

# 11th Annual Report 2002 - 2003



**Kabsons Industries Limited**



## KABSONS INDUSTRIES LIMITED

<b>BOARD OF DIRECTORS</b>	:	G.K.KABRA	Chairman
	:	B.SHANKAR	Director
	:	RAJIV KABRA	Executive Director
<b>AUDITORS</b>	:	M/s. BRAHMAYYA & CO., Chartered Accountants, Flat No.403 & 404, Golden Green Appts, Erramanzil Colony, Somajiguda, Hyderabad - 500 082.	
<b>AUDIT COMMITTEE</b>	:	B.Shankar G.K.Kabra Rajiv Kabra.	Chairman
<b>BANKERS</b>	:	ANDHRA BANK, Balanagar, HYDERABAD - 500 037.	
	:	STATE BANK OF INDIA Yellareddyguda, HYDERABAD - 500 073.	
<b>REGISTERED OFFICE</b>	:	Plot No.48, 8-3-1087, Srinagar Colony, HYDERABAD - 500 073.	
<b>SHARE TRANSFER AGENTS/ DEMAT AGENTS</b>	:	M/S.IKON VISIONS (P) LIMITED, Flat No.33, Sanali Heavens, 8-3-948, Ameerpet, HYDERABAD - 500 016.	
<b>FACTORY</b>	:	Plot No.B-3, Phase 1, MIDC, Waluj, AURANGABAD - 431 133.	
<b>FILLING PLANTS</b>	:	Aurangabad, Dharwad, Jaipur, Jalpaiguri, Nagpur, Rajkot, Rohtak, Baroda, Bhubaneswar, Kanpur, Ranchi.	

**KABSONS INDUSTRIES LIMITED****NOTICE**

Notice is hereby given that the 11th Annual General Meeting of the members of the Company will be held on Wednesday the 24th September, 2003 at Surana Udyog Auditorium, Federation of A.P.Chambers of Commerce and Industry at 11-6-841, P.B.No.14, Redhills, Hyderabad - 500 004 at 3.00.P.M to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2003 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.B.Shankar 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.

**SPECIAL BUSINESS:**

4. To Consider and if thought fit, to pass the following Resolution with or without modifications as Special Resolution:

"RESOLVE THAT, subject to the provisions of the Companies Act, 1956 [including any statutory modification(s) or re-enactment thereof for the time being in force and as may be hereinafter], the Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003 and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company, consent is hereby accorded to the Board to de-list the Company's Equity Shares from all or any of the following Stock Exchanges viz The Ahmedabad Stock Exchange & Association Ltd., at Ahmedabad, The Calcutta Stock Exchange Ltd., at Kolkata, The Delhi Stock Exchange Association Ltd., at New Delhi, The Hyderabad Stock Exchange Ltd., at Hyderabad (Regional Stock Exchange) and the Madras Stock Exchange Ltd., at Chennai."

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

Sd/-

**RAJIV KABRA**  
Executive Director

Place : Hyderabad

Date : 25/08/2003

**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.

**KABSONS INDUSTRIES LIMITED**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, RELATING TO SPECIAL BUSINESS TO BE TRANSACTED AT THE MEETING IS ANNEXED HERETO**

**ITEM NO.4:**

The Proposed voluntary de-listing of the Company's Equity shares from the said Stock Exchanges will not adversely affect any investors including the members located in the regions where the said stock exchanges are situated. Pursuant to the SEBI (De-listing of Securities) Guidelines 2003, it is now proposed to seek the members' approval by way of Special Resolution for the voluntary de-listing of the Company's Equity Shares from the said five stock exchanges as set out in the resolution at item no.4. In terms of the said guidelines, as the Company's Equity Shares shall continue to remain listed on Bombay Stock Exchange, no Exit option is required to be offered to the shareholders.

With the wide and extensive networking of centres of the BSE, the investors have access to only dealings in the Company's Securities across the Country. Moreover, the Company's Equity Shares are one of the scrips which Securities and Exchange Board of India has specified for settlement only demat form by all the investors effective from 28th December, 2000.

The trading volume of the Company's Equity Shares at most of the Stock exchanges is Nil/Negligible since initial listing of the shares. The current financial crunch of the Company, wherein the listing fee and statutory dues are pending for long, doesn't allow further to pay listing fee to all the above stock exchanges. And also the annual recurring listing fees paid to the said stock exchanges, do not now offer commensurate benefits to the company/its investors in the changed scenario of the nationwide trading terminals set up by the BSE. It would further contribute to reduction in administrative costs/efforts of the company. Therefore, the Board of Directors, at its meeting held on 25th August, 2003 has decided to apply for the voluntary de-listing of the Company's Equity Shares from the said Stock Exchanges.

The proposed de-listing is in the interest of the Company and the Board commends the resolution for acceptance by the members. None of the Directors of the Company is concerned or interested in the resolution at item no.4

Approval of shareholders is required by way of Special Resolution for the proposed resolution.

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

Place : Hyderabad  
Date : 25/08/2003

Sd/-  
**RAJIV KABRA**  
EXECUTIVE DIRECTOR

**KABSONS INDUSTRIES LIMITED****DIRECTORS' REPORT**

To  
The Members of Kabsons Industries Limited,

Your Directors hereby present the 11th Annual Report and Accounts of the Company for the year ended 31st March, 2003.

**FINANCIAL RESULTS:**

(Rs.in Lakhs)

	Year Ended 31.03.2003	Year Ended 31.03.2002
1) Sales & other Income	140.39	146.06
2) Loss before Interest, Financial Charges and Depreciation	3.03	82.34
3) Interest and Financial Charges	46.95	42.67
4) Loss Before Depreciation	49.98	125.01
5) Depreciation	-	-
6) Loss after, Financial Charges, Depreciation	49.98	125.01

**PERFORMANCE:** The company continues to make losses in view of complete evaporation of market opportunity for private sector in the field of LPG. Bottling income is the only source of income for the company.

