

KABSONS INDUSTRIES LIMITED

19th Annual Report 2010 – 2011

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	CHAIRMAN
		G.K.KABRA	
		RAJIV KABRA	
		P.SARAVAI AH	
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 1, MIDC, Waluj, 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 29th September 2011 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 2011 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.G.K.Kabra, 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 : 30-05-2011

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 19th Annual Report and Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS:

(Rs.in Lakhs)

	Year Ended 31.03.2011	Year Ended 31.03.2010
1) Sales & other Income	140.03	165.45
2) Profit before Interest, Financial Charges and Depreciation	28.33	18.97
3) Interest and Financial Charges	0.12	0.23
4) Profit /(Loss) Before Depreciation	28.21	18.74
5) Depreciation	34.50	34.58
6) Profit/(Loss) after, Financial Charges Depreciation	(6.29)	(15.84)

DISCUSSION ON FINANCIAL PERFORMANCE:

During the year under consideration the Company got a profit of Rs.28.33 Lakhs before interest and depreciation as against profit of Rs.18.97 Lakhs during the previous year, which includes lease income 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. During the year the company started the bottling operations for Bharat Petroleum Corporation Limited at our bottling plant at Ranchi, which the company hopes to continue for long period even though the contract entered is for 12 months.

DIRECTORS: Mr.G.K.Kabra 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 2011, 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, 2011 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.6,46,801/- 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.

D) The company could not get confirmation of balances in respect of Sundry debtors, loans and advances and sundry creditors other than due from/to related parties as most of them are very old and presently no transactions are being taken place with them.

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 : 30-05-2011

ANNEXURE - A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011:

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		Attendance at Last AGM
	Held	Attended	
Sri. G.K.Kabra	4	4	Attended
Sri. P V Subba Rao	4	4	Attended
Sri. P.Saravaiah	4	4	Attended
Sri. Rajiv Kabra	4	4	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 14/05/2010, 13/08/2010, 01/11/2010 and 15/02/2011.

3) AUDIT COMMITTEE:

a) Brief Description of terms of reference:

The terms of reference of the Audit Committee are comprehensive and cover 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, Mr.Rajiv Kabra and Mr.P.Saravaiah as members of the committee.

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 14th May, 2010, 13th August, 2010, 1st November, 2010 and 15th February, 2011.

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)	2007 - 2008	A.G.M	At Registered Office 8-3-1087, Plot No.48 Srinagar Colony Hyderabad	27.09.2008	4.00 PM
2)	2008 - 2009	A.G.M	At Registered Office 8-3-1087, Plot No.48 Srinagar Colony Hyderabad	29.09.2009	4.00 PM
3)	2009 - 2010	A.G.M	At Registered Office 8-3-1087, Plot No.48 Srinagar Colony Hyderabad	23.09.2010	4.00 PM

6) DISCLOSURES:

- a) None of the transactions with any of the related parties were in conflict with the interest of the company.
- b) 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:

a) As indicated in the notice to our shareholders, the Annual General Meeting of the company will be held on 29th September, 2011 at Registered Office at 8-3-1087, Plot No.48, Opp.Ratnadeep Super Market, Srinagar Colony, Hyderabad – 500 073, at 4 P.M.

b) Financial Calendar:

Annual General Meeting	29 th September, 2011
Unaudited results for the quarter ending June 30 th , 2011	Last Week of July, 2011
Unaudited results for the quarter/Half year ending September 30 th , 2011	Last week of October, 2011
Unaudited results for the quarter ending December 31 st , 2011	Last Week of January, 2012
Audited Results for the year ending March 31 st , 2012	Last week of May, 2012

c) **Date of Book Closure:** from 25th September, 2011 to 29th September, 2011 both days inclusive for the purpose of Annual General Meeting.

d) **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, <u>MUMBAI - 400 001</u>	K0266	Delhi Stock Exch Ass Ltd, DSE House 3/1, Asaf Ali Road, <u>NEW DELHI – 110 002.</u>	7306
Madras Stock Exchange Ltd, Exchange Building, Post Box No.183, 11, Second Line Beach, <u>CHENNAI - 600 001.</u>	NIL	The Calcutta Stock Ass Ltd, 7, Lyons Range, <u>CALCUTTA - 700 001.</u>	NIL

The Stock Exch Ahmedabad, 29075/
 Kamdhenu Complex, KABSONS IND
 Opp:Sahajanand College,
 Panjara Pole,
 AHMEDABAD - 380 015.

