gas. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.



- vii) 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 381 of the Act have been entered in the register required to be maintained under that section and
- viii) 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 381 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant times.
- vii) 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.
- viii) The company has no internal audit system.
- ix) Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 (1)(d) of the Companies Act, 1956 for the products/items dealt with by the company.
- x) The company is not regular in depositing with appropriate authorities undisputed statutory dues including investor education protection fund, employee's state insurance, sales tax. 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 became payable and the payments made during the year are as given below:

Name of the 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	5,38,584 6,16,587 4,53,799 4,24,688	2009-10 2008-09 2007-08 2006-07	01.05.2009 01.05.2008 01.05.2007 01.05.2006	1 Paid on 25.02.10 1
2. Companies Act	Investor Education and Protection Fund	22,538	1999-05	19.10.2001	1
3. Karnataka Sales Tax Act	Sales Tax	3,467	1999-00	15.05.1999	1
4. Karnataka Sales Tax Act	Sales Tax	1,289	2004-05	15.03.2005	1
5. Maharashtra Sales Tax Act	Sales Tax	198	2000-01	15.05.2000	1
6. Jharkhand Sales Tax Act	Sales Tax	3,271	2001-02	15.03.2002	Unpaid
7. AP Sales Tax Act	Sales Tax	7,825	2000-01	15.04.2001	1
8. Maharashtra Sales Tax Act	Sales Tax	5,817	2005-06	15.05.2005	1
9. Maharashtra Sales Tax Act	Sales Tax	9,538	2004-05	15.04.2005	1
10. Maharashtra Sales Tax Act	Sales Tax	888	2003-04	15.01.2004	1
11. Maharashtra Sales Tax Act	Sales Tax	5,533	2004-05	05.11.2004	1
12. West Bengal Sales Tax Act	Sales Tax	547	2004-05	15.01.2005	1
13. West Bengal Sales Tax Act	Sales Tax	23	2005-06	15.09.2005	1
14. Gujarat Sales Tax Act	Sales Tax	669	2005-06	15.10.2005	1
15. CST Act	Sales Tax & penalty	73,735	1997-98	15.08.2004	1
16. CST Act	Sales Tax & penalty	1,34,700	1998-99	15.08.2004	1
17. CST Act	Sales Tax & penalty	1,31,888	1997-98	15.08.2004	1
18. CST Act	Sales Tax & penalty	5,17,882	1998-99	15.08.2004	1
19. CST Act	Sales Tax & penalty	2,848		21.02.2002	1



20.ESI Act	Employees State Insurance	184	2006-07	21.06.2006	
21.ESI Act	Employees State Insurance	14	2006-07	21.11.2006	Unpaid
22.ESI Act	Employees State Insurance	245	1999-02	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 net worth. 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 the 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.

(xi) 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.
Firm's Regn.No. 0005150

D. Seetharamaiah

(D. SEETHARAMAIAH)
Partner
Membership No. 2987.



Place: Hyderabad
Date : 13.08.2010

ANNEXURE - C

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, 2010, 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
Firm's Regn.No.0000000000

D. Seetharamiah

(D. SEETHARAMIAH)
Partner,
Membership No.2987



Place : Hyderabad
Date : 13.08.2010

KABSONS INDUSTRIES LIMITED
PLOT No.48, SRINAGAR COLONY, HYDERABAD - 73.

BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	SCH REF	AS AT 31.03.2010	AS AT 31.03.2009
I. SOURCES OF FUNDS			
1. SHARE HOLDERS FUNDS:			
Share capital	1	174,630,000	174,630,000
Reserves & Surplus	2	50,237,415	50,237,415
		224,867,415	224,867,415
2. LOAN FUNDS:			
Secured Loans	3	2,000,000	2,000,000
Un-secured Loans	4	4,359,029	4,981,698
		6,359,029	6,981,698
TOTAL Rs.		231,226,444	231,849,113
II. APPLICATION OF FUNDS:			
1. FIXED ASSETS:			
Gross Block	5	146,823,096	147,911,996
Less : Depreciation		115,077,676	112,702,894
Net Block		31,745,420	35,209,102
2. INVESTMENTS:			
	6	15,000	15,000
3. CURRENT ASSETS, LOANS & ADVANCES:			
Inventories	7	766,638	607,787
Sundry Debtors	8	2,394,838	2,347,112
Cash and Bank Balances	9	1,327,009	1,600,315
Loans and Advances	10	35,485,060	35,275,650
		39,973,545	39,836,863
LESS: Current Liabilities and Provisions	11	96,551,744	97,672,042
Net Current Assets		(56,578,199)	(57,835,179)
4. Profit & Loss Account			
		256,044,223	254,460,100
TOTAL Rs.		231,226,444	231,849,113

