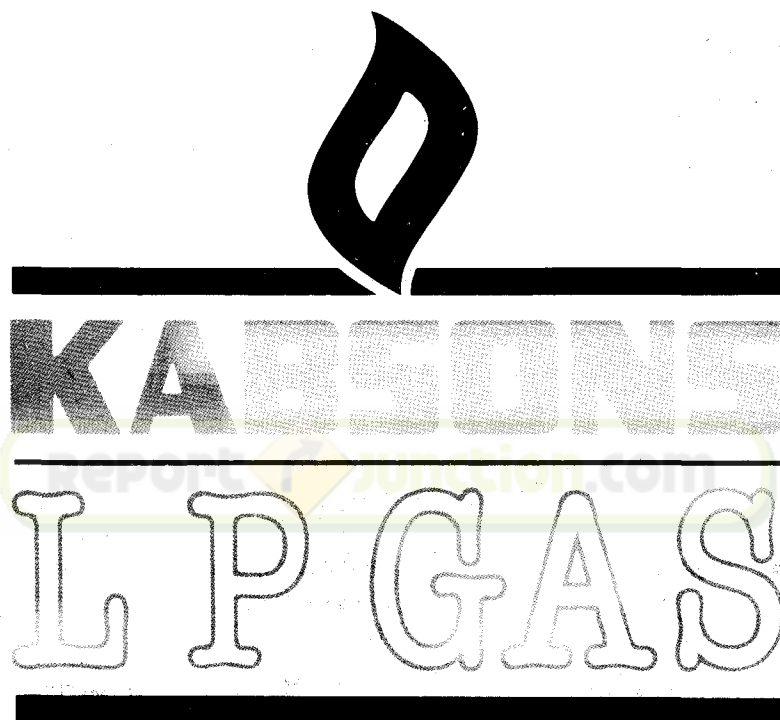


13th Annual Report 2004 - 2005



Kabsons Industries Limited



KABSONS INDUSTRIES LIMITED

BOARD OF DIRECTORS	:	Mr.G.K.KABRA CHAIRMAN
	:	Mr.B.SHANKAR DIRECTOR
	:	Mr. RAJIV KABRA EXECUTIVE DIRECTOR
AUDITORS	:	M/s. BRAHMAYYA & CO., Chartered Accountants, Flat No.403 & 404, Golden Green Appts, Erramanzil Colony, Somajiguda, Hyderabad - 500 082.
AUDIT COMMITTEE	:	B. SHANKAR - CHAIRMAN G.K.KABRA RAJIV KABRA
BANKERS	:	ANDHRA BANK, Balanagar, HYDERABAD - 500 037.
	:	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.IKON VISIONS (P) LIMITED, Flat No.33, Sanali Heavens, 8-3-948, Ameerpet, HYDERABAD - 500 016.
FACTORY	:	Plot No.B-3, Phase 1, MIDC, Waluj, AURANGABAD - 431 133.
BOTTLING PLANTS	:	Aurangabad, Dharwad, Jaipur, Jalpaiguri, Nagpur, Rajkot, Rohtak, Baroda, Bhubaneswar, Kanpur, Ranchi.

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

Notice is hereby given that the 13th Annual General Meeting of the members of the Company will be held on Tuesday the 27th September, 2005 at Nagarjuna Nagar Welfare Association, 1111, Nagarjunanagar, Yellareddyguda, Hyderabad - 500 073, 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 2005 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. Brahmaya & 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 Ordinary Resolution: "RESOLVED THAT consent of the members of the Company be and are hereby accorded for reappointment of Shri.Rajiv Kabra as Executive Director of the Company pursuant to Sections 198, 269 & 309 read with Schedule XIII of the Companies Act, 1956 for a period of 5 yrs effective from 1st August, 2004".

"FURTHER RESOLVED THAT Shri.Rajiv Kabra, in his capacity as a Executive Director be paid remuneration effective from 1st October, 2005 as under, subject to approval of Central Government."

