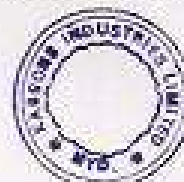


KABSONS INDUSTRIES LIMITED

18th Annual Report 2009 – 2010

BOARD OF DIRECTORS	:	Mr.G.K.KABRA	CHAIRMAN
	:	Mr. RAJIV KABRA	EXECUTIVE DIRECTOR
	:	Mr.P.V SUBBA RAO	DIRECTOR
	:	Mr.P SARAVAI AH	DIRECTOR
AUDITORS	:	M's. BRAHMAYYA & CO., Chartered Accountants, Flat No.403 & 404, Golden Green Appts, Erramanzil Colony, Somajiguda, Hyderabad - 500 082.	
AUDIT COMMITTEE	:	P.V SUBBA RAO G.K.KABRA RAJIV KABRA P.SARAVAI AH	CHAIRMAN
BANKERS	:	HDFC BANK LTD, Banjara Hills, HYDERABAD - 500 034.	
	:	STATE BANK OF INDIA Yellareddyguda, HYDERABAD - 500 073.	
REGISTERED OFFICE	:	Plot No.48, 8-3-1087, Srinagar Colony, HYDERABAD - 500 073.	
SHARE TRANSFER AGENTS/ DEMAT AGENTS	:	M/S.XL SOFTECH SYSTEMS LTD 3, Sagar Society, Road No.2, Banjara Hills, HYDERABAD - 500 034.	
FACTORY	:	Plot No.B-3, Phase I, MIDC, Wahaj, AURANGABAD - 431 133.	
BOTTLING PLANTS	:	Aurangabad, Dharwad, Jaipur, Jalpaiguri, Nagpur, Rohtak, Baroda, Bhubaneswar, Ranchi.	



NOTICE

Notice is hereby given that the 18th Annual General Meeting of the members of the Company will be held on 23rd, September 2010 at 8-3-1087, Plot No.48, Opp. Ratnadeep Super Market, Srinagar Colony, Hyderabad - 500 073, at 4.P.M to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and Profit & Loss Account for the year ended on that date together with report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.P.V.Subba Rao, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint, M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, Auditors who retires and being eligible offer for reappointment, to hold office from the conclusion of this meeting until conclusion of next Annual General Meeting and authorise Board of Directors of the Company to fix their remuneration.

By Order of the Board
For KABSONS INDUSTRIES LIMITED

Place : Hyderabad

Date : 13-08-2010

RAJIV KABRA
Executive Director



Notes:

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

DIRECTORS' REPORT

To The Members of KABSONS INDUSTRIES LIMITED,

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

FINANCIAL RESULTS:

(Rs.in Lakhs)

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

DISCUSSION ON FINANCIAL PERFORMANCE:

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

OUT LOOK:

Your Company is concentrating on leasing out the bottling plants wherever opportunities are available. In some markets supply of Industrial Gas has been started with the support of local Distributors.

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

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

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

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

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



ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the loss of the Company for the year under review;

iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies, Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2010 on a going concern basis despite continues losses, erosion of net worth, excess of current liabilities over current assets and uncertainty associated with the operations of the Company.

CONSERVATION OF ENERGY/TECHNOLOGY ABSORPTION/FOREIGN EXCHANGE EARNINGS AND OUTGO:

As required under section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Directors) Rules, 1988 information relating to conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo is given in Annexure to the extent applicable and forms part of this report.

DISCLOSURES AS PER LISTING AGREEMENT:

Cash Flow Statement: In compliance of clause 32 of the Listing Agreement, the Cash Flow Statement prepared in accordance with the requirements prescribed by SEBI is appended to this Annual Report.

CORPORATE GOVERNANCE:

Pursuant to clause 49 to the Listing Agreement with Stock Exchanges, a separate section titled "CORPORATE GOVERNANCE" has been attached to this Annual Report. A Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance stipulated in the Listing Agreement with Stock Exchanges, are annexed to and form part of the Annual Report.

PARTICULARS OF EMPLOYEES:

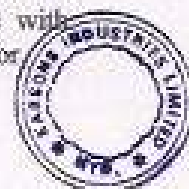
There are no employees who attract Section 217(2A) of the Companies Act, 1956 and therefore the particulars were not given.