There is an outstanding Listing Fee of Rs.2,26,287, Rs.1,13,296, Rs.1,07,750, Rs.45,302 to Delhi Stock Exchange, Ahmedabad Stock Exchange, KolKata Stock Exchange, Madras Stock Exchange respectively and Rs.2,49,430 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
 E-mail : xlfield@rediffmail.com

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, 2011.

Share holdings of nominal value of	Share holders		No. of Shares Number	% Total
	Number	% Total		
(1)	(2)	(3)	(4)	(5)
Upto – 5000	17,487	94.28	2,21,75,180	12.70
5,001 – 10,000	359	1.94	29,83,000	1.71
10,001 – 20,000	164	0.88	24,95,000	1.43
20,001 – 30,000	387	2.09	97,50,100	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	31,53,500	1.81
1,00,001 and above	46	0.25	13,11,44,990	75.10
Total :	18,548	100.00	17,46,30,000	100.00

b) DISTRIBUTION OF SHAREHOLDING PATTERN AS ON 31ST MARCH, 2011:

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	1,50,300	0.86
4.	Indian Public	47,22,450	27.04
5.	NRIs/OCBs	2,11,100	1.21
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	: 211100	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". 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	14,072	6640686	38.23
NSDL	3,508	10539733	60.23
CDSL	968	282581	1.54
Total	18,548	17463000	100.00

j) 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.48, 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 : 30-05-2011


RAJIV KABRA
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(I)(D)(II) 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, 2011.

Place: Hyderabad
Date : 30-05-2011


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.

The company started the bottling operations for Bharat Petroleum Corporation Limited at our bottling plant at Ranchi, which the company hopes to continue for long period even though the contract entered is for 12 months.

C) Management of risks: Though the risk of large scale return of connections loom large over the company, the number of cylinders returns has come down. There is also considerable pressure to keep up the realization from the services in view of the highly competitive market.

D) Financial Performance:

The Following is the Financial Performance of your Company: Rs.in Lakhs

	2010-11	2009-10	Inc/(Dec) %
INCOME :			
Sales	71.29	101.27	(29.60)
Other Income	68.74	64.23	7.02
Total:	140.03	165.50	(15.39)
EXPENDITURE :			
Manufacturing Expenses	60.82	83.39	27.06
Staff Cost	17.60	16.86	(4.39)
Other Expenses	33.28	46.28	28.09
Financial Expenses	0.12	0.23	47.83
Depreciation	34.50	34.58	0.23
Total:	146.32	181.34	19.31
PROFIT / (LOSS)	(6.29)	(15.81)	60.21



Brahmayya & Co.,

CHARTERED ACCOUNTANTS

AT VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ADONI, BANGALORE AND CHENNAI.

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, 2011 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 account as required by law have been kept by the Company so far as appears from our examination of those books.



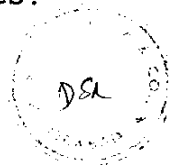


Brahmayya & Co.,

CHARTERED ACCOUNTANTS

AT VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ADONI, BANGALORE AND CHENNAI.

- 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, 2011 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2011 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.6,46,801/- and Rs.58,77,233/- respectively against Trade Deposits received from Dealers/Distributors are not provided resulting in understating the loss for the year by Rs.6,46,801/- and understating the current liabilities by Rs.65,24,034/- (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.544.85 Lakhs as on 31.03.2011. 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.
- d) There are no confirmation of balances in respect of sundry debtors, loans and advances and sundry creditors other than due from/to related parties.





Brahmayya & Co.,

CHARTERED ACCOUNTANTS

AT VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ADONI, BANGALORE AND CHENNAI.