Notes on Accounts

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Per Our Report of Even Date

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

D Seetharamiah
D. SEETHARAMAIAH
Partner
Membership No.2907



G.K. Kabra
G.K. Kabra
Director

Rajiv Kabra
RAJIV KABRA
Executive Director

M. Krishna Murthy
(M. KRISHNA MURTHY)
G.M. (Finance)

Place : Hyderabad
Date : 13-08-2010

KABSONS INDUSTRIES LIMITED
PLOT NO.48, SRINAGAR COLONY, HYDERABAD

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010


PARTICULARS	SCH REF	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
I. INCOME:			
Sales	12	10,126,943	18,267,779
Other Income	13	6,423,008	9,856,772
TOTAL Rs.		16,549,951	28,124,551
II. EXPENDITURE			
Cost of Raw Materials & Components Disposed	18		299,664
Power and fuel		144,110	130,722
Purchase of Traded goods	14	8,415,038	13,056,150
Staff Cost	15	1,685,572	1,856,866
Interest : Others		23,442	24,078
Other Expenses	16	4,628,018	6,431,566
Depreciation	6	3,457,588	3,728,940
(Increase)/Decrease in stocks	17	(219,999)	845,120
TOTAL Rs.		18,133,769	26,173,107
III. (LOSS) / PROFIT FROM OPERATIONS		(1,583,818)	1,951,445
Add / Less : Fringe Benefit Tax of earlier years		215	(25,166)
		(1,584,033)	1,926,279
Add: Balance brought forward from last year		254,460,190	256,386,469
IV. BALANCE CARRIED TO BALANCE SHEET		256,044,223	254,460,190
Earnings per share (in Rs.) (Face value of Rs.10/-) (Refer Note 12(C) Notes on accounts)		(0.09)	0.11

Notes on Accounts


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Per Our Report of Even Date

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


G.K.Kabra
Director


(M.KRISHNA MURTHY)
G.M. (Finance)


D.SEETHARAMAIAH
Partner
Membership No.2907


RAJIV KABRA
Executive Director

Place : Hyderabad
Date : 13-08-2010

KABSONS INDUSTRIES LIMITED
8-3-1087, PLOT No.48, SRINAGAR COLONY, HYDERABAD - 73.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE
YEAR ENDED 31ST MARCH, 2010

PARTICULARS	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
1. SHARE CAPITAL:		
<u>Authorised</u>		
18000000 Equity Shares of Rs.10/-each	180,000,000	180,000,000
<u>Issued, Subscribed and Paid up</u>		
17463000 Equity Shares of Rs.10/-each fully paid-up	174,630,000	174,630,000
2. RESERVES & SURPLUS :		
Capital Reserve - Capital Incentive	3,000,000	3,000,000
Share Premium	47,237,415	47,237,415
TOTAL Rs.	50237415	50237415
3. SECURED LOANS :		
Lata Engineering Company Pvt Ltd	2,000,000	2,000,000
TOTAL Rs.	2,000,000	2,000,000
4. UNSECURED LOANS		
Maharashtra Sales Tax Deferred Liability	1,059,029	1,981,698
Inter Corporate Deposits	3,000,000	3,000,000
From Directors	300,000	-
TOTAL Rs.	4,359,029	4,981,698



KABSONS INDUSTRIES LIMITED
8-3-1087, Plot No.48, Srinagar Colony,
Hyderabad - 500 073