INFORMATION & EXPLANATION IN RESPECT OF QUALIFICATION / RESERVATION OR ADVERSE REMARKS CONTAINED IN AUDITORS REPORT UNDER CLAUSE NO.5:

A) Interest for the year Rs.6,47,679/- on deposits of distributors/dealers has not been provided in view of company's adverse financial position and will be negotiated for waiver resulting to understatement of loss by that amount.

B) Inspite of continues erosion of network, position of excess of current liabilities over current assets and uncertainty associated with operations of the company the Accounts of the Company are prepared on going concern basis.

C) In view of very limited strength of employees, presently working with the Company, the requirements of AS-15 Employee Benefits in respect of gratuity could not be complied with. However provision for gratuity as required under Payment of Gratuity Act has been provided for



PERSONNEL:

Your Directors would like to place on record their deep sense of appreciation of the services of executives, staff and workers of the Company. Industrial Relations continued to be cordial throughout the year at all locations.

ACKNOWLEDGMENT:

Your Directors Express their thanks for the guidance and assistance received from State Bank of India, Department of Explosives and their Officials, Central Excise, Pollution Control Boards and Commercial Tax Departments of respective States, host of other State and Central Government Departments, Securities Exchange Board of India, and Stock Exchanges at Mumbai, Ahmedabad, Delhi, Kolkata and Chennai and others.

Your Directors would like to express their gratitude to all Corporate, Institutional and Individual Shareholders for the confidence reposed by them in the Company.

Place: Hyderabad
Date : 13-08-2010

for and on behalf of the Board


C.K.KANNA
Chairman



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

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

FORM - B

PARTICULARS WITH RESPECT TO ABSORPTION
RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R&D carried out by the Company	NIL	NIL
2. Benefit derived as a result of the above R & D	—	—
3. Future plan of action	—	—
4. Expenditure on R&D	Current Year	Previous Year
	(Rs.)	(Rs.)
a) Capital	NIL	NIL
b) Recurring	NIL	NIL
TOTAL		
c) Total R&D expenditure as % turnover	NIL	NIL

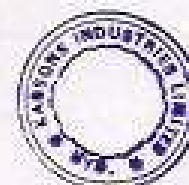
TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

FORM C

FOREIGN EXCHANGE EARNINGS & OUT GO

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



REPORT ON CORPORATE GOVERNANCE: - Annexure - B.

1) COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company's philosophy of Corporate Governance is aimed at attainment of highest levels of transparency and accountability in all facets of operations and in all its interactions with State Bank of India, Government Departments, Distributors, Dealers, Suppliers, Shareholders, Employees and the Lenders.

The Statutory auditors of the company have examined the company's compliance, and have certified the same, as required under the SEBI Guidelines. Such Certificate is reproduced as Annexure - C

A Separate Management discussion and analysis report covering a wide range of issues is given to this report as Annexure - D.

2) BOARD OF DIRECTORS:

The Board of Directors comprises four members including alternate Directors. The Board's role, functions, responsibility and accountability are clearly defined.

At the Board Meeting of the Company apart from all important matters affecting the business affairs of the Company the directors are being provided information, stipulated in clause 49 of the Listing Agreement.

a) BOARD MEETINGS:

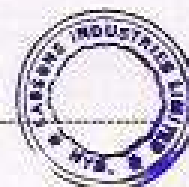
Meeting of the Board of Directors are held at Company's Registered Office at Hyderabad, and are scheduled well in advance. The Board meets at least once in a quarter to review performance and financial results. The agenda for the meeting is prepared in consultation with Executive Director and the papers are circulated to the directors in advance. The Board Members have access to all information pertaining to the Company and are free to recommend inclusion of any matter in the agenda for discussion.

b) THE COMPOSITION OF THE BOARD IS AS FOLLOWS:

Sl.No.	Name of the Directors	Status	Category
1.	Sri.G.K.Kabra	Chairman	Promoter/Director
2.	Sri. P V Subba Rao	Director	Non-Executive/Independent Director
3.	Sri.P.Saraviah	Director	Non-Executive/Non-Independent Director
4.	Sri. Rajiv Kabra	Executive Director	Promoter / Executive Director