Salary : Rs. 25,000 Per Month with an annual increment of Rs.5, 000 P.M

Perquisites : 1) Provision for use of chauffeur Driven Car

- 2) Company shall provide Telephone or reimburse telephone expenses at residence for local and long distance official calls.

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

Sd/-

RAJIV KABRA
Executive Director

Place : Hyderabad
Date : 05.08.2005

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) Explanatory Statement as required by section 173(2) of the Companies Act, 1956 in respect of item 4 is annexed hereto.
- d) The Members are requested to bring the Annual Report along with them at the time of Annual General Meeting and are also requested to send their queries, if any, on the adoption of accounts well in advance, so as to enable the company to place relevant records and information at the Annual General Meeting.

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

ITEM NO. 4:

The Board of Directors of the Company had appointed Shri.Rajiv Kabra, as Executive Director effective from 1st August 2004. Pursuant to sections 198, 269 & 309 read with Schedule XIII of the Companies Act, 1956, the reappointment of Executive Director of the Company is to be approved by the members of the company by way of ordinary resolution. Due to adverse financial position of the company Mr.Rajiv Kabra as an Executive Director is not drawing remuneration since 1st April 2000, even though approved in the earlier Annual General Meeting. However in view of some progress in company operations, the Board of Directors approved remuneration effective from 1st October 2005.

Pursuant to provision of the section 269 of the Companies Act, 1956 read with schedule XIII, section II, as a non-profit making company, and being defaulted in re-payment of debts, remuneration pursuant to schedule XIII is not permitted and payment of remuneration should be with the approval of Central Government. The Directors commend the Resolution for Members approval.

Except Shri.Rajiv Kabra none of the Directors of the Company are concerned or interested in the Resolution.

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

for and on behalf of the Board
Sd/-

RAJIV KABRA
Executive Director

Place : Hyderabad
Date : 05.08.2005

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

To The Members of KABSONS INDUSTRIES LIMITED,

Your Directors hereby present the 13th Annual Report and Accounts of the Company for the year ended 31st March 2005.

FINANCIAL RESULTS:

(Rs.in Lakhs)

	Year Ended 31.03.2005	Year Ended 31.03.2004
1) Sales & other Income	115.18	125.72
2) Profit before Interest, Financial Charges and Depreciation	11.47	18.10
3) Interest and Financial Charges	35.99	55.88
4) Loss Before Depreciation	24.52	37.78
5) Depreciation	107.16	166.47
6) Loss after, Financial Charges, Depreciation	131.68	204.25

DISCUSSION ON FINANCIAL PERFORMANCE :

There was not much change in the performance of the company as compared to previous year and still bottling income is the only source of revenue to the company.

We could get a profit of Rs. 11.47 Lakhs before interest and depreciation during the current year as against profit of Rs. 18.10 Lakhs during the previous year.

Your company had settled the OCC account with Andhra Bank under OTS during the year under consideration.

REFERENCE TO BIFR/NATIONAL COMPANY LAW TRIBUNAL:

The Company has been referred to BIFR under the provisions of Sick Industrial Companies (Special Provisions) Act 1985 and registered as case no.378 of 2004 and further proceedings in this regard are to take place.

OUT LOOK: Your Company has done a bottling job for one of the Public Sector Undertakings during the year under consideration till end of July, 2005 at one of the locations and participated in the tender process for bottling job at different location.

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

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

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

- That in the preparation of the accounts for the financial year ended 31st March 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the loss of the Company for the year under review;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies, Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the accounts for the financial year ended 31st March, 2005 on a going concern basis despite continuous losses, erosion of net worth, excess of current liabilities over current assets and uncertainty associated with the operations of the Company.