5. FIXED ASSETS

Sl. No	P A R T I C U L A R S	GROSS BLOCK		DEPRECIATION			NET BLOCK			
		UP TO 01.04.2009 Rs.	ADDITIONS Rs.	DEDUC- TIONS Rs.	AS AT 31.03.2010 Rs.	FOR THE YEAR Rs.	DEDUC- TIONS Rs.	UP TO 31.03.2010 Rs.	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
1	Land Lease Hold - Free Hold	5,970,589	3,500	-	5,974,089	82,619	-	1,865,910	4,108,179	4,187,287
2	Buildings - Factory	1,223,873	-	-	1,223,873	963,323	-	-	1,223,873	1,223,873
	- Non-Factory	28,841,992	-	-	28,841,992	48,106	-	15,827,466	13,014,526	13,977,848
3	Plant and Machinery	3,030,697	-	-	3,030,697	1,317,620	607,445	819,333	2,211,364	2,259,470
4	Electrical Equipment	29,032,736	13,200	607,445	28,438,491	321,130	149,268	21,301,767	7,136,724	8,441,144
5	Furniture and Fittings	6,916,097	-	175,715	6,740,382	-	-	5,115,518	1,624,865	1,972,441
6	Data Processing Equipment	3,269,305	-	-	3,269,305	-	-	3,269,305	-	-
7	Office Equipment	3,183,033	3,654	-	3,186,687	14,278	-	3,125,164	61,523	72,147
8	Vehicles	1,437,169	-	-	1,437,169	62,598	-	1,164,153	273,016	335,614
9	Cycle	891,177	-	326,094	565,083	51,762	326,094	323,035	242,048	293,810
		1,710	-	-	1,710	-	-	1,710	-	-
10	Cylinders	64,113,618	-	-	64,113,618	596,153	-	62,264,315	1,849,303	2,445,456
	Total :	147,911,996	20,354	1,109,254	146,823,096	3,457,588	1,082,807	115,077,876	31,745,420	35,209,102
	Previous Year :	161,117,937	403,000	13,608,941	147,911,996	3,728,940	11,233,277	112,702,894	35,209,102	40,910,707



PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
6. INVESTMENTS: (At Cost)		
(Non-Trade, Unquoted)(Long Term)		
National Savings Certificates and Indira Vikas Pathras	15,000	15,000
TOTAL Rs.	15,000	15,000
7. INVENTORIES:		
(As Valued and Certified by the Executive Director at cost otherwise stated)		
Stores & Packing Materials	78,004	78,004
Semi-Finished Goods	42,504	42,504
Traded items	646,130	487,279
TOTAL Rs.	766,638	607,787
8. SUNDRY DEBTORS:		
(Unsecured)		
Debts due over six months		
: Considered good	1,059,638	1,138,004
: Considered doubtful	218,412	218,412
	1,278,050	1,356,416
Less : Provision for doubtful debts	218,412	218,412
	1,059,638	1,138,004
Other debts (considered good)	1,335,200	1,209,108
TOTAL Rs.	2,394,838	2,347,112
9. CASH AND BANK BALANCES:		
Cash in Hand	20,204	91,074
Balances with Scheduled Banks		
in Current Accounts	1,085,394	904,511
in Margin Deposits	199,334	588,653
in Share Application Money Refund A/c.	22,077	22,077
TOTAL Rs.	1,327,009	1,606,315



PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
10 LOANS AND ADVANCES:		
(Unsecured, recoverable in cash or in kind or for value to be received)		
Advances for : Capital items:		
Considered doubtful	501,000	501,000
Less: Provision made	501,000	501,000
	-----	-----
: Expenses	9,618	286
: Purchases	323,564	544,290
: Amounts recoverable from staff	1,000	3,000
: Others	162,890	162,890
Deposits recoverable	798,177	802,918
Cylinder Deposit	33,402,400	33,373,900
Bills of exchange (Doubtful)	2,450,000	2,450,000
Less: Provision made	2,450,000	-
	-----	-----
Interest accrued	8,997	12,474
Prepaid Expenses	183,080	120,789
Excise duty deposit	421	421
Tax deducted at source	594,913	254,682
	-----	-----
TOTAL Rs.	35,485,060	35,275,650
	=====	=====
11. CURRENT LIABILITIES AND PROVISIONS:		
a) Current Liabilities:		
Creditors for : Capital Items (other than Micro, Small, Purchases and Medium Enterprises)	236,869	236,869
: Expenses	1,872,640	1,929,448
: Other finances	5,016,029	5,526,295
Due to Staff	258,439	224,959
Security deposit	396,171	393,774
Other Deposit	3,296,000	3,296,000
Advance received against sale of plants	585,000	585,000
Dues to dealers and consumers	-	215,000
Cylinder Deposits from consumers	4,158,502	4,530,067
Distributor/ Dealer Deposit	71,926,911	71,889,404
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	8,782,633	8,817,633
	22,550	22,550
	-----	-----
TOTAL	96,551,744	97,666,999
	=====	=====
b) Provision - Fringe Benefit Tax	-	5,043
	-----	-----
TOTAL (a+b)	96,551,744	97,672,042
	=====	=====