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, 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, 2011;
- 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.

for BRAHMAYYA & CO.,
Chartered Accountants.
Firm's Regn.No.000513S

D. Seetharamaiah

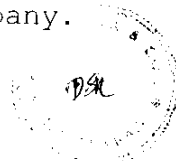
(D. SEETHARAMAIAH)
Partner
Membership No.002907

Place: Hyderabad
Date : 30.05.2011

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 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 not disposed off fixed assets.
- ii)
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records 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.72.00 Lakhs and the year-end balance of loans taken from such parties was Rs.72.00 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.
- 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 maintained 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.
- 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 Section 209 (1)(d) of the Companies Act, 1956 for the products/items dealt with by the company.
- ix) 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 dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of payment
i. Companies Act	Investor Education and Protection Fund	22,550	1994-95	19.10.2001	
2. Karnataka Sales Tax Act	Sales Tax	3,467	1999-00	15.05.1999	
3. Karnataka Sales Tax Act	Sales Tax	1,209	2004-05	15.03.2005	
4. Maharashtra Sales Tax Act	Sales Tax	190	2000-01	15.05.2000	
5. Jharkand Sales Tax Act	Sales Tax	3,271	2001-02	15.03.2002	
6. AP Sales Tax Act	Sales Tax	7,525	2000-01	15.04.2001	
7. Maharashtra Sales Tax Act	Sales Tax	5,817	2005-06	15.05.2005	
8. Maharashtra Sales Tax Act	Sales Tax	9,538	2004-05	15.04.2005	
9. Maharashtra Sales Tax Act	Sales Tax	800	2003-04	15.01.2004	
10. Maharashtra Sales Tax Act	Sales Tax	5,535	2004-05	05.11.2004	
11. West Bengal Sales Tax Act	Sales Tax	547	2004-05	15.01.2005	
12. West Bengal Sales Tax Act	Sales Tax	23	2005-06	15.09.2005	Unpaid
13. Gujarat Sales Tax Act	Sales Tax	669	2005-06	15.10.2005	
14. BST Act	Sales Tax & penalty	73,735	1997-98	15.08.2004	
15. BST Act	Sales Tax & penalty	1,34,780	1998-99	15.08.2004	
16. CST Act	Sales Tax & penalty	1,31,000	1997-98	15.08.2004	
17. CST Act	Sales Tax & penalty	5,17,000	1998-99	15.08.2004	
18. CST Act	Sales Tax & penalty	2,040	1998-99	21.02.2002	
19. ESI Act	Employees State Insurance	104	2006-07	21.06.2006	
20. ESI Act	Employees State Insurance	14	2006-07	21.11.2006	
21. 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 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 guratanee 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.
- NA

- 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.
Firm's Regn.No.000513S



D. SEETHARAMAIAH)
Partner
Membership No.002907.

Place: Hyderabad
Date : 30.05.2011



CHARTERED ACCOUNTANTS

AT VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ADONI, BANGALORE AND CHENNAI.

**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, 2011, 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

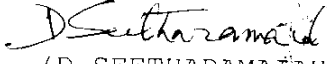
- i) The Board consists of only four directors, out of this, three are non-independent directors.
- ii) Audit Committee comprises majority non-independent Directors as against the stipulation that the audit committee shall have majority independent Directors

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.

Place : Hyderabad
Date : 30.05.2011

For BRAHMAYYA & CO.,
Chartered Accountants
Firm's Regn.No.0005135


(D. SEETHARAMAIAH)
Partner.
Membership No.002907

KABSONS INDUSTRIES LIMITED
PLOT No 48, SRINAGAR COLONY, HYDERABAD - 73.
BALANCE SHEET AS AT 31ST MARCH, 2011


PARTICULARS	SCH REF	AS AT 31.03.2011	AS AT 31.03.2010
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	5,620,526	4,359,029
		-----	-----
		7,620,526	6,359,029
		-----	-----
TOTAL Rs.		232,487,941	231,226,444
		=====	=====
II. APPLICATION OF FUNDS:			
1. FIXED ASSETS:			
Gross Block	5	148,805,111	146,823,096
Less : Depreciation		118,520,911	115,077,676
		-----	-----
Net Block		30,284,200	31,745,420
		-----	-----
2. INVESTMENTS:			
	6	15,000	15,000
		-----	-----
3. CURRENT ASSETS, LOANS & ADVANCES:			
Inventories	7	1,312,360	766,638
Sundry Debtors	8	2,726,532	2,394,838
Cash and Bank Balances	9	2,032,827	1,327,009
Loans and Advances	10	36,963,775	35,485,060
		-----	-----
		43,035,494	39,973,545
		-----	-----
LESS: Current Liabilities and Provisions	11	97,520,190	96,551,744
		-----	-----
Net Current Assets		(54,484,697)	(56,578,199)
		-----	-----
4. Profit & Loss Account			
		256,673,438	256,044,223
		-----	-----
TOTAL Rs.		232,487,941	231,226,444
		=====	=====

