

KABSONS INDUSTRIES LIMITED

21th Annual Report 2012 – 2013

BOARD OF DIRECTORS	:	Mr.G.K.KABRA	CHAIRMAN (UPTO 05.11.2012)
	:	Mr. RAJIV KABRA	CHAIRMAN AND EXECUTIVE DIRECTOR
	:	Mr.P.V SUBBA RAO	DIRECTOR
	:	Mr.P SARAVIAH	DIRECTOR (UPTO 05.11.2012)
	:	Mr.Y SUBRAHMANYA SARMA	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	(UPTO 05-11-2012)
		RAJIV KABRA	(UPTO 05-11-2012)
		P.SARAVIAH	
		Y SUBRAHMANYA SARMA	
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, Rohtak, Baroda, Bhubaneswar, Ranchi.	

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the members of the Company will be held Wednesday, September 25th, 2013 at 4 P.M at Registered at 8-3-1087, Plot No.48, Opp. Ratnadeep Super Market, Srinagar Colony, Hyderabad-500 073 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013 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.

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.Y Subrahmanya Sarma who was appointed as Additional Director of the Company by the Board of Directors with effect from 05/11/2012 and who vacates his office under section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company”.

By Order of the Board
For KABSONS INDUSTRIES LIMITED

Place : Hyderabad
Date : 29-05-2013

Sd/-
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.

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

Item no.4: Sri. Y Subrahmanya Sarma was appointed as a additional director under section 260 of the Companies Act, 1956 read with Articles of Association of the Company with effect from 05/11/2012 and he hold office upto the date of Annual General Meeting, under subject, He expressed his willingness to be appointed as Director in the Annual General Meeting. The Company was received a notice in writing from share holder signifying and recommending the candidature of Sri Y Subrahmanya Sarma for the office of Director and the said Share holder has also deposited the requisite amount along with this notice as contemplated under section 257 of Companies Act, 1956. Non of the Directors other than the proposed appointee are interested in the passing of this resolution. In this circumstance it is decided to appoint and regularise Sri.Y Subrahmanya Sarma as a Director of the Company, subject to retirement by rotation. Hence members are requested to pass appropriate resolution under special business.

DIRECTORS' REPORT

To The Members of **KABSONS INDUSTRIES LIMITED**,

Your Directors hereby present the 21st Annual Report and Accounts of the Company for the year ended 31st March, 2013.

FINANCIAL RESULTS:

(Rs.in Lakhs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
1) Sales, Other Income & Exceptional items	265.19	241.48
2) Profit before Interest, Financial Charges and Depreciation	132.65	104.61
3) Interest and Financial Charges	--	0.05
4) Profit Before Depreciation	132.65	104.56
5) Depreciation	30.86	34.85
6) Profit after Financial Charges and Depreciation	101.79	69.71

DISCUSSION ON FINANCIAL PERFORMANCE:

During the year under consideration the Company got a profit of Rs.132.65 Lakhs before interest and depreciation as against profit of Rs.104.61 Lakhs during the previous year, which includes lease income and lease income is the major source of revenue to the Company.

During the year under consideration, the Company entered into a Bottling Assistance Agreement with one of the group companies as Reliance Industries at our Bottling Plant situated at Aurangabad from the month of March, 2013 and Bottling Assistance given to one of the PSU's at our Ranchi Plant is discontinued from their side from the month of February, 2013. Our Company disposed off only the assets of the Bottling Plant located at Jalpaiguri as the Plant was lying idle for last 13 years.

OUT LOOK:

Your Company is concentrating on leasing out the bottling plants wherever opportunities are available.

Your Company also entered into a Bottling Assistance Contract with M/s.SHV Energy Private Limited at our LPG Plant located at Khurda and efforts are being taken to start similar arrangements with other parties at other available locations.

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.

Mr.Y Subrahmanya Sarma, Additional Director holds office upto the date of ensuing Annual General Meeting. He expressed his willingness to be appointed as Director in the Annual General Meeting.