PARTICULARS	CURRENT YEAR 31.03.2010	PREVIOUS YEAR 31.03.2009
12. SALES:		
Gas (Trading)	9,654,477	16,078,788
Regulators and appliances	19,231	67,272
Sale of Raw Materials & Components	-	294,200
Rent/Hire charges	453,235	1,827,540
TOTAL Rs.	10,126,943	18,267,779
13. OTHER INCOME:		
Interest earned (others) (TDS: Rs.4,376/-)	64,707	28,722
Plants lease amounts	3,032,400	2,795,400
Rent earned	1,902,000	1,312,161
Miscellaneous receipts	466,780	1,030,137
Marketing Fees	28,000	96,681
Credit Balances written back	168,368	120,166
Excess Provision written back	34,479	2,860
Profit on sale of assets	726,274	4,470,666
TOTAL Rs.	6,423,008	9,856,772
14. PURCHASE OF TRADED GOODS : (Gas, Regulators and appliances)		
Gas	8,415,038	13,003,974
Regulators	-	52,176
TOTAL Rs.	8,415,038	13,056,150
15. STAFF COST		
Salaries, Wages & Bonus	1,412,988	1,492,176
Contribution to Provident and other funds	82,416	95,288
Workers and Staff Welfare	116,546	46,618
Leave encashment	-	5,359
Gratuity	73,622	17,429
TOTAL Rs.	1,685,572	1,656,866



PARTICULARS	CURRENT YEAR 31.03.2010	PREVIOUS YEAR 31.03.2009
16. OTHER EXPENSES:		
Rental / Hire charges paid for Cylinders	366,560	1,638,698
Gas Filling charges	159,897	210,182
Stores consumed	29,565	15,837
Rent & Water charges	572,630	575,391
Rates & Taxes	172,002	186,681
Insurance	101,376	109,759
Printing & Stationary	18,112	19,041
Postage, Telegrams & Telephones	69,785	93,919
Traveling & Conveyance	194,908	217,320
Transport Charges	21,650	340,112
Repairs & Maintenance		
Plant & Machinery	99,783	90,003
Buildings	7,551	188,121
Other Assets	53,045	19,565
Service Charges	901,264	496,798
Auditor's Remuneration		
As Auditors	24,818	24,818
for Tax Audit	5,515	5,515
for Certification	8,274	11,238
for Tax Representation	-	2,842
Legal & Professional Charges	388,267	274,633
General Charges	255,828	272,529
Prior period expenses	1,210,824	295,704
Damages/Penalty Charges	5,314	2,287
Loss on sale of Assets	-	869,413
Stocks written off	61,148	468,224
TOTAL Rs.	4,628,010	6,431,506
17. INCREASE / DECREASE IN STOCKS:		
a) Opening Stocks		
Semi-finished Goods	42,504	155,665
Traded Items	487,279	1,302,194
	529,783	1,457,859
b) Less: Stocks written off (Semi finished)		67,527
Stocks written off (Traded Items)	61,148	16,649
	61,148	84,176
TOTAL Rs.	468,635	1,374,683
c) Closing Stocks		
Semi Finished Goods	42,504	42,504
Traded Items	646,130	487,279
TOTAL Rs.	688,634	529,783
(Increase) / Decrease (b-c) Rs.	(219,999)	845,120
18. RAW MATERIALS & COMPONENTS DISPOSED OFF		
a) Opening Stocks	-	299,064
b) Less: Closing Stocks	-	-
	-	299,064



KABSONS INDUSTRIES LIMITED,
8-3-1087, PLOT NO 48, SRINAGAR COLONY,
HYDERABAD - 500 073.

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 provisions 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 31.03.2010	As at 31-03-2009
	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	Nil	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	Nil	1,41,301

4. Loan from M/s.Lata Engineering Company 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 demanded Rs.31,92,522/- which is accounted, payable in five annual installments against which company paid Rs.21,33,493 during the year leaving a liability of Rs.10,59,029 payable by 01.05.2013 in 4 annual installments.