Notes on Accounts

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Per Our Report of Even Date

For **BRAHMAYYA & Co.,**
Chartered Accountants
Firm's Regn.No.000513S


D. SEETHARAMAIAH
Partner.
Membership No.002907
Place : Hyderabad
Date : 30-05-2011


G.K. Kabra
Director


RAJIV KABRA
Executive Director


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

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2011

PARTICULARS	SCH REF	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
I. INCOME :			
Sales	12	7,129,363	10,126,943
Other Income	13	6,873,624	6,423,008
TOTAL Rs.		14,002,987	16,549,951
II. EXPENDITURE.			
Power and fuel		151,879	144,110
Purchase of Traded goods	14	6,475,560	8,415,038
Staff Cost	15	1,760,651	1,685,572
Interest :		12,303	23,442
Other Expenses	16	3,327,854	4,628,017
Depreciation	5	3,449,677	3,457,588
(Increase)/Decrease in stocks	17	(545,722)	(219,999)
TOTAL Rs.		14,632,202	18,133,769
III. LOSS FOR THE YEAR		(629,215)	(1,583,818)
Fringe Benefit Tax		-	215
		(629,215)	(1,584,033)
Add: Balance brought forward from last year		256,044,223	254,460,190
IV. BALANCE CARRIED TO BALANCE SHEET		256,673,438	256,044,223
Earnings per share (in Rs.) (Face value of Rs.10/-) (Refer Note 12(C) Notes on accounts)		(0.04)	(0.09)

Notes on Accounts

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Per Our Report of Even Date

For **BRAHMAYYA & Co.,**
Chartered Accountants
Firm's Regn.No.000513S



D. SEETHARAMAIAH
Partner
Membership No.002907

Place : Hyderabad
Date : 30-05-2011



G.K.Kabra
Director



RAJIV KABRA
Executive Director



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

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

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
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
	-----	-----
TOTAL Rs.	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.	50,237,415	50,237,415
	=====	=====
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	420,526	1,059,029
Inter Corporate Deposits	3,000,000	3,000,000
From Directors	2,200,000	300,000
	-----	-----
TOTAL Rs.	5,620,526	4,359,029
	=====	=====

(Handwritten signature)

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

5. FIXED ASSETS

Sl. No	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		UP TO 01.04.2010 Rs.	ADDITIONS Rs.	DEDUCTIONS Rs.	AS AT 31.03.2011 Rs.	UP TO 01.04.2010 Rs.	FOR THE YEAR Rs.	DEDUCTIONS Rs.	UP TO 31.03.2011 Rs.	AS AT 31.03.2011 Rs.
1	Land Lease Hold	5,974,089	-	-	5,974,089	1,865,910	-	1,945,029	4,029,060	4,108,179
2	Buildings - Free Hold	1,223,873	58,053	-	1,281,926	15,827,466	-	16,791,101	12,163,191	1,223,873
	- Non-Fact	28,841,992	112,300	-	28,954,292	819,333	-	867,439	2,163,258	13,014,526
3	Plant and Machinery	3,030,697	-	-	3,030,697	21,301,767	-	22,626,188	7,503,893	2,211,364
4	Electrical Equipment	28,438,491	1,691,590	6,442	6,815,190	5,115,518	6,442	5,423,566	1,391,624	7,136,724
5	Furniture and Fittings	6,740,382	81,250	-	3,270,855	3,269,305	-	3,270,855	-	1,624,865
6	Data Processing Equipment	3,269,305	1,550	-	3,228,387	3,125,164	-	3,140,203	88,184	61,523
7	Office Equipment	3,186,687	41,700	-	1,437,169	1,164,153	-	1,222,068	215,101	273,016
8	Vehicles	1,437,169	-	-	567,096	323,035	-	372,284	194,812	242,048
9	Cylinders	565,083	2,013	-	1,710	1,710	-	1,710	194,812	242,048
10		64,113,618	-	-	64,113,618	62,264,315	-	62,860,468	1,253,150	1,849,303
	Total:	146,823,096	1,988,456	6,442	148,805,111	115,077,676	6,442	116,520,911	30,284,200	31,745,420
	Previous Year:	147,911,996	20,354	1,109,254	146,823,096	112,702,894	3,457,588	114,077,676	31,745,420	35,209,102



PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
6. INVESTMENTS:		
(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	1,191,852	646,130
	-----	-----
TOTAL Rs.	1,312,360	766,638
	=====	=====
8. SUNDRY DEBTORS:		
(Unsecured)		
Debts due over six months		
: Considered good	1,671,147	1,059,638
: Considered doubtful	218,412	218,412
	-----	-----
	1,889,559	1,278,050
Less : Provision for doubtful debts	218,412	218,412
	-----	-----
	1,671,147	1,059,638
Other debts (considered good)	1,055,385	1,335,200
	-----	-----
TOTAL Rs.	2,726,532	2,394,838
	=====	=====
9. CASH AND BANK BALANCES:		
Cash in Hand	53,604	20,204
Balances with Scheduled Banks		
in Current Accounts	746,304	1,085,394
in Margin Deposits	1,210,842	199,334
in Share Application Money Refund A/c	22,077	22,077
	-----	-----
TOTAL Rs.	2,032,827	1,327,009
	=====	=====

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PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
12. SALES:		
Gas (Trading)	7,002,775	9,654,477
Regulators and appliances	5,048	19,231
Rent/Hire charges	100,823	453,235
Gas filling charges earned	20,717	0
TOTAL Rs.	7,129,363	10,126,943
13. OTHER INCOME:		
Interest earned (others) (TDS Rs.6,028)	47,644	64,707
Plants lease amounts	3,050,400	3,032,400
Rent earned	1,932,000	1,902,000
Miscellaneous receipts	649,177	466,780
Marketing Fees	10,000	28,000
Credit Balances written back	1,183,661	168,368
Excess Provision written back	742	34,479
Profit on sale of assets	0	726,274
TOTAL Rs.	6,873,624	6,423,008
14. PURCHASE OF TRADED GOODS :		
(Gas, Regulators and appliances)		
Gas	6,475,560	8,415,038
TOTAL Rs.	6,475,560	8,415,038
15. STAFF COST		
Salaries, Wages, LTA, Exgratia, MRI & Bonus	1,530,370	1,412,988
Contribution to Provident and other funds	81,852	82,416
Workers and Staff Welfare & Books and Periodicals	115,169	116,546
Gratuity	33,260	73,622
TOTAL Rs.	1,760,651	1,685,572



PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
16. OTHER EXPENSES:		
Rental / Hire charges paid for Cylinders	147,616	366,560
Gas Filling charges	131,797	159,807
Stores consumed	17,675	29,568
Rent & Water charges	680,552	572,630
Rates & Taxes	188,432	172,002
Insurance	97,974	101,376
Printing & Stationary	23,310	18,112
Postage , Telegrams & Telephones	64,558	69,785
Travelling & Conveyance	267,030	194,908
Transport Charges	119,650	21,650
Repairs & Maintenance		
Plant & Machinery	225,471	99,783
Buildings	54,602	7,551
Other Assets	8,061	53,045
Service Charges	683,818	801,264
Auditor's Remuneration		
: As Auditors	24,818	24,818
: for Tax Audit	5,515	5,515
: for Certification	8,274	8,274
Legal & Professional Charges	302,916	388,257
General Charges	273,744	255,827
Prior period expenses	-	1210824
Damages/Penalty Charges	2,042	5,314
Stocks written off	-	61,148
TOTAL Rs.	3,327,854	4,628,017
	=====	=====
17. INCREASE / DECREASE IN STOCKS:		
a) Opening Stocks		
Semi -finished Goods	42,504	42,504
Traded Items	646,130	487,279
	688,634	529,783
	=====	=====
b) Less : Stocks written off (Semi finished)	0	0
: Stocks written off (Traded Items)	0	61,148
	0	61,148
TOTAL Rs.	688,634	468,635
	=====	=====
c) Closing Stocks		
Semi Finished Goods	42,504	42,504
Traded Items	1,191,852	646,130
TOTAL Rs.	1,234,356	688,634
	=====	=====
(Increase) / Decrease (b-c) Rs.	(545,722)	(219,999)
	=====	=====



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 complete erosion of net worth and uncertainty associated with the operations of the company.