KABSONS INDUSTRIES LIMITED

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.7,32,277/- 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 continuous 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

G.K.KABRA

Chairman

Place: Hyderabad

Date : 05/07/2005

**KABSONS INDUSTRIES LIMITED****ANNEXURE - A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2005:**

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 (Rs.)	Previous Year (Rs.)
a) Capital	NIL	NIL
b) Recurring	NIL	NIL
TOTAL		
c) Total R&D expenditure as % turnover	NIL	NIL

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

FORM C**FOREIGN EXCHANGE EARNINGS & OUT GO**

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

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

The Company's philosophy of Corporate Governance is aimed at attainment of highest levels of transparency and accountability in all facets of operations and in all its interactions with 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:

Meetings 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

**KABSONS INDUSTRIES LIMITED****c) DETAILS OF BOARD MEETINGS HELD AND ATTENDANCE OF DIRECTORS:**

Name of the Director	No. of Board Meetings Held	Meetings Attended	Attendance at Last AGM
Sri. G.K. Kabra	5	5	Attended
Sri. B. Shankar	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, as against minimum requirement of four meetings. The dates on which the meetings were held on 06/07/2004, 02/08/2004, 29/09/2004, 01/11/2004 and 31/01/2005.

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, has met on 06th July, 2004, 1st November, 2004 and 31st January, 2005.

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	Reply Sent on	Remarks/ Pending
1.	13.04.04	Transmission of shares	16.04.04	Documents not received
2.	24.04.04	Registration of Form 2B (Nomination Form)	30.04.04	Nil
3.	13.07.04	Transfer of Shares	14.07.04	Nil
4.	13.09.04	Issue of Duplicate Share Certificates	16.09.04	Nil
5.	14.09.04	Non-receipt of D/W & A/R	16.09.04	Nil
6.	02.01.05	Non-receipt of A/R	03.01.05	Nil
7.	18.01.05	Registration of Form 2B	19.01.05	Nil
8.	16.02.05	Regarding Company Information	10.03.05	
9.	09.03.05	- do -	12.03.05	Nil
10.	12.03.05	- do -	14.03.05	Nil
11.	21.03.05	Misplacement of S/c & Non receipt of D/W	21.03.05	Nil
12.	28.03.05	Regarding Nomination Form	31.03.05	Nil
13.		Change of Address		Up-Dated

**KABSONS INDUSTRIES LIMITED****5) GENERAL BODY MEETINGS:** Location and time of last 3 Annual General Meetings:

Sl.No.	Year	Meeting	Venue	Date	Time
1)	2001 - 2002	A.G.M	FAPCCAI Hyderabad	27.09.2002	2.30 PM
2)	2002 - 2003	A.G.M	FAPCCAI Hyderabad	24.09.2003	3.00 PM
3)	2003 - 2004	A.G.M	Nagarjuna Nagar Welfare Association Hyderabad	27.09.2004	3.00 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 Standards/Times of India and Andhra Prabha/ Vaartha 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 27th September, 2005 at Nagarjuna Nagar Welfare Association, 1111, Nagarjuna Nagar, Yellareddyguda, Hyderabad - 500 073, at 3.00.P.M.
- b) Financial Calendar:
- | | |
|---|-------------------------|
| Annual General Meeting | 27th September, 2005 |
| Unaudited results for the quarter ending June 30, 2005 | 5th August, 2005 |
| Unaudited results for the quarter/Half year ending September, 30th 2005 | Last week of Oct,2005 |
| Un-audited results for the quarter ending December,31st 2005 | Last Week of Jan,2006 |
| Audited Results for the year ending March, 31, 2006 | Last week of June, 2006 |
- c) Date of Book Closure: from 21st September 2005 to 27th September 2005 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 Hyderabad Stock Exch Ltd. Administrative Office, 6-3-654, Erramanzil Bus Stop Somajiguda, HYDERABAD - 500 082	KBS	The Stock Exchange Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400 001	K0266
Madras Stock Exchange Ltd, Exchange Building, Post Box No.183, 11, Second Line Beach, CHENNAI - 600 001.	NIL	The Calcutta Stock Ass Ltd, 7, Lyons Range, CALCUTTA - 700 001.	NIL
The Stock Exch Ahmedabad, Kamdhenu Complex, Opp:Sahajanand College, Panjara Pole, AHMEDABAD - 380 015.	29075/ KABSONS IND	Delhi Stock Exch Ass Ltd, DSE House 3/1, Asaf Ali Road, NEW DELHI - 110 002.	7306