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.6,47,679/-(Previous year Rs.6,50,357/-) and interest for earlier years Rs. 52,29,554/-. Had the interest provision been made, the loss for the current year would have been more by Rs.6,47,679/-and accumulated losses would have been more by Rs.58,77,233/-.

7. National Savings certificates of Rs.15,000/- are pledged with the Government Authorities.

8. (A) Sundry Debtors include:

- i) Rs.11,099/- (Previous year Rs.17,160/-) receivable from Lata Engineering Co. Pvt. Ltd. in which two of the directors are interested. [Maximum amount outstanding Rs.91,125/- (previous year Rs.1,24,875/-)].
- ii) Rs.1,31,048/- (Previous year Rs.56,214) receivable from PKL Ltd., a company under the same management. [Maximum amount outstanding Rs.1,31,048/- (Previous year Rs.56,214)]

(B) Loans and Advances include:

- i) Rs.66,98,750/-(Previous year Rs.66,71,250/-) towards Cylinder deposit returnable on surrender of cylinders, paid to PKL Ltd., which is under the same management. [Maximum amount outstanding Rs.66,98,750/- (previous year Rs.66,71,250)]



ii) Rs.74,94,200/- (Previous year Rs.74,93,200/-) towards Cylinder deposit returnable on surrender of cylinders, paid to Lata Engineering Co. Pvt. Ltd., in which two of the Directors are interested. [Maximum amount outstanding Rs.74,94,200/- (Previous year Rs.74,93,200)]

9. Director's remuneration as approved in the earlier Annual General Meeting effective from 01.10.2005 @ Rs.25,000/- P.M. amounting to Rs.11,50,000/- upto 1st August, 2009 (previous year Rs.10,50,000/-) 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) Licensed 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)

c) Traded Items:		Current year	Previous year
i) Opening Stock		Qty	Qty
L.P.Gas (Tonnes)		13,734	29,361
Regulators (Nos.)		262	232
Single Burner Stoves		198	243
ii) Purchases.			
L.P.Gas (Tonnes)		223,145	306,575
Regulators		--	300
iii) Closing Stock			
L.P.Gas (Tonnes)		13,546*	13,734
Regulators (Nos)		182	262
Single Burner Stoves		198	198

	Qty	Value Rs.	Qty.	Value Rs.
iv) Sales				
Gas (Tonnes)	221,679	96,54,477	322,202	1,60,78,768
Regulators (Nos)	80	19,231	270	62,138
Single Burner Stoves	--	--	45	3,911
Others	--	--	--	1,223
		<u>96,73,708</u>		<u>1,61,46,040</u>

(* excluding loss of 1.654 tonnes)

	Current Year		Previous Year	
	Value Rs.	Perce - ntage	Value Rs.	Perce - ntage
d) Analysis of Materials, Stores and Spares consumed:				
i) Indigenous	29,568	100%	15,837	100%
ii) Imported	--	--	--	--
i) Indigenous	<u>29,568</u>	<u>100%</u>	<u>15,837</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 liquefied petroleum gas (LPG) 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) <u>Name of the Related Party</u>	<u>Nature of Relationship</u>
1. PKL Ltd	Common Control
2. Rajiv Kabra	
3. Lata Engineering Company P.Ltd	
4. Ideal Engineers Hyderabad P.Ltd	Key Management Personnel
5. Kabsons Gas Equipment P. Ltd.	
6. Gasolec Appliances P.Ltd	Substantial Shareholder
7. Kabsons Technologies P.Ltd	
8. S.K. Leasing Services	
9. A.P. Leasing Services	
10. Detective Devices Pvt.Ltd.	Associates

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 31.03.2010.	
			Receivable Rs.	Payable Rs.
i) Common Control	Godown rent received	1,80,000	--	--
	Cylinder deposit paid	27,500	66,98,750	--
			(66,71,250)	
	LP Gas Purchases	20,70,869	--	--
	Rental/Hire charges paid	3,02,501	--	--
	Current Account balance		1,31,048	--
			(56,214)	
ii) Substantial Shareholder	Service & Consultancy			
	Charges Received	30,000	--	--
	Gas Sales	3,56,358	--	--
	Gas Purchases	3,99,375	--	--
	Cylinder Deposit	1,000	74,94,200	--
			(74,93,200)	--
	Rental/Hire charges paid	11,000	--	--
Trade Receivables		11,099	--	
	Secured Loan		(3,46,460)	--
				20,00,000
				(20,00,000)
iii) Associates	Cylinders rent paid	63,000	--	(Nil)
				(Nil)
	Gas Filling charges paid	1,04,657	--	--
	Minimum Commitment Charges	55,150	--	--