	As at 31.03.2011	As at 31-03-2010
	Rs.	Rs.
3. Contingent liabilities are not provided for in respect of		
i) Bank guarantees issued by bankers	11,20,000	1,20,000
ii) A claim made by a Civil Contractor at Baroda, as the matter is pending in Civil Court.	111,00,000	111,00,000
iii) Claims made by dealers/distributors not acknowledged by the company	5,94,315	13,41,056

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 was accounted, payable in five annual installments against which company paid Rs.21,33,493 upto previous year and Rs.6,38,503 during current year leaving a liability of Rs.4,20,526 payable by 01.05.2013 in 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.6,46,801/-(Previous year Rs.6,47,679/-) and interest for earlier years Rs. 58,77,233/-. Had the interest provision been made, the loss for the current year would have been more by Rs.6,46,801/-and accumulated losses would have been more by Rs.65,24,034/-.

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

8. (A) Sundry Debtors include:

- i) Rs.7,500/- (Previous year Rs.11,099/-) receivable from Lata Engineering Co. Pvt. Ltd in which two of the directors are interested. [Maximum amount outstanding Rs.1,16,291/- (previous year Rs.91,125/-)].
- ii) Rs.82,121/- (Previous year Rs.1,31,048/-) receivable from PKL Ltd., a company under the same management. [Maximum amount outstanding Rs.82,121/- (Previous year Rs.1,31,48)]

(B) Loans and Advances include:

- i) Rs.8,000/-(Previous year Rs.27,500/-) towards Cylinder deposit returnable on surrender of cylinders, paid to PKL Ltd., which is under the same management. [Maximum amount outstanding Rs.68,14,750/- (previous year Rs.68,06,750)]

9. Director's remuneration as approved in the earlier Annual General Meeting effective from 01.08.2009 @ Rs.25,000/- P.M. amounting to Rs.14,50,000/- upto 31st March, 2011 (previous year Rs.11,50,000/-) 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	
	Qty	Value Rs.	Qty	Value Rs.
a) Traded Items:				
i) Opening Stock				
L.P.Gas (Tonnes)		13,546		13,734
Regulators (Nos.)		182		262
Single Burner Stoves		198		198
ii) Purchases.				
L.P.Gas (Tonnes)		141,215		223,145
iii) Closing Stock				
L.P.Gas (Tonnes)		21,640		13,546
Regulators (Nos)		161		182
Single Burner Stoves		198		198
iv) Sales				
Gas (Tonnes)	133,121	70,02,774	221,679	96,54,477
Regulators (Nos)	21	5,048	80	19,231
		<u>70,07,822</u>		<u>96,73,708</u>

	Current Year		Previous Year	
	Value Rs.	Perce - ntage	Value Rs.	Perce - ntage
b) Analysis of Materials,				
Stores and Spares consumed:				
i) Indigenous	17,675	100%	29,568	100%
ii) Imported	--	--	--	--
i) Indigenous	<u>17,675</u>	<u>100%</u>	<u>29,568</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:

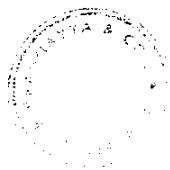
a) <u>Name of the Related Party</u>	<u>Nature of Relationship</u>
1. PKL Ltd	Common Control
2. Rajiv Kabra	Key Management Personnel
3. Lata Engineering Company P.Ltd	Substantial Shareholder
4. Ideal Engineers Hyderabad P.Ltd	



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

Related party relation ship	Nature of Transactions	Volume during the year Rs	Amount outstanding as on 31.03.2011.	
			Receivable Rs.	Payable Rs.
i) Common Control	Godown Rent Received	1,80,000	--	--
	Cylinder deposit paid	8,000	68,14,750	--
			(68,08,750)	
	Gas Purchases	7,46,769	--	--
	Rental/Hire charges paid	88,000	--	--
	Current Account balance		82,121	--
			(1,31,048)	
ii) Substantial Shareholder	Rendering of Services	30,000	--	--
	Gas Sales	3,92,625	--	--
	Rent Received	1,62,000	--	--
	Cylinder Deposit	---	74,94,200	--
			(74,94,200)	--
	Trade Receivables		7,500	--
			(11,099)--	
	Secured Loan		20,00,000	
			(20,00,000)	
iii) Associates	Cylinders rent paid	63,000	--	--
	Trade Receivables		63,000	
			(Nil)	
	Gas Purchases	19,68,917	--	--
	Gas Filling charges paid	76,647	--	--
	Minimum Commitment	55,150	--	--
	Charges paid			
	Trade Payable		--	2,02,320
				(2,79,314)
	Rendering of Services	36,000	--	--
	Trade Receivables		32,400	
			(Nil)	
	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	19,00,000	--	22,00,000
				(3,00,000)




