

16th Annual Report 2007 - 2008



Kabsons Industries Limited



KABSONS INDUSTRIES LIMITED

BOARD OF DIRECTORS : Mr.G.K.KABRA CHAIRMAN
 : Mr.B.SHANKAR DIRECTOR (Upto 10th June, 2008)
 : Mr. RAJIV KABRA EXECUTIVE DIRECTOR
 : Mr. P.V.SUBBA RAO 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 (UPTO 10TH JUNE, 2008)
 P.V.SUBBA RAO - CHAIRMAN
 G.K.KABRA
 RAJIV KABRA

BANKERS : HDFC BANK,
 Banjara Hills,
 HYDERABAD - 500 034.
 : STATE BANK OF INDIA
 Yellareddyguda,
 HYDERABAD - 500 073.

REGISTERED OFFICE : Plot No.48, 8-3-1087,
 Srinagar Colony,
 HYDERABAD - 500 073.

SHARE TRANSFER AGENTS/ : M/S.XL SOFTECH SYSTEMS LTD
 DEMAT AGENTS 3, Sagar Society,
 Road No.2, Banjara Hills,
 HYDERABAD - 500 034.

FACTORY : Plot No.B-3, Phase 1, MIDC,
 Waluj, AURANGABAD - 431 133.

BOTTLING PLANTS : Aurangabad, Dharwad, Jaipur, Jalpaiguri,
 Nagpur, Rohtak, Baroda, Bhubaneswar,
 Ranchi.



KABSONS INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 16th Annual General Meeting of the members of the Company will be held on 27th, September 2008 at the Registered Office at 8-3-1087, Plot No.48, Opp. Ratnadeep Super Market, Srinagar Colony, Hyderabad - 500 073, at 4.00.P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 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.

SPECIAL BUSINESS:

4. To consider and, if thought fit to pass the following Resolution with or without modification as an ordinary Resolution.

"RESOLVED THAT Mr.P.V.Subba Rao be and is here by appointed as a Director whose term of office is liable for retirement by rotation".

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

Sd/-

RAJIV KABRA
Executive Director

Place : Hyderabad
Date : 19.08.2008

Notes:

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

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

Item No. 4 : Mr.B.Shankar expressed his inability to continue due to Pre occupations and his resignation is accepted in the Board Meeting held on 10.06.2008.

Mr.P.V.Subba Rao was co-opted at the Board Meeting held on 10.06.2008 and he retires at the ensuing General Meeting.

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

To The Members of
KABSONS INDUSTRIES LIMITED,

Your Directors hereby present the 16th Annual Report and Accounts of the Company for the year ended 31st March, 2008.

FINANCIAL RESULTS:

(Rs.in Lakhs)

	Year Ended 31.03.2008	Year Ended 31.03.2007
1) Sales & other Income	208.09	107.57
2) Profit before Interest, Financial Charges and Depreciation	29.46	48.37
3) Interest and Financial Charges	0.01	1.56
4) Profit /Loss Before Depreciation	29.45	46.81
5) Depreciation	41.28	38.24
6) Profit/Loss after, Financial Charges & Depreciation	(11.83)	8.57

DISCUSSION ON FINANCIAL PERFORMANCE:

There was change in the performance of the company as compared to previous year and lease income is the major source of revenue to the company.

We could get a profit of Rs. 29.46 Lakhs before interest and depreciation during the current year as against profit of Rs. 48.37 Lakhs during the previous year, which includes Profit on Sale of assets as 24.57 Lakhs.

OUT LOOK:

The Government is giving a subsidy of close to Rs.1,667 crores per month. The difference in price works out to more than Rs.23.84 / kg.

Your Company is hence concentrating on leasing out the bottling plants wherever opportunities are available. In some markets on a trial basis Industrial Gas has been launched with the support of local Distributors.

DIRECTORS:

Mr.G.K.Kabra is retiring at the ensuing Annual General Meeting and being eligible offers himself for the appointment as Director liable to retire by rotation.

Mr.B.Shankar expressed his inability to continue due to Pre occupations. Your Directors express their gratitude for the valuable co operation, guidance and support extended by Mr.B.Shankar during his tenure on the Board.

Mr.P.V.Subba Rao, Cost Accountant was co opted at the Board Meeting held on 10.06.2008 and he retires at the ensuing General Meeting.