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

Name of the Director	No. of Board Meetings		Attendance at Last AGM
	Held	Attended	
Sri. G.K.Kabra	5	5	Attended
Sri. P V Subba Rao	5	5	Attended
Sri. P.Saraviah	5	5	Attended
Sri. Rajiv Kabra	5	5	Attended



d) NUMBER OF BOARD MEETINGS HELD AND THE DATES ON WHICH HELD:

Five Board Meetings were held during the year. The dates on which the meetings were held on 20/06/2009, 20/07/2009, 09/10/2009, 23/11/2009 and 10/02/2010.

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

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

b) Composition: Names of members and Chairperson:

According to the Resolution passed in the Board of Directors meeting held on 10th June, 2008 the Board has constituted the Audit Committee comprising of Mr.G.K.Kabra, Mr.P.V.Subba Rao and Mr.Rajiv Kabra and subsequently Mr.P.Saraviah as members of the committee.

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

The Quorum for the Audit Committee is two members.

Mr.P.V.Subba Rao, continues to be the Chairman of the Committee.

c) Meetings and attendance during the year:

Meetings are scheduled in advance and the committee, has met on 20th July' 2009, 9th October' 2009, 23rd November, 2009, and 10th February, 2010.

All the members of the Audit Committee attended the meetings.

4) INVESTORS GRIEVANCE COMMITTEE / SHARE TRANSFER COMMITTEE:

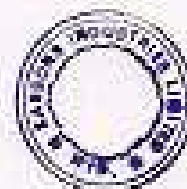
The Board of Directors designated an "Investor Grievance Committee" as a measure of good corporate governance and to strengthen the investor relations. Mr.Rajiv Kabra, Executive Director who personally looks after the investor grievances and heads the Committee. The Committee also looks into redressing the shareholders' complaints.

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

S.No	Date of Receipt	Nature of the Complaint	No of Complaints Received	No of Complaints Cleared	Date of Clearing	Remarks
1.	-	Non-receipt of Annual Reports	4	4	-	NIL

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

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



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

Sl.No.	Category	No. of Shares Held	% of Share Holding
A	PROMOTER'S HOLDING:		
1.	PROMOTERS:		
	- Indian Promoters	1,18,78,050	68.02
B	NON-PROMOTERS HOLDING:		
2.	Banks (OBC)	100	0.00
	Non-Govt Institutions - (KICD)	5,00,000	2.86
	- (UTI)	1,000	0.01
C	OTHERS:		
3.	Private Corporate Bodies	1,53,200	0.88
4.	Indian Public	47,19,250	27.02
5.	NRIs/OCBs	2,11,200	1.21
6.	Others (Clearing Members)	200	0.00
TOTAL:		1,74,63,000	100.00

Please Note that Foreign Shareholding is the sum of:

Particulars	No. of Shares	%
a) Foreign Promoters	Nil	
b) FII's	Nil	
c) NRIs/OCBs	211200	1.21%
d) Foreign Banks	Nil	
e) Foreign Nationals	Nil	
f) GDRs/ADRs	Nil	

b) Dematerialization of shares:

Trading of Equity shares of the company are compulsory in dematerialised form with effect from 28th December, 2000. The ISIN of Dematerialised shares of the company allotted by the NSDL is "INE645C01010". The modes of holding of the Company's equity shares as on March 31, 2010 is as under:

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

b) ADDRESS FOR CORRESPONDENCE:

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

REGISTERED OFFICE: M/s.Kabsons Industries Limited,

Plot No.43, 8-3-1087,

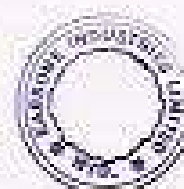
Srinagar Colony,

HYDERABAD - 500 073.

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

E-mail : operationsdp@rediffmail.com

Grievance redressal division Email : kishareholders@gmail.com



CERTIFICATE UNDER CLAUSE 49 (v) OF THE LISTING AGREEMENT

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

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

Place: Hyderabad
Date : 13-08-2010


RAJIV KANT
Executive Director