During the year under review the loss has come down by 150.12% due to various cost reduction measures and mothballing of certain plants where operations are not taking place.

**OUTLOOK:** The PSUs have now launched their 5 kg pack at a highly subsidized price in many of the rural markets. This product is positioned in the segments where a lot of pioneering work has been done by your company. The heavily subsidized price of gas for the 5 kg pack will have a deleterious effect on your company's operations. The Directors are reviewing the position for initiative.

**FINANCING:** Your Company has defaulted in repayment of principle installments since 15th October, 1999 as well as interest from April, 2000 till date which is amounted to Rs.141 Lakhs to IFCI Ltd who has rejected OTS proposal and initiated action for recovery through Debts Recovery Tribunal (DRT) at Hyderabad against the company which may kindly be noted in this regard.

Your Company has also defaulted for Interest payment of Rs.45 Lakhs to Andhra Bank, Balanagar, Hyderabad which is also to be noted.

**DELISTING OF SHARES:** Due to present critical financial position of the Company, which is unable to pay the listing fees since 1999-2000 onwards to some stock exchanges, and also infrequent trading, which is almost NIL since listing of shares on the stock exchanges, the Board of Directors of the Company have decided to voluntarily delist the shares of the Company from the following stock exchanges as a cost cutting measure without effecting the interest of the shareholders as provided in SEBI (Delisting of Securities) Guidelines, 2003 rules and regulations.

- |   |   |
|---|---|
| a) Ahmedabad Stock Exchange & Association Ltd | b) Madras Stock Exchange Ltd            |
| c) Calcutta Stock Exchange Ltd                | d) Delhi Stock Exchange Association Ltd |
| e) Hyderabad Stock Exchange Ltd               |   |

However the shares shall continue to be listed on Mumbai Stock Exchange Ltd which has national vide network. Proposal seeking approval of shareholders in this regard is placed before them for approval.

**DIRECTORS:** Mr.B.Shankar is retiring at the ensuing Annual General Meeting and being eligible offers himself for the appointment as Director liable to retire by rotation.

**AUDITORS:** Messrs 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, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures;



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- 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, 2003 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 due compliance of clause 32 of the Listing Agreements, 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.6:

A) Depreciation for the year under report amounting to Rs.178,59,606/- has not been provided due to adverse conditions which prevailed for the parallel marketeers in the earlier years as well as during the current year, the Company could not carryout its operation at the anticipated levels and consequently could make use of plant and machinery and cylinders throughout the year. Hence it was decided not to provide for depreciation, resulting in under statement of loss for the year by that amount.

B) Interest for the year Rs.8,56,423/- 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.

C) In spite of continues losses, 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.

### 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 IFCI Ltd, Andhra Bank, 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 Hyderabad, Mumbai, Ahmedabad, Delhi, Calcutta 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

Place: Hyderabad,

G.K.KABRA

Date : 25/08/2003

Chairman



**KARNS INDUSTRIES LIMITED****ANNEXURE - A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2008:**

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	NIL	NIL
3. Future plan of action	NIL	NIL
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	Previous Year
	(Rs.)	(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 IFCI, Andhra Bank, 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 three 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. B.Shankar	Director	Non-Executive/Non Independent Director
3.	Sri. Rajiv Kabra	Executive Director	Promoter / Executive Director

**KARNS INDUSTRIES LIMITED****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. B.Shankar	4	4	Attended
Sri. Rajiv Kabra	4	4	Attended

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

Four Board Meetings were held during the year, as against minimum requirement of four meetings. The dates on which the meetings were held on 28/06/2002, 27/07/2002, 02/11/2002, 31/01/2003.

**3) AUDIT COMMITTEE:**

a) Brief Description of terms of reference:

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

b) Composition, names of members and Chairperson:

According to the Resolution passed in the Board of Directors meeting held on 28th June, 2001 the Board has constituted the Audit Committee comprising of Mr.G.K.Kabra, Mr.B.Shankar and Mr.Rajiv Kabra as members of the committee. Mr.B.Shankar is Non-Promoter and non-independent Director having knowledge of Finance and Accounts. The Quorum for the Audit Committee is two members.

Mr.B.Shankar, continues to be the Chairman of the Committee.

c) Meetings and attendance during the year:

Meetings are scheduled in advance and the committee, since constituted has met on 28th June, 2002, 2nd November, 2002, and 31st January, 2003.

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:

Sl. No.	Date of Receipt	Nature of Complaints	No of Complaints Received	No of Complaints Cleared	Date of Clearing	Remarks
1)	15/11/02	Split of Share	1	1	23/11/02	Nil
2)	14/12/02	- do -	1	1	26/12/02	Nil
3)	04/03/03	- do -	1	1	10/03/03	Nil
4)	27/11/02	Non-Receipt of Share Certificate Sent for transfer	1	1	28/11/02	Nil
5)	08/01/03	Transmission of Shares	1	-	28/01/03	Indemnity & Affidavit not received
6)	21/02/03	Share Certificate Misplaced / Issue of Duplicate Certificates	1	-	10/07/03	-do-
7)	"	Change of Address	16	16		Nil

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

Sl.No.	Year	Meeting	Venue	Date	Time
1)	1999 - 2000	A.G.M	FAPCCAI, Hyderabad	27.11.2000	2.30 PM
2)	2000 - 2001	A.G.M	FAPCCAI, Hyderabad	26.09.2001	2.30 PM
3)	2001 - 2002	A.G.M	FAPCCAI, Hyderabad	27.09.2002,	2.30 PM