C) Earning Per Share:	Current Year	Previous Year
	Rs.	Rs.
Loss for the year after taxes	(6,29,215)	(15,83,818)
Number of shares	1,74,63,000	1,74,63,000
Earning per share (Basic & Diluted)	(0.04)	(0.09)

D) AS-22 'ACCOUNTING FOR TAXES ON INCOME':

In view of substantial unabsorbed losses and the uncertainty associated with the operations of the Company, it is considered appropriate not to create deferred tax asset of Rs.5.29 Crores previous year Rs.5.11 crores) in accordance with Accounting Standard - 22 'Accounting for taxes on income' issued by the Institute of Chartered Accountants of India.

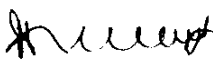
S.No.	Deferred Tax items	As at 31.03.2011	As at 31.03.2010
a.	Deferred Tax Assets on account of Brought forward losses	18,23,24,652	18,36,36,260
b.	Deferred Tax liability relating to Difference in Depreciation	1,10,39,199	1,81,12,510
	Deferred Tax Asset	17,12,85,453	16,55,23,750
	Tax thereon	5,29,27,205	5,11,46,839

Per our report of even date
for Brahmayya & Co.
Chartered Accountants
Firm's Regn.No.000513S


(D.SEETHARAMAIAH)
Partner.
Membership No.002907


(G.K.KABRA)
Director


(RAJIV KABRA)
Executive Director


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

Place : Hyderabad
Date : 30-05-2011

KABSONS INDUSTRIES LIMITED
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No: 01-14458

State Code: 01

Balance Sheet Date 31-03-2011

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

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

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

Total Liabilities	Total Assets
2,32,488	2,32,488

Sources of Funds:

Paid-up Capital	Reserves & Surplus
1,74,630	50,237
Secured Loans	Unsecured Loans
2,000	5,621

Application of Funds:

Net Fixed Assets	Investments
30,284	15
Net Current Assets	Misc. Expenditure
(54,485)	--
Accumulated Losses	
2,56,673	

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

Turnover	Total Expenditure
14,003	14,632
Loss Before Tax	Loss After Tax
(629)	(629)
Earning per Share in Rs.	Dividend @%
(0.04)	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, 2011

	Year Ended 31.03.2011	Year Ended 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES	Rs.	Rs.
Loss for the year before extraordinary items	(629,215)	(1,583,818)
Adjustments for:		
Depreciation	3,449,677	3,457,588
Interest Income / earned	(47,644)	(64,707)
Interest expenses	12,303	23,442
Profit on sale of assets	-	(726,274)
Operating Profit before working Capital Changes	2,785,121	1,106,231
Adjustments for:		
Trade and other receivables	(1,787,733)	(260,613)
Inventories	(545,722)	(158,851)
Trade payables	968,446	(1,115,255)
Interest paid	1,420,112	(428,488)
Direct Taxes paid	(12,303)	(23,442)
	-	(5,258)
NET CASH FROM OPERATING ACTIVITIES	1,407,809	(457,188)
	=====	=====
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,988,456)	(20,354)
Sale of assets	-	752,721
Interest received	24,968	68,184
NET CASH USED IN INVESTING ACTIVITIES	(1,963,488)	800,551
	=====	=====
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Loans	(638,503)	(922,669)
Receipt of Loans	1,900,000	300,000
NET CASH GENERATED FROM FINANCING ACTIVITIES	1,261,497	(622,669)
	=====	=====
Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)	705,818	(279,306)
	=====	=====
Cash and Cash equivalents as at 01.04.11 (Opening balance)	1,327,009	1,606,315
Cash and Cash equivalents as at 31.03.11 (Closing balance)	2,032,827	1,327,009
	=====	=====

For **BRAHMAYYA & Co.,**
Chartered Accountants
Firm's Regn. No.000513S


D. SEETHARAMAIAH
Partner
Membership No.002907


G.K. Kabra
Director


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


RAJIV KABRA
Executive Director

Place : Hyderabad
Date : 30-05-2011