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:

- That in the preparation of the accounts for the financial year ended 31st March 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for the year under review;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies, Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the accounts for the financial year ended 31st March, 2008 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.



KABSONS INDUSTRIES LIMITED

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.6,75,271/- 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.

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, HDFC, 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

Place : Hyderabad
Date : 19.08.2008

G.K.KABRA
Chairman

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	--	---
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

**KABSONS INDUSTRIES LIMITED**

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, HDFC, 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 (upto 10.06.2008)
3.	Sri. Rajiv Kabra	Executive Director	Promoter / Executive Director
4.	Sri.P.V.Subba Rao	Director	Independent Director

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

Name of the Director	No. of Board Meetings Held	Attended	Attendance at Last AGM
Sri. G.K.Kabra	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. The dates on which the meetings were held on 09/07/2007, 14/08/2007, 17/11/2007 and 13/02/2008.

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

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

b) Composition, names of members and Chairperson:

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

c) Meetings and attendance during the year:

Meetings are scheduled in advance and the committee, has met on 09th July, 2007, 14th August, 2007, 14th November, 2007, and 13th February, 2008.

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.

**KABSONS INDUSTRIES LIMITED**

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

Sl. 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	3	3	-	Nil
2)	-	Change of Address	9	9	-	Nil

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

Sl. No.	Year	Meeting	Venue	Date	Time
1)	2004 - 2005	A.G.M.	Nagarjuna Nagar Welfare Association, Hyderabad	27.09.2005	3.00 PM
2)	2005 - 2006	A.G.M.	Nagarjuna Nagar Welfare Association, Hyderabad	25.09.2006	11.00 AM
3)	2006 - 2007	A.G.M.	Nagarjuna Nagar Welfare Association, Hyderabad	27.09.2007	11.30 AM

6) DISCLOSURES:

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

7) MEANS OF COMMUNICATION:

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

8) GENERAL SHAREHOLDERS INFORMATION:

- As indicated in the notice to our shareholders, the Annual General Meeting of the Company will be held on 27th, September 2008 at the Registered Office at 8-3-1087, Plot No.48, Opp. Ratnadeep Super Market, Srinagar Colony, Hyderabad - 500 073, at 4.00.P.M. to transact the following business:
- Financial Calendar:

Annual General Meeting	27th September, 2008
Unaudited results for the quarter ending June 30th, 2008	First week of September, 2008
Unaudited results for the quarter/Half year ending September 30th, 2008	Last week of October, 2008
Unaudited results for the quarter ending December, 31st 2008	Last Week of January, 2009
Audited Results for the year ending March, 31, 2009	Last week of June, 2009
- Date of Book Closure: from 20th September 2008 to 27th September 2008. both days inclusive for the purpose of Annual General Meeting.

**KABSONS INDUSTRIES LIMITED.**

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, MUMBAI - 400 001	K0266	Delhi Stock Exch Ass Ltd, DSE House 3/1, Asaf Ali Road, NEW DELHI - 110 002.	7306
Madras Stock Exchange Ltd, Exchange Building, P.B. 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, AMEDABAD - 380 015.	29075/ KABSONS IND		

There is an outstanding Listing Fee of Rs.2,10,000, Rs.1,60,000, Rs.80,000, Rs.78,750, Rs.10,500 to Hyderabad Stock Exchange, Delhi Stock Exchange, Ahmedabad Stock Exchange, Kolkata Stock Exchange & Chennai Stock Exchange respectively and Rs.1,50,000 to Mumbai Stock Exchange, where, they have suspended company shares for trading from 3rd February, 2003 due to non-payment of re-instatement fee.

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

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

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

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

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

g) Share Transfer System:

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

h) a) DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2008.

Share holdings of nominal value of	Share holders		No.of Shares	
	Number	% Total	Number	% Total
(1)	(2)	(3)	(4)	(5)
Upto - 5000	17,497	94.27	22,17,218	12.70
5001 - 10,000	361	1.95	3,00,000	1.72
10,001 - 20,000	163	0.88	2,47,100	1.41
20,001 - 30,000	388	2.09	9,77,310	5.60
30,001 - 40,000	21	0.11	73,899	0.42
40,001 - 50,000	45	0.24	2,18,924	1.25
50,001 - 1,00,000	39	0.21	3,14,050	1.80
1,00,000 and above	46	0.25	1,31,14,499	75.10
TOTAL	18,560	100.00	1,74,63,000	100.00