	Trade Payable		2,79,314
			(5,34,901)
	Service & Consultancy charges received	36,000	--
	Inter Corporate deposit	--	30,00,000
			(30,00,000)
	Purchase of Valves & regulators	--	13,16,179
			(13,16,179)
	Cylinder deposit	--	1,92,09,450
			(1,92,09,450)
iv) Key Management personnel	Loan from Executive Director	--	3,00,000
			(Nil)

C) Earning Per Share:	Current Year	Previous Year
	Rs.	Rs.
(Loss)/Profit for the year after taxes	(15,84,034)	19,51,445
Number of share	1,74,63,000	1,74,63,000
Earning per share (Basic & Diluted)	(0.09)	0.11



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.5.11 Crores (previous year Rs.6.23 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 31.03.2010	As at 31.03.2009
a.	Deferred Tax Assets:		
	Brought forward losses	18,36,36,260	20,47,85,614
b.	Deferred Tax liability :		
	Depreciation	1,81,12,510	2,14,84,573
	Deferred Tax Asset	16,55,23,750	18,33,01,041
	Tax thereon	5,11,46,839	6,23,04,024

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


(D. SEETHARAMAIAH) (K. KABRA)
Partner. Director
Membership No.2907

 
(RAJIV KABRA) (M. KRISHNA MURTHY)
Executive Director G.M.(Finance)

Place : Hyderabad
Date : 13-08-2010

KABSONS INDUSTRIES LIMITED**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

Registration No: 01-14458

State Code: 01

Balance Sheet Date 31-03-2010

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

2,31,226

Total Assets

2,31,226

Sources of Funds:

Paid-up Capital

1,74,630

Reserves & Surplus

50,237

Secured Loans

2,000

Unsecured Loans

4,359

Application of Funds:

Net Fixed Assets

31,745

Investments

15

Net Current Assets

(56,578)

Misc. Expenditure

--

Accumulated Losses

2,56,044

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

Turnover

16,550

Total Expenditure

18,134

Loss Before Tax

1,584

Loss After Tax

1,584

Earning per Share in Rs.

(0.09)

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

KABSONS INDUSTRIES LIMITED, HYDERABAD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year Ended 31.03.2010	Year Ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES	Rs.	Rs.
Profit/Loss for the year before extraordinary items	(1,583,818)	1,951,445
Adjustments for:		
Depreciation	3,457,588	3,728,940
Interest income / earned	(84,707)	(28,722)
Interest expenses	23,442	24,078
Loss on sale of assets	-	880,413
Profit on sale of assets	(726,274)	(4,470,668)
Operating Profit before working Capital Changes	1,106,231	2,074,488
Adjustments for:		
Trade and other receivables	(260,613)	(319,797)
Inventories	(188,851)	1,613,008
Trade payables	(1,115,255)	(7,587,679)
Interest paid	(428,488)	(4,219,980)
Direct Taxes paid	(23,442)	(24,078)
	(5,258)	(30,178)
NET CASH FROM OPERATING ACTIVITIES	(467,188)	(4,274,233)
	*****	*****
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(20,354)	(403,000)
Sale of assets	752,721	5,978,920
Interest received	68,184	22,156
NET CASH USED IN INVESTING ACTIVITIES	800,551	5,598,076
	*****	*****
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Loans	(922,669)	(907,000)
Receipt of Loans	300,000	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	(622,669)	(907,000)
	*****	*****
Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)	(279,306)	414,843
	*****	*****
Cash and Cash equivalents as at 01.04.09 (Opening balance)	1,606,315	1,191,472
Cash and Cash equivalents as at 31.03.10 (Closing balance)	1,327,009	1,606,315
	*****	*****

For BRAHMAYYA & Co.,
Chartered Accountants

D. Seetharamiah
D. SEETHARAMAIAH
 Partner
 Membership No 2907



Place : Hyderabad
Date : 13-08-2010

G.K. Kabra
G.K. Kabra
 Director

M. Krishna Murthy
(M.KRISHNA MURTHY)
 G.M.(Finance)

Rajiv Kabra
RAJIV KABRA
 Executive Director