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 2013, 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 profit 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, 2013 on a going concern basis despite accumulated 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 Practicing Company Secretary 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 INDEPENDENT AUDITORS REPORT UNDER PARAS: BASIS FOR QUALIFIED OPINION, EMPHASIS OF MATTER AND OTHER MATTERS:

- A) 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.
- 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) Interest for the year Rs.6,40,343/- 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 overstatement of profit by that amount and understatement of current liabilities by Rs.78,05,598/-

D) The company could not get confirmation of balances in respect of Trade Receivables and Trade Payables 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, HDFC Bank Ltd, 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 : 29-05-2013

for and on behalf of the Board
Sd/-
RAJIV KABRA
Chairman & Executive Director

ANNEXURE - A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013:

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 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. Rajiv Kabra	Chairman & Executive Director	Promoter / Executive Director
2.	Sri.G.K.Kabra	Chairman	Promoter/Director (upto 05.11.2012)
3.	Sri. P V Subba Rao	Director	Non-Executive/Independent Director
4.	Sri. Y Subrahmanya Sarma	Director	Non-Executive/Independent Director
5.	Sri.P.Saraviah	Director	Non-Executive/Non-Independent Director (upto 05.11.2012)

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. P V Subba Rao	4	4	Attended
Sri. Rajiv Kabra	4	4	Attended
Sri. Y S Sarma	4	2	N/A
Sri. G.K.Kabra	4	3	Attended
Sri. P.Saravaiah	4	3	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 01/06/2012, 28/08/2012, 05/11/2012 and 25/02/2013.

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:

As on March 31, 2013, the Audit Committee of the Board comprised three members viz., Mr.Rajiv Kabra, Promoter/Director, Mr.P V Subba Rao, and Mr.Y Subrahmanya Sarma are Independent Directors, Mr.P V Subba Rao is the Chairman of the Audit Committee and the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreements have been complied with. Mr.G K Kabra and Mr.P Saravaiah are ceased to be members of the Committee consequent to their resignations as Directors with effect from November 05, 2012.

- c) Meetings and attendance during the year:

Meetings are scheduled in advance and the committee has met on 1st June, 2012, 28th August, 2012, 5th November, 2012 and 25th February, 2013.

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 Share Certificates sent for transfer	1	1	-	Nil.

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

Sl.No.	Year	Meeting	Venue	Date	Time
1)	2009 - 2010	A.G.M	At Registered Office 8-3-1087, Plot No.48 Srinagar Colony Hyderabad	23.09.2010	4.00 PM
2)	2010 - 2011	A.G.M	At Registered Office 8-3-1087, Plot No.48 Srinagar Colony Hyderabad	29.09.2011	4.00 PM
3)	2011 - 2012	A.G.M	At Registered Office 8-3-1087, Plot No.48 Srinagar Colony Hyderabad	29.09.2012	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 Wednesday, September 25th, 2013 at 4 P.M at Registered Office at 8-3-1087, Plot No.48, Opp.Ratnadeep Super Market, Srinagar Colony, Hyderabad – 500 073.

b) Financial Calendar:

Annual General Meeting	25 th September, 2013
Unaudited results for the quarter ending June 30 th , 2013	Last week of July, 2013
Unaudited results for the Quarter/Half year ending September 30 th , 2013	Last week of October, 2013
Unaudited results for the quarter ending December 31 st , 2013	Last Week of January, 2013
Audited Results for the year ending March 31 st , 2014	Last week of May, 2014

c) Date of Book Closure: from 19th September, 2013 to 25th September, 2013 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, Opp:Sahajanand College, Panjara Pole, AHMEDABAD - 380 015.	KABSONS IND		

There is an outstanding Listing Fee of Rs.2,70,819, Rs.1,35,562, Rs.1,27,233, Rs.68,682 to Delhi Stock Exchange, Ahmedabad Stock Exchange, KolKata Stock Exchange, Madras Stock Exchange respectively and Rs.33,708 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, 2013.

Share holdings of nominal value of	Share holders		No. of Shares	% Total
(1)	Number	% Total	Number	(5)
Upto – 5000	17,435	94.29	2,21,05,180	12.66
5,001 – 10,000	357	1.93	29,61,000	1.70
10,001 – 20,000	165	0.89	25,03,000	1.43
20,001 – 30,000	385	2.08	97,01,100	5.56
30,001 – 40,000	22	0.12	7,83,990	0.45
40,001 – 50,000	45	0.24	21,89,240	1.25
50,001 – 1,00,000	40	0.22	32,09,500	1.84
1,00,001 and above	42	0.23	13,11,76,990	75.11
Total :	18,491	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	1,18,77,950	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	1,46,500	0.84
4.	Indian Public	47,21,550	27.03
5.	NRI/OCBs	2,15,900	1.24
TOTAL:		1,74,63,000	100.00